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

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405 Laurence H. Meyer, Member, Board of Governors, outlines the rules recently adopted jointly by the Federal Reserve Board and the Secretary of the Treasury to allow financial holding companies to engage in merchant banking activities under the Gramm–Leach–Bliley Act; he also comments on the recent proposal to establish regulatory minimum capital requirements for equity investment activities conducted by banking organizations. He testifies that the final rule governing merchant banking activities was modified in several important respects from the original interim rule to reflect insights and suggestions made by commenters; the final rule maintains the differences required by the GLB Act and the Bank Holding Company Act between merchant banking and banking and commerce and also does not sacrifice the safety and soundness benefits of the rule (Testimony before the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises and the Subcommittee on Financial Insti-

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# Profits and Balance Sheet Developments at U.S. Commercial Banks in 2000

*William F. Bassett and Egon Zakrajšek, of the Board's Division of Monetary Affairs, prepared this article. Thomas C. Allard assisted in developing the database used in this article and is responsible for maintaining it. James E. Cypert, Jr., and Alice Memminger provided research assistance.*

The profitability of the U.S. commercial banking industry remained robust in 2000, but returns on equity and on commercial bank assets fell back somewhat from the peaks reached in 1999 (chart 1). Aggregate earnings were depressed in 2000 by a substantial one-time charge at a single large bank and by the ongoing restructuring at one of the nation's largest bank holding companies. Even after accounting for those special factors, however, overall profitability was still down in 2000. The major factors in the decline were a continuation of the narrowing in net interest margin that dates from the extraordinarily high levels of the early 1990s, a significant increase in loan-loss provisions, and a notable slowing in the growth of noninterest income.

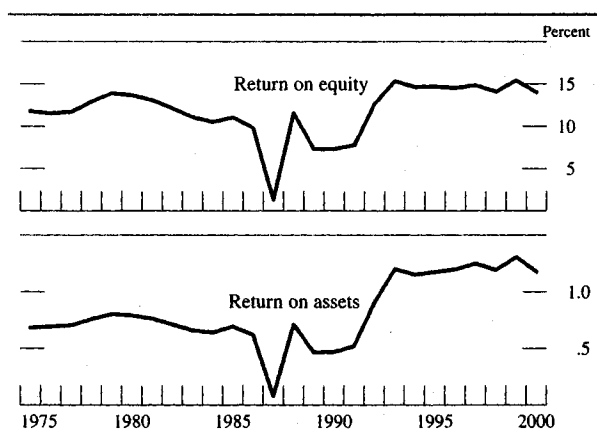
NOTE. Except where otherwise indicated, data in this article are from the quarterly Reports of Condition and Income (Call Reports) for insured domestic commercial banks and nondeposit trust companies (hereafter, banks). The data consolidate information from foreign and domestic offices and have been adjusted to take account of mergers (see the appendix). For additional information on the adjustments to the data, see the appendix in William B. English and William R. Nelson, "Profits and Balance Sheet Developments at U.S. Commercial Banks in 1997," *Federal Reserve Bulletin*, vol. 84 (June 1997), p. 408.

Size categories, based on assets at the start of each quarter, are as follows: the 10 largest banks, large banks (those ranked 11 through 100), medium-sized banks (those ranked 101 through 1,000), and small banks. At the start of the fourth quarter of 2000, the approximate asset sizes of the banks in those groups were as follows: the 10 largest banks, more than \$84 billion; large banks, \$6.94 billion to \$82 billion; medium-sized banks, \$331 million to \$6.93 billion; small banks, less than \$331 million.

Many of the data series reported here begin in 1985 because the Call Reports were significantly revised in 1984. Data for 1984 and earlier years are taken from Federal Deposit Insurance Corporation, *Statistics on Banking* (FDIC, 1999). The data reported here are also available on the Internet at [www.fdic.gov/bank/statistical/statistics/index.html](http://www.fdic.gov/bank/statistical/statistics/index.html).

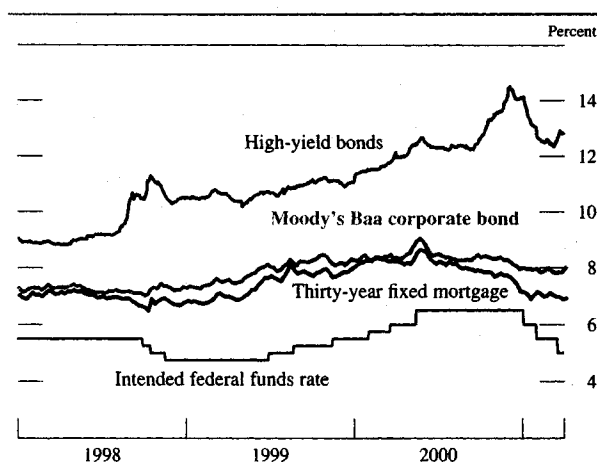
Data shown in this article may not match data published in earlier years because of revisions and corrections. In the tables, components may not sum to totals because of rounding.

1. Measures of commercial bank profitability, 1975–2000



During the first half of last year, the Federal Reserve raised the intended level of the federal funds rate three times—twice by 25 basis points and once by 50 basis points (chart 2). Longer-term interest rates also moved up over that period, particularly on high-yield debt. By June, however, signs that the economy was cooling from its frenetic pace of the

2. Selected interest rates, 1998–2001:Q1



SOURCE. For intended federal funds rate, Federal Reserve Board ([www.federalreserve.gov/fomc/fundsrate.htm](http://www.federalreserve.gov/fomc/fundsrate.htm)); for mortgage rate and Moody's bond rates, Federal Reserve Board, Statistical Release H.15, "Selected Interest Rates" ([www.federalreserve.gov/releases/h15](http://www.federalreserve.gov/releases/h15)); for high-yield bond rates, Merrill Lynch Master II index.

previous six quarters prompted market participants to lower the odds of further tightening by the Federal Reserve; longer-term interest rates started leveling off or falling, and they generally continued to decline over the second half of the year. By December, the Baa corporate bond rate had fallen more than 1 percentage point from a peak of 9.02 percent in May, and rates on thirty-year fixed-rate mortgages had dropped even more, to 7.13 percent. By contrast, the slowing economy and rising default rates led to problems for below-investment-grade business borrowers; yields on junk bonds rose 296 basis points over the year, to 14.08 percent.

The growth of both loans and securities on banks' books picked up in 2000. The acceleration in loan growth resulted mainly from a marked decline in

securitizations, which boosted the growth of consumer loans in bank portfolios. In addition, business and real estate lending was robust. The faster growth of securities was due to a surge in trading accounts, as runoffs of U.S. Treasury securities damped growth of investment accounts.

Following a lull in 1999, bank merger activity bounced back a bit in 2000, but the number of deals remained well below the 1994–98 average of about 575 per year. A spate of bank holding company consolidations of formerly independent bank subsidiaries helped boost to 474 the number of banks that merged, were bought outright, or otherwise changed their charters in 2000. Only five banks failed, two fewer than in 1999. Meanwhile, 215 new banks were created, down from 255 in 1999; the result was a net

1. Annual rates of growth of balance sheet items, 1991–2000  
Percent

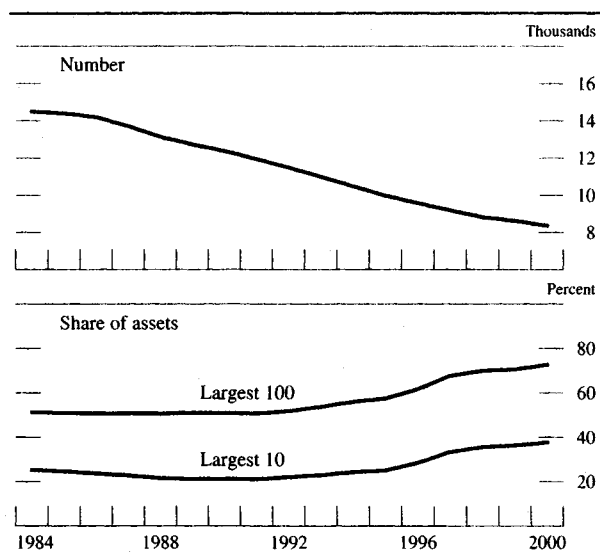
Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	MEMO: Dec. 2000 (billions of dollars)
<b>Assets</b>	1.33	2.19	5.68	8.06	7.55	6.10	9.23	8.25	5.42	8.75	6,170
Interest-earning assets	1.98	2.53	6.56	5.30	7.69	5.68	8.88	8.18	5.98	8.69	5,335
Loans and leases (net)	-2.65	-1.04	6.05	9.83	10.53	8.12	5.33	8.90	8.01	9.36	3,711
Commercial and industrial	-9.10	-4.10	.52	9.33	12.26	7.24	12.02	12.94	8.07	8.00	1,042
Real estate	2.73	1.94	6.13	7.90	8.32	5.45	9.30	7.98	12.18	10.74	1,658
Booked in domestic offices	2.90	2.57	6.17	7.64	8.47	5.51	9.52	7.96	12.32	11.01	1,626
One- to four-family residential	7.76	7.53	11.08	10.09	10.05	4.66	9.67	6.35	9.65	9.28	909
Other	-1.93	-2.86	.22	4.35	6.24	6.75	9.32	10.30	16.03	13.29	718
Booked in foreign offices	-2.35	-17.80	4.67	18.35	2.81	3.18	.34	8.79	6.28	-1.62	32
Consumer	-2.55	-1.66	9.06	16.01	9.50	4.90	-2.19	.99	-1.48	8.65	588
Other loans and leases	-4.91	-4.24	9.97	5.29	14.23	22.28	-7.91	14.07	6.28	8.33	489
Loan-loss reserves and unearned income	-3.78	-4.85	-5.82	-2.21	.25	-.06	-.50	3.49	2.33	7.96	66
Securities	16.23	12.29	12.26	-4.14	.57	.86	8.85	8.39	5.09	6.37	1,219
Investment account	14.42	11.44	8.11	-1.73	-1.58	-1.10	8.66	12.05	6.66	2.87	1,058
U.S. Treasury	32.01	23.95	7.24	-8.46	-19.21	-14.28	-8.86	-25.17	-1.88	-32.72	74
U.S. government agency and corporation obligations	15.88	12.77	9.62	.87	6.43	3.63	14.18	16.98	1.82	3.75	618
Other	-2.56	-5.20	6.09	2.49	4.20	1.83	11.21	26.97	20.83	13.42	366
Trading account	38.88	21.01	51.84	-20.46	18.51	14.44	9.97	-13.30	-6.93	37.16	161
Other	2.82	1.57	-7.90	3.25	7.64	-0.90	45.13	2.34	-7.58	9.73	405
Non-interest-earning assets	-3.10	-.32	-.86	30.22	6.61	8.88	11.47	8.64	1.93	9.18	835
<b>Liabilities</b>	1.01	1.35	5.12	8.31	7.17	5.96	9.12	8.12	5.55	8.59	5,648
Core deposits	5.25	5.09	1.49	-.17	3.96	4.13	4.52	7.05	.20	7.53	2,876
Transaction deposits	3.38	14.62	5.47	-.32	-3.09	-3.44	-4.55	-1.41	-8.99	-1.23	671
Savings and small time deposits	6.24	.18	-.85	-.07	8.37	8.35	9.03	10.73	3.77	10.51	2,206
Managed liabilities <sup>1</sup>	-6.19	-6.07	12.30	17.58	10.44	9.66	13.83	9.60	15.50	8.80	2,369
Deposits booked in foreign offices	3.81	-5.85	15.06	30.89	5.13	4.27	11.13	8.71	14.60	7.84	707
Large time	-19.73	-26.20	-9.21	8.72	19.61	21.17	20.14	9.10	14.18	19.39	564
Subordinated notes and debentures	4.69	34.90	10.82	9.23	6.61	17.74	21.05	17.00	5.07	13.98	86
Other managed liabilities	-1.39	6.94	22.18	12.91	11.24	8.21	12.23	9.87	17.68	3.91	1,012
Other	-4.18	-1.02	15.30	79.17	20.46	2.60	23.79	8.54	-6.38	15.45	403
<b>Equity capital</b>	5.98	13.75	12.58	5.24	12.00	7.73	10.45	9.61	3.92	10.51	522
<b>MEMO</b>											
Commercial real estate loans <sup>2</sup>	-2.58	-4.03	-.60	4.01	6.34	7.67	10.12	11.37	15.39	12.14	717
Mortgage-backed securities	19.27	10.37	9.66	-3.12	.67	2.06	14.15	22.09	-3.34	3.29	464

NOTE. Data are from year-end to year-end.

1. Measured as the sum of deposits in foreign offices, large time deposits in domestic offices, federal funds purchased and securities sold under repurchase agreements, demand notes issued to the U.S. Treasury, subordinated notes and debentures, and other borrowed money.

2. Measured as the sum of construction and land development loans secured by real estate; real estate loans secured by nonfarm nonresidential properties; real estate loans secured by multifamily residential properties; and loans to finance commercial real estate, construction, and land development activities not secured by real estate.

3. Number of commercial banks and share of assets at the largest banks, 1984–2000



reduction of 264 in the number of commercial banks operating in the United States, to 8,356 as of December 31, 2000 (chart 3, top panel).<sup>1</sup>

Mergers enlarged the share of bank assets held by the 100 largest commercial banks, from 71 percent in 1999 to 73 percent in 2000 (chart 3, bottom panel). The combination of Fleet Bank and BankBoston created the nation's fourth largest commercial bank, and as a result, the share of assets held by the 10 largest banks increased more than 2 percentage points, to 38 percent. Adjusted to reflect the effects of mergers, however, assets at the 10 largest banks grew only 4.5 percent, about half the rate of growth of all commercial bank assets.

The number of mergers between bank holding companies (BHCs) declined from 211 in 1999 to 179 in 2000, the lowest level of merger activity since 1992. The number of BHCs declined a net of only 23 over the year, to 5,931. The share of banking and nonbanking assets held by the top 50 BHCs remained at just over 76 percent for the third consecutive year, even though the share was bolstered by the December 31 union of J.P. Morgan and Chase Manhattan.

### BALANCE SHEET DEVELOPMENTS

The growth of total bank assets accelerated from 5.4 percent in 1999 to 8.8 percent in 2000 (table 1),

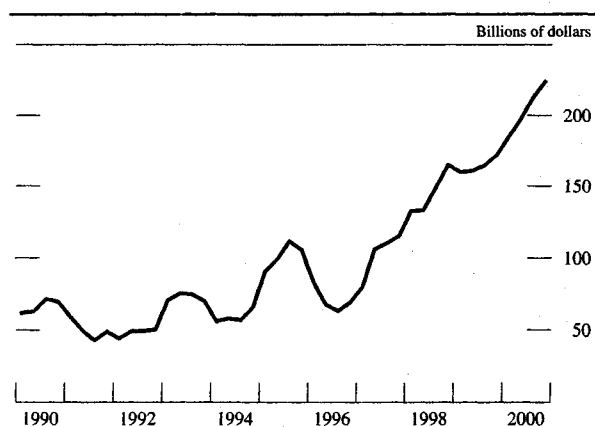
the second highest pace since 1985. A vigorous expansion of total loans and leases reflected strong growth in business loans, continued rapid expansion in residential and commercial real estate lending, and a sharp rebound in the growth of consumer loans on banks' books. Despite a record contraction in holdings of U.S. Treasury securities that in part reflected a reduced supply of such instruments, overall growth of securities picked up, especially for those held in trading accounts.

Business lending was supported by merger-related financing and by the rapid pace of business outlays on plant and equipment, which both continued at a vigorous pace well into 2000 despite the rise in market interest rates over much of 1999. During the second half of 2000, however, merger activity and business fixed investment fell off a great deal. Moreover, mounting concerns about a more uncertain and less favorable economic outlook led banks to tighten lending standards and terms. Thus squeezed by a falloff in demand and a crimp in supply, the growth of commercial and industrial (C&I) and commercial real estate loans had slowed appreciably by the end of the year.

Declining mortgage rates over much of 2000 maintained the growth of residential mortgages at about the robust pace of 1999. Generally strong consumer spending also supported lending to households. However, a sharp rebound in consumer loans on banks' books came mainly from a slowdown in securitizations.

Core deposits accelerated smartly in 2000 after a virtual cessation of inflows during 1999. The pickup may have reflected an increased demand for safe and

4. Financing gap at nonfarm nonfinancial corporations, 1990–2000



NOTE. The data are four-quarter moving averages. The financing gap is the difference between capital expenditures and internally generated funds.

SOURCE. Federal Reserve Board, Statistical Release Z.1, "Flow of Funds Accounts of the United States," table L. 101 ([www.federalreserve.gov/releases/z1](http://www.federalreserve.gov/releases/z1)).

1. This count of commercial banks, derived from Call Report data, may vary slightly from measures, such as those in the Federal Reserve's *Annual Report* that are based on the definition of a bank given in the Bank Holding Company Act and implemented in the Federal Reserve's Regulation Y.

liquid assets in the face of declining and sometimes volatile equity markets.

### Loans to Businesses

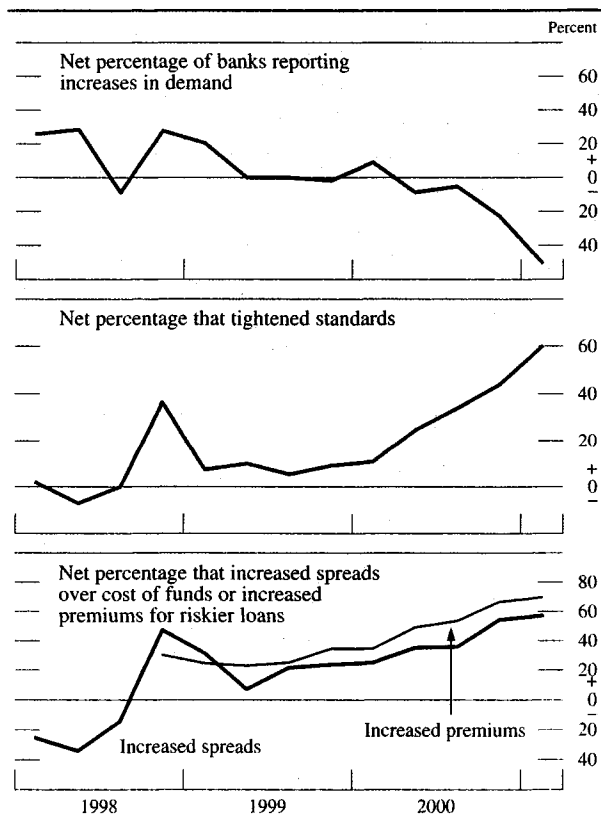
In the first half of 2000, C&I loans expanded at an annual rate of 12.9 percent. This borrowing activity was supported by a rise in spending on capital goods that exceeded the increase in internally generated funds (chart 4). During the second half, however, business fixed investment advanced little, and the need for merger-related financing fell as the total dollar volume of completed mergers and acquisitions among large, domestic, nonfinancial corporations dropped more than half. As a result, C&I loans expanded at only a 2.9 percent annual rate during that period. The reduced need for credit was reflected in

a sharp drop in C&I loan demand, as perceived by lenders responding to the Federal Reserve's Senior Loan Officer Opinion Survey on Bank Lending Practices (informally, the bank lending practices survey, or BLPS), which covers about sixty large domestic banks and twenty-four U.S. branches and agencies of foreign banks (chart 5, top panel).

On the supply side, commercial banks significantly tightened their business lending standards, according to BLPS respondents. In the third quarter of 2000, the net percentage of surveyed domestic banks that reported tightening standards and terms on C&I loans to large and medium-sized firms rose to more than 30 percent, which was comparable to that reported during the financial turmoil in the second half of 1998 (chart 5, middle panel). Conditions apparently tightened further in the final quarter of the year, when more than 40 percent of domestic institutions, on net, indicated that they raised standards on C&I loans to large and medium-sized businesses. Similarly, the net percentage of banks that widened loan spreads over their cost of funds and the net percentage of banks that raised premiums charged on riskier loans increased dramatically in the later part of 2000 (chart 5, bottom panel). Apart from increased uncertainty and a less favorable economic outlook, BLPS respondents most often cited a reduced tolerance for risk as reasons for tightening lending standards and terms.

The evidence of a shift to more stringent business credit standards was corroborated by information from the Federal Reserve's quarterly Survey of Terms

5. C&I loan demand and terms of selected commercial banks, large and medium-sized borrowers, 1998–2001:Q1

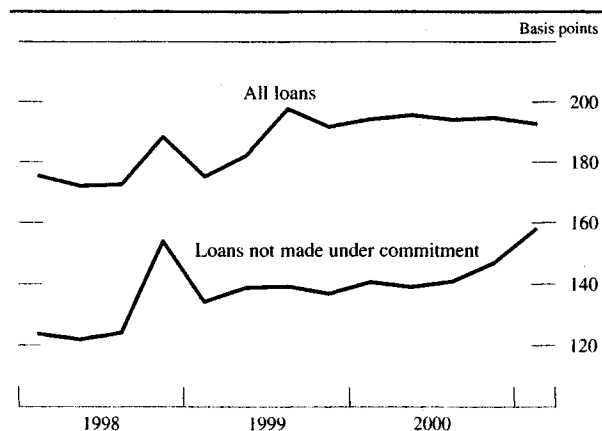


NOTE. Net percentage is the percentage of banks reporting an increase in demand, a tightening of standards, or an increase in spreads or premiums less, in each case, the percentage reporting the opposite. The definition for firm size suggested for, and generally used by, survey respondents is that medium-sized firms are those with sales of between \$50 million and \$250 million.

Data was collected on risk premiums beginning in 1998:Q4.

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

6. Average spread between rates on new C&I loans and the intended federal funds rate, 1998–2001:Q1



NOTE. The data are weighted by loan volume. Data are adjusted for compositional effects such as changes in the underlying distribution of maturity, size, and riskiness of loans over time.

SOURCE. Federal Reserve Board, "Survey of Terms of Business Lending."

of Business Lending (STBL).<sup>2</sup> The average spread of rates charged on new C&I loans over the intended federal funds rate (adjusted for changes in the composition of loan originations) remained in a narrow, elevated range during all of last year (chart 6). The overall average spread, however, encompasses loans extended under previous commitments, and such loans were less likely to have been affected by the concerns about the pricing of credit risk that intensified during the latter part of the year. Indeed, in the STBL, the average spread of rates charged on new C&I loan extensions that were not made under previous commitments (adjusted for changes in the composition of loan originations) trended up notably last year (chart 6).

Credit flow patterns from the STBL also suggested tighter financial conditions for business borrowers, particularly for higher-risk loans not made under commitment; such loans fell significantly in 2000, bottoming out at about 6 percent as a share of total C&I loan originations reported in the STBL (chart 7).<sup>3</sup> By contrast, a marked rise late in the year

in the share of lower-risk loans made under previous commitments suggested that domestic commercial banks continued to extend credit to their better-rated customers. As noted below, in the section on profitability, such shifts apparently held down interest earnings on business loans last year.

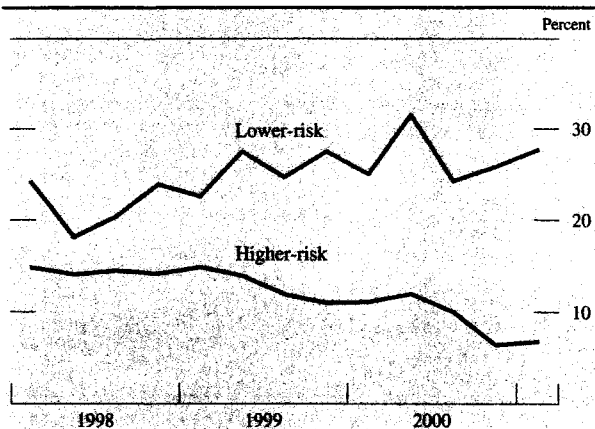
The growth of commercial real estate loans slowed from 15.4 percent in 1999 to a still impressive 12.1 percent in 2000. The within-year pattern of this lending resembled that of C&I lending. Commercial real estate loans expanded at an average annual rate of more than 15 percent for the first half of 2000 as the growth of investment in nonresidential structures accelerated notably. All categories of commercial real estate loans—multifamily housing, construction and land development, and nonfarm, nonresidential real estate—followed the pattern. Buoyed by a strong housing market, multifamily housing loans advanced most rapidly, maintaining the 23 percent rate of growth posted in 1999. Construction and land development loans grew 21 percent, on average, in the first half of 2000, about the same pace as in 1999, and nonfarm, nonresidential real estate loans accelerated from about 12 percent in 1999 to 14 percent over the same period.

In the second half of 2000, however, as the pace of nonresidential investment moderated and as banks started to tighten standards, the average growth of commercial real estate loans slowed to about an 8 percent annual rate (chart 8). The most abrupt slowdown was in multifamily housing, where loan growth dropped more than 20 percentage points to about 2.5 percent. The deceleration in the other two categories was considerably less pronounced.

2. The STBL data are based on a representative sample of up to 348 insured domestic commercial banks and up to 50 foreign-related banking institutions. The sample data are used to estimate the terms of loans extended during the survey period at all domestic banks and at all foreign-related institutions. The data are available at [www.federalreserve.gov/releases/E2/](http://www.federalreserve.gov/releases/E2/).

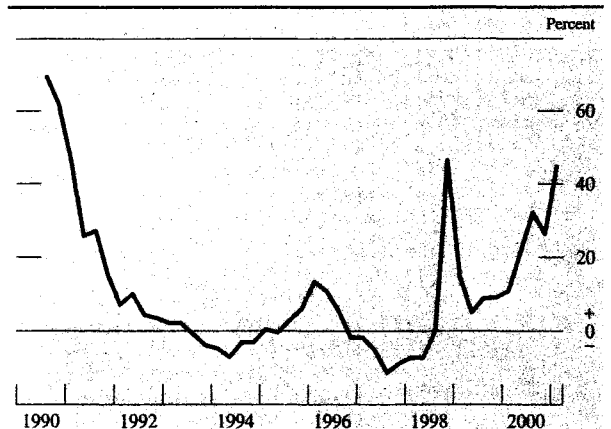
3. Loans in the STBL receive risk ratings ranging from 1 to 5, which correspond, respectively, to minimal risk, low risk, moderate risk, acceptable risk, and classified. For more information on loan rating categories in the STBL, see Thomas F. Brady, William B. English, and William R. Nelson, "Recent Changes to the Federal Reserve's Survey of Terms of Business Lending," *Federal Reserve Bulletin*, vol. 84 (August 1998), p. 604–15.

7. Lower-risk and higher-risk C&I loans as a share of all C&I loans, 1998–2001:Q1



NOTE. Lower-risk loans are rated 1 or 2; those shown were made under previous commitment. Higher-risk loans are rated from 3 to 5; those shown were not made under commitment. For definitions of risk ratings, see text note 3.  
SOURCE. Federal Reserve Board, "Survey of Terms of Business Lending."

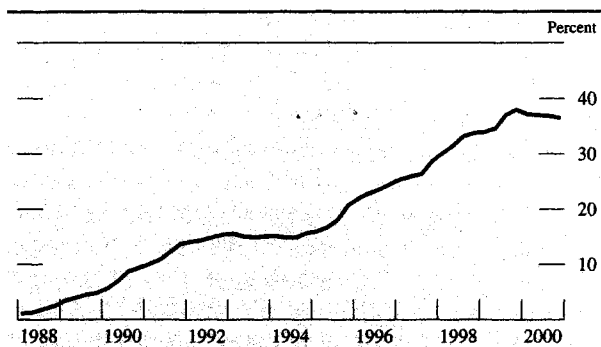
8. Net percentage of selected banks that tightened standards for commercial real estate loans, 1990–2001:Q1



NOTE. Net percentage is the percentage of banks that reported a tightening of standards less the percentage that reported an easing.

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

9. Securitized share of outstanding consumer loans originated by banks, 1988–2000



NOTE. The data are seasonally adjusted.

SOURCE. Federal Reserve Board, Statistical Releases H.8, "Assets and Liabilities of Commercial Banks in the United States," and G.19, "Consumer Credit."

### Loans to Households

The stock of consumer loans held by banks registered its biggest increase since 1995, rising 8.7 percent. A significant part of last year's advance was due to a sharp slowdown in the rate of securitization of these loans. Including securitized loans, consumer loans originated by domestic commercial banks expanded 7.5 percent in 2000, up from 4.8 percent in 1999, a move supported by resilient consumer spending in the face of a marked slowing in economic growth.

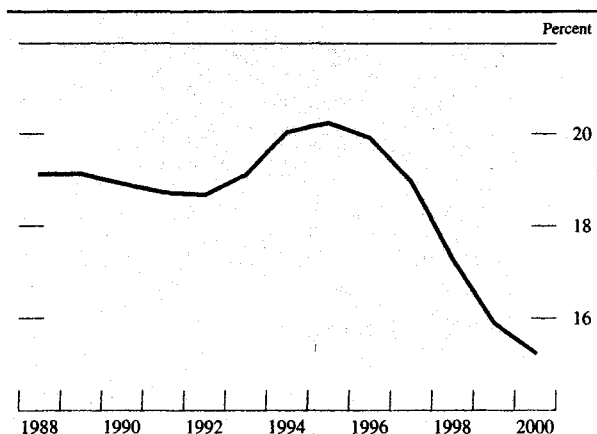
The decline in the proportion of consumer loans that are securitized—the share fell in the first quarter of 2000 for the first time since 1994 and continued to edge lower steadily throughout the year—suggests that the cost of funding these loans on the balance sheet declined relative to the cost of securitizing them

(chart 9). Despite the relatively strong growth, consumer loans, as a share of total loans and leases, on banks' books fell to a new low of about 15 percent by the end of last year (chart 10).

For the first three quarters of 2000, commercial banks appeared to be willing suppliers of consumer credit, according to BLPS respondents. Negligible net fractions of banks reported tightening standards for the approval of consumer loan applications other than for credit cards, and the net percentage of institutions that increased spreads of loan rates over the cost of funds on these types of loans also remained small (chart 11). During the year's final quarter, however, lenders became more cautious, with larger net fractions of banks reporting that they had tightened standards and widened spreads. The final survey of the year also revealed that, on net, banks had tightened standards and widened spreads on credit card loans (chart 12).

