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Trends in Home Purchase Lending: Consolidation and the Community Reinvestment Act

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Consolidation among banking institutions has substantially changed the structure of the banking industry. Between 1975 and 1997, the number of commercial banks and savings associations declined more than 40 percent. Most of this change was due to mergers and acquisitions, though in some years failures and liquidations were also important. Recent mergers and acquisitions have had particularly sizable effects on the shape of the industry, as many have involved the nation's largest and the most geographically diverse banking institutions.

Over the same broad period, the market for home mortgage lending has changed substantially. Notably, home mortgage lending is no longer primarily the province of banking institutions operating in the communities in which they have banking offices.[1] In recent decades, mortgage and finance companies and banking organizations operating outside their local communities have gained a significant share of the mortgage market.[2] Today, fewer than half of all home mortgage loans extended in any given community are originated by banking organizations with banking offices in that community.

These changes have fueled debate regarding their effects on the provision of home mortgage loans. One particular concern is that, as a consequence of these changes, lower-income and minority borrowers and borrowers in lower-income and minority neighborhoods may face reduced access to mortgage credit. In part, this concern reflects the belief that a shift away from lending by institutions with local banking offices and acquisitions of small community-based banking institutions by large regional or national organizations may result in a transfer of decision-making authority from those familiar with the needs of local communities to those less knowledgeable about, and thus less responsive to, such needs. This article explores this issue by examining the relationship between consolidation among banking organizations in local markets and changes in home purchase lending over the 1993–97 period. We examine changes in total lending as well as changes in lending to lower-income and minority borrowers and neighborhoods.[3]

Previous research has considered the effects of consolidation on various aspects of banking, including small business lending, product pricing, and the geographic distribution of banking offices.[4] These studies indicate that, in some cases, consolidation may significantly affect the provision of financial

1. In this article, the term *banking institution* refers to commercial banks and savings associations (savings banks and savings and loan associations). It does not include credit unions and mortgage or finance companies. The term *banking office* includes all locations qualifying as separate deposit-taking offices under federal guidelines.

2. In this article, the term *banking organization* refers to commonly owned commercial banks and savings associations and their subsidiaries and affiliates, including, for example, mortgage and finance companies. Generally, a banking organization with multiple banking institutions is termed a bank or thrift holding company.

3. Loans involving borrowers with income below 80 percent of the current-year median family income of their respective metropolitan statistical areas (MSAs) were classified as loans to lower-income borrowers. Loans to black, Asian, Hispanic, Native American, and "other race" borrowers were classified as loans to minorities. Information on the census tract location of the property being purchased was used to determine which loans were originated in lower-income or minority neighborhoods. Loans for properties in census tracts whose 1990 median family income was less than 80 percent of the 1990 median family income of their MSA were classified as loans to lower-income neighborhoods. Similarly, loans for properties in census tracts with more than 20 percent minority residents in 1990 were classified as loans to minority neighborhoods.

4. See, for example, Allen N. Berger, Anthony Saunders, Joseph M. Scalise, and Gregory F. Udell, "The Effects of Bank Mergers and Acquisitions on Small Business Lending," *Journal of Financial Economics*, vol. 50 (February 1999); Joseph Peek and Eric S. Rosengren, "Bank Consolidation and Small Business Lending: It's Not Just Size That Matters," *Journal of Banking and Finance*, vol. 22 (August 1998), pp. 799–820; Paul S. Calem and Leonard J. Nakamura, "Bank Branching and the Geography of Bank Pricing," *Review of Economics and Statistics* (forthcoming); Timothy H. Hannan and Robin A. Prager, "Do Substantial Horizontal Mergers Generate Significant Price Effects? Evidence from the Banking Industry," *Journal of Industrial Economics*, vol. 46 (December 1998), pp. 432–52; Robert B. Avery, Raphael W. Bostic, Paul S. Calem, and Glenn B. Canner, "Changes in the Distribution of Banking Offices," *Federal Reserve Bulletin*, vol. 83 (September 1997), pp. 707–25; and Robert B. Avery, Raphael W. Bostic, Paul S. Calem, and Glenn B. Canner, "Consolidation and Bank Branching Patterns," *Journal of Banking and Finance*, vol. 23 (February 1999).

services. This article extends the line of research by exploring the relationship between consolidation and lending to purchase homes.

This article also examines a related issue. Banking institutions have a legal responsibility to help serve the credit needs of their local communities—those areas in which they operate banking offices. The Community Reinvestment Act (CRA) of 1977 encourages banking institutions to help meet the credit needs of their local communities, including those of lower-income borrowers and of borrowers residing in lower-income neighborhoods.[5] Because credit availability is believed to be essential to the economic health and vitality of neighborhoods, we also examine the relationship between consolidation and changes in home purchase lending by institutions in those areas where they have CRA responsibilities. Little previous research has been done on this narrower issue.

Until recently, only limited information has been available to systematically assess these issues. The analysis in this article relies on a new, specially constructed database that uses information on mergers, acquisitions, and failures of commercial banks and savings associations and data on the location of banking offices and neighborhood economic and demographic characteristics. These data are combined with data obtained pursuant to the Home Mortgage Disclosure Act (HMDA) for the years 1993 through 1997 on home purchase lending.[6]

Overview of the Results

When measured at the market (county) level, the level of consolidation activity among banking organizations appears to have had little relationship to changes in home purchase lending, both overall and to lower-income and minority borrowers and neighborhoods. This finding suggests that, in general, consolidation has not had significant anticompetitive effects on home purchase lending and that lending to lower-income and minority borrowers and neighborhoods has not been adversely affected by consolidation. This result holds despite the fact that consolidating organizations reduced their home purchase lending substantially in those areas in which they had banking offices. It appears that this reduction was more than offset by expanded home purchase lending by banking organizations in areas where they did not operate banking offices and by independent mortgage and finance companies and credit unions. In particular, consolidating banking organizations expanded their lending dramatically in areas where they did not operate banking offices. Thus, the very organizations that reduced their lending in markets where they operated offices were the organizations that expanded most in other areas. This result suggests that a driving force underlying changes in the home purchase lending market has been a desire by banking organizations to diversify their lending activity geographically.

Although banking institutions involved in consolidation reduced their overall lending in the communities where they had banking offices, this reduction did not disproportionately affect their lending to lower-income and minority borrowers and neighborhoods. The analysis shows that the typical consolidating organization generally increased the proportion of loans it extended to each of these groups within its local communities. These results are consistent with the view that the CRA has been effective in encouraging banking organizations, particularly those involved in consolidation, to serve lower-income and minority borrowers and neighborhoods.

A full understanding of these relationships requires a broader analysis and is beyond the scope of this article. For example, loan pricing, the complexity of product offerings, and the varied motivations driving consolidation must all be investigated fully to reach more definitive conclusions about the effects of consolidation on home purchase lending. It should also be emphasized that the results presented here reflect aggregate trends and may not apply to any particular market or consolidation.

Trends in Banking Consolidation

Over the past twenty years, the number of banking institutions declined substantially, from 18,679 in

5. The CRA directs the federal banking agencies to evaluate each institution's performance in meeting its community's credit needs and to consider this performance when acting on applications for mergers and acquisitions. For a discussion of the Community Reinvestment Act and the implementing regulation, see the Federal Reserve Press Release, April 24, 1995. Revisions to the implementing regulation in 1995 include performance tests that consider an institution's record of lending both to lower-income neighborhoods and to lower-income borrowers.

6. Although HMDA data on home purchase lending in metropolitan areas have been collected since 1977, 1993 is selected as the initial year for the analysis for two reasons. First, information on the income and race or ethnic origin of borrowers has been included in the HMDA data only since 1990, which precludes the analysis of the effects of mergers on borrowers arrayed by these characteristics before that year. Second, 1993 is the first year the HMDA data include the lending activity of most of the nation's most active independent mortgage companies—firms that extend about one-third of the home purchase loans in metropolitan areas. Analyses that exclude such active mortgage lenders would provide only a partial, and potentially distorted, picture of the mortgage market.

1975 to 11,077 in 1997—a decline of more than 40 percent. Just since 1993, the number of institutions has dropped about 18 percent. Consolidation during the 1980s and early 1990s was associated with a quickening pace of merger and acquisition activity along with substantial numbers of failures and liquidations. More recently, the decline in the number of banking institutions has been overwhelmingly the result of mergers and acquisitions. From 1993 through 1997, the number of banking institutions acquired in a merger or acquisition totaled 2,839, or 21 percent of all institutions. Over the same period, only 40 institutions were liquidated, and 431 new institutions were formed.

Consolidation in the banking industry has been driven in important ways by technological advances, globalization of financial services markets, and efforts to increase efficiency, reduce costs, or gain competitive advantage. Besides the effects of these economic factors, the pace of consolidation has accelerated because of the relaxation of regulatory restrictions on the ability of banking organizations to expand geographically and to establish banking offices, although some legal restrictions, including federal antitrust laws, continue to restrict potential combinations.[7] (See box "Geographic Restrictions in Banking.")

Much of the industry's consolidation has involved mergers and acquisitions among banks that had been operating in different local markets within the same state, in different states within the same geographic region, or even in different regions. As a result, consolidation has been accompanied by a substantial broadening of the geographic reach of many banking organizations, so that many of the nation's largest organizations now operate across entire regions or even across multiple regions of the country. Whereas before 1980 only a handful of banking organizations operated in more than one state, by mid-1998, more than one-quarter of banking institution assets were owned by banking organizations with headquarters in another state. Moreover, a substantial increase has occurred in the share of total banking institution assets controlled by the largest banking organizations.[8] In many cases, mergers have had a significant effect on concentration in local banking markets, although, on average across the United States, local market concentration has not increased substantially over time. One might expect this broad restructuring of the industry to have potential implications for retail banking relationships, such as the provision of financial services to lower-income and minority communities.

7. The two main federal antitrust laws are the Clayton Act of 1914 and the Sherman Act of 1890. In addition, the Bank Holding Company Act of 1956 and the Bank Merger Act of 1960 include antitrust provisions that specifically pertain to the activities of banking organizations.

8. The proportion of domestic banking assets accounted for by the 100 largest banking organizations rose from just over 50 percent in 1980 to 70 percent in June 1998. Notably, however, small community banks have generally been able to retain their market shares and profitability in competition in banking markets increasingly dominated by the major banks (testimony by Governor Laurence H. Meyer before the Committee on Banking and Financial Services, U.S. House of Representatives, April 29, 1998).

Geographic Restrictions in Banking

Historically, the ability of banking institutions to merge or to buy one another and to establish branch offices both within and across local communities has been sharply curtailed by federal and state laws limiting geographic expansion by banks.[1] Over the past two decades or so, many of these laws have been changed or eliminated, resulting in the easing of barriers to consolidation.

Before 1975 intrastate restrictions on bank branching were commonplace. For example, only seventeen states allowed commercial banks to establish offices within their state with few or no geographic restrictions. Since then, mainly in the 1980s, geographic restrictions on intrastate branching have been removed or relaxed substantially in all states. The easing of these restrictions allows banking organizations to expand their geographic reach by establishing or acquiring branch offices rather than by merging with, or acquiring, another banking institution.

Geographic restrictions on banking extended beyond branching limitations to restrictions on banking institutions merging with, or acquiring, organizations in another state. For example, until the 1970s, no state permitted out-of-state commercial banking organizations to operate in-state banking subsidiaries. State barriers began to fall in 1978 when Maine relaxed restrictions on entry by out-of-state holding companies. During the next fifteen years or so, every state except Hawaii followed suit by allowing some degree of interstate banking.

The Riegle–Neal Interstate Banking and Branching Efficiency Act of 1994 further eased restrictions on interstate banking in two important ways. First, it allowed bank holding companies to acquire a bank in any state provided certain conditions were met, including compliance with the CRA. Second, it substantially eased restrictions on interstate branching, although some important restrictions continue to exist.

1. For a discussion of the various banking laws, see Avery, Bostic, Calem, and Canner, "Changes in the Distribution of Banking Offices," pp. 712–13 and Anthony W. Cyrnak, "Bank Merger Policy and the New CRA Data," *Federal Reserve Bulletin*, vol. 84 (September 1998), pp. 703–15.

Industry Consolidation and Lending to Lower-Income and Minority Borrowers and Neighborhoods

Access to home mortgage credit among lower-income and minority borrowers and borrowers in lower-income and minority neighborhoods may be sensitive to changes caused by consolidation in the banking industry. This view derives from two general sets of arguments, which have potentially different implications. On the one hand, decentralized (local) decisionmaking may be especially important to a successful lower-income lending program, and consolidation may potentially reduce the role of local decisionmaking. On the other hand, because lending to lower-income and minority borrowers and neighborhoods sometimes involves special considerations of credit risk and often requires increased resources for risk-management activities, such lending may increase when consolidation improves the ability of institutions to efficiently evaluate, monitor, and manage credit risk.

These potential effects can vary, depending on a number of factors, such as whether the institutions to be combined operate within the same local communities. Other factors include competitive interactions among institutions, regulatory considerations, and the diminished role of savings associations. Ultimately, the effects of any given consolidation will depend on how it is implemented and on the commitment and ability of the management of the surviving institution to helping meet the credit needs of all segments of its community.

The Role of Local Decisionmaking

Successful home purchase lending to lower-income and minority borrowers and neighborhoods often requires considerable knowledge of the circumstances prevailing in local neighborhoods and expertise in evaluating the credit risks associated with such lending.[9] Institutions active in such lending frequently use flexible credit standards, nontraditional measures of credit quality, a variety of credit enhancements (such as private and public subsidies and guarantees), and intensive monitoring of outstanding loans to expand their lending beyond those borrowers who are eligible for more conventional credit products. These institutions sometimes participate in local public agency programs in which the public authority provides funds, in the form of either grants or low-cost loans, to help meet the borrower's downpayment or closing costs, or sets up a fund to guarantee repayment of the loan. These lenders also work with community organizations to identify and counsel prospective loan applicants and to monitor borrower repayment performance.

Some believe that mergers and acquisitions may have an adverse effect on lending to lower-income and minority borrowers and neighborhoods when they result in a transfer of decisionmaking to those outside the local community. In this view, centralized decisionmakers may find it more difficult to accurately assess nontraditional credit risks. They may have less knowledge about economic conditions or credit-risk factors specific to the local community, or they may have less flexibility in decisionmaking. Such concerns tend to be heightened when a large bank acquires a small bank, or when a bank is acquired by an institution that had not previously operated in the local market.[10]

A related concern is that mergers and acquisitions, as well as failures, may lead to branch closings and the loss of lending personnel who are familiar with the needs of the local community. Real estate agents, home builders, and those working for nonprofit groups or community organizations often develop working relationships with individual mortgage loan officers and may find the disruption of such relationships problematical.

Opportunities Created by Technology Transfer, Information Sharing, and Risk Management

Although mergers and acquisitions may lead to disruptions and changes in business relationships, some contend that consolidation often provides new opportunities to expand service to lower-income and minority borrowers and neighborhoods. Beneficial effects may arise through a variety of channels. For example, a small lender that becomes part of a larger organization may be able to take advantage of new technologies that reduce loan origination costs, such as automated underwriting, thus potentially improving access to credit for consumers. More generally, mergers and acquisitions may result in greater efficiencies in underwriting, application processing, and loan-servicing activities if scale economies can be achieved or if the firm being acquired has been

9. See Board of Governors of the Federal Reserve System, *Report to the Congress on Community Development Lending by Depository Institutions* (Board of Governors, October 1993).

10. For discussion of the potential advantages of small banks, see Leonard I. Nakamura, "Small Borrowers and the Survival of the Small Bank," Federal Reserve Bank of Philadelphia, *Business Review* (November/December 1994), pp. 3–13.

less well managed than the acquirer. The lifting of regulatory restrictions on geographic expansion may permit mergers that enhance the efficiency of the combined institutions, with the potential of making available additional resources for lending. Each of these efficiencies may increase an institution's ability to serve lower-income and minority borrowers and neighborhoods.

Consolidation may generate a sufficient volume of activity or allow the pooling of information to enable the development of certain types of expertise. For instance, so-called informational returns-to-scale may be present by which merging banks gain sufficient volume to become specialists in lending in lower-income and minority communities, leading to greater efficiencies and reduced costs for such lending.[11] Another type of informational advantage may come from a consolidation in which the parties are able to pool mutually beneficial information that would otherwise remain private.[12]

As noted, effective lending to lower-income borrowers often involves leveraging private- and public-sector funds. Public programs are frequently complex in their administration, and implementing such programs can require expenditures that smaller institutions have difficulty absorbing.[13] As a consequence, new credit-related programs and other types of public-sector resources that broaden access to credit may become available to the customers of an acquired bank that previously lacked sufficient resources to fully participate in these programs.

Diversification of loan portfolios achieved through consolidation can potentially play an important role in fostering and sustaining a lending program targeted to lower-income borrowers or communities. Diversifying a portfolio by including loans from different geographic areas and different customer bases, both within and across communities, can enable a lender to achieve more predictable and stable earnings. Portfolio diversification may also enhance opportunities to package loans for resale in the secondary market, thereby providing new avenues to raise funds for additional lending. Moreover, consolidation may enhance mortgage lending opportunities if an institution facing capital constraints on additional lending merges with an institution that has a capital surplus.

Market Performance Implications of Consolidation

Consolidation may affect the competitive interaction among lending institutions in a market, with possible implications for market performance. A reduction in competition brought about by consolidation might adversely affect the availability of credit or credit-related services in a community, although such effects might not disproportionately affect lower-income and minority borrowers and neighborhoods. One scenario in which lending to minority borrowers and minority neighborhoods might be adversely affected, at least in the short run, is a reduction in competitive pressures that enables some lenders to engage in discriminatory practices.[14] More generally, if a reduction in competition in a given market results in higher prices or tighter credit standards, lower-income and minority borrowers may be disproportionately affected to the extent that a larger proportion of such borrowers are marginally qualified.

Consolidation may not only affect the behavior of the parties involved but may also have implications for other market participants. For instance, if the parties to a merger curtail their lending to lower-income and minority borrowers and neighborhoods, then other banks in the market or new entrants may view this as an opportunity to gain customers. This expansion or entry by other institutions may offset some or all of the reduction in lending by the merged institution.[15] Such offsets are also possible for failed institutions: Many failed banks and savings associations are acquired by healthy organizations or are reopened by investors entering the banking business.

The Role of Regulation

One aspect of government regulation of banking activity emphasizes encouraging the availability of

11. See Robert B. Avery, Patricia E. Beeson, and Mark S. Sniderman, "Neighborhood Information and Mortgage Lending," *Journal of Urban Economics* (forthcoming).

12. See William W. Lang and Leonard I. Nakamura, "A Model of Redlining," *Journal of Urban Economics*, vol. 33 (1993), pp. 223–34.

13. See *Report to the Congress on Community Development Lending by Depository Institutions*.

14. The theory of prejudicial discrimination developed by Becker suggests that lenders who enjoy market power may choose to sacrifice profits to engage in discriminatory practices. However, the theory also suggests that under competitive conditions, prejudicial discrimination cannot be sustained in the long run because capital will flow to those firms that forgo discrimination and consequently earn higher profits. See Gary S. Becker, *The Economics of Discrimination* (Chicago: University of Chicago Press, 1957).

15. Previous research finds evidence of offsetting responses by other market participants. For example, the closure of branches by merging institutions with overlapping branch networks is partly offset by the opening of new branches by other institutions. See Avery, Bostic, Calem, and Canner, "Changes in the Distribution of Banking Offices." Also, research on the effect of consolidation on small business lending finds that non-merging banks collectively tend to increase their supply of small business credit when mergers occur in their markets. See Berger, Saunders, Scalise, and Udell, "The Effects of Bank Mergers and Acquisitions on Small Business Lending."

credit to lower-income and minority borrowers and neighborhoods. This policy is implemented in two ways. First, regulators periodically review the record of banking institutions in meeting their CRA and fair lending obligations. Second, CRA performance is also considered as part of the review of applications for mergers and acquisitions involving banking institutions.

All banking institutions are likely to be concerned about their periodic CRA evaluations. Institutions actively engaged in consolidation activity may be particularly concerned because of the role such evaluations play in the merger and acquisition approval process. In considering applications for mergers and acquisitions, regulators review the results of CRA compliance examinations, material submitted by the applicant, and comments from the public on the institution's performance. Poor CRA performance records may result in the denial of an application or delay of approval until the institution can demonstrate a record of satisfactory performance.[16] It should be noted that home mortgage lending is only one of many activities that are considered when evaluating CRA performance. It is possible for an institution to earn a good CRA rating and make no mortgage loans.

Institutions with poor CRA track records are more likely to encounter broad-based substantive objections from the public when applying for approval of mergers or acquisitions, although even merging institutions with strong records of CRA performance sometimes encounter CRA-related protests. Such protests can result in adverse publicity and additional costs because the institution must often prepare extensive material to respond to them. To avoid CRA-related protests, as well as for other reasons, many banking institutions, particularly those likely to be involved in consolidation, have sought to enhance their records of serving their local communities by entering into agreements with community organizations. These agreements often include commitments by the institution to achieve targeted lending volumes in lower-income communities.[17]

Thus, for institutions active in mergers and acquisitions, the CRA provides incentives to maintain an aggressive program of lending to lower-income borrowers and neighborhoods. The incentives created by the CRA may contribute to a positive association between consolidation activity and lending to lower-income borrowers or to lower-income neighborhoods.

By statute, regulators must also consider the competitive implications of proposed mergers and acquisitions along with their potential effects on the "convenience and needs" of the communities involved. Proposed consolidations that may have a substantial adverse effect on competition in a market generally are not approved unless there are countervailing convenience and needs considerations (such as the acquisition of a failing bank by a healthy institution). Often, proposed mergers or acquisitions that initially raise serious anticompetitive issues are approved only after the parties agree to sell (divest) banking offices with deposits and assets to limit their increase in market share. Thus, regulatory review of proposed mergers and acquisitions mitigates the possibility that consolidation may adversely affect competition and credit availability in the local community.

Consolidations Involving Savings Associations

Many of the recent consolidations in banking have involved the acquisition of savings associations by commercial banks, a development that may affect home purchase lending. Savings associations are encouraged, through tax provisions and other incentives, to hold the majority of their assets in home mortgages and also face restrictions on the amount of commercial lending they are permitted. Because commercial banks do not have similar incentives to extend mortgages and are not similarly restricted in their non-mortgage lending, the share of total assets devoted to mortgages may decline in the wake of commercial bank acquisitions of savings associations.

Consolidation and Market-Level Changes in Mortgage Lending

Given the variety of possible theoretical effects of consolidation on lending to lower-income and minority borrowers and neighborhoods, empirical analysis can help provide a greater understanding of this issue. We use a specially constructed database that combines information on mergers, acquisitions, and failures of banking institutions with data on the location of banking offices, neighborhood economic and demographic characteristics, and home purchase lending activity in metropolitan areas. (See the appendix for more details on the construction of the database.) The analysis of these data provides information on trends in lending patterns in geographic areas

16. See Griffith L. Garwood and Dolores S. Smith, "The Community Reinvestment Act: Evolution and Current Issues," *Federal Reserve Bulletin*, vol. 79 (April 1993), pp. 251–67; and remarks by Governor Edward M. Gramlich, "Examining Community Reinvestment," at Widener University, Chester, Pennsylvania, November 6, 1998.

17. See Alex Schwartz, "Bank Lending to Minority and Low-Income Households and Neighborhoods: Do Community Reinvestment Agreements Make a Difference?" *Journal of Urban Affairs*, vol. 20, no. 3 (1998), pp. 269–301.

with varying levels of consolidation activity. This information allows us to assess the degree to which consolidation is associated with changes in home purchase lending overall, as well as to lower-income and minority borrowers and neighborhoods.

Analytic Framework

The unit of analysis for this research is the county. The county represents a compromise between the MSA and smaller geographic units, such as a ZIP code or census tract. On the one hand, for some small banking organizations, the CRA service area may be smaller than a county. In addition, for some consolidations a focus of concern may be the effects on an area smaller than a county. On the other hand, for large organizations CRA evaluations may be based on their lending throughout an entire MSA. It should be noted that more than half of the MSAs in the United States are made up of only one county, and thus for these MSAs, the distinction between the county and the MSA makes no difference.

In a given county, we count the number of home purchase loans extended overall and those extended to lower-income and minority borrowers and neighborhoods by all lenders. We compare counties that had high levels of consolidation activity with those that had little or no consolidation activity. Data limitations force us to restrict the analysis to lending in counties in metropolitan areas (see the appendix).

The analysis focuses on trends in home purchase lending during two periods, 1993–95 and 1995–97. We use three-year study periods because it may take some time for the effects of a consolidation to influence home purchase lending. For example, the integration of mortgage lending operations, including the retraining of staff and coordination of mortgage underwriting activities, may require considerable effort and time. Too long a study period, however, makes it difficult to separate the effects of consolidation from other factors that may influence home purchase lending. Three-year study periods seem a reasonable compromise between these two concerns. Further, two periods are used because significant variation occurred in the overall patterns of home purchase lending between 1993–95 and 1995–97. Comparing and contrasting the observed relationships in the two periods allow us to draw more definitive conclusions about how consolidation influences home purchase lending patterns.

Consolidations are defined at the level of the banking organization. Both institutional mergers and holding company acquisitions are treated as consolidations. Mergers among subsidiaries of the same holding company, however, are not considered consolidations. All structural changes involving a banking organization over each three-year period are treated as a single consolidation. Thus, a consolidation might involve multiple mergers and acquisitions (see the appendix). To count as a consolidation in a given county, the consolidation must have involved the acquisition of a banking institution operating banking offices in that county. Counties in which only the *acquiring institution* operated banking offices are not considered to have had consolidations.

Counties are categorized by their level of consolidation activity. To determine this level, we calculate the proportion of all home purchase loans in a county in the first year of each study period that was originated by banking organizations with a consolidation in the county. Counties are grouped by this proportion into three categories: (1) counties in which no organizations were involved in a consolidation; (2) counties in which the proportion of loans extended by organizations involved in consolidation was less than or equal to the median share of loans extended by organizations involved in consolidation for that period (counties with low consolidation activity); and (3) counties in which the proportion of loans extended by organizations involved in consolidation was greater than the median share of loans extended by organizations involved in consolidation for that period (counties with high consolidation activity). For the latter two groups, the median share is calculated using only those counties that had consolidations.

Counties are further divided along a number of other dimensions. To differentiate the effects of consolidation in markets of different sizes and growth rates, counties are grouped by the number of residents in the county as of 1995 and by the change in their populations over the 1993–95 period. In addition, because market structure may influence lending strategies, counties are grouped according to the market concentration in the MSA in which the county is located, which was measured by a Herfindahl–Hirschman index (HHI) based on banking deposits in the MSA.[18] A threshold HHI value of 1800 is used

18. A Herfindahl–Hirschman index (HHI) based on banking deposits is a standard measure used to assess the competitiveness of banking markets. The Federal Reserve Board includes thrift deposits at 50 percent in calculating market HHI values for its bank merger analysis. (For more details, see Anthony W. Cyrnak, "Bank Merger Policy and the New CRA Data," *Federal Reserve Bulletin*, vol. 84 (September 1998), pp. 703–15.) In this analysis, we include deposits by savings associations at 100 percent in calculating HHI values for each MSA because savings associations are active competitors in the home mortgage lending market.

because regulators consider a post-consolidation HHI value of more than 1800 as one signal that the consolidation may have anticompetitive effects in the market.

General Patterns of Home Purchase Lending

Over the 1993–97 period, home purchase lending in metropolitan areas expanded robustly, as a strong economy and job market and relatively low interest rates encouraged additional home buying (table 1). Although lower-income and minority borrowers and neighborhoods accounted for a moderate proportion of home purchase loans each year, the amount of lending to such groups increased at a faster rate than that to other groups.[19] For example, over 1993–97, lending to lower-income borrowers increased about 31 percent (measured by the change in the number of loans), while lending to higher-income borrowers (those with incomes greater than 120 percent of the median family income of the MSA where they purchased a home) rose 18 percent (table 2, memo item). Similarly, lending to minority borrowers increased about 53 percent, while lending to nonminority borrowers increased 13 percent.

The substantial growth in lending to lower-income and minority borrowers and neighborhoods in recent years is the consequence of many factors. Besides the bolstering of demand by the strong economy and job market, relatively low interest rates on home loans and relatively modest changes in home prices have combined to improve the affordability of homebuying. Moreover, since the early 1990s, originators of conventional home purchase loans have initiated a wide variety of affordable home purchase lending programs intended to benefit lower-income and minority borrowers and neighborhoods.[20] Significant

19. For additional information about these patterns, see the Federal Financial Institutions Examination Council press release, August 6, 1998.

20. For more information see Robert B. Avery, Raphael W. Bostic, Paul S. Calem, and Glenn B. Canner, "Credit Risk, Credit Scoring, and the Performance of Home Mortgages," *Federal Reserve Bulletin*, vol. 82 (July 1996), pp. 621–48.

1. Distribution of home purchase loans, by characteristic of borrower and neighborhood, 1993–97

Borrower or census tract characteristic	1993		1994		1995		1996		1997	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
BORROWER										
Racial or ethnic group[1]										
Minority	380,002	16.1	483,781	19.0	495,815	20.3	556,229	20.0	582,816	20.7
Nonminority	1,974,386	83.9	2,065,434	81.0	1,950,183	79.7	2,231,494	80.0	2,234,608	79.3
Total	2,354,388	100.0	2,549,215	100.0	2,445,998	100.0	2,787,723	100.0	2,817,424	100.0
Income (percentage of MSA median)[2]										
Less than 50	156,639	6.6	190,523	7.4	159,126	6.4	200,401	7.1	213,763	7.4
50–79	488,486	20.5	532,891	20.6	516,317	20.8	608,596	21.5	629,636	21.8
80–119	722,877	30.3	773,162	30.0	744,231	30.0	838,997	29.7	836,960	29.0
120 or more	1,020,915	42.7	1,084,337	42.0	1,058,458	42.7	1,178,732	41.7	1,205,063	41.8
Total	2,388,917	100.0	2,580,913	100.0	2,478,132	100.0	2,826,726	100.0	2,885,422	100.0
NEIGHBORHOOD (CENSUS TRACT)										
Racial or ethnic composition (minorities as a percentage of population)[3]										
Less than 5	772,595	31.8	801,662	30.8	775,968	30.9	885,891	30.8	877,244	29.8
5–9	530,333	21.9	556,054	21.3	528,118	21.0	609,897	21.2	625,635	21.2
10–19	526,196	21.7	572,154	21.9	547,444	21.8	635,674	22.1	661,654	22.4
20–49	414,706	17.1	463,051	17.8	447,381	17.8	515,328	17.9	536,525	18.2
50 or more	183,119	7.5	213,886	8.2	214,635	8.5	233,508	8.1	247,469	8.4
Total	2,426,949	100.0	2,606,807	100.0	2,513,546	100.0	2,880,298	100.0	2,948,527	100.0
Income (median family) (percentage of MSA median)[3]										
Less than 50	26,689	1.1	30,592	1.1	32,179	1.3	35,777	1.2	38,034	1.3
50–79	227,706	9.4	255,575	9.8	266,002	10.6	294,069	10.2	301,398	10.2
80–119	1,202,522	49.5	1,301,267	49.9	1,279,304	50.9	1,455,975	50.5	1,476,450	50.1
120 or more	970,032	40.0	1,019,373	39.1	936,061	37.2	1,094,477	40.0	1,132,645	38.4
Total	2,426,949	100.0	2,606,807	100.0	2,513,546	100.0	2,880,298	100.0	2,948,527	100.0
All	**2,430,844**		**2,609,469**		**2,515,906**		**2,882,921**		**2,951,583**	

NOTE. Includes only owner-occupied one- to four-family home purchase loans extended for properties in metropolitan statistical areas (MSAs). The counties included are those that were in MSAs throughout the period. Thus, loan counts will differ from figures published by the Federal Financial Institutions Examination Council (FFIEC). Totals for the four borrower and neighborhood categories differ because information regarding borrower race or ethnic status and income or property location was not reported for all loans.

1. Loans to black, Asian, Hispanic, Native American and "other race" borrowers are classified as minority loans.

2. MSA median family income is estimated for each year by the Department of Housing and Urban Development.

3. Median family income and racial composition are derived from the 1990 Census of Population and Housing.

2. Change in home purchase lending, by characteristic of borrower and neighborhood, 1993–97

Percent

Borrower or census tract characteristic	1993 to 1994	1994 to 1995	1995 to 1996	1996 to 1997	Memo 1993–97
BORROWER					
Racial or ethnic group[1]					
Minority	27.3	2.5	12.2	4.8	53.4
Nonminority	4.6	−5.6	14.4	.1	13.2
Total	8.3	−4.0	14.0	1.1	19.7
Income (percentage of MSA median)[2]					
Less than 50	21.6	−16.5	25.9	6.7	36.5
50–79	9.1	−3.1	17.9	3.5	28.9
80–119	7.0	−3.7	12.7	−.2	15.8
120 or more	6.2	−2.4	11.4	2.2	18.0
Total	8.0	−4.0	14.1	2.1	20.8
NEIGHBORHOOD (CENSUS TRACT)					
Racial or ethnic composition (minorities as a percentage of population)[3]					
Less than 5	3.8	−3.2	14.2	−1.0	13.5
5–9	4.8	−5.0	15.5	2.6	18.0
10–19	8.7	−4.3	16.1	4.1	25.7
20–49	11.7	−3.4	15.2	4.1	29.4
50 or more	16.8	.4	8.8	6.0	35.1
Total	7.4	−3.6	14.6	2.4	21.5
Income (median family) (percentage of MSA median)[3]					
Less than 50	14.6	5.2	11.2	6.3	42.5
50–79	12.2	4.1	10.6	2.5	32.4
80–119	8.2	−1.7	13.8	1.4	22.8
120 or more	5.1	−8.2	16.9	3.5	16.8
Total	7.4	−3.6	14.6	2.4	21.5
All	**7.3**	**−3.6**	**14.6**	**2.4**	**21.4**

NOTE. Includes only owner-occupied one- to four-family home purchase loans extended for properties in MSAs. The counties included are those that were in MSAs throughout the period. Thus, loan counts will differ from figures published by the FFIEC. Totals for the four borrower and neighborhood categories differ because information regarding borrower race or ethnic status and income or property location was not reported for all loans.

1. Loans to black, Asian, Hispanic, Native American and "other race" borrowers are classified as minority loans.

2. MSA median family income is estimated for each year by the Department of Housing and Urban Development.

3. Median family income and racial composition are derived from the 1990 Census of Population and Housing.

changes in government-backed lending programs in recent years have also improved opportunities for lower-income borrowers. For example, the Federal Housing Administration (FHA) has reduced the up-front mortgage insurance premium for FHA-insured loans, raised the maximum loan amount eligible for FHA backing, and increased underwriting flexibility.

The Effects of Consolidation

To analyze the effects of consolidation activity on home purchase lending patterns, we track changes in the number of home purchase loans originated in counties sorted by their degree of consolidation activity for each of the two study periods. In each period nearly all home purchase loans were extended in counties that had some consolidation activity (table 3). Only about 5 percent of loans were originated in MSA counties with no consolidation activity during the two study periods. Loan volumes were similar in counties with low levels of consolidation activity and in those with high levels. Because nearly all home purchase loans in MSAs were originated in counties with some level of consolidation, the most useful comparison is between counties with relatively low levels of consolidation activity and those with relatively high levels. The noteworthy relationships between consolidation and changes in lending are those that are consistent across time periods and robust when controls for other factors are considered. We use multivariate regressions to help identify such relationships, although these regressions are not shown in this article.

Percentage changes in the number of home purchase loans extended in a county are not significantly different in areas with high and those with low consolidation activity for both overall lending and across the four borrower and neighborhood lending categories (table 3). There are only minor exceptions to this result. In particular, for the 1993–95 period smaller counties with high levels of consolidation have a lower growth rate of home purchase loans—both overall and for lower-income applicants—than smaller counties with low levels of consolidation activity.

Although growth rates do not generally differ by the level of consolidation activity in a county, they do differ between periods and across the lending categories. For example, the growth in the number of loans to minority borrowers is generally greater than the growth in the number of loans to lower-income borrowers. However, within any given borrower or neighborhood category, there is little difference in the loan growth rate between counties with low consolidation activity and those with high consolidation activity. This result also holds when counties are grouped by population, population growth rate, and market concentration.

The failure to find a consistent and robust relationship between the level of banking consolidation and changes in home purchase lending has two possible explanations. Consolidating organizations may not change their home purchase lending behavior. Alternatively, any changes in home purchase lending activity by consolidating organizations may be offset by other market participants. Home purchase lending

3. Home purchase loans, by level of consolidation activity in a county, county characteristic, and market concentration level, 1993–95 and 1995–97

Level of consolidation activity by county characteristic and market concentration level	All borrowers				Type of borrower[1]							
					Minority				Lower-income			
	1993–95		1995–97		1993–95		1995–97		1993–95		1995–97	
	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change
LEVEL OF CONSOLIDATION ACTIVITY[2]												
Overall	2,430,844	3	2,515,906	17	380,002	30	495,815	18	645,125	5	675,443	25
None	116,023	15	155,886	10	9,744	44	15,203	3	33,425	16	44,909	21
Low	1,120,439	4	1,030,464	17	193,798	27	172,853	18	285,155	5	285,285	25
High	1,194,382	2	1,329,465	19	176,460	33	307,759	18	326,545	3	345,249	25
By county size[3]												
500,000 or less	1,204,576	3	1,243,745	14	111,916	35	150,557	16	334,858	3	343,915	23
None	108,945	14	145,480	11	8,854	43	10,088	12	31,381	16	42,446	21
Low	526,331	5	587,619	15	55,682	33	74,501	17	140,076	3	162,441	25
High	569,300	0	510,646	13	47,380	34	65,968	15	163,401	0	139,028	22
More than 500,000	1,226,268	4	1,272,161	21	268,086	29	345,258	18	310,267	7	331,528	27
None	7,078	16	10,506	0	890	57	5,115	−16	2,044	19	2,463	22
Low	594,108	3	442,845	19	138,116	25	98,352	18	145,079	7	122,844	26
High	625,082	5	818,810	22	129,080	33	241,791	19	163,144	7	206,221	27
By county growth rate[4]												
Low growth	1,287,804	2	1,314,868	16	226,156	26	285,737	14	350,217	5	366,449	21
None	55,055	10	89,039	7	5,377	39	11,474	−3	15,605	13	25,857	18
Low	529,018	2	402,281	15	107,442	22	74,072	13	135,730	5	121,810	21
High	703,731	2	823,548	17	113,337	29	200,191	15	198,882	4	218,782	22
High growth	1,143,040	5	1,201,038	19	153,846	37	210,078	22	294,908	5	308,994	29
None	6,098	19	66,947	15	4,307	51	3,729	19	17,820	19	19,052	25
Low	591,421	5	628,183	18	86,356	33	98,781	21	149,425	5	163,475	29
High	490,651	3	505,908	21	63,123	40	107,568	24	127,663	2	126,467	31
By market concentration[5]												
Less than 1800	2,122,710	4	2,166,613	18	344,785	30	445,233	18	552,825	5	579,286	25
None	93,065	16	109,407	12	7,851	46	7,631	11	27,276	17	32,584	23
Low	1,028,222	3	845,191	17	179,838	28	143,724	17	260,159	5	234,545	25
High	1,001,423	3	1,212,015	20	157,096	32	293,878	19	265,390	5	312,157	26
1800 and more	308,134	2	349,293	12	35,217	31	50,582	13	92,300	1	96,157	23
None	22,958	8	46,579	7	1,893	36	7,572	−6	6,149	12	12,325	17
Low	92,217	5	185,273	16	13,960	16	29,129	20	24,996	5	50,740	27
High	192,959	1	117,441	8	19,364	42	13,881	8	61,155	−2	33,092	19

is an intensely competitive business.[21] Entry by firms is relatively easy, a typical market has many lenders, and a mature secondary market allows institutions to readily sell loans they originate and to extend additional credit.

The analysis presented here does not provide a complete picture of the effect of consolidation on home purchase lending. For example, it does not identify changes in prices or product offerings. Further, it does not provide information about the behavior of any individual lender or lender type. However, the results strongly suggest that over the entire study period the level of consolidation activity among banking organizations in a county had little effect on the growth of total home purchase lending or on the growth of lending to any of the four borrower and neighborhood categories.

Consolidation and Mortgage Lending at the Banking Organization Level

The results presented in the last section showed little relationship between consolidation activity and changes in home purchase lending in a county. The two potential explanations offered characterized changes in the behavior of consolidating organizations differently. In this section, we focus on these differences by examining changes in the behavior of consolidating banking organizations. Because the CRA mandates a special responsibility for banking organizations to serve the credit needs of residents of those areas where they operate banking offices, we distinguish between changes in their behavior in counties where they had banking offices before the

21. The competitive nature of the market becomes apparent when comparing HHI measures based on home purchase loans with HHI measures based on deposits. The former are consistently lower than the latter, and often by a substantial amount.

3.—Continued

Level of consolidation activity by county characteristic and market concentration level	Type of neighborhood[1]							
	Minority				Lower-income			
	1993–95		1995–97		1993–95		1995–97	
	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change
LEVEL OF CONSOLIDATION ACTIVITY[2]								
Overall	597,825	11	662,016	18	254,395	17	298,181	14
None	19,014	23	22,629	5	11,635	30	18,017	7
Low	335,192	7	247,737	15	115,026	12	116,831	13
High	243,619	15	391,650	21	127,734	21	163,333	15
By county size[3]								
500,000 or less	185,540	12	207,501	12	114,231	15	131,010	10
None	18,175	22	16,112	11	10,944	30	16,402	9
Low	104,422	9	112,192	13	47,164	12	61,840	11
High	62,943	13	79,197	10	56,123	14	52,768	8
More than 500,000	412,285	10	454,515	22	140,164	19	167,171	17
None	839	33	6,517	−10	691	35	1,615	−14
Low	230,770	6	135,545	18	67,862	12	54,991	15
High	180,676	16	312,453	24	71,611	26	110,565	19
By county growth rate[4]								
Low growth	335,403	9	366,124	18	154,804	17	181,657	12
None	9,172	25	17,527	2	5,482	26	11,617	−1
Low	177,090	5	99,726	13	61,569	13	54,931	10
High	149,141	13	248,871	22	87,753	19	115,109	14
High growth	262,422	13	295,892	19	99,591	17	116,524	17
None	7,842	21	5,102	15	6,153	33	6,400	22
Low	158,102	9	148,011	17	53,457	11	61,900	15
High	94,478	19	142,779	20	39,981	23	48,224	20
By market concentration[5]								
Less than 1800	540,007	10	591,086	19	225,264	17	259,284	14
None	15,474	22	11,137	11	9,861	31	12,571	12
Low	312,379	7	203,546	15	106,089	11	95,015	11
High	212,154	14	376,403	22	109,314	20	151,698	16
1800 and more	57,818	15	70,930	11	29,131	22	38,897	10
None	3,540	27	11,492	−1	1,774	26	5,446	−2
Low	22,813	3	44,191	16	8,937	22	21,816	18
High	31,465	23	15,247	4	18,420	22	11,635	2

1. Loans for which the borrowers' income was below 80 percent of the current year median family income of their MSA were classified as loans to lower-income borrowers. Loans to black, Asian, Hispanic, Native American, and "other race" borrowers were classifed as loans to minorities.

Information on the census tract location of the property being purchased was used to determine which loans were originated in lower-income or minority neighborhoods. Loans for properties in census tracts whose 1990 median family income was less than 80 percent of the 1990 median income of their MSA were classified as loans to lower-income neighborhoods. Similarly, loans for properties in census tracts with more than 20 percent minority residents in 1990 were classified as loans to minority neighborhoods.

2. The three categories of consolidation are defined as the following: None—counties in which no organizations were involved in a consolidation; low—counties in which the share of loans extended by organizations involved in consolidations was less than or equal to the median share of loans extended in all counties by organizations involved in consolidations for that period; and high—counties in which the share of loans extended by organizations involved in consolidations was greater than the median share of loans extended in all counties by organizations involved in consolidations for that period.

3. Population.

4. Counties with low growth rates are those where the 1993–95 growth in population was less than the median for all counties in the study. Counties with high growth rates are those where the growth in population was equal to or greater than the median.

5. Herfindahl–Hirschman index (HHI) level based on deposits at the beginning of each period.

consolidation and changes in their behavior in counties where they did not. Many banking organizations do considerable lending in areas where they do not have banking offices, often through affiliated mortgage and finance companies. In addition, institutions that are not affiliated with banking organizations and are not subject to the CRA—such as credit unions and mortgage and finance companies—extend many home purchase loans. Indeed, loans made by banking organizations in counties in which they had banking offices accounted for only 38 percent of overall home purchase lending in 1993 (derived from table 4).

The pattern of lending by banking organizations in counties where they operated banking offices is different from that of banking organizations in areas where they did not operate banking offices and from that of lending by other institutions (table 4). For example, over the 1993–97 period, banking organizations increased their overall lending 69 percent in areas where they did not have banking offices at the beginning of the period but only 8 percent in those counties where they did operate banking offices. There are similar differences in growth rates for the four borrower and neighborhood lending categories.

4. Home purchase loans, by type and location of organization and by characteristic of borrower and neighborhood, 1993–97

Type and location of organization	Type of borrower[1]						Type of neighborhood[1]			
	All		Minority		Lower-income		Minority		Lower-income	
	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change
Banking organizations	1,459,878	31	208,178	63	402,724	27	315,803	40	151,768	32
In counties with branch offices[2]	925,236	8	131,739	29	259,676	4	193,251	15	104,356	4
In other counties	534,642	69	76,439	122	143,048	68	122,552	79	47,322	93
Other institutions[3]	970,966	8	171,824	42	242,401	37	282,022	21	102,717	36
All lenders	**2,430,844**	**21**	**380,002**	**53**	**645,125**	**31**	**597,825**	**31**	**254,395**	**33**

NOTE. Includes only owner-occupied one- to four-family home purchase loans extended in MSAs.

1. See note 1 to table 3.

2. Category includes loans by all commercial banks, savings associations, and their mortgage and finance company affiliates. Banking organizations are considered to have a branch office in a county only where the commercial bank or savings association component of the organization has a branch office in that county.

3. Category includes independent mortgage and finance companies and credit unions.

Measuring the Effects of Consolidation

The unit of observation in measuring the effects of consolidation in the analysis in this section is the *banking organization–county combination.* Each banking organization is linked with each county in every metropolitan area—a total of 726 counties. Thus, *each* banking organization potentially has 726 distinct observations. However, a banking organization–county combination is included in the sample only if the organization had a CRA obligation in the county. Such an obligation is considered to exist if any banking-institution component (commercial bank or savings association) of a banking organization operated a banking office in the county at the beginning of the study period. A single organization may appear in the sample several times if it had offices in more than one county, as was true in 1993, for instance, for nearly 30 percent of the banking organizations (appendix table A.1). The sample was further restricted to include only those combinations in which the organization extended ten loans or more in the county in the first year of the analytical period.[22]

To assess the effects of consolidation on home purchase lending by banking organizations, we compare the behavior of organizations that were involved in consolidation in a county with that of organizations that were not. As before, an organization is considered to have undergone a consolidation in a county only if a banking-institution component of the organization that was operating a banking office in the county was acquired during the study period. Those combinations involved in consolidation are further subdivided according to the type of consolidation. These decompositions allow for an assessment of whether and how consolidation in banking has been associated with changes in overall lending and lending to lower-income and minority borrowers and neighborhoods. Because economic theory suggests that the geographic proximity of the acquiring and acquired organizations may influence subsequent lending patterns, we divide organization–county combinations involved in consolidation into three types according to the location of the offices of the acquiring component: (1) consolidations in which the acquiring as well as the acquired components of the organizations operated offices in the county (within-county consolidations), (2) consolidations in which the acquiring component operated an office in the MSA containing the county but not in the county (within-MSA-not-in-county consolidations), and (3) consolidations in which the acquiring component did not operate offices in either the county or its MSA (out-of-MSA consolidations).

Economic theory further suggests that the size of the organizations involved in a consolidation may affect lending activity. Thus, for the current analysis, we group consolidations according to the size (in assets) of the acquiring and the acquired organization (see the appendix): (1) a small organization (assets of less than $250 million) acquiring another small organization, (2) a medium-sized organization (assets between $250 million and $10 billion) acquiring a small organization, (3) a medium-sized organization acquiring another medium-sized organization, (4) a large organization (assets greater than $10 billion) acquiring a small organization, (5) a large organization acquiring a medium-sized organization, and

22. This restriction removes only about 1 percent of the home purchase loans from the sample.

(6) a large organization acquiring another large organization.

The approach taken here employs performance standards often used in previous research on home mortgage lending issues.[23] They are also used in evaluating the CRA record of banking organizations. These measures are (1) the change in the number of loans an organization makes in a county overall and to lower-income and minority borrowers and neighborhoods, (2) changes in an organization's share of the total number of loans in a county overall and to lower-income and minority borrowers and neighborhoods in each of the organization's local communities (market share), and (3) changes in the share of an organization's own loan activity in a county that is composed of such lending (portfolio share). (See box "Performance Standards Used to Measure the Effects of Consolidation at the Organization Level.") All three measures are based on numbers of loans, although CRA examiners also consider the dollar amount of lending in using these measures. Changes in the lending activity of consolidating organizations are computed by comparing lending by the merged organization at the end of the period with the combined lending activity of the component parts of the merged organization (called a "pro forma" organization) at the beginning of the period.[24]

Because we want to characterize the behavior of the "typical" banking organization, we focus on median values in the market share and portfolio share analyses. The median is preferred because the mean may be greatly influenced by extreme values, either positive or negative. Median values are sensitive, however, to the number of banking organization–county combinations that had no lending in a particular borrower or neighborhood category over the analytical period. For some categories, the number of such combinations is relatively large, which can give a misleading indication of the effects of consolidation on organizations active in certain types of lending (table 5).[25] Thus, in calculating median values, we exclude all cases in which a banking organization extended no loans in a particular borrower or neighborhood category in a county. For example, if a bank extended no loans to lower-

Performance Standards Used to Measure the Effects of Consolidation at the Organization Level

Three performance standards are used to measure the effects of consolidation: the number of home purchase loans, market share, and portfolio share. Three measures are used because, while each may provide insight into home purchase lending in a market, each also has some shortcomings. In combination, they provide a more complete picture of trends in lending.

The *number of home purchase loans* an organization makes is one indicator of the level of service it provides to a local area. Changes in this measure show whether lending is increasing or decreasing. However, exclusive consideration of this measure may lead to misleading inferences. The number of loans does not provide an indication of how well an organization is performing relative to other organizations in a given market. It also fails to show an organization's own relative commitment to certain types of lending.

The second measure, *market share*, addresses the first of these limitations. Changes in an organization's market share of home purchase loans provide a measure of how its activity is changing relative to the market as a whole. Increases (decreases) in market share indicate that an organization has a greater (lesser) presence in a given type of lending. Trends in market share do not necessarily mirror trends in the number of loans. For example, an organization's market share can decline even while the number of its loans increases if other organizations increase their levels of lending more rapidly. The market share measure, however, is not without its own limitations as a measure of performance. Most prominently, an organization's market share may be greatly influenced by the actions of other competitors in the market and changes in the demand for home purchase loans, both of which are largely outside its control.

The *portfolio share* measure provides another gauge of an organization's relative experience with a given type of lending. Like the market share measure, trends in portfolio share can be different from trends in the number of loans. However, unlike the market share measure, the portfolio share measure tends not to be overly sensitive to the activities of market competitors. The limitation of this measure is that an organization may have a growing portfolio share of lending to a given population yet a shrinking presence overall in lending to that population, measured either in terms of absolute numbers of loans or market share.

23. See, for example, Glenn B. Canner, Wayne Passmore, and Brian J. Surette, "Distribution of Credit Risk among Providers of Mortgages to Lower-Income and Minority Homebuyers," *Federal Reserve Bulletin*, vol. 82 (December 1996), pp. 1077–1102.

24. The sum includes all lending in the county by all component parts of the organization in the first period, including those components that did not have banking offices or CRA obligations.

25. For example, in each of the sample periods about 27 percent of the banking organization–county combinations had no lending to minority neighborhoods. This result likely reflects a relatively large number of smaller banks located in counties with small numbers of minority neighborhoods.

5. Percentage of banking organization–county combinations with no lending to minority and lower-income borrowers and neighborhoods, 1993–95 and 1995–97

Category	Type of borrower[1]				Type of neighborhood[1]			
	Minority		Lower-income		Minority		Lower-income	
	1993–95	1995–97	1993–95	1995–97	1993–95	1995–97	1993–95	1995–97
No lending	10.6	9.7	.4	.5	27.1	27.5	14.8	15.6
No lending and involved in consolidations	1.0	.8	.1	.1	4.2	3.4	2.1	2.0
Memo								
Number of banking organization–county combinations	7,143	7,100	7,143	7,100	7,143	7,100	7,143	7,100

1. See note 1 to table 3.

income applicants over 1993–95, it is not considered in calculating the median change in market share of lending to lower-income borrowers during that period (that is, it is not considered to have had a 0 percent change in its market share).[26]

It is important to emphasize that the patterns found in this analysis may differ from those in the previous section. In this analysis, we track changes in home purchase lending for banking organizations only *in the counties in which they operated offices* at the beginning of each analytical period. These changes do not necessarily reflect total changes in an organization's lending, as an organization may have expanded both its CRA obligations and its lending into new markets over time. As with the preceding analysis, the discussion emphasizes only those relationships that are robust after considering other factors that may have influenced home purchase lending patterns.

Consolidation and Lending by Banking Organizations in Counties Where They Operate Offices

A simple count of the number of banking organization–county combinations involved in consolidation provides a perspective on the extent of consolidation in the banking industry over our periods of analysis. Over each time period we analyze, a relatively small percentage of banking organization–county combinations were involved in consolidation—for example, only 18 percent of the organization–county combinations in the sample over the 1995–97 period were involved in a consolidation (table 6). However, these tended to include organizations with relatively large numbers of home purchase loans, as they accounted for almost 30 percent of all lending in counties by banking organizations with CRA obligations in those counties (derived from table 7).

Most banking organization–county combinations involved in consolidation were involved in either within-county consolidations or out-of-MSA consolidations—90 percent over 1993–95 (derived from table 6). In addition, a majority of the banking organization–county combinations involved in mergers involved large acquiring institutions—54 percent over 1993–95 (derived from table 6). These organizations extended most of the home purchase loans—

6. Distribution of banking organization–county combinations, by level of consolidation activity and size and location of banking organization, 1993–95 and 1995–97

Consolidation category for banking organization–county combinations	1993–95	1995–97
No consolidation	5,850	5,800
By size of banking organization[1]		
Small	2,047	1,813
Medium	2,237	2,168
Large	1,566	1,819
Any consolidation	1,293	1,300
By location		
Within county	603	608
Within MSA, not in county	125	96
Out of MSA	565	596
By size of banking organization[1]		
Small acquiring small	78	69
Medium acquiring small	211	184
Medium acquiring medium	300	197
Large acquiring small	71	51
Large acquiring medium	314	318
Large acquiring large	319	481
All banking organization–county combinations	**7,143**	**7,100**

1. Size categories are the following: A small organization has assets of less than $250 million; a medium-sized organization has assets between $250 million and $10 billion; and a large organization has assets of more than $10 billion.

26. While this procedure reduces the sample, it does not result in a significant decline in the number of banking organization–county combinations involved in consolidation that were included in the sample. Very few organizations that had no lending in either period were involved in a consolidation. For example, over 1995–97, less than 1 percent of all banking organization–county combinations in the sample that were involved in consolidation made no loans to minority borrowers or to lower-income borrowers.

about 68 percent over 1993–95—originated by banking organization–county combinations involved in consolidation (derived from table 7).

Changes in the Level and Market Share of Home Purchase Lending

In stark contrast to the analysis of the effects of consolidation on home purchase lending at the market level, which found no consistent relationships between consolidation and changes in home purchase lending, consolidation does appear to be related to changes in home purchase lending when the effects are examined at the organizational level. Again the focus is on lending by banking organizations in those counties in which they operated banking offices.

Banking organization–county combinations that were involved in consolidation consistently showed less growth (or more decline) in the number of home purchase loans they originated than banking organization–county combinations that were not involved in consolidation. Moreover, the growth in home purchase lending by both groups was generally less than the growth in total lending in metropolitan areas. Although the growth rates of total lending for all mortgage lending organizations were 3 percent and 17 percent in 1993–95 and 1995–97 respectively (derived from table 1), the number of loans extended by the banking organization–county combinations in our sample that were involved in consolidation declined about 14 percent in each period while the number of loans extended by those combinations in our sample not involved in consolidation increased 3 percent in both periods (table 7).

These relative relationships generally hold for overall lending and for lending to the four borrower and neighborhood categories and in both time periods, although not all differences are statistically significant. The market share of home purchase loans in a county extended by the typical consolidating organization with an office in that county (that is, the median banking organization–county combination involved in a consolidation) declined substantially in both years, and by more than that of the typical non-consolidating organization with an office in that county (table 8). This result indicates that the patterns shown in table 7 are not driven by the behavior of just a few large organizations but rather reflect the experiences of the typical organization.

When banking organization–county combinations involved in a consolidation are distributed according to the type of consolidation that took place, few consistent patterns appear, with two notable exceptions. Grouping banking organization–county combinations according to the location of offices of the acquiring firm, we find that within-county consolidations are associated with larger growth (or smaller declines) in the number of loans extended overall and to the four borrower and neighborhood categories compared with other types of consolidation (table 7). For example, although the overall amount of lending by banking organization–county combinations involved in out-of-MSA consolidations declined 27 percent over 1993–95, the decline was only 9 percent among those combinations involved in within-county consolidations.

Banking organization–county combinations are also grouped according to the size of the acquiring and acquired organizations. The most consistent results occur among those consolidations in which the acquirer was large, although the differences were not always statistically significant. Acquisitions of small organizations by large organizations generally are associated with the largest increases in the number of loans extended overall and to the four borrower and neighborhood groups. Acquisitions of large organizations by other large organizations generally are associated with relatively large declines in lending.

The finding that consolidation is consistently associated with declines in lending—both overall and across the four borrower and neighborhood groups—appears to support the view that consolidation results in a reduction in home purchase lending, possibly because of a shift away from local decisionmaking, anticompetitive effects, or the acquisition of savings associations by banking organizations. However, some results are inconsistent with these explanations.

A reduction of the influence of local decisionmaking would suggest that consolidations in which a large organization acquires a small organization might be associated with larger declines (or less growth) in lending than consolidations in which both the acquirer and acquired organization are large. However the reverse is true—consolidations in which large organizations acquired other large organizations are generally associated with larger declines (or less growth) than consolidations in which large organizations acquired small organizations. Anticompetitive effects would most likely be observed in within-county consolidations; yet these are not associated with a disproportionate decline in lending. It should be noted, however, that the finding that out-of-MSA consolidations show the largest declines in lending is consistent with a shift away from local

7. Home purchase loans by banking organization–county combinations, by level of consolidation activity and size and location of banking organization, 1993–95 and 1995–97

Consolidation category for banking organization–county combinations	All borrowers				Type of borrower[1] Minority				Type of borrower[1] Lower-income			
	1993–95		1995–97		1993–95		1995–97		1993–95		1995–97	
	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change	Initial number	Percentage change
No consolidation	653,665	3	692,296	3	92,299	26	115,623	−2	181,881	−2	190,323	4
By size[2]												
Small	114,177	−7	90,406	7	12,151	11	11,383	11	30,923	−6	24,961	14
Medium	264,289	2	244,983	9	32,038	28	33,624	4	71,006	−1	62,541	11
Large	275,199	7	356,907	−2	48,110	29	70,616	−8	79,952	−2	102,821	−9
Any consolidation	278,519	−15	289,948	−13	39,072	12	58,430	−11	78,589	−13	73,963	−6
By location												
Within county	182,301	−9	188,107	−8	27,898	15	43,315	−8	50,613	−8	46,706	0
Within MSA, not in county	10,949	−17	8,295	−23	926	66	1,358	−34	3,591	−8	2,221	−20
Out of MSA	85,269	−27	93,546	−23	10,248	0	13,757	−20	24,385	−24	25,036	−18
By size[2]												
Small acquiring small	4,717	−19	5,206	−17	882	−43	729	−21	1,215	−20	1,472	−10
Medium acquiring small	24,513	−1	19,983	−7	3,119	31	3,509	−1	6,351	7	5,268	6
Medium acquiring medium	59,931	1	35,870	−17	6,543	20	5,268	−21	15,092	−1	9,389	−9
Large acquiring small	22,769	22	14,149	5	4,770	45	2,442	−3	6,549	8	4,424	7
Large acquiring medium	93,172	−27	84,569	−8	14,370	−5	16,873	−6	26,366	−26	22,321	−1
Large acquiring large	73,417	−29	130,171	−18	9,388	17	29,609	−14	23,016	−17	31,089	−13

decisionmaking. Finally, those consolidations involving the acquisition of savings associations by banking organizations, which, as noted earlier, could potentially reduce home purchase lending, show virtually the same lending patterns as other consolidations.

Also, these results cannot readily be explained by a reduction in overall lending by organizations that were involved in consolidation. Overall home purchase lending by these organizations grew 16 percent in 1993–95 and 22 percent during 1995–97 (not shown in tables). *Virtually all of this growth was in counties in which the organizations did not have banking offices.* The growth in these institutions' home purchase lending in these out-of-market areas was 57 percent over 1993–95 and 69 percent over 1995–97 (not shown in tables). Moreover, the growth in out-of-market lending by these consolidating banking organizations substantially exceeded the growth in home purchase lending by other groups of market participants.

The reduction of home purchase lending by consolidating banking organizations in those counties in which they operated offices appears to be part of an overall trend toward geographic diversification. This diversification may have been fueled by the acquisition of large, previously independent mortgage banking organizations and an expansion of activity by previously affiliated mortgage and finance companies. Also, increased standardization in the home purchase loan market, facilitated in part by developments in the secondary market and the growing use of automated underwriting, may have reduced the need for banking organizations to maintain a local presence to originate home purchase loans.

Changes in Portfolio Shares

Results using the portfolio share measure provide a different picture of the effect of consolidation on home purchase lending than those using either market share measures or counts of loans (table 9). Using market share measures or counts of loans showed that organizations involved in consolidation typically reduced their overall lending and lending to the four borrower and neighborhood groups in those counties in which they had banking offices. The portfolio

7.—Continued

Consolidation category for banking organization–county combinations	Minority 1993–95 Initial number	Minority 1993–95 Percentage change	Minority 1995–97 Initial number	Minority 1995–97 Percentage change	Lower-income 1993–95 Initial number	Lower-income 1993–95 Percentage change	Lower-income 1995–97 Initial number	Lower-income 1995–97 Percentage change
	Type of neighborhood[1]							
No consolidation	137,940	9	148,093	0	73,411	9	84,082	−10
By size[2]								
Small	20,995	−6	16,260	8	12,985	0	11,237	2
Medium	46,076	9	41,892	4	26,081	14	26,162	−3
Large	70,869	14	89,941	−3	34,345	9	46,683	−17
Any consolidation	54,650	−4	74,072	−9	30,379	0	33,626	−13
By location								
Within county	36,945	2	54,771	−6	19,902	5	22,961	−8
Within MSA, not in county	1,220	26	1,766	−27	1,319	20	999	−27
Out of MSA	16,485	−18	17,535	−16	9,158	−12	9,666	−25
By size[2]								
Small acquiring small	1,305	−49	1,237	−35	617	−19	652	−29
Medium acquiring small	4,307	8	5,373	−10	2,524	10	2,319	−7
Medium acquiring medium	9,840	−3	6,045	−23	5,736	2	3,826	−15
Large acquiring small	6,994	29	2,845	3	3,149	16	1,903	7
Large acquiring medium	20,685	−13	20,872	−8	9,562	−9	8,977	−10
Large acquiring large	11,519	−6	37,700	−7	8,791	1	15,949	−18

1. See note 1 to table 3.

2. See note 1 to table 6.

share measure shows that this reduction did not disproportionately affect lending to lower-income and minority borrowers and neighborhoods. Indeed, the portfolio share measure shows that the typical consolidating organization generally *increased* the proportion of loans extended to each of the four borrower and neighborhood groups. These changes are generally larger (or less negative) than the changes observed among banking organization–county combinations not involved in consolidation. For example, the change in the portfolio share for lending to minority borrowers for the typical organization involved in a consolidation was 31 percent compared with only 21 percent for the typical organization not involved in a consolidation during 1993–95. When banking organization–county combinations involved in consolidation are distributed according to the type of consolidation (by either location or size of the acquiring and acquired organization), few consistent patterns emerge over the two periods.

These results are consistent with the view that the CRA has been effective in encouraging banking organizations, particularly those involved in consolidation, to serve lower-income and minority borrowers and neighborhoods. The data, however, are not sufficient to provide a complete evaluation of the effects of the CRA in this regard. For example, no information is available on the prices charged for loans or on whether they were underwritten using special guidelines for affordable lending programs. Loans to lower-income and minority borrowers and neighborhoods may be more difficult to underwrite and thus benefit more from a local office presence than from any particular pressures due to the CRA. Moreover, banking organizations have also increased their lending to lower-income and minority borrowers in counties where they have no banking offices.

Appendix: Construction of the Database

The data used in this article combine information on branch office location, home purchase loan originations, and records of bank structure, failures, mergers, and acquisitions from several sources. (See table A.1 for a description of the study sample.)

8. Market share of home purchase lending by banking organization–county combinations, by level of consolidation activity and size and location of banking organization, 1993–95 and 1995–97

Percent

Consolidation category for banking organization–county combinations	All borrowers				Type of borrower[1]							
					Minority				Lower-income			
	1993–95		1995–97		1993–95		1995–97		1993–95		1995–97	
	Initial share	Percentage change	Initial share	Percentage change	Initial share	Percentage change	Initial share	Percentage change	Initial share	Percentage change	Initial share	Percentage change
No consolidation	2.0	−7	2.2	−13	1.1	−9	1.3	−17	1.9	−13	2.0	−16
By size[2]												
Small	1.2	−16	1.1	−11	.3	−21	.3	−16	1.2	−19	1.1	−12
Medium	2.0	−4	1.9	−5	1.2	−3	1.2	−7	1.9	−8	1.7	−9
Large	3.0	−1	3.6	−22	2.7	−4	3.3	−26	3.3	−10	3.5	−28
Any consolidation	3.5	−24	3.6	−27	2.6	−19	3.0	−30	3.5	−24	3.4	−28
By location												
Within county	4.4	−17	4.3	−27	3.6	−13	3.8	−28	4.1	−14	4.1	−26
Within MSA, not in county	2.5	−34	2.8	−36	.7	−16	2.0	−48	2.9	−33	2.6	−36
Out of MSA	3.1	−31	3.1	−28	2.2	−27	2.6	−30	2.9	−32	2.8	−28
By size[2]												
Small acquiring small	.7	−21	.9	−33	.2	−24	0.5	−36	.8	−21	.9	−37
Medium acquiring small	2.1	−15	1.7	−21	1.3	−12	.8	−18	2.1	−7	1.4	−15
Medium acquiring medium	3.4	−13	3.0	−30	2.2	−7	2.1	−31	3.1	−6	2.6	−28
Large acquiring small	3.8	−4	2.5	−18	4.3	−3	1.7	−20	4.1	−14	1.9	−25
Large acquiring medium	4.4	−30	5.1	−20	3.3	−29	4.4	−20	4.1	−33	5.0	−19
Large acquiring large	4.9	−37	4.1	−32	4.0	−29	4.0	−37	4.5	−31	3.9	−34

9. Portfolio share of home purchase lending by banking organization–county combinations to minority and lower-income borrowers and neighborhoods, by level of consolidation activity and size and location of banking organization, 1993–95 and 1995–97

Percent

Consolidation category for banking organization–county combinations	Type of borrower[1]							
	Minority				Lower-income			
	1993–95		1995–97		1993–95		1995–97	
	Initial share	Percentage change	Initial share	Percentage change	Initial share	Percentage change	Initial share	Percentage change
No consolidation	6.3	21	7.5	−6	26.2	−5	26.2	5
By size[2]								
Small	3.4	20	4.3	−6	27.4	−3	28.0	5
Medium	6.3	25	7.5	−6	24.8	−5	24.2	6
Large	9.7	19	10.6	−6	26.7	−6	26.7	2
Any consolidation	7.2	31	11.1	−5	26.1	3	25.0	8
By location								
Within county	8.3	28	13.9	−3	26.7	4	23.5	8
Within MSA, not in county	4.4	45	8.8	−33	26.1	4	25.0	9
Out of MSA	6.9	31	9.2	−6	25.4	1	26.0	8
By size[2]								
Small acquiring small	4.6	24	8.1	7	25.5	0	27.8	4
Medium acquiring small	6.7	26	9.1	0	26.0	6	24.6	11
Medium acquiring medium	7.3	28	7.8	−2	23.1	−1	24.1	10
Large acquiring small	9.5	28	13.3	−7	24.2	−17	26.7	−7
Large acquiring medium	8.1	31	11.7	−3	27.9	1	24.6	10
Large acquiring large	7.2	38	13.8	−10	28.1	10	25.0	7

8.—Continued

Consolidation category for banking organization–county combinations	Minority, 1993–95, Initial share	Minority, 1993–95, Percentage change	Minority, 1995–97, Initial share	Minority, 1995–97, Percentage change	Lower-income, 1993–95, Initial share	Lower-income, 1993–95, Percentage change	Lower-income, 1995–97, Initial share	Lower-income, 1995–97, Percentage change
	Type of neighborhood[1]							
No consolidation	1.0	−10	1.1	−14	1.5	−11	1.5	−17
By size[2]								
Small	0.3	−21	.3	−14	.7	−23	.6	−12
Medium	1.1	−5	.9	−5	1.4	−5	1.3	−8
Large	2.5	−4	2.9	−22	2.8	−7	3.3	−26
Any consolidation	2.1	−20	3.0	−27	2.9	−24	3.0	−32
By location								
Within county	3.1	−11	3.4	−27	3.7	−11	3.8	−30
Within MSA, not in county	.7	−15	2.0	−38	1.5	−20	2.1	−37
Out of MSA	1.9	−29	2.6	−26	2.3	−32	2.7	−33
By size[2]								
Small acquiring small	.2	−37	.6	−56	.4	−40	.8	−50
Medium acquiring small	1.2	−18	.9	−19	1.9	−16	1.3	−16
Medium acquiring medium	2.0	−13	1.6	−36	2.4	−16	2.5	−36
Large acquiring small	2.1	1	1.7	−17	3.6	5	2.1	−25
Large acquiring medium	2.9	−25	4.1	−19	3.8	−28	4.4	−22
Large acquiring large	3.5	−24	3.8	−31	3.9	−29	3.6	−37

NOTE. Data are the initial median market share for each category of banking organization–county combination and the median change in market share for each period.

1. See note 1 to table 3.
2. See note 1 to table 6.

9.—Continued

Consolidation category for banking organization–county combinations	Minority, 1993–95, Initial share	Minority, 1993–95, Percentage change	Minority, 1995–97, Initial share	Minority, 1995–97, Percentage change	Lower-income, 1993–95, Initial share	Lower-income, 1993–95, Percentage change	Lower-income, 1995–97, Initial share	Lower-income, 1995–97, Percentage change
	Type of neighborhood[1]							
No consolidation	7.3	2	6.7	−5	7.1	4	7.7	−8
By size[2]								
Small	2.6	0	2.0	−6	6.4	1	6.7	−8
Medium	7.9	4	6.7	−4	6.8	6	7.0	−9
Large	12.1	2	10.7	−5	8.7	6	9.0	−7
Any consolidation	7.9	7	12.2	−2	7.5	11	8.5	−7
By location								
Within county	9.2	9	17.7	−3	7.4	12	9.5	−6
Within MSA, not in county	2.3	22	8.9	−9	6.3	21	6.7	−9
Out of MSA	8.1	3	9.8	0	7.9	8	7.5	−7
By size[2]								
Small acquiring small	5.7	−1	9.1	−21	6.8	−6	8.0	−10
Medium acquiring small	10.4	9	13.5	0	6.9	9	7.2	−6
Medium acquiring medium	8.8	3	7.3	0	6.8	2	8.0	−2
Large acquiring small	16.1	0	16.0	1	8.7	−1	9.1	19
Large acquiring medium	8.8	10	14.5	−3	8.0	18	9.1	−9
Large acquiring large	6.2	14	13.6	−3	8.3	25	8.6	−9

NOTE. Data are the initial median portfolio share for each category of banking organization–county combination and the median change in share for each period.

