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Notable crosscurrents remain at work in the outlook for economic activity. Although some of the most recent indicators have been encouraging, businesses still appear to be reluctant to add appreciably to workforces or to boost capital spending, presumably until they see clearer signs of improving prospects for sales and profits. These concerns, as well as ongoing disclosures of corporate accounting irregularities and lapses in corporate governance, have pulled down equity prices appreciably on balance this year. The accompanying decline in net worth is likely to continue to restrain household spending in the period ahead, and less favorable financial market conditions could reinforce business caution.

Nevertheless, a number of factors are likely to boost activity as the economy moves into the second half of 2002. With the inflation-adjusted federal funds rate barely positive, monetary policy should continue to provide substantial support to the growth of interest-sensitive spending. Low interest rates also have allowed businesses and households to strengthen balance sheets by refinancing debt on more favorable terms. Fiscal policy actions in the form of lower taxes, investment incentives, and higher spending are providing considerable stimulus to aggregate demand this year. Foreign economic growth has strengthened and, together with a decline in the foreign exchange value of the dollar, should bolster U.S. exports. Finally, the exceptional performance of productivity has supported household and business incomes while relieving pressures on price inflation, a combination that augurs well for the future.

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Monetary Policy Report to the Congress

Report submitted to the Congress on July 16, 2002, pursuant to section 2B of the Federal Reserve Act

MONETARY POLICY AND THE ECONOMIC OUTLOOK

The pace of economic activity in the United States picked up noticeably in the first half of 2002 as some of the powerful forces that had been restraining spending for the preceding year and a half abated. With inventories in many industries having been brought into more comfortable alignment with sales, firms began boosting production around the turn of the year to stem further runoffs of their stocks. And while capital spending by businesses has yet to show any real vigor, the steep contraction of the past year or so appears to have come to an end. Household spending, as it has throughout this cyclical episode, continued to trend up in the first half. With employment stabilizing, the increases in real wages made possible by gains in labor productivity and the effects of a variety of fiscal actions have provided noticeable support to disposable incomes. At the same time, low interest rates have buoyed the purchase of durable goods and the demand for housing. Growth was not strong enough to forestall a rise in the unemployment rate, and slack in product and labor markets, along with declining unit costs as productivity has soared, has helped to keep core inflation low. The exceptionally strong performance of productivity over the past year provides further evidence of the U.S. economy's expanded capacity to provide growth over the longer haul.

The Federal Reserve had moved aggressively in 2001 to counter the weakness that had emerged in aggregate demand; by the end of the year, it had lowered the federal funds rate to 1¾ percent, the lowest level in forty years. With only tentative signs that activity was picking up, the Federal Open Market Committee (FOMC) decided to retain that unusual degree of monetary accommodation by leaving the federal funds rate unchanged at its January meeting. Confirmation of an improvement in activity was evident by the time of the March meeting, and the FOMC moved toward an assessment that the risks to the outlook were balanced between its long-run goals of price stability and maximum sustainable economic growth, a view maintained through its June meeting. The durability and strength of the expansion were recognized to depend on the trajectory of final sales. The extent of a prospective strengthening of final sales was—and still is—uncertain, however, and with inflation likely to remain contained, the Committee has chosen to maintain an accommodative stance of policy, leaving the federal funds rate at its level at the end of last year.

The economy expanded especially rapidly early in the year. As had been anticipated, much of the first quarter's strength in production resulted from the efforts of firms to limit a further drawdown of inventories after the enormous liquidation in the fourth quarter of 2001. With respect to first-quarter sales, purchases of light motor vehicles dropped back from their extraordinary fourth-quarter level, but other consumer spending increased substantially. Housing starts, too, jumped early in the year—albeit with the help of weather conditions favorable for building in many parts of the country—and spending on national defense moved sharply higher. All told, real GDP is now estimated to have increased at an annual rate in excess of 6 percent in the first quarter.

Economic activity appears to have moved up further in recent months but at a slower pace than earlier in the year. Industrial production has continued to post moderate gains, and nonfarm payrolls edged up in the second quarter after a year of nearly steady declines. However, several factors that had contributed importantly to the outsized gain of real output in the first quarter appear to have made more modest contributions to growth in the second quarter. Available data suggest that the swing in inventory investment was considerably smaller in the second quarter than in the first. Consumer spending has advanced more slowly of late, and while the construction of new homes has expanded further, its contribution to the growth of real output has not matched that of earlier in the year.

Notable crosscurrents remain at work in the outlook for economic activity. Although some of the most recent indicators have been encouraging, businesses still appear to be reluctant to add appreciably to workforces or to boost capital spending, presumably until they see clearer signs of improving prospects for sales and profits. These concerns, as well as ongoing disclosures of corporate accounting irregularities and lapses in corporate governance, have pulled down equity prices appreciably on balance this year. The accompanying decline in net worth is likely to continue to restrain household spending in the period ahead, and less favorable financial market conditions could reinforce business caution.

Nevertheless, a number of factors are likely to boost activity as the economy moves into the second half of 2002. With the inflation-adjusted federal funds rate barely positive, monetary policy should continue to provide substantial support to the growth of interest-sensitive spending. Low interest rates also have allowed businesses and households to strengthen balance sheets by refinancing debt on more favorable terms. Fiscal policy actions in the form of lower taxes, investment incentives, and higher spending are providing considerable stimulus to aggregate demand this year. Foreign economic growth has strengthened and, together with a decline in the foreign exchange value of the dollar, should bolster U.S. exports. Finally, the exceptional performance of productivity has supported household and business incomes while relieving pressures on price inflation, a combination that augurs well for the future.

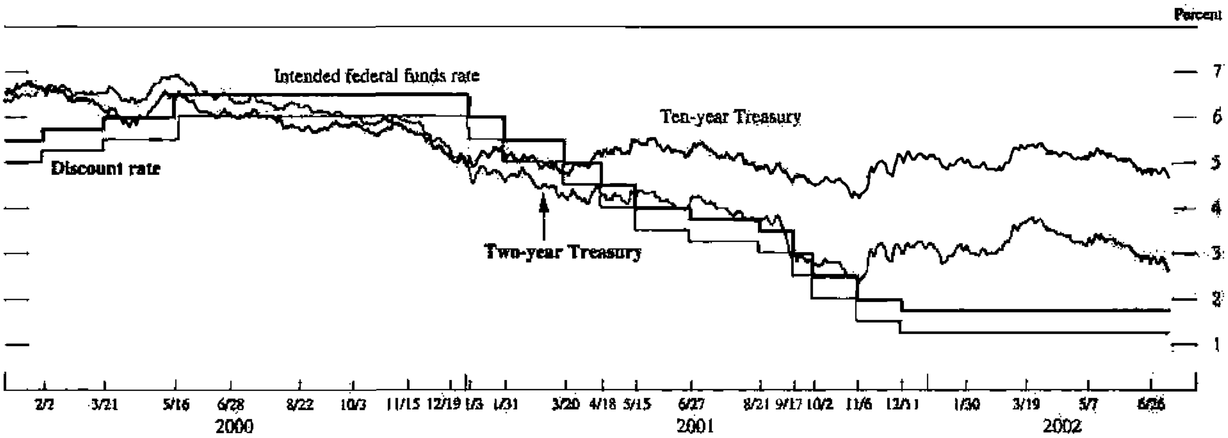
Monetary Policy, Financial Markets, and the Economy over the First Half of 2002

The information reviewed by the FOMC at its meeting of January 29 and 30 seemed on the whole to indicate that economic activity was bottoming out and that a recovery might already be under way. Consumer spending had held up remarkably well, and the rates of decline in manufacturing production and business purchases of durable equipment and software had apparently moderated toward the end of 2001. In addition, the expectation that the pace of inventory runoff would slow after several quarters of substantial and growing liquidation constituted another reason for anticipating that economic activity would improve in the period immediately ahead. Nonetheless, looking beyond the near term, the FOMC faced considerable uncertainty about the strength of final demand. Because household spending had not softened to the usual extent during the recession, it appeared likely to have only limited room to pick up over coming quarters. Intense competitive pressures were thought to be constraining the growth of profits, which could damp investment and equity prices. At the same time, the outlook for continued subdued inflation remained favorable given the reduced utilization of resources and the further pass-through of earlier declines in energy prices. Taken together, these conditions led the FOMC to leave the stance of monetary policy unchanged, keeping its target for the federal funds rate at 1¾ percent. In light of the tentative nature of the evidence suggesting that the upturn in final demand would be sustained, the FOMC decided to retain its assessment that the more important risk to achieving its long-run objectives remained economic weakness—the possibility that growth would fall short of the rate of increase in the economy's potential and that resource utilization would fall further.

When the FOMC met on March 19, economic indicators had turned even more positive, providing encouraging evidence that the economy was recovering from last year's recession. Consumer spending had remained brisk in the early part of the year, the decline in business expenditures on equipment and software appeared to have about run its course, and housing starts had turned back up. Industrial production, which had been falling for nearly a year and a half, increased in January and February as businesses began to meet more of the rise in sales from current production and less from drawing down inventories. Indications that an expansion had taken hold led to noticeable increases in broad stock indexes and in long-term interest rates. But the strength of the recovery remained unclear. The outlook for business fixed investment—which would be one key to the strength of economic activity once the thrust from inventory restocking came to an end—was especially uncertain, with anecdotal reports indicating that businesses remained hesitant to enter into major long-term commitments. While the FOMC believed that the fiscal and monetary policies already in place would continue to stimulate economic activity, it considered the questions surrounding the outlook for final demand over the quarters ahead still substantial enough to justify the retention of the current accommodative stance of monetary policy, particularly in light of the relatively high unemployment rate and the prospect that the lack of price pressures would persist. Given the positive tone of the available economic indicators, the FOMC announced that it considered the risks to achieving its long-run objectives as now being balanced over the foreseeable future.

By the time of the May 7 FOMC meeting, it had become evident that economic activity had expanded rapidly early in 2002. But the latest statistical data and anecdotal reports suggested that the expansion was moderating considerably in the second quarter and that the extent to which final demand would

Selected interest rates



NOTE. The data are daily and extend through July 10, 2002. The dates on the horizontal axis are those of scheduled FOMC meetings and of any intermeeting policy actions.

strengthen was still unresolved. Business sentiment remained gloomy as many firms had significantly marked down their own forecasts of growth in sales and profits over coming quarters. These revised projections, along with the uncertainty surrounding the robustness of the overall economic recovery, had contributed to sizable declines in market interest rates and weighed heavily on equity prices, which had dropped substantially between the March and May meetings. The outlook for inflation had remained benign despite some firming in energy prices, as excess capacity in labor and product markets held the pricing power of many firms in check, and the apparent strong uptrend in productivity reduced cost pressures. In these circumstances, the FOMC decided to keep the federal funds rate at its accommodative level of 1¾ percent and maintained its view that, against the background of its long-run goals of price stability and sustainable economic growth, the risks to the outlook remained balanced.

Over the next seven weeks, news on the economy did little to clarify questions regarding the vigor of the ongoing recovery. The information received in advance of the June 25–26 meeting of the FOMC continued to suggest that economic activity had expanded in the second quarter, but both the upward impetus from the swing in inventory investment and the growth in final demand appeared to have diminished. In financial markets, heightened concerns about accounting irregularities at prominent corporations and about the outlook for profits had contributed to a substantial decline in equity prices and correspondingly to a further erosion in household wealth. But some cushion to the effects on aggregate demand of the decline in share prices had been provided by the fall in the foreign exchange value of the dollar and the drop in long-term interest rates. Although the FOMC believed that robust underlying growth in productivity, as well as accommodative fiscal and monetary policies, would continue to support a pickup in the rate of increase of final demand over coming quarters, the likely degree of the strengthening remained uncertain. The FOMC decided to keep unchanged its monetary policy stance and its view that the risks to the economic outlook remained balanced.

Economic Projections for 2002 and 2003

The members of the Board of Governors and the Federal Reserve Bank presidents, all of whom participate in the deliberations of the FOMC, expect the economy to expand rapidly enough over the next six quarters to erode current margins of underutilized capital and labor resources. The central tendency of the forecasts for the increase in real GDP over the four quarters of 2002 is 3½ percent to 3¾ percent, and the central tendency for real GDP growth in 2003 is 3½ percent to 4 percent. The central tendency of the projections of the civilian unemployment rate, which averaged just under 6 percent in the second quarter of 2002, is that it stays close to this figure for the remainder of the year and then moves down to between 5¼ percent and 5½ percent by the end of 2003.

Support from monetary and fiscal policies, as well as other factors, should lead to a strengthening in final demand over coming quarters. Business spending on equipment and software will likely be boosted by rising sales, improving profitability, tax incentives, and by the desire to acquire new capital

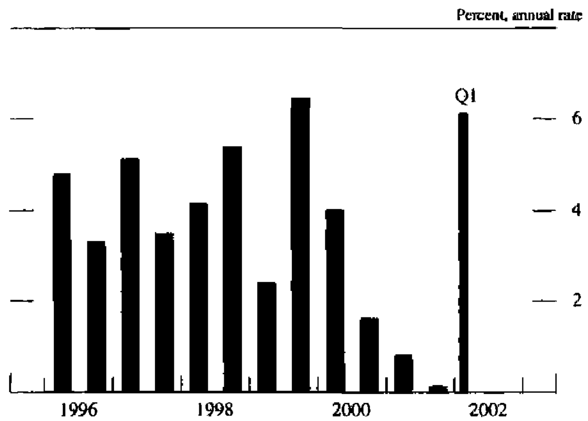
Economic projections for 2002 and 2003

Percent

Indicator	Federal Reserve Governors and Reserve Bank presidents	
	Range	Central tendency
	2002	
Change, fourth quarter to fourth quarter[1]		
Nominal GDP	4½–5½	4¾–5¼
Real GDP	3–4	3½–3¾
PCE chain-type price index	1¼–2	1½–1¾
Average level, fourth quarter		
Civilian unemployment rate	5½–6¼	5¾–6
	2003	
Change, fourth quarter to fourth quarter[1]		
Nominal GDP	4½–6	5–5¼
Real GDP	3¼–4¼	3½–4
PCE chain-type price index	1–2¼	1½–1¾
Average level, fourth quarter		
Civilian unemployment rate	5–6	5¼–5½

1. Change from average for fourth quarter of previous year to average for fourth quarter of year indicated.

Change in real GDP



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

embodying ongoing technological advances. Improving labor market conditions and a robust underlying trend in productivity growth should further bolster household income and contribute to an uptrend in spending. In addition, the liquidation of last year's inventory overhangs has left businesses in a position to begin rebuilding stocks as they become more persuaded that the recovery in final sales will be sustained.

Most FOMC participants expect underlying inflation to remain close to recent levels through the end of 2003. Core inflation should be held in check by productivity gains that hold down cost increases, a lack of pressure on resources, and well-anchored inflation expectations. Overall inflation, which was depressed last year by a notable decline in energy prices, is likely to run slightly higher this year. In particular, the central tendency of the projections of the increase in the chain-type index for personal consumption expenditures over the four quarters of both 2002 and 2003 is 1½ percent to 1¾ percent, compared with last year's pace of 1¼ percent.

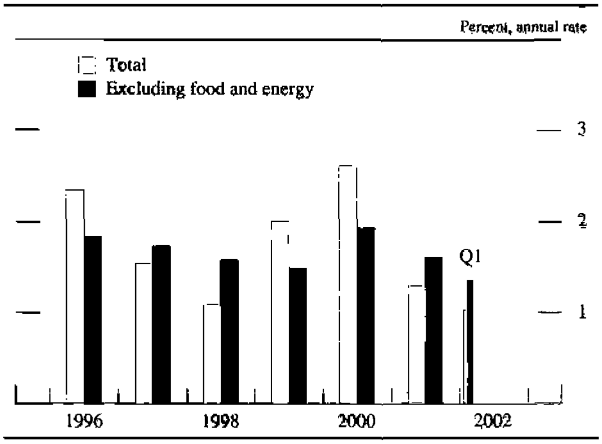
Economic and Financial Developments in 2002

The pace of economic activity picked up considerably in the first half of 2002 after being about unchanged, on balance, in the second half of 2001. Final sales advanced modestly as substantial gains in household and government spending were partly offset by weak business fixed investment and a widening gap between imports and exports. In addition, inventory liquidation slowed sharply as businesses stepped up production to bring it more closely in line with the pace of final sales. The increase in real GDP was particularly rapid early in the year, with the first-quarter gain elevated by a steep reduction in the pace of the inventory run-off, a surge in defense spending, and a weather-induced spurt in construction. Real GDP is currently estimated to have risen at an annual rate of just over 6 percent in the first quarter and appears to have posted a more moderate gain in the second quarter.

Private payroll employment declined through April, and at midyear the unemployment rate stood somewhat above its average in the fourth quarter of 2001. Core inflation—which excludes the direct influences of the food and energy sectors—remained subdued through May, held down by slack in resource utilization and continued sizable advances in labor productivity. Overall inflation was boosted by a surge in energy prices in March and April, but energy prices have since retreated a bit. Inflation expectations remained in check in the first half of this year.

As judged by declines in most interest rates over the first half of the year, financial market participants have marked down their expectation of the vigor of the economic expansion. Interest rates, along with most equity indexes, rose noticeably toward the end of the first quarter in reaction to generally stronger-than-expected economic data. But Treasury yields and equity prices more than rolled back those increases on renewed questions about the strength of the rebound in the economy, including growing

Change in PCE chain-type price index



NOTE. The data are for personal consumption expenditures (PCE).

uncertainty regarding prospective corporate profits and concerns about escalating geopolitical tensions and about the governance and transparency of U.S. corporations. Private demands on credit markets moderated in the first half of the year, as businesses substantially curbed their net borrowing. For the most part, this reduction reflected further declines in business investment, a pickup in operating profits, and a return to net equity issuance. But, in addition, lenders became more cautious and selective, especially for borrowers of marginal credit quality.

Market perceptions that the recovery in the United States might turn out to be less robust than anticipated also put downward pressure on the foreign exchange value of the dollar as measured against the currencies of our major trading partners, especially during the second quarter of 2002. Central banks in some foreign countries, including Canada, tightened policy as growth firmed. The euro-area economy recovered modestly during the first half, and some brighter signs were evident in Japan. In contrast, the dollar strengthened on balance against the currencies of our other important trading partners; in particular, the Mexican peso lost ground, and financial markets reacted to political and economic problems in several South American countries.

The Household Sector

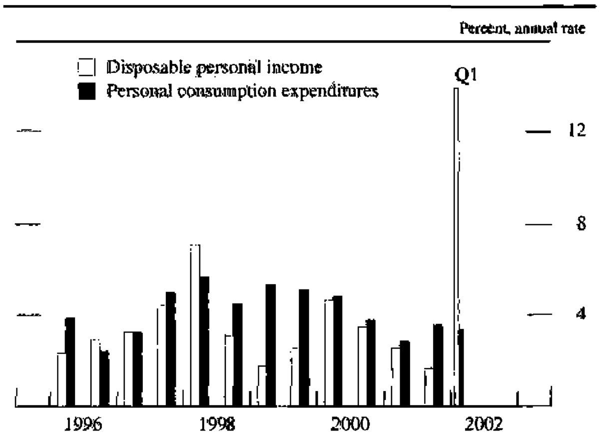
Household spending began the year on a strong note and continued to rise in the second quarter. Further gains in disposable income have supported a solid underlying pace of spending. The decline in stock prices in the first half of 2002 reduced household wealth, and the debt-service burden remained high, but financial stress among households to date has been limited.

Consumer Spending

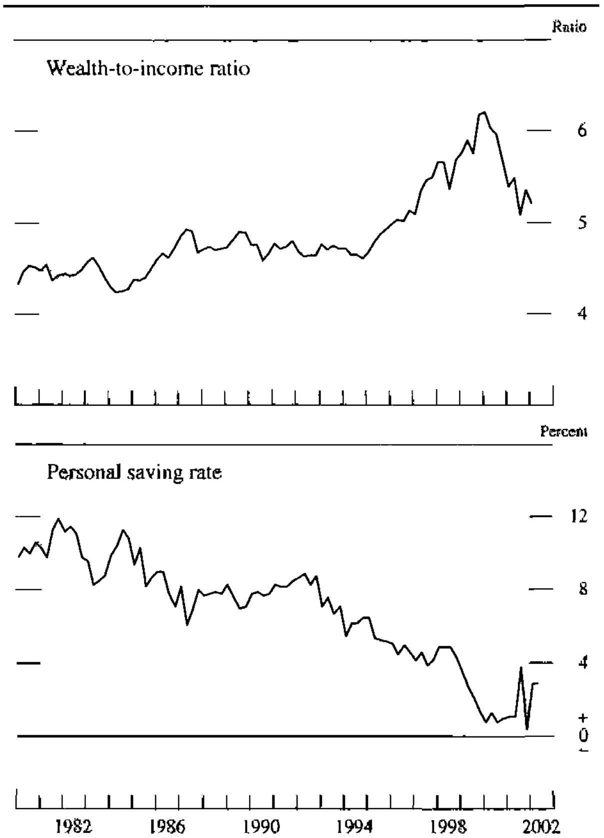
Real consumer expenditures increased at an annual rate of 3¼ percent in the first quarter. Demand for motor vehicles dropped from an extraordinary fourth-quarter pace, but purchases remained supported in part by continued large incentive packages. Outlays for other goods and services advanced smartly in the first quarter. In the second quarter, the rate of increase in consumer spending looks to have eased somewhat. Motor vehicle purchases were little changed, and most other major categories of consumer spending likely posted smaller gains than earlier in the year.

Real disposable personal income moved sharply higher in the first quarter and appears to have risen a little further in the second quarter. Wages and salaries have increased only moderately this year. But tax payments have fallen markedly; last year's legislation lowered withheld tax payments again this year, and final payments this spring on tax obligations for 2001 were substantially below last year's level (likely related at least in part to a decline in capital gains realized last year). All told, real disposable income increased at an annual rate of 8 percent between the fourth quarter of last year and May. However, household net worth has likely fallen further because the negative effect of the decline in stock prices has been only partly offset by an apparent continued appreciation in the value of residential real estate. According to the flow of funds accounts, by the end of the first quarter, the ratio of household net worth to disposable income had reversed close to two-thirds of its run-up in the second half of the 1990s; this ratio has

Change in real income and consumption



Wealth and saving



NOTE. The data are quarterly. The wealth-to-income ratio is the ratio of household net worth to disposable personal income and extends through 2002:Q1. The personal saving rate extends through 2002:Q2; the reading for that quarter is the average for April and May.

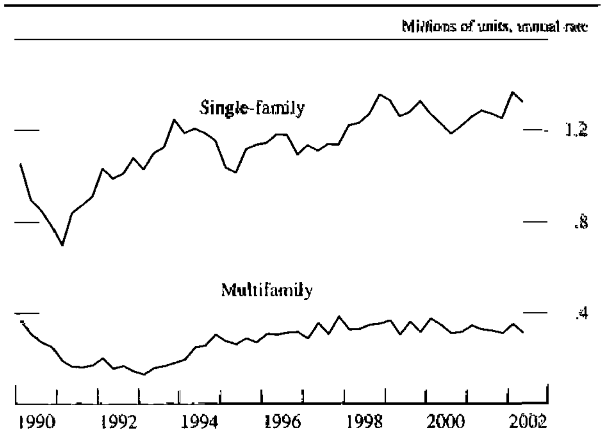
undoubtedly registered additional declines since the end of March. Consumer sentiment improved over the first several months of the year, with indexes from both the Conference Board and the Michigan Survey Research Center reversing last fall's sharp deterioration. However, both indexes have given up some of those gains more recently.

The personal saving rate increased in the first half of this year, as the decline in wealth over the past two years likely held down consumer spending relative to disposable personal income. In May, the saving rate stood at 3 percent of disposable income, up from an average of 1½ percent over 2001. Movements in the saving rate have been very erratic over the past year, reflecting cyclical factors, the timing of tax cuts, and adjustments in incentives to purchase motor vehicles.

Residential Investment

Real residential investment increased at an annual rate of about 15 percent in the first quarter, and the

Private housing starts

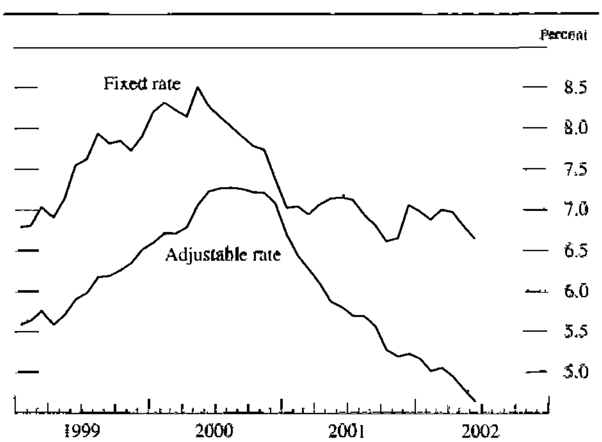


NOTE. The data for 2002:Q2 are the averages for April and May; the data for earlier periods are quarterly.

level of activity appears to have remained robust in the second quarter. The first-quarter surge was spurred partly by unseasonably warm and dry winter weather, which apparently encouraged builders to move forward some of their planned construction. At the same time, underlying housing activity has been supported by the gains in income and confidence noted above, and, importantly, by low interest rates on mortgages. In the single-family sector, starts averaged an annual rate of 1.35 million units over the first five months of the year—up 6½ percent from the already buoyant pace registered in 2001. Sales of existing homes jumped in early 2002 after moving sideways during the preceding three years; sales of new homes have also been running quite high in recent months.

Home prices have continued to move up strongly. For example, over the year ending in the first quarter,

Mortgage rates



NOTE. The data, which are monthly and extend through June 2002, are contract rates on thirty-year mortgages.

SOURCE. Federal Home Loan Mortgage Corporation.

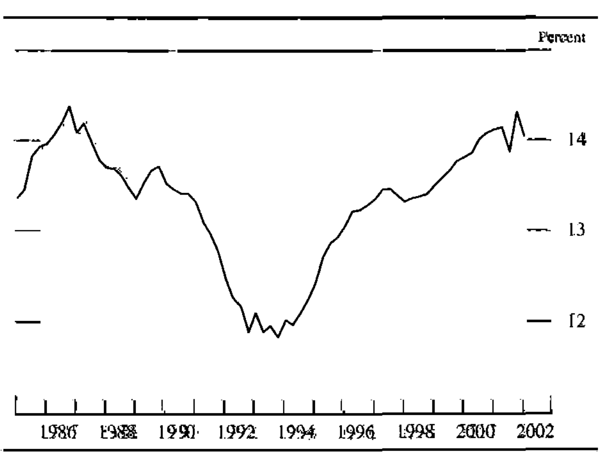
the constant-quality price index for new homes rose 5¼ percent, and the repeat-sales price index for existing homes was up 6¼ percent. Despite these increases, low mortgage rates have kept housing affordable. Rates on thirty-year conventional fixed-rate loans averaged less than 7 percent in the first half of this year, and rates on adjustable-rate loans continued the downtrend that began in early 2001. The share of median household income required to finance the purchase of a median-price house is close to its average for the past ten years and well below the levels that prevailed in the 1970s and 1980s.

In the multifamily sector, housing starts averaged 340,000 units at an annual rate over the first five months of the year, a pace close to the average of the previous five years. However, conditions in this market have deteriorated somewhat during the past year. In the first quarter, the vacancy rate for apartments spiked to the highest level since the late 1980s, and rents and property values were below year-earlier readings.

Household Finance

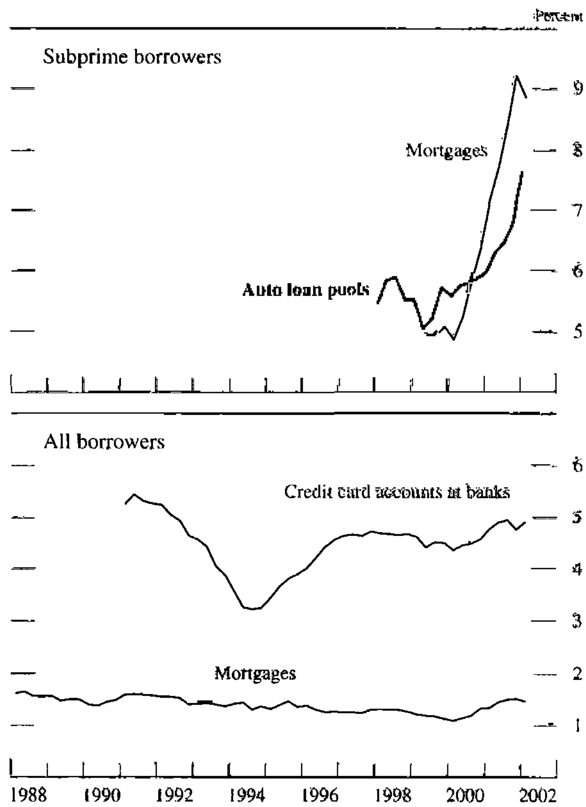
As it did last year, household debt appears to have expanded at more than an 8 percent annual rate during the first half of 2002. Although consumer credit (debt not secured by real estate) has increased, the bulk of the expansion in household debt has come from a sizable buildup of home mortgage debt. Refinancing activity has fallen below last year's record pace, but it has remained strong as households have continued to extract a portion of the accumulated equity in their homes.

Household debt service burden



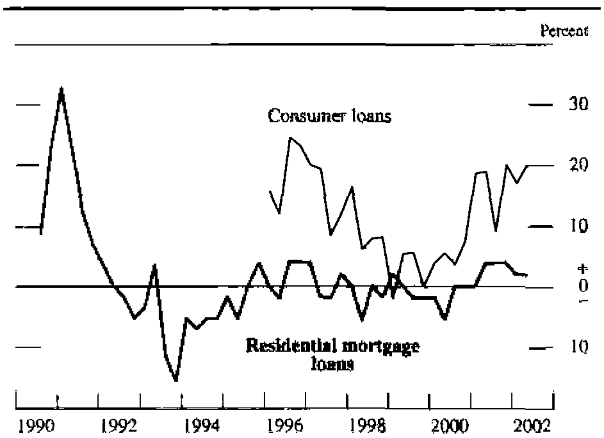
NOTE. The data are quarterly and extend through 2002:Q1. Debt burden is an estimate of the ratio of debt payments to disposable income; debt payments consist of the estimated required payments on outstanding mortgage and consumer debt.

Delinquency rates on selected types of household loans



NOTE. The data are quarterly and extend through 2002:Q1.
SOURCE. For auto loans, Federal Reserve staff estimates based on data from Moody's Investors Service; for mortgages, the Mortgage Bankers Association and LoanPerformance; for credit cards, bank Call Reports.

The aggregate household debt-service burden—the ratio of estimated minimum scheduled payments on mortgage and consumer debt to disposable personal income—although still elevated, has moved little this year. The effect of the fast pace of household borrowing on the debt burden has been offset by lower interest rates and the brisk growth in disposable income. On balance, indicators of credit quality do not suggest much further deterioration in the financial condition of households. While delinquency rates for subprime borrowers have risen further for auto loan pools and have stayed high for mortgages, mortgage delinquencies for all borrowers have changed little, and delinquencies on credit card accounts at banks have not risen significantly since the mid-1990s. The number of personal bankruptcy filings also has essentially moved sideways this year, albeit at a historically high rate. Lenders have apparently reacted to these indicators of household credit quality by tightening standards for consumer loans, as reported on the Federal Reserve's Senior Loan Officer Opinion Surveys. Standards for mortgage loans, however, Net percentage of domestic banks tightening standards on consumer loans and residential mortgage loans



NOTE. The data are based on a survey generally conducted four times per year; the last reading is from the April 2002 survey. Net percentage is the percentage reporting a tightening less the percentage reporting an easing.

SOURCE. Federal Reserve Senior Loan Officer Opinion Survey on Bank Lending Practices.

have changed little, and, on the whole, credit appears to have remained readily available to the household sector.

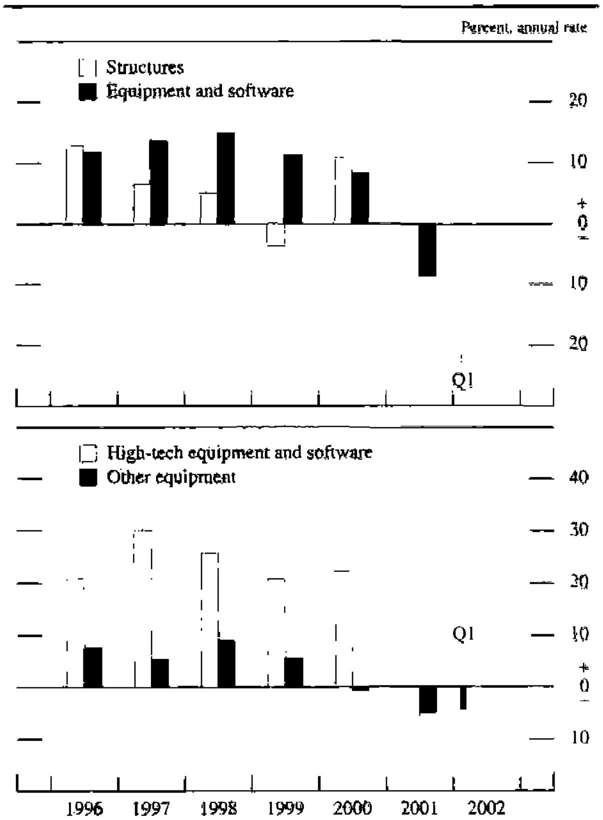
The Business Sector

Spending in the business sector appears to have bottomed out recently, but a strong recovery has not yet taken hold. Real business fixed investment, which declined sharply last year, fell again in the first quarter, but seems to have firmed in the second quarter. Excess capacity in some sectors and uncertainty about the pace of the economic expansion are likely still restraining equipment demand, but rising output, improving corporate profits, and continuing technological advances appear to be working in the opposite direction. Many businesses have worked off their excess stocks, and the substantial inventory runoff that began in the first quarter of last year seems to be drawing to a close. The combination of higher profits and weak investment spending has led to a drop in borrowing by the nonfinancial business sector thus far this year.

Fixed Investment

Real business spending on equipment and software (E&S) was little changed in the first quarter after having dropped sharply last year. In the high-tech category, real expenditures moved up in the first quarter after a double-digit decline in 2001. Outlays

Change in real business fixed investment



NOTE. High-tech equipment consists of computers and peripheral equipment and communications equipment.

for computers posted large gains in inflation-adjusted terms in both the fourth and first quarters; many businesses apparently postponed computer replacement over much of last year but now seem to be taking advantage of ongoing technological progress and the associated large declines in prices. In contrast, real expenditures for communications equipment were little changed in the first quarter after having plunged by one-third during 2001. Excess capacity in the provision of telecom services is continuing to weigh heavily on the demand for communications equipment. Business outlays for software edged down in real terms in the first quarter.

Real spending on transportation equipment dropped in the first quarter. Outlays for aircraft shrank dramatically as the reduction in orders after last year's terrorist attacks began to show through to spending. Outlays for motor vehicles fell sharply early in the year owing to weakness in the market for heavy trucks and a reported reduction in fleet sales to rental companies related to the downturn in air travel. Real E&S spending outside of the high-tech and transportation categories moved up in the first quarter after sizable declines in the three preceding quarters.

This pattern probably reflects the deceleration and subsequent acceleration in business output, which is an important determinant of spending in this category.

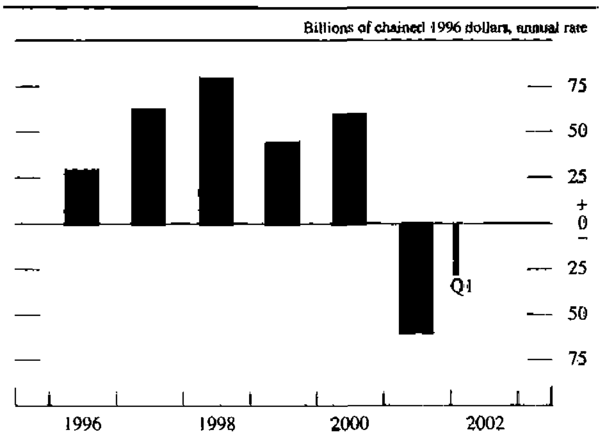
In the second quarter, real E&S spending likely rose, borne along by increases in sales and a rebound in profits. Incoming data on orders and shipments suggest that real outlays for high-tech equipment advanced and that expenditures for other nontransportation equipment also rose. Spending on aircraft probably contracted further, but orders for heavy trucks surged this spring, as some companies reportedly shifted purchases forward in anticipation of stricter emissions requirements that are scheduled to take effect in the fall. Because of lags in the ordering and building of new equipment, the provision for partial expensing in the Job Creation and Worker Assistance Act passed by the Congress in early March will likely bolster investment spending gradually.

Real outlays for nonresidential structures registered a very large decline in the first quarter after having slipped appreciably in 2001. Outlays for office and industrial structures, lodging facilities, and public utilities dropped substantially. Vacancy rates for offices jumped in the first quarter to their highest level since the mid-1990s; in addition, rents and property values were noticeably below their levels one year earlier. Vacancy rates have risen dramatically in the industrial sector as well. Construction of drilling structures also contracted sharply in the first quarter, thereby continuing the downtrend that began in the middle of last year in the wake of the decline in the prices of oil and natural gas from their peaks a few quarters earlier. Incoming data point to further declines in spending for nonresidential structures in the second quarter.

Inventory Investment

Businesses ran off inventories at an annual rate of nearly $30 billion in the first quarter. This drawdown followed a much larger liquidation—at an annual rate of roughly $120 billion—in the fourth quarter, and the associated step-up in production contributed almost 3½ percentage points to the first-quarter increase in real GDP. Book-value data on inventories outside of the motor vehicle sector point to a further slackening of the drawdown more recently. Since last fall, inventory–sales ratios have more than reversed the run-up that occurred as the economy softened. Currently, inventories do not appear to be excessive for the economy as a whole, although industry reports suggest that overhangs persist in a few areas. In contrast to inventories in other sectors, motor vehicle stocks increased in the first half of this year, as automakers boosted production in order to rebuild stocks that had been depleted by the robust pace of sales in late 2001. Motor vehicle inventories were no longer lean as of the middle of this year.

Change in real business inventories



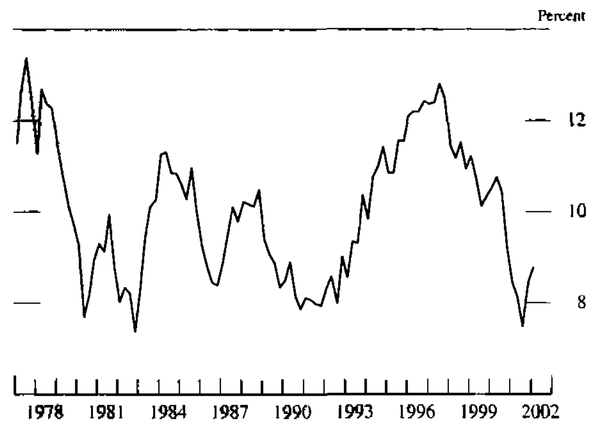
Corporate Profits and Business Finance

The economic profits of the U.S. nonfinancial corporate sector grew 5 percent at a quarterly rate in the first quarter of this year after a surge of 13¾ percent in the fourth quarter of 2001. The corresponding ratio of profits to sector GDP has edged up to 8¾ percent, reversing a portion of the steep decline registered over the preceding few years but remaining well below its peak in the mid-1990s. Early indicators point to further profit gains in the second quarter.

The rise in profits since late 2001, combined with weak capital expenditures and low share repurchase and cash-financed merger activities, have helped keep nonfinancial corporations' need for external funds (the financing gap) below the average of last year. In addition, corporations have turned to the equity markets to raise a portion of their needed external funds: Corporations have sold more new equity than they have retired this year—the first period of net equity issuance in nearly a decade. They have used much of these funds to repay debt. As a result, the growth of nonfinancial business debt appears to have slowed considerably in the first half of 2002 after rapid gains in preceding years.

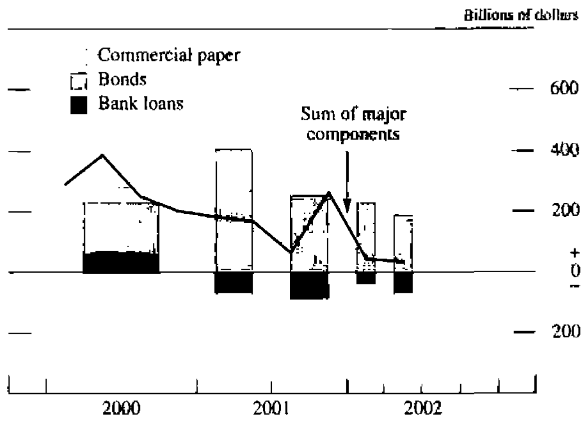
Much of the growth in nonfinancial business debt this year has been concentrated in the corporate bond market (though issuance has not been quite so strong

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



NOTE. The data are quarterly and extend through 2002:Q1. Profits are from domestic operations of nonfinancial corporations, with inventory valuation and capital consumption adjustments.

Major components of net business financing



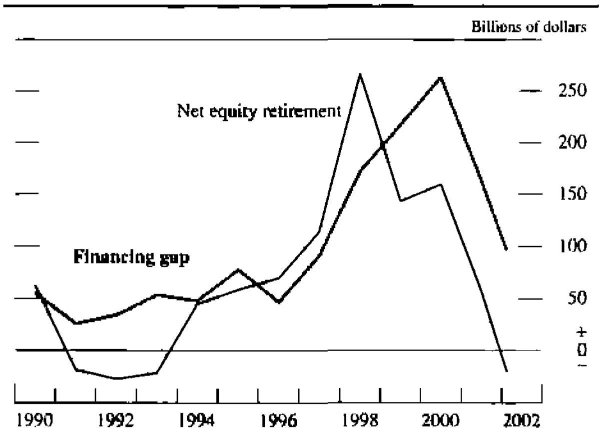
NOTE. Seasonally adjusted annual rate for nonfarm nonfinancial corporate business. The data for the sum of major components are quarterly. The data for 2002:Q2 are estimated.

as in 2001), as firms have taken advantage of historically attractive yields. Many corporations have used the proceeds of their bond offerings to pay down commercial and industrial (C&I) loans at banks and commercial paper. In recent months, however, net corporate bond issuance has slowed, and the contraction in short-term funding appears to have moderated.

About one fifth of total bond offerings over the first half of 2002 have been in the speculative-grade market. This fraction is about unchanged from last year but still well below the proportions seen in the latter half of the 1990s, and speculative-grade bond offerings have been concentrated in the higher quality end of that market. Troubles in the two largest sectors of the market—telecommunications and energy—have continued to weigh on issuance this year.

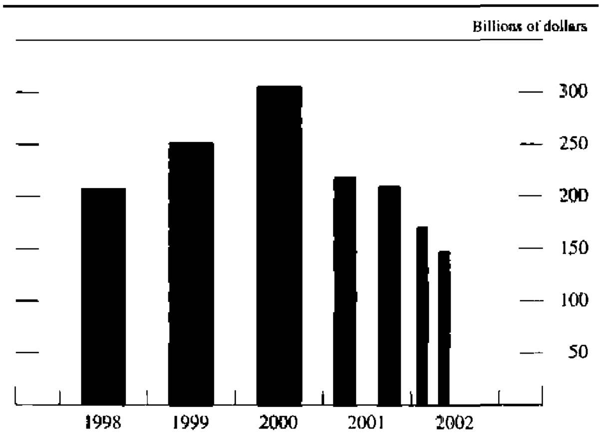
Although many businesses have apparently substituted bond debt for shorter-term financing by choice, others, especially investment-grade firms in the telecommunications sector, have done so by necessity: They were pushed out of the commercial paper market or otherwise encouraged by investors and credit-rating agencies to curb their reliance on short-term sources of financing to limit the associated rollover risk. Indeed, commercial paper outstanding ran off sharply in February and early March, when several companies that were perceived as having questionable accounting practices were forced to tap bank lines to pay off maturing commercial paper. With lower-quality borrowers leaving the market in the

Financing gap and net equity retirement at nonfarm nonfinancial corporations



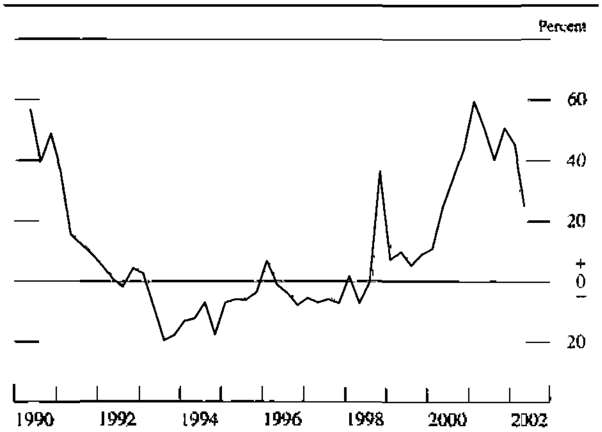
NOTE. The data are annual through 2001; the final observation is for 2002:Q1 at an annual rate. The financing gap is the difference between capital expenditures and internally generated funds. Net equity retirement is the difference between equity retired through share repurchases, domestic cash-financed mergers, or foreign takeovers of U.S. firms and equity issued in public or private markets, including funds invested by venture capital partnerships.

Nonfinancial commercial paper outstanding



NOTE. The data are period-end figures and extend through 2002:Q2.

Net percentage of domestic banks tightening standards on commercial and industrial loans to large and medium-sized firms



NOTE. The data are based on a survey generally conducted four times per year; the last reading is from the April 2002 survey. Large and medium-sized firms are those with annual sales of $50 million or more. Net percentage is the percentage reporting a tightening less the percentage reporting an easing.

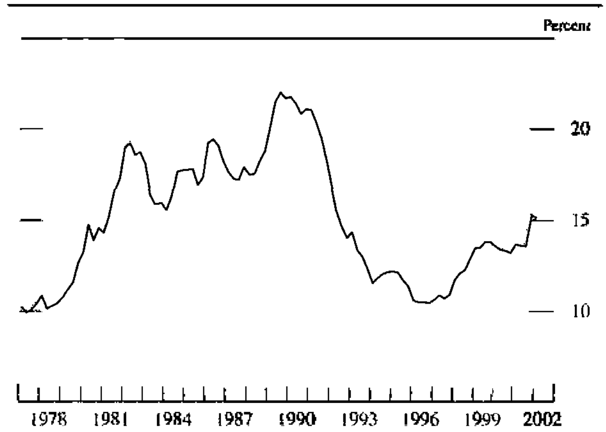
SOURCE. Federal Reserve Senior Loan Officer Opinion Survey on Bank Lending Practices.

face of elevated risk spreads, commercial paper outstanding shrank nearly 30 percent in the first half of the year after a sizable decline in 2001.

Some firms that exited the commercial paper market turned, at least temporarily, to banks as an alternative. Nonetheless, on net, commercial and industrial loans at banks have declined this year, reflecting borrowers' preference for lengthening the maturity of their liabilities and the overall reduction in the demand for external financing, noted earlier. To a more limited extent, a somewhat less receptive lending environment probably also weighed on business borrowing at banks. In particular, banks continued to tighten terms and standards on C&I loans on net over the first half of this year, although the fraction of banks that reported having done so fell noticeably in the Federal Reserve's Senior Loan Officer Opinion Survey in April. Banks have also imposed stricter underwriting standards and higher fees and spreads on backup lines of credit for commercial paper over most of 2001 and early 2002; banks cited increased concerns about the creditworthiness of issuers and a higher likelihood of lines being drawn down.

Indicators of credit quality still point to some trouble spots in the nonfinancial business sector. The ratio of net interest payments to cash flow has trended up since the mid-1990s for the nonfinancial corporate sector as a whole, with increases most pronounced for weaker speculative-grade firms. The default rate on outstanding corporate bonds has remained quite elevated by historical standards. By contrast,

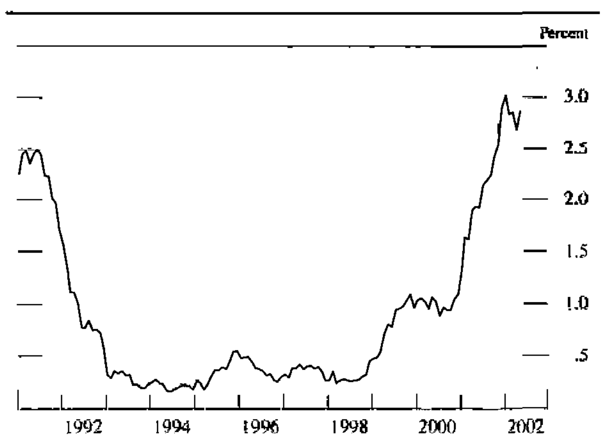
Net interest payments of nonfinancial corporations relative to cash flow



NOTE. The data are quarterly and extend through 2002:Q1.

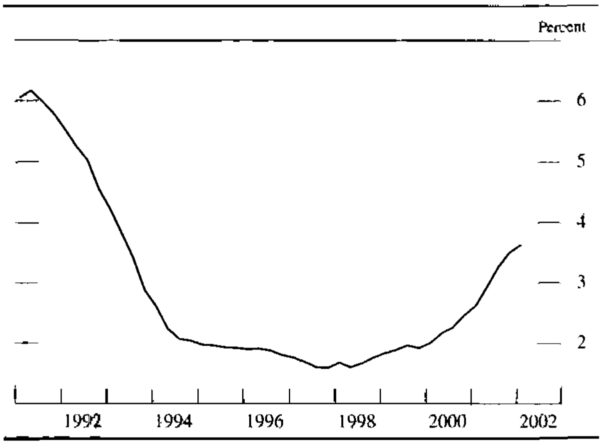
although the delinquency rate on C&I loans at banks has risen a bit further this year, it has stayed well below rates observed in the early 1990s. In part, however, this performance may be attributable to more aggressive loan sales and charge-offs than in the past. It may be that problems have risen more for large firms than for smaller ones, as the increase in C&I loan delinquencies over recent quarters was limited to large banks, where loans to larger firms are more likely to be held. Credit rating downgrades continued to outpace upgrades by a substantial margin, as was the case in the last quarter of 2001. Spreads of corporate bond yields over those on comparable Treasuries have remained high by historical standards and have risen considerably across the credit-quality spectrum for telecom firms. Corporate

Default rate on outstanding bonds



NOTE. The default rate is monthly and extends through May 2002. The rate for a given month is the face value of bonds that defaulted in the twelve months ending in that month divided by the face value of all bonds outstanding at the end of the calendar quarter immediately preceding the twelve-month period.

Delinquency rates on commercial and industrial loans at banks

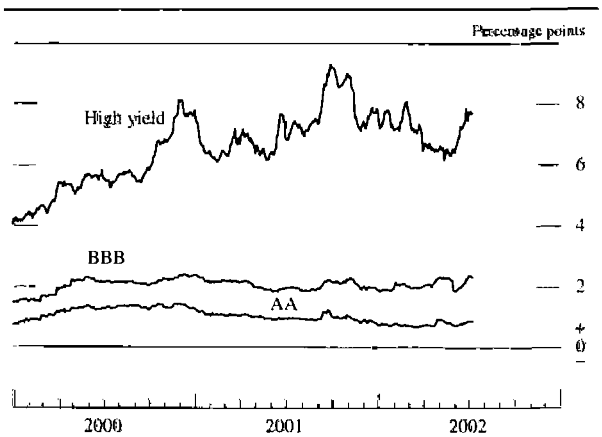


NOTE. The data, from bank Call Reports, are quarterly, seasonally adjusted, and extend through 2002:Q1.

bond spreads also widened, though to a much smaller extent, for a few highly rated firms in other industries owing to concerns about their accounting practices.

After having surged late last year, growth in commercial mortgage debt dropped back in the first half of this year amid a sharp decline in construction activity. Issuance of commercial mortgage backed securities (CMBS), a major component of commercial mortgage finance, has been especially weak. Nonetheless, investor appetite for CMBS has apparently been strong, as yield spreads have narrowed this year. Delinquency rates on CMBS pools, which had been rising during the early part of the year, seem to have stabilized in recent months, and delinquency rates on commercial mortgages held by banks and

Spreads of corporate bond yields over the ten-year Treasury yield



NOTE. The data are daily and extend through July 10, 2002. The spreads compare the yields on the Merrill Lynch AA, BBB, and 175 indexes with the yield on the ten-year off-the-run Treasury note.

insurance companies have remained near their historical lows.

The low level of risk spreads for CMBS suggests that concerns about terrorism insurance have not been widespread in the market for commercial mortgages, and responses to the Federal Reserve's Senior Loan Officer Opinion Survey in April indicate that most domestic banks required insurance on less than 10 percent of the loans being used to finance high-profile or heavy-traffic properties. Nonetheless, that fraction was much higher at a few banks, and some credit-rating agencies have placed certain CMBS issues—mainly those backed by high-profile properties—on watch for possible downgrade because of insufficient terrorism insurance.

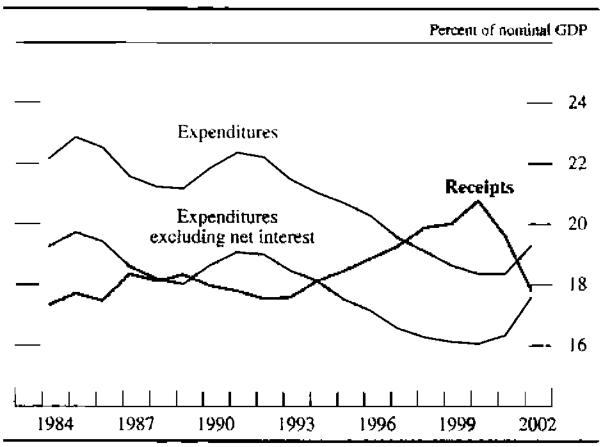
The Government Sector

The federal unified budget moved into deficit in fiscal 2002 after having posted a substantial surplus in fiscal 2001. The deterioration reflects a sharp drop in tax collections (resulting in part from the effects of the economic downturn, the decline in stock prices, and legislated tax cuts) and unusually large supplemental spending measures. As a consequence, federal debt held by the public increased in the first half of the year after rapid declines during the previous several years. The budgets of states and localities have also been strained by economic events, and many state and local governments have taken steps to relieve these pressures.

Federal Government

Over the first eight months of fiscal year 2002 (October through May) the unified budget recorded a deficit of $147 billion, compared with a surplus of $137 billion over the same period of fiscal year 2001. Nominal receipts were 12 percent lower than during the same period of fiscal 2001, and daily Treasury data since May suggest that receipts have remained subdued. Individual tax payments are running well below last year's pace; this weakness reflects general macroeconomic conditions, the legislated changes in tax policy, and the decline in stock prices and consequent reduction in capital gains realizations in 2001. The extent of the weakness was not widely anticipated—this spring's nonwithheld tax payments, which largely pertain to last year's liabilities, generated the first substantial negative April surprise in revenue collections in a number of years. Corporate tax payments have also dropped from last year's level

Federal receipts and expenditures

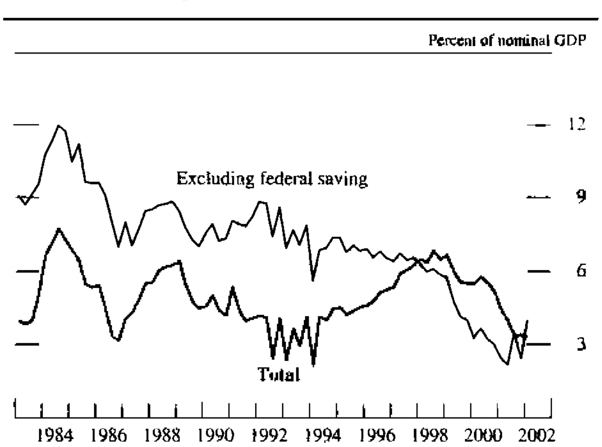


NOTE. The budget data are from the unified budget; through 2001 they are for fiscal years (October through September), and GDP is for Q3 to Q3. For 2002, the budget data are for the twelve months ending in May, and GDP is for 2001:Q1 to 2002:Q1.

because of weak profits and the business tax provisions included in the Job Creation and Worker Assistance Act of 2002.

Nominal federal outlays during the first eight months of fiscal 2002 were 10 percent higher than during the same period last year; excluding a drop in net interest payments owing to the current low level of interest rates, outlays were up 14 percent. The rate of increase was especially large for expenditures on income security, health, and national and homeland defense. Real federal expenditures for consumption and gross investment, the part of government spending that is a component of real GDP, rose at an annual rate of roughly 11½ percent in the first calendar quarter of 2002 as defense spending surged. The available data suggest that real federal expenditures for consumption and gross investment increased further in the second quarter.

Net national saving



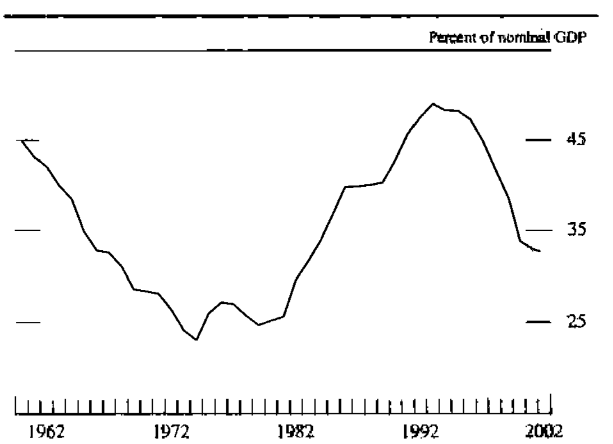
NOTE. The data are quarterly and extend through 2002:Q1.

Federal saving, which equals the unified budget surplus adjusted to conform to the accounting practices followed in the national income and product accounts, has fallen considerably since the middle of last year. Net federal saving, which accounts for the depreciation of government capital, turned negative in the first quarter of this year. At the same time, the net saving of households, businesses, and state and local governments has moved up from its trough of last year. On balance, net national saving as a share of GDP has held roughly steady in the past several quarters after having moved down sharply since 1999.

Federal debt held by the public, which had been declining rapidly over the past few years, grew at a 3¼ percent annual rate in the first quarter of 2002 and is estimated to have increased considerably more in the second quarter. The ratio of federal government debt held by the public to nominal GDP fell only slightly in the first quarter following several years of steep declines. In response to the changing budget outlook, the Treasury suspended its buyback operations through mid-August and increased the number of auctions of new five-year notes and ten-year indexed securities.

During the second quarter, the Treasury took unusual steps to avoid breaching its statutory borrowing limit of $5.95 trillion. In early April, it temporarily suspended investments in the Government Securities Investment Fund—the so called G-fund of the Federal Employees' Retirement System. Incoming individual nonwithheld tax receipts later that month allowed the Treasury to reinvest the G-fund assets with an adjustment for interest. Late in May, the Treasury declared a debt ceiling emergency,

Federal government debt held by the public



NOTE. Through 2001, the data for debt are year-end figures and the corresponding value for GDP is for Q4 at an annual rate; the final observation is for 2002:Q1. Excludes securities held as investments of federal government accounts.

which allowed it to disinvest a portion of the Civil Service Retirement and Disability Fund, in addition to the G-fund, to keep its debt from breaching the statutory limit. At the time of the declaration, the Treasury indicated that disinvestments from these two funds, combined with other stopgap measures, would be sufficient to keep it from breaching the debt ceiling only through late June. The Congress approved legislation raising the statutory borrowing limit to $6.4 trillion on June 27.

State and Local Governments

Slow growth of revenue resulting from the economic downturn has also generated a notable deterioration in the fiscal position of many state and local governments over the past year. In response, many states and localities have been trimming spending plans and, in some cases, raising taxes and fees. In addition, many states have been dipping into rainy-day and other reserve funds. Together, these actions are helping to move operating budgets toward balance.

Real consumption and investment spending by state and local governments rose at an annual rate of 4¼ percent in the first quarter, but available data suggest that outlays were little changed in the second quarter. Outlays for consumption items seem to have held to only moderate increases in the first half of this year, a step-down from last year's more robust gains. Investment spending rose briskly in the first quarter and retreated in the second quarter; this pattern largely reflects the contour of construction expenditures, which were boosted early in the year by unseasonably warm and dry weather.

Debt growth in the state and local government sector has slowed so far in 2002 from last year's very rapid pace. States and localities have continued to borrow heavily in bond markets to finance capital expenditures and to refund existing obligations, including short-term debt issued last year. The overall credit quality of the sector has remained high despite the fiscal stresses associated with the recent economic slowdown, and yield ratios relative to Treasuries have changed little this year, on net.

The External Sector

Stronger growth in the United States contributed to a widening of U.S. external deficits in the first quarter of this year. The United States has continued to receive large net private financial inflows in 2002, but both inflows and outflows have been at lower levels than in recent years.

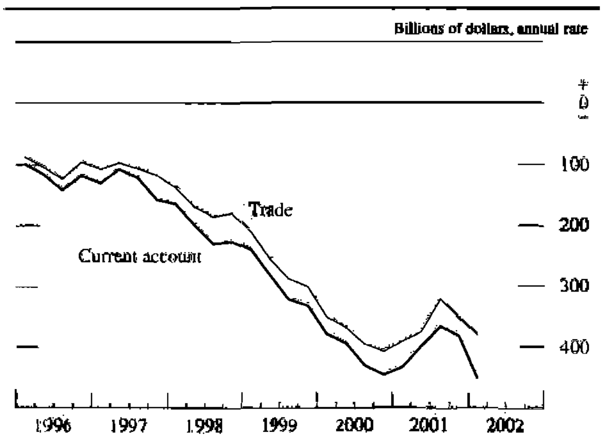
Trade and the Current Account

The U.S. deficit on trade in goods and services widened about $27 billion in the first quarter, to nearly $380 billion at an annual rate, as a surge in imports overwhelmed a slower expansion of exports. U.S. net investment income decreased $33 billion to a slight deficit position after recording modest surpluses in all four quarters last year. The U.S. deficit on other income and transfers widened about $9 billion, to nearly $70 billion at an annual rate. The U.S. current account, which is the sum of the above, recorded a deficit in the first quarter of $450 billion at an annual rate, 4.3 percent of GDP and nearly $70 billion larger than the deficit in the fourth quarter of 2001.

Real exports of goods and services increased 3 percent at an annual rate in the first quarter, after five quarters of decline. This improvement resulted from a very large step-up in service receipts, as payments by foreign travelers moved back up to near pre-September 11 levels and other private service receipts increased as well. The real value of exported goods contracted in the first quarter, but at only a 3½ percent annual rate. Goods exports had declined much more steeply in the previous three quarters under the effects of slower output growth abroad, continued appreciation of the dollar, and plunging global demand for high-tech products. The better performance in the first quarter of 2002 included a markedly slower rate of decline of machinery exports and a small increase in exported aircraft. While exports of computers continued to fall, exports of semiconductors rose for the first time in nearly two years. Export prices continued to edge down in the first quarter.

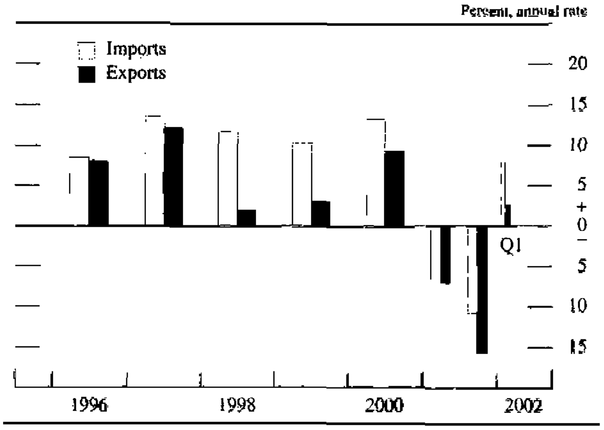
U.S. real imports of goods and services expanded in the first quarter at an 8 percent annual rate. As was

U.S. trade and current account balances



NOTE. The data are quarterly and extend through 2002:Q1.

Change in real imports and exports of goods and services

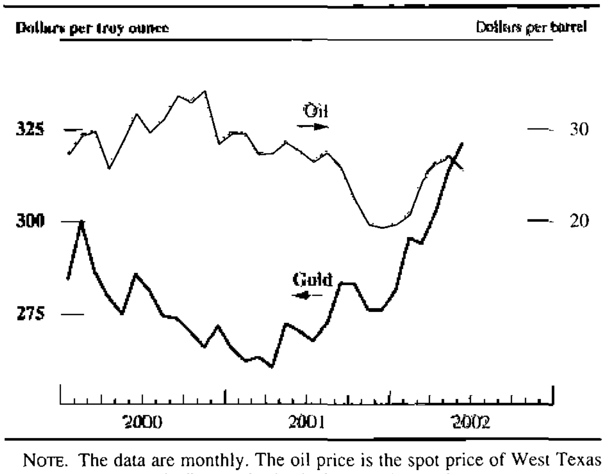


NOTE. Change for the half-year indicated is measured from the preceding half-year, and the change for 2002:Q1 is from 2001:Q4. Imports and exports for each period are the average of the levels for component quarters.

the case with exports, a substantial part of the increase came from larger service payments related to increased travel abroad by U.S. residents. Reflecting the rebound in U.S. economic activity, imports of real goods rose at about a 4 percent pace in the first quarter of 2002, the first increase in four quarters, as a decline in oil imports was more than offset by a substantial increase in imports of other goods. Growth of non-oil imports was led by increased imports of computers, autos, and consumer goods. The price of imported non-oil goods declined at about a 2¼ percent annual rate, in line with its trend in 2001; prices fell for a wide range of capital goods and industrial supplies.

Declining demand during the second half of last year put the price of West Texas intermediate (WTI) crude oil in December 2001 at around $19 per barrel, its lowest level since mid-1999. Unusually warm

Prices of oil and gold



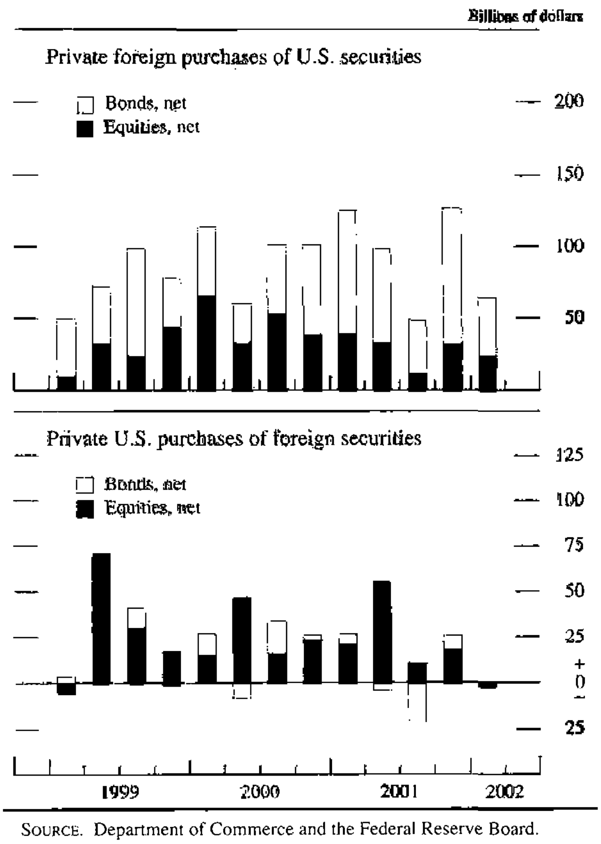
NOTE. The data are monthly. The oil price is the spot price of West Texas intermediate crude oil. The gold price is the price in London.

winter weather in the United States—along with low prices—helped keep the value of oil imports at a very low level in the first quarter. But oil prices began to rise in February and March as global economic activity picked up and as OPEC reduced its production targets in an agreement with five major non-OPEC producers (Angola, Mexico, Norway, Oman, and Russia). Oil prices remained firm in the second quarter around $26 per barrel amid turmoil in the Middle East, a one-month suspension of oil exports by Iraq, disruption of supply from Venezuela, and increasing global demand. The price of gold also has reacted to heightened geopolitical tensions and moved up more than 13 percent over the first half of 2002.

The Financial Account

The shift in the pattern of U.S. international financial flows observed in the second half of 2001 continued into the first quarter of this year. Influenced by increased economic uncertainty, questions about corporate governance and accounting, and sagging share prices, foreign demand for U.S. equities remained weak. Foreign net purchases of U.S. bonds slowed;

U.S. international securities transactions



SOURCE. Department of Commerce and the Federal Reserve Board.

although purchases of corporate bonds continued to be robust, demand for agency and Treasury bonds slackened. Nonetheless, because U.S. net purchases of foreign securities also fell off, the contribution of net inflows through private securities transactions to financing the U.S. current account deficit remained at a high level. Preliminary and incomplete data for the second quarter of 2002 suggest a continuation of this pattern.

Slower economic activity, both in the United States and abroad, and reduced merger activity caused direct investment inflows and outflows to drop sharply late last year. Direct investment inflows, which were strong through the first half of 2001, plummeted in the second half. U.S. direct investment abroad stayed at a high level through the third quarter but then fell sharply. Both inflows and outflows remained weak in the first quarter of 2002. Available data point to a pickup of capital inflows from official sources during the first half of 2002, as the recent weakening of the foreign exchange value of the dollar prompted some official purchases.

The Labor Market

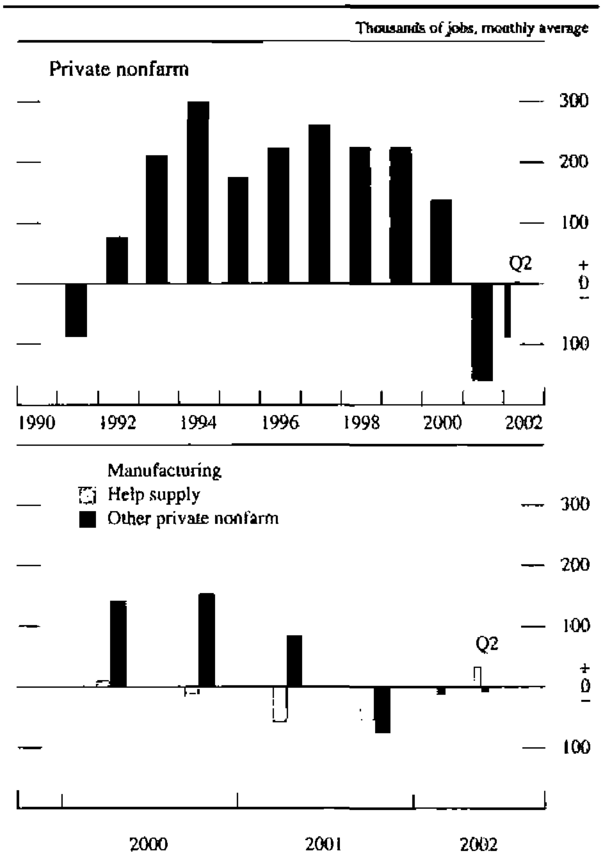
Labor markets weakened further in the first few months of the year; they now appear to have stabilized but have yet to show signs of a sustained and substantial pickup. Growth of nominal compensation slowed further in the first part of the year after having decelerated in 2001. With productivity soaring in recent quarters, unit labor costs have fallen sharply.

Employment and Unemployment

After having fallen an average of nearly 160,000 per month in 2001, private payroll employment declined at an average monthly rate of 88,000 in the first quarter and was about unchanged in the second quarter. Employment losses in the manufacturing sector have moderated in recent months, and employment in the help supply services industry—which provides many of its workers to the manufacturing sector—has increased. These two categories, which were a major locus of weakness last year, gained an average of 11,000 jobs per month over the past three months, compared with an average loss of 76,000 jobs per month in the first quarter of the year and 163,000 jobs per month over 2001.

Apart from manufacturing and help supply, private payrolls fell 12,000 per month in the first quarter and declined 8,000 per month in the second quarter. In the second quarter, hiring in construction fell by the same amount as in the first quarter. Retail employment declined somewhat after rising a bit in the first quarter, and the employment gain in services other than help supply was slightly smaller than in the first quarter. However, employment losses in several other categories abated in the second quarter.

Net change in payroll employment

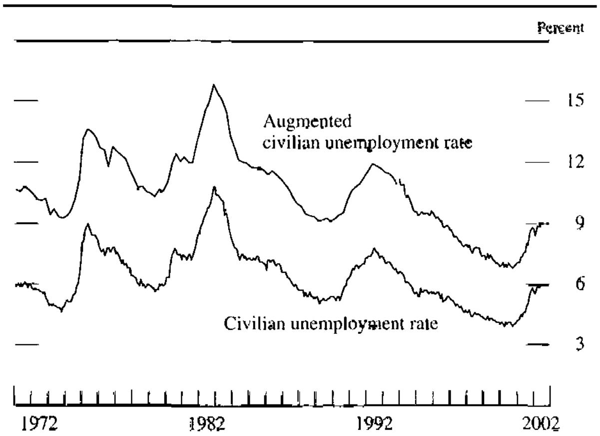


The unemployment rate in the second quarter averaged 5.9 percent, up from a reading of 5.6 percent in both the fourth quarter of last year and the first quarter of this year. The higher unemployment rate in recent months is consistent with weak employment gains, and it probably was boosted a bit by the federal temporary extended unemployment compensation program. Because this program provides additional benefits to individuals who have exhausted their regular state benefits, it encourages unemployed individuals to be more selective about taking a job offer and likely draws some people into the labor force to become eligible for these benefits.

Productivity and Labor Costs

Labor productivity has increased rapidly in recent quarters. After rising at an average annual rate of

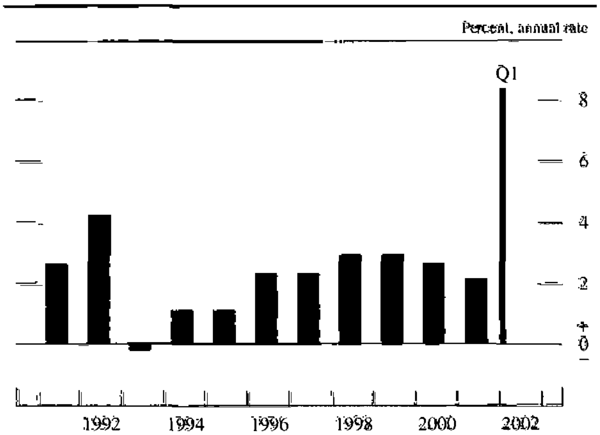
Measures of labor utilization



NOTE. The data extend through June 2002. The civilian rate is the number of civilian unemployed divided by the civilian labor force. The augmented rate adds to the numerator and the denominator of the civilian rate the number of those who are not in the labor force but want a job. The small break in the augmented rate in January 1994 arises from the introduction of a redesigned survey. For the civilian rate, the data are monthly; for the augmented rate, the data are quarterly through December 1993 and monthly thereafter.

around 1 percent in the first three quarters of last year, output per hour in the nonfarm business sector jumped at an annual rate of 5½ percent in the fourth quarter of last year and 8½ percent in the first quarter of this year. Productivity likely continued to rise in the second quarter, albeit at a slower pace. Labor productivity often rises briskly in the early stages of economic recoveries, but what makes the recent surge unusual is that it followed a period of modest increases, rather than declines. In earlier postwar recessions, productivity deteriorated as firms retained more workers than may have been required to meet reduced production needs. The strength in productivity growth around the beginning of this year suggests that employers may have doubted the durability of the pickup in sales and, therefore, deferred new hiring until they became more convinced of the vigor of the expansion. Smoothing through the recent cyclical fluctuations, productivity advanced at an average annual rate of close to 3½ percent between the fourth quarter of 2000 and the first quarter of this year. Although this pace is unlikely to be sustained, it further bolsters the view that the underlying trend in productivity has moved up since the first half of the 1990s.

