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The Federal Reserve Banks as Fiscal Agents and Depositories of the United States

Gerald D. Manypenny and Michael L. Bermudez, of the Board's Division of Reserve Bank Operations and Payment Systems, prepared this article.

The Federal Reserve, the nation's central bank, is also the U.S. government's bank. Its role in providing banking services to the government is based on the Federal Reserve Act, which provides that, when required by the Secretary of the Treasury, the Federal Reserve Banks shall act as "fiscal agents" and "depositories" of the United States. As fiscal agents of the U.S. Treasury, the Reserve Banks provide debt-related services—issuing, servicing, and redeeming Treasury securities and processing secondary market transactions initiated by depository institutions. As depositories, the Reserve Banks provide payment-related services—handling the government checking account and disbursements and collections.

Today, the Federal Reserve Banks also provide banking services on behalf of many domestic and international government agencies, but the bulk of the activity is for the U.S. Treasury. The Treasury-related transactions are large: For example, the Federal Reserve Banks on average process about $476 billion per business day in privately owned, marketable Treasury securities transactions and handle $16 billion per year in sales and redemptions of U.S. savings bonds; and per average business day, they process about $6 billion in tax, fee, and loan receipts and about 4 million disbursements by check and wire.

This article describes the nature of the principal fiscal and depository services required by the U.S. Treasury; explains how the Federal Reserve Banks meet those requirements; surveys other fiscal and depository services performed by the Reserve Banks; and discusses the direction of developments in certain service areas.

HISTORICAL BACKGROUND

The Federal Reserve Act of 1913, which created the Federal Reserve System, authorized the Federal Reserve Banks to provide fiscal agency and depository services to the Department of the Treasury. It was not until 1915, however, that Secretary of the Treasury W.G. McAdoo appointed the Federal Reserve Banks to act on behalf of Treasury. To that end, U.S. government funds on deposit with national banks were transferred to Treasury's account at each Federal Reserve Bank. These accounts established the Reserve Banks as Treasury's depository—the intermediary through which Treasury collects and disburses funds on behalf of the federal government; thus, the Federal Reserve literally acquired the government's checking account.

Since then, many other services, both for Treasury and for other agencies, have been added to the deposit services provided by the Reserve Banks. The Reserve Banks' fiscal agency role dates from May 1917, when they began the distribution, safekeeping, and redemption of the First Liberty Loan Bonds, offered by the government to finance the U.S. effort in World War I. The success of that offering, the effectiveness of the Reserve Banks in handling Treasury's accounts since 1915, and the government's growing need to borrow influenced Treasury in 1921 to end its network of Subtreasuries—field offices that gave Treasury access to regional money centers—and to transfer to the Federal Reserve many of the operational functions related to financing the public debt.

The massive financing required to wage World War II brought the next significant expansion in the Banks' fiscal agency role, handling the series E savings bond introduced in 1941. In the late 1960s, the Federal Reserve Banks began providing services—primarily securities-related—for other U.S. government and international agencies.

SERVICES ON BEHALF OF THE U.S. TREASURY

The Reserve Banks' fiscal agency and depository responsibilities to Treasury are authorized by statute, and the operating mechanisms are subject to Treasury regulations. In the main, Reserve Bank services for Treasury involve the two entities comprising the Treasury Fiscal Service: the Financial Management Service, for depository services, and the Bureau of the Public Debt, for debt-related operations.

Depository Services

The Reserve Banks' depository services to Treasury are related to their involvement in the wider payments system. Since its inception, the Federal Reserve has had a major influence on the nation's payments mechanism. The Reserve Banks provide payments services to depository institutions that include check processing, funds transfers, and automated clearinghouse (ACH) payments. These activities in the private sector give the Federal Reserve a base for providing similar services to Treasury and to assist Treasury with improvements and innovations in those services.

As depositories of the United States, the Federal Reserve Banks maintain Treasury's checking account, clear checks drawn on that account, accept deposits of federal taxes and fees, and make electronic payments on behalf of Treasury. In all these matters, the Reserve Banks serve Treasury's Financial Management Service, whose responsibilities include the government's systems for collections and payments, central accounting and reporting, and cash management.

Handling Tax Payments and Loan Proceeds

Payroll and corporate income taxes reach the government through two channels: the Federal Reserve and depository institutions. Tax payments that are sent directly to a Reserve Bank are placed in a Treasury checking account at that Bank. Tax payments that are sent to a depository institution are placed by the institution in a Treasury demand deposit account called a Treasury tax and loan (TT&L) account, in which the institution may hold the funds overnight without paying interest to Treasury.

A depository institution with a TT&L account falls into one of two classes: "remittance-option banks" and "note-option banks." A remittance-option bank agrees to remit its TT&L balances to the Federal Reserve the day after receipt.

A note-option bank chooses to accumulate the daily tax payments it receives, up to a preapproved limit, by shifting them to another account; that is, after the overnight, interest-free holding period in the TT&L account, the note-option bank moves tax receipts into an interest-bearing "note account" that is still available to the Treasury on demand. As it transfers funds from the TT&L account to the note account, the note-option bank updates the note that Treasury holds as a claim on the note account. Note-option banks report the amounts they receive in their TT&L accounts to a Federal Reserve office as well as to the Internal Revenue Service. In 1991 the Reserve Banks processed 6.7 million advices of credit, representing more than 80 million tax payments. Businesses deposited about $838 billion in tax payments to depository institutions in calendar year 1991; about two-thirds went to note-option banks and the remainder to remittance-option banks.

TT&L balances are counted by the Federal Deposit Insurance Corporation (FDIC) as insurable deposits; therefore up to $100,000 of such a balance at an institution is insured against loss by FDIC insurance. Amounts in the TT&L account in excess of $100,000 must be fully covered by collateral in the form of Treasury-authorized securities deposited by the TT&L institution at its Reserve Bank. Note accounts are not insured by the FDIC and therefore must have 100 percent of their balance covered by collateral. Reserve Banks monitor TT&L and note account balances against the value of the collateral and handle excess balances under rules prescribed by Treasury.

To maximize interest earnings and still keep adequate funds to cover its payments, Treasury aims to maintain a closing balance of $5 billion in its Federal Reserve checking accounts each day; if Treasury estimates that the balance will be significantly in excess of that amount, the Reserve Banks will determine an amount to be placed, in a process called direct investment, in the TT&L accounts of note-option banks with sufficient collateral. The influx of funds to Treasury accounts at the Federal Reserve and at depository institutions can be greater than expected because, say, of unusually heavy quarterly tax payments. At such times, finding note-option banks with the capacity to receive the direct investment of Treasury funds that are overflowing the Reserve Bank accounts can become difficult.

On average, however, Treasury makes payments from its Federal Reserve checking accounts in excess of the taxes and fees received in those accounts.[1] Therefore, it generally must draw down or "call" note-account funds to meet its cash needs. Because the Federal Reserve Banks maintain accounts for many depository institutions, the Reserve Banks are able to serve as the vehicles through which Treasury calls note-account funds. Finally, because the government operates at a fiscal deficit, Treasury on average makes payments from its Federal Reserve checking accounts in excess of *all* its tax and fee receipts and therefore must place additional funds in its checking and note accounts by issuing net new debt (see boxes, "Making Funds Available to Cover Social Security Payments" and "A Day's Activity in the Government's Checking Account").

Payments via ACH

The federal government disburses the majority of its payments to the public from funds on deposit with the Federal Reserve Banks. For recurring payments such as social security benefits and salaries, the government uses the Federal Reserve's automated clearinghouse (ACH), an electronic network that allows the reserve account of a depository institution to be credited for payments from Treasury's checking account on a specified settlement day. The ACH network eliminates problems with lost, stolen, or forged Treasury checks. Through Treasury's Direct Deposit program, for example, more than 23 million government workers and benefits recipients have their pay or benefits deposited directly into a checking or savings account via the ACH. The number of government ACH payments has been growing and in 1991 exceeded for the first time the number of government payments made by check (chart 1).

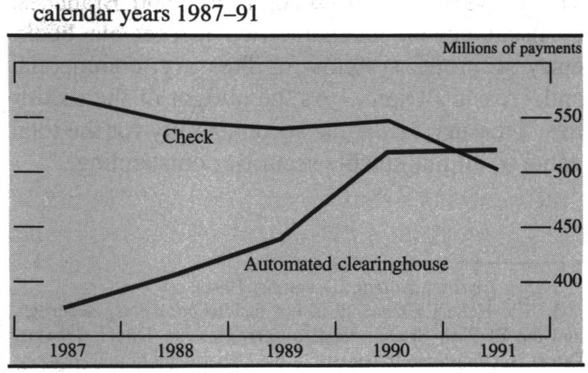
The government pays many of its vendors through Vendor Express, another electronic payment program that uses the ACH. More than thirty-two federal agencies use Vendor Express, and for 1992 Treasury expects the program to process more than 3.7 million payments.

Fiscal Agency Services

The federal government creates debt to cover the shortfall between receipts and expenditures and to refinance maturing debt. Most of the federal debt consists of Treasury securities, with securities issued by other federal agencies accounting for the rest. Managing this debt is one of the primary responsibilities of the Department of the Treasury. The size of marketable Treasury debt issues has grown approximately 11.5 percent per year over the past ten years, from about $600 billion in 1981 to $1.7 trillion in 1991.

The Federal Reserve Banks, as fiscal agents, play an integral role in carrying out Treasury's financing decisions. Treasury auctions, conducted by the Treasury through the Federal Reserve, determine the yield of securities being sold. To initiate

1. Number of payments made by the U.S. government by check and through the automated clearinghouse, calendar years 1987–91



1. Depository institutions and Reserve Banks also receive a wide variety of other deposits, including fees collected for use of National Park facilities, payments received from leases of mineral rights on public lands, and personal checks sent to the IRS on April 15 by individuals whose employers did not withhold enough income tax. These receipts are deposited by the receiving agencies in so-called Treasury General Accounts (TGA) at depository institutions and are swept the next day into the Treasury's Reserve Bank checking accounts.

borrowing, Treasury announces the terms and conditions of the securities being offered, and invites investors to submit tenders (offers to purchase securities) to the Federal Reserve Banks and Branches and Treasury's Bureau of the Public Debt (BPD).

Typically, nearly 20,000 investors submit tenders to the Reserve Banks and the BPD. Most of the issue amount is purchased by about seventy-five to eighty-five "competitive" bidders—investors who specify the rate or yield at which they want to purchase the securities. The majority of the bidders are "noncompetitive," entering tenders in amounts of $1 million or less for Treasury bills and $5 million or less for Treasury notes and bonds and agreeing to accept the weighted average yield of accepted competitive bids. The Reserve Banks review the tenders they receive for accuracy, completeness, and compliance with Treasury's rules and guidelines and refer any questionable tenders to Treasury for a determination. At the conclusion of the review process, the Reserve Banks compile auction summaries and forward them to the BPD.[2]

Once Treasury determines which tenders are to be accepted, it makes a public announcement of the auction results, and the Reserve Banks issue the securities in exchange for payment. These payments are deposited to Treasury's account at the Reserve Banks on the day the securities are issued. Simultaneously, the Reserve Banks, still acting as fiscal agents of the United States, create "book-entry securities"—computer records of the securities—rather than issue paper certificates.

Making Funds Available to Cover Social Security Payments

Treasury maintains its excess cash in interest-bearing "note accounts" at depository institutions. This working capital is transferred periodically to supplement funds already in Treasury's checking accounts in the Reserve Banks and, over a several-day period, to cover Reserve Bank payments of checks and direct deposits to social security recipients.

In the case of social security payments, Treasury estimates its current receipts and payments due in its Reserve Bank accounts once the amount of a monthly social security payment is known. It then instructs the Reserve Banks to "call" (transfer) a portion of note-account balances from institutions across the country to provide the estimated additional funds necessary to cover the direct deposits and checks cashed over the several days following the social security payment.

Social security payments are covered from the assets of the social security trust fund. Treasury redeems—that is, stops paying interest on—a portion of the fund's holdings of Treasury securities equal to the amount of social security payments it estimates actually clears each day following the benefit payment. The Federal Reserve periodically conducts a nationwide statistical survey of patterns in social security check payments. The data from this survey are used by Treasury to determine the timing of redemptions of the trust fund investments.

Marketable Book-Entry Securities

Thirty-five Federal Reserve Banks and Branches, as fiscal agents, maintain two marketable book-entry securities systems for Treasury: commercial and Treasury Direct.[3] As the obligor of the securities, Treasury maintains accountability for the total value of all marketable securities outstanding.

Commercial book entry. The commercial book-entry system, initiated in 1967, facilitates the safekeeping and transfer of large volumes of marketable Treasury securities through the substitution of computerized accounts for paper securities. It thereby contributes to the efficiency and liquidity of the government securities market. Private owners or custodians of commercial book-entry securities maintain them in accounts at depository institutions, which in turn maintain them in Reserve Bank book-entry accounts. As fiscal agents, the Reserve Banks maintain the book-entry securities accounts, reconcile activity in them, issue transaction advices and account statements, and credit interest and principal to the accounts of depository institutions.

Through a process called delivery versus payment, the book-entry system provides for the electronic, integrated settlement of securities transfers and corresponding funds transfers. That is, over

2. See *Treasury Bulletin* (December 1991), pp. 7–8.

3. The Helena Branch does not handle book-entry securities, and the El Paso Branch handles only Treasury Direct. Treasury Direct is a registered trademark of the Department of the Treasury.

1. Number and value of government securities transferred through the commercial book-entry system, 1987–91

Year	Number of transfers		Value of transfers (millions of dollars)		
	Total	Per day [1]	Total	Per transfer	Per day [1]
1987	9,535,532	38,142	79,224,887	8.31	316,961
1988	10,317,259	41,269	91,898,520	8.91	367,707
1989	10,884,155	43,537	97,836,748	8.99	391,394
1990	10,877,413	43,510	101,262,259	9.31	405,075
1991	11,064,432	44,258	118,989,540	10.75	475,771

1. Assumes 250 business days.

Fedwire (the Federal Reserve's system for electronically transmitting funds and securities on its communications network), a depository institution can access its book-entry account at its Reserve Bank to transfer securities to any other domestic depository institution that has a Reserve Bank account. Also on Fedwire, concurrently with the securities transfer, the sender's Reserve Bank credits the sender's reserve account with payment for the security while the Reserve Bank of the receiving institution debits that amount from the account of the receiver. This securities transfer and payment mechanism is the heart of the secondary government securities market.

The method by which depository institutions access the Fedwire book-entry system generally depends on their volume of use. Institutions with large volumes of securities transfers usually have a computer-to-computer link with their Federal Reserve Bank. Institutions with relatively low volumes are connected by telephone lines to their Reserve Banks via personal computer links that use proprietary Federal Reserve software known as Fedline.[4]

Through either type of link, instructions for securities transfers flow automatically from an institution to the local Reserve Bank computer. The message identifies the sending and receiving institutions, describes the securities issue and par amount to be transferred, and payment information. The computer edits the message for acceptability and verifies that the sender has the securities in the designated account. When the transaction is complete, both institutions receive acknowledgements.

The commercial book-entry system has proved to be safe and reliable; and because it provides broad, easy access to the secondary securities market, it enhances the liquidity of government securities. On an average business day in 1991, depository institutions originated more than 44,000 securities transfers valued at $476 billion, for an average value of $10.75 million per transfer (table 1).

Treasury Direct. In the mid-1980s Treasury decided to eliminate use of marketable paper securities for new offerings in favor of book-entry issuance. Depository institutions already relied primarily on the commercial book-entry system for secondary market transactions; and individuals and organizations that hold their securities through a fee-based account at a depository institution indirectly participate in commercial book-entry.

But commercial book-entry did not cover individuals for whom a direct relationship with Treasury was important and who therefore held paper securities; and it did not cover the organizations, typically small, that also chose not to hold their Treasury securities in a commercial bank account. Treasury's decision meant that, to continue serving such investors directly, it would need to create a special book-entry system suited to their needs. The proportion of marketable Treasury debt held by nondepository institutions and individuals is less than 10 percent; but most of the 10 percent is held to maturity and so is better suited to a custodial type of accounting system than to the transfer-oriented service provided to depository institutions by commercial book entry.

The Federal Reserve Bank of Philadelphia was selected by Treasury to operate the new book-entry custodial system, called Treasury Direct. Treasury Direct maintains accounts primarily for individuals and nondepository institutions, credits payment on them, and distributes investor information.

4. Fedline is a registered trademark of the Federal Reserve System.

Treasury Direct is both highly successful as an operating system and popular with investors. Not only has it eliminated the issue of physical, marketable securities to individuals and nondepository institutions, but it also has virtually ended all paper check payments to them; instead, interest payments and redemption proceeds are deposited electronically through ACH in an account designated by the investor.

The value and number of accounts under Treasury Direct has grown strongly, and the system is handling transactions at a far lower cost than that entailed by physical securities. At the end of June 1992, there were 1.1 million investor accounts in Treasury Direct with par value of more than $63.5 billion, compared with $22.6 billion in 392,000 accounts at the end of 1987. In 1985, the cost of a transaction involving a physical, marketable Treasury security was about $20; in 1991, the cost of completing a Treasury Direct transaction was about $2.50.

Smart Exchange. Treasury recently initiated "Smart Exchange," a program to persuade investors to convert their paper securities to book-entry form. The Reserve Banks are communicating with depository institutions on Treasury's behalf to enlist them in the effort to encourage customers to convert their securities to the commercial book-entry system or to Treasury Direct. Conversion to book entry enables customers to take advantage of better account maintenance, processing, and payment. Treasury hopes to eliminate all outstanding paper securities and move to total book entry by the year 2000.

A Day's Activity in the Government's Checking Account

Treasury's checking account actually consists of multiple checking accounts at the Reserve Banks and Branches, the reconciliation of which is centralized at the New York Reserve Bank.

Treasury's current cash-management objective is to maintain a daily operating balance of $5 billion in its checking account. In terms of flow, Treasury received an average of about $5 billion per day in taxes and fees during fiscal year 1991. The funds were placed in Treasury's Federal Reserve checking account or in interest-bearing "note accounts" at depository institutions. Concurrently, Treasury disbursed on average about $6 billion per business day in fiscal 1991 (the calculations are based on 250 business days per year).

Hence, on average, for each business day in 1991, the government could cover all but about $1 billion of its expenditures with taxes and fees received that day in the checking account or drawn down from the note accounts. The daily average difference of roughly $1 billion had to be covered in the checking account with net proceeds from debt offerings and, over the course of 250 business days, became the fiscal 1991 deficit of $269 billion.

Savings Bonds

The U.S. savings bond is a low-denomination, nonmarketable Treasury security that is easily purchased, liquid, and safe—its principal and interest are guaranteed by the U.S. government.[5] The savings bond is thus an important vehicle for household savings that, in addition, funds a portion of the federal deficit.

Treasury's savings bond offerings today consist of series EE bonds, the interest earnings on which accrue until the bond matures or is redeemed, and series HH bonds, which are obtained in exchange for series E or series EE bonds and pay interest twice per year, via ACH, to the owner's designated depository institution.[6] The savings bond program is a stable and sizable source of debt financing for the government. Since the introduction of the series EE bond in 1980, more than 50 million investors have purchased them.

5. Depending on the series, the face values of savings bonds range from $50 to $10,000, and the bonds are sold at 50 percent to 100 percent of face value. Individuals can buy them through most depository institutions and by payroll deduction at many places of employment and can redeem them any time after six months of ownership at most depository institutions or, depending on the series, at Reserve Bank offices.

6. Other features of the current savings bond program are that series EE bonds earn interest on a fixed, graduated scale, rising from about 4 percent to the minimum 6 percent rate for bonds held between six months and five years. Between five years and the date of redemption, the series EE bond yields the greater of 6 percent or 85 percent of the average return on all marketable Treasury securities with a remaining maturity of five years. At 6 percent, series EE bonds reach face value in twelve years; unless redeemed, the bonds accrue interest for a total of thirty years. The interest on series EE bonds is exempt from federal tax if owners meeting certain conditions redeem them for qualified educational expenses.

The savings bond services of the Reserve Banks include sale and delivery; automated issuance of payroll and promotional bonds; denominational exchanges; exchanges of accrual bonds for income bonds; and reissuance, replacement, and redemption. The number of bonds issued by the Banks—more than 36 million in 1991—has grown more than 10 percent per year for the past five years.

The Federal Reserve Banks work closely with Treasury to improve service and efficiency in savings bond operations. For example, with the sustained growth in the savings bond program, certain functions have been consolidated to enhance effectiveness. The Federal Reserve Bank of Philadelphia is Treasury's central site for interest payments on the series H and HH current-income savings bonds. The Pittsburgh Branch of the Cleveland Reserve Bank manages the original issue, reissue, redemption, and account maintenance of the special book-entry trustee accounts. The Pittsburgh Branch also warehouses unissued savings bond stock received from the bond printer for distribution to the other Federal Reserve offices and to companies and federal, state, and local government entities that issue bonds to employees through the payroll savings plan.

To improve the efficiency and reduce the cost of issuing savings bonds, Treasury introduced the Regional Delivery System (RDS) in 1989, after two years of pilot studies with the Federal Reserve. Before RDS, series EE savings bonds purchased "over the counter" from an issuing agent, such as a commercial bank, were conveyed directly to the buyer at the time of purchase. With RDS, investors submit an application to the issuing agent, who forwards the registration and delivery information to one of eleven Federal Reserve offices (the Kansas City District serves itself and the San Francisco District), which then issues and mails the bond. Treasury estimates that, by the end of 1992, when RDS is fully implemented, the system will save U.S. taxpayers more than $10 million per year in administrative costs and will facilitate further technological innovations.[7]

7. The savings is the sum of (1) the reduction in agent fees because agents no longer issue the roughly 30 million bonds bought over the counter each year and (2) the savings of the cost of consigning stock to more than 40,000 issuing agents, less the increase in Reserve Bank operating costs associated with issuing the bonds, including postage.

Currently, the eleven Federal Reserve Districts with savings bond operations use two different savings bond automation systems. As a result of a recent study, Treasury has decided to consolidate Reserve Bank savings bond operations in five Reserve Bank Districts and to develop in the next few years a single automated application to support these functions.

Innovations and Developments in Services

Notable developments have occurred in recent years in both depository and fiscal agency services. In the payments area, work is progressing toward automation of tax payments and letter-of-credit operations. In fiscal services, a system to speed the clearing of paid savings bonds was adopted nationwide last year, after three years of testing; the Federal Reserve's PC-based Fedline system is about to be opened for use by institutional bidders wishing to submit bids electronically in Treasury securities auctions; a new Public Debt Accounting and Reporting System is being introduced; and a new commercial book-entry securities software system is under development.

Electronic Tax Collections

The Federal Reserve System is supporting Treasury's Federal Tax Deposit (FTD) Redesign, a joint effort of the Financial Management Service and the Internal Revenue Service to eliminate paper documentation, accelerate Treasury's receipt of funds, and enhance Treasury's cash management and tax payment information.

As part of FTD Redesign, the Federal Reserve Banks of Minneapolis and Atlanta, in their roles as depositories for Treasury, are conducting a test of an electronic system of tax payment for businesses called Taxlink–FRB. In the test, limited to business payments of federal taxes from Georgia, participating depository institutions electronically report federal tax deposit payments via touch-tone telephone or PC to the Minneapolis Reserve Bank for TT&L

processing. Minneapolis electronically transmits the information to the IRS Taxlink system to update taxpayer accounts.

Letters of Credit

The Federal Reserve Banks, acting for Treasury, maintain and service letters of credit for the benefit of grantees of government funds, such as housing, health, and educational organizations and institutions. The letters of credit issued by a federal agency for the benefit of these organizations describe the funds available and conditions under which funds may be drawn down.

Letter-of-credit operations, conducted in all Reserve Banks, are basically manual processes to account for balances, verify requests for payment, and verify the actual payments. To initiate a letter of credit, the federal agency, via the Financial Management Service, asks a Reserve Bank to establish an account. When the recipient organization requests funds, its depository institution asks that the Reserve Bank, as Treasury's depository, credit its reserve account for the amount of the request. If the payment request meets the terms of the letter-of-credit, the Reserve Bank debits Treasury's general account and credits the depository institution's reserve account.

The Federal Reserve Banks processed 38,000 letter-of-credit transactions in 1991 involving more than $133 billion. At the request of Treasury, the Federal Reserve Bank of Richmond is developing a computerized application, which will replace the present manual operations, to be operated at a single Reserve Bank. Fedwire, the Federal Reserve's electronic transfer system for funds and securities, will be used both to request and to transfer payment.

EZ Clear

In October 1988, Treasury, with the assistance of the Federal Reserve, implemented EZ Clear as an alternative to the increasingly costly traditional procedures for processing savings bonds paid by depository institution agents acting for Treasury. Those procedures required paying agents to submit paid bonds in special batches, apart from the check-clearing process, for crediting to their reserve accounts. With EZ Clear, paying agents process the savings bonds they redeem for their customers in the manner they use to process checks. In early 1991, EZ Clear became the exclusive method for processing paid savings bonds.[8]

The savings bonds were redesigned to facilitate check-like processing by the depository institutions and the Reserve Banks, with routing numbers printed in machine-readable magnetic ink, space for magnetic-ink printing of paid amounts, and an endorsement area similar to that on Treasury checks. Depository institutions report that EZ Clear reduced handling expenses for paid bonds, accelerated credits, and streamlined internal accounting.

Fedline

A PC-based link to the Federal Reserve communications network makes computer transactions more feasible for smaller banks. More than 8,000 depository institutions, with electronic connections at more than 10,000 locations throughout the country, use the PC link, known as Fedline, to transfer securities and funds, to originate and receive ACH files, to transmit federal tax deposit advices to the Reserve Banks, and to fulfill various other fiscal and depository needs.

Earlier this year, Treasury's Bureau of the Public Debt announced its intention to make available electronic access to Treasury security auctions via the Reserve Banks. At Treasury's direction, the Reserve Banks, through Fedline connections, will offer institutional bidders the means to submit bids electronically.

Public Debt Accounting and Reporting System

Accounting for the public debt and the related interest cost is the responsibility of Treasury's

8. EZ Clear permits depository institutions to submit paid bonds either as a separately sorted cash letter (that is, one containing only paid bonds) or as a mixed cash letter (along with other checks forwarded for collection). Agents presenting bonds under a separately sorted cash letter receive a fee from Treasury for performing that service. Agents presenting bonds as part of a mixed cash letter receive no fee.

Bureau of the Public Debt. Daily financial reports on transactions affecting the debt come to the BPD from the Reserve Banks, which every day collect and pay funds for the issue and redemption of Treasury securities. One of Treasury's primary strategic objectives is to improve current methods for reporting and reconcilement, which are costly and cumbersome; they involve a great deal of paper, prevent the BPD from reconciling debt accounts quickly, and delay the verification to the Reserve Banks that the data submitted are accurate.

The Federal Reserve Bank of Cleveland, in conjunction with the BPD, designed and created the Public Debt Accounting and Reporting System (PARS) to meet Treasury's goal of strengthening and streamlining the BPD accounting system. As implemented in September 1992, PARS produces timely reconciliation of accounting data and more accurate financial statements, allowing adjustment of differences on line with the Reserve Banks and Branches.

New Book-Entry Securities System

The Federal Reserve operates two commercial book-entry software systems: One operates in ten Federal Reserve Districts and the other in two Districts. To position the Reserve Banks to meet future needs of the book-entry business in general and of fiscal principals in particular, the Federal Reserve has decided to develop a new book-entry application for nationwide use.

The new system will operate at a single site with one "electronic vault" for records of Treasury and agency book-entry securities. Furthermore, the system will take advantage of technological advances that will provide comprehensive contingency capabilities as well as flexibility to address future business needs, whether they come from the fiscal principals or result from policy decisions made by the Federal Reserve.

Services on Behalf of Other Governmental Entities

When required to do so by the Secretary of the Treasury or when required or permitted to do so by federal statute, the Reserve Banks perform fiscal agency and depository services for other domestic and international agencies. Depending on the authority under which services are provided, the Reserve Banks may (1) maintain depository institution accounts of agency book-entry securities (which may be transferred over Fedwire), (2) provide custody services and maintain and update balances of book-entry and definitive securities outstanding, (3) maintain cash accounts, credit interest and principal at maturity of securities, and perform various other securities servicing activities after original issue.[9]

The Federal Reserve Bank of New York is the primary fiscal agent or depository of most non-Treasury domestic agencies and entities that use the Federal Reserve. A list of selected non-Treasury agencies and entities that currently receive fiscal and depository services directly from Reserve Banks is in the appendix.

Payment for Services

In 1917, Treasury Secretary McAdoo initiated the practice of "reimbursing" the Reserve Banks for the cost of services they were providing on behalf of the government. Secretary McAdoo reasoned that the performance of such services simply could not be imposed by legislation; rather, the provision of such services by the Reserve Banks "could only be accomplished by negotiation and agreement, involving, necessarily, compensation for the services provided." A few years later, the Congress enacted legislation that permitted the use of public monies to reimburse Reserve Banks for the costs associated with their governmental services.

Today, the Federal Reserve expects to be compensated for the costs of the Reserve Banks' fiscal agency and depository services on behalf of Treasury and other agencies (table 2). Treasury, however, has not been able to obtain congressional funding sufficient to fully reimburse the Reserve Banks. Of the $212 million spent by the Reserve Banks on Treasury fiscal and depository services in calendar year 1991, the Federal Reserve requested

9. Unlike Treasury securities, agency securities cannot be purchased directly from a Federal Reserve Bank. The issuers generally rely on securities dealers, including some commercial banks, to distribute original issues.

2. Expenses of the Federal Reserve Banks for fiscal agency and depository services, 1991
Millions of dollars

Agency and service	Expense
U.S. Treasury	
Bureau of the Public Debt	
Savings bonds	66.8
Treasury Direct	22.4
Commercial book entry	22.3
Marketable Treasury issues	16.6
Definitive securities	1.3
Total	129.4
Financial Management Service	
Automated clearinghouse	31.1
Treasury tax and loan and other accounts	25.4
Government check processing	18.2
Total	74.7
Other[1]	7.5
Total, Treasury	211.6
Other agencies	
Securities	14.7
Food coupons (Department of Agriculture)	18.8
Postal money orders (U.S. Postal Service)	3.4
Other	4.4
Total, other agencies	41.3
Total	**252.9**

1. Includes foreign exchange transactions.

reimbursement for $152 million in accordance with Treasury directives; of the $152 million, Treasury actually paid $62 million, or about 30 percent of total expenses.[10] The Reserve Banks received virtually full reimbursement from agencies other than Treasury for the $41 million in expenses incurred in 1991 for fiscal and depository services provided on their behalf.

In 1990, the Congress enacted "permanent, indefinite" appropriation legislation to provide money to reimburse the Reserve Banks for the public-debt-related operating expenses incurred on behalf of the Bureau of the Public Debt, excluding the costs of start-up programs and other initiatives, beginning in fiscal year 1992.

Full reimbursement of expenses incurred as fiscal agents and depositories is an important public policy concept for two reasons. First, congressional oversight of agency program budgets provides an important discipline that is lost with respect to fiscal agency and depository services unless the entities receiving the services include the costs in their appropriations requests. Second, when services are provided at no cost or are subsidized, they tend to be over-used and less efficient than if they were obtained in a more market-oriented manner governed by cost and quality. In the case of functions performed by the Federal Reserve, the expense of full reimbursement would induce Treasury and other agencies to compare the level and quality of Reserve Bank services and costs with those of commercial providers of similar services and to seek out the most efficient service provider. Ultimately, therefore, such comparison would subject the government-mandated services of the Reserve Banks to competition from private firms.

THE FUTURE OF GOVERNMENTAL FINANCIAL SERVICES

The Reserve Banks' financial services to government and their financial services supporting the general payments mechanism for depository institutions gain efficiency from their joint use of Federal Reserve equipment, facilities, and personnel. These services will continue to be transformed by technological change. Government payments systems are likely to be redesigned to take greater advantage of electronic mechanisms, and paper-intensive activities will be further automated. More services will be delivered electronically, and time-critical operations ranging from auctions for Treasury securities to the crediting of government benefits will become more reliable, timely, and efficient as new capabilities are applied.

The technological evolution is well illustrated by a current pilot project that has advanced the prospect of purely electronic financial transactions between the government and the public. In the short run, a successful outcome to the experiment, which involves corporate taxpayers in Georgia, could mean that millions of paper advices now submitted by taxpayers to depository institutions could be replaced by electronic messages that taxpayers initiate from a touch-tone telephone or computer. All parties—taxpayers, depository institutions, Reserve Banks, and the IRS—would be

10. Board of Governors of the Federal Reserve System, *Annual Report: Budget Review, 1991–92* (Washington, D.C.: Board of Governors, 1992), p. 28, tables 3.8 and 3.9, and p. 62, table D.2. For an explanation of the calculation, see the *Annual Report: Budget Review, 1987–88* (Board of Governors, 1988), p. 35, note 1. See also Board of Governors of the Federal Reserve System, *78th Annual Report, 1991* (Board of Governors, 1992), p. 256.

spared the effort of preparing and filing paper statements, and Treasury's cash managers would be aware of receipts almost immediately.

In the long run, the elaboration of electronic connections and accounts may permit all government payments and collections to be initiated by telephone or computer through the Reserve Banks, thereby eliminating paper checks as the means of receiving money from, or paying, the U.S. government.

APPENDIX: SELECTED NON-TREASURY AGENCIES REQUIRING FISCAL AGENCY AND DEPOSITORY SERVICES DIRECTLY FROM A RESERVE BANK

African Development Bank

Asian Development Bank

Department of Agriculture
  Commodity Credit Corporation
  Food and Nutrition Service

Department of Housing and Urban Development

Farm Credit Administration

Farm Credit System Financial Assistance Corporation

Department of Education

Federal Home Loan Banks

Federal Home Loan Mortgage Corporation

Federal National Mortgage Association

Financing Corporation

Inter-American Development Bank

International Bank for Reconstruction and Development

International Finance Corporation

Resolution Funding Corporation

Resolution Trust Corporation

Student Loan Marketing Association

Tennessee Valley Corporation

U.S. Postal Service □

Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report, covering the period May through July 1992, provides information on Treasury and System foreign exchange operations. It was presented by William J. McDonough, Executive Vice President in charge of the Financial Markets Group at the Federal Reserve Bank of New York and Manager of Foreign Operations for the System Open Market Account. Daniel H. Brotman was primarily responsible for preparation of the report.[1]

The dollar came under strong downward pressure during the May–July period, declining more than 10 percent against the German mark and most other European currencies, nearly 5 percent against the Japanese yen, and more than 8 percent on a trade-weighted basis.[2] The dollar's decline was a product of weaker-than-expected data on U.S. growth and employment and related declines in both short- and long-term dollar interest rates, which contrasted with an upward tendency in European interest rates.

Expectations mounted during the period that the German authorities would engineer a further rise in short-term mark interest rates, thereby adding to the already impressive interest differential in favor of mark investments over their dollar counterparts. At the same time, the defeat of a referendum in Denmark to ratify that country's participation in European monetary and political union triggered large and occasionally destabilizing flows of funds out of the higher-yielding European currencies and into the mark. Although the effect of these flows was felt primarily within Europe, demand for marks reinforced the other pressures weighing on the dollar.

Meanwhile, market participants became convinced during the period that the Japanese authorities were eager to see a further appreciation of the yen. This belief, supported by numerous official statements from Japan, the United States, and Europe, and by rumors of central bank intervention to support the yen, added periodically to the market's willingness to sell dollars.

As the dollar rapidly approached historical lows, a July summit meeting of the leaders of the Group of Seven (G-7) nations heightened the market's focus on official policies toward exchange rates. The absence of any reference to exchange rates in the summit's concluding communiqué, coupled with what appeared to be ambiguous official statements during and after the meetings, led some market participants to conclude that the G-7 was unconcerned about the dollar. Shortly thereafter, the German authorities announced an increase in their discount rate. Although the increase in the German discount rate did not lead to a significant rise in other mark interest rates, market participants saw the move as potentially opening the door to a further widening of interest rate differentials unfavorable to the dollar.

In this environment, market participants began to adopt large short-dollar positions on the premise that the dollar faced little risk of an appreciation but good prospects of a further decline. This perception of the dollar as a one-way bet, coupled with the absence of any source of strong support for the dollar in the marketplace, caused the currency's decline to accelerate. Concerned with developments in the market, the U.S. monetary authorities in concert with several foreign central banks intervened on July 20, purchasing $170 million against the mark. The concerted operation calmed the market, and the dollar traded quietly through the remainder of the period.

1. The charts for the report are available on request from Publications Services, Board of Governors of the Federal Reserve System, mail stop 138, Washington, DC 20551.

2. The dollar's movements on a trade-weighted basis are measured using an index developed by the staff of the Board of Governors of the Federal Reserve System.

Dollar Trends Lower in May amid Mixed Views on U.S. Economy

Sentiment toward the dollar during the month of May reflected the market's outlook toward the U.S. economy—uncertain but hopeful. Earlier in the year, the dollar had risen sharply as market participants grew more confident about the strength and sustainability of the U.S. recovery. From lows of just above DM1.50 against the mark and ¥122 against the yen in January, the dollar climbed to highs of around DM1.68 against the mark and ¥135 against the yen in early spring. By April, however, doubts about the durability of the recovery began to reemerge. Indeed, market participants viewed a decline in the U.S. federal funds rate in April as a sign of renewed official concern over weaknesses in the U.S. economy, and the dollar opened the period at just below DM1.68 and just above ¥133.

Data on U.S. economic activity in May continued to paint a mixed picture of the recovery. The April employment report, released on May 8, showed an unexpected pickup in payrolls and a slight drop in the unemployment rate to 7.2 percent from 7.3 percent in March. But other reports, including those on M2 money supply growth, reinforced the view that growth would be sluggish at best. Meanwhile, press reports and market commentary suggested that the Federal Reserve had shifted its policy from a bias toward easing to a more neutral stance. As these developments proved insufficient to sustain all of the market's hopes for recovery, the dollar edged lower in relatively directionless markets. Having reached highs for the period of DM1.6510 against the mark and ¥133.75 against the yen in early May, the dollar eased back to end the month around DM1.60 and ¥128.

In May, the dollar traded more softly against the yen than it did against the mark. This divergence occurred against a backdrop of developments that appeared on balance to support the yen and to weigh somewhat on the mark. With regard to the yen, official statements and rumors of central bank intervention were seen as indicating general support within the G-7 for Japan's stated preference for a strong yen. Market participants recalled that the G-7, at its April meeting, had stated that "the decline of the yen . . . was not contributing to the adjustment process." Although the yen had appreciated somewhat since then, the market read signals from policymakers as evidence that the authorities sought, or would at least tolerate, further gains. For a time, this view provided underlying support for the Japanese currency.

The mark, in contrast, appeared to be falling out of favor among investors amid domestic political uncertainty and labor strife. Although many market participants were wary of the risk of further monetary tightening in Germany, the view that German policies were not having their desired effect weighed on the mark. Indeed, several countries in the European Monetary System (EMS) took advantage of the mark's relative weakness to ease monetary conditions in the hope of stimulating economic activity at home.

Danish Vote on Single European Currency Heightens Demand for Mark

Investor sentiment toward the mark shifted abruptly in early June with the defeat of a referendum in Denmark on the Maastricht treaty—a treaty outlining steps toward European union, including economic and monetary union and the creation of a single European currency. Market participants viewed the Danish rejection as a blow to the prospects for a single European currency in the foreseeable future. In their view, abandonment of the agreed-upon timetable for monetary union would loosen the tight discipline that the Maastricht treaty had implied for European inflation rates and budget deficits and thus raise doubts about the likelihood of continued convergence of European fiscal and monetary policies. In this environment, funds that had been invested in higher-yielding European currencies, such as the Italian lira, French franc, and Spanish peseta, were suddenly pulled out and reinvested in the mark. As the mark rose sharply within the Exchange Rate Mechanism of the EMS, talk of an imminent EMS realignment reemerged.

At the same time, expectations regarding German monetary policy began to shift. The conclusion of wage negotiations in Germany in mid-May left market participants wondering what the implications of the wage settlements would be on German monetary policy and whether the Bundesbank would now begin to ease policy. Although few observers expected an immediate decline in rates, many believed that easier policy would be forth-coming before the end of the year. In late May and in June, however, a series of official statements out of Germany appeared to quash these hopes. Pointing to rapid money supply growth, high wage settlements, and persistently high inflation results, Bundesbank officials cautioned that German interest rates would remain high for the foreseeable future.

Dollar's Decline against the Mark Accelerates in June and July amid Weaker Outlook for the U.S. Economy

Meanwhile, expectations began to build that monetary policy in the United States would again be eased. Expectations of lower U.S. interest rates grew in tandem with mounting evidence that the U.S. recovery was not gaining strength. In early June, the Labor Department reported a smaller-than-expected gain in payroll employment and a rise in the unemployment rate to 7.5 percent from 7.2 percent. Subsequent data on both inflation and real economic activity reinforced the view that the authorities had room to guide short-term rates lower. Notwithstanding these reports, market participants continued to believe that the Federal Reserve was reluctant to ease policy without conclusive evidence of renewed weakness in the U.S. economy.

On July 2, with the release of yet another month's figures for employment, the market became convinced that conclusive evidence of weakness was at hand. A report of an unexpected decline in payroll employment and large rise in the unemployment rate to 7.8 percent triggered a sharp decline in dollar exchange rates as dealers anticipated a policy response by the Federal Reserve. Within the hour, the Federal Reserve cut its discount rate ½ percentage point to 3 percent and relaxed reserve pressures to an extent consistent with a reduction of about ½ percentage point in the federal funds rate. In response, dollar interest rates began to soften, and interest rate differentials between the dollar and most major foreign currencies moved further against the U.S. currency.

Uncertainty surrounding the U.S. presidential campaign reinforced, for a time, the market's negative sentiment toward the dollar. In June and early July, foreign investors expressed confusion and concern over the potential implications of a three-way presidential race. The possibility that elections in November would not result in a clear victory for any candidate was enough, when combined with other factors weighing on the dollar, to discourage inflows into U.S. stock and bond markets.

Concerns about the Fragility of the Japanese Economy and Stock Market Weigh on the Yen

As the dollar began declining more rapidly against the mark and other European currencies, its decline against the yen moderated somewhat. The dollar's relative resilience against the yen occurred as Japanese interest rates softened in response to evidence of increasing weakness in the Japanese economy and worries about the fragility of the Japanese equity market. In mid-June, release of the Japanese central bank's quarterly survey of business conditions reinforced these concerns. The report, long regarded as an important indicator of future growth, showed an unexpectedly large decline in business sentiment. Although the Japanese authorities described the report as reflecting the economy's downward adjustment at its most severe point, the Japanese stock market responded by tumbling to a new five-and-a-half-year low, and short-term Japanese interest rates declined as market participants anticipated easier Japanese monetary policy.

G-7 Summit Sharpens Focus on Official Policy toward Exchange Rates

By early July, the dollar was trading below its level at the beginning of the year and within 5 percent of its historical lows against the major currencies. Official comments on exchange rates, when they occurred, appeared to express satisfaction with the movement in exchange rates. Against this background, the July 7–8 meeting of G-7 heads of state took on added importance in the market's view as participants sought clarification of the authorities' attitude toward the dollar.

The prevailing view in the weeks leading up to the meeting was that the authorities would call for a further appreciation of the yen to help resolve global trade imbalances. But, with the dollar near all-time lows, some believed that the resulting communiqué might in fact contain language supportive of the dollar. In the event, the communiqué contained no direct reference to exchange rates. Comments by individual officials after the meeting, including a statement by Secretary Brady that the United States "is not seeking to depreciate the dollar," did not entirely dispel the overall impression that the G-7 authorities were unconcerned about the decline in the dollar. In this environment, the dollar began to decline sharply.

Within days of the G-7 summit, market attention shifted to a meeting of the Bundesbank Council in Frankfurt on July 16. Expectations that the German authorities would announce a tightening of monetary policy escalated in the days leading up to the meeting. But the announcement of an increase of ¾ percentage point in the German discount rate—and subsequent increases in official rates in Italy, the Netherlands, Austria, Belgium, and Spain—nonetheless jolted the markets. Although the hike in the discount rate did not spur significant gains in money market rates and the Bundesbank denied that a Lombard rate increase would necessarily follow, market participants believed that the move paved the way for a subsequent rise in short-term mark rates. As a result, downward pressure built against the dollar and against the currencies of some EMS members.

1. Federal Reserve reciprocal currency arrangements
Millions of dollars

Institution	Amount of facility, July 31, 1992
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
Deutsche Bundesbank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	700
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements	
Dollars against Swiss francs	600
Dollars against other authorized European currencies	1,250
Total	**30,100**

In these circumstances, the U.S. monetary authorities intervened on July 20 in concert with several foreign central banks to support the U.S. currency. In several rounds of dollar buying, the Foreign Desk of the Federal Reserve Bank of New York purchased $170 million against marks. The intervention was financed equally by the Federal Reserve and the U.S. Treasury. Market participants responded strongly to the evidence of close cooperation among U.S. and foreign monetary authorities, and the dollar rose from its period low of DM1.4470 against the mark in the morning of July 20 to DM1.48 later that day and to DM1.50 by the end of that week. Pressures within the exchange rate mechanism of the EMS also eased somewhat after the concerted central bank initiative.

The dollar held steady against the mark during the remainder of the period and rose slightly against the yen. Statements by German officials that the discount rate hike was not the first step of a broader tightening of monetary policy and evidence that the German authorities were operating in their domestic markets to resist a rise in short-term mark interest rates, gradually dampened the market's expectation of higher German interest rates. Meanwhile, continued sharp declines in Japanese stock prices fueled expectations of monetary easing in Japan, and these expectations were realized on July 27 with the announcement of a ½ percentage point cut in the Japanese discount rate. In this environment of steady to lower interest rates abroad, pressures on the dollar subsided. The dollar closed the three-month reporting period at DM1.4745 against the mark and ¥127.10 against the yen.

In other operations during the period, the U.S. monetary authorities purchased a total of $6,176.6 million against marks in a series of off-market spot and forward transactions with the Bundesbank. The arrangement with the Bundesbank was similar to a transaction conducted last year. It followed an agreement between the U.S. and German authorities that their respective holdings of German marks and dollars were in excess of current needs and that it was to their mutual advantage to reduce those holdings. Sixty percent of the marks were sold for the account of the Federal Reserve, and the remainder was sold for the account of the U.S. Treasury. A spot transaction of $2,503.9 million settled on May 22 and a for-

2. Net profits or losses (–) on U.S. Treasury and Federal Reserve foreign exchange operations[1]

Millions of dollars

Period and item	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
Valuation profits and losses on outstanding assets and liabilities as of April 30, 1992	2,653.1	1,039.5
Realized, April 30–July 31, 1992	336.2	114.4
Valuation profits and losses on outstanding assets and liabilities as of July 31, 1992	4,536.7	2,503.9

1. Data are on a value-date basis.

ward transaction of $743.7 million settled on July 21. The remaining forward transactions are to be settled later in the 1992 calendar year.

During the May–July period, the Federal Reserve realized profits of $336.2 million, of which $316.5 million resulted from settlement of portions of the previously mentioned off-market currency transaction. The U.S. Treasury realized profits of $114.4 million, including $101.2 million resulting from settlements under that transaction. Cumulative bookkeeping or valuation gains on outstanding foreign currency balances at the end of July were $4,536.7 million for the Federal Reserve and $2,503.9 million for the Exchange Stabilization Fund (ESF). These valuation gains represent the increase in the dollar value of outstanding currency assets valued at end-of-period exchange rates, compared with rates prevailing at the time the foreign currencies were acquired.

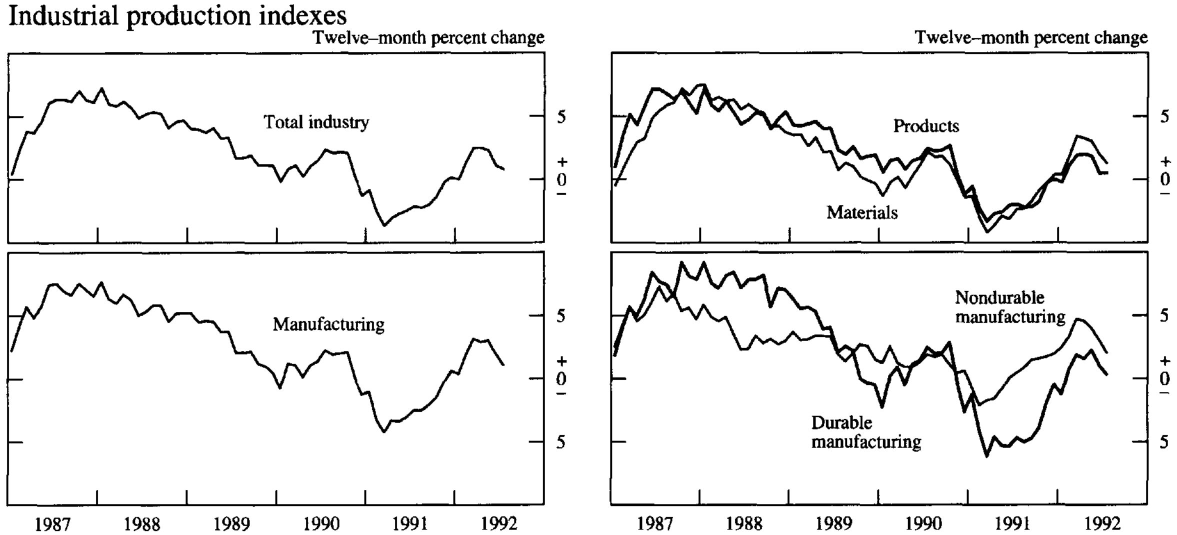
The Federal Reserve and the ESF regularly invest their foreign currency balances in a variety of instruments that yield market-related rates of return and that have a high degree of quality and liquidity. A portion of the balances are invested in securities issued by foreign governments. As of the end of July, holdings of such securities by the Federal Reserve amounted to the equivalent of $9,315.9 million, and holdings by the Treasury amounted to the equivalent of $9,213.6 million, both valued at end-of-period exchange rates. □

Industrial Production and Capacity Utilization

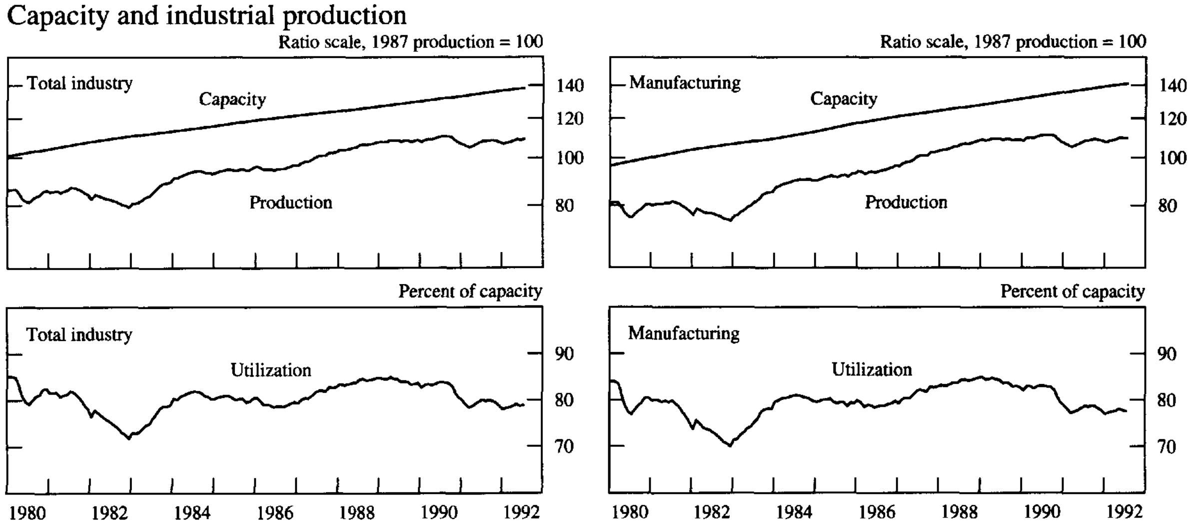
Released for publication August 14

The index of industrial production rose 0.4 percent in July, reversing the decline in June. In July, the output of coal mining rebounded with the end of the June rail strike, which had curtailed production; and the output at electric utilities, which had been relatively weak in recent months, increased sharply. The output of motor vehicles fell again in July, but factory production in the other major sectors changed little overall in both June and July. At 108.9 percent of its 1987 annual average, total industrial production in July was 0.8 percent above its year-ago level. Total industrial capacity utilization in July increased 0.2 percentage point, to

Industrial production indexes



Capacity and industrial production



All series are seasonally adjusted. Latest series, July. 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]				July 1991 to July 1992
	Apr.r	May.r	June r	July p	Apr.r	May r	June r	July p	
Total	**108.1**	**108.9**	**108.5**	**108.9**	**.5**	**.7**	**-.4**	**.4**	**.8**
Previous estimate	108.1	108.6	108.2	...	.5	.5	-.3	...	...
Major market groups									
Products, total	109.0	109.7	109.1	109.3	.5	.6	-.5	.1	.5
Consumer goods	110.1	110.6	110.0	110.2	.7	.4	-.5	.1	1.8
Business equipment	123.0	124.5	124.4	124.1	1.2	1.2	-.1	-.2	1.3
Construction supplies	96.5	97.9	97.0	97.3	-.2	1.4	-.9	.3	.4
Materials	106.8	107.7	107.5	108.4	.6	.9	-.2	.9	1.3
Major industry groups									
Manufacturing	109.0	109.8	109.6	109.5	.5	.7	-.2	.0	1.1
Durable	107.6	109.1	108.5	108.4	.6	1.4	-.6	.0	.3
Nondurable	110.7	110.7	111.0	110.9	.3	.0	.2	-.1	2.1
Mining	99.1	99.8	98.3	101.0	1.6	.8	-1.6	2.8	-1.6
Utilities	108.2	107.8	107.1	110.9	.4	-.3	-.7	3.5	.0

Category	Capacity utilization, percent								Memo Capacity, percentage change, July 1991 to July 1992
	Average, 1967–91	Low, 1982	High, 1988–89	1991	1992				
				July	Apr.r	May.r	June r	July p	
Total	**82.1**	**71.8**	**85.0**	**80.0**	**78.7**	**79.1**	**78.7**	**78.9**	**2.3**
Manufacturing	81.4	70.0	85.1	78.7	77.7	78.1	77.8	77.6	2.6
Advanced processing	81.0	71.4	83.6	77.8	76.3	76.8	76.3	75.9	3.0
Primary processing	82.3	66.8	89.0	81.1	81.1	81.4	81.5	81.7	1.5
Mining	87.4	80.6	87.2	89.6	86.3	87.0	85.6	88.0	.2
Utilities	86.7	76.2	92.3	86.2	83.4	83.1	82.4	85.3	1.0

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

r Revised.
p Preliminary.

78.9 percent, but has changed little, on balance, since April.

When analyzed by market group, the data show that the output of consumer durable goods, which includes motor vehicles and appliances, declined for a second month in July but that the production of nondurable goods, primarily electricity for residential use, turned up. The output of equipment fell again in July, mainly because of the curtailed production of motor vehicles and a further drop in defense and space equipment. Among most other major categories of business equipment, output remained weak, on balance. A notable exception was information-processing equipment, particularly computers, where production rose sharply further last month.

The production of construction supplies posted a small increase in July but was only a bit above its average level during the second quarter. The production of materials increased nearly 1 percent in July; gains in the energy category—coal and electricity generation—accounted for most of the rise. The output of durable materials was little changed in June and July; last month, the production of basic metals, particularly steel, rose noticeably, but the output of parts for use by the motor vehicle industry declined. The production of nondurable materials, which surged in June, edged up last month.

When analyzed by industry group, the data show that manufacturing output, which had risen significantly in the spring, declined slightly in June and was unchanged last month. Much of this weakness is attributable to curtailed motor vehicle production, but output in some other major industries, such as textiles, furniture, instruments, and electrical machinery, also dropped back. In addition, the output of aerospace and miscellaneous transportation equipment, which has been weak for some time, fell further in June and July. The notable areas of strength in recent months have been paper, steel, and chemicals.

In July, the utilization rate in total manufacturing decreased 0.2 percentage point, to 77.6 percent, and was more than 1 percentage point below its year-ago level. The recent weakness in manufacturing has been concentrated mainly among advanced-processing industries, where the overall operating rate fell about ½ percentage point in both June and July. By contrast, the utilization rates for primary-processing industries rose, on balance, in June and July, continuing the gradual upward trend that has been evident since early this year.

The output at mines increased almost 3 percent, led by the rebound in coal. The production at utilities also advanced sharply last month, but the level of output was unchanged from that of a year earlier. □

Statement to the Congress

Statement by Richard Spillenkothen, Director, Division of Banking Supervision and Regulation, before the Subcommittee on General Oversight and Investigations of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, August 4, 1992

I am pleased to be here today to discuss the impact of recent legislative and regulatory actions on credit availability and credit terms. The Federal Reserve believes that regulatory and supervisory actions should be implemented in ways that promote an appropriate balance between adequate credit availability and the safety and soundness of our financial system. I intend to begin by providing an overview of these matters. Thereafter, I will address the issues raised by the subcommittee in its July 8 letter of invitation.

BACKGROUND

At the outset, I think it would be useful to review the series of developments that have led to current concerns regarding the availability of credit from depository institutions. Many of these developments can be traced to the real estate sector.

During the 1980s, various factors combined to promote a boom in real estate, particularly for commercial properties. At the beginning of the decade, for example, a relative shortage of residential and commercial space and the enactment of changes in the tax laws were favorable to the real estate industry. In addition, until late in the decade, expectations in many sections of the United States were sustained by the relatively strong economic growth that supported the view that demand for office space would continue to rise indefinitely. These expectations were fueled by the supposition that inflationary conditions would continue and by optimistic assumptions about future occupancy rates. All of these factors led real estate developers to believe that their properties would generate sufficient cash flow to service and repay underlying debt obligations. Some banking organizations shared these expectations and, because they were facing increasing competition in their traditional business lines, lowered their real estate lending standards. By accommodating credits they previously would have denied, banks hoped to capture a greater share of the real estate financing market as well as to improve their earnings performance through attractive fees and high interest returns.