1. See note 1 to table 3.
2. See note 1 to table 6.

A.1. Distribution of MSA counties per banking organization and depository offices and home purchase loans per organization–county combination, 1993, 1995, and 1997

Item	1993		1995		1997	
	Number	Percent	Number	Percent	Number	Percent
Number of MSA counties with branch offices per organization						
1	3,923	71.4	3,423	69.4	3,124	67.2
2	843	15.3	832	16.9	836	18.0
3	291	5.3	264	5.4	268	5.8
4–5	194	3.5	187	3.8	197	4.2
6–9	100	1.8	93	1.9	96	2.1
10–19	79	1.4	69	1.4	54	1.2
20–49	55	1.0	47	1.0	49	1.0
50 or more	13	.2	17	.3	22	.5
Total	5,498	100.0	4,932	100.0	4,646	100.0
Depository offices per organization–county combination						
1	4,216	35.9	3,781	34.1	3,764	34.0
2	2,124	18.1	1,980	17.9	1,962	17.7
3	1,316	11.2	1,296	11.7	1,235	11.1
4–5	1,472	12.5	1,426	12.9	1,441	13.0
6–9	1,273	10.8	1,258	11.4	1,277	11.5
10 or more	1,338	11.4	1,339	12.1	1,394	12.6
Total	11,739	100.0	11,080	100.0	11,073	100.0
Home purchase loans per organization–county combination						
0	1,336	11.4	1,026	9.3	1,476	13.3
1–9	2,894	24.7	2,494	22.5	2,277	20.6
10–19	1,471	12.5	1,430	12.0	1,292	11.7
20–49	2,142	18.2	2,091	18.9	2,065	18.7
50–99	1,531	13.0	1,581	14.3	1,507	13.6
100–499	2,064	17.6	2,144	19.4	2,102	19.0
500 or more	301	2.6	314	2.8	354	3.2
Total	11,739	100.0	11,080	100.0	11,073	100.0

The location (county) of banking institution depository offices (banking offices) was extracted from the annual Summary of Deposits filings for commercial banks and Branch Office Survey System filings for savings associations for the years 1993 through 1997. The office list includes all locations qualifying as separate institution deposit-taking offices under federal guidelines as of June 30 of each year. It does not necessarily include all "drive-ins," ATMs, or loan production offices; however, virtually all offices whose presence implies a CRA obligation are reported. Reporting banking institutions include all federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks, as defined by the Federal Reserve Board's National Information Center (NIC) database. The locations used for this study may differ slightly from those used elsewhere because of some limited data cleaning required for the analysis. For example, some offices were added for a few institutions that did not submit a Summary of Deposits or Branch Office Survey System filing, and some addresses were corrected for a limited number of offices for which incorrect county location was reported.

Information on home purchase loan originations used in the analysis was obtained from individual mortgage loan data filed under the 1989 amendments to the Home Mortgage Disclosure Act (HMDA). Each year, nearly all commercial banks, savings and loan associations, credit unions, and other mortgage lending institutions (primarily mortgage banks) with assets of more than $10 million (raised to $29 million in 1997) and an office in an MSA are required to report on *each* mortgage loan purchased and on each loan application related to a one- to four-unit residence acted upon during the calendar year. Lenders must report the loan amount, state, county, and census tract of the property, whether the property would be owner occupied, purpose of the loan, type of loan (conventional, FHA, or VA), application disposition (loan originated, application withdrawn, or application denied), race and gender of the loan applicant, and the applicant income relied on by the lending institution in making the loan decision.[27] For this

27. See Glenn B. Canner and Dolores S. Smith, "Home Mortgage Disclosure Act: Expanded Data on Residential Lending," *Federal Reserve Bulletin*, vol. 77 (November 1991), pp. 859–81, for a comprehensive discussion of the HMDA data. It is estimated that 80 percent to 87 percent of all home purchase loans were reported under HMDA for the 1993–97 period. The FFIEC makes the HMDA data available in various formats, including paper summaries, magnetic tape, PC diskette, CD-ROM, and at the FFIEC web site (www.ffiec.gov). An order form for the HMDA data may be obtained by calling the FFIEC at (202) 634-6526 or by downloading the form from the FFIEC web site.

study, the sample was restricted to loans originated for the purchase of owner-occupied units. The sample includes both conventional loans and loans backed by government guarantees.

Information on the census tract location of the property being purchased was used to determine which loans were originated in lower-income or minority neighborhoods. Loans for properties in census tracts whose 1990 median family income was less than 80 percent of the 1990 median family income of their MSA were classified as loans to lower-income neighborhoods. Similarly, loans for properties in census tracts with more than 20 percent minority residents in 1990 were classified as loans to minority (black, Asian, Hispanic, Native American, and "other race") neighborhoods. The race of the primary applicant was used to determine minority borrower loans, and loans to borrowers whose income was below 80 percent of the current-year median family income of their MSA were classified as loans to lower-income borrowers.

Under current law, most institutions with offices in MSAs are required to report all their mortgage lending regardless of location but to provide geographic detail only for loans originated in metropolitan areas. Thus, the information needed to determine lending to lower-income and minority neighborhoods was available only for counties in MSAs. Consequently we restricted the dataset to these counties. Further, because the number and boundaries of MSAs changed slightly from 1993 to 1997, the dataset was limited to the 726 counties that were part of MSAs in both 1993 and 1997.[28] These counties represent about 20 percent of all counties in the United States but contain 78 percent of the total population and 70 percent of the banking offices.

A further step had to be taken to align the banking office and lending data. Banking institutions report their offices as of June 30 of each year but file HMDA reports on a calender-year basis. The institution's current structure is used for each filing. Thus, for example, if two banking institutions merged on December 15, they would file a consolidated HMDA filing on December 31 showing their combined lending for the whole year. However, their branch office filing, done as of the previous June 30, would show them as separate institutions. To reconcile these differences, the institution's structure as of the *end of the year* was used to classify bank branches and to determine those counties where in our construct they had a CRA obligation. These numbers may differ from the actual location of offices at the end of the year to the extent that banking institutions may have opened or closed offices in the six-month period between June 30 and December 31.

The final information needed for the study was to determine the appropriate structure to use in classifying banking institutions and to determine which institutions were involved in consolidation during the 1993–95 and 1995–97 study periods. Transactions and structure information recorded in the Federal Reserve Board's NIC database was used for this purpose. For each of the three-year study periods used in the analysis, institutions were initially classified by their membership in banking organizations as of December 31 of the first year of the study period (1993 or 1995). These organizations included bank and thrift holding companies and foreign bank payment groups (commercial banks chartered in the United States that are subsidiaries of a common foreign bank). Both lending and office data were consolidated at the organization level. Thus, for example, if any banking institution member of a bank holding company had an office in a county, the organization was deemed to have a CRA obligation there. Similarly, all home purchase lending in the county, including lending by mortgage bank or finance company subsidiaries of the holding company and by all its member banks and their subsidiaries, was included in determining the organization's total home purchase lending in the county. The size of an organization was computed as the sum of the assets of its member banking institutions.[29] Banking institutions that were not members of a larger organization were treated as independent organizations.

A similar method was used to reclassify banking institutions by their membership in organizations at the end of each of the three-year study periods. A banking institution that merged into another institution would be reclassified as part of the acquiring institution, for example, and members of a holding company acquired by another holding company would similarly be reclassified as part of the acquiring holding company.

All organizations (or institutions) with different membership at the beginning and end of each study period were deemed to have undergone a "consolida-

28. To correspond to the taxonomy used by the Bureau of the Census in constructing county-level economic data, information for some counties was combined. Primarily this involved consolidating some independent cities in Virginia with their surrounding counties.

29. This amount may differ somewhat from the total assets reported by bank and thrift holding companies for their combined operations. However, consolidated information was not available for foreign bank payment groups; consequently we decided to use a common basis in estimating an organization's size.

tion" during the period.[30] This includes both banking institutions and holding companies that acquired or merged with previously independent banking institutions or holding companies. It does not include, however, mergers among subsidiaries of the same holding company, because they were already members of the same organization at the beginning of the period. Nor does it include acquisitions of nonbank affiliates, such as mortgage or finance companies.

For some of the analysis it was necessary to differentiate between the "acquirer" and "acquired" components of a consolidation. These determinations were not always apparent from the record. Consequently, we decided to designate the largest component of an organization (as measured by its asset size at the beginning of the period) as the "acquirer." All other components were treated as "acquired." Thus if four banking institutions merged into a common holding company over the study period, the institution with the most assets in the beginning of the period would be deemed to have acquired the other three.

Consolidations were measured at the county level. A consolidation was deemed to have occurred in the county *only* if a banking institution (or organization) with an office in the county at the beginning of the period was acquired by another institution (or organization) during the period. If the acquiring organization also had offices in the county at the beginning of the period it was treated as a within-county consolidation; if the acquiring organization had offices within the MSA, but not the county, it was treated as a within-MSA-but-not-county consolidation. Otherwise the merger was treated as an out-of-MSA consolidation. Note that under this definition, an organization was considered to have undergone a consolidation in a county in which only the acquiring component of the organization had offices at the beginning of the period.

Finally, the change in lending for those counties where organizations underwent consolidation was computed by comparing the sum of the lending in a county by all components of the organization in the first year of the study period (1993 or 1995) with the lending reported by the overall organization in the county in the final year (1995 or 1997). Again, only those counties with acquired components were considered in making this calculation. □

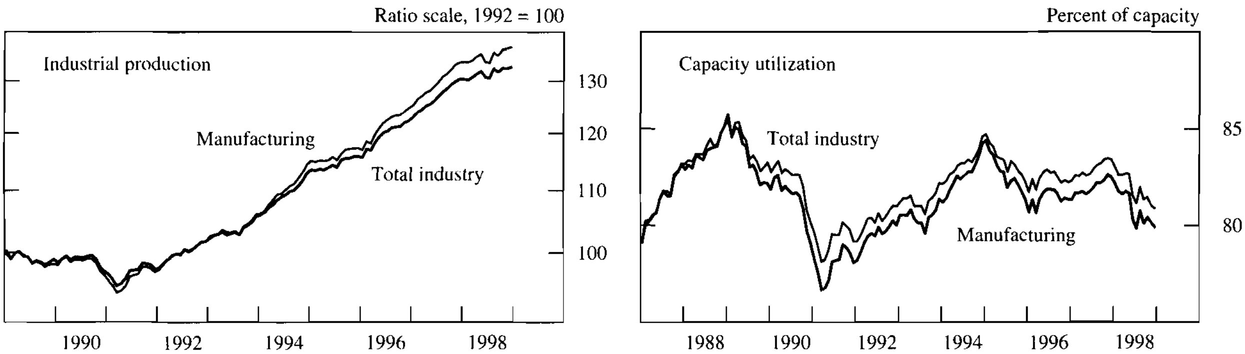
30. A few institutions were liquidated in each of the study periods. Similarly, a number of new (de novo) institutions were formed. Cases of both types were excluded from the analysis. Moreover, an organization acquiring a de novo bank is not treated as having undergone a merger because the de novo institution did not exist at the beginning of the period.

Industrial Production and Capacity Utilization for December 1998

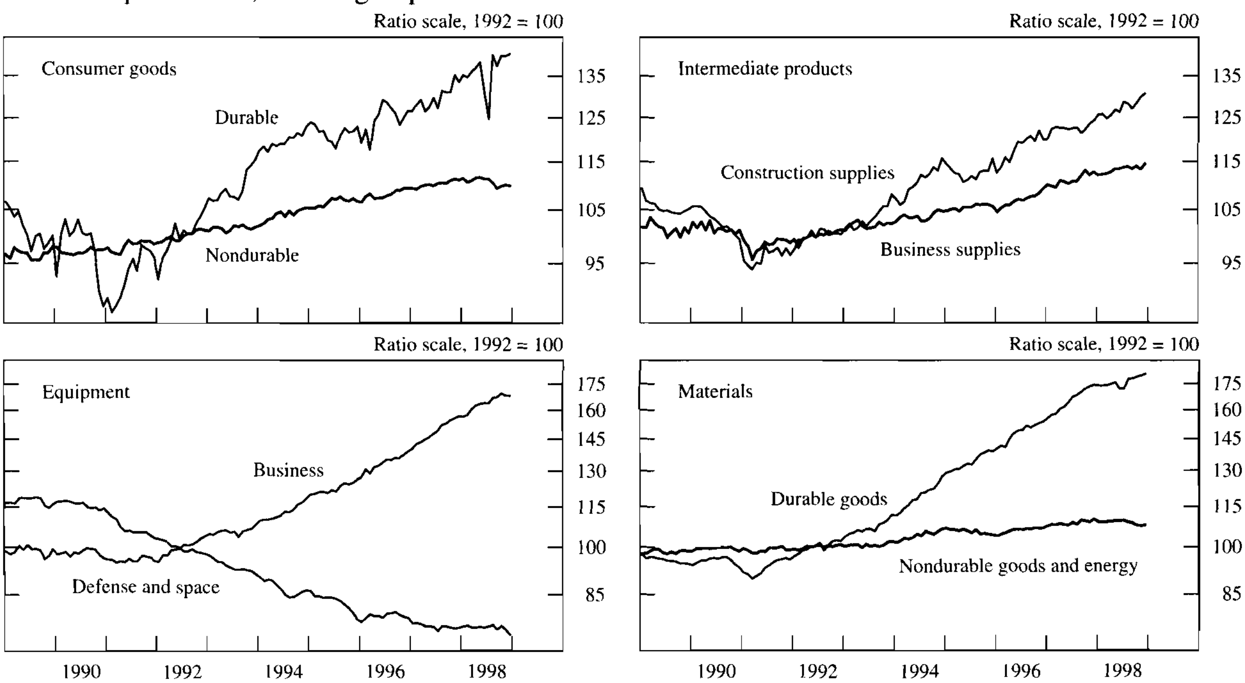
Released for publication January 15

Industrial production increased 0.2 percent in December. Based on more complete information for a number of manufacturing industries and utilities, industrial production is now shown to have posted a larger gain in October than previously estimated and to have declined less in November. Production in December was boosted by a 1.6 percent increase in utilities. Manufacturing output increased for the third consecutive month, gaining 0.2 percent. At 132.8 percent of its 1992 average, industrial production in December was 1.9 percent higher than it was in December 1997. Capacity utilization stood at 80.9 percent in December. The industry operating rate declined 2½ percentage points during 1998 to a

Industrial production and capacity utilization



Industrial production, market groups



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

Industrial production and capacity utilization, December 1998

Category	Industrial production, index, 1992=100								
	1998				Percentage change				
					1998[1]				Dec. 1997 to Dec. 1998
	Sept.r	Oct.r	Nov.r	Dec.p	Sept.r	Oct.r	Nov.r	Dec.p	
Total	**131.9**	**132.6**	**132.5**	**132.8**	**–.4**	**.5**	**–.1**	**.2**	**1.9**
Previous estimate	131.9	132.2	131.8	. . .	–.4	.2	–.3	. . .	. . .
Major market groups									
Products, total[2]	124.1	125.2	124.9	125.0	–.6	.8	–.2	.1	2.2
Consumer goods	114.8	115.6	115.8	115.8	–1.2	.8	.2	.0	.4
Business equipment	167.4	169.5	168.2	168.1	.5	1.3	–.8	.0	7.4
Construction supplies	126.9	128.2	129.6	130.4	–.9	1.0	1.1	.6	5.0
Materials	144.4	144.5	144.6	145.3	.0	.0	.1	.5	1.4
Major industry groups									
Manufacturing	135.2	136.3	136.5	136.7	–.4	.8	.1	.2	2.3
Durable	159.6	161.1	160.9	161.5	–.1	1.0	–.1	.3	4.8
Nondurable	110.6	111.2	111.8	111.8	–.7	.6	.5	.0	–.8
Mining	102.4	101.8	101.4	100.8	–1.3	–.6	–.4	–.6	–5.3
Utilities	120.3	117.4	113.9	115.7	.0	–2.4	–2.9	1.6	2.4

Category	Capacity utilization, percent								Memo Capacity, percentage change, Dec. 1997 to Dec. 1998
	Average, 1967–97	Low, 1982	High, 1988–89	1997	1998				
				Dec.	Sept.r	Oct.r	Nov.r	Dec.p	
Total	**82.1**	**71.1**	**85.4**	**83.4**	**81.3**	**81.4**	**81.0**	**80.9**	**5.0**
Previous estimate	. .	. . .	. . .	.	81.3	81.2	80.6	. . .	. . .
Manufacturing	81.1	69.0	85.7	82.5	80.1	80.4	80.1	79.9	5.6
Advanced processing	80.5	70.4	84.2	81.4	79.5	79.8	79.5	79.2	6.6
Primary processing	82.4	66.2	88.9	85.4	82.1	82.4	82.3	82.4	2.9
Mining	87.5	80.3	88.0	89.0	85.2	84.6	84.2	83.6	.9
Utilities	87.5	75.9	92.6	89.9	95.0	92.7	89.9	91.3	.8

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

level more than 1 percentage point below its 1967–97 average.

Industrial production rose at an annual rate of 3.2 percent in the fourth quarter after having increased at a 0.9 percent rate in the third quarter. The gain was notable in manufacturing, where the pace picked up from a 0.4 percent annual rate in the third quarter to 5.1 percent in the fourth quarter. Part of the acceleration reflected a rebound in motor vehicle assemblies after strikes had limited output in both the second and third quarters; nonetheless, the output of other manufacturing industries increased at an annual rate of 3.3 percent in the fourth quarter after having been little changed in the third quarter. Utility output fell 12.5 percent at an annual rate in the fourth quarter as a result of unusually mild temperatures.

Market Groups

The output of consumer goods was unchanged in December. The production of automotive products was also unchanged, but the output of other durable consumer goods rose 0.8 percent. The production of nondurable consumer goods slipped 0.1 percent, pulled down by decreases in clothing and paper products. Residential sales of both electricity and gas increased.

The production of business equipment was unchanged after a 0.8 percent drop in November. December declines in the output of industrial equipment (notably mining and oil and gas field equipment), transit equipment, and farm machinery (a component of the "other equipment" group) were offset by a gain in information processing equipment.

The output of construction supplies rose 0.6 percent after gains of about 1 percent in both October and November. The production of business supplies increased 1.0 percent in December, more than reversing its loss in November.

The production of materials grew 0.5 percent after having been nearly flat in the preceding three months. The production of durable goods materials increased

0.6 percent as continued strength in the production of semiconductors and computer parts offset weakness in other categories. The output of basic metals slipped 0.1 percent and is now 5 percent below the level of December 1997. The production of nondurable materials also edged down 0.1 percent because of weakness in the production of paper and textiles.

Industry Groups

Manufacturing output increased 0.2 percent, with gains in the production of durable goods and with no change in the production of nondurable goods. The output for most major durable goods industries increased; the biggest advances came in electrical machinery, miscellaneous manufactures, and furniture. The production of computers increased 2.2 percent, while the output of other industrial machinery fell, leaving the combined industrial machinery and computer industry up only 0.4 percent. In the past twelve months, computer output has expanded more than 50 percent. The production of nondurable goods was flat in December after having posted gains of about ½ percent in the preceding two months. Gains in petroleum and chemical products in December were offset by losses in printing, textiles, apparel, and food; the decline in food production follows two consecutive monthly gains of about 1½ percent. Mining production continued to fall, being pulled down by the continued contraction in oil and gas extraction.

The factory operating rate dropped 0.2 percentage point to 79.9 percent—more than 2½ percentage points below the level in December 1997. The average rate in the fourth quarter, 80.2 percent, was unchanged from the third quarter. The utilization rate for advanced-processing industries remains below its 1967–97 average, while the utilization rate for primary-processing industries is at its long-term average. The utilization rate for mines fell 0.6 percentage point in December and has fallen more than 5 percentage points during the past twelve months. □

Statement to the Congress

Statement by Patrick M. Parkinson, Associate Director, Division of Research and Statistics, Board of Governors of the Federal Reserve System, before the Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, December 16, 1998

I appreciate this opportunity to present a progress report on the studies that are being conducted by the President's Working Group on Financial Markets. As you know, two separate studies are under way—one on the implications of the operations of firms such as Long-Term Capital Management (LTCM) and their relationships with their creditors and the other on the oversight of over-the-counter (OTC) derivatives transactions. The studies are separate because the issues are, in fact, quite distinct. The central public policy issue raised by the LTCM episode is how financial leverage can be constrained most effectively in our market-based economy. To be sure, in some cases LTCM achieved substantial leverage through use of OTC derivatives, but in other cases it relied on exchange-traded derivatives, securities loans, and securities repurchase agreements. The regulation of OTC derivatives raises a much wider range of issues, many of which are unrelated to the LTCM episode. Indeed, the LTCM episode has no obvious bearing on what are arguably the central issues in the OTC derivatives study—whether or in what circumstances government oversight is appropriate to deter fraud or market manipulation and how best to provide legal certainty regarding the enforceability of OTC derivative contracts.

Leveraged Institutions and Their Relationships with Their Creditors

In our market-based economy, the primary mechanism that regulates firms' risk-taking is the discipline provided by creditors and counterparties. If a firm seeks to achieve greater leverage, its creditors and counterparties will ordinarily respond by increasing the cost or reducing the availability of credit to the firm. The rising cost or reduced availability of funds provides a powerful economic incentive for firms to restrain their risk-taking. In the case of LTCM, however, private market discipline seems to have largely broken down. The key questions that must be addressed by the Working Group are how to improve and ensure the effectiveness of private market discipline and whether it needs to be supplemented by additional government oversight.

The Working Group has made considerable progress toward developing a common understanding of LTCM's relationships with its counterparties and of the weaknesses in those counterparties' risk-management practices that allowed LTCM to achieve such an extraordinary degree of leverage. The most important counterparties were banks and securities firms subject to prudential oversight by banking regulators or by the Securities and Exchange Commission (SEC). The Federal Reserve, the Comptroller of the Currency, and the SEC all have carefully reviewed the practices that entities they oversee have employed to manage counterparty risks vis-à-vis LTCM and other highly leveraged firms. They have shared their findings with the other agencies that participate in the Working Group's discussions.

Although the Working Group has not completed its analysis of the creditors' risk-management practices, some tentative conclusions can be identified. LTCM appears to have received very generous credit terms, even though it took an exceptional degree of risk. Moreover, the weaknesses in risk-management practices that were evident in the counterparties' relationship with LTCM were also evident, albeit to a lesser degree, in their dealings with other highly leveraged firms. In LTCM's case, counterparties obtained information from LTCM that indicated that it had securities and derivatives positions that were very large relative to its capital. However, few, if any, seem to have really understood LTCM's risk profile, especially its very large positions in certain illiquid markets. Instead, they appear to have made credit decisions primarily on the basis of LTCM's past performance and the reputation of its partners.

LTCM's counterparties also appear to have placed too much reliance on their collateral agreements with LTCM. Those agreements generally provided for the timely collateralization of credit exposures at the current market values of the collateral and, in the case of derivatives, the current market values of the derivatives. However, they required little or no collateral to cover the potential for future increases in exposures from changes in market values. More important, LTCM's counterparties appear to have significantly underestimated those potential future exposures. Their estimates simply did not make adequate allowance for the extreme volatility and illiquidity of financial markets that surfaced in August and September. Furthermore, they failed to take into account the potential for credit exposures to increase dramatically if LTCM had defaulted and they and other counterparties had attempted to liquidate collateral and replace derivatives contracts in amounts that in some instances would have been very large relative to the liquidity of the markets in which the transactions would have been executed. Because the counterparties did not take these risks into account, they granted LTCM huge trading lines in a variety of products, and LTCM took advantage of those lines to achieve its exceptional degree of leverage.

These weaknesses in risk-management practices clearly need to be addressed. The counterparties themselves should bear primary responsibility for designing and implementing the necessary improvements. It is in their clear self-interest, as their experience with LTCM has demonstrated. Furthermore, notwithstanding deficiencies in their current practices, these firms are the world leaders in risk management. Their combination of technical expertise and of their understanding of financial markets is unsurpassed in the private sector and unmatched in government.

Nonetheless, prudential overseers have a responsibility to ensure that the processes that banks and securities firms utilize to manage risk are commensurate with the size and complexity of their portfolios and responsive to changes in financial market conditions. Moreover, prudential overseers can, and should, promote the adoption of sound practices throughout the financial sector through issuance of supervisory guidance. In the case of U.S. banks, the Federal Reserve and the other banking regulators have already made considerable progress in identifying sound practices for dealing with highly leveraged firms and, more generally, in distilling the lessons learned during the recent episodes of market volatility and incorporating those lessons in supervisory standards and procedures.

For its part, the Federal Reserve is well along in developing supervisory guidance to promote the needed improvements in risk management. Among the areas to be addressed are (1) the credit approval process and ongoing monitoring of credit quality, including the availability of information on counterparties and its use in making credit decisions; (2) procedures for estimating potential future credit exposures, including stress testing to gauge exposures in volatile and illiquid markets; (3) approaches to setting limits on counterparty credit exposures; and (4) policies regarding the use of collateral to mitigate counterparty credit risks. The Federal Reserve is also reviewing its own examination procedures, particularly those relating to the assessment of the risks posed by potential future credit exposures.

Improvements in creditors' risk-management capabilities, developed at their own initiative and reinforced by the actions of prudential supervisors, should significantly strengthen the effectiveness of market discipline and thereby place more effective constraints on leverage and risk-taking. The Working Group has also begun discussing whether additional government oversight could effectively supplement private market discipline. The types of oversight under discussion include proposals intended to provide creditors, investors, or the general public with additional information on risk-taking by highly leveraged institutions. Also under discussion are proposals for more direct regulation of leverage through broader application of capital requirements or margin requirements. These discussions are still at an early stage, and at this point it is not yet clear whether the Working Group's members will support additional government oversight or, if so, what specific forms of oversight will be supported.

Oversight of OTC Derivatives

The Working Group's study of the appropriate oversight of OTC derivatives is at an earlier stage than its study of the implications of the LTCM episode. Nonetheless, the Working Group's staff have reached agreement on the organization of the study and the analytical approach that will be employed.

In brief, the purpose of the study will be to assess the need for government oversight to promote public policy objectives with respect to financial markets. The policy objectives that seem relevant and that will be addressed in the study include (1) deterring market manipulation; (2) deterring fraud and protecting certain counterparties to financial transactions; (3) promoting the financial integrity of markets by limiting potential losses from counterparty defaults; (4) providing legal certainty with respect to the enforceability of contracts; (5) regulatory parity, that is, avoiding significant competitive disparities across financial markets and institutions; (6) appropriately limiting systemic risk; and (7) harmonizing regulations internationally.

Whether government oversight of a particular financial market is necessary to achieve those objectives depends critically on the characteristics of the market and the participants in the market. The Working Group's staff is developing a common understanding of OTC derivatives and the markets in which they are traded, drawing on the existing knowledge and expertise of its constituent agencies. Information is being developed on the instruments traded and the size of their markets, the types of participants and the roles that they play, the market infrastructure (trading and settlement arrangements), and the existing forms of government oversight of participants and instruments.

Even with a common understanding of the public policy objectives and the characteristics of OTC derivatives, the Working Group may encounter difficulty reaching consensus on the need for government oversight. Ultimately, judgments about the need for oversight will be determined to an important degree by the views of the principals as to the most effective role government can play in our market economy, and those views may well differ. Nonetheless, the Working Group's study of OTC derivatives will prove of considerable value to the Congress if, as anticipated, it lays out clearly the reasons for any differences of opinion. □

Announcements

Appointments of New Members to the Thrift Institutions Advisory Council

The Federal Reserve Board on December 23, 1998, announced the names of seven new members of its Thrift Institutions Advisory Council (TIAC) and designated a new president and vice president of the council for 1999.

The council is an advisory group made up of twelve representatives from thrift institutions. The panel was established by the Board in 1980 and includes savings and loan, savings bank, and credit union representatives. The council meets at least three times each year with the Board of Governors to discuss developments relating to thrift institutions, the housing industry, mortgage finance, and certain regulatory issues.

The new council president for 1999 is William A. Fitzgerald, Chairman and CEO, Commercial Federal Bank, Omaha, Nebraska. The new vice president is F. Weller Meyer, President and CEO, Acacia Federal Savings Bank, Falls Church, Virginia.

The seven new members, named for two-year terms that began January 1, are the following:

James C. Blaine, President, State Employees' Credit Union, Raleigh, N.C.

Lawrence L. Boudreaux III, President and CEO, Fidelity Homestead Association, New Orleans, La.

Babette E. Heimbuch, President and CEO, First Federal Bank of California, FSB, Santa Monica, Calif.

Thomas S. Johnson, Chairman, President, and CEO, GreenPoint Bank, Manhattan, N.Y.

William A. Longbrake, Executive Vice President and Chief Financial Officer, Washington Mutual Bank, Seattle, Wash.

Kathleen E. Marinangel, Chairman, President, and CEO, McHenry Savings Bank, McHenry, Ill.

Anthony J. Popp, President and CEO, Marietta Savings Bank, Marietta, Ohio

Other TIAC members whose terms continue through 1999 are the following:

Garold R. Base, President and CEO, Community Credit Union, Plano, Tex.

David A. Bochnowski, Chairman, President, and CEO, Peoples Bank, SB, Munster, Ind.

Richard P. Coughlin, President and CEO, Stoneham Co-operative Bank, Stoneham, Mass.

Adjustment to the Dollar Amount That Triggers Additional Disclosure Requirements under Regulation Z

The Federal Reserve Board on December 2, 1998, published its annual adjustment of the dollar amount that triggers additional disclosure requirements under Regulation Z (Truth in Lending) for mortgage loans that bear fees above a certain amount. The Home Ownership and Equity Protection Act of 1994 bars credit terms such as balloon payments and requires additional disclosures when total points and fees payable by the consumer exceed $400 (to be adjusted annually) or 8 percent of the total loan amount, whichever is larger.

The Board has adjusted the dollar amount from $435 for 1998 to $441 for 1999 based on the annual percentage change reflected in the consumer price index that is in effect on June 1.

Decision on the Legal Disparities between Federal Reserve Banks and Private-Sector Banks in the Presentment and Settlement of Checks

The Federal Reserve Board on December 9, 1998, announced that it had decided not to make regulatory changes with respect to the remaining legal disparities that exist between Federal Reserve Banks and private-sector banks in the presentment and settlement of checks. The Board has concluded that the costs associated with further reducing these legal disparities would outweigh any efficiency gains in the payments system.

The decision is based on the Board's analysis of comments received on the effects of its 1994 same-day settlement rule and on whether further changes in this area are warranted.

Exemption Threshold for Depository Institutions Required to Report Data under the HMDA

The Federal Reserve Board on December 18, 1998, announced that the exemption threshold for depository institutions that are required to report data under the Home Mortgage Disclosure Act (HMDA) will remain at $29 million.

Under the revision to the Board's staff commentary to Regulation C (Home Mortgage Disclosure), depository institutions with assets totaling $29 million or less as of December 31, 1998, are not required to collect HMDA data in 1999.

The Board is required to adjust annually the asset-size exemption threshold for depository institutions based on the annual percentage change in the consumer price index. The adjustment reflects changes for the twelve-month period ending in November 1998.

Interim Regulatory Reporting and Capital Guidance on FAS 133

The Reports Task Force of the Federal Financial Institutions Examination Council (FFIEC), acting under delegated authority, is announcing its decisions regarding the appropriate regulatory reporting treatment for derivatives. The Office of Thrift Supervision and the Federal Reserve Board have reached similar reporting decisions for the savings associations and bank holding companies that they supervise.

Additionally, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision (the agencies) are describing the appropriate interim regulatory capital treatment of derivatives for banks, bank holding companies, and savings associations (collectively, banking organizations).

The agencies are taking these actions in response to the June 1998 issuance of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133). Although FAS 133 does not become effective until fiscal years beginning after June 15, 1999, banking organizations may adopt the standard early. This new accounting standard requires that all derivatives be recorded on the balance sheet as assets or liabilities at their fair value. In addition, it significantly changes the accounting for derivatives used for hedging purposes and for financial instruments with certain types of embedded derivatives. These new accounting requirements may affect the amount of a banking organization's recorded assets, liabilities, and equity, and corresponding regulatory capital levels.

The agencies are issuing the interim guidance to explain how derivatives should be reported in the bank Reports of Condition and Income (Call Report), the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C), and the Thrift Financial Report (TFR), and treated under the agencies' existing capital standards after a banking organization adopts FAS 133.

Regulatory Reporting

For purposes of the Call Report, FR Y-9C, and TFR, changes in the fair value of many derivatives are to be reflected in net income. However, FAS 133 requires that the effective portion of the change in the fair value of derivatives used in certain types of hedges (cash flow hedges) be excluded from net income and reflected on the balance sheet in a separate component of equity (referred to as "accumulated other comprehensive income" in FAS 133).[1] For banks and bank holding companies, until any revisions are made to the relevant regulatory reports, those accumulated changes in fair value should be reported on the same Call Report and FR Y-9C lines that are used to report net unrealized holding gains (losses) on available-for-sale securities. For savings associations, those accumulated changes in fair value should be reported on the same TFR line that is used to report other components of equity capital.

Regulatory Capital

Until the agencies determine otherwise, the separate component of equity resulting from cash flow hedges should not be included in (that is, should be excluded from) regulatory capital. Additionally, the existing risk-based capital treatment for derivatives remains in effect, pending further review. In other words, recording a derivative on the balance sheet under FAS 133 will not change the risk-weighted asset amount for that derivative. The implementation of FAS 133, however, may still affect an institution's regulatory capital. Changes in the fair value of derivatives that are recognized in net income will be included in undivided profits (retained earnings for

1. In general, the effective portion of a hedge is best described as the change in fair value of the derivative that offsets the change in expected cash flows on the hedged item.

bank holding companies and savings associations), which is a component of tier 1 capital. Furthermore, the on-balance-sheet reporting of derivatives may affect the total assets reported by banking organizations with derivatives, directly affecting the institution's leverage ratio.

The agencies are evaluating the effect of FAS 133 on regulatory reporting and capital in conjunction with other supervisory issues. However, pending the completion of that analysis, banking organizations should follow the regulatory reporting guidance and capital treatment summarized above and more fully described in the attachment.[2]

Issuance of a Uniform Interagency Policy Statement on Intercompany Tax Allocation Agreements for Banking Organizations and Savings Associations

The Federal Reserve Board, along with the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision (the agencies) issued a uniform interagency policy statement regarding intercompany tax allocation agreements for banking organizations and savings associations that file an income tax return as members of a consolidated group. The policy statement was effective November 23, 1998.

The statement is intended to provide guidance to institutions regarding the allocation and payment of taxes among a bank holding company and its depository institution subsidiaries. In general, intercorporate tax settlements between an institution and its parent company should be conducted in a manner that is no less favorable to the institution than if it were a separate taxpayer.

The policy statement is the result of the agencies' ongoing effort to implement section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, which requires the agencies to work jointly to make uniform their regulations and guidelines implementing common statutory or supervisory policies.

Proposed Actions

The Federal Reserve Board on December 1, 1998, published proposed revisions to the official staff commentary that applies and interprets the requirements of Regulation M (Consumer Leasing). Comments were requested by January 22, 1999.

The Federal Reserve Board on December 2, 1998, published proposed revisions to the official staff commentary that applies and interprets the requirements of Regulation Z (Truth in Lending). Comments were requested by January 22, 1999.

The Federal Reserve Board is requesting comments on proposed amendments to Regulation CC (Availability of Funds and Collection of Checks) to temporarily extend one-year merger transition provisions to facilitate banks' efforts for Year 2000 readiness. The deadline for comments, originally January 4, 1999, was extended to February 1, 1999.

The Federal Reserve Board on December 7, 1998, requested comments on a proposed rule that will require the domestic and foreign banking organizations supervised by the Federal Reserve to develop and maintain "Know Your Customer" programs. Comments were requested by March 8, 1999.

The Federal Reserve Board on December 16, 1998, requested comments on the benefits and drawbacks of providing settlement finality on the morning of the settlement day for automated clearinghouse credit transactions processed by the Federal Reserve. Comments were requested by March 18, 1999.

Enforcement Actions

The Federal Reserve Board on December 4, 1998, announced the issuance of a combined order to cease and desist and order of assessment of civil money penalties against Putra Masagung and P.T. Gunung Agung, Ltd. Corporation, Jakarta, Indonesia, and an order of prohibition against Mr. Masagung.

Mr. Masagung and P.T. Gunung Agung, without admitting to any allegations, consented to the issuance of the order in connection with allegations that Mr. Masagung and P.T. Gunung Agung violated the Bank Holding Company Act as a result of P.T. Gunung Agung's acquisition of a beneficial ownership interest in The San Francisco Company, San Francisco, California, a registered bank holding company. The San Francisco Company owns the Bank of San Francisco.

The order required Mr. Masagung and P.T. Gunung Agung to sell their interests in The San Francisco Company through a voting trust. The order also requires Mr. Masagung to pay a civil money penalty of $250,000 and P.T. Gunung Agung to pay a civil money penalty of $200,000.

The issuance of the order by the Board does not relate in any manner to the condition or activities

2. The attachment is available on request from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551 and on the Board's web site (http://www.federalreserve.gov) under "Press Releases—General."

of the Bank of San Francisco, and the sale by Mr. Masagung and P.T. Gunung Agung of their interests in The San Francisco Company should not affect the bank's operations.

The Federal Reserve Board on December 7, 1998, announced the execution of a written agreement by and among the Southern Security Bank, Hollywood, Florida, the Federal Reserve Bank of Atlanta, and the State Comptroller and Banking Commissioner of the State of Florida.

The Federal Reserve Board on December 14, 1998, announced the issuance of a cease and desist order against the Zia New Mexico Bank, Tucumcari, New Mexico. The order addresses the bank's Year 2000 readiness.

The Federal Reserve Board on December 16, 1998, announced the issuance of a final decision and order of prohibition and restitution against Ricardo Carrasco, a former employee of the New York Branch of BankBoston International, Coral Gables, Florida. The order prohibits Mr. Carrasco from participating in the conduct of the affairs of any financial institution or holding company and requires him to make restitution of $73 million to reimburse BankBoston International for losses he caused in connection with certain overdraft accounts.

The Federal Reserve Board on December 16, 1998, announced the issuance of an order of assessment of a civil money penalty against Kassahum Kebede, a former employee and institution-affiliated party of the Bankers Trust Company, New York, New York, a state member bank.

Mr. Kebede, without admitting to any allegations, consented to the issuance of the order in connection with his involvement in the recording of leveraged derivative transactions on the books and records of the Bankers Trust Company. Mr. Kebede paid a fine of $15,000.

The Federal Reserve Board on December 16, 1998, announced the issuance of an order of assessment of a civil money penalty against the P.T. Ekspor Impor Bank Indonesia (Persero), Jakarta, Indonesia, and the bank's New York Agency.

P.T. Ekspor Impor Bank Indonesia (Persero) and the agency, without admitting to any allegations, consented to the issuance of the order in connection with allegations that they failed to comply with the terms of the written agreement that they entered into on December 29, 1994, with the Federal Reserve Bank of New York and the Superintendent of Banks of the State of New York.

P.T. Ekspor Impor Bank Indonesia (Persero) and the agency paid a $50,000 penalty to the Federal Reserve Board and paid $50,000 to New York State.

The Federal Reserve Board on December 16, 1998, announced the issuance of an order of prohibition against Fred J. Smilek, a former officer of the Chemical Bank, New York, New York, a former state member bank.

Mr. Smilek, without admitting to any allegations, consented to the issuance of the order because of his alleged misappropriation of approximately $275,000 during the period when he was an officer of the bank.

The Federal Reserve Board on December 22, 1998, announced the execution of a written agreement by and among Adairsville Bancshares, Inc., Adairsville, Georgia; the Bank of Adairsville, Adairsville, Georgia; the Federal Reserve Bank of Atlanta; and the Banking Commissioner of the State of Georgia. The written agreement includes provisions addressing Year 2000 readiness.

Discontinuation of Two Statistical Tables in the *Federal Reserve Bulletin*

Publication of table 3.26, "Discount Rates of Foreign Central Banks," and table 3.27, "Foreign Short-Term Interest Rates," in the statistical appendix of the *Federal Reserve Bulletin* will be discontinued as of the March 1999 issue. This change has been prompted by the effects of the introduction of the euro on the structure of markets. Data for December 1998 appear in these tables on page A61 of this issue.

Publication of the December 1998 Update to the *Bank Holding Company Supervision Manual*

The December 1998 update to the *Bank Holding Company Supervision Manual*, Supplement No.15, has been published and is now available. The *Manual* comprises the Federal Reserve System's bank holding company supervisory and inspection guidance. The new supplement includes the following.

1. New or supplemental examiner supervisory guidance for identifying and evaluating the adequacy and extent of risk management and its associated systems, including the needed policies, procedures,

and internal controls. Such supervisory guidance is provided for commercial lending standards, private banking activities, internal credit-rating systems (that is, at large, sound institutions), information technology utilization, internal audit function and its outsourcing, and involvement in secondary market activities. Each section includes the bank holding company inspection policies, objectives, and procedures.

2. The Board's 1998 adoption of changes to the capital adequacy standards for state member banks and bank holding companies. The changes consist of the following:

- Amendment effective August 25, 1998, to the risk-based measure that applies to holding equity securities, whereby up to 45 percent of pretax net unrealized holding gains on certain available-for-sale securities can be included in tier 2 capital
- Increase adopted August 4, 1998 (for the risk-based capital and leverage measures), from 50 percent to 100 percent of tier 1 capital for the amount of intangible servicing assets (mortgage servicing assets and nonmortgage servicing assets) and purchased credit-card relationships that may be included in regulatory capital[1]
- Adoption on May 29, 1998, of the tier 1 leverage capital standard that provides for a minimum ratio of tier 1 capital to total assets of 3 percent if a bank holding company has been rated either a composite "1" under the Federal Reserve's bank holding company rating system (BOPEC), or if it has implemented the Board's risk-based capital market risk measure.

3. Changes emanating from the Federal Financial Institutions Examination Council's (FFIEC's) April 1998 *Statement on Investment Securities and End-User Derivatives Activities* that replaced the 1992 FFIEC *Supervisory Policy Statement on Securities Activities.*

4. Changes to several sections involving the "laundry list" of nonbanking activities for Regulation Y (Bank Holding Companies and Change in Bank Control), effective in April 1997. The new or revised sections include such activities as the following:

- Providing to customers as agent certain other transactional services with respect to swaps and similar transactions, bank-eligible transactions, certain permissible investment transactions entered into as principal, including derivatives contracts relating to a commodity that is traded on an exchange
- Investment transactions as principal including such transactions as underwriting and dealing in bank-eligible government obligations and money market instruments; investing and trading activities involving foreign exchange; swaps and certain derivative and similar contracts based on a rate, price, financial asset, nonfinancial asset, or group of assets, other than a bank-ineligible security
- Other examples of nonbanking activities that were previously approved only by Board order before April 1997, such as the issuance and sale at retail of consumer payment instruments; support services, such as printing and selling MICR-encoded items; and the buying and selling of bullion and related activities.

A more detailed summary of changes is included with the update package. The *Manual's* new or revised sections include inspection guidance and inspection objectives and procedures. The *Manual* and updates, including pricing information, are available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551 (or charge by facsimile: 202-728-5886). The *Manual* is also available on the Board's public web site (www.federalreserve.gov/boarddocs/SupManual/).

CHANGES IN BOARD STAFF

The Board of Governors announced the following officer actions, effective January 4, 1999:

In the Office of Board Members, the promotion of Winthrop P. Hambley, from Special Assistant to the Board to Deputy Congressional Liaison.

In the Division of Research and Statistics, a change in title of David S. Jones, from Assistant Director and Chief to Senior Adviser.

In the Division of Reserve Bank Operations and Payment Systems, the appointments of Jeff Stehm and Kenneth D. Buckley as Assistant Directors.

Mr. Stehm joined the Boards's staff in 1983. He will assume responsibility for the newly formed Retail Payments Section and the expanded Wholesale Payments Section. He received a B.S. and an M.A. from Iowa State University.

1. A further sublimit of 25 percent of tier 1 capital applies to the aggregate amount of nonmortgage servicing assets and purchased credit-card relationships. The valuation of mortgage servicing assets, nonmortgage servicing assets, and purchased credit-card relationships is also subject to a 10 percent discount.

Mr. Buckley joined the Board's staff in 1988. He will assume responsibility for the Information Technology and Systems Section, the Building Planning Section, and the Protection Function. He received a B.A. from William Paterson College, an M.S. from the Medical College of Virginia, and an M.S. from Virginia Polytechnic Institute.

Also in the Division of Reserve Bank Operations and Payment Systems, David L. Robinson, Deputy Director for Finance and Control, and Earl G. Hamilton, Assistant Director, retired, effective January 1, 1999. □

Minutes of the Federal Open Market Committee Meeting Held on November 17, 1998

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, November 17, 1998, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Ferguson
Mr. Gramlich
Mr. Hoenig
Mr. Jordan
Mr. Kelley
Mr. Meyer
Ms. Minehan
Mr. Poole
Ms. Rivlin

Messrs. Boehne, McTeer, Moskow, and Stern, Alternate Members of the Federal Open Market Committee

Messrs. Broaddus, Guynn, and Parry, Presidents of the Federal Reserve Banks of Richmond, Atlanta, and San Francisco respectively

Mr. Bernard, Deputy Secretary
Ms. Fox, Assistant Secretary
Mr. Mattingly, General Counsel
Mr. Prell, Economist

Messrs. Cecchetti, Dewald, Lindsey, Simpson, Sniderman, and Stockton, Associate Economists

Mr. Fisher, Manager, System Open Market Account

Mr. Winn, Assistant to the Board, Office of Board Members, Board of Governors

Ms. Johnson, Director, Division of International Finance, Board of Governors

Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors

Messrs. Alexander and Hooper, Deputy Directors, Division of International Finance, Board of Governors

Messrs. Madigan and Slifman, Associate Directors, Divisions of Monetary Affairs and Research and Statistics respectively, Board of Governors

Mr. Reinhart, Deputy Associate Director, Division of Monetary Affairs, Board of Governors

Mr. Whitesell, Assistant Director, Division of Monetary Affairs, Board of Governors

Ms. Garrett, Economist, Division of Monetary Affairs, Board of Governors

Mr. Kumasaka, Assistant Economist, Division of Monetary Affairs, Board of Governors

Ms. Low, Open Market Secretariat Assistant, Division of Monetary Affairs, Board of Governors

Mr. Moore, First Vice President, Federal Reserve Bank of San Francisco

Messrs. Beebe, Eisenbeis, Ms. Krieger, Messrs. Lang, and Rosenblum, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Atlanta, New York, Philadelphia, and Dallas respectively

Messrs. Evans, Fuhrer, Hetzel, Miller, and Sellon, Vice Presidents, Federal Reserve Banks of Chicago, Boston, Richmond, Minneapolis, and Kansas City respectively

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on September 29, 1998, were approved. The Manager of the System Open Market Account reported on recent developments in foreign exchange markets. There were no open market operations in foreign currencies for the System's account in the period since the previous meeting, and thus no vote was required of the Committee.

The Manager also reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period September 29, 1998, through November 16, 1998. By unanimous vote, the Committee ratified these transactions.

The Manager informed the Committee that he planned to initiate outright purchases in the secondary market of inflation-indexed Treasury securities. In the past, the System had been acquiring holdings of such securities in Treasury auctions in exchange for maturing nominal obligations. In the Manager's opinion, secondary market transactions would provide a helpful addition to the current range of assets that the System normally purchased, especially in a period of little or no increase in Treasury debt. Some members expressed concern that sizable purchases of indexed securities by the central bank might impair the liquidity of the market and limit the usefulness of these obligations as indicators of inflationary expectations. It was noted, however, that relatively limited System purchases of such securities were contemplated so that the market was not likely to be significantly affected. Moreover, the System's participation could contribute to a more active and liquid secondary market.

In further discussion of the wording of the operating paragraph of its directive, the Committee at this meeting focused on proposals by members to simplify and clarify the sentence relating to the symmetry or asymmetry of the directive as it applied to possible future policy changes. Time constraints did not permit the Committee to complete its deliberations, and it agreed to continue its discussion at a later meeting.

The Committee then turned to the economic and financial outlook and the implementation of monetary policy over the intermeeting period ahead. A summary of the economic and financial information available at the time of the meeting and of the Committee's discussion is provided below, followed by the domestic policy directive that was approved by the Committee and issued to the Federal Reserve Bank of New York. Committee decisions to amend the Authorization for Domestic Open Market Operations and to renew certain swap line agreements also are summarized below.

The information reviewed at this meeting suggested some moderation in the expansion of economic activity from a brisk pace during the summer months. Although growth of economic activity in the third quarter apparently about matched the pace in the first half of the year, a large buildup of nonfarm inventories had accounted for a significant portion of the persisting strength of the expansion during the quarter. Growth in consumer spending had been well maintained during the summer months, and housing activity had remained at a high level. In other major sectors of the economy, business fixed investment had softened after having surged in the first half, and net exports had declined further, although at a reduced pace. Growth in employment had slowed appreciably on balance during the summer and early fall months, but tight conditions had persisted in most labor markets. Recent wage and price developments had been mixed.

Growth in nonfarm payroll employment slowed appreciably in September and October. The slowing partly reflected sizable job losses in manufacturing, which has been substantially affected since earlier in the year by rising foreign competition stemming from the crisis in Asia. Outside of manufacturing, increases in employment in the service-producing industries moderated somewhat over the two months, although gains in finance, insurance, and real estate were relatively robust. The civilian unemployment rate remained near 4½ percent during the two months.

Industrial output had declined slightly in recent months after having rebounded in August when production resumed at General Motors following settlement of the labor strike. Outside the motor vehicle sector, manufacturing output edged lower in recent months after having decelerated markedly earlier in the year. Weakness in the manufacturing and mining sectors was associated in large measure with the fallout from the turmoil in Asia, its repercussions on a number of U.S. trading partners, and the related softness in world oil markets. The downward trend in the utilization of capacity in manufacturing left the factory operating rate appreciably below its level of late last year.

Personal consumption expenditures rose considerably further during the third quarter, though at a much slower pace than that recorded earlier in the year. Retail sales were down slightly on balance during the quarter, reflecting a sharp drop in sales of motor vehicles associated with the work stoppage at General Motors. However, the settlement of that strike and the resumption of production led to an upturn in motor vehicle sales in August and a sizable advance in September. A large further gain in such sales contributed to a sharp rise in overall retail sales in October. Consumer confidence retreated further in October, but according to a major survey it turned up in early November, albeit to a level still somewhat below its peak earlier in the year.

Available indicators pointed to a pickup in business capital spending after a third-quarter lull, owing to some extent to a recovery from the General Motors strike. Business investment expenditures during the summer were held down in part by the strike-related decline in fleet sales of new motor vehicles. In addition, spending for other types of business equipment grew somewhat more slowly in the third quarter after having expanded at an extraordinary pace earlier in the year. Orders received by U.S. equipment makers continued to trend up through September. In contrast, nonresidential building activity apparently fell somewhat further in the third quarter. While the construction of lodging facilities surged and the construction of office space persisted at a high level, there was a decline in other commercial building, which includes retail stores and warehouses, industrial structures, and institutional buildings. The availability of financing for various types of construction appeared to lessen substantially in late summer, and financing costs rose for many borrowers.

In the residential sector, housing sales and starts remained quite strong, though below early summer highs. Housing activity showed signs of dropping off from peak levels during the latter part of the summer, but the decline in mortgage rates this fall produced an upturn in several indicators of demand for single-family housing, including a rebound in a survey index of homebuying conditions. Multifamily housing starts increased considerably in the third quarter, but since late summer the availability of financing for multifamily building projects has tended to diminish and interest costs to rise.

Business inventory accumulation was sizable in the third quarter, and stocks–sales ratios rose to uncomfortable levels in some industries that were being adversely affected by the nation's growing trade deficit. In manufacturing, however, stockbuilding slowed during the summer months and the stock–shipment ratio was unchanged at a level just above its average for the past year. At the wholesale level, a rapid increase during the third quarter lifted the inventory–sales ratio for this sector to its highest level since 1986; nearly half the rise was the result of a buildup of farm products that was related in part to an early harvest, but wholesalers of machinery, chemicals, and metals and minerals also apparently experienced undesired buildups of stocks. Retail inventories excluding motor vehicles accumulated at a slow pace during the summer, and the inventory–sales ratio for this category remained well within the narrow range of the past year.

The nominal deficit on U.S. trade in goods and services widened to some extent in July–August from its second-quarter average. The value of imports in the July–August period, though rising appreciably in August, was somewhat below the second-quarter average, with most of the decline involving automotive products and oil. The value of exports fell somewhat over the two months, largely reflecting declines in exports of automotive products and industrial supplies and reduced service transactions. Decreases in exports partly reflected weakness in foreign economies. In the third quarter, growth in economic activity slowed on average in the major industrial countries, other than Japan, from the average pace in the first half of the year and contracted for a fourth consecutive quarter in Japan. There were widespread indications in the industrial nations, particularly from surveys of business and consumer confidence, that some slowing was persisting into the fourth quarter. Elsewhere, the available evidence pointed to some improvement in economic trends in a number of Asian nations, but the economies of several sizable South American countries appeared to have weakened. Recent economic indicators for Mexico were mixed.

The performance of various measures of wages and prices was uneven in recent months. The most recently available employment cost index indicated that hourly compensation of private industry workers posted a sizable increase in the third quarter. However, gains in average hourly earnings moderated considerably in September and October. The increase in the employment cost index over the past year was appreciably larger than in the previous year, while the advance in average hourly earnings moderated somewhat.

Consumer energy prices rose appreciably in October, but they were still down sharply from a year earlier and on balance limited the increase of overall consumer prices over the past year. Core consumer prices moved up at a faster pace than overall consumer prices in recent months and over the past year, reflecting sizable increases in the prices of tobacco, used cars and trucks, and services. At the producer level, prices of finished goods edged up in recent months but were down on balance over the past year; excluding food and energy items, producer prices rose somewhat over the past year.

At its meeting on September 29, 1998, the Committee adopted a directive that called for implementing conditions in reserve markets that were consistent with a one-quarter percentage point decrease in the federal funds rate to an average of around 5¼ percent. The Committee also decided to adopt an asymmetric directive that was tilted toward ease to highlight its view that the risks to the economic expansion were mainly on the downside and to underscore its readiness to respond promptly to developments that threatened the sustainability of the expansion. The reserve conditions associated with this directive were expected to be consistent with some moderation in the growth of M2 and M3 over subsequent months.

Following the meeting, open market operations were directed initially toward implementing a slight easing in the degree of pressure on reserve positions. The federal funds rate, responding to quarter-end pressures and uncertainties created by shifting funding patterns in volatile financial markets, tended at first to average somewhat above the intended rate of 5¼ percent despite a relatively liberal provision of reserves by the System. Strains in financial markets continued to mount, with intermediaries and final investors much more cautious about risks and leverage and much more eager to hold very liquid assets. These developments in turn disrupted flows of funds in a number of financial markets. On October 15, the Committee discussed these developments and their implications for the domestic economy, and the members supported the Chairman's suggestion that, in keeping with the directive issued at the September 29 meeting, he instruct the Federal Reserve Bank of New York to reduce the intended federal funds rate by a further 25 basis points to around 5 percent. On the same day, the Board of Governors approved a reduction in the discount rate from 5 percent to 4¾ percent. These actions were taken in the light of growing indications of caution by lenders and unsettled conditions in financial markets more generally that were deemed likely to restrain aggregate demand in the future. Subsequently, trading in the federal funds market remained relatively volatile but the federal funds rate averaged close to its lower intended level. In financial markets more generally, strains gradually moderated after mid-October and sizable issuance of securities resumed in a number of key markets, but uncertainty remained high and relatively illiquid conditions persisted. In the stock market, share prices dropped in the weeks following the September meeting, but the market rallied strongly after mid-October and key market indexes posted sizable gains on balance over the intermeeting period.

In foreign exchange markets, the trade-weighted value of the dollar fell moderately over the period in relation to other major currencies. The largest decline occurred in relation to the Japanese yen and appeared to reflect efforts to reduce speculative exposure to that currency; changes in the value of the dollar against other major currencies were mixed, likely fostered by disparate interest rate and economic developments. The dollar also fell somewhat in terms of a broad index of currencies of other countries that are important trading partners of the United States, including the developing nations of Latin America and Asia.

M2 and M3 posted very large increases in September and October. The gains appeared to be induced to an important extent by increased demand for safe and liquid assets in a period of substantial turmoil in financial markets that led to shifts of funds by households out of investments in equities and lower-rated corporate debt. The advance in M2 during October probably also was boosted by the decline in its opportunity cost resulting from the effects of the System's easing actions on market interest rates and the unusual softness in Treasury bill rates during much of the month. The even faster increase in M3 in October also reflected both inflows to institution-only money market mutual funds that were stimulated by declines in short-term market rates and bank efforts to fund heavy demand for loans arising in part from the deflection of demand for funding from securities markets. For the year through October, both aggregates rose at rates well above the Committee's ranges for the year. Expansion of total domestic nonfinancial debt moderated slightly in recent months after having picked up earlier in the year.

The staff forecast prepared for this meeting continued to point to considerable slowing in the expansion of economic activity to a pace appreciably below the estimated growth of the economy's potential, but the expansion was expected to pick up later to a rate more in line with that potential. Subdued expansion of foreign economic activity and the lagged effects of the earlier rise in the foreign exchange value of the dollar were expected to place considerable, albeit diminishing, restraint on the demand for U.S. exports for some period ahead and to lead to further substitution of imports for domestic products. Domestic production would also be held back for a time by the efforts of firms to bring inventories into better balance with the anticipated moderation in the trajectory of final sales. In addition, private final demand would be restrained a bit by the tighter terms and conditions that were now imposed by many types of lenders and by the anticipated waning of positive wealth effects stemming from earlier increases in equity prices. Pressures on labor resources were likely to ease somewhat as the expansion of economic activity moderated, but inflation was projected to rise considerably over the year ahead in association with a partial reversal of the decline in energy prices this year.

In the Committee's discussion of current and prospective economic developments, members observed that indications of some moderation in the pace of the economic expansion were still quite limited, but they generally agreed that the economy appeared to be headed toward slower growth. Relatively tight profit margins and less ebullient growth in wealth were among the factors expected to be damping investment and consumption. In addition, even apart from the possibility of further financial contagion in Latin America, the weakness in foreign economies continued to be seen as a persistent source of restraint on demand in a number of domestic sectors, notably manufacturing, agriculture, and some extractive businesses. Although the financial markets had improved substantially in recent weeks, overall credit conditions were still relatively unsettled and a possible reintensification of difficulties in credit markets constituted an important downside risk to the expansion. The members recognized that not all the risks were in one direction, however. The economy had demonstrated remarkable resilience and strength over recent years, and in the view of some members the rapid growth of liquidity and bank credit suggested that financial conditions were not excessively tight. With regard to the outlook for inflation, members noted that while statistical and anecdotal information pointed to persistently tight labor markets in much of the nation, price inflation remained subdued. Indeed, even though the recent evidence relating to prices was somewhat mixed, several broad measures of prices suggested that inflation might be on a declining trend.

In the course of the Committee's discussion, the members gave considerable attention to recent financial developments and their implications for the economic outlook. Financial markets clearly had calmed markedly since the System's easing actions in mid-October, though they were still atypically volatile. Risk spreads had narrowed substantially and other measures of financial market performance also suggested that risk aversion and the related desire for liquidity had diminished appreciably. Markets for new issues had reopened for many borrowers, and stock market prices had posted large gains. Nonetheless, strains and weaknesses in financial markets had not disappeared—many risk spreads were still at unusually high levels—and the markets remained quite sensitive to unanticipated developments. Members also noted that the improvement in debt markets appeared to have come to a halt most recently and that renewed strains had emerged in some short-term debt markets, though the latter probably were related in large measure to concerns about year-end pressures in the money markets. Indeed, efforts by lenders and borrowers to position for year-end financial statements were likely to contribute considerably to keeping market conditions unsettled over coming weeks. Lending activity at banks had increased sharply in recent months as many borrowers found other sources of funds less receptive or unavailable and turned to backup lines for credit, but banks also had tightened their credit terms and standards for most new loans and lines of credit. As a result, financing generally had become less available and more expensive for higher-risk business borrowers. In light of these developments, members believed that the continuing fragility of financial markets and the increased scrutiny of the credit quality of borrowers, though the latter was in some respects a welcome development, posed a considerable downside risk to the expansion. The very recent behavior of equity prices was difficult to explain satisfactorily, and potential movements in those prices posed risks on both sides of the most likely forecast: A future substantial increase would bolster wealth and spending, but a sharp decline also could not be ruled out—especially if, as seemed quite possible, added increases in prices were not supported by robust increases in profits.

Foreign economic and financial developments were another important source of downside risk and uncertainty. The economic and financial turmoil in Asia had spread to numerous other nations around the world and to an extent to the United States. While economic weakness in many U.S. trading partners likely would continue to have adverse effects on net U.S. exports, the potential extent of such weakness was subject to considerable uncertainty as were the associated repercussions on financial markets. As they had at previous meetings, members referred to numerous anecdotal reports of heightened competition from foreign producers that was curbing the sales of many domestic manufacturers, notably in the steel industry, and in some other industries and agriculture. Moreover, the low level of world oil prices, which appeared to be importantly associated with diminished demand from Asian countries, was retarding production and reducing revenues in the U.S. energy and related industries. On the positive side, members commented that economic and financial conditions appeared to have stabilized or improved a bit in a number of Asian nations, though the recession in Japan showed little evidence of coming to an end, and the outlook for Brazil seemed a little more promising. However, economic and financial conditions in Brazil and a number of other countries remained very fragile. The recent depreciation of the dollar, while perhaps putting some upward pressure on prices, would damp the deterioration in net U.S. exports.

In their review of recent and prospective developments across the nation and in key sectors of the economy, members referred to scattered indications of some slowing in private domestic final demands. In the important consumer sector, however, evidence of weakening growth in expenditures was quite limited. The most recent anecdotal reports pointed to solid growth in most though not all regions of the country, and retail sales posted a strong advance in October. Moreover, consumer sentiment remained at a high level, albeit below its peak earlier in the year according to a recent survey. Members commented, however, that the more moderate growth in employment and incomes experienced recently likely would persist and should result in reduced gains in consumer expenditures next year, but they also noted that the extent of the deceleration was subject to considerable uncertainty. Some members referred to reports from contacts in the retailing industry who expressed some concern about the potential for weaker retail sales after the holiday season. A significant factor bearing on consumer spending would be the performance of the stock market. The impetus from the wealth effects of rapidly rising share prices would wane if such prices were to stabilize near current levels.

With regard to business fixed investment, anecdotal evidence was accumulating that many business firms, notably in manufacturing, were scaling back their planned capital outlays for the year ahead. Factors contributing to the prospective deceleration in business capital expenditures included a weaker trend in profits over the past several quarters, a related deterioration in business cash flows, and a large buildup in capacity over the course of recent years. Members also referred to indications of curtailed availability and more costly financing for some businesses, notably for relatively speculative construction projects. A number of members observed that the latter was a healthy development in that it would tend to hold down overbuilding in some areas. Overall, capital expenditures would undoubtedly recover from their slight decline during the summer months, but the outlook was for growth next year at a pace well below that experienced for an extended period before mid-1998. Housing construction was expected to remain at a high level, buttressed by attractive terms on new home mortgages, but housing activity appeared to have peaked or declined slightly in some regions.

The rapid buildup in inventories during the third quarter was not likely to continue, but the timing and extent of the expected moderation were largely unpredictable. It was noted in this regard that while inventories appeared to have risen to uncomfortable levels in some industries, there was no evidence of a general inventory overhang. Looking ahead, the projected slowing in the growth of final sales, including the effects of weak export markets, likely would reinforce business efforts to bring the growth of their inventories into better alignment with that of their sales, and such a development should contribute to the projected slowing in overall economic activity in coming quarters. It was unclear at this point to what extent year 2000 concerns might stimulate extra inventory investment prior to the end of 1999.

In their review of developments bearing on the outlook for inflation, members commented that labor markets remained exceptionally tight, though there was little evidence that they had tightened further in recent weeks. Employers were continuing to resist pressures to grant unusually large wage increases, and the persistence of vigorous competition, including that from Asian imports, was preventing most business firms from passing cost increases through to prices. Indeed, the declining trend in profits in recent quarters suggested that many firms were absorbing some of their rising labor costs to the extent that the latter were not offset by improvements in productivity. Looking ahead, slower growth in economic activity would tend to hold down pressures on wages and prices during 1999 and imports from Asian and other depressed economies would continue to generate intense competition in many markets; but labor markets remained tight, energy and commodity prices could well turn up after substantial declines, and the recent depreciation of the dollar would lessen pressures from foreign competition. A number of members expected that, on balance, inflation might be less favorable next year, though any deterioration in underlying trends should be relatively limited; others anticipated little change in and possibly some further ebbing of price inflation, extending the subdued behavior of a number of comprehensive measures of prices.

In the Committee's discussion of policy for the intermeeting period ahead, nearly all the members indicated that they could accept a proposal to reduce the federal funds rate by a further 25 basis points to an average of 4¾ percent. This policy decision was viewed as a close call by several members. While the growth of the economy was expected to slow appreciably over the year ahead, the expansion currently displayed only modest signs of moderating from what seemed to be an unsustainable pace. Moreover, many members saw some risk that an easing move at this point might trigger a strong further advance in stock market prices that would not be justified on the basis of likely future earnings and could therefore lead to a relatively sharp and disruptive market adjustment later. The members were more concerned, however, about the risks stemming from the still sensitive state of financial markets, and in that regard many believed that a prompt policy easing would help to ensure against a resurgence of severe financial strains. A further easing move would complete the policy adjustment to the changed economic and financial climate that had emerged since midsummer and would provide some insurance against any unexpectedly severe weakening of the expansion. Most members saw little risk that a modest easing would ignite inflationary pressures in the economy, given the subdued behavior of inflation and their outlook for economic activity. Moreover, the easing could readily be reversed if unexpected circumstances should call for such an action. In this view, the risks of inaction were greater in terms of the potential financial consequences and also could materialize much sooner than the risks of stimulating greater inflation through the slight easing that was contemplated.

Some members indicated that in light of continued robust economic growth, tight labor markets, and improving financial conditions they had a preference for awaiting further developments that might provide a stronger basis for an easing action. Some of these members expressed concern that easier reserve conditions would accommodate a step-up in monetary growth that was already quite rapid, with potentially inflationary consequences later. Nonetheless, all but one of these members could endorse the decision to ease, given the evident downside risks in the international situation, financial market uncertainty, the likelihood that inflation would still be quite low, and the possibility of reversing the action reasonably promptly should circumstances warrant.

Given its decision to ease policy, the Committee favored a change to symmetry from the asymmetry toward ease in its recent directives. A symmetrical directive was now felt to be appropriate in light of the Committee's expectation that further easing was not likely to be needed over the months ahead unless ongoing developments pointed to a more substantial decline in the growth of economic activity or further ebbing of inflation than was currently anticipated. The members recognized that the possible emergence of severe year-end pressures in the money market might require some temporary easing in reserve conditions, but such a development did not seem to have a high probability and could in any event be readily and properly accommodated regardless of the bias in the directive.

At the conclusion of the Committee's discussion, all except one member supported a directive that called for conditions in reserve markets that would be consistent with a slight decrease in the federal funds rate to an average of about 4¾ percent. These members also accepted a proposal to remove the bias toward easing that had been adopted at the previous meeting. Accordingly, in the context of the Committee's long-run objectives for price stability and sustainable economic growth, and giving careful consideration to economic, financial, and monetary developments, the Committee decided that a slightly higher federal funds rate or a slightly lower federal funds rate would be acceptable during the the intermeeting period. A staff analysis prepared for this meeting suggested that the reserve conditions contemplated by the Committee were likely to be consistent with some moderation in the growth of M2 and M3 over the months ahead.

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

The information reviewed at this meeting suggests some moderation in the expansion of economic activity from a brisk pace during the summer months. Growth in nonfarm payroll employment slowed appreciably in September and October; the civilian unemployment rate remained near 4½ percent. Industrial production has declined slightly in recent months. Business inventory accumulation was sizable in the third quarter, and stock–sales ratios rose to uncomfortable levels in some sectors strongly affected by the nation's trade deficit. The nominal deficit on U.S. trade in goods and services widened somewhat in July–August from its second-quarter average. Total retail sales rose sharply in October after increasing only moderately in August and September. Residential sales and building starts have remained quite strong, but below recent peaks. Available indicators point to a pickup in business capital spending after a lull in the third quarter, owing in part to a recovery from the summer strike in the motor vehicle industry. Trends in various measures of wages and prices have been mixed in recent months.

Most market interest rates have risen on balance since the meeting on September 29, though yields on the bonds of lower-rated firms have declined. The Board of Governors approved a reduction in the discount rate from 5 to 4¾ percent on October 15. Share prices in U.S. and global equity markets have remained volatile but have posted sizable gains on balance over the intermeeting period. In foreign exchange markets, the trade-weighted value of the dollar declined moderately over the period in relation to other major currencies; it also fell somewhat in terms of an index of the currencies of other countries that are important trading partners of the United States.

M2 and M3 have posted very large gains in recent months, reflecting the effects of recent System easing actions on market interest rates and shifts of funds by households out of investments in equities and lower-rated corporate debt. For the year through October, both aggregates rose at rates well above the Committee's ranges for the year. Expansion of total domestic nonfinancial debt has moderated slightly in recent months after a pickup earlier in 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 its meeting on June 30–July 1 the ranges it had established in February for growth of M2 and M3 of 1 to 5 percent and 2 to 6 percent respectively, measured from the fourth quarter of 1997 to the fourth quarter of 1998. The range for growth of total domestic nonfinancial debt was maintained at 3 to 7 percent for the year. For 1999, the Committee agreed on a tentative basis to set the same ranges for growth of the monetary aggregates and debt, measured from the fourth quarter of 1998 to the fourth quarter of 1999. 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 conditions in reserve markets consistent with decreasing the federal funds rate to an average of around 4¾ percent. 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, a slightly higher federal funds rate or a slightly lower federal funds rate would be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with some moderation in the growth in M2 and M3 over coming months.

Votes for this action: Messrs. Greenspan, McDonough, Ferguson, Gramlich, Hoenig, Kelley, Meyer, Ms. Minehan, Mr. Poole, and Ms. Rivlin. Vote against this action: Mr. Jordan.

Mr. Jordan dissented because he believed that the two recent reductions in the federal funds rate were sufficient responses to the stresses in financial markets that had emerged suddenly in late August. An additional rate reduction risked fueling an unsustainably strong growth rate of domestic demand. He expressed concern that the excessively rapid rates of growth of the monetary and credit aggregates were inconsistent with continued low inflation. Moreover, any further monetary expansion in response to economic weakness abroad could ultimately have a disrupting influence on domestic prosperity if policy were forced to reverse course at a later date to defend the purchasing power of the dollar.

Renewal of Reciprocal Currency Arrangements with the Banks of Canada and Mexico

The Committee voted unanimously to reauthorize Federal Reserve participation in the North American Framework Agreement, established in 1994, and the associated bilateral reciprocal currency ("swap") arrangements with the Bank of Canada and the Bank of Mexico. These arrangements, which predated the North American Framework Agreement, were linked into a trilateral facility in connection with the establishment of the North American Financial Group in 1994 to facilitate consultation and cooperation among the three countries in the area of macroeconomic policy as an outgrowth of the increasing integration of those economies expected to result from the North American Free Trade Agreement.

Owing to the formation of the European Central Bank and in light of 15 years of disuse, the bilateral swap arrangements of the Federal Reserve with the Austrian National Bank, the National Bank of Belgium, the Bank of France, the German Federal Bank, the Bank of Italy, and the Netherlands Bank were jointly deemed no longer to be necessary in view of the well established present-day arrangements for international monetary cooperation. Accordingly, it was agreed by all the bilateral parties to allow them to lapse. Similarly, it was jointly agreed to allow the bilateral swap arrangements between the Federal Reserve and the National Bank of Denmark, the Bank of England, the Bank of Japan, the Bank of Norway, the Bank of Sweden, the Swiss National Bank, and the Bank for International Settlements to lapse in light of their disuse and present day arrangements for international monetary cooperation.

Authorization for Domestic Open Market Operations

On the recommendation of the Manager, the Committee voted unanimously to amend the authorization for domestic open market operations to extend the maximum maturity of System repurchase agreements from 15 calendar days to 60 calendar days. The purpose of the expanded authority was to enhance the flexibility of the Manager in meeting reserve-supplying objectives during periods of pronounced seasonal needs, notably those associated with the year-end. Subject to the Committee's approval, the Manager would initiate the System's use of extended-term repurchase agreements ahead of the coming year-end, and he anticipated that such use could prove to be especially advantageous in late 1999 to the extent that year 2000 concerns generated accentuated seasonal demand for currency. In addition, the availability of the extended funding could help to allay concerns in the federal funds market about the cost of financing during periods of peak seasonal pressures, with favorable effects on the market's functioning.

