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# FEDERAL RESERVE BULLETIN

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

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# Monetary Policy Report to the Congress

*Report submitted to the Congress on July 20, 1992, pursuant to the Full Employment and Balanced Growth Act of 1978*[1]

## *MONETARY POLICY AND THE ECONOMIC OUTLOOK FOR 1992 AND 1993*

Economic activity has increased on balance since the beginning of the year, but rather hesitantly in recent months, and inflationary pressures have continued to abate. Against this backdrop, and with money and credit exhibiting renewed weakness in the second quarter, the Federal Reserve has eased money market conditions twice—in April and again in early July. The descent of domestic interest rates, which began in 1989, has now carried nominal yields on many market instruments to the lowest levels in two or three decades.

In mid-February, when the Board presented its last semiannual report on monetary policy to the Congress, the economy seemed to be struggling to regain forward momentum. Growth had come almost to a standstill in the final quarter of 1991, and, while a hint of improvement was evident in some of the indicators that were available in mid-February, convincing signs of a strengthening of activity had not yet appeared. Moreover, in looking ahead at that time, growth seemed likely to continue to be retarded by the still incomplete resolution of major structural adjustments in a variety of sectors, financial and nonfinancial. Chief among those structural impediments were persistent problems in commercial real estate markets, budgetary stress at all levels of government, a downsizing of the defense industry, exceptional caution among financial intermediaries, and ongoing efforts of businesses and households to reduce the level of their indebtedness.

1. The charts for the report are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, DC 20551.

At the same time, however, considerable impetus to activity was thought to be already in train, partly as a result of the substantial easing of money market conditions that the System had implemented in the second half of 1991. Among other effects, the decline in short- and long-term interest rates was reducing debt-servicing obligations and was facilitating needed balance sheet restructuring by borrowers and lenders. In assessing the situation as of last February, the Board members and Reserve Bank presidents recognized that the uncertainties in the outlook were unusually large, but they believed that a moderate pickup in output from the especially sluggish pace of the fourth quarter of 1991, coupled with further improvement in underlying price trends, was the most likely prospect in 1992.

In the event, economic growth did move back into a moderate range in the first quarter of 1992. After keeping a tight grip on their expenditures during the holiday shopping season, consumers stepped up their spending sharply in early 1992; simultaneously, purchases of new houses soared, spurred in part by lower mortgage interest rates. An unusually mild winter also helped to buoy activity in January and February. Although businesses were able to accommodate much of the burst in spending through a drawdown of inventories, the rise in demand sparked a rebound in industrial output. Consumer sentiment, which had deteriorated in late 1991 and early 1992, began to tilt back up in late winter and early spring, and business executives expressed greater optimism. Economic growth, as measured by the annualized rate of change in real gross domestic product, moved up to 2¾ percent in the first quarter, the largest quarterly gain in more than three years.

The strength in final demand that seemed to be emerging in the early part of the year does not appear to have carried through the second quarter, however. Households, restrained by a soft labor market and the lack of significant gains in real income, clamped down on their spending after the burst early in the year; real consumption expendi-

tures appear to have grown little, if at all, in the second quarter, and new home sales fell steadily from February through May. In addition, exports, which, over the past several years, had been an area of strength in the economy, showed little growth over the first five months of 1992. Although manufacturers boosted production in April and May, they tended to do so more by stretching the hours of their workers, rather than by adding employees to their payrolls. Declines in production became evident in the industrial sector in June, as firms apparently moved quickly to forestall unintended inventory accumulation. In the labor market, the data for May and June showed a disturbing rise in the unemployment rate, to a level of 7.8 percent. On the whole, the growth of total output in the economy likely was positive again in the second quarter—as it had been in each of the four preceding quarters. But, as the Federal Reserve had anticipated at the start of the year, the drag from ongoing structural adjustments has remained heavy.

Inflationary forces have been muted this year. Prices accelerated somewhat in the first quarter, but that flare-up proved to be short-lived, as increases in the consumer price index were small, on average, in the second quarter. The "core" rate of inflation, as measured by the change in the CPI excluding food and energy, averaged 3.8 percent at an annual rate in the first six months of 1992; this rate of rise was a little lower than the average rate of increase during 1991, and it was considerably less than the increase seen during 1990. With inflation expectations down appreciably from recent highs, and with firms striving to reduce their costs on all fronts, a trend toward gradual reduction in the rate of price increase appears to be well established at the present time.

Growth in the broad measures of money was quite weak in the second quarter, leaving both M2 and M3 in June below the lower bounds of their annual ranges. Measured from its average level in the fourth quarter of 1991, M2 increased at an annual rate of 1½ percent through June, while M3 edged down at a rate of ¼ percent over that same period. As is discussed in more detail below, the sluggishness of money during this period seemed to be more a reflection of changing patterns of finance than of restraint on nominal income growth. Still, private credit growth also was relatively slow, and, in the context of renewed softness in the incoming data on spending and production, the weakness in both money and credit added to concerns about the ongoing strength of the expansion.

In this environment, the System eased money market conditions slightly in April and implemented a reduction of ½ percentage point in the discount rate on July 2, along with a commensurate further easing of money market conditions. In total, short-term interest rates have declined about ¾ of a percentage point since the beginning of the year. Longer-term rates backed up early in the year as the economic expansion appeared stronger than many people had expected, raising market concerns about a revival of inflationary pressures. However, in recent months many bond and mortgage rates have retraced their earlier increases. Broad indexes of stock prices have remained close to record levels. In foreign exchange markets, the weighted average value of the dollar, in terms of the currencies of other Group of Ten (G-10) countries, appreciated until early March, but recent depreciation, occasioned primarily by a less robust outlook for the U.S. economy, has left the dollar somewhat below its 1991 year-end level.

Declining interest rates in recent years have contributed to sizable reductions in debt-service obligations, as both long- and short-term debt has been rolled over or refinanced at lower rates. In addition, lower long-term rates and high price-earnings ratios on stocks have encouraged businesses to reduce the interest rate risk and the uncertainty associated with short-term funding by relying more heavily on issuance of long-term debt and equity. Households also have taken advantage of lower rates to refinance existing debt, especially mortgages. In addition, over-leveraged households, facing uncertain income and employment prospects and wide spreads between rates charged on consumer credit and yields on monetary assets, have moved to limit debt growth.

The resulting improvements in the financial conditions of households and businesses are evident in several indicators: Delinquencies on consumer loans and home mortgages have declined, ratings for a number of firms have been upgraded, and yield spreads have narrowed on private fixed-income securities relative to Treasury obligations. Of course, not all parties have benefited from lower interest rates; households holding short-term deposits have experienced a sizable decline in

interest income. On balance, however, lower interest rates have helped households and businesses strengthen their balance sheets, thereby building a firmer financial foundation for future economic expansion.

Efforts to return to more sustainable leverage positions have contributed to slow expansion of the debt of nonfederal sectors in the first half of this year. Heavy borrowing by the federal government has kept total debt expanding at the lower end of the Federal Open Market Committee's (FOMC) monitoring range of 4½ to 8½ percent, based on current estimates. Depository credit remains especially weak, reflecting not only muted private loan demands, but also continued caution among depositories. Commercial banks no longer appear to be tightening their nonprice terms of lending, but the degree of credit restraint remains substantial and spreads between loan rates and the cost of funds remain unusually wide. Bank capital positions have improved substantially over the past year; nonetheless, banks are likely to continue working to bolster capital, partly as a consequence of incentives contained in the FDIC Improvement Act.

The contraction of depository credit has been mirrored by the meager advance in the monetary aggregates. This is seen clearly in M3, which includes most of the liabilities banks and thrift institutions use to fund loans and other assets. But M2 has also been affected. Banks and thrift institutions have not actively pursued deposit funding in light of weak loan growth, and retail deposit rates have fallen considerably over the course of the year. Consumers consequently have sought higher-yielding assets outside M2, including those in the capital market where—despite the greater risks involved—returns have appeared more attractive. In addition, given the wide deposit–loan rate spreads, some M2 holders likely have opted to pay down debt rather than to hold monetary assets.

The rechanneling of credit flows away from depositories and the associated sluggish money growth have not been entirely benign; many borrowers face higher costs and stricter terms of credit now than in the past at given levels of market interest rates. Nonetheless, weakness of the monetary aggregates has not been associated with a similar degree of restraint on aggregate demand. Indeed, growth in nominal spending has considerably outpaced that of M2 and M3; put differently, both monetary aggregates appear to have registered sizable increases in their income velocities in the first half of the year. The rise in M2 velocity is particularly notable, given the marked drop in short-term interest rates in the latter part of 1991. Ordinarily, velocity tends to fall for a time after a decline in short-term rates.

## *Monetary Objectives for 1992 and 1993*

In reviewing the annual ranges for the monetary aggregates in 1992, the Committee noted the substantial uncertainties created by the unusual behavior of M2 and M3 velocity thus far this year. If portfolio shifts ebb and more normal relationships of depository credit to spending begin to emerge, growth of the monetary aggregates within the existing ranges would be consistent with the Committee's objectives for making progress toward price stability and fostering economic growth. However, it is unclear whether the forces giving rise to the unusual behavior of the aggregates will wane in coming months or continue unabated. Faced with these uncertainties, the Committee chose to retain the 2½ to 6½ percent range for M2 and the 1 to 5 percent range for M3 announced earlier this year for 1992.

The Committee also reaffirmed the existing 1992 monitoring range for the aggregate debt of domestic nonfinancial sectors. The more cautious attitudes toward borrowing that have damped credit growth this year, and the improving balance sheets of borrowers, should lay the groundwork for sustained economic expansion in years to come.

The ongoing structural changes in the financial system and the tentative nature of the recovery greatly complicated the task of choosing ranges for the coming year. The Committee recognized that

1. Ranges for growth of monetary and debt aggregates[1]
Percent

| Aggregate | 1991 | 1992 | Provisional range for 1993 |
|---|---|---|---|
| M2 | 2½–6½ | 2½–6½ | 2½–6½ |
| M3 | 1–5 | 1–5 | 1–5 |
| Debt[2] | 4½–8½ | 4½–8½ | 4½–8½ |

1. Change from average for fourth quarter of preceding year to average for fourth quarter of year indicated. Ranges for monetary aggregates are targets; range for debt is a monitoring range.
2. Domestic nonfinancial sector.

the range for M2 probably would need to be reduced at some point to be consistent with the Federal Reserve's long-run objective of reasonable price stability. However, pending further analysis of the recent relationship of money stock movements to income and interest rates, the Committee chose to carry forward the 1992 ranges for the monetary aggregates and debt as provisional ranges for 1993.

## *Economic Projections for 1992 and 1993*

The members of the Board of Governors and the Reserve Bank presidents, all of whom participate in the discussions of the Federal Open Market Committee, generally believe that the most likely scenario for the economy in the second half of 1992 is one in which real GDP increases at a moderate pace and job growth is sufficient to impart a downward tilt to the unemployment rate. In 1993, output growth is expected to pick up slightly further from the 1992 pace, bringing additional small reductions in the unemployment rate. Inflation will likely hold to a gradual downward trend over the next year and a half.

In quantifying their views of the prospects for economic growth, the Board members and Reserve Bank presidents ended up with forecasts that are somewhat stronger than those made in February. A large majority of them see the most likely outcome for this year as being one in which real gross domestic product rises 2¼ percent to 2¾ percent over the four quarters of 1992; the central tendency of the forecasts for 1993 spans a range of 2¾ to 3 percent. With regard to the unemployment rate, the central tendency of the governors' and Bank presidents' forecasts for the fourth quarter of 1992 covers a range of 7¼ to 7½ percent, as compared with the second-quarter average of 7½ percent; the corresponding central tendency range for the final quarter of 1993 is 6½ to 7 percent.

The achievement of the projected GDP growth will depend in part on the progress in resolving the various structural adjustments noted earlier. In general, the Board members and Reserve Bank presidents believe that these structural problems will continue to exert negative drag on the economy in coming quarters, but that their force will gradually lessen. On that score, some of the recent trends

2. Economic projections for 1992 and 1993

| Item | FOMC members and other FRB presidents | |
|---|---|---|
| | Range | Central tendency |
| | 1992 | |
| *Percent change, fourth quarter to fourth quarter* [1] | | |
| Nominal GDP | 5–6¼ | 5¼–6 |
| Real GDP | 2–3¼ | 2¼–2¾ |
| Consumer price index [2] | 3–3½ | 3–3½ |
| *Average level, fourth quarter (percent)* | | |
| Unemployment rate [3] | 7–7½ | 7¼–7½ |
| | 1993 | |
| *Percent change, fourth quarter to fourth quarter* [1] | | |
| Nominal GDP | 4½–7 | 5½–6¼ |
| Real GDP | 2½–3½ | 2¾–3 |
| Consumer price index [2] | 2½–4 | 2¾–3¼ |
| *Average level, fourth quarter (percent)* | | |
| Unemployment rate [3] | 6½–7¼ | 6½–7 |

1. From average for fourth quarter of 1990 to average for fourth quarter of 1992.
2. All urban consumers.
3. Percentage of civilian labor force.

have been encouraging. In the market for commercial real estate, which has been the most striking area of weakness in the economy in recent quarters, downward pressures on the prices of existing properties seem to have begun to diminish, and the rate of decline in new construction appears to be slowing. In addition, businesses and households also have made considerable progress in strengthening their finances, and even though that improvement evidently has not yet generated more expansive attitudes toward spending and investing, such a shift probably will be forthcoming at some point. An obvious risk in the outlook is that these, and the other, structural adjustments could persist with greater intensity than is anticipated; but, alternatively, a faster resolution of the structural problems—and a stronger pickup of the economy—is not out of the question either.

The governors and Bank presidents expect the rise in the consumer price index over the four quarters of 1992 to end up in the range of 3 to 3½ percent. Although an increase of this magnitude is to the high side of that realized in 1991, inflation rates were held down last year by the unwinding of the oil price shock that had occurred in 1990. Core inflation this year is expected to be lower than it was in 1991, and most Board mem-

bers and Reserve Bank presidents believe that sustained progress toward the containment of costs and a further easing of inflation expectations will keep the trend rate of price increase on a course of gradual slowing next year as well. With neither food nor energy prices anticipated to depart in any meaningful way from the broad trends of inflation, the total CPI is also expected to slow in 1993, to a range of 2¾ to 3¼ percent, according to the central tendency of the FOMC participants' forecasts.

Earlier this year, in the *Economic Report of the President* and the Budget, the Administration issued forecasts that showed nominal GDP growth in 1992 and 1993 that falls within the ranges anticipated by Federal Reserve officials. Consequently, there would appear to be no inconsistency between the System's plans for monetary policy and the short-term goals of the Administration.

Looking more toward the long term, the prospect of a sustained period of declining inflation, together with a resolution of the many structural problems that currently afflict the economy, suggests the opportunity for substantial economic gains and a broadening prosperity. The Federal Reserve, for its part, can best contribute to the achievement of those objectives by keeping its sight firmly on the long-run goal of price stability. But the longer-range progress of American living standards will depend on more than monetary stability. Sound fiscal policies and an open world trading system are essential if we are to enhance capital formation and achieve the greatest possible productivity of our human and physical resources.

## *THE PERFORMANCE OF THE ECONOMY IN 1992*

After coming almost to a standstill in the final quarter of 1991, economic activity showed more vitality in the early part of 1992. Buoyed by a surge in final sales, real gross domestic product rose at an annual rate of 2¾ percent in the first quarter. Growth evidently slowed considerably in the second quarter; in that period, signs of softness began to surface once again in a number of the indicators. Most notably, industrial production and payroll employment turned down in June, after four months of increases, and, with an influx of jobseekers into the labor market, the civilian unemployment rate moved up sharply toward midyear, to a June level of 7.8 percent—about ¾ of a percentage point above the rate at the end of 1991.

The first-quarter surge in final sales was largely a reflection of a firming of demand in the domestic economy. Consumer spending strengthened markedly in the opening months of the year, housing starts and home sales jumped, and business fixed investment increased for the first time in several quarters. In the second quarter, domestic demand appears to have risen further, but, on the whole, at a slower pace than in the first quarter. By contrast, the external sector of the economy, which had contributed appreciably to growth of the economy in 1990 and 1991, has provided little or no impetus to activity this year; exports have been limited recently by the continued sluggishness of many foreign industrial economies, and imports appear to have moved up after a couple quarters of flatness.

Although price movements were erratic from month to month in the first half of 1992, there was ample evidence that the underlying processes of disinflation still were at work. Wage increases moderated further, and productivity increases also contributed importantly to the containment of costs. The twelve-month change in the consumer price index excluding food and energy, a rough gauge of the underlying rate of inflation in the economy, dropped below the 4 percent mark; as recently as the first quarter of 1991, that measure had been running as high as 5½ percent. The total CPI rose only 3 percent over the twelve months ended in June, held down by small increases in food and energy prices over that twelve-month period.

### *The Household Sector*

Indicators of the economic health of households were mixed in the first half of 1992. Households continued to make gradual progress in reducing their debt burdens in the first half of the year, and the incidence of financial stress seemed to diminish. However, neither income nor wealth displayed the degree of vigor needed to sustain strength in household expenditures.

When the year began, consumer spending was a major question mark in the economic outlook. Consumer outlays for goods had weakened appreciably

in the final quarter of 1991, and consumer confidence, which had gone into an alarming plunge during the autumn, continued to soften into early 1992. But—such pessimism notwithstanding—consumers pushed expenditures up at a very rapid pace in January and raised them further in February; although spending softened in March, the rise in real consumption expenditures for the first quarter as a whole amounted to 5 percent at an annual rate, the strongest quarterly advance in four years. Purchases of durable goods rose briskly, and solid gains were also recorded for a wide range of nondurables. Given the size of those increases—and with housing sales also rising sharply in the early part of the year—it seemed for a time that the forces of expansion might be gathering considerable strength.

However, the first-quarter surge did not carry over into the spring. Indeed, it appears that real consumption expenditures probably were little changed in the second quarter as a whole. Nevertheless, a bright spot in the recent spending data has been the firmness of motor vehicle sales. After bottoming out in January at an annual rate of about 12 million units, the sales of cars and light trucks rebounded to a rate of about 12½ million units in the next three months and then moved up further to a level of 13¾ million units in June. Although a portion of the recent strength in auto sales apparently is a reflection of increased business investment in motor vehicles, it also seems likely that households that have put off buying new cars and trucks in the past couple of years are now entering the market in greater numbers.

Real disposable personal income fell after the oil price shock of 1990 and then turned up in the spring of 1991. Growth since then has been positive in each quarter, but a bit erratic and, on average, relatively slow. The level of real income in the first quarter of this year was about 2 percent above the recession low of a year earlier; the average for April and May was up less than 2 percent from the level of a year ago. Growth of wage and salary income has remained sluggish this year, and interest income has continued to decline. By contrast, government transfer payments to individuals have continued to grow rapidly in recent quarters, buoyed, in part, by a rise in unemployment benefits. Starting in March, disposable income also was lifted by a change in tax withholding schedules that altered the timing of tax payments to some extent, delaying a portion of those payments until 1993.

A combination of restrained debt growth and lower interest rates has led to reductions in the debt-servicing burdens of households, although, measured relative to income, the repayment burden still is relatively high by historical standards. The incidence of financial stress among households also appears to have eased somewhat in the most recent quarters for which data are available. Delinquency rates on consumer loans and home mortgages, which rose sharply from mid-1990 to mid-1991, turned down in the second half of last year and declined further in the first quarter of 1992.

Real outlays for residential investment have been rising since the start of 1991. The first-quarter gain—11¾ percent at an annual rate—took outlays to a level close to 10 percent above that of a year earlier. Even so, spending gains over the year ended in the first quarter of 1992 recouped less than half of the sharp decline of the preceding four quarters.

For a brief time early this year, residential investment seemed to be picking up considerably more momentum. In the latter part of 1991, mortgage interest rates had dropped to their lowest levels in more than fifteen years, and the sales of new single-family houses, which had already been moving up at the end of last year, surged in January and remained strong in February. Reacting to the rise in demand—and aided by an unusually mild winter—builders boosted the pace of single-family housing starts to the highest seasonally adjusted level in two years. In March, however, sales of new homes plummeted, and they weakened further in April and May. Starts also retreated; the number of single-family units started in the second quarter was 6 percent below the first-quarter average.

Several factors have affected the recent patterns of the housing indicators. The mild winter weather evidently permitted some starts to be undertaken a bit sooner than they otherwise would have been. In addition, a substantial backup of mortgage interest rates after January undoubtedly cut into demand to some degree; rates on thirty-year fixed-rate conventional mortgages rose from about 8¼ percent in mid-January to 9 percent by March and remained above 8½ percent until June. Discussion of a possible tax credit for first-time homebuyers also appears to have raised demand temporarily.

Moreover, the recovery in housing activity probably has continued to be retarded to some degree by negative influences that were evident in 1991. A significant number of potential homebuyers are being deterred by concerns about jobs and incomes. Others now view the purchase of a home as being a riskier, less attractive investment than it once seemed, owing to the sharp declines seen in house prices in some regions in recent years and to the lack of much price appreciation more generally. High vacancy rates and unfavorable demographic trends continue to be formidable obstacles to recovery in the multifamily sector. By contrast, an increasingly favorable factor is the improved affordability of housing: Lower mortgage interest rates—in part a reflection of the less inflationary environment of recent years—have substantially reduced the size of the monthly payment associated with the purchase of a home, measured relative to personal income. In that regard, the latest round of cuts in mortgage interest rates, to the lowest level since 1973, appears to have stimulated some pickup in real estate activity very recently.

### *The Business Sector*

When the year began, the business sector of the economy was still in the process of adjusting to the sluggishness of demand and the mild backup of inventories that had emerged in the second half of 1991. Industrial production, which had declined in the final two months of last year, fell further in January; assemblies of motor vehicles dropped sharply in that month, and cutbacks in output were reported in other industries as well. Those production cuts, coupled with the January surge in household spending, led to a reduction in business inventories, clearing away most of the excess stocks that had accumulated in the final four months of 1991.

Industrial production turned up in February, and, with orders and shipments trending up, additional gains followed in each of the next three months. Assemblies of motor vehicles rose considerably during this period and, by May, were at the highest level since the fall of 1990; although assemblies were reduced by a small amount in June, automakers have announced plans to step up assemblies in the third quarter. Production of consumer goods other than motor vehicles also increased moderately over the four-month period beginning in February; a small portion of those gains was reversed in June, however. Bolstered by strong gains in the production of office and computing equipment, output of business equipment (other than motor vehicles) rose in each month from February through June.

Manufacturing and trade inventories, measured in real terms, fell further in February. Thereafter, inventories appear to have risen somewhat, on net. In manufacturing, the level of inventories at the end of May was relatively low, compared to the level of sales. But, in parts of the trade sector, stocks may have been slightly higher than desired, and with household demand looking sluggish once again, some businesses may have felt it appropriate to pull back a bit on orders for additional merchandise, triggering the production adjustments that were evident in June.

Business profits, which came under considerable pressure during the recession, began rising noticeably in the latter part of 1991 and increased sharply in the first quarter of 1992. The before-tax economic profits of all U.S. corporations jumped 12½ percent in the first quarter and were at the highest level since the first half of 1989. The profits of financial corporations have been boosted by sharp reductions in interest expenses and by a strengthening of their loan portfolios. The economic profits of nonfinancial corporations from their domestic operations also have been rising; in the first quarter of 1992, these profits, on a pre-tax basis, were more than 20 percent above their quarterly low of late 1990. That rise in profits was the result of small increases in volume, a moderate increase in the margin over unit labor costs, and substantial reductions in net interest expenses.

Stress has continued to be evident this year in several industries—notably retailing, airlines, and commercial real estate. Overall, however, corporate balance sheets have been strengthening. Issuance of equity by nonfinancial corporations has been outstripping share retirements in recent quarters, after several years in which the balance ran markedly in the other direction. In addition, the growth of business debt has remained sluggish this year, as internal sources of funds have proved to be large enough to finance a subdued level of business investment. Lower bond yields have enabled firms to replace higher-cost debt and have encouraged a

shifting out of short-term liabilities. Among farm businesses, income has dropped back from the relatively high levels of 1989 and 1990, and farmers have cut back on their investment in machinery and equipment. However, farmers' balance sheets appear to be considerably stronger at this point than they were in the mid-1980s, when the sector went through an extended period of severe financial stress.

Business fixed investment turned up in the first quarter of this year, after declining in each quarter from late 1990 to the end of 1991. Real outlays for equipment increased moderately in the first quarter, and business investment in new structures turned up, after five quarters of sharp declines. The second-quarter indicators that are in hand suggest that equipment spending probably increased enough to raise total real business fixed investment further in that period.

The first-quarter rise in equipment spending amounted to about 3½ percent at an annual rate. Increased outlays for computers and related devices more than accounted for the first-quarter gain; spending for that type of equipment has been rising briskly since mid-1991, boosted by product innovations, extensive price-cutting by computer manufacturers, and the ongoing efforts of businesses to achieve efficiencies through the utilization of new information-processing technologies. By contrast, spending for aircraft, which had been strong in 1990 and for most of 1991, has weakened substantially since last autumn; a first-quarter uptick in those outlays retraced only a small part of the fourth-quarter plunge. Business outlays for motor vehicles were down moderately in the first quarter, but they appear to have firmed in the second quarter. Spending for all other types of equipment, roughly half of which is industrial machinery, was down further in the first quarter in 1992, but at a much slower pace than in 1991. In total, equipment investment appears to be exhibiting the traditional lagged response to changes in aggregate economic activity, the recent pickup being supported by the rise in profits and increased cash flow.

Real outlays for nonresidential structures rose at an annual rate of 2½ percent in the first quarter. Investment in industrial structures was up for the second quarter in a row, and increases also were reported for utilities, private educational facilities, and hospitals and institutions. However, spending for gas and oil drilling fell further in the first quarter, and the outlays for construction of office buildings continued to decline.

In total, the first-quarter level of spending for offices and other commercial structures was about 40 percent below the level of two years earlier, but there are tentative indications that the steepest part of this protracted decline may now be over. Although spending for the construction of office buildings has continued to fall rapidly this year, the outlays for commercial structures other than offices—a category that includes such things as warehouses, shopping malls, and other retail outlets—have changed little, on net, over the past several months. In addition, there are indications that the rate of decline in prices of existing commercial properties has slowed, and transactions in commercial real estate reportedly have picked up in some areas of the country this year.

### *The Government Sector*

Government purchases of goods and services—the part of government spending that is included in gross domestic product—increased at an annual rate of 3 percent in real terms in the first quarter of 1992, after declining about 1½ percent over the four quarters of 1991. Federal purchases, which fell 3 percent last year, rose at an annual rate of about 1 percent in the first quarter; nondefense purchases moved higher, and the decline in defense purchases was smaller than those seen in previous quarters. State and local purchases, which had declined slightly over the course of 1991, were boosted in the first quarter of 1992 by a surge in the outlays for structures.

Budgetary problems continue to confront many governmental units. At the federal level, the unified budget deficit over the first eight months of fiscal 1992—the period from October to May—totaled $232 billion; this total was about $56 billion larger than the deficit recorded in the first eight months of the previous fiscal year. Federal receipts in the current fiscal year are up only 1 percent from the same period of a year earlier, while outlays have climbed about 7½ percent. On the receipts side of the ledger, the income taxes paid by individuals have been damped by slow income growth, and, despite a pickup recently, the revenue from corpo-

rate profits taxes has been weak for the fiscal year to date. Receipts from excise taxes have risen considerably this fiscal year, but these do not account for a very large share of total federal revenue.

The sharp rise in federal spending this year partly reflects a diminished flow of contributions to the United States from our allies in the Gulf War; these contributions are counted as negative outlays in the federal budget, and their shrinkage therefore translates into a rise in recorded outlays. By contrast, spending has been held down this year by a reduction in outlays for deposit insurance programs. This reduction stems, in part, from delays in funding the activities of the Resolution Trust Corporation (RTC), the federal agency that is responsible for cleaning up the problems of insolvent thrift institutions.

Excluding the allied contributions and the spending for deposit insurance programs, federal outlays have risen about 5½ percent this fiscal year. Federal financing of health care has continued to rise at a very rapid pace in fiscal 1992; grants to states for Medicaid, the fastest growing category in the health care budget, are running more than 30 percent above the level of a year ago. In addition, slow growth of the economy and actions taken to extend unemployment benefits have pushed federal spending for income support programs sharply higher, and outlays for social security have been boosted by cost-of-living adjustments and increases in the number of beneficiaries. Combined federal spending for other functions has risen only slightly in nominal terms this fiscal year. The mix of this spending is changing, however. Outlays for some nondefense functions—notably law enforcement, education, and health programs other than Medicaid—have risen fairly rapidly in fiscal 1992; outlays for defense have been cut back, even in nominal terms, once adjustment is made for the diminished flow of allied contributions.

Many state and local governments still are grappling with severe budgetary imbalances, and further progress toward correcting those imbalances was not evident in the first quarter of 1992. After four quarters in which state and local governments had managed to chip away steadily at the deep deficit in their combined operating and capital accounts, that deficit is estimated to have widened a little in the first quarter, to a total, excluding social insurance funds, of about $26 billion.

Last year's progress in reducing the combined state and local budget deficit was achieved partly through tax increases and partly through spending restraint. With deficits still large this year, legislators and administrators are facing yet another round of painful choices. Tax hikes have been implemented in some places this year, and efforts to curb spending appear to be widespread, even as the demands for many types of government services have continued to rise. Increases in the wages and benefits of state and local workers have slowed considerably in recent quarters, with wage freezes being imposed in some cases. Although state and local employment has risen a little in recent months, partly because of election activity, the cumulative growth in the number of state and local jobs over the past year has been quite sluggish, and some governments have furloughed workers temporarily in order to hold down expenditures. Against the backdrop of these widespread attempts to restrain spending, the substantial first-quarter rise in real state and local purchases may well have been a temporary bulge, rather than the harbinger of a renewed uptrend in state and local spending.

### *The External Sector*

For the year to date, the foreign exchange value of the dollar, in terms of the currencies of the other Group of Ten (G-10) countries, has declined somewhat, on balance, from its level at the end of 1991. Appreciation early in the year has been offset by subsequent depreciation.

From its low point at the end of 1991, the dollar appreciated through about mid-March, reaching a level nearly 9 percent above where it was at year-end. The dollar was lifted during this period by data pointing to increasing strength in the recovery of U.S. economic activity, which also worked to raise U.S. long-term interest rates relative to those in other countries. From mid-March through April, exchange rates fluctuated in a fairly narrow range. Beginning in May, however, the dollar began to decline as long-term interest rates eased, and as of mid-July, it had more than reversed the rise earlier in the year. The market's reassessment of the prospects for a strong U.S. economic recovery appears to have been a major factor underlying the declines in both the dollar and long-term rates.

Developments abroad reinforced these factors. The dollar rose sharply against both the Japanese yen and the German mark early in the year. Signs of further weakening of economic growth in Japan and the decline of the Japanese stock market worked to depress the yen. Reports of a decline in German output in the fourth quarter of 1991 and increasing expectations that the Bundesbank would not move further toward tightening German monetary policy contributed to the weakness of the mark. Beginning in late April, the dollar started to decline against the yen and the mark. News of a substantial widening of Japan's current account surplus and a belief that the Group of Seven nations supported appreciation of the yen contributed to a turnaround in the dollar's exchange rate against that currency. In Germany, economic activity proved stronger than expected in the first quarter and, along with rapid money growth in that country, led both to a reevaluation of the prospects for an early easing by the Bundesbank and to a rise in the mark.

On balance, the dollar declined more than 3 percent against the mark and was little changed against the yen from the start of the year to mid-July. The dollar appreciated against the Canadian dollar; with Canadian real GNP flat in the fourth quarter of 1991 and posting only a small rise in the first quarter of this year, Canadian authorities eased interest rates and appeared to welcome the associated decline in their currency as a way to help stimulate economic activity. By contrast, the dollar depreciated moderately against the currencies of major developing countries over the first half of 1992, after adjustment for movements in relative price levels.

Prices of U.S. non-oil imports accelerated to a 6¼ percent annual rate of increase in the first quarter of 1992, more than double the rate of rise in the fourth quarter of 1991. The jump in import prices most likely reflected the lagged effects of the depreciation of the dollar that occurred during the latter part of 1991. Most of the price increase of the first quarter was reversed in April and May. The price of oil imports declined 15 percent in the first quarter in response to strong OPEC production and warmer-than-normal weather. However, that oil price decline was reversed in the second quarter in response to production restraint by Saudi Arabia and to indications that the Kingdom may be prepared to target prices at a somewhat higher level.

With growth of the U.S. economy still on a relatively slow track, real merchandise imports remained about unchanged in the first quarter, after only a small increase in the fourth quarter of 1991. Increases in imports of capital goods in the first quarter were about offset by declines in imports of consumer goods. Data for April and May show the quantities of imports of most categories of goods moving up noticeably from their first-quarter averages.

Export volume, which had climbed sharply in the final quarter of 1991, held around its fourth-quarter pace in the first five months of 1992. Despite its recent flatness, export volume in this five-month period was about 7½ percent above the level of a year earlier. The strongest growth in exports over the past year has been in capital goods, particularly to developing countries, reflecting strong investment demand in Latin America (especially Mexico), the Middle East, and in Asia. However, the general slowdown in growth in the major industrial countries last year, and the recessions in some countries, generally continued during the first half of 1992, depressing the growth of U.S. exports to these countries. At the same time, special factors that contributed to the strength in exports last year—notably the surge in investment demand in Latin America and replacement demands from the Persian Gulf countries after the war—have been less pronounced this year.

The merchandise trade deficit narrowed to an annual rate of $70 billion in the first quarter of 1992, slightly below the deficit recorded in the fourth quarter of 1991 and also a little below the 1991 average. The current account showed a deficit of $21 billion at an annual rate in the first quarter, compared with a deficit of $4 billion for calendar-year 1991. However, excluding unilateral transfers associated with Operation Desert Storm in both periods, the current account deficit in the first quarter—$23 billion at an annual rate—was about half the deficit seen in 1991. This improvement in current account transactions reflected a further widening of the substantial surplus on net service transactions (particularly in the areas of medical, educational, and other professional and business services) and an increase in net investment income receipts.

A large net capital inflow was recorded in the first quarter of 1992; foreign official holdings of

reserve assets in the United States rose strongly, and private capital transactions showed a small net inflow. Within the private-sector accounts, the first quarter brought substantial capital outflows that were associated with U.S. purchases of foreign securities and increased direct investment abroad—particularly in intercompany debt flows to Canada and the United Kingdom. These outflows were largely offset by a sizable net capital inflow reported by banks, and by private foreign purchases of U.S. securities other than Treasury securities. Inflows associated with foreign direct investment in the United States amounted to less than $1 billion in the first quarter, down sharply from the average pace in recent years; acquisitions of U.S. businesses by foreigners fell sharply, and slow growth in the United States produced reduced earnings to be reinvested in this country. The net capital inflow in the first quarter exceeded the current account deficit by a wide margin, implying a substantial statistical discrepancy in the international accounts—$16 billion at a quarterly rate. The discrepancy in 1991 had amounted to only $1 billion over the year as a whole.

*Labor Market Developments*

Payroll employment, which had declined somewhat in the final quarter of 1991, fell further in January of this year. Thereafter, employment rose in each month from February through May, before turning down once again in June. In the private sector, the level of payroll employment in June was up only slightly from its level at the end of 1991, and it remained well below the pre-recession peak of 1990.

The sectoral patterns of change in the number of workers on private payrolls continued to vary considerably in the first half of 1992. Employment at establishments that provide services to other businesses rose fairly briskly, especially in the period from February through May. Those gains seemed to be a reflection of a firming of activity in the business sector, but they also may have been symptomatic of businesses' hesitation to push aggressively into expansion; it appears that firms may simply have been turning temporarily to outside help, rather than committing themselves to the expansion of their own payrolls.

Elsewhere, employment in the health services industry continued to rise in the first half of 1992, but in many of the other major sectors employment either changed little or declined. The number of jobs in the construction business in the second quarter was about the same as in the final quarter of last year. Employment in retail trade was also about flat over that same period. In manufacturing, employment fell slightly over the first half of the year, with small declines reported across a wide range of industries.

In total, about 200,000 new jobs were created in the first half of 1992, according to the payroll data obtained from business establishments and governments. An alternative employment series, compiled from the monthly survey of households, showed the number of persons with jobs rising by a larger amount—about 850,000—over that same period. Although a complete accounting of the reasons for the recent disparity between these two surveys is not possible, one possibility is that the payroll survey might not be fully capturing job growth at newly created establishments. If that is the case, then actual employment growth in the first half of this year may have been somewhat stronger than the payroll data indicate, although it still was not comparable to the gains seen at a similar stage of previous economic recoveries.

Despite the rise in employment in the household survey, there were further sharp increases in the number of unemployed, and the civilian unemployment rate rose from 7.1 percent in December to a level of 7.8 percent in June. Unemployment rates moved up, on net, for most occupational and demographic groups during the first half of the year, with especially large increases for adult men and teenagers. Much of the rise in unemployment in the first half consisted of persons who had lost their jobs. In addition, unemployment was boosted by a rise in the number of persons who had entered or re-entered the labor force, but were unable to find jobs; this influence was especially pronounced in May and June, the two months in which most of the first-half rise in the unemployment rate occurred.

The civilian labor force—the sum of those persons who are employed and those who are seeking work but cannot find it—grew very rapidly in the first half of 1992—about 3 percent at an annual rate. However, this surge in the labor force follows

a period in which labor force growth had been quite weak, and the percentage increase over the past year is much smaller—about 1½ percent. Moreover, with the labor force participation rate now back to its previous peak and the working-age population estimated to be rising rather slowly in coming quarters, it does not seem likely that labor force growth can be maintained at its recent pace for very long.

The softening of labor markets and easing of inflation expectations since mid-1990 has been reflected in a gradual, but persistent deceleration of labor compensation rates over the past couple of years. The twelve-month rate of change in the employment cost index for private compensation, after peaking at 5.2 percent in the first half of 1990, declined to 4.6 by the end of that year, slowed to 4.4 percent in 1991, and eased still further, to 4.2 percent in the twelve-month period that ended this past March. The annual rate of increase in straight-time wages has been running at less than 3½ percent in recent quarters. However, the cost of benefits that firms provide to their employees has continued to rise rapidly, propelled by the steep climb in the cost of medical insurance and by increases in payments for workers' compensation. Nonetheless, the slower rate of increase in nominal compensation per hour, coupled with a somewhat faster rate of deceleration in consumer prices, has been translating into increases in real hourly compensation.

Productivity has been picking up. In the first quarter of 1992, output per hour worked in the nonfarm business sector was 1.9 percent above the level of a year earlier, a four-quarter improvement last achieved in early 1988 when the economy was still growing rapidly. At the same time that employers have been cautious in expanding output, they have continued to move aggressively to economize on labor input, thus boosting output per hour. The increase in productivity, together with the slowing of hourly compensation, held the rise in unit labor costs to just 1.2 percent over the year ended in the first quarter of 1992, the smallest four-quarter increase in labor costs in eight years.

*Price Developments*

All the measures of aggregate price change show inflation to have eased substantially from its most recent peak. The 3 percent rate of rise in the consumer price index over the past year is roughly half the rate at which that index increased in 1990; swings in energy prices account for a sizable part of that slowdown, but most non-energy prices have slowed as well. A halving of the rate of price rise also is evident in the fixed-weight price index for gross domestic purchases, a measure that takes account of the prices paid by businesses and governments as well as those paid by consumers. Measures of price change that are related to domestic production (rather than to domestic spending) have slowed by smaller, but still appreciable, amounts. For example, the fixed-weight price index for gross domestic product, the broadest measure of price change for goods and services produced domestically, rose less than 3 percent over the four quarters ended in early 1992; that index had moved up at rates of 4 to 4½ percent in each year from 1988 to 1990.

Consumer energy prices have continued to fluctuate since the end of the Gulf War, but those fluctuations have been relatively subdued. Energy prices at the retail level fell early in 1992, influenced by the mildness of the winter, the further cut in U.S. industrial production early in the year, the persistence of sluggish growth in other industrial countries, and the high level of OPEC production. Later in the winter, however, energy prices began to firm. The upswing in U.S. industrial activity that began in February gave some lift to prices, as did the return to more normal weather patterns in late winter. Further impetus to prices came in the spring, with the apparent mid-May shift by Saudi Arabia toward somewhat greater production restraint than had been expected. In response to these developments, the spot price of West Texas intermediate moved up from a February low of about $18 per barrel to a level of more than $22 per barrel in June. The CPI for energy, basically following the lead provided by the oil markets, rose moderately in March, April, and May, and then jumped 2 percent in June. These increases more than reversed the declines seen early in the year. Even so, the CPI for energy in June was up only moderately from the level of a year earlier, most of the price swings of the past twelve months having essentially cancelled out. In the oil market, the price of West Texas intermediate has softened a little, on net, since June and recently has been in a

range not much different from that of a year earlier.

Food prices have slowed considerably over the past year and a half. The CPI for food rose more than 5 percent in each year from 1988 to 1990. But last year they rose only 2 percent, and in the first half of this year, they changed little on net. A temporary runup in fruit and vegetable prices in late winter was reversed in the spring, and increases in the prices of other foods were small on average during the first half of the year. As of June the CPI for food was only 0.1 percent above the level of a year earlier.

The marked slowing of food prices since the end of 1990 is partly the result of declines in the prices received by farmers for their products. In addition, however, the food sector is being affected by forces similar to those that are shaping price trends in other parts of the economy: Demand growth has been relatively sluggish in the food sector, competition is intense in both food retailing and the fast food business, and increases in labor costs have been restrained. Price increases at grocery stores over the past year have been small even for those foods for which farm products account for only a small portion of value added, and the twelve-month rise in prices of food consumed away from home, a category dominated by nonfarm inputs, has been running in the lowest range since the mid-1960s.

The CPI excluding food and energy, which had increased at an annual rate of only 3 percent during the final three months of 1991, climbed at a rate of 4¾ percent in the first three months of 1992. The prices of non-energy services rose a little faster in the first quarter than they had in the latter part of 1991, and the prices of commodities other than food and energy, which had changed little in the fourth quarter, surged ahead at an annual rate of 5¼ percent. Apparel prices, which had declined in late 1991, moved up rapidly in the first quarter, and fairly large increases were reported for several other commodities. But, the first-quarter flare-up of price increases dissipated in the spring, as the annual rate of increase in the CPI excluding food and energy dropped to less than 3 percent over the three months ending in June. The price indexes for both commodities and services rose much less rapidly during this period than they had in the first quarter.

Looking beyond the many twists and turns that inevitably show up in the price data over any short period, the reports of recent months appear to be depicting a gradual, but broadly based, slowing in the trend of consumer prices. The twelve-month change in the CPI for services excluding energy, a category that has a weight of more than 50 percent in the CPI total, has dropped back about 2 percentage points since early 1991, to a pace of 4¼ percent; deceleration is evident for most types of services included in that total. A slower rate of price increase also has emerged across a broad range of CPI commodities, although, somewhat surprisingly, the slowing there has not proceeded as rapidly as in the markets for services.

A sustained easing of inflation pressures also is widely evident in the data on prices received by domestic producers. In June, the producer price index for finished goods other than food and energy was 2½ percent above the level of a year earlier; toward the end of the 1980s, this index had been moving up at more than a 4 percent rate. The prices received by producers of intermediate materials other than food and energy have risen less than ½ percent, on balance, over the past year; their cumulative increase over the past three years amounts to just 1¼ percent. The prices of industrial commodities, which tend to track roughly the contours of the business cycle, have firmed in the first half of this year, after sharp declines from the autumn of 1990 to the end of 1991; however, in the context of a still hesitant recovery, the recent firming of these prices has been relatively subdued compared with the increases seen during many past periods of stronger expansion in industrial activity.

## *MONETARY AND FINANCIAL DEVELOPMENTS IN 1992*

Monetary policy in 1992 has continued to be directed toward the goal of securing a sustained economic expansion while making progress toward price stability. In furtherance of these objectives, the Federal Reserve this year has eased money market conditions twice—once in association with a cut in the discount rate—and lowered reserve requirements.

On balance, most signs from financial markets this year have been consistent with a moderate pace of expansion in economic activity, but also seemed to indicate questions about lasting gains in

reducing inflation. Short-term real and nominal interest rates have declined to unusually low levels, and the yield curve has been extraordinarily steep while share prices have been at near-record levels—a pattern often associated with market expectations of a strengthening economy. In addition, the risk premiums on private credit instruments relative to Treasury obligations have narrowed, indicating growing market confidence in private borrowers and ample credit availability in securities markets. Households and businesses improved their balance sheets by constraining total debt growth, issuing equity, and refinancing costly existing debt with longer-term debt at lower rates. As a result of these actions and the decline in interest rates, borrowers have been successful in reducing the ratio of debt-service payments relative to income.

In contrast with the positive signals from other financial variables, the advance in the money and credit aggregates has been very subdued. M2 and M3 in June stood below the lower end of their annual growth cones, and the debt of domestic nonfinancial sectors was running at the lower end of its range. In part, the sluggish expansion of M2 and M3 seemed to be related to the actions of borrowers and lenders to restructure balance sheets and was not reflected in commensurate weakness in spending. Under pressure to improve their capital positions and earnings and facing weak loan demand from borrowers relying more heavily on longer-term debt from market sources, banks and thrift institutions have not been aggressively seeking to expand loan portfolios. In these circumstances, depositories have cut deposit rates substantially this year, and many customers have shifted their funds to alternative assets or applied their deposit balances toward debt repayment. These actions have resulted in appreciable increases in the velocities of the broad aggregates—a situation the FOMC has taken into account in assessing how much weight to place on slow growth in the aggregates in making policy decisions.

*Implementation of Monetary Policy*

Early in the year, economic releases and financial market indicators signaled an improvement in economic activity—consumer expenditures and confidence were up, M2 growth surged in late January and February, a wave of refinancing activity indicated households and businesses were successfully reducing debt-servicing costs, and the ebullient tone in the stock market anticipated even stronger economic fundamentals in the future. The Federal Open Market Committee noted these positive developments at its meetings during the late winter and spring, but in view of ongoing impediments to robust expansion—including still-strained balance sheets and limitations on credit availability—concluded that the recovery was still fragile. Recognizing the tentative nature of the recovery and confident that a disinflationary trend had been firmly established, the Committee remained especially alert in this period to the potential need for further easing of money market conditions if the economy failed to show continued improvement.

During the early months of the year, the bond market seemed to focus on the possibility of a strong recovery, and long-term interest rates backed up about ½ percentage point from early January through March. A robust recovery could rekindle upward price pressures and would produce stronger demands for credit. In addition, looming U.S. budget deficits and potential credit needs of countries undergoing the transition from centrally planned to market economies were seen as adding to upward pressure on interest rates in the future.

Despite the rise in long-term rates, corporate bond yields remained well below levels prevailing in recent years. Eager to refinance costly existing debt and to reduce the uncertainty and interest rate risk of short-term funding, many firms issued bonds and used a portion of the proceeds to pay down bank loans. Faced with tepid loan demand and continuing pressures on earnings and capital positions, banks lowered deposit rates promptly as market rates declined and did not raise them when intermediate and long-term market rates backed up in the first quarter. Households responded by shifting funds into nonmonetary assets and by paying down debt at the expense of deposit accumulation. Although these and other portfolio adjustments appeared to play a prominent role in the deceleration of M2, the possibility that income growth might also be slackening, perhaps due to tight lending terms at banks and the reluctance of businesses and households to borrow, could not be ruled out. Incoming data over the spring suggested

only a modest further rise in economic activity after February, and given the Committee's concerns about the sustainability of the recovery, the Federal Reserve slightly eased the degree of reserve market pressure in mid-April. The federal funds rate declined to 3¾ percent, its lowest sustained trading level since the 1960s; other short-term rates generally followed suit, edging down about 25 basis points. Long-term rates registered little response to the policy action; the rate on the thirty-year Treasury bond was essentially unchanged in the days following the move.

The Federal Reserve's easing of reserve market pressure in April came only days after implementation of a previously announced reduction in reserve requirements. Reserve requirements are effectively a tax on depository intermediation; the cut in reserve requirements on transaction deposits from 12 to 10 percent was intended to reduce this burden on depositories and their customers and thereby to stimulate flows of credit. The effect on credit should come directly as sterile reserves are freed for lending and indirectly as increased earnings improve depository institutions' access to capital and their willingness to lend. This year's reduction in reserve requirements sparked little of the heightened volatility of the federal funds rate that ensued from the reserve requirement cut in 1990. In large measure, the smoother transition this year reflected the higher level of reserve balances available to cover daily clearing needs; balances have been boosted in recent months by a higher level of transaction deposits in concert with a sizable increase in bank clearing balances at the Federal Reserve.

Neither the April easing of reserve market pressure nor the cut in reserve requirements revived the broad monetary aggregates. Other financial indicators, however, suggested that the markets were anticipating continued economic expansion. Spreads on commercial paper and corporate bonds relative to Treasury rates continued to narrow, especially for less-than-prime issues, evidencing easier access to market sources of funds for businesses. Improvement in banks' capital positions placed them in a better position to meet loan demand, and many reported that they were no longer tightening credit standards. In addition, long-term interest rates edged down from their March peak, providing some stimulus to mortgage markets and debt restructuring. On balance, despite continued weakness in the broad monetary aggregates, many financial variables appeared to indicate that conditions conducive to a moderate economic expansion were in place.

Still, overall credit growth remained quite subdued, suggesting that some impediments to borrowing and spending remained, and M2 and M3 turned down further in June. In these circumstances, and with direct readings on the economy indicating some weakening relative to earlier in the year, the Federal Reserve in early July cut the discount rate ½ percentage point to 3 percent and allowed this reduction to show through as a similar-sized easing of money market conditions. Banks responded quickly to the policy actions, cutting the prime rate by ½ percentage point to 6 percent.

On balance, short-term rates generally have declined about ¾ of a percentage point this year. Long-term rates, after falling in recent months, have about returned to their lows of early January. The foreign exchange value of the dollar generally has tracked the course of long-term rates, appreciating from January through March and depreciating more recently. On a trade-weighted basis in terms of the currencies of the other G-10 countries, the dollar in mid-July stood at a level somewhat below its 1991 year-end level.

### *Monetary and Credit Flows*

Overall credit flows have been damped this year, reflecting a moderate pickup in spending and efforts by borrowers to pare debt burdens. Although demands for credit by the federal government have been heavy, growth in the debt of other sectors has been lethargic, and, as a result, the total debt aggregate has remained around the lower bound of its annual range throughout much of 1992. Reacting to the difficulties that resulted from carrying heavily leveraged positions in a period of weak economic growth and to wide spreads between the cost of borrowing and the returns on holding financial assets—especially deposits—households and businesses have sought to reduce debt and restructure balance sheets. Total debt, including that of the federal sector, grew about in line with nominal GDP after many years in which debt growth exceeded income.

Along with limiting debt growth, borrowers have sought to strengthen their balance sheets by refinancing existing debt at lower rates. By issuing equity and refinancing debt, businesses have been successful in reducing debt-service burdens; the ratio of net interest payments to cash flow for businesses has declined appreciably this year. The decline in rates over the past year or so has been especially evident for high-yield bonds, indicating that lower-rated borrowers are regaining some of the access to capital markets lost during the credit distress in late 1990 and 1991. A substantial number of firms this year have been upgraded by rating agencies, reflecting improved economic prospects and the salutary effects of lower interest rates and stronger balance sheets on financial conditions.

Many households also have refinanced debt at more attractive rates. Mortgage refinancing began to increase late in 1991 and was very heavy early this year after mortgage rates fell sharply. Later, as mortgage rates backed up, mortgage refinancing applications subsided, but they remained brisk relative to recent years. Households evidently shared the view of businesses that long-term rates presented an opportunity to lock in attractive financing, and many opted to refinance with longer-term fixed-rate mortgages rather than risk future interest rate increases with adjustable-rate mortgages.

Just as for businesses, refinancings and debt reduction appear to have helped relieve the stress on household balance sheets. The ratio of household debt-service payments to personal disposable income has declined appreciably through May. Delinquencies on consumer loans, auto loans, and home mortgages have fallen this year as well. On the other hand, many households with financial assets substantially exceeding debt have seen their spendable income decrease as a result of lower interest rates. Some of the decline in interest rates compensates for lower inflation—the purchasing power of the principal invested is not falling as rapidly as in previous years—but real returns have declined as well, especially for short-dated assets.

State and local governments have exhibited a similar trend in credit demand; on net, total debt growth has been restrained, but gross issuance of bonds has ballooned as municipalities refinance existing debt. A substantial portion of the debt being refinanced likely was issued during the high interest rate episodes of the early 1980s.

Not only has total borrowing been muted, but banks and thrift institutions are accounting for a sharply decreasing share of the total. In fact, credit at depositories has declined over the past two and one-half years even as total credit in the economy continued to advance, and this pattern has left its imprint on the monetary aggregates and their velocities. Part of this rerouting of credit flows reflects the closure of insolvent thrift institutions; the RTC usually assumes the assets of closed thrift institutions and effectively finances them with Treasury obligations rather than deposits. Moreover, when the assets are later sold, depositories are not always the acquirers. The shift in credit flows away from depositories also reflects ongoing market and regulatory pressure on banks and thrift institutions to bolster earnings and capital. Responding to increased deposit insurance costs, to past and prospective loan losses, and to regulatory restrictions triggered as capital–asset ratios fall below the highest levels, depositories have maintained wide spreads between loan rates and deposit rates. The prime lending rate, for example, has remained unusually high relative to market rates and the depository cost of funds, and depositories have tightened nonprice terms of credit as well in recent years. On the deposit side, rates have fallen considerably as depositories have moved to limit balance sheet growth and bolster net interest margins.

Bank credit from the fourth quarter of 1991 to June managed only a 2¾ percent growth rate, slower than in 1991. Bank lending to businesses has contracted in 1992, leaving total loan growth at banks essentially flat. Overall, the contraction in bank business lending in 1992, which has been at an even faster pace than the decline in 1991, appears to reflect primarily weaker demand, as firms have opted to borrow directly in the market and have relied on strong increases in internal funds. Evidence from survey data indicates very little, if any, additional tightening of credit terms by depositories this year. However, the cumulative degree of tightening over the past two years remains substantial, and many banks apparently are still responding to concerns about the condition of borrowers, cumulative loan losses, and pressures to meet or exceed fully phased-in capital requirements. Foreign banks, which had been aggressively seeking new business in the recent past, have reined in balance sheet growth and have tightened the

terms of lending this year by somewhat more than domestic banks.

With loans falling relative to deposits, banks have elected to expand their security investment portfolios, pushing the share of government securities in total bank credit to its highest level in twenty years. It seems likely that some of this increase represents banks taking advantage of the steep yield curve to improve earnings by funding these securities with short-term deposits bearing low interest rates. The sharp rise in bank security investments has also been spurred by capital considerations: Mortgage-backed securities issued by government sponsored enterprises (GSEs) are treated more favorably than the underlying loans by risk-based capital standards. As a result, many banks have sold a substantial share of their home mortgage loan portfolios to GSEs and replaced them with the securities issued by these same agencies.

Although continued loan losses and increased deposit insurance premiums have added to bank costs, bank profitability has improved. Earnings have been bolstered by wider net interest margins and some improvement in the quality of loan portfolios. The market has looked favorably on these developments, as gains on bank share prices this year have outstripped advances in broad stock price indexes.

Conditions in the thrift industry appear to have improved this year, at least for solvent institutions. Thrift institutions in fairly secure financial condition have experienced better profit trends analogous to those of banks, and share prices of better capitalized SAIF-insured institutions have fared well over the first half of this year. Still, the improved profit picture for a portion of the thrift industry has not implied any expansion in overall thrift balance sheets; total thrift credit is estimated to have contracted at a 3½ percent rate from the fourth quarter of 1991 to June. A large part of this contraction owes to the significant volume of RTC resolutions conducted through early April of this year. However, additional funds to cover losses have not been appropriated, bringing RTC resolutions to a halt after early April.

The limited growth in total bank and thrift balance sheets has carried important implications for the monetary aggregates. The velocities of the deposit components of the broader aggregates, M2 and M3, have tracked the upward trajectory of the velocity of total depository credit in recent years, and this trend has continued in 1992. M3, especially, has been hindered by the lack of growth of depository credit this year. This aggregate was essentially unchanged in June from its fourth-quarter 1991 level and fell below the 1 to 5 percent annual range set by the FOMC. With retail deposits expanding—if only sluggishly—and depository credit subdued, banks and thrift institutions have shed large time deposits and other managed liabilities. At branches and agencies of foreign banks, large time deposits (Yankee CDs), having decelerated sharply from last year's rapid growth, have been flat this year. Market concerns that lower Japanese stock prices had impaired the capital positions of Japanese banks evidently tarnished the appeal of Yankee CDs for some institutional investors. In response, U.S. branches and agencies of Japanese banks cut back issuance of Yankee CDs, shed liquid assets, and relied more heavily on funding in Eurodollar markets.

Institution-only money market funds were the only source of strength in the non-M2 portion of M3 during the first half of 1992. Investors capitalizing on the sluggish adjustment of money market fund yields to declining market rates accounted for much of the strength in money funds. In addition, some institutional investors, finding their resources augmented rapidly by inflows from former bank depositors, likely have parked some of the cash inflow in money market funds.

The implications of depository retrenchment and household balance sheet adjustments for longstanding empirical relationships between money and spending have been perhaps most pronounced for M2 growth. Despite the pickup in nominal income growth this year and very substantial stimulus from drops in short-term interest rates last year, M2 advanced at only a 1½ percent annual rate from the fourth quarter of 1991 to June, placing its June level below the lower bound of its annual range. The decoupling of the historical relationships among M2, GDP growth, and short-term interest rates is evident in the behavior of M2 velocity. M2 usually rises relative to income (its velocity falls) when market rates drop because rates on M2 deposits do not decline one for one with market rates, inducing portfolio shifts into M2 assets. But in recent months, M2 velocity has risen markedly despite a substantial decline in market rates and a

standard measure of opportunity costs—the difference between short-term market rates and returns on M2 assets.

In this period of extraordinary retrenchment, depositories apparently have reduced deposit rates in ways not captured in standard measures of average deposit rates, and the pull of market alternatives has been stronger than is captured by comparisons of deposit rates to short-term market rates. For example, banks and thrift institutions appear to have made larger cuts in the relatively high rates offered to individuals with larger balances and in the rates offered on brokered deposits; holders of both types of accounts might be especially sensitive to rates on alternative investments. In addition, depositories have been particularly hesitant to compete for funds at intermediate and longer maturities. As a result, longer-term bank and thrift CDs have not been attractive investments for savers seeking to raise returns by moving out the upward sloping yield curve. In effect, depositories have used retail time deposits as managed liabilities in making balance sheet adjustments. The result has been large outflows of retail time deposits, with a relatively large portion of the outflow finding its way to higher-yielding, nonmonetary assets. Depositors, witnessing substantial declines in the rates on their accounts relative to market alternatives, apparently exited M2 in favor of stock and bond funds or direct equity and bond investments. Of course, in doing so, these depositors sacrificed the benefits of deposit insurance and accepted the risk of asset price fluctuations.

For a time, the depressing effects of depository retrenchment and investor portfolio shifts on M2 were obscured by the confluence of various special factors. Early in the year, demand deposits surged as lower rates required businesses to build up compensating balances and as mortgage servicers held larger balances during the mortgage refinancing boom. Later, the abrupt deceleration in M2 appeared related to the effects of tax flows and RTC resolutions. Federal nonwithheld taxes this year were weak relative to previous years, and this may have resulted in a smaller deposit buildup in March and April than could be anticipated by normal seasonal adjustment factors. In late March and early April, the RTC resolved a substantial number of institutions. In the past, a heavy volume of RTC resolutions has appeared to damp M2 growth for a month or two, apparently as acquiring institutions abrogate time deposit contracts and depositors take the opportunity to reallocate their portfolios in light of the current configuration of deposit rates and market rates. Thus the RTC resolutions in March and April likely played a role in slowing M2 growth during April and perhaps even in May.

As the weakness in M2 persisted, however, it became increasingly clear that these special factors were not the whole story. If the deceleration of M2 in March and April reflected evolving seasonal tax patterns, May and June should have witnessed an appreciable rebound in M2 growth. In fact, M2 continued to founder, leaving its level in June well below its February level and also below the lower bound of its annual range. Furthermore, RTC resolutions halted abruptly when additional funding for losses was not forthcoming. By June, M2 should have been largely free of RTC effects, but growth of M2 in June was, in fact, even weaker than in April and May. On balance, these special factors appeared to figure prominently in the month-to-month variations of M2 growth, but the overall advance of M2 this year was impeded by more fundamental forces.

These fundamental forces, involving balance sheet adjustments by depositories and money holders, appear to be boosting the velocity of M2. There is considerable uncertainty, however, about how long this process will persist, and whether it will permanently affect the equilibrium level or cyclical behavior of M2 velocity. One means of evaluating this question will be observations of the future performance of the P-star model in predicting inflation. This model is based on M2 per unit of potential output, normalized by equilibrium velocity, which had proved to be constant. Persistent underpredictions of inflation by this model would suggest that the rise in velocity relative to its historical average may be a more permanent phenomenon.

While highly interest-responsive depositors were tilting their portfolios toward capital market instruments, less rate-sensitive, more risk-averse households simply rolled over a portion of their maturing small time deposit holdings into more liquid M2 deposits, at little or no sacrifice in yield. In fact, while M2 growth overall this year has been moribund, growth in its liquid components has been robust and more in line with historical relationships

3. Growth of money and debt
Percent

| Period | M1 | M2 | M3 | Debt of domestic nonfinancial sectors |
|---|---|---|---|---|
| *Annually, fourth quarter to fourth quarter*[1] | | | | |
| 1980 | 7.5 | 8.9 | 9.5 | 9.3 |
| 1981 | 5.4 (2.5[2]) | 9.3 | 12.3 | 10.1 |
| 1982 | 8.8 | 9.1 | 9.9 | 9.3 |
| 1983 | 10.4 | 12.2 | 9.9 | 11.4 |
| 1984 | 5.4 | 8.0 | 10.8 | 14.2 |
| 1985 | 12.0 | 8.7 | 7.6 | 13.9 |
| 1986 | 15.5 | 9.2 | 9.0 | 14.1 |
| 1987 | 6.3 | 4.3 | 5.9 | 10.4 |
| 1988 | 4.3 | 5.2 | 6.4 | 9.4 |
| 1989 | .6 | 4.8 | 3.6 | 8.1 |
| 1990 | 4.2 | 4.0 | 1.7 | 7.0 |
| 1991 | 8.0 | 2.8 | 1.2 | 4.4 |
| *Semiannually (annual rate)*[3] | | | | |
| 1992 | 13.4 | 2.1 | .2 | 4.5 |
| *Quarterly (annual rate)*[3] | | | | |
| 1992: 1 | 16.5 | 4.3 | 2.2 | 3.8 |
| 2 | 9.9 | .0 | -1.9 | 5.1 |

1. From average for fourth quarter of preceding year to average for fourth quarter of year indicated.
2. Adjusted for shift to NOW accounts in 1981.
3. From average for preceding quarter to average for quarter indicated.

to income and interest rates. M1, for example, has grown at a 12 percent pace through June, a rate well above its average during 1991 of 8 percent. Especially since the introduction of NOW accounts in the early 1980s, the demand for M1 has become quite interest sensitive, leading to wide fluctuations in the velocity of M1, and the drop in M1 velocity this year is consistent with that pattern. Foreign demands for U.S. currency have been more subdued this year, and currency growth has slowed a bit relative to the pace of 1990 and 1991. Even so, moderate growth in currency, together with the brisk advance in transaction deposits, has fueled growth in the monetary base of 7¾ percent from the fourth quarter of 1991 to June.

The unusual behavior of the velocity of M3 and, especially, of M2 this year has sparked renewed interest in alternative definitions of the monetary aggregates. Two alternatives that have received some attention are M2 plus stock and bond mutual funds and M2 plus institution-only money funds less small time deposits. Both alternative aggregates have grown substantially more rapidly than M2 in recent quarters. The former adds back into M2 the apparent destination of much of the recent outflows from M2; the latter subtracts the weakest component of M2—retail time deposits—to create a highly liquid aggregate, which behaves over time very much like M1. Both alternatives recently appear to have followed more closely historical relationships with income and opportunity costs than has M2. However, both show periods in the past in which their velocities have been highly variable and difficult to predict. The Federal Reserve is continuing to analyze these experimental monetary measures carefully. □

# Developments in the Pricing of Credit Card Services

*This article was prepared by Glenn B. Canner and Charles A. Luckett of the Board's Division of Research and Statistics. Wayne C. Cook and Mark A. Peirce provided research assistance.*

Interest rates on credit card accounts have typically fluctuated within a narrower range—and at higher levels—than rates for most other types of credit. The contrast receives particular attention when other rates are dropping sharply, which often occurs during periods of economic weakness. At such times, some observers look upon stubbornly high credit card rates as a potential impediment to consumer spending, and therefore to economic recovery, while others regard high rates primarily as an abuse of market power that should be curtailed as a matter of equity.

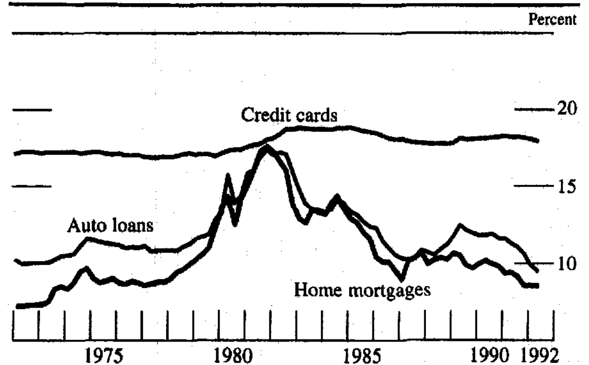
Since 1972, the average "most common" interest rate on credit card receivables at a sample of banks surveyed by the Federal Reserve has stayed between 17 percent and 19 percent, while rates on most other types of loans, even loans to consumers, have fluctuated over a range of 8 percentage points or more (chart 1).[1] The stability of credit card rates has suggested to some that the credit card market is insufficiently competitive, and has periodically spurred congressional efforts to legislate a national ceiling for these rates. Ironically, the most recent attempt to set a national ceiling, in November 1991, came at a time when competition in the credit card market may have been more intense than at any time in the past, and when more of that competition than ever before was beginning to focus on rates. Since the beginning of 1992, virtually all the nation's largest issuers have reduced rates for all or significant portions of their credit card customers. As will be seen, consumers face a much wider range of interest rates in the marketplace than is generally recognized.

That said, however, it is also true that interest rates on credit card accounts have been stickier than rates for most other types of credit. The following analysis examines possible explanations for their relative rigidity. The historical development of the consumer credit card market is reviewed first, because that history sheds considerable light on some idiosyncrasies of the credit card product and its pricing. The discussion then shifts to the cost structure of credit card operations and the characteristics of consumer demand for credit card services.

### *HISTORICAL DEVELOPMENT OF THE CREDIT CARD MARKET*

Credit cards were first made broadly available to individuals for consumer spending in the early

1. Interest rates on mortgage and consumer debt, 1972–92




SOURCES. Federal Reserve Board and Federal Home Loan Mortgage Corporation.

1. The survey asks banks to report the rate that applies to the largest dollar amount of their credit card receivables (in other words, the "most common" rate) during the first full week of the middle month of each quarter. A simple unweighted average of the responses is calculated as an estimate of the average rate on credit card accounts for the banking industry.

1950s by major department store chains.[2] The cards were furnished as a convenience to the stores' regular "charge account" customers; they also provided a more efficient means of processing transactions and managing accounts. Customers were expected to pay for charged items in full when they received the monthly bill, and no interest fee was imposed. Retail firms believed that customers might spend more freely if they could "buy now and pay later" and might more frequently shop at stores where they had charge accounts. The firms were willing to receive payment on a delayed basis, and without interest, in exchange for a larger volume of sales. Most stores levied a penalty fee of 1 percent or 1½ percent per month if full payment was not received within the billing period. The fee was set relatively high (compared with general interest rates) as much to discourage customers from making partial payment as to generate income by extending longer-term credit.

Gradually, however, stores became more inclined to allow customers the option of paying either in full or by installments, subject to "interest" or "finance charges" rather than "late fees." Sears and Montgomery Ward were leaders in this shift to "revolving" or "option" accounts, as they found such accounts to be particularly useful in providing a means for consumers to finance purchases of major appliances, which made up an important part of these stores' sales. Previously, major purchases typically had been financed through secured "sales finance contracts," which had to be established and approved separately for each transaction.

### *Entry of Banks into the Market*

Commercial banks eventually began to recognize the potential profitability of providing open-end financing to consumers, many of whom apparently were willing to pay high rates of interest to obtain unsecured credit conveniently. Marketed mainly by banks, the general-purpose credit card for individual consumers came into broad use in the mid- to late 1960s. To make bank cards appealing to consumers who already had department store cards, the banks granted cardholders the same interest-free "grace period" of twenty–five to thirty days that was customary for store cards. However, the banks also imposed servicing fees (called merchant discounts) on card-honoring merchants, mainly smaller retail businesses that were persuaded to accept bank credit cards as a means of competing with the major chain stores.

For many years, bank credit card operations were only marginally profitable, despite interest rates comparable to those on store cards, as start-up and operating costs per dollar of receivables were relatively high and a sizable proportion of cardholders remained "convenience users," paying balances in full each month and thereby avoiding finance charges. To some extent, banks may have been reluctant to impose higher rates than consumers were accustomed to paying on store cards. In addition, statutory limits on rates were in effect in most states until the early 1980s; rates typically were capped at 1½ percent per month (18 percent per year). The ceilings in most states had originally been established for revolving credit at retailers and represented the general consensus among lawmakers about how high a rate businesses needed to charge to cover the cost of providing credit.[3]

### *Developments in the 1980s*

Over the years, the profitability of bank credit card operations improved as operating efficiencies were

2. Some hotels were issuing credit cards to regular patrons as early as 1900, and some department stores and gasoline companies were issuing cards before 1920. The practice was very limited, however, and was restricted to the most highly valued customers. Relatively wide distribution of credit cards did not occur until after World War II. The major "travel and entertainment" cards (American Express, Carte Blanche, and Diners Club) were established in 1949 and 1950. Although initially issued mainly to individuals for business-related use, often through the recipient's employer, these cards helped set the stage for the introduction of general-purpose bank-issued credit cards.

3. State-legislated ceilings on rates are, in fact, a hodgepodge of laws designed to facilitate consumer lending by easing earlier restraints on interest rates. At the turn of the century, most states had a single law or constitutional provision that established a limit on the "legal rate of interest," often 5 percent or 6 percent per year. As installment sales contracts for automobiles and other consumer durable goods were being developed in the present century, state legislatures recognized that higher rates would have to be permitted to cover the costs of installment lending, and in most states a series of laws evolved that established higher ceilings for certain types of consumer lending. Department store credit card programs typically operated under a state's "retail installment sales act," which authorized a "time price differential" that was defined to be legally distinct from "interest" and in most states was set at a maximum of 1½ percent per month.

developed and as credit cards were distributed and used more widely. When profits came under intense pressure in the late 1970s and early 1980s from sharp inflation-induced increases in funding costs, institutions began imposing annual fees on credit cards to supplement income from interest. Many also adopted more restrictive lending practices, which had the effect of curbing the growth of credit card use temporarily. Meanwhile, state legislatures one by one moved to raise or remove the ceilings on credit card rates.

The spread of credit card rate deregulation was triggered partly by a 1978 Supreme Court decision (*Marquette National Bank* v. *First of Omaha Service Corporation*), which held that a nationally chartered bank may provide credit at the rate ceiling of the state in which it is located, regardless of the ceiling in the borrower's state. In the early 1980s, several banks moved their credit card operations to states that had raised or removed rate ceilings on credit cards.[4] Currently, sixteen states do not specify ceilings and fourteen specify ceilings above 18 percent per year.

These developments helped restore profitability to the industry, and, as funding costs moved substantially lower in the mid-1980s, credit card operations became highly profitable. Responding to increased profitability, many banks, especially those operating nationwide, became much more aggressive in marketing credit card accounts, both by relaxing credit standards and by offering more card "enhancements," such as travel accident insurance, auxiliary rental car insurance, and other distinctive features that varied among issuers. The enhancements initially were available mainly on "premium" card plans, which charged higher annual fees and, in many cases, somewhat lower interest rates; more recently, some combination of enhancements has been available with nearly all "standard" plans as well. In addition, over the past few years, individual institutions have increased the number of different plans they offer; many of the new plans are targeted at selected subsets of consumers, and many charge lower interest rates. At the same time, nonbank firms, such as AT&T (Universal Card), Sears (Discover Card), and American Express (Optima Card), have garnered significant market shares, in part by differentiating their plans by forgoing annual fees or by offering rebates on purchases or discounts on selected services.

*Current Industry Structure*

Today, although the largest institutions command a sizable share of the total market, thousands of issuers provide credit cards. Approximately 6,000 commercial banks and other depository institutions market general-purpose credit cards (predominantly under the VISA or MasterCard label), each setting the terms and conditions on the cards they issue.[5] Another 12,000 depository institutions act as agents for issuers and distribute credit cards to consumers. Major retailers continue to provide store-specific credit cards; Sears' store card, for example, is estimated to rank second in total receivables among all types of cards. Many smaller retailers have given up direct management of their credit card operations but provide store-identified cards to their customers through "private label" programs managed and funded by other institutions.

Given the large number of institutions competing in the credit card market, it is not surprising that consumers are offered a wide variety of plans. The diversity is often overlooked in public discussions, which tend to focus on a national average rate or on prominent high-rate plans. However, the Federal Reserve's semiannual E.5 statistical release, *The Terms of Credit Card Plans*, reveals some of this diversity, which extends to rates as well as other terms. The E.5 release provides detailed data on credit card plans at more than 150 institutions, primarily commercial banks that operate large credit card programs. Seventeen percent of the issuers included in the March 1992 E.5 release

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4. In March 1980, for example, South Dakota raised its ceiling on credit card interest rates to 1.65 percent per month (19.8 percent per year), and Citicorp promptly moved its credit card operations from New York to that state. New York at the time permitted 18 percent per year on balances up to $500, but only 12 percent on balances above $500. Between 1980 and 1985, fifteen states removed their ceilings (including South Dakota a year after it raised its ceiling), and many other states raised their ceilings to levels well above those needed to cover costs (including New York, which now has a ceiling on credit card rates of 25 percent per year).

5. VISA and MasterCard run the two primary systems for settling interbank accounts, that is, between banks that process charge slips submitted by merchants and banks that extend credit to cardholders. Although VISA and MasterCard operate the interbank settlement systems and collect fees for these services from banks, they do not control the terms these banks offer to cardholders and merchants.

charged rates below 16 percent per year. Nearly one-fourth offered variable-rate plans (plans that tie the interest rate to an index, such as the prime rate, that normally moves in line with other interest rates); an additional 4 percent offered plans with a tiered rate structure, in most cases assessing lower rates on higher balances. Undoubtedly, the variety in the marketplace is even greater, as the survey on which the E.5 release is based asks institutions about only their largest plan.[6]

### *CURRENT CREDIT CARD HOLDING*

In the thirty years or so since commercial banks entered the market in significant numbers, the credit card has become a familiar financial tool to the vast majority of American families. Today, roughly 70 percent of all U.S. families have at least one credit card account, up from about 50 percent in 1970 (table 1). Most card-holding families, in fact, have several different accounts. A 1989 survey of consumers sponsored by the Federal Reserve found that three-quarters of card-holding families had more than two credit card accounts, with the average number of accounts held by all card-holding families approaching six.[7]

Not only has credit card holding become much more prevalent in the past twenty years, but the types of cards held have changed dramatically (table 1). In particular, the holding of bank cards (defined in the survey as "bank type" cards, including VISA, MasterCard, Discover, and Optima) has risen substantially. In 1977, 38 percent of all U.S. families had a bank card, up from 16 percent in 1970. By 1989, the proportion had increased to 54 percent. Bank-card holding likely has edged up since then, with the development of major new plans by recent entrants into the market and continued growth in the operations of long-time market participants.

In contrast to bank cards, the holding of credit cards issued by retail stores has expanded very little in recent years. In 1970, store cards were held by 35 percent of all families; the proportion had jumped to 54 percent by 1977 but has risen little since then.

### *FUNCTIONS OF CREDIT CARDS*

Credit cards serve two distinct functions for consumers: a means of payment and a source of credit.[8] Consumer sensitivity to various aspects of credit card pricing reflects these two types of use.

#### *Credit Cards as a Means of Payment*

Although cash and checks continue to be the dominant means of completing transactions, credit cards are an important and growing alternative. In 1990, according to one private-sector source, credit cards were used by consumers to purchase some $445 billion worth of goods and services. In that year, credit card charges accounted for about 13 percent of all consumer expenditures, up from 10.8 percent in 1980.[9]

The growing share of consumer expenditures completed by credit card attests to the advantages of this means of conducting transactions, including convenience, safety, automatic recordkeeping, and, in most cases, an interest-free grace period for settling accounts. Although some card issuers charge consumers a fee for each purchase, most do not (fewer than 2 percent of the roughly 160 issuers covered by the March 1992 E.5 statistical release assessed a transaction fee on each purchase). On many plans, cardholders are assessed an annual fee to hold a card, but most annual fees are unrelated to the volume and frequency of purchases.

Consumers who use a credit card principally as a payment device most likely would, in selecting a card, focus on the level of any annual fee, the length of the grace period, the availability of desirable enhancements, and the level of authorized

6. The E.5 statistical release is available from Publications Services, mail stop 138, Board of Governors of the Federal Reserve System, Washington, DC 20551. A single copy can be obtained without charge; a subscription costs $5 per year. The E.5 release is also available at the roughly 1,300 libraries in the Government Depository Library System.

7. 1989 Survey of Consumer Finances, sponsored by the Federal Reserve in cooperation with other agencies. The data are available on request from the National Technical Information Service, 5285 Port Royal Rd., Springfield, VA 22161.

8. Credit cards also have become important as a source of identification and as a convenient means of making reservations (for example, for hotels, automobile rental, and travel).

9. *The Nilson Report*, no. 499 (May 1991), p. 3.

1. Consumer holding of selected types of credit card accounts, by family characteristics, selected years, 1970–89[1]
Percentage distribution within groups

| Family characteristic | Any credit card | | | | Bank card | | | | Store card[2] | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1970 | 1977 | 1983 | 1989 | 1970 | 1977 | 1983 | 1989 | 1970 | 1977 | 1983 | 1989 |
| *Family income (1989 dollars)* | | | | | | | | | | | | |
| Less than 10,000 | 20 | 28 | 25 | 30 | 2 | 11 | 10 | 16 | 12 | 23 | 22 | 25 |
| 10,000–19,999 | 28 | 42 | 51 | 56 | 5 | 18 | 27 | 37 | 15 | 33 | 44 | 48 |
| 20,000–29,999 | 50 | 64 | 72 | 79 | 14 | 33 | 42 | 63 | 31 | 55 | 63 | 65 |
| 30,000–49,999 | 69 | 76 | 85 | 87 | 22 | 49 | 60 | 74 | 52 | 66 | 75 | 77 |
| 50,000 or more | 79 | 89 | 95 | 95 | 35 | 67 | 80 | 87 | 60 | 80 | 87 | 85 |
| *Age of family head (years)* | | | | | | | | | | | | |
| Less than 25 | 42 | 40 | 41 | 38 | 12 | 18 | 20 | 29 | 25 | 32 | 36 | 28 |
| 25–34 | 61 | 67 | 63 | 63 | 20 | 43 | 39 | 48 | 41 | 59 | 56 | 55 |
| 35–44 | 57 | 76 | 74 | 73 | 23 | 52 | 54 | 62 | 42 | 68 | 66 | 65 |
| 45–54 | 59 | 71 | 73 | 77 | 19 | 43 | 50 | 63 | 43 | 60 | 66 | 67 |
| 55–64 | 46 | 64 | 75 | 69 | 12 | 42 | 53 | 57 | 33 | 57 | 65 | 59 |
| 65 or more | 31 | 47 | 56 | 67 | 5 | 22 | 53 | 49 | 21 | 39 | 49 | 56 |
| *Education of family head* | | | | | | | | | | | | |
| 0–8 grades | 25 | 35 | 35 | 39 | 5 | 16 | 16 | 23 | 15 | 28 | 31 | 32 |
| 9–11 grades | 40 | 47 | 49 | 45 | 10 | 24 | 28 | 32 | 28 | 41 | 41 | 38 |
| High school diploma | 54 | 66 | 65 | 67 | 17 | 36 | 39 | 49 | 36 | 58 | 59 | 58 |
| Some college | 61 | 72 | 73 | 79 | 20 | 46 | 50 | 65 | 44 | 63 | 65 | 66 |
| College degree | 82 | 89 | 90 | 93 | 34 | 71 | 71 | 85 | 63 | 78 | 81 | 83 |
| All families | 51 | 63 | 66 | 68 | 16 | 38 | 43 | 54 | 35 | 54 | 58 | 58 |
| MEMO | | | | | | | | | | | | |
| Mean number of accounts | n.a. | n.a. | n.a. | 5.6 | n.a. | n.a. | n.a. | 1.9 | n.a. | n.a. | n.a. | 3.5 |

charges (the credit limit). The stated interest rate is unlikely to be of much importance to consumers who view their cards mainly as a transactions device.

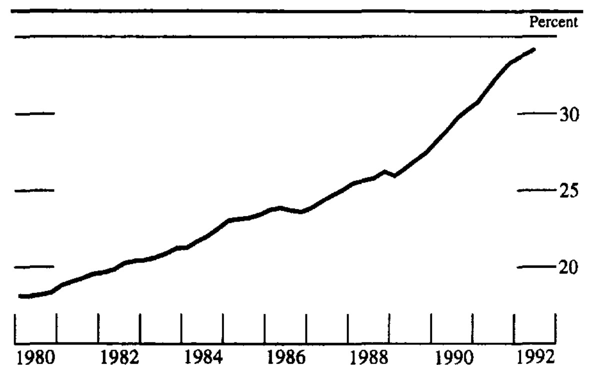
### *Credit Cards as a Source of Credit*

The interest rate charged may be more critical to consumers who view a credit card as a debt instrument and regularly roll over part of their balances to future billing periods, incurring interest charges to do so. Credit cards today account for a substantial and growing share of consumer installment debt (chart 2). Revolving credit (mainly outstanding balances on credit cards) stood at $60 billion at the end of 1980, representing 19 percent of all consumer installment debt. By the end of 1991, revolving credit had risen to more than $240 billion and accounted for roughly one-third of consumer installment debt outstanding. The portion of this amount that represents convenience use is unknown, as it is impossible to break down the aggregate statistics into balances owed by different types of users. No doubt a substantial portion of outstanding balances at any one time are accruing interest charges. However, even people who use credit cards as a means of borrowing may differ substantially in the specific ways they use their cards. As is discussed later, these differences can bear significantly on the interest rate sensitivity of consumers and the nature of competition in the credit card market.

## COSTS OF CREDIT CARD OPERATIONS

Both the level of credit card interest rates and the changes in rates over time reflect the costs of

2. Revolving credit as a percentage of total consumer installment debt, 1980–92[1]




1. Revolving credit consists mainly of outstanding balances on credit card accounts, but also includes borrowing under check credit and overdraft plans, and unsecured personal lines of credit.
SOURCE. Federal Reserve Board.

1.—Continued

| Family characteristic | Gasoline card | | | | Other card[3] | | | |
|---|---|---|---|---|---|---|---|---|
| | 1970 | 1977 | 1983 | 1989 | 1970 | 1977 | 1983 | 1989 |
| *Family income (1989 dollars)* | | | | | | | | |
| Less than 10,000 | 11 | 12 | 5 | 9 | 3 | 1 | 2 | 1 |
| 10,000–19,999 | 16 | 17 | 18 | 17 | 3 | 2 | 3 | 7 |
| 20,000–29,999 | 30 | 31 | 24 | 27 | 8 | 3 | 10 | 13 |
| 30,000–49,999 | 48 | 39 | 40 | 36 | 10 | 9 | 18 | 18 |
| 50,000 or more | 63 | 61 | 57 | 46 | 24 | 23 | 38 | 38 |
| *Age of family head (years)* | | | | | | | | |
| Less than 25 | 23 | 12 | 11 | 10 | 5 | 2 | 9 | 6 |
| 25–34 | 41 | 33 | 21 | 26 | 10 | 8 | 14 | 16 |
| 35–44 | 39 | 44 | 33 | 32 | 11 | 13 | 19 | 21 |
| 45–54 | 39 | 42 | 34 | 30 | 12 | 14 | 16 | 19 |
| 55–64 | 34 | 39 | 40 | 25 | 10 | 7 | 17 | 12 |
| 65 or more | 20 | 25 | 26 | 20 | 5 | 4 | 6 | 9 |
| *Education of family head* | | | | | | | | |
| 0–8 grades | 14 | 14 | 9 | 13 | 3 | 2 | 2 | 0 |
| 9–11 grades | 23 | 20 | 18 | 13 | 4 | 3 | 4 | 5 |
| High school diploma | 35 | 32 | 23 | 18 | 9 | 5 | 8 | 10 |
| Some college | 41 | 40 | 32 | 33 | 12 | 13 | 17 | 19 |
| College degree | 68 | 65 | 55 | 49 | 22 | 22 | 35 | 34 |
| All families | 34 | 34 | 29 | 26 | 9 | 8 | 14 | 15 |
| MEMO | | | | | | | | |
| Mean number of accounts | n.a. | n.a. | n.a. | 2.0 | n.a. | n.a. | n.a. | 1.3 |

1. Figures for 1970 are based on card use; therefore, card holding in that year is somewhat understated.
2. Includes local store cards as well as national chain retail cards, such as Sears, J.C. Penney, and Montgomery Ward.
3. Includes travel and entertainment cards, such as American Express and Carte Blanche, as well as other cards, such as car rental and airline cards.

SOURCES. George Katona, Lewis Mandell, and Jay Schmiedeskamp, *1970 Survey of Consumer Finances* (University of Michigan Institute for Social Research, Survey Research Center, 1971); Thomas A. Durkin and Gregory E. Elliehausen, *1977 Consumer Credit Survey* (Board of Governors of the Federal Reserve System, 1978); and the 1983 and 1989 Surveys of Consumer Finances (sponsored by the Federal Reserve in cooperation with other agencies; data available from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161).

providing credit card services. Therefore, an understanding of the behavior of credit card interest rates rests in part on an examination of costs. Two aspects of the cost issue warrant particular attention: comparative performance across product lines and comparative performance among different card issuers.

### *Differences Across Product Lines*

The cost structure of credit card operations differs significantly from the cost structures of other types of bank lending. On balance, credit card activities involve much higher operating costs and greater risks of default per dollar of receivables than do other types of bank lending. In addition, the cost of funds is a relatively less important component of the total cost of credit card operations than it is for other types of credit.

The degree of credit risk is a key feature that distinguishes credit card lending from most other bank lending. Credit extended through credit cards, unlike most other forms of bank credit, is unsecured.[10] Once available, a line of credit is exercised at the cardholder's option, and the card issuer has little control over how leveraged the cardholder may become through additional borrowing elsewhere. A cardholder may be inclined to use the credit line under conditions least favorable to the lender, that is, when the cardholder's net worth is low or his liquidity is impaired (due, for example, to loss of employment).

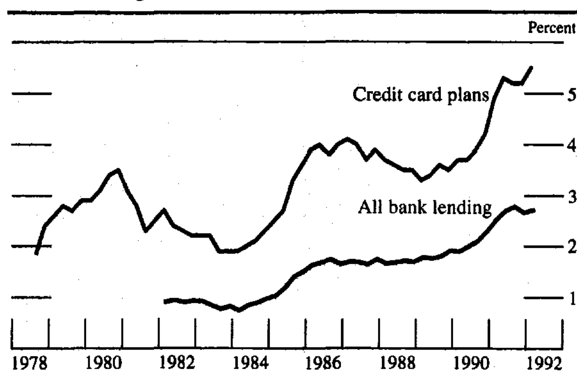
10. Not all credit card debt is unsecured. A "secured credit card account" is a relatively new product tailored to individuals who have low incomes or poor credit histories. Applicants for such cards deposit money ($500 to $1,000 or so) in a savings account that serves as collateral for the credit line and typically pays the passbook rate of interest. The advantages of such an arrangement to the consumer would seem limited, though not nonexistent. Although holders of secured accounts in essence pay a premium to borrow their own money, they do benefit from the liquidity and convenience that credit cards provide; in addition, such accounts can help some individuals establish a credit history or repair a poor credit record.

Data on bank charge-off experience (net of recoveries) for credit card and other types of bank lending illustrate the relatively high loss rates associated with credit card lending (chart 3). Over the past decade, the credit card charge-off rate has consistently exceeded the charge-off rate for bank lending as a whole. At the end of 1991, for example, the charge-off rate for credit card loans was roughly double the rate for total bank lending. Moreover, the data on credit card charge-offs seem to reveal a secular trend toward higher losses, likely reflecting the relaxation of credit standards and the sizable expansion of card issuance during the 1980s.

Information on the costs and revenues associated with the credit card operations of a sample of card-issuing banks is available from the Functional Cost Analysis (FCA) program, a nationwide cost-accounting system operated by the Federal Reserve Banks (table 2). The program provides similar information on other kinds of credit extended by participating depository institutions, including installment, real estate mortgage, and commercial lending.

Although advances in automated processing have substantially improved operating efficiency over the years, the costs associated with processing a large volume of relatively small transactions and of servicing a large number of accounts make credit card operations more costly per dollar of receivables than other types of bank lending. As noted, losses on credit card plans (including losses due to fraud) have also been higher than losses on other types of credit.

3. Bank charge-off rates net of recoveries, 1978–92[1]




1. Data for all bank lending before 1982 not available.
SOURCES. FFIEC quarterly Report of Condition and Income, and VISA U.S.A.

In 1991, the costs of credit card activities totaled about 23 percent of outstanding balances at FCA-participating banks. Operating costs (including such diverse activities as servicing accounts, soliciting new customers, and processing merchant credit card receipts) accounted for nearly 60 percent of the total cost, and the cost of funds 27 percent.

The cost picture at FCA-participating banks was considerably different for other types of bank lending. Overall costs for mortgage, commercial, and installment loans totaled between 8 percent and 10 percent of outstanding balances. Operating expenses for these products amounted to 1.4 percent to 3.4 percent of outstanding balances and accounted for between 18 percent and 33 percent of total costs. The cost of funds, on the other hand, accounted for 60 percent of total expenses for installment lending, about 70 percent for commercial lending, and nearly 80 percent for mortgage lending.

These data suggest that credit card issuers must generate relatively higher levels of revenue per dollar of receivables to cover costs than is necessary for other types of lending. Although card issuers obtain noninterest revenue from merchant discounts and from a variety of fees (such as annual membership fees, penalty charges, and fees for cash advances), the amount is not large enough in most instances to eliminate the need for substantial interest income from credit cards. Furthermore, interest actually received on credit card balances is much less than the stated rate might indicate, because convenience users generate little or no revenue from finance charges. In 1991, the gross interest return on credit card receivables for FCA-participating banks was about 15 percent. The FCA does not collect data on the stated interest rates on credit cards issued by program participants, but other sources indicate that, industrywide, stated rates during 1991 generally ran between 16 percent and 20 percent.

### *Differences Among Card Issuers of Different Sizes*

Cost structures differ not only across product lines, but also among card issuers. The differences reflect, among other factors, the scale of operations and the underlying level of credit risk the issuer is willing

2. Cost and revenue ratios for selected types of bank credit, 1991[1]

| Item | Credit card | | Installment | | Real estate mortgage | | Commercial and other | |
|---|---|---|---|---|---|---|---|---|
| | Percent of outstanding balances[2] | Percentage distribution | Percent of outstanding balances[2] | Percentage distribution | Percent of outstanding balances[2] | Percentage distribution | Percent of outstanding balances[2] | Percentage distribution |
| *Revenue* | | | | | | | | |
| Interest | 14.9 | 57 | 11.5 | 97 | 10.2 | 95 | 10.0 | 97 |
| Noninterest[3] | 11.0 | 42 | .4 | 3 | .5 | 5 | .3 | 3 |
| Total revenue | 26.0 | 100 | 11.9 | 100 | 10.7 | 100 | 10.3 | 100 |
| *Cost* | | | | | | | | |
| Operating | 13.1 | 57 | 3.4 | 33 | 1.4 | 18 | 2.1 | 23 |
| Credit losses | 3.5 | 15 | .7 | 7 | .3 | 4 | .8 | 9 |
| Cost of funds | 6.2 | 27 | 6.2 | 60 | 6.3 | 79 | 6.2 | 68 |
| Total cost | 22.8 | 100 | 10.3 | 100 | 8.0 | 100 | 9.1 | 100 |
| Net earnings before taxes | 3.1 | ... | 1.7 | ... | 2.7 | ... | 1.1 | ... |

1. Data reflect averages of cost and revenue categories weighted by average outstanding balances for three size groups presented in the 1991 National Average Report. Components may not sum to totals because of rounding.

2. Outstanding balances are average amounts outstanding for the year.

3. For credit cards, includes merchant discounts, and penalty and cash-advance fees.

SOURCE. Federal Reserve Banks, "Functional Cost Analysis: 1991 National Average Report."

to accept.[11] Although the FCA program is the only source of data for comparing cost and revenue among different bank credit products, it is dominated by small and medium-size institutions (overwhelmingly, institutions having less than $1 billion in assets) that offer a wide range of services to the public. Because none of the nation's largest credit card issuers currently participate in the program, the FCA data do not indicate the extent to which the cost and revenue structures of the largest card issuers differ from those of smaller card issuers.

Comparison of FCA data and a combined income statement derived from a nationally representative cross section of VISA and MasterCard issuers does, however, provide some insight into the differences between the FCA banks and the larger issuers that tend to dominate industry statistics (table 3). Several differences between the FCA data and the VISA and MasterCard data are worth noting. Operating expenses account for a much smaller proportion of the total cost for the large issuers than for the FCA banks, while credit losses and the cost of funds account for larger proportions of the total cost (and are higher per dollar of receivables) for the major issuers. These differences suggest that large card issuers enjoy some benefits of economies of scale in their operations and that, as a group, they accept a wider range of credit risks in building their credit card portfolios. The differences in funding costs may reflect differences in the source of funds: Large issuers tend to rely more on managed liabilities (such as large time deposits or commercial paper), whereas smaller issuers use less-expensive retail deposits more heavily.

11. For a discussion of economies of scale in credit card operations, see Christine Pavel and Paula Binkley, "Costs and Competition in Bank Credit Cards," Federal Reserve Bank of Chicago, *Economic Prospectives*, vol. xi, no. 2 (March/April 1987), pp. 3–13.

3. Cost and revenue ratios of credit card issuers, 1991[1]

| Item | VISA and MasterCard issuers[2] | | FCA banks[3] | |
|---|---|---|---|---|
| | Percent of outstanding balances | Percentage distribution | Percent of outstanding balances | Percentage distribution |
| *Revenue* | | | | |
| Interest | 15.4 | 76 | 14.9 | 57 |
| Noninterest[4] | 4.7 | 23 | 11.0 | 42 |
| Total revenue | 20.2 | 100 | 26.0 | 100 |
| *Cost* | | | | |
| Operating | 4.4 | 26 | 13.1 | 57 |
| Credit losses | 4.9 | 29 | 3.5 | 15 |
| Cost of funds | 7.4 | 44 | 6.2 | 27 |
| Total cost | 16.8 | 100 | 22.8 | 100 |
| Net earnings before taxes | 3.4 | ... | 3.1 | ... |

1. Components may not sum to totals because of rounding.

2. Estimates based on data supplied by a representative cross section of VISA and MasterCard issuers. Figures based on balances outstanding at the end of the year.

3. Data reflect averages of cost and revenue categories weighted by average outstanding balances for three size groups presented in the 1991 National Average Report. Outstanding balances are average amounts outstanding for the year.

4. Includes merchant discounts, penalty and cash-advance fees, and other miscellaneous income.

SOURCES. *The Nilson Report*, no. 511 (November 1991) and Federal Reserve Banks, "Functional Cost Analysis: 1991 National Average Report."

*INTEREST RATE RIGIDITY*

Although the cost data in tables 2 and 3 help explain the relatively high level of credit card interest rates generally, and also point to some of the reasons for the differences in credit card pricing among issuers (and among the various plans offered by a single issuer), they do little to explain the rigidity of credit card interest rates in the face of changes in funding costs over time. Rates might be expected to fluctuate with changes in funding costs regardless of the width of the gap between the rate charged to cardholders and the marginal cost of raising funds. Only if changes in other costs moved systematically to offset changes in funding costs (or were expected to move in this direction) would it seem reasonable for rates charged to remain stable when funding costs move sharply.

Of course, if funding costs were a trivial component of total credit card costs, there would be little reason to expect rates to move noticeably with changes in funding costs. In fact, funding costs in recent years have accounted for roughly 25 percent to 50 percent of total costs of credit card operations, depending on the size of the program (table 3). Although certainly not a trivial proportion, it is considerably smaller than for some other types of lending. Therefore, it is more likely that noninterest costs will play a larger role, and funding costs a smaller role, in the behavior of credit card rates than in the behavior of rates on other types of lending.

There is little apparent reason to believe that operating costs would move substantially in an offsetting direction to funding costs; however, some basis exists for thinking that the costs of bad debts might behave that way.[12] General interest rate levels are typically driven down during times of economic sluggishness, which also tend to be times when delinquencies and write-offs on credit card accounts are climbing. The most recent period of decline in market interest rates is a case in point. Delinquency rates on credit cards began a sharp rise in 1990 and continued at high levels through 1991.[13] Data on charge-off rates from VISA U.S.A. further document the recent recession-related acceleration in credit card losses and suggest that loss rates are generally higher for credit card accounts than for other bank lending (chart 3).[14]

The historical unresponsiveness of credit card rates to general rate movements, however, seems to reflect special period-specific circumstances as much as any particular recurrent condition. In the 1960s and into the 1970s, funding costs were relatively stable while operating costs moved through a high-cost start-up phase into a period of increasing efficiency. As discussed earlier, bank cards initially were priced in line with store cards and earned rather meager profits; as operating efficiency improved, rates held steady instead of declining with costs, and profits rose from low levels. It was not until the inflationary period of the late 1970s and early 1980s that market interest rates soared and deregulation of rates on deposits led to sharp increases in funding costs. At that time, however, statutory ceilings prevented much upward adjustment of credit card rates, and by the time states acted to raise ceilings, interest rates generally had crested. When funding costs began to decline significantly after 1981, credit card rates remained mostly at their existing levels, in part because they had been constrained from rising to an equilibrium level when funding costs were climbing; the decline in funding costs tended to restore equilibrium. In addition, demand for credit card credit rose sharply after 1982, as is evident in the rapid growth of such borrowing as the economic recovery picked up steam. The strong demand allowed credit card issuers to expand their receivables without having to compete intensively for market share, minimizing the pressure to reduce prices.[15]

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12. Some types of operating expenses may move in a countercyclical manner, particularly if costs associated with the servicing of accounts rise with delinquencies. Moreover, rates of response to credit card solicitations may fall when economic growth stalls, increasing the cost of acquiring new accounts as well.

13. American Bankers Association, *Consumer Credit Delinquency Bulletin* (Washington, ABA, quarterly reports, 1981–92).

14. For further discussion of the relationship between credit risk and interest rate stickiness, see Alexander Raskovich and Luke Froeb, "Has Competition Failed in the Credit Card Market?" U.S. Department of Justice, Antitrust Division, Economic Analysis Group Discussion Paper EAG 92-7 (June 12, 1992).

15. In commenting on the surge in credit card debt in the mid-1980s, Christopher DeMuth remarked, "It is, however, consistent with the operation of competitive markets for firms, faced with declining costs and growing demand, to expand output and improve product quality at a constant market price. That is just what happens when a credit card issuer offers more features and larger credit lines" (p. 230). See Christopher DeMuth, "The Case Against Credit Card Interest Rate Regulation," *Yale Journal on Regulation* (Spring 1986), pp. 201–42.

By 1984, the profitability of credit cards had risen above that of most other forms of lending, and it remained relatively high through the end of the decade. This rather long period of high profits raises the question of why competition did not at some point exert heavier downward pressure on credit card rates. One possible answer is that, as banks broadened the market by distributing cards to individuals of lower creditworthiness, a larger risk premium was incorporated into the rate structure, tending to keep rates up. The persistently high credit card interest rates in the latter half of the 1980s may have reflected anticipation of higher credit losses, but the unusually long economic expansion postponed the realization of those expected losses.[16]

## *CREDIT CARD PROFITABILITY*

Data on the performance of credit card operations suggest that higher levels of credit card delinquency and default have raised the costs of credit card operations in recent quarters. A reduction in the cost of funds during the same period, however, has largely offset the losses, helping to maintain relatively strong earnings for the industry as a whole.

Table 4 summarizes historical data from the FCA on the net before-tax earnings on credit cards and other types of credit of small and medium-size banks. The table also provides data on credit card profits of large credit card banks compiled from the FFIEC (Federal Financial Institutions Examination Council) Report of Condition and Income.[17] On average, for the period 1974–91, earnings of banks participating in the FCA were slightly lower for credit cards than for other types of credit. For these institutions, credit card earnings were considerably more volatile than earnings on installment or real estate loans (as measured by the standard deviation) and were comparable in volatility to commercial lending. On the whole, earnings on credit cards at these small and medium-size institutions do not appear to have been out of line historically with other lending activities. Credit card earnings did outpace income from other sources over the years 1984 through 1987, but other loan products had similar runs of higher-than-average earnings at other times.

The data for the large credit card banks suggest a somewhat different pattern of recent experience. Compared with the FCA banks, the large credit card banks earned similar or higher returns from

4. Net before-tax earnings on selected types of bank credit, 1974–91

Percent of outstanding balances[1]

| Year | Large credit card banks[2] | Diversified banks in the Functional Cost Analysis[3] | | | |
|---|---|---|---|---|---|
| | | Credit card | Install-ment | Real estate mortgage | Commer-cial and other |
| 1974 | | .77 | 1.56 | 2.21 | 3.49 |
| 1975 | | 1.58 | 2.34 | 2.74 | 2.60 |
| 1976 | | 2.73 | 2.45 | 2.85 | 1.84 |
| 1977 | | 3.09 | 2.75 | 3.18 | 1.86 |
| 1978 | | 2.55 | 2.82 | 2.70 | 2.86 |
| 1979 | | 1.62 | 2.32 | 2.06 | 4.02 |
| 1980 | | -1.61 | 1.57 | 1.65 | 4.58 |
| 1981 | | 1.00 | 1.69 | .73 | 5.38 |
| 1982 | | 2.32 | 2.81 | .91 | 3.26 |
| 1983 | | 2.36 | 3.17 | 2.16 | 1.49 |
| 1984 | | 3.42 | 2.81 | 2.10 | 1.95 |
| 1985 | | 3.97 | 2.70 | 2.86 | 1.40 |
| 1986 | 3.45 | 3.28 | 2.57 | 2.37 | .97 |
| 1987 | 3.33 | 3.38 | 2.31 | 3.05 | 1.34 |
| 1988 | 2.78 | 2.53 | 2.23 | 2.70 | 1.96 |
| 1989 | 2.99 | 1.20 | 2.21 | 2.67 | 2.43 |
| 1990 | 3.43 | 1.51 | 1.92 | 1.66 | .79 |
| 1991 | 2.57 | 3.12 | 1.72 | 2.72 | 1.12 |
| MEMO | | | | | |
| 1974–91 average | | 2.16 | 2.33 | 2.30 | 2.41 |
| Standard deviation | | 1.32 | .48 | .69 | 1.30 |

1. For large credit card banks, outstanding balances have been adjusted to include balances underlying credit card securities.

2. Large credit card banks are commercial banks with assets exceeding $200 million that have the bulk of their assets in loans to individuals (consumer lending) and conduct 90 percent of their consumer lending through credit cards and related plans. Data from FFIEC (Federal Financial Institutions Examination Council) Report of Condition and Income.

3. Net earnings rates are weighted averages for three size groups of banks presented in the National Average Report (Federal Reserve Banks, "Functional Cost Analysis: 1991 National Average Report" and the corresponding document for each of the years 1974–90).

16. Randall Pozdena has developed an option-pricing model of credit card interest rates that emphasizes the credit risk inherent in lending through unsecured lines of credit. Pozdena found that an options-based model fit actual data well: Credit card rates showed little response to T-bill rates, and model parameters were "consistent with the representation of credit card debt as costly-to-service, unsecured credit extended to relatively high-risk borrowers." See Randall Pozdena, "Solving the Mystery of High Credit Card Rates," Federal Reserve Bank of San Francisco, *Weekly Letter* (November 29, 1991), unpaginated.

17. Credit card banks are so designated by meeting two criteria: (1) the bulk of their assets are loans to individuals (consumer lending) and (2) 90 percent or more of their consumer lending involves credit card or related plans. Large credit card banks are those whose assets exceeded $200 million at the end of 1991. At that time, thirty-one banks were in this category, accounting for 61 percent of all credit card receivables and securitized credit card debt at commercial banks.

1986 through 1990, but reported earnings dropped below the earnings of FCA banks in 1991. The different experiences of the two groups of card issuers may be related to their selection of customers. The large credit card banks have typically solicited more marginal credit risks than the smaller institutions. The difference is reflected in the loan loss experience of the two groups. While FCA banks have had annual fraud and credit losses of about 2 percent of outstanding balances during most of the past decade, the large credit card banks have had consistently higher losses, generally between 3 percent and 5 percent of outstanding balances. These differences suggest that the large credit card banks are selecting a different point on the risk–return frontier than their smaller counterparts. Consequently, it would be expected that when the economy is performing well, as it did during the mid-1980s, issuers that bear more risk would outperform more conservative issuers. In weak economic periods, such as the most recent one, however, the performance of large issuers would be expected to suffer from sharply rising credit losses.

## CONSUMER SENSITIVITY TO INTEREST RATES

Full exploration of the behavior of credit card rates requires an examination of the demand side of the market as well as the supply side. In general, one would expect markets where buyers are highly sensitive to price (in this case, to interest rates) to exhibit more competition in pricing than markets for products where some other attribute, such as convenience or the level and quality of service, is the overriding concern.

Whether credit card issuers compete to attract and hold customers by lowering interest rates depends in part on the sensitivity of current and potential cardholders to differences in rates among issuers. The repayment habits of cardholders are, in turn, a key determinant of their responsiveness to interest rates charged.

### *Implications of Information Theory*

Information theory provides a useful framework for assessing the interest rate sensitivity of prospective and current cardholders.[18] The theory postulates that consumers will continue to seek information about the prices and attributes of a product up to the point at which the additional cost of obtaining information equals the additional benefit they may gain from their extra search effort. Therefore, it is postulated that a reduction in the time, effort, and cost associated with the search for information will promote additional product shopping.[19] It is also axiomatic that the effort consumers put into the search will rise as the potential benefit to them increases.

Information theory implies that certain types of cardholders are more likely than others to be sensitive to, and to shop for, lower rates. Consumers who regularly borrow large amounts on their credit cards would seem more likely to search extensively and to apply for cards having low finance rates than cardholders who rarely carry a balance from month to month or carry forward only a small balance.

### *Repayment Practices*

Users of credit cards fall into two broad categories—convenience users and revolvers. Convenience users are those who usually pay off their balance in full during the interest-free grace period, thereby avoiding finance charges; revolvers are those who usually do not pay their balances in full and thereby incur finance charges.

Credit card users may occasionally deviate from their usual repayment pattern: Convenience users might repay an unusually large purchase in installments, or an unforeseen income disruption might cause them to alter their customary behavior; revolvers might sometimes repay their outstanding balance in full, for instance, when they receive a Christmas bonus or a tax refund, or when they consolidate debts.

18. The basic theory was first developed by George J. Stigler in "The Economics of Information," *Journal of Political Economy*, vol. 69 (June 1961), pp. 213–25.

19. The implications of information theory underlie enactment of the Credit and Charge Card Disclosure Act of 1988. The act requires issuers of credit cards to disclose, in their solicitations, information about the terms of their credit card plans. The purpose of the act was to promote competition in the credit card market by facilitating credit shopping by consumers.