The unfortunate results of this combination of factors are well known. Excess building space was constructed that could not be leased or sold, and some overextended borrowers were unable to service and repay their debt obligations. Consequently, many financial institutions experienced mounting losses in their real estate loan portfolios, and, as a result, some of these institutions suffered severe deterioration in their condition.

Problems in the economy and related strains on banking and financial markets, of course, have not been confined to the real estate sector. During the 1980s, many business firms were acquired on a highly leveraged basis on the assumption that the various units of the organization could be sold separately at attractive prices with the proceeds used to repay the debt. In all too many cases, such expectations were proved false. Also, over the decade, reliance on debt became widespread in other sectors of the economy. Many businesses relied increasingly on debt to finance their activities, a propensity that was matched by many households, as evidenced by the rapid growth in credit card and other consumer debt. When confronted with economic uncertainty or adversity, these borrowers, too, were forced to labor under the burden of heavy debt obligations, not always successfully.

One important effect of these problems is that demand for credit at banks has dropped substantially. This decline reflects general economic factors as well as developments in particular sectors. Leveraged buyout activity has greatly diminished. And in the face of the huge oversupply in real estate markets, demands for funds to finance new construction have declined to minimal levels. At the same time, many borrowers have been attempting to restructure and reduce their debt burden. Business customers have been reducing inventories, enjoying improved internal cash flows, and raising substantial funds in equity and bond markets, thus dampening their needs for bank credit. Indeed, a substantial amount of funds raised in capital markets has been reported to be for the purpose of repaying bank loans. Meanwhile, households have been rechannelling cash flows away from retail deposits to the repayment of consumer debt.

Although weak loan demand accounts for a major share of the slow credit growth, a more conservative approach on the part of some banks and other depository institutions to extend credit has also played a role, particularly in sections of the United States that have been most affected by the recession. Considering the heavy losses that banks have experienced in their loan portfolios, it is not surprising that they have taken decisive steps to reinstate more conservative lending policies. In addition, many institutions that suffered losses have slowed their asset growth in an effort to protect their capital ratios or have reduced their lending activity pending restoration of their capital bases.

A return to more prudent lending standards and actions to strengthen capital positions must be considered salutary for the long-run health of the economy and the banking system. Unfortunately, however, in some cases the process of retrenchment in lending may have gone too far. Some institutions appear to have adopted policies that constrain them from meeting the needs of creditworthy borrowers—borrowers seeking funds to finance new projects and activities as well as borrowers seeking to renew or refinance existing debt.

A factor contributing to the tendency for lenders to overreact in adjusting their lending policies has been a concern that developed later in the decade that examiners might apply classification standards that are so restrictive that even performing loans could be subject to criticism. Although individual examiners in some instances may have adopted a more conservative approach to evaluating loans in reaction to problems they have observed arising from lax lending practices, the banking agencies have not changed their fundamental loan review standards or the guidance for applying these standards. Thus, to communicate that point to bankers and to ensure that our examiners accurately understand agency policy, officials of the Federal Reserve and the other banking agencies have issued a series of policy statements and have met on numerous occasions with bankers and bank examiners to communicate and clarify the agencies' supervisory policies. Statements were issued by the agencies in March, July, and November 1991 emphasizing the importance of banks continuing to lend in a manner consistent with sound banking practices to creditworthy customers and encouraging banks to work in a prudent fashion with troubled borrowers. In assessing real estate loans, the statements also reminded examiners to consider the stabilized capacity of income-producing properties to service their related debt obligations and not to base their evaluation of a real estate loan solely on the forced liquidation value of the collateral.

This year the Board has followed up with other initiatives that should contribute to easing the availability of bank credit. These efforts include the phasing out of the reporting of highly leveraged transactions that increase the amount of noncumulative perpetual preferred stock that bank holding companies may include in tier 1 capital and undertaking, in conjunction with other federal bank and thrift regulatory agencies, the Regulatory Uniformity Project. This effort has as its goal promoting consistency among the banking agencies and reducing regulatory burden and costs without lessening the effectiveness of bank regulation. The Board also has utilized opportunities to reiterate to our examiners the basic principles of last year's credit availability initiatives.

Having summarized what the Board has done to dispel misconceptions about our current policies and procedures, let me turn briefly to the general question of the potential impact of recent legislation, such as the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), on credit availability. Several provisions of this act and, perhaps most particularly, prompt corrective action, offer the promise of improving the safety and soundness of banks over time and of minimizing costs to the safety net. Nonetheless, several provisions of the act appear to work in the direction of reinforcing tendencies to restrict credit availability. For example, provisions that mandate the specification of standards for real estate lending and that call for the agencies to establish operating and managerial standards, including those pertaining to underwriting standards, appear likely to have that effect. And, there are various other provisions of the act, including prompt corrective action, which, by providing incentives for banks to establish and maintain strong capital, may also work in that direction, at least over the near term.

Of course, there is no way to avoid entirely the dampening effects laws and regulations that are designed to constrain bank risktaking may have on the willingness of banks to lend. In taking steps to adopt regulations to implement FDICIA and other banking legislation, however, the Federal Reserve has endeavored to structure regulations in ways that, while being consistent with the letter and spirit of the legislation, will work to avoid undue rigidity and inflexibility that could impair the ability of banks to service the needs of their customers.

For example, in our recent efforts to implement section 304 of FDICIA regarding the establishment of real estate lending standards, the regulatory agencies have carefully explored various alternative approaches that might be adopted to achieve the desired end but that would, at the same time, minimize unneeded and unwarranted constraints on banks and their customers. The agencies are now soliciting public comment on two alternative approaches to establishing standard loan-to-value ratios and also are seeking comment on whether some other approach to real estate lending standards would be more appropriate. Because most depository institutions have historically used a loan-to-value approach to their real estate lending, the agencies proposed loan-to-value ratios only after extensive talks with industry representatives to solicit their views on appropriate levels. In addition, to provide sufficient flexibility, the agencies have specified in the proposal that real estate loans, so as not to exceed a certain percentage of total capital, need not conform to the loan-to-value standards. Also, comment is requested on whether the proposed real estate lending standards will hamper programs that institutions have established to fulfill their obligations under the Community Reinvestment Act, particularly those programs designed to provide credit to low- and moderate-income persons. In sum, the agencies are paying close attention to the potential burden that the proposed alternatives may place on financial institutions and their customers, including the possible impact on a bank's flexibility in structuring loan terms to meet borrowers' needs and the effect that any loss in such flexibility may have on credit availability.

Let me conclude these general remarks by saying that the Board is sensitive to the potential impact of supervisory policies and procedures on banks' willingness to lend to creditworthy borrowers. Concerns over credit availability arise from several factors that have caused lenders to become decidedly more cautious in their lending policies and practices. The regulatory agencies have, as I have emphasized, implemented several steps designed to counteract these tendencies to the extent that they are traceable to any misperceptions about our policies. The Board also has been sensitive to the potential impact that FDICIA may be having on banks' willingness to lend and, thus, in our efforts to adopt regulations to implement this legislation, the Board is endeavoring to structure these regulations in ways that will work to minimize any adverse effects on credit availability.

Loan Review for New, Existing, and Rollover Credits

The first two issues listed in your letter pertain to the general standards and policies for regulatory loan review and classification practices for new, existing, and rollover business credits at depository institutions. I am addressing these issues together because our policies with respect to the loan review function and the classification of these loans are the same. Each credit, whether new or seasoned, is to be individually evaluated based on its own merits.

As reiterated in the agencies' November 1991 policy statement on commercial real estate loans, the focus of the examiner's review is on the ability of the loan to be repaid, and the evaluation of these repayment prospects determines whether and how a loan should be classified. The principal factors that bear on this analysis are the character, overall financial condition and resources, and payment record of the borrower; the prospects for support from any financially responsible guarantors; and the nature and degree of protection provided by the cash flow and value of the underlying collateral. The importance of the collateral's value in the analysis of the loan necessarily increases as the sources of repayment for a troubled loan become inadequate over time.

I would like to emphasize that, although the Board does not differentiate between new and existing credits for loan review and classification purposes, one advantage a seasoned loan has in the assessment process is that the payment performance record of the borrower has been established. Because new loans do not have an established payment record, the examiner must rely instead on projections of future performance in evaluating the credit quality of the loan.

Regarding the regulatory loan review for rollover business credits, it has long been our belief that the act of refinancing or renewing loans to sound borrowers should generally not be subject to supervisory criticism in the absence of well-defined weaknesses that jeopardize the repayment of the loan. This policy was reiterated in a July 1991 examination circular discussing the importance of banks' refinancing or renewing loans to sound borrowers, especially those in the real estate sector. This statement was issued to remind examiners that financial institutions may determine that the most desirable and prudent course is to roll over or renew loans to those borrowers who have demonstrated an ability to pay interest on their debts but who may not be in a position to obtain long-term financing.

I would like to point out that one important element of our efforts to make certain that our policies are properly understood has been to clarify that banks that do not meet the minimum capital standards are not necessarily required to stop making sound loans to creditworthy borrowers, provided these banks have reasonable and effective plans in place to achieve adequate capital levels. In addition, the agencies have stated that banks with concentrations in certain economic sectors need not automatically refuse to make loans to creditworthy borrowers in these sectors as long as the bank's underwriting standards are sound, prudent risk controls are in place, and the bank has an adequate plan in place to reduce any concentrations over time.

Specific Regulatory Criteria on Lending

Your letter of invitation also inquired about the effectiveness and burden of specific regulatory criteria on particular types of loans in ensuring the safety and soundness of institutions. I infer that this question is directed to section 304 of FDICIA, which calls for the specification of regulatory standards for real estate loans, the only section of the act directly concerned with setting standards for a particular category of loans. I have, of course, already reviewed the basic approach the agencies have been taking in our preliminary efforts to implement this section.

Let me, therefore, reemphasize that in structuring the proposal on which the Board is seeking comment, close attention was paid to the possible burden these alternatives may place on financial institutions and their customers, including the possible impact of a loss of flexibility in structuring loan terms to meet borrowers' needs and the effect that may have on credit availability. For example, in determining what range of possible loan-to-value limits the agencies should propose, current banking practices and traditional real estate lending rules of thumb were taken into account, and the agencies believe that the ratios proposed for public comment are generally consistent with these standards.

Of course, by requiring limits, whether they are to be established by the depository institution under general regulatory guidance or to be specified directly by the regulatory agencies, the agencies recognize that they restrict to some degree the flexibility of lending institutions to meet specific credit terms requested by their customers and may be viewed as a deterrent to credit availability. To counteract at least a part of that effect, the proposal would permit each bank to extend a portion of its real estate loans, not to exceed a certain percentage of total capital, on terms that do not conform to the regulatory standards as long as the bank can otherwise demonstrate the prudence and safety of the loan.

The agencies hope that the comments received will help them to determine the appropriateness of using loan-to-value ratios, as well as the ratio limits, if any, that should be set. The Federal Reserve believes that supervisory guidance on these ratios should assist in protecting the safety and soundness of depository institutions by curtailing abusive real estate lending practices in the form of unreasonably large loans relative to the value of the underlying real estate collateral. Also, the Board believes that such guidance, if properly structured, need not unduly limit the availability of credit to prudent real estate developers.

Loan-Loss Reserves

It has always been, and remains, the responsibility of the institution's management to establish and maintain loan-loss reserves at an appropriate level. The methods used by management in fulfilling this responsibility are carefully reviewed by examiners to ensure that these methods have adequately considered all factors relevant to the collectibility of the portfolio.

In evaluating the adequacy of a bank's loan-loss reserve, the examiner considers the level and severity of loan classifications. As I have previously mentioned, the classification process takes into account several factors including the ability of the borrower to repay the loan out of cash flow generated from the project financed as well as from other reliable sources and the protection provided by any collateral. The examiner assigns an appropriate classification based on the loan's identified weaknesses and the potential loss exposure to the bank. I would like to point out that the November 1991 interagency policy statement stated that, although the value of collateral is a relevant factor in the evaluation of a loan, supervisory policies do not require automatic increases to the loan-loss reserve solely because the value of the collateral supporting a performing loan has declined to an amount less than the loan balance as long as there are no weaknesses that jeopardize repayment of the credit.

Differences in Implementation Among the Agencies

First, I should acknowledge that differences among the individual regulatory agencies may stem from legislation and to a certain degree from their respective cultures that have developed over the years. However, there are several mechanisms, both formal and informal, that are used by the agencies to coordinate the development and implementation of general supervisory policies and procedures, and much has been accomplished in this area. And, in particular, the agencies' fundamental objectives and supervisory policies pertaining to credit availability are uniform. In this regard, I would like to emphasize that the March and November 1991 policy statements were issued on a joint intragency basis. Considerable efforts have been, and are being, taken to ensure that our supervisory policies continue to be consistent. In this process, the agencies are also seeking to assure themselves that these policies are balanced, fair, and prudent so that they will neither permit unsound lending practices nor discourage banks from lending to creditworthy borrowers.

To foster the objectives I have just described, the four federal banking agencies jointly organized the National Examiners' Conference in Baltimore in December 1991. In particular, the purpose of the conference was to make sure that senior examiners and their supervisors fully understood the substance and purpose of the agencies' initiatives. Furthermore, the Federal Reserve has participated in numerous interagency training efforts to provide uniform interpretations of these interagency policy statements.

In addition, the efforts of the recently announced Regulatory Uniformity Project are designed to promote consistency among the agencies and to reduce regulatory burdens and costs without lessening the effectiveness of regulation and supervision of federally insured depository institutions. In particular, the project encourages the development, to the extent possible, of common definitions, policies, and standards for the classification and valuation of assets. Furthermore, the agencies are seeking to reduce or eliminate any differences or inconsistencies in accounting issues and in certain other examination areas. Another effort is to further standardize examiner training, in part through conducting such training on an interagency basis.

SUMMARY

I would like to assure the subcommittee that the Federal Reserve recognizes the need for banks to meet legitimate credit demands and that it is doing all that it believes it can do at this time to increase the availability of credit to sound borrowers in a prudent and responsible manner. The intent of our efforts is to contribute to a climate in which banks make loans, consistent with safe and sound banking practices, to creditworthy borrowers and work constructively with borrowers experiencing financial difficulties. In all these efforts, the Board has been guided by the premise that prudent lending standards and effective and timely supervision should not inhibit banking organizations from playing an active role in meeting legitimate demands for credit.

The Board looks forward to working with the subcommittee and the Congress in ensuring that sound borrowers have access to credit while at the same time maintaining a safe and sound financial system. □

Announcements

STATEMENT BY CHAIRMAN GREENSPAN

Chairman Alan Greenspan of the Federal Reserve Board issued the following statement on August 20, 1992:

> It was with deep regret that I learned this morning of the passing of Bill Taylor. He was an extraordinary person—a well respected and extremely capable public servant of unquestioned integrity, a devoted husband and father, and a true personal friend. He will be missed not only by the regulatory community but also by the public at large. I extend my heartfelt sympathy to his wife, Sharon, and their children.

STREAMLINING OF PROCEDURES FOR HANDLING APPLICATIONS FROM STATE MEMBER BANKS AND BANK HOLDING COMPANIES

The Federal Reserve Board has approved additional measures to reduce regulatory burden and further streamline the process of handling applications from state member banks and bank holding companies.

Last April, as part of its program to reduce regulatory burden, the Board directed its staff to review the processes used in handling applications to ensure greater efficiency. The review included information required, timing, procedures for preacceptance review, delegation, standardization of forms, and monitoring the status of cases.

Measures now approved by the Board will accomplish the following:

- Limit extensions of the period for accepting applications from bank holding companies
- Offer prospective applicants the opportunity to submit a prefiling notice of intent to file a formal application
- Establish a general consent limit for investments in bank premises for state member banks that are well capitalized and in satisfactory condition
- Eliminate the stock redemption notice requirement for bank holding companies that are well capitalized and in satisfactory condition
- Expand the authority of Reserve Banks to process all applications that can be delegated without review by Board staff
- Modify the Board's delegation rules that pertain to competition and market concentration
- Reduce redundant processing of cases acted on by the Board.

The Board welcomes comment on further steps that might be taken to improve efficiency in the applications process.

AMENDMENTS TO REGULATION D

The Federal Reserve Board announced on August 17, 1992, the adoption of amendments to Regulation D (Reserve Requirements of Depository Institutions) to change the way depository institutions compute and maintain their reserve requirements.

The amendments will accomplish the following:

- Shorten by two weeks the lag in counting vault cash toward required reserves to reduce the decline in required reserve balances early in the year
- Double the carryover allowance for reserve balances to the larger of $50,000 or 4 percent of required reserves plus required clearing balances. This increase will provide institutions with more flexibility in managing reserves from one maintenance period to another.

The reduction in the lag in application of vault cash will be effective for the maintenance period beginning November 12, 1992, for weekly reporting institutions. Quarterly reporting institutions will be unaffected by the change.

The carryover allowance will be effective in the maintenance period beginning September 3, 1992, for both weekly and quarterly reporting institutions.

The Federal Reserve Board announced on August 17, 1992, adoption of further amendments to Regulation D to close loopholes some banking institutions have used to avoid proper maintenance of reserve requirements.

The amendments are designed to prevent erosion of the reserve base for transaction accounts and will accomplish the following:

1. Treat certain so-called sweep accounts involving commingled time deposits as reservable
2. Reclassify as reservable multiple savings accounts when the depository institution suggests, or otherwise promotes, multiple accounts to permit transfers in excess of the limits applicable to individual savings accounts
3. Prohibit the use of "due from" deductions by which a large bank has moved funds to a smaller bank to take advantage of the lower reserve requirements imposed on small banks and has received the funds back in a reserve-free transaction
4. Treat previously nonreservable teller's checks the same as reservable cashier's checks
5. Include bonds and coupons as "cash items in the process of collection" only if the bonds and coupons have matured or been called
6. Prohibit the netting of trust balances in a commingled transaction account held by the trust department of a banking institution for various trusts.

Amendments 1, 2, and 3 were effective September 29, 1992. Amendments 4, 5, and 6 will be effective December 22, 1992.

AMENDMENT TO REGULATION Y

The Federal Reserve Board announced on August 31, 1992, that it had amended the Board's Regulation Y (Bank Holding Companies) to permit the provision of financial advisory services to financial and nonfinancial institutions and to individuals with high net worth under certain conditions, and the offering of investment advisory and securities brokerage services on a combined basis under certain conditions. Applications by bank holding companies to engage in these activities now may be processed by the Federal Reserve Banks under expedited procedures pursuant to authority delegated by the Board. The amendment became effective September 4, 1992.

AMENDMENTS TO REGULATION CC

The Federal Reserve Board announced on August 7, 1992, adoption of final amendments to Regulation CC (Availability of Funds and Collection of Checks), which implement provisions in the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) that amend several provisions of the Expedited Funds Availability Act.

The amendments allow banks to extend holds, on an exception basis, to "next-day" and "second-day" availability checks and allow one-term notices of exception holds in certain cases.

Also, the Board has made permanent the current availability schedules for deposits at nonproprietary automated teller machines and has reaffirmed administrative enforcement authority of federal regulatory agencies over U.S. offices and branches of foreign banks.

ELIMINATION OF REQUIREMENT REGARDING SUBORDINATED DEBT

The Federal Reserve Board announced on August 28, 1992, the approval of the elimination of the requirement that state member banks obtain the Board's prior approval before issuing subordinated debt in order to treat that debt as capital rather than as a deposit.

Accordingly, the Board is issuing an interpretation of the capital adequacy appendixes to Regulations H (Membership Requirements for State-Chartered Banks) and Y (Bank Holding Companies), which provides general guidance on the criteria that subordinated debt and mandatory convertible debt issued by state member banks and bank holding companies must meet to be included in capital.

In connection with this action, the Board also is making technical amendments to its Regulation D (Reserve Requirements) and its Rules Regarding Delegation of Authority.

These actions became effective September 4, 1992.

PROPOSED ACTIONS

The Federal Reserve Board issued for public comment on August 4, 1992, a proposal to amend its Regulation C (Home Mortgage Disclosure) that will expand the regulation's coverage of independent mortgage companies. Comment is requested by October 8.

The Federal Reserve Board issued on August 13, 1992, an advance notice of proposed rulemaking and requested public comment in connection with a review of Regulation T (Credit by Brokers and Dealers). This action is part of the Board's program to review periodically all regulations and will help determine whether any provisions of the regulation are in need of updating and whether any substantive changes are necessary because of new products or developments in the securities markets. Comments should be received by October 16, 1992.

CHANGES IN BOARD STAFF

The Board of Governors announced the retirement of Robert S. Plotkin, Assistant Director in the Division of Banking Supervision and Regulation, effective at the end of September 1992, after twenty-eight years of service.

The Board also announced the retirement of Robert J. Zemel, Senior Adviser in the Division of Information Resources Management, effective September 30, 1992, after nearly twenty-three years of Board service. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON JUNE 30–JULY 1, 1992

The information reviewed at this meeting suggested that economic activity was expanding at a moderate pace. Employment and industrial output had continued to rise, but a sizable increase in the labor force had lifted the unemployment rate to a cyclical high. Increased sales and production of motor vehicles were providing a boost to the economy, as was higher spending for capital equipment, especially computers. However, non-auto retail sales and homebuying had slowed since earlier in the year, and the latest data indicated some widening of the merchandise trade deficit. Incoming data on retail prices and labor costs suggested that inflation was slowing.

Total nonfarm payroll employment increased for a fourth straight month in May, and aggregate hours worked by production or nonsupervisory workers exceeded the average for the first quarter. The services industry recorded further sizable job gains in May, while employment in retail trade fell considerably and had changed little on balance thus far this year. Hiring was off slightly in manufacturing, but further increases in overtime hours elevated the factory workweek to a little above its average level for the first half of 1990. The civilian unemployment rate rose sharply in May, to 7.5 percent, reflecting a surge in the number of job seekers. Substantial increases in the labor force since late last year had returned the labor-force participation rate to its average level for the first half of 1990.

Industrial production rose appreciably further in May, partly reflecting continued recovery in motor vehicle assemblies. Also contributing to the rise were large increases in the production of other consumer durables, notably household appliances and furniture, and of business equipment. The recent gains in production had raised the utilization of total industrial capacity considerably, but the average operating rate remained well below its July 1990 peak.

After a surge early in the year, growth in real personal consumption expenditures had slowed despite a strengthening in the demand for motor vehicles. In April and May, spending for goods other than motor vehicles was slightly below the average level for the first quarter, and outlays for services increased only a little. Purchases of new single-family homes declined in May for a fourth straight month. Starts of single-family housing units rebounded in May to a level close to the first-quarter pace, while multifamily housing starts remained depressed in reflection of historically high vacancy rates for such housing.

Shipments of nondefense capital goods other than aircraft over April and May were somewhat above the first-quarter level, boosted mainly by further increases for office and computing equipment. Business purchases of motor vehicles also were stronger. Recent data on orders pointed to a further pickup in business outlays for durable equipment over coming months. Outlays for nonresidential structures continued to trend lower in May, but incoming information on contracts for new construction suggested that nonresidential building activity would decline more slowly in the months ahead. Although construction of office buildings continued to plummet in response to the substantial overhang of vacant office space, spending for other nonresidential structures had firmed since the fourth quarter.

Business inventories rose slightly further in April. Stocks increased relatively sharply at the retail level, but about half the buildup was at automobile dealerships, where the rise in inventories appeared to be about in line with a recent pickup in sales of new vehicles. In manufacturing, inventories continued to decline; with factory shipments rising, the ratio of stocks to shipments was at its lowest level in more than a decade. At wholesale establishments, inventories were trimmed substantially further in April. However, inventory–sales ratios remained near the high end of the range that had prevailed over the past several years.

The nominal U.S. merchandise trade deficit widened in April and was substantially above its average rate for the first quarter. The value of exports declined, largely because of a decline in exports of aircraft. The value of imports increased further in April; a rise in imports of capital goods more than offset a small decline in imports of consumer goods. The available data on economic activity in the major foreign industrial countries in the second quarter were mixed. In Germany and Japan, growth during the first quarter had been boosted by transitory influences that appeared to be unwinding in the second quarter. By contrast, a moderate recovery in economic activity was continuing in Canada, and there were some indications that economic recovery was getting under way in the United Kingdom.

Producer prices of finished goods rose more rapidly in May; sizable increases in the prices of energy and other goods outweighed a further decline in food prices. Apart from anomalous jumps in the prices of a few items, however, increases in prices of nonfood, non-energy finished goods generally remained modest. Consumer prices posted a small advance in May, despite a relatively large rise in energy costs. Excluding food and energy items, consumer prices increased more slowly in the first five months of this year than in 1991. Average hourly earnings for production or nonsupervisory workers were little changed over April and May and also had risen more slowly thus far this year than in 1991.

At its meeting on May 19, the Committee adopted a directive that called for maintaining the existing degree of pressure on reserve positions and that did not include a presumption about the likely direction of any adjustments to policy 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 or slightly lesser reserve restraint might be acceptable during the intermeeting period. The reserve conditions contemplated under this directive were expected to be consistent with growth of M2 and M3 at annual rates of about 2½ and 1½ percent respectively over the two-month period from April through June.

Open market operations during the intermeeting period were directed toward maintaining the existing degree of pressure on reserve positions. During the period, several technical increases were made to expected levels of adjustment plus seasonal borrowing to reflect the rising demands for seasonal credit. Actual levels of borrowing averaged about $165 million over the three reserve maintenance periods completed during the intermeeting interval. The federal funds rate remained close to 3¾ percent.

Most other interest rates changed little on balance over the intermeeting period. Rates moved higher in the days following the May meeting as widespread market expectations of a monetary easing action were not realized. Later in the period, however, interest rates fell, especially at intermediate maturities, as markets interpreted incoming data on the economy and the monetary aggregates as indicating a sluggish recovery. Broad indexes of stock prices declined over the period in response to reductions in forecasts of corporate earnings.

In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined further over the intermeeting period. The dollar rose initially in response to data pointing to a somewhat stronger economic recovery in the United States but subsequently more than retraced its gains as less positive economic data, including a larger-than-expected trade deficit, were reported.

M2 and M3 changed little in May and appeared to have contracted in June; both retail and large-denomination time deposits continued to run off rapidly. Depository institutions, facing weak loan demand and intent on further bolstering capital positions, had reduced rates on time deposits fairly aggressively earlier in the year, and as a result these components of M2 and M3 had become less attractive relative to alternative investments or debt repayment. In addition, M1 was unusually weak in June. Through June, expansion of the two broad aggregates was somewhat below the lower ends of the ranges established by the Committee for the year. Growth of nonfinancial debt was estimated to be at the lower end of the Committee's monitoring range. Borrowing had been concentrated in the capital markets, with beneficial effects in reducing debt and debt-servicing burdens.

The staff projection prepared for this meeting pointed to a modest pickup in economic growth over the second half of the year and to some further acceleration in 1993. The forecast took into account the lagged effects on aggregate demand of earlier declines in interest rates and the progress that had been made by households and businesses in strengthening their balance sheets. Nonetheless, financial strains were expected to continue to prompt the diversion of some cash flows from business and consumer spending, though the magnitude of such adjustments was projected to lessen over time. Partly as a consequence, moderate growth well below that experienced during typical cyclical upswings in the past was projected in consumer spending and in business investment in durable equipment. Economic expansion also would be restrained by further, though diminishing, declines in business spending on nonresidential structures before a projected upturn in such spending began to materialize in the second half of next year. Moreover, in the government sector, federal purchases of goods and services were forecast to decrease over the projection horizon, largely reflecting cutbacks in defense spending. At the state and local government levels, continuing budget problems were expected to result in a small decline in real purchases during the quarters immediately ahead and in only modest growth later. A persisting though decreasing margin of slack in resource utilization was expected to be associated with further slowing in wage and price inflation.

In the Committee's discussion of economic and financial developments and the outlook for the economy, the members agreed that a sustained expansion at a moderate pace remained the most reasonable expectation and that such an expansion was likely to be associated with further easing of inflation. They noted that considerable progress had been made in correcting major structural imbalances and financial problems in various sectors of the economy and that business and consumer confidence had improved appreciably since the turn of the year. However, the most recent information suggested some weakening in the expansion, and a number of members expressed concern about the apparent absence of cumulating or self-reinforcing improvement in overall economic activity. Sluggish growth of jobs and income, ongoing efforts to strengthen balance sheets, and in the view of a number of members the weakness in broad measures of money and credit suggested that the risks to the economy were more heavily weighted to the downside. Others felt that the expansion was now more firmly entrenched and that the risks were more evenly balanced; some of these members noted, however, that given the likely restrained pace of the expansion, a significant shortfall from their current projections could have more worrisome effects than the limited inflationary pressures that might be fostered by a somewhat stronger-than-projected economy. With regard to the outlook for inflation, the members were encouraged by indications of moderating price and labor cost pressures. Most believed that additional progress toward price stability was likely over the next several quarters in the context of some persisting slack in labor and other production resources and after an extended period of slow growth in key measures of money.

In keeping with the practice at meetings when the Committee sets its long-run ranges for the money and debt aggregates, the members of the Committee and the Federal Reserve Bank presidents not currently serving as members provided specific projections of the growth in nominal and real GDP, the rate of unemployment, and the rate of inflation for the years 1992 and 1993. These projections took account of the monetary growth ranges that the Committee reaffirmed at this meeting for 1992 and established on a tentative basis for 1993; these ranges were expected to be consistent with the Committee's goals of promoting a sustained expansion in the economy and continued progress toward price stability. The projections generally portrayed an economy performing in line with these objectives—that is, with expansion at a moderate pace over the next one and one-half years and inflation slowing gradually further. Forecasts of nominal GDP converged on growth ranges of 5¼ to 6 percent for 1992 as a whole and 5½ to 6¼ percent for 1993. With regard to the rate of expansion in real GDP, the projections had a central tendency of 2¼ to 2¾ percent for 1992 and of 2¾ to 3 percent for 1993, implying a gradual acceleration from the pace currently estimated for the first half of this year. The projected strengthening of the economy was associated with some decline in the rate of civilian unemployment to a consensus range of 6½ to 7 percent by the fourth quarter of 1993. Given the moderate expansion of the economy and the still relatively elevated level of the unemployment rate, the rate of inflation, as measured by the consumer price index, was projected to move somewhat lower; the central tendency of the range expected for 1993 was 2¾ to 3¼ percent.

Members observed that developments relating to the financial condition of households and businesses were likely to continue to have an important influence on economic activity over the quarters ahead. Widespread efforts to strengthen balance sheets along with conservative lending policies at financial intermediaries had exerted a significantly retarding effect on economic activity by diverting cash flows from consumer and investment expenditures or limiting the availability of financing for current spending. However, while the process of adjusting balance sheets was still incomplete and was still restraining business and consumer spending, the combination of greatly reduced interest rates and strengthened balance sheets pointed to subsiding constraints on expenditures from financial factors. At the same time, lending institutions now appeared to be in a better position to accommodate borrowers. Indeed, anecdotal reports from several parts of the country indicated that many banking institutions were intensifying their efforts to make loans, though loan demand remained quite limited. Members also observed that corporate cash flows and profits were much improved.

In their review of economic conditions and business and consumer attitudes in different regions, members reported that gradual expansion characterized most parts of the nation, though they cited some significant exceptions and also noted that on the whole recent indicators pointed to less strength than early in the year. Business and consumer sentiment, while considerably improved since late last year, nonetheless remained quite cautious and seemed vulnerable to adverse developments. Consumers were still very concerned about employment opportunities, while business executives were reluctant to make investment commitments or to build inventories in the absence of firmer indications of a significant pickup in demand.

With regard to developments in major sectors of the economy, members generally viewed some pickup in consumer spending from its recently sluggish pace as a likely development that in turn would provide ongoing support to the expansion. An essential element in sustaining consumer expenditures, and thus the economy more generally, would be the growth in job opportunities and personal incomes. While heavy debt-service burdens and reduced interest incomes, among other factors, continued to curb the ability or willingness of many consumers to increase their spending, some tentative indications of a firming trend in such spending could be drawn from the signs of reviving consumer confidence and anecdotal reports suggesting that consumer spending was growing at least modestly in many areas. In particular, demands for motor vehicles had strengthened, and the related step-up in the production of automotive products had accounted for much of the growth in industrial production over recent months. With regard to the outlook for housing, residential construction had weakened in many parts of the country, though it was holding up well in some areas. The backup in mortgage rates earlier in the year had reinforced the more general cautionary factors that had tended to inhibit overall spending. However, mortgage rates had fallen substantially over the spring, and the members expected housing activity to pick up somewhat over the quarters ahead.

Despite still cautious business attitudes, moderate growth in overall business fixed investment was anticipated over the forecast period. Spending could be buoyed by demands for business equipment, much of which probably would be related to efforts to modernize production facilities for competitive reasons. Rising rates of capacity utilization also could be expected to spur investment demand as time went on. The outlook for nonresidential construction was more negative. Office construction appeared likely to remain severely depressed for an extended period as excess capacity was absorbed in many parts of the country. On the more positive side, anecdotal impressions from several cities suggested that prices and lease terms of office and other commercial structures were tending to stabilize, though the volume of actual transactions remained quite limited.

The government and foreign trade sectors also were not seen as likely to contribute significantly to the expansion. The widespread financial problems of state and local governments pointed to quite limited growth in spending, even though examples of sizable expenditure programs, such as for highway construction in some areas, could be cited. At the federal level, defense spending was on a clear downtrend, and the persistence of large federal deficits argued against sizable new initiatives for nondefense spending. With regard to the external sector, a number of members expressed the view that the outlook for net exports had worsened despite the weakening in the foreign exchange value of the dollar in recent months. The growth in exports appeared to be moderating, and it was uncertain at this point to what extent economic expansion abroad might strengthen and thereby produce increased demand for U.S. goods and services. At the same time, domestic expansion in line with the members' forecasts would add to the demand for imports.

Most members anticipated at least a limited decline in the core rate of inflation over the period through the end of next year. In support of this view, some members emphasized the lagged effects of the very restrained growth in money over a long period while others gave more weight to the outlook for continuing if diminishing slack in labor and other production inputs. In addition, business executives reported that strong competition still was making it very difficult to raise prices and that continuing efforts were being made to improve operating efficiencies and hold down costs. At the same time, surveys of price expectations and conversations with business contacts suggested a view, rooted partly in concerns about the prospects for and implications of further large federal deficits, that inflation ultimately would return to the 4 to 5 percent pace of the 1980s. These attitudes tended to underscore the need for a sound fiscal policy that in conjunction with the continued implementation of an anti-inflationary monetary policy would foster a reduction in inflationary expectations and would facilitate the eventual achievement of price stability.

In keeping with the requirements of the Full Employment and Balanced Growth Act of 1978 (the Humphrey–Hawkins Act), the Committee at this meeting reviewed the ranges for growth in the monetary and debt aggregates that it had established in February for 1992 and decided on tentative ranges for growth in those aggregates in 1993. The current ranges for the period from the fourth quarter of 1991 to the fourth quarter of 1992 included expansion of 2½ to 6½ percent for M2 and 1 to 5 percent for M3. The monitoring range for growth of total domestic nonfinancial debt had been set at 4½ to 8½ percent.

In the course of the Committee's discussion, all of the members supported a proposal to retain the ranges established in February for this year. Although the rates of M2 and M3 growth for the year through June were somewhat below the lower ends of the Committee's ranges for both aggregates, this outcome had not been associated with unexpected weakness in nominal spending; the expansion in nominal GDP over the first half of the year currently was estimated to have been toward the upper end of the central tendency of the members' earlier expectations. Instead, velocity had risen appreciably—a highly unusual occurrence following a period of sharp declines in interest rates. Among the developments helping to explain the weakness in money and the rise in velocity were a variety of business and balance sheet pressures that tended to reduce total borrowing and channel credit flows away from depository institutions, thereby lessening the need of those institutions to increase their monetary liabilities. At the same time, business firms and households, in the course of their restructuring activities and deleveraging of their balance sheets, had found that monetary assets had become less attractive relative to a variety of other financial assets or debt repayment.

It appeared that the balance sheet adjustments by depository institutions and their customers that had contributed to velocity increases were well under way. However, the factors that were tending to depress broad money growth in relation to measures of economic and price performance were likely to persist, and the extent and duration of deviations from historic relationships were highly uncertain. In these circumstances, while an argument could be made that a somewhat lower M2 range might more readily encompass the rate of expansion in money needed for a satisfactory economic performance over the balance of the year, the selection of a different range would imply greater certainty about emerging relationships than was warranted. Instead, the current ranges should be maintained, pending further developments and the possible emergence of a more settled outlook for money demand. Some members also commented that lowering the ranges could be misconstrued as an intention to tighten monetary policy at a time when relatively sluggish growth in the economy and weakness in the monetary aggregates argued for a steady policy course or possibly for some easing.

At the conclusion of this discussion, the Committee voted to reaffirm the 1992 ranges of 2½ to 6½ percent and 1 to 5 percent that it had established in February for growth of M2 and M3 respectively; the Committee also decided to retain the range of 4½ to 8½ percent for growth of nonfinancial debt in 1992. The following statement was approved for inclusion in the Committee's domestic policy directive:

> The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee reaffirmed at this meeting the ranges it had established in February for growth of M2 and M3 of 2½ to 6½ percent and 1 to 5 percent, respectively, measured from the fourth quarter of 1991 to the fourth quarter of 1992. The Committee anticipated that developments contributing to unusual velocity increases could persist in the second half of the year. The monitoring range for growth of total domestic nonfinancial debt also was maintained at 4½ to 8½ percent for the year.

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

With regard to the ranges for 1993 to be established on a tentative basis at this meeting, a majority of the members endorsed an extension of the current ranges for another year, but some believed that a somewhat lower range for M2 would be preferable. Members who wanted to retain the current ranges acknowledged that a lower M2 range probably would be desirable at some point to be consistent over time with the Committee's objective of achieving and maintaining reasonable price stability. However, current uncertainties with regard to how soon and to what extent various factors tending to inhibit the growth in M2 would dissipate argued for caution in making any change to the range now. A reduction in the M2 range could be considered next February when the Committee meets to set final ranges for money growth for 1993, or the range could be lowered even sooner if new information on the emerging relationship between the monetary aggregates and nominal spending allowed a determination of the appropriate range to be made with more confidence.

Members who preferred a somewhat lower M2 range for 1993 acknowledged that substantial uncertainties with regard to an appropriate rate of M2 growth were likely to persist for some time, but they felt that relatively subdued monetary expansion was likely to be consistent with an adequate degree of liquidity and a satisfactory economic performance next year. Lowering the M2 range at this point would extend the series of gradual reductions in the ranges that had been implemented over the past five years or so and would have the important advantage of affirming the Committee's commitment to price stability, with favorable implications for inflationary expectations and in turn perhaps also for the strength and sustainability of the expansion. A few members favoring this option were also of the view that more weight ought to be placed on M2 as a guide to policy; this would have possible implications for actions to boost M2 growth in 1992 in addition to reducing the range for 1993 to promote long-run disinflation. All of the members agreed that regardless of the particulars of the decisions to be made at this meeting, it was vital for the Committee to reaffirm its commitment to the goal of achieving price stability. This outcome was the key contribution the Federal Reserve could make toward facilitating the highest possible growth of the economy over time; and maintaining the credibility of the System's anti-inflationary effort was the best means available to the Committee to minimize disruptions to the economy as it was moving toward its potential.

At the conclusion of this discussion, the Committee approved provisional ranges for 1993 that were unchanged from those for 1992. The Committee voted to incorporate the following statement regarding the 1993 ranges in its domestic policy directive:

> For 1993, the Committee on a tentative basis set the same ranges as in 1992 for growth of the monetary aggregates and debt, measured from the fourth quarter of 1992 to the fourth quarter of 1993. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements

in their velocities, and developments in the economy and financial markets.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Hoenig, Kelley, LaWare, Lindsey, Melzer, Mullins, and Mr. Syron. Votes against this action: Mr. Jordan and Ms. Phillips.

Mr. Jordan and Ms. Phillips dissented because they believed that a somewhat lower M2 range for 1993 would be more consistent with a policy of continuing progress toward price stability. They recognized that the substantial uncertainties surrounding the outlook for M2 growth and its velocity next year made it very difficult to determine an appropriate M2 range, but a lower range would be needed eventually to achieve and sustain stable prices. In the interim, it was important for the System and the credibility of its anti-inflationary policy to continue the practice of gradually reducing the M2 range to be consistent with a noninflationary target. They would have coupled the decrease in the range for 1993 with actions to expand bank reserves immediately with the objective of boosting M2 growth to within its range for 1992. Such a combination would make clear that the decrease in the range for M2 growth in 1993 did not represent a monetary "tightening" in the conventional sense, but rather that it was a step toward lasting reductions in inflation.

Turning to policy for the intermeeting period ahead, the members were divided between those who supported an unchanged policy stance and others who preferred to ease. A majority indicated, however, that they could support an unchanged directive that incorporated a bias toward possible easing.

Members who preferred not to change policy at this point believed that the economy was on a moderate growth path and that in any case the forces restraining the expansion were not the result of inadequate liquidity or a restrictive monetary policy. While the outlook was clouded by unusual forces acting on the economy, the available economic information remained consistent with continuing expansion at a pace that offered favorable prospects for a gradual reduction of unemployment and abatement of inflation. The low level of real and nominal short-term interest rates, the decline in the dollar, and the rapid growth of reserves and narrow money along with the expansion of bond mutual funds—which while not in M2 seemed to provide liquidity at least comparable to that of time deposits—suggested that monetary policy had been quite accommodative. Some members who supported this view expressed concern that in the absence of more definitive indications of a softening economy or much greater weakness in the monetary aggregates, any easing at this point would tend to erode the credibility of the Committee's commitment to an anti-inflationary policy. The result might well be to put substantial and disruptive downward pressure on the dollar in foreign exchange markets and to arrest or reverse the tendency for domestic long-term interest rates to decline.

Most of the members who preferred an immediate easing of policy emphasized the risks of a faltering economy in the period ahead, especially given the recent indications of some slowing in the expansion and the already considerable slack in the economy. Their concerns were heightened by the constraining effects of ongoing structural adjustments in the economy, the weakness in various measures of money, and the limited expansion in total credit. A few of these members focused on the desirability of taking relatively prompt action to foster growth in the broad measures of money within the Committee's ranges for the year. Some members observed that under current circumstances an easing action might have a relatively limited effect in stimulating monetary growth over the months ahead, but such a policy move would nonetheless tend to boost spending by reducing the costs of borrowing.

In their discussion, the members took account of a staff analysis that suggested only modest growth in M2 and virtually none in M3 for the third quarter on the assumption of an unchanged degree of reserve pressure. Relatively weak expansion in these broad measures of money did not appear to have the usual implications for the economy, as evidenced by experience over the first half of the year. The prospects were for continuing balance sheet and other adjustments that would tend to curb the demand for money assets relative to spending and income. Many members nonetheless were concerned about the possible persistence of the recent weakness in reserves and the longer-term sluggish behavior of broad money, especially given the relatively subdued pace of the expansion. While monetary measures might well have lost some of their indicator and predictive properties, continued weakness in money might still be a signal that financial conditions were not yet conducive to fostering a sustained pickup in spending.

The varying policy preferences expressed by the members were reflected in differing views with regard to possible adjustments to the degree of reserve pressure in the intermeeting period ahead. All of the members who favored some immediate easing in policy indicated that they could support an unchanged directive that was tilted toward ease, and at least some of these members anticipated that developments over the near term were likely to trigger an adjustment toward easing. Most of the members who favored an unchanged policy stance at this point also indicated that they could accept a bias toward ease in the directive, especially in light of current uncertainties and the potential problems associated with any significant shortfall in the expansion from current expectations. Other members who preferred a steady policy course believed that it would be premature for the Committee to signal any bias toward easing, given the relatively low probability that they assigned to the potential need for such a move, and they believed that a return to an asymmetric directive after the move to symmetry at the May meeting could have unfavorable repercussions on the Committee's credibility.

At the conclusion of the Committee's discussion, all but two of the members indicated that they favored or could accept 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, 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 during the intermeeting period. The reserve conditions contemplated at this meeting were expected to be consistent with a resumption of growth in M2 and M3 at annual rates of about 2 percent and ½ percent respectively over the three-month period from June through September.

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 continues to suggest that economic activity is expanding at a moderate pace. Total nonfarm payroll employment increased somewhat further in May, but a surge in job seekers led to a sizable rise in the civilian unemployment rate to 7.5 percent. Industrial production rose appreciably further in May, partly reflecting continued recovery in motor vehicle assemblies. Growth in consumer spending has slackened after a sharp advance earlier this year. Although sales of new homes declined in May, single-family housing starts rebounded to a level close to the first-quarter pace. Recent data on orders and shipments of nondefense capital goods indicate appreciable increases in outlays for business equipment, and the trend of building contracts points to some slowing of the decline in nonresidential construction. The nominal U.S. merchandise trade deficit increased in April and was substantially above its average rate in the first quarter. Incoming data on retail prices and labor costs suggest that inflation is slowing.

Most interest rates have changed little since the Committee meeting on May 19. In foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies declined further over the intermeeting period.

M2 and M3 changed little in May and appear to have contracted in June; both retail and large-denomination time deposits continued to run off rapidly. Through June, expansion of the two aggregates was somewhat 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 reaffirmed at this meeting the ranges it had established in February 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 Committee anticipated that developments contributing to unusual velocity increases could persist in the second half of the year. The monitoring range for growth of total domestic nonfinancial debt also was maintained at 4½ to 8½ percent for the year. For 1993, the Committee on a tentative basis set the same ranges as in 1992 for growth of the monetary aggregates and debt, measured from the fourth quarter of 1992 to the fourth quarter of 1993. 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 might or slightly lesser reserve restraint would 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 June through September at annual rates of about 2 and ½ percent, respectively.

Votes for short-run policy: Messrs. Greenspan, Corrigan, Angell, Hoenig, Jordan, Kelley, Lindsey, Mullins, Ms. Phillips, and Mr. Syron. Votes against this action: Messrs. LaWare and Melzer.

Messrs. LaWare and Melzer dissented because they judged an asymmetric directive, with a bias toward easing, as being inappropriate at this time. In their view, the current stance of monetary policy was not impeding an expansion consistent with the economy's long-run potential. In addition, a bias toward ease, especially in the context of the Committee's decision at the May meeting to adopt a symmetrical directive, suggested an excessive emphasis on short-term economic developments that might undermine the credibility of the System's long-run policies. They were concerned that such a loss of credibility could have adverse effects on the dollar in foreign exchange markets and on long-term interest rates in domestic markets. Mr. Melzer also believed that, if additional easing were undertaken, a greater policy reversal ultimately would be necessary, making the attainment of sustainable economic growth more difficult in the long run. □

Legal Developments

Final Rule—Amendments to Regulation D

The Board of Governors is amending 12 C.F.R. Part 204, its Regulation D (Reserve Requirements of Depository Institutions). The amendments include adding "teller's checks" to the definition of "transaction account" and clarifying the definition of "cash items in the process of collection." The Board is also adopting four interpretations concerning the definition of "transaction account" and arrangements used to avoid transaction account reserve requirements.

Effective September 29, 1992, except for sections 204.2(a)(1), (b)(1), and (u) (teller's checks); section 204.2(i) (cash items in the process of collection); and section 204.136 (netting of trust balances), which will be effective December 22, 1992, 12 C.F.R. Part 204 is amended as follows:

Part 204—Reserve Requirements of Depository Institutions

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

Authority: Sections 11(a), 11(c), 19, 25, 25(a) of the Federal Reserve Act (12 U.S.C. 248(a), 248(c), 371a, 371b, 461, 601, 611); section 7 of the International Banking Act of 1978 (12 U.S.C. 3105); and section 411 of the Garn–St Germain Depository Institutions Act of 1982 (12 U.S.C. 461).

2. Section 204.2 is amended by revising paragraphs (a)(1)(iii), (b)(1)(ii), (e)(6), and (i)(1)(iii)(B), by removing paragraph (b)(3)(iv), by redesignating paragraph (b)(3)(v) as (b)(3)(iv), and by adding paragraph (u), to read as follows:

Section 204.2—Definitions.

* * *

(a)(1) * * *

(iii) an outstanding teller's check, or an outstanding draft, certified check, cashier's check, money order, or officer's check drawn on the depository institution, issued in the usual course of business for any purpose, including payment for services, dividends or purchases.

* * * * *

(b)(1) * * *

(ii) certified, cashier's, teller's, and officer's checks (including such checks issued in payment of dividends);

* * * * *

(e) * * *

(6) All deposits other than time and savings accounts, including those accounts that are time and savings deposits in form but that the Board has determined, by rule or order, to be transaction accounts.

* * * * *

(i) * * *

(1) * * *

(iii) * * *

(B) matured bonds and coupons (including bonds and coupons that have been called and are payable on presentation);

* * * * *

(u) *Teller's check* means a check drawn by a depository institution on another depository institution, a Federal Reserve Bank, or a Federal Home Loan Bank, or payable at or through a depository institution, a Federal Reserve Bank, or a Federal Home Loan Bank, and which the drawing depository institution engages or is obliged to pay upon dishonor.

3. Section 204.3 is amended by revising the second sentences in paragraphs (a) and (g) to read as follows:

Section 204.3—Computation and maintenance.

(a) * * * Reserve deficiency charges shall be assessed for deficiencies in required reserves in accordance with the provisions of section 204.7. * * *

* * * * *

(g) * * * If a depository institution draws against items before that time, the charge will be made to its reserve account if the balance is sufficient to pay it; any resulting impairment of reserve balances will be subject to the penalties provided by law and to the reserve deficiency charges provided by this part. * * *

4. Section 204.133 is added to read as follows:

Section 204.133—Multiple savings deposits treated as a transaction account.

(a) *Authority.* Under section 19(a) of the Federal Reserve Act, the Board is authorized to define the terms used in section 19, and to prescribe regulations to implement and prevent evasions of the requirements of that section. Section 19(b) establishes general reserve requirements on transaction accounts and nonpersonal time deposits. Under section 19(b)(1)(F), the Board also is authorized to determine, by regulation or order, that an account or deposit is a transaction account if such account is used directly or indirectly for the purpose of making payments to third persons or others. This interpretation is adopted under these authorities.

(b) *Background.* Under Regulation D, 12 C.F.R. Part 204 at 204.2(d)(2), the term "savings deposit" includes a deposit or an account that meets the requirements of 204.2(d)(1) and from which, under the terms of the deposit contract or by practice of the depository institution, the depositor is permitted or authorized to make up to six transfers or withdrawals per month or statement cycle of at least four weeks. The depository institution may authorize up to three of these six transfers to be made by check, draft, debit card, or similar order drawn by the depositor and payable to third parties. If more than six transfers (or more than three third party transfers by check, etc.) are permitted or authorized per month or statement cycle, the depository institution may not classify the account as a savings deposit. If the depositor, during the period, makes more than six transfers or withdrawals (or more than three third party transfers by check, etc.), the depository institution may, depending upon the facts and circumstances, be required by Regulation D (Footnote 5 at 204.2(d)(2)) to reclassify or close the account.

(c) *Use of multiple savings deposits.* Depository institutions have asked for guidance as to when a depositor may maintain more than one savings deposit and be permitted to make all the transfers or withdrawals authorized for savings deposits under Regulation D from each savings deposit. The Board has determined that, if a depository institution suggests or otherwise promotes the establishment of or operation of multiple savings accounts with transfer capabilities in order to permit transfers and withdrawals in excess of those permitted by Regulation D for an individual savings account, the accounts generally should be considered to be transaction accounts. This determination applies regardless of whether the deposits have entirely separate account numbers or are subsidiary accounts of a master deposit account. Multiple savings accounts, however, should not be considered to be transaction accounts if there is a legitimate purpose, other than increasing the number of transfers or withdrawals, for opening more than one savings deposit.

(d) *Examples.* The distinction between appropriate and inappropriate uses of multiple accounts is illustrated by the following examples:

Example (1). (i) X wishes to open an account that maximizes his interest earnings but also permits X to draw up to ten checks a month against the account. X's Bank suggests an arrangement under which X establishes four savings deposits at Bank. Under the arrangement, X deposits funds in the first account and then draws three checks against that account. X then instructs Bank to transfer all funds in excess of the amount of the three checks to the second account and draws an additional three checks. Funds are continually shifted between accounts when additional checks are drawn so that no more than three checks are drawn against each account each month.

(ii) Suggesting the use of four savings accounts in the name of X in this example is designed solely to permit the customer to exceed the transfer limitations on savings accounts. Accordingly, the savings accounts should be classified as transaction accounts.

Example (2). (i) X is trustee of separate trusts for each of his four children. X's Bank suggests that X, as trustee, open a savings deposit in a depository institution for each of his four children in order to ensure an independent accounting of the funds held by each trust.

(ii) X's Bank's suggestion to use four savings deposits in the name of X in this example is appropriate, and the third party transfers from one account should not be considered in determining whether the transfer and withdrawal limit was exceeded on any other account. X established a legitimate purpose, the segregation of the trust assets, for each account separate from the need to make third party transfers. Furthermore, there is no indication, such as by the direct or indirect transfer of funds from one account to another, that the accounts are being used for any purpose other than to make transfers to the appropriate trust.

Example (3). (i) X opens four savings accounts with Bank. X regularly draws up to three checks against each account and transfers funds between the accounts in order to ensure that the checks on the separate accounts are covered. X's Bank did not suggest or otherwise promote the arrangement.

(ii) X's Bank may treat the multiple accounts as savings deposits for Regulation D purposes, even if it discovers that X is using the accounts to increase the transfer limits applicable to savings accounts because X's Bank did not suggest or otherwise promote the establishment of or operation of the arrangement.

5. Section 204.134 is added to read as follows:

Section 204.134—Linked time deposits and transaction accounts.

(a) *Authority*. Under section 19(a) of the Federal Reserve Act, the Board is authorized to define the terms used in section 19, and to prescribe regulations to implement and prevent evasions of the requirements of that section. Section 19(b)(2) establishes general reserve requirements on transaction accounts and nonpersonal time deposits. Under section 19(b)(1)(F), the Board also is authorized to determine, by regulation or order, that an account or deposit is a transaction account if such account is used directly or indirectly for the purpose of making payments to third persons or others. This interpretation is adopted under these authorities.

(b) *Linked time deposits and transaction accounts*. Some depository institutions are offering or proposing to offer account arrangements under which a group of participating depositors maintain transaction accounts and time deposits with a depository institution in an arrangement under which each depositor may draw checks up to the aggregate amount held by that depositor in these accounts. Under this account arrangement, at the end of the day funds over a specified balance in each depositor's transaction account are swept from the transaction account into a commingled time deposit. A separate time deposit is opened on each business day with the balance of deposits received that day, as well as the proceeds of any time deposit that has matured that day that are not used to pay checks or withdrawals from the transaction accounts. The time deposits, which generally have maturities of seven days, are staggered so that one or more time deposits mature each business day. Funds are apportioned among the various time deposits in a manner calculated to minimize the possibility that the funds available on any given day would be insufficient to pay all items presented.

(1) The time deposits involved in such an arrangement may be held directly by the depositor or indirectly through a trust or other arrangement. The individual depositor's interest in time deposits may be identifiable, with an agreement by the depositors that balances held in the arrangement may be used to pay checks drawn by other depositors participating in the arrangement, or the depositor may have an undivided interest in a series of time deposits.

(2) Each day funds from the maturing time deposits are available to pay checks or other charges to the depositor's transaction account. The depository institution's decision concerning whether to pay checks drawn on an individual depositor's transaction account is based on the aggregate amount of funds that the depositor has invested in the arrangement, including any amount that may be invested in unmatured time deposits. Only if checks drawn by all participants in the arrangement exceed the total balance of funds available that day (i.e. funds from the time deposit that has matured that day as well as any deposits made to participating accounts during the day) is a time deposit withdrawn prior to maturity so as to incur an early withdrawal penalty. The arrangement may be marketed as providing the customer unlimited access to its funds with a high rate of interest.

(c) *Determination*. In these arrangements, the aggregate deposit balances of all participants generally vary by a comparatively small amount, allowing the time deposits maturing on any day safely to cover any charges to the depositors' transaction accounts and avoiding any early withdrawal penalties. Thus, this arrangement substitutes time deposit balances for transaction accounts balances with no practical restrictions on the depositors' access to their funds, and serves no business purpose other than to allow the payment of higher interest through the avoidance of reserve requirements. As the time deposits may be used to provide funds indirectly for the purposes of making payments or transfers to third persons, the Board has determined that the time deposits should be considered to be transaction accounts for the purposes of Regulation D.

6. Section 204.135 is added to read as follows:

Section 204.135—Shifting funds between depository institutions to make use of the low reserve tranche.

(a) *Authority*. Under section 19(a) of the Federal Reserve Act (12 U.S.C. 461(a)) the Board is authorized to define terms used in Section 19, and to prescribe regulations to implement and to prevent evasions of the requirements of that section. Section 19(b)(2) establishes general reserve requirements on transaction accounts and nonpersonal time deposits.

In addition to its authority to define terms under Section 19(a), section 19(g) of the Federal Reserve Act also give the Board the specific authority to define terms relating to deductions allowed in reserve computation, including "balances due from other banks." This interpretation is adopted under these authorities.
(b) *Background.* Currently, the Board requires reserves of zero, three, or ten percent on transaction accounts, depending upon the amount of transaction deposits in the depository institution, and of zero percent on nonpersonal time deposits. In determining its reserve balance under Regulation D, a depository institution may deduct the balances it maintains in another depository institution located in the United States if those balances are subject to immediate withdrawal by the depositing depository institution (section 204.3(f)). This deduction is commonly known as the "due from" deduction. In addition, Regulation D at section 204.2(a)(1)(vii)(A) exempts from the definition of "deposit" any liability of a depository institution on a promissory note or similar obligation that is issued or undertaken and held for the account of an office located in the United States of another depository institution. Transactions falling within this exemption from the definition of "deposit" include federal funds or "fed funds" transactions.