Accordingly, effective November 17, 1998, paragraphs 1(b) and 3 of the authorization for domestic open market operations were amended to read as follows:

1. The Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York, to the extent necessary to carry out the most recent domestic policy directive adopted at a meeting of the Committee:

(b) To buy U.S. Government securities, obligations that are direct obligations of, or fully guaranteed as to principal and interest by, any agency of the United States, from dealers for the account of the Federal Reserve Bank of New York under agreements for repurchase of such securities or obligations in 60 calendar days or less, at rates that, unless otherwise expressly authorized by the Committee, shall be determined by competitive bidding, after applying reasonable limitations on the volume of agreements with individual dealers; provided that in the event Government securities or agency issues covered by any such agreement are not repurchased by the dealer pursuant to the agreement or a renewal thereof, they shall be sold in the market or transferred to the System Open Market Account.

3. In order to ensure the effective conduct of open market operations, while assisting in the provision of short-term investments for foreign and international accounts maintained at the Federal Reserve Bank of New York, the Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York (a) for System Open Market Account, to sell U.S. Government securities to such foreign and international accounts on the bases set forth in paragraph 1(a) under agreements providing for the resale by such accounts of those securities within 60 calendar days on terms comparable to those available on such transactions in the market; and (b) for New York Bank account, when appropriate, to undertake with dealers, subject to the conditions imposed on purchases and sales of securities in paragraph 1(b), repurchase agreements in U.S. Government and agency securities, and to arrange corresponding sale and repurchase agreements between its own account and foreign and international accounts maintained at the Bank. Transactions undertaken with such accounts under the provisions of this paragraph may provide for a service fee when appropriate.

It was agreed that the next meeting of the Committee would be held on Tuesday, December 22, 1998.

The meeting adjourned at 1:25 p.m.

Normand Bernard
Deputy Secretary

Legal Developments

Final Rule—Amendment to Regulation C

The Board of Governors is amending 12 C.F.R. Part 203, its Regulation C (Home Mortgage Disclosure). The Board is required to adjust annually the asset-size exemption threshold for depository institutions based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers. The adjustment reflects changes for the twelve-month period ending in November. During this period, the index increased by 1.3 percent; as a result, the threshold remains at $29 million. Thus, depository institutions with assets of $29 million or less as of December 31, 1998, are exempt from data collection in 1999.

Effective January 1, 1999, 12 C.F.R. Part 203 is amended as follows:

Part 203—Home Mortgage Disclosure (Regulation C)

1. The authority citation for Part 203 continues to read as follows:

Authority: 12 U.S.C. 2801-2810.

2. In Supplement I to Part 203, under Section 203.3—Exempt Institutions, under 3(a) *Exemption based on location, asset size, or number of home-purchase loans, paragraph 2 is revised to read as follows:*

Supplement I to Part 203—Staff Commentary

* * * * *

Section 203.3—Exempt Institutions

3(a) *Exemption based on location, asset size, or number of home-purchase loans.*

* * * * *

2. *Adjustment of exemption threshold for depository institutions.* For data collection in 1999, the asset-size exemption threshold is $29 million. Depository institutions with assets at or below $29 million are exempt from collecting data for 1999.

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

Cooper Life Sciences, Inc.
New York, New York

Greater American Finance Group, Inc.
New York, New York

Order Approving the Formation of Bank Holding Companies and Acquisition of a Bank

Cooper Life Sciences, Inc. ("CLS") and its wholly owned subsidiary, Greater American Finance Group, Inc. ("GAFG") (collectively, "Applicants"), have requested the Board's approval under section (3)(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become bank holding companies by acquiring control of up to 100 percent of the voting shares of The Berkshire Bank, New York, New York ("Berkshire").

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (63 *Federal Register* 43,950 (1998)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

Applicants, although previously engaged directly and indirectly in various activities, have no current business operations. CLS has an investment, however, that does not conform to the requirements of section 4 of the BHC Act (12 U.S.C. § 1843), which sets forth the investments and activities that are permissible for bank holding companies. Applicants have committed to conform their current investments to the requirements of the BHC Act within two years of the date of consummation of the proposal, including by divestiture if necessary, in accordance with section 4(a)(2) of the BHC Act (12 U.S.C. § 1843(a)(2)).

In reviewing the proposal under the BHC Act, the Board has considered the financial and managerial resources and future prospects of the companies and bank involved, the convenience and needs of the communities to be served, and certain supervisory factors. The Board has reviewed these factors in light of the facts of record, including supervisory reports of examination assessing the financial and managerial resources of Berkshire, discussions with appropriate federal and state banking supervisors and other appropriate federal agencies, and information provided by Applicants. The Board notes that Applicants would not incur or assume any debt in connection with the proposal, and that Berkshire would remain well capitalized after consummation of the proposal. Based on all the facts of record in this case, the Board concludes that the financial and managerial resources and future prospects of Applicants and Berkshire and other supervisory factors are consistent with approval of the proposal.

In considering the convenience and needs factor, the Board has reviewed the record of Berkshire under the Community Reinvestment Act ("CRA").[1] The Board notes that Applicants intend to continue the CRA program of Berkshire and do not intend to make any material changes in the products and services provided by Berkshire. The Board has evaluated the convenience and needs factor in light of examinations of the CRA performance record of Berkshire by the Federal Deposit Insurance Corporation ("FDIC"), the institution's appropriate federal banking supervisor, and the New York State Banking Department ("NYSBD"). Berkshire received "satisfactory" ratings from the FDIC and the NYSBD at the most recent examinations of its performance under the CRA. Based on all the facts of record, the Board concludes that convenience and needs considerations, including the CRA performance record of the relevant institution, are consistent with approval of the proposal.

As required under the BHC Act, the Board also considered the competitive effects of the proposal. The proposed transaction is a formation of bank holding companies that will control only one bank and, therefore, does not involve competing banking institutions. Accordingly, the Board concludes that the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market. Based on all the facts of record, the Board concludes that competitive considerations are consistent with approval.

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

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

By order of the Board of Governors, effective December 14, 1998.

1. 12 U.S.C. § 2901 *et seq.*

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Sulphur Springs Bancshares, Inc.
Sulphur Springs, Texas

Sulphur Springs Delaware Financial Corporation
Dover, Delaware

Order Approving the Acquisition of a Bank

Sulphur Springs Bancshares, Inc. and Sulphur Springs Delaware Financial Corporation (collectively "Sulphur Springs"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have requested approval by the Board under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire First National Bank, Sulphur Springs, Texas.[1]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (63 *Federal Register* 63,476 (1998)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

Sulphur Springs is the 158th largest commercial banking organization in Texas, controlling approximately $107.7 million in deposits, representing less than 1 percent of total deposits in commercial banking organizations in the state ("state deposits").[2] First National Bank is the 534th largest commercial banking organization in Texas, controlling approximately $26.2 million in deposits, representing less than 1 percent of state deposits. On consummation of the proposal, Sulphur Springs would be the 130th largest commercial banking organization in Texas, controlling approximately $133.9 million in deposits in the state, representing less than 1 percent of state deposits.

Competitive Considerations

The BHC Act prohibits the Board from approving an application under section 3 of the BHC Act if the proposal would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking. The BHC Act also prohibits the Board from approving a proposed combination that would substantially lessen competition or tend to create a monopoly in any relevant banking market, unless the Board finds that the anticompetitive effects of the proposal are clearly outweighed in the public

1. Sulphur Springs proposes to merge First National Bank with and into its subsidiary bank, City National Bank of Sulphur Springs. The Office of the Comptroller of the Currency ("OCC") has approved the proposed merger under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act").

2. State deposit data are as of June 30, 1997, and market data are as of June 30, 1998.

interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[3]

Sulphur Springs and First National Bank compete directly in the Hopkins County, Texas, banking market ("Hopkins County banking market").[4] City National Bank is the second largest of six depository institutions in the market, controlling deposits of $86.8 million, representing 26.1 percent of total deposits in depository institutions in the market ("market deposits").[5] First National Bank is the fifth largest depository institution in the market, controlling deposits of $26.2 million, representing 7.9 percent of market deposits. On consummation of the proposal, City National Bank would remain the second largest competitor in the market, controlling deposits of $113 million, representing 34 percent of market deposits. The Herfindahl–Hirschman Index ("HHI") for the market would increase by 411 points to 3150.[6]

Although consummation of the proposal would eliminate some existing competition in a highly concentrated market, certain factors mitigate the potential anticompetitive effects. The Board has considered as a significant factor First National Bank's financial condition and its ability to function as a viable competitor in the market. First National Bank recently has suffered financial and managerial difficulties that have prevented it from being an effective competitor. During the past three years, for example, the deposits of First National Bank have declined, and First National Bank's parent bank holding company filed for bankruptcy in 1997. The Board has considered the fact that First National Bank was offered for sale to numerous potential purchasers, and that only Sulphur Springs and one other party submitted bids. The major creditor of First National Bank's holding company has approved this bid. The acquisition is expected to result in significant public benefits by providing additional financial and managerial resources to the operations of First National Bank.

The Board also has considered that on consummation of the proposal, the Hopkins County banking market would continue to be served by four banks and a savings association, including City National Bank. All but one of the competitors remaining in the market would control more than 8 percent of market deposits, and the largest banking competitor would control 41.2 percent of market deposits.

The Department of Justice has conducted a detailed review of the proposal and has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market. As noted above, the OCC has reviewed and approved the proposed merger of City National Bank and First National Bank under the Bank Merger Act. The Federal Deposit Insurance Corporation has not objected to consummation of the proposal.

After carefully reviewing all the facts of record, and for the reasons discussed in this order, the Board concludes that consummation of the proposal would not likely result in any significantly adverse effects on competition or on the concentration of resources in the Hopkins County banking market or in any other relevant banking market. Accordingly, based on all of the facts of record, the Board has determined that competitive factors are consistent with approval of the proposal.

Other Factors Under the BHC Act

The BHC Act also requires the Board, in acting on an application, to consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal, the convenience and needs of the community to be served, and certain other supervisory factors.

The Board has carefully considered the financial and managerial resources and future prospects of Sulphur Springs, City National Bank and First National Bank; the structure of the proposed transactions; the resources of the combined organization; and other supervisory factors, in light of all the facts of record. As part of this consideration, the Board has reviewed relevant reports of examination and other supervisory information prepared by the Federal Reserve Bank of Dallas and other federal financial supervisory agencies.

City National Bank would be well capitalized after its merger with First National Bank. In addition, Sulphur Springs would be able to provide additional managerial and financial resources and has sufficient managerial and financial resources to address the condition of First National Bank. Based on these and other facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of Sulphur Springs and its respective subsidiaries and the other supervisory factors that the Board must consider under section 3 of the BHC Act weigh in favor of approval of the proposal.

The Board also has carefully considered the effects of the proposed acquisition on the convenience and needs of the community to be served in light of all the facts of

3. 12 U.S.C. § 1842(c).

4. The Hopkins County banking market comprises Hopkins County, Texas.

5. In this context, depository institutions include commercial banks, savings banks and savings associations. Market share data are based on calculations that include the deposits of thrift institutions 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, e.g., Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board has regularly included thrift deposits in the calculation of market share on a 50 percent weighted basis. *See, e.g., First Hawaiian Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

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

record. City National Bank and First National Bank have satisfactory records of performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The record of this application indicates, moreover, that this transaction would provide a substantial public benefit by preventing further deterioration of the financial condition of First National Bank. Based on all the facts of record, including the performance records of City National Bank and First National Bank under the CRA, the Board concludes that convenience and needs considerations are consistent with approval of the proposal.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the application should be, and hereby is, approved. Approval of the application is specifically conditioned on compliance by Sulphur Springs and City National Bank with all the commitments made in connection with the proposal and with the conditions stated or referred to in this order. For purposes of this transaction, the commitments and conditions referred to in this order shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective December 16, 1998.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

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

FirstMerit Corporation
Akron, Ohio

Order Approving the Acquisition of a Bank Holding Company

FirstMerit Corporation ("FirstMerit"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire Signal Corp., Wooster, Ohio ("Signal"), and its wholly owned subsidiary banks, Signal Bank, N.A., Wooster, Ohio ("Signal Bank"), and Summit Bank, N.A., Akron, Ohio ("Summit Bank").[1] FirstMerit also has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire the nonbanking subsidiaries of Signal, including First Federal Savings Bank of New Castle, New Castle, Pennsylvania ("First Federal").[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (63 *Federal Register* 56,033 and 60,346 (1998)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

FirstMerit, with total consolidated assets of $6.2 billion, is the 80th largest commercial banking organization in the United States, controlling less than 1 percent of total banking assets of insured commercial banks in the United States ("total banking assets").[3] FirstMerit operates a subsidiary bank in Ohio and engages in permissible activities through its nonbanking subsidiaries.

Signal, with total consolidated assets of $1.9 billion, is the 153rd largest commercial banking organization in the United States, controlling less than 1 percent of total banking assets. Signal operates two subsidiary banks in Ohio and engages in permissible activities through its nonbanking subsidiaries. On consummation of the proposal, FirstMerit would become the 67th largest commercial banking institution in the United States, with total consolidated assets of approximately $8.1 billion, representing less than 1 percent of total banking assets.

FirstMerit is the seventh largest depository institution in Ohio, controlling $5.3 billion in deposits, representing approximately 3.6 percent of total deposits in insured depository institutions in the state ("state deposits").[4] Signal is the 21st largest depository institution in Ohio, controlling $733 million of deposits, representing less than 1 percent of state deposits. On consummation of the proposal, FirstMerit would remain the seventh largest insured depository institution in Ohio, controlling approximately $6 billion in deposits, representing approximately 4.1 percent of state deposits.

1. FirstMerit proposes to merge Signal Bank and Summit Bank into FirstMerit's wholly owned subsidiary bank, FirstMerit Bank, N.A. ("FMB"). In addition, FirstMerit and Signal have entered into a stock purchase option that entitles FirstMerit to purchase up to 19.9 percent of Signal's capital stock if certain events occur. The option would expire on consummation of the proposal.

2. These nonbanking activities are discussed in Appendix A. FirstMerit also has requested the Board's approval to hold First Federal as a bank as part of FirstMerit's proposal to merge First Federal into FMB.

3. Asset data and national rankings based on asset size are as of June 30, 1998.

4. In this context, depository institutions include commercial banks, savings banks, and savings associations. Deposit data and state rankings are as of June 30, 1997.

Competitive Considerations

The BHC Act prohibits the Board from approving an application under section 3 of the BHC Act if the proposal would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking. The BHC Act also prohibits the Board from approving a proposed combination that would substantially lessen competition or tend to create a monopoly in any relevant banking market, unless the Board finds that the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[5]

FirstMerit and Signal compete in the Akron, Cleveland, and Wooster, Ohio, banking markets.[6] The Board has carefully reviewed the competitive effects of the proposal in each of these markets in light of all the facts of record, including the characteristics of the markets and the projected increase in the concentration of total deposits in insured depository institutions in these markets ("market deposits")[7] as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines").[8] The Board also has carefully examined the number of competitors that would remain in each of the banking markets after consummation of the proposal. Consummation of the proposal would be consistent with the DOJ Guidelines and prior Board decisions in the Akron and Cleveland banking markets.[9]

Wooster Banking Market. FirstMerit is the fifth largest of 11 depository institutions in the Wooster banking market, controling deposits of $77.8 million, representing approximately 7.4 percent of market deposits. Signal is the largest depository institution in the Wooster banking market, controlling deposits of $266.6 million, representing approximately 25.3 percent of market deposits. After consummation of the proposal, FirstMerit would become the largest depository institution in the market, controlling approximately 32.7 percent of market deposits. The HHI would increase 374 points to 2029.

Consummation of the proposal would exceed the DOJ Guidelines in the Wooster banking market. As the Board has indicated in previous cases, in a market in which the competitive effects of a proposal exceed the DOJ Guidelines, the Board will consider whether other factors tend to mitigate the competitive effects of the proposal. The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the level of market concentration and size of the increase in market concentration.[10]

Wayne County, most of which is in the Wooster banking market, has characteristics that make it attractive for entry when compared to the other 48 non-Metropolitan Statistical Area counties ("non-MSA counties") in Ohio.[11] For example, Wayne County ranks first among Ohio's non-MSA counties in population and total personal income and is above the average of other non-MSA Ohio counties with respect to percentage increases in population and per capita income. Wayne County also ranks first among non-MSA counties in Ohio in total deposits. The attractiveness of the market appears to be confirmed by the *de novo* entry of one commercial bank into the market since June 1997.

Ten depository institutions, including FirstMerit, would remain in the Wooster banking market after consummation of the proposal. The nine competitors of FirstMerit would include one large multistate banking organization and three regional banking organizations, each of which has a significant market share. The second, third, and fourth largest institutions in the market would have a combined share of 46 percent of market deposits.

Views of Other Agencies and Conclusions. The Department of Justice has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant market. The Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have not objected to consummation of the proposal.

After carefully reviewing all the facts of record and for the reasons discussed in this order and appendices, the Board concludes that consummation of the proposal would not likely result in a significantly adverse effect on competition or on the concentration of banking resources in any of the three banking markets in which FirstMerit and Signal both compete or in any other relevant banking market. Accordingly, based on all the facts of record, the Board has determined that competitive factors are consistent with approval of the proposal.

5. 12 U.S.C. § 1842(c)(1).

6. These banking markets are described in Appendix B.

7. Market share data are based on calculations that include the deposits of thrift institutions weighted 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, e.g., Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board regularly has included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian Inc.,* 77 *Federal Reserve Bulletin* 52 (1991).

8. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is less than 1000 is considered to be unconcentrated, and a market in which the post-merger HHI is between 1000 and 1800 is considered to be moderately concentrated. The Department of Justice ("DOJ") has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger or acquisition increases the HHI by at least 200 points. The DOJ has stated that the higher than normal HHI thresholds for screening bank mergers or acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

9. Market data for these banking markets after consummation of the proposal are described in Appendix C.

10. *See First Union Corporation,* 84 *Federal Reserve Bulletin* 489 (1998); *NationsBank Corporation,* 84 *Federal Reserve Bulletin* 129 (1998).

11. As noted in Appendix B, the Wooster banking market consists of Wayne County, which is a non-MSA county, excluding two townships. Because data regarding population, income, and deposit levels are collected for each non-MSA county in Ohio rather than for each banking market, the market characteristics of Wayne County were compared with other non-MSA counties in Ohio.

Other Factors Under the BHC Act

The BHC Act also requires the Board, in acting on an application, to consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal, the convenience and needs of the communities to be served, and certain other supervisory factors.

A. Financial, Managerial, and Other Supervisory Factors

The Board has carefully considered the financial and managerial resources and future prospects of FirstMerit, Signal, and their respective subsidiary banks and other supervisory factors in light of all the facts of record. As part of its consideration, the Board has reviewed relevant reports of examination and other supervisory information prepared by the Reserve Banks and other federal agencies. The Board notes that the bank holding companies and their subsidiary banks currently are well capitalized and are expected to remain so after consummation of the proposal.

The Board also has considered other aspects of the financial condition and resources of the two organizations, the structure of the proposed transaction, and the managerial resources of each of the entities and the combined organization. Based on these and other facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of FirstMerit, Signal, and their respective subsidiaries are consistent with approval of the proposal, as are the other supervisory factors that the Board must consider under section 3 of the BHC Act.

B. Convenience and Needs Considerations

The Board has carefully considered the effect of the proposed acquisition on the convenience and needs of the communities to be served in light of all the facts of record. All the subsidiary depository institutions of FirstMerit and Signal received "outstanding" or "satisfactory" ratings from their appropriate federal supervisors at the most recent examinations of their performance under the Community Reinvestment Act ("CRA").[12] Based on all the facts of record, including the CRA performance records of the subsidiary banks of FirstMerit and Signal, the Board concludes that convenience and needs considerations are consistent with approval of the proposal.

Nonbanking Activities

FirstMerit also has filed a notice, under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of Signal, including First Federal, and thereby engage in extending credit and servicing loans, activities related to extending credit, operating a savings association, financial and investment advisory activities, and securities brokerage activities. The Board has determined by regulation that each of these activities is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[13] FirstMerit has stated that, following consummation of the proposal, it will conduct these activities in accordance with the limitations set forth in Regulation Y and the Board's orders and interpretations governing each of these activities.

In order to approve a proposal under section 4(c)(8) of the BHC Act, the Board also must determine that the proposed activities are a proper incident to banking, that is, the proposal must "reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[14] As part of its evaluation of these factors, the Board considers the financial condition and managerial resources of the notificant and its subsidiaries, including the companies to be acquired, and the effect of the proposed transaction on these resources.[15] For the reasons noted above and based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval.

The Board also has considered the competitive effects of the proposed acquisition by FirstMerit of the nonbanking subsidiaries of Signal. The Board notes that the markets in which the nonbanking subsidiaries of FirstMerit and Signal both compete are national and regional, and numerous competitors would remain in each of those markets. Based on all the facts of record, the Board concludes that it is unlikely that significantly adverse competitive effects would result from the nonbanking acquisitions proposed in this transaction.

FirstMerit has indicated that after consummation of the merger proposal, it would be able to provide a greater range of products and services more efficiently through an enhanced delivery system to the current and future customers of FirstMerit and Signal. In addition, as the Board has previously noted, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies can make potentially profitable investments in nonbanking companies and from permitting banking organizations to allocate their resources in the manner they consider to be most efficient when such investments and actions are consistent, as in this case, with the relevant considerations under the BHC Act.[16]

The Board concludes that the conduct of the proposed activities within the framework of Regulation Y and prior Board precedent is not likely to result in adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of the proposal, such as increased customer convenience and

12. 12 U.S.C. § 2901 *et seq.*

13. *See* 12 C.F.R. 225.28(b)(1), (2), (4)(ii), (6), (7)(i).

14. 12 U.S.C. § 1843(c)(8).

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

16. *See, e.g., Banc One Corporation,* 84 *Federal Reserve Bulletin* 553 (1998); *First Union Corporation,* 84 *Federal Reserve Bulletin* 489 (1998).

gains in efficiency. Accordingly, based on all the facts of record, the Board has determined that the balance of public benefits that the Board must consider under the proper incident to banking standard of section 4(c)(8) of the BHC Act is favorable and consistent with approval of First Merit's notice.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the application and notice should be, and hereby are, approved. Approval of the application and notice is specifically conditioned on compliance by FirstMerit with all the commitments made in connection with the proposal. The Board's determination on the nonbanking activities also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. For purposes of this transaction, the commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective December 7, 1998.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Appendix A

Nonbanking Subsidiaries of Signal and Their Activities

(1) Extending credit and servicing loans in accordance with section 225.28(b)(1) of the Board's Regulation Y (12 C.F.R. 225.28(b)(1)) through Mobile Consultants, Inc., Alliance, Ohio ("MCi").

(2) Engaging in activities related to extending credit in accordance with section 225.28(b)(2) of Regulation Y (12 C.F.R. 225.28(b)(2)) through MCi.

(3) Conducting savings association activities in accordance with section 225.28(b)(4)(ii) of Regulation Y (12 C.F.R. 225.28(b)(4)(ii)) through First Federal Savings Bank, New Castle, Pennsylvania.

(4) Engaging in financial and investment advisory activities in accordance with section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6)) through Summit Banc Investments Corp., Akron, Ohio ("SBI").

(5) Engaging in securities brokerage services in accordance with section 225.28(b)(7)(i) of Regulation Y (12 C.F.R. 225.28(b)(7)(i)) through SBI.

Appendix B

Banking Markets in Ohio in which FirstMerit and Signal Compete

Akron: The southern two-thirds of Summit County; sections of Medina County, including the townships of Sharon, Homer, Harrisville, Westfield, Guilford, and Wadsworth; Portage County, excluding the townships of Aurora, Streetsboro, Mantua, Hiram, Nelson, Shalersville, Freedom, and Windham; and small portions of Wayne and Stark Counties.

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

Wooster: Wayne County excluding the townships of Chippewa and Milton.

Appendix C

Banking Markets in which Consummation of the Proposal Would Not Exceed the DOJ Guidelines

Akron: After consummation of the proposal, FirstMerit would control 31.3 percent of market deposits and would remain the largest of 21 depository institutions in the market. The HHI would increase 84 points to 1633.

Cleveland: After consummation of the proposal, FirstMerit would control 6.5 percent of market deposits and would remain the third largest of 37 depository institutions in the market. The HHI would increase 2 points to 1797.

ORDERS ISSUED UNDER BANK MERGER ACT

Poteau State Bank
Poteau, Oklahoma

Order Approving the Merger of a Bank and Establishment of a Bank Branch

Poteau State Bank ("Poteau Bank"), a state member bank, has applied under section 18(c) of the Federal Deposit

Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act") to merge with Spiro Interim Bank, Spiro, Oklahoma ("Interim Bank").[1] Poteau Bank also has applied under section 9 of the Federal Reserve Act ("FRA") (12 U.S.C. § 321) to establish a branch at the location of Interim Bank in Spiro.

Notice of the applications, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General and the Federal Deposit Insurance Corporation ("FDIC"). The time for filing comments has expired, and the Board has considered the applications and all the facts of record in light of the factors set forth in the Bank Merger Act and section 9 of the FRA.

The Board received comments from a bank in Spiro and the Community Bankers Association of Oklahoma maintaining that the proposal would violate state branching law restrictions on the establishment of a *de novo* branch. The commenters in this case presented the same arguments to the Oklahoma Banking Board during its processing of the state applications filed by FPC and Poteau Bank. The Oklahoma Banking Board disagreed with the commenters and approved the state applications.[2]

Under the FRA, the Board may approve the retention of branches of two or more banks involved in a merger only if the resulting bank is permitted under state law to operate branches at each of the branch locations.[3] When the state authority charged with interpreting relevant state law has issued an opinion regarding the applicability or scope of the state law, the Board has given great weight to that interpretation as long as it appears to be a reasonable construction of state law.[4]

In this case, the Oklahoma Banking Board is responsible for interpreting and applying the state laws governing branching and mergers by state banks. Poteau Bank has structured this transaction as an acquisition and merger of a new bank and an existing bank, and the Oklahoma Banking Board has consistently determined that proposals structured in this fashion are permissible under Oklahoma law. The Oklahoma statutes recognize a difference between branching *de novo*, which is prohibited under certain circumstances, and retaining branches as the result of a merger, which is generally permissible.[5] The Oklahoma statutes also recognize that state banks may decide to effect a merger through an interim bank.[6]

Based on all the facts of record, and the considerations discussed above, including the approval of the proposal by the Oklahoma Banking Board, the Board concludes that this proposal is consistent with Oklahoma bank branching law and the branching requirements of section 9 of the FRA.

The Board has considered the competitive effects of the proposal as required by the Bank Merger Act. Poteau Bank is the 66th largest commercial banking organization in Oklahoma, controlling deposits of $84 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state.[7] In light of all the facts of record, the Board concludes that consummation of the proposal would not have any significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market.

In reviewing this proposal under the Bank Merger Act and section 9 of the FRA, the Board also has considered the financial and managerial resources and future prospects of the institutions involved, the convenience and needs of the communities to be served, and certain supervisory factors. The Board has reviewed these factors in light of the facts of record, including supervisory reports of examination assessing the financial and managerial resources of Poteau Bank. The Board notes that Poteau Bank would remain well capitalized on consummation of the proposal. Based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Poteau Bank are consistent with approval, as are the other supervisory factors the Board must consider under the Bank Merger Act and the FRA.

In considering the convenience and needs factor, the Board has reviewed the record of Poteau Bank under the Community Reinvestment Act ("CRA").[8] As provided in the CRA, the Board has evaluated this factor in light of examinations by the appropriate federal banking supervisor of the relevant institution. Poteau Bank received an "out-

1. First Poteau Corporation, Poteau, Oklahoma ("FPC"), the parent holding company of Poteau Bank, proposes to form Interim Bank and simultaneously to merge it into Poteau Bank and to convert the location of Interim Bank into a branch of Poteau Bank. On consummation of the proposal, Poteau Bank would operate offices in Poteau and Spiro. Approval of the acquisition of Interim Bank is required under section 3 of the Bank Holding Company Act (12 U.S.C. § 1842) ("BHC Act"). However, the Board's Regulation Y provides approval for this type of transaction without requiring the filing of an application under the BHC Act, because the proposed transaction also must be reviewed by the Board under the Bank Merger Act. *See* 12 C.F.R. 225.12(d)(2).

2. *See* First Poteau Corporation and Poteau State Bank, Docket No. 98–065, Oklahoma Banking Board (October 21, 1998) ("Banking Board Order"). The FDIC approved the deposit insurance application of Interim Bank.

3. *See* 12 U.S.C. § 321; 12 C.F.R. 208.6(a).

4. *See Adams Bank & Trust*, 82 *Federal Reserve Bulletin* 275 (1996); *Northwest Kansas Banc Shares, Inc.*, 69 *Federal Reserve Bulletin* 98 (1983).

5. *See* Oklahoma Stat. Ann. tit. 6, §§ 501.1(A), 501.1(C) (West Supp. 1998).

6. *See* Banking Board Order. Oklahoma law authorizes a bank holding company to organize an interim state bank charter and, before commencing business, to merge the interim state bank with an existing bank. Oklahoma Stat. Ann. tit. 6, §§ 502(H), 502.1 (West Supp. 1998). Oklahoma law requires that the Oklahoma Banking Department handle the interim bank charter and merger applications in a single process. Oklahoma Stat. Ann. tit. 6, § 502.1 (West Supp. 1998). The Oklahoma Banking Board determined that the proposed acquisition and operation of Interim Bank as a branch of Poteau Bank qualified for a specific statutory exception to the five-year age requirement on acquired bank branches. *See* Banking Board Order; Oklahoma Stat. Ann. tit. 6 § 501.1(E) (West Supp. 1998).

7. Deposit data are as of June 30, 1997.

8. 12 U.S.C. § 2901 *et seq.*

standing" CRA performance rating at its most recent CRA performance examination by the Federal Reserve Bank of Kansas City. Based on a review of the entire record, the Board concludes that convenience and needs considerations, including the CRA performance record of the relevant institution, are consistent with approval of the proposal.

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

The merger of Poteau Bank and Interim Bank may not be consummated before the fifteenth calendar day after the effective date of this order, and this proposal may not be consummated later than three months after the effective date of this order, unless such period is extended by the Board or by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

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

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

9. Commenters also request that the Board delay action on this application until final disposition by Oklahoma state courts of pending litigation concerning the legality of the proposed branching method under Oklahoma law. One of the commenters has appealed the Banking Board Order. However, it is uncertain when the state court litigation will be resolved, and the Board has sufficient information to act on these applications at this time.

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT
By the Secretary of the Board

Recent applications have been approved by the Secretary of the Board as listed below. Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant(s)	Bank(s)	Effective Date
Cullen/Frost Bankers, Inc., San Antonio, Texas; New Galveston Company, Wilmington, Delaware	Keller State Bank, Keller, Texas	December 22, 1998
FirstBank Holding Company of Colorado ESOP, Lakewood, Colorado	FirstBank Holding Company of Colorado, Lakewood, Colorado	December 1, 1998
Simmons First National Corporation, Pine Bluff, Arkansas	Lincoln Bankshares, Inc., Lincoln, Arkansas; Bank of Lincoln, Lincoln, Arkansas	December 16, 1998
Zions Bancorporation, Salt Lake City, Utah	Centennial Bank, N.A., Farmington, New Mexico	December 2, 1998

Section 4

Applicant(s)	Bank(s)	Effective Date
Centura Banks, Inc., Rocky Mount, North Carolina	Capital Advisors of NC, L.L.C., Charlotte, North Carolina Capital Advisors of South Carolina, Inc., Columbia, South Carolina Capital Advisors of Mississippi, Inc., Jackson, Mississippi Selken, Inc., Atlanta, Georgia Capital Advisors, Inc., Raleigh, North Carolina	December 16, 1998
Compass Bancshares, Inc., Birmingham, Alabama	Albrecht & Associates, Inc., Houston, Texas	December 4, 1998
HSBC Holdings plc, London, England	HSBC Finance (Netherlands) Limited, London, England HSBC Holdings BV, Amsterdam, The Netherlands Hongkong Bank of Canada, Vancouver, British Columbia, Canada Gordon Capital Corporation, Toronto, Ontario, Canada Gordon Capital Inc., Vancouver, British Columbia, Canada	December 7, 1998

By Federal Reserve Banks

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

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
ACNB Corporation, Gettysburg, Pennsylvania	Farmers National Bancorp, Inc., Newville, Pennsylvania Farmers National Bank of Newville, Newville, Pennsylvania	Philadelphia	December 4, 1998
Aliant Financial Corporation, Alexander City, Alabama	Aliant National Corporation, Alexander City, Alabama Aliant Bank, Alexander City, Alabama	Atlanta	December 9, 1998
Anchor Financial Corporation, Myrtle Beach, South Carolina	Bailey Financial Corporation, Clinton, South Carolina The Saluda County Bank, Saluda, South Carolina M.S. Bailey & Son, Bankers, Clinton, South Carolina Rock Hill Bank & Trust, Rock Hill, South Carolina	Richmond	December 7, 1998
AEA Bankshares, Inc., Seattle, Washington	Asia-Europe-Americas Bank, Seattle, Washington	San Francisco	December 10, 1998
Alabama National Bancorporation, Birmingham, Alabama	Community Bank of Naples, N.A., Naples, Florida	Atlanta	December 14, 1998

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Associated Banc-Corp, Green Bay, Wisconsin	Windsor Bancshares, Inc., Minneapolis, Minnesota Bank Windsor, Nerstrand, Minnesota	Chicago	December 17, 1998
Bryan Family Management Trust, Bryan, Texas	Bryan-Heritage Limited Partnership, Bryan, Texas The First National Bank of Bryan, Bryan, Texas	Dallas	December 10, 1998
Capital Bank Corporation, Raleigh, North Carolina	Capital Bank, Raleigh, North Carolina Home Savings Bank of Siler City, Inc., SSB, Siler City, North Carolina	Richmond	November 30, 1998
CCBT Bancorp, Inc., Hyannis, Massachusetts	Cape Cod Bank and Trust Company, Hyannis, Massachusetts	Boston	December 18, 1998
CDS Bancorp, Inc., Spirit Lake, Iowa	First Bank & Trust, Spirit Lake, Iowa	Chicago	December 3, 1998
Clarkston Financial Corporation, Clarkston, Michigan	Clarkston State Bank, Clarkston, Michigan	Chicago	November 23, 1998
Commerce Bancorp, Inc., Cherry Hill, New Jersey	Prestige Financial Corp., Flemington, New Jersey Prestige State Bank, Flemington, New Jersey	Philadelphia	December 18, 1998
EBA Bancshares, Inc., Opelika, Alabama	Eagle Bank of Alabama, Opelika, Alabama	Atlanta	December 16, 1998
Eggemeyer Advisory Corp., Rancho Santa Fe, California Castle Creek Capital LLC, Rancho Santa Fe, California Castle Creek Capital Partners Fund I, LP, Rancho Santa Fe, California	PNB Financial Group, Newport Beach, California Pacific National Bank, Newport Beach, California	San Francisco	December 10, 1998
FBOP Corporation, Oak Park, Illinois	Pullman Group, Inc., Chicago, Illinois Pullman Bank, Chicago, Illinois	Chicago	November 30, 1998
Fifth Third Bancorp, Cincinnati, Ohio Fifth Third Bank of Southern Ohio, Hillsboro, Ohio	Ashland Bankshares, Inc., Ashland, Kentucky	Cleveland	December 10, 1998
First American Bank Group, Ltd., Fort Dodge, Iowa	First American Credit Corporation, Jewell, Iowa	Chicago	December 2, 1998
First American Credit Corporation, Jewell, Iowa	Freedom Holdings, L.C., West Des Moines, Iowa Freedom Financial Bank, West Des Moines, Iowa	Chicago	December 2, 1998
The First Bancshares, Inc., Hattiesburg, Mississippi	The First National Bank of the Pine Belt, Laurel, Mississippi	Atlanta	December 24, 1998
First Express of Nebraska, Inc., Gering, Nebraska	Wauneta Falls Bancorp, Inc., Wauneta, Nebraska	Kansas City	December 10, 1998

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
The First National Bank at St. James ESOP and Trust, St. James, Minnesota	The First National Agency at St. James, Minnesota, Inc., St. James, Minnesota	Minneapolis	December 3, 1998
First Perry Bancorp, Inc., Marysville, Pennsylvania	The First National Bank of Marysville, Marysville, Pennsylvania	Philadelphia	December 10, 1998
First Security Bancorp, Searcy, Arkansas	Baxter County Bancshares, Inc., Mountain Home, Arkansas	St. Louis	December 14, 1998
First Union Corporation, Charlotte, North Carolina	United Bancshares, Inc., Philadelphia, Pennsylvania	Richmond	December 18, 1998
F.N.B. Corporation, Hermitage, Pennsylvania	Guaranty Bank & Trust Company, Venice, Florida	Cleveland	December 21, 1998
Frontier Financial Corporation, Everett, Washington	Washington Banking Corporation, Oak Harbor, Washington	San Francisco	December 3, 1998
Gateway American Bancshares, Inc., Ft. Lauderdale, Florida	Gateway American Bank of Florida, Ft. Lauderdale, Florida	Atlanta	November 27, 1998
Glacier Bancorp, Inc., Kalispell, Montana	Big Sky Western Bank, Big Sky, Montana	Minneapolis	December 2, 1998
Harleysville National Corporation, Harleysville, Pennsylvania	Northern Lehigh Bancorp, Inc., Slatington, Pennsylvania	Philadelphia	November 30, 1998
Henderson Citizens Bancshares, Inc., Henderson, Texas Henderson Citizens Delaware Bancshares, Inc., Dover, Delaware Citizens National Bank, Henderson, Texas	Jefferson National Bank, Jefferson, Texas	Dallas	November 25, 1998
Heritage Financial Corporation, Olympia, Washington	Harbor Bancorp, Aberdeen, Washington The Bank of Grays Harbor, Aberdeen, Washington	San Francisco	December 17, 1998
Heritage Financial Corporation, Olympia, Washington	Washington Independent Bancshares, Toppenish, Washington Central Valley Bank, N.A., Toppenish, Washington	San Francisco	December 17, 1998
Homestead Financial Corporation Employee Stock Ownership Plan, Beatrice, Nebraska	Homestead Financial Corporation, Beatrice, Nebraska	Kansas City	December 7, 1998
Jacksonville Bancorp, Inc., Jacksonville, Florida	The Jacksonville Bank, Jacksonville, Florida	Atlanta	December 15, 1998
Lincoln County Bancorp, Inc., Troy, Missouri	Exchange Bank of Missouri, Fayette, Missouri	St. Louis	December 11, 1998
Madison Financial Corporation, Richmond, Ohio	The Madison Bank, Richmond, Ohio	Cleveland	December 10, 1998
Marquette Bancshares, Inc., Minneapolis, Minnesota	C.A.S. Corporation, Minneapolis, Minnesota Oelwein Bancorporation, Minneapolis, Minnesota Wisconsin Financial Bancorporation, Inc., Minneapolis, Minnesota The Farmers and Mechanics Bank, Galesburg, Illinois	Minneapolis	November 25, 1998

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Mason-Dixon Bancshares, Inc., Westminster, Maryland	Sterling Bancorp, Baltimore, Maryland Mason-Dixon Merger Sub, Inc., Westminster, Maryland Sterling Bank & Trust Co., Baltimore, Maryland	Richmond	November 30, 1998
NBC Capital Corporation, Starkville, Mississippi	First National Corporation of West Point, West Point, Mississippi First National Bank of West Point, West Point, Mississippi National Bank of the South, Tuscaloosa, Alabama	St. Louis	December 16, 1998
Nixon Bancshares, Inc., Nixon, Texas	Nixon Delaware Bancshares, Inc., Dover, Delaware Nixon State Bank, Nixon, Texas	Dallas	November 25, 1998
Northern Star Financial, Inc., Mankato, Minnesota	Northern Star Bank, Mankato, Minnesota	Minneapolis	December 10, 1998
Northpointe Bancshares, Inc., Grand Rapids, Michigan	Northpointe Bank, Grand Rapids, Michigan	Chicago	December 7, 1998
PAB Bankshares, Inc., Valdosta, Georgia	Eagle Bancorp, Inc., Statesboro, Georgia Eagle Bank and Trust Company, Statesboro, Georgia	Atlanta	November 24, 1998
Peotone Bancorp, Inc., Peotone, Illinois	Southwest Bancorp, Inc., Worth, Illinois Bank of the San Juans, Durango, Colorado	Chicago	December 16, 1998
Port William Bancshares, Inc., Carrollton, Kentucky	The First National Bank of Carrollton, Carrollton, Kentucky	St. Louis	December 14, 1998
PSB Corporation, Wellsburg, Iowa	Denver Ban Corporation, Denver, Iowa Denver Savings Bank, Denver, Iowa	Chicago	December 2, 1998
Red River Bancshares, Inc., Alexandria, Louisiana	Red River Bank, Alexandria, Louisiana	Atlanta	November 27, 1998
Richland County Bancshares, Inc., Richland Center, Wisconsin	Richland County Bank, Richland Center, Wisconsin	Chicago	November 19, 1998
Salt Lick Bancorp, Inc., Salt Lick, Kentucky	Salt Lick Bank, Salt Lick, Kentucky	Cleveland	December 7, 1998
SUM Financial Corporation, Pearson, Georgia	The Citizens Exchange Bank, Pearson, Georgia	Atlanta	December 2, 1998
Sun Bancorp, Inc., Vineland, New Jersey	San National Bank, Delaware, Wilmington, Delaware	Philadelphia	December 1, 1998
Susquehanna Bancshares, Inc., Lititz, Pennsylvania	First Capitol Bank, York, Pennsylvania	Philadelphia	November 23, 1998

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
South Plains Financial, Inc., Lubbock, Texas	West Texas National Bancshares, Lockney, Texas Lockney Holding Company, Inc., Wilmington, Delaware First National Bank of Lockney, Lockney, Texas First State Bank, Silverton, Texas	Dallas	November 19, 1998
Texas Country Bancshares, Inc., Brady, Texas TCB Delaware, Inc., Dover, Delaware	Knox City Bancshares, Inc., Knox City, Texas Citizens Bank, Knox City, Texas	Dallas	November 25, 1998
Union Planters Corporation, Memphis, Tennessee Union Planters Holding Corporation, Memphis, Tennessee	FSB, Inc., Covington, Tennessee First State Bank of Covington, Tennessee Covington, Tennessee	St. Louis	December 16, 1998
Union Planters Corporation, Memphis, Tennessee Union Planters Holding Corporation, Memphis, Tennessee	Southeast Bancorp, Inc., Corbin, Kentucky The First National Bank and Trust Company of Corbin, Corbin, Kentucky First Bank of East Tennessee, N.A., LaFollette, Tennessee	St. Louis	December 16, 1998
University National Bancshares, Pittsburg, Kansas	University National Bank, Pittsburg, Kansas	Kansas City	November 20, 1998
Valley Community Bancshares, Inc., Puyallup, Washington	Valley Bank, Auburn, Washington	San Francisco	December 2, 1998
Valley National Corporation, Spring Valley, California	Valle de Oro Bank, N.A., Spring Valley, California	San Francisco	November 19, 1998
Village Bancshares, Inc., St. Libory, Illinois	State Bank of St. Libory, St. Libory, Illinois	St. Louis	December 16, 1998
Warren County Bancshares, Inc., Warrenton, Missouri	Central Missouri Bancshares, Inc., Sedalia, Missouri Central Bank of Missouri, Sedalia, Missouri	St. Louis	December 4, 1998
Wells Fargo & Company, San Francisco, California	Metropolitan Bancshares, Inc., Aurora, Colorado Community Bank of Parker, Parker, Colorado	San Francisco	November 25, 1998
Wells Fargo & Company, San Francisco, California	Norwest Financial Services, Inc., Des Moines, Iowa Norwest Financial Inc., Des Moines, Iowa Dial National Bank, Des Moines, Iowa	San Francisco	December 9, 1998
Western Sierra Bancorp, Cameron Park, California	Lake Community Bank, Lakeport, California	San Francisco	December 11, 1998
Western Bancorp, Newport Beach, California	PNB Financial Group, Newport Beach, California	San Francisco	December 10, 1998

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Bank One Corporation, Chicago, Illinois	Paymentech, Inc., Dallas, Texas Mellon Bank, N.A., Pittsburgh, Pennsylvania	Chicago	November 10, 1998
Banque Nationale de Paris, Paris, France	BNP Capital Markets, LLC, New York, New York	San Francisco	December 2, 1998
BOK Financial Corporation, Tulsa, Oklahoma	BOSC, Inc., Tulsa, Oklahoma	Kansas City	December 2, 1998
Comerica Incorporated, Inc., Detroit, Michigan	Comerica Equities, Detroit, Michigan	Chicago	November 23, 1998
Decatur Bancshares, Inc., Decatur, Arkansas	Grand Federal Savings Bank, Grove, Oklahoma	St. Louis	November 18, 1998
Deutsche Bank AG, Frankfurt am Main, Federal Republic of Germany	German American Capital Corporation, New York, New York Boullioun Aviation Services, Inc., Bellevue, Washington	New York	November 19, 1998
Enterbank Holdings, Inc., Clayton, Missouri	Argent Capital Management, LLC, Clayton, Missouri	St. Louis	December 22, 1998
FBOP Corporation, Inc., Oak Park, Illinois	Calumet Bancorp, Inc., Dolton, Illinois Calumet Federal Savings and Loan Association, Dolton, Illinois	Chicago	December 15, 1998
First National Corporation North Dakota, Grand Forks, North Dakota	Botsford and Rice, Inc., Grand Forks, North Dakota	Minneapolis	December 10, 1998
First Pryor Bancorp, Inc., Pryor, Oklahoma	Stephen L. Smith Corporation, Tulsa, Oklahoma	Kansas City	December 7, 1998
First Western Bancorp, Inc., Huron, South Dakota	Coburn Insurance Agency, Inc., Deadwood, South Dakota	Minneapolis	December 21, 1998
German American Bancorp, Jasper, Indiana	1st Bancorp, Vincennes, Indiana First Federal Bank, A Federal Savings Bank, Vincennes, Indiana Financial Services of Southern Indiana Corp., Vincennes, Indiana	St. Louis	December 9, 1998
Fleet Financial Group, Inc., New York, New York	Merrill Lynch Specialists, Inc., New York, New York	Boston	December 17, 1998
Marquette Bancshares, Inc., Minneapolis, Minnesota	Northland Financial Company, Minneapolis, Minnesota	Minneapolis	December 10, 1998
Old Point Financial Corporation, Hampton, Virginia	Old Point Trust & Financial Services, N.A., Newport News, Virginia	Richmond	November 20, 1998
PNC Bank Corp., Pittsburgh, Pennsylvania	Hilliard-Lyons, Inc., Louisville, Kentucky	Cleveland	November 20, 1998

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Regions Financial Corporation, Birmingham, Alabama	EFC Holdings Corporation, Charlotte, North Carolina EquiFirst Corporation, Charlotte, North Carolina EquiFirst Mortgage Corporation, Charlotte, North Carolina Money America, Inc., Charlotte, North Carolina	Atlanta	November 19, 1998
USABancShares, Inc., Philadelphia, Pennsylvania	USACredit, Inc., Philadelphia, Pennsylvania	Philadelphia	December 9, 1998
U.S. Bancorp, Minneapolis, Minnesota	New Century Financial Corporation, Irvine, California	Minneapolis	November 12, 1998
Wells Fargo & Company, San Francisco, California Norwest Financial Services, Inc., Des Moines, Iowa Norwest Financial, Inc., Des Moines, Iowa	Mid-Penn Consumer Discount Co., Philadelphia, Pennsylvania	San Francisco	November 27, 1998
Wells Fargo & Company, San Francisco, California Norwest Mortgage, Inc., Des Moines, Iowa Norwest Ventures LLC, Des Moines, Iowa	Mortgage Professionals of Tampa Bay, LLC, Tampa, Florida	San Francisco	December 11, 1998
Wells Fargo & Company, San Francisco, California Norwest Mortgage, Inc., Des Moines, Iowa Norwest Ventures LLC, Des Moines, Iowa	Service Mortgage Group, LLC Louisville, Kentucky	San Francisco	December 9, 1998
Westbank Corporation, West Springfield, Massachusetts	Cargill Bancorp, Inc., Putnam, Connecticut	Boston	December 11, 1998

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
BB&T Corporation, Winston-Salem, North Carolina BB&T Financial Corporation of Virginia, Virginia Beach, Virginia	MainStreet Financial Corporation, Martinsville, Virginia	Richmond	December 16, 1998
Chickasha Bancshares, Inc., Chickasha, Oklahoma	Cement Insurance Agency, Inc., Cement, Oklahoma	Kansas City	December 14, 1998
FVNB Corp., Victoria, Texas FVNB Delaware Corp., Wilmington, Delaware CBOT Financial Corporation, New Waverly, Texas	Citizens Bank of Texas, N.A., New Waverly, Texas	Dallas	November 5, 1998

APPLICATIONS APPROVED UNDER BANK MERGER ACT
By the Secretary of the Board

Recent applications have been approved by the Secretary of the Board is 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.

Applicant(s)	Bank(s)	Effective Date
Marine Midland Bank, Buffalo, New York	First Commercial Bank of Philadelphia, Philadelphia, Pennsylvania	December 9, 1998

By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Ashland Bank, Ashland, Kentucky	Fifth Third Bank of Southern Ohio, Hillsboro, Ohio	Cleveland	December 10, 1998
Bank of Colorado, Fort Lupton, Colorado	Bank of Colorado-Front Range, Windsor, Colorado	Kansas City	December 2, 1998
Berks County Bank, Reading, Pennsylvania	Heritage National Bank, Pottsville, Pennsylvania	Philadelphia	December 17, 1998
Chickasha Bank & Trust Company, Chickasha, Oklahoma	Cement Bank, Cement, Oklahoma	Kansas City	December 14, 1998
Farmers & Merchants Bank, Hannibal, Missouri	F&M Interim Bank, Hannibal, Missouri	St. Louis	November 25, 1998
The Ohio Bank, Findlay, Ohio	Mid American National Bank Trust Company, Toledo, Ohio	Cleveland	December 10, 1998
Pinnacle Bank, St. Joseph, Michigan	The Citizens National Bank of Evansville, Evansville, Indiana Citizens Bank of Western Indiana, Terre Haute, Indiana Citizens Bank of Central Indiana, Greenwood, Indiana Citizens Bank of Southern Indiana, Tell City, Indiana Citizens Bank of Kentucky, Madisonville, Kentucky Citizens Bank of Illinois, N.A., Mount Vernon, Illinois	Chicago	November 25, 1998
Salin Bank and Trust Company, Indianapolis, Indiana	Bank One Indiana, National Association, Indianapolis, Indiana	Chicago	December 7, 1998
Valley Independent Bank, El Centro, California	Fremont Investment and Loan, Anaheim, California	San Francisco	December 8, 1998

Pending Cases Involving the Board of Governors

This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

Fraternal Order of Police v. Board of Governors, No. 1:98CV03116 (D. D.C., filed December 22, 1998). Declaratory judgment action challenging Board labor practices.

Inner City Press/Community on the Move v. Board of Governors, No. 98–9604 (2d Cir., filed December 3, 1998). Appeal of district court order dated October 6, 1998, granting summary judgment for the Board in a Freedom of Information Act case.

Attorneys Against American Apartheid v. Board of Governors, No. 98–1483 (D.C. Cir., filed October 21, 1998). Petition for review of denial of reconsideration of a Board order dated August 17, 1998, approving the merger of NationsBank Corporation, Charlotte, North Carolina, and BankAmerica Corporation, San Francisco, California. On December 7, 1998, the Board filed a motion to dismiss the petition.

Independent Bankers Association of America v. Board of Governors, No. 98–1482 (D.C. Cir., filed October 21, 1998). Petition for review of a Board order dated September 23, 1998, conditionally approving the applications of Travelers Group, Inc., New York, New York, to become a bank holding company by acquiring Citicorp, New York, New York, and its bank and nonbank subsidiaries.

Jones v. Board of Governors, No. 98–30138 (5th Cir., filed October 1, 1998). Appeal of district court dismissal of complaint alleging violations of the Fair Housing Act.

Cunningham v. Board of Governors, No. 98–1459 (D.C. Cir., filed September 30, 1998). Petition for review of a Board order dated September 23, 1998, conditionally approving the applications of Travelers Group, Inc., New York, New York, to become a bank holding company by acquiring Citicorp, New York, New York, and its bank and nonbank subsidiaries. On December 4, 1998, the Court granted the Board's motion to dismiss the petition.

Clarkson v. Greenspan, No. 98–5349 (D.C. Cir., filed July 29, 1998). Appeal of district court order granting Board's motion for summary judgment in a Freedom of Information Act case. On September 14, 1998, the Board filed a motion for summary affirmance of the district court dismissal.

Board of Governors v. Carrasco, No. 98 Civ. 3474 (LAK) (S.D.N.Y., filed May 15, 1998). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On May 26, 1998, the court issued a preliminary injunction restraining the transfer or disposition of the individual's assets and appointing the Federal Reserve Bank of New York as receiver for those assets.

Board of Governors v. Pharaon, No. 98–6101 (2d Cir., filed May 4, 1998). Appeal of partial denial of Board's motion for summary judgment in action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On May 22, 1998, the appellee filed a cross-appeal from the partial final judgment.

Fenili v. Davidson, No. C-98–01568-CW (N.D. California, filed April 17, 1998). Tort and constitutional claim arising out of return of a check. On June 5, 1998, the Board filed its motion to dismiss.

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

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

Kerr v. Department of the Treasury, No. CV-S-97–01877-DWH (S.D. Nev., filed December 22, 1997). Challenge to income taxation and Federal Reserve notes. On September 3, 1998, a motion to dismiss was filed on behalf of all federal defendants.

Artis v. Greenspan, No. 97–5235 (D.C. Cir., filed September 19, 1997). Appeal of district court order dismissing employment discrimination class action. On October 20, 1998, the court of appeals affirmed the dismissal.

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

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

Final Enforcement Decision Issued by the Board of Governors

In the Matter of

Ricardo Carrasco
An Institution-Affiliated Party of
BankBoston International
Coral Gables, Florida

Docket Nos. 98–013-E-I and 98–013-B-I

Final Decision

This is an administrative proceeding pursuant to the Federal Deposit Insurance Act ("FDI Act") stemming from the actions of respondent Ricardo Carrasco ("Respondent") while an employee of the New York branch (the "Branch") of BankBoston International, Coral Gables, Florida ("BBI"), an Edge corporation subject to the Board's supervision under section 25(a) of the Federal Reserve Act (12 U.S.C. § 611 *et seq.*). On May 13, 1998, the Board issued a Notice of Intent to Prohibit from Participation and a Notice of Charges and of Hearing in which it alleged that Respondent violated the law, breached his fiduciary duty, and engaged in unsafe or unsound banking practices in connection with certain overdraft accounts he opened in the name of a BBI customer, Oldemar Carlos Barriero ("Barriero"). Despite a number of efforts at service of the Notice, Respondent failed to file an answer. Accordingly, he has waived his right to appear and contest the allegations, and the Board has determined to issue the attached Order of Prohibition and Restitution.

I. Statement of the Case

A. Statutory and Regulatory Framework

The Board's regulations governing administrative hearings specify that if a respondent does not file an answer within 20 days of service of the notice, the respondent is deemed to have waived the right to appear and contest the allegations in the notice. 12 C.F.R. 263.19(c). The Board's regulations also identify how service of a notice must be made. Papers required to be served by the Board, including the initial notice, upon an individual who has not yet appeared in the proceeding must be served by:

(i) personal service;
(ii) delivery to a person "of suitable age and discretion" at the respondent's residence or place of employment;
(iii) registered or certified mail addressed to the person's last known address; or
(iv) "any other method reasonably calculated to give actual notice." 12 C.F.R. 263.11(c)(2).

The FDI Act sets forth the substantive basis upon which a federal banking agency may issue against a bank official an order of prohibition from further participation in banking. In order to issue such an order, the Board must make each of three findings:

(1) that the respondent engaged in identified *conduct*, including a violation of law or regulation, an unsafe or unsound banking practice, or a breach of fiduciary duty;
(2) that the conduct had a specified *effect*, including financial loss to the institution or gain to the respondent; and
(3) that the respondent's conduct involved either personal dishonesty or a willful or continuing disregard for the safety or soundness of the institution. 12 U.S.C. § 1818(e)(1).

The FDI Act also provides the substantive basis for a cease and desist order requiring restitution. Among other things, a cease and desist order may be entered if the Board finds that a respondent has engaged in an unsafe or unsound practice or has violated any law, rule, or regulation. 12 U.S.C. § 1818(b)(1). The cease and desist order may require restitution if the respondent was unjustly enriched by the violation or practice, or if the violation or practice involved reckless disregard for the law or regulations. 12 U.S.C. § 1818(b)(6)(A).

B. Procedural History

As noted above, the Notice was issued by the Board on May 13, 1998. On May 21 and again on June 23, 1998, the Notice was mailed by first-class mail to Respondent's last known address. A copy of the Notice was also taped to the door of his apartment on June 22, 1998.

Respondent was a citizen of Uruguay and a fugitive from justice, having failed to respond to a criminal complaint and arrest warrant filed against him in the Southern District of New York. The Board therefore took additional steps to restrain dissipation of his property in the United States pending the outcome of this administrative proceeding. In May 1998 the Board filed an action in Federal district court pursuant to section 8(i)(4) of the FDI Act, 12 U.S.C. § 1818(i)(4), to obtain a preliminary injunction to prevent Respondent from withdrawing or transferring assets pending the outcome of the administrative action against him. As part of that suit, and pursuant to the direction of the district court judge, the Board published notice of a hearing in district court on the Board's motion for a temporary restraining order in the *New York Times*, the *Wall Street Journal*, the *Miami Herald*, and the *Los Angeles Times*. Respondent failed to appear at the hearing, and the district court entered a preliminary injunction restraining Respondent's use of his property on May 26, 1998.

On July 23, 1998, Board Enforcement Counsel filed a Motion for Default in this administrative action. The motion was sent by certified mail to Respondent's last known address. No opposition was filed. Subsequently, on September 8, 1998, the ALJ issued an Order to Show Cause requiring Respondent to respond and provide good reason as to why he failed to file a timely answer to the Notice. That Order was sent to Respondent's last known address by registered mail, return receipt requested. No response was received.

On October 8, 1998, the ALJ granted Enforcement Counsel's Motion for Default, finding that Respondent had failed to file a timely answer and that no good cause had been shown. Accordingly, the ALJ issued a recommended decision that incorporated the findings and relief set out in the Notice, including the order of prohibition and the cease and desist order calling for restitution to BBI in the amount of $73 million.

II. Discussion

The scope of the Board's review in a case where an uncontested finding of default has been made by an administrative law judge is limited to a determination that the record supports a finding of default and that the allegations in the notice support the relief sought.

In the circumstances here under review, the Board finds that the allegations contained in the Notice meet the statutory criteria for the issuance of an order of prohibition and a cease and desist order including restitution. According to the Notice, Respondent opened at least 26 accounts for and in the name of Oldemar Carlos Barriero over a three-year period without preparing necessary documentation evidencing Barriero's relationship to and control over the accounts. During this period, Respondent caused the accounts to accumulate approximately $73 million in overdrafts. BBI policy required all overdraft lines of credit to be fully secured, and Respondent obtained his supervisor's authorization for the overdrafts by falsely documenting that the overdraft lines were fully collateralized by liquid assets. The assets identified as security for the Barriero accounts were assets in the accounts of other Branch customers who had not given Respondent authority to pledge those assets as collateral for the Barriero accounts. Respondent used the proceeds from the overdrafts for his own use, and BBI has not been able to collect any of the $73 million in overdrafts.

Respondent's conduct alleged in the Notice constituted a violation of law, an unsafe or unsound banking practice, and a breach of Respondent's fiduciary duty. He put his interests before the Branch's and caused substantial and unreimbursed losses to the Branch by creating and using overdrafts in the Barriero accounts. He obtained approval for the overdraft accounts by submitting false documentation indicating that the overdrafts were secured by liquid assets. This conduct demonstrated personal dishonesty as well as a willful disregard for the safety or soundness of the Branch. In addition, his actions constituted violations of several criminal provisions, including misapplication of bank funds and making false entries in the books of a bank, and showed a reckless disregard for the law. Finally, the Branch lost $73 million as a result of Respondent's actions, and Respondent was unjustly enriched by the use of the proceeds of the overdraft accounts.

Moreover, the Board finds that record establishes the basis for a default order under the terms of the statute because Respondent failed to respond either to the Notice or the Order to Show Cause despite service reasonably calculated to give him notice of the action. In addition to the copies of the Notice mailed to his last known address and taped to his apartment door, Respondent was also notified of the charges against him through the notices published in newspapers of wide circulation as required by the U.S. district court judge. While such extraordinary measures are by no means required to establish utilization of a "method reasonably calculated to give actual notice," 12 C.F.R. 263.11(c)(2)(v), they are certainly sufficient to meet that standard.

Conclusion

For these reasons, the Board orders the issuance of the attached Order of Prohibition and Restitution.

By Order of the Board of Governors, this 16th day of December, 1998.

Board of Governors of the
Federal Reserve System

JENNIFER J. JOHNSON
Secretary of the Board

Order of Prohibition and Restitution

WHEREAS, pursuant to sections 8(b) and 8(e) of the Federal Deposit Insurance Act, as amended, (the "Act") (12 U.S.C. §§ 1818(b) and (e)), the Board of Governors of the Federal Reserve System ("the Board") is of the opinion, for the reasons set forth in the accompanying Final Decision, that a final Order of Prohibition and Restitution should issue against RICARDO CARRASCO ("Carrasco");

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to sections 8(b) and 8(e) of the Federal Deposit Insurance Act, as amended (12 U.S.C. §§ 1818(b) and 1818(e)), that:

1. In the absence of prior written approval by the Board, and by any other Federal financial institution regulatory agency where necessary pursuant to section 8(e)(7)(B) of the Act (12 U.S.C. § 1818(e)(7)(B)), Carrasco is hereby prohibited:
   (a) From participating in any manner in the conduct of the affairs of any institution or agency specified in subsection 8(e)(7)(A) of the Act (12 U.S.C. § 1818(e)(7)(A)), including, but not limited to, any depository institution, any bank or savings association holding company, or any branch or agency of a foreign bank;
   (b) From soliciting, procuring, transferring, attempting to transfer, voting or attempting to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in subsection 8(e)(7)(A) of the Act (12 U.S.C. § 1818(e)(7)(A));
   (c) From violating any voting agreement previously approved by the appropriate Federal banking agency; or
   (d) From voting for a director, or from serving or acting as an institution-affiliated party as defined in section 3(u) of the Act, (12 U.S.C. § 1813(u)), such as an officer, director, or employee.
2. (a) Carrasco shall make restitution in the amount of $73 million to BBI;
   (b) The restitution shall be remitted in full, payable to the "Board of Governors of the Federal Reserve System" and forwarded to Jennifer J. Johnson, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, who shall make remittence of the same to BBI.
3. Any violation of this Order shall separately subject Carrasco to appropriate criminal or civil penalties or both under section 8 of the Act (12 U.S.C. § 1818).
4. This Order, and each provision hereof, is and shall remain fully effective and enforceable until expressly stayed, modified, terminated, or suspended in writing by the Board.
5. Pursuant to section 263.19(c) of the Board's Rules of Practice for Hearings, 12 C.F.R. 263.19(c), this Order is deemed to be an order issued upon consent for purposes of sections 8(b)(2), (e)(4), and (h) of the Act (12 U.S.C. §§ 1818(b)(2), (e)(4), and (h)). The provisions of this Order are effective immediately.

By Order of the Board of Governors, this 16th day of December, 1998.

Board of Governors of the Federal Reserve System

JENNIFER J. JOHNSON
Secretary of the Board

FINAL ENFORCEMENT ORDERS ISSUED BY THE BOARD OF GOVERNORS

Kassahum Kebede
New York, New York

The Federal Reserve Board announced on December 16, 1998, the issuance of an Order of Assessment of a Civil Money Penalty against Kassahum Kebede, a former employee and institution-affiliated party of the Bankers Trust Company, New York, New York, a state member bank.

P.T. Ekspor Impor Bank Indonesia (Persero)
Jakarta, Indonesia

The Federal Reserve Board announced on December 16, 1998, the issuance of an Order of Assessment of a Civil Money Penalty against the P.T. Ekspor Impor Bank Indonesia (Persero), Jakarta, Indonesia, and the bank's New York Agency.

Putra Masagung and P.T. Gunung Agung, Ltd. Corporation
Jakarta, Indonesia

The Federal Reserve Board announced on December 4, 1998, the issuance of a combined Order to Cease and Desist and Order of Assessment of Civil Money Penalties against Putra Masagung and P.T. Gunung Agung, Ltd. Corporation, Jakarta, Indonesia, and an Order of Prohibition against Mr. Masagung.

Fred J. Smilek
New York, New York

The Federal Reserve Board announced on December 16, 1998, the issuance of an Order of Prohibition against Fred J. Smilek, a former officer of the Chemical Bank, New York, New York, a former state member bank.

Zia New Mexico Bank
Tucumcari, New Mexico

The Federal Reserve Board announced on December 14, 1998, the issuance of a Cease and Desist Order against the Zia New Mexico Bank, Tucumcari, New Mexico.

WRITTEN AGREEMENTS APPROVED BY FEDERAL RESERVE BANKS

Adairsville Bancshares, Inc.
Adairsville, Georgia

The Federal Reserve Board announced on December 22, 1998, the execution of a Written Agreement by and among Adairsville Bancshares, Inc., Adairsville, Georgia; the Bank of Adairsville, Adairsville, Georgia; the Federal Reserve Bank of Atlanta; and the Banking Commissioner of the State of Georgia.

Southern Security Bank
Hollywood, Florida

The Federal Reserve Board announced on December 7, 1998, the execution of a Written Agreement by and among the Southern Security Bank, Hollywood, Florida; the Federal Reserve Bank of Atlanta; and the State Comptroller and Banking Commissioner of the State of Florida.

Financial and Business Statistics

INTERNATIONAL STATISTICS

Summary Statistics

Reported by Banks in the United States

Reported by Nonbanking Business Enterprises in the United States

Securities Holdings and Transactions

Interest and Exchange Rates

SPECIAL TABLES

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

c	Corrected
e	Estimated
n.a.	Not available
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
. . .	Cell not applicable
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
CRA	Community Reinvestment Act of 1977
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GNMA	Government National Mortgage Association
GDP	Gross domestic product
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IO	Interest only
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
MSA	Metropolitan statistical area
NOW	Negotiable order of withdrawal
OCD	Other checkable deposit
OPEC	Organization of Petroleum Exporting Countries
OTS	Office of Thrift Supervision
PMI	Private mortgage insurance
PO	Principal only
REIT	Real estate investment trust
REMIC	Real estate mortgage investment conduit
RP	Repurchase agreement
RTC	Resolution Trust Corporation
SCO	Securitized credit obligation
SDR	Special drawing right
SIC	Standard Industrial Classification
VA	Department of Veterans Affairs

GENERAL INFORMATION

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

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

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

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

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

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1997	1998			1998				
	Q4	Q1	Q2	Q3	July	Aug.	Sept.	Oct.	Nov.
Reserves of depository institutions[2]									
1 Total	−2.8	−1.9	−3.8	−7.4	−15.3	4.9	−11.0	−5.4	5.0
2 Required	−5.6	−1.8	−2.5	−9.0	−8.8	1.0	−16.1	−2.5	3.8
3 Nonborrowed	−.8	−.6	−4.3	−8.4	−15.5	4.6	−10.5	−3.3	7.5
4 Monetary base[3]	7.9	6.9	4.1	6.9	5.0	8.9	11.5	9.3	9.1
Concepts of money, liquid assets, and debt[4]									
5 M1	.9	3.0	.2	−2.5	−3.0	−3.1	3.5	7.2	9.8
6 M2	7.0	8.0	7.4	6.6	4.8	8.5	14.8	12.7	10.8
7 M3	10.0	11.0	10.2	7.4r	1.8r	12.6r	15.2r	13.7r	15.4
8 Debt	6.0	6.2	6.1	6.1	6.3	6.2	6.0	6.5	n.a.
Nontransaction components									
9 In M2[5]	9.3	9.7	9.9	9.8	7.5	12.5	18.6	14.6	11.1
10 In M3 only[6]	19.5	20.3	18.8	9.7r	−6.9r	24.7r	16.4r	16.4r	28.6
Time and savings deposits									
Commercial banks									
11 Savings, including MMDAs	16.3	13.6	14.3	13.8	17.0	15.2	18.7	16.0	17.4
12 Small time[7]	4.5	1.5	−1.0	.8	.2	5.4	1.9	1.9	2.9
13 Large time[8,9]	9.9	19.5	18.0	−2.5	−29.8	11.9	−4.5	−6.4	13.5
Thrift institutions									
14 Savings, including MMDAs	1.4	7.6	11.6	6.9	8.5	2.7	7.5	11.9	12.1
15 Small time[7]	−3.1	−.4	−5.6	−5.0	−5.3	−12.8	1.4	.7	−9.7
16 Large time[8]	5.4	14.4	−.8	−4.0	−9.6	−8.3	2.8	8.3	4.1
Money market mutual funds									
17 Retail	15.1	19.0	21.0	21.3	5.0	32.9	48.3	31.3	17.0
18 Institution-only	22.0	18.9	36.5	21.6	−5.3	36.5	38.4	60.9	44.4
Repurchase agreements and Eurodollars									
19 Repurchase agreements[10]	39.5	34.1	14.5	10.6	18.9	33.4	29.8	−20.3	46.2
20 Eurodollars[10]	24.3	7.6	−7.7	27.8r	30.9r	40.1r	8.9r	32.9r	11.7
Debt components[4]									
21 Federal	.4	.0	−1.4	−1.5	−.9	−.8	−3.3	−3.1	n.a.
22 Nonfederal	7.9	8.3	8.6	8.5	8.5	8.5	8.9	9.4	n.a.

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Includes both overnight and term.