Several consumer surveys have explored the repayment practices of cardholders and have obtained highly consistent results over time. In surveys sponsored by the Federal Reserve in 1977, 1983, and 1989, roughly half the families that reported using credit cards said that they nearly always paid their bill in full each month.[20] The latest of these surveys, however, also indicates that a higher fraction of cardholders are revolving balances at any one time than their responses to questions about customary repayment practices suggest. The 1989 Survey of Consumer Finances found that 60 percent of surveyed cardholders had carried over balances from the previous month (table 5); industry statistics generally show that about two-thirds of accounts are revolving at any point. Nonetheless, the important factor is how consumers perceive their own behavior, as it is this perception that will guide their credit-shopping activities and their sensitivity to credit card interest rates.

Information theory suggests that revolvers would be much more likely than convenience users to be sensitive to the level of the interest rate assessed on credit cards, although convenience users may be quite sensitive to the amount of the annual fee and the length of the interest-free grace period. Results of a 1986 survey of cardholders by Payment Systems, Inc. (PSI), support these implications of information theory.[21] The survey found that revolvers were more likely than convenience users to read credit card solicitation materials, and a larger proportion of revolvers said that they would apply for a card with a lower rate if it were offered.

The PSI survey also found that the larger the outstanding balance a revolver carried, the more likely the cardholder would be to apply for a lower-rate card.[22] In this context it is important to note that, although the amount of credit card debt owed by cardholders who revolve varies substantially, a large fraction owe relatively small amounts. The 1989 Survey of Consumer Finances, for example, revealed that, among cardholders with debt, 32 percent owed less than $500 at the time of the survey, and an additional 18 percent owed between $500 and $1,000 (table 5). Thus, a significant number of those who use credit cards as a borrowing device may have balances small enough to render the interest rate a secondary consideration in deciding which cards to hold.

5. Distribution of credit card holders by amount of outstanding credit card debt, 1989

| Amount outstanding[1] (dollars) | Percentage distribution |
|---|---|
| 1–199 | 15 |
| 200–499 | 17 |
| 500–999 | 18 |
| 1,000–1,999 | 18 |
| 2,000 or more | 32 |
| Total | 100 |
| MEMO | |
| Mean[2] | 2,090 |
| Median[2] | 1,252 |
| Proportion with debt (percent) | 60 |

1. Amount outstanding on bank and store credit cards after most recent payment was made.
2. Excludes credit card holders who have zero balances.
SOURCE. 1989 Survey of Consumer Finances.

## *Practical Considerations*

The foregoing analysis implies that one reason credit card rates have not varied greatly over time is that a large proportion of cardholders are likely to be relatively insensitive to the finance rates charged on their cards. Interest rates are largely irrelevant, of course, for convenience users. But even for many who revolve balances, the dollar amounts at stake may be fairly small. For example, for a family owing the median amount of credit

20. Thomas A. Durkin and Gregory E. Elliehausen, *1977 Consumer Credit Survey* (Board of Governors of the Federal Reserve System, 1978) and 1983 and 1989 Surveys of Consumer Finances, sponsored by the Federal Reserve in cooperation with other agencies (data available from the National Technical Information Service).

21. Results of the survey are discussed in A. Charlene Sullivan, "How Disclosure Legislation May Affect Consumer Shopping for Credit Cards," *Credit Card Management*, vol. 1, no. 4 (September/October 1988), pp. 86–88; and in Debra Drecnik Worden and Robert M. Fisher, "Perceived Costs and Benefits of Shopping for Credit: The Case of Credit Cards" (unpublished study, Purdue University Credit Research Center, February 1987), pp. 1–14.

22. The survey by Payment Systems, Inc., also found convenience users and revolvers to be equally likely to respond to solicitations for credit cards that charge no annual fee. In addition, convenience users found offers of higher credit limits more attractive than did revolvers. The attraction to higher credit limits probably reflects convenience users' tendency, on average, to charge more than revolvers during a given month. For example, during the month before the 1989 Survey of Consumer Finances, the mean amount charged by convenience users was $524, compared with $334 for revolvers.

card debt in 1989—roughly $1,250 (table 5)—a 3 percentage point drop in the rate would reduce the annual interest charge by less than $40. It is questionable whether a $40 annual saving would be enough to induce a cardholder to switch from a card that has been providing satisfactory service or attractive enhancements.

There are other reasons cardholders might be relatively insensitive to interest rates. In many instances, the credit limit is lower on a newly issued card. Also, there is no guarantee that the rate on the new card will stay low, or that the new card issuer's performance on such key matters as avoiding or rapidly rectifying billing errors will measure up to the previous card issuer's record. Factoring in other disutilities of switching cards, such as the nuisance of filling out applications and comparing the nonrate features of different cards, the inertia of many cardholders with respect to rate differences does not seem unreasonable.[23]

Finally, some cardholders, including a portion who carry high levels of credit card debt from month to month, may be willing but unable to switch to credit card plans that offer reduced rates because they cannot qualify for these plans. Poor debt repayment records or high levels of debt relative to income make these potential switchers relatively unattractive high-risk prospects to issuers of lower-rate cards.

### *Applicable Studies of Price Stickiness*

Historically, the credit card industry has generally regarded consumers as unresponsive to rate incentives. In this view, cardholders are not likely to increase their borrowing very much in response to a reduction of 1 or 2 percentage points in the interest rate, and, for the reasons outlined earlier, most of them are thought unlikely to switch cards to save on interest payments. Expecting to gain relatively little incremental volume from either new or existing cardholders by lowering rates, issuers have had minimal economic incentive to reduce rates to the broad spectrum of their cardholders (as opposed to selected subsets of customers). Lowering the interest rate on standard card plans would reduce interest revenue on balances of all existing cardholders who revolve their accounts—customers who apparently were willing to pay the original rate. (In contrast, for most other types of loans to individuals, when a bank changes its rate quotation, the new rate is available only to new borrowers. A reduction in auto loan rates, for example, does not result in a loss of revenue on existing loans.)

Julio Rotemberg and Garth Saloner have shown that a relatively inelastic demand for a product can lead to price stickiness for both price increases and decreases, as long as there is some positive cost to suppliers associated with changing prices.[24] They argue that firms that face more inelastic, or "steeper," demand curves gain less than other firms by changing prices from a level that does not maximize profits to one that does. For such firms, any given divergence between the price currently charged and the profit-maximizing price involves less of a divergence between the current quantity and the profit-maximizing quantity. If, in fact, credit card issuers face a relatively inelastic demand, owing to high costs to consumers of switching cards (or for any other reason), and because issuers would incur some cost by changing rates, reductions (or increases) in funding costs may not bring about commensurate changes in rates.[25] According to this reasoning, the gain from changing prices simply may not justify the cost of doing so for firms facing relatively inelastic demand curves.

A somewhat different demand-side explanation for the stickiness of credit card interest rates has

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23. For additional discussion of the implications of the costs of switching cards, see Paul S. Calem, "The Strange Behavior of the Credit Card Market," Federal Reserve Bank of Philadelphia, *Business Review* (January/February 1992), pp. 3–14.

24. Julio J. Rotemberg and Garth Saloner, "The Relative Rigidity of Monopoly Pricing," *American Economic Review*, vol. 77, no. 5 (December 1987), pp. 917–26.

For a discussion of a theory suggesting that imperfect consumer information may lead to interest rate stickiness, see J. Michael Woolley, "Imperfect Information, Adverse Selection and Interest Rate Sluggishness in the Pricing of Bank Credit Cards," Finance and Economics Discussion Series 37 (Board of Governors of the Federal Reserve System, September 1988).

25. The costs of changing rates include costs associated with revising advertising and solicitation materials and notifying cardholders of changes. In addition, regulatory barriers come into play when rates are increased. Federal regulations (Truth-in-Lending) and many state laws have requirements about notification of rate increases, and some states require that cardholders be allowed to pay off existing balances at the old (lower) rate. If lenders adjusted rates downward when funding costs declined, they would have to comply with these regulations whenever a subsequent rise in funding costs made a rate increase seem appropriate. Some states are currently reviewing these regulations.

been proposed by Lawrence Ausubel.[26] Ausubel recognizes cardholder "switching costs" as one deterrent to rate competition, but he attributes most of the rate insensitivity to a certain peculiarity of cardholder psychology. Many people, Ausubel believes, do not expect to revolve their balances when they acquire a card, and therefore are not concerned with the interest rate charged. Some, in fact, do turn out to be true convenience users who pay no finance charges, but a large segment of these cardholders, Ausubel argues, wind up making only partial payments and incurring interest costs after all. These customers are attractive to a credit card issuer, but, because the customers do not expect to pay interest, the issuer need not solicit their business with a low rate. The problem with this argument is that it depends on cardholders persistently misperceiving their own behavior. Although it may be reasonable to believe that many consumers first acquire a card with erroneous expectations about their future payment habits, it is harder to argue that they will in fact regularly revolve their balances and yet maintain the assumption that they will not do so in the future. At some point, it would seem, such cardholders might recognize their actual payment patterns and seek out a low-rate card—if, that is, dollar differences in interest costs were really large enough to matter to them.

### *RECENT COMPETITIVE DEVELOPMENTS*

Several reasons for the relative rigidity of credit card interest rates in the past have been cited here. Historically, special conditions, such as high start-up costs and state-mandated rate ceilings, have stifled movements of credit card rates. On the supply side of the market, changes in funding costs are less important to credit card operations than to other credit activities, and the risks inherent in this unsecured form of lending seem generally to increase at times when costs of funds are declining. Because funding costs account for a comparatively small part of total costs for credit card programs, the favorable effect of declining funding costs is more likely to be offset by increases in other costs. On the demand side, credit card users have tended to be relatively insensitive to interest rate levels in their decisions to acquire or to keep a particular card. Consequently, card issuers have tended to compete on factors other than price.

In the past several months, however, much of the rigidity in credit card pricing has been breaking down, with a growing number of issuers reducing rates 2 to 4 percentage points. This development has not been readily apparent in published measures and lists of credit card rates, in part because lower rates have been made available to selected groups rather than across the board.

Exerting downward pressure on credit card rates has been an unusually steep decline recently in the cost of funds, possibly coupled with a charge-off experience during the 1990–91 recession that may have been less damaging than allowed for in past pricing decisions. For example, rates that banks pay on certificates of deposit of various maturities have dropped as much as 3 percentage points since the middle of 1991, the sharpest decrease in this key element of funding costs in a decade. Meanwhile, the rise in delinquencies and charge-offs during the latest recession appears not to have greatly exceeded increases during other periods, despite the expansive lending practices of the preceding few years. Perhaps reassured by this relatively favorable loss experience, card issuers may now be willing to build a smaller margin for potential write-offs into rates charged. Thus, as a result of both sharp declines in funding costs and a more optimistic assessment of risk, issuers may believe that they now have more latitude to reduce rates than they have had before.

Another factor that may be applying downward pressure on credit card rates is the increased difficulty of acquiring new customers in a relatively mature product market. The great expansion in card holding during the 1980s has brought the market nearer to saturation, making it more costly to attract new customers without offering substantial enhancements, waiving annual fees, or accepting greater credit risks. The high costs of attracting new customers in a competitive, saturated market places a premium on retaining existing customers, particularly those who revolve balances and pay on time. Reducing rates is one way to curtail attrition.

For the most part, card issuers have lowered rates selectively. In some cases, they have targeted their solicitations to individuals deemed to have certain desirable characteristics, an approach made

26. Lawrence M. Ausubel, "The Failure of Competition in the Credit Card Market," *American Economic Review*, vol. 81, no. 1 (March 1991), pp. 50–81.

more feasible by the development of extensive data bases and improved techniques for screening potential cardholders. Some of the largest national issuers have segmented their cardholder bases according to risk characteristics, offering reduced rates to a select group of existing customers who have good payment records; higher-risk late-paying customers are still charged higher rates.[27] Many of the lower-rate programs involve variable rates; because the rates on such accounts change automatically as the index rates move, the use of variable-rate procedures avoids some of the regulatory and public relations problems involved in raising rates (when funding costs rise) under a fixed-rate plan.

In addition to these supply-side developments, some increase in consumer sensitivity to rates is probably also contributing to the recent reductions in credit card rates. Whether the relative importance of interest rates to consumers has changed is not clear—such factors as service or enhancements may still carry more weight with most cardholders. However, spreads between credit card rates and rates received by consumers on deposits or other interest-bearing assets are wider than they have been for two decades. Moreover, with nonmortgage interest payments no longer deductible on federal income tax returns, a given rate of interest is effectively higher than in the past for those who itemize deductions. Therefore, other things equal, cardholders likely are more prone to respond to lower-rate offers than they have been in the past. In addition, the weak economy of the past two years has forged a thriftier, generally more cautious consumer, one more likely to be concerned about the size of interest payments. Increased media attention to the topic and the widespread availability of lists comparing rates charged by different issuers have probably fostered at least some increase in overall awareness of credit card rates.

27. In February 1992, for example, American Express announced such a three-tiered pricing structure for its Optima card program. Currently, Optima cardholders who have a record of substantial card use and ontime payment are charged the prime rate plus 6.5 percent on revolved balances, and chronic late-payers are charged prime plus 12.25 percent. New cardholders and those not meeting the spending criteria are charged prime plus 8.25 percent. Citicorp began a similar plan in June. Holders of the standard card who qualify pay prime plus 9.4 percent (down from a fixed rate of 19.8 percent), and holders of "preferred cards" who qualify pay prime plus 7.4 percent (down from 16.8 percent). Citicorp estimated that about 9 million of its 21 million cardholders would qualify for the reduced rates.

An important catalyst increasing the focus on rates as a marketing tool has been the willingness of some prominent card issuers to take the lead. AT&T's entrance into the market as an aggressive price competitor has been significant. The firm's emphasis on price has been exemplified first by its offer to "charter members" of a lifetime exemption from annual fees, and lately by its heavy advertising of the declines in rates for all cardholders resulting from its variable-rate formula. After American Express introduced its risk-based pricing structure for the Optima card in February 1992, other major issuers lowered rates in some fashion to some customers. One reason these actions are not more evident in published averages is that in most cases issuers have kept rates for the largest portion of their standard plan customers at their previous levels. The Federal Reserve's series for the national average bank-card rate mentioned earlier, for example, includes a bank's "most common" rate, and that rate is still usually the bank's high standard-plan rate.

Card issuers also may have felt pressure to reduce rates in the aftermath of a brief effort in the Congress in November 1991 to legislate a national ceiling on credit card rates. A bill to do so was passed by the Senate but did not become law. How critical a role that effort played might be questioned, however, in view of the lack of any discernible effect from a similar attempt to control rates in 1986, when two such bills were proposed. Coming at a time when other forces were working to lower rates, however, the recent congressional attention may have hastened the process.

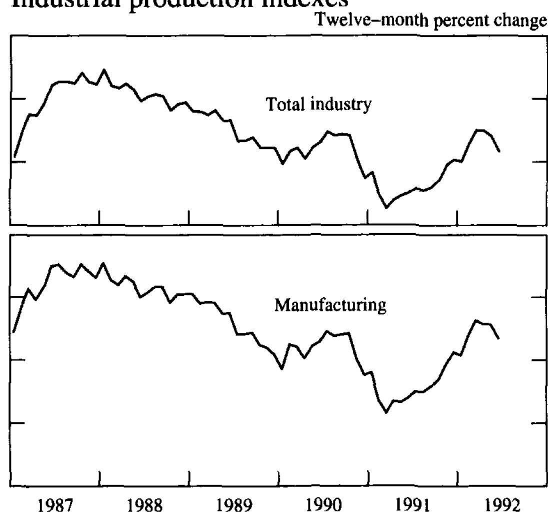
In the future, segmented rate structures will probably become more widespread as lenders continue to try to categorize accounts by their profitability and to price them accordingly. Flexibility in rates will likely persist, with more issuers converting to variable-rate plans or offering a choice of fixed- or variable-rate plans. "Quantity discounts" whereby lower rates are charged on higher balances may become more common as well. Further consolidation in the industry seems likely, too, as less-efficient operations are sold to lower-cost issuers. Nevertheless, levels of credit card rates seem certain to remain comparatively high, because revenues still will have to be large enough to cover comparatively high operating and default costs. □

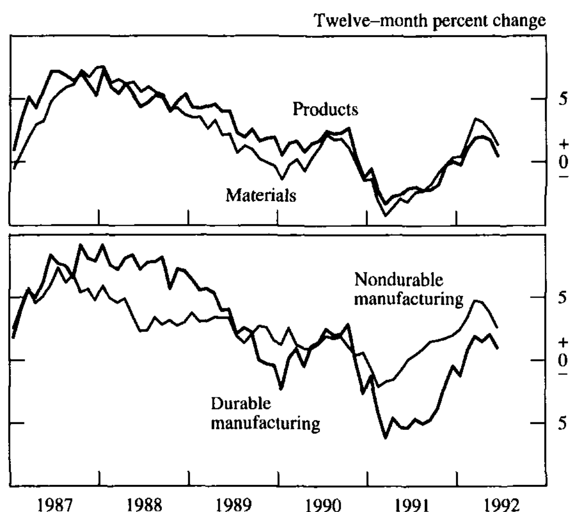
# Industrial Production and Capacity Utilization

*Released for publication July 15*

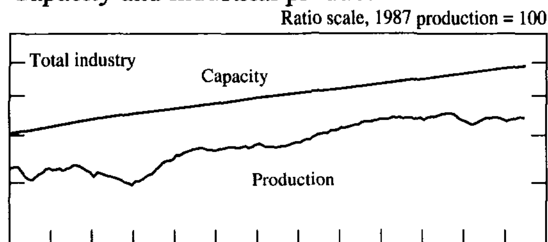
The index of industrial production declined 0.3 percent in June, after having risen about ½ percent in each of the preceding four months. Sizable declines in output were evident in motor vehicles, construction supplies, and energy materials, mainly coal, in June; the drop in coal mining occurred primarily as a result of the brief rail strike that took place in late June. At 108.2 percent of its 1987 annual average, total industrial production in June was 0.8 percent above its year-ago level. For the second quarter as a whole, industrial production increased at an annual rate of 4.5 percent, after having fallen 2.9 percent in the first quarter. Total industrial capacity

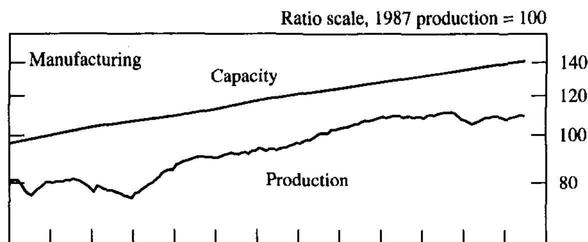
## Industrial production indexes

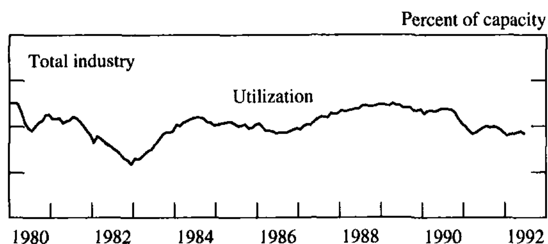


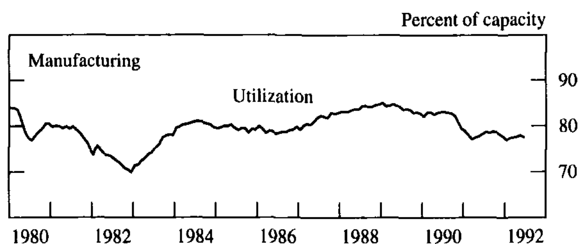




## Capacity and industrial production




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

Industrial production and capacity utilization

| Category | Industrial production, index, 1987=100[1] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1992 | | | | Percentage change | | | | |
| | | | | | 1992[2] | | | | June 1991 to June 1992 |
| | Mar.[r] | Apr.[r] | May[r] | June[p] | Mar.[r] | Apr.[r] | May[r] | June[p] | |
| **Total** | **107.6** | **108.1** | **108.6** | **108.2** | **.4** | **.5** | **.5** | **−.3** | **.8** |
| Previous estimate | 107.7 | 108.1 | 108.8 | ... | .5 | .4 | .6 | ... | ... |
| *Major market groups* | | | | | | | | | |
| Products, total | 108.5 | 109.0 | 109.6 | 109.1 | .4 | .5 | .5 | −.4 | .5 |
| Consumer goods | 109.3 | 110.1 | 110.5 | 110.0 | .5 | .7 | .3 | −.4 | 1.9 |
| Business equipment | 121.5 | 123.0 | 124.2 | 124.0 | .4 | 1.2 | 1.0 | −.1 | 1.7 |
| Construction supplies | 96.7 | 96.3 | 97.3 | 96.1 | .7 | −.4 | 1.1 | −1.2 | −1.3 |
| Materials | 106.1 | 106.7 | 107.1 | 106.9 | .3 | .5 | .4 | −.3 | 1.4 |
| *Major industry groups* | | | | | | | | | |
| Manufacturing | 108.5 | 108.9 | 109.6 | 109.3 | .4 | .4 | .6 | −.3 | 1.7 |
| Durable | 107.0 | 107.5 | 108.8 | 108.4 | .0 | .5 | 1.2 | −.4 | 1.0 |
| Nondurable | 110.4 | 110.7 | 110.5 | 110.5 | .7 | .3 | −.2 | −.1 | 2.6 |
| Mining | 97.5 | 99.1 | 98.9 | 97.5 | −.9 | 1.6 | −.1 | −1.4 | −4.5 |
| Utilities | 107.7 | 108.1 | 107.7 | 107.4 | 1.2 | .4 | −.4 | −.2 | −3.6 |

| Category | Capacity utilization, percent | | | | | | | | MEMO Capacity, percentage change, June 1991 to June 1992 |
|---|---|---|---|---|---|---|---|---|---|
| | Average, 1967–91 | Low, 1982 | High, 1988–89 | 1991 | 1992 | | | | |
| | | | | June | Mar.[r] | Apr.[r] | May[r] | June[p] | |
| **Total** | **82.1** | **71.8** | **85.0** | **79.6** | **78.4** | **78.6** | **78.9** | **78.5** | **2.3** |
| Manufacturing | 81.4 | 70.0 | 85.1 | 78.3 | 77.5 | 77.7 | 78.0 | 77.6 | 2.6 |
| Advanced processing | 81.0 | 71.4 | 83.6 | 77.6 | 76.1 | 76.3 | 76.7 | 76.2 | 3.0 |
| Primary processing | 82.3 | 66.8 | 89.0 | 79.9 | 80.8 | 81.0 | 81.1 | 80.9 | 1.6 |
| Mining | 87.4 | 80.6 | 87.2 | 89.2 | 84.9 | 86.3 | 86.2 | 85.0 | .2 |
| Utilities | 86.7 | 76.2 | 92.3 | 86.7 | 83.1 | 83.4 | 83.0 | 82.7 | 1.0 |

1. Seasonally adjusted.
2. Change from preceding month to month indicated.

r Revised.
p Preliminary.

utilization fell 0.4 percentage point in June, to 78.5 percent.

When analyzed by market group, the data show that the output of consumer goods decreased 0.4 percent in June, as the cutback in auto and truck assemblies accounted for about half of the overall loss. Elsewhere, the production of appliances and furniture continued to improve, but the output of many nondurables, including food and clothing, declined. The production of business equipment also edged down last month, mainly because of the decline in motor vehicles. Among other major categories within business equipment, overall output was up a bit as the production of information-processing equipment, which includes the production of computers, posted another gain; however, the output of industrial equipment, which surged in May as a result of the end of a strike, was down slightly in June. The production of construction supplies fell sharply last month, retracing the gain in May; the output in this sector has changed little, on balance, since February. The output of materials decreased 0.3 percent, mainly reflecting the brief curtailment in coal mining. Among other materials, the production of steel and paper advanced, but the output of most other major materials groups was nearly flat.

When analyzed by industry group, the data show that manufacturing output fell 0.3 percent in June and that factory utilization declined 0.4 percentage point, to 77.6 percent. In June, the level of utilization was more than 1 percentage point below that in the third quarter of last year. Overall utilization rates for both primary- and advanced-processing industries dropped back in June to about their March levels. Among primary-processing industries, the most significant losses last month occurred in construction-related industries; by

contrast, operating rates for primary metals, particularly steel, rose sharply. Within advanced-processing industries, declines in utilization were widespread in June, as motor vehicles posted the largest drop.

Mining output fell nearly 1½ percent, as the drop in coal accounted for all of the decline. Production at utilities remained weak in June and was nearly 4 percent below that of a year ago.

# Statements to the Congress

*Statement by Richard F. Syron, President, Federal Reserve Bank of Boston, before the Committee on Small Business, U.S. House of Representatives, July 2, 1992*

I appreciate this opportunity to appear before you to discuss questions about the current availability of credit and bank capital standards. I would like to emphasize at the outset that these views are my own and not necessarily those of the Federal Reserve System. In the interest of your time, I propose making a fairly brief statement and request that our Annual Report, which focuses on this issue in more detail, be included in the record.[1]

The past recession and the ongoing recovery have been unusual because of the financial difficulties in the banking sector. These difficulties may also have constricted the lending critical to a successful recovery. Bank lending policies during much of the 1980s were too lax, undoubtedly contributing to a real estate bubble in several regions of the United States. Reversing past laxity is both desirable and prudent. However, it is essential that in addressing this past laxity we avoid overreacting in a way that may dampen economic growth.

Today I will outline what I believe should be the appropriate use of bank capital, that is, to cushion economic shocks during periods of economic distress. However, I will argue that in some cases capital regulation has penalized banks for bad loans, that is, for bets lost, rather than for increased risk in the portfolio, that is, for bets taken.

Undeniably, many banks built up too little capital during the 1980s, and I am in favor of generally improved capital positions. My concern, however, is that this be done in a way that is consistent with the needs of the economy. I will conclude on a positive note. We are seeing some improvements in the ability of banks to raise new capital, as well as greater appreciation of the macroeconomic impact of capital regulations.

### *The Role of Capital*

Bank capital should be a financial shock absorber, drawn down during periods of economic distress and replenished when economic circumstances improve. In the past, when large loan losses occurred, the majority of banks drew down their capital while continuing to finance projects that would improve their future earnings. This role for capital is currently in danger, however, because of economic and political forces evolving from the savings and loan debacle.

The extent of the taxpayer bailout of the Savings and Loan Insurance Fund, coupled with the financial condition of many commercial banks, has changed the perception of the appropriate role of capital. Increasingly, bank capital is seen primarily as providing a cushion for the deposit insurance fund rather than a buffer for the economy. In this environment it is attractive to require substantially more capital per dollar of assets to reduce taxpayers' potential future exposure to problems in the banking industry. I agree that higher target capital ratios should be implemented for many banks, but how and when capital standards are raised has important implications for the economy.

Regulation of bank capital has undergone many changes recently. The Basle Accord, which I consider a significant step forward, provided international standards for commercial banks. It promoted a more even playing field among banks, whose operations increasingly cross national boundaries, and it explicitly rec-

1. See Federal Reserve Bank of Boston, *Annual Report 1991* (FRB Boston, n.d.).

ognized the large risks to banks that could arise from off-balance-sheet items. The objective of these new regulations was to better match bank capital with the risks inherent in the bank's assets. Because banks with riskier portfolios have a greater probability of large losses, requiring higher capital for riskier institutions is a substantial improvement.

Because asset classifications under the Basle Accord were not sufficiently precise to adjust for all types of risk, and in particular because interest rate risk was not incorporated into the original ratios, regulators adopted an additional requirement for U.S. banks, the "leverage ratio." This ratio sets a minimum capital-to-asset ratio of 3 percent for institutions with the best supervisory rating but does not weight the assets of the bank according to risk. The leverage ratio was intended to provide a floor for bank capital that all banks were expected to satisfy, regardless of risk. Unfortunately, implementation of the leverage ratio requirement has caused some unforeseen problems.

First, higher leverage ratios have been required for banks that have been downgraded on the basis of loan losses. Although this would seem to be common sense, the raising of capital standards to reflect current and past problems rather than prospective problems related to asset risk may well have caused bank lending to become procyclical.

Second, for many institutions, particularly for those in New England, this leverage ratio adjusted for the condition of the bank has become the most binding capital ratio, making the risk-weighted capital ratios irrelevant. New England was the first region that experienced both a dramatic decrease in bank capital and the effects of the new bank capital regulations. Its experience suggests some ways in which the new approach should be modified.

In my view, the better approach would be to determine the appropriate risk-based capital ratios for an institution ahead of time and then stick to them. Reducing these ratios to allow for losses would be forbearance that I would object to. However, increasing the ratios in response to actual losses creates a procyclical problem. In short, I believe the target should be based on future risks rather than on realized losses.

*The Effects of Changing Capital Ratios in New England*

The New England economy would be experiencing problems even if no difficulties had occurred in the banking sector. Slower defense spending, regional concentrations in shrinking sectors of the computer industry, and the restructuring of the financial services industry made New England more sensitive to an economic downturn than the rest of the United States. Nonetheless, the regional recession clearly has been compounded by problems in banking and real estate.

The Boston District has suffered a much more severe decline in employment in the recent recession than any of the other Federal Reserve Districts. In addition, those other regions that experienced banking problems and a slowdown in real estate prices, such as the Mid-Atlantic states, have also shown significant declines in employment.

The current problems in New England actually began in the 1980s. New England commercial banks expanded rapidly, doubling assets between 1984 and 1989. Much of the growth was due to real estate loans, which grew 370 percent in New England over this period, much faster than in the nation as a whole. Bank financing of the real estate boom in New England significantly increased bank exposure to risk. Although the boom in New England enabled the region's commercial banks to increase their capital, their assets grew so fast that they achieved only modest increases in their capital-to-asset ratios.

In retrospect, this was an significant missed opportunity. Had institutions chosen to improve their capital-to-asset ratios by growing more slowly, they would likely have expanded less aggressively in construction and commercial real estate loans, whose value eventually declined significantly. If, in addition, they had chosen to raise new capital while their prospects were good and their stock prices high, they would have had a much larger buffer when the real estate bubble burst. It should be recognized, however, that real estate was seen in the 1980s as a much more secure investment than it is today.

Because their capital had not risen enough during the good times, banks were inadequately prepared for the bad times. Ideally, banks set

loan-loss reserves to anticipate any expected loan losses and maintain equity capital as a reserve against anticipated loan losses. Unfortunately, in retrospect, neither reserve was raised sufficiently during the real estate boom. Futhermore, during the ensuing bust, as banks depleted their capital by writing off bad real estate loans, we began to require troubled banks to achieve higher leverage ratios than banks that had yet to experience difficulties.

Ideally, poorly capitalized banks would raise new equity quickly to replenish their capital. Because most troubled banks have small or negative earnings, restoring capital by retaining profits is not feasible. Similarly, new equity issues may not be a feasible alternative because potential investors cannot make accurate assessments of troubled banks without an in-depth appraisal of the loan portifolio. Thus, banks that have recently lost capital but are still viable have difficulty convincing investors that prospects for the future, rather than problems of the past, motivate the new equity issue. When new equity issues are not feasible for capital-depleted banks, they are forced to shrink. (Although the capital-to-asset ratio of New England banks has been increasing in the past two years, this improvement is primarily the result of shrinking assets rather than of capital growth.)

Recently, efforts to shrink have caused some banks to downsize in ways that can impair the long-run prospects of the institution and the local economy it serves. Banks not only reduce their new lending but also cut back on current lending, either by demanding repayment of outstanding loans or by refusing to renew credit. This is a greater problem for small businesses, which are more dependent on local bank financing, than for larger businesses, which have better access to national credit markets.

Research conducted at the Federal Reserve Bank of Boston has found that poorly capitalized institutions have shrunk more than their better capitalized competitors. This research also reveals that banks that are required to increase capital levels over a very short period reduce their lending activity more than would be expected at this stage of the business cycle, even after controlling for mergers, loan sales, and loan reclassifications.

With so many institutions short of capital, some banks have begun to examine "gimmicks" as possible ways to satisfy the leverage ratio. For example, a bank can shrink artificially by moving securitized assets into nonbank subsidiaries. This practice has perverse results for the Federal Deposit Insurance Corporation (FDIC). The least liquid and most risky assets remain in the bank under the FDIC insurance umbrella, while the more liquid and less risky assets are removed from the bank. Should this strategy be adopted by many institutions, eventually the FDIC will be insuring much riskier institutions than it has in the past.

*CONCLUSION*

In my judgment, bank capital should return to its historical role of serving as a shock absorber. This can best be achieved by allowing risk-weighted capital ratios to return to center stage. All banks should be required to satisfy the risk-weighted capital ratios agreed upon in the Basle Accord, and in addition a flat 3 percent or 4 percent leverage ratio. If the leverage ratio were no longer adjusted upward for bets lost and were restored to its original role of providing a floor for bank capital regardless of risk, most institutions could focus once again on the risk-weighted capital ratios. Once interest rate risk has been incorporated into the risk-weighted ratios, the leverage ratio could be eliminated.

I am hopeful that the situation is now improving. All of us are coming to recognize the macroeconomic impact of regulatory policy. This is most essential if banks are to help finance the economic recovery.

The financial condition of New England banks is also improving. Several large banks in the region have recently announced new stock issues. The higher stock prices of many New England banks should provide an opportunity for more banks to raise capital with new equity issues. Improved capital positions will not only reduce the FDIC's possible exposure but should also enable banks to return to the business of making loans to creditworthy borrowers. □

*Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, July 21, 1992*

I am pleased to have this opportunity to present the Board's semiannual Monetary Policy Report to the Congress.[1] Earlier this month, when the Federal Open Market Committee (FOMC) formulated its plans and objectives for the next year and a half, it did so against the backdrop of an economy still working its way through serious structural imbalances that have inhibited the pace of economic expansion. In light of the resulting sluggishness in the economy and of persistent weakness in credit and money, the System on July 2 cut the discount rate ½ percentage point and eased reserve market conditions commensurately. These actions followed a reduction in the federal funds rate in early April. The recent easing of reserve conditions should help to shore up the economy and, coming in the context of a solid trend toward lower inflation, have contributed to laying a foundation for a sustained expansion of the U.S. economy.

## *THE U.S. ECONOMY AND MONETARY POLICY*

Our recent policy moves were just the latest in a series of twenty-three separate easing steps that began more than three years ago. In total, short-term market interest rates have been reduced by two-thirds. The federal funds rate, for example, has declined from almost 10 percent in mid-1989 to 3¼ percent currently. The discount rate has been cut to 3 percent—a twenty-nine-year low. Despite the cumulative size of these steps, the economic recovery to date has nonetheless been very hesitant. Based on experience over the past three or four decades, most forecasters would have predicted that a reduction of the magnitude seen in short-term interest rates, nominal and real, during the past three years would by now have been associated with a far more robust economic expansion.

Clearly the structural imbalances in the economy have proved more severe and more enduring than many had previously thought. The economy still is recuperating from past excesses involving a generalized overreliance on debt to finance asset accumulation. Many of these activities were based largely on inflated expectations of future asset prices and income growth. In short, an overbuilding and an overbuying of certain capital and consumer goods were made possible by overleverage. And when realities inevitably fell short of expectations, businesses and individuals who were left with debt-burdened balance sheets diverted cash flows to debt repayment at the expense of spending, while lenders turned considerably more cautious.

This phenomenon is not unique to the United States. To a greater or lesser extent, similar adjustments have gripped Japan, Canada, Australia, the United Kingdom, and several northern European countries. For the first time in a half century or more, several industrial countries have been confronted at roughly the same time with asset-price deflation and the inevitable consequences. Despite widespread problems, we seem to have at least avoided the crises that historically have been associated with such periods in the past.

In the United States especially, important economic dynamics ensued as the speculative acquisition of physical assets financed by debt outpaced fundamental demands. In some markets for physical assets, such as office buildings, a severe oversupply emerged, and prices plummeted. In others, such as residential housing, average price appreciation unexpectedly came to a virtual standstill, and prices fell substantially in some regions. Firms that had been subject to leveraged buyouts based on overly optimistic assumptions about the future values at which assets could be sold began to encounter debt-servicing problems.

More generally, disappointing earnings and downward adjustment in the values of assets brought about reduced net worth positions and worsened debt-repayment burdens. Creditors naturally pulled back from making risky loans and investments, and as pressures mounted on

1. *See* "Monetary Policy Report to the Congress," in this issue.

lenders' earnings and capital, some features of a "credit crunch" appeared. As borrowers themselves became more cautious about taking on more debt, as well as about spending, credit flows to nonfederal sectors diminished appreciably.

It is not that this process was unforeseeable in the latter years of the 1980s. The sharp increase in debt and the unprecedented liquidation of corporate equity clearly were unsustainable and would eventually require a period of adjustment. What was unclear was the point at which financial problems would begin to constrain spending and how strong those constraints would be. Forecasts of difficulties with debt and strained balance sheets had surfaced from time to time over the past decade. But only in recent years did it become apparent that debt leverage had reached its limits, inducing consumers and businesses to retrench. Moreover, the degree of retrenchment has turned out to be much greater than experience since World War II would have suggested.

The successive monetary easings have served to counter these contractionary forces, fending off the classic "bust" phase that seemed invariably to follow speculative booms in pre–World War II economic history. During those severe episodes, sharp declines in output and income were associated with a freezing up of credit availability, widespread bankruptcies by borrowers, and closings of newly insolvent financial institutions. Thus, balance sheets were cleansed only through the massive writing off of loans, involving a widespread destruction of creditor capital.

To be sure, elements of this historical process have been at work in recent years, but the monetary policy stimulus since mid-1989 has forestalled such a severe breakdown. Lower interest rates have lessened repayment burdens through the refinancing and repricing of outstanding debt and, together with higher stock prices, have facilitated the restructuring of balance sheets. Indeed, considerable progress in this regard has become evident for both households and businesses. The much more subdued rate of household and business credit expansion has reduced the leverage of both sectors. Household debt service payments as a percent of disposable personal income have retraced about one-half of the runup that occurred during the previous expansion, and further progress appears in train. Similarly, nonfinancial corporations' gross interest payments as a percent of cash flow are estimated to have retraced much of the increase of roughly 10 percentage points that occurred in the expansion. The improvements in balance sheets, together with the beneficial effects of lower interest rates, have been reflected in reduced delinquencies on consumer loans and home mortgages, increased upgradings of firms' debt ratings, and narrowed quality spreads on corporate securities. Furthermore, lower interest rates, along with two reductions in reserve requirements, have appreciably cut the funding costs of depository lenders, materially improved interest margins, and fostered the replenishment of depository institution capital.

Although greatly moderating the potential adverse effects of the necessary adjustment process on economic activity, monetary stimulus also has stretched out the period over which adjustments will occur. A more drawn-out adjustment of impaired balance sheets, as we now are experiencing, obviously is much preferable to the alternative: an adjustment through massive financial and economic contraction. Yet the ongoing corrective process has meant that the economic expansion has been hobbled in part by the continued restraint on spending by still overleveraged and hence cautious debtors. Balance sheets ultimately will reach comfortable configurations, but even before then we should experience a quickening pace of economic activity as the grip of debt–burden pressures begins to relax. Last year I characterized this process as the economy struggling against a fifty-mile-an-hour headwind. Today its speed is decidedly less but still appreciable.

Uncertainty about how far the process of balance sheet adjustment would have to go and for how long the spending retrenchment of overleveraged debtors would continue has been a factor in shaping Federal Reserve policy over the past few years. This uncertainty has been shared by many other observers, who, based on past experience, were somewhat skeptical about the strength and persistence of spending restraint by both the private and public sectors and dubious

about the persistence of disinflationary forces. Against that background, more rapid or forceful easing actions more than likely would have been interpreted by market participants as risking a resurgence of inflation. That would have led to higher rather than lower long-term interest rates. As I have indicated many times before this committee, lower long-term rates are crucial in promoting progress toward more stable balance sheet structures in support of sustained economic expansion.

In fact, long-term interest rates have stayed disturbingly high in the face of sharply lower short-term rates. A greater decline in long rates would have encouraged additional restructuring of business and household balance sheets and fostered stronger spending on business fixed investment goods, housing, and consumer durables. Bond yields have not come down more primarily because investors have been inordinately worried about future inflation risks. Although investors seem to exhibit only modest concern over a reemergence of stronger inflation during the next few years, they apparently fear a resurgence further in the future, to a large extent as a consequence of expected outsized budget deficits exerting pressure for monetary accommodation.

Other forces have added to the restraint on the economy associated with balance sheet adjustments. The scaling back of defense spending has been retarding near-term economic growth. A significant reallocation of resources is an inevitable consequence of the phasedown of defense spending, involving the redeployment of military personnel as well as industrial and technological capacity into civilian activities. Such shifting of resources away from military production promises a welcome boost to long-run prospects for the nation's productivity and growth. Nonetheless, the process of transition involves significant frictions and lags, and in the meantime the falloff of the military budget has represented a drag on aggregate demand. At the same time, budgetary problems among states and localities have forced painful cutbacks by those units and burdensome tax increases as well.

In addition, the noticeable slowdown in economic growth in other major industrial countries since mid-1990 has further tended to depress demand for goods and services produced in the United States. Fortunately, continued rapid economic growth on the part of developing countries, whose imports from the United States have grown in relative importance, has prevented a greater weakening in the expansion of our exports.

### *The U.S. Economic Outlook*

Clearly in this environment, with conflicting forces of expansion and contraction continuing to vie for supremacy, any projection must be viewed as tenuous. In this context, the central tendencies of the projections of Federal Reserve Board members and Reserve Bank presidents are given in the Board's report. They project that the economic expansion is likely to strengthen moderately, to a range of 2¾ to 3 percent over 1993. Such a pace is expected to reduce the unemployment rate noticeably over the next year and a half. This outlook is supported by several considerations, including the stimulus now in train from recent interest rate declines and the progress being made by borrowers and lenders in repairing strained balance sheets. Some pent-up demand for business capital goods, housing, and consumer durables should surface as the incentives for spending retrenchment abate.

In our judgment, the interest rate declines to date, working to offset spending constraints related to balance sheet strains, should not endanger the further ebbing of inflationary pressures. Even as the anticipated strengthening of economic activity occurs, monetary policy will continue to promote ongoing progress toward the longer-run objective of price stability, which should lay the foundation for sustained economic expansion. The financial fundamentals, such as money and credit growth, point to a continuation of disinflationary trends, and the central tendency of our projections for Consumer Price Index (CPI) inflation next year is 2¾ to 3¼ percent. If this were realized, inflation would be about back to a pace last seen on a sustained basis around a quarter century ago. As I often have noted to this committee, the most important contribution the Federal Reserve can make to encouraging the highest sustainable growth the U.S. economy can deliver over time is to provide

a backdrop of reasonably stable prices on average for business and household decisionmaking.

## *RECENT BEHAVIOR OF THE MONETARY AGGREGATES*

The relationship between money and spending also has been profoundly affected by the process of balance sheet restructuring. The broad monetary aggregates, M2 and M3, currently stand below their annual growth ranges, despite the earlier substantial declines in short-term interest rates. My previous testimonies to the Congress noted that aberrant monetary behavior emerged in 1990 and has since intensified. We at the Federal Reserve have expended a great deal of effort in studying this phenomenon and have made some progress in understanding it. To summarize our findings to date: The weakness of the broad monetary aggregates appears importantly to have reflected the variety of pressures that rechannelled credit flows away from depository institutions, lessening their need to issue monetary liabilities. The public, in the process of restructuring and deleveraging balance sheets, found that monetary assets had become less attractive relative to certain nonmonetary financial assets or to debt repayment.

The reduced depository intermediation stemmed from emerging problems of asset quality, which, in turn, prompted both the pulling back of depositories from lending and responses by regulators that reinforced those tendencies. One such response was the shutting down or sale of insolvent thrift institutions. In the process, about $90 billion of thrift assets have been taken onto the books of the Resolution Trust Corporation, where they are funded by government securities instead of depository liabilities. The managed liabilities of depositories have been most affected by this shift. However, retail depositors also have been induced to shift into other instruments by the abrogation of their original contracts by acquiring institutions and the consequent disruption of their banking relationships.

At banks and solvent thrift institutions as well, problems of asset quality, especially for commercial real estate, were mounting as the 1980s came to a close. Banks reacted by tightening their nonprice lending terms and credit standards appreciably and widening the spread of lending rates relative to costs of funds. Upward pressure on bank loan rates was augmented as investors, concerned about adequate bank capitalization, raised risk premiums on bank debt and short-term managed liabilities. In addition, regulatory initiatives, such as stricter capital standards, higher insurance premiums, and more intense supervisory scrutiny, raised the cost of depository intermediation. Reserve requirement cuts have represented only a partial offset. As intermediation costs rose, banks further increased loan spreads and redoubled efforts to securitize loans and otherwise constrain expansion in their balance sheets.

More recently, the decline in short-term market rates, combined with the improvement in asset quality that was partly associated with the modest economic expansion, has considerably boosted bank earnings. Banks also have strengthened their financial condition by improving their liquidity position and by taking steps that should reduce noninterest expenses over the long run through restructuring and, in some cases, consolidation. Several banks—especially large banks—have conserved capital by reducing dividends. Banks have regained access to capital markets and have significantly rebuilt their capital positions. Intermediation costs and pressures to bolster capital, however, have been further elevated by the added restrictions contained in the Federal Deposit Insurance Corporation Improvement Act (FDICIA). Partly as a consequence, lending spreads have stayed relatively high, as suggested by a prime rate that is a substantial 2¾ percentage points above the federal funds rate. Recent survey responses suggest that nonprice terms and lending standards, though not tightening further, also have remained stringent.

Bank lending has shown few signs of strengthening, as demands for bank loans have stayed dormant. The internal cash flows of nonfinancial businesses have strengthened, and many firms have raised substantial funds in equity markets, so overall credit demands have been light. Large firms, especially those with good credit ratings, have preferred bond markets over banks as a place to borrow. Meanwhile, households, feeling the strain of debt-service burdens, have rechan-

nelled cash flows away from retail deposits to the repayment of consumer debt at banks and other lenders. They were also encouraged to deleverage their balance sheets by the wider spread between consumer loan rates and retail deposit rates, which was accentuated on an after-tax basis by the phaseout of the tax deductibility of interest payments on consumer loans.

With little need for new funding, banks and thrift institutions have lowered rates on retail time deposits, especially on intermediate- and long-term accounts, by more than market rates have declined. Under regulatory pressure, banks also have cut back reliance on, and returns to, brokered deposits. Even on negotiable order of withdrawal accounts, savings deposits, and money market deposit accounts, to which inflows have strengthened, returns on the larger accounts—likely involving the most interest-sensitive depositors—have dropped much faster than have the most common rates paid. The comparatively high returns on longer-term debt and equity instruments also have drawn household assets out of retail deposits. Bond and stock mutual funds in particular have recorded substantial inflows.

Thus, the weakness in the broader monetary aggregates, which has been even more pronounced this year, can be seen as an aspect of the entire process of rechannelling credit flows away from depositories and of restructuring the public's balance sheets. However, the disintermediation and restructuring forces, which have acted powerfully to depress the growth of money, have exerted a less powerful constraint on spending; that is, slower money growth has not tended to show through percentage point for percentage point to reduce expansion of nominal gross domestic product. Accordingly, these disintermediation and restructuring forces have tended to boost the velocity of the broader aggregates. Increasing M3 velocity has been evident for some years, but the tendency for M2 velocity to rise was obscured until recent quarters by the opposing influence of declines in short-term market rates. Lower short rates reduced the potential returns given up by holding liquid M2 balances, thereby providing support to demands for M2 and countering the emerging tendency for its velocity to increase. But M2 velocity appears to have registered an appreciable increase in the first half of this year, and the Federal Reserve has had to take the emerging behavior of velocity into account in deciding how much weight to place on slow M2 growth in guiding its policy actions.

### *Prospective Behavior of the Monetary Aggregates*

Looking ahead, the recent increases in M2 velocity may well continue, although the uncertainties in this regard are considerable. Returns on short-term market instruments relative to rates on M2 balances have dropped to unprecedented lows. Depositories may well reduce liquid deposit rates further to restore longer-run relationships with money market rates. Should this occur, the resulting shifts in assets would reduce M2 demand without much influencing spending, further boosting the velocity of this aggregate. The velocity of M2 also would tend to increase if any pickup in credit availability at banks associated with stronger economic expansion were funded out of their sizable holdings of liquid securities and newly issued managed liabilities rather than through recourse to retail deposits.

Another significant imponderable involves the public's demand for M2 balances. The extent to which households will continue to repay or avoid debt by drawing down M2 balances is difficult to foresee with any precision, as one cannot accurately gauge households' desired leverage positions. An early completion of household balance sheet adjustments would help restore incentives to build liquid money balances, cutting into increases in M2 velocity. Any decline in long-term market rates could dissuade households from reaching for better returns out the yield curve beyond M2 maturities and thereby bolster M2 demands even more than it would spending. This would further offset the tendency for disintermediation and deleveraging to raise M2 velocity. All told, predicting either the share of depository intermediation in overall credit flows or the share of money in the public's overall demand for financial assets is currently more difficult than usual.

Against this background of considerable uncertainty about evolving monetary relationships, the committee retained the current ranges for money and credit growth this year. These growth

ranges are 2½ to 6½ percent for M2, 1 to 5 percent for M3, and 4½ to 8½ percent for debt. On a provisional basis, the same ranges also were carried over to next year.

If velocities were to show little further increase, then growth of the monetary aggregates within these specified ranges for both years would be consistent with the achievement of noninflationary economic expansion. The reduction in short-term interest rates resulting from our recent policy action enhances the odds on money growing within these ranges. On the other hand, if the unusual velocity increases seen so far this year were to persist over the next six quarters, then growth of M2 and M3 around or even below the lower bounds of their ranges could still be acceptable.

In any case, the current ranges represent a way station on the road to reasonable price stability. Even with a return to the traditional secular stability of M2 velocity, the midpoint of the current ranges would still be higher than needed to support long-run economic growth in the context of price stability. And, if velocity increases do, in fact, occur during a transition period to a higher long-run equilibrium level, then ranges somewhat lower than the current specifications would be warranted over this interval. But in light of the considerable uncertainties about nearer-term velocity developments, the Federal Open Market Committee did not commit itself to new, respecified ranges for M2 or M3 for 1992. Such a respecification would carry the presumption that the new range was clearly more consistent with broader economic objectives, and in view of the uncertain relationships involved, the FOMC did not wish to convey that impression. This year's ranges were carried forward on a provisional basis for 1993 until such time as additional experience and analysis could be brought to bear on the issue of monetary behavior. In any event, the FOMC will revisit the issue of its money and credit ranges for 1993 no later than its meeting next February. By then more evidence will have accumulated about evolving monetary relationships. In light of the difficulties in predicting velocity, signals conveyed by monetary data will have to continue to be interpreted together with other sources of information about economic developments.

### *Concluding Remarks*

I expect that the economic expansion will soon gain momentum, which lower inflation should help to maintain. Although the economy still is working its way through structural impediments to more vigorous activity, the advances that already have been made in this regard augur well for the future. Banks and other lenders, having made considerable strides in rebuilding capital, have greater capacity to meet enlarged credit demands. The strengthening of household finances to date has established a firmer foundation for future consumer outlays. And the restructuring of business balance sheets so far, together with improved labor productivity and profitability, has better positioned producers to support sustainable output gains. These gains would be even larger if the federal government can make significant progress toward bringing the budget into balance, releasing saving for productive private investment, and brightening further the prospects for ongoing advances in living standards for all Americans. □

*Chairman Greenspan presented identical testimony before the Subcommittee on Domestic Monetary Policy of the House Committee on Banking, Finance and Urban Affairs, July 22, 1992.*

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*Statement by John P. LaWare, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, July 30, 1992*

I am pleased to have this opportunity to discuss the Federal Reserve's supervision of bank lending on commercial real estate and the international coordination of supervisory efforts, in general. As requested, I

will also provide an assessment of commercial real estate markets throughout the United States and describe steps we have taken to alert examiners about potential risks.

In brief, conditions within the U.S. banking system generally appear to be improving and, for some institutions, to be improving in significant ways. This progress flows from several sources, including a general stabilizing of commercial real estate markets, albeit at a relatively depressed level in all too many cases. Nevertheless, problem real estate credits remain a principal concern to major bank lenders throughout the United States and also, of course, to the supervisory agencies. It is important to learn from past events, and steps are being taken by both banks and the agencies to prevent the recurrence of problems of the scope we have experienced in recent years.

### *Importance of Commercial Real Estate Lending*

Although real estate lending has always been important to U.S. commercial banks, it became even more critical to the industry during the past decade, as all loans secured by real estate increased from 14.5 percent of total commercial bank assets at the end of 1980 to nearly one-quarter of the industry's assets at the end of 1991. Currently, loans secured by real estate represent the largest asset class held by banks today and at $850 billion exceed the volume of commercial and industrial loans by more than $330 billion. In absolute terms, real estate loans have accounted for more than one-half of the industry's loan growth since 1980.

This growth in real estate lending includes substantial increases in home mortgages as well as commercial real estate loans, but it is the latter, of course, that has mainly presented the problems to the banking industry. Commercial real estate lending has also been the fastest growing real estate segment, as loans outstanding nearly quadrupled during the 1980s. This lending, combined with that provided by thrift institutions, fueled a dramatic expansion in commercial real estate building nationwide that has left markets in most cities throughout the United States significantly overbuilt.

To understand conditions today, it is helpful to consider views commonly held during much of the 1980s when most of the excess construction occurred. Over that period, contractors and lenders alike seemed to believe that nearly all real estate projects would prove profitable, for a long time. That view was supported by experiences in which properties were generally worth more by the time they were completed than all the costs included in their construction. Even banks that held problem real estate investment trust (REIT) loans in the mid-1970s had seen those problems largely disappear as rising inflation rates gave real estate values a boost. Although inflation rates had declined since then, many developers and lenders still felt that real estate values would continue to increase.

These expectations, as well as favorable tax treatment accorded by 1982 legislation and the general ebullience of the economy, encouraged many builders to expand their activities. At the same time, thrift institutions looking for added revenues to offset other problems, banks experiencing a loss of customers to other lenders and to the open market, and foreign banks seeking to expand their presence in the United States, all decided to lend aggressively in the real estate sector.

A principal result of this intense competition was that many institutions liberalized their terms of lending. In particular, they became more willing to finance land acquisition and construction projects and also to provide so-called "mini-perm" loans to carry projects several years beyond construction. That financing allowed developers and other real estate borrowers to undertake projects without the permanent takeout financing traditionally provided by long-term investors. During their first few years of operation the projects were to become fully, or at least mostly, leased and permanent financing obtained. Clearly, though, as commercial real estate markets deteriorated in the face of excessive capacity, many properties failed to lease up, and relatively few long-term lenders have stepped forward. Thus, banks have been unable to extricate themselves from many of these credits.

As the committee knows, the resulting exposure from mini-perms and from other commercial real estate lending has placed substantial stress

on the banking industry, has been a main contributor to the failure of several large banking institutions, and has led to the merger or acquisition of others. At the end of March 1992, U.S. commercial banks held more than $26 billion of nonperforming commercial real estate loans and another $21 billion of foreclosed commercial properties. These high levels remain despite the large charge-offs the industry has taken in recent years. The main positive note is that the increase in problem real estate loans has slowed sharply from the explosive pace of 1990 and, even including foreclosed assets, has virtually stopped since the middle of last year.

### *Supervisory Procedures for Real Estate Credits*

With that background, I would like to discuss the Federal Reserve's procedures for reviewing real estate loans and for assessing the lending activities of state member banks. These procedures are contained in our *Commercial Bank Examination Manual* and in other supplementary documents that provide guidance on the supervision of real estate lending that the Federal Reserve has followed for many years.

An assessment of real estate lending activities rests heavily on the payment performance of each borrower, the value of the collateral supporting individual loans, and a review of the bank's own operating policies and procedures. Examiners also determine whether the bank has complied with applicable laws and regulations and whether its portfolio is consistent with general principles of diversity. When weaknesses are found, examiners are instructed to ensure that corrective measures are adopted.

Lending policies are reviewed to see that they are well documented and complete and that they cover relevant aspects of a sound lending activity. Examiners also consider the following: whether, for example, policies define the geographic limits within which the bank will lend; the types of properties acceptable to the bank; the required internal authorizations; the type and frequency of information to be required from the borrower and the appraiser; the maximum acceptable exposures; and the standards for documentation. Besides determining whether the policies and stated procedures are adequate, our examiners also undertake to confirm that the policies are being followed by reviewing loan portfolios and credit files.

Traditionally, in assessing individual loans and loan portfolios, examiners have been advised to consider the borrower's fundamental ability to meet his or her obligations and to not place undue reliance on the collateral value of a loan. Therefore, if the collateral's value declines but other factors remain sound, a loan is not automatically classified or criticized. The wisdom of that approach has been demonstrated by recent experience, as the value of many commercial real estate properties declined below previously appraised values. Nevertheless, when a credit does become troubled and the borrower is unable to meet an obligation, the role of the collateral increases in importance. It is critical, therefore, that banks have sound appraisal policies and standards in place.

There are several ways to estimate a property's value that are accepted by appraisers, bankers, and the regulatory agencies. They typically consider a variety of factors, including the historical cost less appropriate depreciation, the current market comparisons, and the capitalized value of revenues that the property is reasonably expected to provide. When appraisals are considered to be out of date or otherwise deficient, examiners replace inaccurate or outdated assumptions and generally follow procedures similar to those used in the appraisals. Because commercial real estate loans of banks are often made on relatively new properties, examiners generally consider estimated *stabilized* income streams when making their assessments. They also look for indications of troubled loans such as rent concessions, declining market prices, or payment problems. Consideration is also given to the unique characteristics of real estate properties, which can be either beneficial or harmful to their underlying value.

After their review, examiners assign a specific rating to each problem loan. Those loans rated *substandard* are likely to produce losses to the lender unless deficiencies are corrected. *Doubtful* loans are those for which collection in full is highly questionable and improbable, while assets

rated *loss* are considered uncollectible and not appropriate to report as bankable assets. Besides assigning ratings, examiners should attempt to determine the amount of a loan that should properly be charged off or reserved and then classify the remainder, as appropriate.

Not yet mentioned are other possible supervisory standards for real estate lending that have been recently proposed as a result of requirements of the Federal Deposit Insurance Corporation Improvement Act (FDICIA). Earlier in July the Board issued for public comment its proposal regarding section 304 of FDICIA, a section that requires the agencies to adopt uniform regulations prescribing standards for real estate lending. If the proposal were adopted, it would reimpose a concept of regulatory maximum loan-to-value (LTV) ratios for real estate lending that was repealed for national banks by the Congress in the early 1980s.

Tentatively, the ratios would serve as guidelines for a variety of different types of real estate loans. Under one alternative method, lenders would individually establish LTV ratio limits within or below a range of supervisory limits prescribed in uniform regulations and subject to supervisory review. The low end of the range would be considered as a benchmark ratio for that category of loan. Institutions would be able to select a higher maximum ratio (within the specified range) on the basis of demonstrated expertise in that particular type of lending and other factors. Under the second alternative, the agencies would prescribe maximum LTV ratio standards in their regulations that institutions could not exceed.

Several exemptions to these standards are proposed, such as loans guaranteed or insured by the U.S. government, and a provision allows for a limited amount of nonconforming loans. The agencies are also considering exemptions for loans to organizations or projects promoting the economic rehabilitation and development of low-income areas. The final details of the standard will depend upon the comments received and any further agency reviews. Uniform regulations are required to be adopted by March 1993.

In hindsight, more stringent standards and more vigorous supervision might have helped prevent many of the problems we have seen. Examiners did not insist on conservative practices as much as they should have. But in boom times, it is hard to argue with success.

It is important to emphasize, in this connection, that examiners do not dictate that bankers extend, or not extend, credit in specific cases. That responsibility properly belongs to the banker. The examiner, rather, should review procedures for safety and soundness and help ensure that the bank's financial statements reasonably reflect the condition of the bank. Provided bank policies and procedures are reasonable, appraisals appear sound, and the credit is performing as agreed, it is difficult and inappropriate for examiners to criticize loans or to override the banker's judgment about the outlook for future market conditions.

However, as asset quality deteriorates and it becomes clear that conditions have changed and that management's strategy has not worked as planned, the bank's activities may begin to threaten the safety net. At that point, the examiner and other supervisors obviously have a more important voice in the approach management takes in resolving its problems, and they more forcefully impose their views. Corrective measures required of the bank may take several forms, including capital plans, restrictions on lending, and the development of stronger credit standards. If necessary, supervisory demands can be backed by cease-and-desist orders and can involve the removal of key officers and directors and, ultimately, seizure of the bank.

## *Recent Initiatives*

Concerns about excessive tightening of credit standards by many banks and the inability of apparently creditworthy borrowers to obtain or renew bank financing in the wake of examiner criticisms of commercial real estate credits led the agencies to undertake an extensive review of their examination practices throughout much of last year. In recognition that banks had shifted markedly in their willingness to lend, the agencies undertook special efforts to coordinate and clarify their supervisory policies.

Much of the reduced willingness to lend was understandable given weak economic conditions,

the level of excess capacity in commercial real estate markets, and the asset-quality problems of many banks. Moreover, some strengthening of credit standards was needed in much of the industry, and those changes would necessarily affect the lending policies of many banks. Nevertheless, the agencies felt that banks might be tightening unduly because of concerns about supervisory actions. We wanted to ensure that banks did not misunderstand our supervisory policies or believe that examiners would automatically criticize all new loans to troubled industries or borrowers.

Accordingly, building on earlier initiatives, in March 1991 the agencies issued a joint statement to address this matter. That statement sought to encourage banks to lend to sound borrowers and to work constructively with borrowers experiencing temporary financial difficulties, provided they did so in a manner consistent with safe and sound banking practices. The statement also indicated that failing to loan to sound borrowers can frustrate bank efforts to improve the quality and diversity of their loan portfolios. Undercapitalized institutions and those with real estate or other asset concentrations were expected to submit plans to improve their positions, but they could continue sound lending activities provided the lending was consistent with programs that addressed their underlying problems.

At other times during the year, and particularly in early November, the agencies expanded on that March statement and issued further guidance regarding the review and classification of commercial real estate loans. The intent was to ensure that examiners reviewed loans in a consistent, prudent, and balanced fashion. This second statement emphasized that evaluation of real estate loans should be based not only on the liquidation value of collateral, but also on a review of the borrower's willingness and ability to repay and on the income-producing capacity of the properties.

Finally, in December, to ensure that these policies were properly understood by examiners and to promote uniformity, the agencies held a joint meeting in Baltimore of senior examiners from throughout the United States in one more effort to achieve the objectives just described. Once again, the principal message was to convey the importance of balance. Examiners were not to overlook problems, but neither were they to assume that weak or illiquid markets would remain that way indefinitely when they evaluated commercial real estate credits.

I would stress that the regulatory agencies took great care to indicate that these initiatives did not represent an exercise in forbearance. Indeed, they were compatible with the longstanding supervisory procedures described earlier.

### *INTERNATIONAL COORDINATION*

The committee also asked about efforts to coordinate bank supervision on an international basis, so I will offer a few remarks on that topic. As you know, the Basle Committee on Banking Supervision was established as a permanent body by the governors of the Bank for International Settlements to provide a forum for exchanging views and information on bank supervisory matters. It is currently chaired by E. Gerald Corrigan, President of the Federal Reserve Bank of New York.

Regular meetings of the committee include a "tour de table," during which representatives from all nations comment on areas of concern. When appropriate, topics would include commercial real estate markets and overall bank exposure to that market in nations experiencing a problem with commercial real estate. During these meetings, ample opportunity also exists for an informal exchange of views, experiences, and problems and for open and frank discussions.

In the vast majority of cases, credit problems in the commercial real estate industry tend to be uniquely national in nature, but when they are not, informal conversations are held with other regulators. This is particularly true when foreign branches and subsidiaries of U.S. banks have significant exposures in foreign markets that are experiencing problems in a particular sector such as commercial real estate. One example would be the situation in Australia several years ago when commercial real estate problems there had a major effect on the asset quality of several U.S. bank holding companies with a banking presence in Australia.

From time to time, a major cross-border problem will arise, the most recent and most serious one being the credit and liquidity problems of Olympia and York Developments Ltd. In that particular situation, extensive and informal discussions were held with central banks and supervisory authorities in the United Kingdom and Canada, as well as with major creditor banks in the United States. Finally, a discussion was held at the April meeting of the G-10 central bank governors at the Bank for International Settlements. This meeting occurred just after the initial intensive press coverage of the Olympia and York situation. Chairman Greenspan and Secretary Brady were kept apprised of major developments as they occurred.

### *Assessment of U.S. Real Estate Markets*

As I noted in my opening comments, the worst seems to be behind us in terms of declining commercial real estate markets in most sections of the United States, but only because the decline has stopped or at least slowed markedly. There remains little real improvement to be seen in any major market nationwide, and conditions in southern California continue to be a concern. Basically, the volume of excess real estate capacity will take years for the nation to absorb and for the banking industry to overcome. That said, the industry's performance during recent quarters offers encouragement that banks will generate sufficient revenues to resolve their problems more quickly than many have believed.

Although the initial and, we hope, worst revaluation phase appears to be over, further writedowns undoubtedly lie ahead. Metropolitan office vacancy rates, which reflect both downtown and suburban experiences, remain about 19 percent nationwide, about where they have been for several years. Some communities, such as Dallas, Fort Lauderdale, and Stamford, have vacancy rates exceeding 25 percent. Such conditions will continue to place pressure on commercial real estate values and to dampen earnings of some banks for at least the near future.

### *Olympia and York*

One of the largest and most recent commercial real estate problems involves the Olympia and York (O&Y) group, which has substantial properties in Canada, the United States, and the United Kingdom. As the committee may know, in late May, the company sought bankruptcy protection in the British courts for Canary Wharf, after similar filings earlier in the month for its Canadian companies. O&Y's U.S. companies have not sought bankruptcy, and the parent has stated publicly that it has not planned any filings for them.

The bulk of O&Y loans appears to be financed primarily by foreign banks, insurance companies, and public debt holders. Although some U.S. banks—a half dozen or so—also have sizable claims on O&Y, their exposures constitute a relatively small share of overall O&Y debt and do not appear to be unmanagable or to pose a threat to the lending institutions. Loans to Canary Wharf, in turn, are a small portion of U.S. bank claims on O&Y.

Although O&Y is not a major problem in itself for any U.S. bank, the conditions that produced problems for the company continue to depress real estate markets and are made worse by the weakness of this exceptionally large developer. That broader issue, which is the principal focus of these hearings, is the more serious concern.

### *Recent Examiner Advice*

As I have indicated, examiners have received a significant amount of guidance from the agencies during the past year or so about the assessment of commercial real estate loans and about conditions in that market. In addition, their recent personal experiences evaluating these loans have sensitized them to the risks in this area, not only in the United States but also in other nations where real estate values have declined.

Beyond statements already described, the Federal Reserve has, through various Federal Reserve System meetings, discussed risks in other aspects of the economy and bank lending. These discussions occur at meetings of members of the Board and Reserve Bank presidents,

at various conferences, and at seminars of senior examiners and other supervisory officials, during weekly conference calls involving the heads of supervision at the Board and at each Reserve Bank, and through other internal activities.

The Federal Financial Institutions Examination Council also provides a forum for discussing supervisory issues and for developing advisories or policy statements for bankers and bank examiners on an interagency basis. One statement issued early this year dealt with investment practices of banks, especially those involving instruments whose values were exceptionally sensitive to changing interest rates. In short, this statement defines such "high risk" instruments and requires depository institutions that hold them to be able to demonstrate clearly that they serve to reduce the overall exposure of their investments to market rate changes.

### *CONCLUSION*

In closing, the outlook for domestic commercial real estate markets and for most of their major bank lenders is more encouraging now than it was a year ago. The excess capacity in the commercial sector of the market, however, will take years to absorb. Although both the industry and the bank supervisory agencies must learn from this experience, from a regulatory perspective, solutions may be difficult to find.

FDICIA contains numerous provisions that urge bankers to take greater care, including those involving prompt corrective action, and regulators have had more responsibilities handed to them. Requirements such as annual examinations should help supervisors identify problems earlier and hold down the FDIC's costs. We must be careful, however, in turning constantly to barriers, prohibitions, and controls when something goes wrong. Too many restrictions will unduly restrain risk-taking and curtail economic growth. We cannot have examiners making decisions that are the responsibility of bankers in our private enterprise system.

Although many changes were needed, the Congress should consider the more fundamental causes of the problems and not address merely the unwanted symptoms we see. Times have changed, and banking laws need to change, too. U.S. banks must have the legal authority to manage their businesses efficiently and to pursue opportunities that arise. Without the ability to branch interstate and to expand into related financial businesses, I fear that many U.S. banks will continue to operate under profit pressures, a situation not conducive to a healthy banking system. □

# Announcements

## *CHANGE IN THE DISCOUNT RATE*

The Federal Reserve Board approved on July 2, 1992, a reduction in the discount rate from 3½ percent to 3 percent, effective immediately.

Action was taken in light of sustained weakness in credit and money growth, continued movement toward price stability, and the uneven progress of the economic recovery.

In making the change, the Board voted on a recommendation submitted by the board of directors of the Federal Reserve Bank of Chicago. The Board subsequently approved similar actions by the boards of directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Atlanta, Minneapolis, Kansas City, Dallas, and San Francisco, effective July 2; by the board of directors of the Federal Reserve Bank of Cleveland, effective July 6; and by the board of directors of the Federal Reserve Bank of St. Louis, effective July 7.

## *NOMINATIONS SOUGHT FOR APPOINTMENTS TO THE CONSUMER ADVISORY COUNCIL*

The Federal Reserve Board announced on July 7, 1992, that it is seeking nominations of qualified individuals for nine appointments to its Consumer Advisory Council, to replace members whose terms expire on December 31, 1992.

The Consumer Advisory Council comprises thirty representatives of consumer and community interests and of the financial services industry. The council was established by the Congress in 1976, at the suggestion of the Board, to advise the Board on the exercise of its responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks its advice. The council by law represents the interests both of consumers and of the financial community. The group meets in Washington, D.C., three times a year.

Nine new members will be selected from the nominations to serve three-year terms that will begin in January 1993. The Board expects to announce the selection of new members by year-end 1992.

Nominations should be submitted in writing and should include the address and telephone number of the nominee. In addition, information about past and present positions held, and special knowledge, interests, or experience related to consumer credit or other consumer financial services should be included.

The written nominations must be received by August 30, 1992, and should be addressed to Dolores S. Smith, Assistant Director, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551. Information about nominees will be available for inspection on request.

## *REPORT ISSUED BY THE BASLE COMMITTEE ON BANKING SUPERVISION*

The Basle Committee on Banking Supervision has released a report that sets out proposed minimum standards for the supervision of international banking groups and their cross-border establishments. The report is the result of a review of the Basle Concordat and international supervisory practices in light of several recent developments, including the BCCI affair and the events in the Atlanta branch of Banca Nazionale del Lavoro.

The Basle Committee concluded that the principles contained in the Basle Concordat and its supplement of 1990 remain valid but that greater efforts are needed to ensure that these principles are applied in practice. Accordingly, certain of these principles have been reformulated as minimum standards, which supervisory authorities from the Group of Ten (G-10) countries expect each other to observe. Supervisors from non-G-10 coun-

tries are also being encouraged to endorse these standards.

The minimum standards, while permitting flexibility to account for the differing legal and structural circumstances in different countries, seek to ensure that no international bank will be able to operate in the future without being subject to effective consolidated supervision.

The federal banking agencies welcome these standards and are committed to their implementation. The standards reinforce the approaches presently being taken in the United States and are fully consistent with goals of the Foreign Bank Supervision Enhancement Act.

## *Amendments to Regulation Y Approved*

The Federal Reserve Board announced on July 2, 1992, approval of amendments to Regulation Y (Bank Holding Companies and Change in Bank Control) that streamline certain procedural requirements to reduce unnecessary regulatory burden.

The amendments, which are effective immediately, will accomplish the following:

- Increase the size of nonbank companies that can be acquired by bank holding companies under the fifteen-day expedited notice procedures
- Increase the relative size of nonbank assets that can be acquired by bank holding companies in the ordinary course of business without prior System approval
- Describe the criteria for determining when an application pursuant to Section 3 of the Bank Holding Company Act may be waived in connection with certain bank mergers.

## *Adoption of Final Rule Regarding Home Equity Disclosures*

The Federal Reserve Board announced on July 31, 1992, the adoption of a final rule regarding home equity disclosures that affects the Board's Regulation Z (Truth in Lending).

The final rule resolves a conflict between the home equity rules and laws dealing with loans to executive officers. This rule is effective immediately, but compliance is optional until October 1, 1993.

While the Board requested public comment on rules that set forth the way creditors disclose discounted initial rates and certain payment examples for home equity lines, no changes were adopted to these rules.

## *Proposed Actions*

The Federal Reserve Board requested on July 14, 1992, public comment on proposed uniform real estate lending standards to implement section 304 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA). Comments should be received by August 31, 1992.

The Federal Reserve Board on July 14, 1992, also requested public comment on proposals to implement interbank liability provisions under section 308 of the FDICIA. Comments should be received by September 16, 1992.

The Federal Reserve Board on July 15, 1992, requested public comment on an interagency advance notice of proposed rulemaking under section 132 of the FDICIA. Comments should be received by September 14, 1992.

The Federal Reserve Board on July 30, 1992, requested public comment on an interagency advance notice of proposed rulemaking on revising risk-based capital standards as prescribed by section 305 of FDICIA. Comments should be received by October 5, 1992.

The Federal Reserve Board requested public comment on July 23, 1992, on alternative methods to adjust the 10 percent revenue test limiting ineligible securities activities of section 20 subsidiaries of bank holding companies. Comment is requested by August 27, 1992.

## *Publication of Revised Lists of Marginable OTC Stocks and of Foreign Margin Stocks*

The Federal Reserve Board published on July 24, 1992, a revised List of Marginable OTC Stocks (OTC List) for over-the-counter (OTC) stocks that are subject to its margin regulations. It also published the List of Foreign Margin Stocks (Foreign

List) for foreign equity securities that are subject to Regulation T (Credit by Brokers and Dealers). The Lists are effective August 10, 1992, and supersede the previous lists that were effective May 11, 1992.

The Foreign List indicates those foreign equity securities that are eligible for margin treatment at broker–dealers. There were no new additions, deletions, or changes to the Foreign List, which contains 300 securities.

The changes that have been made to the revised OTC List, which now contains 3,071 OTC stocks, are as follows:

- One hundred fifty-eight stocks have been included for the first time, 136 under National Market System (NMS) designation
- Twenty-six stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing
- Thirty-three stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

The OTC List is published by the Board for the information of lenders and the general public. It includes all OTC securities designated by the Board pursuant to its established criteria as well as all OTC stocks designated as NMS securities for which transaction reports are required to be made pursuant to an effective transaction reporting plan. Additional OTC securities may be designated as NMS securities in the interim between the Board's quarterly publications and will be immediately marginable. The next publication of the Board's list is scheduled for October 1992.

Besides NMS-designated securities, the Board will continue to monitor the market activity of other OTC stocks to determine which stocks meet the requirements for inclusion and continued inclusion on the OTC List.

### *CHANGES IN BOARD STAFF*

The Board of Governors has approved the restructuring of the Division of Banking Supervision and Regulation. The new alignment is designed to meet the increased responsibilities associated with the passage of recent banking reform legislation, as well as other changes that have expanded the scope, volume, and complexity of the Federal Reserve's supervisory activities and responsibilities. Five new programs will be established within the new organization structure: (1) Special Investigations and Examinations, (2) International Regulatory and Examination Policy, (3) Regulatory Reporting and Accounting Issues, (4) Supervisory Reviews and Evaluations, and (5) National Information Center.

As a result of the restructuring, the Board announced on July 9, 1992, the following promotions and appointments:

Herbert A. Biern, Roger T. Cole, and James I. Garner were promoted to the position of Deputy Associate Director; Howard A. Amer, Gerald A. Edwards, Jr., James V. Houpt, Jack P. Jennings, Rhoger H Pugh, and Molly S. Wassom were appointed to the position of Assistant Director; and Frederick M. Struble was transferred from the position of Associate Director for Planning and Administration to Associate Director for Policy. Laura M. Homer, formerly Securities Credit Officer, became Assistant Director.

Mr. Amer joined the Board's staff in July 1977 as a Review Examiner in the Financial Institutions Supervision Section. Before joining the Board's staff, Mr. Amer was, from 1972 through 1977, a Bank Holding Company Analyst for the Federal Reserve Bank of Boston. Mr. Amer holds a B.S. from City College of New York and an M.B.A. from Northeastern University.

Mr. Edwards joined the Board in 1979 as a Co-op Education Student assigned to the Office of the Staff Director for Management. Mr. Edwards is a certified public accountant and holds a B.B.A. in accounting from Howard University and an M.B.A. from the University of Maryland.

Mr. Houpt joined the Division's staff in August 1975 as a Foreign Banking Analyst. In January 1989, he became Manager of the Financial Analysis Section. He holds a B.S. from Indiana State University and an M.B.A. from George Washington University.

Mr. Jennings joined the Board in December 1988 as a Supervisory Financial Analyst assigned to the Special Examinations Response Section. Before joining the Board's staff, he was a Senior Bank Examiner at the Federal Reserve Bank of Richmond. Mr. Jennings holds a B.A. from the University of Virginia.

Mr. Pugh joined the Board's staff as a Coordinator, State Liaison Activities, for the Federal Financial Institutions Council in October 1982. Before joining the Board's staff, he was a National Bank Examiner for the Controller of the Currency. Mr. Pugh holds a B.S. from the University of Southern California.

Ms. Wassom joined the Board's staff in May 1983 as a Program–Budget Analyst in the Board's Office of the Controller. After transferring to the Division of Banking Supervision and Regulation, she became a manager in 1988. Ms. Wassom holds a B.A. from the University of Texas and an M.B.A. from the University of Utah.

The Board of Governors has also approved the restructuring of the Division of Reserve Bank Operations and Payment Systems. As a result of the restructuring, the Board announced on July 24, 1992, the following official staff reassignments:

Bruce J. Summers, formerly Deputy Director for Payments and Automation, will become Senior Adviser.

John H. Parrish, formerly Assistant Director for the Financial Examinations program, will assume responsibility for the new Fedwire Section as Assistant Director.

Jack Dennis, formerly Assistant Director for System Automation Planning and Capacity Management and System Communications and EDP Review, will become the Assistant Director for Financial Examinations and Audit Review.

Louise L. Roseman, formerly responsible for the ACH and Check sections, will assume responsibility as Assistant Director for the System Automation Planning and Capacity Management (Automation), System Communications Planning and EDP Review (Communications), and Building Planning programs.

Florence M. Young, formerly responsible for the Payment System Risk and Net Settlement program, will be Assistant Director for the ACH and Check programs.

Earl G. Hamilton, who will retain his current responsibilities as Assistant Director for the Accounting and Federal Reserve Bank Budget, Expense and Revenue programs, will also assume responsibility for the Protection program.

Jeffrey C. Marquardt will continue as Assistant Director for the Payment System Studies program, and he will also assume the responsibility for the Payment System Risk and Net Settlement program.

Charles W. Bennett will continue as Assistant Director for the Cash and Fiscal Agency/Definitive (FA/DEF) programs. □

# Record of Policy Actions of the Federal Open Market Committee

*MEETING HELD ON MAY 19, 1992*

## *1. Domestic Policy Directive*

The information reviewed at this meeting was mixed, but it suggested on balance that economic activity was expanding at a moderate pace. Retail spending and homebuying apparently had softened after sharp gains early in the year, but recent data on contracts and orders pointed toward some firming in business capital spending. Industrial production and employment had firmed in recent months. Incoming data on prices and labor costs suggested little change from recent trends.

Total nonfarm payroll employment continued to increase in April, with more than half of the job gains occurring in service industries, notably in health and business services. In addition, employment in retail trade establishments registered a relatively strong rise, the number of manufacturing jobs increased for a third straight month, and state and local governments added more workers. By contrast, construction employment was down slightly in April and had changed little on balance since the beginning of the year. The civilian unemployment rate edged down to 7.2 percent in April, and initial claims for unemployment insurance fell somewhat further.

Industrial production rose appreciably further in April, and in the three months ending with that month, industrial output retraced most of the decline that had occurred between October and January. The April advance reflected in part some further recovery in motor vehicle assemblies as well as another solid gain in the production of industrial equipment, especially office and computing equipment. Output of construction supplies also advanced more rapidly, and the production of consumer goods other than automobiles increased slightly further. Total industrial capacity utilization continued to rise in April but was still well below its pre-recession high.

Retail sales rebounded in April after a sizable decline in March; for the two months combined, retail spending was little changed following strong gains in the first two months of the year. Purchases of nondurable goods, particularly general merchandise items, were down on balance for the March–April period, while spending for durable goods rose further. Single-family housing starts fell considerably for a second month in April. The declines followed sizable increases earlier in the year that appeared to have reflected lower mortgage rates, unusually warm winter weather, and the prospect of a tax credit for first-time homebuyers. Starts in the multifamily sector in April reversed the jump in March. Vacancy rates for multifamily units remained at historically high levels.

Business fixed investment apparently firmed in the first quarter after declining moderately over the preceding several quarters. Shipments of nondefense capital goods rose somewhat further in the first quarter, largely as a result of continued growth in outlays for office and computing equipment. Recent data on orders pointed to a pickup in business spending for a broad range of industrial equipment over coming months. Nonresidential construction activity contracted less rapidly in the first quarter. While outlays for office buildings continued to plummet in response to the substantial overhang of unoccupied space, spending for other commercial buildings declined more slowly, and construction of industrial and public utility structures increased. Recent information on building permits and contracts suggested some further slowing of the decline in nonresidential construction.

Business inventories increased considerably in March after changing little in February. At the retail level, about half of the rise in March was in stocks at automobile dealers. For other retailers, the buildup of stocks reversed most of the drawdowns

posted in the preceding two months. Inventory-to-sales ratios rose for most categories of retail stores but remained well below the elevated levels at the end of last year. Manufacturing inventories were essentially unchanged in March from the lower levels that prevailed in January and February. For many industries, stock-to-sales ratios in March were at their lowest levels in more than a decade. By contrast, stocks held by wholesalers increased again in March, and inventory-to-sales ratios were little changed from the relatively high level at the end of last year.

The nominal U.S. merchandise trade deficit declined in February, and its average for January–February was somewhat lower than the average rate in the fourth quarter. Exports for the two-month period were about unchanged from the strong fourth-quarter rate but were considerably higher than a year earlier. Imports in January and February were down from the fourth-quarter rate; most of the decline was associated with a fall in prices of oil imports. The available data on first-quarter economic activity in the major foreign industrial countries were mixed; signs of strengthening activity in Europe were offset by indications of continued weakness in Japan and Canada.

Producer prices of finished goods rose at a slightly faster pace in March and April, as energy prices partially retraced earlier declines. Excluding food and energy, producer prices increased over the March–April period at about the subdued average monthly rate seen over the twelve months ending in April. At the consumer level, prices jumped in March and rose more moderately in April. Prices of nonfood, non-energy consumer items increased a little more rapidly on balance in March and April than over the twelve-month period ending in April. Total hourly compensation for private industry workers advanced in the first quarter at a rate close to that recorded during the second half of 1991.

At its meeting on March 31, 1992, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that included a bias toward possible easing during the intermeeting period. Accordingly, the directive indicated that in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint might be acceptable or slightly lesser reserve restraint would be acceptable in the intermeeting period. The reserve conditions contemplated under this directive were expected to be consistent with growth of M2 and M3 over the period from March through June at annual rates of about 3½ and 1½ percent respectively.

Open market operations during the intermeeting period initially were directed toward maintaining the existing degree of pressure on reserve positions. Prior to mid-April, however, operations were adjusted to implement some easing in the degree of reserve pressure. This action was taken in light of the significant weakness in the broad monetary aggregates and of indications that the economic expansion was not as strong as its pace early in the year and that underlying inflation would continue to trend lower. The management of reserves was complicated to some extent during this period by the uncertainties associated with the mid-April tax date. A reduction in reserve requirements on transactions deposits from 12 percent to 10 percent implemented on April 2 had only minor effects on demands for excess reserves and on volatility in money markets. Expected levels of adjustment plus seasonal borrowing were raised in the intermeeting period in anticipation of a slight rise in seasonal borrowing. Over the three complete reserve maintenance periods during the intermeeting interval, adjustment plus seasonal borrowing averaged a little more than $100 million. The federal funds rate remained around 4 percent early in the intermeeting period but averaged a little below 3¾ percent in the weeks after the easing action.

Most other short-term interest rates fell more than the federal funds rate. Many market participants, interpreting incoming data as suggesting that the economic expansion would remain subdued and that the weakness in the broad monetary aggregates would persist, concluded that some further easing in policy was likely in the near term. Bond yields also fell, but generally by less than short-term rates, and they remained above the lows reached around the turn of the year. Changes in broad indexes of stock prices were mixed over the intermeeting period.

Questions about the prospects for the economic recovery in the United States and the related outlook for interest rates affected the value of the dollar in foreign exchange markets. On a trade-

weighted basis in terms of the other G-10 currencies, the dollar remained within a fairly narrow range until late in the period, when growing market expectations of a near-term easing in U.S. monetary policy exerted downward pressure on its value.

M2 and M3 contracted in March and April. The performance of these aggregates was considerably weaker than the Committee's expectations at the time of the March meeting. Expansion in transactions balances, which had accounted for much of the growth in the broader aggregates over previous months, slowed markedly. Some of the slowdown perhaps reflected a reduced need for liquid balances to make personal tax payments, which were unusually weak in April. In addition, some retail time deposit funds evidently were shifted into the capital markets in response to the low offering rates on these deposits relative to market rates. Through April, expansion of M2 was slightly above and that of M3 was slightly below the lower ends of the ranges established by the Committee for the year.

The staff projection prepared for this meeting pointed to a continuing recovery in economic activity. In the near term, expansion in consumer spending was expected to be considerably below the rapid first-quarter pace, and growth in spending on residential construction was likely to moderate in response to the earlier backup in mortgage interest rates. On the other hand, stronger orders for nondefense capital goods portended some pickup in business fixed investment despite the continuing drag exerted by the persisting, though abating, weakness in nonresidential construction; in addition, inventory liquidation was likely to slow from the first-quarter pace. Over time, some easing of restraints on credit supplies and the progress achieved in restructuring business and household balance sheets would help set the stage for sustained, moderate growth in spending. The projection did not incorporate any major new fiscal initiatives at the federal level. The considerable margin of slack in resource utilization, though decreasing, was projected to be associated with appreciable further slowing in the underlying rate of inflation.

In the Committee's discussion, members referred to the indications that the rate of economic growth had slowed since earlier in the year, but they interpreted the recent statistical and anecdotal information as consistent on balance with a continuing and relatively broad-based expansion in overall business activity. Although some sectors of the economy remained troubled, reports from many parts of the country suggested that economic activity was expanding and that business executives were becoming more confident that a sustained recovery was under way. Several members noted, however, that in the absence of strong momentum in any sector of the economy, the advance was proceeding at a pace that was well below the typical rate of growth in the early phases of past cyclical upswings. In such circumstances, a faltering in the recovery, such as had occurred in 1991, could not be ruled out, especially given the financial difficulties still being experienced by many business firms, consumers, and lending institutions that in turn appeared to be reflected in the continued weakness in broad measures of money and credit. A differing view gave more weight to the recently abnormal behavior of the velocities of broad money and debt and the possibility that, once the recovery was more firmly established, some sectors of the economy and thus the economy more generally might generate more strength than was currently projected. With regard to the outlook for inflation, the recent performance of some key indicators of labor compensation and prices was somewhat disappointing. However, members continued to view further progress as likely, given the persisting though diminishing slack that was projected in labor and other production resources.

Many of the members commented that the various financial constraints on the expansion were diminishing and that a sounder financial foundation to support sustained economic recovery was being established. Considerable restructuring of balance sheets by both business firms and households had been accomplished; these developments together with lower interest rates had reduced interest burdens and had increased the capacity to borrow and spend. In the financial sector, banking institutions were continuing to work down problem credits in their loan portfolios and, in the context of growing profits associated with relatively wide interest margins on loans, were rebuilding their capital positions. The access of lending institutions to the capital markets had improved, and there were increasing indications, not yet reflected in the loan data, that banks were seeking lending opportunities more actively in many parts of the country and that loan demand from small and medium-size busi-

nesses was tending to revive. Thus, while banking institutions remained cautious lenders and their loan rates were on the high side in relation to market rates, members saw some signs that a more accommodating climate was emerging in loan markets.

In their reports on business conditions in various parts of the country, members noted that at least modest growth seemed to be occurring in most regions, while with some exceptions activity in other areas appeared to be stabilizing after declining earlier. Business confidence seemed to be improving, indeed appreciably so in some areas, and was described as more optimistic even in sections of the country that did not appear to be participating thus far in the economic recovery. Nonetheless, business concerns about the sustainability of the expansion were being reflected in cautious hiring and investment decisions. On balance, current business attitudes pointed to continuing economic expansion, though many business executives did not anticipate a robust recovery and the overall state of confidence appeared to be somewhat fragile.

Turning to individual sectors of the economy, members observed that the strong growth in consumer spending in the early months of the year, apparently outpacing the expansion in income, seemed to have slowed more recently. Nonetheless, improving consumer sentiment against the background of reduced debt burdens and strengthening employment opportunities pointed to further gains in consumer spending. Over time, such spending was likely to be associated more closely with developments in labor markets and the related growth in disposable incomes, though the demand for consumer durables also would respond to changing conditions in the housing markets. In those markets, anecdotal reports from around the country tended to confirm recent data indicating some slowing of activity from the pace at the start of the year, but conditions varied substantially across the nation. Housing activity had tended to display considerable sensitivity to changes in mortgage rates, and the recent declines in the latter along with gains in consumer confidence were seen as likely to encourage some pickup in housing demand and residential construction. Nonresidential construction, especially that of office buildings and hotels, was expected to remain weak for an extended period in many areas as excess capacity was absorbed. On the positive side, rates of occupancy and prices of existing buildings appeared to be approaching bottom or stabilizing in many areas, thereby facilitating sales of repossessed property on the books of financial institutions. Other nonresidential construction activity was mixed; oil and gas drilling was still quite weak, but the construction of manufacturing and wholesale space was displaying some strength in various parts of the country. Gains in final demand, if sustained, were expected to foster appreciable further increases in the production of business equipment.

Government purchases of goods and services continued to be constrained by budgetary problems, including the severe financial difficulties of many state and local governments, and with defense spending projected to decline substantially, the government sector appeared likely to remain a negative influence on economic activity over the next several quarters. With regard to the outlook for exports, members referred to reports of relatively strong sales abroad by firms in some parts of the country. More generally, prospective growth in exports to some key industrial nations could be relatively sluggish if recent economic trends in those nations were to persist, though exports to a number of developing countries appeared to be rising fairly briskly. At the same time, the recovery in the domestic economy was likely to foster relatively rapid growth in imports. On the whole, net exports were expected to make little or no contribution to the expansion in domestic economic activity.

Despite the somewhat disappointing inflation news in recent months, the members generally viewed a slow downtrend in the rate of inflation as a plausible outcome for the year ahead. Reports from various parts of the country emphasized the highly competitive markets for many producer goods and the inability of many sellers to increase profit margins or to pass on rising costs through higher prices. Commodity prices had tended to fluctuate in a narrow range and appeared consistent with progress toward price stability. Consumer resistance to rising prices was described as strong. In the context of the relatively limited pressures on production resources associated with the members' outlook for economic activity and an appropriate monetary policy, the slow process of reducing

inflation was believed likely to continue for some time.

In the Committee's discussion of policy for the intermeeting period ahead, all of the members endorsed a proposal to maintain an unchanged degree of pressure in reserve markets. The members agreed that policy seemed to be appropriately positioned at this point to accommodate sustained economic expansion while also encouraging progress toward price stability.

In the course of the Committee's discussion, members devoted considerable attention to the behavior of the monetary aggregates. They expressed varying degrees of concern about the slow growth of M2 and M3 in 1992, including declines in March and April. Some emphasized that the lagging growth of those aggregates this year was occurring after relatively limited expansion over the previous year or so. Although the growth rates and velocities of the broader aggregates were subject to considerable short-run variations and had to be evaluated in the context of surrounding economic and financial circumstances, average growth over longer periods of time had been quite subdued. Plausible explanations, relating importantly to temporary factors such as the unexpectedly weak build-up of balances associated with the April tax date, permitted at least some discounting of the recent weakness of the broader aggregates, and growth of both M2 and M3 according to a staff analysis was likely to resume at a modest pace over the balance of the second quarter. However, in the opinion of a number of members, continuing weakness in these aggregates could be indicative of an increase in the downside risks to the expansion and would thus be a matter of growing concern.

Other members tended to discount to an extent the sluggish behavior of the broader aggregates. In this view, a variety of developments that were reflected in the channeling of credit away from depository institutions seemed to have altered previous relationships between M2 and M3 and measures of spending and income. To an important degree, current spending was being financed internally or, especially in the case of business firms, by raising funds in the capital markets. Moreover, against the background of weak loan demand and relatively low deposit offering rates and an unusually steep yield curve, many depositors were shifting funds from M2 into higher-yielding, longer-term market assets. In these circumstances, satisfactory economic expansion would tend to be consistent with weaker growth and a higher velocity of M2 than would be suggested by historical relationships. Some members viewed the strength of M1 and reserves as indicative of a quite accommodative monetary policy in recent quarters, and they felt that continued rapid expansion in these measures could raise questions about the consistency of current monetary policy with progress toward price stability.

The members expressed differing preferences with regard to possible adjustments to the degree of reserve pressure during the intermeeting period, but all indicated that they could accept a symmetric directive. Some preferred such a directive because it would tend to underscore their view that the risks to the expansion and the possible need to adjust policy were now fairly evenly balanced in either direction. In light of the information on the economy reviewed at this meeting, they felt that current monetary policy was likely to remain properly positioned to accommodate the Committee's objectives for some time and that any adjustment to policy should be approached with considerable caution. In the context of persisting concerns about inflation, an easing in reserve conditions and lower short-term interest rates might well fail at this time to induce lower interest rates in long-term debt markets, though circumstances might change. In any event, the Committee should keep its options open and changing circumstances might warrant a Committee consultation during the weeks ahead.

A number of members expressed a preference for continuing to bias the directive toward possible easing during the intermeeting period. In this view, the risks to the expansion appeared to be tilted at least marginally to the downside, and while a steady policy course might well prove to be appropriate until the next meeting, these members believed it would be desirable for policy to be adjusted fairly promptly should the incoming evidence suggest a faltering expansion, especially if money growth were still lagging. Other members preferred a bias toward possible firming during the intermeeting period. They believed that a relatively stimulative monetary policy was in place and that the next move in policy might well need to be to the tightening side if, in the context of a strengthening economy, the Committee was to continue to

pursue its long-run objectives of sustainable economic growth and progress toward price stability.

At the conclusion of the Committee's discussion, all of the members indicated that they favored a directive that called for maintaining the existing degree of pressure on reserve positions. The members also noted that they preferred or could accept a directive that did not include a presumption about the likely direction of any adjustments to policy during the intermeeting period. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with growth of M2 and M3 at annual rates of around 2½ percent and 1½ percent respectively over the two-month period from April through June.

At the conclusion of the meeting the following domestic policy directive was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting suggests on balance that economic activity is expanding at a moderate pace. Total nonfarm payroll employment increased somewhat in April, and the civilian unemployment rate edged down to 7.2 percent. Industrial production rose appreciably further in April partly reflecting some further recovery in motor vehicle assemblies. A rebound in retail sales in April about offset the decline in March. Single-family housing starts fell considerably for a second month in April. Recent data on orders and shipments of nondefense capital goods indicate appreciable increases in outlays for business equipment, and building contracts point to some slowing of the decline in nonresidential construction. The nominal U.S. merchandise trade deficit in January-February was somewhat below its average rate in the fourth quarter. Incoming data on prices and labor costs suggest little change from recent trends.

Most interest rates have fallen since the Committee meeting on March 31. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined on balance over the intermeeting period.

M2 and M3 contracted in March and April; and expansion in transactions balances, which had accounted for much of the growth in the broader aggregates over previous months, slowed markedly. Through April, expansion of M2 was slightly above and that of M3 was slightly below the lower ends of the ranges established by the Committee for the year.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee at its meeting in February established ranges for growth of M2 and M3 of 2½ to 6½ percent and 1 to 5 percent, respectively, measured from the fourth quarter of 1991 to the fourth quarter of 1992. The monitoring range for growth of total domestic nonfinancial debt was set at 4½ to 8½ percent for the year. With regard to M3, the Committee anticipated that the ongoing restructuring of depository institutions would continue to depress the growth of this aggregate relative to spending and total credit. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. In the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, slightly greater reserve restraint or slightly lesser reserve restraint might be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with growth of M2 and M3 over the period from April through June at annual rates of about 2½ and 1½ percent, respectively.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Hoenig, Jordan, Melzer, Mullins, Kelley, LaWare, Lindsey, Ms. Phillips, and Mr. Syron. Votes against this action: None.

## 2. *Authorization for Domestic Open Market Operations*

The Committee approved a temporary increase of $2 billion, to a level of $10 billion, in the limit on changes between Committee meetings in System Account holdings of U.S. government and federal agency securities. The increase amended paragraph 1(a) of the Authorization for Domestic Open Market Operations and was effective for the intermeeting period ending with the close of business on July 1, 1992.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Hoenig, Jordan, Melzer, Mullins, Kelley, LaWare, Lindsey, Ms. Phillips, and Mr. Syron. Votes against this action: None.

The Manager for Domestic Operations advised the Committee that the current leeway of $8 billion

for changes in System Account holdings might not suffice to meet the potentially large need to add reserves over the intermeeting period to accommodate a seasonal bulge in currency in circulation, an increase in required reserves, and other factors that might call for substantial reserve additions. □

# 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 a reduction in the basic discount rate at each Federal Reserve Bank. The Board has also amended Regulation A to change the rate for seasonal credit from a fixed rate to a flexible rate. The Board acted on requests submitted by the Boards of Directors of the twelve Federal Reserve Banks.

The amendments to Regulation A were effective July 27, 1992. The discount rate changes for short-term adjustment credit and for other extended credit were effective on the dates specified in sections 201.51 and 201.52(b), respectively. The discount rate changes for seasonal credit were effective January 9, 1992. The Board of Governors is amending 12 C.F.R. Part 201 as follows:

### *Part 201—Extensions of Credit by Federal Reserve Banks*

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

*Authority:* Sections 10(a), 10(b), 13, 13a, 14(d) and 19 of the Federal Reserve Act (12 U.S.C. 347a, 347b, 343 *et seq.*, 347c, 348 *et seq.*, 357, 374, 374a and 461); and section 7(b) of the International Banking Act of 1978 (12 U.S.C. 347d).

2. Section 201.51 is revised to read as follows:

### Section 201.51—Short-term adjustment credit for depository institutions.

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

| Federal Reserve Bank | Rate | Effective |
|---|---|---|
| Boston | 3.0 | July 2, 1992 |
| New York | 3.0 | July 2, 1992 |
| Philadelphia | 3.0 | July 2, 1992 |
| Cleveland | 3.0 | July 6, 1992 |
| Richmond | 3.0 | July 2, 1992 |
| Atlanta | 3.0 | July 2, 1992 |
| Chicago | 3.0 | July 2, 1992 |
| St. Louis | 3.0 | July 7, 1992 |
| Minneapolis | 3.0 | July 2, 1992 |
| Kansas City | 3.0 | July 2, 1992 |
| Dallas | 3.0 | July 2, 1992 |
| San Francisco | 3.0 | July 2, 1992 |

3. Section 201.52 is revised to read as follows:

### Section 201.52—Extended credit for depository institutions.

(a) *Seasonal credit.* The rate for seasonal credit extended to depository institutions under section 201.3(b)(1) is a flexible rate that takes into account rates on market sources of funds, but in no case will the rate charged be less than the rate for short-term adjustment credit as set out in section 201.51.

(b) *Other extended credit.* The rates for other extended credit provided to depository institutions under sustained liquidity pressures or where there are exceptional circumstances or practices involving a particular institution under section 201.3(b)(2) are:

| Federal Reserve Bank | Rate | Effective |
|---|---|---|
| Boston | 3.0 | July 2, 1992 |
| New York | 3.0 | July 2, 1992 |
| Philadelphia | 3.0 | July 2, 1992 |
| Cleveland | 3.0 | July 6, 1992 |
| Richmond | 3.0 | July 2, 1992 |
| Atlanta | 3.0 | July 2, 1992 |
| Chicago | 3.0 | July 2, 1992 |
| St. Louis | 3.0 | July 7, 1992 |
| Minneapolis | 3.0 | July 2, 1992 |
| Kansas City | 3.0 | July 2, 1992 |
| Dallas | 3.0 | July 2, 1992 |
| San Francisco | 3.0 | July 2, 1992 |

These rates apply for the first 30 days of borrowing. For credit outstanding for more than 30 days, a flexible rate will be charged that takes into account rates on market sources of funds, but in no case will the rate charged be less than the rate for short-term adjustment credit, as set out in section 201.51, plus one-half percentage point. Where extended credit provided to a particular depository institution is anticipated to be outstanding for an unusually prolonged period and in relatively large amounts, the 30-day time period may be shortened.

## *Final Rule—Amendment to Regulation Y*

The Board of Governors is amending 12 C.F.R. Part 225, its Regulation Y (Bank Holding Companies and Change in Bank Control) to provide expressly that a

bank holding company or its nonbank subsidiary may act as an agent for customers in the brokerage of shares of an investment company advised by the holding company or any of its subsidiaries. In addition, the revision will provide that a bank holding company or its nonbank subsidiary may provide investment advice to customers regarding the purchase or sale of shares of an investment company advised by a holding company affiliate. In both instances, the Board requires certain disclosures to be made to address potential conflicts of interests or adverse effects.

Effective August 10, 1992, 12 C.F.R. Part 225 is amended as follows:

*Part 225—Bank Holding Companies and Change in Bank Control*

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

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

2. In section 225.125, paragraph (h) is revised to read as follows:

Section 225.125—Investment adviser activities.

* * * * *

(h) Under section 20 of the Glass–Steagall Act, a member bank is prohibited from being affiliated with a company that directly, or through a subsidiary, engages principally in the issue, flotation, underwriting, public sale, or distribution of securities. A bank holding company or its nonbank subsidiary may not engage, directly or indirectly, in the underwriting, public sale or distribution of securities of any investment company for which the holding company or any nonbank subsidiary provides investment advice except in compliance with the terms of section 20, and only after obtaining the Board's approval under section 4 of the Bank Holding Company Act and subject to the limitations and disclosures required by the Board in those cases. The Board has determined, however, that the conduct of securities brokerage activities by a bank holding company or its nonbank subsidiaries, when conducted individually or in combination with investment advisory activities, is not deemed to be the underwriting, public sale, or distribution of securities prohibited by the Glass–Steagall Act, and the U.S. Supreme Court has upheld that determination. *See Securities Industry Ass'n v. Board of Governors*, 468 U.S. 207 (1984); *see also Securities Industry Ass'n v. Board of Governors*, 821 F.2d 810 (D.C. Cir. 1987), *cert. denied*, 484 U.S. 1005 (1988). Accordingly, the Board believes that a bank holding company or any of its nonbank subsidiaries that has been authorized by the Board under the Bank Holding Company Act to conduct securities brokerage activities (either separately or in combination with investment advisory activities) may act as agent, upon the order and for the account of customers of the holding company or its nonbank subsidiary, to purchase or sell shares of an investment company for which the bank holding company or any of its subsidiaries acts as an investment adviser. In addition, a bank holding company or any of its nonbank subsidiaries that has been authorized by the Board under the Bank Holding Company Act to provide investment advice to third parties generally (either separately or in combination with securities brokerage services) may provide investment advice to customers with respect to the purchase or sale of shares of an investment company for which the holding company or any of its subsidiaries acts as an investment adviser. In the event that a bank holding company or any of its nonbank subsidiaries provides brokerage or investment advisory services (either separately or in combination) to customers in the situations described above, at the time the service is provided the bank holding company should instruct its officers and employees to caution customers to read the prospectus of the investment company before investing and must advise customers in writing that the investment company's shares are not insured by the Federal Deposit Insurance Corporation, and are not deposits, obligations of, or endorsed or guaranteed in any way by, any bank, unless that happens to be the case. The holding company or nonbank subsidiary must also disclose in writing to the customer the role of the company or affiliate as adviser to the investment company. These disclosures may be made orally so long as written disclosure is provided to the customer immediately thereafter. To the extent that a bank owned by a bank holding company engages in providing advisory or brokerage services to bank customers in connection with an investment company advised by the bank holding company or a nonbank affiliate, but is not required by the bank's primary regulator to make disclosures comparable to the disclosures required to be made by bank holding companies providing such services, the bank holding company should require its subsidiary bank to make the disclosures required in this paragraph to be made by a bank holding company that provides such advisory or brokerage services.

## *FINAL RULE—AMENDMENT TO REGULATION Z*

The Board of Governors is amending 12 C.F.R. Part 226, its Regulation Z (Truth in Lending). The Board is (1) revising Regulation Z to provide that depository institutions may retain the right to demand payment of a home equity line of credit extended to their own executive officers when required by federal law; and (2) *not* changing the rules in Regulation Z that set forth the way creditors disclose discounted initial rates and certain payment examples for home equity lines. The rules in question relate to the Home Equity Loan Consumer Protection Act of 1988, which requires creditors to provide consumers with information for open-end credit plans secured by the consumer's dwelling, and places certain substantive limitations on the way in which those lines may be structured. With regard to the revision, depository institutions that currently include such a provision in their executive officers' contracts will not be affected by this amendment. With regard to (2) above, the approach adopted by the Board for disclosure of the discounted initial rate and certain payment examples has been examined by the U.S. Court of Appeals for the District of Columbia Circuit in recent litigation, and remanded to the Board for further consideration. After such reconsideration and analysis of the comment letters, the Board has decided to retain the existing rules.

Effective July 29, 1992, but compliance optional until October 1, 1993, 12 C.F.R. Part 226 is amended as follows:

### *Part 226—Truth in Lending*

1. The authority citation for Part 226 continues to read as follows:

*Authority:* Section 105, Truth in Lending Act, as amended by section 605, Pub. L. 96–221, 94 Stat. 170 (15 U.S.C. 1604 *et seq.*); Section 1204(c), Competitive Equality Banking Act, Pub. L. 100–86, 101 Stat. 552.

2. Section 226.5b is amended by revising paragraphs (f)(2)(ii) and (f)(2)(iii), and by adding paragraph (f)(2)(iv) to read as follows:

### *Subpart B—Open-End Credit*

* * * * *

### Section 226.5b—Requirements for home equity plans.

* * * * *

(f)(2)(i)

* * * * *

(ii) The consumer fails to meet the repayment terms of the agreement for any outstanding balance;
(iii) Any action or inaction by the consumer adversely affects the creditor's security for the plan, or any right of the credit in such security; or
(iv) Federal law dealing with credit extended by a depository institution to its executive officers specifically requires that as a condition of the plan the credit shall become due and payable on demand, provided that the creditor includes such a provision in the initial agreement.

## *ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT*

### *Orders Issued Under Section 3 of the Bank Holding Company Act*

### Banc One Corporation
Columbus, Ohio

### Banc One Ohio Corporation
Columbus, Ohio

*Order Approving Merger With a Bank Holding Company*

Banc One Corporation, and its wholly owned subsidiary, Banc One Ohio Corporation, both of Columbus, Ohio (together, "Banc One"), bank holding companies 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 First Security Corporation of Kentucky, and its wholly owned subsidiary, First Security Affiliates, Inc., both of Lexington, Kentucky (together "First Security"), and thereby indirectly acquire First Security's subsidiary banks: First Security National Bank and Trust Company of Lexington, Lexington ("FSNB"); First Security Bank and Trust Company of Clark County, Winchester; First Security Bank and Trust Company of Danville, Danville; and First Security Bank and Trust Company of Madison County, Richmond, all in Kentucky.[1]

1. Banc One will acquire First Security through the merger of First Security into Banc One Ohio Corporation. In connection with this acquisition, Banc One also has applied to acquire an option to purchase, under certain conditions, up to 19.9 percent of First Security's common stock. This option will terminate upon consummation of the proposed merger of Banc One and First Security.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 6606 (1992)). 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.

Banc One, with total deposits of $39.6 billion, controls banking subsidiaries in Ohio, Indiana, Michigan, Wisconsin, Illinois, Texas and Kentucky.[2] Banc One operates one subsidiary bank in Kentucky, Bank One, Lexington, N.A., Lexington, Kentucky ("BOL"). BOL is the 18th largest commercial banking organization in Kentucky, controlling $289.8 million in deposits, representing less than 1 percent of total deposits in commercial banks in Kentucky. First Security is the fourth largest commercial banking organization in Kentucky, controlling $1.3 billion in deposits, representing 3.7 percent of total deposits in commercial banks in the state. Upon consummation of this proposal, Banc One would become the fourth largest commercial banking organization in the state, controlling $1.6 billion in deposits, representing 4.5 percent of total deposits in commercial banking organizations in Kentucky.