Change in output per hour

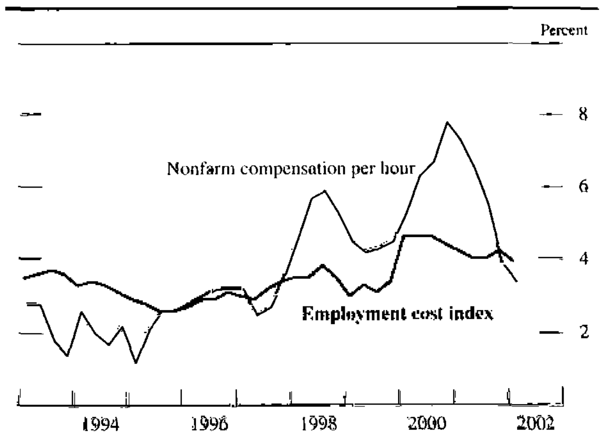


NOTE. Nonfarm business sector.

The employment cost index (ECI) for private nonfarm businesses increased just under 4 percent during the twelve months ended in March of this year, after rising about 4¼ percent in the preceding twelve-month period. The recent small step-down likely reflects the lagged effects of the greater slack in labor markets and lower consumer price inflation. The wages and salaries component and the benefits component of the ECI both decelerated by ¼ percentage point relative to the preceding year. The slowing in benefits costs occurred despite a 2½ percentage point pickup in health insurance cost inflation, to a 10½ percent rate of increase.

Nominal compensation per hour in the nonfarm business sector—an alternative measure of compensation based on the national income and product accounts—rose 3½ percent during the year ending in the first quarter. This rate represented a sharp slowing from the 7¼ percent pace recorded four quarters earlier, which likely had been boosted significantly by stock options; stock options are included in this measure at their value when exercised. The deceleration in this measure of compensation is much more dramatic than in the ECI because the ECI does not include stock options. The moderate increase in

Measures of change in hourly compensation



NOTE. The data extend through 2002:Q1. For nonfarm compensation, change is over four quarters; for the employment cost index (ECI), change is over the twelve months ending in the last month of each quarter. Nonfarm compensation is for the nonfarm business sector; the ECI is for private industry excluding farm and household workers.

nominal compensation combined with the spike in productivity growth led unit labor costs to drop at an annual rate in excess of 5 percent in the first quarter, after a decline of 3 percent in the fourth quarter.

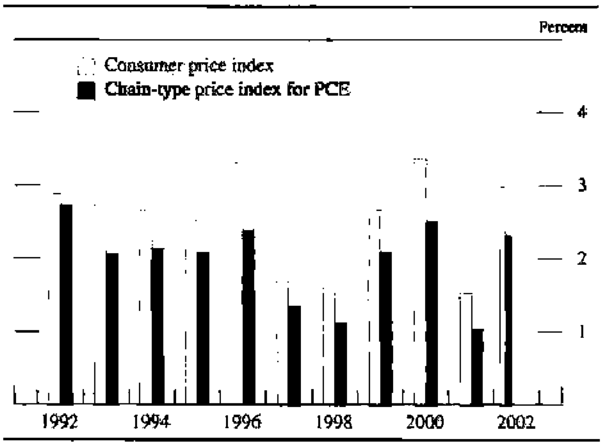
Information about the behavior of compensation in more recent months is limited. Readings on average hourly earnings of production or nonsupervisory workers suggest a further deceleration in wages: The twelve-month change in this series was 3¼ percent in June, ¾ percentage point below the change for the preceding twelve months.

Prices

A jump in energy prices in the spring pushed up overall inflation in the first part of 2002, but core inflation remained subdued. The chain-type price index for personal consumption expenditures (PCE) increased at an annual rate of 2¼ percent over the first five months of the year, compared with a rise of just over 1 percent for the twelve months of 2001. Core PCE prices rose at an annual rate of just over 1½ percent during the first five months of this year, which was the pace recorded for 2001.

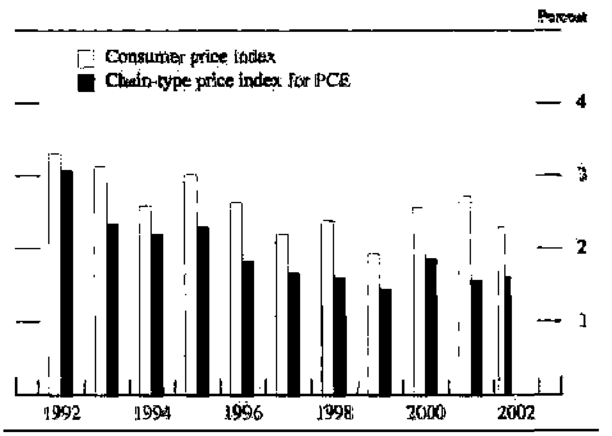
Energy prices rose sharply in March and April but have turned down more recently. Gasoline prices spiked in those two months, as crude oil costs moved higher and retail gasoline margins surged. Since April, gasoline prices have, on balance, reversed a small part of this rise. Natural gas prices stayed low in early 2002 against a backdrop of very high inventories; however, these prices have, on average, moved higher in more recent months. Electricity prices have dropped this year, a move reflecting deregulation of residential prices in Texas as well as lower prices for coal and natural gas, which are used as inputs in electricity generation. All told, energy prices increased at an annual rate of 20 percent over the first five months of the year, reversing a little more than half of last year's decline.

Change in consumer prices



NOTE. Change for 2002 is from December 2001 to May 2002 at an annual rate; changes for earlier periods are from December to December.

Change in consumer prices excluding food and energy



NOTE. Change for 2002 is from December 2001 to May 2002 at an annual rate; changes for earlier periods are from December to December.

Consumer food prices increased at an annual rate of 1½ percent between December and May. A poor winter crop of vegetables pushed up prices early this year, but supplies subsequently increased and prices came down. In addition, consumer prices for meats and poultry, which began to weaken late last year, remained subdued this spring.

Core inflation was held down over the first five months of the year by continued softness in goods prices, including a significant decline in motor vehicle prices. Non-energy services prices continued to move up at a faster pace than core goods prices, although the very sizable increases in residential rent and the imputed rent of owner-occupied housing have eased off in recent months. The rate of increase in core consumer prices has been damped by several forces. One is the lower level of resource utilization that has prevailed over the past year. Core price increases were also held down by declines in non-oil import prices and the lagged effects of last year's decline in energy prices on firms' costs. In addition, inflation expectations have stayed in check: The Michigan Survey Research Center index of median expected inflation over the subsequent year has rebounded from last fall's highly unusual tumble, but its average in recent months of 2¾ percent is below the average reading of 3 percent in 2000.

Like core PCE inflation, inflation measured by the core consumer price index (CPI) has remained subdued. However, the levels of inflation corresponding to these two alternative measures of consumer prices are markedly different: Core PCE inflation was about 1½ percent over the twelve months ended in May, while core CPI inflation was about 2½ percent. This gap is more than ½ percentage point larger than the average difference between these inflation measures during the 1990s (based on the current methods used to construct the CPI instead of the official published CPI). The larger differential arises from several factors. First, the PCE price index (unlike the CPI) includes several components for which market-based prices are not available, such as checking services provided by banks without explicit charges; the imputed prices for these components have increased considerably less rapidly in the past couple of years than previously. Second, the substantial acceleration in shelter costs since the late 1990s has provided a larger boost to the CPI than to the PCE price index because housing services have a much larger weight in the CPI. Third, PCE medical services prices—which are largely based on producer price indexes rather than information from the CPI—have increased more slowly than CPI medical services prices over the past couple of years.

The chain-type price index for gross domestic purchases—which captures prices paid for consumption, investment, and government purchases—rose at an annual rate of roughly 1 percent in the first quarter of 2002, putting the four-quarter change at ¾ percent. This pace represents a marked slowing relative to the 2¼ percent rise in the year-earlier period, owing to both a drop in energy prices (as the decline in the second half of 2001 was only partly offset by the increase this spring) and more rapid declines in the prices of investment goods such as computers. The GDP price index rose at an annual rate of 1¼ percent in the first quarter and was up almost 1½ percent relative to the first quarter of last year. The GDP price index decelerated somewhat less than the index for gross domestic purchases, in part because declining oil prices receive a smaller weight in U.S. production than in U.S. purchases.

Alternative measures of price change

Percent

Price measure	2000 to 2001	2001 to 2002
Chain-type		
Gross domestic product	2.3	1.4
Gross domestic purchases	2.2	.7
Personal consumption expenditures	2.4	.7
Excluding food and energy	1.9	1.3
Fixed-weight		
Consumer price index	3.4	1.2
Excluding food and energy	2.7	2.5

NOTE. Changes are based on quarterly averages and are measured from Q1 to Q1.

U.S. Financial Markets

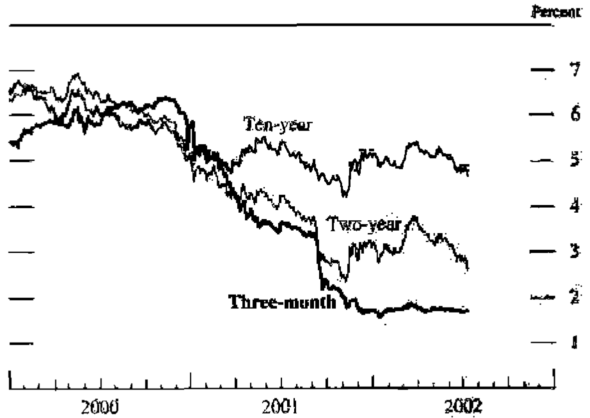
Market interest rates have moved lower, on net, since the end of 2001, as market participants apparently viewed the ongoing recovery as likely to be less robust than they had been expecting late last year. Such a reassessment of the strength of economic activity and associated business earnings, along with worries about the accuracy of published corporate financial statements, weighed heavily on major equity indexes, which dropped 12 to 31 percent. The debt of the nonfinancial sectors expanded at a moderate pace, but lenders have imposed somewhat firmer financing terms, especially on marginal borrowers.

Households' preferences for safer assets, which had intensified following last year's terrorist attacks, diminished early in 2002, as evidenced by strong flows into both equity and bond mutual funds. Equity fund inflows lessened in May and turned into outflows in June, however, as concerns about the strength and accuracy of corporate earnings reports mounted. But the net shift toward longer-term assets this year appears to have contributed to a significant deceleration in M2, which has also been slowed by reduced mortgage refinancing activity and a leveling out of the opportunity cost of holding M2 assets.

Interest Rates

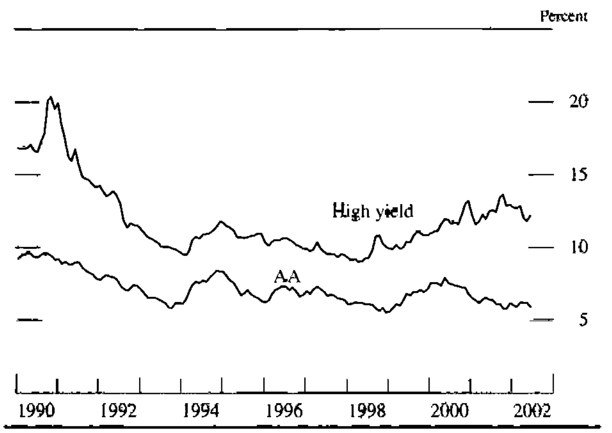
Uncertain about the robustness of the economic recovery, the FOMC opted to retain its accommodative policy stance over the first half of 2002, leaving its target for the federal funds rate at 1¾ percent. Market participants, too, have apparently been unsure about the strength of the recovery, and shifts in their views of the economic outlook have played a signifi-

Rates on selected Treasury securities



NOTE. The data are daily and extend through July 10, 2002.

Corporate bond yields



NOTE. The data are monthly averages and extend through June 2002. The AA rate is calculated from bonds in the Merrill Lynch AA index with seven to ten years remaining maturity. The high-yield rate is the yield on the Merrill Lynch 175 high-yield index.

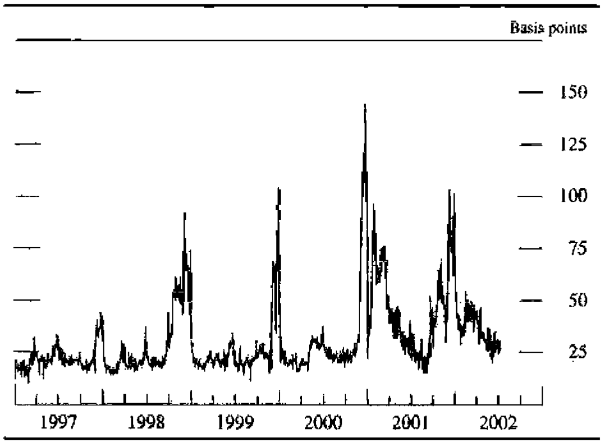
cant role in movements in market interest rates so far this year. During the first quarter of the year, news on aggregate spending and output came in well above expectations, and Treasury coupon yields rose between 35 and 65 basis points. The second quarter, however, brought renewed concerns about the economic outlook, compounded by sharp declines in equity prices. In recent months, Treasury coupon yields have more than reversed their earlier increases and are now 40 to 50 basis points below their levels at the end of 2001.

Survey measures of long-term inflation expectations have been quite stable this year, implying that real rates changed about as much as nominal rates. The spread between nominal and inflation-indexed Treasury yields, another gauge of investors' expectations about inflation, has moved over a relatively wide range since the end of 2001, but, on net, it has edged up only slightly. Even the small widening of this spread likely overstates a shift in sentiment regarding future price pressures in the economy. In mid-February, the Treasury reassured investors that it would continue to issue indexed debt, an announcement that was reinforced in May when the Treasury made public its decision to add one more auction of ten-year indexed notes to its annual schedule of offerings. This reaffirmation of the Treasury's commitment to issue indexed securities may have pulled indexed yields down by bolstering the actual and expected liquidity of the market.

Yields on longer-maturity bonds issued by investment-grade corporations have stayed close to their lows of the past ten years, but speculative-grade yields remained near the high end of their range since the mid-1990s. Spreads relative to Treasury yields have widened most recently for both investment- and speculative-grade bonds as concerns about corporate earnings reporting intensified. Such concerns have also played a prominent role in the commercial paper market, especially early this year, when investors, who had become increasingly worried about accounting scandals, imposed high premiums on lower-quality borrowers. Subsequently, however, many such borrowers either left the commercial paper market or reduced their reliance on commercial paper financing, and the average yield spread on second-tier commercial paper over top-tier paper has narrowed considerably.

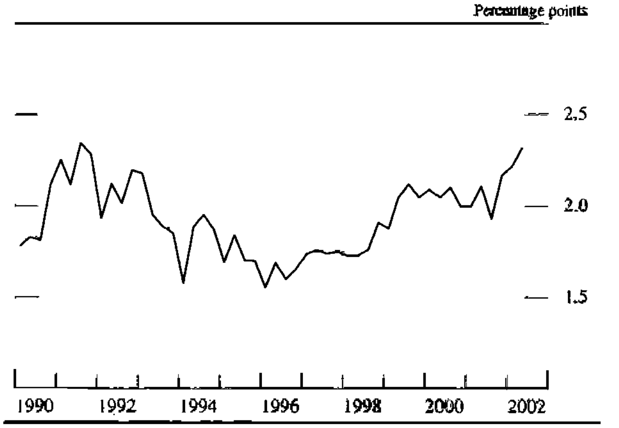
Interest rates on car loans have changed little, on net, this year, and mortgage rates have moved lower. However, according to the Federal Reserve's Survey

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



NOTE. The data are daily and extend through July 10, 2002. The series shown is the difference between the rate on A2/P2 nonfinancial commercial paper and the AA rate.

Spread of average business loan rate over the intended federal funds rate



NOTE. The data are for loans made by domestic commercial banks and are based on a survey conducted in the middle month of each quarter; the final observation is for 2002:Q2.

SOURCE. Federal Reserve Survey of Terms of Business Lending.

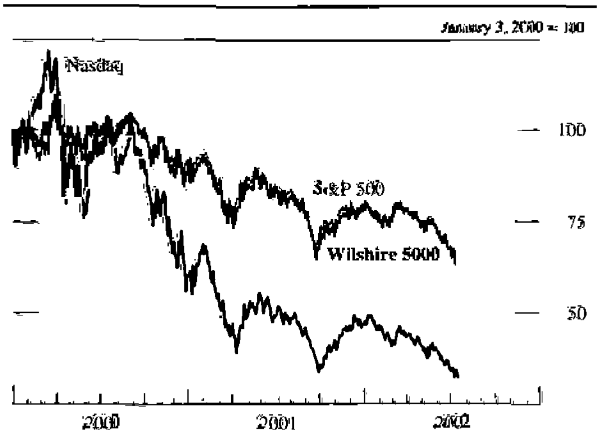
of Terms of Business Lending, interest rates on C&I loans at domestic banks have moved a bit higher this year, as banks have raised the spread of the average interest rate on business loans over the target federal funds rate. The wider spread reflects higher risk premiums on C&I loans to lower-quality borrowers; spreads for higher-quality borrowers have changed little on net.

Equity Markets

After falling in January in reaction to pessimistic assessments of expected business conditions over the coming year—especially in the tech sector—stock prices rebounded smartly toward the end of the first quarter on stronger-than-expected macroeconomic data. Most first-quarter corporate earnings releases met or even exceeded market participants' expectations, but many firms included sobering guidance on sales and earnings prospects in those announcements. These warnings, combined with mounting questions about corporate accounting practices, worries about threats of domestic terrorism, and escalating geopolitical tensions, have taken a considerable toll on equity prices since the end of March. On net, all major equity indexes are down substantially so far this year. Share prices in the telecom and technology sectors have performed particularly poorly, and, on July 10, the Nasdaq was 31 percent lower than at the end of 2001. The Wilshire 5000, a broad measure of equity prices, fell 18½ percent over the same period, returning to a level 40 percent below its historical peak reached in March 2000.

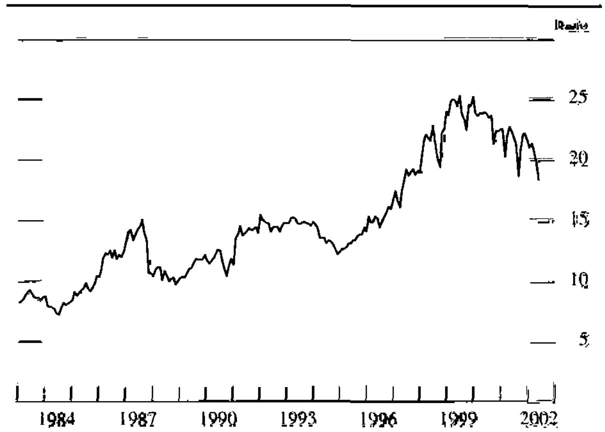
Declining share prices pulled down the price–earnings ratio for the S&P 500 index (calculated using operating profits expected over the coming year). Nonetheless, the ratio remained elevated relative to its typical values before the mid-1990s, suggesting that investors continued to anticipate rapid long-term growth in corporate profits.

Major stock price indexes



NOTE. The data are daily and extend through July 10, 2002.

Price-earnings ratio for the S&P 500



NOTE. The data are monthly and extend through June 2002. The ratio is based on I/B/E/S consensus estimates of earnings over the coming twelve months.

Monetary Policy Instruments

At its March 19 meeting, the FOMC assessed the priorities, given limited resources, it should attach to further studies of the feasibility of outright purchases for the System Open Market Account (SOMA) of mortgage-backed securities guaranteed by the Government National Mortgage Association (GNMA-MBS) and the addition of foreign sovereign debt securities to the list of collateral eligible for U.S. dollar repurchase agreements by the System. As noted in the February and July 2001 Monetary Policy Reports to the Congress, such alternatives could prove useful if outstanding Treasury debt obligations were to become increasingly scarce relative to the necessary growth in the System's portfolio, and the FOMC had requested that the staff explore these options. Noting that many of the staff engaged in these studies were also involved in contingency planning, which had been intensified after the September 11 attacks, the FOMC decided to give the highest priority to such planning. Federal budgetary developments over the past year meant that constraints on Treasury debt supply would not become as pressing an issue as soon as the FOMC had previously thought. Still, given the inherent uncertainty of budget forecasts, the likely significant needs for large SOMA operations in coming years, and the lead times required to implement new procedures, the

FOMC decided that the exploratory work on the possible addition of outright purchases of GNMA-MBS should go forward once it was possible to do so without impeding contingency planning efforts.

The Federal Reserve also addressed possible changes to the structure of its discount window facility. On May 17, 2002, the Federal Reserve Board released for public comment a proposed amendment to the Board's Regulation A that would substantially revise its discount window lending procedures. Regulation A currently authorizes the Federal Reserve Banks to operate three main discount window programs: adjustment credit, extended credit, and seasonal credit. The proposed amendment would establish two new discount window programs called primary credit and secondary credit as replacements for adjustment and extended credit. The Board also requested comment on the continued need for the seasonal program but did not propose any substantive changes to the program.

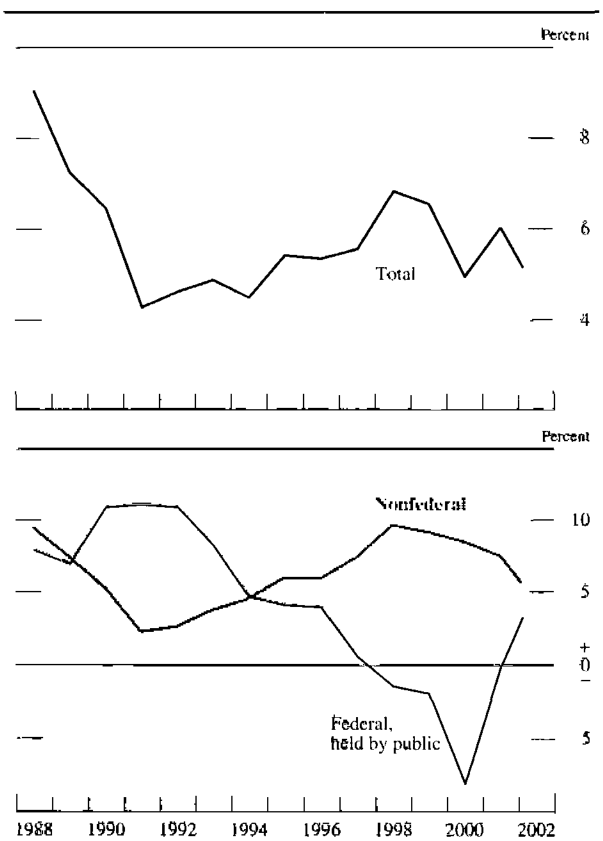
The proposal envisions that primary credit would be available for very short terms, ordinarily overnight, to depository institutions that are in generally sound financial condition at an interest rate that would usually be above short-term market interest rates, including the federal funds rate; currently, the discount rate is typically below money market interest rates. The requirement that only financially sound institutions should have access to primary credit should help reduce the stigma currently associated with discount window borrowings. In addition, because the proposed discount rate structure will eliminate the incentive that currently exists for depository institutions to borrow to exploit a positive spread between short-term money market rates and the discount rate, the Federal Reserve will be able to reduce the administrative burden on borrowing banks. As a result, depository institutions should be more likely to turn to the discount window when money markets tighten significantly, enhancing the window's ability to serve as a marginal source of reserves for the overall banking system and as a backup source of liquidity for individual depository institutions. Secondary credit would be available, subject to Reserve Bank approval and monitoring, for depository institutions that do not qualify for primary credit.

The proposed amendment is intended to improve the functioning of the discount window and the money market more generally. Adoption of the proposal would *not* entail a change in the stance of monetary policy. It would not require a change in the FOMC's target for the federal funds rate and would not affect the overall level of market interest rates. The comment period on the proposal ends August 22, 2002. If the Board then votes to revise its lending programs, the changes likely would take place several months later.

Debt and Financial Intermediation

Growth of the debt of domestic nonfinancial sectors other than the federal government is estimated to have slowed during the first half of 2002, as businesses' needs for external funds declined further owing to weak capital spending, continuing inventory liquidation, and rising profits. In addition, growth in consumer credit moderated following a surge in auto financing late last year. On balance, nonfederal debt expanded at a 5½ percent annual rate in the first quarter of the year after growing 7½ percent in 2001. In contrast, the stock of federal debt held by the public, which had contracted slightly in 2001, grew 3¼ percent at an annual rate in the first quarter and

Change in domestic nonfinancial debt



NOTE. For 2002, change is from 2001:Q4 to 2002:Q1 at an annual rate. For earlier years, the data are annual and are computed by dividing the annual flow for a given year by the level at the end of the preceding year. The total consists of nonfederal debt and federal debt held by the public. Nonfederal debt consists of the outstanding credit market debt of state and local governments, households, nonprofit organizations, nonfinancial businesses, and farms. Federal debt held by the public excludes securities held as investments of federal government accounts.

expanded further in the second quarter, as federal tax revenues fell short of expectations and government spending increased substantially. The sharp rise in federal debt outstanding followed a few years of declines.

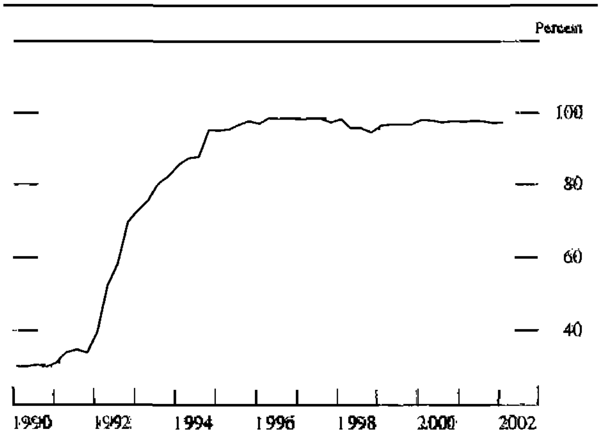
The proportion of total credit supplied by depository institutions over the first half of the year is estimated to have been near its lowest value since 1993. Although banks have continued to acquire securities at about the same rapid pace observed in 2001, the shift in household and business preferences toward longer-term sources of credit greatly reduced the demand for bank loans. As noted, banks' loans to businesses ran off considerably, as corporate borrowers turned to the bond market in volume to take advantage of favorable long-term interest rates. Growth of real estate loans slowed markedly this year, partly as outlays for nonresidential structures declined, but growth of consumer loans was fairly well maintained. With some measures of credit quality in the business and household sectors still pointing to pockets of potential strain, loan-loss provisions remained high at banks and weighed on profits. Nonetheless, bank profits in the first quarter stayed in the elevated range observed over the past several years, and virtually all banks—98 percent by assets—remained well capitalized.

Among nondepository financial intermediaries, government-sponsored enterprises (GSEs) curtailed their net lending (net acquisition of credit market instruments) during the first quarter of the year, but available data suggest that insurance companies more than made up for the shortfall. The GSEs appeared to continue to restrain their net lending in the second quarter, in part as yields on mortgage-backed securities, which are a major component of their holdings of financial assets, compared less favorably to yields on the debt they issue. Net lending by insurance providers in the first quarter was especially strong among life insurance companies, which experienced a surge in sales late last year in the aftermath of the September 11 terrorist attacks. Net lending by the GSEs amounted to 14 percent of the net funds raised by both the financial and nonfinancial sectors in the credit markets in the first quarter of 2002, and the figure for insurance companies was 10 percent; depository credit accounted for 13 percent of all net borrowing over the same period.

Monetary Aggregates

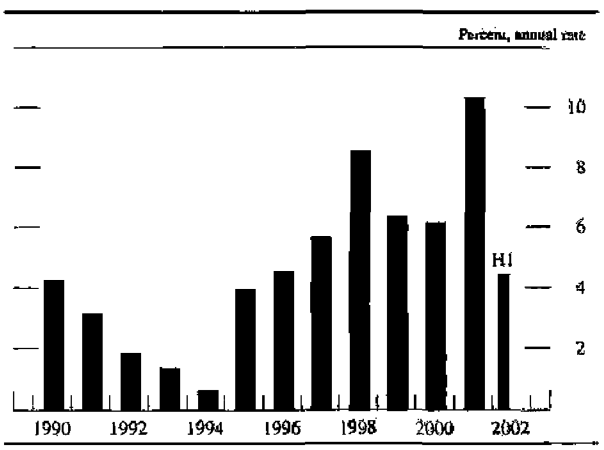
The broad monetary aggregates decelerated considerably during the first half of this year. M2 rose 4½ percent at an annual rate after having grown 10¼ percent in 2001. Several factors contributed to the slowing in M2. Mortgage refinancing activity, which results in prepayments that temporarily accumulate in deposit accounts before being distributed to investors in mortgage-backed securities, moderated over the first half of this year. In addition, the opportunity cost of holding M2 assets has leveled out in recent months, so the increase in this aggregate has been more in line with income. Because the rates of return provided by many components of M2 move sluggishly, the rapid declines in short-term market interest rates last year temporarily boosted the attractiveness of M2 assets. In recent months, however, yields on M2 components have fallen to more typical levels

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



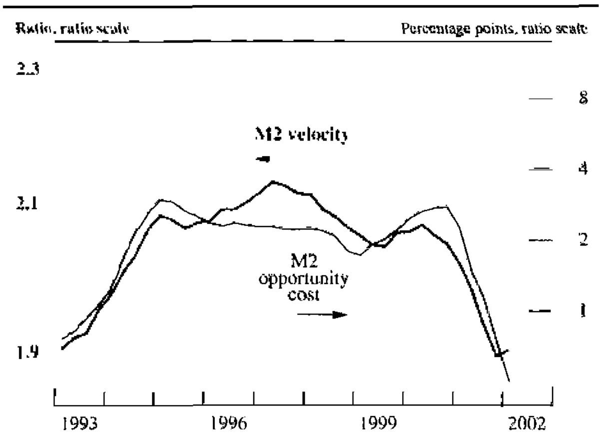
NOTE. The data are quarterly and extend through 2002:Q1. Capital status is determined using the regulatory standards for the leverage, tier 1, and total capital ratios.

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.

M2 velocity and opportunity cost

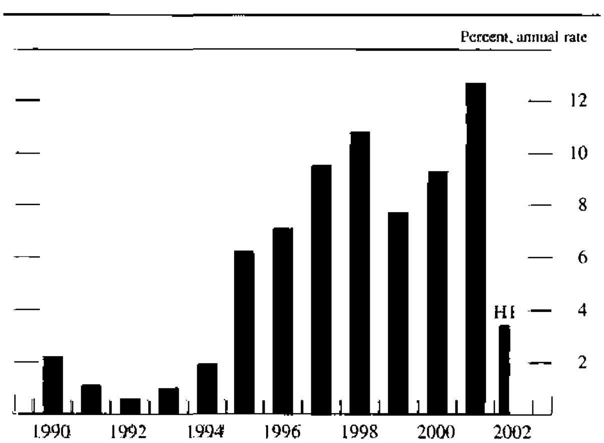


NOTE. The data are quarterly and extend through 2002:Q1. The velocity of M2 is the ratio of nominal gross domestic product to the stock of M2. The opportunity cost of holding M2 is a two-quarter moving average of the difference between the three-month Treasury bill rate and the weighted average return on assets included in M2.

relative to short-term market interest rates. Lastly, precautionary demand for M2, which was high in the aftermath of last year's terrorist attacks, seems to have unwound in 2002, with investors shifting their portfolios back toward longer-term assets such as equity and bond mutual funds. With growth in nominal GDP picking up significantly this year, M2 velocity—the ratio of nominal GDP to M2—rose about 1½ percent at an annual rate in the first quarter of 2002, in sharp contrast to the large declines registered throughout 2001.

M3—the broadest monetary aggregate—grew 3½ percent at an annual rate through the first six months of the year after rising 12¾ percent in 2001. Most of this deceleration, apart from that accounted

M3 growth rate



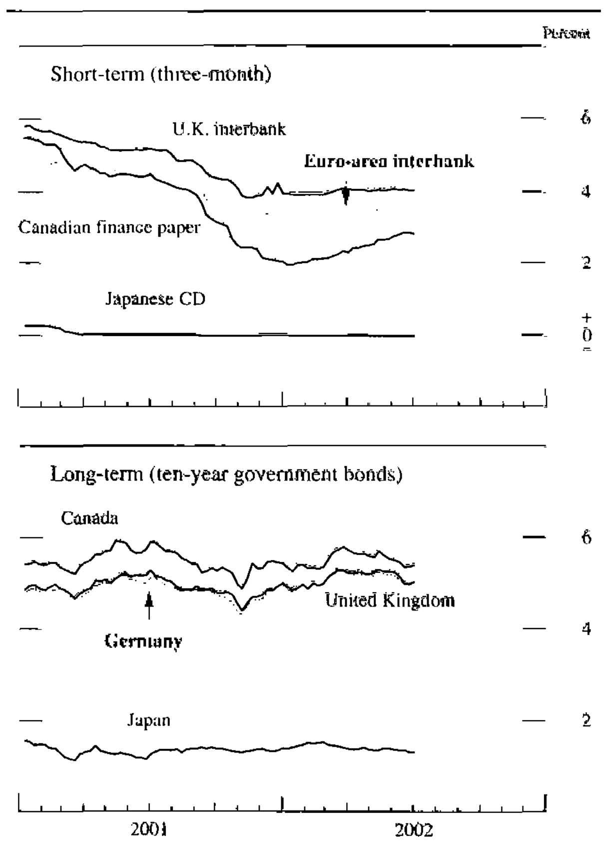
NOTE. M3 consists of M2 plus large-denomination time deposits, balances in institutional money market funds, repurchase-agreement liabilities (overnight and term), and eurodollars (overnight and term).

for by M2, resulted from the weakness of institutional money market funds, which declined slightly, after having surged about 50 percent last year. Yields on these funds tend to lag market yields somewhat, and so the returns on the funds, like those on many M2 assets, became less attractive as their yields caught up with market rates.

International Developments

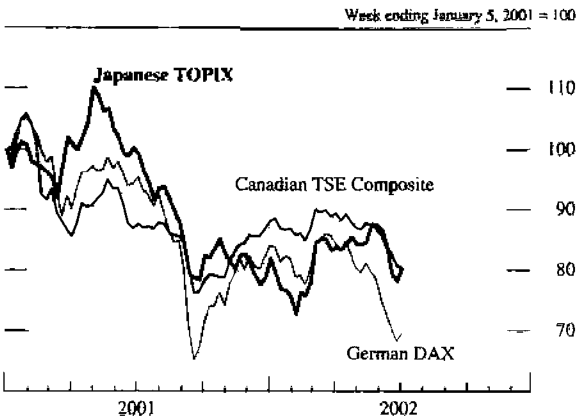
Signs that economic activity abroad had reached a turning point became clearer during the first half of 2002, but recovery has been uneven and somewhat tepid on average in the major foreign industrial countries. Improving conditions in the high-tech sector have given a boost to some emerging-market economies, especially in Asia, but several Latin American economies have been troubled by a variety of adverse domestic developments. Foreign financial markets became increasingly skittish during the first half of the year amid worries about global political and economic developments, including concerns about corporate governance and accounting triggered by

Foreign interest rates



NOTE. The data are weekly and extend through July 5, 2002.

Foreign equity indexes



NOTE. The data are weekly and extend through July 5, 2002.

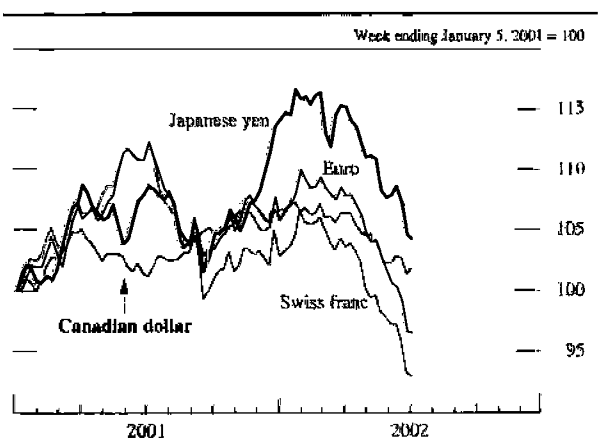
U.S. events. Oil prices reversed a large part of their 2001 decline.

During the first half, monetary authorities in some foreign countries where signs of recovery were most evident and possible future inflation pressures were becoming a concern—Canada, Australia, New Zealand, and Sweden, among others—began to roll back a portion of last year's easing, raising expectations that policy tightening might become more widespread. However, policy was held steady at the European Central Bank (ECB) and the Bank of England. The Bank of Japan (BOJ) maintained short-term interest rates near zero and kept balances of bank deposits at the BOJ at elevated levels. Yield curves in most foreign industrial countries became a bit steeper during the first quarter as long-term rates rose in reaction to news suggesting stronger U.S. growth and improving prospects for global recovery. Since then, long-term rates have edged lower, on balance, in part as investors shifted out of equity investments. Foreign equities performed well in most countries early in the year, but share prices in many countries have fallen since early in the second quarter—in some cases more steeply than in the United States. The broad stock indexes for the major industrial countries are down since the beginning of the year, except in Japan, where stock prices, on balance, are about unchanged. High-tech stocks have been hit especially hard.

During the first quarter of 2002, the foreign exchange value of the dollar (measured by a trade-weighted index against the currencies of major industrial countries) appeared to react primarily to shifting market views about the relative strength of the U.S. recovery and its implications for the timing and extent of future monetary tightening. Despite some fluctuations in this period, the dollar stayed fairly close to the more than sixteen-year high reached in January. In the second quarter, however, the dollar trended downward as earlier market enthusiasm about U.S. recovery dimmed. Concerns about profitability, corporate governance, and disclosure at U.S. corporations appeared to dampen the attraction of U.S. securities to investors, as did worries that the United States was particularly vulnerable to the consequences of global geopolitical developments. With U.S. investments perceived as becoming less attractive, the financing requirements of a large and growing U.S. current account deficit also seemed to emerge as a more prominent negative factor. The dollar has lost more than 9 percent against the major currencies since the end of March and is down, on balance, more than 8 percent so far in 2002. In contrast, the dollar has gained about 2 percent this year, on a weighted-average basis, against the currencies of our other important trading partners.

The dollar's exchange rate against the Japanese yen was quite volatile in the first half and, on balance, the dollar has fallen more than 10 percent since the beginning of the year. Although Japan's domestic economy continued to struggle with deflation and severe structural problems, including mounting bad loans in the financial sector and growing bankruptcies, some indicators (including strong reported first-quarter GDP, a firming of industrial production, and a somewhat better reading on business sentiment in the BOJ's second-quarter Tankan survey) suggested that a cyclical recovery has begun. The yen's rise occurred despite downgradings of Japan's government debt by leading rating services in April and May and several episodes of intervention sales of yen in foreign exchange markets by Japanese authorities in May and June. Japanese stock prices, which had

U.S. dollar exchange rate against selected currencies



NOTE. The data are weekly and extend through July 5, 2002. Exchange rates are in foreign currency units per dollar.

fallen to eighteen-year lows in early February, turned up later as economic prospects became less gloomy. At midyear, the TOPIX index was about where it was at the start of the calendar year.

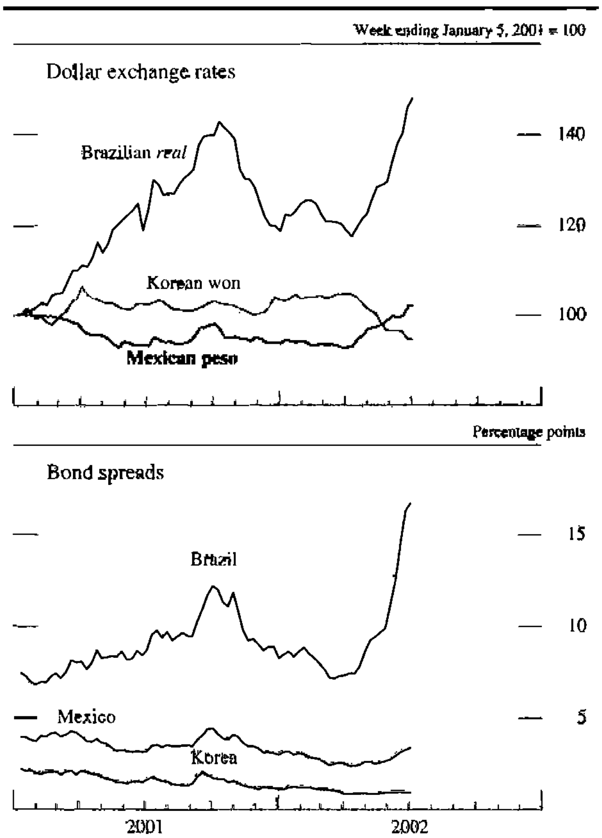
After declining in the final quarter of 2001, euro-area GDP appears to have increased in the first half, though at only a modest rate. Exports firmed and inventory destocking appeared to be winding down, but consumption remained weak. The pace of activity varied across countries, with growth in Germany—the euro area's largest economy—lagging behind. Despite lackluster area-wide growth, concerns about inflation became increasingly prominent. For most of the first half, euro-area headline inflation persisted at or above the ECB's 2 percent target limit, partly on higher energy and food price inflation; even excluding the effects of those two components, inflation picked up somewhat during the period. Inflation concerns also were fanned by difficult labor market negotiations this spring, but the strength of the euro may blunt inflationary pressures to some extent. The new euro notes and coins were introduced with no noticeable difficulties at the beginning of the year, but the euro drifted down against the dollar for several weeks thereafter. Since then, however, the euro has reversed direction and moved steadily higher. On balance, the dollar has lost nearly 11 percent against the euro so far in 2002.

The United Kingdom seemed to weather last year's slump better than most industrial countries, as strength in consumption counteracted weakness in investment and net exports, though growth did weaken in the last quarter of 2001 and into the first quarter of 2002. Notable increases in industrial production and continued strength in the service sector indicate that growth picked up in the second quarter. Household borrowing has increased briskly, supported by rapid increases in housing prices, and unemployment rates remain near record lows. At the same time, retail price inflation has remained below the Bank of England's 2½ percent target. Sterling has fallen nearly 5 percent against the euro since the beginning of the year, while it has gained more than 6 percent against the dollar. Elsewhere in Europe, the exchange value of the Swiss franc has been driven up by flows into Swiss assets prompted in part by uncertainties about global political developments. The Swiss National Bank eased its official rates in May to counteract this pressure and provide support for the Swiss economy.

Economic recovery appears to be well under way in Canada. Real GDP increased 6 percent at an annual rate in the first quarter, and other indicators point to continued strong performance in the second quarter. Canadian exports—particularly automotive exports—benefited early in the year from the firming of U.S. demand, but the expansion has become more widespread, and employment growth has been strong. Although headline consumer price inflation has remained in the bottom half of the Bank of Canada's target range of 1 percent to 3 percent, core inflation has crept up this year. In April, the Bank of Canada increased its overnight rate 25 basis points, citing stronger-than-expected growth in both the United States and Canada, and it increased that rate again by the same amount in June. The Canadian dollar, which had been at a historically low level against the U.S. dollar in January, moved up quite steeply in the second quarter and has gained about 5 percent for the year so far.

The Mexican economy was hit hard by the global slump in 2001 and especially by the weaker performance of the U.S. economy. Mexican exports stabilized early this year as U.S. activity picked up, and other indicators also now suggest that the Mexican economy is beginning to recover. In February, despite

Selected emerging markets



NOTE. The data are weekly and extend through July 5, 2002. Exchange rates (top panel) are in foreign currency units per dollar. Bond spreads (bottom panel) are the J.P. Morgan Emerging Market Bond Index (EMBI+) spreads over U.S. Treasuries.

the weak level of activity at the time, the Bank of Mexico tightened monetary policy to keep inflation on track to meet its 4½ percent target for 2002, and the Mexican peso moved up a bit against the dollar during February and March. In April, with inflation apparently under control, the central bank eased policy, and since then the peso has moved down substantially. Against the dollar, the decline since the beginning of the year has amounted to almost 7 percent. After rising through April, Mexican share prices also fell sharply, leaving them at midyear about unchanged from their end-2001 levels.

Financial and economic conditions deteriorated significantly in Argentina this year. The Argentine peso was devalued in January and then allowed to float in early February; since then, it has lost more than 70 percent of its value versus the dollar. The peso's fall severely strained balance sheets of Argentine issuers of dollar-based obligations. Various stop-gap measures intended to restrict withdrawals from bank accounts and to force conversion of dollar-denominated loans and deposits into peso-denominated form put banks and depositors under further stress. Meanwhile, economic activity has continued to plummet, and the government has struggled to gain support for reforms that would address chronic fiscal imbalances. Since late 2001, the government has been servicing its obligations only to its multilateral creditors, and spreads on Argentina's international debt have soared to more than 65 percentage points.

In recent months financial markets elsewhere in the region have become more volatile. Brazilian markets have been roiled by political uncertainties related to national elections coming in the fall. Attention has focused on vulnerabilities associated with Brazil's large outstanding stock of debt, much of which is short-term. Since April, the value of the *real* against the dollar has fallen nearly 20 percent, and Brazilian spreads have widened substantially. Several other South American countries, including Uruguay and Venezuela, also have been beset by growing financial and economic problems.

Asian economies that rely importantly on exports of computers and semiconductors (Korea, Singapore, Malaysia, and Taiwan) have grown quite vigorously so far this year, a buoyancy reflecting in part the recent turnaround of conditions in the technology sector and stronger U.S. growth. The currencies of several countries of this group have moved up against the dollar. In Korea, the expansion has been more broad-based, as domestic demand was fairly resilient during the recent global downturn and has remained firm. China, which is less dependent on technology exports, has continued to record strong growth as well. Other countries in the region also have started to recover from steep slowdowns or contractions in 2001, although Hong Kong has continued to be troubled by the collapse of property prices. Most stock markets in the region have recorded gains so far this year. □

The Use of Checks and Other Noncash Payment Instruments in the United States

Geoffrey R. Gerdes and Jack K. Walton II, of the Board's Division of Reserve Bank Operations and Payment Systems, prepared this article. Thomas Guerin and Amin Rokni provided research assistance.

Over the past several decades, the payments industry has undergone significant change. New electronic payment instruments have been introduced, and the means for making electronic payments have become increasingly available for use in everyday commerce. Further, the adaptation of technology has driven down the costs of processing electronic payments relative to check payments. Partial statistics and anecdotal evidence suggest that consumers and businesses are increasingly using electronic payments. Nevertheless, the paper check continues to be the most commonly used type of noncash payment instrument in the U.S. economy. Checks' share in noncash payments has been declining, however, and recent evidence suggests that the total number of checks paid has been declining as well.

To shed light on the use of checks and other noncash payment instruments in the United States, the Federal Reserve recently sponsored three related surveys collectively referred to as the Retail Payments Research Project. The survey data were used to estimate the number and value of payments made in 2000 using checks and several types of electronic payment instruments as well as to study the characteristics of individual checks paid in 2000. The magnitude and diversity of the samples also enabled a comparison of check use across type and size of depository institution and across geographic regions. In addition, the data provided a basis for looking at changes in noncash payments since 1979, when the Federal Reserve collected data on checks for an analysis of the check-clearing system, and since 1995, when the Federal Reserve collected data on checks for a report to the Congress on funds availability and check fraud. The surveys are described in detail in the appendix.

NOTE. Darrel Parke and Samuel Slowinski, of the Board's Division of Research and Statistics, provided valuable assistance with the production and interpretation of the statistical estimates.

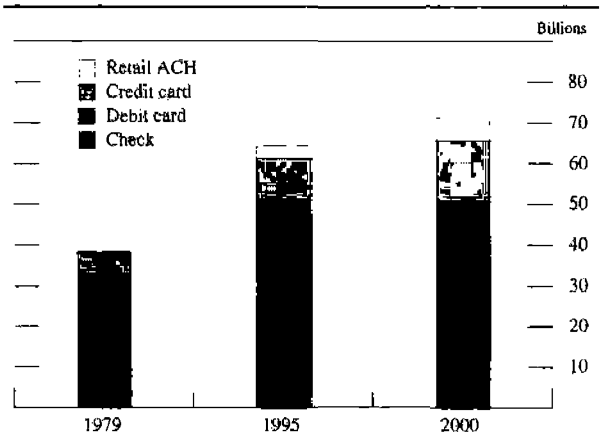
Taken together, the data show that an estimated 32.8 billion checks were paid in the United States in 1979, 49.5 billion in 1995, and 42.5 billion in 2000 (chart 1). The exact year in which check use peaked is unknown, but it appears that the number paid began to decline sometime in the mid-1990s. By 2000, retail electronic payments had gained considerable ground. Nonetheless, checks remained the predominant type of retail noncash payment. Checks also continued to account for a large proportion of the total value of retail noncash payments in 2000, though the real value of total checks paid had declined since 1979.

Overall Trends in the Use of Checks

In the United States, most noncash payments are made using checks, credit cards, debit cards, and the electronic payment system called the automated clearinghouse (ACH)—collectively referred to as retail noncash payments.[1] Consumers, businesses,

1. The term *check* refers to a demand draft drawn on or payable through or at a depository institution or a federal, state, or local government entity, including cashiers and certified checks, travelers checks, money orders, and rebate checks. The ACH is an electronic payments network that enables the processing of credit and debit payments, such as payroll and prearranged bill payments, between depository institutions.

1. Number of check and retail electronic payment transactions, selected years



1. Number and value of retail noncash payments, 2000

Type of payment	Number		Value	
	Billions of payments	Percent of total	Trillions of dollars	Percent of total
Check[1]	42.5	59.5	39.3	84.4
Retail electronic payments	28.9	40.5	7.3	15.6
Debit card	8.3	11.6	.3	.7
Credit card				
General-purpose[2]	12.3	17.2	1.1	2.3
Private-label[3]	2.7	3.8	.2	.3
Retail ACH[4]	5.6	7.9	5.7	12.2
Total	71.5	100.0	46.6	100.0

NOTE. In this and subsequent tables, components may not sum to totals, and calculations may not yield averages and percentages shown, because of rounding.

1. Includes checks paid by depository institutions, U.S. Treasury checks, and postal money orders.

2. Includes co-branded credit cards, charge cards, co-branded charge cards, secured credit cards, travel and entertainment cards, commercial cards, and new payment technologies that route transactions through the card associations' networks.

3. Includes retailer cards, oil company cards, third-party fleet cards, and cards issued by third-party receivable owners.

4. Excludes ACH transactions classified as cash concentration and disbursement, which, for purposes of this study, are not considered payments.

and government entities made about 71.5 billion retail noncash payments in 2000 (table 1). The total value of these payments was about $46.6 trillion, approximately four and three-fourths times U.S. gross domestic product (GDP) for that year. Checks were the predominant type of retail noncash payment, accounting for 59.5 percent of these payments by number. By comparison, checks constituted 85.7 percent of retail noncash payments in 1979 (table 2). Although the number of check payments increased from 1979 to 2000, the number of checks as a share of retail noncash payments declined about 26 percentage points.

Growth in overall economic activity and population led to a general growth in payments, including cash payments, between 1979 and 2000. Such factors as technological change and increased availability and acceptability of alternatives to cash influenced the proportion of payments made with retail noncash instruments. From 1979 to 2000, the number of retail noncash payments grew approximately 3 percent a year, about the same as the rate of growth of real GDP. Hence, both the number of retail noncash payments and the amount of economic output roughly doubled over the period. Over the same period, the number of households increased from 78.8 million to 105.5 million, for an annual rate of growth of almost 1.5 percent.

The growth in retail noncash payments leading up to the mid-1990s may have resulted from a general increase in payments, an increase in the number of households with checking accounts, and the replacement of some cash payments by noncash payment alternatives.[2] About 9.2 billion more retail electronic payments were made in 1995 than in 1979. The number of checks also rose considerably over the period. In fact, about 16.7 billion more checks were paid in 1995. However, the number of checks paid as a share of all retail noncash payments declined, from 85.7 percent to 77.1 percent.

The decline in the number of checks as a share of retail noncash payments continued over the period 1995 to 2000, and the number of checks paid declined as well, from an estimated 49.5 billion in 1995 to 42.5 billion in 2000. (In comparison, the annual number of electronic payments increased 14.2 billion over the period.) Whether the number of checks paid in nearby years was higher or lower than in 1995 is unknown. However, these estimates suggest that the number of checks paid peaked during the mid-1990s.

2. The proportion of households without a checking account fell from 18.7 percent in 1989 to 13.2 percent in 1998. See Arthur B. Kennickell, Martha Starr-McCluer, and Brian J. Surette, "Recent Changes in U.S. Family Finances: Results from the 1998 Survey of Consumer Finances," *Federal Reserve Bulletin*, vol. 86 (January 2000), pp. 1–29.

2. Number and rate of growth of retail noncash payments, selected years

Type of payment	Number (billions)			Growth (percent, annual rate)		
	1979	1995	2000	1979–95	1995–2000	1979–2000
Check	32.8	49.5	42.5	2.6	−3.0	1.2
Retail electronic payments	5.5	14.7	28.9	6.3	14.6	8.2
Debit card	.0	1.4	8.3	. . .	41.8	. . .
Credit card						
General-purpose	1.5	7.8	12.3	10.9	9.5	10.5
Private-label	3.8	2.6	2.7	−2.3	.9	−1.6
Retail ACH	.2	2.8	5.6	19.0	15.1	18.0
Total	38.3	64.2	71.5	3.3	2.2	3.0

NOTE. See table 1, notes 1–4.
. . . Not applicable.

SOURCES. Federal Reserve; National Automated Clearing House Association; *Nilson Report*, selected issues; and ATM & Debit News, *EFT Data Book*, 2002 edition.

The apparent decline in the number of checks paid between 1995 and 2000 was likely not driven by a change in the general level of economic activity. Both years were part of an economic expansion that began in the early 1990s and peaked in March 2001 (according to the National Bureau of Economic Research), and spending by consumers and businesses, which make the predominant number of payments in the economy, increased during the period. Instead, the decline in check use appears to have been related to increased use of electronic payments by consumers and businesses.

Although the number of checks paid appears to have declined during the latter part of the period, the number increased on net from 1979 to 2000. The value of checks paid, however, decreased—from an estimated $50.7 trillion in 1979 to $39.3 trillion in 2000 (both in 2000 dollars; table 3).[3] The declines in overall check value and related measures (the estimated average value of a check, for example, declined from $1,544 in 1979 to $925 in 2000) provide supporting evidence that electronic payments have replaced checks for at least some types of transactions. In addition, most large-value payments for settlement of financial market transactions that were once made by check are now made electronically, many using the large-value funds transfer systems (such as Fedwire and CHIPS). Such payments are discussed separately because they are not considered retail noncash payments.

3. Number and value of checks paid, by type of institution, selected years

Year and type of institution	Number (billions)	Value (trillions of dollars)	Memo: Transaction deposits (billions of dollars)
1979			
Commercial banks	31.4	n.a.	744
Credit unions	.3	n.a.	4
Savings institutions	.3	n.a.	4
All depository institutions	32.0	49.6	752
U.S. Treasury checks and postal money orders	.8	1.1	...
Total	32.8	50.7	...
1995			
Commercial banks	42.0	n.a.	855
Credit unions	3.5	n.a.	34
Savings institutions	3.4	n.a.	64
All depository institutions	48.9	n.a.	953
U.S. Treasury checks and postal money orders	.7	.6	...
Total	49.5	n.a.	...
2000			
Commercial banks	33.3	36.6	602
Credit unions	4.7	.9	51
Savings institutions	4.0	1.6	62
All depository institutions	42.0	39.0	715
U.S. Treasury checks and postal money orders	.5	.3	...
Total	42.5	39.3	...

NOTE. All values are in 2000 dollars.
n.a. Not available.
... Not applicable.

Variations in Check Payments across Depository Institutions

Almost 15,000 depository institutions in the United States—commercial banks, credit unions, and savings institutions—provide checking or share draft accounts. However, the distribution of transaction deposits and the number and value of checks paid are skewed toward a small number of very large institutions.[4]

Trends across Depository Institutions

Credit unions and savings institutions generally did not offer checking accounts (or their equivalent) until the late 1970s. Since that time, transaction deposits at, and the number and value of checks paid by, these institutions have grown briskly.

Despite the overall decline in the number of checks paid between 1995 and 2000, the number paid by credit unions and savings institutions continued to grow (table 3). These institutions together paid an estimated 14 percent of checks in 1995 but more than 20 percent in 2000. The 1.8 billion increase in the number of checks paid annually by these institutions, however, was more than offset by a dramatic decline of about 8.7 billion in the number paid annually by commercial banks.[5]

3. All historical values reported in this article are given in 2000 dollars. Adjustments to historical values were made using the implicit price deflator for GDP. Given that prices have roughly doubled since 1979, $1 in 1979 was equivalent to about $2.05 in 2000. An estimate of the value of checks paid in 1995 could not be constructed.

4. Depository institution subsidiaries of multibank holding companies are treated as a single depository institution. Commercial banks include branches of foreign banks; checks paid by the latter group constitute a very small proportion of the total number and value of checks paid. Savings institutions include savings and loan institutions, cooperative banks, and savings banks. Transaction deposits are deposits held in transaction accounts—types of accounts for which the number of payments is not restricted by regulation. Although payments may be made from other types of depository institution accounts, such as savings accounts, such payments are limited by regulation to six per month.

5. The increase in checks paid by credit unions is consistent with independent evidence from the Survey of Consumer Finances conducted periodically by the Federal Reserve: The share of households that reported using credit unions for checking accounts rose from 10.5 percent in 1989 to 17.4 percent in 1998. The share that reported using savings institutions for checking accounts declined, however, from 20.2 percent to 11.5 percent, perhaps suggesting that the increase

Differences across Depository Institutions in 2000

The average value of checks paid in 2000 varied by type and size of depository institution, presumably because of the mix of business and consumer customers served by different institutions. Large commercial banks and some large savings institutions serve corporations and other businesses as well as consumers. Because large corporations tend to make larger-value payments, the average value of checks paid by depository institutions that serve them tends to be larger. Community banks (small commercial banks and savings institutions) typically serve smaller businesses and consumers, so the average value of checks they pay is smaller. Credit unions overall have the smallest average check value because they generally provide accounts only to consumers (table 4).[6]

The importance of check payments relative to other types of payments at individual depository institutions cannot be known precisely because data on the proportion of total payments made using checks at individual depository institutions are unavailable. However, looking at the number and value of checks paid in terms of the value of an institution's transaction deposits can give some indication of the importance—or intensity—of check use. Specifically, the relative intensity of check use can be approximated as the number and value of checks paid per $1,000 of transaction deposits—the number-to-deposits ratio and value-to-deposits ratio respectively. In 2000, these ratios appear to have varied by type and size of depository institution (table 4). The largest commercial banks, for example, had the highest value-to-deposits ratio among all categories of depository institutions, likely reflecting the high average value of checks paid by these institutions. In contrast, these banks had a number-to-deposits ratio similar to those of the smallest banks and small savings institutions. Midsize banks had the lowest number-to-deposits ratio and a value-to-deposits ratio below the ratios for the largest and smallest banks. These results suggest that checks may be used less intensively at midsize commercial banks than at institutions in other categories.

The amount of transaction deposits held by a depository institution can be affected by both the willingness of account holders to hold idle balances and the institution's use of sweep accounts to reduce the balances their customers hold overnight in transaction accounts.[7] The use of such deposits in mea-

in check use at savings institutions was due to increased use by businesses. The share that reported using commercial banks increased slightly, from 68.6 percent to 69.5 percent. See Dean F. Amel and Martha Starr-McCluer, "Market Definition in Banking: Recent Evidence," *Antitrust Bulletin*, vol. 47 (Spring 2002), pp. 63–89.

6. In some cases, however, credit union accounts are used for business purposes. In 1998, about 3.8 percent of small businesses used a credit union for checking. See Marianne P. Bitler, Alicia M. Robb, and John D. Wolken, "Financial Services Used by Small Businesses: Evidence from the 1998 Survey of Small Business Finances," *Federal Reserve Bulletin* (April 2001), vol. 87, pp. 183–205.

7. Generally, depository institutions use two types of sweep programs. Wholesale sweeps, which have been offered to business customers since the 1970s, keep customers' non-earning assets low, by moving funds between non-interest-earning demand deposits, such as transaction deposits, and interest-earning money market mutual funds

4. Checks paid by and transaction deposits of depository institutions, by type and size of institution, 2000

Type and size of institution (transaction deposits in millions of dollars)	Number of institutions	Checks paid: Number (billions)	Checks paid: Value (trillions of dollars)	Checks paid: Average value (dollars)	Checks paid: Percent of interbank checks returned	Checks paid: Average value of interbank checks returned (dollars)	Checks paid: Percent on-us	Transaction deposits: Amount (billions of dollars)	Transaction deposits: Number-to-deposits ratio[1]	Transaction deposits: Value-to-deposits ratio[2]	Memo: Number-to-assets ratio[3]	Memo: Value-to-assets ratio[4]
Commercial banks	6,852	33.3	36.6	1,099	.79	859	34	602	55	60,682	53	58,256
250–60,000	170	23.6	29.6	1,254	.82	964	38	411	57	72,090	54	67,681
50–250	1,104	4.3	3.4	790	.72	646	26	99	43	34,106	48	37,897
0–50	5,578	5.4	3.6	663	.75	595	26	93	58	38,523	53	35,386
Credit unions	6,551	4.7	.9	186	1.03	244	6	51	93	17,254	111	20,613
75–2,000	106	1.2	.3	208	.98	305	6	16	75	15,621	96	20,068
0–75	6,445	3.5	.6	178	1.05	223	6	35	101	18,028	117	20,845
Savings institutions	1,293	4.0	1.6	389	.99	507	18	62	65	25,226	34	13,296
200–6,500	35	2.2	.9	413	1.22	533	14	30	72	29,567	36	14,752
0–200	1,258	1.8	.7	360	.67	444	22	31	58	20,985	32	11,706
All institutions	**14,696**	**42.0**	**39.0**	**928**	**.85**	**700**	**29**	**715**	**59**	**54,522**	**53**	**49,539**

NOTE. Excludes U.S. Treasury checks and postal money orders, which are paid by the Federal Reserve Banks. Transaction deposit ranges may include amounts equal to the upper boundary but do not include amounts equal to the lower boundary. Institutions without transaction deposits are not included.

1. Number of checks paid per $1,000 of transaction deposits.
2. Value of checks paid per $1,000 of transaction deposits.
3. Number of checks paid per $1,000,000 of assets.
4. Value of checks paid per $1,000,000 of assets.

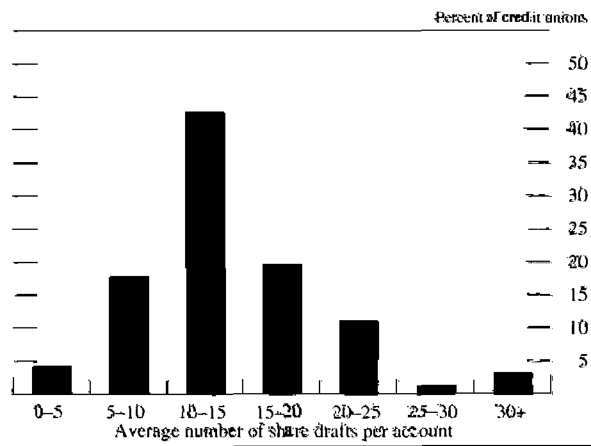
sures of the relative intensity of check use may exaggerate the intensity of check use at the largest institutions because such institutions also tend to use sweep accounts most extensively. An alternative approximation that may control for various effects on transaction deposits is the number and value of checks paid per $1 million of assets—the number-to-assets ratio and value-to-assets ratio respectively. While the number-to-assets ratio exhibits the same general U-shaped pattern as the number-to-deposits and value-to-deposits ratios, the value-to-assets ratio for commercial banks does not. Instead, the value-to-assets ratio increases as the size category of commercial banks increases.

Whether viewed in terms of transaction deposits or assets, credit unions stand out as the type of institution at which checks are used the most intensively by number. The intensity of check use by both number and value declines as size increases, suggesting that check use is less intense at larger credit unions.

Without directly measuring the number and value of all payments initiated by depository institutions, approximating the intensity of check use is difficult because of the complexity of factors affecting the data. Nevertheless, the results presented here provide preliminary evidence that the intensity of check use does vary by type and size of depository institution.

The average number of check payments per transaction account can be estimated for credit unions because data are available on the number of transaction (share draft) accounts at these institutions. Because credit unions generally do not offer business accounts, the number of checks (share drafts) paid per account is an approximation of the number of checks paid per consumer account. The average number of checks per account varies across these institutions (chart 2). Differences in payment services offered may explain some of the variation. The monthly average number of checks paid per share draft account in 2000 (about fifteen) was somewhat lower than the monthly average number of checks estimated to have been written by households in that year (about nineteen; chart 3). One reason for the difference is that some households write checks on accounts at more than one institution.

2. Distribution of credit unions by average number of share drafts paid monthly per account, 2000



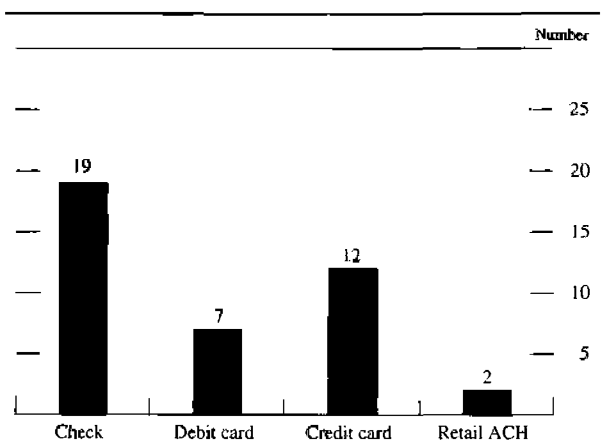
NOTE. Ranges may include the upper boundary but do not include the lower boundary.

"On Us" Checks

A check that is deposited in or cashed at the same depository institution on which it is drawn is referred to as an on-us check. An estimated 29 percent of checks paid in 2000 were on-us checks (table 4), about the same as in 1979.

The apparent absence of an increase in the aggregate share of on-us checks is surprising in light of the consolidation of the banking industry that has occurred since 1979. When institutions merge, the

3. Average number of retail noncash payments per household per month, 2000



or other financial instruments. Retail sweeps, which first appeared in 1994, move idle funds from transaction deposit accounts to special-purpose money market deposit accounts (MMDAs) and return them to transaction accounts only as needed to cover payments, limiting the number of withdrawals from the MMDAs to six per month in accordance with regulatory restrictions. This practice does not adversely affect the account holder but allows the depository institution to reduce its non-interest-earning assets. Both types of sweep programs reduce the amount of funds depository institutions must hold to meet their reserve requirements. See Cheryl L. Edwards, "Open Market Operations in the 1990s," *Federal Reserve Bulletin*, vol. 83 (November 1997), pp. 859–74, for a discussion of sweep programs.

probability that a check written by a customer of one of the institutions will be an on-us check for the new institution generally increases; the increase is large if the institutions that merged tended to serve customers that wrote checks to each other, though not so large if they tended to serve customers that did not. If the merger is between institutions in different geographic areas, and assuming that most checks are local, the effect of the merger on the proportion of on-us checks is small. That the share of on-us checks remained virtually unchanged from 1979 to 2000 as extensive consolidation of depository institutions both within and across regions was taking place suggests that other, behavioral changes in check-writing offset the effects of consolidation. One such change likely was the way account holders obtain cash: In the 1970s, account holders commonly obtained cash by cashing checks at the counter of their own banks; since then, the use of ATMs to obtain cash has increased dramatically, reducing the use of checks for this purpose.

Several factors in addition to the effects of consolidation or banking concentration may affect the probability that a check paid by a particular institution is an on-us check. These include the extent of branching, the range of customers served, and the extent of business activity of account holders with nonlocal payment counterparties or financial institutions.[8] A comparison of the proportions of on-us checks paid in 2000 reveals some patterns among depository institutions of different types and sizes (table 4). Among commercial banks, the proportion of on-us checks was greater for larger institutions than for smaller institutions. Among credit unions, however, no relationship between size and proportion of on-us checks was evident; as a group, credit unions had the smallest share of on-us checks, consistent with the finding that in 2000, the share of consumer checks for which the payee was also a consumer was relatively small (23 percent). The estimated proportion of on-us checks for small savings institutions was large relative to the proportion for large savings institutions, possibly because of the types of communities the smaller institutions serve. In fact, many community banks reported a large share of on-us checks. The 1979 study also found a large share of on-us checks among community banks.

Returned Checks

Because an account has been closed, funds in the payer's account are insufficient, or another reason, some checks presented to a paying institution are returned unpaid to the collecting institution. An estimated 251 million interbank (non-on-us) checks were returned in 2000, about 0.85 percent of interbank checks paid, or 8.5 checks out of every 1,000 interbank checks paid (table 4).[9] This estimate is an upper bound on the number of returns, as some checks may be returned more than once, leading to some double counting.[10]

The estimated proportion of checks that are returned unpaid appears to vary by type and size of depository institution. Credit unions as a group had the highest return rate (10.3 checks returned for every 1,000 paid), suggesting that interbank checks written by consumers are returned more frequently than are those written by businesses. The estimated average value of a returned check in 2000 was $700.

Variations in Check Use by Region and Degree of Urbanization

The size and diversity of the sample of depository institutions were sufficient to estimate the number and value of checks paid in 2000 for four broad regions of the country—Northeast, South, Midwest, and West. The apparent variation among regions can be explained in part by population size and level of economic activity (table 5).[11] Differences persist after controlling for those variables, however, an indication that regional differences may be associated with other factors, such as the availability of and willingness to use payment instruments other than checks.

By number of checks paid per capita, the Midwest led the regions, followed by the South, West, and

8. A complete analysis of the effects of these factors is beyond the scope of this article; a simple cross-sectional regression of the share of on-us checks on the logarithm of transaction deposits and the number of own-bank branches revealed no significant relationship between the number of branches and the share of on-us checks.

9. An on-us check would not be returned to another depository institution, as the payer and payee are using the same institution; an on-us check could be returned unpaid to the payee, however. The surveyed depository institutions reported only the number and value of checks returned to other institutions. The percentage of returned checks was computed as the number of returned checks divided by the difference between the number of checks paid and the number of on-us checks. (As a share of total checks paid, interbank returned checks accounted for an estimated 0.60 percent.)

10. Technological advances in the processing of returned checks may have reduced the incidence of multiple returns of the same check by helping collecting banks re-present checks when there is a greater likelihood of sufficient funds in the account on which the check is drawn.

11. Economic activity was measured by economic output, which was estimated as the sum of the gross products of the states making up the regions. Gross state product is a measure of state output similar to GDP.

5. Number and value of checks paid by depository institutions, by location of deposits, 2000

Location of deposits	Number of institutions	Number: Total (billions)	Number: Per capita	Number: Per $1,000 of output[1]	Number: Number-to-deposits ratio[2]	Value: Total (trillions of dollars)	Value: Per capita (thousands of dollars)	Value: Per $1,000 of output[1]	Value: Value-to-deposits ratio[3]	Value: Average per check (dollars)	Memo: Transaction deposits (billions of dollars)
By region											
Northeast[4]	2,417	7.1	132.6	3.3	46.0	9.1	169.8	4,233	58,909	1,280	154
Multiregion institutions	55	3.6	...	...	40.2	7.0	...	...	77,883	1,938	89
Single-region institutions	2,362	3.5	...	...	54.0	2.1	...	...	32,763	606	65
South[5]	4,841	15.3	152.8	4.7	61.9	14.6	145.8	4,467	59,096	955	247
Multiregion institutions	92	4.9	...	...	59.6	5.7	...	...	68,824	1,155	82
Single-region institutions	4,749	10.4	...	...	63.1	9.0	...	...	54,242	860	165
Midwest[6]	5,396	10.8	168.4	5.0	61.6	8.0	123.9	3,683	45,362	736	176
Multiregion institutions	94	4.1	...	...	51.9	4.4	...	...	56,387	1,086	78
Single-region institutions	5,302	6.8	...	...	69.4	3.6	...	...	36,570	527	98
West[7]	2,182	8.8	138.5	3.7	64.1	7.3	115.5	3,102	53,437	834	137
Multiregion institutions	72	4.2	...	...	69.1	4.0	...	...	65,235	944	61
Single-region institutions	2,110	4.6	...	...	60.1	3.3	...	...	43,959	732	76
By urbanization											
Urban	10,173	33.3	145.3	...	57.6	33.0	144.2	...	57,215	992	578
Rural	5,970	8.7	167.0	...	63.8	6.0	114.0	...	43,575	683	137

NOTE. Includes only checks paid by commercial banks, savings institutions, and credit unions. Multiregion institutions are those that have deposits in more than one region; single-region institutions have deposits in only one region. Urban areas are those defined as metropolitan statistical areas or New England county metropolitan statistical areas; rural areas are those defined to be outside urban areas. Figures for the number of institutions do not sum to the total number of institutions because some institutions operate in more than one region or in both urban and rural areas.

1. Output is measured as the sum of the gross products of the states in the region.

2. See table 4, note 1.

3. See table 4, note 2.

4. Includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

5. Includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

6. Includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

7. Includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

. . . Not applicable.

SOURCES. Federal Reserve; and Department of Commerce, Bureau of Economic Analysis and Bureau of the Census.

Northeast. By value of checks paid per capita, the Northeast led, followed by the South, Midwest, and West. Thus, no region stood out as the greatest user of checks by both number and value. Nonetheless, some differences among regions appear to have been large. For example, the number of checks paid per capita was 27 percent higher in the Midwest than in the Northeast, and the value of checks paid per capita was 47 percent higher in the Northeast than in the West.

The Northeast had the lowest number of checks per capita, the lowest number of checks per $1,000 of output, and the highest average check value. In addition, the Northeast had the lowest number-to-deposits ratio. The smallest region as measured by area and population size, the Northeast includes New York State, which is home to a significant concentration of financial and corporate activity. This activity appears to have had a large effect on checks and deposits in the region. For example, average check value for the region was more than 20 percent lower when New York State was excluded from the calculation, bringing the average value for the rest of the Northeast closer to the average values for the other regions.

Interestingly, the average check value and value-to-deposits ratio for depository institutions operating only in the Northeast (single-region institutions) were considerably lower than for institutions operating in the Northeast and at least one other region (multiregion institutions). Among single-region institutions, those in the Northeast and Midwest had the lowest average check values and value-to-deposits ratios, suggesting that these institutions were used less frequently for paying larger-value business checks. Correspondingly, the very high average check value and value-to-deposits ratio for multiregion institutions operating in the Northeast suggest that these institutions were used more often than others for paying such larger-value business checks.

The Midwest, the region with the largest number of depository institutions per capita, had the highest number of checks per capita. The West had the smallest value of checks per capita and per $1,000 of output, possibly indicating that payers in the region, perhaps led by businesses, had a greater propensity to replace higher-value checks with electronic payments. The South had the highest value of checks per $1,000 of output and a value-to-deposits ratio similar to that for the Northeast, suggesting that checks were used by businesses more often in these two regions than in the other regions.

Almost 80 percent of checks were paid using transaction deposits located in urban areas (table 5).[12] On a per capita basis, however, the number of checks paid was more than 14 percent higher in rural areas, perhaps because of lesser availability of or willingness to use electronic payment alternatives. The average value of rural checks was about 30 percent lower than that of urban checks.

Distribution of Check Payments by Payer, Payee, and Purpose

The share of checks written by consumers appears to have increased somewhat since the 1970s. According to the 2000 survey, consumers wrote about 58 percent of the sampled checks for which the payer could be classified, with business and government checks making up the rest.[13] Studies by the Bank Administration Institute and Arthur D. Little, Inc., in the early and mid-1970s that classified check payments by payer and payee found that consumers wrote about half of all checks.[14] The increase in the share written by consumers and the corresponding decline in the share written by businesses and governments partly explain the decline in the real value of checks over time.

