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CONFIDENTIAL (FR)
CLASS III - FOMC

May 14. 1993

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

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THE DOMESTIC NONFINANCIAL ECONOMY

Consumer Sentiment

According to preliminary results from the Michigan survey, consumer confidence continued to deteriorate in the first part of May. Based on about 60 percent of the sample, the composite index declined from an April level of 85.6 to 81.9. The May decline in the overall index reflected a moderate worsening in the current conditions component and a substantial further decline in expected conditions.

The overall index has been slipping steadily since its peak of 91.0 in December 1992. Although the current conditions component of the index remains above December's level, the expected conditions component is sharply lower than in December, primarily because of greater pessimism about business conditions over the next year.

Among survey components not included in the index, unemployment expectations deteriorated further in May; nearly returning to pre-election levels, while expected inflation over the next year fell from 4.1 percent to 3.8 percent. Inflation expectations over the next 5 to 10 years worsened, but consumers' assessments of buying conditions for cars and homes were little changed from the generally positive attitudes expressed in April. More consumers expressed a willingness to draw down savings for major purchases, but their willingness to buy goods on credit was about unchanged.

Business Inventories

Retail inventories rose at an annual rate of $49.3 billion in current-cost terms in March, following an accumulation of $40 billion in February. With a decline in sales over the two months, the retailers' inventory-sales ratio climbed to 1.61 months at the end of March. Excluding auto dealers, the ratio also rose considerably in March to 1.51 months.

A substantial portion of the March retail inventory accumulation was in auto dealers' stocks, but nonauto inventories also increased significantly. Stocks at general merchandise, apparel, and furniture and appliance stores (the GAF grouping) rose $14.3 billion and accounted for more than half of the March rise in nonauto inventories. Part of this buildup likely reflected the impact of the severe weather in March, which depressed sales.[1] Relatively large increases in inventories also were reported by retail outlets for lumber and building materials; these increases likely were inflated somewhat by recent surges in lumber prices.

For all manufacturing and trade, inventories expanded in March at a $78.8 billion annual rate in current-cost terms. For the first quarter as a whole, stocks in manufacturing and trade rose $49.3 billion (annual rate), substantially above the average pace of $18 billion observed over the second half of last year.

1. However, the advance retail sales report for April indicated that GAF sales rose 1.6 percent last month, retracing the bulk of the loss posted in March.

May 14, 1993

UNIVERSITY OF MICHIGAN SURVEY RESEARCH CENTER: SURVEY OF CONSUMER ATTITUDES
(Not seasonally adjusted)

	1992 Sep	1992 Oct	1992 Nov	1992 Dec	1993 Jan	1993 Feb	1993 Mar	1993 Apr	1993 May (p)
Indexes of consumer sentiment (Feb. 1966=100)									
Composite of current and expected conditions	75.6	73.3	85.3	91.0	89.3	86.6	85.9	85.6	81.9
Current conditions	88.3	82.5	96.4	93.4	98.6	96.0	101.6	99.9	97.4
Expected conditions	67.4	67.5	78.2	89.5	83.4	80.6	75.8	76.4	71.9
Personal financial situation									
Now compared with 12 months ago*	102	90	109	99	110	100	111	104	104
Expected in 12 months*	123	121	124	131	127	125	119	120	111
Expected business conditions									
Next 12 months*	78	80	99	126	111	103	96	95	91
Next 5 years*	68	67	91	103	97	95	88	91	86
Appraisal of buying conditions									
Cars	130	121	134	145	134	132	136	137	139
Large household appliances*	126	123	140	142	145	148	152	155	148
Houses	162	148	160	162	166	158	173	167	169
Willingness to use credit	44	34	43	39	37	40	46	43	45
Willingness to use savings	65	61	70	59	64	52	74	64	74
Expected unemployment change - next 12 months	127	125	109	99	98	110	117	115	122
Expected inflation - next 12 months	4.1	3.6	4.6	3.3	3.5	4.6	4.9	4.1	3.8
Expected inflation - next 5 to 10 years	5.0	5.1	5.5	5.2	4.8	5.9	4.9	4.8	5.7

* -- Indicates the question is one of the five equally-weighted components of the index of sentiment.
(p) -- Preliminary
(f) -- Final
Note: Figures on financial, business, and buying conditions are the percent reporting 'good times' (or 'better') minus the percent reporting 'bad times' (or 'worse'), plus 100. Asterisk (*) indicates the question is one of the five equally-weighted components of the index of sentiment. Expected change in unemployment is the fraction expecting unemployment to rise minus the fraction expecting unemployment to fall.