*Douglas Amendment*

Section 3(d) of the BHC Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which [the] bank is located, by language to that effect and not merely by implication."[3] As part of this proposal, Banc One, which has Ohio as its home state, proposes to acquire First Security, which has Kentucky as its home state.[4] The Board previously has determined that the interstate banking statutes of Kentucky permit the acquisition of Kentucky banking organizations by banking organizations located in Ohio.[5] Accordingly, Board approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal, however, is conditioned upon Banc One's receiving all required state regulatory approvals.

*Competitive, Financial, Managerial and Supervisory Considerations*

Banc One and First Security compete in the Lexington, Kentucky banking market.[6] Banc One is the fourth largest of 28 depository institutions in the market with total deposits of $303.5 million representing 8 percent of total deposits in depository institutions in the market.[7] First Security is the largest depository institution in the market controlling two banks with total deposits of $1.1 billion representing 28.7 percent of total deposits in depository institutions in the market. Upon consummation of this proposal, Banc One would become the largest depository institution in the market controlling deposits of $1.4 billion, representing 36.7 percent of total deposits in depository institutions, and the Herfindahl–Hirschman Index ("HHI") for the market would increase by 458 points to 1673.[8] The Lexington, Kentucky, banking market would remain moderately concentrated, and eighteen commercial banking organizations and nine thrifts would continue to operate in the market after consummation of this proposal. After review of the concentration levels, the number of competitors that will remain, and the other facts of record, the Board has determined that consummation of the proposal is not likely to result in a significantly adverse effect on competition in the Lexington, Kentucky, banking market or any other relevant banking market.

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

2. State data are as of December 31, 1991; market data are as of September 30, 1991.
3. 12 U.S.C. § 1842(d).
4. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1842.
5. *See Fifth Third Bancorp*, 72 *Federal Reserve Bulletin* 47 (1986); Ky. Rev. Stat. Ann. § 287.900 (Michie 1988).

6. The Lexington, Kentucky banking market includes Fayette, Bourbon, Clark, Jessamine, Powell, Scott, and Woodford Counties in Kentucky.
7. In this context, depository institutions include commercial banks, savings 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).
8. 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 1000 and below 1800 is considered moderately concentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers and acquisitions for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

*Convenience and Needs Considerations*

In considering the applications under section 3 of the BHC Act, the Board must consider the convenience and needs of the communities to be served by the institutions and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution," and to take that record into account in its evaluation of bank holding company applications.[9]

In connection with this application, the Board has received comments supporting and opposing the proposal. For example, the Commissioner of Housing of the Lexington Fayette County Urban County Government stated that BOL actively supports local housing initiatives and that BOL supplies assistance for projects that provide affordable housing for low- and moderate-income residents of Lexington. The Community Reinvestment Alliance of Lexington ("CRAL") was critical of the efforts of BOL and FSNB in meeting the mortgage credit needs of lower income minority residents in certain inner city census tracts in Lexington, Kentucky, and BOL's refusal to agree to a low-income mortgage plan suggested by CRAL.[10]

The Board has carefully reviewed the CRA performance record of BOL and FSNB, as well as CRAL's comments and BOL's response to those comments, 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").[11]

Initially, the Board notes that both BOL and FSNB have received satisfactory ratings from their primary supervisor, the Office of the Comptroller of the Currency ("OCC"), in the most recent examinations of their CRA performance.[12] In addition, all of the other subsidiary banks of Banc One and First Security have received satisfactory or outstanding ratings from their primary regulators in the most recent examinations of their 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.[13] The Board also notes that BOL and FSNB will account for less than 5 percent of the assets of Banc One after consummation of this transaction.

*Corporate Policies.* Banc One and BOL have in place the types of programs and policies outlined in the Agency CRA Statement that contribute to an effective CRA program and these efforts will be implemented after the acquisition of First Security and FSNB.[14] BOL's program is monitored at the holding company level by Banc One's Corporate CRA Committee, which oversees the CRA performance of all subsidiary banks. This committee reviews quarterly reports on subsidiary banks' CRA activities and presents the results of these reports to Banc One's board of directors.

Banc One also has established holding company subsidiaries that provide assistance for CRA programs to banks in the Banc One system. For example, Banc One has a corporate Community Development Corporation ("CDC") with resources to assist all bank affiliates in financing projects designed to promote community welfare, housing availability and economic

9. 12 U.S.C. § 2903.

10. CRAL also alleges that FSNB has not met lending goals established under a mini-mortgage program designed to meet the needs of low- and moderate-income individuals. Under this program, FSNB offers mortgage loans for the purchase of one-to-four family homes to applicants with household incomes of $20,000 or less. This product features a 25-year, below-market, variable rate loan with a 20 percent down payment requirement and a fixed monthly payment. CRAL maintains that FSNB has not met the five-year lending goals in the census tracts targeted under this program and has refused to reduce the minimum down payment for this mortgage product to 5 percent. Banc One responds that, while FSNB has not fully realized its five-year mini-mortgage lending goals, FSNB has exceeded other five-year lending goals for community development, small business, and home purchase lending under its agreement with CRAL.

11. The Agency CRA Statement provides guidance on the types of policies and procedures that the supervisory agencies believe financial institutions should have in place in order to fulfill their responsibilities under the CRA on an ongoing basis and the procedures that the supervisory agencies will use during the application process to review an institution's CRA compliance and performance. The agency CRA Statement also explains that decisions by agencies to allow financial institutions to expand will be made pursuant to an analysis of the institution's overall CRA performance and will be based on the actual record of performance of the institution. 54 *Federal Register* 13,742 (1989).

12. Performance under the CRA for BOL was rated "satisfactory" as of August 13, 1990, and for FSNB was rated "satisfactory" as of May 31, 1991.

13. 54 *Federal Register* at 13,745.

14. Banc One has committed that following consummation of the proposed merger of First Security's bank subsidiaries with BOL, BOL will undertake immediate and comprehensive training of all First Security personnel to ensure consistent and aggressive implementation of Banc One's CRA policies and procedures.

development.[15] Banc One also has a mortgage subsidiary, Banc One Mortgage Corporation, which assists affiliates by offering specialized mortgage products designed for low- and moderate- income applicants. Banc One's corporate CRA Research Division assists Banc One's subsidiary banks in collecting and analyzing lending data to monitor the distribution of loan products throughout their delineated market areas. BOL's CRA officer and other officers periodically report to BOL's board of directors on progress made under the bank's CRA program in meeting the credit needs of all its communities, including low- and moderate-income areas.

*Ascertainment and Marketing.* BOL ascertains credit needs through interviews with community leaders, an established calling program, and participation in community organizations. BOL also has established a Community Advisory Council which meets quarterly with bank officers to discuss the credit needs of the community and to propose programs to address those needs.[16]

BOL has taken several steps to target its marketing toward low- and moderate-income neighborhoods. For example, BOL, in conjunction with the Lexington-Fayette Urban County government, will repeat a live television call-in program for prospective homebuyers this year. In addition, BOL has co-sponsored an affordable housing seminar with a local government. In an effort to increase its accessibility to low- and moderate-income applicants, BOL also instituted a program whereby small loan applications can be submitted at local government offices for forwarding to the bank. BOL representatives visit predominately minority local churches to advise congregations on the available banking products and services.

*Lending and Other Activities.* BOL has been an active participant in federal and state government-sponsored home mortgage loan programs, including programs sponsored by the Veterans Administration ("VA"), Federal Housing Administration ("FHA"), Federal National Mortgage Association ("FNMA"), and Federal Home Loan Mortgage Association ("FHLMC").[17] BOL joined the Kentucky Housing Corporation ("KHC") and 23 other lenders in offering the "EPIC" or "KHC" program to assist first time homebuyers.[18] In addition, BOL provides home mortgage loans to low- and moderate-income first-time homebuyers through a mortgage credit certificate program sponsored by local government.[19] BOL has participated in the Lexington-Fayette Urban County Government's Vacant Lot Program by providing below market-rate permanent financing and participated in a rental rehabilitation program. Banc One also has provided financing for affordable multi-family housing.[20]

FSNB also offers VA and FHA guaranteed loans. During 1990 FSNB originated 96 FHA and VA loans totalling approximately $6 million. In addition, like BOL, FSNB is a member of the KHC program that assists first time homebuyers, and FSNB has committed to lend $3 million through this program. FSNB has been active in the redevelopment of downtown Lexington both through lending and grants for community projects.

BOL and FSNB also provide loans guaranteed by the Small Business Administration ("SBA").[21] Between January 1 and June 30, 1990, BOL made nine SBA loans totalling $1.3 million. Six of these loans were in amounts less than $50,000. With the Kentucky Small Business Development Center and local Lexington government agencies, BOL co-sponsors a new pilot incubator program to encourage minority-owned business development. This program is intended to assist new minority-owned businesses to acquire funds for working capital and equipment, locate technical assistance, prepare operating plans, and organize administrative functions.[22] BOL sponsors seminars providing technical assistance to small business owners, especially small businesses owned by minorities or women. BOL provides government guaranteed student loans,[23] and BOL has established with local

15. Banc One's CDC has invested nationwide over $10 million in equity in low-income housing projects utilizing the low-income housing tax credit to date.

16. Two representatives of CRAL serve on this council.

17. The OCC's most recent CRA performance examination commended BOL's participation in these programs, noting that between January 1, 1989, and June 30, 1990, BOL made 30 VA loans totalling approximately $2.0 million; 193 FHA loans totalling approximately $11.6 million; and 60 FNMA and FHLMC loans totalling approximately $4.9 million in the Lexington Metropolitan Statistical Area.

18. Under this program low- and moderate-income first-time homebuyers are offered 30-year, fixed-rate loans that are FHA or VA insured. During 1990 and 1991, BOL originated 386 loans, totalling $16.6 million under this program.

19. Under this program low- and moderate-income first-time homebuyers receive dollar-for-dollar federal income tax credits for 20 percent of the interest paid on their home mortgage loans.

20. For example, BOL has provided construction and permanent financing for a small multi-family housing development in the Prall-town section of Lexington.

21. FSNB made 24 SBA guaranteed loans totalling $2.3 million during 1990, and had 67 SBA guaranteed loans outstanding totalling $4.7 million as of year-end 1990. FSNB also extended 26 farm loans totalling approximately $946,000 during 1990, and has provided loans and grants for the redevelopment of downtown Lexington.

22. BOL has financed a minority contractor's purchase of two undeveloped property lots in a low- to moderate-income neighborhood and has identified a low-income first-time homebuyer who will purchase the first completed home through financing by BOL and the KHC.

23. Between January 1 and June 30, 1990, BOL made 10,498 guaranteed student loans totalling approximately $14.6 million. Under this proposal, government guaranteed student loans would become available to customers of FSNB.

government support a neighborhood financial center in Lexington operated by young adults to provide basic financial services to the community and instructional opportunities in financial transactions.

*Home Mortgage Disclosure Act ("HMDA") Data and Lending Practices.* The Board has reviewed the 1989 and 1990 HMDA data reported by subsidiaries of Banc One and First Security, and CRAL's comments regarding these data. Due to recent amendments to the HMDA effective in 1990, these banks were required for the first time to report the information regarding both loan approvals and denials to the banking agencies and the public. This information includes data on the race, gender and income of individual applicants, as well as the location of the property securing the potential loan and the disposition of the application. These data indicate that loan originations vary for BOL by racial or ethnic group and income level in certain areas in Lexington.

Because all banks are obligated to ensure that their lending practices are based on criteria that assure not only safe and sound lending, but also assure equal access to credit by creditworthy applicants regardless of race, the Board is concerned when the record of an institution indicates disparities in lending to minority applicants. The Board recognizes, however, that HMDA data alone provide only a limited measure of any given institution's lending in the communities that the institution serves. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively determining whether an institution has engaged in illegal discrimination on the basis of race or ethnicity in making lending decisions.

The most recent examinations for CRA compliance and performance conducted by bank supervisory agencies found no evidence of illegal discrimination or other illegal credit practices in BOL or FSNB.[24] Banc One has also taken steps designed to improve its lending to minorities and low- and moderate-income neighborhoods in Lexington.

BOL proposes to increase the supply of affordable housing in low- and moderate-income areas, including in areas identified by CRAL, through Banc One's community development corporation by acquiring properties suitable for development or redevelopment. The community development corporation will employ an FHA-certified minority contractor to rehabilitate and/or construct affordable housing, and BOL will provide financing through FHA-insured mortgage loans and the G.E. Community Homebuyer program. Under the Community Homebuyer Program, low- and moderate-income home mortgage applicants who complete homebuyer counseling sessions may apply for home mortgages with flexible underwriting requirements and favorable terms.[25]

Banc One has committed that it will offer its Affordable Housing Lender Program in Lexington. Through this program sponsored by Banc One Mortgage Corporation, Banc One plans to offer additional products and services to low- and moderate-income homebuyers in Lexington. BOL will also appoint a mortgage loan originator to serve only low- and moderate-income homebuyers, including residents in the census tracts identified by CRAL.

*Conclusion.* The Board has carefully considered all of the facts of record, including the comments filed in this case, in reviewing the convenience and needs factors under the BHC Act. Based on a review of the entire record of performance, including information provided by commenters supporting and opposing the proposal and the performance examinations by the banks' primary regulators, the Board believes that the efforts of Banc One and First Security to help meet the credit needs of all segments of the communities served by these banks, including low- and moderate-income neighborhoods, are generally satisfactory. Moreover, BOL has initiated and has committed to initiate steps designed to strengthen home mortgage lending in Lexington.

On the basis of all the facts of record, the Board concludes that the convenience and needs considerations, including the CRA records of Banc One and First Security, are consistent with approval of this application. The Board expects Banc One to implement fully the CRA initiatives and commitments discussed in this Order and contained in its application. Banc One's progress in implementing these initiatives and commitments will be monitored by the Board in future applications to expand its deposit-taking facilities.

24. Examiners noted in three Banc One subsidiary banks—not including BOL—certain failures to comply with the Equal Credit Opportunity Act, including instances where spousal income was required in loan applications. Banc One has taken prompt corrective action and has addressed these weaknesses to the satisfaction of the appropriate federal bank regulatory agencies.

25. Banc One proposes to make available a loan program to all low- and moderate-income customers of BOL and FSNB that provides for 15- or 30-year conventional fixed-rate, fully amortizing mortgages. Under this program, there will be no minimum loan amount, and the maximum loan to value ratio is 95 percent of the lesser of:

(1) the sales price including rehabilitation cost, if any; or

(2) the appraised value after completion of rehabilitation. The borrower's minimum equity requirement is 5 percent, with at least 3 percent provided from the borrower's own funds. The remaining 2 percent may be provided from a gift by a relative or a grant from a nonprofit organization or public entity. This program will replace FSNB's mini-mortgage program which required a 20 percent downpayment and had a maximum loan term of 25 years.

Based on the foregoing, including the conditions and commitments described in this Order and those made in the application, and all of the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval of this proposal is specifically conditioned on compliance by Banc One and its subsidiaries with these conditions and commitments, which are conditions imposed in writing by the Board in connection with its findings and decision and may be enforced in proceedings under applicable law.

The acquisition shall 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 for good cause by the Board or by the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 6, 1992.

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

JENNIFER J. JOHNSON
*Associate Secretary of the Board*

## CB&T Financial Corporation
## Fairmont, West Virginia

## CB&T Clarksburg Corporation
## Fairmont, West Virginia

### *Order Approving Acquisition of Bank Holding Company and Banks*

CB&T Financial Corporation and its wholly owned subsidiary, CB&T Clarksburg Corporation, both of Fairmont, West Virginia (together, "CB&T"), bank holding companies 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 First State Bancorporation, Inc., Elkins, West Virginia ("First State"), and thereby indirectly acquire its subsidiary bank, First State Bank, Elkins, West Virginia.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 13,103 (1992)). 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.

CB&T, with five subsidiary banks, is the fourth largest commercial banking organization in West Virginia, controlling total deposits of $559.1 million, representing 3.6 percent of total deposits in commercial banks in the state.[2] First State is the 80th largest commercial banking organization in the state, controlling $36.7 million in deposits, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of this proposal, CB&T would remain the fourth largest commercial banking organization in the state, controlling $595.8 million in deposits, representing 3.8 percent of total deposits in commercial banks in the state.

CB&T and First State compete in the Randolph County, West Virginia, banking market.[3] CB&T is the fifth largest of seven commercial banking organizations in the market, with deposits of $27.3 million, representing 8.9 percent of total deposits in commercial banking organizations in the market. First State is the third largest commercial banking organization in the market with deposits of $36.7 million, representing 12.0 percent of total deposits in commercial banking organizations in the market. Upon consummation of this proposal, CB&T would become the third largest commercial banking organization in the market with deposits of $64 million, representing 20.9 percent of total deposits in commercial banking organizations in the market. The Herfindahl–Hirschman Index ("HHI") for the market would increase by 213 points to 2629, and the Randolph County banking market would remain highly concentrated.[4]

A number of characteristics of the Randolph County banking market indicate that the increase in concentration levels as measured by the HHI for this market overstates the possible effect of this proposal on

1. First State will merge with and into CB&T Clarksburg Corporation. In addition, CB&T Clarksburg Corporation has applied for approval to acquire Community Bank & Trust National Association of Randolph County, Elkins, West Virginia, a direct subsidiary of CB&T Financial Corporation.

2. All data are as of December 31, 1991.

3. The Randolph County, West Virginia banking market is approximated by Randolph County, West Virginia.

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. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers and acquisitions for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

competition in this market. Upon consummation of this proposal, six commercial banking organizations would remain as competitors, including the market's two largest competitors. Together the two largest banks control 64.1 percent of the total market deposits, with each bank controlling over a 30 percent share of the market's deposits. Accordingly, CB&T would not become the dominant bank in the market as a result of this transaction.

In addition, the Randolph County banking market has certain characteristics that make it attractive for potential competitors to enter. For example, this market has, on average, more banking deposits per banking office than other rural West Virginia counties. Between 1987 and 1990, the market experienced an overall 8.2 percent increase in total banking deposits compared to an average 4.4 percent increase for other rural West Virginia counties during the same time period. West Virginia law permits statewide branching and nationwide reciprocal acquisitions, and three banks have entered the Randolph County banking market since 1987, one by *de novo* entry. As a result of new competition, the market became less concentrated from 1985 to 1991, with the HHI for the market decreasing by 475.

Based on these and other facts of record, the Board has determined that consummation of the proposal is not likely to result in a significantly adverse effect on competition in the Randolph County banking market or any other relevant banking market.

The financial and managerial resources, and future prospects of CB&T, First State and their respective subsidiaries, and the other factors the Board must consider under section 3 of the BHC Act are consistent with approval of this proposal. The Board also finds that considerations relating to the convenience and needs of the communities to be served are consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The acquisition shall 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 for good cause by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 6, 1992.

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

JENNIFER J. JOHNSON
*Associate Secretary of the Board*

## First American Bank of Virginia
## McLean, Virginia

*Order Approving Acquisition of a Bank*

First American Bank of Virginia, McLean, Virginia ("Virginia Bank"), has applied pursuant to section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("BHC Act") to acquire 100 percent of the voting shares of First American Bank of Georgia, N.A. (In Liquidation), Marietta, Georgia ("Georgia Bank"),[1] and thereby become a bank holding company.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 24,498 (1992)). 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.

Virginia Bank is the largest banking subsidiary of First American Bankshares, Inc., Washington, D.C. ("FABI"), controlling $2.4 billion in deposits.[2] Georgia Bank is a liquidating national bank controlling deposits of $204 million.[3] This proposal represents a reorganization by FABI, and would result in Virginia Bank owning all of the shares of Georgia Bank,[4] while Georgia Bank completes liquidation of its assets and liabilities.[5]

The BHC Act does not specifically prohibit a bank from acquiring control of another insured depository institution. The Board, however, has previously found that the ownership structure in which a bank owns and operates another insured depository institution reflects adversely on the financial factors and convenience and needs considerations in the BHC Act, and has denied several proposals by a bank to acquire ownership of another bank.[6]

The Board believes, however, that in light of the unique facts of this case, the concerns expressed by

1. Although Georgia Bank is a bank in liquidation, it is a "bank" for purposes of the BHC Act because Georgia Bank is FDIC-insured.
2. Deposit data are as of April 30, 1992.
3. Georgia Bank has already transferred most of its assets and liabilities to SouthTrust Bank of Atlanta, N.A., Atlanta, Georgia.
4. 12 U.S.C. § 1813(h). As a state-chartered nonmember bank, Virginia Bank is not precluded by law from acquiring the shares of another bank. *Cf.* 12 U.S.C. §§ 24(7) and 335 (generally prohibiting national banks and state-chartered member banks from acquiring shares in commercial banks). The Federal Deposit Insurance Corporation has indicated preliminarily that Virginia Bank's acquisition of the shares of Georgia Bank is not prohibited under relevant law.
5. Georgia Bank has committed not to accept new deposits or to renew any deposits that mature, or to make new loans. The Office of the Comptroller of the Currency has indicated that it has no objection to Virginia Bank's acquisition of Georgia Bank.
6. *See, e.g., Depositors Trust Company*, 64 *Federal Reserve Bulletin* 213 (1978).

the Board in previous cases are not present in this case. Georgia Bank is in the process of liquidation, and expects to wind down its operations within the next two years.[7] During this liquidation period, Georgia Bank will not accept new deposits or make additional loans.[8] Thus, this proposal does not represent an attempt by Virginia Bank to expand its operations. Based on all the facts of record in this case, including the fact that Georgia Bank is a liquidating bank and is scheduled to cease its operations, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the banks involved in this proposal are consistent with approval of this application. Because Virginia Bank and Georgia Bank do not compete in the same banking markets, consummation of this proposal would not result in any significantly adverse competitive effects in any relevant banking markets. Considerations relating to the convenience and needs of the communities to be served and the other factors the Board must consider under section 3 of the BHC Act are also consistent with approval of this application.

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 upon compliance with the commitments made by Virginia Bank and Georgia Bank in connection with this application. All of the commitments and conditions relied upon by the Board in reaching its decision are commitments imposed in writing by the Board in connection with its findings and decision and may be enforced in proceedings under applicable laws. This approval is also conditioned upon Virginia Bank receiving all necessary Federal and state approvals. The transaction approved in this Order 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 Federal Reserve Bank of Richmond, pursuant to delegated authority.

By order of the Board of Governors, effective July 2, 1992.

Voting for this action: Chairman Greenspan and Governors Mullins, Angell, Kelley, LaWare, Lindsey, and Phillips.

JENNIFER J. JOHNSON
*Associate Secretary of the Board*

7. As of April 30, 1992, Georgia Bank had $343 million in total assets and $204 million in deposits. Georgia Bank expects to reduce its assets to $173.8 million and its deposits to $24 million by November 30, 1992, and to wind down all its operations as soon as possible thereafter.

8. *See supra*, note 5.

## Taylor Bancshares, Inc.
## North Mankato, Minnesota

*Order Approving Acquisition of a Bank*

Taylor Bancshares, Inc., North Mankato, Minnesota ("Bancshares"), has applied pursuant to section 3(a)(3) of the Bank Holding Company Act, as amended (12 U.S.C. § 1842(a)(3)) ("BHC Act"), to acquire all of the voting shares of State Bank and Trust Company, New Ulm, Minnesota ("State Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 14,398 (1992)). 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.

Bancshares is the 22nd largest commercial banking organization in Minnesota, controlling deposits of $143.8 million, representing less than 1 percent of total deposits in commercial banking organizations in the state.[1] State Bank is the 45th largest commercial banking organization in Minnesota, controlling deposits of $94.8 million, representing less than 1 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Bancshares would become the 13th largest commercial banking organization in Minnesota, controlling deposits of $238.6 million, representing less than 1 percent of total deposits in commercial banks in the state. Bancshares and State Bank do not compete directly in any banking market. Accordingly, consummation of the proposal would not result in any significantly adverse effect upon competition in any relevant banking market.

The Board believes that financial and managerial factors, as well as the future prospects of the companies involved, are consistent with approval of this proposal. Considerations relating to the convenience and needs of the community to be served also are consistent with approval of the application.

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 is specifically conditioned on compliance with commitments made by Bancshares in the application. Further, these commitments and conditions relied on by the Board in reaching its decision in this case are conditions imposed in writing by the Board in connection with its findings and decision and may be enforced under applicable laws. The acquisition shall not be

1. Deposit data are as of December 31, 1991.

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 Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 13, 1992.

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

JENNIFER J. JOHNSON
*Associate Secretary of the Board*

## *Orders Issued Under Section 4 of the Bank Holding Company Act*

### BankAmerica Corporation San Francisco, California

*Order Approving Acquisition of a Savings Association*

BankAmerica Corporation, San Francisco, California ("BAC"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. 225.23), to acquire indirectly HonFed Bank, a Federal Savings Bank, Honolulu, Hawaii ("HonFed").[1] BAC also has applied to acquire the nonbanking subsidiaries of HonFed and engage in nonbanking activities pursuant to sections 225.25(b)(1), (b)(7), and (b)(8) of the Board's Regulation Y.[2]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 57,647 (1992)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

The Board has determined that the operation of a savings association is closely related to banking and permissible for bank holding companies. 12 C.F.R. 225.25(b)(9). In making this determination, the Board required that savings associations acquired by bank holding companies conform their direct and indirect activities to those activities permissible for bank holding companies under section 4 of the BHC Act. In this regard, the Board has previously determined that the activities of HonFed's nonbanking subsidiaries listed in the Appendix are permissible activities for bank holding companies.[3]

In considering applications under section 4(c)(8) of the BHC Act, the Board is required to determine whether the performance of the proposed activities by the applicant "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

BAC, with total consolidated assets of approximately $200.8 billion, controls 25 insured commercial banks and thrift organizations ("depository institutions") in Arizona, California, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, and Washington.[4] BAC controls a commercial banking organization and a thrift in Oregon. BAC is the third largest depository institution in Oregon, controlling a total of $3.3 billion in deposits, representing approximately 12.9 percent of the total deposits in depository institutions in the state.[5] H.F. Holdings is the third largest depository institution in Hawaii with total consolidated assets of $2.6 billion, controlling $2 billion in deposits, representing approximately 10.9 percent of the total deposits in depository institutions in Hawaii.[6] BOA Savings and HonFed do not compete in any banking market, and upon consummation of the proposed acquisition, BOA Savings would become the third largest depository institution in Hawaii, controlling $2 billion in deposits in Hawaii, representing approximately 10.9 percent of total deposits in depository institutions in the state. Accordingly,

1. BAC will acquire HonFed by merging HonFed's parent holding company, H.F. Holdings, Inc., Marina del Rey, California ("H.F. Holdings"), into an existing second tier company, with H.F. Holdings as the surviving entity. After the merger of HonFed with BAC's wholly owned subsidiary federal savings association, Bank of America, a Federal Savings Bank, Portland, Oregon ("BOA Savings"), H.F. Holdings will be dissolved.

2. A list of the nonbanking subsidiaries is set forth in the Appendix.

3. BAC has committed to divest any impermissible real estate investments within two years of consummation of the proposal and will not undertake new impermissible projects or investments during this period. BAC proposes to limit the activities of HonFed's electronic equipment repair company to servicing BAC and its subsidiaries and to operate this company pursuant to section 4(c)(1)(C) of the BHC Act. BAC has committed that all impermissible activities of this company will cease within one year of consummation and that no new impermissible projects or investments will be undertaken during this period. In addition, BAC has committed to terminate all impermissible insurance activities engaged in by HonFed or any of its subsidiaries on or before consummation of the proposed acquisition, although for up to two years following consummation HonFed or its subsidiaries may continue to service those impermissible policies existing at the time of consummation. HonFed also owns an inactive securities broker/dealer subsidiary that has not commenced business activities and will be dissolved.

4. Asset data for BAC are as of April 30, 1992.

5. State deposit data are as of June 30, 1990.

6. Asset data for H.F. Holdings are as of March 31, 1992.

the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition in any relevant banking market.

*Interstate Branching Considerations*

Following the acquisition of the shares of HonFed, BAC proposes to merge HonFed into BOA Savings, which will result in BAC operating branch offices in Oregon and Hawaii. While the Board has permitted bank holding companies to acquire and operate several savings associations that each operate in a different state, the Board has not to date approved an acquisition that would result in a savings association operating branches interstate. Accordingly, this proposal raises the question of whether a federal savings association owned by a bank holding company may branch into a state other than its home state.

Section 5(r) of the Home Owners Loan Act of 1933 ("HOLA"), enacted by the Garn–St Germain Depository Institutions Act of 1982 ("Garn–St Germain Act"), permits a federal savings association to operate branches outside the association's home state if the association qualifies as a domestic building and loan association under the Internal Revenue Code,[7] and the interstate branches result from a transaction authorized pursuant to section 13(k) of the Federal Deposit Insurance Act, 12 U.S.C. § 1823(k) ("FDI Act").[8]

BAC acquired BOA Savings in 1990 as the successor to The Benjamin Franklin Federal Savings and Loan Association in an assisted emergency transaction under section 13(k) of the FDI Act. In approving that transaction, the Office of Thrift Supervision ("OTS") granted BOA Savings authority to branch at a later date into Hawaii, Illinois, and Texas.[9] The OTS has confirmed in this case that BOA Savings may operate branches interstate under HOLA and the OTS regulations.[10] BAC asserts, and the OTS agrees, that BAC may acquire and operate HonFed as branch offices of BOA Savings under this authority. For these reasons, the Board believes that BOA Savings has the authority to acquire and operate HonFed as interstate branches.

The Board also notes that section 4(c)(8) of the BHC Act and the Board's regulations do not prohibit the operation of interstate branches by thrift institutions owned by bank holding companies. The Board amended its list of permissible nonbanking activities in Regulation Y to include the acquisition of a savings association, and imposed only the condition that the savings association engage only in deposit-taking, lending, and other activities that are permissible for bank holding companies.[11] In taking this action, the Board removed restrictions that the Board had previously imposed on the ability of savings associations owned by bank holding companies to establish branches.[12]

For the reasons discussed above, the Board concludes that the BAC proposal is permitted under the existing branching authorization for federal savings associations and is consistent with the regulatory framework of savings association acquisitions under the BHC Act.

7. *See* 12 U.S.C. § 1464(r)(1). The Internal Revenue Code generally requires that at least 60 percent of a savings association's assets be invested in qualified thrift investments (*e.g.* mortgages, home improvement loans and government obligations). 26 U.S.C. § 7701(a)(19). This test is similar to the "qualified thrift lender" test imposed in section 10(m) of HOLA which requires that at least 70 percent of a savings association's assets be invested in qualified thrift investments, and that these investments continue to equal or exceed 65 percent of the savings association's portfolio assets on a monthly average basis in nine out of every 12 months. *See* 12 U.S.C. § 1467a(m). At this time BOA Savings meets this test.

8. *See* 12 U.S.C. § 1464(r)(2)(A). Section 5(r) of HOLA also permits interstate branching under other circumstances, including where the state in which the branch is to be located permits interstate branching. *See* 12 U.S.C. § 1464(r)(2)(C).

9. *See* OTS Order No. 90–1659 (Sept. 7, 1990); *see also* 12 C.F.R. 556.5(a)(3)(ii).

10. *See* Letter from Howard C. Bluver, Deputy Chief Counsel for Corporate Transactions, OTS, to Deborah D. Emerson, Deputy Attorney General for the State of Hawaii (May 29, 1992). During the comment period for this application, the Hawaii Attorney General's Office filed comments maintaining that certain interstate limitations imposed on a multiple savings and loan holding company controlling savings associations in more than one state were applicable to the BAC proposal. *See* Section 10(e)(3) of HOLA, 12 U.S.C. § 1467a(e)(3) ("section 10(e)(3)"). The OTS concluded that, although BAC would become a multiple savings and loan holding company (defined as a company controlling two or more federal savings associations) for an instant in the multi-stepped merger transaction, BAC would remain a unitary savings and loan holding company upon completion of the merger of HonFed into BOA Savings and thus that the interstate limitations of section 10(e)(3) do not apply to this proposal. Alternatively, the OTS reasoned that in the event that section 10(e)(3) applied to the proposal, BOA Savings was authorized to establish an interstate branch pursuant to section 13(k) of the FDI Act and thus exempted from the limitations of section 10(e)(3). *See* 12 U.S.C. § 1467a(e)(3)(A). The Hawaii Attorney General's Office subsequently withdrew its comments in light of this interpretative guidance from the OTS.

11. *See* 54 *Federal Register* 37,301 (Sept. 8, 1989) (codified at 12 C.F.R. 225.25(b)(9)).

12. Before the enactment of section 601 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), the Board imposed a number of conditions in approving the interstate acquisition of failing or failed thrifts, including conditions that new branches of the savings association be established only at locations permissible for national banks in the state in which the savings association was headquartered, and that the savings association not be operated in tandem with any holding company affiliate (the so-called "tandem operations conditions"). These conditions were imposed in part to prevent the bank holding company from using the acquired savings association to acquire additional thrift institutions on an interstate basis and to ensure that the savings association would not be operated as a branch of the bank holding company's subsidiary bank in violation of the bank branching restrictions. The Board removed the branching restrictions and tandem operations conditions at the time the Board amended its regulatory list of permissible activities for a bank holding company to include the operation of a savings association. *See* 54 *Federal Register* 37,301 (Sept. 8, 1989).

*Other Considerations*

The financial and managerial resources of BAC and its subsidiaries and HonFed are consistent with approval. In assessing the financial factors, the Board believes that bank holding companies must maintain adequate capital at savings associations they propose to acquire. Upon consummation, BOA Savings will meet all applicable capital requirements and will meet all current and future minimum capital ratios adopted for savings associations by the OTS or the Federal Deposit Insurance Corporation.

In considering BAC's acquisition of the nonbanking activities of HonFed, the Board notes that these subsidiaries compete in geographic markets that are regional or national in scope. These markets are served by numerous competitors, and BAC does not have a significant market share in any of these markets. Accordingly, the Board concludes that consummation of this proposal would not have a significant adverse effect on competition in any relevant market. The record does not indicate that consummation of this proposal is 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.

Based upon consideration of all the facts in this case, the Board has determined that the balance of the public interest factors it is required to consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of BAC's application to acquire HonFed. Accordingly, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned upon compliance with all of the commitments made by BAC in connection with this application and the conditions imposed in this Order. This determination is also subject to all of the conditions set forth in the Board's Regulation Y, including sections 225.4(d) and 225.23, and to the Board's authority to require such modifications or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and Orders issued thereunder. All of the commitments and conditions relied on by the Board in reaching its decision in this case are conditions imposed in writing by the Board in connection with its findings and decision and may be enforced in proceedings under applicable laws.

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 San Francisco, pursuant to delegated authority.

By order of the Board of Governors, effective July 13, 1992.

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

JENNIFER J. JOHNSON
*Associate Secretary of the Board*

*Appendix*

*Nonbanking Subsidiaries of HonFed Bank, a Federal Savings Bank*

*Permissible Activities*

(1) *HonFed Financial Services Corporation,* Honolulu, Hawaii, a wholly owned interim holding company of HonFed which serves solely as the holding company for First Collateral Services, Inc.
(2) *First Collateral Services, Inc.,* Concord, California, which is engaged in mortgage warehouse lending pursuant to 12 C.F.R. 225.25(b)(1).
(3) *H.F. Mortgage, Inc.,* Honolulu, Hawaii, which is engaged in application processing, underwriting and loan production services for mortgage loans to be made by HonFed pursuant to 12 C.F.R. 225.25(b)(1).
(4) *SLH, Inc.,* Honolulu, Hawaii, which is engaged in operating an electronic funds transfer system for savings associations and credit unions in Hawaii pursuant to 12 C.F.R. 225.25(b)(7).
(5) *Honofed Ben Lomond Corporation,* Honolulu, Hawaii, which is engaged in holding a mortgage loan pursuant to 12 C.F.R. 225.25(b)(1), and which holds 51 percent of North Ogden Center (to be divested pursuant to BAC's divestiture commitments).
(6) *Weber Mortgage Corporation,* North Ogden, Utah, which is engaged in holding and servicing mortgage loans pursuant to 12 C.F.R. 225.25(b)(1).
(7) *Honofed Insurance, Inc.,* Honolulu, Hawaii, which is engaged in acting as an agent and/or broker of insurance products, specifically credit life and credit disability insurance, fixed rate annuities, and referrals to brokers for property and casualty insurance and life insurance. Honofed Insurance will only engage in credit related insurance activities permissible for bank holding companies pursuant to 12 C.F.R. 225.25(b)(8) upon consummation of the proposal.
(8) *Tel-Tec Hawaii, Inc.,* Honolulu, Hawaii, which buys, sells, leases, services, and repairs electronic equipment. Tel-Tec will only engage in servicing activities pursuant to section 4(c)(1)(C) of the BHC Act, and all impermissible activities for third parties will be divested pursuant to BAC's divestiture commitments.

*Impermissible Activities to be Terminated Pursuant to BAC's Divestiture Commitments*

(9) *Honvest Corporation,* Honolulu, Hawaii, a wholly owned interim holding company of HonFed that serves as the holding company for six subsidiaries of HonFed and owns a 50 percent interest in Healani Ventures (a general partnership in the process of liquidation).
(10) *Honofed Development Corporation,* Honolulu, Hawaii, which is engaged in real estate development through its wholly owned subsidiaries, Honofed Bel Mar Corporation and Honofed Ben Lomond Corporation, and through a 50 percent interest in Bel Mar Estates.
(11) *Honofed Bel Mar Corporation,* Honolulu, Hawaii, which is a general partner in Bel Mar Estates.
(12) *Bel Mar Estates,* a California general partnership (consisting of Honofed Development Corporation and Honofed Bel Mar Corporation) which owns a three acre parcel of undeveloped property in California and holds a 12 percent limited partnership interest in a limited partnership which is developing certain residential property in California.
(13) *North Ogden Center,* North Ogden, Utah, a partnership 51 percent of which is held by Honofed Ben Lomond Corporation and 49 percent of which is held by unrelated parties, which owns a 10 acre parcel in Utah.
(14) *HFSL Corporation,* Honolulu, Hawaii, which holds a masterlease in a Honolulu office building and subleases space under that masterlease.

*Inactive Subsidiaries to be Terminated*

(15) *Advanced Computer Systems Corporation,* Honolulu, Hawaii, which is an inactive data processing company.
(16) *HFB Securities, Inc.,* Honolulu, Hawaii, which is an inactive securities broker/dealer.

## SouthTrust Corporation
## Birmingham, Alabama

*Order Denying Acquisition of a Savings Association*

SouthTrust Corporation, Birmingham, Alabama ("SouthTrust"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has proposed to acquire First Federal Enterprises, Inc. ("First Federal"), and thereby indirectly acquire First Federal's savings association subsidiary, First Federal Savings Bank ("Savings Bank"); and to merge Savings Bank with SouthTrust's subsidiary bank, SouthTrust Bank of Northwest Florida ("SouthTrust Bank"), all in Marianna, Florida. This proposal requires the Board's approval pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 5(d)(3) of the Federal Deposit Insurance Act ("FDI Act"), as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. No. 102-242, § 501, 105 Stat. 2236, 2388 (1991). In considering proposals under section 5(d)(3) of the FDI Act, the Board must consider the factors and follow the procedures established in the Bank Merger Act.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 15,086 (1992)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act and in the Bank Merger Act.

The Board has previously determined that the operation of a savings association is closely related to banking and permissible for bank holding companies. 12 C.F.R. 225.25(b)(9). In making this determination, the Board requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act. SouthTrust has committed to conform all activities of Savings Bank to the requirements of section 4 of the BHC Act and the Board's Regulation Y.

The Board must also consider the competitive aspects of each proposal under section 4(c)(8) of the BHC Act.[2] In addition, the Bank Merger Act prohibits approval of any proposal that would substantially lessen competition in any relevant banking market unless the agency finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served. 12 U.S.C. § 1828(c).

SouthTrust, the sixth largest commercial banking organization in Florida, controls nine banks in Florida

1. 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).

2. Section 4(c)(8) of the BHC Act requires the Board to determine that the acquisition of Savings Bank "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

with total deposits of approximately $1.2 billion, representing 1 percent of total deposits in commercial banks in the state. First Federal, is the 65th largest thrift organization in Florida, controlling one savings association with total deposits of approximately $87.6 million, which represents less than 1 percent of total thrift deposits in the state. Upon consummation of this proposal, SouthTrust would remain the sixth largest commercial banking organization in Florida, controlling total deposits of approximately $1.3 billion, representing 1.1 percent of total deposits in commercial banking organizations in the state.[3]

*Definition of the Marianna Banking Market*

SouthTrust Bank and Savings Bank compete directly in the banking market of Marianna/Chattahoochee/Chipley/Bonifay in Florida (the "Marianna banking market").[4] The Board has previously indicated that the relevant banking market must reflect the commercial and banking realities and should consist of the localized area where the banks involved offer their services and where local customers can practically turn for alternatives.[5]

In this regard, the Board has carefully considered SouthTrust's arguments that the relevant banking market in this case should be defined to include the City of Dothan, Alabama ("Dothan"), the county seat of Houston County, Alabama.[6] SouthTrust relies on data from the Dothan Chamber of Commerce, which designate trade and labor-shed areas from Dothan that extend into Florida.[7] SouthTrust has also provided the results of an informal survey of Marianna residents and account data from its Dothan bank to support the inclusion of Dothan within the Marianna banking market.[8]

Dothan is located approximately 41 road miles from Marianna, Florida, where Savings Bank and SouthTrust Bank are located. The Ranally Metro Area ("RMA") for Dothan includes portions of Dale, Henry, Houston, and Geneva Counties, all in Alabama, but does not extend into Florida.[9] An RMA is a privately defined geographic locality that is demographically and commercially integrated. The Board has previously found RMA definitions to be helpful as a guide in defining relevant geographic banking markets.[10]

In addition, 1990 commuting data from the Census Bureau suggest that there is not significant commuting to Dothan from Marianna or its surrounding communities. The percentages of employed residents commuting to Houston County in 1990 from the counties contained in the Marianna banking market are as follows: Holmes County (3.8 percent), Jackson County (3.9 percent), and Washington County (1.6 percent).

In May 1992, the Federal Reserve Bank of Atlanta conducted a telephone survey of customers in the Marianna area, and the results of this survey indicated that consumers in this market did not rely significantly on Dothan financial institutions for banking services. Only one of the 80 respondents who maintained a primary checking account had this account in a financial institution in Dothan, and only five of the 59 loans outstanding were from Dothan financial institutions. Based on these and all other facts of record, the Board believes that Dothan, Alabama, and the Alabama Counties of Dale, Henry, Houston, and Geneva should not be included in the geographic banking market in this case and that the relevant geographic banking market is the Marianna banking market as defined above.

*Competitive Effects in the Marianna Banking Market*

SouthTrust Bank is the second largest of 12 depository institutions in the market, controlling deposits of $118.4 million, representing 26.6 percent of total deposits in depository institutions in the market ("mar-

3. State deposit data are as of December 31, 1991.

4. The Marianna banking market is comprised of Jackson County, the eastern two-thirds of Holmes County (including Westville), the northern part of Washington County (excluding Vernon and Wausau), and the city of Chattahoochee in Gadsden County, all in Florida.

5. *See St. Joseph Valley Bank*, 68 *Federal Reserve Bulletin* 673, 674 (1982).

6. Dothan is located 15 miles from the Florida/Alabama state line which serves as the northern boundary for the Marianna banking market. The Board has previously defined Dothan as a separate banking market approximated by Houston County, Midland City and Grimes in Dale County, and Headland and Newville in Henry County, all in Alabama. *See SouthTrust Corporation*, 75 *Federal Reserve Bulletin* 77, 77 n.1 (1989).

7. SouthTrust has also submitted a consultant's study based on 1980 Census Bureau commuting data. The study indicates, among other things, that extrapolations of commuting times suggest that Dothan is a likely destination for commuters in the Marianna banking market.

8. According to SouthTrust, conversations with Marianna residents suggest that these residents prefer Dothan for shopping, health care, and entertainment. In addition, SouthTrust states that its Dothan bank maintains 750 accounts from 401 households located in the Florida counties of Jackson, Holmes, and Washington, and notes that there are no legal impediments to interstate financial transactions. SouthTrust also asserts that Dothan banks compete with banks in Marianna for commercial accounts, particularly from realtors and car dealerships.

9. The Dothan MSA consists of the Alabama Counties of Dale and Houston.

10. *See St. Joseph Valley Bank, supra* note 5. An RMA is defined generally as a compact area with relatively high population density that is linked by commuting, retail, and wholesale trade patterns, and by definition will include a central city or cities and all adjacent continuously built up areas, as well as certain other areas. Where appropriate, an RMA may include communities that border different states. *See 1992 Commercial Atlas & Marketing Guide* (Rand McNally and Company 1992).

ket deposits").[11] Savings Bank is the fourth largest depository institution in the market, controlling deposits of $74.9 million, representing approximately 8.4 percent of total market deposits. If the proposed merger were consummated, SouthTrust Bank would become the largest depository institution in the market, controlling $193.3 million in deposits, representing approximately 40.1 percent of total market deposits. The Herfindahl–Hirschman Index ("HHI") for the Marianna banking market would increase by 672 points to 2488. The Marianna banking market is considered to be highly concentrated, and this increase would exceed the permissible levels under the merger guidelines of the Department of Justice.[12]

SouthTrust maintains that several factors mitigate the anticompetitive effects of the proposal. SouthTrust notes that a large number of competitors will remain in the market after consummation and that these competitors are healthy and profitable. In addition, SouthTrust points to the recent entry of a commercial bank and a thrift as evidence of the market's attractiveness to potential competitors.

The Board believes that the measures under the merger guidelines are particularly significant in light of the structure of the Marianna banking market, and that the anticompetitive effects suggested under these guidelines are not mitigated by other factors. Upon consummation, SouthTrust Bank would become the market's largest competitor, with a market share more than 50 percent greater than that of the second largest firm. In addition, SouthTrust Bank would control eight of the market's 22 bank and thrift offices with only one competing firm controlling more than two bank and thrift offices.[13] Moreover, most of the remaining depository institutions in the market are relatively small and have small market shares. Seven of the remaining 11 competitors after consummation of the proposal would control market shares of 5 percent or less.[14]

The Board also believes that a number of characteristics make this market unattractive for entry. The Marianna banking market is a rural market, relatively small and poor by Florida standards, and has experienced slow population growth.[15] In addition, population and deposits per bank and banking office in the Marianna banking market were generally below the average for all non-MSA markets in Florida.[16] The weighted average growth for deposits in this market was 6.3 percent from 1989 to 1990 compared with 9 percent for all Florida non-MSA markets. Accordingly, this market does not possess the characteristics that typically attract new competitors. Moreover, although the Office of Thrift Supervision ("OTS") approved the acquisition of a banking office in the Marianna banking market in May 1992,[17] there has not been *de novo* entry into this market since prior to 1987.[18]

11. Deposit and market share data are as of June 30, 1991. In this context, depository institutions include commercial banks, savings banks and savings associations. Market share data before consummation are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of Savings Bank would be transferred to a commercial bank under this proposal, those deposits are included at 100 percent in the calculation of the *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990);

12. 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 Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers and acquisitions for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

If thrift deposits are weighted at 50 percent both before and after consummation of SouthTrust's proposal, SouthTrust Bank's market share would increase to 35 percent and the HHI would increase by 448 points to 2264, a level still in excess of the Department of Justice merger guidelines.

13. Citizens Bancorp currently controls three banking offices, and seven of the 12 competitors in the Marianna banking market control only one bank or thrift office.

14. Upon consummation of the SouthTrust proposal, SouthTrust Bank and its second largest competitor would control 66.1 percent of market deposits.

15. The population of the Marianna banking market is approximately 75,000 and it is a non-MSA (metropolitan statistical area) Florida "panhandle" market. Between 1980 and 1990, population in the three counties largely comprising this banking market increased by a weighted average of 9.4 percent, while the average population increase for all non-MSA Florida counties was 46.3 percent. The average per capita income for this area is approximately $9,200 which is 80 percent of the average for non-MSA Florida counties.

16. Population per bank in the Marianna banking market in 1991 was 7,885 compared with 11,243 for all non-MSA markets in Florida; and deposits per bank in the Marianna banking market were $39.9 million compared to $97.4 million for all non-MSA markets in Florida. During the same period, deposits per banking office in this market were $21.2 million compared with $32.1 million for all Florida non-MSA markets; while population per banking office was slightly higher in this market with 5,166 compared with 4,580 for all Florida non-MSA markets.

17. The OTS approved Peoples First Financial Savings and Loan Association, Panama City, Florida, which is located in an adjacent Florida banking market, to acquire an office of Farmers Bank of Malone, Malone, Florida, one of the smaller banking competitors in the Marianna banking market.

18. Within the last five years there have been several indirect acquisitions of branch offices located in the Marianna banking market. In each case, however, the entry occurred through the acquisition of a single branch office of a firm that was headquartered outside of the Marianna banking market. For example, in 1991 First Union Corporation, Charlotte, North Carolina, acquired Southeast Banking Corporation, Miami, Florida, and thereby acquired a branch of Southeast Banking Corporation located in the Marianna banking market. Similarly, in 1987 Gadsden City Bank Group, Gadsden, Florida, acquired Pioneer Savings, Quincy, Florida, and thereby acquired a branch of Pioneer Savings located in the Marianna banking market.

SouthTrust also maintains that the anticompetitive effects of the proposed merger would be lessened because SouthTrust Bank and Savings Bank do not directly compete in several banking product lines.[19] In particular, SouthTrust notes that the merger would not diminish commercial lending in the market because Savings Bank does not make commercial loans. SouthTrust's analysis differs from the cluster of bank products and services approach used by the Board. For the reasons explained in previous decisions, the Board continues to believe that the competitive analysis of bank expansion proposals should be based on the availability of the cluster of banking services to a range of customers in the local banking market.[20]

Based on a review of all the facts of record, including the demographic and economic factors of the Marianna banking market, the number of competitors, and the resulting control of market share and bank and thrift offices after the merger, the Board believes that the proposed transaction would have a significantly adverse effect on competition.

The Board also believes these significant competitive effects are not clearly outweighed in the public interest by benefits to the convenience and needs of the communities to be served or other benefits to the public. Savings Bank is in satisfactory financial condition with strong earnings and a solid equity base, and it is an important provider of financial services in the Marianna banking market. For example, the record indicates that Savings Bank is a significant lender for 1–4 family residential mortgages in the market and is second in this product line only to SouthTrust Bank. In addition, Savings Bank and SouthTrust Bank are the only lenders in the market providing both conventional and VA/FHA mortgage loans. The Board does not believe that, in light of all the facts of record, public benefits associated with this proposal would clearly outweigh the likely adverse effects of the proposal on competition in the Marianna banking market.

For these reasons, and based on all of the facts of record, the Board concludes that considerations relating to the competitive effects of this proposal are not consistent with approval. Considerations relating to the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the communities to be served, do not lend sufficient weight to warrant approval of these applications.

19. SouthTrust argues that Savings Bank primarily provides mortgage loans while SouthTrust Bank concentrates on small business and consumer credit.

20. *See First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991); *United States v. Philadelphia National Bank*, 374 U.S. 321 (1963).

Accordingly, it is the Board's judgment that approval of these applications is not warranted, and the Board hereby denies these applications under section 4(c)(8) of the BHC Act and section 5(d)(3) of the FDI Act.

By order of the Board of Governors, effective July 9, 1992.

Voting for this action: Chairman Greenspan and Governors Mullins, Angell, Kelley, Lindsey, and Phillips. Voting against this action: Governor LaWare.

WILLIAM W. WILES
*Secretary of the Board*

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

### Glacier Bancorp, Inc.
### Kalispell, Montana

#### *Order Approving Formation of a Bank Holding Company*

Glacier Bancorp, Inc., Kalispell, Montana ("Glacier"), 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 of the voting shares of Evergreen Bancorporation, Kalispell ("Evergreen"), and thereby indirectly acquiring First National Bank of Whitefish, Whitefish ("Whitefish Bank"), and First National Bank of Eureka, Eureka ("Eureka Bank"), all in Montana. Glacier also has applied under section 4(c)(8) of the BHC Act to retain its interest in First Federal Savings Bank of Montana, Kalispell, Montana ("First Federal"), and thereby engage in operating a savings association and in securities brokerage activities pursuant to the Board's Regulation Y (12 C.F.R. 225.25(b)(9) and (15)).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 18,495 (1992)). The time for filing comments has expired, and the Board has considered the applications and all the comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the BHC Act.[1]

#### *Competitive Considerations*

Glacier owns the 19th largest insured depository institution in Montana, controlling deposits of $52.4 mil-

1. The Board has received comments from an individual ("Protestant") relating to competitive, convenience and needs, managerial and financial considerations regarding this proposal.

lion, representing less than 1 percent of total deposits in bank and thrift institutions ("depository institutions") in the state.[2] Evergreen is the 41st largest depository institution in Montana, controlling deposits of $37.2 million, representing less than 1 percent of total deposits in depository institutions in the state. Upon consummation of the proposed transaction, Glacier would become the eighth largest depository institution in Montana, controlling deposits of $142.0 million, representing approximately 2 percent of total deposits in depository institutions in the state.

Glacier and Evergreen compete directly in the Kalispell banking market.[3] Evergreen is the eighth largest depository institution in the market, controlling deposits of $35.5 million, representing approximately 6.5 percent of total deposits in depository institutions in the market ("market deposits"). Glacier is the sixth largest depository institution in the market, controlling deposits of $45.2 million, representing approximately 8.2 percent of market deposits. Upon consummation of this proposal, Glacier would control $125.9 million in deposits, representing approximately 21.2 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") for this market would increase by 175 points to 1414,[4] and ten other depository institutions would continue to compete in this market. Based on all the facts of record, the Board concludes that consummation of this proposal would not result in a significantly adverse effect on competition in the Kalispell banking market or any other relevant market.[5]

*Convenience and Needs Considerations*

In analyzing the effect of this merger on the convenience and needs of the communities to be served by Glacier and Evergreen, the Board has taken into account the record of performance of Whitefish Bank, Eureka Bank and First Federal 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 an 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 the institution," and to take that record into account in its evaluation of bank holding company applications.[6]

The Board has carefully reviewed the CRA performance records of Whitefish Bank, Eureka Bank and First Federal, as well as Protestant's comments and Glacier's responses to those comments, and all of the other relevant facts, 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").[7]

Initially, the Board notes that First Federal received an "outstanding" rating for CRA performance from its

2. State deposit data are as of June 30, 1991. Market deposit data are as of June 30, 1990. Deposit 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, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of First Federal would be controlled by a commercial banking organization under Glacier's proposal, those deposits are included at 100 percent in the calculation of the *pro forma* market share. *See Norwest Corporation*, *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990).

3. The Kalispell banking market is approximated by Lincoln and Flathead Counties, as well as Big Fork-Swan River and Polson division in Lake County, all in Montana.

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 between 1000 and 1800 is deemed 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 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.

5. Protestant asserts that financial institutions in the Kalispell banking market in practice compete in local Montana submarkets, especially in Eureka and Whitefish. In Protestant's view, this proposal would have an adverse effect on competition because two principals of the Mountain Bank of Whitefish, the only banking competitor for the Evergreen subsidiary banks to be acquired in these submarkets, own shares in the Evergreen banks. Annex A to the Stock Purchase Agreement relied on by Protestant, however, documents principals' debt to, not ownership interest in, the Evergreen subsidiary banks, and there is no evidence in the record of ownership as alleged by Protestant. In addition, the evidence of record supports the inclusion of Eureka and Whitefish in the Kalispell banking market. For example, both towns are connected to Kalispell by good roads, with Whitefish located 13 miles and Eureka located 65 miles from Kalispell. The Bureau of Business and Economic Research at the University of Montana in Missoula also defines Kalispell as a "second level trading center" and one of the fastest growing areas in Montana, and several Kalispell banks indicate that they have a large number of accounts from Eureka and Whitefish. Moreover, even if the Eureka and Whitefish submarkets were relevant in this case, Glacier does not compete in either of these submarkets and, accordingly, its entry through the proposed acquisition would have no competitive effect on these markets.

6. 12 U.S.C. § 2903.

7. 54 *Federal Register* 13,742 (1989). The Agency CRA Statement provides guidance regarding the types of policies and procedures that the supervisory agencies believe financial institutions should have in place in order to fulfill their responsibilities under the CRA on an ongoing basis and the procedures that the supervisory agencies will use during the application process to review an institution's CRA compliance and performance. The Agency CRA Statement also indicates that decisions by agencies to allow financial institutions to expand will be made pursuant to an analysis of the institution's overall CRA performance and will be based on the actual record of performance of the institution.

primary regulator, the Office of Thrift Supervision ("OTS"), in its most recent examination for CRA performance in November 1990.[8] Whitefish Bank and Eureka Bank also received "outstanding" and "satisfactory" ratings, respectively, in their most recent examinations for CRA performance from their primary regulator, the Office of the Comptroller of the Currency ("OCC").[9] 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]

Protestant alleges that Glacier engages in insufficient commercial lending and that this proposal will curtail the commercial lending of Whitefish Bank and Eureka Bank. In support of these allegations, Protestant notes that First Federal's annual report indicates that only 2 percent of its loan receivables were commercial loans.[11]

Glacier responds that Protestant's comments do not account for First Federal's loans secured by real estate, including loans for five-or-more unit apartments and construction loans for residential properties, motels and other commercial purposes. With these loans, lending for business purposes comprises 14.6 percent of First Federal's total loan portfolio.

Glacier also proposes to expand its commercial lending operations through the proposed acquisition of Evergreen's subsidiary banks. As indicated by the March 1992 Call Reports of Whitefish Bank and Eureka Bank, commercial and industrial loans comprise 62 percent of Whitefish Bank's loan portfolio and 53 percent of Eureka Bank's loan portfolio. Glacier will continue to operate Whitefish Bank and Eureka Bank as separate banks with the same staffs as are currently in place and will continue their current banking practices regarding commercial lending. In addition, First Federal intends to use the commercial lending experience of these banks to increase its commercial loan activity, to the extent permissible under statute, and has recently expanded its commercial lending staff by employing an experienced commercial loan officer.

On the basis of all the facts of record, including comments received and relevant examination reports, the Board concludes that convenience and needs considerations, including the CRA performance records of Glacier and Evergreen, are consistent with approval of these applications.

*Financial, Managerial and Other Considerations*

The Board also concludes that the financial and managerial resources and future prospects of Glacier, Evergreen and its subsidiary banks, and other factors required to be considered under the BHC Act are consistent with approval.[12]

Glacier also has applied pursuant to section 4(c)(8) of the BHC Act to retain its interest in First Federal, and thereby engage in operating a savings association and in securities brokerage activities. The Board has previously determined that the operation of a savings association and securities brokerage activities are closely related to banking for purposes of section 4(c)(8) of the BHC Act, and permissible for bank holding companies.[13] In assessing the financial factors, the Board believes that bank holding companies must maintain adequate capital at savings associations that they operate. Upon consummation, First Federal will meet all applicable capital requirements and Glacier has committed that First Federal will meet all current and future minimum capital ratios adopted for savings associations by the OTS or the Federal Deposit Insurance Corporation.

In order to approve the retention of First Federal under section 4 of the BHC Act, the Board also is required to determine that the performance of the proposed activities by Glacier "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

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8. The OTS examination commended First Federal's ascertainment efforts though community contact with public and private groups and market studies to determine community credit needs. First Federal, through its board of directors, has been responsive to community credit needs through product development, which has included loans for residential homes, housing rehabilitation and small businesses. The OTS also found that First Federal effectively markets its products, and that the geographic distribution of its loans indicates that all segments of the community are being reached. First Federal's participation in local community development activities was also found to be commendable.

9. Whitefish Bank was examined as of August 1989 and Eureka Bank was examined as of January 1987.

10. 54 *Federal Register* at 13,745.

11. Federal regulations limit the amount of loans classified as commercial loans, other than loans secured by real estate, by a federal savings association to 10 percent of its assets. 12 C.F.R. 545.46.

12. Protestant suggests that three civil actions involving Evergreen and Whitefish Bank since 1986 raise managerial and financial concerns. Glacier responds that two of these suits were collection actions and that one action was initiated by Protestant. These proceedings will provide Protestant and other litigants with an adequate remedy if the alleged misconduct can be established in the individual loan transactions. On the basis of all the facts of record, including examination reports from Whitefish Bank's primary regulator and confidential financial information, the Board concludes that Protestant's comments regarding adverse managerial and financial considerations are not supported by the record of these applications.

13. 12 C.F.R. 225.25(b)(9) and (15). Glacier currently engages in insurance activities that are impermissible for bank holding companies under section 4(c)(8) of the BHC Act. Glacier has committed to divest all insurance activities prior to consummation of its acquisition of Evergreen.

Glacier has stated that the proposal will result in an increase in services for customers of Glacier and Evergreen. The record does not 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. There is no evidence in the record to indicate that consummation of this proposal is likely to result in any other significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that are not outweighed by the public benefits in this case. Based on consideration of all the facts in this case, 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 the applications.

Based on the foregoing and other facts of record, and subject to the commitments made by Glacier in this case, the Board has determined that the applications should be, and hereby are, approved. This approval is specifically conditioned on compliance by Glacier with all of the commitments made in connection with these applications and with the conditions referenced in this order. The determinations as to Glacier's nonbanking activities are also subject to all the conditions contained in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as it finds necessary to assure compliance with, or 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 in reaching this decision are conditions imposed in writing by the Board in connection with its findings and decision and may be enforced in proceedings under applicable law.

The acquisition of Evergreen shall 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 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 July 20, 1992.

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

JENNIFER J. JOHNSON
*Associate Secretary of the Board*

## *Orders Issued Under Bank Merger Act*

### Farmers State Bank of Western Illinois
### New Windsor, Illinois

*Order Approving Acquisition of Certain Assets and Assumption of Certain Liabilities of a Bank and the Establishment of Branches*

Farmers State Bank of Western Illinois, New Windsor, Illinois ("Farmers Bank"), a state member bank, has applied, pursuant to section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act"), to purchase certain assets from and assume certain liabilities of the Bank of Alexis, Alexis, Illinois ("Alexis Bank"). Farmers Bank also has applied, pursuant to section 9 of the Federal Reserve Act ("FRA") (12 U.S.C. § 321 *et seq.*), to establish branch offices at Alexis Bank's former site and at 320 N. Division Street, Woodhull, Illinois, and for permission to make an additional investment in bank premises pursuant to section 24A of the Federal Reserve Act (12 U.S.C. § 371(d)). This proposal represents a corporate reorganization of Farmers Bank's parent holding company, Alpha Banco Inc., Alpha, Illinois.

Notice of these applications, 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)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. 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 the Bank Merger Act (12 U.S.C. § 1828(c)(5)) and in section 9 of the FRA.

Farmers Bank is the 409th largest commercial banking organization in Illinois, controlling deposits of $42.4 million.[1] Alexis Bank is the 698th largest banking organization in Illinois, controlling approximately $12.9 million in deposits. Farmers Bank operates in the Mercer County, Illinois, banking market,[2] while Alexis Bank operates in the Warren County, Illinois banking market.[3] Since Farmers Bank and Alexis Bank do not compete in the same

1. Data are as of December 31, 1990.
2. The Mercer County, Illinois banking market includes Mercer County, and Drury and Buffalo Prairie Townships in Rock Island County, all in Illinois.
3. The Warren County, Illinois banking market is approximated by Warren County, Illinois.

banking market, and since this proposal represents only a corporate reorganization, the Board concludes, based on these and all the other facts of record, that consummation of the proposal would not have a significantly adverse effect on competition in any relevant banking market.

The Board also concludes, on the basis of all the facts of record, that the managerial resources of Farmers Bank and its parent holding company are consistent with approval.[4] Considerations relating to the convenience and needs of the communities to be served also are consistent with approval. In addition, the Board concludes on the basis of all the facts of record that the financial resources and future prospects of Farmers Bank and its parent holding company are consistent with approval.[5]

The Board also has considered the factors it is required to consider when reviewing applications for establishing branches pursuant to section 9 of the FRA (12 U.S.C. § 322) and finds those factors to be consistent with approval of Farmers Bank's application under section 9 to establish branches at Alexis Bank's former site and at Woodhull, Illinois. In connection with its application to establish a branch at Woodhull, Illinois, Farmers Bank has requested permission under section 24A of the Federal Reserve Act to make an additional investment in bank premises. The Board concludes that Farmers Bank's additional investment in bank premises will support Farmers Bank's acquisition of the Woodhull branch and is consistent with approval.

Based on the foregoing and all the facts of record, the Board has determined that the applications should be, and hereby are, approved. This transaction should not be consummated before the thirtieth calendar day following the effective date of this Order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

4. The Board has carefully considered comments opposing these applications from two individuals ("Protestants") who are also plaintiffs in a suit filed for damages resulting from two separate loan transactions involving Protestants. Protestants filed suit in August 1985. Based on all of the facts of record, including the information provided by Protestants and Farmers Bank and the recent examination reports relating to the management of Farmers Bank, the Board does not believe that Protestants' allegations, if true, reflect so adversely on the management of Farmers Bank as to warrant denial of these applications. The Board also notes that the pending civil action will provide Protestants with an opportunity to fully press their claims and obtain a remedy, if their allegations are proved and a remedy is appropriate.

5. The Board notes that this proposal is a corporate reorganization. In light of all of the facts of record, consummation of the proposal would not adversely affect Farmers Bank's ability to pay any damages, which are speculative at this point, that may be awarded in the Protestants' civil action, or materially affect the financial condition of Farmers Bank.

By order of the Board of Governors, effective July 27, 1992.

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

JENNIFER J. JOHNSON
*Associate Secretary of the Board*

## *ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT*

*By the Board*

July 20, 1992

Mr. Bruce Rigelman
Senior Attorney
Banc One Corporation
100 East Broad Street
Columbus, Ohio 43271-0261

Dear Mr. Rigelman:

Banc One Corporation, Columbus, Ohio ("Banc One"), has proposed to acquire certain assets and assume certain liabilities of Diamond Saving and Loan Company, Findlay, Ohio, through four of its bank subsidiaries (collectively, "Banks").[1] Banc One has requested Board approval of this transaction 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 follow the procedures and consider the factors set forth in the Bank Merger Act (12 U.S.C. § 1828(c)). 12 U.S.C. § 1815(d)(3)(E).[2]

Banc One and Diamond compete in the Port Clinton, Celina-St. Marys, Lima, Sandusky and Van Wert banking markets, all in Ohio. In the Port Clinton banking market,[3] Banc One is the fourth largest of nine commercial banking or thrift institutions (together, "depository institutions"), controlling deposits of

1. The four bank subsidiaries are Bank One, Fremont, N.A., Fremont; Bank One Lima, N.A., Lima; Bank One, Marion, Marion; and Bank One, Sidney, N.A., Sidney, all in Ohio.

2. 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).

3. The Port Clinton banking market is approximated by Ottawa County, except Allen, Clay, Benton and Harris townships, all in Ohio.

$41.1 million, representing approximately 14.5 percent of total deposits in depository institutions in the market ("market deposits").[4] Diamond controls deposits of $35 million. With thrift deposits in the market weighted at 50 percent,[5] Diamond is the fifth largest depository institution in the market, representing approximately 6.2 percent of market deposits. Upon consummation of this proposal, Banc One would control $76.1 million in deposits, representing approximately 25.3 percent of market deposits.[6] The Herfindahl–Hirschman Index ("HHI") for this market would increase by 207 points to 2081.[7]

Seven commercial banking organizations and one thrift institution would continue to operate in the Port Clinton banking market following consummation of the proposal. In addition, the Port Clinton banking market has certain features that make the market attractive to potential entrants.[8] In light of the number of competitors remaining in the market, certain features that make the market attractive to potential entrants, and other facts of record in this case, the Board concludes that consummation of this proposal would not have a significantly adverse effect on competition or the concentration of banking resources in the Port Clinton banking market. The Board also concludes that consummation of this proposal would not have a significantly adverse effect on competition in any of the other relevant banking markets.[9]

The Board also concludes that the financial and managerial resources and future prospects of Banc One and Banks 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.[10] Moreover, the record in this case shows 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) Banc One and Banks currently meet, and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

(3) since Banks are located in Ohio and are acquiring certain assets and assuming certain liabilities of an Ohio federal savings bank, the proposed transaction would comply with the Douglas Amendment if Diamond were a state bank that Banc One was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

Based on the foregoing and all of the facts of record, the Board has determined that this application should be, and hereby is, approved.[11] This approval is subject to Banks obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act. The Board's approval of this application also is conditioned upon Banc One's compliance with the commitments made in connection with this application. The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its findings and decision, and may be enforced under applicable provisions of

4. Deposit data are as of June 30, 1991.

5. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52, 55 (1991); *First Union Corporation*, 76 *Federal Reserve Bulletin* 83, 85 (1990).

6. Because the deposits of Diamond would be transferred to a commercial bank under Banc One's proposal, those deposits are included at 100 percent after Banc One's assumption of these deposits. *See First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990); *Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992).

7. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is deemed 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. However, 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.

8. These aspects of the market include:

(1) greater deposits per office than other non-MSA markets in Ohio, on average ($23.2 million in 1990, compared to $22 million for other non-MSA markets in Ohio);

(2) greater median household effective buying income than other MSA and non-MSA markets in Ohio, on average ($33,705 in 1990, compared to $23,836 for other non-MSA markets in Ohio and $28,340 for MSA markets); and

(3) greater personal income per capita than other MSA and non-MSA markets in Ohio, on average ($17,612 in 1989, compared to $13,354 for other non-MSA markets in Ohio and $15,849 for MSA markets).

9. In the Celina-St. Marys banking market, Banc One would become the third largest depository institution, and the HHI would increase by 42 points to 1381. Banc One would remain the largest depository institution in the Lima banking market, and the HHI would increase by 323 points, to a level of 1469. In the Sandusky banking market, Banc One would become the fourth largest depository institution, and the HHI would decrease by 44 points to 2425. Banc One would remain the third largest depository institution in the Van Wert banking market, and the HHI would increase by 35 points, to a level of 2428.

10. The Board received a comment from two customers of Diamond alleging that Banc One has uncompetitive interest rates and a less than satisfactory selection of banking services. Banc One has stated that after consummation of the proposal it will offer a variety of retail banking products and services. For example, Diamond's checking accounts will be converted into Bank One Regular or Money Market Checking Accounts, which offer unlimited transactions with a minimum monthly balance of $500 and $1,000, respectively. Bank One also claims that its interest rates are competitive, and that the passbook savings rate of Bank One Lima, N.A., is higher than the current passbook savings rate of Diamond. Based on a review of all of the facts of record, the Board does not believe that these comments warrant denial of the proposal.

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

law. This approval is limited to the proposal presented to the Board by Banc One, 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 letter, or later than three months after the effective date of this letter, unless such period is extended by the Board or the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority. In connection with this provision, advice of the fact of consummation should be given in writing to the Reserve Bank.

Very truly yours,

JENNIFER J. JOHNSON
*Associate Secretary of the Board*

cc: Federal Reserve Bank of Cleveland
Tom Hesselbrock, Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency
Department of Justice

July 20, 1992

Donald L. Johnson
171 Monroe Avenue, N.W.
Suite 800
Grand Rapids, Michigan 49503

Dear Mr. Johnson:

West Shore Bank Corporation, Scottville, Michigan ("West Shore"), has proposed to acquire certain assets and assume certain liabilities of the Ludington, Michigan, branch of Great Lakes Bancorp, F.S.B., Ann Arbor, Michigan ("Great Lakes"), through its bank subsidiary, State Savings Bank of Scottville, Scottville, Michigan ("Bank"). West Shore has requested Board approval of this transaction 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 follow the procedures and consider the factors set forth in the Bank Merger Act (12 U.S.C. § 1828(c)). 12 U.S.C. § 1815(d)(3)(E).[1]

West Shore, with $93.4 million in deposits, is the 53d largest commercial banking organization in Michigan.[2] Bank and Great Lakes compete in the Ludington, Michigan, banking market.[3] Bank is the largest of eight depository institutions in the market, controlling deposits of $88.8 million, representing approximately 24.7 percent of total deposits in depository institutions in the market ("market deposits").[4] Great Lakes is the seventh largest depository institution in the market, controlling $24.6 million in deposits, representing approximately 3.4 percent of market deposits. Upon consummation of this proposal, Bank would control $113.3 million in deposits, representing approximately 30.5 percent of market deposits. The Herfindahl-Hirschman Index ("HHI") for this market would increase by 240 points to 1930.[5] A number of characteristics of the Ludington banking market indicate that the increase in concentration levels as measured by the HHI for this market overstates the possible effect of the proposal on competition. Upon consummation of this proposal, seven depository institutions would remain as competitors and four of the remaining competitors would have market shares of at least 13 percent. In addition, three of the market's remaining firms, ranked second, third and fourth in the market, are among the largest banking organizations in Michigan.[6] In contrast, Great Lakes is one of the

1. 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).

2. Deposit and market data are as of June 30, 1990.

3. The Ludington banking market is approximated by Mason County except Grant, Freesoil and Meade townships; Lake County except Elk and Eden townships; Oceana County; and the northern one-third of Newaygo County; all in Michigan.

4. In this context, depository institutions include commercial banks, savings banks and savings associations. Market share data before consummation are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of Great Lakes would be transferred to a commercial bank under this proposal, those deposits are included at 100 percent in the calculation of the *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.* 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990).

West Shore and a second banking organization in the Ludington market, Lake Osceola State Bank, are commonly owned. Accordingly, these two banking organizations have been combined for purposes of this analysis.

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 deemed to be 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. These competitors are First Michigan, Holland, Michigan; First of America, Kalamazoo; and Old Kent, Grand Rapids, all in Michigan.

smallest competitors in the market and has not been effective in increasing its market share.[7] Finally, the legal barriers to entry under state law in the Ludington banking market are low.

Based on these and other facts of record, the Board has determined that consummation of this proposal is not likely to have a significantly adverse effect on competition in the Ludington banking market or any other relevant banking market.

The Board also concludes that the financial and managerial resources and future prospects of Great Lakes and West Shore and their subsidiaries are consistent with approval of this application. Considerations relating to the convenience and needs of the community to be served are also consistent with approval. Moreover, the record in this case shows 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) West Shore and Bank currently meet, and upon consummation of the proposed transaction will continue to meet, all applicable capital standards; and

(3) because Bank is located in Michigan and is acquiring certain assets and assuming certain liabilities of a Michigan branch office of a federal savings bank, the proposed transaction would comply with the Douglas Amendment if the Ludington branch of Great Lakes were a state bank that West Shore was applying to acquire directly. *See* 12 U.S.C. § 1815(d)(3).

Based on the foregoing and all of the facts of record, the Board has determined that this application should be, and hereby is, approved.[8] This approval is subject to Bank obtaining the required approval of the proposed merger under the Bank Merger Act. The Board's approval of this application also is conditioned upon West Shore's compliance with the commitments made in connection with this application. The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its findings and decision, and may be enforced under applicable provisions of law. This approval is limited to the proposal presented to the Board by West Shore, 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 letter, or later than three months after the effective date of this letter, unless such period is extended by the Board or the Federal Reserve Bank of Chicago, acting pursuant to delegated authority. In connection with this provision, advice of the fact of consummation should be given in writing to the Reserve Bank.

Very truly yours,

JENNIFER J. JOHNSON
*Associate Secretary of the Board*

cc: Federal Reserve Bank of Chicago
Tom Hesselbrock, Federal Deposit Insurance Corporation
Department of Justice

7. Great Lakes's share of market deposits has declined 0.6 percent from 1986 through 1990.

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

## *ACTIONS TAKEN UNDER THE FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991 ("FDICIA ORDERS")*

### *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 | Surviving Bank(s) | Approval Date |
|---|---|---|---|
| Amalgamated Clothing and Textile Workers Union, New York, New York | Amalgamated Bank of New York, New York, New York | Bayside Federal Savings Bank, Jericho, New York | June 26, 1992 |
| ASB Bankcorp, Inc., Adrian, Michigan | Adrian State Bank, Adrian, Michigan | First Federal Savings and Loan, Adrian, Michigan | July 8, 1992 |

FDICIA Orders—Continued

| Bank Holding Company | Acquired Thrift | Surviving Bank(s) | Approval Date |
|---|---|---|---|
| Commercial National Financial Corporation, Ithaca, Michigan | Commercial National Bank, Alma, Michigan | Great Lakes Bancorp, FSB, Ann Arbor, Michigan | July 6, 1992 |
| FBOP Corporation, Oak Park, Illinois | Sterling Federal Savings and Loan Association of Chicago, Chicago, Illinois | First Bank of Oak Park, Oak Park, Illinois | July 2, 1992 |
| The George Gale Foster Corporation, Poughkeepsie, New York<br>Fishkill National Corporation, Beacon, New York | The Fishkill National Bank, Poughkeepsie, New York | First Nationwide Bank, A Federal Savings Bank, San Francisco, California | July 13, 1992 |

*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 |
|---|---|---|
| Bancorp of Mississippi, Inc., Tupelo, Mississippi | Volunteer Bancshares, Inc., Jackson, Tennessee | July 24, 1992 |
| Bowbells Holding Company, Bowbells, North Dakota | First National Bank, Minot, North Dakota | July 9, 1992 |

*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 |
|---|---|---|---|
| American Bancshares, Inc., Monroe, North Carolina | American Commercial Savings Bank, Inc., SSB, Monroe, North Carolina | Richmond | July 10, 1992 |
| BanCentral Corporation, Champaign, Illinois | *Singer & Associates, Inc.,* Mattoon, Illinois | Chicago | July 2, 1992 |

Section 3—Continued

| Applicant(s) | Bank(s) | Reserve Bank | Effective Date |
|---|---|---|---|
| Banc One Corporation, Columbus, Ohio<br>Banc One Illinois Corporation, Springfield, Illinois | Jefferson Bancorp, Inc., Peoria, Illinois | Cleveland | July 3, 1992 |
| Bigfork Bancshares, Inc., Bigfork, Minnesota | First State Bank of Bigfork, Bigfork, Minnesota | Minneapolis | July 2, 1992 |
| Central Delaware Financial Bancorp, Inc., Dover, Delaware | Lorena State Bank, Lorena, Texas | Dallas | June 26, 1992 |
| Central Financial Bancorp, Inc., Lorena, Texas | Central Delaware Financial Bancorp, Inc., Dover, Delaware<br>Lorena State Bank, Lorena, Texas | Dallas | June 26, 1992 |
| Community Bank Group, Inc., Eden Prairie, Minnesota | Klossner State Bank, Klossner, Minnesota | Minneapolis | July 10, 1992 |
| Crossroads Bancshares, Inc., Perry, Georgia | Crossroads Bank of Georgia, Perry, Georgia | Atlanta | July 1, 1992 |
| Dickinson Financial Corporation, Kansas City, Missouri | Atchison County Investment Company, Rock Port, Missouri | Kansas City | July 8, 1992 |
| Donnelly Bancshares, Inc., Donnelly, Minnesota | Baron Bancshares, Inc., White Bear Lake, Minnesota | Minneapolis | July 15, 1992 |
| Firstar Corporation, Milwaukee, Wisconsin<br>F.W.S.F. Corporation, Milwaukee, Wisconsin | Geneva Capital Corporation, Lake Geneva, Wisconsin | Chicago | June 26, 1992 |
| First Citizens Bancorp, Cleveland, Tennessee | Basin Bancorp, Inc., Ducktown, Tennessee | Atlanta | July 20, 1992 |
| MSB Bancorp, Inc., Middletown, New York | Middletown Savings Bank, Middletown, New York | New York | June 26, 1992 |
| NoDak Bancorporation, Mandan, North Dakota | First Southwest Bank-Bismarck, Bismarck, North Dakota | Minneapolis | July 6, 1992 |
| Peach State Bankshares, Inc., Riverdale, Georgia | Peach State Bank, Riverdale, Georgia | Atlanta | July 6, 1992 |
| Porter Bancshares, Inc., Porter, Oklahoma | First National Bank of Porter, Porter, Oklahoma | Kansas City | July 2, 1992 |
| Security Bancshares, Inc., Des Arc, Arkansas | Southern Bancshares, Inc., West Helena, Arkansas | St. Louis | July 6, 1992 |
| Society Corporation, Cleveland, Ohio | First of America Bank-Monroe, Monroe, Michigan | Cleveland | July 21, 1992 |
| Stock Exchange Financial Corporation, Caldwell, Kansas | Stock Exchange Bank, Caldwell, Kansas | Kansas City | July 10, 1992 |
| West One Bancorp, Boise, Idaho<br>West One Bancorp, Washington, Bellevue, Washington | Yakima Valley Bank, Yakima, Washington | San Francisco | July 15, 1992 |

Section 4

| Applicant(s) | Nonbanking Activity/ Company | Reserve Bank | Effective Date |
|---|---|---|---|
| Bankers Trust New York Corporation, New York, New York | to engage in community development activities | New York | June 26, 1992 |
| BMC Bankcorp, Inc., Benton, Kentucky | United Commonwealth Bank, Federal Savings Bank, Murray, Kentucky | St. Louis | July 14, 1992 |
| Commercial Bancorp of Georgia, Inc., Atlanta, Georgia | to engage in the activity of making and servicing loans | Atlanta | July 3, 1992 |
| FBOP Corporation, Oak Park, Illinois | Sterling Federal Savings and Loan Association of Chicago, Chicago, Illinois | Chicago | July 2, 1992 |
| J.P. Morgan & Co., Incorporated, New York, New York | to engage in community development activities | New York | June 26, 1992 |
| Michigan National Corporation, Farmington Hills, Michigan | BancA Corporation, Dallas, Texas | Chicago | July 15, 1992 |
| Northland Bancshares, Inc., Kansas City, Missouri | North American Credit Service, Inc., Kansas City, Missouri | Kansas City | July 16, 1992 |
| Norwest Corporation, Minneapolis, Minnesota<br>Norwest Financial Services, Inc., Des Moines, Iowa<br>Norwest Financial, Inc., Des Moines, Iowa | to engage in consumer finance activities and credit-related insurance activities | Minneapolis | July 16, 1992 |

Sections 3 and 4

| Applicant(s) | Nonbanking Activity/ Company | Reserve Bank | Effective Date |
|---|---|---|---|
| Boatmen's Bancshares, Inc., St. Louis, Missouri | Sunwest Financial Services, Inc., Albuquerque, New Mexico | St. Louis | July 16, 1992 |

## *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 |
|---|---|---|---|
| The Bank of Hampton Roads, Chesapeake, Virginia | Coastal Virginia Bank, Virginia Beach, Virginia | Richmond | July 9, 1992 |
| Citizens Fidelity Bank and Trust Company, Louisville, Kentucky | Citizens Fidelity Bank and Trust Company Oldham County, LaGrange, Kentucky | St. Louis | July 17, 1992 |
| Johnstown Bank and Trust Company, Johnstown, Pennsylvania | Peoples Bank One, West Lebanon, Pennsylvania | Philadelphia | July 1, 1992 |
| Vectra Bank, Denver, Colorado | Vectra Bank of Denver, Denver, Colorado<br>Vectra Bank of Lakewood, Lakewood, Colorado<br>Vectra Bank of Thornton, Thornton, Colorado | Kansas City | July 16, 1992 |
| Vectra Bank of Englewood, Englewood, Colorado | Vectra Bank of Wheat Ridge, Wheat Ridge, Colorado<br>Vectra Bank of Federal Heights, Federal Heights, Colorado | Kansas City | July 16, 1992 |

## *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.*

*Board of Governors v. bin Mahfouz*, No. 92-CIV-5096 (S.D. New York, filed July 8, 1992). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On July 8, 1992, the court issued a temporary restraining order restraining the transfer or disposition of the individual's assets. On July 23, the court denied the individual's motion for expedited discovery on the ground that, as a fugitive from a criminal indictment, he is disentitled from seeking relief from the court.

*Zemel v. Board of Governors*, No. 92–1057 (D. District of Columbia, filed May 4, 1992). Age Discrimination in Employment Act case.

*Fields v. Board of Governors*, No. 3:92CV7118 (N.D. Ohio, filed March 3, 1992). Federal Tort Claims Act complaint alleging misrepresentation during application process. Motion to dismiss filed May 4, 1992.

*State of Idaho, Department of Finance v. Board of Governors*, No. 92-70107 (9th Cir., filed February 24, 1992). Petition for review of Board order returning without action a bank holding company application to relocate its subsidiary bank from Washington to Idaho. The Board's brief was filed on June 29, 1992.

*Davis v. Board of Governors*, No. 91–6972 (Supreme Court, filed December 4, 1991). Petition for *certiorari* seeking review of *Burke v. Board of Governors*, 940 F.2d 1360 (10th Cir. 1991), in which the court of appeals upheld Board orders assessing civil money penalties and issuing orders of prohibition. The Supreme Court denied the petition for *certiorari* on May 18, 1992.

*In re Subpoena Served on the Board of Governors,* Nos. 91–5427, 91–5428 (D.C. Cir., filed December 27, 1991). Appeal of order of district court, dated December 3, 1991, requiring the Board and the Office of the Comptroller of the Currency to produce confidential examination material to a private litigant. On June 26, 1992, the court of appeals affirmed the district court order in part, but held that the bank examination privilege was not waived by the agencies' provision of examination materials to the examined institution, and remanded for further consideration of the privilege issue.

*Greenberg v. Board of Governors,* No. 91–4200 (2d Cir., filed December 4, 1991). Petition for review of orders of prohibition issued by the Board on October 28, 1991. The Board's orders were affirmed on June 19, 1992.

*First Interstate BancSystem of Montana, Inc. v. Board of Governors,* No. 91–1525 (D.C. Cir., filed November 1, 1991). Petition for review of Board's order denying on Community Reinvestment Act grounds the petitioner's application under section 3 of the Bank Holding Company Act to merge with Commerce BancShares of Wyoming, Inc. Petitioners' brief is due August 21, 1992. On July 29, 1992, the petitioners filed a motion to stay the proceedings.

*Board of Governors v. Kemal Shoaib,* No. CV 91–5152 (C.D. California, filed September 24, 1991). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On October 15, 1991, the court issued a preliminary injunction restraining the transfer or disposition of the individual's assets.

*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.

*In re Smouha,*No. 91-B-13569 (Bkr. S.D. New York, filed August 2, 1991). Ancillary proceeding under the U.S. Bankruptcy Code brought by provisional liquidators of BCCI Holdings (Luxembourg) S.A. and affiliated companies. On August 15, 1991, the bankruptcy court issued a temporary restraining order staying certain judicial and administrative actions, which has been continued by consent.

*Fields v. Board of Governors,* No. 3:91CV069 (N.D. Ohio, filed February 5, 1991). Appeal of denial of request for information under the Freedom of Information Act. The Board's motion for summary judgment was granted in part and its motion to dismiss was denied on June 23, 1992.

*MCorp v. Board of Governors,* No. CA3–88–2693 (N.D. Texas, filed October 10, 1988). Application for injunction to set aside temporary cease and desist orders. The case is pending.

## *Final Enforcement Orders Issued by the Board of Governors*

### James V. Foster
### Bay Port, Michigan

The Federal Reserve Board announced on July 22, 1992, the issuance of an Order of Prohibition against James V. Foster, an instutution-affiliated party of Bay Port Associates, Bay Port, Michigan.

### Habib Bank AG Zurich
### Zurich, Switzerland

The Federal Reserve Board announced on July 7, 1992, the joint issuance with the Federal Deposit Insurance Corporation and the Superintendent of Banks of the State of California of a Cease and Desist Order against the Habib Bank AG Zurich, Zurich, Switzerland, and the Habib Bank's branch in Los Angeles. The Federal Reserve Board also issued an Order of Assessment of a Civil Money Penalty against the Habib Bank AG Zurich.

### Thomas J. Sexton
### Eden Valley, Minnesota

The Federal Reserve Board announced on July 8, 1992, the issuance of an Order of Assessment of a Civil Money Penalty and a Cease and Desist Order against Thomas J. Sexton, an institution-affiliated party of Eden Valley Bancshares, Inc., Eden Valley, Minnesota, and the Farmers & Merchants Agency, Inc., Pierz, Minnesota.

### Dennis J. Zaun
### Eden Valley, Minnesota

The Federal Reserve Board announced on July 8, 1992, the issuance of an Order of Assessment of a Civil Money Penalty and a Cease and Desist Order against Dennis J. Zaun, an institution-affiliated party of Eden Valley Bancshares, Inc., Eden Valley, Minnesota, and the Farmers & Merchants Agency, Inc., Pierz, Minnesota.

### *WRITTEN AGREEMENTS APPROVED BY FEDERAL RESERVE BANKS*

Arrow Financial Corporation
Glens Falls, New York

The Federal Reserve Board announced on July 27, 1992, the execution of a Written Agreement involving the Federal Reserve Bank of New York, Arrow Financial Corporation, Glens Falls, New York, and Arrow Vermont Corporation, Rutland, Vermont.

Bank of Boston Corporation
Boston, Massachusetts

The Federal Reserve Board announced on July 31, 1992, the execution of an Amendment to the Written Agreement, dated September 11, 1991, between the Federal Reserve Bank of Boston and Bank of Boston Corporation, Boston, Massachusetts.

Constellation Bancorp
Elizabeth, New Jersey

The Federal Reserve Board announced on July 23, 1992, the execution of a Written Agreement among the Federal Reserve Bank of New York and Constellation Bancorp, Elizabeth, New Jersey.

Cuyamaca Bank
Santee, California

The Federal Reserve Board announced on July 2, 1992, the execution of a Written Agreement between the Federal Reserve Bank of San Francisco and the Cuyamaca Bank, Santee, California.

First Bancorp of Oklahoma, Inc.
Tonkawa, Oklahoma

The Federal Reserve Board announced on July 27, 1992, the execution of a Written Agreement between the Federal Reserve Bank of Kansas City and First Bancorp of Oklahoma, Inc., Tonkawa, Oklahoma, and Louis A. Weingart, an official of First Bancorp of Oklahoma, Inc.

First Eastern Corp.
Wilkes-Barre, Pennsylvania

The Federal Reserve Board announced on July 21, 1992, the execution of a Written Agreement between the Federal Reserve Bank of Philadelphia and First Eastern Corp., Wilkes-Barre, Pennsylvania.

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# Guide to Tabular Presentation

## *SYMBOLS AND ABBREVIATIONS*

| Symbol | Meaning |
|---|---|
| c | Corrected |
| e | Estimated |
| 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 |
| 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 |
| n.a. | Not available |
| n.e.c. | Not elsewhere classified |
| NOW | Negotiable order of withdra |
| 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 |
| SMSA | Standard metropolitan statistical area |
| VA | Veterans Administration |

## *GENERAL INFORMATION*

In many of the tables, details 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 and credit aggregate | 1991 | | 1992 | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Q3 | Q4 | Q1 | Q2 | Feb. | Mar. | Apr. | May | June |
| *Reserves of depository institutions[2]* | | | | | | | | | |
| 1 Total | 8.3 | 15.2 | 23.4 | 14.9 | 40.5 | 18.4 | 13.0 | 12.1 | −6.3 |
| 2 Required | 9.0 | 15.4 | 23.5 | 15.4 | 39.8 | 19.7 | 10.5 | 15.8 | −4.3 |
| 3 Nonborrowed | 4.7 | 20.0 | 24.0 | 14.8 | 44.8 | 18.0 | 13.0 | 10.5 | −8.1 |
| 4 Monetary base[3] | 6.6 | 8.2 | 9.2 | 7.1 | 13.9 | 4.1 | 7.4 | 7.7 | 3.9 |
| *Concepts of money, liquid assets, and debt[4]* | | | | | | | | | |
| 5 M1 | 7.5 | 11.1 | 16.5 | 10.0 | 27.2 | 10.3 | 5.0 | 14.8[r] | −2.9 |
| 6 M2 | .6 | 2.3 | 4.3 | .0 | 9.6 | −.6[r] | −2.0[r] | .5[r] | −3.7 |
| 7 M3 | −1.3 | .9[r] | 2.2[r] | −1.9 | 7.4 | −2.8[r] | −4.2[r] | −.7[r] | −4.3 |
| 8 L | .7 | .2[r] | 1.5[r] | n.a. | 7.0[r] | 1.8[r] | −2.2[r] | −2.2 | n.a. |
| 9 Debt | 4.5 | 4.2 | 3.8 | n.a. | 4.6 | 5.3 | 5.1 | 4.9 | n.a. |
| *Nontransaction components* | | | | | | | | | |
| 10 In M2[5] | −1.6 | −.7 | .0 | −3.7 | 3.3 | −4.5 | −4.6[r] | −4.8 | −4.0 |
| 11 In M3 only[6] | −9.9 | −5.3[r] | −7.4[r] | −10.6 | −3.0 | −13.6[r] | −14.9[r] | −6.8[r] | −7.3 |
| *Time and savings deposits* | | | | | | | | | |
| Commercial banks | | | | | | | | | |
| 12 Savings, including MMDAs | 13.2 | 16.0 | 19.1[r] | 12.0 | 22.9 | 11.0[r] | 13.8 | 8.0[r] | 4.7 |
| 13 Small time[7] | 1.5 | −8.4 | −18.9 | −13.4 | −23.5 | −14.6 | −7.0 | −17.2 | −14.2 |
| 14 Large time[8,9] | −8.0 | −14.4 | −18.2 | −14.4 | −16.3 | −17.2 | −17.5 | −8.3[r] | −11.3 |
| Thrift institutions | | | | | | | | | |
| 15 Savings, including MMDAs | 9.8 | 10.2 | 22.4 | 19.0 | 30.5 | 23.4 | 15.8 | 19.4 | 5.2 |
| 16 Small time[7] | −24.2 | −22.5 | −24.2 | −29.2 | −30.6[r] | −26.8[r] | −39.3 | −24.3 | −18.4 |
| 17 Large time[8,9] | −40.3 | −36.5 | −29.7 | −37.0 | −33.9 | −45.5 | −36.3 | −42.3 | −25.3 |
| *Money market mutual funds* | | | | | | | | | |
| 18 General purpose and broker-dealer | −4.7 | −4.0 | 1.0 | −7.2 | 12.7 | −19.5 | −13.1 | 3.0 | −5.7 |
| 19 Institution-only | 11.4 | 37.2 | 26.9 | 20.0 | 38.2 | −18.5 | 25.3 | 35.5 | 30.2 |
| *Debt components[4]* | | | | | | | | | |
| 20 Federal | 13.9 | 12.3 | 8.2 | n.a. | 7.0 | 15.0 | 13.1 | 12.7 | n.a. |
| 21 Nonfederal | 1.6 | 1.6 | 2.3 | n.a. | 3.8 | 2.2 | 2.4 | 2.4 | 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. 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 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 due 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 repurchase agreements (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) MMDAs, and (4) savings and 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, and foreign banks and official institutions.

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

Millions of dollars

| Factor | Monthly averages of daily figures | | | Weekly averages of daily figures for week ending | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1992 | | | 1992 | | | | | | |
| | Apr. | May | June | May 13 | May 20 | May 27 | June 3 | June 10 | June 17 | June 24 |
| SUPPLYING RESERVE FUNDS | | | | | | | | | | |
| 1 Reserve Bank credit outstanding | 305,176 | 306,356 | 310,962 | 307,317 | 304,889 | 307,952 | 308,735 | 309,925 | 309,859 | 312,505 |
| U.S. government securities[2] | | | | | | | | | | |
| 2 Bought outright—system account | 266,478 | 267,310 | 274,177 | 266,690 | 266,344 | 267,758 | 271,063 | 274,504 | 274,103 | 274,553 |
| 3 Held under repurchase agreements | 938 | 2,380 | 706 | 2,548 | 2,433 | 4,886 | 2,033 | 0 | 0 | 1,666 |
| Federal agency obligations | | | | | | | | | | |
| 4 Bought outright | 5,910 | 5,879 | 5,717 | 5,910 | 5,910 | 5,865 | 5,737 | 5,719 | 5,719 | 5,719 |
| 5 Held under repurchase agreements | 12 | 102 | 33 | 79 | 0 | 372 | 114 | 0 | 0 | 26 |
| 6 Acceptances | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans to depository institutions | | | | | | | | | | |
| 7 Adjustment credit | 59 | 57 | 75 | 116 | 36 | 52 | 42 | 11 | 21 | 56 |
| 8 Seasonal credit | 47 | 99 | 149 | 79 | 103 | 122 | 128 | 122 | 131 | 168 |
| 9 Extended credit | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Float | 823 | 356[r] | 388 | 283 | 250 | 40 | 510 | 171 | 310 | 395 |
| 11 Other Federal Reserve assets | 30,907 | 30,174 | 29,716 | 31,611 | 29,812 | 28,858 | 29,109 | 29,398 | 29,576 | 29,922 |
| 12 Gold stock | 11,057 | 11,057 | 11,058 | 11,057 | 11,057 | 11,057 | 11,057 | 11,057 | 11,057 | 11,059 |
| 13 Special drawing rights certificate account | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 |
| 14 Treasury currency outstanding | 21,157 | 21,191 | 21,241 | 21,184 | 21,192 | 21,201 | 21,210 | 21,224 | 21,238 | 21,252 |
| ABSORBING RESERVE FUNDS | | | | | | | | | | |
| 15 Currency in circulation | 305,492 | 308,110 | 310,194 | 307,764 | 307,802 | 309,054 | 309,875 | 310,215 | 310,452 | 310,125 |
| 16 Treasury cash holdings | 707 | 692 | 639 | 697 | 691 | 684 | 682 | 675 | 627 | 619 |
| Deposits, other than reserve balances, with Federal Reserve Banks | | | | | | | | | | |
| 17 Treasury | 4,868 | 5,108 | 6,904 | 5,012 | 5,070 | 5,438 | 5,540 | 4,916 | 6,657 | 8,136 |
| 18 Foreign | 202 | 212 | 216 | 222 | 213 | 212 | 226 | 216 | 228 | 200 |
| 19 Service-related balances and adjustments | 4,846 | 5,249 | 5,282 | 4,939 | 5,214 | 5,191 | 5,249 | 5,210 | 5,299 | 5,311 |
| 20 Other | 268 | 261 | 259 | 264 | 266 | 263 | 251 | 282 | 265 | 230 |
| 21 Other Federal Reserve liabilities and capital | 8,155 | 8,227 | 8,361 | 8,101 | 8,187 | 8,382 | 8,700 | 8,450 | 8,226 | 8,209 |
| 22 Reserve balances with Federal Reserve Banks[3] | 22,869 | 20,764[r] | 21,424 | 22,577 | 19,713 | 21,003 | 20,497 | 22,260 | 20,418 | 22,005 |

| Factor | End-of-month figures | | | Wednesday figures | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1992 | | | 1992 | | | | | | |
| | Apr. | May | June | May 13 | May 20 | May 27 | June 3 | June 10 | June 17 | June 24 |
| SUPPLYING RESERVE FUNDS | | | | | | | | | | |
| 1 Reserve Bank credit outstanding | 306,002 | 306,376[r] | 314,764 | 308,746 | 301,070 | 313,298 | 310,837 | 311,659 | 309,879 | 315,807 |
| U.S. government securities[2] | | | | | | | | | | |
| 2 Bought outright—system account | 267,945 | 270,808 | 276,883 | 266,414 | 266,010 | 266,776 | 273,112 | 275,877 | 274,186 | 276,743 |
| 3 Held under repurchase agreements | 0 | 244 | 0 | 3,716 | 0 | 10,436 | 1,712 | 0 | 0 | 2,453 |
| Federal agency obligations | | | | | | | | | | |
| 4 Bought outright | 5,910 | 5,750 | 5,710 | 5,910 | 5,910 | 5,750 | 5,719 | 5,719 | 5,719 | 5,719 |
| 5 Held under repurchase agreements | 0 | 0 | 0 | 0 | 0 | 660 | 215 | 0 | 0 | 61 |
| 6 Acceptances | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans to depository institutions | | | | | | | | | | |
| 7 Adjustment credit | 49 | 22 | 1,173 | 673 | 56 | 80 | 11 | 10 | 88 | 58 |
| 8 Seasonal credit | 66 | 128 | 185 | 92 | 114 | 123 | 128 | 121 | 143 | 179 |
| 9 Extended credit | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Float | 928 | 376[r] | −162 | 180 | −573 | 369 | 910 | 481 | 65 | 469 |
| 11 Other Federal Reserve assets | 31,103 | 29,048 | 30,975 | 31,761 | 29,554 | 29,104 | 29,030 | 29,451 | 29,678 | 30,125 |
| 12 Gold stock | 11,057 | 11,057 | 11,060 | 11,057 | 11,057 | 11,057 | 11,057 | 11,057 | 11,060 | 11,060 |
| 13 Special drawing rights certificate account | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 |
| 14 Treasury currency outstanding | 21,175 | 21,210 | 21,266 | 21,184 | 21,192 | 21,201 | 21,210 | 21,224 | 21,238 | 21,252 |
| ABSORBING RESERVE FUNDS | | | | | | | | | | |
| 15 Currency in circulation | 306,373 | 309,719 | 310,944 | 307,979 | 308,251 | 309,769 | 310,045 | 310,513 | 310,477 | 309,991 |
| 16 Treasury cash holdings | 705 | 682 | 612 | 692 | 684 | 682 | 682 | 628 | 620 | 612 |
| Deposits, other than reserve balances, with Federal Reserve Banks | | | | | | | | | | |
| 17 Treasury | 4,692 | 5,583 | 13,630 | 4,816 | 4,703 | 5,195 | 5,698 | 4,480 | 9,858 | 7,649 |
| 18 Foreign | 206 | 217 | 219 | 193 | 209 | 191 | 202 | 218 | 447 | 213 |
| 19 Service-related balances and adjustments | 5,717 | 5,249[r] | 5,329 | 4,939 | 5,214 | 5,191 | 5,249 | 5,210 | 5,299 | 5,311 |
| 20 Other | 260 | 224 | 249 | 249 | 272 | 270 | 246 | 315 | 263 | 218 |
| 21 Other Federal Reserve liabilities and capital | 7,906 | 8,716 | 9,415 | 8,061 | 8,008 | 8,301 | 8,223 | 8,099 | 8,025 | 8,034 |
| 22 Reserve balances with Federal Reserve Banks[3] | 22,392 | 18,270[r] | 16,710 | 24,078 | 15,996 | 25,974 | 22,778 | 24,495 | 17,206 | 26,108 |

1. For amounts of cash held as reserves, see table 1.12. Components may not sum to totals because of rounding.
2. Includes securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and excludes any 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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1989 | 1990 | 1991 | 1991 | 1992 | | | | | |
| | Dec. | Dec. | Dec. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June |
| 1 Reserve balances with Reserve Banks[2] | 35,436 | 30,237 | 26,659 | 26,659 | 25,416 | 24,918 | 28,057 | 22,655 | 21,071 | 21,224 |
| 2 Total vault cash[3] | 29,828 | 31,786 | 32,513 | 32,513 | 34,135 | 34,218 | 31,647 | 31,071 | 31,197 | 31,729 |
| 3 Applied vault cash[4] | 27,374 | 28,884 | 28,872 | 28,872 | 30,396 | 30,320 | 28,225 | 27,800 | 27,754 | 28,273 |
| 4 Surplus vault cash[5] | 2,454 | 2,903 | 3,641 | 3,641 | 3,739 | 3,897 | 3,422 | 3,271 | 3,442 | 3,456 |
| 5 Total reserves[6] | 62,810 | 59,120 | 55,532 | 55,532 | 55,812 | 55,238 | 56,282 | 50,455 | 48,825 | 49,496 |
| 6 Required reserves | 61,887 | 57,456 | 54,553 | 54,553 | 54,809 | 54,174 | 55,254 | 49,318 | 47,825 | 48,584 |
| 7 Excess reserve balances at Reserve Banks[7] | 923 | 1,664 | 979 | 979 | 1,003 | 1,065 | 1,028 | 1,137 | 1,000[r] | 912 |
| 8 Total borrowings at Reserve Banks[8] | 265 | 326 | 192 | 192 | 233 | 77 | 91 | 90 | 155 | 229 |
| 9 Seasonal borrowings | 84 | 76 | 38 | 38 | 17 | 22 | 32 | 47 | 98 | 149 |
| 10 Extended credit[9] | 20 | 23 | 1 | 1 | 1 | 2 | 2 | 2 | 0 | 0 |
| | Biweekly averages of daily figures for weeks ending | | | | | | | | | |
| | 1992 | | | | | | | | | |
| | Mar. 4 | Mar. 18 | Apr. 1 | Apr. 15 | Apr. 29 | May 13 | May 27 | June 10 | June 24 | July 8 |
| 1 Reserve balances with Reserve Banks[2] | 25,922 | 29,111 | 27,578 | 22,885 | 22,137 | 21,746 | 20,356 | 21,374[r] | 21,205 | 21,016 |
| 2 Total vault cash[3] | 32,944 | 30,564 | 32,414 | 30,456 | 31,643 | 30,346 | 32,069 | 30,909 | 31,946 | 32,589 |
| 3 Applied vault cash[4] | 29,169 | 27,398 | 28,826 | 27,353 | 28,225 | 27,091 | 28,418 | 27,591 | 28,487 | 28,908 |
| 4 Surplus vault cash[5] | 3,775 | 3,166 | 3,588 | 3,103 | 3,418 | 3,256 | 3,651 | 3,318 | 3,459 | 3,681 |
| 5 Total reserves[6] | 55,091 | 56,509 | 56,403 | 50,238 | 50,362 | 48,836 | 48,774 | 48,965[r] | 49,692 | 49,924 |
| 6 Required reserves | 54,151 | 56,001 | 54,788 | 49,174 | 49,150 | 48,209 | 47,277 | 48,492 | 48,521 | 48,885 |
| 7 Excess reserve balances at Reserve Banks[7] | 941 | 508 | 1,616 | 1,065 | 1,212 | 628 | 1,497 | 474[r] | 1,171 | 1,039 |
| 8 Total borrowings at Reserve Banks[8] | 63 | 75 | 117 | 56 | 118 | 153 | 157 | 152 | 188 | 455 |
| 9 Seasonal borrowings | 24 | 29 | 38 | 37 | 57 | 75 | 113 | 125 | 150 | 187 |
| 10 Extended credit[9] | 3 | 2 | 1 | 1 | 4 | 0 | 0 | 0 | 0 | 1 |

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover. Components may not sum to totals because of rounding.

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. Under contemporaneous reserve requirements, maintenance periods end thirty days after the lagged computation periods during which the balances are held.