Checks can be classified according to the broad purpose of the payment—point-of-sale (POS) (generally, in-person purchases of merchandise at such locations as grocery and office-supply stores); income (payments to consumers by businesses and governments, including payroll, rebates, refunds, and dividends); remittance (payments of one-time or recurring bills); and casual (consumer-to-consumer payments). The value of checks paid in 2000 varied by purpose of payment (table 6). For example, nearly three-fourths of POS checks were for less than $100. In contrast, slightly fewer than half of casual-payment checks were for less than $100, and nearly as many were for $100 to $1,000.

Comparison of the results from the 1970s with the results for 2000 shows that, combined, the share of checks written by consumers at the point of sale and for the payment of bills decreased about 13 percent over the period, with a proportionate increase in consumer-to-consumer check payments.[15] Consumers apparently, over time, replaced checks written at the point of sale and for bill payment with electronic payments to a greater extent than they replaced

12. Urban areas were defined as metropolitan statistical areas (MSAs) or New England county metropolitan statistical areas (NECMAs), and rural areas as all other areas.

13. Approximately 11 percent of checks could not be classified into payer and payee categories.

14. See L.M. Fenner and R.H. Long, "The Check Collection System: A Quantitative Description" (Chicago: Bank Administration Institute, 1970), and Arthur D. Little, Inc., "The Consequences of Electronic Funds Transfer: A Technology Assessment of Movement toward a Less Cash/Less Check Society," prepared for the National Science Foundation, Research Applied to the National Needs (RANN), under contract NSF-C844 (Government Printing Office, 1975).

15. In 1979, individuals wrote an estimated 50 percent of their checks to pay bills. Another 40 percent were written at the point of sale (of which 80 percent were written to make retail purchases and about 20 percent were written for cash), and about 10 percent were written to other consumers. In 2000, 36 percent of checks written by consumers that could be classified by purpose were for bill payment and 29 percent were written at the point of sale; an additional 13 percent were identified as either for bill payment or written at the point of sale. The remaining 23 percent were consumer-to-consumer payments. (Only 1.6 percent of checks written by consumers in 2000 could not be classified by purpose.)

6. Distribution of check values, by payer, payee, and purpose, 2000

Percent

Check value (dollars)	All checks	Payer		Payee		Purpose			
		Consumer	Business[1]	Consumer	Business[1]	POS[2]	Remittance[3]	Income[4]	Casual[5]
0–100	48.1	64.0	25.3	32.2	55.8	72.1	51.8	21.7	48.6
100–1,000	38.7	30.5	50.6	52.4	32.1	21.7	36.0	59.6	41.0
1,000–2,500	6.3	3.0	11.2	8.9	5.2	2.9	5.9	11.1	5.6
2,500–10,000	5.3	2.1	9.5	5.6	4.8	2.7	4.3	6.6	4.2
More than 10,000	1.7	.4	3.4	.9	2.0	.7	2.1	1.1	.6
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

NOTE. Check value ranges may include checks written for amounts equal to the upper boundary but do not include checks written for amounts equal to the lower boundary.

1. Includes state and local government checks, which constituted only a small percentage of checks paid by and to businesses.

2. Point-of-sale payments from any type of payer to either a business or a government payee.

3. Payments from any type of payer to either a business or a government payee that did not occur at the point of sale.

4. Payments to an individual from either a business or a government entity.

5. Payments from one individual to another.

checks written to pay other consumers. In 2000, consumer-to-consumer payments accounted for about 23 percent of checks that could be classified as having been written by consumers.

The average value of checks written in 2000 was considerably greater than the average value of credit and debit card payments (table 7). In contrast, the average value of ACH payments, which are used more often for larger-value, recurring payments such as mortgages, credit card bills, and payroll, was somewhat higher than the average value of check payments.

Despite the high average value of checks relative to debit and credit card payments, many checks in 2000 were for small amounts (table 7). About 29 percent were for less than the average value of debit card payments ($42), and 85 percent were for less than the average check value of $925. In comparison, approximately 95 percent of checks written in 1979 were for less than the average check value that year of $1,544. The proportion of checks for less than $500 decreased from 85 percent in 1979 to 77 percent in 2000. However, the proportion of the highest-value checks (those above $500,000) also decreased. Thus, most of the decline in the average (and total) value of checks from 1979 to 2000 was due to the replacement of the highest-value checks with electronic payments.

7. Average value of retail noncash payments, 2000

Type of payment	Average value (dollars)	Percent of checks below average
Check	925	85
Debit card	42	29
Credit card		
General-purpose	87	44
Private-label	59	36
Retail ACH	1,009	87

NOTE. See table 1, notes 1–4.

ELECTRONIC PAYMENTS

The number of retail electronic payments made in 1979 was small, accounting for about 15 percent of all retail noncash payments (table 2). Since then, the number made annually has grown at a high rate. Over the latter part of the period, the growth in electronic payments accelerated, nearly doubling between 1995 and 2000 and accounting for 40 percent of all retail noncash payments in 2000. Most of the growth was due to a dramatic increase in the number of debit card payments.

Payments by Households

An estimate of the average number of check payments made monthly by a household in 2000 can be estimated from data collected in the survey on check use. Because of the nature of the data from the electronic payments survey, however, a household average for retail electronic payments cannot be estimated without making assumptions. A large proportion of credit and debit card payments are likely made by households, although businesses also use credit cards extensively, and a large proportion of ACH payments are undoubtedly made by businesses and governments. To estimate an upper bound for retail noncash electronic payments made by households, assume that households made all debit and credit card payments in 2000 and were the payers for half of all ACH payments.[16] Under these assumptions, the average number of retail electronic payments per household per month in 2000 would have been about twenty-one (chart 3), or slightly more than half the retail noncash payments per household per month in 2000. For purposes of comparison, assume that in 1979, households made all retail electronic payments but half of all check payments. Under these assumptions, the average number of retail electronic payments per household per month would have been about six, or about one-fourth of the retail noncash payments made per household per month in 1979; check payments would have accounted for the other three-fourths (about seventeen per household per month).

Although the number of checks written per household increased from 1979 to 2000 (in part because the number of households with some type of checking account increased), electronic payments per household as a proportion of retail noncash payments increased more than checks. The apparent increase in the share of retail electronic payments suggests that consumer checks have been replaced by electronic payments to some extent. The increase in the estimated number of checks written per household per month, however, suggests that further growth in electronic payments could occur through the replacement of some consumer checks.

16. Data are not available to estimate precisely the share of retail ACH payments made by households, but research suggests that the share is about half. Of those household payments, about 40 percent are ACH debits—mainly prearranged payments (authorized by households and initiated by business recipients) that households have traditionally made by check, such as payments of recurring obligations to mortgage, insurance, and utility companies. The other 60 percent are ACH credits—mainly payroll payments from businesses to households but also some payments by households. See Vantis International, "Market Analysis and Segmentation for Direct Deposit and Direct Payment among Consumers, Businesses, and Financial Institutions" (1998).

Payments by Businesses and Governments

The use of electronic payments by businesses and governments has also increased since 1979. Many businesses have adopted direct deposit of payroll, for example. The proportion of payroll payments made via direct deposit rather than paper check increased from close to zero in 1979 to about 50 percent in 2000.[17] Some businesses have also begun to experiment with programs for converting checks to electronic payments at point-of-sale locations and for the processing of bill payments. In addition, a number of businesses are seeking ways to combine electronic payment processing with invoicing, which could reduce the number of check payments. The U.S. Department of the Treasury now makes most of its payments using the ACH (chart 4) (though federal government payments constituted only about 1.5 percent of all retail noncash payments in 2000).[18]

Large-Value Payments

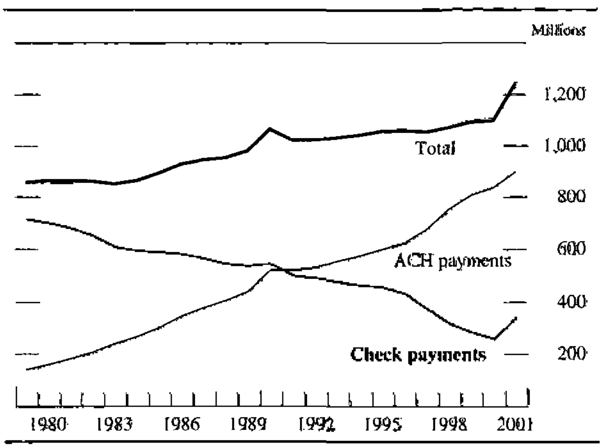
In addition to the retail payments that are the focus of this article, some very large payments, including federal government and business payments once made by check, are now made using large-value funds transfer systems. Increased use of these systems helps explain the decline in the average value of checks from $1,544 in 1979 to $925 in 2000. Relative to retail noncash payments, payments made using these systems are few in number but tend to be large in value.[19] From 1979 to 1995, the rate of growth of large-value payments by number (table 8) was similar to that for retail electronic payments (table 2). From 1995 to 2000, however, the number of retail electronic payments grew more than twice as fast as the number of payments processed by the large-value funds transfer systems.

Some payments made using large-value funds transfer systems replaced some larger-value business and government payments made by check, and this switch apparently had a significant effect on the real value of check payments over time. One large-scale change in business practices that motivated the replacement of some large-value checks was the switch to same-day funds for the settlement of trades between securities dealers in the U.S. equities markets in 1996.

17. National Automated Clearing House Association; and Vantis International, "Market Analysis and Segmentation for Direct Deposit and Direct Payment" (1998).

18. For more on federal government payments, see Paula V. Hillery and Stephen E. Thompson, "The Federal Reserve Banks as Fiscal Agents and Depositories of the United States," *Federal Reserve Bulletin*, vol. 86 (April 2000), pp. 251–59.

4. Number of retail payments initiated by the U.S. Treasury, 1979–2001



NOTE. The 2001 uptick in check payments was due to the midyear tax refund payment sent to almost 100 million taxpayers as prescribed by the Economic Growth and Tax Relief Reconciliation Act of 2001. The U.S. Treasury also makes a small number of payments using other mechanisms such as Fedwire.

NONCASH PAYMENTS IN OTHER COUNTRIES

A look at noncash payments in other countries provides some perspective on the use of checks and electronic payments in the United States. Compared with other industrialized economies—Japan, the European Monetary Union (EMU), the United Kingdom, and Canada—the number of noncash payments of any type per capita is considerably higher in the United States, as is the number of check payments per capita (chart 5). The number of electronic payments per capita is also higher in the United States, though not substantially so. Detailed data (not shown) indicate that the number of electronic payments per capita in some countries of the EMU, such as Finland, Germany, and the Netherlands, is higher than in the United States (similarly, the use of electronic payments may be greater in some regions of the United States than in others).

The number of noncash payments per capita is higher in the United States than in the other economies mainly because of the more extensive use of checks. Given the very low level of noncash pay-

19. Nonetheless, many payments made via the large-value funds transfer systems, such as Fedwire, are low in value compared with the average ($3.8 million). In fact, about one-fourth of Fedwire payments in 2000 were for amounts less than $4,000. The median Fedwire payment was $30,000, the 75th percentile was $183,000, and the 95th percentile was $5.1 million.

8. Number, value, and rate of growth of large-value funds transfer payments, selected years

Item	1979	1995	2000	Growth (percent, annual rate)		
				1979–95	1995–2000	1979–2000
Number (millions)	45.9	126.9	168.1	6.6	5.8	6.4
Value (trillions of dollars)	186.6	581.5	671.9	7.4	2.9	6.3

NOTE. Includes Fedwire fund transfers and fund transfers processed by the Clearing House Inter-Bank Payment System (CHIPS).

SOURCES. Federal Reserve and CHIPS.

ments per capita in some countries, it seems likely that cash is used more extensively in these countries than in the United States.[20] If that is true, measures of the importance of checks as a share of noncash payments may overstate the relative use of paper-based payment instruments in the United States. Without reliable measures of cash use, however, a comprehensive comparison across countries of the extent to which electronic payments have replaced paper-based payments (mostly cash and checks) is not possible.

SUMMARY AND CONCLUSIONS

Statistical estimates indicate that the number of checks paid in the United States rose from 32.8 billion in 1979 to 49.5 billion in 1995 but declined to 42.5 billion in 2000. These three estimates are highly suggestive, though not conclusive, evidence that the total number of checks paid per year peaked in the 1990s. Despite the apparent decline since 1995, the number of checks paid remained higher in 2000 than in 1979.

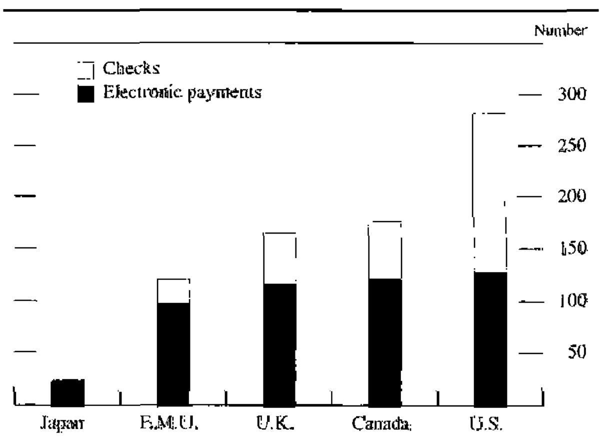
The estimated value of checks paid declined from $50.7 trillion in 1979 to $39.3 trillion in 2000, suggesting that electronic payments have increasingly replaced larger-value checks. Moreover, although the real value of transaction deposits declined slightly from 1979 to 2000, the decline was not as great as the decline in the value of checks paid, a further suggestion that electronic payments originated from transaction deposits likely replaced check payments.

The number and value of checks paid vary among institutions in interesting ways. The average value of checks paid, as well as the intensity of check use, differs by type and size of institution, reflecting in part the types of customers served. Differences also exist according to geographic region. Generally, the per capita value of checks paid is highest in the Northeast, and the number of checks paid per capita is highest in the Midwest. In addition, the number of checks paid per capita apparently is greater in rural areas than in urban areas.

Although the number and value of checks may have begun to decline, it appears likely that checks will continue to play a significant role in the U.S. payment system, particularly when electronic payments are not well suited for meeting consumer or business needs. U.S. authorities have generally relied on market forces to provide new payment products and services. In this environment, the fact that checks are still widely used suggests either that checks are an efficient means of payment for many purposes relative to alternatives or that barriers to innovation are inhibiting the development of alternatives. The Federal Reserve has emphasized the need for the public and private sectors to identify any such barriers and to work to reduce or eliminate them when doing so is in the public interest.

20. Some researchers have argued that in the 1980s and 1990s, the number of payments by cash was lower in the United States than in other countries. See Diana Hancock and David B. Humphrey, "Payment Transactions, Instruments, and Systems: A Survey," *Journal of Banking & Finance*, vol. 21 (1998), pp. 1573–624.

5. Number of noncash payments per capita in one year, selected economies



NOTE. Includes both retail payments and payments made using large-value funds transfer systems. Data for United States are for 2000; for France, 1998; for others, 1999. The European Monetary Union includes Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, and Spain.

SOURCE. European Central Bank, "Blue Book: Payment and Securities Settlement Systems in the European Union"; Bank for International Settlements, "Statistics on Payment Systems in the Group of Ten Countries"; and Federal Reserve.

Appendix: Data Sources and Methods of Estimation

Described in this appendix are the surveys that provided the data analyzed in this article. Also described are methods used to estimate the total number and value of checks for 2000, 1995, and 1979.

2000 Data

The most recent data were collected through a set of three surveys sponsored by the Federal Reserve and known collectively as the Retail Payment Research Project.[21] The three surveys were

- *Depository Institution Check Study*—Survey of a stratified random sample of insured commercial banks, credit unions, and savings institutions in the United States to estimate the number and value of checks paid in 2000 from data for March and April 2001[22]
- *Check Sample Study*—Survey of individual checks submitted for collection by a stratified random sample of depository institutions during 2000 to characterize check payments in that year in terms of payer, payee, and purpose
- *Electronic Payment Instruments Study*—Survey of the universe of electronic payment networks, card issuers, and third-party processors to estimate the number and value of retail electronic payments originated in the United States in 2000. Covered in the survey were credit cards (both general-purpose and private-label cards), debit cards (both on-line cards, which are used by entering a personal identification number, and signature-based cards, which generally involve signing a receipt), and ACH transactions.

The collection of data on electronic payments was straightforward because the processing of electronic payments is largely centralized. Credit and debit card transactions are processed through a small number of networks, and payments flow through these networks, even if the payer and payee are customers of the same bank. Because more than one network can process the same payment, double counting could have been an issue. To avoid this potential problem, the networks were asked to report only those payments that were originated on their own network.

The check-clearing system is far less centralized than the electronic payments processing system. Checks are paid by several types of institutions—commercial banks, credit unions, savings institutions, and U.S. branches of foreign banks. To obtain payment for a check, the depository institution into which the check is first deposited, usually the payee's bank, must present it to the paying bank. Presentment commonly requires that the check be physically delivered to the paying bank to receive payment (though presentment can be made electronically if the paying bank agrees). Presentment can be done directly or through an intermediary such as a correspondent bank, a clearinghouse, or a Federal Reserve Bank. Although the number and value of checks collected by the Reserve Banks each year are known, the number and value of checks presented directly or through other intermediaries are unknown. Because such data are not included in reports filed by depository institutions, they must be estimated on the basis of surveys. Sample design and methods of estimation are described below.

Estimation of the Number and Value of Checks Paid

The number and value of checks paid, the share of on-us checks, and the number and value of returned checks for 2000 were estimated using data from the Depository Institution Check Study. In this study, the surveyed depository institutions were instructed to report only those checks paid on behalf of their own customers and to exclude checks that they collected on behalf of other depository institutions. To account for checks written on money market and other accounts at brokerages, respondents were instructed to include in their figures the checks they settled on behalf of those nondepository institutions.

Sample design. Whether checks are written on traditional checking accounts provided by depository institutions, on accounts provided at brokerages or other nondepository institutions, or are money orders, cashiers checks, rebate checks, or travelers checks,

21. Global Concepts, Inc., and Westat assisted with the first and second surveys, and Dove Consulting assisted with the third. The preliminary results of the three surveys were announced in November 2001. A complete description of the project is available at the Federal Reserve Financial Services web site (www.frbservices.org) under the topic Key Initiatives.

22. Almost all checks in the United States are written against insured transaction deposits held at these types of institutions. Depository institutions serve as paying banks for checks written by the customers of nondepository institutions, such as checks written against money market and mutual fund deposit accounts with check-writing privileges.

they are generally paid by depository institutions. The population of depository institutions from which the sample was drawn encompassed commercial banks (including branches of foreign banks), credit unions, and savings institutions. Depository institution subsidiaries of multibank holding companies were treated as a single institution. Depository institutions in the population that had transaction deposits at the close of business on September 30, 2000 (June 30, 2000, for credit unions), were grouped by type—commercial bank, credit union, or savings institution—and stratified by value of transaction deposits (excluding the transaction deposits of other banks and the U.S. government), as reported to federal depository institution regulators.

The sampling procedure was designed to achieve 95 percent confidence intervals no larger than ±5 percent of the size of the estimates of total number and value of checks paid. Six strata were defined for commercial banks, five for credit unions, and three for savings institutions. The boundaries of the strata and the probability of selection for institutions in each stratum were set to maximize the precision of the estimates of the number and value of checks. Because transaction deposits are concentrated in the largest institutions, the probability of an institution's being sampled increased with the value of its transaction deposits, although the probability of selection was the same for all the institutions in a given stratum. Using the assumption of a response rate of 65 percent or greater, 2,365 depository institutions were sampled. The probability of selection for the largest 533 commercial banks, 104 credit unions, and 40 savings institutions was 100 percent.

There were 1,256 valid responses for the number and value of checks; 1,011 valid responses for the share of on-us checks; and 1,036 valid responses for the number of returned checks. For the total number and value of checks, the overall response rate was about 53 percent. In part because response rates were higher for strata with larger depository institutions, the desired precision was achieved for the estimate of check number; it was not, however, for the estimate of check value.

Estimation. To improve the accuracy of the estimates, the strata used for estimation were updated using transaction deposit information for the population of depository institutions with transaction deposits at the close of business on March 31, 2001 (December 31, 2000, for credit unions) (14,696 institutions). For the final estimation, commercial banks were grouped into seven strata, credit unions into six, and savings institutions into four.

Check figures were annualized by summing the figures for March and April 2001 and multiplying by six. For simplicity, these annualized figures were assumed valid for 2000, an assumption supported by data on Federal Reserve check collections: The number of checks collected by the Federal Reserve Banks, which may track total checks for short intervals, declined slightly but was relatively flat between 2000 and 2001. The annualization factor implied by the number of checks collected by the Reserve Banks would have been slightly smaller than six because check collection volume in March and April tends to be higher than in other months.

Estimates of the number and value of checks were based on separate ratio estimators for each stratum using transaction deposits as the covariate. (Within a stratum, the amount of transaction deposits was highly correlated with the number and value of checks reported by the responding institutions.) The estimate of total number (or value) of checks paid by depository institutions was equal to the sum of the estimates for the strata. Data on the number (or value) of U.S. Treasury checks and postal money orders paid in 2000 were added to that estimate to obtain the estimated total for 2000.

The precision of the estimates is characterized by the 95 percent confidence intervals reported below. Confidence intervals were computed by multiplying ±1.96 by the sampling standard errors. The sampling standard errors reflect the variability within the sample data as well as the number of survey responses.

The estimates reported in this article for the number of checks paid in 2000—42.5 billion (95 percent confidence interval of 40.9 billion to 44.1 billion)—and the value of checks paid in 2000—$39.3 trillion (95 percent confidence interval of $36.9 trillion to $41.8 trillion)—are revised from preliminary estimates released in November 2001.[23]

Estimation of the Number and Value of Checks Paid by Location of Deposits

Although the survey of depository institutions was not explicitly designed to facilitate a comparison of check use by geographic region, sufficient responses were received to make such a comparison possible. For each of four regions—Northeast, South, Midwest, and West—separate estimates of the number

23. Revisions were based on the correction of several data errors identified during the preparation of this article.

and value of checks paid were made for single-region institutions (those having deposits in only one region) and multiregion institutions (those having deposits in more than one region). For multiregion commercial banks and savings institutions, checks and transaction deposits were allocated to regions according to the proportion of the institution's total deposits in each of the regions. The allocation method assumed that within these institutions, the ratios of transaction deposits to total deposits, check number to transaction deposits, and check value to transaction deposits were constant. Information on the location of deposits at credit unions and branches of foreign banks was unavailable, and data for these institutions were assigned to the state in which the head office of the depository institution was located. Except for several of the largest credit unions (about ten), most of these institutions operate within the boundaries of a single state.

To produce the regional estimates, institutions were stratified first by region and then by type and size. For each region, the strata were constructed by separating institutions into multiregion and single-region, type, and size categories, with strata boundaries selected according to an approximation to Neyman allocation.[24] New ratio estimators were produced using these strata, following the procedure described in the preceding section.[25]

About 138 institutions had branches in more than one of the four regions. (These institutions paid about 40 percent of all checks and accounted for just over 40 percent of transaction deposits.) For each of these multiregion institutions, prior to estimation, transaction deposits and check data (number and value of checks) were allocated to regions in proportion to the location of their total deposits. Allocating transaction deposits according to total deposits assumes that, for the institutions in the sample, transaction deposits and checks are in the same proportion to total deposits for every region. This allocation method appears reasonable for the construction of an aggregate regional estimate but may not hold true for some institutions. Whether large regional differentials in this proportion for some very large institutions would weaken or strengthen the apparent regional differences reported here is unclear.

24. The approximation method used was from Tore Dalenius and Joseph L. Hodges, "Minimum Variance Stratification," *Journal of the American Statistical Association*, vol. 54 (1959), pp. 88–101.

25. The national estimates obtained from aggregating these regional estimates for commercial banks and savings institutions were about the same as those obtained from the original study but were slightly more precise. The increased precision appears to have been a result of additional homogeneity among the institutions in the resulting strata.

Estimates of urban and rural check use were constructed using a method similar to that used to construct estimates by region. Urban areas were defined as metropolitan statistical areas (MSAs) and New England county metropolitan statistical areas (NECMAs), and rural areas as all other areas.

Characterization of Checks by Payer, Payee, and Purpose

The survey of individual checks was intended to gather information about the shares of checks written by and received by businesses, consumers, and governments and the purposes of the payments. Data were collected on almost 30,000 checks from nearly 150 depository institutions.

A two-tiered sample design was used to collect a representative sample of checks. First, a stratified, random sample of depository institutions was generated from the population of commercial banks, savings institutions, and credit unions. Then each selected institution was asked to retrieve a random sample of the checks it collected in 2000, using its internal records. The number of checks provided by an institution was in proportion to the amount of its transaction deposits. For each sampled check, the institution recorded certain objective characteristics useful in determining the type of payer and payee and the purpose of the payment. The institution also recorded a subjective assessment of the type of payer and payee—information that was used later to verify the validity of the categories assigned using the objective characteristics. To protect privacy, the institutions did not provide information that could be used to specifically identify the payer or payee. For the reported figures, separate ratio estimates for the strata were summed to produce an estimate for the population.

1979 Data

The 1979 data were collected in a survey conducted in that year by the Federal Reserve Bank of Atlanta and cosponsored by the Reserve Bank, the American Bankers Association, and the Bank Administration Institute.[26] The estimates of the number and value of checks for 1979 were produced from separate ratio estimates of the total number of checks reported by a stratified sample of 343 banks.

26. Federal Reserve Bank of Atlanta, "A Quantitative Description of the Check Collection System: A Report of Research Findings on the Check Collection System" (1980).

1995 Data

The 1995 data were collected in a survey conducted in 1996 for a report to the Congress on funds availability and check fraud.[27] The estimate of number of checks paid was based on the sum of two figures requested in the survey questionnaire: number of checks paid during 1995 that had been received from other institutions and number of checks paid during 1995 that were on-us checks. The survey provided information on checks paid by a random sample of depository institutions. On the basis of 606 valid responses, Board staff produced, for this article, an estimate of the number of checks paid in 1995 for comparison with the estimates for 1979 and 2000. The definition of the amount of transaction deposits was the same as that used for the 2000 estimates. Unlike the 2000 estimate, the population in this study was defined as individually chartered depository institutions.

For the estimation of the number of checks paid, the population of depository institutions was stratified using the value of transaction deposits in December 1995, with optimal strata boundaries set using an approximation to Neyman allocation as described above. Seven strata were defined for commercial banks, three for credit unions, and three for savings institutions. The estimate of the total number of checks paid by depository institutions was equal to the sum of separate ratio estimates for the strata. The number of U.S. Treasury checks and postal money orders paid in 1995 was added to that estimate to obtain the estimate of the total for 1995. The estimate was 49.5 billion (95 percent confidence interval of 44.3 billion to 54.8 billion). The estimate for 1995 was higher than the 2000 estimate, and the difference was statistically significant, showing that the difference is unlikely to be due to sampling error. □

27. Board of Governors of the Federal Reserve System, "Report to Congress on Funds Availability Schedules and Check Fraud at Depository Institutions" (Board of Governors, 1996).

Announcements

Federal Open Market Committee Directive

The Federal Open Market Committee decided on June 26, 2002, to keep its target for the federal funds rate unchanged at 1¾ percent.

The information that has become available since the last meeting of the Committee confirms that economic activity is continuing to increase. However, both the upward impetus from the swing in inventory investment and the growth in final demand appear to have moderated. The Committee expects the rate of increase of final demand to pick up over coming quarters, supported in part by robust underlying growth in productivity, but the degree of the strengthening remains uncertain.

In these circumstances, although the stance of monetary policy is currently accommodative, the Committee believes that, for the foreseeable future, against the background of its long run goals of price stability and sustainable economic growth and of the information currently available, the risks are balanced with respect to the prospects for both goals.

Voting for the FOMC monetary policy action were Alan Greenspan, Chairman; William J. McDonough, Vice Chairman; Susan S. Bies; Roger W. Ferguson, Jr.; Edward M. Gramlich; Jerry L. Jordan; Robert D. McTeer, Jr.; Mark W. Olson; Anthony M. Santomero; and Gary H. Stern. Voting against the action: none.

Nominations Sought for Consumer Advisory Council and Meeting Notice

The Federal Reserve Board announced on June 17, 2002, that it is seeking nominations for appointments to its Consumer Advisory Council.

The Council advises the Board on the exercise of its responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks advice. The group meets in Washington, D.C., three times a year.

Ten new members will be appointed to serve three-year terms beginning in January 2003. Nominations should include a résumé and the following information about nominees:

- Complete name, title, address, telephone, e-mail address, and fax numbers
- Organization's name, brief description of organization, address, telephone and fax numbers
- Past and present positions
- Knowledge, interests, or experience related to community reinvestment, consumer protection regulations, consumer credit, or other consumer financial services
- Positions held in community and banking associations, councils, and boards.

Nominations should also include the complete name, organization name, title, address, telephone, e-mail address, and fax numbers for the nominator.

Letters of nomination with complete information, including a résumé for each nominee, must be received by August 19, 2002. Electronic nominations are preferred. The appropriate form can be accessed at http://www.federalreserve.gov/forms/cacnominationform.cfm.

The Federal Reserve Board announced on June 3, 2002, that the Consumer Advisory Council would hold its next meeting on Thursday, June 27.

Publication of Revisions to Regulation C (Home Mortgage Disclosure Act)

The Federal Reserve Board published on June 21, 2002, revisions to its Regulation C, which implements the Home Mortgage Disclosure Act.

Data collected under Regulation C are used to help determine whether financial institutions are serving the housing needs of their communities and to assist in enforcing the fair lending laws.

The amendments do the following:

- Set the thresholds for determining the loans for which financial institutions must report loan pricing data, as required under a final rule approved on January 23, 2002. Institutions will report the rate spread (between the annual percentage rate on a loan and the yield on comparable Treasury securities) if the spread equals or exceeds 3 percentage points for first-lien loans and 5 percentage points for subordinate-lien loans.

• Require lenders to report the lien status of applications and originated loans.

• Require lenders to ask applicants their ethnicity, race, and sex in applications taken by telephone.

Compliance with the amendments relating to the thresholds and lien status is mandatory on January 1, 2004. The amendment requiring lenders to ask telephone applicants for monitoring information is effective for applications taken beginning January 1, 2003, through a technical amendment to the current regulations also published on June 21, 2002.

Rule Amendment on Interstate Branch Deposits

The Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency issued on June 5, 2002, final regulations amending their rules that currently prohibit interstate branches from being used primarily for deposit production.

The Riegle–Neal Interstate Banking and Branching Efficiency Act prohibits any bank from establishing or acquiring a branch outside its home state primarily for the purpose of deposit production. Section 106 of the Gramm–Leach–Bliley Act expands this prohibition to include any branch of a bank controlled by an out-of-state bank holding company. To conform their regulations to this statutory change, the agencies have amended their rules so that the prohibition against deposit production offices also applies to any bank or branch of a bank controlled by an out-of-state bank holding company.

The regulations, published in the *Federal Register*, are effective October 1, 2002.

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 24, 2002, 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 in June 2001.

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. As further discussed in the attachment, 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 to 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.

Plans for Redesigned Currency

In keeping with their strategy of maintaining the security of Federal Reserve notes by enhancing the design of U.S. currency every seven to ten years, the Department of the Treasury's Bureau of Engraving and Printing (Bureau) and the Federal Reserve Board announced on June 20, 2002, plans to release the next generation of redesigned notes, with improved security features to deter counterfeiting.

The new design, referred to as NexGen, affects the \$100, \$50, and \$20 notes. Circulation of the NexGen series could begin as early as fall 2003 with the introduction of the redesigned \$20 note. The \$100 and \$50 notes will follow in twelve to eighteen months. Consistent with past design changes, the NexGen notes will remain the same size and use similar portraits and historical images to maintain an American appearance. The NexGen designs will include the introduction of subtle background colors. While color is not in itself a security feature, the use of color provides the opportunity to add additional features that could assist in deterring counterfeiting. The introduction of additional colors will also help consumers to identify the different denominations.

The new series will retain current security features, including watermarks similar to the portrait and visible when held up to a light, enhanced security threads that glow under ultraviolet light, microprinting, and color-shifting ink that changes color when the note is tilted.

The purpose of the currency redesign is to stay ahead of advanced computer technologies used for some types of counterfeiting. According to the U.S. Secret Service, $47.5 million in counterfeit money entered into circulation in fiscal year 2001. Of this amount, 39 percent was computer generated, compared with only 0.5 percent in 1995.

The redesign of $10 and $5 notes is still under consideration, but a redesign of the $2 and $1 notes is not included in the plans for the NexGen series. Release of NexGen notes will have no effect on money already in circulation. These notes will co-circulate with older series notes. The U.S. government has never recalled or devalued its currency.

As part of the introduction of NexGen currency, the Bureau and the Federal Reserve System are planning an extensive public education effort aimed at informing target groups—such as financial institutions, law enforcement, and retail and vending industries—and the general public about the new designs. This effort will encourage people who use U.S. currency to familiarize themselves with the redesigned money so they can easily authenticate currency as genuine.

The first initiative of the public education effort is already under way. The Bureau is working with manufacturers of currency-accepting machinery to expedite the development of software and other devices, so vending machines and similar equipment accept NexGen notes. The cooperative effort allows a smooth transition for vending machine owners, mass transit agencies, the gaming industry, and other proprietors that rely on currency-accepting machinery to conduct business transactions.

The redesigned currency program is a partnership among the Federal Reserve System, the Department of the Treasury, the Bureau of Engraving and Printing, and the United States Secret Service. The Secretary of the Treasury establishes the design and appearance of U.S. currency.

Information about the previous redesigned 1996 notes and the history of U.S. currency is available at the Bureau's web site at www.moneyfactory.com.

VIRTUAL TOUR ADDED TO BOARD WEB SITE

The Federal Reserve Board launched on June 3, 2002, a new addition to the Board's web site, "Touring the Board." The site provides information about visiting the Federal Reserve in person and includes a "virtual tour" offering photos of the Board's buildings and art collection, as well as an architectural history of the Board's Eccles Building.

This site gives the public a chance to tour the Board from the comfort of home or office. Since public tours of many federal buildings have been limited since September 11, the virtual tour is an opportunity to see where our nation's central bankers work each day. Touring the Board can be viewed at http://www.federalreserve.gov/generalinfo/virtualtour/.

ENFORCEMENT ACTIONS

The Federal Reserve Board announced on June 28, 2002, the execution of a written agreement by and between the Madison Bank, Blue Bell, Pennsylvania, and the Federal Reserve Bank of Philadelphia.

The Federal Reserve Board announced on June 10, 2002, the termination of the following enforcement action: Bank of New York, New York, New York. Written Agreement dated February 8, 2000. Terminated June 3, 2002. □

Legal Developments

Final Rule—Amendment to Regulation C

The Board of Governors is amending 12 C.F.R. Part 203, its Regulation C (Home Mortgage Disclosure). The amendments establish the thresholds for determining the loans for which financial institutions must report loan pricing data (the spread between the annual percentage rate on a loan and the yield on comparable Treasury securities) as required under a final rule approved in January 2002; the thresholds are a spread of 3 percentage points for first-lien loans and 5 percentage points for subordinate-lien loans. The amendments require lenders to report the lien status of a loan or application. The amendments also require that lenders ask applicants their ethnicity, race, and sex in applications taken by telephone; this monitoring requirement is made applicable as of January 1, 2003.

Effective January 1, 2004, 12 C.F.R. Part 203 is amended as follows:

Part 203—Home Mortgage Disclosure (Regulation C)

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

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

2. Section 203.4 is amended by:
   a. Revising Paragraph (a)(12); and
   b. Adding a new Paragraph (a)(14).

Section 203.4—Compilation of loan data.

(a) *Data format and itemization.* * * *

(12) For originated loans subject to Regulation Z, 12 C.F.R. Part 226, the difference between the loan's annual percentage rate (APR) and the yield on Treasury securities having comparable periods of maturity, if that difference is equal to or greater than 3 percentage points for loans secured by a first lien on a dwelling, or equal to or greater than 5 percentage points for loans secured by a subordinate lien on a dwelling. The lender shall use the yield on Treasury securities as of the 15th day of the preceding month if the rate is set between the 1st and the 14th day of the month and as of the 15th day of the current month if the rate is set on or after the 15th day, as prescribed in Appendix A to this part.

* * * * *

(14) The lien status of the loan or application (first lien, subordinate lien, or not secured by a lien on a dwelling).

* * * * *

3. Appendix A is amended by:
   a. Revising Paragraph I.A.8.;
   b. Revising Paragraph I.D.2.;
   c. Revising Paragraph I.G.1.;
   d. Redesignating Paragraph I.G.2. as Paragraph I.G.3. and adding a new Paragraph I.G.2.;
   e. Adding a new Paragraph I.H.;
   f. Revising the Loan/Application Register; and
   g. Revising the Loan/Application Register Code Sheet.

Appendix A to Part 203—Form and Instructions for Completion of HMDA Loan/Application Register

* * * * *

I. Instructions for Completion of Loan/Application Register.

* * * * *

A. Application or Loan Information.

8. *Request for Preapproval of a Home Purchase Loan.* Indicate whether the application or loan involved a request for preapproval of a home purchase loan by entering the applicable code from the following:

Code 1-Preapproval requested
Code 2-Preapproval not requested
Code 3-Not applicable

a. Enter code 2 if your institution has a covered preapproval program but the applicant does not request a preapproval.
b. Enter code 3 if your institution does not have a preapproval program as defined in section 203.2(b).
c. Enter code 3 for applications or loans for home improvement or refinancing, and for purchased loans.

* * * * *

D. Applicant Information–Ethnicity, Race, Sex, and Income.

* * * * *

2. *Mail, Internet, or Telephone Applications.* All loan applications, including applications taken by mail, Internet, or telephone must use a collection form similar to that shown in Appendix B regarding ethnicity, race, and sex. For applications taken by telephone, the informa-

tion in the collection form must be stated orally by the lender, except for information that pertains uniquely to applications taken in writing. If the applicant does not provide these data in an application taken by mail or telephone or on the Internet, enter the code for "information not provided by applicant in mail, Internet, or telephone application" specified in paragraphs I.D.3., 4., and 5. of this appendix. (*See* Appendix B for complete information on the collection of these data in mail, Internet, or telephone applications.)

* * * * *

G. Pricing-Related Data.

1. *Rate Spread.*
   a. For a home purchase loan, a refinancing, or a dwelling-secured home improvement loan that you originated, report the spread between the annual percentage rate (APR) and the applicable Treasury yield if the spread is equal to or greater than 3 percentage points for first-lien loans or 5 percentage points for subordinate-lien loans. To determine whether the rate spread meets this threshold, use the Treasury yield for securities of a comparable period of maturity as of the 15th day of a given month, depending on when the interest rate was set, and use the APR for the loan, as calculated and disclosed to the consumer under sections 226.6 or 226.18 of Regulation Z (12 C.F.R. Part 226). Use the 15th day of a given month for any loan on which the interest rate was set on or after that 15th day through the 14th day of the next month. (For example, if the rate is set on September 17, 2004, use the Treasury yield as of September 15, 2004; if the interest rate is set on September 3, 2004, use the Treasury yield as of August 15, 2004). To determine the applicable Treasury security yield, the financial institution must use the table published on the FFIEC's web site (http://www.ffiec.gov/hmda) entitled "Treasury Securities of Comparable Maturity under Regulation C."
   b. If the loan is not subject to Regulation Z, or is a home improvement loan that is not dwelling-secured, or is a loan that you purchased, enter "NA."
   c. Enter "NA" in the case of an application that does not result in a loan origination.
   d. Enter the rate spread to two decimal places, and use a leading zero. For example, enter 03.29. If the difference between the APR and the Treasury yield is a figure with more than two decimal places, round the figure or truncate the digits beyond two decimal places.
   e. If the difference between the APR and the Treasury yield is less than 3 percentage points for a first-lien loan and less than 5 percentage points for a subordinate-lien loan, enter "NA."
2. *Date the interest rate was set.* The relevant date to use to determine the Treasury yield is the date on which the loan's interest rate was set by the financial institution for the final time before closing. If an interest rate is set pursuant to a "lock-in" agreement between the lender and the borrower, then the date on which the agreement fixes the interest rate is the date the rate was set. If a rate is re-set after a lock-in agreement is executed (for example, because the borrower exercises a float-down option or the agreement expires), then the relevant date is the date the rate is re-set for the final time before closing. If no lock-in agreement is executed, then the relevant date is the date on which the institution sets the rate for the final time before closing.

* * * * *

Lien Status.

Use the following codes for loans that you originate and for applications that do not result in an origination:

Code 1-Secured by a first lien.
Code 2-Secured by a subordinate lien.
Code 3-Not secured by a lien.
Code 4-Not applicable (purchased loan).

a. Use Codes 1 through 3 for loans that you originate, as well as for applications that do not result in an origination (applications that are approved but not accepted, denied, withdrawn, or closed for incompleteness).
b. Use Code 4 for loans that you purchase.

* * * * *

4. Appendix B is amended by revising Paragraph II.A to read as follows:

Appendix B to Part 203—Form and Instructions for Data Collection on Ethnicity, Race, and Sex

* * * * *

II. Procedures.

LOAN/APPLICATION REGISTER CODE SHEET

Use the following codes to complete the Loan/Application Register. The instructions to the HMDA-LAR explain the proper use of each code.

Application or Loan Information

Loan Type:
1—Conventional (any loan other than FHA, VA, FSA, or RHS loans)
2—FHA-insured (Federal Housing Administration)
3—VA-guaranteed (Veterans Administration)
4—FSA/RHS (Farm Service Agency or Rural Housing Service)

Property Type:
1—One to four-family (other than manufactured housing)
2—Manufactured housing
3—Multifamily

Purpose of Loan:
1—Home purchase
2—Home improvement
3—Refinancing

Owner-Occupancy:
1—Owner-occupied as a principal dwelling
2—Not owner-occupied
3—Not applicable

Preapproval (home purchase loans only):
1—Preapproval was requested
2—Preapproval was not requested
3—Not applicable

Action Taken:
1—Loan originated
2—Application approved but not accepted
3—Application denied by financial institution
4—Application withdrawn by applicant
5—File closed for incompleteness
6—Loan purchased by financial institution
7—Preapproval request denied by financial institution
8—Preapproval request approved but not accepted (optional reporting)

Applicant Information

Ethnicity:
1—Hispanic or Latino
2—Not Hispanic or Latino
3—Information not provided by applicant in mail, Internet, or telephone application
4—Not applicable (see App. A, I.D.)
5—No co-applicant

Race:
1—American Indian or Alaska Native
2—Asian
3—Black or African American
4—Native Hawaiian or Other Pacific Islander
5—White
6—Information not provided by applicant in mail, Internet, or telephone application
7—Not applicable (see App. A, I.D.)
8—No co-applicant

Sex:
1—Male
2—Female
3—Information not provided by applicant in mail, Internet, or telephone application
4—Not applicable (see App. A, I.D.)
5—No co-applicant

Type of Purchaser

0—Loan was not originated or was not sold in calendar year covered by register
1—Fannie Mae
2—Ginnie Mae
3—Freddie Mac
4—Farmer Mac
5—Private securitization
6—Commercial bank, savings bank or savings association
7—Life insurance company, credit union, mortgage bank, or finance company
8—Affiliate institution
9—Other type of purchaser

Reasons for Denial (optional reporting)

1—Debt-to-income ratio
2—Employment history
3—Credit history
4—Collateral
5—Insufficient cash (downpayment, closing costs)
6—Unverifiable information
7—Credit application incomplete
8—Mortgage insurance denied
9—Other

Other Data

HOEPA Status (only for loans originated or purchased):
1—HOEPA loan
2—Not a HOEPA loan

Lien Status (only for applications and originations):
1—Secured by a first lien
2—Secured by a subordinate lien
3—Not secured by a lien
4—Not applicable (purchased loans)

LOAN/APPLICATION REGISTER Page___of___

Form FR HMDA–LAR

Name of Reporting Institution

City, State, ZIP

Reporter's Identification Number

Agency Code

All columns (except Reasons for Denial) must be completed for each entry. See the instructions for details.

Application or Loan Information								Action Taken		Property Location				Applicant Information A = Applicant CA = Co-Applicant									Other Data		
														Ethnicity		Race		Sex							
Application or Loan Number	Date Application Received (mm/dd/ccyy)	Loan Type	Property Type	Purpose	Owner Occupancy	Loan Amount in Thousands	Preapproval	Type	Date (mm/dd/ccyy)	Four-Digit Metropolitan Area Number	Two-Digit State Code	Three-Digit County Code	Six-Digit Census Tract	A	CA	A	CA	A	CA	Gross Annual Income in thousands	Type of Purchaser of Loan	Reasons for Denial (optional)	Rate Spread	HOEPA Status	Lien Status
Example of Loan Originated Following Preapproval LB-687439	01/15/2004	1	1	1	1	65	1	1	02/22/2004	8840	51	059	4219.85	2	5	35	8	1	5	24	7		NA.	2	1
Example of Preapproval Request Denied 5678904321-1234098765	06/01/2004	1	1	1	1	125	1	7	06/20/2004	NA	NA	NA	NA .	2	2	3	2	1	2	40	0	1,3	NA.	2	1
Example of Application Denied Following Preapproval 0123456789-9876543210	03/20/2004	1	1	1	1	50	1	3	04/30/2004	0450	01	015	0021.00	1	1	5	3	2	1	30	0	4,5	NA.	2	1
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A. You must ask the applicant for this information (but you cannot require the applicant to provide it) whether the application is taken in person, by mail or telephone, or on the Internet. For applications taken by telephone, the information in the collection form must be stated orally by the lender, except for that information which pertains uniquely to applications taken in writing.

* * * * *

5. In Supplement I to Part 203:
   a. Under *Section 203.2-Definitions,* a new heading *2(i) Manufactured Home* and a new paragraph 1 are added.
   b. Under *Section 203.4-Compilation of Loan Data,* under *Paragraph 4(a)(12),* paragraph 1 is revised; and a new heading *Paragraph 4(a)(14)* and a new paragraph 1 are added.

Supplement I to Part 203—Staff Commentary

* * * * *

Section 203.2—Definitions

* * * * *

2(i) Manufactured Home

1. *Definition of a manufactured home.* The definition in section 203.2(i) refers to the federal building code for factory-built housing established by the Department of Housing and Urban Development (HUD). The HUD code requires generally that housing be essentially ready for occupancy upon leaving the factory and being transported to a building site. Modular homes that meet all of the HUD code standards are included in the definition because they are ready for occupancy upon leaving the factory. Other factory-built homes, such as panelized and pre-cut homes, generally do not meet the HUD code because they require a significant amount of construction on site before they are ready for occupancy. Loans and applications relating to manufactured homes that do not meet the HUD code should not be identified as manufactured housing under HMDA.

* * * * *

Section 203.4—Compilation of Loan Data

*4(a) Data Format and Itemization * * **

Paragraph 4(a)(12) Rate spread information

1. *Treasury securities of comparable maturity.* To determine the yield on a Treasury security, lenders must use the table entitled "Treasury Securities of Comparable Maturity under Regulation C," which will be published on the FFIEC's web site (http://www.ffiec.gov/hmda) and made available in paper form upon request. This table will provide, for the 15th day of each month, Treasury security yields for every available loan maturity. The applicable Treasury yield date will depend on the date on which the financial institution set the interest rate on the loan for the final time before closing. *See* Appendix A, Paragraphs I.G.1. and 2.

Paragraph 4(a)(14) Lien status

1. *Determining lien status for applications and loans originated.*
   i. Lenders are required to report lien status for loans they originate and applications that do not result in originations. Lien status is determined by reference to the best information readily available to the lender at the time final action is taken and to the lender's own procedures. Thus, lenders may rely on the title search they routinely perform as part of their underwriting procedures–for example, for home purchase loans. Regulation C does not require lenders to perform title searches solely to comply with HMDA reporting requirements. Lenders may rely on other information that is readily available to them at the time final action is taken and that they reasonably believe is accurate, such as the applicant's statement on the application or the applicant's credit report. For example, where the applicant indicates on the application that there is a mortgage on the property or where the applicant's credit report shows that the applicant has a mortgage–and that mortgage is not going to be paid off as part of the transaction–the lender may assume that the loan it originates is secured by a subordinate lien. If the same application did not result in an origination–for example, because the application is denied or withdrawn–the lender would report the application as an application for a subordinate-lien loan.
   ii. Lenders may also consider their established procedures when determining lien status for applications that do not result in originations. For example, a consumer applies to a lender to refinance a $100,000 first mortgage; the consumer also has a home equity line of credit for $20,000. If the lender's practice in such a case is to ensure that it will have first-lien position–through a subordination agreement with the holder of the mortgage on the home equity line–then the lender should report the application as an application for a first-lien loan.

* * * * *

Joint Final Rule—Amendment to Regulatory Prohibition Against Branches Being Used as Deposit Production Offices

The Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC) (collectively, the "Agencies") are amending their uniform regulations implementing section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Interstate Act) to effectuate the amendment contained in section 106 of the Gramm-Leach-Bliley Act of 1999. Section 109 prohibits any bank from establishing or acquiring a branch or branches outside of its home State under the Interstate Act primarily for the purpose of deposit production, and provides guidelines for determining whether such bank is reasonably helping to meet the credit needs of the communities served by these branches. Section 106 of the Gramm-Leach-Bliley Act of 1999 expanded the coverage of section 109 of the Interstate Act to include any branch of a bank controlled by an out-of-State bank holding company. This final rule amends the regulatory prohibition against branches being used as deposit production offices to include any bank or branch of a bank controlled by an out-of-State bank holding company, including a bank consisting only of a main office.

The text of the other Agencies' final rules can be found in 12 C.F.R. Parts 25 and 369, and was published in the *Federal Register* on June 6, 2002 (67 *Federal Register* 38844 (2002)).

Effective October 1, 2002, 12 C.F.R.

Part 208 is amended as follows:

Part 208—Membership of State Banking Institutions in the Federal Reserve System (Regulation H)

1. The authority citation for Part 208 continues to read as follows:

Authority: 12 U.S.C. 24, 36, 92a, 93a, 248(a), 248(c), 321–338a, 371d, 461, 481–486, 601, 611, 1814, 1816, 1818, 1820(d)(9), 1823(j), 1828(o), 1831, 1831o, 1831p-1, 1831r-1, 1831w, 1835a, 1882, 2901-2907, 3105, 3310, 3331-3351, and 3906-3909; 15 U.S.C. 78b, 781(b), 781(g), 781(i), 78o-4(c)(5), 78q, 78q-1, and 78w; 31 U.S.C. 5318, 42 U.S.C. 4012a, 4104a, 4104b, 4106 and 4128.

2. In section 208.7, redesignate existing paragraphs (b)(6) and (b)(7) as (b)(7) and (b)(8), respectively, revise paragraphs (b)(2), (b)(3), (b)(4) and (c)(1), and add new paragraph (b)(6) to read as follows:

Section 208.7—Prohibition against use of interstate branches primarily for deposit production.

* * * * *

(b) * * *

(2) *Covered interstate branch* means:

(i) Any branch of a State member bank, and any uninsured branch of a foreign bank licensed by a State, that:

(A) Is established or acquired outside the bank's home State pursuant to the interstate branching authority granted by the Interstate Act or by any amendment made by the Interstate Act to any other provision of law; or

(B) Could not have been established or acquired outside of the bank's home State but for the establishment or acquisition of a branch described in paragraph (b)(2)(i) of this section; and

(ii) Any bank or branch of a bank controlled by an out-of-State bank holding company.

(3) *Home State* means:

(i) With respect to a State bank, the State that chartered the bank;

(ii) With respect to a national bank, the State in which the main office of the bank is located;

(iii) With respect to a bank holding company, the State in which the total deposits of all banking subsidiaries of such company are the largest on the later of:

(A) July 1, 1966; or

(B) The date on which the company becomes a bank holding company under the Bank Holding Company Act.

(iv) With respect to a foreign bank:

(A) For purposes of determining whether a U.S. branch of a foreign bank is a covered interstate branch, the home State of the foreign bank as determined in accordance with 12 U.S.C. 3103(c) and 12 C.F.R. 211.22; and

(B) For purposes of determining whether a branch of a U.S. bank controlled by a foreign bank is a covered interstate branch, the State in which the total deposits of all banking subsidiaries of such foreign bank are the largest on the later of:

(*1*) July 1, 1966; or

(*2*) The date on which the foreign bank becomes a bank holding company under the Bank Holding Company Act.

(4) *Host State* means a State in which a covered interstate branch is established or acquired.

* * * * *

(6) *Out-of-State bank holding company* means, with respect to any State, a bank holding company whose home State is another State.

* * * * *

(c) (1) *Application of screen.* Beginning no earlier than one year after a covered interstate branch is acquired or established, the Board will consider whether the bank's statewide loan-to-deposit ratio is less than 50 percent of the relevant host State loan-to-deposit ratio.

Final Rule—Amendment to Rules Regarding Access to Personal Information Under the Privacy Act

The Board of Governors is amending its Rules Regarding Access to Personal Information under the Privacy Act (Privacy Act Rules) to reflect the implementation of a new system of records. Notice of this new system of records, entitled Visitor Log (BGFRS-32) was published in the *Federal Register* (67 *Federal Register* 44605 (2002)).

Effective August 12, 2002, 12 C.F.R. Part 261a is amended as follows:

Part 261a—Rules Regarding Access to Personal Information Under the Privacy Act of 1974

1. The authority citation for Part 261a continues to read as follows:

Authority: 5 U.S.C. 552a.

2. In section 261a.13, add a new paragraph (b)(10) to read as follows:

Section 261a.13—Exemptions.

* * * * *

(b) * * *

(10) BGFRS - 32 Visitor Log.

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ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 4 of the Bank Holding Company Act

Royal Bank of Canada
Montreal, Canada

RBC Centura Banks, Inc.
Rocky Mount, North Carolina

RBC Centura Bank
Rocky Mount, North Carolina

Order Approving the Acquisition of a Savings Association, Merger of Depository Institutions, and Establishment of Branches

Royal Bank of Canada ("Royal Bank"), a foreign banking organization subject to the provisions of the Bank Holding Company Act ("BHC Act"), and its wholly owned subsidiary, RBC Centura Banks, Inc. ("RBC") (collectively, "Notificants"), have 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 1843(j)) and sections 225.14 and 225.24 of the Board's Regulation Y (12 C.F.R. 225.14 and 225.24) to acquire Eagle Bancshares, Inc. ("Eagle") and its wholly owned subsidiary, Tucker Federal Bank ("Tucker"), both in Tucker, Georgia, and thereby engage in operating a savings association and conducting certain nonbanking activities as a result of the acquisition.[1] RBC Centura Bank ("Bank"), Rocky Mount, North Carolina, RBC's wholly owned subsidiary, has requested the Board's approval under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act") to acquire the assets of, and to subsequently merge with, Tucker.[2] Bank also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) ("FRA") to retain and operate branches at the main and branch offices of Tucker.[3]

Notice of the proposal, affording interested persons an opportunity to comment, has been published in the *Federal Register* (67 *Federal Register* 21,243; 67 *Federal Register* 30,928–929 (2002)) and locally 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 application and notices and all comments received in light of the factors set forth in section 4 of the BHC Act, the Bank Merger Act, and the FRA.

Royal Bank, with total assets of $226.1 billion, is the largest banking organization in Canada.[4] RBC operates depository institutions in Georgia, Florida, North Carolina, South Carolina, and Virginia. RBC's subsidiary, Bank, controls deposits of $204.2 million in Georgia, representing less than 1 percent of total deposits of insured depository institutions in the state ("state deposits").[5]

Eagle's subsidiary, Tucker, controls deposits of $829.6 million in Georgia, representing less than 1 percent of state deposits. On consummation of the proposal, Bank would become the tenth largest depository institution in Georgia, controlling deposits of approximately $1 billion, representing less than 1 percent of state deposits.

1. RBC would engage in lending and lending-related activities through its acquisition of Eagle subsidiaries, Eagle Bancshares Capital Group, Inc.; Prime Eagle Mortgage Corporation; and Eagle Service Corporation, all in Tucker, Georgia, and TFB Management Inc., TFB Management (NC) Inc., and TFB Management (RE) Inc., all in Wilmington, Delaware. RBC also would engage in discount brokerage activities through its acquisition of Eagle Service Corporation, and in community development activities through its acquisition of Eagle's subsidiary, Hampton Oaks, LLP, also in Tucker.

2. The transaction would be effected through a series of steps. Eagle would merge with and into a wholly owned subsidiary of Royal Bank, with Eagle surviving. Eagle then would merge with and into Bank, and Bank would be the surviving entity. Immediately thereafter, Tucker would merge with and into Bank, and Bank would be the survivor.

3. The Tucker branches to be acquired by Bank are listed in the Appendix.

4. Royal Bank is treated as a financial holding company ("FHC") in accordance with sections 225.90 and 225.91 of Regulation Y (12 C.F.R. 225.90 and 225.91). Through its subsidiaries and affiliates, Royal Bank engages in a variety of nonbanking activities, including investment banking, asset management, and mortgage lending.

5. Deposit data are as of June 30, 2001. Asset data are as of March 31, 2002. In this context, depository institutions include commercial banks, savings banks, and savings associations.

The Board previously has determined by regulation that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[6] The Board requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act. RBC has committed to conform all the activities of Tucker to those permissible under section 4(c)(8) of the BHC Act and Regulation Y. Eagle engages in mortgage lending and related activities, discount brokerage, and community development activities that the Board also has determined to be closely related to banking.[7]

In reviewing the proposal, the Board is required by section 4(j)(2)(A) of the BHC Act to determine that the acquisition of Eagle and Tucker by Notificants "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[8] As part of its evaluation of a proposal under these public interest factors, the Board reviews the financial and managerial resources of the companies involved, as well as the effect of the proposal on competition in the relevant markets.

Financial, Managerial, and Future Prospects

In reviewing the proposal under section 4 of the BHC Act and the Bank Merger Act, the Board also has carefully reviewed the financial and managerial resources and the future prospects of the institutions involved.[9] The Board has reviewed, among other things, confidential reports of examination and confidential supervisory information assessing the financial and managerial resources of the organizations received from their primary federal supervisors, and information provided by RBC and Bank.[10] The Board notes that Bank is and will remain well capitalized on consummation of the proposal. Based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of the institutions involved and other supervisory factors are consistent with approval of the proposal.[11]

Competitive Considerations

As part of the Board's review under the Bank Merger Act and its consideration of the public interest factors under section 4 of the BHC Act, the Board has considered carefully the competitive effects of the proposal in light of all the facts of record. Bank and Tucker compete directly in the Atlanta, Georgia, banking market ("Atlanta banking market").[12] Bank is the 27th largest depository institution in the market, controlling $204.2 million in deposits, representing less than 1 percent of total deposits in depository institutions in the market ("market deposits"). Tucker is the 13th largest depository institution in the market, controlling $414.8 million in deposits, representing less than 1 percent of market deposits. On consummation of the proposal, Bank would become the eighth largest depository institution in the Atlanta banking market, controlling $1 billion in deposits, representing 1.8 percent of market deposits.[13]

The Herfindahl–Hirschman Index ("HHI") for the Atlanta banking market would not increase, the market would remain moderately concentrated, and numerous competitors would remain in the market.[14] The Department of Justice has reviewed the proposal and advised the Board

6. 12 C.F.R. 225.28(b)(4)(ii).

7. 12 C.F.R. 225.28(b)(1); 12 C.F.R. 225.28(b)(2)(ii); 12 C.F.R. 225.28(b)(2)(iv); 12 C.F.R. 225.28(b)(12)(i).

8. 12 U.S.C. § 1843(j)(2)(A).

9. One commenter criticized Royal Bank for its oversight of its U.S. subsidiaries, particularly RBC Mortgage Company ("RBC Mortgage") and RBC's subprime lenders, First Greensboro Home Equity, Inc. ("First Greensboro") and NCS Mortgage Lending Co. ("NCS"). RBC stated that its ownership interest in First Greensboro was divested fully by the end of September 2001, and that RBC has sold substantially all the assets of NCS and is not originating any new loans through that subsidiary.

10. One commenter noted a news article that stated that Royal Bank refunded $17 million to some of its Visa cardholders due to confusion by the company on how to treat the calculation of interest charges accruing to new purchases when an account is paid in full by the cardholder. RBC stated that it voluntarily refunded the money after the matter came to its attention and confirmed that the company amended the cardholder agreement to eliminate any confusion.

The commenter also referred to a general news article on taxpayers' evasion of U.S. taxes through the misuse of offshore credit cards. The commenter stated that Royal Bank issues credit cards from some jurisdictions discussed in the news article, but provided no evidence of improper or illegal behavior by Royal Bank. Royal Bank has indicated that it maintains strict "source of funds" guidelines and "know your client" rules and makes clear to any potential client participating in Royal Bank's international private banking operations that clients are obligated to declare income in their home countries and may be liable for tax. Royal Bank also has cooperated with the Internal Revenue Service in its investigation of these practices.

11. One commenter alleged that an insurance company subsidiary of RBC, Liberty Life Insurance Co. of Greenville, South Carolina ("Liberty Life"), discriminated against African American clients by charging them higher premiums than white clients. This matter is currently under review before the Administrative Law Judge Division of the South Carolina Department of Insurance. The Board will monitor the proceeding and take whatever action might be appropriate based on the determinations of Liberty Life's primary regulator in any final adjudication.

12. The Atlanta banking market is defined as the counties of Bartow, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Hall (excluding the town of Clermont), Henry, Newton, Paulding, Rockdale and Walton; and the towns of Auburn and Winder in Barrow County.

13. Tucker's deposits are weighted at 50 percent before and 100 percent after the merger.

14. Under the Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is between 1000 and 1800 is considered to be moderately concentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal thresholds for an increase in the HHI when screening bank mergers and acquisitions for anticompetitive effects implicitly recog-

that consummation would not likely have a significantly adverse effect on competition in any relevant market. No other agency has indicated that competitive issues are raised by this proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or on the concentration of banking resources in the Atlanta banking market or in any other relevant banking market.

Convenience and Needs Considerations

In acting on this proposal, the Board also must consider the convenience and needs of the communities to be served and take into account the records of performance of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal supervisory agencies to encourage financial institutions to help meet the credit needs of local communities in which they operate, consistent with safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account an institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals. The Board has considered carefully the convenience and needs factor and the CRA performance records of Bank and Tucker in light of all the facts of record, including public comments received on the effect of the proposal on the communities to be served by the combined organization.

Two community groups submitted comments on the proposal. One commenter commended Bank on its improvement in meeting the credit needs of African Americans throughout Bank's North Carolina assessment areas. The commenter noted in particular Bank's increase in its percentage of African-American applicants in North Carolina from 1999 to 2000 and Bank's general decrease in denial disparity ratios for African Americans in North Carolina from 1999 to 2000. The commenter also noted that in almost all North Carolina Metropolitan Statistical Areas ("MSAs") in which Bank operates, the percentage of African-American borrowers in Bank's loan portfolio increased from 1999 to 2000. Finally, the commenter noted that Bank's percentage of LMI applicants in North Carolina increased from 1999 to 2000.

This commenter, however, also expressed concern about Bank's lending in certain areas, noting some MSAs in North Carolina where Bank had fewer home mortgage applications from African Americans than lenders in those MSAs in the aggregate, and MSAs where Bank's denial disparity ratios for African Americans had increased. The commenter also contended that Bank has been inconsistent in improving its services to LMI home mortgage borrowers in North Carolina, lending less of its portfolio to LMI borrowers than lenders in those MSAs in the aggregate. The commenter also expressed concern about Bank's level of community development loans from 1999 to 2000, and its possible involvement with payday lenders.[15]

Another commenter criticized, among other things, the subprime lending activities of the parent holding companies' mortgage lending subsidiaries. This commenter also advocated denial of the proposal based on Tucker's CRA rating and expressed concerns about Bank's plans to improve Tucker's CRA performance in the assessment areas served by Tucker.[16]

A. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations by the appropriate federal supervisors of the CRA performance records of Bank and Tucker. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[17]

Bank received a "satisfactory" CRA rating at its most recent CRA performance examination, as of February 28, 2000, by the Federal Reserve Bank of Richmond. Tucker received a "needs to improve" CRA rating at its most recent CRA performance examination, as of February 22, 2001, by the OTS. Examiners found no evidence of prohibited discrimination or other illegal credit practices at either institution and found no violations of the substantive provisions of fair lending and consumer protection laws.

B. Bank's CRA Performance Record

Examiners reported that Bank primarily served its assessment areas through direct lending and offered a variety of credit products, including residential mortgage, residential construction, home improvement, small business, commercial, consumer, agricultural, and community development

nize the competitive effects of limited-purpose and other nondepository financial entities.

15. In response, Bank noted that banks and other companies that provide payday lending services maintain ordinary deposit accounts with Bank. However, Bank stated that it does not engage in payday lending activities directly, does not offer or have agency arrangements with any third-party payday lenders, and has not made loans to payday lenders.

16. One commenter criticized another RBC subsidiary, Security First Network Bank ("SFNB"), with respect to its level of lending to low-income borrowers in the Atlanta, Georgia, MSA. The commenter also alleged that SFNB improperly sought to limit its CRA-related activities in the Atlanta, Georgia, and Tampa, Florida, MSAs because it conducted business nationwide through its Internet focus. The Board notes that SFNB was rated "outstanding" at its most recent evaluation by the Office of Thrift Supervision ("OTS"), as of September 20, 1999. In addition, the Board notes that the OTS reviewed SFNB's assessment areas as part of the institution's most recent CRA examination and determined that the delineated areas complied with CRA regulatory requirements. SFNB was merged with and into Bank on May 31, 2002.

17. *See Interagency Questions and Answers Regarding Community Reinvestment*, 66 *Federal Register* 36,620 and 36,639 (2001).

loans.[18] Examiners noted that 96 percent of the bank's loans are provided to businesses and consumers in its assessment areas. Examiners found that overall, Bank's dispersion of small business and small farm loans, loans subject to the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.* ("HMDA"), and consumer loans in LMI areas was reasonable.[19] In addition, examiners found that Bank's distribution of loans to businesses and farms with revenues of $1 million or less was generally reasonable. Although Bank received an examination rating of "low satisfactory" under the lending test for the review period in its most recent CRA performance evaluation, examiners found that the volume of HMDA-reportable and consumer loans to be adequate. Examiners also noted that Bank's use of specialized lending programs and its participation in government subsidized loans showed that the bank was making efforts to help meet the credit needs of its assessment areas.[20]

As noted by examiners, during the review period Bank extended $1.8 billion in HMDA-reportable loans, which included Federal Housing Administration, Veterans Administration, Farm Service Housing and/or Rural Housing Service, and Wilmington Home Ownership Pool ("WP") loans.[21] Examiners also noted that Bank offered "Affordable Housing Program" ("AHP") loans to borrowers who did not meet the underwriting criteria necessary for the secondary market.[22] From February 1, 1998, to March 8, 2000, Bank provided $44 million in AHP loans. Examiners noted that overall, Bank's lending penetration in LMI areas in North Carolina was reasonable when using aggregate lending and demographic statistics as proxies for demand.[23]

Examiners concluded that Bank extended an adequate level of community development loans during the review period, with approximately $54 million in community development loans in its assessment areas, which primarily supported the creation of affordable housing for LMI individuals and extended over a broad geographic region. Examiners noted that in North Carolina, Bank made 33 community development loans totaling $47.6 million during the review period.

After the examination, Bank reported that it made $26.4 million in community development loans to finance 961 affordable housing units for the benefit of low- to moderate-income families throughout its assessment areas in 2000 and 2001. In addition, Bank has used its Affordable Mortgage Manager employee to visit the market and establish an outreach plan and strategy to meet CRA-related mortgage goals for that market. Bank stated that it also has held four conferences or seminars in the Wilmington, North Carolina, MSA in the first quarter of 2002 to inform first-time homebuyers, other interested persons, and Wilmington Housing Authority employees about affordable housing. Bank also stated that it is recruiting an Affordable Mortgage Specialist for the Greensboro market and has expanded its Community Centered Bank program, a mortgage banking initiative involving community church leaders, in the Fayetteville market.

Similarly, Bank stated that it has committed new resources in the organization to address the CRA-related needs of LMI and minority populations in its assessment areas. Specifically, Bank represented that it hired a new Customer Segment and Product Manager to assess methods of delivering products and services aimed at LMI and predominantly minority segments of the market. Bank also stated that it intends to offer home ownership workshops in the markets noted by one commenter and to work with community groups to supplement its efforts to meet the credit needs of all the communities served by Bank.

The Board notes that examiners have recently reviewed the CRA performance of Bank. Although the examination report is not yet complete, the Board has consulted with examiners on their preliminary findings and has considered those findings in reviewing the overall performance of Bank.

18. One commenter expressed concern that mortgage lending subsidiaries of Royal Bank and RBC engage in subprime lending. RBC stated that RBC Mortgage offers subprime loan products, but that three of its four loan products were discontinued, as of May 17, 2001. The remaining loan product, the "Rewards Loan" program, reflects the product and underwriting guidelines of Residential Funding Corporation ("RFC"), the investor to whom the loan is sold shortly after closing. The program offers a 30-year, fixed-term-rate loan, and its pricing is based on the interest rate set by RFC. The Board notes that subprime lending is a permissible activity that provides needed credit to consumers who have difficulty meeting conventional underwriting standards. The Board, however, expects bank holding companies and their affiliates to conduct their subprime lending activities without any abusive lending practices. RBC has provided information about the policies and procedures of RBC Mortgage to help ensure compliance with fair lending and other consumer protection laws and regulations. In addition, RBC has provided information about the steps that Bank and RBC Mortgage take to ensure that applicants who qualify for conventional loans are given the opportunity to apply for prime credit products. The Board notes that the commenter provided no evidence of abusive lending practices by RBC Mortgage, Bank, or any RBC subsidiary.

19. The review period for Bank's CRA evaluation was February 1, 1998, through September 30, 1999. During the review period, Bank's assessment areas included 15 MSAs and 13 non-MSAs. Full scope reviews were conducted in eight of the bank's assessment areas that together accounted for 56 percent of the bank's lending volume.

20. Examiners noted that Bank continues to participate in the Community Investment Corporation of North Carolina ("CICNC"), which is a statewide affordable housing loan consortium that provides long-term permanent financing for LMI multifamily housing developments. During the review period, Bank extended 12 loans totaling approximately $667,000 in combination with CICNC.

21. Bank, along with 10 other lenders, participates in WP, which was established to facilitate and increase home ownership among Wilmington's LMI residents. During the review period, Bank extended one WP loan of $58,450.

22. The AHP offers home purchase loans to families whose incomes do not exceed 80 percent to 100 percent of the HUD median family income for the county of residence.

23. Examiners noted that in Bank's North Carolina assessment areas, 3 percent of residents reside in low-income areas and 17 percent reside in moderate-income areas. Examiners found that Bank's level of lending in LMI areas is adequate considering the population percentages in combination with the poverty rates for such areas.

Investments. Examiners rated Bank "high satisfactory" on its record of investment in light of its level of response to community development needs. During the review period, Bank maintained a securities portfolio of $11.5 million in qualified investments. Examiners noted that Bank also continued to maintain investments in various partnerships that funded affordable housing throughout North Carolina.[24] In addition, Bank made two investments totaling approximately $2.8 million in Federal Home Loan Mortgage Corporation mortgage-backed securities benefiting Virginia and South Carolina. Examiners noted that Bank also was awarded the Bank Enterprise Act award in recognition of its lending and services in economically distressed areas of North Carolina. Bank donated the award to a nonprofit organization with subsidiaries that operate as community development lenders serving LMI individuals, small businesses, and other nonprofit organizations throughout North Carolina.

Services. Bank was rated "high satisfactory" on its provision of retail banking and community development services at its last examination. Examiners found that Bank's delivery systems, which included automated teller machines, personal computer home-based banking, and branch locations and their hours of operations, were readily accessible. Examiners noted that 19 of the bank's branches were in LMI geographies. In addition, examiners found that bank personnel provided technical assistance to several community development organizations, including Bank's Community Centered Banking program ("CCB"), which serve LMI residents and residents in predominantly minority areas. Through its CCB program, the bank partners with local churches to provide underserved markets with financial education programs and financial products and services. The program's financial products include checking and savings accounts, personal loans and credit cards, check cashing identification cards, and a mortgage loan with flexible underwriting criteria and market-based interest rates that permits pre-approval on completion of an extensive homebuyers counseling program. Bank also stated that it participates with several nonprofit agencies to offer Individual Development Accounts ("IDA") to families saving for education or home ownership, or to individuals starting a business. Through IDA, Bank provides special accounts that require no minimum balance and charge no fees, in addition to providing special services. Bank stated that it also provides financial literacy and training seminars on a variety of topics in the markets it serves.[25]

24. During the review period, Bank invested in five partnerships that funded approximately $8.6 million in affordable housing projects in eastern and central North Carolina and the Charlotte-Gastonia-Rock Hill, Raleigh-Durham-Chapel Hill, and Rocky Mount MSAs, all in North Carolina.

25. One financial literacy training program is available to high school students. Another program is available to low-income participants through its partnership with the Newport News Redevelopment and Housing Authority Self-Sufficiency Program.

C. Tucker's CRA Performance Record

As noted above, Tucker, which would be acquired by Bank, received an unsatisfactory CRA rating at its most recent examination. Examiners found that Tucker's level of lending was low compared to the percentage of deposits derived from its assessment areas. Examiners noted that Tucker's penetration of LMI geographies in its assessment areas was poor compared to the distribution of owner-occupied housing in those areas. In addition, examiners found that Tucker made no community development loans during the review period, and characterized Tucker's level of qualified investments as too low. Examiners also considered its community development services inadequate in light of Tucker's resources and the needs in its assessment areas.

Since the examination, Tucker has established a CRA committee with the mandate to help improve its rating. The committee meets regularly with Tucker's board of directors to report on efforts to enhance lending, investment, and service activities in its communities. Tucker increased lending in its assessment areas from 7 percent to 55 percent in 2001, and has purchased a total of $8.7 million of CRA-related first mortgage loans in its assessment areas. Tucker also has enhanced its small business lending, concentrating on small businesses with revenues of $1 million or less. Of approximately $70 million in small business loans originated by Tucker during 2001, almost 82 percent were made to businesses in its assessment areas.

Tucker also has improved its community development lending since the most recent examination. Loans qualifying as community development loans are specifically discussed at the thrift's weekly lending meetings. Tucker has developed an expertise in financing apartment units in LMI areas. During 2001, Tucker extended two loans totaling $1.3 million for apartment complexes in LMI areas of Atlanta and, overall, Tucker extended ten community development loans totaling $5.1 million. Tucker also purchased seven certificates of deposit in institutions serving predominantly minority customers in its assessment areas and has committed conditionally to invest $1 million in an Atlanta small business enterprise in organization that is managed by minorities.

RBC stated that it intends to supplement Tucker's recent efforts with its own corporate CRA program after the merger. RBC stated that it would meet with local community groups in communities currently served by Tucker to understand better the needs of those communities and would establish and monitor goals developed for those communities. In addition, RBC stated that it would provide new products or services as appropriate to meet the communities' credit and banking needs, including mortgage products designed to benefit LMI communities, low-cost deposit products for LMI individuals, and small business loan products for small businesses, and that it would make additional investments in community development lending for affordable housing. The Board notes that Tucker will be immediately merged into Bank, which is twice its size and has a satisfactory CRA rating.