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1998			1998						
	Sept.	Oct.	Nov.	Oct. 14	Oct. 21	Oct. 28	Nov. 4	Nov. 11	Nov. 18	Nov. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	486,639	489,492[r]	495,325	488,624	490,836	488,173[r]	493,843	493,033	495,211	494,163
U.S. government securities[2]										
2 Bought outright—System account[3]	444,223	447,493	451,629	447,673	447,289	447,209	450,128	450,355	450,434	452,826
3 Held under repurchase agreements	6,303	3,235	3,391	2,672	4,096	2,025	3,333	1,903	4,084	3,004
Federal agency obligations										
4 Bought outright	417	394	373	400	388	388	385	373	373	372
5 Held under repurchase agreements	1,923	3,425	3,864	3,077	4,415	3,457	3,878	3,188	4,215	2,691
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	56	86	48	31	4	13	35	13	72	84
8 Seasonal credit	177	104	35	110	99	91	67	46	33	23
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	622	181[r]	544	543	−178	266[r]	−118	994	466	628
11 Other Federal Reserve assets	32,918	34,572	35,440	34,117	34,723	34,724	36,134	36,161	35,536	34,534
12 Gold stock	11,045	11,043	11,041	11,044	11,044	11,040	11,041	11,041	11,042	11,041
13 Special drawing rights certificate account	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
14 Treasury currency outstanding	25,990	26,033	26,094	26,023	26,037	26,051	26,065	26,079	26,093	26,107
ABSORBING RESERVE FUNDS										
15 Currency in circulation	492,822	496,396	502,660	497,334	497,191	496,617	498,252	500,979	502,563	503,865
16 Treasury cash holdings	93	91	92	92	92	90	87	87	88	98
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,296	5,407	5,135	5,480	5,322	5,326	5,030	5,256	4,801	5,026
18 Foreign	176	224	188	321	209	206	164	185	178	179
19 Service-related balances and adjustments	6,907	6,947[r]	6,867	7,055	6,953	6,860[r]	6,860	6,793	6,772	6,793
20 Other	360	414	403	417	408	424	406	416	410	389
21 Other Federal Reserve liabilities and capital	17,160	17,347	17,476	17,078	17,218	17,188	18,049	18,138	17,220	17,042
22 Reserve balances with Federal Reserve Banks[4]	9,061	8,941[r]	8,840	7,114	9,725	7,751[r]	11,301	7,499	9,514	7,118

Factor	End-of-month figures			Wednesday figures						
	Sept.	Oct.	Nov.	Oct. 14	Oct. 21	Oct. 28	Nov. 4	Nov. 11	Nov. 18	Nov. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	496,371	494,886[r]	504,547	491,277	492,306	489,060[r]	491,069	495,016	494,351	499,128
U.S. government securities[2]										
2 Bought outright—System account[3]	446,047	450,179	453,991	447,687	448,032	447,966	450,388	451,665	451,617	454,525
3 Held under repurchase agreements	12,135	4,286	8,970	2,045	4,115	2,279	2,050	940	3,630	3,830
Federal agency obligations										
4 Bought outright	403	388	368	388	388	388	373	373	373	368
5 Held under repurchase agreements	2,099	3,538	6,172	4,570	5,488	3,440	3,234	3,605	4,263	4,662
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	896	1	1	101	0	1	1	3	15	126
8 Seasonal credit	159	68	15	109	94	83	59	36	24	19
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	−1,230	−329[r]	464	2,140	−266	101[r]	−691	2,205	456	525
11 Other Federal Reserve assets	35,862	36,755[r]	34,567	34,238	34,455	34,802	35,654	36,189	33,973	35,073
12 Gold stock	11,044	11,041	11,041	11,044	11,044	11,041	11,041	11,041	11,041	11,040
13 Special drawing rights certificate account	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
14 Treasury currency outstanding	25,995	26,065	26,121	26,023	26,037	26,051	26,065	26,079	26,093	26,107
ABSORBING RESERVE FUNDS										
15 Currency in circulation	494,244	497,402	507,068	498,474	497,594	498,039	499,999	503,093	503,375	506,708
16 Treasury cash holdings	92	87	99	92	91	87	87	86	98	99
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	4,952	4,440	5,219	4,895	4,842	6,382	5,914	5,271	4,720	4,881
18 Foreign	347	154	211	189	177	213	191	157	214	252
19 Service-related balances and adjustments	6,992	6,860[r]	7,211	7,055	6,953	6,860[r]	6,860	6,793	6,772	6,793
20 Other	349	380	337	397	398	467	438	390	406	356
21 Other Federal Reserve liabilities and capital	17,654	18,241	16,579	16,878	17,025	16,927	17,861	18,258	16,859	16,852
22 Reserve balances with Federal Reserve Banks[4]	17,981	13,627[r]	14,183	9,564	11,506	6,376[r]	6,026	7,290	8,240	9,534

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1995	1996	1997	1998						
	Dec.	Dec.	Dec.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.
1 Reserve balances with Reserve Banks[2]	20,440	13,395	10,673	9,646	9,668	9,646	9,682	9,284	9,026	8,855
2 Total vault cash[3]	42,281	44,525	44,707	41,482	42,635	42,035	42,121	42,579	43,348	43,109
3 Applied vault cash[4]	37,460	37,848	37,206	35,159	35,427	34,954	35,025	34,909	35,090	35,298
4 Surplus vault cash[5]	4,821	6,678	7,500	6,323	7,208	7,081	7,095	7,670	8,258	7,811
5 Total reserves[6]	57,900	51,242	47,880	44,805	45,095	44,600	44,707	44,193	44,115	44,152
6 Required reserves	56,622	49,819	46,196	43,655	43,475	43,235	43,194	42,509	42,544	42,529
7 Excess reserve balances at Reserve Banks[7]	1,278	1,423	1,683	1,150	1,620	1,365	1,513	1,684	1,572	1,624
8 Total borrowings at Reserve Banks[8]	257	155	324	153	251	258	271	251	174	84
9 Seasonal borrowings	40	68	79	94	159	215	242	178	107	37
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1998									
	July 29	Aug. 12	Aug. 26	Sept. 9	Sept. 23	Oct. 7	Oct. 21	Nov. 4[r]	Nov. 18	Dec. 2
1 Reserve balances with Reserve Banks[2]	8,933	10,428	8,800	10,363	8,439	9,588	8,400	9,509	8,520	9,028
2 Total vault cash[3]	41,984	41,984	42,355	41,793	42,900	42,948	44,084	42,598	43,080	43,313
3 Applied vault cash[4]	34,770	35,157	35,024	34,712	35,039	34,905	35,321	34,897	34,935	35,855
4 Surplus vault cash[5]	7,214	6,827	7,330	7,081	7,862	8,043	8,763	7,701	8,145	7,458
5 Total reserves[6]	43,703	45,585	43,824	45,075	43,477	44,493	43,720	44,405	43,455	44,882
6 Required reserves	42,341	44,147	42,392	43,153	42,093	42,514	42,520	42,599	41,913	43,224
7 Excess reserve balances at Reserve Banks[7]	1,362	1,437	1,431	1,922	1,384	1,978	1,200	1,806	1,542	1,658
8 Total borrowings at Reserve Banks[8]	314	271	280	247	190	379	122	103	82	79
9 Seasonal borrowings	233	241	255	209	171	152	105	79	40	20
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 1/15/99	Effective date	Previous rate	On 1/15/99	Effective date	Previous rate	On 1/15/99	Effective date	Previous rate
Boston	4.50	11/18/98	4.75	4.75	1/14/99	4.85	5.25	1/14/99	5.35
New York		11/17/98							
Philadelphia		11/17/98							
Cleveland		11/19/98							
Richmond		11/18/98							
Atlanta		11/18/98							
Chicago		11/19/98							
St. Louis		11/19/98							
Minneapolis		11/19/98							
Kansas City		11/18/98							
Dallas		11/17/98							
San Francisco	4.50	11/17/98	4.75	4.75	1/14/99	4.85	5.25	1/14/99	5.35

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

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

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7
1990—Dec. 19	6.5	6.5
1991—Feb. 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5
Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
1994—May 17	3–3.5	3.5
18	3.5	3.5
Aug. 16	3.5–4	4
18	4	4
Nov. 15	4–4.75	4.75
17	4.75	4.75
1995—Feb. 1	4.75–5.25	5.25
9	5.25	5.25
1996—Jan. 31	5.00–5.25	5.00
Feb. 5	5.00	5.00
1998—Oct. 15	4.75–5.00	4.75
Oct. 16	4.75	4.75
1998—Nov. 17	4.50–4.75	4.50
Nov. 19	4.50	4.50
In effect Jan. 15, 1999	4.50	4.50

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[2]		
1 $0 million–$47.8 million[3]	3	12/31/98
2 More than $47.8 million[4]	10	12/31/98
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

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

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

3. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective with the reserve maintenance period beginning December 31, 1998, for depository institutions that report weekly, and with the period beginning January 14, 1999, for institutions that report quarterly, the amount was decreased from $47.8 million to $46.5 million.

Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning December 31, 1998, for depository institutions that report weekly, and with the period beginning January 14, 1999, for institutions that report quarterly, the exemption was raised from $4.7 million to $4.9 million.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1995	1996	1997	1998						
				Apr.	May	June	July	Aug.	Sept.	Oct.
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	10,932	9,901	9,147	3,550	0	0	0	0	0	0
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	405,296	426,928	436,257	46,802	35,190	32,830	40,312	34,607	33,140	40,712
4 For new bills	405,296	426,928	435,907	46,802	35,190	32,830	40,312	34,607	33,140	40,712
5 Redemptions	900	0	0	0	0	0	0	0	0	0
Others within one year										
6 Gross purchases	390	524	5,549	1,369	0	0	0	986	1,038	741
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	43,574	30,512	41,716	4,369	6,951	1,520	2,638	6,367	2,301	2,423
9 Exchanges	−35,407	−41,394	−27,499	−2,601	−4,990	−5,084	−2,242	−8,964	−2,242	−400
10 Redemptions	1,776	2,015	1,996	286	0	0	1,311	0	0	602
One to five years										
11 Gross purchases	5,366	3,898	19,680	2,993	0	0	0	535	3,989	725
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−34,646	−25,022	−37,987	−4,369	−6,620	−1,520	−2,638	−2,168	−2,301	−2,423
14 Exchanges	26,387	31,459	20,274	2,201	2,270	5,084	1,842	5,828	2,242	0
Five to ten years										
15 Gross purchases	1,432	1,116	3,849	495	0	0	0	303	351	0
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−3,093	−5,469	−1,954	0	−331	0	0	−3,411	0	0
18 Exchanges	7,220	6,666	5,215	0	2,720	0	0	1,364	0	400
More than ten years										
19 Gross purchases	2,529	1,655	5,897	0	0	0	0	1,769	0	1,674
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−2,253	−20	−1,775	0	0	0	0	−789	0	0
22 Exchanges	1,800	3,270	2,360	400	0	0	400	1,772	0	0
All maturities										
23 Gross purchases	20,649	17,094	44,122	8,407	0	0	0	3,593	5,377	3,140
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	2,676	2,015	1,996	286	0	0	1,311	0	0	602
Matched transactions										
26 Gross purchases	2,197,736	3,092,399	3,577,954	354,756	367,934	369,358	373,285	346,245	380,594	402,581
27 Gross sales	2,202,030	3,094,769	3,580,274	354,741	368,281	370,569	371,142	348,318	382,063	400,995
Repurchase agreements										
28 Gross purchases	331,694	457,568	810,485	59,548	7,722	57,098	52,116	39,078	63,924	40,823
29 Gross sales	328,497	450,359	809,268	50,663	20,456	41,414	63,531	38,402	59,731	48,672
30 Net change in U.S. Treasury securities	16,875	19,919	41,022	17,021	−13,081	14,473	−10,584	2,196	8,101	−3,725
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	0	0	0	0	0	0	25	0	0
33 Redemptions	1,003	409	1,540	74	0	25	0	50	48	15
Repurchase agreements										
34 Gross purchases	36,851	75,354	160,409	13,547	1,575	14,548	11,236	33,431	18,486	51,471
35 Gross sales	36,776	74,842	159,369	13,042	3,300	12,913	12,341	30,625	19,953	50,032
36 Net change in federal agency obligations	−928	103	−500	431	−1,725	1,610	−1,105	2,731	−1,515	1,424
37 Total net change in System Open Market Account	**15,948**	**20,021**	**40,522**	**17,452**	**−14,806**	**16,083**	**−11,689**	**4,927**	**6,586**	**−2,301**

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

2. Transactions exclude changes in compensation for the effects of inflation on the principal of inflation-indexed securities.

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

Millions of dollars

Account	Wednesday					End of month		
	1998					1998		
	Oct. 28	Nov 4	Nov. 11	Nov. 18	Nov. 25	Sept. 30	Oct. 31	Nov. 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,041	11,041	11,041	11,041	11,040	11,044	11,041	11,041
2 Special drawing rights certificate account	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
3 Coin	458	409	408	404	399	417	426	391
Loans								
4 To depository institutions	84	60	39	39	146	1,055	69	17
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	388	373	373	373	368	403	388	368
8 Held under repurchase agreements	3,440	3,234	3,605	4,263	4,662	2,099	3,538	6,172
9 **Total U.S. Treasury securities**	**450,245**	**452,438**	**452,605**	**455,247**	**458,355**	**458,182**	**454,465**	**462,961**
10 Bought outright[2]	447,966	450,388	451,665	451,617	454,525	446,047	450,179	453,991
11 Bills	196,578	197,659	197,757	196,355	197,167	195,864	197,450	196,631
12 Notes	184,333	185,034	186,206	186,646	187,887	184,186	185,033	187,888
13 Bonds	67,055	67,696	67,702	68,617	69,472	65,996	67,696	69,472
14 Held under repurchase agreements	2,279	2,050	940	3,630	3,830	12,135	4,286	8,970
15 **Total loans and securities**	**454,157**	**456,105**	**456,622**	**459,922**	**463,530**	**461,738**	**458,460**	**469,517**
16 Items in process of collection	6,398	7,930	10,370	8,747	7,631	6,454	4,702	2,899
17 Bank premises	1,295	1,294	1,295	1,295	1,295	1,295	1,293	1,294
Other assets								
18 Denominated in foreign currencies[3]	18,486	19,579	19,587	19,597	19,605	18,448	19,573	18,943
19 All other[4]	15,114	15,386	15,371	13,146	14,555	15,880	15,976	14,456
20 **Total assets**	**516,148**	**520,945**	**523,894**	**523,352**	**527,256**	**524,476**	**520,672**	**527,740**
LIABILITIES								
21 Federal Reserve notes	472,533	474,430	477,508	477,785	481,100	468,759	471,851	481,438
22 **Total deposits**	**20,448**	**20,864**	**20,003**	**21,031**	**22,192**	**31,353**	**25,568**	**27,260**
23 Depository institutions	13,385	14,320	14,186	15,691	16,705	25,706	20,592	21,493
24 U.S. Treasury—General account	6,382	5,914	5,271	4,720	4,881	4,952	4,440	5,219
25 Foreign—Official accounts	213	191	157	214	252	347	154	211
26 Other	467	438	390	406	356	349	380	337
27 Deferred credit items	6,240	7,791	8,126	7,678	7,112	6,711	5,012	2,463
28 Other liabilities and accrued dividends[5]	4,477	4,393	4,356	4,471	4,428	4,637	4,518	4,456
29 **Total liabilities**	**503,697**	**507,477**	**509,992**	**510,965**	**514,832**	**511,460**	**506,948**	**515,617**
CAPITAL ACCOUNTS								
30 Capital paid in	5,919	5,923	5,932	5,935	5,908	5,910	5,920	5,931
31 Surplus	5,220	5,220	5,220	5,220	5,220	5,220	5,220	5,205
32 Other capital accounts	1,311	2,325	2,749	1,232	1,296	1,886	2,583	987
33 **Total liabilities and capital accounts**	**516,148**	**520,945**	**523,894**	**523,352**	**527,256**	**524,476**	**520,672**	**527,740**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	576,334	575,765	578,930	591,187	591,187	564,692	576,466	596,157
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	587,780	591,309	594,511	597,997	600,250	580,575	588,229	601,253
36 LESS: Held by Federal Reserve Banks	115,247	116,879	117,003	120,212	119,150	111,817	116,378	119,815
37 Federal Reserve notes, net	472,533	474,430	477,508	477,785	481,100	468,759	471,851	481,438
Collateral held against notes net								
38 Gold certificate account	11,041	11,041	11,041	11,041	11,040	11,044	11,041	11,041
39 Special drawing rights certificate account	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	452,292	454,188	457,266	457,544	460,860	448,515	451,610	461,197
42 **Total collateral**	**472,533**	**474,430**	**477,508**	**477,785**	**481,100**	**468,759**	**471,851**	**481,438**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1998					1998		
	Oct. 28	Nov. 4	Nov. 11	Nov. 18	Nov. 25	Sept. 30	Oct. 30	Nov. 30
1 **Total loans**	**84**	**60**	**39**	**39**	**146**	**233**	**69**	**16**
2 Within fifteen days[1]	76	47	34	37	143	155	51	4
3 Sixteen days to ninety days	8	13	5	2	3	78	18	12
4 **Total U.S. Treasury securities**[2]	**450,245**	**452,438**	**452,605**	**455,247**	**458,355**	**458,182**	**454,465**	**462,961**
5 Within fifteen days[1]	12,666	15,302	17,639	13,692	14,629	20,310	8,752	16,007
6 Sixteen days to ninety days	92,901	91,727	95,103	96,249	96,504	90,644	100,244	100,695
7 Ninety-one days to one year	142,266	141,032	134,307	139,064	138,884	145,875	141,715	138,427
8 One year to five years	105,384	106,733	107,911	107,327	107,855	105,789	106,109	107,348
9 Five years to ten years	42,033	42,034	42,035	43,947	44,816	41,628	42,034	44,817
10 More than ten years	54,994	55,611	55,611	54,968	55,666	53,936	55,611	55,666
11 **Total federal agency obligations**	**3,828**	**3,607**	**3,978**	**4,636**	**5,030**	**2,502**	**3,926**	**6,540**
12 Within fifteen days[1]	3,440	3,234	3,610	4,268	4,692	2,099	3,538	6,202
13 Sixteen days to ninety days	50	37	32	32	2	50	52	2
14 Ninety-one days to one year	85	93	100	100	100	75	93	100
15 One year to five years	58	58	51	51	51	93	58	51
16 Five years to ten years	185	185	185	185	185	185	185	185
17 More than ten years	0	0	0	0	0	n.a.	0	0

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

2. Includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities.

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

Billions of dollars, averages of daily figures

Item	1994 Dec.	1995 Dec.	1996 Dec.	1997 Dec.	1998 Apr.	1998 May	1998 June	1998 July	1998 Aug.	1998 Sept.	1998 Oct.[r]	1998 Nov.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	59.41	56.40	50.08	46.67	45.96	45.59	45.39	44.81	45.00	44.59	44.39	44.57
2 Nonborrowed reserves[4]	59.20	56.14	49.93	46.35	45.89	45.44	45.14	44.56	44.73	44.33	44.21	44.49
3 Nonborrowed reserves plus extended credit[5]	59.20	56.14	49.93	46.35	45.89	45.44	45.14	44.56	44.73	44.33	44.21	44.49
4 Required reserves	58.24	55.12	48.66	44.99	44.61	44.44	43.77	43.45	43.48	42.90	42.81	42.95
5 Monetary base[6]	418.12	434.17	452.38	480.15	487.20	489.10	491.63	493.70	497.37	502.14[r]	506.01	509.85
	Not seasonally adjusted											
6 Total reserves[7]	61.13	58.02	51.52	47.97	46.53	44.87	45.17	44.69	44.81	44.31	44.24	44.29
7 Nonborrowed reserves	60.92	57.76	51.37	47.65	46.45	44.71	44.92	44.43	44.54	44.06	44.07	44.21
8 Nonborrowed reserves plus extended credit[5]	60.92	57.76	51.37	47.65	46.45	44.71	44.92	44.43	44.54	44.06	44.07	44.21
9 Required reserves[8]	59.96	56.74	50.10	46.29	45.18	43.72	43.55	43.32	43.30	42.63	42.67	42.67
10 Monetary base[9]	422.51	439.03	456.72	485.11	487.36	488.28	491.18	495.35	497.56	501.02[r]	504.50	510.15
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	61.34	57.90	51.24	47.88	46.48	44.81	45.10	44.60	44.71	44.19	44.12	44.15
12 Nonborrowed reserves	61.13	57.64	51.09	47.56	46.40	44.65	44.84	44.34	44.44	43.94	43.94	44.07
13 Nonborrowed reserves plus extended credit[5]	61.13	57.64	51.09	47.56	46.40	44.65	44.84	44.34	44.44	43.94	43.94	44.07
14 Required reserves	60.17	56.62	49.82	46.20	45.13	43.66	43.48	43.24	43.19	42.51	42.54	42.53
15 Monetary base[12]	427.25	444.45	463.49	491.92	494.11	494.95	497.93	502.20	504.45[r]	507.83[r]	511.35	516.92
16 Excess reserves[13]	1.17	1.28	1.42	1.68	1.35	1.15	1.62	1.37	1.51	1.68	1.57	1.62
17 Borrowings from the Federal Reserve	.21	.26	.16	.32	.07	.15	.25	.26	.27	.25	.17	.08

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) weekly statistical release. Historical data starting in 1959 and estimates of the effect on required reserves of changes in reserve requirements are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

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

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

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

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

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

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

10. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with regulatory changes in reserve requirements.

11. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements.

12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since February 1984, currency and vault cash figures have been measured over the computation periods ending on Mondays.

13. Unadjusted total reserves (line 11) less unadjusted required reserves (line 14).

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item	1994 Dec.	1995 Dec.	1996 Dec.	1997 Dec.	1998 Aug.	1998 Sept.	1998 Oct.	1998 Nov.
	Seasonally adjusted							
Measures[2]								
1 M1	1,150.7	1,128.7	1,082.8	1,076.0	1,069.0	1,072.1	1,078.5	1,087.3
2 M2	3,503.0	3,651.2	3,826.1	4,046.4	4,240.7	4,292.9	4,338.5	4,377.4
3 M3	4,333.6	4,595.6	4,931.1	5,376.8	5,711.8	5,784.2	5,850.2	5,925.1
4 Debt	12,998.7	13,695.6	14,424.1	15,167.3	15,793.1	15,871.7	15,957.3	n.a.
M1 components								
5 Currency[3]	354.3	372.4	394.9	425.5	443.8	449.5	453.3	456.7
6 Travelers checks[4]	8.5	8.9	8.6	8.2	7.8	7.9	8.0	8.0
7 Demand deposits[5]	384.0	391.0	403.6	397.1	374.2	373.6	374.1	376.1
8 Other checkable deposits[6]	403.9	356.4	275.9	245.2	243.2	241.2	243.1	246.5
Nontransaction components								
9 In M2[7]	2,352.3	2,522.6	2,743.2	2,970.4	3,171.7	3,220.8	3,260.0	3,290.1
10 In M3 only[8]	830.6	944.4	1,105.0	1,330.4	1,471.2	1,491.3	1,511.7	1,547.7
Commercial banks								
11 Savings deposits, including MMDAs	752.6	775.0	904.8	1,020.9	1,117.8	1,135.2	1,150.3	1,167.0
12 Small time deposits[9]	503.2	575.8	594.5	625.7	626.4	627.4	628.4	629.9
13 Large time deposits[10, 11]	298.7	345.4	413.2	487.5	527.9	525.9	523.1	529.0
Thrift institutions								
14 Savings deposits, including MMDAs	397.3	359.7	366.9	376.6	400.1	402.6	406.6	410.7
15 Small time deposits[9]	314.2	357.2	354.3	343.9	333.8	334.2	334.4	331.7
16 Large time deposits[10]	64.7	74.2	78.0	85.4	86.2	86.4	87.0	87.3
Money market mutual funds								
17 Retail	385.0	454.9	522.8	603.2	693.6	721.5	740.3	750.8
18 Institution-only	203.1	253.9	310.3	376.2	443.3	457.5	480.7	498.5
Repurchase agreements and Eurodollars								
19 Repurchase agreements[12]	183.3	182.4	194.2	236.1	265.5	272.1	267.5	277.8
20 Eurodollars[12]	80.8	88.6	109.2	145.3	148.3	149.4	153.5	155.0
Debt components								
21 Federal debt	3,492.4	3,638.9	3,780.6	3,798.4	3,770.3	3,760.0	3,750.3	n.a.
22 Nonfederal debt	9,506.3	10,056.7	10,643.5	11,368.9	12,022.8	12,111.7	12,207.0	n.a.
	Not seasonally adjusted							
Measures[2]								
23 M1	1,174.4	1,152.4	1,104.9	1,097.6	1,067.7	1,068.9	1,074.7	1,092.2
24 M2	3,523.4	3,672.0	3,845.4	4,065.3	4,245.1	4,284.2	4,324.3	4,379.1
25 M3	4,353.2	4,615.2	4,948.9	5,394.0	5,712.9	5,768.5	5,841.0	5,929.7
26 Debt	13,001.3	13,697.0	14,424.4	15,166.8	15,748.3	15,835.6	15,917.8	n.a
M1 components								
27 Currency[3]	357.5	376.2	397.9	429.0	444.3	448.2	452.5	457.3
28 Travelers checks[4]	8.1	8.5	8.3	7.9	8.2	8.1	8.1	7.8
29 Demand deposits[5]	400.3	407.2	419.9	413.0	374.2	372.6	372.9	381.1
30 Other checkable deposits[6]	408.6	360.5	278.8	247.7	241.0	239.9	241.3	246.0
Nontransaction components								
31 In M2[7]	2,349.0	2,519.6	2,740.5	2,967.8	3,177.4	3,215.3	3,249.6	3,286.9
32 In M3 only[8]	829.7	943.2	1,103.5	1,328.6	1,467.8	1,484.3	1,516.6	1,550.5
Commercial banks								
33 Savings deposits, including MMDAs	751.7	774.1	903.3	1,019.0	1,120.1	1,133.5	1,146.1	1,166.2
34 Small time deposits[9]	501.5	573.8	592.7	624.1	626.6	627.0	628.4	629.1
35 Large time deposits[10, 11]	298.9	345.8	413.6	488.0	528.0	528.3	531.0	535.1
Thrift institutions								
36 Savings deposits, including MMDAs	396.8	359.2	366.4	375.9	400.9	402.0	405.2	410.4
37 Small time deposits[9]	313.2	355.9	353.2	343.0	333.9	333.9	334.4	331.3
38 Large time deposits[10]	64.8	74.3	78.1	85.4	86.2	86.8	88.3	88.4
Money market mutual funds								
39 Retail	385.9	456.4	524.8	605.8	695.9	719.0	735.6	749.9
40 Institution-only	204.6	255.8	312.7	378.9	441.1	451.3	475.4	497.3
Repurchase agreements and Eurodollars								
41 Repurchase agreements[12]	179.6	178.0	188.8	229.4	266.0	270.1	270.0	276.4
42 Eurodollars[12]	81.8	89.4	110.3	146.9	146.6	147.7	151.9	153.4
Debt components								
43 Federal debt	3,499.0	3,645.9	3,787.9	3,805.8	3,749.6	3,743.4	3,727.8	n.a.
44 Nonfederal debt	9,502.3	10,051.1	10,636.5	11,361.1	11,998.7	12,092.2	12,190.0	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) weekly statistical release. Historical data starting in 1959 are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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

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

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

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

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

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

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

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

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

7. Sum of (1) savings deposits (including MMDAs), (2) small time deposits, and (3) retail money fund balances.

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

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

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

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

12. Includes both overnight and term.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]

A. All commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1997	1998[r]							1998			
	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 4	Nov. 11	Nov. 18	Nov. 25
	Seasonally adjusted											
Assets												
1 Bank credit	4,073.6[r]	4,249.8	4,262.9	4,282.5	4,344.2	4,400.2	4,492.6	4,528.3	4,518.0	4,522.6	4,522.2	4,537.0
2 Securities in bank credit	1,075.1	1,126.1	1,121.6	1,130.2	1,155.5	1,175.4	1,216.5	1,225.9	1,225.3	1,220.3	1,221.9	1,230.6
3 U.S. government securities	742.8	772.0	756.9	760.4	770.6	766.4	773.5	788.1	785.7	783.2	786.7	795.5
4 Other securities	332.3	354.0	364.7	369.8	384.9	409.0	443.0	437.8	439.6	437.1	435.2	435.1
5 Loans and leases in bank credit[2]	2,998.5[r]	3,123.7	3,141.3	3,152.3	3,188.7	3,224.8	3,276.2	3,302.4	3,292.8	3,302.3	3,300.3	3,306.4
6 Commercial and industrial	845.4[r]	882.6	892.8	899.0	908.4	920.8	942.1	950.4	947.4	949.3	951.4	951.9
7 Real estate	1,226.7[r]	1,271.3	1,270.8	1,271.9	1,280.2	1,281.2	1,286.3	1,307.2	1,301.6	1,307.1	1,301.4	1,309.0
8 Revolving home equity	96.8	98.0	97.8	97.5	97.5	97.7	96.8	97.0	96.8	96.8	97.1	97.1
9 Other	1,129.9[r]	1,173.3	1,173.1	1,174.4	1,182.8	1,183.5	1,189.5	1,210.3	1,204.7	1,210.2	1,204.3	1,211.9
10 Consumer	506.9[r]	504.9	501.3	496.4	495.6	498.8	499.3	501.4	500.7	501.5	502.2	501.5
11 Security[3]	99.7	123.2	130.3	132.5	139.1	144.5	159.5	154.4	157.2	157.2	156.9	153.1
12 Other loans and leases	319.8[r]	341.7	346.1	352.6	365.4	379.5	389.0	388.9	385.9	387.3	388.4	390.9
13 Interbank loans	200.7[r]	203.1	218.4	214.7	209.3	223.3	226.8	227.0	225.8	223.7	232.6	231.4
14 Cash assets[4]	273.1	250.7	250.3	243.5	251.9	252.8	243.5	250.3	240.7	256.6	242.2	261.7
15 Other assets[5]	295.4	312.5	312.6	309.5	311.9	316.6	311.5	317.4	316.8	318.2	317.1	316.0
16 **Total assets**[6]	**4,786.1[r]**	**4,958.5**	**4,986.5**	**4,992.5**	**5,059.9**	**5,135.2**	**5,216.3**	**5,264.6**	**5,242.9**	**5,262.8**	**5,255.8**	**5,288.0**
Liabilities												
17 Deposits	3,105.4	3,205.5	3,223.2	3,196.5	3,228.1	3,249.6	3,273.0	3,315.9	3,297.3	3,309.0	3,301.1	3,343.9
18 Transaction	693.6	687.8	683.2	667.3	668.0	677.5	668.4	668.4	658.9	664.1	657.2	701.8
19 Nontransaction	2,411.8	2,517.6	2,540.1	2,529.2	2,560.1	2,572.0	2,604.6	2,647.5	2,638.4	2,644.9	2,644.0	2,642.1
20 Large time	633.3	674.9	685.4	667.2	678.9	684.2	696.4	707.1	699.4	705.7	709.8	709.5
21 Other	1,778.5	1,842.7	1,854.7	1,862.0	1,881.1	1,887.8	1,908.2	1,940.4	1,939.0	1,939.2	1,934.2	1,932.6
22 Borrowings	814.1	861.9	858.3	859.8	864.0	892.3	942.4	981.0	963.6	968.9	990.3	991.9
23 From banks in the U.S.	300.7	282.1	287.9	290.0	293.9	303.5	319.5	324.5	319.2	318.2	329.6	324.7
24 From others	513.4	579.8	570.4	569.8	570.0	588.8	622.9	656.5	644.4	650.7	660.7	667.1
25 Net due to related foreign offices	185.0	174.4	170.6	186.3	201.4	200.3	223.7	216.9	237.9	228.2	216.8	200.4
26 Other liabilities	280.3	299.3	308.0	317.6	326.0	334.6	348.8	327.7	338.1	333.0	323.1	320.9
27 **Total liabilities**	**4,384.8**	**4,541.0**	**4,560.2**	**4,560.2**	**4,619.4**	**4,676.7**	**4,787.9**	**4,841.5**	**4,837.0**	**4,839.2**	**4,831.2**	**4,857.0**
28 Residual (assets less liabilities)[7]	401.3[r]	417.5	426.3	432.2	440.5	458.4	428.4	423.1	405.9	423.6	424.5	431.0
	Not seasonally adjusted											
Assets												
29 Bank credit	4,081.2[r]	4,244.8	4,264.3	4,276.4	4,330.6	4,387.1	4,496.2	4,536.6	4,544.9	4,529.9	4,529.9	4,534.4
30 Securities in bank credit	1,074.6	1,130.8	1,124.5	1,124.6	1,147.0	1,163.4	1,212.8	1,225.6	1,233.6	1,220.9	1,220.9	1,224.5
31 U.S. government securities	744.3	776.7	759.4	756.6	765.7	761.3	770.9	789.2	788.8	784.5	786.9	794.4
32 Other securities	330.3	354.1	365.1	368.0	381.3	402.1	441.9	436.3	444.8	436.4	434.0	430.1
33 Loans and leases in bank credit[2]	3,006.6[r]	3,114.0	3,139.8	3,151.8	3,183.6	3,223.7	3,283.4	3,311.1	3,311.3	3,309.0	3,309.1	3,309.9
34 Commercial and industrial	844.1[r]	888.2	895.5	898.6	902.4	915.3	940.0	948.9	949.4	947.1	950.7	949.4
35 Real estate	1,232.9[r]	1,265.1	1,268.4	1,274.0	1,283.8	1,286.1	1,293.0	1,313.9	1,309.6	1,315.8	1,307.7	1,314.1
36 Revolving home equity	97.5	97.6	97.5	97.5	97.6	98.4	97.6	97.7	97.7	97.6	97.9	97.7
37 Other	1,135.4[r]	1,167.4	1,170.9	1,176.5	1,186.2	1,187.7	1,195.4	1,216.2	1,212.0	1,218.2	1,209.7	1,216.4
38 Consumer	509.4[r]	499.6	498.5	494.4	497.2	501.6	501.1	503.9	503.1	503.3	504.6	504.2
39 Security[3]	100.6[r]	122.6	130.2	130.3	134.5	141.1	160.0	155.7	161.4	157.0	157.6	154.2
40 Other loans and leases	319.6[r]	338.5	347.1	354.6	365.7	379.7	389.2	388.6	387.7	385.7	388.5	388.0
41 Interbank loans	206.0[r]	198.7	215.0	208.3	202.2	217.6	222.9	233.4	233.5	230.0	240.2	230.8
42 Cash assets[4]	283.0	246.3	245.3	239.1	239.6	250.8	247.3	259.6	243.9	263.8	255.8	263.4
43 Other assets[5]	296.5	312.0	311.1	310.8	313.9	317.8	310.7	318.5	319.0	320.3	317.4	315.3
44 **Total assets**[6]	**4,809.9[r]**	**4,944.3**	**4,978.0**	**4,976.8**	**5,028.6**	**5,115.3**	**5,218.9**	**5,289.7**	**5,282.7**	**5,285.5**	**5,284.8**	**5,285.7**
Liabilities												
45 Deposits	3,123.6	3,189.0	3,215.3	3,189.0	3,217.9	3,253.7	3,276.7	3,334.5	3,318.5	3,329.0	3,324.2	3,342.4
46 Transaction	704.5	676.0	678.2	662.4	654.6	672.8	664.4	679.1	667.2	668.8	673.7	700.8
47 Nontransaction	2,419.1	2,513.0	2,537.1	2,526.6	2,563.3	2,580.9	2,612.3	2,655.4	2,651.3	2,660.2	2,650.5	2,641.6
48 Large time	639.0	675.2	683.1	663.9	678.0	685.9	700.4	713.3	704.9	712.5	714.4	716.9
49 Other	1,780.1	1,837.8	1,854.0	1,862.7	1,885.3	1,895.0	1,912.0	1,942.1	1,946.4	1,947.7	1,936.1	1,924.6
50 Borrowings	811.6	867.5	868.1	864.4	857.0	895.8	938.7	976.9	963.0	963.7	986.7	981.3
51 From banks in the U.S.	301.0	283.3	290.9	290.2	290.0	302.4	315.4	324.8	317.3	316.9	329.9	324.0
52 From others	510.6	584.2	577.2	574.1	567.0	593.5	623.3	652.1	645.7	646.8	656.8	657.3
53 Net due to related foreign offices	181.7	183.0	176.6	188.3	201.8	200.4	220.5	213.7	229.6	223.7	212.7	203.6
54 Other liabilities	281.9	298.8	307.2	317.0	326.0	334.4	348.5	329.1	338.6	334.3	324.6	322.8
55 **Total liabilities**	**4,398.8**	**4,538.2**	**4,567.2**	**4,558.6**	**4,602.7**	**4,684.2**	**4,784.5**	**4,854.1**	**4,849.7**	**4,850.8**	**4,848.2**	**4,850.1**
56 Residual (assets less liabilities)[7]	411.2[r]	406.1	410.8	418.2	425.8	431.1	434.4	435.6	433.1	434.7	436.7	435.6
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	84.2	85.9	92.7	92.7	95.7	110.0	130.1	110.1	118.1	111.5	106.8	103.0
58 Revaluation losses on off-balance-sheet items[8]	85.4	85.0	90.6	90.6	96.5	110.7	128.1	109.6	117.0	112.6	106.9	102.6

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1997	1998[r]							1998			
	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 4	Nov. 11	Nov. 18	Nov. 25
	Seasonally adjusted											
Assets												
1 Bank credit	3,525.8[r]	3,685.7	3,694.7	3,709.5	3,753.8	3,793.5	3,864.4	3,904.3	3,891.6	3,897.8	3,897.8	3,910.0
2 Securities in bank credit	883.7	928.9	921.4	929.6	944.2	961.3	996.3	1,002.9	1,000.0	998.8	998.9	1,006.6
3 U.S. government securities	663.3	682.9	668.4	669.8	677.4	685.1	694.7	708.6	703.3	705.1	707.4	715.4
4 Other securities	220.5	246.0	253.0	259.8	266.8	276.2	301.5	294.3	296.7	293.7	291.5	291.2
5 Loans and leases in bank credit[2]	2,642.1[r]	2,756.8	2,773.3	2,779.9	2,809.6	2,832.1	2,868.1	2,901.4	2,891.6	2,899.0	2,898.8	2,903.4
6 Commercial and industrial	624.9[r]	671.9	680.9	684.1	692.5	700.7	715.0	723.5	720.4	722.2	724.4	724.8
7 Real estate	1,200.1[r]	1,247.0	1,246.7	1,248.0	1,256.6	1,257.9	1,263.4	1,285.6	1,279.1	1,285.0	1,279.5	1,288.0
8 Revolving home equity	96.8	98.0	97.8	97.5	97.5	97.7	96.8	97.0	96.8	96.8	97.1	97.1
9 Other	1,103.3[r]	1,149.0	1,148.9	1,150.6	1,159.1	1,160.1	1,166.6	1,188.6	1,182.2	1,188.1	1,182.4	1,190.9
10 Consumer	506.9[r]	504.9	501.3	496.4	495.6	498.8	499.3	501.4	500.7	501.5	502.2	501.5
11 Security[3]	57.4	62.0	67.7	69.9	73.6	75.4	87.9	87.6	89.7	88.7	90.4	86.0
12 Other loans and leases	252.7[r]	271.1	276.6	281.6	291.3	299.4	302.5	303.3	301.7	301.6	302.3	303.1
13 Interbank loans	177.1[r]	181.4	194.4	192.6	186.7	191.9	196.9	195.8	197.2	193.5	196.3	201.9
14 Cash assets[4]	238.2	216.0	215.5	208.5	217.9	218.7	207.8	216.6	206.6	222.7	208.1	228.8
15 Other assets[5]	249.3	278.4	278.8	275.4	276.1	278.6	272.1	280.7	278.9	281.6	278.0	281.5
16 **Total assets[6]**	**4,134.0[r]**	**4,304.1**	**4,326.0**	**4,328.4**	**4,377.5**	**4,425.2**	**4,483.4**	**4,539.3**	**4,516.3**	**4,537.5**	**4,522.2**	**4,564.3**
Liabilities												
17 Deposits	2,832.6	2,910.2	2,920.1	2,898.4	2,921.1	2,933.8	2,952.5	2,998.8	2,984.8	2,995.0	2,980.7	3,022.5
18 Transaction	683.4	676.3	672.0	653.7	656.0	662.5	653.7	656.4	645.5	653.2	644.2	690.0
19 Nontransaction	2,149.2	2,233.9	2,248.0	2,244.7	2,265.1	2,271.3	2,298.8	2,342.4	2,339.3	2,341.8	2,336.5	2,332.5
20 Large time	374.1	391.7	393.1	384.1	383.6	382.5	394.7	407.3	403.7	406.6	408.4	407.2
21 Other	1,775.1	1,842.2	1,854.9	1,860.6	1,881.5	1,888.8	1,904.1	1,935.1	1,935.6	1,935.2	1,928.1	1,925.3
22 Borrowings	657.8	698.5	691.2	690.1	694.2	708.2	748.6	787.2	771.9	777.2	792.5	797.9
23 From banks in the U.S.	271.7	259.7	258.4	263.4	270.1	271.2	283.9	287.6	286.3	288.2	291.2	284.3
24 From others	386.1	438.8	432.8	426.7	424.1	436.9	464.7	499.6	485.6	489.0	501.3	513.6
25 Net due to related foreign offices	67.9	73.3	73.4	79.3	92.8	105.1	117.7	117.6	119.5	121.9	115.8	116.9
26 Other liabilities	184.2	211.9	218.1	224.2	226.9	230.8	241.8	225.6	232.6	232.0	221.4	219.4
27 **Total liabilities**	**3,742.5**	**3,893.8**	**3,902.7**	**3,892.0**	**3,935.0**	**3,977.9**	**4,060.6**	**4,129.2**	**4,108.8**	**4,126.1**	**4,110.5**	**4,156.7**
28 Residual (assets less liabilities)[7]	391.5[r]	410.2	423.2	436.5	442.5	447.3	422.8	410.0	407.5	411.4	411.7	407.6
	Not seasonally adjusted											
Assets												
29 Bank credit	3,538.7[r]	3,679.1	3,693.1	3,700.6	3,737.8	3,785.5	3,868.6	3,920.2	3,916.6	3,911.6	3,914.7	3,919.2
30 Securities in bank credit	886.9	929.7	921.2	921.2	931.4	952.5	992.3	1,007.9	1,007.4	1,003.3	1,004.4	1,008.9
31 U.S. government securities	663.7	687.0	670.8	666.3	671.7	680.0	691.6	708.8	704.4	704.7	707.5	714.5
32 Other securities	223.2	242.7	250.4	254.9	259.7	272.5	300.6	299.0	303.0	298.6	297.0	294.4
33 Loans and leases in bank credit[2]	2,651.8[r]	2,749.4	2,771.9	2,779.4	2,806.4	2,833.0	2,876.3	2,912.3	2,909.2	2,908.3	2,910.3	2,910.4
34 Commercial and industrial	623.9[r]	678.0	683.7	683.9	687.6	696.3	713.1	722.4	721.3	720.4	724.0	723.0
35 Real estate	1,206.0[r]	1,240.8	1,244.4	1,250.4	1,260.2	1,262.8	1,269.9	1,292.0	1,286.8	1,293.5	1,285.5	1,292.9
36 Revolving home equity	97.5	97.6	97.5	97.5	97.6	98.4	97.6	97.7	97.7	97.6	97.9	97.7
37 Other	1,108.5[r]	1,143.2	1,147.0	1,152.9	1,162.7	1,164.4	1,172.2	1,194.3	1,189.2	1,195.9	1,187.6	1,195.1
38 Consumer	509.4[r]	499.6	498.5	494.4	497.2	501.6	501.1	503.9	503.1	503.3	504.6	504.2
39 Security[3]	58.4[r]	62.0	67.8	68.4	69.9	72.3	88.3	89.1	93.5	89.1	91.8	87.2
40 Other loans and leases	254.0[r]	268.9	277.4	282.4	291.4	300.0	304.0	304.9	304.5	302.0	304.4	303.0
41 Interbank loans	182.4[r]	177.0	191.1	186.2	179.6	186.3	193.0	202.3	204.9	199.8	203.9	201.3
42 Cash assets[4]	247.3	211.9	209.5	204.2	205.6	216.5	211.4	225.0	209.2	229.2	220.8	229.8
43 Other assets[5]	249.8	277.5	278.1	277.0	277.2	279.8	272.3	281.3	281.0	283.2	278.1	280.1
44 **Total assets[6]**	**4,161.6[r]**	**4,288.2**	**4,314.3**	**4,310.5**	**4,342.8**	**4,410.4**	**4,487.4**	**4,570.5**	**4,553.4**	**4,565.7**	**4,559.3**	**4,572.5**
Liabilities												
45 Deposits	2,851.3	2,890.9	2,910.3	2,892.7	2,912.2	2,936.4	2,956.7	3,018.4	3,007.3	3,015.4	3,006.2	3,021.4
46 Transaction	694.2[r]	664.7	667.0	648.7	642.6	657.1	649.6	667.2	653.6	658.0	660.8	689.2
47 Nontransaction	2,157.0	2,226.2	2,243.3	2,244.0	2,269.6	2,279.3	2,307.1	2,351.2	2,353.6	2,357.4	2,345.4	2,332.2
48 Large time	378.5	389.9	390.7	383.0	386.0	385.9	398.1	412.4	408.8	411.8	413.5	412.4
49 Other	1,778.5	1,836.3	1,852.6	1,861.0	1,883.6	1,893.3	1,909.0	1,938.8	1,944.8	1,945.6	1,931.9	1,919.8
50 Borrowings	655.3	704.1	700.9	694.6	687.2	711.7	744.9	783.1	771.3	772.1	788.9	787.3
51 From banks in the U.S.	272.0	260.9	261.3	263.6	266.2	270.1	279.9	287.9	284.4	286.9	291.6	283.6
52 From others	383.3	443.2	439.6	431.0	421.0	441.6	465.1	495.2	486.9	485.1	497.3	503.8
53 Net due to related foreign offices	64.0	80.9	80.1	84.9	96.7	106.8	115.5	113.7	115.1	117.3	112.0	114.6
54 Other liabilities	184.2	211.9	218.1	224.2	226.9	230.8	241.8	225.6	232.6	232.0	221.4	219.4
55 **Total liabilities**	**3,754.7**	**3,887.8**	**3,909.4**	**3,896.4**	**3,923.0**	**3,985.7**	**4,059.0**	**4,140.7**	**4,126.2**	**4,136.7**	**4,128.5**	**4,142.7**
56 Residual (assets less liabilities)[7]	406.9[r]	400.4	404.9	414.1	419.8	424.6	428.4	429.8	427.2	429.0	430.8	429.8
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	41.2	45.6	50.5	51.0	51.9	61.7	78.7	62.7	69.1	65.2	59.6	56.5
58 Revaluation losses on off-balance-sheet items[8]	43.3	46.3	50.1	50.4	54.2	65.1	80.5	65.1	72.4	69.5	62.3	58.8
59 Mortgage-backed securities[9]	275.1	298.0	291.2	294.4	301.9	314.0	337.1	346.4	347.8	346.3	342.0	348.2

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages 1997 Nov.[r]	1998[r] May	June	July	Aug.	Sept.	Oct.	Nov.	Wednesday figures 1998 Nov. 4	Nov. 11	Nov. 18	Nov. 25
	Seasonally adjusted											
Assets												
1 Bank credit	2,157.2	2,276.6	2,274.6	2,274.3	2,305.0	2,336.1	2,391.0	2,406.6	2,407.9	2,411.7	2,394.9	2,405.8
2 Securities in bank credit	485.9	528.2	519.8	521.8	532.5	547.3	572.8	569.3	573.5	570.1	563.0	569.8
3 U.S. government securities	350.2	371.2	357.2	355.7	361.6	368.1	372.0	380.0	378.8	379.1	377.7	384.8
4 Trading account	26.7	23.3	23.4	20.4	21.3	22.0	20.9	23.4	24.9	24.8	22.6	23.5
5 Investment account	323.5	347.9	333.8	335.3	340.3	346.1	351.1	356.6	353.8	354.4	355.1	361.3
6 Other securities	135.7	157.0	162.7	166.1	170.9	179.2	200.8	189.3	194.7	191.0	185.3	184.9
7 Trading account	63.4	75.6	79.5	81.1	83.1	89.5	109.1	92.5	98.7	95.0	88.2	88.5
8 Investment account	72.4	81.4	83.2	85.0	87.7	89.8	91.7	96.8	96.0	96.0	97.0	96.5
9 State and local government	22.3	22.8	22.2	22.4	22.6	23.2	23.9	24.6	24.2	24.3	24.6	25.0
10 Other	50.1	58.6	60.9	62.6	65.1	66.6	67.8	72.2	71.8	71.7	72.4	71.5
11 Loans and leases in bank credit[2]	1,671.3	1,748.5	1,754.7	1,752.5	1,772.5	1,788.7	1,818.2	1,837.3	1,834.5	1,841.6	1,831.9	1,836.1
12 Commercial and industrial	450.2	488.8	495.9	497.4	502.8	508.7	521.2	527.9	525.6	527.7	528.8	528.6
13 Bankers acceptances	1.3	1.3	1.2	1.3	1.3	1.3	1.2	1.2	1.3	1.4	1.3	1.3
14 Other	448.9	487.5	494.6	496.1	501.5	507.4	520.0	526.7	526.1	528.2	529.2	529.0
15 Real estate	677.4	697.6	691.0	686.2	687.4	685.1	685.7	697.8	696.9	702.1	690.0	697.3
16 Revolving home equity	68.8	69.7	69.2	68.7	68.6	68.8	68.0	67.7	67.7	67.8	67.7	67.8
17 Other	608.6	627.9	621.8	617.5	618.8	616.2	617.8	630.2	629.2	634.3	622.3	629.5
18 Consumer	304.9	304.5	300.5	295.0	296.1	299.2	300.2	300.8	301.7	302.3	300.1	300.2
19 Security[3]	52.2	56.3	61.7	63.9	67.4	68.9	81.3	80.8	82.6	81.7	83.7	79.6
20 Federal funds sold to and repurchase agreements with broker–dealers	35.9	37.7	42.9	44.9	48.0	50.1	63.3	63.5	64.3	64.0	65.7	62.8
21 Other	16.4	18.6	18.9	19.0	19.4	18.8	18.0	17.3	18.3	17.7	17.9	16.8
22 State and local government	12.0	11.3	11.3	11.1	11.5	11.6	11.6	11.9	12.1	12.0	11.8	11.7
23 Agricultural	10.0	10.1	10.1	9.9	9.9	9.9	9.9	10.0	9.9	10.1	10.0	10.0
24 Federal funds sold to and repurchase agreements with others	9.2	5.8	5.6	8.9	9.9	12.3	12.9	12.3	12.5	10.8	14.1	10.6
25 All other loans	74.6	79.9	83.6	83.7	88.8	93.0	93.9	92.9	90.8	92.6	90.8	95.0
26 Lease-financing receivables	80.7	94.2	95.1	96.3	98.7	100.0	101.4	102.8	102.4	102.4	102.5	103.0
27 Interbank loans	126.1	118.6	128.4	123.6	115.4	117.2	122.3	123.7	120.8	117.3	125.5	132.1
28 Federal funds sold to and repurchase agreements with commercial banks	86.5	67.1	76.8	69.8	62.2	63.9	73.2	74.9	71.6	66.2	78.4	83.9
29 Other	39.6	51.5	51.6	53.8	53.2	53.3	49.2	48.8	49.2	51.1	47.1	48.2
30 Cash assets[4]	169.8	150.4	149.1	143.6	151.0	151.1	140.8	147.8	139.3	151.9	143.2	156.7
31 Other assets[5]	190.9	217.8	214.8	212.3	211.4	210.8	202.1	205.7	207.9	207.4	203.5	204.0
32 **Total assets**[6]	**2,606.5**	**2,725.3**	**2,728.9**	**2,715.9**	**2,745.4**	**2,777.7**	**2,818.3**	**2,845.9**	**2,837.8**	**2,850.4**	**2,829.2**	**2,861.0**
Liabilities												
33 Deposits	1,612.6	1,648.7	1,645.8	1,621.6	1,629.3	1,629.7	1,640.9	1,666.1	1,661.0	1,667.3	1,652.0	1,680.2
34 Transaction	396.4	390.0	383.9	368.4	369.9	373.7	367.1	368.3	359.1	364.8	360.6	392.7
35 Nontransaction	1,216.2	1,258.7	1,261.9	1,253.2	1,259.3	1,256.0	1,273.7	1,297.7	1,302.0	1,302.4	1,291.4	1,287.5
36 Large time	214.0	221.6	223.0	216.6	215.4	210.3	221.3	230.3	228.6	230.5	231.1	228.9
37 Other	1,002.2	1,037.1	1,038.9	1,036.6	1,043.9	1,045.7	1,052.4	1,067.4	1,073.3	1,072.0	1,060.3	1,058.6
38 Borrowings	510.1	541.2	531.7	525.4	530.3	543.1	576.7	609.5	598.5	600.2	612.9	621.1
39 From banks in the U.S.	203.5	190.9	188.5	190.2	197.1	198.0	207.0	208.1	209.1	209.0	211.2	205.2
40 From others	306.5	350.3	343.2	335.2	333.2	345.1	369.7	401.3	389.5	391.2	401.7	415.9
41 Net due to related foreign offices	62.9	69.4	69.5	75.6	89.1	101.3	113.0	114.0	115.2	117.9	112.2	113.5
42 Other liabilities	156.8	182.3	188.8	194.9	196.8	200.5	210.6	193.6	201.1	200.0	189.3	187.2
43 **Total liabilities**	**2,342.4**	**2,441.7**	**2,435.9**	**2,417.4**	**2,445.5**	**2,474.6**	**2,541.2**	**2,583.2**	**2,575.8**	**2,585.4**	**2,566.3**	**2,602.0**
44 Residual (assets less liabilities)[7]	264.1	283.6	293.0	298.4	299.9	303.1	277.1	262.7	262.0	265.0	262.9	259.1

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

C. Large domestically chartered commercial banks—Continued

Account	Monthly averages								Wednesday figures			
	1997	1998[r]							1998			
	Nov[r]	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 4	Nov. 11	Nov. 18	Nov. 25
	Not seasonally adjusted											
Assets												
45 Bank credit	2,170.6	2,263.0	2,268.2	2,267.3	2,289.5	2,326.0	2,395.3	2,423.2	2,433.1	2,425.1	2,413.8	2,414.7
46 Securities in bank credit	492.2	524.8	516.5	514.8	520.8	539.3	571.8	577.6	584.2	577.3	572.5	574.7
47 U.S. government securities	353.3	372.0	356.9	353.4	356.8	363.4	371.1	383.1	382.5	380.9	381.3	386.5
48 Trading account	28.0	22.5	22.5	19.9	21.2	21.9	21.9	24.6	26.8	25.4	24.3	23.5
49 Investment account	325.3	349.4	334.4	333.6	335.6	341.5	349.2	358.6	355.7	355.5	357.0	362.9
50 Mortgage-backed securities	211.7	225.8	217.2	218.6	225.3	235.9	254.6	257.4	261.1	258.9	254.1	259.2
51 Other	111.5	121.4	115.1	112.9	108.2	103.5	92.6	99.1	94.6	96.6	102.9	103.8
52 One year or less	31.0	31.1	31.2	30.0	28.6	27.3	25.7	26.8	26.1	27.5	27.1	27.3
53 One to five years	56.4	51.8	48.5	51.4	48.2	43.6	36.7	37.4	36.2	35.9	39.6	39.7
54 More than five years	24.1	38.5	35.4	31.5	31.4	32.5	30.2	34.9	32.4	33.1	36.2	36.7
55 Other securities	138.8	152.8	159.6	161.3	164.0	175.9	200.7	194.5	201.7	196.4	191.2	188.2
56 Trading account	65.6	72.1	76.7	77.0	76.8	86.4	108.8	96.4	104.9	99.8	92.9	90.2
57 Investment account	73.2	80.7	82.9	84.3	87.2	89.4	91.9	98.0	96.8	96.6	98.4	98.0
58 State and local government	22.3	22.7	22.4	22.3	22.7	23.2	24.0	24.6	24.2	24.3	24.6	25.0
59 Other	50.9	58.0	60.6	62.1	64.6	66.2	67.9	73.4	72.6	72.4	73.8	73.0
60 Loans and leases in bank credit[2]	1,678.5	1,738.2	1,751.7	1,752.5	1,768.7	1,786.7	1,823.5	1,845.6	1,848.9	1,847.8	1,841.2	1,840.1
61 Commercial and industrial	450.3	492.4	496.9	497.5	499.4	505.8	521.0	528.0	527.8	527.2	529.7	527.9
62 Bankers acceptances	1.4	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.4	1.3	1.3
63 Other	448.9	491.2	495.7	496.3	498.1	504.5	519.7	526.7	526.5	525.9	528.3	526.6
64 Real estate	681.4	689.8	688.1	688.4	690.7	688.4	689.8	702.1	702.0	707.6	694.3	699.9
65 Revolving home equity	69.4	69.2	69.0	68.9	68.9	69.4	68.6	68.4	68.4	68.4	68.5	68.4
66 Other	372.4	380.4	378.5	379.9	382.2	378.3	380.5	391.4	393.2	398.9	385.6	390.8
67 Commercial	238.2	237.4	235.2	235.9	236.4	237.6	237.8	239.2	240.3	240.4	240.2	240.7
68 Consumer	305.8	300.5	299.3	294.8	297.7	301.1	301.1	301.7	302.8	302.8	300.9	301.0
69 Security[3]	53.2	56.3	61.9	62.3	63.7	65.8	81.7	82.3	86.4	82.0	85.1	80.8
70 Federal funds sold to and repurchase agreements with broker-dealers	36.7	37.7	42.6	43.9	45.0	47.6	63.7	64.9	68.0	65.0	67.2	63.1
71 Other	16.5	18.7	19.3	18.5	18.6	18.3	18.0	17.3	18.3	17.0	17.9	17.6
72 State and local government	12.1	11.2	11.2	11.1	11.5	11.6	11.7	12.0	12.2	12.1	11.9	11.9
73 Agricultural	10.1	9.9	10.1	10.3	10.3	10.2	10.1	10.1	10.1	10.2	10.1	10.0
74 Federal funds sold to and repurchase agreements with others	9.2	5.8	5.6	8.9	9.9	12.3	12.9	12.3	12.5	10.8	14.1	10.6
75 All other loans	75.7	78.7	83.8	83.4	88.1	92.5	94.5	94.3	93.0	92.7	92.5	95.0
76 Lease-financing receivables	80.7	93.5	94.7	95.8	97.5	98.9	101.0	102.8	102.2	102.4	102.6	103.0
77 Interbank loans	128.0	118.0	128.8	122.5	112.8	116.0	119.5	125.8	122.6	118.4	128.5	130.8
78 Federal funds sold to and repurchase agreements with commercial banks	88.2	66.8	77.2	69.1	60.4	63.4	70.5	76.5	73.8	67.4	80.4	82.1
79 Other	39.8	51.2	51.7	53.5	52.4	52.7	49.0	49.2	48.8	51.0	48.1	48.8
80 Cash assets[4]	176.5	146.4	144.0	140.0	140.9	149.6	144.4	153.9	141.3	156.7	152.7	156.9
81 Other assets[5]	190.9	217.8	214.8	212.3	211.4	210.8	202.1	205.7	207.9	207.4	203.5	204.0
82 **Total assets**[6]	**2,628.4**	**2,707.1**	**2,717.8**	**2,704.2**	**2,716.9**	**2,764.6**	**2,823.4**	**2,870.6**	**2,866.8**	**2,869.5**	**2,860.5**	**2,868.7**
Liabilities												
83 Deposits	1,624.8	1,628.9	1,639.4	1,621.5	1,626.9	1,635.7	1,647.1	1,679.3	1,676.4	1,679.0	1,670.7	1,679.0
84 Transaction	402.9	380.5	380.4	366.2	360.8	370.6	364.9	374.9	363.2	366.1	372.5	391.8
85 Nontransaction	1,221.8	1,248.4	1,259.0	1,255.3	1,266.1	1,265.2	1,282.2	1,304.3	1,313.2	1,312.9	1,298.2	1,287.2
86 Large time	218.5	219.8	220.6	215.4	217.8	213.7	224.7	235.4	233.7	235.7	236.2	234.1
87 Other	1,003.3	1,028.6	1,038.4	1,039.9	1,048.3	1,051.4	1,057.5	1,069.0	1,079.5	1,077.2	1,062.0	1,053.2
88 Borrowings	508.0	546.4	541.0	529.9	522.1	543.2	572.4	605.7	598.7	597.0	609.9	609.4
89 From banks in the U.S.	204.8	191.5	190.9	190.2	192.4	195.7	203.5	209.5	208.5	209.5	212.7	204.9
90 From nonbanks in the U.S.	303.2	355.0	350.1	339.7	329.7	347.5	369.0	396.3	390.3	387.5	397.2	404.5
91 Net due to related foreign offices	59.0	77.1	76.2	81.2	92.9	103.0	110.9	110.1	110.8	113.3	108.3	111.2
92 Other liabilities	156.8	182.3	188.8	194.9	196.8	200.5	210.6	193.6	201.1	200.0	189.3	187.2
93 **Total liabilities**	**2,348.6**	**2,434.8**	**2,445.5**	**2,427.5**	**2,438.7**	**2,482.4**	**2,541.0**	**2,588.7**	**2,587.0**	**2,589.2**	**2,578.2**	**2,586.8**
94 Residual (assets less liabilities)[7]	279.8	272.3	272.3	276.7	278.2	282.1	282.4	281.8	279.8	280.2	282.3	281.9
MEMO												
95 Revaluation gains on off-balance-sheet items[8]	41.2	45.6	50.5	51.0	51.9	61.7	78.7	62.7	69.1	65.2	59.6	56.5
96 Revaluation losses on off-balance-sheet items[8]	43.3	46.3	50.1	50.4	54.2	65.1	80.5	65.1	72.4	69.5	62.3	58.8
97 Mortgage-backed securities[9]	229.8	247.0	239.0	241.6	248.3	259.1	279.3	286.0	289.8	287.7	282.5	288.4
98 Pass-through securities	155.4	165.4	157.4	157.5	160.8	166.8	189.0	196.3	197.2	196.1	192.6	199.1
99 CMOs, REMICs, and other mortgage-backed securities	74.4	81.6	81.5	84.1	87.5	92.3	90.3	89.7	92.6	91.5	89.9	89.3
100 Net unrealized gains (losses) on available-for-sale securities[10]	2.3	2.8	3.2	3.5	3.1	3.7	4.4	3.1	3.0	3.1	3.3	3.2
101 Offshore credit to U.S. residents[11]	34.4	36.0	36.1	35.3	35.6	36.8	38.5	39.1	38.9	39.2	39.4	39.3

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1997	1998[r]							1998			
	Nov.[r]	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 4	Nov. 11	Nov. 18	Nov. 25
	Seasonally adjusted											
Assets												
1 Bank credit	1,368.7	1,409.1	1,420.1	1,435.2	1,448.8	1,457.4	1,473.4	1,497.7	1,483.7	1,486.1	1,502.9	1,504.1
2 Securities in bank credit	397.8	400.7	401.6	407.8	411.7	414.0	423.5	433.6	426.6	428.7	436.0	436.8
3 U.S. government securities	313.1	311.8	311.2	314.1	315.8	317.0	322.8	328.5	324.6	326.0	329.7	330.5
4 Other securities	84.7	89.0	90.4	93.6	95.9	97.0	100.7	105.0	102.0	102.7	106.3	106.2
5 Loans and leases in bank credit[2]	970.8	1,008.4	1,018.5	1,027.5	1,037.1	1,043.4	1,050.0	1,064.1	1,057.1	1,057.4	1,066.9	1,067.3
6 Commercial and industrial	174.8	183.1	185.1	186.7	189.8	192.0	193.8	195.6	194.8	194.5	195.6	196.1
7 Real estate	522.7	549.4	555.7	561.9	569.2	572.8	577.7	587.7	582.2	582.9	589.5	590.7
8 Revolving home equity	28.0	28.3	28.6	28.8	28.9	28.9	28.8	29.3	29.1	29.0	29.4	29.3
9 Other	494.7	521.1	527.1	533.1	540.3	543.9	548.8	558.4	553.1	553.9	560.1	561.4
10 Consumer	202.0	200.4	200.8	201.3	199.4	199.6	199.1	200.7	198.9	199.2	202.1	201.3
11 Security[3]	5.2	5.7	6.0	6.0	6.2	6.4	6.6	6.8	7.1	7.0	6.7	6.4
12 Other loans and leases	66.2	69.8	71.1	71.6	72.5	72.5	72.8	73.3	74.1	73.7	73.0	72.8
13 Interbank loans	51.0	62.7	66.0	69.0	71.3	74.7	74.6	72.1	76.5	76.2	70.8	69.8
14 Cash assets[4]	68.4	65.6	66.4	64.9	67.0	67.6	67.0	68.8	67.3	70.7	64.9	72.1
15 Other assets[5]	58.4	60.7	63.9	63.1	64.8	67.8	70.0	74.9	71.0	74.2	74.5	77.5
16 **Total assets**[6]	**1,527.5**	**1,578.8**	**1,597.1**	**1,612.5**	**1,632.1**	**1,647.5**	**1,665.1**	**1,693.4**	**1,678.4**	**1,687.1**	**1,693.0**	**1,703.3**
Liabilities												
17 Deposits	1,220.0	1,261.5	1,274.3	1,276.8	1,291.9	1,304.1	1,311.6	1,332.7	1,323.8	1,327.7	1,328.7	1,342.3
18 Transaction	287.0	286.3	288.1	285.3	286.1	288.8	286.5	288.1	286.4	288.4	283.7	297.2
19 Nontransaction	933.0	975.2	986.1	991.5	1,005.8	1,015.3	1,025.1	1,044.6	1,037.4	1,039.4	1,045.1	1,045.0
20 Large time	160.1	170.1	170.1	167.5	168.2	172.2	173.4	177.0	175.1	176.1	177.3	178.3
21 Other	773.0	805.1	816.0	824.0	837.6	843.1	851.6	867.6	862.2	863.2	867.8	866.7
22 Borrowings	147.7	157.3	159.4	164.7	163.8	165.1	172.0	177.8	173.3	177.0	179.6	176.8
23 From banks in the U.S.	68.2	68.7	69.9	73.2	73.0	73.3	76.9	79.5	77.2	79.2	80.0	79.1
24 From others	79.6	88.6	89.6	91.4	90.8	91.8	95.0	98.3	96.1	97.8	99.6	97.7
25 Net due to related foreign offices	5.0	3.8	3.9	3.7	3.7	3.7	4.7	3.6	4.3	4.0	3.6	3.4
26 Other liabilities	27.4	29.5	29.3	29.4	30.0	30.3	31.2	32.0	31.5	32.0	32.2	32.2
27 **Total liabilities**	**1,400.1**	**1,452.2**	**1,466.9**	**1,474.5**	**1,489.5**	**1,503.3**	**1,519.4**	**1,546.1**	**1,532.9**	**1,540.7**	**1,544.1**	**1,554.7**
28 Residual (assets less liabilities)[7]	127.4	126.6	130.2	138.0	142.6	144.2	145.7	147.4	145.5	146.4	148.9	148.6
	Not seasonally adjusted											
Assets												
29 Bank credit	1,368.1	1,416.1	1,424.9	1,433.3	1,448.3	1,459.6	1,473.3	1,497.0	1,483.4	1,486.5	1,501.0	1,504.5
30 Securities in bank credit	394.7	404.9	404.7	406.4	410.6	413.3	420.5	430.3	423.1	426.0	431.9	434.2
31 U.S. government securities	310.3	315.0	313.9	312.8	315.0	316.7	320.5	325.7	321.9	323.9	326.2	328.0
32 Other securities	84.4	89.9	90.8	93.6	95.7	96.6	100.0	104.6	101.3	102.1	105.8	106.2
33 Loans and leases in bank credit[2]	973.3	1,011.3	1,020.2	1,026.9	1,037.7	1,046.3	1,052.8	1,066.7	1,060.3	1,060.5	1,069.1	1,070.3
34 Commercial and industrial	173.6	185.6	186.8	186.4	188.2	190.5	192.1	194.4	193.4	193.2	194.3	195.1
35 Real estate	524.6	551.0	556.3	561.9	569.6	574.4	580.1	589.9	584.9	585.9	591.2	593.0
36 Revolving home equity	28.1	28.4	28.5	28.6	28.7	29.1	29.0	29.3	29.3	29.2	29.5	29.4
37 Other	496.5	522.6	527.8	533.3	540.9	545.4	551.1	560.5	555.6	556.6	561.8	563.6
38 Consumer	203.6	199.1	199.2	199.6	199.6	200.5	200.0	202.3	200.3	200.6	203.7	203.2
39 Security[3]	5.2	5.7	6.0	6.0	6.2	6.4	6.6	6.8	7.1	7.0	6.7	6.4
40 Other loans and leases	66.2	69.8	72.0	72.9	74.1	74.4	74.0	73.4	74.5	73.9	73.2	72.6
41 Interbank loans	54.4	59.0	62.2	63.6	66.8	70.2	73.5	76.5	82.3	81.4	75.3	70.5
42 Cash assets[4]	70.9	65.5	65.5	64.2	64.7	66.9	66.9	71.1	67.9	72.6	68.1	73.0
43 Other assets[5]	58.9	59.7	63.2	64.8	65.9	69.0	70.2	75.6	73.0	75.9	74.6	76.1
44 **Total assets**[6]	**1,533.3**	**1,581.1**	**1,596.5**	**1,606.3**	**1,625.9**	**1,645.8**	**1,663.9**	**1,700.0**	**1,686.7**	**1,696.3**	**1,698.8**	**1,703.9**
Liabilities												
45 Deposits	1,226.5	1,262.0	1,270.9	1,271.2	1,285.3	1,300.7	1,309.6	1,339.1	1,330.9	1,336.4	1,335.5	1,342.4
46 Transaction	291.3	284.2	286.6	282.5	281.8	286.6	284.7	292.2	290.4	291.9	288.4	297.4
47 Nontransaction	935.2	977.8	984.4	988.7	1,003.5	1,014.1	1,024.9	1,046.9	1,040.4	1,044.5	1,047.2	1,044.9
48 Large time	160.1	170.1	170.1	167.5	168.2	172.2	173.4	177.0	175.1	176.1	177.3	178.3
49 Other	775.1	807.7	814.2	821.2	835.3	841.9	851.4	869.9	865.3	868.4	869.9	866.6
50 Borrowings	147.3	157.7	159.9	164.7	165.2	168.5	172.5	177.3	172.5	175.1	179.1	177.9
51 From banks in the U.S.	67.2	69.4	70.4	73.4	73.8	74.4	76.4	78.4	75.9	77.4	78.9	78.7
52 From others	80.0	88.2	89.5	91.3	91.4	94.2	96.1	98.9	96.6	97.7	100.2	99.2
53 Net due to related foreign offices	5.0	3.8	3.9	3.7	3.7	3.7	4.7	3.6	4.3	4.0	3.6	3.4
54 Other liabilities	27.4	29.5	29.3	29.4	30.0	30.3	31.2	32.0	31.5	32.0	32.2	32.2
55 **Total liabilities**	**1,406.2**	**1,453.0**	**1,463.9**	**1,468.9**	**1,484.2**	**1,503.3**	**1,517.9**	**1,552.0**	**1,539.2**	**1,547.5**	**1,550.4**	**1,556.0**
56 Residual (assets less liabilities)[7]	127.1	128.1	132.6	137.4	141.7	142.5	146.0	148.0	147.4	148.8	148.5	147.9
MEMO												
57 Mortgage-backed securities[9]	45.4	51.1	52.2	52.7	53.6	54.9	57.8	60.3	58.0	58.6	59.5	59.8

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities[1]—Continued

E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1997	1998[r]							1998			
	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	Nov. 4	Nov. 11	Nov. 18	Nov. 25
	Seasonally adjusted											
Assets												
1 Bank credit	547.7	564.1	568.2	573.0	590.4	606.7	628.2	624.0	626.4	624.8	624.4	627.0
2 Securities in bank credit	191.3	197.1	200.2	200.7	211.3	214.1	220.2	223.0	225.2	221.5	222.9	224.1
3 U.S. government securities	79.5	89.1	88.5	90.6	93.2	81.3	78.7	79.5	82.4	78.1	79.3	80.2
4 Other securities	111.8	108.0	111.6	110.0	118.1	132.8	141.4	143.5	142.8	143.4	143.6	143.9
5 Loans and leases in bank credit[2]	356.4	366.9	368.0	372.4	379.1	392.6	408.0	401.0	401.2	403.3	401.5	403.0
6 Commercial and industrial	220.5[r]	210.7	211.9	214.9	215.9	220.0	227.0	226.8	227.0	227.1	227.0	227.2
7 Real estate	26.6	24.4	24.2	23.8	23.7	23.3	22.9	21.7	22.5	22.1	21.9	21.0
8 Security[3]	42.3	61.2	62.5	62.6	65.5	69.1	71.6	66.8	67.5	68.5	66.5	67.0
9 Other loans and leases	67.0[r]	70.7	69.4	71.0	74.0	80.2	86.4	85.7	84.2	85.6	86.1	87.8
10 Interbank loans	23.6	21.8	24.0	22.1	22.6	31.4	29.9	31.2	28.5	30.2	36.3	29.5
11 Cash assets[4]	34.9	34.8	34.8	35.0	33.9	34.2	35.6	33.7	34.1	33.9	34.1	32.9
12 Other assets[5]	46.1	34.1	33.8	34.1	35.8	38.0	39.4	36.7	37.9	36.7	39.1	34.5
13 **Total assets**[6]	**652.1**	**654.5**	**660.5**	**664.1**	**682.4**	**710.0**	**732.9**	**725.3**	**726.6**	**725.3**	**733.6**	**723.7**
Liabilities												
14 Deposits	272.8	295.3	303.2	298.1	307.0	315.7	320.5	317.1	312.5	314.0	320.4	321.4
15 Transaction	10.3	11.5	11.1	13.6	12.0	15.0	14.8	12.0	13.4	11.0	12.9	11.8
16 Nontransaction	262.6	283.7	292.0	284.5	295.0	300.7	305.8	305.1	299.1	303.1	307.4	309.6
17 Borrowings	156.3	163.4	167.2	169.8	169.8	184.1	193.8	193.8	191.8	191.7	197.8	194.0
18 From banks in the U.S.	29.0	22.4	29.6	26.6	23.8	32.3	35.5	36.9	32.9	30.0	38.3	40.5
19 From others	127.3	141.0	137.6	143.2	146.0	151.8	158.2	156.9	158.9	161.7	159.4	153.5
20 Net due to related foreign offices	117.1	101.1	97.2	107.0	108.5	95.2	106.0	99.3	118.4	106.3	101.0	83.4
21 Other liabilities	96.1	87.4	89.9	93.4	99.1	103.8	107.0	102.1	105.6	101.0	101.7	101.5
22 **Total liabilities**	**642.3**	**647.2**	**657.5**	**668.3**	**684.5**	**698.8**	**727.3**	**712.3**	**728.2**	**713.0**	**720.8**	**700.4**
23 Residual (assets less liabilities)[7]	9.8[r]	7.3	3.0	−4.2	−2.0	11.1	5.5	13.0	−1.6	12.3	12.8	23.3
	Not seasonally adjusted											
Assets												
24 Bank credit	542.5	565.7	571.2	575.8	592.8	601.6	627.6	616.4	628.3	618.3	615.2	615.2
25 Securities in bank credit	187.7	201.1	203.3	203.4	215.6	210.8	220.5	217.7	226.2	217.7	216.4	215.6
26 U.S. government securities	80.6	89.7	88.6	90.3	94.0	81.2	79.3	80.4	84.4	79.8	79.4	79.9
27 Trading account	16.0	20.8	20.0	25.1	30.7	20.2	16.0	13.8	17.8	12.9	13.2	13.2
28 Investment account	64.6	68.9	68.6	65.2	63.3	61.1	63.3	66.6	66.6	66.9	66.2	66.7
29 Other securities	107.1	111.4	114.8	113.1	121.6	129.6	141.3	137.3	141.8	137.9	137.0	135.7
30 Trading account	62.6	66.7	70.1	70.1	75.3	83.4	89.6	82.3	87.2	82.8	82.0	80.1
31 Investment account	44.4	44.7	44.6	43.0	46.3	46.2	51.7	55.0	54.6	55.1	55.0	55.6
32 Loans and leases in bank credit[2]	354.8	364.6	367.9	372.4	377.3	390.7	407.0	398.7	402.1	400.6	398.8	399.6
33 Commercial and industrial	220.2[r]	210.1	211.8	214.7	214.8	218.9	226.9	226.5	228.1	226.7	226.7	226.4
34 Real estate	26.9	24.3	24.0	23.6	23.5	23.3	23.2	21.9	22.8	22.3	22.1	21.2
35 Security[3]	42.2	60.6	62.4	61.9	64.6	68.8	71.8	66.6	68.0	67.9	65.8	67.0
36 Other loans and leases	65.5[r]	69.6	69.7	72.2	74.3	79.7	85.2	83.7	83.2	83.7	84.1	85.0
37 Interbank loans	23.6	21.8	24.0	22.1	22.6	31.4	29.9	31.2	28.5	30.2	36.3	29.5
38 Cash assets[4]	35.7	34.4	35.7	34.9	34.0	34.3	35.9	34.6	34.7	34.6	35.0	33.6
39 Other assets[5]	46.8	34.5	33.0	33.7	36.6	38.0	38.4	37.2	38.0	37.0	39.3	35.2
40 **Total assets**[6]	**648.3**	**656.1**	**663.7**	**666.4**	**685.8**	**704.9**	**731.5**	**719.1**	**729.3**	**719.8**	**725.5**	**713.2**
Liabilities												
41 Deposits	272.3	298.0	304.9	296.3	305.7	317.3	320.0	316.1	311.2	313.6	318.0	320.9
42 Transaction	10.2	11.2	11.2	13.7	12.0	15.7	14.8	11.9	13.6	10.8	12.9	11.5
43 Nontransaction	262.1	286.8	293.8	282.6	293.7	301.6	305.2	304.2	297.7	302.8	305.1	309.4
44 Borrowings	156.3	163.4	167.2	169.8	169.8	184.1	193.8	193.8	191.8	191.7	197.8	194.0
45 From banks in the U.S.	29.0	22.4	29.6	26.6	23.8	32.3	35.5	36.9	32.9	30.0	38.3	40.5
46 From others	127.3	141.0	137.6	143.2	146.0	151.8	158.2	156.9	158.9	161.7	159.4	153.5
47 Net due to related foreign offices	117.7	102.1	96.5	103.5	105.2	93.6	105.0	100.0	114.5	106.4	100.7	89.1
48 Other liabilities	97.7	86.9	89.1	92.7	99.1	103.5	106.7	103.5	106.0	102.3	103.1	103.3
49 **Total liabilities**	**644.1**	**650.4**	**657.7**	**662.2**	**679.8**	**698.5**	**725.5**	**713.3**	**723.4**	**714.0**	**719.6**	**707.4**
50 Residual (assets less liabilities)[7]	4.2	5.7	5.9	4.1	6.0	6.4	6.0	5.8	5.9	5.8	5.9	5.9
MEMO												
51 Revaluation gains on off-balance-sheet items[8]	43.0	40.3	42.2	41.7	43.8	48.3	51.4	47.5	49.0	46.3	47.2	46.4
52 Revaluation losses on off-balance-sheet items[8]	42.1	38.7	40.6	40.2	42.3	45.5	47.7	44.5	44.6	43.0	44.6	43.8

Footnotes appear on p. A21.