Under section 19(b)(2) of the Federal Reserve Act (12 U.S.C. 461(b)(2)), the Board is required to impose reserves of three percent on total transaction deposits at or below an amount determined under a formula. Transaction deposits falling within this amount are in the "low reserve tranche." Currently the low reserve tranche runs up to $42.2 million. Under section 19(b)(11) of the Federal Reserve Act (12 U.S.C. § 461(b)(11)) the Board is also required to impose reserves of zero percent on reservable liabilities at or below an amount determined under a formula. Currently that amount is $3.6 million.
(c) *Shifting funds between depository institutions.* The Board is aware that certain depository institutions with transaction account balances in an amount greater than the low reserve tranche have entered into transactions with affiliated depository institutions that have transaction account balances below the maximum low reserve tranche amount. These transactions are intended to lower the transaction reserves of the larger depository institution and leave the economic position of the smaller depository institutions unaffected, and have no apparent purpose other than to reduce required reserves of the larger institution. The larger depository institution places funds in a demand deposit at a small domestic depository institution. The larger depository institution considers those funds to be subject to the "due from" deduction, and accordingly reduces its transaction reserves in the amount of the demand deposit. The larger depository institution then reduces its transaction account reserves by 10 percent of the deposited amount. The small depository institution, because it is within the low reserve tranche, must maintain transaction account reserves of 3 percent on the funds deposited by the larger depository institution. The small depository institution then transfers all but 3 percent of the funds deposited by the larger depository institution back to the larger depository institution in a transaction that qualifies as a "fed funds" transaction. The 3 percent not transferred to the larger depository institution is the amount of the larger depository institution's deposit that the small depository institution must maintain as transaction account reserves. Because the larger depository institution books this second part of the transaction as a "fed funds" transaction, the larger depository institution does not maintain reserves on the funds that it receives back from the small depository institution. As a consequence, the larger depository institution has available for its use 97 percent of the amount transferred to the small depository institution. Had the larger depository institution not entered into the transaction, it would have maintained transaction account reserves of 10 percent on that amount, and would have had only 90 percent of that amount for use in its business.
(d) *Determination.* The Board believes that the practice described above generally is a device to evade the reserves imposed by Regulation D. Consequently, the Board has determined that, in the circumstances described above, the larger depository institution depositing funds in the smaller institution may not take a "due from" deduction on account of the funds in the demand deposit account if, and to the extent that, funds flow back to the larger depository institution from the small depository institution by means of a transaction that is exempt from transaction account reserve requirements.

7. Section 204.136 is added to read as follows:

Section 204.136—Treatment of trust overdrafts for reserve requirement reporting purposes.

(a) *Authority.* Under section 19(a) of the Federal Reserve Act, the Board is authorized to define the terms used in section 19, and to prescribe regulations to implement and prevent evasions of the requirements of that section. Section 19(b) establishes general reserve requirements on transaction accounts and nonpersonal time deposits. Under section 19(b)(1)(F), the Board also is authorized to determine, by regulation or order, that an account or deposit is a transaction account if such account is used directly or indirectly for the purpose of making payments to third persons or others. This interpretation is adopted under these authorities.

(b) *Netting of trust account balances.* Not all depository institutions have treated overdrafts in trust accounts administered by a trust department in the same manner when calculating the balance in a commingled transaction account in the depository institution for the account of the trust department of the institution. In some cases, depository institutions carry the aggregate of the positive balances in the individual trust accounts as the balance on which reserves are computed for the commingled account. In other cases depository institutions net positive balances in some trust accounts against negative balances in other trust accounts, thus reducing the balance in the commingled account and lowering the reserve requirements. Except in limited circumstances, negative balances in individual trust accounts should not be netted against positive balances in other trust accounts when determining the balance in a trust department's commingled transaction account maintained in a depository institution's commercial department. The netting of positive and negative balances has the effect of reducing the aggregate of a commingled transaction account reported by the depository institution to the Federal Reserve and reduces the reserves the institution must hold against transaction accounts under Regulation D. Unless the governing trust agreement or state law authorizes the depository institution, as trustee, to lend money in one trust to another trust, the negative balances in effect, for purposes of Regulation D, represent a loan from the depository institution. Consequently, negative balances in individual trust accounts should not be netted against positive balances in other individual trust accounts, and the balance in any transaction account containing commingled trust balances should reflect positive or zero balances for each individual trust.

(c) *Example.* For example, where a trust department engages in securities lending activities for trust accounts, overdrafts might occur because of the trust department's attempt to "normalize" the effects of timing delays between the depository institution's receipt of the cash collateral from the broker and the trust department's posting of the transaction to the lending trust account. When securities are lent from a trust customer to a broker that pledges cash as collateral, the broker usually transfers the cash collateral to the depository institution on the day that the securities are made available. While the institution has the use of the funds from the time of the transfer, the trust department's normal posting procedures may not reflect receipt of the cash collateral by the individual account until the next day. On the day that the loan is terminated, the broker returns the securities to the lending trust account and the trust customer's account is debited for the amount of the cash collateral that is returned by the depository institution to the broker. The trust department, however, often does not liquidate the investment made with the cash collateral until the day after the loan terminates, a delay that normally causes a one day overdraft in the trust account. Regulation D requires that, on the day the loan is terminated, the depository institution regard the negative balance in the customer's account as zero for reserve requirement reporting purposes and not net the overdraft against positive balances in other accounts.

(d) *Procedures.* In order to meet the requirements of Regulation D, a depository institution must have procedures to determine the aggregate of trust department transaction account balances for Regulation D on a daily basis. The procedures must consider only the positive balances in individual trust accounts without netting negative balances except:

(1) in those limited circumstances where loans are legally permitted from one trust to another, or where offsetting is permitted pursuant to trust law or written agreement, or

(2) where the amount that caused the overdraft is still available in a settlement, suspense or other trust account within the trust department and may be used to offset the overdraft.

FINAL RULE—AMENDMENTS TO REGULATION D

The Board of Governors is amending 12 C.F.R. Part 204, its Regulation D (Reserve Requirements of Depository Institutions) facilitate the computation and maintenance of reserves. The Board is reducing the lag in the application of vault cash to reserve requirements in order to damp the seasonal variations in required reserve balances. Reducing the lag in application should decrease the probability that reserve balances will drop seasonally to levels that would cause depository institutions difficulty in managing their reserve balances. The Board is also increasing the amount of excesses or deficiencies in reserve balances that may be carried over from one reserve maintenance period to the next from the greater of 2 percent or $25,000 to the greater of 4 percent or $50,000 to give depositories greater flexibility in managing reserve balances.

The reduction in the lag in application of vault cash will be effective for the maintenance period beginning November 12, 1992 for weekly reporting institutions. Quarterly reporting institutions will be unaffected by the change. The increase in carryover of reserve deficiencies or surpluses will be effective for surpluses or deficiencies in the maintenance period beginning September 3, 1992, for both weekly and quarterly reporting institutions. The Board is amending 12 C.F.R. Part 204 as follows:

Part 204—Reserve Requirements of Depository Institutions

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

Authority: Sections 11(a), 11(c), 19, 25, 25(a) of the Federal Reserve Act (12 U.S.C. 248(a), 248(c), 371a, 371b, 461, 601, 611); section 7 of the International Banking Act of 1978 (12 U.S.C. 3105); and section 411 of the Garn–St Germain Depository Institutions Act of 1982 (12 U.S.C. 461).

2. Section 204.3 is amended by revising paragraphs (c)(3) and (h) to read as follows:

Section 204.3—Computation and maintenance.

* * * * *

(c) * * *

(3) In determining the reserve balance that is required to be maintained with the Federal Reserve, the daily average vault cash held during the computation period that ended 3 days prior to the beginning of the maintenance period is deducted from the amount of the institution's required reserves.

* * * * *

(h) *Carryover of excesses or deficiencies.* Any excess or deficiency in a depository institution's account that is held directly or indirectly with a Federal Reserve Bank shall be carried over and applied to that account in the next maintenance period as specified in this paragraph. The amount of any such excess or deficiency that is carried over shall not exceed the greater of:

(1) the amount obtained by multiplying .04 times the sum of the depository institution's required reserves and the depository institution's required clearing balance, if any, and then subtracting from this product the depository institution's required clearing balance penalty-free band, if any; or

(2) $50,000, minus the depository institution's required clearing balance penalty-free band, if any.

Any carryover not offset during the next period may not be carried over to subsequent periods.

FINAL RULE—AMENDMENT TO REGULATION D

The Board of Governors is amending 12 C.F.R. Parts 204, 250, and 265, its Regulation D (Reserve Requirements of Depository Institutions, Miscellaneous Interpretations), and its Rules Regarding Delegation of Authority. The Board is eliminating the requirement that state member banks obtain the Board's prior approval before issuing subordinated debt in order to treat that debt as capital rather than as a deposit and is issuing an interpretation of the capital adequacy appendices to Regulations H and Y which provides general guidance on the criteria that subordinated debt and mandatory convertible debt must meet to be included in capital. The purpose of the interpretation is to clarify these criteria.

The amendment to Regulation D conforms a reference regarding the minimum maturity of subordinated debt to the minimum maturity set in the capital guidelines (changing "seven" to "five"). The amendment to the Rules Regarding Delegation of Authority eliminates the authority of Reserve Banks to approve the issuance of subordinated debt and mandatory convertible debt as such approval is no longer required. The Board also is rescinding an interpretation of Regulation D concerning subordinated debt that is no longer necessary.

Effective September 4, 1992, 12 C.F.R. Parts 204, 250, and 265 are amended as follows:

Part 204—Reserve Requirements of Depository Institutions

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

Authority: Sections 9, 11(a), 11(c), 19, 21, 25, 25(a) of the Federal Reserve Act (12 U.S.C. 248(a), 248(c), 371a, 371b, 461, 601, 611); section 7 of the International Banking Act of 1978 (12 U.S.C. 3105); and section 411 of the Garn–St Germain Depository Institutions Act of 1982 (12 U.S.C. 461).

2. Section 204.2(a)(1)(vii)(C) is amended by removing the word "seven" and adding the word "five" in its place.

3. Section 204.129 is removed.

Part 250—Miscellaneous Interpretations

1. The authority citation for part 250 continues to read as follows:

Authority: 12 U.S.C. 248(i).

2. A new section 250.166 is added to read as follows:

Section 250.166—Treatment of mandatory convertible debt and subordinated notes of state member banks and bank holding companies as "capital".

(a) *General.* Under the Board's risk-based capital guidelines, state member banks and bank holding companies may include in Tier 2 capital subordinated debt and mandatory convertible debt that meets certain criteria. The purpose of this interpretation is to clarify these criteria. This interpretation should be read with those guidelines, particularly with paragraphs II.c. through II.e. of Appendix A of 12 C.F.R. part 208 if the issuer is a state member bank and with paragraphs II.A.2.c. and II.A.2.d. of Appendix A of 12 C.F.R. part 225 if the issuer is a bank holding company.

(b) *Criteria for subordinated debt included in capital.*

(1) *Characteristics.* To be included in Tier 2 capital under the Board's risk-based capital guidelines for state member banks and bank holding companies, subordinated debt must be subordinated in right of payment to the claims of the issuer's general creditors[1] and, for banks, to the claims of depositors as well; must be unsecured; must state clearly on its face that it is not a deposit and is not insured by a federal agency; must have a minimum average maturity of five years;[2] must not contain provisions that permit debtholders to accelerate payment of principal prior to maturity except in the event of bankruptcy of or the appointment of a receiver for the issuing organization; must not contain or be covered by any covenants, terms, or restrictions that are inconsistent with safe and sound banking practice; and must not be credit sensitive.

(2) *Acceleration clauses.*

(i) In order to be included in Tier 2 capital, the appendices provide that subordinated debt instruments must have an original weighted average maturity of at least five years. For this purpose, maturity is defined as the earliest possible date on which the holder can put the instrument back to the issuing banking organization. Since acceleration clauses permit the holder to put the debt back upon the occurrence of certain events, which could happen at any time after the instrument is issued, subordinated debt that includes provisions permitting acceleration upon events other than bankruptcy or reorganization under Chapters 7 (Liquidation) and 11 (Reorganization) of the Bankruptcy Code, in the case of a bank holding company, or insolvency — *i.e.,* the appointment of a receiver — in the case of a state member bank, does not qualify for inclusion in Tier 2 capital.

(ii) Further, subordinated debt whose terms provide for acceleration upon the occurrence of events other than bankruptcy or the appointment of a receiver does not qualify as Tier 2 capital. For example, the terms of some subordinated debt issues would permit debtholders to accelerate repayment if the issuer failed to pay principal or interest on the subordinated debt issue when due (or within a certain timeframe after the due date), failed to make mandatory sinking fund deposits, defaulted on any other debt, failed to honor covenants, or if an institution affiliated with the issuer entered into bankruptcy or receivership. Some banking organizations have also issued, or proposed to issue, subordinated debt that would allow debtholders to accelerate repayment if, for example, the banking organization failed to maintain certain prescribed minimum capital ratios or rates of return, or if the amount of nonperforming assets or charge-offs of the banking organization exceeded a certain level.

(iii) These and other similar acceleration clauses raise significant supervisory concerns because repayment of the debt could be accelerated at a time when an organization may be experiencing financial difficulties. Acceleration of the debt could restrict the ability of the organization to resolve its problems in the normal course of business and could cause the organization to involuntarily enter into bankruptcy or receivership. Furthermore, since such acceleration clauses could allow the holders of subordinated debt to be paid ahead of general creditors or depositors, their inclusion in a debt issue throws into question whether the debt is, in fact, subordinated.

(iv) Subordinated debt issues whose terms state that the debtholders may accelerate the repayment of principal only in the event of bankruptcy or receivership of the issuer do not permit the holders of the debt to be paid before general creditors or depositors and do not raise supervisory concerns because the acceleration does not occur until the institution has failed. Accordingly, debt issues that permit acceleration of principal only in the event of bankruptcy (liquidation or

1. The risk-based capital guidelines for bank holding companies state that bank holding company debt must be subordinated to all senior indebtedness of the company. To meet this requirement, the debt should be subordinated to all general creditors.

2. The "average maturity" of an obligation or issue repayable in scheduled periodic payments shall be the weighted average of the maturities of all such scheduled payments.

reorganization) in the case of bank holding companies and receivership in the case of banks are generally acceptable within capital.

(3) *Provisions inconsistent with safe and sound banking practices.*

(i) The risk-based capital guidelines state that instruments included in capital may not contain or be covered by any covenants, terms, or restrictions that are inconsistent with safe and sound banking practice. As a general matter, capital instruments should not contain terms that could adversely affect liquidity or unduly restrict management's flexibility to run the organization, particularly in times of financial difficulty, or that could limit the regulator's ability to resolve problem bank situations. For example, some subordinated debt includes covenants that would not allow the banking organization to make additional secured or senior borrowings. Other covenants would prohibit a banking organization from disposing of a major subsidiary or undergoing a change in control. Such covenants could restrict the banking organization's ability to raise funds to meet its liquidity needs. In addition, such terms or conditions limit the ability of bank supervisors to resolve problem bank situations through a change in control.

(ii) Certain other provisions found in subordinated debt may provide protection to investors in subordinated debt without adversely affecting the overall benefits of the instrument to the organization. For example, some instruments include covenants that may require the banking organization to:

(A) maintain an office or agency where securities may be presented,

(B) hold payments on the securities in trust,

(C) preserve the rights and franchises of the company,

(D) pay taxes and assessments before they become delinquent,

(E) provide an annual statement of compliance on whether the company has observed all conditions of the debt agreement, or

(F) maintain its properties in good condition.

Such covenants, as long as they do not unduly restrict the activity of the banking organization, generally would be acceptable in qualifying subordinated debt, provided that failure to meet them does not give the holders of the debt the right to accelerate the debt.[3]

(4) *Credit sensitive features.* Credit sensitive subordinated debt (including mandatory convertible securities) where payments are tied to the financial condition of the borrower generally do not qualify for inclusion in capital. Interest rate payments may be linked to the financial condition of an institution through various ways, such as through an auction rate mechanism, a preset schedule that either mandates interest rate increases as the credit rating of the institution declines or automatically increases them over the passage of time,[4] or that raises the interest rate if payment is not made in a timely fashion.[5] As the financial condition of an organization declines, it is faced with higher and higher payments on its credit sensitive subordinated debt at a time when it most needs to conserve its resources. Thus, credit sensitive debt does not provide the support expected of a capital instrument to an institution whose financial condition is deteriorating; rather, the credit sensitive feature can accelerate depletion of the institution's resources and increase the likelihood of default on the debt.

(c) *Criteria for mandatory convertible debt included in capital.* Mandatory convertible debt included in capital must meet all the criteria cited above for subordinated debt with the exception of the minimum maturity requirement.[6] Since mandatory convertible debt eventually converts to an equity instrument, it has no minimum maturity requirement. Such debt, however, is subject to a maximum maturity requirement of 12 years.

(d) *Previously issued subordinated debt.* Subordinated debt including mandatory convertible debt which has been issued prior to the date of this interpretation and which contains provisions permitting acceleration for

3. This notice does not attempt to list or address all clauses included in subordinated debt; rather, it is intended to give general supervisory guidance regarding the types of clauses that could raise supervisory concerns. Issuers of subordinated debt may need to consult further with Federal Reserve staff about other subordinated debt provisions not specifically discussed above to determine whether such provisions are appropriate in a debt capital instrument.

4. Although payments on debt whose interest rate increases over time on the surface may not appear to be directly linked to the financial condition of the issuing organization, such debt (sometimes referred to as expanding or exploding rate debt) has a strong potential to be credit sensitive in substance. Organizations whose financial condition has strengthened are more likely to be able to refinance the debt at a rate lower than that mandated by the preset increase, whereas institutions whose condition has deteriorated are less likely to be able to do so. Moreover, just when these latter institutions would be in the most need of conserving capital, they would be under strong pressure to redeem the debt as an alternative to paying higher rates and, thus, would accelerate depletion of their resources.

5. While such terms may be acceptable in perpetual preferred stock qualifying as Tier 2 capital, it would be inconsistent with safe and sound banking practice to include debt with such terms in Tier 2 capital. The organization does not have the option, as it does with auction rate preferred stock issues, of eliminating the higher payments on the subordinated debt without going into default.

6. Mandatory convertible debt is subordinated debt that contains provisions committing the issuing organization to repay the principal from the proceeds of future equity issues.

reasons other than bankruptcy or receivership of the issuing institution; includes other questionable terms or conditions; or that is credit sensitive will not automatically be excluded from capital. Rather, such debt will be considered on a case-by-case basis to determine whether they qualify in Tier 2 capital. As a general matter, subordinated debt issued prior to the release of this interpretation and containing such provisions or features may qualify in Tier 2 capital so long as these terms:

(1) have been commonly used by banking organizations,

(2) do not provide an unreasonably high degree of protection to the holder in cases not involving bankruptcy or receivership, and

(3) do not effectively allow the holder to stand ahead of the general creditors of the issuing institution in cases of bankruptcy or receivership.

Subordinated debt containing provisions that permit the holders of the debt to accelerate payment of principal when the banking organization begins to experience difficulties, for example, when it fails to meet certain financial ratios, such as capital ratios or rates of return, does not meet these three criteria. Consequently, subordinated debt issued prior to the release of this interpretation containing such provisions may not be included within Tier 2 capital.

(e) *Limitations on the amount of subordinated debt in capital.*

(1) *Basic limitation.* The amount of subordinated debt an institution may include in Tier 2 capital is limited to 50 percent of the amount of the institution's Tier 1 capital. The amount of a subordinated debt issue that may be included in Tier 2 capital is discounted as it approaches maturity; one-fifth of the original amount of the instrument, less any redemptions, is excluded each year from Tier 2 capital during the last five years prior to maturity. If the instrument has a serial redemption feature such that, for example, half matures in seven years and half matures in ten years, the issuing organization should begin discounting the seven-year portion after two years and the ten-year portion after five years.

(2) *Treatment of debt with dedicated proceeds.* If a banking organization has issued common or preferred stock and dedicated the proceeds to the redemption of a mandatory convertible debt security, that portion of the security covered by the amount of the proceeds so dedicated is considered to be ordinary subordinated debt for capital purposes, provided the proceeds are not placed in a sinking fund, trust fund, or similar segregated account or are not used in the interim for some other purpose. Thus, dedicated portions of mandatory convertible debt securities are subject, like other subordinated debt, to the 50 percent sublimit within Tier 2 capital, as well as to discounting in the last five years of life. Undedicated portions of mandatory convertible debt may be included in Tier 2 capital without any sublimit and are not subject to discounting.

(3) *Treatment of debt with segregated funds.* In some cases, the provisions in mandatory convertible debt issues may require the issuing banking organization to set up a sinking fund, trust fund, or similar segregated account to hold the proceeds from the sale of equity securities dedicated to pay off the principal of the mandatory convertible debt at maturity. The portion of mandatory convertibles covered by the amount of proceeds deposited in such a segregated fund is considered secured and, thus, may not be included in capital at all, let alone be treated as subordinated debt that is subject to the 50 percent sublimit within Tier 2 capital. The maintenance of such separate segregated funds for the redemption of mandatory convertible debt exceeds the requirements of Appendix B to Regulation Y. Accordingly, if a banking organization, with the agreement of its debtholders, seeks Federal Reserve approval to eliminate such a fund, approval normally would be given unless supervisory concerns warrant otherwise.

(f) *Redemption of subordinated debt prior to maturity.*

(1) *By state member banks.* State member banks must obtain approval from the appropriate Reserve Bank prior to redeeming before maturity subordinated debt or mandatory convertible debt included in capital.[7] A Reserve Bank will not approve such early redemption unless it is satisfied that the capital position of the bank will be adequate after the proposed redemption.

(2) *By bank holding companies.* While bank holding companies are not formally required to obtain approval prior to redeeming subordinated debt, the risk-based capital guidelines state that bank holding companies should consult with the Federal Reserve before redeeming any capital instruments prior to stated maturity. This also applies to any redemption of mandatory convertible debt with proceeds of an equity issuance which were dedicated to the redemption of that debt. Accordingly, a bank holding company should consult with its Reserve Bank prior

7. Some agreements governing mandatory convertible debt issued prior to the risk-based capital guidelines provide that the bank may redeem the notes if they no longer count as primary capital as defined in Appendix B to Regulation Y. Such a provision does not obviate the requirement to receive Federal Reserve approval prior to redemption.

to redeeming subordinated debt or dedicated portions of mandatory convertible debt included in capital. A Reserve Bank generally will not acquiesce to such a redemption unless it is satisfied that the capital position of the bank holding company would be adequate after the proposed redemption.

(3) *Special concerns involving mandatory convertible debt.* Consistent with Appendix B to Regulation Y, bank holding companies wishing to redeem before maturity undedicated portions of mandatory convertible debt included in capital are required to receive prior Federal Reserve approval, unless the redemption is effected with the proceeds from the sale or common or perpetual preferred stock. An organization planning to effect such a redemption with the proceeds from the sale of common or perpetual preferred stock is advised to consult informally with its Reserve Bank in order to avoid the possibility of taking an action that could result in weakening its capital position. A Reserve Bank will not approve the redemption of mandatory convertible securities, or acquiesce in such a redemption effected with the sale of common or perpetual preferred stock, unless it is satisfied that the capital position of the bank holding company will be satisfactory after the redemption.[8]

Part 265—Rules Regarding Delegation of Authority

1. The authority citation for part 265 is revised to read as follows:

Authority: 12 U.S.C. 248(i) and (k).

2. In section 265.11, paragraph (e)(11) is removed, and paragraph (e)(12) is redesignated as (e)(11).

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 augment the list of permissible nonbanking activities for bank holding companies to include the provision of full service securities brokerage under certain conditions; and the provision of financial advisory services under certain conditions. The Board has by order previously approved these activities. Applications by bank holding companies to engage in activities included on the Regulation Y list of permissible nonbanking activities may be processed by the Reserve Banks under expedited procedures pursuant to delegated authority.

Effective September 4, 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 Part 225, the footnotes are redesignated as shown below:

Section and Paragraph	Current Footnote Number	New Footnote Number
§ 225.25		
(b)(5)(iii)	3	4
(b)(5)(iv)	4	5
	5	6
(b)(5)(vi)	6	7
(b)(8)(i)(B)	7	8
(b)(8)(ii)	8	9
(b)(8)(ii)(B)	9	10
(b)(8)(iv)	10	11
	11	12
(b)(10)(ii)	12	13
(b)(11)	13	14
(b)(11)(iv)	14	15

3. In section 225.2, paragraphs (g) through (o) are redesignated as paragraphs (h) through (p) and a new paragraph (g) is added to read as follows:

Section 225.2—Definitions.

* * * * *

(g) *Institutional customer means:*

(1) A bank (acting in an individual or fiduciary capacity); a savings and loan association; an insurance company; an investment company registered under the Investment Company Act of 1940; or a corporation, partnership, proprietorship, organization, or institutional entity, with net worth exceeding $1,000,000;

(2) An employee benefit plan with assets exceeding $1,000,000, or whose investment decisions are made by a bank, insurance company, or investment advi-

8. The guidance contained in this paragraph applies to mandatory convertible debt issued prior to the risk-based capital guidelines that state that the banking organization may redeem the notes if they no longer count as primary capital as defined in Appendix B to Regulation Y. Such provisions do not obviate the need to consult with, or obtain approval from, the Federal Reserve prior to redemption of the debt.

sor registered under the Investment Advisors Act of 1940;
(3) A natural person whose individual net worth (or joint net worth with a spouse) at the time of receipt of the brokerage, advisory, or other relevant service exceeds $1,000,000;
(4) A broker-dealer or option trader registered under the Securities Exchange Act of 1934, or other securities, investment or banking professional; or
(5) An entity all of the equity owners of which are institutional customers.

4. In section 225.25, the word "and" is removed at the end of paragraph (b)(4)(iv), paragraph (b)(4)(v) is revised, a new paragraph (b)(4)(vi) is added, and paragraph (b)(15) is revised to read as follows:

Section 225.25—List of permissible nonbanking activities.

* * * * *

(b) * * *
(4) * * *
(v) Providing financial advice to state and local governments and foreign governments (including foreign municipalities and agencies of foreign governments), such as with respect to the issuance of their securities; and
(vi)(A)(*1*) Providing advice, including rendering fairness opinions and providing valuation services, in connection with mergers, acquisitions, divestitures, joint ventures, leveraged buyouts, recapitalizations, capital structurings, and financing transactions (including private and public financings and loan syndications); and conducting financial feasibility studies;[1] and,
(*2*) Providing financial and transaction advice regarding the structuring and arranging of swaps, caps, and similar transactions relating to interest rates, currency exchange rates or prices, and economic and financial indices, and similar transactions.
(B) The financial advisory services described in this subparagraph may be provided only to corporations, to financial and nonfinancial institutions, and to natural persons whose individual net worth (or joint net worth with a spouse) at the time the service is provided exceeds $1,000,000.
(C) Financial advisory activities under this subparagraph may not encompass the performance of routine tasks or operations for a customer on a daily or continuous basis, and the financial advisor shall not make available to any of its affiliates confidential information regarding a party obtained in the course of providing any financial advisory services except as authorized by the party.

* * * * *

(5) *Securities brokerage.*
(i) Providing securities brokerage services, related securities credit activities pursuant to the Board's Regulation T (12 C.F.R. 220), and incidental activities such as offering custodial services, individual retirement accounts, and cash management services, if the securities brokerage services are restricted to buying and selling securities solely as agent for the account of customers and do not include securities underwriting or dealing; and
(ii) Providing securities brokerage services under paragraph (b)(15)(i) of this section in combination with investment advisory services permissible under paragraph (b)(4) of this section[2] subject to the following requirements:
(A) The company must prominently disclose in writing[3] to each customer before providing any brokerage or advisory services, and, in the case of disclosures required under clause (1), again in each customer account statement, that:
(*1*) The company is solely responsible for its contractual obligations and commitments;
(*2*) The company is not a bank and is separate from any affiliated bank; and
(*3*) The securities sold, offered, or recommended by the company are not insured by the Federal Deposit Insurance Corporation, and are not obligations of, or endorsed or guaranteed in any way by, any bank, unless this is the case; and
(B) The company and its affiliates may not share any confidential information concerning their respective customers without the consent of the customer.

1. Feasibility studies do not include assisting management with the planning or marketing for a given project or providing general operational or management advice.

2. Investment advisory services authorized under paragraph (b)(4) include the exercise of discretion in buying and selling securities on behalf of a customer provided that investment discretion is exercised only on behalf of institutional customers and only at the request of the customer. A bank holding company or its subsidiary providing these discretionary investment management services must comply with applicable law, including fiduciary principles, and obtain the consent of its customer before engaging, as principal or as agent in a transaction in which an affiliate acts as principal, in securities transactions on the customer's behalf.

3. These disclosures may be made orally provided that a written disclosure is provided to the customer immediately thereafter.

FINAL RULE—AMENDMENT TO REGULATION CC

The Board of Governors is amending 12 C.F.R. Part 229, its Regulation CC (Availability of Funds and Collection of Checks), to allow banks to extend holds, on an exception basis, to "next-day" and "second-day" availability checks and allow one-time notices of exception holds in certain cases.

Effective September 14, 1992, 12 C.F.R. Part 229 is amended as follows:

Part 229—[Amended]

1. The authority citation for part 229 is revised to read as follows:

Authority: 12 U.S.C. 4001 *et seq.*

2. In section 229.1, paragraph (a) is revised to read as follows:

Section 229.1—Authority and purpose; organization.

(a) *Authority and purpose.* This part (Regulation CC; 12 C.F.R. Part 229) is issued by the Board of Governors of the Federal Reserve System ("Board") to implement the Expedited Funds Availability Act ("Act") (title VI of Pub. L. 100–86), as amended by section 1001 of the Cranston-Gonzales National Affordable Housing Act of 1990 (Pub. L. 101–625) and sections 212(h), 225, and 227 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. 102–242).

* * * * *

3. In section 229.13, the term ", 229.11" is removed in paragraphs (b), (c) introductory text, (d) introductory text, (e)(1), (f) introductory text, (h)(1), and (h)(3); the phrase "section 229.11 or" is removed in paragraph (h)(2); the word "in" is removed after the first occurrence of the word "under" in paragraph (h)(4); and paragraphs (g)(2)(ii) and (g)(3)(iii) are revised as follows:

Section 229.13—Exceptions.

* * * * *

(g) *Notice of exception.* * * *

(2) * * *

(ii) The time period within which deposits subject to the exception generally will be available for withdrawal.

* * * * *

(3) * * *

(iii) The time period within which deposits subject to the exception generally will be available for withdrawal; and

* * * * *

APPENDIX E TO PART 229—[AMENDED]

4. Appendix E is amended as set forth below:

a. In the Commentary to section 229.2(n), a new sentence is added after the first sentence and the last sentence is revised;

b. In the Commentary to section 229.13, the term ", 229.11" is removed in the first paragraph of paragraph (g) and the fifth paragraph of paragraph (h); in paragraph (b), the last sentence of the second paragraph is revised; in paragraph (d), the last paragraph is revised; in paragraph (e), the third sentence of the first paragraph is revised; in paragraph (f), the fifth sentence is revised; in paragraph (g), the second sentence of the sixth paragraph, the first and last sentences of the seventh paragraph, and the second sentence of the ninth paragraph are revised and two new sentences are added before the last sentence of the seventh paragraph; and in paragraph (h), a new sentence is added to the end of the fourth paragraph;

c. In the Commentary to section 229.16(c), the last paragraph of paragraph (c)(1) is revised and a new sentence is added to the end of paragraph (c)(3) as follows:

APPENDIX E—COMMENTARY

* * * * *

Section 229.2—Definitions

* * * * *

(n) *Consumer account.* * * * An account that does not meet the definition of "consumer account" is a nonconsumer account. * * * Section 229.13(g)(2) (one-time exception notice) and section 229.19(d) (use of calculated availability) apply only to nonconsumer accounts.

* * * * *

Section 229.13—Exceptions

* * * * *

(b) *Large deposits.*

* * * * *

* * * An additional $4,900 of the proceeds of the local check must be available for withdrawal on Wednesday in accordance with the local schedule, and the remaining $4,000 may be held for an additional period of time under the large deposit exception.

* * * * *

(d) *Repeated Overdrafts.*

* * * * *

This exception applies to local and nonlocal checks, as well as to checks that otherwise would be made available on the next (or second) business day after the day of deposit under section 229.10(c). When a bank places or extends a hold under this exception, it need not make the first $100 of a deposit available for withdrawal on the next business day, as otherwise would be required by section 229.10(c)(1)(vii).

(e) *Reasonable cause to doubt collectibility.* * * * When a bank places or extends a hold under this exception, it need not make the first $100 of a deposit available for withdrawal on the next business day, as otherwise would be required by section 229.10(c)(1)(vii). * * *

* * * * *

(f) *Emergency conditions.* * * * When a bank places or extends a hold under this exception, it need not make the first $100 of a deposit available for withdrawal on the next business day, as otherwise would be required by section 229.10(c)(1)(vii). * * *

(g) *Notice of exception.*

* * * * *

* * * When paragraph (g)(2) or (g)(3) requires disclosure of the time period within which deposits subject to the exception generally will be available for withdrawal, the requirement may be satisfied if the one-time notice states when on us, local, and nonlocal checks will be available for withdrawal if an exception is invoked.

Under paragraph (g)(2), if a nonconsumer account (see Commentary to section 229.2(n)) is subject to the large deposit or redeposited check exception, the depositary bank may give its customer a single notice at or prior to the time notice must be provided under paragraph (g)(1). * * * A one-time notice may state that the depositary bank will apply exception holds to certain subsets of deposits to which the large deposit or redeposited check exception may apply, and the notice should identify such subsets. For example, the depositary bank may apply the redeposited check exception only to checks that were redeposited automatically by the depositary bank in accordance with an agreement with the customer, rather than to all redeposited checks. In lieu of sending the one-time notice, a depositary bank may send individual hold notices for each deposit subject to the large deposit or redeposited check exception in accordance with section 229.13(g)(1) (see Model Notice C-13).

* * * * *

* * * Notices sent pursuant to paragraph (g)(3) must state the customer's account number, the fact the exception was invoked under the repeated overdraft exception, the time period within which deposits subject to the exception will be made available for withdrawal, and the time period during which the exception will apply (see Model Form C-13C). * * *

* * * * *

(h) *Availability of deposits subject to exceptions.*

* * * * *

* * * For example, if a customer deposits a $7,000 cashier's check drawn on a nonlocal bank, and the depositary bank applies the large deposit exception to that check, $5,000 must be available for withdrawal on the next business day after the day of deposit and the remaining $2,000 must be available for withdrawal on the eleventh business day following the day of deposit (six business days added to the five-day schedule for nonlocal checks), unless the depositary bank establishes that a longer hold is reasonable.

* * * * *

Section 229.16—Specific Availability Policy Disclosure

* * * * *

(c) *Longer delays on a case-by-case basis.*—

(1) * * *

A bank that imposes delays on a case-by-case basis is still subject to the availability requirements of this regulation. If the bank imposes a delay on a particular deposit that is not longer than the availability required by section 229.12 for local and nonlocal checks, the reason for the delay need not be based on the exceptions provided in section 229.13. If the delay exceeds the time periods permitted under section 229.12, however, then it must be based on an exception provided in section 229.13, and the bank must comply with the section 229.13 notice requirements. A bank that imposes delays on a case-by-case basis may avail itself of the one-time notice provisions in section 229.13(g)(2) and (3) for deposits to which those provisions apply.

* * * * *

(3) * * * Paragraph (c)(3) applies when a bank provides a case-by-case notice in accordance with paragraph (c)(2) and does not apply if the bank has provided an exception hold notice in accordance with section 229.13.

* * * * *

Final Rule—Amendment to Regulation CC

The Board of Governors is amending 12 C.F.R. Part 229, its Regulation CC (Availability of Funds and Collection of Checks), to conform to recent amendments to the Expedited Funds Availability Act. The amendments make permanent the current availability schedules for deposits at nonproprietary automated teller machines and reaffirm the administrative enforcement authority of federal regulatory agencies over U.S. offices and branches of foreign banks.

Effective September 14, 1992, 12 C.F.R. is amended as follows:

Part 229—[Amended]

1. The authority citation for part 229 is revised to read as follows:

Authority: 12 U.S.C. 4001 *et seq.*

2. In section 229.3, paragraph (a)(1) is revised and concluding text to paragraph (a) is added after paragraph (a)(3) to read as follows:

Section 229.3—Administrative enforcement.

(a) * * *

(1) Section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818 *et seq.*) in the case of—

(i) National banks, and Federal branches and Federal agencies of foreign banks, by the Office of the Comptroller of the Currency;

(ii) Member banks of the Federal Reserve System (other than national banks), and offices, branches, and agencies of foreign banks located in the United States (other than Federal branches, Federal agencies, and insured State branches of foreign banks), by the Board; and

(iii) Banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System) and insured State branches of foreign banks, by the Board of Directors of the Federal Deposit Insurance Corporation;

* * * * *

The terms used in paragraph (a)(1) of this section that are not defined in this part or otherwise defined in section 3(s) of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the meaning given to them in section 1(b) of the International Banking Act of 1978 (12 U.S.C. 3101).

* * * * *

3. In section 229.12, paragraph (a) is revised as follows, paragraphs (f)(1)(ii) and (f)(2) are removed, and the designation "(1)(i)" in paragraph (f) is removed:

Section 229.12—Permanent availability schedule.

(a) *Effective date.* The permanent availability schedule contained in this section is effective September 1, 1990.

* * * * *

Appendix E to Part 229—[Amended]

4. Appendix E to part 229 is amended, in the Commentary under section 229.12, by removing the second and third sentences of paragraph (a) and revising paragraph (f) to read as follows:

Section 229.12—Permanent Availability Schedule

* * * * *

(f) *Deposits at nonproprietary ATMs.* The Act and regulation provide a special rule for deposits made at nonproprietary ATMs. This paragraph does not apply to deposits made at proprietary ATMs. All deposits at a nonproprietary ATM must be made available for withdrawal by the fifth business day following the banking day of deposit. For example, a deposit made at a nonproprietary ATM on a Monday, including any deposit by cash or checks that would otherwise be subject to next-day (or second-day) availability, must be made available for withdrawal not later than Monday of the following week. The provisions of section 229.10(c)(1)(vii) requiring a depositary bank to make up to $100 of an aggregate daily deposit available for withdrawal on the next business day after the banking day of deposit do not apply to deposits at a nonproprietary ATM.

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

CoreStates Financial Corp. Philadelphia, Pennsylvania

Order Approving Acquisition of a Bank Holding Company

CoreStates Financial Corp., Philadelphia, Pennsylvania ("CoreStates"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all of the voting shares of First Peoples Financial Corporation, Haddon Township, New Jersey ("First Peoples"), and thereby to acquire indirectly First Peoples's subsidiary bank, First Peoples Bank of New Jersey, Westmont, New Jersey ("Peoples Bank"). CoreStates also has applied to acquire 24.81 percent of the shares of First Bank of Philadelphia, Philadelphia, Pennsylvania ("First Bank"), which First Peoples currently holds as a passive investment.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 15,316 (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.

CoreStates, with approximately $22.7 billion in consolidated assets, controls four subsidiary banks located in Pennsylvania, New Jersey and Delaware.[2] First Peoples, with approximately $1.1 billion in consolidated assets, controls one bank in New Jersey. Upon consummation of the transaction, CoreStates would become the sixth largest commercial banking organization in New Jersey, controlling deposits of $3.8 billion, representing 4.8 percent of the deposits in commercial banks in the state.

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 of the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication."[3] CoreStates, which has Pennsylvania as its home state, proposes to acquire the New Jersey bank subsidiary of First Peoples.[4] The Board previously has determined that the interstate banking statutes of New Jersey permit the acquisition of New Jersey banking organizations by Pennsylvania banking organizations.[5]

Competitive, Financial, Managerial and Supervisory Considerations

CoreStates and First Peoples compete directly in the Philadelphia/Trenton[6] and the Vineland/Bridgton/Millville PMSA[7] banking markets. The record shows that CoreStates and First Peoples control relatively small shares of deposits held by depository institutions in the market ("market deposits")[8] and upon consummation of the proposal, the Philadelphia/Trenton market would remain unconcentrated and the Vineland/Bridgton/Millville PMSA would remain moderately concen-

1. CoreStates proposes to retain the shares of First Bank as a passive investment and has made a number of commitments that the Board has accepted in other cases to ensure that CoreStates will not attempt to control or exert a controlling influence over the management or operations of First Bank. *See First Peoples Financial Corporation*, 74 *Federal Reserve Bulletin* 71 (1988); *see also Summit Bancorp, Inc.*, 77 *Federal Reserve Bulletin* 952 (1991).

In connection with this application, First Peoples has granted CoreStates an option to purchase, under certain circumstances, up to approximately 19.9 percent of its voting shares. This option will terminate upon consummation of the proposed acquisition of First Peoples.

2. Asset and state deposit data are as of December 31, 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. *CoreStates Financial Corporation*, 72 *Federal Reserve Bulletin* 796 (1986).

6. The Philadelphia/Trenton banking market is approximated by Bucks, Chester, Delaware, Montgomery and Philadelphia Counties in Pennsylvania; and Burlington, Camden, Gloucester and Mercer Counties in New Jersey.

7. The Vineland/Bridgton/Millville PMSA banking market is approximated by Cumberland County, New Jersey.

8. Market share data are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Market deposit data are as of June 30, 1990.

In the Philadelphia/Trenton banking market, CoreStates is the largest depository institution in this market, controlling deposits of $10.7 billion, representing approximately 14.4 percent of market deposits; and First Peoples is the 13th largest depository institution in the market, with deposits of $789.3 million, representing approximately 1.2 percent of market deposits. In the Vineland/Bridgton/Millville PMSA banking market, CoreStates is the eighth largest depository institution in this market, controlling deposits of $38.7 million, representing approximately 3 percent of market deposits; and First Peoples is the fifth largest depository institution in the market, with deposits of $70.1 million, representing approximately 5.6 percent of market deposits.

trated.[9] After considering the competition offered by other depository institutions in the market, the number of competitors remaining in the market, the increase in concentration as measured by the Herfindahl–Hirschman Index ("HHI"), and other facts of record, the Board has concluded that consummation of the proposal would not result in a significantly adverse effect on competition in the Philadelphia/Trenton,[10] Vineland/Bridgton/Millville PMSA, or any other relevant banking markets.[11]

The Board also concludes that the financial and managerial resources and future prospects of CoreStates and First Peoples, and their subsidiary banks, and the other factors that the Board must consider under section 3 of the BHC Act are also consistent with approval.

Convenience and Needs Considerations

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

The Board has received several comments regarding the CRA performance records of CoreStates and First Peoples. Five commenters supported the CRA record of CoreStates, noting that CoreStates and its subsidiaries have provided significant funding and technical assistance to small business and community economic development initiatives in the City of Camden, New Jersey ("Camden").[13] In particular, the Director of Camden's Division of Economic Development stated in a published letter that CoreStates has been responsive to and supportive of the Division's business lending programs, entrepreneurship training, and economic development educational activities.

A commenter representing the Greater Camden County Reinvestment Corporation and the Camden City Development Coalition ("Protestant"), has criticized the CRA performance records of CoreStates and First Peoples, alleging that they have not adequately ascertained or met the community credit needs of Camden and other low-income communities or the needs of small and/or minority businesses.[14] In addition, Protestant alleges that both organizations have illegally discriminated in Camden through "redlining," as demonstrated in lending data for these institutions, including data required to be filed under the Home Mortgage Disclosure Act ("HMDA").

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

10. As previously discussed, CoreStates will acquire a passive investment in First Bank which also competes in the Philadelphia/Trenton banking market. The Board has previously noted that an applicant need not acquire control of a bank in order to substantially lessen competition between them, and that the specific facts of each case will determine whether the minority investment in a company will be anticompetitive. *See Summit Bancorp, Inc., supra.* In this case, after considering all the facts of record, including the commitments by CoreStates not to control First Bank without prior Board approval, and the structure and size of the market, as well as market share and other information, the Board has determined that retention of the proposed investment in First Bank by CoreStates would not have a substantially adverse effect on competition in any relevant banking market.

11. In the Philadelphia/Trenton banking market, CoreStates would remain the largest banking organization in the market, with deposits of $11.5 billion, representing approximately 15.6 percent of market deposits upon consummation of this proposal. The HHI would increase by 32 points to 743. In the Vineland/Bridgton/Millville PMSA banking market, CoreStates would become the fourth largest banking organization in the market upon consummation, with deposits of $108.8 million, representing approximately 8.6 percent of market deposits. The HHI would increase by 34 points to 1356.

12. 12 U.S.C. § 2903.

13. These commenters include Delaware Valley Community Reinvestment Fund, Philadelphia, Pennsylvania; the City of Camden Division of Economic Development; Neighborhood Housing Services of Camden, Inc.; Cooperative Business Assistance Corporation; and Latin American Economic Development Association, Inc., all of Camden, New Jersey.

14. Protestant maintains that these institutions have failed to present evidence that they conduct formal credit needs analyses or geocode loans and have failed to take corrective action when presented with detailed evaluations of the housing and small business needs in Camden. Protestant also charges that both institutions have attempted to disguise their poor performance records with costly public relations materials which are only cosmetic, and that Peoples Bank's representatives have been disrespectful in meetings with Protestant.

Record of Performance Under the CRA

A. CRA Performance Examinations

The Board has carefully reviewed the CRA performance records of CoreStates, First Peoples, and their subsidiary banks; the comments received and the 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").[15] The Agency CRA Statement 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. The Board has also reviewed the CRA examination records of these institutions.[16]

Initially, the Board notes that all the subsidiary banks of CoreStates and First Peoples have received at least a "satisfactory" rating in their most recent examinations for CRA performance.[17] Additionally, New Jersey National Bank, Trenton, New Jersey ("New Jersey Bank"), the subsidiary of CoreStates that includes Camden in its delineated service area, received an "outstanding" CRA performance rating from the Office of the Comptroller of the Currency ("OCC"), on September 4, 1991 ("1991 CRA Examination"). CoreStates intends to merge New Jersey Bank with Peoples Bank and has committed to institute New Jersey Bank's CRA policies and plans after consummation.

B. Corporate Policies

CoreStates, First Peoples, and their subsidiary banks have in place the types of policies and procedures that the Board and other federal bank supervisory agencies have indicated contribute to an effective CRA program. CoreStates has established a CRA program to supervise and review the CRA programs of its subsidiary banks, and has established a CRA Compliance Committee to monitor existing compliance efforts as well as new initiatives. In addition to the CRA Officer, CoreStates's CRA Compliance Committee includes representatives of various corporate departments, including Commercial Lending, Community Banking, Public Relations, and Public Responsibility. The Public Responsibility Department maintains contact with local agencies and community groups to help CoreStates identify community needs, and has led CoreStates's participation in numerous community development programs and projects.

New Jersey Bank has a formalized CRA program monitored and directed by its Community Development Committee ("Committee").[18] The Committee meets three times a year to develop CRA initiatives, and makes an annual presentation to the bank's board of directors. New Jersey Bank also has a Community Development Department to implement the programs developed by the Committee, and a Community Development Loan Committee to evaluate the bank's funding of community development programs. The Community Development Loan Committee was formed to provide a case-by-case evaluation of requests to fund community development projects in recognition that many such projects do not otherwise meet the bank's standard loan underwriting criteria. New Jersey Bank also provides extensive CRA training to branch managers and personnel.

First Peoples also has a corporate CRA program to supervise and review the CRA programs of Peoples Bank. Peoples Bank's CRA program is also monitored by its board of directors and senior management, who receive regularly scheduled progress reports of community reinvestment policies and activities. Additionally, all employees, including officers, receive training on the bank's CRA policies and initiatives.

C. Ascertainment and Marketing Efforts

New Jersey Bank has a formal outreach program designed to establish and maintain a line of communication between the bank and its community regarding the need for credit products and services. New Jersey Bank ascertains credit needs through direct forms of community contact initiated by directors, management, and staff of the bank. For example, the Community Development Department has established an ongoing dialogue among bank management and civic and non-profit groups, including Camden Cooperative Business Assistance Corporation, Rural Opportunities of Vineland, Non-profit Affordable Housing Network

15. 54 *Federal Register* 13,742 (1989).

16. 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. 54 *Federal Register* 13,745 (1989).

17. CoreStates Bank (Delaware), N.A., Wilmington, Delaware ("Delaware Bank"), received a "satisfactory" performance rating from the OCC on September 30, 1991; CoreStates Bank, N.A., Philadelphia, Pennsylvania ("Pennsylvania Bank"), received an "outstanding" performance rating from the OCC on September 3, 1991; and Hamilton Bank, Lancaster, Pennsylvania ("Hamilton Bank"), received a "satisfactory" rating from the FDIC on August 1, 1988. Peoples Bank received an outstanding rating from the FDIC on November 30, 1988.

18. The Committee includes five senior officers of New Jersey Bank, including the CRA Officer, and representatives of each of New Jersey Bank's major divisions.

of New Jersey, and New Jersey Community Loan Fund. New Jersey Bank's branch managers engage in a calling program and complete a monthly survey to assist the bank in developing new products and services.

Officers of Peoples Bank also are informed of credit needs within their local communities through involvement with various civic and community groups. Bank branch officers are required to complete surveys identifying their involvement in community groups and organizations. Peoples Bank also schedules open houses at branch offices, and engages in calling programs to ascertain community credit needs.

To supplement its outreach efforts, New Jersey Bank performs an annual geocoding analysis of its bank's lending in cities and counties within its delineated service area. This geocoding, conducted in conjunction with demographic studies undertaken by New Jersey Bank, enables the bank to assess the level of its loan penetration throughout its service area, including low- and moderate-income areas. New Jersey Bank uses the information it has gathered through its geocoding and demographic analysis to formulate and refine its marketing efforts and develop products to address the needs of low- and moderate-income communities.

New Jersey Bank engages in several marketing techniques to advertise its products and services to all segments of its service area. Deposit and loan products are marketed through radio commercials and newspaper advertisements, including minority-oriented and foreign-language newspapers. In addition, affordable housing loan products and services are advertised in branches in low- and moderate-income areas. New Jersey Bank also has sought to market its services and products to low- and moderate-income communities by participating in various conferences and seminars, including the "Equal Housing Awareness Campaign" and the Camden Urban Women's Centers Eastern Regional Urban Economic and Business Development Conference. Similarly, New Jersey Bank has participated in a consortium of banks that provide the Community Home Buyer's Counseling Coalition seminars to educate potential buyers about the home purchase process.[19]

19. Peoples Bank also engages in various marketing techniques to advertise its products and services to all segments of its delineated service area. The bank uses several media, including newspapers of general circulation and community bulletins, and uses billboards at public transportation facilities to market its credit products and services.

D. Lending and Other Activities

The Board has reviewed the lending and other activities of New Jersey Bank and Peoples Bank in light of the Protestant's comments about Camden. As a general matter, the Board notes that the 1991 CRA Examination found that the geographic distribution of New Jersey Bank's housing-related credit extensions, applications, and denials demonstrated a reasonable penetration into all segments of the bank's entire delineated service area, and that New Jersey Bank's branches are located throughout this area, providing access to banking services to all segments of the community.

New Jersey Bank maintains that its mortgage and home improvement lending in Camden has been somewhat limited because its closest branch is two miles from the city limits. New Jersey Bank has, however, provided assistance for the housing needs of low- and moderate-income individuals in Camden through other means.[20] For example, New Jersey Bank provided $925,000 in construction financing as a participating bank in Camden's "Two-Fer" project, a joint venture providing 22 new units of affordable housing. In addition, New Jersey Bank is currently providing construction financing and technical assistance for St. Joseph's West Wynn housing project, which will rehabilitate a vacant building and several other sites to create 20 units of affordable housing. New Jersey Bank is also working with the Delaware Valley Community Reinvestment Fund ("DVCRF"), to create a consortium that would create a loan pool for the construction and renovation of affordable housing in Camden.[21]

New Jersey Bank also provides consumer and business credit in Camden. As of year-end 1991, New Jersey Bank had 115 consumer loans in Camden totalling $874,000. In addition, as of May, 1992, New Jersey Bank had 40 business loans in Camden totalling $9.4 million.[22] New Jersey Bank is also the lead lender

20. CoreStates reports that for the period 1990–1992, New Jersey Bank originated 13 loans totalling $1.6 million for affordable housing or economic development purposes in Camden. New Jersey Bank also participates in a variety of government-sponsored loan programs for housing including the New Jersey Urban Lending Partners, Trenton Mortgage Plan, New Jersey Department of Community Affairs Neighborhood Preservation Program, New Jersey Housing and Mortgage Finance Agency Programs, and Fannie Mae's Homeownership Opportunity Program.

21. DVCRF is a community development loan fund that provides loans and technical assistance to community-controlled housing, economic development, and social-service initiatives that benefit low- and moderate-income individuals. CoreStates has supported DVCRF in Philadelphia through grants, loan participations, loan refinancings, and it participates on DVCRF's board and loan committees.

22. The bank also participates in Small-Business-Administration-guaranteed loans programs.

for the Camden Cooperative Business Assistance Corporation ("CCBAC"), a private/public partnership in Camden providing small business financing and technical assistance. The bank participates in both the commercial and real estate loan programs of CCBAC,[23] and has made 10 loans for approximately $600,000 as of January 1992.

New Jersey Bank has supported community development in Camden financially and with technical assistance. These efforts are monitored through its Community Development Department.[24] For example, New Jersey Bank provided initial funding for the Neighborhood Housing Services of Camden ("NHS") and one of its vice presidents serves as a treasurer of the NHS board.[25]

E. HMDA Data and Lending Practices

The Board has reviewed the 1990 HMDA data reported by New Jersey Bank and Peoples Bank in light of Protestant's comments. Due to recent amendments to the HMDA, these banks were required to report certain information on 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.

Data cited by the Protestant show disparities in housing-related loan applications, approvals, denials and withdrawals for applicants of different racial or ethnic groups and income levels in Camden. Protestant has alleged illegal discriminatory lending practices in Camden on the basis of these and other data.

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 its community. The Board also recognizes that HMDA data have limitations that make the data an inadequate basis, absent other information, for conclusively determining whether an institution has engaged in illegal discrimination on the basis of race or ethnicity in making lending decisions. In this regard, the most recent examinations for CRA performance conducted by bank supervisory agencies found no evidence of illegal discrimination or other illegal credit practices in the subsidiary banks of CoreStates and First Peoples.

CoreStates has taken various steps to improve its lending to minorities and low- and moderate-income neighborhoods in Camden. For example, New Jersey Bank has committed to introduce in Camden the "Welcome Home Product," a public/private partnership designed to assist low- and moderate-income borrowers in obtaining sufficient cash downpayments for mortgage loans. Under this program, a borrower would be required to provide a 3 percent downpayment from the borrower's own funds, and may satisfy any remaining downpayment requirement from other sources, including grants and loans available from the program to cover these costs and closing costs.[26]

In addition, New Jersey Bank has recently developed, in conjunction with a Camden-based community group, mortgage and home-improvement loan products designed specifically for low- and moderate-income communities in Camden. New Jersey Bank also has employed a Camden resident who has been given the responsibility for marketing the bank's mortgage and home improvement products to community groups, realtors and Camden residents. In addition, New Jersey Bank will acquire a Peoples Bank branch that is located immediately adjacent to the Camden city limits, and accordingly, New Jersey Bank should be able to provide greater access to its products and services to residents of Camden, including low- and moderate-income communities.

F. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered the entire record of this application, including the comments filed in this case, in reviewing the convenience and needs factor under the BHC Act. Protestant has raised both specific and general concerns about the adequacy of the existing CRA programs of CoreStates and First Peoples. Other comments have supported the proposal on the basis of CoreStates's record of CRA performance. Based on a review of the entire record of performance, including information provided by the commenters and the performance examinations by the banks' primary regulators, the Board believes that the efforts of

23. New Jersey Bank is the only bank in the program that originates construction loans through the real estate program for the acquisition and rehabilitation of vacant business properties.

24. The Community Development Department coordinates and monitors the success of New Jersey Bank's activities. The bank also produces a bi-monthly internal newsletter to keep employees informed of community development products and activities.

25. Another New Jersey Bank officer serves on the NHS loan committee.

26. New Jersey Bank will also conduct a credit seminar in Camden this Fall of 1992 to assist potential borrowers in understanding loan applications and credit decisions.

CoreStates and First Peoples to help meet the credit needs of all segments of the communities served by these banks, including low- and moderate-income neighborhoods, are consistent with approval.

The Board recognizes that the record compiled in this application points to areas for improvement in the CRA performance of both institutions, particularly in mortgage and home-improvement lending in Camden. New Jersey Bank has initiated or has committed to initiate a number of steps designed to strengthen this area of the CRA performance. The 1991 CRA Examination noted that the management of New Jersey Bank has established a record of continuously responding to ascertained credit needs, and the Board believes that this and other facts of record reflect the bank's willingness to address promptly areas where improvements are needed. The Board believes that this record, and the initiatives proposed by New Jersey Bank, should help improve its CRA performance and address weaknesses described by Protestant.

On the basis of all the facts of record, the Board concludes that convenience and needs considerations, including the CRA performance records of CoreStates and First Peoples, are consistent with approval of this application. The Board expects CoreStates to implement fully the CRA initiatives and commitments discussed in this Order and contained in its application. CoreStates's progress in implementing these initiatives and commitments will be monitored by the Federal Reserve Bank of Philadelphia and will be assessed in connection with future applications to expand its deposit-taking facilities.[27]

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 CoreStates 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 CoreStates 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 Philadelphia, pursuant to delegated authority.

By order of the Board of Governors, effective August 4, 1992.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

27. Protestant has requested that the Board hold a public hearing or meeting on this application. The Board is not required under section 3 of the BHC Act to hold a public meeting or hearing unless the primary supervisor for the bank to be acquired does not approve the proposal. In this case, the primary supervisor for Peoples Bank has not objected to this proposal.

Under its rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 U.S.C. §§ 262.3(e) and 262.25(d). The Board has carefully considered these requests. Protestant has submitted substantial written comments that have been considered by the Board. In the Board's view, interested parties have had an ample opportunity to present written submissions, and in light of these submissions and all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in these applications, or is otherwise warranted in this case. Accordingly, the request by Protestant for a public meeting or hearing on this application is hereby denied.