D. HMDA

The Board also has carefully considered the lending record of Bank in light of comments on its 1999 and 2000 HMDA data. These data reflect improvements in Bank's lending to African-American borrowers statewide. Moreover, from 1999 to 2000, Bank's percentage of African-American applicants increased, and the denial disparity ratios decreased statewide, particularly in certain North Carolina MSAs.[26] One commenter expressed concern, however, about the low percentage of African-American mortgage applicants and the high denial disparity ratios for African-American applicants in certain MSAs in North Carolina. The HMDA data also reflect disparities in certain MSAs with respect to loan originations and applications in LMI areas and to LMI borrowers.[27]

The Board is concerned when the record of an institution indicates disparities in lending and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of their race or income level. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.[28] HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has not assisted adequately in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including examination reports that provide on-site evaluation of Bank's compliance with fair lending laws, and the overall lending and community development activities of Bank.[29] In particular, the Board notes that at Bank's most recent examination, examiners found no evidence of prohibited discriminatory practices or of substantive violations of fair lending laws. The Board notes that although the number of mortgage loan applications received by Bank from African-American applicants and applicants in predominantly minority census tracts were fewer than the number of applications received by the lenders in the aggregate, Bank's volume of HMDA-reportable loan originations to African-American applicants remained constant or increased in eight of eleven markets in North Carolina compared with increases in five markets for lenders in the aggregate. In addition, from 2000 to 2001, Bank's volume of HMDA-reportable loan originations increased in predominantly minority census tracts in six of nine MSAs in North Carolina with predominantly minority tracts, while originations for lenders in the aggregate increased or remained unchanged in three of the nine MSAs. With respect to loans to LMI individuals and in LMI census tracts, the Board notes that although Bank's percentages of loans to LMI individuals and in LMI census tracts as compared to their loans to all persons and in all areas is lower than the percentage for lenders in the aggregate in several markets, the Bank's origination rates for such loans approximated or exceeded the origination rates for lenders in the aggregate in the same markets.

As the Board previously noted, Bank has implemented a number of programs and made efforts to improve its performance in certain markets since its February 2000 examination. Bank also stated that it increased its HMDA-reportable lending after its most recent examination. Bank reported that in 2000, it originated 1,921 mortgage loans to LMI applicants, representing 27.8 percent of its total mortgage loan originations. In North Carolina, Bank originated 1,619 loans to LMI applicants, representing 28.5 percent of its total mortgage lending in North Carolina. Similarly, Bank stated that in 2001, it originated 2,689 mortgage loans to LMI applicants, representing 22.8 percent of its total mortgage loan originations. In North Carolina, Bank originated 2,254 loans to LMI applicants, representing 22.9 percent of its total mortgage lending in that state. The record described above also shows that Bank helps to meet the credit needs of the communities it serves, including LMI areas.

26. Statewide, the percentage of African-American applicants increased from 11.2 percent in 1999 to 13.3 percent in 2000.

27. The commenter noted that the percentage of applications from LMI households increased statewide from 27.2 percent in 1999 to 29.4 percent in 2000. The commenter also reported, however, that in five of twelve MSAs, the percentage of low-income applicants decreased and in six of twelve MSAs, the percentage of LMI borrowers decreased. In addition, the commenter stated that in nine of twelve MSAs, Bank had a lower percentage of loans in its loan portfolio to LMI borrowers than the lenders in those MSAs in the aggregate.

28. The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. Credit history problems and excessive debt levels relative to income (reasons most frequently cited for a credit denial) are not available from HMDA data.

29. One commenter criticized the denial disparity ratios of RBC Mortgage for Latino and African-American applicants in certain MSAs served by RBC Mortgage, and alleged that RBC Mortgage is focusing on Latinos and African Americans for high-cost loans and failing to offer prime credit products to qualifying applicants. This commenter also questioned whether RBC Mortgage is complying with the requirements of HMDA. Royal Bank has provided information about the policies and procedures it has implemented to comply with fair lending laws and HMDA and to ensure accurate HMDA reporting. The Board has forwarded the commenter's letter to HUD and the Federal Trade Commission, the agencies responsible for enforcing compliance with fair lending laws of nondepository institutions.

The commenter also criticized the fair lending records of First Greensboro and NCS, which, as noted above, have either been divested by Royal Bank or ceased making loans as of July 2001. The Board previously reviewed the fair lending policies and procedures of these entities. *See Royal Bank of Canada,* 87 *Federal Reserve Bulletin* 467, 469 n.11 (2001).

E. Conclusion on Convenience and Needs Considerations

In reviewing the effect of the proposal on the convenience and needs of the communities to be served, the Board has considered carefully all the facts of record, including the comments received and the responses to the comments, evaluations of the performance of Bank and Tucker under the CRA, other information provided by Bank, and confidential supervisory information.[30] The Board also has reviewed information submitted by Bank concerning its CRA performance and activities to help ensure compliance with fair lending laws since its last performance evaluation. In addition, the Board has considered Bank's plans to improve Tucker's CRA performance after the transaction.

The record indicates that Bank has sound performance in a number of areas under the CRA. The record also indicates that there are opportunities for improvement in Bank's overall satisfactory CRA record, and the Board expects Bank to pursue those opportunities and to take the steps it has proposed to improve Tucker's CRA performance. Based on all the facts of record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs of the communities to be served, including the CRA performance records of the institutions involved, are consistent with approval of the proposal.[31]

30. One commenter requested that Bank enter into certain commitments and provide specific plans and goals on various issues. The Board notes that the CRA requires that, in considering an acquisition proposal, the Board carefully review the actual performance records of the relevant depository institutions in helping to meet the credit needs of their communities. Neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to provide commitments regarding future performance under the CRA. Bank's proposed activities will be reviewed by the Federal Reserve Bank of Richmond in future performance evaluations, and its CRA performance record will be considered by the Board in any subsequent applications by Bank to acquire a depository institution.

31. One commenter requested that the Board hold a public hearing or meeting in this case. Neither the Bank Merger Act nor the BHC Act requires the Board to hold a public hearing or meeting on an application. Under its rules, the Board may, in its discretion, hold a public meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if necessary. *See* 12 C.F.R. 262.25(e). Similarly, the Board's rules allow for a hearing on a notice to acquire nonbanking companies if there are disputed issues of material fact that cannot be resolved in some other manner. 12 C.F.R. 225.25(a)(2). The Board has carefully considered the commenter's request in light of all the facts of record. The Board has accumulated a substantial record in this case that includes examination information, supervisory information, public records, and information submitted by Bank. The public has had ample opportunity to submit comments on the proposal and, in fact, the commenters have submitted written comments that the Board has considered carefully in acting on the proposal. The commenter's request fails to demonstrate why its written comments do not present its views adequately. The commenter's request also fails to identify disputed issues of fact that are material to the Board's decision and that would be clarified by a public meeting or hearing. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the request for a public meeting or hearing on the proposal is denied.

Public Benefits

As part of its evaluation of the public interest factors, the Board also has reviewed carefully the other public benefits and possible adverse effects of the proposal.[32] The record indicates that consummation of the proposal would result in benefits to consumers and businesses currently served by Tucker. The Board notes that the merger would improve Tucker's financial position and future business prospects and enhance its ability to serve the needs of the public. Tucker's individual and business customers would have access to Bank's greater capital resources and expanded lines of products and services. The Board notes that there are also public benefits to be derived from allowing capital markets to operate so that bank holding companies can make potentially profitable investments in nonbanking companies and from permitting banking organizations to allocate their resources in the manner they consider to be most efficient when such investments and actions are consistent, as in this case, with the relevant considerations under the BHC Act.[33]

Based on the foregoing and all the facts of record, the Board has determined that consummation of the proposal can reasonably be expected to produce public benefits that would outweigh any likely adverse effects under the standard of review set forth in section 4(j)(2) of the BHC Act. In addition, as noted above, Bank also has applied under section 9 of the FRA to establish branches at the former sites of Tucker's branches in Georgia. The Board has considered the factors it is required to consider when reviewing an application under section 9 of the FRA and, for the reasons discussed in this order, finds those factors to be consistent with approval.[34]

Conclusion

Based on the foregoing, the Board has determined that the proposal should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance by RBC and Bank with all the commitments made in connection with the applications. The Board's determination also is subject to all the conditions in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such

32. A commenter noted that SFNB recently laid off 100 employees. The effect of a proposed transaction on employment in a community is not among the factors the Board may consider under the BHC Act or the Bank Merger Act, and the convenience and needs factor has been consistently interpreted by the federal banking agencies, the courts, and the Congress to relate to the effect of a proposal on the availability and quality of banking services in the community. *See Wells Fargo & Company,* 82 *Federal Reserve Bulletin* 445, 457 (1996).

33. *See BB&T Corporation,* 87 *Federal Reserve Bulletin* 545 (2001).

34. 12 U.S.C. § 322.

modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The commitments and conditions relied on by the Board in reaching this decision 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 merger may not be consummated before the fifteenth calendar day after the effective date of this order, and not 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 Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 24, 2002.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, and Olson.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

Appendix

Addresses of Branches to be acquired by Bank

1. 1052 Peachtree Industrial Blvd.
Suwanee, GA 30024
2. 4855 Briarcliff Rd.
Atlanta, GA 30345
3. 1300 Dunwoody Village Pkwy.
Dunwoody, GA 30338
4. 2710 Wesley Chapel Rd.
Decatur, GA 30034
5. 1500 Mansell Rd.
Alpharetta, GA 30201
6. 4650 Jonesboro Rd.
Union City, GA 30291
7. 9115 Roosevelt Hwy.
Palmetto, GA 30268
8. 1585 Southlake Pkwy.
Morrow, GA 30260
9. 7906 Tara Blvd.
Jonesboro, GA 30236
10. 2550 Odum St.
Snellville, GA 30045
11. 395 Grayson Hwy.
Lawrenceville, GA 30045
12. 494 Indian Trail Rd.
Lilburn, GA 30247
13. 5424 Buford Hwy.
Doraville, GA 30340
14. 4419 Cowan Road
Tucker, GA 30084

Orders Issued Under Bank Merger Act

Westamerica Bank
San Rafael, California

Order Approving the Merger of Commercial Banks

Westamerica Bank, San Rafael ("Westamerica"), a state member bank and a wholly owned subsidiary of Westamerica Bancorporation, Fairfield, has requested the Board's approval under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act"), to merge with Kerman State Bank, Kerman ("Kerman"), all in California.[1] Westamerica also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) ("FRA") to retain and operate branches at the locations of the main office and branch offices of Kerman.[2]

Notice of the proposal, affording interested persons an opportunity to comment, has been published locally 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 effect 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 comments received in light of the factors set forth in the Bank Merger Act and the FRA.

Westamerica is the 19th largest depository institution in California, controlling deposits of $3.2 billion, representing less than 1 percent of total deposits of insured depository institutions in the state ("state deposits").[3] Kerman is the 215th largest depository institution in California, controlling total deposits of $90.4 million, representing less than 1 percent of state deposits. On consummation of the proposal, Westamerica would remain the 19th largest depository institution, controlling deposits of approximately $3.3 billion, representing less than 1 percent of state deposits.

Competitive Considerations

The Bank Merger Act prohibits the Board from approving a proposal that would result in a monopoly or be in furtherance of any attempt to monopolize the business of banking. 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 proposal are clearly outweighed in the public interest by the probable effects of the transaction in meet-

1. Kerman would merge with and into Westamerica, and Westamerica would be the surviving bank.

2. The Kerman branches to be acquired by Westamerica, all in California, are at 5751 South Elm Street, Easton; 1312 P Street, Firebaugh; and 306 S. Madera Avenue, Kerman.

3. Deposit and ranking data are as of June 30, 2001. In this context, depository institutions include commercial banks, savings banks, and savings associations.

ing the convenience and needs of the community to be served.[4]

The Board has considered carefully the competitive effects of the proposal in light of all the facts of record. Westamerica competes directly with Kerman in the Fresno, California, banking market ("Fresno banking market").[5] Westamerica is the sixth largest depository institution in the market, controlling $270 million in deposits, representing approximately 5 percent of total deposits in depository institutions in the market ("market deposits"). Kerman is the 13th largest depository institution in the market, controlling $77 million in deposits, representing 1.5 percent of market deposits. On consummation of the proposal, Westamerica would become the fourth largest depository institution in the Fresno banking market, controlling $347 million in deposits, representing approximately 6.6 percent of market deposits.

The change in market concentration in the Fresno banking market, as measured by the Herfindahl–Hirschman Index ("HHI"), is consistent with Board precedent and the Department of Justice Merger Guidelines ("DOJ Guidelines").[6] The Department of Justice has reviewed the proposal and 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 competitive issues are raised by this proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or on the concentration of banking resources in the Fresno banking market or in any other relevant banking market.

Convenience and Needs Considerations

In acting on this proposal, the Board also must consider the convenience and needs of the communities to be served and take into account the records of performance of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the federal supervisory agencies to encourage financial institutions to help meet the credit needs of local communities in which they operate, consistent with safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account an institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals. The Board has considered carefully the convenience and needs factor and the CRA performance records of Westamerica and Kerman in light of all the facts of record, including public comments received on the effect of the proposal on the communities to be served by the combined organization.

Two community groups submitted comments expressing concerns about the record of Westamerica in meeting the convenience and needs of the communities it serves.[7] One commenter criticized Westamerica's level of home mortgage lending to low-income and minority borrowers in the bank's Marin and Fresno Counties assessment areas and its level of community development investments and grants as being too low. Another commenter expressed concern about the loss of Kerman's local community banking practices, products, and services.[8]

A. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations by the appropriate federal supervisors of the CRA performance records of Westamerica and Kerman. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[9]

4. 12 U.S.C. §§ 1828(c)(5)(A) and (B).

5. The Fresno banking market is defined as the Fresno Ranally Metropolitan Area and the towns of Chowchilla, Dinuba, Orange Cove, Reedley, and Parlier.

6. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is between 1000 and 1800 is considered to be moderately concentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal thresholds for an increase in the HHI when screening bank mergers and acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited purpose and other nondepository financial entities. On consummation of the proposal, the HHI would increase 15 points to 1482, and the market would remain moderately concentrated.

7. These commenters also alleged that Westamerica threatened to bring a libel action against one of the groups for comments it made in connection with this proposal and that the threatened action was intended to suppress the group's right to comment on the proposal. The commenters asked the Board to take steps to prevent banks from interfering with the free speech rights of community groups commenting on applications. Only the courts may adjudicate and enforce an applicant's or commenter's respective free speech rights under the United States Constitution and libel laws. Through its policies and procedures for submitting comments, however, the Board maintains an open application process designed to give all interested persons an opportunity to express their views on an application during the comment period and to submit comments for an institution's CRA file. These policies and procedures were followed in this proposal and, as noted above, the commenters submitted timely comments that the Board has carefully considered.

8. Specifically, the commenter was concerned about the loss of Kerman's practices in making lending decisions locally, and its performance in meeting the lending needs of immigrants, farmers, and small businesses. Westamerica represented that it intends to keep the loan decision-making process in Fresno County, and that almost all commercial loan decisions would be made by employees who live and work in the county. Westamerica also stated that it would maintain Kerman's farm lending program and would continue Kerman's policy of offering small business loans.

9. *See Interagency Questions and Answers Regarding Community Reinvestment*, 66 *Federal Register* 36,620 and 36,639 (2001).

Westamerica received a "satisfactory" CRA rating at its most recent CRA performance examination, as of April 10, 2000, by the Federal Reserve Bank of San Francisco.[10] Likewise, Kerman received a "satisfactory" CRA rating at its most recent CRA performance examination, as of February 17, 1999, by the Federal Deposit Insurance Corporation. Examiners of both banks found no evidence of prohibited discrimination or other illegal credit practices at the banks and found no violations of the substantive provisions of fair lending laws.

B. Westamerica Bank's CRA Performance Record

In addition to the most recent CRA evaluation reports, the Board has carefully considered confidential supervisory information on the CRA performance and fair lending records of Westamerica. The Board also has reviewed a substantial amount of information submitted by Westamerica concerning its CRA performance and its activities to help ensure compliance with fair lending laws since the bank's last performance evaluation.

Lending. Westamerica received an examination rating of "high satisfactory" under the lending test for the review period in its most recent CRA performance evaluation.[11] Examiners reported that Westamerica's main focus was on small business lending.[12] Examiners noted that, although Westamerica's lending activities included both consumer and business loans, the bank's primary business strategy was to serve the needs of small- and middle-market businesses in its assessment areas. For the review period, examiners found that Westamerica's lending record reflected an affirmative effort and good responsiveness in meeting the credit needs of its assessment areas. In addition, examiners found that Westamerica's level of consumer lending to borrowers of different income levels was adequate.[13] For all types of loans, examiners found that Westamerica made a high percentage of its loans in its assessment areas, maintained a reasonable geographic distribution of its loans throughout those areas, and did not unreasonably exclude LMI communities. Examiners also noted that Westamerica's use of flexible lending standards helped it meet the credit needs of its assessment areas.

As noted by examiners, Westamerica's main focus is on small business lending. During the review period, examiners found that Westamerica made 60 percent of its small business loans to small businesses, and that the majority of those loans were in amounts of $100,000 or less, which examiners found met the most significant credit needs of small businesses.[14] In Marin County, Westamerica made 65 percent of its loans to small businesses, of which 60 percent were in amounts of $100,000 or less. In Fresno County, Westamerica made 62 percent of its loans to small businesses, with 63 percent of those loans in amounts of $100,000 or less.

Since the last examination, Westamerica has maintained a high level of small business lending, particularly loans to small businesses, loans to businesses in LMI census tracts, and loans in smaller amounts. Westamerica represented that it made almost 51 percent of its commercial loans to small businesses during 2000 and 2001. For all of Westamerica's assessment areas during 2000 and 2001, the bank stated that it extended more than $280 million in small business loans to small businesses, including loans totaling approximately $135 million to businesses in LMI census tracts. Westamerica represented that its loans to small businesses totaled more than $51 million in Marin County and more than $32 million in Fresno County during this time period.[15]

In 2000, the percentage of Westamerica's small business loans in amounts of $100,000 or less and the percentage of its small business loans in LMI census tracts compared favorably with the percentage achieved by the aggregate of lenders in Marin and Fresno Counties ("aggregate lenders").[16] In addition, Westamerica's percentage of small

10. One commenter disagreed with Westamerica's "satisfactory" CRA performance rating. The commenter expressed concerns that the bank provided a low volume of lending, services, and investments that benefited LMI and minority individuals and communities, particularly in the bank's Marin and Fresno Counties assessment areas.

11. The review period for Westamerica's CRA evaluation was January 1, 1998, through December 31, 1999. During the review period, Westamerica's assessment areas included all or portions of 21 counties in Northern and Central California. Full scope reviews were conducted in Westamerica's Marin, Fresno, and Sacramento Counties assessment areas.

12. Examiners found that Westamerica's strong record of small business lending during the review period was a significant component in the bank's overall "satisfactory" CRA performance rating.

13. Examiners noted that the housing composition of LMI census tracts in many of the bank's assessment areas limited opportunities for housing-related lending in those areas, and that prohibitive housing costs often limited the bank's ability to provide housing-related loans to LMI individuals. For example, examiners found that the median home sales price of $450,000 in Marin County (as of November 1999) severely affected the home ownership opportunities of LMI and middle-income individuals in the county. Similarly, examiners found that even the median home sales price of $90,000 in Fresno County generally made home ownership unaffordable for LMI families. Examiners noted that, given housing affordability issues and the low level of owner-occupied housing in low-income census tracts, Westamerica's distribution of loans in the assessment area was reasonable.

14. In this context, "small business loans" are business loans in amounts of $1 million or less, and "small businesses" are businesses with annual gross revenues of less than $1 million.

15. Westamerica also represented that it participates in the government-sponsored Small Business Administration ("SBA") 504 loan programs which are designed to promote economic expansion and job growth. Westamerica stated that it offers all forms of SBA 504 loan programs, including purchase money, construction, and permanent financing. During 2000 and 2001, Westamerica funded 22 loans, totaling $13.9 million, under the SBA 504 loan programs that were distributed in the Bay Area and the Central Valley of California.

16. In Marin County, Westamerica made approximately 18 percent of its small business loans in amounts of $100,000 or less to businesses in LMI census tracts compared to 8.4 percent made by the aggregate lenders. Also, Westamerica made 15 percent of its small business loans in moderate-income census tracts in Marin County, compared with 7 percent made by the aggregate lenders. In Fresno County, Westamerica made 28 percent of its small business loans in amounts of $100,000 or less to businesses in LMI census tracts compared with 22 percent made by the aggregate lenders. Also, Westamerica made 23 percent of its small business loans in LMI

business loans to small businesses compared favorably with that of the aggregate lenders.[17]

Examiners concluded that Westamerica extended a satisfactory level of community development loans during the review period. Westamerica provided $59 million in community development loans in its assessment areas, the majority of which supported the creation of affordable housing for LMI individuals, with the remainder designed to provide social services to LMI individuals.[18]

Westamerica represented that, during 2000 and 2001, it funded 62 community development loans totaling more than $64 million. The loans were used for affordable housing, low-income senior citizen housing, substance abuse education to low-income individuals, school rehabilitation and new classrooms in lower-income communities, and hospitals to provide care for farm workers. Westamerica stated that these loans were distributed throughout its assessment areas, including the Bay Area, the northern and southern areas of the Central Valley, and in more rural counties. Westamerica stated that, during 2000 and 2001, it made community development loans totaling $3.5 million in Marin County to help provide affordable housing and provided additional funding for a low-income, senior-citizen housing project. In addition, Westamerica lent $1.3 million to a nonprofit agency that provides services for low-income substance abusers. Westamerica also stated that it funded $6.3 million in community development loans in Fresno County during this time period.

Investments. Examiners rated Westamerica "high satisfactory" on its record of investment based on the bank's considerable level of investment activity in the various assessment areas. During the review period, Westamerica significantly increased the amount of qualified investments it purchased since the date of the previous examination, from $21 million to $50 million, and made $104,000 in qualified grants.[19] Examiners found that Westamerica's qualified investments benefited all the bank's assessment areas, with the majority of the investments addressing the need for affordable housing to LMI individuals.[20] Examiners noted that Westamerica's primary form of qualified investment was through the purchase of more than $40 million of mortgage-backed securities comprised of loans to LMI individuals or in LMI tracts.[21] In addition, Westamerica purchased a $5 million mortgage revenue bond issued by the California Housing Finance Agency, the proceeds of which facilitated mortgage loans to LMI individuals throughout the state. Westamerica also purchased $2.6 million in certificates issued by Fresno County school districts serving primarily LMI students. Examiners also noted that Westamerica continued to fund its $8.2 million dollar equity investment in the California Corporate Tax Credit Fund, an organization that acquires a diversified portfolio of affordable housing properties throughout California.

Westamerica represented that, since its last examination, its community development investment strategy has been to assist in the creation of affordable housing primarily through purchases of low-income housing tax credits and municipal bonds. The bank stated that it has maintained investments totaling more than $76 million (including investments made during 2000 and 2001 and investments retained in the bank's portfolio).[22]

Services. Westamerica received a "low satisfactory" rating on its provision of retail banking and community development services at its last examination.[23] Examiners found that Westamerica's branches promoted reasonable accessibility of bank products and services to the majority of homes and businesses in its assessment areas. In addition, examiners noted that the wide range of products and

census tracts compared with 21 percent made by the aggregate lenders.

17. In Marin County, Westamerica made 54 percent of its small business loans to small businesses compared with 40 percent made by the aggregate lenders. In Fresno County, Westamerica made 64 percent of its small business loans to small businesses compared with 39 percent made by the aggregate lenders.

18. In Marin County, Westamerica made one community development loan totaling $1.3 million to a nonprofit corporation that provides affordable housing. Examiners noted that the lack of available land for development and the participation of much larger banking institutions might have limited Westamerica's opportunities for greater participation in community development activities in the county. Examiners found that Westamerica made community development loans in Fresno County totaling more than $7 million to a developer specializing in the construction of affordable housing for LMI and middle-income borrowers. Examiners determined that this level of community development lending was adequate to address the ongoing need for affordable housing in the county.

19. The date of the previous CRA performance examination was April 1998.

20. A commenter argued that Westamerica's amount of charitable donations was too low and alleged that Westamerica's donations as a percentage of its pre-tax income and the compensation of its Chief Executive Officer ("CEO") were far below that of its competitors. The Board notes that the CRA requires the agencies to encourage depository institutions to help meet the credit needs of its community. The adequacy of an institution's community development investments may only be determined in light of its overall CRA program, the types of community development investments made by the institution, and the needs of the local community. As noted above, examiners reviewing these factors rated Westamerica's record of community development investments as "high satisfactory."

21. Westamerica purchased $833,657 of mortgage-backed securities that benefited Fresno County. In Marin County, Westamerica purchased $1.7 million of securities consisting of loan pools of 10 home mortgages to LMI individuals in Marin County.

22. Westamerica stated that it held three community development investments in Fresno County totaling $2.7 million. In addition, Westamerica represented that, in light of the comparatively higher average income in Marin County, it decided to focus its community development investments in lower-income communities in other parts of the state.

23. One commenter criticized Westamerica for maintaining "check cashing stores" separate from its banking branches in Marin County. Westamerica stated that it previously had operated a payday lending operation through a separate subsidiary, but that it had discontinued the operation. This commenter also criticized Westamerica for failing to provide Spanish-speaking loan officers at each of its branches, particularly those in the Fresno assessment area. Westamerica stated that, although it does not have bilingual loan officers at every branch, it does have bilingual bank personnel at every branch.

services that Westamerica offered included reduced-cost deposit services.

Examiners found, however, that the scope and amount of Westamerica's community development services was limited. In the Marin County assessment area, examiners determined that the bank provided an adequate level of community development services, including service by bank personnel in various advisory capacities to organizations serving primarily LMI individuals, the elderly, abused women, and first-time homebuyers. Bank personnel in the Fresno County assessment area provided similar community development services. Examiners noted that, during the review period, Westamerica developed a seminar program on basic budgeting, credit management, and saving skills. The bank presented the seminar in partnership with locally based nonprofit agencies.[24] Examiners also noted that other service activities were primarily conducted at the branch level and consisted of activities to promote affordable housing for LMI individuals, provide community services to LMI individuals, and support the development of small businesses and small farms.

In addition, examiners found that Westamerica had not closed any branches during the review period. Examiners noted that Westamerica's comprehensive branch closing policy provided that the bank may close a branch only after evaluating the potential impact of that closure.[25]

With respect to its retail and community services since the last examination, Westamerica stated that it offers low-cost checking and savings accounts and community outreach programs that are designed to benefit LMI individuals in all its assessment areas. Westamerica also stated that, during 2000 and 2001, it conducted 100 financial literacy seminars that were attended by almost 1,400 individuals, and promoted this program in all its communities through its involvement with the California Head Start Association.

C. Conclusion on Convenience and Needs Considerations

In reviewing the effect of the proposal on the convenience and needs of the communities to be served, the Board has considered carefully all the facts of record, including the comments received and the responses to the comments, evaluations of the performance of Westamerica and Kerman under the CRA, other information provided by Westamerica, and confidential supervisory information.[26] The record indicates that Westamerica has a number of areas of strong performance under the CRA. The bank also has opportunities for improvement of its overall satisfactory CRA record, and the Board encourages Westamerica to pursue those opportunities. Based on all the facts of record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs are consistent with approval of the proposal.[27]

Financial, Managerial, and Future Prospects

In reviewing the proposal under the Bank Merger Act and the FRA, the Board also has carefully reviewed the financial and managerial resources and the future prospects of the institutions involved. The Board has reviewed, among other things, confidential reports of examination and confidential supervisory information assessing the financial and managerial resources of the organizations received from their primary federal supervisors, and information provided by Westamerica. The Board notes that Westamerica will remain well capitalized on consummation of the proposal. In addition, the Board has considered Westamerica's record of successfully integrating acquired organizations. Based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of the institutions involved and other supervisory factors are consistent with approval of the proposal.[28]

24. The seminars are designed for LMI individuals, women re-entering the workforce, at-risk youth, and welfare-to-work trainees. Examiners noted that, during the review period, 719 individuals participated in the 14 classes cosponsored by Westamerica.

25. One commenter expressed concern about the possible closing of branches as a result of this merger. Westamerica represented that it plans to consolidate its existing branch office in Kerman after the merger but would retain Kerman's main office, which is less than one-half mile away, so there would be no discontinuance of services in Kerman or elsewhere as a result of this merger.

26. One commenter requested that Westamerica make certain commitments and answer certain questions, and that the Board impose specific conditions or take specific actions against Westamerica. The Board notes that the CRA requires that, in considering an acquisition proposal, the Board carefully review the actual performance records of the relevant depository institutions in helping to meet the credit needs of their communities. Neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to provide commitments regarding future performance under the CRA, confer authority on the agencies to enforce commitments made to third parties, or require depository institutions to meet with particular persons. Westamerica's future activities will be reviewed by the Federal Reserve Bank of San Francisco in future performance evaluations, and its CRA performance record will be considered by the Board in any subsequent applications by Westamerica to acquire a depository institution.

27. One commenter requested that the Board hold a public hearing or meeting in this case. The Bank Merger Act does not require the Board to hold a public hearing or meeting on an application. Under its rules, the Board may, in its discretion, hold a public meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if necessary. *See* 12 C.F.R. 262.25(e). The Board has carefully considered the commenter's request in light of all the facts of record. In the Board's view, the public has had ample opportunity to submit comments on the proposal and, in fact, the commenters have submitted written comments that the Board has considered carefully in acting on the proposal. The commenter's request fails to demonstrate why its written comments do not present its views adequately. The commenter's request also fails to identify disputed issues of fact that are material to the Board's decision and that would be clarified by a public meeting or hearing. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the request for a public meeting or hearing on the proposal is denied.

28. One commenter criticized Westamerica for allegedly failing to disclose its CEO's compensation and asserted that the compensation was "excessive" and could endanger the safety and soundness of the bank. This commenter also speculated that the bank's safety and

Conclusion

Based on the foregoing, the Board has determined that the proposal should be, and hereby is, approved.[29] The Board's approval is specifically conditioned on compliance by Westamerica with all the commitments made in connection with the applications. For purposes of this action, the commitments and conditions relied on by the Board in reaching this decision 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 transaction may not be consummated before the fifteenth calendar day after the effective date of this order, and not 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 San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 4, 2002.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, and Olson.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

soundness could be affected by Westamerica's decision to allow the same individual to hold the positions of CEO, Chairman of the Board, and President in the organization. The Board has reviewed these allegations in light of confidential reports of examination and other information on the financial and managerial resources of Westamerica.

29. One commenter requested that the Board delay action on the proposal. The Board has accumulated a significant record in this case, including reports of examination, confidential supervisory information, public reports and information, and considerable public comment. In the Board's view, and for the reasons discussed above, commenters have had sufficient opportunity to submit their views and, in fact, have provided substantial written submissions that the Board has considered carefully in acting on the proposal. Based on a review of all the facts of record, the Board has concluded that the record in this case is sufficient to warrant action at this time, and that a delay in considering the proposal or a denial of the proposal on the grounds discussed above or on the basis of informational insufficiency is not warranted.

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Hamburgische Landesbank Girozentrale Hamburg, Germany

Order Approving Establishment of a Representative Office

Hamburgische Landesbank Girozentrale ("Bank"), Hamburg, 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, New York (*The New York Post*, December 4, 2001). The time for filing comments has expired, and all comments have been considered.

Bank, with total consolidated assets of approximately $81.7 billion,[1] is a public law institution and operates as a central bank for regional banks and as a full-service commercial bank. Bank operates branches in Hong Kong, China; London, United Kingdom; and Singapore; and representative offices in Hanoi, Vietnam and Shanghai, China.

Bank is owned by Landesbank Schleswig-Holstein Girozentrale ("Landesbank Schleswig-Holstein"), Kiel, Germany, and the City of Hamburg.[2] Landesbank Schleswig-Holstein, the 15th largest bank in Germany, is a public law institution and operates as a central bank for the savings banks of the State of Schleswig-Holstein and as a commercial and investment bank both domestically and internationally.

The proposed representative office would solicit loans and other banking business, conduct research, and act as a liaison with customers of Bank.

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 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. § 3107(a)(2); 12 C.F.R. 211.24(d)(2)).[3] In addition, the Board may take into ac-

1. Unless otherwise indicated, data are as of December 31, 2001.

2. The shareholders of Landesbank Schleswig-Holstein Girozentrale are Westdeutsche Landesbank Girozentrale, Düsseldorf, Germany; the State of Schleswig-Holstein; the Savings Bank and Clearing Association of Schleswig-Holstein, Kiel, Germany; and Landesbank Baden-Württemberg, Stuttgart, Germany.

3. 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.

count additional standards set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)).

As noted above, Bank and Landesbank Schleswig-Holstein 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 German banks, including Landesbank Schleswig-Holstein by separate order also issued today, that those banks were subject to home country supervision on a consolidated basis.[4] Bank is supervised by the German Federal Financial Supervisory Agency on substantially the same terms and conditions as the other banks.[5] Based on all the facts of record, it has been determined that Bank is subject to comprehensive supervision and regulation 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)) have also been taken into account. The German Federal Financial Supervisory Agency has no objection to the establishment of the proposed representative 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, financial and managerial factors are consistent with approval of the proposed representative office. Bank appears to have the experience and capacity to support the proposed representative office and has established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

Germany is a member of the Financial Action Task Force and subscribes to its recommendations regarding measures to combat money laundering. In accordance with these recommendations, Germany has enacted laws and created legislative and regulatory standards to deter money laundering. Money laundering is a criminal offense in Germany and credit institutions are required to establish internal policies and procedures for the detection and prevention of money laundering.

With respect to access to information on Bank's operations, the restrictions on disclosure in relevant jurisdictions in which Bank operates have been reviewed and relevant government authorities have been communicated with 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 their 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 or otherwise, Bank and its parent companies 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 German Federal Financial Supervisory Agency 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 and its parent companies, and the terms and conditions set forth in this order, Bank's application to establish the representative office is hereby approved.[6] Should 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 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 and indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank and its parent companies 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 and its affiliates under 12 U.S.C. § 1818.

By order, approved pursuant to authority delegated by the Board, effective June 21, 2002.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

4. *See DePfa Bank AG*, 87 *Federal Reserve Bulletin* 710 (2001); *RHEINHYP Rheinische Hypothekenbank AG*, 87 *Federal Reserve Bulletin* 558 (2001); *Deutsche Hyp Deutsche Hypothekenbank*, 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).

5. On May 1, 2002, the German Federal Banking Supervisory Office merged with the Federal Insurance Supervisory Office and the Securities Supervisory Office to create a single cross-sector structure for financial supervision.

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. *See* 12 C.F.R. 265.7(d)(12).

7. The Board's authority to approve the establishment of the proposed representative 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.

Landesbank Schleswig-Holstein Girozentrale
Kiel, Germany

Order Approving Establishment of a Branch

Landesbank Schleswig-Holstein Girozentrale ("Bank"), Kiel, Germany, 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 a branch 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 branch 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, New York (*The New York Post,* March 18, 2002). The time for filing comments has expired, and all comments have been considered.

Bank, with total consolidated assets of approximately $124 billion,[1] is the 15th largest bank in Germany. Bank is a public law institution and operates as a central bank for the savings banks of the State of Schleswig-Holstein and as a commercial and investment bank both domestically and internationally with its focus on northern Europe and the Baltic States. Bank operates six offices in Germany, and three branches and four representative offices in other countries in Europe.[2] Upon establishment of the proposed branch, Bank will be a qualifying foreign banking organization within the meaning of Regulation K (12 C.F.R. 211.23(b)).

Bank's largest shareholder is Westdeutsche Landesbank Girozentrale ("West LB"), Düsseldorf, Germany, which owns approximately 40 percent of Bank. West LB operates as a central bank for the savings banks in North Rhine-Westphalia and also conducts commercial and investment banking activities. The State of Schleswig-Holstein and the Savings Bank and Clearing Association of Schleswig-Holstein, Kiel, Germany, each own approximately 25 percent of Bank. The remaining interest in Bank is held by Landesbank Baden-Württemberg, Stuttgart, Germany.

The proposed branch would assist Bank with its existing business activities in the United States and would be used to develop new business in areas in which the bank specializes such as real estate and transport financing. The proposed branch would also participate in syndicated loans, issue commercial paper and other debt instruments, and provide trade and public financing.

In order to approve an application by a foreign bank to establish a branch 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).[3] 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 West LB 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 German banks, including West LB, that those banks were subject to home country supervision on a consolidated basis.[4] Bank is supervised by the German Federal Financial Supervisory Agency on substantially the same terms and conditions as the other banks.[5] Based on all the facts of record, it has been determined that Bank is subject to comprehensive supervision and regulation 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)) have also been taken into account. The German Federal Financial Supervisory Agency has no objection to the establishment of the proposed branch.

Germany's risk-based capital standards are consistent with those established by the Basel Capital Accord. Bank's capital is in excess of the minimum levels that would be

1. Unless otherwise indicated, data are as of December 31, 2001.

2. By separate order issued today, the Board has approved the application of Hamburgische Landesbank Girozentrale, Hamburg, Germany, a subsidiary of Bank, to establish a representative office in New York, New York.

3. 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 Allgemeine HypothekenBank Rheinboden AG,* 88 *Federal Reserve Bulletin* 196 (2002); *DePfa Bank AG,* 87 *Federal Reserve Bulletin* 710 (2001); *RHEINHYP Rheinische Hypothekenbank AG,* 87 *Federal Reserve Bulletin* 558 (2001); *Deutsche Hyp Deutsche Hypothekenbank,* 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); *West Merchant Bank Limited,* 81 *Federal Reserve Bulletin* 519 (1995).

5. On May 1, 2002, the German Federal Banking Supervisory Office merged with the Federal Insurance Supervisory Office and the Securities Supervisory Office to create a single cross-sector structure for financial supervision.

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 branch. In addition, Bank has established controls and procedures for the proposed branch to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

Germany is a member of the Financial Action Task Force and subscribes to its recommendations regarding measures to combat money laundering. In accordance with these recommendations, Germany has enacted laws and created legislative and regulatory standards to deter money laundering. Money laundering is a criminal offense in Germany and credit institutions are required to establish internal policies and procedures for the detection and prevention of money laundering.

With respect to access to information on Bank's operations, the restrictions on disclosure in relevant jurisdictions in which Bank operates have been reviewed and relevant government authorities have been communicated with 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 their 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 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 German Federal Financial Supervisory Agency 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 and its parents, and the terms and conditions set forth in this order, Bank's application to establish the branch is hereby approved.[6] Should 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 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 and 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.[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 and its affiliates under 12 U.S.C. § 1818.

By order, approved pursuant to authority delegated by the Board, effective June 21, 2002.

ROBERT DEV. FRIERSON
Deputy 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. *See* 12 C.F.R. 265.7(d)(12).

7. The Board's authority to approve the establishment of the proposed branch 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 4

Applicant(s)	Bank(s)	Effective Date
Capital Corp. of the West, Merced, California	Regency Investment Advisors, Inc., Fresno, California	June 27, 2002

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
Banknorth Group, Inc., Portland, Maine	Bancorp Connecticut, Inc., Southington, Connecticut Southington Savings Bank, Southington, Connecticut	Boston	June 10, 2002
Citizens Cumberland Bancshares, Inc., Burkesville, Kentucky	Citizens Bank of Cumberland County, Inc., Burkesville, Kentucky	St. Louis	May 31, 2002
County Bancorp, Inc., Arlington, Washington	North County Bank, Arlington, Washington	San Francisco	June 4, 2002
First Citizens Bancorporation of South Carolina, Inc., Columbia, South Carolina	Trinity Bank, Monroe, North Carolina	Richmond	June 5, 2002
FNB Corp., Asheboro, North Carolina	Rowan Bancorp, Inc., China Grove, North Carolina Rowan Savings Bank SSB, Inc., China Grove, North Carolina	Richmond	June 17, 2002
Grace Investment Company, Inc., Alva, Oklahoma	Alva State Bank & Trust Company, Alva, Oklahoma	Kansas City	June 14, 2002
Hometown Independent Bancorp, Inc. Employee Stock Ownership Plan & Trust, Morton, Illinois Hometown Independent Bancorp, Inc., Morton, Illinois	Morton Community Bank, Morton, Illinois	Chicago	June 5, 2002
Metropolitan Bank Group, Inc., Chicago, Illinois	Upbancorp, Inc., Chicago, Illinois Uptown National Bank of Chicago, Chicago, Illinois	Chicago	June 5, 2002
Monticello Bancshares, Inc., Monticello, Missouri	Bank of Monticello, Monticello, Missouri	St. Louis	June 5, 2002
Mountain National Bancshares, Inc., Sevierville, Tennessee	Mountain National Bank, Sevierville, Tennessee	Atlanta	June 14, 2002
People's Community BancShares, Inc., Sarasota, Florida	People's Community Bank of the West Coast, Sarasota, Florida	Atlanta	June 21, 2002
State Bank of Hawley Employee Stock Ownership Plan and Trust, Hawley, Minnesota Bankshares of Hawley, Inc., Hawley, Minnesota	State Bank of Hawley, Hawley, Minnesota	Minneapolis	June 26, 2002
Synovus Financial Corp., Columbus, Georgia	Community Financial Group, Inc., Nashville, Tennessee	Atlanta	June 20, 2002
Wadena Bankshares Inc., Wadena, Minnesota	Baron Bancshares II, Inc., White Bear Lake, Minnesota Security State Bank of Deer Creek, Deer Creek, Minnesota	Minneapolis	June 6, 2002

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
First Community Bancshares, Inc., Overland Park, Kansas	To engage in financial and advisory activities and management consulting activities	Kansas City	June 14, 2002
First Mariner Bancorp, Baltimore, Maryland	Finance Maryland, LLC, Baltimore, Maryland	Richmond	June 5, 2002
First Mutual of Richmond, Inc., Richmond, Indiana Richmond Mutual Bancorporation, Inc., Richmond, Indiana	AmTrust Capital Corporation, Peru, Indiana American Trust Federal Savings Bank, Peru, Indiana Indiana Financial Service Corporation, Peru, Indiana	Chicago	June 11, 2002
IBC Bancorp, Inc., Chicago, Illinois	IBC Processing Corporation, Chicago, Illinois	Chicago	June 5, 2002
Lost Pines Bancshares, Inc., Smithville, Texas	To engage *de novo* in lending activities	Dallas	June 14, 2002
Tennessee Central Bancshares, Inc., Parsons, Tennessee	System Ventures, Inc., Parsons, Tennessee	St. Louis	June 7, 2002
Texas United Bancshares, Inc., La Grange, Texas	The Bryan-College State Financial Holding Company, Bryan, Texas First Federal Savings Bank, FSB, Bryan, Texas	Dallas	June 12, 2002

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Meader Insurance Agency, Inc., Waverly, Kansas	1st Financial Bancshares, Inc., Overland Park, Kansas	Kansas City	June 12, 2002

APPLICATIONS APPROVED UNDER BANK MERGER ACT
By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Equity Bank, Marlton, New Jersey	Founders' Bank, Bryn Mawr, Pennsylvania	Philadelphia	May 28, 2002
Regions Bank, Birmingham, Alabama	Brookhollow National Bank, Dallas, Texas	Atlanta	May 23, 2002

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.

Sedgwick v. United States, No. 02–1083 (ESH) (D.D.C., filed June 4, 2002). Complaint for declaratory judgment under the Federal Tort Claims Act and the constitution.

Caesar v. United States, No. 02–0612 (EGS) (D.D.C.), removed on April 1, 2002 from No. 02–1502 (D.C. Superior Court, originally filed March 1, 2002). Action seeking damages for personal injury.

Community Bank & Trust v. United States, No. 01–571C (Ct. Fed. Cl., filed October 3, 2001). Action challenging on constitutional grounds the failure to pay interest on reserve accounts held at Federal Reserve Banks.

Laredo National Bancshares, Inc. v. Whalen v. Board of Governors, No. 01-CV-134 (S.D. Tex.), removed on September 5, 2001, from No. 99CVQ00940-D3 (District Court, 341st Judicial District, Webb County, Texas, originally filed July 26, 2001). Third-party petition seeking indemnification or contribution from the Board in connection with a claim asserted against defendant Whalen alleging tortious interference with a contract.

Radfar v. United States, No. 1:01CV1292 (PLF) (D.D.C., complaint filed June 11, 2001). Action under the Federal Tort Claims Act for injury on Board premises.

Artis v. Greenspan, No. 01-CV-0400(ESG) (D.D.C., complaint filed February 22, 2001). Employment discrimination action. On August 15, 2001, the district court consolidated the action with *Artis v. Greenspan,* No. 99-CV-2073 (EGS) (D.D.C., filed August 3, 1999), also an employment discrimination action.

Trans Union LLC v. Federal Trade Commission, et al., No. 01–5202 (D.C. Cir., filed June 4, 2001). Appeal of district court order entered April 30, 2001, upholding challenged provisions of an interagency rule regarding Privacy of Consumer Finance Information.

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.

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.

Financial and Business Statistics

A3 *GUIDE TO TABLES*

DOMESTIC FINANCIAL STATISTICS

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A5 Reserves of depository institutions and Reserve Bank credit
A6 Reserves and borrowings—Depository institutions

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A7 Federal Reserve Bank interest rates
A8 Reserve requirements of depository institutions
A9 Federal Reserve open market transactions

Federal Reserve Banks

A10 Condition and Federal Reserve note statements
A11 Maturity distribution of loan and security holding

Monetary and Credit Aggregates

A12 Aggregate reserves of depository institutions and monetary base
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Commercial Banking Institutions—Assets and Liabilities

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

The following ten tables have been discontinued in the Financial and Business Statistics section of the *Federal Reserve Bulletin*. Information on the sources of data in these tables appears in the Announcements section of the June 2002 issue of the *Bulletin*, page 290.

Discontinued tables:

1.38	1.39	1.48	2.10	2.11
2.14	2.15	2.16	2.17	3.11

Page numbers of the tables in the Financial and Business Statistics section have been revised.

Guide to Tables

SYMBOLS AND ABBREVIATIONS

c	Corrected
e	Estimated
n.a.	Not available
n.e.c.	Not elsewhere classified
p	Preliminary
r	Revised (Notation appears in column heading when about half the figures in the column have been revised from the most recently published table.)
*	Amount insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is in 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
GSE	Government-sponsored enterprise
HUD	Department of Housing and Urban Development
IMF	International Monetary Fund
IOs	Interest only, stripped, mortgage-backed securities
IPCs	Individuals, partnerships, and corporations
IRA	Individual retirement account
MMDA	Money market deposit account
MSA	Metropolitan statistical area
NAICS	North American Industry Classification System
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-backed 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
TIIS	Treasury inflation-indexed securities
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 U.S. Treasury.

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

1.10 RESERVES AND MONEY STOCK MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May
Reserves of depository institutions[2]									
1 Total	4.0	76.3	−31.2	−9.7	15.3	−8.5	−12.7	−7.4	−48.3
2 Required	6.4	14.8	22.1	−9.3	23.8	−8.2	−14.5	−1.4	−51.5
3 Nonborrowed	2.9	65.0	−21.4	−9.4	15.9	−8.0	−14.1	−7.2	−49.6
4 Monetary base[3]	6.2	14.8	6.4	9.1	12.2	10.0	6.4	7.9	7.2
Concepts of money[4]									
5 M1	6.0	16.0	2.1	5.8	3.3	1.9	2.9	−11.4	6.2
6 M2	9.6r	11.0r	9.4r	5.8r	2.6r	7.5r	−.7r	−3.8r	13.9
7 M3	13.8r	10.0r	12.2r	4.8r	−1.2r	6.0r	−.5r	−2.5r	10.8
Nontransaction components									
8 In M2[5]	10.6r	9.6r	11.5r	5.8r	2.4r	9.0r	−1.8r	−1.7r	15.9
9 In M3 only[6]	23.1	8.1	18.2	2.7	−9.3	2.7	.0r	.4r	4.1
Time and savings deposits									
Commercial banks									
10 Savings, including MMDAs	20.1	19.7	23.2	20.4	19.0	22.1	5.2	6.9	25.4
11 Small time[7]	−7.6	−10.3	−12.1	−15.3	−16.2	−13.1	−11.4	−7.6	10.8
12 Large time[8,9]	−1.2	−7.4	−9.2	4.9	14.9	−2.5	2.3	16.6	4.2
Thrift institutions									
13 Savings, including MMDAs	22.0	25.2	27.2	25.6	21.8	38.8	27.9	17.3	13.3
14 Small time[7]	4.1	−5.1	−11.2	−15.4	−20.8	−13.9	−9.6	−10.1	−29.7
15 Large time[8]	11.5	14.9	2.5	−.8	13.7	−7.3	−7.3	6.3	−31.5
Money market mutual funds									
16 Retail	6.3r	5.0r	7.9r	−9.4r	−17.8r	−10.3r	−24.1r	−23.3r	18.4
17 Institution-only	49.7	27.5	49.2	−.5	−27.8	−1.8	−.2	−2.0	10.1
Repurchase agreements and eurodollars									
18 Repurchase agreements[10]	19.0	−9.0	−1.4	8.0	−1.6	11.9	−8.0	−22.2	−3.3
19 Eurodollars[10]	7.0	−3.9	−3.6	6.3r	−6.3	35.5	11.7r	−1.7r	2.2

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 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.

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						
	2002			2002						
	Mar.	Apr.	May	Apr. 17	Apr. 24	May 1	May 8	May 15	May 22	May 29
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	636,572	642,176	647,403	644,014	640,393	647,387	641,549	645,894	643,811	655,846
U.S. government securities[2]										
2 Bought outright—System account[3]	573,087	578,737	584,747	578,332	580,266	580,919	582,167	583,972	585,122	587,669
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]	26,689	25,430	24,845	28,200	21,964	27,429	19,929	22,787	22,893	31,204
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	6	75	7	4	8	12	5	6	12	7
9 Seasonal credit	19	50	107	48	56	67	94	95	105	129
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	−38	−397	−237	−698	−533	−200	80	−99	−753	−185
13 Other Federal Reserve assets	36,799	38,271	37,925	38,119	38,621	39,151	39,265	39,124	36,422	37,012
14 Gold stock	11,044	11,044	11,044	11,044	11,044	11,044	11,044	11,044	11,044	11,044
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	33,575	33,635	33,697	33,633	33,647	33,661	33,675	33,689	33,703	33,717
ABSORBING RESERVE FUNDS										
17 Currency in circulation	640,031	643,813	649,450	643,798	643,464	644,218	646,424	647,695	648,751	653,948
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	421	400	407	403	399	393	396	408	411	412
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,551	6,127	5,056	5,957	6,994	6,946	5,145	5,134	4,914	5,012
21 Foreign	126	98	93	116	82	90	87	99	76	109
22 Service-related balances and adjustments	9,549	10,049	10,098	10,053	10,130	10,012	10,128	10,042	10,159	10,159
23 Other	218	255	223	242	232	237	260	214	217	207
24 Other Federal Reserve liabilities and capital	18,244	18,813	19,343	18,736	18,858	19,044	19,123	19,099	19,460	19,701
25 Reserve balances with Federal Reserve Banks[5]	9,250	9,500	9,675	11,586	7,124	13,351	6,903	10,135	6,771	13,258

Factor	End-of-month figures			Wednesday figures						
	Mar.	Apr.	May	Apr. 17	Apr. 24	May 1	May 8	May 15	May 22	May 29
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	642,186	651,320	651,330	645,066	641,475	654,341	643,099	649,265	644,369	673,629
U.S. government securities[2]										
2 Bought outright—System account[3]	575,356	581,308	587,189	580,046	582,038	580,860	583,672	585,767	584,602	587,559
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]	29,500	31,500	28,000	27,200	21,000	34,500	19,000	28,251	23,500	47,425
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	0	13	0	1	11	8	2	9	24	3
9 Seasonal credit	19	60	124	49	55	88	89	95	111	143
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	−476	−402	−665	−560	−574	−144	954	−816	−688	1,174
13 Other Federal Reserve assets	37,776	38,832	36,673	38,320	38,935	39,018	39,371	35,948	36,810	37,314
14 Gold stock	11,044	11,044	11,044	11,044	11,044	11,044	11,044	11,044	11,044	11,044
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	33,605	33,661	33,731	33,633	33,647	33,661	33,675	33,689	33,703	33,717
ABSORBING RESERVE FUNDS										
17 Currency in circulation	641,848	645,445	653,655	644,684	644,691	646,309	648,573	649,083	651,172	656,219
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	412	393	416	400	393	394	407	410	411	416
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,692	5,387	5,883	7,740	6,255	4,323	5,452	4,968	4,024	3,947
21 Foreign	256	111	128	76	76	92	82	108	72	208
22 Service-related balances and adjustments	9,869	10,012	9,799	10,053	10,130	10,012	10,128	10,042	10,159	10,159
23 Other	181	287	207	231	231	212	251	216	217	210
24 Other Federal Reserve liabilities and capital	18,163	19,202	19,504	18,558	18,688	18,868	18,754	18,978	19,406	19,306
25 Reserve balances with Federal Reserve Banks[5]	12,614	17,388	8,713	10,200	7,901	21,035	6,368	12,392	5,854	30,124

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									
	1999	2000	2001	2001		2002				
	Dec.	Dec.	Dec.[r]	Nov.[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.	May
1 Reserve balances with Reserve Banks[2]	5,262	7,022	9,054	8,833	9,054	9,995	9,273	9,146	9,740	9,211
2 Total vault cash[3]	60,620	45,245	43,935	43,104	43,935	45,730	45,696	42,633	42,016[r]	41,824
3 Applied vault cash[4]	36,392	31,451	32,024	31,291	32,024	33,730	33,218	31,151	31,156[r]	31,035
4 Surplus vault cash[5]	24,228	13,794	11,911	11,813	11,911	11,999	12,478	11,482	10,860[r]	10,789
5 Total reserves[6]	41,654	38,473	41,077	40,124	41,077	43,725	42,491	40,297	40,896[r]	40,246
6 Required reserves	40,357	37,046	39,433	38,672	39,433	42,339	41,124	38,883	39,688[r]	38,982
7 Excess reserve balances at Reserve Banks[7]	1,297	1,427	1,645	1,452	1,645	1,387	1,367	1,414	1,208	1,263
8 Total borrowing at Reserve Banks	320	210	67	84	67	50	30	79	71	112
9 Adjustment	179	99	34	51	34	33	12	59	21	7
10 Seasonal	67	111	33	33	33	17	17	20	50	105
11 Special Liquidity Facility[8]	74	0		.	.		.		.	
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

Reserve classification	Biweekly averages of daily figures for two-week periods ending on dates indicated									
	2002									
	Feb. 6[r]	Feb. 20[r]	Mar. 6[r]	Mar. 20[r]	Apr. 3[r]	Apr. 17[r]	May 1[r]	May 15	May 29	June 12
1 Reserve balances with Reserve Banks[2]	9,181	8,981	9,855	8,569	9,493	9,325	10,243	8,524	10,014	7,894
2 Total vault cash[3]	50,354	45,418	42,690	42,267	43,069	41,730	42,082	41,833	41,959	40,687
3 Applied vault cash[4]	36,383	32,623	31,885	30,565	31,497	30,301	31,999	30,368	31,860	29,442
4 Surplus vault cash[5]	13,971	12,795	10,805	11,702	11,572	11,429	10,084	11,464	10,098	11,245
5 Total reserves[6]	45,564	41,604	41,740	39,134	40,990	39,626	42,242	38,892	41,874	37,335
6 Required reserves	44,173	40,198	40,460	37,849	39,340	38,501	41,046	37,700	40,516	36,197
7 Excess reserve balances at Reserve Banks[7]	1,391	1,406	1,280	1,285	1,650	1,124	1,195	1,192	1,358	1,138
8 Total borrowing at Reserve Banks	26	37	22	24	180	47	71	100	127	116
9 Adjustment	8	17	9	4	157	2	10	6	10	3
10 Seasonal	18	20	13	20	23	45	62	95	117	113
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 7/12/02	Effective date	Previous rate	On 7/12/02	Effective date	Previous rate	On 7/12/02	Effective date	Previous rate
Boston	1.25	12/11/01	1.50	1.75	7/11/02	1.80	2.25	7/11/02	2.30
New York		12/11/01							
Philadelphia		12/11/01							
Cleveland		12/13/01							
Richmond		12/13/01							
Atlanta		12/13/01							
Chicago		12/11/01							
St. Louis		12/12/01							
Minneapolis		12/13/01							
Kansas City		12/13/01							
Dallas		12/13/01							
San Francisco	1.25	12/11/01	1.50	1.75	7/11/02	1.80	2.25	7/11/02	2.30

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, 1981	12	12
1982—July 20	11.5–12	11.5
23	11.5	11.5
Aug 2	11–11.5	11
3	11	11
16	10.5	10.5
27	10–10.5	10
30	10	10
Oct. 12	9.5–10	9.5
13	9.5	9.5
Nov. 22	9–9.5	9
26	9	9
Dec. 14	8.5–9	9
15	8.5–9	8.5
17	8.5	8.5
1984—Apr 9	8.5–9	9
13	9	9
Nov. 21	8.5–9	8.5
26	8.5	8.5
Dec. 24	8	8
1985—May 20	7.5–8	7.5
24	7.5	7.5
1986—Mar. 7	7–7.5	7
10	7	7
Apr 21	6.5–7	6.5
23	6.5	6.5
July 11	6	6
Aug. 21	5.5–6	5.5
22	5.5	5.5
1987—Sept. 4	5.5–6	6
11	6	6
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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1991—Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
1994—May 17	3–3.5	3.5
18	3.5	3.5
Aug. 16	3.5–4	4
18	4	4
Nov. 15	4–4.75	4.75
17	4.75	4.75
1995—Feb. 1	4.75–5.25	5.25
9	5.25	5.25
1996—Jan. 31	5.00–5.25	5.00
Feb. 3	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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
2001—May 15	3.50–4.00	3.50
17	3.50	3.50
June 27	3.25–3.50	3.25
29	3.25	3.25
Aug. 21	3.00–3.25	3.00
23	3.00	3.00
Sept. 17	2.50–3.00	2.50
18	2.50	2.50
Oct. 2	2.00–2.50	2.00
4	2.00	2.00
Nov. 6	1.50–2.00	1.50
8	1.50	1.50
Dec. 11	1.25–1.50	1.25
13	1.25	1.25
In effect July 12, 2002	1.25	1.25

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*, and *1980–1989*; and *Statistical Digest, 1996–2000*. See also the Board's Statistics: Releases and Historical Data web pages (http://www.federalreserve.gov/releases/H15/data.htm).

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[2]		
1 $0 million–$41.3 million[3]	3	12/27/01
2 More than $41.3 million[4]	10	12/27/01
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 27, 2001, for depository institutions that report weekly, and with the period beginning January 17, 2002, for institutions that report quarterly, the amount was decreased from $42.8 million to $41.3 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 27, 2001, for depository institutions that report weekly, and with the period beginning January 17, 2002, for institutions that report quarterly, the exemption was raised from $5.5 million to $5.7 million.

4. The reserve requirement was reduced from 12 percent to 10 percent on April 2, 1992, for institutions that report weekly, and on April 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 December 13, 1990, and to zero for the maintenance period that began December 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 January 17, 1991.

The reserve requirement on nonpersonal time deposits with an original maturity of 1.5 years or more has been zero since October 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	1999	2000	2001	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	0	8.676	15,503	772	3,075	812	2,772	1.042	3.013	1,047
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	464,218	477,904	542,736	44,132	59,292	43,771	55,521	54,619	48,483	45.376
4 For new bills	464,218	477,904	542,736	44,132	59,292	43,771	55,521	54,619	48,483	45.376
5 Redemptions	0	24,522	10,095	0	0	0	0	0	0	0
Others within one year										
6 Gross purchases	11.895	8,809	15,663	1,411	1,408	2,942	0	2,894	1,455	2,709
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	50,590	62,025	70,336	6,535	5,873	5,235	5,850	7,537	0	14,515
9 Exchanges	−53,315	−54,656	−72,004	−11,809	−9,559	−6.666	−5,766	−8,432	0	−15,522
10 Redemptions	1,429	3,779	16,802	473	0	0	0	0	0	0
One to five years										
11 Gross purchases	19.731	14,482	22,814	22	1,920	634	2,872	1,101	2,181	1.142
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−44,032	−52,068	−45,211	−2,164	−3,073	−5,235	−5,850	−6,283	0	−14,515
14 Exchanges	42,604	46,177	64,519	11,809	7,967	6,666	5,766	7,679	0	15.522
Five to ten years										
15 Gross purchases	4.303	5,871	6,003	422	459	101	0	334	637	1,670
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−5,841	−6,801	−21,063	−4,372	−1,824	0	0	−501	0	0
18 Exchanges	7,583	6,585	6,063	0	1,592	0	0	753	0	0
More than ten years										
19 Gross purchases	9,428	5,833	8,531	1.184	0	448	582	1,054	291	210
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−717	−3.155	−4,062	0	−975	0	0	−753	0	0
22 Exchanges	3,139	1,894	1,423	0	0	0	0	0	0	0
All maturities										
23 Gross purchases	45,357	43,670	68,513	3,811	6,862	4,937	6,226	6,425	7,577	6.777
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	1,429	28,301	26,897	473	0	0	0	0	0	0
Matched transactions										
26 Gross purchases	4,413,430	4,415,905	4,722,667	431,887	377,247	387,033	407,791	367,906	393,273	436,936
27 Gross sales	4,431,685	4,397,835	4,724,743	425.110	378,129	390.617	404.296	368.060	393,151	437,881
Repurchase agreements										
28 Gross purchases	281,599	0	0	0	0	0	0	0	0	0
29 Gross sales	301,273	0	0	0	0	0	0	0	0	0
30 Net change in U.S. Treasury securities	5.999	33,439	39.540	10,114	5,980	1,354	9,720	6,271	7,699	5.833
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	0	0	0	0	0	0	0	0	0
33 Redemptions	157	51	120	0	0	0	0	0	0	0
Repurchase agreements										
34 Gross purchases	360.069	0	0	0	0	0	0	0	0	0
35 Gross sales	370.772	0	0	0	0	0	0	0	0	0
36 Net change in federal agency obligations	−10,859	−51	−120	0	0	0	0	0	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	304,989	890,236	1,497,713	110,885	121,530	117,650	118,550	101,749	70,850	102,200
40 Gross sales	164,349	987,501	1,490.838	113,715	130,080	103,900	131,300	104,750	75,849	100,200
41 Net change in triparty obligations	140.640	−97,265	6,875	−2,830	−8,550	13,750	−12,750	−3,001	−4,999	2,000
42 Total net change in System Open Market Account	**135,780**	**−63,877**	**46,295**	**7,284**	**−2,570**	**15,104**	**−3,030**	**3,270**	**2,700**	**7,833**

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

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

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

Millions of dollars

Account	Wednesday					End of month		
	2002					2002		
	May 1	May 8	May 15	May 22	May 29	Mar.	Apr.	May
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,044	11,044	11,044	11,044	11,044	11,044	11,044	11,044
2 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
3 Coin	982	973	962	937	928	1,094	989	947
Loans								
4 To depository institutions	96	92	104	135	146	20	72	124
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]	34,500	19,000	28,251	23,500	47,425	29,500	31,500	28,000
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]	**580,860**	**583,672**	**585,767**	**584,602**	**587,559**	**575,356**	**581,308**	**587,189**
11 Bought outright[4]	580,860	583,672	585,767	584,602	587,559	575,356	581,308	587,189
12 Bills	192,016	194,812	195,376	193,218	194,822	192,364	192,466	193,752
13 Notes	283,536	283,545	285,069	286,010	287,329	278,463	283,535	288,027
14 Bonds	105,308	105,315	105,322	105,374	105,408	104,530	105,307	105,410
15 Held under repurchase agreements	0	0	0	0	0	0	0	0
16 **Total loans and securities**	**615,467**	**602,774**	**614,132**	**608,247**	**635,140**	**604,886**	**612,891**	**615,323**
17 Items in process of collection	8,587	8,527	6,583	6,470	10,850	5,306	9,541	5,059
18 Bank premises	1,512	1,514	1,514	1,515	1,516	1,511	1,512	1,514
Other assets								
19 Denominated in foreign currencies[5]	14,981	14,899	14,974	15,362	15,396	14,379	14,872	15,432
20 All other[6]	22,294	22,745	19,230	19,681	20,152	21,681	22,220	19,728
21 **Total assets**	**677,066**	**664,674**	**670,639**	**665,456**	**697,225**	**662,100**	**675,268**	**671,247**
LIABILITIES								
22 Federal Reserve notes	614,024	616,279	616,766	618,818	623,847	609,749	613,166	621,288
23 Reverse repurchase agreements—triparty[2]	0	0	0	0	0	0	0	0
24 **Total deposits**	**35,582**	**21,955**	**27,546**	**20,211**	**44,379**	**28,544**	**33,279**	**24,779**
25 Depository institutions	30,954	16,169	22,254	15,897	40,014	22,415	27,495	18,561
26 U.S. Treasury—General account	4,323	5,452	4,968	4,024	3,947	5,692	5,387	5,883
27 Foreign—Official accounts	92	82	108	72	208	256	111	128
28 Other	212	251	216	217	210	181	287	207
29 Deferred credit items	8,592	7,686	7,348	7,022	9,693	5,645	9,621	5,677
30 Other liabilities and accrued dividends[7]	2,373	2,415	2,447	2,469	2,522	2,436	2,388	2,556
31 **Total liabilities**	**660,571**	**648,335**	**654,108**	**648,519**	**680,441**	**646,373**	**658,455**	**654,299**
CAPITAL ACCOUNTS								
32 Capital paid in	8,056	8,101	8,080	8,096	8,267	7,648	8,056	8,268
33 Surplus	7,300	7,303	7,310	7,312	7,312	7,270	7,290	7,312
34 Other capital accounts	1,139	936	1,140	1,530	1,206	809	1,468	1,368
35 **Total liabilities and capital accounts**	**677,066**	**664,674**	**670,639**	**665,456**	**697,225**	**662,100**	**675,268**	**671,247**
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)	748,783	749,316	750,911	751,975	752,137	747,765	749,056	751,591
38 LESS: Held by Federal Reserve Banks	134,759	133,037	134,145	133,157	128,290	138,016	135,890	130,303
39 Federal Reserve notes, net	614,024	616,279	616,766	618,818	623,847	609,749	613,166	621,288
Collateral held against notes, net								
40 Gold certificate account	11,044	11,044	11,044	11,044	11,044	11,044	11,044	11,044
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	353	0	0	0	0	0	0
43 U.S. Treasury and agency securities	600,780	602,682	603,523	605,574	610,603	596,505	599,923	608,044
44 **Total collateral**	**614,024**	**616,279**	**616,766**	**618,818**	**623,847**	**609,749**	**613,166**	**621,288**

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		
	2002					2002		
	May 1	May 8	May 15	May 22	May 29	Mar.	Apr.	May
1 **Total loans**	**96**	**92**	**104**	**135**	**146**	**20**	**72**	**124**
2 Within fifteen days[1]	19	14	19	130	140	18	66	101
3 Sixteen days to ninety days	77	78	85	6	7	1	6	23
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 **Total U.S. Treasury securities[2]**	**580,860**	**583,672**	**585,767**	**584,602**	**587,559**	**575,355**	**581,308**	**587,189**
6 Within fifteen days[1]	22,521	27,663	23,438	26,794	26,248	9,609	16,152	3,941
7 Sixteen days to ninety days	122,738	125,948	127,337	126,403	128,379	139,985	129,556	143,242
8 Ninety-one days to one year	138,748	133,193	136,341	131,761	133,249	133,054	138,748	139,075
9 One year to five years	161,353	161,355	165,488	166,467	166,469	159,198	161,353	167,479
10 Five years to ten years	53,999	54,005	51,648	51,654	51,685	52,250	53,998	51,920
11 More than ten years	81,502	81,509	81,515	81,522	81,529	81,259	81,501	81,531
12 **Total federal agency obligations**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
13 Within fifteen days[1]	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. Holdings under repurchase agreements are classified as maturing within fifteen days in accordance with maximum maturity of the agreements.

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

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

Billions of dollars, averages of daily figures

Item	1998 Dec.	1999 Dec.	2000 Dec.	2001 Dec.[r]	2001 Oct.[r]	2001 Nov.[r]	2001 Dec.[r]	2002 Jan.[r]	2002 Feb.[r]	2002 Mar.[r]	2002 Apr.[r]	2002 May
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	45.14	41.82	38.54	41.22	45.22	40.87	41.22	41.75	41.45	41.01	40.76	39.12
2 Nonborrowed reserves[4]	45.02	41.50	38.33	41.15	45.10	40.78	41.15	41.70	41.42	40.94	40.69	39.01
3 Nonborrowed reserves plus extended credit[5]	45.02	41.50	38.33	41.15	45.10	40.78	41.15	41.70	41.42	40.94	40.69	39.01
4 Required reserves	43.62	40.53	37.11	39.58	43.90	39.42	39.58	40.36	40.08	39.60	39.55	37.86
5 Monetary base[6]	513.55	593.12	584.04	634 41	629.95	629.37	634.41	640.86	646.18	649.64	653.90	657.80
	Not seasonally adjusted											
6 Total reserves[7]	45.31	41.89	38.53	41.20	44.76	40.25	41.20	43.71	42.47	40.27	40.85	40.18
7 Nonborrowed reserves	45.19	41.57	38.32	41.13	44.63	40.17	41.13	43.66	42.44	40.19	40.78	40.07
8 Nonborrowed reserves plus extended credit[5]	45.19	41.57	38.32	41.13	44.63	40.17	41.13	43.66	42.44	40.19	40.78	40.07
9 Required reserves[8]	43.80	40.59	37.10	39.55	43.43	38.80	39.55	42.33	41.11	38.85	39.64	38.92
10 Monetary base[9]	518.27	600.72	590.06	639.91	627.79	629.68	639.91	644.27	645.71	649.22	653.25	657.91
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	45.21	41.65	38.47	41.08	44.63	40.12	41.08	43.73	42.49	40.30	40.90	40.25
12 Nonborrowed reserves	45.09	41.33	38.26	41.01	44.51	40.04	41.01	43.68	42.46	40.22	40.83	40.13
13 Nonborrowed reserves plus extended credit[5]	45.09	41.33	38.26	41.01	44.51	40.04	41.01	43.68	42.46	40.22	40.83	40.13
14 Required reserves	43.70	40.36	37.05	39.43	43.31	38.67	39.43	42.34	41.12	38.88	39.69	38.98
15 Monetary base[12]	525.06	608.02	596.98	648.74	635.90	637.64	648.74	653.28	654.93	658.76	663.34	668.05
16 Excess reserves[13]	1.51	1.30	1.43	1.65	1.33	1.45	1.65	1.39	1.37	1.41	1.21	1.26
17 Borrowings from the Federal Reserve	.12	.32	.21	.07	.13	.08	.07	.05	.03	.08	.07	.11

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 MEASURES[1]

Billions of dollars, averages of daily figures

Item	1998 Dec.	1999 Dec.	2000 Dec.	2001 Dec.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May
	Seasonally adjusted							
Measures[2]								
1 M1	1,096.5	1,124.4	1,088.9	1,179.3	1,184.4	1,187.3	1,176.0	1,182.1
2 M2	4,380.5[r]	4,650.3[r]	4,936.0[r]	5,454.8[r]	5,500.6[r]	5,497.2[r]	5,479.8[r]	5,543.2
3 M3	6,041.0[r]	6,541.8[r]	7,115.5[r]	8,029.1[r]	8,060.9[r]	8,057.5[r]	8,040.9[r]	8,113.1
M1 components								
4 Currency[3]	459.3	516.9	530.1	579.9	591.4	595.1	599.5	605.2
5 Travelers checks[4]	8.2	8.3	8.0	7.8	7.8	7.7	7.7	7.8
6 Demand deposits[5]	378.4	354.5	309.9	330.4	324.7	324.0	309.4	305.8
7 Other checkable deposits[6]	250.5	244.7	240.9	261.1	260.4	260.5	259.4	263.3
Nontransaction components								
8 In M2[7]	3,284.0[r]	3,525.9[r]	3,847.1[r]	4,275.5[r]	4,316.3[r]	4,309.9[r]	4,303.9[r]	4,361.1
9 In M3 only[8]	1,660.5	1,891.6	2,179.5	2,574.4	2,560.2	2,560.3[r]	2,561.1[r]	2,569.9
Commercial banks								
10 Savings deposits, including MMDAs	1,187.5	1,289.1	1,423.7	1,745.8	1,806.2	1,814.1	1,824.5	1,863.1
11 Small time deposits[9]	626.1	635.0	699.1	638.9	623.4	617.5	613.6	619.1
12 Large time deposits[10,11]	582.9	651.6	717.2	670.4	677.3	678.6	688.0	690.4
Thrift institutions								
13 Savings deposits, including MMDAs	414.7	449.7	452.1	561.5	590.2	603.9	612.6	619.4
14 Small time deposits[9]	325.6	320.4	344.5	334.2	324.6	322.0	319.3	311.4
15 Large time deposits[10]	88.6	91.1	102.9	113.9	114.5	113.8	114.4	111.4
Money market mutual funds								
16 Retail	730.2[r]	831.8[r]	927.6[r]	995.1[r]	971.9[r]	952.4[r]	933.9[r]	948.2
17 Institution-only	543.1	639.0	799.1	1,207.2	1,177.4	1,177.2	1,175.2	1,185.1
Repurchase agreements and eurodollars								
18 Repurchase agreements[12]	293.4	336.0	364.0	372.1	375.3	372.8	365.9	364.9
19 Eurodollars[12]	152.5	174.0	196.4	210.7	215.8	217.9[r]	217.6[r]	218.0
	Not seasonally adjusted							
Measures[2]								
20 M1	1,120.4	1,148.3	1,112.3	1,203.5	1,171.7	1,189.3	1,188.3	1,177.4
21 M2	4,400.6[r]	4,671.1[r]	4,959.7[r]	5,479.7[r]	5,491.7[r]	5,542.8[r]	5,557.1[r]	5,526.4
22 M3	6,069.8[r]	6,573.5[r]	7,150.8[r]	8,067.4[r]	8,092.3[r]	8,139.6[r]	8,132.1[r]	8,107.6
M1 components								
23 Currency[3]	463.3	521.5	535.2	584.9	591.0	596.1	599.7	605.3
24 Travelers checks[4]	8.4	8.4	8.1	7.9	8.0	7.9	7.9	7.9
25 Demand deposits[5]	395.9	371.8	326.5	348.2	316.9	322.7	309.9	300.1
26 Other checkable deposits[6]	252.8	246.6	242.5	262.5	255.8	262.7	270.9	264.1
Nontransaction components								
27 In M2[7]	3,280.2[r]	3,522.8[r]	3,847.4[r]	4,276.3[r]	4,320.0[r]	4,353.5[r]	4,368.8[r]	4,349.0
28 In M3 only[8]	1,669.2	1,902.4	2,191.1	2,587.7	2,600.6	2,596.9[r]	2,574.9[r]	2,581.2
Commercial banks								
29 Savings deposits, including MMDAs	1,186.0	1,288.8	1,426.9	1,750.2	1,796.1	1,824.8	1,851.1	1,861.4
30 Small time deposits[9]	626.5	635.7	700.0	639.6	625.2	617.9	613.1	616.9
31 Large time deposits[10,11]	583.2	652.0	717.6	670.5	675.7	681.0	689.3	696.4
Thrift institutions								
32 Savings deposits, including MMDAs	414.2	449.6	453.1	562.9	586.9	607.4	621.5	618.8
33 Small time deposits[9]	325.8	320.8	345.0	334.5	325.6	322.3	319.0	310.3
34 Large time deposits[10]	88.6	91.2	103.0	114.0	114.2	114.2	114.6	112.4
Money market mutual funds								
35 Retail	727.7[r]	828.1[r]	922.4[r]	989.0[r]	986.2[r]	981.0[r]	964.1[r]	941.6
36 Institution-only	552.6	648.6	808.1	1,218.5	1,215.6	1,208.0	1,185.1	1,182.2
Repurchase agreements and eurodollars								
37 Repurchase agreements[12]	290.4	334.7	364.2	372.9	376.9	373.7	365.7	369.8
38 Eurodollars[12]	154.5	176.0	198.2	211.9	218.2	220.0[r]	220.2[r]	220.4

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 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.