CHANGES IN MANUFACTURING AND TRADE INVENTORIES
(Billions of dollars at annual rates; based on seasonally adjusted data)

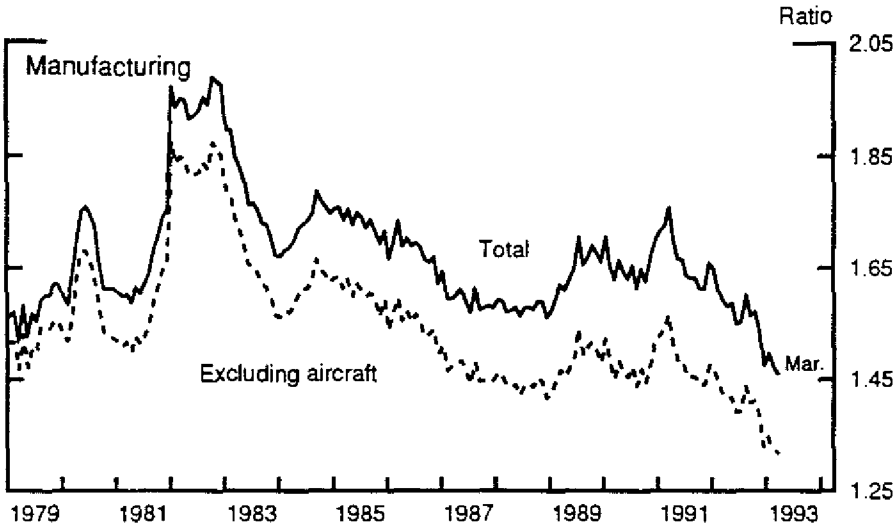
	1992		1993	1993		
	Q3	Q4	Q1	Jan.	Feb.	Mar.
Current-cost basis						
Total	18.7	17.7	49.3	26.6	42.5	78.8
Excluding auto dealers	21.5	9.0	28.1	13.0	17.6	53.7
Manufacturing	6.1	-21.9	4.2	-5.7	7.5	10.8
Defense aircraft	-9.5	-1.7	-4.1	-5.0	-2.9	-4.5
Nondefense aircraft	3.6	-3.5	.0	-1.7	2.9	-1.3
Excluding aircraft	12.1	-16.7	8.3	1.0	7.5	16.5
Wholesale	3.3	16.5	8.4	10.9	-4.5	18.7
Retail	9.3	23.1	36.7	21.4	39.5	49.3
Automotive	-2.8	8.7	21.2	13.6	24.9	25.1
Excluding auto dealers	12.1	14.4	15.5	7.8	14.5	24.2
Constant-dollar basis						
Total	10.1	7.1	n.a.	-6.7	16.8	n.a.
Excluding auto dealers	8.5	5.0	n.a.	.7	-4.5	n.a.
Manufacturing	3.9	-14.5	n.a.	-5.6	-2.9	n.a.
Wholesale	-3.5	9.6	n.a.	2.2	-6.9	n.a.
Retail	9.7	12.0	n.a.	-3.3	26.6	n.a.
Automotive	1.6	2.1	n.a.	-7.3	21.3	n.a.
Excluding auto dealers	8.1	9.9	n.a.	4.0	5.4	n.a.

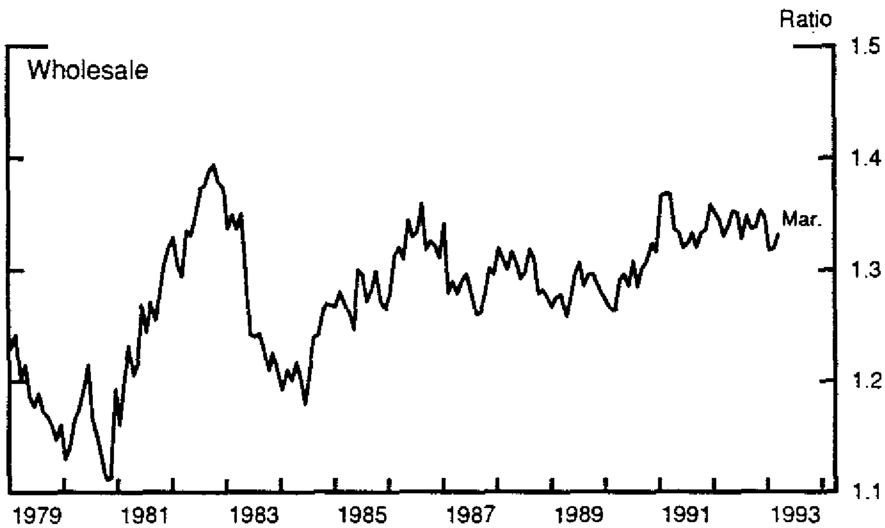
INVENTORIES RELATIVE TO SALES[1]
(Months supply; based on seasonally adjusted data)