NOTES TO TABLE 1.26

NOTE. Tables 1.26, 1.27, and 1.28 have been revised to reflect changes in the Board's H.8 statistical release, "Assets and Liabilities of Commercial Banks in the United States." Table 1.27, "Assets and Liabilities of Large Weekly Reporting Commercial Banks," and table 1.28, "Large Weekly Reporting U.S. Branches and Agencies of Foreign Banks," are no longer being published in the *Bulletin*. Instead, abbreviated balance sheets for both large and small domestically chartered banks have been included in table 1.26, parts C and D. Data are both merger-adjusted and break-adjusted. In addition, data from large weekly reporting U.S. branches and agencies of foreign banks have been replaced by balance sheet estimates of all foreign-related institutions and are included in table 1.26, part E. These data are break-adjusted.

The not-seasonally-adjusted data for all tables now contain additional balance sheet items, which were available as of October 2, 1996.

1. Covers the following types of institutions in the fifty states and the District of Columbia: domestically chartered commercial banks that submit a weekly report of condition (large domestic); other domestically chartered commercial banks (small domestic); branches and agencies of foreign banks, and Edge Act and agreement corporations (foreign-related institutions). Excludes International Banking Facilities. Data are Wednesday values or *pro rata* averages of Wednesday values. Large domestic banks constitute a universe; data for small domestic banks and foreign-related institutions are estimates based on weekly samples and on quarter-end condition reports. Data are adjusted for breaks caused by reclassifications of assets and liabilities.

The data for large and small domestic banks presented on pp. A17–19 are adjusted to remove the estimated effects of mergers between these two groups. The adjustment for mergers changes past levels to make them comparable with current levels. Estimated quantities of balance sheet items acquired in mergers are removed from past data for the bank group that contained the acquired bank and put into past data for the group containing the acquiring bank. Balance sheet data for acquired banks are obtained from Call Reports, and a ratio procedure is used to adjust past levels.

2. Excludes federal funds sold to, reverse RPs with, and loans made to commercial banks in the United States, all of which are included in "Interbank loans."

3. Consists of reverse RPs with brokers and dealers and loans to purchase and carry securities.

4. Includes vault cash, cash items in process of collection, balances due from depository institutions, and balances due from Federal Reserve Banks.

5. Excludes the due-from position with related foreign offices, which is included in "Net due to related foreign offices."

6. Excludes unearned income, reserves for losses on loans and leases, and reserves for transfer risk. Loans are reported gross of these items.

7. This balancing item is not intended as a measure of equity capital for use in capital adequacy analysis. On a seasonally adjusted basis this item reflects any differences in the seasonal patterns estimated for total assets and total liabilities.

8. Fair value of derivative contracts (interest rate, foreign exchange rate, other commodity and equity contracts) in a gain/loss position, as determined under FASB Interpretation No. 39.

9. Includes mortgage-backed securities issued by U.S. government agencies, U.S. government-sponsored enterprises, and private entities.

10. Difference between fair value and historical cost for securities classified as available-for-sale under FASB Statement No. 115. Data are reported net of tax effects. Data shown are restated to include an estimate of these tax effects.

11. Mainly commercial and industrial loans but also includes an unknown amount of credit extended to other than nonfinancial businesses.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

A. Commercial Paper

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					1998					
	1993 Dec.	1994 Dec.	1995 Dec.	1996 Dec.	1997 Dec.	May	June	July	Aug.	Sept.	Oct.
1 **All issuers**	**555,075**	**595,382**	**674,904**	**775,371**	**966,699**	**1,053,995**	**1,091,554**	**1,102,307**	**1,119,816**	**1,152,337**	**1,150,213**
Financial companies[1]											
2 Dealer-placed paper[2], total	218,947	223,038	275,815	361,147	513,307	569,065	597,193	616,382	606,355	639,571	627,170
3 Directly placed paper[3], total	180,389	207,701	210,829	229,662	252,536	274,469	276,476	266,022	281,927	271,526	289,184
4 Nonfinancial companies[4]	155,739	164,643	188,260	184,563	200,857	210,460	217,885	219,904	231,534	241,239	233,859

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. *Includes all financial-company paper sold by dealers in the open market.*
3. As reported by financial companies that place their paper directly with investors.
4. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

B. Bankers Dollar Acceptances[1]

Millions of dollars, not seasonally adjusted, year ending September[2]

Item	1995	1996	1997	1998
1 **Total amount of reporting banks' acceptances in existence**	**29,242**	**25,832**	**25,774**	**14,363**
2 Amount of other banks' eligible acceptances held by reporting banks	1,249	709	736	523
3 Amount of own eligible acceptances held by reporting banks (included in item 1)	10,516	7,770	6,862	4,884
4 Amount of eligible acceptances representing goods stored in, or shipped between, foreign countries (included in item 1)	11,373	9,361	10,467	5,413

1. Includes eligible, dollar-denominated bankers acceptances legally payable in the United States. Eligible acceptances are those that are eligible for discount by Federal Reserve Banks; that is, those acceptances that meet the criteria of Paragraph 7 of Section 13 of the Federal Reserve Act (12 U.S.C. §372).
2. Data on bankers dollar acceptances are gathered from approximately 65 institutions; includes U.S. chartered commerical banks (domestic and foreign offices), U.S. branches and agencies of foreign banks, and Edge and agreement corporations. The reporting group is revised every year.

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

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1996—Jan. 1	8.50	1996	8.27	1997—Jan.	8.25	1998—Jan.	8.50
Feb. 1	8.25	1997	8.44	Feb.	8.25	Feb.	8.50
		1998	8.35	Mar.	8.30	Mar.	8.50
1997—Mar. 26	8.50			Apr.	8.50	Apr.	8.50
		1996—Jan.	8.50	May	8.50	May	8.50
1998—Sept. 30	8.25	Feb.	8.25	June	8.50	June	8.50
Oct. 16	8.00	Mar.	8.25	July	8.50	July	8.50
Nov. 18	7.75	Apr.	8.25	Aug.	8.50	Aug.	8.50
		May	8.25	Sept.	8.50	Sept.	8.49
		June	8.25	Oct.	8.50	Oct.	8.12
		July	8.25	Nov.	8.50	Nov.	7.89
		Aug.	8.25	Dec.	8.50	Dec.	7.75
		Sept.	8.25				
		Oct.	8.25				
		Nov.	8.25				
		Dec.	8.25				

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of the twenty-five largest banks by asset size, based on the most recent Call Report. Data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

Percent per year; figures are averages of business day data unless otherwise noted

Item	1995	1996	1997	1998				1998, week ending				
				Aug.	Sept.	Oct.	Nov.	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.83	5.30	5.46	5.55	5.51	5.07	4.83	4.95	5.22	4.80	4.89	4.54
2 Discount window borrowing[2,4]	5.21	5.02	5.00	5.00	5.00	4.86	4.63	4.75	4.75	4.75	4.68	4.50
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	n.a.	n.a.	5.57	5.50	5.44	5.14	5.00	5.05	5.11	5.11	4.95	4.84
4 2-month	n.a.	n.a.	5.57	5.50	5.37	5.08	5.14	4.99	5.09	5.26	5.14	5.07
5 3-month	n.a.	n.a.	5.56	5.48	5.31	5.04	5.06	4.98	5.08	5.13	5.04	4.99
Financial												
6 1-month	n.a.	n.a.	5.59	5.51	5.45	5.18	5.04	5.09	5.16	5.16	5.01	4.87
7 2-month	n.a.	n.a.	5.59	5.51	5.38	5.12	5.19	5.03	5.17	5.32	5.17	5.11
8 3-month	n.a.	n.a.	5.60	5.50	5.32	5.09	5.15	5.04	5.16	5.24	5.13	5.10
Commercial paper (historical)[3,5,7]												
9 1-month	5.93	5.43	5.54	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 3-month	5.93	5.41	5.58	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 6-month	5.93	5.42	5.62	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Finance paper, directly placed (historical)[3,5,8]												
12 1-month	5.81	5.31	5.44	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 3-month	5.78	5.29	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 6-month	5.68	5.21	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bankers acceptances[3,5,9]												
15 3-month	5.81	5.31	5.54	5.49	5.38	5.12	5.15	5.07	5.13	5.20	5.18	5.10
16 6-month	5.80	5.31	5.57	5.46	5.27	4.88	4.92	4.79	4.85	4.96	4.95	4.91
Certificates of deposit, secondary market[3,10]												
17 1-month	5.87	5.35	5.54	5.56	5.49	5.24	5.16	5.17	5.22	5.19	5.05	5.09
18 3-month	5.92	5.39	5.62	5.58	5.41	5.21	5.24	5.16	5.27	5.31	5.21	5.18
19 6-month	5.98	5.47	5.73	5.61	5.33	4.99	5.07	4.91	5.08	5.11	5.05	5.06
20 Eurodollar deposits, 3-month[3,11]	5.93	5.38	5.61	5.56	5.39	5.17	5.21	5.13	5.21	5.30	5.20	5.14
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	5.49	5.01	5.06	4.90	4.61	3.96	4.41	4.12	4.43	4.42	4.35	4.47
22 6-month	5.56	5.08	5.18	4.95	4.63	4.05	4.42	4.11	4.43	4.43	4.38	4.45
23 1-year	5.60	5.22	5.32	4.94	4.50	3.95	4.33	3.93	4.27	4.34	4.33	4.38
Auction high[3,5,12]												
24 3-month	5.51	5.02	5.07	4.94	4.74	4.08	4.44	4.07	4.43	4.47	4.40	4.45
25 6-month	5.59	5.09	5.18	4.97	4.75	4.15	4.43	4.16	4.36	4.50	4.43	4.43
26 1-year	5.69	5.23	5.36	5.00	4.51	4.06	4.40	n.a.	n.a.	4.40	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.94	5.52	5.63	5.21	4.71	4.12	4.53	4.10	4.46	4.52	4.54	4.59
28 2-year	6.15	5.84	5.99	5.27	4.67	4.09	4.54	4.10	4.40	4.52	4.62	4.64
29 3-year	6.25	5.99	6.10	5.24	4.62	4.18	4.57	4.20	4.50	4.57	4.60	4.64
30 5-year	6.38	6.18	6.22	5.27	4.62	4.18	4.54	4.22	4.45	4.51	4.59	4.62
31 7-year	6.50	6.34	6.33	5.36	4.76	4.46	4.78	4.47	4.75	4.79	4.79	4.80
32 10-year	6.57	6.44	6.35	5.34	4.81	4.53	4.83	4.63	4.83	4.82	4.85	4.83
33 20-year	6.95	6.83	6.69	5.66	5.38	5.30	5.48	5.35	5.54	5.48	5.46	5.46
34 30-year	6.88	6.71	6.61	5.54	5.20	5.01	5.25	5.12	5.29	5.27	5.26	5.21
Composite												
35 More than 10 years (long-term)	6.93	6.80	6.67	5.64	5.34	5.24	5.43	5.29	5.48	5.43	5.42	5.40
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	5.80	5.52	5.32	5.01	4.84	4.76	4.87	4.85	4.88	4.86	4.86	4.86
37 Baa	6.10	5.79	5.50	5.15	5.11	5.10	5.15	5.17	5.13	5.14	5.15	5.18
38 *Bond Buyer* series[15]	5.95	5.76	5.52	5.10	4.99	4.93	5.03	5.00	5.04	5.04	5.03	5.01
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	7.83	7.66	7.54	6.83	6.75	6.77	6.87	6.85	6.99	6.89	6.86	6.77
Rating group												
40 Aaa	7.59	7.37	7.27	6.52	6.40	6.37	6.41	6.44	6.56	6.44	6.39	6.28
41 Aa	7.72	7.55	7.48	6.77	6.68	6.70	6.79	6.76	6.90	6.81	6.77	6.70
42 A	7.83	7.69	7.54	6.89	6.82	6.85	6.95	6.93	7.07	6.98	6.95	6.85
43 Baa	8.20	8.05	7.87	7.14	7.09	7.18	7.34	7.26	7.42	7.34	7.33	7.28
MEMO												
Dividend–price ratio[17]												
44 Common stocks	2.56	2.19	1.77	1.48	1.59	1.59	1.43	1.53	1.47	1.46	1.42	1.37

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. Interest rates interpolated from data on certain commercial paper trades settled by the Depository Trust Company. The trades represent sales of commercial paper by dealers or direct issuers to investors (that is, the offer side). See Board's Commercial Paper Web pages (http://www.federalreserve.gov/releases/cp) for more information.
7. An average of offering rates on commercial paper for firms whose bond rating is AA or the equivalent. Series ended August 29, 1997.
8. An average of offering rates on paper directly placed by finance companies. Series ended August 29, 1997.
9. Representative closing yields for acceptances of the highest-rated money center banks.
10. An average of dealer offering rates on nationally traded certificates of deposit.
11. Bid rates for Eurodollar deposits collected around 9:30 a.m. Eastern time. Data are for indication purposes only.
12. Auction date for daily data; weekly and monthly averages computed on an issue-date basis. On or after October 28, 1998, data are stop yields from uniform-price auctions. Before that, they are weighted average yields from multiple-price auctions.
13. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Department of the Treasury.
14. General obligation bonds based on Thursday figures; Moody's Investors Service.
15. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moody's A1 rating. Based on Thursday figures.
16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
17. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

NOTE. Some of the data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1995	1996	1997	1998 Mar.	1998 Apr.	1998 May	1998 June	1998 July	1998 Aug.	1998 Sept.	1998 Oct.	1998 Nov.
	Prices and trading volume (averages of daily figures)[1]											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	291.18	357.98	456.99	560.70	578.05	574.46	569.76	586.39	539.16	506.56	511.49	564.26
2 Industrial	367.40	453.57	574.97	693.13	711.89	712.39	731.01	718.54	665.66	629.51	636.62	704.46
3 Transportation	270.14	327.30	415.08	508.06	523.73	505.02	492.98	503.89	441.36	408.75	396.61	442.95
4 Utility	110.64	126.36	143.87	191.67	207.32	198.25	188.26	189.95	186.24	186.17	195.09	206.29
5 Finance	238.48	303.94	424.84	539.47	563.07	551.28	548.57	579.67	511.22	454.28	448.12	501.45
6 Standard & Poor's Corporation (1941–43 = 10)[2]	541.72	670.49	873.43	1,076.83	1,112.20	1,108.42	1,108.39	1,156.58	1,074.62	1,020.64	1,032.47	1,144.43
7 American Stock Exchange (Aug. 31, 1973 = 50)[3]	498.13	570.86	628.34	722.37	742.33	735.02	704.59	724.83	655.67	621.48	607.16	667.60
Volume of trading (thousands of shares)												
8 New York Stock Exchange	345,729	409,740	523,254	619,366	647,110	569,239	605,576	639,744	712,710	790,238	808,816	668,932
9 American Stock Exchange	20,387	22,567	n.a.	28,943	29,544	27,004	25,447	26,473	32,721	33,331	31,946	27,266
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[4]	**76,680**	**97,400**	**126,090**	**140,340**	**140,240**	**143,600**	**147,700**	**154,370**	**147,800**	**137,540**	**130,160**	**139,710**
Free credit balances at brokers[5]												
11 Margin accounts[6]	16,250	22,540	31,410	27,430	28,160	26,200	29,840	31,820	38,460	41,970	43,500	40,620
12 Cash accounts	34,340	40,430	52,160	51,340	51,050	47,770	51,205	53,780	53,850	54,240	54,610	56,170

	Margin requirements (percent of market value and effective date)[7]					
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. Daily data on prices are available upon request to the Board of Governors. For ordering address, see inside front cover.
2. In July 1976 a financial group, composed of banks and insurance companies, was added to the group of stocks on which the index is based. The index is now based on 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
3. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
4. Since July 1983, under the revised Regulation T, margin credit at broker–dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
5. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
6. Series initiated in June 1984.
7. Margin requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				1998					
	1995	1996	1997	June	July	Aug.	Sept.	Oct.	Nov.
U.S. budget[1]									
1 Receipts, total	1,351,830	1,453,062	1,579,292	187,860	119,723	111,741	180,936	119,974	113,978
2 On-budget	1,000,751	1,085,570	1,187,302	144,973	87,820	79,135	149,726	90,064	81,836
3 Off-budget	351,079	367,492	391,990	42,887	31,903	32,606	31,210	29,910	32,142
4 Outlays, total	1,515,729	1,560,512	1,601,235	136,754	143,807	122,907	142,725	152,436	131,095
5 On-budget	1,227,065	1,259,608	1,290,609	125,606	115,714	92,555	107,900	123,687	100,078
6 Off-budget	288,664	300,904	310,626	11,148	28,094	30,352	34,814	28,749	31,017
7 Surplus or deficit (−), total	−163,899	−107,450	−21,943	51,106	−24,084	−11,166	38,222	−32,462	−17,117
8 On-budget	−226,314	−174,038	−103,307	19,367	−27,894	−13,420	41,826	−33,623	−18,242
9 Off-budget	62,415	66,588	81,364	31,739	3,809	2,254	−3,604	1,161	1,125
Source of financing (total)									
10 Borrowing from the public	171,288	129,712	38,171	−12,618	−16,370	33,989	−46,413	15,330	22,364
11 Operating cash (decrease, or increase (−))	−2,007	−6,276	604	−36,144	36,210	−362	−2,451	2,661	20,335
12 Other[2]	−5,382	−15,986	−16,832	−2,344	4,244	−22,461	10,642	14,471	−25,582
MEMO									
13 Treasury operating balance (level, end of period)	37,949	44,225	43,621	72,275	36,065	36,427	38,878	36,217	15,882
14 Federal Reserve Banks	8,620	7,700	7,692	18,140	4,648	6,704	4,952	4,440	5,219
15 Tax and loan accounts	29,329	36,525	35,930	54,135	31,417	29,722	33,926	31,776	10,663

1. Since 1990, off-budget items have been the social security trust funds (federal old-age survivors insurance and federal disability insurance) and the U.S. Postal Service.

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

SOURCE. Monthly totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*; fiscal year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government.*

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS[1]

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1997	1998	1996	1997		1998	1998		
			H2	H1	H2	H1	Sept.	Oct.	Nov.
RECEIPTS									
1 **All sources**	**1,579,292**	**1,721,421**	**707,552**	**845,527**	**773,812**	**922,632**	**180,936**	**119,974**	**113,978**
2 Individual income taxes, net	737,466	828,597	323,884	400,436	354,072	447,514	90,479	60,255	51,341
3 Withheld	580,207	646,483	279,988	292,252	306,865	316,309	53,342	54,277	52,530
4 Nonwithheld	250,753	281,527	53,491	191,050	58,069	219,136	39,853	7,098	2,214
5 Refunds	93,560	99,476	9,604	82,926	10,869	87,989	2,729	1,120	3,404
Corporation income taxes									
6 Gross receipts	204,493	213,270	95,364	106,451	104,659	109,353	38,928	6,547	4,805
7 Refunds	22,198	24,593	10,053	9,635	10,135	14,220	2,128	4,789	1,364
8 Social insurance taxes and contributions, net	539,371	571,835	240,326	288,251	260,795	312,713	43,079	41,237	45,926
9 Employment taxes and contributions[2]	506,751	540,016	227,777	268,357	247,794	293,520	42,540	39,690	42,940
10 Unemployment insurance	28,202	27,484	10,302	17,709	10,724	17,080	206	1,142	2,655
11 Other net receipts[3]	4,418	4,335	2,245	2,184	2,280	2,112	333	405	331
12 Excise taxes	56,924	57,669	27,016	28,084	31,133	29,922	2,961	9,630	6,021
13 Customs deposits	17,928	18,297	9,294	8,619	9,679	8,546	1,701	1,776	1,380
14 Estate and gift taxes	19,845	24,076	8,835	10,477	10,262	12,971	2,356	2,089	2,132
15 Miscellaneous receipts[4]	25,465	32,270	12,889	12,866	13,348	15,837	3,572	3,228	3,738
OUTLAYS									
16 **All types**	**1,601,235**	**1,651,383**	**800,177**	**797,418**	**824,370**	**815,886**	**142,725**	**152,436**	**131,095**
17 National defense	270,473	270,407	139,402	132,698	140,873	129,351	24,748	25,730	18,173
18 International affairs	15,228	13,144	8,532	5,740	9,420	4,610	1,123	169	4,924
19 General science, space, and technology	17,174	19,632	8,260	8,938	10,040	9,426	1,824	1,550	1,558
20 Energy	1,483	1,359	695	803	411	957	892	−135	−218
21 Natural resources and environment	21,369	21,897	10,307	9,628	11,106	10,051	2,115	1,859	2,080
22 Agriculture	9,032	14,306	11,037	1,465	10,590	2,387	2,780	3,287	5,620
23 Commerce and housing credit	−14,624	907	−5,899	−7,575	−3,526	−2,483	8,136	1,078	−701
24 Transportation	40,767	36,610	21,512	16,847	20,414	16,196	3,997	3,445	3,447
25 Community and regional development	11,005	10,437	5,498	5,678	5,749	4,863	1,115	1,260	1,405
26 Education, training, employment, and social services	53,008	52,214	27,524	25,080	26,851	25,928	4,455	4,861	4,111
27 Health	123,843	131,015	61,595	61,809	63,552	65,053	11,293	12,572	10,477
28 Social security and Medicare	555,273	572,046	269,412	278,863	283,109	286,305	47,555	50,544	43,728
29 Income security	230,886	232,949	107,631	124,034	106,353	125,196	17,309	20,104	14,644
30 Veterans benefits and services	39,313	41,782	21,109	17,697	22,077	19,615	3,432	5,465	1,841
31 Administration of justice	20,197	22,612	9,583	10,670	10,212	11,287	1,675	1,899	2,067
32 General government	12,768	13,903	6,546	6,623	7,302	6,139	2,199	2,377	1,418
33 Net interest[5]	244,013	243,353	122,573	122,655	122,620	122,345	15,976	19,442	19,350
34 Undistributed offsetting receipts[6]	−49,973	−47,194	−25,142	−24,235	−22,795	−21,340	−7,909	−3,078	−2,828

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

SOURCE. Fiscal year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1999*; monthly and half-year totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government.*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1996		1997				1998		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**5,260**	**5,357**	**5,415**	**5,410**	**5,446**	**5,536**	**5,573**	**5,578**	**5,556**
2 Public debt securities	5,225	5,323	5,381	5,376	5,413	5,502	5,542	5,548	5,526
3 Held by public	3,778	3,826	3,874	3,805	3,815	3,847	3,872	3,790	3,761[r]
4 Held by agencies	1,447	1,497	1,507	1,572	1,599	1,656	1,670	1,758	1,766[r]
5 Agency securities	35	34	34	34	33	34	31	30	29
6 Held by public	27	27	26	26	26	27	26	26	26[r]
7 Held by agencies	8	8	8	7	7	7	5	4	4[r]
8 **Debt subject to statutory limit**	**5,137**	**5,237**	**5,294**	**5,290**	**5,328**	**5,417**	**5,457**	**5,460**	**5,440**
9 Public debt securities	5,137	5,237	5,294	5,290	5,328	5,416	5,456	5,460	5,439
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	5,500	5,500	5,500	5,500	5,950	5,950	5,950	5,950	5,950

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

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

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

Billions of dollars, end of period

Type and holder	1994	1995	1996	1997	1997	1998		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**4,800.2**	**4,988.7**	**5,323.2**	**5,502.4**	**5,502.4**	**5,542.4**	**5,547.9**	**5,526.2**
By type								
2 Interest-bearing	4,769.2	4,964.4	5,317.2	5,494.9	5,494.9	5,535.3	5,540.2	5,518.7
3 Marketable	3,126.0	3,307.2	3,459.7	3,456.8	3,456.8	3,467.1	3,369.5	3,331.0
4 Bills	733.8	760.7	777.4	715.4	715.4	720.1	641.1	637.7
5 Notes	1,867.0	2,010.3	2,112.3	2,106.1	2,106.1	2,091.9	2,064.6	2,009.1
6 Bonds	510.3	521.2	555.0	587.3	587.3	598.7	598.7	610.4
7 Inflation-indexed notes and bonds[1]	n.a.	n.a.	n.a	33.0	33.0	41.5	50.1	41.9
8 Nonmarketable[2]	1,643.1	1,657.2	1,857.5	2,038.1	2,038.1	2,068.2	2,170.7	2,187.7
9 State and local government series	132.6	104.5	101.3	124.1	124.1	139.1	155.0	164.4
10 Foreign issues[3]	42.5	40.8	37.4	36.2	36.2	35.4	36.0	35.1
11 Government	42.5	40.8	47.4	36.2	36.2	36.4	36.0	35.1
12 Public	.0	.0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	177.8	181.9	182.4	181.2	181.2	181.2	180.7	180.8
14 Government account series[4]	1,259.8	1,299.6	1,505.9	1,666.7	1,666.7	1,681.5	1,769.1	1,777.3
15 Non-interest-bearing	31.0	24.3	6.0	7.5	7.5	7.2	7.7	7.5
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,257.1	1,304.5	1,497.2	1,655.7	1,655.7	1,670.4	1,757.6	1,765.6
17 Federal Reserve Banks	374.1	391.0	410.9	451.9	451.9	400.0	458.4	458.1
18 Private investors	3,168.0	3,294.9	3,411.2	3,393.4	3,393.4	3,430.7	3,330.6	3,301.0
19 Commercial banks	290.4	278.7	261.8	269.8	269.8	278.6	263.7	260.0
20 Money market funds	67.6	71.5	91.6	88.9	88.9	84.8	82.7	84.2
21 Insurance companies	240.1	241.5	214.1	224.9	224.9	182.2	185.0	188.0
22 Other companies	224.5	228.8	258.5	265.0	265.0	268.1	267.2	271.4
23 State and local treasuries[6,7]	541.0	469.6	482.5	493.0	493.0	444.8	464.7	469.0
Individuals								
24 Savings bonds	180.5	185.0	187.0	186.5	186.5	186.3	186.0	186.0
25 Other securities	150.7	162.7	169.6	168.4	168.4	165.8	165.0	166.4
26 Foreign and international[8]	688.7	862.2	1,135.6	1,278.0	1,278.0	1,240.3	1,248.6	1,217.2
27 Other miscellaneous investors[7,9]	784.6	794.9	610.5	418.8	418.8	579.8	467.7	458.9

1. The U.S. Treasury first issued inflation-indexed securities during the first quarter of 1997.
2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
5. Data for Federal Reserve Banks and U.S government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Includes state and local pension funds.
7. In March 1996, in a redefinition of series, fully defeased debt backed by nonmarketable federal securities was removed from "Other miscellaneous investors" and added to "State and local treasuries." The data shown here have been revised accordingly.
8. Consists of investments of foreign balances and international accounts in the United States.
9. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally sponsored agencies.

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

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

Millions of dollars, daily averages

Item	1998			1998, week ending								
	Aug.	Sept	Oct.	Sept. 30	Oct. 7	Oct. 14	Oct. 21	Oct. 28	Nov. 4	Nov. 11	Nov. 18	Nov. 25
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	32,286	35,694	30,362	28,504	32,697	35,896	28,238	23,097	36,927	37,505	37,730	27,247
Coupon securities, by maturity												
2 Five years or less	137,256	141,855	131,248	130,825	143,434	151,181	114,620	124,634	119,017	113,914	116,567	106,682
3 More than five years	77,455	85,071	94,390	85,452	118,793	105,846	84,090	77,072	79,512	100,016	66,838	59,214
4 Inflation-indexed	717	1,173	1,497	1,140	2,373	1,269	1,631	949	799	723	566	561
Federal agency												
5 Discount notes	37,530	46,151	46,265	50,771	53,568	52,068	44,117	35,723	48,124	44,257	45,013	38,786
Coupon securities, by maturity												
6 One year or less	1,095	1,127	700	1,036	551	484	521	1,260	556	1,007	1,089	749
7 More than one year, but less than or equal to five years	4,118	4,853	4,864	4,003	4,308	3,584	6,699	5,164	3,480	3,828	3,695	2,465
8 More than five years	3,583	2,911	4,640	2,769	5,025	6,617	3,610	3,304	5,642	6,525	3,377	1,994
9 Mortgage-backed	72,609	89,908	92,708[r]	71,093	108,039	128,064	79,636	73,179	65,166	98,205	68,541	47,392
By type of counterparty												
With interdealer broker												
10 U.S. Treasury	135,577	146,046	146,311	135,153	168,025	162,670	132,907	129,516	134,810	142,375	119,988	106,181
11 Federal agency	3,012	3,186	3,478	3,264	3,447	3,866	4,178	2,960	2,328	2,325	2,306	1,954
12 Mortgage-backed	22,350	30,665	31,293	26,631	35,696	38,483	28,725	26,810	23,531	29,348	24,085	17,183
With other												
13 U.S. Treasury	112,136	117,747	111,185	110,769	129,272	131,521	95,673	96,236	101,445	109,782	101,713	87,522
14 Federal agency	43,314	51,856	52,991	55,315	60,004	58,886	50,769	42,490	55,474	53,292	50,868	42,039
15 Mortgage-backed	50,258	59,243	61,415[r]	44,462	72,343	89,581	50,912	46,369	41,635	68,857	44,456	30,209
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
16 U.S. Treasury bills	95	180	0	0	n.a.	0	n.a.	n.a.	0	n.a.	n.a.	87
Coupon securities, by maturity												
17 Five years or less	5,907	4,378	3,296	2,724	3,238	4,181	2,969	2,932	3,395	3,049	2,659	3,522
18 More than five years	18,177	20,105	19,467	15,948	25,518	23,107	16,867	15,132	14,398	19,134	15,334	16,172
19 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
20 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
21 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
22 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0	0
23 More than five years	0	0	0	0	0	0	0	0	0	0	0	0
24 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
25 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
26 Five years or less	1,790	1,984	1,685	1,950	2,139	3,083	1,006	1,067	997	1,123	1,567	805
27 More than five years	6,496	6,152	8,125	0	9,520	10,416	8,843	4,910	6,295	6,655	6,364	4,126
28 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
29 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
30 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
31 More than one year, but less than or equal to five years	0	0	0	0	0	0	n.a	n.a.	0	0	0	0
32 More than five years	0	0	0	0	0	0	0	0	0	0	0	0
33 Mortgage-backed	793	745	862	0	1,531	1,005	387	553	861	1,821	682	480

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Monthly averages are based on the number of trading days in the month. Transactions are assumed to be evenly distributed among the trading days of the report week. Immediate, forward, and futures transactions are reported at principal value, which does not include accrued interest; options transactions are reported at the face value of the underlying securities.

Dealers report cumulative transactions for each week ending Wednesday.

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

Forward transactions are agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

3. Futures transactions are standardized agreements arranged on an exchange. All futures transactions are included regardless of time to delivery.

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

NOTE "n.a." indicates that data are not published because of insufficient activity.

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

Millions of dollars

Item	1998 Aug.	1998 Sept.	1998 Oct.	1998, week ending Sept. 30	Oct. 7	Oct. 14	Oct. 21	Oct. 28	Nov. 4	Nov. 11	Nov. 18
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	3,981	853	−9,335	−2,612	−13,643	−6,447	−7,089	−9,841	−10,085	−5,730	−7,128
Coupon securities, by maturity											
2 Five years or less	−18,708	−5,360	1,196	−981	851	−4,303	1,875	4,652	5,186	2,529	−499
3 More than five years	−11,060	−2,004	6,412	−2,708	4,129	5,759	7,872	8,849	4,171	7,601	10,547
4 Inflation-indexed	2,305	1,554	2,705	1,403	3,442	2,895	2,397	2,225	2,381	2,153	1,703
Federal agency											
5 Discount notes	16,408	17,211	18,395	11,696	25,268	19,174	12,984	16,621	17,306	21,745	16,948
Coupon securities, by maturity											
6 One year or less	2,756	2,668	1,870	1,649	1,692	1,923	1,872	2,037	1,765	1,587	2,473
7 More than one year, but less than or equal to five years	5,821	4,801	5,119	3,678	4,140	4,447	6,601	5,809	3,903	4,172	2,954
8 More than five years	8,784	6,913	6,797	7,320	7,996	7,630	6,904	5,649	4,485	5,391	6,935
9 Mortgage-backed	61,657	58,415	48,954	48,856	57,363	49,939	52,229	39,854	40,623	41,319	36,771
NET FUTURES POSITIONS[4]											
By type of deliverable security											
10 U.S. Treasury bills	1,144	606	0	119	n.a.	n.a.	n.a.	n.a.	n.a.	−51	245
Coupon securities, by maturity											
11 Five years or less	−4,879	−8,716	−9,070	−8,941	−7,958	−10,275	−9,776	−9,949	−5,152	−3,919	−4,721
12 More than five years	−32,741	−25,612	−24,562	−22,013	−25,637	−23,512	−23,713	−26,133	−22,823	−26,286	−33,074
13 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
14 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
15 One year or less	0	0	0	0	0	0	0	0	0	0	0
16 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0
17 More than five years	0	0	0	0	0	0	0	0	0	0	0
18 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
NET OPTIONS POSITIONS											
By type of deliverable security											
19 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
20 Five years or less	−827	−1,153	−1,301	−2,147	−1,125	−1,377	−1,560	−955	−1,738	−2,316	−1,947
21 More than five years	−2,842	−2,553	−3,788	−3,227	−6,126	−3,371	−3,080	−3,045	−2,696	−1,461	−1,502
22 Inflation-indexed	0	0	n.a.	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Federal agency											
23 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
24 One year or less	0	0	0	0	0	0	0	0	0	0	0
25 More than one year, but less than or equal to five years	n.a.	n.a.	0	0	n.a.	n.a.	0	0	0	0	0
26 More than five years	n.a.	n.a.	n.a.	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27 Mortgage-backed	1,954	1,629	3,160	718	1,477	4,126	3,670	3,423	3,033	2,956	2,229
	Financing[5]										
Reverse repurchase agreements											
28 Overnight and continuing	333,413	316,256	278,468	305,281	312,432	294,925	279,853	234,286	260,682	217,473	253,440
29 Term	829,365	784,437	847,663	745,625	840,221	828,127	852,680	857,572	875,786	906,415	683,253
Securities borrowed											
30 Overnight and continuing	221,150	229,685	234,431	231,337	244,842	241,930	234,178	223,142	219,573	209,364	219,514
31 Term	95,383	99,774	109,805	96,405	112,224	109,744	108,871	109,811	106,468	113,261	97,449
Securities received as pledge											
32 Overnight and continuing	2,770	3,152	2,851	2,752	2,805	2,772	2,886	2,922	2,900	2,741	3,494
33 Term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	60
Repurchase agreements											
34 Overnight and continuing	735,478	718,744	666,957	654,319	715,752	694,273	669,662	611,149	613,268	566,780	631,286
35 Term	728,531	704,430	777,445	689,560	764,886	762,433	785,555	788,597	796,830	834,146	598,187
Securities loaned											
36 Overnight and continuing	12,518	11,057	8,157	13,432	8,473	8,511	6,495	8,919	8,693	8,483	9,069
37 Term	3,830	4,119	3,947	4,925	4,121	4,186	3,673	3,781	4,011	4,117	4,085
Securities pledged											
38 Overnight and continuing	49,094	52,222	53,861	55,811	57,482	52,978	49,743	54,765	54,969	45,686	49,081
39 Term	5,612	5,624	5,112	5,231	5,063	4,797	5,412	5,266	4,904	4,789	489
Collateralized loans											
40 Total	21,580	14,140	21,841	10,311	24,276	19,091	23,000	21,054	21,712	23,009	26,943

1. Data for positions and financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers. Weekly figures are close-of-business Wednesday data. Positions for calendar days of the report week are assumed to be constant. Monthly averages are based on the number of calendar days in the month.

2. Securities positions are reported at market value.

3. Net outright positions include immediate and forward positions. Net immediate positions include securities purchased or sold (other than mortgage-backed agency securities) that have been delivered or are scheduled to be delivered in five business days or less and "when-issued" securities that settle on the issue date of offering. Net immediate positions for mortgage-backed agency securities include securities purchased or sold that have been delivered or are scheduled to be delivered in thirty business days or less.

Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

4. Futures positions reflect standardized agreements arranged on an exchange. All futures positions are included regardless of time to delivery.

5. Overnight financing refers to agreements made on one business day that mature on the next business day; continuing contracts are agreements that remain in effect for more than one business day but have no specific maturity and can be terminated without advance notice by either party; term agreements have a fixed maturity of more than one business day. Financing data are reported in terms of actual funds paid or received, including accrued interest.

NOTE. "n.a." indicates that data are not published because of insufficient activity.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1994	1995	1996	1997	1998 May	1998 June	1998 July	1998 Aug.	1998 Sept.
1 **Federal and federally sponsored agencies**	**738,928**	**844,611**	**925,823**	**1,022,609**	**1,044,575**	**1,061,253**	**1,117,705**	n.a.	**1,172,575**
2 Federal agencies	39,186	37,347	29,380	27,792	26,995	26,817	26,990	26,668	26,691
3 Defense Department[1]	6	6	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	3,455	2,050	1,447	552	542	1,295	n.a.	n.a.	n.a.
5 Federal Housing Administration[4]	116	97	84	102	108	144	156	155	174
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service[6]	8,073	5,765	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	27,536	29,429	27,853	27,786	26,989	26,811	26,984	26,507	26,685
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	699,742	807,264	896,443	994,817	1,017,580	1,034,436	1,090,715	1,103,596	1,145,884
11 Federal Home Loan Banks	205,817	243,194	263,404	313,919	322,155	328,514	328,009	334,494	343,188
12 Federal Home Loan Mortgage Corporation	93,279	119,961	156,980	169,200	204,751	200,314	208,800	213,800	232,994
13 Federal National Mortgage Association	257,230	299,174	331,270	369,774	399,489	406,162	415,229	423,188	430,582
14 Farm Credit Banks[8]	53,175	57,379	60,053	63,517	63,744	64,717	64,528	57,910	64,332
15 Student Loan Marketing Association[9]	50,335	47,529	44,763	37,717	35,952	33,231	33,270	33,350	33,760
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**103,817**	**78,681**	**58,172**	**49,090**	**44,223**	**136,892**	**42,610**	**42,396**	
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	3,449	2,044	1,431	552	542	1,295			
21 Postal Service[6]	8,073	5,765	n.a.	n.a.	n.a.	n.a.			n.a.
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
23 Tennessee Valley Authority	3,200	3,200	n.a.	n.a.	n.a.	n.a.			
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
Other lending[14]									
25 Farmers Home Administration	33,719	21,015	18,325	13,530	11,955	13,530	10,900	9,756	9,500
26 Rural Electrification Administration	17,392	17,144	16,702	14,898	14,207	14,819	14,126	14,284	14,166
27 Other	37,984	29,513	21,714	20,110	17,519	107,248	17,584	18,356	22,289

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration, the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Small Business Administration, and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agricultural Mortgage Corporation, therefore details do not sum to total. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.
9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1995	1996	1997	1998 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 **All issues, new and refunding**[1]	**145,657**	**171,222**	**214,694**	**20,271**	**22,862**	**29,665**	**22,599**	**20,344**	**17,526**	**19,528**	**19,325**
By type of issue											
2 General obligation	56,980	60,409	69,934	8,154	4,827	10,135	6,515	5,812	5,619	6,791	5,433
3 Revenue	88,677	110,813	134,989	12,117	18,035	19,530	16,084	14,532	11,907	12,737	13,892
By type of issuer											
4 State	14,665	13,651	18,237	3,548	1,146	2,809	1,972	1,483	1,280	1,865	778
5 Special district or statutory authority[2]	93,500	113,228	134,919	12,504	16,865	18,099	16,244	14,233	12,490	12,924	13,473
6 Municipality, county, or township	37,492	44,343	70,558	4,219	4,851	7,220	5,673	4,628	3,756	4,739	5,073
7 **Issues for new capital**	**102,390**	**112,298**	**135,519**	**12,616**	**15,281**	**19,341**	**15,895**	**11,258**	**9,106**	**12,736**	**12,452**
By use of proceeds											
8 Education	23,964	26,851	31,860	4,080	2,819	4,911	2,733	2,435	2,041	2,605	2,353
9 Transportation	11,890	12,324	13,951	1,089	1,043	2,962	3,677	1,982	918	1,598	806
10 Utilities and conservation	9,618	9,791	12,219	749	5,971	2,368	795	1,179	831	2,785	2,225
11 Social welfare	19,566	24,583	27,794	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	6,581	6,287	6,667	678	576	563	1,002	709	315	471	638
13 Other purposes	30,771	32,462	35,095	3,255	2,482	5,279	4,674	2,764	2,726	3,359	3,242

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

SOURCE. Securities Data Company beginning January 1990; *Investment Dealer's Digest* before then.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1995	1996	1997	1998 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
1 **All issues**[1]	**678,321**	**670,928**	**758,948**	**108,994**	**76,799**	**77,413**	**102,487**	**70,305**	**53,270**	**78,392**	**66,336**
2 **Bonds**[2]	**572,998**	**548,922**	**641,068**	**89,723**	**64,329**	**62,713**	**85,643**	**60,533**	**49,545**	**73,752**	**57,681**
By type of offering											
3 Public, domestic	408,707	465,489	537,880	81,778	55,452	56,965	78,280	54,266	45,745	71,134	49,094
4 Private placement, domestic[3]	87,492	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	76,799	83,433	103,188	7,946	8,878	5,748	7,363	6,267	3,800	2,618	8,587
By industry group											
6 Nonfinancial	156,763	119,765	130,115	17,301	16,985	12,856	16,844	17,220	12,799	8,962	11,205
7 Financial	416,235	429,157	510,953	72,422	47,345	49,857	68,799	43,313	36,746	64,790	46,476
8 **Stocks**[2]	**105,323**	**122,006**	**117,880**	**19,271**	**12,470**	**14,700**	**17,111**	**9,772**	**3,725**	**4,640**	**8,655**
By type of offering											
9 Public	73,223	122,006	117,880	19,271	12,470	14,700	17,111	9,772	3,725	4,640	8,655
10 Private placement[3]	32,100	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	52,707	80,460	60,386	10,756	5,551	9,271	10,248	6,390	2,560	2,266	5,879
12 Financial	20,516	41,546	57,494	8,515	6,919	5,429	6,863	3,382	1,165	2,374	2,776

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, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data cover only public offerings.
3. Monthly data are not available.

SOURCE. Beginning July 1993, Securities Data Company and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets[1]

Millions of dollars

Item	1996	1997	1998 Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.
1 **Sales of own shares**[2]	**934,595**	**1,190,900**	**128,828**	**113,593**	**122,288**	**134,801**	**111,587**	**118,478**	**116,471**	**113,235**
2 Redemptions of own shares	702,711	918,728	97,087	84,421	97,899	107,368	118,812	107,049	108,838	89,532
3 Net sales[3]	231,885	272,172	31,741	29,172	24,389	27,433	−7,225	11,429	7,633	23,703
4 **Assets**[4]	**2,624,463**	**3,409,315**	**3,909,932**	**3,882,061**	**3,986,952**	**3,957,093**	**3,479,401**	**3,625,841**	**3,804,591**	**4,012,378**
5 Cash[5]	138,559	174,154	170,045	171,425	199,135	195,966	194,435	211,253	210,026	208,343
6 Other	2,485,904	3,235,161	3,739,887	3,710,636	3,787,817	3,761,127	3,284,967	3,414,588	3,594,565	3,804,034

1. Data include stock, hybrid, and bond mutual funds and exclude money market mutual funds.
2. Excludes reinvestment of net income dividends and capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.

SOURCE. Investment Company Institute. Data based on reports of membership, which comprises substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect underwritings of newly formed companies after their initial offering of securities.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1995	1996	1997	1996 Q4	1997 Q1	1997 Q2	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3[r]
1 Profits with inventory valuation and capital consumption adjustment	672.4	750.4	817.9	762.0	794.3	815.5	840.9	820.8	829.2	820.6	827.0
2 Profits before taxes	635.6	680.2	734.4	685.7	712.4	729.8	758.9	736.4	719.1	723.5	720.5
3 Profits-tax liability	211.0	226.1	246.1	224.2	238.8	241.9	254.2	249.3	239.9	241.6	243.2
4 Profits after taxes	424.6	454.1	488.3	461.5	473.6	487.8	504.7	487.1	479.2	481.8	477.3
5 Dividends	205.3	261.9	275.1	273.6	274.1	274.7	275.1	276.4	277.3	278.1	279.0
6 Undistributed profits	219.3	192.3	213.2	187.9	199.5	213.2	229.5	210.6	201.8	203.7	198.3
7 Inventory valuation	−22.6	−1.2	6.9	3.0	8.1	10.3	4.8	4.3	25.3	7.8	11.7
8 Capital consumption adjustment	59.4	71.4	76.6	73.3	73.8	75.5	77.2	80.1	84.9	89.4	94.8

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1994	1995	1996	1997 Q1	1997 Q2	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3
ASSETS										
1 Accounts receivable, gross[2]	543.7	607.0	637.1	648.0	651.6	660.5	663.3	667.2	676.0	688.9
2 Consumer	201.9	233.0	244.9	249.4	255.1	254.5	256.8	251.7	251.3	255.3
3 Business	274.9	301.6	309.5	315.2	311.7	319.5	318.5	325.9	334.9	335.1
4 Real estate	66.9	72.4	82.7	83.4	84.8	86.4	87.9	89.6	89.9	98.5
5 LESS: Reserves for unearned income	52.9	60.7	55.6	51.3	57.2	54.6	52.7	52.1	53.2	52.4
6 Reserves for losses	11.3	12.8	13.1	12.8	13.3	12.7	13.0	13.1	13.2	13.2
7 Accounts receivable, net	479.5	533.5	568.3	583.9	581.2	593.1	597.6	601.9	609.6	623.3
8 All other	216.8	250.9	290.0	289.6	306.8	289.1	312.4	329.7	340.1	313.6
9 **Total assets**	**696.3**	**784.4**	**858.3**	**873.4**	**887.9**	**882.3**	**910.0**	**931.6**	**949.7**	**936.8**
LIABILITIES AND CAPITAL										
10 Bank loans	14.8	15.3	19.7	18.4	18.8	20.4	24.1	22.0	22.3	24.9
11 Commercial paper	171.6	168.6	177.6	185.3	193.7	189.6	201 5	211 7	225.9	226.9
Debt										
12 Owed to parent	41.8	51.1	60.3	61.0	60.0	61.6	64.7	64.6	60.0	58.3
13 Not elsewhere classified	247.4	300.0	332.5	324.6	345.3	322.8	328.8	338.2	348.7	337.7
14 All other liabilities	146.2	163.6	174.7	189.2	171.4	190.1	189.6	193.1	188.9	185.4
15 Capital, surplus, and undivided profits	74.6	85.9	93.5	94.9	98.7	97.9	101.3	102.1	103.9	103.6
16 **Total liabilities and capital**	**696.3**	**784.4**	**858.3**	**873.4**	**887.9**	**882.3**	**910.0**	**931.6**	**949.7**	**936.8**

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

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

Type of credit	1995	1996	1997	1998 May	1998 June	1998 July	1998 Aug.	1998 Sept.	1998 Oct.
				Seasonally adjusted					
1 **Total**	**682.4**	**761.9**	**809.8**	**833.0**	**831.3**	**840.6**	**846.4**	**853.5r**	**867.2**
2 Consumer	283.1	307.7	327.7	330.2	332.5	336.6	339.1	343.9r	351.7
3 Real estate	72.4	111.9	121.1	124.2	120.9	125.2	128.1	128.8	132.3
4 Business	326.8	342.4	361.0	378.6	377.9	378.7	379.2	380.7	383.2
				Not seasonally adjusted					
5 **Total**	**689.5**	**769.7**	**818.1**	**832.2**	**836.0**	**835.2**	**842.6**	**850.0r**	**865.6**
6 Consumer	285.8	310.6	330.9	329.4	335.4	338.5	340.5	344.9r	351.3
7 Motor vehicles loans	81.1	86.7	87.0	89.6	89.9	91.7	95.3	96.2	97.6
8 Motor vehicle leases	80.8	92.5	96.8	95.9	97.0	97.3	96.9	94.9	94.6
9 Revolving[2]	28.5	32.5	38.6	30.5	29.9	29.6	30.2	29.3r	34.6
10 Other[3]	42.6	33.2	34.4	33.5	34.4	35.0	34.7	34.6	34.6
Securitized assets[4]									
11 Motor vehicle loans	34.8	36.8	44.3	45.7	49.3	50.2	49.2	51.8	51.6
12 Motor vehicle leases	3.5	8.7	10.8	10.8	10.9	10.8	10.7	14.2r	14.4
13 Revolving	n.a.	0.0	0.0	5.3	5.3	5.3	5.3	5.3	5.3
14 Other	14.7	20.1	19.0	18.1	18.6	18.5	18.2	18.8	18.6
15 Real estate	72.4	111.9	121.1	124.2	120.9	125.2	128.1	128.8	132.3
16 One- to four-family	n.a.	52.1	59.0	65.2	62.3	65.9	68.6	68.4	72.2
17 Other	n.a.	30.5	28.9	28.1	27.5	28.5	28.7	30.1	30.2
Securitized real estate assets[4]									
18 One- to four-family	n.a.	28.9	33.0	30.7	30.9	30.6	30.7	30.2	29.8
19 Other	n.a.	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.1
20 Business	331.2	347.2	366.1	378.6	379.7	371.5	374.0	376.2	382.0
21 Motor vehicles	66.5	67.1	63.5	69.1	68.4	61.1	62.5	65.5	68.5
22 Retail loans	21.8	25.1	25.6	29.3	29.2	29.2	29.6	30.0	30.4
23 Wholesale loans[5]	36.6	33.0	27.7	29.5	28.2	21.0	22.0	24.2	27.0
24 Leases	8.0	9.0	10.2	10.4	11.0	10.9	10.9	11.3	11.1
25 Equipment	8.0	9.0	10.2	209.3	212.8	212.8	212.0	210.8	211.5
26 Loans	8.0	9.0	10.2	51.3	52.7	51.6	51.8	47.9	47.2
27 Leases	8.0	9.0	10.2	158.0	160.2	161.2	160.2	162.9	164.3
28 Other business receivables[6]	8.0	9.0	10.2	54.3	53.7	54.5	57.0	58.9	59.6
Securitized assets[4]									
29 Motor vehicles	8.0	9.0	10.2	31.0	29.1	26.3	25.9	24.5	25.0
30 Retail loans	8.0	9.0	10.2	1.9	2.3	2.2	2.1	2.0	1.9
31 Wholesale loans	8.0	9.0	10.2	29.2	26.7	24.1	23.8	22.5	23.2
32 Leases	8.0	9.0	10.2	0.0	0.0	0.0	0.0	0.0	0.0
33 Equipment	8.0	9.0	10.2	10.2	10.5	11.5	11.4	11.3	12.0
34 Loans	8.0	9.0	10.2	4.0	4.1	5.1	4.9	4.9	5.6
35 Leases	8.0	9.0	10.2	6.2	6.4	6.4	6.4	6.4	6.4
36 Other business receivables[6]	8.0	9.0	10.2	4.7	5.3	5.4	5.2	5.3	5.2

NOTE. This table has been revised to incorporate several changes resulting from the benchmarking of finance company receivables to the June 1996 Survey of Finance Companies. In that benchmark survey, and in the monthly surveys that have followed, more detailed breakdowns have been obtained for some components. In addition, previously unavailable data on securitized real estate loans are now included in this table. The new information has resulted in some reclassification of receivables among the three major categories (consumer, real estate, and business) and in discontinuities in some component series between May and June 1996.

Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Data in this table also appear in the Board's G.20 (422) monthly statistical release. For ordering address, see inside front cover.

1. Owned receivables are those carried on the balance sheet of the institution. Managed receivables are outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator. Data are shown before deductions for unearned income and losses. Components may not sum to totals because of rounding.

2. Excludes revolving credit reported as held by depository institutions that are subsidiaries of finance companies.

3. Includes personal cash loans, mobile home loans, and loans to purchase other types of consumer goods such as appliances, apparel, boats, and recreation vehicles.

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

5. Credit arising from transactions between manufacturers and dealers, that is, floor plan financing.

6. Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, campers, and travel trailers.

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1995	1996	1997	1998 May	1998 June	1998 July	1998 Aug.	1998 Sept.	1998 Oct.	1998 Nov.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	175.8	182.4	180.1	195.6	193.7	208.7	191.5	192.7	201.4	192.1
2 Amount of loan (thousands of dollars)	134.5	139.2	140.3	150.2	151.0	160.1	150.4	150.8	155.8	148.1
3 Loan-to-price ratio (percent)	78.6	78.2	80.4	79.1	81.0	78.7	81.3	80.9	79.8	79.5
4 Maturity (years)	27.7	27.2	28.2	28.3	28.3	28.5	28.6	28.7	28.6	28.3
5 Fees and charges (percent of loan amount)[2]	1.21	1.21	1.02	0.85	0.85	0.90	0.87	0.85	0.86	0.76
Yield (percent per year)										
6 Contract rate[1]	7.65	7.56	7.57	7.05	7.03	6.99	6.95	6.85	6.72	6.68
7 Effective rate[1,3]	7.85	7.77	7.73	7.18	7.16	7.13	7.09	6.98	6.85	6.80
8 Contract rate (HUD series)[4]	8.05	8.03	7.76	7.11	7.08	7.05	6.86	6.64	6.86	6.84
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.18	8.19	7.89	7.07	7.07	7.05	7.03	6.53	7.07	7.02
10 GNMA securities[6]	7.57	7.48	7.26	6.63	6.54	6.48	6.42	6.05	6.10	6.25
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	253,511	287,052	316,678	343,922	349,249	359,827	366,890	375,665	386,452	399,804
12 FHA/VA insured	28,762	30,592	31,925	32,771	32,896	33,036	32,929	32,903	32,814	33,420
13 Conventional	224,749	256,460	284,753	311,151	316,353	326,791	333,961	342,762	353,638	366,384
14 Mortgage transactions purchased (during period)	56,598	68,618	70,465	17,423	11,916	17,326	14,316	15,681	18,967	23,557
Mortgage commitments (during period)										
15 Issued[7]	56,092	65,859	69,965	10,612	16,921	13,217	17,016	16,282	30,551	17,994
16 To sell[8]	360	130	1,298	0	0	419	233	249	393	0
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	107,424	137,755	164,421	192,603	196,634	202,582	206,856	216,521	231,458	242,270
18 FHA/VA insured	267	220	177	158	422	456	489	569	569r	602
19 Conventional	107,157	137,535	164,244	192,445	196,212	202,126	206,367	215,952	230,889r	241,668
Mortgage transactions (during period)										
20 Purchases	98,470	125,103	117,401	23,743	22,394	22,605	21,507	25,366	20,629	23,986
21 Sales	85,877	119,702	114,258	23,338	21,133	22,263	20,634	24,294	19,472	22,660
22 Mortgage commitments contracted (during period)[9]	118,659	128,995	120,089	26,100	20,008	23,528	24,694	23,375	25,025r	28,903

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups for purchase of newly built homes; compiled by the Federal Housing Finance Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rate on loans closed for purchase of newly built homes, assuming prepayment at the end of ten years.
4. Average contract rate on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD). Based on transactions on the first day of the subsequent month.
5. Average gross yield on thirty-year, minimum-downpayment first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month.
6. Average net yields to investors on fully modified pass-through securities backed by mortgages and guaranteed by the Government National Mortgage Association (GNMA), assuming prepayment in twelve years on pools of thirty-year mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.
7. Does not include standby commitments issued, but includes standby commitments converted.
8. Includes participation loans as well as whole loans.
9. Includes conventional and government-underwritten loans. The Federal Home Loan Mortgage Corporation's mortgage commitments and mortgage transactions include activity under mortgage securities swap programs, whereas the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

	Type of holder and property	1994	1995	1996	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3[p]
1	**All holders**	**4,392,794[r]**	**4,602,654[r]**	**4,929,422[r]**	**5,180,913[r]**	**5,279,327[r]**	**5,379,351[r]**	**5,502,583**	**5,642,865**
	By type of property								
2	One- to four-family residences	3,355,485[r]	3,529,403[r]	3,761,017[r]	3,956,813[r]	4,029,268	4,101,294[r]	4,192,363	4,297,628
3	Multifamily residences	271,748[r]	281,592[r]	300,559[r]	308,417[r]	314,585[r]	320,229[r]	326,532	332,922
4	Nonfarm, nonresidential	682,590[r]	707,098[r]	780,713[r]	825,922[r]	845,057[r]	866,402[r]	890,708	918,020
5	Farm	82,971	84,561	87,134	89,760	90,417	91,425	92,980	94,295
	By type of holder								
6	Major financial institutions	1,819,806	1,894,420	1,979,114	2,068,002	2,086,764[r]	2,119,323[r]	2,124,305	2,144,075
7	Commercial banks[2]	1,012,711	1,090,189	1,145,389	1,227,131	1,244,151[r]	1,270,076[r]	1,280,778	1,295,721
8	One- to four-family	615,861	669,434	698,508	752,323	762,556[r]	779,954[r]	784,957	784,958
9	Multifamily	39,346	43,837	46,675	49,166	50,642	51,790	52,175	53,049
10	Nonfarm, nonresidential	334,953	353,088	375,322	398,841	403,975[r]	410,876[r]	415,329	429,032
11	Farm	22,551	23,830	24,883	26,801	26,978	27,456	28,316	28,682
12	Savings institutions[3]	596,191	596,763	628,335	631,444	631,822	637,012	629,882	633,281
13	One- to four-family	477,626	482,353	513,712	519,564	520,672	527,036	520,276	525,174
14	Multifamily	64,343	61,987	61,570	60,348	59,543	59,074	58,704	56,631
15	Nonfarm, nonresidential	53,933	52,135	52,723	51,187	51,252	50,532	50,519	51,078
16	Farm	289	288	331	346	354	369	383	398
17	Life insurance companies	210,904	207,468	205,390	209,426	210,792	212,235	213,645	215,073
18	One- to four-family	7,018	7,316	6,772	7,080	7,186	7,321	7,488	7,629
19	Multifamily	23,902	23,435	23,197	23,615	23,755	23,902	24,038	24,181
20	Nonfarm, nonresidential	170,421	167,095	165,399	168,374	169,377	170,423	171,393	172,411
21	Farm	9,563	9,622	10,022	10,358	10,473	10,589	10,726	10,851
22	Federal and related agencies	315,580	306,774	300,935	291,410	292,581	293,499	294,547	294,307
23	Government National Mortgage Association	6	2	2	7	8	8	8	7
24	One- to four-family	6	2	2	7	8	8	8	7
25	Multifamily	0	0	0	0	0	0	0	0
26	Farmers Home Administration[4]	41,781	41,791	41,596	41,332	41,195	40,972	40,921	40,907
27	One- to four-family	18,098	17,705	17,303	17,458	17,253	17,160	17,059	17,025
28	Multifamily	11,319	11,617	11,685	11,713	11,720	11,714	11,722	11,736
29	Nonfarm, nonresidential	5,670	6,248	6,841	7,246	7,370	7,369	7,497	7,566
30	Farm	6,694	6,221	5,768	4,916	4,852	4,729	4,644	4,579
31	Federal Housing and Veterans' Administrations	10,964	9,809	6,244	3,462	3,821	3,694	3,631	3,448
32	One- to four-family	4,753	5,180	3,524	1,437	1,767	1,641	1,610	1,593
33	Multifamily	6,211	4,629	2,719	2,025	2,054	2,053	2,021	1,855
34	Resolution Trust Corporation	10,428	1,864	0	0	0	0	0	0
35	One- to four-family	5,200	691	0	0	0	0	0	0
36	Multifamily	2,859	647	0	0	0	0	0	0
37	Nonfarm, nonresidential	2,369	525	0	0	0	0	0	0
38	Farm	0	0	0	0	0	0	0	0
39	Federal Deposit Insurance Corporation	7,821	4,303	2,431	1,476	724	786	564	482
40	One- to four-family	1,049	492	365	221	109	118	85	72
41	Multifamily	1,595	428	413	251	123	134	96	82
42	Nonfarm, nonresidential	5,177	3,383	1,653	1,004	492	534	384	328
43	Farm	0	0	0	0	0	0	0	0
44	Federal National Mortgage Association	174,312	176,824	174,556	168,458	167,722	166,670	167,202	166,243
45	One- to four-family	158,766	161,665	160,751	156,363	156,245	155,876	156,769	156,208
46	Multifamily	15,546	15,159	13,805	12,095	11,477	10,794	10,433	10,035
47	Federal Land Banks	28,555	28,428	29,602	30,346	30,657	31,005	31,352	32,009
48	One- to four-family	1,671	1,673	1,742	1,786	1,804	1,824	1,845	1,883
49	Farm	26,885	26,755	27,860	28,560	28,853	29,181	29,507	30,126
50	Federal Home Loan Mortgage Corporation	41,712	43,753	46,504	46,329	48,454	50,364	50,869	51,211
51	One- to four-family	38,882	39,901	41,758	40,953	42,629	44,440	44,597	44,254
52	Multifamily	2,830	3,852	4,746	5,376	5,825	5,924	6,272	6,957
53	Mortgage pools or trusts[5]	1,730,004	1,863,210	2,064,882	2,202,549	2,272,999	2,330,674	2,442,603	2,548,050
54	Government National Mortgage Association	450,934	472,283	506,340	529,867	536,810	533,011	537,586	541,431
55	One- to four-family	441,198	461,438	494,158	516,217	523,156	519,152	523,243	526,934
56	Multifamily	9,736	10,845	12,182	13,650	13,654	13,859	14,343	14,497
57	Federal Home Loan Mortgage Corporation	490,851	515,051	554,260	569,920	579,385	583,144	609,791	635,726
58	One- to four-family	487,725	512,238	551,513	567,340	576,846	580,715	607,469	633,124
59	Multifamily	3,126	2,813	2,747	2,580	2,539	2,429	2,322	2,602
60	Federal National Mortgage Association	530,343	582,959	650,780	690,919	709,582	730,832	761,359	798,460
61	One- to four-family	520,763	569,724	633,210	670,677	687,981	708,125	737,631	770,979
62	Multifamily	9,580	13,235	17,570	20,242	21,601	22,707	23,728	27,481
63	Farmers Home Administration[4]	19	11	3	2	2	2	2	2
64	One- to four-family	3	2	0	0	0	0	0	0
65	Multifamily	0	0	0	0	0	0	0	0
66	Nonfarm, nonresidential	9	5	0	0	0	0	0	0
67	Farm	7	4	3	2	2	2	2	2
68	Private mortgage conduits	257,857	292,906	353,499	411,841	447,219	483,685	533,865	572,431
69	One- to four-family[6]	208,500	227,800	261,900	299,400	318,000	336,824	364,316	391,736
70	Multifamily	11,744	15,584	21,967	25,655	29,264	33,477	38,144	40,893
71	Nonfarm, nonresidential	37,613	49,522	69,633	86,786	99,955	113,384	131,405	139,802
72	Farm	0	0	0	0	0	0	0	0
73	Individuals and others[7]	527,404[r]	538,251[r]	584,491[r]	618,951[r]	626,984[r]	635,855[r]	641,129	656,433
74	One- to four-family	368,366[r]	371,789[r]	375,798[r]	405,988[r]	413,057[r]	421,100[r]	425,010	436,052
75	Multifamily	69,611[r]	73,524[r]	81,282[r]	81,702	82,387[r]	82,372[r]	82,535	82,921
76	Nonfarm, nonresidential	72,445[r]	75,097[r]	109,143[r]	112,485[r]	112,636[r]	113,283[r]	114,182	117,803
77	Farm	16,983	17,841	18,268	18,777	18,904	19,100	19,402	19,657

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

SOURCE. Based on data from various institutional and government sources. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations, when required for some quarters, are estimated in part by the Federal Reserve. Line 69 from Inside Mortgage Securities and other sources.