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 there is 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 | 1992, week ending Monday | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Mar. 30 | Apr. 6 | Apr. 13 | Apr. 20 | Apr. 27 | May 4 | May 11 | May 18 | May 25 |
| *Federal funds purchased, repurchase agreements, and other selected borrowings* | | | | | | | | | |
| From commercial banks in the United States | | | | | | | | | |
| 1 For one day or under continuing contract | 73,215 | 78,301 | 79,263 | 85,767 | 74,098 | 77,746 | 75,962 | 77,015 | 73,697 |
| 2 For all other maturities | 15,967 | 14,822 | 16,018 | 16,704 | 16,431 | 16,454 | 16,352 | 16,189 | 16,567 |
| From other depository institutions, foreign banks and official institutions, and U.S. government agencies | | | | | | | | | |
| 3 For one day or under continuing contract | 18,107 | 17,157 | 16,276 | 15,407 | 18,013 | 21,470 | 17,550 | 16,367 | 18,994 |
| 4 For all other maturities | 20,489 | 19,898 | 19,454 | 21,761 | 22,239 | 20,338 | 21,792 | 21,629 | 21,853 |
| *Repurchase agreements on U.S. government and federal agency securities* | | | | | | | | | |
| Brokers and nonbank dealers in securities | | | | | | | | | |
| 5 For one day or under continuing contract | 12,219 | 11,942 | 10,160 | 10,060 | 9,487 | 9,200 | 8,893 | 9,365 | 8,479 |
| 6 For all other maturities | 17,192 | 15,195 | 15,240 | 15,029 | 15,667 | 15,691 | 15,868 | 14,792 | 14,796 |
| All other customers | | | | | | | | | |
| 7 For one day or under continuing contract | 26,121 | 25,001 | 24,979 | 24,005 | 24,382 | 23,624 | 23,402 | 23,112 | 23,685 |
| 8 For all other maturities | 12,788 | 13,181 | 12,683 | 13,334 | 12,968 | 12,515 | 12,791 | 12,996 | 13,212 |
| 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 | 47,483 | 52,484 | 49,818 | 50,401 | 47,103 | 45,909 | 42,793 | 49,154 | 43,918 |
| 10 To all other specified customers[2] | 20,703 | 19,607 | 21,322 | 24,606 | 21,913 | 24,798 | 21,236 | 17,655 | 17,239 |

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 7/30/92 | Effective date | Previous rate | On 7/30/92 | Effective date | Previous rate | On 7/30/92 | Effective date | Previous rate |
| Boston | 3 | 7/2/92 | 3.5 | 3.30 | 7/23/92 | 3.60 | 3.80 | 7/23/92 | 4.10 |
| New York | | 7/2/92 | | | 7/23/92 | | | 7/23/92 | |
| Philadelphia | | 7/2/92 | | | 7/23/92 | | | 7/23/92 | |
| Cleveland | | 7/6/92 | | | 7/23/92 | | | 7/23/92 | |
| Richmond | | 7/2/92 | | | 7/23/92 | | | 7/23/92 | |
| Atlanta | | 7/2/92 | | | 7/23/92 | | | 7/23/92 | |
| Chicago | | 7/2/92 | | | 7/23/92 | | | 7/23/92 | |
| St. Louis | | 7/7/92 | | | 7/23/92 | | | 7/23/92 | |
| Minneapolis | | 7/2/92 | | | 7/23/92 | | | 7/23/92 | |
| Kansas City | | 7/2/92 | | | 7/23/92 | | | 7/23/92 | |
| Dallas | | 7/2/92 | | | 7/23/92 | | | 7/23/92 | |
| San Francisco | 3 | 7/2/92 | 3.5 | 3.30 | 7/23/92 | 3.60 | 3.80 | 7/23/92 | 4.10 |

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 | | |
| 1989—Feb. 24 | 6.5–7 | 7 |
| 27 | 7 | 7 |
| 1990—Dec. 19 | 6.5 | 6.5 |
| 1991—Feb. 1 | 6.65 | 6 |
| 4 | 6 | 6 |
| Apr. 30 | 5.5–6 | 5.5 |
| May 2 | 5.5 | 5.5 |
| Sept. 13 | 5–5.5 | 5 |
| Sept. 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 July 30, 1992 | 3 | 3 |

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

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

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

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

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

## 1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

| | Type of deposit[2] | Requirements | |
|---|---|---|---|
| | | Percent of deposits | Effective date |
| | *Net transaction accounts*[3] | | |
| 1 | $0 million–$42.2 million | 3 | 12/17/91 |
| 2 | More than $42.2 million[4] | 10 | 4/2/92 |
| 3 | Nonpersonal time deposits[5] | 0 | 12/27/90 |
| 4 | Eurocurrency liabilities[6] | 0 | 12/27/90 |

1. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions may maintain reserve balances with a Federal Reserve Bank indirectly on a pass-through basis with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* or the *Federal Reserve Bulletin*. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge 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. 17, 1991, the exemption was raised from $3.4 million to $3.6 million. The exemption applies in the following order: (1) net negotiable order of withdrawal (NOW) accounts (NOW accounts less allowable deductions); and (2) net other transaction accounts. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement.

3. Include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers in excess of three per month for the purpose of making payments to third persons or others. However, money market deposit accounts (MMDAs) and similar accounts subject to the rules that permit no more than six preauthorized, automatic, or other transfers per month, of which no more than three may be checks, are not transaction accounts (such accounts are savings deposits).

The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 17, 1991, for institutions reporting quarterly, and Dec. 24, 1991, for institutions reporting weekly, the amount was increased from $41.1 million to $42.2 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 were the reserve requirement on nonpersonal time deposits with an original maturity of less than 1½ years (see note 4).

## 1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

| Type of transaction | 1989 | 1990 | 1991 | 1991 | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May |
| U.S. TREASURY SECURITIES | | | | | | | | | | |
| *Outright transactions (excluding matched transactions)* | | | | | | | | | | |
| Treasury bills | | | | | | | | | | |
| 1 Gross purchases | 14,284 | 24,739 | 20,158 | 2,823 | 837 | 0 | 123 | 505 | 0 | 4,110 |
| 2 Gross sales | 12,818 | 7,291 | 120 | 0 | 0 | 1,628 | 0 | 0 | 0 | 0 |
| 3 Exchanges | 231,211 | 241,086 | 277,314 | 24,141 | 21,967 | 26,750 | 24,435 | 21,674 | 27,526 | 24,275 |
| 4 Redemptions | 12,730 | 4,400 | 1,000 | 0 | 0 | 1,600 | 0 | 0 | 0 | 45 |
| Others within one year | | | | | | | | | | |
| 5 Gross purchases | 327 | 425 | 3,043 | 178 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 Gross sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Maturity shifts | 28,848 | 25,638 | 24,454 | 1,655 | 1,570 | 1,298 | 6,020 | 2,552 | 1,100 | 3,754 |
| 8 Exchanges | −25,783 | −27,424 | −28,090 | −2,585 | −3,562 | −989 | −2,742 | −2,512 | −1,863 | −5,225 |
| 9 Redemptions | 500 | 0 | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| One to five years | | | | | | | | | | |
| 10 Gross purchases | 1,436 | 250 | 6,583 | 2,133 | 300 | 0 | 1,027 | 1,425 | 0 | 0 |
| 11 Gross sales | 490 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 Maturity shifts | −25,534 | −21,770 | −21,211 | −1,492 | −1,570 | −1,174 | −6,020 | −2,552 | −877 | −2,113 |
| 13 Exchanges | 23,250 | 25,410 | 24,594 | 2,135 | 3,562 | 539 | 2,292 | 2,512 | 1,484 | 4,311 |
| Five to ten years | | | | | | | | | | |
| 14 Gross purchases | 287 | 0 | 1,280 | 880 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 Gross sales | 29 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 Maturity shifts | −2,231 | −2,186 | −2,037 | −163 | 0 | −124 | 0 | 0 | −223 | −346 |
| 17 Exchanges | 1,934 | 789 | 2,894 | 300 | 0 | 451 | 300 | 0 | 379 | 614 |
| More than ten years | | | | | | | | | | |
| 18 Gross purchases | 284 | 0 | 375 | 375 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 Gross sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 Maturity shifts | −1,086 | −1,681 | −1,209 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 Exchanges | 600 | 1,226 | 600 | 150 | 0 | 0 | 150 | 0 | 0 | 300 |
| All maturities | | | | | | | | | | |
| 22 Gross purchases | 16,617 | 25,414 | 31,439 | 6,390 | 1,137 | 0 | 1,150 | 1,930 | 0 | 4,310 |
| 23 Gross sales | 13,337 | 7,591 | 120 | 0 | 0 | 1,628 | 0 | 0 | 0 | 0 |
| 24 Redemptions | 13,230 | 4,400 | 1,000 | 0 | 0 | 1,600 | 0 | 0 | 0 | 45 |
| *Matched transactions* | | | | | | | | | | |
| 25 Gross sales | 1,323,480 | 1,369,052 | 1,570,456 | 98,063 | 118,127 | 136,922 | 123,000 | 128,230 | 125,999 | 118,972 |
| 26 Gross purchases | 1,326,542 | 1,363,434 | 1,571,534 | 97,925 | 118,263 | 136,282 | 124,654 | 126,673 | 128,149 | 117,524 |
| *Repurchase agreements*[2] | | | | | | | | | | |
| 27 Gross purchases | 129,518 | 219,632 | 310,084 | 14,165 | 51,345 | 21,412 | 9,824 | 48,758 | 18,432 | 38,777 |
| 28 Gross sales | 132,688 | 202,551 | 311,752 | 22,879 | 36,000 | 33,228 | 13,353 | 46,953 | 20,237 | 38,533 |
| 29 Net change in U.S. government securities | −10,055 | 24,886 | 29,729 | −2,462 | 16,619 | −15,684 | −725 | 2,178 | 345 | 3,062 |
| FEDERAL AGENCY OBLIGATIONS | | | | | | | | | | |
| *Outright transactions* | | | | | | | | | | |
| 30 Gross purchases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 Gross sales | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 32 Redemptions | 442 | 183 | 292 | 51 | 45 | 85 | 0 | 0 | 49 | 115 |
| *Repurchase agreements*[2] | | | | | | | | | | |
| 33 Gross purchases | 38,835 | 41,836 | 22,807 | 275 | 1,744 | 390 | 571 | 1,640 | 224 | 1,281 |
| 34 Gross sales | 40,411 | 40,461 | 23,595 | 294 | 1,191 | 808 | 706 | 1,640 | 224 | 1,281 |
| 35 Net change in federal agency obligations | −2,018 | 1,192 | −1,085 | −70 | 508 | −503 | −135 | 0 | −49 | −115 |
| **36 Total net change in System Open Market Account** | **−12,073** | **26,078** | **28,644** | **−2,532** | **17,127** | **−16,186** | **−860** | **2,178** | **295** | **2,946** |

1. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings. Details may not sum to totals because of rounding.

2. In July 1984 the Open Market Trading Desk discontinued accepting bankers acceptances in repurchase agreements.

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

Millions of dollars

| Account | Wednesday 1992 | | | | | End of Month 1992 | | |
|---|---|---|---|---|---|---|---|---|
| | May 27 | June 3 | June 10 | June 17 | June 24 | Apr. 30 | May 31 | June 30 |
| | Consolidated condition statement | | | | | | | |
| **ASSETS** | | | | | | | | |
| 1 Gold certificate account | 11,057 | 11,057 | 11,057 | 11,060 | 11,060 | 11,057 | 11,057 | 11,060 |
| 2 Special drawing rights certificate account | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 |
| 3 Coin | 495 | 489 | 498 | 498 | 495 | 554 | 492 | 482 |
| *Loans* | | | | | | | | |
| 4 To depository institutions | 203 | 139 | 131 | 230 | 237 | 115 | 150 | 1,359 |
| 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 | 5,750 | 5,719 | 5,719 | 5,719 | 5,719 | 5,910 | 5,750 | 5,710 |
| 8 Held under repurchase agreements | 660 | 215 | 0 | 0 | 61 | 0 | 0 | 0 |
| 9 **Total U.S. Treasury securities** | **277,212** | **274,824** | **275,877** | **274,186** | **279,196** | **267,945** | **271,052** | **276,883** |
| 10 Bought outright[2] | 266,776 | 273,112 | 275,877 | 274,186 | 276,743 | 267,945 | 270,808 | 276,883 |
| 11 Bills | 130,272 | 136,609 | 135,843 | 134,153 | 136,710 | 131,642 | 134,304 | 136,849 |
| 12 Notes | 104,160 | 104,160 | 106,974 | 106,974 | 106,974 | 104,260 | 104,160 | 106,974 |
| 13 Bonds | 32,343 | 32,343 | 33,059 | 33,059 | 33,059 | 32,043 | 32,343 | 33,059 |
| 14 Held under repurchase agreements | 10,436 | 1,712 | 0 | 0 | 2,453 | 0 | 244 | 0 |
| 15 **Total loans and securities** | **283,825** | **280,897** | **281,727** | **280,136** | **285,213** | **273,971** | **276,952** | **283,952** |
| 16 Items in process of collection | 74,125 | 61,938 | 49,575 | 54,865 | 54,467 | 46,721 | 47,538 | 72,160 |
| 17 Bank premises | 1,021 | 1,022 | 1,023 | 1,026 | 1,026 | 1,014 | 1,021 | 1,026 |
| *Other assets* | | | | | | | | |
| 18 Denominated in foreign currencies[3] | 22,856 | 23,102 | 23,143 | 23,193 | 23,273 | 23,964 | 23,099 | 24,487 |
| 19 All other[4] | 5,342 | 4,951 | 5,295 | 5,481 | 5,890 | 6,196 | 4,901 | 5,517 |
| 20 **Total assets** | **342,026** | **337,730** | **337,718** | **336,899** | **342,422** | **331,447** | **332,293** | **343,757** |
| **LIABILITIES** | | | | | | | | |
| 21 Federal Reserve notes | 289,745 | 290,006 | 290,415 | 290,357 | 289,847 | 286,457 | 289,684 | 290,772 |
| 22 **Total deposits** | **37,140** | **34,098** | **34,546** | **33,276** | **39,942** | **32,960** | **29,527** | **36,839** |
| 23 Depository institutions | 31,484 | 27,953 | 29,533 | 22,707 | 31,862 | 27,801 | 23,503 | 22,740 |
| 24 U.S. Treasury—General account | 5,195 | 5,698 | 4,480 | 9,858 | 7,649 | 4,692 | 5,583 | 13,630 |
| 25 Foreign—Official accounts | 191 | 202 | 218 | 447 | 213 | 206 | 217 | 219 |
| 26 Other | 270 | 246 | 315 | 263 | 218 | 260 | 224 | 249 |
| 27 Deferred credit items | 6,840 | 5,403 | 4,658 | 5,241 | 4,600 | 4,124 | 4,367 | 6,732 |
| 28 Other liabilities and accrued dividends[5] | 2,088 | 2,041 | 2,113 | 2,050 | 2,030 | 2,052 | 2,089 | 1,908 |
| 29 **Total liabilities** | **335,813** | **331,548** | **331,732** | **330,924** | **336,419** | **325,593** | **325,667** | **336,251** |
| **CAPITAL ACCOUNTS** | | | | | | | | |
| 30 Capital paid in | 2,811 | 2,811 | 2,818 | 2,809 | 2,818 | 2,790 | 2,813 | 2,832 |
| 31 Surplus | 2,652 | 2,652 | 2,652 | 2,652 | 2,652 | 2,652 | 2,652 | 2,652 |
| 32 Other capital accounts | 750 | 719 | 516 | 513 | 534 | 413 | 1,162 | 2,023 |
| 33 **Total liabilities and capital accounts** | **342,026** | **337,730** | **337,718** | **336,899** | **342,422** | **331,447** | **332,293** | **343,757** |
| 34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts | 275,242 | 277,619 | 276,678 | 278,765 | 279,902 | 274,023 | 276,920 | 279,403 |
| | Federal Reserve note statement | | | | | | | |
| 35 Federal Reserve notes outstanding (issued to Bank) | 360,671 | 361,054 | 361,560 | 361,992 | 362,503 | 358,760 | 360,961 | 362,337 |
| 36 LESS: Held by Federal Reserve Bank | 70,927 | 71,048 | 71,146 | 71,635 | 72,657 | 72,303 | 71,277 | 71,565 |
| 37 Federal Reserve notes, net | 289,745 | 290,006 | 290,415 | 290,357 | 289,847 | 286,457 | 289,684 | 290,772 |
| *Collateral held against notes, net:* | | | | | | | | |
| 38 Gold certificate account | 11,057 | 11,057 | 11,057 | 11,060 | 11,060 | 11,057 | 11,057 | 11,060 |
| 39 Special drawing rights certificate account | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 | 10,018 |
| 40 Other eligible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 41 U.S. Treasury and agency securities | 268,670 | 268,931 | 269,340 | 269,279 | 268,769 | 265,382 | 268,609 | 269,694 |
| 42 **Total collateral** | **289,745** | **290,006** | **290,415** | **290,357** | **289,847** | **286,457** | **289,684** | **290,772** |

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. Components may not sum to totals because of rounding.
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[1]

Millions of dollars

| Type and maturity grouping | Wednesday | | | | | End of month | | |
|---|---|---|---|---|---|---|---|---|
| | 1992 | | | | | 1992 | | |
| | May 27 | June 3 | June 10 | June 17 | June 24 | Apr. 30 | May 29 | June 30 |
| 1 **Total loans** | **203** | **139** | **131** | **230** | **237** | **115** | **150** | **1,360** |
| 2 Within fifteen days | 189 | 69 | 56 | 213 | 217 | 92 | 104 | 1,277 |
| 3 Sixteen days to ninety days | 14 | 69 | 75 | 18 | 20 | 24 | 47 | 82 |
| 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 | 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** | **266,786** | **274,824** | **275,877** | **274,186** | **276,746** | **267,945** | **270,808** | **276,883** |
| 10 Within fifteen days[2] | 12,428 | 15,758 | 9,204 | 13,211 | 15,709 | 13,540 | 7,584 | 9,835 |
| 11 Sixteen days to ninety days | 62,345 | 68,285 | 69,106 | 63,588 | 63,685 | 57,553 | 72,122 | 70,373 |
| 12 Ninety-one days to one year | 86,614 | 85,866 | 89,407 | 89,227 | 89,192 | 93,608 | 85,703 | 88,814 |
| 13 One year to five years | 64,889 | 64,406 | 66,399 | 66,399 | 66,399 | 63,302 | 64,889 | 66,100 |
| 14 Five years to ten years | 15,615 | 15,615 | 16,212 | 16,212 | 16,212 | 15,347 | 15,615 | 16,212 |
| 15 More than ten years | 24,894 | 24,894 | 25,549 | 25,549 | 25,549 | 24,594 | 24,894 | 25,549 |
| 16 **Total federal agency obligations** | **5,751** | **5,934** | **5,719** | **5,719** | **5,780** | **5,910** | **5,750** | **5,710** |
| 17 Within fifteen days[2] | 322 | 255 | 9 | 219 | 280 | 105 | 321 | 222 |
| 18 Sixteen days to ninety days | 496 | 826 | 817 | 687 | 687 | 677 | 496 | 721 |
| 19 Ninety-one days to one year | 1,460 | 1,380 | 1,405 | 1,325 | 1,325 | 1,499 | 1,460 | 1,301 |
| 20 One year to five years | 2,577 | 2,577 | 2,579 | 2,579 | 2,579 | 2,733 | 2,577 | 2,557 |
| 21 Five years to ten years | 742 | 742 | 755 | 755 | 755 | 742 | 742 | 755 |
| 22 More than ten years | 154 | 154 | 154 | 154 | 154 | 154 | 154 | 154 |

1. Holdings under repurchase agreements are classified as maturing within 15 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 | 1988 Dec. | 1989 Dec. | 1990 Dec. | 1991 Dec. | 1991 | | 1992 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June |
| | Seasonally adjusted | | | | | | | | | | | |
| ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2] | | | | | | | | | | | | |
| 1 Total reserves[3] | 40.47 | 40.56 | 41.83 | 45.60 | 44.79 | 45.60 | 46.19 | 47.75 | 48.48 | 49.00 | 49.49 | 49.23 |
| 2 Nonborrowed reserves[4] | 38.75 | 40.29 | 41.51 | 45.41 | 44.68 | 45.41 | 45.95 | 47.67 | 48.38 | 48.91 | 49.34 | 49.00 |
| 3 Nonborrowed reserves plus extended credit[5] | 40.00 | 40.31 | 41.53 | 45.41 | 44.68 | 45.41 | 45.95 | 47.67 | 48.39 | 48.91 | 49.34 | 49.00 |
| 4 Required reserves | 39.42 | 39.64 | 40.17 | 44.62 | 43.89 | 44.62 | 45.18 | 46.68 | 47.45 | 47.86 | 48.49 | 48.32 |
| 5 Monetary base[6] | 256.97 | 267.77 | 293.29 | 317.25 | 315.33 | 317.25 | 319.70 | 323.41 | 324.51 | 326.50 | 328.58[r] | 329.65 |
| | Not seasonally adjusted | | | | | | | | | | | |
| 6 Total reserves[7] | 41.65 | 41.77 | 43.07 | 46.97 | 44.86 | 46.97 | 47.35 | 46.85 | 47.69 | 50.01 | 48.62 | 49.25 |
| 7 Nonborrowed reserves | 39.93 | 41.51 | 42.74 | 46.78 | 44.75 | 46.78 | 47.11 | 46.77 | 47.59 | 49.92 | 48.47 | 49.02 |
| 8 Nonborrowed reserves plus extended credit[5] | 41.17 | 41.53 | 42.77 | 46.78 | 44.75 | 46.78 | 47.11 | 46.77 | 47.60 | 49.93 | 48.47 | 49.02 |
| 9 Required reserves[8] | 40.60 | 40.85 | 41.40 | 46.00 | 43.97 | 46.00 | 46.34 | 45.78 | 46.66 | 48.88 | 47.62 | 48.33 |
| 10 Monetary base[9] | 260.41 | 271.18 | 296.68 | 321.06 | 315.15 | 321.06 | 320.43 | 320.38 | 322.69 | 327.45 | 328.37 | 330.94 |
| NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10] | | | | | | | | | | | | |
| 11 Total reserves[11] | 63.75 | 62.81 | 59.12 | 55.53 | 53.06 | 55.53 | 55.81 | 55.24 | 56.28 | 50.45 | 48.82[r] | 49.50 |
| 12 Nonborrowed reserves | 62.03 | 62.54 | 58.79 | 55.34 | 52.95 | 55.34 | 55.58 | 55.16 | 56.19 | 50.36 | 48.67 | 49.27 |
| 13 Nonborrowed reserves plus extended credit[5] | 63.27 | 62.56 | 58.82 | 55.34 | 52.95 | 55.34 | 55.58 | 55.16 | 56.19 | 50.37 | 48.67 | 49.27 |
| 14 Required reserves | 62.70 | 61.89 | 57.46 | 54.55 | 52.16 | 54.55 | 54.81 | 54.17 | 55.25 | 49.32 | 47.82 | 48.58 |
| 15 Monetary base[12] | 283.00 | 292.55 | 313.70 | 333.61 | 326.88 | 333.61 | 333.09 | 333.19 | 335.82 | 332.69 | 333.79 | 336.44 |
| 16 Excess reserves[13] | 1.05 | .92 | 1.66 | .98 | .89 | .98 | 1.00 | 1.06 | 1.03 | 1.14 | 1.00 | .91 |
| 17 Borrowings from the Federal Reserve | 1.72 | .27 | .33 | .19 | .11 | .19 | .23 | .08 | .09 | .09 | .15 | .23 |

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 there is 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 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 | 1988 Dec. | 1989 Dec. | 1990 Dec. | 1991 Dec. | 1992 | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Mar. | Apr. | May | June |
| | Seasonally adjusted | | | | | | | |
| *Measures[2]* | | | | | | | | |
| 1 M1 | 786.9 | 794.1 | 826.1 | 898.1 | 939.0 | 942.9 | 954.5 | 952.2 |
| 2 M2 | 3,071.1 | 3,227.3 | 3,339.0 | 3,438.9 | 3,473.9[r] | 3,468.2[r] | 3,469.5[r] | 3,458.8 |
| 3 M3 | 3,923.1 | 4,059.8 | 4,114.6 | 4,170.4[r] | 4,190.5[r] | 4,175.7[r] | 4,173.1[r] | 4,158.0 |
| 4 L | 4,677.9 | 4,891.7 | 4,966.6 | 4,989.3[r] | 5,019.5[r] | 5,010.3[r] | 5,001.2 | n.a. |
| 5 Debt | 9,316.1 | 10,060.0 | 10,747.0 | 11,203.6 | 11,325.0 | 11,373.1 | 11,420.0 | n.a. |
| *M1 components* | | | | | | | | |
| 6 Currency[3] | 212.3 | 222.6 | 246.8 | 267.3 | 271.8 | 273.6 | 274.7 | 276.2 |
| 7 Travelers checks[4] | 7.5 | 7.4 | 8.3 | 8.2 | 8.0 | 8.0 | 8.0[r] | 7.9 |
| 8 Demand deposits[5] | 286.5 | 279.0 | 277.1 | 289.5 | 309.6[r] | 311.2[r] | 315.2 | 311.0 |
| 9 Other checkable deposits[6] | 280.6 | 285.1 | 293.9 | 333.2 | 349.5 | 350.1[r] | 356.7[r] | 357.0 |
| *Nontransaction components* | | | | | | | | |
| 10 In M2[7] | 2,284.2 | 2,433.2 | 2,512.9 | 2,540.8 | 2,534.9[r] | 2,525.2[r] | 2,515.0[r] | 2,506.6 |
| 11 In M3[8] | 852.0 | 832.5 | 775.6 | 731.5[r] | 716.5[r] | 707.6[r] | 703.6[r] | 699.3 |
| *Commercial banks* | | | | | | | | |
| 12 Savings deposits, including MMDAs | 542.7 | 541.4 | 581.9 | 664.9 | 695.2[r] | 703.2[r] | 707.9 | 710.7 |
| 13 Small time deposits[9] | 447.0 | 531.0 | 606.4 | 598.5 | 569.2 | 565.9 | 557.8 | 551.2 |
| 14 Large time deposits[10, 11] | 366.9 | 398.2 | 374.0 | 354.0 | 336.8 | 331.9 | 329.6[r] | 326.5 |
| *Thrift institutions* | | | | | | | | |
| 15 Savings deposits, including MMDAs | 383.5 | 349.7 | 338.8 | 377.7 | 402.7 | 408.0 | 414.6 | 416.4 |
| 16 Small time deposits[9] | 585.9 | 617.5 | 562.3 | 464.5 | 433.7 | 419.5 | 411.0 | 404.7 |
| 17 Large time deposits[10] | 174.3 | 161.1 | 120.9 | 83.1 | 76.1 | 73.8 | 71.2 | 69.7 |
| *Money market mutual funds* | | | | | | | | |
| 18 General purpose and broker–dealer | 241.9 | 316.3 | 348.9 | 360.5 | 358.0 | 354.1 | 355.0 | 353.3 |
| 19 Institution-only | 91.0 | 107.2 | 133.7 | 179.1 | 185.3 | 189.2 | 194.8 | 199.7 |
| *Debt components* | | | | | | | | |
| 20 Federal debt | 2,101.5 | 2,249.8 | 2,493.6 | 2,767.2 | 2,832.2 | 2,863.2 | 2,893.4 | n.a. |
| 21 Nonfederal debt | 7,214.6 | 7,810.2 | 8,253.3 | 8,436.4 | 8,492.8 | 8,509.9 | 8,526.7 | n.a. |
| | Not seasonally adjusted | | | | | | | |
| *Measures[2]* | | | | | | | | |
| 22 M1 | 804.1 | 811.9 | 844.1 | 917.3 | 930.8 | 954.8 | 944.3[r] | 952.5 |
| 23 M2 | 3,083.8 | 3,240.0 | 3,351.9 | 3,452.8 | 3,474.5[r] | 3,486.2[r] | 3,451.8[r] | 3,454.7 |
| 24 M3 | 3,934.7 | 4,070.3 | 4,124.7 | 4,181.1[r] | 4,195.5[r] | 4,192.5[r] | 4,158.8[r] | 4,155.2 |
| 25 L | 4,694.9 | 4,911.0 | 4,986.4 | 5,009.6[r] | 5,026.4[r] | 5,025.2[r] | 4,984.6 | n.a. |
| 26 Debt | 9,301.5 | 10,045.6 | 10,734.2 | 11,190.2 | 11,287.6 | 11,336.3 | 11,375.8 | n.a. |
| *M1 components* | | | | | | | | |
| 27 Currency[3] | 214.8 | 225.3 | 249.5 | 270.0 | 271.0 | 273.4 | 275.7 | 277.3 |
| 28 Travelers checks[4] | 6.9 | 6.9 | 7.8 | 7.7 | 7.7 | 7.6 | 7.7 | 8.2 |
| 29 Demand deposits[5] | 298.9 | 291.5 | 289.9 | 303.0 | 302.0[r] | 312.9 | 307.5 | 310.7 |
| 30 Other checkable deposits[6] | 283.5 | 288.1 | 296.9 | 336.5 | 350.0[r] | 360.9[r] | 353.3[r] | 356.4 |
| *Nontransaction components* | | | | | | | | |
| 31 In M2[7] | 2,279.7 | 2,428.1 | 2,507.8 | 2,535.5 | 2,543.7[r] | 2,531.4[r] | 2,507.5[r] | 2,502.1 |
| 32 In M3[8] | 850.8 | 830.3 | 772.8 | 728.4[r] | 721.0[r] | 706.3[r] | 707.0[r] | 700.5 |
| *Commercial banks* | | | | | | | | |
| 33 Savings deposits, including MMDAs | 543.8 | 543.0 | 580.0 | 662.4 | 696.8 | 706.1 | 707.9 | 714.0 |
| 34 Small time deposits[9] | 446.0 | 529.5 | 606.3 | 598.7 | 569.5 | 565.4 | 556.1 | 549.2 |
| 35 Large time deposits[10, 11] | 365.9 | 397.1 | 373.0 | 352.8 | 337.3 | 330.9 | 330.8[r] | 327.8 |
| *Thrift institutions* | | | | | | | | |
| 36 Savings deposits, including MMDAs | 381.1 | 347.6 | 337.7 | 376.3 | 403.7 | 409.7 | 414.6 | 418.4 |
| 37 Small time deposits[9] | 584.9 | 616.0 | 562.2 | 464.6 | 433.8[r] | 419.1 | 409.7[r] | 403.3 |
| 38 Large time deposits[10] | 175.2 | 162.0 | 120.6 | 82.8 | 76.2[r] | 73.6 | 71.5 | 70.0 |
| *Money market mutual funds* | | | | | | | | |
| 39 General purpose and broker–dealer | 240.8 | 314.6 | 346.8 | 358.1 | 366.9 | 360.4 | 352.3 | 348.9 |
| 40 Institution-only | 91.4 | 107.8 | 134.4 | 180.3 | 191.4 | 190.9 | 195.5 | 195.7 |
| *Repurchase agreements and eurodollars* | | | | | | | | |
| 41 Overnight | 83.2 | 77.5 | 74.7 | 75.3 | 73.1 | 70.8[r] | 66.9[r] | 68.4 |
| 42 Term | 227.4 | 178.5 | 158.3 | 128.1[r] | 131.6[r] | 127.3[r] | 124.3[r] | 121.2 |
| *Debt components* | | | | | | | | |
| 43 Federal debt | 2,098.9 | 2,247.5 | 2,491.3 | 2,765.0 | 2,834.7 | 2,863.5 | 2,884.1 | n.a. |
| 44 Nonfederal debt | 7,202.5 | 7,798.1 | 8,242.9 | 8,425.2 | 8,453.0 | 8,472.8[r] | 8,491.7 | n.a. |

For notes see 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 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 due 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 due 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) MMDAs, and (4) savings and 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 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, and foreign banks and official institutions.

## 1.22 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 | 1989[2] | 1990[2] | 1991[2] | 1991 | | 1992 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. |
| DEBITS TO | Seasonally adjusted | | | | | | | | |
| *Demand deposits*[3] | | | | | | | | | |
| 1 All insured banks | 256,150.4 | 277,916.3 | 281,050.1 | 278,234.2 | 293,941.3 | 306,523.0 | 298,098.7 | 305,837.0 | 315,651.2 |
| 2 Major New York City banks | 129,319.9 | 131,784.0 | 140,905.5 | 140,769.6 | 149,502.5 | 161,915.3 | 154,751.0 | 164,171.5 | 167,177.5 |
| 3 Other banks | 126,830.5 | 146,132.3 | 140,144.6 | 137,464.6 | 144,438.8 | 144,607.7 | 143,347.7 | 141,665.5 | 148,473.7 |
| 4 ATS-NOW accounts[4] | 2,910.5 | 3,349.6 | 3,624.6 | 3,553.7 | 3,786.5 | 3,719.4 | 3,787.2 | 3,670.2 | 3,957.0 |
| 5 Savings deposits[5] | 547.5 | 558.8 | 1,377.4 | 3,233.1 | 3,296.1 | 3,089.7 | 3,142.5 | 3,361.0 | 3,356.5 |
| DEPOSIT TURNOVER | | | | | | | | | |
| *Demand deposits*[3] | | | | | | | | | |
| 6 All insured banks | 735.1 | 800.6 | 817.6 | 787.3 | 841.8 | 870.1 | 817.6 | 832.5 | 857.4 |
| 7 Major New York City banks | 3,421.5 | 3,804.1 | 4,391.9 | 4,214.7 | 4,657.4 | 4,997.4 | 4,633.3 | 4,974.4 | 5,029.1 |
| 8 Other banks | 408.3 | 467.7 | 449.6 | 429.6 | 453.9 | 452.1 | 432.8 | 423.7 | 443.3 |
| 9 ATS-NOW accounts[4] | 15.2 | 16.5 | 16.1 | 14.8 | 15.7 | 15.1 | 15.1 | 14.5 | 15.6 |
| 10 Savings deposits[5] | 3.0 | 2.9 | 3.3 | 5.0 | 5.0 | 4.7 | 4.7 | 4.9 | 4.7 |
| DEBITS TO | Not seasonally adjusted | | | | | | | | |
| *Demand deposits*[3] | | | | | | | | | |
| 11 All insured banks | 256,133.2 | 277,400.0 | 280,922.8 | 267,995.2 | 301,642.6 | 306,706.9 | 276,158.6 | 313,513.5 | 314,388.6 |
| 12 Major New York City banks | 129,400.1 | 131,784.7 | 140,563.0 | 136,592.8 | 153,462.8 | 158,932.3 | 143,476.0 | 168,122.2 | 164,994.4 |
| 13 Other banks | 126,733.0 | 145,615.3 | 140,359.7 | 131,402.4 | 148,179.8 | 147,774.6 | 132,682.6 | 145,391.3 | 149,394.3 |
| 14 ATS-NOW accounts[4] | 2,910.7 | 3,342.2 | 3,622.4 | 3,314.0 | 3,841.0 | 4,130.2 | 3,450.5 | 3,747.2 | 4,104.5 |
| 15 MMDAs[6] | 2,677.1 | 2,923.8 | n.a | n.a | n.a | n.a | n.a | n.a | n.a |
| 16 Savings deposits[5] | 546.9 | 557.9 | 1,408.3 | 2,939.5 | 3,331.1 | 3,364.7 | 2,872.0 | 3,363.7 | 3,459.2 |
| DEPOSIT TURNOVER | | | | | | | | | |
| *Demand deposits*[3] | | | | | | | | | |
| 17 All insured banks | 735.4 | 799.6 | 817.5 | 751.7 | 823.7 | 851.5 | 778.4 | 878.2 | 849.3 |
| 18 Major New York City banks | 3,426.2 | 3,810.0 | 4,370.1 | 4,059.4 | 4,461.1 | 4,633.6 | 4,387.6 | 5,308.9 | 5,042.4 |
| 19 Other banks | 408.0 | 466.3 | 450.6 | 406.9 | 445.1 | 453.6 | 412.0 | 446.9 | 442.7 |
| 20 ATS-NOW accounts[4] | 15.2 | 16.4 | 16.1 | 13.9 | 15.7 | 16.4 | 13.7 | 14.7 | 15.7 |
| 21 MMDAs[6] | 7.9 | 8.0 | n.a | n.a | n.a | n.a | n.a | n.a | n.a |
| 22 Savings deposits[5] | 2.9 | 2.9 | 3.4 | 4.5 | 5.1 | 5.1 | 4.2 | 4.9 | 4.9 |

1. Historical tables containing revised data for earlier periods can be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.
Data in this table also appear on the Board's G.6 (406) monthly statistical release. For ordering address, see inside front cover.
2. Annual averages of monthly figures.
3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.
4. Accounts authorized for negotiable orders of withdrawal (NOWs) and accounts authorized for automatic transfer to demand deposits (ATSs).
5. Excludes ATS and NOW accounts.
6. Money market deposit accounts.

## 1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars, averages of Wednesday figures

| Item | 1991 | | | | | | 1992 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | July | Aug. | Sept. | Oct.[r] | Nov.[r] | Dec. | Jan. | Feb. | Mar.[r] | Apr.[r] | May[r] | June |
| | Seasonally adjusted | | | | | | | | | | | |
| 1 **Total loans and securities[2]** | **2,773.8[r]** | **2,776.9[r]** | **2,789.1[r]** | **2,805.5** | **2,822.8** | **2,838.0[r]** | **2,847.3[r]** | **2,847.8[r]** | **2,854.1** | **2,866.3** | **2,864.2** | **2,869.0** |
| 2 U.S. government securities | 502.4 | 512.6 | 523.0 | 538.7 | 550.8 | 562.5 | 565.7 | 570.4 | 578.3 | 589.8 | 598.5 | 607.3 |
| 3 Other securities | 175.8 | 174.4 | 176.3 | 177.9 | 178.8 | 179.3 | 178.5 | 178.6 | 175.9 | 176.1 | 174.3 | 172.7 |
| 4 Total loans and leases[2] | 2,095.5[r] | 2,089.9[r] | 2,089.8[r] | 2,088.9 | 2,093.2 | 2,096.2[r] | 2,103.1[r] | 2,098.8[r] | 2,099.9 | 2,100.3 | 2,091.4 | 2,089.0 |
| 5 Commercial and industrial | 623.8 | 619.5 | 622.0 | 622.6 | 621.7 | 617.8 | 615.9[r] | 611.5 | 608.7 | 605.7 | 602.2 | 598.5 |
| 6 Bankers acceptances held[3] | 7.5[r] | 7.7 | 7.2 | 6.6 | 7.2 | 7.3 | 7.2 | 7.4 | 7.3 | 7.1 | 7.2 | 6.8 |
| 7 Other commercial and industrial | 616.3 | 611.8 | 614.7[r] | 616.1 | 614.6 | 610.5 | 608.7[r] | 604.1 | 601.4 | 598.6 | 594.9 | 591.7 |
| 8 U.S. addressees[4] | 610.6 | 605.9 | 608.6[r] | 609.4 | 607.9 | 603.1[r] | 602.4[r] | 597.8[r] | 595.0 | 592.1 | 588.2 | 585.2 |
| 9 Non-U.S. addressees[4] | 5.7 | 5.9 | 6.1 | 6.7 | 6.7 | 7.4 | 6.3 | 6.3 | 6.4 | 6.5 | 6.7 | 6.5 |
| 10 Real estate | 867.3 | 866.7 | 868.1[r] | 869.8 | 871.9 | 873.1[r] | 873.3[r] | 876.9 | 878.6 | 880.8 | 882.1 | 881.0 |
| 11 Individual | 370.9 | 370.3 | 367.3[r] | 364.2 | 363.1 | 363.5[r] | 363.1 | 363.5[r] | 362.1 | 361.0 | 359.4 | 360.0 |
| 12 Security | 47.4 | 48.4 | 50.0 | 51.1 | 53.4 | 54.5 | 59.5 | 57.1 | 60.5 | 65.0 | 61.8 | 64.1 |
| 13 Nonbank financial institutions | 37.7 | 36.9 | 37.1 | 37.2 | 37.8 | 40.4 | 39.8[r] | 40.8[r] | 41.3 | 40.6 | 40.9 | 40.4 |
| 14 Agricultural | 34.0 | 34.3 | 34.5[r] | 34.1 | 33.8 | 34.0[r] | 33.6 | 33.5 | 34.2 | 34.1 | 33.9 | 34.2 |
| 15 State and political subdivisions | 31.0[r] | 30.6[r] | 30.3[r] | 29.7 | 29.4 | 29.1[r] | 28.0 | 28.2[r] | 28.2 | 27.9 | 27.7 | 27.4 |
| 16 Foreign banks | 6.4 | 6.5 | 6.8 | 6.6 | 6.9 | 7.4 | 7.3 | 6.8 | 6.5 | 6.7 | 7.3 | 8.1 |
| 17 Foreign official institutions | 2.3 | 2.2 | 2.3 | 2.4 | 2.5 | 2.4 | 2.3 | 2.2 | 2.2 | 2.1 | 2.1 | 2.1 |
| 18 Lease-financing receivables | 32.5[r] | 31.9[r] | 31.8[r] | 31.6 | 31.5 | 31.7[r] | 31.5 | 31.6 | 31.5 | 31.5 | 31.4 | 31.6 |
| 19 All other loans | 42.3[r] | 42.7[r] | 39.8[r] | 39.5 | 41.1 | 42.4[r] | 48.9 | 46.7[r] | 46.1 | 45.0 | 42.6 | 41.8 |
| | Not seasonally adjusted | | | | | | | | | | | |
| 20 **Total loans and securities[2]** | **2,767.0[r]** | **2,774.0[r]** | **2,789.3[r]** | **2,808.3** | **2,828.1** | **2,844.5[r]** | **2,844.0[r]** | **2,850.4[r]** | **2,854.8** | **2,865.4** | **2,859.8** | **2,869.9** |
| 21 U.S. government securities | 500.3 | 511.1 | 521.6 | 537.6 | 551.7 | 558.5 | 565.2 | 574.3 | 583.6 | 592.1 | 598.6 | 606.3 |
| 22 Other securities | 174.9 | 174.5 | 176.3 | 178.3 | 179.0 | 179.6 | 179.1[r] | 178.7[r] | 176.0 | 175.8 | 174.0 | 172.7 |
| 23 Total loans and leases[2] | 2,091.9[r] | 2,088.4[r] | 2,091.4[r] | 2,092.4 | 2,097.4 | 2,106.4[r] | 2,099.7[r] | 2,097.4[r] | 2,095.2 | 2,097.6 | 2,087.2 | 2,090.8 |
| 24 Commercial and industrial | 623.6 | 617.7 | 619.1 | 621.1 | 620.4 | 619.1 | 612.7[r] | 610.7 | 611.3 | 608.5 | 604.5 | 600.5 |
| 25 Bankers acceptances held[3] | 7.1 | 7.5 | 7.2 | 6.6 | 7.3 | 7.6 | 7.2 | 7.5 | 7.2 | 6.8 | 7.2 | 6.9 |
| 26 Other commercial and industrial | 616.5 | 610.1[r] | 611.9 | 614.5 | 613.1 | 611.5[r] | 605.5[r] | 603.1[r] | 604.1 | 601.7 | 597.3 | 593.5 |
| 27 U.S. addressees[4] | 610.8 | 604.3 | 605.9 | 608.3 | 606.9 | 604.5[r] | 598.7[r] | 596.4[r] | 597.5 | 594.9 | 590.6 | 586.7 |
| 28 Non-U.S. addressees[4] | 5.8 | 5.8 | 6.0 | 6.2 | 6.2 | 7.0 | 6.8 | 6.7 | 6.6 | 6.8 | 6.7 | 6.9 |
| 29 Real estate | 868.4 | 868.6 | 869.0 | 871.2 | 873.2 | 873.4[r] | 872.7[r] | 873.9 | 875.1 | 879.5 | 882.7 | 881.3 |
| 30 Individual | 368.2 | 369.3 | 368.7 | 365.1 | 364.5 | 368.1[r] | 367.4 | 363.5[r] | 359.6 | 358.3 | 357.8 | 357.9 |
| 31 Security | 46.2 | 47.3 | 48.6 | 50.8 | 53.5 | 55.1 | 59.0 | 61.7 | 62.3 | 66.5 | 58.4 | 63.9 |
| 32 Nonbank financial institutions | 37.9 | 37.0 | 36.7 | 36.9 | 38.1 | 41.7 | 40.2[r] | 40.4[r] | 40.7 | 40.2 | 40.3 | 40.7 |
| 33 Agricultural | 34.7 | 35.2 | 35.5 | 35.0 | 34.1 | 33.9 | 33.2 | 32.6 | 32.9 | 33.1 | 33.5 | 34.4 |
| 34 State and political subdivisions | 30.8[r] | 30.5[r] | 30.2[r] | 29.8 | 29.4 | 29.0[r] | 28.4 | 28.3[r] | 28.2 | 27.9 | 27.7 | 27.4 |
| 35 Foreign banks | 6.3 | 6.4 | 6.9 | 6.9 | 7.3 | 7.9 | 7.1 | 6.7 | 6.4 | 6.5 | 7.2 | 7.8 |
| 36 Foreign official institutions | 2.3 | 2.2 | 2.3 | 2.4 | 2.5 | 2.4 | 2.3 | 2.2 | 2.2 | 2.1 | 2.1 | 2.1 |
| 37 Lease-financing receivables | 32.3[r] | 31.7[r] | 31.7[r] | 31.8 | 31.6 | 31.7[r] | 31.8 | 31.7 | 31.7 | 31.5 | 31.4 | 31.3 |
| 38 All other loans | 41.1[r] | 42.5[r] | 42.8[r] | 41.6 | 42.6 | 44.1[r] | 45.0[r] | 45.6[r] | 44.9 | 43.5 | 41.6 | 43.7 |

1. Data have been revised to reflect new seasonal adjustment factors and benchmarking to Call reports. Historical data may be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551. Components may not sum to totals because of rounding.
2. Adjusted to exclude loans to commercial banks in the United States.
3. Includes nonfinancial commercial paper held.
4. United States includes the fifty states and the District of Columbia.

## 1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Billions of dollars, monthly averages

| Source of funds | 1991 | | | | | | 1992[r] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | July | Aug.[r] | Sept. | Oct.[r] | Nov. | Dec.[r] | Jan. | Feb. | Mar. | Apr. | May | June |
| *Seasonally adjusted* | | | | | | | | | | | | |
| 1 Total nondeposit funds[2] | 248.8[r] | 246.6 | 249.3 | 263.9 | 267.0[r] | 280.8 | 284.4 | 288.8 | 289.3 | 292.2 | 292.8 | 296.5 |
| 2 Net balances due to related foreign offices[3] | 18.1 | 18.2 | 20.3 | 30.9 | 33.1 | 39.2 | 43.7 | 42.7 | 45.5 | 50.1 | 55.3 | 61.2 |
| 3 Borrowings from other than commercial banks in United States[4] | 230.8[r] | 228.3 | 229.0 | 232.9 | 233.9[r] | 241.6 | 240.7 | 246.1 | 243.7 | 242.1 | 237.6 | 235.2 |
| 4 Domestically chartered banks | 161.0[r] | 156.4 | 155.1[r] | 153.9 | 150.8 | 153.7 | 155.6 | 158.8 | 154.6 | 151.7 | 148.5 | 147.4 |
| 5 Foreign-related banks | 69.8[r] | 72.0 | 74.0[r] | 79.1 | 83.1[r] | 87.8 | 85.1 | 87.3 | 89.1 | 90.4 | 89.1 | 87.8 |
| *Not seasonally adjusted* | | | | | | | | | | | | |
| 6 Total nondeposit funds[2] | 245.0[r] | 243.3 | 246.7 | 265.1 | 271.3[r] | 279.0 | 280.4 | 289.4 | 293.1 | 289.4 | 298.6 | 298.0 |
| 7 Net balances due to related foreign offices[3] | 14.8 | 16.4 | 19.5 | 30.5 | 34.0 | 42.7 | 44.4 | 42.9 | 45.9 | 48.6 | 57.7 | 60.9 |
| 8 Domestically chartered banks | −7.3 | −7.2 | −8.8 | −7.2 | −4.4 | −3.8 | −4.9 | −1.0 | −1.2 | −5.4 | −4.2 | −6.3 |
| 9 Foreign-related banks | 22.1 | 23.6 | 28.3 | 37.7 | 38.5 | 46.5 | 49.3 | 43.9 | 47.2 | 54.0 | 61.9 | 67.2 |
| 10 Borrowings from other than commercial banks in United States[4] | 230.2[r] | 226.9 | 227.2 | 234.6 | 237.3[r] | 236.3 | 235.9 | 246.6 | 247.2 | 240.8 | 240.9 | 237.1 |
| 11 Domestically chartered banks | 159.2[r] | 154.6 | 154.0[r] | 154.7 | 155.1 | 152.4 | 151.4 | 159.3 | 157.7 | 149.8 | 151.1 | 147.6 |
| 12 Federal funds and security RP borrowings[5] | 156.0[r] | 151.0 | 150.5[r] | 151.5 | 151.9 | 149.3 | 147.9 | 155.8 | 154.4 | 146.3 | 147.3 | 143.5 |
| 13 Other[6] | 3.2 | 3.7 | 3.5 | 3.2 | 3.2 | 3.1 | 3.4 | 3.5 | 3.3 | 3.4 | 3.9 | 4.1 |
| 14 Foreign-related banks[6] | 70.9 | 72.3 | 73.2[r] | 79.9 | 82.2[r] | 83.8 | 84.6 | 87.2 | 89.5 | 91.0 | 89.8 | 89.5 |
| MEMO | | | | | | | | | | | | |
| *Gross large time deposits*[7] | | | | | | | | | | | | |
| 15 Seasonally adjusted | 437.5 | 438.2 | 436.0 | 429.5 | 426.1 | 423.9 | 416.0 | 413.7 | 406.9 | 399.8 | 396.6 | 392.4 |
| 16 Not seasonally adjusted | 437.1 | 440.0 | 437.5 | 429.7 | 425.8 | 422.6 | 413.6 | 412.6 | 407.3 | 398.8 | 397.9 | 393.7 |
| *U.S. Treasury demand balances at commercial banks*[8] | | | | | | | | | | | | |
| 17 Seasonally adjusted | 22.8 | 25.3 | 23.8 | 29.2 | 34.2 | 26.4 | 27.8 | 19.5 | 21.8 | 19.9 | 17.0 | 25.8 |
| 18 Not seasonally adjusted | 20.7 | 17.2 | 26.9 | 28.7 | 28.5 | 25.4 | 33.1 | 25.2 | 20.1 | 17.7 | 21.0 | 25.1 |

1. Commercial banks are nationally and state-chartered banks in the fifty states and the District of Columbia, agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

Data in this table also appear in the Board's G.10 (411) release. For ordering address, see inside front cover.

Data have been revised to reflect new seasonal adjustment factors and benchmarking to Call reports. Historical data may be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

2. Includes federal funds, repurchase agreements (RPs), and other borrowing from nonbanks and net balances due to related foreign offices.

3. Reflects net positions of U.S. chartered banks, Edge act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own International Banking Facilities (IBFs).

4. Borrowings through any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, loan RPs, and sales of participations in pooled loans.

5. Figures are based on averages of daily data reported weekly by approximately 120 large banks and quarterly or annual data reported by other banks.

6. Figures are partly averages of daily data and partly averages of Wednesday data.

7. Time deposits in denominations of $100,000 or more. Estimated averages of daily data.

8. U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.

## 1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKS Last-Wednesday-of-Month Series[1]

Billions of dollars

| Account | 1991 | | | | | 1992 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr.[r] | May[r] | June |
| ALL COMMERCIAL BANKING INSTITUTIONS[2] | | | | | | | | | | | |
| 1 **Total assets** | **3,402.5** | **3,431.6** | **3,473.1** | **3,514.4** | **3,545.4** | **3,502.8** | **3,502.3** | **3,499.7** | **3,514.7** | **3,520.2** | **3,502.7** |
| 2 Loans and securities | 2,933.3 | 2,952.0 | 2,982.5 | 3,005.1 | 3,026.7 | 3,017.1 | 3,017.5 | 3,021.1 | 3,023.7 | 3,017.7 | 3,017.4 |
| 3 Investment securities | 654.2 | 663.4 | 687.3 | 696.7 | 705.5 | 706.1 | 712.1 | 720.8 | 724.7 | 732.1 | 744.9 |
| 4 U.S. government securities | 491.9 | 500.0 | 522.6 | 530.7 | 538.0 | 541.2 | 548.6 | 558.5 | 563.8 | 572.3 | 586.8 |
| 5 Other | 162.3 | 163.4 | 164.7 | 166.0 | 167.4 | 164.9 | 163.5 | 162.3 | 161.0 | 159.7 | 158.0 |
| 6 Trading account assets | 31.3 | 32.3 | 35.3 | 36.4 | 33.8 | 38.0 | 37.7 | 39.2 | 37.9 | 36.7 | 34.9 |
| 7 Total loans | 2,247.7 | 2,256.2 | 2,259.9 | 2,271.9 | 2,287.5 | 2,273.0 | 2,267.7 | 2,261.2 | 2,261.1 | 2,248.9 | 2,237.6 |
| 8 Interbank loans | 161.1 | 163.3 | 169.5 | 173.6 | 175.1 | 177.5 | 175.4 | 170.0 | 166.4 | 168.5 | 154.2 |
| 9 Loans excluding interbank | 2,086.7 | 2,093.0 | 2,090.4 | 2,098.3 | 2,112.4 | 2,095.5 | 2,092.3 | 2,091.2 | 2,094.6 | 2,080.3 | 2,083.4 |
| 10 Commercial and industrial | 616.7 | 619.0 | 619.1 | 621.6 | 621.1 | 611.1 | 610.5 | 610.3 | 606.3 | 602.4 | 598.2 |
| 11 Real estate | 868.4 | 867.9 | 872.3 | 872.5 | 872.8 | 872.9 | 872.1 | 873.5 | 881.3 | 880.2 | 879.1 |
| 12 Individual | 369.4 | 368.8 | 365.3 | 363.5 | 369.9 | 366.8 | 362.4 | 359.5 | 359.3 | 358.0 | 359.0 |
| 13 All other | 232.1 | 237.3 | 233.7 | 240.7 | 248.5 | 244.7 | 247.3 | 247.8 | 247.8 | 239.7 | 247.2 |
| 14 Total cash assets | 197.3 | 203.7 | 206.0 | 224.2 | 229.2 | 201.6 | 204.8 | 203.7 | 208.2 | 222.5 | 203.0 |
| 15 Reserves with Federal Reserve Banks | 22.6 | 26.1 | 25.9 | 24.7 | 29.2 | 23.7 | 27.4 | 28.5 | 23.7 | 28.6 | 28.8 |
| 16 Cash in vault | 31.0 | 30.2 | 30.7 | 29.6 | 30.8 | 31.1 | 30.7 | 29.8 | 30.8 | 32.2 | 30.8 |
| 17 Cash items in process of collection | 71.9 | 75.5 | 75.5 | 90.6 | 87.7 | 72.9 | 73.5 | 71.5 | 78.4 | 84.1 | 69.5 |
| 18 Demand balances at U.S. depository institutions | 27.6 | 27.2 | 29.2 | 32.7 | 33.3 | 28.4 | 28.9 | 28.3 | 28.6 | 31.7 | 28.7 |
| 19 Other cash assets | 44.2 | 44.7 | 44.7 | 46.5 | 48.3 | 45.5 | 44.2 | 45.7 | 46.7 | 45.9 | 45.2 |
| 20 Other assets | 271.9 | 275.9 | 284.5 | 285.1 | 289.5 | 284.1 | 279.9 | 274.9 | 282.7 | 280.0 | 282.4 |
| 21 **Total liabilities** | **3,056.6** | **3,083.2** | **3,131.4** | **3,172.8** | **3,199.8** | **3,147.7** | **3,147.4** | **3,144.2** | **3,163.9** | **3,166.9** | **3,250.0** |
| 22 Total deposits | 2,326.7 | 2,325.2 | 2,345.5 | 2,388.6 | 2,392.6 | 2,339.7 | 2,347.6 | 2,354.9 | 2,359.8 | 2,370.9 | 2,339.7 |
| 23 Transaction accounts | 612.5 | 614.4 | 629.7 | 672.2 | 685.4 | 646.2 | 654.8 | 665.9 | 676.2 | 686.9 | 665.7 |
| 24 Savings deposits (excluding checkable) | 627.5 | 631.4 | 643.7 | 651.8 | 657.7 | 669.4 | 681.9 | 692.6 | 694.2 | 702.5 | 704.1 |
| 25 Time deposits | 1,086.7 | 1,079.4 | 1,072.1 | 1,064.6 | 1,049.5 | 1,024.2 | 1,010.9 | 996.4 | 989.4 | 981.6 | 969.9 |
| 26 Borrowings | 467.5 | 484.8 | 504.5 | 491.1 | 504.8 | 507.7 | 504.8 | 495.3 | 501.0 | 492.6 | 500.2 |
| 27 Other liabilities | 262.4 | 273.2 | 281.4 | 293.1 | 302.4 | 300.7 | 295.5 | 294.6 | 303.8 | 303.9 | 307.7 |
| 28 Residual (assets less liabilities)[3] | 345.9 | 348.4 | 341.7 | 341.6 | 345.7 | 354.7 | 354.3 | 354.9 | 350.1 | 352.7 | 355.1 |
| DOMESTICALLY CHARTERED COMMERCIAL BANKS[4] | | | | | | | | | | | |
| 29 **Total assets** | **2,987.3** | **3,002.4** | **3,027.7** | **3,055.2** | **3,072.0** | **3,032.2** | **3,031.6** | **3,034.8** | **3,048.7** | **3,051.8** | **3,032.4** |
| 30 Loans and securities | 2,651.9 | 2,660.4 | 2,677.0 | 2,691.6 | 2,698.6 | 2,692.7 | 2,692.8 | 2,702.4 | 2,700.0 | 2,695.2 | 2,688.8 |
| 31 Investment securities | 613.7 | 621.6 | 640.0 | 646.5 | 652.2 | 654.7 | 662.1 | 670.2 | 674.7 | 678.9 | 690.7 |
| 32 U.S. government securities | 470.3 | 477.3 | 494.7 | 500.7 | 506.4 | 511.1 | 519.8 | 529.4 | 534.6 | 540.1 | 552.7 |
| 33 Other | 143.4 | 144.3 | 145.3 | 145.8 | 145.8 | 143.6 | 142.3 | 140.8 | 140.2 | 138.7 | 137.9 |
| 34 Trading account assets | 31.3 | 32.3 | 35.3 | 36.4 | 33.8 | 38.0 | 37.7 | 39.2 | 37.9 | 36.7 | 34.9 |
| 35 Total loans | 2,006.8 | 2,006.5 | 2,001.8 | 2,008.7 | 2,012.6 | 2,000.1 | 1,993.0 | 1,993.0 | 1,987.4 | 1,979.6 | 1,963.2 |
| 36 Interbank loans | 141.3 | 142.3 | 144.1 | 150.1 | 149.4 | 154.2 | 151.0 | 149.0 | 138.2 | 142.8 | 129.4 |
| 37 Loans excluding interbank | 1,865.5 | 1,864.2 | 1,857.6 | 1,858.6 | 1,863.2 | 1,845.9 | 1,842.0 | 1,844.0 | 1,849.2 | 1,836.8 | 1,833.8 |
| 38 Commercial and industrial | 475.8 | 473.0 | 471.5 | 469.1 | 464.5 | 455.9 | 455.6 | 455.9 | 454.3 | 450.4 | 446.1 |
| 39 Real estate | 815.6 | 814.9 | 818.6 | 818.8 | 819.0 | 818.6 | 817.7 | 818.8 | 827.2 | 826.0 | 825.5 |
| 40 Revolving home equity | 67.3 | 68.1 | 69.2 | 69.4 | 70.0 | 70.3 | 69.9 | 69.8 | 70.5 | 70.9 | 71.5 |
| 41 Other real estate | 748.3 | 746.8 | 749.4 | 749.4 | 749.0 | 748.3 | 747.8 | 749.0 | 756.7 | 755.1 | 754.0 |
| 42 Individual | 369.4 | 368.8 | 365.3 | 363.5 | 369.9 | 366.8 | 362.4 | 359.5 | 359.3 | 358.0 | 359.0 |
| 43 All other | 204.7 | 207.6 | 202.2 | 207.1 | 209.8 | 204.6 | 206.3 | 209.8 | 208.4 | 202.3 | 203.2 |
| 44 Total cash assets | 171.5 | 176.4 | 179.0 | 197.5 | 201.7 | 175.9 | 179.7 | 177.7 | 182.1 | 194.4 | 173.9 |
| 45 Reserves with Federal Reserve Banks | 22.1 | 24.9 | 25.1 | 24.0 | 28.5 | 23.3 | 26.8 | 28.0 | 23.0 | 26.9 | 28.0 |
| 46 Cash in vault | 31.0 | 30.1 | 30.7 | 29.6 | 30.7 | 31.1 | 30.7 | 29.8 | 30.8 | 32.2 | 30.8 |
| 47 Cash items in process of collection | 70.3 | 74.0 | 73.7 | 88.4 | 85.6 | 71.1 | 71.8 | 69.0 | 75.9 | 81.8 | 66.4 |
| 48 Demand balances at U.S. depository institutions | 25.7 | 25.1 | 27.3 | 30.7 | 31.1 | 26.5 | 27.1 | 26.9 | 27.2 | 30.2 | 27.2 |
| 49 Other cash assets | 22.4 | 22.3 | 22.3 | 24.8 | 25.8 | 24.0 | 23.3 | 24.1 | 25.2 | 23.3 | 21.5 |
| 50 Other assets | 163.9 | 165.6 | 171.6 | 166.2 | 171.7 | 163.6 | 159.0 | 154.6 | 166.6 | 162.2 | 169.8 |
| 51 **Total liabilities** | **2,755.0** | **2,769.4** | **2,795.4** | **2,821.8** | **2,836.5** | **2,793.7** | **2,792.2** | **2,794.7** | **2,807.3** | **2,807.9** | **2,783.9** |
| 52 Deposits | 2,289.5 | 2,287.1 | 2,301.9 | 2,342.0 | 2,344.0 | 2,293.0 | 2,302.7 | 2,309.1 | 2,314.4 | 2,322.5 | 2,288.3 |
| 53 Transaction accounts | 603.2 | 605.4 | 620.3 | 662.0 | 674.9 | 636.1 | 645.3 | 655.8 | 666.5 | 677.2 | 655.5 |
| 54 Savings deposits (excluding checkable) | 623.8 | 627.6 | 639.9 | 647.9 | 653.7 | 665.3 | 677.9 | 688.5 | 690.1 | 698.3 | 699.6 |
| 55 Time deposits | 1,062.6 | 1,054.1 | 1,041.7 | 1,032.0 | 1,015.4 | 991.6 | 979.6 | 964.8 | 957.7 | 947.0 | 933.2 |
| 56 Borrowings | 340.1 | 356.1 | 362.3 | 346.5 | 356.4 | 365.2 | 359.2 | 354.3 | 367.2 | 360.2 | 367.4 |
| 57 Other liabilities | 125.4 | 126.2 | 131.2 | 133.3 | 136.1 | 135.5 | 130.3 | 131.3 | 125.7 | 125.0 | 128.2 |
| 58 Residual (assets less liabilities)[3] | 232.4 | 233.0 | 232.3 | 233.4 | 235.5 | 238.5 | 239.3 | 240.1 | 241.4 | 244.0 | 248.5 |

1. Data have been revised to reflect benchmarking to quarterly Call reports. Back data are available from the Banking and Monetary Statistics Section, Board of Governors of the Federal Reserve System, Washington, DC 20551. Data in this table also appear in the Board's H.8 (510) weekly statistical release.

Data are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Components may not sum to totals because of rounding.

2. Includes insured domestically chartered commercial banks, agencies and branches of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations. Data are estimates for the last Wednesday of the month based on a sample of weekly-reporting foreign-related institutions and quarter-end condition reports.

3. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis.

4. Includes all member banks and insured nonmember banks. Loans and securities data are estimates for the last Wednesday of the month based on a sample of weekly reporting banks and quarter-end condition reports.

## 1.26 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS[1]

Millions of dollars, Wednesday figures

| Account | 1992 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Apr. 29[r] | May 6[r] | May 13[r] | May 20[r] | May 27[r] | June 3 | June 10 | June 17 | June 24 |
| ASSETS | | | | | | | | | |
| 1 Cash and balances due from depository institutions | 135,126 | 99,064 | 131,205 | 100,620 | 108,050 | 101,925 | 102,449 | 99,506 | 115,389 |
| 2 U.S. Treasury and government securities | 241,237 | 241,934 | 242,951 | 239,561 | 237,301 | 243,606 | 244,423 | 241,152 | 239,476 |
| 3 Trading account | 20,792 | 22,556 | 23,912 | 21,861 | 22,700 | 23,919 | 22,961 | 22,420 | 21,312 |
| 4 Investment account | 220,445 | 219,379 | 219,039 | 217,701 | 214,601 | 219,687 | 221,462 | 218,731 | 218,163 |
| 5 Mortgage-backed securities[2] | 81,745 | 82,279 | 81,516 | 81,392 | 80,881 | 81,491 | 81,086 | 80,006 | 80,719 |
| All others, by maturity | | | | | | | | | |
| 6 One year or less | 26,987 | 27,473 | 28,464 | 26,893 | 25,773 | 25,494 | 25,750 | 24,529 | 24,462 |
| 7 One year through five years | 63,326 | 61,712 | 61,547 | 62,529 | 61,987 | 63,352 | 65,397 | 65,333 | 64,876 |
| 8 More than five years | 48,387 | 47,914 | 47,513 | 46,887 | 45,960 | 49,351 | 49,229 | 48,864 | 48,106 |
| 9 Other securities | 54,582 | 54,796 | 55,007 | 55,004 | 54,507 | 54,390 | 54,147 | 53,870 | 53,349 |
| 10 Trading account | 1,434 | 1,104 | 1,153 | 1,513 | 1,670 | 1,703 | 1,590 | 1,560 | 1,367 |
| 11 Investment account | 53,148 | 53,692 | 53,854 | 53,491 | 52,837 | 52,687 | 52,557 | 52,309 | 51,982 |
| 12 State and political subdivisions, by maturity | 21,897 | 21,898 | 21,867 | 21,822 | 21,855 | 21,707 | 21,685 | 21,701 | 21,713 |
| 13 One year or less | 3,298 | 3,315 | 3,331 | 3,284 | 3,308 | 3,252 | 3,252 | 3,256 | 3,247 |
| 14 More than one year | 18,599 | 18,583 | 18,536 | 18,539 | 18,547 | 18,455 | 18,433 | 18,445 | 18,465 |
| 15 Other bonds, corporate stocks, and securities | 31,251 | 31,794 | 31,987 | 31,669 | 30,982 | 30,980 | 30,872 | 30,608 | 30,269 |
| 16 Other trading account assets | 11,643 | 12,908 | 12,989 | 12,759 | 11,679 | 12,476 | 12,232 | 12,367 | 11,478 |
| 17 Federal funds sold[3] | 96,426 | 96,068 | 117,449 | 98,444 | 92,796 | 88,400 | 84,231 | 86,147 | 87,633 |
| 18 To commercial banks in the United States | 65,371 | 65,612 | 75,698 | 58,977 | 58,423 | 57,411 | 56,066 | 56,874 | 60,379 |
| 19 To nonbank brokers and dealers | 25,684 | 25,873 | 35,961 | 35,087 | 29,144 | 26,817 | 24,217 | 25,688 | 23,386 |
| 20 To others[4] | 5,370 | 4,583 | 5,790 | 4,381 | 5,228 | 4,172 | 3,948 | 3,586 | 3,869 |
| 21 Other loans and leases, gross | 1,008,265 | 998,075 | 1,003,512 | 996,207 | 999,109 | 997,536 | 997,074 | 992,490 | 990,964 |
| 22 Commercial and industrial | 290,797 | 288,365 | 289,283 | 287,500 | 287,411 | 288,422 | 286,756 | 285,186 | 284,044 |
| 23 Bankers acceptances and commercial paper | 1,376 | 1,399 | 1,487 | 1,405 | 1,438 | 1,776 | 1,699 | 1,625 | 1,635 |
| 24 All other | 289,421 | 286,965 | 287,796 | 286,095 | 285,973 | 286,645 | 285,058 | 283,561 | 282,409 |
| 25 U.S. addressees | 288,135 | 285,689 | 286,474 | 284,723 | 284,552 | 285,142 | 283,798 | 282,209 | 281,045 |
| 26 Non-U.S. addressees | 1,286 | 1,276 | 1,322 | 1,372 | 1,420 | 1,503 | 1,260 | 1,352 | 1,364 |
| 27 Real estate loans | 402,061 | 402,426 | 402,114 | 400,817 | 402,694 | 403,835 | 404,680 | 402,603 | 400,669 |
| 28 Revolving, home equity | 40,875 | 40,851 | 41,005 | 41,112 | 41,270 | 41,475 | 41,526 | 41,504 | 41,545 |
| 29 All other | 361,186 | 361,575 | 361,108 | 359,705 | 361,424 | 362,360 | 363,154 | 361,099 | 359,124 |
| 30 To individuals for personal expenditures | 181,121 | 180,325 | 180,299 | 180,874 | 181,269 | 178,510 | 178,493 | 178,290 | 178,389 |
| 31 To financial institutions | 45,150 | 43,627 | 42,912 | 42,388 | 43,225 | 43,140 | 42,085 | 41,700 | 42,400 |
| 32 Commercial banks in the United States | 19,439 | 18,921 | 18,666 | 18,896 | 18,902 | 18,482 | 18,295 | 18,061 | 19,046 |
| 33 Banks in foreign countries | 2,065 | 1,925 | 1,841 | 1,770 | 2,167 | 1,951 | 1,720 | 2,036 | 1,999 |
| 34 Nonbank financial institutions | 23,646 | 22,781 | 22,405 | 21,722 | 22,156 | 22,707 | 22,070 | 21,602 | 21,355 |
| 35 For purchasing and carrying securities | 15,888 | 13,114 | 17,393 | 14,021 | 14,143 | 14,111 | 14,642 | 14,473 | 14,035 |
| 36 To finance agricultural production | 5,797 | 5,811 | 5,831 | 5,856 | 5,878 | 5,833 | 5,874 | 5,866 | 5,907 |
| 37 To states and political subdivisions | 17,040 | 16,961 | 16,906 | 16,811 | 16,822 | 16,718 | 16,676 | 16,638 | 16,971 |
| 38 To foreign governments and official institutions | 912 | 928 | 886 | 857 | 873 | 882 | 1,131 | 855 | 967 |
| 39 All other loans[5] | 23,890 | 20,949 | 22,369 | 21,588 | 21,371 | 20,725 | 21,351 | 21,454 | 22,084 |
| 40 Lease-financing receivables | 25,610 | 25,570 | 25,518 | 25,495 | 25,423 | 25,359 | 25,387 | 25,425 | 25,497 |
| 41 LESS: Unearned income | 2,971 | 2,960 | 2,967 | 2,956 | 2,961 | 2,838 | 2,840 | 2,830 | 2,819 |
| 42 Loan and lease reserve[6] | 37,498 | 37,589 | 37,827 | 37,614 | 37,654 | 38,382 | 38,425 | 38,418 | 38,384 |
| 43 Other loans and leases, net | 967,795 | 957,526 | 962,718 | 955,637 | 958,494 | 956,317 | 955,809 | 951,242 | 949,761 |
| 44 Other assets | 156,257 | 156,516 | 157,036 | 153,089 | 155,669 | 158,623 | 160,338 | 155,095 | 152,615 |
| **45 Total assets** | **1,663,066** | **1,618,811** | **1,679,356** | **1,615,115** | **1,618,496** | **1,615,737** | **1,613,628** | **1,599,378** | **1,609,701** |

Footnotes appear on the following page.

## 1.26 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS—Continued

Millions of dollars, Wednesday figures

| Account | 1992 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Apr. 29[r] | May 6[r] | May 13[r] | May 20[r] | May 27[r] | June 3 | June 10 | June 17 | June 24 |
| LIABILITIES | | | | | | | | | |
| 46 Deposits | 1,164,432 | 1,134,856 | 1,180,465 | 1,116,109 | 1,116,837 | 1,122,110 | 1,117,274 | 1,109,643 | 1,117,137 |
| 47 Demand deposits | 276,054 | 240,819 | 286,441 | 237,430 | 244,259 | 241,047 | 239,049 | 238,063 | 247,897 |
| 48 Individuals, partnerships, and corporations | 216,902 | 195,780 | 216,705 | 189,193 | 194,141 | 195,536 | 194,933 | 191,461 | 194,837 |
| 49 Other holders | 59,152 | 45,040 | 69,736 | 48,237 | 50,118 | 45,512 | 44,116 | 46,602 | 53,061 |
| 50 States and political subdivisions | 8,602 | 7,480 | 8,305 | 8,656 | 8,149 | 8,440 | 7,453 | 7,983 | 8,098 |
| 51 U.S. government | 3,857 | 1,846 | 14,514 | 3,624 | 3,429 | 1,467 | 1,201 | 1,743 | 1,410 |
| 52 Depository institutions in the United States | 28,538 | 20,682 | 29,049 | 20,448 | 21,618 | 21,162 | 20,211 | 21,571 | 25,315 |
| 53 Banks in foreign countries | 5,486 | 4,850 | 5,553 | 4,885 | 5,114 | 4,904 | 4,851 | 4,944 | 5,817 |
| 54 Foreign governments and official institutions | 747 | 574 | 703 | 629 | 600 | 484 | 890 | 568 | 571 |
| 55 Certified and officers' checks | 11,921 | 9,607 | 11,612 | 9,996 | 11,208 | 9,055 | 9,511 | 9,793 | 11,851 |
| 56 Transaction balances other than demand deposits[5] | 106,996 | 107,817 | 111,621 | 105,859 | 101,435 | 104,916 | 102,365 | 102,006 | 101,774 |
| 57 Nontransaction balances | 781,382 | 786,220 | 782,403 | 772,820 | 771,142 | 776,146 | 775,859 | 769,573 | 767,466 |
| 58 Individuals, partnerships, and corporations | 751,218 | 755,522 | 751,184 | 741,588 | 739,968 | 744,233 | 743,795 | 737,562 | 735,978 |
| 59 Other holders | 30,164 | 30,698 | 31,219 | 31,233 | 31,174 | 31,914 | 32,064 | 32,011 | 31,489 |
| 60 States and political subdivisions | 25,027 | 25,265 | 25,048 | 25,103 | 25,157 | 25,857 | 25,971 | 25,993 | 25,506 |
| 61 U.S. government | 1,985 | 2,144 | 2,171 | 2,191 | 2,131 | 2,201 | 2,214 | 2,220 | 2,218 |
| 62 Depository institutions in the United States | 2,873 | 3,015 | 3,728 | 3,663 | 3,614 | 3,584 | 3,614 | 3,528 | 3,491 |
| 63 Foreign governments, official institutions, and banks | 279 | 275 | 273 | 276 | 272 | 271 | 265 | 271 | 274 |
| 64 Liabilities for borrowed money[6] | 274,975 | 259,655 | 275,923 | 277,399 | 281,586 | 268,750 | 269,472 | 264,801 | 272,415 |
| 65 Borrowings from Federal Reserve Banks | 551 | 0 | 0 | 0 | 0 | 0 | 650 | 0 | 0 |
| 66 Treasury tax and loan notes | 4,543 | 2,895 | 4,105 | 24,417 | 28,067 | 11,175 | 13,032 | 11,013 | 11,932 |
| 67 Other liabilities for borrowed money[7] | 269,881 | 256,759 | 271,817 | 252,982 | 253,519 | 257,575 | 255,790 | 253,787 | 260,482 |
| 68 Other liabilities (including subordinated notes and debentures) | 102,122 | 102,236 | 101,179 | 98,707 | 97,888 | 102,175 | 103,509 | 101,906 | 97,191 |
| 69 **Total liabilities** | **1,541,530** | **1,496,747** | **1,557,566** | **1,492,216** | **1,496,311** | **1,493,035** | **1,490,255** | **1,476,350** | **1,486,743** |
| 70 Residual (total assets less total liabilities)[8] | 121,537 | 122,065 | 121,790 | 122,899 | 122,185 | 122,702 | 123,373 | 123,029 | 122,958 |
| MEMO | | | | | | | | | |
| 71 Total loans and leases, gross, adjusted, plus securities[9] | 1,327,343 | 1,319,248 | 1,337,545 | 1,324,102 | 1,318,067 | 1,320,515 | 1,317,746 | 1,311,090 | 1,303,475 |
| 72 Time deposits in amounts of $100,000 or more | 151,112 | 153,583 | 152,274 | 150,519 | 150,454 | 151,809 | 150,608 | 149,507 | 148,827 |
| 73 Loans sold outright to affiliates[10] | 1,205 | 1,197 | 1,204 | 1,191 | 1,209 | 1,195 | 1,184 | 1,183 | 1,180 |
| 74 Commercial and industrial | 676 | 683 | 683 | 684 | 691 | 682 | 673 | 675 | 675 |
| 75 Other | 529 | 514 | 522 | 508 | 519 | 514 | 512 | 509 | 505 |
| 76 Foreign branch credit extended to U.S. residents[11] | 22,911 | 22,645 | 22,875 | 22,872 | 22,912 | 22,883 | 22,905 | 23,026 | 23,319 |
| 77 Net due to related institutions abroad | −3,365 | −6,622 | −7,087 | −4,938 | −6,720 | −6,807 | −4,947 | −2,554 | −4,767 |

1. Components may not sum to totals because of rounding.
2. Includes certificates of participation, issued or guaranteed by agencies of the U.S. government, in pools of residential mortgages.
3. Includes securities purchased under agreements to resell.
4. Includes allocated transfer risk reserve.
5. Includes negotiable order of withdrawal accounts (NOWs), automatic transfer service (ATS), and telephone and preauthorized transfers of savings deposits.
6. Includes borrowings only from other than directly related institutions.
7. Includes federal funds purchased and securities sold under agreements to repurchase.
8. This balancing item is not intended as a measure of equity capital for use in capital-adequacy analysis.
9. Excludes loans to and federal funds transactions with commercial banks in the United States.
10. 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.
11. 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.

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

Millions of dollars, Wednesday figures

| Account | 1992 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Apr. 29 | May 6 | May 13 | May 20 | May 27 | June 3 | June 10 | June 17 | June 24 |
| 1 Cash and balances due from depository institutions | 16,998 | 16,537 | 16,451 | 17,012 | 18,376 | 17,655 | 18,696 | 18,300 | 19,020 |
| 2 U.S. Treasury and government agency securities | 20,027 | 21,544 | 21,639 | 21,118 | 22,097 | 22,315 | 21,559 | 21,896 | 23,454 |
| 3 Other securities | 8,381 | 8,330 | 8,506 | 8,530 | 8,466 | 8,462 | 8,284 | 7,936 | 8,071 |
| 4 Federal funds sold[1] | 14,124 | 12,726 | 12,277 | 12,375 | 12,302 | 12,797 | 14,199 | 12,171 | 13,882 |
| 5 To commercial banks in the United States | 5,959 | 5,610 | 5,101 | 4,847 | 5,125 | 4,852 | 5,515 | 3,182 | 4,222 |
| 6 To others[2] | 8,165 | 7,115 | 7,176 | 7,528 | 7,177 | 7,945 | 8,684 | 8,989 | 9,660 |
| 7 Other loans and leases, gross | 162,761[r] | 163,270[r] | 162,569[r] | 162,260[r] | 161,783[r] | 163,228 | 161,943 | 162,602 | 163,517 |
| 8 Commercial and industrial | 95,604[r] | 95,657 | 95,546 | 95,797 | 95,642 | 96,149 | 95,732 | 95,843 | 95,685 |
| 9 Bankers acceptances and commercial paper | 2,335 | 2,549 | 2,511 | 2,403 | 2,371 | 2,360 | 2,346 | 2,396 | 2,425 |
| 10 All other | 93,269[r] | 93,108 | 93,035 | 93,395 | 93,271 | 93,789 | 93,386 | 93,447 | 93,260 |
| 11 U.S. addressees | 90,358[r] | 90,229[r] | 90,138[r] | 90,527[r] | 90,310[r] | 90,765 | 90,371 | 90,419 | 90,228 |
| 12 Non-U.S. addressees | 2,912[r] | 2,879[r] | 2,896[r] | 2,868[r] | 2,961[r] | 3,024 | 3,015 | 3,028 | 3,032 |
| 13 Loans secured by real estate | 36,613 | 36,716 | 36,672 | 36,731 | 36,703 | 36,663 | 36,568 | 36,388 | 36,293 |
| 14 To financial institutions | 22,313[r] | 22,437[r] | 22,516[r] | 22,424[r] | 22,230[r] | 22,542 | 22,504 | 22,591 | 24,053 |
| 15 Commercial banks in the United States | 8,262[r] | 8,419 | 8,248 | 7,985 | 7,774 | 8,145 | 7,754 | 8,061 | 7,983 |
| 16 Banks in foreign countries | 1,684[r] | 1,855 | 1,806 | 2,176 | 1,985 | 2,041 | 2,264 | 1,955 | 2,254 |
| 17 Nonbank financial institutions | 12,367[r] | 12,162[r] | 12,462[r] | 12,263[r] | 12,471[r] | 12,356 | 12,486 | 12,575 | 13,816 |
| 18 For purchasing and carrying securities | 5,726 | 5,938 | 5,429 | 4,891 | 4,793 | 5,358 | 4,758 | 5,383 | 5,018 |
| 19 To foreign governments and official institutions | 324 | 359 | 328 | 304 | 297 | 310 | 281 | 262 | 360 |
| 20 All other | 2,179 | 2,164 | 2,077 | 2,112 | 2,118 | 2,206 | 2,100 | 2,135 | 2,107 |
| 21 Other assets (claims on nonrelated parties) | 28,113 | 28,538 | 28,711 | 27,786 | 28,085 | 28,459 | 27,687 | 27,948 | 26,695 |
| **22 Total assets[3]** | **289,310[r]** | **291,204[r]** | **291,558[r]** | **290,986[r]** | **290,850[r]** | **296,711** | **295,546** | **291,387** | **292,103** |
| 23 Deposits or credit balances due to other than directly related institutions | 95,633 | 94,556[r] | 95,630 | 96,629[r] | 96,775[r] | 97,271 | 95,914 | 95,993 | 95,436 |
| 24 Demand deposits[4] | 3,333 | 3,345[r] | 3,214 | 3,259[r] | 3,542[r] | 3,146 | 3,332 | 3,412 | 3,789 |
| 25 Individuals, partnerships, and corporations | 2,618 | 2,629[r] | 2,588 | 2,607 | 2,678 | 2,518 | 2,507 | 2,655 | 2,656 |
| 26 Other | 715 | 716 | 626 | 651[r] | 863[r] | 628 | 825 | 758 | 1,133 |
| 27 Nontransaction accounts | 92,300 | 91,211 | 92,415 | 93,370[r] | 93,234 | 94,125 | 92,582 | 92,580 | 91,646 |
| 28 Individuals, partnerships, and corporations | 66,200 | 65,711 | 65,985 | 66,310[r] | 66,119[r] | 67,415 | 66,489 | 66,860 | 66,120 |
| 29 Other | 26,100 | 25,499 | 26,430 | 27,060 | 27,115[r] | 26,710 | 26,093 | 25,721 | 25,526 |
| 30 Borrowings from other than directly related institutions | 94,295 | 101,254 | 95,944 | 96,232[r] | 93,307 | 101,622 | 99,741 | 96,421 | 93,606 |
| 31 Federal funds purchased[5] | 43,892 | 46,494 | 42,883 | 46,937 | 47,611 | 55,100 | 53,982 | 53,420 | 50,012 |
| 32 From commercial banks in the United States | 15,551[r] | 14,693 | 13,139 | 13,363 | 15,485 | 17,945 | 17,395 | 16,506 | 12,323 |
| 33 From others | 28,341[r] | 31,800 | 29,743 | 33,573 | 32,125 | 37,154 | 36,587 | 36,914 | 37,689 |
| 34 Other liabilities for borrowed money | 50,404 | 54,761 | 53,061 | 49,296[r] | 45,696 | 46,523 | 45,759 | 43,001 | 43,594 |
| 35 To commercial banks in the United States | 11,981[r] | 11,313[r] | 10,653[r] | 10,665[r] | 10,757[r] | 10,621 | 10,678 | 10,086 | 9,838 |
| 36 To others | 38,423[r] | 43,448[r] | 42,408[r] | 38,630[r] | 34,939[r] | 35,901 | 35,081 | 32,914 | 33,755 |
| 37 Other liabilities to nonrelated parties | 26,249 | 26,763[r] | 27,055 | 27,028[r] | 26,355[r] | 26,801 | 26,522 | 25,541 | 26,391 |
| **38 Total liabilities[6]** | **289,310[r]** | **291,204[r]** | **291,558[r]** | **290,986[r]** | **290,850[r]** | **296,711** | **295,546** | **291,387** | **292,103** |
| MEMO | | | | | | | | | |
| 39 Total loans (gross) and securities, adjusted[7] | 191,071[r] | 191,840[r] | 191,641[r] | 191,451[r] | 191,748[r] | 193,805 | 192,716 | 193,363 | 196,719 |
| 40 Net due to related institutions abroad | 34,227[r] | 28,371[r] | 31,524[r] | 29,192[r] | 34,671[r] | 27,222 | 30,191 | 32,900 | 39,207 |

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 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[1]

Millions of dollars, end of period

| Item | 1987 Dec. | 1988 Dec. | 1989 Dec. | 1990 Dec. | 1991 Dec. | 1991 Dec. | 1992 Jan. | 1992 Feb. | 1992 Mar. | 1992 Apr. | 1992 May |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Commercial paper (seasonally adjusted unless noted otherwise) | | | | | | | | | | |
| 1 **All issuers** | **358,997** | **458,464** | **525,831** | **561,142** | **530,300** | **530,300** | **533,342** | **527,941** | **539,749** | **537,020** | **533,719** |
| Financial companies[2] | | | | | | | | | | | |
| *Dealer-placed paper*[3] | | | | | | | | | | | |
| 2 Total | 102,742 | 159,777 | 183,622 | 215,123 | 214,445 | 214,445 | 220,208 | 210,686 | 219,287 | 225,989 | 226,552 |
| 3 Bank-related (not seasonally adjusted)[4] | 1,428 | 1,248 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| *Directly placed paper*[5] | | | | | | | | | | | |
| 4 Total | 174,332 | 194,931 | 210,930 | 199,835 | 183,195 | 183,195 | 180,224 | 178,995 | 181,485 | 172,136 | 168,914 |
| 5 Bank-related (not seasonally adjusted)[3] | 43,173 | 43,155 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 6 Nonfinancial companies[6] | 81,923 | 103,756 | 131,279 | 146,184 | 132,660 | 132,660 | 132,910 | 138,260 | 138,977 | 138,895 | 138,253 |
| | Bankers dollar acceptances (not seasonally adjusted)[7] | | | | | | | | | | |
| 7 **Total** | **70,565** | **66,631** | **62,972** | **54,771** | **43,770** | **43,770** | **43,112** | **41,375** | **39,309** | **39,335** | **38,384** |
| *Holder* | | | | | | | | | | | |
| 8 Accepting banks | 10,943 | 9,086 | 9,433 | 9,017 | 11,017 | 11,017 | 11,291 | 10,578 | 9,640 | 9,821 | 8,701 |
| 9 Own bills | 9,464 | 8,022 | 8,510 | 7,930 | 9,347 | 9,347 | 9,273 | 8,831 | 8,296 | 8,427[r] | 7,432 |
| 10 Bills bought | 1,479 | 1,064 | 924 | 1,087 | 1,670 | 1,670 | 2,018 | 1,747 | 1,344 | 1,394[r] | 1,269 |
| Federal Reserve Banks | | | | | | | | | | | |
| 11 Own account | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 Foreign correspondents | 965 | 1,493 | 1,066 | 918 | 1,739 | 1,739 | 1,574 | 1,364 | 1,492 | 1,598 | 1,477 |
| 13 Others | 58,658 | 56,052 | 52,473 | 44,836 | 31,014 | 31,014 | 30,247 | 29,423 | 28,177 | 27,915 | 28,207 |
| *Basis* | | | | | | | | | | | |
| 14 Imports into United States | 16,483 | 14,984 | 15,651 | 13,096 | 12,843 | 12,843 | 12,995 | 12,853 | 11,569 | 12,045 | 11,893 |
| 15 Exports from United States | 15,227 | 14,410 | 13,683 | 12,703 | 10,351 | 10,351 | 9,740 | 9,252 | 9,403 | 9,168 | 8,702 |
| 16 All other | 38,855 | 37,237 | 33,638 | 28,973 | 20,577 | 20,577 | 20,377 | 19,269 | 18,337 | 18,121 | 17,790 |

1. Components may not sum to totals because of rounding.
2. 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.
3. Includes all financial-company paper sold by dealers in the open market.
4. Bank-related series were discontinued in January 1989.
5. As reported by financial companies that place their paper directly with investors.
6. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
7. Data on bankers acceptances are gathered from institutions whose acceptances total $100 million or more annually. The reporting group is revised every January. In January 1988, the group was reduced from 155 to 111 institutions. The current group, totaling approximately 100 institutions, accounts for more than 90 percent of total acceptances activity.

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

Percent per year

| Date of change | Rate | Period | Average rate | Period | Average rate | Period | Average rate |
|---|---|---|---|---|---|---|---|
| 1989—Jan. 1 | 10.50 | 1989 | 10.87 | 1990—Apr. | 10.00 | 1991—July | 8.50 |
| Feb. 10 | 11.00 | 1990 | 10.01 | May | 10.00 | Aug. | 8.50 |
| 24 | 11.50 | 1991 | 8.46 | June | 10.00 | Sept. | 8.20 |
| June 5 | 11.00 | | | July | 10.00 | Oct. | 8.00 |
| July 31 | 10.50 | 1989—Jan. | 10.50 | Aug. | 10.00 | Nov. | 7.58 |
| | | Feb. | 10.93 | Sept. | 10.00 | Dec. | 7.21 |
| 1990—Jan. 8 | 10.00 | Mar. | 11.50 | Oct. | 10.00 | | |
| | | Apr. | 11.50 | Nov. | 10.00 | 1992—Jan. | 6.50 |
| 1991—Jan. 2 | 9.50 | May | 11.50 | Dec. | 10.00 | Feb. | 6.50 |
| Feb. 4 | 9.00 | June | 11.07 | | | Mar. | 6.50 |
| May 1 | 8.50 | July | 10.98 | 1991—Jan. | 9.52 | Apr. | 6.50 |
| Sept. 13 | 8.00 | Aug. | 10.50 | Feb. | 9.05 | May | 6.50 |
| Nov. 6 | 7.50 | Sept. | 10.50 | Mar. | 9.00 | June | 6.50 |
| Dec. 23 | 6.50 | Oct. | 10.50 | Apr. | 9.00 | July | 6.02 |
| | | Nov. | 10.50 | May | 8.50 | | |
| 1992—July 2 | 6.00 | Dec. | 10.50 | June | 8.50 | | |
| | | 1990—Jan. | 10.11 | | | | |
| | | Feb. | 10.00 | | | | |
| | | Mar. | 10.00 | | | | |

1. 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; weekly, monthly and annual figures are averages of business day data unless otherwise noted.

| Item | 1989 | 1990 | 1991 | 1992 | | | | 1992, week ending | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Mar. | Apr. | May | June | May 29 | June 5 | June 12 | June 19 | June 26 |
| MONEY MARKET INSTRUMENTS | | | | | | | | | | | | |
| 1 Federal funds[1,2,3] | 9.21 | 8.10 | 5.69 | 3.98 | 3.73 | 3.82 | 3.76 | 3.80 | 3.85 | 3.69 | 3.73 | 3.72 |
| 2 Discount window borrowing[2,4] | 6.93 | 6.98 | 5.45 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| *Commercial paper*[3,5,6] | | | | | | | | | | | | |
| 3 1-month | 9.11 | 8.15 | 5.89 | 4.28 | 4.02 | 3.87 | 3.91 | 3.92 | 3.94 | 3.91 | 3.89 | 3.89 |
| 4 3-month | 8.99 | 8.06 | 5.87 | 4.30 | 4.04 | 3.88 | 3.92 | 3.93 | 3.97 | 3.93 | 3.91 | 3.89 |
| 5 6-month | 8.80 | 7.95 | 5.85 | 4.38 | 4.13 | 3.97 | 3.99 | 4.03 | 4.05 | 4.01 | 3.97 | 3.95 |
| *Finance paper, directly placed*[3,5,7] | | | | | | | | | | | | |
| 6 1-month | 8.99 | 8.00 | 5.73 | 4.18 | 3.89 | 3.76 | 3.81 | 3.82 | 3.84 | 3.82 | 3.80 | 3.79 |
| 7 3-month | 8.72 | 7.87 | 5.71 | 4.20 | 3.91 | 3.77 | 3.82 | 3.83 | 3.86 | 3.83 | 3.80 | 3.79 |
| 8 6-month | 8.16 | 7.53 | 5.60 | 4.15 | 3.89 | 3.77 | 3.80 | 3.80 | 3.85 | 3.81 | 3.80 | 3.76 |
| *Bankers acceptances*[3,5,8] | | | | | | | | | | | | |
| 9 3-month | 8.87 | 7.93 | 5.70 | 4.19 | 3.92 | 3.76 | 3.80 | 3.84 | 3.84 | 3.81 | 3.79 | 3.79 |
| 10 6-month | 8.67 | 7.80 | 5.67 | 4.29 | 3.99 | 3.85 | 3.88 | 3.93 | 3.93 | 3.89 | 3.87 | 3.85 |
| *Certificates of deposit, secondary market*[3,9] | | | | | | | | | | | | |
| 11 1-month | 9.11 | 8.15 | 5.82 | 4.23 | 3.97 | 3.79 | 3.83 | 3.86 | 3.88 | 3.83 | 3.81 | 3.81 |
| 12 3-month | 9.09 | 8.15 | 5.83 | 4.25 | 4.00 | 3.82 | 3.86 | 3.89 | 3.91 | 3.86 | 3.83 | 3.84 |
| 13 6-month | 9.08 | 8.17 | 5.91 | 4.42 | 4.13 | 3.96 | 3.97 | 4.03 | 4.04 | 3.97 | 3.94 | 3.92 |
| 14 Eurodollar deposits, 3-month[3,10] | 9.16 | 8.16 | 5.86 | 4.26 | 4.05 | 3.84 | 3.87 | 3.91 | 3.94 | 3.86 | 3.84 | 3.85 |
| *U.S. Treasury bills*[5] | | | | | | | | | | | | |
| Secondary market[3,5] | | | | | | | | | | | | |
| 15 3-month | 8.11 | 7.50 | 5.38 | 4.04 | 3.75 | 3.63 | 3.66 | 3.71 | 3.71 | 3.67 | 3.63 | 3.64 |
| 16 6-month | 8.03 | 7.46 | 5.44 | 4.18 | 3.87 | 3.75 | 3.77 | 3.84 | 3.86 | 3.80 | 3.73 | 3.74 |
| 17 1-year | 7.92 | 7.35 | 5.52 | 4.40 | 4.09 | 3.99 | 3.98 | 4.06 | 4.08 | 3.99 | 3.93 | 3.94 |
| Auction average[3,5,11] | | | | | | | | | | | | |
| 18 3-month | 8.12 | 7.51 | 5.42 | 4.05 | 3.81 | 3.66 | 3.70 | 3.75 | 3.75 | 3.71 | 3.66 | 3.67 |
| 19 6-month | 8.04 | 7.47 | 5.49 | 4.19 | 3.93 | 3.78 | 3.81 | 3.90 | 3.90 | 3.83 | 3.75 | 3.77 |
| 20 1-year | 7.91 | 7.36 | 5.54 | 4.37 | 4.34 | 4.20 | 4.07 | n.a. | 4.07 | n.a. | n.a. | n.a. |
| U.S. TREASURY NOTES AND BONDS | | | | | | | | | | | | |
| *Constant maturities*[12] | | | | | | | | | | | | |
| 21 1-year | 8.53 | 7.89 | 5.86 | 4.63 | 4.30 | 4.19 | 4.17 | 4.27 | 4.27 | 4.18 | 4.12 | 4.14 |
| 22 2-year | 8.57 | 8.16 | 6.49 | 5.69 | 5.34 | 5.23 | 5.05 | 5.26 | 5.21 | 5.10 | 5.00 | 4.96 |
| 23 3-year | 8.55 | 8.26 | 6.82 | 6.18 | 5.93 | 5.81 | 5.60 | 5.83 | 5.77 | 5.67 | 5.55 | 5.49 |
| 24 5-year | 8.50 | 8.37 | 7.37 | 6.95 | 6.78 | 6.69 | 6.48 | 6.70 | 6.61 | 6.56 | 6.44 | 6.40 |
| 25 7-year | 8.52 | 8.52 | 7.68 | 7.26 | 7.15 | 7.06 | 6.90 | 7.07 | 7.01 | 6.98 | 6.87 | 6.82 |
| 26 10-year | 8.49 | 8.55 | 7.86 | 7.54 | 7.48 | 7.39 | 7.26 | 7.40 | 7.35 | 7.32 | 7.24 | 7.20 |
| 27 30-year | 8.45 | 8.61 | 8.14 | 7.97 | 7.96 | 7.89 | 7.84 | 7.89 | 7.87 | 7.87 | 7.83 | 7.82 |
| *Composite*[13] | | | | | | | | | | | | |
| 28 Over 10 years (long-term) | 8.58 | 8.74 | 8.16 | 7.93 | 7.88 | 7.80 | 7.72 | 7.81 | 7.78 | 7.77 | 7.70 | 7.68 |
| STATE AND LOCAL NOTES AND BONDS | | | | | | | | | | | | |
| *Moody's series*[14] | | | | | | | | | | | | |
| 29 Aaa | 7.00 | 6.96 | 6.56 | 6.45 | 6.36 | 6.25 | 6.25 | 6.21 | 6.25 | 6.14 | 6.17 | 6.19 |
| 30 Baa | 7.40 | 7.29 | 6.99 | 6.88 | 6.85 | 6.67 | 6.67 | 6.59 | 6.64 | 6.52 | 6.55 | 6.56 |
| 31 *Bond Buyer* series[15] | 7.23 | 7.27 | 6.92 | 6.76 | 6.67 | 6.57 | 6.49 | 6.58 | 6.57 | 6.52 | 6.46 | 6.42 |
| CORPORATE BONDS | | | | | | | | | | | | |
| 32 Seasoned issues, all industries[16] | 9.66 | 9.77 | 9.23 | 8.81 | 8.77 | 8.71 | 8.63 | 8.69 | 8.67 | 8.66 | 8.61 | 8.61 |
| *Rating group* | | | | | | | | | | | | |
| 33 Aaa | 9.26 | 9.32 | 8.77 | 8.35 | 8.33 | 8.28 | 8.22 | 8.24 | 8.24 | 8.24 | 8.22 | 8.20 |
| 34 Aa | 9.46 | 9.56 | 9.05 | 8.73 | 8.69 | 8.63 | 8.56 | 8.61 | 8.59 | 8.57 | 8.54 | 8.54 |
| 35 A | 9.74 | 9.82 | 9.30 | 8.89 | 8.87 | 8.81 | 8.70 | 8.80 | 8.76 | 8.73 | 8.67 | 8.66 |
| 36 Baa | 10.18 | 10.36 | 9.80 | 9.25 | 9.21 | 9.13 | 9.05 | 9.11 | 9.09 | 9.08 | 9.02 | 9.02 |
| 37 A-rated, recently offered utility bonds[17] | 9.79 | 10.01 | 9.32 | 8.91 | 8.82 | 8.70 | 8.62 | 8.65 | 8.65 | 8.65 | 8.61 | 8.56 |
| MEMO: Dividend–price ratio[18] | | | | | | | | | | | | |
| 38 Preferred stocks | 9.05 | 8.96 | 8.17 | 7.64 | 7.75 | 7.61 | 7.53 | 7.62 | 7.61 | 7.53 | 7.47 | 7.51 |
| 39 Common stocks | 3.45 | 3.61 | 3.25 | 3.01 | 3.02 | 2.99 | 3.06 | 3.01 | 3.00 | 3.05 | 3.09 | 3.08 |

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year or bank interest.
4. Rate for the Federal Reserve Bank of New York.
5. Quoted on a discount basis.
6. An average of offering rates on commercial paper placed by several leading dealers for firms whose bond rating is AA or the equivalent.
7. An average of offering rates on paper directly placed by finance companies.
8. Representative closing yields for acceptances of the highest rated money center banks.
9. An average of dealer offering rates on nationally traded certificates of deposit.
10. Bid rates for Eurodollar deposits at 11 a.m. London time. Data are for indication purposes only.
11. Auction date for daily data; weekly and monthly averages computed on an issue-date basis.
12. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Treasury.
13. Unweighted average of rates on all outstanding bonds neither due nor callable in less than ten years, including one low-yielding "flower" bond.
14. General obligations based on Thursday figures; Moody's Investors Service.
15. General obligations only, with twenty years to maturity, issued by twenty state and local governmental units of mixed quality. Based on figures for Thursday.
16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
17. Compilation of the Federal Reserve. This series is an estimate of the yield on recently offered, A-rated utility bonds with a thirty-year maturity and five years of call protection. Weekly data are based on Friday quotations.
18. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

NOTE. These data also appear in the Board's H.15 (519) and G.13 (415) releases. For ordering address, see inside front cover.

## 1.36 STOCK MARKET Selected Statistics

| Indicator | 1989 | 1990 | 1991 | 1991 Oct. | 1991 Nov. | 1991 Dec. | 1992 Jan. | 1992 Feb. | 1992 Mar. | 1992 Apr. | 1992 May | 1992 June |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Prices and trading volume (averages of daily figures) | | | | | | | | | | | |
| *Common stock prices (indexes)* | | | | | | | | | | | | |
| 1 New York Stock Exchange (Dec. 31, 1965 = 50) | 180.13 | 183.66 | 206.35 | 213.10 | 213.25 | 214.26 | 229.34 | 228.12 | 225.21 | 224.55 | 228.55 | 224.68 |
| 2 Industrial | 228.04 | 226.06 | 258.16 | 265.68 | 264.89 | 266.01 | 286.62 | 286.09 | 282.36 | 281.60 | 285.17 | 279.54 |
| 3 Transportation | 174.90 | 158.80 | 173.97 | 187.45 | 188.52 | 185.47 | 201.55 | 205.53 | 204.09 | 201.28 | 207.88 | 202.02 |
| 4 Utility | 94.33 | 90.72 | 92.64 | 95.25 | 96.78 | 98.08 | 99.31 | 96.19 | 94.16 | 94.92 | 98.24 | 97.23 |
| 5 Finance | 162.01 | 133.21 | 150.84 | 158.94 | 159.78 | 159.96 | 174.50 | 174.05 | 173.49 | 171.05 | 175.89 | 174.82 |
| 6 Standard & Poor's Corporation (1941–43 = 10)[1] | 323.05 | 335.01 | 376.20 | 386.88 | 385.87 | 388.51 | 416.08 | 412.56 | 407.36 | 407.41 | 414.81 | 408.27 |
| 7 American Stock Exchange (Aug. 31, 1973 = 50)[2] | 356.67 | 338.32 | 360.32 | 376.82 | 382.38 | 373.08 | 409.08 | 413.74 | 404.09 | 388.06 | 392.63 | 385.56 |
| *Volume of trading (thousands of shares)* | | | | | | | | | | | | |
| 8 New York Stock Exchange | 165,568 | 156,359 | 179,411 | 177,502 | 187,191 | 197,914 | 239,903 | 226,476 | 185,581 | 206,251 | 182,027 | 195,0[illegible] |
| 9 American Stock Exchange | 13,124 | 13,155 | 12,486 | 13,764 | 14,487 | 17,475 | 20,444 | 18,126 | 15,654 | 14,096 | 13,455 | 11,216 |
| | Customer financing (millions of dollars, end-of-period balances) | | | | | | | | | | | |
| **10 Margin credit at broker–dealers[3]** | **34,320** | **28,210** | **36,660** | **33,360** | **34,840** | **36,660** | **36,350** | **38,200** | **39,090** | **38,750** | **39,890** | **39,690** |
| *Free credit balances at brokers[4]* | | | | | | | | | | | | |
| 11 Margin accounts[5] | 7,040 | 8,050 | 8,290 | 6,965 | 7,040 | 8,290 | 7,865 | 7,620 | 7,350 | 8,780 | 7,700 | 7,780 |
| 12 Cash accounts | 18,505 | 19,285 | 19,255 | 17,100 | 17,780 | 19,255 | 19,990 | 20,370 | 19,305 | 16,400 | 18,695 | 19,610 |

| | 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 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 option plus 20 percent of the market value of the stock underlying the option (or 15 percent in the case of stock-index options).

## 1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

| Account | 1989 | 1990 | 1991 | | | | | | 1992 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | July | Aug. | Sept. | Oct.r | Nov.r | Dec.r | Jan.r | Feb.r | Mar.r | Apr. |
| | SAIF-insured institutions | | | | | | | | | | | |
| 1 **Assets** | **1,249,055** | **1,084,821** | **984,964** | **972,521** | **949,006** | **937,787** | **934,539** | **919,979** | **909,090** | **906,219** | **883,528** | **872,105** |
| 2 Mortgages | 733,729 | 633,385 | 586,302 | 578,294 | 566,419 | 561,152 | 557,513 | 551,322 | 545,653 | 541,658 | 529,121 | 524,804 |
| 3 Mortgage-backed securities | 170,532 | 155,228 | 137,098 | 135,751 | 135,246 | 134,895 | 133,341 | 129,461 | 127,372 | 127,767 | 125,401 | 124,935 |
| 4 Contra-assets to mortgage assets[1] | 25,457 | 16,897 | 14,245 | 14,037 | 13,128 | 12,445 | 12,303 | 12,307 | 11,914 | 11,614 | 10,919 | 10,972 |
| 5 Commercial loans | 32,150 | 24,125 | 20,301 | 20,390 | 18,166 | 17,765 | 17,147 | 17,139 | 16,827 | 16,051 | 15,394 | 15,063 |
| 6 Consumer loans | 58,685 | 48,753 | 44,352 | 43,258 | 42,422 | 43,064 | 42,763 | 41,775 | 40,940 | 39,991 | 38,783 | 38,071 |
| 7 Contra-assets to nonmortgage loans[2] | 3,592 | 1,939 | 1,676 | 1,545 | 1,398 | 1,373 | 1,150 | 1,239 | 1,111 | 1,115 | 990 | 982 |
| 8 Cash and investment securities | 166,053 | 146,644 | 130,262 | 132,009 | 125,911 | 120,824 | 123,380 | 120,077 | 118,614 | 121,973 | 119,413 | 116,298 |
| 9 Other[3] | 116,955 | 95,522 | 82,570 | 78,403 | 75,368 | 73,905 | 73,849 | 73,751 | 72,708 | 71,508 | 67,324 | 64,888 |
| 10 **Liabilities and net worth** | **1,249,055** | **1,084,821** | **984,964** | **972,521** | **949,006** | **937,787** | **934,539** | **919,979** | **909,090** | **906,219** | **883,528** | **872,105** |
| 11 Savings capital | 945,656 | 835,496 | 775,434 | 763,751 | 749,376 | 741,360 | 737,555 | 731,937 | 721,099 | 717,026 | 703,827 | 689,777 |
| 12 Borrowed money | 252,230 | 197,353 | 146,901 | 142,908 | 132,727 | 127,356 | 125,147 | 121,923 | 119,965 | 118,554 | 110,031 | 111,262 |
| 13 FHLBB | 124,577 | 100,391 | 76,104 | 74,424 | 68,816 | 66,609 | 66,005 | 65,842 | 62,642 | 63,138 | 62,628 | 62,268 |
| 14 Other | 127,653 | 96,962 | 70,797 | 68,484 | 63,911 | 60,747 | 59,142 | 56,081 | 57,323 | 55,416 | 47,403 | 48,994 |
| 15 Other | 27,556 | 21,332 | 21,654 | 22,648 | 19,080 | 20,381 | 21,690 | 17,560 | 19,004 | 21,398 | 18,356 | 18,964 |
| 16 Net worth | 23,612 | 30,640 | 40,975 | 43,214 | 47,824 | 48,690 | 50,148 | 48,559 | 49,022 | 49,242 | 51,314 | 52,101 |

1. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to mortgage loans, contracts, and pass-through securities include loans in process, unearned discounts and deferred loan fees, valuation allowances for mortgages "held for sale," and specific reserves and other valuation allowances.
2. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to nonmortgage loans include loans in process, unearned discounts and deferred loan fees, and specific reserves and valuation allowances.
3. Includes holding of stock in Federal Home Loan Bank and finance leases plus interest.

NOTE. Components do not sum to totals because of rounding. Data for credit unions and life insurance companies have been deleted from this table. Starting in the December 1991 issue, data for life insurance companies are shown in a special table of quarterly data.

SOURCE. *Savings Association Insurance Fund (SAIF)-insured institutions:* Estimates by the Office of Thrift Supervision (OTS) for all institutions insured by the SAIF and based on the OTS thrift institution Financial Report.