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			
	2001	2001		2002					2002			
	May[r]	Nov.[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May	May 8	May 15	May 22	May 29
	Seasonally adjusted											
Assets												
1 Bank credit	5,326.9	5,458.9	5,450.3	5,430.3	5,434.4	5,429.9	5,452.1	5,510.6	5,482.6	5,511.6	5,524.9	5,523.2
2 Securities in bank credit	1,371.4	1,488.5	1,490.6	1,484.9	1,478.2	1,477.0	1,497.9	1,532.3	1,508.9	1,527.0	1,546.6	1,543.6
3 U.S. government securities	758.7	812.0	830.1	817.4	809.1	825.5	848.0	870.2	857.8	869.6	874.3	875.3
4 Other securities	612.7	676.5	660.5	667.5	669.1	651.5	649.9	662.1	651.1	657.4	672.3	668.2
5 Loans and leases in bank credit[2]	3,955.4	3,970.5	3,959.7	3,945.4	3,956.2	3,952.8	3,954.1	3,978.3	3,973.7	3,984.6	3,978.3	3,979.6
6 Commercial and industrial	1,095.9	1,043.1	1,034.3	1,026.3	1,033.8	1,030.7	1,017.5	1,015.7	1,010.5	1,013.5	1,020.2	1,019.0
7 Real estate	1,704.3	1,774.8	1,787.2	1,783.4	1,790.3	1,790.2	1,792.7	1,811.8	1,812.0	1,812.6	1,811.2	1,812.1
8 Revolving home equity	135.3	152.9	155.8	159.0	162.6	168.0	172.3	179.4	177.6	178.9	179.6	180.9
9 Other	1,569.0	1,621.9	1,631.3	1,624.4	1,627.7	1,622.1	1,620.4	1,632.5	1,634.4	1,633.7	1,631.6	1,631.2
10 Consumer	552.5	557.9	557.0	559.2	561.4	559.1	563.3	566.2	564.9	566.8	565.3	569.2
11 Security[3]	167.6	154.0	145.6	151.1	152.3	160.5	168.3	171.0	173.5	176.2	168.4	166.9
12 Other loans and leases	435.2	440.7	435.6	425.3	418.5	412.3	412.4	413.5	412.9	415.5	413.2	412.4
13 Interbank loans	281.4	286.2	293.1	292.6	276.4	267.6	268.4	285.9	279.9	299.4	283.1	281.9
14 Cash assets[4]	282.2	296.9	297.4	300.2	298.8	301.7	301.0	299.5	292.8	299.6	294.3	312.3
15 Other assets[5]	423.7	487.9	481.9	482.3	485.3	465.5	478.4	485.0	481.3	475.4	490.7	492.7
16 **Total assets**[6]	**6,248.2**	**6,459.1**	**6,450.1**	**6,431.1**	**6,420.4**	**6,389.9**	**6,425.7**	**6,506.4**	**6,461.9**	**6,511.2**	**6,518.4**	**6,535.5**
Liabilities												
17 Deposits	4,015.9	4,201.0	4,243.7	4,257.3	4,274.4	4,314.2	4,334.1	4,367.1	4,357.0	4,392.4	4,357.6	4,363.2
18 Transaction	611.5	635.6	640.7	635.8	625.0	621.1	603.0	615.4	587.0	615.0	626.0	645.4
19 Nontransaction	3,404.4	3,565.4	3,603.0	3,621.6	3,649.4	3,693.0	3,731.0	3,751.7	3,770.0	3,777.4	3,731.5	3,717.8
20 Large time	964.7	984.8	983.7	998.3	1,012.3	1,027.2	1,042.5	1,049.7	1,054.3	1,057.4	1,046.1	1,046.1
21 Other	2,439.6	2,580.5	2,619.4	2,623.3	2,637.1	2,665.8	2,688.5	2,702.0	2,715.7	2,720.0	2,685.4	2,671.7
22 Borrowings	1,249.2	1,253.0	1,248.0	1,235.2	1,233.9	1,204.6	1,220.3	1,247.8	1,223.7	1,239.9	1,252.0	1,268.8
23 From banks in the U.S.	391.8	413.1	415.5	412.5	406.2	393.5	393.0	393.6	386.9	397.6	395.1	391.1
24 From others	857.5	839.9	832.5	822.7	827.7	811.1	827.4	854.2	836.9	842.3	856.8	877.8
25 Net due to related foreign offices	202.2	160.0	144.2	115.9	97.9	102.0	104.7	93.0	90.6	77.3	100.4	106.2
26 Other liabilities	352.5	403.3	356.7	342.5	336.1	309.4	318.5	330.7	329.2	332.0	337.7	325.1
27 **Total liabilities**	**5,819.8**	**6,017.3**	**5,992.6**	**5,950.8**	**5,942.2**	**5,930.2**	**5,977.6**	**6,038.6**	**6,000.6**	**6,041.6**	**6,047.6**	**6,063.4**
28 Residual (assets less liabilities)[7]	428.3	441.8	457.5	480.3	478.2	459.7	448.1	467.8	461.3	469.6	470.7	472.1
	Not seasonally adjusted											
Assets												
29 Bank credit	5,320.3	5,474.4	5,483.1	5,447.7	5,439.5	5,423.9	5,449.0	5,504.4	5,481.2	5,506.3	5,512.8	5,514.1
30 Securities in bank credit	1,369.0	1,492.1	1,498.0	1,493.0	1,485.7	1,482.7	1,497.3	1,529.6	1,507.1	1,524.1	1,542.5	1,539.8
31 U.S. government securities	756.7	812.7	834.9	822.6	816.1	831.8	849.8	867.9	855.2	867.3	871.7	872.4
32 Other securities	612.3	679.4	663.0	670.4	669.6	650.9	647.5	661.7	651.9	656.9	670.9	667.4
33 Loans and leases in bank credit[2]	3,951.3	3,982.3	3,985.1	3,954.7	3,953.8	3,941.2	3,951.7	3,974.9	3,974.1	3,982.2	3,970.3	3,974.3
34 Commercial and industrial	1,099.7	1,044.7	1,034.0	1,021.8	1,032.6	1,032.1	1,021.7	1,019.3	1,017.1	1,017.5	1,022.7	1,020.2
35 Real estate	1,707.0	1,779.2	1,791.5	1,782.6	1,785.2	1,782.6	1,789.4	1,814.4	1,814.4	1,816.5	1,813.7	1,814.2
36 Revolving home equity	135.5	153.4	155.9	158.8	162.5	166.5	171.7	179.7	178.0	179.4	180.0	181.1
37 Other	1,571.5	1,625.8	1,635.5	1,623.9	1,622.7	1,616.1	1,617.7	1,634.7	1,636.4	1,637.1	1,633.7	1,633.1
38 Consumer	550.9	560.3	566.5	567.0	563.7	556.4	559.9	564.4	562.8	565.5	564.0	567.2
39 Credit cards and related plans	219.2	225.7	232.4	228.3	223.8	220.1	223.8	223.3	222.0	224.3	222.5	225.7
40 Other	331.7	334.6	334.1	338.7	339.9	336.2	336.1	341.1	340.9	341.3	341.6	341.4
41 Security[3]	161.9	157.3	152.0	155.0	153.9	158.2	167.4	164.5	167.5	168.7	160.1	161.3
42 Other loans and leases	431.7	440.8	441.1	428.2	418.4	412.0	413.3	412.2	412.1	414.0	409.8	411.4
43 Interbank loans	276.7	289.8	299.4	290.8	275.1	272.5	278.1	282.4	279.0	295.2	273.5	278.4
44 Cash assets[4]	279.8	306.1	317.2	313.2	300.1	291.8	300.2	296.8	284.7	294.4	277.2	328.9
45 Other assets[5]	423.4	489.2	484.9	483.9	484.4	465.0	478.9	484.7	485.3	477.6	486.5	489.1
46 **Total assets**[6]	**6,234.3**	**6,488.5**	**6,511.9**	**6,461.3**	**6,424.3**	**6,378.4**	**6,432.2**	**6,493.7**	**6,455.5**	**6,498.9**	**6,475.7**	**6,536.0**
Liabilities												
47 Deposits	4,008.2	4,220.2	4,294.5	4,283.2	4,290.4	4,319.5	4,358.2	4,360.0	4,357.7	4,384.5	4,327.5	4,362.6
48 Transaction	603.6	641.7	669.3	648.8	619.7	616.2	611.5	607.2	574.8	606.3	602.3	651.8
49 Nontransaction	3,404.6	3,578.5	3,625.1	3,634.5	3,670.6	3,703.3	3,746.7	3,752.7	3,783.0	3,778.2	3,725.2	3,710.8
50 Large time	967.1	991.6	998.1	1,011.1	1,019.5	1,028.0	1,045.1	1,053.3	1,058.7	1,059.1	1,049.2	1,051.1
51 Other	2,437.5	2,587.0	2,627.0	2,623.4	2,651.2	2,675.3	2,701.7	2,699.4	2,724.2	2,719.1	2,676.0	2,659.8
52 Borrowings	1,256.0	1,255.8	1,248.0	1,248.6	1,237.1	1,203.0	1,226.7	1,254.2	1,240.5	1,249.1	1,250.4	1,269.7
53 From banks in the U.S.	393.2	410.3	417.1	417.7	411.4	397.9	398.2	394.9	391.9	400.0	393.8	389.9
54 From others	862.9	845.6	830.9	830.9	825.8	805.1	828.5	859.3	848.5	849.1	856.6	879.8
55 Net due to related foreign offices	201.6	163.4	150.8	123.2	104.3	103.6	96.0	92.6	86.6	76.9	100.5	109.6
56 Other liabilities	351.9	408.9	362.3	348.3	341.3	309.1	311.2	330.2	325.7	331.0	337.9	327.9
57 **Total liabilities**	**5,817.9**	**6,048.3**	**6,055.6**	**6,003.4**	**5,973.1**	**5,935.4**	**5,992.2**	**6,036.9**	**6,010.4**	**6,041.4**	**6,016.3**	**6,069.9**
58 Residual (assets less liabilities)[7]	416.4	440.2	456.4	457.9	451.2	443.0	440.0	456.8	445.1	457.5	459.4	466.1

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			
	2001	2001		2002					2002			
	May	Nov.[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May	May 8	May 15	May 22	May 29
	Seasonally adjusted											
Assets												
1 Bank credit	4,717.9[r]	4,859.7	4,855.7	4,845.4	4,847.4	4,836.1	4,853.4	4,911.4	4,887.9	4,916.8	4,917.3	4,924.3
2 Securities in bank credit	1,158.4	1,251.1	1,252.9	1,255.1	1,250.7	1,251.6	1,273.3	1,304.4	1,284.3	1,302.5	1,314.4	1,313.9
3 U.S. government securities	703.0	756.3	775.1	766.6	762.4	776.7	798.4	820.5	808.7	820.2	824.2	825.5
4 Other securities	455.4	494.9	477.8	488.5	488.3	474.9	474.9	483.9	475.7	482.3	490.2	488.4
5 Loans and leases in bank credit[2]	3,559.5	3,608.6	3,602.8	3,590.4	3,596.7	3,584.5	3,580.1	3,607.1	3,603.6	3,614.3	3,602.9	3,610.4
6 Commercial and industrial	878.9	847.2	839.6	833.3	836.6	830.4	819.0	816.7	814.7	815.9	817.4	818.4
7 Real estate	1,686.1	1,755.9	1,768.2	1,764.6	1,771.9	1,771.3	1,773.5	1,792.6	1,792.9	1,793.4	1,791.8	1,792.9
8 Revolving home equity	135.3[r]	152.9	155.8	159.0	162.6	168.0	172.3	179.4	177.6	178.9	179.6	180.9
9 Other	1,550.9	1,603.0	1,612.4	1,605.6	1,609.3	1,603.3	1,601.1	1,613.2	1,615.3	1,614.5	1,612.2	1,612.0
10 Consumer	552.5	557.9	557.0	559.2	561.4	559.1	563.3	566.2	564.9	566.8	565.3	569.2
11 Security[3]	74.3	77.1	71.4	76.3	78.3	82.1	83.7	89.8	89.0	94.1	88.1	89.3
12 Other loans and leases	367.7	370.5	366.6	356.9	348.5	341.6	340.6	341.8	342.1	344.0	340.3	340.5
13 Interbank loans	252.3[r]	261.2	272.7	267.4	256.5	247.1	246.3	262.2	252.8	277.8	261.8	257.3
14 Cash assets[4]	244.6	258.8	258.5	260.1	257.0	257.8	254.8	255.3	248.8	255.1	249.7	268.4
15 Other assets[5]	387.3	453.2	450.9	451.3	453.6	435.6	447.2	453.3	450.2	444.6	459.3	459.0
16 **Total assets[6]**	**5,536.6[r]**	**5,762.4**	**5,765.6**	**5,750.3**	**5,740.4**	**5,702.2**	**5,727.8**	**5,807.9**	**5,765.5**	**5,820.1**	**5,813.9**	**5,834.9**
Liabilities												
17 Deposits	3,608.7	3,767.2	3,798.8	3,789.2	3,797.9	3,823.6	3,826.8	3,858.6	3,845.2	3,880.4	3,852.5	3,857.5
18 Transaction	600.8	624.7	629.4	624.7	614.6	611.1	592.5	604.4	576.9	603.8	614.7	634.6
19 Nontransaction	3,007.9	3,142.5	3,169.3	3,164.5	3,183.2	3,212.5	3,234.3	3,254.1	3,268.3	3,276.7	3,237.8	3,223.0
20 Large time	570.5	565.2	553.8	544.9	552.6	552.0	548.5	554.1	554.6	558.7	554.4	553.2
21 Other	2,437.4	2,577.3	2,615.6	2,619.6	2,630.6	2,660.5	2,685.8	2,700.0	2,713.7	2,718.0	2,683.5	2,669.8
22 Borrowings	1,029.2	1,043.0	1,048.2	1,049.9	1,042.8	1,017.1	1,028.9	1,055.1	1,029.2	1,049.0	1,060.4	1,077.6
23 From banks in the U.S.	371.4[r]	388.7	390.7	390.2	383.1	371.7	369.8	371.4	365.9	375.5	371.3	371.3
24 From others	657.8[r]	654.2	657.5	659.7	659.7	645.4	659.1	683.8	663.3	673.5	689.2	706.4
25 Net due to related foreign offices	214.6	189.1	192.9	181.2	171.0	173.6	178.3	180.6	180.4	169.4	180.5	194.2
26 Other liabilities	267.1[r]	322.9	278.1	262.4	258.7	240.3	251.2	259.9	261.8	264.7	264.3	250.5
27 **Total liabilities**	**5,119.5[r]**	**5,322.2**	**5,318.0**	**5,282.7**	**5,270.3**	**5,254.6**	**5,285.2**	**5,354.2**	**5,316.6**	**5,363.5**	**5,357.8**	**5,379.8**
28 Residual (assets less liabilities)[7]	417.0[r]	440.2	447.6	467.6	470.1	447.6	442.7	453.8	448.9	456.5	456.1	455.1
	Not seasonally adjusted											
Assets												
29 Bank credit	4,715.6	4,872.5	4,880.9	4,857.1	4,848.5	4,830.2	4,850.2	4,909.2	4,889.6	4,915.0	4,911.4	4,918.9
30 Securities in bank credit	1,156.0[r]	1,254.8	1,260.2	1,263.1	1,258.2	1,257.3	1,272.7	1,301.6	1,282.5	1,299.6	1,310.4	1,310.2
31 U.S. government securities	701.0	757.0	780.0	771.7	769.4	783.0	800.2	818.1	806.0	817.8	821.6	822.6
32 Other securities	455.0	497.8	480.3	491.4	488.8	474.3	472.5	483.4	476.5	481.7	488.7	487.6
33 Loans and leases in bank credit[2]	3,559.7[r]	3,617.7	3,620.7	3,594.0	3,590.3	3,572.9	3,577.6	3,607.7	3,607.1	3,615.4	3,601.1	3,608.7
34 Commercial and industrial	885.2	847.2	837.7	828.1	833.9	830.5	824.4	822.6	823.4	822.0	822.6	822.4
35 Real estate	1,688.9[r]	1,760.3	1,772.5	1,763.9	1,766.8	1,763.8	1,770.2	1,795.2	1,795.3	1,797.3	1,794.3	1,795.0
36 Revolving home equity	135.5[r]	153.4	155.9	158.8	162.5	166.5	171.7	179.7	178.0	179.4	180.0	181.1
37 Other	1,553.3	1,606.9	1,616.6	1,605.1	1,604.2	1,597.3	1,598.5	1,615.5	1,617.3	1,617.9	1,614.3	1,613.9
38 Consumer	550.9	560.3	566.5	567.0	563.7	556.4	559.9	564.4	562.8	565.5	564.0	567.2
39 Credit cards and related plans	219.2	225.7	232.4	228.3	223.8	220.1	223.8	223.3	222.0	224.3	222.5	225.7
40 Other	331.7	334.6	334.1	338.7	339.9	336.2	336.1	341.1	340.9	341.3	341.6	341.4
41 Security[3]	70.0	79.3	73.8	76.1	77.6	82.0	82.2	84.5	83.8	87.7	82.1	84.3
42 Other loans and leases	364.7	370.6	370.2	359.0	348.3	340.3	340.9	340.9	341.8	342.9	338.1	339.9
43 Interbank loans	247.7[r]	264.8	279.0	265.5	255.2	252.0	256.1	258.7	251.9	273.7	252.3	253.8
44 Cash assets[4]	243.5	265.7	275.8	270.9	257.4	249.0	255.9	254.0	242.2	251.2	234.6	286.3
45 Other assets[5]	387.0	454.6	453.2	452.1	452.0	434.2	447.8	452.9	453.7	446.4	455.3	455.8
46 **Total assets[6]**	**5,528.2[r]**	**5,787.0**	**5,816.7**	**5,771.8**	**5,738.8**	**5,691.0**	**5,736.4**	**5,800.6**	**5,763.2**	**5,812.0**	**5,779.5**	**5,840.6**
Liabilities												
47 Deposits	3,597.1	3,782.9	3,837.1	3,804.4	3,808.4	3,826.8	3,847.2	3,846.4	3,840.3	3,868.6	3,817.9	3,850.2
48 Transaction	593.4	630.6	657.3	637.4	609.3	606.3	601.5	596.7	565.1	595.5	591.5	641.1
49 Nontransaction	3,003.7	3,152.3	3,179.8	3,167.0	3,199.1	3,220.4	3,245.7	3,249.6	3,275.2	3,273.1	3,226.4	3,209.2
50 Large time	568.5	568.7	556.7	547.4	554.6	550.5	546.8	552.3	553.0	556.0	552.4	551.4
51 Other	2,435.2	2,583.7	2,623.1	2,619.6	2,644.6	2,669.9	2,698.9	2,697.4	2,722.2	2,717.2	2,674.0	2,657.8
52 Borrowings	1,036.0	1,045.7	1,048.1	1,063.4	1,046.0	1,015.5	1,035.3	1,061.5	1,045.9	1,058.2	1,058.9	1,078.5
53 From banks in the U.S.	372.7[r]	385.8	392.3	395.5	388.3	376.1	375.0	372.6	371.0	377.9	369.9	370.1
54 From others	663.2[r]	659.9	655.8	667.9	657.7	639.4	660.3	688.9	674.9	680.3	688.9	708.4
55 Net due to related foreign offices	214.1	193.8	196.9	185.5	174.7	172.1	171.5	180.2	176.9	167.9	181.3	197.3
56 Other liabilities	266.5[r]	329.1	282.5	266.8	262.6	239.0	244.5	259.4	258.5	263.1	264.9	253.1
57 **Total liabilities**	**5,113.7[r]**	**5,351.6**	**5,364.7**	**5,320.1**	**5,291.8**	**5,253.4**	**5,298.5**	**5,347.5**	**5,321.6**	**5,357.9**	**5,323.0**	**5,379.1**
58 Residual (assets less liabilities)[7]	414.5[r]	435.4	452.0	451.7	447.0	437.7	437.9	453.2	441.6	454.2	456.5	461.5

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			
	2001	2001		2002					2002			
	May	Nov.[r]	Dec.[r]	Jan.	Feb.	Mar.	Apr.	May	May 8	May 15	May 22	May 29
	Seasonally adjusted											
Assets												
1 Bank credit	2,633.0[r]	2,640.2	2,607.0	2,575.0[r]	2,573.1[r]	2,554.1[r]	2,558.8[r]	2,576.4	2,558.4	2,581.8	2,581.0	2,583.0
2 Securities in bank credit	610.6	652.6	636.8	634.4[r]	629.5[r]	627.6[r]	645.9[r]	665.0	646.3	664.1	674.5	672.7
3 U.S. government securities	357.0	370.8	379.4	366.7[r]	359.4[r]	367.2[r]	383.3	390.5	381.8	390.8	393.1	393.3
4 Trading account	35.3	40.5	33.9	32.6	33.6	32.7	38.1	43.0	37.2	47.2	45.4	43.2
5 Investment account	321.7	330.3	345.5	334.1[r]	325.8[r]	334.4[r]	345.1	347.5	344.6	343.6	347.7	350.1
6 Other securities	253.5	281.8	257.5	267.7[r]	270.1[r]	260.4[r]	262.7[r]	274.5	264.5	273.3	281.3	279.4
7 Trading account	136.4	165.4	130.0	128.4	130.0	122.5	128.2	140.5	131.3	138.5	146.5	146.3
8 Investment account	117.2	116.4	127.5	139.3[r]	140.1[r]	137.9[r]	134.5[r]	134.0	133.2	134.8	134.9	133.1
9 State and local government	28.0	27.1	27.3	27.3	27.8	27.7	27.2	26.9	26.7	26.8	27.0	27.2
10 Other	89.2	89.3	100.2	112.0[r]	112.3[r]	110.2[r]	107.3[r]	107.0	106.5	108.0	107.9	105.9
11 Loans and leases in bank credit[2]	2,022.4[r]	1,987.6	1,970.2	1,940.6	1,943.7	1,926.6	1,912.9	1,911.5	1,912.1	1,917.7	1,906.6	1,910.3
12 Commercial and industrial	583.0	545.8	535.6	528.6	529.9	524.7[r]	514.5	510.7	509.6	510.4	510.6	512.0
13 Bankers acceptances	.8	.0	.0	.0	.0	.0	.0	.0	n.a.	n.a.	n.a.	n.a.
14 Other	582.2	545.8	535.6	528.6	529.9	524.7[r]	514.5	510.7	509.6	510.4	510.6	512.0
15 Real estate	853.8[r]	858.0	860.2	847.9[r]	848.8[r]	842.1[r]	838.7[r]	837.0	838.5	837.4	835.0	836.0
16 Revolving home equity	86.8	96.5	98.0	99.8[r]	101.5[r]	105.3[r]	108.4[r]	111.8	110.5	111.6	111.8	112.7
17 Other	767.0	761.5	762.1	748.1	747.3	736.8	730.3	725.2	728.0	725.8	723.2	723.3
18 Consumer	252.3	244.7	244.7	238.1[r]	245.7[r]	243.0[r]	240.9[r]	240.9	240.5	241.1	241.4	241.7
19 Security[3]	66.1	69.1	63.3	68.3	70.3	74.3	76.3	82.2	81.6	86.3	80.5	81.6
20 Federal funds sold to and repurchase agreements with broker–dealers	48.9	54.5	48.4	54.9	57.4	61.1[r]	63.3	69.1	68.2	73.3	67.7	68.4
21 Other	17.2	14.6	14.9	13.4	12.9	13.1	13.0	13.1	13.4	13.0	12.8	13.2
22 State and local government	13.0	15.7	15.0	14.6	14.6	14.6	14.6	14.6	14.6	14.5	14.5	14.6
23 Agricultural	10.6	9.8	9.7	9.6	9.7	9.6	9.6	9.6	9.5	9.5	9.7	9.6
24 Federal funds sold to and repurchase agreements with others	25.7	30.3	28.1	26.2	22.6	20.9	21.9	18.6	20.4	18.4	17.6	17.4
25 All other loans	84.9	78.2	79.6	75.3	70.3	65.9	65.3	67.0	66.3	68.8	67.0	66.3
26 Lease-financing receivables	133.0	135.9	134.1	132.1	131.9	131.4	131.0	131.0	131.1	131.4	130.4	131.0
27 Interbank loans	136.8	152.5	167.0	168.5	153.0	145.8[r]	154.1	163.5	158.9	175.5	163.7	157.0
28 Federal funds sold to and repurchase agreements with commercial banks	74.7	90.0	96.9	92.1	79.7	75.0	81.5	81.4	80.1	92.2	78.6	74.8
29 Other	62.1	62.5	70.1	76.4	73.3	70.8	72.6	82.1	78.8	83.3	85.1	82.3
30 Cash assets[4]	141.3	149.6	147.3	146.2	143.3[r]	143.1	140.7[r]	141.4	136.8	140.2	135.7	153.7
31 Other assets[5]	283.0[r]	322.4	315.1	312.3[r]	306.9[r]	286.5[r]	293.4[r]	297.1	294.0	291.1	302.4	301.9
32 **Total assets[6]**	**3,156.2[r]**	**3,224.9**	**3,195.1**	**3,158.7[r]**	**3,132.5[r]**	**3,085.7[r]**	**3,104.1[r]**	**3,135.4**	**3,105.0**	**3,145.6**	**3,139.8**	**3,152.8**
Liabilities												
33 Deposits	1,736.4	1,792.4	1,801.4	1,791.1	1,789.2	1,800.4	1,804.7	1,800.2	1,795.0	1,818.3	1,794.3	1,794.0
34 Transaction	304.2	320.4	323.2	316.1	308.2	303.6	286.9	288.5	273.3	289.1	293.4	304.9
35 Nontransaction	1,432.2	1,472.0	1,478.2	1,474.9[r]	1,481.0	1,496.8	1,517.8	1,511.7	1,521.7	1,529.2	1,501.0	1,489.1
36 Large time	270.7	253.5	248.3	242.1	249.8	248.9	245.3	246.7	245.7	251.8	247.5	245.6
37 Other	1,161.5	1,218.5	1,229.9	1,232.9	1,231.2	1,247.9	1,272.5	1,264.9	1,276.0	1,277.4	1,253.5	1,243.5
38 Borrowings	692.8	663.8	659.7	654.3	654.2	635.6	645.1	663.5	640.2	660.8	666.8	680.9
39 From banks in the U.S.	221.4	219.7	218.8	212.9	207.9	201.7	203.0	204.0	201.3	208.9	202.0	201.0
40 From others	471.5	444.1	440.9	441.4	446.2	433.8	442.2	459.5	438.9	451.8	464.8	480.0
41 Net due to related foreign offices	198.0	178.8	182.9	172.3[r]	160.0[r]	164.6[r]	168.7[r]	169.1	168.7	159.2	170.0	180.9
42 Other liabilities	211.8[r]	257.8	213.3	193.8[r]	187.7[r]	168.7[r]	179.2[r]	185.6	188.5	190.1	189.6	176.0
43 **Total liabilities**	**2,839.0[r]**	**2,892.9**	**2,857.3**	**2,811.5[r]**	**2,791.1[r]**	**2,769.3[r]**	**2,797.8[r]**	**2,818.4**	**2,792.4**	**2,828.3**	**2,820.7**	**2,831.8**
44 Residual (assets less liabilities)[7]	317.2[r]	331.9	337.8	347.3[r]	341.5	316.4	306.3[r]	317.0	312.5	317.2	319.1	321.1

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2001	2001		2002					2002			
	May	Nov.	Dec.r	Jan.	Feb.	Mar.	Apr.	May	May 8	May 15	May 22	May 29
	Not seasonally adjusted											
Assets												
45 Bank credit	2,632.5r	2,647.8r	2,620.1	2,584.7r	2,578.0r	2,553.1r	2,558.4r	2,576.3	2,561.6	2,581.1	2,576.9	2,581.1
46 Securities in bank credit	608.8	656.4r	641.8	641.3r	635.2r	631.0r	644.0r	663.0	644.6	661.9	671.5	670.2
47 U.S. government securities	355.7	371.7r	381.8	370.7r	364.7r	371.2r	383.8	389.0	379.3	389.1	391.5	391.6
48 Trading account	35.2	40.6	34.1	32.9	34.1	33.1	38.2	42.8	36.9	47.0	45.2	43.0
49 Investment account	320.5	331.0r	347.6	337.8r	330.6r	338.1r	345.6	346.2	342.3	342.1	346.3	348.6
50 Mortgage-backed securities	234.3	270.8	284.7	273.9	258.8	263.3	271.0	275.2	273.1	272.0	275.1	277.7
51 Other	86.2	60.3r	62.9	63.9r	71.8r	74.7r	74.6	71.0	69.3	70.1	71.2	70.9
52 One year or less	27.1	15.0r	14.7	13.7r	16.6r	19.6r	18.3	16.0	17.4	17.0	15.7	14.3
53 One to five years	31.4	30.4	35.3	36.8	43.1	42.9	43.5	42.3	39.3	41.1	42.4	43.9
54 More than five years	27.6	14.8	12.9	13.4	12.1	12.2	12.7	12.7	12.5	12.0	13.1	12.7
55 Other securities	253.1	284.8r	260.0	270.6r	270.5r	259.8r	260.2r	274.0	265.3	272.7	279.9	278.6
56 Trading account	136.2	167.1	131.2	129.8	130.2	122.2	127.0	140.2	131.7	138.2	145.7	145.9
57 Investment account	117.0	117.6r	128.7	140.8r	140.4r	137.6r	133.3r	133.8	133.6	134.5	134.2	132.7
58 State and local government	28.0	27.4	27.6	27.6	27.8	27.6	27.0	26.9	26.8	26.8	26.8	27.1
59 Other	89.0	90.2r	101.2	113.2r	112.5r	110.0r	106.3r	106.9	106.8	107.8	107.4	105.6
60 Loans and leases in bank credit[2]	2,023.7r	1,991.4r	1,978.4	1,943.4	1,942.7	1,922.1	1,914.4	1,913.4	1,917.0	1,919.2	1,905.4	1,910.9
61 Commercial and industrial	586.9r	546.7r	533.6	524.4	528.7	525.2	518.0	514.2	515.4	513.9	513.4	513.9
62 Bankers acceptances	.8	.0	.0	.0	.0	.0	.0	.0	n.a.	n.a.	n.a.	n.a.
63 Other	586.2	546.7r	533.6	524.4	528.7	525.2	518.0	514.2	515.4	513.9	513.4	513.9
64 Real estate	857.3r	859.8r	861.9	847.4r	845.6r	837.5r	837.5r	840.4	842.3	841.9	837.7	838.9
65 Revolving home equity	87.2r	96.6r	97.7	99.4r	101.7r	104.3r	108.0r	112.3	111.0	112.1	112.4	113.2
66 Other	469.2	451.2r	453.5	440.2	436.3	426.0	421.6	419.4	422.8	421.1	416.9	416.4
67 Commercial	300.9	312.0r	310.7	307.8	307.7r	307.1	307.9	308.8	308.4	308.7	308.4	309.3
68 Consumer	253.0	243.5r	247.7	242.0r	248.1r	243.2r	241.3r	241.5	241.2	241.7	241.9	242.4
69 Credit cards and related plans	87.0	76.5	80.1	71.5	76.6	74.8	72.8	72.8	72.7	73.0	73.1	73.6
70 Other	166.0	167.0r	167.6	170.5r	171.5r	168.4r	168.5r	168.7	168.5	168.7	168.9	168.8
71 Security[3]	62.0	71.0	65.5	68.4	69.6	74.0	74.6	77.0	76.4	80.1	74.8	76.8
72 Federal funds sold to and repurchase agreements with broker–dealers	45.8	56.0	50.0	55.0	56.8	60.9	61.8	64.8	63.9	68.0	62.9	64.4
73 Other	16.2	15.1	15.4	13.4	12.8	13.1	12.8	12.3	12.6	12.1	11.9	12.4
74 State and local government	13.0	15.7	15.0	14.6	14.6	14.6	14.6	14.6	14.6	14.5	14.5	14.6
75 Agricultural	10.6	9.7r	9.6	9.6	9.5	9.5	9.5	9.6	9.5	9.5	9.7	9.7
76 Federal funds sold to and repurchase agreements with others	23.8	30.6	28.9	27.8	24.0	20.9	21.9	18.6	20.4	18.4	17.6	17.4
77 All other loans	84.1	78.7r	81.6	75.0	69.3	65.1	65.4	66.4	65.7	67.8	65.4	66.4
78 Lease-financing receivables	133.0	135.6	134.6	134.2	133.4	132.3	131.6	131.0	131.5	131.4	130.3	130.7
79 Interbank loans	137.7	154.1	170.8	167.9	151.2r	146.0	157.9	164.6	158.2	176.7	161.8	161.5
80 Federal funds sold to and repurchase agreements with commercial banks	75.2	90.9r	99.1	91.8	78.8	75.1	83.6	81.9	79.7	92.8	77.7	76.9
81 Other	62.5	63.1	71.7	76.1	72.5	70.9	74.3	82.7	78.5	83.9	84.1	84.6
82 Cash assets[4]	140.8	152.7	158.4	154.5	144.0	138.1	143.3	140.9	132.8	138.6	126.0	165.0
83 Other assets[5]	282.7r	323.8r	317.4	313.1r	305.3r	285.1r	294.1r	296.7	297.5	292.9	298.4	298.7
84 **Total assets[6]**	**3,155.8r**	**3,238.5r**	**3,225.2**	**3,177.1r**	**3,134.6r**	**3,078.4r**	**3,111.0r**	**3,135.6**	**3,107.0**	**3,146.2**	**3,120.3**	**3,163.5**
Liabilities												
85 Deposits	1,731.1	1,801.4	1,819.1	1,796.0	1,795.7	1,799.0	1,812.2	1,794.7	1,789.2	1,813.4	1,776.0	1,795.1
86 Transaction	301.4	323.9	341.1	324.8	304.9	300.6	294.2	285.6	266.2	287.1	281.2	311.6
87 Nontransaction	1,429.7	1,477.5	1,478.0	1,471.2r	1,490.8r	1,498.4	1,518.0	1,509.1	1,522.9	1,526.3	1,494.7	1,483.5
88 Large time	268.7	256.9	251.3	244.5	251.7	247.4	243.6	244.9	244.1	249.1	245.5	243.8
89 Other	1,161.0	1,220.6	1,226.7	1,226.7r	1,239.1	1,251.0	1,274.3r	1,264.2	1,278.9	1,277.2	1,249.2	1,239.7
90 Borrowings	699.6	666.6	659.7	667.8	657.4	634.0	651.5	669.9	656.9	670.0	665.3	681.8
91 From banks in the U.S.	222.8	216.9	220.4	218.2	213.2	206.2	208.2	205.3	206.4	211.4	200.7	199.8
92 From nonbanks in the U.S.	476.9	449.7	439.2	449.6	444.3	427.8	443.3	464.6	450.5	458.6	464.6	482.0
93 Net due to related foreign offices	197.5	183.5	186.8	176.5r	163.8r	163.1r	161.9r	168.7	165.2	157.6	170.8	183.9
94 Other liabilities	211.2r	264.1r	217.8	198.3r	191.6r	167.4r	172.5r	185.1	185.2	188.6	190.2	178.6
95 **Total liabilities**	**2,839.5r**	**2,915.6r**	**2,883.4**	**2,838.6r**	**2,808.5r**	**2,763.5r**	**2,798.2r**	**2,818.5**	**2,796.5**	**2,829.6**	**2,802.2**	**2,839.5**
96 Residual (assets less liabilities)[7]	316.3r	322.9	341.8	338.5r	326.0r	314.9r	312.9	317.1	310.5	316.7	318.1	324.0

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			
	2001	2001		2002					2002			
	May	Nov.[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May	May 8	May 15	May 22	May 29
	Seasonally adjusted											
Assets												
1 Bank credit	2,085.0	2,219.5	2,248.7	2,270.5	2,274.3	2,281.9	2,294.6	2,335.0	2,329.6	2,335.0	2,336.3	2,341.3
2 Securities in bank credit	547.8	598.5	616.0	620.7	621.3	624.1	627.4	639.4	638.1	638.3	639.9	641.2
3 U.S. government securities	346.0	385.5	395.7	399.9	403.0	409.6	415.1	430.0	426.9	429.3	431.1	432.2
4 Other securities	201.8	213.1	220.3	220.8	218.3	214.5	212.3	209.4	211.2	209.0	208.8	209.0
5 Loans and leases in bank credit[2]	1,537.2	1,621.0	1,632.6	1,649.8	1,653.0	1,657.9	1,667.2	1,695.6	1,691.5	1,696.6	1,696.3	1,700.1
6 Commercial and industrial	295.9	301.4	304.0	304.7	306.8	305.6	304.5	306.0	305.2	305.6	306.8	306.4
7 Real estate	832.3	897.9	908.0	916.8	923.1	929.2	934.7	955.6	954.4	956.0	956.8	956.9
8 Revolving home equity	48.4	56.4	57.8	59.2	61.0	62.7	63.9	67.6	67.1	67.4	67.8	68.2
9 Other	783.9	841.5	850.2	857.6	862.0	866.6	870.8	888.0	887.3	888.7	889.0	888.7
10 Consumer	300.1[r]	313.1	312.4	321.2	315.7	316.1	322.4	325.3	324.3	325.8	323.9	327.5
11 Security[3]	8.2	7.9	8.2	8.0	8.1	7.8	7.4	7.7	7.4	7.8	7.6	7.7
12 Other loans and leases	100.6[r]	100.6	100.1	99.2	99.4	99.1	98.2	101.1	100.3	101.5	101.1	101.6
13 Interbank loans	115.5[r]	108.7	105.7	98.9	103.5	101.3	92.2	98.7	93.9	102.3	98.1	100.3
14 Cash assets[4]	103.3	109.2	111.2	113.9	113.7	114.7	114.2	113.8	112.1	115.0	114.0	114.7
15 Other assets[5]	104.3[r]	130.8	135.8	139.1	146.7	149.1	153.7	156.2	156.2	153.5	156.9	157.1
16 **Total assets[6]**	**2,380.4**	**2,537.6**	**2,570.5**	**2,591.5**	**2,607.8**	**2,616.5**	**2,623.7**	**2,672.5**	**2,660.5**	**2,674.5**	**2,674.1**	**2,682.1**
Liabilities												
17 Deposits	1,872.3	1,974.8	1,997.4	1,998.1	2,008.7	2,023.2	2,022.1	2,058.4	2,050.2	2,062.2	2,058.2	2,063.5
18 Transaction	296.6	304.3	306.3	308.6	306.4	307.5	305.6	315.9	303.6	314.7	321.3	329.7
19 Nontransaction	1,575.7	1,670.5	1,691.1	1,689.6	1,702.3	1,715.7	1,716.5	1,742.4	1,746.6	1,747.5	1,736.9	1,733.8
20 Large time	299.9[r]	311.8	305.4	302.9	302.9	303.2	303.2	307.4	308.9	306.9	306.9	307.6
21 Other	1,275.9[r]	1,358.8	1,385.7	1,386.7	1,399.4	1,412.6	1,413.3	1,435.1	1,437.7	1,440.6	1,430.0	1,426.2
22 Borrowings	336.3	379.1	388.5	395.6	388.6	381.5	383.7	391.6	389.0	388.2	393.6	396.7
23 From banks in the U.S.	150.0[r]	169.0	171.9	177.3	175.1	170.0	166.8	167.4	164.6	166.5	169.2	170.3
24 From others	186.3[r]	210.1	216.5	218.3	213.5	211.6	216.9	224.3	224.4	221.7	224.4	226.4
25 Net due to related foreign offices	16.6	10.3	10.0	9.0	10.9	9.0	9.6	11.5	11.7	10.3	10.6	13.3
26 Other liabilities	55.3	65.0	64.8	68.6	71.0	71.6	72.0	74.2	73.3	74.5	74.7	74.5
27 **Total liabilities**	**2,280.5**	**2,429.3**	**2,460.7**	**2,471.2**	**2,479.2**	**2,485.3**	**2,487.4**	**2,535.7**	**2,524.2**	**2,535.2**	**2,537.1**	**2,548.0**
28 Residual (assets less liabilities)[7]	99.9[r]	108.3	109.8	120.3	128.6	131.2	136.3	136.8	136.4	139.3	136.9	134.1
	Not seasonally adjusted											
Assets												
29 Bank credit	2,083.1	2,224.7	2,260.8	2,272.4	2,270.6	2,277.1	2,291.8	2,332.9	2,328.1	2,333.9	2,334.5	2,337.8
30 Securities in bank credit	547.2[r]	598.4	618.5	621.8	623.0	626.3	628.6	638.6	637.9	637.7	638.9	640.0
31 U.S. government securities	345.3	385.3	398.2	401.0	404.7	411.8	416.4	429.2	426.8	428.7	430.1	431.0
32 Other securities	201.8	213.1	220.3	220.8	218.3	214.5	212.3	209.4	211.2	209.0	208.8	209.0
33 Loans and leases in bank credit[2]	1,536.0	1,626.3	1,642.3	1,650.7	1,647.6	1,650.8	1,663.2	1,694.3	1,690.1	1,696.2	1,695.7	1,697.8
34 Commercial and industrial	298.3	300.4	304.1	303.7	305.3	305.3	306.4	308.4	307.9	308.2	309.2	308.5
35 Real estate	831.6	900.6	910.6	916.4	921.2	926.3	932.6	954.8	953.0	955.4	956.6	956.1
36 Revolving home equity	48.3	56.8	58.2	59.4	60.9	62.1	63.7	67.4	67.0	67.3	67.6	67.9
37 Other	783.3	843.7	852.4	857.1	860.3	864.2	869.0	887.3	886.0	888.1	889.0	888.2
38 Consumer	297.9	316.8	318.8	325.0	315.6	313.2	318.6	322.9	321.6	323.8	322.1	324.8
39 Credit cards and related plans	132.2	149.2	152.3	156.8	147.2	145.3	150.9	150.5	149.3	151.3	149.4	152.1
40 Other	165.7[r]	167.6	166.5	168.2	168.5	167.8	167.6	172.4	172.4	172.6	172.7	172.7
41 Security[3]	8.0	8.3	8.3	7.8	8.0	8.0	7.6	7.5	7.4	7.6	7.3	7.4
42 Other loans and leases	100.2[r]	100.2	100.5	97.7	97.5	98.0	97.9	100.7	100.2	101.2	100.5	101.0
43 Interbank loans	110.0[r]	110.7	108.2	97.6	104.0	106.0	98.2	94.0	93.7	97.0	90.5	92.3
44 Cash assets[4]	102.7[r]	113.0	117.5	116.4	113.4	110.9	112.6	113.2	109.4	112.6	108.5	121.2
45 Other assets[5]	104.3[r]	130.8	135.8	139.1	146.7	149.1	153.7	156.2	156.2	153.5	156.9	157.1
46 **Total assets[6]**	**2,372.4**	**2,548.5**	**2,591.5**	**2,594.7**	**2,604.3**	**2,612.6**	**2,625.3**	**2,665.1**	**2,656.2**	**2,665.8**	**2,659.2**	**2,677.1**
Liabilities												
47 Deposits	1,866.0	1,981.5	2,018.0	2,008.4	2,012.7	2,027.8	2,035.1	2,051.6	2,051.1	2,055.3	2,042.0	2,055.1
48 Transaction	292.0	306.7	316.2	312.7	304.4	305.7	307.3	311.1	298.9	308.4	310.3	329.5
49 Nontransaction	1,574.0	1,674.8	1,701.8	1,695.8	1,708.3	1,722.1	1,727.8	1,740.5	1,752.3	1,746.9	1,731.7	1,725.6
50 Large time	299.9[r]	311.8	305.4	302.9	302.9	303.2	303.2	307.4	308.9	306.9	306.9	307.6
51 Other	1,274.2[r]	1,363.1	1,396.4	1,392.9	1,405.4	1,418.9	1,424.5	1,433.2	1,443.4	1,440.0	1,424.8	1,418.1
52 Borrowings	336.3	379.1	388.5	395.6	388.6	381.5	383.7	391.6	389.0	388.2	393.6	396.7
53 From banks in the U.S.	150.0[r]	169.0	171.9	177.3	175.1	170.0	166.8	167.4	164.6	166.5	169.2	170.3
54 From others	186.3[r]	210.1	216.5	218.3	213.5	211.6	216.9	224.3	224.4	221.7	224.4	226.4
55 Net due to related foreign offices	16.6	10.3	10.0	9.0	10.9	9.0	9.6	11.5	11.7	10.3	10.6	13.3
56 Other liabilities	55.3	65.0	64.8	68.6	71.0	71.6	72.0	74.2	73.3	74.5	74.7	74.5
57 **Total liabilities**	**2,274.2**	**2,436.0**	**2,481.3**	**2,481.5**	**2,483.2**	**2,489.9**	**2,500.3**	**2,529.0**	**2,525.1**	**2,528.3**	**2,520.9**	**2,539.6**
58 Residual (assets less liabilities)[7]	98.2	112.5	110.2	113.2	121.0	122.7	125.0	136.1	131.1	137.5	138.4	137.5

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			
	2001	2001		2002					2002			
	May[r]	Nov.[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May	May 8	May 15	May 22	May 29
	Seasonally adjusted											
Assets												
1 Bank credit	609.0	599.3	594.6	584.9	587.0	593.8	598.7	599.2	594.6	594.8	607.6	598.8
2 Securities in bank credit	213.1	237.3	237.7	229.9	227.5	225.4	224.6	228.0	224.6	224.5	232.2	229.6
3 U.S. government securities	55.7	55.7	55.0	50.9	46.7	48.8	49.6	49.8	49.2	49.4	50.1	49.8
4 Other securities	157.4	181.6	182.8	179.0	180.8	176.6	175.0	178.2	175.4	175.1	182.1	179.8
5 Loans and leases in bank credit[2]	395.9	361.9	356.9	355.0	359.5	368.4	374.0	371.2	370.1	370.2	375.4	369.2
6 Commercial and industrial	217.0	195.9	194.7	193.0	197.1	200.3	198.5	199.0	195.7	197.5	202.8	200.5
7 Real estate	18.1	18.9	19.0	18.8	18.4	18.8	19.2	19.2	19.1	19.2	19.4	19.2
8 Security[3]	93.3	76.9	74.2	74.8	73.9	78.5	84.5	81.2	84.5	82.0	80.3	77.6
9 Other loans and leases	67.4	70.2	69.0	68.4	70.0	70.8	71.8	71.8	70.8	71.5	72.9	71.8
10 Interbank loans	29.0	25.0	20.4	25.2	19.9	20.5	22.1	23.7	27.1	21.5	21.3	24.6
11 Cash assets[4]	37.6	38.1	39.0	40.2	41.8	43.9	46.2	44.2	44.0	44.4	44.7	43.8
12 Other assets[5]	36.4	34.8	30.9	31.0	31.7	29.9	31.3	31.8	31.1	30.8	31.3	33.7
13 **Total assets**[6]	**711.6**	**696.7**	**684.5**	**680.8**	**680.0**	**687.7**	**697.8**	**698.5**	**696.4**	**691.1**	**704.5**	**700.6**
Liabilities												
14 Deposits	407.2	433.7	445.0	468.1	476.5	490.6	507.2	508.5	511.8	512.0	505.0	505.7
15 Transaction	10.7	10.9	11.2	11.1	10.3	10.1	10.5	10.9	10.1	11.3	11.3	10.8
16 Nontransaction	396.5	422.9	433.7	457.0	466.2	480.5	496.7	497.6	501.6	500.7	493.7	494.9
17 Borrowings	220.1	210.1	199.9	185.2	191.1	187.5	191.4	192.6	194.6	190.9	191.5	191.2
18 From banks in the U.S.	20.4	24.4	24.8	22.3	23.1	21.8	23.2	22.2	21.0	22.1	23.9	19.8
19 From others	199.7	185.7	175.1	163.0	168.0	165.7	168.3	170.4	173.6	168.8	167.6	171.4
20 Net due to related foreign offices	−12.4	−29.1	−48.7	−65.4	−73.1	−71.5	−73.6	−87.6	−89.8	−92.2	−80.1	−88.0
21 Other liabilities	85.4	80.4	78.5	80.1	77.5	69.0	67.4	70.9	67.4	67.4	73.4	74.7
22 **Total liabilities**	**700.3**	**695.2**	**674.6**	**668.1**	**672.0**	**675.6**	**692.4**	**684.4**	**684.0**	**678.0**	**689.8**	**683.6**
23 Residual (assets less liabilities)[7]	11.3	1.6	9.9	12.7	8.1	12.1	5.5	14.0	12.4	13.1	14.7	17.0
	Not seasonally adjusted											
Assets												
24 Bank credit	604.6	601.9	602.1	590.5	591.0	593.7	598.7	595.2	591.5	591.3	601.4	595.2
25 Securities in bank credit	213.1	237.3	237.7	229.9	227.5	225.4	224.6	228.0	224.6	224.5	232.2	229.6
26 U.S. government securities	55.7	55.7	55.0	50.9	46.7	48.8	49.6	49.8	49.2	49.4	50.1	49.8
27 Trading account	13.0	13.0	11.7	9.0	8.6	8.5	9.0	9.7	9.5	9.6	9.7	9.8
28 Investment account	42.7	42.7	43.2	41.9	38.1	40.2	40.6	40.1	39.7	39.8	40.3	40.0
29 Other securities	157.4	181.6	182.8	179.0	180.8	176.6	175.0	178.2	175.4	175.1	182.1	179.8
30 Trading account	101.0	108.2	107.9	102.9	101.4	97.4	96.9	99.1	96.2	96.3	102.5	101.0
31 Investment account	56.3	73.5	74.8	76.1	79.4	79.3	78.2	79.1	79.2	78.9	79.6	78.8
32 Loans and leases in bank credit[2]	391.6	364.6	364.4	360.6	363.5	368.3	374.1	367.2	367.0	366.8	369.2	365.6
33 Commercial and industrial	214.5	197.5	196.4	193.8	198.7	201.7	197.2	196.7	193.8	195.4	200.1	197.9
34 Real estate	18.1	18.9	19.0	18.8	18.4	18.8	19.2	19.2	19.1	19.2	19.4	19.2
35 Security[3]	91.9	77.9	78.1	78.9	76.3	76.2	85.2	80.0	83.8	81.0	78.0	77.0
36 Other loans and leases	67.0	70.2	70.9	69.2	70.1	71.6	72.5	71.3	70.3	71.2	71.7	71.5
37 Interbank loans	29.0	25.0	20.4	25.2	19.9	20.5	22.1	23.7	27.1	21.5	21.3	24.6
38 Cash assets[4]	36.3	40.4	41.4	42.3	42.7	42.8	44.3	42.7	42.5	43.2	42.7	42.6
39 Other assets[5]	36.5	34.6	31.7	31.8	32.3	30.7	31.1	31.8	31.6	31.2	31.2	33.3
40 **Total assets**[6]	**706.1**	**701.5**	**695.3**	**689.5**	**685.5**	**687.3**	**695.8**	**693.1**	**692.3**	**686.9**	**696.2**	**695.4**
Liabilities												
41 Deposits	411.2	437.3	457.3	478.8	482.0	492.8	511.0	513.6	517.4	515.9	509.6	512.4
42 Transaction	10.3	11.1	12.0	11.3	10.5	9.9	10.0	10.5	9.7	10.8	10.8	10.7
43 Nontransaction	400.9	426.2	445.3	467.5	471.5	482.9	501.0	503.1	507.8	505.1	498.8	501.7
44 Borrowings	220.1	210.1	199.9	185.2	191.1	187.5	191.4	192.6	194.6	190.9	191.5	191.2
45 From banks in the U.S.	20.4	24.4	24.8	22.3	23.1	21.8	23.2	22.2	21.0	22.1	23.9	19.8
46 From others	199.7	185.7	175.1	163.0	168.0	165.7	168.3	170.4	173.6	168.8	167.6	171.4
47 Net due to related foreign offices	−12.5	−30.5	−46.1	−62.3	−70.4	−68.5	−75.5	−87.7	−90.3	−91.0	−80.9	−87.6
48 Other liabilities	85.4	79.8	79.7	81.5	78.6	70.2	66.7	70.8	67.2	67.9	73.0	74.8
49 **Total liabilities**	**704.2**	**696.7**	**690.9**	**683.3**	**681.3**	**682.0**	**693.7**	**689.4**	**688.9**	**683.6**	**693.2**	**690.8**
50 Residual (assets less liabilities)[7]	1.9	4.7	4.4	6.2	4.2	5.4	2.1	3.6	3.5	3.3	2.9	4.5

Footnotes appear on p. A21.

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

F. Memo items

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2001	2001		2002					2002			
	May	Nov.[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.	May	May 8	May 15	May 22	May 29
	Not seasonally adjusted											
MEMO												
Large domestically chartered banks, adjusted for mergers												
1 Revaluation gains on off-balance-sheet items[8]	83.9	106.0	80.6	86.3	81.7	73.2	73.3	80.8	72.5	77.4	86.1	87.6
2 Revaluation losses on off-balance-sheet items[8]	74.7	86.5	68.4	66.5	59.4	52.5	57.5	61.7	56.6	57.7	67.3	65.4
3 Mortgage-backed securities[9]	256.6	296.2	317.4	314.6	298.2	300.2	306.7[r]	310.9	308.4	307.9	311.0	313.2
4 Pass-through	191.5	212.5	216.8	217.7	203.4	203.2	206.4[r]	213.8	209.8	211.5	215.1	217.3
5 CMO, REMIC, and other	65.1	83.7	100.6	96.9	94.9	97.0	100.3[r]	97.1	98.7	96.4	95.9	95.9
6 Net unrealized gains (losses) on available-for-sale securities[10]	2.1	9.7	4.6	2.3	3.5	3.3	2.3[r]	5.0	4.6	4.6	5.2	5.2
7 Off-shore credit to U.S. residents[11]	21.0	19.2	19.1	19.4	19.7	19.6	19.5	19.5	19.4	19.4	19.6	19.5
8 Securitized consumer loans[12]	80.7	99.3	99.4	94.7	92.8	94.2	94.6	94.7	94.2	94.2	94.2	95.2
9 Credit cards and related plans	71.8	88.3	88.7	84.3	82.6	82.4	82.7	83.2	82.6	82.7	82.7	83.8
10 Other	8.9	11.0	10.7	10.4	10.3	11.9	11.9	11.5	11.6	11.5	11.4	11.4
11 Securitized business loans[12]	12.7	20.6	19.7	19.4	19.4	17.7	17.1	16.7	17.0	17.0	16.8	16.1
Small domestically chartered commercial banks, adjusted for mergers												
12 Mortgage-backed securities[9]	228.6	267.9	279.4	280.7	283.9	287.0	289.9[r]	303.1	302.5	303.6	303.9	302.7
13 Securitized consumer loans[12]	237.3[r]	246.1	251.2	258.3	252.5	249.3	248.7[r]	250.6	249.8	249.5	252.8	250.1
14 Credit cards and related plans	229.7[r]	237.4	242.9	250.5	244.9	241.9	241.6[r]	243.8	242.9	242.7	246.0	243.3
15 Other	7.6[r]	8.7	8.4	7.8	7.6	7.4	7.2	6.8	6.9	6.9	6.8	6.8
Foreign-related institutions												
16 Revaluation gains on off-balance-sheet items[8]	57.5[r]	61.1	60.2	54.8	52.2	46.8	46.2	49.6	46.6	47.4	52.0	51.8
17 Revaluation losses on off-balance-sheet items[8]	52.8[r]	54.1	54.2	51.5	48.0	40.6	39.8[r]	42.4	39.4	40.1	44.3	45.2
18 Securitized business loans[12]	30.8	26.4	25.2	25.5	25.1	24.1	23.8	22.5	22.7	22.6	22.4	22.3

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12. Total amount outstanding.

1.32 COMMERCIAL PAPER OUTSTANDING

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					2001		2002			
	1997	1998	1999	2000	2001	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 **All issuers**	**966,699**	**1,163,303**	**1,403,023**	**1,615,341**	**1,438,764**	**1,435,808**	**1,438,764**	**1,428,494**	**1,402,875**	**1,358,114**	**1,351,516**
Financial companies[1]											
2 Dealer-placed paper, total[2]	513,307	614,142	786,643	973,060	989,364	993,491	989,364	984,251	984,441	964,070	972,268
3 Directly placed paper, total[3]	252,536	322,030	337,240	298,848	224,553	227,422	224,553	224,595	218,266	205,292	196,056
4 Nonfinancial companies[4]	200,857	227,132	279,140	343,433	224,847	214,894	224,847	219,648	200,168	188,753	183,192

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.

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
1999—Jan. 1	7.75	1999	8.00	2000—Jan.	8.50	2001—Jan.	9.05
July 1	8.00	2000	9.23	Feb.	8.73	Feb.	8.50
Aug. 25	8.25	2001	6.91	Mar.	8.83	Mar.	8.32
Nov. 17	8.50			Apr.	9.00	Apr.	7.80
		1999—Jan.	7.75	May	9.24	May	7.24
2000—Feb. 3	8.75	Feb.	7.75	June	9.50	June	6.98
Mar. 22	9.00	Mar.	7.75	July	9.50	July	6.75
May 17	9.50	Apr.	7.75	Aug.	9.50	Aug.	6.67
		May	7.75	Sept.	9.50	Sept.	6.28
2001—Jan. 4	9.00	June	7.75	Oct.	9.50	Oct.	5.53
Feb. 1	8.50	July	8.00	Nov.	9.50	Nov.	5.10
Mar. 21	8.00	Aug.	8.06	Dec.	9.50	Dec.	4.84
Apr. 19	7.50	Sept.	8.25				
May 16	7.00	Oct.	8.25			2002—Jan.	4.75
June 28	6.75	Nov.	8.37			Feb.	4.75
Aug. 22	6.50	Dec.	8.50			Mar.	4.75
Sept. 18	6.00					Apr.	4.75
Oct. 3	5.50					May	4.75
Nov. 7	5.00					June	4.75
Dec. 12	4.75						

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	1999	2000	2001	2002				2002, week ending				
				Feb.	Mar.	Apr.	May	May 3	May 10	May 17	May 24	May 31
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	4.97	6.24	3.88	1.74	1.73	1.75	1.75	1.81	1.74	1.75	1.71	1.78
2 Discount window borrowing[2,4]	4.62	5.73	3.40	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	5.09	6.27	3.78	1.76	1.78	1.76	1.75	1.73	1.75	1.75	1.74	1.75
4 2-month	5.14	6.29	3.68	1.76	1.82	1.77	1.76	1.74	1.75	1.77	1.76	1.74
5 3-month	5.18	6.31	3.65	1.79	1.86	1.81	1.78	1.77	1.79	1.80	1.77	1.75
Financial												
6 1-month	5.11	6.28	3.80	1.77	1.80	1.76	1.76	1.76	1.75	1.76	1.76	1.76
7 2-month	5.16	6.30	3.71	1.78	1.82	1.79	1.77	1.77	1.76	1.77	1.77	1.78
8 3-month	5.22	6.33	3.65	1.80	1.87	1.83	1.80	1.80	1.79	1.80	1.80	1.79
Certificates of deposit, secondary market[3,7]												
9 1-month	5.19	6.35	3.84	1.81	1.84	1.81	1.80	1.80	1.80	1.80	1.80	1.80
10 3-month	5.33	6.46	3.71	1.82	1.91	1.87	1.82	1.80	1.80	1.82	1.82	1.83
11 6-month	5.46	6.59	3.66	1.95	2.16	2.11	1.93	1.81	1.84	1.98	1.98	2.01
12 Eurodollar deposits, 3-month[3,8]	5.31	6.45	3.70	1.82	1.91	1.88	1.82	1.82	1.82	1.82	1.82	1.82
U.S. Treasury bills												
Secondary market[3,5]												
13 4-week	n.a.	n.a.	2.43	1.71	1.76	1.69	1.71	1.72	1.72	1.73	1.69	1.70
14 3-month	4.64	5.82	3.40	1.73	1.79	1.72	1.73	1.74	1.74	1.74	1.72	1.72
15 6-month	4.75	5.90	3.34	1.82	2.01	1.93	1.86	1.86	1.84	1.88	1.87	1.87
U.S. TREASURY NOTES AND BONDS												
Constant maturities[9]												
16 1-year	5.08	6.11	3.49	2.23	2.57	2.48	2.35	2.33	2.31	2.40	2.38	2.35
17 2-year	5.43	6.26	3.83	3.02	3.56	3.42	3.26	3.23	3.22	3.35	3.28	3.23
18 3-year	5.49	6.22	4.09	3.55	4.14	4.01	3.80	3.81	3.76	3.88	3.81	3.75
19 5-year	5.55	6.16	4.56	4.30	4.74	4.65	4.49	4.52	4.50	4.58	4.48	4.40
20 7-year	5.79	6.20	4.88	4.71	5.14	5.02	4.90	4.88	4.91	5.00	4.89	4.80
21 10-year	5.65	6.03	5.02	4.91	5.28	5.21	5.16	5.11	5.16	5.26	5.17	5.10
22 20-year	6.20	6.23	5.63	5.61	5.93	5.85	5.81	5.73	5.77	5.91	5.84	5.78
Treasury long-term average[10,11]												
23 25 years and above	n.a.	n.a.	n.a.	5.56	5.88	5.82	5.79	5.72	5.75	5.87	5.81	5.77
STATE AND LOCAL NOTES AND BONDS												
Moody's series[12]												
24 Aaa	5.28	5.58	4.99	4.93	5.09	5.09	5.03	5.00	4.99	5.08	5.08	5.02
25 Baa	5.70	6.19	5.75	5.71	5.92	5.86	5.79	5.75	5.74	5.84	5.82	5.78
26 *Bond Buyer* series[13]	5.43	5.71	5.15	5.11	5.29	5.22	5.19	5.17	5.19	5.24	5.19	5.14
CORPORATE BONDS												
27 Seasoned issues, all industries[14]	7.45	7.98	7.49	7.18	7.44	7.36	7.37	7.32	7.33	7.44	7.38	7.33
Rating group												
28 Aaa[15]	7.05	7.62	7.08	6.51	6.81	6.76	6.75	6.71	6.71	6.82	6.77	6.74
29 Aa	7.36	7.83	7.26	6.95	7.22	7.16	7.20	7.14	7.16	7.27	7.21	7.17
30 A	7.53	8.11	7.67	7.37	7.62	7.49	7.43	7.46	7.43	7.49	7.40	7.34
31 Baa	7.88	8.37	7.95	7.89	8.11	8.03	8.09	7.96	8.04	8.18	8.13	8.08
MEMO												
Dividend–price ratio[16]												
32 Common stocks	1.25	1.15	1.32	1.43	1.37	1.42	1.48	1.47	1.47	1.46	1.47	1.50

NOTE. Some of the data in this table also appear in the Board's H.15 (519) weekly statistical release. 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 dealer offering rates on nationally traded certificates of deposit.
8. Bid rates for eurodollar deposits collected around 9:30 a.m. Eastern time. Data are for indication purposes only.
9. Yields on actively traded issues adjusted to constant maturities.

SOURCE: U.S. Department of the Treasury.

10. Based on the unweighted average of the bid yields for all Treasury fixed-coupon securities with remaining terms to maturity of 25 years and over.
11. A factor for adjusting the daily long-term average in order to estaimate a 30-year rate can be found at http://www.treas.gov/offices/domestic-finance/debt-management/interest-rate/ltcompositeindex.html.
12. General obligation bonds based on Thursday figures; Moody's Investors Service.
13. 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.
14. Daily figures are averages of Aaa, Aa, A, and Baa yields from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
15. Effective December 7, 2001, the Moody's Aaa yield includes yields only for industrial firms. Prior to December 7, 2001, the Aaa yield represented both utilities and industrial.
16. 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	1999	2000	2001	2001 Sept.	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	619.52	643.71	606.03	544.39	556.04	575.31	582.82	581.74	569.55	600.74	587.58	575.75
2 Industrial	775.29	809.40	749.46	672.89	688.35	715.98	727.67	723.56	715.80	751.79	732.71	718.12
3 Transportation	491.62	414.73	444.45	382.68	371.56	410.05	433.70	446.13	453.51	490.51	470.00	459.55
4 Utility	284.82	478.99	377.72	339.72	341.51	330.78	325.33	322.92	301.32	316.25	300.57	287.10
5 Finance	530.97	552.48	596.61	538.01	553.16	577.85	585.47	591.94	570.18	609.72	610.24	603.15
6 Standard & Poor's Corporation (1941–43 = 10)[1]	1,327.33	1,427.22	1,194.18	1,044.64	1,076.59	1,129.68	1,144.93	1,140.21	1,100.67	1,153.79	1,112.03	1,079.27
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	770.90	922.22	879.08	823.78	825.91	814.78	828.19	835.02	845.81	891.08	915.09	935.10
Volume of trading (thousands of shares)												
8 New York Stock Exchange	799,554	1,026,867	1,216,529	1,666,980	1,293,019	1,242,965	1,240,245	1,401,913	1,362,830	1,321,351	1,280,714	1,215,786
9 American Stock Exchange	32,629	51,437	68,074	72,319	66,765	88,694	53,337	55,151	55,657	56,375	n.a.	n.a.
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**228,530**	**198,790**	**150,450**	**144,670**	**144,010**	**148,650**	**150,450**	**150,390**	**147,030**	**149,370**	**150,940**	**150,860**
Free credit balances at brokers[4]												
11 Margin accounts[5]	55,130	100,680	101,640	115,450	101,850	98,330	101,640	97,330	99,350	93,700	92,140	92,950
12 Cash accounts	79,070	84,400	78,040	74,220	69,550	72,090	78,040	75,110	72,730	69,790	68,540	66,120

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.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	2000				2001				2002
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30[r]	Sept. 30[r]	Dec. 31[r]	Mar. 31[r]
1 **Federal debt outstanding**	**5,801.5**	**5,714.2**	**5,701.9**	**5,803.5[r]**	**5,800.6**	**5,753.9**	**5,834.5**	**5,970.3**	**6,032.4**
2 Public debt securities	5,773.4	5,685.9	5,674.2	5,662.2	5,773.7	5,726.8	5,807.5	5,943.4	6,006.0
3 Held by public	3,688.0	3,495.7	3,438.5	3,527.4[r]	3,434.4	3,274.2	3,338.7	3,393.8	3,443.7
4 Held by agencies	2,085.4	2,190.2	2,235.7	2,248.7	2,339.4	2,452.6	2,468.8	2,549.7	2,562.4
5 Agency securities	28.1	28.3	27.7	27.4	26.8	27.1	27.0	26.8	26.4
6 Held by public	27.8	28.2	27.6	27.3	26.8	27.1	27.0	26.8	26.4
7 Held by agencies	.4	.1	.1	.1	.1	.0	.0	.0	.0
8 **Debt subject to statutory limit**	**5,686.5**	**5,600.6**	**5,591.6**	**5,580.5**	**5,692.5**	**5,645.0**	**5,732.6**	**5,871.4**	**5,935.1**
9 Public debt securities	5,686.3	5,600.5	5,591.4	5,580.2	5,692.3	5,644.8	5,732.4	5,871.2	5,935.0
10 Other debt[1]	.2	.2	.2	.2	.2	.2	.2	.3	.2
MEMO									
11 Statutory debt limit	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0

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	1998	1999	2000	2001	2001			2002
					Q2	Q3	Q4	Q1
1 **Total gross public debt**	**5,614.2**	**5,776.1**	**5,662.2**	**5,943.4**	**5,726.8**	**5,807.5**	**5,943.4**	**6,006.0**
By type								
2 Interest-bearing	5,605.4	5,766.1	5,618.1	5,930.8	5,682.8	5,763.6	5,930.8	5,962.2
3 Marketable	3,355.5	3,281.0	2,966.9	2,982.9	2,822.3	2,897.3	2,982.9	3,003.3
4 Bills	691.0	737.1	646.9	811.3	620.1	734.9	811.3	834.4
5 Notes	1,960.7	1,784.5	1,557.3	1,413.9	1,441.0	1,399.6	1,413.9	1,411.7
6 Bonds	621.2	643.7	626.5	602.7	616.9	612.9	602.7	596.7
7 Inflation-indexed notes and bonds[1]	67.6	100.7	121.2	140.1	129.3	134.9	140.1	145.6
8 Nonmarketable[2]	2,249.9	2,485.1	2,651.2	2,947.9	2,860.5	2,866.4	2,947.9	2,958.9
9 State and local government series	165.3	165.7	151.0	146.3	153.3	146.4	146.3	141.1
10 Foreign issues[3]	34.3	31.3	27.2	15.4	24.0	18.3	15.4	14.6
11 Government	34.3	31.3	27.2	15.4	24.0	18.3	15.4	14.6
12 Public	.0	.0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	180.3	179.4	176.9	181.5	178.4	179.6	181.5	183.6
14 Government account series[4]	1,840.0	2,078.7	2,266.1	2,574.8	2,474.7	2,492.1	2,574.8	2,589.7
15 Non-interest-bearing	8.8	10.0	44.2	12.7	44.0	43.8	12.7	43.8
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,828.1	2,064.2	2,270.1[r]	2,572.2	2,469.1	2,493.7	2,572.2	2,581.1
17 Federal Reserve Banks[6]	452.1	478.0	511.7	551.7	535.1	534.1	551.7	575.4
18 Private investors	3,334.0	3,233.9	2,880.4	2,819.5	2,722.6	2,779.7	2,819.5	2,849.5
19 Depository institutions	237.3	246.5	199.2	181.7[r]	190.1	189.5	181.7[r]	187.5
20 Mutual funds	253.9[r]	229.1[r]	221.8[r]	256.8[r]	218.5[r]	230.5[r]	256.8[r]	266.8
21 Insurance companies	141.7	123.4	110.2	82.4[r]	94.8	88.5	82.4[r]	82.4
22 State and local treasuries[7]	269.3	266.8	236.2	209.0[r]	224.0	208.9	209.0[r]	212.5
Individuals								
23 Savings bonds	186.6	186.4	184.8	190.3	185.5	186.4	190.3	191.9
24 Pension funds	330.2[r]	321.6[r]	305.8[r]	289.3[r]	308.6[r]	289.4[r]	289.3[r]	299.6
25 Private	112.5[r]	110.4[r]	110.1[r]	103.3[r]	104.3[r]	101.7[r]	103.3[r]	104.0
26 State and Local	217.7	211.2	195.7	186.0	204.4	187.7	186.0	195.6
27 Foreign and international[8]	1,278.7	1,268.7	1,201.3	1,218.1	1,167.4	1,170.1	1,218.1	1,214.1
28 Other miscellaneous investors[7,9]	636.3[r]	589.8[r]	419.5[r]	390.8	333.2[r]	417.3[r]	390.8	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	2002			2002, week ending								
	Feb.	Mar.	Apr.	Apr. 3	Apr. 10	Apr. 17	Apr. 24	May 1	May 8	May 15	May 22	May 29
By type of security												
1 U.S. Treasury bills	42,233	44,546	42,502	60,775	46,932	40,435	32,157	38,777	38,256	49,294	37,240	42,001
Treasury coupon securities by maturity												
2 Three years or less	122,427	148,829	127,492	130,006	111,450	120,773	153,801	121,169	129,469	123,051	126,615	168,908
3 More than three but less than or equal to six years	82,210	90,406	76,341	72,526	76,103	72,674	68,053	94,441	114,072	109,148	85,416	85,066
4 More than six but less than or equal to eleven years	69,912	76,902	61,584	59,665	59,192	63,474	59,420	66,354	69,823	90,182	61,803	55,138
5 More than eleven	15,747	21,396	17,254	17,524	14,443	16,631	18,561	19,712	15,117	19,010	18,533	15,429
6 Inflation-indexed[2]	1,735	1,794	2,132	2,303	1,948	2,739	1,900	1,765	1,367	2,270	1,443	1,185
Federal agency and government-sponsored enterprises												
7 Discount notes	54,029	49,852	50,140	60,244	47,009	49,187	47,084	51,487	47,559	43,742	46,622	51,560
Coupon securities by maturity												
8 Three years or less	10,672	11,871	12,209	9,713	11,640	11,261	15,775	11,522	11,681	10,687	9,275	8,795
9 More than three years but less than or equal to six years	10,590	12,763	7,071	7,014	6,767	6,321	7,245	8,214	9,225	10,763	9,744	9,738
10 More than six years but less than or equal to eleven years	6,019	7,350	7,456	4,978	8,947	8,699	7,027	6,431	7,799	10,476	11,250	4,885
11 More than eleven years	1,473	1,201	846	761	782	506	1,283	871	892	1,176	1,161	1,244
12 Mortgage-backed	136,655	138,204	125,503	133,050	177,968	116,019	92,334	107,578	213,612	152,057	80,467	90,260
Corporate securities												
13 One year or less	102,218	110,024	101,705	112,243	98,667	106,891	99,259	94,173	98,847	103,795	108,781	92,933
14 More than one year	18,835	24,309	19,088	19,224	19,337	18,384	19,235	19,372	16,546	18,339	22,093	16,623
By type of counterparty												
With interdealer broker												
15 U.S. Treasury	156,162	174,400	152,004	149,028	148,214	148,245	159,863	153,850	164,535	177,769	152,842	172,923
16 Federal agency and government-sponsored enterprises	10,972	12,303	11,552	8,864	12,274	10,228	13,062	12,433	11,957	12,910	12,826	8,996
17 Mortgage-backed	34,770	36,404	37,570	42,528	48,421	36,459	29,504	31,759	48,053	45,979	23,763	27,646
18 Corporate	536	620	546	436	628	559	527	535	435	514	435	274
With other												
19 U.S. Treasury	178,102	209,471	175,300	193,771	161,855	168,480	174,029	188,368	203,569	215,185	178,207	194,804
20 Federal agency and government-sponsored enterprises	71,811	70,734	66,170	73,847	62,871	65,745	65,353	66,091	65,199	63,934	65,226	67,226
21 Mortgage-backed	101,885	101,799	87,933	90,521	129,547	79,560	62,830	75,820	165,559	106,078	56,705	62,614
22 Corporate	120,517	133,713	120,247	131,032	117,376	124,715	117,968	113,010	114,957	121,619	130,438	109,282

1. The figures represent purchases and sales in the market by the primary U.S. government securities dealers reporting to the Federal Reserve Bank of New York. Outright transactions include all U.S. government, federal agency, government-sponsored enterprise, mortgage-backed, and corporate securities scheduled for immediate and forward delivery, as well as all U.S. government securities traded on a when-issued basis between the announcement and issue date. Data do not include transactions under repurchase and reverse repurchase (resale) agreements. Averages are based on the number of trading days in the week.

2. Outright Treasury inflation-indexed securities (TIIS) transactions are reported at principal value, excluding accrued interest, where principal value reflects the original issuance par amount (unadjusted for inflation) times the price times the index ratio.

NOTE. Major changes in the report form filed by primary dealers induced a break in the dealer data series as of the week ending July 4, 2001. Current weekly data may be found at the Federal Reserve Bank of New York web site (http:www.newyorkfed.org/pihome/statistics) under the Primary Dealer heading.