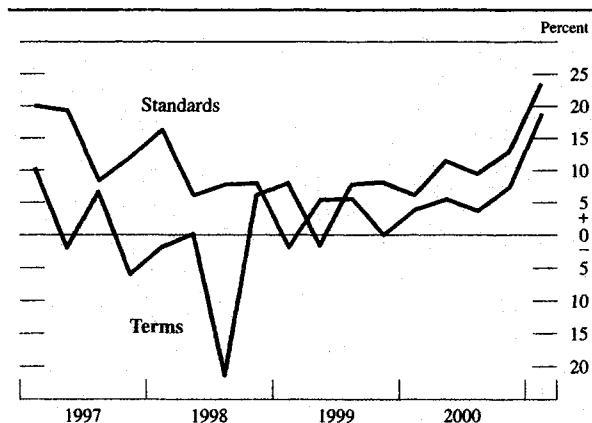
Real estate loans for one- to four-family homes expanded 9.3 percent in 2000, down a touch from 1999. Most of the growth was in the first half, when the robust housing market appeared to be little affected by rising mortgage rates; during this period a substantial share of households turned to adjustable-rate mortgages (ARMs) (chart 13). Indeed, the share of mortgage lenders' originations that were attributable to ARMs remained near its recent peak of 30 percent throughout the first half. By the end of the fourth quarter, however, the higher level of ARM rates and of other shorter-term interest rates, combined with falling rates on fixed-rate mortgages,

10. Consumer loans as a share of total loans and leases, 1988–2000



SOURCE. Federal Reserve Board, Statistical Release Z.1, "Flow of Funds Accounts of the United States," table L. 101.

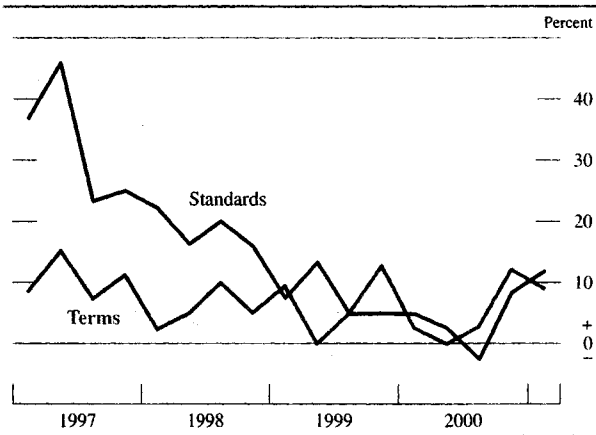
11. Net percentage of selected commercial banks that tightened standards and terms on consumer loans other than credit card loans, 1997–2001:Q1



NOTE. Net percentage is the percentage of banks that reported a tightening of standards or terms less the percentage that reported an easing. Tightening or easing of terms represented by increase or decrease respectively in spread of loan yield over bank's cost of funds.

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

12. Net percentage of selected commercial banks that tightened standards and terms on credit card loans, 1997–2001:Q1



NOTE. See notes to chart 11.

drove down the share of mortgage lenders' originations attributable to ARMs, to below 20 percent. Because ARM cash flows match those of banks' liabilities better than do those of fixed-rate mortgages, the shift away from ARMs likely contributed to increased securitization of household real estate loans later in the year; the share of such loans on bank balance sheets shrank 1.6 percent in the last quarter of 2000.

Home equity loans jumped 24.6 percent in 2000, the largest increase since 1989 and a significant acceleration from the 5.9 percent growth in 1999. The pickup actually began in the final two quarters of 1999 and continued through the third quarter of 2000. Growth slowed appreciably in the fourth quarter, in part because of a pickup in home mortgage refinancing, spurred by the drop in the rate on fixed-

-rate mortgages (chart 14). In addition, households responded to declining equity prices and concerns about the future course of the economy by scaling back their purchases of consumer durable goods in the fourth quarter. The ratio of outstanding home equity loans to total commitments remained stable at about 40 percent in 2000.

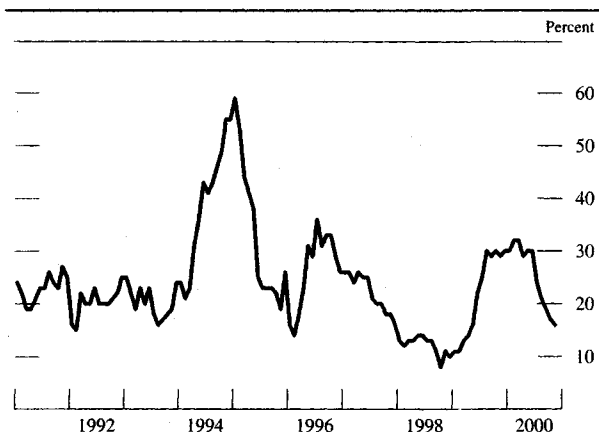
### Other Loans and Leases

Other loans and leases grew 8.3 percent in 2000, up 2 percentage points from the pace of the previous year. However, the lease component, which had been expanding at an average rate of about 25 percent since 1994, decelerated to 9.3 percent in 2000.

The increase in lease financing since the mid-1990s has resulted largely from the rapid expansion of outlays on equipment that businesses typically lease, according to BLPS respondents. A shift of leasing activities from nonbank affiliates to banks also contributed to the growth of these assets at domestic banks. Banks reported that more than 60 percent of their leases have been made to non-financial corporations and that such leases have been an important source of growth in this component over the past several years. The slowdown in 2000, which was concentrated in the second half of the year, reflected a notable slackening in the growth of outlays on equipment that businesses typically lease. Most of the remaining leases held by banks are to consumers, primarily for automobiles.

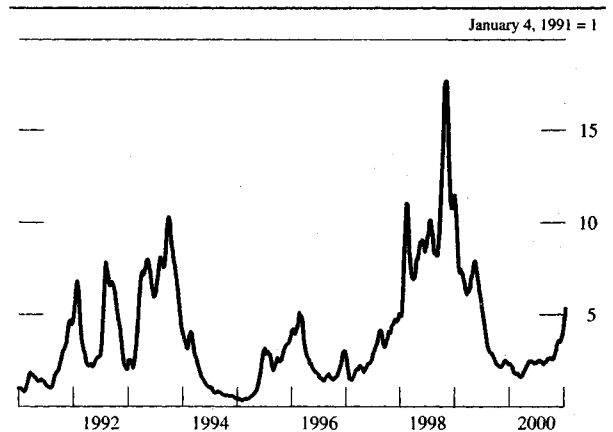
Loans to depository institutions jumped 22.4 percent in 2000, up substantially from the sluggish 2 percent growth in 1999. The surge was concentrated in loans made to depository institutions other than

13. Share of home mortgages originated with adjustable rates, 1991–2000



SOURCE. Federal Home Loan Bank Board.

14. Index of home mortgage refinancing activity, 1991–2000



SOURCE. Mortgage Bankers Association.

banks, although the growth of loans to banks—both in the United States and abroad—remained strong last year. In part, the growth of loans to depository institutions last year may have reflected a significant slowdown in advances from the Federal Home Loan Bank System, which had grown rapidly during the 1998–99 period.

### *Securities*

Banks' holdings of securities in combined investment and trading accounts expanded 6.4 percent in 2000, up from 5.1 percent in 1999. The pickup was entirely in trading accounts, where holdings jumped 37.2 percent after having contracted in 1998 and 1999.

Trading account assets surged, in domestic as well as in foreign trading operations. As a result, the share of assets held in trading accounts moved up in 2000, to 2.6 percent, after having fallen to the lowest level in eight years at the end of 1999. Probably because of the deteriorating environment for stocks, however, the acquisition of equity investments in trading accounts slowed greatly—these investments had been expanding rapidly in recent years but are still a tiny fraction of total assets.

Securities held in investment accounts grew only 2.9 percent, down markedly from the 6.7 percent advance in 1999. Most of the slowdown was during the first half of the year, when, as noted, loan growth was strongest. In the second half, falling interest rates caused the value of investment account securities to rise because 87 percent of these assets were classified as available for sale and were therefore carried at market value. For the year as a whole, the difference between the market and book values of securities held in investment accounts rose from a loss of more than \$18 billion to a loss of only \$5.5 billion. Abstracting from the effect of this reevaluation, investment account securities grew only about 1.5 percent last year.

The growth of securities in investment accounts was held down by the largest drop on record in bank holdings of U.S. Treasury securities, 32.7 percent. The runoff was likely caused by soaring federal budget surpluses, which lower the supply of these securities, driving up their prices and thus reducing their yields in relation to other securities.

Holdings of other securities in investment accounts grew 13.4 percent in 2000, down from the previous two years. This category, however, was boosted significantly in the second half of the year by ongoing shifts of funds by Merrill Lynch from cash management accounts held at its brokerages to money market

deposit accounts at two affiliated banks. The two affiliates appear to have used the funds to acquire private securities and to expand their lending to other banking institutions.

### *Liabilities*

After changing little in 1999, core deposits advanced 7.5 percent in 2000, the fastest rate of increase since 1990. As noted, the growth of core deposits during the second half of 2000 was boosted by Merrill Lynch's money fund shifts; abstracting from this special factor, core deposits grew 6.2 percent last year. In addition, a good portion of the increase in core deposits was in the final quarter of the year, when transaction deposits surged 31.9 percent (annual rate). The jump likely reflected declining market interest rates, falling and often volatile equity prices, and increased economic uncertainty, which apparently made liquid bank assets more attractive.

Although bank funding needs picked up last year, the stronger flows into core deposits allowed banks to rely relatively less on managed liabilities. Managed liabilities grew 8.8 percent in 2000, down considerably from the 15.5 percent pace in 1999. Foreign deposits slowed markedly, with most of the deceleration coming in the second half of the year. The other-managed-liabilities category, which had been growing at a rapid pace over the past several years and accounts for about 18 percent of total liabilities, also slowed appreciably last year, to about 4 percent. Large time deposits, in contrast, expanded a hefty 19.4 percent in 2000, with a sharp acceleration during the final quarter.

### *Capital*

Equity capital at banks rose 10.5 percent in 2000 after eking out an advance of less than 4 percent in 1999. The rebound was larger than that for assets, and as a result, the share of assets funded by equity capital moved up 13 basis points, to 8.5 percent. Commercial banks added slightly more than \$17 billion to retained earnings in 2000, about \$2 billion less than in 1999, as dividend payments were about unchanged even as net income slipped. They also added about \$18 billion to paid-in capital, the other source of equity capital. Approximately half of the \$18 billion was attributable to new capital, a large portion of which represented capital injections from parent holding companies. The remainder came primarily

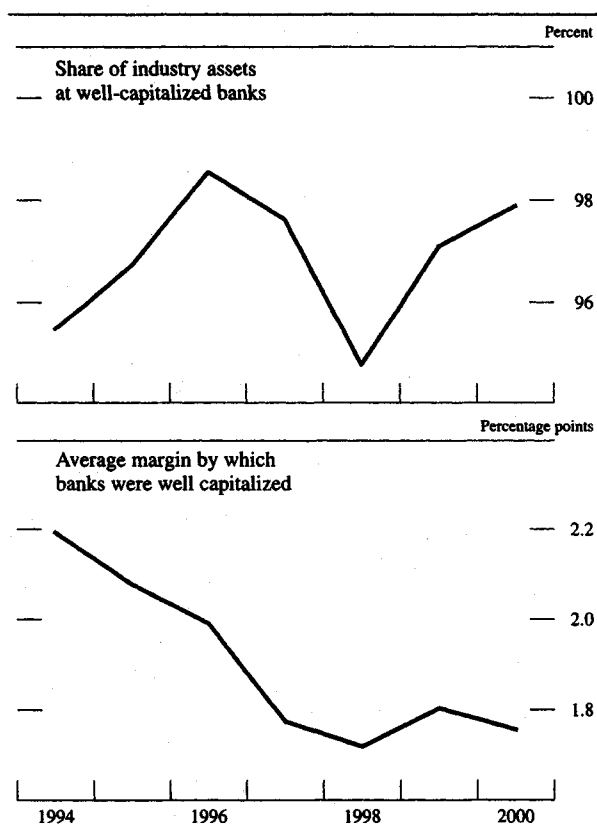


from the amount by which equity issued to fund mergers exceeded the value of the shares retired in those mergers. Equity capital was also boosted by a swing, on an end-of-period basis, from a \$13 billion loss in net unrealized gains on available-for-sale securities in 1999 to a \$1 billion gain last year.

The percentage of assets held by well-capitalized banks inched up for the second consecutive year, to almost 98 percent (chart 15, top panel). However, the average margin by which domestic commercial banks remained well capitalized narrowed slightly after having firmed a bit in 1999 (chart 15, bottom panel).<sup>4</sup> Tier 1 capital expanded 7.8 percent last year, a rate substantially below the increase in equity capital. As

4. The average margin by which banks remained well capitalized was computed as follows. First, among the leverage, tier 1, and total capital ratios of each well-capitalized bank, the institution's tightest capital ratio is defined as the one closest to the regulatory standard for being well capitalized. The bank's margin is then defined as the percentage-point difference between its tightest capital ratio and the corresponding regulatory standard. The average margin among all well-capitalized banks—the measure referred to in the text—is the weighted average of all the individual margins, with the weights being each bank's share of the total assets of well-capitalized banks.

15. Assets and regulatory capital at well-capitalized banks, 1994–2000



NOTE. For the definition of well capitalized and of the margin by which banks remain well capitalized, see text note 4.

noted, the latter measure was boosted last year by unrealized gains on securities held in investment accounts; such gains and losses are excluded from regulatory capital.

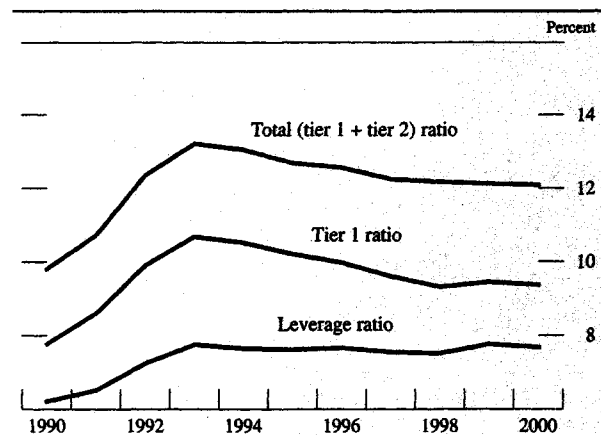
The ratio of tier 1 capital to risk-weighted assets edged down 8 basis points, to 9.4 percent, as risk-weighted assets expanded 8.7 percent, up markedly from 6 percent in 1999 (chart 16). A smaller drop in the ratio of total capital to risk-weighted assets—3 basis points, to just over 12 percent—reflected a 10.6 percent jump in tier 2 capital. The leverage ratio fell nearly 10 basis points, as the growth of average tangible assets more than doubled.<sup>5</sup>

### TRENDS IN PROFITABILITY

Total net income of commercial banks declined 2 percent, to \$69.8 billion, in 2000. After a strong first quarter, in which profits advanced 8.5 percent compared with the first quarter of 1999, profits fell below year-earlier levels for the rest of the year. In particular, profits dropped considerably in the second

5. The tier 1 ratio is the ratio of tier 1 capital to risk-weighted assets, and the total ratio is the ratio of the sum of tier 1 and tier 2 capital to risk-weighted assets. Tier 1 capital consists primarily of common equity (excluding intangible assets such as goodwill and excluding net unrealized gains on investment account securities classified as available for sale) and certain perpetual preferred stock. Tier 2 capital consists primarily of subordinated debt, preferred stock not included in tier 1 capital, and loan-loss reserves. Risk-weighted assets are calculated by multiplying the amount of assets and the credit-equivalent amount of off-balance-sheet items (an estimate of the potential credit exposure posed by the item) by the risk weight for each category. The risk weights rise from zero to one as the credit risk of the assets increases. The leverage ratio is the ratio of tier 1 capital to average tangible assets. Tangible assets are equal to total assets less assets excluded from common equity in the calculation of tier 1 capital.

16. Regulatory capital ratios, 1990–2000



NOTE. For the definition of capital ratios, see text note 5.

## 2. Selected income and expense items as a proportion of assets, 1992–2000

Percent

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000
Net interest income .....	3.89	3.90	3.78	3.72	3.73	3.67	3.52	3.52	3.43
Noninterest income .....	1.95	2.13	2.00	2.02	2.18	2.23	2.40	2.65	2.57
Noninterest expense .....	3.86	3.94	3.75	3.64	3.71	3.61	3.76	3.76	3.65
Loss provisioning .....	.78	.47	.28	.30	.37	.41	.41	.39	.49
Realized gains on investment account securities .....	.11	.09	-.01	.01	.03	.04	.06	.00	-.04
Income before taxes and extraordinary items .....	1.32	1.70	1.73	1.81	1.85	1.93	1.81	2.03	1.81
Taxes and extraordinary items .....	.41	.50	.58	.63	.65	.67	.61	.72	.63
Net income (return on assets) .....	.91	1.20	1.15	1.18	1.20	1.25	1.19	1.31	1.18
Dividends .....	.41	.62	.73	.75	.90	.90	.80	.96	.89
Retained income .....	.49	.58	.42	.43	.30	.35	.39	.35	.29

quarter, when First Union Bank and several banks in the Bank One holding company booked substantial restructuring charges. After having peaked in 1999, industrywide return on assets fell 13 basis points, to 1.18 percent (table 2). Return on equity fell 139 basis points, to 14.0 percent. A sharp increase in loan-loss provisioning, a slowdown in the growth of noninterest income, and an increase in the cost of funds that exceeded the rise in earning asset yields all contributed to the decline in profitability last year.

Despite reduced profitability, dividends remained fairly stable, growing about 1 percent. These payments, made primarily to parent holding companies, decreased only 7 basis points as a percentage of assets after having risen by 16 basis points in 1999. Partly as a result, retained income fell to 0.29 percent of assets, the lowest level in a decade.

The number of banks that had negative net income declined to 605 in 2000 from 658 the previous year, reversing an upward trend that had begun in 1995. On the other hand, banks that lost money held 4.5 percent of industry assets last year, a sharp rise

from 1.7 percent in 1999 and the largest share since 1992, when banks holding more than 11 percent of the industry's assets lost money. About half of last year's increase in assets of banks losing money was at several large commercial bank subsidiaries of a single large bank holding company.

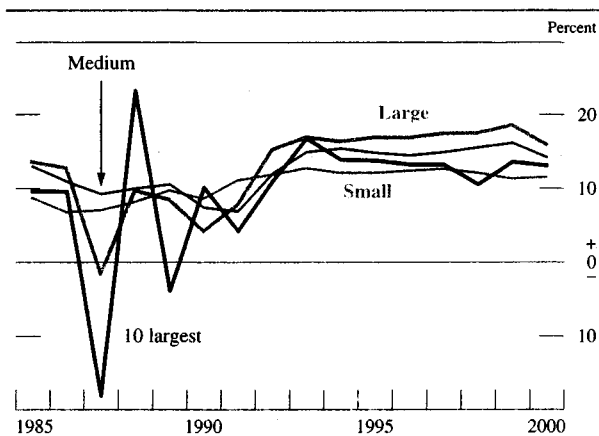
In 1999, the small-bank size group was the only one to show a decline in profitability; in 2000, this group was alone in posting profitability gains (chart 17). The difference between the two years reflects loss provisioning, which was concentrated at the larger banks last year. The largest 1,000 banks suffered from a 40 percent increase in loan-loss provisions, whereas the smaller banks increased provisioning only 10 percent. The ten largest banks also experienced a big increase in noninterest expense, more than 20 percent of which was the result of the aforementioned restructuring charges at First Union; at small banks this item declined.

Despite some earnings pressure, bank holding company stocks rose in 2000, significantly outperforming the S&P 500, primarily because of gains registered during the second half of the year (chart 18). The Dow Jones bank index advanced 14 percent for the year, boosted substantially by the performance of some of the largest regional bank holding companies. By affecting investors' perceptions, falling market interest rates likely offset moderate declines in actual profitability and increasing concerns about asset quality.

*Interest Income and Expense*

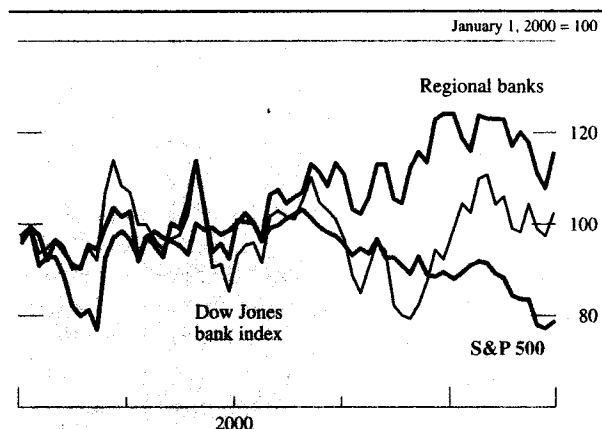
Although market interest rates fell in the latter part of 2000, in many cases to below the levels prevailing as the year began, they were higher on average for the year than in 1999. Gross interest income rose 46 basis points as a percentage of assets, but gross interest expense increased more, 54 basis points. As a result,

17. Return on equity, by size of bank, 1985–2000



NOTE. For definition of bank size, see text note 1.

18. Indexes of bank holding company stock prices and the S&P 500, 2000–March 30, 2001

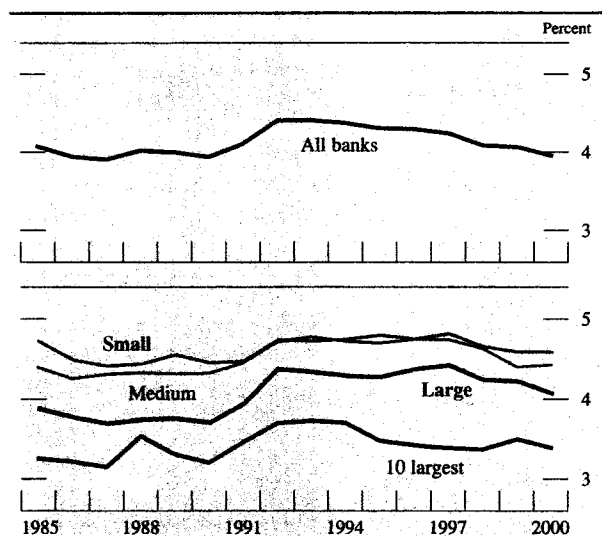


NOTE. Regional banks consist of 22 bank holding companies as defined by Standard and Poor's. The Dow Jones bank index consists of 343 bank holding companies.

SOURCE. Standard and Poor's and Dow Jones.

the industrywide net interest margin—the ratio of net interest income to average interest-earning assets—fell 11 basis points, to 3.93 percent (chart 19, top panel). After trending down throughout much of the past decade, the net interest margin has returned to the levels observed in the late 1980s. The elevated level of the net interest margin in the early 1990s reflected diminished competition for deposit funds and a desire to curb asset growth through tight lending terms to improve capital positions. In part, the subsequent decline reflects increased competition among banks as well as the greater number of non-

19. Net interest margin, by size of bank, 1985–2000



NOTE. Net interest margin is net interest income divided by average interest-earning assets. For definition of bank size, see text note 1.

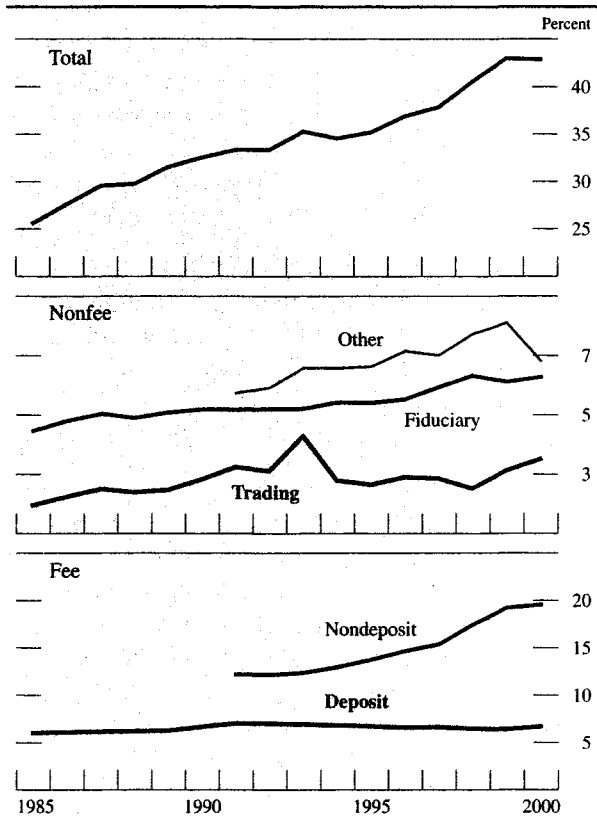
bank alternatives available to both lenders and borrowers since the early 1990s. However, somewhat less than half of the decline in the net interest margin is estimated to have come from a shift of banking system assets toward larger banks, which tend to have narrower interest margins but higher returns in other dimensions.

The tightening of standards and terms on business loans as reported in the BLPS (and discussed above in the section on balance sheet developments) likely had offsetting effects on the net interest margin. On one hand, the reported widening of spreads of loan rates over the cost of funds clearly would act to widen margins. On the other hand, more stringent standards and reduced appetite for risk likely increased the share of lending to lower-risk, lower-return customers, a shift that would tend to narrow spreads. As noted above, the evidence from the STBL indicated that the average spread over the intended federal funds rate did not increase, on balance, in 2000. However, those spreads remained rather high, and the percentage of new loans that were made under commitment increased, while the share of higher-risk loan originations decreased. Call Report data reveal that for C&I loans held by banks in 2000, the difference between the average effective interest rate they earned and the average quarterly federal funds rate declined somewhat.

On the household side, 30 percent of banks, on net, reported in the May 2000 BLPS that over the past two years they had lowered the spread of mortgage loan rates over their cost of funds, and 20 percent, on net, indicated that they had reduced their fees on mortgage loan originations. According to Call Report data for all real estate loans held by banks, the spread of the average rate of return over the seven-year constant maturity Treasury rate declined about 14 basis points last year. Part of the decline likely reflected the rise from 1999 to 2000 in the share of mortgages originated with adjustable rates. The average effective spread on consumer loans over the average quarterly prime rate also slipped in 2000.

The industrywide decline in net interest margin masks important differences, however, across different bank sizes (chart 19, bottom panel). The decrease in net interest margin was concentrated at the largest 100 banks, where it fell 15 basis points, to 3.71 percent. In contrast, at banks outside the top 100, the net interest margin increased 2 basis points, to 4.45 percent. The divergent movements reflected the rising average cost of managed liabilities, which fund a significantly higher percentage of assets at large banks, relative to the average cost of core deposits. Furthermore, the average effective interest rate paid

## 20. Noninterest income and its components as a share of total revenue, 1985–2000



NOTE. Nondeposit fees and "other nonfee" were first included in the March 1991 Call Report.

on large time deposits increased at large banks by more than it did at small banks, and the spreads (over comparable-maturity Treasury debt) on the subordinated debt issues of several large bank holding companies also rose. Perhaps contributing to the higher funding costs at large banks relative to small banks was the significantly larger increase in delinquency rates at large banks, which may have created the

perception that they had become relatively more risky.

### Noninterest Income and Expense

The ratio of noninterest income to total revenue slipped to 42.9 percent in 2000, the first decline in that ratio since 1994 (chart 20, top panel). "Other nonfee income"—which includes income from professional services, such as those provided for holding company affiliates; gains or losses on the sale of assets other than securities; and income from venture capital activities, including those at banks' small business investment subsidiaries—accounted for the entire decline (chart 20, middle panel). Losses reported by two large banks and several others on sales of assets that had been leased accounted for almost half of the decrease in this subcomponent. Most of the losses likely resulted from forecasts of auto lease residuals that were too optimistic. "Other nonfee income" also may have been depressed last year by declines in the market value of venture capital investments, especially in technology companies, over the final three quarters.<sup>6</sup>

Trading income increased as a percentage of revenue for the second consecutive year. Revenue from trading in interest rate contracts increased 28 percent in 2000; revenue from foreign exchange contracts advanced about 6 percent after growing only 2 percent in 1999 (table 3). Most of the 50 percent rise in revenue from trading in equities and equity futures contracts was booked during the first and second quarters; by the fourth quarter, such revenue was more than one-third below its year-earlier level. Revenue from trading in contracts for commodity futures

6. Bank holding companies conduct most of their venture capital investment, however, through nonbank subsidiaries.

## 3. Trading revenue at all U.S. banks, by type of exposure, 1995–2000

Millions of dollars

Year	Total		Interest rate		Foreign exchange		Equity, security, and index		Commodity and other exposures	
	Millions of dollars	Percent change	Millions of dollars	Percent change	Millions of dollars	Percent change	Millions of dollars	Percent change	Millions of dollars	Percent change
1995 .....	6,337	1.4	3,012	n.a.	2,491	n.a.	519	n.a.	116	n.a.
1996 .....	7,523	18.7	4,112	36.5	2,689	8.0	391	-24.7	334	187.9
1997 .....	8,019	6.6	3,995	-2.9	3,951	46.9	49	-87.5	23	-93.1
1998 .....	7,705	-3.9	2,500	-37.4	4,714	19.3	452	822.5	39	69.6
1999 .....	10,478	36.0	3,840	53.6	4,813	2.1	1,225	171.0	602	1,443.6
2000 .....	12,447	18.8	4,910	27.9	5,090	5.8	1,934	57.9	514	-14.6

n.a. Not available.

and options declined. Fiduciary income, primarily fees received for services rendered by bank trust departments, resumed its upward trend as a share of revenue after dipping in 1999.

Nondeposit fee income—which consists of fees earned on credit cards, mortgage servicing and refinancing, the sale and servicing of mutual funds and annuities, ATM surcharges, and securitized loans and securities lending—continued to increase as a share of total revenue (chart 20, bottom). Although no data are available on most of the individual elements of this income category, fees from the sale and servicing of mutual funds grew 11 percent in 2000. The gain also likely reflects, in part, the continued rise in securities lent by the trust departments of commercial banks (chart 21). Deposit fees also increased as a percentage of revenue after having declined fairly continuously throughout the 1990s; the turnaround perhaps reflected some results from banks' reported efforts to increase the profitability of transactions accounts.

Relative to 1999, noninterest expense remained about unchanged as a percentage of total revenue, but abstracting from the substantial restructuring charges at First Union, the ratio declined significantly (chart 22, top panel). Continued consolidation presumably helped to sustain last year's extension of the decade-long decline in the cost of buildings and premises as a percentage of total revenue. But noninterest expense was also held in check by a marked decline in the growth rate of employee compensation, from 8 percent in 1999 to just over 3 percent in 2000 (chart 22, bottom panel). The decline in compensation reflected a slowing in the growth rate of the average salary and benefits per employee, from 5 percent in 1999 to less than 2 percent in 2000, and only a slight increase in the number of employees. The slow growth in the number of employees was partly attributable to small declines in employment last year at

several large banks that had completed mergers in recent years.