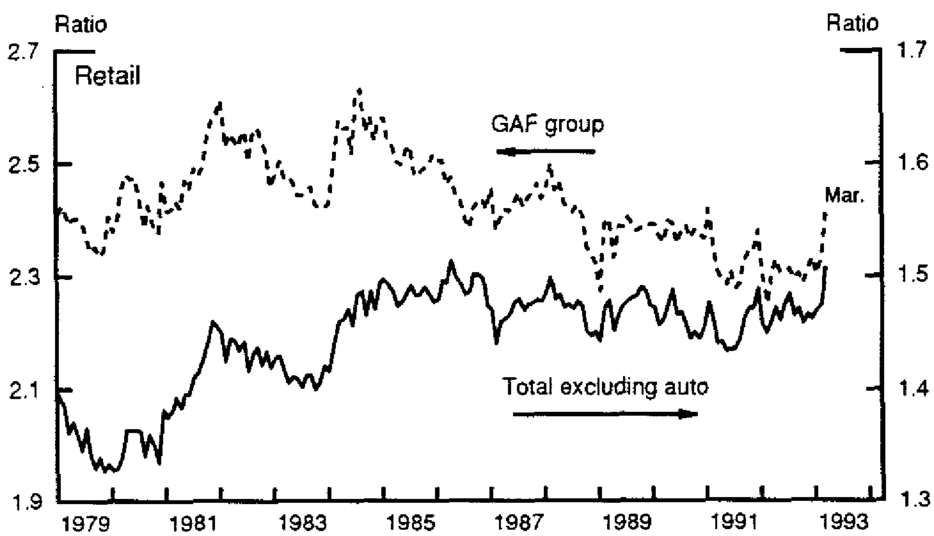
	1992		1993	1993		
	Q3	Q4	Q1	Jan.	Feb.	Mar.
Current-cost basis						
Total	1.50	1.48	1.47	1.46	1.46	1.47
Excluding auto dealers	1.48	1.46	1.44	1.44	1.43	1.43
Manufacturing	1.57	1.52	1.48	1.50	1.47	1.46
Defense aircraft	5.37	5.41	5.23	5.42	5.29	5.19
Nondefense aircraft	5.19	4.64	5.11	5.06	5.28	5.02
Excluding aircraft	1.41	1.37	1.33	1.35	1.33	1.32
Wholesale	1.34	1.35	1.33	1.32	1.32	1.33
Retail	1.56	1.55	1.60	1.55	1.57	1.61
Automotive	1.89	1.85	2.00	1.86	1.95	2.00
Excluding auto dealers	1.48	1.47	1.50	1.47	1.47	1.51
Constant-dollar basis						
Total	1.59	1.57	n.a.	1.54	1.54	n.a.
Excluding auto dealers	1.56	1.54	n.a.	1.52	1.51	n.a.
Manufacturing	1.68	1.63	n.a.	1.60	1.58	n.a.
Wholesale	1.39	1.41	n.a.	1.37	1.37	n.a.
Retail	1.64	1.62	n.a.	1.61	1.63	n.a.
Automotive	2.00	1.93	n.a.	1.89	1.99	n.a.
Excluding auto dealers	1.54	1.53	n.a.	1.53	1.54	n.a.

1. Ratio of end of period inventories to average monthly sales for the period.

RATIO OF INVENTORIES TO SALES
(Current-cost data)







THE FINANCIAL ECONOMY

The May 1993 Senior Loan Officer Opinion Survey on Bank Lending Practices

The May 1993 Senior Loan Officer Opinion Survey on Bank Lending Practices posed questions about changes in bank lending standards and terms, changes in loan demand by businesses and households, levels of bank capital, developments in the real estate market, and reasons for the recent weakness in bank lending. Fifty-eight domestic commercial banks and eighteen U.S. branches and agencies of foreign banks participated in the survey.