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

Millions of dollars

Item, by type of security	2002			2002, week ending							
	Feb.	Mar.	Apr.	Apr. 3	Apr. 10	Apr. 17	Apr. 24	May 1	May 8	May 15	May 22
	Net outright positions[2]										
1 U.S. Treasury bills	28,170	27,972	34.802	49,095	50.904	35,473	23.817	20,901	19,177	21,262	20,575
Treasury coupon securities by maturity											
2 Three years or less	−28,348	−24,485	−24,310	−24,615	−25,689	−23,849	−20,695	−27,302	−24,186	−33,063	−21,420
3 More than three years but less than or equal to six years	−23,482	−32,811	−32.608	−35,061	−34,418	−32,028	−32,090	−30,551	−24,022	−29,009	−28,934
4 More than six but less than or equal to eleven years	−13,477	−16,734	−18,337	−17,398	−16,414	−19,356	−20,125	−17,774	−16,402	−15,370	−15,411
5 More than eleven	12,230	7,431	8,103	6,615	7,531	8,237	10,073	7,062	4,654	6,865	6,848
6 Inflation-indexed	3,450	3,654	3,663	2,761	2,516	3,633	4,653	4,332	3,964	2,627	1,927
Federal agency and government-sponsored enterprises											
7 Discount notes	49,069	44,291	45,988	43.709	41,901	41,761	45,261	57.674	54,878	48,240	41,845
Coupon securities, by maturity											
8 Three years or less	11.856	8.783	10,878	10,368	13,112	10,950	9,243	10,350	8,625	9,790	8,500
9 More than three years but less than or equal to six years	1,318	−41	3,238	524	3,817	3,770	2,564	4,084	4,784	7.355	3,098
10 More than six but less than or equal to eleven years	1,111	2,503	2,620	4,107	2,879	4,170	2,325	111	−424	−193	3,179
11 More than eleven	3,479	2.421	2,122	1,679	2,028	1,895	2,291	2,519	2,568	2.624	2,569
12 Mortgage-backed	6,195	7,596	13,347	11,154	9,598	9,101	14,189	22,788	16,193	9.042	14,297
Corporate securities											
13 One year or less	17,989	22,486	25,916	25,566	24,110	24,391	25,164	30,853	32,024	31,163	24,579
14 More than one year	36,235	42,634	44,266	44,704	48,692	44,164	43,139	40,316	38,310	39,973	40,599
	Financing[3]										
Securities in, U.S. Treasury											
15 Overnight and continuing	547,472	561,103	550,742	563,375	542,945	556,094	540,981	558,667	573,605	613,728	580,438
16 Term	656,569	684,041	732,963	653,865	709,499	737,230	770,838	750,722	789,783	650,972	700,031
Federal agency and government-sponsored enterprises											
17 Overnight and continuing	140,693	143,017	154,574	146,552	158,010	156,175	157,378	149,438	148,576	152,285	149,387
18 Term	224,572	231,817	259,399	244,205	252,620	257,406	274,316	259,825	271.693	274,075	285.275
Mortgage-backed securities											
19 Overnight and continuing	35,759	34,190	33,398	28,429	32,354	33,285	31,619	39,308	32,081	37,056	38,356
20 Term	217,733	217,741	226,728	218,400	227,691	222,742	228,483	232,372	240.183	254,438	267,220
Corporate securities											
21 Overnight and continuing	41,282	44,546	46,910[r]	45,226	45,693	46,193	48,865	47,726	48,283	48,855	49,756
22 Term	22,076	22,000	22,627[r]	22,553	22,643	22,288	22,797	22,843	22,962	22,683	23,071
MEMO											
Reverse repurchase agreements											
23 Overnight and continuing	381,084	396,888	380,722	382,713	372,588	383,924	375,185	391,942	390,599	435,873	399,061
24 Term	997,678	1,022,616	1,114,158	1,013,590	1,085,830	1,111,235	1,165,475	1,141,031	1,199,512	1,083,209	1,151,842
Securities out, U.S. Treasury											
25 Overnight and continuing	551,187	541,747	526,507	528,676	532,861	529,215	520,082	522,347	520,235	563,187	521,975
26 Term	580.525	617,458	682,748	606,014	653,758	682,354	718,711	713.438	756,812	613.666	671,563
Federal agency and government-sponsored enterprises											
27 Overnight and continuing	248,413	236,666	259,604	246,218	259,862	266,751	263,871	252,681	259,256	258,873	258,580
28 Term	167,477	177.049	212,975	194,537	207,408	213,399	230,600	207.631	223,313	221,096	227,628
Mortgage-backed securities											
29 Overnight and continuing	286,742	285,270	291,840	278,345	270,840	314,099	301,774	285,529	285,008	318,337	311,047
30 Term	127.225	131,364	147,574	129,977	146,433	139,321	157,989	155,183	163.094	154,796	178,158
Corporate securities											
31 Overnight and continuing	100,801	109,269	119,914[r]	117,261	115,882	119,754	120,679	125,237	128,108	124,634	120,663
32 Term	17.993	17.912	18,440	17.780	17,528	18,975	19,080	18,462	18,921	19,945	19,681
MEMO											
Repurchase agreements											
33 Overnight and continuing	1,044,255	1,024,379	1,038,639	1,014,688	1,023,015	1,071,491	1,046,821	1,020,972	1,026,568	1,100,316	1,053,374
34 Term	872,476	922,916	1.040.296	928,093	1,004,041	1,031,826	1,104,729	1,073,404	1,140,430	989,031	1,076,557

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. Net outright positions include all U.S. government, federal agency, government-sponsored enterprise, mortgage-backed, and corporate securities scheduled for immediate and forward delivery, as well as U.S. government securities traded on a when-issued basis between the announcement and issue date.

3. Figures cover financing U.S. government, federal agency, government-sponsored enterprise, mortgage-backed, and corporate securities. Financing transactions for Treasury inflation-indexed securities (TIIS) are reported in actual funds paid or received, except for pledged securities. TIIS that are issued as pledged securities are reported at par value, which is the value of the security at original issuance (unadjusted for inflation).

NOTE. Major changes in the report form filed by primary dealers included a break in many series as of the week ending July 4, 2001. Current weekly data may be found at the Federal Reserve Bank of New York web site (http://www.newyorkfed.org/pihome/statistics) under the Primary Dealer heading.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1998	1999	2000	2001	2001		2002		
					Nov.	Dec.	Jan.	Feb.	Mar.
1 **Federal and federally sponsored agencies**	**1,296,477**	**1,616,492**	**1,851,632**	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2 Federal agencies	26,502	26,376	25,666	276	275	276	290	169	172
3 Defense Department[1]	6	6	6	6	6	6	6	6	6
4 Export–Import Bank[2,3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration[4]	205	126	255	26,828	26,655	26,828	26,741	26,431	26,379
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	26,496	26,370	25,660	270	269	270	284	163	166
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]	1,269,975	1,590,116	1,825,966	2,120,781	2,071,168	2,120,781	n.a.	n.a	n.a.
11 Federal Home Loan Banks	382,131	529,005	594,404	623,740	617,146	623,740	623,990	619,541	625,849
12 Federal Home Loan Mortgage Corporation	287,396	360,711	426,899	565,071	546,566	565,071	571,867	584,476	603,447
13 Federal National Mortgage Association	460,291	547,619	642,700	763,500	737,500	763,500	760,500	765,200	769,800
14 Farm Credit Banks[8]	63,488	68,883	74,181	76,673	75,815	76,673	76,494	76,929	79,002
15 Student Loan Marketing Association[9]	35,399	41,988	45,375	48,350	51,494	48,350	49,400	50,500	48,200
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]	**44,129**	**42,152**	**40,575**	**39,096**	**40,485**	**39,096**	**38,140**	**39,144**	**38,027**
Lending to federal and federally sponsored agencies									
20 Export–Import Bank[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Postal Service[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a
Other lending[14]									
25 Farmers Home Administration	9,500	6,665	5,275	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
26 Rural Electrification Administration	14,091	14,085	13,126	13,876	13,822	13,876	13,982	14,015	14,055
27 Other	20,538	21,402	22,174	25,220	26,663	25,220	24,158	25,129	23,972

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 Agriculture 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	1999	2000	2001	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May
1 **All issues, new and refunding**[1]	**215,427**	**180,403**	**270,566**	**30,446**	**30,105**	**28,363**	**20,523**	**20,175**	**23,842**	**23,261**	**32,858**
By type of issue											
2 General obligation	73,308	64,475	100,519	14,302	10,163	9,218	8,157	8,652	10,269	8,559	10,446
3 Revenue	142,120	115,928	170,047	16,144	19,942	19,146	12,366	11,523	13,574	14,702	22,413
By type of issuer											
4 State	16,376	19,944	30,099	6,008	2,271	746	1,826	3,238	3,265	3,057	1,531
5 Special district or statutory authority[2]	152,418	111,695	281,427	17,382	21,601	22,525	14,369	11,950	15,479	15,520	23,866
6 Municipality, county, or township	46,634	39,273	61,040	7,056	6,233	5,093	4,329	4,987	5,098	4,683	7,461
7 **Issues for new capital**	**161,065**	**154,257**	**192,161**	**21,249**	**21,009**	**21,389**	**14,631**	**13,248**	**16,856**	**17,115**	**20,663**
By use of proceeds											
8 Education	36,563	38,665	50,054	4,279	4,475	4,818	4,138	3,961	5,484	5,279	6,027
9 Transportation	17,394	19,730	21,411	1,587	2,882	1,349	1,079	613	1,633	773	1,795
10 Utilities and conservation	15,098	11,917	21,917	2,324	2,429	2,560	1,711	1,606	1,290	2,091	1,785
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	9,099	7,122	6,607	688	359	1,642	539	125	515	344	614
13 Other purposes	47,896	47,309	55,733	9,158	5,281	6,319	4,639	4,897	4,894	6,784	6,962

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	1999	2000	2001	2001 Sept.	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.
1 **All issues**[1]	**1,072,866**	**942,198**	**1,382,003**	**89,855**	**139,181**	**123,517**	**96,576**	**102,688**	**86,090**	**158,904**	**103,575**
2 **Bonds**[2]	**941,298**	**807,281**	**1,253,449**	**84,509**	**123,346**	**110,888**	**81,339**	**88,241**	**79,515**	**145,984**	**93,039**
By type of offering											
3 Sold in the United States	818,683	684,484	1,197,060	80,223	120,162	106,563	79,636	79,472	73,474	128,026	88,051
4 Sold abroad	122,615	122,798	56,389	4,286	3,185	4,326	1,703	8,770	6,041	17,958	4,989
MEMO											
5 Private placements, domestic	24,703	18,370	8,734	0	224	4,936	2,880	0	0	0	0
By industry group											
6 Nonfinancial	293,963	242,207	445,930	31,920	43,830	42,189	21,647	18,894	30,770	43,231	34,803
7 Financial	647,335	565,074	807,519	52,589	79,517	68,699	59,692	69,348	48,746	102,753	58,237
8 **Stocks**[3]	**244,308**	**320,357**	**228,554**	**13,679**	**24,168**	**20,962**	**23,570**	**14,447**	**6,575**	**12,920**	**10,536**
By type of offering											
9 Public	131,568	134,917	128,554	5,346	15,835	12,629	15,237	14,447	6,575	12,920	10,536
10 Private placement[4]	112,740	185,440	100,000	8,333	8,333	8,333	8,333	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	110,284	118,369	77,577	81	7,611	7,592	7,771	9,579	4,024	4,893	7,834
12 Financial	21,284	16,548	50,977	5,265	8,224	5,037	7,466	4,868	2,551	8,027	2,702

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	2000	2001	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.[r]	2002 May
1 **Sales of own shares**[2]	**2,279,315**	**1,806,474**	**153,827**	**147,192**	**151,779**	**171,499**	**141,463**	**170,326**	**164,504**	**154,866**
2 Redemptions of own shares	2,057,277	1,677,266	137,837	124,060	149,705	138,773	123,013	130,661	140,524	137,990
3 Net sales[3]	222,038	129,208	15,990	23,132	2,074	32,726	18,450	39,665	23,980	16,876
4 **Assets**[4]	**5,123,747**	**4,689,624**	**4,376,923**	**4,625,601**	**4,689,624**	**4,667,688**	**4,623,041**	**4,814,961**	**4,704,886**	**4,695,633**
5 Cash[5]	277,386	219,620	229,576	239,671	219,620	240,141	234,510	241,078	249,078	243,942
6 Other	4,846,361	4,470,004	4,147,347	4,385,930	4,470,004	4,427,547	4,388,531	4,573,883	4,455,808	4,451,691

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.

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1999	2000	2001	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2002 Q1[r]
ASSETS										
1 Accounts receivable, gross[2]	845.4	958.6	970.7	939.9	958.6	954.4	988.7	967.7	970.7	926.5
2 Consumer	304.4	327.9	340.0	331.5	327.9	319.2	324.5	329.2	340.0	329.8
3 Business	395.1	458.4	447.0	443.0	458.4	459.1	481.9	451.1	447.0	443.0
4 Real estate	145.8	172.3	183.7	165.4	172.3	176.1	182.3	187.4	183.7	153.8
5 LESS: Reserves for unearned income	61.4	69.7	60.4	68.3	69.7	69.9	61.5	60.8	60.4	59.1
6 Reserves for losses	14.7	16.7	20.9	15.6	16.7	17.2	17.4	18.0	20.9	21.3
7 Accounts receivable, net	769.3	872.2	889.4	856.1	872.2	867.3	909.7	888.9	889.4	846.1
8 All other	406.6	461.5	501.2	442.3	461.5	474.8	459.0	478.8	501.2	520.5
9 **Total assets**	**1,175.9**	**1,333.7**	**1,390.6**	**1,298.4**	**1,333.7**	**1,342.1**	**1,368.7**	**1,367.7**	**1,390.6**	**1,366.6**
LIABILITIES AND CAPITAL										
10 Bank loans	35.4	35.9	50.8	35.7	35.9	41.6	45.3	44.5	50.8	49.4
11 Commercial paper	230.4	238.8	158.6	218.8	238.8	180.9	181.6	171.0	158.6	137.0
Debt										
12 Owed to parent	87.8	102.5	99.3	100.0	102.5	97.2	93.4	91.7	99.3	82.6
13 Not elsewhere classified	429.9	502.2	567.6	507.3	502.2	533.8	542.1	555.8	567.6	572.8
14 All other liabilities	237.8	301.8	325.7	288.1	301.8	325.1	336.3	327.6	325.7	327.9
15 Capital, surplus, and undivided profits	154.5	152.5	188.7	148.5	152.5	163.5	170.0	177.2	188.7	197.0
16 **Total liabilities and capital**	**1,175.9**	**1,333.7**	**1,390.6**	**1,298.4**	**1,333.7**	**1,342.1**	**1,368.7**	**1,367.7**	**1,390.6**	**1,366.6**

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	1999	2000	2001	2001		2002			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Seasonally adjusted								
1 **Total**	**1,031.2**	**1,186.9**	**1,252.3**	**1,265.3r**	**1,252.3**	**1,236.4r**	**1,243.1r**	**1,236.2r**	**1,231.0**
2 Consumer	410.2	465.2	514.6	511.0	514.6	512.1	519.3	518.5r	518.9
3 Real estate	174.0	198.9	211.6	215.0	211.6	202.3r	199.7r	195.0	192.4
4 Business	446.9	522.8	526.2	539.3r	526.2	522.0	524.1	522.7	519.7
	Not seasonally adjusted								
5 **Total**	**1,036.4**	**1,192.1**	**1,257.6**	**1,259.5r**	**1,257.6**	**1,240.4r**	**1,244.3r**	**1,240.9r**	**1,236.5**
6 Consumer	412.7	468.3	518.1	514.2	518.1	512.8	517.6	514.1r	514.9
7 Motor vehicle loans	129.2	141.6	173.9	177.2	173.9	168.9	172.5	171.9r	168.7
8 Motor vehicle leases	102.9	108.2	103.5	105.5	103.5	102.4	101.2	97.5	96.8
9 Revolving[2]	32.5	37.6	31.5	30.2	31.5	29.8	28.8	27.9	29.0
10 Other[3]	39.8	40.7	31.1	31.4	31.1	31.4	31.8	32.4	32.5
Securitized assets[4]									
11 Motor vehicle loans	73.1	97.1	131.9	125.0	131.9	135.1	136.8	137.7r	142.2
12 Motor vehicle leases	9.7	6.6	6.8	7.0	6.8	6.7	6.6	6.5	6.4
13 Revolving	6.7	19.6	25.0	23.4	25.0	24.6	26.0	26.5r	26.2
14 Other	18.8	17.1	14.3	14.5	14.3	13.8	13.9	13.6	13.2
15 Real estate	174.0	198.9	211.6	215.0	211.6	202.3r	199.7r	195.0	192.4
16 One- to four-family	108.2	130.6	142.5	142.9	142.5	118.3	118.7	117.0	113.6
17 Other	37.6	41.7	41.2	44.9	41.2	39.4r	38.1r	36.8	36.5
Securitized real estate assets[4]									
18 One- to four-family	28.0	24.7	22.2	22.4	22.2	40.3	40.1	39.8	40.9
19 Other	.2	1.9	5.7	4.8	5.7	4.3	2.8	1.4	1.4
20 Business	449.6	525.0	527.9	530.3r	527.9	525.2	527.0	531.9	529.1
21 Motor vehicles	69.4	75.5	54.0	52.9	54.0	51.9	54.3	58.0	56.9
22 Retail loans	21.1	18.3	16.1	16.2	16.1	16.3	16.7	17.1	16.1
23 Wholesale loans[5]	34.8	39.7	20.3	19.5	20.3	18.0	20.1	22.8	23.0
24 Leases	13.6	17.6	17.6	17.2	17.6	17.6	17.5	18.0	17.8
25 Equipment	238.7	283.5	289.4	291.8	289.4	287.3	285.5	284.2	283.0
26 Loans	64.5	70.2	77.8	76.7	77.8	78.0	78.7	81.5	82.2
27 Leases	174.2	213.3	211.6	215.1	211.6	209.3	206.7	202.7	200.7
28 Other business receivables[6]	87.0	99.4	103.5	110.8	103.5	103.7	100.8	100.8	104.3
Securitized assets[4]									
29 Motor vehicles	31.5	37.8	50.1	45.2r	50.1	48.4	45.4	44.0	44.5
30 Retail loans	2.9	3.2	5.1	4.4r	5.1	4.0	3.1	2.3	2.6
31 Wholesale loans	26.4	32.5	42.5	38.3	42.5	41.9	39.6	39.0	39.1
32 Leases	2.1	2.2	2.5	2.6r	2.5	2.6	2.7	2.7	2.7
33 Equipment	14.6	23.1	23.2	23.4	23.2	22.3	25.5	25.4	20.8
34 Loans	7.9	15.5	16.4	15.5	16.4	15.5	18.6	18.5	14.2
35 Leases	6.7	7.6	6.8	7.9	6.8	6.8	6.8	6.9	6.7
36 Other business receivables[6]	8.4	5.6	7.7	6.2	7.7	11.6	15.6	19.5	19.6

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	1999	2000	2001	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	210.7	234.5	245.0	252.2	253.0	245.8	250.6	255.6	262.9	265.0
2 Amount of loan (thousands of dollars)	161.7	177.0	184.2	189.1	190.0	186.7	190.1	193.3	198.9	199.1
3 Loan-to-price ratio (percent)	78.7	77.4	77.3	77.2	77.2	78.1	78.2	78.2	77.7	77.2
4 Maturity (years)	28.8	29.2	28.8	28.6	28.9	28.8	28.8	29.1	28.8	29.0
5 Fees and charges (percent of loan amount)[2]	.77	.70	.67	.63	.69	.66	.62	.62	.64	.59
Yield (percent per year)										
6 Contract rate[1]	6.94	7.41	6.90	6.54	6.68	6.77	6.72	6.66	6.65	6.51
7 Effective rate[1,3]	7.06	7.52	7.00	6.63	6.79	6.87	6.82	6.76	6.74	6.59
8 Contract rate (HUD series)[4]	7.45	n.a.	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]	7.74	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 GNMA securities[6]	7.03	7.57	6.36	5.96	6.43	6.32	6.13	6.50	6.33	6.21
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	523,941	610,122	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 FHA/VA insured	55,318	61,539	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Conventional	468,623	548,583	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Mortgage transactions purchased (during period)	195,210	154,231	270,384	25,389	36,769	36,392	33,249	21,305	23,175	17,432
Mortgage commitments (during period)										
15 Issued[7]	187,948	163,689	304,084	49,909	19,867	21,544	19,321	13,340	n.a.	n.a.
16 To sell[8]	5,900	11,786	7,586	807	2,083	255	1,419	1,748	n.a.	n.a.
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	324,443	385,693	491,719	483,911	491,719	508,238	522,886	526,107	521,611	515,732
18 FHA/VA insured	1,836	3,332	3,506	3,562	3,506	3,447	3,387	3,332	3,267	3,248
19 Conventional	322,607	382,361	488,213	480,349	488,213	504,791	519,499	522,775	518,344	512,484
Mortgage transactions (during period)										
20 Purchases	239,793	174,043	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Sales	233,031	166,901	389,611	38,958	50,532	49,031	47,473	42,545	40,704	29,831
22 Mortgage commitments contracted (during period)[9]	228,432	169,231	417,434	42,619	51,456	47,076	41,442	41,561	36,368	n.a.

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	1998	1999	2000	2001				2002
					Q1	Q2	Q3	Q4	Q1
1	**All holders**	**5,718,488[r]**	**6,325,012**	**6,887,458**	**7,011,255**	**7,217,523**	**7,410,814**	**7,596,130**	**7,752,769**
	By type of property								
2	One- to four-family residences	4,367,367[r]	4,792,280	5,205,588	5,300,170	5,460,014	5,602,177	5,740,121	5,871,807
3	Multifamily residences	332,605	371,242	406,189	415,235	426,896	440,658	453,424	461,574
4	Nonfarm, nonresidential	922,009	1,058,528	1,166,846	1,185,977	1,217,562	1,253,314	1,286,358	1,301,486
5	Farm	96,506	102,962	108,836	109,873	113,050	114,665	116,227	117,902
	By type of holder								
6	Major financial institutions	2,195,869	2,396,265	2,620,886	2,664,837	2,716,269	2,737,607	2,792,907	2,789,210
7	Commercial banks[2]	1,338,273	1,496,844	1,661,411	1,688,673	1,727,463	1,740,321	1,793,061	1,802,265
8	One- to four-family	798,009	880,208	966,502	978,144	999,396	989,081	1,024,842	1,019,408
9	Multifamily	54,174	67,666	77,821	79,890	80,542	84,051	84,981	86,826
10	Nonfarm, nonresidential	457,054	517,130	583,071	596,405	612,366	631,757	647,669	660,052
11	Farm	29,035	31,839	34,016	34,234	35,159	35,432	35,569	35,978
12	Savings institutions[3]	643,957	668,634	723,534	741,114	751,660	758,343	758,109	745,915
13	One- to four-family	533,895	549,046	595,053	608,289	616,506	620,882	620,975	605,494
14	Multifamily	56,847	59,168	61,094	62,666	63,193	64,193	64,323	65,002
15	Nonfarm, nonresidential	52,798	59,945	66,852	69,589	71,378	72,695	72,275	74,863
16	Farm	417	475	535	569	583	574	536	557
17	Life insurance companies	213,640	230,787	235,941	235,050	237,146	238,943	241,737	241,030
18	One- to four-family	6,590	5,934	4,903	4,877	5,003	5,085	5,144	5,129
19	Multifamily	31,522	32,818	33,681	33,557	33,842	33,842	34,488	34,387
20	Nonfarm, nonresidential	164,004	179,048	183,757	183,078	184,634	186,235	188,165	187,615
21	Farm	11,524	12,987	13,600	13,538	13,667	13,781	13,940	13,899
22	Federal and related agencies	293,613[r]	322,132	343,962	347,463	356,817	363,001	376,969	385,027
23	Government National Mortgage Association	7	7	6	6	6	9	8	8
24	One- to four-family	7	7	6	6	6	9	8	8
25	Multifamily	0	0	0	0	0	0	0	0
26	Farmers Home Administration[4]	40,851	73,871	73,323	73,361	73,206	72,118	72,452	72,362
27	One- to four-family	16,895	16,506	16,372	16,297	16,153	15,916	15,824	15,665
28	Multifamily	11,739	11,741	11,733	11,725	11,720	11,710	11,712	11,707
29	Nonfarm, nonresidential	7,705	41,355	41,070	41,247	41,262	40,470	40,965	41,134
30	Farm	4,513	4,268	4,148	4,093	4,072	4,023	3,952	3,855
31	Federal Housing Admin. and Dept. of Veterans Affairs	3,674	3,712	3,507	2,873	2,918	3,155	3,290	3,361
32	One- to four-family	1,849	1,851	1,308	1,276	1,267	1,251	1,260	1,255
33	Multifamily	1,825	1,861	2,199	1,597	1,651	1,904	2,031	2,105
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	361	152	45	50	24	26	13	7
40	One- to four-family	58	25	7	8	4	4	2	1
41	Multifamily	70	29	9	10	5	5	3	1
42	Nonfarm, nonresidential	233	98	29	32	15	17	8	4
43	Farm	0	0	0	0	0	0	0	0
44	Federal National Mortgage Association	157,675	151,500	155,363	157,481	160,820	165,687	169,908	176,051
45	One- to four-family	147,594	141,195	144,150	145,014	147,730	151,786	155,060	160,300
46	Multifamily	10,081	10,305	11,213	12,467	13,090	13,901	14,848	15,751
47	Federal Land Banks	32,983	34,187	36,326	37,072	38,686	39,722	40,855	41,981
48	One- to four-family	1,941	2,012	2,137	2,181	2,276	2,337	2,404	2,470
49	Farm	31,042[r]	32,175[r]	34,189[r]	34,891[r]	36,410[r]	37,385[r]	38,451[r]	39,511
50	Federal Home Loan Mortgage Corporation	57,085	56,676	59,240	60,110	61,542	59,638	62,792	59,624
51	One- to four-family	49,106	44,321	42,871	42,771	42,537	39,217	40,309	35,955
52	Multifamily	7,979	12,355	16,369	17,339	19,005	20,421	22,483	23,669
53	Mortgage pools or trusts[5]	2,581,297	2,948,245	3,231,415	3,300,561	3,432,654	3,583,079	3,697,560	3,871,461
54	Government National Mortgage Association	537,446	582,263	611,553	601,523	598,019	603,186	591,368	587,631
55	One- to four-family	522,498	565,189	592,624	581,743	577,228	581,796	569,460	564,535
56	Multifamily	14,948	17,074	18,929	19,780	20,792	21,391	21,908	23,096
57	Federal Home Loan Mortgage Corporation	646,459	749,081	822,310	833,616	873,750	927,490	948,409	1,012,478
58	One- to four-family	643,465	744,619	816,602	827,769	867,924	921,709	940,933	1,005,136
59	Multifamily	2,994	4,462	5,708	5,847	5,826	5,781	7,476	7,342
60	Federal National Mortgage Association	834,517	960,883	1,057,750	1,099,049	1,163,978	1,228,131	1,290,351	1,355,404
61	One- to four-family	804,204	924,941	1,016,398	1,055,412	1,116,534	1,177,995	1,238,125	1,301,374
62	Multifamily	30,313	35,942	41,352	43,637	47,444	50,136	52,226	54,030
63	Farmers Home Administration[4]	1	0	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	1	0	0	0	0	0	0	0
68	Private mortgage conduits	562,874	656,018	739,802	766,373	796,907	824,272	867,432	915,948
69	One- to four-family[6]	405,153	455,021	499,834	523,300	539,200	550,039	574,500	618,400
70	Multifamily	33,784	42,293	48,786	49,007	50,836	53,627	56,910	57,808
71	Nonfarm, nonresidential	123,937	158,704	191,182	194,066	206,871	220,606	236,022	239,740
72	Farm	0	0	0	0	0	0	0	0
73	Individuals and others[7]	647,709	658,371	691,196	698,394	711,784	727,126	728,693	707,071
74	One- to four-family	435,138	459,609	490,890	496,778	508,826	522,597	523,781	505,183
75	Multifamily	76,320	75,297	77,074	77,509	78,764	79,524	79,880	79,709
76	Nonfarm, nonresidential	116,277	102,248	100,884	101,559	101,035	101,534	101,254	98,078
77	Farm	19,974	21,217	22,348	22,547	23,160	23,471	23,779	24,102

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	1999	2000	2001	2001		2002			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Seasonally adjusted								
1 **Total**	**1,416,316.0**	**1,560,571.0**	**1,669,283.0**	**1,665,354.0**	**1,669,283.0**	**1,675,493.0**	**1,681,659.0r**	**1,689,252.0**	**1,698,134.0**
2 Revolving	597,669.0	666,544.0	702,073.0	707,332.0	702,073.0	703,639.0	704,210.0r	707,336.0	711,457.0
3 Nonrevolving[2]	818,647.0	894,027.0	967,210.0	958,022.0	967,210.0	971,854.0	977,450.0r	981,916.0	986,676.0
	Not seasonally adjusted								
4 **Total**	**1,446,127.0**	**1,593,051.0**	**1,703,291.0**	**1,672,897.0**	**1,703,291.0**	**1,688,710.0**	**1,678,896.0r**	**1,678,071.0**	**1,685,469.0**
By major holder									
5 Commercial banks	499,758.0	541,470.0	558,023.0	550,083.0	558,023.0	557,190.0	551,273.0r	550,809.0	556,098.0
6 Finance companies	201,549.0	219,783.0	236,511.0	238,850.0	236,511.0	230,055.0	233,166.0	232,264.0	230,154.0
7 Credit unions	167,921.0	184,434.0	189,570.0	188,730.0	189,570.0	188,126.0	186,509.0	186,476.0	187,306.0
8 Savings institutions	61,527.0	64,557.0	69,070.0	68,890.0	69,070.0	68,906.0	68,758.0	68,595.0	69,424.0
9 Nonfinancial business	80,311.0	82,662.0	67,939.0	60,384.0	67,939.0	63,183.0	59,043.0r	58,102.0	56,924.0
10 Pools of securitized assets[3]	435,061.0	500,145.0	582,178.0	565,961.0	582,178.0	581,250.0	580,147.0	581,825.0	585,562.0
By major type of credit[4]									
11 Revolving	621,914.0	692,955.0	729,581.0	706,955.0	729,581.0	715,205.0	705,071.0r	701,107.0	706,767.0
12 Commercial banks	189,352.0	218,063.0	224,486.0	219,566.0	224,486.0	218,979.0	216,771.0r	216,291.0	221,326.0
13 Finance companies	32,483.0	37,561.0	31,484.0	30,245.0	31,484.0	29,762.0	28,844.0	27,918.0	28,982.0
14 Credit unions	20,641.0	22,226.0	22,265.0	21,597.0	22,265.0	21,516.0	21,250.0	20,813.0	20,887.0
15 Savings institutions	15,838.0	16,560.0	17,767.0	17,480.0	17,767.0	17,498.0	17,256.0	16,988.0	17,495.0
16 Nonfinancial business	42,783.0	42,430.0	29,790.0	24,463.0	29,790.0	26,280.0	23,041.0	22,402.0	21,357.0
17 Pools of securitized assets[3]	320,817.0	356,114.0	403,789.0	393,605.0	403,789.0	401,170.0	397,909.0	396,695.0	396,720.0
18 Nonrevolving	824,213.0	900,095.0	973,710.0	965,942.0	973,710.0	973,506.0	973,825.0r	976,964.0	978,702.0
19 Commercial banks	310,406.0	323,407.0	333,537.0	330,517.0	333,537.0	338,212.0	334,502.0r	334,518.0	334,772.0
20 Finance companies	169,066.0	182,221.0	205,027.0	208,605.0	205,027.0	200,294.0	204,322.0	204,346.0	201,172.0
21 Credit unions	147,280.0	162,208.0	167,305.0	167,133.0	167,305.0	166,610.0	165,259.0	165,663.0	166,419.0
22 Savings institutions	45,689.0	47,997.0	51,303.0	51,410.0	51,303.0	51,408.0	51,502.0	51,607.0	51,929.0
23 Nonfinancial business	37,528.0	40,232.0	38,149.0	35,921.0	38,149.0	36,903.0	36,002.0r	35,699.0	35,568.0
24 Pools of securitized assets[3]	114,244.0	144,031.0	178,389.0	172,356.0	178,389.0	180,080.0	182,238.0	185,131.0	188,843.0

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	1999	2000	2001	2001			2002			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	8.44	9.34	8.50	n.a.	7.86	n.a.	n.a.	7.50	n.a.	n.a.
2 24-month personal	13.39	13.90	13.22	n.a.	12.62	n.a.	n.a.	11.72	n.a.	n.a.
Credit card plan										
3 All accounts	15.21	15.71	14.89	n.a.	14.22	n.a.	n.a.	13.65	n.a.	n.a.
4 Accounts assessed interest	14.81	14.91	14.44	n.a.	13.88	n.a.	n.a.	12.98	n.a.	n.a.
Auto finance companies										
5 New car	6.66	6.61	5.65	2.71	2.89	3.31	4.02	n.a.	n.a.	n.a.
6 Used car	12.60	13.55	12.18	11.41	10.96	10.89	10.84	n.a.	n.a.	n.a.
OTHER TERMS[3]										
Maturity (months)										
7 New car	52.7	54.9	55.1	53.7	51.0	48.6	48.8	56.4	56.4	55.9
8 Used car	55.9	57.0	57.5	57.2	56.7	56.5	57.3	57.8	57.7	57.7
Loan-to-value ratio										
9 New car	92	92	91	94	92	91	90	89	90	93
10 Used car	99	99	100	100	100	100	100	100	100	101
Amount financed (dollars)										
11 New car	19,880	20,923	22,822	24,443	24,934	24,812	24,137	22,741	23,065	23,535
12 Used car	13,642	14,058	14,416	14,627	14,669	14,653	14,355	14,049	14,149	14,363

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	1996	1997	1998	1999	2000	2000		2001				2002
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**733.6**	**804.7**	**1,042.9**	**1,069.4**	**861.8**	**810.8**	**758.0**	**974.1**	**985.4**	**1,328.5**	**1,127.0**	**999.4**
By sector and instrument												
2 Federal government	144.9	23.1	−52.6	−71.2	−295.9	−226.2	−331.3	−4.3	−256.0	255.7	−17.6	112.0
3 Treasury securities	146.6	23.2	−54.6	−71.0	−294.9	−223.8	−330.2	−2.1	−257.1	256.0	−16.9	113.8
4 Budget agency securities and mortgages	−1.6	−.1	2.0	−.2	−1.0	−2.4	−1.2	−2.2	1.1	−.4	−.7	−1.8
5 Nonfederal	588.6	781.6	1,095.5	1,140.6	1,157.6	1,037.0	1,089.3	978.4	1,241.4	1,072.8	1,144.6	887.4
By instrument												
6 Commercial paper	−.9	13.7	24.4	37.4	48.1	56.1	−4.0	−199.2	−133.4	−66.1	45.5	−155.7
7 Municipal securities and loans	2.6	71.4	96.8	68.2	35.3	31.0	60.1	110.7	112.4	56.0	191.1	78.7
8 Corporate bonds	116.3	150.5	218.7	229.9	171.1	168.8	175.6	399.5	419.5	187.9	323.5	233.8
9 Bank loans n.e.c.	70.4	106.4	108.1	82.6	103.1	47.0	59.3	−16.0	−144.1	−5.4	−183.8	−15.4
10 Other loans and advances	28.7	59.5	82.1	57.1	101.5	16.5	125.2	−12.6	118.2	81.9	−108.9	−25.6
11 Mortgages	280.4	322.5	490.4	565.9	559.6	563.8	542.4	551.5	792.8	747.8	727.2	691.7
12 Home	245.7	258.3	387.2	424.8	416.5	438.0	390.5	429.9	623.1	538.9	541.5	593.6
13 Multifamily residential	9.4	7.5	22.2	36.4	34.5	27.0	39.8	34.3	45.3	56.3	51.9	30.3
14 Commercial	22.6	53.5	74.5	98.9	102.1	92.3	110.1	83.0	112.0	146.0	127.8	61.2
15 Farm	2.7	3.1	6.5	5.8	6.5	6.5	2.0	4.3	12.3	6.7	6.1	6.6
16 Consumer credit	91.3	57.5	75.0	99.5	139.0	153.8	130.7	144.5	76.0	70.6	149.9	79.9
By borrowing sector												
17 Household	343.8	332.7	454.4	501.6	545.9	573.2	500.7	520.4	667.6	648.6	622.0	695.8
18 Nonfinancial business	251.6	392.8	560.8	586.6	584.6	440.0	534.9	354.2	465.2	381.2	365.2	127.4
19 Corporate	179.4	291.9	393.1	398.7	403.0	278.8	362.9	186.6	284.4	223.9	214.2	12.6
20 Nonfarm noncorporate	67.3	94.7	159.7	182.4	170.7	154.1	159.2	161.6	170.9	153.9	140.8	109.6
21 Farm	4.9	6.2	8.0	5.5	10.9	7.2	12.8	5.9	9.9	3.4	10.2	5.2
22 State and local government	−6.8	56.1	80.3	52.3	27.2	23.8	53.7	103.9	108.7	43.0	157.5	64.2
23 Foreign net borrowing in United States	88.4	71.8	43.4	27.9	67.0	88.6	66.8	8.7	−53.4	−102.8	12.1	49.4
24 Commercial paper	11.3	3.7	7.8	16.3	31.7	7.0	50.1	−26.5	−6.7	−27.6	3.9	66.6
25 Bonds	67.0	61.4	34.9	16.8	25.2	71.4	9.0	33.3	−15.9	−78.8	27.4	−16.1
26 Bank loans n.e.c.	9.1	8.5	6.7	.5	11.3	11.9	12.2	13.6	−31.6	4.4	−16.3	14.1
27 Other loans and advances	1.0	−1.8	−6.0	−5.7	−1.3	−1.7	−4.6	−11.6	.7	−.8	−2.9	−15.2
28 **Total domestic plus foreign**	**822.0**	**876.5**	**1,086.3**	**1,097.3**	**928.7**	**899.4**	**824.8**	**982.8**	**932.0**	**1,225.7**	**1,139.1**	**1,048.8**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**550.1**	**662.2**	**1,087.2**	**1,084.4**	**815.6**	**794.0**	**963.1**	**862.7**	**796.9**	**1,108.5**	**949.4**	**933.3**
By instrument												
30 Federal government-related	231.4	212.9	470.9	592.0	433.5	514.8	613.6	432.6	674.6	818.4	591.8	692.8
31 Government-sponsored enterprise securities	90.4	98.4	278.3	318.2	234.1	278.1	304.5	262.3	268.3	326.2	306.5	191.3
32 Mortgage pool securities	141.0	114.6	192.6	273.8	199.4	236.7	309.1	170.3	406.2	492.2	285.3	501.5
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	318.7	449.3	616.3	492.5	382.1	279.2	349.5	430.1	122.3	290.1	357.6	240.5
35 Open market paper	92.2	166.7	161.0	176.2	127.7	106.5	153.2	−134.6	−85.4	−85.6	58.2	−244.4
36 Corporate bonds	178.1	218.9	310.1	218.2	205.9	205.0	203.7	437.4	188.3	326.7	295.3	457.9
37 Bank loans n.e.c.	12.6	13.3	30.1	−14.2	−.3	−6.7	−4.4	27.0	14.2	−7.1	21.0	3.1
38 Other loans and advances	27.9	35.6	90.2	107.1	42.5	−31.6	−4.8	107.8	−11.0	58.0	−15.3	17.3
39 Mortgages	7.9	14.9	24.8	5.1	6.2	6.0	1.8	−7.5	16.2	−1.9	−1.6	6.6
By borrowing sector												
40 Commercial banking	13.0	46.1	72.9	67.2	60.0	43.4	18.8	148.3	−15.8	59.0	19.9	39.1
41 Savings institutions	25.5	19.7	52.2	48.0	27.3	−37.9	20.4	62.4	16.0	19.4	−68.1	−25.7
42 Credit unions	.1	.1	.6	2.2	.0	1.1	1.0	−.6	.8	1.5	4.4	2.4
43 Life insurance companies	1.1	.2	.7	.7	−.7	−.3	−.7	−2.4	.1	3.5	1.4	2.4
44 Government-sponsored enterprises	90.4	98.4	278.3	318.2	234.1	278.1	304.5	262.3	268.3	326.2	306.5	191.3
45 Federally related mortgage pools	141.0	114.6	192.6	273.8	199.4	236.7	309.1	170.3	406.2	492.2	285.3	501.5
46 Issuers of asset-backed securities (ABSs)	150.8	202.2	321.4	223.4	196.3	156.2	307.9	295.8	172.3	324.3	360.1	370.0
47 Finance companies	50.6	57.8	57.1	70.3	81.2	98.1	26.1	−72.8	64.1	21.5	−12.6	−61.3
48 Mortgage companies	4.1	−4.6	1.6	.2	.1	−.3	1.0	.7	.6	.8	.6	.8
49 Real estate investment trusts (REITs)	11.9	39.6	62.7	6.3	2.7	−2.4	−8.1	−6.1	10.5	−2.4	7.8	7.4
50 Brokers and dealers	−2.0	8.1	7.2	−17.2	15.6	25.4	−6.6	−23.7	35.6	12.6	−19.0	−10.4
51 Funding corporations	63.8	79.9	40.0	91.5	−.4	−4.2	−10.4	28.6	−162.0	−150.2	62.9	−84.1

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	1996	1997	1998	1999	2000	2000		2001				2002
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	All sectors											
52 **Total net borrowing, all sectors**	**1,372.0**	**1,538.7**	**2,173.4**	**2,181.7**	**1,744.3**	**1,693.4**	**1,787.8**	**1,845.5**	**1,728.8**	**2,334.2**	**2,088.5**	**1,982.1**
53 Open market paper	102.6	184.1	193.1	229.9	207.5	169.7	199.3	−360.2	−225.5	−179.3	107.6	−333.5
54 U.S. government securities	376.3	236.0	418.3	520.7	137.6	288.6	282.2	428.2	418.5	1,074.1	574.2	804.8
55 Municipal securities	2.6	71.4	96.8	68.2	35.3	31.0	60.1	110.7	112.4	56.0	191.1	78.7
56 Corporate and foreign bonds	361.3	430.8	563.7	465.0	402.2	445.2	388.3	870.2	591.9	435.8	646.2	675.6
57 Bank loans n.e.c.	92.1	128.2	145.0	68.9	114.1	52.2	67.1	24.6	−161.5	−8.0	−179.0	1.7
58 Other loans and advances	57.7	93.2	166.3	158.5	142.7	−16.8	115.8	83.6	107.9	139.2	−127.1	−23.4
59 Mortgages	288.2	337.4	515.2	571.0	565.8	569.8	544.2	544.0	809.0	745.9	725.6	698.3
60 Consumer credit	91.3	57.5	75.0	99.5	139.0	153.8	130.7	144.5	76.0	70.6	149.9	79.9
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**232.9**	**185.3**	**113.7**	**156.6**	**193.3**	**224.7**	**−35.1**	**240.0**	**411.7**	**94.6**	**395.2**	**389.8**
62 Corporate equities	−4.7	−79.9	−165.8	−34.6	−41.7	−50.4	−184.6	143.2	128.7	−67.9	131.7	31.5
63 Nonfinancial corporations	−69.5	−114.4	−267.0	−143.5	−159.7	−87.8	−367.5	−25.2	−70.9	−126.4	−7.3	20.2
64 Foreign shares purchased by U.S. residents	82.8	57.6	101.3	114.4	99.7	61.1	89.4	109.2	220.3	36.6	74.7	−26.6
65 Financial corporations	−18.1	−23.0	−.1	−5.5	18.3	−23.7	93.4	59.1	−20.7	22.0	64.3	37.9
66 Mutual fund shares	237.6	265.1	279.5	191.2	235.0	275.1	149.5	96.8	283.0	162.5	263.6	358.3

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F4. 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	1996	1997	1998	1999	2000	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2002 Q1
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**1,372.0**	**1,538.7**	**2,173.4**	**2,181.7**	**1,744.3**	**1,693.4**	**1,787.8**	**1,845.5**	**1,728.8**	**2,334.2**	**2,088.5**	**1,982.1**
2 Domestic nonfederal nonfinancial sectors	73.9	−22.2	173.2	208.6	−160.2	−240.8	−251.4	−193.3	−268.6	−85.7	−255.0	304.8
3 Household	113.9	−12.2	41.4	198.8	−175.7	−211.2	−176.2	−269.6	−261.5	−53.3	−257.3	227.6
4 Nonfinancial corporate business	−10.2	−12.7	−16.0	−15.6	17.5	−5.4	−77.1	31.6	17.4	−25.3	−50.7	32.4
5 Nonfarm noncorporate business	4.0	2.6	13.3	−3.0	−1.2	2.2	−.2	3.2	.3	3.3	2.0	3.3
6 State and local governments	−33.7	.1	134.5	28.4	−.8	−26.4	2.1	41.5	−24.8	−10.4	51.0	41.4
7 Federal government	−7.2	5.1	13.5	5.8	7.3	4.5	10.6	4.6	9.4	3.6	6.9	−7.5
8 Rest of the world	414.4	311.3	254.2	208.8	279.3	216.2	387.8	410.6	349.2	389.0	563.2	271.4
9 Financial sectors	890.9	1,244.5	1,732.5	1,758.5	1,617.8	1,713.5	1,640.8	1,623.6	1,638.9	2,027.3	1,773.4	1,413.5
10 Monetary authority	12.3	38.3	21.1	25.7	33.7	39.1	−.9	53.7	26.4	8.7	70.5	98.7
11 Commercial banking	187.5	324.3	305.2	308.2	358.4	363.2	157.0	138.4	148.8	253.3	282.8	182.9
12 U.S.-chartered banks	119.6	274.9	312.0	317.6	339.8	324.8	75.3	93.5	194.5	233.9	246.2	163.4
13 Foreign banking offices in United States	63.3	40.2	−11.9	−20.1	24.0	32.8	81.1	41.3	−48.6	16.5	3.4	1.2
14 Bank holding companies	3.9	5.4	−.9	6.2	−12.2	−6.7	−3.2	7.3	−2.8	−1.4	13.6	12.0
15 Banks in U.S.-affiliated areas	.7	3.7	6.0	4.4	6.7	12.3	3.8	−3.6	5.6	4.2	19.6	6.3
16 Savings institutions	19.9	−4.7	36.1	68.6	56.5	62.7	42.5	52.5	57.3	−8.3	66.3	17.6
17 Credit unions	25.5	16.8	19.0	27.5	30.5	21.2	33.6	23.2	7.6	61.7	61.8	54.7
18 Bank personal trusts and estates	−7.7	−25.0	−12.8	27.8	17.1	17.6	18.1	10.7	13.4	8.8	8.6	6.1
19 Life insurance companies	69.6	104.8	76.9	53.5	57.9	74.8	38.8	95.3	124.9	179.3	107.1	152.4
20 Other insurance companies	22.5	25.2	5.8	−3.0	−8.7	6.2	−11.7	2.1	.1	5.1	32.8	36.3
21 Private pension funds	−4.1	47.6	−22.8	10.8	39.2	56.1	26.0	24.5	50.8	30.2	18.7	−40.8
22 State and local government retirement funds	35.8	67.1	72.1	46.9	54.6	37.6	86.1	−70.7	77.0	−74.2	7.3	76.8
23 Money market mutual funds	88.8	87.5	244.0	182.0	143.0	256.1	272.7	328.2	164.7	379.1	112.2	−294.3
24 Mutual funds	48.9	80.9	127.3	48.4	21.0	50.2	57.8	78.1	165.7	103.7	156.6	262.2
25 Closed-end funds	4.6	−2.5	5.5	7.4	−4.7	−4.7	−4.7	−1.7	−1.7	−1.7	−1.7	−1.7
26 Government-sponsored enterprises	97.4	106.6	314.6	291.7	250.9	228.6	318.8	311.8	321.3	264.6	314.5	283.7
27 Federally related mortgage pools	141.0	114.6	192.6	273.8	199.4	236.7	309.1	170.3	406.2	492.2	285.3	501.5
28 Asset-backed securities issuers (ABSs)	120.5	163.8	281.7	205.2	166.4	120.9	278.9	269.8	150.0	297.6	337.8	345.2
29 Finance companies	18.9	23.1	77.3	97.0	108.0	102.8	36.2	−.9	126.7	−42.0	−17.0	−143.2
30 Mortgage companies	8.2	−9.1	3.2	.3	.2	−.5	2.0	1.4	1.1	1.7	1.2	1.6
31 Real estate investment trusts (REITs)	4.4	20.2	−5.1	−2.6	−6.3	−3.6	−2.8	4.0	1.1	7.8	14.0	16.5
32 Brokers and dealers	−15.7	14.9	6.8	−34.7	68.9	152.1	−69.0	310.9	14.0	236.0	−94.9	−248.7
33 Funding corporations	12.6	50.4	−15.8	124.1	31.8	−103.5	52.3	−178.1	−216.6	−176.2	9.6	105.9
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**1,372.0**	**1,538.7**	**2,173.4**	**2,181.7**	**1,744.3**	**1,693.4**	**1,787.8**	**1,845.5**	**1,728.8**	**2,334.2**	**2,088.5**	**1,982.1**
Other financial sources												
35 Official foreign exchange	−6.3	.7	6.6	−8.7	−.4	.7	4.9	−1.5	4.7	13.7	.2	−1.8
36 Special drawing rights certificates	−.5	−.5	.0	−3.0	−4.0	−4.0	−4.0	.0	.0	.0	.0	.0
37 Treasury currency	.5	.5	.6	1.0	2.4	4.2	.0	−1.1	1.1	.0	.0	.0
38 Foreign deposits	85.9	107.7	6.5	61.0	120.8	−40.8	207.4	235.5	−170.2	140.1	132.2	−25.0
39 Net interbank transactions	−51.6	−19.7	−32.3	18.4	13.6	24.4	18.0	−162.9	−4.9	56.6	87.4	−18.9
40 Checkable deposits and currency	15.7	41.2	47.4	151.4	−71.5	5.0	−50.2	184.2	82.8	244.9	288.6	28.6
41 Small time and savings deposits	97.2	97.1	152.4	44.7	190.7	224.5	310.8	280.2	202.6	231.4	338.0	277.8
42 Large time deposits	114.0	122.5	92.1	130.6	118.4	152.9	65.2	128.1	53.9	29.4	46.0	274.1
43 Money market fund shares	145.4	155.9	287.2	249.1	233.3	250.9	371.0	621.6	322.3	367.7	402.7	−260.8
44 Security repurchase agreements	41.4	120.9	91.3	169.7	110.7	277.1	−265.4	−86.6	168.7	240.7	−156.8	−127.8
45 Corporate equities	−4.7	−79.9	−165.8	−34.6	−41.7	−50.4	−184.6	143.2	128.7	−67.9	131.7	31.5
46 Mutual fund shares	237.6	265.1	279.5	191.2	235.0	275.1	149.5	96.8	283.0	162.5	263.6	358.3
47 Trade payables	123.3	139.7	107.8	270.5	169.1	137.1	116.5	74.7	−89.4	−16.9	−111.2	87.2
48 Security credit	52.4	111.0	103.3	104.3	146.1	97.5	74.4	−85.4	−83.3	546.9	−388.3	−234.8
49 Life insurance reserves	44.5	59.3	48.0	50.8	50.2	53.0	47.3	52.7	53.2	80.2	72.6	57.4
50 Pension fund reserves	148.3	201.4	217.1	181.4	215.6	219.9	147.9	244.8	169.0	235.2	176.2	169.6
51 Taxes payable	19.5	22.3	19.6	23.2	21.7	4.1	25.4	.5	16.2	106.4	−66.1	26.1
52 Investment in bank personal trusts	−5.3	−49.9	−41.8	−6.5	−29.7	−29.2	−28.0	−26.1	−22.7	−28.2	−28.2	−31.0
53 Noncorporate proprietors' equity	5.5	−40.7	−57.8	−38.1	−2.5	26.6	−6.7	−20.8	−3.5	−26.3	4.4	−.1
54 Miscellaneous	526.1	493.6	978.7	997.0	1,139.1	1,507.0	832.2	1,069.2	1,048.9	908.8	−102.4	520.0
55 **Total financial sources**	**2,961.1**	**3,287.1**	**4,313.7**	**4,735.1**	**4,361.1**	**4,829.1**	**3,619.5**	**4,592.5**	**3,889.9**	**5,559.4**	**3,178.9**	**3,112.4**
Liabilities not identified as assets (−)												
56 Treasury currency	−.4	−.2	−.1	−.7	−1.2	.9	−3.3	−3.6	−.5	−1.4	.0	−.7
57 Foreign deposits	59.4	106.2	−8.5	42.6	56.3	−100.2	194.6	169.5	−154.3	143.2	70.5	18.2
58 Net interbank liabilities	−3.3	−19.9	3.4	3.5	17.4	−12.1	51.1	25.9	4.5	7.1	33.3	24.1
59 Security repurchase agreements	2.4	63.2	57.7	35.6	117.1	170.4	−295.7	−262.7	171.6	18.9	−125.2	−40.3
60 Taxes payable	23.1	28.0	19.7	6.5	14.1	−1.8	44.1	−2.4	−16.8	4.1	11.9	25.1
61 Miscellaneous	−173.7	−244.7	−161.6	−355.4	−332.5	−65.4	−427.4	−102.5	−416.4	266.8	−315.2	−138.0
Floats not included in assets (−)												
62 Federal government checkable deposits	.5	−2.7	2.6	−7.4	9.0	3.0	−2.1	63.1	3.5	5.7	−56.6	193.3
63 Other checkable deposits	−4.0	−3.9	−3.1	−.8	1.7	1.9	2.4	3.8	3.9	5.1	5.5	6.4
64 Trade credit	−25.4	−29.2	−40.9	7.2	14.0	−26.6	73.3	−9.9	−38.0	−34.6	−23.2	−39.2
65 **Total identified to sectors as assets**	**3,082.7**	**3,390.1**	**4,444.6**	**5,004.0**	**4,465.2**	**4,859.0**	**3,982.6**	**4,711.3**	**4,332.4**	**5,144.6**	**3,577.8**	**3,063.7**

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	1997	1998	1999	2000	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2002 Q1
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**15,244.2**	**16,287.1**	**17,391.1**	**18,272.0**	**17,991.7**	**18,272.0**	**18,509.5**	**18,680.6**	**18,995.3**	**19,376.3**	**19,606.1**
By sector and instrument											
2 Federal government	3,804.8	3,752.2	3,681.0	3,385.1	3,410.1	3,385.1	3,408.8	3,251.4	3,320.0	3,379.5	3,430.3
3 Treasury securities	3,778.3	3,723.7	3,652.7	3,357.8	3,382.5	3,357.8	3,382.0	3,224.3	3,293.0	3,352.7	3,404.0
4 Budget agency securities and mortgages	26.5	28.5	28.3	27.3	27.6	27.3	26.8	27.0	27.0	26.8	26.3
5 Nonfederal	11,439.4	12,534.9	13,710.2	14,886.9	14,581.6	14,886.9	15,100.7	15,429.3	15,675.3	15,996.8	16,175.8
By instrument											
6 Commercial paper	168.6	193.0	230.3	278.4	307.0	278.4	253.2	223.3	201.3	190.1	167.5
7 Municipal securities and loans	1,367.5	1,464.3	1,532.5	1,567.8	1,550.3	1,567.8	1,597.5	1,629.8	1,635.3	1,685.4	1,707.5
8 Corporate bonds	1,610.9	1,829.6	2,059.5	2,230.6	2,186.7	2,230.6	2,330.4	2,435.3	2,482.3	2,563.2	2,621.6
9 Bank loans n.e.c.	1,040.4	1,148.5	1,231.2	1,334.2	1,311.3	1,334.2	1,321.3	1,292.7	1,283.8	1,247.5	1,233.6
10 Other loans and advances	825.1	907.2	964.5	1,077.1	1,039.5	1,077.1	1,083.2	1,110.6	1,116.8	1,096.8	1,099.9
11 Mortgages	5,155.4	5,645.8	6,246.0	6,805.7	6,667.3	6,805.7	6,929.7	7,129.4	7,325.3	7,510.5	7,667.6
12 Home	3,978.3	4,365.5	4,790.2	5,206.8	5,106.4	5,206.8	5,299.2	5,457.7	5,601.4	5,740.1	5,872.7
13 Multifamily residential	285.7	307.9	344.5	379.0	369.0	379.0	388.7	398.9	412.9	425.9	433.5
14 Commercial	801.4	875.9	1,009.0	1,111.1	1,083.6	1,111.1	1,131.8	1,159.8	1,196.3	1,228.3	1,243.6
15 Farm	90.0	96.6	102.3	108.8	108.3	108.8	110.0	113.1	114.7	116.2	117.9
16 Consumer credit	1,271.6	1,346.6	1,446.1	1,593.1	1,519.6	1,593.1	1,585.3	1,608.1	1,630.5	1,703.3	1,678.1
By borrowing sector											
17 Households	5,556.9	6,011.4	6,513.3	7,078.3	6,903.8	7,078.3	7,144.5	7,319.5	7,491.8	7,692.9	7,800.1
18 Nonfinancial business	4,763.0	5,323.7	5,944.7	6,529.3	6,414.7	6,529.3	6,648.8	6,771.9	6,842.9	6,921.3	6,974.4
19 Corporate	3,383.1	3,776.1	4,209.3	4,612.3	4,540.8	4,612.3	4,691.6	4,766.7	4,799.6	4,840.1	4,866.2
20 Nonfarm noncorporate	1,224.0	1,383.7	1,566.1	1,736.8	1,696.0	1,736.8	1,777.5	1,820.1	1,857.4	1,893.6	1,921.4
21 Farm	155.9	163.9	169.4	180.2	177.9	180.2	179.7	185.2	185.9	187.6	186.9
22 State and local government	1,119.5	1,199.8	1,252.1	1,279.3	1,263.1	1,279.3	1,307.5	1,337.8	1,340.6	1,382.5	1,401.2
23 **Foreign credit market debt held in United States**	**608.0**	**651.5**	**679.6**	**746.7**	**731.0**	**746.7**	**747.5**	**733.2**	**710.2**	**712.9**	**725.6**
24 Commercial paper	65.1	72.9	89.2	120.9	109.8	120.9	112.8	110.1	106.3	106.7	123.6
25 Bonds	427.7	462.6	479.4	504.6	502.4	504.6	512.9	509.0	489.3	496.1	492.1
26 Bank loans n.e.c.	52.1	58.9	59.4	70.7	67.7	70.7	74.1	66.2	67.3	63.2	66.8
27 Other loans and advances	63.0	57.2	51.7	50.5	51.2	50.5	47.7	47.9	47.3	46.8	43.2
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**15,852.2**	**16,938.6**	**18,070.8**	**19,018.7**	**18,722.7**	**19,018.7**	**19,257.0**	**19,413.9**	**19,705.4**	**20,089.1**	**20,331.7**
					Financial sectors						
29 **Total credit market debt owed by financial sectors**	**5,458.0**	**6,545.2**	**7,629.6**	**8,457.1**	**8,190.8**	**8,457.1**	**8,657.0**	**8,856.1**	**9,126.5**	**9,383.8**	**9,603.3**
By instrument											
30 Federal government-related	2,821.1	3,292.0	3,884.0	4,317.4	4,164.0	4,317.4	4,422.9	4,591.6	4,796.2	4,944.1	5,117.3
31 Government-sponsored enterprise securities	995.3	1,273.6	1,591.7	1,825.8	1,749.7	1,825.8	1,888.7	1,955.8	2,037.4	2,114.0	2,161.8
32 Mortgage pool securities	1,825.8	2,018.4	2,292.2	2,491.6	2,414.3	2,491.6	2,534.2	2,635.7	2,758.8	2,830.1	2,955.5
33 Loans from U.S. government	.0	.0	0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	2,636.9	3,253.2	3,745.6	4,139.7	4,026.7	4,139.7	4,234.1	4,264.6	4,330.3	4,439.7	4,485.9
35 Open market paper	745.7	906.7	1,082.9	1,210.7	1,151.6	1,210.7	1,180.8	1,144.5	1,110.2	1,148.8	1,090.9
36 Corporate bonds	1,568.6	1,878.7	2,096.9	2,314.8	2,269.7	2,314.8	2,424.0	2,483.9	2,568.1	2,626.7	2,741.8
37 Bank loans n.e.c.	77.3	107.5	93.2	93.0	92.8	93.0	97.3	100.4	100.2	106.8	105.0
38 Other loans and advances	198.5	288.7	395.8	438.3	430.2	438.3	450.9	450.7	467.2	473.2	462.4
39 Mortgages	46.8	71.6	76.7	82.9	82.5	82.9	81.1	85.1	84.6	84.2	85.9
By borrowing sector											
40 Commercial banks	140.6	188.6	230.0	266.7	265.2	266.7	273.8	274.7	281.4	296.0	295.8
41 Bank holding companies	168.6	193.5	219.3	242.5	236.9	242.5	266.5	269.0	272.7	266.1	269.4
42 Savings institutions	160.3	212.4	260.4	287.7	276.0	287.7	295.1	294.4	305.6	295.1	280.4
43 Credit unions	.6	1.1	3.4	3.4	3.1	3.4	3.2	3.5	3.8	4.9	5.5
44 Life insurance companies	1.8	2.5	3.2	2.5	2.7	2.5	1.9	1.9	2.8	3.1	3.7
45 Government-sponsored enterprises	995.3	1,273.6	1,591.7	1,825.8	1,749.7	1,825.8	1,888.7	1,955.8	2,037.4	2,114.0	2,161.8
46 Federally related mortgage pools	1,825.8	2,018.4	2,292.2	2,491.6	2,414.3	2,491.6	2,534.2	2,635.7	2,758.8	2,830.1	2,955.5
47 Issuers of asset-backed securities (ABSs)	1,076.6	1,398.0	1,621.4	1,829.6	1,742.3	1,829.6	1,893.7	1,942.4	2,025.5	2,117.8	2,200.1
48 Brokers and dealers	35.3	42.5	25.3	40.9	42.6	40.9	35.0	43.9	47.1	42.3	39.7
49 Finance companies	568.3	625.5	695.7	776.9	761.8	776.9	756.2	769.0	771.2	777.0	759.1
50 Mortgage companies	16.0	17.7	17.8	17.9	17.7	17.9	18.1	18.2	18.5	18.6	18.8
51 Real estate investment trusts (REITs)	96.1	158.8	165.1	167.8	169.8	167.8	166.2	168.9	168.3	170.2	172.1
52 Funding corporations	372.6	412.6	504.0	503.7	508.7	503.7	524.3	478.6	433.6	448.5	441.3
					All sectors						
53 **Total credit market debt, domestic and foreign**	**21,310.2**	**23,483.8**	**25,700.4**	**27,475.8**	**26,913.5**	**27,475.8**	**27,914.0**	**28,270.0**	**28,831.9**	**29,472.9**	**29,934.9**
54 Open market paper	979.4	1,172.6	1,402.4	1,610.0	1,568.3	1,610.0	1,546.8	1,477.9	1,417.8	1,445.6	1,382.0
55 U.S. government securities	6,625.9	7,044.2	7,564.9	7,702.5	7,574.2	7,702.5	7,831.7	7,842.9	8,116.2	8,323.6	8,547.6
56 Municipal securities	1,367.5	1,464.3	1,532.5	1,567.8	1,550.3	1,567.8	1,597.5	1,629.8	1,635.3	1,685.4	1,707.5
57 Corporate and foreign bonds	3,607.2	4,170.8	4,635.8	5,050.0	4,958.7	5,050.0	5,267.4	5,428.2	5,539.6	5,686.0	5,855.5
58 Bank loans n.e.c.	1,169.8	1,314.9	1,383.8	1,497.9	1,471.7	1,497.9	1,492.7	1,459.2	1,451.3	1,417.5	1,405.3
59 Other loans and advances	1,086.6	1,253.0	1,412.0	1,565.9	1,520.9	1,565.9	1,581.8	1,609.2	1,631.3	1,616.8	1,605.5
60 Mortgages	5,202.2	5,717.4	6,322.8	6,888.6	6,749.8	6,888.6	7,010.8	7,214.5	7,410.0	7,594.7	7,753.5
61 Consumer credit	1,271.6	1,346.6	1,446.1	1,593.1	1,519.6	1,593.1	1,585.3	1,608.1	1,630.5	1,703.3	1,678.1

1. Data in this table 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	1997	1998	1999	2000	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2002 Q1
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**21,310.2**	**23,483.8**	**25,700.4**	**27,475.8**	**26,913.5**	**27,475.8**	**27,914.0**	**28,270.0**	**28,831.9**	**29,472.9**	**29,934.9**
2 Domestic nonfederal nonfinancial sectors	2,945.6	3,090.5	3,369.1	3,171.9	3,227.0	3,171.9	3,097.7	3,011.3	2,979.6	2,970.3	3,016.6
3 Household	2,028.9	2,042.0	2,310.9	2,098.1	2,152.1	2,098.1	2,024.9	1,936.2	1,915.6	1,886.8	1,935.2
4 Nonfinancial corporate business	257.5	241.5	226.0	243.5	245.4	243.5	231.4	236.9	230.8	236.7	223.3
5 Nonfarm noncorporate business	54.2	67.5	64.4	63.2	63.3	63.2	64.0	64.1	64.9	65.4	66.2
6 State and local governments	605.0	739.4	767.8	767.0	766.2	767.0	777.4	774.1	768.3	781.4	791.9
7 Federal government	205.4	219.1	258.0	265.4	262.7	265.4	266.6	268.9	269.8	271.6	269.7
8 Rest of the world	2,257.3	2,539.8	2,676.2	3,004.6	2,861.7	3,004.6	3,112.9	3,200.1	3,294.7	3,432.6	3,506.1
9 Financial sectors	15,901.9	17,634.4	19,397.0	21,033.9	20,562.1	21,033.9	21,436.8	21,789.7	22,287.8	22,798.5	23,142.6
10 Monetary authority	431.4	452.5	478.1	511.8	511.5	511.8	523.9	535.1	534.1	551.7	575.4
11 Commercial banking	4,031.9	4,335.7	4,643.9	5,002.3	4,931.0	5,002.3	5,012.1	5,044.6	5,101.2	5,207.1	5,227.8
12 U.S.-chartered banks	3,450.7	3,761.2	4,078.9	4,418.7	4,368.2	4,418.7	4,420.8	4,463.3	4,513.5	4,609.8	4,629.3
13 Foreign banking offices in United States	516.1	504.2	484.1	508.1	487.5	508.1	515.0	504.2	509.9	511.3	507.8
14 Bank holding companies	27.4	26.5	32.7	20.5	21.3	20.5	22.3	21.6	21.3	24.7	27.7
15 Banks in U.S.-affiliated areas	37.8	43.8	48.3	55.0	54.0	55.0	54.1	55.5	56.5	61.4	63.0
16 Savings institutions	928.5	964.6	1,033.2	1,089.7	1,082.2	1,089.7	1,101.6	1,116.4	1,118.4	1,131.7	1,134.9
17 Credit unions	305.3	324.2	351.7	382.2	376.0	382.2	386.5	391.8	407.8	420.8	433.1
18 Bank personal trusts and estates	207.0	194.1	222.0	239.1	234.6	239.1	241.8	245.1	247.3	249.5	251.0
19 Life insurance companies	1,751.1	1,828.0	1,886.0	1,943.9	1,935.1	1,943.9	1,967.2	1,996.9	2,044.2	2,070.5	2,107.6
20 Other insurance companies	515.3	521.1	518.2	509.4	512.4	509.4	510.0	510.0	511.3	519.5	528.6
21 Private pension funds	674.6	651.8	662.5	701.7	695.2	701.7	707.9	720.6	728.1	732.8	722.6
22 State and local government retirement funds	632.5	704.6	751.4	806.0	784.5	806.0	788.3	807.6	789.0	790.9	810.1
23 Money market mutual funds	721.9	965.9	1,147.8	1,290.9	1,212.5	1,290.9	1,404.2	1,414.6	1,498.0	1,536.9	1,496.4
24 Mutual funds	901.1	1,028.4	1,076.8	1,097.8	1,087.1	1,097.8	1,113.9	1,160.3	1,188.2	1,223.8	1,285.4
25 Closed-end funds	98.3	103.8	111.2	106.4	107.6	106.4	106.0	105.6	105.2	104.7	104.3
26 Government-sponsored enterprises	939.4	1,253.9	1,545.6	1,803.7	1,714.3	1,803.7	1,866.9	1,948.4	2,016.0	2,104.9	2,161.0
27 Federally related mortgage pools	1,825.8	2,018.4	2,292.2	2,491.6	2,414.3	2,491.6	2,534.2	2,635.7	2,758.8	2,830.1	2,955.5
28 Asset-backed securities (ABSs) issuers	937.7	1,219.4	1,424.6	1,602.9	1,522.9	1,602.9	1,660.5	1,703.7	1,780.0	1,866.7	1,942.8
29 Finance companies	568.2	645.5	742.5	850.5	830.0	850.5	848.0	878.5	859.4	867.2	829.0
30 Mortgage companies	32.1	35.3	35.6	35.9	35.4	35.9	36.2	36.5	36.9	37.2	37.6
31 Real estate investment trusts (REITs)	50.6	45.5	42.9	36.6	37.3	36.6	37.6	37.9	39.8	43.3	47.5
32 Brokers and dealers	182.6	189.4	154.7	223.6	243.3	223.6	317.7	288.4	366.4	340.1	296.4
33 Funding corporations	166.7	152.3	276.1	307.9	294.9	307.9	272.4	212.1	157.6	169.1	195.7
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**21,310.2**	**23,483.8**	**25,700.4**	**27,475.8**	**26,913.5**	**27,475.8**	**27,914.0**	**28,270.0**	**28,831.9**	**29,472.9**	**29,934.9**
Other liabilities											
35 Official foreign exchange	48.9	60.1	50.1	46.1	44.9	46.1	42.8	43.4	49.0	46.8	45.7
36 Special drawing rights certificates	9.2	9.2	6.2	2.2	3.2	2.2	2.2	2.2	2.2	2.2	2.2
37 Treasury currency	19.3	19.9	20.9	23.2	23.2	23.2	22.9	23.2	23.2	23.2	23.2
38 Foreign deposits	618.5	642.3	703.6	824.5	772.6	824.5	883.4	840.8	875.9	908.9	902.7
39 Net interbank liabilities	219.4	189.0	205.3	222.6	206.0	222.6	160.5	162.5	185.4	214.9	188.8
40 Checkable deposits and currency	1,286.1	1,333.4	1,484.8	1,413.3	1,385.7	1,413.3	1,405.0	1,449.4	1,485.5	1,599.2	1,565.6
41 Small time and savings deposits	2,474.1	2,626.5	2,671.2	2,861.9	2,790.9	2,861.9	2,963.3	2,992.4	3,047.7	3,125.0	3,226.0
42 Large time deposits	713.4	805.5	936.1	1,054.5	1,025.9	1,054.5	1,077.4	1,086.9	1,093.9	1,118.9	1,177.6
43 Money market fund shares	1,042.5	1,329.7	1,578.8	1,812.1	1,697.8	1,812.1	1,994.7	2,014.8	2,116.1	2,240.7	2,202.6
44 Security repurchase agreements	822.4	913.7	1,083.4	1,194.1	1,238.6	1,194.1	1,185.0	1,206.1	1,253.6	1,248.3	1,215.9
45 Mutual fund shares	2,989.4	3,613.1	4,538.5	4,434.6	4,781.6	4,434.6	3,990.4	4,259.5	3,753.1	4,135.5	4,245.8
46 Security credit	469.1	572.3	676.6	822.7	805.8	822.7	799.3	781.6	920.1	820.2	759.6
47 Life insurance reserves	665.0	718.3	783.9	819.1	818.7	819.1	823.0	840.3	847.0	871.7	886.6
48 Pension fund reserves	7,323.4	8,209.0	9,065.6	9,075.1	9,340.2	9,075.1	8,596.9	8,861.9	8,298.5	8,682.3	8,763.9
49 Trade payables	1,967.3	2,075.1	2,345.6	2,514.6	2,468.7	2,514.6	2,508.8	2,482.0	2,491.4	2,478.9	2,477.2
50 Taxes payable	151.1	170.7	193.9	215.6	214.1	215.6	223.3	222.5	251.4	229.8	243.9
51 Investment in bank personal trusts	942.5	1,001.0	1,130.4	1,019.4	1,106.7	1,019.4	929.1	964.4	859.6	912.0	907.8
52 Miscellaneous	6,731.6	7,643.8	8,457.3	9,413.2	9,504.7	9,413.2	9,911.2	10,213.0	10,611.1	10,579.8	10,647.5
53 **Total liabilities**	**49,803.2**	**55,416.3**	**61,632.7**	**65,244.7**	**65,142.8**	**65,244.7**	**65,433.3**	**66,716.8**	**66,996.5**	**68,711.2**	**69,417.4**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.1	21.6	21.4	21.6	21.4	21.6	21.4	21.5	22.0	21.8	21.9
55 Corporate equities	13,301.7	15,577.3	19,581.2	17,566.4	19,244.2	17,566.4	15,311.0	16,240.7	13,628.2	15,200.7	15,222.6
56 Household equity in noncorporate business	4,052.7	4,286.9	4,537.6	4,814.9	4,736.3	4,814.9	4,853.5	4,876.4	4,918.6	4,866.6	4,885.8
Liabilities not identified as assets (−)											
57 Treasury currency	−6.3	−6.4	−7.1	−8.5	−7.6	−8.5	−9.4	−9.5	−9.8	−9.8	−10.0
58 Foreign deposits	535.0	542.8	585.7	642.1	593.4	642.1	684.5	645.9	681.7	699.4	703.9
59 Net interbank transactions	−32.2	−27.0	−25.5	−4.3	−17.6	−4.3	3.9	5.5	6.0	11.5	20.3
60 Security repurchase agreements	172.9	230.6	266.2	383.3	453.2	383.3	340.8	365.9	364.9	347.5	348.2
61 Taxes payable	104.2	121.2	121.9	127.7	123.8	127.7	111.9	131.7	148.6	99.9	94.9
62 Miscellaneous	−1,548.1	−2,248.0	−2,837.8	−3,299.8	−2,788.8	−3,299.8	−3,260.2	−3,208.4	−3,046.6	−3,233.3	−3,208.4
Floats not included in assets (−)											
63 Federal government checkable deposits	−8.1	−3.9	−9.9	−2.3	−7.8	−2.3	−2.8	−4.8	−5.9	−14.1	32.4
64 Other checkable deposits	26.2	23.1	22.3	24.0	15.5	24.0	21.1	25.5	19.2	28.6	26.3
65 Trade credit	126.8	87.0	95.5	114.3	15.2	114.3	62.0	27.2	16.4	87.8	27.2
66 **Totals identified to sectors as assets**	**67,808.2**	**76,582.6**	**87,561.4**	**89,671.1**	**90,765.4**	**89,671.1**	**87,667.3**	**89,876.3**	**87,390.9**	**90,782.7**	**91,512.8**

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.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	2001			2002	2001			2002	2001			2002
	Q2	Q3	Q4	Q1[r]	Q2	Q3	Q4	Q1[r]	Q2	Q3	Q4	Q1[r]
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**141.3**	**139.6**	**137.2**	**138.1**	**182.6**	**183.2**	**183.6**	**184.1**	**77.4**	**76.2**	**74.7**	**75.1**
2 Manufacturing	146.0	144.2	141.9	143.0	193.2	193.6	194.0	194.4	75.6	74.5	73.1	73.5
3 Primary processing[3]	168.9	167.1	164.5	168.0	223.0	223.8	224.5	225.3	75.8	74.7	73.3	74.6
4 Advanced processing[4]	133.3	131.5	129.3	129.2	176.6	176.9	177.2	177.4	75.5	74.3	73.0	72.8
5 Durable goods	181.9	178.3	174.1	176.1	246.3	247.5	248.5	249.4	73.8	72.0	70.1	70.6
6 Lumber and products	113.2	115.5	112.7	112.1	148.5	148.8	149.1	149.3	76.2	77.6	75.6	75.1
7 Primary metals	120.5	117.8	109.1	111.9	150.8	150.6	150.4	149.4	79.9	78.2	72.6	74.9
8 Iron and steel	117.3	115.7	104.0	109.0	147.4	146.8	146.2	144.4	79.6	78.8	71.2	75.5
9 Nonferrous	124.6	120.6	115.3	115.5	155.3	155.6	155.8	155.9	80.2	77.5	74.0	74.1
10 Industrial machinery and equipment	217.0	208.8	202.2	205.6	297.3	298.8	299.8	300.4	73.0	69.9	67.5	68.4
11 Electrical machinery	509.2	485.3	485.7	500.1	735.6	745.4	752.5	762.1	69.2	65.1	64.6	65.6
12 Motor vehicles and parts	166.8	169.5	165.1	173.8	220.1	221.5	222.9	224.2	75.8	76.5	74.1	77.5
13 Aerospace and miscellaneous transportation equipment	99.0	95.9	91.2	86.2	135.3	135.2	135.1	135.1	73.2	71.0	67.5	63.8
14 Nondurable goods	111.5	111.0	110.2	110.6	143.0	142.9	142.9	142.9	77.9	77.7	77.1	77.4
15 Textile mill products	88.0	85.3	82.4	84.9	117.4	116.4	115.4	114.4	74.9	73.3	71.5	74.3
16 Paper and products	108.9	108.5	105.8	104.3	138.7	138.8	139.0	139.0	78.5	78.1	76.1	75.0
17 Chemicals and products	119.6	121.1	122.4	123.1	158.3	158.5	158.6	158.9	75.6	76.4	77.2	77.5
18 Plastics materials	116.4	117.4	115.6	119.9	152.5	153.0	153.4	153.8	76.3	76.7	75.4	77.9
19 Petroleum products	115.5	113.2	113.7	116.3	122.2	122.4	122.7	122.9	94.5	92.5	92.7	94.7
20 Mining	102.9	101.8	98.6	96.3	112.0	112.2	112.6	112.9	91.8	90.7	87.6	85.3
21 Utilities	120.0	119.1	116.9	119.3	136.2	138.1	139.9	141.6	88.1	86.3	83.6	84.3
22 Electric	123.6	122.2	121.1	122.1	135.1	137.4	139.8	141.9	91.5	88.9	86.7	86.0

Footnotes appear on page A41.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]—Continued

Seasonally adjusted

Series	1973	1975	Previous cycle[5]		Latest cycle[6]		2001	2001	2002				
	High	Low	High	Low	High	Low	May	Dec.	Jan.	Feb.[r]	Mar.[r]	Apr.[r]	May[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**77.5**	**74.4**	**74.8**	**75.0**	**75.3**	**75.4**	**75.5**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	75.8	72.9	73.4	73.5	73.8	73.8	73.9
3 Primary processing[3]	91.8	67.3	88.6	65.7	88.3	76.7	75.9	72.7	74.0	74.6	75.1	75.4	75.6
4 Advanced processing[4]	86.5	72.5	86.3	71.0	84.2	76.6	75.6	73.0	72.9	72.7	72.9	72.8	72.8
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	74.2	70.0	70.5	70.6	70.8	70.9	71.0
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	76.5	75.7	75.6	74.4	75.2	75.0	75.3
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	80.1	68.9	74.2	74.8	75.6	75.8	76.2
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	80.3	64.8	73.7	76.6	76.2	77.5	77.8
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	79.8	73.3	74.7	72.8	74.7	73.9	74.3
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	73.0	66.8	68.1	68.4	68.9	68.9	69.9
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	69.5	64.5	65.1	65.7	66.0	66.0	66.5
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	77.1	77.0	76.8	77.8	78.0	79.6	78.7
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	73.1	65.8	64.7	63.9	62.8	61.9	60.6
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	77.9	76.8	77.2	77.3	77.7	77.6	77.8
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	73.9	71.7	72.0	74.4	76.4	76.4	76.9
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	78.4	74.1	75.6	74.4	75.0	75.7	76.1
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	75.7	76.6	77.5	77.4	77.5	77.2	77.3
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	76.5	72.9	75.3	78.2	80.3	79.0	78.6
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	94.5	91.4	93.5	95.4	95.1	94.9	94.4
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	91.9	86.4	85.9	85.6	84.5	85.3	86.0
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	87.9	82.0	82.1	84.9	85.9	86.4	85.3
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	90.9	84.8	84.8	85.9	87.4	88.4	86.6

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 2001. The recent annual revision is described in the March 2002 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; fabricated metals; semiconductors and related electronic components; and motor vehicle parts.