1.55 CONSUMER CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1995	1996	1997	1998 May	June	July[r]	Aug.[r]	Sept.[r]	Oct.
	Seasonally adjusted								
1 **Total**	**1,095,711**	**1,181,913**	**1,233,099**	**1,254,302**	**1,263,683**	**1,268,884**	**1,272,957**	**1,278,130**	**1,287,752**
2 Automobile	364,209	392,321	413,369	422,624	425,510	428,121	432,240	434,653	435,926
3 Revolving	443,183	499,486	531,140	541,184	545,339	543,001	544,983	545,990	549,640
4 Other[2]	288,319	290,105	288,590	290,495	292,834	297,762	295,735	297,486	302,186
	Not seasonally adjusted								
5 **Total**	**1,122,828**	**1,211,590**	**1,264,103**	**1,243,178**	**1,256,897**	**1,262,008**	**1,273,176**	**1,281,172**	**1,290,402**
By major holder									
6 Commercial banks	501,963	526,769	512,563	497,389	491,509	491,161	497,527	497,860	501,040
7 Finance companies	152,123	152,391	160,022	153,556	154,275	156,366	160,151	160,078	166,861
8 Credit unions	131,939	144,148	152,362	152,218	152,400	153,735	154,146	155,167	155,930
9 Savings institutions	40,106	44,711	47,172	47,915	48,329	48,989	49,648	50,307	50,966
10 Nonfinancial business[3]	85,061	77,745	78,927	65,227	65,265	65,478	66,004	65,583	65,506
11 Pools of securitized assets[4]	211,636	265,826	313,057	326,873	345,119	346,279	345,700	352,177	350,099
By major type of credit[5]									
12 Automobile	367,069	395,609	416,962	418,244	425,227	429,723	434,924	438,651	441,203
13 Commercial banks	151,437	157,047	155,254	151,677	150,877	153,203	155,508	155,970	156,788
14 Finance companies	81,073	86,690	87,015	89,569	89,948	91,741	95,257	96,183	97,637
15 Pools of securitized assets[4]	44,635	51,719	64,950	65,988	71,615	72,470	70,766	72,149	71,115
16 Revolving	464,134	522,860	555,858	535,576	539,572	536,745	541,821	543,346	548,025
17 Commercial banks	210,298	228,615	219,826	207,318	200,901	197,646	200,424	198,733	199,346
18 Finance companies	28,460	32,493	38,608	30,495	29,893	29,605	30,155	29,312	34,597
19 Nonfinancial business[3]	53,525	44,901	44,966	33,412	33,544	33,807	34,009	33,743	33,448
20 Pools of securitized assets[4]	147,934	188,712	221,465	235,347	245,635	246,031	247,422	251,790	250,903
21 Other	291,625	293,121	291,283	289,358	292,098	295,540	296,431	299,175	301,174
22 Commercial banks	140,228	141,107	137,483	138,394	139,731	140,312	141,595	143,157	144,906
23 Finance companies	42,590	33,208	34,399	33,492	34,434	35,020	34,739	34,583	34,627
24 Nonfinancial business[3]	31,536	32,844	33,961	31,815	31,721	31,671	31,995	31,840	32,058
25 Pools of securitized assets[4]	19,067	25,395	26,642	25,538	27,869	27,778	27,512	28,238	28,081

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Comprises mobile home loans and all other loans that are not included in automobile or revolving credit, such as loans for education, boats, trailers, or vacations. These loans may be secured or unsecured.
3. Includes retailers and gasoline companies.
4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.
5. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER CREDIT[1]

Percent per year except as noted

Item	1995	1996	1997	1998 Apr.	May	June	July	Aug.	Sept.	Oct.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.57	9.05	9.02	n.a.	8.69	n.a.	n.a.	8.71	n.a.	n.a.
2 24-month personal	13.94	13.54	13.90	n.a.	13.76	n.a.	n.a.	13.45	n.a.	n.a.
Credit card plan										
3 All accounts	15.90	15.63	15.77	n.a.	15.67	n.a.	n.a.	15.83	n.a.	n.a.
4 Accounts assessed interest	15.64	15.50	15.57	n.a.	15.62	n.a.	n.a.	15.85	n.a.	n.a.
Auto finance companies										
5 New car	11.19	9.84	7.12	6.20	6.07	6.02	6.25	6.00	5.92	6.33
6 Used car	14.48	13.53	13.27	12.76	12.73	12.63	12.51	12.68	12.65	12.58
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.1	51.6	54.1	50.7	50.8	50.9	51.7	53.0	53.1	53.1
8 Used car	52.2	51.4	51.0	52.9	52.9	54.0	54.1	54.1	54.2	54.2
Loan-to-value ratio										
9 New car	92	91	92	91	93	91	92	93	93	92
10 Used car	99	100	99	98	99	100	100	101	101	100
Amount financed (dollars)										
11 New car	16,210	16,987	18,077	18,922	18,793	18,878	19,084	19,068	19,028	19,199
12 Used car	11,590	12,182	12,281	12,716	12,607	12,698	12,733	12,407	12,731	12,914

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Data are available for only the second month of each quarter
3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1993	1994	1995	1996	1997	1997 Q1	1997 Q2	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3
						Nonfinancial sectors						
1 **Total net borrowing by domestic nonfinancial sectors**	**588.0**	**571.5**	**700.4**	**726.7**	**769.6**	**675.9**	**617.7**	**829.6**	**955.1**	**922.1**	**938.0**	**930.6**
By sector and instrument												
2 Federal government	256.1	155.9	144.4	145.0	23.1	64.9	−43.5	30.3	40.8	−30.0	−70.9	−136.5
3 Treasury securities	248.3	155.7	142.9	146.6	23.2	66.3	−43.8	31.2	39.0	−27.6	−69.4	−136.1
4 Budget agency securities and mortgages	7.8	.2	1.5	−1.6	−.1	−1.4	.2	−.9	1.7	−2.4	−1.4	−.4
5 Nonfederal	331.9	415.6	555.9	581.7	746.4	611.0	661.2	799.2	914.3	952.1	1,008.9	1,067.0
By instrument												
6 Commercial paper	10.0	21.4	18.1	−.9	13.7	7.2	20.3	14.5	12.8	53.9	6.6	88.4
7 Municipal securities and loans	74.8	−35.9	−48.2	2.6	71.4	34.1	59.6	88.9	103.2	116.7	100.1	84.1
8 Corporate bonds	75.2	23.3	73.3	72.5	90.7	79.4	86.1	122.9	74.4	157.2	160.8	88.0
9 Bank loans n.e.c.	6.4	75.2	102.3	66.2	107.3	140.7	118.1	31.6	138.7	55.8	157.3	142.6
10 Other loans and advances	−18.9	34.0	67.2	33.8	68.7	34.2	20.8	78.0	141.6	83.2	37.9	78.0
11 Mortgages	123.7	172.7	204.3	318.8	342.1	253.0	296.7	413.0	405.8	428.1	481.2	497.8
12 Home	156.2	178.2	173.9	265.3	268.3	218.2	211.4	334.2	309.3	324.1	360.5	365.8
13 Multifamily residential	−6.8	−1.3	8.0	12.7	11.5	4.1	12.9	6.6	22.3	19.9	22.6	22.9
14 Commercial	−26.7	−6.4	20.8	38.3	59.1	28.6	68.4	67.9	71.6	80.0	91.9	103.9
15 Farm	1.0	2.2	1.6	2.6	3.3	2.1	4.1	4.3	2.6	4.0	6.2	5.3
16 Consumer credit	60.7	124.9	138.9	88.8	52.5	62.5	59.5	50.3	37.8	57.3	65.1	88.2
By borrowing sector												
17 Household	207.8	311.0	343.7	370.3	355.6	334.9	329.7	362.9	394.9	437.2	469.8	472.7
18 Nonfinancial business	57.9	150.9	263.7	218.2	334.8	259.2	289.1	363.8	427.1	420.6	460.2	521.6
19 Corporate	52.1	143.3	236.8	171.4	265.0	206.4	214.5	291.5	347.5	331.4	354.6	404.7
20 Nonfarm noncorporate	3.2	3.3	23.9	42.0	63.5	47.8	68.6	66.8	70.6	81.4	98.2	110.2
21 Farm	2.6	4.4	2.9	4.8	6.4	4.9	6.0	5.5	9.0	7.9	7.4	6.7
22 State and local government	66.2	−46.2	−51.5	−6.8	56.1	16.9	42.5	72.6	92.3	94.3	78.9	72.7
23 Foreign net borrowing in United States	69.8	−14.0	71.1	76.9	56.9	31.2	61.7	92.5	42.3	68.5	86.6	−27.0
24 Commercial paper	−9.6	−26.1	13.5	11.3	3.7	15.5	10.4	−11.6	.7	56.0	−24.8	6.9
25 Bonds	82.9	12.2	49.7	55.8	46.7	15.5	38.7	100.3	32.4	14.3	107.5	−34.8
26 Bank loans n.e.c.	.7	1.4	8.5	9.1	8.5	−.7	11.5	7.3	15.7	5.2	8.4	3.5
27 Other loans and advances	−4.2	−1.5	−.5	.8	−2.0	.9	1.2	−3.5	−6.5	−7.0	−4.4	−2.6
28 **Total domestic plus foreign**	**657.8**	**557.5**	**771.5**	**803.6**	**826.5**	**707.1**	**679.3**	**922.1**	**997.4**	**990.6**	**1,024.7**	**903.5**
						Financial sectors						
29 **Total net borrowing by financial sectors**	**294.4**	**468.4**	**456.4**	**556.2**	**644.3**	**336.5**	**657.1**	**595.5**	**987.9**	**839.8**	**1,012.9**	**992.8**
By instrument												
30 Federal government-related	165.3	287.5	204.1	231.5	212.8	105.7	286.2	161.0	298.1	227.3	413.4	561.6
31 Government-sponsored enterprise securities	80.6	176.9	105.9	90.4	98.4	−8.9	198.1	46.4	157.9	142.5	166.4	294.0
32 Mortgage pool securities	84.7	115.4	98.2	141.1	114.4	114.6	88.1	114.6	140.3	84.8	247.0	267.5
33 Loans from U.S. government	.0	−4.8	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	129.1	180.9	252.3	324.7	431.5	230.9	370.9	434.5	689.8	612.5	599.5	431.2
35 Open market paper	−5.5	40.5	42.7	92.2	166.7	176.6	77.0	168.8	244.2	237.4	134.8	141.0
36 Corporate bonds	123.1	121.8	196.7	179.7	207.9	61.7	229.4	194.8	345.8	315.5	373.5	158.8
37 Bank loans n.e.c.	−14.4	−13.7	3.9	16.9	13.6	6.5	−6.0	23.2	30.7	18.9	7.2	41.1
38 Other loans and advances	22.4	22.6	3.4	27.9	35.6	−20.1	63.0	37.5	61.7	32.7	76.0	82.3
39 Mortgages	3.6	9.8	5.6	7.9	7.8	6.2	7.5	10.1	7.3	8.0	8.0	8.0
By borrowing sector												
40 Commercial banking	13.4	20.1	22.5	13.0	46.1	14.4	76.4	32.5	61.0	83.5	80.0	78.2
41 Savings institutions	11.3	12.8	2.6	25.5	19.7	−16.8	31.9	22.3	41.7	10.6	31.2	63.7
42 Credit unions	.2	.2	−.1	.1	.1	−.2	.2	.2	.3	.5	.2	1.0
43 Life insurance companies	.2	.3	−.1	1.1	.2	.8	.1	.2	−.3	.0	−.6	1.6
44 Government-sponsored enterprises	80.6	172.1	105.9	90.4	98.4	−8.9	198.1	46.4	157.9	142.5	166.4	294.0
45 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.4	114.6	88.1	114.6	140.3	84.8	247.0	267.5
46 Issuers of asset-backed securities (ABSs)	83.6	72.9	141.1	153.6	204.4	85.8	120.7	226.2	385.1	254.4	367.2	272.4
47 Finance companies	−1.4	48.7	50.2	45.9	48.7	5.6	120.5	8.9	59.6	80.1	101.8	−13.6
48 Mortgage companies	.0	−11.5	.4	12.4	−1.3	−.7	−12.2	3.6	4.2	5.2	−5.5	3.0
49 Real estate investment trusts (REITs)	3.4	13.7	5.7	11.0	24.8	15.1	19.8	32.0	32.1	36.3	33.9	27.4
50 Brokers and dealers	12.0	.5	−5.0	−2.0	8.1	−2.9	34.9	−6.9	7.0	−1.0	20.0	16.5
51 Funding corporations	6.3	23.1	34.9	64.1	80.7	129.7	−21.5	115.4	99.2	142.8	−28.6	−19.1

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

Transaction category or sector	1993	1994	1995	1996	1997	1997				1998		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	All sectors											
52 **Total net borrowing, all sectors**	**952.2**	**1,025.9**	**1,227.8**	**1,359.8**	**1,470.7**	**1,043.7**	**1,336.4**	**1,517.6**	**1,985.3**	**1,830.3**	**2,037.6**	**1,896.3**
53 Open market paper	−5.1	35.7	74.3	102.6	184.1	199.3	107.7	171.7	257.7	347.3	116.6	236.2
54 U.S. government securities	421.4	448.1	348.5	376.5	235.9	170.6	242.6	191.3	338.9	197.3	342.5	425.1
55 Municipal securities	74.8	−35.9	−48.2	2.6	71.4	34.1	59.6	88.9	103.2	116.7	100.1	84.1
56 Corporate and foreign bonds	281.2	157.3	319.6	308.0	345.4	156.6	354.2	418.1	452.7	487.0	641.8	212.0
57 Bank loans n.e.c.	−7.2	62.9	114.7	92.1	129.3	146.5	123.6	62.2	185.1	79.9	172.9	187.2
58 Other loans and advances	−.8	50.3	70.2	62.5	102.2	15.0	85.0	112.0	196.8	108.9	109.4	157.6
59 Mortgages	127.3	182.5	209.9	326.8	349.9	259.2	304.2	423.1	413.1	436.1	489.2	505.8
60 Consumer credit	60.7	124.9	138.9	88.8	52.5	62.5	59.5	50.3	37.8	57.3	65.1	88.2
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**429.7**	**125.2**	**143.9**	**234.2**	**183.3**	**171.7**	**175.0**	**240.8**	**145.9**	**209.4**	**260.3**	**−118.2**
62 Corporate equities	137.7	24.6	−3.5	−3.4	−81.8	−77.9	−75.1	−59.1	−115.1	−112.0	−123.4	−266.7
63 Nonfinancial corporations	21.3	−44.9	−58.3	−64.2	−114.4	−90.4	−100.0	−124.0	−143.3	−139.2	−128.7	−221.8
64 Foreign shares purchased by U.S. residents	63.4	48.1	50.4	60.0	41.3	46.6	54.4	64.3	−.3	13.6	4.0	−33.1
65 Financial corporations	53.0	21.4	4.4	.8	−8.6	−34.1	−29.4	.5	28.5	13.6	1.3	−11.9
66 Mutual fund shares	292.0	100.6	147.4	237.6	265.1	249.6	250.1	299.9	261.0	321.4	383.7	148.5

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

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1993	1994	1995	1996	1997	1997				1998		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**952.2**	**1,025.9**	**1,227.8**	**1,359.8**	**1,470.7**	**1,043.7**	**1,336.4**	**1,517.6**	**1,985.3**	**1,830.3**	**2,037.6**	**1,896.3**
2 Domestic nonfederal nonfinancial sectors	41.6	238.0	−107.0	−10.7	−108.2	−253.6	−59.8	−160.3	40.7	−232.0	433.9	−101.0
3 Household	1.0	274.7	−11.5	−11.4	−125.4	−285.4	−75.5	−153.7	12.9	−261.4	321.6	−223.6
4 Nonfinancial corporate business	9.1	17.7	−8.8	20.0	14.8	58.8	−28.7	31.7	−2.6	33.8	−27.8	1.3
5 Nonfarm noncorporate business	−1.1	.6	4.7	4.4	2.7	2.5	2.7	2.8	2.9	3.0	3.2	3.3
6 State and local governments	32.6	−55.0	−91.4	−23.7	−.3	−29.5	41.8	−41.0	27.5	−7.4	136.9	118.1
7 Federal government	−18.4	−27.5	−.2	−7.7	4.9	1.7	5.7	3.3	9.0	15.5	12.8	13.9
8 Rest of the world	129.3	132.3	273.9	414.7	312.5	330.6	308.6	402.9	208.0	237.4	317.5	78.1
9 Financial sectors	799.7	683.0	1,061.1	963.5	1,261.5	964.9	1,081.8	1,271.7	1,727.7	1,809.4	1,273.4	1,905.3
10 Monetary authority	36.2	31.5	12.7	12.3	38.3	34.4	42.9	22.9	52.9	27.4	7.7	48.3
11 Commercial banking	142.2	163.4	265.9	187.5	324.3	316.0	290.0	226.2	464.9	292.9	136.1	242.1
12 U.S.-chartered banks	149.6	148.1	186.5	119.6	274.9	206.1	286.7	220.7	386.2	260.5	130.5	286.6
13 Foreign banking offices in United States	−9.8	11.2	75.4	63.3	40.2	101.7	−3.6	4.6	58.2	11.6	18.1	−53.5
14 Bank holding companies	.0	.9	−.3	3.9	5.4	2.2	5.1	−5.0	19.4	15.3	−17.6	6.0
15 Banks in U.S.-affiliated areas	2.4	3.3	4.2	.7	3.7	6.1	1.8	5.8	1.1	5.5	5.1	2.9
16 Savings institutions	−23.3	6.7	−7.6	19.9	−4.7	−5.3	23.8	−35.3	−2.0	10.1	−11.7	38.7
17 Credit unions	21.7	28.1	16.2	25.5	16.8	20.5	25.2	13.6	7.7	16.5	22.7	20.4
18 Bank personal trusts and estates	9.5	7.1	−8.3	−7.7	7.6	3.4	10.7	7.3	8.8	2.4	3.1	2.0
19 Life insurance companies	100.9	66.7	99.2	72.5	101.0	88.3	174.4	106.0	35.3	102.9	67.2	86.8
20 Other insurance companies	27.7	24.9	21.5	22.5	25.2	6.0	28.0	32.0	34.7	23.4	−1.5	−9.9
21 Private pension funds	49.5	45.5	61.3	48.3	67.6	55.0	58.5	66.2	90.7	72.6	141.8	97.2
22 State and local government retirement funds	22.7	22.3	27.5	45.9	36.6	23.2	34.6	79.1	9.5	81.7	60.6	83.9
23 Money market mutual funds	20.4	30.0	86.5	88.8	87.5	58.2	26.1	121.5	144.2	172.0	200.1	247.5
24 Mutual funds	159.5	−7.1	52.5	48.9	80.9	63.9	90.0	108.0	61.8	143.6	152.6	107.8
25 Closed-end funds	20.0	−3.7	10.5	4.7	−3.4	−3.4	−3.4	−3.4	−3.4	−2.4	−2.4	−2.4
26 Government-sponsored enterprises	87.8	117.8	84.7	92.0	95.0	44.9	119.9	55.8	159.2	166.0	143.4	249.0
27 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.4	114.6	88.1	114.6	140.3	84.8	247.0	267.5
28 Asset-backed securities issuers (ABSs)	81.0	65.8	119.3	123.4	166.0	62.3	105.9	163.7	332.2	195.3	336.1	237.1
29 Finance companies	−20.9	48.3	49.9	18.4	21.9	39.8	.9	68.3	−21.3	28.7	27.1	83.5
30 Mortgage companies	.0	−24.0	−3.4	8.2	16.4	−1.3	−24.4	82.9	8.3	10.4	−11.0	5.9
31 Real estate investment trusts (REITs)	.6	4.7	2.2	2.0	−2.0	−2.1	−2.1	−2.1	−1.7	−2.0	−2.0	−2.0
32 Brokers and dealers	14.8	−44.2	90.1	−15.7	13.7	−14.5	−11.7	15.8	65.3	250.4	−188.6	123.7
33 Funding corporations	−35.3	−16.2	−17.8	25.2	58.6	60.9	4.7	28.7	140.2	132.6	−54.8	−21.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**952.2**	**1,025.9**	**1,227.8**	**1,359.8**	**1,470.7**	**1,043.7**	**1,336.4**	**1,517.6**	**1,985.3**	**1,830.3**	**2,037.6**	**1,896.3**
Other financial sources												
35 Official foreign exchange	.8	−5.8	8.8	−6.3	.7	−17.6	.4	2.4	17.5	1.0	8.1	11.4
36 Special drawing rights certificates	.0	.0	2.2	−.5	−.5	−2.1	.0	.0	.0	.0	.0	.0
37 Treasury currency	.4	.7	.6	.1	.0	.4	.2	1.3	−1.9	.3	.2	1.7
38 Foreign deposits	−18.5	52.9	35.3	85.9	107.4	186.7	23.9	116.1	103.0	−45.3	89.0	77.1
39 Net interbank transactions	50.5	89.8	9.9	−51.6	−19.4	−78.4	−57.0	−21.7	79.6	−107.1	23.3	22.9
40 Checkable deposits and currency	117.3	−9.7	−12.7	15.8	41.5	81.8	50.6	−38.4	71.9	65.6	109.3	−61.2
41 Small time and savings deposits	−70.3	−39.9	96.6	97.2	97.1	151.5	34.0	47.0	155.9	154.9	36.2	111.2
42 Large time deposits	−23.5	19.6	65.6	114.0	122.5	56.3	174.7	188.4	70.7	186.2	−16.5	80.5
43 Money market fund shares	20.2	43.3	142.3	145.8	157.6	157.6	98.9	226.2	147.8	248.0	186.4	400.7
44 Security repurchase agreements	71.3	78.2	110.4	40.0	115.2	32.7	218.9	111.2	98.1	242.8	−45.4	181.6
45 Corporate equities	137.7	24.6	−3.5	−3.4	−81.8	−77.9	−75.1	−59.1	−115.1	−112.0	−123.4	−266.7
46 Mutual fund shares	292.0	100.6	147.4	237.6	265.1	249.6	250.1	299.9	261.0	321.4	383.7	148.5
47 Trade payables	52.2	94.0	101.5	76.9	98.0	59.9	48.8	130.0	153.2	90.6	4.7	36.4
48 Security credit	61.4	−.1	26.7	52.4	110.1	110.4	127.5	90.6	111.9	168.9	−110.3	69.2
49 Life insurance reserves	36.0	34.5	44.9	43.6	52.9	49.8	62.5	62.8	36.6	47.3	36.8	26.1
50 Pension fund reserves	255.7	246.2	233.2	230.8	296.8	256.6	318.9	326.9	284.8	253.8	280.6	258.9
51 Taxes payable	11.4	2.6	6.2	16.2	14.6	21.7	14.1	30.2	−7.6	9.4	−6.7	34.5
52 Investment in bank personal trusts	.9	17.8	4.0	−8.6	75.0	68.8	71.8	80.8	78.4	50.3	57.5	47.8
53 Noncorporate proprietors' equity	25.5	55.6	71.5	49.3	40.6	49.6	47.5	48.2	17.2	36.5	9.9	12.0
54 Miscellaneous	340.0	252.4	457.3	451.4	593.4	787.2	532.0	636.7	417.7	1,220.1	422.0	830.8
55 **Total financial sources**	**2,313.0**	**2,083.2**	**2,776.0**	**2,946.5**	**3,557.6**	**3,188.3**	**3,279.2**	**3,797.0**	**3,966.0**	**4,663.0**	**3,383.0**	**3,919.6**
Liabilities not identified as assets (−)												
56 Treasury currency	−.2	−.2	−.5	−.9	−.6	−.3	−.5	.7	−2.4	−.2	−.3	1.2
57 Foreign deposits	−5.7	43.0	25.1	59.4	107.4	176.9	10.7	93.8	148.3	−94.7	145.1	44.3
58 Net interbank liabilities	4.2	−2.7	−3.1	−3.3	−19.9	30.3	−26.7	−50.0	−33.0	30.7	11.4	19.3
59 Security repurchase agreements	46.4	69.4	22.9	−.7	59.5	−107.3	185.3	−10.6	170.5	99.3	−107.3	57.2
60 Taxes payable	15.8	16.6	21.1	20.4	17.2	19.3	29.3	15.3	5.2	6.5	.9	25.7
61 Miscellaneous	−170.8	−150.0	−213.5	−82.0	−254.9	26.9	−414.3	−94.8	−537.4	92.5	−108.2	5.1
Floats not included in assets (−)												
62 Federal government checkable deposits	−1.5	−4.8	−6.0	.5	−2.7	−4.6	−8.3	10.0	−7.9	7.5	−41.7	24.1
63 Other checkable deposits	−1.3	−2.8	−3.8	−4.0	−3.9	−3.3	−4.3	−3.0	−5.0	−4.0	−3.0	−3.2
64 Trade credit	−4.0	1.5	−11.7	−27.0	15.1	−8.7	−58.7	48.0	79.7	12.6	−97.1	−73.6
65 **Total identified to sectors as assets**	**2,430.0**	**2,113.3**	**2,945.3**	**2,984.2**	**3,640.4**	**3,059.2**	**3,566.7**	**3,787.6**	**4,148.1**	**4,512.9**	**3,583.2**	**3,819.5**

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1994	1995	1996	1997	1997				1998		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**13,013.7**	**13,714.1**	**14,440.8**	**15,208.8**	**14,608.2**	**14,727.5**	**14,931.5**	**15,208.8**	**15,440.4**	**15,636.0**	**15,865.1**
By sector and instrument											
2 Federal government	3,492.3	3,636.7	3,781.8	3,804.9	3,829.8	3,760.6	3,771.2	3,804.9	3,830.8	3,749.0	3,720.2
3 Treasury securities	3,465.6	3,608.5	3,755.1	3,778.3	3,803.5	3,734.3	3,745.1	3,778.3	3,804.8	3,723.4	3,694.7
4 Budget agency securities and mortgages	26.7	28.2	26.6	26.5	26.3	26.3	26.1	26.5	25.9	25.6	25.5
5 Nonfederal	9,521.4	10,077.3	10,659.0	11,403.9	10,778.4	10,966.9	11,160.2	11,403.9	11,609.7	11,887.1	12,145.0
By instrument											
6 Commercial paper	139.2	157.4	156.4	168.6	168.7	179.3	176.6	168.6	193.1	202.5	216.9
7 Municipal securities and loans	1,341.7	1,293.5	1,296.0	1,367.5	1,305.1	1,326.8	1,340.2	1,367.5	1,397.1	1,429.3	1,440.0
8 Corporate bonds	1,253.0	1,326.3	1,398.8	1,489.5	1,418.7	1,440.2	1,470.9	1,489.5	1,528.8	1,569.0	1,591.0
9 Bank loans n.e.c.	759.9	862.1	928.3	1,035.6	964.5	1,000.2	1,000.1	1,035.6	1,051.6	1,097.0	1,123.9
10 Other loans and advances	669.6	736.9	770.6	839.3	784.4	788.5	802.9	839.3	865.6	873.8	887.6
11 Mortgages	4,374.1	4,578.4	4,897.2	5,239.3	4,950.6	5,026.8	5,142.7	5,239.3	5,337.4	5,458.6	5,596.9
12 Home	3,355.5	3,529.4	3,761.0	4,029.3	3,805.7	3,860.6	3,956.8	4,029.3	4,101.3	4,192.4	4,297.6
13 Multifamily residential	265.6	273.6	289.9	301.4	290.9	294.2	295.8	301.4	306.4	312.0	317.7
14 Commercial	670.0	690.8	759.1	818.3	766.3	783.4	800.3	818.3	838.3	861.2	887.2
15 Farm	83.0	84.6	87.1	90.4	87.7	88.7	89.8	90.4	91.4	93.0	94.3
16 Consumer credit	983.9	1,122.8	1,211.6	1,264.1	1,186.4	1,205.0	1,226.7	1,264.1	1,236.1	1,256.9	1,288.7
By borrowing sector											
17 Household	4,452.5	4,801.1	5,142.7	5,500.9	5,177.1	5,268.6	5,379.0	5,500.9	5,558.5	5,683.7	5,823.5
18 Nonfinancial business	3,947.3	4,206.0	4,452.9	4,783.5	4,532.3	4,612.2	4,685.7	4,783.5	4,906.9	5,032.5	5,142.7
19 Corporate	2,683.2	2,915.1	3,115.3	3,376.1	3,184.3	3,241.9	3,297.4	3,376.1	3,479.9	3,575.5	3,656.7
20 Nonfarm noncorporate	1,121.8	1,145.8	1,187.7	1,251.2	1,199.7	1,216.8	1,232.9	1,251.2	1,271.6	1,296.1	1,323.0
21 Farm	142.2	145.1	149.9	156.3	148.3	153.4	155.4	156.3	155.4	160.9	163.0
22 State and local government	1,121.7	1,070.2	1,063.4	1,119.5	1,069.0	1,086.1	1,095.5	1,119.5	1,144.3	1,170.8	1,178.8
23 **Foreign credit market debt held in United States**	**370.8**	**441.9**	**518.8**	**569.6**	**524.3**	**539.2**	**557.7**	**569.6**	**584.1**	**606.6**	**600.3**
24 Commercial paper	42.7	56.2	67.5	65.1	69.3	71.3	64.3	65.1	76.7	71.4	74.0
25 Bonds	242.3	291.9	347.7	394.4	351.6	361.2	386.3	394.4	398.0	424.9	416.2
26 Bank loans n.e.c.	26.1	34.6	43.7	52.1	43.5	46.4	48.2	52.1	53.4	55.5	56.4
27 Other loans and advances	59.8	59.3	60.0	58.0	59.9	60.3	58.9	58.0	55.9	54.8	53.8
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**13,384.5**	**14,156.0**	**14,959.6**	**15,778.4**	**15,132.5**	**15,266.7**	**15,489.2**	**15,778.4**	**16,024.5**	**16,242.6**	**16,465.5**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**3,822.2**	**4,281.2**	**4,837.3**	**5,448.6**	**4,916.5**	**5,084.9**	**5,205.3**	**5,448.6**	**5,653.5**	**5,911.5**	**6,164.5**
By instrument											
30 Federal government-related	2,172.7	2,376.8	2,608.3	2,821.0	2,634.7	2,706.2	2,746.5	2,821.0	2,877.9	2,981.2	3,121.6
31 Government-sponsored enterprise securities	700.6	806.5	896.9	995.3	894.7	944.2	955.8	995.3	1,030.9	1,072.5	1,146.0
32 Mortgage pool securities	1,472.1	1,570.3	1,711.4	1,825.8	1,740.0	1,762.1	1,790.7	1,825.8	1,847.0	1,908.7	1,975.6
33 Loans from U.S. government	.0	.0	.0	.0	0	.0	.0	.0	0	.0	.0
34 Private	1,649.5	1,904.4	2,229.1	2,627.5	2,281.8	2,378.6	2,458.8	2,627.5	2,775.6	2,930.3	3,042.9
35 Open market paper	441.6	486.9	579.1	745.7	623.0	642.5	684.7	745.7	804.9	838.9	874.2
36 Corporate bonds	1,008.8	1,205.4	1,385.1	1,560.0	1,396.5	1,457.6	1,478.1	1,560.0	1,634.7	1,732.5	1,777.3
37 Bank loans n.e.c.	48.9	52.8	69.7	83.3	70.6	69.2	74.8	83.3	87.3	89.3	99.3
38 Other loans and advances	131.6	135.0	162.9	198.5	157.9	173.7	183.0	198.5	206.6	225.6	246.2
39 Mortgages	18.7	24.3	32.2	40.0	33.8	35.6	38.2	40.0	42.0	44.0	46.0
By borrowing sector											
40 Commercial banks	94.5	102.6	113.6	140.6	115.3	125.7	130.0	140.6	148.7	159.6	169.6
41 Bank holding companies	133.6	148.0	150.0	168.6	151 6	160.5	164.0	168.6	181.2	190.5	200.3
42 Savings institutions	112.4	115.0	140.5	160.3	136.3	144.3	149.8	160.3	162.9	170.7	186.6
43 Credit unions	.5	.4	.4	.6	4	.4	.5	.6	.7	.8	1.0
44 Life insurance companies	.6	.5	1.6	1.8	1.8	1.8	1.9	1.8	1.8	1.6	2.0
45 Government-sponsored enterprises	700.6	806.5	896.9	995.3	894.7	944.2	955.8	995.3	1,030.9	1,072.5	1,146.0
46 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,740.0	1,762.1	1,790.7	1,825.8	1,847.0	1,908.7	1,975.6
47 Issuers of asset-backed securities (ABSs)	579.0	720.1	873.8	1,089.3	889.9	917.9	989.0	1,089.3	1,147.2	1,236.7	1,308.7
48 Brokers and dealers	34.3	29.3	27.3	35.3	26.6	35.3	33.6	35.3	35.1	40.1	44.2
49 Finance companies	433.7	483.9	529.8	554.5	528.4	557.8	532.7	554.5	571.9	596.9	589.5
50 Mortgage companies	18.7	19.1	31.5	30.3	31.4	28.3	29.2	30.3	31.6	30.2	30.9
51 Real estate investment trusts (REITs)	31.1	36.8	47.8	72.6	51.6	56.6	64.6	72.6	81.7	90.1	97.0
52 Funding corporations	211.0	248.6	312.7	373.8	348.6	350.0	363.4	373.8	412.9	413.0	413.1
	All sectors										
53 **Total credit market debt, domestic and foreign**	**17,206.8**	**18,437.2**	**19,797.0**	**21,227.0**	**20,049.0**	**20,351.5**	**20,694.5**	**21,227.0**	**21,678.0**	**22,154.1**	**22,630.0**
54 Open market paper	623.5	700.4	803.0	979.4	861.1	893.1	925.7	979.4	1,074.8	1,112.7	1,165.1
55 U.S. government securities	5,665.0	6,013.6	6,390.0	6,625.9	6,464.5	6,466.8	6,517.7	6,625.9	6,708.6	6,730.2	6,841.8
56 Municipal securities	1,341.7	1,293.5	1,296.0	1,367.5	1,305.1	1,326.8	1,340.2	1,367.5	1,397.1	1,429.3	1,440.0
57 Corporate and foreign bonds	2,504.0	2,823.6	3,131.7	3,444.0	3,166.8	3,259.1	3,335.3	3,444.0	3,561.5	3,726.4	3,784.5
58 Bank loans n.e.c.	834.9	949.6	1,041.7	1,171.0	1,078.6	1,115.8	1,123.1	1,171.0	1,192.3	1,241.8	1,279.6
59 Other loans and advances	860.9	931.1	993.6	1,095.8	1,002.3	1,022.5	1,044.9	1,095.8	1,128.2	1,154.3	1,187.5
60 Mortgages	4,392.8	4,602.7	4,929.4	5,279.3	4,984.3	5,062.5	5,180.9	5,279.3	5,379.4	5,502.6	5,642.9
61 Consumer credit	983.9	1,122.8	1,211.6	1,264.1	1,186.4	1,205.0	1,226.7	1,264.1	1,236.1	1,256.9	1,288.7

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

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1994	1995	1996	1997	1997 Q1	1997 Q2	1997 Q3	1997 Q4	1998[r] Q1	1998[r] Q2	1998[r] Q3
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**17,206.8**	**18,437.2**	**19,797.0**	**21,227.0**	**20,049.0**	**20,351.5**	**20,694.5**	**21,227.0**	**21,678.0**	**22,154.1**	**22,630.0**
2 Domestic nonfederal nonfinancial sectors	3,038.1	2,890.0	2,919.3	2,761.1	2,849.1	2,798.0	2,739.4	2,761.1	2,699.8	2,766.7	2,758.4
3 Household	1,981.4	1,928.7	1,966.7	1,791.3	1,909.6	1,849.7	1,793.7	1,791.3	1,744.4	1,778.2	1,739.5
4 Nonfinancial corporate business	289.2	280.4	291.0	305.8	286.8	281.4	290.4	305.8	294.7	289.7	291.8
5 Nonfarm noncorporate business	37.6	42.3	46.7	49.4	47.4	48.0	48.7	49.4	50.2	51.0	51.8
6 State and local governments	729.9	638.6	614.8	614.5	605.4	618.9	606.6	614.5	610.5	647.8	675.3
7 Federal government	203.4	203.2	195.5	200.4	195.9	197.3	198.2	200.4	204.3	207.5	210.9
8 Rest of the world	1,216.0	1,530.3	1,931.2	2,258.9	2,019.4	2,095.0	2,196.4	2,258.9	2,323.5	2,401.6	2,421.7
9 Financial sectors	12,749.2	13,813.7	14,750.9	16,006.6	14,984.6	15,261.2	15,560.5	16,006.6	16,450.3	16,778.3	17,239.0
10 Monetary authority	368.2	380.8	393.1	431.4	397.1	412.4	412.7	431.4	433.8	440.3	446.5
11 Commercial banking	3,254.3	3,520.1	3,707.7	4,031.9	3,775.7	3,856.8	3,912.9	4,031.9	4,093.3	4,136.4	4,195.6
12 U.S.-chartered banks	2,869.6	3,056.1	3,175.8	3,450.7	3,218.1	3,295.2	3,351.9	3,450.7	3,505.1	3,543.6	3,616.2
13 Foreign banking offices in United States	337.1	412.6	475.8	516.1	499.5	501.8	501.0	516.1	517.9	525.6	510.0
14 Bank holding companies	18.4	18.0	22.0	27.4	22.5	23.8	22.5	27.4	31.2	26.8	28.3
15 Banks in U.S.-affiliated areas	29.2	33.4	34.1	37.8	35.6	36.1	37.5	37.8	39.2	40.4	41.1
16 Savings institutions	920.8	913.3	933.2	928.5	931.9	937.8	929.0	928.5	931.0	928.1	937.8
17 Credit unions	246.8	263.0	288.5	305.3	291.2	299.9	303.9	305.3	306.7	315.1	320.7
18 Bank personal trusts and estates	248.0	239.7	232.0	239.5	232.8	235.5	237.3	239.5	240.1	240.9	241.4
19 Life insurance companies	1,482.6	1,581.8	1,654.3	1,755.2	1,680.2	1,724.1	1,750.4	1,755.2	1,784.8	1,801.9	1,823.3
20 Other insurance companies	446.4	468.7	491.2	515.3	491.6	498.6	506.6	515.3	521.1	520.8	518.3
21 Private pension funds	656.9	718.2	766.5	834.2	780.3	794.9	811.5	834.2	852.3	887.7	912.1
22 State and local government retirement funds	455.8	483.3	529.2	565.8	531.6	542.7	562.0	565.8	582.5	600.2	621.4
23 Money market mutual funds	459.0	545.5	634.3	721.9	659.0	656.5	678.7	721.9	775.0	815.9	869.9
24 Mutual funds	718.8	771.3	820.2	901.1	838.5	861.3	890.4	901.1	939.3	977.6	1,007.0
25 Closed-end funds	86.0	96.4	101.1	97.7	100.3	99.4	98.5	97.7	97.1	96.5	95.9
26 Government-sponsored enterprises	663.3	748.0	813.6	908.6	824.3	854.8	868.7	908.6	949.5	985.9	1,048.1
27 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,740.0	1,762.1	1,790.7	1,825.8	1,847.0	1,908.7	1,975.6
28 Asset-backed securities issuers (ABSs)	541.7	661.0	784.4	950.4	794.6	818.9	863.3	950.4	993.5	1,075.3	1,138.4
29 Finance companies	476.2	526.2	544.5	566.4	552.4	553.1	564.4	566.4	572.0	579.0	593.7
30 Mortgage companies	36.5	33.0	41.2	57.6	40.9	34.8	55.5	57.6	60.2	57.4	58.9
31 Real estate investment trusts (REITs)	13.3	15.5	17.5	15.5	17.0	16.5	15.9	15.5	15.0	14.5	14.0
32 Brokers and dealers	93.3	183.4	167.7	181.4	164.1	161.2	165.1	181.4	244.0	196.9	227.8
33 Funding corporations	109.3	94.1	119.3	173.2	141.1	139.9	142.9	173.2	212.0	199.2	192.7
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**17,206.8**	**18,437.2**	**19,797.0**	**21,227.0**	**20,049.0**	**20,351.5**	**20,694.5**	**21,227.0**	**21,678.0**	**22,154.1**	**22,630.0**
Other liabilities											
35 Official foreign exchange	53.2	63.7	53.7	48.9	46.3	46.7	46.1	48.9	48.2	50.1	54.5
36 Special drawing rights certificates	8.0	10.2	9.7	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2
37 Treasury currency	17.6	18.2	18.3	18.3	18.4	18.4	18.7	18.3	18.4	18.4	18.8
38 Foreign deposits	373.9	418.8	516.1	619.4	562.8	568.8	597.8	619.4	608.1	630.4	649.6
39 Net interbank liabilities	280.1	290.7	240.8	219.7	210.9	197.1	189.4	219.7	182.7	192.2	192.8
40 Checkable deposits and currency	1,242.0	1,229.3	1,245.1	1,286.6	1,220.0	1,265.3	1,234.2	1,286.6	1,259.4	1,321.0	1,282.8
41 Small time and savings deposits	2,183.2	2,279.7	2,377.0	2,474.1	2,427.1	2,432.3	2,438.8	2,474.1	2,525.2	2,530.8	2,553.4
42 Large time deposits	411.2	476.9	590.9	713.4	606.0	646.7	696.1	713.4	760.9	754.0	776.2
43 Money market fund shares	602.9	745.3	891.1	1,048.7	950.8	952.4	1,005.1	1,048.7	1,130.7	1,153.7	1,249.7
44 Security repurchase agreements	549.5	659.9	699.9	815.1	713.8	766.7	795.4	815.1	879.5	867.0	913.6
45 Mutual fund shares	1,477.3	1,852.8	2,342.4	2,989.4	2,410.6	2,717.5	2,973.6	2,989.4	3,340.2	3,439.0	3,117.3
46 Security credit	279.0	305.7	358.1	468.2	380.0	414.8	432.2	468.2	505.3	481.0	491.8
47 Life insurance reserves	505.3	550.2	593.8	646.7	606.2	621.9	637.6	646.7	658.6	667.8	674.3
48 Pension fund reserves	4,870.5	5,589.4	6,315.4	7,399.0	6,402.3	6,907.5	7,290.6	7,399.0	7,957.6	8,052.7	7,528.6
49 Trade payables	1,140.6	1,242.2	1,319.0	1,417.0	1,301.8	1,319.8	1,352.0	1,417.0	1,407.0	1,413.9	1,422.8
50 Taxes payable	101.4	107.6	123.8	138.4	137.3	133.9	143.2	138.4	149.4	140.4	150.8
51 Investment in bank personal trusts	699.4	803.0	871.7	1,082.8	888.7	982.9	1,058.9	1,082.8	1,179.3	1,207.2	1,112.4
52 Miscellaneous	5,331.6	5,705.9	6,028.5	6,504.4	6,302.8	6,276.1	6,488.9	6,504.4	6,789.6	6,874.4	7,210.9
53 **Total liabilities**	**37,333.7**	**40,786.5**	**44,392.1**	**49,126.2**	**45,244.2**	**46,629.6**	**48,102.1**	**49,126.2**	**51,087.1**	**51,957.0**	**52,039.5**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.1	22.1	21.4	21.1	20.9	21.1	21.0	21.1	21.2	21.0	21.2
55 Corporate equities	6,237.9	8,331.3	10,062.4	12,776.0	10,063.5	11,627.0	12,649.4	12,776.0	14,397.6	14,556.1	12,758.4
56 Household equity in noncorporate business	3,380.4	3,598.7	3,806.7	4,129.6	3,903.4	3,992.9	4,059.6	4,129.6	4,140.2	4,169.2	4,151.0
Liabilities not identified as assets (−)											
57 Treasury currency	−5.4	−5.8	−6.7	−7.3	−6.8	−6.9	−6.7	−7.3	−7.4	−7.4	−7.1
58 Foreign deposits	325.4	360.2	431.2	534.5	475.4	478.1	501.5	534.5	510.8	547.1	558.1
59 Net interbank transactions	−6.5	−9.0	−10.6	−32.2	−1.6	−8.1	−22.1	−32.2	−21.2	−17.1	−15.5
60 Security repurchase agreements	67.8	90.7	90.0	149.5	68.1	108.6	116.4	149.5	177.8	145.7	170.4
61 Taxes payable	48.8	62.4	76.9	91.5	74.8	77.6	88.0	91.5	87.3	91.6	97.9
62 Miscellaneous	−1,039.2	−1,324.3	−1,698.4	−2,106.4	−1,576.9	−1,675.4	−1,656.8	−2,106.4	−2,017.5	−2,022.3	−1,990.9
Floats not included in assets (−)											
63 Federal government checkable deposits	3.4	3.1	−1.6	−8.1	−9.7	−6.8	−7.8	−8.1	−10.4	−16.1	−12.0
64 Other checkable deposits	38.0	34.2	30.1	26.2	25.6	27.9	19.5	26.2	21.4	24.2	15.7
65 Trade credit	−245.9	−257.6	−284.5	−280.5	−339.5	−366.6	−372.3	−280.5	−330.0	−365.9	−390.4
66 **Total identified to sectors as assets**	**47,786.6**	**53,784.7**	**59,656.3**	**67,685.8**	**60,522.6**	**63,642.1**	**66,172.6**	**67,685.8**	**71,235.2**	**72,323.7**	**70,543.7**

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1992=100, except as noted

Measure	1995	1996	1997	1998								
				Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.[r]	Nov.
1 **Industrial production**[1]	**114.4**	**119.5**	**126.8**	**130.7**	**131.3**	**131.9**	**130.6**	**130.5**	**132.4**	**131.9**	**132.2**	**131.8**
Market groupings												
2 Products, total	110.7	114.4	119.6	123.2	124.0	124.5	123.6	123.3	124.9	124.2	124.8	124.4
3 Final, total	111.5	115.5	121.1	125.3	126.2	126.6	125.5	124.7	126.8	126.0	126.7	126.3
4 Consumer goods	109.5	111.3	114.1	115.8	116.4	116.8	115.1	114.0	116.1	114.8	115.3	115.4
5 Equipment	114.9	122.7	133.9	142.4	143.6	144.2	144.1	143.9	146.0	146.1	147.3	146.1
6 Intermediate	108.1	110.9	115.2	116.9	117.3	118.2	118.0	119.1	119.1	118.4	118.9	118.5
7 Materials	120.4	127.8	138.2	142.7	143.1	143.6	141.8	141.9	144.4	144.4	144.1	143.7
Industry groupings												
8 Manufacturing	115.9	121.4	129.7	134.1	134.9	135.4	133.7	133.6	135.7	135.2	136.0	135.9
9 Capacity utilization, manufacturing (percent)[2]	82.7	81.4	82.0	81.6	81.7	81.6	80.2	79.8	80.7	80.1	80.2	79.8
10 Construction contracts[3]	122.1	131.0	142.4	145.0	150.0	151.0	150.0	152.0	152.0	145.0	139.0	143.0
11 Nonagricultural employment, total[4]	114.9	117.2	119.9	122.5	122.8	123.2	123.3	123.5	123.8	123.9	124.1	124.3
12 Goods-producing, total	98.3	99.0	100.3	102.4	102.7	102.5	102.6	101.9	102.4	102.3	102.2	102.2
13 Manufacturing, total	97.5	97.2	97.6	99.1	99.1	99.0	98.9	97.9	98.4	98.4	98.1	97.8
14 Manufacturing, production workers	99.0	98.4	98.9	100.5	100.4	100.1	99.9	98.4	99.1	99.3	99.0	98.6
15 Service-producing	120.2	123.0	126.2	128.9	129.3	129.7	130.0	130.4	130.6	130.9	131.1	131.4
16 Personal income, total	156.1	165.2	174.5	180.9	181.4	182.2	182.7	183.4	184.2	184.8	185.6	186.4
17 Wages and salary disbursements	150.9	159.8	171.2	179.5	180.3	181.5	181.8	182.8	184.1	184.6	185.5	186.6
18 Manufacturing	130.3	135.7	144.7	151.2	151.0	151.5	150.5	149.6	151.3	152.1	151.7	151.7
19 Disposable personal income[5]	156.4	164.0	171.7	176.7	177.0	177.5	177.9	178.7	179.4	179.9	180.8	181.5
20 Retail sales[5]	151.5	159.6	166.9	172.4	173.7	175.8	176.0	174.8	174.9	175.6	177.7	178.9
Prices[6]												
21 Consumer (1982–84=100)	152.4	156.9	160.5	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0
22 Producer finished goods (1982=100)	127.9	131.3	131.8	130.1	130.4	130.6	130.7	131.0	130.6	130.6	131.4	130.8

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1998. The recent annual revision is described in an article in the January 1999 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, DRI McGraw-Hill, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.

4. Based on data from U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1995	1996	1997	1998							
				Apr	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	132,304	133,943	136,297[r]	137,242	137,364	137,447	137,296	137,415	138,075	137,976	138,253
Employment											
2 Nonagricultural industries[3]	121,460	123,264	126,159	128,033	128,118	127,867	127,626	127,640	128,247	128,075	128,810
3 Agriculture	3,440	3,443	3,399	3,350	3,335	3,343	3,441	3,529	3,518	3,603	3,344
Unemployment											
4 Number	7,404	7,236	6,739	5,859	5,910	6,237	6,230	6,247	6,310	6,299	6,099
5 Rate (percent of civilian labor force)	5.6	5.4	4.9	4.3	4.3	4.5	4.5	4.5	4.6	4.6	4.4
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**117,191**	**119,523**	**122,257**	**125,234**	**125,562**	**125,751**	**125,869**	**126,191**	**126,363**	**126,508**	**126,775**
7 Manufacturing	18,524	18,457	18,538	18,827	18,805	18,780	18,594	18,693	18,692	18,631	18,584
8 Mining	581	574	573	582	579	578	571	571	568	564	561
9 Contract construction	5,160	5,400	5,627	5,930	5,917	5,946	5,970	5,989	5,981	6,013	6,060
10 Transportation and public utilities	6,132	6,261	6,426	6,513	6,534	6,538	6,550	6,570	6,579	6,593	6,600
11 Trade	27,565	28,108	28,788	29,133	29,238	29,269	29,374	29,383	29,454	29,459	29,531
12 Finance	6,806	6,899	7,053	7,289	7,311	7,333	7,370	7,372	7,393	7,415	7,438
13 Service	33,117	34,377	35,597	37,196	37,350	37,494	37,614	37,691	37,768	37,892	38,042
14 Government	19,305	19,447	19,655	19,764	19,828	19,813	19,826	19,922	19,928	19,941	19,959

1. Beginning January 1994, reflects redesign of current population survey and population controls from the 1990 census.

2. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.

3. Includes self-employed, unpaid family, and domestic service workers.

4. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1992 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1997 Q4	1998 Q1	1998 Q2	1998 Q3[r]	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3[r]
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**129.8**	**130.4**	**131.3**	**131.6**	**155.7**	**157.6**	**159.6**	**161.5**	**83.4**	**82.7**	**82.3**	**81.5**
2 Manufacturing	133.1	133.8	134.7	134.8	161.3	163.5	165.8	168.1	82.5	81.8	81.2	80.2
3 Primary processing[3]	121.0	121.2	121.1	120.2	141.8	143.0	144.0	145.1	85.3	84.8	84.1	82.8
4 Advanced processing[4]	139.0	140.1	141.4	142.1	170.7	173.5	176.4	179.2	81.4	80.8	80.2	79.3
5 Durable goods	153.0	154.4	156.1	157.9	186.5	190.2	193.9	197.5	82.1	81.2	80.5	79.9
6 Lumber and products	114.5	115.6	116.4	117.6	140.8	142.0	143.0	143.9	81.3	81.4	81.4	81.7
7 Primary metals	128.5	128.2	125.3	122.3	139.7	140.8	142.0	143.2	92.0	91.0	88.3	85.4
8 Iron and steel	127.9	128.3	124.0	118.6	139.4	140.9	142.8	144.6	91.8	91.0	86.9	82.0
9 Nonferrous	129.1	128.0	127.0	126.6	139.8	140.4	140.8	141.3	92.3	91.2	90.1	89.6
10 Industrial machinery and equipment	187.5	194.1	203.0	208.0	219.5	226.5	234.7	242.9	85.4	85.7	86.5	85.6
11 Electrical machinery	273.7	278.2	282.8	292.5	335.1	351.2	366.6	381.6	81.7	79.2	77.1	76.6
12 Motor vehicles and parts	147.5	140.8	135.3	137.2	181.4	182.8	183.9	184.9	81.3	77.0	73.6	74.2
13 Aerospace and miscellaneous transportation equipment	99.3	102.7	106.1	106.6	126.7	127.0	127.5	128.0	78.4	80.8	83.2	83.3
14 Nondurable goods	112.4	112.7	112.7	111.3	135.0	135.8	136.6	137.5	83.3	83.1	82.5	81.0
15 Textile mill products	113.5	113.6	113.2	112.1	133.9	134.8	134.9	135.1	84.7	84.3	83.9	83.0
16 Paper and products	115.8	115.5	115.0	115.0	129.6	130.6	131.6	132.5	89.3	88.5	87.4	86.8
17 Chemicals and products	116.6	116.8	116.9	114.4	146.1	147.1	148.0	148.9	79.8	79.4	79.0	76.8
18 Plastics materials	128.2	127.3	127.5	128.4	138.2	139.4	140.7	141.9	92.8	91.3	90.6	90.5
19 Petroleum products	110.3	111.6	112.0	112.7	115.8	116.2	116.5	116.8	95.2	96.1	96.1	96.5
20 Mining	105.9	107.0	105.3	103.7	119.4	119.7	119.9	120.1	88.6	89.4	87.8	86.3
21 Utilities	114.2	110.9	115.6	119.7	125.8	125.9	126.2	126.5	90.8	88.1	91.6	94.6
22 Electric	115.1	112.8	118.3	121.2	123.5	123.5	123.8	124.0	93.2	91.3	95.6	97.7

Series	1973 High	1975 Low	Previous cycle[5] High	Previous cycle[5] Low	Latest cycle[6] High	Latest cycle[6] Low	1997 Nov.	1998 June	1998 July	1998 Aug.[r]	1998 Sept.[r]	1998 Oct.	1998 Nov.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**83.4**	**81.5**	**81.1**	**82.0**	**81.3**	**81.2**	**80.6**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	82.6	80.2	79.8	80.7	80.1	80.2	79.8
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	85.4	83.3	83.4	83.1	82.0	82.1	81.7
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	81.6	79.2	78.5	79.9	79.5	79.6	79.3
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	82.2	79.3	78.6	80.9	80.2	80.4	79.8
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	81.5	81.5	81.8	82.3	80.9	81.5	82.3
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	92.6	85.8	85.9	86.9	83.4	83.4	81.0
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	91.9	83.5	83.5	84.7	77.9	78.4	74.1
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	93.6	88.6	88.9	89.7	90.3	89.8	89.5
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	85.3	86.6	87.0	85.2	84.7	84.8	83.7
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	82.0	76.8	76.8	76.2	76.9	76.9	76.7
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	82.2	65.7	58.3	83.4	80.9	80.6	80.6
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	78.1	83.2	83.8	83.5	82.5	83.2	81.7
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	83.4	81.8	81.7	80.9	80.2	80.4	80.3
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	85.2	83.0	83.9	82.8	82.3	83.3	82.6
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	89.6	87.1	87.7	87.0	85.7	86.7	85.3
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	79.5	78.3	77.9	76.7	75.9	76.2	76.2
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	93.1	89.7	91.6	92.9	87.1	87.8	88.7
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	94.2	95.7	97.2	97.7	94.6	91.9	95.4
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	87.9	87.3	87.2	86.3	85.4	84.7	83.5
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	90.3	94.0	93.7	95.1	95.2	91.6	88.5
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	92.4	97.7	96.7	97.8	98.8	94.6	91.7

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1998. The recent annual revision is described in an article in the January 1999 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Capacity utilization is calculated as the ratio of the Federal Reserve's seasonally adjusted index of industrial production to the corresponding index of capacity.

3. Primary processing includes textiles; lumber; paper; industrial chemicals; synthetic materials; fertilizer materials; petroleum products; rubber and plastics; stone, clay, and glass; primary metals; and fabricated metals.

4. Advanced processing includes foods; tobacco; apparel; furniture and fixtures; printing and publishing; chemical products such as drugs and toiletries; agricultural chemicals; leather and products; machinery; transportation equipment, instruments; and miscellaneous manufactures.

5. Monthly highs, 1978–80; monthly lows, 1982.

6. Monthly highs, 1988–89; monthly lows, 1990–91.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	1997 avg.	1997 Nov.	1997 Dec.	1998 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
			Index (1992 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**126.8**	**129.9**	**130.3**	**130.3**	**130.2**	**130.7**	**131.3**	**131.9**	**130.6**	**130.5**	**132.4**	**131.9**	**132.2**	**131.8**
2 Products	60.5	119.6	122.2	122.3	122.6	122.5	123.2	124.0	124.5	123.6	123.3	124.9	124.2	124.8	124.4
3 Final products	46.3	121.1	124.1	124.0	124.5	124.2	125.3	126.2	126.6	125.5	124.7	126.8	126.0	126.7	126.3
4 Consumer goods, total	29.1	114.1	115.9	115.4	116.0	115.2	115.8	116.4	116.8	115.1	114.0	116.1	114.8	115.3	115.4
5 Durable consumer goods	6.1	129.6	135.1	133.3	135.1	134.5	135.9	136.9	138.3	130.7	124.6	140.1	137.4	140.3	140.4
6 Automotive products	2.6	129.1	138.4	134.5	133.0	131.5	132.7	134.6	136.8	121.7	107.3	141.7	135.9	141.1	140.0
7 Autos and trucks	1.7	135.7	149.1	144.1	141.0	138.6	138.9	141.3	143.5	118.2	92.8	151.4	143.4	150.6	149.7
8 Autos, consumer	.9	114.9	119.4	113.1	115.1	104.8	106.5	107.4	108.4	93.8	75.8	124.4	128.3	119.9	113.6
9 Trucks, consumer	.7	157.1	177.3	173.5	166.1	170.5	169.8	173.8	177.1	142.2	110.0	178.9	161.1	181.0	184.3
10 Auto parts and allied goods	.9	118.5	122.1	119.8	120.5	120.3	122.7	123.7	126.0	125.4	125.6	127.6	124.9	127.4	126.0
11 Other	3.5	130.1	132.4	132.3	136.7	136.9	138.5	138.8	139.4	137.8	138.7	138.5	138.3	139.4	140.4
12 Appliances, televisions, and air conditioners	1.0	176.1	186.5	187.4	195.5	197.9	203.8	203.4	202.7	199.9	207.8	209.4	209.7	211.3	216.5
13 Carpeting and furniture	.8	112.8	116.8	112.6	119.2	115.8	114.3	115.9	119.1	117.0	117.3	116.7	116.3	120.0	120.0
14 Miscellaneous home goods	1.6	114.2	112.4	114.1	115.6	116.8	118.3	118.2	117.9	117.1	115.9	115.3	115.2	114.6	114.5
15 Nondurable consumer goods	23.0	110.2	111.2	110.9	111.3	110.5	110.8	111.4	111.5	111.2	111.2	110.3	109.4	109.2	109.3
16 Foods and tobacco	10.3	108.2	109.2	108.4	110.4	110.1	109.1	110.2	110.8	108.5	108.5	107.5	106.9	107.8	108.4
17 Clothing	2.4	101.1	100.0	100.6	100.7	99.3	100.4	99.9	98.8	98.8	98.4	97.7	97.1	95.8	94.6
18 Chemical products	4.5	119.5	120.9	121.8	121.3	121.2	121.3	123.2	122.5	122.8	122.2	119.0	117.7	119.0	119.9
19 Paper products	2.9	108.0	110.8	109.5	109.2	107.7	106.3	106.2	105.7	105.3	106.3	106.6	105.9	105.3	104.7
20 Energy	2.9	111.6	112.0	112.5	109.1	106.5	113.2	111.5	112.5	118.2	118.4	120.1	118.0	113.5	112.2
21 Fuels	.8	109.3	107.4	110.2	111.0	110.4	111.2	111.6	110.9	111.4	112.9	112.1	108.3	104.5	110.0
22 Residential utilities	2.1	112.3	113.9	113.2	107.6	104.0	113.7	111.0	112.9	121.2	120.7	123.7	122.5	117.7	112.8
23 Equipment	17.2	133.9	138.6	139.4	139.5	140.3	142.4	143.6	144.2	144.1	143.9	146.0	146.1	147.3	146.1
24 Business equipment	13.2	148.7	155.4	156.5	156.3	157.0	160.1	162.2	163.1	163.6	163.5	166.6	167.2	168.7	167.7
25 Information processing and related	5.4	181.6	191.8	194.5	195.3	199.2	202.3	206.0	209.2	210.3	211.8	213.1	217.2	219.7	220.6
26 Computer and office equipment	1.1	415.8	474.3	496.8	520.3	547.4	584.9	601.5	620.6	638.6	654.6	671.6	698.3	720.8	742.8
27 Industrial	4.0	136.1	138.0	139.8	138.4	136.6	139.4	139.4	138.1	142.9	144.2	142.3	139.4	141.2	139.5
28 Transit	2.5	116.7	127.0	125.6	126.0	126.8	130.3	133.6	135.5	128.2	121.9	141.6	139.8	140.4	138.7
29 Autos and trucks	1.2	124.0	133.4	127.4	126.2	120.9	121.6	123.4	125.1	108.6	91.7	136.9	135.6	133.8	133.2
30 Other	1.3	136.0	138.8	138.7	137.7	136.9	139.8	140.8	139.6	141.7	146.6	132.6	140.9	140.5	137.7
31 Defense and space equipment	3.3	76.2	75.7	75.8	76.2	76.3	75.9	75.9	76.0	75.8	76.1	76.5	75.6	76.4	75.6
32 Oil and gas well drilling	.6	149.3	151.6	149.6	153.9	157.4	155.7	147.6	147.1	136.7	131.9	127.7	123.4	119.4	114.1
33 Manufactured homes	.2	141.4	141.5	142.3	147.1	149.6	148.0	148.0	149.0	146.1	151.1	145.7	147.8	150.9	151.0
34 Intermediate products, total	14.2	115.2	116.3	117.0	117.0	117.1	116.9	117.3	118.2	118.0	119.1	119.1	118.4	118.9	118.5
35 Construction supplies	5.3	122.4	123.6	124.2	125.5	125.7	124.7	125.4	126.6	126.1	128.5	128.0	126.7	128.1	129.0
36 Business supplies	8.9	111.0	112.0	112.6	112.0	112.1	112.2	112.5	113.3	113.2	113.6	113.8	113.4	113.4	112.4
37 Materials	39.5	138.2	142.4	143.4	142.6	142.5	142.7	143.1	143.6	141.8	141.9	144.4	144.4	144.1	143.7
38 Durable goods materials	20.8	165.0	173.2	174.1	173.6	173.5	173.7	174.5	175.4	171.7	171.8	177.4	177.7	178.2	178.5
39 Durable consumer parts	4.0	143.1	147.0	150.0	143.1	144.2	143.7	144.4	147.9	131.9	129.7	149.6	147.6	145.9	145.9
40 Equipment parts	7.6	238.5	259.2	261.1	263.4	264.5	265.8	266.9	268.6	271.0	274.1	278.0	282.7	285.5	288.5
41 Other	9.2	127.2	130.5	130.0	130.7	129.7	129.7	130.3	129.6	128.3	128.1	128.3	127.7	128.1	127.5
42 Basic metal materials	3.1	121.9	125.8	123.5	126.1	125.9	123.7	123.5	123.0	120.1	120.2	121.9	117.9	117.9	115.3
43 Nondurable goods materials	8.9	113.4	115.5	116.1	114.8	114.9	114.2	114.4	114.1	113.9	114.1	113.1	111.9	111.4	110.9
44 Textile materials	1.1	111.2	112.4	113.5	109.9	111.1	110.6	110.5	111.0	110.2	110.1	107.7	107.6	108.7	108.1
45 Paper materials	1.8	115.9	116.8	117.9	117.2	117.0	116.3	116.3	115.5	117.3	117.3	116.4	115.0	115.8	114.5
46 Chemical materials	3.9	114.4	116.9	117.6	117.2	116.5	115.6	116.2	115.6	114.8	114.6	113.6	111.7	110.5	110.2
47 Other	2.1	110.0	113.0	112.3	110.0	111.4	111.0	110.9	111.2	110.6	111.7	111.6	111.5	110.2	110.3
48 Energy materials	9.7	103.7	102.2	103.8	103.0	102.8	103.7	103.8	104.3	104.8	104.8	104.4	105.3	103.8	101.9
49 Primary energy	6.3	101.4	99.7	101.1	101.6	101.4	101.0	101.3	101.0	101.8	102.9	101.2	102.6	100.9	99.3
50 Converted fuel materials	3.3	108.0	107.1	109.1	105.8	105.6	109.0	108.6	110.8	110.7	108.6	110.7	110.7	109.4	107.0
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	126.6	129.6	130.2	130.2	130.2	130.7	131.3	131.8	131.2	131.6	132.1	131.7	131.9	131.6
52 Total excluding motor vehicles and parts	95.1	126.1	129.0	129.5	129.7	129.7	130.3	130.9	131.3	131.2	131.7	131.3	131.0	131.4	130.9
53 Total excluding computer and office equipment	98.2	123.8	126.6	126.9	126.7	126.4	126.7	127.3	127.7	126.4	126.2	128.0	127.4	127.6	127.1
54 Consumer goods excluding autos and trucks	27.4	112.9	114.2	113.8	114.7	113.9	114.5	115.1	115.3	114.8	114.9	114.3	113.3	113.4	113.6
55 Consumer goods excluding energy	26.2	114.4	116.4	115.7	116.8	116.2	116.1	117.0	117.3	114.7	113.5	115.7	114.5	115.5	115.7
56 Business equipment excluding autos and trucks	12.0	151.5	157.9	159.9	159.7	161.1	164.6	166.7	167.4	170.0	171.8	169.9	170.8	172.7	171.5
57 Business equipment excluding computer and office equipment	12.1	134.4	139.2	139.7	138.8	138.7	140.8	142.3	142.6	142.7	142.2	144.8	144.8	145.8	144.3
58 Materials excluding energy	29.8	149.0	155.1	155.8	155.0	155.0	154.9	155.5	156.0	153.4	153.6	156.9	156.6	156.8	156.8

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Group	SIC code[2]	1992 proportion	1997 avg.	1997 Nov.	1997 Dec.	1998 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**126.8**	**129.9**	**130.3**	**130.3**	**130.2**	**130.7**	**131.3**	**131.9**	**130.6**	**130.5**	**132.4**	**131.9**	**132.2**	**131.8**
60 Manufacturing	..	85.4	129.7	133.3	133.7	133.8	133.7	134.1	134.9	135.4	133.7	133.6	135.7	135.2	136.0	135.9
61 Primary processing	...	26.5	119.1	121.1	121.5	121.6	121.1	121.0	121.5	121.4	120.2	120.7	120.6	119.3	119.7	119.4
62 Advanced processing	.	58.9	134.7	139.3	139.7	139.8	140.0	140.6	141.6	142.3	140.4	139.9	143.3	143.2	144.2	144.3
63 Durable goods	..	45.0	147.1	153.3	154.0	153.9	154.0	155.2	156.2	157.2	154.8	154.4	159.8	159.5	160.7	160.4
64 Lumber and products	24	2.0	114.2	114.8	115.0	115.2	116.2	115.3	116.1	116.4	116.7	117.5	118.5	116.7	117.8	119.2
65 Furniture and fixtures	25	1.4	117.7	119.7	120.4	119.4	118.6	121.5	121.0	120.6	122.0	120.8	120.1	121.6	123.9	123.5
66 Stone, clay, and glass products	32	2.1	122.3	123.7	125.0	124.6	124.0	124.5	124.0	124.5	123.5	125.4	127.0	126.4	127.3	127.4
67 Primary metals	33	3.1	125.3	129.3	127.8	129.2	128.1	127.1	127.5	126.5	122.1	122.6	124.4	119.8	120.1	116.9
68 Iron and steel	331,2	1.7	124.2	128.0	127.6	128.9	128.2	127.7	126.7	125.5	119.8	120.2	122.5	113.2	114.4	108.6
69 Raw steel	331PT	.1	115.9	120.2	119.6	122.5	123.3	120.0	122.4	121.9	116.0	118.3	120.3	112.6	109.7	101.8
70 Nonferrous	333–6,9	1.4	126.7	130.9	128.1	129.7	128.0	126.4	128.4	127.6	124.9	125.4	126.7	127.7	127.0	126.9
71 Fabricated metal products	34	5.0	124.7	126.8	128.2	127.6	126.6	127.2	127.8	128.7	128.0	127.8	126.3	126.2	126.7	126.5
72 Industrial machinery and equipment	35	8.0	179.4	187.3	189.0	191.8	192.3	198.4	200.6	202.5	205.8	209.0	207.0	208.1	210.8	210.7
73 Computer and office equipment	357	1.8	423.7	481.3	502.2	526.3	552.6	589.6	605.4	623.9	641.4	657.0	673.6	700.2	722.7	744.7
74 Electrical machinery	36	7.3	253.4	274.9	276.5	277.7	278.5	278.2	280.8	282.0	285.5	289.4	290.8	297.1	300.9	304.2
75 Transportation equipment	37	9.5	117.1	123.8	124.1	121.3	121.5	122.3	123.3	125.2	114.2	108.2	130.3	127.6	128.0	127.2
76 Motor vehicles and parts	371	4.9	139.9	149.0	148.6	141.9	140.4	140.0	140.8	144.1	121.1	107.6	154.2	149.9	149.6	149.9
77 Autos and light trucks	371PT	2.6	127.8	139.2	134.1	132.0	128.2	128.8	130.9	132.7	110.1	86.9	142.0	136.5	140.4	138.5
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	94.7	99.0	100.0	100.9	102.6	104.5	105.7	106.3	106.3	107.1	106.9	105.7	106.7	105.0
79 Instruments	38	5.4	110.3	111.8	112.0	111.5	112.5	112.8	113.0	113.8	112.4	112.6	113.0	113.9	114.6	114.2
80 Miscellaneous	39	1.3	119.1	118.5	119.9	119.7	119.9	120.0	120.1	119.1	118.5	118.5	117.7	117.0	116.1	114.5
81 Nondurable goods	..	40.4	111.3	112.6	112.7	113.1	112.8	112.4	113.0	113.0	112.0	112.1	111.3	110.6	111.0	111.2
82 Foods	20	9.4	108.0	109.1	109.0	110.5	109.9	109.7	110.3	110.7	109.2	109.0	107.9	107.7	108.9	109.9
83 Tobacco products	21	1.6	110.9	112.1	106.4	110.1	112.7	105.3	109.8	111.5	104.7	106.0	107.0	104.2	101.9	99.7
84 Textile mill products	22	1.8	112.2	114.1	113.1	115.0	113.2	112.6	113.3	114.5	112.0	113.2	111.8	111.2	112.6	111.7
85 Apparel products	23	2.2	102.8	101.8	102.3	102.5	101.1	101.6	101.0	100.4	100.5	100.1	99.2	98.3	97.3	96.1
86 Paper and products	26	3.6	114.4	116.1	116.2	115.7	115.9	115.0	115.2	115.0	114.9	115.9	115.3	113.9	115.5	113.9
87 Printing and publishing	27	6.7	105.2	107.1	107.0	106.4	106.4	105.4	105.5	105.6	105.5	105.4	104.9	104.9	104.8	104.6
88 Chemicals and products	28	9.9	114.9	116.2	117.3	117.0	116.7	116.6	117.7	116.9	116.2	115.7	114.3	113.2	113.8	114.1
89 Petroleum products	29	1.4	109.8	109.1	110.6	111.2	110.5	113.0	112.8	111.5	111.6	113.4	114.1	110.6	107.5	111.7
90 Rubber and plastic products	30	3.5	128.2	130.9	130.9	131.0	131.1	131.4	133.2	133.1	132.4	132.7	132.2	132.8	133.4	134.1
91 Leather and products	31	.3	81.9	78.7	78.8	77.3	78.3	77.9	76.3	75.8	74.5	75.3	74.0	73.4	73.0	73.1
92 Mining	...	6.9	105.8	104.9	106.4	107.6	107.5	105.8	105.7	105.4	104.7	104.6	103.7	102.7	101.9	100.7
93 Metal	10	.5	110.0	115.9	107.5	110.9	123.2	109.3	106.9	108.5	108.0	105.7	109.0	106.4	110.5	110.2
94 Coal	12	1.0	107.8	100.3	116.1	112.4	104.3	103.4	107.2	106.0	110.4	112.8	109.7	115.8	110.8	108.6
95 Oil and gas extraction	13	4.8	103.1	102.6	102.2	103.6	104.6	104.0	102.9	102.4	100.4	100.0	99.2	97.2	96.8	95.4
96 Stone and earth minerals	14	.6	120.3	122.0	121.9	127.5	123.1	120.0	123.3	124.4	125.6	125.4	124.3	120.5	120.3	120.8
97 Utilities	...	7.7	112.8	113.6	113.1	109.8	109.0	114.0	112.8	115.2	118.7	118.3	120.2	120.5	116.1	112.2
98 Electric	491,493PT	6.2	113.2	114.1	113.8	111.4	111.2	115.7	115.2	118.9	121.0	119.8	121.2	122.6	117.5	114.0
99 Gas	492,493PT	1.6	111.2	111.0	109.9	102.2	99.3	106.3	102.0	98.3	108.4	111.7	115.7	110.8	109.3	103.9
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	..	80.5	129.1	132.4	132.8	133.4	133.4	133.8	134.6	134.9	134.5	135.1	134.6	134.3	135.2	135.1
101 Manufacturing excluding computer and office equipment	..	83.6	126.3	129.4	129.7	129.6	129.4	129.5	130.2	130.6	128.8	128.6	130.6	129.9	130.6	130.4
102 Computers, communications equipment, and semiconductors	...	5.7	395.9	443.9	451.5	459.3	467.6	473.4	482.7	490.7	502.9	511.8	522.5	539.3	551.5	563.0
103 Manufacturing excluding computers and semiconductors	..	81.3	118.0	120.2	120.4	120.3	120.1	120.2	120.9	121.1	119.2	118.9	120.6	119.8	120.3	120.0
104 Manufacturing excluding computers, communications equipment, and semiconductors	.	79.8	116.6	118.7	118.9	118.8	118.5	118.7	119.3	119.5	117.5	117.2	119.0	118.1	118.6	118.3
		Gross value (billions of 1992 dollars, annual rates)														
Major Markets																
105 **Products, total**	..	**2,001.9**	**2,406.1**	**2,456.3**	**2,455.0**	**2,462.9**	**2,456.2**	**2,474.5**	**2,489.8**	**2,498.5**	**2,470.3**	**2,454.6**	**2,525.1**	**2,501.8**	**2,514.9**	**2,513.0**
106 Final	...	1,552.1	1,886.0	1,931.2	1,927.4	1,935.8	1,928.6	1,948.1	1,961.6	1,966.1	1,938.2	1,915.6	1,985.9	1,967.7	1,979.3	1,978.2
107 Consumer goods	...	1,049.6	1,198.0	1,218.8	1,212.7	1,220.1	1,210.8	1,218.7	1,224.8	1,225.2	1,201.8	1,185.0	1,227.4	1,209.8	1,216.0	1,220.7
108 Equipment	..	502.5	687.3	714.8	717.3	718.2	720.6	732.5	739.9	744.2	740.1	734.3	762.5	762.4	767.8	761.6
109 Intermediate	.	449.9	521.1	526.0	528.2	528.0	528.3	527.6	529.7	533.6	532.6	538.4	540.3	535.2	536.9	536.1

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1998. The recent annual revision is described in an article in the January 1999 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1995	1996	1997	1998 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,333	1,426	1,442	1,553	1,635	1,569	1,517	1,543	1,517	1,581	1,618	1,544	1,690
2 One-family	997	1,070	1,056	1,142	1,176	1,136	1,145	1,152	1,128	1,173	1,180	1,164	1,198
3 Two-family or more	335	356	387	411	459	433	372	391	389	408	438	380	492
4 Started	1,354	1,477	1,474	1,545	1,616	1,585	1,546	1,538	1,620	1,704	1,621	1,569	1,694
5 One-family	1,076	1,161	1,134	1,225	1,263	1,239	1,237	1,224	1,269	1,300	1,261	1,250	1,289
6 Two-family or more	278	316	340	320	353	346	309	314	351	404	360	319	405
7 Under construction at end of period[1]	776	820	834	888	907	911	911	917	930	937	940	948	970
8 One-family	554	584	570	593	609	616	619	627	639	643	645	649	659
9 Two-family or more	222	235	264	295	298	295	292	290	291	294	295	299	311
10 Completed	1,319	1,405	1,407	1,314	1,461	1,486	1,509	1,458	1,484	1,549	1,515	1,464	1,445
11 One-family	1,073	1,123	1,122	1,007	1,142	1,130	1,198	1,112	1,166	1,225	1,178	1,185	1,154
12 Two-family or more	247	283	285	307	319	356	311	346	318	324	337	279	291
13 Mobile homes shipped	341	361	354	362	377	374	370	374	362	380	368	369	375
Merchant builder activity in one-family units													
14 Number sold	667	757	803	853	878	836	892	892	919	877[r]	837	844	851
15 Number for sale at end of period[1]	374	326	287	281	281	285	286	287	287	284[r]	285	289	296
Price of units sold (thousands of dollars)[2]													
16 Median	133.9	140.0	145.9	148.0	156.0	152.0	148.0	153.2	148.0	149.9[r]	150.0	150.5	150.0
17 Average	158.7	166.4	175.8	178.6	181.6	178.9	176.7	183.5	175.9	179.8[r]	182.8	179.5	184.9
EXISTING UNITS (one-family)													
18 Number sold	3,812	4,087	4,215	4,370	4,770	4,890	4,770	4,830	4,740	4,910	4,730	4,690	4,790
Price of units sold (thousands of dollars)[2]													
19 Median	113.1	118.2	124.1	126.1	124.5	127.1	128.2	130.5	134.0	133.8	132.9	131.2	130.9
20 Average	139.1	145.5	154.2	156.8	153.9	157.2	159.7	162.3	169.2	168.4	165.9	162.9	162.1
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**538,158**	**581,813**	**618,051**	**633,714**	**638,180**	**639,913**	**645,974**	**635,396**	**650,341**	**657,710**	**661,927**	**663,883**	**665,811**
22 Private	408,012	444,743	470,969	487,807	490,896	494,333	500,078	496,495	503,592	510,650	515,221	514,430	518,475
23 Residential	231,191	255,570	265,536	278,956	282,496	286,045	289,666	288,003	291,907	299,196	300,221	304,512	306,818
24 Nonresidential	176,821	189,173	205,433	208,851	208,400	208,288	210,412	208,492	211,685	211,454	215,000	209,918	211,657
25 Industrial buildings	32,535	32,563	31,417	31,055	30,936	31,474	31,457	29,642	30,067	28,588	32,398	29,702	28,343
26 Commercial buildings	68,245	75,722	83,727	85,807	84,152	83,981	86,064	86,321	88,480	87,999	85,902	83,255	86,279
27 Other buildings	27,084	30,637	37,382	37,694	39,151	37,812	39,168	37,678	37,334	37,436	38,343	38,041	38,041
28 Public utilities and other	48,957	50,252	52,906	54,295	54,161	55,021	53,723	54,851	55,804	57,431	58,357	58,920	58,994
29 Public	130,147	137,070	147,082	145,907	147,284	145,580	145,896	138,901	146,749	147,060	146,706	149,453	147,336
30 Military	2,983	2,639	2,625	2,474	2,916	2,818	2,850	2,471	2,659	3,309	3,138	2,435	2,548
31 Highway	38,126	41,326	45,246	46,067	45,561	45,559	46,175	42,030	44,541	43,776	44,261	45,270	45,252
32 Conservation and development	6,371	5,926	5,628	5,281	6,305	5,488	4,985	5,146	5,989	5,445	5,382	5,970	4,934
33 Other	82,667	87,179	93,583	92,085	92,502	91,715	91,886	89,254	93,560	94,530	93,925	95,778	94,602

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C–30–76–5), issued by the Census Bureau in July 1976.