In contrast to recent surveys, a significant number of respondents reported some easing of terms and standards on commercial and industrial loans. Standards on commercial real estate loans were little changed. A substantial fraction of respondents indicated that the demand for loans by small and medium-sized businesses has increased since January and demand by large customers has declined. A small fraction of respondents indicated that they had tightened standards on home mortgage loans, but a larger fraction reported increased willingness to make loans to individuals. The respondents indicated that demand for residential mortgages and home equity lines of credit had picked up in recent months and the demand for consumer loans had increased less.

Bank lending does not appear to have been constrained recently by low levels of capital. As in the last three surveys, almost all of the respondents judged their bank's capital position to be either fairly comfortable or very comfortable. Nonetheless, more than a third of the respondents reported taking actions over the last quarter to improve their capital positions. More than a fifth of the respondents reporting fairly comfortable or very comfortable capital positions indicated that they were taking a more aggressive lending stance as a result, although most reported some difficulty in finding attractive lending opportunities. Most banks with comfortable capital positions that were not aggressive lenders pointed to risk as a reason for their caution.

New questions on the survey focused on anticipated changes in terms and standards on commercial and industrial loans, developments in the real estate market, and the reasons for the weakness in bank lending over the past two years. Most of the respondents indicated that no changes in terms and standards were anticipated for the balance of this year, but a significant number expected terms and standards to be eased somewhat. For the most part, real estate prices were reported stable; about the same number of respondents reported prices rising as reported them falling. A majority of the banks reporting falling prices indicated that the rate of decline was down from a year ago. The respondents indicated that commercial and industrial lending has been weak over the past two years primarily because of weak demand for bank loans. In addition, the respondents indicated that the riskiness of residential mortgage lending and consumer installment lending was somewhat lower now than it was before the 1990-91 recession.

Business Lending

Nonmerger-related commercial and industrial loans. In the May survey, most domestic banks reported unchanged standards for approving commercial and industrial loans. For the first time since these questions were added to the survey in 1990, however, a small net easing of standards was reported for borrowers of all sizes. The respondents indicated that standards were eased because of reduced industry-specific problems and an improvement in the general economic outlook.

The respondents also reported some easing of terms on commercial and industrial loans and lines of credit. There were very small net increases in the maximum sizes of credit lines for borrowers of all sizes, much as in the January survey. The costs of credit lines were reported to be lower, with a substantial net decline reported for large borrowers. A similar number of respondents reported cuts in spreads of loan rates over base rates, with the largest net decline again going to large borrowers. The substantial net declines in credit line costs and loan spreads reported in this survey are the first since these questions were added to the survey in 1990. In contrast, the May survey showed little change in the use of covenants or collateralization.

U.S. branches and agencies of foreign banks reported a slight net easing of standards but slightly tighter terms since the January survey. The branches and agencies reported a small net increase in the maximum size of credit lines and a very small net tightening of other terms.

Real estate loans. Domestic respondents reported virtually no changes in standards on commercial real estate loans. As in the past two surveys, standards for commercial office buildings had a small net tightening. The U.S. branches and agencies of foreign banks reported little change in standards on real estate loans but a small net tightening in those on construction and land development loans.

Anticipated changes in terms and standards. A new set of questions asked the respondents how they anticipated terms and standards on commercial and industrial loans would change over the balance of the year. About 15 percent of the domestic respondents reported anticipating some easing of terms and standards. The responses of the foreign branches and agencies were roughly balanced.

Demand. The substantial increase in the demand for bank loans reported in the January survey was not repeated in May. Nonetheless, a number of respondents reported stronger demand by small and medium-sized borrowers. While the demand for bank credit by large borrowers was reported to be down slightly in the latest survey, the respondents indicated that the weakening resulted from financing increasingly obtained from nonbank intermediaries or in capital markets rather than from the slackening of overall credit demand by these customers. As in the January survey, the branches and agencies of foreign banks reported a small net increase in the demand for loans.

Lending to Households

As they have for the past year, respondents reported increased willingness to lend to households. About a quarter of the banks indicated that they were more willing than they had been in January to make general purpose loans to individuals, including loans taken down under home equity lines of credit. A slightly larger fraction reported increased willingness to make consumer installment loans. In contrast, standards on residential mortgages showed a small net tightening--the first tightening in over a year.

The respondents indicated that demand for credit by households increased over the past three months after changing little the previous three months. The largest net increases were in the demand for residential mortgages and for home equity lines of credit. The net increase reported in the demand for consumer installment loans was more modest.

