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Monetary Policy Report to the Congress

Report submitted to the Congress on July 18, 2001, pursuant to section 2B of the Federal Reserve Act

MONETARY POLICY AND THE ECONOMIC OUTLOOK

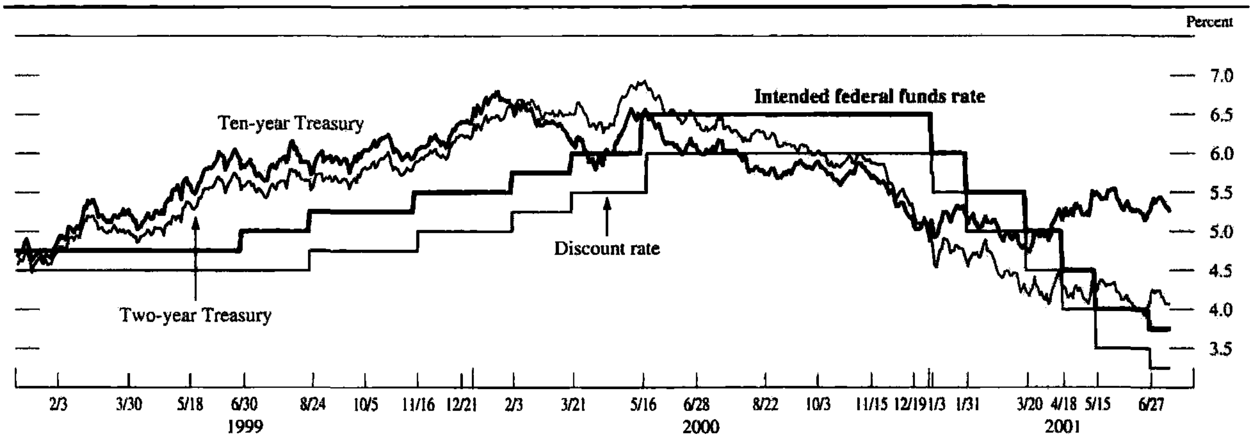
When the Federal Reserve submitted its report on monetary policy in mid-February, the Federal Open Market Committee (FOMC) had already reduced its target for the federal funds rate twice to counter emerging weakness in the economy. As the year has unfolded, the weakness has become more persistent and widespread than had seemed likely last autumn. The shakeout in the high-technology sector has been especially severe, and with overall sales and profits continuing to disappoint, businesses are curtailing purchases of other types of capital equipment as well. The slump in demand for capital goods has also worked against businesses' efforts to correct the inventory imbalances that emerged in the second half of last year and has contributed to sizable declines in manufacturing output this year. At the same time, foreign economies have slowed, limiting the demand for U.S. exports.

To foster financial conditions that will support strengthening economic growth, the FOMC has lowered its target for the federal funds rate four times since February, bringing the cumulative decline this year to 2¾ percentage points. A number of factors spurred this unusually steep reduction in the federal funds rate. In particular, the slowdown in growth was rapid and substantial and carried considerable risks that the sluggish performance of the economy in the first half of this year would persist. Among other things, the abruptness of the slowing, by jarring consumer and business confidence, raised the possibility of becoming increasingly self-reinforcing were households and businesses to postpone spending while reassessing their situations. In addition, other financial developments, including a higher foreign exchange value of the dollar, lower equity prices, and tighter lending terms and standards at banks, were tending to restrain aggregate demand and thus were offsetting some of the influence of the lower federal funds rate. Finally, despite some worrisome readings early in the year, price increases remained fairly well contained, and prospects for inflation have become less of a concern as rates of resource utilization have declined and energy prices have shown signs of turning down.

The information available at midyear for the recent performance of both the U.S. economy and some of our key trading partners remains somewhat downbeat, on balance. Moreover, with inventories still excessive in some sectors, orders for capital goods very soft, and the effects of lower stock prices and the weaker job market weighing on consumers, the economy may expand only slowly, if at all, for a while longer. Nonetheless, a number of factors are in place that should set the stage for stronger growth later this year and in 2002. In particular, interest rates have declined since last fall; the lower rates have helped businesses and households strengthen their financial positions and should show through to aggregate demand in coming quarters. The recently enacted tax cuts and the apparent cresting of energy prices should also bolster aggregate demand fairly soon. In addition, as firms at some point become more satisfied with their inventory holdings, the cessation of liquidation will boost production and, in turn, provide a lift to employment and incomes; a subsequent shift to inventory accumulation in association with the projected strengthening in demand should provide additional impetus to production. Moreover, with no apparent sign of abatement in the rapid pace of technological innovation, the outlook for productivity growth over the longer run remains favorable. The efficiency gains made possible by these innovations should spur demand for the capital equipment that embodies the new technologies once the overall economic situation starts to improve and should support consumption by leading to solid increases in real incomes over time.

Even though an appreciable recovery in the growth of economic activity by early next year seems the most likely outcome, there is as yet no hard evidence that this improvement is in train, and the situation remains very uncertain. In these circumstances, the FOMC continues to believe that the risks are weighted toward conditions that may generate economic weakness in the foreseeable future. At the same time, the FOMC recognizes the importance of sustaining the environment of low inflation and well-

Selected interest rates



NOTE. The data are daily and extend through July 12, 2001. The dates on the horizontal axis are those of scheduled FOMC meetings and of any intermeeting policy actions.

anchored inflation expectations that enabled the Federal Reserve to react rapidly and forcefully to the slowing in real GDP growth over the past several quarters. When, as the FOMC expects, activity begins to firm, the Committee will continue to ensure that financial conditions remain consistent with holding inflation in check, a key requirement for maximum sustainable growth.

Monetary Policy, Financial Markets, and the Economy over the First Half of 2001

By the time of the FOMC meeting on December 19, 2000, it had become evident that economic growth had downshifted considerably, but the extent of that slowing was only beginning to come into focus. At that meeting, the FOMC concluded that the risks to the economy in the foreseeable future had shifted to being weighted mainly toward conditions that may generate economic weakness and that economic and financial developments could warrant further close review of the stance of policy well before the next scheduled meeting. Subsequent data indicated that holiday retail sales had come in below expectations and that conditions in the manufacturing sector had deteriorated. Corporate profit forecasts had also been marked down, and it seemed possible that the resulting decline in equity values, along with the expense of higher energy costs, could damp future business investment and household spending. In response, the FOMC held a telephone conference on January 3, 2001, and decided to reduce the target federal funds rate ½ percentage point, to 6 percent, and indicated that the risks to the outlook remained weighted toward economic weakness.

The timing and size of the cut in the target rate seemed to ease somewhat the concerns of financial market participants about the longer-term outlook for the economy. Equity prices generally rose in January, risk spreads on lower-rated corporate bonds narrowed significantly, and the yield curve steepened. However, incoming data over the month revealed that the slowing in consumer and business spending late last year had been sizable. Furthermore, a sharp erosion in survey measures of consumer confidence, a backup of inventories, and a steep decline in capacity utilization posed the risk that spending could remain depressed for some time. In light of these developments, the FOMC at its scheduled meeting on January 30 and 31 cut its target for the federal funds rate another ½ percentage point, to 5½ percent, and stated that it continued to judge the risks to be weighted mainly toward economic weakness.

The information reviewed by the FOMC at its meeting on March 20 suggested that economic activity continued to expand, but slowly. Although consumer spending seemed to be rising moderately and housing had remained relatively firm, stock prices had declined substantially in February and early March, and reduced equity wealth and lower consumer confidence had the potential to damp household spending going forward. Moreover, manufacturing output had contracted further, as businesses continued to work down their excess inventories and cut back on capital equipment expenditures. In addition, economic softness abroad raised the likelihood of a weakening in U.S. exports. Core inflation had picked up a bit in January, but some of the increase reflected the pass-through of a rise in energy prices that was unlikely to continue, and the FOMC judged that the slowdown in the growth of aggregate demand would ease inflationary pressures on labor and other resources. Accordingly, the FOMC on March 20 lowered its target for the federal funds rate another ½ percentage point, to 5 percent. The members also continued to see the risks to the outlook as remaining weighted mainly toward economic weakness. Furthermore, the FOMC recognized that in a rapidly evolving economic situation, it would need to be alert to the possibility that a conference call would be desirable during the relatively long interval before the next scheduled meeting to discuss the possible need for a further policy adjustment.

Capital markets continued to soften in late March and early April, in part because corporate profits and economic activity remained quite weak. Although equity prices and bond yields began to rise in mid-April as financial market investors became more confident that a cumulative downward spiral in activity could be avoided, reports continued to suggest flagging economic performance and risks of extended weakness ahead. In particular, spending by consumers had leveled out and their confidence had fallen further. The FOMC discussed economic developments in conference calls on April 11 and April 18, deciding on the latter occasion to reduce its target for the federal funds rate another ½ percentage point, to 4½ percent. The Committee again indicated that it judged the balance of risks to the outlook as weighted toward economic weakness.

When the FOMC met on May 15, economic conditions remained quite sluggish, especially in manufacturing, where production and employment had declined further. Although members were concerned that some indicators of core inflation had moved up in the early months of the year and that part of the recent backup in longer-term interest rates may have owed to increased inflation expectations, most saw underlying price increases as likely to remain damped as continued subpar growth relieved pressures on resources. In light of the prospect of continued weakness in the economy and the significant risks to the economic expansion, the FOMC reduced its target for the federal funds rate an additional ½ percentage point, to 4 percent. With the softening in aggregate demand still of unknown persistence and dimension, the FOMC continued to view the risks to the outlook as weighted toward economic weakness. Still, the FOMC recognized that it had eased policy substantially this year and that, in the absence of further sizable adverse shocks to the economy, at future meetings it might need to consider adopting a more cautious approach to further policy actions.

Subsequent news on economic activity and corporate profits failed to point to a rebound. In June, interest rates on longer-term Treasuries and on higher-quality private securities declined, some risk spreads widened, and stock prices fell as financial market participants trimmed their expectations for economic activity and profits. When the FOMC met on June 26 and 27, conditions in manufacturing appeared to have worsened still more. It also seemed likely that slower growth abroad would restrain demand for exports and that weakening labor markets would hold down growth in consumer spending. In light of these developments, but also taking into account the cumulative 250 basis points of easing already undertaken and the other forces likely to be stimulating spending in the future, the FOMC lowered its target for the federal funds rate ¼ percentage point, to 3¾ percent, and continued to view the risks to the outlook as weighted toward economic weakness.

The Board of Governors of the Federal Reserve System approved cuts in the discount rate in the first half of the year that matched the FOMC's cuts in the target federal funds rate. As a result, the discount rate declined from 6 percent to 3¼ percent over the period.

Economic Projections for 2001 and 2002

The members of the Board of Governors and the Federal Reserve Bank presidents, all of whom participate in the deliberations of the FOMC, expect economic growth to remain slow in the near term, though most anticipate that it will pick up later this year at least a little. The central tendency of the forecasts for the increase in real GDP over the four quarters of 2001 spans a range of 1¼ percent to 2 percent, and the central tendency of the forecasts for real GDP growth in 2002 is 3 percent to 3¼ percent. The civilian unemployment rate, which averaged 4½ percent in the second quarter of 2001, is expected to move up to the area of 4¾ percent to 5 percent by the end of this year. In 2002, with the economy projected to expand at closer to its trend rate, the unemployment rate is expected to hold steady or perhaps to edge higher. With pressures in labor and product markets abating and with energy prices no longer soaring, inflation is expected to be well contained over the next year and a half.

Despite the projected increase in real GDP growth, the uncertainty about the near-term outlook remains considerable. This uncertainty arises not only from the difficulty of assessing when businesses will feel that conditions are sufficiently favorable to warrant a pickup in capital spending but also from the difficulty

Economic projections for 2001 and 2002
Percent

Indicator	Board of Governors and Reserve Bank presidents	
	Range	Central tendency
	2001	
Change, fourth quarter to fourth quarter[1]		
Nominal GDP	3¼–5	3½–4¼
Real GDP[2]	1–2	1¼–2
PCE prices	2–2¾	2–2½
Average level, fourth quarter		
Civilian unemployment rate	4¾–5	4¾–5
	2002	
Change, fourth quarter to fourth quarter[1]		
Nominal GDP	4¾–6	5–5½
Real GDP[2]	3–3½	3–3¼
PCE prices	1½–3	1¾–2½
Average level, fourth quarter		
Civilian unemployment rate	4¾–5½	4¾–5¼

1. Change from average for fourth quarter of previous year to average for fourth quarter of year indicated.
2. Chain-weighted.

of gauging where businesses stand in the inventory cycle. Nonetheless, all the FOMC participants foresee a return to solid growth by 2002. By then, the inventory correction should have run its course, and the monetary policy actions taken this year, as well as the recently enacted tax reductions, should be providing appreciable support to final demand.

In part because of lower interest rates, many firms have been able to shore up their balance sheets. And although some lower-rated firms, especially in telecommunications and other sectors with gloomy near-term prospects, may continue to find it difficult to obtain financing, businesses generally are fairly well positioned to step up their capital spending once the outlook for sales and profits improves. By all accounts, technological innovation is still proceeding rapidly, and these advances should eventually revive high-tech investment, especially with the price of computing power continuing to drop sharply.

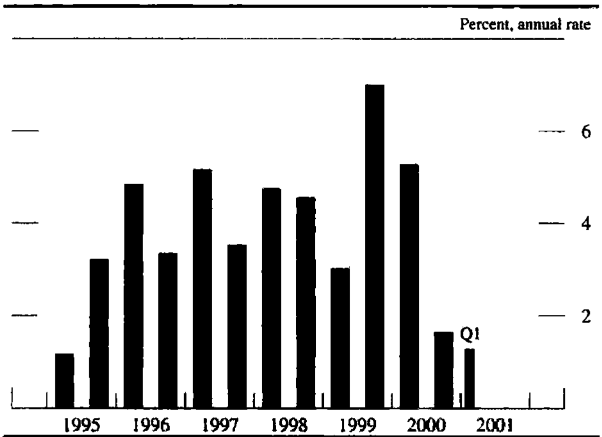
In addition, consumer spending is expected to get a boost from the tax cuts and from falling energy prices, which should help offset the effects of the weaker job market and the decline over the past year in stock market wealth. Housing activity, which has been buoyed in recent quarters by low mortgage interest rates, is likely to remain firm into 2002. Significant concerns remain about the foreign economic outlook and the prospects for U.S. exports. Nevertheless, economic activity abroad is expected to benefit from a strengthening of the U.S. economy, a stabilization of the global high-tech sector, an easing of oil prices, and stimulative macroeconomic policies in some countries.

The chain-type price index for personal consumption expenditures rose 2¼ percent over the four quarters of 2000, and most FOMC participants expect inflation to remain around that rate through next year; indeed, the central tendency of their forecasts for the increase in this price measure is 2 percent to 2½ percent in 2001 and 1¾ percent to 2½ percent in 2002. One favorable factor in the inflation outlook is the behavior of energy prices. Those prices have declined recently after having increased rapidly in the past couple of years, and prospects are good that they could stabilize or even fall further in coming quarters. In addition to their direct effects, lower energy prices should tend to limit increases in other prices by reducing input costs for a wide range of energy-intensive goods and services and by helping damp inflation expectations. More broadly, the competitive conditions that have restricted businesses' ability to raise prices in recent years are likely to persist. And although labor costs could come under upward pressure as wages tend to catch up to previous increases in productivity, the slackening in resource utilization this year is expected to contribute to reduced inflation pressures going forward.

Economic and Financial Developments in 2001

Economic growth remained very slow in the first half of 2001 after having downshifted in the second half of 2000. Real gross domestic product rose at an annual rate of just 1¼ percent in the first quarter, about the same as in the fourth quarter, and appears to have posted at best a meager gain in the second quarter. Businesses have been working to correct the inventory imbalances that emerged in the second half of last year, which has led to sizable declines in manufacturing output, and capital spending has weakened appreciably. In contrast, household spending—especially for motor vehicles and houses—has held up well. Employment increased only modestly over the first three months of the year and turned down in the spring; the unemployment rate in June stood at 4½ percent, ½ percentage point higher than in the fourth quarter of last year.

The inflation news early this year was not very favorable, as energy prices continued to soar and as measures of core inflation—which exclude food and energy—registered some pickup. More recently, Change in real GDP



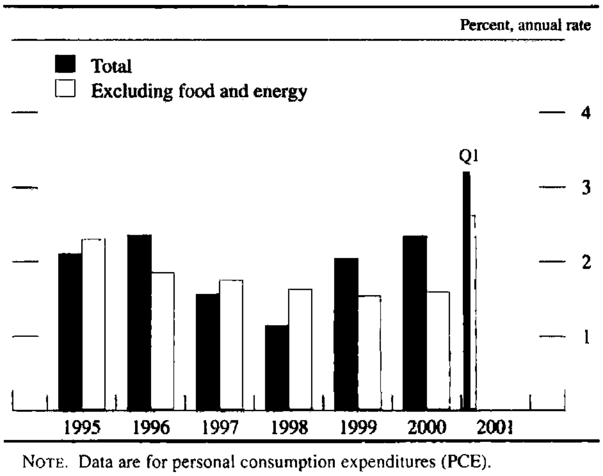
NOTE. Here and in the subsequent charts, except as noted, change is measured to the final quarter of the indicated period from the final quarter of the preceding period.

however, energy prices have moved lower, and the monthly readings on core inflation have returned to more moderate rates. Moreover, apart from energy, prices at earlier stages of processing have been quiescent this year.

The Household Sector

Growth in household spending has slowed noticeably from the rapid pace of the past few years. Still, it was fairly well maintained in the first half of 2001 despite the weaker tenor of income, wealth, and consumer confidence, and the personal saving rate declined a bit further. A greater number of households encountered problems servicing debt, but widespread difficulties or restrictions on the availability of credit did not emerge.

Change in PCE chain-type price index



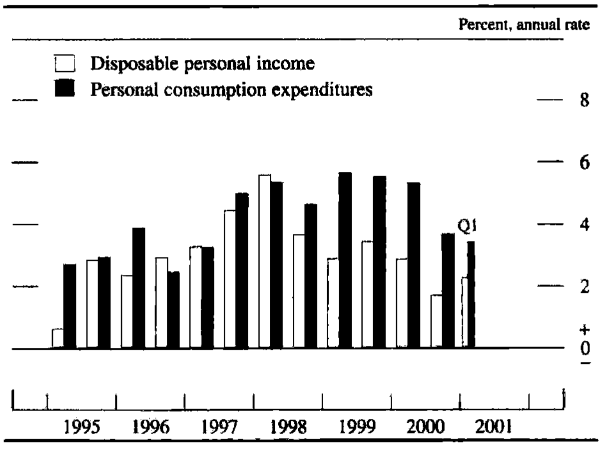
NOTE. Data are for personal consumption expenditures (PCE).

Consumer Spending

Real consumer spending grew at an annual rate of 3½ percent in the first quarter. Some of the increase reflected a rebound in purchases of light motor vehicles, which were boosted by a substantial expansion of incentives and rose to just a tad below the record pace of 2000 as a whole. In addition, outlays for non-auto goods posted a solid gain, and spending on services rose modestly despite a weather-related drop in outlays for energy services. In the second quarter, however, the rise in consumer spending seems to have lessened as sales of light motor vehicles dropped a bit, on average, and purchases of other goods apparently did not grow as fast in real terms as they had in the first quarter.

The rise in real consumption so far this year has been considerably smaller than the outsized gains in the second half of the 1990s and into 2000. But the increase in spending still outstripped the growth in real disposable personal income (DPI), which has been restrained this year by further big increases in consumer energy prices and by the deterioration in the job market; between the fourth quarter of 2000 and May, real DPI increased just about 2 percent at an annual rate, well below the average pace of the preceding few years. In addition, the net worth of households fell again in the first quarter, to a level 8 percent below the high reached in the first quarter of 2000. On net, the ratio of household net worth to DPI has returned to about the level reached in 1997, significantly below the recent peak but still high by historical standards. In addition, consumer sentiment indexes, which had risen to extraordinary levels in the late 1990s and remained there through last fall, fell sharply around the turn of the year. However, these indexes have not deteriorated further, on net,

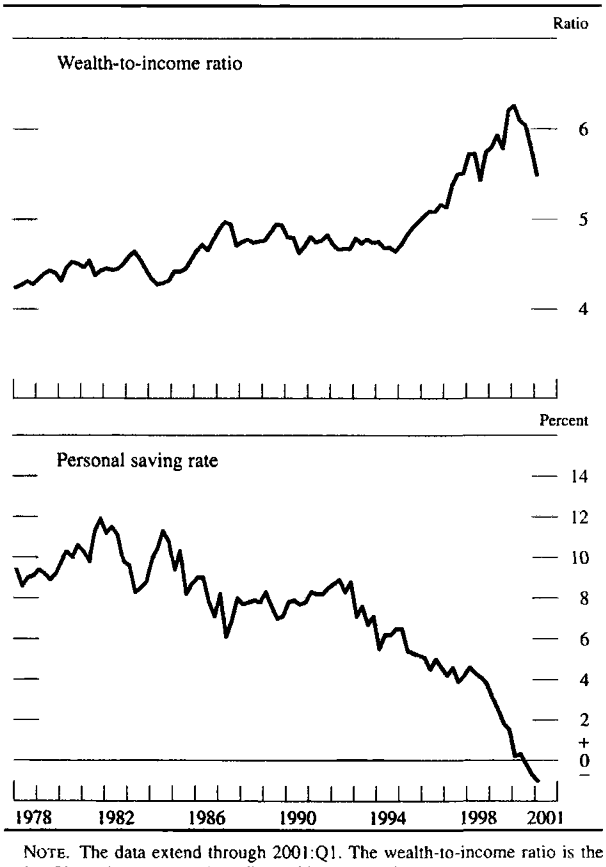
Change in real income and consumption



since the winter and are still at reasonably favorable levels when compared with the readings for the pre-1997 period.

Rising household wealth almost certainly was a key factor behind the surge in consumer spending between the mid-1990s and last year, and thus helps to explain the sharp fall in the personal saving rate over that period. The saving rate has continued to fall this year—from –0.7 percent in the fourth quarter of 2000 to –1.1 percent in May—even though the boost to spending growth from the earlier run-up in stock prices has likely run its course and the effects of lower wealth should be starting to feed through to spending. The apparent decline in the saving rate may simply reflect noisiness in the data or a slower response of spending to wealth than average historical experience might suggest. In addition, consumers probably base their spending decisions on income prospects over a longer time span than just a few quarters. Thus, to the extent that consumers do not expect the current sluggishness in real income growth to persist, the tendency to maintain spending for a time by dipping into savings or by borrowing may have offset the effect of the decline in wealth on the saving rate.

Wealth and saving



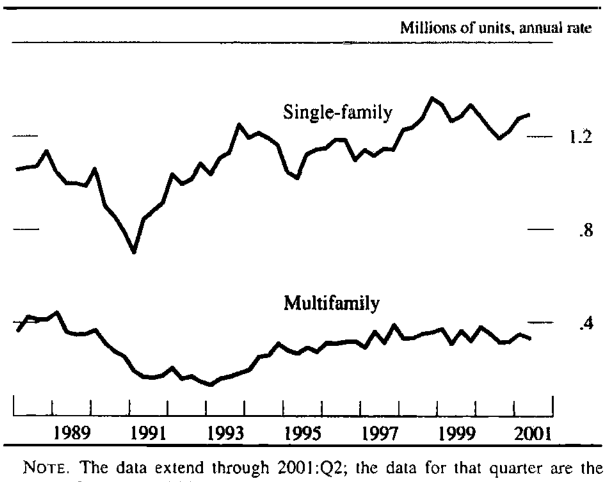
NOTE. The data extend through 2001:Q1. The wealth-to-income ratio is the ratio of household net worth to disposable personal income.

Residential Investment

Housing activity remained buoyant in the first half of this year as lower mortgage interest rates appear to have offset the restraint from smaller gains in employment and income and from lower levels of wealth. In the single-family sector, starts averaged an annual rate of 1.28 million units over the first five months of the year—4 percent greater than the hefty pace for 2000 as a whole. Sales of new and existing homes strengthened noticeably around the turn of the year and were near record levels in March; they fell back in April but reversed some of that drop in May. Inventories of new homes for sale are exceptionally low; builders' backlogs are sizable; and, according to the Michigan survey, consumers' assessments of homebuying conditions remain favorable, mainly because of perceptions that mortgage rates are low.

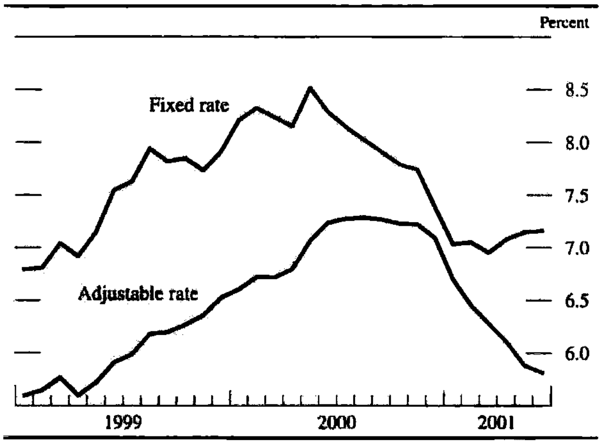
Likely because of the sustained strength of housing demand, home prices have continued to rise faster than overall inflation, although the various measures that attempt to control for shifts in the regional composition of sales and in the characteristics of houses sold provide differing signals on the magnitude of the price increases. Notably, over the year ending in the first quarter, the constant-quality price index for new homes rose 4 percent, while the repeat-sales price index for existing homes was up nearly 9 percent. Despite the higher prices, the share of income required to finance a home purchase—one measure of affordability—has fallen in recent quarters as mort-

Private housing starts



NOTE. The data extend through 2001:Q2; the data for that quarter are the averages for April and May.

Mortgage rates



NOTE. The data, which are monthly and extend through June 2001, are contract rates on thirty-year mortgages from the Federal Home Loan Mortgage Corporation.

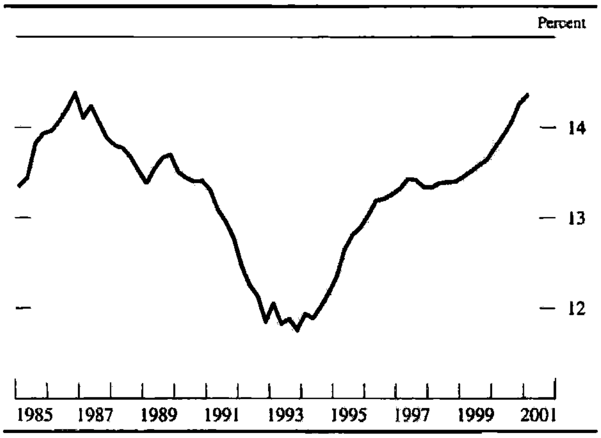
gage rates have dropped back after last year's bulge, and that share currently is about as low as it has been at any time in the past decade. Rates on thirty-year conventional fixed-rate loans now stand around 7¼ percent, and ARM rates are at their lowest levels in a couple of years.

In the multifamily sector, housing starts averaged 343,000 units at an annual rate over the first five months of the year, matching the robust pace that has been evident since 1997. Moreover, conditions in the market for multifamily housing continue to be conducive to new construction. The vacancy rate for multifamily rental units in the first quarter held near its low year-earlier level, and rents and property values continued to rise rapidly.

Household Finance

The growth of household debt is estimated to have slowed somewhat in the first half of this year to a still fairly hefty 7½ percent annual rate—about a percentage point below its average pace over the previous two years. Households have increased both their home mortgage debt and their consumer credit (debt not secured by real estate) substantially this year, although in both cases the growth has moderated a bit recently. The relatively low mortgage interest rates have boosted mortgage borrowing both by stimulating home purchases and by making it attractive to refinance existing mortgages and extract some of the buildup in home equity. The rapid growth in consumer credit has been concentrated in credit card debt, perhaps reflecting households' efforts to sustain their consumption in the face of weaker income growth.

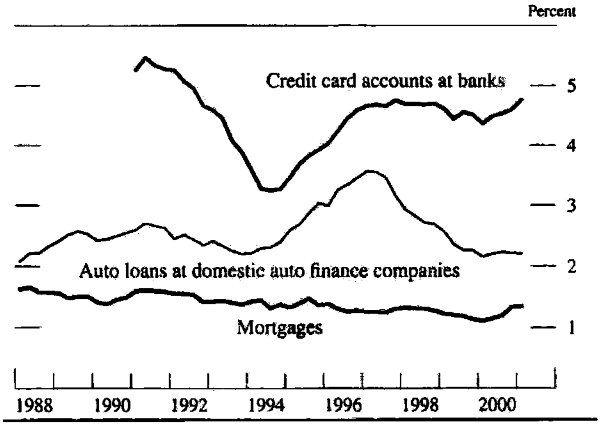
Household debt service burden



NOTE. The data are quarterly and extend through 2001:Q1. Debt burden is an estimate of the ratio of debt payments to disposable income; debt payments consist of the estimated required payments on outstanding mortgage and consumer debt.

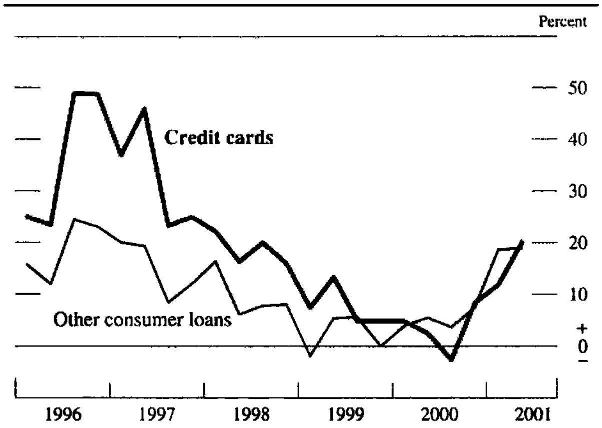
The household debt service burden—the ratio of minimum scheduled payments on mortgage and consumer debt to disposable personal income—rose to more than 14 percent at the end of the first quarter, a twenty-year high, and available data suggest a similar reading for the second quarter. In part because of the elevated debt burden, some measures of household loan performance have deteriorated a bit in recent quarters. The delinquency rate on home mortgage loans has edged up but remains low, while the delinquency rate on credit card loans has risen noticeably and is in the middle part of its range over the past decade. Personal bankruptcies jumped to record levels in the spring, but some of the spurt was probably the result of a rush to file before Congress passed bankruptcy reform legislation.

Delinquency rates on household loans



NOTE. The data are quarterly and extend through 2001:Q1. Data on credit card delinquencies are from bank Call Reports; data on auto loan delinquencies are from the Big Three automakers; data on mortgage delinquencies are from the Mortgage Bankers Association.

Net percentage of large commercial banks tightening standards for consumer loans



NOTE. The data extend through May 2001 and are based on the Federal Reserve's Senior Loan Officer Opinion Survey on Bank Lending Practices, which is generally conducted four times per year. Net percentage is percentage reporting a tightening less percentage reporting an easing.

Lenders have tightened up somewhat in response to the deterioration of household financial conditions. In the May Senior Loan Officer Opinion Survey on Bank Lending Practices, about a fifth of the banks indicated that they had tightened the standards for approving applications for consumer loans over the preceding three months, and about a fourth said that they had tightened the terms on loans they are willing to make, substantial increases from the November survey. Of those that had tightened, most cited actual or anticipated increases in delinquency rates as a reason.

The Business Sector

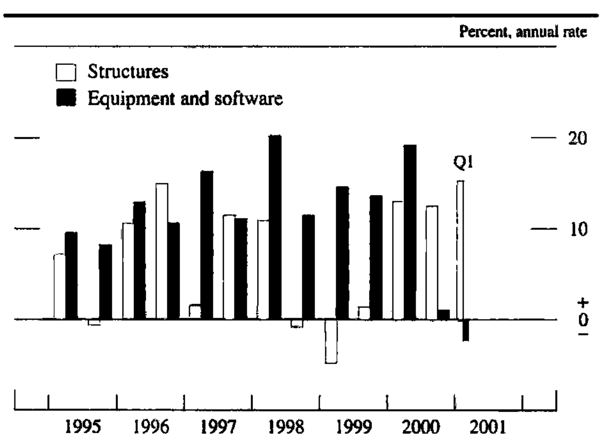
The boom in capital spending that has helped fuel the economic expansion came to a halt late last year. After having risen at double-digit rates over the preceding five years, real business fixed investment flattened out in the fourth quarter of 2000 and rose only a little in the first quarter of 2001. Demand for capital equipment has slackened appreciably, reflecting the sluggish economy, sharply lower corporate profits and cash flow, earlier overinvestment in some sectors, and tight financing conditions facing some firms. In addition, inventory investment fell substantially in the first quarter as businesses moved to address the overhangs that began to develop late last year. With investment spending weakening, businesses have cut back on new borrowing. Following the drop in longer-term interest rates in the last few months of 2000, credit demands have been concentrated in longer-term markets, though cautious investors have required high spreads from marginal borrowers.

Fixed Investment

Real spending on equipment and software (E&S) began to soften in the second half of last year, and it posted small declines in both the fourth quarter of 2000 and the first quarter of 2001. Much of the weakness in the first quarter was in spending on high-tech equipment and software; such spending, which now accounts for about half of E&S outlays when measured in nominal terms, declined at an annual rate of about 12 percent in real terms—the first real quarterly drop since the 1990 recession. An especially sharp decrease in outlays for communications equipment reflected the excess capacity that had emerged as a result of the earlier surge in spending, the subsequent re-evaluation of profitability, and the accompanying financing difficulties faced by some firms. In addition, real spending on computers and peripheral equipment, which rose more than 40 percent per year in the second half of the 1990s, showed little growth, on net, between the third quarter of 2000 and the first quarter of 2001. The leveling in real computer spending reportedly reflects some stretching out of businesses' replacement cycles for personal computers as well as a reduced demand for servers. Outside the high-tech area, spending rose in the first quarter as purchases of motor vehicles reversed some of the decline recorded over the second half of 2000 and as outlays for industrial equipment picked up after having been flat in the fourth quarter.

Real E&S spending likely dropped further in the second quarter. In addition to the ongoing contraction in outlays on high-tech equipment, the incoming data for orders and shipments point to a decline in investment in non-high-tech equipment, largely reflecting the weakness in the manufacturing sector this year.

Change in real business fixed investment

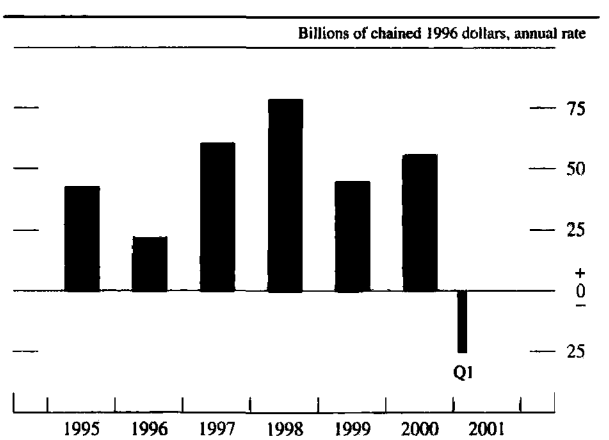


Outlays on nonresidential construction posted another sizable advance in early 2001 after having expanded nearly 13 percent in real terms in 2000, but the incoming monthly construction data imply a sharp retrenchment in the second quarter. The downturn in spending comes on the heels of an increase in vacancy rates for office and industrial space in many cities. Moreover, while financing generally remains available for projects with viable tenants, lenders are now showing greater caution. Not surprisingly, one bright spot is the energy sector, where expenditures for drilling and mining have been on a steep uptrend since early 1999 (mainly because of increased exploration for natural gas) and the construction of facilities for electric power generation remains very strong.

Inventory Investment

A sharp reduction in the pace of inventory investment was a major damping influence on real GDP growth in the first quarter of 2001. The swing in real nonfarm inventory investment from an accumulation of $51 billion at an annual rate in the fourth quarter of 2000 to a liquidation of $25 billion in the first quarter of 2001 subtracted 3 percentage points from the growth in real GDP in the first quarter. Nearly half of the negative contribution to GDP growth came from the motor vehicle sector, where a sizable cut in assemblies (added to the reduction already in place in the fourth quarter) brought the overall days' supply down to comfortable levels by the end of the first quarter. A rise in truck assemblies early in the second quarter led to some backup of inventories in that segment of the market, but truck stocks were back in an acceptable range by June; automobile assemblies were up only a little in the second quarter, and stocks remained lean.

Change in real nonfarm business inventories

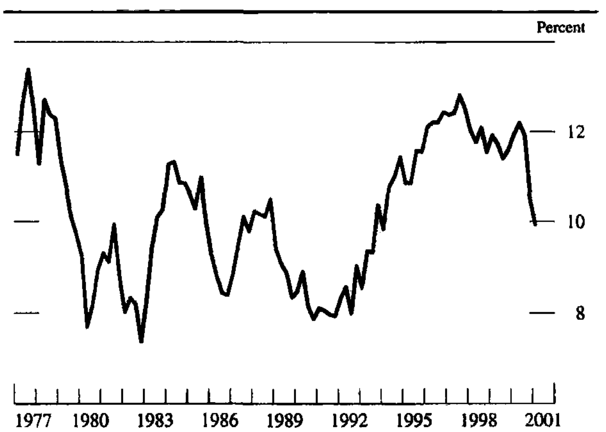


Firms outside the motor vehicles industry also moved aggressively to address inventory imbalances in the first half of the year, and this showed through to manufacturing output, which, excluding motor vehicles, fell at an annual rate of 7½ percent over this period. These production adjustments—along with a sharp reduction in the flow of imports—contributed to a small decline in real non-auto stocks in the first quarter, and book-value data for the manufacturing and trade sector point to a further decrease, on net, in April and May. As of May, stocks generally seemed in line with sales at retail trade establishments, but there were still some notable overhangs in wholesale trade and especially in manufacturing, where inventory–shipments ratios for producers of computers and electronic products, primary and fabricated metals, and chemicals remained very high.

Business Finance

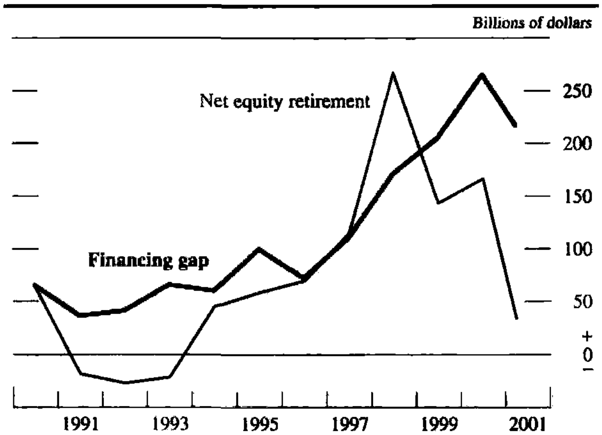
The economic profits of U.S. corporations fell at a 19 percent annual rate in the first quarter after a similar decline in the fourth quarter of 2000. As a result, the ratio of profits to GDP declined 1 percentage point over the two quarters, to 8.5 percent; the ratio of the profits of nonfinancial corporations to sector output fell 2 percentage points over the interval, to 10 percent. Investment spending has declined by more than profits, however, reducing somewhat the still-elevated need of nonfinancial corporations for external funds to finance capital expenditures. Corporations have husbanded their increasingly scarce internal funds by cutting back on cash-financed mergers and equity repurchases. While

Before-tax profits of nonfinancial corporations as a percent of sector GDP



NOTE. Data extend through 2001:Q1. Profits are from domestic operations of nonfinancial corporations, with inventory valuation and capital consumption adjustments, divided by gross domestic product of nonfinancial corporate sector.

Financing gap and net equity retirement
at nonfarm nonfinancial corporations

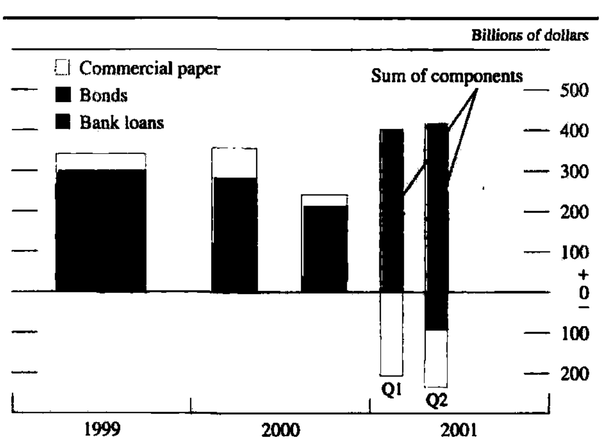


NOTE. The data through 2000 are annual; the final observation is for 2001:Q1 and is at an annual rate. The financing gap is the difference between capital expenditures and internally generated funds. Net equity retirement is the difference between equity retired through share repurchases, domestic cash-financed mergers, or foreign takeovers of U.S. firms and equity issued in public or private markets, including funds invested by venture capital partnerships.

equity retirements have therefore fallen, so has gross equity issuance, though by less. Inflows of venture equity capital, in particular, have been reduced substantially. Businesses have met their financing needs by borrowing heavily in the bond market while paying down both commercial and industrial (C&I) loans at banks and commercial paper. In total, after having increased 9½ percent last year, the debt of nonfinancial businesses rose at a 5 percent annual rate in the first quarter of this year and is estimated to have risen at about the same pace in the second quarter.

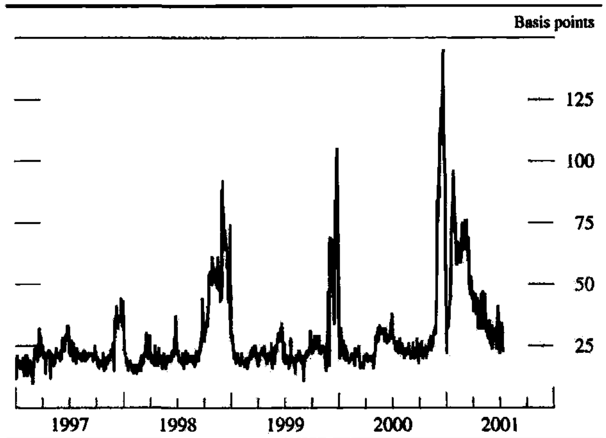
The decline in C&I loans and commercial paper owes, in part, to less hospitable conditions in shorter-term funding markets. The commercial paper market was rattled in mid-January by the defaults of two large California utilities. Commercial paper is issued

Major components of net business financing



NOTE. Seasonally adjusted annual rate for nonfarm nonfinancial corporate businesses. The data for 2001:Q2 are estimated.

Spread of low-tier CP rate over high-tier CP rate

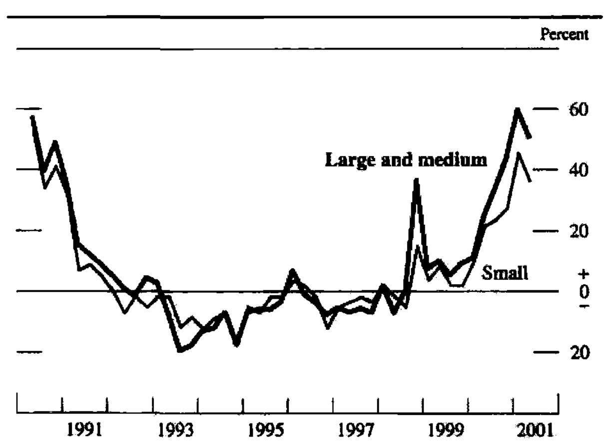


NOTE. The data are daily and extend through July 12, 2001. The series shown is the difference between the rate on A2/P2 nonfinancial commercial paper and the AA rate.

only by highly rated corporations, and default is extremely rare. The defaults, along with some downgrades, led investors in commercial paper to pull back and reevaluate the riskiness of issuers. For a while, issuance by all but top-rated names became very difficult and quality spreads widened significantly, pushing some issuers into the shortest maturities and inducing others to exit the market entirely. As a consequence, the amount of commercial paper outstanding plummeted. In the second quarter, risk spreads returned to more typical levels and the runoff moderated. By the end of June, the amount of nonfinancial commercial paper outstanding was nearly 30 percent below its level at the end of 2000, with many firms still not having returned to the market.

Even though banks' C&I loans were boosted in January and February by borrowers substituting away

Net percentage of domestic banks tightening standards
for commercial and industrial loans, by size of borrower



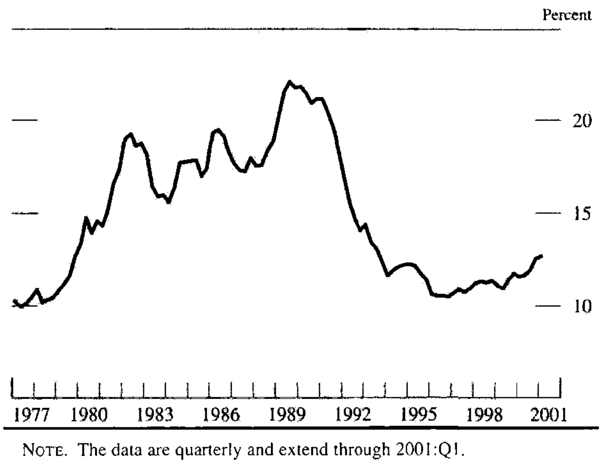
NOTE. The data are based on the Federal Reserve's Senior Loan Officer Opinion Survey on Bank Lending Practices, which is generally conducted four times per year. The data extend through May 2001. Small firms are those with annual sales of less than $50 million.

from the commercial paper market, loans declined, on net, over the first half of the year, in part because borrowers paid down their bank loans with proceeds from bond issues. Many banks reported on the Federal Reserve's Bank Lending Practices surveys this year that they had tightened standards and terms—including the premiums charged on riskier loans, the cost of credit lines, and loan covenants—on C&I loans. Loan officers cited a worsened economic outlook, industry-specific problems, and a reduced tolerance for risk as the reasons for having tightened. Despite these adjustments to banks' lending stance, credit appears to remain amply available for sound borrowers, and recent surveys of small businesses indicate that they have not found credit significantly more difficult to obtain.

Meanwhile, the issuance of corporate bonds this year has proceeded at about double the pace of the preceding two years. With the yields on high-grade bonds back down to their levels in the first half of 1999 and with futures quotes suggesting interest rates will be rising next year, corporations apparently judged it to be a relatively opportune time to issue. Although investors remain somewhat selective, they have been willing to absorb the large volume of issuance as they have become more confident that the economy would recover and a prolonged disruption to earnings would be avoided. The heavy pace of issuance has been supported, in part, by inflows into bond mutual funds, which may have come at the expense of equity funds.

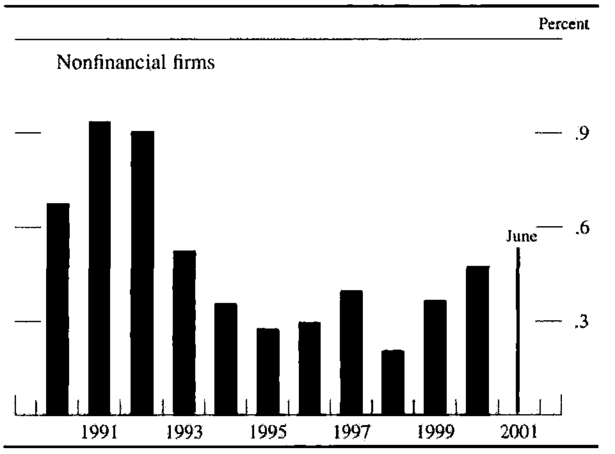
The flows are forthcoming at relatively high risk spreads, however. Spreads of most grades of corporate debt relative to rates on swaps have fallen a little this year, but spreads remain unusually high for lower investment-grade and speculative-grade credits. The

Net interest payments of nonfinancial corporations relative to cash flow



NOTE. The data are quarterly and extend through 2001:Q1.

Liabilities of failed businesses as a proportion of total liabilities



NOTE. Annual average. Value for June 2001 is a twelve-month trailing average.
SOURCE. Dun & Bradstreet.

elevated spreads reflect the deterioration in business credit quality that has occurred as the economy has slowed. While declines in interest rates have held aggregate interest expense at a relatively low percentage of cash flow, many individual firms are feeling the pinch of decreases in earnings. Over the twelve months ending in May, 11 percent of speculative-grade bonds, by dollar volume, have defaulted—the highest percentage since 1991 and a substantial jump from 1998, when less than 2 percent defaulted. This deterioration reflects not only the unusually large defaults by the California utilities, but also stress in the telecommunications sector and elsewhere. However, some other measures of credit performance have shown a more moderate worsening. The ratio of the liabilities of failed businesses to those of all nonfinancial businesses and the delinquency rate on C&I loans at banks have risen noticeably from their lows in 1998, but both remain well below levels posted in the early 1990s.

Commercial mortgage debt increased at about an 8¾ percent annual rate in the first half of this year, and the issuance of commercial-mortgage-backed securities (CMBS) maintained its robust pace of the past several years. While spreads of the yields on investment- and speculative-grade CMBS over swap rates have changed little this year, significant fractions of banks reported on the Bank Lending Practices survey that they have tightened terms and standards on commercial real estate loans. Although the delinquency rates on CMBS and commercial real estate loans at banks edged up in the first quarter, they remained near record lows. Nevertheless, those commercial banks that reported taking a more cautious approach toward commercial real estate lending stated that they are doing so, in part, because of a less favorable economic outlook in general and a worsening of the outlook for commercial real estate.

The Government Sector

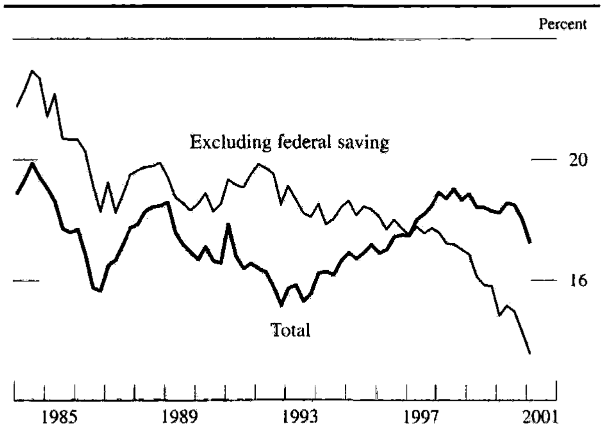
The fiscal 2001 surplus in the federal unified budget is likely to be smaller than the surplus in fiscal 2000 because of the slower growth in the economy and the recently enacted tax legislation. Nonetheless, the unified surplus will remain large, and the paydown of the federal debt is continuing at a rapid clip. As a consequence, the Treasury has taken a number of steps to preserve liquidity in a shrinking market. The weaker economy is also reducing revenues at the state and local level, but these governments remain in reasonably good fiscal shape overall and are taking advantage of historically low interest rates to refund existing debt and to issue new debt.

Federal Government

The fiscal 2001 surplus in the federal government's unified budget is likely to come in below the fiscal 2000 surplus of $236 billion. Over the first eight months of the fiscal year—October to May—the unified budget recorded a surplus of $137 billion, $16 billion higher than during the comparable period last year. But over the balance of the fiscal year, receipts will continue to be restrained by this year's slow pace of economic growth and the associated decline in corporate profits. Receipts will also be reduced significantly over the next few months by the payout of tax rebates and the shift of some corporate payments into fiscal 2002, provisions included in the Economic Growth and Tax Relief Reconciliation Act of 2001.

Federal saving, which is basically the unified budget surplus adjusted to conform to the accounting practices followed in the national income and product accounts (NIPA), has risen dramatically since hitting a low of –3½ percent of GDP in 1992 and stood at 3¾ percent of GDP in the first quarter—a swing of more than 7 percentage points. Reflecting the high level of federal saving, national saving, which comprises saving by households, businesses, and governments, has been running at a higher rate since the late 1990s than it did over most of the preceding decade, even as the personal saving rate has plummeted. The deeper pool of national saving, along with large inflows of foreign capital, has provided resources for the technology-driven boom in domestic investment in recent years.

National saving as a percent of nominal GDP



NOTE. The data extend through 2001:Q1. National saving comprises the gross saving of households, businesses, and governments.

Federal receipts in the first eight months of the current fiscal year were just 4½ percent higher than during the first eight months of fiscal 2000—a much smaller gain than those posted, on average, over the preceding several years. Much of the slowing was in corporate receipts, which dropped below year-earlier levels, reflecting the recent deterioration in profits. In addition, individual income tax payments rose less rapidly than over the preceding few years, mainly because of slower growth in withheld tax payments. This spring's nonwithheld payments of individual taxes, which are largely payments on the previous year's liability, were relatively strong. Indeed, although there was no appreciable "April surprise" this year—that is, these payments were about in line with expectations—liabilities again appear to have risen faster than the NIPA tax base in 2000. One factor that has lifted liabilities relative to income in recent years is that rising levels of income and a changing distribution have shifted more taxpayers into higher tax brackets. Higher capital gains realizations also have helped raise liabilities relative to the NIPA tax base over this period. (Capital gains are not included in the NIPA income measure, which, by design, includes only income from current production.)

The faster growth in outlays that emerged in fiscal 2000 has extended into fiscal 2001. Smoothing through some timing anomalies at the start of the fiscal year, nominal spending during the first eight months of fiscal 2001 was more than 4 percent higher than during the same period last year; excluding the sizable drop in net interest outlays that has accompanied the paydown of the federal debt, the increase in spending so far this year was nearly 6 percent. Spending in the past couple of years has been boosted by sizable increases in discretionary appropriations as well as by faster growth in outlays for the major health programs. The especially rapid increase in Medicaid outlays reflects the higher cost and utilization of medical care (including prescription drugs), growing enrollments, and a rise in the share of expenses picked up by the federal government. Outlays for Medicare have been lifted, in part, by the higher reimbursements to providers that were enacted last year.

Real federal expenditures for consumption and gross investment, the part of government spending that is included in GDP, rose at a 5 percent annual rate in the first quarter. Over the past couple of years, real nondefense purchases have remained on the moderate uptrend that has been evident since the mid-1990s, while real defense purchases have started to rise slowly after having bottomed out in the late 1990s.

The Treasury has used the substantial federal budget surpluses to pay down its debt further. At the end of June, the outstanding Treasury debt held by the public had fallen nearly $600 billion, or 15 percent, from its peak in 1997. Relative to nominal GDP, publicly held debt has dropped from nearly 50 percent in the mid-1990s to below 33 percent in the first quarter, the lowest it has been since 1984.

Declines in outstanding federal debt and the associated reductions in the sizes and frequency of auctions of new issues have diminished the liquidity of the Treasury market over the past few years. Bid–asked spreads are somewhat wider, quote sizes are smaller, and the difference between yields on seasoned versus most-recently issued securities has increased. In part, however, these developments may also reflect a more cautious attitude among securities dealers following the market turmoil in the fall of 1998.

The Treasury has taken a number of steps to limit the deterioration in the liquidity of its securities. In recent years, it has concentrated its issuance into fewer securities, so that the auction sizes of the remaining securities are larger. Last year, in order to enable issuance of a larger volume of new securities, the Treasury began buying back less-liquid older securities, and it also made every second auction of its 5- and 10-year notes and 30-year bond a reopening of the previously issued security. In February, the Treasury put limits on the noncompetitive bids that foreign central banks and governmental monetary entities may make, so as to leave a larger and more predictable pool of securities available for competitive bidding, helping to maintain the liquidity and efficiency of the market. In May, the Treasury announced that it would begin issuing Treasury bills with a four-week maturity to provide it with greater flexibility and cost efficiency in managing its cash balances, which, in part because new securities are now issued less frequently, have become more volatile. Finally, also in May, the Treasury announced it would in the next few months seek public comment on a plan to ease the "35 percent rule," which limits the bidding at auctions by those holding claims on large amounts of an issue. With reopenings increasingly being used to maintain liquidity in individual issues, this rule was constraining many potential bidders. As discussed below, the reduced issuance of Treasury securities has also led the Federal Reserve to modify its procedures for acquiring such securities and to study possible future steps for its portfolio.

In early 2000, as investors focused on the possibility that Treasury securities were going to become increasingly scarce, they became willing to pay a premium for longer-dated securities, pushing down their yields. However, these premiums appear to have largely unwound later in the year as market participants made adjustments to the new environment. These adjustments include the substitution of alternative instruments for hedging and pricing, such as interest rate swaps, prominent high-grade corporate bonds, and securities issued by government-sponsored enterprises (GSEs). To benefit from adjustments by market participants, in 1998, Fannie Mae and Freddie Mac initiated programs to issue securities that share some characteristics with Treasury securities, such as regular issuance calendars and large issue sizes; in the first half of this year they issued $88 billion of coupon securities and $502 billion of bills under these programs. The GSEs have also this year begun buying back older securities to boost the size of their new issues. Nevertheless, the market for Treasury securities remains considerably more liquid than markets for GSE and other fixed-income securities.

State and Local Governments

State and local governments saw an enormous improvement in their budget positions between the mid-1990s and last year as revenues soared and spending generally was held in check; accordingly, these governments were able both to lower taxes and to make substantial allocations to reserve funds. More recently, however, revenue growth has slowed in many states, and reports of fiscal strains have increased. Nonetheless, the sector remains in relatively good fiscal shape overall, and most governments facing revenue shortfalls have managed to adopt balanced budgets for fiscal 2002 with only minor adjustments to taxes and spending.

Real consumption and investment spending by state and local governments rose at nearly a 5 percent annual rate in the first quarter and apparently posted a sizable increase in the second quarter as well. Much of the strength this year has been in construction spending, which has rebounded sharply after a reported decline in 2000 that was hard to reconcile with the sector's ongoing infrastructure needs and the good financial condition of most governments. Hiring also remained fairly brisk during the first half of the year; on average, employment rose 30,000 per month, about the same as the average monthly increase over the preceding three years.

Although interest rates on municipal debt have edged up this year, they remain low by historical standards. State and local governments have taken advantage of the low interest rates to refund existing debt and to raise new capital. Credit quality has remained quite high in the municipal sector even as tax receipts have softened, with credit upgrades outpacing downgrades in the first half of this year. Most notable among the downgrades was that of California's general obligation bonds. Standard and Poor's lowered California's debt two notches from AA to A+, citing the financial pressures from the electricity crisis and the likely adverse effects of the crisis on the state's economy.

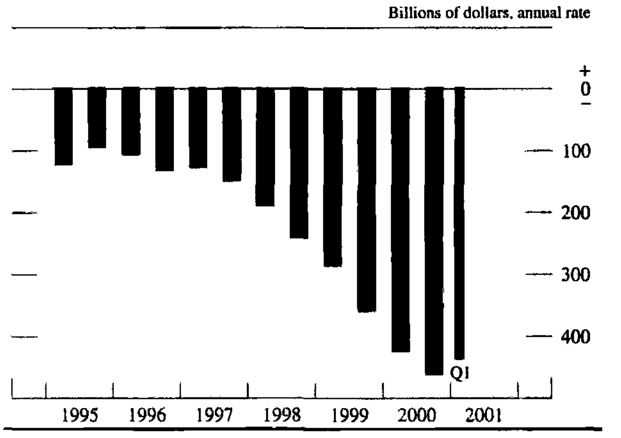
The External Sector

The deficits in U.S. external balances narrowed sharply in the first quarter of this year, largely because of a smaller deficit in trade in goods and services. Most of the financial flows into the United States continued to come from private foreign sources.

Trade and Current Account

After widening continuously during the past four years, the deficits in U.S. external balances narrowed in the first quarter of 2001. The current account deficit in the first quarter was $438 billion at an annual rate, or 4.3 percent of GDP, compared with $465 billion in the fourth quarter of 2000. Most of the reduction of the current account deficit can be traced to changes in U.S. trade in goods and services; the trade deficit narrowed from an annual rate of $401 billion in the fourth quarter of 2000 to $380 billion in the first quarter of this year. The trade deficit

U.S. current account

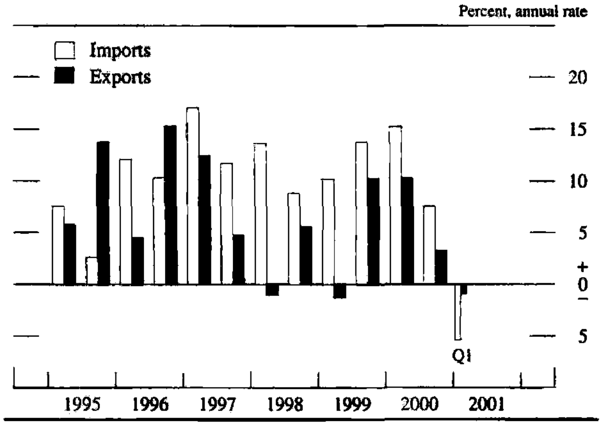


in April continued at about the same pace. Net investment income payments were a bit less in the first quarter than the average for last year primarily because of a sizable decrease in earnings by U.S. affiliates of foreign firms.

As U.S. economic growth slowed in the second half of last year and early this year, real imports of goods and services, which had grown very rapidly in the first three quarters of 2000, expanded more slowly in the fourth quarter and then contracted 5 percent at an annual rate in the first quarter. The largest declines were in high-tech products (computers, semiconductors, and telecommunications equipment) and automotive products. In contrast, imports of petroleum and petroleum products increased moderately. A temporary surge in the price of imported natural gas pushed the increase of the average price of non-oil imports above an annual rate of 1 percent in the first quarter, slightly higher than the rate of increase recorded in 2000.

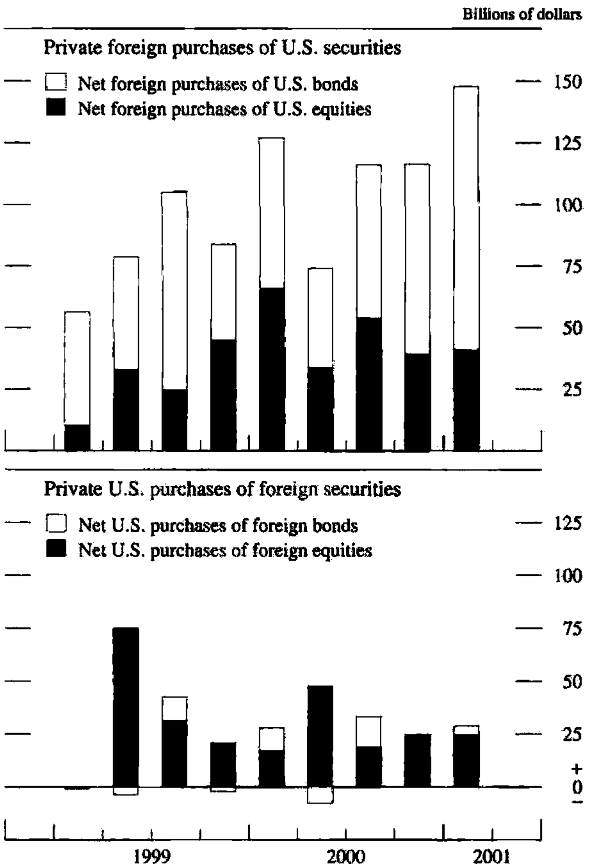
U.S. real exports were hit by slower growth abroad, the strength of the dollar, and plunging global demand for high-tech products. Real exports of goods and services, which had grown strongly in the first three quarters of 2000, fell 6½ percent at an annual rate in the fourth quarter of last year and declined another 1 percent in the first quarter of this year. The largest declines in both quarters were in high-tech capital goods and automotive products (primarily in intra-firm trade with Canada). By market destination, the largest increases in U.S. goods exports during the first three quarters of 2000 had been to Mexico and countries in Asia; the recent declines were mainly in exports to Asia and Latin America. In contrast, goods exports to Western Europe increased steadily throughout the entire period. About 45 percent of U.S. goods exports in the first quarter of 2001 were

Change in real imports and exports of goods and services



NOTE. Change for the half-year indicated is measured from the preceding half-year, and the change for 2001:Q1 is from 2000:Q4. Imports and exports for each half-year are the average of the levels for component quarters.

U.S. international securities transactions



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

capital equipment; 20 percent were industrial supplies; and 5 to 10 percent each were agricultural, automotive, consumer, and other goods.

After increasing through much of 2000, the spot price of West Texas intermediate (WTI) crude oil reached a peak above $37 per barrel in September, the highest level since the Gulf War. As world economic growth slowed in the latter part of 2000, oil price declines reversed much of the year's price gain. In response, OPEC reduced its official production targets in January of this year and again in March. As a result, oil prices have remained relatively high in 2001 despite weaker global economic growth and a substantial increase in U.S. oil inventories. Oil prices have also been elevated by the volatility of Iraqi oil exports arising from tense relations between Iraq and the United Nations. During the first six months of this year, the spot price of WTI has fluctuated, with only brief exceptions, between $27 and $30 per barrel.

Financial Account

In the first quarter of 2001, as was the case in 2000 as a whole, nearly all of the net financial flows into the United States came from private foreign sources. Foreign official inflows were less than $5 billion and were composed primarily of the reinvestment of accumulated interest earnings. Reported foreign exchange intervention purchases of dollars were modest.

Inflows arising from private foreign purchases of U.S. securities accelerated further in the first quarter and are on a pace to exceed last year's record. All of the pickup is attributable to larger net foreign purchases of U.S. bonds, as foreign purchases of both corporate and agency bonds accelerated and private foreign sales of Treasuries paused. Foreign purchases of U.S. equities are only slightly below their 2000 pace despite the apparent decline in expected returns to holding U.S. equities.

The pace at which U.S. residents acquired foreign securities changed little between the second half of last year and the first quarter of this year. As in previous years, most of the foreign securities acquired were equities.

Net financial inflows associated with direct investment slowed a good bit in the first quarter, as there were significantly fewer large foreign takeovers of U.S. firms and U.S. direct investment abroad remained robust.

The Labor Market

Labor demand weakened in the first half of 2001, especially in manufacturing, and the unemployment rate rose. Increases in hourly compensation have continued to trend up in recent quarters, while measured labor productivity has been depressed by the slower growth of output.

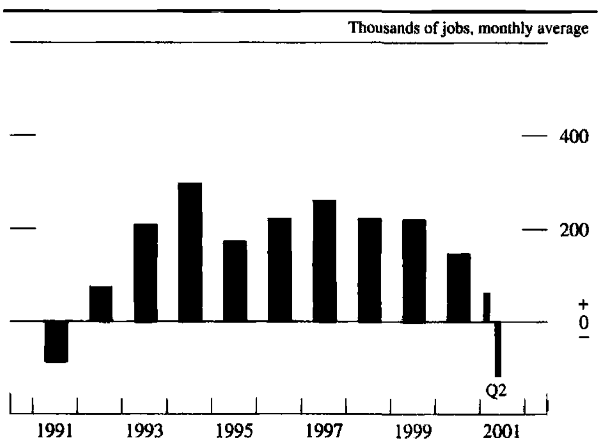
Employment and Unemployment

After having risen an average of 149,000 per month in 2000, private payroll employment increased an average of only 63,000 per month in the first quarter of 2001, and it declined an average of 117,000 per month in the second quarter. The unemployment rate moved up over the first half of the year and in June stood at 4½ percent, ½ percentage point higher than in the fourth quarter of last year.

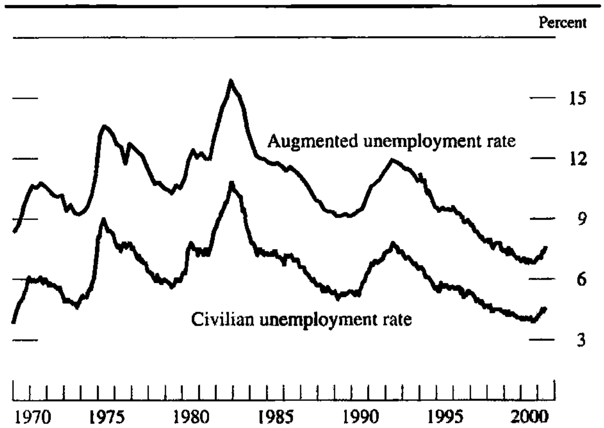
Much of the weakness in employment in the first half of the year was in the manufacturing sector, where job losses averaged 78,000 per month in the first quarter and 116,000 per month in the second quarter. Since last July, manufacturing employment has fallen nearly 800,000. Factory job losses were widespread in the first half of the year, with some of the biggest cutbacks at industries struggling with sizable inventory overhangs, including metals and industrial and electronic equipment. The weakness in manufacturing also cut into employment at help-supply firms and at wholesale trade establishments.

Apart from manufacturing and the closely related help-supply and wholesale trade industries, employment growth held up fairly well in the first quarter but began to slip noticeably in the second quarter. Some of the slowing in the second quarter reflected a drop in construction employment after a strong first quarter that likely absorbed a portion of the hiring that normally takes place in the spring; on average, construction employment rose a fairly brisk 15,000 per month over the first half, about the same as in 2000. Hiring in the services industry (other than

Net change in private nonfarm payroll employment



Measures of labor utilization



NOTE. The data extend through June 2001. The augmented unemployment rate is the number of unemployed plus those who are not in the labor force and want a job, divided by the civilian labor force plus those who are not in the labor force and want a job. In January 1994, a redesigned survey was introduced; data from that point on are not directly comparable with those of earlier periods.

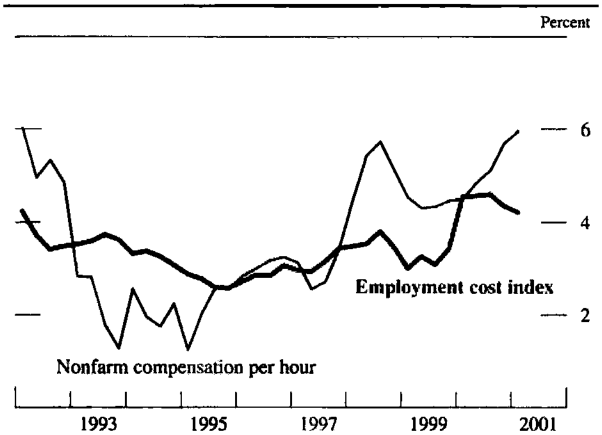
help-supply firms) also slowed markedly in the second quarter. Employment in retail trade remained on a moderate uptrend over the first half of the year, and employment in finance, insurance, and real estate increased modestly after having been unchanged, on net, last year.

Labor Costs and Productivity

Through the first quarter, compensation growth remained quite strong—indeed, trending higher by some measures. These gains likely reflected the influence of earlier tight labor markets, higher consumer price inflation—largely due to soaring energy prices—and the greater real wage gains made possible by faster structural productivity growth. The upward pressures on labor costs could abate in coming quarters if pressures in labor markets ease and energy prices fall back.

Hourly compensation, as measured by the employment cost index (ECI) for private nonfarm businesses, moved up in the first quarter to a level about 4¼ percent above its level of a year earlier; this compares with increases of about 4½ percent over the preceding year and 3 percent over the year before that. The slight deceleration in the most recent twelve-month change in the ECI is accounted for by a slowdown in the growth of compensation for sales workers relative to the elevated rates that had prevailed in early 2000; these workers' pay includes a substantial commission component and thus is especially sensitive to cyclical developments. Compensation per hour in the nonfarm business sector—a measure that picks up some forms of compensation that

Measures of change in hourly compensation



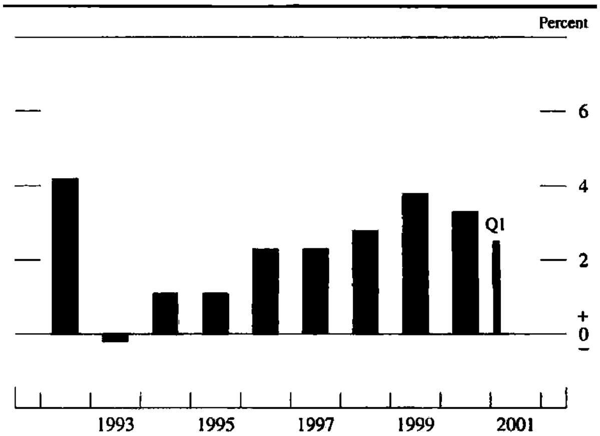
NOTE. The data extend through 2001:Q1. The ECI is for private industry excluding farm and household workers. Nonfarm compensation per hour is for the nonfarm business sector.

the ECI omits but that sometimes has been revised substantially once the data go through the annual revision process—shows a steady uptrend over the past couple of years; it rose 6 percent over the year ending in the first quarter after having risen 4½ percent over the preceding year.

According to the ECI, wages and salaries rose at an annual rate of about 4½ percent in the first quarter. Excluding sales workers, wages rose 5 percent (annual rate) in the first quarter and 4¼ percent over the year ending in March; this compares with an increase of 3¾ percent over the year ending in March 2000. Separate data on average hourly earnings of production or nonsupervisory workers also show a discernible acceleration of wages: The twelve-month change in this series was 4¼ percent in June, ½ percentage point above the reading for the preceding twelve months.

Benefit costs as measured in the ECI have risen faster than wages over the past year, with the increase over the twelve months ending in March totaling 5 percent. Much of the pressure on benefits is coming from health insurance, where employer payments have accelerated steadily since bottoming out in the mid-1990s and are now going up about 8 percent per year. The surge in spending on prescription drugs accounts for some of the rise in health insurance costs, but demand for other types of medical care is increasing rapidly as well. Moreover, although there has been some revamping of drug coverage to counter the pressures of soaring demand, many employers have been reluctant to adjust other features of the health benefits package in view of the need to retain workers in a labor market that has been very tight in recent years.

Change in output per hour, nonfarm businesses

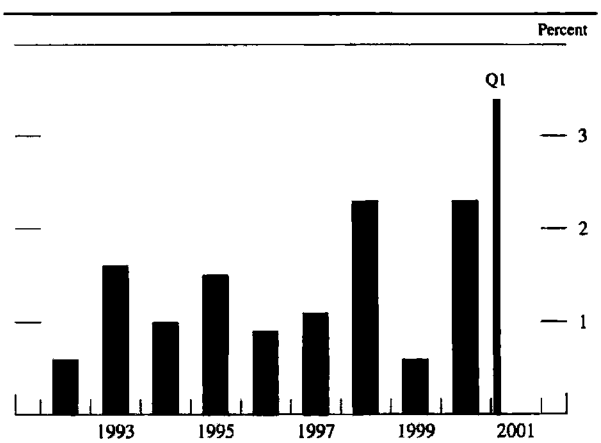


NOTE. Changes are Q4 to Q4 except the change for 2001:Q1, which is from 2000:Q1.

Measured labor productivity in the nonfarm business sector has been bounced around in recent quarters by erratic swings in hours worked by self-employed individuals, but on balance, it has barely risen since the third quarter of last year after having increased about 3 percent per year, on average, over the preceding three years. This deceleration coincides with a marked slowing in output growth and seems broadly in line with the experience of past business cycles; these readings remain consistent with a noticeable acceleration in structural productivity having occurred in the second half of the 1990s. Reflecting the movements in hourly compensation and in actual productivity, unit labor costs in the nonfarm business sector jumped in the first quarter and have risen 3½ percent over the past year.

Looking ahead, prospects for favorable productivity performance will hinge on a continuation of the rapid technological advances of recent years and on

Change in unit labor costs, nonfarm businesses



NOTE. Changes are Q4 to Q4 except the change for 2001:Q1, which is from 2000:Q1.

the willingness of businesses to expand and update their capital stocks to take advantage of the new efficiency-enhancing capital that is becoming available at declining cost in many cases. To be sure, the current weakness in business investment will likely damp the growth of the capital stock relative to the pace of the past couple of years. But once the cyclical weakness in the economy dissipates, continued advances in technology should provide impetus to renewed capital spending and a return to solid increases in productivity.

Prices

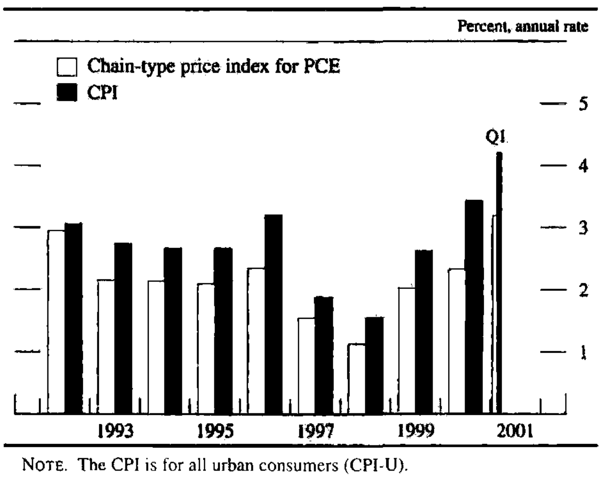
Inflation moved higher in early 2001 but has moderated some in recent months. After having risen 2¼ percent in 2000, the chain price index for personal consumption expenditures (PCE) increased about 3¼ percent in the first quarter of 2001 as energy prices soared and as core consumer prices—which exclude food and energy—picked up. Energy prices continued to rise rapidly in April and May but eased in June and early July. In addition, core PCE price inflation has dropped back after the first-quarter spurt, and the twelve-month change in this series, which is a useful indicator of the underlying inflation trend, stood at 1½ percent in May, about the same as the change over the preceding twelve months. The core consumer price index (CPI) continued to move up at a faster pace than the core PCE measure over the past year, rising 2½ percent over the twelve months ending in May, also the same rate as over the preceding year.