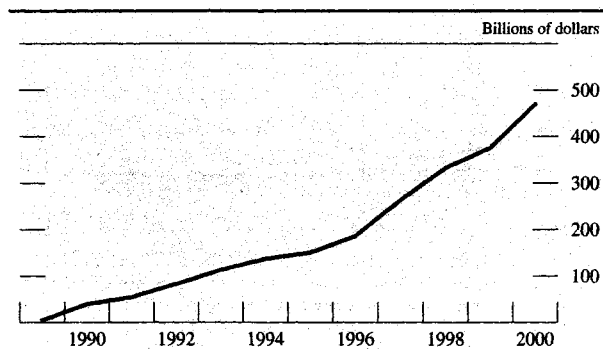
### Loan Performance and Loss Provisioning

The slowdown in economic growth during the second half of 2000 brought renewed attention to credit quality, especially in the business sector, where delinquency rates and net charge-off rates increased substantially. On the household side, delinquency rates also increased, on balance, last year. While delinquency rates on residential mortgages remained at a relatively low level, those on credit card and other consumer loans returned to the elevated levels reached in the mid-1990s.

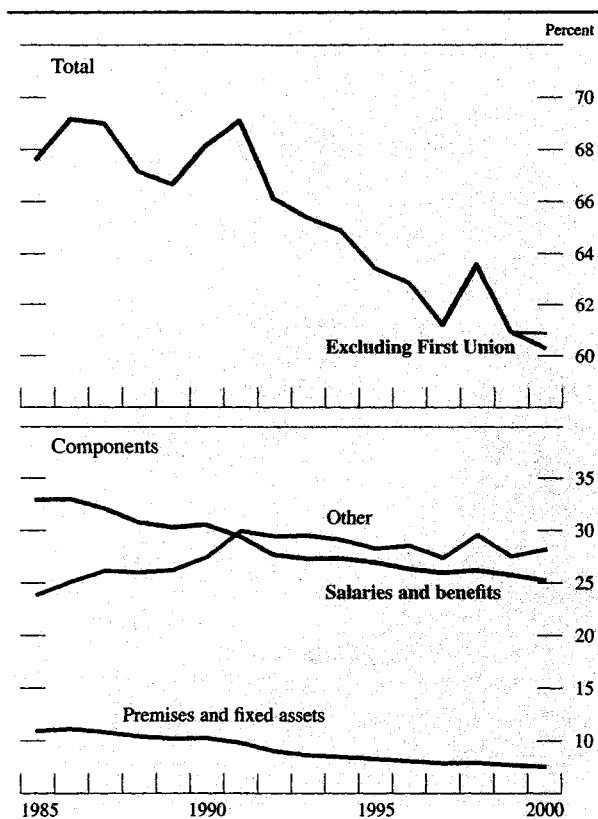
### C&I Loans

Delinquencies on C&I loans, which had begun to move up at large domestic banks in 1998, rose further in 2000 (chart 23, top left panel). The delinquency

21. Off-balance-sheet securities lent, 1989–2000



22. Noninterest expense as a proportion of revenue, 1985–2000



NOTE. First Union Bank had substantial restructuring charges in 2000:Q2.

rate on business loans at small banks, which had been relatively stable over the past several years, also increased in 2000. Although the delinquency rates have risen from exceedingly low levels, about half of the banks participating in the November 2000 BLPS indicated that they had been surprised by the extent of deterioration in the credit quality of their C&I loan portfolio since the middle of 1998. During the first half of last year, respondents often noted problems related to specific industries, such as health care and companies exposed to asbestos-related litigation; but by year-end, problem loans reportedly were spread over a wider variety of industries.

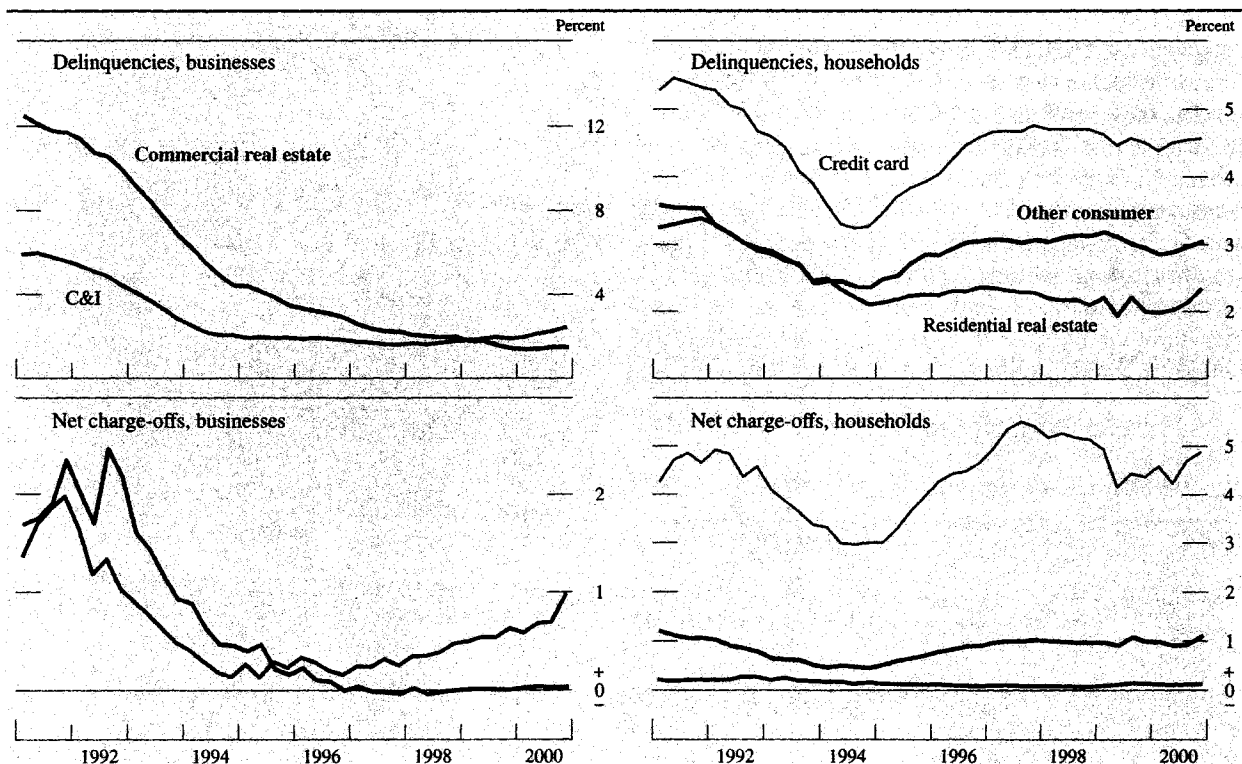
Net charge-off rates on C&I loans—which had begun increasing more than a year before delinquency rates—continued to move up in 2000, markedly so in the fourth quarter (chart 23, bottom left panel). In part, net charge-offs increased because recovery rates—defined as gross recoveries divided by total business loans—declined to decade-low levels in 2000. The sustained decline in the C&I recovery rate over the past several years probably arises from the relatively easier bank lending environ-

ment, particularly the less restrictive loan covenants and lower collateral requirements, that prevailed before the market turmoil in the second half of 1998. Despite the rise in charge-offs, the fraction of C&I loans that are classified as “nonaccrual” has also risen, reaching 1.52 percent in 2000; many nonaccrual loans are later charged off. The ratio of net charge-offs to average delinquencies rose for the sixth consecutive year, to 34 percent, a level higher than it was during the recession of 1990–91.

### Commercial Real Estate Loans

In contrast to C&I loans, commercial real estate loans continued to perform well, with delinquency rates remaining below 2 percent and net charge-off rates still almost negligible (chart 23, top and bottom left panels). These loans benefited from low vacancy rates for commercial office space and rising commercial rents even as economic growth slowed in the second half. Nevertheless, many of the largest banks in this sector apparently have not forgotten the heavy

23. Delinquency and charge-off rates for loans to businesses and households, by type of loan, 1991–2000



NOTE. The data are seasonally adjusted. Delinquent loans are loans that are not accruing interest and those that are accruing interest but are more than thirty days past due. The delinquency rate is the end-of-period level of delinquent

loans divided by the end-of-period level of outstanding loans. The net charge-off rate is the annualized amount of charge-offs over the period, net of recoveries, divided by the average level of outstanding loans over the period.

losses suffered in the commercial real estate market during the early 1990s. On net, about 40 percent of banks responding to the BLPS indicated that they had tightened standards on commercial real estate loans at some point in 2000. Also, in the January 2001 survey, 49 percent of domestic banks, on net, indicated that they had increased spreads of loan rates over their cost of funds during 2000, and 42 percent reported that they required higher debt-service-coverage ratios.

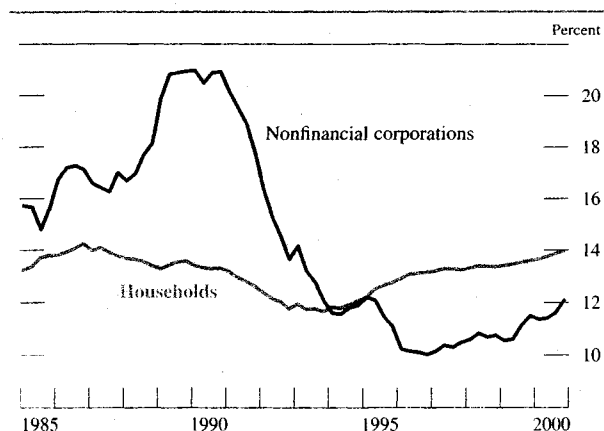
#### Loans to Households

A period of improving quality in consumer loans came to an end in the first quarter of 2000, with delinquency and net charge-off rates on credit card loans and consumer installment loans rising over the rest of the year (chart 23 top and bottom right panels). The delinquency rate on consumer installment loans rose 7 basis points in 2000, to 3.06 percent, although that on credit card loans edged up only 2 basis points, to 4.57 percent. The deterioration in consumers' servicing of their debt probably reflects the pressures brought to bear by the slowdown in economic activity as the year progressed and the continued rise in household debt-service payments as a fraction of disposable income, which reached its highest level in fifteen years (chart 24). In the January 2001 BLPS, 19 percent of banks, on net, reported a tightening of lending standards on all types of

consumer loans, a significantly higher fraction than in previous surveys.

The delinquency rate on residential mortgage loans crept up and then rose sharply in the fourth quarter. A fairly recent trend toward relatively easier lending conditions in this market may have added to the effect of a weakening economy and rising debt-service burdens. In the May 2000 BLPS, for example, almost half of the banks surveyed, on net, indicated that over the past two years they had increased the maximum size of their residential mortgage loans. Moreover, about one-fourth, on net, had eased their requirements for down payments, a change reflected in the fraction, albeit small, of mortgage loans extended with no down payment. The easier terms on residential real estate loans have negative implications for the average credit quality in this sector and for the recovery rate on foreclosed properties. Nevertheless, the net charge-off rate on residential mortgages remained very low in 2000, likely as a result of continued strength in existing home sales, which contributed to solid growth in median home prices.

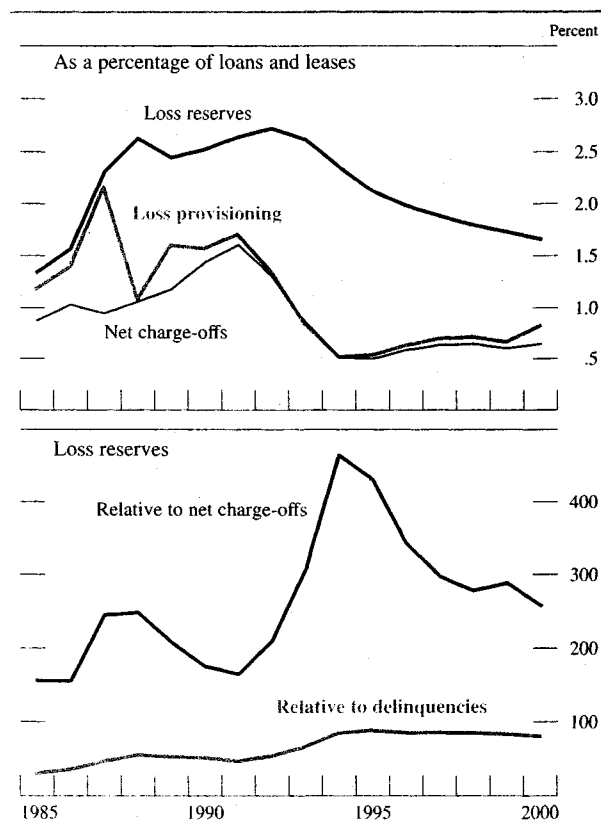
24. Debt burden of businesses and households, 1985–2000



NOTE. The debt burden for nonfinancial corporations is calculated as interest payments as a percentage of cash flow. The debt burden for households is an estimate of the ratio of debt payments to disposable personal income; debt payments consist of the estimated required payments on outstanding mortgage and consumer debt.

SOURCE. National income and product accounts and the Federal Reserve System.

25. Reserves, provisioning, and charge-offs for loan and lease losses, 1985–2000



NOTE. For definitions of delinquencies and net charge-offs, see note to chart 23.

## 4. Exposures of selected U.S. banking organizations to selected economies at year-end, relative to tier 1 capital, 1998–2000

Percent except as noted

Region or country	All reporting			Large			Other			MEMO: Total exposure, all reporting banks (billions of dollars)		
	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000
Selected Asian countries <sup>1</sup> .....	15.49	14.37	13.17	24.02	20.73	19.98	2.08	1.75	1.41	37.87	37.45	37.30
Eastern Europe												
All .....	3.49	2.85	4.35	5.61	4.25	6.83	.16	.08	.08	8.53	7.43	12.33
Russia .....	.43	.37	.49	.68	.55	.77	.00	.01	.00	1.05	.95	1.39
Latin America												
All .....	42.93	39.00	37.88	64.20	53.90	54.98	9.51	9.41	8.35	104.96	101.63	107.31
Brazil .....	11.27	10.49	11.15	17.04	14.53	16.40	.00	2.47	2.08	27.55	27.34	31.59
<b>Total</b> .....	<b>61.90</b>	<b>56.22</b>	<b>55.40</b>	<b>93.83</b>	<b>78.88</b>	<b>81.79</b>	<b>11.75</b>	<b>11.24</b>	<b>9.84</b>	<b>151.36</b>	<b>146.51</b>	<b>156.94</b>

NOTE. For definition of tier 1 capital, see text note 5. Exposures consist of lending and derivatives exposures for cross-border and local-office operations. Respondents may file information on one bank or on the bank holding company as a whole.

At year-end 2000, "all reporting" banks consisted of 99 institutions with a total of \$283 billion in tier 1 capital; of these institutions, 10 were "large" banks

(5 money center banks and 5 other large banks) (\$179 billion in tier 1 capital), and the remaining 89 were "other" banks (\$104 billion). The average "other" bank at year-end 2000 had \$16 billion in assets.

1. Indonesia, Korea, Malaysia, Philippines, and Thailand.

SOURCE. Federal Financial Institutions Examination Council Statistical Release E.16, "Country Exposure Survey," available at [www.ffiec.gov/E16.htm](http://www.ffiec.gov/E16.htm)

## Loss Provisioning

In response to higher delinquency and charge-off rates overall, commercial banks aggressively stepped up loan-loss provisioning in 2000 (chart 25, top panel). Almost 80 percent of the increase was attributable to the largest 100 banks, and among those, much of it was concentrated at the commercial bank subsidiaries of a few large bank holding companies. Nevertheless, because of the increase in net charge-offs, the sharp rise in loss provisioning resulted in only an 8 percent increase in loan-loss reserves—less than the advance in total loans and leases. As a result, the ratio of loan-loss reserves to total loans and leases fell 7 basis points, to 1.66 percent, the lowest level since 1986.

Other measures of the adequacy of loan-loss reserves also fell but remained at fairly high levels relative to historical norms (chart 25, bottom panel). The ratio of loan-loss reserves to delinquent loans dropped 10 percentage points, to 70 percent, still just below the elevated range of the past several years and above its level of the late 1980s and early 1990s. Similarly, the ratio of loan-loss reserves to net charge-offs declined significantly last year but remained above its level of the late 1980s and early 1990s.

consecutive year in 2000, reaching 12.3 percent. The decline reflected strong U.S. economic growth and the associated rise in lending to U.S. entities over the first half of 2000. Nevertheless, rising income from foreign operations during the first two quarters of the year boosted the share of income attributable to such operations to 10.3 percent, up from 9.9 percent in 1999. The increase in income reflected a rise in interest income, which rebounded notably after slipping in 1999, and—in contrast to domestic operations—a notable reduction in loan-loss provisioning.

Reports from ninety-nine banks for year-end 2000 show that the ten largest of them increased their exposure to Eastern Europe and, by a lesser amount, to Latin America, as a proportion of tier 1 capital, while further paring back their exposure to certain Asian economies (table 4). The rise in exposure to Brazil accounted for almost half of the rise in the large banks' exposure to Latin America, which nonetheless remained below its level of two years ago. The other reporting banks cut back their exposure to all these economies, to below 10 percent of tier 1 capital. For all reporting banks, exposures to all these economies fell slightly, to 55.4 percent of tier 1 capital.

## RECENT DEVELOPMENTS

Over the first three months of 2001, the Federal Reserve lowered the federal funds rate 150 basis points in three 50-point steps, to 5 percent, and almost completely reversed the tightening that had

INTERNATIONAL OPERATIONS  
OF U.S. COMMERCIAL BANKS

The share of assets at domestically chartered banks that were booked at foreign offices fell for the third



begun in the second half of 1999. Despite the change in the stance of monetary policy, responses to a supplementary survey of bank lending practices in March 2001 indicated that banks, on net, continued to tighten standards and strengthen terms on commercial and industrial loans during the first two months of 2001. The equity prices of bank holding companies declined moderately, on balance, over the first quarter of 2001, although bank share prices continued to perform better than the S&P 500.

The net income of a sample of twenty-five large bank holding companies declined more than 10 per-

cent in the first quarter of 2001 relative to the same quarter last year. Profitability was restrained significantly by continued increases in loan-loss provisioning arising from ongoing deterioration in credit quality; according to several banks, the deterioration remains concentrated in commercial loan portfolios. The decline in net income also reflected reduced revenues from capital market activities, particularly at banking organizations that have substantial venture capital operations. □

A.1. Report of income, all U.S. banks, 1991–2000

Millions of dollars

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross interest income	290,692	256,415	244,742	257,065	302,376	313,120	338,225	359,184	366,182	424,299
Taxable equivalent	293,879	259,394	247,620	259,822	305,010	315,579	340,660	361,648	368,809	426,937
Loans	215,019	185,938	178,425	189,764	227,218	239,310	255,499	270,952	278,604	327,277
Securities	52,769	51,825	48,678	48,299	51,030	50,603	52,662	56,596	62,095	67,665
Gross federal funds sold and reverse repurchase agreements	9,149	5,913	4,796	6,415	9,744	9,265	13,658	14,999	12,327	13,530
Other	13,757	12,739	12,843	12,587	14,382	13,944	16,407	16,635	13,155	15,829
Gross interest expense	168,492	122,517	105,615	110,850	147,958	150,047	164,516	177,999	174,870	222,011
Deposits	139,431	98,809	79,503	79,106	105,329	107,467	117,351	125,217	119,640	151,159
Gross federal funds purchased and reverse repurchase agreements	14,439	9,263	8,442	12,476	18,424	16,775	20,440	22,182	21,129	26,847
Other	14,623	14,441	17,669	19,269	24,204	25,806	26,724	30,599	34,101	44,004
Net interest income	122,200	133,898	139,127	146,215	154,418	163,073	173,709	181,185	191,312	202,288
Taxable equivalent	125,387	136,877	142,005	148,972	157,052	165,532	176,144	183,649	193,939	204,926
Loss provisioning <sup>1</sup>	34,871	26,813	16,841	10,991	12,631	16,206	19,173	21,224	21,120	29,038
Noninterest income	61,124	67,044	75,847	77,224	83,851	95,278	105,776	123,490	144,131	151,715
Service charges on deposits	12,884	14,126	14,898	15,281	16,057	17,043	18,558	19,770	21,495	23,717
Income from fiduciary activities	9,499	10,452	11,199	12,124	12,890	14,288	16,604	19,271	20,501	22,213
Trading income	5,954	6,273	9,238	6,249	6,337	7,523	8,019	7,705	10,478	12,447
Other	32,785	36,193	40,513	43,572	48,567	56,424	62,597	76,745	91,656	93,340
Noninterest expense	126,665	132,815	140,523	144,905	151,137	162,401	170,996	193,681	204,365	215,514
Salaries, wages, and employee benefits	53,810	55,484	58,507	60,904	64,013	67,776	72,347	79,508	86,139	89,005
Expenses of premises and fixed assets	17,984	18,152	18,578	18,978	19,760	20,883	22,082	24,160	25,859	26,763
Other	54,871	59,181	63,439	65,023	67,363	73,742	76,568	90,013	92,367	99,744
Net noninterest expense	65,541	65,771	64,676	67,681	67,286	67,123	65,220	70,191	60,234	63,799
Realized gains on investment account securities	2,897	3,957	3,054	-568	481	1,123	1,826	3,087	251	-2,298
Income before taxes and extraordinary items	24,684	45,273	60,662	66,974	74,980	80,866	91,141	92,856	110,208	107,155
Taxes	8,292	14,450	19,861	22,429	26,222	28,431	31,987	31,902	39,262	37,448
Extraordinary items	1,198	401	2,085	-17	28	88	56	506	169	-32
Net income	17,590	31,224	42,886	44,528	48,785	52,522	59,209	61,460	71,114	69,675
Cash dividends declared	15,562	14,226	22,068	28,165	31,105	39,391	42,726	41,206	51,957	52,517
Retained income	2,028	16,997	20,816	16,362	17,681	13,132	16,483	20,253	19,159	17,157

1. Includes provisions for loan and lease losses and for allocated transfer risk.

Table A.2 begins on page 384.

## A.2. Portfolio composition, interest rates, and income and expense, all U.S. banks, 1991–2000

## A. All banks

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Balance sheet items as a percentage of average net consolidated assets										
Interest-earning assets	88.04	88.33	88.50	86.60	86.47	86.80	86.58	86.26	86.54	86.66
Loans and leases, net	59.55	57.30	56.25	56.07	58.37	59.89	58.69	58.33	59.36	60.51
Commercial and industrial	17.33	15.78	14.88	14.51	15.20	15.60	15.78	16.37	17.09	17.20
U.S. addressees	15.00	13.54	12.72	12.35	12.87	13.07	13.18	13.62	14.43	14.67
Foreign addressees	82.33	2.24	2.16	2.16	2.33	2.53	2.60	2.75	2.66	2.53
Consumer	11.45	11.00	11.00	11.43	12.08	12.21	11.44	10.36	9.71	9.39
Credit card	3.88	3.80	3.88	4.21	4.69	4.87	4.55	3.96	3.51	3.52
Installment and other	7.57	7.20	7.11	7.22	7.39	7.34	6.89	6.39	6.20	5.88
Real estate	24.87	24.87	24.80	24.43	25.01	25.06	25.02	24.87	25.44	27.04
In domestic offices	24.11	24.18	24.18	23.80	24.36	24.43	24.41	24.30	24.87	26.49
Construction and land development	3.41	2.64	1.99	1.65	1.59	1.63	1.73	1.86	2.18	2.51
Farmland	.53	.56	.57	.56	.56	.56	.55	.55	.56	.56
One- to four-family residential	12.27	12.91	13.49	13.74	14.42	14.43	14.42	14.26	14.10	14.95
Home equity	1.95	2.09	2.07	1.91	1.88	1.85	1.94	1.89	1.76	1.96
Other	10.32	10.83	11.42	11.84	12.54	12.57	12.48	12.37	12.34	13.00
Multifamily residential	.66	.75	.79	.79	.81	.85	.83	.82	.88	.99
Nonfarm nonresidential	7.23	7.32	7.33	7.07	6.97	6.96	6.88	6.81	7.15	7.48
In foreign offices	.76	.69	.62	.63	.65	.63	.61	.57	.57	.54
Depository institutions	1.42	1.24	1.08	1.42	1.88	2.29	1.89	1.88	1.94	1.85
Foreign governments	.75	.73	.67	.41	.30	.26	.18	.15	.16	.12
Agricultural production	1.01	1.02	.99	1.00	.96	.92	.90	.89	.83	.78
Other loans	3.60	3.50	3.56	3.34	3.15	3.36	2.84	2.81	2.76	2.56
Lease-financing receivables	1.09	1.03	.99	1.03	1.19	1.51	1.87	2.14	2.53	2.65
Less: Unearned income on loans	-.36	-.28	-.21	-.16	-.14	-.12	-.09	-.07	-.06	-.05
Less: Loss reserves <sup>1</sup>	-1.62	-1.60	-1.51	-1.36	-1.26	-1.21	-1.03	-1.07	-1.04	-1.02
Securities	20.70	23.52	25.37	24.32	21.94	21.01	20.41	20.38	20.40	20.02
Investment account	18.93	21.18	22.50	21.60	19.39	18.20	17.25	17.49	18.33	17.59
Debt	18.62	20.82	22.12	21.21	18.98	17.75	16.75	16.94	17.73	16.93
U.S. Treasury	5.06	6.49	7.08	6.77	5.25	4.20	3.38	2.71	2.14	1.66
U.S. government agency and corporation obligations	8.75	9.86	10.73	10.24	9.81	9.75	9.74	10.28	10.85	10.31
Government-backed mortgage pools	4.51	4.52	4.74	4.67	4.47	4.80	4.94	5.17	5.24	4.75
Collateralized mortgage obligations	2.07	3.12	3.72	3.24	2.67	2.11	1.94	2.13	2.15	1.92
Other	2.16	2.21	2.27	2.33	2.68	2.83	2.86	2.99	3.46	3.63
State and local government	2.28	2.08	2.06	2.02	1.80	1.68	1.59	1.57	1.62	1.52
Private mortgage-backed securities	.94	.82	.73	.64	.62	.61	.50	.67	.88	.95
Other	1.59	1.58	1.52	1.54	1.49	1.51	1.54	1.71	2.24	2.48
Equity	.31	.37	.38	.39	.41	.45	.50	.55	.61	.66
Trading account	1.77	2.34	2.87	2.71	2.55	2.81	3.16	2.90	2.06	2.43
Gross federal funds sold and reverse RPs	4.58	4.54	4.27	3.82	3.93	3.82	5.18	5.37	4.61	4.12
Interest-bearing balances at depositories	3.21	2.97	2.62	2.40	2.23	2.08	2.29	2.17	2.17	2.01
Non-interest-earning assets	11.96	11.67	11.50	13.40	13.53	13.20	13.42	13.74	13.46	13.34
Revaluation gains on off-balance-sheet items <sup>2</sup>	n.a.	n.a.	n.a.	2.95	2.90	2.25	2.59	2.95	2.57	2.29
Other	11.96	11.67	11.50	10.45	10.62	10.95	10.83	10.79	10.89	11.05
Liabilities	93.33	92.82	92.15	92.12	91.99	91.73	91.57	91.51	91.51	91.58
Interest-bearing liabilities	76.58	75.32	73.92	71.86	71.86	71.62	71.36	71.33	72.51	73.28
Deposits	64.45	62.94	60.26	57.34	56.30	55.87	55.01	54.66	54.79	54.66
In foreign offices	8.55	8.37	8.32	9.39	10.28	10.01	10.02	10.15	10.46	10.90
In domestic offices	55.90	54.56	51.94	47.96	46.03	45.86	44.99	44.51	44.33	43.75
Other checkable deposits	6.72	7.65	8.24	7.80	6.63	4.75	3.62	3.11	2.81	2.46
Savings (including MMDAs)	18.00	20.28	20.91	19.60	17.48	18.71	19.13	19.91	21.00	20.64
Small-denomination time deposits	21.30	19.21	16.98	15.33	16.14	15.97	15.17	14.15	13.10	12.49
Large-denomination time deposits	9.89	7.42	5.81	5.23	5.77	6.42	7.08	7.33	7.42	8.16
Gross federal funds purchased and RPs	7.09	7.02	7.47	7.60	7.71	7.18	8.13	7.99	7.97	7.84
Other	5.03	5.36	6.19	6.92	7.85	8.56	8.21	8.68	9.75	10.79
Non-interest-bearing liabilities	16.75	17.50	18.23	20.26	20.13	20.11	20.21	20.18	19.00	18.30
Demand deposits in domestic offices	12.59	13.24	13.86	13.49	12.68	12.82	12.16	11.00	9.78	8.62
Revaluation losses on off-balance-sheet items <sup>2</sup>	n.a.	n.a.	n.a.	2.69	2.88	2.14	2.64	2.97	2.52	2.29
Other	4.16	4.27	4.37	4.55	4.57	5.14	5.41	6.21	6.70	7.39
Capital account	6.67	7.18	7.85	7.88	8.01	8.27	8.43	8.49	8.49	8.42
MEMO										
Commercial real estate loans	12.02	11.34	10.63	9.94	9.83	9.92	9.99	10.12	10.87	11.58
Other real estate owned	.75	.82	.63	.36	.19	.14	.11	.08	.06	.05
Managed liabilities	31.05	28.70	28.28	29.61	32.08	32.73	34.09	34.94	36.58	38.82
Average net consolidated assets (billions of dollars)	3,379	3,442	3,566	3,863	4,148	4,376	4,733	5,144	5,438	5,904