Capital Ratios

The responses to the questions on capital adequacy indicate that the respondents' views of their capital positions were little changed since January. As in the January survey, more than

90 percent of the domestic banks reported that both their risk-based capital ratio and their tier-1 leverage ratio were either "fairly comfortable" or "very comfortable." None of the respondents reported that either ratio was tight. More than 20 percent of the respondents reporting comfortable capital levels, about double the percentage in January, said that they took a more aggressive lending stance as a result. Of these, however, almost all reported some difficulty in finding attractive new deals. Many of the respondents not taking a more aggressive lending stance indicated that they did not do so because increasing their lending would require an unacceptable increase in risk given the weak state of loan demand. About a third of the respondents, the same fraction as in the January survey, reported taking steps over the past quarter to improve their capital positions. Most of those taking such steps issued capital, and 10 percent increased loan sales and securitizations. Only 3 percent, down from 7 percent in January and 12 percent in November, reported that they maintained tight lending standards and terms over the past quarter to bolster their capital.

Branches and agencies of foreign banks reported less satisfaction with capital positions at their parent institutions than did the domestic banks. In May, however, the reported capital positions improved. Most of the branches and agencies reported that their parent's capital position was only "adequate." Only one institution, compared with three in January, reported a fairly tight capital position, whereas seven institutions, two more than in January, reported "fairly comfortable" capital. Only one of the respondents, a decline from the January and November surveys, reported maintaining tight lending standards to strengthen their parent firm's capital position. Of the seven branches and agencies that reported "comfortable" or "very comfortable" capital positions, only one reported lending more aggressively as a result.

Real Estate Markets

The domestic respondents reported some improvement in the commercial real estate market relative to six months ago. Almost a third reported that the volume of commercial real estate sales in their market area had picked up, while less than 10 percent reported weaker sales. About equal numbers reported rising and falling commercial real estate prices over the past six months. In addition, a majority of those reporting a decline in prices noted that commercial real estate prices were falling less quickly now than they had been six months ago.

The branches and agencies of foreign banks were somewhat less encouraging. More of them reported decreasing than increasing prices, and half of those reporting falling prices indicated that the rate of decline was about the same as it had been six months ago. These responses are not particularly surprising because all of the branches and agencies of foreign banks in the survey are in the New York, Chicago, and San Francisco Federal Reserve Districts. The foreign branches and agencies' assessment of the commercial real estate market was similar to that of the domestic respondents in those districts.

Constraints on Bank Lending

More than 80 percent of domestic respondents reported that growth in commercial and industrial lending at their bank over the past two years had been either somewhat weak or very weak. They attributed the weakness primarily to a low level of demand for bank loans owing to the relatively slow pace of the recovery and expansion. The respondents also noted that increased bond and equity issuance reduced the demand for bank borrowing. About a third of the respondents indicated that tight terms and standards had contributed to the slow growth in loans. The tight terms and standards, in turn, were reportedly the result of tighter regulatory scrutiny of bank loan portfolios and the riskiness of such loans. Only two of the fourteen banks that indicated that tight terms and standards were a cause of the weakness in business lending reported that higher costs owing to capital regulation, deposit insurance premiums, or other causes were responsible for the changed terms and standards. The respondents reported a net decrease in the riskiness of residential mortgage and consumer installment loans.

A smaller fraction, although still a majority, of the branches and agencies of foreign banks reported weak commercial and industrial loan growth in recent years. Those reporting weak loan growth indicated that the weakness resulted from the sluggish economy and tighter terms and standards at their institution. The foreign branches and agencies attributed the tighter terms and standards to high levels of risk and high lending costs.

Loan Growth by Bank Group

Data for this table in Greenbook Part 2, page III-6, were revised on Friday, May 14, 1993.