## 1.38 FEDERAL FISCAL AND FINANCING OPERATIONS[1]

Millions of dollars

| Type of account or operation | Fiscal year 1989 | Fiscal year 1990 | Fiscal year 1991 | Calendar year 1991 | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Jan. | Feb. | Mar. | Apr. | May | June |
| *U.S. budget*[2] | | | | | | | | | |
| 1 Receipts, total | 990,701 | 1,031,308 | 1,054,265 | 104,091 | 62,056 | 72,917 | 138,430 | 62,244 | 120,909 |
| 2 On-budget | 727,035 | 749,652 | 760,382 | 79,937 | 38,290 | 46,353 | 103,405 | 36,867 | 91,427 |
| 3 Off-budget | 263,666 | 281,656 | 293,883 | 24,154 | 23,766 | 26,564 | 35,025 | 25,377 | 29,482 |
| 4 Outlays, total | 1,144,020 | 1,251,766 | 1,323,757 | 119,742 | 111,230 | 123,629 | 123,821 | 109,029r | 117,126 |
| 5 On-budget | 933,107 | 1,026,711 | 1,082,072 | 97,188 | 88,006 | 100,700 | 102,795 | 86,340r | 102,318 |
| 6 Off-budget | 210,911 | 225,065 | 241,685 | 22,553 | 23,224 | 22,929 | 21,026 | 22,690 | 14,807 |
| 7 Surplus or deficit (−), total | −153,319 | −220,469 | −269,492 | −15,650 | −49,174 | −50,712 | 14,609 | −46,786r | 3,783 |
| 8 On-budget | −206,072 | −277,059 | −321,690 | −17,251 | −49,716 | −54,347 | 610 | −49,473r | −10,891 |
| 9 Off-budget | 52,753 | 56,590 | 52,198 | 1,601 | 542 | 3,635 | 13,999 | 2,687 | 14,675 |
| *Source of financing (total)* | | | | | | | | | |
| 10 Borrowing from the public | 141,806 | 220,101 | 276,802 | 11,449 | 20,938 | 50,138 | 6,292 | 33,840 | 22,318 |
| 11 Operating cash (decrease, or increase (−)) | 3,425 | 818 | −1,329 | 925 | 30,975 | −2,961 | −21,262 | 20,977 | −26,919 |
| 12 Other[3] | 8,088 | −451 | −5,981 | 3,276 | −2,739 | 3,535 | 361 | −8,031r | 818 |
| MEMO | | | | | | | | | |
| 13 Treasury operating balance (level, end of period) | 40,973 | 40,155 | 41,484 | 47,857 | 16,882 | 19,843 | 41,105 | 20,128 | 47,047 |
| 14 Federal Reserve Banks | 13,452 | 7,638 | 7,928 | 10,828 | 5,477 | 6,846 | 4,692 | 5,583 | 13,630 |
| 15 Tax and loan accounts | 27,521 | 32,517 | 33,556 | 37,028 | 11,405 | 12,997 | 36,413 | 14,545 | 33,417 |

1. Components may not sum to totals because of rounding.
2. 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 also moved two social security trust funds (federal old-age survivors insurance and federal disability insurance trust fund) off-budget. The Postal Service is included as an off-budget item in the *Monthly Treasury Statement* beginning in 1990.
3. 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. *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government* (MTS) and the *Budget of the U.S. Government.*

## 1.39 U.S. BUDGET RECEIPTS AND OUTLAYS[1]

Millions of dollars

| Source or type | Fiscal year 1990 | Fiscal year 1991 | Calendar year | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | 1990 | 1991 | | 1992 | 1992 | | |
| | | | H2 | H1 | H2 | H1 | Apr. | May | June |
| RECEIPTS | | | | | | | | | |
| 1 **All sources** | **1,031,308** | **1,054,265** | **503,123** | **540,504** | **519,293** | **560,647** | **138,430** | **62,244** | **120,909** |
| 2 Individual income taxes, net | 466,884 | 467,827 | 230,745 | 232,389 | 233,983 | 235,244 | 67,993 | 12,012 | 53,072 |
| 3 Withheld | 388,384 | 404,152 | 207,469 | 193,440 | 210,552 | 198,868 | 30,112 | 29,470 | 33,570 |
| 4 Presidential Election Campaign Fund | 32 | 32 | 3 | 31 | 1 | 19 | −6 | 17 | −4 |
| 5 Nonwithheld | 151,285 | 142,693 | 31,728 | 109,405 | 33,296 | 110,995 | 56,862 | 2,447 | 21,104 |
| 6 Refunds | 72,817 | 79,050 | 8,455 | 70,487 | 9,867 | 74,639 | 18,975 | 19,922 | 1,599 |
| Corporation income taxes | | | | | | | | | |
| 7 Gross receipts | 110,017 | 113,599 | 54,044 | 58,903 | 54,016 | 61,681 | 16,693 | 3,606 | 21,631 |
| 8 Refunds | 16,510 | 15,513 | 7,603 | 7,904 | 7,956 | 8,056 | 2,495 | 915 | 848 |
| 9 Social insurance taxes and contributions, net | 380,047 | 396,011 | 178,468 | 214,303 | 186,839 | 224,554 | 47,461 | 40,362 | 38,380 |
| 10 Employment taxes and contributions[2] | 353,891 | 370,526 | 167,224 | 199,727 | 175,802 | 208,110 | 44,432 | 32,005 | 37,355 |
| 11 Self-employment taxes and contributions[3] | 21,795 | 25,457 | 2,638 | 22,150 | 3,306 | 20,433 | 12,588 | 1,472 | 4,409 |
| 12 Unemployment insurance | 21,635 | 20,922 | 8,996 | 12,296 | 8,721 | 14,070 | 2,608 | 7,991 | 642 |
| 13 Other net receipts[4] | 4,522 | 4,563 | 2,249 | 2,279 | 2,317 | 2,375 | 422 | 366 | 384 |
| 14 Excise taxes | 35,345 | 42,430 | 17,535 | 20,703 | 24,690 | 22,358 | 3,871 | 3,440 | 4,226 |
| 15 Customs deposits | 16,707 | 15,921 | 8,568 | 7,488 | 8,694 | 8,145 | 1,374 | 1,224 | 1,477 |
| 16 Estate and gift taxes | 11,500 | 11,138 | 5,333 | 5,631 | 5,521 | 5,714 | 1,477 | 853 | 842 |
| 17 Miscellaneous receipts[5] | 27,316 | 22,852 | 16,032 | 8,991 | 13,508 | 11,005 | 2,057 | 1,662 | 2,127 |
| OUTLAYS | | | | | | | | | |
| 18 **All types** | **1,251,776** | **1,323,757[r]** | **647,461** | **632,153** | **694,474[r]** | **704,577** | **123,821** | **109,029[r]** | **117,126** |
| 19 National defense | 299,331 | 272,514 | 149,497 | 122,089 | 147,531 | 146,963 | 23,901 | 24,324 | 25,851 |
| 20 International affairs | 13,762 | 16,167 | 8,943 | 7,592 | 7,651 | 8,464 | 2,595 | 369 | 930 |
| 21 General science, space, and technology | 14,444 | 15,946 | 8,081 | 7,496 | 8,473 | 7,952 | 1,388 | 1,401 | 951 |
| 22 Energy | 2,372 | 2,511[r] | 1,222[r] | 1,235[r] | 1,536[r] | 1,442 | 348 | 312 | 140 |
| 23 Natural resources and environment | 17,067 | 18,708 | 9,933 | 8,324 | 11,221 | 8,625 | 1,666 | 1,460 | 1,626 |
| 24 Agriculture | 11,958 | 14,864 | 6,878 | 7,684 | 7,335 | 7,514 | 1,747 | 1,629[r] | 678 |
| 25 Commerce and housing credit | 67,160 | 75,639 | 37,491 | 17,992 | 36,579 | 15,583 | 5,147 | −3,251 | 1,719 |
| 26 Transportation | 29,485 | 31,531 | 16,218 | 14,748 | 17,094 | 15,681 | 2,463 | 2,747 | 3,352 |
| 27 Community and regional development | 8,498 | 7,432 | 3,939 | 3,552 | 3,784 | 3,901 | 762 | 619 | 638 |
| 28 Education, training, employment, and social services | 38,497 | 41,479 | 18,988 | 21,234 | 21,104 | 23,224 | 4,321 | 3,198 | 3,938 |
| 29 Health | 57,716 | 71,183 | 31,424 | 35,608 | 41,458 | 43,698 | 7,460 | 6,684 | 8,635 |
| 30 Social security and medicare | 346,383 | 373,495 | 176,353 | 190,247 | 193,156 | 205,443 | 34,270 | 33,808 | 37,446 |
| 31 Income security | 147,314 | 171,618 | 75,948 | 88,778 | 87,923 | 105,435 | 18,830 | 17,158 | 13,565 |
| 32 Veterans benefits and services | 29,112 | 31,344 | 15,479 | 14,326 | 17,425 | 15,597 | 2,926 | 2,704 | 2,527 |
| 33 Administration of justice | 10,004 | 12,295 | 5,265 | 6,187 | 6,586 | 7,438 | 1,517 | 1,188 | 1,400 |
| 34 General government | 10,724 | 11,358 | 6,976 | 5,212 | 6,821 | 5,525 | 675 | 387 | 1,456 |
| 35 Net interest[6] | 184,221 | 195,012 | 94,650 | 98,556 | 99,405 | 100,324 | 16,838 | 17,080 | 15,447 |
| 36 Undistributed offsetting receipts[7] | −36,615 | −39,356 | −19,829 | −18,702 | −20,435 | −18,229 | −3,034 | −2,787 | −3,172 |

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

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*, and the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1990*.

## 1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION[1]

Billions of dollars, end of month

| Item | 1990 | | | 1991 | | | | 1992 | |
|---|---|---|---|---|---|---|---|---|---|
| | June 30 | Sept. 30 | Dec. 31 | Mar. 31 | June 30 | Sept. 30 | Dec. 31 | Mar. 31 | June 30 |
| 1 **Federal debt outstanding** | **3,175.50** | **3,266.10** | **3,397.30** | **3,491.70** | **3,562.90** | **3,683.10** | **3,820.40** | n.a. | n.a. |
| 2 Public debt securities | 3,143.80 | 3,233.30 | 3,364.80 | 3,465.20 | 3,538.00 | 3,665.30 | 3,801.70 | 3,881.30 | 3,984.70 |
| 3 Held by public | 2,368.80 | 2,437.60 | 2,536.60 | 2,598.40 | 2,642.90 | 2,745.70 | 2,833.00 | 2,917.60 | ↑ |
| 4 Held by agencies | 775.00 | 795.80 | 828.30 | 866.80 | 895.10 | 919.60 | 968.70 | 963.70 | ↑ |
| 5 Agency securities | 31.70 | 32.80 | 32.50 | 26.50 | 25.00 | 17.80 | 18.70 | 15.90 | n.a. |
| 6 Held by public | 31.60 | 32.60 | 32.40 | 26.40 | 24.80 | 17.60 | 18.60 | 15.80 | ↓ |
| 7 Held by agencies | .20 | .20 | .10 | .10 | .10 | .10 | .10 | .10 | ↓ |
| 8 **Debt subject to statutory limit** | **3,077.00** | **3,161.20** | **3,281.70** | **3,377.10** | **3,450.30** | **3,569.30** | **3,706.80** | **3,783.60** | **3,890.80** |
| 9 Public debt securities | 3,076.60 | 3,160.90 | 3,281.30 | 3,376.70 | 3,449.80 | 3,569.00 | 3,706.40 | 3,783.20 | 3,890.30 |
| 10 Other debt[2] | .40 | .40 | .40 | .40 | .40 | .30 | .40 | .40 | .40 |
| 11 MEMO: Statutory debt limit | 3,122.70 | 3,195.00 | 4,145.00 | 4,145.00 | 4,145.00 | 4,145.00 | 4,145.00 | 4,145.00 | 4,145.00 |

1. Components may not sum to totals because of rounding.
2. Consists of guaranteed debt of Treasury and other federal agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

SOURCES. *Treasury Bulletin* and *Monthly Statement of the Public Debt of the United States.*

## 1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership[1]

Billions of dollars, end of period

| Type and holder | 1988 | 1989 | 1990 | 1991 | 1991 | | 1992 | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Q3 | Q4 | Q1 | Q2 |
| 1 **Total gross public debt** | **2,684.4** | **2,953.0** | **3,364.8** | **3,801.7** | **3,665.3** | **3,801.7** | **3,881.3** | **3,984.7** |
| *By type* | | | | | | | | |
| 2 Interest-bearing | 2,663.1 | 2,931.8 | 3,362.0 | 3,798.9 | 3,662.8 | 3,798.9 | 3,878.5 | 3,981.8 |
| 3 Marketable | 1,821.3 | 1,945.4 | 2,195.8 | 2,471.6 | 2,390.7 | 2,471.6 | 2,552.3 | 2,605.1 |
| 4 Bills | 414.0 | 430.6 | 527.4 | 590.4 | 564.6 | 590.4 | 615.8 | 618.2 |
| 5 Notes | 1,083.6 | 1,151.5 | 1,265.2 | 1,430.8 | 1,387.7 | 1,430.8 | 1,477.7 | 1,517.6 |
| 6 Bonds | 308.9 | 348.2 | 388.2 | 435.5 | 423.4 | 435.5 | 443.8 | 454.3 |
| 7 Nonmarketable[2] | 841.8 | 986.4 | 1,166.2 | 1,327.2 | 1,272.1 | 1,327.2 | 1,326.2 | 1,376.7 |
| 8 State and local government series | 151.5 | 163.3 | 160.8 | 159.7 | 158.1 | 159.7 | 157.8 | 161.9 |
| 9 Foreign issues[3] | 6.6 | 6.8 | 43.5 | 41.9 | 41.6 | 41.9 | 42.0 | 38.7 |
| 10 Government | 6.6 | 6.8 | 43.5 | 41.9 | 41.6 | 41.9 | 42.0 | 38.7 |
| 11 Public | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 12 Savings bonds and notes | 107.6 | 115.7 | 124.1 | 135.9 | 133.5 | 135.9 | 139.9 | 143.2 |
| 13 Government account series[4] | 575.6 | 695.6 | 813.8 | 959.2 | 908.4 | 959.2 | 956.1 | 1,002.5 |
| 14 Non-interest-bearing | 21.3 | 21.2 | 2.8 | 2.8 | 2.5 | 2.8 | 2.8 | 2.9 |
| *By holder*[5] | | | | | | | | |
| 15 U.S. Treasury and other federal agencies and trust funds | 589.2 | 707.8 | 828.3 | 968.7 | 919.6 | 968.7 | 963.7 | ↑ |
| 16 Federal Reserve Banks | 238.4 | 228.4 | 259.8 | 281.8[r] | 264.7 | 281.8[r] | 267.6 | ↑ |
| 17 Private investors | 1,858.5 | 2,015.8 | 2,288.3 | 2,563.2 | 2,489.4 | 2,563.2 | 2,664.0 | ↑ |
| 18 Commercial banks | 184.9 | 164.9 | 171.5 | 233.9[r] | 216.9 | 233.9[r] | 240.0 | ↑ |
| 19 Money market funds | 11.8 | 14.9 | 45.4 | 80.0 | 64.5 | 80.0 | 84.8 | ↑ |
| 20 Insurance companies | 118.6 | 125.1 | 142.0 | 172.9[r] | 162.9 | 172.9[r] | 175.0 | ↑ |
| 21 Other companies | 87.1 | 93.4 | 108.9 | 150.8 | 142.0 | 150.8 | 166.0 | n.a. |
| 22 State and local treasuries | 471.6 | 487.5 | 490.4 | 498.8[r] | 491.4 | 498.8[r] | 500.0 | ↓ |
| Individuals | | | | | | | | |
| 23 Savings bonds | 109.6 | 117.7 | 126.2 | 138.1 | 135.4 | 138.1 | 142.0 | ↓ |
| 24 Other securities | 79.2 | 98.7 | 107.6 | 125.8 | 122.1 | 125.8 | 126.1 | ↓ |
| 25 Foreign and international[6] | 362.2 | 392.9 | 421.7 | 453.4[r] | 439.4[r] | 453.4[r] | 468.0 | ↓ |
| 26 Other miscellaneous investors[7] | 433.0 | 520.7 | 674.5[r] | 709.5[r] | 714.8[r] | 709.5[r] | 762.1 | ↓ |

1. Components may not sum to totals because of rounding.
2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Consists of investments of foreign balances and international accounts in the United States.
7. 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. Data by type of security, U.S. Treasury Department, *Monthly Statement of the Public Debt of the United States;* data by holder, the *Treasury Bulletin.*

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

Millions of dollars, daily averages, par value

| Item | 1992 | | | 1992, week ending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mar. | Apr. | May | Apr. 29 | May 6 | May 13 | May 20 | May 27 | June 3 | June 10 | June 17 | June 24 |
| IMMEDIATE TRANSACTIONS[2] | | | | | | | | | | | | |
| *By type of security* | | | | | | | | | | | | |
| U.S. Treasury securities | | | | | | | | | | | | |
| 1 Bills | 36,555 | 40,313 | 41,651 | 38,531 | 39,496 | 47,244 | 41,575 | 36,564 | 42,345 | 35,994 | 38,907 | 35,890 |
| Coupon securities, by maturity | | | | | | | | | | | | |
| 2 Less than 3.5 years | 42,685 | 45,264[r] | 50,118 | 46,448[r] | 48,922 | 57,920 | 53,667 | 44,298 | 35,771 | 36,230 | 33,465 | 44,694 |
| 3 3.5 to 7.5 years | 31,442[r] | 32,994[r] | 34,305 | 32,738 | 26,767 | 36,169 | 37,369 | 37,178 | 31,317 | 25,053 | 28,140 | 36,188 |
| 4 7.5 to 15 years | 13,835 | 13,123[r] | 18,162 | 15,425 | 18,474[r] | 21,297 | 19,127 | 14,821 | 13,966 | 11,871 | 14,149 | 14,481 |
| 5 15 years or more | 13,122 | 11,899 | 14,862 | 13,096 | 13,723 | 17,424 | 14,827 | 14,431 | 11,682 | 11,545 | 11,570 | 13,419 |
| Federal agency securities | | | | | | | | | | | | |
| Debt, maturing in | | | | | | | | | | | | |
| 6 Less than 3.5 years | 4,585 | 4,518 | 3,977 | 4,921 | 4,165 | 3,603 | 4,100 | 3,996 | 4,192 | 3,523 | 3,958 | 4,513 |
| 7 3.5 to 7.5 years | 618 | 712[r] | 539 | 572 | 498[r] | 730 | 497 | 374 | 578 | 496 | [illegible]18 | 449 |
| 8 7.5 years or more | 667 | 600 | 514 | 367 | 416 | 668 | 596 | 306 | 538 | 508 | 585 | 620 |
| Mortgage-backed securities | | | | | | | | | | | | |
| 9 Pass-throughs | 12,503 | 11,948[r] | 12,941 | 10,071[r] | 9,241[r] | 14,183 | 16,281 | 10,907 | 12,955 | 14,661 | 16,354 | 13,850 |
| 10 All others[3] | 2,499 | 2,954 | 3,586 | 3,345 | 3,749 | 4,162 | 3,862 | 2,646 | 3,006 | 3,522 | 3,980 | 4,213 |
| *By type of counterparty* | | | | | | | | | | | | |
| Primary dealers and brokers | | | | | | | | | | | | |
| 11 U.S. Treasury securities | 87,201 | 89,144 | 99,351 | 90,524 | 93,228 | 111,426 | 102,876 | 92,974 | 85,346 | 76,406 | 79,161 | 91,008 |
| Federal agency securities | | | | | | | | | | | | |
| 12 Debt | 1,239 | 1,199 | 1,023 | 1,174 | 912 | 1,122 | 1,245 | 748 | 994 | 843 | 894 | 1,048 |
| 13 Mortgage-backed | 7,054 | 6,681[r] | 7,308 | 5,778[r] | 5,477[r] | 8,095 | 8,208 | 6,662 | 8,043 | 7,809 | 8,734 | 9,017 |
| Customers | | | | | | | | | | | | |
| 14 U.S. Treasury securities | 50,438[r] | 54,448[r] | 59,747 | 55,714[r] | 54,154[r] | 68,629 | 63,689 | 54,318 | 49,735 | 44,287 | 47,071 | 53,664 |
| Federal agency securities | | | | | | | | | | | | |
| 15 Debt | 4,630 | 4,630[r] | 4,007 | 4,685 | 4,167[r] | 3,879 | 3,948 | 3,928 | 4,314 | 3,684 | 4,268 | 4,534 |
| 16 Mortgage-backed | 7,949 | 8,222[r] | 9,219 | 7,638[r] | 7,513[r] | 10,250 | 11,935 | 6,891 | 7,918 | 10,374 | 11,601 | 9,046 |
| FUTURES AND FORWARD TRANSACTIONS[4] | | | | | | | | | | | | |
| *By type of deliverable security* | | | | | | | | | | | | |
| U.S. Treasury securities | | | | | | | | | | | | |
| 17 Bills | 4,728 | 3,509 | 3,584 | 4,081 | 2,910 | 3,477 | 2,518 | 5,326 | 4,379 | 2,374 | 3,918 | 4,650 |
| Coupon securities, by maturity | | | | | | | | | | | | |
| 18 Less than 3.5 years | 1,826 | 1,710 | 2,327 | 1,801 | 2,071 | 2,260 | 1,966 | 3,200 | 2,164 | 2,042 | 1,445 | 1,352 |
| 19 3.5 to 7.5 years | 1,323 | 876 | 1,362 | 961 | 938 | 1,286 | 1,346 | 1,639 | 1,881 | 1,114 | 1,412 | 1,258 |
| 20 7.5 to 15 years | 1,332 | 900 | 1,281 | 1,080 | 901[r] | 1,442 | 1,172 | 1,373 | 1,722 | 929 | 1,096 | 1,261 |
| 21 15 years or more | 8,875 | 6,333[r] | 8,763 | 7,444 | 7,330[r] | 11,709 | 7,593 | 7,993 | 8,728 | 6,164 | 6,730 | 6,348 |
| Federal agency securities | | | | | | | | | | | | |
| Debt, maturing in | | | | | | | | | | | | |
| 22 Less than 3.5 years | 54 | 68 | 27 | 108 | 37 | 18 | 27 | 27 | 31 | 48 | 13 | 98 |
| 23 3.5 to 7.5 years | 36 | 68 | 42 | 95 | 125 | 14 | 11 | 32 | 43 | 109 | 101 | 30 |
| 24 7.5 years or more | 37 | 12 | 19 | 11 | NA | 5 | 12 | 4 | 104 | 11 | 7 | 6 |
| Mortgage-backed | | | | | | | | | | | | |
| 25 Pass-throughs[3] | 14,143 | 12,638[r] | 13,257 | 10,341 | 10,585[r] | 15,587 | 14,578 | 12,164 | 11,656 | 17,095 | 12,913 | 9,301 |
| 26 Others | 2,114 | 2,311 | 2,441 | 1,810 | 2,588 | 2,326 | 2,163 | 3,020 | 1,969 | 3,112 | 2,859 | 2,629 |
| OPTIONS TRANSACTIONS[5] | | | | | | | | | | | | |
| *By type of underlying security* | | | | | | | | | | | | |
| U.S. Treasury, coupon securities, by maturity | | | | | | | | | | | | |
| 27 Less than 3.5 years | 1,222 | 1,369 | 1,222 | 1,439 | 994 | 998 | 1,397 | 1,540 | 1,166 | 1,893 | 882 | 844 |
| 28 3.5 to 7.5 years | 402 | 269 | 265 | 171 | 118 | 376 | 263 | 223 | 374 | 211 | 311 | 221 |
| 29 7.5 to 15 years | 396 | 482 | 546 | 412 | 445 | 461 | 1,043 | 343 | 126 | 439 | 617 | 565 |
| 30 15 years or more | 1,989 | 2,148[r] | 2,803 | 2,653[r] | 1,623 | 2,947 | 4,755 | 2,072 | 1,385 | 2,147 | 1,663 | 1,243 |
| Federal agency, mortgage-backed securities | | | | | | | | | | | | |
| 31 Pass-throughs | 356 | 253 | 404 | 144 | 311 | 603 | 404 | 242 | 418 | 248 | 324 | 434 |

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 for transactions are based on the number of trading days in the period. Immediate, forward, and future 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 securities include purchases and sales for which delivery is scheduled in thirty 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 days. Forward contracts for mortgage-backed securities are included when the time to delivery is more than thirty 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, the term "n.a." refers to data that are not published because of insufficient activity.

Data formerly shown under options transactions for U.S. Treasury securities, bills; Federal agency securities, debt; and mortgage-backed securities, other than pass-throughs are no longer available because of insufficient activity.

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

Millions of dollars

| Item | 1992 | | | 1992, week ending | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mar. | Apr. | May | Apr. 29 | May 6 | May 13 | May 20 | May 27 | June 3 | June 10 | June 17 |
| | Positions[2] | | | | | | | | | | |
| NET IMMEDIATE TRANSACTIONS[3] | | | | | | | | | | | |
| *By type of security* | | | | | | | | | | | |
| U.S. Treasury securities | | | | | | | | | | | |
| 1 Bills | 16,979 | 10,753r | 9,333 | 4,566 | 7,612 | 13,472 | 7,829 | 6,929 | 11,507 | 9,067 | 5,457 |
| Coupon securities, by maturity | | | | | | | | | | | |
| 2 Less than 3.5 years | −1,536 | −2,263r | −4,079 | −2,493 | −3,358 | −4,320 | −686 | −4,669 | −9,647 | −8,961 | −9,974 |
| 3 3.5 to 7.5 years | −7,280r | −4,372r | −5,501 | −3,889 | −5,828 | −5,823 | −7,019 | −3,875 | −4,635 | −6,542 | −9,017 |
| 4 7.5 to 15 years | −5,987 | −7,111r | −2,882 | −6,674 | −2,299 | −3,791 | −3,448 | −1,837 | −3,003 | −3,176 | −3,846 |
| 5 15 years or more | −2,340 | −2,205 | −792 | −3,042 | −2,844 | −1,406 | 741 | 81 | −848 | −1,222 | 915 |
| Federal agency securities | | | | | | | | | | | |
| Debt, maturing in | | | | | | | | | | | |
| 6 Less than 3.5 years | 4,638 | 3,564 | 4,744 | 3,270 | 2,966 | 4,611 | 5,372 | 5,941 | 4,447 | 4,984 | 5,616 |
| 7 3.5 to 7.5 years | 3,572 | 2,216 | 1,833 | 1,909 | 1,772 | 1,763 | 1,942 | 1,829 | 1,864 | 1,931 | 2,294 |
| 8 7.5 years or more | 3,599 | 3,609 | 3,229 | 3,322 | 3,385 | 3,221 | 3,270 | 3,091 | 3,175 | 3,225 | 3,571 |
| Mortgage-backed securities | | | | | | | | | | | |
| 9 Pass-throughs | 25,550 | 32,097r | 29,282 | 29,311r | 24,004 | 32,333 | 32,387 | 30,469 | 24,347 | 32,402 | 38,915 |
| 10 All others[4] | 14,209 | 15,680 | 18,134 | 16,271 | 16,043 | 18,265 | 18,902 | 19,295 | 17,668 | 15,086 | 18,569 |
| Other money market instruments | | | | | | | | | | | |
| 11 Certificates of deposit | 2,593 | 2,882 | 3,093 | 3,032 | 3,014 | 2,986 | 3,082 | 3,246 | 3,147 | 2,310 | 2,479 |
| 12 Commercial paper | 5,032 | 6,942 | 6,628 | 7,482 | 6,124 | 6,578 | 6,446 | 7,046 | 7,057 | 5,921 | 5,886 |
| 13 Bankers acceptances | 894 | 960 | 1,222 | 714 | 1,053 | 1,165 | 1,379 | 1,257 | 1,237 | 1,092 | 1,012 |
| FUTURES AND FORWARD TRANSACTIONS[5] | | | | | | | | | | | |
| *By type of deliverable security* | | | | | | | | | | | |
| U.S. Treasury securities | | | | | | | | | | | |
| 14 Bills | −1,303r | −763r | 131 | 689 | 3,131 | 36 | −1,518 | −1,263 | 1,126 | 1,304 | 3,152 |
| Coupon securities, by maturity | | | | | | | | | | | |
| 15 Less than 3.5 years | 1,216 | 996 | 2,291 | 1,200 | 3,468 | 2,766 | 2,563 | 505 | 2,342 | 2,071 | 1,779 |
| 16 3.5 to 7.5 years | 3,177 | 3,852 | 4,256 | 3,156 | 2,816 | 4,659 | 5,203 | 4,759 | 3,175 | 3,851 | 3,177 |
| 17 7.5 to 15 years | 1,233 | 831 | 814 | 741 | 1,462 | 1,295 | 56 | 352 | 1,137 | 1,026 | −352 |
| 18 15 years or more | −6,388 | −7,323 | −7,131 | −5,668 | −7,601 | −5,246 | −7,897 | −7,723 | −7,350 | −7,531 | −8,134 |
| Federal agency securities | | | | | | | | | | | |
| Debt, maturing in | | | | | | | | | | | |
| 19 Less than 3.5 years | −29 | −24 | 52 | 20 | 33 | 45 | 236 | −73 | −7 | 26 | 12 |
| 20 3.5 to 7.5 years | 5 | 104 | −46 | 491 | −11 | −39 | −50 | −79 | −47 | 65 | −35 |
| 21 7.5 years or more | 30 | 17 | −3 | 15 | −1 | 16 | 21 | −16 | −60 | −22 | 1 |
| Mortgage-backed securities | | | | | | | | | | | |
| 22 Pass-throughs | −6,280r | −14,896r | −18,064 | −13,732 | −7,961 | −18,441 | −22,388 | −22,343 | −17,503 | −24,530 | −30,474 |
| 23 All others[4] | 3,027 | 1,659 | 948 | 1,371 | 171 | 1,786 | 145 | 1,313 | 1,415 | 2,384 | 1,603 |
| 24 Certificates of deposit | −129,643 | −138,412 | −195,169 | −139,661 | −164,071 | −180,645 | −196,200 | −214,265 | −232,008 | −223,931 | −214,525 |
| | Financing[6] | | | | | | | | | | |
| *Reverse repurchase agreements* | | | | | | | | | | | |
| 25 Overnight and continuing | 211,356 | 201,359 | 205,626 | 203,326 | 211,084 | 216,107 | 203,594 | 191,019 | 208,214 | 209,093 | 205,236 |
| 26 Term | 262,127 | 289,867 | 295,243 | 290,727 | 295,164 | 312,695 | 286,833 | 292,036 | 285,150 | 312,009 | 314,980 |
| *Repurchase agreements* | | | | | | | | | | | |
| 27 Overnight and continuing | 320,589 | 328,181 | 336,107 | 342,323 | 336,056 | 336,954 | 343,177 | 328,884 | 334,967 | 330,811 | 343,789 |
| 28 Term | 241,871 | 257,388 | 261,671 | 254,963 | 249,081 | 277,796 | 259,066 | 268,666 | 244,653 | 271,529 | 285,818 |
| *Securities borrowed* | | | | | | | | | | | |
| 29 Overnight and continuing | 75,832 | 78,173 | 81,269 | 80,113 | 80,942 | 80,181 | 80,785 | 82,189 | 82,900 | 84,029 | 83,658 |
| 30 Term | 31,014 | 30,570 | 31,415 | 32,971 | 31,727 | 31,585 | 30,089 | 31,721 | 32,433 | 34,242 | 35,655 |
| *Securities loaned* | | | | | | | | | | | |
| 31 Overnight and continuing | 7,613 | 7,424 | 7,746 | 8,833 | 7,655 | 7,316 | 7,821 | 8,466 | 7,241 | 7,100 | 7,693 |
| 32 Term | 1,864 | 3,042 | 1,542 | 3,637 | 975 | 1,015 | 873 | 3,683 | 741 | 920 | 952 |
| *Collateralized loans* | | | | | | | | | | | |
| 33 Overnight and continuing | 16,817 | 17,398 | 16,610 | 14,712 | 16,433 | 16,357 | 17,253 | 16,601 | 16,211 | 15,797 | 13,918 |
| MEMO: Matched book[7] | | | | | | | | | | | |
| *Reverse repurchase agreements* | | | | | | | | | | | |
| 34 Overnight and continuing | 153,365 | 149,760 | 146,537 | 149,027 | 150,174 | 151,105 | 145,240 | 138,668 | 149,128 | 148,305 | 145,190 |
| 35 Term | 221,746 | 245,889 | 250,339 | 244,605 | 253,355 | 265,844 | 242,087 | 246,161 | 240,437 | 265,047 | 269,188 |
| *Repurchase agreements* | | | | | | | | | | | |
| 36 Overnight and continuing | 177,773 | 178,680 | 186,552 | 188,776 | 196,990 | 189,866 | 184,138 | 177,829 | 184,588 | 187,153 | 188,118 |
| 37 Term | 180,439 | 197,396 | 197,971 | 193,419 | 193,727 | 217,181 | 190,921 | 197,514 | 183,858 | 207,518 | 213,604 |

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 days or less.
4. Includes such securities as collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), interest-only (IOs), and principal-only (POs) securities.
5. Future positions are standardized contracts 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 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 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 | 1988 | 1989 | 1990 | 1991 | 1991 | 1992 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Dec. | Jan. | Feb. | Mar. | Apr. |
| 1 **Federal and federally sponsored agencies** | **341,386** | **381,498** | **411,805** | **434,668** | **442,772** | **440,317** | **445,895** | **445,646** | **449,472** |
| 2 Federal agencies | 37,981 | 35,668 | 35,664 | 42,159 | 41,035 | 42,872 | 40,791 | 41,322 | 40,788 |
| 3 Defense Department[1] | 13 | 8 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| 4 Export-Import Bank[2,3] | 11,978 | 11,033 | 10,985 | 11,376 | 9,809 | 9,809 | 9,809 | 8,644 | 8,644 |
| 5 Federal Housing Administration[4] | 183 | 150 | 328 | 393 | 397 | 335 | 372 | 421 | 419 |
| 6 Government National Mortgage Association certificates of participation[5] | 1,615 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Postal Service[6] | 6,103 | 6,142 | 6,445 | 6,948 | 8,421 | 8,421 | 8,421 | 9,771 | 9,771 |
| 8 Tennessee Valley Authority | 18,089 | 18,335 | 17,899 | 23,435 | 22,401 | 24,300 | 22,182 | 22,479 | 21,947 |
| 9 United States Railway Association[6] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Federally sponsored agencies[7] | 303,405 | 345,830 | 375,407 | 392,509 | 401,737 | 397,496[r] | 405,104 | 404,324 | 408,684 |
| 11 Federal Home Loan Banks | 115,727 | 135,836 | 136,108 | 117,895 | 107,543 | 104,607 | 106,341 | 106,511 | 107,011 |
| 12 Federal Home Loan Mortgage Corporation | 17,645 | 22,797 | 26,148 | 30,941 | 30,262 | 29,332 | 26,824 | 25,154 | 25,232 |
| 13 Federal National Mortgage Association | 97,057 | 105,459 | 116,064 | 123,403 | 133,937 | 133,988 | 141,315 | 141,315 | 145,856 |
| 14 Farm Credit Banks[8] | 55,275 | 53,127 | 54,864 | 53,590 | 52,199 | 51,673 | 51,867 | 52,651 | 52,368 |
| 15 Student Loan Marketing Association[9] | 16,503 | 22,073 | 28,705 | 34,194 | 38,319 | 38,419 | 39,280 | 39,216 | 38,739 |
| 16 Financing Corporation[10] | 1,200 | 5,850 | 8,170 | 8,170 | 8,170 | 8,170 | 8,170 | 8,170 | 8,170 |
| 17 Farm Credit Financial Assistance Corporation[11] | 0 | 690 | 847 | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 |
| 18 Resolution Funding Corporation[12] | 0 | 0 | 4,522 | 23,055 | 29,996 | 29,996 | 29,996 | 29,996 | 29,996 |
| MEMO | | | | | | | | | |
| 19 **Federal Financing Bank debt**[13] | **152,417** | **142,850** | **134,873** | **179,083** | **185,576** | **183,098** | **182,737** | **185,849** | **186,879** |
| *Lending to federal and federally sponsored agencies* | | | | | | | | | |
| 20 Export-Import Bank[3] | 11,972 | 11,027 | 10,979 | 11,370 | 9,803 | 9,803 | 9,803 | 8,638 | 8,638 |
| 21 Postal Service[6] | 5,853 | 5,892 | 6,195 | 6,698 | 8,201 | 8,201 | 8,201 | 9,551 | 9,551 |
| 22 Student Loan Marketing Association | 4,940 | 4,910 | 4,880 | 4,850 | 4,820 | 4,820 | 4,820 | 4,820 | 4,820 |
| 23 Tennessee Valley Authority | 16,709 | 16,955 | 16,519 | 14,055 | 10,725 | 10,725 | 10,025 | 10,025 | 9,325 |
| 24 United States Railway Association[6] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *Other lending*[14] | | | | | | | | | |
| 25 Farmers Home Administration | 59,674 | 58,496 | 53,311 | 52,324 | 48,534 | 48,534 | 48,534 | 48,534 | 47,634 |
| 26 Rural Electrification Administration | 21,191 | 19,246 | 19,265 | 18,890 | 18,562 | 18,534 | 18,494 | 18,424 | 18,440 |
| 27 Other | 32,078 | 26,324 | 23,724 | 70,896 | 84,931 | 82,481 | 82,860 | 85,857[r] | 88,471 |

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 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 in 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 guarantees of any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, while 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 | 1989 | 1990 | 1991 | 1991 | | 1992 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June |
| 1 **All issues, new and refunding**[1] | **113,646** | **120,339** | **154,402** | **17,734** | **15,796** | **12,612** | **14,032** | **15,956** | **15,141** | **14,155** | **20,501** |
| *By type of issue* | | | | | | | | | | | |
| 2 General obligation | 35,774 | 39,610 | 55,100 | 6,510 | 5,871 | 3,954 | 6,102 | 6,212 | 4,455 | 5,429 | 7,213 |
| 3 Revenue | 77,873 | 81,295 | 99,302 | 11,224 | 9,925 | 8,658 | 7,930 | 9,744 | 10,686 | 8,726 | 13,288 |
| *By type of issuer* | | | | | | | | | | | |
| 4 State | 11,819 | 15,149 | 24,939 | 1,171 | 1,671 | 1,036 | 4,404 | 3,174 | 575 | 1,165 | 2,063 |
| 5 Special district or statutory authority[2] | 71,022 | 72,661 | 80,614 | 10,817 | 9,435 | 8,243 | 6,605 | 7,511 | 9,802 | 8,251 | 12,894 |
| 6 Municipality, county, or township | 30,805 | 32,510 | 48,849 | 5,746 | 4,690 | 3,333 | 4,404 | 5,271 | 4,764 | 4,739 | 5,544 |
| 7 **Issues for new capital, total** | **84,062** | **103,235** | **116,953** | **13,495** | **12,020** | **7,127** | **9,467** | **10,637** | **9,020** | **9,259** | **14,096** |
| *By use of proceeds* | | | | | | | | | | | |
| 8 Education | 15,133 | 17,042 | 21,664 | 1,297 | 1,924 | 2,385 | 2,604 | 1,075 | 2,208 | 1,651 | 2,132 |
| 9 Transportation | 6,870 | 11,650 | 13,395 | 2,682 | 488 | 1,194 | 1,996 | 1,412 | 921 | 1,669 | 2,618 |
| 10 Utilities and conservation | 11,427 | 11,739 | 21,447 | 1,915 | 1,931 | 1,953 | 800 | 2,104 | 1,380 | 771 | 1,851 |
| 11 Social welfare | 16,703 | 23,099 | 26,121 | 2,621 | 3,070 | 868 | 1,925 | 1,811 | 2,582 | 2,045 | 4,266 |
| 12 Industrial aid | 5,036 | 6,117 | 8,542 | 349 | 1,083 | 218 | 123 | 528 | 558 | 133 | 724 |
| 13 Other purposes | 28,894 | 34,607 | n.a. | 4,631 | 3,524 | n.a. | 2,019 | 3,707 | 1,371 | 2,990 | 2,505 |

1. Par amounts of long-term issues based on date of sale.
2. Since 1986, has included school districts.

SOURCES. *Investment Dealer's Digest* beginning April 1990. Securities Data/Bond Buyer Municipal Data Base beginning 1986. Public Securities Association for earlier data.

## 1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

| Type of issue, offering, or issuer | 1989 | 1990 | 1991 | 1991 | | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May |
| 1 **All issues**[1] | **377,836** | **339,052** | **455,291** | **34,893** | **34,286** | **32,391** | **44,959**[r] | **37,424**[r] | **38,161**[r] | **26,759**[r] | **45,388** |
| 2 **Bonds**[2] | **319,965** | **298,814** | **389,933** | **26,029** | **25,233** | **24,871** | **38,275**[r] | **27,888**[r] | **31,804**[r] | **21,421**[r] | **38,472** |
| *By type of offering* | | | | | | | | | | | |
| 3 Public, domestic | 179,694 | 188,778 | 287,041 | 23,469 | 23,164 | 23,326 | 34,604[r] | 26,261[r] | 29,275[r] | 22,000[r] | 35,500 |
| 4 Private placement, domestic[3] | 117,420 | 86,982 | 74,930 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 5 Sold abroad | 22,851 | 23,054 | 27,962 | 2,560 | 2,070 | 1,544 | 3,671 | 1,626 | 2,529 | 1,305[r] | 2,972 |
| *By industry group* | | | | | | | | | | | |
| 6 Manufacturing | 76,175 | 52,635 | 85,535 | 4,732 | 4,761 | 4,980 | 7,282[r] | 3,910[r] | 8,755[r] | 3,744[r] | 5,936 |
| 7 Commercial and miscellaneous | 49,465 | 40,018 | 37,809 | 1,209 | 1,819 | 1,953 | 2,698 | 1,664 | 3,768 | 2,168[r] | 2,472 |
| 8 Transportation | 10,032 | 12,711 | 13,628 | 744 | 180 | 150 | 455 | 1,004 | 641[r] | 190[r] | 621 |
| 9 Public utility | 18,656 | 17,621 | 23,994 | 1,430 | 3,073 | 2,238 | 3,761 | 3,569 | 1,896 | 3,385[r] | 3,200 |
| 10 Communication | 8,461 | 6,597 | 9,331 | 958 | 226 | 1,085 | 2,467 | 416 | 725[r] | 1,077[r] | 1,590 |
| 11 Real estate and financial | 157,176 | 169,231 | 219,637 | 16,957 | 15,175 | 14,464 | 21,613[r] | 17,324[r] | 16,020[r] | 10,857[r] | 24,653 |
| 12 **Stocks**[2] | **57,870** | **40,165** | **75,467** | **8,864** | **9,053** | **7,520** | **6,684** | **9,536** | **6,357** | **5,338** | **6,916** |
| *By type of offering* | | | | | | | | | | | |
| 13 Public preferred | 6,194 | 3,998 | 17,408 | 3,527 | 3,240 | 2,771 | 739 | 4,306 | 625 | 334 | 1,552 |
| 14 Common | 26,030 | 19,443 | 47,860 | 5,337 | 5,813 | 4,749 | 5,945 | 5,230 | 5,732 | 5,004 | 5,364 |
| 15 Private placement[3] | 25,647 | 16,736 | 10,109 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| *By industry group* | | | | | | | | | | | |
| 16 Manufacturing | 9,308 | 5,649 | 24,154 | 3,623 | 4,054 | 2,684 | 2,098 | 2,541 | 2,637 | 1,523 | 2,499 |
| 17 Commercial and miscellaneous | 7,446 | 10,171 | 19,418 | 2,095 | 2,158 | 2,535 | 993 | 3,194 | 1,595 | 1,162 | 2,010 |
| 18 Transportation | 1,929 | 369 | 2,439 | 16 | 0 | 0 | 426 | 78 | 193 | n.a. | 176 |
| 19 Public utility | 3,090 | 416 | 3,474 | 320 | 174 | 233 | 268 | 489 | 704 | 577 | 826 |
| 20 Communication | 1,904 | 3,822 | 475 | 25 | 84 | 17 | 163 | n.a. | 53 | 333 | 12 |
| 21 Real estate and financial | 34,028 | 19,738 | 25,507 | 2,622 | 2,583 | 2,014 | 2,736 | 3,234 | 1,175 | 1,691 | 1,324 |

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

SOURCES. IDD Information Services, Inc., the Board of Governors of the Federal Reserve System, and, before 1989, the U.S. Securities and Exchange Commission.

## 1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets

Millions of dollars

| Item[1] | 1990 | 1991 | 1991 | | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Oct. | Nov. | Dec. | Jan | Feb. | Mar. | Apr.[r] | May |
| **1 Sales of own shares[2]** | **344,420** | **464,488** | **45,218** | **41,365** | **51,018** | **66,048** | **48,015** | **50,462** | **52,309** | **48,127** |
| 2 Redemptions of own shares | 288,441 | 342,088 | 27,957 | 28,454 | 39,050 | 41,917 | 30,869 | 35,464 | 39,302 | 31,409 |
| 3 Net sales[3] | 55,979 | 122,400 | 17,261 | 12,911 | 11,968 | 24,131 | 17,146 | 14,998 | 13,007 | 16,718 |
| **4 Assets[4]** | **568,517** | **807,001** | **753,344** | **752,798** | **807,077** | **823,767** | **846,868** | **848,842** | **870,011** | **896,950** |
| 5 Cash[5] | 48,638 | 60,937 | 59,902 | 59,689 | 60,292 | 62,289 | 64,022 | 64,216 | 67,632 | 67,142 |
| 6 Other | 519,875 | 746,064 | 695,492 | 693,109 | 746,785 | 761,478 | 782,846 | 781,626 | 802,379 | 829,808 |

1. Data on sales and redemptions exclude money market mutual funds but include limited-maturity municipal bond funds. Data on assets exclude both money market mutual funds and limited-maturity municipal bond funds.
2. Includes reinvestment of dividends. Excludes reinvestment of capital gains distributions.
3. Does not includes sales or 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 | 1989 | 1990 | 1991 | 1990 | | | 1991 | | | | 1992 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| 1 Profits with inventory va'luation and capital consumption adjustment | 362.8 | 361.7 | 346.3 | 384.0 | 351.4 | 344.0 | 349.6 | 347.3 | 341.2 | 347.1 | 384.0 |
| 2 Profits before taxes | 342.9 | 355.4 | 334.7 | 355.8 | 367.0 | 354.7 | 337.6 | 332.3 | 336.7 | 332.3 | 366.1 |
| 3 Profits tax liability | 141.3 | 136.7 | 124.0 | 137.6 | 143.0 | 133.7 | 121.3 | 122.9 | 127.0 | 125.0 | 136.4 |
| 4 Profits after taxes | 201.6 | 218.7 | 210.7 | 218.2 | 224.0 | 221.0 | 216.3 | 209.4 | 209.6 | 207.4 | 229.7 |
| 5 Dividends | 134.6 | 149.3 | 146.5 | 148.7 | 150.6 | 151.9 | 150.6 | 146.2 | 145.1 | 143.9 | 143.6 |
| 6 Undistributed profits | 67.1 | 69.4 | 64.2 | 69.5 | 73.4 | 69.1 | 65.7 | 63.2 | 64.5 | 63.4 | 86.2 |
| 7 Inventory valuation | −17.5 | −14.2 | 3.1 | 3.8 | −32.6 | −21.2 | 6.7 | 9.9 | −4.8 | .7 | −5.4 |
| 8 Capital consumption adjustment | 37.4 | 20.5 | 8.4 | 24.4 | 17.0 | 10.5 | 5.3 | 5.1 | 9.3 | 14.1 | 23.3 |

SOURCE. *Survey of Current Business* (U.S. Department of Commerce).

## 1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data at seasonally adjusted annual rates

| Industry | 1990 | 1991 | 1992[1] | 1990 | 1991 | | | | 1992 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3[1] |
| **1 Total nonfarm business** | **532.61** | **529.20** | **553.86** | **530.13** | **535.50** | **524.57** | **527.86** | **528.88** | **536.49** | **558.50** | **557.55** |
| *Manufacturing* | | | | | | | | | | | |
| 2 Durable goods industries | 82.58 | 77.95 | 75.18 | 79.03 | 81.24 | 79.69 | 74.51 | 76.36 | 74.49 | 76.64 | 74.39 |
| 3 Nondurable goods industries | 110.04 | 105.66 | 104.03 | 110.69 | 109.90 | 107.66 | 102.54 | 102.54 | 99.72 | 108.59 | 105.24 |
| *Nonmanufacturing* | | | | | | | | | | | |
| 4 Mining | 9.88 | 10.02 | 8.98 | 10.12 | 9.89 | 10.09 | 10.09 | 10.00 | 8.83 | 9.53 | 9.08 |
| Transportation | | | | | | | | | | | |
| 5 Railroad | 6.40 | 5.92 | 7.41 | 6.81 | 5.59 | 6.27 | 6.50 | 5.32 | 6.06 | 7.41 | 8.73 |
| 6 Air | 8.87 | 10.22 | 10.00 | 7.54 | 11.18 | 10.10 | 9.81 | 9.79 | 9.12 | 10.68 | 10.13 |
| 7 Other | 6.20 | 6.55 | 7.14 | 6.82 | 6.48 | 6.68 | 6.52 | 6.54 | 6.44 | 7.35 | 6.82 |
| Public utilities | | | | | | | | | | | |
| 8 Electric | 44.10 | 43.67 | 49.41 | 45.88 | 43.36 | 42.87 | 43.09 | 45.36 | 45.73 | 50.30 | 50.13 |
| 9 Gas and other | 23.11 | 22.84 | 23.40 | 24.36 | 23.68 | 21.71 | 23.38 | 22.60 | 23.08 | 22.69 | 28.31 |
| 10 Commercial and other[2] | 241.43 | 246.37 | 268.31 | 238.87 | 244.19 | 239.50 | 251.42 | 250.37 | 263.02 | 265.31 | 269.21 |

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. *Survey of Current Business* (U.S. Department of Commerce).

## 1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period; not seasonally adjusted

| Account | 1988[r] | 1989[r] | 1990[r] | 1990[r] | | 1991[r] | | | | 1992 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| **Assets** | | | | | | | | | | |
| 1 Accounts receivable, gross[1] | 437.3 | 462.9 | 492.9 | 491.0 | 492.9 | 482.9 | 488.5 | 484.7 | 480.3 | 475.7 |
| 2 Consumer | 144.7 | 138.9 | 133.9 | 138.9 | 133.9 | 127.1 | 127.5 | 125.3 | 121.9 | 118.4 |
| 3 Business | 245.3 | 270.2 | 293.5 | 288.6 | 293.5 | 291.7 | 295.2 | 293.2 | 292.6 | 291.6 |
| 4 Real estate | 47.3 | 53.8 | 65.5 | 63.6 | 65.5 | 64.1 | 65.7 | 66.2 | 65.8 | 65.8 |
| 5 Less: Reserves for unearned income | 52.4 | 54.7 | 57.6 | 57.9 | 57.6 | 57.2 | 58.0 | 57.6 | 55.1 | 53.6 |
| 6 Reserves for losses | 7.8 | 8.4 | 9.6 | 9.4 | 9.6 | 10.7 | 11.1 | 13.1 | 12.9 | 13.0 |
| 7 Accounts receivable, net | 377.1 | 399.8 | 425.7 | 423.8 | 425.7 | 415.0 | 419.3 | 414.1 | 412.3 | 409.1 |
| 8 All other | 86.6 | 102.6 | 113.9 | 109.3 | 113.9 | 118.7 | 122.8 | 136.4 | 149.0 | 145.5 |
| 9 **Total assets** | **463.7** | **502.4** | **539.6** | **533.1** | **539.6** | **533.7** | **542.1** | **550.5** | **561.2** | **554.6** |
| **Liabilities and Capital** | | | | | | | | | | |
| 10 Bank loans | 15.4 | 14.5 | 19.4 | 15.6 | 19.4 | 22.0 | 22.7 | 24.0 | 24.3 | 38.0 |
| 11 Commercial paper | 142.0 | 149.5 | 152.7 | 148.6 | 152.7 | 141.2 | 140.6 | 138.1 | 141.3 | 154.4 |
| *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 Due to parent | 50.6 | 63.8 | 82.7 | 82.0 | 82.7 | 77.8 | 81.7 | 87.4 | 83.0 | 34.5 |
| 15 Not elsewhere classified | 137.9 | 147.8 | 157.0 | 156.6 | 157.0 | 162.4 | 164.2 | 163.4 | 170.6 | 189.8 |
| 16 All other liabilities | 59.8 | 62.6 | 66.0 | 68.7 | 66.0 | 68.0 | 72.2 | 72.1 | 73.7 | 72.0 |
| 17 Capital, surplus, and undivided profits | 35.6 | 39.4 | 42.8 | 41.6 | 42.8 | 43.7 | 43.0 | 42.1 | 43.5 | 66.0 |
| 18 **Total liabilities and capital** | **463.7** | **502.4** | **539.6** | **533.1** | **539.6** | **533.7** | **542.1** | **550.5** | **561.2** | **554.6** |

1. Excludes pools of securitized assets.

## 1.52 DOMESTIC FINANCE COMPANIES Business Credit Outstanding and Net Change[1]

Millions of dollars, end of period; seasonally adjusted, except as noted

| Type of credit | 1989 | 1990 | 1991 | 1991 | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Jan. | Feb. | Mar. | Apr. | May |
| **Seasonally Adjusted** | | | | | | | | | |
| 1 **Total** | **481,436[r]** | **523,023[r]** | **519,573[r]** | **519,573[r]** | **524,135[r]** | **525,570[r]** | **521,174[r]** | **520,242** | **519,668** |
| 2 Consumer | 157,766 | 161,070 | 154,786 | 154,786 | 155,388 | 157,226 | 157,106 | 156,103 | 154,989 |
| 3 Real estate[2] | 53,518 | 65,147 | 65,388 | 65,388 | 66,169 | 66,267 | 66,323 | 67,032 | n.a. |
| 4 Business | 270,152[r] | 296,807[r] | 299,400[r] | 299,400[r] | 302,579[r] | 302,077[r] | 297,744[r] | 297,107 | 297,781 |
| **Not Seasonally Adjusted** | | | | | | | | | |
| 5 **Total** | **483,537[r]** | **526,404** | **526,404** | **526,398[r]** | **525,363[r]** | **524,843[r]** | **524,629[r]** | **491,847[r]** | **520,682[r]** |
| 6 Consumer | 162,961[r] | 167,489[r] | 161,358[r] | 161,358[r] | 160,960[r] | 160,179[r] | 160,440[r] | 124,936[r] | 154,414 |
| 7 Motor vehicles | 84,126 | 75,045 | 63,413 | 63,413 | 62,206 | 61,959 | 60,655 | 61,717 | 59,399 |
| 8 Other consumer[3] | 26,053 | 29,116 | 29,483 | 29,483 | 28,280 | 27,901 | 27,517 | 26,477 | 26,074 |
| 9 Securitized motor vehicles[4] | 13,690 | 19,837 | 23,166 | 23,166 | 24,879 | 24,016 | 25,723 | 24,697 | 26,529 |
| 10 Securitized other consumer[4] | 5,994 | 8,265 | 10,610 | 10,610 | 11,182 | 11,172 | 11,678 | 12,045 | 11,746 |
| 11 Real estate[2] | 53,781[r] | 65,509[r] | 65,764[r] | 65,764[r] | 66,118[r] | 65,527[r] | 65,752[r] | 66,604[r] | 66,650[r] |
| 12 Business | 266,795[r] | 293,406[r] | 299,276[r] | 299,276[r] | 298,285[r] | 299,137[r] | 298,437[r] | 300,307[r] | 299,618[r] |
| 13 Motor vehicles | 90,416 | 92,072 | 90,319 | 90,319 | 88,359 | 88,535 | 88,006 | 89,105 | n.a. |
| 14 Retail[5] | 29,505[r] | 26,401[r] | 22,507[r] | 22,507[r] | 21,896[r] | 21,745[r] | 20,688[r] | 20,842 | 20,143[r] |
| 15 Wholesale[6] | 34,093[r] | 33,573[r] | 31,216[r] | 31,216[r] | 30,080[r] | 30,821[r] | 30,799[r] | 31,161 | 30,893[r] |
| 16 Leasing | 26,818[r] | 32,098[r] | 36,596[r] | 36,596[r] | 36,383[r] | 35,969[r] | 36,519[r] | 37,102 | 37,549[r] |
| 17 Equipment | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 18 Retail | 29,828[r] | 31,968[r] | 30,962[r] | 30,962[r] | 31,634[r] | 31,516[r] | 31,601[r] | 31,824 | 31,569[r] |
| 19 Wholesale[6] | 6,452[r] | 11,101[r] | 9,671[r] | 9,671[r] | 9,552[r] | 9,646[r] | 9,265[r] | 9,217 | 9,116[r] |
| 20 Leasing | 85,966[r] | 94,585[r] | 100,766[r] | 100,766[r] | 101,623[r] | 101,400[r] | 101,830[r] | 102,469 | 102,746[r] |
| 21 Other business[7] | 47,055 | 53,532 | 51,583 | 51,583 | 53,787 | 53,537 | 51,179 | 49,717 | n.a. |
| 22 Securitized business assets[4] | n.a. | 5,467 | 8,807 | 8,807 | 8,593 | 8,244 | 8,199 | 8,360 | n.a. |
| 23 Retail | 710 | 667 | 576 | 576 | 531 | 526 | 480 | 206 | 196 |
| 24 Wholesale | n.a. | 3,281 | 5,285 | 5,285 | 5,312 | 5,071 | 5,098 | 5,137 | 5,147 |
| 25 Leasing | 1,311 | 1,519 | 2,946 | 2,946 | 2,750 | 2,647 | 2,621 | 2,776 | 2,968 |

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 Conventional Mortgages on New Homes

Millions of dollars, except as noted

| Item | 1989 | 1990 | 1991 | 1991 Dec. | 1992 Jan. | 1992 Feb. | 1992 Mar. | 1992 Apr. | 1992 May | 1992 June |
|---|---|---|---|---|---|---|---|---|---|---|
| | Terms and yields in primary and secondary markets | | | | | | | | | |
| PRIMARY MARKETS | | | | | | | | | | |
| *Terms*[1] | | | | | | | | | | |
| 1 Purchase price (thousands of dollars) | 159.6 | 153.2 | 155.0 | 159.1 | 153.9 | 154.7 | 167.0 | 162.5 | 158.7 | 154.4 |
| 2 Amount of loan (thousands of dollars) | 117.0 | 112.4 | 114.0 | 113.8 | 114.9 | 110.2 | 123.2 | 122.7 | 119.7 | 116.1 |
| 3 Loan-price ratio (percent) | 74.5 | 74.8 | 75.0 | 73.1 | 75.2 | 72.9 | 76.1 | 76.9 | 77.3 | 77.3 |
| 4 Maturity (years) | 28.1 | 27.3 | 26.8 | 26.4 | 26.2 | 24.5 | 25.2 | 26.6 | 26.4 | 25.0 |
| 5 Fees and charges (percent of loan amount)[2] | 2.06 | 1.93 | 1.71 | 1.50 | 1.85 | 1.84 | 1.75 | 1.88 | 1.69 | 1.57 |
| 6 Contract rate (percent per year) | 9.76 | 9.68 | 9.02 | 8.28 | 8.17 | 8.29 | 8.21 | 8.26 | 8.30 | 8.15 |
| *Yield (percent per year)* | | | | | | | | | | |
| 7 OTS series[3] | 10.11 | 10.01 | 9.30 | 8.53 | 8.49 | 8.65 | 8.51 | 8.58 | 8.59 | 8.43 |
| 8 HUD series[4] | 10.21 | 10.08 | 9.20 | 8.30 | 8.69 | 8.74 | 8.91 | 8.78 | 8.66 | 8.42 |
| SECONDARY MARKETS | | | | | | | | | | |
| *Yield (percent per year)* | | | | | | | | | | |
| 9 FHA mortgages (HUD series)[5] | 10.24 | 10.17 | 9.25 | 8.10 | 8.72 | 8.74 | 8.85 | 8.79 | 8.66 | 8.56 |
| 10 GNMA securities[6] | 9.71 | 9.51 | 8.59 | 7.81 | 7.81 | 8.01 | 8.20 | 8.10 | 8.00 | 7.90 |
| | Activity in secondary markets | | | | | | | | | |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION | | | | | | | | | | |
| *Mortgage holdings (end of period)* | | | | | | | | | | |
| 11 Total | 104,974 | 113,329 | 122,837 | 128,983 | 131,058 | 133,399 | 136,506 | 139,808 | 140,899 | 142,148 |
| 12 FHA/VA-insured | 19,640 | 21,028 | 21,702 | 21,796 | 21,981 | 21,980 | 21,902 | 21,914 | 21,924 | 22,218 |
| 13 Conventional | 85,335 | 92,302 | 101,135 | 107,187 | 109,077 | 111,419 | 114,604 | 117,894 | 118,975 | 119,930 |
| *Mortgage transactions (during period)* | | | | | | | | | | |
| 14 Purchases | 22,518 | 23,959 | 37,202 | 5,114 | 4,809 | 5,358 | 7,282 | 7,258 | 5,576 | 5,809 |
| *Mortgage commitments (during period)*[7] | | | | | | | | | | |
| 15 Issued[8] | n.a. | 23,689 | 40,010 | 5,285 | 7,129 | 6,589 | 6,738 | 5,400 | 4,392 | 4,662 |
| 16 To sell[9] | n.a. | 5,270 | 7,608 | 78 | 249 | 343 | 1,143 | 2,219 | 1,695 | 1,831 |
| FEDERAL HOME LOAN MORTGAGE CORPORATION | | | | | | | | | | |
| *Mortgage holdings (end of period)*[9] | | | | | | | | | | |
| 17 Total | 20,105 | 20,419 | 24,131 | 26,809 | 27,384 | 27,030 | 28,821 | 30,077 | 28,710 | 28,621 |
| 18 FHA/VA-insured | 590 | 547 | 484 | 460 | 456 | 450 | 446 | 438 | 432 | 426 |
| 19 Conventional | 19,516 | 19,871 | 23,283 | 26,349 | 26,928 | 26,580 | 28,376 | 29,639 | 28,278 | 28,195 |
| *Mortgage transactions (during period)* | | | | | | | | | | |
| 20 Purchases | 78,588 | 75,517 | 97,727 | 11,475 | 11,475 | 12,190 | 16,001 | 18,109 | 16,405 | 14,222 |
| 21 Sales | 73,446 | 73,817 | 92,478 | 9,537 | 10,521 | 11,998 | 13,639 | 16,139r | 17,214r | 13,740 |
| *Mortgage commitments (during period)*[10] | | | | | | | | | | |
| 22 Contracted | 88,519 | 102,401 | 114,031 | 16,961 | 15,683 | 23,278 | 19,098 | 23,748 | 13,334 | 19,114 |

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; 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 rates on loans closed, assuming prepayment at the end of ten years; from Office of Thrift Supervision (OTS).
4. Average contract rates on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD).
5. Average gross yields 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. Large monthly movements in average yields may reflect market adjustments to changes in maximum permissible contract rates.
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 carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.
7. Includes some multifamily and nonprofit hospital loan commitments in addition to one- to four-family loan commitments accepted in the Federal National Mortgage Association's (FNMA's) free market auction system, and through the FNMA-GNMA tandem plans.
8. Does not include standby commitments issued, but includes standby commitments converted.
9. Includes participation as well as whole loans.
10. 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, while 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 | 1988 | 1989 | 1990 | 1991 | | | | 1992 |
|---|---|---|---|---|---|---|---|---|
| | | | | Q1 | Q2 | Q3 | Q4 | Q1[p] |
| 1 **All holders** | **3,270,118** | **3,676,616** | **3,912,587[r]** | **3,948,048[r]** | **3,999,815[r]** | **4,015,902[r]** | **4,049,054** | **4,079,088** |
| *By type of property* | | | | | | | | |
| 2 One- to four-family residences | 2,201,231 | 2,549,935 | 2,765,344[r] | 2,790,897[r] | 2,838,164[r] | 2,870,066[r] | 2,905,401 | 2,939,419 |
| 3 Multifamily residences | 291,405 | 303,416 | 307,077[r] | 310,757[r] | 311,820[r] | 307,615[r] | 309,291 | 310,572 |
| 4 Commercial | 692,236 | 739,240 | 756,203[r] | 762,452[r] | 766,060[r] | 755,076[r] | 750,622 | 745,206 |
| 5 Farm | 85,247 | 84,025 | 83,962 | 83,942 | 83,771 | 83,145 | 83,740 | 83,891 |
| *By type of holder* | | | | | | | | |
| 6 Major financial institutions | 1,831,472 | 1,931,537 | 1,914,315[r] | 1,902,398[r] | 1,898,308[r] | 1,860,372[r] | 1,852,489 | 1,837,642 |
| 7 Commercial banks[2] | 674,003 | 767,069 | 844,826[r] | 856,848[r] | 871,416[r] | 870,938[r] | 876,282 | 880,321 |
| 8 One- to four-family | 334,367 | 389,632 | 455,931[r] | 462,130[r] | 476,363[r] | 478,851[r] | 486,573 | 492,837 |
| 9 Multifamily | 33,912 | 38,876 | 37,015[r] | 38,390[r] | 37,564[r] | 36,398[r] | 37,420 | 37,711 |
| 10 Commercial | 290,254 | 321,906 | 334,648[r] | 338,821[r] | 339,450[r] | 337,365[r] | 333,853 | 330,855 |
| 11 Farm | 15,470 | 16,656 | 17,231 | 17,507 | 18,039 | 18,323 | 18,436 | 18,919 |
| 12 Savings institutions[3] | 924,606 | 910,254 | 801,628 | 776,551 | 755,219 | 719,341 | 705,249 | 686,414 |
| 13 One- to four-family | 671,722 | 669,220 | 600,154 | 583,694 | 570,044 | 547,455 | 538,113 | 525,639 |
| 14 Multifamily | 110,775 | 106,014 | 91,806 | 88,743 | 86,448 | 81,880 | 79,912 | 77,604 |
| 15 Commercial | 141,433 | 134,370 | 109,168 | 103,647 | 98,280 | 89,603 | 86,836 | 82,806 |
| 16 Farm | 676 | 650 | 500 | 468 | 447 | 402 | 388 | 364 |
| 17 Life insurance companies | 232,863 | 254,214 | 267,861 | 269,000 | 271,674 | 270,094 | 270,958 | 270,907 |
| 18 One- to four-family | 11,164 | 12,231 | 13,005 | 11,737 | 11,743 | 11,720 | 11,763 | 11,483 |
| 19 Multifamily | 24,560 | 26,907 | 28,979 | 29,493 | 30,006 | 29,962 | 30,115 | 30,407 |
| 20 Commercial | 187,549 | 205,472 | 215,121 | 216,768 | 219,204 | 218,179 | 218,111 | 217,984 |
| 21 Farm | 9,590 | 9,604 | 10,756 | 11,001 | 10,721 | 10,233 | 10,968 | 11,033 |
| 22 Finance companies[4] | 37,846 | 45,476 | 48,777 | 48,187 | 48,972 | 50,658 | 51,567 | 50,573 |
| 23 Federal and related agencies | 200,570 | 209,498 | 250,761 | 264,189 | 276,798 | 282,500[r] | 283,375 | 296,821 |
| 24 Government National Mortgage Association | 26 | 23 | 20 | 22 | 22 | 22 | 23 | 23 |
| 25 One- to four-family | 26 | 23 | 20 | 22 | 22 | 22 | 23 | 23 |
| 26 Multifamily | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 27 Farmers Home Administration[5] | 42,018 | 41,176 | 41,439 | 41,307 | 41,430 | 41,566 | 41,713 | 41,791 |
| 28 One- to four-family | 18,347 | 18,422 | 18,527 | 18,522 | 18,521 | 18,598 | 18,496 | 18,488 |
| 29 Multifamily | 8,513 | 9,054 | 9,640 | 9,720 | 9,898 | 9,990 | 10,141 | 10,270 |
| 30 Commercial | 5,343 | 4,443 | 4,690 | 4,715 | 4,750 | 4,829 | 4,905 | 4,961 |
| 31 Farm | 9,815 | 9,257 | 8,582 | 8,350 | 8,261 | 8,149 | 8,171 | 8,072 |
| 32 Federal Housing and Veterans' Administrations | 5,973 | 6,087 | 8,801 | 9,492 | 10,210 | 10,440[r] | 11,056 | 11,387 |
| 33 One- to four-family | 2,672 | 2,875 | 3,593 | 3,600 | 3,729 | 3,740[r] | 4,056 | 4,110 |
| 34 Multifamily | 3,301 | 3,212 | 5,208 | 5,891 | 6,480 | 6,700[r] | 7,000 | 7,277 |
| 35 Federal National Mortgage Association | 103,013 | 110,721 | 116,628 | 119,196 | 122,806 | 125,451 | 128,983 | 136,506 |
| 36 One- to four-family | 95,833 | 102,295 | 106,081 | 108,348 | 111,560 | 113,696 | 117,087 | 124,137 |
| 37 Multifamily | 7,180 | 8,426 | 10,547 | 10,848 | 11,246 | 11,755 | 11,896 | 12,369 |
| 38 Federal Land Banks | 32,115 | 29,640 | 29,416 | 29,253 | 29,152 | 29,053 | 28,970 | 28,875 |
| 39 One- to four-family | 1,890 | 1,210 | 1,838 | 1,884 | 2,041 | 2,124 | 2,225 | 2,334 |
| 40 Farm | 30,225 | 28,430 | 27,577 | 27,368 | 27,111 | 26,929 | 26,745 | 26,541 |
| 41 Federal Home Loan Mortgage Corporation | 17,425 | 21,851 | 21,857 | 23,221 | 23,649 | 23,906 | 26,809 | 28,895 |
| 42 One- to four-family | 15,077 | 18,248 | 19,185 | 20,570 | 21,120 | 21,489 | 24,125 | 26,182 |
| 43 Multifamily | 2,348 | 3,603 | 2,672 | 2,651 | 2,529 | 2,417 | 2,684 | 2,713 |
| 44 Mortgage pools or trusts[6] | 811,847 | 946,766 | 1,110,555 | 1,144,876 | 1,186,251 | 1,228,788 | 1,264,935 | 1,293,914 |
| 45 Government National Mortgage Association | 340,527 | 368,367 | 403,613 | 409,929 | 413,707 | 422,501 | 425,295 | 422,695 |
| 46 One- to four-family | 331,257 | 358,142 | 391,505 | 397,631 | 401,304 | 409,826 | 412,536 | 409,295 |
| 47 Multifamily | 9,270 | 10,225 | 12,108 | 12,298 | 12,403 | 12,675 | 12,759 | 13,400 |
| 48 Federal Home Loan Mortgage Corporation | 226,406 | 272,870 | 316,359 | 328,215 | 341,132 | 348,843 | 359,163 | 367,878 |
| 49 One- to four-family | 219,988 | 266,060 | 308,369 | 319,978 | 332,624 | 341,183 | 351,906 | 360,887 |
| 50 Multifamily | 6,418 | 6,810 | 7,990 | 8,237 | 8,509 | 7,660 | 7,257 | 6,991 |
| 51 Federal National Mortgage Association | 178,250 | 228,232 | 299,833 | 312,101 | 331,089 | 351,917 | 371,984 | 389,853 |
| 52 One- to four-family | 172,331 | 219,577 | 291,194 | 303,554 | 322,444 | 343,430 | 362,667 | 380,617 |
| 53 Multifamily | 5,919 | 8,655 | 8,639 | 8,547 | 8,645 | 8,487 | 9,317 | 9,236 |
| 54 Farmers Home Administration[5] | 104 | 80 | 66 | 62 | 55 | 52 | 47 | 43 |
| 55 One- to four-family | 26 | 21 | 17 | 14 | 13 | 12 | 11 | 10 |
| 56 Multifamily | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 57 Commercial | 38 | 26 | 24 | 23 | 21 | 20 | 19 | 18 |
| 58 Farm | 40 | 33 | 26 | 24 | 21 | 20 | 17 | 16 |
| 59 Individuals and others[7] | 426,229 | 588,815 | 636,955 | 636,585 | 638,457 | 644,241 | 648,256 | 650,711 |
| 60 One- to four-family | 259,971 | 414,763 | 449,440 | 447,344 | 447,339 | 451,988 | 454,841 | 457,115 |
| 61 Multifamily | 79,209 | 81,634 | 84,408 | 84,227 | 83,452 | 83,740 | 83,772 | 83,688 |
| 62 Commercial | 67,618 | 73,023 | 83,816 | 85,790 | 88,495 | 89,424 | 90,628 | 90,961 |
| 63 Farm | 19,431 | 19,395 | 19,291 | 19,224 | 19,171 | 19,089 | 19,014 | 18,947 |

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. Beginning 1987:1, data reported by institutions insured by the Federal Savings and Loan Insurance Corporation include loans in process and other contra-assets (credit balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels).
4. Assumed to be entirely loans on one- to four-family residences.
5. Securities guaranteed by the Farmers Home Administration (FmHA) sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:4 because of accounting changes by the FmHA.
6. Outstanding principal balances of mortgage-backed securities insured or guaranteed by the agency indicated. Includes private pools, which are not shown as a separate line item.
7. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and other U.S. agencies.

## 1.55 CONSUMER INSTALLMENT CREDIT Total Outstanding and Net Change[1]

Millions of dollars, amounts outstanding, end of period

| Holder and type of credit | 1988 | 1989 | 1990 | 1991 | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Jan | Feb. | Mar. | Apr. | May |
| | Seasonally adjusted | | | | | | | | |
| 1 **Total** | **662,553** | **716,825** | **735,338** | **727,799** | **728,618** | **728,395** | **727,404** | **723,821** | **721,412** |
| 2 Automobile | 285,364 | 292,002 | 284,993 | 263,003 | 263,134 | 261,659 | 262,125 | 260,376 | 258,677 |
| 3 Revolving | 174,269 | 199,308 | 222,950 | 242,785 | 244,288 | 245,974 | 245,259 | 245,905 | 246,060 |
| 4 Other | 202,921 | 225,515 | 227,395 | 222,012 | 221,196 | 220,762 | 220,020 | 217,541 | 216,675 |
| | Not seasonally adjusted | | | | | | | | |
| 5 **Total** | **673,320** | **728,877** | **748,524** | **742,058** | **733,294** | **725,882** | **721,091** | **718,676** | **716,911** |
| *By major holder* | | | | | | | | | |
| 6 Commercial banks | 324,792 | 342,770 | 347,087 | 339,565 | 335,320 | 330,464 | 327,697 | 326,205 | 324,899 |
| 7 Finance companies | 144,677 | 138,858 | 133,863 | 121,901 | 119,206 | 120,280 | 118,353 | 118,364 | 116,138 |
| 8 Credit unions | 88,340 | 93,114 | 93,057 | 92,254 | 91,894 | 91,469 | 91,164 | 91,339 | 91,366 |
| 9 Retailers | 48,438 | 44,154 | 44,822 | 44,030 | 41,567 | 40,015 | 39,454 | 39,553 | 39,674 |
| 10 Savings institutions | 63,399 | 57,253 | 46,969 | 40,315 | 39,448 | 38,479 | 37,142 | 36,499 | 35,913 |
| 11 Gasoline companies | 3,674 | 3,935 | 4,822 | 4,362 | 4,377 | 4,151 | 3,988 | 4,094 | 4,193 |
| 12 Pools of securitized assets[2] | n.a. | 48,793 | 77,904 | 99,631 | 101,482 | 101,024 | 103,293 | 102,622 | 104,728 |
| *By major type of credit*[3] | | | | | | | | | |
| 13 Automobile | 285,421 | 292,060 | 285,050 | 263,108 | 261,871 | 259,723 | 259,530 | 258,449 | 257,513 |
| 14 Commercial banks | 123,392 | 126,288 | 124,913 | 111,912 | 110,707 | 110,077 | 110,047 | 109,056 | 108,738 |
| 15 Finance companies | 98,338 | 84,126 | 75,045 | 63,413 | 62,204 | 61,957 | 60,655 | 61,717 | 59,399 |
| 16 Pools of securitized assets[2] | n.a. | 18,185 | 24,428 | 28,057 | 29,460 | 28,480 | 29,942 | 28,679 | 30,336 |
| 17 Revolving | 184,045 | 210,310 | 235,056 | 255,895 | 249,320 | 245,088 | 242,267 | 242,708 | 243,156 |
| 18 Commercial banks | 123,020 | 130,811 | 133,385r | 137,968r | 133,839r | 130,848r | 128,550r | 128,506r | 127,943 |
| 19 Retailers | 43,833 | 39,583 | 40,003 | 39,352 | 36,953 | 35,438 | 34,892 | 34,989 | 35,095 |
| 20 Gasoline companies | 3,674 | 3,935 | 4,822 | 4,362 | 4,377 | 4,151 | 3,988 | 4,094 | 4,193 |
| 21 Pools of securitized assets[2] | n.a. | 23,477 | 44,335 | 60,139 | 60,087 | 60,633 | 60,953 | 61,190 | 61,951 |
| 22 Other | 203,854 | 226,507 | 228,418 | 223,055 | 222,103 | 221,071 | 219,294 | 217,519 | 216,242 |
| 23 Commercial banks | 78,380 | 85,671 | 88,789 | 89,685 | 90,774 | 89,539 | 89,100 | 88,643 | 88,218 |
| 24 Finance companies | 46,339 | 54,732 | 58,818 | 58,488 | 57,002 | 58,323 | 57,698 | 56,647 | 56,739 |
| 25 Retailers | 4,605 | 4,571 | 4,819 | 4,678 | 4,614 | 4,577 | 4,562 | 4,564 | 4,579 |
| 26 Pools of securitized assets[2] | n.a. | 7,131 | 9,141 | 11,435 | 11,935 | 11,911 | 12,398 | 12,753 | 12,441 |

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 | 1989 | 1990 | 1991 | 1991 | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr.[r] | May |
| **Interest Rates** | | | | | | | | | | |
| *Commercial banks*[2] | | | | | | | | | | |
| 1 48-month new car[3] | 12.07 | 11.78 | 11.14 | 10.61 | n.a. | n.a. | 9.89 | n.a. | n.a. | 9.52 |
| 2 24-month personal | 15.44 | 15.46 | 15.18 | 14.88 | n.a. | n.a. | 14.39 | n.a. | n.a. | 14.28 |
| 3 120-month mobile home[3] | 14.11 | 14.02 | 13.70 | 13.37 | n.a. | n.a. | 12.93 | n.a. | n.a. | 12.82 |
| 4 Credit card | 18.02 | 18.17 | 18.23 | 18.19 | n.a. | n.a. | 18.09 | n.a. | n.a. | 17.97 |
| *Auto finance companies* | | | | | | | | | | |
| 5 New car | 12.62 | 12.54 | 12.41 | 10.79 | 10.41 | 10.04 | 10.19 | 10.92 | 10.84 | 10.67 |
| 6 Used car | 16.18 | 15.99 | 15.60 | 15.06 | 14.90 | 14.34 | 14.00 | 14.19 | 14.14 | 14.01 |
| **Other Terms**[4] | | | | | | | | | | |
| *Maturity (months)* | | | | | | | | | | |
| 7 New car | 54.2 | 54.6 | 55.1 | 54.1 | 53.7 | 53.5 | 53.8 | 54.3 | 54.5 | 54.7 |
| 8 Used car | 46.6 | 46.0[r] | 47.2 | 47.0 | 46.9 | 48.4 | 48.0 | 48.0 | 47.8 | 47.9 |
| *Loan-to-value ratio* | | | | | | | | | | |
| 9 New car | 97[r] | 95[r] | 95[r] | 96[r] | 93[r] | 97[r] | 97[r] | 97[r] | 97 | 97 |
| 10 Used car | 91[r] | 87[r] | 88[r] | 88[r] | 88[r] | 89[r] | 89[r] | 89[r] | 89 | 89 |
| *Amount financed (dollars)* | | | | | | | | | | |
| 11 New car | 12,001 | 12,071 | 12,494 | 13,245 | 13,476 | 13,135 | 13,340 | 13,137 | 13,208 | 13,373 |
| 12 Used car | 7,954 | 8,289 | 8,884 | 9,029 | 9,105 | 9,007 | 8,912 | 8,908 | 8,905 | 9,247 |

1. 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. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months.
4. At auto finance companies.

## 1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; quarterly data at seasonally adjusted annual rates

| Transaction category or sector | 1987 | 1988 | 1989 | 1990 | 1991 | 1990 | | 1991 | | | | 1992 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| | Nonfinancial sectors | | | | | | | | | | | |
| 1 **Total net borrowing by domestic nonfinancial sectors** | **722.8** | **767.2** | **714.7** | **643.9** | **445.7** | **592.7** | **479.4** | **438.0** | **512.4** | **463.4** | **368.7** | **569.9** |
| *By lending sector and instrument* | | | | | | | | | | | | |
| 2 U.S. government | 143.9 | 155.1 | 146.4 | 246.9 | 278.2 | 242.3 | 271.5 | 199.2 | 269.1 | 365.5 | 279.0 | 316.5 |
| 3 Treasury securities | 142.4 | 137.7 | 144.7 | 238.7 | 292.0 | 243.6 | 272.5 | 223.2 | 275.3 | 394.3 | 275.2 | 327.7 |
| 4 Agency issues and mortgages | 1.5 | 17.4 | 1.6 | 8.2 | −13.8 | −1.3 | −1.0 | −24.0 | −6.2 | −28.8 | 3.8 | −11.2 |
| 5 Private | 578.9 | 612.1 | 568.4 | 397.1 | 167.4 | 350.5 | 208.0 | 238.8 | 243.3 | 97.9 | 89.7 | 253.4 |
| *By instrument* | | | | | | | | | | | | |
| 6 Debt capital instruments | 487.1 | 463.5 | 414.9 | 328.3 | 246.3 | 276.9 | 251.1 | 282.1 | 310.0 | 168.8 | 224.3 | 268.7 |
| 7 Tax-exempt obligations | 83.5 | 53.7 | 65.0 | 45.5 | 31.8 | 36.5 | 18.3 | 25.3 | 35.6 | 37.7 | 28.5 | 32.0 |
| 8 Corporate bonds | 79.1 | 103.4 | 74.3 | 47.1 | 78.6 | 29.8 | 65.2 | 76.7 | 96.5 | 81.3 | 60.1 | 80.4 |
| 9 Mortgages | 324.5 | 306.5 | 275.7 | 235.7 | 135.9 | 210.6 | 167.6 | 180.2 | 177.8 | 49.9 | 135.6 | 156.3 |
| 10 Home mortgages | 234.9 | 231.0 | 218.0 | 215.4 | 140.1 | 187.6 | 159.2 | 140.4 | 161.3 | 114.1 | 144.4 | 171.8 |
| 11 Multifamily residential | 24.4 | 16.7 | 16.4 | 3.6 | 2.0 | 17.0 | 3.7 | 14.7 | 4.3 | −17.1 | 6.2 | 5.1 |
| 12 Commercial | 71.6 | 60.8 | 42.7 | 16.8 | −6.0 | 4.8 | 4.5 | 24.9 | 14.5 | −44.5 | −18.8 | −21.7 |
| 13 Farm | −6.4 | −2.1 | −1.5 | −.1 | −.2 | 1.3 | .2 | .2 | −2.3 | −2.6 | 3.8 | 1.1 |
| 14 Other debt instruments | 91.8 | 148.6 | 153.5 | 68.8 | −78.9 | 73.6 | −43.2 | −43.4 | −66.7 | −70.9 | −134.6 | −15.3 |
| 15 Consumer credit | 33.5 | 50.4 | 43.1 | 14.3 | −12.1 | 13.4 | −4.2 | −10.6 | −16.0 | −19.6 | −2.3 | 1.7 |
| 16 Bank loans n.e.c. | 9.9 | 40.5 | 39.9 | 1.1 | −32.6 | −6.9 | −22.1 | .2 | −37.2 | −25.4 | −68.1 | −13.6 |
| 17 Open market paper | 1.6 | 11.9 | 21.4 | 9.7 | −18.4 | 19.3 | −34.4 | −6.9 | −16.1 | −42.4 | −8.1 | 22.3 |
| 18 Other | 46.8 | 45.8 | 49.1 | 43.7 | −15.8 | 47.7 | 17.6 | −26.0 | 2.6 | 16.5 | −56.0 | −25.6 |
| *By borrowing sector* | | | | | | | | | | | | |
| 19 State and local government | 83.0 | 48.9 | 63.2 | 42.6 | 24.5 | 34.6 | 12.4 | 25.5 | 28.0 | 20.2 | 24.3 | 24.2 |
| 20 Household | 302.2 | 315.8 | 287.3 | 257.6 | 157.1 | 223.8 | 165.0 | 177.2 | 176.4 | 115.6 | 159.4 | 196.5 |
| 21 Nonfinancial business | 193.7 | 247.4 | 217.9 | 96.9 | −14.2 | 92.0 | 30.6 | 36.1 | 38.9 | −37.9 | −94.0 | 32.7 |
| 22 Farm | −10.6 | −7.5 | 1.6 | 2.5 | 1.7 | 8.7 | 1.1 | 4.2 | .1 | .3 | 2.1 | 3.6 |
| 23 Nonfarm noncorporate | 65.9 | 62.4 | 50.0 | 15.3 | −23.4 | 11.2 | 4.8 | 11.4 | 2.5 | −52.7 | −54.6 | −22.4 |
| 24 Corporate | 138.5 | 192.5 | 166.3 | 79.0 | 7.5 | 72.1 | 24.6 | 20.5 | 36.3 | 14.6 | −41.5 | 51.5 |
| 25 Foreign net borrowing in United States | 6.2 | 6.4 | 10.6 | 23.5 | 15.1 | 26.2 | 19.0 | 62.8 | −59.6 | 18.7 | 38.7 | −32.1 |
| 26 Bonds | 7.4 | 6.9 | 5.3 | 21.6 | 16.0 | 1.9 | 28.6 | 11.5 | 14.7 | 15.8 | 22.1 | 5.4 |
| 27 Bank loans n.e.c. | −3.6 | −1.8 | −.1 | −2.9 | 3.1 | 2.0 | −5.2 | 8.1 | −3.5 | 1.4 | 6.5 | −1.7 |
| 28 Open market paper | 3.8 | 8.7 | 13.1 | 12.3 | 6.4 | 25.6 | 15.6 | 46.7 | −51.9 | 16.0 | 14.9 | −44.9 |
| 29 U.S. government loans | −1.4 | −7.5 | −7.7 | −7.5 | −10.4 | −3.3 | −20.0 | −3.5 | −18.8 | −14.5 | −4.7 | 9.1 |
| 30 **Total domestic plus foreign** | **729.0** | **773.6** | **725.3** | **667.4** | **460.8** | **618.9** | **498.4** | **500.8** | **452.8** | **482.1** | **407.5** | **537.8** |
| | Financial sectors | | | | | | | | | | | |
| 31 **Total net borrowing by financial sectors** | **264.1** | **213.4** | **191.0** | **169.7** | **143.7** | **93.7** | **222.4** | **126.7** | **87.7** | **172.7** | **187.4** | **95.7** |
| *By instrument* | | | | | | | | | | | | |
| 32 U.S. government-related | 171.8 | 119.8 | 151.0 | 167.4 | 147.8 | 146.2 | 185.6 | 149.6 | 118.1 | 172.9 | 150.7 | 123.2 |
| 33 Sponsored-credit-agency securities | 30.2 | 44.9 | 25.2 | 17.1 | 9.2 | 13.7 | 37.1 | 13.1 | −29.7 | 20.6 | 32.6 | 11.4 |
| 34 Mortgage pool securities | 142.3 | 74.9 | 125.8 | 150.3 | 138.6 | 132.5 | 148.9 | 136.5 | 147.8 | 152.3 | 117.9 | 111.6 |
| 35 Loans from U.S. government | −.8 | .0 | .0 | −.1 | .0 | .0 | −.5 | .0 | .0 | .0 | .2 | .2 |
| 36 Private | 92.4 | 93.7 | 40.0 | 2.3 | −4.2 | −52.5 | 36.8 | −22.8 | −30.4 | −.2 | 36.7 | −27.5 |
| 37 Corporate bonds | 44.2 | 18.2 | 17.7 | 17.0 | 62.1 | −62.4 | 26.5 | 63.5 | 67.4 | 41.7 | 75.6 | −69.8 |
| 38 Mortgages | .4 | .3 | .0 | .3 | .6 | .1 | .6 | .1 | −.1 | .9 | 1.5 | .0 |
| 39 Bank loans n.e.c. | −3.6 | .6 | 1.9 | 1.2 | 3.2 | 2.0 | 1.1 | 1.3 | −2.9 | 9.6 | 4.8 | 6.4 |
| 40 Open market paper | 26.9 | 54.8 | 31.3 | 8.6 | −32.0 | 35.1 | 24.2 | −52.0 | −46.3 | −16.0 | −13.7 | 45.4 |
| 41 Loans from Federal Home Loan Banks | 24.4 | 19.7 | −11.0 | −24.7 | −38.0 | −27.3 | −15.7 | −35.8 | −48.5 | −36.4 | −31.5 | −9.5 |
| *By borrowing sector* | | | | | | | | | | | | |
| 42 Sponsored credit agencies | 29.5 | 44.9 | 25.2 | 17.0 | 9.2 | 13.7 | 36.7 | 13.1 | −29.7 | 20.6 | 32.8 | 11.5 |
| 43 Mortgage pools | 142.3 | 74.9 | 125.8 | 150.3 | 138.6 | 132.5 | 148.9 | 136.5 | 147.8 | 152.3 | 117.9 | 111.6 |
| 44 Private | 92.4 | 93.7 | 40.0 | 2.3 | −4.2 | −52.5 | 36.8 | −22.8 | −30.4 | −.2 | 36.7 | −27.5 |
| 45 Commercial banks | 6.2 | −3.0 | −1.4 | −1.1 | −13.3 | −5.8 | 14.2 | −17.9 | −11.9 | −8.5 | −15.0 | 7.9 |
| 46 Bank affiliates | 14.3 | 5.2 | 6.2 | −27.7 | −2.8 | −42.0 | −30.8 | −8.0 | −3.3 | −7.8 | 8.0 | −.6 |
| 47 Savings and loan associations | 19.6 | 19.9 | −14.1 | −29.7 | −38.6 | −29.2 | −18.9 | −42.0 | −49.4 | −39.6 | −23.5 | −17.2 |
| 48 Mutual savings banks | 8.1 | 1.9 | −1.4 | −.5 | −3.5 | −2.7 | 1.3 | 1.9 | −.9 | −6.2 | −8.7 | 5.6 |
| 49 Finance companies | 4.7 | 33.5 | 31.1 | 23.2 | 23.4 | 1.1 | 25.1 | 10.8 | 7.3 | 22.0 | 53.6 | −46.7 |
| 50 Real estate investment trusts (REITs) | .4 | 3.6 | −1.9 | −1.9 | −1.5 | −1.4 | .3 | −.6 | −.1 | .0 | −5.2 | −1.2 |
| 51 Securitized credit obligation (SCO) issuers | 39.1 | 32.5 | 21.4 | 40.1 | 32.1 | 27.5 | 45.6 | 32.9 | 28.0 | 40.0 | 27.6 | 24.6 |

1.57—Continued

| Transaction category or sector | 1987 | 1988 | 1989 | 1990 | 1991 | 1990 | | 1991 | | | | 1992 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| | All sectors | | | | | | | | | | | |
| 52 **Total net borrowing, all sectors** | **993.1** | **987.0** | **916.3** | **837.1** | **604.4** | **712.7** | **720.8** | **627.5** | **540.5** | **654.8** | **594.9** | **633.4** |
| 53 U.S. government securities | 316.4 | 274.9 | 297.3 | 414.4 | 426.0 | 388.5 | 457.5 | 348.8 | 387.3 | 538.4 | 429.5 | 439.5 |
| 54 State and local obligations | 83.5 | 53.7 | 65.0 | 45.5 | 31.8 | 36.5 | 18.3 | 25.3 | 35.6 | 37.7 | 28.5 | 32.0 |
| 55 Corporate and foreign bonds | 130.7 | 128.5 | 97.3 | 85.7 | 156.7 | −30.7 | 120.4 | 151.7 | 178.7 | 138.8 | 157.9 | 16.0 |
| 56 Mortgages | 324.9 | 306.7 | 275.7 | 236.0 | 136.5 | 210.7 | 168.2 | 180.3 | 177.7 | 50.8 | 137.1 | 156.3 |
| 57 Consumer credit | 33.5 | 50.4 | 43.1 | 14.3 | −12.1 | 13.4 | −4.2 | −10.6 | −16.0 | −19.6 | −2.3 | 1.7 |
| 58 Bank loans n.e.c. | 2.7 | 39.3 | 41.6 | −.6 | −26.3 | −2.8 | −26.2 | 9.6 | −43.6 | −14.4 | −56.9 | −9.0 |
| 59 Open market paper | 32.3 | 75.4 | 65.9 | 30.7 | −44.0 | 79.9 | 5.4 | −12.2 | −114.3 | −42.5 | −6.9 | 22.7 |
| 60 Other loans | 69.1 | 58.1 | 30.4 | 11.4 | −64.1 | 17.1 | −18.6 | −65.3 | −64.8 | −34.4 | −92.1 | −25.8 |
| 61 MEMO: U.S. government, cash balance | −7.9 | 10.4 | −5.9 | 8.3 | 14.5 | 18.4 | 24.2 | 34.6 | −35.8 | −14.6 | 73.6 | −79.7 |
| *Totals net of changes in U.S. government cash balances* | | | | | | | | | | | | |
| 62 Net borrowing by domestic nonfinancial sectors | 730.7 | 756.8 | 720.6 | 635.6 | 431.2 | 574.3 | 455.2 | 403.4 | 548.2 | 478.1 | 295.1 | 649.6 |
| 63 Net borrowing by U.S. government | 151.8 | 144.7 | 152.3 | 238.6 | 263.8 | 223.8 | 247.3 | 164.6 | 304.9 | 380.2 | 205.4 | 396.1 |
| | External corporate equity funds raised in United States | | | | | | | | | | | |
| 64 **Total net share issues** | **7.1** | **−119.3** | **−65.4** | **15.8** | **199.7** | **−19.5** | **27.0** | **101.2** | **179.7** | **235.0** | **282.9** | **282.5** |
| 65 Mutual funds | 70.2 | 6.1 | 38.5 | 65.7 | 150.6 | 45.9 | 83.7 | 97.6 | 125.2 | 178.1 | 201.3 | 191.5 |
| 66 All other | −63.1 | −125.4 | −103.9 | −50.0 | 49.1 | −65.4 | −56.7 | 3.7 | 54.5 | 56.9 | 81.5 | 91.0 |
| 67 Nonfinancial corporations | −75.5 | −129.5 | −124.2 | −63.0 | 17.5 | −74.0 | −61.0 | −12.0 | 11.0 | 17.0 | 54.0 | 51.0 |
| 68 Financial corporations | 14.5 | 3.2 | 3.0 | 6.1 | 1.4 | 6.5 | 2.8 | −10.6 | 6.8 | 5.6 | 3.9 | 8.8 |
| 69 Foreign shares purchased in United States | −2.1 | .9 | 17.3 | 6.9 | 30.2 | 2.2 | 1.6 | 26.2 | 36.6 | 34.3 | 23.6 | 31.2 |

## 1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

| Transaction category or sector | 1987 | 1988 | 1989 | 1990 | 1991 | 1990 | | 1991 | | | | 1992 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| 1 **Total funds advanced in credit markets to domestic nonfinancial sectors** | **722.8** | **767.2** | **714.7** | **643.9** | **445.7** | **592.7** | **479.4** | **438.0** | **512.4** | **463.4** | **368.7** | **569.9** |
| 2 **Total net advances by federal agencies and foreign sectors** | **248.0** | **208.1** | **188.1** | **261.7** | **244.4** | **347.4** | **190.8** | **289.8** | **212.2** | **285.4** | **190.3** | **330.2** |
| *By instrument* | | | | | | | | | | | | |
| 3 U.S. government securities | 70.1 | 85.2 | 30.2 | 74.4 | 98.9 | 142.0 | 45.6 | 140.1 | 50.9 | 122.7 | 82.1 | 172.3 |
| 4 Residential mortgages | 139.1 | 86.3 | 137.9 | 184.1 | 164.7 | 176.3 | 180.5 | 176.0 | 186.8 | 176.8 | 119.3 | 161.0 |
| 5 Federal Home Loan Bank advances to thrifts | 24.4 | 19.7 | -11.0 | -24.7 | -38.0 | -27.3 | -15.7 | -35.8 | -48.5 | -36.4 | -31.5 | -9.5 |
| 6 Other loans and securities | 14.3 | 16.8 | 31.0 | 27.8 | 18.8 | 56.4 | -19.6 | 9.4 | 23.1 | 22.2 | 20.5 | 6.4 |
| *By lender* | | | | | | | | | | | | |
| 7 U.S. government | -7.9 | -9.4 | -2.6 | 33.6 | 10.7 | 63.6 | -3.7 | 35.0 | 27.3 | .4 | -20.0 | 10.5 |
| 8 Sponsored credit agencies and mortgage pools | 169.3 | 112.0 | 125.3 | 166.7 | 152.9 | 182.4 | 141.9 | 164.0 | 124.1 | 185.0 | 138.5 | 204.4 |
| 9 Monetary authority | 24.7 | 10.5 | -7.3 | 8.1 | 31.1 | 26.2 | -24.2 | 60.2 | 1.8 | 57.4 | 5.0 | 36.1 |
| 10 Foreign | 61.8 | 95.0 | 72.7 | 53.2 | 49.8 | 75.1 | 76.8 | 30.6 | 59.1 | 42.5 | 66.8 | 79.2 |
| *Agency and foreign borrowing not included in line 1* | | | | | | | | | | | | |
| 11 Sponsored credit agencies and mortgage pools | 171.8 | 119.8 | 151.0 | 167.4 | 147.8 | 146.2 | 185.6 | 149.6 | 118.1 | 172.9 | 150.7 | 123.2 |
| 12 Foreign | 6.2 | 6.4 | 10.6 | 23.5 | 15.1 | 26.2 | 19.0 | 62.8 | -59.6 | 18.7 | 38.7 | -32.1 |
| 13 **Total private domestic funds advanced** | **652.8** | **685.3** | **688.2** | **573.1** | **364.2** | **417.8** | **493.2** | **360.5** | **358.7** | **369.6** | **367.9** | **330.8** |
| 14 U.S. government securities | 246.3 | 189.7 | 267.2 | 340.0 | 327.1 | 246.6 | 411.9 | 208.7 | 336.4 | 415.8 | 347.5 | 267.3 |
| 15 State and local obligations | 83.5 | 53.7 | 65.0 | 45.5 | 31.8 | 36.5 | 18.3 | 25.3 | 35.6 | 37.7 | 28.5 | 32.0 |
| 16 Corporate and foreign bonds | 67.5 | 94.4 | 65.5 | 62.8 | 75.6 | 26.6 | 95.1 | 66.5 | 89.3 | 77.2 | 69.5 | 61.6 |
| 17 Residential mortgages | 120.2 | 161.3 | 96.5 | 34.8 | -22.7 | 28.2 | -17.7 | -20.9 | -21.2 | -79.8 | 31.3 | 15.9 |
| 18 Other mortgages and loans | 159.8 | 205.9 | 183.1 | 65.4 | -85.7 | 52.6 | -30.1 | 45.2 | -130.0 | -117.6 | -140.4 | -55.5 |
| 19 LESS: Federal Home Loan Bank advances | 24.4 | 19.7 | -11.0 | -24.7 | -38.0 | -27.3 | -15.7 | -35.8 | -48.5 | -36.4 | -31.5 | -9.5 |
| 20 **Total credit market funds advanced by private financial institutions** | **498.1** | **539.2** | **535.5** | **391.3** | **337.0** | **294.5** | **516.3** | **311.8** | **169.4** | **452.8** | **414.0** | **372.0** |
| *By lending institution* | | | | | | | | | | | | |
| 21 Commercial banks | 135.3 | 157.0 | 177.0 | 121.2 | 83.4 | 107.6 | 61.8 | 123.3 | 30.1 | 77.5 | 102.8 | 109.2 |
| 22 Savings institutions | 137.6 | 118.7 | -90.2 | -150.8 | -144.9 | -165.7 | -174.0 | -184.1 | -167.9 | -178.6 | -49.0 | -98.6 |
| 23 Insurance and pension funds | 149.1 | 176.4 | 197.9 | 183.7 | 202.6 | 135.6 | 188.3 | 228.7 | 208.3 | 247.4 | 126.1 | 117.7 |
| 24 Other financial institutions | 76.2 | 87.1 | 250.8 | 237.2 | 195.9 | 216.9 | 440.2 | 144.0 | 98.9 | 306.4 | 234.1 | 243.7 |
| *By source of funds* | | | | | | | | | | | | |
| 25 Private domestic deposits and repurchase agreements | 173.8 | 229.6 | 209.5 | 53.4 | -10.6 | 45.6 | -22.7 | 240.9 | -126.9 | -49.0 | -107.4 | 188.9 |
| 26 Credit market borrowing | 92.4 | 93.7 | 40.0 | 2.3 | -4.2 | -52.5 | 36.8 | -22.8 | -30.4 | -.2 | 36.7 | -27.5 |
| 27 Other sources | 231.9 | 216.0 | 286.0 | 335.6 | 351.8 | 301.5 | 502.2 | 93.8 | 326.7 | 502.0 | 484.7 | 210.7 |
| 28 Foreign funds | 43.7 | 9.3 | -9.9 | 24.0 | -17.7 | 87.5 | -28.5 | 9.4 | -65.6 | 11.3 | -25.8 | -11.1 |
| 29 Treasury balances | -5.8 | 7.3 | -3.4 | 5.3 | 5.5 | 13.7 | 3.4 | 20.6 | -22.3 | 5.7 | 17.9 | -42.5 |
| 30 Insurance and pension reserves | 94.9 | 174.1 | 192.0 | 164.1 | 219.6 | 128.3 | 222.1 | 287.9 | 171.3 | 277.4 | 141.6 | 99.9 |
| 31 Other, net | 99.2 | 25.2 | 107.3 | 142.2 | 144.4 | 72.0 | 305.2 | -224.2 | 243.3 | 207.7 | 350.9 | 164.4 |
| *Private domestic nonfinancial investors* | | | | | | | | | | | | |
| 32 Direct lending in credit markets | 247.1 | 239.8 | 192.7 | 184.1 | 23.0 | 70.8 | 13.7 | 25.8 | 158.9 | -83.4 | -9.4 | -68.8 |
| 33 U.S. government securities | 99.4 | 134.5 | 125.5 | 126.4 | 26.8 | 133.9 | -6.9 | 8.3 | 163.5 | -21.9 | -42.7 | 11.5 |
| 34 State and local obligations | 96.1 | 57.3 | 62.7 | 24.9 | 7.8 | 7.6 | -13.5 | 14.9 | 20.0 | 16.0 | -19.6 | 8.4 |
| 35 Corporate and foreign bonds | 6.7 | -32.9 | -27.1 | -11.8 | 2.6 | -109.4 | -2.2 | 42.0 | 49.3 | -106.8 | 26.0 | -120.0 |
| 36 Open market paper | 13.3 | 41.9 | 2.9 | 17.1 | -33.5 | 8.8 | -4.6 | -52.6 | -96.6 | 14.0 | 1.4 | .3 |
| 37 Other loans and mortgages | 31.5 | 39.0 | 28.7 | 27.6 | 19.2 | 29.8 | 41.0 | 13.2 | 22.7 | 15.3 | 25.5 | 31.1 |
| 38 Deposits and currency | 190.3 | 233.1 | 225.7 | 83.0 | 18.4 | 74.2 | 20.4 | 257.4 | -103.4 | -14.9 | -65.3 | 210.7 |
| 39 Currency | 19.0 | 14.7 | 11.7 | 22.6 | 19.8 | 30.9 | 16.9 | 38.7 | 6.0 | 8.0 | 26.6 | 5.9 |
| 40 Checkable deposits | -.3 | 12.5 | .6 | .4 | 47.8 | -3.6 | -23.1 | 49.4 | 12.3 | 109.0 | 20.6 | 154.1 |
| 41 Small time and savings accounts | 76.0 | 122.4 | 98.2 | 59.7 | 11.2 | 40.7 | 60.1 | 103.4 | .1 | -43.3 | -15.3 | -10.8 |
| 42 Money market fund shares | 28.9 | 21.2 | 86.7 | 56.0 | 25.8 | 106.0 | 42.1 | 184.3 | -71.8 | -2.7 | -6.6 | 101.4 |
| 43 Large time deposits | 47.6 | 40.6 | 9.1 | -42.2 | -81.7 | -71.0 | -65.2 | -48.3 | -61.1 | -100.0 | -117.5 | -65.0 |
| 44 Security repurchase agreements | 21.6 | 32.9 | 14.9 | -20.5 | -13.7 | -26.5 | -36.6 | -47.9 | -6.4 | -12.1 | 11.5 | 9.2 |
| 45 Deposits in foreign countries | -2.5 | -11.2 | 4.4 | 7.1 | 9.2 | -2.2 | 26.3 | -22.2 | 17.5 | 26.1 | 15.5 | 15.9 |
| 46 **Total of credit market instruments, deposits, and currency** | **437.4** | **472.9** | **418.4** | **267.2** | **41.4** | **145.0** | **34.2** | **283.2** | **55.5** | **-98.3** | **-74.7** | **141.9** |
| MEMO | | | | | | | | | | | | |
| 47 Public holdings as percent of total | 34.0 | 26.9 | 25.9 | 39.2 | 53.0 | 56.1 | 38.3 | 57.9 | 46.9 | 59.2 | 46.7 | 61.4 |
| 48 Private financial intermediation (percent) | 76.3 | 78.7 | 77.8 | 68.3 | 92.5 | 70.5 | 104.7 | 86.5 | 47.2 | 122.5 | 112.5 | 112.5 |
| 49 Total foreign funds | 105.5 | 104.3 | 62.8 | 77.2 | 32.1 | 162.6 | 48.3 | 40.0 | -6.5 | 53.8 | 41.0 | 68.1 |
| *Corporate equities not included above* | | | | | | | | | | | | |
| 50 **Total net issues** | **7.1** | **-119.3** | **-65.4** | **15.8** | **199.7** | **-19.5** | **27.0** | **101.2** | **179.7** | **235.0** | **282.9** | **282.5** |
| 51 Mutual fund shares | 70.2 | 6.1 | 38.5 | 65.7 | 150.6 | 45.9 | 83.7 | 97.6 | 125.2 | 178.1 | 201.3 | 191.5 |
| 52 Other equities | -63.1 | -125.4 | -103.9 | -50.0 | 49.1 | -65.4 | -56.7 | 3.7 | 54.5 | 56.9 | 81.5 | 91.0 |
| 53 Acquisitions by financial institutions | 22.2 | 4.1 | 18.9 | 27.5 | 85.9 | -44.4 | 53.2 | 81.7 | 74.3 | 106.4 | 81.0 | 101.6 |
| 54 Other net purchases | -15.1 | -123.3 | -84.3 | -11.7 | 113.8 | 24.9 | -26.2 | 19.6 | 105.3 | 128.6 | 201.8 | 180.9 |

NOTES BY LINE NUMBER.
1. Line 1 of table 1.57.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus lines 11 and 12. Also line 20 less line 26 plus line 32. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
25. Line 38 less lines 39 and 45.
26. Excludes equity issues and investment company shares. Includes line 19.
28. Foreign deposits at commercial banks, plus bank borrowings from foreign branches, plus liabilities of foreign banking agencies to foreign affiliates, less claims on foreign affiliates and deposits by banking institutions in foreign banks.
29. Demand deposits and note balances at commercial banks.
30. Excludes investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 13 less line 20 plus line 26.
33–37. Lines 14–18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 37 includes mortgages.
39. Mainly an offset to line 9.
46. Sum of lines 32 and 38, or line 13 less line 27 plus lines 39 and 45.
47. Line 2 divided by line 1.
48. Line 20 divided by line 13.
49. Sum of lines 10 and 28.
50 and 52. Includes issues by financial institutions.
NOTE. Full statements for sectors and transaction types in flows and in amounts outstanding appear in the Board's Z.1 (780) quarterly statistical release. For ordering address, see inside front cover.