## A.2.—Continued

## A. All banks

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Effective interest rate (percent) <sup>1</sup>										
<i>Rates earned</i>										
Interest-earning assets	9.57	8.27	7.61	7.61	8.33	8.14	8.15	7.99	7.70	8.23
Taxable equivalent	9.69	8.37	7.71	7.70	8.41	8.21	8.22	8.06	7.77	8.26
Loans and leases, gross	10.40	9.20	8.69	8.62	9.25	8.99	9.01	8.85	8.48	9.01
Net of loss provisions	8.72	7.87	7.87	8.12	8.74	8.39	8.34	8.15	7.83	8.21
Securities	8.19	7.04	6.08	5.96	6.51	6.42	6.50	6.37	6.25	6.53
Taxable equivalent	8.56	7.34	6.36	6.20	6.73	6.66	6.73	6.63	6.45	6.65
Investment account	8.25	7.11	6.07	5.79	6.35	6.35	6.45	6.29	6.23	6.52
U.S. government and other debt	8.43	7.18	6.07	5.80	6.42	6.47	6.60	6.45	6.39	6.71
State and local	7.25	6.81	6.25	5.87	5.82	5.55	5.41	5.23	5.11	5.21
Equity	6.20	5.32	4.79	4.79	5.51	5.23	5.15	4.92	4.85	4.99
Trading account	7.54	6.40	6.16	7.41	7.73	6.86	6.75	6.85	6.47	6.63
Gross federal funds sold and reverse RPs	5.69	3.58	3.04	4.26	5.63	5.21	5.45	5.29	4.78	5.56
Interest-bearing balances at depositories	8.44	7.31	6.61	5.71	6.84	6.21	6.24	6.32	5.95	6.48
<i>Rates paid</i>										
Interest-bearing liabilities	6.55	4.75	4.01	4.01	4.99	4.82	4.92	4.88	4.47	5.17
Interest-bearing deposits	6.34	4.51	3.65	3.53	4.47	4.33	4.39	4.31	3.87	4.45
In foreign offices	8.54	7.32	6.82	5.59	6.12	5.54	5.44	5.66	4.91	5.61
In domestic offices	6.00	4.07	3.14	3.14	4.11	4.07	4.16	4.01	3.63	4.18
Other checkable deposits	4.34	2.70	1.99	1.85	2.06	2.04	2.25	2.29	2.08	2.34
Savings (including MMDAs)	5.11	3.25	2.50	2.58	3.19	2.99	2.93	2.79	2.49	2.86
Large-denomination time deposits <sup>4</sup>	6.69	4.90	4.00	4.09	5.47	5.39	5.45	5.22	4.92	5.79
Small-denomination time deposits <sup>4</sup>	6.93	5.15	4.19	4.17	5.44	5.40	5.54	5.48	5.09	5.68
Gross federal funds purchased and RPs	5.76	3.64	3.07	4.18	5.65	5.12	5.17	5.19	4.73	5.76
Other interest-bearing liabilities	8.65	7.87	8.02	7.25	7.47	6.93	6.95	6.89	6.48	6.96
Income and expense as a percentage of average net consolidated assets										
Gross interest income	8.60	7.45	6.86	6.65	7.29	7.16	7.15	6.98	6.73	7.19
Taxable equivalent	8.70	7.54	6.94	6.73	7.35	7.21	7.20	7.03	6.78	7.23
Loans	6.36	5.40	5.00	4.91	5.48	5.47	5.40	5.27	5.12	5.54
Securities	1.56	1.51	1.37	1.25	1.23	1.16	1.11	1.10	1.14	1.15
Gross federal funds sold and reverse RPs	.27	.17	.13	.17	.23	.21	.29	.29	.23	.23
Other	.41	.37	.36	.33	.35	.32	.35	.32	.24	.27
Gross interest expense	4.99	3.56	2.96	2.87	3.57	3.43	3.48	3.46	3.22	3.76
Deposits	4.13	2.87	2.23	2.05	2.54	2.46	2.48	2.43	2.20	2.56
Gross federal funds purchased and RPs	.43	.27	.24	.32	.44	.38	.43	.43	.39	.45
Other	.43	.42	.50	.50	.58	.59	.56	.59	.63	.75
Net interest income	3.62	3.89	3.90	3.78	3.72	3.73	3.67	3.52	3.52	3.43
Taxable equivalent	3.71	3.98	3.98	3.86	3.79	3.78	3.72	3.57	3.57	3.47
Loss provisioning <sup>5</sup>	1.03	.78	.47	.28	.30	.37	.41	.41	.39	.49
Noninterest income	1.81	1.95	2.13	2.00	2.02	2.18	2.23	2.40	2.65	2.57
Service charges on deposits	.38	.41	.42	.40	.39	.39	.39	.38	.40	.40
Income from fiduciary activities	.28	.30	.31	.31	.31	.33	.35	.37	.38	.38
Trading income	.18	.18	.26	.16	.15	.17	.17	.15	.19	.21
Interest rate exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.09	.08	.05	.07	.08
Foreign exchange exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.06	.08	.09	.09	.09
Equity, commodity, and other exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.02	*	.01	.03	.04
Other	.97	1.05	1.14	1.13	1.17	1.29	1.32	1.49	1.69	1.58
Noninterest expense	3.75	3.86	3.94	3.75	3.64	3.71	3.61	3.76	3.76	3.65
Salaries, wages, and employee benefits	1.59	1.61	1.64	1.58	1.54	1.55	1.53	1.55	1.58	1.51
Expenses of premises and fixed assets	.53	.53	.52	.49	.48	.48	.47	.47	.48	.45
Other	1.62	1.72	1.78	1.68	1.62	1.69	1.62	1.75	1.70	1.69
Net noninterest expense	1.94	1.91	1.81	1.75	1.62	1.53	1.38	1.36	1.11	1.08
Realized gains on investment account securities	.09	.11	.09	-.01	.01	.03	.04	.06	*	-.04
Income before taxes and extraordinary items	.73	1.32	1.70	1.73	1.81	1.85	1.93	1.81	2.03	1.81
Taxes	.25	.42	.56	.58	.63	.65	.68	.62	.72	.63
Extraordinary items	.04	.01	.06	*	*	*	*	.01	*	*
Net income (return on assets)	.52	.91	1.20	1.15	1.18	1.20	1.25	1.19	1.31	1.18
Cash dividends declared	.46	.41	.62	.73	.75	.90	.90	.80	.96	.89
Retained income	.06	.49	.58	.42	.43	.30	.35	.39	.35	.29
MEMO: Return on equity	7.80	12.64	15.32	14.63	14.69	14.52	14.84	14.07	15.41	14.01

\* In absolute value, less than 0.005 percent.

n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

1. Includes the allowance for loan and lease losses and the allocated transfer risk reserve.

2. Before 1994, the netted value of off-balance-sheet items appeared in "trading account securities" if a gain and "other non-interest-bearing liabilities" if a loss.

3. When possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Reports.

4. Before 1997, data for large time open accounts are included in small-denomination time deposits.

5. Includes provisions for loan and lease losses and for allocated transfer risk.

## A.2. Portfolio composition, interest rates, and income and expense, all U.S. banks, 1991–2000

## B. Ten largest banks by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Balance sheet items as a percentage of average net consolidated assets										
Interest-earning assets	85.41	85.16	84.79	77.16	77.02	79.94	81.62	81.06	81.28	82.02
Loans and leases, net	62.14	58.34	55.57	49.91	50.05	53.51	50.91	50.76	53.37	55.22
Commercial and industrial	22.42	20.32	18.65	16.43	16.16	17.17	16.90	18.07	19.24	19.95
U.S. addressees	13.44	12.00	10.75	9.16	8.66	9.59	10.24	11.76	13.14	13.94
Foreign addressees	8.97	8.32	7.90	7.27	7.50	7.59	6.66	6.31	6.10	6.01
Consumer	7.20	7.31	7.33	6.59	6.60	6.22	6.40	6.04	5.94	5.45
Credit card	2.53	2.61	2.50	2.28	1.96	1.23	1.34	1.30	1.36	1.34
Installment and other	4.67	4.70	4.83	4.31	4.65	4.99	5.06	4.74	4.58	4.11
Real estate	21.68	19.93	18.54	16.21	15.82	16.53	17.42	16.51	16.96	19.82
In domestic offices	18.37	17.07	15.99	13.80	13.48	14.44	15.69	15.08	15.55	18.48
Construction and land development	3.42	2.48	1.59	.84	.58	.51	.68	.77	.90	.98
Farmland	.08	.07	.07	.06	.06	.06	.09	.09	.10	.11
One- to four-family residential	10.34	10.08	10.29	9.69	9.62	10.43	11.02	10.33	10.77	13.37
Home equity	1.63	1.63	1.60	1.40	1.40	1.53	1.70	1.72	1.54	1.60
Other	8.71	8.46	8.68	8.29	8.22	8.90	9.31	8.61	9.22	11.76
Multifamily residential	.57	.58	.53	.41	.38	.38	.39	.38	.43	.60
Nonfarm nonresidential	3.95	3.86	3.51	2.79	2.83	3.05	3.52	3.51	3.35	3.42
In foreign offices	3.32	2.85	2.55	2.41	2.35	2.09	1.73	1.43	1.41	1.34
Depository institutions	3.05	2.86	2.35	3.37	4.95	6.06	4.14	4.00	4.30	3.75
Foreign governments	2.88	2.75	2.46	1.27	.90	.69	.45	.35	.38	.28
Agricultural production	.31	.28	.27	.25	.21	.23	.31	.28	.26	.23
Other loans	5.61	6.05	6.82	6.44	5.85	6.42	4.21	3.79	3.97	3.68
Lease-financing receivables	1.68	1.51	1.30	1.14	1.14	1.59	2.24	2.81	3.40	3.07
Less: Unearned income on loans	-.35	-.27	-.21	-.16	-.14	-.11	-.07	-.06	-.05	-.04
Less: Loss reserves <sup>1</sup>	-2.34	-2.08	-1.94	-1.63	-1.45	-1.30	-1.08	-1.01	-1.03	-.97
Securities	15.58	19.13	22.74	20.61	19.53	19.83	20.00	19.72	18.34	18.98
Investment account	9.38	10.70	12.45	11.68	10.65	10.60	10.97	12.12	13.08	13.71
Debt	9.08	10.36	12.08	11.30	10.27	10.22	10.55	11.64	12.57	13.03
U.S. Treasury	1.35	2.30	2.39	2.17	2.03	1.93	1.56	1.70	1.98	1.96
U.S. government agency and corporation obligations	3.46	4.45	6.14	5.16	4.46	4.59	5.34	6.31	6.35	6.59
Government-backed mortgage pools	2.26	2.43	3.30	2.79	2.89	3.58	4.26	5.13	5.03	4.88
Collateralized mortgage obligations	1.12	1.97	2.76	2.31	1.50	.95	.93	.93	.79	.93
Other	.08	.05	.08	.06	.08	.06	.15	.26	.52	.78
State and local government	.77	.66	.59	.60	.49	.39	.51	.47	.45	.51
Private mortgage-backed securities	.48	.33	.38	.43	.32	.30	.32	.60	.57	.51
Other	3.01	2.62	2.59	2.94	2.97	3.01	2.81	2.57	3.22	3.47
Equity	.30	.33	.36	.38	.38	.38	.42	.47	.51	.68
Trading account	6.19	8.43	10.30	8.93	8.88	9.23	9.03	7.60	5.25	5.26
Gross federal funds sold and reverse RPs	2.96	3.23	2.71	2.68	3.20	3.10	7.56	7.81	6.64	5.02
Interest-bearing balances at depositories	4.74	4.45	3.76	3.95	4.25	3.50	3.15	2.77	2.94	2.80
Non-interest-earning assets	14.59	14.84	15.21	22.84	22.98	20.06	18.38	18.94	18.72	17.98
Revaluation gains on off-balance-sheet items <sup>2</sup>	n.a.	n.a.	n.a.	11.23	10.77	7.63	7.36	7.62	6.66	5.66
Other	14.59	14.84	15.21	11.61	12.21	12.43	11.02	11.33	12.05	12.32
Liabilities	94.97	94.44	93.24	93.42	93.59	93.04	92.61	92.58	92.28	92.36
Interest-bearing liabilities	74.62	73.08	71.56	64.33	63.37	64.45	65.83	65.81	66.87	67.81
Deposits	57.67	55.73	52.91	48.20	47.49	47.87	47.36	47.65	48.79	49.27
In foreign offices	28.47	27.16	25.51	26.10	28.36	26.41	22.18	20.17	21.04	21.62
In domestic offices	29.19	28.56	27.41	22.10	19.12	21.46	25.18	27.48	27.76	27.66
Other checkable deposits	3.00	3.38	3.45	2.91	2.30	1.61	1.21	.99	.72	.74
Savings (including MMDAs)	13.50	14.91	15.33	12.70	10.56	12.31	14.26	15.83	16.84	16.73
Small-denomination time deposits	6.55	5.72	5.09	3.98	4.04	4.68	5.82	6.03	5.66	5.38
Large-denomination time deposits	6.14	4.56	3.53	2.51	2.23	2.86	3.89	4.62	4.54	4.80
Gross federal funds purchased and RPs	6.80	6.19	6.70	5.83	6.17	5.88	10.26	9.78	8.84	8.89
Other	10.15	11.16	11.94	10.29	9.71	10.69	8.20	8.37	9.24	9.65
Non-interest-bearing liabilities	20.35	21.36	21.68	29.09	30.22	28.59	26.78	26.77	25.41	24.56
Demand deposits in domestic offices	10.36	11.05	11.27	10.15	8.88	9.73	8.98	8.46	7.83	7.28
Revaluation losses on off-balance-sheet items <sup>2</sup>	n.a.	n.a.	n.a.	10.22	10.68	7.27	7.53	7.67	6.51	5.69
Other	9.99	10.30	10.41	10.51	10.66	11.59	10.27	10.65	11.06	11.59
Capital account	5.03	5.56	6.76	6.58	6.41	6.96	7.39	7.42	7.72	7.64
MEMO										
Commercial real estate loans	9.05	8.01	6.46	4.65	4.40	4.65	5.45	5.61	5.69	5.87
Other real estate owned	.78	1.13	1.02	.58	.27	.18	.13	.09	.06	.04
Managed liabilities	53.23	50.82	49.23	46.21	47.94	47.39	46.02	44.42	45.49	46.84
Average net consolidated assets (billions of dollars)	717	775	818	949	1,051	1,189	1,514	1,820	1,935	2,234

## A.2.—Continued

## B. Ten largest banks by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Effective interest rate (percent) <sup>3</sup>										
<i>Rates earned</i>										
Interest-earning assets	9.92	8.67	8.16	8.15	8.20	7.72	7.55	7.54	7.35	7.77
Taxable equivalent	9.95	8.72	8.20	8.18	8.22	7.74	7.60	7.57	7.39	7.78
Loans and leases, gross	10.46	9.36	9.07	8.89	8.84	8.32	8.25	8.21	7.99	8.46
Net of loss provisions	8.58	7.51	7.95	8.38	8.62	8.11	7.93	7.62	7.50	7.84
Securities	8.52	7.38	6.69	7.09	7.41	6.80	6.70	6.79	6.52	6.52
Taxable equivalent	8.63	7.54	6.77	7.19	7.47	6.85	6.85	6.89	6.65	6.55
Investment account	8.99	7.96	6.90	6.57	7.06	6.71	6.61	6.71	6.50	6.45
U.S. government and other debt	9.29	8.13	6.99	6.70	7.22	6.86	6.80	6.92	6.68	6.70
State and local	7.67	7.40	6.99	6.35	6.23	5.73	5.55	5.50	5.65	5.69
Equity	4.22	4.04	3.72	3.27	4.03	3.84	3.47	2.98	2.93	2.55
Trading account	7.84	6.69	6.45	7.79	7.83	6.90	6.81	6.92	6.56	6.70
Gross federal funds sold and reverse RPs	5.60	3.65	3.02	4.52	5.20	4.92	5.45	5.20	4.52	4.93
Interest-bearing balances at depositories	10.05	9.29	8.34	7.27	7.15	6.71	6.91	7.16	7.22	7.43
<i>Rates paid</i>										
Interest-bearing liabilities	7.71	6.17	5.60	5.43	5.88	5.44	5.41	5.29	4.79	5.37
Interest-bearing deposits	7.09	5.33	4.50	4.32	4.99	4.57	4.54	4.40	3.82	4.40
In foreign offices	8.76	7.55	6.87	6.04	6.07	5.62	5.52	5.83	4.99	5.67
In domestic offices	5.47	3.25	2.36	2.35	3.42	3.32	3.69	3.39	3.04	3.51
Other checkable deposits	3.93	1.97	1.28	1.10	1.29	1.32	1.97	1.67	1.44	1.61
Savings (including MMDAs)	5.09	2.95	2.14	2.35	3.11	2.76	2.68	2.45	2.11	2.43
Large-denomination time deposits <sup>4</sup>	6.50	4.66	3.55	3.12	3.73	4.62	5.17	4.53	4.36	5.35
Small-denomination time deposits <sup>4</sup>	6.09	3.81	3.01	2.80	5.08	4.58	5.45	5.21	4.95	5.50
Gross federal funds purchased and RPs	5.98	4.04	3.26	4.05	5.22	4.93	5.02	5.18	4.53	5.47
Other interest-bearing liabilities	11.20	10.40	11.16	10.87	9.80	8.86	9.13	8.85	8.61	8.15
Income and expense as a percentage of average net consolidated assets										
Gross interest income	8.77	7.69	7.22	6.37	6.42	6.26	6.31	6.21	6.01	6.39
Taxable equivalent	8.80	7.72	7.25	6.40	6.43	6.27	6.33	6.22	6.03	6.41
Loans	6.77	5.65	5.22	4.49	4.44	4.48	4.31	4.27	4.35	4.74
Securities	.84	.85	.86	.77	.75	.71	.73	.81	.85	.88
Gross federal funds sold and reverse RPs	.17	.14	.11	.15	.21	.18	.45	.42	.30	.25
Other	.98	1.05	1.04	.97	1.00	.88	.82	.70	.51	.51
Gross interest expense	5.81	4.54	4.06	3.52	3.74	3.52	3.55	3.48	3.16	3.60
Deposits	4.23	3.09	2.48	2.15	2.43	2.26	2.26	2.20	1.97	2.33
Gross federal funds purchased and RPs	.43	.28	.24	.24	.35	.31	.54	.54	.40	.49
Other	1.15	1.17	1.35	1.13	.95	.95	.75	.74	.79	.78
Net interest income	2.96	3.15	3.16	2.86	2.68	2.73	2.76	2.73	2.84	2.78
Taxable equivalent	2.99	3.18	3.19	2.88	2.70	2.75	2.79	2.75	2.86	2.80
Loss provisioning <sup>5</sup>	1.21	1.12	.64	.26	.11	.11	.16	.31	.26	.35
Noninterest income	2.40	2.59	2.99	2.33	2.16	2.34	2.12	2.15	2.55	2.51
Service charges on deposits	.26	.30	.30	.26	.25	.28	.32	.33	.37	.40
Income from fiduciary activities	.33	.37	.39	.36	.30	.31	.34	.32	.31	.27
Trading income	.64	.66	.91	.53	.46	.52	.43	.33	.46	.48
Interest rate exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.30	.23	.10	.17	.20
Foreign exchange exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.17	.20	.20	.19	.18
Equity, commodity, and other exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.05	*	.03	.09	.11
Other	1.16	1.27	1.38	1.18	1.15	1.23	1.04	1.17	1.41	1.36
Noninterest expense	3.83	3.86	4.13	3.56	3.32	3.57	3.24	3.47	3.45	3.30
Salaries, wages, and employee benefits	1.79	1.78	1.88	1.65	1.58	1.57	1.45	1.45	1.57	1.46
Expenses of premises and fixed assets	.66	.65	.66	.55	.50	.50	.47	.47	.50	.47
Other	3.38	1.43	1.59	1.36	1.24	1.50	1.33	1.54	1.38	1.38
Net noninterest expense	1.44	1.27	1.14	1.23	1.16	1.23	1.12	1.32	.90	.79
Realized gains on investment account securities	.04	.11	.13	.02	.03	.04	.08	.11	.03	-.03
Income before taxes and extraordinary items	.34	.87	1.50	1.39	1.44	1.44	1.56	1.22	1.71	1.60
Taxes	.17	.26	.53	.48	.55	.52	.58	.44	.66	.60
Extraordinary items	.03	*	.16	*	*	*	*	*	*	*
Net income (return on assets)	.21	.61	1.13	.91	.88	.92	.98	.78	1.05	1.00
Cash dividends declared	.21	.18	.28	.58	.57	.70	.82	.53	.79	.86
Retained income	*	.43	.85	.33	.31	.21	.15	.25	.26	.14
MEMO: Return on equity	4.23	10.91	16.75	13.86	13.78	13.21	13.22	10.53	13.58	13.07

\* In absolute value, less than 0.005 percent.

n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

1. Includes the allowance for loan and lease losses and the allocated transfer risk reserve.

2. Before 1994, the netted value of off-balance-sheet items appeared in "trading account securities" if a gain and "other non-interest-bearing liabilities" if a loss.

3. When possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Reports.

4. Before 1997, data for large time open accounts are included in small-denomination time deposits.

5. Includes provisions for loan and lease losses and for allocated transfer risk.

## A.2. Portfolio composition, interest rates, and income and expense, all U.S. banks: 1991–2000

C. Banks ranked 11 through 100 by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Balance sheet items as a percentage of average net consolidated assets										
Interest-earning assets	86.88	87.97	88.36	88.16	88.31	87.75	86.95	87.39	87.95	88.25
Loans and leases, net	60.08	58.30	57.33	58.56	62.68	64.24	63.89	64.42	64.28	64.97
Commercial and industrial	20.53	18.83	18.03	18.03	19.26	18.95	19.01	18.92	19.40	18.20
U.S. addressees	19.30	17.78	17.05	16.99	18.10	17.71	17.78	17.59	18.18	17.66
Foreign addressees	1.24	1.05	.98	1.04	1.16	1.24	1.22	1.33	1.22	.55
Consumer	11.66	11.72	11.47	12.62	14.23	15.67	15.62	14.53	13.57	13.80
Credit card	5.04	5.16	5.23	5.99	7.34	8.26	8.50	7.67	6.78	6.98
Installment and other	6.62	6.56	6.24	6.63	6.89	7.40	7.12	6.86	6.79	6.82
Real estate	21.51	21.89	22.11	22.26	23.25	23.26	22.99	24.60	24.81	26.23
In domestic offices	21.37	21.78	22.01	22.17	23.10	23.10	22.85	24.42	24.63	26.13
Construction and land development	4.00	3.02	2.08	1.63	1.50	1.55	1.69	2.03	2.43	3.00
Farmland	.12	.14	.13	.14	.13	.13	.14	.17	.19	.22
One- to four-family residential	10.17	11.36	12.30	12.98	14.16	14.15	13.88	14.86	14.15	14.52
Home equity	2.07	2.50	2.54	2.33	2.19	2.08	2.22	2.17	2.08	2.49
Other	8.10	8.85	9.76	10.65	11.97	12.07	11.65	12.69	12.07	12.03
Multifamily residential	.54	.66	.71	.71	.77	.89	.93	1.00	1.02	1.11
Nonfarm nonresidential	6.53	6.61	6.79	6.72	6.54	6.37	6.21	6.36	6.82	7.28
In foreign offices	.14	.11	.10	.09	.15	.16	.15	.18	.19	.09
Depository institutions	1.58	1.43	1.30	1.49	1.59	1.50	1.27	1.06	.92	1.04
Foreign governments	.39	.33	.30	.28	.20	.20	.09	.06	.06	.03
Agricultural production	.31	.31	.29	.29	.26	.28	.29	.33	.33	.37
Other loans	4.55	4.28	4.05	3.47	3.32	3.30	3.21	3.38	3.01	2.58
Lease-financing receivables	1.53	1.49	1.47	1.60	1.96	2.41	2.70	2.75	3.32	3.87
Less: Unearned income on loans	-.22	-.17	-.11	-.07	-.07	-.06	-.05	-.04	-.04	-.03
Less: Loss reserves <sup>1</sup>	-1.76	-1.79	-1.60	-1.41	-1.32	-1.27	-1.24	-1.16	-1.11	-1.12
Securities	17.38	20.38	21.97	21.19	18.64	16.87	15.80	16.67	17.80	17.33
Investment account	16.25	19.24	20.60	19.82	17.88	16.06	15.07	16.13	17.29	16.11
Debt	16.02	18.99	20.34	19.50	17.51	15.62	14.58	15.58	16.64	15.51
U.S. Treasury	3.78	5.88	7.05	6.85	4.82	3.34	2.81	2.25	1.70	1.12
U.S. government agency and corporation obligations	8.43	9.26	9.55	9.28	9.40	9.12	8.98	9.93	10.58	9.71
Government-backed mortgage pools	5.38	5.22	5.21	5.30	5.06	5.42	5.17	4.98	5.12	4.31
Collateralized mortgage obligations	2.48	3.54	3.71	3.07	2.82	2.16	2.13	2.83	2.89	2.55
Other	.57	.50	.63	.91	1.51	1.54	1.68	2.12	2.56	2.84
State and local government	1.63	1.46	1.31	1.21	1.11	.99	.88	.92	.99	.96
Private mortgage-backed securities	1.09	1.05	1.06	.93	1.02	.96	.73	.96	1.35	1.66
Other	1.10	1.34	1.37	1.22	1.16	1.21	1.18	1.53	2.02	2.06
Equity	.22	.25	.26	.32	.37	.44	.49	.55	.65	.60
Trading account	1.13	1.14	1.37	1.38	.76	.80	.73	.54	.51	1.22
Gross federal funds sold and reverse RPs	4.90	4.78	4.98	5.11	4.52	4.26	4.38	3.57	3.34	3.77
Interest-bearing balances at depositories	4.51	4.52	4.08	3.30	2.47	2.38	2.88	2.72	2.53	2.18
Non-interest-earning assets	13.12	12.03	11.64	11.84	11.69	12.25	13.05	12.61	12.05	11.75
Revaluation gains on off-balance-sheet items <sup>2</sup>	n.a.	n.a.	n.a.	.60	.50	.51	.69	.75	.57	.41
Other	13.12	12.03	11.64	11.23	11.18	11.75	12.36	11.86	11.48	11.34
Liabilities	93.93	93.13	92.56	92.47	92.23	92.02	91.85	91.63	91.65	91.57
Interest-bearing liabilities	76.07	74.66	73.38	72.86	74.05	73.14	72.62	73.40	74.95	76.40
Deposits	59.24	56.99	54.22	53.03	52.32	51.81	51.47	51.51	51.51	51.56
In foreign offices	6.69	6.20	6.78	8.05	8.12	7.52	7.85	8.15	7.97	7.28
In domestic offices	52.54	50.79	47.43	44.98	44.20	44.30	43.62	43.36	43.55	44.28
Other checkable deposits	5.36	6.26	7.21	6.91	5.62	3.06	1.95	1.75	1.60	1.32
Savings (including MMDAs)	17.62	20.21	20.60	20.13	18.78	20.76	21.09	21.41	22.47	22.36
Small-denomination time deposits	17.99	15.98	14.19	13.26	14.24	14.09	13.43	12.84	11.86	11.81
Large-denomination time deposits	11.56	8.34	5.44	4.68	5.55	6.39	7.15	7.36	7.62	8.78
Gross federal funds purchased and RPs	10.94	11.45	11.93	11.48	11.37	10.00	9.36	9.48	9.78	9.28
Other	5.89	6.22	7.23	8.34	10.36	11.32	11.79	12.41	13.67	15.56
Non-interest-bearing liabilities	17.87	18.47	19.18	19.62	18.18	18.89	19.22	18.23	16.70	15.17
Demand deposits in domestic offices	13.76	14.52	15.38	15.27	14.26	14.47	14.17	12.40	10.52	8.62
Revaluation losses on off-balance-sheet items <sup>2</sup>	n.a.	n.a.	n.a.	.57	.49	.49	.68	.76	.58	.41
Other	4.10	3.95	3.80	3.89	3.43	3.93	4.37	5.07	5.59	6.14
Capital account	6.07	6.87	7.44	7.53	7.77	7.98	8.15	8.37	8.35	8.43
MEMO										
Commercial real estate loans	11.83	11.09	10.29	9.69	9.42	9.38	9.44	10.11	11.00	12.07
Other real estate owned	.76	.70	.47	.25	.13	.08	.06	.04	.03	.03
Managed liabilities	35.49	32.59	31.76	32.89	35.68	35.60	36.60	38.09	39.81	41.94
Average net consolidated assets (billions of dollars)	1,006	1,003	1,082	1,204	1,338	1,450	1,604	1,745	1,880	2,029

## A.2.—Continued

## C. Banks ranked 11 through 100 by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Effective interest rate (percent) <sup>1</sup>										
<i>Rates earned</i>										
Interest-earning assets	9.30	7.97	7.35	7.29	8.31	8.16	8.31	8.10	7.84	8.47
Taxable equivalent	9.39	8.07	7.45	7.37	8.37	8.23	8.36	8.17	7.88	8.49
Loans and leases, gross	9.96	8.75	8.25	8.22	9.10	8.87	9.03	8.82	8.50	9.15
Net of loss provisions	7.98	7.45	7.46	7.68	8.49	8.05	8.11	8.01	7.68	8.13
Securities	8.23	7.00	6.05	5.70	6.38	6.42	6.50	6.21	6.34	6.71
Taxable equivalent	8.57	7.30	6.32	5.92	6.56	6.66	6.70	6.46	6.46	6.77
Investment account	8.37	7.12	6.14	5.70	6.34	6.41	6.52	6.22	6.36	6.74
U.S. government and other debt	8.51	7.16	6.14	5.69	6.38	6.50	6.63	6.31	6.47	6.86
State and local	7.23	6.80	6.30	6.04	6.05	5.84	5.58	5.36	5.21	5.25
Equity	7.36	6.71	5.20	5.00	5.68	4.84	5.07	5.26	5.33	6.36
Trading account	6.46	4.73	4.74	5.75	7.27	6.53	6.05	5.86	5.58	6.25
Gross federal funds sold and reverse RPs	5.80	3.70	3.11	4.31	5.91	5.31	5.45	5.46	5.12	6.04
Interest-bearing balances at depositories	8.15	6.76	6.50	4.69	6.78	5.82	5.77	5.67	4.81	5.49
<i>Rates paid</i>										
Interest-bearing liabilities	6.41	4.43	3.76	3.72	4.94	4.70	4.79	4.76	4.38	5.22
Interest-bearing deposits	6.27	4.30	3.51	3.25	4.35	4.15	4.22	4.15	3.76	4.42
In foreign offices	8.39	7.26	7.37	4.60	6.30	5.29	5.23	5.22	4.70	5.38
In domestic offices	6.01	3.96	2.98	3.03	4.01	3.96	4.04	3.96	3.60	4.26
Other checkable deposits	4.21	2.43	1.70	1.62	1.89	1.78	2.01	2.41	2.03	2.57
Savings (including MMDAs)	5.04	3.07	2.33	2.46	3.10	2.91	2.84	2.76	2.49	2.94
Large-denomination time deposits <sup>4</sup>	6.77	5.10	4.30	4.21	5.70	5.50	5.47	5.32	4.96	5.88
Small-denomination time deposits <sup>4</sup>	6.96	5.07	4.06	4.18	5.35	5.26	5.43	5.35	5.03	5.73
Gross federal funds purchased and RPs	5.75	3.57	3.04	4.28	5.86	5.19	5.29	5.22	4.87	6.02
Other interest-bearing liabilities	6.55	5.77	5.97	5.24	6.43	5.95	5.85	5.81	5.41	6.36
Income and expense as a percentage of average net consolidated assets										
Gross interest income	8.24	7.12	6.58	6.46	7.40	7.24	7.26	7.16	6.99	7.56
Taxable equivalent	8.31	7.19	6.64	6.51	7.45	7.28	7.30	7.20	7.02	7.59
Loans	6.15	5.23	4.84	4.91	5.79	5.80	5.87	5.79	5.57	6.07
Securities	1.36	1.37	1.26	1.13	1.13	1.03	.98	1.00	1.10	1.09
Gross federal funds sold and reverse RPs	.28	.18	.15	.21	.27	.23	.22	.19	.18	.22
Other	.45	.34	.32	.21	.21	.18	.19	.18	.14	.18
Gross interest expense	4.80	3.26	2.74	2.67	3.62	3.39	3.41	3.45	3.26	3.96
Deposits	3.75	2.48	1.93	1.73	2.29	2.18	2.23	2.23	2.02	2.41
Gross federal funds purchased and RPs	.67	.43	.38	.51	.67	.55	.51	.51	.51	.56
Other	.38	.35	.43	.43	.66	.66	.68	.71	.73	.98
Net interest income	3.43	3.86	3.84	3.79	3.78	3.84	3.85	3.71	3.72	3.60
Taxable equivalent	3.51	3.93	3.91	3.85	3.84	3.89	3.89	3.75	3.76	3.63
Loss provisioning <sup>5</sup>	1.22	.78	.47	.32	.39	.54	.60	.53	.54	.68
Noninterest income	2.05	2.25	2.29	2.25	2.38	2.61	2.76	3.07	3.35	3.14
Service charges on deposits	.41	.44	.46	.45	.44	.44	.44	.42	.42	.42
Income from fiduciary activities	.36	.38	.38	.39	.40	.43	.44	.49	.48	.52
Trading income	.10	.09	.14	.08	.09	.08	.08	.09	.08	.08
Interest rate exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.03	.02	.03	.02	.02
Foreign exchange exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.04	.05	.06	.06	.05
Equity, commodity, and other exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.01	*	*	*	*
Other	1.19	1.33	1.32	1.33	1.45	1.67	1.79	2.07	2.37	2.13
Noninterest expense	3.77	3.98	3.95	3.86	3.79	3.85	3.85	4.03	4.11	3.96
Salaries, wages, and employee benefits	1.52	1.53	1.52	1.50	1.47	1.51	1.51	1.53	1.53	1.44
Expenses of premises and fixed assets	.51	.49	.47	.47	.47	.48	.46	.46	.45	.43
Other	1.74	1.95	1.95	1.89	1.85	1.86	1.88	2.04	2.13	2.10
Net noninterest expense	1.73	1.73	1.65	1.61	1.41	1.24	1.10	.96	.76	.82
Realized gains on investment account securities	.14	.15	.09	-.01	.02	.02	.02	.03	-.01	-.05
Income before taxes and extraordinary items	.62	1.50	1.81	1.85	2.01	2.09	2.18	2.24	2.41	2.04
Taxes	.19	.48	.56	.63	.70	.75	.77	.79	.87	.71
Extraordinary items	.03	.03	*	*	*	*	*	*	*	*
Net income (return on assets)	.47	1.04	1.25	1.22	1.31	1.34	1.42	1.46	1.54	1.34
Cash dividends declared	.47	.46	.76	.86	.85	1.07	.93	.96	1.16	.94
Retained income	*	.58	.49	.36	.46	.26	.48	.50	.38	.40
MEMO: Return on equity	7.71	15.16	16.86	16.27	16.84	16.78	17.36	17.38	18.48	15.85

\* In absolute value, less than 0.005 percent.

n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

1. Includes the allowance for loan and lease losses and the allocated transfer risk reserve.

2. Before 1994, the netted value of off-balance-sheet items appeared in "trading account securities" if a gain and "other non-interest-bearing liabilities" if a loss.