LOAN GROWTH BY BANK GROUP
(Seasonally adjusted annual rates[1])

	All banks	Large domestic banks	Small domestic banks	Foreign-related institutions
		Total loans		
1992 - Q4	1.0	.4	1.6	1.8
1993 - Jan.	-1.7	-6.9	0	13.3
Feb.	-4.3	-5.8	3.7	-24.0
Mar.	-1.3	-2.4	3.3	-12.0
Apr.	.6	-.5	6.4	-14.4
		Business loans[2]		
1992 - Q4	-2.0	-2.0	-2.0	-2.0
1993 - Jan.	2.2	-3.4	-2.2	17.0
Feb.	-2.4	-2.2	6.7	-12.2
Mar.	-5.2	-7.8	9.7	-15.4
Apr.	-6.1	-13.1	3.7	-4.7
		Real estate loans		
1992 - Q4	2.4	2.3	5.8	-21.9
1993 - Jan.	-5.0	-8.0	1.1	-34.7
Feb.	-3.1	-10.5	4.7	-9.5
Mar.	.5	-3.9	6.3	-14.4
Apr.	-.4	-1.2	3.0	-24.3

1. Data are adjusted for breaks caused by reclassifications.
2. Includes holdings of bankers acceptances and nonfinancial commercial paper.

TREASURY AND AGENCY FINANCING[1]
(Total for period: billions of dollars)

	1993 Q1	Q2[p]	Apr.[p]	May.[p]	June[p]
Treasury financing					
Total surplus/deficit (-)-	-62.4	-25.6	10.7	-39.8	3.5
Means of financing deficit:					
Net cash borrowing from the public	60.1	63.1	10.4	28.8	23.9
Marketable borrowings/ repayments (-)	53.2	50.4	1.8	26.7	21.9
Bills	2.2	-1.7	-17.7	13.9	2.1
Coupons	51.0	52.1	19.5	12.7	19.9
Nonmarketable	6.9	12.7	8.7	2.1	2.0
Decrease in the cash balance	8.3	-30.2	-18.9	23.0	-34.3
Memo: Cash balance at end of period	21.6	51.8	40.5	17.5	51.8
Other[2]	-6.0	-7.3	-2.2	-12.0	6.9
Federally sponsored credit agencies, net cash borrowing[3]	8.5	--	--	--	--
FHLBs[5]	-1.4	--	--	--	--
FHLMC	11.6	--	--	--	--
FNMA	-0.5	--	--	--	--
Farm Credit Banks	-0.3	--	--	--	--
SLMA	-0.9	--	--	--	--
FAMC[4,5]	.0	--	--	--	--

1. Data reported on a not seasonally adjusted, payment basis.
2. Includes checks issued less checks paid, accrued items and other transactions.
3. Excludes mortgage pass-through securities issued by FNMA and FHLMC.
4. Federal Agricultural Mortgage Corporation.
5. Excludes data for March 1993.
p--projected.
Note: Details may not add to totals due to rounding.

MONETARY AGGREGATES
(Based on seasonally adjusted data except as noted)

Aggregate or component	1992[1]	1992 Q4	1993 Q1	1993 Feb	1993 Mar	1993 Apr	Growth Q4 92- Apr 93
	----------------Percentage change (annual rate)----------------						
1. M1	14.3	16.8	6.6	-0.2	2.7	9.0	6.1
2. M2	1.8	2.7	-2.0	-4.0	-1.0	0.1	-1.6
3. M3	0.3	-0.2	-3.8	-1.8	-1.7	1.9	-2.3
	-----------Percentage change (annual rate)-----------						Level bil. $ Apr 93
Selected components							
4. M1-A	13.7	15.3	6.2	3.7	4.3	14.4	656.8
5. Currency	9.1	10.3	9.4	8.6	8.9	9.6	301.4
6. Demand deposits	18.0	19.6	3.7	0.0	0.4	18.6	347.3
7. Other checkable deposits	15.4	19.3	7.3	-6.8	0.0	0.0	386.4
8. M2 minus M1[2]	-2.6	-2.8	-5.5	-5.6	-2.5	-3.7	2429.6
9. Overnight RPs and Eurodollars, n.s.a.	1.8	2.2	-10.7	10.0	0.0	-56.0	69.5
10. General-purpose and broker-dealer money market mutual fund shares	-5.2	-4.1	-10.1	-21.2	-1.8	-5.0	331.7
11. Commercial banks	-0.1	0.2	-2.2	2.8	-2.9	-1.8	1254.8
12. Savings deposits (including MMDAs)	14.5	12.9	1.6	2.5	-2.9	3.0	755.8
13. Small time deposits	-15.8	-17.2	-7.6	3.1	-2.9	-9.1	499.0
14. Thrift institutions	-5.5	-6.0	-9.0	-16.6	-8.3	-3.0	770.3
15. Savings deposits (including MMDAs)	14.8	8.7	-0.2	-10.0	-5.1	2.3	425.6
16. Small time deposits	-21.5	-21.7	-19.1	-24.1	-12.6	-9.3	344.6
17. M3 minus M2[3]	-6.6	-14.4	-13.4	9.9	-5.1	11.5	662.8
18. Large time deposits	-16.3	-17.1	-17.8	-15.1	-20.4	9.5	343.1
19. At commercial banks[4]	-15.4	-18.3	-18.0	-12.3	-20.9	8.7	277.9
20. At thrift institutions	-19.6	-11.3	-17.5	-28.6	-18.3	11.2	65.1
21. Institution-only money market mutual fund shares	18.2	-19.3	-14.1	25.5	-5.9	-3.0	200.4
22. Term RPs, n.s.a.	7.8	23.1	10.9	37.6	55.4	37.6	88.8
23. Term Eurodollars, n.s.a.	-22.6	-28.5	-7.7	74.5	59.7	-4.9	48.3
	-----Average monthly change (billions of dollars)-----						
Memo[5]							
24. Managed liabilities at commercial banks (lines 25 + 26)	-2.1	-4.7	-0.3	-2.0	8.0	7.5	685.1
25. Large time deposits, gross	-4.6	-5.6	-3.6	-1.5	-2.7	-0.7	355.0
26. Nondeposit funds	2.5	0.8	3.3	-0.5	10.7	8.2	330.1
27. Net due to related foreign institutions	2.8	2.6	2.7	-0.8	5.8	8.4	88.2
28. Other[6]	-0.2	-1.8	0.7	0.3	4.8	-0.2	241.8
29. U.S. government deposits at commercial banks[7]	-0.5	-1.2	-0.5	-2.0	-4.8	5.5	24.3