Gore-Bronson Bancorp, Inc.
Prospect Heights, Illinois

Order Denying Acquisition of a Bank

Gore-Bronson Bancorp, Inc., Prospect Heights, Illinois ("Gore-Bronson"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire indirectly 96.3 percent of the voting shares of Water Tower Trust and Savings Bank ("Water Tower Bank"), from Water Tower Bancorporation ("Water Tower"), both of Chicago, Illinois.[1]

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 11,956 (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.

Gore-Bronson is the 126th largest commercial banking organization in Illinois, controlling deposits of \$152.9 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state.[2] Water Tower is the 92nd largest commercial banking organization in Illinois, controlling deposits of \$188 million, representing less than 1 percent of the

1. Gore-Bronson has also requested approval to establish WTB Holdings, Inc., Chicago, Illinois, an intermediate holding company, for the purpose of acquiring the shares of Water Tower Bank.

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

total deposits in commercial banking organizations in the state.

Convenience and Needs Considerations

In acting on an application under section 3 of the BHC Act, the Board must consider the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2109 *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 this record into account in its evaluation of bank holding company applications.[3]

The Board has carefully reviewed the CRA performance of Gore-Bronson, Water Tower, and their subsidiary banks, in light of the CRA, the Board's regulations, and the jointly issued Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[4] The Agency CRA Statement 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.

Record of Performance under the CRA

A. CRA Performance Examinations

The Board has stated that a CRA examination is an important and often controlling factor in determining whether convenience and needs factors are consistent with approval of an expansionary proposal.[5] Gore-Bronson controls two subsidiary banks, Irving Bank, Chicago, Illinois ("Irving Bank"), and Bronson-Gore Bank in Prospect Heights, Prospect Heights, Illinois ("B-G Bank"). Irving Bank, Gore-Bronson's largest subsidiary bank, has received two consecutive less than satisfactory CRA performance ratings from its primary federal supervisor, the Federal Deposit Insurance Corporation ("FDIC"), since its acquisition by Gore-Bronson.[6] B-G Bank's CRA performance rating from the FDIC has declined since its acquisition by Gore-Bronson to less than satisfactory.[7] Water Tower Bank also received a less than satisfactory rating in its most recent examination for CRA performance conducted by the FDIC.[8]

B. CRA Performance Records of Gore-Bronson's Banks

Irving Bank. The FDIC examination of Irving Bank's CRA performance found that the bank does not have a fully implemented program to ascertain the credit needs of its community, and that only limited efforts are evident in ascertaining credit needs in low- and moderate-income areas within its community. In addition, Irving Bank's contact with community groups, civic officials and neighborhood organizations remain limited, though these types of contacts have increased since its last CRA evaluation.

While noting some increase in marketing activities, the FDIC examination concluded that the extent of advertising was limited and may not be effective in reaching the entire community, especially in some low- and moderate-income areas. For example, advertisements placed in church and community organization publications promoted the image of the bank but did not promote loan or deposit services. In addition, the examination found that, while the volume of bank officer calls had increased substantially, these calls are not evenly distributed throughout Irving Bank's delineated community. In the case of some of the bank's low- and moderate-income communities, a limited number or no calls were made. Overall, the FDIC examination characterized Irving Bank's record of extending credit within its delineated community as poor, and the extent of bank's community development lending as minimal.

B-G Bank. The FDIC examination of B-G Bank's CRA performance also found weaknesses in its ascertainment efforts. In this regard, minutes of meetings

3. 12 U.S.C. § 2903.

4. 54 *Federal Register* 13,732 (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.

5. *See First Interstate BancSystem of Montana, Inc.*, 77 *Federal Reserve Bulletin* 1007 (1991) ("*First Interstate of Montana*"); *Continental Bank Corporation*, 75 *Federal Reserve Bulletin* 304 (1989); Agency CRA Statement, 54 *Federal Register* 13,743 (1989).

6. Irving Bank's CRA performance was rated "needs to improve" as of January 4, 1991, and again as of January 11, 1992.

7. B-G Bank was rated "needs to improve" as of January 21, 1992.

8. Water Tower Bank was rated "needs to improve" as of June 6, 1990.

for B-G Bank's board do not indicate specific discussions of ascertainment efforts for the community's credit needs or discussions of overall CRA performance in terms of the types of credit extended. In addition, the record does not indicate that B-G Bank's board has undertaken a review of demographic data or geographic distribution of the bank's credit extensions. Overall, only approximately 28 percent of the bank's total loans were made within its delineated community.

B-G Bank's marketing efforts for consumer credit and home mortgage loans do not appear to target the bank's entire delineated community, which includes residents in low- and moderate-income areas.[9] The FDIC examination also found that B-G Bank was unable clearly to demonstrate reasonable efforts to meet the consumer and residential credit needs of its delineated community.

C. Additional CRA Considerations

Gore-Bronson maintains that the issues raised by these CRA performance records have been addressed by the steps initiated and to be initiated by B-G Bank and Irving Bank to improve their CRA-related activities. These steps include the introduction of VA and FHA lending programs, increased business calling programs and small business lending, increased contacts with community groups and government officials, and more comprehensive advertising efforts to reach low- and moderate-income consumers.

The Board previously has stated that when a banking organization files an application to expand its deposit-taking facilities, the organization should address its CRA responsibilities and have the necessary policies in place and working well.[10] In addition, the Board has found commitments for future action to address CRA concerns to be appropriate considerations in the context of an application to expand deposit-taking facilities only where the applicant otherwise has a satisfactory CRA record, where the problems identified at the bank do not indicate chronic institutional deficiencies or a pattern of CRA deficiencies, and where the applicant takes immediate and effective action to address identified deficiencies in the CRA performance of its banks.

The record in this application indicates that Irving Bank and B-G Bank do not have a satisfactory record of performance in place, and have had deficiencies in CRA performance for some time. In the case of Irving Bank, these deficiencies have existed over a period of time encompassing two CRA performance examinations, and in the case of B-G Bank, its CRA performance has declined under Gore-Bronson's ownership.

Gore-Bronson has committed to take certain steps to address the CRA performance deficiencies of its subsidiary banks. Over time, these steps have the potential to remedy many of the deficiencies in the banks' CRA performance. Given the facts of this case, however, the Board does not believe that it is appropriate to rely on the future expectations or commitments for future action by Gore-Bronson. Accordingly, the Board does not believe that reliance on commitments for future action is appropriate in this case without a stronger showing of CRA performance.

The Board has carefully reviewed the CRA performance of Gore-Bronson, Water Tower, and their subsidiary banks in light of all the facts of record in this application. The Board notes that the FDIC, which is the primary federal supervisor for all the banks, has indicated its belief that the CRA records of B-G Bank and Irving Bank do not warrant approval of this application. Based on the record, and for the reasons discussed above, the Board concludes that CRA performance records of B-G Bank, Irving Bank, and Water Tower Bank weigh against approval of this application.

The Board has also considered Gore-Bronson's argument that the proposal will improve the financial condition of Water Tower Bank and consequently result in significant public benefits to the community. The Board notes, however, that Water Tower Bank has recently taken steps to improve its capital position and financial condition. In addition, as explained below, the Board does not believe that financial factors in this case support Gore-Bronson's claim that the proposal will substantially improve the financial condition of Water Tower Bank and result in substantial public benefits. Accordingly, the Board concludes that convenience and needs considerations are not consistent with approval of these applications at this time.

Other Considerations

The Board is also required under section 3 of the BHC Act to consider the financial resources of the companies and banks involved and the effect of the proposed acquisition on the future prospects of the bank and applicant organization. The Board believes that capital adequacy is an important factor in the analysis of bank holding company expansion proposals.

In this regard, the Board has stated that it expects banking organizations contemplating expansion pro-

9. B-G Bank mailed questionnaires to its deposit customers in 1991 regarding bank services in general and offering to extend credit. Because a large portion of the bank's deposits were from businesses, however, the FDIC examination concluded that this ascertainment effort may not have had the effect of reaching all levels of the delineated community, including low- and moderate-income areas.

10. *First Interstate of Montana* at 1009.

posals to maintain strong capital levels substantially above the minimum levels specified in the Board's Capital Adequacy Guidelines.[11] The Board also will consider a bank holding company's ability to serve as a source of financial and managerial strength to its subsidiary banks.

The Board has carefully analyzed the *pro forma* capital position and the risk profile of the resultant organization. Gore-Bronson's capital ratios would decline significantly as a result of this transaction. Gore-Bronson has presented no plan to restore the resultant organization to capital levels consistent with the Board's guidelines or its policy regarding source of strength, and no overriding public benefit is present in the form of a substantial improvement to the overall financial condition of the bank. Based on all of the facts of record in this case, including relevant examination materials, the Board concludes that the financial and future prospects considerations regarding this proposal are not consistent with approval.

Based on the foregoing and other facts of record, the Board concludes that adverse considerations relating to convenience and needs factors and the financial resources and future prospects factors warrant a decision that the proposed acquisition should not be approved at this time. Considerations relating to competitive, managerial resources,[12] and other factors required by the Board to be considered under the BHC Act do not lend sufficient weight to warrant approval of these applications. Accordingly, the Board has determined that these applications should be, and hereby are, denied.

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

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Security Shares, Inc.
Abilene, Texas

Order Approving Acquisition of a Bank

Security Shares, Inc., Abilene, Texas ("Security"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for approval from the Board of Governors of the Federal Reserve System ("Board") under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all the voting shares of Farmers & Merchants National Bank of Merkel, Merkel, Texas ("Bank"). Upon consummation of the proposal, Security proposes to merge Bank into Security's subsidiary bank, Security State Bank, Abilene, Texas ("Security Bank").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 27,977 (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.

Security is the 302d largest commercial banking organization in Texas, controlling deposits of $72.3 million, representing less than 1 percent of total deposits in commercial banks in the state.[2] Bank is the 711th largest banking organization in the state, controlling deposits of $25.8 million, representing less than 1 percent of total deposits in commercial banks in the state. Upon consummation of the proposed transaction, Security would become the 22d largest commercial banking organization in Texas, controlling deposits of $97.8 million, representing less than 1 percent of total deposits in commercial banks in the state.

Convenience and Needs Considerations

In acting on an application under section 3 of the BHC Act, the Board is required to consider the effect of the proposal on the convenience and needs of the community to be served. The Board has received comments opposing this proposal from a number of individuals, including shareholders, customers, and former employees of Bank (collectively, "Protestants"), who assert that the proposal would be detrimental to the convenience and needs of the Merkel community. These comments praise Bank's personal approach to its customers and generally question whether Security Bank will be responsive to local credit needs, including those of small businesses, and to the need for banking services when Bank is converted from an independent institution to a branch of an out-of-town banking organization.[3]

11. Capital Adequacy Guidelines, 12 C.F.R. Part 225, Appendices A, B, C and D. *See The Bank of New York Company, Inc.*, 76 *Federal Reserve Bulletin* 867, 868 (1990).

12. The Board has taken into account examination reports and other information regarding compliance with consumer lending laws from the FDIC and Gore-Bronson in reviewing considerations relating to the managerial resources factor.

1. This merger is subject to review under the Bank Merger Act by the Federal Deposit Insurance Corporation ("FDIC"), Security Bank's primary federal regulator.

2. State deposit date are as of March 31, 1992. Market deposit data are as of June 30, 1991.

3. Protestants have raised issues regarding whether Security would be permitted to close its branch in Merkel without federal regulatory

The Board has long held that an analysis of convenience and needs considerations under the BHC Act includes a review of an institution's performance 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.

The Board notes that Security Bank has a demonstrated record of responsiveness to local credit needs under the CRA, and that Security has committed to continue its responsiveness in Merkel following the proposed acquisition. Security Bank received an "outstanding" rating for CRA performance from the FDIC in its most recent examination as of March 1991. This examination found that Security Bank's efforts to ascertain the credit needs of its community were strong and included continuous dialogue between Security Bank's personnel at all levels (senior management, lending officers and employees), community leaders, and local government officials. Security Bank's efforts to help meet the credit needs of the small business community were also noted in the examination. Security Bank is an active SBA lender with loans of over $1 million.

Security contends that Protestants' concerns regarding the out-of-town nature of this acquisition should be mitigated by the close proximity of Security Bank's main office in Abilene to Merkel.[4] Management of Security Bank's main office contends that it has become familiar with the credit needs of the area and will respond to those needs. Moreover, Security Bank's management intends to continue to operate the Merkel office as a full-service branch, to increase its service hours, increase credit card availability, and offer more types of deposit accounts.[5]

On the basis of these and the other facts of record, including comments received and relevant examination reports, the Board concludes that convenience and needs considerations in this case are consistent with approval.

Other Considerations

Bank and Security compete directly in the Abilene, Texas, banking market ("Abilene banking market").[6] Upon consummation of this proposal, Security would become the sixth largest commercial banking or thrift organization (together "depository institutions") in the Abilene banking market, controlling deposits of $82.6 million, representing approximately 7 percent of total deposits in depository institutions in the market ("market deposits").[7] After considering the number of competitors remaining in the market, the relatively small increase in concentration as measured by the Herfindahl-Hirschman Index ("HHI")[8] and market share, and other facts of record, the Board concludes that consummation of the proposals would not result in a significantly adverse effect on competition in the Abilene banking market or any other relevant banking market.

The Board notes that Security Bank's proposal will strengthen the financial condition of Bank. On the basis of this and other facts of record, the Board believes that the financial and managerial resources and future prospects of Security, its subsidiaries and Bank, and all other factors the Board is required to consider under section 3 of the BHC Act, also are consistent with approval of this proposal.

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. This approval is specifically

approval. The Federal Deposit Insurance Corporation Improvement Act of 1991 requires the bank to provide its customers at least 30 days notice prior to closing any branch, and provide to a bank's primary regulator 90-days' prior notice. 12 U.S.C. § 1831p. This provision applies both to Security Bank and the proposed branch in Merkel. In response to Protestants' concerns about the continuation of the Merkel branch, Security has stated that the purpose of this proposal is to provide a full-service branch of Security in Merkel and that it does not intend to close this branch. Security also notes that it has never closed a branch.

4. Bank's office in Merkel is approximately 15 miles from Security Bank's main office in Abilene and these towns are joined by an interstate highway.

5. Security has indicated that it may replace some executive officers by Security Bank's executive officers, and that additional management may be added.

6. The Abilene banking market is approximated by Taylor County and the part of the Abilene RMA that extends into Jones County.

7. Market deposit 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). Security is the seventh largest depository institution in the Abilene banking market, controlling deposits of $56 million, representing approximately 5 percent of market deposits. Bank is the ninth largest depository institution in the market, controlling deposits of $26.6 million, representing approximately 2 percent of market deposits.

8. The HHI in this market would increase by 21 points to 2007. Under the revised Department of Justice Merger Guidelines, 49 Federal Register 26,823 (1984), a market in which the post-merger HHI is above 1800 is considered to be highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Department of Justice has informed the Board that, as a general matter, a bank merger or acquisition 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 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 entities.

conditioned upon compliance by Security and its subsidiaries with the commitments made in connection with this application. 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 shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Dallas, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 31, 1992.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

U.S. Bancorp
Portland, Oregon

Order Approving the Acquisition of a Bank

U.S. Bancorp, Portland, Oregon ("U.S. Bancorp"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act"), has applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Bank of America Nevada, Reno, Nevada ("Bank"), from BankAmerica Corporation, San Francisco, California ("BankAmerica").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (57 *Federal Register* 15,316 (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.[2]

U.S. Bancorp, with $18.9 billion in consolidated assets,[3] controls six subsidiary banks in Oregon, Washington, California, and Idaho, and one savings association in Washington. Upon consummation of this acquisition and Bank's proposed merger transaction, U.S. Bancorp would become the fourth largest banking organization in Nevada, controlling deposits of $729.7 million, representing approximately 8.23 percent of the deposits in commercial banking organizations in the state.[4]

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 any bank located outside of the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication."[5] U.S. Bancorp seeks to acquire a bank in Nevada. For purposes of the Douglas Amendment, the home state of U.S. Bancorp is Oregon.[6] The Nevada interstate banking statute expressly authorizes the acquisition by an out-of-state bank holding company, such as U.S. Bancorp, of a Nevada bank, such as Bank, subject to certain conditions.[7] After careful review of the relevant statutes, and in light of the facts of record, the Board concludes that U.S. Bancorp's acquisition of Bank complies with the Nevada interstate banking statute, and that Board approval of this proposal is not prohibited by the Douglas Amendment. Approval of this proposal is conditioned upon U.S. Bancorp receiving all required state regulatory approvals.

Convenience and Needs Considerations

In acting on an application under section 3 of the BHC Act, the Board must consider the convenience and

1. The Board has considered this application in light of a related transaction in which Bank has applied to the Federal Deposit Insurance Corporation ("FDIC"), pursuant to the Bank Merger Act (12 U.S.C. § 1828(c)), to acquire certain assets and assume certain liabilities of Security Pacific Bank Nevada, N.A., Las Vegas, Nevada ("SP Bank"). BankAmerica's acquisition of SP Bank was approved by the Board on March 23, 1992, as part of BankAmerica's merger with Security Pacific Corporation. *BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338 (1992).

2. The Board received comments filed after the close of the comment period. Under the Board's rules, the Board may in its discretion take into account the substance of such comments, and the Board has considered these comments as part of the record in this proposal. 12 C.F.R. 262.3(e).

3. Asset data are as of March 31, 1992.

4. State deposit data are as of June 30, 1991.

5. 12 U.S.C. § 1842(d).

6. 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.

7. Under Nevada law, a "foreign depository institution" is defined as an institution whose home office is located in and whose operations are principally conducted in another state. Nev. Rev. Stat. Ann. § 666.255 (Michie 1992). The acquisition of or merger with a depository institution or holding company in Nevada by a foreign depository institution or holding company is limited to the acquisition of those institutions operating on July 1, 1985. Nev. Rev. Stat. Ann. § 666.335 (Michie 1992). Bank was organized on August 9, 1984, and was in operation on July 1, 1985. The Nevada Commissioner of Financial Institutions has indicated preliminarily that this proposal meets the requirements of Nevada law.

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

The Board has received comments from several community organizations[8] and the cities of North Las Vegas and Reno ("Protestants") that raise issues regarding the efforts by U.S. Bancorp and BankAmerica to meet the credit needs of their entire communities in Nevada, including low- and moderate-income neighborhoods. Specifically, Protestants contend that U.S. Bancorp has not:

(1) specified the CRA program to be initiated at Bank;

(2) met with Protestants and other community interest groups;

(3) made specific commitments to Protestants regarding CRA performance;[9] or

(4) agreed to regular meetings with community groups to discuss community credit needs.[10]

Protestants also believe that U.S. Bancorp's commitment to CRA performance in its home state of Oregon has not been matched by a similar commitment concerning its out-of-state banking subsidiaries.[11] In addition, Protestants have criticized Bank's CRA performance record in Nevada in meeting the credit needs of low- and moderate-income individuals for mortgage loans, home improvement loans, consumer loans, low-cost banking services, government-insured loans such as FHA and VA programs, mobile home financing, small business loans, and in providing branches for banking services.[12] Protestants also believe that BankAmerica has not implemented in Nevada CRA initiatives comparable to the initiatives in BankAmerica's home state of California or provided assistance for community redevelopment and affordable housing projects.

The Board has carefully reviewed the CRA performance records of U.S. Bancorp, BankAmerica, and their subsidiary banks, as well as all comments received, the responses to those comments, and all of the other relevant facts of record, in light of the CRA, the Board's regulations, and the Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act ("Agency CRA Statement").[13] 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

8. These groups include:

(1) Southern Nevada Reinvestment and Affordable Housing Committee ("SNRAHC"), and Mobilehome Owners League of the Silver State, Inc., both of Las Vegas, Nevada; and

(2) Washoe Legal Services (on behalf of Fund Urban Northern Nevada Development ("FUNND")), Nevada Hispanic Services, and Truckee Meadows Fair Housing, all of Reno, Nevada.

9. U.S. Bancorp has been asked by Protestants to commit to initiating a number of activities in Nevada, including:

(1) making available a loan officer in Las Vegas to provide technical assistance and expertise to local non-profit groups supporting affordable housing;

(2) joining and providing financial support to the Nevada Community Reinvestment Corporation and a local affordable housing institution to be established in the fall of 1992;

(3) establishing lending goals based on the percentage of low- and moderate-income individuals and minorities located in the service area;

(4) establishing additional review procedures for denials of loan applications from under-represented groups in the service area;

(5) providing credit counseling and educational programs;

(6) opening new branches and refraining from closing existing branches in under-served areas; and

(7) devising a methodology for calculating charitable grants.

Protestants also have requested that the Board require, as a condition of approval of this application, that U.S. Bancorp make commitments directly to community groups, including Protestants.

10. The lending record in Nevada of U.S. Bancorp's nonbanking mortgage subsidiary, U.S. Bancorp Mortgage Company, has been criticized by Protestants on the basis of 1990 data submitted under the Home Mortgage Disclosure Act ("HMDA"). The CRA requires the Board, in reviewing applications filed under the BHC Act, to review the CRA records of performance of the insured depository institutions involved in the application. 12 U.S.C. §§ 2901, 2902(2); *see also The Mitsui Taiyo Kobe Bank, Limited*, 76 *Federal Reserve Bulletin* 563 n.4 (1990). Lending companies that are not insured depository institutions, such as mortgage companies, are not subject to the requirements of the CRA. In light of the other facts of record in this case, including the satisfactory records of performance of U.S. Bancorp's subsidiary banks — which are subject to the CRA — the Board believes that the lending record of U.S. Bancorp Mortgage Company does not in this case indicate that Bank will fail to abide by its obligations under the CRA if it is acquired by U.S. Bancorp.

11. Protestants cite comments in the most recent examination for CRA performance by the Office of the Comptroller of the Currency ("OCC") for U.S. Bank of Washington, noting that this bank's ability to meet the credit needs of its delineated community was limited by the lack of offices operating within certain areas of its service community, and that the closing of the bank's Castle Rock branch resulted in public criticism. The Board notes, however, that the OCC's examination found that this bank's delineation of its service area is reasonable and does not exclude low- and moderate-income areas, and that the closing of the Castle Rock branch was justified.

12. Protestants maintain that these deficiencies in Bank's CRA performance are particularly evident in the western part of Las Vegas and the city of North Las Vegas.

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

Agency CRA Statement 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.[14]

Record of Performance under the CRA

A. CRA Performance Examinations

The federal banking agencies have indicated in the Agency CRA Statement that a CRA examination is an important, and often controlling, factor in the consideration of an institution's CRA record.[15] In this case, the Board notes that all of U.S. Bancorp's subsidiary banks that have been examined for CRA performance have received "outstanding" or "satisfactory" ratings during the most recent examinations of their CRA performance.[16] In particular, U.S. Bancorp's lead subsidiary bank, U.S. National Bank of Oregon ("Oregon Bank"), received an "outstanding" rating for CRA performance from the OCC in January, 1992. Bank also received a satisfactory rating for CRA performance in its most recent examination.[17]

B. Corporate Policies

U.S. Bancorp has committed to implement at Bank the corporate policies and programs currently in place at its subsidiary banks. In addition, U.S. Bancorp has formalized a Community Reinvestment Action Plan for Bank ("CRA Plan"), that addresses issue specific to its CRA performance in Nevada.

U.S. Bancorp and its subsidiary banks have in place the type of policies outlined in the Agency CRA Statement that contribute to an effective CRA program. For example, U.S. Bancorp has established a CRA program to supervise and review the CRA programs of its subsidiary banks. Through its Community Investment Department, in conjunction with its Social Responsibility Department, U.S. Bancorp monitors the CRA programs of all subsidiary banks. In addition, U.S. Bancorp senior executives are apprised of the CRA programs and progress of subsidiary banks through a supervisory system that requires the CRA officers of each subsidiary bank to report to the Corporate CRA Manager, a senior vice president. The Corporate CRA Manager heads the Community Investment Department and reports to U.S. Bancorp's Executive Vice President and Manager of the Community, Legal and Government Affairs Division.

C. Ascertainment and Marketing Efforts

Community credit needs are ascertained by U.S. Bancorp subsidiaries through a multi-layered approach to community outreach. CRA activity reports, which record community contacts made by branch personnel and identify unmet community credit needs, are compiled by branch personnel and submitted to the Community Investment Department at the subsidiary bank. These reports are then coded, entered into a database, analyzed and summarized for presentation to bank management. U.S. Bancorp subsidiary banks use computer systems developed by the holding company to gather demographic information and develop market research for the individual communities served by these banks. For example, in order to enable its subsidiary banks to ascertain and address identified community credit needs, U.S. Bancorp tracks the geographic distribution of its subsidiary banks' credit applications, extensions, and denials, as well as the use of other credit products within a community.

Representatives of U.S. Bancorp subsidiary banks participate regularly in community forums attended by local leaders and civic and community groups to gather information on unmet community credit needs. The findings from these community forums are presented to the management and board of directors of the subsidiary bank, and used to modify and develop credit products to address identified credit needs.

U.S. Bancorp subsidiary banks also have several marketing strategies to publicize their credit products and services to their delineated community. For example, these banks use the Community Needs advertising program to specifically target small businesses, small farmers and low- and moderate-income individuals through traditional media and through specifically targeted approaches developed in consultation with "focus" groups. These focus groups, comprised primarily of low- and moderate-income individuals, minorities and small farmers, are conducted with the assistance of a professional mediator to pre-test advertising concepts and formulate strategies for marketing credit products and services effectively to these groups. Other market-

14. 54 *Federal Register* at 13,745.

15. *Id.*

16. U.S. Bancorp's subsidiary banks have received the following CRA ratings: U.S. Bank of California ("California Bank"), received an "outstanding" rating from the FDIC in July, 1991; U.S. Bank of Washington, N.A. ("Washington Bank"), received a "satisfactory" rating from the OCC in January, 1992; First National Bank of Spokane ("Spokane Bank"), received a "satisfactory" rating from the OCC in March, 1991; First National Bank of Oregon ("First National"), received a "satisfactory" rating from the OCC in March, 1991; and U.S. Bank of Southwest Washington ("Southwest Bank"), received a "satisfactory" rating from the FDIC in February, 1991. In addition, U.S. Bancorp's subsidiary thrift, U.S. Savings Bank of Washington, received a "satisfactory" rating from the Office of Thrift Supervision in March, 1990.

17. Bank received this rating from the FDIC in 1988, prior to its acquisition by BankAmerica in 1989. SP Bank received a "satisfactory" CRA performance rating from the OCC in May, 1989.

ing techniques used by U.S. Bancorp subsidiaries include direct sales calls, written sales materials, and educational programs and seminars.

U.S. Bancorp has committed to implement these ascertainment and marketing measures at Bank. In addition, the CRA Plan for Bank provides that Bank will ascertain community credit needs by participating in community forums and joining the Nevada Community Reinvestment Corporation. Bank has committed to meet quarterly through 1993 with community groups, including with SNRAHC and FUNND, and to continue regularly scheduled meetings thereafter on a quarterly or other agreed-upon basis.[18] The CRA Plan also provides that Bank will market its credit products and services to low- and moderate-income and minority groups through various forms of electronic and print media, including foreign-language publications.

D. Lending and Other Activities

U.S. Bancorp's ascertainment efforts have resulted in several programs that have assisted its subsidiary banks in meeting the credit needs of their communities, including low- and moderate-income areas. In particular, the HomePartners Mortgage Loan Program[19] and the FNMA Community Homebuyer's Program[20] combine home ownership education with flexible loan underwriting criteria, downpayment and closing costs assistance, and similar features to promote the availability of home ownership to low-income individuals.[21]

The Opportunity Loan Program provides commercial and consumer credit to low-income individuals and individuals without an established credit history at flexible terms to finance small businesses and consumer needs. In addition, revolving lines of credit are available to small businesses and farmers through the U.S. Creditline Business Account.[22] Other programs have responded to the identified regional credit needs of low- and moderate-income individuals.[23]

The CRA Plan provides that Bank will offer the HomePartners Program, the FNMA Community Homebuyer's Program, the Opportunity Loan Programs (commercial and consumer), and various government-sponsored or guaranteed loans, including SBA, VA, FMHA, and FHA loans. In addition, Bank will provide several bank services and credit products designed to account for the diverse customer base in Nevada. These programs include:

(1) dual language automated teller machines and customer service representatives;
(2) consumer banking and home-buying seminars;[24]
(3) low-cost checking and check-cashing services;[25]
(4) financing for manufactured housing; and
(5) small business and student loans.

Bank will also participate in consumer credit counseling programs and institute a formal review procedure of mortgage loan applications that may be rejected.[26]

The CRA Plan provides that Bank will follow certain procedures to implement the CRA programs used throughout the U.S. Bancorp system, including hiring a Community Investment Manager for Bank and training employees on CRA policies and procedures. The CRA Plan further provides that Bank will share information with Nevada community groups relating to successful affordable housing and community development programs at U.S. Bancorp affiliates, and that

18. Bank also has offered to meet with other community groups between its quarterly meetings with SNRAHC and FUNND.

19. The HomePartners program is operated in conjunction with the U.S. Department of Housing and Urban Development to help low- and moderate-income individuals purchase homes by:
(1) providing downpayment assistance;
(2) financing approximately half of the closing costs;
(3) financing repairs and energy efficiency improvements; and
(4) permitting applicants to establish credit histories through various means, including evidence of utility payments.

20. This program promotes home ownership by low- and moderate-income individuals by:
(1) permitting low downpayments;
(2) waiving the traditional requirement that the purchaser have a two-month cash reserve on hand at closing;
(3) permitting borrowers to dedicate up to 33 percent of their income to mortgage payments (as opposed to the traditional 28 percent); and
(4) permitting applicants to establish credit histories through various means, including evidence of utility payments.

21. Both programs are offered by Oregon Bank and Washington Bank, and the FNMA Community Homebuyer's Program is also offered by California Bank.

22. These three programs are offered by Oregon Bank, Washington Bank and California Bank.

23. Among these programs is a loan program to provide financing for purchasers of mobile homes in northern California; the Kings County Rent-to-Own Program (allowing low- and moderate-income individuals in Kings County, Washington, to accumulate a downpayment for home purchase through rent payments); and the Hood River Migrant Housing Program (a program developed with the State of Washington to provide funding for rehabilitation of the extensive migrant housing in Hood River County, Oregon).

24. Bank proposes to work with community groups to offer basic banking seminars on a regular basis, and to work with other banks to offer quarterly seminars on homebuying for first-time and low-income purchasers.

25. Bank will offer the following checking accounts and check-cashing services:
(1) "U-Check Account," which is offered for a monthly fee of $3.00, requires only a $1 minimum balance, and permits unlimited usage of Bank's automated teller machines;
(2) free checking accounts for nonprofit organizations;
(3) free checking accounts for individuals 62 years of age or older; and
(4) free check-cashing for customers and a $1 fee for noncustomers cashing government assistance checks.

26. Under this procedure, any downpayment assistance loan denied by an underwriter will be subject to a three-tiered review.

Bank will make corporate grants to entities that promote affordable housing in Bank's community.[27]

E. Conclusion Regarding Convenience and Needs Factors

The Board has carefully considered the entire record of this application, including the comments filed in this case, in reviewing the convenience and needs factors under the BHC Act. In this case, Protestants have raised concerns principally regarding Bank's current record of CRA performance and U.S. Bancorp's dedication to meeting the credit needs of low- and moderate-income neighborhoods in Nevada.

The Board recognizes that the record compiled in this application points to areas for improvement in the CRA performance of Bank, especially in housing-related and consumer lending. In this regard, the Board notes that Bank has had several owners within the last few years and that BankAmerica had a relatively short period of time to strengthen the CRA performance of Bank before committing to divest Bank as part of another transaction.[28] The steps U.S. Bancorp has committed to take in this proposal to improve Bank's CRA performance record are therefore an important aspect of the Board's consideration of the convenience and needs factor.

Many of these initiatives are modeled on programs currently in place at U.S. Bancorp's subsidiary banks. Protestants have noted various strengths in the CRA performance record of Oregon Bank, and the Board believes that the "outstanding" rating for CRA performance afforded Oregon Bank reflects U.S. Bancorp's willingness to address promptly areas where improvements can be made to help meet community credit needs. U.S. Bancorp has committed to implement at Bank the corporate policies and many of the specific programs that are currently in place at Oregon Bank, and to undertake initiatives in Nevada specifically designed to ascertain the credit needs of Nevada communities and to market products and services to low- and moderate-income areas in Nevada.

The CRA requires insured depository institutions in a multi-state banking organization to meet their CRA responsibilities in every state in which the organization operates an insured depository institution, not just in the home state of the lead bank subsidiary. Accordingly, U.S. Bancorp has indicated that it intends, and the Board expects U.S. Bancorp, to fulfill its CRA responsibilities in Nevada.

On the basis of all the facts of record, including information provided by Protestants and the CRA performance examinations by the banks' primary regulators, the Board concludes that convenience and needs considerations, including the CRA performance records of the relevant banks, are consistent with approval of this application. The Board expects U.S. Bancorp to implement fully at Bank the CRA initiatives and commitments discussed in this Order and contained in its application. U.S. Bancorp's progress in implementing these initiatives and commitments will be monitored by the Federal Reserve Bank of San Francisco and will be assessed in connection with any future applications to expand its deposit-taking facilities.[29]

Other Considerations

U.S. Bancorp does not operate a banking subsidiary in any banking market in Nevada. Based on all of the 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 any relevant banking market. The Board notes that U.S. Bancorp has recently raised capital to finance this acquisition and, upon consummation of this proposal, U.S. Bancorp's capital ratio will be well above the regulatory minimums. Based on these and other facts of record, the Board concludes that the financial and managerial resources and future prospects of U.S. Bancorp, its subsidiary banks, and Bank, and other factors required to be considered by the Board under the BHC Act also are consistent with approval of this proposal.

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 compli-

27. Bank has committed to make initial corporate grants to Neighborhood Housing Services of North Las Vegas, and Affordable Housing Shared Resource Program, an affordable housing program to be formed in Reno.

28. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 299 (1992).

29. Protestants have requested that the Board hold a public hearing or meeting on this application. The Board is not required under section 3 of the BHC Act to hold a public meeting or hearing unless the primary supervisor for the bank to be acquired does not approve the proposal. In this case, the primary supervisor for Bank has not objected to this proposal.

Under its rules, the Board may, in its discretion, hold a public hearing or meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 U.S.C. §§ 262.3(e) and 262.25(d). The Board has carefully considered these requests. Protestants have submitted substantial written comments that have been considered by the Board. In the Board's view, interested parties have had an ample opportunity to present written submissions, and in light of these submissions and all the facts of record, the Board has determined that a public meeting or hearing is not necessary to clarify the factual record in these applications, nor is it otherwise warranted in this case. Accordingly, the request by Protestants for a public meeting or hearing on this application is hereby denied.

ance with the commitments made by U.S. Bancorp 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 U.S. Bancorp 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 San Francisco, pursuant to delegated authority.

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

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

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

Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Bank Holding Company	Acquired Thrift	Surviving Bank(s)	Approval Date
ANB Corporation, Muncie, Indiana	American National Bank and Trust Company of Muncie, Muncie, Indiana	Muncie Federal Savings Bank, Muncie, Indiana	August 25, 1992
Belmont Bancorp, Bridgeport, Ohio	Belmont National Bank, St. Clairsville, Ohio	Diamond Savings and Loan Company, Findlay, Ohio	August 7, 1992
CNB, Inc., Lake City, Florida	Community National Bank, Lake City, Florida	Anchor Savings Bank, FSB, Hewlett, New York	August 26, 1992
The Colonial BancGroup, Inc., Montgomery, Alabama	Colonial Bank, Montgomery, Alabama	Home Federal Savings Bank, LaFayette, Alabama	August 7, 1992
First Banks, Inc., Creve Coeur, Missouri	First Bank, A Savings Bank, Clayton, Missouri	First Bank of Illinois, O'Fallon, Illinois	August 12, 1992
Great Lakes Financial Resources, Inc. Employee Stock Ownership Plan, Homewood, Illinois	Republic Savings Bank, F.S.B., Matteson, Illinois	Great Lakes Financial Resources, Inc., Homewood, Illinois	August 5, 1992
Puget Sound Bancorp, Tacoma, Washington	Olympic Savings Bank, Seattle, Washington	Puget Sound Savings Bank, Seattle, Washington	July 24, 1992
SouthTrust Corporation, Birmingham, Alabama	Citizens Savings Bank, Rocky Mount, North Carolina	SouthTrust Bank of Raleigh, N.A., Raleigh, North Carolina	August 27, 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 4

Applicant(s)	Bank(s)	Effective Date
Wachovia Corporation, Winston-Salem, North Carolina	Southeast Switch, Inc., Maitland, Florida	August 11, 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
Broadmoor Capital Corporation, Colorado Springs, Colorado	The Bank at Broadmoor, Colorado Springs, Colorado	Kansas City	August 13, 1992
Carolina First BancShares, Inc., Lincolnton, North Carolina	Cabarrus Bank of North Carolina, Inc., Concord, North Carolina	Richmond	August 19, 1992
Central Financial Corporation, Hutchinson, Kansas	Central Kansas Bankshares, Inc., Hutchinson, Kansas	Kansas City	August 7, 1992
CS Bancshares, Inc., Chillicothe, Missouri	Ray County Bank, Richmond, Missouri	Kansas City	August 7, 1992
First Community Bancshares, Inc., Bargersville, Indiana	Bargersville Federal Savings Bank, Bargersville, Indiana	Chicago	July 24, 1992
First Fidelity Bancorp, Inc., Oklahoma City, Oklahoma	City Bancorp of Norman, Inc., Norman, Oklahoma	Kansas City	August 7, 1992
First Financial Corporation, Terre Haute, Indiana	First Citizens of Paris, Inc., Paris, Illinois	Chicago	August 4, 1992
First State Bancorp of Princeton, Illinois, Inc., Princeton, Illinois	Security Chicago Corporation, Chicago, Illinois Ashton Bank and Trust Company, Ashton, Illinois	Chicago	August 24, 1992

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Fourth Financial Corporation, Wichita, Kansas	KNB Bancshares, Inc., Prairie Village, Kansas Mission Hills Bancshares, Inc., Mission Woods, Kansas	Kansas City	July 31, 1992
F.S.B., Inc., Superior, Nebraska	First Formoso, Inc., Mankato, Kansas	Kansas City	August 18, 1992
Marquette Bancshares, Inc., Minneapolis, Minnesota	Monticello Bancshares, Inc., Monticello, Minnesota Hutchinson Bancorp, Inc., Minneapolis, Minnesota Lakeville Financial Services, Inc., Minneapolis, Minnesota	Minneapolis	August 20, 1992
McVille Financial Services, Inc., McVille, North Dakota	McVille State Bank, McVille, North Dakota	Minneapolis	July 24, 1992
Mibank Corporation, Ypsilanti, Michigan	Bank of Ypsilanti, Ypsilanti, Michigan	Chicago	July 31, 1992
NGLC, Inc., Miami, Florida	Peoples National Bank of Commerce, Miami, Florida	Atlanta	August 19, 1992
P.N.B. Financial Corporation, Kingfisher, Oklahoma	Helena Bancshares, Inc., Helena, Oklahoma	Kansas City	August 26, 1992
Rockwood Bancshares, Inc., Eureka, Missouri	Rockwood Bank, Eureka, Missouri	St. Louis	August 4, 1992
Roscoe Financial Corporation, Roscoe, Texas	The Roscoe State Bank, Roscoe, Texas Roscoe (Delaware), Inc., Wilmington, Delaware	Dallas	July 24, 1992
Roscoe (Delaware), Inc., Wilmington, Delaware	The Roscoe State Bank, Roscoe, Texas	Dallas	July 24, 1992
Stockgrowers State Banc Corporation, Ashland, Kansas	Stockgrowers State Bank, Ashland, Kansas	Kansas City	August 11, 1992
Summit Bancorp, Inc., Johnstown, Pennsylvania	The First National Bank of Lilly, Lilly, Pennsylvania	Philadelphia	July 30, 1992
Sun Banc, Corp., Sunray, Texas	Sun Banc Delaware Corp., Dover, Delaware Sunray State Bank, Sunray, Texas	Dallas	August 17, 1992
Union Planters Corporation, Memphis, Tennessee	Bank of Commerce, Woodbury, Tennessee	St. Louis	August 11, 1992
USBANCORP, Inc., Johnstown, Pennsylvania	Community Bancorp, Inc., Monroeville, Pennsylvania	Philadelphia	July 30, 1992

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Western Washington Bancorp, Federal Way, Washington	Washington State Bank, Federal Way, Washington	San Francisco	August 20, 1992
Winton Jones Limited Partnership, Wayzata, Minnesota	Anchor Bancorp, Inc., Wayzata, Minnesota	Minneapolis	July 24, 1992

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
The Bank of New York Company, Inc., New York, New York	limited partnership interest in New York Equity Fund 1992 Limited Partnership	New York	August 10, 1992
Brooke Holdings, Inc., Jewell, Kansas	First State Management Corporation, d/b/a First Insurance Service, Salina, Kansas	Kansas City	July 30, 1992
Cardinal Bancshares, Inc., Lexington, Kentucky	First Federal Savings Bank, Pineville, Kentucky	Cleveland	August 20, 1992
Central Bancshares, Inc., Cambridge, Nebraska	Emmett Insurance Agency, Arapahoe, Nebraska	Kansas City	August 12, 1992
First Union Corporation, Charlotte, North Carolina	Southeast Switch, Inc., Maitland, Florida	Richmond	August 10, 1992
PNC Financial Corp, Pittsburgh, Pennsylvania	Sunrise Bancorp, Inc., Fort Mitchell, Kentucky Sunrise Bank for Savings, F.S.B., Fort Mitchell, Kentucky	Cleveland	July 29, 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
BancFirst, Oklahoma City, Oklahoma	The First State Bank, Stroud, Oklahoma	Kansas City	July 28, 1992
City Center Bank of Colorado, Aurora, Colorado	Security Bank of Colorado, Aurora, Colorado	Kansas City	August 5, 1992
Fleet Bank of New York, Albany, New York	Fleet Bank of New York, N.A., Buffalo, New York	New York	August 21, 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.

Castro v. Board of Governors, No. 92–1764 (D. District of Columbia, filed July 29, 1992). Freedom of Information Act case.

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 granted August 10, 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.

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. On August 19, 1992, the court granted petitioner First Interstate's motion for a stay of 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

The Buffalo Bank
Eleanor, West Virginia

The Federal Reserve Board announced on August 14, 1992, the issuance of a Cease and Desist Order against The Buffalo Bank, Eleanor, West Virginia.

Marshall County Bankshares, Inc.
Beattie, Kansas

The Federal Reserve Board announced on August 26, 1992, the issuance of a Cease and Desist Order against Marshall County Bankshares, Inc., Beattie, Kansas, and Edwin L. Nutt, an institution-affiliated party of Marshall County Bankshares, Inc.

Thirty Second Avenue Corporation
Wheat Ridge, Colorado

The Federal Reserve Board announced on August 25, 1992, the issuance of a Cease and Desist Order against Thirty Second Avenue Corporation, Wheat Ridge, Colorado.

Claudia Zeisberger
New York, New York

The Federal Reserve Board announced on August 25, 1992, the issuance of an Order of Prohibition against Claudia Zeisberger, an institution-affiliated party of the Dresdner Bank, New York, New York.

Written Agreements Approved by Federal Reserve Banks

American Bank & Trust of Polk County
Lake Wales, Florida

The Federal Reserve Board announced on August 14, 1992, the execution of a Written Agreement among the Federal Reserve Bank of Atlanta, the State Comptroller and Banking Commissioner of the State of Florida, and the American Bank & Trust of Polk County, Lake Wales, Florida.

Baltimore Bancorp
Baltimore, Maryland

The Federal Reserve Board announced on August 5, 1992, the execution of a Written Agreement among the Federal Reserve Bank of Richmond, the Bank Commissioner of the State of Maryland, and Baltimore Bancorp, Baltimore, Maryland.

First American Bank
Rosemead, California

The Federal Reserve Board announced on August 5, 1992, the execution of a Written Agreement between the Federal Reserve Bank of San Francisco and the First American Bank, Rosemead, California.

Home Port Bancorp, Inc.
Nantucket, Massachusetts

The Federal Reserve Board announced on August 6, 1992, the execution of a Written Agreement between the Federal Reserve Bank of Boston and Home Port Bancorp, Inc., Nantucket, Massachusetts.

UST Corp.
Boston, Massachusetts

The Federal Reserve Board announced on August 6, 1992, the execution of a Written Agreement among the Federal Reserve Bank of Boston, the Office of the Commissioner of Banks of the Commonwealth of Massachusetts and UST Corp., Boston, Massachusetts.

Financial and Business Statistics

CONTENTS

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

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

GENERAL INFORMATION

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

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

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

1.11 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						
	May	June	July	June 17	June 24	July 1	July 8	July 15	July 22	July 29
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	306,356	310,961r	313,136	309,859	312,505	311,733	314,324	312,811	313,813	311,824
U.S. government securities[2]										
2 Bought outright—System account	267,310	274,177	274,511	274,103	274,553	274,905	273,040	275,054	275,186	274,415
3 Held under repurchase agreements	2,380	706	772	0	1,666	0	2,358	0	1,061	0
Federal agency obligations										
4 Bought outright	5,879	5,717	5,677	5,719	5,719	5,710	5,710	5,701	5,683	5,625
5 Held under repurchase agreements	102	33	7	0	26	0	4	0	27	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	57	75	87	21	56	224	312	24	9	15
8 Seasonal credit	99	149	202	131	168	191	183	190	208	222
9 Extended credit	0	0	0	0	0	1	0	0	0	0
10 Float	356	387r	517	310	395	356	1,506	419	286	389
11 Other Federal Reserve assets	30,174	29,715r	31,362	29,576	29,922	30,346	31,212	31,423	31,352	31,157
12 Gold stock	11,057	11,058	11,060	11,057	11,059	11,060	11,060	11,060	11,060	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	21,191	21,241	21,302	21,238	21,252	21,266	21,280	21,294	21,308	21,322
ABSORBING RESERVE FUNDS										
15 Currency in circulation	308,110	310,194	313,769	310,452	310,125	310,281	313,299	314,473	313,942	313,487
16 Treasury cash holdings	692	639	594	627	619	611	606	602	586	583
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,108	6,904	5,666	6,657	8,136	8,434	6,133	5,245	5,231	5,562
18 Foreign	212	216	236	228	200	207	253	209	264	226
19 Service-related balances and adjustments	5,249	5,282	5,534	5,299	5,311	5,330	5,399	5,404	5,933	5,446
20 Other	261	259	233	265	230	250	229	236	233	236
21 Other Federal Reserve liabilities and capital	8,227	8,361	8,493	8,226	8,209	8,482	9,218	8,289	8,185	8,178
22 Reserve balances with Federal Reserve Banks[3]	20,764	21,423r	20,991	20,418	22,005	20,482	21,545	20,723	21,824	20,505

Factor	End-of-month figures			Wednesday figures						
	1992			1992						
	May	June	July	June 17	June 24	July 1	July 8	July 15	July 22	July 29
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	306,376	314,761	313,931	309,879	315,807	312,797	318,799	314,408	316,940	311,903
U.S. government securities[2]										
2 Bought outright—System account	270,808	276,883	275,969	274,186	276,743	276,528	272,464	276,422	277,525	274,554
3 Held under repurchase agreements	244	0	0	0	2,453	0	6,950	0	1,840	0
Federal agency obligations										
4 Bought outright	5,750	5,710	5,625	5,719	5,719	5,710	5,710	5,690	5,675	5,625
5 Held under repurchase agreements	0	0	0	0	61	0	31	0	63	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	22	1,173	29	88	58	135	1,704	12	17	14
8 Seasonal credit	128	185	227	143	179	186	176	198	214	229
9 Extended credit	0	1	0	0	0	0	0	0	0	0
10 Float	376	−166r	305	65	469	−760	435	764	486	128
11 Other Federal Reserve assets	29,048	30,975	31,776	29,678	30,125	30,997	31,327	31,322	31,124	31,351
12 Gold stock	11,057	11,060	11,059	11,060	11,060	11,060	11,059	11,060	11,059	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	21,210	21,257	21,286	21,233	21,245	21,257	21,263	21,268	21,274	21,280
ABSORBING RESERVE FUNDS										
15 Currency in circulation	309,719	310,935	314,338	310,472	309,984	311,530	314,350	314,441	313,704	313,852
16 Treasury cash holdings	682	612	578	620	612	606	605	586	584	578
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,583	13,630	6,923	9,858	7,649	7,684	7,396	4,708	5,041	5,365
18 Foreign	217	219	264	447	213	204	202	207	374	206
19 Service-related balances and adjustments	5,249	5,330r	5,473	5,299	5,311	5,330	5,399	5,404	5,933	5,446
20 Other	224	249	220	263	218	244	219	244	218	219
21 Other Federal Reserve liabilities and capital	8,716	9,415	8,846	8,025	8,034	9,089	8,101	8,059	8,003	8,047
22 Reserve balances with Federal Reserve Banks[3]	18,270	16,705r	19,651	17,206	26,108	20,443	24,865	23,105	25,439	20,546

1. For amounts of cash held as reserves, see table 1.12.
2. Includes securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and excludes 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	1992						
	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
1 Reserve balances with Reserve Banks[2]	35,436	30,237	26,659	25,416	24,918	28,057	22,655	21,071	21,223[r]	21,203
2 Total vault cash[3]	29,828	31,786	32,513	34,135	34,218	31,647	31,071	31,197	31,729	32,145
3 Applied vault cash[4]	27,374	28,884	28,872	30,396	30,320	28,225	27,800	27,754	28,273	28,617
4 Surplus vault cash[5]	2,454	2,903	3,641	3,739	3,897	3,422	3,271	3,442	3,456	3,528
5 Total reserves[6]	62,810	59,120	55,532	55,812	55,238	56,282	50,455	48,825	49,496	49,820
6 Required reserves	61,887	57,456	54,553	54,809	54,174	55,254	49,318	47,825	48,584	48,857
7 Excess reserve balances at Reserve Banks[7]	923	1,664	979	1,003	1,065	1,028	1,137	1,000	913[r]	963
8 Total borrowings at Reserve Banks[8]	265	326	192	233	77	91	90	155	229	284
9 Seasonal borrowings	84	76	38	17	22	32	47	98	149	203
10 Extended credit[9]	20	23	1	1	2	2	2	0	0	0
	Biweekly averages of daily figures for weeks ending									
	1992									
	Apr. 1	Apr. 15	Apr. 29	May 13	May 27	June 10	June 24	July 8[r]	July 22	Aug. 5
1 Reserve balances with Reserve Banks[2]	27,578	22,885	22,137	21,746	20,356	21,374	21,205	21,014	21,277	21,255
2 Total vault cash[3]	32,414	30,456	31,643	30,346	32,069	30,909	31,946	32,589	32,233	31,613
3 Applied vault cash[4]	28,826	27,353	28,225	27,091	28,418	27,591	28,487	28,910	28,779	28,106
4 Surplus vault cash[5]	3,588	3,103	3,418	3,256	3,651	3,318	3,459	3,679	3,455	3,507
5 Total reserves[6]	56,403	50,238	50,362	48,836	48,774	48,965	49,692	49,924	50,056	49,361
6 Required reserves	54,788	49,174	49,150	48,209	47,277	48,492	48,521	48,884	49,106	48,447
7 Excess reserve balances at Reserve Banks[7]	1,616	1,065	1,212	628	1,497	474	1,171	1,041	950	914
8 Total borrowings at Reserve Banks[8]	117	56	118	153	157	152	188	455	215	241
9 Seasonal borrowings	38	37	57	75	113	125	150	187	199	222
10 Extended credit[9]	1	1	4	0	0	0	0	1	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover.
2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.
3. Total "lagged" vault cash held by depository institutions subject to reserve requirements. Dates refer to the maintenance periods during which the vault cash can be used to satisfy reserve requirements. 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								
	May 4	May 11	May 18	May 25	June 1	June 8	June 15	June 22	June 29
Federal funds purchased, repurchase agreements, and other selected borrowings									
From commercial banks in the United States									
1 For one day or under continuing contract	77,493[r]	75,709[r]	76,762[r]	73,444[r]	78,200	83,382	81,370	75,529	69,203
2 For all other maturities	16,836[r]	16,794[r]	16,661[r]	17,020[r]	16,650	16,718	16,837	16,753	16,565
From other depository institutions, foreign banks and official institutions, and U.S. government agencies									
3 For one day or under continuing contract	21,470	17,550	16,367	18,994	19,084	16,666	18,482	17,430	17,993
4 For all other maturities	20,338	21,792	21,629	21,853	20,606	19,451	19,159	18,682	18,944
Repurchase agreements on U.S. government and federal agency securities									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	9,202[r]	8,897[r]	9,369[r]	8,482[r]	9,065	10,372	10,120	10,607	10,042
6 For all other maturities	17,546[r]	18,170[r]	17,151[r]	17,794[r]	17,176	16,448	17,150	16,764	14,628
All other customers									
7 For one day or under continuing contract	23,624	23,402	23,112	23,685	23,623	22,960	23,674	23,811	24,559
8 For all other maturities	12,515	12,791	12,996	13,212	12,714	12,116	12,008	12,655	13,030
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	45,909	42,793	49,154	43,918	49,117	48,667	46,630	44,892	44,267
10 To all other specified customers[2]	24,798	21,236	17,655	17,239	16,514	18,902	22,520	21,146	18,872

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 8/28/92	Effective date	Previous rate	On 8/28/92	Effective date	Previous rate	On 8/28/92	Effective date	Previous rate
Boston	3	7/2/92	3.5	3.30	8/20/92	3.30	3.80	8/20/92	3.80
New York	↑	7/2/92	↑	↑	8/20/92	↑	↑	8/20/92	↑
Philadelphia		7/2/92			8/20/92			8/20/92	
Cleveland		7/6/92			8/20/92			8/20/92	
Richmond		7/2/92			8/20/92			8/20/92	
Atlanta		7/2/92			8/20/92			8/20/92	
Chicago		7/2/92			8/20/92			8/20/92	
St. Louis		7/7/92			8/20/92			8/20/92	
Minneapolis		7/2/92			8/20/92			8/20/92	
Kansas City		7/2/92			8/20/92			8/20/92	
Dallas	↓	7/2/92	↓	↓	8/20/92	↓	↓	8/20/92	↓
San Francisco	3	7/2/92	3.5	3.30	8/20/92	3.30	3.80	8/20/92	3.80

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 Aug. 28, 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					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
U.S. Treasury Securities										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	14,284	24,739	20,158	837	0	123	505	0	4,110	306
2 Gross sales	12,818	7,291	120	0	1,628	0	0	0	0	0
3 Exchanges	231,211	241,086	277,314	21,967	26,750	24,435	21,674	27,526	24,275	22,392
4 Redemptions	12,730	4,400	1,000	0	1,600	0	0	0	45	0
Others within one year										
5 Gross purchases	327	425	3,043	0	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	1,570	1,298	6,020	2,552	1,100	3,754	2,152
8 Exchanges	−25,783	−27,424	−28,090	−3,562	−989	−2,742	−2,512	−1,863	−5,225	−1,854
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	300	0	1,027	1,425	0	0	2,278
11 Gross sales	490	200	0	0	0	0	0	0	0	0
12 Maturity shifts	−25,534	−21,770	−21,211	−1,570	−1,174	−6,020	−2,552	−877	−2,113	−3,447
13 Exchanges	23,250	25,410	24,594	3,562	539	2,292	2,512	1,484	4,311	1,854
Five to ten years										
14 Gross purchases	287	0	1,280	0	0	0	0	0	0	597
15 Gross sales	29	100	0	0	0	0	0	0	0	0
16 Maturity shifts	−2,231	−2,186	−2,037	0	−124	0	0	−223	−346	0
17 Exchanges	1,934	789	2,894	0	451	300	0	379	614	0
More than ten years										
18 Gross purchases	284	0	375	0	0	0	0	0	0	655
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	0	0	150	0	0	300	0
All maturities										
22 Gross purchases	16,617	25,414	31,439	1,137	0	1,150	1,930	0	4,310	3,836
23 Gross sales	13,337	7,591	120	0	1,628	0	0	0	0	0
24 Redemptions	13,230	4,400	1,000	0	1,600	0	0	0	45	0
Matched transactions										
25 Gross sales	1,323,480	1,369,052	1,570,456	118,127	136,922	123,000	128,230	125,999	118,972	126,977
26 Gross purchases	1,326,542	1,363,434	1,571,534	118,263	136,282	124,654	126,673	128,149	117,524	129,216
Repurchase agreements[2]										
27 Gross purchases	129,518	219,632	310,084	51,345	21,412	9,824	48,758	18,432	38,777	10,792
28 Gross sales	132,688	202,551	311,752	36,000	33,228	13,353	46,953	20,237	38,533	11,036
29 Net change in U.S. government securities	−10,055	24,886	29,729	16,619	−15,684	−725	2,178	345	3,062	5,831
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	45	85	0	0	49	115	40
Repurchase agreements[2]										
33 Gross purchases	38,835	41,836	22,807	1,744	390	571	1,640	224	1,281	402
34 Gross sales	40,411	40,461	23,595	1,191	808	706	1,640	224	1,281	402
35 Net change in federal agency obligations	−2,018	1,192	−1,085	508	−503	−135	0	−49	−115	−40
36 Total net change in System Open Market Account	**−12,073**	**26,078**	**28,644**	**17,127**	**−16,186**	**−860**	**2,178**	**295**	**2,946**	**5,791**