3. When possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Reports.

4. Before 1997, data for large time open accounts are included in small-denomination time deposits.

5. Includes provisions for loan and lease losses and for allocated transfer risk.

## A.2. Portfolio composition, interest rates, and income and expense, all U.S. banks, 1991-2000

D. Banks ranked 101 through 1,000 by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Balance sheet items as a percentage of average net consolidated assets										
Interest-earning assets	88.90	89.02	89.54	90.09	90.12	90.13	90.30	90.39	90.75	90.54
Loans and leases, net	61.03	58.49	57.93	59.75	62.19	62.63	62.22	61.13	61.49	62.14
Commercial and industrial	15.04	13.34	12.19	12.07	12.70	12.80	12.43	12.48	12.64	12.97
U.S. addressees	14.88	13.16	12.03	11.91	12.54	12.61	12.19	12.16	12.32	12.61
Foreign addressees	.16	.18	.16	.16	.16	.18	.23	.32	.32	.36
Consumer	15.13	14.18	14.82	15.84	16.27	15.88	14.03	12.28	10.79	10.19
Credit card	5.75	5.38	5.63	6.05	6.32	6.66	5.52	4.48	3.37	3.26
Installment and other	9.39	8.80	9.19	9.79	9.95	9.22	8.52	7.80	7.42	6.92
Real estate	27.51	28.11	28.61	29.42	30.81	31.36	33.23	33.94	35.89	36.91
In domestic offices	27.47	28.07	28.58	29.39	30.79	31.34	33.21	33.92	35.87	36.89
Construction and land development	3.67	2.86	2.26	2.08	2.21	2.38	2.69	2.88	3.48	4.16
Farmland	.28	.32	.34	.36	.40	.46	.53	.56	.58	.65
One- to four-family residential	13.21	14.25	15.16	16.25	17.49	17.34	18.14	18.19	18.25	17.14
Home equity	2.53	2.56	2.51	2.33	2.36	2.30	2.30	2.15	1.99	2.10
Other	10.68	11.69	12.66	13.92	15.13	15.03	15.84	16.05	16.26	15.04
Multifamily residential	.80	.95	1.07	1.13	1.21	1.29	1.29	1.26	1.43	1.57
Nonfarm nonresidential	9.50	9.68	9.75	9.57	9.48	9.87	10.56	11.03	12.12	13.36
In foreign offices	.05	.04	.02	.03	.02	.02	.02	.02	.02	.02
Depository institutions	.93	.80	.43	.40	.35	.48	.57	.50	.44	.36
Foreign governments	.07	.05	.03	.02	.02	.02	.02	.03	.03	.03
Agricultural production	.49	.54	.56	.62	.69	.71	.74	.80	.78	.82
Other loans	.81	2.47	2.16	2.00	1.80	1.70	1.50	1.33	1.27	1.24
Lease-financing receivables	.85	.78	.77	.83	.90	1.01	.99	.99	.78	.75
Less: Unearned income on loans	-4.40	-3.30	-2.21	-1.15	-1.12	-1.10	-1.10	-0.99	-0.98	-0.98
Less: Loss reserves <sup>1</sup>	-1.42	-1.49	-1.44	-1.30	-1.22	-1.22	-1.18	-1.13	-1.06	-1.04
Securities	21.27	24.13	25.92	25.72	23.08	22.67	23.45	24.26	25.16	24.32
Investment account	20.91	23.78	25.63	25.40	22.88	22.55	23.35	24.15	25.09	24.24
Debt	20.54	23.32	25.16	24.96	22.42	22.03	22.74	23.46	24.32	23.44
U.S. Treasury	6.16	7.75	8.63	8.26	6.48	5.61	4.96	3.92	2.53	1.81
U.S. government agency and corporation obligations	9.34	11.08	12.32	12.67	12.23	12.66	13.97	15.13	16.29	15.56
Government-backed mortgage pools	4.51	4.74	4.96	5.57	5.42	5.69	6.22	6.46	6.72	6.22
Collateralized mortgage obligations	2.73	3.95	4.82	4.39	3.56	3.12	3.01	3.22	3.52	3.03
Other	2.10	2.39	2.54	2.72	3.25	3.85	4.73	5.44	6.05	6.31
State and local government	2.65	2.27	2.26	2.29	2.13	2.24	2.44	2.70	2.91	2.91
Private mortgage-backed securities	1.16	1.01	.84	.75	.68	.76	.59	.65	1.00	.99
Other	1.23	1.21	1.10	.99	.89	.77	.78	1.06	1.60	2.18
Equity	.37	.46	.48	.44	.47	.52	.61	.69	.77	.79
Trading account	.36	.35	.28	.31	.20	.12	.10	.11	.08	.09
Gross federal funds sold and reverse RPs	4.71	4.92	4.49	3.64	3.92	3.87	3.60	4.17	3.35	3.41
Interest-bearing balances at depositories	1.89	1.47	1.20	.98	.93	.96	1.03	.83	.75	.67
Non-interest-earning assets	11.10	10.98	10.46	9.91	9.88	9.87	9.70	9.61	9.25	9.46
Revaluation gains on off-balance-sheet items <sup>2</sup>	n.a.	n.a.	n.a.	.02	.05	.02	*	*	.01	.02
Other	11.10	10.98	10.46	9.89	9.83	9.84	9.69	9.61	9.24	9.44
Liabilities	92.90	92.47	91.85	91.62	91.36	91.06	90.78	90.55	90.90	90.95
Interest-bearing liabilities	77.26	75.98	74.42	74.77	75.00	75.06	75.19	75.43	76.76	77.42
Deposits	66.34	65.65	63.05	60.38	59.67	59.99	61.47	62.40	61.94	62.68
In foreign offices	1.76	1.56	1.43	1.69	1.71	1.33	1.23	1.31	1.20	1.28
In domestic offices	64.59	64.09	61.62	58.69	57.96	58.66	60.25	61.09	60.74	61.41
Other checkable deposits	7.82	9.14	9.94	9.70	8.54	6.20	4.96	4.23	3.75	3.33
Savings (including MMDAs)	20.79	23.34	24.06	22.92	20.75	22.50	23.59	25.65	27.35	27.02
Small-denomination time deposits	25.22	23.56	20.78	19.29	21.11	21.61	22.03	21.22	19.60	19.44
Large-denomination time deposits	10.76	8.06	6.84	6.78	7.56	8.34	9.66	9.99	10.04	11.62
Gross federal funds purchased and RPs	7.46	7.18	7.43	8.45	8.31	8.19	7.09	6.16	6.90	6.32
Other	3.46	3.15	3.94	5.94	7.02	6.88	6.62	6.86	7.92	8.42
Non-interest-bearing liabilities	15.64	16.49	17.43	16.85	16.36	16.00	15.60	15.12	14.14	13.53
Demand deposits in domestic offices	13.56	14.39	15.07	14.58	14.07	13.84	13.15	11.90	10.19	8.98
Revaluation losses on off-balance-sheet items <sup>2</sup>	n.a.	n.a.	n.a.	.02	.05	.02	.01	.01	.01	*
Other	2.07	2.10	2.36	2.26	2.24	2.14	2.44	3.21	3.95	4.54
Capital account	7.10	7.53	8.15	8.38	8.64	8.94	9.22	9.45	9.10	9.05
MEMO										
Commercial real estate loans	14.64	13.91	13.37	13.05	13.19	13.83	14.77	15.38	17.28	19.32
Other real estate owned	.77	.80	.57	.28	.17	.13	.11	.09	.08	.07
Managed liabilities	23.48	20.00	19.68	22.89	24.62	24.78	24.66	24.46	26.32	28.00
Average net consolidated assets (billions of dollars)	962	967	978	1,031	1,092	1,076	968	935	972	986



A-2 (Continued)

D. Banks ranked 101 through 1,000 by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Effective interest rate (percent) <sup>3</sup>										
<i>Rates earned</i>										
Interest-earning assets	9.56	8.15	7.43	7.58	8.44	8.41	8.50	8.32	7.84	8.51
Taxable equivalent	9.70	8.26	7.55	7.68	8.53	8.50	8.59	8.44	7.93	8.57
Loans and leases, gross	10.44	9.12	8.57	8.64	9.45	9.39	9.48	9.37	8.75	9.43
Net of loss provisions	8.72	7.83	7.77	8.11	8.77	8.60	8.60	8.61	8.13	8.59
Securities	8.11	6.89	5.78	5.69	6.23	6.32	6.42	6.22	6.02	6.50
Taxable equivalent	8.54	7.19	6.10	5.93	6.50	6.60	6.69	6.57	6.29	6.71
Investment account	8.12	6.90	5.79	5.69	6.24	6.32	6.42	6.21	6.01	6.50
U.S. government and other debt	8.29	6.95	5.76	5.68	6.29	6.41	6.55	6.35	6.15	6.68
State and local	7.25	6.84	6.29	5.92	5.81	5.51	5.35	5.14	4.98	5.10
Equity	6.02	5.06	4.94	5.29	6.06	6.29	6.35	6.34	5.98	6.81
Trading account	7.19	5.62	4.74	5.29	5.55	5.94	6.37	6.84	7.33	9.30
Gross federal funds sold and reverse RPs	5.64	3.48	3.02	4.05	5.45	5.29	5.42	5.31	4.98	6.15
Interest-bearing balances at depositories	6.81	4.62	3.52	4.28	6.09	5.72	5.49	5.77	5.06	5.78
<i>Rates paid</i>										
Interest-bearing liabilities	6.11	4.20	3.33	3.57	4.65	4.58	4.66	4.60	4.19	4.93
Interest-bearing deposits	6.06	4.17	3.26	3.31	4.26	4.27	4.34	4.28	3.84	4.46
In foreign offices	6.38	4.25	3.35	4.31	5.94	5.72	5.42	5.55	5.07	6.13
In domestic offices	6.05	4.17	3.26	3.28	4.21	4.24	4.32	4.25	3.82	4.43
Other checkable deposits	4.28	2.67	2.02	1.86	2.02	1.97	2.16	2.15	1.99	2.27
Savings (including MMDAs)	5.14	3.34	2.58	2.64	3.24	3.11	3.08	2.97	2.65	3.07
Large-denomination time deposits <sup>4</sup>	6.64	4.78	3.90	4.23	5.62	5.48	5.56	5.50	5.17	6.01
Small-denomination time deposits <sup>4</sup>	7.08	5.35	4.40	4.40	5.53	5.57	5.57	5.64	5.11	5.74
Gross federal funds purchased and RPs	5.62	3.46	2.95	4.12	5.61	5.16	5.21	5.14	4.83	5.94
Other interest-bearing liabilities	6.80	5.28	4.44	4.93	6.32	5.89	6.09	6.00	5.36	6.39
Income and expense as a percentage of average net consolidated assets										
Gross interest income	8.64	7.36	6.74	6.90	7.69	7.68	7.75	7.63	7.19	7.79
Taxable equivalent	8.76	7.46	6.84	6.99	7.78	7.76	7.83	7.71	7.27	7.87
Loans	6.52	5.46	5.06	5.26	5.99	5.99	6.00	5.85	5.48	5.97
Securities	1.70	1.64	1.48	1.45	1.43	1.42	1.50	1.50	1.51	1.57
Gross federal funds sold and reverse RPs	.28	.17	.14	.14	.21	.20	.19	.22	.17	.21
Other	.15	.08	.06	.06	.07	.06	.06	.06	.04	.04
Gross interest expense	4.68	3.17	2.46	2.65	3.46	3.41	3.47	3.44	3.20	3.79
Deposits	4.02	2.75	2.07	2.01	2.56	2.58	2.70	2.71	2.44	2.88
Gross federal funds purchased and RPs	.42	.25	.22	.35	.46	.43	.37	.32	.34	.38
Other	.23	.17	.17	.29	.44	.40	.40	.41	.42	.53
Net interest income	3.96	4.20	4.28	4.25	4.24	4.28	4.28	4.19	3.99	4.01
Taxable equivalent	4.08	4.30	4.37	4.34	4.32	4.35	4.36	4.27	4.07	4.08
Loss provisioning <sup>5</sup>	1.07	.77	.47	.32	.43	.50	.56	.48	.39	.53
Noninterest income	1.65	1.69	1.84	1.86	1.84	1.88	2.08	2.25	2.31	2.36
Service charges on deposits	.40	.44	.45	.42	.42	.41	.40	.39	.38	.36
Income from fiduciary activities	.27	.28	.29	.28	.27	.29	.32	.37	.38	.44
Trading income	.04	.02	.03	.02	.03	.02	.01	.02	.02	.01
Interest rate exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.01	.01	.01	.01	.01
Foreign exchange exposures	n.a.	n.a.	n.a.	n.a.	n.a.	.01	*	*	*	*
Equity, commodity, and other exposures	n.a.	n.a.	n.a.	n.a.	n.a.	*	*	*	*	*
Other	.95	.95	1.08	1.14	1.12	1.16	1.34	1.48	1.53	1.55
Noninterest expense	3.77	3.88	3.92	3.78	3.68	3.69	3.73	3.86	3.70	3.84
Salaries, wages, and employee benefits	1.48	1.51	1.51	1.49	1.44	1.44	1.50	1.57	1.56	1.58
Expenses of premises and fixed assets	.49	.49	.48	.46	.45	.45	.46	.47	.47	.47
Other	1.80	1.88	1.92	1.83	1.79	1.80	1.76	1.83	1.68	1.79
Net noninterest expense	2.12	2.18	2.08	1.92	1.84	1.81	1.65	1.61	1.39	1.48
Realized gains on investment account securities	.09	.10	.06	-.05	-.01	.02	.02	.04	-.01	-.04
Income before taxes and extraordinary items	.86	1.34	1.78	1.96	1.96	1.98	2.10	2.14	2.20	1.96
Taxes	.29	.44	.61	.67	.67	.69	.73	.73	.75	.68
Extraordinary items	-.07	*	.04	*	*	*	*	.06	.01	*
Net income (return on assets)	.49	.90	1.21	1.29	1.28	1.29	1.37	1.47	1.47	1.29
Cash dividends declared	.33	.48	.79	.81	.87	1.04	1.09	1.01	1.06	.91
Retained income	.16	.42	.43	.48	.41	.25	.28	.45	.41	.37
MEMO: Return on equity	6.91	12.01	14.91	15.40	14.82	14.47	14.90	15.53	16.16	14.19

\* In absolute value, less than 0.005 percent.

n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

1. Includes the allowance for loan and lease losses and the allocated transfer risk reserve.

2. Before 1994, the netted value of off-balance-sheet items appeared in "trading account securities" if a gain and "other non-interest-bearing liabilities" if a loss.

3. When possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Reports.

4. Includes provisions for loan and lease losses and for allocated transfer risk.

5. Before 1997, data for large time open accounts are included in small-denomination time deposits.

6. Includes provisions for loan and lease losses and for allocated transfer risk.

## A.2. Portfolio composition, interest rates, and income and expense, all U.S. banks, 1991–2000

E. Banks not ranked among the 1,000 largest by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Balance sheet items as a percentage of average net consolidated assets										
Interest-earning assets	91.26	91.39	91.67	91.72	91.70	91.64	91.66	91.89	91.84	91.77
Loans and leases, net	54.05	53.03	52.95	54.64	56.61	57.38	58.75	59.11	59.75	62.31
Commercial and industrial	10.60	9.74	9.24	9.31	9.65	9.97	10.16	10.33	10.64	11.09
U.S. addressees	10.56	9.69	9.20	9.26	9.59	9.90	10.08	10.25	10.56	11.02
Foreign addressees	.04	.04	.04	.05	.06	.07	.08	.08	.08	.07
Consumer	10.44	9.68	9.18	9.38	9.54	9.42	8.98	8.46	8.15	7.97
Credit card	1.02	1.00	.92	.96	1.01	1.03	.85	.70	.68	.58
Installment and other	9.43	8.68	8.26	8.42	8.53	8.38	8.14	7.76	7.47	7.39
Real estate	29.34	30.16	31.10	32.19	33.55	34.11	35.55	36.04	36.84	39.29
In domestic offices	29.33	30.15	31.09	32.19	33.55	34.10	35.55	36.04	36.83	39.29
Construction and land development	2.18	1.97	1.93	2.14	2.39	2.61	2.82	3.02	3.28	3.70
Farmland	1.93	2.06	2.20	2.34	2.48	2.55	2.69	2.83	2.96	3.06
One- to four-family residential	16.01	16.44	16.82	16.94	17.45	17.48	18.16	18.04	17.65	18.43
Home equity	1.29	1.34	1.27	1.21	1.20	1.20	1.24	1.21	1.17	1.28
Other	14.72	15.10	15.56	15.73	16.26	16.28	16.92	16.83	16.48	17.15
Multifamily residential	.71	.77	.84	.93	.95	.92	.95	.93	.98	1.04
Nonfarm nonresidential	8.50	8.91	9.30	9.83	10.28	10.54	10.92	11.21	11.97	13.06
In foreign offices	*	*	*	*	*	*	*	*	*	*
Depository institutions	.20	.13	.12	.13	.16	.17	.17	.12	.13	.11
Foreign governments	.01	.01	.02	.01	*	*	*	*	.01	.01
Agricultural production	3.48	3.55	3.58	3.89	3.95	3.93	4.05	4.28	4.06	3.85
Other loans	1.24	.99	.86	.81	.76	.72	.70	.69	.69	.69
Lease-financing receivables	.18	.17	.18	.20	.22	.23	.25	.24	.26	.27
LESS: Unearned income on loans	-.51	-.43	-.36	-.31	-.30	-.27	-.24	-.20	-.15	-.11
LESS: Loss reserves <sup>1</sup>	-.93	-.96	-.97	-.95	-.93	-.90	-.87	-.86	-.87	-.88
Securities	30.00	32.10	33.08	32.90	30.51	29.53	28.24	26.70	26.92	25.41
Investment account	29.95	32.04	33.01	32.86	30.48	29.50	28.21	26.66	26.88	25.39
Debt	29.57	31.60	32.57	32.41	30.03	29.01	27.69	26.12	26.35	24.83
U.S. Treasury	9.24	10.25	10.49	10.81	9.19	7.85	6.70	5.05	3.34	2.12
U.S. government agency and corporation obligations	13.83	15.03	15.80	15.35	15.13	15.67	15.58	15.43	16.89	16.95
Government-backed mortgage pools	5.59	5.52	5.39	4.81	4.19	4.21	4.01	3.90	3.95	3.47
Collateralized mortgage obligations	1.56	2.66	3.33	3.11	2.76	2.46	2.19	2.02	2.00	1.70
Other	6.68	6.85	7.09	7.43	8.18	9.00	9.38	9.51	10.94	11.79
State and local government	4.27	4.29	4.70	5.01	4.69	4.62	4.60	4.80	4.96	4.64
Private mortgage-backed securities	.89	.77	.47	.27	.20	.18	.19	.16	.26	.23
Other	1.34	1.26	1.10	.97	.81	.68	.61	.68	.89	.88
Equity	.38	.44	.45	.44	.45	.49	.52	.54	.53	.56
Trading account	.06	.05	.07	.04	.03	.03	.03	.03	.03	.02
Gross federal funds sold and reverse RPs	5.64	5.10	4.67	3.42	3.91	4.04	3.95	5.13	4.17	3.22
Interest-bearing balances at depositories	1.57	1.16	.97	.76	.67	.69	.71	.96	1.00	.84
Non-interest-earning assets	8.74	8.61	8.33	8.28	8.30	8.36	8.34	8.11	8.16	8.23
Revaluation gains on off-balance-sheet items <sup>2</sup>	n.a.	n.a.	n.a.	*	*	*	*	*	*	*
Other	8.74	8.61	8.33	8.28	8.30	8.36	8.34	8.11	8.16	8.23
Liabilities	91.37	91.07	90.63	90.43	90.04	89.81	89.63	89.54	89.75	89.89
Interest-bearing liabilities	78.39	77.83	76.88	76.19	75.74	75.59	75.47	75.35	75.89	76.05
Deposits	76.41	75.75	74.54	73.14	72.70	72.47	72.05	71.77	71.41	70.54
In foreign offices	.08	.07	.08	.09	.11	.10	.09	.07	.07	.05
In domestic offices	76.34	75.68	74.45	73.05	72.59	72.37	71.96	71.70	71.34	70.49
Other checkable deposits	11.00	12.33	13.16	13.31	12.37	11.75	11.39	11.18	11.07	10.58
Savings (including MMDAs)	19.34	22.10	23.55	23.23	20.41	19.57	18.98	19.01	19.69	19.03
Small-denomination time deposits	35.88	32.85	30.09	28.83	30.92	31.29	31.09	30.42	29.07	28.42
Large-denomination time deposits	10.12	8.40	7.66	7.68	8.89	9.77	10.50	11.10	11.51	12.46
Gross federal funds purchased and RPs	1.31	1.36	1.44	1.89	1.78	1.70	1.67	1.49	1.79	2.06
Other	.67	.72	.90	1.16	1.25	1.41	1.74	2.08	2.69	3.45
Non-interest-bearing liabilities	12.97	13.24	13.74	14.24	14.30	14.23	14.16	14.19	13.86	13.84
Demand deposits in domestic offices	11.83	12.23	12.82	13.34	13.23	13.12	13.10	13.09	12.81	12.65
Revaluation losses on off-balance-sheet items <sup>2</sup>	n.a.	n.a.	n.a.	*	*	*	*	*	*	*
Other	1.14	1.01	.93	.90	1.07	1.10	1.06	1.10	1.05	1.19
Capital account	8.64	8.93	9.37	9.57	9.97	10.19	10.37	10.46	10.25	10.11
MEMO										
Commercial real estate loans	11.73	11.85	12.21	13.02	13.72	14.18	14.80	15.26	16.34	17.91
Other real estate owned	.66	.65	.52	.35	.25	.20	.16	.13	.11	.11
Managed liabilities	12.18	10.56	10.09	10.83	12.05	12.99	14.02	14.76	16.08	18.06
Average net consolidated assets (billions of dollars)	694	697	687	679	666	661	647	644	651	654

A.2.—Continued

E. Banks not ranked among the 1,000 largest by assets

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Effective interest rate (percent) <sup>1</sup>										
<i>Rates earned</i>										
Interest-earning assets	9.63	8.42	7.62	7.57	8.38	8.33	8.50	8.33	8.05	8.49
Taxable equivalent	9.81	8.58	7.78	7.72	8.53	8.48	8.63	8.49	8.18	8.59
Loans and leases, gross	11.01	9.81	9.13	9.00	9.80	9.72	9.80	9.69	9.28	9.56
Net of loss provisions	10.07	9.05	8.62	8.65	9.39	9.29	9.35	9.21	8.76	9.02
Securities	8.04	6.99	5.93	5.61	6.09	6.09	6.25	5.98	5.89	6.21
Taxable equivalent	8.53	7.40	6.33	5.99	6.49	6.51	6.65	6.46	6.29	6.55
Investment account	8.04	6.99	5.93	5.61	6.09	6.09	6.25	5.98	5.89	6.21
U.S. government and other debt	8.20	7.06	5.92	5.60	6.17	6.22	6.43	6.17	6.08	6.45
State and local	7.17	6.70	6.09	5.69	5.64	5.44	5.33	5.15	5.04	5.11
Equity	7.13	5.67	5.18	5.52	6.26	6.05	6.40	6.12	6.16	6.71
Trading account	8.41	7.12	4.83	6.03	6.12	6.48	6.60	6.01	3.60	4.01
Gross federal funds sold and reverse RPs	5.66	3.50	2.95	4.08	5.95	5.32	5.51	5.35	4.96	6.26
Interest-bearing balances at depositories	7.35	5.59	4.53	4.64	5.91	5.68	5.69	5.66	5.71	6.39
<i>Rates paid</i>										
Interest-bearing liabilities	6.17	4.43	3.54	3.49	4.46	4.48	4.61	4.60	4.28	4.80
Interest-bearing deposits	6.15	4.43	3.53	3.44	4.39	4.43	4.54	4.53	4.21	4.67
In foreign offices	5.95	3.97	2.91	3.92	5.73	5.34	4.77	5.08	4.34	5.14
In domestic offices	6.15	4.43	3.53	3.44	4.39	4.43	4.53	4.53	4.21	4.67
Other checkable deposits	4.61	3.13	2.42	2.29	2.50	2.41	2.46	2.45	2.28	2.46
Savings (including MMDAs)	5.17	3.61	2.91	2.83	3.32	3.24	3.36	3.39	3.20	3.56
Large-denomination time deposits <sup>4</sup>	6.72	4.88	3.96	4.12	5.55	5.48	5.53	5.53	5.21	5.92
Small-denomination time deposits <sup>4</sup>	6.97	5.35	4.39	4.28	5.51	5.59	5.66	5.63	5.24	5.70
Gross federal funds purchased and RPs	5.71	3.72	3.17	4.12	5.61	5.08	5.23	4.99	4.72	5.71
Other interest-bearing liabilities	6.96	5.00	4.68	4.98	6.46	5.78	6.32	6.45	5.63	6.24
Income and expense as a percentage of average net consolidated assets										
Gross interest income	8.91	7.78	7.06	7.01	7.78	7.74	7.90	7.75	7.48	7.86
Taxable equivalent	9.07	7.93	7.20	7.15	7.91	7.86	8.02	7.87	7.60	7.97
Loans	6.04	5.29	4.92	4.99	5.63	5.66	5.86	5.80	5.62	6.02
Securities	2.41	2.24	1.96	1.84	1.86	1.80	1.76	1.59	1.58	1.58
Gross federal funds sold and reverse RPs	.34	.18	.14	.15	.25	.24	.24	.29	.22	.21
Other	.12	.07	.05	.04	.04	.04	.04	.06	.06	.05
Gross interest expense	4.82	3.45	2.72	2.65	3.37	3.38	3.48	3.46	3.26	3.64
Deposits	4.70	3.36	2.64	2.52	3.19	3.21	3.28	3.25	3.02	3.31
Gross federal funds purchased and RPs	.07	.05	.04	.07	.10	.08	.08	.07	.08	.12
Other	.05	.04	.04	.06	.08	.08	.11	.13	.15	.21
Net interest income	4.09	4.34	4.34	4.36	4.41	4.36	4.42	4.29	4.22	4.22
Taxable equivalent	4.24	4.48	4.48	4.50	4.54	4.49	4.54	4.41	4.34	4.33
Loss provisioning <sup>5</sup>	.51	.41	.27	.19	.24	.25	.27	.29	.31	.34
Noninterest income	1.07	1.16	1.25	1.30	1.38	1.42	1.44	1.52	1.44	1.32
Service charges on deposits	.44	.45	.45	.44	.44	.44	.44	.42	.42	.43
Income from fiduciary activities	.14	.16	.16	.17	.22	.19	.20	.23	.26	.21
Trading income	.01	.01	.01	*	.01	*	*	*	*	*
Interest rate exposures	n.a.	n.a.	n.a.	n.a.	n.a.	*	*	*	*	*
Foreign exchange exposures	n.a.	n.a.	n.a.	n.a.	n.a.	*	*	*	*	*
Equity, commodity, and other exposures	n.a.	n.a.	n.a.	n.a.	n.a.	*	*	*	*	*
Other	.49	.55	.64	.69	.71	.78	.79	.86	.75	.68
Noninterest expense	3.60	3.66	3.74	3.78	3.80	3.69	3.71	3.75	3.73	3.58
Salaries, wages, and employee benefits	1.64	1.69	1.73	1.75	1.79	1.77	1.80	1.82	1.82	1.78
Expenses of premises and fixed assets	.49	.49	.49	.49	.50	.49	.49	.49	.49	.47
Other	1.46	1.49	1.53	1.55	1.51	1.44	1.41	1.43	1.42	1.33
Net noninterest expense	2.53	2.51	2.49	2.48	2.42	2.28	2.27	2.23	2.29	2.26
Realized gains on investment account securities	.06	.09	.07	-.03	*	.01	.01	.02	*	-.01
Income before taxes and extraordinary items	1.11	1.51	1.65	1.66	1.75	1.84	1.89	1.79	1.62	1.60
Taxes	.35	.47	.51	.51	.55	.59	.59	.53	.47	.45
Extraordinary items	.19	.02	.05	*	*	*	*	*	*	*
Net income (return on assets)	.96	1.05	1.19	1.15	1.20	1.25	1.30	1.26	1.15	1.16
Cash dividends declared	.89	.51	.56	.57	.62	.64	.73	.82	.68	.79
Retained income	.07	.54	.63	.58	.58	.62	.57	.44	.48	.37
MEMO: Return on equity	11.06	11.78	12.67	12.03	12.06	12.31	12.57	12.02	11.27	11.44

\* In absolute value, less than 0.005 percent.

n.a. Not available. MMDA Money market deposit account. RP Repurchase agreement. CD Certificate of deposit.