1. Change from fourth quarter to fourth quarter.
2. Nontransactions M2 is seasonally adjusted as a whole.
3. The non-M2 component of M3 is seasonally adjusted as a whole.
4. Net of holdings of money market mutual funds, depository institutions, U.S. government, and foreign banks and official institutions.
5. Calculated on end-month-of-quarter basis.
6. Borrowing from other than commercial banks in the form of federal funds purchased, securities sold under agreements to repurchase, and other liabilities for borrowed money (including borrowing from the Federal Reserve and unaffiliated foreign banks, loan RPs, and other minor items). Data are partially estimated.
7. Treasury demand deposits and note balances at commercial banks.

COMMERCIAL BANK CREDIT AND SHORT- AND INTERMEDIATE-TERM BUSINESS CREDIT[1]
(Percentage change at annual rate, based on seasonally adjusted data)

Category	1991 Dec. to 1992 Dec.	1992 Q 4	1993 Q 1	1993 Feb.	1993 Mar.	1993 Apr. p	Level, bil.$ 1993 Apr. p
	Commercial bank credit						
1. Total loans and securities at banks	3.5	2.7	1.6	1.5	5.4	5.0	2,962.8
2. Securities	13.0	7.1	11.7	16.0	21.9	15.5	869.9
3. U.S. government	17.5	10.7	14.1	18.4	23.7	16.2	691.6
4. Other	-1.2	-5.8	2.3	7.6	14.5	13.6	178.3
5. Loans	0.2	1.0	-2.4	-4.3	-1.3	0.6	2,092.9
6. Business	-3.2	-2.0	-1.8	-2.4	-5.2	-6.1	589.7
7. Real estate	2.1	2.4	-2.5	-3.1	0.5	-0.4	886.9
8. Consumer	-1.8	-1.2	6.1	7.0	2.0	11.6	364.5
9. Security	18.2	3.7	-14.8	-26.6	15.6	-32.6	60.8
10. Other	0.7	7.3	-15.1	-29.0	-9.5	16.6	191.0
	Short- and intermediate-term business credit						
11. Business loans net of bankers acceptances	-3.3	-3.1	-2.7	-4.9	-5.7	-6.6	580.9
12. Loans at foreign branches[2]	2.0	11.4	-30.0	-61.4	-34.9	5.1	23.5
13. Sum of lines 11 and 12	-3.1	-2.5	-3.9	-7.2	-6.9	-6.1	604.4
14. Commercial paper issued by nonfinancial firms	9.5	16.6	-9.3	-2.4	-16.1	30.1	151.0
15. Sum of lines 13 and 14	-0.8	1.2	-5.0	-6.3	-8.7	1.0	755.4
16. Bankers acceptances, U.S. trade-related[3,4]	-16.9	-6.8	-10.4	-26.3	10.8	n.a.	22.5[5]
17. Finance company loans to business[4]	1.8	1.2	-2.5	-10.6	6.7	n.a.	305.4[5]
18. Total (sum of lines 15, 16, and 17)	-0.5	1.0	-4.4	-8.0	-4.1	n.a.	1,082.6[5]

1. Average of Wednesdays. Data are adjusted for breaks caused by reclassifications.
2. Loans at foreign branches are loans made to U.S. firms by foreign branches of domestically chartered banks.
3. Consists of acceptances that finance U.S. imports, U.S. exports, and domestic shipment and storage of goods.
4. Based on average of data for current and preceding ends of month.
5. March 1993.
p--Preliminary.
n.a.--Not available.