PCE energy prices rose at an annual rate of about 11 percent in the first quarter and, given the big increases in April and May, apparently posted another sizable advance in the second quarter. Unlike the surges in energy prices in 1999 and 2000, the increases in the first half of 2001 were not driven by developments in crude oil markets. Indeed, natural gas prices were the major factor boosting overall energy prices early this year as tight inventories and concerns about potential stock-outs pushed spot prices to extremely high levels; natural gas prices have since receded as additional supplies have come on line and inventories have been rebuilt. In the spring, gasoline prices soared in response to strong demand, refinery disruptions, and concerns about lean inventories; with refineries back on line, imports up, and inventories restored, gasoline prices have since fallen noticeably below their mid-May peaks. Electricity prices also rose substantially in the first half of the year, reflecting higher natural gas prices as well as the problems in California. Capacity problems in California and the hydropower shortages in the Northwest persist, though California's electricity consumption has declined recently and wholesale prices have dropped. In contrast, capacity in the rest of the country has expanded appreciably over the past year and, on the whole, appears adequate to meet the normal seasonal rise in demand.

Core PCE prices rose at a 2½ percent annual rate in the first quarter—a hefty increase by the standards of recent years. But the data are volatile, and the first-quarter increase, no doubt, exaggerates any pickup. Based on monthly data for April and May, core PCE inflation appears to have slowed considerably in the second quarter; the slowing was concentrated in the goods categories and seems consistent with reports that retailers have been cutting prices to spur sales in an environment of soft demand.

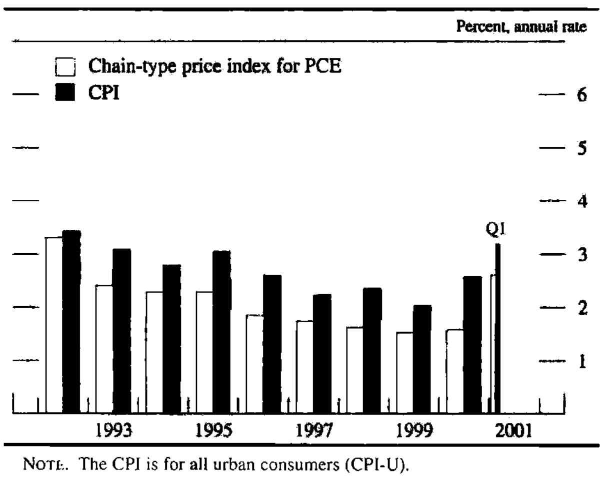
Core consumer price inflation—whether measured by the PCE index or by the CPI—in recent quarters

Change in consumer prices



NOTE. The CPI is for all urban consumers (CPI-U).

Change in consumer prices excluding food and energy



NOTE. The CPI is for all urban consumers (CPI-U).

almost certainly has been boosted by the effects of higher energy prices on the costs of producing other goods and services. Additional pressure has come from the step-up in labor costs. That said, firms appear to have absorbed much of these cost increases in lower profit margins. Meanwhile, non-oil import prices have remained subdued, thus continuing to restrain input costs for many domestic industries and to limit the ability of firms facing foreign competition to raise prices for fear of losing market share. In addition, apart from energy, price pressures at earlier stages of processing have been minimal. Indeed, excluding food and energy, the producer price index (PPI) for intermediate materials has been flat over the past year, and the PPI for crude materials has fallen 11 percent. Moreover, inflation expectations, on balance, seem to have remained quiescent: According to the Michigan survey, the median expectation for inflation over the upcoming year generally has been running about 3 percent this year, similar to the readings in 2000.

In contrast to the step-up in consumer prices, prices for private investment goods in the NIPA were up only a little in the first quarter after having risen about 2 percent last year. In large part, this pattern was driven by movements in the price index for computers, which fell at an annual rate of nearly 30 percent in the first quarter as demand for high-tech equipment plunged. This drop in computer prices was considerably greater than the average decrease of roughly 20 percent per year in the second half of the 1990s and the unusually small 11 percent decrease in 2000. Monthly PPI data suggest that computer prices were down again in the second quarter, though much less than in the first quarter.

All told, the GDP chain-type price index rose at an annual rate of 3¼ percent in the first quarter and has risen 2¼ percent over the past four quarters, an acceleration of ½ percentage point from the comparable year-earlier period. The price index for gross domestic purchases—which is defined as the prices paid for consumption, investment, and government purchases—also accelerated in the first quarter—to an increase of about 2¾ percent; the increase in this measure over the past year was 2¼ percent, about the same as over the preceding year. Excluding food and energy, the latest four-quarter changes in both GDP and gross domestic purchases prices were roughly the same as over the preceding year.

Alternative measures of price change

Percent, Q1 to Q1

Price measure	1998 to 1999	1999 to 2000	2000 to 2001
Chain-type			
Gross domestic product	1.5	1.8	2.3
Gross domestic purchases	1.2	2.3	2.2
Personal consumption expenditures	1.5	2.5	2.2
Excluding food and energy	1.8	1.6	1.7
Fixed-weight			
Consumer price index	1.7	3.3	3.4
Excluding food and energy	2.2	2.2	2.7

NOTE. A fixed-weight index uses quantity weights from a base year to aggregate prices from each distinct item category. A chain-type index is the geometric average of two fixed-weight indexes and allows the weights to change each year. The consumer price indexes are for all urban consumers. Changes are based on quarterly averages.

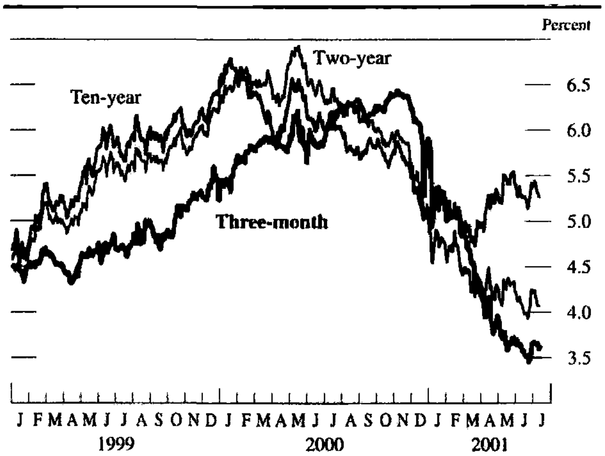
U.S. Financial Markets

Longer-term interest rates and equity prices have shown remarkably small net changes this year, given the considerable shifts in economic prospects and major changes in monetary policy. To some extent, the expectations of the economic and policy developments in 2001 had already become embedded in financial asset prices as last year came to a close; from the end of August through year-end, the broadest equity price indexes fell 15 percent and investment-grade bond yields declined 40 to 70 basis points. In addition, however, equity prices and long-term interest rates were influenced importantly by growing optimism in financial markets over the second quarter of 2001 that the economy and profits would rebound strongly toward the end of 2001 and in 2002. On net, equity prices fell 6 percent in the first half of this year as near-term corporate earnings were revised down substantially. Rates on longer-term Treasury issues rose a little, but those on corporate bonds were about unchanged, with the narrowing spread reflecting greater investor confidence in the outlook. But risk spreads remained wide by historical standards for businesses whose debt was rated as marginally investment grade or below; many of these firms had been especially hard hit by the slowdown and the near-term oversupply of high-tech equipment and services, and defaults by these firms became more frequent. Nevertheless, for most borrowers the environment for long-term financing was seen to be quite favorable, and firms and households tended to tap long-term sources of credit in size to bolster their financial conditions and lock in more favorable costs.

Interest Rates

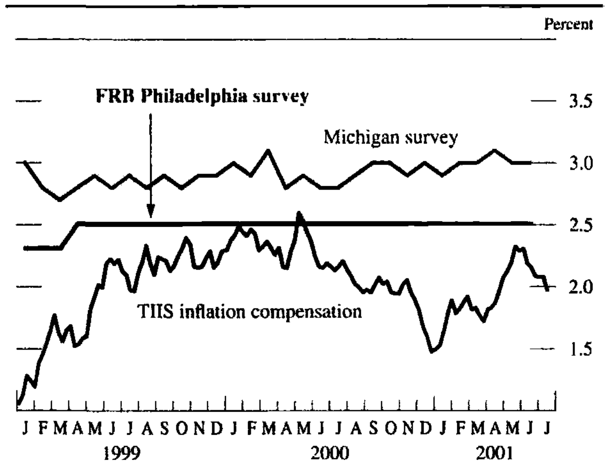
In response to the abrupt deceleration in economic growth and prospects for continued weakness in the economy, the FOMC lowered the target federal funds rate 2¾ percentage points in six steps in the first half

Rates on selected Treasury securities



NOTE. The data are daily and extend through July 12, 2001.

Measures of long-term inflation expectations



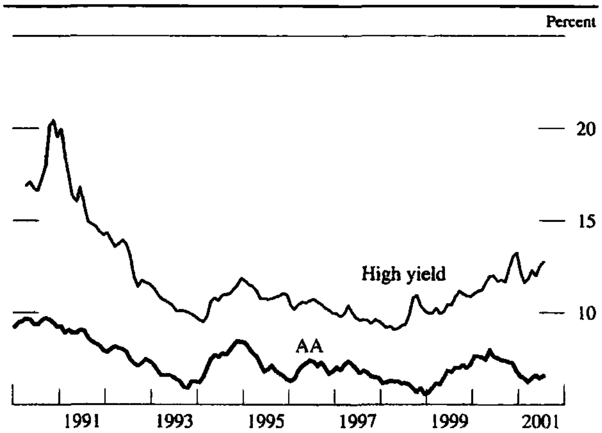
NOTE. The data for the Michigan survey, which are monthly and extend through June 2001, measure five-year to ten-year inflation expectations. The data for the FRB Philadelphia survey, which are quarterly and extend through 2001:Q2, measure ten-year inflation expectations. TIIS inflation compensation is the rate of inflation at which the price of the ten-year Treasury inflation-indexed security equals the value of a portfolio of zero-coupon securities that replicates its payments; data for this measure are weekly averages and extend through July 13, 2001.

of this year, an unusually steep decline relative to many past easing cycles. Through March, the policy easings combined with declining equity prices and accumulating evidence that the slowdown in economic growth was more pronounced than had been initially thought led to declines in yields on intermediate- and longer-term Treasury securities. Over the second quarter, despite the continued decrease in short-term rates and further indications of a weakening economy, yields on intermediate-term Treasury securities were about unchanged, while those on longer-term securities rose appreciably. On net, yields on intermediate-term Treasury securities fell about ¾ percentage point in the first half of this year, while those on longer-term Treasury securities rose about ¼ percentage point.

The increase in longer-term Treasury yields in the second quarter appears to have been the result of a number of factors. The main influence seems to have been increased investor confidence that the economy would soon pick up. That confidence likely arose in part from the aggressive easing of monetary policy and also in part from the improving prospects for, and passage of, a sizable tax cut. The tax cut and the growing support for certain spending initiatives implied stronger aggregate demand and less federal saving than previously anticipated. The prospect that the federal debt might be paid down less rapidly may also have reduced slightly the scarcity premiums investors were willing to pay for Treasury securities. Finally, a portion of the rise may have been the result of increased inflation expectations. Inflation compensation as measured by the difference between nominal Treasury rates and the rates on inflation-indexed Treasury securities rose about ¼ percentage point in the second quarter. Despite this increase, there is little evidence that inflation is expected to go up from its current level. At the end of last year, inflation compensation had declined to levels suggesting investors expected inflation to fall, and the rise in inflation compensation in the second quarter largely reversed those declines. Moreover, survey measures of longer-term inflation expectations have changed little since the middle of last year.

Yields on longer-maturity corporate bonds were about unchanged, on net, over the first half of this year. Yields on investment-grade bonds are near their lows for the past ten years, but those on speculative-grade bonds are elevated. Spreads of corporate bond yields relative to swap rates narrowed a bit, although they still remain high. Amidst signs of deteriorating credit quality and a worsening outlook for corporate earnings, risk spreads on speculative-grade bonds had risen by about 2 percentage points late last year, reaching levels not seen since 1991. Much of this widening was reversed early in the year, as investors became more confident that corporate balance sheets would not deteriorate substantially, but speculative-grade bond spreads widened again recently in response to negative news about second-quarter earnings and declines in share prices, leaving these spreads at the end of the second quarter only slightly below where they began the year. Nonetheless, investors, while somewhat selective, appear to remain receptive to new issues with speculative-grade ratings.

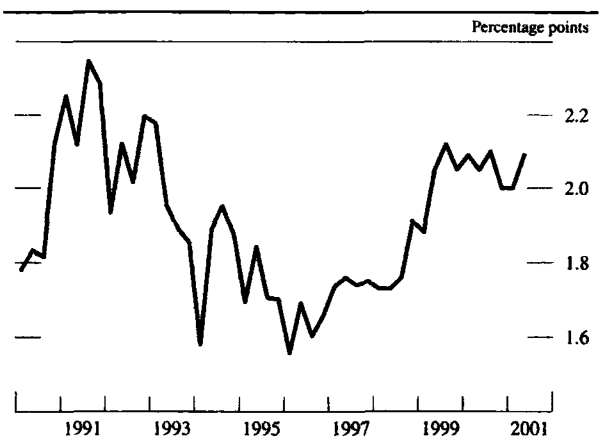
Corporate bond yields



NOTE. The data are monthly averages and extend through June 2001. The AA rate is calculated from bonds in the Merrill Lynch AA index with seven to ten years remaining to maturity. The high-yield rate is the yield on the Merrill Lynch 175 high-yield index.

Interest rates on commercial paper and C&I loans have fallen this year by about as much as the federal funds rate, although some risk spreads widened. The average yield spread on second-tier commercial paper over top-tier paper widened to about 100 basis points in late January, about four times its typical level, following defaults by a few prominent issuers. As the year progressed, investors became less concerned about the remaining commercial paper borrowers, and this spread has returned to a more normal level. According to preliminary data from the Federal Reserve's quarterly Survey of Terms of Business Lending, the spread over the target federal funds rate of the average interest rate on commercial bank C&I loans edged up between November and May and

Spread of average business loan rate over intended federal funds rate



NOTE. The data, which are based on the Federal Reserve's Survey of Terms of Business Lending, are for loans made by domestic commercial banks. The survey is conducted in the middle month of each quarter; the final observation is for May 2001 and is preliminary.

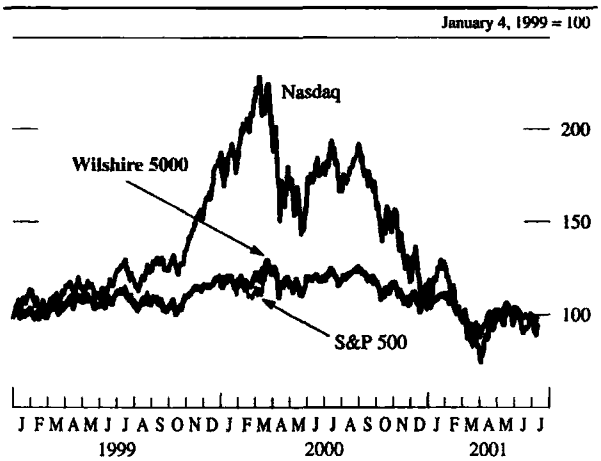
remains in the elevated range it shifted to in late 1998. Judging from the widening since 1998 of the average spread between rates on riskier and less-risky loans, banks have become especially cautious about lending to marginal credits.

Equity Markets

After rising in January in response to the initial easing of monetary policy, stock prices declined in February and March in reaction to profit warnings and weak economic data, with the Wilshire 5000, the broadest major stock price index, ending the first quarter down 13 percent. Stock prices retraced some of those losses in the second quarter, rising 7 percent, as first-quarter earnings releases came in a little above sharply reduced expectations and as investors became more confident that economic growth and corporate profits would soon pick up. On net, the Wilshire 5000 ended the half down 6 percent, the DJIA declined 3 percent, and the tech-heavy Nasdaq fell 13 percent. Earnings per share of the S&P 500 in the first quarter decreased 10 percent from a year earlier. A disproportionate share of the decline in S&P earnings—more than half—was attributable to a plunge in the technology sector, where first-quarter earnings were down nearly 50 percent from their peak in the third quarter of last year.

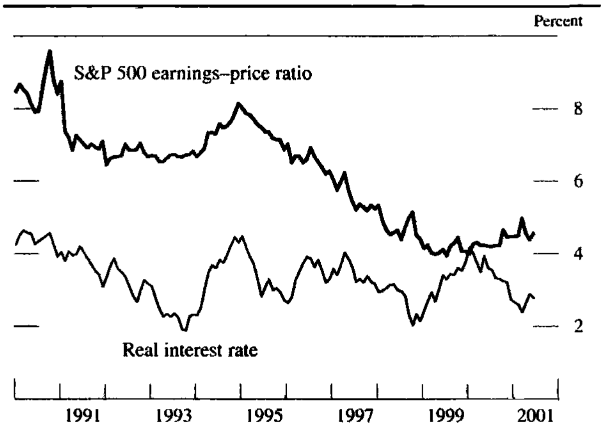
The decline in stock prices has left the Wilshire 5000 down by about 20 percent, and the Nasdaq down by about 60 percent, from their peaks in March 2000. Both of these indexes are near their levels at the end of 1998, having erased the sharp run-up in prices in 1999 and early 2000. But both indexes remain more than two and one-half times their levels

Major stock price indexes



NOTE. The data are daily and extend through July 12, 2001.

S&P 500 earnings–price ratio and the real interest rate



NOTE. The data are monthly and extend through June 2001. The earnings–price ratio is based on I/B/E/S consensus estimates of earnings over the coming year. The real rate is estimated as the difference between the ten-year Treasury rate and the five-year to ten-year expected inflation rate from the FRB Philadelphia survey.

at the end of 1994, when the bull market shifted into a higher gear. The ratio of expected one-year-ahead earnings to equity prices began to fall in 1995 when, as productivity growth picked up, investors began to build in expectations that increases in earnings would remain rapid for some time. This measure of the earnings-price ratio remains near the levels reached in 1999, suggesting that investors still anticipate robust long-term earnings growth, likely reflecting expectations for continued strong gains in productivity.

Despite the substantial variation in share prices over the first half of this year, trading has been orderly, and financial institutions appear to have encountered no difficulties that could pose broader systemic concerns. Market volatility and a less ebullient outlook have led investors to buy a much smaller share of stock on margin. At the end of May, margin debt was 1.15 percent of total market capitalization, equal to its level at the beginning of 1999 and well below its high of 1.63 percent in March of last year.

Federal Reserve Open Market Operations

As noted earlier, the Federal Reserve has responded to the diminished size of the auctions of Treasury securities by modifying its procedures for acquiring such securities. To help maintain supply in private hands adequate for liquid markets, since July of last year the System has limited its holdings of individual securities to specified percentages, ranging from 15 percent to 35 percent, of outstanding amounts. To stay within these limits, the System has at times not rolled over all of its holdings of maturing securities, generally investing the difference by purchasing other Treasury securities on the open market. The Federal Reserve also has increased its holdings of longer-term repurchase agreements (RPs), including RPs backed by agency securities and mortgage-backed securities, as a substitute for outright purchases of Treasury securities. In the first half of the year, longer-term RPs, typically with maturities of twenty-eight days, averaged $13 billion.

As reported in the previous *Monetary Policy Report*, the FOMC also initiated a study to evaluate assets to hold on its balance sheet as alternatives to Treasury securities. That study identified several options for further consideration. In the near term, the Federal Reserve is considering purchasing and holding Ginnie Mae mortgage-backed securities, which are explicitly backed by the full faith and credit of the U.S. government, and engaging in repurchase operations against foreign sovereign debt. For possible implementation later, the Federal Reserve is studying whether to auction longer-term discount window credit, and it will over time take a closer look at a broader array of assets for repurchase and for holding outright, transactions that would require additional legal authority.

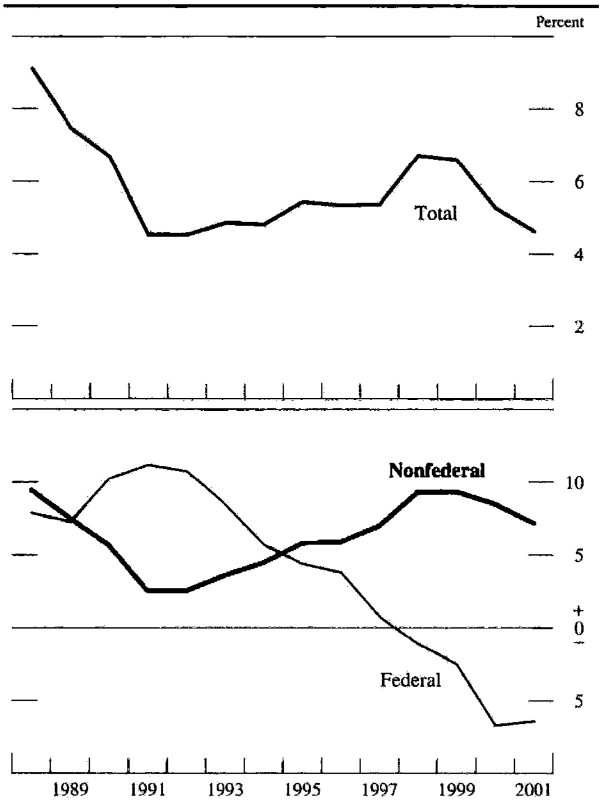
Debt and the Monetary Aggregates

The growth of domestic nonfinancial debt in the first half of 2001 is estimated to have remained moderate, slowing slightly from the pace in 2000 as a reduction in the rate of increase in nonfederal debt more than offset the effects of smaller net repayments of federal debt. In contrast, the monetary aggregates have grown rapidly so far this year, in large part because the sharp decline in short-term market interest rates has reduced the opportunity cost of holding the deposits and other assets included in the aggregates.

Debt and Depository Intermediation

The debt of the domestic nonfinancial sectors is estimated to have expanded at a 4¾ percent annual rate over the first half of 2001, a touch below the 5¼ percent growth recorded in 2000. Changes in the growth of nonfederal and federal debt this year have mostly offset each other. The growth of nonfederal debt moderated from 8½ percent in 2000 to a still-robust 7¼ percent pace in the first half of this year. Households' borrowing slowed some but was still substantial, buoyed by continued sizable home and durable goods purchases. Similarly, business borrowing mod-

Growth of domestic nonfinancial debt

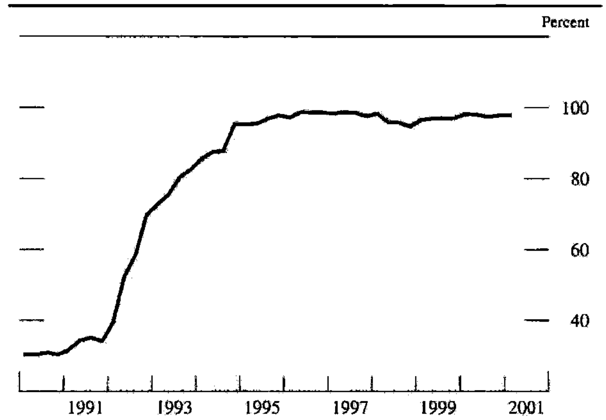


NOTE. Annual growth rates are computed from fourth-quarter averages. Growth in the first half of 2001 is the June average relative to the fourth-quarter average at an annual rate and is based on partially estimated data. Domestic nonfinancial debt consists of the outstanding credit market debt of governments, households and nonprofit organizations, nonfinancial businesses, and farms.

erated even as bond issuance surged, as a good portion of the funds raised was used to pay down commercial paper and bank loans. Tending to boost debt growth was a slowing in the decline in federal debt to a 6¼ percent rate in the first half of this year from 6¾ percent last year, largely because of a decline in tax receipts on corporate profits.

The share of credit to nonfinancial sectors held at banks and other depository institutions edged down in the first half of the year. Bank credit, which accounts for about three-fourths of depository credit, increased at a 3½ percent annual rate in the first half of the this year, well off the 9½ percent growth registered in 2000. Banks' loans to businesses and households decelerated even more, in part because borrowers preferred to lock in the lower rates available from longer-term sources of funds such as bond and mortgage markets and perhaps also in part because banks firmed up their lending stance in reaction to concerns about loan performance. Loan delinquency and charge-off rates have trended up in recent quarters, and higher loan-loss provisions have weighed on profits. Nevertheless, through the first

Percent of all U.S. commercial bank assets at well-capitalized banks



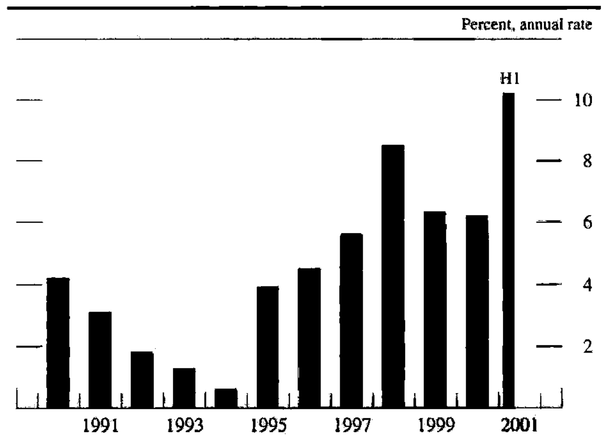
NOTE. The data are quarterly and extend through 2001:Q1. Capital status is determined using the regulatory standards for the leverage, tier 1, and total capital ratios.

quarter, bank profits remained in the high range recorded for the past several years, and virtually all banks—98 percent by assets—were well capitalized. With banks' financial condition still quite sound, they remain well positioned to meet future increases in the demand for credit.

The Monetary Aggregates

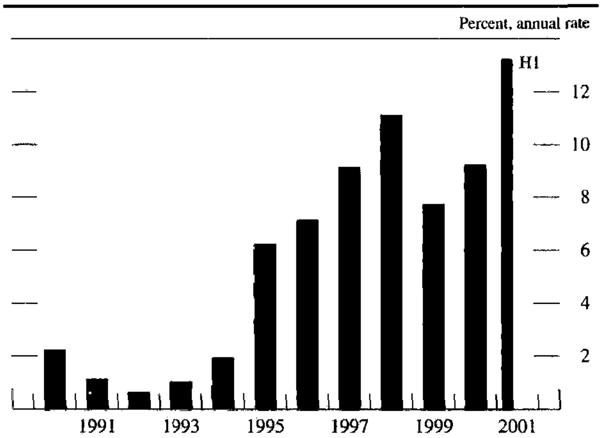
The monetary aggregates have expanded rapidly so far this year, although growth rates have moderated somewhat recently. M2 rose 10¼ percent at an annual rate in the first half of this year after having grown 6¼ percent in 2000. The interest rates on many of the components of M2 do not adjust quickly or fully to

M2 growth rate



NOTE. M2 consists of currency, travelers checks, demand deposits, other checkable deposits, savings deposits (including money market deposit accounts), small-denomination time deposits, and balances in retail money market funds. See footnote under the domestic nonfinancial debt chart for details on the computation of growth rates.

M3 growth rate



NOTE. M3 consists of M2 plus large-denomination time deposits, balances in institutional money market funds, RP liabilities (overnight and term), and eurodollars (overnight and term). See footnote under the domestic nonfinancial debt chart for details on the computation of growth rates.

changes in market interest rates. As a consequence, the steep declines in short-term market rates this year have left investments in M2 assets relatively more attractive, contributing importantly to the acceleration in the aggregate. M2 has also probably been buoyed by the volatility in the stock market this year, and perhaps by lower expected returns on equity investments, leading investors to seek the safety and liquidity of M2 assets.

M3, the broadest monetary aggregate, rose at a 13¼ percent annual rate through June, following 9¼ percent growth in 2000. All of the increase in M3, apart from that accounted for by M2, resulted from a ballooning of institutional money market funds, which expanded by nearly a third. Yields on these funds lag market yields somewhat, and so the returns to the funds, like those on many M2 assets, became relatively attractive as interest rates on short-term market instruments declined.

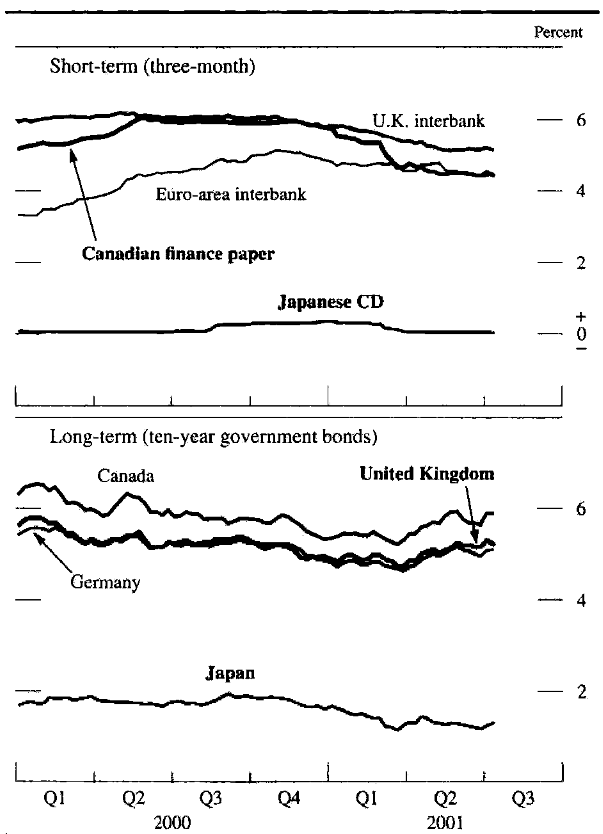
International Developments

So far this year, average foreign growth has weakened further and is well below its pace of a year ago. Activity abroad was restrained by the continued high level of oil prices, the global slump of the high-technology sector, and spillover effects from the U.S. economic slowdown, but in some countries domestic demand softened as well in reaction to local factors. High oil prices kept headline inflation rates somewhat elevated, but even though core rates of inflation have edged up in countries where economic slack has diminished, inflationary pressures appear to be well under control.

Monetary authorities in most cases reacted to signs of slowdown by lowering official rates, but by less than in the United States. Partly in response to these actions, yield curves have steepened noticeably so far in 2001. Although long-term interest rates moved down during the first quarter, they more than reversed those declines in most cases as markets reacted to a combination of the anticipation of stronger real growth and the risk of increased inflationary pressure. Foreign equity markets—especially for high-tech stocks—were buffeted early this year by many of the same factors that affected U.S. share prices: negative earnings reports, weaker economic activity, buildups of inventories of high-tech goods, and uncertainties regarding the timing and extent of policy responses. In recent months, the major foreign equity indexes moved up along with U.S. stock prices, but they have edged off lately and in most cases are down, on balance, for the year so far.

Slower U.S. growth, monetary easing by the Federal Reserve, fluctuations in U.S. stock prices, and the large U.S. external deficit have not undermined dollar strength. After the December 2000 FOMC meeting, the dollar lost ground against the major currencies; but shortly after the FOMC's surprise rate cut on

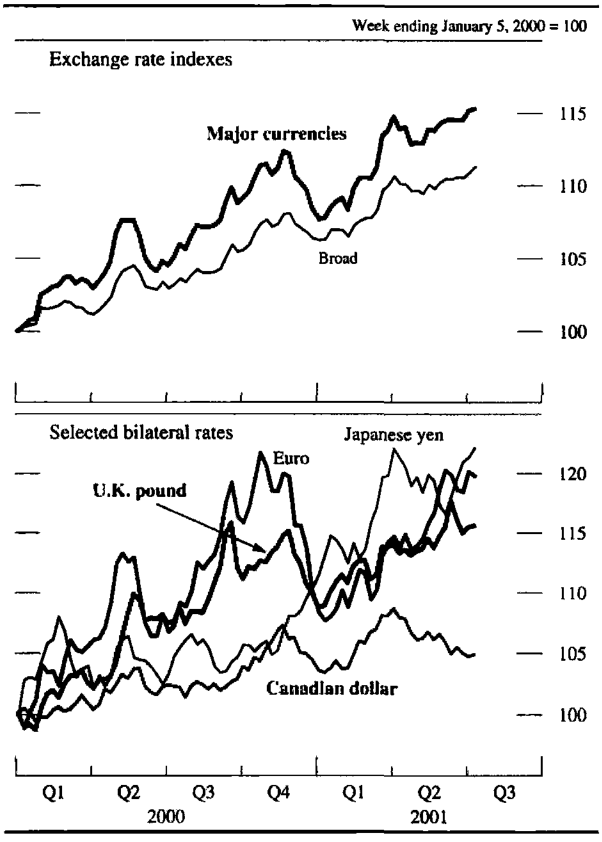
Foreign interest rates



NOTE. The data are weekly and extend through July 11, 2001.

January 3, the dollar reversed all of that decline as market participants evidently reassessed the prospects for recovery in the United States versus that in our major trading partners. The dollar as measured by a trade-weighted index against the currencies of major industrial countries gained in value steadily in the first three months of 2001, reaching a fifteen-year high in late March. Continued flows of foreign funds into U.S. assets appeared to be contributing importantly to the dollar's increase. Market reaction to indications that the U.S. economy might be headed toward a more prolonged slowdown undercut the dollar's strength somewhat in early April, and the dollar eased further after the unexpected April 18 rate cut by the FOMC. However, the dollar has more than made up that loss in recent months as signs of weakness abroad have emerged more clearly. On balance, the dollar is up about 7 percent against the major currencies so far this year; against a broader index that includes currencies of other important trading partners, the dollar has appreciated 5 percent.

Nominal U.S. dollar exchange rates



NOTE. The data are weekly and extend through July 11, 2001. Indexes (top panel) are trade-weighted averages of the exchange value of the dollar against major currencies and against the currencies of a broad group of important U.S. trading partners. Bilateral rates (bottom panel) are in foreign currency units per dollar.

The dollar has gained about 9 percent against the yen, on balance, as the Japanese economy has remained troubled by structural problems, stagnant growth, and continuing deflation. Industrial production has been falling, and real GDP declined slightly in the first quarter, with both private consumption and investment contracting. Japanese exports also have sagged because of slower demand from many key trading partners. Early in the year, under increasing pressure to respond to signs that their economy was weakening further, the Bank of Japan (BOJ) slightly reduced the uncollateralized overnight call rate, its key policy interest rate. By March, the low level of equity prices, which had been declining since early 2000, was provoking renewed concerns about the solvency of Japanese banks. In mid-March, the BOJ announced that it was shifting from aiming at a particular overnight rate to targeting balances that private financial institutions hold at the Bank, effectively returning the overnight rate to zero; the BOJ also announced that it would continue this easy monetary stance until inflation moves up to zero or above. After the yen had moved near the end of March to its weakest level relative to the dollar in more than four years, Japanese financial markets were buoyed by the surprise election in May of Junichiro Koizumi to party leadership and thereby to prime minister. The yen firmed slightly for several weeks thereafter, but continued weak economic fundamentals and increased market focus on the daunting challenges facing the new government helped push the yen back down and beyond its previous low level.

At the start of 2001, economic activity in the euro area had slowed noticeably from the more rapid rates seen early last year but still was fairly robust. Average GDP growth of near 2 percent was only slightly below estimated rates of potential growth, although some key countries (notably Germany) were showing signs of faltering further. Although high prices for oil and food had raised headline inflation, the rate of change of core prices was below the 2 percent ceiling for overall inflation set by the European Central Bank (ECB). The euro also was showing some signs of strength, having moved well off the low it had reached in October. However, negative spillovers from the global slowdown started to become more evident in weaker export performance in the first quarter, and leading indicators such as business confidence slumped. Nevertheless, the ECB held policy steady through April, as further weakening of the euro against the dollar (following a trend seen since the FOMC's rate cut in early January), growth of M3 in excess of the ECB's reference rate, and signs of an edging up of euro-area core inflation were seen as militating against an easing of policy.

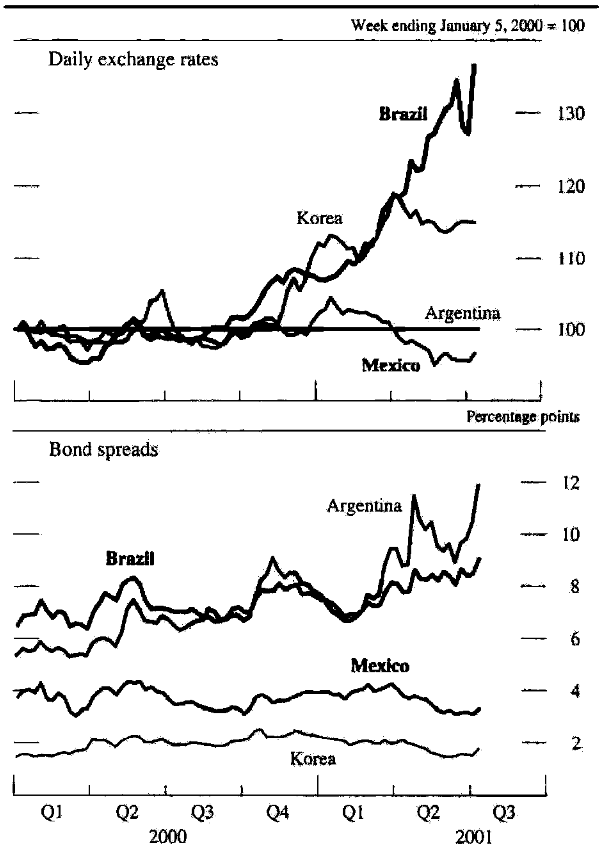
In early May, the ECB surprised markets with a 25 basis point reduction of its minimum bid rate and parallel reductions of its marginal lending and deposit rates. In explaining the step, the ECB noted that monetary developments no longer posed a threat to price stability and projected that moderation of GDP growth would damp upward price pressure. The euro has continued to fall since then and, on balance, has declined 9 percent against the dollar since the beginning of the year. Faced with a similar slowdown in the U.K. economy that was exacerbated by the outbreak of foot-and-mouth disease, the Bank of England also cut its official call rate three times (by a total of 75 basis points) during the first half of the year. The Labor Party's victory in parliamentary elections in early June seemed to raise market expectations of an early U.K. euro referendum and put additional downward pressure on sterling, but that was partly offset by signs of stronger inflationary pressure. On balance, the pound has lost about 6 percent against the dollar this year, while it has strengthened against the euro.

The exchange value of the Canadian dollar has swung over a wide range in 2001. In the first quarter, the Canadian dollar fell about 5 percent against the U.S. dollar as the Canadian economy showed signs of continuing a deceleration of growth that had started in late 2000. Exports—especially autos, auto equipment, and electronic equipment—suffered from weaker U.S. demand. Softer global prices for non-oil commodities also appeared to put downward pressure on the Canadian currency. With inflation well within its target range, the Bank of Canada cut its policy rate several times by a total of 125 basis points. So far this year, industries outside of manufacturing and primary resources appear to have been much less affected by external shocks, and domestic demand has maintained a fairly healthy pace. Since the end of March, the Canadian dollar has regained much of the ground it had lost earlier and is down about 2 percent on balance since the beginning of the year.

Global financial markets were rattled in February by serious problems in the Turkish banking sector. Turkish interest rates soared and, after market pressures led authorities to allow the Turkish lira to float, it experienced a sharp depreciation of more than 30 percent. An IMF program announced in mid-May that will bring $8 billion in support this year and require a number of banking and other reforms helped steady the situation temporarily, but market sentiment started to deteriorate again in early July.

In Argentina, the weak economy and the government's large and growing debt burden stoked market fears that the government would default on its debt and alter its one-for-one peg of the peso to the dollar. In April, spreads on Argentina's internationally traded bonds moved up sharply, and interest rates spiked. In June, the government completed a nearly $30 billion debt exchange with its major domestic and international creditors aimed at alleviating the government's cash flow squeeze, improving its debt amortization profile, and giving it time to enact fiscal reforms and revive the economy. Argentine financial conditions improved somewhat following agreement on the debt swap. However, this improvement proved temporary, and an apparent intensification of market concerns about the possibility of a debt default triggered a sharp fall in Argentine financial asset prices at mid-July. This financial turbulence in Argentina negatively affected financial markets in several other emerging market economies. The turmoil in Argentina took a particular toll on Brazil, where an energy crisis added to other problems that have kept growth

Emerging markets



NOTE. The data are weekly and extend through July 11, 2001. Exchange rates (top panel) are in foreign currency units per dollar. Bond spreads (bottom panel) are the J.P. Morgan Emerging Market Bond Index "plus" (sovereign yield) spreads over U.S. Treasuries.

very slow since late last year. Intervention purchases of the *real* by the Brazilian central bank and a 300 basis point increase in its main policy interest rate helped take some pressure off the currency, but the *real* has declined about 24 percent so far this year.

The weak performance of the Mexican economy at the end of last year caused largely by a fall in exports to the United States (notably including a sharp drop in exports of automotive products) and tight monetary policy carried over into early 2001. With inflation declining, the Bank of Mexico loosened monetary policy in May for the first time in three years. Problems with Mexican growth did not spill over to financial markets, however. The peso has remained strong and is up about 3 percent so far this year, and stock prices have risen.

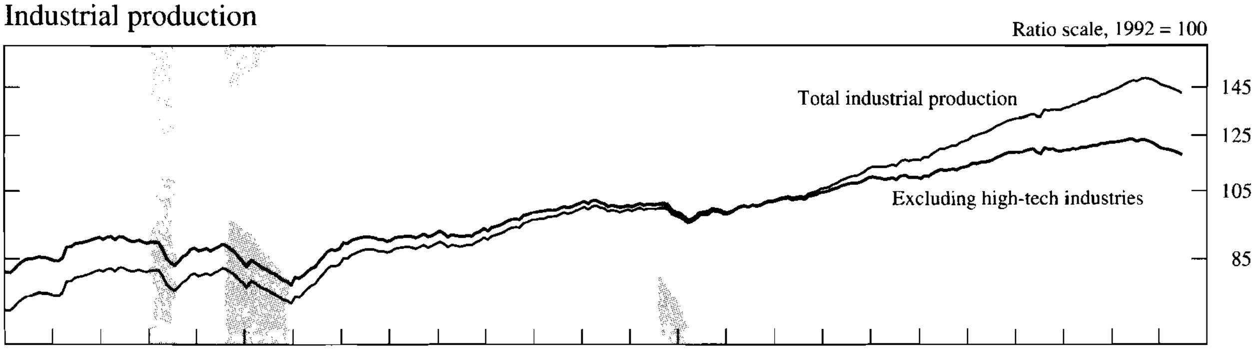
Average growth in emerging Asia slowed significantly in the first half; GDP grew more slowly or even declined in economies that were more exposed to the effects of the global drop in demand for high-tech products. Average growth of industrial production in Malaysia, Singapore, and Hong Kong, for example, fell from a 15 percent annual rate in late 2000 to close to zero in mid-2001. The turnaround of the high-tech component of industrial production in those countries was even more abrupt—from more than a 30 percent rate of increase to a slight decline by midyear. In the Philippines and Indonesia, economic difficulties were compounded by serious political tensions. Currencies in many of these countries moved down versus the dollar, and stock prices declined. In Korea, the sharp slump in activity that began late last year continued into 2001, as weakness in the external sector spread to domestic consumption and investment. The Bank of Korea lowered its target interest rate a total of 50 basis points over the first half of the year in response to the weakening in activity. The Chinese economy, which is less dependent on technology exports than many other countries in the region, continued to expand at a brisk pace in the first half of this year, as somewhat softer export demand was offset by increased government spending. □

Industrial Production and Capacity Utilization for June 2001

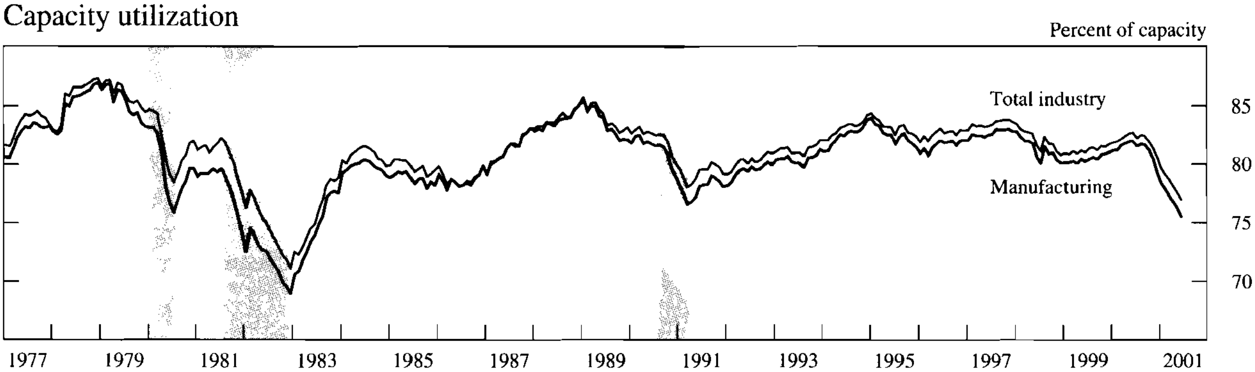
Released for publication July 17

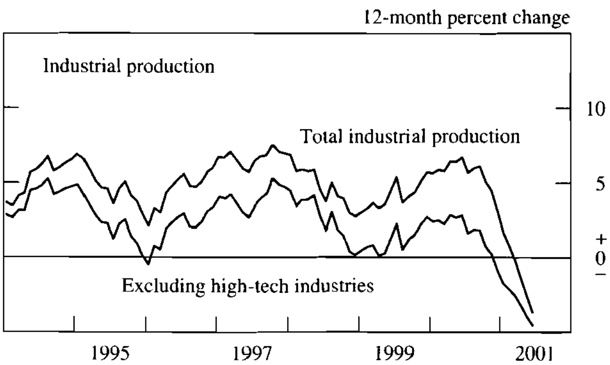
Industrial production fell 0.7 percent in June, to 142.5 percent of its 1992 average; second-quarter production was down 5.6 percent at an annual rate. After nine consecutive months of decline, industrial production in June was more than 3½ percent below its level in June 2000. Manufacturing output, which also posted its ninth consecutive monthly decline, contracted 0.8 percent in June, to more than 4 percent below its year-earlier level. Mining output weakened 0.4 percent, and utilities production increased 0.9 per-

Industrial production

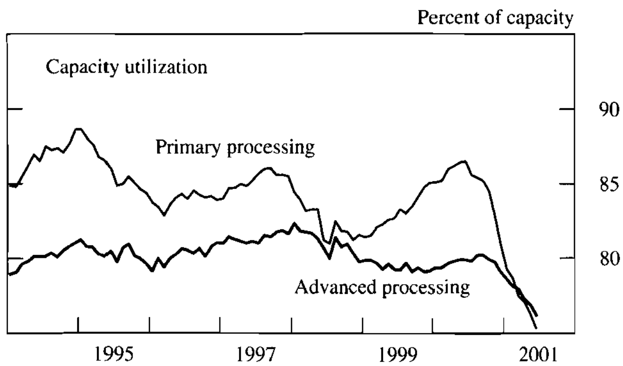


Capacity utilization





High-tech industries are defined as semiconductors and related electronic components (SIC 3672-9), computers (SIC 357), and communications equipment (SIC 366).



Shaded areas are periods of business recession as defined by the NBER.

Industrial production and capacity utilization, June 2001

Category	Industrial production, index, 1992=100								
	2001				Percent change				
					2001[1]				June 2000 to June 2001
	Mar.[r]	Apr.[r]	May[r]	June[p]	Mar.[r]	Apr.[r]	May[r]	June[p]	
Total	**145.0**	**144.2**	**143.5**	**142.5**	**–.3**	**–.5**	**–.5**	**–.7**	**–3.6**
Previous estimate	145.1	144.2	143.1	. . .	–.2	–.6	–.8	. . .	. . .
Major market groups									
Products, total[2]	134.5	133.6	133.1	132.4	–.1	–.7	–.4	–.5	–2.7
Consumer goods	122.4	121.7	121.7	121.5	.1	–.6	.0	–.2	–2.2
Business equipment	195.6	193.0	191.8	189.0	.1	–1.3	–.6	–1.4	–2.0
Construction supplies	140.5	139.6	138.7	137.6	.4	–.7	–.6	–.7	–4.0
Materials	163.9	163.4	162.2	160.7	–.7	–.3	–.7	–.9	–5.1
Major industry groups									
Manufacturing	150.0	149.3	148.6	147.4	–.5	–.5	–.5	–.8	–4.2
Durable	191.3	189.9	189.4	187.0	.1	–.7	–.3	–1.2	–3.9
Nondurable	112.7	112.4	111.7	111.3	–1.2	–.2	–.7	–.3	–4.6
Mining	102.7	102.8	102.7	102.3	1.3	.1	–.1	–.4	1.9
Utilities	122.0	120.0	118.0	119.0	.2	–1.7	–1.7	.9	–2.2

Category	Capacity utilization, percent								MEMO Capacity, percent change, June 2000 to June 2001
	Average, 1967–00	Low, 1982	High, 1988–89	2000	2001				
				June	Mar.[r]	Apr.[r]	May[r]	June[p]	
Total	**82.1**	**71.1**	**85.4**	**82.7**	**78.7**	**78.1**	**77.6**	**77.0**	**3.6**
Manufacturing	81.1	69.0	85.7	82.0	77.3	76.8	76.3	75.5	4.0
Advanced processing	80.6	71.0	84.2	79.9	77.9	77.2	76.9	76.2	2.1
Primary processing	82.2	65.7	88.3	86.5	77.4	77.1	76.3	75.4	7.1
Mining	87.4	80.3	88.0	86.2	89.2	89.3	89.3	89.1	–1.4
Utilities	87.6	75.9	92.6	91.7	89.6	87.8	86.1	86.6	3.6

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.

cent. The rate of capacity utilization for total industry sank to 77 percent, more than 5 percentage points below its 1967–2000 average.

MARKET GROUPS

The output of consumer goods dipped 0.2 percent in June, despite a gain in the production of consumer energy goods. Production of automotive products, which jumped in May, fell back 1.3 percent in June; the level of production was nearly 7 percent below that of June 2000. Elsewhere among consumer durables, the production of home audio and video equipment, appliances, and household furniture weakened noticeably. The output of nondurable consumer goods was flat. The output of consumer energy products increased 1.7 percent, with sizable gains in the production of automotive gasoline and in utility sales to residences. The production of nondurable consumer goods excluding energy contracted 0.3 percent, as the production of foods and tobacco and clothing continued to decrease.

The output of business equipment fell 1.4 percent in June. The production of transit equipment dropped back in June; although output in this category rose, on average, in the second quarter, it remained more than 10 percent below its level in June 2000. Medium and heavy truck production—the hardest-hit transit industry—was more than 40 percent below its June 2000 level. The 1.2 percent decline in the production of information-processing equipment reflected, in part, continued losses in the communications equipment industry; the output of computer and office equipment was flat in June. The output of industrial and other equipment fell 1.8 percent, with widespread declines posted within the sector.

Broad-based weakness in the construction supplies industries led to a reduction in the output of intermediate products. The production of business supplies edged up slightly after six consecutive months of decline. The output of materials fell back 0.9 percent in June, and the losses were widespread. Within durable materials industries, noticeable cutbacks were made in the production of both automotive parts and semiconductors. Among nondurable materials, the output of chemicals and of textiles continued to fall. The output of energy materials was flat, with small offsetting changes among the components.

Industry Groups

The weakness in manufacturing production in June was widespread across industries. Overall manufacturing fell 0.8 percent, and both the manufacturing aggregate excluding motor vehicles and parts and the aggregate excluding high-technology industries fell by nearly the same amount.

Overall manufacturing output fell at an annual rate of 5.9 percent in the second quarter, after having dropped 7.9 percent in the first quarter. The weakness in the second quarter was evident among both durables and nondurables. The largest drops were in electrical machinery (most notably semiconductors), textile mill products, industrial machinery and equipment, fabricated metal products, printing and publishing, and chemical products. Only four industries showed advances in output in the second quarter: motor vehicles and parts, lumber and products, paper and products, and petroleum products. The output of motor vehicles and parts increased at an annual rate of 35 percent after having fallen at an average rate of 25 percent in each of the previous two quarters.

The factory operating rate dropped ¾ of a percentage point, to 75.5 percent in June. The utilization rate for primary-processing industries declined to 75.4 percent, while the rate for advanced-processing industries declined to 76.2 percent. With the exceptions of stone, clay, and glass products, petroleum products, and miscellaneous manufactures, operating rates for the major manufacturing industries remained below their long-run averages. Capacity utilization in high-technology industries (computers, communications equipment, and semiconductors and related electronic components) dropped 2 percentage points in June, to 67.5 percent. The operating rate at utilities picked up slightly to 86.6 percent. The operating rate for mining edged down to 89.1 percent. □

Testimony of Federal Reserve Officials

Testimony of Roger W. Ferguson, Jr., Vice Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, June 13, 2001

Chairman Sarbanes, Senator Gramm, and members of the Committee, I am pleased to appear before you today as President Bush's nominee to serve on the Board of Governors of the Federal Reserve System. I am honored that the President has nominated me to serve a full term as a member of the Board.

As a Governor, I am particularly mindful that the policy decisions of the Federal Reserve influence the economic well-being of all Americans. It has been my privilege to serve our fellow citizens in this capacity since 1997, giving this role my undivided attention, and I hope to be able to continue in that service.

During my tenure we have faced a rapidly changing environment in many of our areas of responsibility, and I would like to review briefly some of those developments and our responses to them.

The Congress has given the Federal Reserve three monetary policy objectives: maximum employment, stable prices, and moderate long-term interest rates. We have viewed these objectives as congruent with a goal of maximum sustainable growth, which can occur only in the context of long-run price stability. Fostering financial conditions in which Americans can realize the full productive potential of our economy has presented a number of challenges in recent years. The most important developments have been a step-up in the advance of technology—both in terms of the production of new goods and the more effective harnessing of past innovations—and a rapid accumulation of physical capital. These developments have made workers increasingly more productive. But faster productivity growth fed back on the demand for goods and services in ways that complicated the calibration of monetary policy. Faster growth in productivity, and the reactions of businesses and households to this acceleration of productivity, have combined with other forces—particularly those associated with the growing interconnectedness of the global economy—to require substantial adjustments in the Federal Reserve's policy interest rate in recent years. But those adjustments in our policy instrument have been in the service of our objective of promoting maximum sustainable growth.

Making monetary policy has been only part of the challenge. During my tenure at the Federal Reserve we have also worked diligently to communicate to the public what we are doing with policy and why. Transparency in policymaking is a key part of the democratic process, as well as being helpful in fostering efficient decisionmaking in the private sector. Becoming more transparent has been a goal of the central bank in recent years, keeping in mind that we must balance the need to be open and accountable with the need to maintain an effective process of decisionmaking by the Federal Open Market Committee. Transparency requires that we periodically review our procedures, as we did in 1999, to ensure that they appropriately balance these considerations. I do not know what future changes, if any, might be called for in how we communicate, but I am confident that the Federal Reserve will continue to look for ways to communicate clearly our policies and our supporting rationales.

While macroeconomic conditions are of overriding importance, the role of the Federal Reserve is broader than monetary policy. Financial stability is an essential precondition for maintaining a strong economy, and the Federal Reserve has important supervisory and regulatory responsibilities for our nation's banking system. The Federal Reserve, and other regulators, must continue to foster a competitive environment that will benefit the users of financial services, while also promoting safety and soundness. I believe that we must achieve these goals with a minimum of regulatory burden and without leaving the impression that any institution is too big to fail. To minimize regulatory burden and achieve our other objectives, we should encourage what to my mind are the best regulators, namely market discipline and management accountability. Of late, our challenge has been to meet these goals as we implement the financial modernization law. In my opinion, the Congress wisely removed several antiquated barriers to a modern financial structure in the United States, and now we need to design regulatory and supervisory policies that reflect the will of the Congress and deal effectively with a changing financial services industry.

Technology and deregulation, forces for change that I have just mentioned, have encouraged consolidation in the financial sector. With central bank and treasury officials from twelve other major industrial economies, I have reviewed the likely effect of the global trend toward consolidation and its implication for central banks and regulators. Because financial systems will continue to consolidate, as the forces that motivate that evolution are unabated, the regulatory community needs to monitor developments closely. But our study also found that existing policies appear adequate to allow regulators to maintain safe and sound financial industries now and in the intermediate term and for monetary policy to work through many of the same mechanisms as in the past.

More than the structure of the financial services industry has changed of late. That sector has found uses for consumer information and created an array of financial products and services unimagined even a few years ago. These developments, in turn, raise some new concerns, and have re-ignited some existing ones, among consumers and legislators. The Congress grappled with one of these issues, privacy, in the financial modernization law. Concerns about abusive lending practices have also re-emerged of late. In all areas, but particularly in areas as sensitive as these, regulators should faithfully administer consumer protection laws as written. Any necessary regulations should adequately inform consumers and protect them against abusive practices while also not discouraging legitimate extensions of credit, especially to those who might previously have been denied access to such credit. Financial literacy will certainly play an important role in avoiding the growth of abusive or deceptive financial practices and in allowing consumers to protect their interests. I believe that legislation, careful regulation, and education are all components of the response to these emerging consumer concerns. I also hope, however, that businesses recognize that it is in their long-term interest to maintain the confidence of consumers by avoiding deceptive and abusive practices and by respecting the privacy of their customers.

Finally, our payment system affects every consumer and business. This system too has been, and will continue to be, changed greatly by emerging technologies. From the time of its very founding, the Federal Reserve has had the responsibility to foster an efficient, safe, and accessible payment system. During much of 1998 and 1999, our primary objective in this regard was to help banks and other participants in the payment system maintain smooth operations as the century date change passed. Domestically, we achieved this goal by working directly with the banking sector. Internationally, I was privileged to work through multilateral groups to raise the awareness of the international regulatory community of the nature of the Y2K challenge. Now, we can take a longer-term perspective and consider how we might facilitate innovation in the payment system.

As an overseer and regulator, the Federal Reserve needs to approach payment system innovations with an open mind and a willingness to adapt. In a dynamic economy, markets need to play a key role in guiding the development of infrastructure. This means that innovation and competition will be central to the future development of the payment system—as they are in other areas of the economy. Regulators should strive to remove barriers to innovations when we can do so without sacrificing important public policies. We should take every opportunity to foster competition and maintain the integrity of the payment system, but public policy should not be built on a single vision or prediction of the future. Ultimately, consumers and businesses as well as service providers will determine the range of payment services that best meet their needs.

Mr. Chairman and members of the Committee, during my years on the Board of Governors, I have done my best to contribute positively to all aspects of the Federal Reserve's many responsibilities. I look forward to the opportunity to continue to work with you and serve the nation as a member of the Board of Governors. Thank you for your attention and for considering my nomination. I would be pleased to respond to questions.

Testimony of Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, June 20, 2001

Mr. Chairman and members of the Committee, I am pleased to be here this morning to discuss the condition of the U.S. banking system. In my presentation today, I would like to raise just a few issues. I have attached an appendix in which the Federal Reserve Board staff provides far more detail relevant to the purpose of these hearings.[1]

1. The attachment to this statement is available, on request, from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551.

There are, I believe, two salient points to be made about the current state of the banking system. First, many of the traditional quantitative and qualitative indicators suggest that bank asset quality is deteriorating and that supervisors therefore need to be more sensitive to problems at individual banks, both currently and in the months ahead. Some of the credits that were made in earlier periods of optimism—especially syndicated loans—are now under pressure and scrutiny. The softening economy and/or special circumstances have especially affected borrowers in the retail, manufacturing, health care, and telecommunications industries. California utilities, as you know, have also been under particular pressure. All of these, and no doubt other problem areas that are not now foreseeable, require that both bank management and supervisors remain particularly alert to developments.

Second, we are fortunate that our banking system entered this period of weak economic performance in a strong position. After rebuilding capital and liquidity in the early 1990s, followed by several years of post–World War II record profits and very strong loan growth, our banks now have prudent capital and reserve positions. In addition, asset quality was quite good by historical standards before the deterioration began. Moreover, in the last decade, as I will discuss more fully in a moment, banks have improved their risk management and control systems, which we believe may have both strengthened the resultant asset quality and shortened banks' response time to changing economic events. This potential for an improved reaction to cyclical weakness, and better risk management, is being tested by the events of recent quarters and may well be tested further in coming quarters.

We can generalize from these recent events to understand a bit better some relevant patterns in banking, patterns that appear to be changing for the better. The recent weakening in loan quality bears some characteristics typical of traditional relationships of loans to the business cycle—the procyclicality of bank lending practices. The rapid increase in loans, though typical of a normal expansion of the economy, was unusual in that it was associated with more than a decade of uninterrupted economic growth. As our economy expanded, business and household financing needs increased, and projections of future outcomes turned increasingly optimistic. In such a context, loan officers, whose experience counsels that the vast majority of bad loans are made in the latter stages of a business expansion, have had the choice of (1) restraining lending, and presumably losing market share, or (2) hoping for repayment of new loans before conditions turn adverse. Given the limited ability to foresee turning points, the competitive pressures led, as has usually been the case, to a deterioration of underlying loan quality as the peak in the economy approached. Supervisors have had comparable problems. In a rising economy buffeted by competitive banking markets, it is difficult to evaluate the embedded risks in new loans or to be sure that adequate capital is being held. Even if correctly diagnosed, making that supervisory case to bank management can be difficult because, regrettably, incentives for loan officers and managers traditionally have rewarded loan growth, market share, and the profits that derive from booking interest income with, in retrospect, inadequate provisions for possible default. Moreover, credit-risk specialists at banks historically have had difficulty making their case about risk because of their inability to measure and quantify it. At the same time, with debt service current and market-risk premiums cyclically low, coupled with the same inability to quantify and measure risk, supervisory criticisms of standards traditionally have been difficult to justify.

When the economy begins to slow and the quality of some booked loans deteriorates, as in the current cycle, loan standards belatedly tighten. New loan applications that earlier would have been judged creditworthy, especially since the applications are now being based on a more cautious economic outlook, are nonetheless rejected, when in retrospect it will doubtless be those loans that would have been the most profitable to the bank.

Such policies are demonstrably not in the best interests of banks' shareholders or the economy. They lead to an unnecessary degree of cyclical volatility in earnings and, as such, to a reduced long-term capitalized value of the bank. More importantly, such policies contribute to increased economic instability. The last few years have had some of the traditional characteristics I have just described: the substantial easing of terms as the economy improved, the rapid expansion of the loan book, the deterioration of loan quality as the economy slowed, and the cumulative tightening of loan standards. But this interval has had some interesting characteristics not observed in earlier expansions. First, in the mid-1990s, examiners began to focus on banks' risk-management systems and processes; at the same time, supervisors' observations about softening loan standards came both unusually early in the expansion and were taken more seriously than had often been the case. The turmoil in financial markets in 1998, associated with both the East Asian crisis and the Russian default, also focused bankers' attention on loan quality during the continued expansion in this country. And there was a further induced tightening of standards last year in response to early indications of deteriorating loan quality, months before aggregate growth slowed.

All of this might have been the result of idiosyncratic events from which generalizations should not be made. Perhaps. But at the same time another, more profound development of critical importance had begun: the creation at the larger, more sophisticated banks of an operational loan process with a more or less formal procedure for recognizing, pricing, and managing risk. In these emerging systems, loans are classified by risk, internal profit centers are charged for equity allocations by risk category, and risk adjustments are explicitly made. In short, the formal measurement and quantification of risk has begun to occur and to be integrated into the loan-making process. This is a sea change—or at least the beginning of one. Formal risk-management systems are designed to reduce the potential for the unintended acceptance of risk and hence should reduce the procyclical behavior that has characterized banking history. But, again, the process has just begun.

The federal banking agencies are trying to generalize and institutionalize this process in the current efforts to reform the Basel Capital Accord. When operational, near the middle of this decade, the revised accord, Basel II, promises to promote not only better risk management over a wider group of banks but also less intrusive supervision once the risk-management system is validated. It also promises less variability in loan policies over the cycle because of both bank and supervisory focus on formal techniques for managing risk.

In recent years, we have incorporated innovative ideas and accommodated significant change in banking and supervision. Institutions have more ways than ever to compete in providing financial services. Financial innovation has improved the measurement and management of risk and holds substantial promise for much greater gains ahead. Building on bank practice, we are in the process of improving both lending and supervisory policies that we trust will foster better risk management; but these policies could also reduce the pro-cyclical pattern of easing and tightening of bank lending and accordingly increase bank shareholder values and economic stability. It is not an easy road, but it seems that we are well along it. □

Announcements

Federal Open Market Committee Directive and Discount Rate Action

The Federal Open Market Committee at its meeting on June 27, 2001, decided to lower its target for the federal funds rate by 25 basis points to 3¾ percent. In a related action, the Board of Governors approved a 25 basis point reduction in the discount rate to 3¼ percent. The action by the FOMC brings the decline in the target federal funds rate since the beginning of the year to 275 basis points.

The patterns evident in recent months—declining profitability and business capital spending, weak expansion of consumption, and slowing growth abroad—continue to weigh on the economy. The associated easing of pressures on labor and product markets is expected to keep inflation contained.

Although continuing favorable trends bolster long-term prospects for productivity growth and the economy, the Committee continues to believe that against the background of its long-run goals of price stability and sustainable economic growth and of the information currently available, the risks are weighted mainly toward conditions that may generate economic weakness in the foreseeable future.

In taking the discount rate action, the Federal Reserve Board approved requests submitted by the boards of directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Atlanta, Chicago, Dallas, and San Francisco.

Subsequently, the Federal Reserve Board approved on June 28, 2001, actions by the boards of directors of the Federal Reserve Banks of Cleveland, Richmond, Minneapolis, and Kansas City, decreasing the discount rate at those banks from 3½ percent to 3¼ percent, effective immediately.

The Federal Reserve Board also approved action by the board of directors of the Federal Reserve Bank of St. Louis, decreasing the discount rate at that bank from 3½ percent to 3¼ percent, effective Friday, June 29, 2001.

Banking Agencies Issue Host State Loan-to-Deposit Ratios

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency issued on June 28, 2001, the host state loan-to-deposit ratios that the banking agencies will use to determine compliance with section 109 of the Riegle–Neal Interstate Banking and Branching Efficiency Act of 1994. These ratios update data released on March 23, 2000.

In general, section 109 prohibits a bank from establishing or acquiring a branch or branches outside its home state primarily for the purpose of deposit production. Section 109 also prohibits branches of banks controlled by out-of-state bank holding companies from operating primarily for the purpose of deposit production.

Section 109 provides a process to test compliance with the statutory requirements. The first step in the process involves a loan-to-deposit ratio screen that compares a bank's statewide loan-to-deposit ratio with the host state loan-to-deposit ratio for banks in a particular state.

A second step is conducted if a bank's statewide loan-to-deposit ratio is less than one-half of the published ratio for that state or if data are not available at the bank to conduct the first step. The second step requires the appropriate banking agency to determine whether the bank is reasonably helping to meet the credit needs of the communities served by the bank's interstate branches.

A bank that fails both steps is in violation of section 109 and is subject to sanctions by the appropriate banking agency.

Joint Agency Letter to SEC on Broker–Dealer Exemptions

The Federal Reserve Board on July 2, 2001, joined the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation in a letter to the Securities and Exchange Commission (SEC) concerning the SEC's interim final rules to implement provisions of the Gramm–Leach–Bliley Act that provide specific exemptions from the broker and dealer definitions that permit banks to continue providing trust and fiduciary, as well as other specified traditional banking, products and services.

FOMC MEETING SCHEDULE FOR 2002

The Federal Open Market Committee announced on July 16, 2001, its tentative meeting schedule for 2002. It is as follows: January 29–30 (Tuesday–Wednesday), March 19 (Tuesday), May 7 (Tuesday), June 25–26 (Tuesday–Wednesday), August 13 (Tuesday), September 24 (Tuesday), November 6 (Wednesday), and December 10 (Tuesday).

ENFORCEMENT ACTIONS

The Federal Reserve Board announced on June 21, 2001, the issuance of an order of prohibition against Nelly Kann de Gouverneur, a former employee and institution-affiliated party of Banco Mercantil, C.A., S.A.C.A., New York Agency, New York.

Ms. Kann, without admitting to any allegations, consented to the issuance of the order based on her alleged violations of law and unsafe and unsound practices in connection with the structuring of deposits of cash and monetary instruments by private banking customers of Mercantil resulting in violations of the Currency and Foreign Transactions Report Act (31 U.S.C. §5311 et seq.)

The Federal Reserve Board announced on July 2, 2001, the issuance of a cease and desist order against Harvey Plante, a former officer and institution-affiliated party of the Bankers Trust Company, New York, New York.

The Federal Reserve Board announced on July 12, 2001, the issuance of an order to cease and desist against the Bank of Rogers, Rogers, Arkansas.

The Federal Reserve Board and the New York State Banking Department announced on July 13, 2001, the joint issuance of a combined consent order to cease and desist and an assessment of a civil money penalty and monetary payment against U.S. Trust Corporation, a bank holding company, and its subsidiary, the United States Trust Company of New York, a state-chartered bank.

U.S. Trust Corporation and the United States Trust Company of New York, without admitting to any allegations, consented to the issuance of the order in connection with alleged violations and deficiencies relating to the lack of internal controls and procedures and inadequate compliance with the Bank Secrecy Act and relating to the failure to maintain accurate and complete books and records in connection with the operations and activities of the Strategic Trading Group of the bank.

U.S. Trust Corporation and the United States Trust Company of New York are paying to the Board a civil money penalty in the amount of $5 million and are making a $5 million monetary payment to the state of New York.

PUBLICATION OF THE *ANNUAL REPORT* AND *BUDGET REVIEW*

The *87th Annual Report, 2000,* of the Board of Governors of the Federal Reserve System, covering operations for the calendar year 2000, is now available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551, or phone 202-452-3244 or 3245. Also available from Publications Services is a separately printed companion document, *Annual Report: Budget Review, 2001*, which describes the budgeted expenses of the Federal Reserve Banks for 2001, the 2001 phase of the Board's current two-year (2000–01) budget, and income and expenses for 1999 and 2000. This year's report includes a chapter on the modernization of the Banks' check-processing system. Both reports are also available on the Federal Reserve Board's web site: http://www.federalreserve.gov.

CHANGES IN BOARD STAFF

The Federal Reserve Board announced on June 11, 2001, the appointments of Donald Kohn as Adviser to the Board for Monetary Policy in the Office of Board Members, Vincent Reinhart as Director of the Division of Monetary Affairs, and Brian Madigan as Deputy Director of the Division of Monetary Affairs, all effective July 2, 2001.

Mr. Kohn will continue as Secretary of the Federal Open Market Committee, with responsibility for briefing the Committee and for its announcements, minutes, and transcripts. Mr. Kohn has been the Director of the Division of Monetary Affairs since 1987 but is relinquishing management of the division and will focus on issues related to monetary policy.

Mr. Reinhart joined the Federal Reserve Bank of New York in 1983 and moved to the Division of Monetary Affairs at the Board in 1988. He was named an officer of the Board in 1994 and was named deputy associate director in 1998. In 1999, Mr. Reinhart transferred to the Division of International Finance where, as deputy director, he had responsibility for the sections for International Banking, Financial Markets, International Financial Transactions, and Trade and Quantitative Studies.

Mr. Madigan joined the Board's staff in 1979 as an economist in the Division of Research and Statistics. He was promoted to senior economist in 1984 and became chief of the banking section in 1985. In 1987, he was named an officer of the Board. In 1988, Mr. Madigan joined the Division of Monetary Affairs and was promoted to associate director in 1993.

The Federal Reserve Board announced on June 18, 2001, the following official staff promotion and appointment, effective August 6, 2001.

- The promotion of Robert deVere Frierson to Deputy Secretary of the Board
- The appointment of Margaret McCloskey Shanks as Assistant Secretary of the Board, replacing Barbara R. Lowrey, Associate Secretary of the Board, upon her retirement.

Mr. Frierson will oversee all the functions in the office and directly supervise preparing the Board's minutes, distributing information to and from the Board, publishing the *Federal Reserve Regulatory Service* and associated manuals, and providing general administrative support. He joined the Office of the Secretary in 1998 as an associate secretary after eleven years in the Legal Division, where he attained the position of assistant general counsel.

Ms. Shanks will supervise managing the Board's records, responding to requests under the Freedom of Information Act, providing conference planning and other visitor services, overseeing the appointment of Federal Reserve Bank and Branch directors, and providing temporary executive secretarial services. She joined the Board in 1991 as a senior attorney in the Legal Division. Ms. Shanks received her undergraduate degree from DePaul University and her J.D. degree from Loyola University. □

Minutes of the Meeting of the Federal Open Market Committee Held on May 15, 2001

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, May 15, 2001, starting at 9:00 a.m.

Present:
Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Ferguson
Mr. Gramlich
Mr. Hoenig
Mr. Kelley
Mr. Meyer
Ms. Minehan
Mr. Moskow
Mr. Poole

Messrs. Jordan, McTeer, Santomero, 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. Kohn, Secretary and Economist
Mr. Gillum, Assistant Secretary
Ms. Fox, Assistant Secretary
Mr. Mattingly, General Counsel
Ms. Johnson, Economist
Mr. Stockton, Economist

Ms. Cumming, Messrs. Fuhrer, Hakkio, Howard, Lindsey, Rasche, Reinhart, Slifman, and Wilcox, Associate Economists

Mr. Kos, Manager, System Open Market Account

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

Mr. Simpson, Senior Adviser, Division of Research and Statistics, Board of Governors

Messrs. Connors,[1] Madigan, Oliner, and Struckmeyer, Associate Directors, Divisions of International Finance, Monetary Affairs, Research and Statistics, and Research and Statistics, Board of Governors

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

Mr. Skidmore, Special Assistant to the Board, Office of Board Members, 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. Connolly, First Vice President, Federal Reserve Bank of Boston

Messrs. Beebe, Eisenbeis, and Goodfriend, Mses. Mester and Perelmuter, Messrs. Rosenblum and Sniderman, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Atlanta, Richmond, Philadelphia, New York, Dallas, and Cleveland respectively

Mr. Sullivan, Vice President, Federal Reserve Bank of Chicago

Mr. Weber, Senior Research Officer, Federal Reserve Bank of Minneapolis

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on March 20, 2001, 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.

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 March 20, 2001, through May 14, 2001. By unanimous vote, the Committee ratified these transactions.

By unanimous vote, the Committee approved the extension for one year beginning in December 2001 of the System's reciprocal currency ("swap")

1. Attended portion of meeting relating to staff briefings.

arrangements with the Bank of Canada and the Bank of Mexico. The arrangement with the Bank of Canada is in the amount of $2 billion equivalent and that with the Bank of Mexico in the amount of $3 billion equivalent. Both arrangements are associated with the Federal Reserve's participation in the North American Framework Agreement. The early vote to renew the System's participation in the swap arrangements maturing in December relates to the provision that each party must provide six months prior notice of an intention to terminate its participation.

The Committee then turned to a discussion of the economic and financial outlook and the implementation of monetary policy over the intermeeting period ahead. A summary of the economic and financial information available at the time of the meeting and of the Committee's discussion is provided below, followed by the domestic policy directive that was approved by the Committee and issued to the Federal Reserve Bank of New York.

The information reviewed at this meeting suggested that the economic expansion remained very sluggish. Household spending, especially for housing and motor vehicles, had held up relatively well, but business investment was quite weak and appeared to be decreasing further. Persistent inventory overhangs in a number of sectors had led to additional substantial cuts in manufacturing production. Reflecting in part the downtrend in manufacturing output, labor demand had weakened considerably and unemployment had risen. Price inflation had picked up a little but, abstracting from energy, had remained relatively subdued.

Private nonfarm payroll employment fell sharply in April after a small drop in March. Manufacturing, construction, and the service sector recorded large payroll declines in April, and gains elsewhere were small. The unemployment rate increased further, to 4.5 percent in April, and initial claims for unemployment insurance averaged over the four weeks ended April 28 were at their highest level since 1993.