SOURCE. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 19,000 jurisdictions beginning in 1994.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Nov. 1998[1]
	1997 Nov.	1998 Nov.	1997	1998[r]			1998					
			Dec.	Mar.	June	Sept.	July	Aug.	Sept.	Oct.	Nov.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**1.8**	**1.5**	**1.5**	**.2**	**2.5**	**1.5**	**.2**	**.2**	**.0**	**.2**	**.2**	**164.0**
2 Food	1.7	2.3	1.5	1.3	3.0	2.0	.2	.2	.0	.6	.1	162.1
3 Energy items	−.4	−9.2	−7.7	−21.1	−1.9	−8.7	.0	−1.0	−1.3	.9	.0	100.5
4 All items less food and energy	2.2	2.3	2.4	2.4	2.6	2.3	.2	.2	.2	.2	.2	174.8
5 Commodities	.4	.7	.6	.8	1.1	1.1	.1	.2	−.1	.0	−.1	143.8
6 Services	2.9	3.1	3.3	3.0	3.2	3.0	.2	.3	.3	.2	.3	192.4
PRODUCER PRICES (1982=100)												
7 Finished goods	−.7	−.7	−1.2	−3.0	.3	.3	.2	−.4	.3	.2	−.2	130.8
8 Consumer foods	−1.1	.1	1.5	−1.8	.9	1.8	.4	−.4	4	.4	−.5	134.7
9 Consumer energy	−3.5	−11.0	−5.7	−27.0	−1.1	−10.2	−.1[r]	−2.4[r]	−.1	1.2	−1.2	72.9
10 Other consumer goods	.6	2.2	−.3	3.9	1.4	3.3	.3	.0	.5	.0	.1	149.0
11 Capital equipment	−.3	−.1	−2.0	.0	−1.2	.9	.1	−.2[r]	.4	.0	.1	138.1
Intermediate materials												
12 Excluding foods and feeds	−.1	−2.7	−.6	−4.4	−1.3	−1.9	.0[r]	−.3[r]	−.2	−.2	−.2	122.2
13 Excluding energy	.5	−1.5	.0	−.9	−1.2	−1.5	−.1[r]	.0[r]	−.3	−.3	−.2	132.4
Crude materials												
14 Foods	−6.2	−7.2	4.1	−14.3	−.7	−22.6	−3.5[r]	−1.0[r]	−1.9	4.0	−1.9	102.4
15 Energy	5.7	−32.6	5.4	−53.5	−14.6	−15.2	6.0[r]	−7.9[r]	−1.7	1.9	.0	65.4
16 Other	1.7	−15.7	−8.2	−13.6	−5.6	−18.3	−1.4[r]	−2.3[r]	−1.3	−2.7	−2.5	130.0

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

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

Account	1995	1996	1997	1997		1998		
				Q3	Q4	Q1	Q2	Q3[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**7,269.6**	**7,661.6**	**8,110.9**	**8,170.8**	**8,254.5**	**8,384.2**	**8,440.6**	**8,537.9**
By source								
2 Personal consumption expenditures	4,953.9	5,215.7	5,493.7	5,540.3	5,593.2	5,676.5	5,773.7	5,846.7
3 Durable goods	611.0	643.3	673.0	681.2	682.2	705.1	720.1	718.9
4 Nondurable goods	1,473.6	1,539.2	1,600.6	1,611.3	1,613.2	1,633.1	1,655.2	1,670.0
5 Services	2,869.2	3,033.2	3,220.1	3,247.9	3,297.8	3,338.2	3,398.4	3,457.7
6 Gross private domestic investment	1,043.2	1,131.9	1,256.0	1,265.7	1,292.0	1,366.6	1,345.0	1,364.4
7 Fixed investment	1,012.5	1,099.8	1,188.6	1,211.1	1,220.1	1,271.1	1,305.8	1,307.5
8 Nonresidential	727.7	787.9	860.7	882.3	882.8	921.3	941.9	931.6
9 Structures	201.3	216.9	240.2	243.8	246.4	245.0	245.4	246.2
10 Producers' durable equipment	526.4	571.0	620.5	638.5	636.4	676.3	696.6	685.4
11 Residential structures	284.8	311.8	327.9	328.8	337.4	349.8	363.8	375.8
12 Change in business inventories	30.7	32.1	67.4	54.6	71.9	95.5	39.2	57.0
13 Nonfarm	40.1	24.5	63.1	47.3	66.9	90.5	31.5	49.3
14 Net exports of goods and services	−83.9	−91.2	−93.4	−94.7	−98.8	−123.7	−159.3	−165.5
15 Exports	819.4	873.8	965.4	981.7	988.6	973.3	949.6	936.2
16 Imports	903.3	965.0	1,058.8	1,076.4	1,087.4	1,097.1	1,108.9	1,101.7
17 Government consumption expenditures and gross investment	1,356.4	1,405.2	1,454.6	1,459.5	1,468.1	1,464.9	1,481.2	1,492.3
18 Federal	509.1	518.4	520.2	521.0	520.1	511.6	520.7	519.4
19 State and local	847.3	886.8	934.4	938.5	947.9	953.3	960.4	972.9
By major type of product								
20 Final sales, total	7,238.9	7,629.5	8,043.5	8,116.2	8,182.6	8,288.7	8,401.3	8,480.9
21 Goods	2,644.9	2,780.3	2,911.2	2,944.3	2,948.7	3,005.8	3,025.3	3,029.0
22 Durable	1,143.4	1,228.8	1,310.1	1,337.1	1,334.3	1,376.9	1,380.8	1,373.0
23 Nondurable	1,501.5	1,551.6	1,601.0	1,607.2	1,614.4	1,628.8	1,644.4	1,655.9
24 Services	3,974.9	4,179.5	4,414.1	4,448.0	4,501.2	4,538.4	4,619.5	4,678.5
25 Structures	619.1	669.7	718.3	723.9	732.7	744.6	756.6	773.5
26 Change in business inventories	30.7	32.1	67.4	54.6	71.9	95.5	39.2	57.0
27 Durable goods	32.4	20.8	33.6	19.9	34.0	49.9	4.5	19.5
28 Nondurable goods	−1.7	11.4	33.8	34.7	37.9	45.6	34.7	37.5
MEMO								
29 **Total GDP in chained 1992 dollars**	**6,761.7**	**6,994.8**	**7,269.8**	**7,311.2**	**7,364.6**	**7,464.7**	**7,498.6**	**7,566.5**
NATIONAL INCOME								
30 **Total**	**5,923.7**	**6,256.0**	**6,646.5**	**6,704.8**	**6,767.9**	**6,875.0**	**6,945.5**	**7,032.3**
31 Compensation of employees	4,208.9	4,409.0	4,687.2	4,715.5	4,798.0	4,882.8	4,945.2	5,011.6
32 Wages and salaries	3,441.9	3,640.4	3,893.6	3,919.3	3,993.6	4,065.9	4,121.6	4,181.1
33 Government and government enterprises	622.7	640.9	664.2	666.7	671.4	679.5	685.8	692.7
34 Other	2,819.2	2,999.5	3,229.4	3,252.6	3,322.2	3,386.4	3,435.8	3,488.4
35 Supplement to wages and salaries	767.0	768.6	793.7	796.2	804.4	816.8	823.5	830.5
36 Employer contributions for social insurance	365.3	381.7	400.7	402.7	407.4	414.1	417.9	422.1
37 Other labor income	401.6	387.0	392.9	393.6	397.0	402.8	405.7	408.4
38 Proprietors' income[1]	488.1	527.7	551.2	556.5	558.0	564.2	571.7	576.1
39 Business and professional[1]	465.6	488.8	515.8	520.2	526.6	536.8	544.0	550.9
40 Farm[1]	22.4	38.9	35.5	36.3	31.4	27.4	27.7	25.2
41 Rental income of persons[2]	133.7	150.2	158.2	158.6	158.8	158.3	161.0	163.6
42 Corporate profits[1]	672.4	750.4	817.9	840.9	820.8	829.2	820.6	827.0
43 Profits before tax[3]	635.6	680.2	734.4	758.9	736.4	719.1	723.5	720.5
44 Inventory valuation adjustment	−22.6	−1.2	6.9	4.8	4.3	25.3	7.8	11.7
45 Capital consumption adjustment	59.4	71.4	76.6	77.2	80.1	84.9	89.4	94.8
46 Net interest	420.6	418.6	432.0	433.3	432.4	440.5	447.1	454.0

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	1995	1996	1997	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**6,072.1**	**6,425.2**	**6,784.0**	**6,820.9**	**6,904.9**	**7,003.9**	**7,081.9**	**7,160.8**
2 Wage and salary disbursements	3,428.5	3,631.1	3,889.8	3,915.5	3,989.9	4,061.9	4,117.6	4,177.1
3 Commodity-producing industries	863.9	909.0	975.0	979.4	1,003.7	1,019.0	1,023.2	1,028.0
4 Manufacturing	647.9	674.6	719.5	722.3	741.3	750.4	750.8	750.9
5 Distributive industries	782.9	823.3	879.8	886.3	904.5	918.9	932.2	945.8
6 Service industries	1,158.9	1,257.9	1,370.8	1,383.2	1,410.2	1,444.5	1,476.4	1,510.6
7 Government and government enterprises	622.7	640.9	664.2	666.7	671.4	679.5	685.8	692.7
8 Other labor income	401.6	387.0	392.9	393.6	397.0	402.8	405.7	408.4
9 Proprietors' income[1]	488.1	527.7	551.2	556.5	558.0	564.2	571.7	576.1
10 Business and professional[1]	465.6	488.8	515.8	520.2	526.6	536.8	544.0	550.9
11 Farm[1]	22.4	38.9	35.5	36.3	31.4	27.4	27.7	25.2
12 Rental income of persons[2]	133.7	150.2	158.2	158.6	158.8	158.3	161.0	163.6
13 Dividends	192.8	248.2	260.3	260.4	261.3	261.6	262.1	263.0
14 Personal interest income	704.9	719.4	747.3	750.5	753.0	757.0	763.0	769.2
15 Transfer payments	1,015.9	1,068.0	1,110.4	1,114.0	1,120.5	1,139.0	1,145.8	1,152.9
16 Old-age survivors, disability, and health insurance benefits	507.8	538.0	565.9	568.3	572.2	581.6	585.0	589.0
17 LESS: Personal contributions for social insurance	293.6	306.3	326.2	328.2	333.6	340.9	345.1	349.5
18 EQUALS: Personal income	6,072.1	6,425.2	6,784.0	6,820.9	6,904.9	7,003.9	7,081.9	7,160.8
19 LESS Personal tax and nontax payments	795.0	890.5	989.0	999.0	1,025.5	1,066.8	1,092.9	1,108.4
20 EQUALS: Disposable personal income	5,277.0	5,534.7	5,795.1	5,821.8	5,879.4	5,937.1	5,988.9	6,052.4
21 LESS. Personal outlays	5,097.2	5,376.2	5,674.1	5,723.3	5,781.2	5,864.0	5,963.3	6,039.8
22 EQUALS: Personal saving	179.8	158.5	121.0	98.5	98.2	73.0	25.6	12.6
MEMO								
Per capita (chained 1992 dollars)								
23 Gross domestic product	25,690.5	26,335.7	27,136.2	27,260.4	27,398.2	27,718.8	27,783.0	27,972.1
24 Personal consumption expenditures	17,498.4	17,893.0	18,340.9	18,445.2	18,530.5	18,771.1	19,007.8	19,156.3
25 Disposable personal income	18,640.0	18,989.0	19,349.0	19,385.0	19,478.0	19,632.0	19,719.0	19,829.0
26 Saving rate (percent)	3.4	2.9	2.1	1.7	1.7	1.2	.4	.2
GROSS SAVING								
27 **Gross saving**	**1,187.4**	**1,274.5**	**1,406.3**	**1,427.0**	**1,428.0**	**1,482.5**	**1,448.5**	**1,474.5**
28 Gross private saving	1,106.2	1,114.5	1,141.6	1,139.0	1,131.6	1,130.1	1,079.0	1,078.7
29 Personal saving	179.8	158.5	121.0	98.5	98.2	73.0	25.6	12.6
30 Undistributed corporate profits[1]	256.1	262.4	296.7	311.5	295.0	312.0	300.9	304.8
31 Corporate inventory valuation adjustment	−22.6	−1.2	6.9	4.8	4.3	25.3	7.8	11.7
Capital consumption allowances								
32 Corporate	431.1	452.0	477.3	480.8	487.7	492.5	497.8	503.1
33 Noncorporate	225.9	232.3	242.8	244.4	247.0	248.6	250.7	254.2
34 Gross government saving	81.2	160.0	264.7	288.0	296.4	352.4	369.4	395.7
35 Federal	−103.7	−39.6	49.5	70.0	72.3	128.7	143.9	161.6
36 Consumption of fixed capital	70.7	70.6	70.6	70.3	70.2	69.9	69.5	69.6
37 Current surplus or deficit (−), national accounts	−174.4	−110.3	−21.1	−.3	2.2	58.8	74.4	92.0
38 State and local	184.8	199.7	215.2	218.0	224.1	223.7	225.6	234.2
39 Consumption of fixed capital	73.2	77.1	81.1	81.4	82.7	83.5	84.3	85.4
40 Current surplus or deficit (−), national accounts	111.7	122.6	134.1	136.6	141.4	140.2	141.3	148.7
41 **Gross investment**	**1,160.9**	**1,242.3**	**1,350.5**	**1,361.9**	**1,360.7**	**1,428.4**	**1,362.7**	**1,372.5**
42 Gross private domestic investment	1,043.2	1,131.9	1,256.0	1,265.7	1,292.0	1,366.6	1,345.0	1,364.4
43 Gross government investment	218.4	229.7	235.4	237.3	236.5	237.4	232.5	239.7
44 Net foreign investment	−100.6	−119.2	−140.9	−141.0	−167.8	−175.6	−214.8	−231.6
45 **Statistical discrepancy**	**−26.5**	**−32.2**	**−55.8**	**−65.1**	**−67.3**	**−54.1**	**−85.7**	**−102.0**

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 credits or debits	1995	1996	1997	1997		1998		
				Q3	Q4	Q1	Q2	Q3^p
1 Balance on current account	−115,254	−134,915	−155,215	−38,094	−45,043	−46,735	−56,690	−61,299
2 Merchandise trade balance[2]	−173,729	−191,337	−197,954	−49,296	−49,839	−55,698	−64,443	−64,360
3 Merchandise exports	575,845	611,983	679,325	172,302	174,284	171,469	164,821	163,560
4 Merchandise imports	−749,574	−803,320	−877,279	−221,598	−224,123	−227,167	−229,264	−227,920
5 Military transactions, net	4,769	4,684	6,781	1,945	1,103	1,527	1,043	1,101
6 Other service transactions, net	69,069	78,079	80,967	20,246	20,277	19,164	19,529	17,504
7 Investment income, net	19,275	14,236	−5,318	−1,544	−4,247	−2,248	−3,377	−5,460
8 U.S. government grants	−11,170	−15,023	−12,090	−2,362	−5,213	−2,266	−2,063	−2,582
9 U.S. government pensions and other transfers	−3,433	−4,442	−4,193	−1,056	−1,069	−1,126	−1,126	−1,132
10 Private remittances and other transfers	−20,035	−21,112	−23,408	−6,027	−6,055	−6,088	−6,253	−6,370
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−589	−708	174	436	29	−388	−433	194
12 Change in U.S. official reserve assets (increase, −)	−9,742	6,668	−1,010	−730	−4,524	−444	−1,945	−2,026
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−808	370	−350	−139	−150	−182	72	188
15 Reserve position in International Monetary Fund	−2,466	−1,280	−3,575	−463	−4,221	−85	−1,031	−2,078
16 Foreign currencies	−6,468	7,578	2,915	−128	−153	−177	−986	−136
17 Change in U.S. private assets abroad (increase, −)	−317,122	−374,761	−477,666	−123,023	−118,946	−44,816	−107,409	−46,220
18 Bank-reported claims[3]	−75,108	−91,555	−147,439	−29,577	−27,539	3,074	−24,615	−28,335
19 Nonbank-reported claims	−45,286	−86,333	−120,403	−24,791	−47,907	−6,596	−14,327	..
20 U.S. purchases of foreign securities, net	−100,074	−115,801	−87,981	−41,167	−8,030	−6,973	−27,878	16,970
21 U.S. direct investments abroad, net	−96,654	−81,072	−121,843	−27,488	−35,470	−34,321	−40,589	−21,243
22 Change in foreign official assets in United States (increase, +)	109,768	127,344	15,817	21,258	−26,979	11,324	−10,274	−46,370
23 U.S. Treasury securities	68,977	115,671	−7,270	6,686	−24,578	11,336	−20,318	−32,811
24 Other U.S. government obligations	3,735	5,008	4,334	2,667	86	2,610	254	1,906
25 Other U.S. government liabilities[4]	−217	−362	−2,521	−1,167	−244	−1,059	−422	−414
26 Other U.S. liabilities reported by U.S. banks[3]	34,008	5,704	21,928	12,439	−3,250	−607	9,380	−12,607
27 Other foreign official assets[5]	3,265	1,323	−654	633	1,007	−956	832	−2,444
28 Change in foreign private assets in United States (increase, +)	355,681	436,013	717,624	160,180	247,470	84,205	175,133	159,232
29 U.S. bank-reported liabilities[3]	30,176	16,478	148,059	12,606	89,643	−50,497	37,670	82,680
30 U.S. nonbank-reported liabilities	59,637	39,404	107,779	26,275	47,390	32,707	18,040	..
31 Foreign private purchases of U.S. Treasury securities, net	99,548	154,996	146,710	35,432	35,301	−1,701	26,916	−257
32 Foreign purchases of other U.S. securities, net	96,367	130,151	196,845	60,327	36,783	77,019	71,017	22,938
33 Foreign direct investments in United States, net	57,653	77,622	93,449	18,964	28,453	25,931	19,141	27,065
34 Allocation of special drawing rights	0	0	0	0	0	0	0	0
35 Discrepancy	−22,742	−59,641	−99,724	−20,027	−52,007	−3,146	1,618	−3,511
36 Due to seasonal adjustment	.	.	. .	−10,018	3,528	6,217	1,474	−10,760
37 Before seasonal adjustment	−22,742	−59,641	−99,724	−10,009	−55,535	−9,363	144	7,249
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−9,742	6,668	−1,010	−730	−4,524	−444	−1,945	−2,026
39 Foreign official assets in United States, excluding line 25 (increase, +)	109,985	127,706	18,338	22,425	−26,735	12,383	−9,852	−45,956
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	4,239	14,911	10,822	3,031	−1,282	−968	−494	−12,013

1. Seasonal factors are not calculated for lines 12–16, 18–20, 22–34, and 38–40.
2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.
3. Reporting banks include all types of depository institutions as well as some brokers and dealers.
4. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1995	1996	1997	1998						
				Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Oct.[p]
1 Goods and services, balance	−101,857	−111,040	−113,684	−14,018	−15,641	−14,213	−14,917	−16,674	−14,369	−14,194
2 Merchandise	−173,560	−191,170	−198,975	−21,335	−22,578	−20,530	−21,029	−22,735	−20,801	−20,629
3 Services	71,703	80,130	85,291	7,317	6,937	6,317	6,112	6,061	6,432	6,435
4 Goods and services, exports	794,610	848,833	931,370	77,707	76,650	76,225	74,994	74,988	77,467	79,618
5 Merchandise	575,871	612,069	678,150	55,335	54,719	54,767	53,825	53,862	56,005	57,921
6 Services	218,739	236,764	253,220	22,372	21,931	21,458	21,169	21,126	21,462	21,697
7 Goods and services, imports	−896,467	−959,873	−1,045,054	−91,725	−92,291	−90,438	−89,911	−91,662	−91,836	−93,812
8 Merchandise	−749,431	−803,239	−877,125	−76,670	−77,297	−75,297	−74,854	−76,597	−76,806	−78,550
9 Services	−147,036	−156,634	−167,929	−15,055	−14,994	−15,141	−15,057	−15,065	−15,030	−15,262

1. Data show monthly values consistent with quarterly figures in the U.S. balance of payments accounts.

SOURCE. *FT900*, U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1995	1996	1997	1998							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Total**	**85,832**	**75,090**	**69,954**	**70,328**	**70,723**	**71,161**	**72,264**	**73,544**	**75,66**	**79,183**	**77,683**
2 Gold stock, including Exchange Stabilization Fund[1]	11,050	11,049	11,050	11,048	11,049	11,047	11,046	11,046	11,044	11,041	11,041
3 Special drawing rights[2,3]	11,037	10,312	10,027	10,188	10,296	10,001	9,586	9,891	10,106	10,379	10,393
4 Reserve position in International Monetary Fund[2]	14,649	15,435	18,071	18,218	18,957	18,945	20,780	21,161	21,644	22,278	22,049
5 Foreign currencies[4]	49,096	38,294	30,809	30,874	30,421	31,168	30,852	31,446	32,882	35,485	34,200

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.

2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.

3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.

4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1995	1996	1997	1998							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Deposits**	**386**	**167**	**457**	**162**	**156**	**200**	**161**	**161**	**347**	**154**	**211**
Held in custody											
2 U.S. Treasury securities[2]	522,170	638,049	620,885	622,220	622,557	616,569	613,893	588,337	578,403	588,768	608,060
3 Earmarked gold[3]	11,702	11,197	10,763	10,651	10,641	10,617	10,586	10,510	10,457	10,403	10,355

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.

2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.

3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1996	1997	1998						
			Apr.	May	June	July	Aug.	Sept.	Oct.p
1 **Total**[1]	**758,624**	**778,538**	**788,310**	**786,184**	**781,069**	**775,137**	**760,789r**	**735,071r**	**747,708**
By type									
2 Liabilities reported by banks in the United States[2]	113,098	135,326	144,929	142,658	144,099	142,140	144,045r	131,501r	135,287
3 U.S. Treasury bills and certificates[3]	198,921	148,301	138,418	137,652	134,324	131,089	130,398	128,146	128,598
U.S. Treasury bonds and notes									
4 Marketable	379,497	423,456	430,804	431,702	428,216	428,685	411,765	401,461	410,462
5 Nonmarketable[4]	5,968	5,994	6,149	6,189	6,229	6,269	6,311	6,350	5,997
6 U.S. securities other than U.S. Treasury securities[5]	61,140	65,461	68,010	67,983	68,201	66,954	68,270	67,613r	67,364
By area									
7 Europe[1]	257,915	263,103	268,848	269,178	264,657	270,195	266,600r	258,234	270,632
8 Canada	21,295	18,749	20,254	20,122	19,396	19,963	16,387	16,170	17,216
9 Latin America and Caribbean	80,623	97,616	101,191	101,792	100,849	100,826	98,405	79,788r	78,045
10 Asia	385,484	382,423	382,027	379,188	378,113	367,687	363,902	365,631r	368,346
11 Africa	7,379	10,118	11,281	10,574	11,555	11,904	11,501	11,721	11,112
12 Other countries	5,926	6,527	4,707	5,328	6,497	4,560	3,992	3,525	2,355

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes current value of zero-coupon Treasury bond issues to foreign governments as follows: Mexico, beginning March 1988, 20-year maturity issue and beginning March 1990, 30-year maturity issue; Venezuela, beginning December 1990, 30-year maturity issue; Argentina, beginning April 1993, 30-year maturity issue.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

SOURCE. Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1989 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States[1] Payable in Foreign Currencies

Millions of dollars, end of period

Item	1994	1995	1996	1997	1998		
				Dec.	Mar.	June	Sept.
1 Banks' liabilities	89,258	109,713	103,383	117,524	100,342	90,119	93,815
2 Banks' claims	60,711	74,016	66,018	83,038	81,977	68,095	67,794
3 Deposits	19,661	22,696	22,467	28,661	27,934	27,213	27,293
4 Other claims	41,050	51,320	43,551	54,377	54,043	40,882	40,501
5 Claims of banks' domestic customers[2]	10,878	6,145	10,978	8,191	7,926	7,354	8,453

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Item	1995	1996	1997	1998						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,099,549**	**1,162,148**	**1,283,686**	**1,270,626**	**1,260,273**	**1,288,032**	**1,306,488**	**1,341,667[r]**	**1,349,102**	**1,370,232**
2 Banks' own liabilities	753,461	758,998	883,639	861,727	852,052	884,734	896,972	928,182[r]	915,818	909,157
3 Demand deposits	24,448	27,034	32,104	32,107	31,201	36,246	30,928	33,038	33,547	32,050
4 Time deposits[2]	192,558	186,910	198,470	185,948	185,160	186,686	188,056	183,906[r]	170,888	158,776
5 Other[3]	140,165	143,510	168,013	204,294	192,167	183,451	192,536	190,192[r]	168,490	152,559
6 Own foreign offices[4]	396,290	401,544	485,052	439,378	443,524	478,351	485,452	521,046[r]	542,893	565,772
7 Banks' custodial liabilities[5]	346,088	403,150	400,047	408,899	408,221	403,298	409,516	413,485	433,284	461,075
8 U.S. Treasury bills and certificates[6]	197,355	236,874	193,239	174,256	173,873	169,225	164,274	162,235	160,598	168,764
9 Other negotiable and readily transferable instruments[7]	52,200	72,011	93,641	111,398	107,797	112,598	117,433	123,378	142,169	151,260
10 Other	96,533	94,265	113,167	123,245	126,551	121,475	127,809	127,872	130,517	141,051
11 Nonmonetary international and regional organizations[8]	11,039	13,972	11,690	14,894	14,186	14,103	14,314	15,188	15,215	12,639
12 Banks' own liabilities	10,347	13,355	11,486	14,478	13,559	13,441	12,188	13,684	13,862	11,473
13 Demand deposits	21	29	16	365	229	226	19	59	408	97
14 Time deposits[2]	4,656	5,784	5,466	6,646	7,029	6,784	6,354	6,252	5,763	5,418
15 Other[3]	5,670	7,542	6,004	7,467	6,301	6,431	5,815	7,373	7,691	5,958
16 Banks' custodial liabilities[5]	692	617	204	416	627	662	2,126	1,504	1,353	1,166
17 U.S. Treasury bills and certificates[6]	350	352	69	344	359	338	349	490	435	509
18 Other negotiable and readily transferable instruments[7]	341	265	133	72	268	322	1,777	1,012	818	657
19 Other	1	0	2	0	0	2	0	2	100	0
20 Official institutions[9]	275,928	312,019	283,627	283,347	280,310	278,423	273,229	274,443[r]	259,647	263,885
21 Banks' own liabilities	83,447	79,406	101,910	105,731	104,358	102,256	102,040	101,533[r]	85,260	85,291
22 Demand deposits	2,098	1,511	2,314	2,532	2,052	2,582	3,560	3,456	3,607	3,325
23 Time deposits[2]	30,717	33,336	41,420	38,865	36,060	36,068	36,358	35,928[r]	28,326	26,742
24 Other[3]	50,632	44,559	58,176	64,334	66,246	63,606	62,122	62,149[r]	53,327	55,224
25 Banks' custodial liabilities[5]	192,481	232,613	181,717	177,616	175,952	176,167	171,189	172,910	174,387	178,594
26 U.S. Treasury bills and certificates[6]	168,534	198,921	148,301	138,418	137,652	134,324	131,089	130,398	128,146	128,598
27 Other negotiable and readily transferable instruments[7]	23,603	33,266	33,211	38,745	38,010	41,180	39,792	41,759	45,684	49,691
28 Other	344	426	205	453	290	663	308	753	557	305
29 Banks[10]	691,412	694,835	816,064	776,269	782,828	809,251	825,245	853,337[r]	875,323	896,752
30 Banks' own liabilities	567,834	562,898	642,324	596,509	601,967	633,032	643,982	673,202[r]	686,684	688,401
31 Unaffiliated foreign banks	171,544	161,354	157,272	157,131	158,443	154,681	158,530	152,156[r]	143,791	122,629
32 Demand deposits	11,758	13,692	17,527	17,152	16,111	20,772	15,097	16,063	15,799	15,799
33 Time deposits[2]	103,471	89,765	83,433	72,703	74,018	75,231	78,252	74,201[r]	67,724	55,828
34 Other[3]	56,315	57,897	56,312	67,276	68,314	58,678	65,181	61,892	60,268	51,002
35 Own foreign offices[4]	396,290	401,544	485,052	439,378	443,524	478,351	485,452	521,046[r]	542,893	565,772
36 Banks' custodial liabilities[5]	123,578	131,937	173,740	179,760	180,861	176,219	181,263	180,135	188,639	208,351
37 U.S. Treasury bills and certificates[6]	15,872	23,106	31,915	26,650	26,920	25,337	22,929	20,696	21,563	27,556
38 Other negotiable and readily transferable instruments[7]	13,035	17,027	35,333	37,942	38,186	38,122	39,203	40,180	44,807	48,230
39 Other	94,671	91,804	106,492	115,168	115,755	112,760	119,131	119,259	122,269	132,565
40 Other foreigners	121,170	141,322	172,305	196,116	182,949	186,255	193,700	198,699[r]	198,917	196,956
41 Banks' own liabilities	91,833	103,339	127,919	145,009	132,168	136,005	138,762	139,763[r]	130,012	123,992
42 Demand deposits	10,571	11,802	12,247	12,058	12,809	12,666	12,252	13,460	13,733	12,829
43 Time deposits[2]	53,714	58,025	68,151	67,734	68,053	68,603	67,092	67,525[r]	69,075	70,788
44 Other[3]	27,548	33,512	47,521	65,217	51,306	54,736	59,418	58,778	47,204	40,375
45 Banks' custodial liabilities[5]	29,337	37,983	44,386	51,107	50,781	50,250	54,938	58,936	68,905	72,964
46 U.S. Treasury bills and certificates[6]	12,599	14,495	12,954	8,844	8,942	9,226	9,907	10,651	10,454	12,101
47 Other negotiable and readily transferable instruments[7]	15,221	21,453	24,964	34,639	31,333	32,974	36,661	40,427	50,860	52,682
48 Other	1,517	2,035	6,468	7,624	10,506	8,050	8,370	7,858	7,591	8,181
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	9,103	14,573	16,083	22,503	23,440	21,229	22,847	25,867	27,391	29,905

1. Reporting banks include all types of depository institutions as well as some brokers and dealers. Excludes bonds and notes of maturities longer than one year.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks for foreign customers.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1995	1996	1997	1998 Apr.	1998 May	1998 June	1998 July	1998 Aug.	1998 Sept.	1998 Oct.[p]
AREA										
50 **Total, all foreigners**	**1,099,549**	**1,162,148**	**1,283,686**	**1,270,626**	**1,260,273**	**1,288,032**	**1,306,488**	**1,341,667[r]**	**1,349,102[r]**	**1,370,232**
51 **Foreign countries**	**1,088,510**	**1,148,176**	**1,271,996**	**1,255,732**	**1,246,087**	**1,273,929**	**1,292,174**	**1,326,479[r]**	**1,333,887[r]**	**1,357,593**
52 Europe	362,819	376,590	420,438	406,391	405,348	402,103	431,783	457,537[r]	450,824[r]	451,277
53 Austria	3,537	5,128	2,717	2,957	3,012	2,268	2,602	2,671	3,157[r]	2,843
54 Belgium and Luxembourg	24,792	24,084	41,007	38,530	35,518	35,454	33,845	35,086	34,028[r]	39,911
55 Denmark	2,921	2,565	1,514	2,588	1,443	1,989	2,013	2,128	1,578	1,813
56 Finland	2,831	1,958	2,246	1,768	1,365	1,438	1,211	1,350	1,181	1,193
57 France	39,218	35,078	46,607	48,468	47,869	46,162	47,140	48,328	50,505[r]	47,349
58 Germany	24,035	24,660	23,737	24,895	26,452	25,470	23,730	28,751	25,811[r]	22,013
59 Greece	2,014	1,835	1,552	2,383	2,610	2,429	2,784	2,941	2,544	2,901
60 Italy	10,868	10,946	11,378	10,600	11,127	11,509	11,114	10,625	9,183[r]	6,981
61 Netherlands	13,745	11,110	7,385	8,051	7,265	6,845	7,097	9,239	8,066	7,306
62 Norway	1,394	1,288	317	514	774	607	1,179	1,469	688	1,149
63 Portugal	2,761	3,562	2,262	2,279	2,160	2,334	2,823	2,424	2,292	2,376
64 Russia	7,948	7,623	7,968	5,381	3,952	4,654	6,398	2,718	3,085	3,733
65 Spain	10,011	17,707	18,989	18,071	15,520	11,649	12,079	14,283	20,493[r]	26,578
66 Sweden	3,246	1,623	1,628	1,785	2,197	3,148	2,198	1,769	3,285	3,282
67 Switzerland	43,625	44,538	39,172	32,341	33,893	39,071	44,861	39,362	48,414[r]	47,306
68 Turkey	4,124	6,738	4,054	4,340	4,467	4,894	5,077	4,317	4,264	4,061
69 United Kingdom	139,183	153,420	181,904	172,829	178,185	176,703	196,859	219,197[r]	204,915[r]	202,486
70 Yugoslavia[11]	177	206	239	246	270	234	322	242	253	290
71 Other Europe and other former U.S.S.R.[12]	26,389	22,521	25,762	28,365	27,269	25,245	28,451	30,637	27,082[r]	27,706
72 Canada	30,468	38,920	28,341	27,398	26,021	28,864	29,526	27,844	28,701[r]	31,273
73 Latin America and Caribbean	440,213	467,529	536,365	552,896	550,714	568,228	564,388	557,071	560,069[r]	574,665
74 Argentina	12,235	13,877	20,199	17,766	16,938	18,502	21,010	21,655	18,384	17,707
75 Bahamas	94,991	88,895	112,217	112,510	114,222	116,435	115,309	113,543	122,806	127,404
76 Bermuda	4,897	5,527	6,911	6,657	7,142	7,769	7,216	7,332	7,920	7,247
77 Brazil	23,797	27,701	31,037	36,777	38,463	35,345	34,292	27,824	18,453[r]	17,423
78 British West Indies	239,083	251,465	276,389	273,565	277,929	295,321	290,342	291,470	298,707[r]	310,232
79 Chile	2,826	2,915	4,072	4,330	4,230	4,356	4,987	4,726	5,725	5,592
80 Colombia	3,659	3,256	3,652	4,212	4,383	4,805	4,023	4,102	4,475[r]	4,888
81 Cuba	8	21	66	57	59	63	63	62	62	50
82 Ecuador	1,314	1,767	2,078	1,737	1,783	1,616	1,772	1,608	1,540	1,680
83 Guatemala	1,276	1,282	1,494	1,478	1,353	1,363	1,273	1,237	1,241	1,249
84 Jamaica	481	628	450	449	438	522	519	550	541	576
85 Mexico	24,560	31,240	33,972	37,623	37,682	38,044	38,554	38,087	35,681	38,060
86 Netherlands Antilles	4,673	6,099	5,085	17,569	7,447	6,861	8,922	8,340	8,588	6,199
87 Panama	4,264	4,099	4,241	4,211	4,106	3,723	3,596	3,675	3,826	3,838
88 Peru	974	834	893	878	964	925	984	900	843	800
89 Uruguay	1,836	1,890	2,382	2,097	1,991	1,982	2,097	2,091	2,276[r]	2,223
90 Venezuela	11,808	17,363	21,601	20,696	21,600	20,442	19,492	20,125	19,180[r]	19,675
91 Other	7,531	8,670	9,626	10,284	9,984	10,154	9,937	9,744	9,821[r]	9,822
92 Asia	240,595	249,083	269,299	251,423	244,779	254,412	247,952	266,480[r]	275,751[r]	284,184
China										
93 Mainland	33,750	30,438	18,252	20,122	20,209	21,558	18,919	18,506	18,523	15,802
94 Taiwan	11,714	15,995	11,760	13,776	12,648	11,619	11,333	11,290	12,080	12,693
95 Hong Kong	20,197	18,789	17,722	19,762	18,106	19,720	15,826	18,349	16,627	16,507
96 India	3,373	3,930	4,567	4,813	4,882	4,821	4,678	6,437	5,144	5,336
97 Indonesia	2,708	2,298	3,554	4,266	3,197	3,848	3,938	5,651	5,470	5,670
98 Israel	4,041	6,051	6,281	7,348	6,251	6,095	5,969	5,296	5,984	4,764
99 Japan	109,193	117,316	143,401	113,283	111,623	118,669	123,167	131,376	142,767[r]	156,214
100 Korea (South)	5,749	5,949	13,060	13,711	14,010	13,269	12,713	12,493[r]	12,971[r]	12,597
101 Philippines	3,092	3,378	3,250	2,870	2,802	3,418	2,609	2,777	2,712	2,523
102 Thailand	12,279	10,912	6,501	7,928	8,876	7,148	6,780	7,869	6,664	7,134
103 Middle Eastern oil-exporting countries[13]	15,582	16,285	14,959	17,095	15,296	13,829	13,902	14,532	16,627[r]	14,665
104 Other	18,917	17,742	25,992	26,449	26,879	30,418	28,118	31,904	30,182[r]	30,279
105 Africa	7,641	8,116	10,347	11,160	10,965	10,735	10,788	10,562	11,098	9,662
106 Egypt	2,136	2,012	1,663	1,236	1,460	1,523	1,319	1,459	1,616	1,288
107 Morocco	104	112	138	131	115	84	74	76	88	78
108 South Africa	739	458	2,158	2,556	2,465	2,642	2,446	2,428	2,658	2,358
109 Zaire	10	10	10	3	5	5	7	35	6	7
110 Oil-exporting countries[14]	1,797	2,626	3,060	4,332	4,079	3,552	3,893	3,684	3,727	3,205
111 Other	2,855	2,898	3,318	2,902	2,841	2,929	3,049	2,880	3,003	2,726
112 Other	6,774	7,938	7,206	6,464	8,260	9,587	7,737	6,985	7,444	6,532
113 Australia	5,647	6,479	6,304	5,450	7,416	8,510	6,490	5,931	6,427	5,371
114 Other	1,127	1,459	902	1,014	844	1,077	1,247	1,054	1,017	1,161
115 Nonmonetary international and regional organizations	11,039	13,972	11,690	14,894	14,186	14,103	14,314	15,188	15,215[r]	12,639
116 International[15]	9,300	12,099	10,517	13,431	12,509	12,548	11,220	12,825	12,782[r]	10,300
117 Latin American regional[16]	893	1,339	424	762	830	694	750	721	803[r]	1,056
118 Other regional[17]	846	534	749	701	847	861	2,344	1,642	1,630	1,283

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Area or country	1995	1996	1997	1998 Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total, all foreigners**	**532,444**	**599,925**	**708,272**	**700,035**	**703,532**	**727,942**	**740,236**	**764,878[r]**	**757,374**	**735,772**
2 **Foreign countries**	**530,513**	**597,321**	**705,809**	**696,742**	**701,140**	**725,027**	**735,826**	**760,488[r]**	**752,052**	**730,535**
3 Europe	132,150	165,769	199,880	207,154	208,567	223,277	229,928	227,688[r]	234,856	224,739
4 Austria	565	1,662	1,354	1,827	2,130	1,259	1,892	1,856	1,849	2,373
5 Belgium and Luxembourg	7,624	6,727	6,641	5,482	6,115	7,782	8,459	6,779	8,200	9,230
6 Denmark	403	492	980	968	1,286	1,198	933	1,374	1,059	1,768
7 Finland	1,055	971	1,233	1,018	931	1,146	1,032	1,161	1,073	1,149
8 France	15,033	15,246	16,239	17,383	16,276	15,474	14,421	17,314	17,142	16,307
9 Germany	9,263	8,472	12,676	16,931	15,301	15,751	11,327	12,029	15,210	15,121
10 Greece	469	568	402	442	428	364	450	530	373	415
11 Italy	5,370	6,457	6,230	6,938	6,533	6,435	6,345	8,617	6,510	7,168
12 Netherlands	5,346	7,117	6,141	5,851	3,980	5,763	5,642	4,321	4,803	5,225
13 Norway	665	808	555	662	736	680	553	1,110	629	651
14 Portugal	888	418	777	935	1,496	888	1,156	725	975	885
15 Russia	660	1,669	1,248	1,133	1,117	1,057	1,345	1,209	920	883
16 Spain	2,166	3,211	2,942	7,458	6,218	5,560	6,424	5,225	7,980	6,051
17 Sweden	2,080	1,739	1,854	2,975	3,181	3,069	4,553	4,456	4,319	4,592
18 Switzerland	7,474	19,798	28,846	25,069	29,317	34,970	49,359	49,258	55,798	43,337
19 Turkey	803	1,109	1,558	2,324	2,386	2,414	2,010	1,990	1,900	1,848
20 United Kingdom	67,784	85,234	103,143	101,772	102,889	109,755	104,397	99,174[r]	97,436	98,741
21 Yugoslavia[2]	147	115	52	59	19	53	79	53	53	53
22 Other Europe and other former U.S.S.R.[3]	4,355	3,956	7,009	7,927	8,228	9,659	9,551	10,507	8,627	8,942
23 Canada	20,874	26,436	27,176	25,785	24,961	32,703	36,007	41,402	41,165	37,331
24 Latin America and Caribbean	256,944	274,153	343,820	354,302	361,082	365,814	359,277	379,383	362,312	354,779
25 Argentina	6,439	7,400	8,924	8,540	8,207	8,518	8,421	8,724	8,777	9,087
26 Bahamas	58,818	71,871	89,379	82,711	78,083	77,595	78,770	77,875	75,974	75,374
27 Bermuda	5,741	4,129	8,782	9,462	8,890	9,452	10,622	9,629	10,610	6,585
28 Brazil	13,297	17,259	21,696	26,033	25,354	24,552	24,187	23,530	19,073	17,644
29 British West Indies	124,037	105,510	145,471	159,649	168,124	176,825	166,203	192,334	182,733	183,108
30 Chile	4,864	5,136	7,913	8,444	8,482	8,497	8,434	8,307	8,345	8,549
31 Colombia	4,550	6,247	6,945	6,772	7,208	7,102	6,914	6,905	6,813	6,764
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	825	1,031	1,311	1,522	1,498	1,430	1,649	1,518	1,458	1,444
34 Guatemala	457	620	886	955	955	932	911	950	1,166	904
35 Jamaica	323	345	424	373	385	320	335	318	305	330
36 Mexico	18,024	18,425	19,518	20,913	21,215	20,371	20,062	20,078	20,669	22,031
37 Netherlands Antilles	9,229	25,209	17,838	14,073	17,352	14,294	16,278	12,939	10,294	7,323
38 Panama	3,008	2,786	4,364	4,422	4,393	4,233	4,308	4,157	4,226	4,011
39 Peru	1,829	2,720	3,491	3,644	3,792	3,965	4,009	4,061	3,829	3,706
40 Uruguay	466	589	629	773	807	959	1,154	1,055	955	958
41 Venezuela	1,661	1,702	2,129	2,194	2,381	2,495	2,436	2,649	2,638	2,688
42 Other	3,376	3,174	4,120	3,822	3,956	4,274	4,584	4,354	4,447	4,273
43 Asia	115,336	122,478	125,063	99,183	96,813	94,804	100,196	102,382[r]	104,597	104,685
China										
44 Mainland	1,023	1,401	1,579	2,921	2,934	1,989	1,679	2,703	1,363	2,258
45 Taiwan	1,713	1,894	921	939	723	835	595	651[r]	1,031	1,054
46 Hong Kong	12,821	12,802	13,990	10,162	12,884	12,871	11,045	13,821	10,548	8,241
47 India	1,846	1,946	2,200	1,807	1,913	1,972	1,822	1,878	1,823	1,582
48 Indonesia	1,696	1,762	2,634	2,210	2,099	2,098	2,010	2,031	2,108	1,990
49 Israel	739	633	768	874	893	954	1,116	898	941	1,497
50 Japan	61,468	59,967	59,540	44,970	42,071	43,010	45,566	44,822	52,213	52,907
51 Korea (South)	13,975	18,901	18,162	10,852	11,936	11,001	12,863	11,508	9,823	9,733
52 Philippines	1,318	1,697	1,689	1,561	1,614	1,541	1,243	1,259[r]	1,280	1,128
53 Thailand	2,612	2,679	2,259	1,971	1,906	1,889	1,820	1,883	2,129	1,953
54 Middle Eastern oil-exporting countries[4]	9,639	10,424	10,790	11,028	9,338	8,448	11,207	12,136	12,681	13,538
55 Other	6,486	8,372	10,531	9,888	8,502	8,196	9,230	8,792	8,657	8,804
56 Africa	2,742	2,776	3,530	3,337	3,693	2,484	3,497	3,262	3,012	2,785
57 Egypt	210	247	247	294	281	283	294	279	272	322
58 Morocco	514	524	511	483	490	430	471	426	390	405
59 South Africa	465	584	805	490	859	653	630	653	694	665
60 Zaire	1	0	0	0	0	0	0	0	0	0
61 Oil-exporting countries[5]	552	420	1,212	1,194	1,078	308	1,331	1,046	787	533
62 Other	1,000	1,001	755	876	985	810	771	858	869	860
63 Other	2,467	5,709	6,340	6,981	6,024	5,945	6,921	6,371	6,110	6,216
64 Australia	1,622	4,577	5,299	6,513	5,704	5,439	6,067	5,999	5,783	5,809
65 Other	845	1,132	1,041	468	320	506	854	372	327	407
66 Nonmonetary international and regional organizations[6]	1,931	2,604	2,463	3,293	2,392	2,915	4,410	4,390	5,322	5,237

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1995	1996	1997	1998						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total**	**655,211**	**743,919**	**852,899**	...	...	**881,218**	...	...	**915,425**	...
2 Banks' claims	532,444	599,925	708,272	700,035	703,532	727,942	740,236	764,878[r]	757,374	735,772
3 Foreign public borrowers	22,518	22,216	20,660	32,465	28,986	27,780	35,634	29,758[r]	26,377	28,313
4 Own foreign offices[2]	307,427	341,574	431,685	409,955	415,175	435,201	446,536	466,019[r]	475,449	463,472
5 Unaffiliated foreign banks	101,595	113,682	109,224	104,622	105,501	107,525	101,777	105,852[r]	108,426	108,413
6 Deposits	37,771	33,826	31,042	24,324	21,282	22,843	23,283	24,593	30,426	26,718
7 Other	63,824	79,856	78,182	80,298	84,219	84,682	78,494	81,259[r]	78,000	81,695
8 All other foreigners	100,904	122,453	146,703	152,993	153,870	157,436	156,289	163,249	147,122	135,574
9 Claims of banks' domestic customers[3]	122,767	143,994	144,627	...	...	153,276	...	..	158,051	...
10 Deposits	58,519	77,657	73,110	...	...	86,408	...	...	89,602	...
11 Negotiable and readily transferable instruments[4]	44,161	51,207	53,967	...	...	52,171	..	.	53,512	...
12 Outstanding collections and other claims	20,087	15,130	17,550	...	...	14,697	...	...	14,937	...
MEMO										
13 Customer liability on acceptances	8,410	10,388	9,624	...	...	6,604	...	...	6,068	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	30,717	39,661	34,046	31,633	32,172	25,287	32,347	28,217[r]	25,512	35,786

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.

Reporting banks include all types of depository institution as well as some brokers and dealers.

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and from foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

3. Assets held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit, bankers acceptances, and commercial paper.

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area[2]	1994	1995	1996	1997	1998		
				Dec.	Mar.	June	Sept.[p]
1 **Total**	**202,282**	**224,932**	**258,106**	**276,597**	**285,518**	**292,324**	**281,035**
By borrower							
2 Maturity of one year or less	170,411	178,857	211,859	205,859	214,822	211,029	208,385
3 Foreign public borrowers	15,435	14,995	15,411	12,069	16,952	17,023	14,613
4 All other foreigners	154,976	163,862	196,448	193,790	197,870	194,006	193,772
5 Maturity of more than one year	31,871	46,075	46,247	70,738	70,696	81,295	72,650
6 Foreign public borrowers	7,838	7,522	6,790	8,525	11,310	10,651	10,875
7 All other foreigners	24,033	38,553	39,457	62,213	59,386	70,644	61,775
By area							
Maturity of one year or less							
8 Europe	56,381	55,622	55,690	58,294	69,245	73,787	69,003
9 Canada	6,690	6,751	8,339	9,917	9,304	8,766	8,953
10 Latin America and Caribbean	59,583	72,504	103,254	97,277	101,013	99,294	99,650
11 Asia	40,567	40,296	38,078	33,972	28,748	23,569	22,330
12 Africa	1,379	1,295	1,316	2,211	2,228	1,116	1,762
13 All other[3]	5,811	2,389	5,182	4,188	4,284	4,497	6,687
Maturity of more than one year							
14 Europe	4,358	4,995	6,965	13,240	15,118	15,606	15,377
15 Canada	3,505	2,751	2,645	2,512	2,752	2,573	2,982
16 Latin America and Caribbean	15,717	27,681	24,943	42,069	39,337	47,881	39,112
17 Asia	5,323	7,941	9,392	10,198	10,731	12,569	12,105
18 Africa	1,583	1,421	1,361	1,236	1,254	1,259	1,170
19 All other[3]	1,385	1,286	941	1,483	1,504	1,407	1,904

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.

2. Maturity is time remaining until maturity.

3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. and Foreign Offices of U.S. Banks[1]

Billions of dollars, end of period

Area or country	1994	1995	1996		1997				1998		
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.[p]
1 **Total**	**499.5**	**551.9**	**586.2**	**645.3**	**647.5**	**678.8**	**711.0**	**725.9**	**739.2**	**746.7**	**721.0**
2 G-10 countries and Switzerland	191.2	206.0	220.0	228.3	231.4	250.0	247.7	242.8	249.1	275.0	258.5
3 Belgium and Luxembourg	7.2	13.6	11.3	11.7	14.1	9.4	11.4	11.0	11.2	13.1	10.9
4 France	19.1	19.4	17.4	16.6	19.7	17.9	20.2	15.4	15.6	20.5	19.9
5 Germany	24.7	27.3	33.9	29.8	32.1	34.1	34.7	28.6	25.5	28.7	28.9
6 Italy	11.8	11.5	15.2	16.0	14.4	20.2	19.3	15.5	19.7	19.5	18.0
7 Netherlands	3.6	3.7	5.9	4.0	4.5	6.4	7.2	6.2	7.3	8.3	8.0
8 Sweden	2.7	2.7	3.0	2.6	3.4	3.6	4.1	3.3	4.8	3.1	2.1
9 Switzerland	5.1	6.7	6.3	5.3	6.0	5.4	4.8	7.2	5.6	6.9	7.4
10 United Kingdom	85.8	82.4	90.5	104.7	99.2	110.6	108.3	113.4	120.1	134.8	125.0
11 Canada	10.0	10.3	14.8	14.0	16.3	15.7	15.1	13.7	13.5	16.5	15.5
12 Japan	21.1	28.5	21.7	23.7	21.7	26.8	22.6	28.6	25.8	23.7	22.7
13 Other industrialized countries	45.7	50.2	62.1	65.7	66.4	71.7	73.8	64.5	74.3	72.0	71.1
14 Austria	1.1	.9	1.0	1.1	1.9	1.5	1.7	1.5	1.7	1.9	2.1
15 Denmark	1.3	2.6	1.7	1.5	1.7	2.8	3.7	2.4	2.0	2.1	2.8
16 Finland	.9	.8	.6	.8	.7	1.4	1.9	1.3	1.5	1.4	1.6
17 Greece	4.5	5.7	6.1	6.7	6.3	6.1	6.2	5.1	6.1	5.8	5.7
18 Norway	2.0	3.2	3.0	8.0	5.3	4.7	4.6	3.6	4.0	3.4	3.2
19 Portugal	1.2	1.3	1.4	.9	1.0	1.1	1.4	.9	.7	1.3	1.0
20 Spain	13.6	11.6	16.1	13.2	14.4	15.4	13.9	11.7	16.5	15.1	17.3
21 Turkey	1.6	1.9	2.8	2.7	2.8	3.4	4.4	4.5	4.9	6.5	5.2
22 Other Western Europe	3.2	4.7	4.8	4.7	6.3	5.5	6.1	8.2	9.9	9.6	10.2
23 South Africa	1.0	1.2	1.7	2.0	1.9	1.9	1.9	2.2	3.7	5.0	3.7
24 Australia	15.4	16.4	22.8	24.0	24.4	27.8	28.1	23.1	23.2	20.0	18.2
25 OPEC[2]	24.1	22.1	19.2	19.7	21.8	22.3	22.9	26.0	25.7	25.3	25.8
26 Ecuador	.5	.7	.9	1.1	1.1	.9	1.2	1.3	1.3	1.2	1.2
27 Venezuela	3.7	2.7	2.3	2.4	1.9	2.1	2.2	2.5	3.3	3.2	3.1
28 Indonesia	3.8	4.8	5.4	5.2	4.9	5.6	6.5	6.7	5.5	5.1	4.7
29 Middle East countries	15.3	13.3	10.2	10.7	13.2	12.5	11.8	14.4	14.3	15.5	16.1
30 African countries	.9	.6	.4	.4	.7	1.2	1.1	1.2	1.4	.3	.8
31 Non-OPEC developing countries	96.0	112.6	124.4	130.3	128.1	140.6	137.0	138.7	147.4	144.4	138.3
Latin America											
32 Argentina	11.2	12.9	15.0	14.3	14.3	16.4	17.1	18.4	19.3	20.2	22.3
33 Brazil	8.4	13.7	17.8	20.7	22.0	27.3	26.1	28.6	32.4	29.9	23.4
34 Chile	6.1	6.8	6.6	7.0	6.8	7.6	8.0	8.7	9.0	9.1	8.5
35 Colombia	2.6	2.9	3.1	4.1	3.7	3.3	3.4	3.4	3.3	3.6	3.4
36 Mexico	18.4	17.3	16.3	16.2	17.2	16.6	16.4	17.4	17.7	17.9	18.4
37 Peru	.5	.8	1.3	1.6	1.6	1.4	1.8	2.0	2.1	2.2	2.2
38 Other	2.7	2.8	3.0	3.3	3.4	3.4	3.6	4.1	4.0	4.4	4.6
Asia											
China											
39 Mainland	1.1	1.8	2.6	2.5	2.7	3.6	4.3	3.2	4.2	3.9	2.8
40 Taiwan	9.2	9.4	10.4	10.3	10.5	10.6	9.7	9.0	11.7	11.3	12.1
41 India	4.2	4.4	3.8	4.3	4.9	5.3	4.9	4.9	5.0	4.9	5.3
42 Israel	.4	.5	.5	.5	.6	.8	1.0	.7	.7	.9	.9
43 Korea (South)	16.2	19.1	21.9	21.5	14.6	16.3	16.2	15.6	16.2	14.5	12.9
44 Malaysia	3.1	4.4	5.5	6.0	6.5	6.4	5.6	5.1	4.5	4.7	5.0
45 Philippines	3.3	4.1	5.4	5.8	6.0	7.0	5.7	5.7	5.0	5.4	4.7
46 Thailand	2.1	4.9	4.8	5.7	6.8	7.3	6.2	5.4	5.5	4.9	5.3
47 Other Asia	4.7	4.5	4.1	4.1	4.3	4.7	4.5	4.3	4.2	3.7	3.1
Africa											
48 Egypt	.3	.4	.6	.7	.9	1.1	.9	.9	1.0	1.5	1.7
49 Morocco	.6	.7	.7	.7	.6	.7	.7	.6	.6	.6	.5
50 Zaire	.0	.0	.0	.1	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.8	.9	1.0	.9	.9	.9	.9	.8	1.1	.8	1.1
52 Eastern Europe	2.7	4.2	5.3	6.9	8.9	7.1	9.8	9.1	12.0	10.9	6.0
53 Russia[4]	.8	1.0	1.8	3.7	3.5	4.2	5.1	5.1	7.5	6.8	2.8
54 Other	1.9	3.2	3.5	3.2	5.4	2.9	4.7	4.0	4.6	4.1	3.2
55 Offshore banking centers	72.9	99.2	105.2	134.7	131.3	129.6	138.9	145.7	129.3	123.5	116.9
56 Bahamas	10.2	11.0	14.2	20.3	20.9	16.1	19.8	29.9	29.2	22.7	27.2
57 Bermuda	8.4	6.3	4.0	4.5	6.7	7.9	9.8	9.8	9.0	9.3	10.4
58 Cayman Islands and other British West Indies	21.4	32.4	32.0	37.2	32.8	35.1	45.7	43.4	24.9	33.9	27.4
59 Netherlands Antilles	1.6	10.3	11.7	26.1	19.9	15.8	21.7	14.6	14.0	10.5	6.0
60 Panama[5]	1.3	1.4	1.7	2.0	2.0	2.6	2.1	3.1	3.2	3.3	4.0
61 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.2
62 Hong Kong, China	20.0	25.0	26.0	27.9	30.8	35.2	27.2	32.2	33.8	30.0	30.6
63 Singapore	10.1	13.1	15.5	16.7	17.9	16.7	12.7	12.7	15.0	13.5	11.1
64 Other[6]	.1	.1	.1	.1	.1	.3	.1	.1	.1	.2	.2
65 Miscellaneous and unallocated[7]	66.9	57.6	50.0	59.6	59.6	57.6	80.8	99.1	101.3	95.6	104.3

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.

These data are on a gross claims basis and do not necessarily reflect the ultimate country risk or exposure of U.S. banks. More complete data on the country risk exposure of U.S. banks are available in the quarterly Country Exposure Lending Survey published by the Federal Financial Institutions Examination Council.

2. Organization of Petroleum Exporting Countries, shown individually, other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia. Beginning March 1994 includes Namibia.

4. As of December 1992, excludes other republics of the former Soviet Union.

5. Includes Canal Zone.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of liability, and area or country	1994	1995	1996	1997				1998	
				Mar.	June	Sept.	Dec.	Mar.	June
1 **Total**	**54,309**	**46,448**	**54,798**	**58,667**	**56,501**	**55,891**	**59,618**	**58,040[r]**	**56,822**
2 Payable in dollars	38,298	33,903	38,956	39,861	38,651	39,746	41,888	42,258[r]	45,210
3 Payable in foreign currencies	16,011	12,545	15,842	18,806	17,850	16,145	17,730	15,782[r]	11,612
By type									
4 Financial liabilities	32,954	24,241	26,065	29,633	28,263	26,461	29,113	28,050[r]	22,322
5 Payable in dollars	18,818	12,903	11,327	11,847	11,442	11,487	12,975	13,568[r]	11,988
6 Payable in foreign currencies	14,136	11,338	14,738	17,786	16,821	14,974	16,138	14,482[r]	10,334
7 Commercial liabilities	21,355	22,207	28,733	29,034	28,238	29,430	30,505	29,990	34,500
8 Trade payables	10,005	11,013	12,720	11,432	11,040	10,885	10,904	10,107	14,989
9 Advance receipts and other liabilities	11,350	11,194	16,013	17,602	17,198	18,545	19,601	19,883	19,511
10 Payable in dollars	19,480	21,000	27,629	28,014	27,209	28,259	28,913	28,690	33,222
11 Payable in foreign currencies	1,875	1,207	1,104	1,020	1,029	1,171	1,592	1,300	1,278
By area or country									
Financial liabilities									
12 Europe	21,703	15,622	16,195	20,081	18,530	18,019	19,238	20,307[r]	15,468
13 Belgium and Luxembourg	495	369	632	769	238	89	186	127	75
14 France	1,727	999	1,091	1,205	1,280	1,334	1,684	1,795	1,699
15 Germany	1,961	1,974	1,834	1,589	1,765	1,730	2,018	2,578	2,441
16 Netherlands	552	466	556	507	466	507	494	472	484
17 Switzerland	688	895	699	694	591	645	776	345	189
18 United Kingdom	15,543	10,138	10,177	13,863	12,968	12,165	12,318	13,145[r]	8,765
19 Canada	629	632	1,401	602	1,616	651	2,392	1,045	539
20 Latin America and Caribbean	2,034	1,783	1,668	1,876	1,285	1,067	1,386	965	1,320
21 Bahamas	101	59	236	293	124	10	141	17	6
22 Bermuda	80	147	50	27	55	64	229	86	49
23 Brazil	207	57	78	75	97	52	143	91	76
24 British West Indies	998	866	1,030	965	775	669	604	517	845
25 Mexico	0	12	17	16	15	76	26	21	51
26 Venezuela	5	2	1	1	1	1	1	1	1
27 Asia	8,403	5,988	6,423	6,370	6,248	6,239	5,394	5,024	4,315
28 Japan	7,314	5,436	5,869	5,794	5,668	5,725	5,085	4,767	3,869
29 Middle Eastern oil-exporting countries[1]	35	27	25	72	39	23	32	23	0
30 Africa	135	150	38	29	29	33	60	33	29
31 Oil-exporting countries[2]	123	122	0	0	0	0	0	0	0
32 All other[3]	50	66	340	675	555	452	643	676	651
Commercial liabilities									
33 Europe	6,773	7,700	9,767	9,524	8,683	9,343	10,228	9,951	15,327
34 Belgium and Luxembourg	241	331	479	639	736	703	666	565	557
35 France	728	481	680	679	708	782	764	840	613
36 Germany	604	767	1,002	1,043	845	945	1,274	1,068	1,222
37 Netherlands	722	500	766	551	288	452	439	443	502
38 Switzerland	327	413	624	480	429	400	375	407	355
39 United Kingdom	2,444	3,568	4,303	4,158	3,818	3,829	4,086	4,041	9,119
40 Canada	1,037	1,040	1,090	1,068	1,136	1,150	1,175	1,347	1,206
41 Latin America and Caribbean	1,857	1,740	2,574	2,562	2,500	2,224	2,176	2,051	2,290
42 Bahamas	19	1	63	43	33	38	16	27	14
43 Bermuda	345	205	297	479	397	180	203	174	209
44 Brazil	161	98	196	200	225	233	220	249	246
45 British West Indies	23	56	14	14	26	23	12	5	27
46 Mexico	574	416	665	633	594	562	565	520	557
47 Venezuela	276	221	328	318	304	322	261	219	196
48 Asia	10,741	10,421	13,422	13,915	13,875	14,628	14,966	14,672	13,655
49 Japan	4,555	3,315	4,614	4,465	4,430	4,553	4,500	4,372	4,039
50 Middle Eastern oil-exporting countries[1]	1,576	1,912	2,168	2,495	2,420	2,984	3,111	3,138	3,194
51 Africa	428	619	1,040	1,037	941	929	874	833	921
52 Oil-exporting countries[2]	256	254	532	479	423	504	408	376	354
53 Other[3]	519	687	840	928	1,103	1,156	1,086	1,136	1,101

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Comprises Algeria, Gabon, Libya, and Nigeria.
3. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of claim, and area or country	1994	1995	1996	1997				1998	
				Mar.	June	Sept.	Dec.	Mar.	June
1 **Total**	**57,888**	**52,509**	**63,642**	**68,102**	**68,266**	**70,760**	**70,077**	**71,004[r]**	**74,165**
2 Payable in dollars	53,805	48,711	58,630	62,126	62,082	64,144	62,173	65,359	68,329
3 Payable in foreign currencies	4,083	3,798	5,012	5,976	6,184	6,616	7,904	5,645[r]	5,836
By type									
4 Financial claims	33,897	27,398	35,268	40,547	40,717	42,059	38,908	40,301[r]	32,341
5 Deposits	18,507	15,133	21,404	22,150	24,308	24,125	23,139	20,863[r]	14,762
6 Payable in dollars	18,026	14,654	20,631	20,499	22,817	22,566	21,290	19,155[r]	13,084
7 Payable in foreign currencies	481	479	773	1,651	1,491	1,559	1,849	1,708	1,678
8 Other financial claims	15,390	12,265	13,864	18,397	16,409	17,934	15,769	19,438[r]	17,579
9 Payable in dollars	14,306	10,976	12,069	15,381	13,152	14,621	11,576	16,981[r]	14,904
10 Payable in foreign currencies	1,084	1,289	1,795	3,016	3,257	3,313	4,193	2,457[r]	2,675
11 Commercial claims	23,991	25,111	28,374	27,555	27,549	28,701	31,169	30,703	41,824
12 Trade receivables	21,158	22,998	25,751	24,801	24,858	25,110	27,536	26,888	37,741
13 Advance payments and other claims	2,833	2,113	2,623	2,754	2,691	3,591	3,633	3,815	4,083
14 Payable in dollars	21,473	23,081	25,930	26,246	26,113	26,957	29,307	29,223	40,341
15 Payable in foreign currencies	2,518	2,030	2,444	1,309	1,436	1,744	1,862	1,480	1,483
By area or country									
Financial claims									
16 Europe	7,936	7,609	9,282	13,076	12,904	15,862	16,948	14,187[r]	14,091
17 Belgium and Luxembourg	86	193	185	119	203	360	406	378	518
18 France	800	803	694	760	680	1,112	1,015	902	796
19 Germany	540	436	276	324	281	352	427	393	290
20 Netherlands	429	517	493	567	519	764	677	911	975
21 Switzerland	523	498	474	570	447	448	434	401	403
22 United Kingdom	4,649	4,303	6,119	9,837	9,814	11,254	12,286	9,289[r]	9,639
23 Canada	3,581	2,851	3,445	4,917	6,422	4,279	3,313	4,688	3,020
24 Latin America and Caribbean	19,536	14,500	19,577	19,742	18,725	19,176	15,543	18,207	11,967
25 Bahamas	2,424	1,965	1,452	1,894	2,064	2,442	2,459	1,316	1,306
26 Bermuda	27	81	140	157	188	190	108	66	48
27 Brazil	520	830	1,468	1,404	1,617	1,501	1,313	1,408	1,394
28 British West Indies	15,228	10,393	15,182	15,176	13,553	12,957	10,311	13,551	7,349
29 Mexico	723	554	457	517	497	508	537	967	1,089
30 Venezuela	35	32	31	22	21	15	36	47	57
31 Asia	1,871	1,579	2,221	2,068	1,934	2,015	2,133	2,174	2,376
32 Japan	953	871	1,035	831	766	999	823	791	886
33 Middle Eastern oil-exporting countries[1]	141	3	22	12	20	15	11	9	12
34 Africa	373	276	174	182	179	174	319	325	155
35 Oil-exporting countries[2]	0	5	14	14	15	16	15	16	15
36 All other[3]	600	583	569	562	553	553	652	720	732
Commercial claims									
37 Europe	9,540	9,824	10,443	9,863	9,603	10,486	12,120	12,854	23,473
38 Belgium and Luxembourg	213	231	226	364	327	331	328	232	522
39 France	1,881	1,830	1,644	1,514	1,377	1,642	1,796	1,939	2,273
40 Germany	1,027	1,070	1,337	1,364	1,229	1,395	1,614	1,670	1,828
41 Netherlands	311	452	562	582	613	573	597	534	610
42 Switzerland	557	520	642	418	389	381	554	476	420
43 United Kingdom	2,556	2,656	2,946	2,626	2,836	2,904	3,660	4,828	14,376
44 Canada	1,988	1,951	2,165	2,381	2,464	2,649	2,660	2,882	2,779
45 Latin America and Caribbean	4,117	4,364	5,276	5,067	5,241	5,028	5,750	5,481	6,212
46 Bahamas	9	30	35	40	29	22	27	13	12
47 Bermuda	234	272	275	159	197	128	244	238	483
48 Brazil	612	898	1,303	1,216	1,136	1,101	1,162	1,128	1,183
49 British West Indies	83	79	190	127	98	98	109	88	110
50 Mexico	1,243	993	1,128	1,102	1,140	1,219	1,392	1,302	1,462
51 Venezuela	348	285	357	330	451	418	576	441	585
52 Asia	6,982	7,312	8,376	8,348	8,460	8,576	8,713	7,638	7,623
53 Japan	2,655	1,870	2,003	2,065	2,079	2,048	1,976	1,713	2,012
54 Middle Eastern oil-exporting countries[1]	708	974	971	1,078	1,014	987	1,107	987	1,127
55 Africa	454	654	746	718	618	764	680	613	657
56 Oil-exporting countries[2]	67	87	166	100	81	207	119	122	116
57 Other[3]	910	1,006	1,368	1,178	1,163	1,198	1,246	1,235	1,080

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Comprises Algeria, Gabon, Libya, and Nigeria.
3. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1996	1997	1998 Jan.– Oct.	1998 Apr.	May	June	July	Aug.	Sept.	Oct.[p]
					U.S. corporate securities					
STOCKS										
1 Foreign purchases	590,714	1,097,958	1,330,700	134,177	129,528	146,147	152,833	141,566	137,418	145,577
2 Foreign sales	578,203	1,028,361	1,288,760	130,628	121,355	142,591	150,308	139,722	147,891	142,839
3 Net purchases, or sales (−)	**12,511**	**69,597**	**41,940**	**3,549**	**8,173**	**3,556**	**2,525**	**1,844**	**−10,473**	**2,738**
4 Foreign countries	**12,585**	**69,754**	**42,305**	**3,570**	**8,193**	**3,581**	**2,739**	**1,843**	**−10,430**	**2,735**
5 Europe	5,367	62,688	65,505	5,511	10,670	7,227	6,983	5,459	2,182	−246
6 France	−2,402	6,641	6,650	−260	650	1,734	199	988	85	347
7 Germany	1,104	9,059	10,427	1,453	1,834	1,020	1,503	1,326	1,281	69
8 Netherlands	1,415	3,831	6,178	161	564	830	1,265	163	876	1,009
9 Switzerland	2,715	7,848	7,007	974	2,234	1,490	1,092	−277	−307	−1,970
10 United Kingdom	4,478	22,478	19,284	595	2,968	695	1,154	1,740	700	636
11 Canada	2,226	−1,406	−3,644	55	−506	−1,600	−443	−276	−195	−530
12 Latin America and Caribbean	5,816	5,203	−5,997	−3,689	−1,333	1,798	−614	610	−11,766	2,059
13 Middle East[1]	−1,600	383	−529	346	−234	286	−134	−157	148	−177
14 Other Asia	918	2,072	−12,701	1,563	−611	−3,949	−2,905	−4,112	−678	1,823
15 Japan	−372	4,787	−2,370	555	−208	−540	−306	214	519	597
16 Africa	−85	472	567	128	275	204	−14	159	−98	−217
17 Other countries	−57	342	−896	−344	−68	−385	−134	160	−23	23
18 Nonmonetary international and regional organizations	**−74**	**−157**	**−365**	**−21**	**−20**	**−25**	**−214**	**1**	**−43**	**3**
BONDS[2]										
19 Foreign purchases	393,953	610,116	763,395	76,452	65,495	74,100	73,772	67,529[r]	100,186	110,814
20 Foreign sales	268,487	475,958	621,578	52,225	52,584	53,167	62,213	58,678	92,663	105,455
21 Net purchases, or sales (−)	**125,466**	**134,158**	**141,817**	**24,227**	**12,911**	**20,933**	**11,559**	**8,851[r]**	**7,523**	**5,359**
22 Foreign countries	**125,295**	**133,595**	**141,268**	**24,097**	**12,853**	**20,834**	**11,636**	**8,813[r]**	**7,473**	**5,348**
23 Europe	77,570	71,631	104,770	19,024	5,555	12,117	9,411	5,813[r]	12,323	14,180
24 France	4,460	3,300	3,325	33	−17	667	451	233	184	701
25 Germany	4,439	2,742	3,937	1,727	−133	302	812	139	268	−135
26 Netherlands	2,107	3,576	2,648	523	532	344	108	32	275	704
27 Switzerland	1,170	187	4,641	772	794	404	234	100	1,003	−50
28 United Kingdom	60,509	54,134	79,103	14,346	4,585	8,696	5,411	3,924[r]	9,760	12,182
29 Canada	4,486	6,264	5,335	363	628	607	640	439	443	292
30 Latin America and Caribbean	17,737	34,733	20,577	2,256	6,703	6,371	2,029	1,592	−2,927	−11,135
31 Middle East[1]	1,679	2,155	1,687	69	109	162	171	−188	−58	2
32 Other Asia	23,762	16,996	7,776	2,078	−106	1,266	−588	1,709	−1,847	1,185
33 Japan	14,173	9,357	4,951	2,904	460	527	−511	−10	−713	1,624
34 Africa	624	1,005	131	45	−31	82	−48	−17	−61	55
35 Other countries	−563	811	992	262	−5	229	21	−535	−400	769
36 Nonmonetary international and regional organizations	**171**	**563**	**549**	**130**	**58**	**99**	**−77**	**38**	**50**	**11**
					Foreign securities					
37 Stocks, net purchases, or sales (−)	−59,268	−40,942	12,422	−137	−3,393	2,535	−3,516	5,552	6,107	8,084
38 Foreign purchases	450,365	756,015	800,330	80,736	80,941	88,508	82,130	74,358	89,460	90,373
39 Foreign sales	509,633	796,957	787,908	80,873	84,334	85,973	85,646	68,806	83,353	82,289
40 Bonds, net purchases, or sales (−)	−51,369	−48,171	−13,438	−12,158	−1,882	−12,355	3,065	1,013[r]	3,325	15,215
41 Foreign purchases	1,114,035	1,451,704	1,220,537	118,296	110,403	151,477	118,890	139,341	152,762	100,217
42 Foreign sales	1,165,404	1,499,875	1,233,975	130,454	112,285	163,832	115,825	138,328[r]	149,437	85,002
43 Net purchases, or sales (−), of stocks and bonds	**−110,637**	**−89,113**	**−1,016**	**−12,295**	**−5,275**	**−9,820**	**−451**	**6,565[r]**	**9,432**	**23,299**
44 Foreign countries	**−109,766**	**−88,921**	**−853**	**−12,331**	**−5,443**	**−9,794**	**−380**	**6,582[r]**	**9,433**	**23,392**
45 Europe	−57,139	−29,874	5,388	−1,457	−2,035	−7,240	2,328	1,206[r]	6,008	10,336
46 Canada	−7,685	−3,085	2,929	−475	−1,335	214	2,195	2,631	−1,177	887
47 Latin America and Caribbean	−11,507	−25,258	−8,211	−6,108	−1,092	−2,548	−4,864	−1,205	1,213	4,373
48 Asia	−27,831	−25,123	216	−3,520	−779	516	−64	4,227	3,550	6,699
49 Japan	−5,887	−10,001	2,603	1,265	−681	−38	−316	1,741	2,239	6,134
50 Africa	−1,517	−3,293	−1,360	−302	−79	−32	−269	−122	−163	4
51 Other countries	−4,087	−2,288	185	−469	−123	−704	294	−155	2	1,093
52 Nonmonetary international and regional organizations	**−871**	**−192**	**−163**	**36**	**168**	**−26**	**−71**	**−17**	**−1**	**−93**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions[1]

Millions of dollars; net purchases, or sales (−) during period

Area or country	1996	1997	1998 Jan.–Oct.	1998 Apr.	1998 May	1998 June	1998 July	1998 Aug.	1998 Sept.	1998 Oct.[p]
1 **Total estimated**	**232,241**	**184,171**	**13,440**	**6,078**	**21,267**	**1,674**	**−3,578**	**−15,776**	**−5,282**	**−2,323**
2 Foreign countries	234,083	183,688	11,994	6,769	21,116	1,978	−3,631	−15,776	−5,273	−2,985
3 Europe	118,781	144,921	10,700	6,530	788	715	−5,903	−2,804	−2,783	−9,999
4 Belgium and Luxembourg	1,429	3,427	1,147	−165	176	−513	215	667	113	−606
5 Germany	17,980	22,471	25	−829	−143	−1,181	82	−1,799	855	1,132
6 Netherlands	−582	1,746	−3,302	130	341	731	−265	−3,081	−579	1,543
7 Sweden	2,242	−465	319	−202	184	335	239	−152	−330	193
8 Switzerland	328	6,028	4,534	−483	44	−973	−827	−680	363	2,811
9 United Kingdom	65,658	98,253	7,041	5,785	−2,720	−1,426	−5,769	8,019	2,244	−13,141
10 Other Europe and former U.S.S.R.	31,726	13,461	936	2,294	2,906	3,742	422	−5,778	−5,449	−1,931
11 Canada	2,331	−811	−3,592	1,457	−223	−66	−569	−2,088	−663	−1,188
12 Latin America and Caribbean	20,785	−2,554	−1,962	−7,981	20,033	2,578	949	−5,940	−1,233	−491
13 Venezuela	−69	655	−544	14	−339	693	450	−1,308	6	−35
14 Other Latin America and Caribbean	8,439	−549	15,108	−632	−335	3,513	2,305	3,914	2,982	−1,288
15 Netherlands Antilles	12,415	−2,660	−16,526	−7,363	20,707	−1,628	−1,806	−8,546	−4,221	832
16 Asia	89,735	39,567	9,401	7,966	1,455	−1,153	1,327	−3,856	−207	7,756
17 Japan	41,366	20,360	1,987	6,301	1,582	−2,442	774	299	128	1,233
18 Africa	1,083	1,524	634	−18	13	145	−23	62	81	87
19 Other	1,368	1,041	−3,187	−1,185	−950	−241	588	−1,150	−468	850
20 Nonmonetary international and regional organizations	−1,842	483	1,446	−691	151	−304	53	0	−9	662
21 International	−1,390	621	529	−715	136	−226	−135	−10	−288	645
22 Latin American regional	−779	170	203	−4	−1	0	192	8	−5	0
MEMO										
23 Foreign countries	234,083	183,688	11,994	6,769	21,116	1,978	−3,631	−15,776	−5,273	−2,985
24 Official institutions	85,807	43,959	−12,994	1,162	898	−3,486	469	−16,920	−10,304	9,001
25 Other foreign	148,276	139,729	24,988	5,607	20,218	5,464	−4,100	1,144	5,031	−11,986
Oil-exporting countries										
26 Middle East[2]	10,232	7,636	−14,345	−380	951	−1,388	−2,578	−4,160	−5,837	−276
27 Africa[3]	1	−12	2	0	0	0	0	1	0	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS[1]

Percent per year, averages of daily figures

Country	Rate on Dec. 31, 1998 Percent	Rate on Dec. 31, 1998 Month effective	Country	Rate on Dec. 31, 1998 Percent	Rate on Dec. 31, 1998 Month effective
Austria	2.5	Apr. 1996	Germany	2.5	Apr. 1996
Belgium	2.0	Dec. 1998	Italy	3.5	Dec. 1998
Canada	5.25	Nov. 1998	Japan	.5	Sept. 1995
Denmark	3.5	Dec. 1998	Netherlands	2.5	Apr. 1996
France[2]	3.0	Dec. 1998	Switzerland	1.0	Sept. 1996

1. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood that the central bank transacts the largest proportion of its credit operations.