1. Includes the allowance for loan and lease losses and the allocated transfer risk reserve.

2. Before 1994, the netted value of off-balance-sheet items appeared in "trading account securities" if a gain and "other non-interest-bearing liabilities" if a loss.

3. When possible, based on the average of quarterly balance sheet data reported on schedule RC-K of the quarterly Call Reports.

4. Before 1997, data for large time open accounts are included in small-denomination time deposits.

5. Includes provisions for loan and lease losses and for allocated transfer risk.

# Treasury and Federal Reserve Foreign Exchange Operations

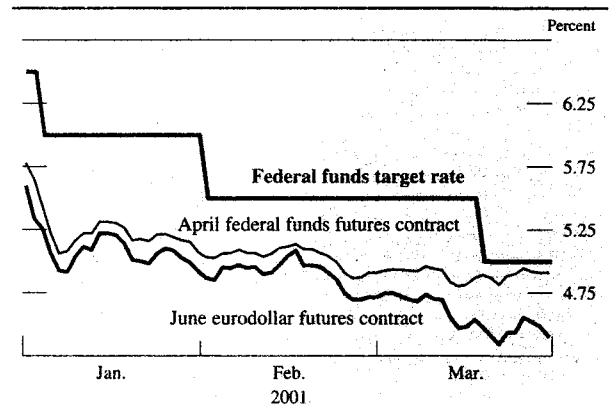
*This report, presented by Dino Kos, Senior Vice President, Federal Reserve Bank of New York, and Manager, System Open Market Account, describes the foreign exchange operations of the U.S. Department of the Treasury and the Federal Reserve System for the period from January through March 2001. Krista Schwarz was primarily responsible for preparing the report.*

During the first quarter of 2001, the dollar appreciated 7.3 percent against the euro and 10.3 percent against the yen in an atmosphere of increased market uncertainty about the extent and duration of global economic slowing. On a trade-weighted basis, the dollar ended the quarter 7.4 percent stronger against an index of major currencies. Despite economic data suggesting a deceleration of activity in the United States, the dollar's gains in value over the quarter primarily reflected global investors' preference for U.S. assets. The U.S. monetary authorities did not intervene in the foreign exchange markets during the quarter.

## FEDERAL OPEN MARKET COMMITTEE EASES U.S. MONETARY POLICY

During the first quarter, the Federal Open Market Committee (FOMC) lowered its target federal funds

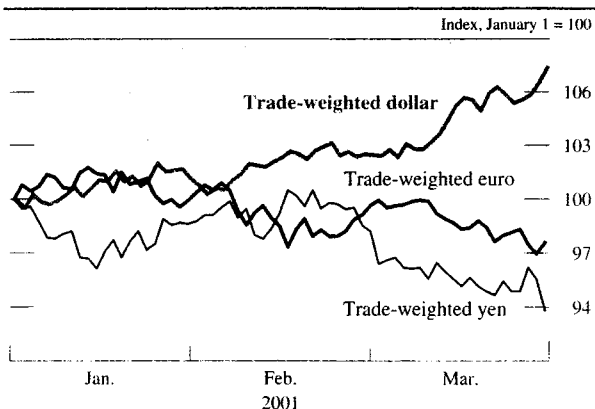
2. Federal funds target rate and yields implied by the April federal funds futures and June eurodollar futures contracts, 2001:Q1



SOURCE: Bloomberg L.P.

rate a total of 150 basis points in three separate moves, bringing the rate from 6.5 percent to 5.0 percent. On January 3, the federal funds rate was cut 50 basis points to 6.0 percent. The FOMC cited weakening sales and production, lower consumer confidence, and tight conditions in some segments of financial markets. Market participants came to expect further monetary easing in response to additional data releases pointing to slower growth. Intraday price volatility in short-dated U.S. Treasury securities was exacerbated amid increased uncertainty as forecasts

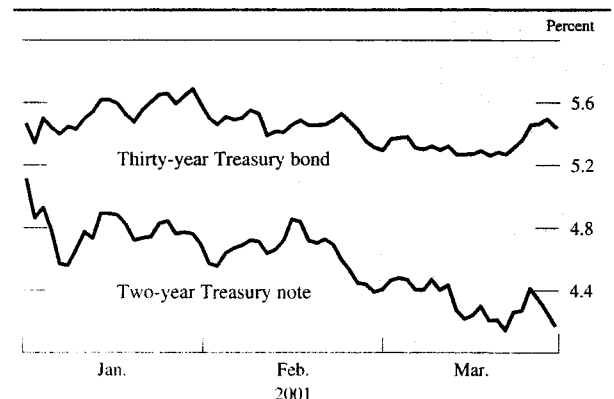
1. Trade-weighted Group of Three currencies, 2001:Q1



NOTE: In this chart and those that follow, the data are for business days except as noted.

SOURCES: Board of Governors of the Federal Reserve System, The Federal Reserve Bank of New York, and the Bank of England.

3. U.S. Treasury yields, 2001:Q1



SOURCE: Bloomberg L.P.

were rapidly revised. Concerns over the ramifications of the California utility situation for other sectors of the U.S. economy added to market expectations for additional interest rate reductions.

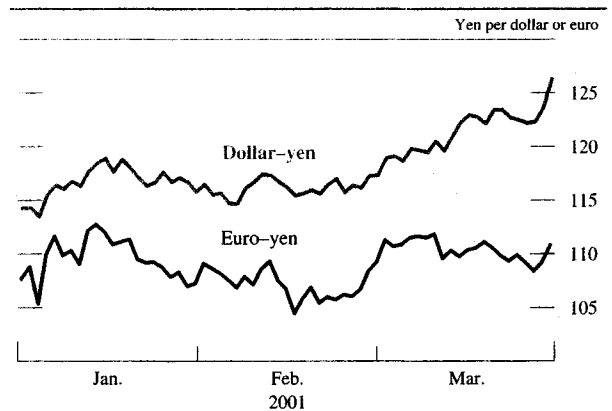
On January 31, the FOMC announced a reduction of 50 basis points in the target federal funds rate to 5.5 percent. In line with market expectations for further easing, the FOMC indicated that the balance of risks remained weighted toward economic weakness. Market participants cited anticipated easing as a factor contributing to improved investor sentiment. Over the quarter, the two-year Treasury yield declined 92 basis points while the yield on the thirty-year bond was nearly unchanged, bringing the spread between the two- and thirty-year Treasury yields to 126 basis points. Rising investor caution stymied a brief rally in global equity markets as weak corporate profit forecasts and disappointing earnings prompted steep declines in major indexes. In early March, the Nasdaq index fell below the 2000 point level for the first time since December 1998, and the S&P 500 and the Nikkei indexes also reached multi-year lows. During the quarter, these three indexes fell 25.5, 12.1, and 5.7 percent respectively.

The FOMC reduced the target federal funds rate an additional 50 basis points at its March 20 meeting, bringing the official rate to 5.0 percent. The central banks of Canada, the United Kingdom, Switzerland, Japan, Australia, and New Zealand also lowered official rates during the quarter in light of economic pressure stemming, in part, from global market developments.

#### *ECONOMIC AND POLITICAL FACTORS AFFECT SENTIMENT TOWARD JAPANESE SECURITIES*

On a trade-weighted basis, the yen declined 6.2 percent, with some of its sharpest losses occurring

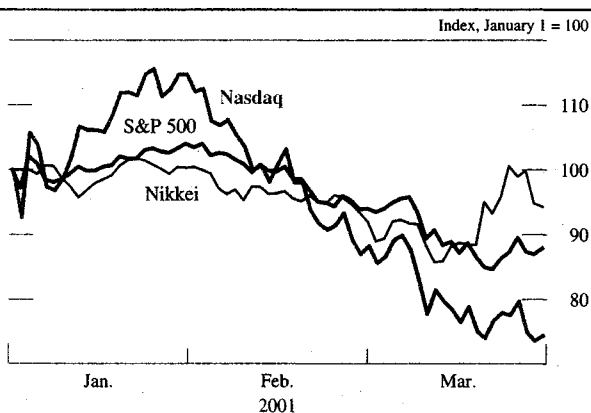
5. The yen against the dollar and the euro, 2001:Q1



SOURCE: Bloomberg L.P.

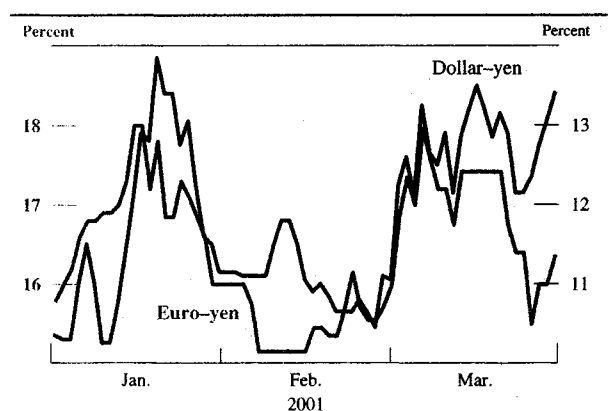
during the second half of the quarter. The yen's short-lived midquarter strength against other major currencies was widely attributed to fiscal year-end repatriation flows and to decisions by foreign asset managers to purchase Japanese securities to bring their portfolio positions closer to neutral. In the second half of the quarter, however, market sentiment toward Japan turned negative as economic and political prospects became more uncertain. Risk-reversals in dollar-yen and euro-yen options skewed toward a premium for yen puts across maturities, and net speculative short yen positions on the International Monetary Market rose to their highest level since September 1999. Comments by Japanese officials that were interpreted as suggesting tolerance toward yen depreciation contributed to the yen's weakness at the end of the quarter. Protection against exchange rate movements became more expensive, with option-implied volatility in euro-yen and dollar-yen contracts rising 0.6 and 3.1 percent, respectively, over the quarter. In March alone, the yen depreciated

4. U.S. and Japanese equity indexes, 2001:Q1



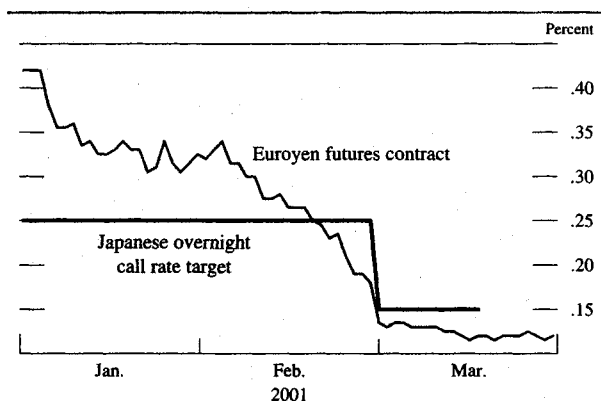
SOURCE: Bloomberg L.P.

6. One-month euro-yen and dollar-yen option implied volatility, 2001:Q1



SOURCE: J.P. Morgan Chase & Co.

7. Bank of Japan overnight call rate target and yield implied by the June euroyen futures contract, 2001:Q1



NOTE. On March 19, the Bank of Japan discontinued targeting the overnight call rate.

SOURCE. Bloomberg L.P.

2.3 percent against the euro and 7.0 percent against the dollar, its weakest level since September 1998.

From the outset of the quarter, speculation over the type and timing of the Bank of Japan's action to stimulate the economy contributed to market uncertainty. In January, Bank of Japan officials discouraged expectations of a return to a near-zero interest rate policy. On February 9, the Bank of Japan announced changes aimed at improving money market liquidity, including a reduction of 15 basis points in the discount rate to 35 basis points, the creation of a standby Lombard-style lending facility, active outright Treasury-bill purchases for money market operations, and enhancements to bill purchase operations. On February 28, the Bank of Japan lowered the overnight call rate target and the rate on the standby facility to 15 and 25 basis points, respectively, citing

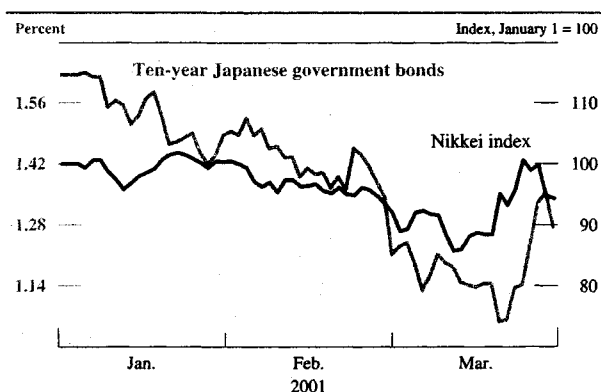
slowing exports and production. On March 19, the Bank of Japan announced a shift in its operational target, effectively returning to the near-zero interest rate policy for call money. The yield implied by the June three-month euroyen futures contract declined 30 basis points on the quarter, reaching 0.12 percent at the quarter-end.

On February 16, the Japanese Cabinet Office downgraded its overall assessment of the economy, citing concern over a slowdown in external demand, and on February 22, Standard & Poor's downgraded Japan's long-term local and foreign currency sovereign credit ratings. Persistent rumors of Prime Minister Mori's impending resignation added to negative market sentiment. Through February and early March, the Topix and Nikkei stock indexes declined to two- and sixteen-year lows, respectively, lending further support to the Japanese government bond (JGB) market. Yields on two- and ten-year JGBs declined to 0.14 and 1.28 percent, respectively, their lowest levels since June 1999. During the remainder of March, ahead of the Japanese fiscal year-end, equities staged a sharp recovery from midmonth lows with the Topix and Nikkei indexes gaining 10.0 and 9.9 percent, respectively, and JGB yields rose slightly.

#### THE EURO WEAKENS AGAINST THE DOLLAR DESPITE NARROWING INTEREST RATE DIFFERENTIALS

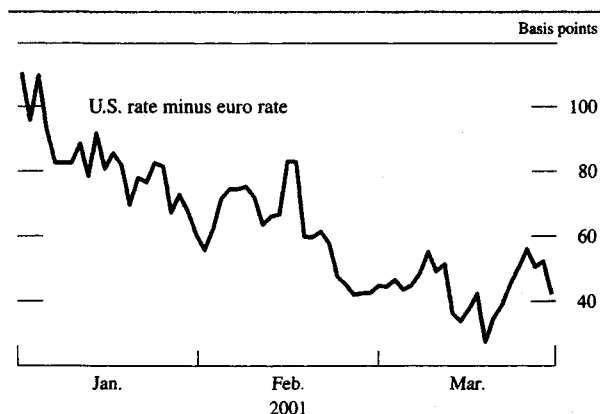
At the outset of the quarter, the euro-dollar exchange rate was near 0.94. Despite a 68-basis-point narrowing of the spread between two-year dollar and euro swaps and aggressive monetary policy easing in the United States, the euro depreciated 6.3 percent over

8. Ten-year Japanese government yield and Nikkei equity index, 2001:Q1



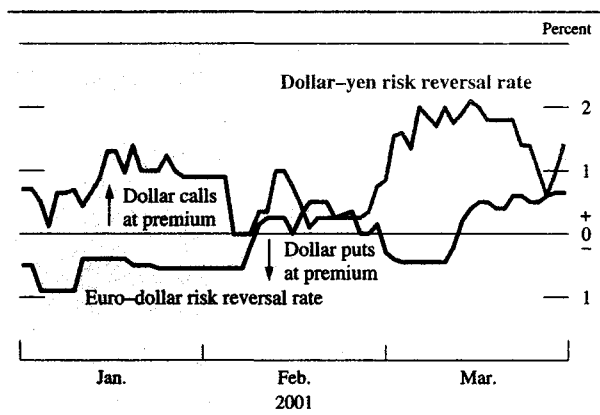
SOURCE. Bloomberg L.P.

9. Two-year U.S.-euro swap differential, 2001:Q1



SOURCE. Bloomberg L.P.

10. One-month dollar-yen and euro-dollar risk reversals, 2001:Q1



SOURCE: J.P. Morgan Chase &amp; Co.

the quarter. On a trade-weighted basis, the euro declined 2.4 percent.

Over the first half of the quarter, prospects for a near-term resumption of U.S. growth continued to shift to a later date, and market participants debated the possibility of a more pronounced economic slowdown. The apparent resilience of growth in the euro area contributed to market expectations that less monetary policy easing would be forthcoming in the euro area relative to the United States. The yield implied by the June euribor futures contract declined only 3 basis points to 4.50 percent, and the two- to ten-year German government yield curve flattened 10 basis points to a spread of 31 basis points. Until midquarter, the euro-dollar exchange rate was little changed.

In March, asset prices began to reflect expectations of some monetary easing by the European Central Bank (ECB) against the backdrop of a slowing global

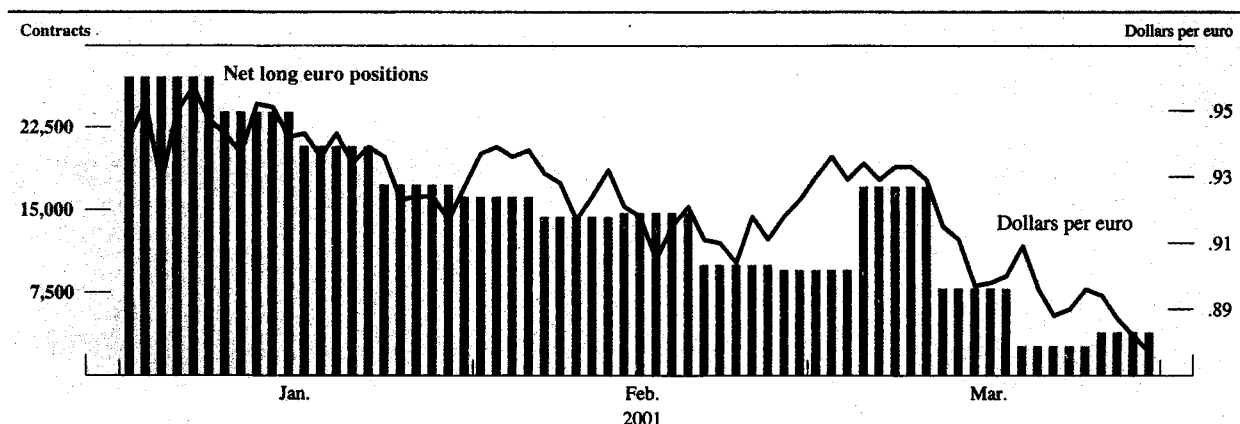
growth outlook. The yield implied by the June euribor futures contract declined 15 basis points to 4.27 percent, and the two- to ten-year German sovereign yield curve steepened 19 basis points to a spread of 57 basis points. A sharp decline in German business confidence for February, as measured by the Ifo (Information und Forschung) survey, and steep European equity market losses contributed to expectations of slower growth in the euro area. In addition, economic data revealed stabilizing headline inflation and moderating money supply growth moving toward the ECB's reference value. In this environment, market participants began to view interest rate cuts by the ECB as imminent. Over the month of March, the euro depreciated 4.9 percent against the dollar.

Many investors expressed surprise at the dollar's continued appreciation against the euro, particularly as interest rate differentials continued to narrow. The dollar's gains were supported by perceptions of the relatively greater resilience of the U.S. economy and a preference for U.S. fixed-income assets. Market reports indicated that U.S. investors were scaling back foreign holdings and that foreign investors were reallocating into U.S. debt instruments. ECB data indicated that there was a €50 billion net investment outflow from the euro area in January, the highest monthly outflow since January 2000. In addition, International Monetary Market data indicated a reduction in net long euro positions over the quarter.

#### TREASURY AND FEDERAL RESERVE FOREIGN EXCHANGE RESERVES

The U.S. monetary authorities did not undertake any intervention operations this quarter. At the end of the quarter, the current values of the euro and yen reserve

11. Net speculative long euro positions on International Money Market and spot euro-dollar exchange rate, 2001:Q1



SOURCE: Bloomberg L.P.

holdings totaled \$14.6 billion for the Federal Reserve System and \$14.6 billion for the Treasury's Exchange Stabilization Fund. The U.S. monetary authorities invest all of their foreign currency balances in a variety of instruments that yield market-related rates of return and have a high degree of liquidity and credit quality. To the greatest extent possible, these investments are split evenly between the Federal Reserve System and the Exchange Stabilization Fund.

A significant portion of the balances is invested in government securities held directly or under repur-

chase agreement. Foreign currency reserves are also invested in deposits at the Bank for International Settlements and in facilities at other official institutions. As of March 31, direct holdings of foreign government securities totaled \$12.9 billion, split evenly between the two authorities. Foreign government securities held under repurchase agreement totaled \$2.8 billion at the end of the quarter and were also split evenly between the two authorities. □

*Tables appear on page 399.*



## 1. Foreign currency holdings of U.S. monetary authorities based on current exchange rates, 2001:Q1

Millions of dollars

Item	Balance, Dec. 31, 2000	Quarterly changes in balances, by source					Balance, Mar. 31, 2001
		Net purchases and sales <sup>1</sup>	Effect of sales <sup>2</sup>	Investment income	Currency valuation adjustments <sup>3</sup>	Interest accrual and other <sup>4</sup>	
FEDERAL RESERVE SYSTEM OPEN MARKET ACCOUNT (SOMA)							
Euro .....	7,375.9	.0	.0	91.4	-471.6	...	6,995.7
Japanese yen .....	8,244.6	.0	.0	5.9	-735.2	...	7,515.3
Total .....	15,620.5	.0	.0	97.3	-1,206.8	...	14,511.0
Interest receivables (net) <sup>5</sup> .....	76.5	...	...	...	...	-6	75.9
Other cash flow from investments <sup>4</sup> .....	.0	...	...	...	...	.0	.0
Total .....	15,697.0	.0	.0	97.3	-1,206.8	-6	14,586.9
U.S. TREASURY EXCHANGE STABILIZATION FUND (ESF)							
Euro .....	7,373.1	.0	.0	91.8	-471.4	...	6,993.5
Japanese yen .....	8,244.7	.0	.0	5.9	-735.3	...	7,515.3
Total .....	15,617.8	.0	.0	97.7	-1,206.7	...	14,508.8
Interest receivables <sup>5</sup> .....	61.2	...	...	...	...	11.2	72.4
Other cash flow from investments <sup>4</sup> .....	.0	...	...	...	...	...	.0
Total .....	15,679.0	.0	.0	97.7	-1,206.7	11.2	14,581.2

NOTE: Figures may not sum to totals because of rounding.

1. Purchases and sales for the purpose of this table include foreign currency sales and purchases related to official activity, swap drawings and repayments, and warehousing.

2. This figure is calculated using marked-to-market exchange rates; it represents the difference between the sale exchange rate and the most recent revaluation exchange rate. Realized profits and losses on sales of foreign currencies, computed as the difference between the historical cost-of-acquisition exchange rate and the sale exchange rate, are reflected in table 2.

3. Foreign currency balances are marked to market monthly at month-end exchange rates.

4. Values are cash flow differences from payments and collection of funds between quarters.

5. Interest receivables for the ESF are revalued at month-end exchange rates. Interest receivables for the Federal Reserve System are carried at average cost of acquisition and are not marked to market until interest is paid.

... Not applicable.

## 2. Net profits or losses (–) on U.S. Treasury and Federal Reserve foreign exchange operations, based on historical cost-of-acquisition exchange rates, 2001:Q1

Millions of dollars

Period and item	Federal Reserve System Open Market Account	U.S. Treasury Exchange Stabilization Fund
<i>Valuation profits and losses on outstanding assets and liabilities, Dec. 31, 2000</i>		
Euro .....	-936.6	-1,153.3
Japanese yen .....	1,194.7	1,406.9
<b>Total .....</b>	<b>258.1</b>	<b>253.6</b>
<i>Realized profits and losses from foreign currency sales, Dec. 31, 2000–Mar. 31, 2001</i>		
Euro .....	.0	.0
Japanese yen .....	.0	.0
<b>Total .....</b>	<b>.0</b>	<b>.0</b>
<i>Valuation profits and losses on outstanding assets and liabilities, Mar. 31, 2001</i>		
Euro .....	-1,408.1	-1,624.6
Japanese yen .....	459.5	671.6
<b>Total .....</b>	<b>-948.6</b>	<b>-953.0</b>

## 3. Reciprocal currency arrangements, March 31, 2001

Millions of dollars

Institution	Amount of facility	Outstanding, Mar. 31, 2001
<b>Reciprocal currency arrangements</b>		
Bank of Canada .....	2,000	.0
Bank of Mexico .....	3,000	.0
<b>Total .....</b>	<b>5,000</b>	<b>.0</b>
<b>Federal Reserve and U.S. Treasury Exchange Stabilization Fund currency arrangements</b>		
Bank of Mexico .....	3,000	.0
<b>Total .....</b>	<b>3,000</b>	<b>.0</b>

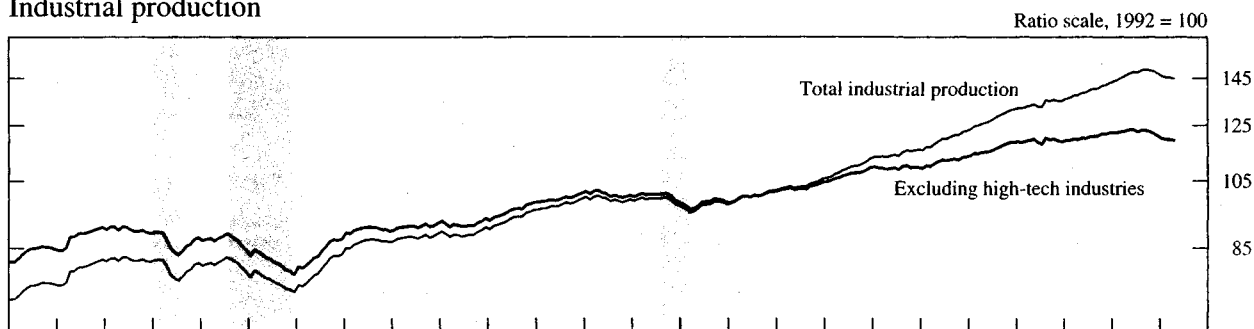
# Industrial Production and Capacity Utilization for April 2001

*Released for publication May 14*

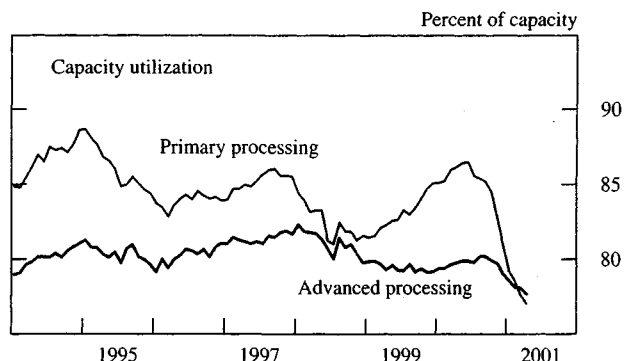
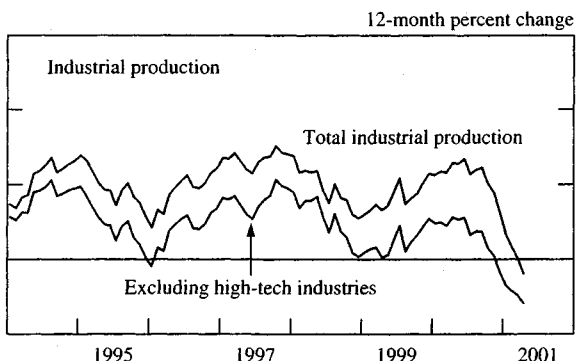
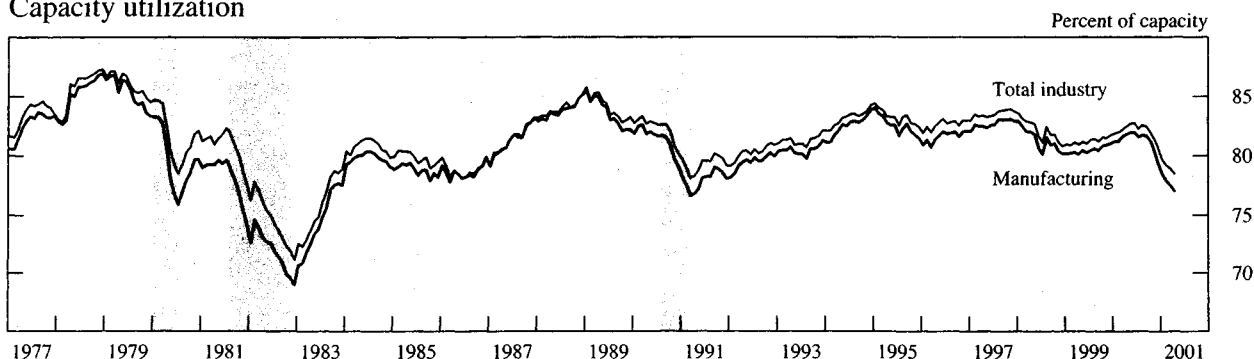
Industrial production declined 0.3 percent in April after a drop in output in the first quarter that was steeper than previously reported. At 144.9 percent of its 1992 average, industrial production in April was

1.0 percent lower than in April 2000. Manufacturing output also fell 0.3 percent in April and has contracted nearly 3.5 percent since its recent peak in September 2000. Manufacturing output excluding motor vehicles and parts declined 0.4 percent in April. Output at utilities moved down 1.0 percent,

## Industrial production



## Capacity utilization



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

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

## Industrial production and capacity utilization, April 2001

Category	Industrial production, index, 1992=100								
	2001				Percent change				Apr. 2000 to Apr. 2001
					2001 <sup>1</sup>				
	Jan. <sup>r</sup>	Feb. <sup>r</sup>	Mar. <sup>r</sup>	Apr. <sup>p</sup>	Jan. <sup>r</sup>	Feb. <sup>r</sup>	Mar. <sup>r</sup>	Apr. <sup>p</sup>	
Total .....	146.0	145.5	145.3	144.9	-9	-4	-1	-3	-1.0
Previous estimate .....	146.4	145.9	146.5	...	-6	-4	.4	...	...
Major market groups									
Products, total <sup>2</sup> .....	135.0	134.7	134.8	134.3	-7	-2	.1	-4	-7
Consumer goods .....	121.8	122.3	122.4	122.2	-1.1	.4	.1	-2	-8
Business equipment .....	197.4	195.1	196.1	193.8	-9	-1.2	.5	-1.1	1.4
Construction supplies .....	140.7	139.7	139.2	138.4	.0	-7	-3	-6	-4.2
Materials .....	165.9	164.8	164.3	163.9	-1.1	-6	-4	-2	-1.3
Major industry groups									
Manufacturing .....	151.3	150.7	150.3	149.8	-8	-4	-2	-3	-1.6
Durable .....	192.3	191.0	191.9	190.7	-1.4	-7	.4	-6	-1
Nondurable .....	114.0	114.0	112.8	112.8	-1	.0	-1.1	.0	-3.3
Mining .....	101.0	101.3	102.4	103.1	1.4	.3	1.1	.6	3.2
Utilities .....	124.0	123.1	123.6	122.3	-3.9	-7	.4	-1.0	3.1
Capacity utilization, percent									MEMO Capacity, percent change, Apr. 2000 to Apr. 2001
Average, 1967-00	Low, 1982	High, 1988-89	2000	2001					
			Apr.	Jan. <sup>r</sup>	Feb. <sup>r</sup>	Mar. <sup>r</sup>	Apr. <sup>p</sup>		
Total .....	82.1	71.1	85.4	82.5	79.7	79.2	78.9	78.5	4.0
Manufacturing .....	81.1	69.0	85.7	81.8	78.4	77.9	77.5	77.1	4.5
Advanced processing .....	80.6	71.0	84.2	79.8	78.6	78.1	78.1	77.7	2.3
Primary processing .....	82.2	65.7	88.3	86.2	79.2	78.6	77.6	77.1	8.0
Mining .....	87.4	80.3	88.0	85.7	87.5	87.8	88.9	89.6	-1.3
Utilities .....	87.6	75.9	92.6	90.0	91.7	90.7	90.8	89.6	3.5

NOTE. Data seasonally adjusted or calculated from seasonally adjusted monthly data.