Industrial production declined appreciably further in April. Manufacturing output registered a seventh consecutive monthly drop, while a robust boost to mining activity associated with strong gains in crude oil and gas production was offset by a decrease in utilities output in a period of unusually warm weather. In manufacturing, the production of motor vehicles and parts was unchanged in April after having surged in February and March, but the output of high-tech equipment continued to trend steeply downward, and there was widespread weakness in the manufacture of other industrial products. Reflecting the production cutbacks, the rate of utilization of manufacturing capacity fell even further below its long-run average.

Consumer spending had held up relatively well thus far this year despite the deceleration in personal incomes, reduced household net worth, and deterioration in consumer sentiment since last autumn. After a solid first-quarter gain, nominal retail sales rose briskly in April, reflecting strong outlays at general merchandise and apparel stores, building and material outlets, and automotive dealers. Growth of spending on services slowed in the first quarter (latest data), partly because of a weather-related drop in consumption of energy services.

Low mortgage rates continued to provide support to residential building activity. The first-quarter average for total housing starts was the strongest quarterly reading in a year despite a March decline in starts that might have been exaggerated by unusual weather patterns. In addition, sales of new and existing homes remained brisk through March. New home sales reached a new high in March, and sales of existing homes were only a little below their record high in June 1999.

Against the background of a sluggish economy and deteriorating earnings, business capital spending on equipment and software declined somewhat further in the first quarter. Increased purchases of cars and trucks were among the few areas of strength in business equipment expenditures; elsewhere, outlays for high-tech equipment decreased on a quarterly basis for the first time since the 1990 recession, and spending for equipment such as industrial machinery changed little. Moreover, recent data on orders for nondefense capital goods suggested that some further slippage in future spending for equipment was likely. By contrast, nonresidential construction continued to expand briskly; expenditures for oil and gas exploration surged in the first quarter, and nonresidential building activity continued at a rapid pace, with sizable gains recorded for most major categories of buildings.

Business inventories on a book-value basis fell steeply further in March, with roughly half of the decline reflecting a runoff of motor vehicle stocks at the wholesale and retail levels. Despite the sharp liquidation of inventories in the manufacturing sector in February and March, the aggregate inventory–shipments ratio for that sector edged higher in March to a level well above that of a year ago. In the wholesale trade sector, aggregate stocks dropped somewhat on balance in the first quarter and the sector's stock–sales ratio edged lower; nonetheless, the sector's ratio in March also was above its level of a year earlier. Retail inventories ran off in February and March after a small January rise, and the sector's inventory–sales ratio decreased somewhat on balance to around the middle of its range for the past twelve months.

The U.S. trade deficit in goods and services narrowed considerably in February, reflecting a further rise in the value of exports and a sharp drop in the value of imports. The average deficit for the first two months of the year was smaller than that for the fourth quarter. Nonetheless, exports for the January–February period were below the fourth-quarter average, with notable declines occurring in automotive products, industrial supplies, and semiconductors. The slowdown in imports in January–February was broadly spread across trade categories, with the largest decreases occurring in automotive products, high-tech goods, and oil. Recent information indicated that economic activity in the foreign industrial countries had decelerated since the fourth quarter. Expansion in the euro area, the United Kingdom, and Canada appeared to have slowed significantly, while the Japanese economy seemed to have faltered after a brief rebound late last year. In addition, economic growth in the major developing countries had softened markedly, with the slowdown in most of those countries reflecting weaker external demand.

Overall inflation had been held down thus far this year by a deceleration in energy prices, but by some measures core price inflation had picked up a bit. The total consumer price index (CPI) increased moderately in February and March (latest data), and the increase in that index during the past twelve months was smaller than that during the previous twelve-month period, reflecting reduced increases in energy prices. By contrast, core CPI inflation picked up slightly in the February–March period and on a year-over-year basis. However, inflation as measured by the core personal consumption expenditure (PCE) chain-type price index, though also running a little higher in February–March, recorded a small decline on a year-over-year basis. At the producer level, core finished goods inflation was subdued in March and April but moved up somewhat on a year-over-year basis. With regard to labor costs, growth in the employment cost index (ECI) for hourly compensation picked up noticeably in the first quarter of this year; however, the gain in compensation for the four quarters ended in March was a little below the large increase for the four-quarter period ended in March 2000. By contrast, average hourly earnings of production or nonsupervisory workers rose more briskly in April and on a year-over-year basis.

At its meeting on March 20, 2001, the Committee adopted a directive that called for maintaining conditions in reserve markets consistent with a decrease of 50 basis points in the intended level of the federal funds rate, to about 5 percent. This action, in conjunction with a further easing of ½ percentage point on April 18, was intended to help promote a more satisfactory economic expansion going forward. Under then-current conditions, the members agreed that the balance of risks remained weighted toward conditions that could generate economic weakness in the foreseeable future.

Federal funds traded at rates near the Committee's target levels over the intermeeting period. Other short-term interest rates generally fell somewhat less than the reduction in the federal funds rate because the markets had anticipated the easing in policy, though only in part. In contrast to the declines in short-term rates, longer-term yields rose on balance as investors apparently became more confident of a pickup in output growth, supported in part by improved prospects for substantial federal tax reductions. The more optimistic assessment of the economic outlook and the unexpected intermeeting easing action apparently contributed to a narrowing of risk premiums on lower-grade private debt obligations and to a rise in equity prices. Better-than-expected first-quarter earnings also boosted stock prices, and broad indexes of U.S. stock market prices moved substantially higher.

In foreign exchange markets, the trade-weighted value of the dollar in terms of many of the major foreign currencies changed little on balance over the intermeeting interval. A number of major foreign central banks cut their policy rates during the period, but by less than the two easing steps in the United States. The dollar's appreciation against the euro was offset by its decline in terms of the yen and the Canadian dollar. The dollar also was essentially unchanged in terms of an index of the currencies of other important trading partners. The value of the Mexican peso rose appreciably against the dollar as monetary authorities maintained their tight policy stance and as spreads on Mexican debt narrowed. In contrast, concerns about potential spillovers from Argentina's worsening financial difficulties depressed the value of the Brazilian *real* relative to the dollar.

The broad monetary aggregates continued to grow rapidly in March and April. In addition to the effects of lower market interest rates, extensive mortgage financing activity and a flight to safety from volatile equity markets likely added to M2's strong upward trend. The expansion of M3 was bolstered by robust growth of institution-only money funds and by greater issuance of managed liabilities included in this aggregate to help finance faster growth of bank credit and a shift in bank funding from foreign to U.S. sources. The debt of domestic nonfinancial sectors had grown at a moderate pace on balance through April.

The staff forecast prepared for this meeting suggested that, after a period of slow growth associated in part with an inventory correction, the economic expansion would gradually regain strength over the next two years and move back toward a rate near the staff's current estimate of the growth of the economy's potential output. The period of subpar expansion was expected to foster an easing of pressures on resources and some moderation in core price inflation. Despite the substantial easing in the stance of monetary policy, the forecast anticipated that the expansion of domestic final demand would be held back to an extent by some of the developments in financial markets—in particular, the decline in household net worth associated with the earlier downturn in equity prices, the continuation of relatively stringent terms and conditions on some types of loans by financial institutions, and the appreciation of the dollar. Partly as a result of the decline in household wealth, growth of consumer spending was expected to remain relatively low for some time, and housing demand would increase only a little from its recent level. However, business fixed investment, notably outlays for equipment and software, would resume relatively good growth after a period of adjustment of capital stocks to more desirable levels; a projected recovery in the growth of foreign economies was seen as providing increased support for U.S. exports; and fiscal policy was assumed to become more expansionary.

In the Committee's discussion of current and prospective economic developments, members commented that the slowdown in the expansion to a now quite sluggish pace was likely to be more prolonged than they had anticipated earlier and indeed, with the economy displaying some signs of fragility and inventories still appearing excessive in some sectors, it was not entirely clear that the slowing in the growth of the economy had bottomed out. Despite the crosscurrents and uncertainties that were involved, members saw an upturn in the economic expansion by later in the year as the most likely outlook. This view was premised in large measure on the lagged effects of the Committee's relatively aggressive easing actions this year, including any further easing that might be adopted at this meeting, growing prospects of some fiscal policy stimulus later in the year, and more generally the favorable effects of still substantial productivity gains on profit opportunities and income growth and hence on business and household demands for goods and services. As business profits stabilized and final demand firmed, inventory liquidation would come to an end, adding to the upward momentum of economic activity. The members were uncertain as to the degree and timing of the strengthening in final demand, and although a relatively prompt and strong rebound could not be ruled out, many saw a variety of factors that pointed to the possibility that the upturn could be weaker or more delayed than the central tendencies of their expectations. With regard to the outlook for inflation, a number of members expressed concern about a tendency for some measures of inflation to edge higher this year, but many members expected that the easing of pressures in labor and product markets that already had occurred, and that was likely to continue in the months ahead, would damp inflation going forward.

In their review of developments across the nation, members referred to quite sluggish economic conditions in many parts of the country. Weakness remained especially pronounced in manufacturing, but as reflected in the employment data for April and in widespread anecdotal reports, softening had spread to other sectors of the economy as well. At the same time, pockets of strength could be found in a number of industries, notably in energy and construction, and overall business activity continued to display considerable vigor in a number of regions. Members noted that business confidence had deteriorated, but some also observed that the pessimism tended to be limited to the nearer term and was accompanied by favorable expectations regarding the outlook later in the year and in 2002.

With regard to the outlook for key sectors of the economy, a number of members commented that consumer spending had held up reasonably well in recent months despite a variety of adverse developments including the negative wealth effects of stock market declines, widely publicized job cutbacks, heavy consumer debt loads, and previous overspending by many consumers. A recent survey had indicated that consumer sentiment had firmed a little, but the survey results had yet to be confirmed by additional surveys and the level of consumer confidence was still well below earlier highs. As in the past, consumer spending attitudes likely would depend importantly on trends in employment and income, and further increases in unemployment in the period just ahead along with the negative wealth effects of earlier stock market price declines and the persistence of high energy costs were likely to constrain the growth in consumer expenditures over coming quarters.

Household expenditures on home construction had been maintained at a relatively robust level in recent months, evidently reflecting the cushioning effects of very attractive mortgage interest rates. Housing activity was described as a source of strength in many regions. Housing prices had tended to edge higher across the nation, though there were signs that the price appreciation had eased in some parts of the country, notably on the West Coast. While the prevailing negative influences on household spending might spill over a bit more to housing activity during the year ahead, there were few current developments in housing markets that might be read as signaling any marked weakening in this sector of the economy.

A softening in business demand for capital equipment had accounted for much of the slowdown in the growth of final demand in late 2000 and early 2001. The latest available data on new orders pointed to further, and possibly larger, declines in business spending on equipment and software over the months ahead. Members cited anecdotal and survey reports that indicated many business firms were canceling, cutting back, or stretching out planned capital expenditures. It was difficult to see any signs of a significant near-term turnaround in business spending for equipment and software, and the timing and strength of a subsequent rebound would depend importantly on the outlook for sales and profits. With regard to profit expectations, the most recent data showed continued markdowns, but the pace of downward revisions was diminishing. It was too early to conclude that the outlook for profits might be approaching a degree of stability or be near the point of turning up, and in any event it was clear that business sentiment currently was quite gloomy. Looking to the future, however, members anticipated that continuing gains in efficiency engendered by new technologies would provide substantial profit opportunities and likely strengthen investment spending during the course of the year ahead. In the meantime, nonresidential construction and energy-related investments were a source of some support to investment spending, but they provided only a very partial offset to widespread weakness in other business spending.

Ongoing efforts to reduce excess inventories were continuing to curb output in manufacturing industries and to restrain growth in overall economic activity. A number of members commented that anecdotal and other evidence suggested that considerable progress already had been made in scaling down unwanted inventories, notably of motor vehicles, but substantial further progress probably would be needed in high-tech industries where sales were still falling. How long inventory cutbacks would continue to exert a significant drag on the economic expansion remained a key uncertainty in the economic outlook. In the view of many members, the adjustment process might not be substantially completed until much later in the year and could take even longer for high-tech firms. This evaluation assumed continued sluggish growth in final demand during the period immediately ahead. Stronger growth, which could not be ruled out, would of course bring inventory–sales ratios to desired levels more quickly.

Members also expressed concern about the potential implications for U.S. expansion from developments abroad. To some extent, economic difficulties in foreign nations had occurred in concert with softening activity in the United States, and notable weakness in world high-tech markets along with the downward adjustment in equity prices globally represented a downside risk factor worldwide. The anticipated recovery in this country would help to strengthen many foreign economies and in turn improve prospects for U.S. exports. Members noted, however, that in some nations persisting structural problems presented threats to national economic prosperity and international trade. On balance, while the external risks to the U.S. economy clearly were to the downside, at least over the nearer term, the prospective rebound in U.S. economic activity and stimulative macroeconomic policies abroad were expected to contribute to strengthening growth worldwide and to improving prospects for exports during the year ahead.

The nation's fiscal outlook was seen as supportive of aggregate demand. While the exact structure of tax cuts was still being negotiated, passage of new fiscal measures seemed imminent and likely would help bolster consumption spending beginning later in the year. Whatever its precise timing, the expansionary fiscal package would undoubtedly join at some point in coming quarters with the lagged effects of the System's policy easing actions to foster strengthening economic expansion.

A number of members commented that the persisting updrift in some key measures of core inflation had become increasingly worrisome. In this regard, they noted that some of the recent increases in bond yields could represent a rise in long-term inflation expectations. Such a rise would not be entirely unexpected in the context of improving sentiment about the strength of the expansion, the potentially adverse implications for costs of the cyclical weakness in productivity, and the possibility that high energy prices and their passthrough effects might persist longer than had been anticipated earlier. To a considerable extent, however, any uptick in inflation expectations likely represented a reversal of anticipated declines in inflation earlier this year when economic prospects had seemed weaker and survey data did not confirm any increase in long-term inflation expectations. Moreover, not all measures of core inflation had accelerated; in particular, core PCE price inflation had been quite stable on a twelve-month basis for some time.

Looking ahead, most members did not foresee a significant rise in inflation as a likely prospect. They cited the prevalence of highly competitive conditions in most markets, which continued to make it very difficult for business firms to raise prices despite pressures to do so in a period of rising labor, energy, and other costs. Widespread evidence of some lessening of pressures in most labor markets across the nation had not yet resulted in lower wage inflation, but the members expected that recent and anticipated ebbing of pressures on labor and other resources and associated slack in product markets in a period of continuing subpar economic growth, along with projected declines in energy prices, would hold down inflation over the forecast horizon. Nonetheless, there were some risks of rising inflation. An unexpectedly strong rebound in economic growth could begin to put added upward pressure on prices at a time when labor markets were still tight by historical standards and accelerating productivity no longer held down increases in unit labor costs. Given the lags in the effectiveness of monetary policy, such pressure might materialize before the effects of countervailing actions by the Committee had a chance to take hold.

In the Committee's discussion of policy for the forthcoming intermeeting period, all but one of the members indicated that they could support a proposal calling for further easing of reserve conditions consistent with a 50 basis point reduction in the federal funds rate to a level of 4 percent. One member expressed a strong preference for a 25 basis point reduction and two others indicated that they could have accepted that more limited easing move. Despite their somewhat differing preferences, all the members agreed that further easing was desirable in light of what they viewed as the continuing weakness in the economy, the absence of evidence that growth had stabilized or was about to rebound, and still decidedly downside risks to the economic expansion. Some members noted that, although policy had been eased substantially, it might still be considered to be only marginally accommodative in relation to the forces that were damping aggregate demand. Accordingly, the action contemplated for today was needed to provide adequate stimulus to an economy whose outlook for significant strengthening remained tenuous in a climate of fragile business and consumer confidence. Members noted that the lagged effects of the monetary policy easing implemented earlier this year were still very hard to discern, though they should be felt increasingly over the year ahead. In this regard the risks of rising inflation could not be dismissed, and while those risks appeared to be quite limited for the nearer term, excessive monetary stimulus had to be avoided to avert rising inflation expectations and added inflation pressures over time. Members who preferred or could support a 25 basis point easing action gave particular emphasis to the desirability at this point of taking and signaling a more cautious approach to policy, relative to the 50 basis point federal funds rate reductions the Committee had been implementing, given the lagged effects of the substantial reduction in the federal funds rate to date, the accompanying buildup in liquidity, and the related risk that a further aggressive easing action would increase the odds of an overly accommodative policy stance and rising inflation pressures in the future.

All the members accepted a proposal to include in the press statement to be released after this meeting a sentence indicating that the Committee continued to regard the risks to the economic outlook as being tilted toward weakness even after today's easing action. Forecasts of growth in business earnings and spending continued to be revised down, and until that process ended, weakness in demand seemed to be the main threat to satisfactory economic performance. At the same time the members anticipated that a neutral balance of risks statement could be appropriate before long, probably well before substantial evidence had emerged that economic growth had strengthened appreciably, once the Committee could see that policy had eased enough to promote a future return to maximum sustainable economic growth. Indeed, it was not clear how much more the federal funds rate might have to be reduced after today in the absence of further significantly adverse shocks, and some members noted that the end of the easing process might be near. Even so, with the economy perhaps still in the midst of a process of weakening growth in aggregate demand of unknown persistence and dimension, the members generally agreed that, given prevailing uncertainties, it would be premature for the Committee to shift its balance of risks statement at this time.

At the conclusion of this discussion, the Committee voted to authorize and direct the Federal Reserve Bank of New York, until it was instructed otherwise, to execute transactions in the System Account in accordance with the following domestic policy directive:

> The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. To further its long-run objectives, the Committee in the immediate future seeks conditions in reserve markets consistent with reducing the federal funds rate to an average of around 4 percent.

The vote encompassed approval of the sentence below for inclusion in the press statement to be released shortly after the meeting:

> Against the background of its long-run goals of price stability and sustainable economic growth and of the information currently available, the Committee believes that the risks continue to be weighted mainly toward conditions that may generate economic weakness in the foreseeable future.

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

Mr. Hoenig dissented because he preferred a less aggressive easing action involving a reduction of 25 basis points in the federal funds rate. While the risks of weaker economic growth still tended to dominate those of rising inflation and called for some further easing, the Committee had added significant liquidity to the economy this year through its cumulatively large easing actions. The lagged effects of those actions should be felt increasingly over time. Moreover, following the rapid and aggressive policy actions already taken, a more cautious policy move at this point would in his view appropriately limit the risks of producing an overly accommodative policy stance and rising inflation over time.

The Chairman called for a recess after this vote and convened a meeting of the Board of Governors to consider one-half percentage point reductions in the discount rate that had been proposed by a number of Federal Reserve Banks. After the recess, the Chairman informed the Committee that the pending reductions had been approved.

It was agreed that the next meeting of the Committee would be held on Tuesday–Wednesday, June 26–27, 2001.

The meeting adjourned at 1:15 p.m.

Donald L. Kohn
Secretary

Legal Developments

Orders Issued Under Bank Holding Company Act

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

BB&T Corporation
Winston-Salem, North Carolina

Order Approving the Acquisition of a Bank Holding Company

BB&T Corporation, Winston-Salem, North Carolina ("BB&T"), a financial 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 F&M National Corporation, Winchester, Virginia ("F&M"),[1] and its eleven wholly owned subsidiary banks.[2] BB&T also has requested the Board's approval under sections 4(c)(8) and 4(j) of the BHC Act (12 U.S.C. §§ 1843(c)(8) and (j)) to acquire F&M's nonbanking subsidiaries:

(1) F&M Trust Company, also in Winchester, Virginia, and thereby engage in trust company activities pursuant to section 225.28(b)(5) of Regulation Y (12 C.F.R. § 225.28(b)(5)), and

(2) Johnson Mortgage Company, LLC, Newport News, Virginia, and thereby engage in mortgage banking activities pursuant to section 225.28(b)(1) of Regulation Y (12 C.F.R. § 225(b)(1)).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (66 *Federal Register* 23,255, and 28,163 (2001)). 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.

BB&T, with total consolidated assets of $59.3 billion, operates depository institutions in Alabama, North Carolina, Georgia, South Carolina, Maryland, Tennessee, Kentucky, Virginia, West Virginia, and the District of Columbia.[3] BB&T is the sixth largest commercial banking organization in Virginia, controlling deposits of $5.1 billion, representing approximately 6.3 percent of total deposits in insured depository institutions in the state ("state deposits").[4] BB&T is the largest commercial banking organization in West Virginia, controlling deposits of $3.8 billion, representing 18.9 percent of state deposits. BB&T is the eighth largest commercial banking organization in Maryland, controlling deposits of $2.6 billion, representing 4.4 percent of state deposits.

F&M is the seventh largest commercial banking organization in Virginia, controlling total deposits of approximately $3 billion, representing approximately 3.7 percent of state deposits. F&M is the eleventh largest commercial banking organization in West Virginia, controlling deposits of $266 million, representing 1.3 percent of state deposits. F&M is the 25th largest commercial banking organization in Maryland, controlling deposits of $193 million, representing less than 1 percent of state deposits.

On consummation of the proposal, and after taking the proposed divestitures into account, BB&T would become the fifth largest commercial banking organization in Virginia, controlling deposits of $8 billion, representing approximately 9.8 percent of state deposits. BB&T would remain the largest commercial banking organization in West Virginia, controlling deposits of approximately $4 billion, representing approximately 20 percent of state deposits. BB&T would remain the eighth largest commercial banking organization in Maryland, controlling deposits of $2.8 billion, representing approximately 4.7 percent of state deposits.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company if certain conditions are met.[5] For purposes of the BHC Act, the home state of BB&T is North Carolina, and F&M's subsidiary banks are located in Virginia, West Virginia and Maryland.[6] Based on a review of the facts of record, including a review of the relevant state statutes, the Board finds that all the condi-

1. In addition, BB&T has requested the Board's approval to exercise an option to acquire up to 9 percent of F&M's voting shares if certain events occur. The option would expire on consummation of the proposal.

2. The subsidiary banks of F&M are listed in Appendix A.

3. Asset data are as of December 31, 2000. In this context, depository institutions include commercial banks, savings banks, and savings associations.

4. Deposit and ranking data are as of June 30, 2000, and reflect acquisitions as of April 12, 2001.

5. *See* 12 U.S.C. § 1842(d). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C).

6. For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered, headquartered, or operates a branch.

tions enumerated in section 3(d) of the BHC Act for an interstate acquisition are met in this case.[7] In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking. Section 3 also prohibits the Board from approving a proposal that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal in that banking market 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.[8]

BB&T and F&M compete directly in the following seventeen banking markets: Annapolis, Maryland; Alleghany, Charlotte, Charlottesville, Danville, Emporia, Fredericksburg, Harrisonburg, Lynchburg, Newport News-Hampton, Norfolk-Portsmouth, Richmond, Roanoke, Staunton, and Winchester, all in Virginia; Martinsburg, West Virginia; and Metropolitan Washington, D.C.[9] The Board has reviewed carefully the competitive effects of the proposal in each of these banking markets in light of all the facts of record, including the number of competitors that would remain in the market, the share of total deposits in depository institutions in the market ("market deposits") controlled by the companies involved in the proposal,[10] the concentration level of deposits in the market and the increase in this level as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines"), and other characteristics of each markets.[11]

Consummation of the proposal without divestitures would be consistent with Board precedent and the DOJ Guidelines in the Annapolis, Charlottesville, Danville, Fredericksburg, Harrisonburg, Lynchburg, Newport News-Hampton, Norfolk-Portsmouth, Richmond, Roanoke, Staunton, Winchester, and Metropolitan Washington, D.C. banking markets. In each of these markets, the increase in the HHI as a result of this proposal would be fewer than 200 points, in most cases fewer than 40 points, and numerous competitors would remain.[12]

In the Martinsburg, West Virginia, and Alleghany, Charlotte, and Emporia, Virginia, banking markets, consummation of the proposal would exceed the DOJ Guidelines. In order to mitigate potentially adverse competitive effects of the proposal in these markets, BB&T has proposed divestitures in each market that would reduce the HHIs to levels consistent with the DOJ Guidelines.[13]

Martinsburg. BB&T is the largest depository institution in the Martinsburg banking market, controlling deposits of $267.4 million, representing approximately 46.6 percent of market deposits. F&M is the third largest depository institution in the market, controlling deposits of $83.6 million, representing approximately 14.6 percent of market deposits. The HHI would increase 1357 points to 4215.

BB&T has committed to divest four branches in the banking market that control $68.4 million in deposits. On consummation of the proposal, and taking into account the proposed divestitures, BB&T would remain the largest depository institution in the Martinsburg banking market, controlling deposits of $282.5 million, representing approximately 49.2 percent of market deposits, and the HHI would increase 183 points to 3040. Seven other competitors would remain in the banking market, including three competitors that each would control at least 10 percent of market deposits. In addition, the market is attractive for entry; since 1997, four firms have entered the market *de novo*.

7. *See* 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A). BB&T is well capitalized and well managed. On consummation of the proposal, BB&T would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in Virginia, West Virginia, and Maryland. None of the relevant states has minimum age laws that are applicable to this transaction. *See* Va. Code Ann. § 6.1–44.20 (Michie 1999); W. Va. Code §§ 1A-2–12a(c) and 31A-8A-5(b) (Michie 1996).

8. *See* 12 U.S.C. § 1842(c).

9. The banking markets are defined in Appendix B.

10. Market share data for all banking markets are as of June 30, 2000. These 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).

11. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market is considered unconcentrated when the post-merger HHI is less than 1000 points, moderately concentrated when the post-merger HHI is between 1000 and 1800, and highly concentrated when the post-merger HHI is more than 1800. 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 Department of Justice 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.

12. The competitive analyses for these banking markets are provided in Appendix C.

13. BB&T has committed to execute sales agreements for the proposed divestitures discussed in this order with purchasers that are competitively suitable, and has committed to complete the divestitures within 180 days of consummation of the proposal. BB&T also has committed that, if it is unsuccessful in completing the divestitures within the 180-day period, it will transfer the unsold branches to an independent trustee that is acceptable to the Board and will instruct the trustee to sell the branches promptly to an alternative purchaser acceptable to the Board. *See BankAmerica Corporation,* 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation,* 77 *Federal Reserve Bulletin* 484 (1991). BB&T also has committed to submit to the Board, within 180 days after consummation of the proposal, executed trust agreements acceptable to the Board stating the terms of the proposed divestitures.

Alleghany. BB&T is the third largest depository institution in the Alleghany banking market, controlling deposits of $65 million, representing approximately 17.9 percent of market deposits. F&M is the largest depository institution in the market, controlling deposits of $129 million, representing approximately 35.6 percent of market deposits. On consummation, the HHI would increase 1244 points to 3628.

BB&T has committed to divest one branch in the banking market that controls approximately $61.5 million in deposits. On consummation of the proposal and taking into account the proposed divestiture, BB&T would become the largest depository institution in the Alleghany banking market, controlling deposits of $132.5 million, representing approximately 36.6 percent of market deposits. The HHI would increase by 36 points to 2421. Each of the five firms in the banking market would control at least 10 percent of market deposits.

Charlotte. BB&T is the second largest depository institution in the Charlotte banking market, controlling deposits of $29.8 million, representing approximately 25.2 percent of market deposits. F&M is the third largest depository institution in the market, controlling deposits of $18.5 million, representing approximately 15.7 percent of market deposits. On consummation of the proposal, the HHI would increase 788 points to 4487.

BB&T has committed to divest F&M's only branch in the banking market that controls approximately $18.5 million. On consummation of the proposal and taking into account the proposed divestiture, BB&T would remain the second largest depository institution in the Charlotte banking market, controlling deposits of $24.8 million, representing approximately 25.2 percent of market deposits, and the HHI would remain unchanged.

Emporia. BB&T is the second largest depository institution in the Emporia banking market, controlling deposits of $62.9 million, representing 33.9 percent of market deposits. F&M is the largest depository institution in the market, controlling deposits of $63 million, representing 34 percent of market deposits. The HHI would increase 2307 points to 4892.

BB&T has committed to divest two branches in the banking market that control approximately $52.4 million. On consummation of the proposal and taking into account the proposed divestitures, BB&T would become the largest depository institution in the Emporia banking market, controlling deposits of $73.5 million, representing approximately 39.7 percent of market deposits. The HHI would increase 65 points to 2650. Five competitors in addition to BB&T would remain in the banking market, including four competitors that would each control 5 percent or more of market deposits.

The Board has considered the views of the Department of Justice and the appropriate State banking agencies on the competitive effects of the proposal in each relevant banking market. The Department of Justice has advised the Board that, in light of the proposed divestitures, consummation of the proposal would not be likely to have a significantly adverse effect on competition in any relevant banking market. The appropriate State agencies have been provided an opportunity to comment and have not objected to consummation of the proposal.

Based on all the facts of record, including the commitments to divest branches in the Alleghany, Charlotte, Emporia, and Martinsburg banking markets, and the number and size of the competitors that would remain in the markets, the Board concludes that consummation of the proposal is not likely to have a significantly adverse effect on competition or on the concentration of banking resources in these banking markets or in any relevant banking markets.

Other Considerations

The BHC Act requires the Board, in acting on an application, to consider the financial and managerial resources and future prospects of the companies and banks 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 record, including supervisory reports of examination assessing the financial and managerial resources of the organizations and financial information provided by BB&T. BB&T is well capitalized and would remain so after consummation of the proposal. Based on all the facts of record, the Board concludes that the financial and managerial resources and the future prospects of BB&T, F&M, and their respective subsidiary banks are consistent with approval, as are the other supervisory factors the Board must consider under the BHC Act.

In addition, considerations related to the convenience and needs of the communities to be served, including the records of performance of the institutions involved under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*), are consistent with approval of the proposal.[14]

BB&T also has filed notice under sections (4)(c)(8) and 4(j) of the BHC Act to acquire F&M's nonbanking subsidiaries and thereby engage in trust and mortgage banking activities. The Board has determined by regulation that trust and mortgage banking activities are closely related to banking for purposes of the BHC Act.[15] Moreover, the Federal Reserve System previously has approved applications by F&M to engage in the proposed activities. BB&T has committed to conduct these nonbanking activities in accordance with the limitations set forth in Regulation Y and the Board's order and interpretations.

In order to approve this notice, the Board is required by section 4(j)(2)(A) of the BHC Act to determine that the acquisition of the nonbanking subsidiaries of F&M by BB&T "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair

14. All the insured depository institutions of BB&T and F&M were rated satisfactory or better during their most recent examination of CRA performance.

15. *See* 12 C.F.R. 225.28(b)(1) and (5).

competition, conflicts of interests, or unsound banking practices."[16]

As part of its evaluation of these factors, the Board has considered the financial and managerial resources of BB&T and its subsidiaries, including the companies to be acquired, and the effect of the proposed transaction on those resources. 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 of the notice.

The Board also has considered the competitive effects of BB&T's proposed acquisition of the nonbanking subsidiaries of F&M in light of all the facts of record. BB&T and F&M originate mortgages. There are numerous competitors for mortgage originations in the markets where BB&T and F&M compete, and there are few barriers to entry. BB&T and F&M also provide trust services. The market for trust services is unconcentrated, and there are numerous competitors for this service. As a result, the Board expects that consummation of the proposal would have a *de minimis* effect on competition for these services. 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.

The Board also expects that the proposed transaction would give BB&T an increased ability to serve the needs of its customers and provide expanded services to the current customers of F&M. In addition, 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 are consistent, as in this case, with the relevant considerations under the BHC Act.

The Board also concludes that the conduct of the proposed nonbanking activities within the framework of Regulation Y and Board precedent is not likely to result in adverse effects, such as an 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 gains in efficiency. Accordingly, based on all the facts of record, the Board has determined that the balance of public interest factors that the Board must consider under section 4(j)(2)(A) of the BHC Act is favorable and consistent with approval of this proposal.

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 BB&T with all the commitments made in connection with the proposal and with the conditions stated or referred to in this order, including BB&T's divestiture commitments. 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)), and 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 these transactions, 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 acquisition of the subsidiary banks of F&M shall not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal may not be consummated later than three months after the effective day of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 25, 2001.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Appendix A

Subsidiary Banks of F&M

West Virginia

F&M Bank - West Virginia, Ranson

Virginia

F&M Bank - Atlantic, Gloucester
F&M Bank - Central Virginia, Charlottesville
F&M Bank - Highlands, Covington
F&M Bank - Massanutten, Harrisonburg
F&M Bank - Northern Virginia, Fairfax
F&M Bank - Peoples, Warrenton
F&M Bank - Richmond, Richmond
F&M Bank - Southern Virginia, Emporia
F&M Bank - Winchester, Winchester

Maryland

F&M Bank - Maryland, Bethesda

16. 12 U.S.C. § 1843(j)(2)(A).

Appendix B

Banking Markets in Which BB&T and F&M Compete Directly

Alleghany, Virginia: Alleghany County and the independent cities of Clifton Forge and Covington, all in Virginia.
Annapolis, Maryland: the Annapolis Rand McNally Marketing Area ("RMA").
Charlotte, Virginia: Charlotte County, Virginia.
Charlottesville, Virginia: the Charlottesville RMA, the non-RMA portion of Albemarle County, and the counties of Fluvanna, Greene, and Nelson, all in Virginia.
Danville, Virginia: the Danville RMA, the non-RMA portion of Pittsylvania County, Virginia (excluding the area around Hurt), and the independent city of Danville, Virginia.
Emporia, Virginia: Greenville County and the city of Emporia, both in Virginia.
Fredericksburg, Virginia: the independent city of Fredericksburg, the counties of Caroline, King George, Spotsylvania, and Stafford (excluding the Washington, D.C.-Maryland-Virginia RMA portion), and the towns of Colonial Beach, Leedstown, Oak Grove, and Potomac Beach in Westmoreland County, all in Virginia.
Harrisonburg, Virginia: the independent city of Harrisonburg and Rockingham County, both in Virginia.
Lynchburg, Virginia: the Lynchburg RMA, the non-RMA portions of Henry County, and the independent city of Martinsville, all in Virginia.
Martinsburg, West Virginia: Berkeley County (excluding the Hagerstown, Maryland-Pennsylvania-West Virginia RMA portion).
Metropolitan Washington, D.C.: the Washington, D.C.-Maryland-Virginia RMA, the non-RMA portions of the counties of Calvert, Charles, and St. Mary's, all in Maryland; the non-RMA portions of Fauquier and Loudoun Counties, both in Virginia; the non-RMA portion of Jefferson County, West Virginia; and the independent cities of Alexandria, Fairfax, Falls Church, and Manassas, all in Virginia.
Newport News-Hampton, Virginia: the Newport News-Hampton RMA, the non-RMA portion of the counties of James City and Mathews, and the independent cities of Hampton, Newport News, Poquoson, and Williamsburg, all in Virginia.
Norfolk-Portsmouth, Virginia: the Norfolk-Portsmouth RMA, the independent cities of Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach, all in Virginia, and Currituck County, North Carolina.
Richmond, Virginia: the Richmond RMA, the non-RMA portions of Chesterfield, Dinwiddie, Goochland, Hanover, Henrico, Powhatan, and Prince George Counties; the independent cities of Colonial Heights, Hopewell, Petersburg, and Richmond; and the counties of Charles City, King and Queen, King William, and New Kent, all in Virginia.
Roanoke, Virginia: the Roanoke RMA, the non-RMA portions of Botetourt and Roanoke Counties; the independent cities of Roanoke and Salem; and the town of Boones Mill in Franklin County, all in Virginia.
Staunton, Virginia: the independent cities of Staunton and Waynesboro, and Augusta County, all in Virginia.
Winchester, Virginia: the independent city of Winchester, the counties of Clarke and Frederick, and the town of Strasburg in Shenandoah County, all in Virginia, and Hampshire County, West Virginia.

Appendix C

Banking Markets Consistent with DOJ Guidelines Without Divestitures

Annapolis

BB&T is the ninth largest depository institution in the Annapolis banking market, controlling deposits of $79.3 million, representing 4.8 percent of market deposits. F&M is the seventeenth largest depository institution in the market, controlling deposits of $8.3 million, representing less than 1 percent of market deposits. On consummation of the proposal, BB&T would remain the ninth largest depository institution in the market, controlling deposits of approximately $87.6 million, representing approximately 5.3 percent of market deposits. The HHI would increase 5 points to 1036.

Charlottesville

BB&T is the fifth largest depository institution in the Charlottesville banking market, controlling deposits of $173.4 million, representing 8.9 percent of market deposits. F&M is the sixth largest depository institution in the market, controlling deposits of $125.1 million, representing 6.4 percent of market deposits. On consummation of the proposal, BB&T would become the fourth largest depository institution in the market, controlling deposits of approximately $298.6 million, representing approximately 15.3 percent of market deposits. The HHI would increase 115 points to 1672.

Danville

BB&T is the ninth largest depository institution in the Danville banking market, controlling deposits of $35.5 million, representing 2.7 percent of market deposits. F&M is the seventh largest depository institution in the market, controlling deposits of $45.2 million, representing 3.5 percent of market deposits. On consummation of the proposal, BB&T would become the seventh largest depository institution in the market, controlling deposits of approximately $80.6 million, representing approximately 6.2 percent of market deposits. The HHI would increase 19 points to 1617.

Fredericksburg

BB&T is the largest depository institution in the Fredericksburg banking market, controlling deposits of $363.6 million, representing 21.9 percent of market deposits. F&M is the thirteenth largest depository institution in the market, controlling deposits of approximately 10 million, representing less than 1 percent of market deposits. On consummation of the proposal, BB&T would remain the largest depository institution in the market, controlling deposits of approximately $373.6 million, representing approximately 22.5 percent of market deposits. The HHI would increase 26 points to 1421.

Harrisonburg

BB&T is the sixteenth largest depository institution in the Harrisonburg banking market, controlling deposits of $3.4 million, representing less than 1 percent of market deposits. F&M is the largest depository institution in the market, controlling deposits of $226.1 million, representing 18.2 percent of market deposits. On consummation of the proposal, BB&T would become the largest depository institution in the market, controlling deposits of approximately $229.6 million, representing approximately 18.5 percent of market deposits. The HHI would increase 10 points to 1222.

Lynchburg

BB&T is the second largest depository institution in the Lynchburg banking market, controlling deposits of $525 million, representing 24.4 percent of market deposits. F&M is the fourteenth largest depository institution in the market, controlling deposits of $8.1 million, representing less than 1 percent of market deposits. On consummation of the proposal, BB&T would remain the second largest depository institution in the market, controlling deposits of approximately $533 million, representing approximately 24.7 percent of market deposits. The HHI would increase 18 points to 2170.

Metropolitan Washington, D.C.

BB&T is the seventh largest depository institution in the Metropolitan Washington, D.C. banking market, controlling deposits of $2.7 billion, representing 4.6 percent of market deposits. F&M is the fourteenth largest depository institution in the market, controlling deposits of $1.2 billion, representing 2.1 percent of market deposits. On consummation of the proposal, BB&T would become the fourth largest depository institution in the market, controlling deposits of $3.9 billion, representing 6.7 percent of market deposits. The HHI would increase 18 points to 847.

Newport News-Hampton

BB&T is the eighth largest depository institution in the Newport News-Hampton banking market, controlling deposits of $126.1 million, representing 3.8 percent of market deposits. F&M is the seventh largest depository institution in the market, controlling deposits of $162.7 million, representing 4.9 percent of market deposits. On consummation of the proposal, BB&T would become the fifth largest depository institution in the market, controlling deposits of approximately $288.8 million, representing approximately 8.6 percent of market deposits. The HHI would increase 37 points to 1355.

Norfolk-Portsmouth

BB&T is the largest depository institution in the Norfolk-Portsmouth banking market, controlling deposits of $1.5 billion, representing 20.2 percent of market deposits. F&M is the twentieth largest depository institution in the market, controlling deposits of $10.5 million, representing less than 1 percent of market deposits. On consummation of the proposal, BB&T would remain the largest depository institution in the market, controlling deposits of approximately $1.5 billion, representing approximately 20.4 percent of market deposits. The HHI would increase 6 points to 1174.

Richmond

BB&T is the sixth largest depository institution in the Richmond banking market, controlling deposits of $906 million, representing 6.1 percent of market deposits. F&M is the tenth largest depository institution in the market, controlling deposits of $290.9 million, representing 2 percent of market deposits. On consummation of the proposal, BB&T would become the fifth largest depository institution in the market, controlling deposits of approximately $1.2 billion, representing approximately 8.1 percent of market deposits. The HHI would increase 24 points to 1283.

Roanoke

BB&T is the eighth largest depository institution in the Roanoke banking market, controlling deposits of $140.3 million, representing 2.7 percent of market deposits. F&M is the seventeenth largest depository institution in the market, controlling deposits of $14.2 million, representing less than 1 percent of market deposits. On consummation of the proposal, BB&T would remain the eighth largest depository institution in the market, controlling deposits of approximately $154.4 million, representing approximately 3 percent of market deposits. The HHI would increase 2 points to 2874.

Staunton

BB&T is the ninth largest depository institution in the Staunton banking market, controlling deposits of approximately $20 million, representing 2.2 percent of market deposits. F&M is the tenth largest depository institution in the market, controlling deposits of $16 million, representing 1.8 percent of market deposits. On consummation of the proposal, BB&T would become the eighth largest depository institution in the market, controlling deposits of approximately $36 million, representing approximately

4 percent of market deposits. The HHI would increase 8 points to 1978.

Winchester

BB&T is the fourteenth largest depository institution in the Winchester banking market, controlling deposits of $8.8 million, representing less than 1 percent of market deposits. F&M is the largest depository institution in the market, controlling deposits of $432 million, representing 31.4 percent of market deposits. On consummation of the proposal, BB&T would become the largest depository institution in the market, controlling deposits of approximately $441.2 million, representing approximately 32.1 percent of market deposits. The HHI would increase 40 points to 1525.

ORDERS ISSUED UNDER BANK MERGER ACT

Central State Bank
Muscatine, Iowa

Order Approving the Acquisition of a Thrift Branch

Central State Bank ("Central"), a state member bank, has requested the Board's approval under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to purchase the assets and assume the liabilities of the Muscatine branch ("Branch") of Commercial Federal Bank, A Federal Savings Bank, Omaha, Nebraska ("Commercial Federal"). Central has also requested the Board's approval to operate Branch as a branch of Central pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 321).[1]

Notice of the proposal, 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 relevant banking agencies. 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 Federal Reserve Act.

Central is the 24th largest depository institution in Iowa, controlling $292.6 million in deposits, representing less than 1 percent of total deposits in depository institutions in the state.[2] Branch controls $6.2 million in deposits and, on consummation of this proposal, Central would control deposits of $298.8 million.

1. Branch is at 2400 Second Avenue, Muscatine, Iowa.
2. State deposit data are as of June 30, 2000.

Competitive Considerations

The Bank Merger Act prohibits the Board from approving an application if the proposal would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking.[3] The Bank Merger Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any relevant market, unless the Board finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effects of the transaction in meeting the convenience and needs of the community to be served.[4]

Central and Branch compete in the Muscatine banking market.[5] The Board has carefully reviewed the competitive effects of the proposal in this market in light of all the facts of record, including the characteristics of the market and the projected increase in the concentration of total deposits in insured depository institutions in this market ("market deposits")[6] as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines").[7]

Central is the largest depository institution in the market, controlling $292.6 million in deposits, representing 35 percent of market deposits. Commercial Federal is the smallest depository institution in the market, controlling $6.2 million, representing less than 1 percent of market deposits. On consummation of the proposal, Central would remain the largest depository institution in the market, controlling deposits of $298.8 million, representing 35.8 percent of market deposits. The HHI would increase by 46 points to 2635.

Several factors indicate that the likely effect of consummation of this proposal on competition in the market would not be significantly adverse. Although there has been no *de novo* entry in recent years, the Muscatine banking

3. 12 U.S.C. § 1828(c)(5)(A).
4. 12 U.S.C. § 1828(c)(5)(B).
5. The Muscatine banking market is defined as Muscatine County, Iowa.
6. All market data are as of June 30, 2000. Market share data before consummation are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See WM Bancorp*, 76 *Federal Reserve Bulletin* 743 (1984). Since Commercial Federal is a thrift, Branch's deposits are weighted at 50 percent pre-merger and 100 percent post-merger. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990).
7. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is above 1800 is considered to be 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 or acquisition increases the HHI by at least 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers or acquisitions for anticompetitve effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

market has economic characteristics that suggest that it is attractive for entry. The averages for Muscatine County exceed the averages for all Iowa non-Metropolitan Statistical Area counties in population per banking office, deposits per banking office, increase in deposits, increase in population, per capita income, and increase in per capita income. Muscatine County also ranks seventh among Iowa's 89 counties in the amount of total bank deposits. Of the six remaining firms in the Muscatine banking market, three firms, in addition to Central, would each control 10 percent or more of market deposits.

As required by the Bank Merger Act, the Board consulted with the Department of Justice and relevant banking agencies. 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. No other agency has indicated that there are any competitive issues raised by this proposal.

After carefully considering all the facts of record, including the factors set forth above and the relatively small change in concentration as measured by the HHI, the Board concludes that consummation of this proposal would not result in a significantly adverse effect on competition or on the concentration of banking resources in the Muscatine banking market, or any other relevant banking market.

Financial, Managerial, and Other Considerations

The Bank Merger Act also requires the Board to consider the financial and managerial resources and future prospects of the institutions involved in the proposal and the convenience and needs of the communities to be served. The Board has reviewed carefully these factors in light of all the facts of record, including supervisory reports of examination assessing the financial and managerial resources of the organizations. Based on these and all the facts of record, the Board concludes that the financial, managerial, and other supervisory factors are consistent with approval.

In considering the convenience and needs factor, the Board has reviewed Central's record under the Community Reinvestment Act ("CRA").[8] The Board notes that Central received a "satisfactory" rating at its last CRA performance examination by the Federal Reserve Bank of Chicago, as of October 16, 1998. Based on all the facts of record, the Board concludes that the convenience and needs considerations are consistent with approval of the proposal.

Central has also applied under section 9 of the Federal Reserve Act to establish a branch at the location of Branch. The Board has considered the factors it is required to consider when reviewing an application for establishing branches pursuant to section 9 of the Federal Reserve Act and, for the reasons discussed in this order, finds those factors to be consistent with approval.

Based on the foregoing and all the facts of record, the Board has determined that these applications should be, and hereby are, approved. The Board's approval of this proposal is conditioned on compliance by Central with the commitments made in connection with these applications. 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 transaction 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 the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 25, 2001.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

8. 12 U.S.C. § 2901 *et seq.*

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Banco de Bogota S.A.
Santafe de Bogota, D.E., Colombia

Order Approving Establishment of an Agency

Banco de Bogota S.A. ("Bank"), Santafe de Bogota, D.E., Colombia, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish an agency in Miami, Florida. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish an agency in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in Miami, Florida (*Miami Herald*, March 9, 1998). The time for filing comments has expired, and the Board has considered the application and all comments received.

Bank, with total consolidated assets of approximately $3.7 billion, is the third largest bank in Colombia.[1] Bank is the oldest commercial bank in Colombia, and operates through 274 branches in Colombia. Bank also owns bank subsidiaries in Panama and the Bahamas. In the United States, Bank operates an agency in New York, New York, and an Edge corporation in Miami, Florida. Grupo Aval Acciones y Valores, S.A. ("Aval"), a holding company engaged in financial activities, owns a majority of Bank's outstanding voting shares.[2]

1. Unless otherwise indicated all data are as of December 31, 2000.

2. Aval is controlled by Dr. Luis Carlos Sarmiento Angulo, who directly and indirectly owns more than 90 percent of its shares.

The proposed agency would be used to further develop Bank's trade-related business. Bank also intends to consolidate and enhance the business lines that have been the primary focus of Bank's Miami Edge corporation: trade finance, private banking, foreign exchange, and portfolio investment business.[3]

In order to approve an application by a foreign bank to establish an agency in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States, and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24).[4] The Board may also take into account additional standards as set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)- (3)).

The IBA includes a limited exception to the general requirement relating to comprehensive, consolidated supervision (12 U.S.C. § 3105(d)(6)). This exception provides that, if the Board is unable to find that a foreign bank seeking to establish a branch, agency, or commercial lending company is subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in its home country, the Board may nevertheless approve an application by such foreign bank if:

(i) The appropriate authorities in the home country of the foreign bank are actively working to establish arrangements for the consolidated supervision of such bank; and

(ii) All other factors are consistent with approval (12 U.S.C. § 3105(d)(6)(A)). In deciding whether to exercise its discretion to approve an application under authority of this exception, the Board shall also consider whether the foreign bank has adopted and implements procedures to combat money laundering (12 U.S.C. § 3105(d)(6)(B)).

The Board also may take into account whether the home country of the foreign bank is developing a legal regime to address money laundering or is participating in multilateral efforts to combat money laundering (12 U.S.C. § 3105(d)(6)(B)).

As noted above, Bank engages directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues.

With respect to supervision by Bank's home country authorities, the Board has considered the following information. Bank is supervised by the Colombian Superintendency of Banking ("Superintendency").[5] The Superintendency is primarily responsible for the regulation and supervision of Colombian financial institutions, including their foreign offices, subsidiaries, and affiliates. The Superintendency issues and promulgates supervisory regulations concerning accounting requirements, asset quality, management, operations, capital adequacy, loan classification and loan loss provision standards. The Superintendency is responsible for monitoring, inspecting, and assessing the management, operations, and asset quality of financial institutions. In addition, the Superintendency monitors compliance by financial institutions with applicable laws and regulations and may order preventive measures and impose sanctions on financial institutions.

In connection with its supervisory function, the Superintendency conducts on-site examinations of financial institutions annually and may conduct special targeted examinations if circumstances merit such inspections. For off-site monitoring purposes, the Superintendency requires extensive reporting from the institutions it supervises, including monthly, quarterly, and semiannual consolidated financial data covering liquidity, capitalization, affiliate transactions, asset quality, and earnings. Additionally, each foreign office and affiliate is required to submit copies of documents prepared to satisfy the requirements of local authorities. The Superintendency also has established guidelines for the external audit of financial institutions and requires external audits to be conducted annually. Reports of such audits are submitted to the Superintendency.

The Superintendency is empowered to coordinate and share information with other domestic governmental agencies regarding the institutions it supervises. The Superintendency has stated that it will generally share information with supervisors in jurisdictions where Colombian banks have operations. The Superintendency considers information sharing to be important for the adequate supervision of financial institutions and has entered into information sharing agreements with several foreign jurisdictions.

The Colombian government has taken a number of steps to combat money laundering. In the past decade, Colombia has enacted legislation to prevent money laundering and has established a regulatory infrastructure to assist this

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3. Bank intends to close its Miami Edge corporation in connection with the establishment of the proposed agency.

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

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

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

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

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

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

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

5. Aval is supervised by the Superintendency of Securities because of its size and because its shares are registered on the Colombian stock exchanges. Both the Superintendency and the Superintendency of Securities are part of the Finance Ministry and may share information.

effort. Colombia has established a Financial Information and Analysis Unit in the Ministry of Finance, which is responsible for gathering and centralizing information from public and private entities in Colombia, as well as analyzing such information. The Prosecutor General's office has established a unit to investigate and prosecute money laundering cases and forfeiture actions. Colombia also participates in international fora that address the issues of asset forfeiture and the prevention of money laundering.[6] In addition, the Superintendency has issued circulars that require financial institutions to establish systems for the prevention of money laundering.

Bank has implemented policies and procedures to ensure compliance with Colombian law and regulations.[7] Bank has implemented a know your customer policy, which requires customer identification at the time of contracting for any product or service (customer identification is updated yearly). Bank also requires employees to identify and report unusual transactions and suspicious activities and may close a customer's account if appropriate.[8] Additionally, Bank has established recordkeeping procedures and provides ongoing training for employees on its policies and procedures for the prevention of money laundering.

Based on all the facts of record, the Board has determined that Bank's home country authorities are actively working to establish arrangements for the consolidated supervision of Bank, and that considerations relating to the steps taken by Bank and its home country to combat money laundering are consistent with approval under this standard.

The Board has also taken into account the additional standards set forth in the IBA (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). The Superintendency has no objection to the establishment of the proposed agency.

Bank must comply with the minimum capital standards of the Basel Capital Accord ("Accord"), as implemented by Colombia. Bank's capital is in excess of the minimum levels that would be required by the Accord and is considered equivalent to the capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank are also considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed agency. Bank has established controls and procedures for the proposed agency to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

With respect to access to information about Bank's operations, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with relevant government authorities regarding access to information. Bank and its parent have committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law, Bank has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, subject to certain conditions, the Superintendency may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information that the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank and its parent, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish an agency should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require or recommend termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank with the commitments made in connection with this application and with the conditions in this order.[9] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision and may be enforced in proceedings under 12 U.S.C. § 1818 against Bank and its affiliates.

By order of the Board of Governors, effective June 11, 2001.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

6. Colombia is a party to the 1988 U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances ("Convention"), and the United States has certified that Colombia has taken adequate measures to achieve full compliance with the goals and objectives of the Convention. Colombia also has signed the U.N. Convention against Transnational Organized Crime and is a member of the Organization of American States Inter-American Drug Abuse Control Commission Experts Group to Control Money Laundering.

7. Bank's foreign bank subsidiaries have adopted the same policies and procedures for the prevention of money laundering.

8. Employees use computer programs to facilitate the analysis and reporting of suspicious transactions.

9. The Board's authority to approve the establishment of the proposed agency parallels the continuing authority of the State of Florida to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of Florida, or its agent, the Florida Department of Banking and Finance ("Department"), to license the proposed office of Bank in accordance with any terms or conditions that the Department may impose.

Banco Pastor S.A.
A Coruña, Spain

Order Approving Establishment of an Agency

Banco Pastor S.A. ("Bank"), A Coruña, Spain, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish an agency in Miami, Florida. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish an agency in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in Miami, Florida (*Miami Herald,* January 24, 2001). The time for filing comments has expired, and all comments have been considered.

Bank, with total consolidated assets of approximately $8.8 billion, is the ninth largest banking group in Spain.[1] Bank is a commercial bank, which operates an extensive network of branches in Spain and a branch in Paris, France. Bank also operates representative offices in several European and Latin American countries. Bank currently does not have any operations in the United States. Bank's largest shareholder is the Pedro Barrié de la Maza Foundation ("Foundation"), which owns approximately 44 percent of its shares.[2]

The proposed agency would offer a full range of banking products and services, including deposit, checking, lending, credit card, and investment management services, to Bank's existing and prospective customers in Latin America.[3]

In order to approve an application by a foreign bank to establish an agency in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking outside of the United States, and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24).[4] The Board may also take into account additional standards as set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)-(3)).

As noted above, Bank engages directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues. With respect to supervision by home country authorities, the Board previously has determined, in connection with applications involving other banks in Spain, that those banks were subject to home country supervision on a consolidated basis.[5] Bank is supervised by the Bank of Spain on substantially the same terms and conditions as those other banks. Based on all the facts of record, it has been determined that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)-(3)) have also been taken into account. The Bank of Spain has no objection to the establishment of the proposed agency.

Spain's risk-based capital standards conform to the European Union capital standards, which are consistent with those established by the Basel Capital Accord. Bank's capital is in excess of the minimum levels that would be required by the Basel Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank also are considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed agency. In addition, Bank has established controls and procedures for the proposed agency to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

With respect to access to information about Bank's operations, the restrictions on disclosure in relevant jurisdictions in which Bank operates have been reviewed and

1. All data are as of December 31, 2000.

2. The Foundation is a nonprofit organization established by Pedro Barrié de la Maza, who was the principal shareholder of Bank before he donated his shares to the Foundation. The Foundation, which is dedicated to promoting the social, cultural, and educational development of Galicia, Spain, awards scholarships, carries out social welfare projects, supports the arts, and promotes research in the scientific, technical, historical, and artistic fields. Pedro Barrié de la Maza's widow currently runs the Foundation and is chairman of Bank. Other than the Foundation, no person owns more than 10 percent of Bank's shares.

3. The proposed agency would not offer deposit services to United States citizens, or residents, or to entities incorporated in the United States.

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

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;
(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;
(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;
(iv) Receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;
(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

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

5. *See Caja de Ahorros de Valencia, Castellón y Alicante,* 84 *Federal Reserve Bulletin* 231 (1998); *Banco Exterior de España S.A.,* 81 *Federal Reserve Bulletin* 616 (1995); *Corporación Bancaria de España,* 81 *Federal Reserve Bulletin* 598 (1995); *Banco Santander S.A.,* 79 *Federal Reserve Bulletin* 622 (1993); *Banco de Sabadell S.A.,* 79 *Federal Reserve Bulletin* 366 (1993).

the relevant government authorities have been communicated with regarding access to information. Bank and the Foundation have committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Bank and the Foundation have committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, subject to certain conditions, the Bank of Spain may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, it has been determined that Bank has provided adequate assurances of access to any necessary information that the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, Bank's application to establish an agency is hereby approved.[6] Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require or recommend termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank and the Foundation with the commitments made in connection with this application and with the conditions in this order.[7] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with this decision and may be enforced in proceedings under 12 U.S.C. § 1818 against Bank and its affiliates.

By order, approved pursuant to authority delegated by the Board, effective June 28, 2001.

ROBERT DEV. FRIERSON
Associate Secretary of the Board

6. Approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board.

7. The authority to approve the establishment of the proposed agency parallels the continuing authority of the State of Florida to license offices of a foreign bank. The approval of this application does not supplant the authority of the State of Florida, or its agent, the Florida Department of Banking and Finance ("Department") to license the proposed office of Bank in accordance with any terms or conditions that the Department may impose.

Bank Austria Aktiengesellschaft
Vienna, Austria

Order Approving Establishment of Branches

Bank Austria Aktiengesellschaft ("Bank"), Vienna, Austria, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish federal branches in Greenwich, Connecticut, and New York, New York. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish branches in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in Greenwich, Connecticut (*Greenwich Time,* October 18, 2000), and New York, New York (*The Daily News,* October 18, 2000). The time for filing comments has expired, and the Board has considered all comments received.

Bank, with total consolidated assets of approximately €165 billion ($148.2 billion), is the largest banking group in Austria.[1] Bank is a commercial and merchant bank and engages in a number of banking, financial, and other activities worldwide. Bank is owned by Bayerische Hypo- und Vereinsbank Aktiengesellschaft ("HVB"), the second largest banking group in Germany.[2] HVB provides a broad range of banking, financial, and related services to its customers through an extensive network of branches in Germany and worldwide.

Bank was established through an internal reorganization undertaken in anticipation of a combination transaction with HVB. As part of this reorganization, Sparkasse Stockerau Aktiengesellschaft, Vienna, Austria, a savings bank subsidiary of the former Bank Austria Aktiengesllschaft ("old Bank Austria") succeeded to substantially all the assets and liabilities of old Bank Austria and changed its name to Bank Austria Aktiengesellschaft. Old Bank Austria operated branches in Greenwich, Connecticut, and New York, New York, and Bank has requested authority to retain and operate these offices.[3] Pursuant to Regulation K, the Board allowed the reorganization to proceed before an application to establish the offices was filed and acted on by the Board.[4]

In order to approve an application by a foreign bank to establish branches in the United States, the IBA and Regulation K require the Board to determine that the foreign bank applicant engages directly in the business of banking

1. Data are as of December 31, 2000.

2. Munich Re AG, and Allianz AG, both of Munich, Germany, each directly and indirectly owns more than 10 percent of the voting shares of HVB.

3. Bank's original application also requested authority to retain Old Bank Austria's representative offices in Atlanta, Georgia, and San Francisco, California. These offices have since been closed and, therefore, are not addressed in this order.

4. *See* 12 C.F.R. 211.24(a)(3); Board Letter, dated November 1, 2000, to John C. Murphy, Jr., Esq.

outside of the United States, and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3105(d)(2); 12 C.F.R. 211.24).[5] The Board may also take into account additional standards as set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)-(3)).

As noted above, Bank and HVB engage directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues. With respect to supervision by home country authorities, the Board previously has determined, in connection with applications involving other banks in Austria, that those banks were subject to home country supervision on a consolidated basis.[6] Bank is supervised by the Austrian Federal Ministry of Finance (the "Ministry") and the Austrian National Bank on substantially the same terms and conditions as those other banks. Based on all the facts of record, the Board has determined that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

With respect to supervision of HVB, the Board previously has determined, in connection with applications involving other banks in Germany, that those banks were subject to home country supervision on a consolidated basis.[7] HVB is supervised by the German Federal Banking Supervisory Office ("FBSO") on substantially the same terms and conditions as those other banks. Based on all the facts of record, the Board has determined that HVB is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The Board has also taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)-(3)). The Ministry has no objection to the establishment of the proposed branches.

Austria's risk-based capital standards conform to the European Union capital standards, which are consistent with those established by the Basel Capital Accord. Bank's capital is in excess of the minimum levels that would be required by the Basel Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank also are considered consistent with approval, and Bank appears to have the experience and capacity to support the proposed branches. In addition, Bank has established controls and procedures for the branches to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

With respect to access to information about Bank's operations, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank and HVB operate and has communicated with relevant government authorities regarding access to information. Bank and its parents have committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Bank and its parents have committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, subject to certain conditions, the Ministry and FBSO may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information that the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish the two branches should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require or recommend termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank and its parents with the commitments made in connection with this application and with the conditions in this order.[8] The

5. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:
- (i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;
- (ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;
- (iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;
- (iv) Receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;
- (v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

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

6. *See Bank Austria Aktiengesellschaft,* 86 *Federal Reserve Bulletin* 67 (2000); *Erste Bank der Österreichischen Sparkassen Aktiengesellschaft,* 84 *Federal Reserve Bulletin* 1123 (1998); *Creditanstalt-Bankverein,* 82 *Federal Reserve Bulletin* 594 (1996).

7. *See Deutsche Hyp Deutsche Hypothekenbank Frankfurt-Hamburg AG,* 86 *Federal Reserve Bulletin* 658 (2000); *Deutsche Bank AG,* 85 *Federal Reserve Bulletin* 509 (1999); *Westdeutsche ImmobilienBank,* 85 *Federal Reserve Bulletin* 346 (1999); *Commerzbank AG,* 85 *Federal Reserve Bulletin* 336 (1999).

8. The Board's authority to approve the establishment of the proposed branches parallels the continuing authority of the Office of the

commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision and may be enforced in proceedings under 12 U.S.C. § 1818 against Bank and its affiliates.

By order of the Board of Governors, effective June 4, 2001.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

RHEINHYP Rheinische Hypothekenbank AG Frankfurt am Main, Germany

Order Approving Establishment of a Representative Office

RHEINHYP Rheinische Hypothekenbank AG ("Bank"), Frankfurt am Main, Germany, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in New York, New York. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in New York (*The New York Times,* November 20, 2000). The time for filing comments has expired, and all comments have been considered.

Bank, with total consolidated assets of $79 billion,[1] is the nineteenth largest bank in Germany. Commerzbank AG, Frankfurt am Main, Germany ("Commerzbank"), owns approximately 98 percent of the voting stock of Bank. A chartered mortgage bank, Bank engages primarily in real estate and public sector financing activities in Germany. Bank operates twenty branches in Germany. It also operates branches in England, Italy, and Portugal and representative offices in eight European countries. Commerzbank engages in a broad range of commercial and investment banking activities. In the United States, Commerzbank operates branches in New York, New York; Chicago, Illinois; and Los Angeles, California; an agency in Atlanta, Georgia; and two nonbank subsidiaries that engage in securities, derivatives, and commercial finance activities.[2]

The proposed representative office is initially intended to act as a liaison with existing or potential customers of Bank's European operations, to conduct research, and to become familiar with the North American market. Bank ultimately plans to use the representative office to assist the head office in making commercial mortgage loans. All decisions on credit extended by Bank would be made at the head office.

In acting on an application to establish a representative office, the IBA and Regulation K provide that the Board shall take into account whether the foreign bank engages directly in the business of banking outside the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor.[3] The Board may take into account additional standards set forth in the IBA and Regulation K.[4]

As noted above, Bank engages directly in the business of banking outside the United States through its banking operations in Germany and elsewhere. Bank also has provided the Board with the information necessary to assess the application through submissions that address the relevant issues.

With respect to home country supervision of Bank, the Board has considered the following information. The German Federal Banking Supervisory Office ("FBSO") is the principal supervisory authority of Bank and Commerzbank. The Board previously has determined, in connection with applications involving other German banks, including Commerzbank, that those banks were subject to comprehensive consolidated supervision by the FBSO.[5] In this case, the Board has determined that Bank is supervised on

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Comptroller of the Currency ("OCC") to license federal offices of a foreign bank. The Board's approval of this application does not supplant the authority of the OCC to license the proposed offices of Bank in accordance with any terms or conditions that it may impose.

1. Data are as of December 31, 2000.

2. Commerzbank also has a controlling interest in Korea Exchange Bank, Seoul, Korea, which has branches in New York, New York; Chicago, Illinois; and Seattle, Washington; an agency in Los Angeles, California; and a subsidiary bank also in Los Angeles.

3. *See* 12 U.S.C. § 3107(a)(2); 12 C.F.R. 211.24(d)(2). In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;
(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;
(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;
(iv) Receive from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;
(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

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

4. *See* 12 U.S.C. § 3105(d)(3) and (4); 12 C.F.R. 211.24(c)(2).

5. *See Deutsche Hyp Deutsche Hypothekenbank Frankfurt-Hamburg AG,* 86 *Federal Reserve Bulletin* 658 (2000); *Deutsche Bank AG,* 85 *Federal Reserve Bulletin* 509 (1999); *Westdeutsche ImmobilienBank,* 85 *Federal Reserve Bulletin* 346 (1999); *Commerzbank AG,* 85 *Federal Reserve Bulletin* 336 (1999).

substantially the same terms and conditions as those other banks. Based on this finding and all the facts of record, the Board concludes that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The Board has taken into account the additional standards set forth in the IBA and in Regulation K.[6] The FBSO has granted Bank approval to establish the proposed office. With respect to the financial and managerial resources of Bank, taking into consideration Bank's record of operations in its home country, its overall financial resources, and its standing with its home country supervisor, the Board has determined that financial and managerial considerations are consistent with approval. In addition, Bank appears to have the experience and capacity to support the proposed office and has established controls and procedures in the branch to ensure compliance with applicable U.S. law, as well as controls and procedures for its worldwide operations generally.

With respect to access to information, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with relevant government authorities about access to information. Bank and Commerzbank have committed to make available to the Board such information on the operations of Bank and any affiliate of Bank that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act, and other applicable federal law. To the extent that the provision of such information may be prohibited or impeded by law or otherwise, Bank has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties in connection with disclosure of certain information. In addition, subject to certain conditions, the FBSO may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, the Board has concluded that Bank has provided adequate assurances of access to any necessary information the Board may request.

6. *See* 12 U.S.C. § 3105(d)(3) and (4); 12 C.F.R. 211.24(c)(2).

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a representative office in New York should be, and hereby is, approved. If any restrictions on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require or recommend termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank and Commerzbank with the commitments made in connection with this application and with the conditions in this order.[7] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision and may be enforced in proceedings against Bank, its offices, and its affiliates under applicable law.

By order of the Board of Governors, effective June 4, 2001.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

7. The Board's authority to approve the establishment of the proposed office parallels the continuing authority of the State of New York to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of New York or its agent, the New York State Banking Department ("Department"), to license the proposed office of Bank in accordance with any terms or conditions that the Department may impose.

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
Southern Development Bancorporation, Inc., Arkadelphia, Arkansas	Delta Bank and Trust, Drew, Mississippi	June 7, 2001

Section 4

Applicant(s)	Nonbanking Activity/Company	Effective Date
Northern Trust Corporation, Chicago, Illinois	Gateway Solutions, LLC, Chicago, Illinois	June 4, 2001

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT
By Federal Reserve Banks

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

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Advantage Bancorp, Woodbury, Minnesota	First Choice Bank, Geneva, Illinois	Chicago	June 8, 2001
Bank of De Soto, N.A., Employee Stock Ownership Trust, De Soto, Texas	D Bancorp, Inc., De Soto, Texas Bank of De Soto, N.A., De Soto, Texas	Dallas	May 22, 2001
The Bank of Mulberry Employee Stock Ownership Trust, Mulberry, Arkansas ACME Holding Company, Inc., Mulberry, Arkansas	Mansfield Bankstock, Inc., Mansfield, Arkansas Bank of Mansfield, Mansfield, Arkansas	St. Louis	May 23, 2001
Carolina Financial Corporation, Charleston, South Carolina	Crescent Bank, Myrtle Beach, South Carolina	Richmond	June 1, 2001
CIB Marine Bancshares, Inc., Pewaukee, Wisconsin	Citrus Financial Services, Inc., Vero Beach, Florida Citrus Bank, N.A., Vero Beach, Florida	Chicago	June 5, 2001
Commerce Financial Corporation ESOP, Topeka, Kansas	Commerce Financial Corporation, Topeka, Kansas Commerce Bank and Trust, Topeka, Kansas	Kansas City	June 1, 2001
Crescent Financial Corporation, Cary, North Carolina	Crescent State Bank, Cary, North Carolina	Richmond	June 18, 2001
First BanCorp, San Juan, Puerto Rico	Southern Security Bank Corporation, Hollywood, Florida	New York	May 29, 2001
First Liberty Capital Corporation Employee Stock Ownership Plan, Hugo, Colorado	First Liberty Capital Corporation, Hugo, Colorado	Kansas City	June 1, 2001
First Merchants Corporation, Muncie, Indiana	Franco Financial Inc., Wabash, Indiana Frances Slocum Bank and Trust Company, Wabash, Indiana	Chicago	May 25, 2001
First National Bank Group, Inc., Edinburg, Texas	Alamo Corporation of Texas, Alamo, Texas Alamo Bank of Texas, Alamo, Texas	Dallas	June 19, 2001
First Virginia Banks, Inc., Falls Church, Virginia	James River Bankshares, Inc., Suffolk, Virginia	Richmond	May 24, 2001

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
GNB Bancshares, Inc., Gainesville, Texas Guaranty National Bancshares, Inc., Wilmington, Delaware	First Bank and Trust, Ennis, Texas	Dallas	May 9, 2001
Greer Bancshares Incorporated, Greer, South Carolina	Greer State Bank, Greer, South Carolina	Richmond	June 21, 2001
Hutisford Community Bancorp, Inc., Hutisford, Wisconsin	Hustisford State Bank, Hustisford, Wisconsin	Chicago	June 5, 2001
Metro North Bancshares, Inc., Elk River, Minnesota	The Bank of Elk River, Elk River, Minnesota	Minneapolis	June 14, 2001
Northrim BanCorp, Inc., Anchorage, Alaska	Northrim Bank, Anchorage, Alaska	San Francisco	June 14, 2001
Old Florida Bankshares, Inc., Fort Myers, Florida	Old Florida Bank, Fort Myers, Florida	Atlanta	June 8, 2001
Ottawa Bancshares, Inc., Salina, Kansas	Admire Bancshares, Inc., Emporia, Kansas	Kansas City	June 12, 2001
Paragon Commercial Corporation, Raleigh, North Carolina	Paragon Commercial Bank, Raleigh, North Carolina	Richmond	May 25, 2001
Promistar Financial Corporation, Johnstown, Pennsylvania	FNH Corporation, Irwin, Pennsylvania	Philadelphia	June 11, 2001
Puget Sound Financial Services, Inc., Fife, Washington	Fife Commercial Bank, Fife, Washington	San Francisco	June 4, 2001
Republic Bancshares of Texas, Inc., Houston, Texas RBT Holdings, Inc., Dover, Delaware	Republic National Bank, Houston, Texas	Dallas	May 16, 2001
Sterling Bancshares, Inc., Houston, Texas Sterling Bancorporation, Inc., Wilmington, Delaware	Lone Star Bancorporation, Inc., Houston, Texas	Dallas	May 21, 2001
Washington First Financial Group, Inc., Seattle, Washington	Washington First International Bank, Seattle, Washington	San Francisco	June 8, 2001
Wewahitchka State Bank Employee Stock Ownership Plan, Wewahitchka, Florida	Gulf Coast Community Bancshares, Inc., Wewahitchka, Florida	Atlanta	June 5, 2001

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Banco Bradesco S.A., Osasco, Brazil	Bradesco Securities, Inc., New York, New York	New York	June 13, 2001

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Banco Espirito Santo, S.A., Lisbon, Portugal E.S. Control Holding S.A., Luxembourg Espirito Santo Financial Group S.A., Luxembourg E.S. International Holding S.A., Luxembourg Espirito Financial (Portugal) Sociedade Gestora de Participacoes Sociais, S.A., Lisbon, Portugal Bespar Sociedade Gestora de Participacoes Sociais, S.A., Lisbon, Portugal Caisse Nationale de Credit Agricole, Paris, France	Clarity Incentive Systems, Inc., New York, New York	New York	June 8, 2001
Banco Espirito Santo, S.A., Lisbon, Portugal E.S. Control Holding, S.A., Luxembourg Espirito Santo Financial Group, S.A., Luxembourg E.S. International Holding S.A., Luxembourg Espirito Financial (Portugal) Sociedade Gestora de Participacoes Sociais, S.A., Lisbon, Portugal Bespar Sociedade Gestora de Participacoes Sociais, S.A., Lisbon, Portugal Caisse National de Credit Agricole, Paris, France	FiNet.com, Inc., New York, New York	New York	June 8, 2001
Marshall & Ilsley Corporation, Milwaukee, Wisconsin	Derivion Corporation, Atlanta, Georgia	Chicago	May 21, 2001
Northview Financial Corporation, Northfield, Illinois	Northview Mortgage L.L.C., Northfield, Illinois Northview Bank & Trust, Northfield, Illinois	Chicago	June 21, 2001
Republic Bancorp Inc., Owosso, Michigan	NetBank, Inc., Alpharetta, Georgia NetBank, Alpharetta, Georgia NetBank Partners, LLC, Alpharetta, Georgia	Chicago	June 11, 2001

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
GB&T Bancshares, Inc., Gainesville, Georgia	Community Trust Financial Services Corporation, Hiram, Georgia Community Trust Bank, Hiram, Georgia Community Loan Company, Inc., Cartersville, Georgia Metroplex Appraisals, Inc., Hiram, Georgia Cash Transactions, LLC, Dallas, Georgia	Atlanta	May 24, 2001
Hancock Holding Company, Gulfport, Mississippi	Lamar Capital Corporation, Purvis, Mississippi Lamar Bank, Purvis, Mississippi Larmar Data Solutions, Inc., Purvis, Mississippi	Atlanta	June 15, 2001

APPLICATIONS APPROVED UNDER BANK MERGER 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.

Applicant(s)	Bank(s)	Effective Date
Central Savings Bank, Sault Sainte Marie, Michigan	North Country Bank & Trust, Traverse City, Michigan	June 29, 2001

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
Central Virginia Bank, Powhatan, Virginia	Guaranty Bank, Charlottesville, Virginia	Richmond	June 18, 2001
Gold Bank, Leawood, Kansas	North American Savings, F.S.B., Grandview, Missouri	Kansas City	May 25, 2001
Gold Bank, Leawood, Kansas	Provident Bank, F.S.B., St. Joseph, Missouri	Kansas City	June 20, 2001
M&I Marshall & Ilsley Bank, Milwaukee, Wisconsin	Fifth Third Bank, Southwest F.S.B., Scottsdale, Arizona	Chicago	June 8, 2001
Promistar Bank, Johnstown, Pennsylvania	The First National Bank of Herminie, Herminie, Pennsylvania	Philadelphia	June 11, 2001

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.

Artis v. Greenspan, No. 01-CV-0400(ESG) (D.D.C., complaint filed February 22, 2001. Employment discrimination action.

Dime Bancorp, Inc. v. Board of Governors, No. 00–4249 (2d Cir., filed December 11, 2000). Petition for review of a Board order dated September 27, 2000, approving the applications of North Fork Corporation, Inc., Melville, New York, to acquire control of Dime Bancorp, Inc. and to thereby acquire its wholly owned subsidiary, The Dime Savings Bank of New York, FSB, both of New York, New York.

Nelson v. Greenspan, No. 99–215(EGS) (D.D.C., amended complaint filed December 8, 2000). Employment discrimination action.

Howe v. Bank for International Settlements, No. 00CV12485 RCL (D. Mass., filed December 7, 2000). Action seeking damages in connection with gold market activities and the repurchase of privately-owned shares of the Bank for International Settlements.

Barnes v. Reno, No. 1:00CV02900 (D.D.C., filed December 4, 2000). Civil rights action. On June 13, 2001, the district court dismissed the action.