## 1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING

Billions of dollars, end of period

| Transaction category or sector | 1988 | 1989 | 1990 | 1991 | 1990 | | 1991 | | | | 1992 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| | Nonfinancial sectors | | | | | | | | | | |
| 1 **Total credit market debt owed by domestic nonfinancial sectors** | **9,242.3** | **9,987.1** | **10,759.9** | **11,196.4** | **10,597.3** | **10,759.9** | **10,821.8** | **10,940.1** | **11,062.9** | **11,196.4** | **11,304.3** |
| *By lending sector and instrument* | | | | | | | | | | | |
| 2 U.S. government | 2,104.9 | 2,251.2 | 2,498.1 | 2,776.4 | 2,410.4 | 2,498.1 | 2,548.8 | 2,591.9 | 2,687.2 | 2,776.4 | 2,859.7 |
| 3 Treasury securities | 2,082.3 | 2,227.0 | 2,465.8 | 2,757.8 | 2,377.8 | 2,465.8 | 2,522.4 | 2,567.1 | 2,669.6 | 2,757.8 | 2,844.0 |
| 4 Agency issues and mortgages | 22.6 | 24.2 | 32.4 | 18.6 | 32.6 | 32.4 | 26.4 | 24.8 | 17.6 | 18.6 | 15.8 |
| 5 Private | 7,137.4 | 7,735.9 | 8,261.8 | 8,420.0 | 8,186.9 | 8,261.8 | 8,273.0 | 8,348.2 | 8,375.7 | 8,420.0 | 8,444.5 |
| *By instrument* | | | | | | | | | | | |
| 6 Debt capital instruments | 5,035.8 | 5,467.9 | 5,932.1 | 6,178.4 | 5,868.0 | 5,932.1 | 5,989.7 | 6,073.0 | 6,121.4 | 6,178.4 | 6,233.1 |
| 7 Tax-exempt obligations | 939.4 | 1,004.4 | 1,049.8 | 1,081.6 | 1,043.0 | 1,049.8 | 1,052.8 | 1,060.1 | 1,072.3 | 1,081.6 | 1,086.2 |
| 8 Corporate bonds | 852.6 | 926.9 | 974.0 | 1,052.6 | 957.7 | 974.0 | 993.1 | 1,017.2 | 1,037.6 | 1,052.6 | 1,072.7 |
| 9 Mortgages | 3,243.8 | 3,536.6 | 3,908.4 | 4,044.3 | 3,867.3 | 3,908.4 | 3,943.8 | 3,995.6 | 4,011.5 | 4,044.3 | 4,074.3 |
| 10 Home mortgages | 2,173.9 | 2,404.3 | 2,765.3 | 2,905.4 | 2,726.0 | 2,765.3 | 2,790.9 | 2,838.2 | 2,870.1 | 2,905.4 | 2,939.4 |
| 11 Multifamily residential | 286.7 | 304.4 | 305.7 | 307.7 | 304.8 | 305.7 | 309.4 | 310.4 | 306.1 | 307.7 | 309.0 |
| 12 Commercial | 696.4 | 742.6 | 753.4 | 747.4 | 752.3 | 753.4 | 759.6 | 763.2 | 752.1 | 747.4 | 742.0 |
| 13 Farm | 86.8 | 85.3 | 84.0 | 83.7 | 84.3 | 84.0 | 83.9 | 83.8 | 83.1 | 83.7 | 83.9 |
| 14 Other debt instruments | 2,101.6 | 2,268.0 | 2,329.6 | 2,241.6 | 2,318.9 | 2,329.6 | 2,283.3 | 2,275.2 | 2,254.3 | 2,241.6 | 2,211.4 |
| 15 Consumer credit | 743.6 | 794.7 | 808.9 | 797.1 | 798.7 | 808.9 | 785.3 | 784.9 | 786.1 | 797.1 | 775.7 |
| 16 Bank loans n.e.c. | 710.0 | 759.8 | 753.8 | 724.2 | 750.5 | 753.8 | 747.8 | 739.9 | 733.2 | 724.2 | 712.1 |
| 17 Open market paper | 85.7 | 107.1 | 116.9 | 98.5 | 131.8 | 116.9 | 120.8 | 119.4 | 107.0 | 98.5 | 110.3 |
| 18 Other | 562.3 | 606.4 | 650.1 | 621.8 | 637.9 | 650.1 | 629.5 | 631.0 | 628.0 | 621.8 | 613.4 |
| *By borrowing sector* | | | | | | | | | | | |
| 19 State and local government | 752.5 | 815.7 | 858.3 | 882.8 | 852.9 | 858.3 | 861.3 | 866.7 | 874.6 | 882.8 | 885.4 |
| 20 Household | 3,188.9 | 3,501.5 | 3,897.6 | 4,058.1 | 3,841.9 | 3,897.6 | 3,917.3 | 3,966.0 | 4,004.3 | 4,058.1 | 4,080.0 |
| 21 Nonfinancial business | 3,196.0 | 3,418.7 | 3,505.9 | 3,479.2 | 3,492.0 | 3,505.9 | 3,494.4 | 3,515.4 | 3,496.8 | 3,479.2 | 3,479.1 |
| 22 Farm | 137.6 | 139.2 | 140.5 | 139.6 | 141.6 | 140.5 | 136.8 | 139.6 | 140.4 | 139.6 | 138.3 |
| 23 Nonfarm noncorporate | 1,130.5 | 1,180.5 | 1,194.3 | 1,163.5 | 1,195.1 | 1,194.3 | 1,191.8 | 1,192.7 | 1,175.9 | 1,163.5 | 1,150.4 |
| 24 Corporate | 1,927.9 | 2,098.9 | 2,171.1 | 2,176.1 | 2,155.4 | 2,171.1 | 2,165.8 | 2,183.1 | 2,180.6 | 2,176.1 | 2,190.5 |
| 25 **Foreign credit market debt held in United States** | **255.7** | **265.4** | **288.9** | **304.0** | **283.4** | **288.9** | **301.4** | **288.8** | **293.5** | **304.0** | **292.3** |
| 26 Bonds | 94.0 | 98.5 | 120.1 | 136.1 | 112.9 | 120.1 | 122.9 | 126.6 | 130.6 | 136.1 | 137.4 |
| 27 Bank loans n.e.c. | 21.5 | 21.4 | 18.5 | 21.6 | 19.8 | 18.5 | 20.5 | 19.7 | 20.0 | 21.6 | 21.2 |
| 28 Open market paper | 49.9 | 63.0 | 75.3 | 81.8 | 71.5 | 75.3 | 87.0 | 74.0 | 78.0 | 81.8 | 70.5 |
| 29 U.S. government loans | 90.2 | 82.5 | 75.0 | 64.6 | 79.3 | 75.0 | 70.9 | 68.4 | 64.9 | 64.6 | 63.2 |
| 30 **Total credit market debt owed by nonfinancial sectors, domestic and foreign** | **9,498.0** | **10,252.5** | **11,048.8** | **11,500.4** | **10,880.7** | **11,048.8** | **11,123.2** | **11,228.8** | **11,356.4** | **11,500.4** | **11,596.6** |
| | Financial sectors | | | | | | | | | | |
| 31 **Total credit market debt owed by financial sectors** | **1,999.8** | **2,219.4** | **2,511.1** | **2,660.5** | **2,446.4** | **2,511.1** | **2,541.0** | **2,562.2** | **2,604.6** | **2,660.5** | **2,678.4** |
| *By instrument* | | | | | | | | | | | |
| 32 U.S. government-related | 1,098.4 | 1,249.3 | 1,418.4 | 1,566.2 | 1,367.9 | 1,418.4 | 1,452.1 | 1,480.4 | 1,524.4 | 1,566.2 | 1,593.7 |
| 33 Sponsored credit-agency securities | 348.1 | 373.3 | 393.7 | 402.9 | 384.4 | 393.7 | 397.0 | 389.6 | 394.7 | 402.9 | 405.7 |
| 34 Mortgage pool securities | 745.3 | 871.0 | 1,019.9 | 1,158.5 | 978.5 | 1,019.9 | 1,050.3 | 1,086.0 | 1,124.8 | 1,158.5 | 1,183.1 |
| 35 Loans from U.S. government | 5.0 | 5.0 | 4.9 | 4.9 | 5.0 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 |
| 36 Private | 901.4 | 970.0 | 1,092.6 | 1,094.3 | 1,078.5 | 1,092.6 | 1,088.8 | 1,081.9 | 1,080.3 | 1,094.3 | 1,084.7 |
| 37 Corporate bonds | 331.9 | 378.2 | 515.0 | 582.9 | 510.2 | 515.0 | 540.1 | 555.8 | 565.9 | 582.9 | 569.6 |
| 38 Mortgages | 3.4 | 3.4 | 4.2 | 4.8 | 4.1 | 4.2 | 4.2 | 4.2 | 4.4 | 4.8 | 4.8 |
| 39 Bank loans n.e.c. | 35.6 | 37.5 | 38.6 | 41.8 | 36.7 | 38.6 | 36.5 | 37.0 | 39.0 | 41.8 | 41.1 |
| 40 Open market paper | 377.7 | 409.1 | 417.7 | 385.7 | 409.6 | 417.7 | 400.9 | 390.1 | 387.0 | 385.7 | 392.9 |
| 41 Loans from Federal Home Loan Banks | 152.8 | 141.8 | 117.1 | 79.1 | 117.9 | 117.1 | 107.0 | 94.7 | 83.9 | 79.1 | 76.3 |
| *By borrowing sector* | | | | | | | | | | | |
| 42 Sponsored credit agencies | 353.1 | 378.3 | 398.5 | 407.7 | 389.4 | 398.5 | 401.8 | 394.4 | 399.5 | 407.7 | 410.6 |
| 43 Mortgage pools | 745.3 | 871.0 | 1,019.9 | 1,158.5 | 978.5 | 1,019.9 | 1,050.3 | 1,086.0 | 1,124.8 | 1,158.5 | 1,183.1 |
| 44 Private financial sectors | 901.4 | 970.0 | 1,092.6 | 1,094.3 | 1,078.5 | 1,092.6 | 1,088.8 | 1,081.9 | 1,080.3 | 1,094.3 | 1,084.7 |
| 45 Commercial banks | 78.8 | 77.4 | 76.3 | 63.0 | 70.7 | 76.3 | 68.1 | 65.9 | 64.6 | 63.0 | 60.8 |
| 46 Bank affiliates | 136.2 | 142.5 | 114.8 | 112.0 | 122.9 | 114.8 | 114.4 | 113.3 | 110.6 | 112.0 | 113.5 |
| 47 Savings and loan associations | 159.3 | 145.2 | 113.1 | 74.5 | 114.9 | 113.1 | 102.2 | 89.3 | 77.6 | 74.5 | 70.6 |
| 48 Mutual savings banks | 18.6 | 17.2 | 16.7 | 13.2 | 16.2 | 16.7 | 16.4 | 16.6 | 15.2 | 13.2 | 13.8 |
| 49 Finance companies | 361.4 | 392.5 | 536.0 | 563.0 | 529.8 | 536.0 | 542.3 | 544.1 | 549.6 | 563.0 | 551.3 |
| 50 Real estate investment trusts (REITs) | 11.4 | 10.1 | 10.6 | 9.9 | 10.3 | 10.6 | 10.6 | 10.8 | 11.0 | 9.9 | 9.8 |
| 51 Securitized credit obligation (SCO) issuers | 135.7 | 185.1 | 225.2 | 258.7 | 213.8 | 225.2 | 234.8 | 241.8 | 251.8 | 258.7 | 264.9 |
| | All sectors | | | | | | | | | | |
| 52 **Total credit market debt, domestic and foreign** | **11,497.8** | **12,471.9** | **13,559.8** | **14,160.9** | **13,327.1** | **13,559.8** | **13,664.2** | **13,791.1** | **13,961.0** | **14,160.9** | **14,275.0** |
| 53 U.S. government securities | 3,198.3 | 3,495.6 | 3,911.7 | 4,337.7 | 3,773.4 | 3,911.7 | 3,996.1 | 4,067.5 | 4,206.7 | 4,337.7 | 4,448.5 |
| 54 State and local obligations | 939.4 | 1,004.4 | 1,049.8 | 1,081.6 | 1,043.0 | 1,049.8 | 1,052.8 | 1,060.1 | 1,072.3 | 1,081.6 | 1,086.2 |
| 55 Corporate and foreign bonds | 1,278.5 | 1,403.6 | 1,609.0 | 1,771.6 | 1,580.8 | 1,609.0 | 1,656.2 | 1,699.6 | 1,734.1 | 1,771.6 | 1,779.7 |
| 56 Mortgages | 3,247.2 | 3,540.1 | 3,912.6 | 4,049.1 | 3,871.4 | 3,912.6 | 3,948.0 | 3,999.8 | 4,015.9 | 4,049.1 | 4,079.1 |
| 57 Consumer credit | 743.6 | 794.7 | 808.9 | 797.1 | 798.7 | 808.9 | 785.3 | 784.9 | 786.1 | 797.1 | 775.7 |
| 58 Bank loans n.e.c. | 767.2 | 818.6 | 810.9 | 787.7 | 807.0 | 810.9 | 804.8 | 796.5 | 792.2 | 787.7 | 774.4 |
| 59 Open market paper | 513.4 | 579.2 | 609.9 | 565.9 | 612.9 | 609.9 | 608.8 | 583.6 | 572.0 | 565.9 | 573.7 |
| 60 Other loans | 810.2 | 835.7 | 847.0 | 770.3 | 840.0 | 847.0 | 812.2 | 799.0 | 781.7 | 770.3 | 757.8 |

## 1.60 SUMMARY OF CREDIT MARKET CLAIMS, BY HOLDER

Billions of dollars, except as noted, end of period

| Transaction category or sector | 1988 | 1989 | 1990 | 1991 | 1990 | | 1991 | | | | 1992 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| 1 **Total funds advanced in credit markets to domestic nonfinancial sectors** | **9,242.3** | **9,987.1** | **10,759.9** | **11,196.4** | **10,597.3** | **10,759.9** | **10,821.8** | **10,940.1** | **11,062.9** | **11,196.4** | **11,304.3** |
| 2 **Total held by federal agencies and foreign sector** | **2,223.2** | **2,413.1** | **2,673.3** | **2,915.2** | **2,611.3** | **2,673.3** | **2,728.1** | **2,788.1** | **2,853.5** | **2,915.2** | **2,983.1** |
| *By instrument* | | | | | | | | | | | |
| 3 U.S. government securities | 651.5 | 688.9 | 763.3 | 862.2 | 745.6 | 763.3 | 789.5 | 808.7 | 835.7 | 862.2 | 896.0 |
| 4 Residential mortgages | 900.4 | 1,038.4 | 1,221.0 | 1,385.8 | 1,171.8 | 1,221.0 | 1,261.4 | 1,306.8 | 1,351.7 | 1,385.8 | 1,422.7 |
| 5 Federal Home Loan Bank advances to thrifts | 152.8 | 141.8 | 117.1 | 79.1 | 117.9 | 117.1 | 107.0 | 94.7 | 83.9 | 79.1 | 76.3 |
| 6 Other loans and securities | 518.5 | 544.1 | 571.9 | 588.2 | 576.0 | 571.9 | 570.3 | 577.9 | 582.1 | 588.2 | 588.2 |
| *By type of lender* | | | | | | | | | | | |
| 7 U.S. government | 214.6 | 207.0 | 240.6 | 248.7 | 242.7 | 240.6 | 247.3 | 255.4 | 254.8 | 248.7 | 251.9 |
| 8 Sponsored credit agencies and mortgage pools | 1,113.0 | 1,238.2 | 1,403.4 | 1,556.3 | 1,360.5 | 1,403.4 | 1,438.8 | 1,468.7 | 1,514.2 | 1,556.3 | 1,603.0 |
| 9 Monetary authority | 240.6 | 233.3 | 241.4 | 272.5 | 240.8 | 241.4 | 247.3 | 253.7 | 264.7 | 272.5 | 271.8 |
| 10 Foreign | 655.0 | 734.6 | 787.9 | 837.6 | 767.5 | 787.9 | 794.7 | 810.3 | 819.7 | 837.6 | 856.5 |
| *Agency and foreign debt not in line 1* | | | | | | | | | | | |
| 11 Sponsored credit agencies and mortgage pools | 1,098.4 | 1,249.3 | 1,418.4 | 1,566.2 | 1,367.9 | 1,418.4 | 1,452.1 | 1,480.4 | 1,524.4 | 1,566.2 | 1,593.7 |
| 12 Foreign | 255.7 | 265.4 | 288.9 | 304.0 | 283.4 | 288.9 | 301.4 | 288.8 | 293.5 | 304.0 | 292.3 |
| 13 **Total private domestic holdings** | **8,373.2** | **9,088.7** | **9,793.9** | **10,151.4** | **9,637.3** | **9,793.9** | **9,847.2** | **9,921.2** | **10,027.3** | **10,151.4** | **10,207.2** |
| 14 U.S. government securities | 2,546.8 | 2,806.7 | 3,148.4 | 3,475.5 | 3,027.7 | 3,148.4 | 3,206.5 | 3,258.8 | 3,371.1 | 3,475.5 | 3,552.6 |
| 15 State and local obligations | 939.4 | 1,004.4 | 1,049.8 | 1,081.6 | 1,043.0 | 1,049.8 | 1,052.8 | 1,060.1 | 1,072.3 | 1,081.6 | 1,086.2 |
| 16 Corporate and foreign bonds | 744.8 | 809.8 | 872.6 | 948.3 | 850.0 | 872.6 | 890.0 | 911.6 | 932.1 | 948.3 | 964.6 |
| 17 Residential mortgages | 1,560.2 | 1,670.4 | 1,850.0 | 1,827.4 | 1,859.0 | 1,850.0 | 1,838.9 | 1,841.8 | 1,824.5 | 1,827.4 | 1,825.7 |
| 18 Other mortgages and loans | 2,734.7 | 2,939.2 | 2,990.1 | 2,897.8 | 2,975.4 | 2,990.1 | 2,965.9 | 2,943.6 | 2,911.2 | 2,897.8 | 2,854.5 |
| 19 LESS: Federal Home Loan Bank advances | 152.8 | 141.8 | 117.1 | 79.1 | 117.9 | 117.1 | 107.0 | 94.7 | 83.9 | 79.1 | 76.3 |
| 20 **Total credit market claims held by private financial institutions** | **7,056.8** | **7,605.0** | **8,119.5** | **8,552.5** | **7,982.4** | **8,119.5** | **8,280.0** | **8,333.3** | **8,441.7** | **8,552.5** | **8,632.7** |
| *By holding institution* | | | | | | | | | | | |
| 21 Commercial banks | 2,476.2 | 2,643.9 | 2,765.1 | 2,851.2 | 2,739.0 | 2,765.1 | 2,778.6 | 2,793.1 | 2,815.3 | 2,851.2 | 2,858.7 |
| 22 Savings institutions | 1,566.7 | 1,480.4 | 1,332.1 | 1,187.3 | 1,378.3 | 1,332.1 | 1,285.5 | 1,245.6 | 1,202.1 | 1,187.3 | 1,162.2 |
| 23 Insurance and pension funds | 1,836.1 | 2,034.0 | 2,218.1 | 2,522.7 | 2,173.8 | 2,218.1 | 2,381.8 | 2,434.0 | 2,494.2 | 2,522.7 | 2,557.4 |
| 24 Other finance | 1,177.9 | 1,446.7 | 1,804.2 | 1,991.3 | 1,691.3 | 1,804.2 | 1,834.2 | 1,860.6 | 1,930.1 | 1,991.3 | 2,054.5 |
| *By source of funds* | | | | | | | | | | | |
| 25 Private domestic deposits and repurchase agreements | 3,581.3 | 3,790.4 | 3,843.8 | 3,811.3 | 3,812.2 | 3,843.8 | 3,858.2 | 3,818.7 | 3,800.7 | 3,811.3 | 3,832.3 |
| 26 Credit market debt | 901.4 | 970.0 | 1,092.6 | 1,094.3 | 1,078.5 | 1,092.6 | 1,088.8 | 1,081.9 | 1,080.3 | 1,094.3 | 1,084.7 |
| 27 Other sources | 2,574.1 | 2,844.6 | 3,183.1 | 3,646.9 | 3,091.7 | 3,183.1 | 3,333.0 | 3,432.8 | 3,560.7 | 3,646.9 | 3,715.7 |
| 28 Foreign funds | 71.6 | 62.1 | 86.1 | 68.5 | 86.6 | 86.1 | 84.8 | 63.7 | 68.5 | 68.5 | 62.1 |
| 29 U.S. Treasury balances | 29.0 | 25.6 | 30.9 | 36.4 | 36.6 | 30.9 | 26.3 | 36.0 | 38.5 | 36.4 | 16.7 |
| 30 Insurance and pension reserves | 1,723.2 | 1,908.2 | 2,067.7 | 2,429.1 | 2,018.6 | 2,067.7 | 2,278.2 | 2,324.1 | 2,387.2 | 2,429.1 | 2,453.9 |
| 31 Other, net | 750.4 | 848.8 | 998.3 | 1,112.8 | 949.9 | 998.3 | 943.7 | 1,008.9 | 1,066.5 | 1,112.8 | 1,183.0 |
| *Private domestic nonfinancial investors* | | | | | | | | | | | |
| 32 Credit market claims | 2,217.8 | 2,453.7 | 2,767.0 | 2,693.2 | 2,733.4 | 2,767.0 | 2,656.0 | 2,669.7 | 2,665.9 | 2,693.2 | 2,659.2 |
| 33 U.S. government securities | 1,050.7 | 1,169.0 | 1,297.1 | 1,279.9 | 1,276.2 | 1,297.1 | 1,250.7 | 1,263.7 | 1,268.0 | 1,279.9 | 1,281.8 |
| 34 State and local obligations | 486.7 | 549.4 | 574.2 | 581.9 | 573.8 | 574.2 | 568.0 | 576.0 | 583.1 | 581.9 | 574.3 |
| 35 Corporate and foreign bonds | 50.9 | 62.5 | 185.0 | 144.8 | 186.8 | 185.0 | 155.7 | 163.8 | 139.7 | 144.8 | 118.5 |
| 36 Open market paper | 243.0 | 245.9 | 266.9 | 225.7 | 267.4 | 266.9 | 243.1 | 222.3 | 224.6 | 225.7 | 222.9 |
| 37 Other loans and mortgages | 386.5 | 427.0 | 443.8 | 461.0 | 429.2 | 443.8 | 438.6 | 443.9 | 450.4 | 461.0 | 461.8 |
| 38 Deposits and currency | 3,814.5 | 4,039.7 | 4,122.8 | 4,119.4 | 4,076.1 | 4,122.8 | 4,134.4 | 4,107.0 | 4,094.2 | 4,119.4 | 4,139.0 |
| 39 Currency | 220.1 | 231.8 | 254.4 | 274.2 | 247.2 | 254.4 | 262.0 | 265.9 | 264.8 | 274.2 | 273.9 |
| 40 Checkable deposits | 532.9 | 532.9 | 533.2 | 579.6 | 503.4 | 533.2 | 512.3 | 520.6 | 538.2 | 579.6 | 584.1 |
| 41 Small time and savings accounts | 2,156.2 | 2,254.7 | 2,314.0 | 2,325.2 | 2,297.0 | 2,314.0 | 2,343.0 | 2,339.0 | 2,327.4 | 2,325.2 | 2,325.6 |
| 42 Money market fund shares | 318.9 | 405.6 | 461.6 | 487.4 | 452.1 | 461.6 | 512.9 | 490.9 | 490.1 | 487.4 | 517.7 |
| 43 Large time deposits | 390.3 | 399.3 | 357.5 | 255.5 | 373.1 | 357.5 | 325.0 | 304.7 | 284.3 | 255.5 | 239.5 |
| 44 Security repurchase agreements | 182.9 | 197.9 | 177.4 | 163.6 | 186.6 | 177.4 | 165.1 | 163.5 | 160.7 | 163.6 | 165.4 |
| 45 Deposits in foreign countries | 13.1 | 17.6 | 24.6 | 33.9 | 16.8 | 24.6 | 14.3 | 22.5 | 28.7 | 33.9 | 32.8 |
| 46 **Total of credit market instruments, deposits, and currency** | **6,032.3** | **6,493.5** | **6,889.8** | **6,812.6** | **6,809.5** | **6,889.8** | **6,790.4** | **6,776.7** | **6,760.0** | **6,812.6** | **6,798.2** |
| MEMO | | | | | | | | | | | |
| 47 Public holdings as percent of total | 23.4 | 23.5 | 24.2 | 25.3 | 24.0 | 24.2 | 24.5 | 24.8 | 25.1 | 25.3 | 25.7 |
| 48 Private financial intermediation (percent) | 97.2 | 94.2 | 87.8 | 82.0 | 90.5 | 87.8 | 86.7 | 85.7 | 83.5 | 82.0 | 80.5 |
| 49 Total foreign funds | 726.6 | 796.7 | 873.9 | 906.1 | 854.1 | 873.9 | 879.5 | 874.0 | 888.2 | 906.1 | 918.6 |
| *Corporate equities not included above* | | | | | | | | | | | |
| 50 Total market value | 3,619.8 | 4,374.8 | 4,084.6 | 5,210.3 | 3,824.0 | 4,084.6 | 4,631.4 | 4,665.6 | 4,932.5 | 5,210.3 | 5,376.8 |
| 51 Mutual fund shares | 478.3 | 555.1 | 578.5 | 852.4 | 547.3 | 578.5 | 643.0 | 681.3 | 764.0 | 852.4 | 912.1 |
| 52 Other equities | 3,141.6 | 3,819.7 | 3,506.2 | 4,358.0 | 3,276.8 | 3,506.2 | 3,988.4 | 3,984.3 | 4,168.4 | 4,358.0 | 4,464.7 |
| 53 Holdings by financial institutions | 1,113.6 | 1,416.9 | 1,342.1 | 1,939.0 | 1,232.6 | 1,342.1 | 1,634.2 | 1,644.7 | 1,789.5 | 1,939.0 | 1,979.1 |
| 54 Other holdings | 2,506.2 | 2,958.0 | 2,742.6 | 3,271.4 | 2,591.4 | 2,742.6 | 2,997.2 | 3,020.9 | 3,143.0 | 3,271.4 | 3,397.7 |

NOTES BY LINE NUMBER.
1. Line 1 of table 1.59.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market debt of federally sponsored agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus lines 11 and 12. Also line 20 less line 26 plus line 32. Also sum of lines 27 and 46 less lines 39 and 45.
18. Includes farm and commercial mortgages.
25. Line 38 less lines 39 and 45.
26. Excludes equity issues and investment company shares. Includes line 19.
28. Foreign deposits at commercial banks, plus bank borrowings from foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
29. Demand deposits and note balances at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 13 less line 20 plus line 26.
33–37. Lines 14–18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 37 includes mortgages.
39. Mainly an offset to line 9.
46. Sum of lines 32 and 38, or line 13 less line 27 plus lines 39 and 45.
47. Line 2 divided by lines 1 plus 12.
48. Line 20 divided by line 13.
49. Sum of lines 10 and 28.
50–52. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types in flows and in amounts outstanding appear in the Board's z.1 (780) quarterly statistical release. For ordering address, see inside front cover.

## 2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

| Measure | 1989 | 1990 | 1991 | 1991 | | | 1992 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr.[r] | May[r] | June |
| 1 **Industrial production**[1] | **108.1** | **109.2** | **107.1** | **108.4** | **108.1** | **107.4** | **106.6** | **107.2** | **107.6**[r] | **108.1** | **108.6** | **108.2** |
| *Market groupings* | | | | | | | | | | | | |
| 2 Products, total | 108.6 | 110.1 | 108.1 | 109.0 | 109.0 | 108.4 | 107.5 | 108.1 | 108.5[r] | 109.0 | 109.6 | 109.1 |
| 3 Final, total | 109.1 | 110.9 | 109.6 | 110.6 | 110.6 | 109.9 | 108.7 | 109.4 | 109.8[r] | 110.6 | 111.1 | 110.7 |
| 4 Consumer goods | 106.7 | 107.3 | 107.5 | 109.7 | 110.0 | 109.1 | 108.1 | 108.8 | 109.3[r] | 110.1 | 110.5 | 110.0 |
| 5 Equipment | 112.3 | 115.5 | 112.2 | 111.9 | 111.4 | 110.9 | 109.4 | 110.2 | 110.4[r] | 111.3 | 112.0 | 111.7 |
| 6 Intermediate | 106.8 | 107.7 | 103.4 | 104.1 | 103.9 | 103.8 | 103.9 | 104.0 | 104.4 | 104.0 | 104.6 | 104.2 |
| 7 Materials | 107.4 | 107.8 | 105.5 | 107.4 | 106.6 | 105.8 | 105.2 | 105.8 | 106.1[r] | 106.7 | 107.1 | 106.9 |
| *Industry groupings* | | | | | | | | | | | | |
| 8 Manufacturing | 108.9 | 109.9 | 107.4 | 109.0 | 108.6 | 108.1 | 107.4 | 108.1 | 108.5[r] | 108.9 | 109.6 | 109.3 |
| 9 Capacity utilization, manufacturing (percent)[2] | 83.9 | 82.3 | 78.2 | 78.7 | 78.2 | 77.7 | 77.0 | 77.4 | 77.5 | 77.7 | 78.0 | 77.6 |
| 10 Construction contracts[3] | 105.2 | 95.3 | 89.3 | 96.0 | 82.0 | 97.0 | 95.0 | 100.0 | 96.0 | 93.0 | 86.0 | 90.0 |
| 11 Nonagricultural employment, total[4] | 106.0 | 107.6 | 106.6 | 106.0 | 105.8 | 105.8 | 105.8 | 105.8 | 105.9 | 106.0 | 106.1 | 106.0 |
| 12 Goods-producing, total | 102.5 | 101.0 | 96.4 | 95.9 | 95.6 | 95.5 | 95.2 | 95.2 | 95.2 | 95.2 | 95.3 | 94.9 |
| 13 Manufacturing, total | 102.2 | 100.5 | 96.9 | 96.7 | 96.5 | 96.3 | 96.1 | 96.1 | 96.1 | 96.1 | 96.0 | 95.7 |
| 14 Manufacturing, production worker | 102.3 | 100.0 | 96.0 | 95.9 | 95.8 | 95.6 | 95.5 | 95.6 | 95.7 | 95.7 | 95.7 | 95.4 |
| 15 Service-producing | 107.1 | 109.7 | 109.9 | 109.2 | 109.1 | 109.1 | 109.1 | 109.2 | 109.3 | 109.5 | 109.6 | 109.6 |
| 16 Personal income, total | 115.2 | 123.1 | 127.2 | 128.4 | 128.3 | 129.6 | 129.3 | 130.7[r] | 131.3[r] | 131.4 | 131.7 | n.a. |
| 17 Wages and salary disbursements | 114.4 | 121.1 | 124.2 | 125.2 | 125.4 | 126.2 | 125.5 | 126.9 | 127.4 | 127.4 | 127.9 | n.a. |
| 18 Manufacturing | 110.6 | 113.4 | 113.5 | 115.6 | 114.5 | 115.4 | 113.4 | 114.4 | 114.6 | 115.2 | 115.7 | n.a. |
| 19 Disposable personal income[5] | 115.2 | 123.4 | 128.2 | 129.7 | 129.5 | 130.9 | 130.8[r] | 132.2[r] | 133.5[r] | 133.5 | 133.9 | n.a. |
| 20 Retail sales[6] | 113.5 | 118.7 | 119.8 | 120.5 | 120.2[r] | 120.3 | 123.1[r] | 124.6[r] | 123.1 | 123.5 | 124.0 | 124.6 |
| *Prices*[7] | | | | | | | | | | | | |
| 21 Consumer (1982–84=100) | 124.0 | 130.7 | 136.2 | 137.4 | 137.8 | 137.9 | 138.1 | 138.6 | 139.3 | 139.5 | 139.7 | 140.2 |
| 22 Producer finished goods (1982=100) | 113.6 | 119.2 | 121.7 | 122.2 | 122.3 | 121.9 | 121.8 | 122.1[r] | 122.0 | 122.2 | 123.1 | 123.7 |

1. A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.
2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Co., F.W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the armed forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce).
6. Based on U.S. Bureau of the Census data published in *Survey of Current Business*.
7. Based on data not seasonally adjusted, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes can be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

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.

## 2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

| Category | 1989 | 1990 | 1991 | 1991 | | 1992 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June |
| HOUSEHOLD SURVEY DATA | | | | | | | | | | | |
| 1 **Noninstitutional population**[1] | **188,601** | **190,216** | **191,883** | **192,522** | **192,661** | **192,796** | **192,906** | **193,036** | **193,168** | **193,295** | **193,431** |
| 2 Labor force (including Armed Forces)[1] | 126,077 | 126,954 | 127,421 | 127,444 | 127,675 | 128,083 | 128,309 | 128,604 | 128,830 | 129,148 | 129,525 |
| 3 Civilian labor force | 123,869 | 124,787 | 125,303 | 125,374 | 125,619 | 126,046 | 126,287 | 126,590 | 126,830 | 127,160 | 127,549 |
| *Employment* | | | | | | | | | | | |
| 4 Nonagricultural industries[2] | 114,142 | 114,728 | 114,644 | 113,500 | 113,545 | 113,951 | 113,811 | 114,155 | 114,465 | 114,478 | 114,322 |
| 5 Agriculture | 3,199 | 3,186 | 3,233 | 3,272 | 3,183 | 3,166 | 3,232 | 3,194 | 3,209 | 3,178 | 3,252 |
| *Unemployment* | | | | | | | | | | | |
| 6 Number | 6,528 | 6,874 | 8,426 | 8,602 | 8,891 | 8,929 | 9,244 | 9,242 | 9,155 | 9,504 | 9,975 |
| 7 Rate (percent of civilian labor force) | 5.3 | 5.5 | 6.7 | 6.9 | 7.1 | 7.1 | 7.3 | 7.3 | 7.2 | 7.5 | 7.8 |
| 8 Not in labor force | 62,524 | 63,262 | 64,462 | 65,078 | 64,986 | 64,713 | 64,597 | 64,432 | 64,338 | 64,147 | 63,906 |
| ESTABLISHMENT SURVEY DATA | | | | | | | | | | | |
| 9 **Nonagricultural payroll employment**[3] | **108,329** | **109,971** | **108,975** | **108,139** | **108,154** | **108,100** | **108,142** | **108,200** | **108,377r** | **108,470r** | **108,353** |
| 10 Manufacturing | 19,442 | 19,111 | 18,427 | 18,361 | 18,329 | 18,283 | 18,290 | 18,278 | 18,279r | 18,271r | 18,213 |
| 11 Mining | 693 | 711 | 697 | 667 | 663 | 657 | 653 | 651 | 646 | 642r | 636 |
| 12 Contract construction | 5,187 | 5,136 | 4,696 | 4,585 | 4,592 | 4,587 | 4,582 | 4,603 | 4,605r | 4,627r | 4,595 |
| 13 Transportation and public utilities | 5,644 | 5,826 | 5,823 | 5,761 | 5,758 | 5,746 | 5,753 | 5,754 | 5,746r | 5,742r | 5,752 |
| 14 Trade | 25,770 | 25,843 | 25,412 | 25,161 | 25,133 | 25,128 | 25,146 | 25,089 | 25,170r | 25,127r | 25,091 |
| 15 Finance | 6,695 | 6,739 | 6,707 | 6,666 | 6,670 | 6,665 | 6,673 | 6,675 | 6,682r | 6,682r | 6,677 |
| 16 Service | 27,120 | 28,240 | 28,778 | 28,514 | 28,559 | 28,577 | 28,584 | 28,643 | 28,707r | 28,820r | 28,805 |
| 17 Government | 17,779 | 18,322 | 18,434 | 18,424 | 18,450 | 18,457 | 18,461 | 18,507 | 18,542r | 18,559 | 18,584 |

1. Persons sixteen years of age and older. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.

2. Includes self-employed, unpaid family, and domestic service workers.

3. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1984 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from *Employment and Earnings* (U.S. Department of Labor).

## 2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

| Series | 1991 | | 1992 | | 1991 | | 1992 | | 1991 | | 1992 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q3 | Q4 | Q1[r] | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1[r] | Q2 |
| | Output (1987=100) | | | | Capacity (percent of 1987 output) | | | | Capacity utilization rate (percent) | | | |
| 1 **Total industry** | **108.1** | **107.9** | **107.1** | **108.3** | **135.3** | **136.2** | **137.0** | **137.7** | **79.9** | **79.3** | **78.2** | **78.7** |
| 2 Manufacturing | 108.5 | 108.6 | 108.0 | 109.3 | 137.9 | 138.9 | 139.7 | 140.6 | 78.7 | 78.2 | 77.3 | 77.7 |
| 3 Primary processing | 104.1 | 104.1 | 104.0 | 105.0 | 128.1 | 128.8 | 129.3 | 129.6 | 81.2 | 80.8 | 80.5 | 81.0 |
| 4 Advanced processing | 110.6 | 110.7 | 109.9 | 111.2 | 142.4 | 143.5 | 144.6 | 145.6 | 77.7 | 77.1 | 76.0 | 76.4 |
| 5 Durable goods | 108.1 | 107.7 | 106.6 | 108.3 | 141.8 | 142.8 | 143.7 | 144.4 | 76.2 | 75.4 | 74.2 | 74.9 |
| 6 Lumber and products | 95.1 | 95.1 | 98.5 | 96.0 | 125.4 | 125.7 | 125.9 | 126.1 | 75.8 | 75.7 | 78.2 | 76.2 |
| 7 Primary metals | 102.0 | 102.5 | 102.2 | 101.3 | 129.0 | 129.3 | 129.1 | 128.3 | 79.1 | 79.2 | 79.2 | 78.9 |
| 8 Iron and steel | 100.3 | 103.2 | 103.8 | 101.4 | 134.0 | 134.5 | 134.1 | 132.7 | 74.8 | 76.7 | 77.4 | 76.4 |
| 9 Nonferrous | 104.5 | 101.4 | 100.0 | 101.1 | 121.7 | 121.9 | 122.1 | 122.2 | 85.8 | 83.2 | 81.9 | 82.8 |
| 10 Nonelectrical machinery | 123.5 | 122.7 | 122.1 | 125.5 | 161.2 | 162.8 | 164.3 | 165.9 | 76.6 | 75.4 | 74.3 | 75.7 |
| 11 Electrical machinery | 111.2 | 110.4 | 110.5 | 111.5 | 145.3 | 146.6 | 147.9 | 149.1 | 76.5 | 75.3 | 74.7 | 74.7 |
| 12 Motor vehicles and parts | 95.9 | 97.0 | 91.7 | 100.4 | 134.9 | 135.6 | 136.2 | 136.7 | 71.1 | 71.5 | 67.3 | 73.5 |
| 13 Aerospace and miscellaneous transportation equipment | 105.2 | 102.8 | 99.3 | 97.2 | 138.7 | 139.6 | 140.4 | 140.9 | 75.9 | 73.7 | 70.8 | 69.0 |
| 14 Nondurable goods | 109.1 | 109.7 | 109.8 | 110.6 | 132.9 | 133.8 | 134.8 | 135.6 | 82.1 | 82.0 | 81.5 | 81.5 |
| 15 Textile mill products | 104.1 | 104.1 | 104.3 | 106.1 | 118.0 | 118.3 | 118.8 | 119.2 | 88.2 | 88.0 | 87.9 | 88.9 |
| 16 Paper and products | 107.6 | 107.4 | 105.8 | 106.2 | 117.9 | 118.7 | 119.3 | 119.9 | 91.2 | 90.5 | 88.7 | 88.6 |
| 17 Chemicals and products | 112.1 | 113.0 | 113.6 | 115.5 | 141.0 | 142.3 | 143.4 | 144.3 | 79.5 | 79.4 | 79.2 | 80.1 |
| 18 Plastics materials | 125.4 | 126.2 | 124.4 | ...... | 142.6 | 146.1 | 148.7 | ...... | 87.9 | 86.4 | 83.7 | ...... |
| 19 Petroleum products | 108.1 | 107.1 | 107.7 | 110.4 | 121.4 | 121.4 | 121.4 | 121.5 | 89.0 | 88.2 | 88.7 | 90.8 |
| 20 Mining | 101.8 | 99.7 | 97.9 | 98.5 | 114.6 | 114.7 | 114.7 | 114.7 | 88.9 | 87.0 | 85.3 | 85.9 |
| 21 Utilities | 110.4 | 109.4 | 107.0 | 107.8 | 128.8 | 129.2 | 129.5 | 129.8 | 85.7 | 84.7 | 82.6 | 83.0 |
| 22 Electric | 115.2 | 111.6 | 109.7 | 110.6 | 124.7 | 125.2 | 125.6 | 126.0 | 92.4 | 89.1 | 87.3 | 87.8 |

| Series | Previous cycle[2] | | Latest cycle[3] | | 1991 | 1991 | | 1992 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | High | Low | High | Low | June | Nov. | Dec. | Jan. | Feb. | Mar.[r] | Apr.[r] | May[r] | June[p] |
| | Capacity utilization rate (percent) | | | | | | | | | | | | |
| 1 **Total industry** | **89.2** | **72.6** | **87.3** | **71.8** | **79.6** | **79.3** | **78.7** | **78.0** | **78.3** | **78.4** | **78.6** | **78.9** | **78.5** |
| 2 Manufacturing | 88.9 | 70.8 | 87.3 | 70.0 | 78.3 | 78.2 | 77.7 | 77.0 | 77.4 | 77.5 | 77.7 | 78.0 | 77.6 |
| 3 Primary processing | 92.2 | 68.9 | 89.7 | 66.8 | 79.9 | 80.8 | 80.2 | 80.2 | 80.4 | 80.8 | 81.0 | 81.1 | 80.9 |
| 4 Advanced processing | 87.5 | 72.0 | 86.3 | 71.4 | 77.6 | 77.1 | 76.6 | 75.7 | 76.1 | 76.1 | 76.3 | 76.7 | 76.2 |
| 5 Durable goods | 88.8 | 68.5 | 86.9 | 65.0 | 76.0 | 75.5 | 74.8 | 73.8 | 74.5 | 74.3 | 74.6 | 75.4 | 74.9 |
| 6 Lumber and products | 90.1 | 62.2 | 87.6 | 60.9 | 77.2 | 76.7 | 75.7 | 77.4 | 78.5 | 78.8 | 77.1 | 76.7 | 74.8 |
| 7 Primary metals | 100.6 | 66.2 | 102.4 | 46.8 | 74.9 | 80.0 | 78.3 | 79.2 | 79.5 | 78.7 | 78.4 | 78.5 | 79.9 |
| 8 Iron and steel | 105.8 | 66.6 | 110.4 | 38.3 | 69.5 | 78.5 | 75.5 | 78.1 | 77.4 | 76.7 | 75.9 | 75.7 | 77.8 |
| 9 Nonferrous | 92.9 | 61.3 | 90.5 | 62.2 | 83.5 | 82.5 | 82.6 | 81.0 | 82.9 | 81.8 | 82.3 | 82.9 | 83.1 |
| 10 Nonelectrical machinery | 96.4 | 74.5 | 92.1 | 64.9 | 77.1 | 75.4 | 74.7 | 74.1 | 74.2 | 74.5 | 75.1 | 76.1 | 75.9 |
| 11 Electrical machinery | 87.8 | 63.8 | 89.4 | 71.1 | 77.2 | 75.5 | 75.2 | 74.6 | 74.8 | 74.8 | 74.4 | 75.1 | 74.6 |
| 12 Motor vehicles and parts | 93.4 | 51.1 | 93.0 | 44.5 | 68.9 | 70.7 | 69.6 | 64.0 | 68.9 | 69.1 | 72.2 | 75.1 | 73.1 |
| 13 Aerospace and miscellaneous transportation equipment | 77.0 | 66.6 | 81.1 | 66.9 | 76.8 | 73.9 | 72.3 | 71.2 | 70.9 | 70.2 | 69.3 | 69.0 | 68.6 |
| 14 Nondurable goods | 87.9 | 71.8 | 87.0 | 76.9 | 81.4 | 81.9 | 81.6 | 81.4 | 81.3 | 81.7 | 81.8 | 81.5 | 81.3 |
| 15 Textile mill products | 92.0 | 60.4 | 91.7 | 73.8 | 86.4 | 88.2 | 86.5 | 86.9 | 88.2 | 88.5 | 89.3 | 88.9 | 88.6 |
| 16 Paper and products | 96.9 | 69.0 | 94.2 | 82.0 | 89.7 | 89.4 | 90.0 | 89.9 | 87.6 | 88.5 | 89.3 | 88.1 | 88.3 |
| 17 Chemicals and products | 87.9 | 69.9 | 85.1 | 70.1 | 78.2 | 79.4 | 78.9 | 78.7 | 79.1 | 79.9 | 80.1 | 80.1 | 80.0 |
| 18 Plastics materials | 102.0 | 50.6 | 90.9 | 63.4 | 84.1 | 87.2 | 82.5 | 83.1 | 83.0 | 85.0 | 85.3 | ...... | ...... |
| 19 Petroleum products | 96.7 | 81.1 | 89.5 | 68.2 | 90.2 | 87.9 | 89.5 | 87.8 | 88.1 | 90.3 | 90.9 | 90.5 | 91.1 |
| 20 Mining | 94.4 | 88.4 | 96.6 | 80.6 | 89.2 | 86.8 | 86.2 | 85.3 | 85.7 | 84.9 | 86.3 | 86.2 | 85.0 |
| 21 Utilities | 95.6 | 82.5 | 88.3 | 76.2 | 86.7 | 85.9 | 83.4 | 82.6 | 82.2 | 83.1 | 83.4 | 83.0 | 82.7 |
| 22 Electric | 99.0 | 82.7 | 88.3 | 78.7 | 94.1 | 90.0 | 87.7 | 87.1 | 86.8 | 88.1 | 88.2 | 87.7 | 87.4 |

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover. For a detailed description of the series, see "Recent Developments in Industrial Capacity and Utilization," *Federal Reserve Bulletin*, vol. 76 (June 1990), pp. 411–35.

2. Monthly high, 1973; monthly low, 1975.

3. Monthly highs, 1978 through 1980; monthly lows, 1982.

## 2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

| Group | 1987 proportion | 1991 avg. | 1991 June | 1991 July | 1991 Aug. | 1991 Sept. | 1991 Oct. | 1991 Nov. | 1991 Dec. | 1992 Jan. | 1992 Feb. | 1992 Mar.[r] | 1992 Apr.[r] | 1992 May[r] | 1992 June[p] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Index (1987 = 100) | | | | | | | | | | | | |
| MAJOR MARKETS | | | | | | | | | | | | | | | |
| 1 **Total index** | **100.0** | **107.1** | **107.3** | **108.1** | **108.0** | **108.4** | **108.4** | **108.1** | **107.4** | **106.6** | **107.2** | **107.6** | **108.1** | **108.6** | **108.2** |
| 2 Products | 60.8 | 108.1 | 108.6 | 108.7 | 108.5 | 108.9 | 109.0 | 109.0 | 108.4 | 107.5 | 108.1 | 108.5 | 109.0 | 109.6 | 109.1 |
| 3 Final products | 46.0 | 109.6 | 110.1 | 110.2 | 109.8 | 110.4 | 110.6 | 110.6 | 109.9 | 108.7 | 109.4 | 109.8 | 110.6 | 111.1 | 110.7 |
| 4 Consumer goods, total | 26.0 | 107.5 | 108.0 | 108.3 | 108.4 | 109.4 | 109.7 | 110.0 | 109.1 | 108.1 | 108.8 | 109.3 | 110.1 | 110.5 | 110.0 |
| 5 Durable consumer goods | 5.6 | 102.3 | 104.2 | 105.5 | 104.0 | 107.7 | 107.5 | 106.0 | 104.6 | 101.3 | 105.3 | 106.2 | 107.7 | 111.1 | 110.2 |
| 6 Automotive products | 2.5 | 97.8 | 100.4 | 102.3 | 98.6 | 106.5 | 106.7 | 103.6 | 101.3 | 94.2 | 101.6 | 103.6 | 106.5 | 110.3 | 108.5 |
| 7 Autos and trucks | 1.5 | 90.2 | 92.5 | 98.1 | 90.2 | 103.0 | 105.1 | 99.0 | 96.7 | 84.3 | 94.3 | 95.7 | 102.5 | 107.9 | 104.0 |
| 8 Autos, consumer | .9 | 84.6 | 83.8 | 92.8 | 83.0 | 94.6 | 92.6 | 89.8 | 88.2 | 79.1 | 84.8 | 81.9 | 93.2 | 98.7 | 97.6 |
| 9 Trucks, consumer | .6 | 99.6 | 107.1 | 106.9 | 102.2 | 117.1 | 126.1 | 114.5 | 111.0 | 93.0 | 110.2 | 118.8 | 118.3 | 123.4 | 114.7 |
| 10 Auto parts and allied goods | 1.0 | 109.3 | 112.2 | 108.6 | 111.3 | 111.8 | 109.1 | 110.5 | 108.2 | 109.1 | 112.6 | 115.5 | 112.5 | 114.0 | 115.4 |
| 11 Other | 3.1 | 105.8 | 107.3 | 108.1 | 108.3 | 108.7 | 108.1 | 108.0 | 107.2 | 106.9 | 108.3 | 108.3 | 108.6 | 111.7 | 111.5 |
| 12 Appliances, A/C, and TV | .8 | 99.5 | 104.8 | 100.6 | 99.6 | 104.1 | 102.1 | 102.3 | 98.9 | 99.6 | 102.9 | 103.5 | 101.5 | 108.2 | 108.5 |
| 13 Carpeting and furniture | .9 | 99.4 | 99.2 | 103.1 | 103.9 | 101.8 | 101.8 | 101.6 | 101.5 | 101.1 | 102.4 | 102.5 | 104.4 | 105.9 | 105.5 |
| 14 Miscellaneous home goods | 1.4 | 113.4 | 113.8 | 115.5 | 115.9 | 115.6 | 115.6 | 115.2 | 115.5 | 114.7 | 115.0 | 114.7 | 115.3 | 117.3 | 117.0 |
| 15 Nondurable consumer goods | 20.4 | 109.0 | 109.0 | 109.0 | 109.6 | 109.8 | 110.3 | 111.1 | 110.3 | 110.0 | 109.8 | 110.2 | 110.7 | 110.3 | 109.9 |
| 16 Foods and tobacco | 9.1 | 106.7 | 106.9 | 106.9 | 107.1 | 107.8 | 107.8 | 108.1 | 107.0 | 107.3 | 107.4 | 107.8 | 107.7 | 107.1 | 106.5 |
| 17 Clothing | 2.6 | 93.5 | 93.9 | 94.3 | 94.8 | 95.2 | 96.3 | 96.5 | 96.2 | 95.0 | 95.2 | 95.1 | 95.3 | 95.8 | 95.3 |
| 18 Chemical products | 3.5 | 115.8 | 114.3 | 115.4 | 117.4 | 117.3 | 117.0 | 117.9 | 118.0 | 118.1 | 118.3 | 119.4 | 120.8 | 121.0 | 121.1 |
| 19 Paper products | 2.5 | 123.6 | 123.3 | 122.1 | 122.6 | 124.8 | 125.6 | 126.4 | 126.8 | 126.8 | 124.7 | 124.6 | 125.1 | 123.9 | 123.3 |
| 20 Energy | 2.7 | 108.5 | 110.0 | 109.4 | 109.5 | 106.7 | 108.5 | 112.0 | 109.3 | 106.8 | 106.4 | 107.0 | 108.9 | 108.0 | 108.2 |
| 21 Fuels | .7 | 103.5 | 104.9 | 105.2 | 104.0 | 104.4 | 103.5 | 103.6 | 104.3 | 103.8 | 103.5 | 103.7 | 105.2 | 103.6 | 105.5 |
| 22 Residential utilities | 2.0 | 110.4 | 111.9 | 110.9 | 111.5 | 107.6 | 110.3 | 115.1 | 111.2 | 108.0 | 107.5 | 108.2 | 110.2 | 109.6 | 109.2 |
| 23 Equipment | 20.0 | 112.2 | 112.8 | 112.8 | 111.6 | 111.8 | 111.9 | 111.4 | 110.9 | 109.4 | 110.2 | 110.4 | 111.3 | 112.0 | 111.7 |
| 24 Business equipment | 13.9 | 121.5 | 121.9 | 122.5 | 121.3 | 122.2 | 122.3 | 121.8 | 121.4 | 119.9 | 121.0 | 121.5 | 123.0 | 124.2 | 124.0 |
| 25 Information processing and related | 5.6 | 131.5 | 130.9 | 131.1 | 130.3 | 130.3 | 131.7 | 133.4 | 134.0 | 134.1 | 134.6 | 136.0 | 137.7 | 138.2 | 138.9 |
| 26 Office and computing | 1.9 | 155.5 | 154.0 | 156.0 | 153.1 | 152.2 | 156.0 | 157.8 | 159.1 | 160.6 | 162.4 | 164.9 | 168.2 | 170.0 | 171.9 |
| 27 Industrial | 4.0 | 108.0 | 109.1 | 109.0 | 108.6 | 108.2 | 106.8 | 104.2 | 102.3 | 100.7 | 101.3 | 101.3 | 101.7 | 103.6 | 103.5 |
| 28 Transit | 2.5 | 126.8 | 128.0 | 131.2 | 126.7 | 132.7 | 133.1 | 130.5 | 129.5 | 124.2 | 129.2 | 128.9 | 132.0 | 133.8 | 132.0 |
| 29 Autos and trucks | 1.2 | 88.6 | 90.8 | 96.6 | 86.2 | 99.3 | 101.1 | 96.5 | 96.1 | 84.9 | 94.7 | 95.0 | 101.3 | 105.6 | 101.7 |
| 30 Other | 1.9 | 113.6 | 114.8 | 114.0 | 114.8 | 114.2 | 113.6 | 113.8 | 114.1 | 113.1 | 112.2 | 112.2 | 113.1 | 114.2 | 113.5 |
| 31 Defense and space equipment | 5.4 | 91.1 | 91.0 | 90.0 | 89.8 | 89.1 | 89.1 | 88.8 | 88.1 | 86.7 | 86.2 | 85.6 | 84.6 | 84.3 | 83.9 |
| 32 Oil and gas well drilling | .6 | 93.3 | 103.0 | 97.8 | 86.7 | 80.1 | 79.0 | 78.1 | 75.8 | 71.8 | 73.9 | 76.2 | 79.2 | 79.1 | 74.5 |
| 33 Manufactured homes | .2 | 85.5 | 90.8 | 86.5 | 90.3 | 86.2 | 86.3 | 87.0 | 87.9 | 98.3 | 101.7 | 99.7 | 100.7 | 100.3 | 100.7 |
| 34 Intermediate products, total | 14.7 | 103.4 | 104.0 | 104.0 | 104.4 | 104.3 | 104.1 | 103.9 | 103.8 | 103.9 | 104.0 | 104.4 | 104.0 | 104.6 | 104.2 |
| 35 Construction supplies | 6.0 | 96.0 | 97.4 | 96.9 | 96.7 | 96.5 | 95.4 | 95.9 | 95.0 | 95.5 | 96.0 | 96.7 | 96.3 | 97.3 | 96.1 |
| 36 Business supplies | 8.7 | 108.4 | 108.5 | 109.0 | 109.7 | 109.7 | 110.1 | 109.4 | 110.0 | 109.9 | 109.6 | 109.7 | 109.4 | 109.6 | 109.8 |
| 37 Materials | 39.2 | 105.5 | 105.4 | 107.0 | 107.2 | 107.5 | 107.4 | 106.6 | 105.8 | 105.2 | 105.8 | 106.1 | 106.7 | 107.1 | 106.9 |
| 38 Durable goods materials | 19.4 | 107.1 | 106.7 | 108.2 | 109.1 | 109.3 | 108.8 | 108.6 | 108.1 | 107.0 | 108.1 | 108.3 | 108.6 | 109.6 | 109.6 |
| 39 Durable consumer parts | 4.2 | 96.4 | 97.3 | 100.2 | 100.1 | 101.3 | 101.6 | 100.5 | 97.0 | 95.3 | 97.1 | 97.9 | 99.1 | 101.6 | 101.5 |
| 40 Equipment parts | 7.3 | 114.4 | 113.6 | 113.5 | 114.3 | 113.9 | 113.6 | 113.7 | 114.2 | 114.1 | 115.2 | 115.1 | 114.7 | 115.9 | 115.8 |
| 41 Other | 7.9 | 106.0 | 105.3 | 107.5 | 109.0 | 109.3 | 108.2 | 108.3 | 108.4 | 106.7 | 107.5 | 107.5 | 107.9 | 108.1 | 108.2 |
| 42 Basic metal materials | 2.8 | 106.0 | 105.9 | 108.8 | 110.2 | 109.5 | 107.7 | 108.1 | 108.1 | 105.1 | 107.3 | 106.3 | 106.1 | 105.9 | 107.2 |
| 43 Nondurable goods materials | 9.0 | 105.9 | 104.9 | 108.1 | 107.8 | 108.3 | 109.6 | 107.7 | 107.1 | 107.3 | 107.1 | 108.9 | 109.3 | 109.2 | 109.1 |
| 44 Textile materials | 1.2 | 97.0 | 98.1 | 101.4 | 101.5 | 99.5 | 101.8 | 99.9 | 98.5 | 98.9 | 101.5 | 102.0 | 103.3 | 102.8 | 102.6 |
| 45 Pulp and paper materials | 1.9 | 106.9 | 106.9 | 110.3 | 108.2 | 110.4 | 112.0 | 108.6 | 109.6 | 107.4 | 106.8 | 107.8 | 109.2 | 107.5 | 108.3 |
| 46 Chemical materials | 3.8 | 106.1 | 103.9 | 107.7 | 107.9 | 108.2 | 109.9 | 108.3 | 107.0 | 107.6 | 106.6 | 109.3 | 109.4 | 109.9 | 109.9 |
| 47 Other | 2.1 | 109.7 | 108.6 | 110.5 | 110.9 | 111.3 | 111.2 | 110.1 | 109.7 | 111.2 | 111.2 | 112.7 | 112.6 | 113.0 | 112.1 |
| 48 Energy materials | 10.9 | 102.3 | 103.4 | 104.1 | 103.3 | 103.6 | 103.1 | 102.2 | 100.4 | 100.4 | 100.5 | 100.1 | 101.3 | 100.9 | 100.1 |
| 49 Primary energy | 7.2 | 102.4 | 104.7 | 106.2 | 104.5 | 103.8 | 102.8 | 100.9 | 100.4 | 100.5 | 100.6 | 98.2 | 99.8 | 99.4 | 98.3 |
| 50 Converted fuel materials | 3.7 | 102.0 | 101.0 | 100.1 | 101.0 | 103.4 | 103.8 | 104.5 | 100.5 | 100.2 | 100.4 | 103.8 | 104.1 | 103.9 | 103.5 |
| SPECIAL AGGREGATES | | | | | | | | | | | | | | | |
| 51 Total excluding autos and trucks | 97.3 | 107.6 | 107.8 | 108.4 | 108.5 | 108.6 | 108.5 | 108.3 | 107.7 | 107.3 | 107.6 | 107.9 | 108.3 | 108.6 | 108.4 |
| 52 Total excluding motor vehicles and parts | 95.3 | 107.9 | 108.1 | 108.6 | 108.8 | 108.8 | 108.8 | 108.7 | 108.0 | 107.6 | 107.8 | 108.2 | 108.6 | 108.9 | 108.6 |
| 53 Total excluding office and computing machines | 97.5 | 105.8 | 106.2 | 106.9 | 106.8 | 107.3 | 107.2 | 106.8 | 106.1 | 105.3 | 105.8 | 106.1 | 106.6 | 107.1 | 106.6 |
| 54 Consumer goods excluding autos and trucks | 24.5 | 108.6 | 108.9 | 108.9 | 109.5 | 109.8 | 109.9 | 110.7 | 109.8 | 109.6 | 109.7 | 110.2 | 110.5 | 110.6 | 110.3 |
| 55 Consumer goods excluding energy | 23.3 | 107.4 | 107.7 | 108.1 | 108.3 | 109.7 | 109.8 | 109.8 | 109.1 | 108.3 | 109.1 | 109.6 | 110.2 | 110.7 | 110.2 |
| 56 Business equipment excluding autos and trucks | 12.7 | 124.8 | 125.0 | 125.0 | 124.7 | 124.4 | 124.4 | 124.3 | 123.8 | 123.3 | 123.6 | 124.1 | 125.1 | 126.0 | 126.2 |
| 57 Business equipment excluding office and computing equipment | 12.0 | 116.0 | 116.7 | 117.0 | 116.2 | 117.3 | 116.9 | 116.0 | 115.3 | 113.3 | 114.3 | 114.5 | 115.7 | 116.8 | 116.3 |
| 58 Materials excluding energy | 28.4 | 106.7 | 106.1 | 108.2 | 108.7 | 109.0 | 109.1 | 108.3 | 107.8 | 107.1 | 107.8 | 108.5 | 108.8 | 109.5 | 109.4 |

2.13—Continued

| Group | SIC code[2] | 1987 proportion | 1991 avg. | 1991 June | 1991 July | 1991 Aug. | 1991 Sept. | 1991 Oct. | 1991 Nov. | 1991 Dec. | 1992 Jan. | 1992 Feb. | 1992 Mar.[r] | 1992 Apr.[r] | 1992 May[r] | 1992 June[p] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Index (1987 = 100) | | | | | | | | | | | | |
| MAJOR INDUSTRIES | | | | | | | | | | | | | | | | |
| 1 **Total index** | ... | **100.0** | **107.1** | **107.3** | **108.1** | **108.0** | **108.4** | **108.4** | **108.1** | **107.4** | **106.6** | **107.2** | **107.6** | **108.1** | **108.6** | **108.2** |
| 2 Manufacturing | ... | 84.4 | 107.4 | 107.5 | 108.3 | 108.4 | 108.9 | 109.0 | 108.6 | 108.1 | 107.4 | 108.1 | 108.5 | 108.9 | 109.6 | 109.3 |
| 3 Primary processing | ... | 26.7 | 102.4 | 102.1 | 103.7 | 104.1 | 104.4 | 104.7 | 104.1 | 103.5 | 103.6 | 103.9 | 104.5 | 104.9 | 105.1 | 105.0 |
| 4 Advanced processing | ... | 57.7 | 109.8 | 109.9 | 110.5 | 110.3 | 111.0 | 111.0 | 110.7 | 110.3 | 109.2 | 110.0 | 110.3 | 110.8 | 111.7 | 111.2 |
| 5 Durable goods | ... | 47.3 | 107.1 | 107.3 | 108.1 | 107.8 | 108.4 | 108.2 | 107.8 | 107.1 | 105.8 | 107.0 | 107.0 | 107.5 | 108.8 | 108.4 |
| 6 Lumber and products | 24 | 2.0 | 94.2 | 96.7 | 94.8 | 95.3 | 95.2 | 93.8 | 96.4 | 95.2 | 97.4 | 98.8 | 99.2 | 97.2 | 96.7 | 94.3 |
| 7 Furniture and fixtures | 25 | 1.4 | 99.1 | 99.4 | 100.5 | 101.3 | 101.2 | 100.5 | 99.9 | 100.6 | 98.7 | 98.1 | 98.6 | 101.1 | 103.3 | 103.5 |
| 8 Clay, glass, and stone products | 32 | 2.5 | 94.9 | 95.0 | 95.8 | 95.5 | 94.4 | 94.4 | 92.8 | 93.0 | 92.8 | 94.6 | 95.0 | 95.5 | 97.6 | 97.0 |
| 9 Primary metals | 33 | 3.3 | 99.5 | 96.4 | 101.2 | 102.6 | 102.3 | 102.6 | 103.5 | 101.3 | 102.5 | 102.7 | 101.4 | 100.8 | 100.8 | 102.3 |
| 10 Iron and steel | 331,2 | 1.9 | 98.0 | 92.9 | 99.5 | 100.6 | 100.8 | 102.4 | 105.6 | 101.7 | 105.0 | 103.7 | 102.5 | 101.0 | 100.4 | 102.8 |
| 11 Raw steel | ... | .1 | 97.3 | 94.0 | 102.6 | 102.4 | 100.9 | 101.3 | 99.1 | 97.6 | 103.3 | 102.7 | 98.8 | 100.0 | 98.6 | 102.6 |
| 12 *Nonferrous* | 333–6,9 | *1.4* | *101.5* | *101.5* | *103.5* | *105.5* | *104.4* | *102.9* | 100.5 | 100.8 | 98.9 | 101.2 | 99.9 | 100.5 | 101.3 | 101.5 |
| 13 Fabricated metal products | 34 | 5.4 | 100.4 | 99.8 | 100.9 | 101.4 | 101.9 | 101.9 | 101.8 | 101.2 | 99.7 | 100.5 | 100.0 | 100.6 | 102.1 | 101.5 |
| 14 Nonelectrical machinery | 35 | 8.6 | 123.5 | 123.4 | 123.9 | 123.3 | 123.1 | 123.5 | 122.8 | 121.9 | 121.4 | 121.9 | 122.9 | 124.1 | 126.2 | 126.2 |
| 15 Office and computing machines | 357 | 2.5 | 155.5 | 154.0 | 156.0 | 153.0 | 152.2 | 155.9 | 157.8 | 159.1 | 160.5 | 162.4 | 164.9 | 168.2 | 170.0 | 172.0 |
| 16 Electrical machinery | 36 | 8.6 | 110.1 | 111.5 | 111.0 | 111.5 | 111.0 | 109.8 | 110.7 | 110.6 | 110.0 | 110.7 | 110.9 | 110.7 | 112.1 | 111.6 |
| 17 Transportation equipment | 37 | 9.8 | 98.6 | 99.7 | 101.3 | 99.0 | 102.2 | 102.4 | 99.7 | 98.0 | 93.8 | 96.8 | 96.5 | 98.0 | 99.8 | 98.4 |
| 18 Motor vehicles and parts | 371 | 4.7 | 90.4 | 92.5 | 96.7 | 91.6 | 99.5 | 100.4 | 95.9 | 94.6 | 87.1 | 93.8 | 94.2 | 98.5 | 102.7 | 100.1 |
| 19 Autos and light trucks | ... | 2.3 | 89.4 | 91.2 | 97.3 | 89.1 | 101.8 | 103.2 | 97.6 | 95.5 | 83.5 | 92.9 | 93.7 | 101.1 | 106.5 | 103.0 |
| 20 Aerospace and miscellaneous transportation equipment | 372–6,9 | 5.1 | 106.0 | 106.1 | 105.4 | 105.6 | 104.6 | 104.3 | 103.1 | 101.2 | 99.8 | 99.6 | 98.6 | 97.6 | 97.2 | 96.8 |
| 21 Instruments | 38 | 3.3 | 118.2 | 117.3 | 116.5 | 116.9 | 118.1 | 118.2 | 118.7 | 119.0 | 118.3 | 118.6 | 118.6 | 118.8 | 119.0 | 119.2 |
| 22 Miscellaneous | 39 | 1.2 | 119.3 | 119.8 | 121.6 | 123.2 | 121.5 | 120.6 | 120.7 | 121.0 | 121.2 | 120.0 | 120.0 | 118.9 | 118.0 | 118.1 |
| 23 Nondurable goods | ... | 37.2 | 107.9 | 107.6 | 108.6 | 109.0 | 109.6 | 110.1 | 109.6 | 109.5 | 109.5 | 109.6 | 110.4 | 110.7 | 110.5 | 110.5 |
| 24 Foods | 20 | 8.8 | 108.6 | 108.6 | 108.3 | 108.7 | 109.5 | 109.4 | 110.1 | 109.6 | 109.2 | 109.6 | 110.2 | 109.9 | 109.4 | 108.9 |
| 25 Tobacco products | 21 | 1.0 | 99.7 | 99.4 | 102.6 | 103.1 | 102.7 | 102.2 | 97.7 | 94.7 | 98.8 | 99.4 | 101.3 | 99.7 | 97.4 | 97.5 |
| 26 Textile mill products | 22 | 1.8 | 100.5 | 101.7 | 104.2 | 104.7 | 103.2 | 105.5 | 104.4 | 102.5 | 103.1 | 104.7 | 105.3 | 106.4 | 106.0 | 105.8 |
| 27 Apparel products | 23 | 2.4 | 96.2 | 96.2 | 97.8 | 98.3 | 98.1 | 98.7 | 98.8 | 99.0 | 97.5 | 97.7 | 97.8 | 98.0 | 99.0 | 98.6 |
| 28 Paper and products | 26 | 3.6 | 105.1 | 105.3 | 108.1 | 106.5 | 108.0 | 109.0 | 106.1 | 107.0 | 107.1 | 104.6 | 105.8 | 107.0 | 105.6 | 106.0 |
| 29 Printing and publishing | 27 | 6.4 | 112.3 | 111.2 | 111.9 | 112.3 | 113.3 | 114.4 | 114.2 | 114.5 | 114.8 | 114.4 | 113.8 | 114.1 | 114.4 | 114.3 |
| 30 Chemicals and products | 28 | 8.6 | 110.9 | 109.6 | 111.5 | 112.3 | 112.6 | 113.5 | 113.0 | 112.6 | 112.7 | 113.4 | 114.8 | 115.3 | 115.6 | 115.6 |
| 31 Petroleum products | 29 | 1.3 | 107.5 | 109.6 | 108.3 | 107.3 | 108.6 | 106.0 | 106.7 | 108.6 | 106.6 | 106.9 | 109.7 | 110.4 | 110.0 | 110.7 |
| 32 Rubber and plastic products | 30 | 3.0 | 110.0 | 110.5 | 110.1 | 112.6 | 113.8 | 113.2 | 112.6 | 113.0 | 113.2 | 114.0 | 115.4 | 116.5 | 116.2 | 116.5 |
| 33 Leather and products | 31 | .3 | 88.1 | 90.9 | 91.0 | 87.1 | 85.8 | 83.9 | 84.3 | 83.2 | 83.0 | 81.4 | 82.9 | 83.9 | 84.4 | 82.9 |
| 34 Mining | ... | 7.9 | 101.1 | 102.1 | 102.7 | 101.3 | 101.4 | 100.7 | 99.6 | 98.8 | 97.8 | 98.4 | 97.5 | 99.1 | 98.9 | 97.5 |
| 35 Metal | 10 | .3 | 150.2 | 157.0 | 153.0 | 155.5 | 153.1 | 146.5 | 151.5 | 154.0 | 144.2 | 152.9 | 155.8 | 154.1 | 152.6 | 150.5 |
| 36 Coal | 11,12 | 1.2 | 109.2 | 110.2 | 116.0 | 110.8 | 110.1 | 107.9 | 108.4 | 107.6 | 107.3 | 107.9 | 103.0 | 104.0 | 107.6 | 100.1 |
| 37 Oil and gas extraction | 13 | 5.7 | 95.8 | 96.9 | 96.4 | 95.7 | 96.0 | 96.0 | 94.1 | 93.0 | 92.4 | 92.7 | 91.9 | 94.2 | 93.0 | 92.9 |
| 38 Stone and earth minerals | 14 | .7 | 108.1 | 106.4 | 107.8 | 107.0 | 107.3 | 105.9 | 105.8 | 106.4 | 104.8 | 103.5 | 107.4 | 105.9 | 108.4 | 107.6 |
| 39 Utilities | ... | 7.6 | 109.2 | 111.5 | 110.9 | 110.7 | 109.7 | 109.4 | 111.0 | 107.9 | 106.8 | 106.4 | 107.7 | 108.1 | 107.7 | 107.4 |
| 40 Electric | 491,3PT | 6.0 | 112.8 | 117.1 | 116.6 | 115.6 | 113.4 | 112.2 | 112.7 | 109.9 | 109.3 | 109.0 | 110.7 | *111.0* | *110.5* | *110.2* |
| 41 Gas | 492,3PT | 1.6 | 96.0 | 90.7 | 89.7 | 92.4 | 95.8 | 98.9 | 104.7 | 100.5 | 97.5 | 96.9 | 96.7 | 97.5 | 97.4 | 97.1 |
| SPECIAL AGGREGATES | | | | | | | | | | | | | | | | |
| 42 Manufacturing excluding motor vehicles and parts | ... | 79.8 | *108.4* | *108.3* | *109.0* | 109.3 | *109.5* | 109.5 | 109.3 | 108.9 | 108.6 | 108.9 | 109.3 | 109.5 | 110.0 | 109.8 |
| 43 Manufacturing excluding office and computing machines | ... | 82.0 | 106.0 | 106.1 | 106.9 | 107.0 | 107.6 | 107.6 | 107.1 | 106.6 | 105.8 | 106.5 | 106.8 | 107.2 | 107.8 | 107.4 |
| | | Gross value (billions of 1982 dollars, annual rates) | | | | | | | | | | | | | | |
| MAJOR MARKETS | | | | | | | | | | | | | | | | |
| 44 **Products, total** | ... | **1,734.8** | **1,880.0** | **1,890.5** | **1,895.3** | **1,885.5** | **1,901.8** | **1,911.4** | **1,904.9** | **1,888.9** | **1,869.5** | **1,889.7** | **1,902.8** | **1,913.8** | **1,927.4** | **1,923.0** |
| 45 Final | ... | 1,350.9 | 1,481.8 | 1,490.5 | 1,496.1 | 1,484.5 | 1,501.5 | 1,510.0 | 1,504.1 | 1,488.0 | 1,468.7 | 1,490.8 | 1,501.5 | 1,515.1 | 1,526.7 | 1,523.9 |
| 46 Consumer goods | ... | 833.4 | 879.8 | 884.2 | 888.3 | 882.7 | 898.3 | 902.4 | 902.2 | 894.5 | 877.6 | 890.2 | 896.2 | 904.1 | 908.1 | 904.0 |
| 47 Equipment | ... | 517.5 | 602.0 | 606.2 | 607.8 | 601.8 | 603.3 | 607.6 | 601.8 | 593.5 | 591.1 | 600.6 | 605.3 | 611.0 | 618.5 | 619.9 |
| 48 Intermediate | ... | 384.0 | 398.2 | 400.1 | 399.2 | 401.0 | 400.3 | 401.4 | 400.8 | 401.0 | 400.7 | 398.9 | 401.2 | 398.7 | 400.7 | 399.1 |

1. Data in this table also appear in the Board's G.17 (419) weekly statistical release. For ordering address, see inside front cover.

A major revision of the industrial production index and the capacity utilization rates was released in April 1990. See "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Standard industrial classification.

## 2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates, except as noted

| Item | 1989 | 1990 | 1991 | 1991 | | | | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar.[r] | Apr.[r] | May |
| | Private residential real estate activity (thousands of units, except as noted) | | | | | | | | | | | | |
| NEW UNITS | | | | | | | | | | | | | |
| 1 Permits authorized | 1,339 | 1,111 | 949 | 940 | 974 | 994 | 979 | 1,073 | 1,106 | 1,146 | 1,094 | 1,058 | 1,054 |
| 2 One-family | 932 | 794 | 754 | 764 | 782 | 788 | 792 | 873 | 913 | 946 | 907 | 873 | 879 |
| 3 Two-or-more-family | 407 | 317 | 195 | 176 | 192 | 206 | 187 | 200 | 193 | 200 | 187 | 185 | 175 |
| 4 Started | 1,376 | 1,193 | 1,014 | 1,053 | 1,020 | 1,085 | 1,085 | 1,118 | 1,180 | 1,257 | 1,340 | 1,086 | 1,205 |
| 5 One-family | 1,003 | 895 | 840 | 881 | 864 | 887 | 907 | 972 | 989 | 1,109 | 1,068 | 933 | 1,035 |
| 6 Two-or-more-family | 373 | 298 | 174 | 172 | 156 | 198 | 178 | 146 | 191 | 148 | 272 | 153 | 170 |
| 7 Under construction at end of period[1] | 850 | 711 | 606 | 648 | 632 | 631 | 633 | 633 | 640 | 629 | 657 | 660 | 662 |
| 8 One-family | 535 | 449 | 434 | 455 | 452 | 451 | 454 | 458 | 466 | 464 | 482 | 487 | 491 |
| 9 Two-or-more-family | 315 | 262 | 173 | 193 | 180 | 180 | 179 | 175 | 174 | 165 | 175 | 173 | 171 |
| 10 Completed | 1,423 | 1,308 | 1,091 | 1,051 | 1,193 | 1,073 | 1,021 | 1,021 | 1,043 | 1,097 | 1,127 | 1,052 | 1,187 |
| 11 One-family | 1,026 | 966 | 838 | 821 | 870 | 879 | 824 | 851 | 838 | 908 | 975 | 885 | 1,005 |
| 12 Two-or-more-family | 396 | 342 | 253 | 230 | 323 | 194 | 197 | 170 | 205 | 189 | 152 | 167 | 182 |
| 13 Mobile homes shipped | 198 | 188 | 171 | 175 | 172 | 171 | 171 | 176 | 192 | 197 | 197 | 199 | 189 |
| *Merchant builder activity in one-family units* | | | | | | | | | | | | | |
| 14 Number sold | 650 | 535 | 507 | 522 | 499 | 526 | 578 | 578 | 667 | 627[r] | 546 | 531 | 501 |
| 15 Number for sale at end of period[1] | 365 | 321 | 283 | 292 | 292 | 289 | 286 | 283 | 281 | 269 | 277 | 275 | 274 |
| *Price of units sold (thousands of dollars)*[2] | | | | | | | | | | | | | |
| 16 Median | 120.4 | 122.3 | 120.0 | 120.8 | 120.0 | 122.6 | 118.5 | 122.0 | 120.0 | 117.2[r] | 120.0 | 119.9 | 106.0 |
| 17 Average | 148.3 | 149.0 | 147.0 | 141.8 | 147.3 | 147.4 | 141.7 | 143.0 | 144.2 | 144.8[r] | 145.6 | 143.7 | 143.2 |
| EXISTING UNITS (one-family) | | | | | | | | | | | | | |
| 18 Number sold | 3,346 | 3,211 | 3,219 | 3,190 | 3,120 | 3,150 | 3,230 | 3,310 | 3,220 | 3,490 | 3,510 | 3,490 | 3,460 |
| *Price of units sold (thousands of dollars)*[2] | | | | | | | | | | | | | |
| 19 Median | 92.9 | 95.2 | 99.7 | 102.0 | 100.3 | 99.1 | 97.9 | 100.3 | 102.4 | 102.8 | 104.0 | 103.3 | 102.5 |
| 20 Average | 118.0 | 118.3 | 127.4 | 130.9 | 127.8 | 126.4 | 124.9 | 127.3 | 130.5 | 128.8 | 130.2 | 130.6 | 130.6 |
| | Value of new construction (millions of dollars)[3] | | | | | | | | | | | | |
| CONSTRUCTION | | | | | | | | | | | | | |
| **21 Total put in place** | **443,401[r]** | **442,066[r]** | **400,955[r]** | **404,842[r]** | **406,048[r]** | **406,114[r]** | **401,247[r]** | **398,736[r]** | **407,121[r]** | **411,767[r]** | **421,512** | **422,417** | **423,203** |
| 22 Private | 345,327[r] | 334,153[r] | 290,707[r] | 291,757[r] | 293,632[r] | 291,714[r] | 288,345[r] | 287,383[r] | 292,540[r] | 294,758[r] | 301,142 | 304,137 | 301,641 |
| 23 Residential | 196,551 | 182,856 | 157,837[r] | 161,478[r] | 164,164[r] | 164,696[r] | 164,491[r] | 164,133[r] | 169,548[r] | 169,772[r] | 172,660 | 177,453 | 177,004 |
| 24 Nonresidential, total | 148,776[r] | 151,297[r] | 132,870[r] | 130,279[r] | 129,468[r] | 127,018[r] | 123,854[r] | 123,250[r] | 122,992[r] | 124,986[r] | 128,482 | 126,684 | 124,637 |
| 25 Industrial buildings | 20,412 | 23,849 | 22,281[r] | 21,423[r] | 20,680[r] | 21,119[r] | 21,566[r] | 22,411[r] | 21,258[r] | 21,651[r] | 23,721 | 21,356 | 20,839 |
| 26 Commercial buildings | 65,496 | 62,866 | 48,482[r] | 47,171[r] | 46,683[r] | 44,301[r] | 41,612[r] | 40,898[r] | 41,196[r] | 41,591[r] | 42,108 | 40,755 | 39,817 |
| 27 Other buildings | 19,683 | 21,591 | 20,797[r] | 20,362[r] | 20,719[r] | 21,162[r] | 20,114[r] | 20,480[r] | 19,751[r] | 20,630[r] | 21,479 | 21,357 | 21,913 |
| 28 Public utilities and other | 43,185[r] | 42,991[r] | 41,310[r] | 41,323[r] | 41,386[r] | 40,436[r] | 40,562[r] | 39,461[r] | 40,787[r] | 41,114[r] | 41,174 | 43,216 | 42,068 |
| 29 Public | 98,071[r] | 107,909[r] | 110,247[r] | 113,085[r] | 112,416[r] | 114,400[r] | 112,901[r] | 111,353[r] | 114,581[r] | 117,009[r] | 120,370 | 118,280 | 121,562 |
| 30 Military | 3,520 | 2,664[r] | 1,837[r] | 1,650[r] | 2,681[r] | 1,141[r] | 1,790[r] | 2,633[r] | 2,039 | 2,206 | 2,548 | 2,329 | 2,668 |
| 31 Highway | 28,837[r] | 31,154[r] | 29,918[r] | 31,284[r] | 29,416[r] | 30,098[r] | 29,594[r] | 29,562[r] | 30,221[r] | 32,744[r] | 30,895 | 31,689 | 33,297 |
| 32 Conservation and development | 5,009[r] | 4,607[r] | 4,958[r] | 4,891[r] | 4,433[r] | 6,068[r] | 6,611[r] | 5,363[r] | 5,480[r] | 5,283[r] | 6,197 | 5,806 | 5,170 |
| 33 Other | 60,705[r] | 69,484[r] | 73,534[r] | 75,260[r] | 75,886[r] | 77,093[r] | 74,906[r] | 73,795[r] | 76,841[r] | 76,776[r] | 80,730 | 78,456 | 80,427 |

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 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, June 1992[1] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1991 June | 1992 June | 1991 | | 1992 | | 1992 | | | | | |
| | | | Sept. | Dec. | Mar. | June | Feb.r | Mar.r | Apr. | May | June | |
| **Consumer Prices[2] (1982–84=100)** | | | | | | | | | | | | |
| 1 All items | **4.7** | **3.1** | **3.0** | **3.2** | **3.5** | **2.6** | **.3** | **.5** | **.2** | **.1** | **.3** | **140.2** |
| 2 Food | 3.9 | .1 | −2.3 | 2.7 | 1.5 | −1.2 | .3 | .5 | −.1 | −.4 | .1 | 137.4 |
| 3 Energy items | 4.0 | 2.3 | 1.2 | 3.6 | −6.9 | 12.5 | −.9 | .6 | .4 | .6 | 2.0 | 105.9 |
| 4 All items less food and energy | 5.0 | 3.8 | 4.6 | 3.1 | 4.8 | 2.8 | .4 | .5 | .3 | .2 | .2 | 146.9 |
| 5 Commodities | 4.1 | 3.0 | 4.4 | .6 | 5.3 | 2.1 | .6 | .5 | .2 | .4 | .0 | 132.2 |
| 6 Services | 5.3 | 4.2 | 4.6 | 4.3 | 4.8 | 2.9 | .3 | .5 | .3 | .1 | .3 | 155.3 |
| **Producer Prices (1982=100)** | | | | | | | | | | | | |
| 7 Finished goods | 3.5 | 1.5 | 1.3 | 1.0 | .7 | 3.3 | .2 | .1 | .2 | .4 | .2 | 123.7 |
| 8 Consumer foods | .9 | −1.8 | −4.4 | −1.0 | .7 | −1.9 | 1.0 | −.4 | −.3 | −.4 | .2 | 123.0 |
| 9 Consumer energy | 16.0 | 3.1 | 3.7 | −.5 | −7.0 | 16.1 | .5 | .5 | .5 | .9 | 2.3 | 80.8 |
| 10 Other consumer goods | 3.5 | 3.0 | 3.6 | 2.4 | 3.0 | 3.0 | .0 | .1 | .4 | .7 | −.3 | 137.3 |
| 11 Capital equipment | 3.3 | 1.9 | 1.3 | 1.9 | 1.9 | 2.5 | .1 | −.1 | .2 | .5 | −.1 | 128.9 |
| *Intermediate materials* | | | | | | | | | | | | |
| 12 Excluding foods and feeds | 1.3 | .9 | .4 | −1.7 | .0 | 5.0 | .4 | .2 | .1 | .4 | .7 | 115.5 |
| 13 Excluding energy | .7 | .4 | −1.3 | .0 | 1.7 | 1.3 | .2 | .2 | .0 | .1 | .2 | 121.9 |
| *Crude materials* | | | | | | | | | | | | |
| 14 Foods | −7.1 | −.1 | −6.6 | −4.9 | 12.6 | .8 | 2.0 | −.8 | −1.4 | .9 | .8 | 107.3 |
| 15 Energy | 11.1 | 2.7 | −.5 | 5.3 | −21.2 | 34.8 | 1.5 | −2.6 | 2.7 | 2.5 | 2.3 | 79.2 |
| 16 Other | −8.0 | 1.6 | −4.9 | −5.9 | 13.6 | 4.8 | 1.7 | 1.7 | .2 | .9 | .2 | 128.8 |

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

Source. 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 | 1989 | 1990 | 1991 | 1991 | | | | 1992 |
|---|---|---|---|---|---|---|---|---|
| | | | | Q1 | Q2 | Q3 | Q4 | Q1[r] |
| GROSS DOMESTIC PRODUCT | | | | | | | | |
| 1 **Total** | **5,244.0** | **5,513.8** | **5,672.6** | **5,589.0** | **5,652.6** | **5,709.2** | **5,739.7** | **5,820.6** |
| *By source* | | | | | | | | |
| 2 Personal consumption expenditures | 3,517.9 | 3,742.6 | 3,889.1 | 3,827.7 | 3,868.5 | 3,916.4 | 3,943.7 | 4,020.6 |
| 3 Durable goods | 459.8 | 465.9 | 445.2 | 440.7 | 440.0 | 452.9 | 447.3 | 465.7 |
| 4 Nondurable goods | 1,146.9 | 1,217.7 | 1,251.9 | 1,246.3 | 1,252.9 | 1,257.4 | 1,251.1 | 1,272.7 |
| 5 Services | 1,911.2 | 2,059.0 | 2,191.9 | 2,140.7 | 2,175.6 | 2,206.1 | 2,245.2 | 2,282.1 |
| 6 Gross private domestic investment | 837.6 | 802.6 | 726.7 | 709.3 | 708.8 | 740.9 | 747.9 | 728.4 |
| 7 Fixed investment | 801.6 | 802.7 | 745.2 | 748.4 | 745.8 | 744.5 | 742.0 | 750.2 |
| 8 Nonresidential | 570.7 | 587.0 | 550.1 | 560.0 | 554.6 | 546.8 | 539.0 | 541.7 |
| 9 Structures | 193.1 | 198.7 | 174.6 | 184.0 | 180.0 | 169.0 | 165.2 | 165.8 |
| 10 Producers' durable equipment | 377.6 | 388.3 | 375.5 | 375.9 | 374.7 | 377.8 | 373.8 | 375.9 |
| 11 Residential structures | 230.9 | 215.7 | 195.1 | 188.4 | 191.2 | 197.7 | 203.0 | 208.5 |
| 12 Change in business inventories | 36.0 | .0 | −18.5 | −39.2 | −37.1 | −3.6 | 6.0 | −21.8 |
| 13 Nonfarm | 35.5 | −2.0 | −15.0 | −35.0 | −34.0 | −3.2 | 12.1 | −18.9 |
| 14 Net exports of goods and services | −82.9 | −74.4 | −30.7 | −36.8 | −17.2 | −37.3 | −31.4 | −24.2 |
| 15 Exports | 504.9 | 550.4 | 591.3 | 565.9 | 589.8 | 597.0 | 612.5 | 617.7 |
| 16 Imports | 587.8 | 624.8 | 622.0 | 602.7 | 607.0 | 634.3 | 643.8 | 641.9 |
| 17 Government purchases of goods and services | 971.4 | 1,042.9 | 1,087.5 | 1,088.8 | 1,092.5 | 1,089.1 | 1,079.5 | 1,095.9 |
| 18 Federal | 401.4 | 424.9 | 445.1 | 451.5 | 452.1 | 444.9 | 432.0 | 440.6 |
| 19 State and local | 570.0 | 618.0 | 642.4 | 637.3 | 640.4 | 644.2 | 647.5 | 655.3 |
| *By major type of product* | | | | | | | | |
| 20 Final sales, total | 5,208.1 | 5,513.8 | 5,691.1 | 5,628.2 | 5,689.6 | 5,712.8 | 5,733.8 | 5,842.5 |
| 21 Goods | 2,062.1 | 2,167.6 | 2,211.7 | 2,208.6 | 2,223.2 | 2,214.1 | 2,200.8 | 2,243.1 |
| 22 Durable | 892.9 | 934.7 | 926.5 | 916.4 | 939.5 | 929.4 | 920.5 | 936.1 |
| 23 Nondurable | 1,169.2 | 1,233.0 | 1,285.2 | 1,292.1 | 1,283.7 | 1,284.7 | 1,280.3 | 1,307.1 |
| 24 Services | 2,634.7 | 2,834.0 | 3,012.9 | 2,951.7 | 2,999.0 | 3,035.1 | 3,065.7 | 3,121.4 |
| 25 Structures | 511.3 | 512.2 | 466.5 | 467.9 | 467.4 | 463.5 | 467.3 | 478.0 |
| 26 Change in business inventories | 36.0 | .0 | −18.5 | −39.2 | −37.1 | −3.6 | 6.0 | −21.8 |
| 27 Durable goods | 26.9 | −7.0 | −25.2 | −43.5 | −33.5 | −9.2 | −14.5 | −27.0 |
| 28 Nondurable goods | 9.1 | 7.0 | 6.7 | 4.3 | −3.6 | 5.6 | 20.4 | 5.2 |
| MEMO | | | | | | | | |
| 29 **Total GDP in 1987 dollars** | **4,836.9** | **4,884.9** | **4,848.8** | **4,824.0** | **4,840.7** | **4,862.7** | **4,868.0** | **4,900.9** |
| NATIONAL INCOME | | | | | | | | |
| 30 **Total** | **4,244.7** | **4,459.6** | **4,542.2** | **4,489.8** | **4,530.8** | **4,559.8** | **4,588.3** | **4,662.6** |
| 31 Compensation of employees | 3,101.3 | 3,290.3 | 3,388.2 | 3,342.9 | 3,377.4 | 3,405.3 | 3,427.4 | 3,459.8 |
| 32 Wages and salaries | 2,585.8 | 2,738.9 | 2,808.2 | 2,771.1 | 2,800.2 | 2,822.4 | 2,839.3 | 2,863.0 |
| 33 Government and government enterprises | 478.6 | 514.0 | 540.5 | 536.0 | 540.1 | 541.8 | 544.2 | 552.4 |
| 34 Other | 2,107.2 | 2,224.9 | 2,267.7 | 2,235.1 | 2,260.1 | 2,280.6 | 2,295.1 | 2,310.6 |
| 35 Supplement to wages and salaries | 515.5 | 551.4 | 580.0 | 571.8 | 577.2 | 582.9 | 588.1 | 596.8 |
| 36 Employer contributions for social insurance | 261.7 | 277.3 | 289.4 | 287.5 | 288.7 | 290.2 | 291.1 | 295.7 |
| 37 Other labor income | 253.7 | 274.0 | 290.6 | 284.2 | 288.5 | 292.8 | 297.0 | 301.1 |
| 38 Proprietors' income[1] | 347.0 | 373.2 | 379.7 | 364.2 | 380.0 | 382.5 | 392.0 | 403.6 |
| 39 Business and professional[1] | 305.5 | 330.7 | 344.5 | 331.4 | 340.4 | 350.5 | 355.9 | 367.2 |
| 40 Farm[1] | 41.4 | 42.5 | 35.1 | 32.8 | 39.6 | 32.0 | 36.1 | 36.4 |
| 41 Rental income of persons[2] | −7.9 | −12.9 | −12.7 | −11.9 | −11.7 | −14.2 | −13.1 | −9.3 |
| 42 Corporate profits[1] | 351.7 | 319.0 | 306.8 | 302.1 | 303.5 | 306.1 | 315.6 | 355.4 |
| 43 Profits before tax[3] | 344.5 | 332.3 | 312.4 | 309.1 | 306.2 | 318.2 | 316.1 | 348.8 |
| 44 Inventory valuation adjustment | −17.5 | −14.2 | 3.1 | 6.7 | 9.9 | −4.8 | .7 | −4.0 |
| 45 Capital consumption adjustment | 24.7 | .8 | −8.7 | −13.6 | −12.6 | −7.3 | −1.3 | 10.6 |
| 46 Net interest | 452.6 | 490.1 | 480.2 | 492.6 | 481.6 | 480.1 | 466.5 | 453.1 |

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. *Survey of Current Business* (U.S. Department of Commerce).

## 2.17 PERSONAL INCOME AND SAVING

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

| Account | 1989 | 1990 | 1991 | 1991 | | | | 1992 |
|---|---|---|---|---|---|---|---|---|
| | | | | Q1 | Q2 | Q3 | Q4 | Q1[r] |
| PERSONAL INCOME AND SAVING | | | | | | | | |
| 1 **Total personal income** | **4,380.2** | **4,679.8** | **4,834.4** | **4,768.0** | **4,821.1** | **4,853.3** | **4,895.3** | **4,958.9** |
| 2 Wage and salary disbursements | 2,585.8 | 2,738.9 | 2,808.3 | 2,770.9 | 2,800.6 | 2,822.4 | 2,839.3 | 2,863.0 |
| 3 Commodity-producing industries | 723.8 | 745.4 | 738.7 | 733.4 | 735.2 | 742.3 | 744.1 | 738.2 |
| 4 Manufacturing | 542.1 | 555.8 | 556.5 | 549.3 | 552.3 | 559.9 | 564.3 | 559.4 |
| 5 Distributive industries | 607.5 | 634.6 | 641.2 | 635.1 | 642.0 | 644.0 | 643.9 | 648.2 |
| 6 Service industries | 775.9 | 845.0 | 887.8 | 866.5 | 883.0 | 894.4 | 907.2 | 924.3 |
| 7 Government and government enterprises | 478.6 | 514.0 | 540.6 | 535.8 | 540.5 | 541.8 | 544.2 | 552.4 |
| 8 Other labor income | 253.7 | 274.0 | 290.6 | 284.2 | 288.5 | 292.8 | 297.0 | 301.1 |
| 9 Proprietors' income[1] | 347.0 | 373.2 | 379.7 | 364.2 | 380.0 | 382.5 | 392.0 | 403.6 |
| 10 Business and professional[1] | 305.5 | 330.7 | 344.5 | 331.4 | 340.4 | 350.5 | 355.9 | 367.2 |
| 11 Farm[1] | 41.4 | 42.5 | 35.1 | 32.8 | 39.6 | 32.0 | 36.1 | 36.4 |
| 12 Rental income of persons[2] | -7.9 | -12.9 | -12.7 | -11.9 | -11.7 | -14.2 | -13.1 | -9.3 |
| 13 Dividends | 119.8 | 124.8 | 128.5 | 128.7 | 127.4 | 128.7 | 129.4 | 129.4 |
| 14 Personal interest income | 669.0 | 721.3 | 718.6 | 730.1 | 721.8 | 716.7 | 705.7 | 688.8 |
| 15 Transfer payments | 624.4 | 684.9 | 759.5 | 737.2 | 751.5 | 763.7 | 785.4 | 827.4 |
| 16 Old-age survivors, disability, and health insurance benefits | 325.1 | 352.0 | 380.0 | 373.1 | 377.2 | 381.7 | 388.1 | 403.4 |
| 17 LESS: Personal contributions for social insurance | 211.7 | 224.3 | 238.0 | 235.4 | 237.0 | 239.3 | 240.4 | 245.1 |
| 18 EQUALS: Personal income | 4,380.2 | 4,679.8 | 4,834.4 | 4,768.0 | 4,821.1 | 4,853.3 | 4,895.3 | 4,958.9 |
| 19 LESS: Personal tax and nontax payments | 591.7 | 621.0 | 616.1 | 617.1 | 613.6 | 615.1 | 618.4 | 611.1 |
| 20 EQUALS: Disposable personal income | 3,788.6 | 4,058.8 | 4,218.4 | 4,151.0 | 4,207.5 | 4,238.2 | 4,276.8 | 4,347.8 |
| 21 LESS: Personal outlays | 3,622.4 | 3,853.1 | 3,999.1 | 3,938.4 | 3,978.7 | 4,025.7 | 4,053.5 | 4,131.2 |
| 22 EQUALS: Personal saving | 166.1 | 205.8 | 219.3 | 212.6 | 228.8 | 212.5 | 223.4 | 216.5 |
| MEMO | | | | | | | | |
| *Per capita (1987 dollars)* | | | | | | | | |
| 23 Gross domestic product | 19,550.5 | 19,540.2 | 19,189.8 | 19,166.5 | 19,187.7 | 19,220.9 | 19,184.8 | 19,265.5 |
| 24 Personal consumption expenditures | 13,027.6 | 13,050.8 | 12,897.9 | 12,877.4 | 12,892.0 | 12,930.2 | 12,891.4 | 13,016.7 |
| 25 Disposable personal income | 14,030.0 | 14,154.0 | 13,990.0 | 13,965.0 | 14,022.0 | 13,992.0 | 13,981.0 | 14,076.0 |
| 26 Saving rate (percent) | 4.4 | 5.1 | 5.2 | 5.1 | 5.4 | 5.0 | 5.2 | 5.0 |
| GROSS SAVING | | | | | | | | |
| 27 **Gross saving** | **743.4** | **710.9** | **715.2** | **746.9** | **713.1** | **697.2** | **703.8** | **675.4** |
| 28 Gross private saving | 826.5 | 850.4 | 886.8 | 873.0 | 892.1 | 875.5 | 906.6 | 920.9 |
| 29 Personal saving | 166.1 | 205.8 | 219.3 | 212.6 | 228.8 | 212.5 | 223.4 | 216.5 |
| 30 Undistributed corporate profits[1] | 85.8 | 49.9 | 44.6 | 45.0 | 43.4 | 39.4 | 50.6 | 79.2 |
| 31 Corporate inventory valuation adjustment | -17.5 | -14.2 | 3.1 | 6.7 | 9.9 | -4.8 | .7 | -4.0 |
| *Capital consumption allowances* | | | | | | | | |
| 32 Corporate | 350.5 | 365.5 | 383.6 | 380.1 | 383.2 | 384.6 | 386.6 | 384.5 |
| 33 Noncorporate | 224.0 | 229.3 | 239.3 | 235.3 | 236.8 | 239.1 | 246.1 | 240.7 |
| 34 Government surplus, or deficit (−), national income and product accounts | -83.0 | -139.5 | -171.6 | -126.1 | -179.1 | -178.4 | -202.9 | -245.5 |
| 35 Federal | -124.2 | -165.3 | -201.6 | -146.4 | -206.7 | -210.2 | -243.1 | -284.4 |
| 36 State and local | 41.1 | 25.7 | 30.0 | 20.4 | 27.6 | 31.8 | 40.3 | 38.9 |
| 37 **Gross investment** | **740.7** | **719.0** | **734.3** | **764.9** | **729.6** | **719.1** | **723.4** | **709.7** |
| 38 Gross private domestic | 837.6 | 802.6 | 726.7 | 709.3 | 708.8 | 740.9 | 747.9 | 728.4 |
| 39 Net foreign | -96.8 | -83.6 | 7.6 | 55.7 | 20.8 | -21.8 | -24.5 | -18.7 |
| 40 **Statistical discrepancy** | **-2.7** | **8.1** | **19.0** | **18.0** | **16.5** | **22.0** | **19.6** | **34.2** |

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE. *Survey of Current Business* (U.S. Department of Commerce).

## 3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted, except as noted[1]

| Item | 1989 | 1990 | 1991 | 1991 | | | | 1992 |
|---|---|---|---|---|---|---|---|---|
| | | | | Q1 | Q2 | Q3 | Q4 | Q1 |
| 1 Balance on current account | −101,142 | −90,428 | −3,681 | 12,193 | 2,431 | −11,087 | −7,218 | −5,303 |
| 2 Merchandise trade balance[2] | −115,668 | −108,853 | −73,436 | −18,326 | −16,397 | −20,174 | −18,539 | −17,468 |
| 3 Merchandise exports | 361,697 | 388,705 | 415,962 | 100,636 | 103,324 | 104,151 | 107,851 | 107,825 |
| 4 Merchandise imports | −477,365 | −497,558 | −489,398 | −118,962 | −119,721 | −124,325 | −126,390 | −125,293 |
| 5 Military transactions, net | −6,837 | −7,818 | −5,524 | −2,564 | −1,427 | −995 | −540 | −228 |
| 6 Other service transactions, net | 32,604 | 39,873 | 50,821 | 11,919 | 12,209 | 13,018 | 13,676 | 14,427 |
| 7 Investment income, net | 14,366 | 19,287 | 16,430 | 6,965 | 3,931 | 3,076 | 2,458 | 4,710 |
| 8 U.S. government grants | −10,773 | −17,597 | 24,487 | 18,181 | 8,214 | −1,986 | 78 | −2,490 |
| 9 U.S. government pensions and other transfers | −2,517 | −2,945 | −3,462 | −794 | −796 | −793 | −1,080 | −856 |
| 10 Private remittances and other transfers | −12,316 | −12,374 | −12,996 | −3,188 | −3,303 | −3,233 | −3,271 | −3,398 |
| 11 Change in U.S. government assets other than official reserve assets, net (increase, −) | 1,271 | 2,304 | 3,397 | 1,073 | −420 | 3,180 | −437 | −112 |
| 12 Change in U.S. official reserve assets (increase, −) | −25,293 | −2,158 | 5,763 | −353 | 1,014 | 3,878 | 1,226 | −1,057 |
| 13 Gold | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 Special drawing rights (SDRs) | −535 | −192 | −177 | 31 | −190 | 6 | −23 | −172 |
| 15 Reserve position in International Monetary Fund | 471 | 731 | −367 | −341 | 72 | −114 | 17 | 111 |
| 16 Foreign currencies | −25,229 | −2,697 | 6,307 | −43 | 1,132 | 3,986 | 1,232 | −996 |
| 17 Change in U.S. private assets abroad (increase, −) | −90,923 | −56,467 | −71,378 | −1,360 | −7,644 | −17,426 | −44,947 | 1,724 |
| 18 Bank-reported claims[3] | −51,255 | 7,469 | −4,753 | 17,909 | −1,846 | 2,403 | −23,219 | 21,708 |
| 19 Nonbank-reported claims | 11,398 | −2,477 | 5,526 | 2,251 | 2,304 | −298 | 1,269 | ........ |
| 20 U.S. purchases of foreign securities, net | −22,070 | −28,765 | −45,017 | −9,526 | −11,783 | −12,403 | −11,305 | −8,679 |
| 21 U.S. direct investments abroad, net | −28,996 | −32,694 | −27,134 | −11,994 | 3,681 | −7,128 | −11,692 | −11,305 |
| 22 Change in foreign official assets in United States (increase, +) | 8,489 | 33,908 | 18,407 | 5,650 | −4,178 | 4,115 | 12,819 | 20,747 |
| 23 U.S. Treasury securities | 149 | 29,576 | 15,815 | 1,125 | −3,553 | 5,624 | 12,619 | 14,631 |
| 24 Other U.S. government obligations | 1,383 | 667 | 1,301 | −29 | −219 | 474 | 1,075 | 540 |
| 25 Other U.S. government liabilities[4] | 146 | 1,866 | 1,600 | 868 | 421 | 654 | −344 | −32 |
| 26 Other U.S. liabilities reported by U.S. banks[3] | 4,976 | 3,385 | −1,668 | 2,920 | −942 | −2,732 | −914 | 5,495 |
| 27 Other foreign official assets[5] | 1,835 | −1,586 | 1,359 | 766 | 115 | 95 | 383 | 113 |
| 28 Change in foreign private assets in United States (increase, +) | 205,205 | 65,471 | 48,574 | −13,490 | 7,137 | 18,818 | 36,110 | −273 |
| 29 U.S. bank-reported liabilities[3] | 63,382 | 16,370 | −13,678 | −18,240 | −27,411 | 8,508 | 23,465 | −4,778 |
| 30 U.S. nonbank-reported liabilities | 5,565 | 4,906 | −405 | −1,430 | −1,275 | 1,575 | 725 | ........ |
| 31 Foreign private purchases of U.S. Treasury securities, net | 29,618 | −2,534 | 16,241 | 2,850 | 13,289 | −1,306 | 1,408 | −649 |
| 32 Foreign purchases of other U.S. securities, net | 38,767 | 1,592 | 34,918 | 4,862 | 15,212 | 10,012 | 4,832 | 4,459 |
| 33 Foreign direct investments in United States, net | 67,873 | 45,137 | 11,498 | −1,532 | 7,322 | 29 | 5,680 | 695 |
| 34 Allocation of special drawing rights | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 Discrepancy | 2,394 | 47,370 | −1,078 | −3,713 | 1,660 | −1,478 | 2,447 | −15,726 |
| 36 Due to seasonal adjustment | ........ | ........ | ........ | 4,636 | 883 | −6,137 | 613 | 3,967 |
| 37 Statistical discrepancy in recorded data before seasonal adjustment | 2,394 | 47,370 | −1,078 | −8,349 | 777 | 4,659 | 1,835 | −19,693 |
| MEMO | | | | | | | | |
| *Changes in official assets* | | | | | | | | |
| 38 U.S. official reserve assets (increase, −) | −25,293 | −2,158 | 5,763 | −353 | 1,014 | 3,878 | 1,226 | −1,057 |
| 39 Foreign official assets in United States excluding line 25 (increase, +) | 8,343 | 32,042 | 16,807 | 4,782 | −4,599 | 3,461 | 13,163 | 20,779 |
| 40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22) | 10,738 | 1,707 | −5,604 | 660 | −2,699 | −4,288 | 1,023 | 2,452 |

1. Seasonal factors 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 6.
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. *Survey of Current Business* (U.S. Department of Commerce).

## 3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

| Item | 1989 | 1990 | 1991 | 1991 | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr.[r] | May[p] |
| 1 Exports of domestic and foreign merchandise, (F.A.S. value), excluding grant-aid shipments | 363,812 | 393,592 | 421,730 | 37,269 | 36,053 | 35,467 | 37,654 | 37,085 | 36,406 | 35,485 |
| 2 General imports (customs value), including merchandise for immediate consumption plus entries into bonded warehouses | 473,211 | 495,311 | 487,129 | 41,382 | 41,675 | 41,266 | 40,948 | 42,668[r] | 43,469 | 42,865 |
| 3 **Trade balance** | **−109,399** | **−101,718** | **−65,399** | **−4,113** | **−5,622** | **−5,799** | **−3,294** | **−5,584** | **−7,063** | **−7,380** |

1. The Census basis data differ from merchandise trade data shown in table 3.10, lines 3–5, U.S. International Transactions Summary, because of coverage and timing. On the *export* side, the largest difference is the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import* side, this table includes imports of gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately in table 3.10, line 6. Since Jan. 1, 1987, Census data have been released forty-five days after the end of the month; the previous month is revised to reflect late documents. Total exports and the trade balance reflect adjustments for undocumented exports to Canada. Components may not sum to totals because of rounding.

SOURCE. FT900, *Summary of U.S. Export and Import Merchandise Trade* (U.S. Department of Commerce, Bureau of the Census).