1. Change from preceding month.

2. Contains components in addition to those shown.

r Revised.

p Preliminary.

and production in mining rose 0.6 percent. The rate of capacity utilization for total industry fell further, to 78.5 percent, more than 3½ percentage points below its 1967-2000 average.

### MARKET GROUPS

The output of consumer goods declined 0.2 percent in April. The production of automotive products edged up 0.6 percent after a stronger gain in March; nonetheless, output remained below the level posted before the industry's downturn that began in October of last year. The production indexes declined for most other consumer durables and for consumer energy products. The decline in the energy index reflected a drop in utility output for residential use that more than offset a jump in the production of automotive gasoline. The output of nondurable consumer goods excluding energy was unchanged and thus continued the sluggish pattern of production that has been evident over the past year.

The production of business equipment dropped 1.1 percent, more than reversing the gain posted in

March; production for this group has fallen more than 3 percent since November. The output of industrial and other equipment fell nearly 2 percent in April, with sharp losses in construction equipment, metal-working machinery, and farm machinery. The output of information processing equipment declined 0.4 percent further, pushed down by continued weakness in the production of communications equipment and computers. The output of transit equipment also declined, largely owing to a rollback in the production of medium and heavy trucks.

Within intermediate products, the output of construction supplies fell 0.6 percent further in April; output for that group is more than 4 percent below its level in April 2000. The production of materials receded 0.2 percent in April, with the losses concentrated in durables. The production of semiconductors and related electronic components fell further, as did the output of basic metals. In addition, the production of semiconductors and related electronic components in the first quarter was revised down significantly, leaving the April level about 6 percent below the December level. The output of nondurable goods

materials edged up 0.2 percent in April after a 2 percent decline in March. The production of both chemical and paper materials posted small gains, while the output of textiles fell again. The production of energy materials was up 0.3 percent, as declines at electric and gas utilities were more than offset by gains in the coal and oil and gas extraction industries.

### *INDUSTRY GROUPS*

Manufacturing output fell 0.3 percent in April, the seventh consecutive monthly decline. Most of the losses were posted in the durable goods industries, most notably in high technology, other industrial machinery, and primary metals. The production of nondurable goods was unchanged; both the textile mill products industry and the apparel industry made significant cutbacks in production, while the output of petroleum products jumped sharply.

The factory operating rate edged down further, to 77.1 percent. The utilization rate for primary-processing industries decreased slightly, to 77.1 per-

cent, while the rate for advanced-processing industries edged down to 77.7 percent. Capacity utilization in high-technology industries (computers, communications equipment, and semiconductors) dropped for the ninth successive month, to 73.4 percent, a level more than 6½ percentage points below its July 2000 peak. The operating rate at utilities dipped to 89.6 percent. The operating rate for mining increased for the fourth consecutive month, to 89.6 percent.

### *NEW RELEASE FORMAT*

Beginning with the data for January 2001, the capacity indexes have been revised. Although changes among most industries were offsetting, a significant downward revision to capacity growth at both semiconductor and computer manufacturers has led to a reduction in the overall estimate of capacity growth in 2001 from 3.5 percent to 2.7 percent. These series are available on the Federal Reserve Board's public web site ([www.federalreserve.gov/releases/g17](http://www.federalreserve.gov/releases/g17)). □

# Testimony of Federal Reserve Officials

*Testimony of Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Finance, U.S. Senate, April 4, 2001*

I am pleased to be invited to discuss some of the important issues concerning international trade and the attendant implications for the U.S. economy and the world economy more generally. In doing so, I want to emphasize that I speak for myself and not necessarily for the Federal Reserve.

One of the most impressive and persistent trends of the last several decades is the expansion of international trade. Trade across national borders has increased far faster than world gross domestic product. As a consequence, imports of goods and services as a percentage of gross domestic products worldwide, on average, have risen from approximately 12 percent forty years ago to 24 percent today.

To most economists, the evidence is impressively persuasive that the dramatic increase in world competition—a consequence of broadening trade flows—has fostered markedly higher standards of living for almost all countries that have participated in cross-border trade. I include most especially the United States.

Globalization as generally understood involves the increasing interaction of national economic systems. Of necessity, these systems are reasonably compatible and, in at least some important respects, market oriented. Certainly, market-directed capitalism has become the paradigm for most of the world, as central-planning regimes have fallen into disfavor since their undisputed failures around the world in the four decades following World War II.

Globalization, in turn, has been driven importantly by advances in technology. By lowering the costs of gathering information and conducting transactions, new technologies have reduced market frictions and provided significant impetus to the process of broadening world markets. Expanding markets, in turn, have both increased competition and rendered many forms of government intervention either ineffective or perverse.

The recognition of this prosperity-enhancing sea-change in world markets and, in that context, of the counterproductive consequences of pervasive intervention has led many governments to reduce tariffs

and trade barriers and, where necessary, to deregulate markets. These actions themselves have further promoted the very globalization that, interacting with advancing technology, spurred the deregulatory initiatives in the first place. The result of this process has been an advance and diffusion of technical change that has raised living standards in much of the world.

The international trading system that evolved has enhanced competition and nurtured what Joseph Schumpeter a number of decades ago called “creative destruction,” the continuous scrapping of old technologies to make way for the new. Standards of living rise because the depreciation and other cash flows of industries employing older, increasingly obsolescent technologies are marshaled to finance the newly produced capital assets that almost always embody the cutting-edge technologies. This is the process by which wealth is created incremental step by incremental step. It presupposes a continuous churning of an economy in which the new displaces the old.

But there is also no doubt that this transition to the new high-tech economy, of which rising trade is a part, is proving difficult for a large segment of our workforce that interfaces with our rapidly changing capital stock day by day. This is most evident in the rising fear of job skill obsolescence that has induced a marked increase in experienced workers going back to school—often community colleges—to upgrade their skills for a rapidly changing work environment.

While major advances in standards of living are evident among virtually all nations that have opened their borders to increased competition, the adjustment trauma resulting from technological advances as well as globalization has also distressed those who once thrived in industries that were once at the cutting edge of technology but that have become increasingly noncompetitive. Economists will say that workers should move from the steel districts of western Pennsylvania to Silicon Valley or its equivalent. And eventually they, or more likely their children, will move. But the adjustment process is wrenching to an existing workforce made redundant largely through no fault of their own. It may be argued that all workers should have the foresight to recognize long-term job opportunity shifts and move in advance of

obsolescence. Such forecasting abilities are not in great abundance among workers. But neither are they evident among business managers or the economists who counsel them.

Yet the protectionist propensity to thwart the process of the competitive flow of capital, from failing technologies to the more productive, is unwise and surely self-defeating. History tells us that not only is it unwise to try to hold back innovation, it is also not possible over the longer run. Generation after generation has experienced episodes in which those rendered technologically obsolescent endeavored to undermine progress, often appealing to the very real short-term costs of adjusting to a changing economic environment. In the end, these attacks did not prevail, and long-term advances in standards of living resumed.

Nonetheless, the campaign to expand free trade is never won. It is a continuing battle. Though tariffs in industrial countries have come down sharply over the past half-century, other barriers have become more prevalent. Administrative protection in the form of antidumping suits and countervailing duties is a case in point. These forms of protection have often been imposed under the label of promoting "fair trade," but oftentimes they are just simple guises for inhibiting competition. Typically, antidumping duties are levied when foreign average prices are below the average cost of production. But that also describes a practice that often emerges as a wholly appropriate response to a softening in demand. It is the rare case that prices fall below marginal cost, which would be a more relevant standard. In the view of many economists, antidumping initiatives should be reserved for those cases in which anti-competitive behavior is involved. Contrary to popular notions about antidumping suits, under U.S. law, it is not required to show evidence of predatory behavior, or of intention to monopolize, or of any other intentional efforts to drive competitors out of business.

In the end, economic progress clearly rests on competition. It would be a great tragedy were we to stop the wheels of progress because of an incapacity to assist the victims of progress.

Our efforts should be directed at job-skills enhancement and retraining—a process in which the private market is already engaged—and, if necessary, selected income maintenance programs for those over a certain age, where retraining is problematic. Thwarting competition, by placing barriers to imports, will prevent markets in the United States and other nations from deploying capital to their most productive uses, that is, the most cost-effective pro-

duction of those goods and services most highly valued by consumers.

Protectionism will also slow the inevitable transition of the workforce to more productive endeavors. To be sure, an added few years may enable some workers to reach retirement with dignity, but it will also keep frozen in place younger workers whose opportunities to secure jobs with better long-run prospects diminish with time.

I regret that trade policy has been inextricably linked with job creation. We often try to promote free trade on the mistaken ground, in my judgment, that it will create jobs. The reason should be that it enhances standards of living through the effects of competition on productivity. It is difficult to find credible evidence that trade has affected the level of total employment in this country over the long run. Indeed, in recent months we have experienced the widest trade deficit in history with unemployment still close to record lows.

Certainly, the *distribution* of jobs by industry is influenced by international trade, but it is also affected by domestic trade. The relative balance of supply and demand in a competitive market economy determines the mix of employment. When exports fall or imports rise, domestic demand and relative prices have invariably adjusted in the long run to leave total employment generally unaffected.

I also regret that, despite the remarkable success over a near half-century of GATT, the General Agreement on Tariffs and Trade, and its successor, the World Trade Organization, in reducing trade barriers, our trade laws and negotiating practices are essentially adversarial. They presume that a trade concession extracted from us by our trading partners is to their advantage at our expense and must be countered. Few economists see the world that way; trade is not a zero-sum game.

If trade barriers are lowered by both parties, each clearly benefits. In almost every credible scenario, if one lowers barriers and the other does not, the country that lowered barriers unilaterally would still be better off having done so. Raising barriers to achieve protectionist equality with reluctant trading partners would be neither to our benefit nor to theirs. The best of all possible worlds for competition is for both parties to lower trade barriers. The worst is for both to keep them up.

For these reasons, we should welcome the opportunity to contribute to the effort of working toward further trade liberalization. If we freeze competitive progress in place, we will almost certainly slow economic growth overall and impart substantial harm to those workers who would otherwise seek more-

effective longer-term job opportunities. Protecting markets from new technologies has never succeeded. Adjustments to newer technologies have been delayed, but only at significant cost.

Moreover, even should our trading partners not retaliate in the face of increased American trade barriers—an unlikely event—we would do ourselves great harm by lessening the vigor of American competitiveness. The United States has been in the forefront of the postwar opening up of international markets, much to our and the rest of the world's benefit. It would be a great tragedy were that process stopped or reversed.

The arguments against the global trading system that emerged first in Seattle and then spread over the past year and a half arguably touched a chord in many people partly, in the judgment of many analysts, by raising the fear that they would lose local political control of their destinies. Clearly, the risk is that support for restrictions on trade is not dead, only quiescent.

Those who protest against “globalization” appear too often to be self-designated representatives of developing-country interests. For all the reasons that I have cited earlier, these protests, however well intentioned, are wrongheaded. In particular, it is essential to note that probably the best single action that the industrial countries could actually take to alleviate the terrible problem of poverty in many developing countries would be to open, unilaterally,

markets to imports from these countries. Such countries need more globalization, not less.

In many important respects, the past half-century has represented an uneven struggle to repair the close linkages among national economies that existed before the First World War. The hostilities bred of war, the substantial disruptions to established trading patterns associated with that conflict, and the subsequent poor economic performance over the next few decades engendered the erection of trade barriers around the world that have taken even longer to dismantle. To repeat that error would increase poverty among a significant segment of the world's population.

The United States has been a world leader in terms of free trade and open markets for capital as well as goods and services. We have benefited enormously from the resulting international competition: We have a wide range of goods and services available for consumption; our industries produce and employ cutting-edge technologies; and the opportunities created by these technologies have attracted capital inflows from abroad. These capital inflows have reduced the costs of building our country's capital stock and added to the productivity of our workers. Most economists would argue that we must reaffirm the United States' leadership role in the area of international trade policy in order to improve standards of living in the United States and among all of our trading partners.

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*Testimony of Laurence H. Meyer, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises and the Subcommittee on Financial Institutions and Consumer Credit of the Committee on Financial Services, U.S. House of Representatives, April 4, 2001*

I am pleased to appear before the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises and the Subcommittee on Financial Institutions and Consumer Credit to outline the rules recently adopted jointly by the Federal Reserve Board and the Secretary of the Treasury to allow financial holding companies to engage in merchant banking activities under the Gramm–Leach–Bliley Act. I will also discuss the proposal recently published by the Federal Reserve, the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) to establish regulatory minimum

capital requirements for equity investment activities conducted by banking organizations.

When I last appeared before this subcommittee to address the topic of merchant banking, the Board and the Department of the Treasury were in the middle of considering comments on rules we had proposed only recently before the testimony. As I indicated at that time, our experience has been that public comments are generally very helpful and provide us with valuable insights and information from practitioners, analysts, other policymakers, and informed members of the public.

That is in fact what happened in this case. The Board and the Treasury received a significant amount of useful information and comment that led us to revise in some important respects the rules that implement the merchant banking powers in the Gramm–Leach–Bliley Act. The comments also caused the Board to rethink and revise our proposed capital treatment for equity investment activities. We have

also consulted with our fellow banking agencies regarding the appropriate capital treatment for equity investment activities. As a result of the comments and those interagency consultations, we significantly revised our capital proposal and have again sought public comment on a proposed capital approach. The comment period on that proposal is open until April 16.

Before discussing the merchant banking rule and the capital proposal, I will outline both the final rule that we and the Secretary of the Treasury adopted to implement the merchant banking provisions and the revised capital proposal. Let me start with some background that I hope will help put both what we did and what we have proposed in context.

### *THE GRAMM-LEACH-BLILEY ACT*

The Bank Holding Company Act generally prohibits bank holding companies from owning more than 5 percent of the voting stock of nonfinancial companies, with limited exceptions. This prohibition was included in the act in 1956 and extended in 1970 because the Congress has long been concerned that the mixing of banking and commerce could result in a number of adverse effects. Among the concerns are that mixing banking and commerce could result in concentration of economic power in a few large conglomerates, less stringent credit standards for and higher risk exposures to affiliates, less attractive credit terms to unaffiliated commercial firms, and other similar conflicts of interest, all of which could reduce the availability of credit to unaffiliated companies and create greater risks to the federal deposit insurance funds and ultimately the taxpayer.

The Gramm-Leach-Bliley Act (GLB Act) did not remove this general prohibition. In fact, as part of the consideration of that act, the Congress considered and rejected the idea of allowing banking organizations to affiliate broadly with commercial firms.

At the same time, the Congress recognized that there are some forms of ownership of commercial firms by banking organizations that are the functional equivalent of financing for small businesses. It was on this basis that the Congress authorized financial holding companies (FHCs) to engage in merchant banking activities.

Toward this end, the GLB Act contains several provisions in its authorization of merchant banking activities that are designed to distinguish merchant banking investments from the more general mixing of banking and commerce. In particular, the GLB Act defines permissible merchant banking investments as

investments that meet two important requirements: The investment may be held only for a period of time to enable the resale of the investment, and while the investment is held by the FHC, the investing FHC may not routinely manage or operate the commercial firm except as necessary or required to obtain a reasonable return on the investment on resale.

In addition, the GLB Act imposed limits on bank funding of portfolio companies owned by the bank's parent holding company and on cross-marketing activities between banks and portfolio companies owned by the same financial holding company. These restrictions were also intended to reinforce the separation between banks and the commercial companies owned in reliance on the new merchant banking authority.

### *SUMMARY OF THE FINAL RULE GOVERNING MERCHANT BANKING ACTIVITIES*

The final rule adopted by the Board and the Treasury in late January of this year focuses on defining these two important restrictions. In addition, the final rule explains the types of risk-management policies, procedures, and systems that the agencies expect will be in place at FHCs that engage in merchant banking activities and the manner in which the cross-marketing restrictions and inter-affiliate lending restrictions imposed by the GLB Act apply. Finally, the rule temporarily establishes an interim procedure for agency review of an FHC's risk-management policies and systems in the event the organization seeks to commit a significant portion of its capital to merchant banking activities.

Together, these provisions are important for maintaining the difference between merchant banking activities and the authorization of banking and commerce within the same organization. They also support the important objective of encouraging the safe and sound exercise of the new merchant banking authority.

As I suggested earlier, the final rule was modified in several important respects from the original interim rule that was the subject of my testimony last June. These changes reflect insights and suggestions made by commenters that we believe improve the workability of the rule while maintaining the differences required by the GLB Act and the BHC Act between merchant banking, on the one hand, and banking and commerce, on the other. Critically, the final rule also does not sacrifice the safety and soundness benefits of the rule. I will point out the most significant changes between the interim rule and the final rule in my remarks.



The final rule provides guidance on the GLB Act's requirement that merchant banking investments be held only for a period of time long enough to enable the sale or disposition of each investment on a reasonable basis. Generally, the rule permits a ten-year holding period for direct investments and a fifteen-year holding period for investments in private equity funds. The Board may approve a longer holding period on a case-by-case basis.

Many commenters acknowledged that merchant banking investments are rarely held beyond these periods and, in fact, are typically sold within three to five years after the investment is made. The longer holding periods permitted in the final rule allow some flexibility for FHCs to adjust their investment exit strategies to account for fluctuations in market conditions.

While some commenters advocated no restrictions on holding periods, this approach did not appear to be either suitable or workable. The GLB Act itself contemplates that investments would not be held indefinitely, and the agencies believe that it is better to establish a regulatory safe harbor that gives assurance regarding holding periods, and thereby allow FHCs to plan their investment strategies, than for the agencies to forego providing regulatory guidance and impose decisions on holding periods for each investment on an ad hoc basis through the supervisory process. The uncertainty and potential for reaching different decisions regarding holding periods as different supervisors examine competing banking organizations would frustrate planning by investing companies and, we believe, in the end lead to a firm rule in any event. To accommodate situations in which the regulatory safe harbor is not sufficient in an individual case, the final rule allows financial holding companies to seek approval, when events require it, to hold an investment longer than the periods established in the rule.

As I noted earlier, the GLB Act restricts the ability of FHCs to routinely manage or operate companies held under the merchant banking authority. The final rule contains several safe harbors and examples of routine management and operation. For example, the final rule allows representatives of an FHC to serve on the board of directors of a portfolio company without running afoul of the routine management restrictions. In addition, an FHC may enter into agreements that restrict extraordinary actions of the portfolio company, such as the sale of major assets or acquisition of other companies, without the approval of the investing company. Director interlocks and agreements that govern extraordinary transactions are common in connection with merchant banking invest-

ments and allow the investing company to monitor its investment and the activities of the portfolio company without becoming involved in the routine management or operation of the company.

The final rule also identifies several situations that would be considered restricted routine management of the portfolio company. In particular, an FHC would be considered to be routinely managing or operating a company if an officer or employee of the FHC is also an executive officer of the portfolio company. In addition, agreements that restrict decisions made in the ordinary course of the business of the portfolio company are considered to be routine management of the company and thus are permitted by the final rule only in special circumstances.

The interim rule originally provided that any type of officer or employee interlock between an FHC and a portfolio company would be considered to involve the FHC in routinely managing the portfolio company. Commenters argued that employee interlocks may allow FHCs to share expertise—both giving and gaining—with portfolio companies without becoming involved in the routine management or operation of the company.

In response to commenters, the final rule has been modified from the interim rule to convert its absolute prohibition into a rebuttable presumption. This provides a mechanism for allowing a specific employee and junior officer interlock in the limited situation in which the interlock does not rise to the level of routine management or operation of the portfolio company.

The GLB Act allows an investing FHC to routinely manage or operate a portfolio company in special circumstances when intervention is necessary or required in order to enable the investing company to obtain a reasonable return on the investment on its resale or disposition. The final rule adopts this statutory standard. For example, an FHC may become involved in the routine management of a portfolio company to avoid or address a significant operating loss or in connection with a loss of senior management at the portfolio company. The final rule also replaces the interim rule's requirement that an FHC obtain Board approval to routinely manage a company for more than six months with a provision that the FHC provide the Board with notice in the event that the FHC routinely manages a portfolio company for more than nine months. This notice provision will allow the Board to monitor management interventions to ensure compliance with the limitations in the GLB Act and the final rule.

The final rule also contains several provisions that are designed to encourage the safe and sound conduct

of merchant banking activities. In particular, the final rule requires that FHCs establish policies, systems, and procedures to monitor and address the risks associated with their merchant banking activities. The final rule provides FHCs with significant discretion in formulating the policies, systems, and procedures that best fit the management style of the FHC and the type, scope, and nature of the FHC's merchant banking activities. The Board recently issued supervisory guidance that outlines some of the best practices employed by merchant bankers for managing the risks of equity investment activities. That guidance has been well received by the industry as useful and flexible.

The final rule also generally requires that FHCs retain records sufficient to allow them to monitor and assess the risks and exposures associated with their merchant banking activities. The final rule allows FHCs to assemble the records that best fit these purposes and contemplates that FHCs may satisfy these requirements with the types of records and reports kept in the ordinary course of conducting merchant banking activities. The final rule does not adopt the provision of the original interim rule that required these records to be maintained at a central location. FHCs must already make all of their records, including their merchant banking records, available to the Federal Reserve in the examination process.

The interim rule included two reporting requirements for FHCs engaged in merchant banking activities. One was a relatively brief quarterly report of the gross amounts of investments made by the FHC, and the other required annual reporting of investments that were held for a substantial period—seven years or longer. The final rule does not include either of these reporting requirements. A limited amount of information regarding equity investments is already collected by the banking agencies on existing regulatory reports. The Board is in the process of developing other reports that would focus on collection of additional basic information regarding equity investment activities, such as the total amount invested in and carrying value of privately owned securities and publicly traded shares owned by the banking organization and on individual merchant banking investments held for extended periods. The Board will separately invite public comment on any new reporting requirements in the near future.

The interim rule contained two thresholds that triggered agency review of FHCs that devote significant amounts of capital to merchant banking activities. These thresholds—one triggered when total merchant banking investments exceed the lesser of

\$6 billion or 30 percent of the FHC's tier 1 capital, and the other triggered when the direct investments of an FHC, excluding investments in private equity funds, exceed the lesser of \$4 billion or 20 percent of the FHC's tier 1 capital—were designed to allow the Board to ensure that FHCs that devote significant amounts of capital to merchant banking activities had in place the types of risk-management policies, procedures, and systems to conduct these activities safely and soundly. The Board and the Treasury indicated that they would review the continued need for these thresholds when a final capital requirement for merchant banking activities was adopted.

Even though these thresholds were high and applied only to the newly authorized merchant banking activities, these thresholds were very controversial and were viewed by many commenters as, in effect, caps on their merchant banking activities. Consequently, commenters strongly urged the agencies to eliminate this review process or, at a minimum, to remove the component of the thresholds that was based on the absolute dollar size of the FHC's merchant banking portfolio.

The agencies continue to believe that capital and strong risk-management policies and procedures provide the best protection for FHCs that engage in merchant banking activities. Consequently, in line with the comments on this matter and the intent behind the original proposal, the final rule takes two steps. First, the absolute dollar thresholds in the interim rule were eliminated from the final rule. Accordingly, the thresholds are triggered only when merchant banking activities are at high proportions to the FHC's capital. And recall, the thresholds trigger an agency review process—they are not an absolute cap on activity.

Consistent with the original proposal, the final rule also contains a sunset provision that automatically eliminates the entire threshold review process once the banking agencies have implemented final rules governing the capital requirements for merchant banking activities. As I will discuss in a moment, the agencies have already jointly proposed a new capital treatment for public comment and are working toward adopting a final capital rule. I should note also that the thresholds may be exceeded with Board approval, and one experienced investment firm has already reached the thresholds and received Board approval to exceed the thresholds.

The GLB Act contained two provisions that govern the relationship between depository institutions and portfolio companies owned by the same FHC: one prohibits cross-marketing activities, and the other restricts credit and other funding transactions. Both

are contained in the GLB Act to reinforce the separation between banking and commerce. The prohibition in the GLB Act on the ability of a depository institution controlled by an FHC to cross-market its products and services with a portfolio company that is held under the merchant banking authority is included in the final rule. The final rule also clarifies that this cross-marketing restriction does not prevent a depository institution from marketing the shares of private equity funds controlled by an affiliated FHC and does not apply to situations in which the FHC owns less than 5 percent of the voting shares of the portfolio company.

The final rule also adopts the presumption established by the GLB Act that applies the limits on inter-affiliate transactions contained in section 23A of the Federal Reserve Act to transactions between a depository institution controlled by the investing FHC and any portfolio company in which the FHC owns at least a 15 percent equity interest. In response to suggestions made by commenters, the final rule includes several safe harbors from this statutory presumption for situations in which the Board would consider, absent evidence to the contrary, that the presumption is rebutted and the restrictions of section 23A would not apply.

### *CAPITAL PROPOSAL*

An integral part of our original merchant banking proposal involved the regulatory capital that would be required to support merchant banking activities. As anyone who has experienced a downturn in the stock market will attest, an investor's chances of financial survival are greater if the investor has used capital rather than debt to finance their investments. And in the case of banking organizations, it is also important that the organization have sufficient capital after losses associated with declines in stock prices to support its other activities.

The Board's capital proposal was intended to offset some of the risks from merchant banking investments by requiring financial holding companies to limit the amount of debt they used to support their merchant banking activities. While many merchant bankers fund their merchant banking investments entirely with equity capital—that is, each dollar of investment is funded with one dollar of their own equity capital—the Board originally had proposed a regulatory minimum requirement of 50 cents of equity capital for each dollar invested in merchant banking.

This proposal attracted quite a bit of comment and is an example of an area in which we learned from the public comments. Importantly, most of the com-

menters did not disagree with our concern that merchant banking activities are riskier than more traditional banking activities. Nonetheless, most commenters criticized our proposed capital treatment, and several offered constructive alternative approaches.

In addition to reviewing the public comments, we worked with the other federal banking agencies to improve the proposal in ways that took account of commenters' concerns but also addressed the necessity for risky assets to be adequately capitalized by equity. Together with the other agencies we were able to develop a new, revised capital proposal that would apply uniformly to equity investments held by bank holding companies and those held by depository institutions.

The banking agencies were guided by several principles in considering the appropriate levels of capital that should be required as a regulatory minimum to support equity investment activities. First, equity investment activities in nonfinancial companies generally involve greater risks than traditional bank and financial activities. As I noted, this is a principle over which there is little disagreement. Industry data on venture capital investments indicate losses on one-fourth to one-third of individual deals. For portfolio investments, studies suggest that, while some portfolios achieve extraordinary returns, nearly 20 percent lose capital. I explained in much more detail our analysis of the risks associated with equity investment activities in my testimony before this subcommittee last June. If anything, the activity in the equity markets since last June has confirmed that analysis, and few of the commenters on our original capital proposal disagreed with the substance of that analysis or with its conclusion that equity investment activities are significantly riskier activities than most traditional banking activities.

A second and related principle is that the financial risks to an organization engaged in equity investment activities increase as the level of its investments accounts for a larger portion of the organization's capital, earnings, and activities. Banking organizations have for some time engaged in equity investment activities using various authorities, including primarily Small Business Investment Companies (SBICs) and the authority to make limited passive investments under sections 4(c)(6) and (7) of the BHC Act. When the current capital treatment, which requires a minimum of 4 percent tier 1 capital (6 percent in the case of depository institutions that must meet the regulatory well-capitalized definition), was developed, these equity investment activities were small in relation to the more traditional lending and other activities of these organizations.

The level of these investment activities has grown significantly in recent years, however. For example, investments made through SBICs owned by banking organizations have alone more than doubled in the past five years. Industrywide, investments have more than quadrupled over the same period. The grant to financial holding companies of a significant new authority to make equity investments under the GLB Act without many of the restrictions that apply to other authorities currently used by banking organizations to make these investments was an appropriate time to re-evaluate whether existing capital charges were adequate.

A third principle guiding the agencies' efforts is that the risk of loss associated with a particular equity investment is likely to be the same regardless of the legal authority used to make the investment or whether the investment is held in the bank holding company or in the bank. In fact, the agencies' supervisory experience is that banking organizations are increasingly making investment decisions and managing equity investment risks as a single business line within the organization and across legal entities. These organizations use different legal authorities available to different legal entities within the organization to conduct a unified equity investment business.

In light of these principles, the Board and the other agencies issued a revised proposal that would establish special minimum regulatory capital requirements for equity investments in nonfinancial companies. This capital treatment would apply symmetrically to equity investment activities of bank holding companies and banks.

Under the original capital proposal made last March, the Board proposed to apply a uniform 50 percent capital charge to all equity investments made by bank holding companies. The revised proposal would apply a series of marginal capital charges that increase with the level of a banking organization's overall exposure to equity investment activities relative to the institution's tier 1 capital. Under the new proposal, with several exceptions that I will discuss in a moment, a modest 8 percent equity capital charge would apply to the portion of the banking organization's equity investment portfolio that totals less than 15 percent of the tier 1 capital of the organization, and a 12 percent equity capital charge would apply to the portion of the portfolio between 15 percent and 25 percent of the banking organization's tier 1 capital. A 25 percent equity capital charge would be applied to the portion of a portfolio that exceeds 25 percent of the tier 1 capital of the investing banking organization. These charges

are regulatory minima, and FHCs are expected to hold capital based on their assessment of the nature of their capital investments and the quality of the overall risk management of these portfolios.