Sedgwick v. Board of Governors, No. 00–16525 (9th Cir., filed August 7, 2000). Appeal of district court dismissal of action under Federal Tort Claims Act alleging violation of bank supervision requirements. On May 31, 2001, the court affirmed the district court's dismissal.

Individual Reference Services Group, Inc., v. Board of Governors, et al., No. 01–5175 (D.C. Cir., filed May 25, 2001); *Trans Union LLC v. Federal Trade Commission, et al.,* No. 01–5202 (D.C. Cir., filed June 4, 2001). Appeals of district court order entered April 30, 2001, upholding an interagency rule regarding Privacy of Consumer Finance Information. On June 21, 2001, the court consolidated these cases with *Reed Elsevier Inc. v. Board of Governors,* No. 00–1289 (D.C. Cir., filed June 30, 2000), and related petitions for review filed against other federal agencies challenging the same rules. On June 28, 2001, the court denied the appellants' emergency motion for an injunction pending appeal.

Bettersworth v. Board of Governors, No. 00–50262 (5th Cir., filed April 14, 2000). Appeal of district court's dismissal of Privacy Act claims. On April 12, 2001, the court denied the petition for review. On June 12, 2001, the court denied the petitioner's request for rehearing.

Albrecht v. Board of Governors, No. 00-CV-317 (CKK) (D.D.C., filed February 18, 2000). Action challenging the method of funding of the retirement plan for certain Board employees. On March 30, 2001, the district court granted in part and denied in part the Board's motion to dismiss.

Guerrero v. United States, No. CV-F-99–6771(OWW) (E.D. Cal., filed November 29, 1999). Prisoner suit.

Artis v. Greenspan, No. 1:99CV02073 (EGS) (D.D.C., filed August 3, 1999). Employment discrimination action.

Fraternal Order of Police v. Board of Governors, No. 1:98CV03116 (WBB)(D.D.C., filed December 22, 1998). Declaratory judgment action challenging Board labor practices. On February 26, 1999, the Board filed a motion to dismiss the action.

Membership of the Board of Governors of the Federal Reserve System, 1913–2001

APPOINTIVE MEMBERS[1]

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Charles S. Hamlin	Boston	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936.[3]
Paul M. Warburg	New York	Aug. 10, 1914	Term expired Aug. 9, 1918.
Frederic A. Delano	Chicago	Aug. 10, 1914	Resigned July 21, 1918.
W.P.G. Harding	Atlanta	Aug. 10, 1914	Term expired Aug. 9, 1922.
Adolph C. Miller	San Francisco	Aug. 10, 1914	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936.[3]
Albert Strauss	New York	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah	Chicago	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt	New York	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills	Cleveland	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell	Minneapolis	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell	Chicago	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger	Cleveland	May 1, 1923	Resigned Sept. 15, 1927.
George R. James	St. Louis	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936.[4]
Edward H. Cunningham	Chicago	May 14, 1923	Died Nov. 28, 1930.
Roy A. Young	Minneapolis	Oct. 4, 1927	Resigned Aug. 31, 1930.
Eugene Meyer	New York	Sept. 16, 1930	Resigned May 10, 1933.
Wayland W. Magee	Kansas City	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black	Atlanta	May 19, 1933	Resigned Aug. 15, 1934.
M.S. Szymczak	Chicago	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J.J. Thomas	Kansas City	June 14, 1933	Served until Feb. 10, 1936.[3]
Marriner S. Eccles	San Francisco	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick	New York	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee	Cleveland	Feb. 3, 1936	Served until Apr. 4, 1946.[3]
Ronald Ransom	Atlanta	Feb. 3, 1936	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison	Dallas	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis	Richmond	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper	New York	Mar. 30, 1938	Served until Sept. 1, 1950.[3]
Rudolph M. Evans	Richmond	Mar. 14, 1942	Served until Aug. 13, 1954.[3]
James K. Vardaman, Jr.	St. Louis	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton	Boston	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe	Philadelphia	Apr. 15, 1948	Resigned Mar. 31, 1951.
Edward L. Norton	Atlanta	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell	Minneapolis	Sept. 1, 1950	Resigned June 30, 1952.
Wm. McC. Martin, Jr.	New York	April 2, 1951	Reappointed in 1956. Term expired Jan. 31, 1970.
A.L. Mills, Jr.	San Francisco	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J.L. Robertson	Kansas City	Feb. 18, 1952	Reappointed in 1964. Resigned Apr. 30, 1973.
C. Canby Balderston	Philadelphia	Aug. 12, 1954	Served through Feb. 28, 1966.
Paul E. Miller	Minneapolis	Aug. 13, 1954	Died Oct. 21, 1954.
Chas. N. Shepardson	Dallas	Mar. 17, 1955	Retired Apr. 30, 1967.
G.H. King, Jr.	Atlanta	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell	Chicago	Aug. 31, 1961	Reappointed in 1962. Served until Feb. 13, 1976.[3]
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974.[3]
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	Resigned Dec. 15, 1986.
Philip E. Coldwell	Dallas	Oct. 29, 1974	Served through Feb. 29, 1980.

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee	Richmond	Jan. 5, 1976	Served until Feb. 7, 1986.[3]
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters	Chicago	Sept. 18, 1978	Served through June 27, 1984.
Emmett J. Rice	New York	June 20, 1979	Resigned Dec. 31, 1986.
Frederick H. Schultz	Atlanta	July 27, 1979	Served through Feb. 11, 1982.
Paul A. Volcker	Philadelphia	Aug. 6, 1979	Resigned August 11, 1987.
Lyle E. Gramley	Kansas City	May 28, 1980	Resigned Sept. 1, 1985.
Preston Martin	San Francisco	Mar. 31, 1982	Resigned April 30, 1986.
Martha R. Seger	Chicago	July 2, 1984	Resigned March 11, 1991.
Wayne D. Angell	Kansas City	Feb. 7, 1986	Served through Feb. 9, 1994.
Manuel H. Johnson	Richmond	Feb. 7, 1986	Resigned August 3, 1990.
H. Robert Heller	San Francisco	Aug. 19, 1986	Resigned July 31, 1989.
Edward W. Kelley, Jr.	Dallas	May 26, 1987	Reappointed in 1990.
Alan Greenspan	New York	Aug. 11, 1987	Reappointed in 1992.
John P. LaWare	Boston	Aug. 15, 1988	Resigned April 30, 1995.
David W. Mullins, Jr.	St. Louis	May 21, 1990	Resigned Feb. 14, 1994.
Lawrence B. Lindsey	Richmond	Nov. 26, 1991	Resigned Feb. 5, 1997.
Susan M. Phillips	Chicago	Dec. 2, 1991	Served through June 30, 1998.
Alan S. Blinder	Philadelphia	June 27, 1994	Term expired Jan. 31, 1996.
Janet L. Yellen	San Francisco	Aug. 12, 1994	Resigned Feb. 17, 1997.
Laurence H. Meyer	St. Louis	June 24, 1996	
Alice M. Rivlin	Philadelphia	June 25, 1996	Resigned July 16, 1999.
Roger W. Ferguson, Jr.	Boston	Nov. 5, 1997	Reappointed in 2001.
Edward M. Gramlich	Richmond	Nov. 5, 1997	

Chairmen[4]

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916
W.P.G. Harding	Aug. 10, 1916–Aug. 9, 1922
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930
Eugene Meyer	Sept. 16, 1930–May 10, 1933
Eugene R. Black	May 19, 1933–Aug. 15, 1934
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948[5]
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951
Wm. McC. Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970
Arthur F. Burns	Feb. 1, 1970–Jan. 31, 1978
G. William Miller	Mar. 8, 1978–Aug. 6, 1979
Paul A. Volcker	Aug. 6, 1979–Aug. 11, 1987
Alan Greenspan	Aug. 11, 1987–[6]

Vice Chairmen[4]

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J.J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J.L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–Nov. 19, 1978
Frederick H. Schultz	July 27, 1979–Feb. 11, 1982
Preston Martin	Mar. 31, 1982–Apr. 30, 1986
Manuel H. Johnson	Aug. 4, 1986–Aug. 3, 1990
David W. Mullins, Jr.	July 24, 1991–Feb. 14, 1994
Alan S. Blinder	June 27, 1994–Jan. 31, 1996
Alice M. Rivlin	June 25, 1996–July 16, 1999
Roger W. Ferguson, Jr.	Oct. 5, 1999–

EX-OFFICIO MEMBERS[1]

Secretaries of the Treasury

W.G. McAdoo	Dec. 23, 1913–Dec. 15, 1918
Carter Glass	Dec. 16, 1918–Feb. 1, 1920
David F. Houston	Feb. 2, 1920–Mar. 3, 1921
Andrew W. Mellon	Mar. 4, 1921–Feb. 12, 1932
Ogden L. Mills	Feb. 12, 1932–Mar. 4, 1933
William H. Woodin	Mar. 4, 1933–Dec. 31, 1933
Henry Morgenthau, Jr.	Jan. 1, 1934–Feb. 1, 1936

Comptrollers of the Currency

John Skelton Williams	Feb. 2, 1914–Mar. 2, 1921
Daniel R. Crissinger	Mar. 17, 1921–Apr. 30, 1923
Henry M. Dawes	May 1, 1923–Dec. 17, 1924
Joseph W. McIntosh	Dec. 20, 1924–Nov. 20, 1928
J.W. Pole	Nov. 21, 1928–Sept. 20, 1932
J.F.T. O'Connor	May 11, 1933–Feb. 1, 1936

1. Under the provisions of the original Federal Reserve Act, the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was ten years, and the five original appointive members had terms of two, four, six, eight, and ten years respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to twelve years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in office on the date of that act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be fourteen years and that the designation of Chairman and Vice Chairman of the Board should be for a term of four years.

2. Date after words "Resigned" and "Retired" denotes final day of service.

3. Successor took office on this date.

4. Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

5. Served as Chairman Pro Tempore from February 3, 1948, to April 15, 1948.

6. Served as Chairman Pro Tempore from March 3, 1996, to June 20, 1996.

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
n.e.c.	Not elsewhere classified
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
. . .	Cell not applicable
ABS	Asset-backed security
ATS	Automatic transfer service
BIF	Bank insurance fund
CD	Certificate of deposit
CMO	Collateralized mortgage obligation
CRA	Community Reinvestment Act of 1977
FAMC	Federal Agriculture Mortgage Corporation
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
FSA	Farm Service Agency
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GDP	Gross domestic product
GNMA	Government National Mortgage Association
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IOs	Interest only, stripped, mortgage-back securities
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
MSA	Metropolitan statistical area
NOW	Negotiable order of withdrawal
OCDs	Other checkable deposits
OPEC	Organization of Petroleum Exporting Countries
OTS	Office of Thrift Supervision
PMI	Private mortgage insurance
POs	Principal only, stripped, mortgage-back securities
REIT	Real estate investment trust
REMICs	Real estate mortgage investment conduits
RHS	Rural Housing Service
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, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	2000			2001	2001				
	Q2	Q3	Q4[r]	Q1[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May
Reserves of depository institutions[2]									
1 Total	−10.9	−8.3	−8.7	−2.1	10.0	1.2	−18.8	16.6	3.2
2 Required	−7.7	−8.6	−10.4	−3.5	12.7	−4.5	−18.0	20.8	11.5
3 Nonborrowed	−12.5	−9.9	−6.4	.5	14.3	1.9	−19.0	16.9	−1.8
4 Monetary base[3]	−3.6	2.5	2.8	6.4	11.2	3.5	2.6	7.1	6.3
Concepts of money and debt[4]									
5 M1	−1.9[r]	−3.7[r]	−3.3	5.1	12.6	9	13.8	5.3	−.6
6 M2	6.4	5.6[r]	6.3	10.7	12.2	10.9	14.4	10.4	5.1
7 M3	9.0	8.8	7.0	12.2	15.8	9.9	9.5	17.6	13.3
8 Debt	6.1	4.6[r]	4.5	4.8	3.3	5.0	6.0	3.4	n.a.
Nontransaction components									
9 In M2[5]	9.0	8.5	9.1	12.3	12.1	13.7	14.6	11.8	6.7
10 In M3 only[6]	15.2[r]	16.3[r]	8.8	15.9	24.1	7.5	−1.5	34.4	32.0
Time and savings deposits									
Commercial banks									
11 Savings, including MMDAs	8.0[r]	11.8	12.0	17.4	13.8	24.7	19.7	20.4	18.0
12 Small time[7]	13.3[r]	10.5	5.6	2.5	5.3	−4.8	−7.0	−9.3	−9.2
13 Large time[8,9]	17.1	11.5	4.1	−1.3	22.8	−57.4	−46.8	35.6	8.8
Thrift institutions									
14 Savings, including MMDAs	1.4[r]	3.1[r]	.4	6.4	.3	26.5	23.6	10.2	32.3
15 Small time[7]	3.7[r]	10.8	9.5	6.4	11.1	2.7	−3.4	1.0	6.9
16 Large time[8]	.6	23.2[r]	14.0	11.9	32.6	6.8	2.3	20.2	19.9
Money market mutual funds									
17 Retail	13.4	3.9[r]	11.6	16.9	20.5	8.7	24.6	18.1	−11.8
18 Institution-only	17.8[r]	29.0[r]	18.6	49.8	51.2	86.6	40.7	42.4	67.2
Repurchase agreements and eurodollars									
19 Repurchase agreements[10]	11.0	8.2	−3.6	−13.7	−14.0	−33.7	−24.3	71.5	3.3
20 Eurodollars[10]	15.0	.6	10.3	3.1	−14.0	4.9	14.7	−61.8	8.3
Debt components[4]									
21 Federal	−7.5	−7.3	−8.0	−5.4	−7.1	−2.9	1.2	−10.9	n.a.
22 Nonfederal	9.6[r]	7.6[r]	7.5	7.2	5.7	6.8	7.1	6.6	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						
	2001			2001						
	Mar.	Apr.	May	Apr. 18	Apr. 25	May 2	May 9	May 16	May 23	May 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	577,856	580,694	585,031	581,623	579,189	586,387	580,001	584,842	582,062	590,572
U.S. government securities[2]										
2 Bought outright—System account[3]	522,787	523,962	526,810	522,374	525,432	527,036	524,714	527,258	526,099	529,168
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	10	10	10	10	10	10	10	10	10	10
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	19,105	20,009	21,907	22,220	17,183	22,443	17,433	20,053	20,915	26,534
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	27	29	129	4	29	10	8	525	3	22
9 Seasonal credit	19	35	80	40	36	41	69	88	83	86
10 Special Liquidity Facility credit	0	0	0	0	0	0	0	0	0	0
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	406	251	-91	613	-402	-401	257	-153	130	-507
13 Other Federal Reserve assets	35,502	36,398	36,187	36,362	36,900	37,247	37,511	37,061	34,823	35,259
14 Gold stock	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
15 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
16 Treasury currency outstanding	32,191	32,349[r]	32,488	32,347[r]	32,382[r]	32,417	32,447	32,475	32,504	32,533
ABSORBING RESERVE FUNDS										
17 Currency in circulation	585,180	588,086[r]	591,535	588,863[r]	588,001[r]	588,369	589,718	590,329	590,981	594,970
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	496	500	514	503	512	516	518	517	511	510
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,390	5,903	5,149	5,491	6,894	6,733	5,053	5,169	4,993	5,148
21 Foreign	85	92	100	79	119	86	75	104	76	148
22 Service-related balances and adjustments	6,859	6,940	6,946	6,785	7,031[r]	7,241	6,877	6,843	7,087	6,879
23 Other	260	352	350	342	347	357	365	395	342	294
24 Other Federal Reserve liabilities and capital	18,232	17,806	17,971	17,953	17,971	17,983	18,034	17,946	17,944	17,960
25 Reserve balances with Federal Reserve Banks[5]	6,789	6,609	8,198	7,200[r]	3,941	10,765	5,053	9,261	5,877	10,441

Factor	End-of-month figures			Wednesday figures						
	Mar.	Apr.	May	Apr. 18	Apr. 25	May 2	May 9	May 16	May 23	May 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	581,870	587,708	591,914	590,736	580,474	593,177	580,286	594,063	584,945	608,194
U.S. government securities[2]										
2 Bought outright—System account[3]	523,862	525,911	527,562	525,195	527,300	526,643	526,442	528,380	525,608	529,372
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	10	10	10	10	10	10	10	10	10	10
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	21,995	25,007	30,310	29,264	16,507	29,257	15,007	31,747	23,705	42,380
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	8	44	67	11	32	10	12	24	1	1
9 Seasonal credit	14	36	86	37	34	54	83	86	84	89
10 Special Liquidity Facility credit	0	0	0	0	0	0	0	0	0	0
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	180	-370	-998	-274	-596	4	977	-683	478	846
13 Other Federal Reserve assets	35,801	37,069	34,878	36,494	37,188	37,200	37,754	34,500	35,058	35,495
14 Gold stock	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
15 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
16 Treasury currency outstanding	32,271	32,417[r]	32,562	32,347[r]	32,382[r]	32,417	32,447	32,475	32,504	32,533
ABSORBING RESERVE FUNDS										
17 Currency in circulation	585,853	588,191[r]	595,911	589,793[r]	588,831[r]	590,197	591,330	591,648	593,311	596,594
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	478	516	510	512	516	518	518	511	510	510
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,657	7,894	4,396	6,753	7,483	5,714	4,427	5,309	4,788	4,301
21 Foreign	70	102	85	107	121	115	89	76	84	72
22 Service-related balances and adjustments	6,757	7,241	7,045	6,785	7,031[r]	7,241	6,877	6,843	7,087	6,879
23 Other	248	403	321	335	330	369	355	355	328	295
24 Other Federal Reserve liabilities and capital	17,441	18,232	17,845	17,677	17,660	17,792	17,685	17,654	17,685	17,738
25 Reserve balances with Federal Reserve Banks[5]	10,882	10,792	11,609	14,368[r]	4,130	16,895	4,697	17,389	6,901	27,583

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. Cash value of agreements arranged through third-party custodial banks. These agreements are collateralized by U.S. government and federal agency securities.
5. 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									
	1998	1999	2000	2000		2001				
	Dec.	Dec.	Dec.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May
1 Reserve balances with Reserve Banks[2]	9,026	5,262	7,159	7,156	7,159	7,190	6,615	6,737	6,863	7,612
2 Total vault cash[3]	44,294	60,619	45,229[r]	44,636[r]	45,229[r]	47,683[r]	48,517[r]	44,104[r]	43,656	43,263
3 Applied vault cash[4]	36,183	36,392	31,381	31,629	31,381	32,601	32,734	30,978	31,728	31,773
4 Surplus vault cash[5]	8,111	24,227	13,848[r]	13,007[r]	13,848[r]	15,083[r]	15,783[r]	13,127[r]	11,929	11,490
5 Total reserves[6]	45,209	41,654	38,540	38,786	38,540	39,791	39,349	37,715	38,591	39,385
6 Required reserves	43,695	40,357	37,216	37,584	37,216	38,538	37,917	36,329	37,314	38,363
7 Excess reserve balances at Reserve Banks[7]	1,514	1,297	1,325	1,201	1,325	1,253	1,432	1,385	1,277	1,022
8 Total borrowing at Reserve Banks	117	320	210	283	210	73	51	58	51	213
9 Adjustment	101	179	99	124	99	39	30	38	15	134
10 Seasonal	15	67	111	159	111	34	21	20	35	79
11 Special Liquidity Facility[8]	0	74	0	0	0	0	.	..	..	..
12 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									
	2001									
	Feb 7	Feb. 21	Mar. 7	Mar. 21	Apr. 4	Apr. 18[r]	May 2	May 16	May 30	June 13
1 Reserve balances with Reserve Banks[2]	6,410	6,608	6,836	6,296	7,287	6,326	7,350[r]	7,159	8,163	6,768
2 Total vault cash[3]	52,714[r]	48,624[r]	44,107[r]	43,875[r]	44,424[r]	43,409	43,690[r]	42,645	43,900	42,155
3 Applied vault cash[4]	34,631	32,380	31,547	30,304	31,523	31,199	32,413	31,033	32,530	30,271
4 Surplus vault cash[5]	18,083[r]	16,245[r]	12,561[r]	13,571[r]	12,902[r]	12,210	11,277[r]	11,612	11,370	11,884
5 Total reserves[6]	41,041	38,988	38,382	36,600	38,809	37,525	39,763[r]	38,191	40,693	37,039
6 Required reserves	39,844	37,361	37,103	35,419	37,062	36,329	38,549	37,303	39,581	35,776
7 Excess reserve balances at Reserve Banks[7]	1,196	1,627	1,279	1,180	1,747	1,196	1,214[r]	888	1,112	1,262
8 Total borrowing at Reserve Banks	34	38	95	38	60	42	59	346	97	295
9 Adjustment	9	18	76	17	42	4	20	267	13	195
10 Seasonal	25	20	19	21	18	38	39	79	85	101
11 Special Liquidity Facility[8]	..	...	..	..	.	..	..	..	...	..
12 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 thrift institutions 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. Borrowing at the discount window under the terms and conditions established for the Century Date Change Special Liquidity Facility in effect from October 1, 1999, through April 7, 2000.
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 7/6/01	Effective date	Previous rate	On 7/6/01	Effective date	Previous rate	On 7/6/01	Effective date	Previous rate
Boston	3.25	6/27/01	3.50	3.80	6/28/01	3.95	4.30	6/28/01	4.45
New York		6/27/01							
Philadelphia		6/27/01							
Cleveland		6/28/01							
Richmond		6/28/01							
Atlanta		6/27/01							
Chicago		6/27/01							
St. Louis		6/29/01							
Minneapolis		6/28/01							
Kansas City		6/28/01							
Dallas		6/27/01							
San Francisco	3.25	6/27/01	3.50	3.80	6/28/01	3.95	4.30	6/28/01	4.45

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
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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1982—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
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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
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
16	4.75	4.75
Nov. 17	4.50–4.75	4.50
19	4.50	4.50
1999—Aug. 24	4.50–4.75	4.75
26	4.75	4.75
Nov. 16	4.75–5.00	4.75
18	5.00	5.00
2000—Feb. 2	5.00–5.25	5.25
4	5.25	5.25
Mar. 21	5.25–5.50	5.50
23	5.50	5.50
May 16	5.50–6.00	5.50
19	6.00	6.00
2001—Jan. 3	5.75–6.00	5.75
4	5.50–5.75	5.50
5	5.50	5.50
31	5.00–5.50	5.00
Feb. 1	5.00	5.00
Mar. 20	4.50–5.00	4.50
21	4.50	4.50
Apr. 18	4.00–4.50	4.00
20	4.00	4.00
May 15	3.50–4.00	3.50
17	3.50	3.50
June 27	3.25–3.50	3.25
June 29	3.25	3.25
In effect July 6, 2001	3.25	3.25

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–$42.8 million[3]	3	12/28/00
2	More than $42.8 million[4]	10	12/28/00
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, 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 28, 2000, for depository institutions that report weekly, and with the period beginning January 18, 2001, for institutions that report quarterly, the amount was decreased from $44.3 million to $42.8 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 28, 2000, for depository institutions that report weekly, and with the period beginning January 18, 2001, for institutions that report quarterly, the exemption was raised from $5.0 million to $5.5 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 1.5 years was reduced from 3 percent to 1.5 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 1.5 years was reduced from 3 percent to zero on Jan. 17, 1991.

The reserve requirement on nonpersonal time deposits with an original maturity of 1.5 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 1.5 years (see note 5).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1998	1999	2000	2000 Oct.	2000 Nov.	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	3,550	0	8,676	779	2,507	509	520	2,683	579	308
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	450,835	464,218	477,904	38,142	45,182	39,428	40,769	42,767	46,712	38,317
4 For new bills	450,835	464,218	477,904	38,142	45,182	39,428	40,769	42,767	46,712	38,317
5 Redemptions	2,000	0	24,522	2,656	1,021	1,145	228	638	211	3,537
Others within one year										
6 Gross purchases	6,297	11,895	8,809	0	580	1,420	0	1,605	67	3,027
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	46,062	50,590	62,025	8,663	7,957	0	10,296r	5,609r	0	12,204
9 Exchanges	−49,434	−53,315	−54,656	−6,608	−7,012	0	−6,667	−6,799	0	−7,000
10 Redemptions	2,676	1,429	3,779	787	780	0	2,422	1,529	0	4,368
One to five years										
11 Gross purchases	12,901	19,731	14,482	734	1,332	1,045	925	2,983	1,883	4,480
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−37,777	−44,032	−52,068	−8,663	−5,997	0	−10,296r	−2,784r	0	−12,204
14 Exchanges	37,154	42,604	46,177	6,608	5,737	0	6,667	4,945	0	7,000
Five to ten years										
15 Gross purchases	2,294	4,303	5,871	0	510	771	1,283	0	0	1,390
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−5,908	−5,841	−6,801	0	−699	0	0	−1,855r	0	0
18 Exchanges	7,439	7,583	6,585	0	1,275	0	0	971	0	0
More than ten years										
19 Gross purchases	4,884	9,428	5,833	982	0	0	296	495	1,000	913
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−2,377	−717	−3,155	0	−1,261	0	0	−971r	0	0
22 Exchanges	4,842	3,139	1,894	0	0	0	0	883	0	0
All maturities										
23 Gross purchases	29,926	45,357	43,670	2,495	4,929	3,745	3,024	7,766	3,529	10,118
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	4,676	1,429	28,301	3,443	1,802	1,145	2,650	2,166	211	7,905
Matched transactions										
26 Gross purchases	4,430,457	4,413,430	4,399,257	344,920	351,391	345,680	356,250	320,060	396,029	381,667
27 Gross sales	4,434,358	4,431,685	4,381,188	346,428	351,232	348,917	352,336	322,056	395,151	381,895
Repurchase agreements										
28 Gross purchases	512,671	281,599	0	0	0	0	0	0	0	0
29 Gross sales	514,186	301,273	0	0	0	0	0	0	0	0
30 Net change in U.S. Treasury securities	19,835	5,999	33,439	−2,457	3,286	−637	4,289	3,604	4,196	1,984
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	25	0	0	0	0	0	0	0	0	0
33 Redemptions	322	157	51	0	0	0	0	120	0	0
Repurchase agreements										
34 Gross purchases	284,316	360,069	0	0	0	0	0	0	0	0
35 Gross sales	276,266	370,772	0	0	0	0	0	0	0	0
36 Net change in federal agency obligations	7,703	−10,859	−51	0	0	0	0	−120	0	0
Reverse repurchase agreements										
37 Gross purchases	0	0	0	0	0	0	0	0	0	0
38 Gross sales	0	0	0	0	0	0	0	0	0	0
Repurchase agreements										
39 Gross purchases	0	304,989	890,236	64,428	87,125	95,470	104,930	67,655	86,472	85,166
40 Gross sales	0	164,349	987,501	62,308	79,295	79,365	129,385	62,910	88,142	82,154
41 Net change in triparty obligations	0	140,640	−97,265	2,120	7,830	16,105	−24,455	4,745	−1,670	3,012
42 Total net change in System Open Market Account	**27,538**	**135,780**	**−63,877**	**−337**	**11,116**	**15,468**	**−20,166**	**8,229**	**2,526**	**4,996**

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 2001					End of month 2001		
	May 2	May 9	May 16	May 23	May 30	Mar. 31	Apr. 30	May 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
2 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
3 Coin	1,117	1,110	1,103	1,096	1,070	1,179	1,129	1,075
Loans								
4 To depository institutions	63	95	110	85	90	22	80	154
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Triparty Obligations								
7 Repurchase agreements—triparty[2]	29,257	15,007	31,747	23,705	42,380	21,995	25,007	30,310
Federal agency obligations[3]								
8 Bought outright	10	10	10	10	10	10	10	10
9 Held under repurchase agreements	0	0	0	0	0	0	0	0
10 **Total U.S. Treasury securities**[3]	**526,643**	**526,442**	**528,380**	**525,608**	**529,372**	**523,862**	**525,911**	**527,562**
11 Bought outright[4]	526,643	526,442	528,380	525,608	529,372	523,862	525,911	527,562
12 Bills	181,516	178,908	178,708	175,026	178,786	184,244	180,787	177,911
13 Notes	247,967	249,369	251,534	252,354	252,357	243,661	247,965	251,415
14 Bonds	97,160	98,165	98,139	98,228	98,230	95,957	97,159	98,236
15 Held under repurchase agreements	0	0	0	0	0	0	0	0
16 **Total loans and securities**	**555,973**	**541,554**	**560,247**	**549,408**	**571,853**	**545,889**	**551,008**	**558,035**
17 Items in process of collection	9,512	8,911	7,869	7,633	10,612	6,292	2,569	7,670
18 Bank premises	1,498	1,499	1,499	1,499	1,499	1,487	1,497	1,504
Other assets								
19 Denominated in foreign currencies[5]	14,768	14,774	14,780	14,787	14,793	14,554	14,766	14,759
20 All other[6]	20,734	21,281	18,132	18,587	19,020	19,748	20,602	18,441
21 **Total assets**	**616,847**	**602,375**	**616,875**	**606,256**	**632,094**	**602,394**	**604,818**	**614,730**
LIABILITIES								
22 Federal Reserve notes	559,415	560,512	560,786	562,413	565,642	555,239	557,418	564,934
23 Reverse repurchase agreements—triparty[2]	0	0	0	0	0	0	0	0
24 **Total deposits**	**30,208**	**16,110**	**30,340**	**18,605**	**38,664**	**23,803**	**26,571**	**24,040**
25 Depository institutions	24,010	11,240	24,600	13,406	33,995	17,828	18,172	19,238
26 U.S. Treasury—General account	5,714	4,427	5,309	4,788	4,301	5,657	7,894	4,396
27 Foreign—Official accounts	115	89	76	84	72	70	102	85
28 Other	369	355	355	328	295	248	403	321
29 Deferred credit items	9,432	8,067	8,095	7,553	10,050	5,911	2,596	7,910
30 Other liabilities and accrued dividends[7]	3,510	3,461	3,418	3,398	3,390	3,858	3,520	3,467
31 **Total liabilities**	**602,565**	**588,151**	**602,639**	**591,969**	**617,746**	**588,811**	**590,105**	**600,351**
CAPITAL ACCOUNTS								
32 Capital paid in	7,043	7,045	7,027	7,060	7,069	7,029	7,043	7,070
33 Surplus	6,445	6,479	6,508	6,542	6,566	6,217	6,371	6,557
34 Other capital accounts	794	701	701	685	712	336	1,299	751
35 **Total liabilities and capital accounts**	**616,847**	**602,375**	**616,875**	**606,256**	**632,094**	**602,394**	**604,818**	**614,730**
MEMO								
36 Marketable U.S. Treasury securities held in custody for foreign and international accounts	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Federal Reserve note statement							
37 Federal Reserve notes outstanding (issued to Banks)	739,661	739,143	738,483	737,903	737,129	741,342	739,839	736,954
38 LESS: Held by Federal Reserve Banks	180,246	178,631	177,696	175,490	171,487	186,103	182,421	172,020
39 Federal Reserve notes, net	559,415	560,512	560,786	562,413	565,642	555,239	557,418	564,934
Collateral held against notes, net								
40 Gold certificate account	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
41 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
42 Other eligible assets	0	5,808	0	0	0	0	0	0
43 U.S. Treasury and agency securities	546,169	541,459	547,541	549,167	552,396	541,993	544,172	551,689
44 **Total collateral**	**559,415**	**560,512**	**560,786**	**562,413**	**565,642**	**555,239**	**557,418**	**564,934**

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. Cash value of agreements arranged through third-party custodial banks.
3. Face value of the securities.
4. 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.
5. Valued monthly at market exchange rates.
6. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.
7. 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[1]		
	2001					2001		
	May 2	May 9	May 16	May 23	May 30	Mar. 31	Apr. 30	May 31
1 **Total loans**	**63**	**95**	**109**	**85**	**91**	**22**	**80**	**154**
2 Within fifteen days[2]	15	27	50	81	86	22	72	132
3 Sixteen days to ninety days	48	69	59	4	5	0	8	21
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 **Total U.S. Treasury securities[3]**	**526,643**	**526,442**	**528,380**	**525,608**	**529,372**	**523,861**	**525,912**	**527,562**
6 Within fifteen days[2]	21,550	21,156	19,176	19,531	18,608	9,959	18,127	4,645
7 Sixteen days to ninety days	116,637	116,387	112,824	111,343	116,467	126,988	113,525	115,568
8 Ninety-one days to one year	122,016	121,476	123,384	120,829	120,387	122,234	127,821	135,422
9 One year to five years	135,551	135,551	140,735	141,640	141,641	136,157	135,551	139,658
10 Five years to ten years	56,338	56,340	57,502	57,505	57,507	54,923	56,337	57,508
11 More than ten years	74,552	75,531	74,759	74,760	74,762	73,600	74,551	74,762
12 **Total federal agency obligations**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
13 Within fifteen days[2]	0	0	0	0	0	0	0	0
14 Sixteen days to ninety days	0	0	0	0	0	0	0	0
15 Ninety-one days to one year	0	0	0	0	0	0	0	0
16 One year to five years	10	10	10	10	10	10	10	10
17 Five years to ten years	0	0	0	0	0	0	0	0
18 More than ten years	0	0	0	0	0	0	0	0

1. Denotes last calendar day of the month, but data reflect last Wednesday of the month.
2. Holdings under repurchase agreements are classified as maturing within fifteen days in accordance with maximum maturity of the agreements.
3. 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	1997 Dec.	1998 Dec.	1999 Dec.	2000 Dec.	2000 Oct.	2000 Nov.	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.	2001 May
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	46.85	45.18	41.78	38.51	39.02	39.02	38.51	38.83	38.87	38.26	38.79	38.89
2 Nonborrowed reserves[4]	46.52	45.07	41.46	38.30	38.60	38.74	38.30	38.75	38.82	38.20	38.74	38.68
3 Nonborrowed reserves plus extended credit[5]	46.52	45.07	41.46	38.30	38.60	38.74	38.30	38.75	38.82	38.20	38.74	38.68
4 Required reserves	45.16	43.67	40.48	37.18	37.87	37.82	37.18	37.57	37.43	36.87	37.51	37.87
5 Monetary base[6]	479.47	513.49	593.09	583.96[r]	579.70	581.40	583.96[r]	589.39[r]	591.12[r]	592.42[r]	595.92[r]	599.03
	Not seasonally adjusted											
6 Total reserves[7]	48.01	45.31	41.89	38.60	38.84	38.85	38.60	39.78	39.38	37.76	38.66	39.47
7 Nonborrowed reserves	47.69	45.19	41.57	38.39	38.42	38.56	38.39	39.70	39.33	37.71	38.61	39.25
8 Nonborrowed reserves plus extended credit[5]	47.69	45.19	41.57	38.39	38.42	38.56	38.39	39.70	39.33	37.71	38.61	39.25
9 Required reserves[8]	46.33	43.80	40.59	37.27	37.69	37.65	37.27	38.52	37.95	36.38	37.38	38.44
10 Monetary base[9]	484.98	518.27	600.72	590.20	578.29	582.36	590.20	591.50	589.04	591.36	594.92[r]	598.54
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	47.92	45.21	41.65	38.54	38.78	38.79	38.54	39.79	39.35	37.72	38.59[r]	39.39
12 Nonborrowed reserves	47.60	45.09	41.33	38.33	38.36	38.50	38.33	39.72	39.30	37.66	38.54	39.17
13 Nonborrowed reserves plus extended credit[5]	47.60	45.09	41.33	38.33	38.36	38.50	38.33	39.72	39.30	37.66	38.54	39.17
14 Required reserves	46.24	43.70	40.36	37.22	37.63	37.58	37.22	38.54	37.92	36.33	37.31[r]	38.36
15 Monetary base[12]	491.79	525.06	608.02	597.12	585.01	589.12	597.12	598.38	595.59	598.20	601.84[r]	605.45
16 Excess reserves[13]	1.69	1.51	1.30	1.33	1.15	1.20	1.33	1.25	1.43	1.39	1.28	1.02
17 Borrowings from the Federal Reserve	.32	.12	.32	.21	.42	.28	.21	07	.05	.06	.05	.21

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 AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item	1997 Dec.	1998 Dec.	1999[r] Dec.	2000[r] Dec.	2001 Feb.[r]	2001 Mar.[r]	2001 Apr.[r]	2001 May
				Seasonally adjusted				
Measures[2]								
1 M1	1,073.4	1,097.0	1,124.8	1,088.2	1,100.4	1,113.1	1,118.0	1,117.4
2 M2	4,031.9[r]	4,385.9[r]	4,653.3	4,945.2	5,040.6	5,101.1	5,145.1	5,167.0
3 M3	5,430.8[r]	6,030.8[r]	6,530.6	7,100.4	7,252.7	7,310.2	7,417.7	7,500.2
4 Debt	15,223.2[r]	16,246.1[r]	17,315.1	18,222.1	18,347.9	18,440.4	18,492.4	n.a.
M1 components								
5 Currency[3]	424.3	459.2	516.7	529.9	537.7	539.8	542.6	546.1
6 Travelers checks[4]	8.1	8.2	8.2	8.0	8.0	7.9	7.8	8.0
7 Demand deposits[5]	395.4	379.4	356.1	311.3	313.4	316.5	313.0	312.3
8 Other checkable deposits[6]	245.7	250.1	243.7	239.0	241.4	248.9	254.8	251.1
Nontransaction components								
9 In M2[7]	2,958.5[r]	3,288.9[r]	3,528.5	3,857.0	3,940.2	3,988.0	4,027.1	4,049.6
10 In M3 only[8]	1,399.0[r]	1,645.0[r]	1,877.3	2,155.1	2,212.0	2,209.2	2,272.6	2,333.2
Commercial banks								
11 Savings deposits, including MMDAs	1,021.1	1,185.8	1,287.0	1,421.7	1,467.6	1,491.7	1,517.0	1,539.7
12 Small time deposits[9]	625.5	626.4	635.2	699.7	700.0	695.9	690.5	685.2
13 Large time deposits[10, 11]	517.4[r]	575.2[r]	648.3	726.5	704.9	677.4	697.5	702.6
Thrift institutions								
14 Savings deposits, including MMDAs	376.8	414.1	449.3	451.9	462.0	471.1	475.1	487.9
15 Small time deposits[9]	342.9	325.8	320.9	346.6	350.6	349.6	349.9	351.9
16 Large time deposits[10]	85.5	88.7	91.3	103.2	106.6	106.8	108.6	110.4
Money market mutual funds								
17 Retail	592.1[r]	736.8[r]	836.2	937.2	960.1	979.8	994.6	984.8
18 Institution-only	391.8[r]	531.8[r]	623.5	768.3	858.9	888.0	919.4	970.9
Repurchase agreements and eurodollars								
19 Repurchase agreements[12]	254.3	297.5	340.8	360.2	346.0	339.0	359.2	360.2
20 Eurodollars[12]	150.0	151.8	173.3	197.1	195.6	198.0	187.8	189.1
Debt components								
21 Federal debt	3,800.6	3,751.2	3,660.3	3,400.5	3,372.1	3,375.4	3,344.7	n.a.
22 Nonfederal debt	11,422.6[r]	12,494.9[r]	13,654.9	14,821.6	14,975.9	15,065.0	15,147.7	n.a.
				Not seasonally adjusted				
Measures[2]								
23 M1	1,096.9	1,120.4	1,148.3	1,112.4	1,087.8	1,107.8	1,123.2	1,111.4
24 M2	4,053.2[r]	4,408.2[r]	4,677.3	4,973.8	5,039.4	5,135.6	5,209.1	5,143.0
25 M3	5,456.2[r]	6,062.9[r]	6,568.1	7,145.5	7,287.5	7,372.4	7,480.4	7,475.8
26 Debt	15,218.9[r]	16,241.4[r]	17,310.5	18,214.7	18,343.3	18,439.4	18,464.5	n.a.
M1 components								
27 Currency[3]	428.1	463.3	521.5	535.2	536.2	539.8	543.0	546.1
28 Travelers checks[4]	8.3	8.4	8.4	8.1	8.2	8.0	7.9	8.0
29 Demand deposits[5]	412.4	395.9	371.7	326.6	304.3	311.4	313.0	307.2
30 Other checkable deposits[6]	248.2	252.8	246.6	242.5	239.2	248.6	259.3	250.1
Nontransaction components								
31 In M2[7]	2,956.3[r]	3,287.8[r]	3,529.1	3,861.4	3,951.6	4,027.8	4,085.9	4,031.5
32 In M3 only[8]	1,403.0[r]	1,654.8[r]	1,890.7	2,171.6	2,248.1	2,236.8	2,271.3	2,332.8
Commercial banks								
33 Savings deposits, including MMDAs	1,020.4	1,186.0	1,288.5	1,426.4	1,459.3	1,498.5	1,542.1	1,535.3
34 Small time deposits[9]	625.3	626.5	635.4	699.9	702.3	697.7	691.1	682.9
35 Large time deposits[10, 11]	516.8[r]	574.5[r]	647.7	725.8	705.3	682.8	702.4	708.4
Thrift institutions								
36 Savings deposits, including MMDAs	376.5	414.2	449.8	453.4	459.4	473.2	482.9	486.5
37 Small time deposits[9]	342.8	325.8	321.0	346.8	351.7	350.5	350.2	350.7
38 Large time deposits[10]	85.4	88.6	91.2	103.1	106.7	107.6	109.4	111.3
Money market mutual funds								
39 Retail	591.3[r]	735.2[r]	834.3	935.0	978.8	1,007.9	1,019.6	976.0
40 Institution-only	398.9[r]	543.7[r]	638.4	786.2	888.9	905.6	915.3	957.1
Repurchase agreements and eurodollars								
41 Repurchase agreements[12]	249.5	293.4	337.4	357.1	350.5	341.7	355.9	365.1
42 Eurodollars[12]	152.3	154.5	176.0	199.5	196.7	199.0	188.4	190.9
Debt components								
43 Federal debt	3,805.8	3,754.9	3,663.2	3,403.5	3,368.7	3,392.5	3,341.0	n.a.
44 Nonfederal debt	11,413.1[r]	12,486.5[r]	13,647.3	14,811.2	14,974.6	15,046.8	15,123.4	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) weekly statistical release. Historical data 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			
	2000	2000[r]		2001					2001			
	May	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May	May 9	May 16	May 23	May 30
	Seasonally adjusted											
Assets												
1 Bank credit	5,005.8	5,166.5	5,216.3	5,265.0	5,275.9	5,287.2	5,309.1	5,318.0	5,320.4	5,314.5	5,308.9	5,329.7
2 Securities in bank credit	1,311.1[r]	1,311.4	1,335.4	1,356.4	1,350.8	1,345.3	1,360.8	1,369.2	1,367.0	1,369.2	1,367.8	1,372.8
3 U.S. government securities	819.0	785.9	788.7	786.2	777.5	758.5	766.6	769.3	764.6	766.8	769.0	775.9
4 Other securities	492.1[r]	525.4	546.7	570.2	573.3	586.8	594.2	599.9	602.4	602.4	598.8	596.9
5 Loans and leases in bank credit[2]	3,694.7[r]	3,855.2	3,880.9	3,908.6	3,925.1	3,941.9	3,948.3	3,948.8	3,953.4	3,945.3	3,941.1	3,956.9
6 Commercial and industrial	1,059.0	1,084.6	1,090.3	1,103.9	1,110.1	1,109.6	1,106.2	1,103.2	1,106.6	1,101.8	1,103.9	1,101.0
7 Real estate	1,577.0	1,649.8	1,655.5	1,657.8	1,668.5	1,676.5	1,683.0	1,693.5	1,697.6	1,692.6	1,688.1	1,696.5
8 Revolving home equity	114.2	128.1	131.2	133.6	135.3	137.2	138.0	139.3	139.1	139.3	139.7	139.1
9 Other	1,462.7	1,521.7	1,524.3	1,524.2	1,533.2	1,539.3	1,545.1	1,554.3	1,558.5	1,553.3	1,548.4	1,557.4
10 Consumer	511.1[r]	537.2	542.3	547.0	546.5	544.9	549.3	553.0	549.0	553.5	556.1	554.3
11 Security[3]	148.7	165.0	168.7	169.9	168.2	173.5	174.1	163.0	165.6	160.0	157.0	168.8
12 Other loans and leases	398.9	418.6	424.2	429.9	431.8	437.5	435.7	436.1	434.6	437.4	436.0	436.2
13 Interbank loans	227.8	245.9	252.2	270.4	267.2	276.1	293.2	287.1	290.8	293.7	283.5	282.2
14 Cash assets[4]	273.7	256.1	267.2	273.3	265.5	268.4	270.6	263.7	260.2	262.6	256.0	275.2
15 Other assets[5]	378.9	402.7	397.1	412.2	414.2	430.4	429.8	423.8	430.5	413.4	424.5	425.4
16 **Total assets**[6]	**5,826.3**	**6,008.5**	**6,068.9**	**6,156.2**	**6,157.7**	**6,197.3**	**6,237.5**	**6,227.4**	**6,236.8**	**6,218.9**	**6,207.6**	**6,247.7**
Liabilities												
17 Deposits	3,630.8[r]	3,781.1	3,847.6	3,892.0	3,890.6	3,925.0	3,987.5	4,000.9	3,959.6	4,001.6	4,006.8	4,038.3
18 Transaction	629.8	601.2	601.9	608.2	607.7	606.9	610.3	613.0	586.1	605.8	624.6	645.5
19 Nontransaction	3,001.0[r]	3,179.8	3,245.7	3,283.8	3,282.9	3,318.2	3,377.2	3,388.0	3,373.5	3,395.9	3,382.1	3,392.8
20 Large time	877.6	917.4	934.7	941.7	936.9	934.9	947.8	962.2	937.8	963.1	973.8	979.9
21 Other	2,123.5[r]	2,262.5	2,311.0	2,342.1	2,346.0	2,383.2	2,429.4	2,425.8	2,435.7	2,432.7	2,408.3	2,412.9
22 Borrowings	1,204.6	1,202.9	1,242.4	1,264.2	1,259.3	1,243.5	1,278.2	1,247.6	1,264.0	1,239.4	1,238.8	1,246.0
23 From banks in the U.S.	382.0	368.7	396.7	397.3	396.2	395.4	404.8	385.1	384.6	390.7	385.9	380.0
24 From others	822.6	834.2	845.7	867.0	863.1	848.1	873.4	862.5	879.4	848.7	852.9	866.0
25 Net due to related foreign offices	254.8	244.3	225.8	221.2	219.4	233.2	189.7	207.1	220.3	209.8	197.2	203.5
26 Other liabilities	313.5	347.2	345.4	364.8	343.2	355.1	348.8	339.0	350.3	335.7	332.8	336.5
27 **Total liabilities**	**5,403.7**[r]	**5,575.4**	**5,661.3**	**5,742.3**	**5,712.4**	**5,756.8**	**5,804.2**	**5,794.7**	**5,794.1**	**5,786.6**	**5,775.6**	**5,824.3**
28 Residual (assets less liabilities)[7]	422.5[r]	433.1	407.6	413.9	445.4	440.5	433.3	432.7	442.7	432.3	432.0	423.4
	Not seasonally adjusted											
Assets												
29 Bank credit	4,998.0	5,185.7	5,252.7	5,279.9	5,270.9	5,274.5	5,301.5	5,307.2	5,312.4	5,305.1	5,290.6	5,318.6
30 Securities in bank credit	1,311.0[r]	1,315.4	1,341.0	1,361.6	1,352.5	1,349.4	1,362.4	1,368.4	1,367.1	1,368.1	1,365.5	1,372.0
31 U.S. government securities	820.3	787.0	788.5	788.4	779.2	764.4	771.5	770.2	765.6	768.1	769.3	776.3
32 Other securities	490.6[r]	528.4	552.5	573.2	573.3	585.0	590.9	598.2	601.5	600.0	596.3	595.7
33 Loans and leases in bank credit[2]	3,687.1[r]	3,870.3	3,911.7	3,918.2	3,918.4	3,925.1	3,939.1	3,938.8	3,945.3	3,937.0	3,925.1	3,946.6
34 Commercial and industrial	1,061.5	1,085.7	1,092.5	1,101.1	1,109.5	1,111.1	1,110.9	1,105.5	1,111.6	1,104.4	1,104.0	1,101.2
35 Real estate	1,577.2	1,655.3	1,660.1	1,656.9	1,661.9	1,669.1	1,678.7	1,693.9	1,698.1	1,694.1	1,688.4	1,696.4
36 Revolving home equity	114.2	128.8	131.3	132.8	134.1	135.5	137.0	139.3	139.1	139.4	139.8	139.1
37 Other	1,463.0	1,526.5	1,528.8	1,524.1	1,527.8	1,533.5	1,541.7	1,554.6	1,559.0	1,554.7	1,548.7	1,557.3
38 Consumer	510.0[r]	537.6	548.2	551.4	547.1	541.1	546.1	550.8	546.8	551.6	553.9	551.7
39 Credit cards and related plans	n.a.	209.3	218.2	218.3	213.4	209.1	214.2	218.8	215.1	219.0	221.8	220.0
40 Other	n.a.	328.2	329.9	333.0	333.8	331.9	331.9	332.0	331.7	332.6	332.1	331.7
41 Security[3]	143.3	171.0	180.8	177.7	171.0	169.6	169.8	157.0	158.7	154.3	149.8	163.5
42 Other loans and leases	395.0	420.7	430.2	431.1	428.8	434.2	433.6	431.7	430.1	432.6	428.8	433.7
43 Interbank loans	226.7	252.6	260.9	272.4	269.0	283.5	299.3	280.3	285.9	286.9	270.2	277.3
44 Cash assets[4]	271.8	263.1	286.5	289.4	266.5	258.5	266.4	261.7	249.4	257.1	241.2	297.1
45 Other assets[5]	379.0	402.4	403.3	414.0	413.3	429.7	429.6	424.0	433.7	415.5	420.6	424.5
46 **Total assets**[6]	**5,815.5**	**6,041.0**	**6,139.5**	**6,191.3**	**6,154.8**	**6,181.3**	**6,231.9**	**6,208.1**	**6,216.1**	**6,199.3**	**6,157.2**	**6,252.6**
Liabilities												
47 Deposits	3,619.1[r]	3,803.1	3,894.2	3,906.8	3,907.5	3,935.4	4,006.7	3,988.9	3,952.2	3,988.5	3,969.6	4,040.5
48 Transaction	619.9	607.4	631.1	620.0	599.5	600.9	616.5	603.2	569.3	595.0	596.6	656.4
49 Nontransaction	2,999.2[r]	3,195.6	3,263.0	3,286.9	3,308.0	3,334.5	3,390.2	3,385.7	3,382.8	3,393.5	3,373.0	3,384.0
50 Large time	876.5	924.8	948.6	954.8	948.5	938.1	949.1	960.9	939.3	960.4	971.6	977.2
51 Other	2,122.7[r]	2,270.9	2,314.4	2,332.1	2,359.5	2,396.4	2,441.1	2,424.8	2,443.6	2,433.1	2,401.4	2,406.8
52 Borrowings	1,211.2	1,211.3	1,245.3	1,281.5	1,262.9	1,241.9	1,278.9	1,252.7	1,276.3	1,246.3	1,234.6	1,249.3
53 From banks in the U.S.	385.7	369.5	398.6	403.5	400.6	399.0	408.0	388.2	389.8	394.3	386.2	382.6
54 From others	825.5	841.8	846.7	878.0	862.3	842.9	870.9	864.4	886.5	852.0	848.4	866.7
55 Net due to related foreign offices	254.6	246.6	230.6	225.4	225.5	232.2	182.7	206.3	218.9	207.9	196.8	203.7
56 Other liabilities	314.3	349.1	347.9	367.2	347.2	353.8	343.9	339.7	349.9	335.6	334.2	338.5
57 **Total liabilities**	**5,399.2**[r]	**5,610.1**	**5,718.0**	**5,780.9**	**5,743.0**	**5,763.3**	**5,812.2**	**5,787.7**	**5,797.2**	**5,778.3**	**5,735.2**	**5,832.0**
58 Residual (assets less liabilities)[7]	416.3[r]	430.9	421.5	410.4	411.8	418.0	419.7	420.5	418.9	421.0	422.0	420.6

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			
	2000	2000		2001					2001			
	May	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May	May 9	May 16	May 23	May 30
	Seasonally adjusted											
Assets												
1 Bank credit	4,421.0	4,578.4[r]	4,616.9	4,651.5	4,668.4	4,666.4	4,692.6	4,715.1	4,708.5	4,719.6	4,711.0	4,721.6
2 Securities in bank credit	1,098.7[r]	1,115.8	1,130.3	1,148.1	1,151.9	1,139.7	1,146.2	1,158.9	1,153.2	1,162.1	1,157.8	1,163.4
3 U.S. government securities	738.6	717.9	719.5	719.8	713.2	690.6	691.6	699.5	692.9	698.1	699.1	707.5
4 Other securities	360.1[r]	398.0	410.8	428.3	438.7	449.1	454.6	459.4	460.2	464.0	458.7	455.9
5 Loans and leases in bank credit[2]	3,322.3[r]	3,462.6[r]	3,486.6[r]	3,503.4	3,516.5	3,526.7	3,546.3	3,556.2	3,555.4	3,557.5	3,553.2	3,558.2
6 Commercial and industrial	853.7	878.5[r]	881.3[r]	889.4	892.7	889.0	885.4	884.3	884.6	884.6	885.0	883.0
7 Real estate	1,559.2	1,631.3[r]	1,637.0[r]	1,639.4	1,650.2	1,658.3	1,665.1	1,675.5	1,679.3	1,674.7	1,670.1	1,678.5
8 Revolving home equity	114.2	128.1[r]	131.2[r]	133.6	135.3	137.2	138.0	139.3	139.1	139.3	139.7	139.1
9 Other	1,445.0	1,503.1[r]	1,505.7[r]	1,505.7	1,514.9	1,521.1	1,527.2	1,536.2	1,540.2	1,535.3	1,530.4	1,539.4
10 Consumer	511.1[r]	537.2[r]	542.3[r]	547.0	546.5	544.9	549.3	553.0	549.0	553.5	556.1	554.3
11 Security[3]	67.2	64.6[r]	68.6[r]	64.8	62.9	66.9	78.8	75.2	77.4	74.3	73.6	73.4
12 Other loans and leases	331.1	350.9[r]	357.5[r]	362.8	364.2	367.5	367.8	368.3	365.1	370.5	368.3	368.9
13 Interbank loans	197.3	219.0[r]	225.1[r]	241.2	238.8	245.5	263.8	255.2	262.6	256.8	253.0	248.4
14 Cash assets[4]	230.5	217.5	227.3	231.8	223.7	227.7	231.3	226.2	220.9	224.7	219.4	238.7
15 Other assets[5]	338.4	362.7	360.9	375.1	377.7	392.1	388.9	384.9	392.5	373.7	383.8	387.4
16 **Total assets**[6]	**5,127.7**	**5,315.4**	**5,366.8**	**5,435.3**	**5,444.0**	**5,467.1**	**5,511.7**	**5,516.7**	**5,519.8**	**5,509.9**	**5,502.3**	**5,531.7**
Liabilities												
17 Deposits	3,247.5	3,401.5	3,467.6	3,505.4	3,510.0	3,546.4	3,594.9	3,594.2	3,576.8	3,592.3	3,589.1	3,615.0
18 Transaction	618.7	590.4	591.3	598.0	597.4	597.4	599.8	602.5	575.3	594.5	614.6	635.4
19 Nontransaction	2,628.8	2,811.1	2,876.3	2,907.4	2,912.7	2,948.9	2,995.1	2,991.7	3,001.5	2,997.8	2,974.5	2,979.6
20 Large time	507.3	547.2	563.9	567.5	568.8	567.9	568.0	568.2	568.1	567.3	568.4	568.9
21 Other	2,121.5	2,263.9	2,312.5	2,339.9	2,343.9	2,381.0	2,427.1	2,423.5	2,433.4	2,430.5	2,406.1	2,410.7
22 Borrowings	1,001.6	979.9	1,002.8	1,020.7	1,020.8	1,010.2	1,042.1	1,031.3	1,043.5	1,023.7	1,029.0	1,025.9
23 From banks in the U.S.	364.0	350.1	374.5	372.1	373.7	371.2	381.2	365.6	363.9	368.5	367.5	362.8
24 From others	637.6	629.8	628.3	648.6	647.1	639.0	660.9	665.6	679.6	655.2	661.4	663.1
25 Net due to related foreign offices	234.2	237.1	227.6	217.7	214.6	211.5	185.5	211.9	202.7	216.6	211.9	220.3
26 Other liabilities	229.3	271.8	272.8	285.2	266.1	272.5	260.9	252.8	263.9	249.2	246.8	250.1
27 **Total liabilities**	**4,712.5**	**4,890.2**	**4,970.8**	**5,029.1**	**5,011.5**	**5,040.6**	**5,083.5**	**5,090.1**	**5,086.9**	**5,081.9**	**5,076.7**	**5,111.4**
28 Residual (assets less liabilities)[7]	415.2	425.2	396.0[r]	406.2	432.4	426.5	428.3	426.6	432.9	428.1	425.6	420.3
	Not seasonally adjusted											
Assets												
29 Bank credit	4,417.4	4,594.9[r]	4,642.5	4,658.3	4,660.2	4,658.5	4,687.9	4,709.1	4,705.2	4,714.2	4,699.4	4,714.9
30 Securities in bank credit	1,098.6[r]	1,119.8	1,135.9	1,153.3	1,153.7	1,143.8	1,147.8	1,158.1	1,153.2	1,161.0	1,155.6	1,162.7
31 U.S. government securities	739.9	718.9	719.3	722.0	715.0	696.5	696.5	700.4	693.9	699.4	699.4	707.9
32 Other securities	358.6[r]	400.9	416.6	431.3	438.8	447.3	451.3	457.7	459.3	461.6	456.2	454.8
33 Loans and leases in bank credit[2]	3,318.8[r]	3,475.0	3,506.6	3,505.0	3,506.5	3,514.7	3,540.0	3,550.9	3,551.9	3,553.1	3,543.8	3,552.3
34 Commercial and industrial	859.0	879.0[r]	881.2[r]	884.9	889.9	889.4	891.9	889.6	892.6	890.0	888.8	886.4
35 Real estate	1,559.4[r]	1,636.8[r]	1,641.6[r]	1,638.4	1,643.6	1,650.9	1,660.8	1,675.9	1,679.8	1,676.1	1,670.5	1,678.4
36 Revolving home equity	114.2	128.8[r]	131.3[r]	132.8	134.1	135.5	137.0	139.3	139.1	139.4	139.8	139.1
37 Other	1,445.3	1,508.0[r]	1,510.3[r]	1,505.6	1,509.5	1,515.4	1,523.8	1,536.6	1,540.7	1,536.7	1,530.7	1,539.2
38 Consumer	510.0[r]	537.6[r]	548.2[r]	551.4	547.1	541.1	546.1	550.8	546.8	551.6	553.9	551.7
39 Credit cards and related plans	n.a.	209.3[r]	218.2[r]	218.3	213.4	209.1	214.2	218.8	215.1	219.0	221.8	220.0
40 Other	n.a.	328.2[r]	329.9[r]	333.0	333.8	331.9	331.9	332.0	331.7	332.6	332.1	331.7
41 Security[3]	62.6	69.1[r]	74.6[r]	67.4	64.7	68.9	75.8	70.0	71.3	69.1	67.8	68.9
42 Other loans and leases	327.8	352.6[r]	361.2[r]	362.9	361.1	364.3	365.5	364.7	361.4	366.4	362.7	367.0
43 Interbank loans	196.2	225.8	233.9	243.2	240.6	252.8	269.9	248.4	257.7	250.0	239.6	243.4
44 Cash assets[4]	229.6	222.5	243.8	245.3	224.6	219.2	228.7	225.1	211.2	219.9	205.9	261.0
45 Other assets[5]	339.1	362.4	365.4	375.7	375.9	390.7	389.6	385.7	395.7	376.2	380.8	387.4
46 **Total assets**[6]	**5,122.8**	**5,343.2**[r]	**5,422.1**	**5,458.4**	**5,436.7**	**5,456.7**	**5,511.4**	**5,503.6**	**5,504.9**	**5,495.4**	**5,460.8**	**5,542.3**
Liabilities												
47 Deposits	3,234.6	3,420.8	3,503.5	3,510.3	3,518.8	3,552.2	3,611.3	3,581.0	3,566.2	3,579.0	3,551.5	3,616.9
48 Transaction	609.2	596.4	619.8	609.6	589.4	591.7	606.6	593.1	559.1	584.2	587.0	646.3
49 Nontransaction	2,625.4	2,824.4	2,883.7	2,900.7	2,929.4	2,960.5	3,004.7	2,987.9	3,007.1	2,994.8	2,964.4	2,970.5
50 Large time	504.7	552.1	567.7	570.8	572.1	566.4	565.9	565.3	565.8	563.9	565.3	565.9
51 Other	2,120.7	2,272.3	2,315.9	2,329.9	2,357.3	2,394.1	2,438.8	2,422.6	2,441.3	2,430.9	2,399.1	2,404.6
52 Borrowings	1,008.1	988.3	1,005.7	1,038.0	1,024.4	1,008.6	1,042.8	1,036.3	1,055.8	1,030.6	1,024.7	1,029.3
53 From banks in the U.S.	367.7	350.9	376.4	378.3	378.1	374.9	384.5	368.7	369.1	372.1	367.9	365.5
54 From others	640.5	637.4	629.3	659.7	646.3	633.7	658.4	667.6	686.7	658.4	656.9	663.8
55 Net due to related foreign offices	237.2	239.0	227.7	218.6	217.4	210.3	183.1	214.3	202.6	218.0	215.9	225.0
56 Other liabilities	231.7	273.5	273.2	286.2	268.7	271.2	258.1	254.9	264.1	250.6	250.2	254.2
57 **Total liabilities**	**4,711.6**	**4,921.6**	**5,010.0**	**5,053.2**	**5,029.3**	**5,042.3**	**5,095.3**	**5,086.5**	**5,088.7**	**5,078.2**	**5,042.3**	**5,125.3**
58 Residual (assets less liabilities)[7]	411.2	421.5	412.1	405.3	407.4	414.4	416.1	417.0	416.2	417.1	418.6	417.0

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								Wednesday figures			
	2000	2000[r]		2001					2001			
	May	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May	May 9	May 16	May 23	May 30
	Seasonally adjusted											
Assets												
1 Bank credit	2,502.5[r]	2,536.7	2,554.3	2,571.4	2,581.6	2,588.7	2,610.4	2,622.8	2,623.9	2,627.6	2,615.4	2,623.9
2 Securities in bank credit	582.4[r]	573.8	580.9	592.3	595.4	591.2	597.6	607.6	604.8	610.9	605.7	609.7
3 U.S. government securities	365.1[r]	348.7	352.2	353.4	349.5	338.9	341.8	349.8	344.9	349.4	348.6	355.8
4 Trading account	22.1	21.6	28.8	34.2	37.5	35.4	33.7	35.3	31.0	35.5	36.1	39.6
5 Investment account	343.0[r]	327.1	323.4	319.2	312.0	303.4	308.1	314.5	313.9	313.9	312.5	316.2
6 Other securities	217.4	225.0	228.7	238.9	245.9	252.3	255.8	257.8	259.9	261.5	257.1	253.9
7 Trading account	101.9	114.5	119.0	126.0	129.3	132.5	135.9	137.0	139.4	140.1	135.8	133.7
8 Investment account	115.5	110.6	109.8	112.9	116.6	119.9	119.9	120.8	120.5	121.4	121.2	120.2
9 State and local government	25.5	26.3	26.3	27.1	27.6	28.1	28.4	28.1	28.0	28.3	28.3	28.1
10 Other	90.0	84.3	83.5	85.8	89.0	91.8	91.5	92.7	92.5	93.1	93.0	92.1
11 Loans and leases in bank credit[2]	1,920.0[r]	1,962.9	1,973.4	1,979.1	1,986.2	1,997.5	2,012.8	2,015.2	2,019.1	2,016.7	2,009.7	2,014.2
12 Commercial and industrial	584.2[r]	588.5	590.7	594.1	595.4	591.0	588.1	587.0	587.9	587.4	587.7	585.4
13 Bankers acceptances	1.1	1.0	1.0	.8	.8	.8	.8	.8	.8	.8	.8	.8
14 Other	583.1[r]	587.6	589.6	593.2	594.6	590.2	587.3	586.2	587.1	586.6	586.8	584.6
15 Real estate	802.7[r]	820.0	819.0	819.5	825.8	834.1	840.7	846.4	851.8	846.0	840.5	847.5
16 Revolving home equity	74.3	82.0	84.3	86.1	87.3	89.1	89.7	90.1	90.1	90.1	90.4	89.6
17 Other	728.4[r]	738.1	734.7	733.4	738.5	744.9	751.0	756.3	761.7	755.9	750.1	757.9
18 Consumer	229.1	239.6	241.5	243.0	245.0	246.4	248.0	250.5	248.6	250.8	251.8	251.4
19 Security[3]	61.1	58.0	61.4	57.7	55.3	58.8	70.2	66.4	68.8	65.5	64.9	64.7
20 Federal funds sold to and repurchase agreements with broker–dealers	39.7	41.7	46.3	41.7	39.4	43.6	53.8	49.3	51.7	49.0	47.6	47.1
21 Other	21.3	16.3	15.2	16.0	15.9	15.2	16.4	17.1	17.1	16.4	17.3	17.6
22 State and local government	12.5	12.8	12.6	12.8	13.0	13.2	13.1	13.1	13.2	13.1	13.1	13.0
23 Agricultural	9.6[r]	9.8	10.0	10.1	10.3	10.4	10.4	10.7	10.8	10.8	10.7	10.7
24 Federal funds sold to and repurchase agreements with others	13.3	19.0	21.0	25.8	26.1	26.0	22.9	23.5	22.7	23.5	23.2	24.1
25 All other loans	86.6[r]	86.5	87.8	86.7	85.5	86.4	87.4	85.1	82.9	87.2	85.3	85.0
26 Lease-financing receivables	121.1	128.7	129.4	129.5	129.8	131.2	132.0	132.5	132.5	132.6	132.5	132.6
27 Interbank loans	133.1	138.7	137.7	153.9	141.1	137.4	145.3	131.5	142.1	132.4	127.4	122.7
28 Federal funds sold to and repurchase agreements with commercial banks	67.5[r]	62.1	63.8	79.0	70.4	70.4	81.8	71.0	80.1	72.1	65.9	65.2
29 Other	65.7	76.5	73.9	74.9	70.7	67.0	63.5	60.4	62.0	60.3	61.5	57.5
30 Cash assets[4]	150.1	139.0	144.1	146.3	137.6	142.0	144.7	139.1	136.1	136.4	133.5	149.3
31 Other assets[5]	227.7[r]	254.1	248.6	260.2	262.6	271.5	264.9	262.2	267.9	252.8	263.7	263.5
32 **Total assets**[6]	**2,978.4[r]**	**3,032.7**	**3,048.1**	**3,094.4**	**3,085.2**	**3,102.0**	**3,127.7**	**3,118.0**	**3,132.5**	**3,111.6**	**3,102.3**	**3,122.1**
Liabilities												
33 Deposits	1,654.8[r]	1,643.0	1,672.9	1,680.7	1,674.1	1,700.6	1,725.0	1,716.1	1,708.0	1,715.5	1,711.2	1,727.2
34 Transaction	317.8[r]	296.4	297.2	300.4	298.3	301.5	301.2	301.2	286.3	296.1	305.4	321.4
35 Nontransaction	1,337.1[r]	1,346.5	1,375.7	1,380.3	1,375.8	1,399.1	1,423.8	1,414.9	1,421.6	1,419.4	1,405.8	1,405.8
36 Large time	251.3[r]	254.5	265.3	267.2	262.7	265.0	264.9	267.2	264.9	266.0	268.7	269.4
37 Other	1,085.8[r]	1,092.0	1,110.4	1,113.1	1,113.2	1,134.0	1,158.8	1,147.7	1,156.8	1,153.4	1,137.1	1,136.4
38 Borrowings	655.6[r]	652.7	666.3	676.8	679.5	676.9	705.5	691.1	704.3	686.7	687.3	683.3
39 From banks in the U.S.	201.4	196.0	214.0	213.9	215.6	219.6	229.8	212.4	212.5	216.1	212.0	209.0
40 From others	454.2	456.7	452.3	462.9	463.9	457.3	475.6	478.7	491.9	470.7	475.3	474.4
41 Net due to related foreign offices	228.2	213.4	206.7	200.9	197.9	196.1	172.7	195.2	185.7	197.7	196.7	203.8
42 Other liabilities	170.9[r]	217.9	218.7	231.8	212.2	216.4	204.4	195.8	207.6	192.2	189.3	192.7
43 **Total liabilities**	**2,709.4[r]**	**2,726.9**	**2,764.6**	**2,790.3**	**2,763.8**	**2,789.9**	**2,807.6**	**2,798.2**	**2,805.6**	**2,792.2**	**2,784.5**	**2,807.1**
44 Residual (assets less liabilities)[7]	269.0[r]	305.8	283.5	304.2	321.4	312.1	320.0	319.8	326.9	319.4	317.8	315.0

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

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2000[r]		2001					2001			
	May	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May	May 9	May 16	May 23	May 30
	Not seasonally adjusted											
Assets												
45 Bank credit	2,496.7[r]	2,552.4	2,575.5	2,582.5	2,584.4	2,585.2	2,606.0	2,616.3	2,619.2	2,620.9	2,603.2	2,618.2
46 Securities in bank credit	580.5[r]	579.5	587.3	598.1	599.2	593.1	596.5	605.3	602.8	608.1	602.0	607.9
47 U.S. government securities	364.6[r]	351.6	352.8	356.2	353.2	342.5	344.0	349.1	343.8	349.1	347.4	355.2
48 Trading account	22.1	21.8	28.9	34.5	37.9	35.8	34.0	35.2	30.9	35.4	36.0	39.5
49 Investment account	342.5[r]	329.8	323.9	321.7	315.3	306.7	310.0	313.9	312.8	313.7	311.5	315.7
50 Mortgage-backed securities	220.0	211.4	213.4	219.7	215.6	214.0	221.4	227.9	231.1	226.4	223.0	229.3
51 Other	122.5[r]	118.3	110.6	102.0	99.7	92.6	88.7	86.0	81.7	87.2	88.4	86.3
52 One year or less	31.7	32.7	31.4	31.5	33.6	33.3	31.7	28.6	27.9	28.3	29.8	27.8
53 One to five years	53.6	50.0	45.0	38.5	37.1	34.1	31.2	30.9	27.5	32.7	32.2	32.1
54 More than five years	37.2	35.7	34.1	32.1	29.0	25.2	25.8	26.4	26.3	26.3	26.4	26.5
55 Other securities	215.9	228.0	234.5	241.9	246.0	250.5	252.5	256.2	259.0	259.0	254.6	252.7
56 Trading account	101.2	116.0	122.0	127.6	129.3	131.5	134.2	136.1	138.9	138.8	134.5	133.1
57 Investment account	114.7	112.0	112.5	114.3	116.6	119.0	118.4	120.0	120.1	120.2	120.1	119.6
58 State and local government	25.3	26.6	26.9	27.5	27.6	27.9	28.0	28.0	27.9	28.0	28.0	28.0
59 Other	89.3	85.4	85.6	86.8	89.0	91.1	90.3	92.1	92.2	92.3	92.1	91.6
60 Loans and leases in bank credit[2]	1,916.2[r]	1,972.8	1,988.2	1,984.4	1,985.3	1,992.2	2,009.5	2,011.0	2,016.4	2,012.8	2,001.2	2,010.3
61 Commercial and industrial	587.4[r]	589.7	589.7	590.6	594.3	591.7	592.4	589.8	592.8	590.0	589.0	586.6
62 Bankers acceptances	1.1	1.0	1.0	.8	.8	.8	.8	.8	.8	.8	.8	.8
63 Other	586.3[r]	588.7	588.7	589.7	593.5	590.9	591.6	589.0	592.0	589.3	588.2	585.8
64 Real estate	802.1[r]	825.2	823.5	820.1	822.5	828.3	836.7	846.0	851.9	846.6	839.4	846.8
65 Revolving home equity	74.2	82.4	84.2	85.2	86.3	87.7	88.7	90.0	90.0	90.0	90.3	89.7
66 Other	443 4[r]	453.3	448.7	445.7	445.5	449.6	456.4	462.6	468.9	463.3	456.0	462.6
67 Commercial	284.5[r]	289.5	290.7	289.1	290.8	291.0	291.6	293.4	293.0	293.2	293.1	294.5
68 Consumer	229.5	238.1	243.7	246.6	247.2	246.1	248.7	250.9	249.3	251.3	252.1	251.7
69 Credit cards and related plans	n.a.	78.1	82.4	83.4	83.1	82.6	84.6	86.9	85.4	86.8	88.0	87.7
70 Other	n.a.	160.0	161.3	163.2	164.1	163.5	164.0	164.0	163.9	164.5	164.0	163.9
71 Security[3]	56.7	62.1	67.2	60.3	57.1	60.5	67.1	61.6	62.9	60.6	59.6	60.5
72 Federal funds sold to and repurchase agreements with broker–dealers	36.9	44.6	50.6	43.6	40.7	44.9	51.4	45.7	47.3	45.4	43.8	44.0
73 Other	19.8	17.5	16.6	16.7	16.4	15.6	15.7	15.9	15.6	15.2	15.9	16.5
74 State and local government	12.5	12.8	12.6	12.8	13.0	13.2	13.1	13.1	13.2	13.1	13.1	13.0
75 Agricultural	9.5	9.8	10.0	10.2	10.1	10.2	10.3	10.7	10.7	10.7	10.7	10.6
76 Federal funds sold to and repurchase agreements with others	13.3	19.0	21.0	25.8	26.1	26.0	22.9	23.5	22.7	23.5	23.2	24.1
77 All other loans	84.8	87.8	90.7	86.6	83.8	84.4	86.3	83.6	81.0	85.2	82.4	85.2
78 Lease-financing receivables	120.5	128.4	129.7	131.6	131.2	131.7	132.0	131.9	132.0	131.9	131.8	131.8
79 Interbank loans	135.8[r]	139.5	141.6	155.3	140.0	138.5	147.4	133.8	141.1	135.1	127.4	129.2
80 Federal funds sold to and repurchase agreements with commercial banks	68.9	62.6	65.6	79.7	69.9	71.0	83.0	72.3	79.6	73.6	65.9	68.6
81 Other	66.9	77.0	75.9	75.7	70.2	67.5	64.4	61.5	61.5	61.6	61.5	60.5
82 Cash assets[4]	150.1[r]	140.2	155.5	157.2	139.5	137.1	145.0	139.3	130.2	134.7	124.7	165.3
83 Other assets[5]	228.4	253.7	253.0	260.8	260.8	270.2	265.6	263.0	271.1	255.3	260.7	263.5
84 Total assets[6]	**2,975.8[r]**	**3,049.9**	**3,088.9**	**3,118.8**	**3,087.0**	**3,093.3**	**3,126.6**	**3,114.7**	**3,123.9**	**3,108.4**	**3,078.4**	**3,138.8**
Liabilities												
85 Deposits	1,646.8[r]	1,650.1	1,690.7	1,686.9	1,681.9	1,699.0	1,734.1	1,709.3	1,698.8	1,709.0	1,688.6	1,733.5
86 Transaction	312.7[r]	298.8	315.0	309.3	295.2	297.8	308.5	297.0	276.2	292.6	289.3	330.6
87 Nontransaction	1,334.1[r]	1,351.4	1,375.6	1,377.6	1,386.7	1,401.2	1,425.6	1,412.4	1,422.6	1,416.5	1,399.3	1,402.9
88 Large time	248.7[r]	259.4	269.1	270.5	266.0	263.5	262.8	264.4	262.6	262.6	265.6	266.4
89 Other	1,085.3[r]	1,092.0	1,106.5	1,107.1	1,120.8	1,137.7	1,162.8	1,148.0	1,160.0	1,153.8	1,133.7	1,136.5
90 Borrowings	662 1	661.1	669.2	694.1	683.1	675.3	706.2	696.1	716.6	693.6	683.1	686.7
91 From banks in the U.S.	205.1[r]	196.8	215.9	220.2	220.0	223.2	233.1	215.5	217.6	219.6	212.3	211.6
92 From nonbanks in the U.S.	457.1[r]	464.3	453.3	473.9	463.1	452.0	473.1	480.7	499.0	473.9	470.7	475.1
93 Net due to related foreign offices	231.2	215.4	206.8	201.8	200.8	194.9	170.3	197.6	185.6	199.1	200.7	208.5
94 Other liabilities	173.2	219.7	219.0	232.8	214.8	215.1	201.6	198.0	207.8	193.6	192.8	196.8
95 Total liabilities	**2,713.4[r]**	**2,746.3**	**2,785.7**	**2,815.7**	**2,780.6**	**2,784.3**	**2,812.2**	**2,801.1**	**2,808.8**	**2,795.3**	**2,765.2**	**2,825.4**
96 Residual (assets less liabilities)[7]	262.5	303.6	303.2	303.1	306.4	309.1	314.4	313.6	315.1	313.1	313.2	313.4