SELECTED FINANCIAL MARKET QUOTATIONS[1]
(Percent except as noted)

Instrument	1992 Sept. 4	1993 FOMC, Mar. 23	1993 May 13	Change to May 13, 1993 From Sept. 4	Change to May 13, 1993 From FOMC, Mar. 23
SHORT-TERM RATES					
Federal funds[2]	3.19	3.03	2.94	-0.25	-0.09
Treasury bills[3]					
3-month	2.92	2.92	2.93	0.01	0.01
6-month	2.96	3.03	3.02	0.06	-0.01
1-year	3.06	3.15	3.17	0.11	0.02
Commercial paper					
1-month	3.22	3.14	3.10	-0.12	-0.04
3-month	3.22	3.23	3.12	-0.10	-0.11
Large negotiable CDs[3]					
1-month	3.06	3.09	3.06	0.00	-0.03
3-month	3.06	3.09	3.07	0.01	-0.02
6-month	3.11	3.18	3.15	0.04	-0.03
Eurodollar deposits[4]					
1-month	3.31	3.06	3.00	-0.31	-0.06
3-month	3.31	3.13	3.06	-0.25	-0.07
Bank prime rate	6.00	6.00	6.00	0.00	0.00
INTERMEDIATE- AND LONG-TERM RATES					
U.S. Treasury (constant maturity)					
3-year	4.38	4.31	4.35	-0.03	0.04
10-year	6.40	5.91	6.02	-0.38	0.11
30-year	7.29	6.77	6.96	-0.33	0.19
Municipal revenue[5] (Bond Buyer)	6.31	5.90	5.90	-0.41	0.00
Corporate--A utility, recently offered	8.06	7.55	7.66	-0.40	0.11
Home mortgages[6]					
FHLMC 30-yr. fixed rate	7.84	7.57	7.42	-0.42	-0.15
FHLMC 1-yr. adjustable rate	5.15	4.82	4.63	-0.52	-0.19

Stock exchange index	Record high Level	Record high Date	1989 Low, Jan. 3	1993 FOMC, Mar. 23	1993 May 13	Percentage change to May 13 From record high	From 1989 low	From FOMC, Mar. 23
Dow-Jones Industrial	3482.31	5/12/93	2144.64	3461.86	3447.99	-0.99	60.77	-0.40
NYSE Composite	251.36	3/10/93	154.00	247.26	243.27	-3.22	57.97	-1.61
AMEX Composite	428.43	5/12/93	305.24	419.56	427.91	-0.12	40.19	1.99
NASDAQ (OTC)	708.85	2/4/93	378.56	675.04	675.64	-4.69	78.48	0.09
Wilshire	4475.25	3/10/93	2718.59	4396.65	4331.18	-3.22	59.32	-1.49

1. One-day quotes except as noted.
2. Average for two-week reserve maintenance period closest to date shown. Last observation is average for maintenance period ending May 12, 1993.
3. Secondary market.
4. Bid rates for Eurodollar deposits at 11 a.m. London time.
5. Based on one-day Thursday quotes and futures market index changes.
6. Quotes for week ending Friday previous to date shown.

THE INTERNATIONAL ECONOMY

Developments in Foreign Industrial Countries

Strikes that began in eastern Germany on May 3 appear to be ending. IG Metall, the union representing the more than 40,000 striking engineering and metal workers, announced a tentative agreement on May 14. The agreement calls for an increase in nominal wages by about 25 percent by the end of this year and parity with western German wages by 1996. In addition, the agreement allows financially strapped firms to opt out of negotiated wage increases. The strike was generated when employers broke contracts agreed to in 1991 that called for an increase in nominal wages by about 25 percent beginning in April and parity with western German wages by early next year. Before the strikes are formally concluded, the union leadership must vote to accept the negotiated settlement.