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

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					End of Month		
	1992					1992		
	July 1	July 8	July 15	July 22	July 29	May 31	June 30	July 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,060	11,059	11,060	11,059	11,059	11,057	11,060	11,059
2 Special drawing rights certificate account	10,018	10,018	10,018	10,018	10,018	10,018	10,018	10,018
3 Coin	487	471	470	469	478	492	482	477
Loans								
4 To depository institutions	322	1,881	210	231	244	150	1,359	256
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	5,710	5,710	5,690	5,675	5,625	5,750	5,710	5,625
8 Held under repurchase agreements	0	31	0	63	0	0	0	0
9 Total U.S. Treasury securities	**276,528**	**279,414**	**276,422**	**279,365**	**274,554**	**271,052**	**276,883**	**275,969**
10 Bought outright[2]	276,528	272,464	276,422	277,525	274,554	270,808	276,883	275,969
11 Bills	136,494	132,430	136,388	137,492	134,520	134,304	136,849	135,935
12 Notes	106,974	106,974	106,974	106,974	106,974	104,160	106,974	106,974
13 Bonds	33,059	33,059	33,059	33,059	33,059	32,343	33,059	33,059
14 Held under repurchase agreements	0	6,950	0	1,840	0	244	0	0
15 Total loans and securities	**282,560**	**287,036**	**282,322**	**285,335**	**280,422**	**276,952**	**283,952**	**281,849**
16 Items in process of collection	6,153	5,192	6,246	5,213	5,056	4,754	7,216	4,428
17 Bank premises	1,026	1,028	1,029	1,028	1,028	1,021	1,026	1,014
Other assets								
18 Denominated in foreign currencies[3]	24,489	24,524	24,576	24,074	24,105	23,099	24,487	24,734
19 All other[4]	5,531	6,112	5,784	6,048	6,209	4,901	5,517	6,113
20 Total assets	**341,323**	**345,440**	**341,504**	**343,245**	**338,375**	**332,293**	**343,757**	**339,692**
LIABILITIES								
21 Federal Reserve notes	291,367	294,164	294,228	293,483	293,627	289,684	290,772	294,107
22 Total deposits	**35,126**	**38,101**	**33,790**	**43,139**	**32,152**	**29,527**	**36,839**	**40,270**
23 Depository institutions	26,994	30,284	28,631	31,304	26,362	23,503	22,740	25,302
24 U.S. Treasury—General account	7,684	7,396	4,708	5,041	5,365	5,583	13,630	6,923
25 Foreign—Official accounts	204	202	207	374	206	217	219	264
26 Other	244	219	244	218	219	224	249	220
27 Deferred credit items	5,741	5,074	5,426	−1,380	4,550	4,367	6,732	−3,531
28 Other liabilities and accrued dividends[5]	1,901	2,020	1,941	1,888	1,858	2,089	1,908	1,988
29 Total liabilities	**334,135**	**339,359**	**335,386**	**337,130**	**332,187**	**325,667**	**336,251**	**332,834**
CAPITAL ACCOUNTS								
30 Capital paid in	2,849	2,876	2,885	2,908	2,930	2,813	2,832	2,931
31 Surplus	2,652	2,652	2,652	2,652	2,652	2,652	2,652	2,652
32 Other capital accounts	1,688	554	582	556	607	1,162	2,023	1,276
33 Total liabilities and capital accounts	**341,323**	**345,440**	**341,504**	**343,245**	**338,375**	**332,293**	**343,757**	**339,692**
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts	279,370	280,147	284,624	288,655	282,395	276,920	279,403	291,950
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Bank)	362,193	361,749	361,896	361,476	361,148	360,961	362,337	360,881
36 LESS: Held by Federal Reserve Bank	70,825	67,586	67,668	67,994	67,521	71,277	71,565	66,774
37 Federal Reserve notes, net	291,367	294,164	294,228	293,483	293,627	289,684	290,772	294,107
Collateral held against notes, net:								
38 Gold certificate account	11,060	11,059	11,060	11,059	11,059	11,057	11,060	11,059
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	270,290	273,086	273,151	272,405	272,550	268,609	269,694	273,030
42 Total collateral	**291,367**	**294,164**	**294,228**	**293,483**	**293,627**	**289,684**	**290,772**	**294,107**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding[1]

Millions of dollars

Type and maturity grouping	Wednesday					End of month		
	1992					1992		
	July 1	July 8	July 15	July 22	July 29	May 29	June 30	July 31
1 **Total loans**	**322**	**1881**	**210**	**231**	**244**	**150**	**1,360**	**256**
2 Within fifteen days	204	1757	65	210	207	104	1,277	125
3 Sixteen days to ninety days	118	124	145	21	37	47	82	131
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**	**276,528**	**279,414**	**276,422**	**279,365**	**274,554**	**270,808**	**276,883**	**275,969**
10 Within fifteen days[2]	14,081	14,994	13,254	18,406	13,849	7,584	9,835	9,389
11 Sixteen days to ninety days	65,771	66,619	65,272	63,477	66,856	72,122	70,373	68,366
12 Ninety-one days to one year	88,814	89,939	90,141	89,727	86,095	85,703	88,814	89,667
13 One year to five years	66,100	66,100	66,273	66,273	66,273	64,889	66,100	67,064
14 Five years to ten years	16,212	16,212	15,932	15,932	15,932	15,615	16,212	15,932
15 More than ten years	25,549	25,549	25,549	25,549	25,549	24,894	25,549	25,549
16 **Total federal agency obligations**	**5,710**	**5,741**	**5,690**	**5,738**	**5,625**	**5,750**	**5,710**	**5,625**
17 Within fifteen days[2]	12	108	80	226	98	321	222	98
18 Sixteen days to ninety days	721	861	851	753	836	496	721	836
19 Ninety-one days to one year	1,511	1,306	1,316	1,316	1,297	1,460	1,301	1,297
20 One year to five years	2,557	2,557	2,532	2,532	2,483	2,577	2,557	2,483
21 Five years to ten years	755	755	757	757	757	742	755	757
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 Dec.	1992 Jan.	1992 Feb.	1992 Mar.	1992 Apr.	1992 May	1992 June	1992 July
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 Total reserves[3]	40.47	40.56	41.83	45.60	45.60	46.19	47.75	48.48	49.00	49.49	49.23	49.49
2 Nonborrowed reserves[4]	38.75	40.29	41.51	45.41	45.41	45.95	47.67	48.38	48.91	49.34	49.00	49.20
3 Nonborrowed reserves plus extended credit[5]	40.00	40.31	41.53	45.41	45.41	45.95	47.67	48.39	48.91	49.34	49.00	49.20
4 Required reserves	39.42	39.64	40.17	44.62	44.62	45.18	46.68	47.45	47.86	48.49	48.32	48.52
5 Monetary base[6]	256.97	267.77	293.29	317.25	317.25	319.70	323.41	324.51	326.50	328.58	329.64[r]	332.25
	Not seasonally adjusted											
6 Total reserves[7]	41.65	41.77	43.07	46.97	46.97	47.35	46.85	47.69	50.01	48.62	49.25	49.52
7 Nonborrowed reserves	39.93	41.51	42.74	46.78	46.78	47.11	46.77	47.59	49.92	48.47	49.02	49.24
8 Nonborrowed reserves plus extended credit[5]	41.17	41.53	42.77	46.78	46.78	47.11	46.77	47.60	49.93	48.47	49.02	49.24
9 Required reserves[8]	40.60	40.85	41.40	46.00	46.00	46.34	45.78	46.66	48.88	47.62	48.33	48.56
10 Monetary base[9]	260.41	271.18	296.68	321.06	321.06	320.43	320.38	322.69	327.45	328.37	330.93[r]	334.09
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	63.75	62.81	59.12	55.53	55.53	55.81	55.24	56.28	50.45	48.82	49.50	49.82
12 Nonborrowed reserves	62.03	62.54	58.79	55.34	55.34	55.58	55.16	56.19	50.36	48.67	49.27	49.54
13 Nonborrowed reserves plus extended credit[5]	63.27	62.56	58.82	55.34	55.34	55.58	55.16	56.19	50.37	48.67	49.27	49.54
14 Required reserves	62.70	61.89	57.46	54.55	54.55	54.81	54.17	55.25	49.32	47.82	48.58	48.86
15 Monetary base[12]	283.00	292.55	313.70	333.61	333.61	333.09	333.19	335.82	332.69	333.79	336.43[r]	339.86
16 Excess reserves[13]	1.05	.92	1.66	.98	.98	1.00	1.06	1.03	1.14	1.00	.91	.96
17 Borrowings from the Federal Reserve	1.72	.27	.33	.19	.19	.23	.08	.09	.09	.15	.23	.28

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 Apr.	1992 May[r]	1992 June[r]	1992 July
	Seasonally adjusted							
Measures[2]								
1 M1	786.9	794.1	826.1	898.1	942.8	954.3	951.8	960.9
2 M2	3,071.1	3,227.3	3,339.0	3,439.9[r]	3,470.2	3,472.1	3,463.1	3,460.3
3 M3	3,923.1	4,059.8	4,114.6	4,171.0[r]	4,177.7	4,177.7	4,166.3	4,161.9
4 L	4,677.9	4,891.7	4,966.6	4,989.8[r]	5,012.2	5,005.0	5,018.3	n.a.
5 Debt	9,316.1	10,060.0	10,747.0	11,203.7[r]	11,376.6	11,425.5	11,477.7	n.a.
M1 components								
6 Currency[3]	212.3	222.6	246.8	267.3	273.6	274.7	276.2	279.0
7 Travelers checks[4]	7.5	7.4	8.3	8.2	8.0	8.0	7.9	7.8
8 Demand deposits[5]	286.5	279.0	277.1	289.5	311.2	315.1	311.0	315.6
9 Other checkable deposits[6]	280.6	285.1	293.9	333.2	350.0	356.5	356.7	358.5
Nontransaction components								
10 In M2[7]	2,284.2	2,433.2	2,512.9	2,541.8[r]	2,527.4	2,517.8	2,511.3	2,499.5
11 In M3[8]	852.0	832.5	775.6	731.1[r]	707.5	705.7	703.3	701.6
Commercial banks								
12 Savings deposits, including MMDAs	542.7	541.4	581.9	664.9	703.2	707.9	710.7	716.3
13 Small time deposits[9]	447.0	531.0	606.4	598.5	566.0	558.1	551.6	543.8
14 Large time deposits[10, 11]	366.9	398.2	374.0	354.0	331.9	329.7	325.5	319.1
Thrift institutions								
15 Savings deposits, including MMDAs	383.5	349.7	338.8	377.7	408.0	414.4	416.2	418.0
16 Small time deposits[9]	585.9	617.5	562.3	464.5	419.5	411.1	404.9	398.1
17 Large time deposits[10]	174.3	161.1	120.9	83.1	73.8	71.3	69.8	69.5
Money market mutual funds								
18 General purpose and broker–dealer	241.9	316.3	348.9	360.5	354.1	355.0	353.3	349.8
19 Institution-only	91.0	107.2	133.7	179.1	189.2	194.8	199.7	207.7
Debt components								
20 Federal debt	2,101.5	2,249.8	2,493.6	2,767.2	2,863.2	2,893.4	2,929.9	n.a.
21 Nonfederal debt	7,214.6	7,810.2	8,253.3	8,436.5[r]	8,513.3	8,532.2	8,547.7	n.a.
	Not seasonally adjusted							
Measures[2]								
22 M1	804.1	811.9	844.1	917.3	954.7	944.0	952.2	963.3
23 M2	3,083.8	3,240.0	3,351.9	3,453.7[r]	3,488.2	3,454.4	3,459.0	3,463.4
24 M3	3,934.7	4,070.3	4,124.7	4,181.7[r]	4,194.5	4,163.4	4,163.5	4,162.9
25 L	4,694.9	4,911.0	4,986.4	5,010.1[r]	5,027.1	4,988.4	5,005.4	n.a.
26 Debt	9,301.5	10,045.6	10,734.2	11,190.3[r]	11,339.7	11,381.3	11,430.1	n.a.
M1 components								
27 Currency[3]	214.8	225.3	249.5	270.0	273.4	275.7	277.3	280.8
28 Travelers checks[4]	6.9	6.9	7.8	7.7	7.6	7.7	8.2	8.6
29 Demand deposits[5]	298.9	291.5	289.9	303.0	312.9	307.5	310.6	317.2
30 Other checkable deposits[6]	283.5	288.1	296.9	336.5	360.8	353.1	356.1	356.7
Nontransaction components								
31 In M2[7]	2,279.7	2,428.1	2,507.8	2,536.5[r]	2,533.5	2,510.3	2,506.8	2,500.1
32 In M3[8]	850.8	830.3	772.8	728.0[r]	706.2	709.0	704.5	699.5
Commercial banks								
33 Savings deposits, including MMDAs	543.8	543.0	580.0	662.4	706.1	707.9	714.1	719.9
34 Small time deposits[9]	446.0	529.5	606.3	598.7	565.5	556.4	549.6	543.6
35 Large time deposits[10, 11]	365.9	397.1	373.0	352.8	330.9	330.9	326.9	318.9
Thrift institutions								
36 Savings deposits, including MMDAs	381.1	347.6	337.7	376.3	409.6	414.4	418.2	420.1
37 Small time deposits[9]	584.9	616.0	562.2	464.6	419.1	409.8	403.4	397.9
38 Large time deposits[10]	175.2	162.0	120.6	82.8	73.6	71.5	70.1	69.4
Money market mutual funds								
39 General purpose and broker–dealer	240.8	314.6	346.8	358.1	360.4	352.3	348.9	345.4
40 Institution-only	91.4	107.8	134.4	180.3	190.9	195.5	195.7	202.2
Repurchase agreements and eurodollars								
41 Overnight	83.2	77.5	74.7	76.3[r]	72.8	69.5	72.6	73.3
42 Term	227.4	178.5	158.3	127.7[r]	127.2	126.2	126.0	123.3
Debt components								
43 Federal debt	2,098.9	2,247.5	2,491.3	2,765.0	2,863.5	2,884.1	2,912.2	n.a.
44 Nonfederal debt	7,202.5	7,798.1	8,242.9	8,425.3[r]	8,476.3	8,497.2	8,518.0	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				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	256,150.4	277,916.3	281,050.1	293,941.3	306,523.0	298,098.7	305,837.0	315,651.2	292,177.4
2 Major New York City banks	129,319.9	131,784.0	140,905.5	149,502.5	161,915.3	154,751.0	164,171.5	167,177.5	154,225.3
3 Other banks	126,830.5	146,132.3	140,144.6	144,438.8	144,607.7	143,347.7	141,665.5	148,473.7	137,952.1
4 ATS-NOW accounts[4]	2,910.5	3,349.6	3,624.6	3,786.5	3,719.4	3,787.2	3,670.2	3,957.0	3,552.6
5 Savings deposits[5]	547.5	558.8	1,377.4	3,296.1	3,089.7	3,142.5	3,361.0	3,356.5	3,241.4
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	735.1	800.6	817.6	841.8	870.1	817.6	832.5	857.4	771.2
7 Major New York City banks	3,421.5	3,804.1	4,391.9	4,657.4	4,997.4	4,633.3	4,974.4	5,029.1	4,438.0
8 Other banks	408.3	467.7	449.6	453.9	452.1	432.8	423.7	443.3	400.9
9 ATS-NOW accounts[4]	15.2	16.5	16.1	15.7	15.1	15.1	14.5	15.6	13.7
10 Savings deposits[5]	3.0	2.9	3.3	5.0	4.7	4.7	4.9	4.7	4.4
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	256,133.2	277,400.0	280,922.8	301,642.6	306,706.9	276,158.6	313,513.5	314,388.6	290,950.2
12 Major New York City banks	129,400.1	131,784.7	140,563.0	153,462.8	158,932.3	143,476.0	168,122.2	164,994.4	153,163.7
13 Other banks	126,733.0	145,615.3	140,359.7	148,179.8	147,774.6	132,682.6	145,391.3	149,394.3	137,786.5
14 ATS-NOW accounts[4]	2,910.7	3,342.2	3,622.4	3,841.0	4,130.2	3,450.5	3,747.2	4,104.5	3,515.5
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	3,331.1	3,364.7	2,872.0	3,363.7	3,459.2	3,031.2
DEPOSIT TURNOVER									
Demand deposits[3]									
17 All insured banks	735.4	799.6	817.5	823.7	851.5	778.4	878.2	849.3	785.8
18 Major New York City banks	3,426.2	3,810.0	4,370.1	4,461.1	4,633.6	4,387.6	5,308.9	5,042.4	4,551.3
19 Other banks	408.0	466.3	450.6	445.1	453.6	412.0	446.9	442.7	409.3
20 ATS-NOW accounts[4]	15.2	16.4	16.1	15.7	16.4	13.7	14.7	15.7	13.7
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	5.1	5.1	4.2	4.9	4.9	4.3

1. Historical tables containing revised data for earlier periods can be obtained from the Banking and Money Market Statistics Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.
Data in this table also appear 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[r]						
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	Seasonally adjusted											
1 **Total loans and securities[1]**	**2,776.9**	**2,789.1**	**2,805.5**	**2,822.8**	**2,838.4[r]**	**2,849.0**	**2,849.5**	**2,855.8**	**2,868.1**	**2,865.8**	**2,869.9**	**2,869.8**
2 U.S. government securities	512.6	523.0	538.7	550.8	562.6[r]	565.7	570.4	578.5	590.5	599.0	607.8	615.1
3 Other securities	174.4	176.3	177.9	178.6	179.3	178.6	178.6	175.7	175.7	174.0	172.5	174.6
4 Total loans and leases[1]	2,089.9	2,089.8	2,088.9	2,093.2	2,096.5[r]	2,104.7	2,100.5	2,101.6	2,101.9	2,092.8	2,089.6	2,080.2
5 Commercial and industrial	619.5	622.0	622.6	621.7	617.9[r]	616.7	612.2	609.5	606.5	603.0	599.0	596.5
6 Bankers acceptances held[2]	7.7	7.2	6.6	7.2	7.3	7.5	7.7	7.6	7.2	7.4	6.9	7.6
7 Other commercial and industrial	611.8	614.7	616.1	614.6	610.6[r]	609.2	604.5	602.0	599.3	595.6	592.0	588.8
8 U.S. addressees[3]	605.9	608.6	609.4	607.9	603.2[r]	602.8	598.2	595.5	592.7	588.8	585.4	581.8
9 Non-U.S. addressees[3]	5.9	6.1	6.7	6.7	7.4	6.4	6.3	6.4	6.6	6.8	6.6	7.0
10 Real estate	866.7	868.1	869.8	871.9	873.1	873.3	877.0	878.6	880.4	881.7	880.6	878.8
11 Individual	370.3	367.3	364.2	363.1	363.5	363.1	363.6	362.2	361.2	359.6	360.0	359.7
12 Security	48.4	50.0	51.1	53.5[r]	54.5	59.4	57.1	60.5	65.2	61.9	64.3	61.0
13 Nonbank financial institutions	36.9	37.1	37.2	37.8	40.6[r]	40.3	41.4	41.9	41.1	41.4	40.5	38.7
14 Agricultural	34.3	34.5	34.1	33.8	34.0	33.7	33.5	34.2	34.1	33.9	34.2	34.2
15 State and political subdivisions	30.6	30.3	29.7	29.4	29.1	28.1	28.2	28.2	28.0	27.7	27.4	26.9
16 Foreign banks	6.5	6.8	6.6	6.9	7.4	7.2	6.7	6.5	6.6	7.2	8.0	8.3
17 Foreign official institutions	2.2	2.3	2.4	2.5	2.4	2.3	2.2	2.2	2.1	2.1	2.1	2.2
18 Lease-financing receivables	31.9	31.8	31.6	31.5	31.7	31.5	31.6	31.6	31.5	31.4	31.6	30.5
19 All other loans	42.7	39.8	39.5	41.1	42.4	49.2	47.0	46.4	45.3	42.9	42.0	43.2
	Not seasonally adjusted											
20 **Total loans and securities[1]**	**2,774.0**	**2,789.3**	**2,808.3**	**2,828.1**	**2,844.8[r]**	**2,845.7**	**2,852.1**	**2,856.6**	**2,867.2**	**2,861.4**	**2,870.8**	**2,862.4**
21 U.S. government securities	511.1	521.6	537.6	551.7	558.5	565.2	574.3	583.9	592.7	599.1	606.9	612.4
22 Other securities	174.5	176.3	178.3	179.0	179.6	179.1	178.7	175.8	175.3	173.7	172.5	173.7
23 Total loans and leases[1]	2,088.4	2,091.4	2,092.4	2,097.4	2,106.7[r]	2,101.4	2,099.1	2,097.0	2,099.2	2,088.6	2,091.4	2,076.3
24 Commercial and industrial	617.7	619.1	621.1	620.4	619.3[r]	613.5	611.4	612.2	609.4	605.3	600.9	596.3
25 Bankers acceptances held[2]	7.5	7.2	6.6	7.3	7.6	7.5	7.8	7.5	7.0	7.4	7.0	7.2
26 Other commercial and industrial	610.1	611.9	614.5	613.1	611.6[r]	606.0	603.6	604.7	602.3	598.0	593.9	589.1
27 U.S. addressees[3]	604.3	605.9	608.3	606.9	604.6[r]	599.1	596.8	598.1	595.5	591.2	586.9	582.0
28 Non-U.S. addressees[3]	5.8	6.0	6.2	6.2	7.0	6.8	6.8	6.6	6.8	6.8	7.0	7.1
29 Real estate	868.6	869.0	871.2	873.2	873.4	872.7	874.0	875.1	879.2	882.3	880.9	880.0
30 Individual	369.3	368.7	365.1	364.5	368.1	367.4	363.6	359.7	358.5	358.0	357.8	357.0
31 Security	47.3	48.6	50.8	53.5	55.1	59.0	61.6	62.3	66.7	58.5	64.1	58.9
32 Nonbank financial institutions	37.0	36.7	36.9	38.1	41.9[r]	40.7	41.0	41.3	40.6	40.8	40.8	39.0
33 Agricultural	35.2	35.5	35.0	34.1	34.0[r]	33.2	32.6	32.9	33.2	33.5	34.4	35.0
34 State and political subdivisions	30.5	30.2	29.8	29.4	29.0	28.5	28.3	28.2	27.9	27.7	27.4	26.7
35 Foreign banks	6.4	6.9	6.9	7.3	7.9	7.0	6.6	6.3	6.4	7.1	7.7	8.2
36 Foreign official institutions	2.2	2.3	2.4	2.5	2.4	2.3	2.2	2.2	2.1	2.1	2.1	2.2
37 Lease-financing receivables	31.7	31.7	31.8	31.6	31.7	31.8	31.8	31.7	31.5	31.4	31.3	30.3
38 All other loans	42.5	42.8	41.6	42.6	44.1	45.4	45.9	45.1	43.7	41.9	43.9	42.8

1. Adjusted to exclude loans to commercial banks in the United States.
2. Includes nonfinancial commercial paper held.
3. 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						
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
Seasonally adjusted												
1 Total nondeposit funds[2]	246.6	249.3	263.9	267.0	280.8	284.7[r]	289.0[r]	290.0[r]	292.7[r]	292.8	296.1	298.7
2 Net balances due to related foreign offices[3]	18.2	20.3	30.9	33.1	39.2	44.0[r]	42.9[r]	46.2[r]	50.5[r]	55.3	61.3	63.3
3 Borrowings from other than commercial banks in United States[4]	228.3	229.0	232.9	233.9	241.6	240.7	246.1	243.7	242.1	237.6	234.8	235.4
4 Domestically chartered banks	156.4	155.1	153.9	150.8	153.7	155.6	158.8	154.7[r]	151.7	148.5	147.0	147.4
5 Foreign-related banks	72.0	74.0	79.1	83.1	87.8	85.1	87.3	89.1	90.4	89.1	87.8	88.0
Not seasonally adjusted												
6 Total nondeposit funds[2]	243.3	246.7	265.1	271.3	279.0	280.6[r]	289.6[r]	293.9[r]	289.9[r]	298.6	297.6	295.1
7 Net balances due to related foreign offices[3]	16.4	19.5	30.5	34.0	42.7	44.6[r]	43.1[r]	46.6[r]	49.1[r]	57.7	60.9	59.7
8 Domestically chartered banks	−7.2	−8.8	−7.2	−4.4	−3.8	−4.6[r]	−.8[r]	−.8[r]	−4.9[r]	−4.2	−6.3	−7.0
9 Foreign-related banks	23.6	28.3	37.7	38.5	46.5	49.3	43.9	47.5[r]	54.1[r]	61.9	67.3	66.7
10 Borrowings from other than commercial banks in United States[4]	226.9	227.2	234.6	237.3	236.3	235.9	246.6	247.2	240.8	240.9	236.7	235.4
11 Domestically chartered banks	154.6	154.0	154.7	155.1	152.4	151.4	159.3	157.7	149.8	151.1	147.2	145.9
12 Federal funds and security RP borrowings[5]	151.0	150.5	151.5	151.9	149.3	147.9	155.8	154.4	146.3	147.3	143.1	141.8
13 Other[6]	3.7	3.5	3.2	3.2	3.1	3.4	3.5	3.3	3.4	3.9	4.1	4.2
14 Foreign-related banks[6]	72.3	73.2	79.9	82.2	83.8	84.6	87.2	89.5	91.0	89.8	89.5	89.5
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	438.2	436.0	429.5	426.1	423.9	416.0	413.7	406.9	399.9	396.7	392.4	385.8
16 Not seasonally adjusted	440.0	437.5	429.7	425.8	422.6	413.6	412.6	407.3	398.8	398.0	393.7	385.6
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	25.3	23.8	29.2	34.2	26.4	27.8	19.5	21.8	19.9	17.0	25.8	22.1
18 Not seasonally adjusted	17.2	26.9	28.7	28.5	25.4	33.1	25.2	20.1	17.7	21.0	25.2	19.8

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.

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						
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
1 **Total assets**	**3,431.6**	**3,473.1**	**3,514.4**	**3,545.4**	**3,502.9**	**3,502.3**	**3,499.7**	**3,516.2**	**3,521.8**	**3,504.2**	**3,495.7**
2 Loans and securities	2,952.1	2,982.7	3,005.3	3,026.9	3,019.0	3,019.4	3,023.0	3,025.8	3,019.7	3,018.0	3,006.7
3 Investment securities	663.4	687.3	696.7	705.5	706.2	712.1	720.8	725.1	732.4	745.2	752.2
4 U.S. government securities	500.0	522.6	530.7	538.0	541.2	548.7	558.6	564.2	572.8	587.4	591.9
5 Other	163.4	164.7	166.0	167.4	165.0	163.5	162.2	160.8	159.6	157.8	160.3
6 Trading account assets	32.3	35.3	36.4	33.8	38.0	37.7	39.2	37.7	36.6	34.9	36.5
7 Total loans	2,256.4	2,260.0	2,272.1	2,287.6	2,274.9	2,269.5	2,263.1	2,263.0	2,250.6	2,237.8	2,218.0
8 Interbank loans	163.3	169.5	173.6	175.1	177.6	175.5	170.2	166.7	168.9	154.4	150.4
9 Loans excluding interbank	2,093.1	2,090.5	2,098.5	2,112.5	2,097.3	2,094.1	2,092.9	2,096.2	2,081.7	2,083.5	2,067.6
10 Commercial and industrial	619.0	618.8	621.3	621.2	611.8	611.2	611.0	607.0	603.1	598.4	593.2
11 Real estate	867.9	872.6	872.8	873.1	873.1	872.2	873.7	881.1	879.9	879.0	879.8
12 Individual	368.8	365.4	363.6	369.6	366.8	362.4	359.5	359.5	358.2	358.8	357.7
13 All other	237.5	233.8	240.8	248.6	245.6	248.2	248.6	248.6	240.4	247.3	236.9
14 Total cash assets	203.7	206.0	224.2	229.2	201.6	204.8	203.7	208.3	222.4	202.9	203.9
15 Reserves with Federal Reserve Banks	26.1	25.9	24.7	29.2	23.7	27.4	28.5	23.7	28.6	28.8	23.5
16 Cash in vault	30.2	30.7	29.6	30.8	31.1	30.7	29.8	30.8	32.2	30.8	31.2
17 Cash items in process of collection	75.5	75.5	90.6	87.7	73.5	74.1	71.5	78.4	84.1	69.4	71.3
18 Demand balances at U.S. depository institutions	27.2	29.2	32.7	33.3	27.9	28.4	28.3	28.6	31.7	28.7	29.1
19 Other cash assets	44.7	44.7	46.5	48.3	45.4	44.2	45.6	46.7	45.9	45.2	48.8
20 Other assets	275.8	284.4	285.0	289.3	282.3	278.1	273.0	282.2	279.7	283.3	285.2
21 **Total liabilities**	**3,194.5**	**3,236.6**	**3,276.9**	**3,305.7**	**3,260.1**	**3,258.8**	**3,255.4**	**3,269.1**	**3,272.0**	**3,249.9**	**3,239.5**
22 Total deposits	2,436.5	2,450.7	2,492.7	2,498.5	2,451.7	2,458.4	2,465.5	2,464.2	2,475.4	2,442.1	2,453.1
23 Transaction accounts	614.4	629.7	672.2	685.4	646.1	654.8	665.9	676.1	686.8	665.6	677.7
24 Savings deposits	631.4	643.7	651.8	657.7	669.5	682.0	692.6	694.3	702.5	704.2	713.5
25 Time deposits	1,190.6	1,177.3	1,168.6	1,155.5	1,136.1	1,121.7	1,107.0	1,093.9	1,086.1	1,072.2	1,061.9
26 Borrowings	484.0	503.6	490.2	503.8	506.1	503.3	493.7	501.0	492.6	500.2	470.9
27 Other liabilities	274.0	282.3	294.0	303.3	302.3	297.0	296.2	303.8	303.9	307.7	315.4
28 Residual (assets less liabilities)[3]	237.2	236.5	237.6	239.7	242.8	243.5	244.3	247.2	249.8	254.3	256.3
DOMESTICALLY CHARTERED COMMERCIAL BANKS[4]											
29 **Total assets**	**3,002.4**	**3,027.7**	**3,055.2**	**3,072.0**	**3,032.3**	**3,031.6**	**3,034.9**	**3,050.3**	**3,053.4**	**3,033.9**	**3,020.1**
30 Loans and securities	2,660.6	2,677.2	2,691.7	2,698.7	2,692.8	2,693.0	2,702.6	2,700.4	2,695.6	2,689.2	2,679.0
31 Investment securities	621.6	640.0	646.5	652.2	654.7	662.1	670.3	675.1	679.3	691.0	695.8
32 U.S. government securities	477.3	494.7	500.7	506.4	511.1	519.9	529.5	535.0	540.7	553.3	556.7
33 Other	144.3	145.3	145.8	145.8	143.6	142.2	140.8	140.0	138.6	137.7	139.1
34 Trading account assets	32.3	35.3	36.4	33.8	38.0	37.7	39.2	37.7	36.6	34.9	36.5
35 Total loans	2,006.7	2,001.9	2,008.8	2,012.8	2,000.1	1,993.1	1,993.1	1,987.6	1,979.8	1,963.2	1,946.8
36 Interbank loans	142.3	144.1	150.1	149.4	154.0	150.9	149.0	138.1	142.8	129.3	123.3
37 Loans excluding interbank	1,864.4	1,857.8	1,858.7	1,863.4	1,846.1	1,842.2	1,844.2	1,849.5	1,837.0	1,833.9	1,823.5
38 Commercial and industrial	473.0	471.2	468.8	464.5	455.8	455.5	455.8	454.4	450.6	446.4	441.0
39 Real estate	814.9	818.9	819.1	819.3	818.8	817.9	819.0	827.1	825.8	825.4	826.3
40 Revolving home equity	68.1	69.2	69.4	70.0	70.3	69.9	69.8	70.5	70.9	71.5	71.9
41 Other real estate	746.8	749.7	749.6	749.3	748.5	748.0	749.2	756.5	754.9	754.0	754.3
42 Individual	368.8	365.4	363.6	369.6	366.8	362.4	359.5	359.5	358.2	358.8	357.7
43 All other	207.7	202.4	207.3	209.9	204.8	206.4	209.8	208.5	202.4	203.4	198.5
44 Total cash assets	176.4	179.0	197.5	201.7	176.0	179.7	177.7	182.1	194.3	173.8	173.1
45 Reserves with Federal Reserve Banks	24.9	25.1	24.0	28.5	23.3	26.8	28.0	23.0	26.9	28.0	22.9
46 Cash in vault	30.1	30.7	29.6	30.7	31.1	30.7	29.8	30.8	32.2	30.8	31.1
47 Cash items in process of collection	74.0	73.7	88.4	85.6	71.1	71.8	69.0	75.9	81.7	66.4	69.0
48 Demand balances at U.S. depository institutions	25.1	27.3	30.7	31.1	26.5	27.1	26.9	27.2	30.2	27.2	27.8
49 Other cash assets	22.3	22.3	24.8	25.8	24.0	23.3	24.1	25.2	23.3	21.5	22.3
50 Other assets	165.4	171.4	166.0	171.5	163.5	158.9	154.6	167.8	163.5	170.9	168.0
51 **Total liabilities**	**2,769.4**	**2,795.4**	**2,821.8**	**2,836.5**	**2,793.7**	**2,792.3**	**2,794.7**	**2,807.3**	**2,807.8**	**2,783.8**	**2,768.1**
52 Deposits	2,287.1	2,301.9	2,342.1	2,344.0	2,293.0	2,302.7	2,309.1	2,314.3	2,322.5	2,288.2	2,295.4
53 Transaction accounts	605.4	620.3	662.0	674.9	636.1	645.2	655.8	666.4	677.1	655.4	667.8
54 Savings deposits (excluding checkable)	627.6	639.9	647.9	653.7	665.4	678.0	688.6	690.2	698.3	699.7	708.8
55 Time deposits	1,054.1	1,041.7	1,032.0	1,015.4	991.5	979.5	964.8	957.7	947.0	933.1	918.8
56 Borrowings	355.2	361.5	345.7	355.5	365.2	359.3	354.3	367.3	360.3	367.4	341.0
57 Other liabilities	127.1	132.1	134.1	137.0	135.6	130.3	131.3	125.7	125.1	128.2	131.6
58 Residual (assets less liabilities)[3]	233.0	232.3	233.4	235.5	238.6	239.3	240.1	243.0	245.6	250.1	252.1

1. Data are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries.
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

Millions of dollars, Wednesday figures

Account	1992								
	June 3	June 10	June 17	June 24	July 1	July 8	July 15	July 22	July 29
ASSETS									
1 Cash and balances due from depository institutions	104,885	99,994	99,754	101,908	138,966	100,605	116,528	102,929	99,548
2 U.S. Treasury and government securities	246,905	247,890	246,325	245,995	247,068	248,240	249,012	248,160	248,203
3 Trading account	20,933	20,316	19,542	19,106	16,838	17,597	18,608	18,505	19,003
4 Investment account	225,972	227,575	226,783	226,889	230,230	230,643	230,404	229,655	229,199
5 Mortgage-backed securities[1]	81,799	81,645	81,060	81,139	80,907	80,980	80,723	80,282	79,927
All others, by maturity									
6 One year or less	24,402	24,831	25,163	25,123	25,748	25,059	24,292	24,324	24,548
7 One year through five years	67,259	68,952	66,760	66,632	67,469	67,827	68,721	69,226	69,992
8 More than five years	52,512	52,147	53,800	53,996	56,106	56,777	56,668	55,823	54,733
9 Other securities	53,209	53,025	52,870	52,791	53,487	52,883	53,690	54,072	53,996
10 Trading account	1,383	1,147	1,297	1,527	1,538	1,351	1,314	1,281	1,359
11 Investment account	51,826	51,878	51,573	51,263	51,949	51,533	52,376	52,791	52,637
12 State and political subdivisions, by maturity	21,470	21,446	21,422	21,453	21,175	21,056	21,281	21,474	21,717
13 One year or less	3,193	3,196	3,187	3,193	3,181	3,192	3,446	3,665	3,890
14 More than one year	18,277	18,250	18,235	18,260	17,994	17,864	17,835	17,809	17,827
15 Other bonds, corporate stocks, and securities	30,355	30,432	30,151	29,810	30,774	30,477	31,095	31,317	30,920
16 Other trading account assets	11,880[r]	12,832	12,846	11,930	12,044	12,406	12,435	12,011	13,633
17 Federal funds sold[2]	95,263	97,346	98,188	89,726	100,830	90,390	88,157	83,692	78,941
18 To commercial banks in the United States	62,841	62,019	60,431	59,192	65,628	60,034	59,867	55,765	52,218
19 To nonbank brokers and dealers	26,594	30,558	31,636	25,391	29,540	25,578	24,018	23,508	22,856
20 To others[3]	5,828	4,770	6,121	5,143	5,662	4,777	4,271	4,418	3,867
21 Other loans and leases, gross	988,456[r]	985,540[r]	987,370	979,155	984,332	979,367	975,647	970,705	970,726
22 Commercial and industrial	284,464[r]	281,840[r]	282,075[r]	280,459[r]	282,748	279,457	279,513	277,569	276,439
23 Bankers acceptances and commercial paper	1,661	1,572	1,557	1,495	1,459	1,655	1,753	1,699	1,698
24 All other	282,803[r]	280,268[r]	280,518[r]	278,964[r]	281,289	277,802	277,760	275,870	274,741
25 U.S. addressees	281,466[r]	278,976[r]	279,233[r]	277,733[r]	279,515	276,287	276,211	274,367	273,316
26 Non-U.S. addressees	1,337	1,292	1,285	1,231	1,775	1,515	1,549	1,503	1,425
27 Real estate loans	401,201[r]	402,350[r]	401,071[r]	399,388[r]	399,262	399,481	398,153	397,397	397,684
28 Revolving, home equity	41,239	41,444	41,531	41,848	41,866	41,858	41,837	41,873	41,965
29 All other	359,961[r]	360,906[r]	359,539[r]	357,541[r]	357,396	357,623	356,316	355,524	355,719
30 To individuals for personal expenditures	178,191[r]	178,183	178,750[r]	179,038	177,431	176,988	177,337	177,249	177,757
31 To financial institutions	40,790[r]	40,489[r]	40,451[r]	36,353[r]	38,413	39,686	37,015	36,884	35,755
32 Commercial banks in the United States	16,432	16,676	16,817	13,475	13,998	15,511	13,986	13,742	13,284
33 Banks in foreign countries	1,967	1,781	1,967	2,202	2,925	2,655	2,419	3,039	2,286
34 Nonbank financial institutions	22,391[r]	22,032[r]	21,667[r]	20,676[r]	21,490	21,519	20,610	20,103	20,185
35 For purchasing and carrying securities	13,593[r]	13,004[r]	15,167[r]	14,205[r]	14,582	14,182	13,613	13,343	14,620
36 To finance agricultural production	5,978[r]	5,994[r]	6,015[r]	6,008[r]	6,060	6,082	6,124	6,144	6,192
37 To states and political subdivisions	16,519	16,445	16,401	16,286[r]	16,053	15,863	15,823	15,680	15,719
38 To foreign governments and official institutions	954	994	950	911	1,017	1,392	884	906	945
39 All other loans[4]	21,336[r]	20,866[r]	21,097[r]	21,154[r]	23,730	21,342	23,002	21,517	21,566
40 Lease-financing receivables	25,430	25,375	25,392	25,352	25,036	24,894	24,185	24,016	24,047
41 LESS: Unearned income	2,781	2,775	2,774	2,769	2,771	2,764	2,753	2,719	2,707
42 Loan and lease reserve[5]	38,740	38,880	38,803	38,532	37,607	37,806	37,896	37,828	37,801
43 Other loans and leases, net	946,935[r]	943,885[r]	945,793	937,854	943,954	938,797	934,998	930,158	930,218
44 Other assets	155,119[r]	155,440[r]	157,415[r]	161,337[r]	169,502	159,491	160,400	157,983	157,503
45 **Total assets**	**1,614,195[r]**	**1,610,412[r]**	**1,613,190[r]**	**1,601,540[r]**	**1,665,850**	**1,602,812**	**1,615,221**	**1,589,004**	**1,582,041**

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								
	June 3	June 10	June 17	June 24	July 1	July 8	July 15	July 22	July 29
LIABILITIES									
46 Deposits	1,125,188r	1,118,811	1,116,735	1,094,926	1,159,355	1,113,618	1,133,763	1,097,372	1,096,872
47 Demand deposits	246,681r	241,455	246,995	235,905	295,007	244,212	266,717	237,300	240,652
48 Individuals, partnerships, and corporations	199,224r	196,827r	196,356r	187,226r	230,226	198,987	213,198	191,341	194,224
49 Other holders	47,457r	44,628r	50,640r	48,679r	64,781	45,224	53,519	45,959	46,428
50 States and political subdivisions	7,793	7,569	8,327	8,985	8,778	7,376	7,380	8,055	7,730
51 U.S. government	2,040	2,027	4,028	2,162	4,088	1,528	3,558	1,417	1,818
52 Depository institutions in the United States	22,184	20,453	21,425	21,222	32,114	20,458	26,730	20,657	20,722
53 Banks in foreign countries	5,249	4,911	5,387	5,128	6,679	5,864	5,067	5,642	5,244
54 Foreign governments and official institutions	646	760	755	575	696	1,166	651	642	593
55 Certified and officers' checks	9,544r	8,907r	10,718r	10,608r	12,427	8,832	10,132	9,546	10,321
56 Transaction balances other than demand deposits[4]	107,151r	105,251	104,655	100,711	105,501	105,258	104,420	102,970	102,181
57 Nontransaction balances	771,356r	772,105	765,085r	758,310	758,847	764,149	762,626	757,101	754,040
58 Individuals, partnerships, and corporations	739,859r	740,918r	735,890r	729,842r	731,110	737,144	735,368	729,638	726,702
59 Other holders	31,497r	31,187r	29,195r	28,467r	27,737	27,005	27,259	27,463	27,338
60 States and political subdivisions	25,580r	25,271r	24,140r	23,620r	23,269	22,419	22,303	22,382	22,345
61 U.S. government	2,174	2,148	2,210	2,211	2,135	2,120	2,104	2,095	2,115
62 Depository institutions in the United States	3,426	3,427	2,528	2,319	2,061	2,194	2,583	2,716	2,611
63 Foreign governments, official institutions, and banks	316r	342	317	317	272	272	269	270	266
64 Liabilities for borrowed money[5]	266,869	270,351	274,348	280,486	276,598	259,795	252,476	264,265	252,594
65 Borrowings from Federal Reserve Banks	0	0	65	0	100	1,661	0	0	0
66 Treasury tax and loan notes	10,544	6,034	27,038	26,904	18,306	6,241	6,219	12,620	14,740
67 Other liabilities for borrowed money[6]	256,324	264,316	247,245	253,582	258,193	251,893	246,257	251,645	237,854
68 Other liabilities (including subordinated notes and debentures)	96,696r	95,881r	96,121r	99,861r	101,368	100,918	99,914	98,003	103,317
69 Total liabilities	**1,488,752r**	**1,485,043r**	**1,487,204r**	**1,475,273r**	**1,537,321**	**1,474,332**	**1,486,153**	**1,459,640**	**1,452,784**
70 Residual (total assets less total liabilities)[7]	125,442	125,369r	125,986r	126,267r	128,529	128,481	129,069	129,364	129,257
MEMO									
71 Total loans and leases, gross, adjusted, plus securities[8]	1,316,438	1,317,939r	1,320,351	1,306,930	1,318,134	1,307,742	1,305,088	1,299,133	1,299,996
72 Time deposits in amounts of $100,000 or more	149,048r	148,044r	144,494r	142,916r	138,589	141,511	139,897	139,085	137,891
73 Loans sold outright to affiliates[9]	1,170	1,172	1,173	1,159	1,094	1,109	1,111	1,096	1,098
74 Commercial and industrial	674	673	673	676	623	638	643	631	633
75 Other	496	499	500	483	471	471	468	465	465
76 Foreign branch credit extended to U.S. residents[10]	23,639	24,401	24,559	24,919	24,354	24,600	24,843	24,914	25,036
77 Net due to related institutions abroad	−4,511	−5,993	−10,528	−9,421	−10,883	−4,791	−8,907	−8,214	−4,199

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

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

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

Millions of dollars, Wednesday figures

Account	1992								
	June 3	June 10	June 17	June 24	July 1	July 8	July 15	July 22	July 29
1 Cash and balances due from depository institutions	17,655	18,696	18,300	19,020	19,281	19,825	19,940	20,439	20,125
2 U.S. Treasury and government agency securities	22,315	21,559	21,896	23,454	23,113	22,682	23,194	24,501	24,270
3 Other securities	8,462	8,284	7,936	8,071	8,217	8,430	8,457	8,408	8,519
4 Federal funds sold[1]	14,794[r]	16,181[r]	14,182[r]	15,891[r]	17,781	17,171	15,250	17,017	16,966
5 To commercial banks in the United States	4,852	5,515	3,182	4,222	7,023	6,102	4,251	5,730	5,719
6 To others[2]	9,942[r]	10,666[r]	11,001[r]	11,670[r]	10,758	11,068	11,000	11,287	11,246
7 Other loans and leases, gross	162,122[r]	160,848[r]	161,438[r]	161,507[r]	164,244	161,695	161,647	159,566	158,151
8 Commercial and industrial	96,461[r]	96,042[r]	96,111[r]	95,685	96,548	96,058	96,316	96,033	95,791
9 Bankers acceptances and commercial paper	2,466[r]	2,452[r]	2,491[r]	2,425	2,476	2,450	2,377	2,493	2,399
10 All other	93,995[r]	93,589[r]	93,620[r]	93,260	94,072	93,609	93,940	93,540	93,391
11 U.S. addressees	90,935[r]	90,532[r]	90,548[r]	90,216[r]	91,034	90,533	90,944	90,464	90,356
12 Non-U.S. addressees	3,060[r]	3,057[r]	3,072[r]	3,045[r]	3,038	3,075	2,996	3,076	3,035
13 Loans secured by real estate	36,643[r]	36,548[r]	36,368[r]	36,273[r]	36,317	36,219	36,354	36,290	36,275
14 To financial institutions	23,440[r]	23,303[r]	23,189[r]	24,073[r]	25,142	23,711	23,138	22,137	21,410
15 Commercial banks in the United States	8,145	7,754	8,061	8,003[r]	9,192	8,081	7,564	6,984	7,421
16 Banks in foreign countries	2,041	2,264	1,955	2,254	2,178	2,227	2,197	2,232	2,240
17 Nonbank financial institutions	13,254[r]	13,284[r]	13,174[r]	13,816	13,772	13,403	13,377	12,921	11,748
18 For purchasing and carrying securities	3,061[r]	2,575[r]	3,372[r]	3,008[r]	3,682	3,273	3,306	2,541	2,307
19 To foreign governments and official institutions	310	281	262	360	348	353	342	333	354
20 All other	2,206	2,100	2,135	2,107	2,208	2,082	2,190	2,230	2,014
21 Other assets (claims on nonrelated parties)	27,568[r]	26,799[r]	27,101[r]	26,695	26,923	27,352	26,910	26,900	26,998
22 Total assets[3]	**296,711**	**295,546**	**291,387**	**292,103**	**300,766**	**297,516**	**298,860**	**298,894**	**295,514**
23 Deposits or credit balances due to other than directly related institutions	97,271	95,914	95,993	95,436	93,902	94,733	95,264	96,704	99,474
24 Demand deposits[4]	3,146	3,332	3,412	3,789	3,650	3,422	3,401	3,766	3,539
25 Individuals, partnerships, and corporations	2,518	2,507	2,655	2,656	2,827	2,673	2,637	2,593	2,684
26 Other	628	825	758	1,133	823	749	763	1,173	856
27 Nontransaction accounts	94,125	92,582	92,580	91,646	90,253	91,311	91,863	92,938	95,935
28 Individuals, partnerships, and corporations	67,415	66,489	66,860	66,120	64,532	64,793	65,336	66,215	68,671
29 Other	26,710	26,093	25,721	25,526	25,721	26,518	26,528	26,723	27,264
30 Borrowings from other than directly related institutions	101,623[r]	99,741	96,421	93,606	103,794	100,740	102,196	98,344	91,584
31 Federal funds purchased[5]	55,100	53,982	53,420	50,012	58,710	56,130	59,148	50,232	47,782
32 From commercial banks in the United States	17,945	17,395	16,506	12,323	20,879	20,446	19,588	13,522	14,356
33 From others	37,154	36,587	36,914	37,689	37,831	35,684	39,560	36,709	33,426
34 Other liabilities for borrowed money	46,523	45,759	43,001	43,594	45,084	44,610	43,048	48,112	43,802
35 To commercial banks in the United States	10,621	10,678	10,086	9,838	10,735	10,608	9,968	10,136	10,412
36 To others	35,901	35,081	32,914	33,755	34,349	34,002	33,080	37,976	33,390
37 Other liabilities to nonrelated parties	26,801	26,522	25,541	26,391	26,700	26,378	26,533	26,288	26,917
38 Total liabilities[6]	**296,711**	**295,546**	**291,387**	**292,103**	**300,766**	**297,516**	**298,860**	**298,894**	**295,514**
MEMO									
39 Total loans (gross) and securities, adjusted[7]	194,696[r]	193,604[r]	194,210[r]	196,699[r]	197,140	195,795	196,734	196,778	194,764
40 Net due to related institutions abroad	27,222	30,191	32,900	39,207	35,162	35,303	31,405	35,493	37,052

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

Millions of dollars, end of period

Item	1987 Dec.	1988 Dec.	1989 Dec.	1990 Dec.	1991 Dec.	1992 Jan.	1992 Feb.	1992 Mar.	1992 Apr.	1992 May	1992 June
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 All issuers	**358,997**	**458,464**	**525,831**	**561,142**	**530,300**	**533,342**	**527,941**	**539,749**	**537,020**	**533,719**	**542,205**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	102,742	159,777	183,622	215,123	214,445	220,208	210,686	219,287	225,989	226,552	234,212
3 Bank-related (not seasonally adjusted)[3]	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[4]											
4 Total	174,332	194,931	210,930	199,835	183,195	180,224	178,995	181,485	172,136	168,914	171,321
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[5]	81,923	103,756	131,279	146,184	132,660	132,910	138,260	138,977	138,895	138,253	136,672
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 Total	**70,565**	**66,631**	**62,972**	**54,771**	**43,770**	**43,112**	**41,375**	**39,309**	**39,335**	**38,384**	**37,767**
Holder											
8 Accepting banks	10,943	9,086	9,433	9,017	11,017	11,291	10,578	9,640	9,821	9,255[r]	9,737
9 Own bills	9,464	8,022	8,510	7,930	9,347	9,273	8,831	8,296	8,427	7,954[r]	8,186
10 Bills bought	1,479	1,064	924	1,087	1,670	2,018	1,747	1,344	1,394	1,301[r]	1,551
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	1,574	1,364	1,492	1,598	1,477	1,338
13 Others	58,658	56,052	52,473	44,836	31,014	30,247	29,423	28,177	27,915	27,653[r]	26,692
Basis											
14 Imports into United States	16,483	14,984	15,651	13,096	12,843	12,995	12,853	11,569	12,045	11,893	11,569
15 Exports from United States	15,227	14,410	13,683	12,703	10,351	9,740	9,252	9,403	9,168	8,702	9,062
16 All other	38,855	37,237	33,638	28,973	20,577	20,377	19,269	18,337	18,121	17,790	17,135

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial-company paper sold by dealers in the open market.
3. Bank-related series were discontinued in January 1989.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Data on bankers 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	Aug.	6.00
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				
				Apr.	May	June	July	July 3	July 10	July 17	July 24	July 31
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	9.21	8.10	5.69	3.73	3.82	3.76	3.25	3.87	3.24	3.28	3.22	3.18
2 Discount window borrowing[2,4]	6.93	6.98	5.45	3.50	3.50	3.50	3.02	3.50	3.00	3.00	3.00	3.00
Commercial paper[3,5,6]												
3 1-month	9.11	8.15	5.89	4.02	3.87	3.91	3.43	3.80	3.45	3.42	3.40	3.36
4 3-month	8.99	8.06	5.87	4.04	3.88	3.92	3.44	3.80	3.46	3.43	3.40	3.38
5 6-month	8.80	7.95	5.85	4.13	3.97	3.99	3.53	3.87	3.55	3.51	3.49	3.48
Finance paper, directly placed[3,5,7]												
6 1-month	8.99	8.00	5.73	3.89	3.76	3.81	3.33	3.68	3.33	3.31	3.29	3.28
7 3-month	8.72	7.87	5.71	3.91	3.77	3.82	3.33	3.67	3.33	3.31	3.30	3.29
8 6-month	8.16	7.53	5.60	3.89	3.77	3.80	3.35	3.64	3.39	3.33	3.30	3.29
Bankers acceptances[3,5,8]												
9 3-month	8.87	7.93	5.70	3.92	3.76	3.80	3.32	3.66	3.33	3.28	3.29	3.29
10 6-month	8.67	7.80	5.67	3.99	3.85	3.88	3.42	3.72	3.43	3.39	3.39	3.40
Certificates of deposit, secondary market[3,9]												
11 1-month	9.11	8.15	5.82	3.97	3.79	3.83	3.35	3.74	3.36	3.31	3.30	3.30
12 3-month	9.09	8.15	5.83	4.00	3.82	3.86	3.37	3.75	3.37	3.34	3.32	3.32
13 6-month	9.08	8.17	5.91	4.13	3.96	3.97	3.50	3.90	3.51	3.47	3.45	3.43
14 Eurodollar deposits, 3-month[3,10]	9.16	8.16	5.86	4.05	3.84	3.87	3.40	3.74	3.44	3.35	3.31	3.31
U.S. Treasury bills												
Secondary market[3,5]												
15 3-month	8.11	7.50	5.38	3.75	3.63	3.66	3.21	3.48	3.22	3.19	3.17	3.18
16 6-month	8.03	7.46	5.44	3.87	3.75	3.77	3.28	3.57	3.28	3.24	3.24	3.27
17 1-year	7.92	7.35	5.52	4.09	3.99	3.98	3.45	3.79	3.48	3.38	3.38	3.43
Auction average[3,5,11]												
18 3-month	8.12	7.51	5.42	3.81	3.66	3.70	3.28	3.59	3.23	3.22	3.16	3.18
19 6-month	8.04	7.47	5.49	3.93	3.78	3.81	3.36	3.66	3.32	3.31	3.24	3.27
20 1-year	7.91	7.36	5.54	4.34	4.20	4.07	3.65	3.93	n.a.	n.a.	n.a.	3.37
U.S. TREASURY NOTES AND BONDS												
Constant maturities[12]												
21 1-year	8.53	7.89	5.86	4.30	4.19	4.17	3.60	3.96	3.64	3.53	3.53	3.57
22 2-year	8.57	8.16	6.49	5.34	5.23	5.05	4.36	4.76	4.41	4.30	4.28	4.31
23 3-year	8.55	8.26	6.82	5.93	5.81	5.60	4.91	5.32	4.99	4.87	4.80	4.83
24 5-year	8.50	8.37	7.37	6.78	6.69	6.48	5.84	6.22	5.93	5.85	5.74	5.70
25 7-year	8.52	8.52	7.68	7.15	7.06	6.90	6.36	6.69	6.45	6.40	6.29	6.17
26 10-year	8.49	8.55	7.86	7.48	7.39	7.26	6.84	7.07	6.90	6.92	6.82	6.67
27 30-year	8.45	8.61	8.14	7.96	7.89	7.84	7.60	7.74	7.62	7.66	7.61	7.46
Composite[13]												
28 Over 10 years (long-term)	8.58	8.74	8.16	7.88	7.80	7.72	7.40	7.58	7.45	7.47	7.39	7.23
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
29 Aaa	7.00	6.96	6.56	6.36	6.25	6.19	5.72	6.01	5.87	5.77	5.72	5.50
30 Baa	7.40	7.29	6.99	6.85	6.67	6.57	6.10	6.37	6.26	6.14	6.11	5.87
31 *Bond Buyer* series[15]	7.23	7.27	6.92	6.67	6.57	6.49	6.13	6.38	6.17	6.16	6.05	5.89
CORPORATE BONDS												
32 Seasoned issues, all industries[16]	9.66	9.77	9.23	8.77	8.71	8.63	8.44	8.56	8.49	8.47	8.43	8.34
Rating group												
33 Aaa	9.26	9.32	8.77	8.33	8.28	8.22	8.07	8.16	8.08	8.09	8.06	8.01
34 Aa	9.46	9.56	9.05	8.69	8.63	8.56	8.37	8.51	8.44	8.39	8.35	8.24
35 A	9.74	9.82	9.30	8.87	8.81	8.70	8.49	8.60	8.53	8.50	8.49	8.39
36 Baa	10.18	10.36	9.80	9.21	9.13	9.05	8.84	8.98	8.89	8.87	8.82	8.71
37 A-rated, recently offered utility bonds[17]	9.79	10.01	9.32	8.82	8.70	8.62	8.38	8.44	8.41	8.44	8.32	8.22
MEMO: Dividend–price ratio[18]												
38 Preferred stocks	9.05	8.96	8.17	7.75	7.61	7.53	7.47	7.53	7.56	7.50	7.42	7.33
39 Common stocks	3.45	3.61	3.25	3.02	2.99	3.06	3.00	3.01	3.03	2.98	3.03	2.93

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 Nov.	1991 Dec.	1992 Jan.	1992 Feb.	1992 Mar.	1992 Apr.	1992 May	1992 June	1992 July
	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	213.25	214.26	229.34	228.12	225.21	224.55	228.55	224.68	228.17
2 Industrial	228.04	226.06	258.16	264.89	266.01	286.62	286.09	282.36	281.60	285.17	279.54	281.90
3 Transportation	174.90	158.80	173.97	188.52	185.47	201.55	205.53	204.09	201.28	207.88	202.02	198.36
4 Utility	94.33	90.72	92.64	96.78	98.08	99.30	96.19	94.15	94.92	98.24	97.23	101.18
5 Finance	162.01	133.21	150.84	159.78	159.96	174.50	174.05	173.49	171.05	175.89	174.82	180.96
6 Standard & Poor's Corporation (1941–43 = 10)[1]	323.05	335.01	376.20	385.87	388.51	416.08	412.56	407.36	407.41	414.81	408.27	415.05
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	356.67	338.32	360.32	382.38	373.08	409.08	413.74	404.09	388.06	392.63	385.56	384.07
Volume of trading (thousands of shares)												
8 New York Stock Exchange	165,568	156,359	179,411	187,191	197,914	239,903	226,476	185,581	206,251	182,027	195,089	194,138
9 American Stock Exchange	13,124	13,155	12,486	14,487	17,475	20,444	18,126	15,654	14,096	13,455	11,216	10,749
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[3]	**34,320**	**28,210**	**36,660**	**34,840**	**36,660**	**36,350**	**38,200**	**39,090**	**38,750**	**39,890**	**39,690**	**39,640**
Free credit balances at brokers[4]												
11 Margin accounts[5]	7,040	8,050	8,290	7,040	8,290	7,865	7,620	7,350	8,780	7,700	7,780	7,920
12 Cash accounts	18,505	19,285	19,255	17,780	19,255	19,990	20,370	19,305	16,400	18,695	19,610	18,775

Margin requirements (percent of market value and effective date)[6]

Indicator	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 of the option plus 20 percent of the market value of the stock underlying the option (or 15 percent in the case of stock-index options).