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			
	2000	2000[r]		2001					2001			
	May[r]	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May	May 9	May 16	May 23	May 30
	Seasonally adjusted											
Assets												
1 Bank credit	1,918.5	2,041.7	2,062.6	2,080.1	2,086.8	2,077.6	2,082.1	2,092.3	2,084.6	2,092.0	2,095.6	2,097.7
2 Securities in bank credit	516.3	542.1	549.4	555.8	556.5	548.5	548.6	551.3	548.3	551.2	552.1	553.7
3 U.S. government securities	373.5	369.1	367.4	366.4	363.7	351.7	349.8	349.7	348.0	348.7	350.5	351.7
4 Other securities	142.7	172.9	182.1	189.4	192.8	196.8	198.8	201.6	200.3	202.6	201.6	202.0
5 Loans and leases in bank credit[2]	1,402.2	1,499.6	1,513.2	1,524.3	1,530.3	1,529.1	1,533.5	1,541.0	1,536.3	1,540.8	1,543.5	1,544.0
6 Commercial and industrial	269.5	290.0	290.7	295.3	297.3	298.0	297.3	297.3	296.8	297.2	297.3	297.6
7 Real estate	756.5	811.2	818.0	819.9	824.4	824.2	824.4	829.1	827.5	828.6	829.6	831.0
8 Revolving home equity	39.9	46.1	47.0	47.6	48.0	48.0	48.3	49.2	48.9	49.2	49.3	49.5
9 Other	716.6	765.1	771.0	772.3	776.4	776.2	776.1	779.9	778.5	779.4	780.3	781.5
10 Consumer	282.0	297.6	300.7	304.0	301.5	298.5	301.2	302.5	300.4	302.7	304.3	303.0
11 Security[3]	6.1	6.6	7.1	7.2	7.6	8.1	8.6	8.7	8.6	8.8	8.7	8.8
12 Other loans and leases	88.1	94.2	96.7	97.9	99.5	100.3	102.0	103.4	103.1	103.5	103.5	103.6
13 Interbank loans	64.2	80.4	87.4	87.3	97.6	108.0	118.5	123.7	120.5	124.4	125.6	125.6
14 Cash assets[4]	80.4	78.5	83.1	85.5	86.1	85.6	86.6	87.1	84.7	88.2	85.9	89.4
15 Other assets[5]	110.7	108.6	112.4	114.9	115.1	120.6	123.9	122.7	124.6	120.9	120.1	124.0
16 **Total assets**[6]	**2,149.3**	**2,282.7**	**2,318.7**	**2,340.8**	**2,358.8**	**2,365.1**	**2,384.1**	**2,398.6**	**2,387.3**	**2,398.4**	**2,400.0**	**2,409.6**
Liabilities												
17 Deposits	1,592.7	1,758.5	1,794.8	1,824.7	1,835.9	1,845.8	1,869.9	1,878.1	1,868.8	1,876.8	1,877.9	1,887.8
18 Transaction	301.0	294.0	294.1	297.6	299.1	295.9	298.6	301.3	289.0	298.4	309.3	314.0
19 Nontransaction	1,291.7	1,464.6	1,500.7	1,527.1	1,536.8	1,549.9	1,571.4	1,576.8	1,579.9	1,578.4	1,568.7	1,573.8
20 Large time	256.0	292.7	298.6	300.3	306.1	302.9	303.0	300.9	303.2	301.2	299.7	299.5
21 Other	1,035.8	1,171.9	1,202.1	1,226.8	1,230.7	1,247.0	1,268.3	1,275.8	1,276.7	1,277.1	1,269.0	1,274.3
22 Borrowings	346.0	327.2	336.5	343.9	341.2	333.3	336.7	340.2	339.2	337.0	341.7	342.6
23 From banks in the U.S.	162.6	154.1	160.5	158.1	158.1	151.6	151.4	153.3	151.4	152.5	155.5	153.9
24 From others	183.4	173.1	176.0	185.7	183.2	181.7	185.3	186.9	187.7	184.5	186.2	188.7
25 Net due to related foreign offices	6.0	23.7	20.9	16.8	16.7	15.4	12.8	16.6	17.0	18.9	15.2	16.5
26 Other liabilities	58.4	53.9	54.1	53.4	53.9	56.1	56.4	57.0	56.3	57.0	57.4	57.4
27 **Total liabilities**	**2,003.1**	**2,163.3**	**2,206.3**	**2,238.8**	**2,247.7**	**2,250.6**	**2,275.8**	**2,291.9**	**2,281.3**	**2,289.7**	**2,292.2**	**2,304.3**
28 Residual (assets less liabilities)[7]	146.2	119.4	112.5	102.0	111.1	114.5	108.2	106.8	106.1	108.7	107.8	105.3
	Not seasonally adjusted											
Assets												
29 Bank credit	1,920.7	2,042.5	2,067.1	2,075.8	2,075.8	2,073.3	2,081.8	2,092.8	2,086.0	2,093.2	2,096.2	2,096.7
30 Securities in bank credit	518.1	540.3	548.6	555.2	554.6	550.7	551.3	552.9	550.5	552.9	553.6	554.7
31 U.S. government securities	375.4	367.4	366.5	365.8	361.8	354.0	352.5	351.3	350.2	350.3	352.0	352.7
32 Other securities	142.7	172.9	182.1	189.4	192.8	196.8	198.8	201.6	200.3	202.6	201.6	202.0
33 Loans and leases in bank credit[2]	1,402.6	1,502.2	1,518.5	1,520.6	1,521.2	1,522.5	1,530.5	1,539.9	1,535.5	1,540.3	1,542.6	1,542.0
34 Commercial and industrial	271.6	289.3	291.4	294.4	295.6	297.7	299.4	299.9	299.8	300.0	299.8	299.7
35 Real estate	757.3	811.6	818.0	818.3	821.1	822.6	824.1	829.9	827.9	829.6	831.1	831.6
36 Revolving home equity	40.0	46.4	47.1	47.6	47.8	47.8	48.3	49.3	49.1	49.4	49.4	49.5
37 Other	717.3	765.2	770.9	770.7	773.3	774.7	775.8	780.5	778.8	780.2	781.7	782.1
38 Consumer	280.6	299.5	304.5	304.8	300.0	295.0	297.5	299.8	297.5	300.3	301.9	300.0
39 Credit cards and related plans	n.a.	131.3	135.8	134.9	130.3	126.5	129.6	131.9	129.8	132.2	133.8	132.2
40 Other	n.a.	168.2	168.7	169.9	169.7	168.5	167.9	167.9	167.8	168.0	168.1	167.8
41 Security[3]	5.9	7.0	7.3	7.1	7.6	8.4	8.7	8.4	8.4	8.5	8.2	8.4
42 Other loans and leases	87.2	94.8	97.2	96.0	96.9	98.9	100.9	102.0	101.8	102.0	101.6	102.2
43 Interbank loans	60.4	86.2	92.3	87.8	100.6	114.3	122.5	114.7	116.5	114.8	112.2	114.2
44 Cash assets[4]	79.6	82.4	88.3	88.1	85.1	82.0	83.7	85.9	81.0	85.3	81.2	95.8
45 Other assets[5]	110.7	108.6	112.4	114.9	115.1	120.6	123.9	122.7	124.6	120.9	120.1	124.0
46 **Total assets**[6]	**2,146.9**	**2,293.2**	**2,333.2**	**2,339.7**	**2,349.7**	**2,363.4**	**2,384.8**	**2,388.8**	**2,381.0**	**2,387.0**	**2,382.5**	**2,403.5**
Liabilities												
47 Deposits	1,587.8	1,770.6	1,812.8	1,823.4	1,836.9	1,853.2	1,877.2	1,871.6	1,867.4	1,870.0	1,862.9	1,883.4
48 Transaction	296.5	297.6	304.8	300.3	294.2	293.9	298.0	296.2	282.9	291.7	297.7	315.7
49 Nontransaction	1,291.4	1,473.0	1,508.0	1,523.2	1,542.6	1,559.3	1,579.1	1,575.5	1,584.5	1,578.3	1,565.1	1,567.6
50 Large time	256.0	292.7	298.6	300.3	306.1	302.9	303.0	300.9	303.2	301.2	299.7	299.5
51 Other	1,035.4	1,180.3	1,209.4	1,222.9	1,236.5	1,256.4	1,276.1	1,274.5	1,281.3	1,277.1	1,265.4	1,268.1
52 Borrowings	346.0	327.2	336.5	343.9	341.2	333.3	336.7	340.2	339.2	337.0	341.7	342.6
53 From banks in the U.S.	162.6	154.1	160.5	158.1	158.1	151.6	151.4	153.3	151.4	152.5	155.5	153.9
54 From others	183.4	173.1	176.0	185.7	183.2	181.7	185.3	186.9	187.7	184.5	186.2	188.7
55 Net due to related foreign offices	6.0	23.7	20.9	16.8	16.7	15.4	12.8	16.6	17.0	18.9	15.2	16.5
56 Other liabilities	58.4	53.9	54.1	53.4	53.9	56.1	56.4	57.0	56.3	57.0	57.4	57.4
57 **Total liabilities**	**1,998.2**	**2,175.3**	**2,224.3**	**2,237.5**	**2,248.6**	**2,258.1**	**2,283.1**	**2,285.4**	**2,279.8**	**2,282.9**	**2,277.1**	**2,299.9**
58 Residual (assets less liabilities)[7]	148.7	117.9	108.9	102.2	101.0	105.3	101.8	103.4	101.1	104.1	105.4	103.6

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			
	2000	2000		2001					2001			
	May	Nov.	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.	May	May 9	May 16	May 23	May 30
	Seasonally adjusted											
Assets												
1 Bank credit	584.8	588.1	599.4	613.5	607.4	620.8	616.5[r]	602.9	611.9	594.9	597.9	608.1
2 Securities in bank credit	212.4	195.5	205.0	208.3	198.8	205.6	214.6[r]	210.3	213.8	207.1	209.9	209.4
3 U.S. government securities	80.4	68.1	69.2	66.4	64.3	67.9	75.0	69.8	71.7	68.7	69.9	68.4
4 Other securities	132.0	127.5	135.9	141.9	134.6	137.7	139.6[r]	140.5	142.2	138.4	140.0	140.9
5 Loans and leases in bank credit[2]	372.4	392.6	394.4	405.2	408.6	415.2	401.9[r]	392.6	398.1	387.8	387.9	398.7
6 Commercial and industrial	205.3	206.1	209.0	214.5	217.4	220.6	220.8[r]	218.9	222.0	217.3	218.9	218.0
7 Real estate	17.7	18.5	18.5	18.5	18.3	18.2	17.9[r]	18.0	18.3	18.0	18.0	18.0
8 Security[3]	81.5	100.3	100.1	105.1	105.3	106.6	95.3[r]	87.8	88.3	85.7	83.4	95.3
9 Other loans and leases	67.9	67.7	66.7	67.2	67.6	69.9	67.9	67.8	69.5	66.8	67.6	67.3
10 Interbank loans	30.4	26.8	27.0	29.2	28.4	30.7	29.5[r]	31.9	28.2	36.9	30.6	33.9
11 Cash assets[4]	43.1	38.5	39.9	41.5	41.8	40.7	39.3	37.5	39.3	37.9	36.5	36.5
12 Other assets[5]	40.5	40.0	36.1	37.1	36.5	38.3	40.9	38.9	38.0	39.6	40.7	37.9
13 **Total assets[6]**	**698.5**	**693.1**	**702.1**	**720.9**	**713.8**	**730.2**	**725.8[r]**	**710.7**	**717.0**	**709.0**	**705.3**	**716.0**
Liabilities												
14 Deposits	383.3[r]	379.6[r]	380.0	386.6	380.5	378.6	392.6[r]	406.8	382.8	409.4	417.6	423.3
15 Transaction	11.1	10.8	10.6	10.2	10.3	9.4	10.5	10.5	10.8	11.3	10.0	10.1
16 Nontransaction	372.2[r]	368.8[r]	369.4	376.4	370.2	369.2	382.1[r]	396.3	371.9	398.1	407.7	413.2
17 Borrowings	203.1	223.0	239.6	243.5	238.5	233.3	236.0	216.4	220.5	215.7	209.9	220.1
18 From banks in the U.S.	18.1	18.6	22.2	25.2	22.5	24.2	23.5	19.5	20.7	22.2	18.4	17.2
19 From others	185.0	204.4	217.4	218.3	216.0	209.1	212.5	196.8	199.8	193.5	191.5	202.9
20 Net due to related foreign offices	20.6	7.3	−1.8	3.5	4.8	21.8	4.2	−4.7	17.6	−6.8	−14.7	−16.9
21 Other liabilities	84.2	75.4	72.6	79.6	77.1	82.5	87.9[r]	86.3	86.4	86.5	86.1	86.4
22 **Total liabilities**	**691.2[r]**	**685.2[r]**	**690.5**	**713.2**	**700.9**	**716.2**	**720.7[r]**	**704.7**	**707.3**	**704.7**	**698.9**	**712.9**
23 Residual (assets less liabilities)[7]	7.4[r]	7.9[r]	11.6	7.7	12.9	13.9	5.1	6.1	9.7	4.3	6.4	3.1
	Not seasonally adjusted											
Assets												
24 Bank credit	580.6	590.8	610.1	621.6	610.7	616.0	613.7[r]	598.2	607.2	591.0	591.2	603.7
25 Securities in bank credit	212.4	195.5	205.0	208.3	198.8	205.6	214.6[r]	210.3	213.8	207.1	209.9	209.4
26 U.S. government securities	80.4	68.1	69.2	66.4	64.3	67.9	75.0	69.8	71.7	68.7	69.9	68.4
27 Trading account	12.4	10.9	11.8	11.4	10.4	9.5	14.2	13.4	13.9	13.3	13.5	13.2
28 Investment account	68.0	57.2	57.3	55.1	53.8	58.4	60.8	56.4	57.8	55.4	56.4	55.2
29 Other securities	132.0	127.5	135.9	141.9	134.6	137.7	139.6[r]	140.5	142.2	138.4	140.0	140.9
30 Trading account	87.7	88.0	90.7	96.3	90.8	94.5	96.5[r]	98.2	98.8	95.7	98.3	99.5
31 Investment account	44.2	39.4	45.1	45.6	43.8	43.2	43.1	42.3	43.3	42.7	41.7	41.4
32 Loans and leases in bank credit[2]	368.2	395.3	405.1	413.3	411.9	410.4	399.1[r]	387.9	393.4	383.9	381.3	394.3
33 Commercial and industrial	202.6	206.7	211.4	216.2	219.6	221.7	219.0	215.8	218.9	214.4	215.2	214.9
34 Real estate	17.7	18.5	18.5	18.5	18.3	18.2	17.9[r]	18.0	18.3	18.0	18.0	18.0
35 Security[3]	80.7	101.8	106.2	110.4	106.3	100.6	94.0	87.0	87.4	85.2	82.0	94.6
36 Other loans and leases	67.2	68.2	69.0	68.3	67.7	69.9	68.2	67.0	68.7	66.2	66.1	66.8
37 Interbank loans	30.4	26.8	27.0	29.2	28.4	30.7	29.5[r]	31.9	28.2	36.9	30.6	33.9
38 Cash assets[4]	42.1	40.6	42.7	44.1	41.9	39.3	37.7	36.6	38.2	37.1	35.2	36.1
39 Other assets[5]	39.9	40.0	37.9	38.3	37.4	39.0	40.0	38.3	38.0	39.3	39.8	37.1
40 **Total assets[6]**	**692.7**	**697.9**	**717.4**	**732.8**	**718.1**	**724.6**	**720.5[r]**	**704.6**	**711.2**	**703.9**	**696.4**	**710.3**
Liabilities												
41 Deposits	384.5[r]	382.3[r]	390.7	396.5	388.7	383.1	395.4	407.9	385.9	409.5	418.1	423.6
42 Transaction	10.7	11.0	11.3	10.4	10.1	9.2	10.0	10.1	10.2	10.7	9.5	10.1
43 Nontransaction	373.8[r]	371.3[r]	379.4	386.1	378.7	374.0	385.5[r]	397.8	375.7	398.8	408.6	413.5
44 Borrowings	203.1	223.0	239.6	243.5	238.5	233.3	236.0	216.4	220.5	215.7	209.9	220.1
45 From banks in the U.S.	18.1	18.6	22.2	25.2	22.5	24.2	23.5	19.5	20.7	22.2	18.4	17.2
46 From others	185.0	204.4	217.4	218.3	216.0	209.1	212.5	196.8	199.8	193.5	191.5	202.9
47 Net due to related foreign offices	17.4	7.6	2.9	6.8	8.0	21.9	−.4	−7.9	16.3	−10.1	−19.1	−21.3
48 Other liabilities	82.7	75.6	74.7	81.0	78.5	82.6	85.8[r]	84.8	85.8	84.9	84.0	84.3
49 **Total liabilities**	**687.6[r]**	**688.4[r]**	**708.0**	**727.8**	**713.7**	**720.9**	**716.9[r]**	**701.1**	**708.5**	**700.0**	**692.9**	**706.7**
50 Residual (assets less liabilities)[7]	5.1[r]	9.4[r]	9.4	5.1	4.4	3.6	3.6	3.4	2.7	3.9	3.5	3.5

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

F. Memo items

Billions of dollars

Account	Monthly averages 2000 May	2000 Nov.	2000 Dec.[r]	2001 Jan.[r]	2001 Feb.[r]	2001 Mar.[r]	2001 Apr.	2001 May	Wednesday figures 2001 May 9	May 16	May 23	May 30
	Not seasonally adjusted											
MEMO												
Large domestically chartered banks, adjusted for mergers												
1 Revaluation gains on off-balance-sheet items[8]	72.4	68.0	77.8	79.5	77.6	80.6	79.6	81.7	84.1	85.0	80.5	78.1
2 Revaluation losses on off-balance-sheet items[8]	72.9	72.6	83.1	82.5	81.0	79.8	74.9	74.7	74.9	74.6	74.8	74.9
3 Mortgage-backed securities[9]	253.7	240.6	242.6	248.0	244.5	244.8	252.2	258.9	262.3	257.4	253.9	260.0
4 Pass-through	178.6	174.3	177.5	182.6	178.9	180.9	189.8[r]	195.2	196.6	194.0	191.8	196.9
5 CMO, REMIC, and other	75.1	66.4	65.0	65.3	65.6	63.9	62.4[r]	63.7	65.7	63.4	62.1	63.1
6 Net unrealized gains (losses) on available-for-sale securities[10]	−10.3	−1.2	1.4	−2.5	−.6	−.3	−.3	−1.7	−1.0	−1.7	−1.9	−2.4
7 Off-shore credit to U.S. residents[11]	23.5	23.1	23.4	23.0	22.7	22.6	21.7	21.0	21.1	20.9	21.2	20.6
8 Securitized consumer loans[12]	n.a.	80.5	82.2	82.4	80.8	80.2	78.8[r]	77.0	78.0	77.0	75.8	76.8
9 Credit cards and related plans	n.a.	67.3	68.6	68.5	67.3	67.3	66.4[r]	65.0	65.9	65.0	64.0	65.0
10 Other	n.a.	13.2	13.6	13.9	13.4	12.9	12.4	12.0	12.1	12.0	11.8	11.8
11 Securitized business loans[12]	n.a.	17.8	18.6	18.4	18.6	18.7	18.8	19.8	19.8	19.8	19.8	19.9
Small domestically chartered commercial banks, adjusted for mergers												
12 Mortgage-backed securities[9]	205.7	213.0	214.5	218.2	222.7	229.1	237.7[r]	242.3	240.9	241.2	243.5	243.7
13 Securitized consumer loans[12]	n.a.	225.6	231.1	231.5	235.6	238.6	241.2[r]	242.2	242.6	240.5	241.7	243.7
14 Credit cards and related plans	n.a.	216.1	221.9	222.4	226.8	229.9	232.6	233.8	234.1	232.1	233.2	235.3
15 Other	n.a.	9.5	9.2	9.1	8.9	8.7	8.6[r]	8.4	8.5	8.5	8.4	8.4
Foreign-related institutions												
16 Revaluation gains on off-balance-sheet items[8]	50.4	44.6	45.7	51.8	49.4	52.5	54.1	56.2	56.0	54.3	57.7	56.9
17 Revaluation losses on off-balance-sheet items[8]	47.0	40.8	41.7	48.9	47.1	49.5	50.6[r]	51.6	51.1	50.4	52.8	51.9
18 Securitized business loans[12]	n.a.	22.8	23.1	23.2	22.4	21.5	19.8	18.0	18.4	18.1	17.7	17.5

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 made 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.

12. Total amount outstanding.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

A. Commercial Paper

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					2000		2001			
	1996	1997	1998	1999	2000	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 **All issuers**	**775,371**	**966,699**	**1,163,303**	**1,403,023**	**1,615,341**	**1,624,421**	**1,615,341**	**1,566,104**	**1,544,572**	**1,511,354**	**1,519,528**
Financial companies[1]											
2 Dealer-placed paper, total[2]	361,147	513,307	614,142	786,643	973,060	960,701	973,060	976,735	977,791	978,225	995,072
3 Directly placed paper, total[3]	229,662	252,536	322,030	337,240	298,848	312,438	298,848	270,922	263,554	249,420	247,333
4 Nonfinancial companies[4]	184,563	200,857	227,132	279,140	343,433	351,282	343,433	318,447	303,227	283,711	277,123

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	1997	1998	1999	2000
1 **Total amount of reporting banks' acceptances in existence**	**25,774**	**14,363**	**10,094**	**9,881**
2 Amount of other banks' eligible acceptances held by reporting banks	736	523	461	462
3 Amount of own eligible acceptances held by reporting banks (included in item 1)	6,862	4,884	4,261	3,789
4 Amount of eligible acceptances representing goods stored in, or shipped between, foreign countries (included in item 1)	10,467	5,413	3,498	3,689

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 40 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
1998—Jan. 1	8.50	1998	8.35	1999—Jan.	7.75	2000—Jan.	8.50
Sept. 30	8.25	1999	8.00	Feb.	7.75	Feb.	8.73
Oct. 16	8.00	2000	9.23	Mar.	7.75	Mar.	8.83
Nov. 18	7.75			Apr.	7.75	Apr.	9.00
		1998—Jan.	8.50	May	7.75	May	9.24
1999—July 1	8.00	Feb.	8.50	June	7.75	June	9.50
Aug. 25	8.25	Mar.	8.50	July	8.00	July	9.50
Nov. 17	8.50	Apr.	8.50	Aug.	8.06	Aug.	9.50
		May	8.50	Sept.	8.25	Sept.	9.50
2000—Feb. 3	8.75	June	8.50	Oct.	8.25	Oct.	9.50
Mar. 22	9.00	July	8.50	Nov.	8.37	Nov.	9.50
May 17	9.50	Aug.	8.50	Dec.	8.50	Dec.	9.50
		Sept.	8.49				
2001—Jan. 4	9.00	Oct.	8.12			2001—Jan.	9.05
Feb. 1	8.50	Nov.	7.89			Feb.	8.50
Mar. 21	8.00	Dec.	7.75			Mar.	8.32
Apr. 19	7.50					Apr.	7.80
May 16	7.00					May	7.24
June 28	6.75					June	6.98

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	1998	1999	2000	2001				2001, week ending				
				Feb.	Mar.	Apr.	May	Apr. 27	May 4	May 11	May 18	May 25
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.35	4.97	6.24	5.49	5.31	4.80	4.21	4.42	4.53	4.43	4.37	3.98
2 Discount window borrowing[2,4]	4.92	4.62	5.73	5.00	4.81	4.28	3.73	4.00	4.00	4.00	3.86	3.50
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	5.40	5.09	6.27	5.39	5.02	4.71	4.06	4.36	4.35	4.06	3.98	3.98
4 2-month	5.38	5.14	6.29	5.25	4.87	4.54	3.98	4.25	4.19	3.98	3.94	3.92
5 3-month	5.34	5.18	6.31	5.14	4.78	4.44	3.93	4.19	4.14	3.93	3.90	3.87
Financial												
6 1-month	5.42	5.11	6.28	5.41	5.06	4.74	4.08	4.41	4.31	4.09	4.02	4.00
7 2-month	5.40	5.16	6.30	5.29	4.93	4.57	4.00	4.28	4.23	3.99	3.96	3.94
8 3-month	5.37	5.22	6.33	5.19	4.81	4.47	3.96	4.21	4.15	3.96	3.93	3.92
Commercial paper (historical)[3,5,7]												
9 1-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 3-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 6-month	n.a.	n.a.	n.a.	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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 3-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 6-month	n.a.	n.a.	n.a.	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	5.39	5.24	6.23	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 6-month	5.30	5.30	6.37	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Certificates of deposit, secondary market[3,10]												
17 1-month	5.49	5.19	6.35	5.47	5.09	4.77	4.11	4.42	4.33	4.12	4.06	4.04
18 3-month	5.47	5.33	6.46	5.26	4.89	4.53	4.02	4.26	4.20	4.01	4.00	3.98
19 6-month	5.44	5.46	6.59	5.12	4.74	4.41	4.01	4.20	4.17	4.00	3.99	3.98
20 Eurodollar deposits, 3-month[3,11]	5.45	5.31	6.45	5.26	4.89	4.55	4.01	4.26	4.19	3.99	3.99	3.97
U.S. Treasury bills[5]												
Secondary market[3,5]												
21 3-month	4.78	4.64	5.82	4.88	4.42	3.87	3.62	3.72	3.78	3.65	3.54	3.58
22 6-month	4.83	4.75	5.90	4.71	4.28	3.85	3.62	3.71	3.77	3.60	3.59	3.61
23 1-year	4.80	4.81	5.78	4.51	4.11	3.80	3.60	3.65	3.72	3.58	3.58	3.59
Auction high[3,5,12]												
24 3-month	4.81	4.66	5.66	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
25 6-month	4.85	4.76	5.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
26 1-year	4.85	4.78	5.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.05	5.08	6.11	4.68	4.30	3.98	3.78	3.82	3.90	3.76	3.76	3.78
28 2-year	5.13	5.43	6.26	4.66	4.34	4.23	4.26	4.19	4.23	4.16	4.30	4.33
29 3-year	5.14	5.49	6.22	4.71	4.43	4.42	4.51	4.43	4.49	4.38	4.55	4.58
30 5-year	5.15	5.55	6.16	4.89	4.64	4.76	4.93	4.83	4.91	4.78	4.96	5.01
31 7-year	5.28	5.79	6.20	5.10	4.88	5.03	5.24	5.11	5.14	5.12	5.30	5.33
32 10-year	5.26	5.65	6.03	5.10	4.89	5.14	5.39	5.25	5.28	5.29	5.46	5.46
33 20-year	5.72	6.20	6.23	5.62	5.49	5.78	5.92	5.88	5.83	5.85	5.98	5.98
34 30-year	5.58	5.87	5.94	5.45	5.34	5.65	5.78	5.76	5.71	5.74	5.83	5.81
Composite												
35 More than 10 years (long-term)	5.69	6.14	6.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	4.93	5.28	5.58	5.09	5.00	5.14	5.15	5.16	5.15	5.12	5.17	5.15
37 Baa	5.14	5.70	6.19	5.86	5.80	5.96	5.94	6.01	5.96	5.92	5.98	5.92
38 *Bond Buyer* series[15]	5.09	5.43	5.71	5.18	5.13	5.27	5.29	5.34	5.32	5.25	5.31	5.30
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	6.87	7.45	7.98	7.50	7.41	7.63	7.69	7.68	7.61	7.65	7.73	7.71
Rating group												
40 Aaa	6.53	7.05	7.62	7.10	6.98	7.20	7.29	7.26	7.21	7.25	7.34	7.32
41 Aa	6.80	7.36	7.83	7.32	7.22	7.43	7.50	7.49	7.42	7.46	7.54	7.52
42 A	6.93	7.53	8.11	7.69	7.61	7.82	7.88	7.88	7.81	7.85	7.93	7.90
43 Baa	7.22	7.88	8.36	7.87	7.84	8.07	8.07	8.09	8.00	8.03	8.11	8.10
MEMO												
Dividend–price ratio[17]												
44 Common stocks	1.49	1.25	1.15	1.22	1.33	1.32	1.23	1.27	1.23	1.24	1.22	1.22

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. 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 the 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 Moodys' 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.

1.36 STOCK MARKET Selected Statistics

Indicator	1998	1999	2000	2000				2001				
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	550.65	619.52	643.71	667.05	646.53	646.64	645.44	650.55	648.05	603.44	607.06	644.44
2 Industrial	684.35	775.29	809.40	829.99	797.00	800.88	792.66	796.74	799.38	744.21	747.48	798.94
3 Transportation	468.61	491.62	414.73	404.23	403.20	434.92	457.53	471.21	482.26	452.36	455.22	477.21
4 Utility	190.52	284.82	478.99	463.76	469.16	455.66	444.16	440.36	424.53	395.34	400.49	414.69
5 Finance	516.65	530.97	552.48	616.89	587.76	600.45	621.62	634.17	626.41	583.38	587.88	618.74
6 Standard & Poor's Corporation (1941–43 = 10)[1]	1,085.50	1,327.33	1,427.22	1,468.06	1,390.14	1,375.04	1,330.93	1,335.63	1,305.75	1,185.85	1,189.84	1,270.37
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	682.69	770.90	922.22	952.74	913.64	892.60	870.16	898.18	923.99	891.22	891.18	940.73
Volume of trading (thousands of shares)												
8 New York Stock Exchange	666,534	799,554	1,026,867	1,026,597	1,167,025	1,015,606	1,183,149	1,299,986	1,117,977	1,251,569	1,247,382	1,091,366
9 American Stock Exchange	28,870	32,629	51,437	47,047	57,915	58,541	73,759	72,312	70,648	81,666	77,612	66,103
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**140,980**	**228,530**	**198,790**	**250,780**	**233,380**	**219,110**	**198,790**	**197,110**	**186,810**	**165,350**	**166,940**	**174,180**
Free credit balances at brokers[4]												
11 Margin accounts[5]	40,250	55,130	100,680	70,960	82,990	96,730	100,680	90,380	99,390	106,300	97,470	91,990
12 Cash accounts	62,450	79,070	84,400	74,766	73,410	74,050	84,400	81,380	78,660	77,520	77,460	76,260

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

Indicator	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. 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.
2. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
3. Since July 1983, under the revised Regulation T, margin credit at broker–dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
5. Series initiated in June 1984.
6. 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	1999	2000	2000	2001				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
U.S. budget[1]									
1 Receipts, total	1,721,798	1,827,302	2,025,218	200,489	219,215	110,481	130,071[r]	331,796	125,194
2 On-budget	1,305,999	1,382,986	1,544,634	161,737	171,001	70,555	84,120[r]	278,611	84,363
3 Off-budget	415,799	444,468	480,584	38,752	48,214	39,926	45,951	53,185	40,831
4 Outlays, total	1,652,619	1,702,875	1,788,826	167,823	142,836	158,649	180,733[r]	141,999	153,112
5 On-budget	1,336,015	1,382,097	1,458,061	132,747	144,448	123,573	145,182[r]	109,938	118,121
6 Off-budget	316,604	320,778	330,765	35,075	−1,613	35,076	35,550	32,062	34,992
7 Surplus or deficit (−), total	69,179	124,579	236,392	32,666	76,379	−48,168	−50,662	189,796	−27,919
8 On-budget	−30,016	889	86,573	28,990	26,553	−53,018	−61,062	168,673	−33,758
9 Off-budget	99,195	123,690	149,819	3,677	49,827	4,850	10,401	21,123	5,839
Source of financing (total)									
10 Borrowing from the public	−51,211	−88,674	−222,672	−36,689	−23,990	15,100	32,557	−135,572	−20,608
11 Operating cash (decrease, or increase [−])	4,743	−17,580	3,799	−9,632	−45,761	45,717	−7,171	−36,846	58,856
12 Other[2]	−22,711	−18,325	−17,519	13,655	−6,628	−12,649	25,276	−17,378	−10,329
MEMO									
13 Treasury operating balance (level, end of period)	38,878	56,458	52,659	21,069	66,830	21,113	28,284	65,130	6,274
14 Federal Reserve Banks	4,952	6,641	8,459	5,149	5,256	4,956	5,657	7,894	4,396
15 Tax and loan accounts	33,926	49,817	44,199	15,920	61,574	16,158	22,627	57,236	1,878

1. Since 1990, off-budget items have been the social security trust funds (Federal Old-Age, Survivors, and 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* when available.

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1999	2000	1999		2000		2001		
			H1	H2	H1	H2	Mar.	Apr.	May
RECEIPTS									
1 **All sources**	**1,827,302**	**2,025,218**	**966,045**	**892,266**	**1,089,763**	**952,942**	**130,071**	**331,796**	**125,194**
2 Individual income taxes, net	879,480	1,004,462	481,907	425,451	550,208	458,679	33,591	220,015	46,718
3 Withheld	693,940	780,397	351,068	372,012	388,526	395,572	67,068	64,489	63,237
4 Nonwithheld	308,185	358,049	240,278	68,302	281,103	77,732	7,662	187,032	13,753
5 Refunds	122,706	134,046	109,467	14,841	119,477	14,628	41,153	31,518	30,282
Corporation income taxes									
6 Gross receipts	216,324	235,655	106,861	110,111	119,166	123,962	26,986	26,693	6,453
7 Refunds	31,645	28,367	17,092	13,996	13,781	15,776	4,849	2,948	1,349
8 Social insurance taxes and contributions, net	611,833	652,852	324,831	292,551	353,514	310,122	60,135	73,887	61,437
9 Employment taxes and contributions[2]	580,880	620,451	306,235	280,059	333,584	297,665	59,499	68,773	52,210
10 Unemployment insurance	26,480	27,640	16,378	10,173	17,562	10,097	209	4,760	8,786
11 Other net receipts[3]	4,473	4,761	2,216	2,319	2,368	2,360	427	354	441
12 Excise taxes	70,414	68,865	31,015	34,262	33,532	35,501	7,064	5,690	4,390
13 Customs deposits	18,336	19,914	8,440	10,287	9,218	10,676	1,653	1,477	1,501
14 Estate and gift taxes	27,782	29,010	14,915	14,001	15,073	13,216	2,215	4,471	2,485
15 Miscellaneous receipts[4]	34,929	42,826	15,140	19,569	22,831	16,556	3,276	2,510	3,559
OUTLAYS									
16 **All types**	**1,702,875**	**1,788,826**	**817,227**	**882,465**	**892,947**	**894,905**	**180,733**	**141,999**	**153,508**
17 National defense	274,873	294,494	134,414	149,573	143,476	147,651	31,144	22,253	26,028
18 International affairs	15,243	17,216	6,879	8,530	7,250	11,902	1,980	1,272	−1,490
19 General science, space, and technology	18,125	18,637	9,319	10,089	9,601	10,389	1,811	1,547	1,892
20 Energy	912	−1,060	797	−90	−893	−595	187	−390	−25
21 Natural resources and environment	23,970	25,031	10,351	12,100	10,814	12,907	1,822	1,741	2,136
22 Agriculture	23,011	36,641	9,803	20,887	11,164	20,977	2,083	1,272	711
23 Commerce and housing credit	2,649	3,211	−1,629	7,353	−2,497	4,408	1,025	−260	−907
24 Transportation	42,531	46,854	17,082	23,199	21,054	25,841	3,899	3,593	4,850
25 Community and regional development	11,870	10,629	5,368	6,806	5,050	5,962	616	855	928
26 Education, training, employment, and social services	56,402	59,201	29,003	27,532	31,234	29,263	6,874	4,798	5,907
27 Health	141,079	154,534	69,320	74,490	75,871	81,413	14,763	14,844	14,954
28 Social security and Medicare	580,488	606,549	261,146	295,030	306,966	307,473	57,468	50,826	55,876
29 Income security	237,707	247,895	126,552	113,504	133,915	113,212	31,652	19,913	22,005
30 Veterans benefits and services	43,212	47,083	20,105	23,412	23,174	22,615	6,333	2,164	2,865
31 Administration of justice	25,924	27,820	13,149	13,459	13,981	14,635	2,559	2,562	2,450
32 General government	15,771	13,454	6,641	7,010	6,198	6,461	1,100	1,162	849
33 Net interest[5]	229,735	223,218	116,655	112,420	115,545	104,685	18,568	17,816	18,363
34 Undistributed offsetting receipts[6]	−40,445	−42,581	−17,724	−22,850	−19,346	−24,070	−3,150	−3,970	−3,882

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 2002*; 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	1999				2000				2001
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**5,681**	**5,668**	**5,685**	**5,805**	**5,802**	**5,714**	**5,702**	**5,690**	**5,801**
2 Public debt securities	5,652	5,639	5,656	5,776	5,773	5,686	5,674	5,662	5,774
3 Held by public	3,795	3,685	3,667	3,716	3,688	3,496	3,439	3,414	3,434
4 Held by agencies	1,857	1,954	1,989	2,061	2,085	2,190	2,236	2,249	2,339
5 Agency securities	29	29	29	29	28	28	28	27	27
6 Held by public	28	28	28	28	28	28	28	27	27
7 Held by agencies	1	1	1	1	0	0	0	0	0
8 **Debt subject to statutory limit**	**5,566**	**5,552**	**5,568**	**5,687**	**5,687**	**5,601**	**5,592**	**5,581**	**5,693**
9 Public debt securities	5,566	5,552	5,568	5,687	5,686	5,601	5,591	5,580	5,692
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	5,950	5,950	5,950	5,950	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 *Monthly Treasury Statement.*

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

Billions of dollars, end of period

Type and holder	1997	1998	1999	2000	2000			2001
					Q2	Q3	Q4	Q1
1 **Total gross public debt**	**5,502.4**	**5,614.2**	**5,776.1**	**5,662.2**	**5,685.9**	**5,674.2**	**5,662.2**	**5,773.7**
By type								
2 Interest-bearing	5,494.9	5,605.4	5,766.1	5,618.1	5,675.9	5,622.1	5,618.1	5,752.0
3 Marketable	3,456.8	3,355.5	3,281.0	2,966.9	3,070.7	2,992.8	2,966.9	2,981.9
4 Bills	715.4	691.0	737.1	646.9	629.9	616.2	646.9	712.0
5 Notes	2,106.1	1,960.7	1,784.5	1,557.3	1,679.1	1,611.3	1,557.3	1,499.0
6 Bonds	587.3	621.2	643.7	626.5	637.7	635.3	626.5	627.9
7 Inflation-indexed notes and bonds[1]	33.0	67.6	100.7	121.2	109.0	115.0	121.2	128.0
8 Nonmarketable[2]	2,038.1	2,249.9	2,485.1	2,651.2	2,605.2	2,629.3	2,651.2	2,770.0
9 State and local government series	124.1	165.3	165.7	151.0	160.4	153.3	151.0	152.9
10 Foreign issues[3]	36.2	34.3	31.3	27.2	27.7	25.4	27.2	24.7
11 Government	36.2	34.3	31.3	27.2	27.7	25.4	27.2	24.7
12 Public	.0	.0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	181.2	180.3	179.4	176.9	177.7	177.7	176.9	177.4
14 Government account series[4]	1,666.7	1,840.0	2,078.7	2,266.1	2,209.4	2,242.9	2,266.1	2,360.3
15 Non-interest-bearing	7.5	8.8	10.0	44.2	10.1	52.1	44.2	46.5
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,657.1	1,828.1	2,064.2	2,270.2	2,193.6	2,226.5	2,270.2	2,357.0
17 Federal Reserve Banks[6]	430.7	452.1	478.0	511.7	504.9	511.4	511.7	523.9
18 Private investors	3,414.6	3,334.0	3,233.9	2,880.4	2,987.4	2,936.2	2,880.4	2,892.9
19 Depository institutions	300.3	237.3	246.5	197.8	219.4	218.3	197.8	188.1
20 Mutual funds	321.5	343.2	348.6	339.0	322.8	324.3	339.0	348.2
21 Insurance companies	176.6	144.5	125.3	116.6	122.0	119.3	116.6	112.8
22 State and local treasuries[7]	239.3	269.3	266.8	246.2	256.4	241.9	246.2	234.1
Individuals								
23 Savings bonds	186.5	186.6	186.4	184.8	184.6	184.3	184.8	184.8
24 Pension funds	360.5	375.3	378.9r	387.7r	384.1	383.1	387.7r	384.9
25 Private	143.5	157.6	167.7	181.6	173.6	179.2	181.6	181.3
26 State and Local	216.9	217.7	211.2r	206.1	210.5	203.9	206.1	203.6
27 Foreign and international[8]	1,241.6	1,278.7	1,268.7	1,201.4	1,248.8	1,225.2	1,201.4	1,196.2
28 Other miscellaneous investors[7,9]	589.5	499.0	410.8	218.3	250.4	237.9	218.3	n.a

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. U.S. Treasury securities bought outright by Federal Reserve Banks, see *Bulletin* table 1.18.
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. Includes nonmarketable foreign series Treasury securities and Treasury deposit funds. Excludes Treasury securities held under repurchase agreements in custody accounts at the Federal Reserve Bank of New York.
9. Includes individuals, government-sponsored enterprises, brokers and dealers, bank personal trusts and estates, corporate and noncorporate businesses, and other investors.

SOURCES. Data by type of security, U.S. Treasury Department, *Monthly Statement of the Public Debt of the United States*; data by holder, Federal Reserve Board of Governors, *Flow of Funds Accounts of the United States* and U.S. Treasury Department, *Treasury Bulletin*, unless otherwise noted.

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

Millions of dollars, daily averages

Item	2001			2001, week ending								
	Feb.	Mar.	Apr.	Apr. 4	Apr. 11	Apr. 18	Apr. 25	May 2	May 9	May 16	May 23	May 30
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	30,923	32,043	32,414	36,299	31,998	44,646	27,625	20,894	17,560	20,596	20,583	34,425
Coupon securities, by maturity												
2 Five years or less	177,374	170,530[r]	180,666[r]	175,696[r]	159,027[r]	190,179	196,537	182,562	196,987	201,426	163,520	170,148
3 More than five years	97,333[r]	87,263[r]	82,663[r]	84,918[r]	85,881[r]	78,227	82,033	82,012	94,801	94,370	80,939	74,755
4 Inflation-indexed	1,673	1,575	1,847[r]	1,794	1,676	1,770	1,995	2,044	1,629	2,650	1,469	1,633
Federal agency												
5 Discount notes	66,280	62,429	61,242[r]	57,355	56,842[r]	61,195	66,497	63,766	59,305	52,421	52,497	56,532
Coupon securities, by maturity												
6 One year or less	1,406[r]	998	1,188	965	647	1,517	1,502	1,352	1,730	1,588	1,194	1,903
7 More than one year, but less than or equal to five years	19,340	16,460	18,577	12,047	17,969	18,396	23,674	17,867	15,792	18,626	17,249	14,387
8 More than five years	9,935	13,912	7,125[r]	8,079[r]	6,381[r]	5,274	8,070	8,307	6,490	8,903	13,506	7,244
9 Mortgage-backed	108,394	105,381	107,684	83,096	144,118	126,096	88,470	79,022	120,064	122,504	87,584	72,304
By type of counterparty												
With interdealer broker												
10 U.S. Treasury	164,014	151,017	152,513	153,316	142,672	160,861	156,341	150,604	159,235	165,885	140,001	144,299
11 Federal agency	14,732	15,012	12,924	11,034	11,672	11,608	15,939	13,632	12,476	12,561	12,696	10,856
12 Mortgage-backed	32,659	34,045	34,441	28,157	43,120	39,724	29,240	27,882	39,299	31,380	31,511	26,367
With other												
13 U.S. Treasury	143,288	140,393	145,077	145,390	135,910	153,961	151,850	136,908	151,742	153,157	126,510	136,662
14 Federal agency	82,229	78,786	75,208	67,411	70,167	74,774	83,805	77,660	70,842	68,977	71,750	69,211
15 Mortgage-backed	75,735	71,337	73,244	54,940	100,998	86,373	59,231	51,140	80,765	91,124	56,073	45,937
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
16 U.S. Treasury bills	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Coupon securities, by maturity												
17 Five years or less	4,230	4,208	3,482	3,488	3,919	3,766	3,007	3,161	4,387	5,762	4,177	7,214
18 More than five years	17,291	16,989	17,079[r]	16,395	18,265	16,849	17,124	16,015	16,450	16,392	19,139	22,237
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	66	55	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	971	1,167	1,022	1,739	502	1,908	598	696	1,366	1,140	728	1,285
27 More than five years	4,166	4,188	4,119	4,805	4,563	4,848	3,615	2,561	3,060	4,111	3,133	4,336
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	29	85	72	85	n.a.	63	n.a.	70	130	0	131	119
32 More than five years	119	133	118	75	172	29	n.a.	190	196	131	n.a.	40
33 Mortgage-backed	1,444	1,863	1,024	802	1,251	1,753	404	932	2,435	1,520	1,192	863

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	2001 Feb.	2001 Mar.	2001 Apr.	2001, week ending Apr. 4	Apr. 11	Apr. 18	Apr. 25	May 2	May 9	May 16	May 23
						Positions[2]					
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	9,779	20,272	30,544	44,155	40,934	57,291	6,395	1,469	387	−1,152	−3,039
Coupon securities, by maturity											
2 Five years or less	−17,917	−14,721	−17,951	−14,819	−16,003	−18,297	−16,403	−24,868	−10,566	−17,324	−20,578
3 More than five years	−3,985	−6,315	−7,938	−6,752	−7,782	−7,227	−8,356	−9,514	−12,556	−13,569	−12,359
4 Inflation-indexed	3,907	4,146	4,196	4,188	4,377	4,508	3,827	4,026	3,420	3,907	5,444
Federal agency											
5 Discount notes	32,994	36,096	49,374	42,037	49,299	54,292	50,340	47,111	47,215	51,112	51,121
Coupon securities, by maturity											
6 One year or less	18,229	16,162	15,777	16,519	16,307	15,823	14,955	15,529	14,666	12,933	13,294
7 More than one year, but less than or equal to five years	6,215	5,802	7,171	4,274	4,776	7,117	9,425	9,759	7,730	7,246	11,572
8 More than five years	5,480	8,578	8,699	9,240	9,926	8,534	7,669	8,222	7,161	5,873	6,562
9 Mortgage-backed	10,110	9,611	12,181	13,082	9,749	9,762	14,961	14,358	13,940	15,511	16,402
NET FUTURES POSITIONS[4]											
By type of deliverable security											
10 U.S. Treasury bills	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Coupon securities, by maturity											
11 Five years or less	2,344	−1,421	−1,673	−1,353	−1,646	−424	−3,011	−1,842	−1,949	1,174	1,881
12 More than five years	−11,744	−10,207	−5,836	−8,406	−6,516	−6,782	−4,296	−3,659	−6,652	−6,233	−5,458
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	n.a	0	0	0	0	0	0	0	0	0	0
17 More than five years	−300	−341	−335	−385	−380	−364	−293	−253	−266	−372	−270
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	604	295	−356	−612	−1,472	−719	490	735	1,724	1,356	276
21 More than five years	−815	730	658	1,131	377	1,163	−50	956	1,429	2,000	3,246
22 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
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	−578	355	302	519	216	236	252	411	565	459	328
26 More than five years	558	593	103	20	82	24	74	350	607	135	299
27 Mortgage-backed	2,002	2,485	1,368	2,220	823	1,121	2,061	823	−41	1,135	1,543
						Financing[5]					
Reverse repurchase agreements											
28 Overnight and continuing	350,827	376,076	366,382	369,121	360,179	361,327	370,012	374,868	377,131	396,864	376,925
29 Term	845,692	881,202	925,786	841,773	902,139	919,879	977,571	961,871	1,018,020	865,077	946,881
Securities borrowed											
30 Overnight and continuing	278,815	278,034	280,746	270,908	268,931	279,432	290,534	293,294	294,510	308,057	298,110
31 Term	120,113	123,908	125,608	123,493	128,356	124,767	124,015	126,859	128,300	115,417	118,057
Securities received as pledge											
32 Overnight and continuing	3,002	3,391	3,161	2,963	3,127	3,299	3,104	3,251	3,694	3,450	3,148
33 Term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Repurchase agreements											
34 Overnight and continuing	803,148	836,852	869,117	861,690	864,697	867,654	890,133	853,874	870,984	874,702	862,049
35 Term	801,371	842,163	852,132	775,748	833,753	860,415	879,972	888,398	934,216	802,259	869,971
Securities loaned											
36 Overnight and continuing	9,648	9,463	9,626	9,386	10,065	9,561	9,591	9,346	9,681	10,371	9,665
37 Term	4,194	4,429	4,411	n.a.	n.a.	4,469	4,431	4,303	4,883	4,552	4,451
Securities pledged											
38 Overnight and continuing	51,166	50,758	53,318	49,627	53,160	52,868	53,962	56,220	58,123	57,947	57,773
39 Term	5,029	5,938	6,529	6,174	6,500	6,362	6,766	6,753	6,685	7,753	7,809
Collateralized loans											
40 Total	21,373	23,731	24,336	27,366	22,520	24,447	25,177	23,123	23,209	24,038	20,984

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	1997	1998	1999	2000	2000		2001		
					Nov.	Dec.	Jan.	Feb.	Mar.
1 **Federal and federally sponsored agencies**	**1,022,609**	**1,296,477**	**1,616,492**	**1,851,632**	**1,833,155**	**1,851,632**	n.a.	**1,917,503**	**1,919,761**
2 Federal agencies	27,792	26,502	26,376	25,666	25,555	25,666	25,426	25,141	25,063
3 Defense Department[1]	6	6	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	552	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration[4]	102	205	126	255	239	255	275	291	307
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]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	27,786	26,496	26,370	25,660	25,549	25,660	25,420	25,135	25,057
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]	994,817	1,269,975	1,590,116	1,825,966	1,807,600	1,825,966	1,873,199	1,892,362	1,894,698
11 Federal Home Loan Banks	313,919	382,131	529,005	594,404	580,957	594,404	604,904	598,586	602,824
12 Federal Home Loan Mortgage Corporation	169,200	287,396	360,711	426,899	429,617	426,899	446,997	455,623	461,338
13 Federal National Mortgage Association	369,774	460,291	547,619	642,700	633,100	642,700	654,200	668,200	666.600
14 Farm Credit Banks[8]	63,517	63,488	68,883	74,181	71,667	74,181	73,925	73,647	74,174
15 Student Loan Marketing Association[9]	37,717	35,399	41,988	45,375	50,016	45,375	50,669	53,886	47,322
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]	**49,090**	**44,129**	**42,152**	**40,575**	**40,170**	**40,575**	**39,348**	**38,924**	**39,341**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	552	↑	↑	↑	↑	↑	↑	↑	↑
21 Postal Service[6]	n.a.								
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	n.a.								
24 United States Railway Association[6]	n.a.	↓	↓	↓	↓	↓	↓	↓	↓
Other lending[14]									
25 Farmers Home Administration	13,530	9,500	6,665	5,275	5,320	5,275	5,155	5,155	5,155
26 Rural Electrification Administration	14,898	14,091	14,085	13,126	13,023	13,126	13,197	13,281	13,371
27 Other	20,110	20.538	21,402	22,174	21,827	22,174	20,996	20,488	20,815

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	1998	1999	2000	2000 Oct.	Nov.	Dec.	2001 Jan.	Feb.	Mar.	Apr.	May
1 **All issues, new and refunding**[1]	**262,342**	**215,427**	**180,403**	**18,035**	**18,079**	**15,348**	**11,255**	**19,829**	**24,495**	**16,985**	**26,248**
By type of issue											
2 General obligation	87,015	73,308	64,475	5,871	5,044	5,060	6,256	9,389	7,668	6,890	8,385
3 Revenue	175,327	142,120	115,928	12,163	13,036	10,288	4,999	10,441	16,827	10,094	17,863
By type of issuer											
4 State	23,506	16,376	19,944	3,005	1,942	1,640	1,738	3,268	1,893	1,900	3,123
5 Special district or statutory authority[2]	178,421	152,418	111,695	11,224	12,311	1,053	7,061	11,011	17,280	113,344	17,281
6 Municipality, county, or township	60,173	46,634	39,273	3,806	3,827	3,165	2,456	5,550	5,323	3,740	5,845
7 **Issues for new capital**	**160,568**	**161,065**	**154,257**	**16,387**	**14,520**	**13,286**	**8,758**	**13,384**	**15,387**	**12,264**	**20,002**
By use of proceeds											
8 Education	36,904	36,563	38,665	3,492	3,446	2,919	2,786	3,102	5,343	3,731	5,714
9 Transportation	19,926	17,394	19,730	2,575	2,124	1,381	780	2,411	1,219	1,381	2,522
10 Utilities and conservation	21,037	15,098	11,917	1,272	1,973	1,307	678	1,335	1,677	1,447	2,969
11 Social welfare	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	8,594	9,099	7,122	730	500	615	63	281	396	436	422
13 Other purposes	42,450	47,896	47,309	6,558	3,787	4,264	3,013	4,742	4,368	3,010	4,736

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	1998	1999	2000	2000 Sept.	Oct.	Nov.	Dec.	2001 Jan.	Feb.	Mar.	Apr.
1 **All issues**[1]	**1,128,491**	**1,072,866**	**942,198**	**94,492**	**62,466**	**95,595**	**61,378**	**125,894**	**96,206**	**139,267**[r]	**92,762**
2 **Bonds**[2]	**1,001,736**	**941,298**	**807,281**	**88,102**	**53,345**	**84,094**	**58,713**	**118,372**	**88,806**	**127,956**	**86,274**
By type of offering											
3 Sold in the United States	923,771	818,683	684,484	73,516	47,415	76,383	57,189	115,583	86,146	118,779	81,156
4 Sold abroad	77,965	122,615	122,798	14,586	5,930	7,712	1,525	2,789	2,660	9,177	5,117
MEMO											
5 Private placements, domestic	n.a.	n.a.	n.a.	376	127	5,534	3,709	26	1,897	652	0
By industry group											
6 Nonfinancial	307,711	293,963	242,452	24,483	12,547	25,784	18,219	44,443	34,604	44,385	33,549
7 Financial	694,025	647,335	564,829	63,619	40,799	58,310	40,495	73,928	54,201	83,571	52,725
8 **Stocks**[3]	**182,055**	**223,968**	**283,717**	**18,790**	**21,521**	**23,901**	**15,065**	**7,522**	**7,400**	**11,311**[r]	**6,488**
By type of offering											
9 Public	126,755	131,568	134,917	6,390	9,121	11,501	2,665	7,522	7,400	11,311[r]	6,488
10 Private placement[4]	55,300	92,400	148,800	12,400	12,400	12,400	12,400	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	74,113	110,284	118,369	6,205	8,278	10,794	2,146	4,356	4,463	7,718	4,823
12 Financial	52,642	21,284	16,548	185	843	707	519	3,166	2,937	3,593[r]	1,665

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 include 144(a) offerings.
3. Monthly data cover only public offerings.
4. Data are not available.

SOURCE. 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	1999	2000	2000 Oct.	2000 Nov.	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.[r]	2001 May
1 **Sales of own shares**[2]	**1,791,894**	**2,279,315**	**169,071**	**143,412**	**170,255**	**206,765**	**148,362**	**162,548**	**152,327**	**159,517**
2 Redemptions of own shares	1,621,987	2,057,277	153,067	138,791	160,918	171,819	141,663	175,633	130,454	134,634
3 Net sales[3]	169,906	222,038	16,004	4,621	9,337	34,946	6,699	−13,085	21,873	24,883
4 **Assets**[4]	**5,233,191**	**5,123,747**	**5,442,937**	**4,993,008**	**5,123,747**	**5,280,222**	**4,879,229**	**4,594,182**	**4,910,568**	**4,956,556**
5 Cash[5]	219,189	277,386	302,682	300,133	277,386	280,472	274,077	241,518	247,169	236,053
6 Other	5,014,002	4,846,361	5,140,255	4,692,875	4,846,361	4,999,750	4,605,152	4,352,664	4,663,399	4,720,503

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	1998	1999	2000	1999 Q2	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1[r]
1 Profits with inventory valuation and capital consumption adjustment	815.0	856.0	946.2	836.8	842.0	893.2	936.3	963.6	970.3	914.7	869.0
2 Profits before taxes	758.2	823.0	925.6	804.5	819.0	870.7	920.7	942.5	945.1	894.1	841.8
3 Profits-tax liability	244.6	255.9	284.2	250.8	254.2	270.8	286.3	292.0	290.6	267.7	254.4
4 Profits after taxes	513.6	567.1	641.4	553.7	564.8	599.9	634.4	650.4	654.4	626.4	587.4
5 Dividends	351.5	370.7	397.0	367.2	373.9	380.6	387.3	393.0	400.1	407.6	414.7
6 Undistributed profits	162.1	196.4	244.4	186.5	190.9	219.3	247.1	257.4	254.4	218.8	172.8
7 Inventory valuation	17.0	−9.1	−12.9	−8.9	−19.7	−19.2	−25.0	−13.6	−4.5	−8.5	−3.5
8 Capital consumption adjustment	39.9	42.1	33.5	41.2	42.7	41.6	40.6	34.7	29.7	29.1	30.7

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	1998	1999	2000	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
ASSETS										
1 Accounts receivable, gross[2]	711.7	811.5	915.6	776.3	811.5	848.7	884.4	900.1	915.6	916.6
2 Consumer	261.8	279.8	296.1	271.0	279.8	285.4	294.1	301.9	296.1	292.9
3 Business	347.5	405.2	471.1	383.0	405.2	434.6	454.1	455.7	471.1	472.1
4 Real estate	102.3	126.5	148.3	122.3	126.5	128.8	136.2	142.4	148.3	151.6
5 LESS: Reserves for unearned income	56.3	53.5	60.0	54.0	53.5	54.0	57.1	58.8	60.0	60.3
6 Reserves for losses	13.8	13.5	15.1	13.6	13.5	14.0	14.4	14.2	15.1	15.6
7 Accounts receivable, net	641.6	744.6	840.5	708.6	744.6	780.7	813.0	827.1	840.5	840.7
8 All other	337.9	406.3	461.8	368.5	406.3	412.7	418.3	441.4	461.8	474.8
9 **Total assets**	**979.5**	**1,150.9**	**1,302.4**	**1,077.2**	**1,150.9**	**1,193.4**	**1,231.3**	**1,268.4**	**1,302.4**	**1,315.5**
LIABILITIES AND CAPITAL										
10 Bank loans	26.3	35.1	35.6	27.0	35.1	28.5	32.5	35.4	35.6	41.2
11 Commercial paper	231.5	227.9	235.2	205.3	227.9	230.2	221.3	215.6	235.2	178.3
Debt										
12 Owed to parent	61.8	123.8	146.5	84.5	123.8	145.1	137.1	144.3	146.5	138.5
13 Not elsewhere classified	339.7	397.0	463.8	396.2	397.0	412.0	445.4	465.5	463.8	501.9
14 All other liabilities	203.2	222.7	279.7	216.0	222.7	247.6	259.3	269.2	279.7	299.7
15 Capital, surplus, and undivided profits	117.0	144.5	141.6	148.2	144.5	130.1	135.6	138.3	141.6	151.0
16 **Total liabilities and capital**	**979.5**	**1,150.9**	**1,302.4**	**1,077.2**	**1,150.9**	**1,193.4**	**1,231.3**	**1,268.4**	**1,302.4**	**1,310.6**

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. Excludes pools of securitized assets.

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

	Type of credit	1998	1999	2000	2000 Nov.	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar.[r]	2001 Apr.
		Seasonally adjusted								
1	**Total**	**875.8**	**993.9**	**1,145.2**	**1,136.2**	**1,145.2**	**1,156.7**	**1,159.7**	**1,158.6**	**1,171.5**
2	Consumer	352.8	385.3	439.3	439.8	439.3	443.8	447.1	449.8	456.3
3	Real estate	131.4	154.7	174.9	176.6	174.9	177.7	179.0	177.7	182.5
4	Business	391.6	453.9	531.0	519.7	531.0	535.2	533.6	531.1	532.6
		Not seasonally adjusted								
5	**Total**	**884.0**	**1,003.2**	**1,156.0**	**1,137.9**	**1,156.0**	**1,156.7**	**1,159.7**	**1,163.1**	**1,173.7**
6	Consumer	356.1	388.8	443.4	441.4	443.4	443.9	445.1	445.7	451.0
7	Motor vehicles loans	103.1	114.7	122.5	127.8	122.5	117.5	118.5	118.9	127.0
8	Motor vehicle leases	93.3	98.3	102.9	104.0	102.9	103.3	102.4	101.3	101.9
9	Revolving[2]	32.3	33.8	38.3	38.0	38.3	37.1	36.9	35.6	36.0
10	Other[3]	33.1	33.1	32.4	32.0	32.4	32.4	32.0	31.3	28.2
	Securitized assets[4]									
11	Motor vehicle loans	54.8	71.1	97.1	91.5	97.1	103.9	105.2	108.1	106.1
12	Motor vehicle leases	12.7	9.7	6.6	6.8	6.6	6.3	6.9	6.6	7.0
13	Revolving	8.7	10.5	27.5	25.8	27.5	27.6	27.6	27.6	28.8
14	Other	18.1	17.7	16.0	15.5	16.0	15.8	15.5	16.2	16.0
15	Real estate	131.4	154.7	174.9	176.6	174.9	177.7	179.0	177.7	182.5
16	One- to four-family	75.7	88.3	105.4	107.0	105.4	108.2	109.5	108.1	112.3
17	Other	26.6	38.3	42.9	42.7	42.9	43.2	43.4	43.8	43.8
	Securitized real estate assets[4]									
18	One- to four-family	29.0	28.0	24.7	25.0	24.7	24.4	24.2	23.9	23.8
19	Other	.1	.2	1.9	1.9	1.9	1.9	1.9	1.9	2.6
20	Business	396.5	459.6	537.7	519.9	537.7	535.1	535.6	539.7	540.2
21	Motor vehicles	79.6	87.8	95.2	93.3	95.2	93.6	93.6	91.9	91.0
22	Retail loans	28.1	33.2	31.0	32.3	31.0	30.8	30.7	30.5	29.9
23	Wholesale loans[5]	32.8	34.7	39.6	37.3	39.6	38.2	37.6	35.8	35.3
24	Leases	18.7	19.9	24.6	23.8	24.6	24.6	25.3	25.6	25.8
25	Equipment	198.0	221.9	267.3	259.3	267.3	265.6	262.5	264.6	267.5
26	Loans	50.4	52.2	56.2	54.7	56.2	56.3	55.6	57.1	57.1
27	Leases	147.6	169.7	211.1	204.6	211.1	209.3	206.9	207.5	210.4
28	Other business receivables[6]	69.9	95.5	108.6	103.2	108.6	110.4	114.5	115.2	113.5
	Securitized assets[4]									
29	Motor vehicles	29.2	31.5	37.8	37.0	37.8	37.3	37.2	40.0	40.3
30	Retail loans	2.6	2.9	3.2	3.1	3.2	3.1	2.9	2.8	3.1
31	Wholesale loans	24.7	26.4	32.5	31.5	32.5	32.1	31.7	34.5	34.6
32	Leases	1.9	2.1	2.2	2.4	2.2	2.2	2.6	2.6	2.6
33	Equipment	13.0	14.6	23.1	21.3	23.1	22.5	22.2	22.5	22.2
34	Loans	6.6	7.9	15.5	14.6	15.5	14.7	14.5	14.6	14.4
35	Leases	6.4	6.7	7.6	6.7	7.6	7.8	7.8	7.9	7.8
36	Other business receivables[6]	6.8	8.4	5.6	5.8	5.6	5.6	5.6	5.6	5.7

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	1998	1999	2000	2000		2001				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	195.2	210.7	234.5	247.2	250.0	238.7	245.0	244.5	240.8	241.4
2 Amount of loan (thousands of dollars)	151.1	161.7	177.0	184.2	187.3	181.6	185.4	182.9	181.5	181.4
3 Loan-to-price ratio (percent)	80.0	78.7	77.4	76.2	76.5	78.2	77.9	77.2	77.6	77.6
4 Maturity (years)	28.4	28.8	29.2	29.2	29.1	29.4	29.0	28.8	28.5	28.6
5 Fees and charges (percent of loan amount)[2]	.89	.77	.70	.69	.73	.71	.70	.66	.71	.69
Yield (percent per year)										
6 Contract rate[1]	6.95	6.94	7.41	7.36	7.29	7.09	6.99	6.94	6.96	7.02
7 Effective rate[1,3]	7.08	7.06	7.52	7.47	7.40	7.20	7.10	7.04	7.07	7.12
8 Contract rate (HUD series)[4]	7.00	7.45	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	7.04	7.74	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 GNMA securities[6]	6.43	7.03	7.57	7.22	6.83	6.57	6.61	6.41	6.53	6.61
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	414,515	523,941	610,122	598,951	610,122	623,950	632,850	n.a.	n.a.	n.a.
12 FHA/VA insured	33,770	55,318	61,539	60,694	61,539	62,970	63,337	n.a.	n.a.	n.a.
13 Conventional	380,745	468,623	548,583	538,257	548,583	560,980	569,513	n.a.	n.a.	n.a.
14 Mortgage transactions purchased (during period)	188,448	195,210	154,231	17,322	17,193	20,598	17,230	20,899	24,015	16,825
Mortgage commitments (during period)										
15 Issued[7]	193,795	187,948	163,689	15,287	20,120	27,325	25,471	n.a.	n.a.	n.a.
16 To sell[8]	1,880	5,900	11,786	676	1,436	766	835	n.a.	n.a.	n.a.
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	255,010	324,443	385,693	372,819	385,693	391,679	407,086	421,655	430,960	437,582
18 FHA/VA insured	785	1,836	3,332	3,321	3,332	3,307	3,319	3,329	2,878	2,785
19 Conventional	254,225	322,607	382,361	369,498	382,361	388,372	403,767	418,326	428,082	434,797
Mortgage transactions (during period)										
20 Purchases	267,402	239,793	174,043	19,402	24,313	15,658	16,536	24,648	n.a.	n.a.
21 Sales	250,565	233,031	166,901	18,823	22,277	15,364	15,549	23,367	31,219	33,670
22 Mortgage commitments contracted (during period)[9]	281,899	228,432	169,231	20,012	21,780	18,685	17,664	26,682	32,758	39,897

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 the Federal National Mortgage Association exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

	Type of holder and property	1996[r]	1997[r]	1998[r]	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
1	**All holders**	**5,198,237**	**5,698,389**	**6,326,415**	**6,426,515**	**6,592,329**	**6,744,667**	**6,889,962**	**7,016,475**
	By type of property								
2	One- to four-family residences	3,968,218	4,348,553	4,773,876	4,832,886	4,962,031	5,087,538	5,193,000	5,284,886
3	Multifamily residences	302,642	330,718	372,619	387,188	390,753	399,232	409,216	418,762
4	Nonfarm, nonresidential	837,077	922,612	1,076,958	1,102,565	1,133,107	1,149,940	1,178,909	1,202,752
5	Farm	90,300	96,506	102,962	103,875	106,437	107,957	108,836	110,075
	By type of holder								
6	Major financial institutions	2,084,000	2,195,869	2,396,265	2,458,194	2,550,201	2,606,592	2,621,076	2,667,125
7	Commercial banks[2]	1,245,334	1,338,273	1,496,844	1,548,224	1,615,794	1,650,294	1,661,600	1,688,869
8	One- to four-family	745,777	798,009	880,208	905,270	949,223	968,831	966,609	978,227
9	Multifamily	50,705	54,174	67,666	72,509	75,795	77,031	77,821	79,890
10	Nonfarm, nonresidential	421,865	457,054	517,130	537,772	557,059	570,513	583,153	596,518
11	Farm	26,987	29,035	31,839	32,673	33,717	33,919	34,016	34,234
12	Savings institutions[3]	631,826	643,957	668,634	680,745	701,992	721,563	723,534	741,114
13	One- to four-family	520,782	533,895	549,046	560,018	578,612	595,518	595,053	608,289
14	Multifamily	59,540	56,847	59,168	57,790	59,174	60,077	61,094	62,666
15	Nonfarm, nonresidential	51,150	52,798	59,945	62,444	63,688	65,437	66,852	69,589
16	Farm	354	417	475	493	518	531	535	569
17	Life insurance companies	206,840	213,640	230,787	229,225	232,415	234,735	235,942	237,142
18	One- to four-family	7,187	6,590	5,934	5,567	5,237	4,907	4,904	4,800
19	Multifamily	30,402	31,522	32,818	32,634	33,121	33,478	33,681	33,867
20	Nonfarm, nonresidential	158,779	164,004	179,048	178,043	180,701	182,646	183,757	184,774
21	Farm	10,472	11,524	12,987	12,981	13,356	13,704	13,600	13,701
22	Federal and related agencies	286,194	293,602	322,132	322,917	332,642	336,682	343,962	346,276
23	Government National Mortgage Association	8	7	7	7	7	6	6	6
24	One- to four-family	8	7	7	7	7	6	6	6
25	Multifamily	0	0	0	0	0	0	0	0
26	Farmers Home Administration[4]	41,195	40,851	73,871	72,899	72,896	73,009	73,323	73,361
27	One- to four-family	17,253	16,895	16,506	16,456	16,435	16,444	16,372	16,297
28	Multifamily	11,720	11,739	11,741	11,732	11,729	11,734	11,733	11,725
29	Nonfarm, nonresidential	7,370	7,705	41,355	40,509	40,554	40,665	41,070	41,247
30	Farm	4,852	4,513	4,268	4,202	4,179	4,167	4,148	4,093
31	Federal Housing and Veterans' Administrations	3,811	3,674	3,712	3,794	3,845	3,395	3,507	2,873
32	One- to four-family	1,767	1,849	1,851	1,847	1,832	1,327	1,308	1,276
33	Multifamily	2,044	1,825	1,861	1,947	2,013	2,068	2,199	1,597
34	Resolution Trust Corporation	0	0	0	0	0	0	0	0
35	One- to four-family	0	0	0	0	0	0	0	0
36	Multifamily	0	0	0	0	0	0	0	0
37	Nonfarm, nonresidential	0	0	0	0	0	0	0	0
38	Farm	0	0	0	0	0	0	0	0
39	Federal Deposit Insurance Corporation	724	361	152	98	72	82	45	50
40	One- to four-family	117	58	25	16	12	13	7	8
41	Multifamily	140	70	29	19	14	16	9	10
42	Nonfarm, nonresidential	467	233	98	63	46	53	29	32
43	Farm	0	0	0	0	0	0	0	0
44	Federal National Mortgage Association	161,308	157,675	151,500	150,312	153,507	152,815	155,363	156,294
45	One- to four-family	149,831	147,594	141,195	139,986	142,478	141,786	144,150	145,014
46	Multifamily	11,477	10,081	10,305	10,326	11,029	11,029	11,213	11,280
47	Federal Land Banks	30,657	32,983	34,187	34,142	34,830	35,549	36,326	37,072
48	One- to four-family	1,804	1,941	2,012	2,009	2,049	2,092	2,137	2,181
49	Farm	0	0	0	0	0	0	0	0
50	Federal Home Loan Mortgage Corporation	48,454	57,085	56,676	57,009	56,972	57,046	59,240	60,110
51	One- to four-family	42,629	49,106	44,321	43,384	42,892	42,138	42,871	42,771
52	Multifamily	5,825	7,979	12,355	13,625	14,080	14,908	16,369	17,339
53	Mortgage pools or trusts[5]	2,232,848	2,581,969	2,947,760	2,983,365	3,034,691	3,115,138	3,231,195	3,305,311
54	Government National Mortgage Association	536,879	537,446	582,263	589,192	590,708	602,628	611,629	601,540
55	One- to four-family	523,225	522,498	565,189	571,506	572,661	584,152	592,700	581,760
56	Multifamily	13,654	14,948	17,074	17,686	18,047	18,476	18,929	19,780
57	Federal Home Loan Mortgage Corporation	579,385	646,459	749,081	757,106	768,641	790,891	822,310	833,616
58	One- to four-family	576,846	643,465	744,619	752,607	763,890	786,007	816,602	827,769
59	Multifamily	2,539	2,994	4,462	4,499	4,751	4,884	5,708	5,847
60	Federal National Mortgage Association	709,582	834,517	960,883	975,815	995,815	1,020,828	1,057,750	1,099,049
61	One- to four-family	687,981	804,204	924,941	932,178	957,584	981,206	1,016,398	1,055,412
62	Multifamily	21,601	30,313	35,942	43,637	38,231	39,622	41,352	43,637
63	Farmers Home Administration[4]	2	1	0	0	0	0	0	0
64	One- to four-family	0	0	0	0	0	0	0	0
65	Multifamily	0	0	0	0	0	0	0	0
66	Nonfarm, nonresidential	0	0	0	0	0	0	0	0
67	Farm	2	1	0	0	0	0	0	0
68	Private mortgage conduits	407,000	563,546	655,533	661,252	679,527	700,792[r]	739,506	771,106
69	One- to four-family[6]	310,659	405,153	455,021	455,623	464,593	477,899	499,834	523,300
70	Multifamily	20,907	33,754	42,226	43,069	44,290	45,991	49,322	50,639
71	Nonfarm, nonresidential	75,434	124,639	158,287	162,560	170,644	176,901	190,350	197,167
72	Farm	0	0	0	0	0	0	0	0
73	Individuals and others[7]	595,195	626,949	660,258	662,039	674,794	686,254	693,729	697,763
74	One- to four-family	382,315	416,335	441,205	442,006	454,314	470,762	478,118	481,485
75	Multifamily	72,088	74,462	76,740	77,466	78,179	79,587	79,566	80,268
76	Nonfarm, nonresidential	122,013	116,178	121,095	121,174	120,415	113,725	113,697	113,424
77	Farm	18,779	19,974	21,217	21,393	21,886	22,179	22,348	22,586

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	1998	1999	2000r	2000 Nov.	2000 Dec.r	2001 Jan.r	2001 Feb.r	2001 Mar.r	2001 Apr.
	Seasonally adjusted								
1 **Total**	**1,301,023**	**1,393,657**	**1,531,469**	**1,525,073r**	**1,531,469**	**1,548,486**	**1,562,937**	**1,570,368**	**1,584,329**
2 Revolving	560,504	595,610	663,830	660,992r	663,830	669,780	681,384	688,166	697,360
3 Nonrevolving[2]	740,519	798,047	867,639	864,081r	867,639	878,706	881,553	882,203	886,970
	Not seasonally adjusted								
4 **Total**	**1,331,742**	**1,426,151**	**1,566,457**	**1,532,836r**	**1,566,457**	**1,560,357**	**1,558,086**	**1,557,971**	**1,570,179**
By major holder									
5 Commercial banks	508,932	499,758	541,470	529,911r	541,470	539,796	535,137	534,545	540,781
6 Finance companies	168,491	181,573	193,189	197,759	193,189	187,029	187,493	185,874	191,161
7 Credit unions	155,406	167,921	184,434	183,772	184,434	184,120	183,548	182,918	184,248
8 Savings institutions	51,611	61,527	64,557	63,879r	64,557	64,667	64,777	64,887	64,950
9 Nonfinancial business	74,877	80,311	82,662	73,786	82,662	77,685	73,020	71,757	71,510
10 Pools of securitized assets[3]	372,425	435,061	500,145	483,729	500,145	507,060	514,111	517,990	517,529
By major type of credit[4]									
11 Revolving	586,528	623,245	693,645	664,463r	693,645	681,812	682,143	681,139	690,146
12 Commercial banks	210,346	189,352	218,063	206,121	218,063	211,006	208,192	208,924	215,185
13 Finance companies	32,309	33,814	38,251	37,956	38,251	37,098	36,938	35,626	36,044
14 Credit unions	19,930	20,641	22,226	21,656	22,226	21,714	21,415	20,902	21,103
15 Savings institutions	12,450	15,838	16,560	16,482r	16,560	16,701	16,842	16,983	16,975
16 Nonfinancial business	39,166	42,783	42,430	36,430	42,430	38,934	35,290	34,150	33,815
17 Pools of securitized assets[3]	272,327	320,817	356,114	345,817	356,114	356,359	363,466	364,554	367,024
18 Nonrevolving	745,214	802,906	872,812	868,373r	872,812	878,545	875,943	876,832	880,033
19 Commercial banks	298,586	310,406	323,407	323,789r	323,407	328,790	326,945	325,621	325,597
20 Finance companies	136,182	147,759	154,938	159,803	154,938	149,931	150,555	150,249	155,117
21 Credit unions	135,476	147,280	162,208	162,116	162,208	162,406	162,133	162,016	163,145
22 Savings institutions	39,161	45,689	47,997	47,397r	47,997	47,966	47,935	47,904	47,975
23 Nonfinancial business	35,711	37,528	40,232	37,356	40,232	38,750	37,729	37,607	37,694
24 Pools of securitized assets[3]	100,098	114,244	144,031	137,912	144,031	150,701	150,645	153,436	150,506