2. Since February 1981, the rate has been that at which the Bank of France discounts Treasury bills for seven to ten days.

3.27 FOREIGN SHORT-TERM INTEREST RATES[1]

Percent per year, averages of daily figures

Type or country	1996	1997	1998	1998 June	1998 July	1998 Aug.	1998 Sept.	1998 Oct.	1998 Nov.	1998 Dec.
1 Eurodollars	5.38	5.61	5.45	5.57	5.57	5.56	5.39	5.17	5.21	5.13
2 United Kingdom	5.99	6.81	7.31	7.61	7.67	7.61	7.35	7.11	6.84	6.38
3 Canada	4.49	3.59	5.17	5.10	5.10	5.35	5.66	5.43	5.42	5.24
4 Germany	3.21	3.24	3.47	3.49	3.46	3.42	3.40	3.50	3.56	3.28
5 Switzerland	1.92	1.58	1.43	1.81	1.98	1.68	1.43	1.20	1.44	1.40
6 Netherlands	2.91	3.25	3.42	3.51	3.46	3.43	3.33	3.28	3.48	3.26
7 France	3.81	3.35	3.45	3.47	3.44	3.44	3.43	3.45	3.49	3.24
8 Italy	8.79	6.86	4.87	4.99	4.75	4.78	4.86	4.40	3.82	3.23
9 Belgium	3.19	3.40	3.52	3.62	3.59	3.48	3.42	3.41	3.47	3.23
10 Japan	.58	.58	.62	.57	.67	.69	.45	.49	.52	.55

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 AND INDEXES OF THE FOREIGN EXCHANGE VALUE OF THE U.S. DOLLAR[1]

Currency units per dollar except as noted

Item	1996	1997	1998	1998 July	1998 Aug.	1998 Sept.	1998 Oct.	1998 Nov.	1998 Dec.[r]
	Exchange Rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	78.28	74.37	62.91	61.80	58.88	58.89	61.79	63.49	61.82
2 Austria/schilling	10.589	12.206	12.379	12.650	12.574	11.955	11.524	11.840	11.746
3 Belgium/franc	30.97	35.81	36.31	37.07	36.85	35.05	33.81	34.71	34.44
4 Brazil/real	1.0051	1.0779	1.1605	1.1614	1.1717	1.1805	1.1889	1.1932	1.2052
5 Canada/dollar	1.3638	1.3849	1.4836	1.4869	1.5346	1.5218	1.5452	1.5404	1.5433
6 China, P.R./yuan	8.3389	8.3193	8.3008	8.3100	8.3100	8.3055	8.2778	8.2778	8.2780
7 Denmark/krone	5.8003	6.6092	6.7030	6.8499	6.8067	6.4717	6.2294	6.3960	6.3531
8 Finland/markka	4.5948	5.1956	5.3473	5.4653	5.4340	5.1734	4.9845	5.1163	5.0769
9 France/franc	5.1158	5.8393	5.8995	6.0280	5.9912	5.6969	5.4925	5.6422	5.5981
10 Germany/deutsche mark	1.5049	1.7348	1.7597	1.7976	1.7869	1.6990	1.6381	1.6827	1.6698
11 Greece/drachma	240.82	273.28	295.70	299.35	301.21	292.47	281.64	282.64	280.43
12 Hong Kong/dollar	7.7345	7.7431	7.7467	7.7483	7.7494	7.7480	7.7483	7.7432	7.7471
13 India/rupee	35.51	36.36	41.36	42.61	42.84	42.58	42.39	42.43	42.59
14 Ireland/pound[2]	159.95	151.63	142.48	139.88	140.37	147.24	152.21	147.77	148.76
15 Italy/lira	1,542.76	1,703.81	1,736.85	1,772.42	1,763.01	1,678.92	1,620.96	1,664.91	1,653.23
16 Japan/yen	108.78	121.06	130.99	140.79	144.68	134.48	121.05	120.29	117.07
17 Malaysia/ringgit	2.5154	2.8173	3.9254	4.1591	4.2036	3.8050	3.8000	3.8000	3.8014
18 Mexico/peso	7.600	7.918	9.152	8.899	9.371	10.219	10.159	9.969	9.907
19 Netherlands/guilder	1.6863	1.9525	1.9837	2.0267	2.0148	1.9169	1.8479	1.8969	1.8816
20 New Zealand/dollar[2]	68.77	66.25	53.61	51.85	50.11	50.44	52.13	53.40	52.23
21 Norway/krone	6.4594	7.0857	7.5521	7.6246	7.7248	7.5564	7.4294	7.4562	7.6050
22 Portugal/escudo	154.28	175.44	180.25	183.93	182.99	174.19	168.01	172.52	171.19
23 Singapore/dollar	1.4100	1.4857	1.6722	1.7085	1.7571	1.7226	1.6378	1.6378	1.6515
24 South Africa/rand	4.3011	4.6072	5.5417	6.2285	6.3198	6.0966	5.7991	5.6511	5.9030
25 South Korea/won	805.00	950.77	1,400.40	1,295.76	1,314.29	1,375.54	1,344.14	1,294.01	1,213.22
26 Spain/peseta	126.68	146.53	149.41	152.58	151.72	144.33	139.23	143.05	142.08
27 Sri Lanka/rupee	55.289	59.026	65.006	65.908	66.642	66.260	66.345	67.578	68.117
28 Sweden/krona	6.7082	7.6446	7.9522	7.9942	8.1282	7.8816	7.8395	8.0140	8.0716
29 Switzerland/franc	1.2361	1.4514	1.4506	1.5136	1.4933	1.4000	1.3373	1.3852	1.3604
30 Taiwan/dollar	27.468	28.775	33.547	34.387	34.731	34.646	33.121	32.603	32.337
31 Thailand/baht	25.359	31.072	41.262	41.300	41.720	40.402	38.118	36.527	36.276
32 United Kingdom/pound[2]	156.07	163.76	165.73	164.37	163.42	168.23	169.44	166.11	167.08
33 Venezuela/bolivar	417.19	488.39	548.39	558.47	571.88	583.85	570.68	569.66	565.89
	Indexes[3]								
NOMINAL									
34 G-10 (March 1973=100)[4]	87.34	96.38	98.85	101.38	101.80	97.17	93.69	95.46	94.61
35 Broad (January 1997=100)[5]	97.43	104.47	116.25	118.17	120.14	118.85	115.46	115.34	114.56
36 Major currencies (March 1973=100)[6]	85.23	91.85	96.52	99.31	100.96	96.99	93.46	94.23	93.40
37 Other important trading partners (January 1997=100)[7]	98.25	104.67	125.70	125.64	127.77	131.38	129.02	127.31	126.80
REAL									
38 Broad (March 1973=100)[5]	85.89	90.49	98.37	100.29[r]	101.82[r]	100.08[r]	97.07[r]	96.63	95.83
39 Major currencies (March 1973=100)[6]	85.83	93.20	98.33	101.41	103.21	99.05	95.47[r]	96.22	95.48
40 Other important trading partners (March 1973=100)[7]	106.57	94.55	105.60	106.09[r]	107.37[r]	108.91[r]	106.53[r]	104.31[r]	103.37

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. For more information on the indexes of the foreign exchange value of the dollar, see *Federal Reserve Bulletin*, vol. 84 (October 1998), pp. 811–18.
4. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of the other G-10 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).
5. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of U.S. trading partners. The weight for each currency is computed as an average of U.S. bilateral import shares from and export shares to the issuing country and of a measure of the importance to U.S. exporters of that country's trade in third country markets.
6. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.
7. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that do not circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

SPECIAL TABLES—Data Published Irregularly, with Latest Bulletin *Reference*

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities
Consolidated Report of Condition, September 30, 1998

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]	
			Total	Domestic	Over 100	Under 100
1 **Total assets**[3]	**5,209,176**	**4,486,395**	**3,540,913**	**2,818,132**	**1,376,909**	**291,354**
2 Cash and balances due from depository institutions	303,407	225,098	230,639	152,331	58,791	13,977
3 Cash items in process of collection, unposted debits, and currency and coin			107,387	104,435	31,574	
4 Cash items in process of collection and unposted debits			n.a.	78,759	19,584	
5 Currency and coin			n.a.	25,676	11,989	
6 Balances due from depository institutions in the United States	n.a.	n.a.	28,704	19,956	19,613	n.a.
7 Balances due from banks in foreign countries and foreign central banks			75,159	8,645	656	
8 Balances due from Federal Reserve Banks			19,390	19,295	6,948	
MEMO						
9 Non-interest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)	n.a.	30,557	n.a.	11,593	14,016	4,947
10 Total securities, held-to-maturity (amortized cost) and available-for-sale (fair value)	910,136		506,270		328,760	75,106
11 U.S. Treasury securities	121,293		59,191		48,379	13,723
12 U.S. *government agency and corporation obligations (excludes mortgage-backed* securities)	157,044		45,423		82,046	29,575
13 Issued by U.S. government agencies	5,906		2,666		2,409	831
14 Issued by U.S. government-sponsored agencies	151,137		42,758		79,637	28,743
15 Securities issued by states and political subdivisions in the United States	83,424		24,558		44,694	14,172
16 General obligations	61,781		17,321		34,177	10,282
17 Revenue obligations	20,893		6,734		10,322	3,837
18 Industrial development and similar obligations	751		504		195	53
19 Mortgage-backed securities (MBS)	429,435		280,675		133,888	14,871
20 Pass-through securities	274,614		183,466		81,506	9,641
21 Guaranteed by GNMA	75,163	n.a.	49,160	n.a.	22,733	3,270
22 Issued by FNMA and FHLMC	197,309		133,025		57,938	6,345
23 Privately issued	2,142		1,281		835	26
24 Other mortgage-backed securities (includes CMOs, REMICs, and stripped MBS)	154,821		97,209		52,382	5,230
25 Issued or guaranteed by FNMA, FHLMC or GNMA	117,810		71,597		41,284	4,929
26 Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA	2,290		1,101		1,053	136
27 All other mortgage-backed securities	34,721		24,511		10,045	165
28 Other debt securities	89,943		77,731		10,784	1,428
29 Other domestic debt securities	n.a.		25,215		10,574	n.a.
30 Foreign debt securities	n.a.		52,516		210	n.a.
31 Equity securities	28,997		18,692		8,969	1,336
32 Investments in mutual funds and other equity securities with readily determinable fair value	9,166		5,991		2,759	415
33 All other equity securities	19,831		12,701		6,210	921
34 Federal funds sold and securities purchased under agreements to resell	287,543	212,727	216,814	141,999	53,631	17,098
35 Total loans and lease-financing receivables, gross	3,112,045	2,807,897	2,056,675	1,752,526	879,538	175,832
36 LESS: Unearned income on loans	3,772	2,965	1,709	902	1,457	605
37 Total loans and leases (net of unearned income)	3,108,274	2,804,932	2,054,966	1,751,624	878,081	175,227
38 LESS: Allowance for loan and lease losses	55,726	n.a.	36,866	n.a.	16,345	2,515
39 LESS: Allocated transfer risk reserves	12	n.a.	12	n.a.	0	0
40 EQUALS: Total loans and leases, net	3,052,535	n.a.	2,018,087	n.a.	861,735	172,712
Total loans and leases, gross, by category						
41 Loans secured by real estate	1,290,245	1,260,385	719,816	689,956	471,875	98,554
42 Construction and land development		101,623		50,776	43,021	7,826
43 Farmland		28,682		4,421	12,578	11,683
44 One- to four-family residential properties		732,635		438,061	244,729	49,846
45 Revolving, open-end loans, extended under lines of credit	n.a.	96,850	n.a.	67,759	26,638	2,452
46 All other loans		635,786		370,301	218,090	47,394
47 Multifamily (five or more) residential properties		42,279		22,678	17,476	2,125
48 Nonfarm nonresidential properties		355,165		174,020	154,070	27,074
49 Loans to depository institutions	100,969	75,616	97,337	71,984	3,519	113
50 Commercial banks in the United States	n.a.	n.a.	49,911	49,369	3,227	n.a.
51 Other depository institutions in the United States	n.a.	n.a.	17,237	17,174	50	n.a.
52 Banks in foreign countries	n.a.	n.a.	30,190	5,442	243	n.a.
53 Loans to finance agricultural production and other loans to farmers	48,019	46,996	10,902	9,880	17,376	19,740
54 Commercial and industrial loans	868,675	699,896	686,508	517,729	152,593	29,575
55 U.S. addressees (domicile)	n.a.	n.a.	541,315	510,447	151,900	n.a.
56 Non-U.S. addressees (domicile)	n.a.	n.a.	145,193	7,281	693	n.a.
57 Acceptances of other banks	1,571	698	1,453	580	83	35
58 U.S. banks	n.a.	n.a.	362	361	n.a.	n.a.
59 Foreign banks	n.a.	n.a.	1,091	219	n.a.	n.a.
60 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	534,521	494,601	300,356	260,437	208,698	25,467
61 Credit cards and related plans	200,593	n.a.	106,748	n.a.	92,099	1,746
62 Other (includes single payment and installment)	333,927	n.a.	193,608	n.a.	116,599	23,721
63 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	18,383	18,378	11,026	11,021	6,498	859
64 All other loans	133,997	99,476	124,926	90,405	8,204	867
65 Loans to foreign governments and official institutions	n.a.	n.a.	8,078	750	30	n.a.
66 Other loans	n.a.	n.a.	116,848	89,654	8,174	n.a.
67 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	17,431	1,682	n.a.
68 All other loans (excludes consumer loans)	n.a.	n.a.	n.a.	72,224	6,492	n.a.
69 Lease-financing receivables	115,664	111,849	104,351	100,536	10,691	622
70 Assets held in trading accounts	305,980		305,160		781	1
71 Premises and fixed assets (including capitalized leases)	69,156		42,310		21,266	5,580
72 Other real estate owned	3,914	n.a.	2,292	n.a.	1,274	348
73 Investments in unconsolidated subsidiaries and associated companies	6,249		5,852		347	50
74 Customers' liability on acceptances outstanding	13,672		13,442		224	6
75 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	29,613	n.a.	29,613	n.a.	n.a.
76 Intangible assets	73,246	n.a.	58,922	n.a.	13,430	894
77 All other assets	183,338	n.a.	141,126	n.a.	36,669	5,543

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities—Continued
Consolidated Report of Condition, September 30, 1998

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]	
			Total	Domestic	Over 100	Under 100
78 **Total liabilities, limited-life preferred stock, and equity capital**	**5,209,176**	n.a.	**3,540,913**	n.a.	**1,376,909**	**291,354**
79 **Total liabilities**	**4,760,963**	**4,038,181**	**3,259,022**	**2,536,241**	**1,242,503**	**259,438**
80 Total deposits	3,482,373	2,927,823	2,204,165	1,649,615	1,029,857	248,351
81 Individuals, partnerships, and corporations	3,106,524	2,727,002	1,924,741	1,545,219	956,601	225,182
82 U.S. government	n.a.	5,099	n.a	4,149	791	159
83 States and political subdivisions in the United States	n.a.	129,858	n.a.	55,118	55,727	19,013
84 Commercial banks in the United States	63,816	32,055	55,992	24,231	6,844	980
85 Other depository institutions in the United States	n.a.	8,229	n.a.	3,516	3,255	1,459
86 Foreign banks, governments, and official institutions	144,188	9,831	143,697	9,341	477	14
87 Banks	n.a.	n.a.	101,563	7,723	452	n.a.
88 Governments and official institutions	n.a.	n.a.	42,135	1,617	25	n.a.
89 Certified and official checks	16,696	15,749	8,989	8,042	6,164	1,543
90 Total transaction accounts	↑	688,870	↑	390,449	229,107	69,313
91 Individuals, partnerships, and corporations		594,956		333,955	200,562	60,440
92 U.S. government		1,549		1,010	466	73
93 States and political subdivisions in the United States		39,925		17,168	15,961	6,796
94 Commercial banks in the United States		24,767		19,521	4,876	370
95 Other depository institutions in the United States		3,096		2,321	691	84
96 Foreign banks, governments, and official institutions		8,827		8,433	387	7
97 Banks		n.a.		7,215	384	n.a.
98 Governments and official institutions		n.a.		1,218	2	n.a.
99 Certified and official checks		15,749		8,042	6,164	1,543
100 Demand deposits (included in total transaction accounts)		538,238		346,967	155,266	36,006
101 Individuals, partnerships, and corporations		468,969		298,457	137,887	32,625
102 U.S. government		1,435		955	418	62
103 States and political subdivisions in the United States		15,420		9,240	4,854	1,326
104 Commercial banks in the United States	n.a.	24,760	n.a.	19,521	4,874	365
105 Other depository institutions in the United States		3,084		2,320	682	81
106 Foreign banks, governments, and official institutions		8,821		8,431	387	4
107 Banks		n.a.		7,215	384	n.a.
108 Governments and official institutions		n.a		1,216	2	n.a.
109 Certified and official checks		15,749		8,042	6,164	1,543
110 Total nontransaction accounts		2,238,953		1,259,166	800,751	179,037
111 Individuals, partnerships, and corporations		2,132,046		1,211,265	756,039	164,742
112 U.S. government		3,550		3,139	325	86
113 States and political subdivisions in the United States		89,932		37,950	39,766	12,217
114 Commercial banks in the United States		7,288		4,710	1,968	610
115 Other depository institutions in the United States		5,133		1,195	2,564	1,375
116 Foreign banks, governments, and official institutions		1,004		908	90	7
117 Banks		n.a.		509	68	n.a.
118 Governments and official institutions	↓	n.a.	↓	399	22	n.a.
119 Federal funds purchased and securities sold under agreements to repurchase	414,337	369,365	334,423	289,450	77,163	2,751
120 Demand notes issued to the U.S. Treasury	28,487	28,487	25,076	25,076	3,328	83
121 Trading liabilities	235,172	n.a.	234,879	n.a.	293	0
122 Other borrowed money	372,726	328,778	264,574	220,627	102,847	5,305
123 Banks' liability on acceptances executed and outstanding	13,768	10,716	13,537	10,486	224	6
124 Notes and debentures subordinated to deposits	68,222	n.a.	63,823	n.a.	4,381	18
125 Net due to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	118,122	n.a.	118,122	n.a.	n.a.
126 All other liabilities	145,878	n.a.	118,545	n.a	24,410	2,923
127 **Total equity capital**	**448,213**	n.a.	**281,891**	n.a.	**134,406**	**31,917**
MEMO						
128 Trading assets at large banks[4]	305,716	115,826	305,083	115,193	633	↑
129 U.S. Treasury securities (domestic offices)	↑	11,841	↑	11,794	47	
130 U.S. government agency corporation obligations		2,331		2,230	101	
131 Securities issued by states and political subdivisions in the United States	n.a.	1,057	n.a.	980	77	n.a.
132 Mortgage-backed securities		13,747		13,444	303	
133 Other debt securities		10,902		10,842	59	
134 Other trading assets	↓	10,464	↓	10,435	30	
135 Trading assets in foreign banks	189,890	0	189,890	0	0	↓
136 Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts	65,484	65,484	65,468	65,468	16	n.a.
137 Total individual retirement (IRA) and Keogh plan accounts	↑	151,531	↑	79,349	58,882	13,300
138 Total brokered deposits		58,447		34,980	21,829	1,638
139 Fully insured brokered deposits		46,198		25,094	19,566	1,537
140 Issued in denominations of less than $100,000		10,206		4,853	4,186	1,168
141 Issued in denominations of $100,000, or in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	n.a.	35,992	n.a	20,241	15,381	370
142 Money market deposit accounts (MMDAs)		732,298		506,104	199,501	26,693
143 Other savings deposits (excluding MMDAs)		366,004		197,449	144,199	24,355
144 Total time deposits of less than $100,000		748,128		335,987	317,568	94,573
145 Total time deposits of $100,000 or more		392,524		219,625	139,482	33,416
146 All negotiable order of withdrawal (NOW) accounts	↓	147,891	↓	42,966	72,442	32,483
147 Number of banks	8,888	8,888	163	n.a.	2,875	5,850

NOTE. Table 4.20 has been revised; it now includes data that was previously reported in table 4.22, which has been discontinued.

The notation "n.a." indicates the lesser detail available from banks that don't have foreign offices, the inapplicability of certain items to banks that have only domestic offices or the absence of detail on a fully consolidated basis for banks that have foreign offices.

1. All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to" lines. All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Because these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively of the domestic and foreign offices.

Foreign offices include branches in foreign countries, Puerto Rico, and U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge Act and agreement corporations wherever located; and IBFs.

2. "Over 100" refers to banks whose assets, on June 30 of the preceding calendar year, were $100 million or more. (These banks file the FFIEC 032 or FFIEC 033 Call Report.) "Under 100" refers to banks whose assets, on June 30 of the preceding calendar year, were less than $100 million. (These banks file the FFIEC 034 Call Report.)

3. Because the domestic portion of allowances for loan and lease losses and allocated transfer risk reserves are not reported for banks with foreign offices, the components of total assets (domestic) do not sum to the actual total (domestic).

4. Components of "Trading assets at large banks" are reported only by banks with either total assets of $1 billion or more or with $2 billion or more in the par/notional amount of their off-balance-sheet derivative contracts.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 2–6, 1998

A. Commercial and industrial loans made by all commercial banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	6.63	122,252	757	349	38.6	11.2	35.9	74.1	Foreign
2 Minimal risk	5.91	8,444	1,296	201	45.9	2.0	65.8	95.0	Foreign
3 Low risk	6.07	26,472	1,640	211	23.5	7.7	56.7	75.7	Foreign
4 Moderate risk	6.63	42,438	626	398	37.2	14.8	21.6	79.7	Foreign
5 Other	7.09	29,493	762	447	50.9	9.9	38.3	70.1	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	7.84	20,304	306	534	49.7	12.6	6.7	67.3	Prime
7 Minimal risk	7.89	427	205	815	42.1	11.5	34.4	88.9	Prime
8 Low risk	6.85	2,902	624	271	34.9	15.6	21.1	77.5	Prime
9 Moderate risk	7.84	7,563	242	631	59.8	18.0	3.6	90.7	Prime
10 Other	8.64	3,968	182	646	66.1	14.7	8.3	90.9	Prime
11 Daily	6.18	49,558	1,558	84	37.6	11.0	46.0	62.6	Fed funds
12 Minimal risk	5.81	4,386	13,633	60	55.8	.5	88.3	96.9	Domestic
13 Low risk	5.93	12,090	5,505	51	21.2	4.6	73.4	60.1	Fed funds
14 Moderate risk	6.19	14,842	1,263	123	31.8	17.2	14.5	63.1	Fed funds
15 Other	6.33	11,848	2,262	39	54.3	5.4	49.3	44.2	Fed funds
16 2 to 30 days	6.39	30,458	1,853	369	33.2	11.6	39.4	89.9	Foreign
17 Minimal risk	5.69	2,712	3,038	143	34.0	2.9	49.3	96.1	Foreign
18 Low risk	6.02	6,463	2,991	261	21.2	9.5	44.9	90.2	Foreign
19 Moderate risk	6.37	11,666	1,596	315	28.0	14.8	35.5	91.7	Foreign
20 Other	6.96	7,901	1,725	660	46.8	13.1	38.7	88.7	Foreign
21 31 to 365 days	6.67	18,059	588	550	31.8	7.4	41.0	87.9	Foreign
22 Minimal risk	6.16	704	254	585	37.2	1.2	27.4	88.9	Other
23 Low risk	5.91	4,451	801	416	23.2	8.1	56.2	93.9	Foreign
24 Moderate risk	6.42	6,529	584	530	29.5	4.9	36.1	90.3	Foreign
25 Other	7.66	5,032	1,112	749	33.7	10.8	39.1	85.0	Foreign
				Months					
26 More than 365 days	7.71	3,076	229	62	66.3	7.2	14.3	59.0	Prime
27 Minimal risk	5.90	209	496	53	28.2	1.6	3.0	72.9	Other
28 Low risk	6.87	502	351	40	40.1	3.7	21 7	89.5	Other
29 Moderate risk	7.80	1,548	309	62	73.1	9.6	14.9	48.4	Prime
30 Other	8.49	560	288	62	71.7	5.3	14.5	63.9	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	9.13	2,711	3.2	165	83.1	30.7	4.7	78.3	Prime
32 100–999	8.12	11,270	3.2	174	71.0	21.0	13.5	83.8	Prime
33 1,000–9,999	6.95	34,124	3.0	73	39.9	13.1	29.3	81.4	Foreign
34 10,000 or more	6.16	74,148	2.9	36	31.5	8.0	43.6	69.1	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.58	18,944	3.2	116	68.7	22.8	5.9	79.1	183
36 Fed funds	6.09	30,650	3.3	18	33.7	5.0	41.9	42.2	8,483
37 Other domestic	6.10	18,821	2.5	30	22.0	21.8	49.9	75.4	3,120
38 Foreign	6.34	38,472	2.8	50	40.2	7.2	49.8	93.7	3,558
39 Other	6.67	15,365	2.7	148	27 9	5.4	9.7	80.7	414

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 2–6, 1998

B. Commercial and industrial loans made by all domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	6.90	68,304	452	488	35.8	13.3	12.4	76.8	Prime
2 Minimal risk	6.04	4,630	728	345	14.7	3.1	50.6	91.7	Domestic
3 Low risk	6.26	11,821	839	372	19.3	14.8	21.0	86.4	Domestic
4 Moderate risk	6.84	28,314	443	496	39.2	13.8	7.3	78.4	Foreign
5 Other	7.76	11,173	318	700	52.9	10.4	10.0	80.0	Prime
By maturity/repricing interval[6]									
6 Zero interval	7.86	19,065	295	542	50.7	11.9	4.3	67.2	Prime
7 Minimal risk	7.87	406	195	815	39.0	6.8	36.2	88.3	Prime
8 Low risk	6.98	2,410	543	311	40.8	18.1	6.9	85.2	Prime
9 Moderate risk	7.86	7,161	235	632	60.4	16.2	3.8	90.2	Prime
10 Other	8.58	3,645	172	641	67.1	14.3	6.2	92.4	Prime
11 Daily	6.44	20,073	689	202	22.7	21.8	13.1	70.0	Domestic
12 Minimal risk	5.91	1,924	7,008	135	1.2	1.0	75.1	94.9	Domestic
13 Low risk	6.02	2,797	1,986	224	4.9	18.6	15.4	72.8	Domestic
14 Moderate risk	6.39	8,352	764	197	26.0	21.1	3.7	55.5	Domestic
15 Other	6.93	2,315	524	128	23.3	11.3	1.8	48.3	Fed funds
16 2 to 30 days	6.42	16,930	1,251	410	28.7	8.1	19.1	92.6	Foreign
17 Minimal risk	5.68	1,433	1,740	231	14.6	5.5	41.8	92.6	Other
18 Low risk	6.03	4,239	2,672	344	16.2	13.4	34.5	93.2	Domestic
19 Moderate risk	6.34	7,042	1,136	343	28.1	6.5	9.3	92.9	Foreign
20 Other	7.44	3,155	887	784	53.2	5.8	15.4	90.3	Foreign
21 31 to 365 days	6.53	8,760	311	634	33.2	6.3	17.2	88.5	Foreign
22 Minimal risk	6.17	652	238	549	34.7	1.3	22.1	88.1	Other
23 Low risk	6.05	1,902	368	541	12.4	8.1	20.5	92.0	Foreign
24 Moderate risk	6.38	3,925	383	545	32.3	5.0	15.4	90.4	Foreign
25 Other	7.53	1,457	418	1124	54.0	6.3	21.6	82.8	Foreign
				Months					
26 More than 365 days	7.65	2,840	215	62	68.0	7.2	11.0	55.6	Other
27 Minimal risk	5.90	209	496	53	28.2	1.6	3.0	72.9	Other
28 Low risk	6.91	410	309	37	49.0	4.5	4.2	87.1	Other
29 Moderate risk	7.80	1,543	308	62	73.3	9.4	14.9	48.3	Prime
30 Other	8.19	421	230	63	69.9	4.0	11.0	51.9	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	9.16	2,636	3.2	167	84.1	30.7	4.1	77.9	Prime
32 100–999	8.26	9,608	3.2	194	74.5	20.6	8.1	82.2	Prime
33 1,000–9,999	7.16	22,131	2.9	83	43.2	13.1	13.8	79.7	Prime
34 10,000 or more	6.18	33,929	2.7	58	16.2	9.9	13.5	73.4	Domestic
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.52	17,541	3.2	121	69.2	20.5	5.3	77.5	174
36 Fed funds	5.96	7,976	2.9	27	15.2	12.2	1.5	56.4	5,650
37 Other domestic	6.11	12,028	2.5	42	16.8	20.2	23.2	73.7	2,243
38 Foreign	6.40	15,937	2.9	66	32.4	8.2	19.5	85.6	2,508
39 Other	6.68	14,822	2.7	151	26.2	5.0	9.2	80.3	401

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 2–6, 1998

C. Commercial and industrial loans made by large domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	6.72	57,300	896	415	29.4	12.0	12.4	76.8	Foreign
2 Minimal risk	5.81	3,656	4,737	298	6.4	1.0	61.8	97.5	Domestic
3 Low risk	6.06	10,010	2,464	347	13.2	13.6	24.0	87.5	Domestic
4 Moderate risk	6.66	24,217	918	444	33.1	12.2	6.6	79.2	Foreign
5 Other	7.53	9,008	459	487	44.4	9.9	6.5	81.4	Prime
By maturity/repricing interval[6]									
6 Zero interval	7.76	14,793	519	518	43.5	9.2	3.3	62.8	Prime
7 Minimal risk	8.07	196	833	583	9.3	5.1	70.4	99.7	Prime
8 Low risk	6.68	1,544	1,117	288	32.4	14.5	6.0	86.9	Other
9 Moderate risk	7.76	5,270	427	609	52.9	12.8	3.9	94.1	Prime
10 Other	8.42	2,764	223	593	60.7	15.8	1.9	95.0	Prime
11 Daily	6.35	18,816	852	185	20.5	21.5	12.5	69.3	Domestic
12 Minimal risk	5.90	1,915	8,730	134	.8	1.0	75.5	95.3	Domestic
13 Low risk	5.99	2,681	2,544	218	4.2	18.5	16.1	73.5	Domestic
14 Moderate risk	6.33	7,940	994	185	23.6	21.2	3.4	55.2	Domestic
15 Other	6.91	2,220	600	115	22.4	11.4	.9	46.2	Fed funds
16 2 to 30 days	6.30	14,740	2,698	376	24.7	5.7	18.7	93.4	Foreign
17 Minimal risk	5.36	1,078	7,202	221	3.6	*	51.8	100.0	Other
18 Low risk	5.98	3,949	5,622	351	13.9	12.6	37.0	93.0	Domestic
19 Moderate risk	6.25	6,281	2,697	350	25.3	3.2	6.3	92.8	Foreign
20 Other	7.26	2,741	1,607	547	47.0	3.1	11.5	92.4	Foreign
21 31 to 365 days	6.20	6,878	1,674	569	26.1	4.9	18.2	93.5	Foreign
22 Minimal risk	5.92	313	3,069	796	50.2	*	35.5	100.0	Foreign
23 Low risk	5.72	1,530	2,249	530	4.6	5.9	25.2	96.6	Foreign
24 Moderate risk	6.16	3,463	1,807	550	27.0	4.3	16.2	93.9	Foreign
25 Other	7.09	1,056	1,157	641	40.5	6.6	15.7	90.7	Foreign
				Months					
26 More than 365 days	7.15	1,766	987	47	51.8	8.5	12.9	67.4	Prime
27 Minimal risk	4.84	148	3,695	52	.8	*	3.6	100.0	Other
28 Low risk	6.17	257	2,069	26	25.3	3.6	6.7	97.6	Fed funds
29 Moderate risk	7.52	1,123	1,316	50	65.3	11.0	14.7	53.7	Prime
30 Other	7.96	188	371	47	36.8	7.6	18.3	81.0	Prime
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	8.84	1,132	3.4	53	81.2	40.1	4.8	92.5	Prime
32 100–999	8.09	6,054	3.3	67	68.5	21.9	7.4	89.3	Prime
33 1,000–9,999	7.10	17,691	3.0	64	38.5	11.9	13.1	78.5	Prime
34 10,000 or more	6.18	32,423	2.7	60	15.3	9.2	13.3	73.0	Domestic
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.45	12,864	3.3	90	65.7	17.4	3.1	76.7	263
36 Fed funds	5.94	7,629	2.9	20	13.5	12.5	1.0	56.3	7,896
37 Other domestic	5.93	10,921	2.4	15	9.2	21.9	25.2	75.7	5,000
38 Foreign	6.38	13,874	2.9	64	30.7	6.2	17.3	84.8	2,882
39 Other	6.46	12,011	2.8	98	17.6	3.9	10.8	81.7	1,691

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 2–6, 1998

D. Commercial and industrial loans made by small domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Amount of loans (percent): Callable	Amount of loans (percent): Subject to prepayment penalty	Amount of loans (percent): Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All commercial and industrial loans	7.88	11,004	126	872	68.8	19.6	12.8	77.0	Prime
2 Minimal risk	6.91	974	174	530	45.7	11.2	8.6	69.8	Other
3 Low risk	7.35	1,811	181	521	52.5	21.4	4.4	80.0	Prime
4 Moderate risk	7.89	4,097	109	812	75.1	23.4	11.5	73.9	Prime
5 Other	8.73	2,164	140	1599	88.6	12.6	24.4	74.1	Prime
By maturity/repricing interval[6]									
6 Zero interval	8.21	4,272	118	627	75.5	21.1	7.6	82.4	Prime
7 Minimal risk	7.68	210	114	1085	66.7	8.4	4.2	77.7	Prime
8 Low risk	7.51	866	283	351	55.7	24.4	8.4	82.1	Prime
9 Moderate risk	8.14	1,891	105	697	81.2	25.7	3.3	79.2	Prime
10 Other	9.07	880	100	783	87.3	9.5	19.6	84.2	Prime
11 Daily	7.70	1,257	179	435	56.3	26.4	20.1	81.1	Prime
12 Minimal risk	8.73	9	156	280	96.7	6.7	*	18.7	Prime
13 Low risk	6.69	115	326	540	20.2	22.1	*	56.8	Foreign
14 Moderate risk	7.46	412	140	416	71.8	18.8	9.1	59.7	Prime
15 Other	7.39	95	132	428	44.4	9.5	23.3	96.6	Foreign
16 2 to 30 days	7.17	2,189	271	653	55.6	24.5	21.8	87.2	Foreign
17 Minimal risk	6.63	355	527	262	48.0	22.1	11.6	70.4	Other
18 Low risk	6.68	291	329	236	47.3	24.2	.6	96.6	Foreign
19 Moderate risk	7.09	762	197	282	50.7	34.5	33.5	93.1	Foreign
20 Other	8.65	414	224	2282	94.2	24.0	41.6	76.2	Foreign
21 31 to 365 days	7.73	1,882	78	874	59.2	11.1	13.6	70.1	Other
22 Minimal risk	6.40	339	128	320	20.4	2.6	9.7	77.0	Other
23 Low risk	7.39	371	83	587	44.5	17.2	1.2	72.7	Other
24 Moderate risk	8.07	462	55	508	72.5	10.5	9.3	64.1	Foreign
25 Other	8.70	401	156	2405	89.4	5.5	37.2	62.2	Foreign
				Months					
26 More than 365 days	8.49	1,073	94	86	94.6	5.2	8.0	36.1	Other
27 Minimal risk	8.44	62	161	57	94.0	5.4	1.7	7.8	Other
28 Low risk	8.15	154	127	55	88.8	6.1	.0	69.6	Other
29 Moderate risk	8.53	421	101	94	94.5	5.0	15.6	33.8	Prime
30 Other	8.37	233	176	77	96.8	1.1	5.1	28.3	Domestic
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	9.40	1,505	3.0	250	86.3	23.7	3.6	67.0	Prime
32 100–999	8.55	3,554	3.0	409	84.7	18.5	9.4	70.0	Prime
33 1,000–9,999	7.38	4,439	2.8	162	62.0	17.7	16.9	84.4	Other
34 10,000 or more	6.26	1,506	2.4	27	33.9	23.9	17.6	81.3	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.73	4,677	3.0	207	79.0	28.8	11.6	79.5	90
36 Fed funds	6.48	347	3.0	179	53.6	8.0	10.3	59.5	780
37 Other domestic	7.98	1,106	3.2	313	91.8	4.0	4.3	53.7	348
38 Foreign	6.55	2,063	3.0	76	44.0	22.3	34.5	90.4	1,340
39 Other	7.59	2,811	2.4	390	62.8	9.9	2.4	74.2	94

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 2–6, 1998

E. Commercial and industrial loans made by U.S. branches and agencies of foreign banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	6.28	53,948	5,281	187	42.3	8.6	64.9	70.6	Fed funds
2 Minimal risk	5.74	3,814	24,406	30	83.8	.6	84.2	99.0	Foreign
3 Low risk	5.92	14,652	7,108	88	26.9	2.0	85.6	67.1	Foreign
4 Moderate risk	6.23	14,124	3,737	217	33.2	16.9	50.2	82.5	Fed funds
5 Other	6.68	18,320	5,078	303	49.7	9.6	55.5	64.0	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	7.48	1,240	721	401	33.8	24.3	44.5	69.5	Prime
7 Minimal risk	*	*	*	*	*	*	*	*	*
8 Low risk	6.20	492	2,358	100	6.1	3.4	90.9	39.9	Fed funds
9 Moderate risk	7.51	402	448	609	48.1	49.1	.3	99.7	Prime
10 Other	9.33	323	533	709	53.9	20.1	31.9	75.0	Prime
11 Daily	6.00	29,485	11,042	16	47.7	4.1	67.0	57.6	Fed funds
12 Minimal risk	*	*	*	*	*	*	*	*	*
13 Low risk	5.90	9,294	11,792	2	26.1	.3	90.9	56.2	Fed funds
14 Moderate risk	5.93	6,490	7,923	39	39.2	12.2	28.4	72.9	Fed funds
15 Other	6.18	9,533	11,599	19	61.8	4.0	60.9	43.2	Fed funds
16 2 to 30 days	6.35	13,528	4,662	319	38.8	16.0	64.6	86.5	Foreign
17 Minimal risk	5.69	1,279	18,607	46	55.7	*	57.6	100.0	Foreign
18 Low risk	6.01	2,224	3,875	107	30.8	2.1	64.8	84.4	Foreign
19 Moderate risk	6.40	4,623	4,170	273	27.9	27.3	75.5	90.1	Foreign
20 Other	6.64	4,746	4,647	581	42.5	18.0	54.2	87.6	Foreign
21 31 to 365 days	6.81	9,299	3,699	470	30.4	8.4	63.1	87.4	Foreign
22 Minimal risk	*	*	*	*	*	*	*	*	*
23 Low risk	5.81	2,550	6,548	323	31.3	8.1	82.8	95.4	Foreign
24 Moderate risk	6.48	2,604	2,765	508	25.1	4.8	67.3	90.1	Foreign
25 Other	7.71	3,575	3,433	595	25.4	12.7	46.2	85.9	Foreign
				Months					
26 More than 365 days	8.35	236	1,043	57	45.8	7.2	53.8	100.0	Fed funds
27 Minimal risk	*	*	*	*	*	*	*	*	*
28 Low risk	6.72	92	910	54	*	*	100.0	100.0	Foreign
29 Moderate risk	*	*	*	*	*	*	*	*	*
30 Other	9.42	140	1,233	59	76.9	9.0	25.1	100.0	Fed funds
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	7.99	75	3.1	85	46.7	29.0	24.4	92.9	Prime
32 100–999	7.35	1,662	3.2	54	51.0	23.2	44.3	93.3	Foreign
33 1,000–9,999	6.58	11,993	3.2	53	33.8	13.1	57.6	84.6	Foreign
34 10,000 or more	6.14	40,219	3.0	17	44.5	6.6	68.0	65.4	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	9.28	1,403	3.6	45	62.3	52.4	12.6	99.3	509
36 Fed funds	6.14	22,674	3.5	15	40.3	2.9	53.3	37.2	10,299
37 Other domestic	6.07	6,794	2.5	8	31.3	24.7	97.2	78.3	10,126
38 Foreign	6.29	22,535	2.8	40	45.6	6.5	71.2	99.5	5,055
39 Other	6.32	543	2.3	87	76.0	15.4	24.0	92.9	4,195

Footnotes appear at end of table.

NOTE. The Survey of Terms of Business Lending collects data on gross loan extensions made during the first full business week in the mid-month of each quarter. The authorized panel size for the survey is 348 domestically chartered commercial banks and fifty U.S. branches and agencies of foreign banks. The sample data are used to estimate the terms of loans extended during that week at all domestic commercial banks and all U.S. branches and agencies of foreign banks. Note that the terms on loans extended during the survey week may differ from those extended during other weeks of the quarter. The estimates reported here are not intended to measure the average terms on all business loans in bank portfolios.

1. As of December 31, 1996, assets of most of the large banks were at least $7.0 billion. Median total assets for all insured banks were roughly $62 million. Assets at all U.S. branches and agencies averaged 1.3 billion.

2. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan amount. The standard error of the loan rate for all commercial and industrial loans in the current survey (line 1, column 1) is 0.09 percentage points. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of the universe of all banks.

3. Average maturities are weighted by loan amount and exclude loans with no stated maturities.

4. The most common base pricing rate is that used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "base" or "reference" rate); the federal funds rate; domestic money market rates other than the prime rate and the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.

5. A complete description of these risk categories is available from the Banking and Money Market Statistics Section, Mail Stop 81, Board of Governors of the Federal Reserve System, Washington, DC 20551. The category "Moderate risk" includes the average loan, under average economic conditions, at the typical lender. The category "Other" includes loans rated "acceptable" as well as special mention or classified loans. The weighted-average risk ratings published for loans in rows 31–39 are calculated by assigning a value of "1" to minimal risk loans; "2" to low risk loans; "3" to moderate risk loans, "4" to acceptable risk loans; and "5" to special mention and classified loans. These values are weighted by loan amount and exclude loans with no risk rating. Some of the loans in lines 1, 6, 11, 16, 21, 26, and 31–39 are not rated for risk.

6. The maturity/repricing interval measures the period from the date the loan is made until it first may reprice or it matures. For floating-rate loans that are subject to repricing at any time—such as many prime-based loans—the maturity/repricing interval is zero. For floating-rate loans that have a scheduled repricing interval, the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it is next scheduled to reprice. For loans having rates that remain fixed until the loan matures (fixed-rate loans), the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it matures. Loans that reprice daily mature or reprice on the business day after they are made. Owing to weekends and holidays, such loans may have maturity/repricing intervals in excess of one day; such loans are not included in the "2 to 30 day" category.

7. For the current survey, the average reported prime rate, weighted by the amount of loans priced relative to a prime base rate, was 8.04 percent for all banks; 8.02 percent for large domestic banks, 8.09 percent for small domestic banks; and 8.01 percent for U.S. branches and agencies of foreign banks.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, Septemter 30, 1998[1]

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets**[4]	**954,578**	**206,049**	**764,465**	**173,495**	**43,384**	**7,899**	**59,192**	**5,272**
2 Claims on nonrelated parties	779,497	99,478	617,795	85,702	40,607	3,395	59,099	2,201
3 Cash and balances due from depository institutions	81,437	45,518	76,650	43,931	976	416	1,157	554
4 Cash items in process of collection and unposted debits	3,545	0	3,412	0	12	0	34	0
5 Currency and coin (U.S. and foreign)	18	n.a.	12	n.a.	1	n.a.	0	n.a.
6 Balances with depository institutions in United States	46,283	17,073	42,874	16,379	773	285	752	193
7 U.S. branches and agencies of other foreign banks (including IBFs)	40,959	16,498	38,199	15,809	500	285	582	193
8 Other depository institutions in United States (including IBFs)	5,324	574	4,675	570	273	0	169	0
9 Balances with banks in foreign countries and with foreign central banks	30,941	28,446	29,773	27,552	168	131	365	361
10 Foreign branches of U.S. banks	1,020	946	979	908	0	0	26	26
11 Banks in home country and home-country central banks	5,291	4,722	5,251	4,682	11	11	25	25
12 All other banks in foreign countries and foreign central banks	24,630	22,777	23,543	21,962	157	121	314	309
13 Balances with Federal Reserve Banks	651	n.a.	578	n.a.	22	n.a.	6	n.a.
14 **Total securities and loans**	**480,199**	**45,598**	**360,217**	**34,776**	**37,611**	**2,756**	**41,533**	**862**
15 Total securities, book value	114,886	5,700	106,153	4,954	1,320	557	6,630	145
16 U.S. Treasury	22,309	n.a.	20,994	n.a.	86	n.a.	1,000	n.a.
17 Obligations of U.S. government agencies and corporations	44,496	n.a.	43,227	n.a.	125	n.a.	926	n.a.
18 Other bonds, notes, debentures, and corporate stock (including state and local securities)	48,080	5,700	41,932	4,954	1,109	557	4,704	145
19 Securities of foreign governmental units	14,019	3,180	13,460	2,983	344	118	144	65
20 All Other	34,061	2,520	28,472	1,971	765	438	4,561	80
21 Federal funds sold and securities purchased under agreements to resell	94,150	6,404	83,424	5,268	819	159	7,769	750
22 U.S. branches and agencies of other foreign banks	17,177	2,529	14,666	2,122	669	148	1,550	200
23 Commercial banks in United States	12,018	42	11,155	40	111	2	325	0
24 Other	64,955	3,833	57,604	3,106	40	9	5,894	550
25 Total loans, gross	365,551	39,922	254,226	29,843	36,325	2,200	34,911	718
26 LESS: Unearned income on loans	238	25	162	20	34	1	8	1
27 EQUALS: Loans, net	365,313	39,898	254,064	29,823	36,291	2,199	34,903	717
Total loans, gross, by category								
28 Real estate loans	21,852	195	14,316	123	4,748	65	674	0
29 Loans to depository institutions	32,931	20,664	20,891	13,544	1,932	1,455	979	551
30 Commercial banks in United States (including IBFs)	8,746	3,946	6,631	2,735	1,301	862	198	98
31 U.S. branches and agencies of other foreign banks	6,414	3,737	4,474	2,539	1,160	862	186	88
32 Other commercial banks in United States	2,332	210	2,157	196	140	0	12	10
33 Other depository institutions in United States (including IBFs)	45	5	23	0	0	0	0	0
34 Banks in foreign countries	24,140	16,713	14,237	10,809	632	593	782	454
35 Foreign branches of U.S. banks	1,353	560	1,273	493	0	0	0	0
36 Other banks in foreign countries	22,787	16,152	12,964	10,316	631	592	782	454
37 Loans to other financial institutions	56,981	1,027	46,507	903	1,631	0	5,346	13
38 Commercial and industrial loans	228,025	15,654	150,179	13,074	27,537	643	26,257	151
39 U.S. addressees (domicile)	188,253	105	121,461	105	25,224	0	23,763	0
40 Non-U.S. addressees (domicile)	39,772	15,549	28,718	12,969	2,314	643	2,494	151
41 Acceptances of other banks	286	39	153	39	19	0	102	0
42 U.S. banks	26	0	12	0	3	0	0	0
43 Foreign banks	261	39	141	39	15	0	102	0
44 Loans to foreign governments and official institutions (including foreign central banks)	3,463	2,225	2,857	2,076	237	38	78	3
45 Loans for purchasing or carrying securities (secured and unsecured)	12,962	31	12,711	21	45	0	40	0
46 All other loans	8,385	86	6,278	62	175	0	1,103	0
47 Lease financing receivables (net of unearned income)	667	0	332	0	0	0	333	0
48 U.S. addressees (domicile)	667	0	332	0	0	0	333	0
49 Non-U.S. addressees (domicile)	0	0	0	0	0	0	0	0
50 Trading assets	85,531	227	66,281	227	119	0	6,569	0
51 All other assets	38,179	1,731	31,223	1,500	1,082	64	2,071	35
52 Customers' liabilities on acceptances outstanding	3,213	n.a.	2,317	n.a.	543	n.a.	175	n.a.
53 U.S. addressees (domicile)	1,902	n.a.	1,318	n.a.	496	n.a.	77	n.a.
54 Non-U.S. addressees (domicile)	1,311	n.a.	1,000	n.a.	47	n.a.	98	n.a.
55 Other assets including other claims on nonrelated parties	34,966	1,731	28,906	1,500	539	64	1,895	35
56 Net due from related depository institutions[5]	175,081	106,572	146,670	87,793	2,776	4,504	93	3,071
57 Net due from head office and other related depository institutions[5]	175,081	n.a.	146,670	n.a.	2,776	n.a.	93	n.a.
58 Net due from establishing entity, head office, and other related depository institutions[5]	n.a.	106,572	n.a.	87,793	n.a.	4,504	n.a.	3,071
59 **Total liabilities**[4]	**954,578**	**206,049**	**764,465**	**173,495**	**43,384**	**7,899**	**59,192**	**5,272**
60 Liabilities to nonrelated parties	771,660	183,995	650,711	155,809	18,096	7,529	36,974	4,507

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1998[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
61 Total deposits and credit balances	303,645	133,542	260,635	117,888	5,701	1,463	12,973	1,902
62 Individuals, partnerships, and corporations	242,024	13,138	204,022	7,810	5,453	239	11,363	88
63 U.S. addressees (domicile)	225,591	461	194,440	434	3,748	0	10,805	28
64 Non-U.S. addressees (domicile)	16,434	12,676	9,582	7,376	1,705	239	559	60
65 Commercial banks in United States (including IBFs)	32,630	17,342	29,377	16,570	203	233	1,233	184
66 U.S. branches and agencies of other foreign banks	19,486	15,554	17,082	15,010	0	203	663	184
67 Other commercial banks in United States	13,143	1,788	12,295	1,560	203	30	570	0
68 Banks in foreign countries	7,305	75,556	6,843	70,055	15	280	82	1,329
69 Foreign branches of U.S. banks	1,534	2,413	1,529	2,388	0	25	0	0
70 Other banks in foreign countries	5,771	73,142	5,314	67,666	15	255	82	1,329
71 Foreign governments and official institutions (including foreign central banks)	8,065	27,387	7,206	23,349	5	696	253	300
72 All other deposits and credit balances	13,460	120	13,048	103	18	15	40	2
73 Certified and official checks	161		138		7		2	
74 Transaction accounts and credit balances (excluding IBFs)	9,945		7,525		385		382	
75 Individuals, partnerships, and corporations	7,707		5,719		357		376	
76 U.S. addressees (domicile)	5,424		4,496		172		374	
77 Non-U.S. addressees (domicile)	2,283		1,222		185		2	
78 Commercial banks in United States (including IBFs)	508		504		0		0	
79 U.S. branches and agencies of other foreign banks	469		467		0		0	
80 Other commercial banks in United States	39		37		0		0	
81 Banks in foreign countries	888		572		15		2	
82 Foreign branches of U.S. banks	10		5		0		0	
83 Other banks in foreign countries	879		567		15		2	
84 Foreign governments and official institutions (including foreign central banks)	517		447		2		3	
85 All other deposits and credit balances	164		146		5		0	
86 Certified and official checks	161		138		7		2	
87 Demand deposits (included in transaction accounts and credit balances)	9,392		7,267		274		380	
88 Individuals, partnerships, and corporations	7,268		5,560		250		373	
89 U.S addressees (domicile)	5,313		4,418		155		371	
90 Non-U.S. addressees (domicile)	1,955		1,143		95		2	
91 Commercial banks in United States (including IBFs)	456	n.a.	452	n.a.	0	n.a.	0	n.a.
92 U.S. branches and agencies of other foreign banks	419		417		0		0	
93 Other commercial banks in United States	37		35		0		0	
94 Banks in foreign countries	869		555		15		2	
95 Foreign branches of U.S. banks	7		3		0		0	
96 Other banks in foreign countries	862		553		15		2	
97 Foreign governments and official institutions (including foreign central banks)	504		442		2		3	
98 All other deposits and credit balances	134		120		1		0	
99 Certified and official checks	161		138		7		2	
100 Nontransaction accounts (including MMDAs, excluding IBFs)	293,700		253,110		5,316		12,591	
101 Individuals, partnerships, and corporations	234,317		198,304		5,097		10,988	
102 U.S. addressees (domicile)	220,167		189,944		3,576		10,431	
103 Non-U.S. addressees (domicile)	14,150		8,360		1,520		556	
104 Commercial banks in United States (including IBFs)	32,121		28,873		202		1,233	
105 U.S. branches and agencies of other foreign banks	19,017		16,615		0		663	
106 Other commercial banks in United States	13,104		12,258		202		570	
107 Banks in foreign countries	6,416		6,271		0		80	
108 Foreign branches of U.S. banks	1,524		1,524		0		0	
109 Other banks in foreign countries	4,892		4,747		0		80	
110 Foreign governments and official institutions (including foreign central banks)	7,548		6,759		4		250	
111 All other deposits and credit balances	13,296		12,903		13		40	
112 IBF deposit liabilities		133,542		117,888		1,463		1,902
113 Individuals, partnerships, and corporations		13,138		7,810		239		88
114 U.S. addressees (domicile)		461		434		0		28
115 Non-U.S. addressees (domicile)		12,676		7,376		239		60
116 Commercial banks in United States (including IBFs)		17,342		16,570		233		184
117 U.S. branches and agencies of other foreign banks		15,554		15,010		203		184
118 Other commercial banks in United States	n.a.	1,788	n.a.	1,560	n.a.	30	n.a.	0
119 Banks in foreign countries		75,556		70,055		280		1,329
120 Foreign branches of U.S. banks		2,413		2,388		25		0
121 Other banks in foreign countries		73,142		67,666		255		1,329
122 Foreign governments and official institutions (including foreign central banks)		27,387		23,349		696		300
123 All other deposits and credit balances		120		103		15		2

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1998[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
124 Federal funds purchased and securities sold under agreements to repurchase	163,379	15,690	142,899	11,740	2,468	521	8,691	1,461
125 U.S. branches and agencies of other foreign banks	19,712	3,793	13,253	2,565	1,008	233	1,957	437
126 Other commercial banks in United States	19,333	186	16,235	74	999	101	391	10
127 Other	124,334	11,712	113,411	9,101	462	187	6,343	1,014
128 Other borrowed money	82,623	32,888	61,094	24,475	7,511	5,484	6,333	1,115
129 Owed to nonrelated commercial banks in United States (including IBFs)	13,273	5,871	10,513	4,588	1,363	644	575	173
130 Owed to U.S. offices of nonrelated U.S. banks	4,371	569	3,896	399	195	122	77	20
131 Owed to U.S. branches and agencies of nonrelated foreign banks	8,903	5,302	6,617	4,188	1,167	522	498	153
132 Owed to nonrelated banks in foreign countries	23,736	20,859	16,216	14,266	4,810	4,695	831	826
133 Owed to foreign branches of nonrelated U.S. banks	904	832	648	587	190	190	5	5
134 Owed to foreign offices of nonrelated foreign banks	22,833	20,027	15,568	13,679	4,620	4,505	826	821
135 Owed to others	45,614	6,158	34,365	5,622	1,339	146	4,927	116
136 All other liabilities	88,469	1,874	68,195	1,706	953	61	7,076	29
137 Branch or agency liability on acceptances executed and outstanding	3,390	n.a.	2,486	n.a.	544	n.a.	153	n.a.
138 Trading liabilities	58,932	78	43,470	78	113	0	5,636	0
139 Other liabilities to nonrelated parties	26,148	1,796	22,239	1,628	296	61	1,287	29
140 Net due to related depository institutions[5]	182,919	22,054	113,754	17,686	25,288	370	22,217	766
141 Net due to head office and other related depository institutions[5]	182,919	n.a.	113,754	n.a.	25,288	n.a.	22,217	n.a.
142 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	22,054	n.a.	17,686	n.a.	370	n.a.	766
MEMO								
143 Non-interest-bearing balances with commercial banks in United States	1,604	0	1,419	0	47	0	42	0
144 Holding of own acceptances included in commercial and industrial loans	3,620		2,172		1,053		298	
145 Commercial and industrial loans with remaining maturity of one year or less (excluding those in nonaccrual status)	127,432		78,443		15,088		18,233	
146 Predetermined interest rates	80,767	n.a.	49,284	n.a.	7,435	n.a.	15,751	n.a.
147 Floating interest rates	46,666		29,159		7,653		2,482	
148 Commercial and industrial loans with remaining maturity of more than one year (excluding those in nonaccrual status)	99,169		70,478		12,412		7,939	
149 Predetermined interest rates	24,554		19,261		2,057		1,892	
150 Floating interest rates	74,616		51,216		10,355		6,047	

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1998[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
151 Components of total nontransaction accounts, included in total deposits and credit balances (excluding IBFs)	294,637	n.a.	254,912	n.a.	5,169	n.a.	12,562	n.a.
152 Time deposits of $100,000 or more	287,251	n.a.	248,789	n.a.	5,073	n.a.	11,949	n.a.
153 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	7,386	n.a.	6,123	n.a.	96	n.a	613	n.a.
	All states[2]		**New York**		**California**		**Illinois**	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
154 Immediately available funds with a maturity greater than one day included in other borrowed money	33,658	n.a.	26,577	n.a.	4,539	n.a.	1,841	n.a.
155 Number of reports filed[6]	439	0	220	0	92	0	36	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve monthly statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 monthly statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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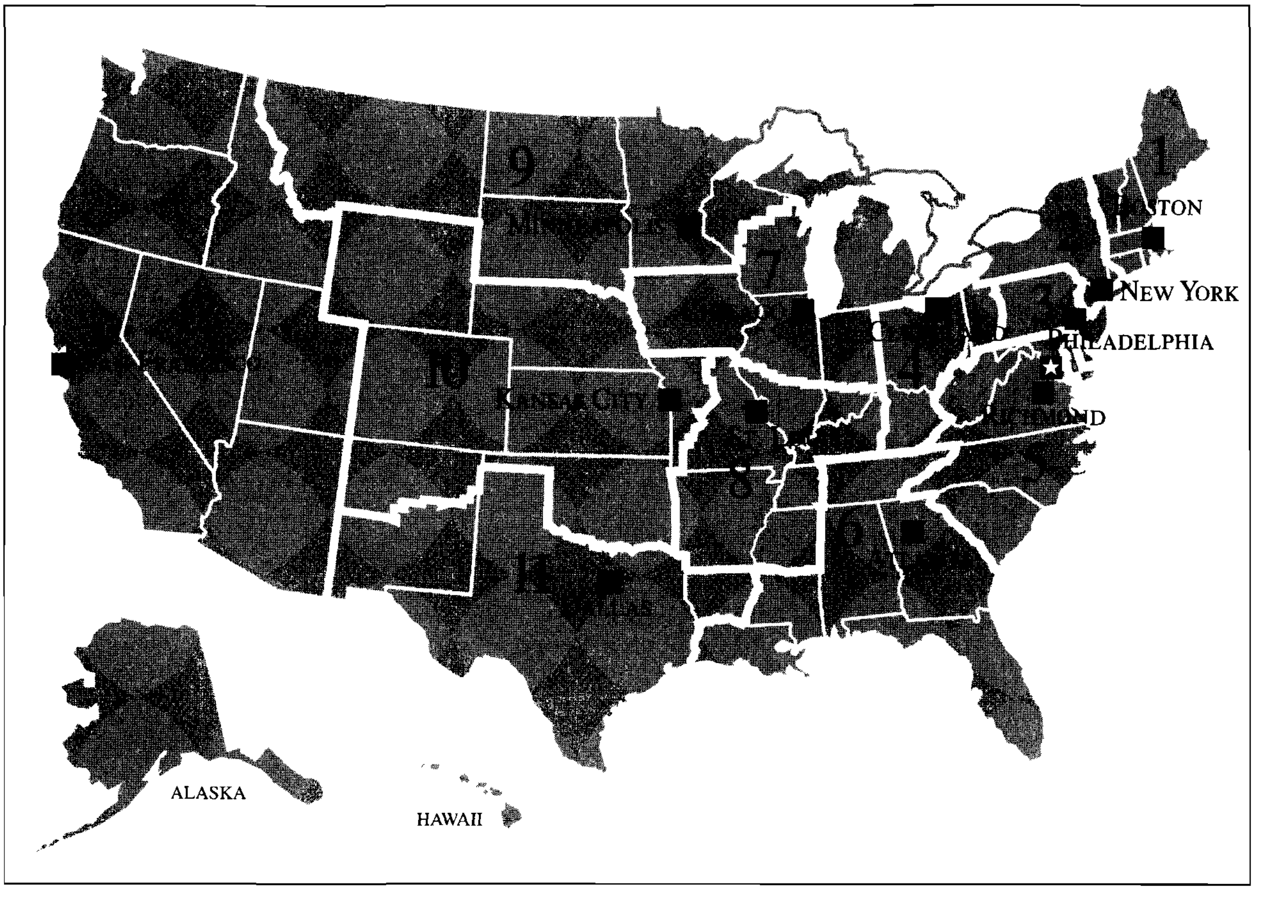

LEGEND

Both pages

■ Federal Reserve Bank city

■ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

— Branch boundary

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The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

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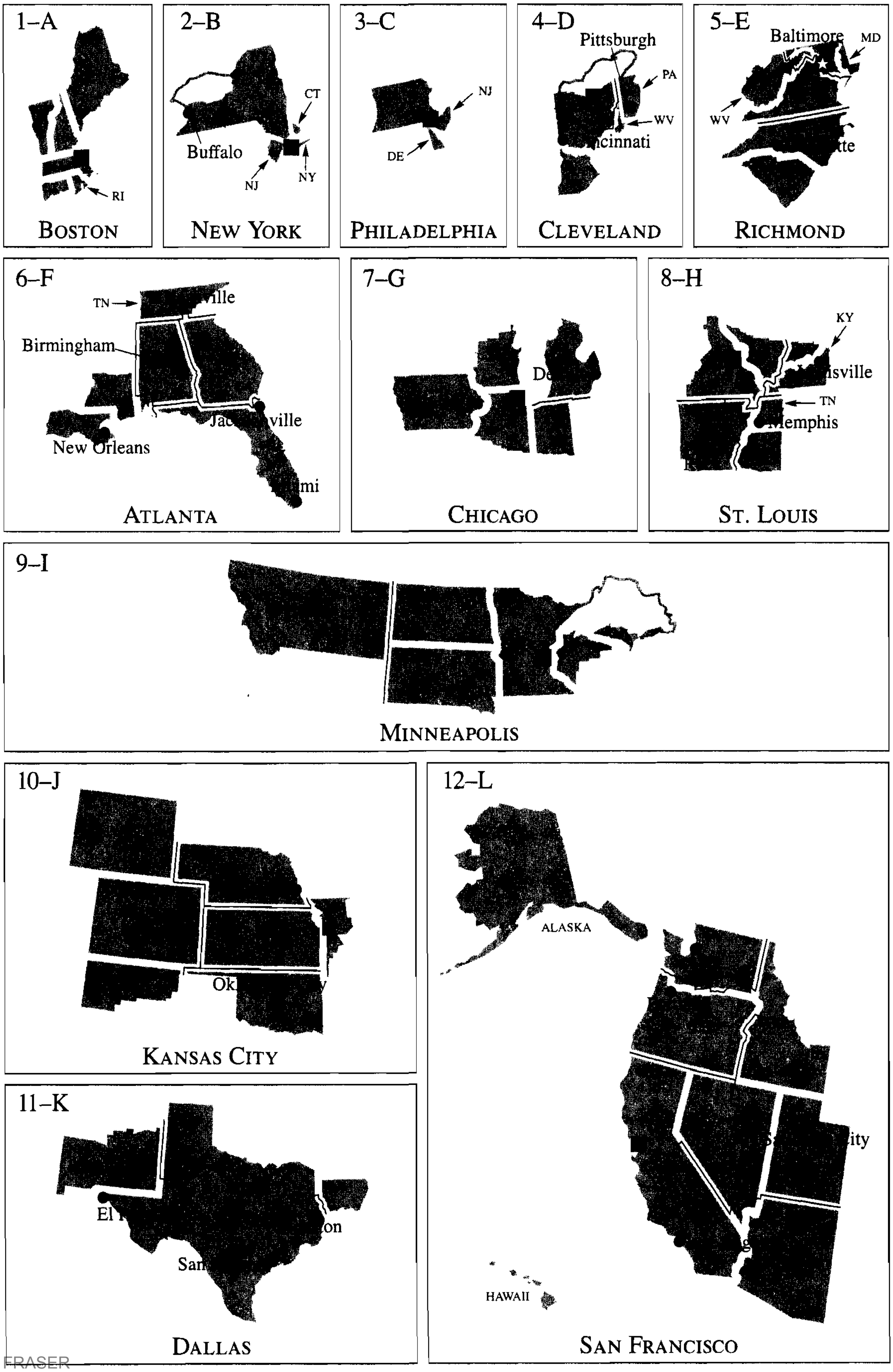

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11–K
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