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1989	1990	1991 Aug.	1991 Sept.	1991 Oct.	1991 Nov.	1991 Dec.	1992 Jan.	1992 Feb.	1992 Mar.	1992 Apr.	1992 May
	SAIF-insured institutions											
1 **Assets**	**1,249,055**	**1,084,821**	**972,521**	**949,006**	**937,787**	**934,539**	**919,979**	**909,090**	**906,219**	**883,528**	**872,105**	**870,409**
2 Mortgages	733,729	633,385	578,294	566,419	561,152	557,513	551,322	545,653	541,658	529,121	524,804	521,790
3 Mortgage-backed securities	170,532	155,228	135,751	135,246	134,895	133,341	129,461	127,372	127,767	125,401	124,935	124,396
4 Contra-assets to mortgage assets[1]	25,457	16,897	14,037	13,128	12,445	12,303	12,307	11,914	11,614	10,919	10,972	11,107
5 Commercial loans	32,150	24,125	20,390	18,166	17,765	17,147	17,139	16,827	16,051	15,394	15,063	14,595
6 Consumer loans	58,685	48,753	43,258	42,422	43,064	42,763	41,775	40,940	39,991	38,783	38,071	37,824
7 Contra-assets to nonmortgage loans[1]	3,592	1,939	1,545	1,398	1,373	1,150	1,239	1,111	1,115	990	982	878
8 Cash and investment securities	166,053	146,644	132,009	125,911	120,824	123,380	120,077	118,614	121,973	119,413	116,298	120,587
9 Other[2]	116,955	95,522	78,403	75,368	73,905	73,849	73,751	72,708	71,508	67,324	64,888	63,201
10 **Liabilities and net worth**	**1,249,055**	**1,084,821**	**972,521**	**949,006**	**937,787**	**934,539**	**919,979**	**909,090**	**906,219**	**883,528**	**872,105**	**870,409**
11 Savings capital	945,656	835,496	763,751	749,376	741,360	737,555	731,937	721,099	717,026	703,827	689,777	688,201
12 Borrowed money	252,230	197,353	142,908	132,727	127,356	125,147	121,923	119,965	118,554	110,031	111,262	110,126
13 FHLBB	124,577	100,391	74,424	68,816	66,609	66,005	65,842	62,642	63,138	62,628	62,268	61,439
14 Other	127,653	96,962	68,484	63,911	60,747	59,142	56,081	57,323	55,416	47,403	48,994	48,687
15 Other	27,556	21,332	22,648	19,080	20,381	21,690	17,560	19,004	21,398	18,356	18,964	19,705
16 Net worth	23,612	30,640	43,214	47,824	48,690	50,148	48,559	49,022	49,242	51,314	52,101	52,377

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 assets, 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. Contra-assets to nonmortgage loans include loans in process, unearned discounts and deferred loan fees, and specific reserves and valuation allowances.
2. 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

Millions of dollars

Type of account or operation	Fiscal year 1989	Fiscal year 1990	Fiscal year 1991	Calendar year 1992 Feb.	Mar.	Apr.	May	June	July
U.S. budget[1]									
1 Receipts, total	990,701	1,031,308	1,054,265	62,056	72,917	138,430	62,244	120,909	79,074
2 On-budget	727,037[r]	749,654[r]	760,382	38,290	46,353	103,405	36,867	91,427	55,971
3 Off-budget	263,664[r]	281,654[r]	293,883	23,766	26,564	35,025	25,377	29,482	23,103
4 Outlays, total	1,144,020	1,251,766	1,323,757	111,230	123,629	123,821	109,029	117,126	123,671
5 On-budget	933,109[r]	1,026,701[r]	1,082,072	88,006	100,700	102,795	86,340	102,318	101,383
6 Off-budget	210,911	225,064[r]	241,685	23,224	22,929	21,026	22,690	14,807	22,289
7 Surplus or deficit (−), total	−153,319	−220,458[r]	−269,492	−49,174	−50,712	14,609	−46,786[r]	3,783	−44,597
8 On-budget	−206,072	−277,047[r]	−321,690	−49,716	−54,347	610	−49,473	−10,891	−45,412
9 Off-budget	52,753	56,590	52,198	542	3,635	13,999	2,687	14,675	814
Source of financing (total)									
10 Borrowing from the public	141,806	220,101	276,802	20,938	50,138	6,292	33,840	22,318	28,290
11 Operating cash (decrease, or increase (−))	3,425	818	−1,329	30,975	−2,961	−21,262	20,977	−26,919	9,542
12 Other[2]	8,088	−451	−5,981	−2,739	3,535	361	−8,031	818	6,765
MEMO									
13 Treasury operating balance (level, end of period)	40,973	40,155	41,484	16,882	19,843	41,105	20,128	47,047	37,505
14 Federal Reserve Banks	13,452	7,638	7,928	5,477	6,846	4,692	5,583	13,630	6,923
15 Tax and loan accounts	27,521	32,517	33,556	11,405	12,997	36,413	14,545	33,417	30,581

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act 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.
2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain or loss for U.S. currency valuation adjustment; net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

SOURCES. *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 H2	1991 H1	1991 H2	1992 H1	1992 May	1992 June	1992 July
RECEIPTS									
1 **All sources**	**1,031,308**	**1,054,265**	**503,123**	**540,504**	**519,293**	**560,647**	**62,244**	**120,909**	**79,074**
2 Individual income taxes, net	466,884	467,827	230,745	232,389	233,983	235,244	12,012	53,072	35,098
3 Withheld	388,384	404,152	207,469	193,440	210,552	198,868	29,470	33,570	34,034
4 Presidential Election Campaign Fund	32	32	3	31	1	19	17	−4	1
5 Nonwithheld	151,285	142,693	31,728	109,405	33,296	110,995	2,447	21,104	2,920
6 Refunds	72,817	79,050	8,455	70,487	9,867	74,639	19,922	1,599	1,857
Corporation income taxes									
7 Gross receipts	110,017	113,599	54,044	58,903	54,016	61,681	3,606	21,631	3,890
8 Refunds	16,510	15,513	7,603	7,904	7,956	8,056	915	848	1,158
9 Social insurance taxes and contributions, net	380,047	396,011	178,468	214,303	186,839	224,554	40,362	38,380	31,722
10 Employment taxes and contributions[2]	353,891	370,526	167,224	199,727	175,802	208,110	32,005	37,355	29,514
11 Self-employment taxes and contributions[3]	21,795	25,457	2,638	22,150	3,306	20,433	1,472	4,409	0
12 Unemployment insurance	21,635	20,922	8,996	12,296	8,721	14,070	7,991	642	1,770
13 Other net receipts[4]	4,522	4,563	2,249	2,279	2,317	2,375	366	384	438
14 Excise taxes	35,345	42,430	17,535	20,703	24,690	22,358	3,440	4,226	3,704
15 Customs deposits	16,707	15,921	8,568	7,488	8,694	8,145	1,224	1,477	1,658
16 Estate and gift taxes	11,500	11,138	5,333	5,631	5,521	5,714	853	842	962
17 Miscellaneous receipts[5]	27,316	22,852	16,032	8,991	13,508	11,005	1,662	2,127	3,198
OUTLAYS									
18 **All types**	**1,251,776**	**1,323,757**	**647,461**	**632,153**	**694,474**	**704,577**	**109,029**	**117,126**	**123,671**
19 National defense	299,331	272,514	149,497	122,089	147,531	146,963	24,324	25,851	30,180
20 International affairs	13,762	16,167	8,943	7,592	7,651	8,464	369	930	684
21 General science, space, and technology	14,444	15,946	8,081	7,496	8,473	7,952	1,401	951	1,417
22 Energy	2,372	2,511	1,222	1,235	1,536	1,442	312	140	275
23 Natural resources and environment	17,067	18,708	9,933	8,324	11,221	8,625	1,460	1,626	1,677
24 Agriculture	11,958	14,864	6,878	7,684	7,335	7,514	1,629	678	468
25 Commerce and housing credit	67,160	75,639	37,491	17,992	36,579	15,583	−3,251	1,719	2,297
26 Transportation	29,485	31,531	16,218	14,748	17,094	15,681	2,747	3,352	3,144
27 Community and regional development	8,498	7,432	3,939	3,552	3,784	3,901	619	638	676
28 Education, training, employment, and social services	38,497	41,479	18,988	21,234	21,104	23,224	3,198	3,938	3,125
29 Health	57,716	71,183	31,424	35,608	41,458	43,698	6,684	8,635	7,164
30 Social security and medicare	346,383	373,495	176,353	190,247	193,156	205,443	33,808	37,446	35,553
31 Income security	147,314	171,618	75,948	88,778	87,923	105,435	17,158	13,565	18,300
32 Veterans benefits and services	29,112	31,344	15,479	14,326	17,425	15,597	2,704	2,527	4,010
33 Administration of justice	10,004	12,295	5,265	6,187	6,586	7,438	1,188	1,400	1,217
34 General government	10,724	11,358	6,976	5,212	6,821	5,525	387	1,456	411
35 Net interest[6]	184,221	195,012	94,650	98,556	99,405	100,324	17,080	15,447	16,670
36 Undistributed offsetting receipts[7]	−36,615	−39,356	−19,829	−18,702	−20,435	−18,229	−2,787	−3,172	−3,597

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

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**	**3,176**	**3,266**	**3,397**	**3,492**	**3,563**	**3,683**	**3,820**	**3,897**	**n.a.**
2 Public debt securities	3,144	3,233	3,365	3,465	3,538	3,665	3,802	3,881	3,985
3 Held by public	2,369	2,438	2,537	2,598	2,643	2,746	2,833	2,918	n.a.
4 Held by agencies	775	796	828	867	895	920	969	964	n.a.
5 Agency securities	32	33	33	27	25	18	19	16	n.a.
6 Held by public	32	33	32	26	25	18	19	16	n.a.
7 Held by agencies	0	0	0	0	0	0	0	0	n.a.
8 **Debt subject to statutory limit**	**3,077**	**3,161**	**3,282**	**3,377**	**3,450**	**3,569**	**3,707**	**3,784**	**3,891**
9 Public debt securities	3,077	3,161	3,281	3,377	3,450	3,569	3,706	3,783	3,890
10 Other debt[1]	0	0	0	0	0	0	0	0	0
11 Memo: Statutory debt limit	3,123	3,195	4,145	4,145	4,145	4,145	4,145	4,145	4,145

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

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

Billions of dollars, end of period

Type and holder	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[1]	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[2]	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[3]	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[4]								
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	264.7	281.8	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	216.9	233.9	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	162.9	172.9	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	491.4	498.8	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[5]	362.2	392.9	421.7	453.4	439.4	453.4	468.0	
26 Other miscellaneous investors[6]	433.0	520.7	674.5	709.5	714.8	709.5	762.1	

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

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

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

Millions of dollars, daily averages, par value

Item	1992			1992, week ending								
	Apr.	May	June	June 3	June 10	June 17	June 24	July 1	July 8	July 15	July 22	July 29
Immediate Transactions[2]												
By type of security												
U.S. Treasury securities												
1 Bills	40,313	41,651	39,314	42,345	35,994	38,907	35,890	45,977	49,046	39,343	34,783	38,145
Coupon securities, by maturity												
2 Less than 3.5 years	45,264	50,118	37,879[r]	35,771	36,230	33,465	44,694	38,519	49,640	35,197	39,302	48,717
3 3.5 to 7.5 years	32,994	34,305	31,360[r]	31,317	25,053	28,140	36,188	37,266	46,878	38,142	40,842	50,409
4 7.5 to 15 years	13,123	18,162	13,912	13,966	11,871	14,149	14,481	15,414	20,540	17,951	16,097	23,474
5 15 years or more	11,899	14,862	11,926	11,682	11,545	11,570	13,419	11,163	18,470	14,853	14,071	18,447
Federal agency securities												
Debt, maturing in												
6 Less than 3.5 years	4,518	3,977	4,461	4,192	3,523	3,958	4,513	6,398	4,753	3,950	3,942	4,264
7 3.5 to 7.5 years	712	539	513	578	496	618	449	433	643	723	530	752
8 7.5 years or more	600	514	553	538	508	585	620	494	986	445	521	783
Mortgage-backed												
9 Pass-throughs	11,948	12,941	14,203[r]	12,955	14,661	16,354	13,902	12,255	14,966	17,221	13,067	11,837
10 All others[3]	2,954	3,586	3,864[r]	3,006	3,522	3,980	4,213	4,356	3,165	4,156	3,637	5,673
By type of counterparty												
Primary dealers and brokers												
11 U.S. Treasury securities	89,144	99,351	83,448	85,346	76,406	79,161	91,008	86,736	110,814	91,535	93,589	112,794
Federal agency securities												
12 Debt	1,199	1,023	1,007	994	843	894	1,048	1,310	1,226	1,163	798	1,207
13 Mortgage-backed	6,681	7,308	8,382[r]	8,043	7,809	8,734	9,113	7,998	8,478	9,379	8,072	7,132
Customers												
14 U.S. Treasury securities	54,448	59,747	50,942[r]	49,735	44,287	47,071	53,664	61,602	73,760	53,951	51,506	66,398
Federal agency securities												
15 Debt	4,630	4,007	4,520	4,314	3,684	4,268	4,534	6,016	5,156	3,955	4,195	4,593
16 Mortgage-backed	8,222	9,219	9,686[r]	7,918	10,374	11,601	9,003	8,613	9,653	11,998	8,632	10,377
Futures and Forward Transactions[4]												
By type of deliverable security												
U.S. Treasury securities												
17 Bills	3,509	3,584	3,562[r]	4,379	2,374	3,918	4,650	2,629	5,153	2,895	3,878	3,435
Coupon securities, by maturity												
18 Less than 3.5 years	1,710	2,327	1,715	2,164	2,042	1,445	1,352	1,760	2,206	1,480	1,272	2,015
19 3.5 to 7.5 years	876	1,362	1,469	1,881	1,114	1,412	1,258	1,938	1,129	1,224	1,173	1,663
20 7.5 to 15 years	900	1,281	1,319	1,722	929	1,096	1,261	1,854	1,746	1,523	1,713	2,244
21 15 years or more	6,333	8,763	6,576[r]	8,728	6,164	6,730	6,348	5,568	10,402	7,986	8,200	12,524
Federal agency securities												
Debt, maturing in												
22 Less than 3.5 years	68	27	45	31	48	13	98	27	42	13	19	14
23 3.5 to 7.5 years	68	42	63	43	109	101	30	16	32	57	53	109
24 7.5 years or more	12	19	22	104	11	7	6	12	69	10	17	72
Mortgage-backed												
25 Pass-throughs[3]	12,638	13,257	12,873[r]	11,656	17,095	12,863	9,301	12,984	18,922	20,520	12,996	16,331
26 Others	2,311	2,441	2,657[r]	1,969	3,112	2,859	2,629	2,384	2,199	3,951	3,424	3,536
Options Transactions[5]												
By type of underlying security												
U.S. Treasury, coupon securities, by maturity												
27 Less than 3.5 years	1,369	1,222	1,255	1,166	1,893	882	844	1,502	2,193	1,120	1,575	1,518
28 3.5 to 7.5 years	269	265	317	374	211	311	221	534	1,119	598	463	632
29 7.5 to 15 years	482	546	484	126	439	617	565	543	734	563	414	1,051
30 15 years or more	2,148	2,803	1,576	1,385	2,147	1,663	1,243	1,311	2,544	1,820	2,164	3,590
Federal agency, mortgage-backed securities												
31 Pass-throughs	253	404	389[r]	418	248	324	434	570	713	447	227	716

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 futures transactions are reported at principal value, which does not include accrued interest; options transactions are reported at the face value of the underlying securities.

Dealers report cumulative transactions for each week ending Wednesday.

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

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

4. Futures transactions are standardized agreements arranged on an exchange. Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. All futures transactions are included regardless of time to delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty days.

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

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

Data 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							
	Apr.	May	June	June 3	June 10	June 17	June 24	July 1	July 8	July 15	July 22
	Positions[2]										
NET IMMEDIATE POSITIONS[3]											
By type of security											
U.S. Treasury securities											
1 Bills	10,753	9,333	9,816	11,507	9,067	5,457	7,877	17,190	15,914	9,161	7,095
Coupon securities, by maturity											
2 Less than 3.5 years	−2,263	−4,079	−7,838	−9,647	−8,961	−9,974	−6,573	−4,608	−7,164	−8,788	−11,293
3 3.5 to 7.5 years	−4,372	−5,501	−6,907	−4,635	−6,542	−9,017	−5,522	−7,621	−3,168	−7,856	−12,078
4 7.5 to 15 years	−7,111	−2,882	−3,706	−3,003	−3,176	−3,846	−4,678	−3,377	−4,242	−6,876	−7,473
5 15 years or more	−2,205	−792	−177	−848	−1,222	915	431	−606	1,037	1,920	3,799
Federal agency securities											
Debt, maturing in											
6 Less than 3.5 years	3,564	4,744	5,265	4,447	4,984	5,616	6,106	4,613	4,614	5,540	5,950
7 3.5 to 7.5 years	2,216	1,833	2,178	1,864	1,931	2,294	2,215	2,444	2,723	2,888	3,037
8 7.5 years or more	3,609	3,229	3,482	3,175	3,225	3,571	3,718	3,556	3,438	3,442	3,427
Mortgage-backed											
9 Pass-throughs	32,097	29,282	31,088	24,347	32,402	38,915	33,759	20,679	30,097	31,907	32,937
10 All others[4]	15,680	18,134	18,708	17,668	15,086	18,569	20,716	21,273	21,146	22,126	22,229
Other money market instruments											
11 Certificates of deposit	2,882	3,093	2,796	3,147	2,310	2,479	2,792	3,560	2,494	2,999	2,153
12 Commercial paper	6,942	6,628	6,416	7,057	5,921	5,886	6,133	7,621	7,766	6,511	4,343
13 Bankers acceptances	960	1,222	1,045	1,237	1,092	1,012	1,076	896	1,272	1,378	1,010
FUTURES AND FORWARD POSITIONS[5]											
By type of deliverable security											
U.S. Treasury securities											
14 Bills	−763	131	2,093	1,126	1,304	3,152	3,939	108	−6,664	−8,457	−7,339
Coupon securities, by maturity											
15 Less than 3.5 years	996	2,291	2,178	2,342	2,071	1,779	2,642	2,146	2,021	2,426	2,417
16 3.5 to 7.5 years	3,852	4,256	3,201	3,175	3,851	3,177	2,717	3,047	2,440	2,739	4,004
17 7.5 to 15 years	831	814	−493	1,137	1,026	−352	−1,752	−1,774	−1,826	−567	−6
18 15 years or more	−7,323	−7,131	−7,518	−7,350	−7,531	−8,134	−7,838	−6,495	−7,546	−7,570	−7,797
Federal agency securities											
Debt, maturing in											
19 Less than 3.5 years	−24	52	17	−7	26	12	45	−7	82	77	84
20 3.5 to 7.5 years	104	−46	−19	−47	65	−35	−101	10	−37	−69	−84
21 7.5 years or more	17	−3	−11	−60	−22	1	3	−6	4	22	100
Mortgage-backed											
22 Pass-throughs	−14,896	−18,064	−23,361	−17,503	−24,530	−30,474	−26,575	−12,879	−22,244	−23,070	−22,881
23 All others[4]	1,659	948	2,486	1,415	2,384	1,603	3,687	2,771	3,665	4,680	6,636
24 Certificates of deposit	−138,412	−195,169	−222,717	−232,008	−223,931	−214,525	−217,307	−232,523	−228,303	−222,017	−241,408
	Financing[6]										
Reverse repurchase agreements											
25 Overnight and continuing	201,359	205,626	208,440	208,214	209,093	205,236	207,272	212,891	211,229	217,246	215,337
26 Term	289,867	295,243	297,759	285,150	312,009	314,980	302,698	261,585	300,931	304,005	324,976
Repurchase agreements											
27 Overnight and continuing	328,181	336,107	339,382	334,967	330,811	343,789	346,195	338,500	350,817	368,779	363,769
28 Term	257,388	261,671	266,179	244,653	271,529	285,818	283,674	227,376	261,637	271,877	299,783
Securities borrowed											
29 Overnight and continuing	78,173	81,269	84,573	82,900	84,029	83,658	86,226	85,181	91,160	89,215	95,654
30 Term	30,570	31,415	35,187	32,433	34,242	35,655	36,763	35,283	37,669	37,355	37,908
Securities loaned											
31 Overnight and continuing	7,424	7,746	7,627	7,241	7,100	7,693	8,375	7,487	7,422	6,868	9,246
32 Term	3,042	1,542	801	741	920	952	801	515	596	554	756
Collateralized loans											
33 Overnight and continuing	17,398	16,610	14,879	16,211	15,797	13,918	14,234	15,014	18,039	18,033	17,625
MEMO: Matched book[7]											
Reverse repurchase agreements											
34 Overnight and continuing	149,760	146,537	148,092	149,128	148,305	145,190	147,903	150,930	151,389	152,761	151,528
35 Term	245,889	250,339	255,829	240,437	265,047	269,188	263,940	227,724	258,795	262,161	278,373
Repurchase agreements											
36 Overnight and continuing	178,680	186,552	187,957	184,588	187,153	188,118	188,506	189,749	193,057	196,762	198,476
37 Term	197,396	197,971	200,805	183,858	207,518	213,604	214,707	170,297	195,505	200,788	220,184

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 (IO securities), and principal-only (POs) securities.

5. Futures 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	1992				
					Jan.	Feb.	Mar.	Apr.	May
1 **Federal and federally sponsored agencies**	**381,498**	**411,805**	**434,668**	**442,772**	**440,317**	**445,895**	**445,646**	**449,472**	**449,561**
2 Federal agencies	35,668	35,664	42,159	41,035	42,872	40,791	41,322	40,788	40,535
3 Defense Department[1]	8	7	7	7	7	7	7	7	7
4 Export-Import Bank[2,3]	11,033	10,985	11,376	9,809	9,809	9,809	8,644	8,644	8,644
5 Federal Housing Administration[4]	150	328	393	397	335	372	421	419	427
6 Government National Mortgage Association certificates of participation[5]	0	0	0	0	0	0	0	0	0
7 Postal Service[6]	6,142	6,445	6,948	8,421	8,421	8,421	9,771	9,771	9,771
8 Tennessee Valley Authority	18,335	17,899	23,435	22,401	24,300	22,182	22,479	21,947	21,686
9 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
10 Federally sponsored agencies[7]	345,830	375,407	392,509	401,737	397,496	405,104	404,324	408,684	409,026
11 Federal Home Loan Banks	135,836	136,108	117,895	107,543	104,607	106,341	106,511	107,011	106,368
12 Federal Home Loan Mortgage Corporation	22,797	26,148	30,941	30,262	29,332	26,824	25,154	25,233	27,612
13 Federal National Mortgage Association	105,459	116,064	123,403	133,937	133,988	141,315	141,315	145,856	144,655
14 Farm Credit Banks[8]	53,127	54,864	53,590	52,199	51,673	51,867	52,651	52,368	52,080
15 Student Loan Marketing Association[9]	22,073	28,705	34,194	38,319	38,419	39,280	39,216	38,739	38,885
16 Financing Corporation[10]	5,850	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	690	847	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	0	4,522	23,055	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**142,850**	**134,873**	**179,083**	**185,576**	**183,098**	**182,737**	**185,849**	**186,879**	**179,617**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	11,027	10,979	11,370	9,803	9,803	9,803	8,638	8,638	8,638
21 Postal Service[6]	5,892	6,195	6,698	8,201	8,201	8,201	9,551	9,551	9,551
22 Student Loan Marketing Association	4,910	4,880	4,850	4,820	4,820	4,820	4,820	4,820	4,820
23 Tennessee Valley Authority	16,955	16,519	14,055	10,725	10,725	10,025	10,025	9,325	9,025
24 United States Railway Association[6]	0	0	0	0	0	0	0	0	0
Other lending[14]									
25 Farmers Home Administration	58,496	53,311	52,324	48,534	48,534	48,534	48,534	47,634	45,434
26 Rural Electrification Administration	19,246	19,265	18,890	18,562	18,534	18,494	18,424	18,440	18,473
27 Other	26,324	23,724	70,896	84,931	82,481	82,860	85,857	88,471	83,676

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						
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
1 **All issues, new and refunding**[1]	**113,646**	**120,339**	**154,402**	**15,796**	**13,426**	**14,032**	**15,956**	**15,141**	**14,155**	**20,501**	**16,184**
By type of issue											
2 General obligation	35,774	39,610	55,100	5,871	4,937	6,102	6,212	4,455	5,429	7,213	6,808
3 Revenue	77,873	81,295	99,302	9,925	8,489	7,930	9,744	10,686	8,726	13,288	9,376
By type of issuer											
4 State	11,819	15,149	24,939	1,671	1,047	4,404	3,174	575	1,165	2,063	2,836
5 Special district or statutory authority[2]	71,022	72,661	80,614	9,435	8,537	6,605	7,511	9,802	8,251	12,894	8,838
6 Municipality, county, or township	30,805	32,510	48,849	4,690	3,842	4,404	5,271	4,764	4,739	5,544	4,510
7 **Issues for new capital, total**	**84,062**	**103,235**	**116,953**	**12,020**	**7,941**	**9,467**	**10,637**	**9,020**	**9,259**	**14,096**	**7,565**
By use of proceeds											
8 Education	15,133	17,042	21,121[r]	1,924	2,139	2,604	1,075	2,208	1,651	2,132	1,747
9 Transportation	6,870	11,650	13,395	488	1,314	1,996	1,412	921	1,669	2,618	571
10 Utilities and conservation	11,427	11,739	21,039[r]	1,931	2,096	800	2,104	1,380	771	1,851	629
11 Social welfare	16,703	23,099	25,648[r]	3,070	1,088	1,925	1,811	2,582	2,045	4,266	887
12 Industrial aid	5,036	6,117	8,376[r]	1,083	301	123	528	558	133	724	91
13 Other purposes	28,894	34,607	30,275	3,524	1,003	2,019	3,707	1,371	2,990	2,505	3,640

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					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 **All issues**[1]	**377,836**	**339,052**	**455,291**	**34,276**[r]	**32,391**	**45,037**[r]	**37,464**[r]	**38,303**[r]	**28,724**[r]	**45,286**[r]	**47,534**
2 **Bonds**[2]	**319,965**	**298,814**	**389,933**	**25,223**[r]	**24,871**	**38,353**[r]	**27,928**[r]	**31,946**[r]	**23,386**[r]	**38,370**[r]	**38,537**
By type of offering											
3 Public, domestic	179,694	188,778	287,041	23,154[r]	23,326	34,682[r]	26,301[r]	29,417[r]	22,012[r]	35,398[r]	35,784
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	2,070	1,544	3,671	1,626	2,529	1,373[r]	2,972[r]	2,753
By industry group											
6 Manufacturing	76,175	52,635	85,535	4,761	4,880[r]	7,229[r]	3,910	8,755	4,150[r]	6,236[r]	7,189
7 Commercial and miscellaneous	49,465	40,018	37,809	1,819	1,953	2,751[r]	1,664	3,870[r]	2,301[r]	2,472[r]	1,630
8 Transportation	10,032	12,711	13,628	180	150	455	1,004	641	190	621[r]	899
9 Public utility	18,656	17,621	23,994	3,063[r]	2,238	3,836[r]	3,569	1,896	3,462[r]	3,041[r]	4,251
10 Communication	8,461	6,597	9,331	226	1,085	2,467	416	725	1,205[r]	1,590	1,028
11 Real estate and financial	157,176	169,231	219,637	15,175	14,564[r]	21,616[r]	17,364[r]	16,060[r]	12,078[r]	24,410[r]	23,539
12 **Stocks**[2]	**57,870**	**40,165**	**75,467**	**9,053**	**7,520**	**6,684**	**9,536**	**6,357**	**5,338**	**6,916**	**8,997**
By type of offering											
13 Public preferred	6,194	3,998	17,408	3,240	2,771	739	4,306	625	334	1,552	2,916
14 Common	26,030	19,443	47,860	5,813	4,749	5,945	5,230	5,732	5,004	5,364	6,081
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	4,054	2,684	2,098	2,541	2,637	1,523	2,499	3,000
17 Commercial and miscellaneous	7,446	10,171	19,418	2,158	2,535	993	3,194	1,595	1,162	2,010	1,070
18 Transportation	1,929	369	2,439	0	0	426	78	193	n.a.	176	1,064
19 Public utility	3,090	416	3,474	174	233	268	489	704	577	826	610
20 Communication	1,904	3,822	475	84	17	163	n.a.	53	333	12	n.a.
21 Real estate and financial	34,028	19,738	25,507	2,583	2,014	2,736	3,234	1,175	1,691	1,324	3,254

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					
			Nov.	Dec.	Jan	Feb.	Mar.	Apr.	May[r]	June
1 **Sales of own shares[2]**	**344,420**	**464,488**	**41,365**	**51,018**	**66,048**	**48,015**	**50,462**	**52,309**	**48,127**	**51,457**
2 Redemptions of own shares	288,441	342,088	28,454	39,050	41,917	30,869	35,464	39,302	31,409	37,457
3 Net sales[3]	55,979	122,400	12,911	11,968	24,131	17,146	14,998	13,007	16,718	14,000
4 **Assets[4]**	**568,517**	**807,001**	**752,798**	**807,077**	**823,767**	**846,868**	**848,842**	**870,011**	**897,211**	**911,218**
5 Cash[5]	48,638	60,937	59,689	60,292	62,289	64,022	64,216	67,632	67,270	69,508
6 Other	519,875	746,064	693,109	746,785	761,478	782,846	781,626	802,379	829,941	841,710

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	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 Profits with inventory valuation and capital consumption adjustment	362.8	361.7	346.3	351.4	344.0	349.6	347.3	341.2	347.1	384.0	390.6
2 Profits before taxes	342.9	355.4	334.7	367.0	354.7	337.6	332.3	336.7	332.3	366.1	379.1
3 Profits tax liability	141.3	136.7	124.0	143.0	133.7	121.3	122.9	127.0	125.0	136.4	144.5
4 Profits after taxes	201.6	218.7	210.7	224.0	221.0	216.3	209.4	209.6	207.4	229.7	234.6
5 Dividends	134.6	149.3	146.5	150.6	151.9	150.6	146.2	145.1	143.9	143.6	146.6
6 Undistributed profits	67.1	69.4	64.2	73.4	69.1	65.7	63.2	64.5	63.4	86.2	88.0
7 Inventory valuation	−17.5	−14.2	3.1	−32.6	−21.2	6.7	9.9	−4.8	.7	−5.4	−15.9
8 Capital consumption adjustment	37.4	20.5	8.4	17.0	10.5	5.3	5.1	9.3	14.1	23.3	27.4

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period; not seasonally adjusted

Account	1988	1989	1990	1990		1991				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	23.9	27.0	31.0	27.0	31.0	35.6	36.9	39.6	42.3	38.0
11 Commercial paper	152.1	160.7	165.3	161.9	165.3	155.5	156.1	156.8	159.5	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	36.8	35.2	37.5	45.9	37.5	32.4	34.2	36.5	34.5	34.5
15 Not elsewhere classified	147.0	162.7	178.2	170.9	178.2	182.4	184.5	185.0	191.3	189.8
16 All other liabilities	60.0	61.5	63.9	66.2	63.9	64.3	67.1	68.8	69.0	72.0
17 Capital, surplus, and undivided profits	44.0	55.2	63.7	61.3	63.7	63.4	63.3	63.8	64.8	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	1992					
				Jan.	Feb.	Mar.	Apr.	May	June
SEASONALLY ADJUSTED									
1 **Total**	**481,436**	**523,023**	**519,573**	**524,135**	**525,570**	**521,174**	**520,242**	**519,668**	**521,058**
2 Consumer	157,766	161,070	154,786	155,388	157,226	157,106	156,103	154,989	154,850
3 Real estate[2]	53,518	65,147	65,388	66,169	66,267	66,323	67,032	66,898	66,433
4 Business	270,152	296,807	299,400	302,579	302,077	297,744	297,107	297,781	299,775
NOT SEASONALLY ADJUSTED									
5 **Total**	**483,537**	**526,404**	**522,853r**	**523,865r**	**522,984r**	**521,282r**	**522,017r**	**520,682**	**524,844**
6 Consumer	162,961	167,489	155,677r	155,269r	155,469r	155,753r	155,106r	154,414	154,859
7 Motor vehicles	84,126	75,045	63,413	62,206	61,959	60,655	61,717	59,399	60,056
8 Other consumer[3]	26,053	29,116	29,483	28,280	27,901	27,517	26,477	26,074	56,602
9 Securitized motor vehicles[4]	13,690	19,837	23,166	24,879	24,016	25,723	24,697	26,529	26,195
10 Securitized other consumer[4]	5,994	8,265	10,610	11,182	11,172	11,678	12,045	11,746	11,974
11 Real estate[2]	53,781	65,509	65,764	66,118	65,527	65,752	66,604	66,650	66,437
12 Business	266,795	293,406	301,412r	302,478r	301,988r	299,777r	300,307	299,618	303,548
13 Motor vehicles	90,416	92,072	90,319	88,359	88,535	88,006	89,105	88,585	90,075
14 Retail[5]	29,505	26,401	22,507	21,896	21,745	20,688	20,842	20,143	20,674
15 Wholesale[6]	34,093	33,573	31,216	30,080	30,821	30,799	31,161	30,893	30,505
16 Leasing	26,818	32,098	36,596	36,383	35,969	36,519	37,102	37,549	38,896
17 Equipment	122,246	137,654	141,399	142,809	142,562	142,696	143,510	143,431	145,994
18 Retail	29,828	31,968	30,962	31,634	31,516	31,601	31,824	31,569	32,610
19 Wholesale[6]	6,452	11,101	9,671	9,552	9,646	9,265	9,217	9,116	9,194
20 Leasing	85,966	94,585	100,766	101,623	101,400	101,830	102,469	102,746	104,447
21 Other business[7]	47,055	53,532	51,583	53,787	53,537	51,179	49,717	59,291	57,586
22 Securitized business assets[4]	n.a.	5,467	8,807	8,593	8,244	8,199	8,360	8,311	9,636
23 Retail	710	667	576	531	526	480	206	196	178
24 Wholesale	n.a.	3,281	5,285	5,312	5,071	5,098	5,137	5,147	5,231
25 Leasing	1,311	1,519	2,946	2,750	2,647	2,621	2,776	2,968	4,227

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	1992						
				Jan.	Feb.	Mar.	Apr.	May	June	July
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	159.6	153.2	155.0	153.9	154.7	167.0	162.5	158.7	154.4	173.5
2 Amount of loan (thousands of dollars)	117.0	112.4	114.0	114.9	110.2	123.2	122.7	119.7	116.1	132.6
3 Loan-price ratio (percent)	74.5	74.8	75.0	75.2	72.9	76.1	76.9	77.3	77.3	77.5
4 Maturity (years)	28.1	27.3	26.8	26.2	24.5	25.2	26.6	26.4	25.0	26.4
5 Fees and charges (percent of loan amount)[2]	2.06	1.93	1.71	1.85	1.84	1.75	1.88	1.69	1.57	1.19
6 Contract rate (percent per year)	9.76	9.68	9.02	8.17	8.29	8.21	8.26	8.30	8.15	7.81
Yield (percent per year)										
7 OTS series[3]	10.11	10.01	9.30	8.49	8.65	8.51	8.58	8.59	8.43	8.00
8 HUD series[4]	10.21	10.08	9.20	8.69	8.74	8.91	8.78	8.66	8.42	8.14
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (HUD series)[5]	10.24	10.17	9.25	8.72	8.74	8.85	8.79	8.66	8.56	8.12
10 GNMA securities[6]	9.71	9.51	8.59	7.81	8.01	8.20	8.10	8.00	7.90	7.63
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	104,974	113,329	122,837	131,058	133,399	136,506	139,808	140,899	142,148	142,465
12 FHA/VA-insured	19,640	21,028	21,702	21,981	21,980	21,902	21,914	21,924	22,218	22,263
13 Conventional	85,335	92,302	101,135	109,077	111,419	114,604	117,894	118,975	119,930	120,202
Mortgage transactions (during period)										
14 Purchases	22,518	23,959	37,202	4,809	5,358	7,282	7,258	5,576	5,809	4,191
Mortgage commitments (during period)[7]										
15 Issued[8]	n.a.	23,689	40,010	7,129	6,589	6,738	5,400	4,392	4,662	4,663
16 To sell[9]	n.a.	5,270	7,608	249	343	1,143	2,219	1,695	1,831	807
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[9]										
17 Total	20,105	20,419	24,131	27,384	27,030	28,821	30,077	28,710	28,621	n.a.
18 FHA/VA-insured	590	547	484	456	450	446	438	432	426	n.a.
19 Conventional	19,516	19,871	23,283	26,928	26,580	28,376	29,639	28,278	28,195	n.a.
Mortgage transactions (during period)										
20 Purchases	78,588	75,517	97,727	11,475	12,190	16,001	18,109	16,405	14,222	n.a.
21 Sales	73,446	73,817	92,478	10,521	11,998	13,639	16,139	17,214	13,740	12,210
Mortgage commitments (during period)[10]										
22 Contracted	88,519	102,401	114,031	15,683	23,278	19,098	23,748	13,334	19,114	n.a.

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 of 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 loans 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**	**3,948,048**	**3,999,815**	**4,015,902**	**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	2,790,897	2,838,164	2,870,066	2,905,401	2,939,419
3 Multifamily residences	291,405	303,416	307,077	310,757	311,820	307,615	309,291	310,572
4 Commercial	692,236	739,240	756,203	762,452	766,060	755,076	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	1,902,398	1,898,308	1,860,372	1,852,489	1,837,642
7 Commercial banks[2]	674,003	767,069	844,826	856,848	871,416	870,938	876,282	880,321
8 One- to four-family	334,367	389,632	455,931	462,130	476,363	478,851	486,573	492,837
9 Multifamily	33,912	38,876	37,015	38,390	37,564	36,398	37,420	37,711
10 Commercial	290,254	321,906	334,648	338,821	339,450	337,365	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	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	11,056	11,387
33 One- to four-family	2,672	2,875	3,593	3,600	3,729	3,740	4,056	4,110
34 Multifamily	3,301	3,212	5,208	5,891	6,480	6,700	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	1992 Jan	Feb.	Mar.	Apr.	May[r]	June
	Seasonally adjusted								
1 **Total**	**662,553**	**716,825**	**735,338**	**728,618**	**728,395**	**727,404**	**723,821**	**722,928**	**721,909**
2 Automobile	285,364	292,002	284,993	263,134	261,659	262,125	260,376	259,834	257,036
3 Revolving	174,269	199,308	222,950	244,288	245,974	245,259	245,905	246,220	247,075
4 Other	202,921	225,515	227,395	221,196	220,762	220,020	217,541	216,874	217,798
	Not seasonally adjusted								
5 **Total**	**673,320**	**728,877**	**748,524**	**733,294**	**725,882**	**721,091**	**718,676**	**718,420**	**718,840**
By major holder									
6 Commercial banks	324,792	342,770	347,087	335,320	330,464	327,697	326,205	324,791	323,847
7 Finance companies	144,677	138,858	133,863	119,206	120,280	118,353	118,364	116,138	116,690
8 Credit unions	88,340	93,114	93,057	91,894	91,469	91,164	91,339	91,605	91,823
9 Retailers	48,438	44,154	44,822	41,567	40,015	39,454	39,553	37,824	37,438
10 Savings institutions	63,399	57,253	46,969	39,448	38,479	37,142	36,499	36,224	35,618
11 Gasoline companies	3,674	3,935	4,822	4,377	4,151	3,988	4,094	4,193	4,360
12 Pools of securitized assets[2]	n.a.	48,793	77,904	101,482	101,024	103,293	102,622	107,645	109,064
By major type of credit[3]									
13 Automobile	285,421	292,060	285,050	261,871	259,723	259,530	258,449	258,665	257,139
14 Commercial banks	123,392	126,288	124,913	110,707	110,077	110,047	109,056	108,610	106,667
15 Finance companies	98,338	84,126	75,045	62,204	61,957	60,655	61,717	59,399	60,056
16 Pools of securitized assets[2]	0	18,185	24,428	29,460	28,480	29,942	28,679	31,406	31,024
17 Revolving	184,045	210,310	235,056	249,320	245,088	242,267	242,708	243,315	244,752
18 Commercial banks	123,020	130,811	133,385	133,839	130,848	128,550	128,506	128,013	127,654
19 Retailers	43,833	39,583	40,003	36,953	35,438	34,892	34,989	33,245	32,844
20 Gasoline companies	3,674	3,935	4,822	4,377	4,151	3,988	4,094	4,193	4,360
21 Pools of securitized assets[2]	n.a.	23,477	44,335	60,087	60,633	60,953	61,190	63,801	65,784
22 Other	203,854	226,507	228,418	222,103	221,071	219,294	217,519	216,440	216,949
23 Commercial banks	78,380	85,671	88,789	90,774	89,539	89,100	88,643	88,168	89,526
24 Finance companies	46,339	54,732	58,818	57,002	58,323	57,698	56,647	56,739	56,634
25 Retailers	4,605	4,571	4,819	4,614	4,577	4,562	4,564	4,579	4,594
26 Pools of securitized assets[2]	n.a.	7,131	9,141	11,935	11,911	12,398	12,753	12,438	12,256

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					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
INTEREST RATES										
Commercial banks[2]										
1 48-month new car[3]	12.07	11.78	11.14	n.a.	n.a.	9.89	n.a.	n.a.	9.52	n.a.
2 24-month personal	15.44	15.46	15.18	n.a.	n.a.	14.39	n.a.	n.a.	14.28	n.a.
3 120-month mobile home[3]	14.11	14.02	13.70	n.a.	n.a.	12.93	n.a.	n.a.	12.82	n.a.
4 Credit card	18.02	18.17	18.23	n.a.	n.a.	18.09	n.a.	n.a.	17.97	n.a.
Auto finance companies										
5 New car	12.62	12.54	12.41	10.41	10.04	10.19	10.92	10.84	10.67	10.24
6 Used car	16.18	15.99	15.60	14.90	14.34	14.00	14.19	14.14	14.01	13.89
OTHER TERMS[4]										
Maturity (months)										
7 New car	54.2	54.6	55.1	53.7	53.5	53.8	54.3	54.5	54.7	54.4
8 Used car	46.6	46.0	47.2	46.9	48.4	48.0	48.0	47.8	47.9	48.0
Loan-to-value ratio										
9 New car	91	87	88	88	89	89	89	89	89[r]	89
10 Used car	97	95	95	93	97	97	97	97	97[r]	97
Amount financed (dollars)										
11 New car	12,001	12,071	12,494	13,476	13,135	13,340	13,137	13,208	13,373	13,369
12 Used car	7,954	8,289	8,884	9,105	9,007	8,912	8,908	8,905	9,247	9,201

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 Q3	1990 Q4	1991 Q1	1991 Q2	1991 Q3	1991 Q4	1992 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	27.9[r]	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	142.1[r]	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	184.2[r]	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	−33.4[r]	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	34.4[r]	27.2[r]	25.6[r]	40.3[r]	52.7[r]	56.1	38.3	57.9	46.9	59.2	46.7	61.4
48 Private financial intermediation (percent)	76.2[r]	79.7[r]	77.2[r]	70.6[r]	92.2[r]	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

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						
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June[r]	July
1 **Industrial production**[1]	**108.1**	**109.2**	**107.1**	**108.1**	**107.4**	**106.6**	**107.2**	**107.6**	**108.1**	**108.9**	**108.5**	**108.9**
Market groupings												
2 Products, total	108.6	110.1	108.1	109.0	108.4	107.5	108.1	108.5	109.0	109.7	109.1	109.3
3 Final, total	109.1	110.9	109.6	110.6	109.9	108.7	109.4	109.8	110.6	111.3	110.8	110.7
4 Consumer goods	106.7	107.3	107.5	110.0	109.1	108.1	108.8	109.3	110.1	110.6	110.0	110.2
5 Equipment	112.3	115.5	112.2	111.4	110.9	109.4	110.2	110.4	111.3	112.2	111.8	111.4
6 Intermediate	106.8	107.7	103.4	103.9	103.8	103.9	104.0	104.4	103.9[r]	104.5	104.0	104.8
7 Materials	107.4	107.8	105.5	106.6	105.8	105.2	105.8	106.1	106.8[r]	107.7	107.5	108.4
Industry groupings												
8 Manufacturing	108.9	109.9	107.4	108.6	108.1	107.4	108.1	108.5	109.0[r]	109.8	109.6	109.5
9 Capacity utilization, manufacturing (percent)[2]	83.9	82.3	78.2	78.2	77.7	77.0	77.4	77.5	77.7	78.1	77.8	77.6
10 Construction contracts[3]	105.2	95.3	89.3	82.0	97.0	95.0	100.0	96.0	93.0	86.0	90.0	n.a.
11 Nonagricultural employment, total[4]	106.0	107.6	106.6	105.8	105.8	105.8	105.8	105.9	106.0	106.2	106.1	106.3
12 Goods-producing, total	102.5	101.0	96.4	95.6	95.5	95.2	95.2	95.2	95.2	95.3	95.0	94.9
13 Manufacturing, total	102.2	100.5	96.9	96.5	96.3	96.1	96.1	96.1	96.1	96.1	95.8	95.8
14 Manufacturing, production worker	102.3	100.0	96.0	95.8	95.6	95.5	95.6	95.7	95.7	95.7	95.4	95.5
15 Service-producing	107.1	109.7	109.9	109.1	109.1	109.1	109.2	109.3	109.5	109.6	109.7	109.9
16 Personal income, total	115.2	122.7[r]	127.0[r]	128.5[r]	130.1[r]	130.0[r]	131.2[r]	131.8[r]	131.8[r]	132.2	132.2	n.a.
17 Wages and salary disbursements	114.4	121.3[r]	124.4[r]	125.5[r]	126.5[r]	126.2[r]	127.6[r]	128.0[r]	127.8[r]	128.4	128.2	n.a.
18 Manufacturing	110.6	113.5[r]	113.6[r]	114.4[r]	115.4	113.7[r]	114.5[r]	114.6	115.0[r]	115.5	115.0	n.a.
19 Disposable personal income[5]	115.1[r]	122.9[r]	128.0[r]	129.7[r]	131.4[r]	131.4[r]	132.6[r]	133.8[r]	133.7[r]	134.1	134.0	n.a.
20 Retail sales[6]	113.5	118.7	119.8	120.2	120.3	123.1	124.6	123.1	123.5	124.1	123.7	124.4
Prices[7]												
21 Consumer (1982–84=100)	124.0	130.7	136.2	137.8	137.9	138.1	138.6	139.3	139.5	139.7	140.2	140.5
22 Producer finished goods (1982=100)	113.6	119.2	121.7	122.3	121.9	121.8	122.1	122.2[r]	122.2	123.1	123.7	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 from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.
5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.
6. Based on data from U.S. Bureau of the Census, *Survey of Current Business*.
7. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the Bureau of Labor Statistics, U.S. Department of Labor, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4, 5,and 6, and indexes for series mentioned in notes 3 and 7 can also be found in the *Survey of Current Business*.

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted except as noted

Category	1989	1990	1991	1991	1992						
				Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June[r]	July
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**188,601**	**190,216**	**191,883**	**192,661**	**192,796**	**192,906**	**193,036**	**193,168**	**193,295**	**193,431**	**193,588**
2 Labor force (including Armed Forces)[1]	126,077	126,954	127,421	127,675	128,083	128,309	128,604	128,830	129,148	129,525	129,498
3 Civilian labor force	123,869	124,787	125,303	125,619	126,046	126,287	126,590	126,830	127,160	127,549	127,532
Employment											
4 Nonagricultural industries[2]	114,142	114,728	114,644	113,545	113,951	113,811	114,155	114,465	114,478	114,322	114,568
5 Agriculture	3,199	3,186	3,233	3,183	3,166	3,232	3,194	3,209	3,178	3,252	3,204
Unemployment											
6 Number	6,528	6,874	8,426	8,891	8,929	9,244	9,242	9,155	9,504	9,975	9,760
7 Rate (percent of civilian labor force)	5.3	5.5	6.7	7.1	7.1	7.3	7.3	7.2	7.5	7.8	7.7
8 Not in labor force	62,524	63,262	64,462	64,986	64,713	64,597	64,432	64,338	64,147	63,906	64,090
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**108,329**	**109,971**	**108,975**	**108,154**	**108,100**	**108,142**	**108,200**	**108,377**	**108,496**	**108,433**	**108,631**
10 Manufacturing	19,442	19,111	18,427	18,329	18,283	18,290	18,278	18,279	18,275	18,223	18,224
11 Mining	693	711	697	663	657	653	651	646	641	634	631
12 Contract construction	5,187	5,136	4,696	4,592	4,587	4,582	4,603	4,605	4,632	4,603	4,588
13 Transportation and public utilities	5,644	5,826	5,823	5,758	5,746	5,753	5,754	5,746	5,745	5,738	5,742
14 Trade	25,770	25,843	25,412	25,133	25,128	25,146	25,089	25,170	25,143	25,139	25,155
15 Finance	6,695	6,739	6,707	6,670	6,665	6,673	6,675	6,682	6,681	6,671	6,668
16 Service	27,120	28,240	28,778	28,559	28,577	28,584	28,643	28,707	28,833	28,860	28,970
17 Government	17,779	18,322	18,434	18,450	18,457	18,461	18,507	18,542	18,546	18,565	18,653

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 U.S. Department of Labor *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1991		1992		1991		1992		1991		1992	
	Q3	Q4	Q1	Q2[r]	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2[r]
	Output (1987=100)				Capacity (percent of 1987 output)				Capacity utilization rate (percent)			
1 **Total industry**	**108.1**	**107.9**	**107.1**	**108.5**	**135.3**	**136.2**	**137.0**	**137.7**	**79.9**	**79.3**	**78.2**	**78.8**
2 Manufacturing	108.5	108.6	108.0	109.5	137.9	138.9	139.7	140.6	78.7	78.2	77.3	77.9
3 Primary processing	104.1	104.1	104.0	105.4	128.1	128.8	129.3	129.6	81.2	80.8	80.5	81.3
4 Advanced processing	110.6	110.7	109.9	111.3	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	108.4	141.8	142.8	143.7	144.4	76.2	75.4	74.2	75.0
6 Lumber and products	95.1	95.1	98.5	96.6	125.4	125.7	125.9	126.1	75.8	75.7	78.2	76.6
7 Primary metals	102.0	102.5	102.2	101.6	129.0	129.3	129.1	128.3	79.1	79.2	79.2	79.1
8 Iron and steel	100.3	103.2	103.8	101.7	134.0	134.5	134.1	132.7	74.8	76.7	77.4	76.7
9 Nonferrous	104.5	101.4	100.0	101.3	121.7	121.9	122.1	122.2	85.8	83.2	81.9	82.9
10 Nonelectrical machinery	123.5	122.7	122.1	125.8	161.2	162.8	164.3	165.9	76.6	75.4	74.3	75.8
11 Electrical machinery	111.2	110.4	110.5	111.8	145.3	146.6	147.9	149.1	76.5	75.3	74.7	75.0
12 Motor vehicles and parts	95.9	97.0	91.7	100.5	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	96.8	138.7	139.6	140.4	140.9	75.9	73.7	70.8	68.7
14 Nondurable goods	109.1	109.7	109.8	110.8	132.9	133.8	134.8	135.6	82.1	82.0	81.5	81.7
15 Textile mill products	104.1	104.1	104.3	105.6	118.0	118.3	118.8	119.2	88.2	88.0	87.9	88.5
16 Paper and products	107.6	107.4	105.8	106.7	117.9	118.7	119.3	119.9	91.2	90.5	88.7	89.0
17 Chemicals and products	112.1	113.0	113.6	116.9	141.0	142.3	143.4	144.3	79.5	79.4	79.2	81.0
18 Plastics materials	125.4	126.2	124.4	130.5	142.6	146.1	148.7	150.5	87.9	86.4	83.7	86.8
19 Petroleum products	108.1	107.1	107.7	109.4	121.4	121.4	121.4	121.5	89.0	88.2	88.7	90.0
20 Mining	101.8	99.7	97.9	99.1	114.6	114.7	114.7	114.7	88.9	87.0	85.3	86.3
21 Utilities	110.4	109.4	107.0	107.7	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	July	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[r]	June[r]	July[p]
	Capacity utilization rate (percent)												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.8**	**80.0**	**78.7**	**78.0**	**78.3**	**78.4**	**78.7**	**79.1**	**78.7**	**78.9**
2 Manufacturing	88.9	70.8	87.3	70.0	78.7	77.7	77.0	77.4	77.5	77.7	78.1	77.8	77.6
3 Primary processing	92.2	68.9	89.7	66.8	81.1	80.2	80.2	80.4	80.8	81.1	81.4	81.5	81.7
4 Advanced processing	87.5	72.0	86.3	71.4	77.8	76.6	75.7	76.1	76.1	76.3	76.8	76.3	75.9
5 Durable goods	88.8	68.5	86.9	65.0	76.4	74.8	73.8	74.5	74.3	74.6	75.5	75.0	74.8
6 Lumber and products	90.1	62.2	87.6	60.9	75.6	75.7	77.4	78.5	78.8	77.1	77.6	75.2	77.0
7 Primary metals	100.6	66.2	102.4	46.8	78.5	78.3	79.2	79.5	78.7	78.5	79.5	79.5	82.0
8 Iron and steel	105.8	66.6	110.4	38.3	74.3	75.5	78.1	77.4	76.7	75.8	77.1	77.1	80.8
9 Nonferrous	92.9	61.3	90.5	62.2	85.1	82.6	81.0	82.9	81.8	82.6	83.1	83.1	83.8
10 Nonelectrical machinery	96.4	74.5	92.1	64.9	77.2	74.7	74.1	74.2	74.5	75.1	76.4	76.1	76.5
11 Electrical machinery	87.8	63.8	89.4	71.1	76.6	75.2	74.6	74.8	74.8	74.7	75.3	74.9	74.4
12 Motor vehicles and parts	93.4	51.1	93.0	44.5	71.8	69.6	64.0	68.9	69.1	72.2	75.1	73.2	70.7
13 Aerospace and miscellaneous transportation equipment	77.0	66.6	81.1	66.9	76.1	72.3	71.2	70.9	70.2	69.2	68.6	68.1	67.4
14 Nondurable goods	87.9	71.8	87.0	76.9	82.0	81.6	81.4	81.3	81.7	81.8	81.6	81.6	81.4
15 Textile mill products	92.0	60.4	91.7	73.8	88.4	86.5	86.9	88.2	88.5	89.3	88.8	87.5	85.4
16 Paper and products	96.9	69.0	94.2	82.0	91.9	90.0	89.9	87.6	88.5	89.3	88.3	89.3	89.7
17 Chemicals and products	87.9	69.9	85.1	70.1	79.3	78.9	78.7	79.1	79.9	80.4	81.1	81.6	81.3
18 Plastics materials	102.0	50.6	90.9	63.4	89.6	82.5	83.1	83.0	85.0	85.4	87.3	87.5	87.0
19 Petroleum products	96.7	81.1	89.5	68.2	89.2	89.5	87.8	88.1	90.3	90.8	89.4	89.8	89.7
20 Mining	94.4	88.4	96.6	80.6	89.6	86.2	85.3	85.7	84.9	86.3	87.0	85.6	88.0
21 Utilities	95.6	82.5	88.3	76.2	86.2	83.4	82.6	82.2	83.1	83.4	83.1	82.4	85.3
22 Electric	99.0	82.7	88.3	78.7	93.6	87.7	87.1	86.8	88.1	88.2	88.0	87.3	91.0