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals, excluding loans secured by real estate. 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 motor vehicle loans, mobile home loans, and all other loans that are not included in revolving credit, such as loans for education, boats, trailers, or vacations. These loans may be secured or unsecured.
3. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.
4. 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	1998	1999	2000	2000 Oct.	2000 Nov	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	8.72	8.44	9.34	n.a.	9.63	n.a.	n.a.	9.17	n.a.	n.a.
2 24-month personal	13.74	13.39	13.90	n.a.	14.12	n.a.	n.a.	13.71	n.a.	n.a.
Credit card plan										
3 All accounts	15.71	15.21	15.71	n.a.	15.99	n.a.	n.a.	15.66	n.a.	n.a.
4 Accounts assessed interest	15.59	14.81	14.91	n.a.	15.23	n.a.	n.a.	14.61	n.a.	n.a.
Auto finance companies										
5 New car	6.30	6.66	6.61	4.74	5.41	7.45	7.29	7.19	6.80	6.80
6 Used car	12.64	12.60	13.55	13.87	13.66	13.58	13.11	13.34	13.19	12.82
OTHER TERMS[3]										
Maturity (months)										
7 New car	52.1	52.7	54.9	57.6	57.3	55.2	54.3	55.5	55.6	56.3
8 Used car	53.5	55.9	57.0	57.0	56.8	56.6	57.8	58.0	58.0	57.9
Loan-to-value ratio										
9 New car	92	92	92	93	93	91	90	91	91	91
10 Used car	99	99	99	100	100	100	98	99	100	100
Amount financed (dollars)										
11 New car	19,083	19,880	20,923	22,069	22,443	21,867	21,315	21,993	22,131	21,914
12 Used car	12,691	13,642	14,058	13,978	14,325	14,591	14,155	14,095	14,214	14,347

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	1995	1996	1997	1998	1999	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
						Nonfinancial sectors						
1 **Total net borrowing by domestic nonfinancial sectors**	**711.1**	**731.3**	**804.6**	**1,011.4**	**1,088.8**	**1,150.9**	**1,051.9**	**917.1**	**952.3**	**752.2**	**829.1**	**965.5**
By sector and instrument												
2 Federal government	144.4	145.0	23.1	−52.6	−71.2	−68.9	−34.0	−215.5	−414.0	−219.5	−334.5	−10.8
3 Treasury securities	142.9	146.6	23.2	−54.6	−71.0	−68.9	−34.0	−213.5	−415.8	−217.1	−333.3	−8.6
4 Budget agency securities and mortgages	1.5	−1.6	−.1	2.0	−.2	.0	.0	−2.1	1.8	−2.4	−1.2	−2.2
5 Nonfederal	566.7	586.3	781.5	1,064.0	1,160.0	1,219.8	1,085.9	1,132.6	1,366.2	971.8	1,163.5	976.3
By instrument												
6 Commercial paper	18.1	−.9	13.7	24.4	37.4	49.8	44.0	29.8	110.4	56.1	−4.0	−207.2
7 Municipal securities and loans	−48.2	2.6	71.4	96.8	68.2	71.3	52.5	8.9	34.0	29.8	68.6	94.3
8 Corporate bonds	91.1	116.3	150.5	218.7	229.9	202.8	155.2	186.2	153.8	184.4	175.6	400.0
9 Bank loans n.e.c.	103.7	70.5	106.5	108.2	82.7	112.3	108.6	131.9	163.1	31.7	86.5	−11.3
10 Other loans and advances	67.2	33.5	69.1	74.3	60.6	74.0	39.7	155.6	126.6	−10.1	145.1	−8.9
11 Mortgages	195.8	275.7	317.7	474.0	586.9	633.4	576.3	475.0	640.4	557.4	568.1	553.8
12 Home	181.0	242.1	252.3	379.7	426.1	473.6	391.3	336.5	482.4	428.4	413.5	406.3
13 Multifamily residential	6.1	9.0	8.2	19.9	39.6	40.6	51.0	28.8	43.9	29.5	40.3	40.8
14 Commercial	7.1	22.0	54.1	68.2	115.6	112.2	131.6	102.3	104.3	93.2	110.6	101.5
15 Farm	1.6	2.6	3.2	6.2	5.5	7.0	2.5	7.3	9.7	6.2	3.7	5.1
16 Consumer credit	138.9	88.8	52.5	67.6	94.4	76.2	109.5	145.3	137.9	122.5	123.7	155.6
By borrowing sector												
17 Household	363.5	357.8	337.1	472.1	532.4	574.8	492.2	516.2	632.7	550.5	565.2	559.9
18 Nonfinancial business	254.7	235.3	388.2	511.7	575.3	592.6	560.1	612.7	712.7	397.6	537.9	326.5
19 Corporate	227.5	149.1	266.5	392.0	454.7	452.5	421.9	480.8	578.5	282.3	407.5	231.8
20 Nonfarm noncorporate	24.3	81.4	115.6	112.0	115.3	131.6	132.7	116.5	125.1	109.3	116.5	85.7
21 Farm	2.9	4.8	6.2	7.7	5.2	8.5	5.6	15.4	9.1	6.0	13.9	9.1
22 State and local government	−51.5	−6.8	56.1	80.3	52.3	52.5	33.6	3.8	20.8	23.6	60.4	89.9
23 Foreign net borrowing in United States	78.5	88.4	71.8	43.3	25.3	77.3	17.6	118.0	−7.6	89.3	66.3	−27.0
24 Commercial paper	13.5	11.3	3.7	7.8	16.3	41.1	33.6	57.8	12.0	7.0	50.1	−25.4
25 Bonds	57.1	67.0	61.4	34.8	14.2	44.0	−2.7	45.7	−27.4	71.8	9.2	−1.4
26 Bank loans n.e.c.	8.5	9.1	8.5	6.7	.5	−6.6	2.3	15.4	5.7	11.9	12.2	10.3
27 Other loans and advances	−.5	1.0	−1.8	−6.0	−5.7	−1.1	−15.5	−.9	2.0	−1.5	−5.2	−10.5
28 **Total domestic plus foreign**	**789.6**	**819.7**	**876.3**	**1,054.7**	**1,114.1**	**1,228.2**	**1,069.5**	**1,035.1**	**944.6**	**841.5**	**895.4**	**938.4**
						Financial sectors						
29 **Total net borrowing by financial sectors**	**454.0**	**545.7**	**653.8**	**1,073.9**	**1,077.2**	**1,059.1**	**1,047.6**	**586.4**	**819.3**	**725.5**	**1,075.9**	**893.6**
By instrument												
30 Federal government-related	204.2	231.4	212.9	470.9	592.0	651.6	550.1	248.6	370.4	503.4	612.1	461.1
31 Government-sponsored enterprise securities	105.9	90.4	98.4	278.3	318.2	407.1	367.9	104.9	248.9	278.1	304.8	264.1
32 Mortgage pool securities	98.3	141.0	114.6	192.6	273.8	244.5	182.2	143.7	121.6	225.3	307.3	197.0
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	249.8	314.4	440.9	603.0	485.3	407.5	497.4	337.8	448.9	222.1	463.8	432.5
35 Open market paper	42.7	92.2	166.7	161.0	176.2	89.9	479.0	130.9	77.4	65.2	237.5	−119.5
36 Corporate bonds	195.9	173.8	210.5	296.9	211.1	174.4	−36.6	135.1	233.0	188.3	211.6	456.8
37 Bank loans n.e.c.	2.5	12.6	13.2	30.1	−14.3	−5.9	−55.6	.3	5.4	−.7	−6.2	23.6
38 Other loans and advances	3.4	27.9	35.6	90.2	107.1	139.8	107.5	64.4	123.1	−36.7	19.1	79.2
39 Mortgages	5.3	7.9	14.9	24.8	5.1	9.4	3.2	7.0	10.0	6.0	1.8	−7.5
By borrowing sector												
40 Commercial banking	22.5	13.0	46.1	72.9	67.2	107.0	54.1	72.4	113.2	23.5	30.8	138.4
41 Savings institutions	2.6	25.5	19.7	52.2	48.0	51.9	5.8	40.6	59.1	−23.4	32.7	40.8
42 Credit unions	−.1	.1	.1	.6	2.2	2.8	3.3	−2.9	.9	1.1	1.0	−.2
43 Life insurance companies	−.1	1.1	.2	.7	.7	1.1	−4.4	−.7	−1.1	−.3	−.7	−2.4
44 Government-sponsored enterprises	105.9	90.4	98.4	278.3	318.2	407.1	367.9	104.9	248.9	278.1	304.8	264.1
45 Federally related mortgage pools	98.3	141.0	114.6	192.6	273.8	244.5	182.2	143.7	121.6	225.3	307.3	197.0
46 Issuers of asset-backed securities (ABSs)	142.4	150.8	202.2	321.4	223.4	215.4	108.6	134.6	157.1	148.0	311.3	277.0
47 Finance companies	50.2	45.9	48.7	43.0	62.4	−17.2	99.2	52.3	103.9	96.9	45.6	−43.8
48 Mortgage companies	−2.2	4.1	−4.6	1.6	.2	−6.1	6.2	−3.0	2.7	−.3	1.0	.7
49 Real estate investment trusts (REITs)	4.5	11.9	39.6	62.7	6.3	7.9	11.3	11.5	9.8	−2.4	−8.1	−6.1
50 Brokers and dealers	−5.0	−2.0	8.1	7.2	−17.2	17.8	−37.3	44.4	−.7	25.4	−6.6	−23.9
51 Funding corporations	34.9	64.1	80.7	40.7	92.2	27.0	250.6	−11.4	4.0	−46.4	56.8	51.8

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1995	1996	1997	1998	1999	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
	All sectors											
52 **Total net borrowing, all sectors**	**1,243.7**	**1,365.4**	**1,530.1**	**2,128.6**	**2,191.3**	**2,287.4**	**2,117.1**	**1,621.5**	**1,763.9**	**1,567.0**	**1,971.3**	**1,832.1**
53 Open market paper	74.3	102.6	184.1	193.1	229.9	180.7	556.6	218.4	199.8	128.4	283.6	−352.1
54 U.S. government securities	348.6	376.4	236.0	418.3	520.7	582.7	516.1	33.0	−43.5	283.8	277.6	450.3
55 Municipal securities	−48.2	2.6	71.4	96.8	68.2	71.3	52.5	8.9	34.0	29.8	68.6	94.3
56 Corporate and foreign bonds	344.1	357.0	422.4	550.4	455.2	421.2	115.9	367.0	359.5	444.6	396.4	855.4
57 Bank loans n.e.c.	114.7	92.1	128.2	145.0	68.9	99.8	55.2	147.7	174.2	42.9	92.5	22.6
58 Other loans and advances	70.1	62.5	102.8	158.5	162.0	212.8	131.7	219.2	251.7	−48.3	159.0	59.7
59 Mortgages	201.1	283.5	332.6	498.8	592.0	642.7	579.5	482.0	650.4	563.4	569.9	546.3
60 Consumer credit	138.9	88.8	52.5	67.6	94.4	76.2	109.5	145.3	137.9	122.5	123.7	155.6
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**131.7**	**231.7**	**181.2**	**101.6**	**161.6**	**129.6**	**178.1**	**366.3**	**142.4**	**170.9**	**−170.9**	**127.4**
62 Corporate equities	−15.7	−5.9	−83.9	−173.0	−26.7	2.2	5.2	60.2	−95.2	−88.9	−342.0	22.7
63 Nonfinancial corporations	−58.3	−69.5	−114.4	−267.0	−143.5	−128.4	−55.0	61.2	−245.2	−87.7	−394.8	−33.9
64 Foreign shares purchased by U.S. residents	50.4	82.8	57.6	101.2	114.4	121.7	71.3	63.3	180.1	61.1	90.5	79.8
65 Financial corporations	−7.8	−19.2	−27.1	−7.3	2.4	8.8	−11.1	−64.2	−30.2	−62.3	−37.8	−23.2
66 Mutual fund shares	147.4	237.6	265.1	274.6	188.3	127.5	172.8	306.1	237.6	259.8	171.1	104.7

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	1995	1996	1997	1998	1999	1999		2000				2001
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**1,243.7**	**1,365.4**	**1,530.1**	**2,128.6**	**2,191.3**	**2,287.4**	**2,117.1**	**1,621.5**	**1,763.9**	**1,567.0**	**1,971.3**	**1,832.1**
2 Domestic nonfederal nonfinancial sectors	−65.7	81.0	−17.3	106.3	231.5	202.7	−41.2	−148.2	120.8	−236.9	−212.5	−261.2
3 Household	29.7	129.3	−2.6	−12.2	189.4	238.4	2.7	−224.5	61.8	−218.5	−233.3	−279.3
4 Nonfinancial corporate business	−8.8	−10.2	−12.7	−16.0	−2.8	5.8	−47.6	71.5	14.9	−3.2	−35.5	10.3
5 Nonfarm noncorporate business	4.7	−4.3	−2.1	.1	1.5	.8	1.4	2.6	2.8	3.8	4.3	4.4
6 State and local governments	−91.4	−33.7	.1	134.5	43.4	−42.4	2.4	2.3	41.4	−19.0	52.1	3.4
7 Federal government	−.5	−7.2	5.1	13.5	5.8	11.2	−11.7	6.5	7.7	4.5	10.2	6.1
8 Rest of the world	273.9	414.4	311.3	254.2	210.6	385.3	138.7	325.9	207.1	205.6	381.1	112.4
9 Financial sectors	1,036.0	877.1	1,231.0	1,754.5	1,743.4	1,688.2	2,031.3	1,437.2	1,428.4	1,593.8	1,792.4	1,974.7
10 Monetary authority	12.7	12.3	38.3	21.1	25.7	20.6	−42.2	103.4	−3.9	27.3	7.9	55.0
11 Commercial banking	265.9	187.5	324.3	305.2	308.2	449.4	548.7	377.1	484.6	369.3	203.8	108.4
12 U.S.-chartered banks	186.5	119.6	274.9	312.0	317.6	421.9	457.7	409.2	505.6	332.8	111.6	63.9
13 Foreign banking offices in United States	75.4	63.3	40.2	−11.9	−20.1	33.2	42.0	4.8	−29.9	30.9	90.4	40.7
14 Bank holding companies	−.3	3.9	5.4	−.9	6.2	−12.4	42.6	−42.2	3.5	−6.7	−3.2	7.3
15 Banks in U.S.-affiliated areas	4.2	.7	3.7	6.0	4.4	6.6	6.3	5.4	5.4	12.3	5.1	−3.6
16 Savings institutions	−7.6	19.9	−4.7	36.1	68.6	58.1	20.2	56.3	71.2	58.2	40.1	50.5
17 Credit unions	16.2	25.5	16.8	19.0	27.5	27.5	18.8	35.6	36.6	28.5	25.0	39.0
18 Bank personal trusts and estates	−8.3	−7.7	−25.0	−12.8	27.8	27.8	27.8	18.9	13.8	17.6	18.1	10.7
19 Life insurance companies	100.0	69.6	104.8	76.9	53.5	36.8	30.7	51.3	50.9	81.5	73.1	71.9
20 Other insurance companies	21.5	22.5	25.2	20.4	−4.2	−14.4	−9.4	−14.0	−18.1	6.0	−4.0	16.3
21 Private pension funds	19.9	−4.1	47.6	56.4	45.0	5.9	49.8	46.8	24.7	68.9	28.7	35.7
22 State and local government retirement funds	38.3	35.8	67.1	72.1	46.9	40.0	46.2	63.3	31.5	1.1	80.6	58.8
23 Money market mutual funds	86.5	88.8	87.5	244.0	182.0	224.8	354.5	208.8	−156.2	244.9	297.9	357.7
24 Mutual funds	52.5	48.9	80.9	124.8	47.2	−13.0	−12.7	−77.8	63.7	46.3	74.4	56.4
25 Closed-end funds	10.5	4.7	−2.6	5.5	6.9	6.9	6.9	−8.8	−8.8	−8.8	−8.8	−8.8
26 Government-sponsored enterprises	86.7	84.2	94.3	261.7	235.5	275.9	225.3	138.2	222.3	158.9	302.8	289.9
27 Federally related mortgage pools	98.3	141.0	114.6	192.6	273.8	244.5	182.2	143.7	121.6	225.3	307.3	197.0
28 Asset-backed securities issuers (ABSs)	120.6	120.5	163.8	281.7	205.2	206.9	78.8	114.0	122.6	112.8	282.4	257.0
29 Finance companies	49.9	18.4	21.9	51.9	94.9	91.7	114.4	132.9	138.9	81.4	44.3	−16.7
30 Mortgage companies	−3.4	8.2	−9.1	3.2	.3	−12.1	12.3	−6.0	5.5	−.5	2.0	1.4
31 Real estate investment trusts (REITs)	1.4	4.4	20.2	−5.1	−2.6	−2.7	−7.0	−16.3	−2.5	−3.6	−2.8	4.0
32 Brokers and dealers	90.1	−15.7	14.9	6.8	−34.7	−6.7	−30.5	96.6	58.6	181.4	−61.0	284.1
33 Funding corporations	−15.7	12.6	50.4	−6.9	135.9	20.3	416.5	−26.6	171.6	−102.9	80.5	106.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**1,243.7**	**1,365.4**	**1,530.1**	**2,128.6**	**2,191.3**	**2,287.4**	**2,117.1**	**1,621.5**	**1,763.9**	**1,567.0**	**1,971.3**	**1,832.1**
Other financial sources												
35 Official foreign exchange	8.8	−6.3	.7	6.6	−8.7	−8.5	−7.0	1.5	−8.8	.7	4.9	−10.5
36 Special drawing rights certificates	2.2	−.5	−.5	.0	−3.0	−4.0	−4.0	.0	−8.0	−4.0	−4.0	.0
37 Treasury currency	.7	.5	.5	.6	1.0	2.0	.0	2.2	3.2	4.2	.0	−1.1
38 Foreign deposits	35.3	85.9	108.9	2.0	86.5	69.4	52.7	258.5	8.5	−16.0	192.7	40.0
39 Net interbank transactions	10.0	−51.6	−19.7	−32.3	17.6	−30.8	−40.7	−64.7	150.3	−148.6	−17.2	−168.8
40 Checkable deposits and currency	−12.8	15.7	41.2	47.4	151.4	139.3	365.2	−219.1	−65.0	49.2	−50.2	83.8
41 Small time and savings deposits	96.6	97.2	97.1	152.4	44.7	119.1	28.0	104.3	130.3	238.5	290.8	287.6
42 Large time deposits	65.6	114.0	122.5	92.1	130.6	102.7	359.4	149.2	108.4	141.5	75.3	125.7
43 Money market fund shares	141.2	145.4	155.9	287.2	249.1	174.3	485.5	241.0	48.2	241.9	402.2	623.0
44 Security repurchase agreements	110.5	41.4	120.9	91.3	169.7	191.4	310.5	257.4	156.8	238.6	−209.3	−44.4
45 Corporate equities	−15.7	−5.9	−83.9	−173.0	−26.7	2.2	5.2	60.2	−95.2	−88.9	−342.0	22.7
46 Mutual fund shares	147.4	237.6	265.1	274.6	188.3	127.5	172.8	306.1	237.6	259.8	171.1	104.7
47 Trade payables	127.5	113.5	132.1	96.0	207.3	257.9	219.1	211.8	122.6	135.1	87.1	88.8
48 Security credit	26.7	52.4	111.0	103.3	104.3	29.7	321.3	489.9	−86.2	102.2	57.9	−118.8
49 Life insurance reserves	45.8	44.5	59.3	48.0	50.8	48.1	57.6	54.9	45.6	35.9	65.4	40.5
50 Pension fund reserves	158.8	148.3	201.4	202.1	184.5	191.7	164.0	212.7	262.7	197.4	188.7	273.0
51 Taxes payable	6.2	16.2	15.7	12.0	16.1	.4	18.3	22.7	29.9	−10.7	27.1	24.5
52 Investment in bank personal trusts	6.4	−5.3	−49.9	−42.5	−7.1	−7.2	−6.9	−5.9	−10.6	−6.6	−5.5	−14.1
53 Noncorporate proprietors' equity	36.5	−11.9	−50.2	−50.0	−10.8	−59.6	7.0	−20.7	−3.6	31.6	−2.6	−5.4
54 Miscellaneous	505.4	532.1	487.5	936.5	654.6	499.0	518.4	962.3	1,194.5	1,210.2	673.5	590.5
55 **Total financial sources**	**2,746.6**	**2,928.8**	**3,245.7**	**4,182.8**	**4,391.3**	**4,131.7**	**5,143.8**	**4,645.7**	**3,985.3**	**4,178.9**	**3,577.4**	**3,773.5**
Liabilities not identified as assets (−)												
56 Treasury currency	−.3	−.4	−.2	−.1	−.7	.2	−2.2	−1.8	−.7	.9	−3.3	−2.5
57 Foreign deposits	25.1	59.6	107.4	−13.0	71.3	26.4	114.4	211.5	−77.1	−75.0	160.0	17.3
58 Net interbank liabilities	−3.1	−3.3	−19.9	3.4	3.5	−7.0	−23.7	24.4	−4.3	−18.3	68.6	16.4
59 Security repurchase agreements	25.7	2.4	63.2	60.4	29.9	131.1	−225.4	560.7	56.8	104.9	−286.4	−87.3
60 Taxes payable	21.1	23.1	28.0	13.9	3.6	3.0	−4.9	7.9	5.7	−20.1	32.3	17.4
61 Miscellaneous	−208.4	−137.2	−148.6	−207.7	−436.0	−540.7	−319.1	−437.9	−323.0	−49.2	−189.1	160.3
Floats not included in assets (−)												
62 Federal government checkable deposits	−6.0	.5	−2.7	2.6	−7.4	8.6	−9.2	28.7	−2.6	−2.0	11.9	−10.7
63 Other checkable deposits	−3.8	−4.0	−3.9	−3.1	−.8	−.3	.0	.6	1.5	1.9	2.7	3.3
64 Trade credit	14.1	−21.9	−28.5	−44.6	57.5	79.3	185.5	−19.9	−47.8	−41.0	41.6	−1.9
65 **Total identified to sectors as assets**	**2,882.3**	**3,010.1**	**3,250.9**	**4,371.1**	**4,670.4**	**4,431.1**	**5,428.4**	**4,271.7**	**4,377.0**	**4,276.9**	**3,739.1**	**3,661.2**

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	1996	1997	1998	1999	1999		2000				2001
					Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**14,443.7**	**15,246.8**	**16,258.2**	**17,381.6**	**17,052.5**	**17,381.6**	**17,609.4**	**17,784.7**	**17,984.2**	**18,263.4**	**18,506.5**
By sector and instrument											
2 Federal government	3,781.8	3,804.9	3,752.2	3,681.0	3,633.4	3,681.0	3,653.5	3,464.0	3,410.2	3,385.2	3,408.8
3 Treasury securities	3,755.1	3,778.3	3,723.7	3,652.8	3,605.1	3,652.8	3,625.8	3,435.7	3,382.6	3,357.8	3,382.1
4 Budget agency securities and mortgages	26.6	26.5	28.5	28.3	28.3	28.3	27.8	28.2	27.6	27.3	26.8
5 Nonfederal	10,662.0	11,441.9	12,505.9	13,700.6	13,419.1	13,700.6	13,955.9	14,320.7	14,574.0	14,878.2	15,097.6
By instrument											
6 Commercial paper	156.4	168.6	193.0	230.3	239.3	230.3	260.8	296.8	307.0	278.4	253.2
7 Municipal securities and loans	1,296.0	1,367.5	1,464.3	1,532.5	1,518.6	1,532.5	1,539.2	1,551.6	1,550.3	1,567.8	1,596.6
8 Corporate bonds	1,460.4	1,610.9	1,829.6	2,059.5	2,020.7	2,059.5	2,106.0	2,144.5	2,190.6	2,234.5	2,334.5
9 Bank loans n.e.c.	934.1	1,040.5	1,148.8	1,231.5	1,202.9	1,231.5	1,259.1	1,307.2	1,311.6	1,334.8	1,326.2
10 Other loans and advances	770.4	839.5	913.8	974.6	963.1	974.6	1,020.1	1,049.5	1,052.2	1,090.0	1,094.6
11 Mortgages	4,833.1	5,150.8	5,624.8	6,246.1	6,104.5	6,246.1	6,354.7	6,517.1	6,667.1	6,806.3	6,934.7
12 Home	3,719.0	3,971.3	4,351.0	4,777.1	4,681.8	4,777.1	4,851.1	4,974.1	5,091.8	5,192.4	5,283.9
13 Multifamily residential	278.4	286.6	306.5	346.4	333.6	346.4	353.6	364.6	371.9	382.0	392.2
14 Commercial	748.6	802.6	870.8	1,020.5	987.6	1,020.5	1,046.1	1,072.2	1,095.5	1,123.1	1,148.5
15 Farm	87.1	90.3	96.5	102.0	101.4	102.0	103.9	106.3	107.8	108.8	110.0
16 Consumer credit	1,211.6	1,264.1	1,331.7	1,426.2	1,370.1	1,426.2	1,416.0	1,454.0	1,495.3	1,566.5	1,558.0
By borrowing sector											
17 Household	5,222.5	5,559.9	6,032.0	6,564.6	6,413.2	6,564.6	6,632.7	6,800.2	6,968.6	7,149.9	7,227.6
18 Nonfinancial business	4,376.1	4,762.5	5,274.2	5,883.9	5,763.5	5,883.9	6,065.9	6,254.8	6,342.3	6,449.1	6,563.5
19 Corporate	3,095.3	3,359.9	3,751.9	4,241.0	4,154.7	4,241.0	4,392.5	4,544.7	4,603.7	4,678.3	4,771.4
20 Nonfarm noncorporate	1,130.9	1,246.5	1,358.4	1,473.8	1,440.2	1,473.8	1,503.2	1,534.5	1,561.1	1,590.6	1,612.3
21 Farm	149.9	156.1	163.8	169.0	168.6	169.0	170.3	175.7	177.5	180.2	179.8
22 State and local government	1,063.4	1,119.5	1,199.8	1,252.1	1,242.4	1,252.1	1,257.3	1,265.7	1,263.1	1,279.3	1,306.5
23 **Foreign credit market debt held in United States**	**542.2**	**608.0**	**651.4**	**676.9**	**672.9**	**676.9**	**704.6**	**699.3**	**727.8**	**743.4**	**736.6**
24 Commercial paper	67.5	65.1	72.9	89.2	81.8	89.2	101.6	101.2	109.8	120.9	112.8
25 Bonds	366.3	427.7	462.5	476.7	477.4	476.7	488.1	481.3	499.2	501.5	501.2
26 Bank loans n.e.c.	43.7	52.1	58.9	59.4	58.8	59.4	63.3	64.7	67.7	70.7	73.3
27 Other loans and advances	64.7	63.0	57.2	51.7	55.0	51.7	51.7	52.1	51.2	50.3	49.4
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**14,985.9**	**15,854.7**	**16,909.6**	**18,058.6**	**17,725.4**	**18,058.6**	**18,314.0**	**18,484.0**	**18,712.0**	**19,006.8**	**19,243.1**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**4,824.5**	**5,445.2**	**6,519.1**	**7,596.3**	**7,340.1**	**7,596.3**	**7,725.8**	**7,946.3**	**8,140.2**	**8,410.0**	**8,616.4**
By instrument											
30 Federal government-related	2,608.2	2,821.1	3,292.0	3,884.0	3,745.9	3,884.0	3,940.1	4,035.3	4,164.0	4,317.6	4,426.1
31 Government-sponsored enterprise securities	896.9	995.3	1,273.6	1,591.7	1,499.8	1,591.7	1,618.0	1,680.2	1,749.7	1,825.9	1,891.9
32 Mortgage pool securities	1,711.3	1,825.8	2,018.4	2,292.2	2,246.1	2,292.2	2,322.1	2,355.2	2,414.3	2,491.7	2,534.2
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	2,216.3	2,624.1	3,227.1	3,712.4	3,594.2	3,712.4	3,785.7	3,911.0	3,976.1	4,092.5	4,190.2
35 Open market paper	579.1	745.7	906.7	1,082.9	963.4	1,082.9	1,115.7	1,135.2	1,151.6	1,210.7	1,180.8
36 Corporate bonds	1,378.4	1,555.9	1,852.8	2,064.0	2,084.3	2,064.0	2,095.7	2,165.2	2,219.4	2,267.9	2,380.6
37 Bank loans n.e.c.	64.0	77.2	107.2	92.9	105.2	92.9	91.4	92.7	92.5	92.6	96.8
38 Other loans and advances	162.9	198.5	288.7	395.8	365.4	395.8	404.4	436.9	430.2	438.3	450.9
39 Mortgages	31.9	46.8	71.6	76.7	75.9	76.7	78.5	81.0	82.5	82.9	81.1
By borrowing sector											
40 Commercial banks	113.6	140.6	188.6	230.0	224.2	230.0	242.2	265.4	265.2	266.7	273.9
41 Bank holding companies	150.0	168.6	193.5	219.3	211.8	219.3	221.4	229.3	236.9	242.5	266.0
42 Savings institutions	140.5	160.3	212.4	260.4	255.4	260.4	266.9	280.7	276.0	287.7	294.8
43 Credit unions	.4	.6	1.1	3.4	2.5	3.4	2.6	2.9	3.1	3.4	3.3
44 Life insurance companies	1.6	1.8	2.5	3.2	4.3	3.2	3.0	2.7	2.7	2.5	1.9
45 Government-sponsored enterprises	896.9	995.3	1,273.6	1,591.7	1,499.8	1,591.7	1,618.0	1,680.2	1,749.7	1,825.9	1,891.9
46 Federally related mortgage pools	1,711.3	1,825.8	2,018.4	2,292.2	2,246.1	2,292.2	2,322.1	2,355.2	2,414.3	2,491.7	2,534.2
47 Issuers of asset-backed securities (ABSs)	863.3	1,076.6	1,398.0	1,621.4	1,592.4	1,621.4	1,647.3	1,688.5	1,733.8	1,821.1	1,882.4
48 Brokers and dealers	27.3	35.3	42.5	25.3	34.6	25.3	36.4	36.2	42.6	40.9	35.0
49 Finance companies	529.8	554.5	597.5	659.9	628.5	659.9	670.7	699.2	716.5	734.6	721.4
50 Mortgage companies	20.6	16.0	17.7	17.8	16.3	17.8	17.1	17.8	17.7	17.9	18.1
51 Real estate investment trusts (REITs)	56.5	96.1	158.8	165.1	162.2	165.1	167.9	170.4	169.8	167.8	166.2
52 Funding corporations	312.7	373.7	414.4	506.6	462.0	506.6	510.1	517.9	511.9	507.3	527.2
	All sectors										
53 **Total credit market debt, domestic and foreign**	**19,810.4**	**21,300.0**	**23,428.7**	**25,654.9**	**25,065.5**	**25,654.9**	**26,039.8**	**26,430.3**	**26,852.2**	**27,416.8**	**27,859.5**
54 Open market paper	803.0	979.4	1,172.6	1,402.4	1,284.5	1,402.4	1,478.1	1,533.3	1,568.3	1,610.0	1,546.8
55 U.S. government securities	6,389.9	6,626.0	7,044.3	7,565.0	7,379.2	7,565.0	7,593.6	7,499.3	7,574.2	7,702.7	7,834.9
56 Municipal securities	1,296.0	1,367.5	1,464.3	1,532.5	1,518.6	1,532.5	1,539.2	1,551.6	1,550.3	1,567.8	1,596.6
57 Corporate and foreign bonds	3,205.1	3,594.5	4,144.9	4,600.1	4,582.4	4,600.1	4,689.8	4,791.0	4,909.2	5,003.9	5,216.2
58 Bank loans n.e.c.	1,041.7	1,169.8	1,314.9	1,383.8	1,366.9	1,383.8	1,413.7	1,464.6	1,471.7	1,498.1	1,496.3
59 Other loans and advances	998.0	1,101.0	1,259.6	1,422.1	1,383.4	1,422.1	1,476.2	1,538.5	1,533.6	1,578.6	1,594.9
60 Mortgages	4,865.1	5,197.7	5,696.4	6,322.8	6,180.4	6,322.8	6,433.2	6,598.1	6,749.5	6,889.2	7,015.7
61 Consumer credit	1,211.6	1,264.1	1,331.7	1,426.2	1,370.1	1,426.2	1,416.0	1,454.0	1,495.3	1,566.5	1,558.0

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	1996	1997	1998	1999	1999		2000				2001
					Q3	Q4	Q1	Q2	Q3	Q4	Q1
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**19,810.4**	**21,300.0**	**23,428.7**	**25,654.9**	**25,065.5**	**25,654.9**	**26,039.8**	**26,430.3**	**26,852.2**	**27,416.8**	**27,859.5**
2 Domestic nonfederal nonfinancial sectors	3,035.0	2,974.0	3,052.0	3,353.6	3,239.7	3,353.6	3,285.6	3,289.4	3,236.4	3,246.4	3,146.6
3 Household	2,122.0	2,075.7	2,035.1	2,294.6	2,185.6	2,294.6	2,232.4	2,217.2	2,167.2	2,152.9	2,075.2
4 Nonfinancial corporate business	270.2	257.5	241.5	238.7	235.1	238.7	232.1	237.6	240.7	250.6	226.9
5 Nonfarm noncorporate business	38.0	35.9	35.9	37.5	37.1	37.5	38.1	38.8	39.8	40.8	41.9
6 State and local governments	604.8	605.0	739.4	782.8	781.9	782.8	782.9	795.8	788.7	802.0	802.5
7 Federal government	200.2	205.4	219.1	258.0	260.7	258.0	259.6	261.6	262.7	265.2	268.3
8 Rest of the world	1,926.6	2,257.3	2,539.8	2,678.0	2,718.1	2,678.0	2,763.6	2,812.8	2,864.7	2,957.9	2,990.0
9 Financial sectors	14,648.6	15,863.2	17,617.7	19,365.3	18,846.9	19,365.3	19,731.0	20,066.5	20,488.4	20,947.3	21,454.6
10 Monetary authority	393.1	431.4	452.5	478.1	489.3	478.1	501.9	505.1	511.5	511.8	523.9
11 Commercial banking	3,707.7	4,031.9	4,335.7	4,643.9	4,488.3	4,643.9	4,725.0	4,847.4	4,931.0	5,002.6	5,016.7
12 U.S.-chartered banks	3,175.8	3,450.7	3,761.2	4,078.9	3,944.3	4,078.9	4,171.3	4,295.4	4,368.2	4,418.7	4,425.1
13 Foreign banking offices in United States	475.8	516.1	504.2	484.1	475.3	484.1	482.0	478.1	487.5	508.1	514.9
14 Bank holding companies	22.0	27.4	26.5	32.7	22.0	32.7	22.1	23.0	21.3	20.5	22.3
15 Banks in U.S.-affiliated areas	34.1	37.8	43.8	48.3	46.7	48.3	49.6	51.0	54.0	55.3	54.4
16 Savings institutions	933.2	928.5	964.6	1,033.2	1,030.5	1,033.2	1,045.8	1,062.5	1,082.2	1,089.7	1,101.0
17 Credit unions	288.5	305.3	324.2	351.7	348.5	351.7	359.0	370.8	378.6	383.1	391.3
18 Bank personal trusts and estates	232.0	207.0	194.1	222.0	215.0	222.0	226.7	230.2	234.6	239.1	241.8
19 Life insurance companies	1,657.0	1,751.1	1,828.0	1,886.0	1,880.4	1,886.0	1,900.1	1,911.6	1,933.7	1,950.2	1,969.2
20 Other insurance companies	491.2	515.3	535.7	531.6	533.9	531.6	528.0	523.5	525.0	524.0	528.1
21 Private pension funds	627.0	674.6	731.0	775.9	763.5	775.9	787.6	793.8	811.0	818.2	827.1
22 State and local government retirement funds	565.4	632.5	704.6	751.4	739.9	751.4	767.2	775.1	775.4	795.5	810.2
23 Money market mutual funds	634.3	721.9	965.9	1,147.8	1,049.7	1,147.8	1,217.1	1,159.4	1,212.5	1,296.7	1,403.8
24 Mutual funds	820.2	901.1	1,025.9	1,073.1	1,083.0	1,073.1	1,053.7	1,073.9	1,088.1	1,099.7	1,113.5
25 Closed-end funds	101.1	98.5	104.0	110.9	109.2	110.9	108.7	106.5	104.4	102.2	100.0
26 Government-sponsored enterprises	807.9	902.2	1,163.9	1,399.5	1,339.1	1,399.5	1,426.4	1,483.5	1,532.5	1,612.1	1,677.3
27 Federally related mortgage pools	1,711.3	1,825.8	2,018.4	2,292.2	2,246.1	2,292.2	2,322.1	2,355.2	2,414.3	2,491.7	2,534.2
28 Asset-backed securities issuers (ABSs)	773.9	937.7	1,219.4	1,424.6	1,403.1	1,424.6	1,445.4	1,477.9	1,514.5	1,594.5	1,650.9
29 Finance companies	544.5	566.4	618.4	713.3	678.2	713.3	747.0	780.6	795.5	812.6	809.3
30 Mortgage companies	41.2	32.1	35.3	35.6	32.5	35.6	34.1	35.5	35.4	35.9	36.2
31 Real estate investment trusts (REITs)	30.4	50.6	45.5	42.9	44.7	42.9	38.8	38.2	37.3	36.6	37.6
32 Brokers and dealers	167.7	182.6	189.4	154.7	166.8	154.7	194.6	187.9	243.3	223.6	312.3
33 Funding corporations	121.0	166.7	161.3	296.8	205.3	296.8	301.8	348.0	327.7	327.5	370.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**19,810.4**	**21,300.0**	**23,428.7**	**25,654.9**	**25,065.5**	**25,654.9**	**26,039.8**	**26,430.3**	**26,852.2**	**27,416.8**	**27,859.5**
Other liabilities											
35 Official foreign exchange	53.7	48.9	60.1	50.1	52.1	50.1	49.4	46.5	44.9	45.3	42.2
36 Special drawing rights certificates	9.7	9.2	9.2	6.2	7.2	6.2	6.2	4.2	3.2	2.2	2.2
37 Treasury currency	18.9	19.3	19.9	20.9	20.9	20.9	21.4	22.1	23.2	23.2	22.9
38 Foreign deposits	521.7	619.7	639.0	725.8	712.3	725.8	790.4	792.6	788.6	836.7	846.7
39 Net interbank liabilities	240.8	219.4	189.0	204.5	199.6	204.5	169.7	210.6	173.2	188.2	121.8
40 Checkable deposits and currency	1,244.8	1,286.1	1,333.4	1,484.8	1,353.8	1,484.8	1,392.9	1,409.7	1,385.7	1,413.5	1,384.1
41 Small time and savings deposits	2,377.0	2,474.1	2,626.5	2,671.2	2,665.9	2,671.2	2,728.0	2,738.8	2,790.9	2,862.2	2,965.4
42 Large time deposits	590.9	713.4	805.5	936.1	837.5	936.1	966.5	987.4	1,025.9	1,054.7	1,078.3
43 Money market fund shares	886.7	1,042.5	1,329.7	1,578.8	1,444.9	1,578.8	1,666.0	1,627.1	1,697.8	1,812.1	1,994.7
44 Security repurchase agreements	701.5	822.4	913.7	1,083.4	999.4	1,083.4	1,149.2	1,185.0	1,238.7	1,194.3	1,197.5
45 Mutual fund shares	2,342.4	2,989.4	3,610.5	4,553.4	3,931.5	4,553.4	4,863.3	4,759.6	4,815.0	4,456.3	4,030.6
46 Security credit	358.1	469.1	572.3	676.6	593.1	676.6	795.4	775.5	800.4	817.6	784.5
47 Life insurance reserves	610.6	665.0	718.3	783.9	756.2	783.9	801.0	806.5	815.5	819.4	817.0
48 Pension fund reserves	6,325.1	7,323.4	8,193.7	9,041.7	8,363.7	9,041.7	9,237.9	9,166.7	9,308.4	9,054.1	8,590.3
49 Trade payables	1,809.3	1,941.4	2,037.4	2,244.6	2,169.9	2,244.6	2,271.1	2,302.3	2,342.9	2,383.8	2,379.5
50 Taxes payable	123.8	139.5	151.5	167.6	167.5	167.6	181.0	180.0	182.9	184.8	198.6
51 Investment in bank personal trusts	871.3	942.5	1,001.0	1,130.4	1,019.0	1,130.4	1,163.0	1,124.1	1,122.3	1,039.0	949.2
52 Miscellaneous	6,349.1	6,670.6	7,332.7	7,788.5	7,465.5	7,788.5	7,981.8	8,254.0	8,701.5	8,905.8	8,963.0
53 **Total liabilities**	**45,245.6**	**49,695.6**	**54,972.1**	**60,803.4**	**57,825.5**	**60,803.4**	**62,274.0**	**62,823.2**	**64,113.0**	**64,510.0**	**64,228.1**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.4	21.1	21.6	21.4	21.3	21.4	21.4	21.5	21.4	21.6	21.4
55 Corporate equities	10,255.8	13,201.3	15,492.5	19,494.5	16,106.8	19,494.5	20,147.2	19,179.6	18,990.4	17,026.1	14,878.4
56 Household equity in noncorporate business	3,889.2	4,162.6	4,428.4	4,736.4	4,647.8	4,736.4	4,763.1	4,809.4	4,865.0	4,944.9	5,056.0
Liabilities not identified as assets (−)											
57 Treasury currency	−6.1	−6.3	−6.4	−7.1	−6.6	−7.1	−7.6	−7.9	−7.6	−8.5	−9.1
58 Foreign deposits	437.0	538.3	541.6	613.3	584.3	613.3	666.1	646.9	628.1	668.1	682.1
59 Net interbank transactions	−10.6	−32.2	−27.0	−25.5	−13.2	−25.5	−13.9	−11.6	−17.6	−4.1	1.3
60 Security repurchase agreements	109.8	172.9	233.4	263.3	323.7	263.3	410.1	422.6	447.7	372.2	370.8
61 Taxes payable	76.9	92.6	102.0	95.6	96.5	95.6	89.6	103.0	92.5	96.9	87.2
62 Miscellaneous	−1,448.9	−1,785.7	−2,468.4	−3,079.3	−3,143.7	−3,079.3	−3,250.3	−3,319.2	−3,099.3	−3,282.3	−3,530.1
Floats not included in assets (−)											
63 Federal government checkable deposits	−1.6	−8.1	−3.9	−9.9	−10.2	−9.9	−6.5	−5.2	−7.8	−3.0	−22.3
64 Other checkable deposits	30.1	26.2	23.1	22.3	14.5	22.3	18.7	22.5	15.5	24.0	21.1
65 Trade credit	171.8	133.5	90.0	148.9	29.3	148.9	89.2	54.3	43.4	128.1	76.3
66 **Total identified to sectors as assets**	**60,053.7**	**67,949.4**	**76,430.1**	**87,034.2**	**80,726.8**	**87,034.2**	**89,210.1**	**88,928.3**	**89,894.8**	**88,511.2**	**86,506.7**

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	1998	1999	2000	2000				2001				
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.[r]	Apr.	May[p]
1 **Industrial production**[1]	**134.0**	**139.6**	**147.5**	**149.0**	**148.7**	**148.2**	**147.3**	**146.0**	**145.4**	**145.1**	**144.2**	**143.1**
Market groups												
2 Products, total	127.2	131.2	136.2	136.7	136.3	136.3	136.0	135.0	134.6	134.7	133.7	132.7
3 Final, total	129.3	133.3	138.8	139.3	138.8	138.8	139.0	137.8	137.7	138.0	136.9	135.9
4 Consumer goods	118.4	120.8	123.0	123.8	122.7	122.4	123.1	121.8	122.3	122.5	121.7	120.8
5 Equipment	147.1	153.8	166.1	168.3	169.1	169.9	168.9	168.0	166.2	167.1	165.1	164.1
6 Intermediate	121.0	125.1	128.7	128.6	128.7	128.5	126.8	126.7	125.5	124.6	124.1	123.3
7 Materials	145.7	154.5	167.8	171.3	171.1	169.9	167.8	165.9	165.0	163.9	163.2	161.8
Industry groups												
8 Manufacturing	138.2	144.8	153.6	155.1	154.9	154.1	152.6	151.3	150.7	150.1	149.1	148.1
9 Capacity utilization, manufacturing (percent)[2]	81.3	80.5	81.3	81.7	81.2	80.5	79.3	78.4	77.9	77.4	76.7	76.0
10 Construction contracts[3]	122.6	135.1[r]	142.1[r]	143.0	151.0	143.0	140.0[r]	152.0	148.0	138.0	142.0	139.0
11 Nonagricultural employment, total[4]	123.5	126.3	128.9	129.5[r]	129.6[r]	129.7[r]	129.8[r]	129.9[r]	130.1	130.1	129.9	129.9
12 Goods-producing, total	103.0	103.3	104.0	104.1[r]	104.2[r]	104.2[r]	104.1[r]	103.9	103.9	103.8	103.0	102.6
13 Manufacturing, total	99.0	97.6	97.0	97.0[r]	96.9[r]	96.8[r]	96.6[r]	96.1[r]	95.8	95.4	94.8	94.1
14 Manufacturing, production workers	100.0	98.4	97.6	97.0[r]	96.9[r]	96.6[r]	96.2[r]	95.7[r]	95.1	94.6	93.9	93.1
15 Service-producing	130.0	133.7	136.8	137.6[r]	137.7[r]	137.9[r]	138.0[r]	138.2[r]	138.4	138.5	138.5	138.6
16 Personal income, total	186.5	196.6	209.0	212.5	212.1	212.5	213.5	214.8	215.9	216.9	217.4	217.8
17 Wages and salary disbursements	184.6	196.9	210.1	212.7	214.0	214.6	215.2	216.8	218.3	219.4	220.1	220.5
18 Manufacturing	152.3	157.4	164.2	165.1	166.6	166.9	165.5	165.8	166.2	166.4	165.8	164.9
19 Disposable personal income[5]	182.7	191.9	202.0	205.2	204.4	204.6	205.5	206.6[r]	207.6	208.6	209.1	209.5
20 Retail sales[5]	178.4	194.7	210.0	212.7	212.5	211.3	211.6	214.4	213.9	213.2	214.9	n.a.
Prices[6]												
21 Consumer (1982–84=100)	163.0	166.6	172.2	173.7	174.0	174.1	174.0	175.1	175.8	176.2	176.9	177.7
22 Producer finished goods (1982=100)	130.7	133.0	138.0	139.4	140.1	140.0	139.7	141.2	141.5	141.0	141.7	142.5

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 December 2000 The recent annual revision is described in an article in the March 2001 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, 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 the 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	1998	1999	2000	2000[r]			2001				
				Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	137,673	139,368	140,863	141,000	141,136	141,489	141,955	141,751	141,868	141,757	141,272
Employment											
2 Nonagricultural industries[3]	128,085	130,207	131,903	132,223	132,302	132,562	132,819	132,680	132,618	132,162	131,910
3 Agriculture	3,378	3,281	3,305	3,241	3,176	3,274	3,179	3,135	3,161	3,192	3,193
Unemployment											
4 Number	6,210	5,880	5,655	5,536	5,658	5,653	5,956	5,936	6,088	6,402	6,169
5 Rate (percent of civilian labor force)	4.5	4.2	4.0	3.9	4.0	4.0	4.2	4.2	4.3	4.5	4.4
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**125,865**	**128,786**	**131,417**	**132,145**	**132,279**	**132,367**	**132,428**	**132,595**	**132,654**	**132,472**	**132,453**
7 Manufacturing	18,805	18,543	18,437	18,404	18,382	18,349	18,257	18,192	18,116	18,003	17,879
8 Mining	590	535	538	551	548	548	550	555	557	560	564
9 Contract construction	6,020	6,404	6,687	6,758	6,781	6,791	6,826	6,880	6,929	6,851	6,882
10 Transportation and public utilities	6,611	6,826	6,993	7,076	7,093	7,108	7,106	7,123	7,127	7,119	7,131
11 Trade	29,095	29,712	30,191	30,439	30,465	30,474	30,482	30,536	30,523	30,572	30,553
12 Finance	7,389	7,569	7,618	7,569	7,575	7,582	7,594	7,609	7,618	7,626	7,648
13 Service	37,533	39,027	40,384	40,767	40,845	40,901	40,984	41,020	41,073	40,995	41,037
14 Government	19,823	20,170	20,570	20,581	20,590	20,614	20,629	20,680	20,711	20,746	20,759

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

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

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

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

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

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	Output (1992=100) 2000 Q2	2000 Q3	2000 Q4	2001 Q1[r]	Capacity (percent of 1992 output) 2000 Q2	2000 Q3	2000 Q4	2001 Q1	Capacity utilization rate (percent)[2] 2000 Q2	2000 Q3	2000 Q4	2001 Q1[r]
1 **Total industry**	**147.1**	**148.4**	**148.1**	**145.5**	**178.1**	**180.1**	**182.1**	**183.7**	**82.6**	**82.4**	**81.3**	**79.2**
2 Manufacturing	153.0	154.4	153.8	150.7	186.9	189.2	191.5	193.5	81.9	81.7	80.3	77.9
3 Primary processing[3]	178.6	180.3	178.7	172.6	206.9	211.2	216.0	220.0	86.4	85.4	82.7	78.4
4 Advanced processing[4]	139.0	140.3	140.2	138.5	174.1	175.2	176.2	177.2	79.8	80.1	79.5	78.2
5 Durable goods	192.9	196.7	196.5	191.6	233.3	238.3	243.6	248.1	82.7	82.5	80.7	77.2
6 Lumber and products	120.3	117.0	113.2	109.6	147.5	147.9	148.4	148.7	81.6	79.1	76.3	73.7
7 Primary metals	137.0	133.4	127.5	121.0	153.3	153.4	153.5	153.5	89.4	87.0	83.1	78.8
8 Iron and steel	136.1	130.5	121.5	114.9	153.1	153.4	153.6	153.6	88.9	85.1	79.1	74.8
9 Nonferrous	138.2	137.0	134.7	128.3	153.4	153.4	153.4	153.5	90.1	89.3	87.8	83.6
10 Industrial machinery and equipment	249.4	257.3	261.9	256.3	304.5	311.1	317.3	322.5	81.9	82.7	82.5	79.5
11 Electrical machinery	535.1	581.1	604.0	593.7	591.7	639.1	694.1	741.7	90.4	90.9	87.1	80.1
12 Motor vehicles and parts	175.9	170.8	159.7	147.5	208.2	209.2	210.1	210.9	84.5	81.7	76.0	69.9
13 Aerospace and miscellaneous transportation equipment	92.9	93.5	94.8	94.0	130.7	130.4	130.2	130.0	71.1	71.7	72.8	72.3
14 Nondurable goods	116.7	116.2	115.3	113.6	144.1	144.4	144.6	144.7	80.9	80.5	79.7	78.5
15 Textile mill products	103.3	99.8	94.7	92.8	123.9	123.3	122.8	122.0	83.4	80.9	77.1	76.1
16 Paper and products	117.9	114.0	114.9	110.8	137.2	137.5	137.9	138.3	85.9	82.9	83.3	80.1
17 Chemicals and products	125.8	125.4	124.5	121.9	163.0	164.1	164.8	165.0	77.2	76.4	75.5	73.9
18 Plastics materials	140.9	137.6	131.0	130.9	151.6	151.9	152.3	152.7	93.0	90.5	86.0	85.7
19 Petroleum products	118.3	117.3	116.0	115.5	123.2	123.2	123.1	123.1	96.0	95.3	94.3	93.8
20 Mining	100.0	100.6	100.3	101.8	116.5	116.3	115.8	115.3	85.8	86.6	86.6	88.2
21 Utilities	120.7	121.0	123.7	122.9	132.3	133.4	134.5	135.7	91.2	90.7	92.0	90.6
22 Electric	124.3	123.9	127.5	125.4	130.9	132.3	133.8	135.3	94.9	93.7	95.3	92.7

Capacity utilization rate (percent)[2]

Series	1973 High	1975 Low	Previous cycle[5] High	Previous cycle[5] Low	Latest cycle[6] High	Latest cycle[6] Low	2000 May	2000 Dec.	2001 Jan.	2001 Feb.[r]	2001 Mar.[r]	2001 Apr.	2001 May[p]
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**82.7**	**80.6**	**79.7**	**79.2**	**78.8**	**78.2**	**77.4**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	81.9	79.3	78.4	77.9	77.4	76.7	76.0
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	86.4	80.9	79.2	78.6	77.5	77.0	76.3
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	79.9	79.0	78.6	78.1	77.9	77.1	76.5
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	82.7	79.5	77.9	77.0	76.8	75.8	75.2
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	81.7	75.0	72.9	73.3	74.8	74.3	75.2
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	89.2	82.2	80.7	79.0	76.7	78.0	76.1
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	88.8	77.2	75.5	75.2	73.8	76.2	74.3
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	89.9	88.2	86.9	83.6	80.2	80.1	78.4
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	82.0	82.1	80.5	79.1	78.9	77.1	75.8
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	90.2	85.5	82.9	80.0	77.3	74.8	73.0
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	85.3	72.1	65.8	69.9	74.1	73.5	75.2
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	70.6	73.3	72.5	71.9	72.5	72.3	72.2
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	80.9	78.9	78.8	78.8	77.9	77.7	76.9
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	82.8	77.1	76.0	76.0	76.2	75.7	75.4
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	84.9	81.7	81.0	81.6	77.8	81.9	80.4
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	77.5	74.5	73.8	74.3	73.4	72.1	71.2
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	93.9	79.8	83.9	88.2	85.0	83.3	81.8
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	96.5	93.2	93.5	94.6	93.4	94.6	93.3
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	85.4	86.1	87.5	87.9	89.3	89.3	89.0
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	91.9	95.7	91.7	89.8	90.3	89.1	87.3
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	95.7	97.7	94.0	91.6	92.4	92.0	89.2

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 December 2000. The recent annual revision is described in an article in the March 2001 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	2000 avg.	2000 May	2000 June	2000 July	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.	2000 Dec.	2001 Jan.	2001 Feb.[r]	2001 Mar.[r]	2001 Apr.	2001 May[p]
			Index (1992=100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**147.5**	**147.2**	**147.9**	**147.6**	**148.6**	**149.0**	**148.7**	**148.2**	**147.3**	**146.0**	**145.4**	**145.1**	**144.2**	**143.1**
2 Products	60.5	136.2	135.5	136.0	135.8	136.6	136.7	136.3	136.3	136.0	135.0	134.6	134.7	133.7	132.7
3 Final products	46.3	138.8	137.5	138.3	138.1	139.2	139.3	138.8	138.8	139.0	137.8	137.7	138.0	136.9	135.9
4 Consumer goods, total	29.1	123.0	123.5	124.2	122.9	123.8	123.8	122.7	122.4	123.1	121.8	122.3	122.5	121.7	120.8
5 Durable consumer goods	6.1	160.8	163.8	164.4	158.7	160.0	162.8	157.3	154.3	153.4	148.9	150.8	153.7	152.9	154.6
6 Automotive products	2.6	153.2	157.9	157.8	149.4	153.8	156.7	148.0	143.6	140.7	133.8	138.2	145.2	144.5	148.7
7 Autos and trucks	1.7	166.9	175.7	174.8	160.5	169.8	172.7	159.1	153.0	144.1	136.2	143.5	154.9	154.9	162.4
8 Autos, consumer	.9	114.0	119.7	118.1	113.6	120.3	120.5	107.8	103.0	94.3	99.4	100.3	104.0	102.7	105.2
9 Trucks, consumer	.7	221.6	233.7	233.2	209.8	221.8	227.1	212.0	204.3	194.7	175.5	188.6	207.1	208.2	220.3
10 Auto parts and allied goods	.9	131.7	130.6	131.6	131.6	129.1	132.1	130.2	128.2	133.8	128.4	128.7	129.4	127.9	127.4
11 Other	3.5	167.1	168.5	169.8	166.7	165.2	167.7	165.4	163.7	164.7	162.7	162.2	161.0	160.1	159.2
12 Appliances, televisions, and air conditioners	1.0	332.6	334.6	348.2	322.3	325.0	340.5	332.5	332.7	341.7	332.0	322.5	319.2	321.0	320.5
13 Carpeting and furniture	.8	129.7	130.8	130.1	131.5	128.6	131.9	129.8	125.4	127.4	123.9	128.2	127.1	124.7	122.1
14 Miscellaneous home goods	1.6	120.4	121.6	120.5	121.3	119.7	118.1	117.5	117.1	115.5	116.5	115.4	115.0	114.3	114.6
15 Nondurable consumer goods	23.0	114.2	114.1	114.8	114.5	115.2	114.7	114.5	114.6	115.7	114.9	115.3	114.9	114.1	112.7
16 Foods and tobacco	10.3	110.7	110.3	110.8	111.0	111.4	110.5	110.4	110.7	110.1	110.3	110.7	110.0	109.4	108.6
17 Clothing	2.4	85.0	86.8	85.1	85.6	84.2	83.1	82.7	83.2	82.4	82.6	82.8	82.4	81.3	80.6
18 Chemical products	4.5	137.0	138.5	139.3	137.4	139.4	138.4	139.0	138.5	139.0	139.1	141.5	141.5	139.2	136.6
19 Paper products	2.9	111.1	109.0	111.6	112.4	112.4	112.4	113.8	112.5	112.2	113.7	111.1	110.4	111.5	109.9
20 Energy	2.9	116.3	116.0	117.0	114.9	117.1	118.4	115.5	117.3	126.1	119.0	119.2	119.6	118.8	116.8
21 Fuels	.8	113.0	113.1	113.4	112.6	113.1	115.8	113.0	115.5	112.3	112.0	114.7	113.7	116.1	114.2
22 Residential utilities	2.1	117.9	117.1	118.5	115.6	119.0	119.1	116.2	117.6	134.5	122.8	121.3	122.6	119.7	117.6
23 Equipment	17.2	166.1	163.1	164.3	166.3	167.9	168.3	169.1	169.9	168.9	168.0	166.2	167.1	165.1	164.1
24 Business equipment	13.2	194.2	191.6	192.8	195.0	197.8	199.5	200.0	200.6	199.2	197.4	195.3	195.9	193.1	191.7
25 Information processing and related	5.4	312.2	302.5	307.0	313.9	322.1	327.2	332.3	336.7	335.9	337.4	330.6	328.2	326.5	323.1
26 Computer and office equipment	1.1	1,157.6	1,087.8	1,130.8	1,182.8	1,229.0	1,264.1	1,286.4	1,305.0	1,318.3	1,310.6	1,307.0	1,304.3	1,299.1	1,291.3
27 Industrial	4.0	144.6	143.4	143.8	144.4	147.7	146.5	146.9	147.4	145.8	145.7	141.4	142.0	138.9	136.6
28 Transit	2.5	127.7	129.0	130.1	127.6	126.8	127.7	121.6	121.8	117.4	111.7	114.4	117.8	116.6	117.8
29 Autos and trucks	1.2	145.6	153.9	152.9	141.5	142.8	144.2	131.4	130.4	122.0	115.6	120.9	129.0	126.6	130.0
30 Other	1.3	145.7	145.8	142.8	148.1	144.8	149.3	154.2	148.6	153.5	149.3	153.9	153.6	148.4	148.2
31 Defense and space equipment	3.3	76.2	75.5	76.3	77.9	76.1	73.7	75.3	77.0	77.5	78.5	76.7	78.0	78.1	78.0
32 Oil and gas well drilling	.6	131.8	130.3	130.8	136.2	137.1	132.8	136.5	138.9	139.1	146.7	147.9	150.7	151.2	152.6
33 Manufactured homes	.2	116.2	122.9	121.9	116.8	115.5	109.3	98.8	90.9	83.5	73.5	81.9	83.2	81.0	82.0
34 Intermediate products, total	14.2	128.7	129.4	129.0	128.7	128.8	128.6	128.7	128.5	126.8	126.7	125.5	124.6	124.1	123.3
35 Construction supplies	5.3	143.2	143.1	143.4	143.8	142.7	143.1	142.3	141.6	140.6	140.7	139.9	140.7	139.2	138.8
36 Business supplies	8.9	120.1	121.3	120.5	119.8	120.6	120.0	120.7	120.7	118.5	118.4	117.0	115.1	115.1	114.1
37 Materials	39.5	167.8	168.4	169.4	169.0	170.5	171.3	171.1	169.9	167.8	165.9	165.0	163.9	163.2	161.8
38 Durable goods materials	20.8	227.6	227.6	230.3	230.5	233.8	235.7	235.0	232.9	230.3	226.6	225.2	223.7	221.8	220.1
39 Durable consumer parts	4.0	165.3	169.9	165.7	158.3	168.3	169.0	168.5	161.8	157.6	146.1	149.9	152.1	151.6	151.6
40 Equipment parts	7.6	478.3	466.8	486.2	499.9	505.7	512.1	515.9	521.4	522.3	517.5	514.9	509.5	501.0	497.3
41 Other	9.2	134.6	135.9	135.9	135.3	134.7	135.5	133.7	131.8	129.6	130.1	127.2	125.8	125.3	123.9
42 Basic metal materials	3.1	128.7	130.8	130.7	128.5	127.5	129.2	125.9	124.4	123.6	121.2	118.3	114.8	116.2	113.2
43 Nondurable goods materials	8.9	113.8	115.7	115.2	113.9	112.8	112.7	113.4	110.7	108.6	107.5	107.2	104.6	105.8	104.6
44 Textile materials	1.1	97.9	100.9	101.7	97.9	99.3	95.9	94.0	89.5	90.3	91.0	87.7	87.5	87.6	86.2
45 Paper materials	1.8	115.8	117.5	118.1	114.9	112.8	113.8	117.2	113.4	109.4	110.3	112.4	106.0	111.0	109.7
46 Chemical materials	3.9	117.0	119.8	118.4	117.0	116.8	116.3	115.9	113.7	109.8	108.5	108.2	105.9	104.9	103.8
47 Other	2.1	113.0	112.4	112.3	113.7	110.2	112.0	114.0	111.9	113.9	111.0	110.2	109.0	112.8	111.5
48 Energy materials	9.7	103.4	103.3	103.1	102.9	104.2	104.3	103.9	105.4	104.5	104.4	103.9	105.0	104.3	103.4
49 Primary energy	6.3	98.1	98.3	98.4	98.7	98.9	98.5	97.8	99.3	98.6	100.3	99.3	100.3	100.2	99.5
50 Converted fuel materials	3.3	114.3	113.7	112.4	110.8	115.1	116.6	117.2	118.7	117.3	111.8	113.1	114.0	111.8	110.2
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	147.2	146.7	147.5	147.5	148.4	148.7	148.8	148.4	147.8	146.6	145.9	145.2	144.4	143.0
52 Total excluding motor vehicles and parts	95.1	146.3	145.8	146.5	146.9	147.4	147.7	147.8	147.7	147.2	146.5	145.4	144.6	143.7	142.4
53 Total excluding computer and office equipment	98.2	140.4	140.4	141.0	140.5	141.4	141.6	141.2	140.8	139.9	138.6	138.1	137.8	137.0	135.9
54 Consumer goods excluding autos and trucks	27.4	120.6	120.7	121.5	120.9	121.3	121.2	120.7	120.6	121.9	120.8	121.1	120.7	119.9	118.5
55 Consumer goods excluding energy	26.2	123.9	124.4	125.0	123.9	124.5	124.4	123.6	122.9	122.5	122.0	122.6	122.7	122.0	121.2
56 Business equipment excluding autos and trucks	12.0	200.1	196.1	197.6	201.5	204.5	206.3	208.5	209.4	208.9	207.7	204.6	204.2	201.4	199.2
57 Business equipment excluding computer and office equipment	12.1	158.4	157.3	157.6	158.6	160.3	161.2	161.2	161.5	159.9	158.4	156.5	157.1	154.7	153.5
58 Materials excluding energy	29.8	188.5	189.3	190.7	190.3	191.8	193.0	192.8	190.4	187.8	185.1	184.1	182.1	181.4	179.9

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

Monthly data seasonally adjusted

Group	SIC[2] code	1992 pro-por-tion	2000 avg.	2000 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	2001 Jan.	Feb.[r]	Mar.[r]	Apr.	May[p]
				Index (1992=100)												
MAJOR INDUSTRIES																
59 **Total index**	..	**100.0**	**147.5**	**147.2**	**147.9**	**147.6**	**148.6**	**149.0**	**148.7**	**148.2**	**147.3**	**146.0**	**145.4**	**145.1**	**144.2**	**143.1**
60 Manufacturing	...	85.4	153.6	153.1	153.8	153.7	154.6	155.1	154.9	154.1	152.6	151.3	150.7	150.1	149.1	148.1
61 Primary processing	...	26.5	178.0	178.7	180.1	179.4	180.3	181.2	181.1	178.8	176.1	173.5	173.1	171.3	170.9	169.7
62 Advanced processing	...	58.9	139.3	139.1	139.4	139.5	140.5	140.8	140.5	140.5	139.6	139.0	138.4	138.3	137.1	136.1
63 Durable goods	...	45.0	193.4	193.0	194.6	194.7	196.9	198.4	197.6	196.7	195.1	192.3	191.1	191.4	189.7	188.8
64 Lumber and products	24	2.0	118.3	120.5	118.7	118.6	115.5	116.8	114.8	113.2	111.5	108.3	109.1	111.3	110.6	112.1
65 Furniture and fixtures	25	1.4	142.9	143.0	141.9	142.6	143.8	146.6	147.2	145.0	145.3	144.1	143.8	143.3	141.1	139.2
66 Stone, clay, and glass products	32	2.1	134.7	134.2	134.6	136.3	136.1	136.5	137.3	134.6	132.4	135.2	134.3	134.0	132.5	132.9
67 Primary metals	33	3.1	133.7	136.7	136.4	133.9	132.4	133.9	129.0	127.3	126.3	124.0	121.3	117.8	119.7	116.8
68 Iron and steel	331,2	1.7	131.1	135.9	135.5	129.9	129.7	131.9	123.7	122.0	118.7	116.0	115.5	113.3	116.9	113.8
69 Raw steel	331PT	.1	120.9	127.1	128.2	126.4	123.9	117.7	115.6	106.3	104.6	108.3	109.1	109.2	101.3	100.3
70 Nonferrous	333–6,9	1.4	136.8	137.9	137.6	138.8	135.7	136.5	135.3	133.6	135.2	133.4	128.2	123.2	123.1	120.5
71 Fabricated metal products	34	5.0	135.6	136.2	135.7	136.1	136.3	136.0	136.0	134.7	132.9	133.5	130.3	129.8	129.0	128.6
72 Industrial machinery and equipment	35	8.0	252.8	249.9	250.9	253.9	257.9	260.0	261.5	261.9	262.3	258.4	255.0	255.6	250.6	247.5
73 Computer and office equipment	357	1.8	1,343.6	1,272.3	1,316.2	1,370.4	1,421.6	1,464.2	1,487.4	1,502.8	1,508.3	1,497.4	1,484.2	1,477.5	1,471.6	1,462.8
74 Electrical machinery	36	7.3	549.7	533.8	555.0	571.2	580.0	592.2	597.4	604.4	610.2	604.3	593.7	583.2	572.2	564.9
75 Transportation equipment	37	9.5	131.0	133.6	133.5	128.0	132.4	132.4	129.2	126.8	122.8	116.0	119.8	124.5	123.9	125.6
76 Motor vehicles and parts	371	4.9	170.5	177.6	176.1	163.1	173.9	175.5	167.2	160.1	151.8	138.6	147.4	156.5	155.4	159.1
77 Autos and light trucks	371PT	2.6	153.0	161.1	160.1	147.8	156.4	158.8	145.8	140.1	131.5	125.9	131.9	141.8	141.6	148.1
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	93.8	92.3	93.6	94.9	93.5	92.1	93.6	95.4	95.3	94.3	93.5	94.3	94.0	93.9
79 Instruments	38	5.4	122.2	121.3	122.2	122.6	123.3	123.7	123.5	124.6	123.1	125.0	123.3	122.8	123.6	122.9
80 Miscellaneous	39	1.3	130.8	130.7	130.5	132.1	130.8	130.9	131.1	130.2	129.4	130.4	127.6	127.5	127.5	125.8
81 Nondurable goods	..	40.4	116.9	116.7	116.7	116.3	116.3	116.0	116.3	115.5	114.1	114.0	114.0	112.6	112.3	111.2
82 Foods	20	9.4	114.7	114.2	114.9	115.0	115.1	114.6	114.8	115.0	114.2	114.1	115.0	114.6	113.9	113.4
83 Tobacco products	21	1.6	95.3	95.3	93.8	95.8	96.6	94.5	93.7	93.1	94.2	95.2	93.7	91.7	92.0	89.8
84 Textile mill products	22	1.8	100.1	102.6	103.1	101.4	99.4	98.4	96.7	92.8	94.5	93.0	92.7	92.7	91.8	91.1
85 Apparel products	23	2.2	91.7	93.0	91.2	92.0	90.7	89.5	89.2	89.2	88.2	88.9	88.7	88.4	88.2	87.4
86 Paper and products	26	3.6	116.1	116.5	118.8	114.9	113.3	113.7	117.1	114.7	112.7	111.8	112.8	107.7	113.4	111.5
87 Printing and publishing	27	6.7	109.9	109.9	109.1	110.0	110.4	110.9	111.6	111.2	109.2	109.6	107.7	106.0	106.0	104.8
88 Chemicals and products	28	9.9	128.3	126.3	125.9	124.8	125.9	125.4	125.8	124.8	122.9	121.8	122.6	121.2	119.0	117.4
89 Petroleum products	29	1.4	117.1	118.9	118.8	117.0	117.6	117.4	116.5	116.9	114.7	115.1	116.5	115.0	116.6	115.1
90 Rubber and plastic products	30	3.5	142.3	142.6	143.5	144.4	142.1	141.9	141.3	139.1	137.3	138.5	137.3	136.5	134.5	134.7
91 Leather and products	31	.3	69.8	70.5	69.3	70.0	68.8	69.8	68.6	68.9	66.9	67.1	69.3	67.8	65.6	65.9
92 Mining	...	6.9	100.0	99.6	100.4	100.5	101.0	100.4	100.1	101.1	99.6	101.0	101.4	102.9	102.7	102.3
93 Metal	10	.5	97.4	95.7	97.5	92.9	95.8	99.3	96.3	93.7	99.5	94.6	91.7	89.8	90.7	87.4
94 Coal	12	1.0	108.9	112.2	113.6	110.3	109.3	107.0	110.2	108.6	106.1	115.2	110.7	116.6	116.8	116.5
95 Oil and gas extraction	13	4.8	95.0	94.3	94.8	95.7	96.3	95.7	95.1	96.6	95.2	96.1	96.7	97.6	97.4	97.1
96 Stone and earth minerals	14	.6	126.4	123.9	127.7	124.4	125.0	123.7	124.6	123.2	119.3	121.7	126.4	130.5	129.9	129.3
97 Utilities	...	7.7	120.4	121.6	121.7	119.1	122.1	121.7	120.0	121.9	129.1	124.0	121.8	123.0	121.7	119.6
98 Electric	491,3PT	6.2	123.9	125.2	124.8	121.1	126.1	124.7	124.2	127.3	131.2	126.7	123.9	125.5	125.3	122.0
99 Gas	492,3PT	1.6	109.3	108.7	110.5	111.0	108.4	110.5	105.8	104.5	120.2	113.7	112.9	113.2	109.0	109.9
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	..	80.5	152.6	151.7	152.6	153.2	153.5	153.9	154.3	153.8	152.7	152.2	151.1	149.8	148.9	147.5
101 Manufacturing excluding computer and office equipment	..	83.6	145.4	145.2	145.8	145.4	146.2	146.5	146.2	145.4	143.9	142.7	142.2	141.6	140.7	139.7
102 Computers, communications equipment, and semiconductors	.	5.9	1,195.2	1,140.2	1,193.1	1,248.0	1,281.6	1,310.3	1,334.8	1,358.1	1,368.9	1,351.7	1,334.1	1,316.4	1,292.3	1,277.4
103 Manufacturing excluding computers and semiconductors	...	81.1	128.3	128.4	128.4	127.7	128.2	128.4	128.0	127.1	125.6	124.7	124.3	123.8	123.2	122.3
104 Manufacturing excluding computers, communications equipment, and semiconductors	...	79.5	125.1	125.4	125.3	124.5	124.9	125.0	124.6	123.6	122.1	121.1	120.8	120.4	119.8	119.0
		Gross value (billions of 1992 dollars, annual rates)														
MAJOR MARKETS																
105 **Products, total**	.	**2,001.9**	**2,860.5**	**2,872.7**	**2,883.5**	**2,865.7**	**2,882.9**	**2,889.1**	**2,867.4**	**2,863.2**	**2,850.2**	**2,818.1**	**2,819.8**	**2,830.0**	**2,812.7**	**2,802.8**
106 Final	.	1,552.1	2,203.4	2,205.6	2,218.6	2,202.8	2,220.5	2,228.1	2,205.4	2,203.7	2,198.2	2,167.1	2,174.5	2,188.3	2,173.3	2,166.2
107 Consumer goods	..	1,049.6	1,340.0	1,349.8	1,357.8	1,338.7	1,348.7	1,353.7	1,334.7	1,331.2	1,332.8	1,312.2	1,322.8	1,329.1	1,324.9	1,320.9
108 Equipment	.	502.5	865.7	862.2	867.3	872.8	880.8	883.3	880.9	883.3	874.9	864.8	859.8	868.0	855.6	852.4
109 Intermediate	...	449.9	656.7	666.0	663.9	661.8	661.5	660.2	661.0	658.6	651.2	649.9	644.5	641.2	638.8	636.0