## 3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

| Type | 1988 | 1989 | 1990 | 1991 | 1992 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Jan. | Feb. | Mar. | Apr. | May | June[p] |
| 1 **Total** | **47,802** | **74,609** | **83,316** | **77,719** | **75,868** | **75,088** | **74,657** | **74,712** | **74,587** | **77,092** |
| 2 Gold stock, including Exchange Stabilization Fund[1] | 11,057 | 11,059 | 11,058 | 11,057 | 11,058 | 11,058 | 11,057 | 11,057 | 11,057 | 11,059 |
| 3 Special drawing rights[2,3] | 9,637 | 9,951 | 10,989 | 11,240 | 10,980 | 11,020 | 10,947 | 10,930 | 11,315 | 11,597 |
| 4 Reserve position in International Monetary Fund[2] | 9,745 | 9,048 | 9,076 | 9,488 | 9,113 | 8,996 | 8,994 | 8,968 | 9,175 | 9,381 |
| 5 Foreign currencies[4] | 17,363 | 44,551 | 52,193 | 45,934 | 44,717 | 44,014 | 43,659 | 43,757 | 43,040 | 45,055 |

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, 16 currencies were used; since January 1981, 5 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 | 1988 | 1989 | 1990 | 1991 | 1992 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Jan. | Feb. | Mar. | Apr. | May | June[p] |
| 1 Deposits | 347 | 589 | 369 | 968 | 321 | 264 | 262 | 206 | 217 | 219 |
| *Held in custody* | | | | | | | | | | |
| 2 U.S. Treasury securities[2] | 232,547 | 224,911 | 278,499 | 281,107 | 293,958 | 297,834 | 300,277 | 303,413 | 307,562 | 307,337 |
| 3 Earmarked gold[3] | 13,636 | 13,456 | 13,387 | 13,303 | 13,303 | 13,305 | 13,304 | 13,304 | 13,295 | 13,268 |

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities payable at face value in dollars or foreign currencies.
3. Held for foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

## 3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

| Assets | 1988 | 1989 | 1990 | 1991 | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May |
| | | | | | | **All foreign countries** | | | | |
| 1 **Total, all currencies** | **505,595** | **545,366** | **556,925** | **550,777** | **548,901** | **547,704** | **550,358** | **562,142** | **549,477** | **568,991** |
| 2 Claims on United States | 169,111 | 198,835 | 188,496 | 177,828 | 176,301 | 180,052 | 178,026 | 193,228 | 177,761 | 181,911 |
| 3 Parent bank | 129,856 | 157,092 | 148,837 | 137,165 | 137,509 | 142,277 | 142,019 | 156,923 | 143,559 | 145,331 |
| 4 Other banks in United States | 14,918 | 17,042 | 13,296 | 13,543 | 12,884 | 11,675 | 10,837 | 11,612 | 9,993 | 11,640 |
| 5 Nonbanks | 24,337 | 24,701 | 26,363 | 27,120 | 25,908 | 26,100 | 25,170 | 24,693 | 24,209 | 24,940 |
| 6 Claims on foreigners | 299,728 | 300,575 | 312,449 | 304,212 | 303,934 | 297,400 | 301,900 | 300,026 | 302,766 | 314,374 |
| 7 Other branches of parent bank | 107,179 | 113,810 | 135,003 | 107,343 | 111,729 | 103,456 | 108,052 | 112,326 | 111,369 | 115,688 |
| 8 Banks | 96,932 | 90,703 | 72,602 | 84,980 | 81,970 | 82,332 | 83,904 | 79,311 | 83,412 | 85,728 |
| 9 Public borrowers | 17,163 | 16,456 | 17,555 | 18,940 | 18,652 | 18,223 | 18,421 | 18,328 | 18,743 | 19,194 |
| 10 Nonbank foreigners | 78,454 | 79,606 | 87,289 | 92,949 | 91,583 | 93,389 | 91,523 | 90,061 | 89,242 | 93,764 |
| 11 Other assets | 36,756 | 45,956 | 55,980 | 68,737 | 68,666 | 70,252 | 70,432 | 68,888 | 68,950 | 72,706 |
| 12 **Total payable in U.S. dollars** | **357,573** | **382,498** | **379,479** | **365,143** | **363,941** | **359,487** | **365,000** | **380,907** | **364,367** | **374,366** |
| 13 Claims on United States | 163,456 | 191,184 | 180,174 | 171,701 | 169,662 | 173,827 | 172,377 | 187,538 | 173,106 | 176,668 |
| 14 Parent bank | 126,929 | 152,294 | 142,962 | 133,984 | 133,476 | 138,686 | 138,754 | 153,653 | 141,033 | 142,231 |
| 15 Other banks in United States | 14,167 | 16,386 | 12,513 | 12,668 | 12,025 | 10,924 | 10,006 | 10,956 | 9,255 | 11,012 |
| 16 Nonbanks | 22,360 | 22,504 | 24,699 | 25,049 | 24,161 | 24,217 | 23,617 | 22,929 | 22,818 | 23,425 |
| 17 Claims on foreigners | 177,685 | 169,690 | 174,451 | 165,653 | 167,010 | 157,338 | 163,623 | 163,877 | 162,817 | 166,859 |
| 18 Other branches of parent bank | 80,736 | 82,949 | 95,298 | 75,986 | 78,114 | 70,637 | 75,087 | 78,067 | 75,342 | 77,165 |
| 19 Banks | 54,884 | 48,396 | 36,440 | 42,808 | 41,635 | 39,964 | 42,488 | 39,671 | 41,100 | 41,650 |
| 20 Public borrowers | 12,131 | 10,961 | 12,298 | 13,671 | 13,685 | 13,202 | 13,136 | 13,217 | 12,994 | 12,994 |
| 21 Nonbank foreigners | 29,934 | 27,384 | 30,415 | 33,188 | 33,576 | 33,535 | 32,912 | 32,922 | 33,381 | 35,050 |
| 22 Other assets | 16,432 | 21,624 | 24,854 | 27,789 | 27,269 | 28,322 | 29,000 | 29,492 | 28,444 | 30,839 |
| | | | | | | **United Kingdom** | | | | |
| 23 **Total, all currencies** | **156,835** | **161,947** | **184,818** | **174,648** | **175,599** | **174,467** | **172,479** | **169,275** | **170,775** | **179,939** |
| 24 Claims on United States | 40,089 | 39,212 | 45,560 | 32,531 | 35,257 | 36,620 | 34,655 | 37,015 | 35,451 | 37,369 |
| 25 Parent bank | 34,243 | 35,847 | 42,413 | 28,901 | 31,931 | 32,765 | 31,302 | 34,048 | 32,379 | 34,433 |
| 26 Other banks in United States | 1,123 | 1,058 | 792 | 1,259 | 1,267 | 1,392 | 1,211 | 1,158 | 1,228 | 970 |
| 27 Nonbanks | 4,723 | 2,307 | 2,355 | 2,371 | 2,059 | 2,463 | 2,142 | 1,809 | 1,844 | 1,966 |
| 28 Claims on foreigners | 106,388 | 107,657 | 115,536 | 111,323 | 109,692 | 108,046 | 107,645 | 101,627 | 104,467 | 107,795 |
| 29 Other branches of parent bank | 35,625 | 37,728 | 46,367 | 36,637 | 35,735 | 33,357 | 33,924 | 33,599 | 34,061 | 35,331 |
| 30 Banks | 36,765 | 36,159 | 31,604 | 36,709 | 36,394 | 36,537 | 37,349 | 33,499 | 36,126 | 37,548 |
| 31 Public borrowers | 4,019 | 3,293 | 3,860 | 3,512 | 3,306 | 3,377 | 3,144 | 3,060 | 3,108 | 3,165 |
| 32 Nonbank foreigners | 29,979 | 30,477 | 33,705 | 34,465 | 34,257 | 34,775 | 33,228 | 31,469 | 31,172 | 31,751 |
| 33 Other assets | 10,358 | 15,078 | 23,722 | 30,794 | 30,650 | 29,801 | 30,179 | 30,633 | 30,857 | 34,775 |
| 34 **Total payable in U.S. dollars** | **103,503** | **103,208** | **116,762** | **103,591** | **105,974** | **103,833** | **102,341** | **102,283** | **102,285** | **109,307** |
| 35 Claims on United States | 38,012 | 36,404 | 41,259 | 30,054 | 32,418 | 33,801 | 31,788 | 34,464 | 33,298 | 35,185 |
| 36 Parent bank | 33,252 | 34,329 | 39,609 | 27,689 | 30,370 | 31,239 | 29,724 | 32,645 | 31,022 | 33,059 |
| 37 Other banks in United States | 964 | 843 | 334 | 894 | 822 | 901 | 678 | 725 | 853 | 677 |
| 38 Nonbanks | 3,796 | 1,232 | 1,316 | 1,471 | 1,226 | 1,661 | 1,386 | 1,094 | 1,423 | 1,449 |
| 39 Claims on foreigners | 60,472 | 59,062 | 63,701 | 59,200 | 58,791 | 55,281 | 55,985 | 52,306 | 54,129 | 56,615 |
| 40 Other branches of parent bank | 28,474 | 29,872 | 37,142 | 29,210 | 28,667 | 26,827 | 26,747 | 25,933 | 25,922 | 27,482 |
| 41 Banks | 18,494 | 16,579 | 13,135 | 15,480 | 15,219 | 14,106 | 15,438 | 13,154 | 14,829 | 15,348 |
| 42 Public borrowers | 2,840 | 2,371 | 3,143 | 2,848 | 2,853 | 2,707 | 2,657 | 2,623 | 2,545 | 2,463 |
| 43 Nonbank foreigners | 10,664 | 10,240 | 10,281 | 11,662 | 12,052 | 11,641 | 11,143 | 10,596 | 10,833 | 11,322 |
| 44 Other assets | 5,019 | 7,742 | 11,802 | 14,337 | 14,765 | 14,751 | 14,568 | 15,513 | 14,858 | 17,507 |
| | | | | | | **Bahamas and Cayman Islands** | | | | |
| 45 **Total, all currencies** | **170,639** | **176,006** | **162,316** | **170,846** | **168,326** | **167,648** | **168,972** | **175,687** | **162,490** | **166,300** |
| 46 Claims on United States | 105,320 | 124,205 | 112,989 | 118,164 | 115,244 | 116,488 | 115,400 | 122,556 | 111,849 | 114,990 |
| 47 Parent bank | 73,409 | 87,882 | 77,873 | 83,348 | 81,520 | 84,506 | 84,499 | 91,343 | 82,592 | 83,398 |
| 48 Other banks in United States | 13,145 | 15,071 | 11,869 | 11,457 | 10,907 | 9,626 | 8,969 | 9,809 | 8,115 | 9,729 |
| 49 Nonbanks | 18,766 | 21,252 | 23,247 | 23,359 | 22,817 | 22,356 | 21,932 | 21,404 | 21,142 | 21,863 |
| 50 Claims on foreigners | 58,393 | 44,168 | 41,356 | 44,177 | 45,229 | 42,866 | 44,033 | 44,285 | 41,779 | 42,633 |
| 51 Other branches of parent bank | 17,954 | 11,309 | 13,416 | 10,268 | 11,098 | 10,549 | 11,528 | 11,278 | 10,156 | 9,311 |
| 52 Banks | 28,268 | 22,611 | 16,310 | 19,865 | 20,174 | 18,998 | 19,311 | 19,645 | 18,256 | 19,463 |
| 53 Public borrowers | 5,830 | 5,217 | 5,807 | 7,363 | 7,161 | 6,600 | 6,545 | 6,599 | 6,332 | 6,459 |
| 54 Nonbank foreigners | 6,341 | 5,031 | 5,823 | 6,681 | 6,796 | 6,719 | 6,649 | 6,763 | 7,035 | 7,400 |
| 55 Other assets | 6,926 | 7,633 | 7,971 | 8,505 | 7,853 | 8,294 | 9,539 | 8,846 | 8,862 | 8,677 |
| 56 **Total payable in U.S. dollars** | **163,518** | **170,780** | **158,390** | **166,582** | **163,771** | **163,078** | **164,548** | **171,114** | **157,815** | **161,227** |

1. Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.14—Continued

| Liabilities | 1988 | 1989 | 1990 | 1991 | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May |
| | All foreign countries | | | | | | | | | |
| 57 **Total, all currencies** | **505,595** | **545,366** | **556,925** | **550,777** | **548,901** | **547,704** | **550,358** | **562,142** | **549,477** | **568,991** |
| 58 Negotiable certificates of deposit (CDs) | 28,511 | 23,500 | 18,060 | 18,334 | 16,284 | 16,156 | 15,988 | 14,498[r] | 12,749[r] | 14,008 |
| 59 To United States | 185,577 | 197,239 | 189,412 | 188,686 | 198,121 | 189,083 | 190,885 | 210,151[r] | 196,262[r] | 198,060 |
| 60 Parent bank | 114,720 | 138,412 | 138,748 | 131,383 | 136,431 | 127,532 | 123,775 | 142,551 | 138,131[r] | 136,001 |
| 61 Other banks in United States | 14,737 | 11,704 | 7,463 | 12,892 | 13,260 | 13,683 | 12,674 | 14,137 | 15,075 | 13,944 |
| 62 Nonbanks | 56,120 | 47,123 | 43,201 | 44,411 | 48,430 | 47,868 | 54,436 | 53,463[r] | 43,056[r] | 48,115 |
| 63 To foreigners | 270,923 | 296,850 | 311,668 | 298,152 | 288,254 | 295,861 | 299,046 | 292,659 | 296,580[r] | 308,394 |
| 64 Other branches of parent bank | 111,267 | 119,591 | 139,113 | 109,085 | 112,033 | 105,873 | 108,744 | 113,314 | 111,968 | 115,235 |
| 65 Banks | 72,842 | 76,452 | 58,986 | 67,945 | 63,097 | 72,407 | 71,346 | 63,060 | 65,055[r] | 68,391 |
| 66 Official institutions | 15,183 | 16,750 | 14,791 | 19,394 | 15,596 | 16,704 | 16,972 | 15,697 | 16,083 | 19,465 |
| 67 Nonbank foreigners | 71,631 | 84,057 | 98,778 | 101,728 | 97,528 | 100,877 | 101,984 | 100,588 | 103,474 | 105,303 |
| 68 Other liabilities | 20,584 | 27,777 | 37,785 | 45,605 | 46,242 | 46,604 | 44,439 | 44,834 | 43,886 | 48,529 |
| 69 **Total payable in U.S. dollars** | **367,483** | **396,613** | **383,522** | **369,515** | **370,561** | **360,322** | **363,582** | **380,178** | **365,539** | **377,755** |
| 70 Negotiable CDs | 24,045 | 19,619 | 14,094 | 13,813 | 11,909 | 11,442 | 11,515 | 10,278 | 8,462 | 9,641 |
| 71 To United States | 173,190 | 187,286 | 175,654 | 176,254 | 185,286 | 176,635 | 179,178 | 198,143 | 185,160[r] | 186,601 |
| 72 Parent bank | 107,150 | 132,563 | 130,510 | 124,625 | 129,669 | 121,098 | 117,272 | 135,761 | 131,702[r] | 129,813 |
| 73 Other banks in United States | 13,468 | 10,519 | 6,052 | 11,436 | 11,707 | 12,191 | 11,532 | 13,036 | 14,217 | 12,840 |
| 74 Nonbanks | 52,572 | 44,204 | 39,092 | 40,193 | 43,910 | 43,346 | 50,374 | 49,346 | 39,241 | 43,948 |
| 75 To foreigners | 160,766 | 176,460 | 179,002 | 164,275 | 158,993 | 156,339 | 156,744 | 156,216 | 157,139[r] | 162,011 |
| 76 Other branches of parent bank | 84,021 | 87,636 | 98,128 | 76,224 | 76,601 | 70,839 | 74,466 | 77,492 | 75,780 | 77,000 |
| 77 Banks | 28,493 | 30,537 | 20,251 | 24,501 | 24,156 | 25,781 | 23,665 | 21,910 | 22,569[r] | 24,063 |
| 78 Official institutions | 8,224 | 9,873 | 7,921 | 13,375 | 10,304 | 10,555 | 10,652 | 9,625 | 10,413 | 13,102 |
| 79 Nonbank foreigners | 40,028 | 48,414 | 52,702 | 50,175 | 47,932 | 49,164 | 47,961 | 47,189 | 48,377 | 47,846 |
| 80 Other liabilities | 9,482 | 13,248 | 14,772 | 15,173 | 14,373 | 15,906 | 16,145 | 15,541 | 14,778 | 19,502 |
| | United Kingdom | | | | | | | | | |
| 81 **Total, all currencies** | **156,835** | **161,947** | **184,818** | **174,648** | **175,599** | **174,467** | **172,479** | **169,275** | **170,775** | **179,939** |
| 82 Negotiable CDs | 24,528 | 20,056 | 14,256 | 13,506 | 11,333 | 10,993 | 10,581 | 9,677[r] | 7,324[r] | 8,458 |
| 83 To United States | 36,784 | 36,036 | 39,928 | 30,560 | 37,720 | 31,018 | 30,631 | 35,364[r] | 36,610[r] | 33,236 |
| 84 Parent bank | 27,849 | 29,726 | 31,806 | 22,629 | 29,834 | 23,112 | 23,464 | 27,937 | 29,317 | 25,637 |
| 85 Other banks in United States | 2,037 | 1,256 | 1,505 | 1,934 | 1,438 | 2,325 | 1,891 | 1,201 | 2,011 | 1,638 |
| 86 Nonbanks | 6,898 | 5,054 | 6,617 | 5,997 | 6,448 | 5,581 | 5,276 | 6,226[r] | 5,282[r] | 5,961 |
| 87 To foreigners | 86,026 | 92,307 | 108,531 | 102,299 | 98,167 | 104,868 | 104,432 | 96,702 | 99,804 | 106,603 |
| 88 Other branches of parent bank | 26,812 | 27,397 | 36,709 | 26,977 | 30,054 | 27,561 | 27,864 | 27,937 | 28,239 | 30,429 |
| 89 Banks | 30,609 | 29,780 | 25,126 | 27,959 | 25,541 | 31,929 | 30,686 | 26,017 | 27,046 | 27,549 |
| 90 Official institutions | 7,873 | 8,551 | 8,361 | 12,628 | 9,670 | 10,432 | 10,685 | 9,277 | 9,539 | 12,732 |
| 91 Nonbank foreigners | 20,732 | 26,579 | 38,335 | 34,735 | 32,902 | 34,946 | 35,197 | 33,471 | 34,980 | 35,893 |
| 92 Other liabilities | 9,497 | 13,548 | 22,103 | 28,283 | 28,379 | 27,588 | 26,835 | 27,532 | 27,037 | 31,642 |
| 93 **Total payable in U.S. dollars** | **105,907** | **108,178** | **116,094** | **104,433** | **108,755** | **103,232** | **100,882** | **101,602** | **100,799** | **107,698** |
| 94 Negotiable CDs | 22,063 | 18,143 | 12,710 | 12,042 | 10,076 | 9,236 | 9,061 | 8,562 | 6,136 | 6,967 |
| 95 To United States | 32,588 | 33,056 | 34,697 | 25,517 | 33,003 | 26,419 | 26,261 | 30,993 | 32,510 | 28,936 |
| 96 Parent bank | 26,404 | 28,812 | 29,955 | 20,923 | 28,260 | 21,663 | 21,788 | 26,272 | 27,904 | 24,435 |
| 97 Other banks in United States | 1,752 | 1,065 | 1,156 | 1,481 | 1,177 | 1,954 | 1,639 | 1,032 | 1,796 | 1,184 |
| 98 Nonbanks | 4,432 | 3,179 | 3,586 | 3,113 | 3,566 | 2,802 | 2,834 | 3,689 | 2,810 | 3,317 |
| 99 To foreigners | 47,083 | 50,517 | 60,014 | 57,527 | 56,626 | 57,522 | 55,216 | 52,059 | 52,625 | 57,489 |
| 100 Other branches of parent bank | 18,561 | 18,384 | 25,957 | 18,678 | 20,800 | 18,498 | 18,863 | 18,792 | 18,136 | 19,497 |
| 101 Banks | 13,407 | 12,244 | 9,488 | 10,542 | 11,069 | 13,061 | 11,188 | 9,861 | 9,435 | 10,799 |
| 102 Official institutions | 4,348 | 5,454 | 4,692 | 9,995 | 7,156 | 7,580 | 7,698 | 6,628 | 6,998 | 9,915 |
| 103 Nonbank foreigners | 10,767 | 14,435 | 19,877 | 18,312 | 17,601 | 18,383 | 17,467 | 16,778 | 18,056 | 17,278 |
| 104 Other liabilities | 4,173 | 6,462 | 8,673 | 9,347 | 9,050 | 10,055 | 10,344 | 9,988 | 9,528 | 14,306 |
| | Bahamas and Cayman Islands | | | | | | | | | |
| 105 **Total, all currencies** | **170,639** | **176,006** | **162,316** | **170,846** | **168,326** | **167,648** | **168,972** | **175,687** | **162,490** | **166,300** |
| 106 Negotiable CDs | 953 | 678 | 646 | 1,034 | 1,173 | 1,382 | 1,709 | 932 | 1,538 | 1,644 |
| 107 To United States | 122,332 | 124,859 | 114,738 | 129,781 | 129,872 | 130,285 | 131,009 | 138,990 | 124,232[r] | 128,054 |
| 108 Parent bank | 62,894 | 75,188 | 74,941 | 83,057 | 79,394 | 79,585 | 73,744 | 82,050 | 75,944[r] | 76,585 |
| 109 Other banks in United States | 11,494 | 8,883 | 4,526 | 9,728 | 10,231 | 10,045 | 9,733 | 11,696 | 12,060 | 11,085 |
| 110 Nonbanks | 47,944 | 40,788 | 35,271 | 36,996 | 40,247 | 40,655 | 47,532 | 45,244 | 36,228 | 40,384 |
| 111 To foreigners | 45,161 | 47,382 | 44,444 | 37,857 | 35,200 | 34,106 | 34,425 | 34,002 | 34,899[r] | 35,021 |
| 112 Other branches of parent bank | 23,686 | 23,414 | 24,715 | 19,555 | 17,388 | 16,590 | 17,050 | 17,100 | 16,933 | 16,842 |
| 113 Banks | 8,336 | 8,823 | 5,588 | 5,984 | 5,662 | 5,497 | 5,054 | 5,139 | 6,009[r] | 6,346 |
| 114 Official institutions | 1,074 | 1,097 | 622 | 646 | 572 | 450 | 490 | 536 | 736 | 731 |
| 115 Nonbank foreigners | 12,065 | 14,048 | 13,519 | 11,672 | 11,578 | 11,569 | 11,831 | 11,227 | 11,221 | 11,102 |
| 116 Other liabilities | 2,193 | 3,087 | 2,488 | 2,174 | 2,081 | 1,875 | 1,829 | 1,763 | 1,821 | 1,581 |
| 117 **Total payable in U.S. dollars** | **162,950** | **171,250** | **157,132** | **166,157** | **163,603** | **162,637** | **164,241** | **171,049** | **157,866** | **161,441** |

## 3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

| Item | 1989 | 1990 | 1991[r] | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Nov. | Dec. | Jan.[r] | Feb.[r] | Mar.[r] | Apr.[r] | May[p] |
| 1 **Total**[1] | **312,477** | **344,529** | **362,375** | **360,495** | **372,277** | **375,249** | **381,589** | **385,595** | **394,286** |
| *By type* | | | | | | | | | |
| 2 Liabilities reported by banks in the United States[2] | 36,496 | 39,880 | 42,935 | 38,361 | 41,427 | 42,507 | 43,895 | 44,537 | 47,108 |
| 3 U.S. Treasury bills and certificates[3] | 76,985 | 79,424 | 92,855 | 92,692 | 92,711 | 94,731 | 102,143 | 102,968 | 111,224 |
| U.S. Treasury bonds and notes | | | | | | | | | |
| 4 Marketable | 179,269 | 202,487 | 201,156 | 203,677 | 212,364 | 212,171 | 209,035 | 210,747 | 207,948 |
| 5 Nonmarketable[4] | 568 | 4,491 | 4,827 | 4,858 | 4,892 | 4,922 | 4,956 | 4,989 | 5,021 |
| 6 U.S. securities other than U.S. Treasury securities[5] | 19,159 | 18,247 | 20,602 | 20,907 | 20,883 | 20,918 | 21,560 | 22,354 | 22,985 |
| *By area* | | | | | | | | | |
| 7 Western Europe[1] | 132,849 | 167,191 | 172,544 | 168,316 | 173,122 | 173,129 | 178,003 | 179,199 | 184,988 |
| 8 Canada | 9,482 | 8,671 | 9,578 | 7,460 | 7,642 | 8,251 | 7,016 | 7,855 | 9,347 |
| 9 Latin America and Caribbean | 9,313 | 21,184 | 31,491 | 33,554 | 34,659 | 35,658 | 38,015 | 39,130 | 39,651 |
| 10 Asia | 153,338 | 138,096 | 137,395 | 139,463 | 146,127 | 147,830 | 148,688 | 148,646 | 149,157 |
| 11 Africa | 1,030 | 1,434 | 1,383 | 2,092 | 2,409 | 2,408 | 2,011 | 2,392 | 2,792 |
| 12 Other countries[6] | 6,469 | 7,955 | 9,982 | 9,608 | 8,316 | 7,971 | 7,854 | 8,371 | 8,349 |

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 Payable in Foreign Currencies[1]

Millions of dollars, end of period

| Item | 1988 | 1989 | 1990 | 1991[r] | | | 1992 |
|---|---|---|---|---|---|---|---|
| | | | | June | Sept. | Dec. | Mar.[r] |
| 1 Banks' liabilities | 74,980 | 67,835 | 70,477 | 59,269 | 63,130 | 74,921 | 67,602 |
| 2 Banks' claims | 68,983 | 65,127 | 66,796 | 60,472 | 63,479 | 73,065 | 60,604 |
| 3 Deposits | 25,100 | 20,491 | 29,672 | 27,720 | 29,567 | 26,201 | 23,985 |
| 4 Other claims | 43,884 | 44,636 | 37,124 | 32,751 | 33,912 | 46,864 | 36,619 |
| 5 Claims of banks' domestic customers[2] | 364 | 3,507 | 6,309 | 1,648 | 2,348 | 3,274 | 2,862 |

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

| Holder and type of liability | 1989 | 1990 | 1991 | 1991 | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May[p] |
| 1 **All foreigners** | **736,878** | **759,634** | **755,673r** | **759,504r** | **755,673r** | **751,877r** | **755,059r** | **772,577r** | **767,963r** | **780,439** |
| 2 Banks' own liabilities | 577,498 | 577,229 | 574,395r | 576,333r | 574,395r | 571,682r | 574,213r | 581,590r | 577,128r | 581,237 |
| 3 Demand deposits | 22,032 | 21,723 | 20,320r | 21,630 | 20,320r | 19,309 | 18,906 | 19,286 | 19,045 | 19,679 |
| 4 Time deposits[2] | 168,780 | 168,017 | 159,844 | 154,290r | 159,844 | 148,133r | 145,836r | 147,865r | 153,400r | 149,607 |
| 5 Other[3] | 67,823 | 65,822 | 66,001r | 75,679 | 66,001r | 72,948r | 75,861 | 75,321 | 75,870r | 82,044 |
| 6 Own foreign offices[4] | 318,864 | 321,667 | 328,230r | 324,734r | 328,230r | 331,292r | 333,610r | 339,118r | 328,813r | 329,907 |
| 7 Banks' custody liabilities[5] | 159,380 | 182,405 | 181,278r | 183,171r | 181,278r | 180,195r | 180,846 | 190,987 | 190,835 | 199,202 |
| 8 U.S. Treasury bills and certificates[6] | 91,100 | 96,796 | 110,734 | 110,938 | 110,734 | 110,000 | 112,172 | 119,882 | 120,924 | 129,312 |
| 9 Other negotiable and readily transferable instruments[7] | 19,526 | 17,578 | 18,664 | 17,206 | 18,664 | 17,745 | 16,894 | 18,429 | 17,797 | 17,901 |
| 10 Other | 48,754 | 68,031 | 51,880r | 55,027r | 51,880r | 52,450r | 51,780 | 52,676 | 52,114 | 51,989 |
| 11 **Nonmonetary international and regional organizations[8]** | **4,894** | **5,918** | **8,947** | **8,721** | **8,947** | **9,895** | **10,615** | **10,469** | **9,947** | **10,146** |
| 12 Banks' own liabilities | 3,279 | 4,540 | 6,793 | 6,828 | 6,793 | 8,112 | 8,879 | 8,567 | 8,064 | 8,191 |
| 13 Demand deposits | 96 | 36 | 43 | 24 | 43 | 39 | 35 | 144 | 29 | 46 |
| 14 Time deposits[2] | 927 | 1,050 | 2,764 | 2,392 | 2,764 | 2,049 | 2,058 | 1,442 | 1,642 | 1,831 |
| 15 Other[3] | 2,255 | 3,455 | 3,986 | 4,412 | 3,986 | 6,024 | 6,786 | 6,981 | 6,393 | 6,314 |
| 16 Banks' custody liabilities[5] | 1,616 | 1,378 | 2,154 | 1,893 | 2,154 | 1,783 | 1,736 | 1,902 | 1,883 | 1,955 |
| 17 U.S. Treasury bills and certificates[6] | 197 | 364 | 1,730 | 1,530 | 1,730 | 1,328 | 1,317 | 1,225 | 1,442 | 1,461 |
| 18 Other negotiable and readily transferable instruments[7] | 1,417 | 1,014 | 424 | 363 | 424 | 455 | 417 | 637 | 441 | 494 |
| 19 Other | 2 | 0 | 0 | 0 | 0 | 0 | 2 | 40 | 0 | 0 |
| 20 **Official institutions[9]** | **113,481** | **119,303** | **131,053** | **135,790r** | **131,053** | **134,138r** | **137,238** | **146,038r** | **147,505r** | **158,332** |
| 21 Banks' own liabilities | 31,108 | 34,910 | 34,376 | 39,110r | 34,376 | 37,917r | 38,623 | 39,795r | 40,584r | 43,204 |
| 22 Demand deposits | 2,196 | 1,924 | 2,642 | 1,621 | 2,642 | 1,480 | 1,297 | 1,342 | 1,360 | 1,321 |
| 23 Time deposits[2] | 10,495 | 14,359 | 16,474 | 13,295r | 16,474 | 16,307 | 14,655 | 17,687r | 18,607r | 18,893 |
| 24 Other[3] | 18,417 | 18,628 | 15,260 | 24,194 | 15,260 | 20,130r | 22,671 | 20,766 | 20,617r | 22,990 |
| 25 Banks' custody liabilities[5] | 82,373 | 84,393 | 96,677 | 96,680 | 96,677 | 96,221 | 98,615 | 106,243 | 106,921 | 115,128 |
| 26 U.S. Treasury bills and certificates[6] | 76,985 | 79,424 | 92,692 | 92,855 | 92,692 | 92,711 | 94,731 | 102,143 | 102,968 | 111,224 |
| 27 Other negotiable and readily transferable instruments[7] | 5,028 | 4,766 | 3,879 | 3,611 | 3,879 | 3,422 | 3,697 | 4,019 | 3,812 | 3,717 |
| 28 Other | 361 | 203 | 106 | 214 | 106 | 88 | 187 | 81 | 141 | 187 |
| 29 **Banks[10]** | **515,275** | **540,805** | **521,576r** | **522,727r** | **521,576r** | **516,474r** | **517,477r** | **526,849r** | **520,805r** | **526,351** |
| 30 Banks' own liabilities | 454,273 | 458,470 | 458,329r | 456,463r | 458,329r | 451,905r | 453,730r | 460,663r | 455,050r | 459,821 |
| 31 Unaffiliated foreign banks | 135,409 | 136,802 | 130,099r | 131,729r | 130,099r | 120,613r | 120,120r | 121,545r | 126,237 | 129,914 |
| 32 Demand deposits | 10,279 | 10,053 | 8,631r | 11,396 | 8,631r | 8,807 | 8,369 | 8,543 | 8,753 | 9,299 |
| 33 Time deposits[2] | 90,557 | 88,541 | 82,936 | 80,049r | 82,936 | 73,938r | 74,535r | 74,231r | 79,698r | 77,107 |
| 34 Other[3] | 34,573 | 38,208 | 38,532r | 40,284 | 38,532r | 37,868r | 37,216 | 38,771 | 37,786r | 43,508 |
| 35 Own foreign offices[4] | 318,864 | 321,667 | 328,230r | 324,734r | 328,230r | 331,292r | 333,610r | 339,118r | 328,813r | 329,907 |
| 36 Banks' custody liabilities[5] | 61,002 | 82,335 | 63,247r | 66,264r | 63,247r | 64,569r | 63,747 | 66,186 | 65,755r | 66,530 |
| 37 U.S. Treasury bills and certificates[6] | 9,367 | 10,669 | 7,471 | 7,855 | 7,471 | 7,713 | 7,733 | 8,344 | 8,410 | 8,946 |
| 38 Other negotiable and readily transferable instruments[7] | 5,124 | 5,341 | 5,694 | 5,852 | 5,694 | 5,853 | 5,999 | 6,733 | 7,127r | 7,038 |
| 39 Other | 46,510 | 66,325 | 50,082r | 52,557r | 50,082r | 51,003r | 50,015 | 51,109 | 50,218 | 50,546 |
| 40 **Other foreigners** | **103,228** | **93,608** | **94,097** | **92,266r** | **94,097** | **91,370r** | **89,729** | **89,221r** | **89,706r** | **85,610** |
| 41 Banks' own liabilities | 88,839 | 79,309 | 74,897 | 73,932r | 74,897 | 73,748r | 72,981 | 72,565r | 73,430r | 70,021 |
| 42 Demand deposits | 9,460 | 9,711 | 9,004 | 8,589 | 9,004 | 8,983 | 9,205 | 9,257 | 8,903 | 9,013 |
| 43 Time deposits[2] | 66,801 | 64,067 | 57,670 | 58,554r | 57,670 | 55,839 | 54,588 | 54,505r | 53,453r | 51,776 |
| 44 Other[3] | 12,577 | 5,530 | 8,223 | 6,789 | 8,223 | 8,926r | 9,188 | 8,803 | 11,074 | 9,232 |
| 45 Banks' custody liabilities[5] | 14,389 | 14,299 | 19,200 | 18,334 | 19,200 | 17,622 | 16,748 | 16,656 | 16,276r | 15,589 |
| 46 U.S. Treasury bills and certificates[6] | 4,551 | 6,339 | 8,841 | 8,698 | 8,841 | 8,248 | 8,391 | 8,170 | 8,104 | 7,681 |
| 47 Other negotiable and readily transferable instruments[7] | 7,958 | 6,457 | 8,667 | 7,380 | 8,667 | 8,015 | 6,781 | 7,040 | 6,417r | 6,652 |
| 48 Other | 1,880 | 1,503 | 1,692 | 2,256 | 1,692 | 1,359 | 1,576 | 1,446 | 1,755 | 1,256 |
| 49 MEMO: Negotiable time certificates of deposit in custody for foreigners | 7,203 | 7,073 | 7,456 | 7,137 | 7,456 | 7,855 | 8,049 | 8,110 | 7,624 | 7,579 |

1. Reporting banks include all kinds of depository institutions besides commercial banks, 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 due 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 due 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 and the Inter-American and Asian Development Banks. Data exclude "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—Continued

| | Area and country | 1989 | 1990 | 1991 | 1991 | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May[p] |
| 1 | **Total** | **736,878** | **759,634** | **755,673[r]** | **759,504[r]** | **755,673[r]** | **751,877[r]** | **755,059[r]** | **772,577[r]** | **767,963[r]** | **780,439** |
| 2 | **Foreign countries** | **731,984** | **753,716** | **746,726[r]** | **750,783[r]** | **746,726[r]** | **741,982[r]** | **744,444[r]** | **762,108[r]** | **758,016[r]** | **770,293** |
| 3 | Europe | 237,501 | 254,452 | 249,010[r] | 251,682[r] | 249,010[r] | 244,530[r] | 246,160[r] | 255,959 | 262,195[r] | 270,730 |
| 4 | Austria | 1,233 | 1,229 | 1,193 | 1,313 | 1,193 | 1,041 | 1,030 | 1,230 | 1,219[r] | 1,337 |
| 5 | Belgium-Luxembourg | 10,648 | 12,382 | 13,337 | 14,600 | 13,337 | 13,348 | 15,156 | 16,253 | 15,818[r] | 17,346 |
| 6 | Denmark | 1,415 | 1,399 | 937 | 1,143 | 937 | 991 | 997 | 892 | 961 | 1,331 |
| 7 | Finland | 570 | 602 | 1,341 | 1,080 | 1,341 | 893 | 623 | 1,014 | 1,005 | 764 |
| 8 | France | 26,903 | 30,946 | 31,808 | 31,095 | 31,808 | 29,186[r] | 26,449 | 26,026 | 27,657[r] | 26,995 |
| 9 | Germany | 7,578 | 7,485 | 8,619[r] | 8,032 | 8,619[r] | 7,859[r] | 9,514[r] | 9,556 | 9,272[r] | 8,319 |
| 10 | Greece | 1,028 | 934 | 765 | 890 | 765 | 873 | 895 | 1,058 | 1,134 | 1,254 |
| 11 | Italy | 16,169 | 17,735 | 13,541 | 13,288 | 13,541 | 10,798 | 9,554 | 9,915 | 10,035 | 10,055 |
| 12 | Netherlands | 6,613 | 5,350 | 7,161 | 6,124 | 7,161 | 7,965 | 7,322 | 9,250 | 9,352 | 9,572 |
| 13 | Norway | 2,401 | 2,357 | 1,866 | 1,452 | 1,866 | 1,922 | 1,398 | 1,286 | 899 | 1,429 |
| 14 | Portugal | 2,418 | 2,958 | 2,184 | 2,223 | 2,184 | 1,114 | 2,540 | 2,071 | 2,217 | 2,391 |
| 15 | Spain | 4,364 | 7,544 | 11,391 | 11,148 | 11,391 | 9,371 | 10,653 | 13,504 | 14,435 | 14,216 |
| 16 | Sweden | 1,491 | 1,837 | 2,222 | 1,105 | 2,222 | 1,887 | 2,544 | 2,106 | 2,888 | 2,007 |
| 17 | Switzerland | 34,496 | 36,690 | 37,236 | 36,711 | 37,236 | 35,658[r] | 34,709 | 37,103 | 33,603 | 36,662 |
| 18 | Turkey | 1,818 | 1,169 | 1,598 | 1,836 | 1,598 | 1,476 | 1,677 | 1,600 | 1,362 | 1,691 |
| 19 | United Kingdom | 102,362 | 109,555 | 100,257[r] | 100,083[r] | 100,257[r] | 102,334[r] | 102,160 | 103,285 | 108,002 | 110,335 |
| 20 | Yugoslavia | 1,474 | 928 | 622 | 544 | 622 | 493 | 529 | 504 | 569 | 524 |
| 21 | Other Western Europe[11] | 13,563 | 11,689 | 9,224 | 15,357 | 9,224 | 13,764[r] | 14,017 | 15,448 | 17,189[r] | 19,844 |
| 22 | U.S.S.R | 350 | 119 | 241 | 236 | 241 | 161 | 238 | 168 | 287 | 451 |
| 23 | Other Eastern Europe[12] | 608 | 1,545 | 3,467 | 3,422 | 3,467 | 3,396 | 4,155 | 3,690 | 4,291 | 4,207 |
| 24 | Canada | 18,865 | 20,349 | 21,581[r] | 23,150[r] | 21,581[r] | 18,665[r] | 20,456[r] | 20,906[r] | 20,475[r] | 22,533 |
| 25 | Latin America and Caribbean | 311,028 | 332,997 | 345,253[r] | 346,214[r] | 345,253[r] | 349,731[r] | 348,552[r] | 350,407[r] | 340,754[r] | 338,966 |
| 26 | Argentina | 7,304 | 7,365 | 7,758 | 7,452 | 7,758 | 7,899 | 7,878 | 8,310 | 8,654 | 9,381 |
| 27 | Bahamas | 99,341 | 107,386 | 100,743[r] | 101,063[r] | 100,743[r] | 101,291[r] | 99,736 | 102,083 | 98,411 | 100,158 |
| 28 | Bermuda | 2,884 | 2,822 | 3,178 | 3,295 | 3,178 | 3,658 | 3,478 | 3,364 | 3,368 | 3,009 |
| 29 | Brazil | 6,351 | 5,834 | 5,942 | 5,811 | 5,942 | 5,785 | 5,760 | 5,745 | 5,752 | 5,399 |
| 30 | British West Indies | 138,309 | 147,321 | 162,816[r] | 163,802[r] | 162,816[r] | 165,462[r] | 167,122[r] | 166,167[r] | 159,904[r] | 157,443 |
| 31 | Chile | 3,212 | 3,145 | 3,284 | 3,388 | 3,284 | 3,322 | 3,408 | 3,623 | 3,507[r] | 3,792 |
| 32 | Colombia | 4,653 | 4,492 | 4,662 | 4,797 | 4,662 | 4,627 | 4,713 | 4,972 | 4,915[r] | 4,902 |
| 33 | Cuba | 10 | 11 | 2 | 12 | 2 | 6 | 5 | 11 | 9 | 6 |
| 34 | Ecuador | 1,391 | 1,379 | 1,232 | 1,236 | 1,232 | 1,248 | 1,217 | 1,168 | 1,128 | 1,150 |
| 35 | Guatemala | 1,312 | 1,541 | 1,594 | 1,589 | 1,594 | 1,554 | 1,549 | 1,539 | 1,489 | 1,438 |
| 36 | Jamaica | 209 | 257 | 231 | 201 | 231 | 234 | 227 | 271 | 234 | 242 |
| 37 | Mexico | 15,423 | 16,650 | 19,957 | 20,499 | 19,957 | 20,372 | 20,319 | 21,540 | 21,361 | 20,841 |
| 38 | Netherlands Antilles | 6,310 | 7,357 | 5,592 | 5,924 | 5,592 | 6,272 | 6,231 | 5,205 | 5,986 | 5,347 |
| 39 | Panama | 4,362 | 4,574 | 4,695 | 4,563 | 4,695 | 4,349 | 4,404 | 4,158 | 4,216 | 4,100 |
| 40 | Peru | 1,984 | 1,294 | 1,249 | 1,240 | 1,249 | 1,233 | 1,221 | 1,187 | 1,094 | 1,098 |
| 41 | Uruguay | 2,284 | 2,520 | 2,111 | 2,373 | 2,111 | 2,313 | 2,158 | 2,054 | 2,171 | 2,119 |
| 42 | Venezuela | 9,482 | 12,271 | 13,181 | 12,171 | 13,181 | 13,520 | 12,424 | 12,190 | 11,874 | 11,704 |
| 43 | Other | 6,206 | 6,779 | 7,026[r] | 6,798 | 7,026[r] | 6,586 | 6,702 | 6,820 | 6,681 | 6,837 |
| 44 | Asia | 156,201 | 136,844 | 120,491[r] | 119,990[r] | 120,491[r] | 119,173[r] | 120,104[r] | 125,727[r] | 125,255[r] | 128,152 |
| | China | | | | | | | | | | |
| 45 | Mainland | 1,773 | 2,421 | 2,625 | 2,783 | 2,625 | 2,739 | 2,607 | 2,677 | 2,751 | 2,363 |
| 46 | Taiwan | 19,588 | 11,246 | 11,500[r] | 11,683[r] | 11,500[r] | 10,955[r] | 10,594[r] | 10,602[r] | 10,479[r] | 10,274 |
| 47 | Hong Kong | 12,416 | 12,754 | 14,365[r] | 13,785[r] | 14,365[r] | 15,151[r] | 14,967 | 14,722[r] | 16,248[r] | 17,990 |
| 48 | India | 780 | 1,233 | 2,418 | 2,613 | 2,418 | 2,297 | 2,256 | 2,028 | 1,792 | 1,671 |
| 49 | Indonesia | 1,281 | 1,238 | 1,463 | 1,412 | 1,463 | 1,037 | 1,276 | 1,516 | 1,109 | 1,133 |
| 50 | Israel | 1,243 | 2,767 | 2,015 | 2,108 | 2,015 | 2,193 | 2,137 | 2,536 | 3,792 | 3,432 |
| 51 | Japan | 81,184 | 67,076 | 47,041[r] | 45,986[r] | 47,041[r] | 46,076[r] | 44,771[r] | 49,510[r] | 47,316 | 46,162 |
| 52 | Korea | 3,215 | 2,287 | 2,535[r] | 2,546[r] | 2,535[r] | 2,433[r] | 2,754 | 2,827 | 2,975 | 3,111 |
| 53 | Philippines | 1,766 | 1,585 | 2,449 | 2,139 | 2,449 | 2,256 | 2,462 | 2,638 | 2,266 | 1,629 |
| 54 | Thailand | 2,093 | 1,443 | 2,252 | 3,581 | 2,252 | 2,933 | 3,224 | 3,330 | 3,147 | 6,990 |
| 55 | Middle-East oil-exporting countries[13] | 13,370 | 15,829 | 15,752 | 16,301 | 15,752 | 15,901 | 18,410 | 19,311 | 18,614 | 18,256 |
| 56 | Other | 17,491 | 16,965 | 16,076 | 15,053 | 16,076 | 15,202 | 14,646 | 14,030 | 14,766 | 15,141 |
| 57 | Africa | 3,824 | 4,630 | 4,824[r] | 4,465 | 4,824[r] | 5,042 | 4,919 | 4,886 | 4,864 | 5,430 |
| 58 | Egypt | 686 | 1,425 | 1,621 | 1,060 | 1,621 | 1,620 | 1,632 | 1,337 | 1,610 | 2,001 |
| 59 | Morocco | 78 | 104 | 79 | 93 | 79 | 86 | 82 | 90 | 88 | 77 |
| 60 | South Africa | 206 | 228 | 228 | 173 | 228 | 201 | 199 | 191 | 188 | 399 |
| 61 | Zaire | 86 | 53 | 31 | 32 | 31 | 28 | 30 | 35 | 27 | 26 |
| 62 | Oil-exporting countries[14] | 1,121 | 1,110 | 1,082 | 1,280 | 1,082 | 1,204 | 1,214 | 1,428 | 1,277 | 1,257 |
| 63 | Other | 1,648 | 1,710 | 1,783[r] | 1,827 | 1,783[r] | 1,903 | 1,762 | 1,805 | 1,674 | 1,670 |
| 64 | Other countries | 4,564 | 4,444 | 5,567 | 5,282 | 5,567 | 4,841 | 4,253 | 4,223 | 4,473 | 4,482 |
| 65 | Australia | 3,867 | 3,807 | 4,464 | 4,116 | 4,464 | 3,619 | 3,065 | 3,100 | 3,575 | 3,211 |
| 66 | All other | 697 | 637 | 1,103 | 1,166 | 1,103 | 1,222 | 1,188 | 1,123 | 898 | 1,271 |
| 67 | Nonmonetary international and regional organizations | 4,894 | 5,918 | 8,947 | 8,721 | 8,947 | 9,895 | 10,615 | 10,469 | 9,947 | 10,146 |
| 68 | International[15] | 3,947 | 4,390 | 6,451 | 6,180 | 6,451 | 7,439 | 8,292 | 8,063 | 7,199 | 7,233 |
| 69 | Latin American regional | 684 | 1,048 | 1,181 | 1,366 | 1,181 | 1,422 | 1,500 | 1,785 | 1,788 | 1,903 |
| 70 | Other regional[16] | 263 | 479 | 1,315 | 1,175 | 1,315 | 1,034 | 823 | 621 | 960 | 1,010 |

11. Includes the Bank for International Settlements and Eastern European countries not listed in line 23.
12. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Excludes "holdings of dollars" of the International Monetary Fund.
16. 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 | 1989 | 1990 | 1991 | 1991 | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan.[r] | Feb.[r] | Mar.[r] | Apr.[r] | May[p] |
| 1 **Total** | **534,492** | **511,543** | **514,375[r]** | **514,709[r]** | **514,375[r]** | **509,490** | **508,876** | **512,995** | **506,838** | **503,392** |
| 2 **Foreign countries** | **530,630** | **506,750** | **508,002[r]** | **511,419[r]** | **508,002[r]** | **504,884** | **502,336** | **506,532** | **501,959** | **499,083** |
| 3 Europe | 119,025 | 113,093 | 114,310[r] | 107,796[r] | 114,310[r] | 112,655 | 110,850 | 112,702 | 123,627 | 120,704 |
| 4 Austria | 415 | 362 | 327 | 325 | 327 | 211 | 447 | 375 | 444 | 456 |
| 5 Belgium-Luxembourg | 6,478 | 5,473 | 6,158 | 6,962 | 6,158 | 6,724 | 7,451 | 7,005 | 6,967 | 6,487 |
| 6 Denmark | 582 | 497 | 686 | 671 | 686 | 792 | 709 | 737 | 871 | 994 |
| 7 Finland | 1,027 | 1,047 | 1,912 | 1,378 | 1,912 | 1,854 | 1,586 | 1,321 | 1,475 | 1,536 |
| 8 France | 16,146 | 14,468 | 15,112 | 14,813 | 15,112 | 15,179 | 13,742 | 14,062 | 13,706 | 14,031 |
| 9 Germany | 2,865 | 3,343 | 3,371[r] | 2,866[r] | 3,371[r] | 3,305 | 3,405 | 3,788 | 3,117 | 4,044 |
| 10 Greece | 788 | 727 | 553 | 555 | 553 | 550 | 562 | 537 | 567 | 492 |
| 11 Italy | 6,662 | 6,052 | 8,242 | 6,362 | 8,242 | 8,000 | 7,346 | 8,584 | 9,835 | 10,282 |
| 12 Netherlands | 1,904 | 1,761 | 2,539 | 2,220 | 2,539 | 2,664 | 2,454 | 2,259 | 2,680 | 2,634 |
| 13 Norway | 609 | 782 | 669 | 776 | 669 | 801 | 665 | 687 | 569 | 733 |
| 14 Portugal | 376 | 292 | 344 | 358 | 344 | 360 | 350 | 368 | 361 | 398 |
| 15 Spain | 1,930 | 2,668 | 1,844 | 2,480 | 1,844 | 2,487 | 2,120 | 3,310 | 3,692 | 2,687 |
| 16 Sweden | 1,773 | 2,094 | 2,335[r] | 2,362[r] | 2,335[r] | 2,756 | 2,928 | 2,636 | 3,062 | 2,992 |
| 17 Switzerland | 6,141 | 4,202 | 4,540 | 4,469 | 4,540 | 4,497 | 3,921 | 3,375 | 4,095 | 4,159 |
| 18 Turkey | 1,071 | 1,405 | 1,063 | 1,151 | 1,063 | 1,062 | 1,076 | 943 | 927 | 1,130 |
| 19 United Kingdom | 65,527 | 65,151 | 60,435[r] | 55,917 | 60,435[r] | 56,624 | 57,082 | 57,880 | 66,316 | 62,480 |
| 20 Yugoslavia | 1,329 | 1,142 | 824 | 848 | 824 | 822 | 810 | 807 | 780 | 735 |
| 21 Other Western Europe[2] | 1,302 | 597 | 789 | 1,001 | 789 | 1,152 | 1,116 | 879 | 821 | 894 |
| 22 U.S.S.R. | 1,179 | 530 | 1,970 | 1,689 | 1,970 | 2,331 | 2,491 | 2,659 | 2,824 | 2,948 |
| 23 Other Eastern Europe[3] | 921 | 499 | 597 | 593 | 597 | 484 | 589 | 490 | 518 | 592 |
| 24 Canada | 15,451 | 16,091 | 15,094[r] | 15,875[r] | 15,094[r] | 14,845 | 15,849 | 15,441 | 15,039 | 16,327 |
| 25 Latin America and Caribbean | 230,438 | 231,506 | 246,006[r] | 252,793[r] | 246,006[r] | 250,236 | 245,565 | 251,762 | 239,387 | 237,973 |
| 26 Argentina | 9,270 | 6,967 | 5,869 | 5,778 | 5,869 | 5,823 | 5,834 | 5,788 | 5,949 | 5,956 |
| 27 Bahamas | 77,921 | 76,525 | 87,173 | 87,190[r] | 87,173 | 89,258 | 84,183 | 88,846 | 82,088 | 84,633 |
| 28 Bermuda | 1,315 | 4,056 | 2,191[r] | 4,108[r] | 2,191[r] | 3,535 | 4,444 | 3,649 | 6,372 | 4,108 |
| 29 Brazil | 23,749 | 17,995 | 11,845 | 11,687 | 11,845 | 12,419 | 12,746 | 12,365 | 12,311 | 12,161 |
| 30 British West Indies | 68,749 | 88,565 | 107,831[r] | 111,921[r] | 107,831[r] | 107,627 | 106,758 | 109,403 | 100,762 | 99,936 |
| 31 Chile | 4,353 | 3,271 | 2,805 | 2,833 | 2,805 | 2,817 | 2,746 | 2,779 | 2,922 | 3,055 |
| 32 Colombia | 2,784 | 2,587 | 2,425 | 2,574 | 2,425 | 2,374 | 2,330 | 2,339 | 2,322 | 2,328 |
| 33 Cuba | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 |
| 34 Ecuador | 1,688 | 1,387 | 1,053 | 1,090 | 1,053 | 1,044 | 1,034 | 993 | 986 | 939 |
| 35 Guatemala | 197 | 191 | 228 | 195 | 228 | 214 | 230 | 233 | 216 | 171 |
| 36 Jamaica | 297 | 238 | 158 | 161 | 158 | 157 | 158 | 152 | 150 | 143 |
| 37 Mexico | 23,376 | 14,851 | 16,611[r] | 17,402[r] | 16,611[r] | 17,059 | 17,365 | 17,354 | 17,406 | 16,818 |
| 38 Netherlands Antilles | 1,921 | 7,998 | 1,126 | 1,122 | 1,126 | 1,112 | 898 | 1,098 | 1,185 | 1,132 |
| 39 Panama | 1,740 | 1,471 | 1,563 | 1,641 | 1,563 | 1,651 | 1,662 | 1,707 | 1,837 | 1,929 |
| 40 Peru | 771 | 663 | 739 | 724 | 739 | 735 | 669 | 644 | 715 | 666 |
| 41 Uruguay | 929 | 786 | 599 | 550 | 599 | 546 | 604 | 604 | 685 | 717 |
| 42 Venezuela | 9,652 | 2,571 | 2,527 | 2,634 | 2,527 | 2,610 | 2,611 | 2,368 | 2,191 | 2,019 |
| 43 Other | 1,726 | 1,384 | 1,263 | 1,183 | 1,263 | 1,255 | 1,293 | 1,440 | 1,288 | 1,262 |
| 44 Asia | 157,474 | 138,722 | 125,358[r] | 127,232[r] | 125,358[r] | 119,796 | 122,616 | 119,700 | 116,735 | 117,161 |
| China | | | | | | | | | | |
| 45 Mainland | 634 | 620 | 747 | 698 | 747 | 813 | 699 | 719 | 660 | 729 |
| 46 Taiwan | 2,776 | 1,952 | 2,087[r] | 1,578[r] | 2,087[r] | 1,914 | 1,881 | 1,969 | 2,008 | 1,808 |
| 47 Hong Kong | 11,128 | 10,648 | 9,715[r] | 10,169[r] | 9,715[r] | 9,852 | 9,721 | 10,582 | 8,520 | 9,127 |
| 48 India | 621 | 655 | 441 | 450 | 441 | 445 | 418 | 518 | 504 | 475 |
| 49 Indonesia | 651 | 933 | 952 | 872 | 952 | 1,012 | 1,043 | 1,079 | 1,034 | 1,111 |
| 50 Israel | 813 | 774 | 855 | 907 | 855 | 873 | 943 | 901 | 836 | 874 |
| 51 Japan | 111,300 | 90,699 | 84,813[r] | 85,532[r] | 84,813[r] | 80,585 | 80,247 | 74,595 | 72,106 | 74,420 |
| 52 Korea | 5,323 | 5,766 | 6,045[r] | 5,819[r] | 6,045[r] | 5,696 | 6,292 | 6,420 | 6,220 | 5,798 |
| 53 Philippines | 1,344 | 1,247 | 1,910 | 1,971 | 1,910 | 1,849 | 1,789 | 1,831 | 1,690 | 1,618 |
| 54 Thailand | 1,140 | 1,573 | 1,713 | 1,803 | 1,713 | 1,633 | 1,621 | 1,599 | 1,618 | 1,703 |
| 55 Middle East oil-exporting countries[4] | 10,149 | 10,749 | 8,284 | 9,957 | 8,284 | 8,073 | 10,976 | 12,284 | 14,557 | 13,356 |
| 56 Other | 11,594 | 13,106 | 7,796 | 7,476 | 7,796 | 7,051 | 6,986 | 7,203 | 6,982 | 6,142 |
| 57 Africa | 5,890 | 5,445 | 4,928 | 5,242 | 4,928 | 4,870 | 4,741 | 4,758 | 4,818 | 4,579 |
| 58 Egypt | 502 | 380 | 294 | 351 | 294 | 255 | 223 | 271 | 242 | 218 |
| 59 Morocco | 559 | 513 | 575 | 583 | 575 | 591 | 550 | 547 | 547 | 529 |
| 60 South Africa | 1,628 | 1,525 | 1,235 | 1,493 | 1,235 | 1,217 | 1,189 | 1,176 | 1,239 | 1,128 |
| 61 Zaire | 16 | 16 | 4 | 7 | 4 | 4 | 4 | 4 | 4 | 4 |
| 62 Oil-exporting countries[5] | 1,648 | 1,486 | 1,298 | 1,320 | 1,298 | 1,116 | 1,112 | 1,164 | 1,160 | 1,162 |
| 63 Other | 1,537 | 1,525 | 1,522 | 1,488 | 1,522 | 1,687 | 1,663 | 1,596 | 1,626 | 1,538 |
| 64 Other countries | 2,354 | 1,892 | 2,306 | 2,481 | 2,306 | 2,482 | 2,715 | 2,169 | 2,353 | 2,339 |
| 65 Australia | 1,781 | 1,413 | 1,665 | 1,718 | 1,665 | 1,473 | 1,478 | 1,388 | 1,424 | 1,188 |
| 66 All other | 573 | 479 | 641 | 763 | 641 | 1,009 | 1,237 | 781 | 929 | 1,151 |
| 67 Nonmonetary international and regional organizations[6] | 3,862 | 4,793 | 6,373 | 3,290 | 6,373 | 4,606 | 6,540 | 6,463 | 4,879 | 4,309 |

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Includes the Bank for International Settlements and Eastern European countries not listed in line 23.
3. Comprises Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

## 3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

| Type of claim | 1989 | 1990 | 1991[r] | 1991[r] | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Nov. | Dec. | Jan.[r] | Feb.[r] | Mar.[r] | Apr.[r] | May[p] |
| 1 **Total** | **593,087** | **579,044** | **580,345** | **567,307** | ... | ... | **580,345** | ... | ... | ... |
| 2 Banks' own claims on foreigners | 534,492 | 511,543 | 514,248 | 499,931 | 511,082 | 514,637 | 514,248 | 508,616 | 509,007 | 512,911 |
| 3 Foreign public borrowers | 60,511 | 41,900 | 37,247 | 35,680 | 35,261 | 36,323 | 37,247 | 35,171 | 38,609 | 37,043 |
| 4 Own foreign offices[2] | 296,011 | 304,315 | 318,952 | 304,518 | 313,021 | 313,783 | 318,952 | 307,625 | 306,286 | 318,432 |
| 5 Unaffiliated foreign banks | 134,885 | 117,272 | 116,449 | 113,872 | 119,829 | 120,218 | 116,449 | 121,900 | 118,985 | 113,911 |
| 6 Deposits | 78,185 | 65,253 | 69,125 | 68,482 | 72,534 | 71,610 | 69,125 | 71,884 | 70,784 | 66,921 |
| 7 Other | 56,700 | 52,019 | 47,324 | 45,390 | 47,295 | 48,608 | 47,324 | 50,016 | 48,201 | 46,990 |
| 8 All other foreigners | 43,085 | 48,056 | 41,600 | 45,861 | 42,971 | 44,313 | 41,600 | 43,920 | 45,127 | 43,525 |
| 9 Claims of banks' domestic customers[3] | 58,594 | 67,501 | 66,097 | 67,376 | ... | ... | 66,097 | ... | ... | ... |
| 10 Deposits | 13,019 | 14,375 | 15,240 | 19,512 | ... | ... | 15,240 | ... | ... | ... |
| 11 Negotiable and readily transferable instruments[4] | 30,983 | 41,333 | 37,918 | 35,054 | ... | ... | 37,918 | ... | ... | ... |
| 12 Outstanding collections and other claims | 14,592 | 11,792 | 12,939 | 12,810 | ... | ... | 12,939 | ... | ... | ... |
| 13 MEMO: Customer liability on acceptances | 12,899 | 13,628 | 7,418 | 8,739 | ... | ... | 7,418 | ... | ... | ... |
| 14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5] | 45,767 | 44,574 | 39,036 | 38,213 | 39,822 | 40,589 | 39,036 | 37,575 | 38,971 | n.a. |

1. Data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only. Reporting banks include all kinds of depository institutions besides commercial banks, 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 owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account 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 July 1979 *Bulletin*, 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 | 1988 | 1989 | 1990 | 1991 | | | 1992 |
|---|---|---|---|---|---|---|---|
| | | | | June | Sept. | Dec. | Mar. |
| 1 **Total** | **233,184** | **238,123** | **206,903** | **199,216** | **199,517** | **195,164** | **195,079** |
| *By borrower* | | | | | | | |
| 2 Maturity of one year or less[2] | 172,634 | 178,346 | 165,985 | 158,660 | 160,346 | 159,829 | 160,694 |
| 3 Foreign public borrowers | 26,562 | 23,916 | 19,305 | 21,794 | 19,286 | 17,461 | 20,841 |
| 4 All other foreigners | 146,071 | 154,430 | 146,680 | 136,866 | 141,060 | 142,368 | 139,853 |
| 5 Maturity of more than one year[2] | 60,550 | 59,776 | 40,918 | 40,555 | 39,171 | 35,335 | 34,385 |
| 6 Foreign public borrowers | 35,291 | 36,014 | 22,269 | 22,417 | 20,820 | 17,925 | 16,189 |
| 7 All other foreigners | 25,259 | 23,762 | 18,649 | 18,138 | 18,352 | 17,410 | 18,196 |
| *By area* | | | | | | | |
| Maturity of one year or less[2] | | | | | | | |
| 8 Europe | 55,909 | 53,913 | 49,184 | 49,840 | 50,368 | 51,207 | 51,849 |
| 9 Canada | 6,282 | 5,910 | 5,450 | 5,939 | 7,309 | 5,682 | 6,425 |
| 10 Latin America and Caribbean | 57,991 | 53,003 | 49,782 | 42,670 | 41,127 | 47,280 | 42,973 |
| 11 Asia | 46,224 | 57,755 | 53,258 | 53,993 | 53,150 | 49,462 | 49,961 |
| 12 Africa | 3,337 | 3,225 | 3,040 | 3,008 | 2,937 | 2,815 | 2,535 |
| 13 All other[3] | 2,891 | 4,541 | 5,272 | 3,212 | 5,455 | 3,383 | 6,951 |
| Maturity of more than one year[2] | | | | | | | |
| 14 Europe | 4,666 | 4,121 | 3,859 | 4,128 | 3,832 | 3,717 | 3,876 |
| 15 Canada | 1,922 | 2,353 | 3,290 | 3,390 | 3,823 | 3,676 | 3,546 |
| 16 Latin America and Caribbean | 47,547 | 45,816 | 25,774 | 24,962 | 23,220 | 19,232 | 18,741 |
| 17 Asia | 3,613 | 4,172 | 5,165 | 5,414 | 5,645 | 6,095 | 5,460 |
| 18 Africa | 2,301 | 2,630 | 2,374 | 2,426 | 2,456 | 2,393 | 2,349 |
| 19 All other[3] | 501 | 684 | 456 | 237 | 195 | 222 | 413 |

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Remaining time to maturity.
3. Includes nonmonetary international and regional organizations.

## 3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

| Area or country | 1988 | 1989 | 1990 | | | | 1991 | | | | 1992 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Mar. | June | Sept. | Dec. | Mar. | June | Sept. | Dec. | Mar. |
| 1 **Total** | **346.3** | **338.8** | **333.9** | **321.7** | **331.5** | **317.8** | **325.4[r]** | **320.8[r]** | **335.5[r]** | **341.6[r]** | **348.1[r]** |
| 2 G-10 countries and Switzerland | 152.7 | 152.9 | 146.6 | 139.3 | 143.6 | 132.1 | 129.9 | 130.1[r] | 134.0 | 137.3[r] | 130.8[r] |
| 3 Belgium-Luxembourg | 9.0 | 6.3 | 6.7 | 6.2 | 6.5 | 5.9 | 6.2 | 6.1 | 5.8 | 6.0 | 5.3 |
| 4 France | 10.5 | 11.7 | 10.4 | 10.2 | 11.1 | 10.4 | 9.7 | 10.5 | 11.1 | 11.0 | 9.9 |
| 5 Germany | 10.3 | 10.5 | 11.2 | 11.2 | 11.1 | 10.6 | 8.8 | 8.3 | 9.7 | 8.3[r] | 8.5 |
| 6 Italy | 6.8 | 7.4 | 5.9 | 5.4 | 4.4 | 5.0 | 4.0 | 3.6 | 4.5 | 5.6 | 5.4 |
| 7 Netherlands | 2.7 | 3.1 | 3.1 | 2.7 | 3.8 | 3.0 | 3.3 | 3.3 | 3.0 | 4.7 | 4.3 |
| 8 Sweden | 1.8 | 2.0 | 2.1 | 2.3 | 2.3 | 2.2 | 2.0 | 2.5 | 2.1 | 1.9 | 2.0 |
| 9 Switzerland | 5.4 | 7.1 | 6.2 | 6.3 | 5.6 | 4.4 | 3.7 | 3.3 | 3.9 | 3.4 | 3.2 |
| 10 United Kingdom | 66.2 | 67.2 | 64.0 | 59.9 | 62.6 | 60.8 | 62.2[r] | 59.8 | 64.9 | 68.5 | 65.0[r] |
| 11 Canada | 5.0 | 5.4 | 4.8 | 5.1 | 5.0 | 5.9 | 6.8 | 8.2 | 5.9 | 5.9[r] | 6.6[r] |
| 12 Japan | 34.9 | 32.2 | 32.2 | 30.1 | 31.3 | 23.9 | 23.2 | 24.6 | 23.2 | 22.2 | 20.7 |
| 13 Other developed countries | 21.0 | 20.7 | 23.0 | 22.4 | 23.0 | 22.6 | 23.1 | 21.1 | 21.7 | 22.6 | 21.2 |
| 14 Austria | 1.5 | 1.5 | 1.5 | 1.5 | 1.6 | 1.4 | 1.4 | 1.1 | 1.0 | .6 | .8 |
| 15 Denmark | 1.1 | 1.1 | 1.2 | 1.1 | 1.1 | 1.1 | .9 | 1.2 | .9 | .9 | .8 |
| 16 Finland | 1.1 | 1.0 | 1.1 | .9 | .8 | .7 | 1.0 | .8 | .7 | .7 | .8 |
| 17 Greece | 1.8 | 2.5 | 2.6 | 2.7 | 2.8 | 2.7 | 2.5 | 2.4 | 2.3 | 2.6 | 2.3 |
| 18 Norway | 1.8 | 1.4 | 1.7 | 1.4 | 1.6 | 1.6 | 1.5 | 1.5 | 1.4 | 1.4 | 1.5 |
| 19 Portugal | .4 | .4 | .4 | .8 | .6 | .6 | .6 | .6 | .5 | .6 | .5 |
| 20 Spain | 6.2 | 7.1 | 8.2 | 7.8 | 8.4 | 8.3 | 9.0 | 7.0 | 8.3 | 8.2 | 7.6 |
| 21 Turkey | 1.5 | 1.2 | 1.3 | 1.4 | 1.6 | 1.7 | 1.7 | 1.9 | 1.6 | 1.4 | 1.2 |
| 22 Other Western Europe | 1.3 | .7 | 1.0 | 1.1 | .7 | .9 | .8 | .9 | 1.0 | 1.6 | 1.3 |
| 23 South Africa | 2.4 | 2.0 | 2.0 | 1.9 | 1.9 | 1.8 | 1.8 | 1.8 | 1.6 | 1.9 | 1.8 |
| 24 Australia | 1.8 | 1.6 | 2.1 | 1.8 | 2.0 | 1.8 | 1.9 | 2.0 | 2.4 | 2.7 | 2.3 |
| 25 OPEC countries[2] | 16.6 | 17.1 | 15.5 | 15.3 | 14.2 | 12.8 | 17.1 | 14.0 | 15.6 | 14.6 | 16.0 |
| 26 Ecuador | 1.7 | 1.3 | 1.2 | 1.1 | 1.1 | 1.0 | .9 | .9 | .8 | .7 | .7 |
| 27 Venezuela | 7.9 | 7.0 | 6.1 | 6.0 | 6.0 | 5.0 | 5.1 | 5.3 | 5.6 | 5.4 | 5.4 |
| 28 Indonesia | 1.7 | 2.0 | 2.1 | 2.0 | 2.3 | 2.7 | 2.8 | 2.6 | 2.8 | 2.8 | 3.3 |
| 29 Middle East countries | 3.4 | 5.0 | 4.3 | 4.4 | 3.1 | 2.5 | 6.6 | 3.7 | 5.0 | 4.2 | 5.3 |
| 30 African countries | 1.9 | 1.7 | 1.8 | 1.8 | 1.7 | 1.7 | 1.6 | 1.5 | 1.5 | 1.5 | 1.4 |
| 31 Non-OPEC developing countries | 85.3 | 77.5 | 68.8 | 66.7 | 67.1 | 65.4 | 66.4 | 65.0 | 65.0 | 64.3 | 70.5 |
| *Latin America* | | | | | | | | | | | |
| 32 Argentina | 9.0 | 6.3 | 5.6 | 5.2 | 5.0 | 5.0 | 4.7 | 4.6 | 4.5 | 4.8 | 5.0 |
| 33 Brazil | 22.4 | 19.0 | 17.5 | 16.7 | 15.4 | 14.4 | 13.9 | 11.6 | 10.5 | 9.5 | 10.8 |
| 34 Chile | 5.6 | 4.6 | 4.3 | 3.7 | 3.6 | 3.5 | 3.6 | 3.6 | 3.7 | 3.6 | 3.9 |
| 35 Colombia | 2.1 | 1.8 | 1.8 | 1.7 | 1.8 | 1.8 | 1.7 | 1.6 | 1.6 | 1.7 | 1.6 |
| 36 Mexico | 18.8 | 17.7 | 12.8 | 12.6 | 12.8 | 13.0 | 13.7 | 14.3 | 16.2 | 15.5 | 18.2 |
| 37 Peru | .8 | .6 | .5 | .5 | .5 | .5 | .5 | .5 | .4 | .4 | .4 |
| 38 Other | 2.6 | 2.8 | 2.8 | 2.3 | 2.4 | 2.3 | 2.2 | 2.0 | 1.9 | 2.1 | 2.2 |
| *Asia* | | | | | | | | | | | |
| China | | | | | | | | | | | |
| 39 Mainland | .3 | .3 | .3 | .2 | .2 | .2 | .4 | .6 | .4 | .3 | .3 |
| 40 Taiwan | 3.7 | 4.5 | 3.8 | 3.6 | 4.0 | 3.5 | 3.6 | 4.1 | 4.1 | 4.1 | 4.7 |
| 41 India | 2.1 | 3.1 | 3.5 | 3.6 | 3.6 | 3.3 | 3.5 | 3.0 | 2.8 | 3.0 | 3.6 |
| 42 Israel | 1.2 | .7 | .6 | .7 | .6 | .5 | .5 | .5 | .5 | .5 | .4 |
| 43 Korea (South) | 6.1 | 5.9 | 5.3 | 5.6 | 6.2 | 6.2 | 6.8 | 6.9 | 6.5 | 6.8 | 6.9 |
| 44 Malaysia | 1.6 | 1.7 | 1.8 | 1.8 | 1.8 | 1.9 | 2.0 | 2.1 | 2.3 | 2.3 | 2.5 |
| 45 Philippines | 4.5 | 4.1 | 3.7 | 3.9 | 3.9 | 3.8 | 3.7 | 3.7 | 3.6 | 3.7 | 3.6 |
| 46 Thailand | 1.1 | 1.3 | 1.1 | 1.3 | 1.5 | 1.5 | 1.6 | 1.7 | 1.9 | 1.7 | 1.7 |
| 47 Other Asia[3] | .9 | 1.0 | 1.2 | 1.1 | 1.6 | 1.7 | 2.1 | 2.3 | 2.3 | 2.4 | 2.7 |
| *Africa* | | | | | | | | | | | |
| 48 Egypt | .4 | .4 | .4 | .5 | .4 | .4 | .4 | .4 | .4 | .4 | .3 |
| 49 Morocco | .9 | .9 | .9 | .9 | .9 | .8 | .8 | .7 | .7 | .7 | .7 |
| 50 Zaire | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 51 Other Africa[3] | 1.1 | 1.0 | .9 | .8 | .8 | 1.0 | .8 | .8 | .8 | .7 | .7 |
| 52 Eastern Europe | 3.6 | 3.5 | 3.3 | 2.9 | 2.7 | 2.3 | 2.1 | 2.1 | 1.8 | 2.4 | 2.9 |
| 53 U.S.S.R. | .7 | .7 | .8 | .4 | .4 | .2 | .3 | .4 | .4 | .9 | 1.4 |
| 54 Yugoslavia | 1.8 | 1.6 | 1.4 | 1.4 | 1.3 | 1.2 | 1.0 | 1.0 | .8 | .9 | .8 |
| 55 Other | 1.1 | 1.3 | 1.2 | 1.1 | 1.1 | .9 | .8 | .7 | .7 | .7 | .6 |
| 56 Offshore banking centers | 44.2 | 36.6 | 43.1 | 40.3 | 42.6 | 42.5 | 50.1[r] | 48.3[r] | 52.4[r] | 51.9[r] | 58.5[r] |
| 57 Bahamas | 11.0 | 5.5 | 9.2 | 8.5 | 8.9 | 2.8 | 8.4 | 6.8 | 6.7 | 12.0 | 14.0 |
| 58 Bermuda | .9 | 1.7 | 1.2 | 2.5 | 4.5 | 4.4 | 4.4 | 4.2 | 7.1 | 2.2 | 3.9 |
| 59 Cayman Islands and other British West Indies | 12.9 | 9.0 | 10.9 | 8.5 | 9.3 | 11.5 | 14.1[r] | 14.9[r] | 13.8[r] | 15.9 | 17.4[r] |
| 60 Netherlands Antilles | 1.0 | 2.3 | 2.6 | 2.3 | 2.2 | 7.9 | 1.1 | 1.4 | 3.5 | 1.2 | 1.0 |
| 61 Panama[4] | 2.5 | 1.4 | 1.3 | 1.4 | 1.5 | 1.4 | 1.5[r] | 1.3 | 1.3 | 1.3 | 1.3 |
| 62 Lebanon | .1 | .1 | .1 | .1 | .1 | .1 | .1 | .1 | .1 | .1 | .1 |
| 63 Hong Kong | 9.6 | 9.7 | 9.8 | 10.0 | 8.7 | 7.7 | 11.6 | 12.4 | 12.1 | 12.2 | 12.2 |
| 64 Singapore | 6.1 | 7.0 | 8.0 | 7.0 | 7.5 | 6.6 | 8.9 | 7.2 | 7.7 | 7.1 | 8.5 |
| 65 Other[5] | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 66 Miscellaneous and unallocated[6] | 22.6 | 30.3 | 33.3 | 34.5 | 38.1 | 39.8 | 36.5 | 40.0 | 44.7 | 48.3 | 48.1 |

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

Since June 1984, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

## 3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

| Type and area or country | 1988 | 1989 | 1990[r] | 1990 | 1991 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Mar.[r] | June[r] | Sept.[r] | Dec.[r] | Mar.[p] |
| 1 **Total** | **32,952** | **38,764** | **44,988** | **44,988[r]** | **41,978** | **40,652** | **42,148** | **41,514** | **43,432** |
| 2 Payable in dollars | 27,335 | 33,973 | 39,791 | 39,791[r] | 37,402 | 36,182 | 37,442 | 36,261 | 38,139 |
| 3 Payable in foreign currencies | 5,617 | 4,791 | 5,197 | 5,197[r] | 4,576 | 4,469 | 4,706 | 5,253 | 5,293 |
| *By type* | | | | | | | | | |
| 4 Financial liabilities | 14,507 | 17,879 | 20,010 | 20,010[r] | 18,606 | 18,260 | 20,350 | 20,180 | 21,600 |
| 5 Payable in dollars | 10,608 | 14,035 | 15,984 | 15,984[r] | 15,266 | 14,947 | 16,675 | 16,187 | 17,505 |
| 6 Payable in foreign currencies | 3,900 | 3,844 | 4,026 | 4,026[r] | 3,340 | 3,313 | 3,675 | 3,993 | 4,095 |
| 7 Commercial liabilities | 18,445 | 20,885 | 24,977 | 24,977[r] | 23,372 | 22,392 | 21,798 | 21,334 | 21,832 |
| 8 Trade payables | 6,505 | 8,070 | 10,512 | 10,512[r] | 8,789 | 8,576 | 8,359 | 8,185 | 8,703 |
| 9 Advance receipts and other liabilities | 11,940 | 12,815 | 14,465 | 14,465[r] | 14,583 | 13,815 | 13,439 | 13,149 | 13,129 |
| 10 Payable in dollars | 16,727 | 19,938 | 23,807 | 23,807[r] | 22,135 | 21,235 | 20,767 | 20,074 | 20,634 |
| 11 Payable in foreign currencies | 1,717 | 947 | 1,170 | 1,170[r] | 1,236 | 1,157 | 1,031 | 1,260 | 1,198 |
| *By area or country* | | | | | | | | | |
| Financial liabilities | | | | | | | | | |
| 12 Europe | 9,962 | 11,660 | 10,346 | 10,346[r] | 9,559 | 9,634 | 11,403 | 10,750 | 12,000 |
| 13 Belgium-Luxembourg | 289 | 340 | 394 | 394[r] | 335 | 355 | 397 | 187 | 144 |
| 14 France | 359 | 258 | 700 | 700 | 632 | 556 | 1,747 | 1,596 | 2,002 |
| 15 Germany | 699 | 464 | 621 | 621[r] | 561 | 658 | 652 | 658 | 644 |
| 16 Netherlands | 880 | 941 | 1,081 | 1,081[r] | 1,036 | 1,026 | 1,050 | 1,058 | 1,026 |
| 17 Switzerland | 1,033 | 541 | 516 | 516[r] | 517 | 484 | 468 | 361 | 357 |
| 18 United Kingdom | 6,533 | 8,818 | 6,395 | 6,395[r] | 5,810 | 5,932 | 6,521 | 6,260 | 6,919 |
| 19 Canada | 388 | 610 | 229 | 229 | 278 | 293 | 305 | 268 | 289 |
| 20 Latin America and Caribbean | 839 | 1,357 | 4,153 | 4,153[r] | 4,255 | 3,808 | 3,883 | 4,308 | 4,048 |
| 21 Bahamas | 184 | 157 | 371 | 371 | 392 | 375 | 314 | 537 | 396 |
| 22 Bermuda | 0 | 17 | 0 | 0 | 0 | 12 | 0 | 114 | 114 |
| 23 Brazil | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 6 | 8 |
| 24 British West Indies | 645 | 724 | 3,160 | 3,160[r] | 3,293 | 2,816 | 2,961 | 3,047 | 2,915 |
| 25 Mexico | 1 | 6 | 5 | 5 | 6 | 6 | 6 | 8 | 8 |
| 26 Venezuela | 0 | 0 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| 27 Asia | 3,312 | 4,151 | 4,872 | 4,872[r] | 4,510 | 4,515 | 4,755 | 4,796 | 5,168 |
| 28 Japan | 2,563 | 3,299 | 3,637 | 3,637[r] | 3,432 | 3,339 | 3,605 | 3,557 | 3,906 |
| 29 Middle East oil-exporting countries[2] | 3 | 2 | 5 | 5 | 1 | 4 | 19 | 13 | 13 |
| 30 Africa | 2 | 2 | 2 | 2 | 2 | 9 | 3 | 6 | 7 |
| 31 Oil-exporting countries[3] | 0 | 0 | 0 | 0 | 0 | 7 | 2 | 4 | 6 |
| 32 All other[4] | 4 | 100 | 409 | 409 | 2 | 2 | 1 | 52 | 88 |
| Commercial liabilities | | | | | | | | | |
| 33 Europe | 7,319 | 9,071 | 10,310 | 10,310 | 9,772 | 8,703 | 8,240 | 7,879 | 7,520 |
| 34 Belgium-Luxembourg | 158 | 175 | 275 | 275 | 261 | 249 | 229 | 247 | 255 |
| 35 France | 455 | 877 | 1,218 | 1,218 | 1,215 | 1,193 | 1,003 | 884 | 668 |
| 36 Germany | 1,699 | 1,392 | 1,270 | 1,270 | 1,383 | 1,040 | 916 | 945 | 872 |
| 37 Netherlands | 587 | 710 | 844 | 844 | 729 | 744 | 768 | 704 | 558 |
| 38 Switzerland | 417 | 693 | 775 | 775 | 661 | 580 | 492 | 473 | 475 |
| 39 United Kingdom | 2,079 | 2,620 | 2,792 | 2,792 | 2,817 | 2,336 | 2,250 | 2,304 | 2,464 |
| 40 Canada | 1,217 | 1,124 | 1,261 | 1,261[r] | 1,251 | 1,208 | 1,018 | 992 | 1,090 |
| 41 Latin America and Caribbean | 1,090 | 1,224 | 1,672 | 1,672[r] | 1,602 | 1,622 | 1,518 | 1,357 | 1,722 |
| 42 Bahamas | 49 | 41 | 12 | 12 | 14 | 5 | 14 | 3 | 21 |
| 43 Bermuda | 286 | 308 | 538 | 538 | 494 | 504 | 450 | 310 | 493 |
| 44 Brazil | 95 | 100 | 145 | 145 | 216 | 180 | 211 | 219 | 230 |
| 45 British West Indies | 34 | 27 | 30 | 30 | 35 | 49 | 46 | 107 | 108 |
| 46 Mexico | 217 | 323 | 475 | 475 | 343 | 358 | 291 | 303 | 375 |
| 47 Venezuela | 114 | 164 | 130 | 130 | 129 | 119 | 102 | 94 | 171 |
| 48 Asia | 6,915 | 7,550 | 9,483 | 9,483[r] | 8,622 | 8,827 | 8,918 | 9,274 | 9,837 |
| 49 Japan | 3,094 | 2,914 | 3,651 | 3,651[r] | 3,423 | 3,411 | 3,363 | 3,648 | 3,463 |
| 50 Middle East oil-exporting countries[2,5] | 1,385 | 1,632 | 2,016 | 2,016 | 1,566 | 1,700 | 1,809 | 1,497 | 1,606 |
| 51 Africa | 576 | 886 | 844 | 844[r] | 656 | 596 | 836 | 762 | 646 |
| 52 Oil-exporting countries[3] | 202 | 339 | 422 | 422 | 226 | 226 | 357 | 358 | 253 |
| 53 All other[4] | 1,328 | 1,030 | 1,406 | 1,406 | 1,469 | 1,436 | 1,268 | 1,070 | 1,017 |

1. For a description of the changes in the International Statistics tables, see July 1979 *Bulletin*, 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 | 1988 | 1989 | 1990[r] | 1990 | 1991 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Dec. | Mar.[r] | June[r] | Sept.[r] | Dec.[r] | Mar.[p] |
| 1 **Total** | **33,805** | **33,173** | **35,240** | **35,240[r]** | **35,447** | **37,045** | **38,126** | **41,481** | **40,481** |
| 2 Payable in dollars | 31,425 | 30,773 | 32,652 | 32,652[r] | 33,148 | 34,958 | 35,788 | 39,000 | 37,906 |
| 3 Payable in foreign currencies | 2,381 | 2,400 | 2,589 | 2,589[r] | 2,299 | 2,087 | 2,338 | 2,481 | 2,575 |
| *By type* | | | | | | | | | |
| 4 Financial claims | 21,640 | 19,297 | 19,841 | 19,841[r] | 19,694 | 20,904 | 22,433 | 24,614 | 24,205 |
| 5 Deposits | 15,643 | 12,353 | 13,697 | 13,697[r] | 13,044 | 12,549 | 16,167 | 17,134 | 16,852 |
| 6 Payable in dollars | 14,544 | 11,364 | 12,552 | 12,552[r] | 12,012 | 11,758 | 15,147 | 16,283 | 15,670 |
| 7 Payable in foreign currencies | 1,099 | 989 | 1,145 | 1,145[r] | 1,032 | 790 | 1,020 | 851 | 1,182 |
| 8 Other financial claims | 5,997 | 6,944 | 6,144 | 6,144[r] | 6,650 | 8,355 | 6,266 | 7,480 | 7,353 |
| 9 Payable in dollars | 5,220 | 6,190 | 5,247 | 5,247 | 5,948 | 7,656 | 5,568 | 6,660 | 6,689 |
| 10 Payable in foreign currencies | 777 | 754 | 896 | 896[r] | 702 | 700 | 698 | 820 | 664 |
| 11 Commercial claims | 12,166 | 13,876 | 15,400 | 15,400 | 15,753 | 16,141 | 15,693 | 16,867 | 16,276 |
| 12 Trade receivables | 11,091 | 12,253 | 13,544 | 13,544[r] | 13,706 | 13,979 | 13,270 | 14,129 | 13,654 |
| 13 Advance payments and other claims | 1,075 | 1,624 | 1,856 | 1,856[r] | 2,047 | 2,163 | 2,423 | 2,738 | 2,622 |
| 14 Payable in dollars | 11,660 | 13,219 | 14,852 | 14,852 | 15,187 | 15,544 | 15,073 | 16,057 | 15,547 |
| 15 Payable in foreign currencies | 505 | 657 | 548 | 548 | 566 | 597 | 620 | 810 | 729 |
| *By area or country* | | | | | | | | | |
| Financial claims | | | | | | | | | |
| 16 Europe | 10,278 | 8,463 | 9,601 | 9,601[r] | 10,640 | 11,875 | 13,077 | 13,429 | 14,035 |
| 17 Belgium-Luxembourg | 18 | 28 | 76 | 76 | 86 | 74 | 76 | 13 | 13 |
| 18 France | 203 | 153 | 371 | 371[r] | 208 | 271 | 255 | 312 | 233 |
| 19 Germany | 120 | 152 | 367 | 367 | 312 | 298 | 434 | 342 | 291 |
| 20 Netherlands | 348 | 238 | 265 | 265 | 380 | 429 | 420 | 385 | 728 |
| 21 Switzerland | 217 | 153 | 357 | 357 | 422 | 433 | 580 | 591 | 682 |
| 22 United Kingdom | 9,039 | 7,496 | 7,921 | 7,921[r] | 9,016 | 10,222 | 10,943 | 11,150 | 11,518 |
| 23 Canada | 2,325 | 1,904 | 2,934 | 2,934[r] | 1,889 | 2,017 | 2,113 | 2,560 | 2,669 |
| 24 Latin America and Caribbean | 8,160 | 8,020 | 6,201 | 6,201[r] | 6,266 | 5,926 | 6,269 | 7,652 | 6,483 |
| 25 Bahamas | 1,846 | 1,890 | 1,090 | 1,090[r] | 825 | 457 | 652 | 758 | 400 |
| 26 Bermuda | 19 | 7 | 3 | 3 | 6 | 4 | 19 | 8 | 12 |
| 27 Brazil | 47 | 224 | 68 | 68 | 68 | 127 | 124 | 115 | 109 |
| 28 British West Indies | 5,763 | 5,486 | 4,635 | 4,635[r] | 4,937 | 4,957 | 5,106 | 6,380 | 5,670 |
| 29 Mexico | 151 | 94 | 177 | 177 | 179 | 161 | 171 | 179 | 150 |
| 30 Venezuela | 21 | 20 | 25 | 25 | 28 | 29 | 32 | 40 | 34 |
| 31 Asia | 623 | 590 | 860 | 860 | 568 | 747 | 619 | 605 | 661 |
| 32 Japan | 354 | 213 | 523 | 523 | 246 | 398 | 277 | 343 | 423 |
| 33 Middle East oil-exporting countries[2] | 5 | 8 | 8 | 8 | 11 | 4 | 3 | 5 | 3 |
| 34 Africa | 106 | 140 | 37 | 37 | 62 | 64 | 61 | 57 | 60 |
| 35 Oil-exporting countries[3] | 10 | 12 | 0 | 0 | 3 | 1 | 1 | 1 | 0 |
| 36 All other[4] | 148 | 180 | 207 | 207[r] | 269 | 275 | 294 | 311 | 297 |
| Commercial claims | | | | | | | | | |
| 37 Europe | 5,181 | 6,209 | 7,038 | 7,038 | 7,051 | 7,456 | 6,878 | 7,817 | 7,517 |
| 38 Belgium-Luxembourg | 189 | 242 | 212 | 212 | 226 | 220 | 190 | 192 | 176 |
| 39 France | 672 | 964 | 1,240 | 1,240 | 1,273 | 1,402 | 1,330 | 1,538 | 1,545 |
| 40 Germany | 669 | 696 | 806 | 806 | 873 | 956 | 856 | 931 | 921 |
| 41 Netherlands | 212 | 479 | 555 | 555 | 604 | 707 | 641 | 637 | 644 |
| 42 Switzerland | 344 | 313 | 301 | 301 | 324 | 296 | 258 | 287 | 308 |
| 43 United Kingdom | 1,324 | 1,575 | 1,774 | 1,774 | 1,638 | 1,816 | 1,806 | 2,072 | 1,835 |
| 44 Canada | 983 | 1,091 | 1,073 | 1,073 | 1,212 | 1,240 | 1,231 | 1,141 | 1,137 |
| 45 Latin America and Caribbean | 2,241 | 2,184 | 2,371 | 2,371 | 2,331 | 2,429 | 2,489 | 2,561 | 2,540 |
| 46 Bahamas | 36 | 58 | 14 | 14 | 15 | 16 | 8 | 11 | 12 |
| 47 Bermuda | 230 | 323 | 246 | 246 | 231 | 245 | 255 | 263 | 264 |
| 48 Brazil | 299 | 297 | 324 | 324 | 326 | 309 | 384 | 397 | 353 |
| 49 British West Indies | 22 | 36 | 40 | 40 | 49 | 43 | 37 | 41 | 43 |
| 50 Mexico | 461 | 508 | 661 | 661 | 653 | 710 | 740 | 827 | 885 |
| 51 Venezuela | 227 | 147 | 192 | 192 | 181 | 195 | 196 | 201 | 202 |
| 52 Asia | 2,993 | 3,570 | 4,064 | 4,064 | 4,292 | 4,137 | 4,210 | 4,468 | 4,253 |
| 53 Japan | 946 | 1,199 | 1,399 | 1,399 | 1,757 | 1,587 | 1,742 | 1,788 | 1,714 |
| 54 Middle East oil-exporting countries[2] | 453 | 518 | 460 | 460 | 497 | 500 | 495 | 620 | 631 |
| 55 Africa | 435 | 429 | 488 | 488 | 394 | 428 | 431 | 417 | 407 |
| 56 Oil-exporting countries[3] | 122 | 108 | 67 | 67 | 68 | 63 | 80 | 95 | 73 |
| 57 All other[4] | 333 | 393 | 366 | 366 | 473 | 452 | 454 | 463 | 422 |

1. For a description of the changes in the International Statistics tables, see July 1979 *Bulletin*, 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 | 1990 | 1991[r] | 1992 | 1991[r] | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Jan.–May | Nov. | Dec. | Jan.[r] | Feb.[r] | Mar.[r] | Apr.[r] | May[p] |
| | U.S. corporate securities | | | | | | | | | |
| STOCKS | | | | | | | | | | |
| 1 Foreign purchases | 173,293 | 211,204 | 99,707 | 20,589 | 14,714 | 23,302 | 21,429 | 18,884 | 17,549 | 18,543 |
| 2 Foreign sales | 188,419 | 200,116 | 103,197 | 19,590 | 17,440 | 25,900 | 21,193 | 19,457 | 18,045 | 18,602 |
| **3 Net purchases, or sales (−)** | **−15,126** | **11,088** | **−3,490** | **999** | **−2,726** | **−2,598** | **236** | **−573** | **−496** | **−59** |
| **4 Foreign countries** | **−15,197** | **10,520** | **−3,460** | **962** | **−2,709** | **−2,479** | **237** | **−595** | **−529** | **−94** |
| 5 Europe | −8,479 | 50 | −2,089 | −232 | −1,888 | −1,318 | −105 | −95 | −728 | 157 |
| 6 France | −1,234 | 9 | −617 | −50 | −126 | −28 | −224 | −27 | −217 | −121 |
| 7 Germany | −367 | −63 | −74 | 22 | 45 | −160 | 30 | −45 | −47 | 148 |
| 8 Netherlands | −397 | −227 | −49 | −42 | −52 | 44 | −114 | −17 | −38 | 76 |
| 9 Switzerland | −2,866 | −131 | 492 | −507 | −10 | −286 | 304 | 261 | 91 | 122 |
| 10 United Kingdom | −2,980 | −354 | −1,887 | 259 | −1,639 | −882 | −304 | −236 | −334 | −131 |
| 11 Canada | 886 | 3,845 | 1,547 | 694 | 131 | 260 | 235 | 410 | 412 | 230 |
| 12 Latin America and Caribbean | −1,330 | 2,177 | 1,150 | −198 | −282 | 1,025 | 359 | −322 | 45 | 43 |
| 13 Middle East[1] | −2,435 | −134 | −59 | 39 | −36 | −271 | 101 | 121 | −95 | 85 |
| 14 Other Asia | −3,477 | 4,255 | −4,208 | 735 | −666 | −2,211 | −396 | −886 | −158 | −557 |
| 15 Japan | −2,891 | 1,179 | −4,024 | 158 | −429 | −2,194 | −615 | −496 | −318 | −401 |
| 16 Africa | −63 | 153 | 51 | 14 | 7 | 13 | 15 | 4 | −1 | 20 |
| 17 Other countries | −298 | 174 | 148 | −90 | 25 | 23 | 28 | 173 | −4 | −72 |
| **18 Nonmonetary international and regional organizations** | **71** | **568** | **−30** | **37** | **−17** | **−119** | **−1** | **22** | **33** | **35** |
| BONDS[2] | | | | | | | | | | |
| 19 Foreign purchases | 118,764 | 152,821 | 86,111 | 16,020 | 15,061 | 16,498 | 18,045 | 17,338 | 16,655 | 17,575 |
| 20 Foreign sales | 102,047 | 125,398 | 68,065 | 13,061 | 12,347 | 14,367 | 14,731 | 14,321 | 11,488 | 13,158 |
| **21 Net purchases, or sales (−)** | **16,717** | **27,422** | **18,046** | **2,959** | **2,714** | **2,131** | **3,314** | **3,017** | **5,167** | **4,417** |
| **22 Foreign countries** | **17,187** | **27,553** | **17,793** | **2,858** | **2,671** | **2,098** | **3,308** | **2,927** | **4,972** | **4,488** |
| 23 Europe | 10,079 | 13,116 | 9,120 | 1,275 | 1,054 | 1,390 | 2,390 | 1,201 | 2,114 | 2,025 |
| 24 France | 373 | 847 | 340 | 109 | 75 | −2 | 58 | −34 | 363 | −45 |
| 25 Germany | −377 | 1,577 | 1,452 | 274 | 113 | 594 | 277 | 122 | 392 | 67 |
| 26 Netherlands | 172 | 482 | −115 | 91 | 13 | −113 | 12 | −15 | −122 | 123 |
| 27 Switzerland | 284 | 656 | −90 | −452 | 162 | −67 | 252 | 124 | −359 | −40 |
| 28 United Kingdom | 10,383 | 8,935 | 6,684 | 707 | 95 | 905 | 1,801 | 758 | 1,609 | 1,611 |
| 29 Canada | 1,906 | 1,623 | −109 | 52 | 113 | −153 | 97 | −72 | 87 | −68 |
| 30 Latin America and Caribbean | 4,291 | 2,468 | 4,445 | 109 | 625 | 506 | 768 | 1,456 | 612 | 1,103 |
| 31 Middle East[1] | 76 | 2,185 | 662 | 313 | 253 | −75 | −71 | 257 | 258 | 293 |
| 32 Other Asia | 1,083 | 8,224 | 3,543 | 1,148 | 543 | 339 | 101 | 121 | 1,818 | 1,164 |
| 33 Japan | 727 | 5,732 | 831 | 874 | 149 | 257 | −121 | −316 | 687 | 324 |
| 34 Africa | 96 | 52 | 96 | 13 | 11 | 28 | 15 | 28 | 19 | 6 |
| 35 Other countries | −344 | −116 | 36 | −52 | 72 | 63 | 8 | −64 | 64 | −35 |
| **36 Nonmonetary international and regional organizations** | **−471** | **−131** | **253** | **101** | **43** | **33** | **6** | **90** | **195** | **−71** |
| | Foreign securities | | | | | | | | | |
| 37 Stocks, net purchases, or sales (−)[3] | −9,205 | −31,909 | −11,338 | −2,033 | −1,846 | −2,551 | −2,303 | −2,944 | −2,563 | −977 |
| 38 Foreign purchases | 122,641 | 120,598 | 60,815 | 13,217 | 11,027 | 12,509 | 10,647 | 12,824 | 11,040 | 13,795 |
| 39 Foreign sales[3] | 131,846 | 152,507 | 72,153 | 15,250 | 12,873 | 15,060 | 12,950 | 15,768 | 13,603 | 14,772 |
| 40 Bonds, net purchases, or sales (−) | −22,412 | −15,377 | −5,318 | 801 | −1,595 | −1,316 | 418 | −484 | −1,259 | −2,677 |
| 41 Foreign purchases | 314,645 | 325,133 | 163,716 | 30,085 | 26,296 | 35,543 | 33,050 | 32,287 | 29,850 | 32,986 |
| 42 Foreign sales | 337,057 | 340,510 | 169,034 | 29,284 | 27,891 | 36,859 | 32,632 | 32,771 | 31,109 | 35,663 |
| **43 Net purchases, or sales (−), of stocks and bonds** | **−31,617** | **−47,286** | **−16,656** | **−1,232** | **−3,441** | **−3,867** | **−1,885** | **−3,428** | **−3,822** | **−3,654** |
| **44 Foreign countries** | **−28,943** | **−47,202** | **−18,587** | **−1,825** | **−3,811** | **−4,118** | **−2,050** | **−3,762** | **−4,977** | **−3,680** |
| 45 Europe | −8,443 | −34,421 | −11,068 | −4,896 | −4,319 | −4,507 | −2,267 | −730 | −3,299 | −265 |
| 46 Canada | −7,502 | −7,578 | −1,768 | 540 | −4 | −926 | 1,304 | −653 | −829 | −664 |
| 47 Latin America and Caribbean | −8,854 | 811 | −2,703 | 991 | −463 | −818 | 708 | −479 | −837 | −1,277 |
| 48 Asia | −3,828 | −7,350 | −1,921 | 1,495 | 316 | 2,183 | −1,513 | −1,580 | 131 | −1,142 |
| 49 Africa | −137 | −9 | −104 | −41 | 159 | −5 | −10 | 1 | 9 | −99 |
| 50 Other countries | −180 | 1,345 | −1,023 | 86 | 500 | −45 | −272 | −321 | −152 | −233 |
| **51 Nonmonetary international and regional organizations** | **−2,673** | **−84** | **1,931** | **593** | **370** | **251** | **165** | **334** | **1,155** | **26** |

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. As a result of the merger of a U.S. and U.K. company in July 1989, the former stockholders of the 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 | 1990 | 1991[r] | 1992 | 1991 | | 1992 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Jan.–May | Nov. | Dec. | Jan. | Feb. | Mar. | Apr.[r] | May[p] |
| | Transactions, net purchases or sales (–) during period[1] | | | | | | | | | |
| 1 **Estimated total**[2] | **18,927** | **18,359** | **3,568** | **5,446** | **4,483** | **10,621**[r] | **3,175** | **–8,820** | **6,515** | **–7,923** |
| 2 Foreign countries[2] | 18,764 | 18,181 | 4,563 | 5,352 | 3,774 | 9,864[r] | 3,558 | –9,451 | 7,536 | –6,944 |
| 3 Europe[2] | 18,455 | 8,078 | 3,544 | 5,023 | 2,779 | 5,324 | 7,326 | –4,903 | 3,161 | –7,364 |
| 4 Belgium–Luxembourg | 10 | 523 | 1,095 | 201 | –21 | 559 | 296 | –91 | 21 | 310 |
| 5 Germany[2] | 5,880 | –4,725 | 1,515 | 707 | –139 | 805 | 287 | –313 | 410 | 326 |
| 6 Netherlands | 1,077 | –3,735 | –3,215 | –25 | –888 | –1,936 | –967 | 245 | –219 | –338 |
| 7 Sweden | 1,152 | –663 | 456 | –74 | 582 | 180 | 300 | 102 | –123 | –3 |
| 8 Switzerland[2] | 112 | 1,007 | –1,227 | 1,105 | –778 | 142 | –388 | –411 | 9 | –579 |
| 9 United Kingdom | –1,260 | 5,656 | 3,953 | 212 | 2,349 | 2,649 | 6,234 | –1,844 | 2,781 | –5,867 |
| 10 Other Western Europe | 11,463 | 10,001 | 951 | 2,910 | 1,664 | 2,925 | 1,524 | –2,601 | 282 | –1,179 |
| 11 Eastern Europe | 13 | 13 | 16 | –13 | 10 | 0 | 40 | 10 | 0 | –34 |
| 12 Canada | –4,627 | –2,720 | 1,793 | –441 | –1,841 | 962[r] | –1,549 | –430 | 183 | 2,627 |
| 13 Latin America and Caribbean | 14,734 | 9,056 | –2,205 | –3,842 | 1,075 | –2,920 | –1,191 | –554 | 2,783 | –323 |
| 14 Venezuela | 33 | 10 | 188 | 7 | 122 | 266 | 169 | 73 | –124 | –196 |
| 15 Other Latin America and Caribbean | 3,943 | 2,834 | 243 | –525 | –1,065 | –357 | –444 | –108 | 3,627 | –2,475 |
| 16 Netherlands Antilles | 10,757 | 6,213 | –2,636 | –3,324 | 2,018 | –2,829 | –916 | –519 | –720 | 2,348 |
| 17 Asia | –10,952 | 3,376 | 2,948 | 3,709 | 864 | 7,675 | –430 | –3,322 | 1,365 | –2,340 |
| 18 Japan | –14,785 | –4,034 | –3,632 | 503 | –1,332 | –398 | –1,933 | –3,044 | 658 | 1,085 |
| 19 Africa | 313 | 689 | 665 | –26 | 318 | 207 | 100 | 125 | 193 | 40 |
| 20 All other | 842 | –298 | –2,182 | 929 | 579 | –1,384 | –698 | –367 | –149 | 416 |
| 21 Nonmonetary international and regional organizations | 163 | 178 | –995 | 94 | 709 | 757 | –383 | 631 | –1,021 | –979 |
| 22 International | 287 | –358 | –739 | 95 | 786 | 197 | –228 | 801 | –762 | –747 |
| 23 Latin American regional | –2 | –72 | 63 | –133 | –156 | –58 | 51 | 0 | 74 | –4 |
| MEMO | | | | | | | | | | |
| 24 Foreign countries[2] | 18,764 | 18,181 | 4,563 | 5,352 | 3,774 | 9,864[r] | 3,558 | –9,451 | 7,536 | –6,944 |
| 25 Official institutions | 23,218 | 1,190 | 4,271 | 7,194 | 2,521 | 8,687 | –193 | –3,136 | 1,712 | –2,799 |
| 26 Other foreign[2] | –4,453 | 16,990 | 292 | –1,842 | 1,253 | 1,177[r] | 3,751 | –6,315 | 5,824 | –4,145 |
| *Oil-exporting countries* | | | | | | | | | | |
| 27 Middle East[3] | –387 | –6,822 | 30 | 96 | –163 | 623 | 1,679 | 233 | 556 | –3,061 |
| 28 Africa[4] | 0 | 239 | 63 | 0 | 219 | 48 | 0 | 0 | 15 | 0 |

1. Estimated 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. Includes U.S. Treasury notes, denominated in foreign currencies, publicly issued to private foreign residents.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

## 3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year

| Country | Rate on July 31, 1992 | | Country | Rate on July 31, 1992 | | Country | Rate on July 31, 1992 | |
|---|---|---|---|---|---|---|---|---|
| | Percent | Month effective | | Percent | Month effective | | Percent | Month effective |
| Austria | 8.0 | Dec. 1991 | Germany | 8.75 | July 1992 | Norway | 10.50 | July 1990 |
| Belgium | 8.5 | Dec. 1991 | Italy | 13.75 | July 1992 | Switzerland | 7.0 | Aug. 1991 |
| Canada | 5.42 | July 1992 | Japan | 3.25 | July 1992 | United Kingdom[3] | ....... | ......... |
| Denmark | 9.5 | Dec. 1991 | Netherlands | 8.5 | Dec. 1991 | | | |
| France[2] | 9.6 | Dec. 1991 | | | | | | |

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 Feb. 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.
3. Minimum lending rate suspended as of Aug. 20, 1981. or makes advances

## 3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Averages of daily figures, percent per year

| Type or country | 1989 | 1990 | 1991 | 1992 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Jan. | Feb. | Mar. | Apr. | May | June | July |
| 1 Eurodollars | 9.16 | 8.16 | 5.86 | 4.06 | 4.05 | 4.26 | 4.05 | 3.84 | 3.87 | 3.40 |
| 2 United Kingdom | 13.87 | 14.73 | 11.47 | 10.60 | 10.33 | 10.58 | 10.56 | 10.00 | 9.94 | 10.10 |
| 3 Canada | 12.20 | 13.00 | 9.07 | 7.23 | 7.42 | 7.63 | 7.10 | 6.60 | 6.03 | 5.58 |
| 4 Germany | 7.04 | 8.41 | 9.15 | 9.45 | 9.51 | 9.59 | 9.63 | 9.70 | 9.66 | 9.69 |
| 5 Switzerland | 6.83 | 8.71 | 8.01 | 7.55 | 7.28 | 8.16 | 8.48 | 8.77 | 9.04 | 8.67 |
| 6 Netherlands | 7.28 | 8.57 | 9.19 | 9.45 | 9.52 | 9.52 | 9.42 | 9.43 | 9.45 | 9.50 |
| 7 France | 9.27 | 10.20 | 9.49 | 9.86 | 9.93 | 9.99 | 9.92 | 9.83 | 9.98 | 10.11 |
| 8 Italy | 12.44 | 12.11 | 12.04 | 12.00 | 12.17 | 12.25 | 12.38 | 12.39 | 13.38 | 15.54 |
| 9 Belgium | 8.65 | 9.70 | 9.30 | 9.41 | 9.50 | 9.56 | 9.50 | 9.51 | 9.50 | 9.54 |
| 10 Japan | 5.39 | 7.75 | 7.33 | 5.18 | 5.19 | 4.95 | 4.72 | 4.72 | 4.60 | 4.32 |

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 | 1989 | 1990 | 1991 | 1992 | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Feb. | Mar. | Apr. | May | June | July |
| 1 Australia/dollar[2] | 79.186 | 78.069 | 77.872 | 75.178 | 75.865 | 76.241 | 75.587 | 75.561 | 74.507 |
| 2 Austria/schilling | 13.236 | 11.331 | 11.686 | 11.391 | 11.693 | 11.620 | 11.422 | 11.068 | 10.500 |
| 3 Belgium/franc | 39.409 | 33.424 | 34.195 | 33.307 | 34.189 | 33.927 | 33.386 | 32.362 | 30.717 |
| 4 Canada/dollar | 1.1842 | 1.1668 | 1.1460 | 1.1825 | 1.1928 | 1.1874 | 1.1991 | 1.1960 | 1.1924 |
| 5 China, P.R./yuan | 3.7673 | 4.7921 | 5.3337 | 5.4776 | 5.4871 | 5.5098 | 5.5182 | 5.4893 | 5.4564 |
| 6 Denmark/krone | 7.3210 | 6.1899 | 6.4038 | 6.2763 | 6.4462 | 6.3906 | 6.2678 | 6.0573 | 5.7409 |
| 7 Finland/markka | 4.2963 | 3.8300 | 4.0521 | 4.4230 | 4.5325 | 4.5023 | 4.4076 | 4.2846 | 4.0803 |
| 8 France/franc | 6.3802 | 5.4467 | 5.6468 | 5.5088 | 5.6400 | 5.5773 | 5.4548 | 5.2940 | 5.0321 |
| 9 Germany/deutsche mark | 1.8808 | 1.6166 | 1.6610 | 1.6186 | 1.6616 | 1.6493 | 1.6225 | 1.5726 | 1.4914 |
| 10 Greece/drachma | 162.60 | 158.59 | 182.63 | 187.13 | 192.26 | 192.83 | 192.09 | 190.69 | 182.89 |
| 11 Hong Kong/dollar | 7.8008 | 7.7899 | 7.7712 | 7.7582 | 7.7463 | 7.7404 | 7.7421 | 7.7343 | 7.7341 |
| 12 India/rupee | 16.213 | 17.492 | 22.712 | 25.992 | 28.378 | 28.896 | 28.542 | 28.519 | 28.564 |
| 13 Ireland/pound[2] | 141.80 | 165.76 | 161.39 | 164.87 | 160.50 | 161.65 | 164.62 | 169.80 | 178.76 |
| 14 Italy/lira | 1,372.28 | 1,198.27 | 1,241.28 | 1,215.92 | 1,248.28 | 1,241.55 | 1,220.95 | 1,189.52 | 1,129.83 |
| 15 Japan/yen | 138.07 | 145.00 | 134.59 | 127.70 | 132.86 | 133.54 | 130.77 | 126.84 | 125.88 |
| 16 Malaysia/ringgit | 2.7079 | 2.7057 | 2.7503 | 2.6012 | 2.5779 | 2.5521 | 2.5223 | 2.5187 | 2.4999 |
| 17 Netherlands/guilder | 2.1219 | 1.8215 | 1.8720 | 1.8218 | 1.8706 | 1.8568 | 1.8268 | 1.7719 | 1.6819 |
| 18 New Zealand/dollar[2] | 59.793 | 59.619 | 57.832 | 54.177 | 54.790 | 54.138 | 53.514 | 54.201 | 54.609 |
| 19 Norway/krone | 6.9131 | 6.2541 | 6.4912 | 6.3472 | 6.5188 | 6.4606 | 6.3311 | 6.1493 | 5.8581 |
| 20 Portugal/escudo | 157.53 | 142.70 | 144.77 | 139.47 | 143.26 | 141.09 | 135.23 | 130.79 | 126.24 |
| 21 Singapore/dollar | 1.9511 | 1.8134 | 1.7283 | 1.6361 | 1.6601 | 1.6567 | 1.6408 | 1.6240 | 1.6142 |
| 22 South Africa/rand | 2.6214 | 2.5885 | 2.7633 | 2.8156 | 2.8830 | 2.8783 | 2.8483 | 2.8077 | 2.7577 |
| 23 South Korea/won | 674.29 | 710.64 | 736.73 | 769.93 | 775.68 | 782.55 | 786.83 | 793.60 | 789.93 |
| 24 Spain/peseta | 118.44 | 101.96 | 104.01 | 101.73 | 104.88 | 103.90 | 101.47 | 99.02 | 94.88 |
| 25 Sri Lanka/rupee | 35.947 | 40.078 | 41.200 | 42.879 | 42.744 | 43.231 | 43.445 | 43.941 | 44.014 |
| 26 Sweden/krona | 6.4559 | 5.9231 | 6.0521 | 5.8764 | 6.0263 | 5.9667 | 5.8462 | 5.6792 | 5.4084 |
| 27 Switzerland/franc | 1.6369 | 1.3901 | 1.4356 | 1.4561 | 1.5094 | 1.5194 | 1.4907 | 1.4250 | 1.3347 |
| 28 Taiwan/dollar | 26.407 | 26.918 | 26.759 | 25.049 | 25.407 | 25.308 | 25.016 | 24.770 | 24.783 |
| 29 Thailand/baht | 25.725 | 25.609 | 25.528 | 25.463 | 25.637 | 25.644 | 25.550 | 25.400 | 25.293 |
| 30 United Kingdom/pound[2] | 163.82 | 178.41 | 176.74 | 177.78 | 172.38 | 175.66 | 180.95 | 185.51 | 191.77 |
| MEMO | | | | | | | | | |
| 31 United States/dollar[3] | 98.60 | 89.09 | 89.84 | 88.04 | 90.44 | 89.84 | 88.30 | 85.91 | 82.57 |

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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## 4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 4–8, 1991[1]

A. Commercial and Industrial Loans

| Characteristic | Amount of loans ($1,000) | Average size ($1,000) | Weighted average maturity[2] | Loan rate (percent) | | Loans secured by collateral (percent) | Loans made under commitment (percent) | Participation loans (percent) | Most common base pricing rate[5] |
|---|---|---|---|---|---|---|---|---|---|
| | | | Days | Weighted average effective[3] | Standard error[4] | | | | |
| **All Banks** | | | | | | | | | |
| 1 Overnight[6] | 8,512,037 | 4,937 | * | 5.70 | .23 | 6.7 | 63.4 | 7.3 | Fed funds |
| 2 One month and under (excluding overnight) | 5,674,042 | 721 | 19 | 6.48 | .18 | 33.9 | 84.1 | 11.6 | Other |
| 3 Fixed rate | 4,407,110 | 1,059 | 19 | 6.20 | .27 | 29.2 | 82.0 | 11.8 | Other |
| 4 Floating rate | 1,266,933 | 342 | 19 | 7.45 | .20 | 50.4 | 91.3 | 11.0 | Prime |
| 5 Over one month and under a year | 9,933,945 | 152 | 147 | 7.48 | .17 | 51.8 | 79.5 | 10.3 | Prime |
| 6 Fixed rate | 3,934,374 | 160 | 110 | 6.74 | .29 | 36.1 | 71.2 | 9.0 | Other |
| 7 Floating rate | 5,999,571 | 148 | 171 | 7.97 | .18 | 62.1 | 85.0 | 11.2 | Prime |
| 8 Demand[7] | 15,152,616 | 266 | * | 7.53 | .16 | 62.5 | 74.2 | 8.5 | Prime |
| 9 Fixed rate | 2,828,925 | 751 | * | 6.15 | .25 | 30.1 | 84.6 | 25.5 | Other |
| 10 Floating rate | 12,323,690 | 232 | * | 7.84 | .15 | 69.9 | 71.8 | 4.6 | Prime |
| 11 **Total short term** | **39,272,640** | **298** | **65** | **6.97** | **.17** | **43.6** | **74.7** | **9.2** | **Prime** |
| 12 Fixed rate (thousands of dollars) | 19,521,442 | 571 | 32 | 6.09 | .28 | 21.1 | 72.5 | 11.3 | Other |
| 13 1–99 | 382,020 | 14 | 135 | 10.32 | .20 | 74.2 | 37.5 | 1.2 | Other |
| 14 100–499 | 632,464 | 237 | 103 | 8.15 | .15 | 74.0 | 65.7 | 7.1 | Other |
| 15 500–999 | 372,029 | 683 | 52 | 6.70 | .19 | 39.4 | 73.0 | 13.2 | Other |
| 16 1,000–4,999 | 3,600,122 | 2,234 | 37 | 6.32 | .09 | 33.7 | 81.4 | 10.2 | Other |
| 17 5,000–9,999 | 3,930,616 | 6,541 | 23 | 6.05 | .13 | 17.4 | 71.1 | 9.7 | Other |
| 18 10,000 and over | 10,604,190 | 17,848 | 26 | 5.73 | .12 | 12.5 | 71.7 | 12.8 | Fed funds |
| 19 Floating rate (thousands of dollars) | 19,751,198 | 203 | 141 | 7.83 | .16 | 65.8 | 76.8 | 7.0 | Prime |
| 20 1–99 | 1,890,569 | 25 | 171 | 9.17 | .07 | 79.4 | 80.2 | 2.4 | Prime |
| 21 100–499 | 3,446,291 | 202 | 152 | 8.82 | .02 | 79.7 | 85.3 | 5.7 | Prime |
| 22 500–999 | 1,747,472 | 682 | 165 | 8.48 | .12 | 66.9 | 85.9 | 6.0 | Prime |
| 23 1,000–4,999 | 4,468,412 | 1,991 | 136 | 7.99 | .09 | 61.7 | 85.6 | 10.4 | Prime |
| 24 5,000–9,999 | 2,210,022 | 6,688 | 109 | 7.37 | .24 | 58.9 | 85.5 | 9.1 | Prime |
| 25 10,000 and over | 5,988,432 | 22,510 | 131 | 6.71 | .55 | 58.7 | 58.2 | 6.2 | Fed funds |
| | | | Months | | | | | | |
| 26 **Total long term** | **5,089,014** | **210** | **44** | **8.08** | **.17** | **73.7** | **71.2** | **4.9** | **Prime** |
| 27 Fixed rate (thousands of dollars) | 943,589 | 90 | 41 | 7.82 | .28 | 67.0 | 71.5 | 3.0 | Other |
| 28 1–99 | 148,831 | 16 | 37 | 10.37 | .18 | 90.4 | 27.1 | .0 | Prime |
| 29 100–499 | 133,855 | 185 | 39 | 9.66 | .24 | 84.7 | 29.9 | 2.9 | Other |
| 30 500–999 | 40,332 | 730 | 49 | 8.62 | .25 | 80.2 | 61.6 | 2.9 | Other |
| 31 1,000 and over | 620,570 | 4,018 | 42 | 6.75 | .43 | 56.7 | 91.8 | 3.7 | Other |
| 32 Floating rate (thousands of dollars) | 4,145,425 | 300 | 45 | 8.14 | .19 | 75.2 | 71.2 | 5.3 | Prime |
| 33 1–99 | 244,406 | 26 | 38 | 9.79 | .21 | 85.3 | 38.1 | 1.4 | Prime |
| 34 100–499 | 661,433 | 222 | 57 | 8.97 | .30 | 82.5 | 50.1 | 5.5 | Prime |
| 35 500–999 | 506,116 | 694 | 41 | 8.34 | .12 | 77.0 | 58.0 | 7.9 | Prime |
| 36 1,000 and over | 2,733,470 | 3,560 | 43 | 7.76 | .32 | 72.3 | 81.6 | 5.2 | Prime |
| | | | Days | Loan rate (percent) | | | | | Prime rate[9] |
| | | | | Effective[3] | Nominal[8] | | | | |
| **Loans Made Below Prime[10]** | | | | | | | | | |
| 37 Overnight[6] | 8,280,683 | 7,151 | * | 5.63 | 5.59 | 5.4 | 62.5 | 7.4 | 7.70 |
| 38 One month and under (excluding overnight) | 4,837,371 | 2,573 | 18 | 6.09 | 6.03 | 28.4 | 83.2 | 11.8 | 7.87 |
| 39 Over one month and under a year | 5,108,667 | 735 | 116 | 6.05 | 5.99 | 33.7 | 83.0 | 11.8 | 7.82 |
| 40 Demand[7] | 6,823,794 | 1,949 | * | 5.95 | 5.87 | 44.6 | 63.7 | 12.1 | 7.84 |
| 41 **Total short term** | **25,050,516** | **1,857** | **38** | **5.89** | **5.84** | **26.3** | **71.0** | **10.4** | **7.79** |
| 42 Fixed rate | 17,992,687 | 2,483 | 27 | 5.84 | 5.79 | 17.3 | 73.2 | 11.7 | 7.77 |
| 43 Floating rate | 7,057,829 | 1,131 | 99 | 6.03 | 5.94 | 49.3 | 65.5 | 7.2 | 7.86 |
| | | | Months | | | | | | |
| 44 **Total long term** | **1,880,736** | **686** | **47** | **6.55** | **6.46** | **59.1** | **79.0** | **4.6** | **8.03** |
| 45 Fixed rate | 559,333 | 434 | 41 | 6.31 | 6.26 | 54.6 | 92.2 | 3.9 | 8.07 |
| 46 Floating rate | 1,321,403 | 911 | 49 | 6.66 | 6.54 | 61.1 | 73.4 | 5.0 | 8.01 |

For notes see end of table.