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 July	1991 Aug.	1991 Sept.	1991 Oct.	1991 Nov.	1991 Dec.	1992 Jan.	1992 Feb.	1992 Mar.	1992 Apr.[r]	1992 May[r]	1992 June[r]	1992 July[p]
			Index (1987 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**107.1**	**108.1**	**108.0**	**108.4**	**108.4**	**108.1**	**107.4**	**106.6**	**107.2**	**107.6**	**108.1**	**108.9**	**108.5**	**108.9**
2 Products	60.8	108.1	108.7	108.5	108.9	109.0	109.0	108.4	107.5	108.1	108.5	109.0	109.7	109.1	109.3
3 Final products	46.0	109.6	110.2	109.8	110.4	110.6	110.6	109.9	108.7	109.4	109.8	110.6	111.3	110.8	110.7
4 Consumer goods, total	26.0	107.5	108.3	108.4	109.4	109.7	110.0	109.1	108.1	108.8	109.3	110.1	110.6	110.0	110.2
5 Durable consumer goods	5.6	102.3	105.5	104.0	107.7	107.5	106.0	104.6	101.3	105.3	106.2	107.9	111.1	109.7	108.2
6 Automotive products	2.5	97.8	102.3	98.6	106.5	106.7	103.6	101.3	94.2	101.6	103.6	106.5	110.6	108.4	106.2
7 Autos and trucks	1.5	90.2	98.1	90.2	103.0	105.1	99.0	96.7	84.3	94.3	95.7	102.5	107.8	104.0	100.1
8 Autos, consumer	.9	84.6	92.8	83.0	94.6	92.6	89.8	88.2	79.1	84.8	81.9	93.1	98.6	97.6	91.7
9 Trucks, consumer	.6	99.6	106.9	102.2	117.1	126.1	114.5	111.0	93.0	110.2	118.8	118.3	123.3	114.7	114.3
10 Auto parts and allied goods	1.0	109.3	108.6	111.3	111.8	109.1	110.5	108.2	109.1	112.6	115.5	112.5	114.7	115.0	115.4
11 Other	3.1	105.8	108.1	108.3	108.7	108.1	108.0	107.2	106.9	108.3	108.3	109.1	111.5	110.8	109.7
12 Appliances, A/C, and TV	.8	99.5	100.6	99.6	104.1	102.1	102.3	98.9	99.6	102.9	103.5	103.4	107.4	107.9	101.1
13 Carpeting and furniture	.9	99.4	103.1	103.9	101.8	101.8	101.6	101.5	101.1	102.4	102.5	104.4	105.9	104.4	104.8
14 Miscellaneous home goods	1.4	113.4	115.5	115.9	115.6	115.6	115.2	115.5	114.7	115.0	114.7	115.2	117.3	116.5	117.6
15 Nondurable consumer goods	20.4	109.0	109.0	109.6	109.8	110.3	111.1	110.3	110.0	109.8	110.2	110.7	110.5	110.1	110.7
16 Foods and tobacco	9.1	106.7	106.9	107.1	107.8	107.8	108.1	107.0	107.3	107.4	107.8	107.6	107.2	107.0	107.2
17 Clothing	2.6	93.5	94.3	94.8	95.2	96.3	96.5	96.2	95.0	95.2	95.1	95.3	95.8	95.3	95.9
18 Chemical products	3.5	115.8	115.4	117.4	117.3	117.0	117.9	118.0	118.1	118.3	119.4	120.8	121.1	121.6	122.2
19 Paper products	2.5	123.6	122.1	122.6	124.8	125.6	126.4	126.8	126.8	124.7	124.6	125.1	124.2	122.7	121.9
20 Energy	2.7	108.5	109.4	109.5	106.7	108.5	112.0	109.3	106.8	106.4	107.0	108.9	108.6	107.6	110.9
21 Fuels	.7	103.5	105.2	104.0	104.4	103.5	103.6	104.3	103.8	103.5	103.7	105.1	104.0	105.2	105.4
22 Residential utilities	2.0	110.4	110.9	111.5	107.6	110.3	115.1	111.2	108.0	107.5	108.2	110.3	110.3	108.5	113.0
23 Equipment	20.0	112.2	112.8	111.6	111.8	111.9	111.4	110.9	109.4	110.2	110.4	111.3	112.2	111.8	111.4
24 Business equipment	13.9	121.5	122.5	121.3	122.2	122.3	121.8	121.4	119.9	121.0	121.5	123.0	124.5	124.4	124.1
25 Information processing and related	5.6	131.5	131.1	130.3	130.3	131.7	133.4	134.0	134.1	134.6	136.0	137.9	139.1	140.3	141.7
26 Office and computing	1.9	155.5	156.0	153.1	152.2	156.0	157.8	159.1	160.6	162.4	164.9	168.2	170.5	174.0	178.0
27 Industrial	4.0	108.0	109.0	108.6	108.2	106.8	104.2	102.3	100.7	101.3	101.3	101.7	103.5	102.8	103.1
28 Transit	2.5	126.8	131.2	126.7	132.7	133.1	130.5	129.5	124.2	129.2	128.9	131.7	133.3	131.7	127.8
29 Autos and trucks	1.2	88.6	96.6	86.2	99.3	101.1	96.5	96.1	84.9	94.7	95.0	101.3	105.6	101.7	95.6
30 Other	1.9	113.6	114.0	114.8	114.2	113.6	113.8	114.1	113.1	112.2	112.2	113.2	114.7	113.8	112.1
31 Defense and space equipment	5.4	91.1	90.0	89.8	89.1	89.1	88.8	88.1	86.7	86.2	85.6	84.7	84.2	83.6	82.3
32 Oil and gas well drilling	.6	93.3	97.8	86.7	80.1	79.0	78.1	75.8	71.8	73.9	76.2	79.2	79.2	74.5	78.6
33 Manufactured homes	.2	85.5	86.5	90.3	86.2	86.3	87.0	87.9	98.4	99.7	98.7	100.7	100.3	97.1	100.0
34 Intermediate products, total	14.7	103.4	104.0	104.4	104.3	104.1	103.9	103.8	103.9	104.0	104.4	103.9	104.5	104.0	104.8
35 Construction supplies	6.0	96.0	96.9	96.7	96.5	95.4	95.9	95.0	95.5	96.0	96.7	96.5	97.9	97.0	97.3
36 Business supplies	8.7	108.4	109.0	109.7	109.7	110.1	109.4	110.0	109.9	109.6	109.7	109.0	109.2	108.8	110.1
37 Materials	39.2	105.5	107.0	107.2	107.5	107.4	106.6	105.8	105.2	105.8	106.1	106.8	107.7	107.5	108.4
38 Durable goods materials	19.4	107.1	108.2	109.1	109.3	108.8	108.6	108.1	107.0	108.1	108.3	108.7	110.3	110.1	110.2
39 Durable consumer parts	4.2	96.4	100.2	100.1	101.3	101.6	100.5	97.0	95.3	97.1	97.9	99.3	102.5	102.8	101.7
40 Equipment parts	7.3	114.4	113.5	114.3	113.9	113.6	113.7	114.2	114.1	115.2	115.1	114.7	116.3	115.6	116.4
41 Other	7.9	106.0	107.5	109.0	109.3	108.2	108.3	108.4	106.7	107.5	107.5	108.1	108.9	108.8	109.1
42 Basic metal materials	2.8	106.0	108.8	110.2	109.5	107.7	108.1	108.1	105.1	107.3	106.3	106.3	108.2	108.4	110.0
43 Nondurable goods materials	9.0	105.9	108.1	107.8	108.3	109.6	107.7	107.1	107.3	107.1	108.9	109.4	109.8	110.9	111.0
44 Textile materials	1.2	97.0	101.4	101.5	99.5	101.8	99.9	98.5	98.9	101.5	102.0	103.2	102.6	101.9	102.1
45 Pulp and paper materials	1.9	106.9	110.3	108.2	110.4	112.0	108.6	109.6	107.4	106.8	107.8	109.2	107.8	110.8	111.0
46 Chemical materials	3.8	106.1	107.7	107.9	108.2	109.9	108.3	107.0	107.6	106.6	109.3	109.9	111.3	112.5	112.8
47 Other	2.1	109.7	110.5	110.9	111.3	111.2	110.1	109.7	111.2	111.2	112.7	112.2	112.6	113.2	112.7
48 Energy materials	10.9	102.3	104.1	103.3	103.6	103.1	102.2	100.4	100.4	100.5	100.1	101.3	101.4	100.1	103.1
49 Primary energy	7.2	102.4	106.2	104.5	103.8	102.8	100.9	100.4	100.5	100.6	98.2	99.8	99.9	98.6	102.3
50 Converted fuel materials	3.7	102.0	100.1	101.0	103.4	103.8	104.5	100.5	100.2	100.4	103.8	104.1	104.3	102.9	104.7
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	107.6	108.4	108.5	108.6	108.5	108.3	107.7	107.3	107.6	107.9	108.3	109.0	108.7	109.2
52 Total excluding motor vehicles and parts	95.3	107.9	108.6	108.8	108.8	108.8	108.7	108.0	107.6	107.8	108.2	108.6	109.2	108.9	109.5
53 Total excluding office and computing machines	97.5	105.8	106.9	106.8	107.3	107.2	106.8	106.1	105.3	105.8	106.1	106.6	107.4	106.8	107.2
54 Consumer goods excluding autos and trucks	24.5	108.6	108.9	109.5	109.8	109.9	110.7	109.8	109.6	109.7	110.2	110.6	110.8	110.4	110.8
55 Consumer goods excluding energy	23.3	107.4	108.1	108.3	109.7	109.8	109.8	109.1	108.3	109.1	109.6	110.3	110.8	110.3	110.1
56 Business equipment excluding autos and trucks	12.7	124.8	125.0	124.7	124.4	124.4	124.3	123.8	123.3	123.6	124.1	125.2	126.4	126.6	126.9
57 Business equipment excluding office and computing equipment	12.0	116.0	117.0	116.2	117.3	116.9	116.0	115.3	113.3	114.3	114.5	115.7	117.1	116.4	115.4
58 Materials excluding energy	28.4	106.7	108.2	108.7	109.0	109.1	108.3	107.8	107.1	107.8	108.5	108.9	110.1	110.3	110.5

2.13—Continued

Group	SIC code[2]	1987 proportion	1991 avg.	1991						1992						
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May[r]	June[r]	July[p]
				Index (1987 = 100)												
MAJOR INDUSTRIES																
1 **Total index**	...	**100.0**	**107.1**	**108.1**	**108.0**	**108.4**	**108.4**	**108.1**	**107.4**	**106.6**	**107.2**	**107.6**	**108.1**	**108.9**	**108.5**	**108.9**
2 Manufacturing	...	84.4	107.4	108.3	108.4	108.9	109.0	108.6	108.1	107.4	108.1	108.5	109.0	109.8	109.6	109.5
3 Primary processing	...	26.7	102.4	103.7	104.1	104.4	104.7	104.1	103.5	103.6	103.9	104.5	105.0	105.5	105.7	106.1
4 Advanced processing	...	57.7	109.8	110.5	110.3	111.0	111.0	110.7	110.3	109.2	110.0	110.3	110.8	111.8	111.3	111.1
5 Durable goods	...	47.3	107.1	108.1	107.8	108.4	108.2	107.8	107.1	105.8	107.0	107.0	107.6	109.1	108.5	108.4
6 Lumber and products	24	2.0	94.2	94.8	95.3	95.2	93.8	96.4	95.2	97.4	98.8	99.2	97.2	97.8	94.9	97.1
7 Furniture and fixtures	25	1.4	99.1	100.5	101.3	101.2	100.5	99.9	100.6	98.7	98.1	98.6	101.1	103.3	103.0	102.5
8 Clay, glass, and stone products	32	2.5	94.9	95.8	95.5	94.4	94.4	92.8	93.0	92.8	94.6	95.0	95.6	96.6	96.4	96.7
9 Primary metals	33	3.3	99.5	101.2	102.6	102.3	102.6	103.5	101.3	102.5	102.7	101.4	100.9	102.0	101.8	104.8
10 Iron and steel	331,2	1.9	98.0	99.5	100.6	100.8	102.4	105.6	101.7	105.0	103.7	102.5	100.9	102.3	102.0	106.4
11 Raw steel	...	.1	97.3	102.6	102.4	100.9	101.3	99.1	97.6	103.3	102.7	98.8	99.9	98.5	101.5	107.4
12 Nonferrous	333–6,9	1.4	101.5	103.5	105.5	104.4	102.9	100.5	100.8	98.9	101.2	99.9	100.9	101.5	101.6	102.5
13 Fabricated metal products	34	5.4	100.4	100.9	101.4	101.9	101.9	101.8	101.2	99.7	100.5	100.0	100.6	102.2	102.2	102.4
14 Nonelectrical machinery	35	8.6	123.5	123.9	123.3	123.1	123.5	122.8	121.9	121.4	121.9	122.9	124.1	126.7	126.6	127.7
15 Office and computing machines	357	2.5	155.5	156.0	153.0	152.2	155.9	157.8	159.1	160.5	162.4	164.9	168.2	170.5	174.0	178.0
16 Electrical machinery	36	8.6	110.1	111.0	111.5	111.0	109.8	110.7	110.6	110.0	110.7	110.9	111.0	112.4	112.1	111.6
17 Transportation equipment	37	9.8	98.6	101.3	99.0	102.2	102.4	99.7	98.0	93.8	96.8	96.5	98.0	99.6	98.0	96.0
18 Motor vehicles and parts	371	4.7	90.4	96.7	91.6	99.5	100.4	95.9	94.6	87.1	93.8	94.2	98.5	102.7	100.2	96.9
19 Autos and light trucks	...	2.3	89.4	97.3	89.1	101.8	103.2	97.6	95.5	83.5	92.9	93.7	101.1	106.5	103.0	98.9
20 Aerospace and miscellaneous transportation equipment	372–6,9	5.1	106.0	105.4	105.6	104.6	104.3	103.1	101.2	99.8	99.6	98.6	97.4	96.7	96.1	95.2
21 Instruments	38	3.3	118.2	116.5	116.9	118.1	118.2	118.7	119.0	118.3	118.6	118.6	119.0	119.6	118.4	117.8
22 Miscellaneous	39	1.2	119.3	121.6	123.2	121.5	120.6	120.7	121.0	121.2	120.0	120.0	118.9	118.4	117.5	118.5
23 Nondurable goods	...	37.2	107.9	108.6	109.0	109.6	110.1	109.6	109.5	109.5	109.6	110.4	110.7	110.7	111.0	110.9
24 Foods	20	8.8	108.6	108.3	108.7	109.5	109.4	110.1	109.6	109.2	109.6	110.2	109.6	109.1	109.1	109.4
25 Tobacco products	21	1.0	99.7	102.6	103.1	102.7	102.2	97.7	94.7	98.8	99.4	101.3	101.0	100.6	101.5	99.7
26 Textile mill products	22	1.8	100.5	104.2	104.7	103.2	105.5	104.4	102.5	103.1	104.7	105.3	106.3	105.9	104.5	102.1
27 Apparel products	23	2.4	96.2	97.8	98.3	98.1	98.7	98.8	99.0	97.5	97.7	97.8	98.0	99.0	98.4	99.0
28 Paper and products	26	3.6	105.1	108.1	106.5	108.0	109.0	106.1	107.0	107.1	104.6	105.8	107.0	105.8	107.3	107.9
29 Printing and publishing	27	6.4	112.3	111.9	112.3	113.3	114.4	114.2	114.5	114.8	114.4	113.8	113.7	113.6	112.6	112.8
30 Chemicals and products	28	8.6	110.9	111.5	112.3	112.6	113.5	113.0	112.6	112.7	113.4	114.8	115.8	116.9	118.0	117.8
31 Petroleum products	29	1.3	107.5	108.3	107.3	108.6	106.0	106.7	108.6	106.6	106.9	109.7	110.3	108.7	109.1	109.1
32 Rubber and plastic products	30	3.0	110.0	110.1	112.6	113.8	113.2	112.6	113.0	113.2	114.0	115.4	116.5	116.6	117.3	116.7
33 Leather and products	31	.3	88.1	91.0	87.1	85.8	83.9	84.3	83.2	83.0	81.4	82.9	84.1	85.5	85.8	86.4
34 Mining	...	7.9	101.1	102.7	101.3	101.4	100.7	99.6	98.8	97.8	98.4	97.5	99.1	99.8	98.3	101.0
35 Metal	10	.3	150.2	153.0	155.5	153.1	146.5	151.5	154.0	144.2	152.9	155.8	154.2	166.4	163.0	162.4
36 Coal	11,12	1.2	109.2	116.0	110.8	110.1	107.9	108.4	107.6	107.3	107.9	103.0	104.0	107.6	98.6	114.9
37 Oil and gas extraction	13	5.7	95.8	96.4	95.7	96.0	96.0	94.1	93.0	92.4	92.7	91.9	94.2	93.6	93.7	94.1
38 Stone and earth minerals	14	.7	108.1	107.8	107.0	107.3	105.9	105.8	106.4	104.8	103.5	107.4	105.9	108.0	106.6	106.0
39 Utilities	...	7.6	109.2	110.9	110.7	109.7	109.4	111.0	107.9	106.8	106.4	107.7	108.2	107.8	107.1	110.9
40 Electric	491,3PT	6.0	112.8	116.6	115.6	113.4	112.2	112.7	109.9	109.3	109.0	110.7	111.0	110.8	110.1	114.9
41 Gas	492,3PT	1.6	96.0	89.7	92.4	95.8	98.9	104.7	100.5	97.5	96.9	96.7	97.7	96.6	96.1	96.0
SPECIAL AGGREGATES																
42 Manufacturing excluding motor vehicles and parts	...	79.8	108.4	109.0	109.3	109.5	109.5	109.3	108.9	108.6	108.9	109.3	109.6	110.2	110.1	110.3
43 Manufacturing excluding office and computing machines	...	82.0	106.0	106.9	107.0	107.6	107.6	107.1	106.6	105.8	106.5	106.8	107.2	108.0	107.6	107.5
		Gross value (billions of 1982 dollars, annual rates)														
MAJOR MARKETS																
44 **Products, total**	...	**1,734.8**	**1,880.0**	**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**	**1,918.7**	**1,935.0**	**1,926.9**	**1,930.2**
45 Final	...	1,350.9	1,481.8	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	1,518.2	1,531.1	1,525.9	1,525.4
46 Consumer goods	...	833.4	879.8	888.3	882.7	898.3	902.4	902.2	894.5	877.6	890.2	896.2	905.6	911.5	907.1	906.3
47 Equipment	...	517.5	602.0	607.8	601.8	603.3	607.6	601.8	593.5	591.1	600.6	605.3	612.7	619.6	618.8	619.2
48 Intermediate	...	384.0	398.2	399.2	401.0	400.3	401.4	400.8	401.0	400.7	398.9	401.2	400.5	403.9	401.0	404.8

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. For ordering address, see inside front cover.

A 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 Sept.	1991 Oct.	1991 Nov.	1991 Dec.	1992 Jan.	1992 Feb.	1992 Mar.	1992 Apr.[r]	1992 May	1992 June
	Private residential real estate activity (thousands of units, except as noted)												
NEW UNITS													
1 Permits authorized	1,339	1,111	949	974	994	979	1,073	1,106	1,146	1,094	1,058	1,054	1,032
2 One-family	932	794	754	782	788	792	873	913	946	907	873	879	872
3 Two-or-more-family	407	317	195	192	206	187	200	193	200	187	185	175	160
4 Started	1,376	1,193	1,014	1,020	1,085	1,085	1,118	1,180	1,257	1,340	1,086	1,196	1,151
5 One-family	1,003	895	840	864	887	907	972	989	1,109	1,068	933	1,019	1,000
6 Two-or-more-family	373	298	174	156	198	178	146	191	148	272	153	177	151
7 Under construction at end of period[1]	850	711	606	632	631	633	633	640	629	657	655	658	651
8 One-family	535	449	434	452	451	454	458	466	464	482	484	488	489
9 Two-or-more-family	315	262	173	180	180	179	175	174	165	175	171	170	162
10 Completed	1,423	1,308	1,091	1,193	1,073	1,021	1,021	1,043	1,097	1,127	1,067	1,204	1,165
11 One-family	1,026	966	838	870	879	824	851	838	908	975	889	1,014	966
12 Two-or-more-family	396	342	253	323	194	197	170	205	189	152	178	190	199
13 Mobile homes shipped	198	188	171	172	171	171	176	192	197	197	199	189	194
Merchant builder activity in one-family units													
14 Number sold	650	535	507	499	526	578	578	667	627	555[r]	546	549	578
15 Number for sale at end of period[1]	365	321	283	292	289	286	283	281	269	277	274	272	273
Price of units sold (thousands of dollars)[2]													
16 Median	120.4	122.3	120.0	120.0	122.6	118.5	122.0	120.0	117.2	120.0	120.0	114.5	124.9
17 Average	148.3	149.0	147.0	147.3	147.4	141.7	143.0	144.2	144.8	144.8[r]	145.0	146.3	147.1
EXISTING UNITS (one-family)													
18 Number sold	3,346	3,211	3,219	3,120	3,150	3,230	3,310	3,220	3,490	3,510	3,490	3,460	3,350
Price of units sold (thousands of dollars)[2]													
19 Median	92.9	95.2	99.7	100.3	99.1	97.9	100.3	102.4	102.8	104.0	103.3	102.5	105.1
20 Average	118.0	118.3	127.4	127.8	126.4	124.9	127.3	130.5	128.8	130.2	130.6	130.6	133.7
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**443,401**	**442,066**	**400,955**	**406,048**	**406,114**	**401,247**	**398,736**	**407,121**	**411,767**	**421,512**	**423,104**	**426,049**	**424,416**
22 Private	345,327	334,153	290,707	293,632	291,714	288,345	287,383	292,540	294,758	301,142	305,504	305,269	309,624
23 Residential	196,551	182,856	157,837	164,164	164,696	164,491	164,133	169,548	169,772	172,660	178,897	181,795	182,650
24 Nonresidential, total	148,776	151,297	132,870	129,468	127,018	123,854	123,250	122,992	124,986	128,482	126,607	123,474	126,974
25 Industrial buildings	20,412	23,849	22,281	20,680	21,119	21,566	22,411	21,258	21,651	23,721	21,291	21,029	20,402
26 Commercial buildings	65,496	62,866	48,482	46,683	44,301	41,612	40,898	41,196	41,591	42,108	40,731	39,638	43,208
27 Other buildings	19,683	21,591	20,797	20,719	21,162	20,114	20,480	19,751	20,630	21,479	21,380	21,993	22,054
28 Public utilities and other	43,185	42,991	41,310	41,386	40,436	40,562	39,461	40,787	41,114	41,174	43,205	40,814	41,310
29 Public	98,071	107,909	110,247	112,416	114,400	112,901	111,353	114,581	117,009	120,370	117,600	120,780	114,792
30 Military	3,520	2,664	1,837	2,681	1,141	1,790	2,633	2,039	2,206	2,548	2,329	2,668	2,503
31 Highway	28,837	31,154	29,918	29,416	30,098	29,594	29,562	30,221	32,744	30,895	31,407	32,571	31,372
32 Conservation and development	5,009	4,607	4,958	4,433	6,068	6,611	5,363	5,480	5,283	6,197	5,909	5,820	5,929
33 Other	60,705	69,484	73,534	75,886	77,093	74,906	73,795	76,841	76,776	80,730	77,955	79,721	74,988

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, July 1992[1]
	1991 July	1992 July	1991 Sept.	1991 Dec.	1992 Mar.	1992 June	1992 Mar.	1992 Apr.	1992 May	1992 June	1992 July	
Consumer Prices[2] (1982–84=100)												
1 **All items**	**4.4**	**3.2**	**3.0**	**3.2**	**3.5**	**2.6**	**.5**	**.2**	**.1**	**.3**	**.1**	**140.5**
2 Food	2.9	.5	−2.3	2.7	1.5	−1.2	.5	−.1	−.4	.1	−.1	137.2
3 Energy items	3.8	3.2	1.2	3.6	−6.9	12.5	.6	.4	.6	2.0	.3	106.0
4 All items less food and energy	4.8	3.7	4.6	3.1	4.8	2.8	.5	.3	.2	.2	.2	147.3
5 Commodities	4.2	3.0	4.4	.6	5.3	2.1	.5	.2	.4	.0	.2	132.0
6 Services	5.1	4.0	4.6	4.3	4.8	2.9	.5	.3	.1	.3	.3	156.1
Producer Prices (1982=100)												
7 Finished goods	2.9	1.7	1.3	1.0	1.0[r]	3.0[r]	.2[r]	.1[r]	.4	.2	.1	123.7
8 Consumer foods	−.3	−1.3	−4.4	−1.0	.3[r]	−1.6[r]	−.5[r]	−.2[r]	−.4	.2	.0	122.9
9 Consumer energy	13.8	3.6	3.7	−.5	−7.0	16.1	.5	.5	.9	2.3	−.4	80.3
10 Other consumer goods	3.6	2.9	3.6	2.4	3.6[r]	2.4[r]	.3[r]	.2[r]	.7	−.3	.2	137.6
11 Capital equipment	3.1	1.9	1.3	1.9	3.5[r]	.9[r]	.3[r]	−.2[r]	.5	−.1	.2	129.0
Intermediate materials												
12 Excluding foods and feeds	1.1	1.2	.4	−1.7	.0	5.0	.2	.1	.4	.7	.1	115.6
13 Excluding energy	.4	.8	−1.3	.0	1.7	1.3	.2	.0	.1	.2	.2	122.1
Crude materials												
14 Foods	−8.9	−.1	−6.6	−4.9	11.8[r]	1.5[r]	−1.0[r]	−1.2[r]	.9	.8	−1.7	105.0
15 Energy	12.3	2.3	−.5	5.3	−26.6[r]	44.8[r]	−4.4[r]	4.6[r]	2.5	2.3	1.1	80.1
16 Other	−8.9	3.4	−4.9	−5.9	15.0[r]	3.5[r]	2.0[r]	−.2[r]	.9	.2	1.3	130.2

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[r]	1991[r] Q1	Q2	Q3	Q4	1992 Q1[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**5,250.8**	**5,522.2**	**5,677.5**	**5,585.8**	**5,657.6**	**5,713.1**	**5,753.3**	**5,840.2**
By source								
2 Personal consumption expenditures	3,523.1	3,748.4	3,887.7	3,821.7	3,871.9	3,914.2	3,942.9	4,022.8
3 Durable goods	459.4	464.3	446.1	439.5	441.4	453.0	450.4	469.4
4 Nondurable goods	1,149.5	1,224.5	1,251.5	1,245.0	1,254.2	1,255.3	1,251.4	1,274.1
5 Services	1,914.2	2,059.7	2,190.1	2,137.2	2,176.3	2,205.9	2,241.1	2,279.3
6 Gross private domestic investment	832.3	799.5	721.1	705.4	710.2	732.8	736.1	722.4
7 Fixed investment	798.9	793.2	731.3	733.9	732.0	732.6	726.9	738.2
8 Nonresidential	568.1	577.6	541.1	551.4	545.8	538.4	528.7	531.0
9 Structures	193.3	201.1	180.1	190.0	185.2	175.6	169.7	170.1
10 Producers' durable equipment	374.8	376.5	360.9	361.4	360.6	362.8	358.9	360.8
11 Residential structures	230.9	215.6	190.3	182.6	186.2	194.2	198.2	207.2
12 Change in business inventories	33.3	6.3	−10.2	−28.5	−21.8	.2	9.2	−15.8
13 Nonfarm	31.8	3.3	−10.3	−27.4	−27.0	−1.2	14.5	−13.3
14 Net exports of goods and services	−79.7	−68.9	−21.8	−28.7	−15.3	−27.1	−16.0	−8.1
15 Exports	508.0	557.0	598.2	573.2	594.3	602.3	622.9	628.1
16 Imports	587.7	625.9	620.0	602.0	609.6	629.5	638.9	636.2
17 Government purchases of goods and services	975.2	1,043.2	1,090.5	1,087.5	1,090.8	1,093.3	1,090.3	1,103.1
18 Federal	401.6	426.4	447.3	451.3	449.9	447.2	440.8	445.0
19 State and local	573.6	616.8	643.2	636.3	640.8	646.0	649.5	658.0
By major type of product								
20 Final sales, total	5,217.5	5,515.9	5,687.7	5,614.4	5,679.4	5,712.9	5,744.2	5,855.9
21 Goods	2,063.6	2,160.1	2,192.8	2,186.8	2,200.9	2,194.9	2,188.4	2,233.6
22 Durable	891.2	920.6	907.7	897.3	916.8	910.8	905.7	923.6
23 Nondurable	1,172.5	1,239.5	1,285.1	1,289.5	1,284.1	1,284.1	1,282.7	1,310.0
24 Services	2,642.2	2,846.4	3,030.3	2,963.3	3,013.8	3,053.6	3,090.3	3,142.2
25 Structures	511.7	509.4	464.7	464.3	464.7	464.4	465.5	480.1
26 Change in business inventories	33.3	6.3	−10.2	−28.5	−21.8	.2	9.2	−15.8
27 Durable goods	25.2	−.9	−19.3	−35.4	−26.5	−7.0	−8.1	−19.3
28 Nondurable goods	8.1	7.2	9.0	6.8	4.8	7.2	17.3	3.5
MEMO								
29 **Total GDP in 1987 dollars**	**4,838.0**	**4,877.5**	**4,821.0**	**4,796.7**	**4,817.1**	**4,831.8**	**4,838.5**	**4,873.7**
NATIONAL INCOME								
30 **Total**	**4,249.5**	**4,468.3**	**4,544.2**	**4,493.0**	**4,529.2**	**4,555.4**	**4,599.1**	**4,679.4**
31 Compensation of employees	3,100.2	3,291.2	3,390.8	3,343.0	3,379.6	3,407.0	3,433.8	3,476.3
32 Wages and salaries	2,586.4	2,742.9	2,812.2	2,774.9	2,804.3	2,824.4	2,845.0	2,877.6
33 Government and government enterprises	478.5	514.8	543.5	539.9	543.4	544.3	546.4	554.6
34 Other	2,107.9	2,228.0	2,268.7	2,235.0	2,260.9	2,280.0	2,298.6	2,323.0
35 Supplement to wages and salaries	513.8	548.4	578.7	568.1	575.2	582.6	588.7	598.7
36 Employer contributions for social insurance	261.9	277.4	290.4	286.6	289.1	292.0	293.7	299.4
37 Other labor income	251.9	271.0	288.3	281.5	286.1	290.6	295.0	299.2
38 Proprietors' income[1]	347.3	366.9	368.0	356.5	370.4	367.1	377.9	393.6
39 Business and professional[1]	307.0	325.2	332.2	322.2	329.1	337.6	340.0	353.6
40 Farm[1]	40.2	41.7	35.8	34.3	41.3	29.5	37.9	40.1
41 Rental income of persons[2]	−13.5	−12.3	−10.4	−12.4	−12.3	−10.3	−6.6	−4.5
42 Corporate profits[1]	362.8	361.7	346.3	349.6	347.3	341.2	347.1	384.0
43 Profits before tax[3]	342.9	355.4	334.7	337.6	332.3	336.7	332.3	366.1
44 Inventory valuation adjustment	−17.5	−14.2	3.1	6.7	9.9	−4.8	.7	−5.4
45 Capital consumption adjustment	37.4	20.5	8.4	5.3	5.1	9.3	14.1	23.3
46 Net interest	452.7	460.7	449.5	456.2	444.4	450.5	446.9	430.0

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1989r	1990r	1991r	1991r				1992
				Q1	Q2	Q3	Q4	Q1r
Personal Income and Saving								
1 **Total personal income**	**4,380.3**	**4,664.2**	**4,828.3**	**4,752.8**	**4,806.9**	**4,846.2**	**4,907.2**	**4,980.5**
2 Wage and salary disbursements	2,586.4	2,742.8	2,812.2	2,774.7	2,804.7	2,824.4	2,845.0	2,877.6
3 Commodity-producing industries	724.2	745.6	737.4	734.6	734.6	738.8	741.5	736.8
4 Manufacturing	542.2	556.1	556.9	551.2	553.4	559.0	563.9	559.9
5 Distributive industries	607.0	634.6	647.4	638.6	647.0	651.1	652.9	660.9
6 Service industries	776.8	847.8	883.9	861.8	879.4	890.2	904.3	925.3
7 Government and government enterprises	478.5	514.8	543.6	539.7	543.8	544.3	546.4	554.6
8 Other labor income	251.9	271.0	288.3	281.5	286.1	290.6	295.0	299.2
9 Proprietors' income[1]	347.3	366.9	368.0	356.5	370.4	367.1	377.9	393.6
10 Business and professional[1]	307.0	325.2	332.2	322.2	329.1	337.6	340.0	353.6
11 Farm[1]	40.2	41.7	35.8	34.3	41.3	29.5	37.9	40.1
12 Rental income of persons[2]	−13.5	−12.3	−10.4	−12.4	−12.3	−10.3	−6.6	−4.5
13 Dividends	126.5	140.3	137.0	141.3	136.7	135.6	134.3	133.9
14 Personal interest income	668.2	694.5	700.6	701.1	696.2	701.8	703.3	684.8
15 Transfer payments	625.0	685.8	771.1	744.9	762.4	777.1	799.8	842.7
16 Old-age survivors, disability, and health insurance benefits	325.1	352.0	382.0	374.2	378.9	384.2	390.6	405.7
17 Less: Personal contributions for social insurance	211.4	224.8	238.4	234.9	237.4	240.1	241.5	246.8
18 Equals: Personal income	4,380.3	4,664.2	4,828.3	4,752.8	4,806.9	4,846.2	4,907.2	4,980.5
19 Less: Personal tax and nontax payments	593.3	621.3	618.7	616.8	617.2	618.6	622.3	619.6
20 Equals: Disposable personal income	3,787.0	4,042.9	4,209.6	4,136.0	4,189.7	4,227.6	4,284.9	4,360.9
21 Less: Personal outlays	3,634.9	3,867.3	4,009.9	3,943.2	3,994.4	4,036.6	4,065.5	4,146.3
22 Equals: Personal saving	152.1	175.6	199.6	192.8	195.3	191.0	219.4	214.6
Memo								
Per capita (1987 dollars)								
23 Gross domestic product	19,555.6	19,513.0	19,077.1	19,058.2	19,090.6	19,094.0	19,066.0	19,158.5
24 Personal consumption expenditures	13,028.9	13,043.6	12,824.1	12,807.6	12,837.6	12,847.9	12,802.6	12,930.2
25 Disposable personal income	14,005.0	14,068.0	13,886.0	13,861.0	13,891.0	13,876.0	13,913.0	14,017.0
26 Saving rate (percent)	4.0	4.3	4.7	4.7	4.7	4.5	5.1	4.9
Gross Saving								
27 **Gross saving**	**741.8**	**718.0**	**708.2**	**754.1**	**701.3**	**679.4**	**698.2**	**677.5**
28 Gross private saving	819.4	854.1	901.5	889.4	896.9	884.9	934.8	950.1
29 Personal saving	152.1	175.6	199.6	192.8	195.3	191.0	219.4	214.6
30 Undistributed corporate profits[1]	86.9	75.7	75.8	77.7	78.1	69.0	78.3	104.0
31 Corporate inventory valuation adjustment	−17.5	−14.2	3.1	6.7	9.9	−4.8	.7	−5.4
Capital consumption allowances								
32 Corporate	352.4	368.3	383.0	379.7	382.5	383.5	386.3	386.1
33 Noncorporate	228.0	234.6	243.1	239.2	241.0	241.4	250.7	245.3
34 Government surplus, or deficit (−), national income and product accounts	−77.5	−136.1	−193.3	−135.3	−195.6	−205.6	−236.6	−272.6
35 Federal	−122.3	−166.2	−210.4	−149.9	−212.2	−221.0	−258.7	−289.2
36 State and local	44.8	30.1	17.1	14.6	16.5	15.4	22.0	16.6
37 **Gross investment**	**742.9**	**723.4**	**730.1**	**767.5**	**728.4**	**709.9**	**714.6**	**706.5**
38 Gross private domestic	832.3	799.5	721.1	705.4	710.2	732.8	736.1	722.4
39 Net foreign	−89.3	−76.1	9.0	62.1	18.2	−22.9	−21.5	−16.0
40 **Statistical discrepancy**	**1.1**	**5.4**	**21.9**	**13.4**	**27.1**	**30.5**	**16.4**	**29.0**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

Source. U.S. Department of Commerce *Survey of Current Business*.

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted, except as noted[1]

Item	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. U.S. Department of Commerce *Survey of Current Business*.

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1989	1990	1991	1991	1992					
				Dec.	Jan.	Feb.	Mar.	Apr.	May r	June p
1 Exports of domestic and foreign merchandise, (F.A.S. value), excluding grant-aid shipments	363,812	393,592	421,730	36,053	35,467	37,654	37,085	36,406	35,718	38,285
2 General imports (customs value), including merchandise for immediate consumption plus entries into bonded warehouses	473,211	495,311	487,129	41,675	41,266	40,948	42,668	43,469	42,859	44,876
3 **Trade balance**	**−109,399**	**−101,718**	**−65,399**	**−5,622**	**−5,799**	**−3,294**	**−5,584**	**−7,063**	**−7,141**	**−6,591**

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	1989	1990	1991	1992						
				Jan.	Feb.	Mar.	Apr.	May	June	July p
1 **Total**	**74,609**	**83,316**	**77,719**	**75,868**	**75,088**	**74,657**	**74,712**	**74,587**	**77,092**	**77,370**
2 Gold stock, including Exchange Stabilization Fund[1]	11,059	11,058	11,057	11,058	11,058	11,057	11,057	11,057	11,059	11,059
3 Special drawing rights[2,3]	9,951	10,989	11,240	10,980	11,020	10,947	10,930	11,315	11,597	11,702
4 Reserve position in International Monetary Fund[2]	9,048	9,076	9,488	9,113	8,996	8,994	8,968	9,175	9,381	9,625
5 Foreign currencies[4]	44,551	52,193	45,934	44,717	44,014	43,659	43,757	43,040	45,055	44,984

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	1989	1990	1991	1992						
				Jan.	Feb.	Mar.	Apr.	May	June	July p
1 Deposits	589	369	968	321	264	262	206	217	219	264
Held in custody										
2 U.S. Treasury securities[2]	224,911	278,499	281,107	293,958	297,834	300,277	303,413	307,562	307,337	316,431
3 Earmarked gold[3]	13,456	13,387	13,303	13,303	13,305	13,304	13,304	13,295	13,268	13,261

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 Dec.	1992 Jan.	1992 Feb.	1992 Mar.	1992 Apr.	1992 May	1992 June
	All foreign countries									
1 **Total, all currencies**	**505,595**	**545,366**	**556,925**	**548,901**	**547,903^r**	**550,520^r**	**562,212^r**	**549,858^r**	**564,816^r**	**564,466**
2 Claims on United States	169,111	198,835	188,496	176,301	180,251^r	178,188^r	193,434^r	177,992^r	182,554^r	183,933
3 Parent bank	129,856	157,092	148,837	137,509	142,476^r	142,181^r	157,129^r	143,790^r	145,974^r	147,626
4 Other banks in United States	14,918	17,042	13,296	12,884	11,675	10,837	11,612	9,993	11,640	10,418
5 Nonbanks	24,337	24,701	26,363	25,908	26,100	25,170	24,693	24,209	24,940	25,889
6 Claims on foreigners	299,728	300,575	312,449	303,934	297,400	301,900	299,890^r	302,916^r	314,569^r	311,990
7 Other branches of parent bank	107,179	113,810	135,003	111,729	103,456	108,052	112,190^r	111,369	115,688	115,664
8 Banks	96,932	90,703	72,602	81,970	82,332	83,904	79,311	83,562^r	85,923^r	84,467
9 Public borrowers	17,163	16,456	17,555	18,652	18,223	18,421	18,328	18,743	19,194	20,162
10 Nonbank foreigners	78,454	79,606	87,289	91,583	93,389	91,523	90,061	89,242	93,764	91,697
11 Other assets	36,756	45,956	55,980	68,666	70,252	70,432	68,888	68,950	67,693^r	68,543
12 **Total payable in U.S. dollars**	**357,573**	**382,498**	**379,479**	**363,941**	**359,686^r**	**365,162^r**	**381,113^r**	**364,748^r**	**370,290^r**	**369,561**
13 Claims on United States	163,456	191,184	180,174	169,662	174,026^r	172,539^r	187,744^r	173,337^r	177,311^r	177,638
14 Parent bank	126,929	152,294	142,962	133,476	138,885^r	138,916^r	153,859^r	141,264^r	142,874^r	144,287
15 Other banks in United States	14,167	16,386	12,513	12,025	10,924	10,006	10,956	9,255	11,012	10,016
16 Nonbanks	22,360	22,504	24,699	24,161	24,217	23,617	22,929	22,818	23,425	23,335
17 Claims on foreigners	177,685	169,690	174,451	167,010	157,338	163,623	163,877	162,967^r	167,054^r	168,586
18 Other branches of parent bank	80,736	82,949	95,298	78,114	70,637	75,087	78,067	75,342	77,165	76,912
19 Banks	54,884	48,396	36,440	41,635	39,964	42,488	39,671	41,250^r	41,845^r	43,095
20 Public borrowers	12,131	10,961	12,298	13,685	13,202	13,136	13,217	12,994	12,994	13,723
21 Nonbank foreigners	29,934	27,384	30,415	33,576	33,535	32,912	32,922	33,381	35,050	34,856
22 Other assets	16,432	21,624	24,854	27,269	28,322	29,000	29,492	28,444	25,925^r	23,337
	United Kingdom									
23 **Total, all currencies**	**156,835**	**161,947**	**184,818**	**175,599**	**174,467**	**172,479**	**169,139^r**	**170,775**	**174,925^r**	**171,027**
24 Claims on United States	40,089	39,212	45,560	35,257	36,620	34,655	37,015	35,451	37,369	38,096
25 Parent bank	34,243	35,847	42,413	31,931	32,765	31,302	34,048	32,379	34,433	35,343
26 Other banks in United States	1,123	1,058	792	1,267	1,392	1,211	1,158	1,228	970	756
27 Nonbanks	4,723	2,307	2,355	2,059	2,463	2,142	1,809	1,844	1,966	1,997
28 Claims on foreigners	106,388	107,657	115,536	109,692	108,046	107,645	101,491^r	104,467	107,795	104,270
29 Other branches of parent bank	35,625	37,728	46,367	35,735	33,357	33,924	33,463^r	34,061	35,331	36,952
30 Banks	36,765	36,159	31,604	36,394	36,537	37,349	33,499	36,126	37,548	34,783
31 Public borrowers	4,019	3,293	3,860	3,306	3,377	3,144	3,060	3,108	3,165	2,995
32 Nonbank foreigners	29,979	30,477	33,705	34,257	34,775	33,228	31,469	31,172	31,751	29,540
33 Other assets	10,358	15,078	23,722	30,650	29,801	30,179	30,633	30,857	29,761^r	28,661
34 **Total payable in U.S. dollars**	**103,503**	**103,208**	**116,762**	**105,974**	**103,833**	**102,341**	**102,283**	**102,285**	**104,392^r**	**102,737**
35 Claims on United States	38,012	36,404	41,259	32,418	33,801	31,788	34,464	33,298	35,185	35,376
36 Parent bank	33,252	34,329	39,609	30,370	31,239	29,724	32,645	31,022	33,059	33,751
37 Other banks in United States	964	843	334	822	901	678	725	853	677	627
38 Nonbanks	3,796	1,232	1,316	1,226	1,661	1,386	1,094	1,423	1,449	998
39 Claims on foreigners	60,472	59,062	63,701	58,791	55,281	55,985	52,306	54,129	56,615	56,888
40 Other branches of parent bank	28,474	29,872	37,142	28,667	26,827	26,747	25,933	25,922	27,482	28,541
41 Banks	18,494	16,579	13,135	15,219	14,106	15,438	13,154	14,829	15,348	15,380
42 Public borrowers	2,840	2,371	3,143	2,853	2,707	2,657	2,623	2,545	2,463	2,474
43 Nonbank foreigners	10,664	10,240	10,281	12,052	11,641	11,143	10,596	10,833	11,322	10,493
44 Other assets	5,019	7,742	11,802	14,765	14,751	14,568	15,513	14,858	12,592^r	10,473
	Bahamas and Cayman Islands									
45 **Total, all currencies**	**170,639**	**176,006**	**162,316**	**168,326**	**167,847^r**	**169,134^r**	**175,893^r**	**162,871^r**	**167,139^r**	**168,963**
46 Claims on United States	105,320	124,205	112,989	115,244	116,687^r	115,562^r	122,762^r	112,080^r	115,633^r	114,467
47 Parent bank	73,409	87,882	77,873	81,520	84,705^r	84,661^r	91,549^r	82,823^r	84,041^r	83,316
48 Other banks in United States	13,145	15,071	11,869	10,907	9,626	8,969	9,809	8,115	9,729	9,118
49 Nonbanks	18,766	21,252	23,247	22,817	22,356	21,932	21,404	21,142	21,863	22,033
50 Claims on foreigners	58,393	44,168	41,356	45,229	42,866	44,033	44,285	41,929^r	42,828^r	45,600
51 Other branches of parent bank	17,954	11,309	13,416	11,098	10,549	11,528	11,278	10,156	9,311	9,392
52 Banks	28,268	22,611	16,310	20,174	18,998	19,311	19,645	18,406^r	19,658^r	21,548
53 Public borrowers	5,830	5,217	5,807	7,161	6,600	6,545	6,599	6,332	6,459	7,084
54 Nonbank foreigners	6,341	5,031	5,823	6,796	6,719	6,649	6,763	7,035	7,400	7,576
55 Other assets	6,926	7,633	7,971	7,853	8,294	9,539	8,846	8,862	8,678^r	8,896
56 **Total payable in U.S. dollars**	**163,518**	**170,780**	**158,390**	**163,771**	**163,277^r**	**164,710^r**	**171,320^r**	**158,196^r**	**162,066^r**	**163,313**

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 Dec.	1992 Jan.	1992 Feb.	1992 Mar.	1992 Apr.	1992 May	1992 June
	All foreign countries									
57 **Total, all currencies**	**505,595**	**545,366**	**556,925**	**548,901**	**547,903r**	**550,520r**	**562,212r**	**549,858r**	**564,816r**	**564,466**
58 Negotiable certificates of deposit (CDs)	28,511	23,500	18,060	16,284	16,156	15,988	14,498	12,757r	14,010r	13,040
59 To United States	185,577	197,239	189,412	198,121	189,282r	191,047r	210,357r	196,635r	198,897r	204,929
60 Parent bank	114,720	138,412	138,748	136,431	127,532	123,775	142,551	138,273r	136,195r	143,474
61 Other banks in United States	14,737	11,704	7,463	13,260	13,683	12,674	14,137	15,075	13,944	14,009
62 Nonbanks	56,120	47,123	43,201	48,430	48,067r	54,598r	53,669r	43,287r	48,758r	47,446
63 To foreigners	270,923	296,850	311,668	288,254	295,861	299,046	292,523r	296,580	308,394	302,376
64 Other branches of parent bank	111,267	119,591	139,113	112,033	105,873	108,744	113,314	111,968	115,235	116,878
65 Banks	72,842	76,452	58,986	63,097	72,407	71,346	62,924r	65,055	68,391	65,865
66 Official institutions	15,183	16,750	14,791	15,596	16,704	16,972	15,697	16,083	19,465	16,399
67 Nonbank foreigners	71,631	84,057	98,778	97,528	100,877	101,984	100,588	103,474	105,303	103,234
68 Other liabilities	20,584	27,777	37,785	46,242	46,604	44,439	44,834	43,886	43,515r	44,121
69 **Total payable in U.S. dollars**	**367,483**	**396,613**	**383,522**	**370,561**	**360,521r**	**363,744r**	**380,384r**	**365,920r**	**373,679r**	**374,506**
70 Negotiable CDs	24,045	19,619	14,094	11,909	11,442	11,515	10,278	8,470r	9,643r	8,475
71 To United States	173,190	187,286	175,654	185,286	176,834r	179,340r	198,349r	185,533r	187,438r	192,792
72 Parent bank	107,150	132,563	130,510	129,669	121,098	117,272	135,761	131,844r	130,007r	136,273
73 Other banks in United States	13,468	10,519	6,052	11,707	12,191	11,532	13,036	14,217	12,840	13,251
74 Nonbanks	52,572	44,204	39,092	43,910	43,545r	50,536r	49,552r	39,472r	44,591r	43,268
75 To foreigners	160,766	176,460	179,002	158,993	156,339	156,744	156,216	157,139	162,011	158,532
76 Other branches of parent bank	84,021	87,636	98,128	76,601	70,839	74,466	77,492	75,780	77,000	77,608
77 Banks	28,493	30,537	20,251	24,156	25,781	23,665	21,910	22,569	24,063	23,470
78 Official institutions	8,224	9,873	7,921	10,304	10,555	10,652	9,625	10,413	13,102	10,119
79 Nonbank foreigners	40,028	48,414	52,702	47,932	49,164	47,961	47,189	48,377	47,846	47,335
80 Other liabilities	9,482	13,248	14,772	14,373	15,906	16,145	15,541	14,778	14,587r	14,707
	United Kingdom									
81 **Total, all currencies**	**156,835**	**161,947**	**184,818**	**175,599**	**174,467**	**172,479**	**169,139r**	**170,775**	**174,925r**	**171,027**
82 Negotiable CDs	24,528	20,056	14,256	11,333	10,993	10,581	9,677	7,324	8,458	7,612
83 To United States	36,784	36,036	39,928	37,720	31,018	30,631	35,364	36,610	33,236	36,660
84 Parent bank	27,849	29,726	31,806	29,834	23,112	23,464	27,937	29,317	25,637	28,201
85 Other banks in United States	2,037	1,256	1,505	1,438	2,325	1,891	1,201	2,011	1,638	1,326
86 Nonbanks	6,898	5,054	6,617	6,448	5,581	5,276	6,226	5,282	5,961	7,133
87 To foreigners	86,026	92,307	108,531	98,167	104,868	104,432	96,566r	99,804	106,603	100,340
88 Other branches of parent bank	26,812	27,397	36,709	30,054	27,561	27,864	27,937	28,239	30,429	31,464
89 Banks	30,609	29,780	25,126	25,541	31,929	30,686	25,881r	27,046	27,549	25,315
90 Official institutions	7,873	8,551	8,361	9,670	10,432	10,685	9,277	9,539	12,732	10,167
91 Nonbank foreigners	20,732	26,579	38,335	32,902	34,946	35,197	33,471	34,980	35,893	33,394
92 Other liabilities	9,497	13,548	22,103	28,379	27,588	26,835	27,532	27,037	26,628r	26,415
93 **Total payable in U.S. dollars**	**105,907**	**108,178**	**116,094**	**108,755**	**103,232**	**100,882**	**101,602**	**100,799**	**102,783r**	**101,901**
94 Negotiable CDs	22,063	18,143	12,710	10,076	9,236	9,061	8,562	6,136	6,967	5,750
95 To United States	32,588	33,056	34,697	33,003	26,419	26,261	30,993	32,510	28,936	32,300
96 Parent bank	26,404	28,812	29,955	28,260	21,663	21,788	26,272	27,904	24,435	26,720
97 Other banks in United States	1,752	1,065	1,156	1,177	1,954	1,639	1,032	1,796	1,184	1,084
98 Nonbanks	4,432	3,179	3,586	3,566	2,802	2,834	3,689	2,810	3,317	4,496
99 To foreigners	47,083	50,517	60,014	56,626	57,522	55,216	52,059	52,625	57,489	54,262
100 Other branches of parent bank	18,561	18,384	25,957	20,800	18,498	18,863	18,792	18,136	19,497	20,918
101 Banks	13,407	12,244	9,488	11,069	13,061	11,188	9,861	9,435	10,799	9,848
102 Official institutions	4,348	5,454	4,692	7,156	7,580	7,698	6,628	6,998	9,915	7,049
103 Nonbank foreigners	10,767	14,435	19,877	17,601	18,383	17,467	16,778	18,056	17,278	16,447
104 Other liabilities	4,173	6,462	8,673	9,050	10,055	10,344	9,988	9,528	9,391r	9,589
	Bahamas and Cayman Islands									
105 **Total, all currencies**	**170,639**	**176,006**	**162,316**	**168,326**	**167,847r**	**169,134r**	**175,893r**	**162,871r**	**167,139r**	**168,963**
106 Negotiable CDs	953	678	646	1,173	1,382	1,709	932	1,546r	1,646r	1,894
107 To United States	122,332	124,859	114,738	129,872	130,484r	131,171r	139,196r	124,605r	128,891r	130,815
108 Parent bank	62,894	75,188	74,941	79,394	79,585	73,744	82,050	76,086r	76,779r	80,998
109 Other banks in United States	11,494	8,883	4,526	10,231	10,045	9,733	11,696	12,060	11,085	11,708
110 Nonbanks	47,944	40,788	35,271	40,247	40,854r	47,694r	45,450r	36,459r	41,027r	38,109
111 To foreigners	45,161	47,382	44,444	35,200	34,106	34,425	34,002	34,899	35,021	34,637
112 Other branches of parent bank	23,686	23,414	24,715	17,388	16,590	17,050	17,100	16,933	16,842	16,799
113 Banks	8,336	8,823	5,588	5,662	5,497	5,054	5,139	6,009	6,346	6,075
114 Official institutions	1,074	1,097	622	572	450	490	536	736	731	770
115 Nonbank foreigners	12,065	14,048	13,519	11,578	11,569	11,831	11,227	11,221	11,102	10,993
116 Other liabilities	2,193	3,087	2,488	2,081	1,875	1,829	1,763	1,821	1,581	1,617
117 **Total payable in U.S. dollars**	**162,950**	**171,250**	**157,132**	**163,603**	**162,836r**	**164,403r**	**171,255r**	**158,247r**	**162,280r**	**163,951**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1989	1990	1991	1992					
			Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June[p]
1 Total[1]	**312,477**	**344,529**	**360,495**	**372,277**	**375,249**	**381,589**	**385,595**	**394,604**	**402,155**
By type									
2 Liabilities reported by banks in the United States[2]	36,496	39,880	38,361	41,427	42,507	43,895	44,537	47,297	51,224
3 U.S. Treasury bills and certificates[3]	76,985	79,424	92,692	92,711	94,731	102,143	102,968	111,224	109,278
U.S. Treasury bonds and notes									
4 Marketable	179,269	202,487	203,677	212,364	212,171	209,035	210,747	208,062	213,416
5 Nonmarketable[4]	568	4,491	4,858	4,892	4,922	4,956	4,989	5,021	5,053
6 U.S. securities other than U.S. Treasury securities[5]	19,159	18,247	20,907	20,883	20,918	21,560	22,354	23,000	23,184
By area									
7 Western Europe[1]	132,849	167,191	168,316	173,122	173,129	178,003	179,199	185,278	191,131
8 Canada	9,482	8,671	7,460	7,642	8,251	7,016	7,855	9,347	9,302
9 Latin America and Caribbean	9,313	21,184	33,554	34,659	35,658	38,015	39,130	39,743	39,840
10 Asia	153,338	138,096	139,463	146,127	147,830	148,688	148,646	149,096	150,256
11 Africa	1,030	1,434	2,092	2,409	2,408	2,011	2,392	2,792	3,266
12 Other countries[6]	6,469	7,955	9,608	8,316	7,971	7,854	8,371	8,348	8,358

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			1992
				June	Sept.	Dec.	Mar.[r]
1 Banks' liabilities	74,980	67,835	70,477	59,269	63,130	74,921	67,702
2 Banks' claims	68,983	65,127	66,796	60,472	63,479	73,065	60,704
3 Deposits	25,100	20,491	29,672	27,720	29,567	26,201	23,130
4 Other claims	43,884	44,636	37,124	32,751	33,912	46,864	37,574
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					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June [p]
1 **All foreigners**	**736,878**	**759,634**	**755,673**	**755,673**	**751,877**	**755,059**	**773,100[r]**	**769,065[r]**	**781,494[r]**	**781,198**
2 Banks' own liabilities	577,498	577,229	574,395	574,395	571,682	574,213	582,113[r]	578,230[r]	582,292[r]	581,857
3 Demand deposits	22,032	21,723	20,320	20,320	19,309	18,906	19,286	19,045	19,608[r]	20,837
4 Time deposits[2]	168,780	168,017	159,844	159,844	148,133	145,836	147,860[r]	153,315[r]	149,672[r]	150,761
5 Other[3]	67,823	65,822	66,001	66,001	72,948	75,861	75,341[r]	75,956[r]	82,129[r]	81,527
6 Own foreign offices[4]	318,864	321,667	328,230	328,230	331,292	333,610	339,626[r]	329,914[r]	330,883[r]	328,732
7 Banks' custody liabilities[5]	159,380	182,405	181,278	181,278	180,195	180,846	190,987	190,835	199,202	199,341
8 U.S. Treasury bills and certificates[6]	91,100	96,796	110,734	110,734	110,000	112,172	119,882	120,924	129,312	128,674
9 Other negotiable and readily transferable instruments[7]	19,526	17,578	18,664	18,664	17,745	16,894	18,429	17,797	17,901	18,022
10 Other	48,754	68,031	51,880	51,880	52,450	51,780	52,676	52,114	51,989	52,645
11 **Nonmonetary international and regional organizations[8]**	**4,894**	**5,918**	**8,947**	**8,947**	**9,895**	**10,615**	**10,469**	**9,947**	**10,146**	**8,341**
12 Banks' own liabilities	3,279	4,540	6,793	6,793	8,112	8,879	8,567	8,064	8,191	6,118
13 Demand deposits	96	36	43	43	39	35	144	29	46	40
14 Time deposits[2]	927	1,050	2,764	2,764	2,049	2,058	1,442	1,642	1,831	2,329
15 Other[3]	2,255	3,455	3,986	3,986	6,024	6,786	6,981	6,393	6,314	3,749
16 Banks' custody liabilities[5]	1,616	1,378	2,154	2,154	1,783	1,736	1,902	1,883	1,955	2,223
17 U.S. Treasury bills and certificates[6]	197	364	1,730	1,730	1,328	1,317	1,225	1,442	1,461	1,687
18 Other negotiable and readily transferable instruments[7]	1,417	1,014	424	424	455	417	637	441	494	534
19 Other	2	0	0	0	0	2	40	0	0	2
20 **Official institutions[9]**	**113,481**	**119,303**	**131,053**	**131,053**	**134,138**	**137,238**	**146,038**	**147,505**	**158,521[r]**	**160,502**
21 Banks' own liabilities	31,108	34,910	34,376	34,376	37,917	38,623	39,795	40,584	43,393[r]	47,336
22 Demand deposits	2,196	1,924	2,642	2,642	1,480	1,297	1,342	1,360	1,320[r]	1,634
23 Time deposits[2]	10,495	14,359	16,474	16,474	16,307	14,655	17,667[r]	18,587[r]	18,983[r]	17,942
24 Other[3]	18,417	18,628	15,260	15,260	20,130	22,671	20,786[r]	20,637[r]	23,090[r]	27,760
25 Banks' custody liabilities[5]	82,373	84,393	96,677	96,677	96,221	98,615	106,243	106,921	115,128	113,166
26 U.S. Treasury bills and certificates[6]	76,985	79,424	92,692	92,692	92,711	94,731	102,143	102,968	111,224	109,278
27 Other negotiable and readily transferable instruments[7]	5,028	4,766	3,879	3,879	3,422	3,697	4,019	3,812	3,717	3,602
28 Other	361	203	106	106	88	187	81	141	187	286
29 **Banks[10]**	**515,275**	**540,805**	**521,576**	**521,576**	**516,474**	**517,477**	**527,372[r]**	**521,926[r]**	**527,223[r]**	**525,912**
30 Banks' own liabilities	454,273	458,470	458,329	458,329	451,905	453,730	461,186[r]	456,151[r]	460,687[r]	459,155
31 Unaffiliated foreign banks	135,409	136,802	130,099	130,099	120,613	120,120	121,560[r]	126,237	129,804[r]	130,423
32 Demand deposits	10,279	10,053	8,631	8,631	8,807	8,369	8,543	8,753	9,229[r]	9,728
33 Time deposits[2]	90,557	88,541	82,936	82,936	73,938	74,535	74,246[r]	79,632[r]	77,082[r]	80,188
34 Other[3]	34,573	38,208	38,532	38,532	37,868	37,216	38,771	37,852[r]	43,493[r]	40,507
35 Own foreign offices[4]	318,864	321,667	328,230	328,230	331,292	333,610	339,626[r]	329,914[r]	330,883[r]	328,732
36 Banks' custody liabilities[5]	61,002	82,335	63,247	63,247	64,569	63,747	66,186	65,775[r]	66,536[r]	66,757
37 U.S. Treasury bills and certificates[6]	9,367	10,669	7,471	7,471	7,713	7,733	8,344	8,410	8,946	8,927
38 Other negotiable and readily transferable instruments[7]	5,124	5,341	5,694	5,694	5,853	5,999	6,733	7,147[r]	7,044[r]	6,647
39 Other	46,510	66,325	50,082	50,082	51,003	50,015	51,109	50,218	50,546	51,183
40 **Other foreigners**	**103,228**	**93,608**	**94,097**	**94,097**	**91,370**	**89,729**	**89,221**	**89,687[r]**	**85,604[r]**	**86,443**
41 Banks' own liabilities	88,839	79,309	74,897	74,897	73,748	72,981	72,565	73,431[r]	70,021	69,248
42 Demand deposits	9,460	9,711	9,004	9,004	8,983	9,205	9,257	8,903	9,013	9,435
43 Time deposits[2]	66,801	64,067	57,670	57,670	55,839	54,588	54,505	53,454[r]	51,776	50,302
44 Other[3]	12,577	5,530	8,223	8,223	8,926	9,188	8,803	11,074	9,232	9,511
45 Banks' custody liabilities[5]	14,389	14,299	19,200	19,200	17,622	16,748	16,656	16,256[r]	15,583[r]	17,195
46 U.S. Treasury bills and certificates[6]	4,551	6,339	8,841	8,841	8,248	8,391	8,170	8,104	7,681	8,782
47 Other negotiable and readily transferable instruments[7]	7,958	6,457	8,667	8,667	8,015	6,781	7,040	6,397[r]	6,646[r]	7,239
48 Other	1,880	1,503	1,692	1,692	1,359	1,576	1,446	1,755	1,256	1,174
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	7,203	7,073	7,456	7,456	7,855	8,049	8,110	7,624	7,579	7,350