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 except semiconductors and related electronic components, transportation equipment except motor vehicle parts, instruments, and miscellaneous manufacturing.

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	2001 avg.	2001 May	2001 June	2001 July	2001 Aug.	2001 Sept.	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.[r]	2002 Mar.[r]	2002 Apr.[r]	2002 May[p]
			Index (1992=100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**140.1**	**141.6**	**140.3**	**140.4**	**140.0**	**138.5**	**137.7**	**137.2**	**136.7**	**137.6**	**138.1**	**138.7**	**139.1**	**139.3**
2 Products	60.8	129.4	130.9	130.0	130.3	129.4	127.7	126.8	126.7	126.5	126.7	126.9	127.6	127.4	127.5
3 Final products	46.3	132.0	133.9	132.9	133.2	132.0	130.0	129.2	129.4	129.1	129.3	129.4	129.7	129.6	129.6
4 Consumer goods, total	29.0	120.7	121.4	121.1	122.2	121.4	119.9	119.6	120.0	120.6	120.6	121.2	121.8	121.9	121.9
5 Durable consumer goods	5.8	151.3	154.2	153.2	157.0	154.1	151.8	146.2	152.1	156.2	154.5	155.4	156.9	158.7	159.4
6 Automotive products	2.5	149.9	152.8	152.3	161.1	155.6	152.5	145.4	155.4	160.7	158.3	158.1	159.6	163.1	162.8
7 Autos and trucks	1.6	160.5	165.7	163.4	178.3	169.1	163.9	154.5	170.7	177.8	175.0	173.4	173.7	179.6	178.4
8 Autos, consumer	0.9	94.0	97.9	97.2	97.5	90.6	92.7	86.9	94.8	101.1	101.2	110.5	102.5	104.1	102.3
9 Trucks, consumer	0.7	231.4	237.9	234.0	264.3	252.6	239.8	226.5	251.5	259.5	253.6	240.6	249.7	260.1	259.4
10 Auto parts and allied goods	0.9	133.5	132.5	135.1	133.9	134.5	134.8	131.3	131.3	133.6	132.0	134.0	137.4	137.1	138.2
11 Other	3.3	151.5	154.5	152.9	151.0	151.0	149.8	145.9	146.9	149.7	148.7	151.1	152.4	152.2	154.2
12 Appliances, televisions, and air conditioners	0.9	283.2	292.1	285.0	271.7	289.5	288.2	271.9	280.1	297.9	295.1	304.8	308.6	304.7	317.5
13 Carpeting and furniture	0.8	119.1	117.7	118.6	116.2	117.6	118.5	116.4	119.2	118.8	117.2	118.8	118.9	120.4	119.7
14 Miscellaneous home goods	1.6	114.2	117.7	116.2	117.7	112.7	110.5	109.2	107.5	108.0	108.0	108.7	110.0	109.8	110.4
15 Nondurable consumer goods	23.2	113.3	113.6	113.4	113.9	113.6	112.3	113.1	112.3	112.2	112.6	113.1	113.5	113.2	113.1
16 Foods and tobacco	10.4	108.8	108.6	108.9	109.3	108.7	107.7	108.2	108.6	109.0	109.2	109.7	110.3	110.1	109.9
17 Clothing	2.4	78.3	80.6	78.2	79.0	76.4	74.8	74.4	73.2	74.7	75.4	74.9	75.7	74.7	74.7
18 Chemical products	4.6	145.0	145.2	145.7	147.5	146.7	145.9	148.5	148.0	148.5	149.4	147.6	147.9	147.5	147.5
19 Paper products	2.9	105.5	106.7	106.6	106.0	105.7	105.1	103.9	102.1	100.2	98.8	98.1	98.6	96.8	97.1
20 Energy	3.0	117.4	116.9	115.8	116.0	117.8	114.8	116.9	113.4	111.6	113.5	118.3	118.7	119.5	119.1
21 Fuels	0.8	114.2	115.6	115.2	114.3	112.2	113.9	116.1	115.2	112.6	117.4	116.5	115.4	117.1	116.2
22 Residential utilities	2.1	119.2	117.2	115.8	116.5	120.5	115.0	117.0	112.0	110.7	111.1	118.9	120.0	120.4	120.2
23 Equipment	17.3	152.3	156.5	154.1	152.7	150.5	147.1	145.4	145.0	142.7	143.3	142.2	141.7	141.3	141.4
24 Business equipment	13.2	175.9	181.3	177.8	176.1	173.3	168.4	166.9	167.2	164.3	165.3	164.0	163.5	162.6	162.8
25 Information processing	5.4	279.5	286.8	279.6	275.2	271.9	266.0	267.9	269.1	265.5	268.2	267.9	268.7	266.9	267.1
26 Computer and office equipment	1.1	948.2	950.6	948.7	934.2	925.5	903.0	913.2	927.8	941.2	969.2	998.7	1,020.6	1,035.5	1,041.4
27 Industrial	4.0	125.1	129.0	125.2	123.1	122.2	119.6	119.4	118.3	114.5	116.1	113.5	113.5	113.0	115.7
28 Transit	2.5	127.6	134.5	133.1	133.8	128.7	124.6	119.2	118.6	118.7	116.4	116.8	114.4	112.4	108.9
29 Autos and trucks	1.2	145.8	152.5	150.5	157.1	149.6	143.6	136.2	143.6	151.4	150.5	155.7	155.3	156.7	155.7
30 Other	1.3	139.1	139.1	140.7	140.8	139.8	131.7	129.2	134.2	130.2	133.1	130.5	131.3	134.2	134.6
31 Defense and space equipment	3.4	74.0	73.5	73.4	73.6	73.5	73.8	74.2	74.3	74.7	74.9	74.9	75.1	76.1	76.0
32 Oil and gas well drilling	0.6	140.2	151.9	150.4	147.1	143.1	140.4	127.2	114.4	107.8	107.3	105.3	104.5	102.0	102.6
33 Manufactured homes	0.2	93.7	91.7	96.0	95.4	97.9	102.9	100.2	99.5	97.7	93.1	89.1	81.5	81.2	82.0
34 Intermediate products, total	14.5	121.4	122.2	121.4	121.4	121.6	120.7	119.6	118.9	118.6	118.9	119.4	121.1	120.8	121.1
35 Construction supplies	5.4	137.6	138.7	138.0	137.3	138.8	138.1	134.6	134.0	135.6	136.3	136.8	139.6	138.5	139.1
36 Business supplies	9.1	111.9	112.4	111.6	112.0	111.3	110.4	110.7	109.8	108.6	108.5	109.1	110.1	110.2	110.4
37 Materials	39.2	158.0	159.4	157.4	157.2	157.6	156.5	155.9	154.8	153.6	155.8	157.1	157.5	159.0	159.5
38 Durable goods materials	20.7	212.7	216.2	212.9	212.6	212.0	209.4	207.9	206.5	206.0	209.4	211.6	212.3	214.3	215.3
39 Durable consumer parts	4.0	155.8	159.6	157.7	160.2	160.8	155.3	152.3	155.0	157.5	161.4	162.9	163.8	166.4	164.9
40 Equipment parts	7.5	441.8	446.5	436.1	429.9	429.6	430.4	431.7	427.9	426.7	434.0	439.7	442.3	445.2	450.4
41 Other	9.2	125.2	127.5	126.2	126.4	125.4	123.8	122.5	120.5	119.0	120.5	121.5	121.6	122.6	123.3
42 Basic metal materials	3.1	113.7	116.7	115.5	115.7	113.6	113.3	111.0	106.7	101.9	106.9	107.9	108.2	108.9	109.0
43 Nondurable goods materials	8.9	104.2	103.0	102.2	102.7	104.0	104.2	104.7	103.1	101.1	103.3	103.4	104.1	104.5	104.7
44 Textile materials	1.1	90.8	90.9	90.8	87.6	90.1	89.0	87.2	84.7	84.5	84.9	87.4	90.2	89.3	89.9
45 Paper materials	1.8	108.6	108.3	104.8	107.7	109.5	110.5	112.4	106.9	103.1	106.9	103.3	102.7	105.1	105.6
46 Chemical materials	4.0	102.8	100.5	100.3	100.9	102.2	102.1	103.5	102.2	99.3	102.8	104.1	105.4	105.1	105.1
47 Other	2.1	109.8	109.4	109.3	109.7	109.8	110.2	108.8	110.4	111.2	110.4	110.0	109.5	110.3	110.4
48 Energy materials	9.6	103.3	103.8	103.1	102.3	103.0	103.1	102.6	102.6	101.6	101.6	102.6	102.2	103.5	103.7
49 Primary energy	6.2	98.8	99.0	99.5	98.5	98.4	99.4	98.2	98.8	97.9	97.6	97.7	96.9	98.5	98.6
50 Converted fuel materials	3.4	111.7	113.1	109.1	109.0	111.4	109.3	110.9	109.1	107.9	108.6	111.6	112.0	112.9	113.1
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	139.8	141.1	139.9	139.5	139.4	138.0	137.5	136.6	135.8	136.7	137.3	137.9	138.2	138.4
52 Total excluding motor vehicles and parts	95.3	139.0	140.2	139.0	138.7	138.5	137.2	136.8	135.8	134.9	135.8	136.3	136.9	137.0	137.4
53 Total excluding computer and office equipment	98.4	134.2	135.7	134.4	134.6	134.1	132.8	132.0	131.5	130.9	131.7	132.2	132.7	133.1	133.3
54 Consumer goods excluding autos and trucks	27.5	118.5	119.0	118.8	119.1	118.8	117.6	117.8	117.2	117.4	117.6	118.3	119.0	118.7	118.7
55 Consumer goods excluding energy	26.1	121.1	122.0	121.8	122.9	121.8	120.6	119.9	120.8	121.7	121.5	121.5	122.2	122.2	122.2
56 Business equipment excluding autos and trucks	12.0	179.7	184.9	181.3	178.4	176.2	171.5	170.8	170.1	165.7	167.0	164.7	164.2	163.0	163.3
57 Business equipment excluding computer and office equipment	12.0	146.8	151.7	148.5	147.2	144.7	140.6	139.0	139.1	136.3	136.8	135.2	134.4	133.5	133.5
58 Materials excluding energy	29.6	175.7	177.4	175.0	175.0	175.2	173.7	173.0	171.5	170.3	173.4	174.7	175.4	176.9	177.6

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

Monthly data seasonally adjusted

Group	SIC code[2]	1992 proportion	2001 avg.	2001 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	2002 Jan.	Feb.[r]	Mar.[r]	Apr.[r]	May[p]
				Index (1992=100)												
MAJOR INDUSTRIES																
59 **Total index**	.	**100.0**	**140.1**	**141.6**	**140.3**	**140.4**	**140.0**	**138.5**	**137.7**	**137.2**	**136.7**	**137.6**	**138.1**	**138.7**	**139.1**	**139.3**
60 Manufacturing		85.4	144.8	146.4	145.0	145.2	144.5	142.9	142.1	142.0	141.6	142.6	142.9	143.5	143.8	144.1
61 Primary processing	.	31.0	167.9	169.4	167.3	167.4	167.3	166.6	165.6	164.4	163.5	166.6	168.0	169.4	170.4	171.1
62 Advanced processing	.	54.4	132.0	133.6	132.5	132.9	131.7	129.8	129.1	129.5	129.3	129.3	129.0	129.3	129.2	129.3
63 Durable goods	.	44.8	179.3	182.7	180.1	180.0	178.9	176.1	173.9	174.3	174.1	175.7	176.0	176.7	177.4	177.8
64 Lumber and products	24	2.1	113.0	113.7	114.2	114.0	116.2	116.4	112.8	112.4	113.0	112.9	111.0	112.4	112.1	112.7
65 Furniture and fixtures	25	1.4	138.7	140.4	138.3	138.4	138.7	135.1	133.5	134.8	135.4	133.6	135.0	135.2	137.0	137.2
66 Stone, clay, and glass products	32	2.1	130.8	133.0	130.0	130.0	130.8	129.9	130.3	128.8	126.3	127.7	127.8	127.7	128.1	128.0
67 Primary metals	33	3.1	116.9	120.8	119.5	119.5	117.5	116.4	113.6	110.2	103.6	111.3	111.8	112.6	112.5	112.6
68 Iron and steel	331,2	1.8	112.6	118.4	117.7	118.8	115.7	112.7	110.4	107.1	94.6	107.1	110.6	109.4	110.4	110.1
69 Raw steel	331PT	0.1	102.8	106.2	107.8	108.3	106.2	105.8	99.5	95.1	85.5	100.0	101.3	101.2	101.2	101.2
70 Nonferrous	333–6,9	1.4	122.3	124.0	122.0	120.8	119.9	121.2	117.6	114.1	114.2	116.5	113.5	116.5	115.3	115.8
71 Fabricated metal products	34	5.0	130.4	131.0	129.5	131.1	131.0	128.7	127.5	127.2	129.1	128.7	127.7	128.3	129.0	129.5
72 Industrial machinery and equipment	35	7.8	213.3	217.0	213.8	210.2	211.0	205.1	202.8	203.4	200.4	204.5	205.3	207.0	207.4	210.6
73 Computer and office equipment	357	1.6	1,088.0	1,095.1	1,095.4	1,074.6	1,064.8	1,035.7	1,049.1	1,067.2	1,087.0	1,118.5	1,155.8	1,182.0	1,200.1	1,207.1
74 Electrical machinery	36	7.1	504.2	511.4	497.6	485.9	485.5	484.6	484.8	485.1	487.3	494.0	500.8	505.6	507.9	514.8
75 Transportation equipment	37	9.4	128.5	133.2	131.9	134.6	131.6	128.5	124.6	127.2	129.1	128.2	128.9	128.4	129.7	127.9
76 Motor vehicles and parts	371	4.7	162.9	169.7	167.7	174.6	169.9	164.2	157.3	165.9	172.1	171.8	174.5	175.1	179.2	177.5
77 Autos and light trucks	371PT	2.5	154.1	159.5	157.2	170.2	160.9	156.6	147.4	162.7	169.6	167.1	166.9	166.2	171.7	170.4
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.7	96.3	98.9	98.3	97.1	95.7	95.0	93.8	91.0	88.9	87.4	86.4	84.8	83.5	81.7
79 Instruments	38	5.4	115.3	116.8	114.5	115.0	113.9	112.8	113.6	113.7	112.8	113.8	112.4	112.4	111.9	111.9
80 Miscellaneous	39	1.3	117.5	119.0	119.8	120.7	116.7	114.5	113.6	110.7	114.1	114.6	114.6	116.4	115.8	116.5
81 Nondurable goods	.	40.6	111.4	111.5	111.1	111.5	111.1	110.5	110.8	110.2	109.7	110.3	110.5	111.1	111.0	111.2
82 Foods	20	9.6	112.9	112.8	112.9	113.1	113.0	111.7	112.2	113.0	114.0	113.5	113.7	114.2	114.3	113.9
83 Tobacco products	21	1.6	93.8	92.9	93.8	95.0	93.2	92.7	92.8	92.7	90.8	93.1	95.0	95.3	94.3	94.9
84 Textile mill products	22	1.8	86.7	86.7	86.8	84.3	85.8	85.9	83.0	81.9	82.5	82.5	85.1	87.1	86.9	87.2
85 Apparel products	23	2.2	93.1	96.5	94.0	95.1	91.2	89.4	87.8	87.3	88.8	89.4	88.4	89.5	88.4	88.6
86 Paper and products	26	3.5	108.1	108.8	107.1	108.1	107.7	109.7	108.1	106.2	103.1	105.1	103.5	104.3	105.2	105.7
87 Printing and publishing	27	6.8	101.6	102.3	101.3	101.1	100.7	99.7	99.8	98.9	97.3	96.6	96.0	96.1	95.6	95.9
88 Chemicals and products	28	10.0	121.1	119.9	119.5	121.2	121.2	121.0	123.2	122.4	121.4	123.0	122.9	123.3	123.1	123.5
89 Petroleum products	29	1.4	114.3	115.6	115.5	114.6	112.9	112.1	114.9	114.0	112.2	114.8	117.2	116.9	116.8	116.2
90 Rubber and plastics	30	3.5	136.8	137.1	137.7	138.0	137.3	136.5	134.4	133.4	134.8	134.7	136.6	139.0	139.8	141.1
91 Leather and products	31	0.3	63.1	63.6	62.2	62.1	62.8	61.4	60.0	59.2	58.4	60.3	60.1	60.0	59.7	59.6
92 Mining	.	6.8	101.3	103.0	102.5	101.9	101.4	102.1	99.5	99.0	97.4	97.0	96.6	95.4	96.4	97.1
93 Metal	10	0.4	88.4	91.3	88.6	88.8	87.9	91.2	85.6	80.0	80.1	75.2	78.2	80.0	80.8	81.6
94 Coal	12	1.0	111.7	113.9	115.9	111.9	111.7	111.7	106.5	106.6	105.8	104.5	107.0	99.0	101.8	101.7
95 Oil and gas extraction	13	4.8	96.1	97.4	97.0	97.0	96.3	97.0	94.8	94.5	92.6	92.0	91.2	90.7	91.4	92.3
96 Stone and earth minerals	14	0.6	132.6	137.1	133.7	130.6	132.2	131.2	129.6	129.5	129.8	133.7	132.5	132.2	133.0	133.5
97 Utilities	...	7.8	119.8	119.7	119.1	118.2	121.1	118.1	119.4	116.2	115.2	115.7	120.3	122.0	123.1	122.0
98 Electric	491,3PT	6.2	123.1	122.8	122.9	121.0	124.5	121.0	122.3	121.8	119.3	119.8	121.9	124.6	126.6	124.4
99 Gas	492,3PT	1.6	109.1	107.8	105.2	107.4	108.1	106.9	108.0	96.2	100.5	101.0	113.7	112.1	110.0	112.9
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts		80.7	143.9	145.1	143.7	143.5	143.0	141.7	141.3	140.6	139.7	140.8	140.9	141.6	141.6	142.0
101 Manufacturing excluding computers and office equipment	.	83.8	138.0	139.5	138.1	138.4	137.7	136.2	135.4	135.3	134.8	135.8	135.9	136.5	136.7	137.0
102 Computers, communications equipment, and semiconductors	.	5.6	1,048.5	1,065.4	1,036.7	1,006.7	999.5	994.8	1,002.4	1,002.5	1,006.0	1,032.2	1,065.5	1,082.5	1,091.2	1,104.6
103 Manufacturing excluding computers and semiconductors		81.3	121.2	122.6	121.5	122.0	121.3	119.9	119.1	118.9	118.4	119.1	119.0	119.4	119.5	119.7
104 Manufacturing excluding computers, communications equipment, and semiconductors		79.8	118.2	119.4	118.5	119.0	118.4	117.0	116.3	116.1	115.7	116.4	116.4	116.8	116.9	117.1
			Gross value (billions of 1996 dollars, annual rates)													
MAJOR MARKETS																
105 **Products, total**		**100.0**	**2,720.1**	**2,759.1**	**2,741.6**	**2,753.0**	**2,732.0**	**2,694.5**	**2,669.6**	**2,679.2**	**2,683.2**	**2,686.4**	**2,694.3**	**2,709.9**	**2,710.1**	**2,711.5**
106 Final		77.2	2,101.5	2,133.0	2,118.1	2,129.7	2,107.0	2,075.1	2,056.7	2,070.6	2,075.1	2,076.9	2,080.4	2,085.7	2,088.6	2,088.3
107 Consumer goods		51.9	1,303.7	1,312.4	1,307.9	1,322.5	1,312.1	1,298.5	1,291.1	1,301.9	1,313.7	1,312.6	1,318.7	1,325.2	1,329.0	1,328.3
108 Equipment	.	25.3	797.4	823.3	811.6	806.5	793.3	773.1	761.0	763.5	753.5	757.1	753.3	751.1	749.4	750.0
109 Intermediate		22.8	618.9	626.3	623.7	623.5	625.0	619.4	612.9	608.8	608.3	609.7	614.0	624.2	621.6	623.2

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 November 2001. The recent annual revision is described in the March 2002 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.

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1999	2000	2001	2001				2002
				Q1[r]	Q2[r]	Q3[r]	Q4[r]	Q1[p]
1 Balance on current account	−292,856[r]	−410,341[r]	−393,371[r]	−107,722	−99,234	−91,331	−95,086	−112,487
2 Balance on goods and services	−261,838	−375,739	−347,810	−97,160	−93,324	−79,778	−88,028	−94,858
3 Exports	957,146[r]	1,064,239[r]	998,022[r]	266,004	256,766	242,325	232,930	233,609
4 Imports	−1,219,383[r]	−1,442,920[r]	−1,356,312[r]	−363,164	−350,090	−322,103	−320,958	−328,467
5 Income, net	−13,613	−14,792	−19,118	1,046	6,006	807	6,521	−1,779
6 Investment, net	23,877[r]	27,651[r]	20,539[r]	2,563	7,526	2,345	8,102	−151
7 Direct	75,009[r]	88,862[r]	102,595[r]	22,249	27,832	23,908	28,602	20,904
8 Portfolio	−51,132[r]	−61,211[r]	−82,056[r]	−19,686	−20,306	−21,563	−20,500	−21,055
9 Compensation of employees	−5,739[r]	−5,869[r]	−6,157[r]	−1,517	−1,520	−1,538	−1,581	−1,628
10 Unilateral current transfers, net	−48,757[r]	−53,442[r]	−49,463[r]	−11,608	−11,916	−12,360	−13,579	−15,850
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	2,750[r]	−941[r]	−486[r]	77	−783	77	143	239
12 Change in U.S. official reserve assets (increase, −)	8,747	−290	−4,911	190	−1,343	−3,559	−199	390
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	10	−722	−630	−189	−156	−145	−140	−109
15 Reserve position in International Monetary Fund	5,484	2,308	−3,600	574	−1,015	−3,242	83	652
16 Foreign currencies	3,253	−1,876	−681	−195	−172	−172	−142	−153
17 Change in U.S. private assets abroad (increase, −)	−489,066[r]	−605,258[r]	−365,565[r]	−216,082	−77,910	28,460	−100,032	−14,510
18 Bank-reported claims[2]	−76,263	−148,657[r]	−128,705[r]	−113,914	−685	69,576	−83,682	10,006
19 Nonbank-reported claims	−95,466[r]	−150,805[r]	−14,358[r]	−51,759	9,670	−9,479	37,210	−4,030
20 U.S. purchase of foreign securities, net	−128,436[r]	−127,502[r]	−94,662[r]	−26,895	−51,764	10,087	−26,090	2,047
21 U.S. direct investments abroad, net	−188,901[r]	−178,294[r]	−127,840[r]	−23,514	−35,131	−41,724	−27,470	−22,533
22 Change in foreign official assets in United States (increase, +)	43,551	37,619	6,092	4,087	−20,831	16,882	5,086	9,034
23 U.S. Treasury securities	12,177	−10,233	10,760	−1,027	−20,798	15,810	16,760	−582
24 Other U.S. government obligations	20,350	40,909	20,920	3,574	9,932	−216	7,630	7,296
25 Other U.S. government liabilities[2]	−2,855	−1,987	−2,482	−676	−791	89	−504	−790
26 Other U.S. liabilities reported by U.S. banks[2]	12,964	5,803	−28,825	1,213	−10,202	−782	−20,507	2,384
27 Other foreign official assets[3]	915	3,127	5,719	1,003	1,028	1,981	1,707	726
28 Change in foreign private assets in United States (increase, +)	770,193	986,599	889,367	298,423	202,441	1,007	245,711	104,281
29 U.S. bank-reported liabilities[4]	54,232	87,953	95,214	15,633	55,003	−45,567	85,598	−25,299
30 U.S. nonbank-reported liabilities	69,075	177,010	98,222	111,644	−5,307	−25,154	1,170	34,704
31 Foreign private purchases of U.S. Treasury securities, net	−20,490	−52,792	15,779	−4,744	−14,685	−15,470	27,229	−5,682
32 U.S. currency flows	22,407	1,129	23,783	2,311	2,772	8,203	10,497	4,525
33 Foreign purchases of other U.S. securities, net	343,963	485,644	498,433	129,990	113,556	64,787	99,320	70,329
34 Foreign direct investments in United States, net	301,006	287,655	157,936	43,589	51,102	14,208	21,897	25,704
35 Capital account transactions, net[5]	−3,340[r]	837[r]	826[r]	208	207	206	205	201
36 Discrepancy	−48,822	696	−39,193	20,819	−2,547	48,258	−55,828	12,852
37 Due to seasonal adjustment	...	...	...	7,691	875	−10,286	1,721	9,956
38 Before seasonal adjustment	31,286[r]	7[r]	10,701[r]	13,128	−3,422	58,544	−57,549	2,896
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	8,747	−290	−4,911	190	−1,343	−3,559	−199	390
40 Foreign official assets in United States, excluding line 25 (increase, +)	46,406	39,606	8,574	4,763	−20,040	16,793	5,590	9,824
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	1,621	12,000[r]	−1,725[r]	673	−1,699	−4,081	3,382	−8,471

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*.

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1998	1999	2000	2001		2002					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
1 **Total**	**81,761**	**71,516**	**67,647**	**69,158**	**68,654**	**67,532**	**67,357**	**67,574**	**67,844**	**69,579**	**74,696**
2 Gold stock[1]	11,046	11,048	11,046	11,045	11,045	11,044	11,044	11,044	11,044	11,044	11,044
3 Special drawing rights[2,3]	10,603	10,336	10,539	10,864	10,774	10,657	10,763	10,809	10,988	11,297	11,645
4 Reserve position in International Monetary Fund[2]	24,111	17,950	14,824	17,293	17,854	17,602	17,169	17,078	16,184	16,498	19,841
5 Foreign currencies[4]	36,001	32,182	31,238	29,956	28,981	28,229	28,381	28,643	29,628	30,740	32,166

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	1998	1999	2000	2001		2002					
				Nov.[r]	Dec.	Jan.	Feb.	Mar.	Apr.	May	June[p]
1 **Deposits**	**167**	**71**	**215**	**75**	**61**	**162**	**89**	**256**	**111**	**127**	**90**
Held in custody											
2 U.S. Treasury securities[2]	607,574	632,482	594,094	599,043	592,630	592,031	591,202	593,865	589,531	605,501	619,226
3 Earmarked gold[3]	10,343	9,933	9,451	9,099	9,099	9,098	9,098	9,098	9,091	9,084	9,077

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	1999	2000	2001			2002			
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
1 **Total**[1]	**806,318**	**845,869**	**860,445**	**867,512**	**857,786**	**861,508**	**868,753**	**867,618**	**871,201**
By type									
2 Liabilities reported by banks in the United States[2]	138,847	144,593	140,003	130,661	123,125	122,181	133,554	125,517	134,522
3 U.S. Treasury bills and certificates[3]	156,177	153,010	161,081	167,562	161,719	166,640	164,076	161,312	155,770
U.S. Treasury bonds and notes									
4 Marketable	422,266	415,964	412,111	418,377	419,438	416,438	414,261	419,515	417,909
5 Nonmarketable[4]	6,111	5,348	3,520	3,398	3,411	3,433	3,138	3,159	3,179
6 U.S. securities other than U.S. Treasury securities[5]	82,917	126,954	143,730	147,514	150,093	152,816	153,724	158,115	159,821
By area									
7 Europe[1]	244,805	253,592	263,750	262,119	256,404	262,573	256,438	255,772	258,330
8 Canada	12,503	12,394	11,780	12,589	12,107	12,421	13,126	12,975	11,008
9 Latin America and Caribbean	73,518	76,753	77,555	77,244	77,374	74,931	74,017	72,737	72,346
10 Asia	463,703	488,170	490,897	498,815	497,333	495,025	509,774	509,721	514,758
11 Africa	7,523	9,165	10,337	9,560	9,646	10,901	10,049	9,510	9,577
12 Other countries	4,266	5,795	6,126	7,185	4,922	5,657	5,349	6,903	5,182

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 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	1998	1999	2000	2001			2002
				June[r]	Sept.[r]	Dec.[r]	Mar.
1 Banks' liabilities	101,125	88,537	77,779	107,806	92,557	89,627	90,254
2 Banks' claims	78,162	67,365	56,912	77,439	69,116	75,872	80,025
3 Deposits	45,985	34,426	23,315	32,713	36,364	45,382	50,293
4 Other claims	32,177	32,939	33,597	44,726	32,752	30,490	29,732
5 Claims of banks' domestic customers[2]	20,718	20,826	24,411	21,144	20,885	17,631	16,454

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	1999	2000	2001	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.[r]	2002 Apr.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,408,740**	**1,511,410**	**1,619,624[r]**	**1,585,431[r]**	**1,655,781[r]**	**1,619,624[r]**	**1,567,147[r]**	**1,600,953[r]**	**1,650,469**	**1,681,844**
2 Banks' own liabilities	971,536	1,077,636	1,172,962[r]	1,132,862[r]	1,195,440[r]	1,172,962[r]	1,108,839[r]	1,132,535[r]	1,168,443	1,211,022
3 Demand deposits	42,884	33,365	33,600	29,735	34,725	33,600	31,704	32,736	38,272	33,269
4 Time deposits[2]	163,620	187,883	154,160	167,943	155,530	154,160	153,242[r]	147,929[r]	145,421	143,339
5 Other[3]	155,853	171,401	199,736[r]	207,428[r]	219,596[r]	199,736[r]	208,435[r]	215,680[r]	210,633	225,906
6 Own foreign offices[4]	609,179	684,987	785,466[r]	727,756[r]	785,589[r]	785,466[r]	715,458[r]	736,190[r]	774,117	808,508
7 Banks' custodial liabilities[5]	437,204	433,774	446,662[r]	452,569[r]	460,341[r]	446,662[r]	458,308[r]	468,418[r]	482,026	470,822
8 U.S. Treasury bills and certificates[6]	185,676	177,846	186,092[r]	183,077[r]	191,186[r]	186,092[r]	190,144[r]	187,851[r]	189,640	182,983
9 Short-term agency securities[7]	n.a.	n.a.	59,781	65,652	59,723	59,781	52,515	66,056	68,670	69,550
10 Other negotiable and readily transferable instruments[8]	132,617	145,840	80,026	77,465	79,074	80,026	80,270	81,730	93,771	95,487
11 Other	118,911	110,088	120,763	126,375	130,358	120,763	135,379	132,781	129,945	122,802
12 Nonmonetary international and regional organizations[9]	15,276	12,542	10,804	10,336	11,168	10,804	17,155	15,453	12,106	14,440
13 Banks' own liabilities	14,357	12,140	10,166	9,773	10,332	10,166	16,227	14,553	10,914	13,426
14 Demand deposits	98	41	34	40	21	34	35	31	22	19
15 Time deposits[2]	10,349	6,246	3,755	2,827	3,133	3,755	7,581	5,482	7,023	6,193
16 Other[3]	3,910	5,853	6,377	6,906	7,178	6,377	8,611	9,040	3,869	7,214
17 Banks' custodial liabilities[5]	919	402	638	563	836	638	928	900	1,192	1,014
18 U.S. Treasury bills and certificates[6]	680	252	577	521	779	577	883	859	1,105	970
19 Short-term agency securities[7]	n.a.	n.a.	40	18	36	40	24	24	21	21
20 Other negotiable and readily transferable instruments[8]	233	149	21	13	17	21	21	17	21	21
21 Other	6	1	0	11	4	0	0	0	45	2
22 Official institutions[10]	295,024	297,603	284,844	301,084	298,223	284,844	288,821	297,630	286,829	290,292
23 Banks' own liabilities	97,615	96,989	83,524	96,143	92,346	83,524	87,346	85,142	80,693	85,313
24 Demand deposits	3,341	3,952	2,988	2,496	3,336	2,988	2,877	2,150	3,285	2,496
25 Time deposits[2]	28,942	35,573	19,471	24,275	18,348	19,471	15,191[r]	16,350[r]	13,975	15,499
26 Other[3]	65,332	57,464	61,065	69,372	70,662	61,065	69,278[r]	66,642[r]	63,433	67,318
27 Banks' custodial liabilities[5]	197,409	200,614	201,320	204,941	205,877	201,320	201,475	212,488	206,136	204,979
28 U.S. Treasury bills and certificates[6]	156,177	153,010	161,719	161,081	167,562	161,719	166,640	164,076	161,312	155,770
29 Short-term agency securities[7]	n.a.	n.a.	36,351	41,078	35,037	36,351	31,445	45,085	40,826	45,910
30 Other negotiable and readily transferable instruments[8]	41,182	47,366	2,180	1,946	1,715	2,180	2,191	2,307	2,785	2,702
31 Other	50	238	1,070	836	1,563	1,070	1,199	1,020	1,213	597
32 Banks[11]	900,379	972,932	1,047,307[r]	1,011,339[r]	1,070,899[r]	1,047,307[r]	989,499[r]	1,014,020[r]	1,079,082	1,101,347
33 Banks' own liabilities	728,492	821,306	907,979[r]	863,983[r]	921,874[r]	907,979[r]	836,273[r]	864,115[r]	904,291	934,525
34 Unaffiliated foreign banks	119,313	136,319	122,513[r]	136,227[r]	136,285[r]	122,513[r]	120,815[r]	127,925[r]	130,174	126,017
35 Demand deposits	17,583	15,522	13,089	11,166	13,149	13,089	10,376	12,786	16,340	12,181
36 Time deposits[2]	48,140	66,904	52,910	61,244	56,132	52,910	52,274[r]	48,241[r]	47,633	46,031
37 Other[3]	53,590	53,893	56,514[r]	63,817[r]	67,004[r]	56,514[r]	58,165[r]	66,898[r]	66,201	67,805
38 Own foreign offices[4]	609,179	684,987	785,466[r]	727,756[r]	785,589[r]	785,466[r]	715,458[r]	736,190[r]	774,117	808,508
39 Banks' custodial liabilities[5]	171,887	151,626	139,328[r]	147,356[r]	149,025[r]	139,328[r]	153,226[r]	149,905[r]	174,791	166,822
40 U.S. Treasury bills and certificates[6]	16,796	16,023	11,541[r]	10,343[r]	10,960[r]	11,541[r]	10,222[r]	10,323[r]	11,374	13,016
41 Short-term agency securities[7]	n.a.	n.a.	2,078	2,868	2,470	2,078	2,525	1,916	7,399	3,456
42 Other negotiable and readily transferable instruments[8]	45,695	36,036	21,981	23,900	23,384	21,981	22,959	23,694	36,832	37,267
43 Other	109,396	99,567	103,728	110,245	112,211	103,728	117,520	113,972	119,186	113,083
44 Other foreigners	198,061	228,333	276,669[r]	262,672[r]	275,491[r]	276,669[r]	271,672[r]	273,850[r]	272,452	275,765
45 Banks' own liabilities	131,072	147,201	171,293[r]	162,963[r]	170,888[r]	171,293[r]	168,993[r]	168,725[r]	172,545	177,758
46 Demand deposits	21,862	13,850	17,489	16,033	18,219	17,489	18,416	17,769	18,625	18,573
47 Time deposits[2]	76,189	79,160	78,024	79,597	77,917	78,024	78,196[r]	77,856[r]	76,790	75,616
48 Other[3]	33,021	54,191	75,780[r]	67,333[r]	74,752[r]	75,780[r]	72,381[r]	73,100[r]	77,130	83,569
49 Banks' custodial liabilities[5]	66,989	81,132	105,376[r]	99,709[r]	104,603[r]	105,376[r]	102,679[r]	105,125[r]	99,907	98,007
50 U.S. Treasury bills and certificates[6]	12,023	8,561	12,255[r]	11,132[r]	11,885[r]	12,255[r]	12,399[r]	12,593[r]	15,849	13,227
51 Short-term agency securities[7]	n.a.	n.a.	21,312	21,688	22,180	21,312	18,521	19,031	20,424	20,163
52 Other negotiable and readily transferable instruments[8]	45,507	62,289	55,844	51,606	53,958	55,844	55,099	55,712	54,133	55,497
53 Other	9,459	10,282	15,965	15,283	16,580	15,965	16,660	17,789	9,501	9,120
MEMO										
54 Negotiable time certificates of deposits in custody for foreigners	30,345	34,217	20,440	22,646	22,778	20,440	22,095	22,831	21,498	24,061
55 Repurchase agreements[7]	n.a.	n.a.	150,737	127,386	134,672	150,737	127,852	131,331	127,160	140,545

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 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	1999	2000	2001	2001			2002			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
AREA OR COUNTRY										
56 **Total, all foreigners**	**1,408,740**	**1,511,410**	**1,619,624[r]**	**1,585,431[r]**	**1,655,781[r]**	**1,619,624[r]**	**1,567,147[r]**	**1,600,953[r]**	**1,650,469[r]**	**1,681,844**
57 **Foreign countries**	**1,393,464**	**1,498,867**	**1,608,820[r]**	**1,575,094[r]**	**1,644,613[r]**	**1,608,820[r]**	**1,549,992[r]**	**1,585,500[r]**	**1,638,363[r]**	**1,667,404**
58 Europe	441,810	446,788	520,970[r]	455,924[r]	520,447[r]	520,970[r]	503,908[r]	517,903[r]	520,204[r]	541,215
59 Austria	2,789	2,692	2,919	2,117	2,944	2,919	2,999	3,050	3,146	3,343
60 Belgium[12]	44,692	33,399	6,548	6,960	6,640	6,548	6,573	6,567	7,930	6,617
61 Denmark	2,196	3,000	3,625	3,752	4,248	3,625	3,149	2,970	2,878	2,827
62 Finland	1,658	1,411	1,445	1,223	1,135	1,445	1,372	1,159	1,682	1,239
63 France	49,790	37,833	49,034	49,059	49,692	49,034	45,102	41,172	35,113	36,349
64 Germany	24,753	35,519	22,342	23,707	23,111	22,342	23,794	23,740	26,106	26,020
65 Greece	3,748	2,011	2,303	2,409	2,081	2,303	2,706	2,856	2,560	2,285
66 Italy	6,775	5,072	6,342	5,445	5,913	6,342	5,597	5,109	5,548	5,140
67 Luxembourg[12]	n.a.	n.a.	16,894[r]	14,627[r]	16,553[r]	16,894[r]	15,121[r]	14,748[r]	14,299[r]	14,205
68 Netherlands	8,143	7,047	12,404	12,286	13,079	12,404	13,355[r]	13,880[r]	13,820[r]	11,134
69 Norway	1,327	2,305	3,725	3,145	3,056	3,725	4,976	4,871	7,703	6,470
70 Portugal	2,228	2,403	4,029	3,787	3,924	4,029	4,369	4,799	5,416	5,050
71 Russia	5,475	19,018	20,782	23,431	21,243	20,782	19,776	20,841	21,423	22,113
72 Spain	10,426	7,787	8,791	9,785	10,595	8,791	12,618	10,233	9,406	10,737
73 Sweden	4,652	6,497	3,371	3,461	3,705	3,371	3,104	3,700	3,412	2,495
74 Switzerland	63,485	74,635	66,390[r]	39,706	81,128	66,390[r]	80,813	94,679	107,650	129,023
75 Turkey	7,842	7,548	7,472	6,749	6,822	7,472	8,696[r]	11,518[r]	11,515[r]	11,675
76 United Kingdom	172,687	167,757	204,208[r]	163,726[r]	184,100[r]	204,208[r]	169,466[r]	170,192[r]	161,502[r]	163,313
77 Channel Islands and Isle of Man[13]	n.a.	n.a.	36,057	36,392	36,161	36,057	36,474	37,226	38,012	38,102
78 Yugoslavia[14]	286	276	309	313	310	309	298	317	296	265
79 Other Europe and other former U.S.S.R.[15]	28,858	30,578	41,980[r]	43,844[r]	44,007[r]	41,980[r]	43,550[r]	44,276[r]	40,787[r]	42,813
80 Canada	34,214	30,982	27,228[r]	25,583[r]	28,021[r]	27,228[r]	28,076[r]	27,434[r]	28,402[r]	26,275
81 Latin America	117,495	120,041	117,528	122,542[r]	120,293	117,528	115,703[r]	115,000[r]	112,933[r]	111,766
82 Argentina	18,633	19,451	10,655	13,407	10,783	10,655	9,904	10,360	11,622	11,875
83 Brazil	12,865	10,852	14,135	16,402[r]	14,290	14,135	13,133[r]	12,875[r]	14,628[r]	14,092
84 Chile	7,008	5,892	4,929	5,417	5,298	4,929	5,275	5,143	5,299[r]	6,326
85 Colombia	5,669	4,542	4,668	4,589	4,643	4,668	4,506	4,587	4,159	4,226
86 Ecuador	1,956	2,112	2,377	2,105	2,010	2,377	2,231	2,363	2,269	2,342
87 Guatemala	1,626	1,601	1,876	1,851	1,934	1,876	1,861	1,821	1,812	1,782
88 Mexico	30,717	32,166	39,630	40,368	40,245	39,630	40,355	40,797	35,700	34,888
89 Panama	4,415	4,240	3,588	3,741	3,524	3,588	3,514	3,604	3,350	3,336
90 Peru	1,142	1,427	1,350	1,509	1,585	1,350	1,341	1,347	1,548	1,225
91 Uruguay	2,386	3,003	3,160	3,133	3,300	3,160	2,646	2,536	2,913[r]	2,648
92 Venezuela	20,192	24,730	24,920	23,590	26,105	24,920	24,258	22,952	22,937[r]	22,380
93 Other Latin America[16]	10,886	10,025	6,240	6,430	6,576	6,240	6,679	6,615	6,696	6,646
94 Caribbean	461,200	573,337	631,243[r]	649,962[r]	656,790[r]	631,243[r]	600,910[r]	606,583[r]	648,015[r]	659,754
95 Bahamas	135,811	189,298	179,198[r]	212,417[r]	201,677[r]	179,198[r]	156,255[r]	147,831[r]	171,403[r]	164,535
96 Bermuda	7,874	9,636	10,477[r]	9,743[r]	9,268[r]	10,477[r]	9,623[r]	11,231[r]	10,296[r]	11,689
97 British West Indies[17]	312,278	367,197	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
98 Cayman Islands[17]	n.a.	n.a.	423,792[r]	406,489[r]	426,047[r]	423,792[r]	418,198[r]	431,604[r]	449,368[r]	464,224
99 Cuba	75	90	88	86	85	88	88	89	89	90
100 Jamaica	520	794	1,179	880	930	1,179	1,106	1,103	1,115	1,047
101 Netherlands Antilles	4,047	5,428	3,259[r]	6,210[r]	4,179[r]	3,259[r]	3,513[r]	3,181[r]	3,821[r]	5,767
102 Trinidad and Tobago	595	894	1,266	1,509	1,768	1,266	1,979	1,547	1,406	1,791
103 Other Caribbean[16]	n.a.	n.a.	11,984[r]	12,628[r]	12,836	11,984[r]	10,148[r]	9,997[r]	10,517	10,611
104 Asia	319,489	305,554	294,263[r]	301,453[r]	299,418[r]	294,263[r]	280,857[r]	299,394[r]	307,576[r]	310,187
China										
105 Mainland	12,325	16,531	10,472	17,891	12,378	10,472	8,501	21,167	16,725[r]	22,338
106 Taiwan	13,603	17,352	17,562	19,194	21,116	17,562	16,997	21,533	20,462	24,482
107 Hong Kong	27,701	26,462	26,494	23,163[r]	26,305	26,494	25,272[r]	23,698	22,844[r]	25,201
108 India	7,367	4,530	3,703	3,891	3,916	3,703	3,766	4,167	4,512	4,079
109 Indonesia	6,567	8,514	12,381	12,351	11,758	12,381	11,893	11,441	11,220	11,875
110 Israel	7,488	8,053	7,826	7,343	7,742	7,826	10,727	9,433	9,600	9,541
111 Japan	159,075	150,415	155,293[r]	160,058[r]	157,807[r]	155,293[r]	146,955[r]	151,730[r]	166,692[r]	158,156
112 Korea (South)	12,988	7,955	9,015[r]	7,725	8,098	9,015[r]	6,718[r]	6,527[r]	5,595[r]	5,999
113 Philippines	3,268	2,316	1,764	1,756	2,109	1,764	1,910	1,429	1,530	1,671
114 Thailand	6,050	3,117	4,742	3,666	4,792	4,742	4,651	5,035	5,432	4,940
115 Middle Eastern oil-exporting countries[18]	21,314	23,763	20,022	18,443	18,620	20,022	17,850	16,931	18,684	17,442
116 Other	41,743	36,546	24,989[r]	25,972[r]	24,777[r]	24,989[r]	25,617[r]	26,303[r]	24,280[r]	24,463
117 Africa	9,468	10,824	11,343	12,088	11,222	11,343	12,988	11,983	12,023	11,904
118 Egypt	2,022	2,621	2,774	2,910	3,110	2,774	4,271	3,961	3,857	3,605
119 Morocco	179	139	273	331	344	273	243	197	127	234
120 South Africa	1,495	1,010	833	886	1,018	833	1,137	928	1,060	895
121 Congo (formerly Zaire)	14	4	4	4	1	4	6	2	1	6
122 Oil-exporting countries[19]	2,914	4,052	4,372	4,980	3,967	4,372	4,165	3,763	3,911	3,829
123 Other	2,844	2,998	3,087	2,977	2,782	3,087	3,166	3,132	3,067	3,335
124 Other countries	9,788	11,341	6,245[r]	7,542[r]	8,422[r]	6,245[r]	7,550[r]	7,203[r]	9,210[r]	6,303
125 Australia	8,377	10,070	5,593[r]	6,586[r]	7,802[r]	5,593[r]	6,762[r]	6,376[r]	8,199[r]	5,359
126 New Zealand[20]	n.a.	n.a.	240[r]	507[r]	219[r]	240[r]	373[r]	420[r]	456	546
127 All other	1,411	1,271	412	449	401	412	415	407[r]	555	398
128 Nonmonetary international and regional organizations	15,276	12,543	10,804	10,337	11,168	10,804	17,155	15,453	12,106	14,440
129 International[21]	12,876	11,270	9,305	8,784	9,410	9,305	15,521	13,714	9,853	12,261
130 Latin American regional[22]	1,150	740	480	680	462	480	443	520	731	954
131 Other regional[23]	1,250	533	935	822	1,234	935	1,113	1,140	1,441	1,158

12. Before January 2001, data for Belgium–Luxembourg were combined.
13. Before January 2001, these data were included in data reported for the United Kingdom.
14. Since December 1992, has excluded Bosnia, Croatia, and Slovenia
15. Includes the Bank for International Settlements and the 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, data for "Other Latin America" and "Other Caribbean" were combined in "Other Latin America and Caribbean."
17. Beginning January 2001, data for the Cayman Islands replaced data for the British West Indies.
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, these data were 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	1999	2000	2001	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.[p]
1 **Total, all foreigners**	**793,139**	**904,642**	**1,051,613**	**1,016,715**	**1,051,715**	**1,051,613**	**1,003,832[r]**	**1,006,174[r]**	**1,053,331[r]**	**1,094,615**
2 **Foreign countries**	**788,576**	**899,956**	**1,046,667**	**1,011,820**	**1,046,457**	**1,046,667**	**999,963[r]**	**1,002,347[r]**	**1,047,818[r]**	**1,090,358**
3 Europe	311,686	378,115	460,970	433,898	497,651	460,970	464,082[r]	467,053[r]	487,148[r]	525,422
4 Austria	2,643	2,926	5,006	3,848	3,412	5,006	4,063	3,604	3,895	3,127
5 Belgium[2]	10,193	5,399	6,339	6,424	7,994	6,339	6,426	5,603	4,750	4,288
6 Denmark	1,669	3,272	1,105	933	2,507	1,105	1,649	1,024	1,544	1,201
7 Finland	2,020	7,382	10,350	12,065	11,010	10,350	14,431	14,410	14,469	13,092
8 France	29,142	40,035	60,670	60,732	58,769	60,670	56,285	54,467	54,933	57,857
9 Germany	29,205	36,834	29,902	39,605	36,295	29,902	31,189	29,134	33,254	34,163
10 Greece	806	646	330	333	327	330	327	348	320	327
11 Italy	8,496	7,629	4,205	7,750	6,321	4,205	4,453	4,329	5,101	5,085
12 Luxembourg[2]	n.a.	n.a.	1,267	1,088	1,392	1,267	1,601	2,884	3,366	3,407
13 Netherlands	11,810	17,043	15,927	17,256	17,173	15,927	13,880	15,151	15,349	16,760
14 Norway	1,000	5,012	6,249	3,617	4,603	6,249	4,779	4,435	7,026	6,572
15 Portugal	1,571	1,382	1,603	1,164	1,709	1,603	1,969	1,998	1,795	2,083
16 Russia	713	517	594	863	680	594	687	612	1,659	951
17 Spain	3,796	2,603	3,231	3,713	5,398	3,231	5,363	4,987	4,847	3,524
18 Sweden	3,264	9,226	12,544	11,800	12,897	12,544	11,924	13,260	11,793[r]	11,373
19 Switzerland	79,158	82,085	87,363	71,968	121,798	87,363	95,331	114,379	115,370	150,021
20 Turkey	2,617	3,059	2,124	2,324	2,243	2,124	2,757[r]	3,163[r]	3,154[r]	3,012
21 United Kingdom	115,971	144,938	200,921	178,428	193,737	200,921	195,629	181,818	193,824[r]	197,434
22 Channel Islands and Isle of Man[3]	n.a.	n.a.	4,478	3,783	3,819	4,478	3,747	3,986	3,848	3,775
23 Yugoslavia[4]	50	50	n.a.	4	n.a.	n.a.	n.a.	n.a.	n.a.	2
24 Other Europe and other former U.S.S.R.[5]	7,562	8,077	6,762	6,200	5,567	6,762	7,592	7,461	6,851	7,368
25 Canada	37,206	39,837	54,421	48,773	50,792	54,421	49,967	52,755	56,637[r]	56,633
26 Latin America	74,040	76,561	69,762	74,177	72,924	69,762	69,427	68,791	69,514[r]	69,549
27 Argentina	10,894	11,519	10,763	11,603	11,350	10,763	10,444	10,334	9,892[r]	9,722
28 Brazil	16,987	20,567	19,434	21,427	20,453	19,434	19,700	19,353	19,838[r]	20,139
29 Chile	6,607	5,815	5,317	5,423	5,522	5,317	5,200	5,166	5,399	5,220
30 Colombia	4,524	4,370	3,602	3,564	3,598	3,602	3,563	3,547	3,711[r]	3,663
31 Ecuador	760	635	495	507	504	495	465	491	478[r]	495
32 Guatemala	1,135	1,244	1,495	1,568	1,522	1,495	1,417	1,651	1,413[r]	1,329
33 Mexico	17,899	17,415	16,522	17,272	16,996	16,522	17,035	16,561	17,081[r]	17,354
34 Panama	3,387	2,933	3,066	3,426	3,415	3,066	2,765	2,788	2,804	2,768
35 Peru	2,529	2,807	2,185	2,435	2,369	2,185	2,125	2,090	2,048[r]	2,019
36 Uruguay	801	673	447	492	540	447	437	444	503[r]	477
37 Venezuela	3,494	3,518	3,077	3,221	3,306	3,077	3,181	3,315	3,463	3,472
38 Other Latin America[6]	5,023	5,065	3,359	3,239	3,349	3,359	3,095	3,051	2,884	2,891
39 Caribbean	281,128	319,403	367,655	360,024	326,271	367,655	327,814	326,948	344,308[r]	339,836
40 Bahamas	99,066	114,090	101,034	124,546	97,916	101,034	87,606[r]	87,301[r]	98,078[r]	94,472
41 Bermuda	8,007	9,260	7,900	11,440	6,015	7,900	7,018	5,633	7,773	9,430
42 British West Indies[7]	167,189	189,289	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
43 Cayman Islands[7]	n.a.	n.a.	247,086	211,484	208,198	247,086	221,145[r]	223,578[r]	226,743[r]	226,196
44 Cuba	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
45 Jamaica	295	355	418	380	406	418	383	384	418	413
46 Netherlands Antilles	5,982	5,801	6,729	7,647	9,583	6,729	7,599	6,046	7,137	5,367
47 Trinidad and Tobago	589	608	931	858	880	931	940	955	971[r]	935
48 Other Caribbean[6]	n.a.	n.a.	3,557	3,669	3,273	3,557	3,123	3,051	3,188	3,023
49 Asia	75,143	77,829	85,882	87,331	91,337	85,882	80,650	78,905	82,613[r]	90,976
China										
50 Mainland	2,110	1,606	2,073	4,118	4,427	2,073	3,526	2,418	4,161	6,130
51 Taiwan	1,390	2,247	4,407	4,244	3,897	4,407	3,422	4,101	4,504	2,818
52 Hong Kong	5,903	6,669	9,995	5,161	7,984	9,995	7,670	7,319	6,459	6,628
53 India	1,738	2,178	1,348	1,561	1,609	1,348	1,167	1,217	1,224	1,276
54 Indonesia	1,776	1,914	1,752	1,965	1,935	1,752	1,768	1,644	1,701	1,677
55 Israel	1,875	2,729	4,396	3,980	4,592	4,396	4,211	4,195	2,875	4,413
56 Japan	28,641	34,974	34,125	39,940	34,665	34,125	30,973	30,722	31,288	37,775
57 Korea (South)	9,426	7,776	10,622	11,137	14,742	10,622	12,689	12,745	13,829[r]	13,872
58 Philippines	1,410	1,784	2,587	1,505	2,021	2,587	1,951	1,681	2,065	1,718
59 Thailand	1,515	1,381	2,499	1,470	1,283	2,499	1,743	745	1,467	1,465
60 Middle Eastern oil-exporting countries[8]	14,267	9,346	7,882	8,290	10,088	7,882	7,559	7,341	9,224	9,151
61 Other	5,092	5,225	4,196	3,960	4,094	4,196	3,971	4,777	3,816	4,053
62 Africa	2,268	2,094	2,135	1,878	2,108	2,135	2,043	1,937	2,080[r]	1,916
63 Egypt	258	201	416	381	477	416	324	331	358	333
64 Morocco	352	204	106	148	116	106	100	97	88[r]	85
65 South Africa	622	309	710	443	571	710	700	640	735	621
66 Congo (formerly Zaire)	24	0	n.a.	n.a.	1	n.a.	n.a.	n.a.	n.a.	n.a.
67 Oil-exporting countries[9]	276	471	167	169	179	167	195	201	211	234
68 Other	736	909	736	737	764	736	724	668	688	643
69 Other countries	7,105	6,117	5,842	5,739	5,374	5,842	5,980	5,958	5,518	6,026
70 Australia	6,824	5,868	5,455	5,402	4,964	5,455	5,336	5,207	4,746	5,399
71 New Zealand[10]	n.a.	n.a.	349	275	330	349	603	732	762	586
72 All other	281	249	38	62	80	38	41	19	10	41
73 Nonmonetary international and regional organizations[11]	4,563	4,686	4,946	4,904	5,258	4,946	3,869	3,827	5,513	4,257

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	1999	2000	2001	2001			2002			
				Oct.	Nov.	Dec.	Jan.	Feb.^{r}	Mar.^{r}	Apr.^{p}
1 **Total**	**944,937**	**1,095,869**	**1,253,992**	.	.	**1,253,992**			**1,253,686**	
2 Banks' claims	793,139	904,642	1,051,613	1,016,715	1,051,715	1,051,613	1,003,832^{r}	1,006,174	1,053,331	1,094,615
3 Foreign public borrowers	35,090	37,907	49,018	49,592	56,820	49,018	53,208^{r}	48,827	54,331	50,045
4 Own foreign offices[2]	529,682	630,137	745,834	699,281	721,650	745,834	697,236	716,045	749,418	787,627
5 Unaffilliated foreign banks	97,186	95,243	100,575	95,647	100,608	100,575	98,388^{r}	92,103	94,896	95,552
6 Deposits	34,538	23,886	26,189	25,663	29,998	26,189	27,076^{r}	25,981	26,269	22,778
7 Other	62,648	71,357	74,386	69,984	70,610	74,386	71,312^{r}	66,122	68,627	72,774
8 All other foreigners	131,181	141,355	156,186	172,195	172,637	156,186	155,000^{r}	149,199	154,686	161,391
9 Claims of banks' domestic customers[3]	151,798	191,227	202,379	..	.	202,379	..	.	200,355	.
10 Deposits	88,006	100,352	92,546		...	92,546	..	..	87,634	.
11 Negotiable and readily transferable instruments[4]	51,161	78,147	94,016	..	.	94,016	..	.	98,050	.
12 Outstanding collections and other claims	12,631	12,728	15,817		..	15,817	.	..	14,671	..
MEMO										
13 Customer liability on acceptances	4,553	4,257	2,588	.	...	2,588	...	...	2,139	..
14 Banks' loans under resale agreements[5]	n.a.	n.a.	137,349	144,250	144,266	137,349	118,878	123,049	114,917	129,144
15 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[6]	31,125	53,153	60,711	57,698	66,930	60,711	54,563	55,177	61,417	57,884

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 and 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]	1998	1999	2000	2001			2002
				June	Sept.	Dec.^{r}	Mar.^{p}
1 **Total**	**250,418**	**267,082**	**274,009**	**302,304^{r}**	**298,924^{r}**	**305,172**	**304,297**
By borrower							
2 Maturity of one year or less	186,526	187,894	186,103	191,979^{r}	178,458^{r}	200,222	188,785
3 Foreign public borrowers	13,671	22,811	21,399	26,621	19,994	27,293	26,914
4 All other foreigners	172,855	165,083	164,704	165,358^{r}	158,464^{r}	172,929	161,871
5 Maturity of more than one year	63,892	79,188	87,906	110,325^{r}	120,466^{r}	104,950	115,512
6 Foreign public borrowers	9,839	12,013	15,838	25,018	25,844^{r}	21,324	26,748
7 All other foreigners	54,053	67,175	72,068	85,307^{r}	94,622^{r}	83,626	88,764
By area							
Maturity of one year or less							
8 Europe	68,679	80,842	142,464	80,682	70,700	83,091	79,694
9 Canada	10,968	7,859	8,323	8,624	7,897	10,174	7,763
10 Latin America and Caribbean	81,766	69,498	151,840	73,029^{r}	75,562^{r}	70,657	69,178
11 Asia	18,007	21,802	43,371	24,181^{r}	19,381	29,666	24,554
12 Africa	1,835	1,122	2,263	971	707	1,144	1,147
13 All other[3]	5,271	6,771	11,717	4,492^{r}	4,211	5,490	6,449
Maturity of more than one year							
14 Europe	14,923	22,951	57,770	39,947^{r}	41,597^{r}	34,074	39,813
15 Canada	3,140	3,192	3,174	3,995	4,292	3,633	3,362
16 Latin America and Caribbean	33,442	39,051	82,684	47,068	52,651^{r}	47,402	48,744
17 Asia	10,018	11,257	19,536	15,240	17,491	15,190	19,444
18 Africa	1,232	1,065	1,567	774	798	769	669
19 All other[3]	1,137	1,672	5,954	3,301	3,637	3,882	3,480

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	1998	1999	2000				2001				2002
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1 **Total**	**1,051.6**	**945.5**	**955.0**	**991.0**	**954.4**	**1,027.3**	**1,144.5[r]**	**1,140.5[r]**	**1,284.7[r]**	**929.3[r]**	**801.1**
2 G-10 countries and Switzerland	217.7	243.4	272.4	313.6	280.3	300.7	336.5[r]	338.9[r]	294.4[r]	423.1[r]	325.0
3 Belgium and Luxembourg	10.7	14.3	14.2	13.9	13.0	14.2	15.3	13.0[r]	14.4[r]	19.1[r]	16.3
4 France	18.4	29.0	27.1	32.6	29.0	29.6	30.0[r]	35.9[r]	34.6[r]	39.3[r]	34.1
5 Germany	30.9	38.7	37.3	31.5	37.6	45.1	45.2[r]	51.6[r]	41.0[r]	43.2[r]	49.2
6 Italy	11.5	18.1	19.9	20.5	18.6	21.3	20.4	23.7	22.8	21.0	19.1
7 Netherlands	7.8	12.3	17.0	16.0	17.5	18.4	22.3	18.7	20.8[r]	19.5	23.7
8 Sweden	2.3	3.0	3.9	3.5	4.3	3.6	4.7	4.7	5.2	5.4	5.3
9 Switzerland	8.5	10.3	10.1	13.8	10.9	13.2	13.9	13.5	13.0	12.6	13.6
10 United Kingdom	85.4	79.3	101.9	138.2	112.8	115.6	141.5[r]	128.1[r]	95.6[r]	210.8[r]	111.8
11 Canada	16.8	16.3	17.3	18.2	18.5	16.7	15.4	21.3[r]	20.3[r]	19.1[r]	16.6
12 Japan	25.4	22.1	23.5	25.4	18.1	23.0	28.0	28.3[r]	26.8[r]	33.1[r]	35.3
13 Other industrialized countries	69.0	68.4	62.7	75.3	73.7	74.5	75.7[r]	70.2[r]	70.7[r]	70.6[r]	69.4
14 Austria	1.4	3.5	2.6	2.8	3.5	4.1	3.8[r]	3.6	4.4[r]	4.8	4.8
15 Denmark	2.2	2.6	1.5	1.2	1.8	1.9	3.1	2.7	2.7	2.6	3.5
16 Finland	1.4	.9	.8	1.2	2.8	1.5	1.4	1.2	1.3	1.1	2.1
17 Greece	5.9	6.0	5.7	6.7	6.4	8.3	4.1	3.6	3.6	3.2	3.2
18 Norway	3.2	3.3	3.0	4.6	8.5	8.3	10.2	7.9	6.2	8.1	9.0
19 Portugal	1.4	1.0	1.0	2.0	1.5	2.0	1.9	1.4	1.4	1.6	1.8
20 Spain	13.7	12.1	11.3	12.2	10.5	10.3	12.6[r]	12.4[r]	13.8	12.1[r]	12.1
21 Turkey	4.8	4.8	5.1	5.6	5.6	5.9	5.1	4.5	4.1	3.9	5.3
22 Other Western Europe	10.4	6.8	8.4	7.9	8.3	6.5	7.3	6.9	7.3	8.4	8.6
23 South Africa	4.4	3.8	4.8	4.6	4.2	3.6	4.1	3.8	4.4	4.1	3.3
24 Australia	20.3	23.5	18.6	26.3	20.5	22.1	21.9	22.1	21.6[r]	20.6	15.7
25 OPEC[2]	27.1	31.4	28.9	32.1	31.4	28.9	28.3	27.1[r]	27.6[r]	27.3[r]	27.4
26 Ecuador	1.3	.8	.7	.7	.6	.6	.6	.6	.6	.6	.6
27 Venezuela	3.2	2.8	3.0	2.9	2.9	2.5	2.7	2.6[r]	2.6[r]	2.4[r]	2.4
28 Indonesia	4.7	4.2	3.9	4.1	4.4	4.6	4.4	4.2	4.0	3.7[r]	3.6
29 Middle East countries	17.0	23.1	21.1	23.8	22.4	20.3	20.1	19.3	20.1	20.3	20.5
30 African countries	1.0	.5	.2	.7	1.2	.8	.5	.4	.4	.3	.3
31 Non-OPEC developing countries	143.4	149.4	154.6	158.1	149.5	145.5	150.1[r]	157.6[r]	201.6[r]	191.1[r]	195.8
Latin America											
32 Argentina	23.1	23.2	22.4	21.6	21.4	21.4	20.9	19.8[r]	19.2[r]	19.2[r]	12.8
33 Brazil	24.7	27.7	28.1	28.3	28.5	28.8	29.4	30.9[r]	30.9[r]	28.0[r]	26.6
34 Chile	8.3	7.4	8.2	8.1	7.3	7.6	7.3	7.0[r]	6.4[r]	7.0[r]	7.1
35 Colombia	3.2	2.5	2.5	2.4	2.4	2.4	2.4	2.4[r]	2.5[r]	2.5[r]	2.4
36 Mexico	18.9	18.7	18.3	20.4	17.5	15.7	16.7	16.3[r]	60.0	56.0	67.1
37 Peru	2.2	1.7	1.9	2.1	2.1	2.0	2.0	2.0	1.9	1.8[r]	1.5
38 Other	5.4	5.9	6.5	6.7	6.2	6.3	8.6[r]	8.3	8.1[r]	8.9[r]	7.9
Asia											
China											
39 Mainland	3.0	3.6	4.6	3.8	3.4	2.9	3.2	6.7	5.9	5.0	7.0
40 Taiwan	13.3	12.0	12.6	12.6	12.8	10.8	11.2	10.7	10.8[r]	12.2[r]	12.6
41 India	5.5	7.7	7.9	8.2	5.8	9.1	6.5	11.8	14.1	6.9	6.3
42 Israel	1.1	1.8	3.3	1.5	1.1	2.7	2.2[r]	2.0[r]	3.2[r]	3.7[r]	2.4
43 Korea (South)	13.7	15.2	17.7	21.7	21.4	15.5	19.9	19.3	19.3[r]	18.5[r]	22.4
44 Malaysia	5.6	6.1	6.5	6.8	6.9	7.1	6.5	6.8	6.1	6.7	6.4
45 Philippines	5.1	6.2	5.3	5.3	4.7	5.1	5.2	5.4	5.2	5.6	5.4
46 Thailand	4.7	4.1	4.3	4.0	3.9	4.0	4.2	4.2	3.9	5.1	4.0
47 Other Asia	2.9	2.9	2.0	1.9	1.7	1.9	1.7	1.8	1.6	1.9	1.9
Africa											
48 Egypt	1.3	1.4	1.4	1.3	1.1	1.1	1.2	1.2	1.4	1.2	1.3
49 Morocco	.5	.4	.3	.3	.4	.3	.3	.3	.3	.1	.1
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.0	1.0	.9	.9	.8	.7	.7	.7	.8	.7	.7
52 Eastern Europe	5.5	5.2	6.3	9.4	9.0	10.1	9.5	9.5	10.2	10.1	10.6
53 Russia[4]	2.2	1.6	1.7	1.5	1.4	1.0	1.5	1.5	1.6	1.6	2.8
54 Other	3.3	3.6	4.7	7.9	7.6	9.1	8.0	8.0	8.5	8.5	7.9
55 Offshore banking centers	93.9	59.9	53.9	60.6	59.4	76.3	72.0	58.8[r]	72.2[r]	72.5[r]	59.3
56 Bahamas	35.4	13.7	14.4	8.8	9.3	13.5	7.0	.0	1.1	7.5	7.5
57 Bermuda	4.6	8.0	7.3	6.3	6.3	9.0	7.9	5.7[r]	7.6	7.7	8.2
58 Cayman Islands and other British West Indies	12.8	1.3	.0	5.1	5.9	14.6	14.3	12.6	21.0[r]	16.9	7.7
59 Netherlands Antilles	2.6	1.7	2.5	2.6	1.9	1.9	2.9	1.7	5.8	2.8[r]	3.3
60 Panama[5]	3.9	3.9	3.4	3.3	2.5	3.2	3.8	3.4[r]	3.5[r]	3.2[r]	3.3
61 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
62 Hong Kong, China	23.3	21.0	22.2	20.7	20.6	18.7	21.5	22.3[r]	17.9	18.9	15.7
63 Singapore	11.1	10.1	4.1	13.6	12.6	15.2	14.6	12.9	15.2[r]	15.5	13.5
64 Other[6]	.2	.1	.1	.1	.1	.2	.1	.1	.0	.1	.0
65 Miscellaneous and unallocated[7]	495.1	387.9	376.1	342.1	351.1	391.2	472.4	478.6	608.1	134.6	113.4

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	1998	1999	2000	2000		2001			
					Sept.	Dec.	Mar.	June	Sept.	Dec.
1	**Total**	**46,570**	**53,044**	**73,904**	**76,644**	**73,904**	**73,655**	**68,028[r]**	**53,526**	**66,718**
2	Payable in dollars	36,668	37,605	48,931	51,451	48,931	46,526	41,734[r]	35,347	42,957
3	Payable in foreign currencies	9,902	15,415	24,973	25,193	24,973	27,129	26,294	18,179	23,761
	By type									
4	Financial liabilities	19,255	27,980	47,419	49,895	47,419	47,808	41,908	27,502	41,034
5	Payable in dollars	10,371	13,883	25,246	26,159	25,246	23,201	17,655	11,415	18,763
6	Payable in foreign currencies	8,884	14,097	22,173	23,736	22,173	24,607	24,253	16,087	22,271
7	Commercial liabilities	27,315	25,064	26,485	26,749	26,485	25,847	26,120[r]	26,024	25,684
8	Trade payables	10,978	12,857	14,293	13,918	14,293	12,481	13,127[r]	11,740	11,820
9	Advance receipts and other liabilities	16,337	12,207	12,192	12,831	12,192	13,366	12,993[r]	14,284	13,864
10	Payable in dollars	26,297	23,722	23,685	25,292	23,685	23,325	24,079[r]	23,932	24,194
11	Payable in foreign currencies	1,018	1,318	2,800	1,457	2,800	2,522	2,041	2,092	1,490
	By area or country									
	Financial liabilities									
12	Europe	12,589	23,241	34,172	36,175	34,172	37,422	32,785	22,083	31,806
13	Belgium and Luxembourg	79	31	147	169	147	112	98	76	154
14	France	1,097	1,659	1,480	1,299	1,480	1,553	1,222	1,538	2,841
15	Germany	2,063	1,974	2,168	2,132	2,168	2,624	2,463	1,994	2,344
16	Netherlands	1,406	1,996	2,016	2,040	2,016	2,169	1,763	1,998	1,954
17	Switzerland	155	147	104	178	104	103	93	92	94
18	United Kingdom	5,980	16,521	26,362	28,601	26,362	28,812	25,363	14,819	22,852
19	Canada	693	284	411	249	411	718	628	436	955
20	Latin America and Caribbean	1,495	892	4,125	3,447	4,125	3,632	2,100	414	2,858
21	Bahamas	7	1	6	105	6	18	40	5	157
22	Bermuda	101	5	1,739	1,182	1,739	1,837	461	47	960
23	Brazil	152	126	148	132	148	26	21	22	35
24	British West Indies	957	492	406	501	406	1,657	1,508	243	1,627
25	Mexico	59	25	26	35	26	31	20	24	36
26	Venezuela	2	0	2	0	2	1	1	3	2
27	Asia	3,785	3,437	7,965	9,320	7,965	5,324	5,639	3,869	5,042
28	Japan	3,612	3,142	6,216	4,782	6,216	4,757	3,297	3,442	3,269
29	Middle Eastern oil-exporting countries[1]	0	4	11	7	11	15	8	9	10
30	Africa	28	28	52	48	52	38	61	59	53
31	Oil-exporting countries[2]	0	0	0	0	0	0	0	5	5
32	All other[3]	665	98	694	656	694	674	695	672	320
	Commercial liabilities									
33	Europe	10,030	9,262	9,629	9,411	9,629	8,792	8,723	8,855	9,230
34	Belgium and Luxembourg	278	140	293	201	293	251	297	160	99
35	France	920	672	979	716	979	689	665	892	735
36	Germany	1,392	1,131	1,047	1,023	1,047	982	1,017	966	908
37	Netherlands	429	507	300	424	300	349	343	343	1,163
38	Switzerland	499	626	502	647	502	623	697	683	790
39	United Kingdom	3,697	3,071	2,847	2,951	2,847	2,542	2,706	2,296	2,280
40	Canada	1,390	1,775	1,933	1,889	1,933	1,625	1,957[r]	1,569	1,633
41	Latin America and Caribbean	1,618	2,310	2,381	2,443	2,381	2,166	2,293[r]	2,879	2,729
42	Bahamas	14	22	31	15	31	5	31	44	52
43	Bermuda	198	152	281	377	281	280	367	570	591
44	Brazil	152	145	114	167	114	239	279	312	290
45	British West Indies	10	48	76	19	76	64	21	28	45
46	Mexico	347	887	841	1,079	841	792	762	884	901
47	Venezuela	202	305	284	124	284	243	218	242	166
48	Asia	12,342	9,886	10,983	11,133	10,983	11,542	11,384	11,114	10,532
49	Japan	3,827	2,609	2,757	1,998	2,757	2,431	2,377	2,421	2,592
50	Middle Eastern oil-exporting countries[1]	2,852	2,551	2,832	3,706	2,832	3,359	3,087	3,053	2,642
51	Africa	794	950	948	1,220	948	1,072	1,115	938	836
52	Oil-exporting countries[2]	393	499	483	663	483	566	539	471	436
53	Other[3]	1,141	881	614	653	614	650	648	669	724