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 December 2000. The recent annual revision is described in an article in the March 2001 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	1998	1999	2000	2000 July	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.	2000 Dec.	2001 Jan.	2001 Feb.[r]	2001 Mar.[r]	2001 Apr.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,612	1,664	1,592	1,534	1,544	1,549	1,562	1,614	1,553	1,724	1,663	1,627	1,587
2 One-family	1,188	1,247	1,198	1,149	1,169	1,173	1,212	1,203	1,187	1,283	1,228	1,209	1,218
3 Two-family or more	425	417	394	385	375	376	350	411	366	441	435	418	369
4 Started	1,617	1,641	1,569	1,477	1,531	1,508	1,527	1,559	1,532	1,666	1,623	1,592	1,629
5 One-family	1,271	1,302	1,231	1,148	1,228	1,196	1,218	1,209	1,236	1,336	1,288	1,208	1,293
6 Two-family or more	346	339	338	329	303	312	309	350	296	330	335	384	336
7 Under construction at end of period[1]	971	953	934	980	975	971	971	969	965	985	989	1,002	998
8 One-family	659	648	623	658	659	658	659	655	652	669	675	676	679
9 Two-family or more	312	305	310	322	316	313	312	314	313	316	314	326	319
10 Completed	1,474	1,605	1,574	1,489	1,583	1,526	1,509	1,548	1,527	1,424	1,531	1,478	1,549
11 One-family	1,160	1,270	1,242	1,181	1,235	1,181	1,172	1,236	1,228	1,090	1,201	1,207	1,219
12 Two-family or more	315	335	332	308	348	345	337	312	299	334	330	271	330
13 Mobile homes shipped	374	348	250	251	249	231	213	196	176	164	177	179	183
Merchant builder activity in one-family units													
14 Number sold	886	880[r]	877[r]	881	839	902	922	882	1,001	938	959	964	921
15 Number for sale at end of period[1]	300	315	301	304	304	301	301	304	297	295	295	286	287
Price of units sold (thousands of dollars)[2]													
16 Median	152.5	161.0[r]	169.0	169.0	166.6	171.5	176.3	174.7	162.0	171.3	169.1	166.7	171.0
17 Average	181.9	195.8	207.2[r]	202.2	200.2	208.3	215.1	210.7	208.1	209.0	211.0	209.4	201.5
EXISTING UNITS (one-family)													
18 Number sold	4,970	5,205	5,113	4,820	5,240	5,160	5,070	5,300	4,940	5,200	5,190	5,430	5,220
Price of units sold (thousands of dollars)[2]													
19 Median	128.4	133.3	139.0	143.3	143.2	141.6	138.6	139.5	139.7	137.1	138.6	143.4	143.1
20 Average	159.1	168.3	176.2	177.7	183.0	178.6	176.9	176.5	178.5	175.8	174.6	179.5	179.9
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**703,533[r]**	**763,914[r]**	**817,130[r]**	**792,253[r]**	**803,968[r]**	**815,410[r]**	**820,805[r]**	**826,746[r]**	**838,731[r]**	**867,056[r]**	**876,171**	**876,111**	**879,231**
22 Private	550,754[r]	595,667[r]	641,269[r]	627,733[r]	630,656[r]	638,850[r]	644,836[r]	651,066[r]	660,849[r]	673,715[r]	681,826	681,176	674,043
23 Residential	314,514[r]	349,560[r]	375,268[r]	364,140[r]	364,039[r]	364,372[r]	370,256[r]	374,281[r]	379,593[r]	386,088[r]	398,863	395,080	395,145
24 Nonresidential	236,240[r]	246,107[r]	266,001[r]	263,593[r]	266,617[r]	274,478[r]	274,580[r]	276,785[r]	281,256[r]	287,627[r]	282,963	286,096	278,898
25 Industrial buildings	40,547[r]	32,794[r]	31,984[r]	33,986[r]	32,623[r]	31,384[r]	32,125[r]	33,265[r]	31,398[r]	35,878[r]	33,386	34,823	33,316
26 Commercial buildings	95,760[r]	104,531[r]	116,988[r]	116,193[r]	119,139[r]	121,349[r]	121,760[r]	120,587[r]	125,234[r]	125,402[r]	124,568	128,792	123,707
27 Other buildings	39,609[r]	40,906[r]	44,505[r]	44,945[r]	45,544[r]	45,020[r]	45,645[r]	45,628[r]	45,707[r]	46,567[r]	46,264	47,117	45,593
28 Public utilities and other	60,324[r]	67,876[r]	72,523[r]	68,469[r]	69,311[r]	76,725[r]	75,050[r]	77,305[r]	78,917[r]	79,780[r]	78,745	75,364	76,282
29 Public	152,779[r]	168,247[r]	175,861[r]	164,520[r]	173,311[r]	176,559[r]	175,969[r]	175,680[r]	177,883[r]	193,340[r]	194,345	194,935	205,188
30 Military	2,539[r]	2,142[r]	2,334[r]	2,196[r]	2,386[r]	2,509[r]	1,883[r]	2,629[r]	2,107[r]	2,270[r]	2,342	2,131	2,534
31 Highway	45,251[r]	52,024[r]	52,851[r]	49,628[r]	52,777[r]	53,923[r]	48,764[r]	48,858[r]	50,189[r]	58,458[r]	58,794	60,289	61,117
32 Conservation and development	5,415[r]	5,995[r]	6,043[r]	4,818[r]	5,568[r]	6,425[r]	6,815[r]	5,789[r]	6,339[r]	7,364[r]	7,826	7,557	6,564
33 Other	99,575[r]	108,086[r]	114,634[r]	107,878[r]	112,580[r]	113,702[r]	118,507[r]	118,404[r]	119,248[r]	125,248[r]	125,383	124,958	134,973

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, May 2001[1]
	2000 May	2001 May	2000 June	2000 Sept.	2000 Dec.	2001 Mar.	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.	2001 May	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.2**	**3.6**	**2.4**	**3.3**	**2.3**	**4.0**	**.6**	**.3**	**.1**	**.3**	**.4**	**177.7**
2 Food	2.2	3.1	1.9	4.1	2.1	4.1	.3	.5	.2	.1	.3	172.5
3 Energy items	14.6	15.8	5.6	7.9	3.8	6.0	3.9	−.2	−2.1	1.8	3.1	140.1
4 All items less food and energy	2.4	2.5	2.2	2.9	2.0	3.5	.3	.3	.2	.2	.1	185.5
5 Commodities	.7	.1	−.6	1.7	.0	1.4	.1	.3	−.1	.0	−.4	145.7
6 Services	3.2	3.6	3.4	3.2	3.2	4.2	.4	.3	.3	.3	.3	208.4
PRODUCER PRICES (1982=100)												
7 Finished goods	3.7	3.8	2.3	2.0	2.9	4.9	1.1	.1	−.1	.3	.1	142.5
8 Consumer foods	2.8	2.6	3.3	−1.2	2.7	10.2	.9r	.5r	1.1	.6	−.4	141.8
9 Consumer energy	17.3	14.5	6.5	6.4	12.0	12.6	4.4r	1.2r	−2.6	.1	.2	104.1
10 Other consumer goods	1.8	2.1	1.3	2.4	1.0	2.1	.6	−.3r	.3	.2	.4	156.9
11 Capital equipment	.7	.8	1.5	1.7	.3	.0	.2r	−.2r	.0	.3	−.1	139.7
Intermediate materials												
12 Excluding foods and feeds	5.1	2.2	3.1	3.1	1.2	1.8	.8	−.2r	−.2	−.3	.2	132.1
13 Excluding energy	3.2	.6	2.7	.3	−.3	1.5	.1	.1	.1	−.1	.1	137.5
Crude materials												
14 Foods	5.3	5.1	−7.3	−8.2	36.5	14.8	1.6r	−1.1r	3.0	−.5	−1.1	110.3
15 Energy	38.1	31.3	163.6	20.0	102.6	−44.1	31.7r	−31.0r	−4.9	3.0	−3.7	139.8
16 Other	13.2	−12.0	−11.9	−8.8	−9.2	−13.4	.0r	−2.3r	−1.3	−2.6	−.2	130.9

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	1998	1999	2000	2000				2001
				Q1	Q2	Q3	Q4	Q1[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**8,790.2**	**9,299.2**	**9,963.1**	**9,752.7**	**9,945.7**	**10,039.4**	**10,114.4**	**10,226.8**
By source								
2 Personal consumption expenditures	5,850.9	6,268.7	6,757.3	6,621.7	6,706.3	6,810.8	6,890.2	7,002.3
3 Durable goods	693.9	761.3	820.3	826.3	814.3	824.7	815.8	839.2
4 Nondurable goods	1,707.6	1,845.5	2,010.0	1,963.9	1,997.6	2,031.5	2,046.9	2,071.8
5 Services	3,449.3	3,661.9	3,927.0	3,831.6	3,894.4	3,954.6	4,027.5	4,091.3
6 Gross private domestic investment	1,549.9	1,650.1	1,832.7	1,755.7	1,852.6	1,869.3	1,853.3	1,788.8
7 Fixed investment	1,472.9	1,606.8	1,778.2	1,725.8	1,780.5	1,803.0	1,803.5	1,814.8
8 Nonresidential	1,107.5	1,203.1	1,362.2	1,308.5	1,359.2	1,390.6	1,390.4	1,392.4
9 Structures	283.2	285.6	324.2	308.9	315.1	330.1	342.8	361.0
10 Producers' durable equipment	824.3	917.4	1,038.0	999.6	1,044.1	1,060.5	1,047.6	1,031.4
11 Residential structures	365.4	403.8	416.0	417.3	421.3	412.4	413.1	422.4
12 Change in business inventories	77.0	43.3	54.5	29.9	72.0	66.4	49.8	−26.1
13 Nonfarm	76.4	43.6	55.8	32.4	72.2	67.5	51.0	−25.3
14 Net exports of goods and services	−151.5	−254.0	−370.7	−335.2	−355.4	−389.5	−402.7	−375.6
15 Exports	966.0	990.2	1,097.3	1,051.9	1,092.9	1,130.8	1,113.7	1,110.0
16 Imports	1,117.5	1,244.2	1,468.0	1,387.1	1,448.3	1,520.3	1,516.4	1,485.6
17 Government consumption expenditures and gross investment	1,540.9	1,634.4	1,743.7	1,710.4	1,742.2	1,748.8	1,773.6	1,811.3
18 Federal	540.6	568.6	595.2	580.1	604.5	594.2	602.0	617.1
19 State and local	1,000.3	1,065.8	1,148.6	1,130.4	1,137.7	1,154.6	1,171.6	1,194.2
By major type of product								
20 Final sales, total	8,713.2	9,255.9	9,908.5	9,722.8	9,873.7	9,973.1	10,064.6	10,252.9
21 Goods	3,239.3	3,467.0	3,739.0	3,680.3	3,734.1	3,776.5	3,764.9	3,824.8
22 Durable	1,532.3	1,651.1	1,806.7	1,773.7	1,809.6	1,830.6	1,812.7	1,835.8
23 Nondurable	1,707.1	1,815.8	1,932.3	1,906.6	1,924.5	1,945.9	1,952.2	1,988.9
24 Services	4,673.0	4,934.6	5,254.1	5,135.2	5,231.4	5,281.6	5,368.0	5,460.7
25 Structures	800.9	854.3	915.6	907.4	908.2	915.0	931.7	967.4
26 Change in business inventories	77.0	43.3	54.5	29.9	72.0	66.4	49.8	−26.1
27 Durable goods	45.8	27.2	37.2	20.7	48.3	39.2	40.7	−33.0
28 Nondurable goods	31.2	16.1	17.3	9.2	23.7	27.2	9.0	6.9
MEMO								
29 **Total GDP in chained 1996 dollars**	**8,515.7**	**8,875.8**	**9,318.5**	**9,191.8**	**9,318.9**	**9,369.5**	**9,393.7**	**9,422.8**
NATIONAL INCOME								
30 **Total**	**7,038.1**	**7,469.7**	**8,002.0**	**7,833.5**	**7,983.2**	**8,088.5**	**8,102.8**	**8,165.0**
31 Compensation of employees	4,984.2	5,299.8	5,638.2	5,512.2	5,603.5	5,679.6	5,757.5	5,853.9
32 Wages and salaries	4,192.8	4,475.1	4,769.4	4,660.4	4,740.1	4,804.9	4,872.0	4,953.6
33 Government and government enterprises	692.7	724.4	760.9	749.9	760.2	765.4	768.2	782.5
34 Other	3,500.1	3,750.7	4,008.5	3,910.5	3,980.0	4,039.5	4,103.9	4,171.1
35 Supplement to wages and salaries	791.4	824.6	868.8	851.8	863.3	874.7	885.5	900.3
36 Employer contributions for social insurance	305.9	323.6	344.8	337.8	342.9	347.1	351.5	359.3
37 Other labor income	485.5	501.0	524.0	514.0	520.5	527.6	534.0	541.1
38 Proprietors' income[1]	620.7	663.5	710.4	693.9	709.5	724.8	713.2	726.0
39 Business and professional[1]	595.2	638.2	687.8	674.8	688.1	693.1	695.2	705.0
40 Farm[1]	25.4	25.3	22.6	19.1	21.5	31.7	18.0	21.0
41 Rental income of persons[2]	135.4	143.4	140.0	145.6	140.8	138.1	135.4	137.9
42 Corporate profits[1]	815.0	856.0	946.2	936.3	963.6	970.3	914.7	869.0
43 Profits before tax[3]	758.2	823.0	925.6	920.7	942.5	945.1	894.1	841.8
44 Inventory valuation adjustment	17.0	−9.1	−12.9	−25.0	−13.6	−4.5	−8.5	−3.5
45 Capital consumption adjustment	39.9	42.1	33.5	40.6	34.7	29.7	29.1	30.7
46 Net interest	482.7	507.1	567.2	545.4	565.9	575.7	582.0	578.1

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

SOURCE. 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	1998	1999	2000	2000				2001
				Q1	Q2	Q3	Q4	Q1[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**7,391.0**	**7,789.6**	**8,281.7**	**8,105.8**	**8,242.1**	**8,349.0**	**8,429.7**	**8,554.2**
2 Wage and salary disbursements	4,190.7	4,470.0	4,769.4	4,660.4	4,740.1	4,804.9	4,872.0	4,953.6
3 Commodity-producing industries	1,038.6	1,089.2	1,153.2	1,130.9	1,147.1	1,161.4	1,173.3	1,184.4
4 Manufacturing	756.6	782.4	815.9	802.8	813.1	821.4	826.4	825.6
5 Distributive industries	949.1	1,020.3	1,107.3	1,070.9	1,095.7	1,118.1	1,144.4	1,167.1
6 Service industries	1,510.3	1,636.0	1,748.0	1,708.6	1,737.2	1,760.1	1,786.2	1,819.5
7 Government and government enterprises	692.7	724.4	760.9	749.9	760.2	765.4	768.2	782.5
8 Other labor income	485.5	501.0	524.0	514.0	520.5	527.6	534.0	541.1
9 Proprietors' income[1]	620.7	663.5	710.4	693.9	709.5	724.8	713.2	726.0
10 Business and professional[1]	595.2	638.2	687.8	674.8	688.1	693.1	695.2	705.0
11 Farm[1]	25.4	25.3	22.6	19.1	21.5	31.7	18.0	21.0
12 Rental income of persons[2]	135.4	143.4	140.0	145.6	140.8	138.1	135.4	137.9
13 Dividends	351.1	370.3	396.6	386.9	392.6	399.7	407.2	414.2
14 Personal interest income	940.8	963.7	1,034.3	1,011.6	1,031.3	1,042.9	1,051.5	1,043.0
15 Transfer payments	983.0	1,016.2	1,067.8	1,046.9	1,066.1	1,074.2	1,084.0	1,115.5
16 Old-age survivors, disability, and health insurance benefits	578.0	588.0	622.4	607.9	624.3	627.2	630.4	653.3
17 LESS: Personal contributions for social insurance	316.2	338.5	360.7	353.4	358.8	363.1	367.6	377.3
18 EQUALS: Personal income	7,391.0	7,789.6	8,281.7	8,105.8	8,242.1	8,349.0	8,429.7	8,554.2
19 LESS: Personal tax and nontax payments	1,070.9	1,152.0	1,291.9	1,239.3	1,277.2	1,308.1	1,342.7	1,372.2
20 EQUALS: Disposable personal income	6,320.0	6,637.7	6,989.8	6,866.5	6,964.9	7,040.9	7,087.0	7,182.0
21 LESS: Personal outlays	6,054.7	6,490.1	6,998.3	6,855.6	6,944.3	7,054.7	7,138.6	7,254.4
22 EQUALS: Personal saving	265.4	147.6	−8.5	11.0	20.6	−13.8	−51.6	−72.4
MEMO								
Per capita (chained 1996 dollars)								
23 Gross domestic product	31,474.2	32,511.9	33,836.1	33,485.6	33,874.7	33,984.3	33,985.9	34,017.2
24 Personal consumption expenditures	20,988.5	21,900.4	22,855.1	22,635.5	22,757.7	22,959.1	23,058.3	23,200.6
25 Disposable personal income	22,672.0	23,191.0	23,640.0	23,472.0	23,639.0	23,732.0	23,718.0	23,795.0
26 Saving rate (percent)	4.2	2.2	−.1	.2	.3	−.2	−.7	−1.0
GROSS SAVING								
27 **Gross saving**	**1,654.4**	**1,717.6**	**1,825.1**	**1,777.0**	**1,844.5**	**1,854.7**	**1,824.2**	**1,766.5**
28 Gross private saving	1,375.7	1,343.5	1,297.1	1,279.2	1,328.8	1,319.2	1,261.2	1,219.4
29 Personal saving	265.4	147.6	−8.5	11.0	20.6	−13.8	−51.6	−72.4
30 Undistributed corporate profits[1]	218.9	229.4	265.0	262.7	278.5	279.6	239.4	200.0
31 Corporate inventory valuation adjustment	17.0	−9.1	−12.9	−25.0	−13.6	−4.5	−8.5	−3.5
Capital consumption allowances								
32 Corporate	624.3	676.9	739.4	711.5	731.1	750.0	765.2	778.4
33 Noncorporate	265.1	284.5	301.1	294.1	298.7	303.3	308.2	313.4
34 Gross government saving	278.7	374.1	528.0	497.7	515.7	535.5	563.0	547.1
35 Federal	137.4	217.3	351.6	333.0	339.9	354.1	379.3	381.7
36 Consumption of fixed capital	88.4	92.8	99.8	97.2	98.9	100.8	102.3	103.6
37 Current surplus or deficit (−), national accounts	49.0	124.4	251.8	235.8	240.9	253.3	277.0	278.1
38 State and local	141.3	156.8	176.4	164.7	175.8	181.4	183.7	165.4
39 Consumption of fixed capital	99.5	106.8	116.8	112.7	115.6	118.2	120.6	123.2
40 Current surplus or deficit (−), national accounts	41.7	50.0	59.6	52.0	60.1	63.2	63.1	42.2
41 **Gross investment**	**1,629.6**	**1,645.6**	**1,741.3**	**1,699.3**	**1,771.9**	**1,752.8**	**1,741.3**	**1,714.8**
42 Gross private domestic investment	1,549.9	1,650.1	1,832.7	1,755.7	1,852.6	1,869.3	1,853.3	1,788.8
43 Gross government investment	278.8	308.7	336.6	334.2	331.9	333.6	346.5	350.3
44 Net foreign investment	−199.1	−313.2	−427.9	−390.7	−412.5	−450.1	−458.5	−424.2
45 **Statistical discrepancy**	**−24.8**	**−71.9**	**−83.7**	**−77.7**	**−72.5**	**−101.8**	**−82.9**	**−51.6**

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	1998[r]	1999[r]	2000[r]	2000[r]				2001
				Q1	Q2	Q3	Q4	Q1[p]
1 Balance on current account	−217,457	−324,364	−444,667	−104,903	−108,134	−115,305	−116,324	−109,562
2 Balance on goods and services	−166,828	−261,838	−375,739	−87,322	−90,784	−97,340	−100,293	−95,015
3 Exports	932,694	957,353	1,065,702	257,256	265,822	272,497	270,131	269,297
4 Imports	−1,099,522	−1,219,191	−1,441,441	−344,578	−356,606	−369,837	−370,424	−364,312
5 Income, net	−6,202	−13,613	−14,792	−5,657	−4,889	−4,885	642	−3,090
6 Investment, net	−1,211	−8,511	−9,621	−4,380	−3,589	−3,620	1,971	−1,730
7 Direct	66,253	67,044	81,231	16,365	18,117	21,049	25,703	23,263
8 Portfolio	−67,464	−75,555	−90,852	−20,745	−21,706	−24,669	−23,732	−24,993
9 Compensation of employees	−4,991	−5,102	−5,171	−1,277	−1,300	−1,265	−1,329	−1,360
10 Unilateral current transfers, net	−44,427	−48,913	−54,136	−11,924	−12,461	−13,080	−16,673	−11,457
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−422	2,751	−944	−127	−572	114	−359	68
12 Change in U.S. official reserve assets (increase, −)	−6,783	8,747	−290	−554	2,020	−346	−1,410	190
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−147	10	−722	−180	−180	−182	−180	−189
15 Reserve position in International Monetary Fund	−5,119	5,484	2,308	−237	2,328	1,300	−1,083	574
16 Foreign currencies	−1,517	3,253	−1,876	−137	−128	−1,464	−147	−195
17 Change in U.S. private assets abroad (increase, −)	−352,427	−448,565	−579,718	−197,424	−95,021	−107,495	−179,779	−157,195
18 Bank-reported claims[2]	−35,572	−76,263	−138,500	−56,234	7,455	−18,147	−71,574	−90,027
19 Nonbank-reported claims	−38,204	−85,700	−163,846	−75,256	−29,491	−14,585	−44,514	−5,618
20 U.S. purchases of foreign securities, net	−136,135	−131,217	−124,935	−27,546	−39,639	−33,129	−24,621	−28,535
21 U.S. direct investments abroad, net	−142,516	−155,385	−152,437	−38,388	−33,346	−41,634	−39,070	−33,015
22 Change in foreign official assets in United States (increase, +)	−19,948	43,551	37,619	22,498	6,447	12,247	−3,573	4,091
23 U.S. Treasury securities	−9,921	12,177	−10,233	16,204	−4,000	−9,001	−13,436	−1,027
24 Other U.S. government obligations	6,332	20,350	40,909	8,107	10,334	14,272	8,196	3,574
25 Other U.S. government liabilities[2]	−3,371	−2,855	−1,987	−474	−1,000	−220	−293	−1,244
26 Other U.S. liabilities reported by U.S. banks[2]	−9,501	12,964	5,803	−2,270	209	6,884	980	1,785
27 Other foreign official assets[3]	−3,487	915	3,127	931	904	312	980	1,003
28 Change in foreign private assets in United States (increase, +)	524,412	770,193	986,599	234,284	243,560	209,861	298,894	233,412
29 U.S. bank-reported liabilities[4]	39,769	54,232	87,953	−7,425	53,923	−1,910	43,365	−476
30 U.S. nonbank-reported liabilities	23,140	69,075	177,010	85,188	24,400	19,078	48,344	42,269
31 Foreign private purchases of U.S. Treasury securities, net	48,581	−20,490	−52,792	−9,348	−20,546	−12,503	−10,395	538
32 U.S. currency flows	16,622	22,407	1,129	−6,847	989	757	6,230	2,311
33 Foreign purchases of other U.S. securities, net	218,091	343,963	485,644	136,208	94,400	128,393	126,643	147,132
34 Foreign direct investments in United States, net	178,209	301,006	287,655	36,508	90,394	76,046	84,707	41,638
35 Capital account transactions, net[5]	678	−3,491	705	173	173	175	184	174
36 Discrepancy	71,947	−48,822	696	46,053	−48,473	749	2,367	28,822
37 Due to seasonal adjustment	..	..	...	8,501	−2,380	−9,977	3,856	8,945
38 Before seasonal adjustment	71,947	−48,822	696	37,552	−46,093	10,726	−1,489	19,877
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	−6,783	8,747	−290	−554	2,020	−346	−1,410	190
40 Foreign official assets in United States, excluding line 25 (increase, +)	−16,577	46,406	39,606	22,972	7,447	12,467	−3,280	5,335
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	−11,531	1,621	11,582	6,143	1,639	3,636	164	−170

1. Seasonal factors are not calculated for lines 11–16, 18–20, 22–35, and 38–41.

2. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.

3. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

4. Reporting banks included all types of depository institutions as well as some brokers and dealers.

5. Consists of capital transfers (such as those of accompanying migrants entering or leaving the country and debt forgiveness) and the acquisition and disposal of nonproduced nonfinancial assets.

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	1998	1999	2000	2000[r]			2001			
				Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.	Apr.[p]
1 Goods and services, balance	−166,686	−261,838	−375,739	−34,025	−32,978	−33,291	−33,332	−28,610	−33,076	−32,174
2 Merchandise	−246,855	−345,434	−452,207	−40,205	−38,955	−39,361	−39,127	−34,614	−38,781	−37,833
3 Services	80,169	83,596	76,468	6,180	5,977	6,070	5,795	6,004	5,705	5,659
4 Goods and services, exports	933,053	957,353	1,065,702	90,412	90,478	89,241	90,104	90,475	88,716	86,917
5 Merchandise	670,324	684,553	772,210	65,807	65,856	64,574	65,309	65,748	63,884	62,123
6 Services	262,729	272,800	293,492	24,605	24,622	24,667	24,795	24,727	24,832	24,794
7 Goods and services, imports	−1,099,739	−1,219,191	−1,441,441	−124,437	−123,456	−122,532	−123,436	−119,085	−121,792	−119,091
8 Merchandise	−917,179	−1,029,987	−1,224,417	−106,012	−104,811	−103,935	−104,436	−100,362	−102,665	−99,956
9 Services	−182,560	−189,204	−217,024	−18,425	−18,645	−18,597	−19,000	−18,723	−19,127	−19,135

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	1997	1998	1999	2000		2001					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
1 **Total**	**69,954**	**81,761**	**71,516**	**65,523**	**67,647**	**67,542**	**66,486**	**64,222**	**64,731**	**65,254[r]**	**64,847**
2 Gold stock[1]	11,047	11,046	11,048	11,046	11,046	11,046	11,046	11,046	11,046	11,044[r]	11,044
3 Special drawing rights[2,3]	10,027	10,603	10,336	10,369	10,539	10,497	10,641	10,379	10,420	10,481	10,409
4 Reserve position in International Monetary Fund[2]	18,071	24,111	17,950	13,491	14,824	15,079	14,107	13,777	13,816	14,283	14,619
5 Foreign currencies[4]	30,809	36,001	32,182	30,617	31,238	30,920	30,692	29,020	29,449	29,446	28,775

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	1997	1998	1999	2000		2001					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
1 **Deposits**	**457**	**167**	**71**	**104**	**215**	**199**	**196**	**70**	**101**	**86**	**102**
Held in custody											
2 U.S. Treasury securities[2]	620,885	607,574	632,482	591,071	594,094	594,694	603,906	609,440	585,710	583,655	586,607
3 Earmarked gold[3]	10,763	10,343	9,933	9,505	9,451	9,397	9,343	9,289	9,235	9,154	9,100

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	1998	1999	2000[r]			2001			
			Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.	Apr.[p]
1 **Total**[1]	**759,928**	**806,318**	**850,116**	**849,049**	**845,926**	**866,885**	**864,593**	**865,466**	**855,708**
By type									
2 Liabilities reported by banks in the United States[2]	125,883	138,847	146,452	147,631	144,650	155,295	155,163	154,641	158,997
3 U.S. Treasury bills and certificates[3]	134,177	156,177	155,101	155,061	153,010	158,967	155,667	155,204	144,158
U.S. Treasury bonds and notes									
4 Marketable	432,127	422,266	419,863	414,896	415,964	418,190	418,857	419,106	410,066
5 Nonmarketable[4]	6,074	6,111	5,280	5,313	5,348	4,923	4,953	4,984	5,017
6 U.S. securities other than U.S. Treasury securities[5]	61,667	82,917	123,420	126,148	126,954	129,510	129,953	131,531	137,470
By area									
7 Europe[1]	256,026	244,805	264,131	262,099	253,592	259,829	256,180	250,420	248,106
8 Canada	10,552	12,503	12,632	11,744	12,394	11,220	10,794	10,396	10,474
9 Latin America and Caribbean	79,503	73,518	77,526	78,742	76,812	80,117	80,389	79,185	79,457
10 Asia	400,631	463,703	481,344	481,094	488,168	499,925	501,486	511,023	500,670
11 Africa	10,059	7,523	8,323	8,012	9,165	8,965	9,586	9,102	9,341
12 Other countries	3,157	4,266	6,160	7,358	5,795	6,829	6,158	5,340	7,660

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 1994 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	1997	1998	1999	2000			2001
				June	Sept.	Dec.[r]	Mar.
1 Banks' liabilities	117,524	101,125	88,537	85,842	78,852	77,935	88,653
2 Banks' claims	83,038	78,162	67,365	67,862	60,355	57,005	71,075
3 Deposits	28,661	45,985	34,426	31,724[r]	26,306[r]	23,407	27,004
4 Other claims	54,377	32,177	32,939	36,138[r]	34,049[r]	33,598	44,071
5 Claims of banks' domestic customers[2]	8,191	20,718	20,826	18,802	19,123	24,411	20,682

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	1998	1999	2000	2000			2001			
				Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,347,837**	**1,408,740**	**1,523,669**	**1,511,173**	**1,525,179**	**1,523,669**	**1,569,027[r]**	**1,534,075**	**1,498,780**	**1,531,621**
2 Banks' own liabilities	884,939	971,536	1,049,070	1,074,575	1,073,536	1,049,070	1,086,287[r]	1,050,242	1,038,209	1,062,835
3 Demand deposits	29,558	42,884	33,553	29,500	31,701	33,553	30,864[r]	35,765	33,868	31,267
4 Time deposits[2]	151,761	163,620	191,791	185,454	192,422	191,791	187,383[r]	191,653	182,479	190,704
5 Other[3]	140,752	155,853	173,233	194,659	187,066	173,233	203,269	198,788	199,882	201,381
6 Own foreign offices[4]	562,868	609,179	650,493	664,962	662,347	650,493	664,771	624,036	621,980	639,483
7 Banks' custodial liabilities[5]	462,898	437,204	474,599	436,598	451,643	474,599	482,740	483,833	460,571	468,786
8 U.S. Treasury bills and certificates[6]	183,494	185,676	177,742	173,984	173,896	177,742	182,276	179,277	171,755	159,686
9 Short-term agency securities[7]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	66,604[r]	74,282	71,460	69,228
10 Other negotiable and readily transferable instruments[8]	141,699	132,617	144,858	129,753	132,453	144,858	76,694[r]	72,489	63,169	78,058
11 Other	137,705	118,911	151,999	132,861	145,294	151,999	157,166	157,785	154,187	161,814
12 Nonmonetary international and regional organizations[9]	11,883	15,276	12,560	17,104	17,074	12,560	10,938	11,596	11,645	12,213
13 Banks' own liabilities	10,850	14,357	12,158	16,751	16,676	12,158	10,595	11,220	11,101	11,724
14 Demand deposits	172	98	41	48	30	41	27	19	23	14
15 Time deposits[2]	5,793	10,349	6,264	5,918	6,542	6,264	5,641	4,984	5,252	5,301
16 Other[3]	4,885	3,910	5,853	10,785	10,104	5,853	4,927	6,217	5,826	6,409
17 Banks' custodial liabilities[5]	1,033	919	402	353	398	402	343	376	544	489
18 U.S. Treasury bills and certificates[6]	636	680	252	215	249	252	294	248	229	170
19 Short-term agency securities[7]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	26	108	137	144
20 Other negotiable and readily transferable instruments[8]	397	233	149	138	147	149	23	15	177	175
21 Other	0	6	1	0	2	1	0	5	1	0
22 Official institutions[10]	260,060	295,024	297,660	301,553	302,692	297,660	314,262[r]	310,830	309,845	303,155
23 Banks' own liabilities	80,256	97,615	97,052	102,654	102,110	97,052	103,447[r]	99,602	97,068	104,064
24 Demand deposits	3,003	3,341	3,950	4,361	4,702	3,950	3,201[r]	4,444	3,509	3,530
25 Time deposits[2]	29,506	28,942	35,638	34,035	35,335	35,638	33,026[r]	29,957	28,001	32,032
26 Other[3]	47,747	65,332	57,464	64,258	62,073	57,464	67,220	65,201	65,558	68,502
27 Banks' custodial liabilities[5]	179,804	197,409	200,608	198,899	200,582	200,608	210,815	211,228	212,777	199,091
28 U.S. Treasury bills and certificates[6]	134,177	156,177	153,010	155,101	155,061	153,010	158,967	155,667	155,204	144,158
29 Short-term agency securities[7]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	45,384	49,594	53,295	51,107
30 Other negotiable and readily transferable instruments[8]	44,953	41,182	47,360	43,753	44,828	47,360	5,337	5,325	4,064	3,325
31 Other	674	50	238	45	693	238	1,127	642	214	501
32 Banks[11]	885,336	900,379	981,552	963,643	973,539	981,552	1,008,771	976,200	953,725	966,235
33 Banks' own liabilities	676,057	728,492	789,052	797,391	794,924	789,052	810,402	779,504	774,936	784,879
34 Unaffiliated foreign banks	113,189	119,313	138,559	132,429	132,577	138,559	145,631	155,468	152,956	145,396
35 Demand deposits	14,071	17,583	15,532	12,160	12,834	15,532	14,297	12,600	16,433	13,027
36 Time deposits[2]	45,904	48,140	67,498	64,301	68,828	67,498	70,896	78,599	73,017	72,656
37 Other[3]	53,214	53,590	55,529	55,968	50,915	55,529	60,438	64,269	63,506	59,713
38 Own foreign offices[4]	562,868	609,179	650,493	664,962	662,347	650,493	664,771	624,036	621,980	639,483
39 Banks' custodial liabilities[5]	209,279	171,887	192,500	166,252	178,615	192,500	198,369	196,696	178,789	181,356
40 U.S. Treasury bills and certificates[6]	35,359	16,796	15,919	9,972	10,285	15,919	14,484	13,909	7,922	7,022
41 Short-term agency securities[7]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7,573[r]	8,008	2,330	2,779
42 Other negotiable and readily transferable instruments[8]	45,332	45,695	35,104	34,261	34,643	35,104	30,623[r]	29,099	26,016	24,062
43 Other	128,588	109,396	141,477	122,019	133,687	141,477	145,689	145,680	142,521	147,493
44 Other foreigners	190,558	198,061	231,897	228,873	231,874	231,897	235,056[r]	235,449	223,565	250,018
45 Banks' own liabilities	117,776	131,072	150,808	157,779	159,826	150,808	161,843[r]	159,916	155,104	162,168
46 Demand deposits	12,312	21,862	14,030	12,931	14,135	14,030	13,339[r]	18,702	13,903	14,696
47 Time deposits[2]	70,558	76,189	82,391	81,200	81,717	82,391	77,820	78,113	76,209	80,715
48 Other[3]	34,906	33,021	54,387	63,648	63,974	54,387	70,684	63,101	64,992	66,757
49 Banks' custodial liabilities[5]	72,782	66,989	81,089	71,094	72,048	81,089	73,213	75,533	68,461	87,850
50 U.S. Treasury bills and certificates[6]	13,322	12,023	8,561	8,696	8,301	8,561	8,531	9,453	8,400	8,336
51 Short-term agency securities[7]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13,621[r]	16,572	15,698	15,198
52 Other negotiable and readily transferable instruments[8]	51,017	45,507	62,245	51,601	52,835	62,245	40,711[r]	38,050	32,912	50,496
53 Other	8,443	9,459	10,283	10,797	10,912	10,283	10,350	11,458	11,451	13,820
MEMO										
54 Negotiable time certificates of deposit in custody for foreigners	27,026	30,345	34,088	27,164	25,854	34,088	31,389	30,277	24,518	25,372
55 Repurchase agreements[7]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	125,225[r]	120,444	129,671	119,141

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. Data available beginning January 2001.
8. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
9. 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.
10. Foreign central banks, foreign central governments, and the Bank for International Settlements.
11. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued
Payable in U.S. dollars

Millions of dollars, end of period

Item	1998	1999	2000	2000			2001			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
AREA										
56 **Total, all foreigners**	**1,347,837**	**1,408,740**	**1,523,669**	**1,511,173**	**1,525,179**	**1,523,669**	**1,569,027r**	**1,534,075r**	**1,498,780**	**1,531,621**
57 **Foreign countries**	**1,335,954**	**1,393,464**	**1,511,108**	**1,494,069**	**1,508,105**	**1,511,108**	**1,558,088r**	**1,522,478r**	**1,487,134**	**1,519,407**
58 Europe	427,375	441,810	449,152	483,826	471,979	449,152	477,162	448,113r	429,275	433,388
59 Austria	3,178	2,789	2,724	2,037	2,671	2,724	2,366	2,124	2,178	2,773
60 Belgium[12]	42,818	44,692	33,401	29,648	32,389	33,401	7,357	5,709r	5,432	5,309
61 Denmark	1,437	2,196	3,001	3,001	3,531	3,001	3,391	4,182	2,919	3,413
62 Finland	1,862	1,658	1,412	1,418	1,874	1,412	1,155	1,667	1,286	1,769
63 France	44,616	49,790	37,840	41,736	43,534	37,840	49,045	45,435r	42,758	39,125
64 Germany	21,357	24,753	35,535	28,633	27,084	35,535	30,250	30,432r	30,662	30,569
65 Greece	2,066	3,748	2,013	3,445	3,344	2,013	1,888	1,963	1,496	1,336
66 Italy	7,103	6,775	5,079	5,594	5,521	5,079	4,997	5,071r	5,770	5,268
67 Luxembourg[12]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	27,095	24,234r	12,585	16,296
68 Netherlands	10,793	8,143	7,485	14,450	13,283	7,485	8,504	8,413	7,265	9,954
69 Norway	710	1,327	2,305	4,102	5,159	2,305	4,762	6,331	8,361	4,806
70 Portugal	3,236	2,228	2,404	2,262	2,379	2,404	2,571	2,625	1,731	1,949
71 Russia	2,439	5,475	19,020	17,260	20,022	19,020	17,233	19,029	18,625	19,917
72 Spain	15,781	10,426	7,801	9,270	6,900	7,801	8,129	8,241r	9,500	7,741
73 Sweden	3,027	4,652	6,498	6,247	7,362	6,498	5,648	5,959	6,738	6,299
74 Switzerland	50,654	63,485	74,732	97,151	86,154	74,732	83,096	64,748r	54,028	65,806
75 Turkey	4,286	7,842	7,548	8,492	4,525	7,548	7,783	5,382r	5,635	4,549
76 United Kingdom	181,554	172,687	169,484	173,254	172,281	169,484	143,476r	134,449r	146,942	137,837
77 Channel Islands & Isle of Man[13]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	36,373r	43,087r	36,040	36,013
78 Yugoslavia[14]	233	286	276	270	279	276	287	294	294	305
79 Other Europe and other former U.S.S.R.[15]	30,225	28,858	30,594	35,556	33,687	30,594	31,756	28,738r	29,030	32,354
80 Canada	30,212	34,214	31,059	34,367	31,252	31,059	23,927	23,945	24,253	27,768
81 Latin America	121,327	117,495	121,719	121,417	121,353	121,719	118,928	120,971r	114,511	117,444
82 Argentina	19,014	18,633	19,493	18,746	17,886	19,493	18,936	18,011r	12,878	14,610
83 Brazil	15,815	12,865	10,953	10,204	11,663	10,953	10,542	11,473	10,571	10,851
84 Chile	5,015	7,008	5,895	5,105	5,327	5,895	5,647	5,955	5,175	5,449
85 Colombia	4,624	5,669	4,555	4,945	4,560	4,555	4,552	4,445	4,344	4,618
86 Ecuador	1,572	1,956	2,119	2,084	2,059	2,119	2,157	2,254	2,179	2,164
87 Guatemala	1,336	1,626	1,637	1,667	1,678	1,637	1,581	1,535	1,509	1,557
88 Mexico	37,157	30,717	33,157	36,054	33,856	33,157	33,721	35,408r	34,084	34,269
89 Panama	3,864	4,415	4,292	3,788	3,980	4,292	3,615	3,885	4,014	3,476
90 Peru	840	1,142	1,435	1,153	1,194	1,435	1,355	1,459	1,788	1,767
91 Uruguay	2,486	2,386	3,006	2,512	2,944	3,006	2,798	2,844	3,365	3,410
92 Venezuela	19,894	20,192	24,779	24,288	25,963	24,779	26,996	26,525r	27,415	27,847
93 Other Latin America[16]	9,710	10,886	10,398	10,871	10,243	10,398	7,028	7,177	7,189	7,426
94 Caribbean	433,539	461,200	580,562	533,961	560,281	580,562	601,777	590,403r	577,706	606,544
95 Bahamas	118,085	135,811	189,454	178,113	176,823	189,454	186,180	185,562	174,174	177,533
96 Bermuda	6,846	7,874	9,695	8,730	8,404	9,695	9,488	8,119r	8,401	8,261
97 British West Indies[17]	302,486	312,278	374,107	340,926	368,175	374,107	n.a.	n.a.	n.a.	n.a.
98 Caymen Islands[17]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	384,398r	376,109r	375,607	402,309
99 Cuba	62	75	90	94	88	90	130	84	85	83
100 Jamaica	577	520	815	680	722	815	792	945	1,238	899
101 Netherlands Antilles	5,010	4,047	5,496	4,614	5,318	5,496	6,565	5,537	4,504	4,516
102 Trinidad and Tobago	473	595	905	804	751	905	797	886	1,048	1,114
103 Other Caribbean[16]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13,427r	13,161r	12,649	11,829
104 Asia	307,960	319,489	306,412	299,164	301,595	306,412	315,128r	317,069r	320,174	310,808
China										
105 Mainland	13,441	12,325	16,538	13,719	15,835	16,538	27,451	31,654	39,928	34,692
106 Taiwan	12,708	13,603	17,690	18,289	17,630	17,690	19,828	18,192r	17,891	19,962
107 Hong Kong	20,900	27,701	26,768	25,784	25,924	26,768	27,013	27,674	29,088	26,587
108 India	5,250	7,367	4,532	5,548	5,173	4,532	4,197	4,058	4,547	4,113
109 Indonesia	8,282	6,567	8,524	7,589	8,375	8,524	8,536	9,027	8,605	10,733
110 Israel	7,749	7,488	8,055	6,668	6,538	8,055	7,666	7,262	8,803	7,095
111 Japan	168,563	159,075	150,434	150,196	149,679	150,434	148,730	150,830r	146,441	144,478
112 Korea (South)	12,524	12,988	7,967	6,684	6,689	7,967	7,155	6,273	6,096	5,370
113 Philippines	3,324	3,268	2,430	1,676	2,334	2,430	1,769	1,422	1,428	1,645
114 Thailand	7,359	6,050	3,129	3,178	3,477	3,129	3,157	3,455r	3,252	2,935
115 Middle Eastern oil-exporting countries[18]	15,609	21,314	23,760	23,856	23,732	23,760	22,425	21,613	21,634	20,534
116 Other	32,251	41,743	36,585	35,977	36,209	36,585	37,201r	35,609r	32,461	32,664
117 Africa	8,905	9,468	10,836	9,663	9,515	10,836	10,552	10,984	10,564	10,821
118 Egypt	1,339	2,022	2,622	1,546	1,655	2,622	2,552	2,336	2,282	2,375
119 Morocco	97	179	139	121	100	139	157	139	133	139
120 South Africa	1,522	1,495	1,011	767	853	1,011	843	914	651	791
121 Congo (formerly Zaire)	5	14	4	4	4	4	10	10	8	5
122 Oil-exporting countries[19]	3,088	2,914	4,052	4,405	4,027	4,052	4,317	4,750	4,593	4,753
123 Other	2,854	2,844	3,008	2,820	2,876	3,008	2,673	2,835	2,897	2,758
124 Other Countries	6,636	9,788	11,368	11,671	12,130	11,368	10,614	10,993	10,651	12,634
125 Australia	5,495	8,377	10,090	10,562	10,961	10,090	8,854	9,519	9,448	11,382
126 New Zealand[20]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,032	328	424	501
127 All other	1,141	1,411	1,278	1,109	1,169	1,278	728	1,146	779	751
128 Nonmonetary international and regional organizations	11,883	15,276	12,561	17,104	17,074	12,561	10,939	11,597	11,646	12,214
129 International[21]	10,221	12,876	11,288	16,133	16,068	11,288	9,024	10,811	10,734	10,715
130 Latin American regional[22]	594	1,150	740	582	523	740	1,493	223	272	327
131 Other regional[23]	1,068	1,250	533	389	483	533	422	534	640	620

12. Before January 2001, combined data reported for Belgium-Luxembourg.
13. Before January 2001, data included in United Kingdom.
14. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
15. Includes the Bank for International Settlements and European Central Bank. Since December 1992, has included all parts of the former U.S.S.R. (except Russia) and Bosnia, Croatia, and Slovenia.
16. Before January 2001, "Other Latin America" and "Other Caribbean" were reported as combined "Other Latin America and Caribbean."
17. Beginning January 2001, Cayman Islands replaced British West Indies in the data series.
18. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
19. Comprises Algeria, Gabon, Libya, and Nigeria.
20. Before January 2001, included in "All other."
21. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
22. Principally the Inter-American Development Bank.
23. 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	1998	1999	2000	2000			2001			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
1 **Total, all foreigners**	**734,995**	**793,139**	**911,879**	**879,626**	**882,419**	**911,879**	**961,897r**	**918,728r**	**991,105**	**997,303**
2 **Foreign countries**	**731,378**	**788,576**	**907,193**	**874,403**	**878,579**	**907,193**	**958,670r**	**915,411r**	**988,329**	**994,548**
3 Europe	233,321	311,686	383,876	365,709	371,894	383,876	422,170r	406,999r	443,367	442,745
4 Austria	1,043	2,643	2,941	2,809	2,681	2,941	3,664	2,927	3,101	3,728
5 Belgium[2]	7,187	10,193	5,540	6,044	5,060	5,540	4,635	5,321	4,852	4,375
6 Denmark	2,383	1,669	3,312	3,093	3,462	3,312	3,402	3,499	3,242	2,954
7 Finland	1,070	2,020	7,402	4,927	6,517	7,402	6,772	7,122	7,185	8,901
8 France	15,251	29,142	40,303	34,217	34,547	40,303	43,290	44,104	45,555	46,378
9 Germany	15,923	29,205	36,973	33,017	32,160	36,973	39,744	39,375	45,764	49,222
10 Greece	575	806	658	628	876	658	526	466	278	265
11 Italy	7,284	8,496	7,629	6,482	6,738	7,629	6,310	6,315	6,976	7,274
12 Luxembourg[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2,825	2,659	2,569	2,012
13 Netherlands	5,697	11,810	17,294	16,165	15,975	17,294	18,864	21,680	22,629	22,698
14 Norway	827	1,000	5,012	4,655	6,159	5,012	2,971	5,339	8,228	5,296
15 Portugal	669	1,571	1,382	1,574	1,249	1,382	1,109	1,312	1,426	1,535
16 Russia	789	713	517	647	663	517	518	561	1,008	813
17 Spain	5,735	3,796	2,848	3,360	2,593	2,848	3,808	4,199	4,722	3,445
18 Sweden	4,223	3,264	9,301	8,504	8,815	9,301	10,353	10,131	10,286	11,934
19 Switzerland	46,874	79,158	82,383	103,818	107,986	82,383	102,545	97,186	96,487	104,808
20 Turkey	1,982	2,617	3,175	2,831	3,260	3,175	3,300	3,104	2,698	2,773
21 United Kingdom	106,349	115,971	148,875	122,829	125,223	148,875	154,339r	140,974r	166,367	155,535
22 Channel Islands & Isle of Man[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3,127r	3,231r	3,250	3,310
23 Yugoslavia[4]	53	50	50	49	49	50	50	49	49	49
24 Other Europe and other former U.S.S.R.[5]	9,407	7,562	8,281	10,060	7,881	8,281	10,018	7,445	6,695	5,440
25 Canada	47,037	37,206	40,068	38,648	39,291	40,068	41,654r	42,487	43,839	45,097
26 Latin America	79,976	74,040	76,614	73,692	74,399	76,614	74,463r	74,224r	73,905	73,810
27 Argentina	9,552	10,894	11,546	11,166	11,468	11,546	11,317	11,612	11,241	11,532
28 Brazil	16,184	16,987	20,567	20,202	19,840	20,567	20,372	20,008	20,275	20,278
29 Chile	8,250	6,607	5,816	5,756	5,772	5,816	6,223	5,961	5,932	5,628
30 Colombia	6,507	4,524	4,370	3,846	3,938	4,370	3,816	3,941	4,022	3,723
31 Ecuador	1,400	760	635	639	629	635	563	584	534	522
32 Guatemala	1,127	1,135	1,246	1,245	1,247	1,246	1,364	1,176	1,176	1,171
33 Mexico	21,212	17,899	17,430	16,723	16,945	17,430	17,598	17,918	17,762	18,012
34 Panama	3,584	3,387	2,935	2,668	2,839	2,935	2,775	2,908	3,008	3,162
35 Peru	3,275	2,529	2,808	2,653	2,713	2,808	2,689	2,673	2,809	2,770
36 Uruguay	1,126	801	675	663	677	675	641	455	366	367
37 Venezuela	3,089	3,494	3,520	3,321	3,451	3,520	3,306	3,264	3,239	3,154
38 Other Latin America[6]	4,670	5,023	5,066	4,810	4,880	5,066	3,799r	3,724r	3,541	3,491
39 Caribbean	262,678	281,128	319,512	300,805	301,544	319,512	320,544r	299,191r	325,134	332,963
40 Bahamas	96,455	99,066	114,090	100,445	96,718	114,090	109,284r	101,284r	105,064	112,425
41 Bermuda	5,011	8,007	9,343	8,426	8,324	9,343	8,673	7,138	8,186	6,838
42 British West Indies[7]	153,749	167,189	189,315	184,812	188,994	189,315	n.a.	n.a.	n.a.	n.a.
43 Caymen Islands[7]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	187,790r	177,338r	199,345	199,790
44 Cuba	0	0	0	0	0	0	117	0	n.a.	3
45 Jamaica	239	295	355	379	355	355	357	331	348	332
46 Netherlands Antilles	6,779	5,982	5,801	6,158	6,554	5,801	9,077	7,156	6,921	9,384
47 Trinidad and Tobago	445	589	608	585	599	608	658	663	710	783
48 Other Caribbean[6]	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	4,588r	5,281r	4,560	3,408
49 Asia	98,607	75,143	78,762	87,682	83,359	78,762	90,332	81,896	87,626	83,562
China										
50 Mainland	1,261	2,110	1,606	1,912	1,644	1,606	1,562	1,530	1,338	3,171
51 Taiwan	1,041	1,390	2,247	3,691	2,483	2,247	1,037	1,365	1,846	2,253
52 Hong Kong	9,080	5,903	6,715	6,540	6,454	6,715	7,458	8,506	11,068	10,461
53 India	1,440	1,738	2,178	1,787	1,736	2,178	1,886	1,700	1,827	1,675
54 Indonesia	1,942	1,776	1,914	2,009	1,958	1,914	2,075	1,987	2,001	2,033
55 Israel	1,166	1,875	2,729	1,551	1,911	2,729	2,343	3,249	2,339	2,526
56 Japan	46,713	28,641	35,109	35,773	36,467	35,109	38,901	34,778r	39,311	32,969
57 Korea (South)	8,289	9,426	7,784	18,589	16,189	7,784	18,736	14,147	12,186	13,937
58 Philippines	1,465	1,410	1,784	1,473	1,758	1,784	1,217	1,172	1,195	1,835
59 Thailand	1,807	1,515	1,381	1,046	1,221	1,381	1,170	1,244	1,258	1,062
60 Middle Eastern oil-exporting countries[8]	16,130	14,267	10,091	9,867	8,487	10,091	10,549	8,750r	9,120	7,936
61 Other	8,273	5,092	5,224	3,444	3,051	5,224	3,398	3,468	4,137	3,704
62 Africa	3,122	2,268	2,151	2,291	1,977	2,151	2,176	1,899	2,111	2,035
63 Egypt	257	258	201	201	184	201	170	271	343	308
64 Morocco	372	352	204	252	235	204	182	185	189	185
65 South Africa	643	622	366	322	341	366	492	544	586	444
66 Congo (formerly Zaire)	0	24	0	0	0	0	19	0	0	0
67 Oil-exporting countries[9]	936	276	471	656	342	471	582	153	217	267
68 Other	914	736	909	860	875	909	731	746	776	831
69 Other countries	6,637	7,105	6,210	5,576	6,115	6,210	7,331	8,715	12,347	14,336
70 Australia	6,173	6,824	5,961	5,238	5,937	5,961	6,906	8,377	12,013	13,832
71 New Zealand[10]	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	283	207	208	325
72 All other	464	281	249	338	178	249	142	131	126	179
73 Nonmonetary international and regional organizations[11]	3,617	4,563	4,686	5,223	3,840	4,686	3,363	3,317	2,776	2,755

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Before January 2001, combined data reported for Belgium-Luxembourg.
3. Before January 2001, data included in United Kingdom.
4. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
5. Includes the Bank for International Settlements and European Central Bank. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
6. Before January 2001, "Other Latin America" and "Other Caribbean" were reported as combined "Other Latin America and Caribbean."
7. Beginning 2001, Cayman Islands replaced British West Indies in the data series.
8. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
9. Comprises Algeria, Gabon, Libya, and Nigeria.
10. Before January 2001, included in "All other."
11. 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	1998	1999	2000	2000			2001			
				Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.	Apr.[p]
1 **Total**	**875,891**	**944,937**	**1,103,076[r]**	...	...	**1,103,076[r]**	...	...	**1,201,852**	...
2 Banks' claims	734,995	793,139	911,879	879,626	882,419	911,879	961,897	918,728	991,105	997,303
3 Foreign public borrowers	23,542	35,090	38,327	49,693	49,373	38,327	52,989	54,219	49,122	52,353
4 Own foreign offices[2]	484,535	529,682	630,105	603,873	610,839	630,105	647,273	610,256	670,609	682,201
5 *Unaffiliated foreign banks*	106,206	97,186	99,622	83,035	82,962	99,622	102,473	99,088	112,135	102,706
6 Deposits	27,230	34,538	23,886	23,598	23,756	23,886	23,908	25,679	26,233	29,155
7 Other	78,976	62,648	75,736	59,437	59,206	75,736	78,565	73,409	85,902	73,551
8 All other foreigners	120,712	131,181	143,825	143,025	139,245	143,825	159,162	155,165	159,239	160,043
9 Claims of banks' domestic customers[3]	140,896	151,798	191,197[r]	...	...	191,197[r]	...	...	210,747	...
10 Deposits	79,363	88,006	100,327[r]	...	...	100,327[r]	...	...	105,554	...
11 Negotiable and readily transferable instruments[4]	47,914	51,161	78,147	...	...	78,147	...	...	91,827	...
12 Outstanding collections and other claims	13,619	12,631	12,723	...	...	12,723	...	...	13,366	...
MEMO										
13 Customer liability on acceptances	4,520	4,553	4,258	...	...	4,258	...	...	2,995	...
14 Banks' loans under resale agreements[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	122,720	118,705	134,083	126,871
15 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[6]	39,978	31,125	53,153	53,848	55,899	53,153	59,893	70,964	67,204	60,796

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. Data available beginning January 2001.
6. 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]	1997	1998	1999	2000			2001
				June	Sept.	Dec.[r]	Mar.[p]
1 **Total**	**276,550**	**250,418**	**267,082**	**268,905[r]**	**263,383**	**281,526**	**318,275**
By borrower							
2 Maturity of one year or less	205,781	186,526	187,894	181,815[r]	174,650	188,731	201,518
3 Foreign public borrowers	12,081	13,671	22,811	24,849	23,646	21,399	23,742
4 All other foreigners	193,700	172,855	165,083	156,966[r]	151,004	167,332	177,776
5 Maturity of more than one year	70,769	63,892	79,188	87,090	88,733	92,795	116,757
6 Foreign public borrowers	8,499	9,839	12,013	15,900	16,238	16,258	24,949
7 All other foreigners	62,270	54,053	67,175	71,190	72,495	76,537	91,808
By area							
Maturity of one year or less							
8 Europe	58,294	68,679	80,842	71,492	69,447	73,253	89,639
9 Canada	9,917	10,968	7,859	7,344	8,225	8,395	7,069
10 Latin America and Caribbean	97,207	81,766	69,498	66,096	65,881	77,304	72,423
11 Asia	33,964	18,007	21,802	29,092[r]	23,791	22,751	20,737
12 Africa	2,211	1,835	1,122	1,520	1,594	1,168	970
13 All other[3]	4,188	5,271	6,771	6,271	5,712	5,860	10,680
Maturity of more than one year							
14 Europe	13,240	14,923	22,951	25,417	27,589	33,483	42,341
15 Canada	2,525	3,140	3,192	3,323	3,261	3,312	3,249
16 Latin America and Caribbean	42,049	33,442	39,051	42,291	41,168	41,870	50,222
17 Asia	10,235	10,018	11,257	12,550	13,132	10,154	17,176
18 Africa	1,236	1,232	1,065	924	895	891	763
19 All other[3]	1,484	1,137	1,672	2,585	2,688	3,085	3,006

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	1997	1998	1999				2000				2001
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**721.8**	**1051.6**	**993.4**	**941.2**	**941.6**	**945.5**	**943.7**	**983.4**	**955.5**	**1034.9**	**1152.0**
2 G-10 countries and Switzerland	242.8	217.7	220.4	234.7	219.4	243.4	272.7	313.7	280.9	306.4	337.1
3 Belgium and Luxembourg	11.0	10.7	15.6	16.2	15.7	14.3	14.2	13.8	13.0	14.3	15.3
4 France	15.4	18.4	21.6	20.7	20.0	29.0	27.3	32.6	29.1	29.9	30.1
5 Germany	28.6	30.9	34.7	32.1	37.4	38.7	37.3	31.5	37.7	45.2	45.2
6 Italy	15.5	11.5	17.8	16.4	15.0	18.1	20.0	20.5	18.6	21.3	20.3
7 Netherlands	6.2	7.8	10.7	13.3	11.7	12.3	17.1	16.1	17.6	18.7	18.9
8 Sweden	3.3	2.3	4.0	2.6	3.6	3.0	3.9	3.5	4.3	3.7	4.7
9 Switzerland	7.2	8.5	7.8	8.3	8.8	10.3	10.1	13.8	10.9	13.5	13.9
10 United Kingdom	113.4	85.4	67.7	85.5	63.5	79.3	101.9	138.2	112.9	119.8	145.4
11 Canada	13.7	16.8	15.9	17.1	17.9	16.3	17.5	18.3	18.7	16.9	15.4
12 Japan	28.6	25.4	24.6	22.6	25.7	22.1	23.5	25.4	18.1	23.1	28.0
13 Other industrialized countries	65.5	69.0	80.1	79.7	71.7	68.4	62.8	75.2	73.8	75.3	82.1
14 Austria	1.5	1.4	2.8	2.8	3.0	3.5	2.6	2.8	3.5	4.1	3.8
15 Denmark	2.4	2.2	3.4	2.9	2.1	2.6	1.5	1.2	1.8	1.9	3.1
16 Finland	1.3	1.4	1.5	.9	.9	.9	.8	1.2	2.8	1.5	1.4
17 Greece	5.1	5.9	6.5	5.9	6.6	6.0	5.7	6.8	6.4	8.3	4.1
18 Norway	3.6	3.2	3.1	3.0	3.8	3.3	3.0	4.6	8.5	8.3	10.2
19 Portugal	.9	1.4	1.4	1.2	1.2	1.0	1.0	2.0	1.5	2.0	1.9
20 Spain	12.6	13.7	15.7	16.6	15.1	12.1	11.3	12.2	10.5	10.6	12.6
21 Turkey	4.5	4.8	5.2	4.9	4.7	4.8	5.1	5.6	5.6	6.0	5.2
22 Other Western Europe	8.3	10.4	10.2	10.3	9.2	6.8	8.4	8.0	8.4	6.7	7.4
23 South Africa	2.2	4.4	4.8	4.7	4.0	3.8	4.9	4.6	4.2	3.7	4.1
24 Australia	23.1	20.3	25.4	26.6	21.1	23.5	18.6	26.3	20.5	22.2	28.2
25 OPEC[2]	26.0	27.1	26.2	26.2	30.1	31.4	28.9	32.3	31.8	29.6	28.2
26 Ecuador	1.3	1.3	1.2	1.1	.9	.8	.7	.7	.6	.6	.6
27 Venezuela	2.5	3.2	3.5	3.2	3.0	2.8	3.0	2.9	2.9	2.5	2.7
28 Indonesia	6.7	4.7	4.5	5.0	4.4	4.2	3.9	4.1	4.4	4.6	4.4
29 Middle East countries	14.4	17.0	16.7	16.5	21.4	23.1	21.1	24.0	22.7	21.1	20.1
30 African countries	1.2	1.0	.4	.5	.5	.5	.2	.7	1.2	.8	.5
31 Non-OPEC developing countries	139.2	143.4	146.4	148.6	144.6	149.4	154.9	158.3	149.6	145.7	144.6
Latin America											
32 Argentina	18.4	23.1	24.4	22.8	22.8	23.2	22.4	21.6	21.4	21.4	20.8
33 Brazil	28.6	24.7	24.2	25.2	23.5	27.7	28.1	28.3	28.6	28.8	29.4
34 Chile	8.7	8.3	8.6	8.2	7.7	7.4	8.2	8.1	7.3	7.6	7.4
35 Colombia	3.4	3.2	3.3	3.1	2.7	2.5	2.5	2.4	2.4	2.4	2.4
36 Mexico	17.4	18.9	19.7	18.5	19.4	18.7	18.3	20.4	17.5	15.7	16.7
37 Peru	2.0	2.2	2.2	2.1	1.8	1.7	1.9	2.1	2.1	2.0	2.0
38 Other	4.1	5.4	5.3	5.5	5.5	5.9	6.6	6.9	6.4	6.5	8.7
Asia											
China											
39 Mainland	3.2	3.0	5.0	5.3	3.3	3.6	4.6	3.8	3.4	2.9	3.4
40 Taiwan	9.5	13.3	11.8	12.6	12.3	12.0	12.6	12.6	12.8	10.8	11.1
41 India	4.9	5.5	5.5	6.7	7.0	7.7	7.9	8.2	5.8	9.1	6.5
42 Israel	.7	1.1	1.1	2.0	1.0	1.8	3.3	1.5	1.1	2.7	2.2
43 Korea (South)	15.6	13.7	13.7	15.3	16.0	15.2	17.3	21.1	20.8	15.1	19.3
44 Malaysia	5.1	5.6	5.9	6.0	6.1	6.1	6.5	6.8	6.9	7.1	6.5
45 Philippines	5.7	5.1	5.4	5.7	5.8	6.2	5.3	5.3	4.7	5.1	5.2
46 Thailand	5.4	4.7	4.5	4.2	4.0	4.1	4.3	4.0	3.9	4.0	4.2
47 Other Asia	4.3	2.9	3.0	2.8	2.9	2.9	2.6	2.5	2.3	2.4	2.2
Africa											
48 Egypt	.9	1.3	1.4	1.4	1.3	1.4	1.4	1.3	1.1	1.1	1.2
49 Morocco	.6	.5	.5	.5	.5	.4	.3	.3	.4	.3	.3
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.8	1.0	.9	1.0	1.0	1.0	.9	.9	.8	.7	.7
52 Eastern Europe	9.1	5.5	6.8	5.7	5.4	5.2	6.3	9.4	9.0	10.1	9.5
53 Russia[4]	5.1	2.2	2.0	2.1	2.0	1.6	1.7	1.5	1.4	1.0	1.5
54 Other	4.0	3.3	4.8	3.7	3.4	3.6	4.7	7.9	7.6	9.1	8.0
55 Offshore banking centers	155.1	134.4	114.4	107.5	122.5	114.5	42.0	47.2	53.4	61.8	57.9
56 Bahamas	24.2	35.4	22.0	10.4	18.2	13.7	2.4	.5	9.3	13.5	7.0
57 Bermuda	9.8	4.6	3.9	5.7	8.2	8.0	7.3	6.3	6.3	9.0	7.9
58 Cayman Islands and other British West Indies	43.4	12.8	13.9	7.2	6.3	1.3	.0	5.1	5.9	14.6	14.3
59 Netherlands Antilles	14.6	2.6	2.7	1.3	9.1	1.7	2.5	2.6	1.9	1.9	2.9
60 Panama[5]	3.1	3.9	3.9	3.9	3.9	3.9	3.4	3.3	2.5	3.2	3.8
61 Lebanon	.1	.1	.1	.1	.2	.1	.1	.1	.1	.1	.1
62 Hong Kong, China	32.2	23.3	22.8	22.0	22.4	21.0	22.2	20.7	20.6	18.8	21.7
63 Singapore	12.7	11.1	13.5	15.2	10.6	10.1	4.1	13.6	12.6	15.2	14.5
64 Other[6]	.1	.2	.2	.1	.2	.1	.1	.1	.1	.2	.1
65 Miscellaneous and unallocated[7]	99.1	495.1	430.4	380.2	391.2	387.9	376.1	342.1	351.1	391.2	472.7

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	1997	1998	1999	1999	2000				2001
					Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1	**Total**	**57,382**	**46,570**	**53,044**	**53,044**	**53,489**	**70,534**	**76,644**	**73,904[r]**	**74,484**
2	Payable in dollars	41,543	36,668	37,605	37,605	35,614	47,864	51,451	48,931[r]	46,870
3	Payable in foreign currencies	15,839	9,902	15,415	15,415	17,875	22,670	25,193	24,973[r]	27,614
	By type									
4	Financial liabilities	26,877	19,255	27,980	27,980	29,180	44,068	49,895	47,419	48,461
5	Payable in dollars	12,630	10,371	13,883	13,883	12,858	22,803	26,159	25,246	23,369
6	Payable in foreign currencies	14,247	8,884	14,097	14,097	16,322	21,265	23,736	22,173	25,092
7	Commercial liabilities	30,505	27,315	25,064	25,064	24,309	26,466	26,749	26,485[r]	26,023
8	Trade payables	10,904	10,978	12,857	12,857	12,401	13,764	13,918	14,293[r]	12,657
9	Advance receipts and other liabilities	19,601	16,337	12,207	12,207	11,908	12,702	12,831	12,192[r]	13,366
10	Payable in dollars	28,913	26,297	23,722	23,722	22,756	25,061	25,292	23,685[r]	23,501
11	Payable in foreign currencies	1,592	1,018	1,318	1,318	1,553	1,405	1,457	2,800[r]	2,522
	By area or country									
	Financial liabilities									
12	Europe	18,027	12,589	23,241	23,241	24,050	30,332	36,175	34,172	37,990
13	Belgium and Luxembourg	186	79	31	31	4	163	169	147	112
14	France	1,425	1,097	1,659	1,659	1,849	1,702	1,299	1,480	1,557
15	Germany	1,958	2,063	1,974	1,974	1,880	1,671	2,132	2,168	2,745
16	Netherlands	494	1,406	1,996	1,996	1,970	2,035	2,040	2,016	2,169
17	Switzerland	561	155	147	147	97	137	178	104	116
18	United Kingdom	11,667	5,980	16,521	16,521	16,579	21,463	28,601	26,362	29,241
19	Canada	2,374	693	284	284	313	714	249	411	719
20	Latin America and Caribbean	1,386	1,495	892	892	846	2,874	3,447	4,125	3,651
21	Bahamas	141	7	1	1	1	78	105	6	18
22	Bermuda	229	101	5	5	1	1,016	1,182	1,739	1,837
23	Brazil	143	152	126	126	128	146	132	148	26
24	British West Indies	604	957	492	492	489	463	501	406	410
25	Mexico	26	59	25	25	22	26	35	26	32
26	Venezuela	1	2	0	0	0	0	0	2	1
27	Asia	4,387	3,785	3,437	3,437	3,275	9,453	9,320	7,965	5,389
28	Japan	4,102	3,612	3,142	3,142	2,985	6,024	4,782	6,216	4,779
29	Middle Eastern oil-exporting countries[1]	27	0	4	4	4	5	7	11	15
30	Africa	60	28	28	28	28	33	48	52	38
31	Oil-exporting countries[2]	0	0	0	0	0	0	0	0	0
32	All other[3]	643	665	98	98	668	662	656	694	674
	Commercial liabilities									
33	Europe	10,228	10,030	9,262	9,262	8,646	9,293	9,411	9,629[r]	8,950
34	Belgium and Luxembourg	666	278	140	140	78	178	201	293	251
35	France	764	920	672	672	539	711	716	979	689
36	Germany	1,274	1,392	1,131	1,131	914	948	1,023	1,047[r]	982
37	Netherlands	439	429	507	507	648	562	424	300[r]	373
38	Switzerland	375	499	626	626	536	565	647	502	656
39	United Kingdom	4,086	3,697	3,071	3,071	2,661	2,982	2,951	2,847[r]	2,619
40	Canada	1,175	1,390	1,775	1,775	2,024	2,053	1,889	1,933[r]	1,627
41	Latin America and Caribbean	2,176	1,618	2,310	2,310	2,286	2,607	2,443	2,381	2,166
42	Bahamas	16	14	22	22	9	10	15	31	5
43	Bermuda	203	198	152	152	287	300	377	281	280
44	Brazil	220	152	145	145	115	119	167	114	239
45	British West Indies	12	10	48	48	23	22	19	76	64
46	Mexico	565	347	887	887	805	1,073	1,079	841	792
47	Venezuela	261	202	305	305	193	239	124	284	243
48	Asia	14,966	12,342	9,886	9,886	9,681	10,965	11,133	10,983[r]	11,558
49	Japan	4,500	3,827	2,609	2,609	2,274	2,200	1,998	2,757[r]	2,432
50	Middle Eastern oil-exporting countries[1]	3,111	2,852	2,551	2,551	2,308	3,489	3,706	2,832[r]	3,359
51	Africa	874	794	950	950	943	950	1,220	948[r]	1,072
52	Oil-exporting countries[2]	408	393	499	499	536	575	663	483[r]	566
53	Other[3]	1,086	1,141	881	881	729	598	653	614[r]	650

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	1997	1998	1999	1999	2000				2001
				Dec.	Mar.	June	Sept.	Dec	Mar.[p]
1 **Total**	**68,128**	**77,462**	**76,669**	**76,669**	**84,266**	**80,731[r]**	**94,803**	**90,157[r]**	**109,443**
2 Payable in dollars	62,173	72,171	69,170	69,170	74,331	72,300[r]	82,872	79,558[r]	96,230
3 Payable in foreign currencies	5,955	5,291	7,472	7,472	9,935	8,431	11,931	10,599[r]	13,213
By type									
4 Financial claims	36,959	46,260	40,231	40,231	47,798	44,303	58,303	53,031	74,458
5 Deposits	22,909	30,199	18,566	18,566	23,316	17,462	30,928	23,374	29,119
6 Payable in dollars	21,060	28,549	16,373	16,373	21,442	15,361	27,974	21,015	26,944
7 Payable in foreign currencies	1,849	1,650	2,193	2,193	1,874	2,101	2,954	2,359	2,175
8 Other financial claims	14,050	16,061	21,665	21,665	24,482	26,841	27,375	29,657	45,339
9 Payable in dollars	11,806	14,049	18,593	18,593	19,659	22,384	20,541	25,142	37,480
10 Payable in foreign currencies	2,244	2,012	3,072	3,072	4,823	4,457	6,834	4,515	7,859
11 Commercial claims	31,169	31,202	36,438	36,438	36,468	36,428[r]	36,500	37,126[r]	34,985
12 Trade receivables	27,536	27,202	32,629	32,629	31,443	31,283[r]	31,530	33,104[r]	30,493
13 Advance payments and other claims	3,633	4,000	3,809	3,809	5,025	5,145	4,970	4,022[r]	4,492
14 Payable in dollars	29,307	29,573	34,204	34,204	33,230	34,555[r]	34,357	33,401[r]	31,806
15 Payable in foreign currencies	1,862	1,629	2,207	2,207	3,238	1,873	2,143	3,725[r]	3,179
By area or country									
Financial claims									
16 Europe	14,999	12,294	13,023	13,023	16,789	18,254	23,706	23,136	31,946
17 Belgium and Luxembourg	406	661	529	529	540	317	304	296	430
18 France	1,015	864	967	967	1,835	1,292	1,477	1,206	3,149
19 Germany	427	304	504	504	669	576	696	848	1,405
20 Netherlands	677	875	1,229	1,229	1,981	1,984	2,486	1,396	2,313
21 Switzerland	434	414	643	643	612	624	626	699	605
22 United Kingdom	10,337	7,766	7,561	7,561	9,044	11,668	16,191	15,900	21,070
23 Canada	3,313	2,503	2,553	2,553	3,175	5,799	7,517	4,576	4,854
24 Latin America and Caribbean	15,543	27,714	18,206	18,206	21,945	14,874	21,691	19,317	28,674
25 Bahamas	2,308	403	1,593	1,593	1,299	655	1,358	1,353	561
26 Bermuda	108	39	11	11	11	34	22	19	1,729
27 Brazil	1,313	835	1,476	1,476	1,646	1,666	1,568	1,827	1,564
28 British West Indies	10,462	24,388	12,099	12,099	15,814	7,751	15,722	12,596	16,366
29 Mexico	537	1,245	1,798	1,798	1,979	2,048	2,280	2,448	2,459
30 Venezuela	36	55	48	48	65	78	101	87	31
31 Asia	2,133	3,027	5,457	5,457	4,430	3,923	4,002	4,697	7,444
32 Japan	823	1,194	3,262	3,262	2,021	1,410	1,726	1,631	4,065
33 Middle Eastern oil-exporting countries[1]	11	9	23	23	29	42	85	80	70
34 Africa	319	159	286	286	232	320	284	411	423
35 Oil-exporting countries[2]	15	16	15	15	15	39	3	57	42
36 All other[3]	652	563	706	706	1,227	1,133	1,103	894	1,117
Commercial claims									
37 Europe	12,120	13,246	16,389	16,389	16,118	15,935[r]	16,486	15,938	14,534
38 Belgium and Luxembourg	328	238	316	316	271	425	393	452	395
39 France	1,796	2,171	2,236	2,236	2,520	2,693[r]	2,921	3,095	3,480
40 Germany	1,614	1,822	1,960	1,960	2,034	1,905[r]	2,159	1,982	1,763
41 Netherlands	597	467	1,429	1,429	1,337	1,242	1,310	1,729	757
42 Switzerland	554	483	610	610	611	562[r]	684	763	666
43 United Kingdom	3,660	4,769	5,827	5,827	5,354	4,937[r]	5,193	4,502	4,031
44 Canada	2,660	2,617	2,757	2,757	3,088	3,250	2,953	3,502[r]	3,393
45 Latin America and Caribbean	5,750	6,296	5,959	5,959	5,899	5,792	5,788	5,851[r]	5,306
46 Bahamas	27	24	20	20	15	48	75	37	20
47 Bermuda	244	536	390	390	404	381	387	376	418
48 Brazil	1,162	1,024	905	905	849	894	981	957[r]	1,057
49 British West Indies	109	104	181	181	95	51	55	137	131
50 Mexico	1,392	1,545	1,678	1,678	1,529	1,565	1,612	1,507	1,418
51 Venezuela	576	401	439	439	435	466	379	328[r]	292
52 Asia	8,713	7,192	9,165	9,165	9,101	9,172[r]	8,986	9,630[r]	9,544
53 Japan	1,976	1,681	2,074	2,074	2,082	1,881[r]	2,074	2,796[r]	2,575
54 Middle Eastern oil-exporting countries[1]	1,107	1,135	1,625	1,625	1,533	1,241	1,199	1,024	966
55 Africa	680	711	631	631	716	766	895	672[r]	773
56 Oil-exporting countries[2]	119	165	171	171	82	160	392	180[r]	165
57 Other[3]	1,246	1,140	1,537	1,537	1,546	1,513	1,392	1,572[r]	1,435

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	1999	2000	2001 Jan.–Apr.	2000 Oct.	2000 Nov.	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	2,340,659	3,605,196	1,097,283	339,995	284,909	286,161	301,650	259,101	285,528	251,004
2 Foreign sales	2,233,137	3,430,306	1,048,333	323,659	275,855	275,034	277,706	249,423	277,473	243,731
3 **Net purchases, or sales (−)**	**107,522**	**174,890**	**48,950**	**16,336**	**9,054**	**11,127**	**23,944**	**9,678**	**8,055**	**7,273**
4 **Foreign countries**	**107,578**	**174,903**	**48,837**	**16,338**	**9,068**	**11,145**	**23,906**	**9,707**	**7,929**	**7,295**
5 Europe	98,060	164,656	37,733	14,040	7,485	10,779	12,329	13,713	7,983	3,708
6 France	3,813	5,727	3,260	1,757	408	40	243	1,869	1,041	107
7 Germany	13,410	31,752	3,974	1,383	988	777	2,380	1,217	174	203
8 Netherlands	8,083	4,915	5,487	−135	323	1,691	2,206	1,379	790	1,112
9 Switzerland	5,650	11,960	2,222	488	−598	−684	70	775	1,237	140
10 United Kingdom	42,902	58,736	12,065	6,283	3,210	7,773	3,064	5,120	3,280	601
11 Channel Islands & Isle of Man[1]	0	0	−299	0	0	0	−13	−32	−110	−144
12 Canada	−335	5,956	5,993	194	1,477	1,468	1,490	468	2,464	1,571
13 Latin America and Caribbean	5,187	−17,812	−4,164	−4,400	−2,979	−2,759	5,445	−4,927	−3,516	−1,166
14 Middle East[2]	−1,066	9,189	96	754	340	277	−554	264	442	−56
15 Other Asia	4,445	12,494	10,198	5,840	3,310	1,451	5,565	355	684	3,594
16 Japan	5,723	2,070	3,517	2,640	662	1,615	1,002	−672	512	2,675
17 Africa	372	415	−261	−27	80	−45	−362	52	93	−44
18 Other countries	915	5	−758	−63	−645	−26	−7	−218	−221	−312
19 **Nonmonetary international and regional organizations**	**−56**	**−11**	**113**	**−2**	**−14**	**−18**	**38**	**−29**	**126**	**−22**
BONDS[3]										
20 Foreign purchases	854,692	1,206,662	605,411	103,028	114,686	117,904	138,294	147,852[r]	170,098	149,167
21 Foreign sales	602,100	871,418	455,750	71,686	77,596	90,143	111,327	108,792	124,000	111,631
22 **Net purchases, or sales (−)**	**252,592**	**335,244**	**149,661**	**31,342**	**37,090**	**27,761**	**26,967**	**39,060[r]**	**46,098**	**37,536**
23 **Foreign countries**	**252,994**	**335,348**	**149,474**	**31,356**	**37,224**	**27,759**	**27,065**	**39,019[r]**	**45,880**	**37,510**
24 Europe	140,674	179,706	84,036	16,965	16,522	16,560	17,397	22,064[r]	26,420	18,155
25 France	1,870	2,216	2,846	347	272	138	405	660	1,262	519
26 Germany	7,723	4,067	6,352	433	537	−78	2,450	1,352	911	1,639
27 Netherlands	2,446	1,130	1,211	848	183	275	664	496	92	−41
28 Switzerland	4,553	3,833	3,376	350	483	−89	321	782	1,564	709
29 United Kingdom	106,344	140,152	61,954	12,503	12,952	12,825	11,251	17,893[r]	20,347	12,463
30 Channel Islands & Isle of Man[1]	0	0	644	0	0	0	107	118	101	318
31 Canada	6,043	13,287	2,874	897	1,179	414	376	1,031	309	1,158
32 Latin America and Caribbean	58,783	59,443	27,088	5,018	6,600	4,126	4,969	8,009	6,564	7,546
33 Middle East[1]	1,979	2,076	1,922	−54	437	1,077	726	443	624	129
34 Other Asia	42,817	78,280	32,813	8,215	11,839	5,535	3,514	7,162	11,683	10,454
35 Japan	17,541	38,842	7,863	3,690	7,435	2,932	910	914	5,570	469
36 Africa	1,411	938	80	58	25	76	29	46	38	−33
37 Other countries	1,287	1,618	661	257	622	−29	54	264	242	101
38 **Nonmonetary international and regional organizations**	**−402**	**−70**	**188**	**−14**	**−134**	**2**	**−97**	**41**	**218**	**26**
	Foreign securities									
39 Stocks, net purchases, or sales (−)	15,640	−9,297	−27,230	3,011	5,563	−3,195	−2,940	−2,491	−14,540	−7,259
40 Foreign purchases	1,177,303	1,802,452	534,308	152,872	141,600	135,417	148,111	130,972	134,166	121,059
41 Foreign sales	1,161,663	1,811,749	561,538	149,861	136,037	138,612	151,051	133,463	148,706	128,318
42 Bonds, net purchases, or sales (−)	−5,676	−3,878	4,353	−3,443	8,434	−1,175	−1,360	1,994[r]	−1,450	5,169
43 Foreign purchases	798,267	959,408	437,783	98,519	94,938	83,721	120,666	104,235[r]	117,444	95,438
44 Foreign sales	803,943	963,286	433,430	101,962	86,504	84,896	122,026	102,241[r]	118,894	90,269
45 **Net purchases, or sales (−), of stocks and bonds**	**9,964**	**−13,175**	**−22,877**	**−432**	**13,997**	**−4,370**	**−4,300**	**−497[r]**	**−15,990**	**−2,090**
46 **Foreign countries**	**9,679**	**−13,311**	**−22,310**	**−599**	**13,758**	**−3,951**	**−4,011**	**−536[r]**	**−15,685**	**−2,078**
47 Europe	59,247	−23,609	−15,873	−3,879	7,373	−4,452	−4,878	−1,421[r]	−13,487	3,913
48 Canada	−999	−3,856	1,838	1,813	574	−1,357	767	1,588	876	−1,393
49 Latin America and Caribbean	−4,726	−15,116	−995	1,010	−521	−205	863	811	34	−2,703
50 Asia	−42,961	25,975	−6,732	−73	5,742	1,872	−1,005	−1,148	−3,221	−1,358
51 Japan	−43,637	21,886	−8,691	−1,262	2,067	1,824	164	−1,963	−3,866	−3,026
52 Africa	710	947	37	14	−28	−4	−70	−15	25	97
53 Other countries	−1,592	2,348	−585	516	618	195	312	−351	88	−634
54 **Nonmonetary international and regional organizations**	**285**	**150**	**−567**	**167**	**239**	**−419**	**−289**	**39**	**−305**	**−12**

1. Before January 2001, these data were included in United Kingdom.
2. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. 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	1999	2000	2001 Jan.– Apr.	2000 Oct.	2000 Nov.	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.[p]
1 **Total estimated**	**−9,953**	**−53,790**	**−10,825**	**−3,037**	**−14,106**	**−9,789**	**−9,064**	**7,011**	**4,975**	**−13,747**
2 Foreign countries	−10,518	−53,329	−10,135	−3,222	−13,959	−9,904	−8,531	6,972	4,977	−13,553
3 Europe	−38,228	−50,704	−5,573	−3,707	−10,991	−6,850	−5,000	−337	5,363	−5,599
4 Belgium[2]	−81	73	88	320	53	−96	0	0	−152	240
5 Germany	2,285	−7,304	−1,048	1,424	−2,185	−1,065	−873	−3,180	1,236	1,769
6 Luxembourg[2]	0	0	223	0	0	0	411	9	−401	204
7 Netherlands	2,122	2,140	−4,177	183	264	−1,622	−793	2,808	−3,704	−2,488
8 Sweden	1,699	1,082	−1,619	−118	−104	328	218	−1,039	−993	195
9 Switzerland	−1,761	−10,326	912	−57	−301	64	755	161	−120	116
10 United Kingdom	−20,232	−33,669	3,344	−3,793	−6,035	−4,199	−2,695	937	9,838	−4,736
11 Channel Islands and Isle of Man[3]	0	0	25	0	0	0	−98	−68	222	−31
12 Other Europe and former U.S.S.R.	−22,260	−2,700	−1,525	−1,666	−2,683	−260	−2,089	564	−868	−563
13 Canada	7,348	−308	−1,542	160	−1,173	−1,492	−2,067	−554	−169	1,248
14 Latin America and Caribbean	−7,523	−4,914	−574,505	3,963	−507	−245	2,407	3,620	827	−7,095
15 Venezuela	362	1,288	229	152	251	300	227	292	−142	−148
16 Other Latin America and Caribbean	1,661	−11,581	7,321	3,030	−1,262	−1,746	3,261	4,279	3,009	−3,228
17 Netherlands Antilles	−9,546	5,379	−7,791	781	504	1,201	−1,081	−951	−2,040	−3,719
18 Asia	29,359	1,639	−3,259	−4,688	−1,289	−458	−4,641	4,387	−41	−2,964
19 Japan	20,102	10,580	−1,156	1,608	4,445	−3,855	−4,261	1,468	−1,426	3,063
20 Africa	−3,021	−414	−88	−6	−16	−44	−91	36	−60	27
21 Other	1,547	1,372	568	1,056	17	−815	861	−180	−943	830
22 Nonmonetary international and regional organizations	565	−461	−690	185	−147	115	−533	39	−2	−194
23 International	190	−483	−693	39	−146	24	−275	−194	−11	−213
24 Latin American Caribbean regional	666	76	32	28	−1	6	1	−4	10	25
MEMO										
25 Foreign countries	−10,518	−53,329	−10,135	−3,222	−13,959	−9,904	−8,531	6,972	4,977	−13,553
26 Official institutions	−9,861	−6,302	−5,898	−7,150	−4,967	1,068	2,226	667	249	−9,040
27 Other foreign	−657	−47,027	−4,237	3,928	−8,992	−10,972	−10,757	6,305	4,728	−4,513
Oil-exporting countries										
28 Middle East[4]	2,207	3,483	−2,518	−724	−888	48	−176	−719	−1,240	−383
29 Africa[5]	0	0	−4	0	0	0	−6	0	2	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. Before January 2001, combined data reported for Belgium and Luxembourg.