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					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June p
1 **Total**	**736,878**	**759,634**	**755,673**	**755,673**	**751,877**	**755,059**	**773,100r**	**769,065r**	**781,494r**	**781,198**
2 **Foreign countries**	**731,984**	**753,716**	**746,726**	**746,726**	**741,982**	**744,444**	**762,631r**	**759,118r**	**771,348r**	**772,857**
3 Europe	237,501	254,452	249,010	249,010	244,530	246,160	255,965r	262,201r	271,119r	279,377
4 Austria	1,233	1,229	1,193	1,193	1,041	1,030	1,230	1,219	1,337	1,510
5 Belgium–Luxembourg	10,648	12,382	13,337	13,337	13,348	15,156	16,253	15,818	17,346	16,719
6 Denmark	1,415	1,399	937	937	991	997	892	961	1,331	1,264
7 Finland	570	602	1,341	1,341	893	623	1,014	1,005	764	842
8 France	26,903	30,946	31,808	31,808	29,186	26,449	26,036r	27,667r	27,005r	30,094
9 Germany	7,578	7,485	8,619	8,619	7,859	9,514	9,556	9,272	8,319	8,017
10 Greece	1,028	934	765	765	873	895	1,058	1,134	1,254	1,370
11 Italy	16,169	17,735	13,541	13,541	10,798	9,554	9,915	10,035	10,055	10,359
12 Netherlands	6,613	5,350	7,161	7,161	7,965	7,322	9,250	9,352	9,572	9,474
13 Norway	2,401	2,357	1,866	1,866	1,922	1,398	1,286	899	1,429	1,359
14 Portugal	2,418	2,958	2,184	2,184	1,114	2,540	2,071	2,217	2,391	2,526
15 Spain	4,364	7,544	11,391	11,391	9,371	10,653	13,504	14,435	14,316r	15,819
16 Sweden	1,491	1,837	2,222	2,222	1,887	2,544	2,106	2,888	2,007	4,124
17 Switzerland	34,496	36,690	37,236	37,236	35,658	34,709	37,103	33,603	36,662	36,037
18 Turkey	1,818	1,169	1,598	1,598	1,476	1,677	1,600	1,362	1,691	1,579
19 United Kingdom	102,362	109,555	100,257	100,257	102,334	102,160	103,319r	108,023r	110,654r	111,706
20 Yugoslavia	1,474	928	622	622	493	529	504	569	524	555
21 Other Western Europe[11]	13,563	11,689	9,224	9,224	13,764	14,017	15,410r	17,164r	19,819r	21,479
22 U.S.S.R.	350	119	241	241	161	238	168	287	436r	442
23 Other Eastern Europe[12]	608	1,545	3,467	3,467	3,396	4,155	3,690	4,291	4,207	4,102
24 Canada	18,865	20,349	21,581	21,581	18,665	20,456	20,929r	20,500r	22,556r	20,343
25 Latin America and Caribbean	311,028	332,997	345,253	345,253	349,731	348,552	350,883r	341,804r	339,588r	338,359
26 Argentina	7,304	7,365	7,758	7,758	7,899	7,878	8,310	8,654	9,381	9,665
27 Bahamas	99,341	107,386	100,743	100,743	101,291	99,736	102,118r	98,431r	99,774r	101,300
28 Bermuda	2,884	2,822	3,178	3,178	3,658	3,478	3,364	3,368	3,009	3,268
29 Brazil	6,351	5,834	5,942	5,942	5,785	5,760	5,745	5,752	5,399	5,715
30 British West Indies	138,309	147,321	162,816	162,816	165,462	167,122	166,628r	160,954r	158,469r	156,507
31 Chile	3,212	3,145	3,284	3,284	3,322	3,408	3,623	3,506r	3,792	3,667
32 Colombia	4,653	4,492	4,662	4,662	4,627	4,713	4,972	4,915	4,902	4,715
33 Cuba	10	11	2	2	6	5	11	9	6	3
34 Ecuador	1,391	1,379	1,232	1,232	1,248	1,217	1,168	1,128	1,150	1,118
35 Guatemala	1,312	1,541	1,594	1,594	1,554	1,549	1,539	1,489	1,438	1,434
36 Jamaica	209	257	231	231	234	227	271	234	242	309
37 Mexico	15,423	16,650	19,957	19,957	20,372	20,319	21,540	21,362r	20,841	19,472
38 Netherlands Antilles	6,310	7,357	5,592	5,592	6,272	6,231	5,205	5,986	5,347	5,290
39 Panama	4,362	4,574	4,695	4,695	4,349	4,404	4,158	4,216	4,100	4,267
40 Peru	1,984	1,294	1,249	1,249	1,233	1,221	1,187	1,094	1,098	1,136
41 Uruguay	2,284	2,520	2,111	2,111	2,313	2,158	2,054	2,171	2,118r	2,163
42 Venezuela	9,482	12,271	13,181	13,181	13,520	12,424	12,190	11,874	11,705r	11,381
43 Other	6,206	6,779	7,026	7,026	6,586	6,702	6,800r	6,661r	6,817r	6,949
44 Asia	156,201	136,844	120,491	120,491	119,173	120,104	125,745r	125,276r	128,173r	124,532
China										
45 Mainland	1,773	2,421	2,625	2,625	2,739	2,607	2,677	2,751	2,363	2,422
46 Taiwan	19,588	11,246	11,500	11,500	10,955	10,594	10,602	10,480r	10,274	9,977
47 Hong Kong	12,416	12,754	14,365	14,365	15,151	14,967	14,722	16,248	17,990	17,035
48 India	780	1,233	2,418	2,418	2,297	2,256	2,028	1,792	1,671	1,713
49 Indonesia	1,281	1,238	1,463	1,463	1,037	1,276	1,516	1,109	1,133	1,387
50 Israel	1,243	2,767	2,015	2,015	2,193	2,137	2,536	3,791r	3,432	2,975
51 Japan	81,184	67,076	47,041	47,041	46,076	44,771	49,528r	47,337r	46,183r	44,219
52 Korea	3,215	2,287	2,535	2,535	2,433	2,754	2,827	2,975	3,111	2,809
53 Philippines	1,766	1,585	2,449	2,449	2,256	2,462	2,638	2,266	1,629	1,792
54 Thailand	2,093	1,443	2,252	2,252	2,933	3,224	3,330	3,147	6,990	4,584
55 Middle-East oil-exporting countries[13]	13,370	15,829	15,752	15,752	15,901	18,410	19,311	18,614	18,256	18,983
56 Other	17,491	16,965	16,076	16,076	15,202	14,646	14,030	14,766	15,141	16,636
57 Africa	3,824	4,630	4,824	4,824	5,042	4,919	4,886	4,864	5,430	5,850
58 Egypt	686	1,425	1,621	1,621	1,620	1,632	1,337	1,610	2,001	2,539
59 Morocco	78	104	79	79	86	82	90	88	77	87
60 South Africa	206	228	228	228	201	199	191	188	399	245
61 Zaire	86	53	31	31	28	30	35	27	26	29
62 Oil-exporting countries[14]	1,121	1,110	1,082	1,082	1,204	1,214	1,428	1,277	1,257	1,232
63 Other	1,648	1,710	1,783	1,783	1,903	1,762	1,805	1,674	1,670	1,718
64 Other countries	4,564	4,444	5,567	5,567	4,841	4,253	4,223	4,473	4,482	4,396
65 Australia	3,867	3,807	4,464	4,464	3,619	3,065	3,100	3,575	3,211	3,192
66 All other	697	637	1,103	1,103	1,222	1,188	1,123	898	1,271	1,204
67 Nonmonetary international and regional organizations	4,894	5,918	8,947	8,947	9,895	10,615	10,469	9,947	10,146	8,341
68 International[15]	3,947	4,390	6,451	6,451	7,439	8,292	8,063	7,199	7,233	5,622
69 Latin American regional	684	1,048	1,181	1,181	1,422	1,500	1,785	1,788	1,903	2,100
70 Other regional[16]	263	479	1,315	1,315	1,034	823	621	960	1,010	619

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					
				Dec.	Jan.	Feb.	Mar.	Apr.	May [r]	June [p]
1 **Total**	**534,492**	**511,543**	**514,375**	**514,375**	**509,490**	**508,876**	**513,200[r]**	**507,181[r]**	**504,734**	**510,630**
2 **Foreign countries**	**530,630**	**506,750**	**508,002**	**508,002**	**504,884**	**502,336**	**506,737[r]**	**502,302[r]**	**499,843**	**505,084**
3 Europe	119,025	113,093	114,310	114,310	112,655	110,850	112,752[r]	123,719[r]	120,742	125,861
4 Austria	415	362	327	327	211	447	375	444	456	433
5 Belgium–Luxembourg	6,478	5,473	6,158	6,158	6,724	7,451	7,005	6,967	6,487	6,166
6 Denmark	582	497	686	686	792	709	737	871	994	1,435
7 Finland	1,027	1,047	1,912	1,912	1,854	1,586	1,321	1,475	1,536	1,367
8 France	16,146	14,468	15,112	15,112	15,179	13,742	14,062	13,706	14,031	14,442
9 Germany	2,865	3,343	3,371	3,371	3,305	3,405	3,788	3,117	4,044	3,311
10 Greece	788	727	553	553	550	562	537	567	492	505
11 Italy	6,662	6,052	8,242	8,242	8,000	7,346	8,584	9,835	10,282	10,635
12 Netherlands	1,904	1,761	2,539	2,539	2,664	2,454	2,268[r]	2,688[r]	2,642	2,267
13 Norway	609	782	669	669	801	665	687	569	733	724
14 Portugal	376	292	344	344	360	350	368	361	398	369
15 Spain	1,930	2,668	1,844	1,844	2,487	2,120	3,310	3,726[r]	2,687	3,880
16 Sweden	1,773	2,094	2,335	2,335	2,756	2,928	2,636	3,062	3,007	6,759
17 Switzerland	6,141	4,202	4,540	4,540	4,497	3,921	3,375	4,095	4,144	3,922
18 Turkey	1,071	1,405	1,063	1,063	1,062	1,076	943	927	1,130	984
19 United Kingdom	65,527	65,151	60,435	60,435	56,624	57,082	57,920[r]	66,365[r]	62,509	63,744
20 Yugoslavia	1,329	1,142	824	824	822	810	808[r]	781[r]	736	697
21 Other Western Europe[2]	1,302	597	789	789	1,152	1,116	879	821	894	771
22 U.S.S.R.	1,179	530	1,970	1,970	2,331	2,491	2,659	2,824	2,948	3,035
23 Other Eastern Europe[3]	921	499	597	597	484	589	490	518	592	415
24 Canada	15,451	16,091	15,094	15,094	14,845	15,849	15,441	15,093[r]	16,432	16,360
25 Latin America and Caribbean	230,438	231,506	246,006	246,006	250,236	245,565	251,917[r]	239,573[r]	238,560	243,285
26 Argentina	9,270	6,967	5,869	5,869	5,823	5,834	5,788	5,949	5,956	5,396
27 Bahamas	77,921	76,525	87,173	87,173	89,258	84,183	88,866[r]	82,118[r]	84,668	83,135
28 Bermuda	1,315	4,056	2,191	2,191	3,535	4,444	3,649	6,377[r]	4,283	4,685
29 Brazil	23,749	17,995	11,845	11,845	12,419	12,746	12,375[r]	12,321[r]	12,183	12,019
30 British West Indies	68,749	88,565	107,831	107,831	107,627	106,758	109,403	100,777[r]	100,352	106,622
31 Chile	4,353	3,271	2,805	2,805	2,817	2,746	2,779	2,922	3,055	3,247
32 Colombia	2,784	2,587	2,425	2,425	2,374	2,330	2,339	2,322	2,328	2,304
33 Cuba	1	0	0	0	0	0	0	2	0	0
34 Ecuador	1,688	1,387	1,053	1,053	1,044	1,034	993	986	939	935
35 Guatemala	197	191	228	228	214	230	233	216	171	174
36 Jamaica	297	238	158	158	157	158	152	150	143	150
37 Mexico	23,376	14,851	16,611	16,611	17,059	17,365	17,359[r]	17,411[r]	16,944	16,499
38 Netherlands Antilles	1,921	7,998	1,126	1,126	1,112	898	1,180[r]	1,265[r]	904	917
39 Panama	1,740	1,471	1,563	1,563	1,651	1,662	1,707	1,837	1,929	2,187
40 Peru	771	663	739	739	735	669	644	715	666	731
41 Uruguay	929	786	599	599	546	604	604	685	717	775
42 Venezuela	9,652	2,571	2,527	2,527	2,610	2,611	2,406[r]	2,229[r]	2,057	2,209
43 Other	1,726	1,384	1,263	1,263	1,255	1,293	1,440	1,291[r]	1,265	1,300
44 Asia	157,474	138,722	125,358	125,358	119,796	122,616	119,700	116,746[r]	117,191	112,348
China										
45 Mainland	634	620	747	747	813	699	719	660	729	689
46 Taiwan	2,776	1,952	2,087	2,087	1,914	1,881	1,969	2,008	1,808	1,773
47 Hong Kong	11,128	10,648	9,715	9,715	9,852	9,721	10,582	8,520	9,127	8,389
48 India	621	655	441	441	445	418	518	504	475	478
49 Indonesia	651	933	952	952	1,012	1,043	1,079	1,045[r]	1,122	1,076
50 Israel	813	774	855	855	873	943	901	836	874	888
51 Japan	111,300	90,699	84,813	84,813	80,585	80,247	74,595	72,106	74,420	69,230
52 Korea	5,323	5,766	6,045	6,045	5,696	6,292	6,420	6,220	5,798	5,892
53 Philippines	1,344	1,247	1,910	1,910	1,849	1,789	1,831	1,690	1,618	1,648
54 Thailand	1,140	1,573	1,713	1,713	1,633	1,621	1,599	1,618	1,703	1,746
55 Middle East oil-exporting countries[4]	10,149	10,749	8,284	8,284	8,073	10,976	12,284	14,557	13,400	14,496
56 Other	11,594	13,106	7,796	7,796	7,051	6,986	7,203	6,982	6,117	6,043
57 Africa	5,890	5,445	4,928	4,928	4,870	4,741	4,758	4,818	4,579	4,367
58 Egypt	502	380	294	294	255	223	271	242	218	256
59 Morocco	559	513	575	575	591	550	547	547	529	527
60 South Africa	1,628	1,525	1,235	1,235	1,217	1,189	1,176	1,239	1,128	1,070
61 Zaire	16	16	4	4	4	4	4	4	4	4
62 Oil-exporting countries[5]	1,648	1,486	1,298	1,298	1,116	1,112	1,164	1,160	1,162	1,159
63 Other	1,537	1,525	1,522	1,522	1,687	1,663	1,596	1,626	1,538	1,351
64 Other countries	2,354	1,892	2,306	2,306	2,482	2,715	2,169	2,353	2,339	2,863
65 Australia	1,781	1,413	1,665	1,665	1,473	1,478	1,388	1,424	1,188	1,720
66 All other	573	479	641	641	1,009	1,237	781	929	1,151	1,143
67 Nonmonetary international and regional organizations[6]	3,862	4,793	6,373	6,373	4,606	6,540	6,463	4,879	4,891	5,546

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	1991	1992					
				Dec.	Jan.	Feb.	Mar.r	Apr.r	Mayr	June p
1 **Total**	**593,087**	**579,044**	**579,679**	**579,679**	....	....	**576,554**	....	....	....
2 Banks' own claims on foreigners	534,492	511,543	514,375	514,375	509,490	508,876	513,200	507,181	504,734	510,630
3 Foreign public borrowers	60,511	41,900	37,247	37,247	35,582	38,614	37,212	34,908	34,709	35,382
4 Own foreign offices[2]	296,011	304,315	318,939	318,939	307,982	306,077	318,398	302,534	308,825	314,999
5 Unaffiliated foreign banks	134,885	117,272	116,499	116,499	121,997	119,002	113,862	120,192	116,851	111,875
6 Deposits	78,185	65,253	69,125	69,125	71,929	70,806	66,989	70,519	70,167	63,486
7 Other	56,700	52,019	47,374	47,374	50,068	48,196	46,873	49,673	46,684	48,389
8 All other foreigners	43,085	48,056	41,690	41,690	43,929	45,183	43,728	49,547	44,349	48,374
9 Claims of banks' domestic customers[3]	58,594	67,501	65,304	65,304	....	....	63,354	....	....	....
10 Deposits	13,019	14,375	15,240	15,240	....	....	17,522	....	....	....
11 Negotiable and readily transferable instruments[4]	30,983	41,333	37,125	37,125	....	....	33,115	....	....	....
12 Outstanding collections and other claims	14,592	11,792	12,939	12,939	....	....	12,717	....	....	....
13 MEMO: Customer liability on acceptances	12,899	13,628	8,971	8,971	....	....	7,883	....	....	....
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	45,767	44,638	39,092	39,092	37,741	39,340	37,517	34,604	33,345	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.r
1 **Total**	**233,184**	**238,123**	**206,903**	**199,674**	**195,328**	**195,199**	**194,494**
By borrower							
2 Maturity of one year or less[2]	172,634	178,346	165,985	160,347	160,343	162,435	161,450
3 Foreign public borrowers	26,562	23,916	19,305	19,467	17,651	21,108	20,485
4 All other foreigners	146,071	154,430	146,680	140,880	142,692	141,327	140,965
5 Maturity of more than one year[2]	60,550	59,776	40,918	39,327	34,985	32,764	33,044
6 Foreign public borrowers	35,291	36,014	22,269	20,889	17,992	15,922	16,420
7 All other foreigners	25,259	23,762	18,649	18,438	16,993	16,842	16,624
By area							
Maturity of one year or less[2]							
8 Europe	55,909	53,913	49,184	50,393	51,207	51,868	52,638
9 Canada	6,282	5,910	5,450	7,278	5,682	6,474	6,907
10 Latin America and Caribbean	57,991	53,003	49,782	41,078	47,228	43,429	48,768
11 Asia	46,224	57,755	53,258	53,206	50,023	51,016	43,592
12 Africa	3,337	3,225	3,040	2,937	2,815	2,549	2,491
13 All other[3]	2,891	4,541	5,272	5,455	3,388	7,099	7,054
Maturity of more than one year[2]							
14 Europe	4,666	4,121	3,859	3,832	3,732	3,882	4,348
15 Canada	1,922	2,353	3,290	3,884	3,706	3,546	3,242
16 Latin America and Caribbean	47,547	45,816	25,774	23,296	19,319	18,311	18,223
17 Asia	3,613	4,172	5,165	5,664	5,613	4,425	4,721
18 Africa	2,301	2,630	2,374	2,456	2,393	2,335	2,191
19 All other[3]	501	684	456	195	222	265	319

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 Mar.	1990 June	1990 Sept.	1990 Dec.	1991 Mar.	1991 June	1991 Sept.	1991 Dec.	1992 Mar.
1 **Total**	**346.3**	**338.8**	**333.9**	**321.7**	**331.5**	**317.8**	**325.4**	**320.8**	**335.5**	**341.6**	**348.2r**
2 G-10 countries and Switzerland	152.7	152.9	146.6	139.3	143.6	132.1	129.9	130.1	134.0	137.3	130.9r
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	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	59.8	64.9	68.5	65.0
11 Canada	5.0	5.4	4.8	5.1	5.0	5.9	6.8	8.2	5.9	5.9	6.6
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	48.3	52.4	51.9	58.5
57 Bahamas	11.0	5.5	9.2	8.5	8.9	2.8	8.4	6.8	6.7	12.0	14.1r
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	14.9	13.8	15.9	17.4
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	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	1990	1991				1992
				Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**32,952**	**38,764**	**44,988**	**44,988**	**41,978**	**40,652**	**42,148**	**41,514**	**43,474**
2 Payable in dollars	27,335	33,973	39,791	39,791	37,402	36,182	37,442	36,261	38,181
3 Payable in foreign currencies	5,617	4,791	5,197	5,197	4,576	4,469	4,706	5,253	5,293
By type									
4 Financial liabilities	14,507	17,879	20,010	20,010	18,606	18,260	20,350	20,180	21,636
5 Payable in dollars	10,608	14,035	15,984	15,984	15,266	14,947	16,675	16,187	17,541
6 Payable in foreign currencies	3,900	3,844	4,026	4,026	3,340	3,313	3,675	3,993	4,095
7 Commercial liabilities	18,445	20,885	24,977	24,977	23,372	22,392	21,798	21,334	21,838
8 Trade payables	6,505	8,070	10,512	10,512	8,789	8,576	8,359	8,185	8,697
9 Advance receipts and other liabilities	11,940	12,815	14,465	14,465	14,583	13,815	13,439	13,149	13,141
10 Payable in dollars	16,727	19,938	23,807	23,807	22,135	21,235	20,767	20,074	20,640
11 Payable in foreign currencies	1,717	947	1,170	1,170	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	9,559	9,634	11,403	10,750	12,036
13 Belgium-Luxembourg	289	340	394	394	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	561	658	652	658	644
16 Netherlands	880	941	1,081	1,081	1,036	1,026	1,050	1,058	1,026
17 Switzerland	1,033	541	516	516	517	484	468	361	357
18 United Kingdom	6,533	8,818	6,395	6,395	5,810	5,932	6,521	6,260	6,955
19 Canada	388	610	229	229	278	293	305	268	289
20 Latin America and Caribbean	839	1,357	4,153	4,153	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	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	4,510	4,515	4,755	4,796	5,168
28 Japan	2,563	3,299	3,637	3,637	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	7,529
34 Belgium-Luxembourg	158	175	275	275	261	249	229	247	256
35 France	455	877	1,218	1,218	1,215	1,193	1,003	884	667
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	481
39 United Kingdom	2,079	2,620	2,792	2,792	2,817	2,336	2,250	2,304	2,467
40 Canada	1,217	1,124	1,261	1,261	1,251	1,208	1,018	992	1,090
41 Latin America and Caribbean	1,090	1,224	1,672	1,672	1,602	1,622	1,518	1,357	1,717
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	8,622	8,827	8,918	9,274	9,839
49 Japan	3,094	2,914	3,651	3,651	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	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	1990	1991				1992
					Dec.	Mar.	June	Sept.	Dec.	Mar.
1	**Total**	**33,805**	**33,173**	**35,240**	**35,240**	**35,447**	**37,045**	**38,126**	**41,481**	**41,275[r]**
2	Payable in dollars	31,425	30,773	32,652	32,652	33,148	34,958	35,788	39,000	38,700[r]
3	Payable in foreign currencies	2,381	2,400	2,589	2,589	2,299	2,087	2,338	2,481	2,575
	By type									
4	Financial claims	21,640	19,297	19,841	19,841	19,694	20,904	22,433	24,614	24,829[r]
5	Deposits	15,643	12,353	13,697	13,697	13,044	12,549	16,167	17,134	16,794[r]
6	Payable in dollars	14,544	11,364	12,552	12,552	12,012	11,758	15,147	16,283	15,612[r]
7	Payable in foreign currencies	1,099	989	1,145	1,145	1,032	790	1,020	851	1,182
8	Other financial claims	5,997	6,944	6,144	6,144	6,650	8,355	6,266	7,480	8,035[r]
9	Payable in dollars	5,220	6,190	5,247	5,247	5,948	7,656	5,568	6,660	7,371[r]
10	Payable in foreign currencies	777	754	896	896	702	700	698	820	664
11	Commercial claims	12,166	13,876	15,400	15,400	15,753	16,141	15,693	16,867	16,446[r]
12	Trade receivables	11,091	12,253	13,544	13,544	13,706	13,979	13,270	14,129	13,821[r]
13	Advance payments and other claims	1,075	1,624	1,856	1,856	2,047	2,163	2,423	2,738	2,625[r]
14	Payable in dollars	11,660	13,219	14,852	14,852	15,187	15,544	15,073	16,057	15,717[r]
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	10,640	11,875	13,077	13,429	14,016[r]
17	Belgium-Luxembourg	18	28	76	76	86	74	76	13	12[r]
18	France	203	153	371	371	208	271	255	312	233
19	Germany	120	152	367	367	312	298	434	342	290[r]
20	Netherlands	348	238	265	265	380	429	420	385	727[r]
21	Switzerland	217	153	357	357	422	433	580	591	682
22	United Kingdom	9,039	7,496	7,921	7,921	9,016	10,222	10,943	11,150	11,484[r]
23	Canada	2,325	1,904	2,934	2,934	1,889	2,017	2,113	2,560	2,689[r]
24	Latin America and Caribbean	8,160	8,020	6,201	6,201	6,266	5,926	6,269	7,652	6,758[r]
25	Bahamas	1,846	1,890	1,090	1,090	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	173[r]
28	British West Indies	5,763	5,486	4,635	4,635	4,937	4,957	5,106	6,380	5,728[r]
29	Mexico	151	94	177	177	179	161	171	179	283[r]
30	Venezuela	21	20	25	25	28	29	32	40	34
31	Asia	623	590	860	860	568	747	619	605	1,009[r]
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	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	7,567[r]
38	Belgium-Luxembourg	189	242	212	212	226	220	190	192	181[r]
39	France	672	964	1,240	1,240	1,273	1,402	1,330	1,538	1,547[r]
40	Germany	669	696	806	806	873	956	856	931	927[r]
41	Netherlands	212	479	555	555	604	707	641	637	645[r]
42	Switzerland	344	313	301	301	324	296	258	287	315[r]
43	United Kingdom	1,324	1,575	1,774	1,774	1,638	1,816	1,806	2,072	1,845[r]
44	Canada	983	1,091	1,073	1,073	1,212	1,240	1,231	1,141	1,167[r]
45	Latin America and Caribbean	2,241	2,184	2,371	2,371	2,331	2,429	2,489	2,561	2,532[r]
46	Bahamas	36	58	14	14	15	16	8	11	11[r]
47	Bermuda	230	323	246	246	231	245	255	263	264
48	Brazil	299	297	324	324	326	309	384	397	343[r]
49	British West Indies	22	36	40	40	49	43	37	41	45[r]
50	Mexico	461	508	661	661	653	710	740	827	889[r]
51	Venezuela	227	147	192	192	181	195	196	201	204[r]
52	Asia	2,993	3,570	4,064	4,064	4,292	4,137	4,210	4,468	4,326[r]
53	Japan	946	1,199	1,399	1,399	1,757	1,587	1,742	1,788	1,770[r]
54	Middle East oil-exporting countries[2]	453	518	460	460	497	500	495	620	635[r]
55	Africa	435	429	488	488	394	428	431	417	417[r]
56	Oil-exporting countries[3]	122	108	67	67	68	63	80	95	75[r]
57	All other[4]	333	393	366	366	473	452	454	463	437[r]

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	1992 Jan.–June	1991 Dec.	1992 Jan.	Feb.	Mar.	Apr.r	May r	June p
	U.S. corporate securities									
Stocks										
1 Foreign purchases	173,293	211,204	117,745	14,714	23,302	21,429	18,884	17,536	18,664	17,930
2 Foreign sales	188,419	200,116	121,692	17,440	25,900	21,193	19,457	18,034	18,602	18,506
3 **Net purchases, or sales (−)**	**−15,126**	**11,088**	**−3,947**	**−2,726**	**−2,598**	**236**	**−573**	**−498**	**62**	**−576**
4 **Foreign countries**	**−15,197**	**10,520**	**−4,075**	**−2,709**	**−2,479**	**237**	**−595**	**−531**	**27**	**−734**
5 Europe	−8,479	50	−2,462	−1,888	−1,318	−105	−95	−730	278	−492
6 France	−1,234	9	−72	−126	−28	−224	−27	−217	−121	545
7 Germany	−367	−63	−76	45	−160	30	−45	−48	149	−2
8 Netherlands	−397	−227	−266	−52	44	−114	−17	−38	76	−217
9 Switzerland	−2,866	−131	487	−10	−286	304	261	90	122	−4
10 United Kingdom	−2,980	−354	−2,467	−1,639	−882	−304	−236	−334	−11	−700
11 Canada	886	3,845	1,619	131	260	235	410	412	230	72
12 Latin America and Caribbean	−1,330	2,177	787	−282	1,025	359	−322	45	43	−363
13 Middle East[1]	−2,435	−134	−8	−36	−271	101	121	−95	85	51
14 Other Asia	−3,477	4,255	−4,066	−666	−2,211	−396	−886	−158	−557	142
15 Japan	−2,891	1,179	−3,988	−429	−2,194	−615	−496	−318	−401	36
16 Africa	−63	153	50	7	13	15	4	−1	20	−1
17 Other countries	−298	174	5	25	23	28	173	−4	−72	−143
18 **Nonmonetary international and regional organizations**	**71**	**568**	**128**	**−17**	**−119**	**−1**	**22**	**33**	**35**	**158**
Bonds[2]										
19 Foreign purchases	118,764	152,821	102,833	15,061	16,498	18,045	17,338	16,722	17,539	16,691
20 Foreign sales	*102,047*	*125,398*	*80,605*	*12,347*	*14,367*	*14,731*	*14,321*	*11,622*	*13,157*	*12,407*
21 **Net purchases, or sales (−)**	**16,717**	**27,422**	**22,228**	**2,714**	**2,131**	**3,314**	**3,017**	**5,100**	**4,382**	**4,284**
22 **Foreign countries**	**17,187**	**27,553**	**21,896**	**2,671**	**2,098**	**3,308**	**2,927**	**4,905**	**4,453**	**4,205**
23 Europe	10,079	13,116	10,433	1,054	1,390	2,390	1,201	2,047	1,985	1,420
24 France	373	847	704	75	−2	58	−34	363	−45	364
25 Germany	−377	1,577	1,462	113	594	277	122	391	67	11
26 Netherlands	172	482	−51	13	−113	12	−15	−122	123	64
27 Switzerland	284	656	−143	162	−67	252	124	−359	−40	−53
28 United Kingdom	10,383	8,935	7,415	95	905	1,801	758	1,543	1,561	847
29 Canada	1,906	1,623	−220	113	−153	97	−72	87	−68	−111
30 Latin America and Caribbean	4,291	2,468	5,165	625	506	768	1,456	612	1,103	720
31 Middle East[1]	76	2,185	836	253	−75	−71	257	258	293	174
32 Other Asia	1,083	8,224	5,553	543	339	101	121	1,818	1,169	2,005
33 Japan	727	5,732	1,571	149	257	−121	−316	687	324	740
34 Africa	96	52	90	11	28	15	28	19	6	−6
35 Other countries	−344	−116	39	72	63	8	−64	64	−35	3
36 **Nonmonetary international and regional organizations**	**−471**	**−131**	**332**	**43**	**33**	**6**	**90**	**195**	**−71**	**79**
	Foreign securities									
37 Stocks, net purchases, or sales (−)[3]	−9,205	−31,909	−11,392	−1,846	−2,551	−2,303	−2,944	−2,592	−913	−89
38 Foreign purchases	122,641	120,598	74,519	11,027	12,509	10,647	12,824	10,986	13,840	13,713
39 Foreign sales[3]	131,846	152,507	85,911	12,873	15,060	12,950	15,768	13,578	14,753	13,802
40 Bonds, net purchases, or sales (−)	−22,412	−15,377	−6,619	−1,595	−1,316	418	−484	−1,429	−2,646	−1,162
41 Foreign purchases	314,645	325,133	203,206	26,296	35,543	33,050	32,287	30,294	32,928	39,104
42 Foreign sales	337,057	340,510	209,825	27,891	36,859	32,632	32,771	31,723	35,574	40,266
43 **Net purchases, or sales (−), of stocks and bonds**	**−31,617**	**−47,286**	**−18,011**	**−3,441**	**−3,867**	**−1,885**	**−3,428**	**−4,021**	**−3,559**	**−1,251**
44 **Foreign countries**	**−28,943**	**−47,202**	**−20,326**	**−3,811**	**−4,118**	**−2,050**	**−3,762**	**−5,176**	**−3,585**	**−1,635**
45 Europe	−8,443	−34,421	−12,388	−4,319	−4,507	−2,267	−730	−3,345	−191	−1,348
46 Canada	−7,502	−7,578	−2,778	−4	−926	1,304	−653	−953	−661	−889
47 Latin America and Caribbean	−8,854	811	−3,011	−463	−818	708	−479	−845	−1,278	−299
48 Asia	−3,828	−7,350	−1,563	316	2,183	−1,513	−1,580	115	−1,135	367
49 Africa	−137	−9	−97	159	−5	−10	1	9	−99	7
50 Other countries	−180	1,345	−489	500	−45	−272	−321	−157	−221	527
51 **Nonmonetary international and regional organizations**	**−2,673**	**−84**	**2,315**	**370**	**251**	**165**	**334**	**1,155**	**26**	**384**

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 Jan.–June	1991 Dec.	1992 Jan.	1992 Feb.	1992 Mar.	1992 Apr.[r]	1992 May[r]	1992 June[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total**[2]	**18,927**	**18,359**	**18,118**	**4,483**	**10,621**	**3,175**	**−8,820**	**6,558**	**−7,924**	**14,508**
2 Foreign countries[2]	18,764	18,181	16,423	3,774	9,864	3,558	−9,451	7,579	−6,945	11,818
3 Europe[2]	18,455	8,078	7,531	2,779	5,324	7,326	−4,903	3,207	−7,302	3,879
4 Belgium–Luxembourg	10	523	1,025	−21	559	296	−91	21	289	−49
5 Germany[2]	5,880	−4,725	2,329	−139	805	287	−313	441	329	780
6 Netherlands	1,077	−3,735	−2,988	−888	−1,936	−967	245	−219	−338	227
7 Sweden	1,152	−663	828	582	180	300	102	−123	−3	372
8 Switzerland[2]	112	1,007	−1,223	−778	142	−388	−411	10	−579	3
9 United Kingdom	−1,260	5,656	5,656	2,349	2,649	6,234	−1,844	2,820	−5,867	1,664
10 Other Western Europe	11,463	10,001	1,688	1,664	2,925	1,524	−2,601	257	−1,099	682
11 Eastern Europe	13	13	216	10	0	40	10	0	−34	200
12 Canada	−4,627	−2,720	1,842	−1,841	962	−1,549	−430	185	2,627	47
13 Latin America and Caribbean	14,734	9,056	1,384	1,075	−2,920	−1,191	−554	2,780	−320	3,589
14 Venezuela	33	10	39	122	266	169	73	−124	−196	−149
15 Other Latin America and Caribbean	3,943	2,834	2,137	−1,065	−357	−444	−108	3,723	−2,472	1,795
16 Netherlands Antilles	10,757	6,213	−792	2,018	−2,829	−916	−519	−819	2,348	1,943
17 Asia	−10,952	3,376	7,018	864	7,675	−430	−3,322	1,363	−2,406	4,138
18 Japan	−14,785	−4,034	−1,995	−1,332	−398	−1,933	−3,044	657	1,085	1,638
19 Africa	313	689	757	318	207	100	125	193	40	92
20 All other	842	−298	−2,109	579	−1,384	−698	−367	−149	416	73
21 Nonmonetary international and regional organizations	163	178	1,695	709	757	−383	631	−1,021	−979	2,690
22 International	287	−358	1,682	786	197	−228	801	−762	−747	2,421
23 Latin American regional	−2	−72	190	−156	−58	51	0	74	−4	127
MEMO										
24 Foreign countries[2]	18,764	18,181	16,423	3,774	9,864	3,558	−9,451	7,579	−6,945	11,818
25 Official institutions	23,218	1,190	9,739	2,521	8,687	−193	−3,136	1,712	−2,685	5,354
26 Other foreign[2]	−4,453	16,990	6,684	1,253	1,177	3,751	−6,315	5,867	−4,260	6,464
Oil-exporting countries										
27 Middle East[3]	−387	−6,822	977	−163	623	1,679	233	556	−3,061	947
28 Africa[4]	0	239	7	219	48	0	0	15	0	−56

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 Aug. 31, 1992		Country	Rate on Aug. 31, 1992		Country	Rate on Aug. 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	13.25	Aug. 1992	Switzerland	7.0	Aug. 1991
Canada	5.07	Aug. 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.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Averages of daily figures, percent per year

Type or country	1989	1990	1991	1992						
				Feb.	Mar.	Apr.	May	June	July	Aug.
1 Eurodollars	9.16	8.16	5.86	4.05	4.26	4.05	3.84	3.87	3.40	3.33
2 United Kingdom	13.87	14.73	11.47	10.33	10.58	10.56	10.00	9.94	10.10	10.27
3 Canada	12.20	13.00	9.07	7.42	7.63	7.10	6.60	6.03	5.58	5.16
4 Germany	7.04	8.41	9.15	9.50r	9.59	9.63	9.70	9.66	9.69	9.79
5 Switzerland	6.83	8.71	8.01	7.28	8.16	8.48	8.77	9.04	8.67	8.11
6 Netherlands	7.28	8.57	9.19	9.52	9.52	9.42	9.43	9.45	9.50	9.73
7 France	9.27	10.20	9.49	9.93	9.99	9.92	9.83	9.98	10.11	10.26
8 Italy	12.44	12.11	12.04	12.17	12.25	12.38	12.39	13.38	15.54	15.20
9 Belgium	8.65	9.70	9.30	9.50	9.56	9.50	9.51	9.50	9.54	9.70
10 Japan	5.39	7.75	7.33	5.19	4.95	4.72	4.72	4.60	4.32	3.88

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					
				Mar.	Apr.	May	June	July	Aug.
1 Australia/dollar[2]	79.186	78.069	77.872	75.865	76.241	75.587	75.561	74.507	72.479
2 Austria/schilling	13.236	11.331	11.686	11.693	11.620	11.422	11.068	10.500	10.199
3 Belgium/franc	39.409	33.424	34.195	34.189	33.927	33.386	32.362	30.717	29.824
4 Canada/dollar	1.1842	1.1668	1.1460	1.1928	1.1874	1.1991	1.1960	1.1924	1.1907
5 China, P.R./yuan	3.7673	4.7921	5.3337	5.4871	5.5098	5.5182	5.4893	5.4564	5.4417
6 Denmark/krone	7.3210	6.1899	6.4038	6.4462	6.3906	6.2678	6.0573	5.7409	5.5851
7 Finland/markka	4.2963	3.8300	4.0521	4.5325	4.5023	4.4075[r]	4.2846	4.0803	3.9773
8 France/franc	6.3802	5.4467	5.6468	5.6400	5.5773	5.4548	5.2940	5.0321	4.9119
9 Germany/deutsche mark	1.8808	1.6166	1.6610	1.6616	1.6493	1.6225	1.5726	1.4914	1.4475
10 Greece/drachma	162.60	158.59	182.63	192.26	192.83	192.09	190.69	182.89	179.12
11 Hong Kong/dollar	7.8008	7.7899	7.7712	7.7463	7.7404	7.7421	7.7343	7.7341	7.7318
12 India/rupee	16.213	17.492	22.712	28.378	28.896	28.542	28.519	28.564	28.464
13 Ireland/pound[2]	141.80	165.76	161.39	160.50	161.65	164.62	169.80	178.76	183.26
14 Italy/lira	1,372.28	1,198.27	1,241.28	1,248.28	1,241.55	1,220.95	1,189.52	1,129.83	1,100.00
15 Japan/yen	138.07	145.00	134.59	132.86	133.54	130.77	126.84	125.88	126.23
16 Malaysia/ringgit	2.7079	2.7057	2.7503	2.5779	2.5521	2.5223	2.5187	2.4999	2.4977
17 Netherlands/guilder	2.1219	1.8215	1.8720	1.8706	1.8568	1.8268	1.7719	1.6819	1.6322
18 New Zealand/dollar[2]	59.793	59.619	57.832	54.790	54.138	53.514	54.201	54.609	54.057
19 Norway/krone	6.9131	6.2541	6.4912	6.5188	6.4606	6.3311	6.1493	5.8581	5.7120
20 Portugal/escudo	157.53	142.70	144.77	143.26	141.09	135.23	130.79	126.24	124.98
21 Singapore/dollar	1.9511	1.8134	1.7283	1.6601	1.6567	1.6408	1.6240	1.6142	1.6077
22 South Africa/rand	2.6214	2.5885	2.7633	2.8830	2.8783	2.8483	2.8077	2.7577	2.7629
23 South Korea/won	674.29	710.64	736.73	775.68	782.55	786.83	793.60	789.93	792.56
24 Spain/peseta	118.44	101.96	104.01	104.88	103.90	101.47	99.02	94.88	93.05
25 Sri Lanka/rupee	35.947	40.078	41.200	42.744	43.231	43.445	43.941	44.014	44.050
26 Sweden/krona	6.4559	5.9231	6.0521	6.0263	5.9667	5.8462	5.6792	5.4084	5.2745
27 Switzerland/franc	1.6369	1.3901	1.4356	1.5094	1.5194	1.4907	1.4250	1.3347	1.2966
28 Taiwan/dollar	26.407	26.918	26.759	25.407	25.308	25.016	24.770	24.783	25.120
29 Thailand/baht	25.725	25.609	25.528	25.637	25.644	25.550	25.400	25.293	25.265
30 United Kingdom/pound[2]	163.82	178.41	176.74	172.38	175.66	180.95	185.51	191.77	194.34
MEMO									
31 United States/dollar[3]	98.60	89.09	89.84	90.44	89.84	88.30	85.91	82.57	80.97

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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Special table follows.

4.31 Pro forma balance sheet for priced services of the Federal Reserve System[1]

Millions of dollars

Item	June 30, 1992		June 30, 1991	
Short-term assets[2]				
Imputed reserve requirement on clearing balances	504.0		370.9	
Investment in marketable securities	4,536.0		2,720.1	
Receivables	93.9		56.8	
Materials and supplies	5.4		6.2	
Prepaid expenses	14.4		16.3	
Items in process of collection	3,545.6		2,864.4	
Total short-term assets		8,699.2		6,034.6
Long-term assets[3]				
Premises	379.0		340.5	
Furniture and equipment	176.1		163.4	
Leases and leasehold improvements	20.0		17.8	
Prepaid pension costs	110.4		80.7	
Total long-term assets		685.7		602.3
Total assets		**9,384.7**		**6,636.9**
Short-term liabilities				
Clearing balances and balances arising from early credit of uncollected items	5,255.6		3,505.6	
Deferred availability items	3,330.0		2,449.7	
Short-term debt	113.7		79.3	
Total short-term liabilities		8,699.2		6,034.6
Long-term liabilities				
Obligations under capital leases	1.2		1.2	
Long-term debt	182.5		165.5	
Total long-term liabilities		183.7		166.7
Total liabilities		**8,882.9**		**6,201.3**
Equity		501.8		435.6
Total liabilities and equity[4]		**9,384.7**		**6,636.9**

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

2. The imputed reserve requirement on clearing balances and investment in marketable securities reflect the Federal Reserve's treatment of clearing balances maintained on deposit with Reserve Banks by depository institutions. For presentation of the balance sheet and the income statement, clearing balances are reported in a manner comparable to the way correspondent banks report compensating balances held with them by respondent institutions. That is, respondent balances held with a correspondent are subject to a reserve requirement established by the Federal Reserve. This reserve requirement must be satisfied with either vault cash or with nonearning balances maintained at a Reserve Bank. Following this model, clearing balances maintained with Reserve Banks for priced service purposes are subjected to imputed reserve requirements. Therefore, a portion of the clearing balances held with the Federal Reserve is classified on the asset side of the balance sheet as required reserves and is reflected in a manner similar to vault cash and due from bank balances normally shown on a correspondent bank's balance sheet. The remainder of clearing balances is assumed to be available for investment. For these purposes, the Federal Reserve assumes that all such balances are invested in three-month Treasury bills.

The account "items in the process of collection" (CIPC) represents the gross amount of Federal Reserve CIPC as of the balance sheet date, stated on a basis comparable with a commercial bank. Adjustments have been made for intra-System items that would otherwise be double-counted on a consolidated Federal Reserve balance sheet; items associated with nonpriced items, such as items collected for government agencies; and items associated with providing fixed availability or credit prior to receipt and processing of items. The cost base for providing services that must be recovered under the Monetary Control Act includes the cost of float (the difference between the value of gross CIPC and the value of deferred availability items) incurred by the Federal Reserve during the period, valued at the federal funds rate. The amount of float, or net CIPC, represents the portion of gross CIPC that involves a financing cost.

3. Long-term assets on the balance sheet have been allocated to priced services with the direct determination method, which uses the Federal Reserve's Planning and Control System (PACS) to ascertain directly the value of assets used solely in priced services operations and to apportion the value of jointly used assets between priced services and nonpriced services. Also, long-term assets include an estimate of the assets of the Board of Governors directly involved in the development of priced services.

Long-term assets include amounts for capital leases and leasehold improvements and for prepaid pension costs associated with priced services. Effective January 1, 1987, the Federal Reserve Banks implemented Financial Accounting Standards Board Statement No. 87, Employer's Accounting for Pensions.

4. A matched-book capital structure has been used for those assets that are not "self-financing" in determining liability and equity amounts. Short-term assets are financed with short-term debt. Long-term assets are financed with long-term debt and equity in a proportion equal to the ratio of long-term debt to equity for the bank holding companies used in the model for the private sector adjustment factor (PSAF).

4.32 Pro forma income statement for priced services of the Federal Reserve System[1]

Millions of dollars

Item	Quarter ending June 30, 1992		Quarter ending June 30, 1991	
Income services provided to depository institutions[2]		190.0		184.1
Production expenses[3]		155.6		152.5
Income from operations		34.4		31.6
Imputed costs[4]				
Interest on float	2.8		3.1	
Interest on debt	4.9		4.8	
Sales taxes	2.2		2.6	
FDIC insurance	4.0	13.9	2.3	12.8
Income from operations after imputed costs		20.5		18.8
Other income and expenses[5]				
Investment income	46.7		43.9	
Earnings credits	45.3	1.4	39.8	4.2
Income before income taxes		21.9		22.9
Imputed income taxes[6]		6.4		7.0
Net income		**15.4**		**15.9**
MEMO				
Targeted return on equity[6]		6.5		8.1

Item	Six months ending June 30, 1992		Six months ending June 30, 1991	
Income services provided to depository institutions[2]		379.3		365.5
Production expenses[3]		307.4		302.2
Income from operations		71.9		63.3
Imputed costs[4]				
Interest on float	7.5		9.2	
Interest on debt	9.8		9.6	
Sales taxes	4.5		5.0	
FDIC insurance	7.9	29.7	4.3	28.1
Income from operations after imputed costs		42.2		35.1
Other income and expenses[5]				
Investment income	90.5		85.4	
Earnings credits	88.3	2.1	74.9	10.5
Income before income taxes		44.3		45.6
Imputed income taxes[6]		13.0		13.9
Net income		**31.3**		**31.7**
MEMO				
Targeted return on equity[6]		13.0		16.2

1. The income statement reflects income and expenses for priced services. Included in these amounts are the imputed costs of float, imputed financing costs, and the income related to clearing balances.

Details may not add to totals because of rounding.

2. Income represents charges to depository institutions for priced services. This income is realized through one of two methods: direct charges to an institution's account or charges against accumulated earnings credits. Income includes charges for per-item fees, fixed fees, package fees, explicitly priced float, account maintenance fees, shipping and insurance fees, and surcharges.

3. Production expenses include direct, indirect, and other general administrative expenses of the Federal Reserve Banks for providing priced services. Also included are the expenses of staff members of the Board of Governors working directly on the development of priced services, which amounted to \$0.5 million in the second quarter and 1.0 million in the first six months for 1992 and 1991.

4. Imputed float costs represent the value of float to be recovered, either explicitly or through per-item fees, during the period. Float costs include those for checks, book-entry securities, noncash collection, ACH, and wire transfers.

The following table depicts the daily average recovery of float by the Federal Reserve Banks for the second quarter of 1992. In the table, unrecovered float includes that generated by services to government agencies or by other central bank services.

Float recovered through income on clearing balances represents increased investable clearing balances as a result of reducing imputed reserve requirements through the use of a deduction for float for cash items in process of collection when calculating the reserve requirement. This income then reduces the float required to be recovered through other means.

As-of adjustments and direct charges refer to midweek closing float and interterritory check float, which may be recovered from depositing institutions through adjustments to the institution's reserve or clearing balance or by valuing the float at the federal funds rate and billing the institution directly.

Float recovered through per-item fees is valued at the federal funds rate and has been added to the cost base subject to recovery in the second quarter of 1992

Total float	498.6
Unrecovered float	38.3
Float subject to recovery	460.3
Sources of float recovery	
Income on clearing balances	45.8
As of adjustments	193.4
Direct charges	94.6
Per-item fees	126.5

Also included in imputed costs is the interest on debt assumed necessary to finance priced-service assets and the sales taxes and FDIC insurance assessment that the Federal Reserve would have paid had it been a private-sector firm.

Because of a change in the methodology for imputing PSAF costs approved in 1989, FDIC insurance is now calculated on the basis of actual clearing balances and credits that are deferred to depository institutions. Previously, the assessment was calculated on the basis of available funds.

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

6. Imputed income taxes are calculated at the effective tax rate derived from a model consisting of the 50 largest bank holding companies. The targeted return on equity represents the after-tax rate of return on equity that the Federal Reserve would have earned had it been a private business firm, based on the bank holding company model.

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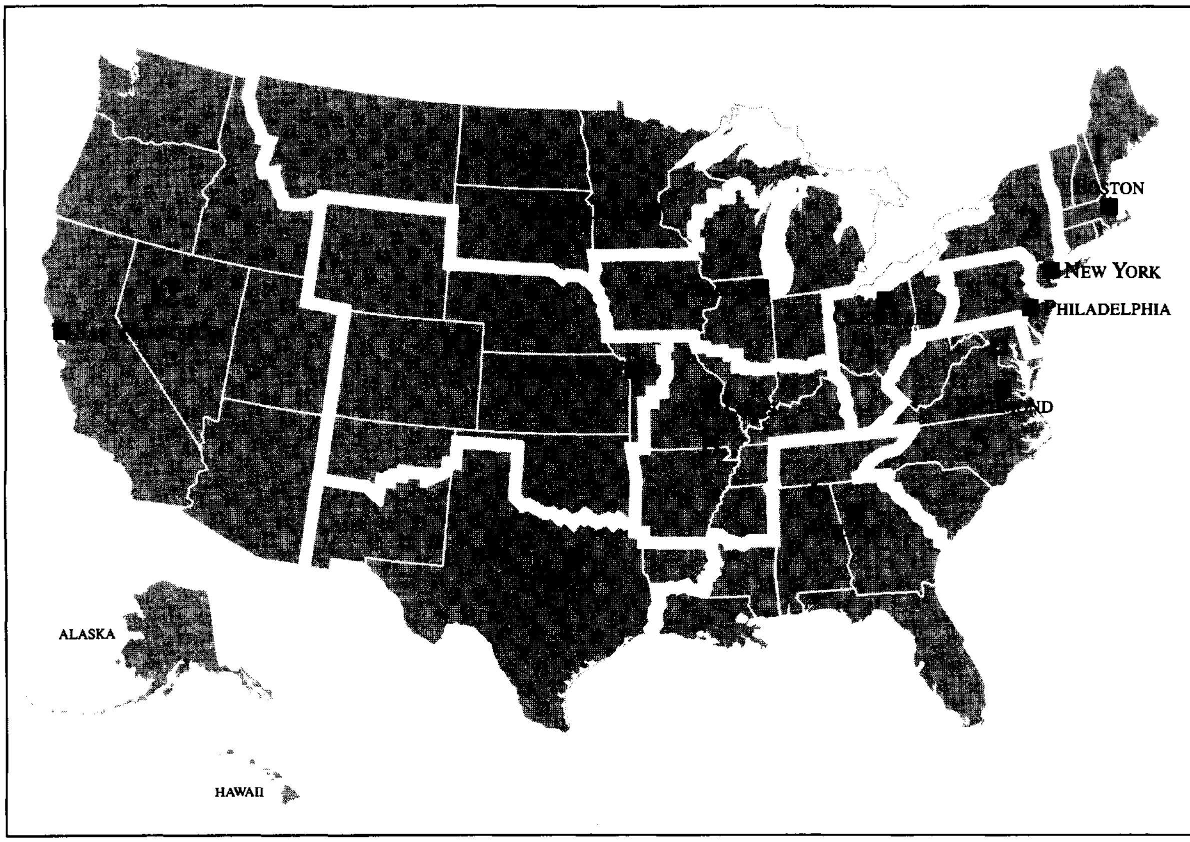

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Facing page

- • Federal Reserve Branch city
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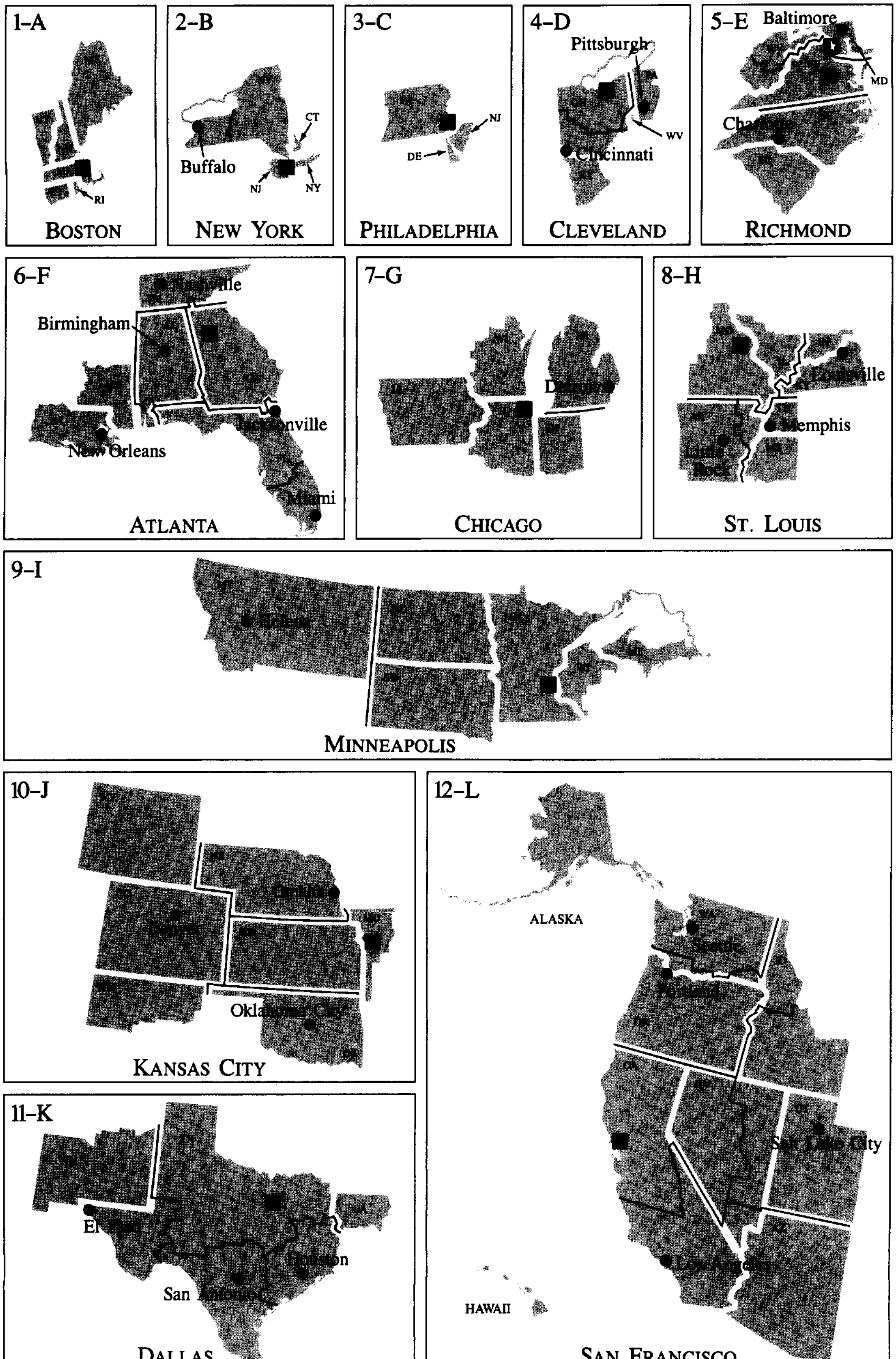
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