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	1998	1999	2000	2000		2001			
				Sept.	Dec.	Mar.	June	Sept.	Dec.
1 **Total**	**77,462**	**76,669**	**90,157**	**94,803**	**90,157**	**107,705**	**97,470[r]**	**94,076**	**113,155**
2 Payable in dollars	72,171	69,170	79,558	82,872	79,558	94,932	87,690[r]	83,292	103,937
3 Payable in foreign currencies	5,291	7,472	10,599	11,931	10,599	12,773	9,780	10,784	9,218
By type									
4 Financial claims	46,260	40,231	53,031	58,303	53,031	74,255	61,891	60,015	81,287
5 Deposits	30,199	18,566	23,374	30,928	23,374	25,419	25,381	22,391	29,801
6 Payable in dollars	28,549	16,373	21,015	27,974	21,015	23,244	23,174	19,888	27,850
7 Payable in foreign currencies	1,650	2,193	2,359	2,954	2,359	2,175	2,207	2,503	1,951
8 Other financial claims	16,061	21,665	29,657	27,375	29,657	48,836	36,510	37,624	51,486
9 Payable in dollars	14,049	18,593	25,142	20,541	25,142	41,417	32,038	32,076	46,621
10 Payable in foreign currencies	2,012	3,072	4,515	6,834	4,515	7,419	4,472	5,548	4,865
11 Commercial claims	31,202	36,438	37,126	36,500	37,126	33,450	35,579[r]	34,061	31,868
12 Trade receivables	27,202	32,629	33,104	31,530	33,104	28,958	30,631[r]	29,328	27,586
13 Advance payments and other claims	4,000	3,809	4,022	4,970	4,022	4,492	4,948	4,733	4,282
14 Payable in dollars	29,573	34,204	33,401	34,357	33,401	30,271	32,478[r]	31,328	29,466
15 Payable in foreign currencies	1,629	2,207	3,725	2,143	3,725	3,179	3,101	2,733	2,402
By area or country									
Financial claims									
16 Europe	12,294	13,023	23,136	23,706	23,136	31,855	23,975	23,069	26,118
17 Belgium and Luxembourg	661	529	296	304	296	430	262	372	625
18 France	864	967	1,206	1,477	1,206	3,142	1,376	1,682	1,450
19 Germany	304	504	848	696	848	1,401	1,163	1,112	1,068
20 Netherlands	875	1,229	1,396	2,486	1,396	2,313	1,072	954	2,138
21 Switzerland	414	643	699	626	699	613	653	665	589
22 United Kingdom	7,766	7,561	15,900	16,191	15,900	20,938	15,913	15,670	16,510
23 Canada	2,503	2,553	4,576	7,517	4,576	4,847	4,787	4,254	6,193
24 Latin America and Caribbean	27,714	18,206	19,317	21,691	19,317	28,791	24,403	26,099	41,201
25 Bahamas	403	1,593	1,353	1,358	1,353	561	818	649	976
26 Bermuda	39	11	19	22	19	1,729	426	80	918
27 Brazil	835	1,476	1,827	1,568	1,827	1,648	1,877	2,065	2,127
28 British West Indies	24,388	12,099	12,596	15,722	12,596	21,227	17,505	19,234	32,965
29 Mexico	1,245	1,798	2,448	2,280	2,448	2,461	2,633	2,910	3,075
30 Venezuela	55	48	87	101	87	38	66	80	83
31 Asia	3,027	5,457	4,697	4,002	4,697	7,215	6,829	5,274	6,430
32 Japan	1,194	3,262	1,631	1,726	1,631	3,867	1,698	1,761	1,604
33 Middle Eastern oil-exporting countries[1]	9	23	80	85	80	86	76	100	135
34 Africa	159	286	411	284	411	430	476	456	414
35 Oil-exporting countries[2]	16	15	57	3	57	42	35	83	49
36 All other[3]	563	706	894	1,103	894	1,117	1,421	891	931
Commercial claims									
37 Europe	13,246	16,389	15,938	16,486	15,938	13,775	14,469[r]	14,381	14,036
38 Belgium and Luxembourg	238	316	452	393	452	395	403[r]	354	268
39 France	2,171	2,236	3,095	2,921	3,095	3,479	3,190[r]	3,062	2,922
40 Germany	1,822	1,960	1,982	2,159	1,982	1,586	1,993	1,977	1,662
41 Netherlands	467	1,429	1,729	1,310	1,729	757	863	844	529
42 Switzerland	483	610	763	684	763	634	473[r]	514	611
43 United Kingdom	4,769	5,827	4,502	5,193	4,502	3,562	3,724[r]	3,571	3,839
44 Canada	2,617	2,757	3,502	2,953	3,502	3,392	3,470[r]	3,116	2,855
45 Latin America and Caribbean	6,296	5,959	5,851	5,788	5,851	5,144	6,033[r]	5,590	4,874
46 Bahamas	24	20	37	75	37	20	39	35	42
47 Bermuda	536	390	376	387	376	407	650	526	369
48 Brazil	1,024	905	957	981	957	975	1,363[r]	1,183	958
49 British West Indies	104	181	137	55	137	130	135	124	95
50 Mexico	1,545	1,678	1,507	1,612	1,507	1,350	1,375[r]	1,442	1,401
51 Venezuela	401	439	328	379	328	292	321	301	288
52 Asia	7,192	9,165	9,630	8,986	9,630	8,985	9,499[r]	8,704	7,855
53 Japan	1,681	2,074	2,796	2,074	2,796	2,560	3,148[r]	2,438	2,007
54 Middle Eastern oil-exporting countries[1]	1,135	1,625	1,024	1,199	1,024	966	1,040[r]	919	851
55 Africa	711	631	672	895	672	773	601[r]	838	645
56 Oil-exporting countries[2]	165	171	180	392	180	165	102[r]	170	88
57 Other[3]	1,140	1,537	1,572	1,392	1,572	1,381	1,507[r]	1,432	1,603

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	2000	2001	2002 Jan.–Apr.	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	3,605,196	3,051,355	1,075,267	255,682	241,318	239,289	255,725	259,951	286,550	273,041
2 Foreign sales	3,430,306	2,934,969	1,049,722	248,425	228,147	226,004	247,109	257,850	279,633	265,130
3 **Net purchases, or sales (–)**	**174,890**	**116,386**	**25,545**	**7,257**	**13,171**	**13,285**	**8,616**	**2,101**	**6,917**	**7,911**
4 **Foreign countries**	**174,903**	**116,183**	**25,691**	**7,234**	**13,162**	**13,266**	**8,737**	**2,104**	**6,932**	**7,918**
5 Europe	164,656	88,098	22,988	7,478	8,492	6,740	8,730	4,442	6,810	3,006
6 France	5,727	5,914	3,268	1,969	–845	101	1,302	304	405	1,257
7 Germany	31,752	8,415	1,330	825	698	688	479	429	332	90
8 Netherlands	4,915	10,919	–64	552	1,096	1,271	406	100	192	–762
9 Switzerland	11,960	3,456	2,581	352	326	854	470	566	569	976
10 United Kingdom	58,736	38,492	8,398	3,313	3,248	2,033	3,972	1,323	3,110	–7
11 Channel Islands and Isle of Man[1]	n.a.	–698	–354	–23	–198	20	–81	–103	–113	–57
12 Canada	5,956	10,984	2,889	197	938	1,250	591	457	598	1,243
13 Latin America and Caribbean	–17,812	–5,157	–3,500	–1,508	1,833	3,931	–1,447	–4,495	302	2,140
14 Middle East[2]	9,189	1,789	–1,243	–514	–105	249	96	–165	–901	–273
15 Other Asia	12,494	20,727	4,117	1,551	1,811	600	572	1,636	245	1,664
16 Japan	2,070	6,788	1,980	1,148	414	65	–209	194	1,002	993
17 Africa	415	–366	–35	–31	–9	–7	32	5	–26	–46
18 Other countries	5	108	475	61	202	503	163	224	–96	184
19 **Nonmonetary international and regional organizations**	**–11**	**203**	**–145**	**23**	**9**	**19**	**–121**	**–2**	**–15**	**–7**
BONDS[3]										
20 Foreign purchases	1,208,386	1,943,158	786,623	192,442	187,115	177,721	181,519	168,724	219,228	217,152
21 Foreign sales	871,416	1,556,217	665,896	151,612	156,019	155,238	161,985	155,237	173,530	175,144
22 **Net purchases, or sales (–)**	**336,970**	**386,941**	**120,727**	**40,830**	**31,096**	**22,483**	**19,534**	**13,487**	**45,698**	**42,008**
23 **Foreign countries**	**337,074**	**386,376**	**120,732**	**41,002**	**30,853**	**22,452**	**19,624**	**13,217**	**45,877**	**42,014**
24 Europe	180,917	195,798	53,433	15,513	16,172	8,077	7,890	4,619	20,329	20,595
25 France	2,216	5,028	980	601	270	330	68	14	578	320
26 Germany	4,067	12,362	1,927	1,666	2,001	–12	93	–253	1,545	542
27 Netherlands	1,130	1,538	–346	83	–154	–637	–1,495	550	–173	772
28 Switzerland	3,973	5,721	1,011	292	417	75	143	826	–102	144
29 United Kingdom	141,223	153,158	40,438	10,422	12,928	5,985	7,619	1,740	15,640	15,439
30 Channel Islands and Isle of Man[1]	n.a.	2,000	455	355	69	404	130	14	309	2
31 Canada	13,287	4,595	1,389	1,335	25	892	338	–243	869	425
32 Latin America and Caribbean	59,444	77,217	32,454	2,270	7,838	5,765	4,655	6,077	13,531	8,191
33 Middle East[1]	2,076	2,338	1,216	307	432	455	420	342	377	77
34 Other Asia	78,794	106,812	31,908	21,044	6,593	7,721	6,802	2,094	10,321	12,691
35 Japan	39,356	34,099	6,433	15,243	1,104	–810	–717	–957	–466	8,573
36 Africa	938	760	91	272	71	–45	–30	22	34	65
37 Other countries	1,618	–1,144	241	261	–278	–413	–451	306	416	–30
38 **Nonmonetary international and regional organizations**	**–70**	**566**	**–5**	**–172**	**243**	**31**	**–90**	**270**	**–179**	**–6**
	Foreign securities									
39 Stocks, net purchases, or sales (–)	–13,088	–50,113	3,252	–3,097	2,795	–8,955	3,822	–2,723	5,553	–3,400
40 Foreign purchases	1,802,185	1,397,664	430,079	105,799	108,043	88,033	103,389	95,364	116,460	114,866
41 Foreign sales	1,815,273	1,447,777	426,827	108,896	105,248	96,988	99,567	98,087	110,907	118,266
42 Bonds, net purchases, or sales (–)	–4,054	30,393	4,609	–754	–1,214	–945	–5,558	2,245	7,333	589
43 Foreign purchases	958,932	1,159,155	391,698	94,591	95,672	69,504	93,550	89,172	109,465	99,511
44 Foreign sales	962,986	1,128,762	387,089	95,345	96,886	70,449	99,108	86,927	102,132	98,922
45 **Net purchases, or sales (–), of stocks and bonds**	**–17,142**	**–19,720**	**7,861**	**–3,851**	**1,581**	**–9,900**	**–1,736**	**–478**	**12,886**	**–2,811**
46 **Foreign countries**	**–17,278**	**–19,132**	**7,879**	**–3,657**	**1,587**	**–9,832**	**–1,720**	**–467**	**12,981**	**–2,915**
47 Europe	–25,386	–12,117	7,015	–4,904	2,206	–9,831	–2,417	588	13,670	–4,826
48 Canada	–3,888	2,943	1,940	–676	–470	1,010	1,381	–289	–764	1,612
49 Latin America and Caribbean	–15,688	4,245	1,687	–571	1,973	118	2,644	–1,469	1,353	–841
50 Asia	24,488	–11,869	–1,625	3,070	–2,138	–1,494	–3,478	614	–949	2,188
51 Japan	20,970	–20,116	–2,057	1,441	–3,575	–1,924	400	–660	–2,789	992
52 Africa	943	–557	–1,076	–565	191	134	72	62	–72	–1,138
53 Other countries	2,253	–1,777	–60	–11	–175	231	78	29	–257	90
54 **Nonmonetary international and regional organizations**	**150**	**–587**	**–20**	**–194**	**–6**	**–68**	**–16**	**–13**	**–95**	**104**

1. Before January 2001, data 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	2000	2001	2002 Jan.–Apr.	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.[p]
1 **Total estimated**	**–54,032**	**18,472**	**–14,860**	**14,969**	**12,676**	**10,497**	**–16,762**	**–169**	**13,916**	**–11,845**
2 Foreign countries	–53,571	19,158	–15,908	14,884	12,902	10,531	–17,027	–493	13,767	–12,155
3 Europe	–50,704	–20,510	–6,176	2,339	–5,850	278	–6,688	–79	7,068	–6,477
4 Belgium[2]	73	–598	–138	–146	–9	202	–108	–263	410	–177
5 Germany	–7,304	–1,668	–1,870	–392	54	1,075	–3,466	–277	1,759	114
6 Luxembourg[2]	n.a.	462	–886	285	–5	–34	–514	–126	79	–325
7 Netherlands	2,140	–6,728	–7,997	–1,336	–701	–948	–2,098	812	–3,891	–2,820
8 Sweden	1,082	–1,190	–210	–109	268	–197	–337	–230	269	88
9 Switzerland	–10,326	1,412	–18	–339	215	335	313	–115	973	–1,189
10 United Kingdom	–33,669	–7,185	4,803	7,359	–7,374	2,007	–86	1,938	7,110	–4,159
11 Channel Islands and Isle of Man[3]	n.a.	–179	–242	–34	7	–136	–3	47	–251	–35
12 Other Europe and former U.S.S.R.	–2,700	–4,836	382	–2,949	1,695	–2,026	–389	–1,865	610	2,026
13 Canada	–550	–4,136	–2,045	–3,091	–430	2,978	–3,473	1,204	1,695	–1,471
14 Latin America and Caribbean	–4,914	5,046	–7,859	3,998	6,266	–6,368	2,603	–6,194	–424	–3,844
15 Venezuela	1,288	290	–4	–129	103	3	33	–12	–7	–18
16 Other Latin America and Caribbean	–11,581	15,500	5,855	4,065	8,393	–3,984	1,635	–3,072	8,838	–1,546
17 Netherlands Antilles	5,379	–10,744	–13,710	62	–2,230	–2,387	935	–3,110	–9,255	–2,280
18 Asia	1,639	37,992	–409	11,755	11,820	14,423	–9,221	3,862	5,653	–703
19 Japan	10,580	17,774	–3,162	16,640	1,737	4,379	–6,649	2,456	–2,309	3,340
20 Africa	–414	–880	–19	–396	53	–293	–65	134	70	–158
21 Other	1,372	1,646	600	279	1,043	–487	–183	580	–295	498
22 Nonmonetary international and regional organizations	–461	–686	1,048	85	–226	–34	265	324	149	310
23 International	–483	–290	787	8	63	43	138	52	199	398
24 Latin American Caribbean regional	76	41	–38	1	43	–25	–1	15	–5	–47
MEMO										
25 Foreign countries	–53,571	19,158	–15,908	14,884	12,902	10,531	–17,027	–493	13,767	–12,155
26 Official institutions	–6,302	3,474	–1,529	2,239	6,266	1,061	–3,000	–2,177	5,254	–1,606
27 Other foreign	–47,269	15,684	–14,379	12,645	6,636	9,470	–14,027	1,684	8,513	–10,549
Oil-exporting countries										
28 Middle East[4]	3,483	865	2,233	12	2,442	2,217	784	50	137	1,262
29 Africa[5]	0	–2	–24	0	0	0	0	–1	2	–25

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 the data reported for the 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	1999	2000	2001	2002					
				Jan.	Feb.	Mar.	Apr.	May	June
	Exchange rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	64.54	58.15	51.69	51.70	51.28	52.56	53.52	54.98	56.82
2 Brazil/real	1.8207	1.8301	2.3527	2.3799	2.4242	2.3450	2.3227	2.4753	2.7144
3 Canada/dollar	1.4858	1.4855	1.5487	1.5997	1.5964	1.5877	1.5815	1.5502	1.5318
4 China, P.R./yuan	8.2783	8.2784	8.2770	8.2771	8.2767	8.2773	8.2772	8.2770	8.2767
5 Denmark/krone	6.9900	8.0953	8.3323	8.4183	8.5343	8.4795	8.3942	8.1098	7.7775
6 European Monetary Union/euro[3]	1.0653	0.9232	0.8952	0.8832	0.8707	0.8766	0.8860	0.9170	0.9561
7 Greece/drachma	306.30	365.92	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Hong Kong/dollar	7.7594	7.7924	7.7997	7.7989	7.7996	7.7997	7.8000	7.7994	7.8000
9 India/rupee	43.13	45.00	47.22	48.35	48.72	48.77	48.94	49.02	48.98
10 Japan/yen	113.73	107.80	121.57	132.68	133.64	131.06	130.77	126.38	123.29
11 Malaysia/ringgit	3.8000	3.8000	3.8000	3.8000	3.8002	3.8000	3.8000	3.8000	3.8000
12 Mexico/peso	9.553	9.459	9.337	9.164	9.105	9.064	9.165	9.510	9.767
13 New Zealand/dollar[2]	52.94	45.68	42.02	42.45	41.87	43.33	44.28	46.10	48.86
14 Norway/krone	7.8071	8.8131	8.9964	8.9684	8.9492	8.8072	8.6102	8.2050	7.7533
15 Singapore/dollar	1.6951	1.7250	1.7930	1.8394	1.8312	1.8295	1.8285	1.8004	1.7831
16 South Africa/rand	6.1191	6.9468	8.6093	11.6258	11.4923	11.4863	11.0832	10.1615	10.1841
17 South Korea/won	1,189.84	1,130.90	1,292.01	1,316.34	1,320.55	1,322.90	1,318.09	1,262.20	1,219.70
18 Sri Lanka/rupee	70.868	76.964	89.602	93.473	93.650	94.903	96.030	96.318	96.408
19 Sweden/krona	8.2740	9.1735	10.3425	10.4561	10.5501	10.3324	10.3070	10.0642	9.5376
20 Switzerland/franc	1.5045	1.6904	1.6891	1.6709	1.6970	1.6743	1.6542	1.5889	1.5399
21 Taiwan/dollar	32.322	31.260	33.824	35.027	35.073	35.020	34.917	34.454	33.889
21 Thailand/baht	37.887	40.210	44.532	44.036	43.854	43.415	43.442	42.817	42.160
23 United Kingdom/pound[2]	161.72	151.56	143.96	143.22	142.27	142.30	144.29	145.98	148.37
24 Venezuela/bolivar	606.82	680.52	724.10	762.40	898.51	922.66	871.38	985.80	1,212.07
	Indexes[4]								
NOMINAL									
25 Broad (January 1997=100)[5]	116.87	119.67	126.09	129.26	130.03	129.27	128.95	127.35	125.96
26 Major currencies (March 1973=100)[6]	94.07	98.32	104.32	108.10	108.82	107.76	107.03	104.09	101.42
27 Other important trading partners (January 1997=100)[7]	129.94	130.33	136.34	137.95	138.64	138.49	138.86	139.71	140.70
REAL									
28 Broad (March 1973=100)[5]	100.78[r]	104.32[r]	110.42[r]	112.52[r]	113.10[r]	112.79[r]	112.72[r]	111.20[r]	110.52
29 Major currencies (March 1973=100)[6]	97.06[r]	103.17	110.73[r]	114.67[r]	115.66[r]	114.60[r]	113.96[r]	110.64[r]	108.55
30 Other important trading partners (March 1973=100)[7]	114.25	114.53	119.20	119.13[r]	119.25[r]	119.85[r]	120.50[r]	121.19[r]	122.32

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	1,936.27	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 2002 *Bulletin*, revised index values resulting from the periodic revision of data that underlie the calculated trade weights are reported. For more information on the indexes of the 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.

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NOTE. The pro forma financial statements for Federal Reserve priced services were discontinued in the *Bulletin* after the January 2002 issue. Year-end figures for 2001 are available in the Board's *88th Annual Report, 2001* (http://www.federalreserve.gov/boarddocs/rptcongress).

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities

Consolidated Report of Condition, March 31, 2002

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]
			Total	Domestic	Total
1 **Total assets**	**6,393,830**	**5,683,534**	**4,216,131**	**3,505,836**	**2,177,699**
2 Cash and balances due from depository institutions	336,539	245,426	244,923	153,810	91,616
3 Cash items in process of collection, unposted debits, and currency and coin	n.a.	n.a.	105,697	103,404	n.a.
4 Cash items in process of collection and unposted debits	n.a.	n.a.	n.a.	83,835	n.a.
5 Currency and coin	n.a.	n.a.	n.a.	19,569	n.a.
6 Balances due from depository institutions in the United States	n.a.	n.a.	33,806	28,192	n.a.
7 Balances due from banks in foreign countries and foreign central banks	n.a.	n.a.	90,718	7,610	n.a.
8 Balances due from Federal Reserve Banks	n.a.	n.a.	14,701	14,605	n.a.
9 Total securities, held-to-maturity (amortized cost) and available-for-sale (fair value)	1,161,522	n.a.	644,171	n.a.	517,351
10 U.S. Treasury securities	49,193	n.a.	26,477	n.a.	22,716
11 U.S. government agency and corporation obligations (excludes mortgage-backed securities)	193,821	n.a.	71,205	n.a.	122,616
12 Issued by U.S. government agencies	5,492	n.a.	2,628	n.a.	2,864
13 Issued by U.S. government-sponsored agencies	188,329	n.a.	68,577	n.a.	119,752
14 Securities issued by states and political subdivisions in the United States	96,286	n.a.	32,492	n.a.	63,793
15 Mortgage-backed securities (MBS)	604,848	n.a.	389,343	n.a.	215,505
16 Pass-through securities	375,349	n.a.	258,328	n.a.	117,021
17 Guaranteed by GNMA	97,322	n.a.	61,082	n.a.	36,240
18 Issued by FNMA and FHLMC	262,820	n.a.	183,389	n.a.	79,431
19 Other pass-through securities	15,207	n.a.	13,857	n.a.	1,350
20 Other mortgage-backed securities (includes CMOs, REMICs, and stripped MBS)	229,499	n.a.	131,015	n.a.	98,484
21 Issued or guaranteed by FNMA, FHLMC or GNMA	163,170	n.a.	98,194	n.a.	64,976
22 Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA	7,317	n.a.	5,878	n.a.	1,439
23 All other mortgage-backed securities	59,011	n.a.	26,943	n.a.	32,069
24 Asset-backed securities	99,273	n.a.	42,821	n.a.	56,452
25 Credit card receivables	34,779	n.a.	12,976	n.a.	21,803
26 Home equity lines	30,041	n.a.	16,949	n.a.	13,092
27 Automobile loans	14,406	n.a.	4,229	n.a.	10,178
28 Other consumer loans	1,168	n.a.	637	n.a.	531
29 Commercial and industrial loans	6,436	n.a.	2,773	n.a.	3,663
30 Other	12,443	n.a.	5,258	n.a.	7,185
31 Other debt securities	96,531	n.a.	68,246	n.a.	28,286
32 Other domestic debt securities	36,774	n.a.	13,127	n.a.	23,647
33 Foreign debt securities	59,757	n.a.	55,119	n.a.	4,638
34 Investments in mutual funds and other equity securities with readily determinable fair value	21,570	n.a.	13,588	n.a.	7,982
35 Federal funds sold and securities purchased under agreements to resell	307,471	253,785	219,127	165,441	88,344
36. Federal funds sold in domestic offices	152,530	152,530	75,903	75,903	76,627
37 Securities purchased under agreements to resell	154,942	101,255	143,225	89,538	11,717
38 Total loans and leases (gross) and lease-financing receivables (net)	3,822,983	3,531,693	2,456,090	2,164,800	1,366,893
39 LESS: Unearned income on loans	3,814	2,873	2,694	1,753	1,120
40 LESS: Loans and leases held for sale	152,361	n.a.	121,844	n.a.	30,518
41 Total loans and leases (net of unearned income)	3,666,807	n.a.	2,331,552	n.a.	1,335,255
42 LESS: Allowance for loan and lease losses	72,645	n.a.	49,786	n.a.	22,858
43 Loans and leases, net of unearned income and allowance	3,594,162	n.a.	2,281,765	n.a.	1,312,397
Total loans and leases, gross, by category					
44 Loans secured by real estate	1,794,144	1,762,619	990,969	959,444	803,175
45 Construction and land development	n.a.	192,429	n.a.	95,922	96,508
46 Farmland	n.a.	35,978	n.a.	6,746	29,232
47 One- to four-family residential properties	n.a.	953,494	n.a.	591,143	362,350
48 Revolving, open-end loans, extended under lines of credit	n.a.	166,460	n.a.	116,477	49,983
Closed-end loans secured by one- to four-family residential properties					
49 Secured by first liens	n.a.	684,775	n.a.	414,385	270,390
50 Secured by junior liens	n.a.	102,258	n.a.	60,281	41,977
51 Multifamily (five or more) residential properties	n.a.	65,657	n.a.	33,940	31,717
52 Nonfarm nonresidential properties	n.a.	515,061	n.a.	231,692	283,368
53 Loans to depository institutions and acceptances of other banks	114,165	89,555	101,915	77,305	12,250
54 Commercial banks in the United States	n.a.	n.a.	71,412	62,119	n.a.
55 Other depository institutions in the United States	n.a.	n.a.	9,454	9,435	n.a.
56 Banks in foreign countries	n.a.	n.a.	21,049	5,751	n.a.
57 Loans to finance agricultural production and other loans to farmers	44,787	44,176	10,723	10,111	34,065
58 Commercial and industrial loans	959,426	815,271	711,610	567,455	247,816
59 U.S. addressees (domicile)	n.a.	n.a.	574,435	557,115	n.a.
60 Non-U.S. addressees (domicile)	n.a.	n.a.	137,175	10,340	n.a.
61 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	604,831	550,795	367,435	313,399	237,396
62 Credit cards	208,129	190,675	132,832	115,377	75,297
63 Other revolving credit plans	34,834	25,589	28,410	19,165	6,423
64 Other consumer loans (including single-payment, installment, and all student loans)	361,868	334,531	206,193	178,856	155,675
65 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	22,083	22,083	13,778	13,778	8,305
66 All other loans	118,065	89,170	107,103	78,208	10,962
67 Loans to foreign governments and official institutions	6,407	2,071	6,395	2,059	13
68 Other loans	111,657	87,099	100,709	76,150	10,949
69 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	14,805	n.a.
70 All other loans (excludes consumer loans)	n.a.	n.a.	n.a.	61,344	n.a.
71 Lease-financing receivables	165,481	158,025	152,556	145,100	12,925
72 Trading assets	313,960	n.a.	305,834	n.a.	8,126
73 Premises and fixed assets (including capitalized leases)	76,132	n.a.	44,666	n.a.	31,466
74 Other real estate owned	4,021	n.a.	1,761	n.a.	2,260
75 Investments in unconsolidated subsidiaries and associated companies	8,491	n.a.	7,525	n.a.	967
76 Customers' liability on acceptances outstanding	5,539	n.a.	5,329	n.a.	211
77 Net due form own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	28,539	n.a.
78 Intangible assets	128,285	n.a.	104,089	n.a.	24,195
79 Goodwill	80,133	n.a.	63,081	n.a.	17,052
80 Other intangible assets	48,151	n.a.	41,008	n.a.	7,143
81 All other assets	305,340	n.a.	235,097	n.a.	70,243

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities—Continued

Consolidated Report of Condition, March 31, 2002

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]
			Total	Domestic	Total
82 **Total liabilities, minority interest, and equity capital**	**6,393,830**	n.a.	**4,216,131**	n.a.	**2,177,699**
83 **Total liabilities**	**5,792,878**	**5,082,794**	**3,828,170**	**3,118,087**	**1,964,707**
84 Total deposits	4,316,411	3,713,128	2,688,501	2,085,219	1,627,910
85 Individuals, partnerships, and corporations (include all certified and official checks)	3,906,462	3,453,134	2,401,268	1,947,940	1,505,195
86 U.S. government	n.a.	16,342	n.a.	14,972	1,370
87 States and political subdivisions in the United States	n.a.	186,565	n.a.	85,642	100,923
88 Commercial banks and other depository institutions in the United States	96,664	47,370	76,946	27,652	19,717
89 Banks in foreign countries	83,531	8,862	82,893	8,224	638
90 Foreign governments and official institutions (including foreign central banks)	26,435	855	26,369	788	66
91 Total transaction accounts	n.a.	641,653	n.a.	333,429	308,224
92 Individuals, partnerships, and corporations (include all certified and official checks)	n.a.	548,560	n.a.	279,426	269,134
93 U.S. government	n.a.	1,106	n.a.	602	505
94 States and political subdivisions in the United States	n.a.	52,383	n.a.	23,651	28,732
95 Commercial banks and other depository institutions in the United States	n.a.	31,967	n.a.	22,511	9,456
96 Banks in foreign countries	n.a.	7,180	n.a.	6,796	384
97 Foreign governments and official institutions (including foreign central banks)	n.a.	456	n.a.	443	13
98 Total demand deposits	n.a.	490,545	n.a.	294,648	195,897
99 Total nontransaction accounts	n.a.	3,071,475	n.a.	1,751,790	1,319,686
100 Individuals, partnerships, and corporations (include all certified and official checks)	n.a.	2,904,574	n.a.	1,668,513	1,236,061
101 U.S. government	n.a.	15,236	n.a.	14,370	866
102 States and political subdivisions in the United States	n.a.	134,182	n.a.	61,991	72,191
103 Commercial banks and other depository institutions in the United States	n.a.	15,403	n.a.	5,141	10,262
104 Banks in foreign countries	n.a.	1,682	n.a.	1,428	254
105 Foreign governments and official institutions (including foreign central banks)	n.a.	399	n.a.	346	53
106 Federal funds purchased and securities sold under agreements to repurchase	505,582	459,990	397,986	352,394	107,596
107 Federal funds purchased in domestic offices	209,985	209,985	152,510	152,510	57,475
108 Securities sold under agreements to repurchase	295,597	250,005	245,475	199,883	50,121
109 Trading liabilities	177,693	n.a.	176,980	n.a.	712
110 Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	496,934	460,096	315,597	278,759	181,337
111 Banks' liability on acceptances executed and outstanding	5,549	3,511	5,338	3,300	211
112 Subordinated notes and debentures to deposits	92,330	n.a.	83,324	n.a.	9,007
113 Net due to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	120,095	n.a.
114 All other liabilities	198,380	n.a.	160,444	n.a.	37,936
115 Minority interest in consolidated subsidiaries	10,870	n.a.	9,476	n.a.	1,394
116 **Total equity capital**	**590,082**	n.a.	**378,484**	n.a.	**211,597**
MEMO					
117 Trading assets at large banks[2]	313,845	160,748	305,741	152,643	8,105
118 U.S Treasury securities (domestic offices)	n.a.	20,951	n.a.	20,780	171
119 U.S. government agency obligations (excluding MBS)	n.a.	10,469	n.a.	9,823	646
120 Securities issued by states and political subdivisions in the United States	n.a.	1,223	n.a.	931	291
121 Mortgage-backed securities	n.a.	9,393	n.a.	5,724	3,668
122 Other debt securities	n.a.	32,776	n.a.	31,661	1,115
123 Other trading assets	n.a.	23,182	n.a.	21,355	1,827
124 Trading assets in foreign offices	90,499	0	90,499	0	0
125 Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts	125,353	62,754	124,968	62,369	385
126 Total individual retirement (IRA) and Keogh plan accounts	n.a.	160,026	n.a.	72,919	87,107
127 Total brokered deposits	n.a.	228,462	n.a.	96,741	131,721
128 Fully insured brokered deposits	n.a.	162,855	n.a.	63,006	99,849
129 Issued in denominations of less than $100,000	n.a.	87,035	n.a.	28,455	58,581
130 Issued in denominations of $100,000, or in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	n.a.	75,820	n.a.	34,551	41,269
131 Money market deposit accounts (MMDAs)	n.a.	1,300,148	n.a.	845,160	454,988
132 Other savings deposits (excluding MMDAs)	n.a.	511,469	n.a.	301,194	210,275
133 Total time deposits of less than $100,000	n.a.	720,259	n.a.	313,230	407,029
134 Total time deposits of $100,000 or more	n.a.	539,599	n.a.	292,206	247,393
135 Number of banks	7,982	7,982	131	n.a.	7,851

NOTE The notation "n.a." indicates the lesser detail available from banks that do not 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 US.-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 6–10, 2002

A. Commercial and industrial loans made by all commercial banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
Loan Risk[5]									
1 All commercial and industrial loans	3.60	72,959	474	383	33.3	9.5	36.6	77.1	Foreign
2 Minimal risk	2.61	1,864	435	203	26.2	14.7	55.3	84.8	Foreign
3 Low risk	2.86	16,294	1,304	296	28.0	9.6	36.3	81.4	Fed funds
4 Moderate risk	3.84	23,534	451	676	34.9	11.4	36.1	86.5	Foreign
5 Other	4.00	23,197	393	234	37.4	7.2	33.8	76.1	Foreign
By maturity/repricing interval[6]									
6 Zero interval	4.55	12,812	238	525	53.0	15.8	11.5	78.6	Prime
7 Minimal risk	3.73	241	162	478	61.6	28.9	12.5	73.8	Prime
8 Low risk	3.34	3,977	742	302	22.3	6.8	17.7	62.6	Fed funds
9 Moderate risk	5.08	3,856	192	865	66.0	20.5	11.7	87.6	Prime
10 Other	5.51	3,874	158	532	64.2	21.9	7.3	82.6	Prime
11 Daily	3.12	30,489	636	178	28.5	7.3	43.4	70.8	Fed funds
12 Minimal risk	2.17	865	1,834	13	8.9	1.6	93.5	98.8	Foreign
13 Low risk	2.34	6,558	3,738	195	32.5	11.2	56.1	89.0	Fed funds
14 Moderate risk	3.47	6,902	524	359	32.0	12.8	32.4	85.6	Fed funds
15 Other	3.40	11,324	611	99	29.7	3.1	32.6	67.7	Fed funds
16 2 to 30 days	3.46	10,444	660	318	24.2	16.4	32.9	77.9	Foreign
17 Minimal risk	2.43	475	864	35	13.6	35.9	7.5	64.8	Domestic
18 Low risk	2.74	1,406	1,027	257	12.8	23.9	25.3	88.5	Fed funds
19 Moderate risk	3.55	4,187	1,001	542	24.1	17.1	29.4	78.9	Foreign
20 Other	4.03	3,104	397	185	37.4	8.5	45.0	86.2	Foreign
21 31 to 365 days	3.44	16,523	701	429	25.3	3.6	49.9	87.8	Foreign
22 Minimal risk	3.05	237	190	785	70.6	7.9	64.9	91.6	Foreign
23 Low risk	2.88	3,810	1,363	312	24.2	4.2	30.3	84.0	Foreign
24 Moderate risk	3.36	7,417	777	635	20.8	2.1	57.7	93.7	Foreign
25 Other	3.88	4,202	895	196	27.1	1.3	58.4	86.0	Foreign
				Months					
26 More than 365 days	6.01	2,422	218	70	76.0	6.2	13.9	70.4	Prime
27 Minimal risk	4.58	45	90	41	66.5	3.1	3.9	49.9	Other
28 Low risk	5.92	536	458	48	80.4	10.2	3.1	91.2	Prime
28 Moderate risk	6.24	1,047	241	92	79.6	3.3	28.9	66.2	Prime
30 Other	5.81	567	189	56	74.0	6.6	1.6	67.2	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
Size of Loan (thousands of dollars)									
31 1–99	5.88	2,835	3.4	145	80.6	26.3	3.2	83.5	Prime
32 100–999	5.09	9,753	3.4	132	67.8	17.9	7.5	88.6	Prime
33 1,000–9,999	3.76	21,555	3.2	91	33.2	9.6	35.6	80.1	Foreign
34 10,000 or more	2.96	38,815	3.0	32	21.1	6.1	47.0	72.1	Foreign
									Average size (thousands of dollars)
Base Rate of Loan[4]									
35 Prime[7]	5.33	17,589	3.4	98	65.5	21.3	4.8	84.1	162
36 Fed funds	2.50	15,820	3.1	10	18.9	2.2	35.9	71.9	5,792
37 Other domestic	2.73	7,959	2.4	10	4.4	21.4	68.0	43.1	3,120
38 Foreign	3.15	20,370	3.1	36	19.8	2.4	66.5	93.1	2,256
39 Other	3.84	11,221	3.3	198	47.8	5.7	11.0	68.6	362

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 6–10, 2002—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)				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	4.07	41,956	284	628	47.9	14.2	17.9	80.0	Prime
2 Minimal risk	3.07	851	202	452	46.9	32.3	18.4	66.7	Domestic
3 Low risk	2.89	11,287	964	343	36.3	12.7	34.0	75.1	Fed funds
4 Moderate risk	4.31	15,794	313	973	47.0	13.5	17.2	82.7	Prime
5 Other	5.10	10,029	179	518	65.3	14.1	7.6	87.3	Prime
By maturity/repricing interval[6]									
6 Zero interval	4.66	10,723	203	519	52.5	17.5	13.0	74.7	Prime
7 Minimal risk	3.73	241	162	478	61.9	29.0	12.6	73.7	Prime
8 Low risk	2.97	2,841	548	126	15.8	4.8	24.7	47.7	Fed funds
9 Moderate risk	5.11	3,687	187	866	67.6	21.3	11.2	87.2	Prime
10 Other	5.51	3,679	153	512	65.4	22.7	6.9	82.2	Prime
11 Daily	3.60	15,128	326	368	48.7	14.7	25.9	84.2	Prime
12 Minimal risk	3.37	54	120	204	42.3	26.1	1.2	80.2	Domestic
13 Low risk	2.38	4,680	3,046	272	45.5	15.7	57.3	89.0	Fed funds
14 Moderate risk	3.80	5,189	404	483	42.6	17.0	20.8	84.3	Prime
15 Other	4.99	3,176	178	376	67.6	11.0	4.3	89.1	Prime
16 2 to 30 days	3.56	5,434	376	581	33.8	18.4	8.6	74.0	Other
17 Minimal risk	2.24	324	624	47	8.9	52.6	*	48.4	Domestic
18 Low risk	3.08	838	661	474	21.5	40.1	24.3	82.0	Other
19 Moderate risk	3.62	2,246	592	885	35.1	7.8	6.7	65.6	Prime
20 Other	4.52	1,242	174	415	58.5	8.1	9.0	96.9	Foreign
21 31 to 365 days	3.90	8,056	377	799	40.8	7.3	17.5	85.8	Foreign
22 Minimal risk	3.19	187	152	977	89.7	10.1	66.3	89.3	Foreign
23 Low risk	3.05	2,385	950	447	37.8	6.7	9.9	74.5	Foreign
24 Moderate risk	4.07	3,500	395	1,279	28.7	4.5	21.8	90.8	Foreign
25 Other	4.49	1,313	367	426	61.1	4.2	19.1	96.7	Other
				Months					
26 More than 365 days	6.01	2,422	218	70	76.1	6.2	13.9	70.4	Prime
27 Minimal risk	4.58	45	90	41	66.5	3.1	3.9	49.9	Other
28 Low risk	5.92	535	462	48	80.4	10.1	3.1	91.2	Prime
28 Moderate risk	6.24	1,047	241	92	79.6	3.3	28.9	66.2	Prime
30 Other	5.81	567	189	56	74.0	6.6	1.6	67.2	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	5.89	2,798	3.4	146	81.2	26.5	3.0	83.5	Prime
32 100–999	5.20	8,814	3.4	143	72.4	19.1	3.4	88.5	Prime
33 1,000–9,999	4.22	12,579	3.1	143	47.8	14.1	17.2	87.8	Prime
34 10,000 or more	3.11	17,765	2.6	53	30.7	10.0	28.0	69.7	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	5.33	16,114	3.4	106	67.8	18.2	4.8	82.8	150
36 Fed funds	2.34	5,611	2.4	16	46.0	6.2	30.3	65.8	6,110
37 Other domestic	2.69	4,548	2.4	12	6.4	37.4	44.1	73.1	2,199
38 Foreign	3.49	6,640	2.9	50	38.3	5.3	28.3	90.5	981
39 Other	4.01	9,043	3.0	245	41.8	7.1	12.9	79.7	295

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 6–10, 2002—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)				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	3.69	34,284	459	544	41.2	12.4	20.6	79.3	Prime
2 Minimal risk	2.47	532	843	386	49.4	39.9	25.1	61.2	Domestic
3 Low risk	2.52	10,067	3,512	272	30.9	12.0	37.9	74.7	Fed funds
4 Moderate risk	3.88	12,643	554	849	36.8	11.8	18.9	81.8	Prime
5 Other	4.95	8,105	242	473	63.5	11.4	8.7	87.7	Prime
By maturity/repricing interval[6]									
6 Zero interval	4.29	7,541	385	417	42.6	12.7	16.4	70.0	Prime
7 Minimal risk	3.07	130	553	198	73.1	22.7	7.2	78.9	Fed funds
8 Low risk	2.61	2,494	4,174	79	7.1	2.4	27.8	43.6	Fed funds
9 Moderate risk	4.86	2,302	280	672	54.6	17.9	14.7	86.5	Prime
10 Other	5.46	2,608	250	570	64.5	17.4	7.5	80.2	Prime
11 Daily	3.44	14,002	347	361	45.2	14.9	27.9	83.5	Prime
12 Minimal risk	3.09	48	199	210	36.0	25.1	1.1	79.2	Domestic
13 Low risk	2.32	4,584	5,272	256	44.6	15.3	58.5	89.2	Fed funds
14 Moderate risk	3.52	4,567	420	497	36.0	17.8	23.7	82.6	Prime
15 Other	4.98	2,852	183	379	64.5	11.2	4.8	89.0	Prime
16 2 to 30 days	3.46	4,719	553	597	30.7	18.4	9.9	71.6	Other
17 Minimal risk	2.00	199	3,412	26	6.3	85.1	*	17.1	Domestic
18 Low risk	2.94	767	1,088	430	17.9	39.8	26.5	83.7	Other
19 Moderate risk	3.54	2,063	1,089	920	32.0	6.8	7.3	63.7	Prime
20 Other	4.38	1,038	225	327	55.0	7.2	10.7	96.4	Foreign
21 31 to 365 days	3.45	6,625	2,147	868	34.0	3.1	20.5	88.0	Foreign
22 Minimal risk	2.27	134	2,234	1,097	98.6	.5	92.1	98.2	Foreign
23 Low risk	2.69	2,107	4,654	455	33.5	6.0	11.1	75.5	Foreign
24 Moderate risk	3.66	3,033	3,672	1,340	21.2	1.3	24.8	92.0	Foreign
25 Other	4.35	1,190	805	440	62.2	3.3	20.9	97.5	Foreign
				Months					
26 More than 365 days	4.84	1,229	639	42	62.8	1.2	6.2	68.0	Other
27 Minimal risk	*	*	*	*	*	*	*	*	*
28 Low risk	2.81	107	547	33	34.5	4.7	2.9	99.7	Other
28 Moderate risk	5.25	574	1,206	43	66.1	1.2	10.6	64.6	Other
30 Other	4.71	367	401	35	75.0	.8	2.1	72.6	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	5.25	1,425	3.7	46	79.7	24.8	1.7	90.1	Prime
32 100–999	4.80	5,709	3.6	49	69.5	15.7	3.2	93.4	Prime
33 1,000–9,999	3.88	9,729	3.2	88	39.2	13.0	19.2	87.6	Prime
34 10,000 or more	3.09	17,421	2.6	53	30.0	9.9	28.6	69.1	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	5.10	11,265	3.5	49	61.5	14.1	3.5	80.9	188
36 Fed funds	2.30	5,472	2.3	4	45.2	5.4	31.1	66.0	9,348
37 Other domestic	2.64	4,464	2.4	7	5.7	37.8	45.0	72.9	4,455
38 Foreign	3.49	6,063	3.0	47	39.4	4.6	30.8	90.6	1,049
39 Other	3.33	7,020	3.1	177	29.8	5.6	15.4	81.5	938

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 6–10, 2002—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): 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	5.77	7,672	105	1,003	77.9	22.6	6.2	83.3	Prime
2 Minimal risk	4.07	319	89	572	42.8	19.7	7.2	75.7	Other
3 Low risk	5.93	1,220	138	948	81.3	18.6	2.1	78.4	Prime
4 Moderate risk	6.01	3,150	114	1,486	87.9	20.5	10.4	86.2	Prime
5 Other	5.73	1,924	85	700	72.7	25.4	3.2	85.9	Prime
By maturity/repricing interval[6]									
6 Zero interval	5.52	3,182	96	762	76.1	29.1	5.0	85.7	Prime
7 Minimal risk	4.51	110	88	950	48.6	36.5	18.8	67.7	Prime
8 Low risk	5.50	347	76	527	78.9	22.3	2.7	77.3	Prime
9 Moderate risk	5.52	1,386	121	1,200	89.1	27.0	5.2	88.3	Prime
10 Other	5.61	1,071	79	388	67.7	35.7	5.3	87.1	Prime
11 Daily	5.61	1,126	187	454	92.2	12.4	.0	92.4	Prime
12 Minimal risk	5.89	5	26	160	100.0	34.7	1.6	89.0	Prime
13 Low risk	5.39	96	144	1,098	87.4	35.2	*	76.8	Prime
14 Moderate risk	5.91	621	319	385	91.7	11.6	*	97.6	Other
15 Other	5.07	324	140	352	95.2	9.7	*	89.6	Prime
16 2 to 30 days	4.23	715	121	482	54.3	18.0	.1	89.8	Prime
17 Minimal risk	2.61	125	271	81	13.1	.9	*	98.2	Other
18 Low risk	4.61	71	126	828	60.5	44.0	.4	63.1	Prime
19 Moderate risk	4.54	183	96	430	70.3	18.4	0	87.2	Prime
20 Other	5.22	203	80	835	76.0	12.9	.3	99.4	Prime
21 31 to 365 days	5.98	1,430	78	464	72.2	26.8	3.7	76.0	Other
22 Minimal risk	5.56	53	45	674	67.1	34.5	.4	66.5	Other
23 Low risk	5.81	278	135	389	71.0	12.7	.9	67.5	Other
24 Moderate risk	6.75	467	58	835	77.7	25.2	2.8	82.8	Other
25 Other	5.89	123	58	282	51.3	12.6	1.6	89.1	Other
				Months					
26 More than 365 days	7.21	1,193	130	99	89.7	11.2	21.8	72.9	Prime
27 Minimal risk	5.83	26	53	54	100.0	5.3	6.8	17.6	Prime
28 Low risk	6.70	428	444	52	91.9	11.5	3.2	89.1	Prime
28 Moderate risk	7.46	473	122	151	96.0	5.9	51.1	68.0	Prime
30 Other	7.83	200	96	94	72.2	17.3	.7	57.5	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	6.56	1,373	3.2	249	82.8	28.3	4.4	76.6	Prime
32 100–999	5.94	3,105	3.1	313	77.6	25.4	3.9	79.5	Prime
33 1,000–9,999	5.41	2,850	2.9	327	77.1	17.9	10.2	88.6	Prime
34 10,000 or more	*	*	*	*	*	*	*	*	*
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	5.85	4,849	3.2	238	82.3	27.8	8.0	87.3	102
36 Fed funds	4.28	139	3.0	475	75.8	39.1	*	61.5	416
37 Other domestic	5.19	85	3.4	254	45.3	16.9	3	83.7	79
38 Foreign	3.41	577	2.5	75	27.0	12.3	1.2	89.1	582
39 Other	6.35	2,023	2.8	478	83.4	12.1	3.9	73.4	87

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 6–10, 2002—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	2.96	31,003	4,948	62	13.4	3.0	62.0	73.2	Foreign
2 Minimal risk	2.23	1,013	12,596	7	8.8	*	86.2	100.0	Foreign
3 Low risk	2.80	5,007	6,344	192	9.1	2.6	41.4	95.6	Fed funds
4 Moderate risk	2.89	7,740	4,245	54	10.5	7.1	74.8	94.3	Foreign
5 Other	3.15	13,168	4,412	35	16.2	1.9	53.7	67.6	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	4.02	2,088	1,760	557	55.6	7.2	3.6	98.8	Foreign
7 Minimal risk	*	*	*	*	*	*	*	*	*
8 Low risk	4.27	1,136	6,457	741	38.6	11.6	.2	99.9	Foreign
9 Moderate risk	4.39	168	424	840	31.0	3.7	24.4	96.3	Prime
10 Other	5.49	195	370	960	42.1	6.4	15.8	90.4	Prime
11 Daily	2.65	15,361	10,174	2	8.6	*	60.7	57.6	Fed funds
12 Minimal risk	*	*	*	*	*	*	*	*	*
13 Low risk	2.25	1,878	8,620	3	*	*	53.2	89.1	Fed funds
14 Moderate risk	2.48	1,714	4,989	5	*	*	67.5	89.3	Fed funds
15 Other	2.79	8,149	12,311	2	14.9	*	43.6	59.3	Fed funds
16 2 to 30 days	3.34	5,010	3,696	21	13.8	14.3	59.3	82.1	Foreign
17 Minimal risk	*	*	*	*	*	*	*	*	*
18 Low risk	2.23	568	5,648	14	*	*	26.7	98.2	Fed funds
19 Moderate risk	3.46	1,941	4,993	20	11.4	28.0	55.6	94.3	Foreign
20 Other	3.70	1,863	2,800	27	23.3	8.8	69.1	79.1	Foreign
21 31 to 365 days	3.00	8,467	3,869	77	10.6	.0	80.8	89.7	Foreign
22 Minimal risk	*	*	*	*	*	*	*	*	*
23 Low risk	2.59	1,425	5,003	78	1.3	*	64.4	99.8	Foreign
24 Moderate risk	2.72	3,917	5,646	67	13.7	*	89.7	96.4	Foreign
25 Other	3.60	2,890	2,581	91	11.6	.0	76.3	81.1	Foreign
				Months					
26 More than 365 days	*	*	*	*	*	*	*	*	*
27 Minimal risk	*	*	*	*	*	*	*	*	*
28 Low risk	*	*	*	*	*	*	*	*	*
28 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	4.62	37	3.8	41	32.0	10.6	17.9	83.9	Prime
32 100–999	4.00	939	3.6	26	24.8	6.0	46.1	89.3	Foreign
33 1,000–9,999	3.12	8,976	3.4	18	12.8	3.3	61.5	69.2	Fed funds
34 10,000 or more	2.84	21,050	3.4	15	13.1	2.8	63.0	74.2	Foreign
									Average size (thousands of dollars)
Base Rate of Loan[4]									
35 Prime[7]	5.32	1,474	3.2	7	40.9	54.8	4.6	98.1	1,056
36 Fed funds	2.59	10,210	3.6	6	4.0	*	39.0	75.3	5,631
37 Other domestic	2.80	3,411	2.1	7	1.8	.0	99.9	3.2	7,068
38 Foreign	2.98	13,730	3.2	29	10.8	1.0	85.1	94 4	6,083
39 Other	3.14	2,178	4.6	5	72.9	*	3.6	22.5	6,876

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 March 31, 2001, assets of the large banks were at least $4 billion Median total assets for all insured banks were roughly $80 million. Assets at all U.S. branches and agencies averaged $2.7 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 0.10 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 rating 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 matuirty/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 4.84 percent for all banks, 4.75 percent for large domestic banks, 5.09 percent for small domestic banks, and 4.75 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, 2002[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]	**1,033,407**	**140,724**	**854,345**	**112,140**	**19,524**	**5,358**	**38,134**	**3,307**
2 Claims on nonrelated parties	744,755	62,559	629,813	53,686	18,498	1,769	37,167	999
3 Cash and balances due from depository institutions	72,177	26,787	62,242	24,277	1,155	646	1,486	953
4 Cash items in process of collection and unposted debits	2,488	0	2,152	0	7	0	21	0
5 Currency and coin (U.S. and foreign)	12	n.a.	9	n.a.	1	n.a	0	n.a.
6 Balances with depository institutions in United States	49,999	13,744	44,268	12,450	881	412	992	528
7 U.S. branches and agencies of other foreign banks (including their IBFs)	44,946	12,949	39,827	11,719	658	361	914	528
8 Other depository institutions in United States (including their IBFs)	5,053	795	4,441	731	223	51	78	0
9 Balances with banks in foreign countries and with foreign central banks	19,239	13,043	15,495	11,827	236	234	464	425
10 Foreign branches of U.S. banks	275	202	254	182	20	20	0	0
11 Banks in home country and home-country central banks	7,364	3,904	4,902	3,904	0	0	0	0
12 All other banks in foreign countries and foreign central banks	11,600	8,936	10,339	7,740	216	214	464	425
13 Balances with Federal Reserve Banks	439	n.a.	318	n.a.	30	n.a.	9	n.a.
14 **Total securities and loans**	**449,537**	**29,317**	**366,155**	**23,073**	**16,920**	**1,097**	**26,805**	**43**
15 Total securities, book value	120,512	4,400	104,047	3,960	1,391	399	3,640	13
16 U.S. Treasury	14,295	n.a.	13,058	n.a.	66	n.a.	296	n.a.
17 Obligations of U.S. government agencies and corporations	25,507	n.a.	22,717	n.a.	33	n.a.	1,342	n.a.
18 Other bonds, notes, debentures, and corporate stock (including state and local securities)	80,710	4,400	68,273	3,960	1,292	399	2,002	13
19 Securities of foreign governmental units	10,485	2,680	10,222	2,571	200	86	13	13
20 Mortgage-backed securities	21,794	0	18,430	0	178	0	0	0
21 Other asset-backed securities	15,740	18	10,293	18	6	0	0	0
22 All other	32,691	1,701	29,327	1,372	908	313	1,989	0
23 Federal funds sold and securities purchased under agreements to resell	87,559	4,987	84,848	4,944	106	17	1,202	0
24 Depository institutions in the United States	21,749	3,552	20,066	3,509	106	17	250	0
25 Other	65,810	1,434	64,782	1,434	0	0	952	0
26 Total loans, gross	329,378	24,939	262,389	19,130	15,562	699	23,173	30
27 LESS: Unearned income on loans	353	22	281	17	32	1	8	0
28 EQUALS: Loans, net	329,025	24,917	262,108	19,113	15,529	698	23,165	30
Total loans, gross, by category								
29 Real estate loans	18,403	59	14,576	59	2,672	0	126	0
30 Loans to depository institutions and acceptances of other banks	76,624	11,543	61,647	7,711	2,389	530	4,995	29
31 Commercial banks in United States (including their IBFs)	4,661	1,824	3,479	1,294	752	305	16	0
32 U.S. branches and agencies of other foreign banks	3,698	1,820	2,545	1,290	746	305	1	0
33 Other commercial banks in United States	962	4	934	4	5	0	15	0
34 Other depository institutions in United States (including their IBFs)	14	0	0	0	0	0	0	0
35 Banks in foreign countries	15,012	9,006	9,974	5,791	281	225	679	29
36 Foreign branches of U.S. banks	348	207	303	163	1	0	0	0
37 Other banks in foreign countries	14,664	8,799	9,671	5,628	280	225	679	29
38 Loans to other financial institutions	56,938	713	48,194	626	1,356	0	4,300	0
39 Commercial and industrial loans	209,614	11,452	164,193	9,737	9,844	147	17,170	0
40 U.S. addressees (domicile)	170,932	24	133,688	23	9,251	0	14,760	0
41 Non-U.S. addressees (domicile)	38,683	11,428	30,505	9,714	594	147	2,410	0
42 Loans to foreign governments and official institutions (including foreign central banks)	3,888	1,798	2,898	1,558	341	22	195	0
43 Loans for purchasing or carrying securities (secured and unsecured)	13,482	0	12,981	0	0	0	170	0
44 All other loans	6,815	87	5,890	65	315	0	173	0
45 Lease financing receivables (net of unearned income)	550	0	205	0	0	0	345	0
46 U.S. addressees (domicile)	496	0	205	0	0	0	292	0
47 Non-U.S. addressees (domicile)	54	0	0	0	0	0	54	0
48 Trading assets	105,426	808	92,011	808	80	0	6,154	0
49 All other assets	30,056	660	24,557	584	237	9	1,520	3
50 Customers' liabilities on acceptances outstanding	903	n.a	564	n.a.	89	n.a.	218	n.a.
51 U.S. addressees (domicile)	379	n.a	281	n.a	83	n.a.	15	n.a.
52 Non-U.S. addressees (domicile)	524	n.a.	283	n.a.	6	n.a.	204	n.a.
53 Other assets including other claims on nonrelated parties	29,152	660	23,993	584	148	9	1,301	3
54 Net due from related depository institutions[5]	288,652	78,166	224,532	58,454	1,026	3,589	967	2,308
55 Net due from head office and other related depository institutions[5]	288,652	n.a.	224,532	n.a	1,026	n.a	967	n.a.
56 Net due from establishing entity, head office, and other related depository institutions[5]	n.a.	78,166	n.a.	58,454	n.a.	3,589	n.a.	2,308
57 **Total liabilities**[4]	**1,033,407**	**140,724**	**854,345**	**112,140**	**19,524**	**5,358**	**38,134**	**3,307**
58 Liabilities to nonrelated parties	872,962	124,729	724,623	97,920	9,918	5,252	33,383	3,270

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 2002[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
59 Total deposits and credit balances	500,420	92,124	406,113	74,030	3,437	1,568	17,443	2,834
60 Individuals, partnerships, and corporations (including certified and official checks)	396,282	9,182	311,019	4,350	2,971	124	16,508	4
61 U.S. addressees (domicile)	379,447	262	300,097	201	1,313	0	16,412	0
62 Non-U.S. addressees (domicile)	16,835	8,920	10,922	4,149	1,658	124	96	4
63 Commercial banks in United States (including their IBFs)	67,834	12,951	60,598	12,232	446	25	935	55
64 U.S. branches and agencies of other foreign banks	19,057	11,959	17,510	11,595	0	25	13	55
65 Other commercial banks in United States	48,777	992	43,088	637	446	0	922	0
66 Banks in foreign countries	9,930	43,375	9,370	36,584	12	647	0	1,184
67 Foreign branches of U.S. banks	1,354	2,680	1,354	1,994	0	20	0	56
68 Other banks in foreign countries	8,576	40,695	8,016	34,590	12	627	0	1,128
69 Foreign governments and official institutions (including foreign central banks)	7,077	26,616	6,748	20,864	8	773	0	1,591
70 All other deposits and credit balances	19,296	0	18,378	0	0	0	0	0
71 Transaction accounts and credit balances (excluding IBFs)	8,842	n.a.	6,673	n.a.	311	n.a.	190	n.a.
72 Individuals, partnerships, and corporations (including certified and official checks)	7,421	n.a.	5,449	n.a.	297	n.a.	190	n.a.
73 U.S. addressees (domicile)	5,001	n.a.	4,103	n.a.	134	n.a.	184	n.a.
74 Non-U.S. addressees (domicile)	2,420	n.a.	1,346	n.a.	163	n.a.	6	n.a.
75 Commercial banks in United States (including their IBFs)	168	n.a.	165	n.a.	0	n.a.	0	n.a.
76 U.S. branches and agencies of other foreign banks	4	n.a.	4	n.a.	0	n.a.	0	n.a.
77 Other commercial banks in United States	164	n.a.	162	n.a.	0	n.a.	0	n.a.
78 Banks in foreign countries	891	n.a.	745	n.a.	12	n.a.	0	n.a.
79 Foreign branches of U.S. banks	25	n.a.	25	n.a.	0	n.a.	0	n.a.
80 Other banks in foreign countries	866	n.a.	720	n.a.	12	n.a.	0	n.a.
81 Foreign governments and official institutions (including foreign central banks)	242	n.a.	208	n.a.	2	n.a.	0	n.a.
82 All other deposits and credit balances	119	n.a.	106	n.a.	0	n.a.	0	n.a.
83 Nontransaction accounts (including MMDAs, excluding IBFs)	491,578	n.a.	399,440	n.a.	3,127	n.a.	17,253	n.a.
84 Individuals, partnerships, and corporations (including certified and official checks)	388,861	n.a.	305,570	n.a.	2,674	n.a.	16,318	n.a.
85 U.S. addressees (domicile)	374,446	n.a.	295,994	n.a.	1,179	n.a.	16,228	n.a.
86 Non-U.S. addressees (domicile)	14,415	n.a.	9,576	n.a.	1,496	n.a.	90	n.a.
87 Commercial banks in United States (including their IBFs)	67,666	n.a.	60,433	n.a.	446	n.a.	935	n.a.
88 U.S. branches and agencies of other foreign banks	19,053	n.a.	17,507	n.a.	0	n.a.	13	n.a.
89 Other commercial banks in United States	48,613	n.a.	42,926	n.a.	446	n.a.	922	n.a.
90 Banks in foreign countries	9,039	n.a.	8,625	n.a.	0	n.a.	0	n.a.
91 Foreign branches of U.S. banks	1,329	n.a.	1,329	n.a.	0	n.a.	0	n.a.
92 Other banks in foreign countries	7,711	n.a.	7,296	n.a.	0	n.a.	0	n.a.
93 Foreign governments and official institutions (including foreign central banks)	6,835	n.a.	6,540	n.a.	6	n.a.	0	n.a.
94 All other deposits and credit balances	19,177	n.a.	18,272	n.a.	0	n.a.	0	n.a.
95 IBF deposit liabilities	n.a.	92,124	n.a.	74,030	n.a.	1,568	n.a.	2,834
96 Individuals, partnerships, and corporations (including certified and official checks)	n.a.	9,182	n.a.	4,350	n.a.	124	n.a.	4
97 U.S. addressees (domicile)	n.a.	262	n.a.	201	n.a.	0	n.a.	0
98 Non-U.S. addressees (domicile)	n.a.	8,920	n.a.	4,149	n.a.	124	n.a.	4
99 Commercial banks in United States (including their IBFs)	n.a.	12,951	n.a.	12,232	n.a.	25	n.a.	55
100 U.S. branches and agencies of other foreign banks	n.a.	11,959	n.a.	11,595	n.a.	25	n.a.	55
101 Other commercial banks in United States	n.a.	992	n.a.	637	n.a.	0	n.a.	0
102 Banks in foreign countries	n.a.	43,375	n.a.	36,584	n.a.	647	n.a.	1,184
103 Foreign branches of U.S. banks	n.a.	2,680	n.a.	1,994	n.a.	20	n.a.	56
104 Other banks in foreign countries	n.a.	40,695	n.a.	34,590	n.a.	627	n.a.	1,128
105 Foreign governments and official institutions (including foreign central banks)	n.a.	26,616	n.a.	20,864	n.a.	773	n.a.	1,591
106 All other deposits and credit balances	n.a.	0	n.a.	0	n.a.	0	n.a.	0

Footnotes appear at end of table

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 2002[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
107 Federal funds purchased and securities sold under agreements to repurchase	132,805	15,406	118,108	10,482	984	303	2,679	252
108 Depository institutions in the United States	24,256	3,002	19,649	2,781	679	211	787	10
109 Other	108,548	12,404	98,459	7,702	306	92	1,892	242
110 Other borrowed money	77,942	16,098	66,341	12,371	3,727	3,365	4,505	180
111 Owed to nonrelated commercial banks in United States (including their IBFs)	11,751	3,228	10,413	2,760	638	398	254	18
112 Owed to U.S. offices of nonrelated U.S. banks	6,149	666	5,744	597	277	68	95	0
113 Owed to U.S. branches and agencies of nonrelated foreign banks	5,602	2,562	4,669	2,163	361	331	160	18
114 Owed to nonrelated banks in foreign countries	12,778	10,105	10,147	7,596	2,239	2,217	163	163
115 Owed to foreign branches of nonrelated U.S. banks	1,036	858	875	739	139	119	0	0
116 Owed to foreign offices of nonrelated foreign banks	11,742	9,247	9,272	6,857	2,100	2,098	163	163
117 Owed to others	53,413	2,765	45,781	2,016	850	750	4,088	0
118 All other liabilities	69,671	1,102	60,031	1,037	201	16	5,922	3
119 Branch or agency liability on acceptances executed and outstanding	906	n.a.	548	n.a.	89	n.a.	229	n.a.
120 Trading liabilities	44,034	76	38,281	75	12	0	4,280	1
121 Other liabilities to nonrelated parties	24,730	1,026	21,202	963	100	16	1,412	2
122 Net due to related depository institutions[5]	160,445	15,995	129,722	14,220	9,606	106	4,751	37
123 Net due to head office and other related depository institutions[5]	160,445	n.a.	129,722	n.a.	9,606	n.a.	4,751	n.a
124 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	15,995	n.a	14,220	n.a	106	n.a.	37
MEMO								
125 Holdings of own acceptances included in commercial and industrial loans	758	n.a.	521	n.a.	1	n.a.	127	n.a.
126 Commercial and industrial loans with remaining maturity of one year or less (excluding those in nonaccrual status)	102,238	n.a.	72,531	n.a.	5,462	n.a.	12,117	n.a
127 Predetermined interest rates	41,346	n.a.	22,726	n.a.	3,021	n.a.	9,328	n.a
128 Floating interest rates	60,892	n.a.	49,805	n.a.	2,441	n.a.	2,789	n.a.
129 Commercial and industrial loans with remaining maturity of more than one year (excluding those in nonaccrual status)	100,227	n.a.	86,122	n.a.	4,236	n.a.	4,477	n.a.
130 Predetermined interest rates	19,421	n.a.	17,044	n.a.	560	n.a.	612	n.a.
131 Floating interest rates	80,806	n.a.	69,078	n.a.	3,676	n.a.	3,865	n.a.

Footnotes appear at end of table

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 2002[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
132 Components of total nontransaction accounts, included in total deposits and credit balances	503,354	n.a.	408,877	n.a.	2,944	n.a.	18,000	n.a.
133 Time deposits of $100,000 or more	485,471	n.a.	394,591	n.a.	2,936	n.a.	17,183	n.a.
134 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	17,883	n.a.	14,286	n.a.	8	n.a.	817	n.a.
	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
135 Immediately available funds with a maturity greater than one day included in other borrowed money	31,582	n.a.	28,669	n.a.	2,013	n.a	266	n.a.
136 Number of reports filed[6]	308	0	160	0	61	0	22	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve monthly statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 monthly statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases, two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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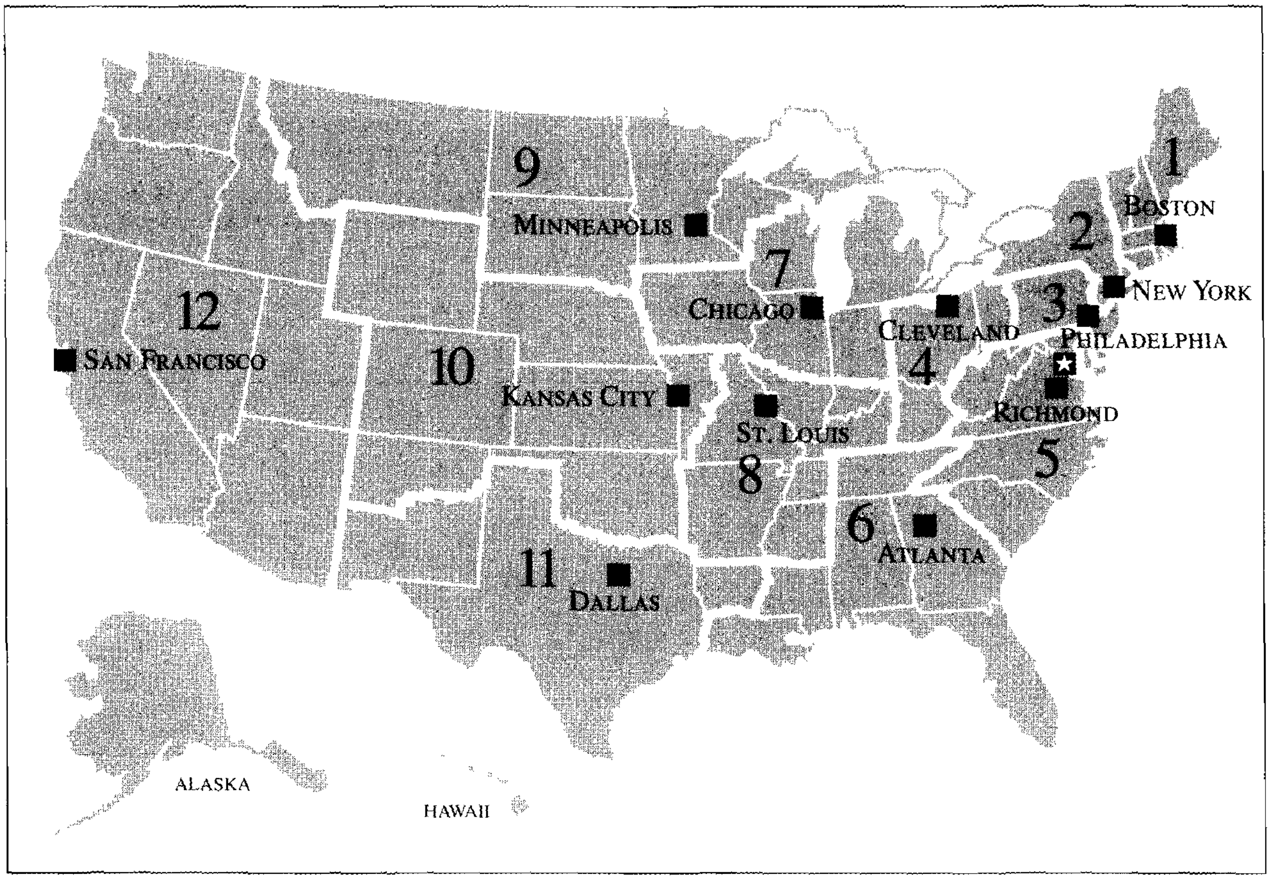


LEGEND

Both pages

■ Federal Reserve Bank city

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

Facing page

• Federal Reserve Branch city

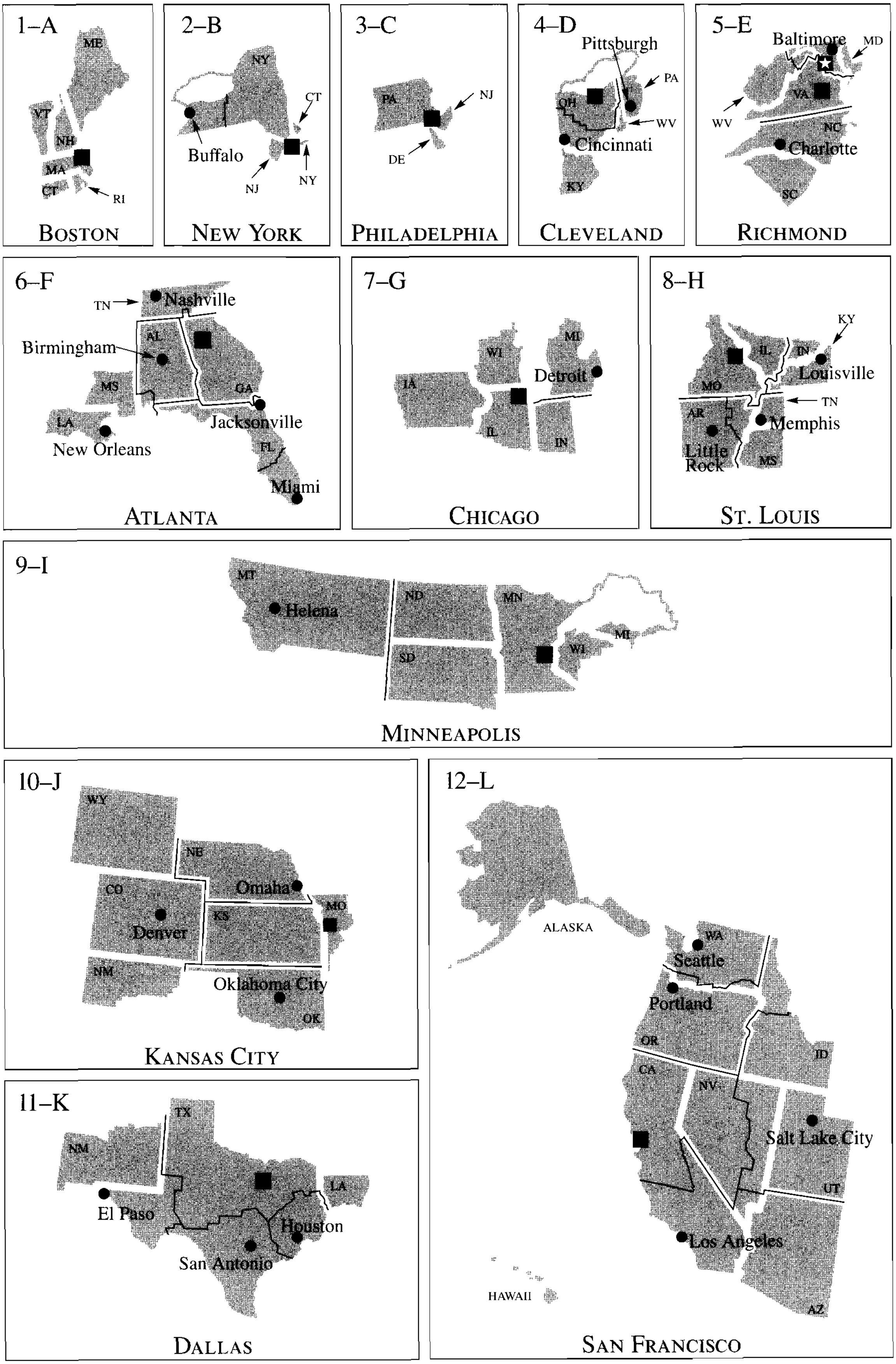
— Branch boundary

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.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