4.23—Continued

| Characteristic | Amount of loans ($1,000) | Average size ($1,000) | Weighted average maturity | Loan rate (percent) | | Loans secured by collateral (percent) | Loans made under commitment (percent) | Participation loans (percent) | Most common base pricing rate[5] |
|---|---|---|---|---|---|---|---|---|---|
| | | | Days | Weighted average effective | Standard error | | | | |
| LARGE BANKS | | | | | | | | | |
| 1 Overnight[6] | 6,892,355 | 6,982 | * | 5.70 | .18 | 5.7 | 60.9 | 8.5 | Fed funds |
| 2 One month and under (excluding overnight) | 4,341,523 | 2,818 | 18 | 6.31 | .19 | 30.6 | 83.2 | 6.3 | Other |
| 3 Fixed rate | 3,451,828 | 4,585 | 19 | 6.13 | .29 | 28.2 | 80.8 | 6.1 | Other |
| 4 Floating rate | 889,695 | 1,129 | 17 | 6.99 | .23 | 39.7 | 92.7 | 7.1 | Prime |
| 5 Over one month and under a year | 5,298,626 | 862 | 133 | 6.88 | .14 | 47.7 | 87.4 | 14.5 | Prime |
| 6 Fixed rate | 2,112,606 | 2,427 | 108 | 6.16 | .17 | 33.1 | 83.8 | 10.3 | Other |
| 7 Floating rate | 3,186,020 | 604 | 150 | 7.35 | .18 | 57.4 | 89.7 | 17.3 | Prime |
| 8 Demand[7] | 9,878,668 | 425 | * | 7.29 | .15 | 63.4 | 65.7 | 9.7 | Prime |
| 9 Fixed rate | 1,893,860 | 2,060 | * | 5.97 | .24 | 23.0 | 80.8 | 34.4 | Other |
| 10 Floating rate | 7,984,807 | 358 | * | 7.61 | .15 | 73.0 | 62.1 | 3.8 | Prime |
| **11 Total short term** | **26,411,172** | **827** | **48** | **6.63** | **.14** | **39.8** | **71.7** | **9.8** | **Prime** |
| 12 Fixed rate (thousands of dollars) | 14,195,449 | 4,034 | 25 | 5.91 | .18 | 17.5 | 72.2 | 11.7 | Other |
| 13 1–99 | 18,978 | 25 | 122 | 8.82 | .27 | 57.8 | 51.5 | 1.7 | Prime |
| 14 100–499 | 123,469 | 235 | 57 | 7.42 | .22 | 46.8 | 78.4 | 4.5 | Other |
| 15 500–999 | 214,488 | 687 | 41 | 6.58 | .16 | 38.3 | 78.6 | 7.8 | Other |
| 16 1,000–4,999 | 2,353,630 | 2,273 | 33 | 6.33 | .11 | 30.4 | 83.0 | 8.5 | Other |
| 17 5,000–9,999 | 2,671,108 | 6,579 | 20 | 6.05 | .13 | 17.8 | 71.7 | 9.4 | Other |
| 18 10,000 and over | 8,813,775 | 18,633 | 23 | 5.72 | .15 | 13.0 | 69.2 | 13.5 | Fed funds |
| 19 Floating rate (thousands of dollars) | 12,215,724 | 430 | 116 | 7.46 | .15 | 65.7 | 71.1 | 7.5 | Prime |
| 20 1–99 | 546,427 | 28 | 164 | 8.85 | .08 | 80.4 | 72.8 | 1.8 | Prime |
| 21 100–499 | 1,229,215 | 205 | 148 | 8.59 | .06 | 75.0 | 81.0 | 3.4 | Prime |
| 22 500–999 | 760,698 | 679 | 139 | 8.26 | .13 | 66.6 | 83.2 | 7.8 | Prime |
| 23 1,000–4,999 | 2,721,302 | 2,147 | 127 | 7.79 | .12 | 61.6 | 83.6 | 9.5 | Prime |
| 24 5,000–9,999 | 1,765,663 | 6,731 | 94 | 7.41 | .27 | 64.6 | 85.3 | 10.2 | Prime |
| 25 10,000 and over | 5,192,419 | 23,673 | 108 | 6.78 | .55 | 64.3 | 55.3 | 7.2 | Fed funds |
| | | | Months | | | | | | |
| **26 Total long term** | **3,522,402** | **683** | **43** | **7.73** | **.16** | **72.2** | **77.8** | **5.4** | **Prime** |
| 27 Fixed rate (thousands of dollars) | 492,526 | 1,181 | 26 | 6.53 | .30 | 51.2 | 94.3 | 2.1 | Other |
| 28 1–99 | 6,561 | 28 | 42 | 9.60 | .44 | 84.4 | 30.9 | .0 | Other |
| 29 100–499 | 21,472 | 253 | 52 | 8.46 | .29 | 77.9 | 60.9 | 5.5 | Other |
| 30 500–999 | 14,163 | 700 | 36 | 8.33 | .62 | 63.1 | 60.1 | 8.4 | Other |
| 31 1,000 and over | 450,330 | 5,975 | 24 | 6.33 | .52 | 49.1 | 97.9 | 1.7 | Other |
| 32 Floating rate (thousands of dollars) | 3,029,876 | 640 | 46 | 7.92 | .12 | 75.6 | 75.1 | 6.0 | Prime |
| 33 1–99 | 72,552 | 34 | 37 | 8.78 | .09 | 85.8 | 44.9 | 2.1 | Prime |
| 34 100–499 | 355,865 | 235 | 48 | 8.47 | .15 | 81.1 | 55.7 | 9.2 | Prime |
| 35 500–999 | 325,172 | 694 | 46 | 8.28 | .14 | 79.1 | 63.6 | 8.4 | Prime |
| 36 1,000 and over | 2,276,286 | 3,693 | 46 | 7.76 | .35 | 73.9 | 80.7 | 5.3 | Prime |

| Characteristic | Amount of loans ($1,000) | Average size ($1,000) | Weighted average maturity | Loan rate (percent) | | Loans secured by collateral (percent) | Loans made under commitment (percent) | Participation loans (percent) | Prime rate[9] |
|---|---|---|---|---|---|---|---|---|---|
| | | | Days | Effective[3] | Nominal[8] | | | | |
| LOANS MADE BELOW PRIME[10] | | | | | | | | | |
| 37 Overnight[6] | 6,723,748 | 7,718 | * | 5.64 | 5.61 | 4.1 | 60.0 | 8.7 | 7.69 |
| 38 One month and under (excluding overnight) | 3,913,144 | 4,613 | 18 | 6.06 | 6.01 | 27.7 | 82.0 | 5.3 | 7.83 |
| 39 Over one month and under a year | 3,514,055 | 3,599 | 108 | 5.97 | 5.93 | 37.5 | 87.0 | 13.6 | 7.72 |
| 40 Demand[7] | 5,050,918 | 4,145 | * | 5.88 | 5.79 | 50.9 | 51.5 | 13.4 | 7.83 |
| **41 Total short term** | **19,201,865** | **4,906** | **32** | **5.85** | **5.80** | **27.3** | **67.2** | **10.1** | **7.76** |
| 42 Fixed rate | 13,636,135 | 5,581 | 24 | 5.82 | 5.78 | 15.4 | 71.3 | 11.6 | 7.74 |
| 43 Floating rate | 5,565,730 | 3,784 | 76 | 5.92 | 5.84 | 56.4 | 57.2 | 6.4 | 7.79 |
| | | | Months | | | | | | |
| **44 Total long term** | **1,387,559** | **2,204** | **45** | **6.21** | **6.13** | **55.1** | **79.0** | **5.2** | **7.77** |
| 45 Fixed rate | 407,332 | 3,804 | 24 | 6.01 | 5.97 | 49.2 | 97.3 | 1.6 | 7.88 |
| 46 Floating rate | 980,227 | 1,876 | 54 | 6.30 | 6.19 | 57.5 | 71.4 | 6.7 | 7.73 |

For notes see end of table.

## 4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 4–8, 1991[1]—Continued

Commercial and industrial loans—Continued

| Characteristic | Amount of loans ($1,000) | Average size ($1,000) | Weighted average maturity | Loan rate (percent) | | Loans secured by collateral (percent) | Loans made under commitment (percent) | Participation loans (percent) | Most common base pricing rate[5] |
|---|---|---|---|---|---|---|---|---|---|
| | | | Days | Weighted average effective | Standard error | | | | |
| **OTHER BANKS** | | | | | | | | | |
| 1 Overnight[6] | 1,619,682 | 2,198 | * | 5.67 | .31 | 11.0 | 74.2 | 1.9 | Fed funds |
| 2 One month and under (excluding overnight) | 1,332,519 | 211 | 21 | 7.03 | .21 | 44.8 | 86.8 | 28.9 | Prime |
| 3 Fixed rate | 955,281 | 280 | 20 | 6.44 | .32 | 32.6 | 86.2 | 32.3 | Foreign |
| 4 Floating rate | 377,237 | 129 | 23 | 8.54 | .16 | 75.7 | 88.1 | 20.2 | Prime |
| 5 Over one month and under a year | 4,635,319 | 79 | 162 | 8.18 | .21 | 56.4 | 70.6 | 5.5 | Prime |
| 6 Fixed rate | 1,821,768 | 77 | 112 | 7.41 | .34 | 39.5 | 56.5 | 7.6 | Other |
| 7 Floating rate | 2,813,551 | 80 | 194 | 8.67 | .21 | 67.4 | 79.6 | 4.2 | Prime |
| 8 Demand[7] | 5,273,948 | 157 | * | 7.96 | .20 | 60.8 | 90.3 | 6.3 | Prime |
| 9 Fixed rate | 935,065 | 328 | * | 6.53 | .33 | 44.6 | 92.3 | 7.4 | Other |
| 10 Floating rate | 4,338,883 | 141 | * | 8.27 | .20 | 64.3 | 89.9 | 6.1 | Prime |
| 11 **Total short term** | **12,861,468** | **129** | **103** | **7.66** | **.19** | **51.3** | **80.8** | **7.8** | **Prime** |
| 12 Fixed rate (thousands of dollars) | 5,325,993 | 174 | 51 | 6.56 | .30 | 30.5 | 73.5 | 10.2 | Other |
| 13 1–99 | 363,042 | 13 | 135 | 10.40 | .20 | 75.0 | 36.8 | 1.2 | Other |
| 14 100–499 | 508,996 | 238 | 113 | 8.33 | .20 | 80.5 | 62.7 | 7.7 | Other |
| 15 500–999 | 157,541 | 677 | 69 | 6.87 | .62 | 40.9 | 65.3 | 20.5 | Other |
| 16 1,000–4,999 | 1,246,492 | 2,164 | 47 | 6.31 | .10 | 39.9 | 78.6 | 13.4 | Fed funds |
| 17 5,000–9,999 | 1,259,509 | 6,461 | 27 | 6.04 | .25 | 16.4 | 69.9 | 10.3 | Other |
| 18 10,000 and over | 1,790,415 | 14,781 | 39 | 5.78 | .12 | 9.8 | 83.7 | 9.4 | Foreign |
| 19 Floating rate (thousands of dollars) | 7,535,475 | 109 | 174 | 8.43 | .19 | 66.0 | 86.0 | 6.2 | Prime |
| 20 1–99 | 1,344,142 | 24 | 172 | 9.30 | .09 | 79.0 | 83.2 | 2.7 | Prime |
| 21 100–499 | 2,217,076 | 200 | 153 | 8.95 | .06 | 82.2 | 87.7 | 7.0 | Prime |
| 22 500–999 | 986,774 | 684 | 179 | 8.65 | .15 | 67.1 | 88.0 | 4.6 | Prime |
| 23 1,000–4,999 | 1,747,111 | 1,789 | 156 | 8.29 | .16 | 61.9 | 88.7 | 11.9 | Prime |
| 24 5,000–9,999 | 444,359 | 6,521 | 201 | 7.20 | .45 | 36.5 | 86.3 | 5.1 | Prime |
| 25 10,000 and over | 796,013 | 17,047 | 285 | 6.28 | .78 | 22.8 | 77.2 | .0 | Fed funds |
| | | | Months | | | | | | |
| 26 **Total long term** | **1,566,612** | **82** | **47** | **8.88** | **.18** | **77.1** | **56.5** | **3.7** | **Prime** |
| 27 Fixed rate (thousands of dollars) | 451,063 | 45 | 58 | 9.22 | .30 | 84.2 | 46.7 | 3.9 | Other |
| 28 1–99 | 142,270 | 15 | 36 | 10.41 | .19 | 90.7 | 27.0 | .0 | Prime |
| 29 100–499 | 112,383 | 176 | 37 | 9.88 | .24 | 85.9 | 24.0 | 2.4 | Prime |
| 30 500–999 | 26,169 | 747 | 55 | 8.78 | .35 | 89.4 | 62.4 | .0 | Other |
| 31 1,000 and over | 170,240 | 2,153 | 91 | 7.87 | .49 | 76.8 | 75.7 | 8.9 | Other |
| 32 Floating rate (thousands of dollars) | 1,115,548 | 123 | 42 | 8.74 | .21 | 74.3 | 60.4 | 3.6 | Prime |
| 33 1–99 | 171,854 | 24 | 39 | 10.21 | .13 | 85.0 | 35.2 | 1.1 | Prime |
| 34 100–499 | 305,568 | 208 | 68 | 9.56 | .29 | 84.0 | 43.7 | 1.2 | Prime |
| 35 500–999 | 180,943 | 694 | 32 | 8.46 | .19 | 73.4 | 48.0 | 6.9 | Prime |
| 36 1,000 and over | 457,183 | 3,020 | 29 | 7.76 | .41 | 64.1 | 86.1 | 4.7 | Prime |
| | | | Days | Loan rate (percent): Effective[3] | Nominal[8] | | | | Prime rate[9] |
| **LOANS MADE BELOW PRIME[10]** | | | | | | | | | |
| 37 Overnight[6] | 1,556,935 | 5,427 | * | 5.57 | 5.51 | 11.3 | 73.3 | 1.9 | 7.78 |
| 38 One month and under (excluding overnight) | 924,228 | 896 | 20 | 6.21 | 6.12 | 31.6 | 88.5 | 39.5 | 8.00 |
| 39 Over one month and under a year | 1,594,612 | 267 | 133 | 6.21 | 6.14 | 25.2 | 74.2 | 7.8 | 8.03 |
| 40 Demand[7] | 1,772,876 | 777 | * | 6.17 | 6.10 | 26.8 | 98.3 | 8.4 | 7.86 |
| 41 **Total short term** | **5,848,651** | **611** | **57** | **6.03** | **5.96** | **23.0** | **83.5** | **11.4** | **7.91** |
| 42 Fixed rate | 4,356,552 | 907 | 36 | 5.90 | 5.84 | 23.1 | 79.1 | 12.0 | 7.84 |
| 43 Floating rate | 1,492,099 | 313 | 189 | 6.41 | 6.31 | 22.6 | 96.4 | 9.9 | 8.11 |
| | | | Months | | | | | | |
| 44 **Total long term** | **493,177** | **234** | **53** | **7.51** | **7.40** | **70.7** | **79.1** | **3.1** | **8.74** |
| 45 Fixed rate | 152,001 | 128 | 88 | 7.10 | 7.03 | 69.1 | 78.6 | 9.9 | 8.56 |
| 46 Floating rate | 341,175 | 368 | 37 | 7.69 | 7.56 | 71.4 | 79.4 | .0 | 8.83 |

For notes see following page.

NOTES TO TABLE 4.23

1. As of Sept. 30, 1990, assets of most of the large banks were at least $7.0 billion. For all insured banks, total assets averaged $275 million.
2. Average maturities are weighted by loan size and exclude demand loans.
3. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan size.
4. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of lending at all banks.
5. The most common base rate is that used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "basic" or "reference" rate); the federal funds rate; domestic money market rates other than the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.
6. Overnight loans mature on the following business day.
7. Demand loans have no stated date of maturity.
8. Nominal (not compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan size.
9. The prime rate reported by each bank is weighted by the volume of loans extended and then averaged.
10. The proportion of loans made at rates below the prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

NOTE. Results of the surveys for November 1991 and February 1992 are being republished because of revisions. The survey results for May 1992 have been revised and differ from those published in the E. 2 (III) quarterly statistical release dated June 12.

## 4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 3–7, 1992[1]

Commercial and industrial loans

| Characteristic | Amount of loans ($1,000) | Average size ($1,000) | Weighted average maturity[2] | Loan rate (percent) | | Loans secured by collateral (percent) | Loans made under commitment (percent) | Participation loans (percent) | Most common base pricing rate[5] |
|---|---|---|---|---|---|---|---|---|---|
| | | | Days | Weighted average effective[3] | Standard error[4] | | | | |
| **ALL BANKS** | | | | | | | | | |
| 1 Overnight[6] | 8,852,551 | 5,600 | * | 4.73 | .24 | 5.9 | 63.0 | 1.2 | Other |
| 2 One month and under (excluding overnight) | 6,860,670 | 873 | 20 | 5.48 | .18 | 32.3 | 83.5 | 11.3 | Other |
| 3 Fixed rate | 5,273,654 | 1,337 | 20 | 5.21 | .25 | 26.5 | 81.0 | 8.7 | Other |
| 4 Floating rate | 1,587,016 | 405 | 22 | 6.40 | .24 | 51.5 | 91.7 | 19.9 | Prime |
| 5 Over one month and under a year | 9,259,577 | 147 | 155 | 6.51 | .17 | 59.9 | 82.6 | 11.7 | Prime |
| 6 Fixed rate | 3,454,955 | 148 | 141 | 5.92 | .28 | 52.5 | 70.1 | 16.2 | Domestic |
| 7 Floating rate | 5,804,623 | 147 | 163 | 6.86 | .17 | 64.3 | 90.0 | 9.0 | Prime |
| 8 Demand[7] | 17,092,623 | 308 | * | 6.10 | .16 | 56.7 | 66.0 | 13.5 | Prime |
| 9 Fixed rate | 4,417,607 | 781 | * | 5.50 | .26 | 41.6 | 82.5 | 32.8 | Other |
| 10 Floating rate | 12,675,016 | 254 | * | 6.31 | .16 | 61.9 | 60.3 | 6.8 | Prime |
| 11 **Total short term** | **42,065,420** | **329** | **63** | **5.80** | **.16** | **42.7** | **71.9** | **10.2** | **Prime** |
| 12 Fixed rate (thousands of dollars) | 21,998,765 | 638 | 34 | 5.18 | .26 | 25.3 | 72.3 | 11.7 | Other |
| 13 1–99 | 447,808 | 16 | 146 | 9.09 | .25 | 76.1 | 35.5 | .3 | Other |
| 14 100–499 | 447,427 | 198 | 107 | 7.42 | .20 | 72.5 | 57.4 | 11.1 | Prime |
| 15 500–999 | 428,562 | 662 | 66 | 6.32 | .39 | 50.2 | 75.4 | 17.3 | Prime |
| 16 1,000–4,999 | 3,347,431 | 2,316 | 37 | 5.39 | .05 | 29.1 | 83.3 | 9.4 | Other |
| 17 5,000–9,999 | 3,735,157 | 6,731 | 41 | 5.03 | .10 | 21.7 | 72.8 | 7.1 | Other |
| 18 10,000 and over | 13,592,380 | 18,904 | 25 | 4.94 | .16 | 21.4 | 71.1 | 13.7 | Other |
| 19 Floating rate (thousands of dollars) | 20,066,655 | 215 | 133 | 6.47 | .17 | 61.8 | 71.4 | 8.5 | Prime |
| 20 1–99 | 1,873,627 | 26 | 154 | 8.10 | .06 | 82.5 | 84.0 | 2.4 | Prime |
| 21 100–499 | 3,278,056 | 201 | 149 | 7.58 | .10 | 77.8 | 89.0 | 6.1 | Prime |
| 22 500–999 | 1,842,735 | 649 | 122 | 7.26 | .12 | 70.0 | 86.1 | 11.6 | Prime |
| 23 1,000–4,999 | 3,981,468 | 1,912 | 135 | 6.94 | .11 | 65.4 | 86.0 | 15.0 | Prime |
| 24 5,000–9,999 | 2,116,783 | 6,727 | 114 | 6.24 | .19 | 51.7 | 79.0 | 15.9 | Prime |
| 25 10,000 and over | 6,973,986 | 24,941 | 123 | 5.12 | .24 | 47.6 | 45.2 | 4.4 | Fed funds |
| | | | Months | | | | | | |
| 26 **Total long term** | **5,793,480** | **233** | **42** | **6.74** | **.18** | **57.5** | **76.6** | **12.9** | **Prime** |
| 27 Fixed rate (thousands of dollars) | 1,921,688 | 162 | 43 | 6.33 | .33 | 53.3 | 80.7 | 21.3 | Other |
| 28 1–99 | 224,393 | 21 | 36 | 9.53 | .12 | 94.9 | 13.9 | 1.6 | Other |
| 29 100–499 | 172,766 | 210 | 42 | 8.82 | .26 | 91.6 | 60.9 | 10.3 | Prime |
| 30 500–999 | 58,944 | 692 | 41 | 6.68 | .29 | 56.0 | 64.4 | 6.5 | Other |
| 31 1,000 and over | 1,465,585 | 6,640 | 44 | 5.53 | .28 | 42.3 | 94.0 | 26.2 | Domestic |
| 32 Floating rate (thousands of dollars) | 3,871,792 | 298 | 41 | 6.95 | .16 | 59.6 | 74.5 | 8.8 | Prime |
| 33 1–99 | 237,723 | 26 | 45 | 8.43 | .14 | 85.5 | 44.5 | 3.4 | Prime |
| 34 100–499 | 631,358 | 220 | 44 | 7.74 | .12 | 79.6 | 69.8 | 8.5 | Prime |
| 35 500–999 | 345,444 | 680 | 38 | 7.22 | .03 | 63.8 | 80.6 | 17.1 | Prime |
| 36 1,000 and over | 2,657,267 | 4,753 | 41 | 6.59 | .22 | 51.9 | 77.5 | 8.3 | Prime |
| | | | Days | Loan rate (percent) | | | | | Prime rate[9] |
| | | | | Effective[3] | Nominal[8] | | | | |
| **LOANS MADE BELOW PRIME[10]** | | | | | | | | | |
| 37 Overnight[6] | 8,825,419 | 8,116 | * | 4.72 | 4.69 | 5.9 | 62.9 | 1.2 | 6.50 |
| 38 One month and under (excluding overnight) | 5,776,881 | 4,085 | 19 | 5.06 | 5.04 | 23.3 | 83.4 | 9.3 | 6.51 |
| 39 Over one month and under a year | 4,367,112 | 642 | 153 | 5.07 | 5.02 | 39.9 | 85.9 | 17.4 | 6.59 |
| 40 Demand[7] | 8,667,206 | 2,375 | * | 4.76 | 4.71 | 39.4 | 50.4 | 11.9 | 6.55 |
| 41 **Total short term** | **27,636,617** | **2,133** | **42** | **4.86** | **4.82** | **25.4** | **66.9** | **8.8** | **6.53** |
| 42 Fixed rate | 19,502,696 | 2,942 | 29 | 4.86 | 4.82 | 18.4 | 71.9 | 10.0 | 6.51 |
| 43 Floating rate | 8,133,922 | 1,285 | 117 | 4.87 | 4.81 | 42.2 | 54.8 | 5.8 | 6.58 |
| | | | Months | | | | | | |
| 44 **Total long term** | **2,237,453** | **727** | **41** | **5.21** | **5.16** | **50.1** | **90.2** | **21.1** | **6.66** |
| 45 Fixed rate | 1,261,121 | 865 | 39 | 5.25 | 5.19 | 40.4 | 96.6 | 30.1 | 6.66 |
| 46 Floating rate | 976,333 | 603 | 43 | 5.16 | 5.12 | 62.7 | 81.9 | 9.4 | 6.66 |

For notes see end of table.

4.23—Continued

| Characteristic | Amount of loans ($1,000) | Average size ($1,000) | Weighted average maturity | Loan rate (percent) | | Loans secured by collateral (percent) | Loans made under commitment (percent) | Participation loans (percent) | Most common base pricing rate[5] |
|---|---|---|---|---|---|---|---|---|---|
| | | | Days | Weighted average effective | Standard error | | | | |
| LARGE BANKS | | | | | | | | | |
| 1 Overnight[6] | 7,313,490 | 8,444 | * | 4.72 | .11 | 3.8 | 57.4 | 1.4 | Other |
| 2 One month and under (excluding overnight) | 5,603,683 | 3,567 | 19 | 5.25 | .17 | 26.6 | 82.7 | 7.7 | Other |
| 3 Fixed rate | 4,623,736 | 5,404 | 19 | 5.15 | .19 | 23.3 | 80.3 | 6.7 | Other |
| 4 Floating rate | 979,948 | 1,370 | 20 | 5.71 | .24 | 42.0 | 94.3 | 12.5 | Prime |
| 5 Over one month and under a year | 4,778,871 | 859 | 154 | 5.77 | .14 | 52.8 | 86.5 | 17.1 | Prime |
| 6 Fixed rate | 2,294,739 | 2,147 | 150 | 5.28 | .22 | 48.5 | 79.7 | 19.5 | Domestic |
| 7 Floating rate | 2,484,132 | 553 | 157 | 6.22 | .13 | 56.7 | 92.9 | 14.9 | Prime |
| 8 Demand[7] | 11,587,794 | 688 | * | 5.79 | .12 | 54.1 | 56.8 | 14.6 | Prime |
| 9 Fixed rate | 3,408,457 | 1,804 | * | 5.53 | .18 | 44.9 | 78.9 | 40.6 | Domestic |
| 10 Floating rate | 8,179,337 | 547 | * | 5.89 | .14 | 58.0 | 47.6 | 3.8 | Prime |
| **11 Total short term** | **29,283,838** | **1,179** | **48** | **5.41** | **.13** | **36.1** | **66.8** | **10.4** | **Other** |
| 12 Fixed rate (thousands of dollars) | 17,640,422 | 3,769 | 31 | 5.06 | .18 | 22.7 | 70.4 | 12.7 | Other |
| 13 1–99 | 43,853 | 28 | 123 | 8.00 | .08 | 76.7 | 64.5 | 1.6 | Prime |
| 14 100–499 | 154,698 | 233 | 72 | 6.63 | .22 | 60.2 | 81.0 | 7.0 | Prime |
| 15 500–999 | 234,061 | 673 | 54 | 5.68 | .09 | 38.4 | 85.0 | 8.6 | Other |
| 16 1,000–4,999 | 2,533,449 | 2,321 | 34 | 5.38 | .06 | 28.0 | 80.6 | 9.8 | Other |
| 17 5,000–9,999 | 2,724,722 | 6,714 | 46 | 4.99 | .12 | 20.0 | 66.1 | 7.7 | Other |
| 18 10,000 and over | 11,949,640 | 19,512 | 26 | 4.97 | .17 | 21.2 | 68.9 | 14.7 | Other |
| 19 Floating rate (thousands of dollars) | 11,643,417 | 577 | 118 | 5.95 | .15 | 56.4 | 61.2 | 6.9 | Prime |
| 20 1–99 | 379,676 | 30 | 149 | 7.72 | .07 | 79.8 | 85.2 | 1.6 | Prime |
| 21 100–499 | 1,066,362 | 210 | 144 | 7.31 | .09 | 71.2 | 89.6 | 5.6 | Prime |
| 22 500–999 | 678,627 | 664 | 131 | 7.10 | .12 | 61.8 | 90.0 | 9.6 | Prime |
| 23 1,000–4,999 | 2,133,926 | 2,062 | 133 | 6.77 | .18 | 60.4 | 88.5 | 13.2 | Prime |
| 24 5,000–9,999 | 1,598,747 | 6,802 | 105 | 6.23 | .21 | 45.5 | 82.0 | 11.5 | Prime |
| 25 10,000 and over | 5,786,078 | 28,207 | 105 | 5.06 | .23 | 53.0 | 35.1 | 3.6 | Fed funds |
| | | | Months | | | | | | |
| **26 Total long term** | **3,982,697** | **1,162** | **42** | **6.30** | **.15** | **48.9** | **85.0** | **16.0** | **Prime** |
| 27 Fixed rate (thousands of dollars) | 1,281,753 | 1,740 | 44 | 5.48 | .29 | 46.2 | 97.7 | 30.0 | Domestic |
| 28 1–99 | 9,137 | 24 | 37 | 8.74 | .26 | 90.4 | 36.6 | 2.4 | Other |
| 29 100–499 | 30,403 | 244 | 48 | 7.28 | .27 | 69.8 | 74.5 | 7.2 | Other |
| 30 500–999 | 47,005 | 707 | 44 | 6.55 | .43 | 51.2 | 74.6 | 8.1 | Other |
| 31 1,000 and over | 1,195,208 | 7,179 | 44 | 5.37 | .34 | 45.0 | 99.6 | 31.6 | Domestic |
| 32 Floating rate (thousands of dollars) | 2,700,944 | 1,004 | 40 | 6.69 | .12 | 50.2 | 79.0 | 9.3 | Prime |
| 33 1–99 | 33,599 | 37 | 34 | 7.76 | .06 | 75.7 | 70.7 | 8.6 | Prime |
| 34 100–499 | 241,735 | 229 | 37 | 7.46 | .09 | 72.9 | 82.9 | 12.7 | Prime |
| 35 500–999 | 209,906 | 695 | 35 | 7.20 | .08 | 59.6 | 86.0 | 18.6 | Prime |
| 36 1,000 and over | 2,215,704 | 5,303 | 41 | 6.54 | .24 | 46.4 | 78.0 | 8.1 | Prime |
| | | | Days | Loan rate (percent) Effective[3] | Loan rate (percent) Nominal[8] | | | | Prime rate[9] |
| LOANS MADE BELOW PRIME[10] | | | | | | | | | |
| 37 Overnight[6] | 7,293,607 | 8,629 | * | 4.71 | 4.69 | 3.8 | 57.4 | 1.4 | 6.50 |
| 38 One month and under (excluding overnight) | 5,137,714 | 5,948 | 19 | 5.08 | 5.05 | 22.1 | 82.2 | 7.1 | 6.50 |
| 39 Over one month and under a year | 3,196,368 | 4,253 | 149 | 4.97 | 4.92 | 43.0 | 86.3 | 21.2 | 6.50 |
| 40 Demand[7] | 6,880,124 | 5,723 | * | 4.70 | 4.65 | 44.5 | 38.1 | 12.9 | 6.51 |
| **41 Total short term** | **22,507,814** | **6,145** | **37** | **4.83** | **4.80** | **26.0** | **61.2** | **9.0** | **6.50** |
| 42 Fixed rate | 16,121,155 | 6,421 | 29 | 4.86 | 4.83 | 17.6 | 68.4 | 10.5 | 6.50 |
| 43 Floating rate | 6,386,659 | 5,543 | 95 | 4.76 | 4.71 | 47.0 | 43.2 | 5.3 | 6.50 |
| | | | Months | | | | | | |
| **44 Total long term** | **1,843,965** | **4,255** | **42** | **5.02** | **4.96** | **49.3** | **94.5** | **24.7** | **6.51** |
| 45 Fixed rate | 1,057,743 | 4,635 | 38 | 5.09 | 5.02 | 40.5 | 99.5 | 35.3 | 6.51 |
| 46 Floating rate | 786,222 | 3,832 | 46 | 4.93 | 4.88 | 61.2 | 87.7 | 10.3 | 6.52 |

For notes see end of table.

## 4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 3–7, 1992[1]—Continued

Commercial and industrial loans—Continued

| Characteristic | Amount of loans ($1,000) | Average size ($1,000) | Weighted average maturity (Days) | Loan rate (percent): Weighted average effective | Loan rate (percent): Standard error | Loans secured by collateral (percent) | Loans made under commitment (percent) | Participation loans (percent) | Most common base pricing rate[5] |
|---|---|---|---|---|---|---|---|---|---|
| OTHER BANKS | | | | | | | | | |
| 1 Overnight[6] | 1,539,061 | 2,153 | * | 4.77 | .41 | 15.8 | 89.3 | .0 | Foreign |
| 2 One month and under (excluding overnight) | 1,256,987 | 200 | 24 | 6.52 | .23 | 57.5 | 87.0 | 27.1 | Prime |
| 3 Fixed rate | 649,918 | 210 | 24 | 5.59 | .34 | 48.7 | 86.5 | 22.6 | Foreign |
| 4 Floating rate | 607,069 | 190 | 24 | 7.52 | .28 | 66.9 | 87.5 | 32.0 | Prime |
| 5 Over one month and under a year | 4,480,706 | 78 | 156 | 7.31 | .19 | 67.5 | 78.4 | 5.9 | Prime |
| 6 Fixed rate | 1,160,215 | 52 | 124 | 7.20 | .31 | 60.2 | 51.2 | 9.5 | Prime |
| 7 Floating rate | 3,320,490 | 95 | 168 | 7.34 | .18 | 70.1 | 87.9 | 4.6 | Prime |
| 8 Demand[7] | 5,504,829 | 142 | * | 6.75 | .22 | 62.0 | 85.5 | 11.2 | Prime |
| 9 Fixed rate | 1,009,149 | 268 | * | 5.39 | .41 | 30.6 | 94.8 | 6.8 | Foreign |
| 10 Floating rate | 4,495,679 | 129 | * | 7.06 | .17 | 69.1 | 83.5 | 12.2 | Prime |
| **11 Total short term** | **12,781,582** | **124** | **101** | **6.69** | **.18** | **57.9** | **83.6** | **9.6** | **Prime** |
| 12 Fixed rate (thousands of dollars) | 4,358,343 | 146 | 48 | 5.68 | .30 | 35.9 | 80.0 | 7.5 | Foreign |
| 13 1–99 | 403,956 | 15 | 147 | 9.21 | .28 | 76.0 | 32.4 | .2 | Other |
| 14 100–499 | 292,729 | 183 | 117 | 7.84 | .26 | 79.0 | 44.9 | 13.3 | Prime |
| 15 500–999 | 194,501 | 650 | 78 | 7.10 | .66 | 64.4 | 63.8 | 27.8 | Prime |
| 16 1,000–4,999 | 813,983 | 2,301 | 44 | 5.39 | .08 | 32.6 | 91.9 | 8.0 | Foreign |
| 17 5,000–9,999 | 1,010,434 | 6,780 | 28 | 5.16 | .14 | 26.3 | 90.9 | 5.5 | Foreign |
| 18 10,000 and over | 1,642,740 | 15,407 | 18 | 4.73 | .14 | 22.7 | 87.4 | 6.8 | Foreign |
| 19 Floating rate (thousands of dollars) | 8,423,239 | 115 | 146 | 7.21 | .17 | 69.3 | 85.5 | 10.7 | Prime |
| 20 1–99 | 1,493,951 | 25 | 154 | 8.20 | .07 | 83.1 | 83.7 | 2.7 | Prime |
| 21 100–499 | 2,211,694 | 197 | 151 | 7.71 | .12 | 80.9 | 88.7 | 6.4 | Prime |
| 22 500–999 | 1,164,109 | 641 | 119 | 7.34 | .17 | 74.8 | 83.9 | 12.8 | Prime |
| 23 1,000–4,999 | 1,847,541 | 1,764 | 137 | 7.13 | .15 | 71.2 | 83.1 | 17.1 | Prime |
| 24 5,000–9,999 | 518,036 | 6,505 | 141 | 6.25 | .36 | 70.7 | 69.9 | 29.4 | Prime |
| 25 10,000 and over | 1,187,908 | 15,946 | 168 | 5.41 | .44 | 21.4 | 94.0 | 8.4 | Fed funds |
| | | | Months | | | | | | |
| **26 Total long term** | **1,810,783** | **84** | **42** | **7.71** | **.17** | **76.4** | **58.1** | **6.2** | **Prime** |
| 27 Fixed rate (thousands of dollars) | 639,936 | 57 | 40 | 8.04 | .31 | 67.5 | 46.8 | 3.8 | Other |
| 28 1–99 | 215,256 | 21 | 36 | 9.56 | .15 | 95.1 | 13.0 | 1.6 | Other |
| 29 100–499 | 142,363 | 203 | 41 | 9.15 | .34 | 96.2 | 58.0 | 11.0 | Prime |
| 30 500–999 | 11,940 | 637 | 30 | 7.21 | .34 | 74.8 | 24.2 | .0 | Other |
| 31 1,000 and over | 270,377 | 4,984 | 43 | 6.28 | .56 | 30.0 | 68.9 | 2.0 | Other |
| 32 Floating rate (thousands of dollars) | 1,170,847 | 114 | 43 | 7.54 | .15 | 81.3 | 64.3 | 7.5 | Prime |
| 33 1–99 | 204,124 | 25 | 46 | 8.54 | .13 | 87.1 | 40.2 | 2.6 | Prime |
| 34 100–499 | 389,623 | 215 | 48 | 7.91 | .20 | 83.8 | 61.7 | 5.9 | Prime |
| 35 500–999 | 135,538 | 659 | 43 | 7.23 | .15 | 70.3 | 72.4 | 14.7 | Prime |
| 36 1,000 and over | 441,563 | 3,127 | 37 | 6.83 | .20 | 79.6 | 75.3 | 9.1 | Prime |
| | | | Days | Loan rate (percent): Effective[3] | Loan rate (percent): Nominal[8] | | | | Prime rate[9] |
| LOANS MADE BELOW PRIME[10] | | | | | | | | | |
| 37 Overnight[6] | 1,531,811 | 6,327 | * | 4.75 | 4.69 | 15.8 | 89.6 | .0 | 6.50 |
| 38 One month and under (excluding overnight) | 639,167 | 1,161 | 24 | 4.95 | 4.90 | 33.5 | 93.0 | 27.0 | 6.57 |
| 39 Over one month and under a year | 1,170,744 | 193 | 163 | 5.36 | 5.29 | 31.5 | 84.9 | 7.3 | 6.82 |
| 40 Demand[7] | 1,787,082 | 730 | * | 4.99 | 4.93 | 19.9 | 97.8 | 7.9 | 6.69 |
| **41 Total short term** | **5,128,803** | **552** | **62** | **5.00** | **4.94** | **23.0** | **91.8** | **7.8** | **6.65** |
| 42 Fixed rate | 3,381,541 | 821 | 27 | 4.86 | 4.80 | 22.2 | 88.9 | 7.9 | 6.55 |
| 43 Floating rate | 1,747,262 | 338 | 167 | 5.27 | 5.19 | 24.6 | 97.4 | 7.6 | 6.85 |
| | | | Months | | | | | | |
| **44 Total long term** | **393,488** | **149** | **38** | **6.09** | **6.06** | **54.1** | **70.3** | **4.1** | **7.35** |
| 45 Fixed rate | 203,378 | 165 | 41 | 6.07 | 6.05 | 40.0 | 81.8 | 2.7 | 7.46 |
| 46 Floating rate | 190,111 | 134 | 34 | 6.12 | 6.08 | 69.2 | 58.1 | 5.7 | 7.24 |

For notes see following page.

NOTES TO TABLE 4.23

1. As of Sept. 30, 1990, assets of most of the large banks were at least $7.0 billion. For all insured banks, total assets averaged $275 million.
2. Average maturities are weighted by loan size and exclude demand loans.
3. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan size.
4. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of lending at all banks.
5. The most common base rate is that used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "basic" or "reference" rate); the federal funds rate; domestic money market rates other than the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.
6. Overnight loans mature on the following business day.
7. Demand loans have no stated date of maturity.
8. Nominal (not compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan size.
9. The prime rate reported by each bank is weighted by the volume of loans extended and then averaged.
10. The proportion of loans made at rates below the prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

NOTE. Results of the surveys for November 1991 and February 1992 are being republished because of revisions. The survey results for May 1992 have been revised and differ from those published in the E. 2 (III) quarterly statistical release dated June 12.

## 4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 4–8, 1992[1]

Commercial and industrial loans

| Characteristic | Amount of loans ($1,000) | Average size ($1,000) | Weighted average maturity[2] | Loan rate (percent) | | Loans secured by collateral (percent) | Loans made under commitment (percent) | Participation loans (percent) | Most common base pricing rate[5] |
|---|---|---|---|---|---|---|---|---|---|
| | | | Days | Weighted average effective[3] | Standard error[4] | | | | |
| ALL BANKS | | | | | | | | | |
| 1 Overnight[6] | 9,801,367 | 6,506 | * | 4.48 | .27 | 8.8 | 60.9 | 8.9 | Other |
| 2 One month and under (excluding overnight) | 5,927,806 | 620 | 14 | 5.18 | .20 | 23.3 | 82.6 | 9.0 | Other |
| 3 Fixed rate | 4,382,878 | 1,032 | 13 | 4.70 | .31 | 13.7 | 81.0 | 10.4 | Other |
| 4 Floating rate | 1,544,927 | 290 | 17 | 6.53 | .23 | 50.6 | 87.1 | 5.0 | Prime |
| 5 Over one month and under a year | 9,498,676 | 148 | 153 | 6.36 | .17 | 63.0 | 84.6 | 14.1 | Prime |
| 6 Fixed rate | 4,071,455 | 153 | 112 | 5.85 | .27 | 59.8 | 80.9 | 21.7 | Other |
| 7 Floating rate | 5,427,221 | 145 | 184 | 6.74 | .21 | 65.5 | 87.4 | 8.4 | Prime |
| 8 Demand[7] | 13,980,395 | 246 | * | 6.23 | .17 | 67.4 | 68.6 | 10.3 | Prime |
| 9 Fixed rate | 2,611,382 | 502 | * | 5.11 | .32 | 32.8 | 78.4 | 28.7 | Foreign |
| 10 Floating rate | 11,369,013 | 220 | * | 6.48 | .15 | 75.4 | 66.3 | 6.1 | Prime |
| **11 Total short term** | **39,208,244** | **297** | **61** | **5.66** | **.17** | **45.0** | **72.7** | **10.7** | **Prime** |
| 12 Fixed rate (thousands of dollars) | 20,864,840 | 554 | 29 | 4.87 | .29 | 22.7 | 71.2 | 14.2 | Other |
| 13 1–99 | 516,129 | 16 | 141 | 9.10 | .15 | 77.4 | 45.5 | 1.8 | Prime |
| 14 100–499 | 493,785 | 183 | 111 | 7.59 | .24 | 68.3 | 60.6 | 5.4 | Prime |
| 15 500–999 | 360,578 | 678 | 75 | 5.63 | .24 | 43.0 | 74.3 | 11.1 | Other |
| 16 1,000–4,999 | 3,816,775 | 2,382 | 46 | 5.11 | .05 | 35.3 | 82.2 | 15.5 | Other |
| 17 5,000–9,999 | 3,977,021 | 6,718 | 24 | 4.84 | .13 | 16.0 | 70.0 | 12.3 | Other |
| 18 10,000 and over | 11,700,551 | 18,678 | 17 | 4.48 | .12 | 16.0 | 69.5 | 15.4 | Other |
| 19 Floating rate (thousands of dollars) | 18,343,404 | 194 | 147 | 6.56 | .17 | 70.4 | 74.3 | 6.7 | Prime |
| 20 1–99 | 1,775,314 | 24 | 163 | 8.05 | .05 | 83.2 | 83.6 | 2.5 | Prime |
| 21 100–499 | 3,021,335 | 199 | 161 | 7.43 | .06 | 76.3 | 87.0 | 4.5 | Prime |
| 22 500–999 | 1,796,099 | 666 | 167 | 7.38 | .17 | 71.2 | 90.5 | 7.0 | Prime |
| 23 1,000–4,999 | 4,241,619 | 1,977 | 143 | 6.73 | .10 | 65.0 | 87.4 | 8.3 | Prime |
| 24 5,000–9,999 | 2,138,041 | 6,570 | 195 | 6.46 | .33 | 57.0 | 83.8 | 19.5 | Prime |
| 25 10,000 and over | 5,370,996 | 23,812 | 85 | 5.22 | .55 | 72.0 | 44.6 | 2.8 | Fed funds |
| | | | Months | | | | | | |
| **26 Total long term** | **5,672,136** | **231** | **45** | **7.11** | **.20** | **70.6** | **78.8** | **18.7** | **Prime** |
| 27 Fixed rate (thousands of dollars) | 1,266,741 | 116 | 59 | 7.27 | .36 | 76.5 | 64.7 | 8.9 | Other |
| 28 1–99 | 157,943 | 16 | 47 | 9.83 | .20 | 90.3 | 23.3 | 2.4 | Other |
| 29 100–499 | 188,553 | 205 | 51 | 8.79 | .26 | 90.6 | 48.3 | 7.9 | Other |
| 30 500–999 | 123,545 | 696 | 113 | 8.64 | .57 | 94.5 | 22.8 | 22.9 | Prime |
| 31 1,000 and over | 796,700 | 4,845 | 54 | 6.19 | .35 | 67.6 | 83.3 | 8.3 | Domestic |
| 32 Floating rate (thousands of dollars) | 4,405,395 | 323 | 41 | 7.06 | .17 | 68.9 | 82.8 | 21.6 | Prime |
| 33 1–99 | 250,726 | 27 | 45 | 8.44 | .11 | 85.8 | 45.9 | 1.8 | Prime |
| 34 100–499 | 575,983 | 211 | 53 | 7.71 | .04 | 81.4 | 64.3 | 11.2 | Prime |
| 35 500–999 | 675,806 | 706 | 45 | 7.39 | .20 | 80.8 | 70.7 | 9.0 | Prime |
| 36 1,000 and over | 2,902,881 | 4,030 | 38 | 6.73 | .33 | 62.2 | 92.5 | 28.3 | Prime |
| | | | Days | Loan rate (percent) Effective[3] | Loan rate (percent) Nominal[8] | | | | Prime rate[9] |
| LOANS MADE BELOW PRIME[10] | | | | | | | | | |
| 37 Overnight[6] | 9,600,429 | 8,009 | * | 4.43 | 4.41 | 8.8 | 61.1 | 9.0 | 6.48 |
| 38 One month and under (excluding overnight) | 4,900,931 | 3,682 | 13 | 4.60 | 4.58 | 13.6 | 83.5 | 9.4 | 6.50 |
| 39 Over one month and under a year | 4,601,876 | 672 | 116 | 4.93 | 4.91 | 46.2 | 90.6 | 18.8 | 6.56 |
| 40 Demand[7] | 6,104,679 | 2,278 | * | 4.60 | 4.55 | 57.2 | 48.3 | 15.0 | 6.54 |
| **41 Total short term** | **25,207,915** | **2,091** | **32** | **4.60** | **4.57** | **28.3** | **67.7** | **12.3** | **6.51** |
| 42 Fixed rate | 19,076,999 | 2,904 | 23 | 4.58 | 4.56 | 18.3 | 72.1 | 14.8 | 6.50 |
| 43 Floating rate | 6,130,916 | 1,118 | 100 | 4.66 | 4.60 | 59.3 | 54.2 | 4.6 | 6.56 |
| | | | Months | | | | | | |
| **44 Total long term** | **1,209,099** | **439** | **40** | **5.12** | **5.07** | **50.7** | **85.7** | **16.7** | **6.65** |
| 45 Fixed rate | 499,063 | 586 | 42 | 5.28 | 5.24 | 53.0 | 75.0 | 4.9 | 6.67 |
| 46 Floating rate | 710,036 | 374 | 38 | 5.01 | 4.95 | 49.1 | 93.3 | 24.9 | 6.64 |

For notes see end of table.

4.23—Continued

| Characteristic | Amount of loans ($1,000) | Average size ($1,000) | Weighted average maturity | Loan rate (percent) | | Loans secured by collateral (percent) | Loans made under commitment (percent) | Participation loans (percent) | Most common base pricing rate[5] |
|---|---|---|---|---|---|---|---|---|---|
| | | | Days | Weighted average effective | Standard error | | | | |
| LARGE BANKS | | | | | | | | | |
| 1 Overnight[6] | 7,993,617 | 8,385 | * | 4.51 | .23 | 6.3 | 52.2 | 10.8 | Other |
| 2 One month and under (excluding overnight) | 4,274,878 | 2,905 | 13 | 5.07 | .17 | 20.4 | 79.8 | 8.9 | Other |
| 3 Fixed rate | 3,411,157 | 5,646 | 13 | 4.70 | .19 | 12.6 | 78.0 | 9.6 | Other |
| 4 Floating rate | 863,721 | 996 | 16 | 6.57 | .23 | 51.5 | 86.9 | 6.1 | Prime |
| 5 Over one month and under a year | 4,738,174 | 819 | 129 | 5.64 | .14 | 51.1 | 87.8 | 7.2 | Prime |
| 6 Fixed rate | 2,305,434 | 2,182 | 88 | 5.22 | .20 | 46.4 | 85.4 | 8.2 | Foreign |
| 7 Floating rate | 2,432,740 | 514 | 167 | 6.04 | .18 | 55.5 | 90.1 | 6.3 | Prime |
| 8 Demand[7] | 9,271,501 | 545 | * | 5.83 | .15 | 64.5 | 59.7 | 11.8 | Prime |
| 9 Fixed rate | 1,984,113 | 1,831 | * | 4.87 | .24 | 26.1 | 76.9 | 34.9 | Foreign |
| 10 Floating rate | 7,287,388 | 457 | * | 6.09 | .15 | 74.9 | 55.1 | 5.5 | Prime |
| **11 Total short term** | **26,278,170** | **1,042** | **40** | **5.27** | **.14** | **37.2** | **65.8** | **10.2** | **Other** |
| 12 Fixed rate (thousands of dollars) | 15,694,321 | 4,244 | 19 | 4.70 | .17 | 16.1 | 65.8 | 13.2 | Other |
| 13 1–99 | 22,602 | 27 | 95 | 7.44 | .09 | 57.9 | 48.8 | .6 | Prime |
| 14 100–499 | 110,510 | 234 | 76 | 6.24 | .28 | 54.2 | 77.0 | 3.5 | Prime |
| 15 500–999 | 205,993 | 702 | 70 | 5.51 | .18 | 40.5 | 79.4 | 11.0 | Other |
| 16 1,000–4,999 | 2,632,624 | 2,391 | 28 | 5.13 | .05 | 28.1 | 77.7 | 10.5 | Other |
| 17 5,000–9,999 | 3,410,697 | 6,761 | 23 | 4.82 | .15 | 14.7 | 66.7 | 13.0 | Other |
| 18 10,000 and over | 9,311,895 | 19,443 | 13 | 4.49 | .11 | 12.1 | 61.7 | 14.3 | Other |
| 19 Floating rate (thousands of dollars) | 10,583,848 | 492 | 127 | 6.12 | .16 | 68.5 | 65.7 | 5.7 | Prime |
| 20 1–99 | 417,212 | 31 | 150 | 7.71 | .04 | 80.4 | 87.0 | 1.8 | Prime |
| 21 100–499 | 1,110,304 | 204 | 143 | 7.31 | .04 | 70.9 | 88.7 | 4.0 | Prime |
| 22 500–999 | 710,263 | 672 | 151 | 6.95 | .11 | 63.6 | 90.0 | 6.4 | Prime |
| 23 1,000–4,999 | 2,230,488 | 2,017 | 146 | 6.65 | .20 | 55.2 | 87.5 | 9.1 | Prime |
| 24 5,000–9,999 | 1,297,321 | 6,595 | 151 | 6.30 | .44 | 51.1 | 81.8 | 12.1 | Prime |
| 25 10,000 and over | 4,818,259 | 25,735 | 88 | 5.29 | .56 | 78.6 | 40.6 | 3.2 | Fed funds |
| | | | Months | | | | | | |
| **26 Total long term** | **3,474,104** | **941** | **40** | **6.78** | **.20** | **65.2** | **92.1** | **23.9** | **Prime** |
| 27 Fixed rate (thousands of dollars) | 492,970 | 877 | 63 | 6.57 | .39 | 73.0 | 90.0 | 3.5 | Domestic |
| 28 1–99 | 9,358 | 27 | 47 | 9.44 | .22 | 91.9 | 37.4 | .0 | Other |
| 29 100–499 | 26,796 | 230 | 55 | 8.59 | .71 | 84.2 | 50.2 | 2.8 | Other |
| 30 500–999 | 14,779 | 671 | 53 | 7.96 | .99 | 53.8 | 27.5 | .0 | Other |
| 31 1,000 and over | 442,038 | 6,101 | 65 | 6.34 | .48 | 72.5 | 95.6 | 3.8 | Domestic |
| 32 Floating rate (thousands of dollars) | 2,981,133 | 952 | 36 | 6.81 | .13 | 63.9 | 92.4 | 27.3 | Prime |
| 33 1–99 | 44,589 | 35 | 38 | 7.70 | .07 | 85.0 | 71.5 | 4.4 | Prime |
| 34 100–499 | 238,990 | 232 | 38 | 7.50 | .07 | 77.2 | 80.3 | 8.8 | Prime |
| 35 500–999 | 235,532 | 687 | 36 | 7.29 | .12 | 70.1 | 83.3 | 16.2 | Prime |
| 36 1,000 and over | 2,462,022 | 4,993 | 35 | 6.69 | .38 | 61.6 | 94.8 | 30.6 | Prime |
| | | | Days | Loan rate (percent) Effective[3] | Loan rate (percent) Nominal[8] | | | | Prime rate[9] |
| LOANS MADE BELOW PRIME[10] | | | | | | | | | |
| 37 Overnight[6] | 7,815,361 | 8,616 | * | 4.45 | 4.43 | 6.4 | 52.3 | 11.1 | 6.48 |
| 38 One month and under (excluding overnight) | 3,752,869 | 5,897 | 13 | 4.65 | 4.63 | 13.7 | 80.0 | 8.6 | 6.47 |
| 39 Over one month and under a year | 2,966,097 | 3,471 | 101 | 4.65 | 4.64 | 37.4 | 90.7 | 7.2 | 6.42 |
| 40 Demand[7] | 5,044,801 | 5,190 | * | 4.53 | 4.48 | 62.2 | 38.3 | 16.2 | 6.50 |
| **41 Total short term** | **19,579,128** | **5,810** | **25** | **4.54** | **4.51** | **26.9** | **59.8** | **11.3** | **6.48** |
| 42 Fixed rate | 14,866,358 | 6,115 | 17 | 4.56 | 4.54 | 13.6 | 65.4 | 13.7 | 6.47 |
| 43 Floating rate | 4,712,770 | 5,018 | 100 | 4.49 | 4.43 | 68.7 | 42.1 | 4.0 | 6.48 |
| | | | Months | | | | | | |
| **44 Total long term** | **782,079** | **3,103** | **41** | **4.82** | **4.78** | **52.0** | **95.5** | **22.4** | **6.44** |
| 45 Fixed rate | 214,416 | 2,959 | 47 | 5.04 | 5.03 | 54.2 | 91.4 | 3.2 | 6.49 |
| 46 Floating rate | 567,662 | 3,161 | 39 | 4.74 | 4.68 | 51.2 | 97.0 | 29.7 | 6.42 |

For notes see end of table.

## 4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 4–8, 1992[1]—Continued

Commercial and industrial loans—Continued

| Characteristic | Amount of loans ($1,000) | Average size ($1,000) | Weighted average maturity | Loan rate (percent) | | Loans secured by collateral (percent) | Loans made under commitment (percent) | Participation loans (percent) | Most common base pricing rate[5] |
|---|---|---|---|---|---|---|---|---|---|
| | | | Days | Weighted average effective | Standard error | | | | |
| OTHER BANKS | | | | | | | | | |
| 1 Overnight[6] | 1,807,751 | 3,268 | * | 4.38 | .36 | 19.6 | 99.3 | .1 | Fed funds |
| 2 One month and under (excluding overnight) | 1,652,928 | 204 | 17 | 5.45 | .23 | 30.7 | 89.8 | 9.1 | Prime |
| 3 Fixed rate | 971,721 | 267 | 16 | 4.72 | .36 | 17.5 | 91.6 | 13.1 | Foreign |
| 4 Floating rate | 681,207 | 153 | 18 | 6.48 | .25 | 49.5 | 87.2 | 3.5 | Prime |
| 5 Over one month and under a year | 4,760,502 | 82 | 177 | 7.07 | .18 | 74.9 | 81.4 | 20.9 | Prime |
| 6 Fixed rate | 1,766,021 | 69 | 143 | 6.66 | .31 | 77.2 | 75.0 | 39.2 | Other |
| 7 Floating rate | 2,994,481 | 92 | 197 | 7.32 | .19 | 73.6 | 85.2 | 10.0 | Prime |
| 8 Demand[7] | 4,708,894 | 118 | * | 7.01 | .20 | 73.2 | 86.0 | 7.5 | Prime |
| 9 Fixed rate | 627,269 | 152 | * | 5.86 | .39 | 53.7 | 83.3 | 9.2 | Prime |
| 10 Floating rate | 4,081,625 | 114 | * | 7.18 | .15 | 76.2 | 86.4 | 7.2 | Prime |
| **11 Total short term** | **12,930,075** | **121** | **106** | **6.46** | **.18** | **60.9** | **86.7** | **11.6** | **Prime** |
| 12 Fixed rate (thousands of dollars) | 5,170,519 | 152 | 60 | 5.40 | .30 | 43.0 | 87.6 | 17.0 | Fed funds |
| 13 1–99 | 493,528 | 16 | 142 | 9.18 | .15 | 78.3 | 45.3 | 1.8 | Prime |
| 14 100–499 | 383,275 | 172 | 118 | 7.98 | .32 | 72.4 | 55.8 | 5.9 | Prime |
| 15 500–999 | 154,585 | 649 | 81 | 5.78 | .29 | 46.4 | 67.5 | 11.3 | Prime |
| 16 1,000–4,999 | 1,184,151 | 2,363 | 82 | 5.07 | .13 | 51.3 | 92.4 | 26.4 | Other |
| 17 5,000–9,999 | 566,324 | 6,471 | 31 | 4.94 | .23 | 24.1 | 89.4 | 8.0 | Foreign |
| 18 10,000 and over | 2,388,656 | 16,191 | 31 | 4.46 | .30 | 31.1 | 100.0 | 19.8 | Fed funds |
| 19 Floating rate (thousands of dollars) | 7,759,556 | 107 | 164 | 7.17 | .17 | 72.9 | 86.0 | 8.0 | Prime |
| 20 1–99 | 1,358,101 | 23 | 165 | 8.15 | .08 | 84.1 | 82.5 | 2.7 | Prime |
| 21 100–499 | 1,911,031 | 197 | 168 | 7.51 | .09 | 79.4 | 86.0 | 4.8 | Prime |
| 22 500–999 | 1,085,836 | 663 | 175 | 7.67 | .26 | 76.2 | 90.8 | 7.4 | Prime |
| 23 1,000–4,999 | 2,011,131 | 1,934 | 141 | 6.83 | .13 | 75.9 | 87.2 | 7.4 | Prime |
| 24 5,000–9,999 | 840,720 | 6,532 | 285 | 6.70 | .19 | 66.2 | 86.8 | 31.0 | Prime |
| 25 10,000 and over | 552,736 | 14,420 | 75 | 4.63 | .71 | 15.1 | 79.9 | .0 | Fed funds |
| | | | Months | | | | | | |
| **26 Total long term** | **2,198,033** | **105** | **54** | **7.62** | **.19** | **79.1** | **57.8** | **10.5** | **Prime** |
| 27 Fixed rate (thousands of dollars) | 773,771 | 75 | 56 | 7.71 | .33 | 78.7 | 48.6 | 12.3 | Other |
| 28 1–99 | 148,585 | 16 | 47 | 9.85 | .20 | 90.2 | 22.4 | 2.6 | Other |
| 29 100–499 | 161,757 | 202 | 50 | 8.82 | .23 | 91.7 | 48.0 | 8.7 | Other |
| 30 500–999 | 108,766 | 700 | 121 | 8.73 | .54 | 100.0 | 22.1 | 26.1 | Prime |
| 31 1,000 and over | 354,663 | 3,856 | 42 | 6.00 | .41 | 61.5 | 68.0 | 13.9 | Domestic |
| 32 Floating rate (thousands of dollars) | 1,424,262 | 135 | 53 | 7.57 | .17 | 79.3 | 62.8 | 9.6 | Prime |
| 33 1–99 | 206,137 | 26 | 47 | 8.60 | .14 | 85.9 | 40.4 | 1.3 | Prime |
| 34 100–499 | 336,993 | 199 | 63 | 7.86 | .07 | 84.4 | 52.9 | 13.0 | Prime |
| 35 500–999 | 440,273 | 716 | 50 | 7.45 | .39 | 86.5 | 63.9 | 5.2 | Prime |
| 36 1,000 and over | 440,859 | 1,940 | 50 | 7.00 | .17 | 65.2 | 79.6 | 15.2 | Prime |
| | | | Days | Loan rate (percent) | | | | | Prime rate[9] |
| | | | | Effective[3] | Nominal[8] | | | | |
| LOANS MADE BELOW PRIME[10] | | | | | | | | | |
| 37 Overnight[6] | 1,785,068 | 6,121 | * | 4.34 | 4.29 | 19.7 | 99.5 | .1 | 6.50 |
| 38 One month and under (excluding overnight) | 1,148,062 | 1,653 | 15 | 4.45 | 4.42 | 13.4 | 94.9 | 11.8 | 6.58 |
| 39 Over one month and under a year | 1,635,779 | 273 | 144 | 5.42 | 5.40 | 62.3 | 90.5 | 39.9 | 6.80 |
| 40 Demand[7] | 1,059,878 | 621 | * | 4.94 | 4.89 | 33.3 | 95.9 | 9.4 | 6.74 |
| **41 Total short term** | **5,628,788** | **648** | **56** | **4.79** | **4.75** | **33.4** | **95.3** | **15.8** | **6.65** |
| 42 Fixed rate | 4,210,641 | 1,018 | 46 | 4.65 | 4.61 | 35.1 | 95.6 | 18.9 | 6.58 |
| 43 Floating rate | 1,418,146 | 312 | 100 | 5.22 | 5.16 | 28.4 | 94.4 | 6.7 | 6.84 |
| | | | Months | | | | | | |
| **44 Total long term** | **427,020** | **171** | **38** | **5.68** | **5.60** | **48.3** | **67.8** | **6.1** | **7.05** |
| 45 Fixed rate | 284,647 | 365 | 39 | 5.47 | 5.39 | 52.1 | 62.6 | 6.2 | 6.80 |
| 46 Floating rate | 142,373 | 83 | 35 | 6.11 | 6.01 | 40.7 | 78.2 | 6.0 | 7.53 |

For notes see following page.

NOTES TO TABLE 4.23

1. As of Sept. 30, 1990, assets of most of the large banks were at least $7.( billion. For all insured banks, total assets averaged $275 million.
2. Average maturities are weighted by loan size and exclude demand loans.
3. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan size.
4. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of lending at all banks.
5. The most common base rate is that used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "basic" or "reference" rate); the federal funds rate; domestic money market rates other than the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.
6. Overnight loans mature on the following business day.
7. Demand loans have no stated date of maturity.
8. Nominal (not compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan size.
9. The prime rate reported by each bank is weighted by the volume of loans extended and then averaged.
10. The proportion of loans made at rates below the prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

NOTE. Results of the surveys for November 1991 and February 1992 are being republished because of revisions. The survey results for May 1992 have been revised and differ from those published in the E. 2 (III) quarterly statistical release dated June 12.

## 4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1992[1]

Millions of dollars

| Item | All states | | New York | | California | | Illinois | |
|---|---|---|---|---|---|---|---|---|
| | Total including IBF's | IBF's only | Total including IBF's | IBF's only | Total including IBF's | IBF's only | Total including IBF's | IBF's only |
| 1 **Total assets**[4] | **683,493** | **287,168** | **508,220** | **224,912** | **84,606** | **35,870** | **53,382** | **18,199** |
| 2 Claims on nonrelated parties | 583,627 | 202,064 | 425,253 | 165,870 | 76,923 | 16,802 | 53,018 | 15,492 |
| 3 Cash and balances due from depository institutions | 147,971 | 122,889 | 124,587 | 101,223 | 8,848 | 8,240 | 12,864 | 12,545 |
| 4 Cash items in process of collection and unposted debits | 2,431 | 0 | 2,308 | 0 | 27 | 0 | 67 | 0 |
| 5 Currency and coin (U.S. and foreign) | 25 | n.a. | 18 | n.a. | 2 | n.a. | 1 | n.a. |
| 6 Balances with depository institutions in United States | 82,814 | 61,833 | 69,625 | 49,934 | 5,423 | 4,867 | 6,917 | 6,679 |
| 7 U.S. branches and agencies of other foreign banks (including their IBFs) | 76,134 | 58,584 | 64,025 | 47,034 | 4,978 | 4,737 | 6,481 | 6,473 |
| 8 Other depository institutions in United States (including their IBFs) | 6,680 | 3,248 | 5,600 | 2,900 | 445 | 130 | 436 | 207 |
| 9 Balances with banks in foreign countries and with foreign central banks | 62,130 | 61,056 | 52,202 | 51,289 | 3,378 | 3,373 | 5,867 | 5,866 |
| 10 Foreign branches of U.S. banks | 1,769 | 1,626 | 1,518 | 1,375 | 56 | 56 | 190 | 190 |
| 11 Other banks in foreign countries and foreign central banks | 60,361 | 59,431 | 50,683 | 49,914 | 3,322 | 3,317 | 5,677 | 5,676 |
| 12 Balances with Federal Reserve Banks | 572 | n.a. | 434 | n.a. | 18 | n.a. | 13 | n.a. |
| 13 **Total securities and loans** | **365,380** | **68,493** | **243,658** | **55,895** | **60,603** | **7,304** | **35,720** | **2,465** |
| 14 Total securities, book value | 63,968 | 14,657 | 58,475 | 13,549 | 3,419 | 656 | 1,633 | 400 |
| 15 U.S. Treasury | 18,024 | n.a. | 17,808 | n.a. | 70 | n.a. | 111 | n.a. |
| 16 Obligations of U.S. government agencies and corporations | 11,255 | n.a. | 10,824 | n.a. | 260 | n.a. | 108 | n.a. |
| 17 Other bonds, notes, debentures and corporate stock (including state and local securities) | 34,689 | 14,657 | 29,843 | 13,549 | 3,089 | 656 | 1,414 | 400 |
| 18 Federal funds sold and securities purchased under agreements to resell | 21,700 | 2,664 | 19,782 | 1,810 | 924 | 560 | 587 | 175 |
| 19 U.S. branches and agencies of other foreign banks | 9,137 | 1,362 | 8,082 | 1,069 | 423 | 150 | 467 | 125 |
| 20 Commercial banks in United States | 2,752 | 100 | 2,573 | 100 | 30 | 0 | 34 | 0 |
| 21 Other | 9,811 | 1,202 | 9,127 | 641 | 471 | 410 | 87 | 50 |
| 22 Total loans, gross | 301,543 | 53,849 | 185,269 | 42,357 | 57,216 | 6,649 | 34,093 | 2,065 |
| 23 Less: Unearned income on loans | 131 | 12 | 86 | 11 | 32 | 1 | 6 | 0 |
| 24 Equals: Loans, net | 301,412 | 53,836 | 185,183 | 42,346 | 57,184 | 6,648 | 34,086 | 2,065 |
| *Total loans, gross, by category* | | | | | | | | |
| 25 Real estate loans | 54,449 | 585 | 27,918 | 329 | 17,248 | 202 | 5,342 | 54 |
| 26 Loans to depository institutions | 45,015 | 29,763 | 33,581 | 22,369 | 6,040 | 4,393 | 3,158 | 1,435 |
| 27 Commercial banks in United States (including IBFs) | 24,765 | 12,757 | 18,020 | 9,185 | 4,290 | 2,660 | 2,069 | 843 |
| 28 U.S. branches and agencies of other foreign banks | 21,532 | 11,460 | 15,771 | 8,144 | 3,927 | 2,420 | 1,602 | 828 |
| 29 Other commercial banks in United States | 3,233 | 1,296 | 2,249 | 1,041 | 363 | 240 | 467 | 15 |
| 30 Other depository institutions in United States (including IBFs) | 7 | 0 | 0 | 0 | 7 | 0 | 0 | 0 |
| 31 Banks in foreign countries | 20,243 | 17,007 | 15,560 | 13,184 | 1,743 | 1,733 | 1,089 | 592 |
| 32 Foreign branches of U.S. banks | 521 | 465 | 398 | 342 | 120 | 120 | 3 | 3 |
| 33 Other banks in foreign countries | 19,722 | 16,542 | 15,162 | 12,842 | 1,623 | 1,613 | 1,087 | 589 |
| 34 Other financial institutions | 15,588 | 813 | 13,055 | 712 | 878 | 49 | 1,340 | 31 |
| 35 Commercial and industrial loans | 166,316 | 14,376 | 93,836 | 11,769 | 31,648 | 1,741 | 23,574 | 384 |
| 36 U.S. addressees (domicile) | 144,602 | 518 | 77,272 | 384 | 29,064 | 119 | 22,990 | 7 |
| 37 Non-U.S. addressees (domicile) | 21,714 | 13,857 | 16,565 | 11,385 | 2,584 | 1,622 | 584 | 377 |
| 38 Acceptances of other banks | 1,971 | 35 | 927 | 32 | 684 | 0 | 230 | 0 |
| 39 U.S. banks | 1,147 | 0 | 481 | 0 | 598 | 0 | 2 | 0 |
| 40 Foreign banks | 824 | 35 | 446 | 32 | 86 | 0 | 229 | 0 |
| 41 Loans to foreign governments and official institutions (including foreign central banks) | 9,379 | 8,103 | 7,960 | 7,026 | 387 | 264 | 170 | 161 |
| 42 Loans for purchasing or carrying securities (secured and unsecured) | 4,983 | 23 | 4,763 | 23 | 216 | 0 | 4 | 0 |
| 43 All other loans | 3,842 | 150 | 3,231 | 97 | 115 | 0 | 274 | 0 |
| 44 All other assets | 48,576 | 8,018 | 37,226 | 6,942 | 6,548 | 699 | 3,847 | 307 |
| 45 Customers' liability on acceptances outstanding | 18,694 | n.a. | 12,893 | n.a. | 4,407 | n.a. | 988 | n.a. |
| 46 U.S. addressees (domicile) | 11,773 | n.a. | 6,975 | n.a. | 3,791 | n.a. | 907 | n.a. |
| 47 Non-U.S. addressees (domicile) | 6,921 | n.a. | 5,918 | n.a. | 616 | n.a. | 81 | n.a. |
| 48 Other assets including other claims on nonrelated parties | 29,882 | 8,018 | 24,333 | 6,942 | 2,141 | 699 | 2,859 | 307 |
| 49 Net due from related depository institutions[5] | 99,867 | 85,103 | 82,967 | 59,041 | 7,683 | 19,068 | 363 | 2,707 |
| 50 Net due from head office and other related depository institutions[5] | 99,867 | n.a. | 82,967 | n.a. | 7,683 | n.a. | 363 | n.a. |
| 51 Net due from establishing entity, head offices, and other related depository institutions[5] | n.a. | 85,103 | n.a. | 59,041 | n.a. | 19,068 | n.a. | 2,707 |
| 52 **Total liabilities**[4] | **683,493** | **287,168** | **508,220** | **224,912** | **84,606** | **35,870** | **53,382** | **18,199** |
| 53 Liabilities to nonrelated parties | 575,595 | 240,218 | 452,243 | 186,082 | 72,512 | 35,291 | 31,369 | 11,719 |

4.30—Continued

Millions of dollars

| Item | All states | | New York | | California | | Illinois | |
|---|---|---|---|---|---|---|---|---|
| | Total excluding IBF's | IBF's only | Total excluding IBF's | IBF's only | Total excluding IBF's | IBF's only | Total excluding IBF's | IBF's only |
| 54 Total deposits and credit balances | 149,359 | 174,815 | 127,462 | 155,304 | 4,149 | 10,048 | 8,508 | 2,990 |
| 55 Individuals, partnerships, and corporations | 107,466 | 14,443 | 88,151 | 8,639 | 3,793 | 600 | 7,450 | 95 |
| 56 U.S. addressees (domicile) | 91,631 | 362 | 78,524 | 361 | 1,872 | 0 | 6,427 | 1 |
| 57 Non-U.S. addressees (domicile) | 15,835 | 14,081 | 9,627 | 8,278 | 1,921 | 600 | 1,024 | 95 |
| 58 Commercial banks in United States (including IBFs) | 29,905 | 55,241 | 28,082 | 50,298 | 93 | 3,201 | 1,007 | 1,143 |
| 59 U.S. branches and agencies of other foreign banks | 11,101 | 49,710 | 10,731 | 45,571 | 58 | 2,755 | 262 | 885 |
| 60 Other commercial banks in United States | 18,804 | 5,530 | 17,350 | 4,727 | 35 | 446 | 745 | 259 |
| 61 Banks in foreign countries | 4,353 | 87,094 | 4,197 | 79,757 | 5 | 5,193 | 32 | 1,589 |
| 62 Foreign branches of U.S. banks | 1,442 | 6,131 | 1,412 | 4,978 | 0 | 851 | 30 | 259 |
| 63 Other banks in foreign countries | 2,912 | 80,963 | 2,785 | 74,779 | 5 | 4,342 | 2 | 1,330 |
| 64 Foreign governments and official institutions (including foreign central banks) | 2,073 | 16,991 | 1,752 | 15,565 | 225 | 1,053 | 3 | 162 |
| 65 All other deposits and credit balances | 5,143 | 1,045 | 4,918 | 1,045 | 10 | 0 | 8 | 0 |
| 66 Certified and official checks | 418 | | 361 | | 22 | | 9 | |
| 67 Transaction accounts and credit balances (excluding IBFs) | 7,806 | | 6,429 | | 298 | | 296 | |
| 68 Individuals, partnerships, and corporations | 5,558 | | 4,399 | | 254 | | 283 | |
| 69 U.S. addressees (domicile) | 4,036 | | 3,414 | | 215 | | 278 | |
| 70 Non-U.S. addressees (domicile) | 1,522 | | 985 | | 39 | | 5 | |
| 71 Commercial banks in United States (including IBFs) | 103 | | 96 | | 3 | | 0 | |
| 72 U.S. branches and agencies of other foreign banks | 29 | | 26 | | 2 | | 0 | |
| 73 Other commercial banks in United States | 74 | | 70 | | 1 | | 0 | |
| 74 Banks in foreign countries | 1,124 | | 1,029 | | 5 | | 2 | |
| 75 Foreign branches of U.S. banks | 9 | | 8 | | 0 | | 0 | |
| 76 Other banks in foreign countries | 1,116 | | 1,021 | | 5 | | 2 | |
| 77 Foreign governments and official institutions (including foreign central banks) | 287 | | 247 | | 3 | | 1 | |
| 78 All other deposits and credit balances | 316 | | 298 | | 10 | | 1 | |
| 79 Certified and official checks | 418 | | 361 | | 22 | | 9 | |
| 80 Demand deposits (included in transaction accounts and credit balances) | 7,117 | | 6,031 | | 230 | | 284 | |
| 81 Individuals, partnerships, and corporations | 5,145 | | 4,257 | | 199 | | 271 | |
| 82 U.S. addressees (domicile) | 3,874 | | 3,356 | | 173 | | 267 | |
| 83 Non-U.S. addressees (domicile) | 1,270 | | 901 | | 25 | | 5 | |
| 84 Commercial banks in United States (including IBF)s | 33 | n.a. | 29 | n.a. | 0 | n.a. | 0 | n.a. |
| 85 U.S. branches and agencies of other foreign banks | 17 | | 16 | | 0 | | 0 | |
| 86 Other commercial banks in United States | 16 | | 13 | | 0 | | 0 | |
| 87 Banks in foreign countries | 1,013 | | 922 | | 5 | | 2 | |
| 88 Foreign branches of U.S. banks | 9 | | 8 | | 0 | | 0 | |
| 89 Other banks in foreign countries | 1,004 | | 914 | | 5 | | 2 | |
| 90 Foreign governments and official institutions (including foreign central banks) | 230 | | 190 | | 3 | | 1 | |
| 91 All other deposits and credit balances | 278 | | 272 | | 1 | | 1 | |
| 92 Certified and official checks | 418 | | 361 | | 22 | | 9 | |
| 93 Non-transaction accounts (including MMDAs, excluding IBFs) | 141,553 | | 121,032 | | 3,852 | | 8,213 | |
| 94 Individuals, partnerships, and corporations | 101,909 | | 83,753 | | 3,539 | | 7,167 | |
| 95 U.S. addressees (domicile) | 87,595 | | 75,110 | | 1,657 | | 6,148 | |
| 96 Non-U.S. addressees (domicile) | 14,313 | | 8,643 | | 1,882 | | 1,019 | |
| 97 Commercial banks in United States (including IBFs) | 29,802 | | 27,986 | | 90 | | 1,007 | |
| 98 U.S. branches and agencies of other foreign banks | 11,072 | | 10,706 | | 57 | | 262 | |
| 99 Other commercial banks in United States | 18,730 | | 17,280 | | 34 | | 744 | |
| 100 Banks in foreign countries | 3,229 | | 3,168 | | 0 | | 30 | |
| 101 Foreign branches of U.S. banks | 1,433 | | 1,403 | | 0 | | 30 | |
| 102 Other banks in foreign countries | 1,796 | | 1,765 | | 0 | | 0 | |
| 103 Foreign governments and official institutions (including foreign central banks) | 1,786 | | 1,505 | | 222 | | 1 | |
| 104 All other deposits and credit balances | 4,828 | | 4,621 | | 0 | | 7 | |
| 105 IBF deposit liabilities | | 174,815 | | 155,304 | | 10,048 | | 2,990 |
| 106 Individuals, partnerships, and corporations | | 14,443 | | 8,639 | | 600 | | 95 |
| 107 U.S. addressees (domicile) | | 362 | | 361 | | 0 | | 1 |
| 108 Non-U.S. addressees (domicile) | | 14,081 | | 8,278 | | 600 | | 95 |
| 109 Commercial banks in United States (including IBFs) | | 55,241 | | 50,298 | | 3,201 | | 1,143 |
| 110 U.S. branches and agencies of other foreign banks | n.a. | 49,710 | n.a. | 45,571 | n.a. | 2,755 | n.a. | 885 |
| 111 Other commercial banks in United States | | 5,530 | | 4,727 | | 446 | | 259 |
| 112 Banks in foreign countries | | 87,094 | | 79,757 | | 5,193 | | 1,589 |
| 113 Foreign branches of U.S. banks | | 6,131 | | 4,978 | | 851 | | 259 |
| 114 Other banks in foreign countries | | 80,963 | | 74,779 | | 4,342 | | 1,330 |
| 115 Foreign governments and official institutions (including foreign central banks) | | 16,991 | | 15,565 | | 1,053 | | 162 |
| 116 All other deposits and credit balances | | 1,045 | | 1,045 | | 0 | | 0 |

For notes see end of table.

## 4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1992[1]—Continued

Millions of dollars

| Item | All states | | New York | | California | | Illinois | |
|---|---|---|---|---|---|---|---|---|
| | Total including IBF's | IBF's only | Total including IBF's | IBF's only | Total including IBF's | IBF's only | Total including IBF's | IBF's only |
| 117 Federal funds purchased and securities sold under agreements to repurchase | 79,221 | 5,786 | 62,057 | 2,890 | 11,943 | 1,815 | 4,537 | 1,011 |
| 118 U.S. branches and agencies of other foreign banks | 11,372 | 1,807 | 6,662 | 547 | 3,338 | 946 | 1,181 | 283 |
| 119 Other commercial banks in United States | 27,772 | 451 | 19,966 | 227 | 5,524 | 144 | 1,991 | 80 |
| 120 Other | 40,077 | 3,528 | 35,429 | 2,116 | 3,081 | 726 | 1,365 | 648 |
| 121 Other borrowed money | 124,623 | 53,199 | 70,587 | 22,419 | 40,034 | 22,705 | 11,839 | 7,535 |
| 122 Owed to nonrelated commercial banks in United States (including IBFs) | 48,175 | 21,637 | 20,432 | 5,302 | 21,424 | 13,202 | 4,813 | 2,879 |
| 123 Owed to U.S. offices of nonrelated U.S. banks | 15,813 | 2,641 | 8,967 | 996 | 4,646 | 1,192 | 1,740 | 426 |
| 124 Owed to U.S. branches and agencies of nonrelated foreign banks | 32,361 | 18,996 | 11,465 | 4,306 | 16,779 | 12,010 | 3,073 | 2,454 |
| 125 Owed to nonrelated banks in foreign countries | 29,472 | 28,250 | 15,127 | 14,062 | 9,504 | 9,387 | 4,548 | 4,516 |
| 126 Owed to foreign branches of nonrelated U.S. banks | 2,662 | 2,530 | 654 | 522 | 1,464 | 1,464 | 540 | 540 |
| 127 Owed to foreign offices of nonrelated foreign banks | 26,810 | 25,720 | 14,474 | 13,540 | 8,040 | 7,923 | 4,008 | 3,976 |
| 128 Owed to others | 46,976 | 3,312 | 35,027 | 3,055 | 9,106 | 117 | 2,478 | 140 |
| 129 All other liabilities | 47,576 | 6,418 | 36,833 | 5,469 | 6,338 | 723 | 3,495 | 183 |
| 130 Branch or agency liability on acceptances executed and outstanding | 22,301 | n.a. | 16,568 | n.a. | 4,403 | n.a. | 676 | n.a. |
| 131 Other liabilities to nonrelated parties | 25,275 | 6,418 | 20,265 | 5,469 | 1,935 | 723 | 2,819 | 183 |
| 132 Net due to related depository institutions[5] | 107,899 | 46,949 | 55,977 | 38,830 | 12,095 | 579 | 22,013 | 6,481 |
| 133 Net due to head office and other related depository institutions[5] | 107,899 | n.a. | 55,977 | n.a. | 12,095 | n.a. | 22,013 | n.a. |
| 134 Net due to establishing entity, head office, and other related depository institutions[5] | n.a. | 46,949 | n.a. | 38,830 | n.a. | 579 | n.a. | 6,481 |
| MEMO | | | | | | | | |
| 135 Non-interest bearing balances with commercial banks in United States | 1,281 | 0 | 979 | 0 | 132 | 0 | 79 | 0 |
| 136 Holding of commercial paper included in total loans | 2,204 | ↑ | 2,025 | ↑ | 84 | ↑ | 84 | ↑ |
| 137 Holding of own acceptances included in commercial and industrial loans | 3,481 | | 2,853 | | 341 | | 144 | |
| 138 Commercial and industrial loans with remaining maturity of one year or less | 98,755 | | 54,552 | | 19,082 | | 14,175 | |
| 139 Predetermined interest rates | 60,300 | n.a. | 32,422 | n.a. | 11,141 | n.a. | 10,156 | n.a. |
| 140 Floating interest rates | 38,455 | | 22,129 | | 7,940 | | 4,019 | |
| 141 Commercial and industrial loans with remaining maturity of more than one year | 67,561 | | 39,285 | | 12,567 | | 9,399 | |
| 142 Predetermined interest rates | 21,563 | | 11,587 | | 4,033 | | 4,230 | |
| 143 Floating interest rates | 45,999 | ↓ | 27,698 | ↓ | 8,533 | ↓ | 5,169 | ↓ |

4.30—Continued

Millions of dollars

| Item | All states | | New York | | California | | Illinois | |
|---|---|---|---|---|---|---|---|---|
| | Total excluding IBFs | IBFs only | Total excluding IBFs | IBFs only | Total excluding IBFs | IBFs only | Total excluding IBFs | IBFs only |
| 144 Components of total nontransaction accounts, included in total deposits and credit balances of nontransactional accounts, including IBFs | 150,064 | ↑ | 130,641 | ↑ | 4,155 | ↑ | 8,206 | ↑ |
| 145 Time CDs in denominations of $100,000 or more | 112,446 | | 96,999 | | 2,344 | | 6,571 | |
| 146 Other time deposits in denominations of $100,000 or more | 23,212 | n.a. | 20,401 | n.a. | 1,093 | n.a. | 1,371 | n.a. |
| 147 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months | 14,406 | ↓ | 13,241 | ↓ | 718 | ↓ | 265 | ↓ |
| | All states[2] | | New York | | California | | Illinois | |
| | Total including IBFs | IBFs only | Total including IBFs | IBFs only | Total including IBFs | IBFs only | Total including IBFs | IBFs only |
| 148 Market value of securities held | 62,951 | 14,344 | 57,312 | 13,214 | 3,449 | 680 | 1,603 | 399 |
| 149 Immediately available funds with a maturity greater than one day included in other borrowed money | 75,383 | n.a. | 39,350 | n.a. | 27,390 | n.a. | 6,995 | n.a. |
| 150 Number of reports filed[6] | 579 | 0 | 271 | 0 | 134 | 0 | 52 | 0 |

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." Details may not add to totals because of rounding. This form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate International Banking Facilities (IBFs). As of December 31, 1985 data for IBFs are reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data re reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 5). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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*Some* Bulletin *articles are reprinted. The articles listed below are those for which reprints are available. Most of the articles reprinted do not exceed twelve pages.*

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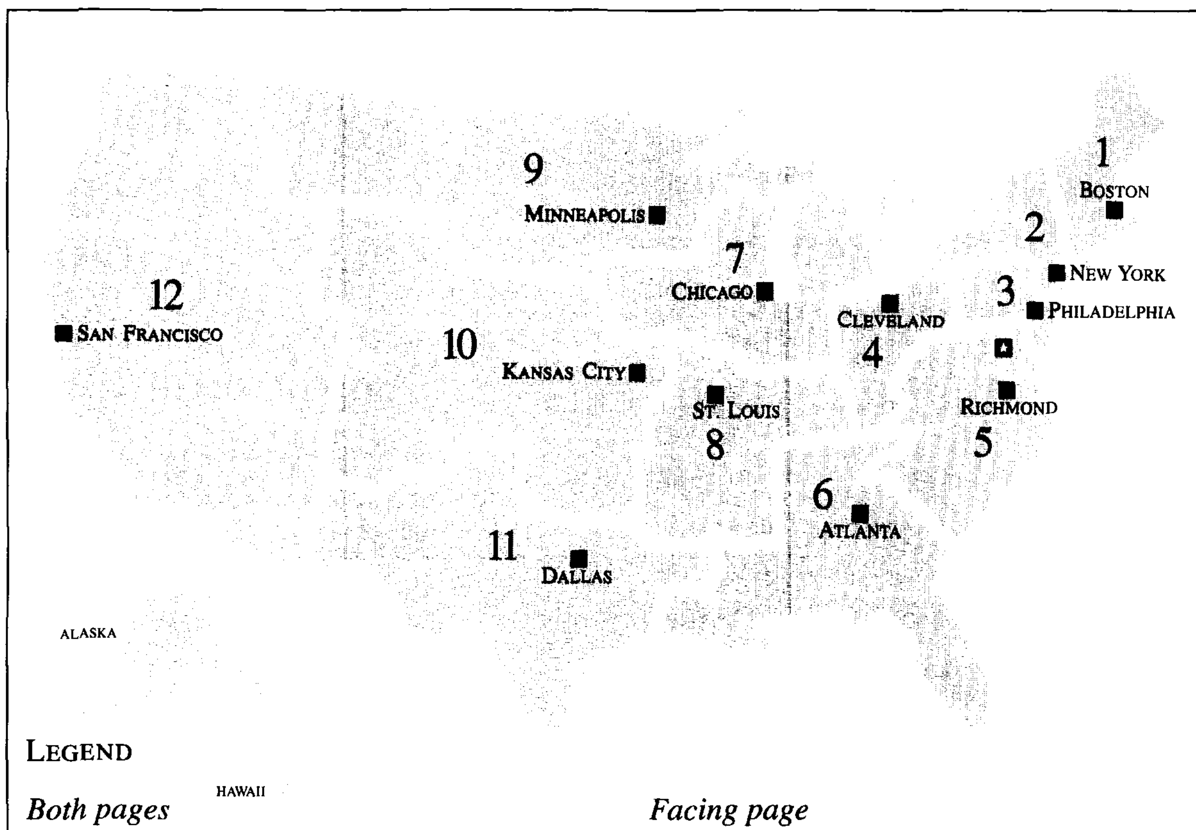
Changes in Family Finances from 1983 to 1989: Evidence from the Survey of Consumer Finances. 1/92.
U.S. International Transactions in 1991. 5/92.

# Maps of the Federal Reserve System




LEGEND

*Both pages*

- ■ Federal Reserve Bank city
- ◘ Board of Governors of the Federal Reserve System, Washington, D.C.

*Facing page*

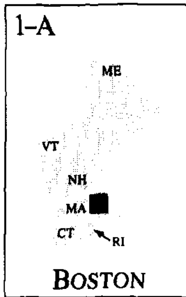
- • Federal Reserve Branch city
- — Branch boundary

NOTE

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

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in December 1991.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CT
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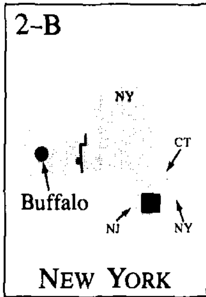
BOSTON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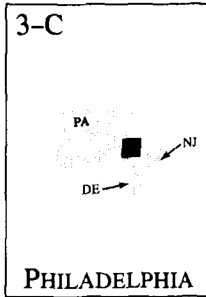
CT
Buffalo
NJ
NY
NEW YORK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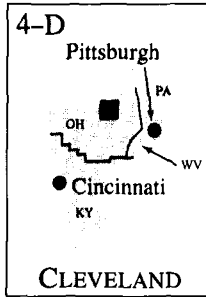
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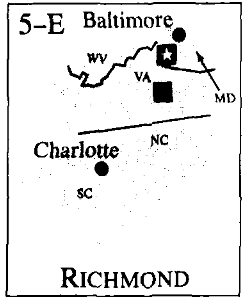
KY
CLEVELAND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Charlotte
NC
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6–F
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Birmingham
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GA
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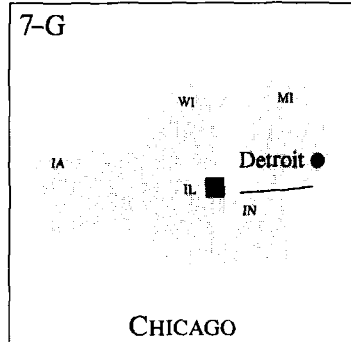
Jacksonville
New Orleans
FL
Miami
ATLANTA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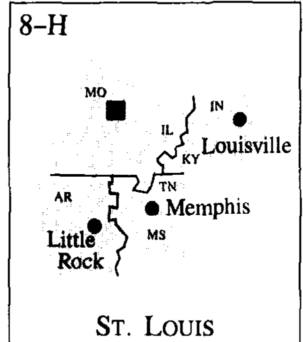
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Memphis
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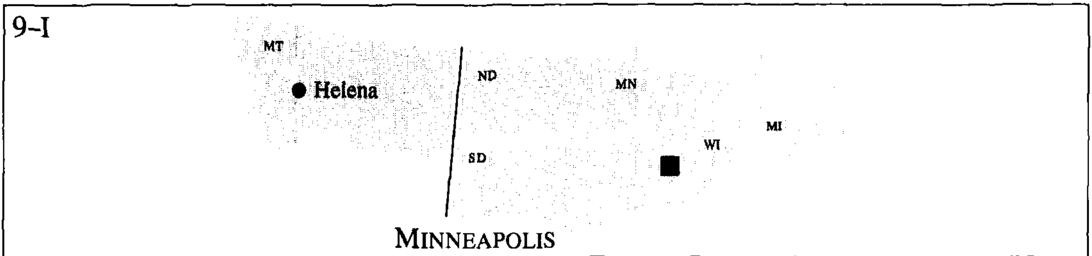
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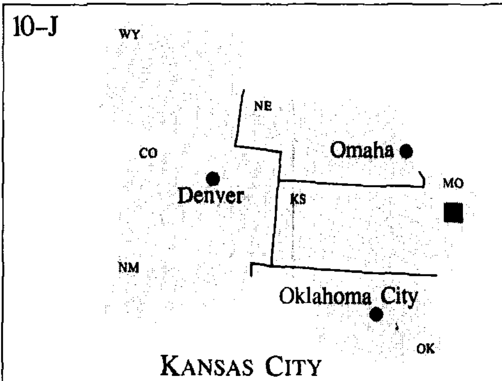
MINNEAPOLIS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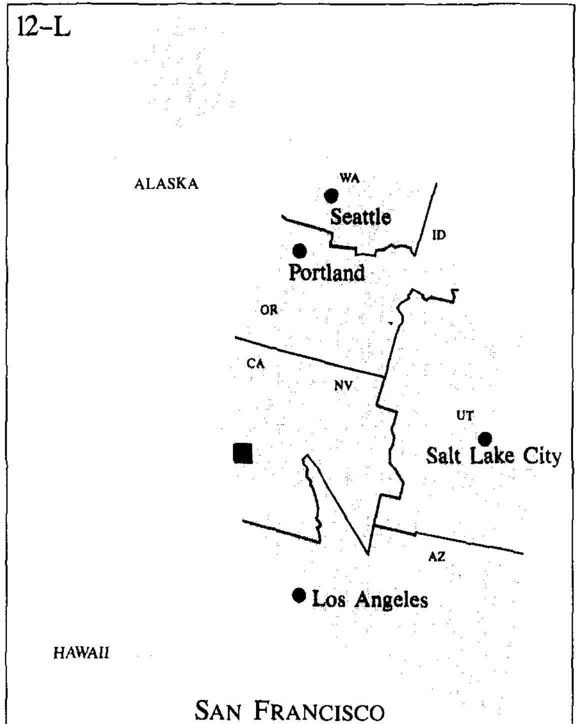
NM
Oklahoma City
OK
KANSAS CITY


12–L
ALASKA
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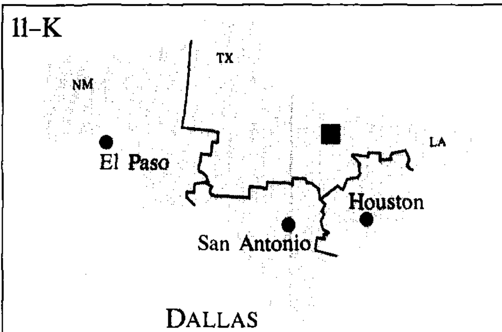
Seattle
ID
Portland
OR
CA
NV
UT
Salt Lake City
AZ
Los Angeles
HAWAII
SAN FRANCISCO


11–K
TX
NM
El Paso
LA
Houston
San Antonio
DALLAS

# Federal Reserve Banks, Branches, and Offices

| FEDERAL RESERVE BANK branch, or *facility* | Zip | Chairman Deputy Chairman | President First Vice President | Vice President in charge of branch |
|---|---|---|---|---|
| BOSTON* | 02106 | Richard N. Cooper<br>Jerome H. Grossman | Richard F. Syron<br>Cathy E. Minehan | |
| NEW YORK* | 10045 | Ellen V. Futter<br>Maurice R. Greenberg | E. Gerald Corrigan<br>James H. Oltman | |
| Buffalo | 14240 | Herbert L. Washington | | James O. Aston |
| PHILADELPHIA | 19105 | Peter A. Benoliel<br>Jane G. Pepper | Edward G. Boehne<br>William H. Stone, Jr. | |
| CLEVELAND* | 44101 | John R. Miller<br>A. William Reynolds | Jerry L. Jordan<br>William H. Hendricks | |
| Cincinnati | 45201 | Marvin Rosenberg | | Charles A. Cerino[1] |
| Pittsburgh | 15230 | Robert P. Bozzone | | Harold J. Swart[1] |
| RICHMOND* | 23219 | Anne Marie Whittemore<br>Henry J. Faison | Robert P. Black<br>Jimmie R. Monhollon | |
| Baltimore | 21203 | John R. Hardesty, Jr. | | Ronald B. Duncan[1] |
| Charlotte | 28230 | Anne M. Allen | | Walter A. Varvel[1] |
| *Culpeper Communications and Records Center* | *22701* | | | John G. Stoides[1] |
| ATLANTA | 30303 | Edwin A. Huston<br>Leo Benatar | Robert P. Forrestal<br>Jack Guynn | Donald E. Nelson[1] |
| Birmingham | 35283 | Nelda P. Stephenson | | Fred R. Herr[1] |
| Jacksonville | 32231 | Lana Jane Lewis-Brent | | James D. Hawkins[1] |
| Miami | 33152 | Michael T. Wilson | | James T. Curry III |
| Nashville | 37203 | Harold A. Black | | Melvyn K. Purcell |
| New Orleans | 70161 | Victor Bussie | | Robert J. Musso |
| CHICAGO* | 60690 | Richard G. Cline<br>Robert M. Healey | Silas Keehn<br>Daniel M. Doyle | |
| Detroit | 48231 | J. Michael Moore | | Roby L. Sloan[1] |
| ST. LOUIS | 63166 | H. Edwin Trusheim<br>Robert H. Quenon | Thomas C. Melzer<br>James R. Bowen | |
| Little Rock | 72203 | James R. Rodgers | | Karl W. Ashman |
| Louisville | 40232 | Daniel L. Ash | | Howard Wells |
| Memphis | 38101 | Seymour B. Johnson | | Ray Laurence |
| MINNEAPOLIS | 55480 | Delbert W. Johnson<br>Gerald A. Rauenhorst | Gary H. Stern<br>Thomas E. Gainor | |
| Helena | 59601 | J. Frank Gardner | | John D. Johnson |
| KANSAS CITY | 64198 | Burton A. Dole, Jr.<br>Herman Cain | Thomas M. Hoenig<br>Henry R. Czerwinski | |
| Denver | 80217 | Barbara B. Grogan | | Kent M. Scott |
| Oklahoma City | 73125 | Ernest L. Holloway | | David J. France |
| Omaha | 68102 | Sheila Griffin | | Harold L. Shewmaker |
| DALLAS | 75201 | Leo E. Linbeck, Jr.<br>Henry G. Cisneros | Robert D. McTeer, Jr.<br>Tony J. Salvaggio | |
| El Paso | 79999 | Alvin T. Johnson | | Sammie C. Clay |
| Houston | 77252 | Judy Ley Allen | | Robert Smith, III[1] |
| San Antonio | 78295 | Roger R. Hemminghaus | | Thomas H. Robertson |
| SAN FRANCISCO | 94120 | James A. Vohs<br>Robert F. Erburu | Robert T. Parry<br>Patrick K. Barron | |
| Los Angeles | 90051 | Donald G. Phelps | | John F. Moore[1] |
| Portland | 97208 | William A. Hilliard | | Leslie R. Watters |
| Salt Lake City | 84125 | Gary G. Michael | | Andrea P. Wolcott |
| Seattle | 98124 | George F. Russell, Jr. | | Gordon Werkema[1] |

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1. Senior Vice President.