3. Before January 2001, these data were included in United Kingdom.

4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

5. Comprises Algeria, Gabon, Libya, and Nigeria.

3.28 FOREIGN EXCHANGE RATES AND INDEXES OF THE FOREIGN EXCHANGE VALUE OF THE U.S. DOLLAR[1]

Currency units per U.S. dollar except as noted

Item	1998	1999	2000	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.	2001 May	2001 June
	Exchange rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	62.91	64.54	58.15	55.52	53.38	50.31	50.16	51.99	51.80
2 Austria/schilling	12.379	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3 Belgium/franc	36.31	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4 Brazil/real	1.1605	1.8207	1.8301	1.9561	2.0060	2.0955	2.1934	2.2926	2.3788
5 Canada/dollar	1.4836	1.4858	1.4855	1.5032	1.5216	1.5587	1.5578	1.5411	1.5245
6 China, P.R./yuan	8.3008	8.2783	8.2784	8.2776	8.2771	8.2775	8.2771	8.2770	8.2770
7 Denmark/krone	6.7030	6.9900	8.0953	7.9629	8.1103	8.2229	8.3657	8.5256	8.7397
8 European Monetary Union/euro[3]	n.a.	1.0653	0.9232	0.9376	0.9205	0.9083	0.8925	0.8753	0.8530
9 Finland/markka	5.3473	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 France/franc	5.8995	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 Germany/deutsche mark	1.7597	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Greece/drachma	295.70	306.30	365.92	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Hong Kong/dollar	7.7467	7.7594	7.7924	7.7998	7.7999	7.7999	7.7993	7.7999	7.7997
14 India/rupee	41.36	43.13	45.00	46.61	46.56	46.65	46.79	46.95	47.04
15 Ireland/pound[2]	142.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1,736.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
17 Japan/yen	130.99	113.73	107.80	116.67	116.23	121.51	123.77	121.77	122.35
18 Malaysia/ringgit	3.9254	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
19 Mexico/peso	9.152	9.553	9.459	9.769	9.711	9.599	9.328	9.148	9.088
20 Netherlands/guilder	1.9837	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 New Zealand/dollar[2]	53.61	52.94	45.68	44.42	43.45	41.82	40.69	42.18	41.41
22 Norway/krone	7.5521	7.8071	8.8131	8.7817	8.9180	8.9859	9.0920	9.1380	9.3014
23 Portugal/escudo	180.25	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a.
24 Singapore/dollar	1.6722	1.6951	1.7250	1.7380	1.7435	1.7732	1.8118	1.8141	1.8170
25 South Africa/rand	5.5417	6.1191	6.9468	7.7786	7.8214	7.8980	8.0783	7.9789	8.0595
26 South Korea/won	1,400.40	1,189.84	1,130.90	1,272.63	1,252.85	1,291.41	1,327.76	1,298.90	1,295.05
27 Spain/peseta	149.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 Sri Lanka/rupee	65.006	70.868	76.964	85.833	87.136	85.730	88.205	90.848	90.371
29 Sweden/krona	7.9522	8.2740	9.1735	9.4910	9.7518	10.0516	10.2035	10.3513	10.7930
30 Switzerland/franc	1.4506	1.5045	1.6904	1.6305	1.6686	1.6908	1.7131	1.7528	1.7856
31 Taiwan/dollar	33.547	32.322	31.260	32.673	32.330	32.622	32.941	33.203	34.328
32 Thailand/baht	41.262	37.887	40.210	43.149	42.665	43.988	45.494	45.525	45.263
33 United Kingdom/pound[2]	165.73	161.72	151.56	147.75	145.25	144.45	143.48	142.65	140.20
34 Venezuela/bolivar	548.39	606.82	680.52	700.02	703.36	706.06	710.39	714.86	717.27
	Indexes[4]								
NOMINAL									
35 Broad (January 1997=100)[5]	116.48	116.87	119.93	123.14	123.77	125.91	126.97	126.77	127.58
36 Major currencies (March 1973=100)[6]	95.79	94.07	98.34	100.24	101.44	103.98	105.09	105.03	105.91
37 Other important trading partners (January 1997=100)[7]	126.03	129.94	130.26	135.01	134.52	135.56	136.30	135.92	136.43
REAL									
38 Broad (March 1973=100)[5]	99.49[r]	98.81[r]	102.49[r]	105.56[r]	106.27[r]	108.13[r]	109.02[r]	108.98[r]	110.09
39 Major currencies (March 1973=100)[6]	97.23	96.66	102.85	105.90[r]	107.29	109.90	110.99[r]	110.79[r]	112.13
40 Other important trading partners (March 1973=100)[7]	108.86[r]	107.98[r]	108.44[r]	111.73[r]	111.59[r]	112.57[r]	113.27[r]	113.43[r]	114.30

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. U.S. cents per currency unit.
3. The euro is reported in place of the individual euro area currencies. By convention, the rate is reported in U.S. dollars per euro. The bilateral currency rates can be derived from the euro rate by using the fixed conversion rates (in currencies per euro) as shown below:

Euro equals

13.7603	Austrian schillings	1936.27	Italian lire
40.3399	Belgian francs	40.3399	Luxembourg francs
5.94573	Finnish markkas	2.20371	Netherlands guilders
6.55957	French francs	200.482	Portuguese escudos
1.95583	German marks	166.386	Spanish pesetas
.787564	Irish pounds	340.750	Greek drachmas

4. Starting with the February 2001 *Bulletin*, revised index values resulting from the annual revision of data that underlie the calculated trade weights are reported. For more information on the indexes of foreign exchange value of the dollar, see *Federal Reserve Bulletin*, vol. 84 (October 1998), pp. 811–818.
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, March 31, 2001

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1] Total	Banks with foreign offices[1] Domestic	Banks with domestic offices only Total
1 **Total assets**	**6,232,042**	**5,486,991**	**4,240,211**	**3,495,160**	**1,991,831**
2 Cash and balances due from depository institutions	359,666	239,932	275,519	155,785	84,146
3 Cash items in process of collection, unposted debits, and currency and coin			116,775	114,422	
4 Cash items in process of collection and unposted debits			n.a.	92,898	
5 Currency and coin	n.a.		n.a.	21,524	n.a.
6 Balances due from depository institutions in the United States			36,786	26,253	
7 Balances due from banks in foreign countries and foreign central banks			110,010	3,243	
8 Balances due from Federal Reserve Banks			11,950	11,867	
9 Total securities, held-to-maturity (amortized cost) and available-for-sale (fair value)	1,028,839		575,607		453,232
10 U.S Treasury securities	54,665		30,460		24,205
11 U.S. government agency and corporation obligations (excludes mortgage-backed securities)	200,041		78,512		121,529
12 Issued by U.S. government agencies	5,848		3,009		2,840
13 Issued by U.S. government-sponsored agencies	194,192		75,503		118,689
14 Securities issued by states and political subdivisions in the United States	93,286		33,115		60,171
15 Mortgage-backed securities (MBS)	486,289		319,706		166,583
16 Pass-through securities	313,046		224,451		88,595
17 Guaranteed by GNMA	75,533		43,786		31,748
18 Issued by FNMA and FHLMC	231,163	n.a.	175,634		55,530
19 Other pass-through securities	6,350		5,032		1,318
20 Other mortgage-backed securities (includes CMOs, REMICs, and stripped MBS)	173,243		95,255		77,988
21 Issued or guaranteed by FNMA, FHLMC, or GNMA	110,295		64,741	n.a.	45,554
22 Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA	4,622		3,181		1,441
23 All other mortgage-backed securities	58,326		27,333		30,993
24 Asset-backed securities	70,574		28,716		41,858
25 Credit card receivables	23,945		5,713		18,232
26 Home equity lines	20,314		15,934		4,380
27 Automobile loans	13,832		2,244		11,588
28 Other consumer loans	1,058		581		477
29 Commercial and industrial loans	5,190		1,715		3,476
30 Other	6,235		2,529		3,705
31 Other debt securities	105,933		73,743		32,190
32 Other domestic debt securities	43,233		15,743		27,490
33 Foreign debt securities	62,700		58,000		4,700
34 Investments in mutual funds and other equity securities with readily determinable fair value	18,051		11,355		6,696
35 Federal funds sold and securities purchased under agreements to resell	326,611	253,882	240,538	167,810	86,073
36 Total loans and leases (gross) and lease-financing receivables (net)	3,780,073	3,492,279	2,506,425	2,218,631	1,273,647
37 LESS: Unearned income on loans	2,704	2,074	1,444	814	1,260
38 LESS: Loans and leases held for sale	120,749	n.a.	88,907	n.a.	31,842
39 Total loans and leases (net of unearned income)	3,656,620	n.a.	2,416,074	n.a.	1,240,545
40 LESS: Allowance for loan and lease losses	63,551	n.a.	42,838	n.a.	20,713
41 Loans and leases, net of unearned income and allowance	3,593,069	n.a.	2,373,236	n.a.	1,219,832
Total loans and leases, gross, by category					
42 Loans secured by real estate	1,684,832	1,652,694	970,382	938,243	714,451
43 Construction and land development		172,442		89,353	83,089
44 Farmland		34,269		6,556	27,713
45 One- to four-family residential properties		918,900		582,994	335,907
46 Revolving, open-end loans, extended under lines of credit	n.a.	129,939	n.a.	90,558	39,381
Closed-end loans secured by one- to four-family residential properties					
47 Secured by first liens		683,579		427,023	256,556
48 Secured by junior liens		105,382		65,413	39,970
49 Multifamily (five or more) residential properties		60,914		33,372	27,542
50 Nonfarm nonresidential properties		466,169		225,970	240,200
51 Loans to depository institutions and acceptances of other banks	119,079	103,337	102,107	86,364	16,973
52 Commercial banks in the United States	n.a.	n.a.	67,760	66,900	n.a.
53 Other depository institutions in the United States	n.a.	n.a.	9,790	9,703	n.a.
54 Banks in foreign countries	n.a.	n.a.	24,556	9,762	n.a.
55 Loans to finance agricultural production and other loans to farmers	45,971	45,103	12,283	11,416	33,688
56 Commercial and industrial loans	1,038,110	875,683	808,811	646,384	229,298
57 U.S. addressees (domicile)	n.a.	n.a.	657,617	636,110	n.a.
58 Non-U.S. addressees (domicile)	n.a.	n.a.	151,195	10,275	n.a.
59 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	574,870	532,675	332,541	290,346	242,329
60 Credit cards	200,024	185,256	109,604	94,836	90,420
61 Other revolving credit plans	26,421	24,259	19,588	17,426	6,832
62 Other consumer loans (including single-payment, installment, and all student loans)	348,425	323,161	203,349	178,084	145,077
63 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	21,436	21,303	13,849	13,716	7,587
64 All other loans	129,797	101,955	119,163	91,321	10,635
65 Loans to foreign governments and official institutions	5,880	1,958	5,849	1,928	30
66 Other loans	123,918	99,997	113,313	89,393	10,604
67 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	16,682	n.a.
68 All other loans (excludes consumer loans)	n.a.	n.a.	n.a.	72,711	n.a.
69 Lease-financing receivables	165,977	159,528	147,290	140,840	18,688
70 Trading assets	320,058		318,525		1,533
71 Premises and fixed assets (including capitalized leases)	75,090		45,564		29,526
72 Other real estate owned	3,301	n.a.	1,706	n.a.	1,596
73 Investments in unconsolidated subsidiaries and associated companies	8,992		8,023		970
74 Customers' liability on acceptances outstanding	8,250		8,025		225
75 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	29,770	n.a.	29,770	n.a.
76 Intangible assets	100,656	n.a.	85,179	n.a.	15,477
77 Goodwill	58,733	n.a.	48,601	n.a.	10,132
78 Other intangible assets	41,923	n.a.	36,578	n.a.	5,345
79 All other assets	286,759	n.a.	219,382	n.a.	67,378

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities—Continued
Consolidated Report of Condition, March 31, 2001

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only
			Total	Domestic	Total
80 **Total liabilities, minority interest, and equity capital**	**6,232,042**	n.a.	**4,240,211**	n.a.	**1,991,831**
81 **Total liabilities**	**5,688,864**	**4,943,813**	**3,885,325**	**3,140,274**	**1,803,539**
82 Total deposits	4,151,311	3,480,478	2,673,013	2,002,180	1,478,298
83 Individuals, partnerships, and corporations (include all certified and official checks)	3,758,645	3,258,714	2,386,900	1,886,969	1,371,745
84 U.S. government	n.a.	10,569	n.a.	9,774	795
85 States and political subdivisions in the United States	n.a.	153,163	n.a.	63,490	89,673
86 Commercial banks and other depository institutions in the United States	110,688	43,261	95,380	27,953	15,309
87 Banks in foreign countries	81,772	7,491	81,175	6,893	597
88 Foreign governments and official institutions (including foreign central banks)	35,823	7,280	35,644	7,100	179
89 Total transaction accounts		631,087		346,008	285,079
90 Individuals, partnerships, and corporations (include all certified and official checks)		551,353		298,908	252,444
91 U.S. government		2,174		1,729	445
92 States and political subdivisions in the United States		42,787		17,971	24,817
93 Commercial banks and other depository institutions in the United States		28,531		21,434	7,098
94 Banks in foreign countries		5,591		5,344	247
95 Foreign governments and official institutions (including foreign central banks)		651		622	29
96 Total demand deposits	n.a.	484,580	n.a.	304,057	180,523
97 Total nontransaction accounts		2,849,391		1,656,172	1,193,219
98 Individuals, partnerships, and corporations (include all certified and official checks)		2,707,362		1,588,061	1,119,301
99 U.S. government		8,395		8,045	350
100 States and political subdivisions in the United States		110,376		45,519	64,856
101 Commercial banks and other depository institutions in the United States		14,730		6,519	8,211
102 Banks in foreign countries		1,900		1,550	350
103 Foreign governments and official institutions (including foreign central banks)		6,628		6,478	150
104 Federal funds purchased and securities sold under agreements to repurchase	495,733	450,894	401,003	356,165	94,730
105 Trading liabilities	218,150	n.a.	217,612	n.a	538
106 Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	543,895	501,971	359,814	317,890	184,081
107 Banks' liability on acceptances executed and outstanding	8,261	5,983	8,036	5,758	225
108 Subordinated notes and debentures to deposits	89,877	n.a.	82,127	n.a.	7,750
109 Net due to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	152,467	n.a.	152,467	n.a.
110 All other liabilities	181,638	n.a.	143,720	n.a.	37,918
111 Minority interest in consolidated subsidiaries	7,617	n.a.	6,926	n.a.	691
112 **Total equity capital**	**535,561**	n.a.	**347,960**	n.a.	**187,601**
MEMO					
113 Trading assets at large banks[2]	320,018	159,954	318,524	158,461	1,494
114 U.S. Treasury securities (domestic offices)		18,220		18,201	18
115 U.S. government agency obligations (excluding MBS)		5,945		5,532	413
116 Securities issued by states and political subdivisions in the United States	n.a.	1,305	n.a.	1,071	234
117 Mortgage-backed securities		11,919		11,539	380
118 Other debt securities		27,964		27,941	23
119 Other trading assets		16,563		16,452	111
120 Trading assets in foreign offices	87,851	0	87,851	0	0
121 Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts	150,251	78,039	149,937	77,725	314
122 Total individual retirement (IRA) and Keogh plan accounts		160,604		78,711	81,893
123 Total brokered deposits		210,320		94,707	115,613
124 Fully insured brokered deposits		156,675		63,663	93,012
125 Issued in denominations of less than $100,000	n.a.	74,040	n.a.	18,302	55,738
126 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		82,635		45,361	37,274
127 Money market deposit accounts (MMDAs)		1,055,927		695,872	360,056
128 Other savings deposits (excluding MMDAs)		441,039		276,576	164,462
129 Total time deposits of less than $100,000		789,553		367,125	422,428
130 Total time deposits of $100,000 or more		562,872		316,599	246,273
131 Number of banks	8,212	8,212	145	n.a.	8,067

NOTE. 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 intra-office 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.-affiliated insular areas; subsidiaries in foreign countries, all offices of Edge Act and agreement corporations wherever located; and international banking facility (IBF).

2. Components of "Trading Assets at Large Banks" are reported only by banks that reported trading assets of $2 million or more any quarter of the preceding calendar year.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 7–11, 2001

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] (Days)	Amount of loans (percent): Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
LOAN RISK[5]									
1 All commercial and industrial loans	6.22	91,790	575	378	40.6	8.7	29.9	70.0	Prime
2 Minimal risk	6.01	5,138	535	362	39.8	8.8	17.3	71.5	Prime
3 Low risk	5.44	19,963	1,306	300	19.9	12.4	50.9	74.3	Fed funds
4 Moderate risk	6.38	26,568	490	587	42.9	8.9	32.6	81.4	Prime
5 Other	6.82	18,113	415	263	44.2	9.9	22.9	74.2	Prime
By maturity/repricing interval[6]									
6 Zero interval	6.86	23,505	430	387	60.7	7.1	4.0	65.7	Prime
7 Minimal risk	6.96	269	282	242	70.7	22.9	17.1	93.9	Prime
8 Low risk	7.12	2,016	479	647	32.2	12.3	19.8	90.9	Prime
9 Moderate risk	7.39	4,701	215	465	48.6	19.1	7.3	94.7	Prime
10 Other	8.19	3,242	157	512	63.9	12.4	4.6	89.9	Prime
11 Daily	5.94	31,780	705	225	28.1	10.2	43.3	66.6	Fed funds
12 Minimal risk	6.31	2,938	558	227	47.5	9.9	15.5	63.8	Prime
13 Low risk	5.18	9,048	4,025	155	9.8	7.0	66.4	70.8	Fed funds
14 Moderate risk	6.06	8,268	726	417	30.0	11.9	44.7	88.7	Fed funds
15 Other	6.35	7,032	708	131	42.2	12.3	17.0	50.4	Fed funds
16 2 to 30 days	5.80	14,172	845	192	29.3	6.2	38.0	85.0	Foreign
17 Minimal risk	5.20	853	1,581	124	7.5	6.0	33.3	96.9	Foreign
18 Low risk	5.09	3,485	1,109	249	21.5	9.6	45.8	80.4	Foreign
19 Moderate risk	5.76	4,336	999	234	33.0	4.6	43.8	92.7	Foreign
20 Other	6.70	3,445	662	127	37.3	6.1	27.2	88.7	Foreign
21 31 to 365 days	5.90	16,512	614	415	29.5	3.5	43.5	82.6	Foreign
22 Minimal risk	5.24	888	445	723	23.3	5.1	9.9	63.3	Foreign
23 Low risk	5.44	4,215	1,119	385	15.3	7.6	50.6	83.6	Foreign
24 Moderate risk	5.77	5,735	561	386	38.2	1.3	45.4	87.1	Foreign
25 Other	6.47	3,882	890	366	31.5	2.4	47.1	90.3	Foreign
				Months					
26 More than 365 days	7.61	4,323	325	61	85.2	5.2	4.8	29.7	Prime
27 Minimal risk	7.23	190	224	60	100.0	.8	8.8	84.8	Other
28 Low risk	6.97	390	214	49	62.3	36.7	8.6	59.0	Other
29 Moderate risk	7.62	3,284	632	64	87.0	1.3	3.4	18.9	Prime
30 Other	8.30	274	120	52	85.0	7.5	13.5	67.5	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6] (Days)					
SIZE OF LOAN (thousands of dollars)									
31 1–99	8.38	2,840	3.2	147	84.3	25.2	3.2	81.8	Prime
32 100–999	7.59	10,358	3.2	148	74.7	17.1	8.3	83.4	Prime
33 1,000–9,999	6.28	28,753	3.0	41	39.8	8.8	25.6	76.1	Foreign
34 10,000 or more	5.79	49,840	2.8	120	31.5	5.9	38.5	62.9	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	7.91	24,142	3.0	238	68.8	15.5	2.1	67.9	224
36 Fed funds	5.30	19,565	2.8	20	26.9	9.5	25.3	52.6	6,634
37 Other domestic	5.50	10,396	2.5	15	8.8	11.7	79.6	65.7	3,259
38 Foreign	5.67	22,571	2.8	36	30.1	2.7	52.9	84.9	2,224
39 Other	6.19	15,118	3.3	132	50.8	3.5	12.0	76.2	425

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 7–11, 2001—Continued

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) Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All commercial and industrial loans	6.61	58,759	387	568	47.4	10.2	23.2	74.2	Prime
2 Minimal risk	6.92	2,466	262	528	74.8	10.1	13.1	92.6	Prime
3 Low risk	5.63	13,533	933	444	24.8	16.2	51.6	87.1	Domestic
4 Moderate risk	6.69	19,535	374	782	51.4	10.2	26.0	80.7	Prime
5 Other	7.28	10,056	245	437	60.4	9.5	12.3	83.6	Prime
By maturity/repricing interval[6]									
6 Zero interval	7.24	17,862	344	489	52.1	9.1	5.1	55.9	Prime
7 Minimal risk	6.92	252	268	243	74.9	24.4	18.2	93.5	Prime
8 Low risk	7.13	1,991	486	653	32.3	12.2	19.3	90.9	Prime
9 Moderate risk	7.37	4,490	208	466	50.2	19.8	7.5	94.4	Prime
10 Other	8.01	2,698	136	500	74.0	14.1	5.2	88.2	Prime
11 Daily	6.30	17,512	403	413	40.5	11.3	40.7	91.1	Prime
12 Minimal risk	7.64	1,248	240	506	95.8	7.1	.0	97.5	Prime
13 Low risk	5.23	5,380	2,639	259	16.4	9.2	77.3	96.6	Domestic
14 Moderate risk	6.40	5,460	504	627	43.5	12.8	50.3	94.6	Domestic
15 Other	6.88	3,350	354	283	43.7	8.2	6.0	71.7	Fed funds
16 2 to 30 days	6.01	8,389	547	309	35.5	7.4	22.9	93.4	Other
17 Minimal risk	5.23	474	1,023	212	13.4	10.8	53.4	94.4	Domestic
18 Low risk	5.31	2,052	704	407	21.9	11.5	42.0	94.9	Foreign
19 Moderate risk	5.90	2,675	695	360	32.3	4.4	21.5	96.7	Other
20 Other	6.96	1,961	415	202	62.2	6.8	11.7	89.9	Other
21 31 to 365 days	6.23	9,483	378	615	39.4	5.2	36.9	86.4	Foreign
22 Minimal risk	6.36	301	154	500	68.7	15.1	2.3	73.5	Prime
23 Low risk	5.61	2,908	824	532	11.7	9.5	53.3	88.0	Foreign
24 Moderate risk	6.01	3,385	350	608	45.8	2.1	38.7	86.5	Foreign
25 Other	7.13	1,652	468	717	64.0	3.5	38.1	94.3	Foreign
				Months					
26 More than 365 days	7.61	4,323	325	61	85.2	5.2	4.8	29.7	Prime
27 Minimal risk	7.23	190	224	60	100.0	.8	8.8	84.8	Other
28 Low risk	6.97	390	214	49	62.3	36.7	8.6	59.0	Other
29 Moderate risk	7.62	3,284	632	64	87.0	1.3	3.4	18.9	Prime
30 Other	8.30	274	120	52	85.0	7.5	13.5	67.5	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	8.40	2,787	3.1	149	84.6	25.3	3.0	81.7	Prime
32 100–999	7.73	9,294	3.1	162	77.4	17.4	5.1	82.8	Prime
33 1,000–9,999	6.61	18,986	3.0	52	45.1	8.7	18.0	75.2	Prime
34 10,000 or more	6.06	27,691	2.7	204	35.2	7.4	35.0	70.0	Prime
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	7.90	21,794	3.0	259	72.7	12.4	1.6	65.6	207
36 Fed funds	5.18	6,244	3.0	54	35.5	18.8	34.6	60.0	4,545
37 Other domestic	5.45	7,166	2.5	16	12.1	16.9	70.4	95.3	2,561
38 Foreign	5.96	12,145	2.8	33	38.0	3.5	36.0	75.4	1,526
39 Other	6.35	11,409	3.0	176	37.9	4.4	15.2	84.2	335

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 7–11, 2001—Continued

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): Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All commercial and industrial loans	6.46	52,177	655	558	44.1	9.0	25.6	73.4	Prime
2 Minimal risk	6.77	2,006	352	471	75.9	7.2	14.0	95.0	Prime
3 Low risk	5.48	12,543	2,018	423	22.1	16.0	55.3	88.0	Domestic
4 Moderate risk	6.53	17,519	712	760	47.3	8.5	28.0	80.6	Prime
5 Other	7.14	8,516	381	422	56.6	6.9	13.9	83.7	Prime
By maturity/repricing interval[6]									
6 Zero interval	7.15	15,112	636	516	47.8	5.8	5.3	50.2	Prime
7 Minimal risk	5.71	77	297	325	62.7	26.0	45.3	96.6	Foreign
8 Low risk	7.15	1,563	1,554	730	27.8	10.4	23.3	95.3	Prime
9 Moderate risk	7.21	3,683	342	480	42.3	14.6	7.9	96.2	Prime
10 Other	7.96	1,891	222	531	72.1	7.8	5.3	89.3	Prime
11 Daily	6.22	16,760	447	403	38.6	11.1	42.4	91.0	Prime
12 Minimal risk	7.64	1,243	255	507	95.8	7.1	*	97.5	Prime
13 Low risk	5.16	5,233	4,137	258	15.3	8.7	79.4	96.6	Domestic
14 Moderate risk	6.28	5,134	601	605	40.2	12.7	53.2	94.7	Domestic
15 Other	6.82	3,253	364	275	42.2	8.4	6.1	70.9	Fed funds
16 2 to 30 days	5.96	7,591	745	317	34.1	6.7	24.9	93.3	Other
17 Minimal risk	4.75	379	2,552	99	5.5	6.3	58.9	93.7	Domestic
18 Low risk	5.27	1,973	794	402	22.0	11.8	43.6	95.2	Foreign
19 Moderate risk	5.83	2,536	1,099	369	30.1	4.4	22.7	96.7	Other
20 Other	6.96	1,723	698	204	59.6	3.5	13.3	90.0	Other
21 31 to 365 days	5.93	8,287	2,031	661	36.2	4.2	42.1	88.9	Foreign
22 Minimal risk	5.67	192	1,016	667	77.5	5.6	2.8	77.9	Prime
23 Low risk	5.49	2,789	2,895	532	9.2	9.7	55.5	89.3	Foreign
24 Moderate risk	5.77	3,127	2,049	625	43.3	1.6	41.8	87.5	Foreign
25 Other	6.96	1,420	1,588	775	61.7	1.3	44.2	96.9	Foreign
				Months					
26 More than 365 days	7.38	3,279	1,474	58	82.2	2.9	1.8	19.8	Prime
27 Minimal risk	6.48	113	517	35	100.0	*	14.7	99.3	Other
28 Low risk	5.45	176	439	35	25.8	48.9	2.6	49.2	Fed funds
29 Moderate risk	7.53	2,825	3,831	61	85.7	.2	.0	11.0	Prime
30 Other	7.72	119	230	51	71.8	2.8	26.8	86.3	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	8.05	1,463	3.2	49	86.2	26.0	1.9	89.0	Prime
32 100–999	7.56	6,372	3.2	48	74.5	15.2	3.8	86.0	Prime
33 1,000–9,999	6.56	17,094	3.0	43	43.9	8.2	19.8	73.6	Prime
34 10,000 or more	6.05	27,246	2.7	204	34.8	7.2	35.5	69.5	Prime
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	7.81	17,850	3.0	283	70.7	9.6	1.1	61.1	291
36 Fed funds	5.15	6,141	3.0	20	34.7	18.9	34.4	59.4	6,656
37 Other domestic	5.42	7,069	2.5	6	11.5	16.5	71.3	95.5	5,143
38 Foreign	5.97	11,355	2.8	33	38.1	3.3	38.4	73.7	1,731
39 Other	6.12	9,761	3.0	99	31.8	3.0	16.7	88.5	1,037

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 7–11, 2001—Continued

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)				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	7.82	6,582	91	652	74.0	19.6	5.0	80.8	Prime
2 Minimal risk	7.56	460	125	775	70.1	22.9	9.3	82.1	Prime
3 Low risk	7.49	990	119	710	59.1	18.2	5.6	75.6	Prime
4 Moderate risk	8.16	2,016	73	986	87.5	24.4	8.7	81.3	Prime
5 Other	8.06	1,540	83	518	81.7	23.8	3.4	82.8	Prime
By maturity/repricing interval[6]									
6 Zero interval	7.73	2,750	98	329	75.9	27.1	4.2	86.9	Prime
7 Minimal risk	7.44	175	257	212	80.3	23.7	6.4	92.2	Prime
8 Low risk	7.06	429	139	313	48.6	18.7	4.7	75.1	Prime
9 Moderate risk	8.10	806	75	396	86.5	43.1	5.5	86.3	Prime
10 Other	8.13	807	71	430	78.6	28.6	5.0	85.8	Prime
11 Daily	8.12	752	125	638	84.2	17.6	3.1	92.0	Prime
12 Minimal risk	7.30	5	16	306	100.0	13.4	2.1	89.7	Other
13 Low risk	7.68	148	191	272	54.2	24.4	1.5	97.0	Prime
14 Moderate risk	8.17	327	143	1,003	94.5	15.3	5.2	92.3	Prime
15 Other	8.88	98	188	532	95.0	1.9	3.6	98.1	Prime
16 2 to 30 days	6.53	799	156	238	48.9	14.1	4.0	94.7	Foreign
17 Minimal risk	7.16	95	301	663	45.4	28.7	31.7	97.2	Prime
18 Low risk	6.09	79	184	521	19.5	1.7	1.4	86.5	Other
19 Moderate risk	7.15	138	90	202	71.9	5.3	.4	97.6	Prime
20 Other	6.95	238	105	191	81.0	31.2	.3	89.4	Other
21 31 to 365 days	8.29	1,196	57	295	61.3	11.6	.6	69.2	Other
22 Minimal risk	7.57	109	62	217	53.0	32.0	1.4	65.7	Other
23 Low risk	8.37	119	46	533	68.8	4.1	2.9	58.6	Prime
24 Moderate risk	8.82	258	32	393	76.1	8.0	.2	75.4	Other
25 Other	8.20	232	88	334	77.8	17.0	.9	78.4	Other
				Months					
26 More than 365 days	8.31	1,043	94	70	94.9	12.5	14.2	61.0	Other
27 Minimal risk	8.35	76	122	96	100.0	1.9	*	63.4	Prime
28 Low risk	8.23	214	150	60	92.5	26.6	13.5	67.1	Other
29 Moderate risk	8.19	459	103	80	95.3	8.3	24.4	67.5	Other
30 Other	8.74	155	88	54	95.1	11.0	3.4	53.2	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	8.80	1,324	3.1	257	82.8	24.4	4.2	73.7	Prime
32 100–999	8.11	2,922	3.0	409	83.9	22.2	7.8	75.6	Prime
33 1,000–9,999	7.05	1,892	2.7	135	56.4	13.0	2.4	89.3	Prime
34 10,000 or more	6.36	444	3.4	209	57.8	16.4	*	100.0	Prime
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.28	3,944	3.0	147	81.8	24.7	4.2	86.0	89
36 Fed funds	7.16	103	3.0	1,782	81.2	13.2	46.6	97.1	228
37 Other domestic	8.16	97	1.9	726	57.2	46.9	1.6	81.5	68
38 Foreign	5.82	790	3.2	29	36.6	5.2	1.9	98.9	566
39 Other	7.72	1,648	3.0	620	73.9	13.1	5.9	58.6	67

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 7–11, 2001—Continued

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): Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All commercial and industrial loans	5.53	33,031	4,226	41	28.5	5.9	41.8	62.3	Fed funds
2 Minimal risk	5.17	2,672	13,100	202	7.6	7.5	21.2	52.1	Fed funds
3 Low risk	5.03	6,431	8,261	19	9.5	4.6	49.5	47.4	Fed funds
4 Moderate risk	5.53	7,032	3,604	29	19.1	5.3	50.8	83.6	Foreign
5 Other	6.23	8,057	3,029	43	23.9	10.5	36.1	62.5	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	5.67	5,643	2,050	41	87.8	1.1	.5	96.6	Fed funds
7 Minimal risk	*	*	*	*	*	*	*	*	*
8 Low risk	6.31	24	227	94	24.7	15.7	62.4	90.9	Foreign
9 Moderate risk	7.80	212	639	200	13.5	4.3	2.9	99.3	Prime
10 Other	9.07	544	741	748	13.6	4.5	1.5	98.4	Prime
11 Daily	5.49	14,268	9,175	2	12.8	8.8	46.5	36.5	Fed funds
12 Minimal risk	5.32	1,690	23,676	1	11.9	11.9	27.0	38.9	Fed funds
13 Low risk	5.11	3,667	17,543	2	*	3.9	50.5	32.9	Fed funds
14 Moderate risk	5.42	2,808	5,052	1	3.7	10.0	33.8	77.3	Fed funds
15 Other	5.86	3,681	7,764	2	40.8	16.1	27.0	31.1	Fed funds
16 2 to 30 days	5.48	5,782	4,007	23	20.3	4.5	60.0	72.8	Foreign
17 Minimal risk	5.17	379	4,955	15	*	*	8.1	100.0	Foreign
18 Low risk	4.78	1,433	6,291	28	20.8	7.1	51.3	59.6	Foreign
19 Moderate risk	5.54	1,661	3,394	19	34.1	5.0	79.7	86.3	Foreign
20 Other	6.36	1,484	3,119	32	4.5	5.0	47.7	87.0	Foreign
21 31 to 365 days	5.46	7,029	3,894	137	16.2	1.2	52.4	77.4	Foreign
22 Minimal risk	*	*	*	*	*	*	*	*	*
23 Low risk	5.06	1,306	5,570	58	23.5	3.5	44.4	73.9	Foreign
24 Moderate risk	5.44	2,351	4,166	65	27.3	.0	55.1	87.9	Foreign
25 Other	5.98	2,230	2,678	84	7.4	1.6	53.7	87.4	Foreign
				Months					
26 More than 365 days	*	*	*	*	*	*	*	*	*
27 Minimal risk	*	*	*	*	*	*	*	*	*
28 Low risk	*	*	*	*	*	*	*	*	*
29 Moderate risk	*	*	*	*	*	*	*	*	*
30 Other	*	*	*	*	*	*	*	*	*
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	7.17	52	3.7	7	67.8	22.0	14.8	88.0	Prime
32 100–999	6.35	1,063	3.6	20	51.1	14.4	36.4	89.1	Foreign
33 1,000–9,999	5.63	9,766	3.1	20	29.5	8.9	40.2	77.9	Foreign
34 10,000 or more	5.45	22,149	2.8	17	26.8	4.1	42.9	54.1	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.02	2,347	3.4	18	33.1	44.5	6.6	89.6	1,088
36 Fed funds	5.20	13,320	2.7	7	22.8	5.1	20.9	49.1	8,455
37 Other domestic	5.59	3,230	2.0	13	1.3	*	100.0	.1	8,226
38 Foreign	5.33	10,426	2.8	39	20.9	1.8	72.6	96.0	4,755
39 Other	5.67	3,708	4.8	2	90.7	.7	2.2	51.8	2,474

Footnotes appear at end of table.

NOTES TO TABLE 4.23

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 50 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 0.13 percentage point. 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 Analysis 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 7.55 percent for all banks; 7.54 percent for large domestic banks, 7.63 percent for small domestic banks; and 7.50 percent for U.S. branches and agencies of foreign banks.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 2001[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]	**1,016,396**	**193,606**	**861,083**	**166,776**	**24,660**	**5,330**	**44,580**	**5,263**
2 Claims on nonrelated parties	798,218	77,433	666,120	68,788	23,959	1,508	44,580	2,758
3 Cash and balances due from depository institutions	69,417	32,333	65,260	29,401	539	125	2,769	2,625
4 Cash items in process of collection and unposted debits	1,612	0	1,537	0	7	0	26	0
5 Currency and coin (U.S. and foreign)	13	n.a.	9	n.a.	1	n.a.	0	n.a.
6 Balances with depository institutions in United States	46,847	13,889	44,849	12,908	501	112	815	715
7 U.S. branches and agencies of other foreign banks (including IBFs)	40,097	13,034	38,740	12,390	300	91	499	415
8 Other depository institutions in United States (including IBFs)	6,750	854	6,109	519	202	21	316	300
9 Balances with banks in foreign countries and with foreign central banks	20,478	18,444	18,509	16,493	15	13	1,912	1,910
10 Foreign branches of U.S. banks	318	191	316	191	0	0	0	0
11 Banks in home country and home-country central banks	5,594	5,328	5,586	5,320	8	8	0	0
12 All other banks in foreign countries and foreign central banks	14,566	12,925	12,607	10,982	7	5	1,912	1,910
13 Balances with Federal Reserve Banks	467	n.a	355	n.a.	15	n.a.	17	n.a.
14 **Total securities and loans**	**450,399**	**36,478**	**362,510**	**31,094**	**22,653**	**1,339**	**30,016**	**30**
15 Total securities, book value	106,655	3,869	98,500	3,386	1,195	439	4,871	11
16 U.S. Treasury	10,770	n.a.	10,210	n.a.	44	n.a.	497	n.a.
17 Obligations of U.S. government agencies and corporations	46,175	n.a.	44,052	n.a.	179	n.a.	1,812	n.a.
18 Other bonds, notes, debentures, and corporate stock (including state and local securities)	49,710	3,869	44,239	3,386	972	439	2,562	11
19 Securities of foreign governmental units	9,441	1,784	9,234	1,720	164	51	11	11
20 All Other	40,270	2,085	35,005	1,665	808	388	2,550	0
21 Federal funds sold and securities purchased under agreements to resell	125,886	6,480	123,869	6,314	287	19	1,075	75
22 U.S. branches and agencies of other foreign banks	11,286	3,189	11,039	3,128	93	19	0	0
23 Commercial banks in United States	15,903	11	15,429	10	115	0	0	0
24 Other	98,697	3,280	97,401	3,176	79	0	1,075	75
25 Total loans, gross	344,099	32,650	264,292	27,747	21,487	901	25,159	19
26 LESS: Unearned income on loans	354	41	282	39	29	1	13	0
27 EQUALS: Loans, net	343,744	32,609	264,010	27,709	21,458	900	25,145	19
Total loans, gross, by category								
28 Real estate loans	16,966	52	12,417	52	2,976	0	134	0
29 Loans to depository institutions	26,454	15,330	20,732	12,180	1,187	718	682	16
30 Commercial banks in United States (including IBFs)	7,130	2,208	5,436	1,739	860	403	432	0
31 U.S. branches and agencies of other foreign banks	4,116	1,997	2,771	1,529	844	403	250	0
32 Other commercial banks in United States	3,014	211	2,665	210	15	0	182	0
33 Other depository institutions in United States (including IBFs)	14	0	0	0	0	0	0	0
34 Banks in foreign countries	19,310	13,123	15,296	10,441	328	315	250	16
35 Foreign branches of U.S. banks	320	271	273	231	40	40	0	0
36 Other banks in foreign countries	18,990	12,852	15,023	10,210	288	275	250	16
37 Loans to other financial institutions	49,066	1,570	39,714	1,408	986	0	4,775	0
38 Commercial and industrial loans	225,057	13,447	168,296	11,989	15,657	161	17,955	0
39 U.S. addressees (domicile)	185,407	30	138,970	30	14,509	0	15,612	0
40 Non-U.S. addressees (domicile)	39,650	13,417	29,326	11,959	1,149	161	2,343	0
41 Acceptances of other banks	606	18	147	18	40	0	420	0
42 U.S. banks	8	0	3	0	5	0	0	0
43 Foreign banks	599	18	144	18	35	0	420	0
44 Loans to foreign governments and official institutions (including foreign central banks)	3,820	2,151	3,186	2,036	234	22	244	3
45 Loans for purchasing or carrying securities (secured and unsecured)	13,956	0	13,298	0	0	0	330	0
46 All other loans	7,557	81	6,235	64	406	0	271	0
47 Lease financing receivables (net of unearned income)	616	0	268	0	0	0	348	0
48 U.S. addressees (domicile)	616	0	268	0	0	0	348	0
49 Non-U.S. addressees (domicile)	0	0	0	0	0	0	0	0
50 Trading assets	116,623	666	82,128	665	74	0	8,890	1
51 All other assets	35,892	1,476	32,352	1,314	406	24	1,829	28
52 Customers' liabilities on acceptances outstanding	1,314	n.a.	975	n.a.	52	n.a.	230	n.a.
53 U.S. addressees (domicile)	552	n.a.	474	n.a.	50	n.a.	7	n.a.
54 Non-U.S. addressees (domicile)	761	n.a.	501	n.a.	2	n.a.	223	n.a.
55 Other assets including other claims on nonrelated parties	34,579	1,476	31,377	1,314	354	24	1,599	28
56 Net due from related depository institutions[5]	218,178	116,173	194,963	97,988	701	3,823	0	2,504
57 Net due from head office and other related depository institutions[5]	218,178	n.a.	194,963	n.a.	701	n.a.	0	n.a.
58 Net due from establishing entity, head office, and other related depository institutions[5]	n.a.	116,173	n.a.	97,988	n.a.	3,823	n.a.	2,504
59 **Total liabilities**[4]	**1,016,396**	**193,606**	**861,083**	**166,776**	**24,660**	**5,330**	**44,580**	**5,263**
60 Liabilities to nonrelated parties	901,292	175,584	785,729	150,468	9,420	5,225	38,058	4,318

Footnotes appear at end of table

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 2001[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	395,882	130,842	339,069	118,356	2,675	1,227	13,477	2,369
62 Individuals, partnerships, and corporations	302,025	11,250	253,143	6,006	2,309	154	12,533	40
63 U.S. addressees (domicile)	285,675	1	242,669	0	640	0	12,479	0
64 Non-U.S. addressees (domicile)	16,350	11,249	10,473	6,006	1,668	154	54	40
65 Commercial banks in United States (including IBFs)	45,673	13,212	41,160	12,934	314	140	478	61
66 U.S. branches and agencies of other foreign banks	21,576	11,715	19,217	11,484	0	120	75	61
67 Other commercial banks in United States	24,097	1,497	21,942	1,450	314	20	403	0
68 Banks in foreign countries	11,339	80,500	11,093	78,391	10	102	0	572
69 Foreign branches of U.S. banks	1,723	3,719	1,723	3,714	0	5	0	0
70 Other banks in foreign countries	9,616	76,781	9,370	74,676	10	97	0	572
71 Foreign governments and official institutions (including foreign central banks)	18,401	25,780	16,018	20,927	11	832	465	1,696
72 All other deposits and credit balances	18,283	99	17,518	99	27	0	0	0
73 Certified and official checks	161		137		4		1	
74 Transaction accounts and credit balances (excluding IBFs)	7,664		6,079		285		315	
75 Individuals, partnerships, and corporations	6,372		4,967		268		313	
76 U.S. addressees (domicile)	3,876		3,258		164		299	
77 Non-U.S. addressees (domicile)	2,496		1,709		104		14	
78 Commercial banks in United States (including IBFs)	61		58		0		0	
79 U.S. branches and agencies of other foreign banks	22		21		0		0	
80 Other commercial banks in United States	39		37		0		0	
81 Banks in foreign countries	498		393		10		0	
82 Foreign branches of U.S. banks	6		6		0		0	
83 Other banks in foreign countries	493		387		10		0	
84 Foreign governments and official institutions (including foreign central banks)	329		301		1		0	
85 All other deposits and credit balances	243		223		1		0	
86 Certified and official checks	161		137		4		1	
87 Demand deposits (included in transaction accounts and credit balances)	7,079		5,734		215		313	
88 Individuals, partnerships, and corporations	5,958		4,778		199		310	
89 U.S. addressees (domicile)	3,741		3,198		140		296	
90 Non-U.S. addressees (domicile)	2,217		1,580		58		14	
91 Commercial banks in United States (including IBFs)	44	n.a.	42	n.a.	0	n.a.	0	n.a.
92 U.S. branches and agencies of other foreign banks	12		12		0		0	
93 Other commercial banks in United States	32		30		0		0	
94 Banks in foreign countries	485		380		10		0	
95 Foreign branches of U.S. banks	4		4		0		0	
96 Other banks in foreign countries	481		376		10		0	
97 Foreign governments and official institutions (including foreign central banks)	312		284		1		0	
98 All other deposits and credit balances	119		114		1		0	
99 Certified and official checks	161		137		4		1	
100 Nontransaction accounts (including MMDAs, excluding IBFs)	388,218		332,990		2,390		13,161	
101 Individuals, partnerships, and corporations	295,653		248,176		2,040		12,219	
102 U.S. addressees (domicile)	281,799		239,412		476		12,180	
103 Non-U.S. addressees (domicile)	13,854		8,764		1,564		39	
104 Commercial banks in United States (including IBFs)	45,612		41,101		314		478	
105 U.S. branches and agencies of other foreign banks	21,554		19,196		0		75	
106 Other commercial banks in United States	24,058		21,905		314		403	
107 Banks in foreign countries	10,841		10,701		0		0	
108 Foreign branches of U.S. banks	1,717		1,717		0		0	
109 Other banks in foreign countries	9,124		8,983		0		0	
110 Foreign governments and official institutions (including foreign central banks)	18,071		15,717		10		464	
111 All other deposits and credit balances	18,040		17,295		26		0	
112 IBF deposit liabilities		130,842		118,356		1,227		2,369
113 Individuals, partnerships, and corporations		11,250		6,006		154		40
114 U.S. addressees (domicile)		1		0		0		0
115 Non-U.S. addressees (domicile)		11,249		6,006		154		40
116 Commercial banks in United States (including IBFs)		13,212		12,934		140		61
117 U.S. branches and agencies of other foreign banks		11,715		11,484		120		61
118 Other commercial banks in United States	n.a.	1,497	n.a.	1,450	n.a.	20	n.a.	0
119 Banks in foreign countries		80,500		78,391		102		572
120 Foreign branches of U.S. banks		3,719		3,714		5		0
121 Other banks in foreign countries		76,781		74,676		97		572
122 Foreign governments and official institutions (including foreign central banks)		25,780		20,927		832		1,696
123 All other deposits and credit balances		99		99		0		0

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 2001[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	187,047	22,149	175,353	14,803	941	312	5,161	1,642
125 U.S. branches and agencies of other foreign banks	12,637	4,114	10,251	2,419	162	47	969	393
126 Other commercial banks in United States	18,550	1,734	16,529	856	351	45	1,138	333
127 Other	155,859	16,301	148,573	11,529	428	220	3,054	917
128 Other borrowed money	75,248	20,428	59,010	15,266	4,324	3,646	6,434	296
129 Owed to nonrelated commercial banks in United States (including IBFs)	11,245	4,066	9,540	3,548	748	436	269	2
130 Owed to U.S. offices of nonrelated U.S. banks	5,085	660	4,606	621	57	35	154	0
131 Owed to U.S. branches and agencies of nonrelated foreign banks	6,160	3,407	4,935	2,926	691	401	115	2
132 Owed to nonrelated banks in foreign countries	14,746	12,297	10,521	8,170	2,731	2,700	297	294
133 Owed to foreign branches of nonrelated U.S. banks	780	704	474	410	282	282	0	0
134 Owed to foreign offices of nonrelated foreign banks	13,966	11,593	10,047	7,760	2,449	2,418	297	294
135 Owed to others	49,257	4,065	38,949	3,548	846	510	5,868	0
136 All other liabilities	112,275	2,165	93,940	2,042	253	39	10,617	11
137 Branch or agency liability on acceptances executed and outstanding	1,685	n.a.	1,214	n.a.	52	n.a.	359	n.a.
138 Trading liabilities	78,583	68	64,191	66	51	0	8,987	2
139 Other liabilities to nonrelated parties	32,007	2,097	28,536	1,976	150	39	1,271	9
140 Net due to related depository institutions[5]	115,104	18,022	75,355	16,308	15,240	106	6,522	945
141 Net due to head office and other related depository institutions[5]	115,104	n.a.	75,355	n.a.	15,240	n.a.	6,522	n.a.
142 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	18,022	n.a.	16,308	n.a.	106	n.a.	945
MEMO								
143 Non-interest-bearing balances with commercial banks in United States	1,605	0	1,521	0	33	0	5	0
144 Holding of own acceptances included in commercial and industrial loans	1,725		1,353		95		201	
145 Commercial and industrial loans with remaining maturity of one year or less (excluding those in nonaccrual status)	111,973		76,241		7,927		13,879	
146 Predetermined interest rates	61,201	n.a.	38,105	n.a.	4,046	n.a.	11,434	n.a.
147 Floating interest rates	50,772		38,136		3,881		2,446	
148 Commercial and industrial loans with remaining maturity of more than one year (excluding those in nonaccrual status)	109,547		89,235		7,367		4,049	
149 Predetermined interest rates	24,300		21,035		937		496	
150 Floating interest rates	85,247		68,200		6,430		3,553	

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 2001[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)	387,041	n.a	333,154	n.a.	2,205	n.a	13,093	n.a
152 Time deposits of $100,000 or more	383,382	n.a.	329,561	n.a.	2,205	n.a	13,091	n.a
153 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	3,659	n.a.	3,593	n.a.	0	n.a.	2	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	26,775	n.a.	23,148	n.a.	2,365	n.a.	597	n.a.
155 Number of reports filed[6]	334	0	173	0	68	0	26	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.

4.31 PRO FORMA FINANCIAL STATEMENTS FOR FEDERAL RESERVE PRICED SERVICES

A. Pro forma balance sheet

Millions of dollars

Item	Mar. 31, 2001		Mar. 31, 2000	
Short-term assets (Note 1)				
Imputed reserve requirement on clearing balances	649.6		640.9	
Investment in marketable securities	5,846.0		5,768.1	
Receivables	78.7		80.5	
Materials and supplies	3.3		3.5	
Prepaid expenses	41.3		32.9	
Items in process of collection	4,045.3		2,823.2	
Total short-term assets		10,664.2		9,349.1
Long-term assets (Note 2)				
Premises	465.4		440.2	
Furniture and equipment	170.6		167.5	
Leases and leasehold improvements	74.6		48.1	
Prepaid pension costs	685.0		571.7	
Total long-term assets		1,395.6		1,227.5
Total assets		**12,059.8**		**10,576.6**
Short-term liabilities				
Clearing balances and balances arising from early credit of uncollected items	6,922.7		6,173.2	
Deferred-availability items	3,618.1		3,059.0	
Short-term debt and payables	123.4		116.8	
Total short-term liabilities		10,664.2		9,349.1
Long-term liabilities				
Long-term debt	481.1		390.5	
Postretirement/postemployment benefits obligation	247.4		236.4	
Total long-term liabilities		728.5		626.9
Total liabilities		**11,392.7**		**9,976.0**
Equity		667.1		600.6
Total liabilities and equity (Note 3)		**12,059.8**		**10,576.6**

NOTE. Components may not sum to totals because of rounding. The priced services financial statements consist of these tables and the accompanying notes.

(1) SHORT-TERM ASSETS

The imputed reserve requirement on clearing balances held at Reserve Banks by depository institutions reflects a treatment comparable to that of compensating balances held at correspondent banks by respondent institutions. The reserve requirement imposed on respondent balances must be held as vault cash or as nonearning balances maintained at a Reserve Bank; thus, a portion of priced services clearing balances held with the Federal Reserve is shown as required reserves on the asset side of the balance sheet. The remainder of clearing balances is assumed to be invested in three-month Treasury bills, shown as investment in marketable securities.

Receivables are (1) amounts due the Reserve Banks for priced services and (2) the share of suspense-account and difference-account balances related to priced services.

Materials and supplies are the inventory value of short-term assets.

Prepaid expenses include salary advances and travel advances for priced-service personnel

Items in process of collection is gross Federal Reserve cash items in process of collection (CIPC) stated on a basis comparable to that of a commercial bank. It reflects adjustments for intra-System items that would otherwise be double-counted on a consolidated Federal Reserve balance sheet; adjustments for items associated with non-priced items, such as those collected for government agencies; and adjustments for items associated with providing fixed availability or credit before items are received and processed. Among the costs to be recovered under the Monetary Control Act is the cost of float, or net CIPC during the period (the difference between gross CIPC and deferred-availability items which is the portion of gross CIPC that involves a financing cost), valued at the federal funds rate.

(2) LONG-TERM ASSETS

Consists of long-term assets used solely in priced services, the priced-services portion of long-term assets shared with nonpriced services, and an estimate of the assets of the Board of Governors used in the development of priced services. Effective Jan. 1, 1987, the Reserve Banks implemented the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 87, *Employers' Accounting for Pensions* (SFAS 87). Accordingly, the Federal Reserve Banks recognized credits to expenses of $25.2 million in the first quarter of 2001, and $28.9 million in the first quarter of 2000, and corresponding increases in this asset account.

(3) LIABILITIES AND EQUITY

Under the matched-book capital structure for assets that are not "self-financing," short-term assets are financed with short-term debt and payables. Long-term assets are financed with long-term debt and equity in a proportion equal to the ratio of long-term debt to equity for the fifty largest bank holding companies, which are used in the model for the private-sector adjustment factor (PSAF). The PSAF consists of the taxes that would have been paid and the return on capital that would have been provided had priced services been furnished by a private-sector firm. Other short-term liabilities include clearing balances maintained at Reserve Banks and deposit balances arising from float. Other long-term liabilities consist of obligations on capital leases.

4.31 PRO FORMA FINANCIAL STATEMENTS FOR FEDERAL RESERVE PRICED SERVICES

B. Pro forma income statement

Millions of dollars

Item	Quarter ending Mar. 31, 2001		Quarter ending Mar. 31, 2000	
Revenue from services provided to depository institutions (Note 4)		230.8		211.5
Operating expenses (Note 5)		197.9		172.8
Income from operations		32.9		38.8
Inputed costs (Note 6)				
Interest on float	3.2		2.8	
Interest on debt	8.0		7.9	
Sales taxes	2.8		2.3	
FDIC insurance	0.0	14.0	0.0	13.0
Income from operations after imputed costs		18.9		25.8
Other income and expenses (Note 7)				
Investment income on clearing balances	80.9		104.9	
Earnings credits	(78.8)	2.1	(88.4)	16.4
Income before income taxes		21.0		42.2
Inputed income taxes (Note 8)		6.6		13.3
Net income		**14.4**		**28.9**
MEMO				
Targeted return on equity (Note 9)		27.3		24.6

NOTE. Components may not sum to totals because of rounding. The priced services financial statements consist of these tables and the accompanying notes.

(4) REVENUE

Revenue represents charges to depository institutions for priced services and is realized from each institution through one of two methods: direct charges to an institution's account or charges against its accumulated earnings credits

(5) OPERATING EXPENSES

Operating expenses consist of the direct, indirect, and other general administrative expenses of the Reserve Banks for priced services plus the expenses for staff members of the Board of Governors working directly on the development of priced services. The expenses for Board staff members were $1.2 million in the first quarter of 2001 and $1.05 million in the first quarter of 2000. The credit to expenses under SFAS 87 (see note 2) is reflected in operating expenses.

(6) IMPUTED COSTS

Imputed costs consist of interest on float, interest on debt, sales taxes, and the FDIC assessment. Interest on float is derived from the value of float to be recovered, either explicitly or through per-item fees, during the period. Float costs include costs for checks, book-entry securities, noncash collection, ACH, and funds transfers.

Interest is imputed on the debt assumed necessary to finance priced-service assets. The sales taxes and FDIC assessment that the Federal Reserve would have paid had it been a private-sector firm are among the components of the PSAF (see note 3).

Float costs are based on the actual float incurred for each priced service, multiplied by the appropriate federal funds rate. Other imputed costs are allocated among priced services according to the ratio of operating expenses less shipping expenses for each service to the total expenses for all services less the total shipping expenses for all services.

The following list shows the daily average recovery of float (before converting to float costs) by the Reserve Banks for the first quarter of 2001 and 2000 in millions of dollars:

	2001	2000
Total float	797.5	222.9
Unrecovered float	61.0	(436.5)
Float subject to recovery	736.5	659.4
Sources of float recovery:		
Income on clearing balances	73.4	66.0
As-of adjustments	512.2	451.7
Direct charges	424.2	311.3
Per-item fees	(273.4)	(169.6)

Unrecovered float includes float generated by services to government agencies and by other central bank services. Float recovered through income on clearing balances is the result of the increase in investable clearing balances; the increase is produced by a deduction for float for cash items in process of collection, which reduces imputed reserve requirements. The income on clearing balances reduces the float to be recovered through other means. As-of adjustments are memorandum adjustments to an institution's reserve or clearing position to recover float incurred by the institution. Direct charges are billed to the institution for float incurred when an institution chooses to close on a normal business day and for float incurred on interterritory check transportation. Float recovered through direct charges is valued at cost using the federal funds rate and charged directly to an institution's account. Float recovered through per-item fees is valued at the federal funds rate and has been added to the cost base subject to recovery in the first quarter of 2001 and 2000.

(7) OTHER INCOME AND EXPENSES

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

(8) INCOME TAXES

Imputed income taxes are calculated at the effective tax rate derived from the PSAF model (see note 3).

(9) RETURN ON EQUITY

Represents the after-tax rate of return on equity that the Federal Reserve would have earned had it been a private business firm, as derived from the PSAF model (see note 3).

Index to Statistical Tables

References are to pages A3–A77, although the prefix "A" is omitted in this index.

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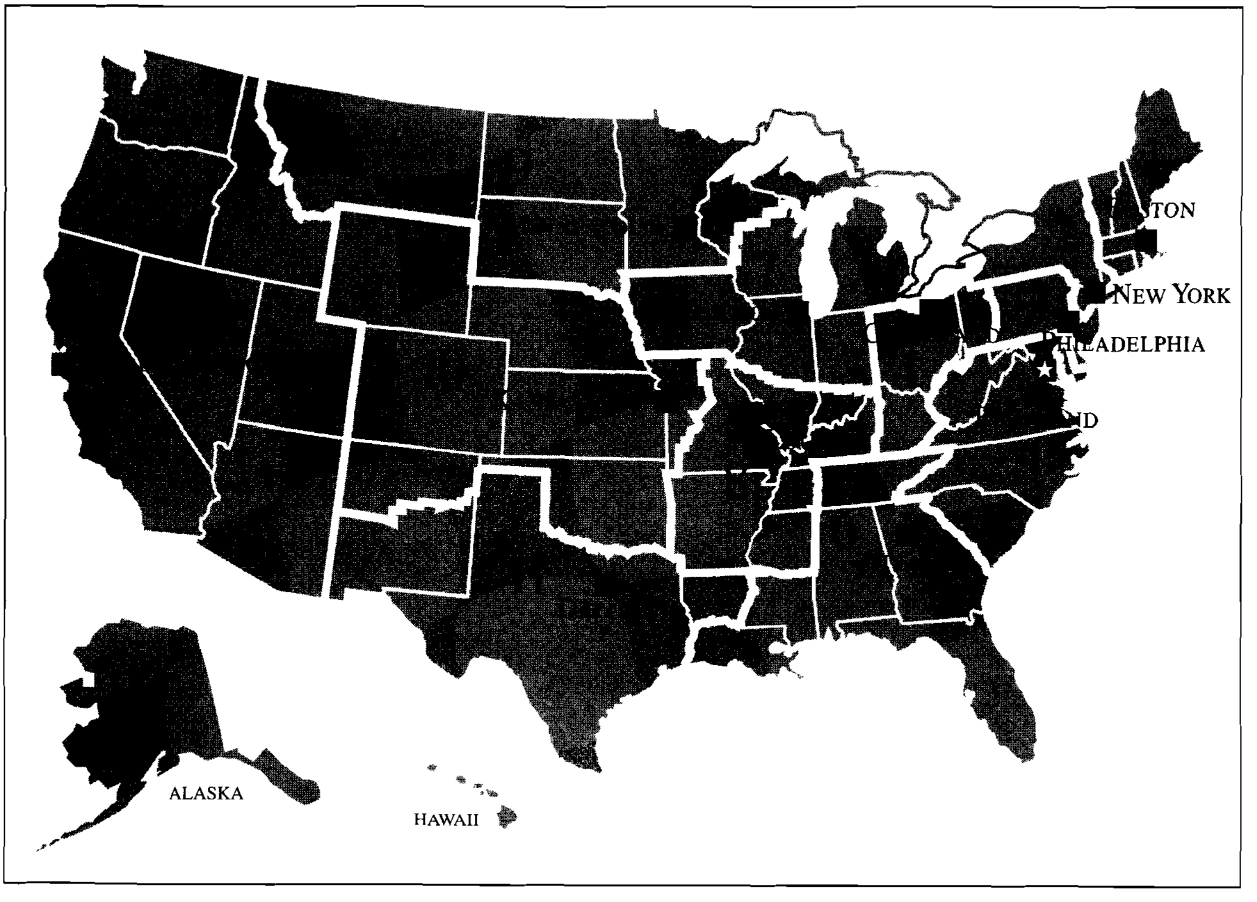


LEGEND

Both pages

■ Federal Reserve Bank city

⊡ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

• Federal Reserve Branch city

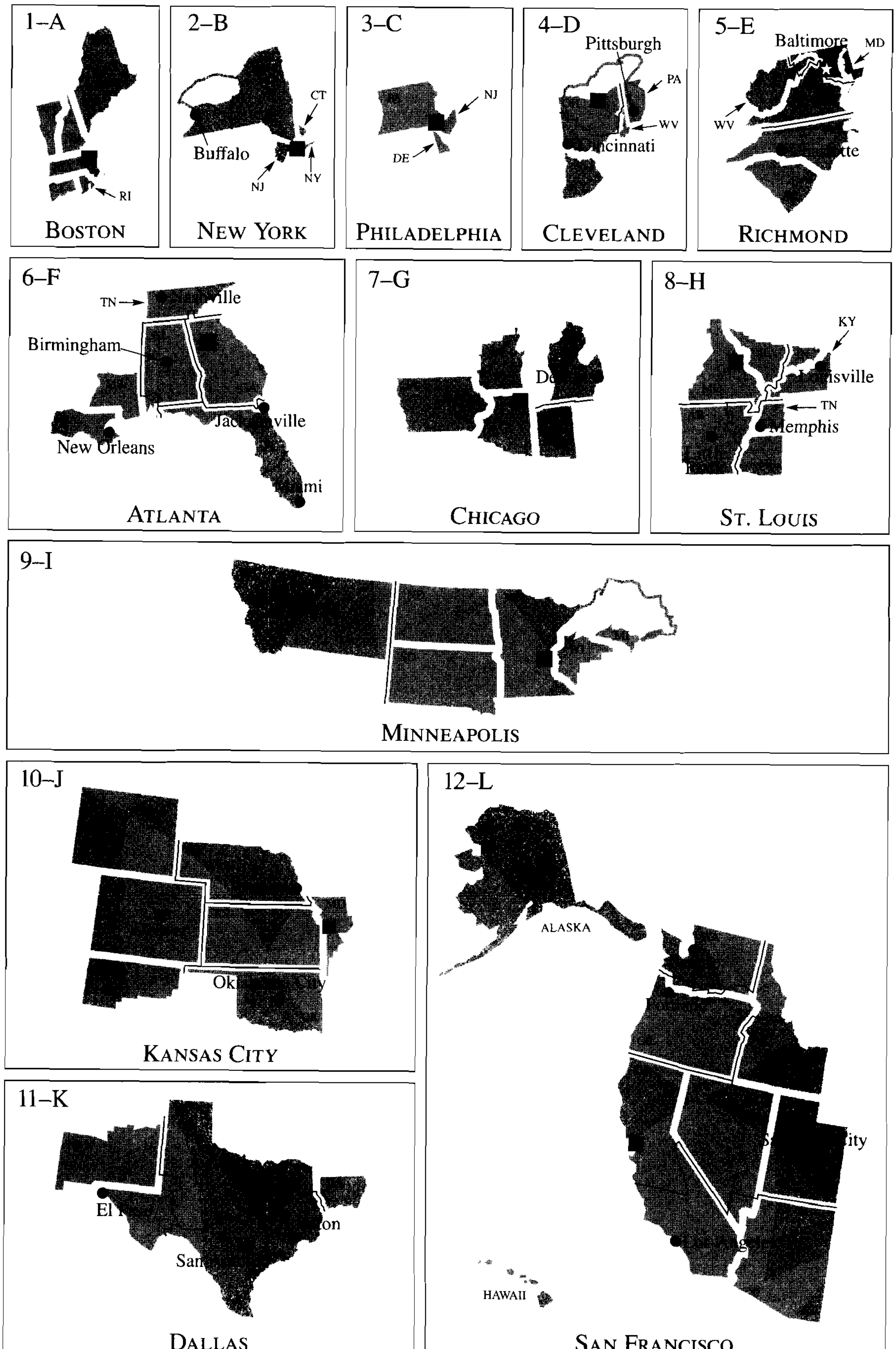
— Branch boundary

NOTE

The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in February 1996.


1–A
RI
BOSTON
2–B
CT
Buffalo
NJ
NY
NEW YORK
3–C
NJ
DE
PHILADELPHIA
4–D
Pittsburgh
PA
WV
CLEVELAND
5–E
Baltimore
MD
WV
RICHMOND
6–F
TN
Birmingham
New Orleans
ATLANTA
7–G
CHICAGO
8–H
KY
TN
Memphis
ST. LOUIS
9–I
MINNEAPOLIS
10–J
KANSAS CITY
11–K
DALLAS
12–L
ALASKA
HAWAII
SAN FRANCISCO

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or *facility*	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	William C. Brainard William O. Taylor	Cathy E. Minehan Paul M. Connolly	
NEW YORK*	10045	Peter G. Peterson Charles A. Heimbold, Jr.	William J. McDonough Jamie B. Stewart, Jr.	
Buffalo	14240	Bal Dixit		Barbara L. Walter[1]
PHILADELPHIA	19105	Charisse R. Lillie Glenn A. Schaeffer	Anthony M. Santomero William H. Stone, Jr.	
CLEVELAND*	44101	David H. Hoag Robert W. Mahoney	Jerry L. Jordan Sandra Pianalto	
Cincinnati	45201	George C. Juilfs		Barbara B. Henshaw
Pittsburgh	15230	Charles E. Bunch		Robert B. Schaub
RICHMOND*	23219	Jeremiah J. Sheehan Wesley S. Williams, Jr.	J. Alfred Broaddus, Jr. Walter A. Varvel	
Baltimore	21203	George L. Russell, Jr.		William J. Tignanelli[1]
Charlotte	28230	James F. Goodmon		Dan M. Bechter[1]
ATLANTA	30303	John F. Wieland Paula Lovell	Jack Guynn Patrick K. Barron	James M. McKee
Birmingham	35283	Catherine Sloss Crenshaw		Andre T. Anderson
Jacksonville	32231	Julie K. Hilton		Robert J. Slack
Miami	33152	Mark T. Sodders		James T. Curry III
Nashville	37203	Whitney Johns Martin		Melvyn K. Purcell[1]
New Orleans	70161	Ben Tom Roberts		Robert J. Musso[1]
CHICAGO*	60690	Arthur C. Martinez Robert J. Darnall	Michael H. Moskow Gordon R. G. Werkema	
Detroit	48231	Timothy D. Leuliette		David R. Allardice[1]
ST. LOUIS	63166	Charles W. Mueller Walter L. Metcalfe, Jr.	William Poole W. LeGrande Rives	
Little Rock	72203	Vick M. Crawley		Robert A. Hopkins
Louisville	40232	Roger Reynolds		Thomas A. Boone
Memphis	38101	Gregory M. Duckett		Martha Perine Beard
MINNEAPOLIS	55480	James J. Howard Ronald N. Zwieg	Gary H. Stern James M. Lyon	
Helena	59601	Thomas O. Markle		Samuel H. Gane
KANSAS CITY	64198	Terrence P. Dunn Jo Marie Dancik	Thomas M. Hoenig Richard K. Rasdall	
Denver	80217	Kathryn A. Paul		Carl M. Gambs[1]
Oklahoma City	73125	Patricia B. Fennell		Kelly J. Dubbert
Omaha	68102	Gladys Styles Johnston		Steven D. Evans
DALLAS	75201	H. B. Zachry, Jr. Patricia M. Patterson	Robert D. McTeer, Jr. Helen E. Holcomb	
El Paso	79999	Beauregard Brite White		Sammie C. Clay
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San Antonio	78295	Patty P. Mueller		James L. Stull[1]
SAN FRANCISCO	94120	Nelson C. Rising George M. Scalise	Robert T. Parry John F. Moore	
Los Angeles	90051	William D. Jones		Mark L. Mullinix[2]
Portland	97208	Nancy Wilgenbusch		Raymond H. Laurence[1]
Salt Lake City	84125	H. Roger Boyer		Andrea P. Wolcott
Seattle	98124	Richard R. Sonstelie		David K. Webb[1]

*Additional offices of these Banks are located at Windsor Locks, Connecticut 06096; East Rutherford, New Jersey 07016; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; Milwaukee, Wisconsin 53202; and Peoria, Illinois 61607.

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2. Executive Vice President