The agencies announced that they would intensify their supervisory review and oversight of the equity investment activities at all banking organizations, including in particular banking organizations with concentrations in this activity that exceed 50 percent of the organization's equity capital. The agencies also indicated that they would apply higher minimum regulatory capital charges on a case-by-case basis as appropriate in light of supervisory concerns regarding an organization's risk-management systems; the risk, nature, size, and composition of an organization's portfolio of investments; market conditions; and other relevant information and circumstances.

The series of marginal capital charges in our revised proposal is somewhat more complex than the original single-charge proposal. However, we believe that it better reflects the reality that, as an organization concentrates greater amounts of its resources in riskier activities, the organization increases its overall risk profile. In order to continue to operate safely and soundly, a banking organization must increase its capital as it increases its risk profile.

Commenters, including a number of members of this subcommittee, strongly urged the agencies not to impose a higher capital charge than is currently applied on investments made through SBICs. These commenters argued that SBICs serve the important public purpose of encouraging investment in small businesses, are already subject to investment limitations imposed by the Congress and the Small Business Administration, and to date have been generally profitable.

Commenters made similar arguments in support of an exception from higher capital charges for investments made by state banks under special grandfathering authority preserved by section 24 of the Federal Deposit Insurance Act (FDI Act). These investments have also been reviewed and limited by the Congress and are subject to further review and limitation by the FDIC.

The agencies recognized substantial merit in these arguments. Accordingly, we revised the capital proposal so that it does not generally impose a higher capital charge on investments made through SBICs. Because SBICs may, under certain conditions, hold investments that exceed the statutory limitations imposed on bank investments in SBICs, the revised proposal would apply the higher marginal capital charges to SBIC investments only when the total amount of these investments exceeds 15 percent of

the parent bank or bank holding company's tier 1 capital. This 15 percent threshold allows banking organizations a cushion for growth between the statutory investment limit and the higher capital charges under the revised proposal.

The proposal also includes an exception for investments held by state banks in accordance with the special grandfather rights under section 24 of the FDI Act. As commenters noted, these investments are limited by statute in both amount and type and may only be made by a small and diminishing group of grandfathered companies.

Section 24 of the FDI Act also permits other, non-grandfathered investments with the approval of the FDIC. In nearly all cases, the FDIC has imposed a higher capital charge on these investments than the marginal charges included in the revised interagency proposal. Consequently, although the proposal covers these investments, it would not have an effect on the regulatory capital required for these investments. The proposal would allow the FDIC, in exceptional individual cases, to impose a lesser minimum regulatory capital charge on investments under section 24 where the total of all investments made by the organization under section 24 and through an SBIC is less than 15 percent of the organization's tier 1 capital. The FDIC also retains authority to impose greater capital requirements on any investment activities under section 24 of the FDI Act as it deems appropriate to protect the deposit insurance funds and ensure the safe and sound operation of the investing bank.

One of the comments made most often in response to our original capital proposal was that the Board had selectively adopted part of the internal risk models used by banking and securities firms to assess the capital risks and needs of their organization—the part of the model that recognized that equity investment activities are risky activities that require substantial capital support—without also adopting the parts of those internal models that assess lower capital charges to activities with less risk. Some commenters urged the Board to rely on internal capital models for assessing all aspects of regulatory capital requirements.

Internal risk-based models for assessing capital adequacy of an organization would, indeed, better reflect the individual risk profile of individual organizations than the more general formulas that currently underlie the agencies' regulatory capital require-

ments. As a result, we believe that internal capital models are important and ideally should serve as the basis for both economic and regulatory capital requirements. However, the development of internal risk models is still in its infancy, with many organizations only beginning to develop internal models and, even with those that have begun this task, with categories of assets and activities—such as portfolios of equities—still not adequately factored into most models. We are committed to enhancing our ability as supervisors to assess and aid in the development of strong internal models. We have been working with the Basel Capital Committee on a proposal, recently published for public comment, that would focus regulatory capital requirements at least at large banking organizations on internal risk models developed by the organization and verified by the regulatory agencies.

But neither the banking agencies nor most banking organizations are at the stage where we can rely on these models as a replacement for regulatory minimum capital requirements. We view our revised capital proposal for equity investment activities as a bridge to a robust internal model approach—one that covers a banking organization's assets generally and not just a subset of those assets. When we cross that bridge will depend on a number of factors, including how the Basel proposal is received and develops, on the ability of banking organizations to develop their own models, and on our own ability to evaluate and verify the models that develop. For those banking organizations that engage in equity investment activities but choose not to adopt internal capital models, the revised capital proposal will help provide a standard against which we can analyze the organizations' capital adequacy.

The invitation for public comments on the revised capital proposal is still open and will remain open until April 16, 2001. We find the public comment process to be a useful and instructive discipline, especially for analyzing rules that will govern new activities and the banking industry broadly. As always, the Board will carefully review all of the comments that we receive. While we have not reached a final decision on the capital proposal, we believe that we are homing in on a final rule that will address the information and concerns of commenters, will be workable, and importantly, will enhance safety and soundness. □

# Announcements

## *ACTION BY THE FEDERAL OPEN MARKET COMMITTEE AND A DECREASE IN THE DISCOUNT RATE*

The Federal Open Market Committee decided on April 18, 2001, to lower its target for the federal funds rate by 50 basis points to 4½ percent. In a related action, the Board of Governors approved a 50 basis point reduction in the discount rate to 4 percent.

The FOMC has reviewed prospects for the economy in light of the information that has become available since its March meeting. A significant reduction in excess inventories seems well advanced. Consumption and housing expenditures have held up reasonably well, though activity in these areas has flattened recently. Although measured productivity probably weakened in the first quarter, the impressive underlying rate of increase that developed in recent years appears to be largely intact.

Nonetheless, capital investment has continued to soften and the persistent erosion in current and expected profitability, in combination with rising uncertainty about the business outlook, seems poised to dampen capital spending going forward. This potential restraint, together with the possible effects of earlier reductions in equity wealth on consumption and the risk of slower growth abroad, threatens to keep the pace of economic activity unacceptably weak. As a consequence, the Committee agreed that an adjustment in the stance of policy is warranted during this extended intermeeting period.

The Committee continues to believe that against the background of its long-run goals of price stability and sustainable economic growth and of the information currently available, the risks are weighted mainly toward conditions that may generate economic weakness in the foreseeable future.

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

Subsequently, the Board approved on April 19, 2001, similar requests by the boards of directors of the Federal Reserve Banks of Richmond and Chicago, effective immediately, and by the board of

directors of the Federal Reserve Bank of St. Louis, effective April 20, 2001.

## *FINAL RULE ON SECTION 23A OF THE FEDERAL RESERVE ACT REGARDING BANK AFFILIATES*

The Federal Reserve Board announced on May 4, 2001, that it is publishing a final rule granting exemptions from and providing interpretations of section 23A of the Federal Reserve Act. The Board approved the final rule at its meeting on May 2, 2001.

The Board proposed and sought public comment on the exemptions and interpretations in June 1998. However, the content of the rule is incorporated in a newly proposed Regulation W, which will allow an additional opportunity for public comment.

Section 23A restricts loans by a bank to an affiliate, asset purchases by a bank from an affiliate, and other transactions between a bank and its affiliates.

The rule's first exemption and interpretation applies to loans made by an insured depository institution to an unaffiliated borrower that uses the proceeds of the loan to purchase certain third-party securities through a registered broker-dealer affiliate of the institution acting exclusively as a broker or riskless principal in the transaction. The second exemption applies to loans by an insured depository institution to an unaffiliated borrower that uses the proceeds to purchase certain securities underwritten or sold as principal by a registered broker-dealer affiliate of the institution.

The remaining interpretation expands the ability of an insured depository institution to purchase from an affiliate of a registered broker-dealer securities that have a ready market and prices that can be verified from a reliable independent source. The final rule will be published in the *Federal Register*.

## *GUIDANCE ON PROTECTION OF CUSTOMER FINANCIAL INFORMATION AGAINST IDENTITY THEFT*

The Federal Reserve Board announced on April 30, 2001, the issuance of supervisory guidance address-

ing how banking organizations should protect customer information against identity theft.

Recommended steps to safeguard information include establishing procedures to verify the identity of individuals applying for financial products, to prevent fraudulent address changes, and to block pretext callers from using personal information to impersonate account holders and gain access to account information.

Guidance is also provided to banking organizations on completing Suspicious Activity Reports for reporting offenses associated with identity theft and pretext calling that are filed with law enforcement agencies.

The guidance is consistent with the Gramm–Leach–Bliley Act, which directs the Board and other federal agencies to ensure that financial institutions have policies, procedures, and controls in place to prevent the unauthorized disclosure of customer financial information and to deter and detect fraudulent access to such information.

Supervision and Regulation (SR) Letters are the Federal Reserve’s primary means of communicating key policy directives to its examiners, supervisory staff, and the banking industry. The guidance is contained in SR Letter 01-11, Identity Theft and Pretext Calling, which can be accessed on the Board’s web site at [www.federalreserve.gov/boarddocs/srletters](http://www.federalreserve.gov/boarddocs/srletters)

### *INTERAGENCY ADVISORY ON BROKERED AND RATE-SENSITIVE DEPOSITS*

The federal bank and thrift regulatory agencies issued on May 11, 2001, an advisory on the risks of brokered and other rate-sensitive deposits. The agencies warn that excessive reliance on these types of funding products without proper risk-management safeguards has the potential to weaken an institution’s financial condition.

Deposit brokers have traditionally provided intermediary services for financial institutions and investors. Today, however, the Internet and other automated service providers enable investors who focus on yield to easily identify high-yield deposit sources. Customers who focus exclusively on yield can be a less stable source of funding than typical relationship deposit customers. If market conditions change, these customers may rapidly transfer funds elsewhere in a manner similar to that of wholesale investors.

Financial institutions that use significant amounts of brokered and rate-sensitive deposits should ensure that proper risk-management practices are in place. Among the practices cited in the advisory are control structures to limit concentrations in this type of fund-

ing, due diligence in assessing deposit brokers and the risk to earnings and capital, and management information systems that identify non-relationship or higher-cost funding sources that can be monitored and managed.

The advisory lists potential red flags that may indicate the need for closer supervisory review, including newly chartered institutions with an aggressive growth strategy and few relationship deposits, high on- or off-balance-sheet growth rates, and inadequate systems or controls.

### *GUIDANCE ON RISK MANAGEMENT OF LEVERAGED FINANCING*

The federal bank regulatory agencies on April 11, 2001, issued guidance on sound risk-management practices for institutions engaged in leveraged financing.

The guidance, issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision, augments previously issued individual statements.

Over the past year, deterioration has emerged in the leveraged finance portfolios of many banking organizations, driven in part by the relaxation of sound lending standards in past years. In response, affected institutions have strengthened their lending standards and are amending their risk-management practices. The purpose of this guidance is to clarify supervisors’ expectations regarding sound practices and facilitate their adoption.

Leveraged financing has been an important financing vehicle for mergers and acquisitions, business recapitalizations, and business expansions. These transactions are characterized by a degree of financial leverage that significantly exceeds industry norms measured by various debt, cash flow, or other ratios. Consequently, leveraged borrowers generally have a diminished ability to respond to changing economic conditions or unexpected events, creating significant implications for an institution’s overall credit-risk exposure and challenges for bank risk-management systems.

Leveraged finance activities can be conducted in a safe and sound fashion if pursued with a risk-management structure that provides for appropriate underwriting, pricing, monitoring, and controls. This guidance highlights the need for comprehensive credit analysis processes, frequent monitoring, and detailed portfolio reports to better understand and

manage the inherent risk in these leveraged finance portfolios.

Many leveraged transactions are underwritten with reliance on the imputed value of a business ("enterprise value"), which often exhibits a high degree of volatility. The guidance stresses the importance of sound valuation methodologies and ongoing stress testing and monitoring of enterprise values. The statement also provides guidance about the risk rating of leveraged finance loans and how enterprise value should be evaluated in the risk-rating process.

#### *REQUEST FOR COMMENT ON AMENDMENT TO REGULATION H REGARDING INTERSTATE BRANCHING AND DEPOSITS*

The Federal Reserve Board announced on April 11, 2001, that it is requesting public comment on a proposal that would amend Regulation H (Membership of State Banking Institutions in the Federal Reserve System) to expand the prohibition against deposit production offices to include any branch of a bank controlled by an out-of-state bank holding company. Comment is requested by June 8, 2001.

Section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 prohibits banks from engaging in interstate branching primarily for the purpose of deposit production. It was intended to ensure that interstate branching authority would not result in the taking of deposits from a community without banks reasonably helping to meet the credit needs of that community.

Section 106 of the Gramm-Leach-Bliley Act of 1999 expanded the coverage of section 109 of the act to include any branch of a bank controlled by an out-of-state bank holding company. The Board's proposal 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 proposed amendment to Regulation H is similar to proposed amendments to regulations of the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

#### *REQUEST FOR COMMENT ON INTERIM RULE ON DERIVATIVES TRANSACTIONS BETWEEN BANKS AND AFFILIATES*

The Federal Reserve Board announced on May 4, 2001, that it is seeking public comment on interim

final rules, under sections 23A and 23B of the Federal Reserve Act, requiring institutions to (1) adopt policies and procedures to monitor, manage, and control credit exposures arising from derivatives transactions with affiliates and intraday credit extensions to affiliates and (2) subject such transactions to the market terms requirement of section 23B. The Board voted to issue the rule at its meeting on May 2, 2001.

Sections 23A and 23B restrict loans by a bank to an affiliate, asset purchases by a bank from an affiliate, and other transactions between a bank and its affiliates. The interim rules are effective January 1, 2002.

The rules will be published in the *Federal Register*. Comment is requested by August 15, 2001.

Concurrent with these interim final rules, the Board issued a proposal for a new Regulation W, which also seeks comment on how to address these transactions under section 23A.

#### *REQUEST FOR COMMENT ON PROPOSED NEW REGULATION W REGARDING BANKS AND AFFILIATES*

The Federal Reserve Board on May 2, 2001, decided to seek public comment on a proposed new Regulation W that would comprehensively implement sections 23A and 23B of the Federal Reserve Act. The sections restrict loans by a bank to an affiliate, asset purchases by a bank from an affiliate, and other transactions between a bank and its affiliates.

Regulation W would unify in one document various Board and staff interpretations issued over the years as well as several new interpretations of the statute. It would also provide several additional exemptions from the statute. The purpose of sections 23A and 23B and Regulation W is to limit a bank's risk of loss in transactions with affiliates and limit a bank's ability to transfer to its affiliates the benefits arising from its access to the federal safety net. Comment is requested within ninety days of publication in the *Federal Register*.

Until Regulation W is finalized, all previously issued, valid Board and staff interpretations regarding sections 23A and 23B remain in effect.

Separately, the Board, as required by the Gramm-Leach-Bliley Act, approved an interim final rule on May 4, 2001, under sections 23A and 23B, requiring institutions to adopt policies and procedures designed to monitor, manage, and control credit exposures arising from derivatives transactions with affiliates and intraday credit extensions to affiliates.



The interim rules are effective January 1, 2002. Comments are requested within ninety days of publication in the *Federal Register*.

The Board also approved on May 4, 2001, a final rule granting exemptions from and providing interpretations of section 23A. The Board proposed and sought public comment on the exemptions and interpretations in June 1998. The rule is effective thirty days after publication in the *Federal Register*.

However, the content of the rule is incorporated in the proposed Regulation W, which will allow an additional opportunity to comment.

The first exemption and interpretation applies to loans made by an insured depository institution to an

unaffiliated borrower that uses the proceeds of the loan to purchase certain third-party securities through a registered broker-dealer affiliate of the institution. The second exemption applies to loans by an insured depository institution to an unaffiliated borrower that uses the proceeds to purchase certain securities underwritten or sold as principal by a registered broker-dealer affiliate of the institution. The remaining interpretation expands the ability of an insured depository institution to purchase from a registered affiliate of a broker-dealer securities that have a ready market and prices that can be verified from a reliable independent source. □

# Legal Developments

## FINAL RULE—AMENDMENT TO REGULATION A

The Board of Governors is amending 12 C.F.R. Part 201, its Regulation A (Extensions of Credit by Federal Reserve Banks; Change in Discount Rate), to reflect its approval of a decrease in the basic discount rate at each Federal Reserve Bank. The Board acted on requests submitted by the Boards of Directors of the twelve Federal Reserve Banks.

Effective April 18, 2001, 12 C.F.R. Part 201 is amended as follows:

### Part 201—Extensions of Credit by Federal Reserve Banks (Regulation A)

1. The authority citation for Part 201 continues to read as follows:

*Authority:* 12 U.S.C. 343 *et seq.*, 347a, 374b, 347c, 347d, 348 *et seq.*, 357, 374, 374a and 461.

2. Section 201.51 is revised to read as follows:

#### *Section 201.51—Adjustment credit for depository institutions.*

The rates for adjustment credit provided to depository institutions under section 201.3(a) are:

Federal Reserve Bank	Rate	Effective
Boston	4.0	April 18, 2001
New York	4.0	April 18, 2001
Philadelphia	4.0	April 18, 2001
Cleveland	4.0	April 18, 2001
Richmond	4.0	April 19, 2001
Atlanta	4.0	April 18, 2001
Chicago	4.0	April 19, 2001
St. Louis	4.0	April 20, 2001
Minneapolis	4.0	April 18, 2001
Kansas City	4.0	April 18, 2001
Dallas	4.0	April 18, 2001
San Francisco	4.0	April 18, 2001

## FINAL RULE—AMENDMENT TO REGULATION Y

The Board of Governors is amending 12 C.F.R. Part 225, its Regulation Y (Bank Holding Companies and Change in Bank Control). The Board is adopting technical amendments to the financial holding company provisions of Regulation Y to restore provisions that were adopted in December 2000, and inadvertently deleted from the Code of Federal Regulations.

Effective April 13, 2001, 12 C.F.R. Part 225 is amended as follows:

### Part 225—Bank Holding Companies and Change in Bank Control (Regulation Y)

1. The authority citation for Part 225 continues to read as follows:

*Authority:* 12 U.S.C. 1817(j)(13), 1818, 1828(o), 1831i, 1831p-1, 1843(c)(8), 1843(k), 1844(b), 1972(l), 2903, 3106, 3108, 3310, 3331-3351, 3907, and 3909.

2. Section 225.86 is amended by adding new paragraphs (d) and (e) to read as follows:

#### *Section 225.86—What activities are permissible for any financial holding company?*

\* \* \* \* \*

- (d) *Activities determined to be financial in nature or incidental to financial activities by the Board—*

- (1) *Acting as a finder—*Acting as a finder in bringing together one or more buyers and sellers of any product or service for transactions that the parties themselves negotiate and consummate.

- (i) *What is the scope of finder activities?* Acting as a finder includes providing any or all of the following services through any means—

- (A) Identifying potential parties, making inquiries as to interest, introducing and referring potential parties to each other, and arranging contacts between and meetings of interested parties;

- (B) Conveying between interested parties expressions of interest, bids, offers, orders and confirmations relating to a transaction; and

- (C) Transmitting information concerning products and services to potential parties in connection with the activities described in paragraphs (d)(1)(i)(A) and (B) of this section.

- (ii) *What are some examples of finder services?* The following are examples of the services that may be provided by a finder when done in accordance with paragraphs (d)(1)(iii) and (iv) of this section. These examples are not exclusive.

- (A) Hosting an electronic marketplace on the financial holding company's Internet web site by providing hypertext or similar links to the web sites of third party buyers or sellers.
  - (B) Hosting on the financial holding company's servers the Internet web site of—
    - (1) A buyer (or seller) that provides information concerning the buyer (or seller) and the products or services it seeks to buy (or sell) and allows sellers (or buyers) to submit expressions of interest, bids, offers, orders and confirmations relating to such products or services; or
    - (2) A government or government agency that provides information concerning the services or benefits made available by the government or government agency, assists persons in completing applications to receive such services or benefits from the government or agency, and allows persons to transmit their applications for services or benefits to the government or agency.
  - (C) Operating an Internet web site that allows multiple buyers and sellers to exchange information concerning the products and services that they are willing to purchase or sell, locate potential counterparties for transactions, aggregate orders for goods or services with those made by other parties, and enter into transactions between themselves.
  - (D) Operating a telephone call center that provides permissible finder services.
- (iii) *What limitations are applicable to a financial holding company acting as a finder?*
- (A) A finder may act only as an intermediary between a buyer and a seller.
  - (B) A finder may not bind any buyer or seller to the terms of a specific transaction or negotiate the terms of a specific transaction on behalf of a buyer or seller, except that a finder may—
    - (1) Arrange for buyers to receive preferred terms from sellers so long as the terms are not negotiated as part of any individual transaction, are provided generally to customers or broad categories of customers, and are made available by the seller (and not by the financial holding company); and
    - (2) Establish rules of general applicability governing the use and operation of the finder service, including rules that—
      - (i) Govern the submission of bids and offers by buyers and sellers that use the finder service and the circumstances under which the finder service will match bids and offers submitted by buyers and sellers; and
      - (ii) Govern the manner in which buyers and sellers may bind themselves to the terms of a specific transaction.
- (C) A finder may not—
- (1) Take title to or acquire or hold an ownership interest in any product or service offered or sold through the finder service;
  - (2) Provide distribution services for physical products or services offered or sold through the finder service;
  - (3) Own or operate any real or personal property that is used for the purpose of manufacturing, storing, transporting, or assembling physical products offered or sold by third parties; or
  - (4) Own or operate any real or personal property that serves as a physical location for the physical purchase, sale or distribution of products or services offered or sold by third parties.
- (D) A finder may not engage in any activity that would require the company to register or obtain a license as a real estate agent or broker under applicable law.
- (iv) *What disclosures are required?* A finder must distinguish the products and services offered by the financial holding company from those offered by a third party through the finder service.
- (2) [Reserved]
- (e) *Activities permitted under section 4(k)(5) of the Bank Holding Company Act (12 U.S.C. 1843(k)(5)).*
- (1) The following types of activities are financial in nature or incidental to a financial activity when conducted pursuant to a determination by the Board under paragraph (e)(2) of this section:
    - (i) Lending, exchanging, transferring, investing for others, or safeguarding financial assets other than money or securities;
    - (ii) Providing any device or other instrumentality for transferring money or other financial assets; and
    - (iii) Arranging, effecting, or facilitating financial transactions for the account of third parties.
  - (2) *Review of specific activities.*
    - (i) *Is a specific request required?* A financial holding company that wishes to engage on the basis of paragraph (e)(1) of this section in an activity that is not otherwise permissible for a financial holding company must obtain a determination from the Board that the activity is permitted under paragraph (e)(1).

(ii) *Consultation with the Secretary of the Treasury.* After receiving a request under this section, the Board will provide the Secretary of the Treasury with a copy of the request and consult with the Secretary in accordance with section 4(k)(2)(A) of the Bank Holding Company Act (12 U.S.C. 1843(k)(2)(A)).

(iii) *Board action on requests.* After consultation with the Secretary, the Board will promptly make a written determination regarding whether the specific activity described in the request is included in an activity category listed in paragraph (e)(1) of this section and is therefore either financial in nature or incidental to a financial activity.

(3) *What factors will the Board consider?* In evaluating a request made under this section, the Board will take into account the factors listed in section 4(k)(3) of the BHC Act (12 U.S.C. 1843(k)(3)) that it must consider when determining whether an activity is financial in nature or incidental to a financial activity.

(4) *What information must the request contain?* Any request by a financial holding company under this section must be in writing and must:

- (i) Identify and define the activity for which the determination is sought, specifically describing what the activity would involve and how the activity would be conducted; and
- (ii) Provide information supporting the requested determination, including information regarding how the proposed activity falls into one of the categories listed in paragraph (e)(1) of this section, and any other information required by the Board concerning the proposed activity.

#### *FINAL RULE—AMENDMENT TO RULES REGARDING ACCESS TO PERSONAL INFORMATION UNDER THE PRIVACY ACT*

The Board of Governors is amending 12 C.F.R. Part 261a, its Rules Regarding Access to Personal Information Under the Privacy Act.

Effective May 21, 2001, 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, revise paragraph (b)(9) and add a new paragraph (c)(11) to read as follows:

#### *Section 261a.13—Exemptions.*

(a) \* \* \*

(9) BGFRS-31 Protective Information System.

\* \* \* \* \*

(c) \* \* \*

(10) BGFRS-25 Multi-rate Feedback Records.

\* \* \* \* \*

#### *ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT*

Orders Issued Under Section 3 of the Bank Holding Company Act

*Countrywide Credit Industries, Inc.*  
*Calabasas, California*

*Countrywide Financial Holding Company, Inc.*  
*Calabasas, California*

*Effinity Financial Corporation*  
*Alexandria, Virginia*

Order Approving Formation of Bank Holding Companies and Determination on Financial Holding Company Elections

Countrywide Credit Industries, Inc. and two of its subsidiaries, Countrywide Financial Holding Company, Inc. ("CFHC") and Effinity Financial Corporation ("Effinity Financial") (collectively, "Applicants"), have requested the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become bank holding companies by acquiring control of Treasury Bank, Ltd., Washington, D.C. ("Bank").<sup>1</sup> As part of their proposal to become bank holding companies, Applicants have filed with the Board elections to become financial holding companies pursuant to section 4(l) of the BHC Act (12 U.S.C. § 1843(l)) and section 225.82 of the Board's Regulation Y (12 C.F.R. 225.82).

Notice of the proposal, affording interested persons an opportunity to comment, has been published (65 *Federal Register* 51,618 (2000)). The time for filing comments has expired, and the Board has considered the proposal and all

1. Applicants intend to convert Bank from a District of Columbia corporation with banking powers to a national banking association. Applicants then propose to merge Bank with an interim subsidiary national bank controlled by Effinity Financial, rename the merger survivor Effinity Bank, National Association, and move Bank's headquarters to Alexandria, Virginia. On consummation of the proposal, Countrywide Credit Industries would own 100 percent of CFHC. CFHC would own 79 percent of Effinity Financial, which in turn would own 100 percent of Bank.

comments received in light of the factors set forth in section 3 of the BHC Act.

Countrywide Credit Industries, Inc. (together with its subsidiaries "Countrywide") engages primarily in the business of making and purchasing mortgage loans in the United States. Countrywide also conducts other activities that are related to mortgage lending, such as servicing loans, acting as a broker-dealer for mortgage-backed securities, and underwriting and selling homeowners' and other types of insurance. In addition, Countrywide is engaged abroad in mortgage lending and data processing through several foreign subsidiaries and joint ventures with foreign companies.<sup>2</sup>

### *Competition and Convenience and Needs*

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking. The BHC Act also prohibits the Board from approving a proposed acquisition that substantially would lessen competition or tend to create a monopoly in any relevant banking market, unless the anticompetitive effects clearly are outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.<sup>3</sup>

Applicants currently do not own or control a bank, as that term is defined in the BHC Act, and propose to acquire an existing bank and expand the scope of its operations. Applicants propose that Bank would focus on providing a full range of banking products and services through the Internet. Based on the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market, and that competitive considerations are consistent with approval.

Section 3 of the BHC Act also requires the Board to consider the effect of the transaction on the convenience and needs of the community to be served.<sup>4</sup> In evaluating this factor, the Board places particular emphasis on the ratings the banks involved in a proposal received at their most recent examinations under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). As of February 1998, Bank received a satisfactory CRA rating from the Office of the Comptroller of the Currency ("OCC"). On consummation of the proposal, Bank would be located in Alexandria, Virginia, and would offer its products and services primarily through the Internet.<sup>5</sup> As a

result of the proposed acquisition, current customers of the bank to be acquired would have access to products and services offered by Countrywide that the bank currently does not offer.<sup>6</sup> Moreover, customers of Countrywide would have access to an additional source of financial services, including mortgage loan products. The Board has reviewed all information submitted by Applicants related to the convenience and needs factor and concludes, based on all the facts of record, that considerations relating to convenience and needs are consistent with approval.

### *Financial and Managerial Considerations*

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in a bank acquisition proposal.<sup>7</sup> As part of this analysis, the Board has reviewed Applicants' operating plan and notes that Bank has hired management officials with significant banking experience.<sup>8</sup> In addition, the Board has taken into account Countrywide's financial resources, including its capital levels, cash reserves, and ability to serve as a source of strength to Bank. The Board also has reviewed confidential supervisory and examination information on Bank and publicly reported financial and other information on both Bank and Countrywide. Moreover, the Board has consulted with the OCC concerning the financial and managerial resources and operating plan of Bank, particularly on Bank's proposed relocation, Internet focus, and business plan.

After considering all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Countrywide and Bank are consistent

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tion as an Internet bank. The Board notes that Bank's primary federal banking supervisor, the OCC, has reviewed Bank's proposed CRA plan, including the proposed assessment area, and determined that the CRA plan is appropriate in light of the proposed changes in Bank's location and current business.

6. Commenter also alleged without providing supporting data that Countrywide's subprime lending subsidiaries focused on minority individuals for high-interest loans and that Countrywide lacked adequate fair lending procedures. Countrywide has stated that its subprime lending subsidiaries provide financing to customers who might not otherwise qualify for credit and has provided information about steps taken by these subsidiaries to ensure that individuals who qualify for conventional loans are informed about prime credit products. The Board has forwarded the commenter's allegations to the Department of Housing and Urban Development, the Department of Justice, and the Federal Trade Commission, the federal agencies that have responsibility for enforcing fair lending laws for nondepository lending companies.

7. 12 U.S.C. § 1842(c)(2).

8. Bank plans to have a contractual arrangement with Countrywide's primary operating subsidiary, Countrywide Home Loans, Inc. ("CHL"), regarding the origination of mortgage loans. Under this arrangement, CHL would include Bank's mortgage loan products among the more than 200 products it offers to CHL customers. If a customer chooses a Bank product, CHL would take credit and other information from customers and transmit a detailed summary of that information to Bank. A Bank official independently would review the information about the potential borrower and decide whether to approve the loan. Bank would fund the loan, and all mortgage loans originated using this procedure would be booked as assets of Bank.

2. Countrywide has informed the Board that it intends to retain its existing nonbanking activities under section 4(k) of the BHC Act (12 U.S.C. § 1843(k)) in accordance with the post-transaction notice procedure described in section 225.87 of Regulation Y (12 C.F.R. 225.87).

3. 12 U.S.C. § 1842(c)(1).

4. 12 U.S.C. § 1842(c)(2).

5. The Board received comments on the proposal from one organization, which expressed concern that Bank's proposed assessment area under the CRA was inappropriate in light of its proposed opera-

with approval, as are other supervisory factors the Board is required to consider under section 3 of the BHC Act.

### *Conclusion Regarding Section 3 Application*

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

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

### *Financial Holding Company Declaration*

Applicants also have filed with the Board elections to become financial holding companies pursuant to section 4(l) of the BHC Act and section 225.82 of Regulation Y. Applicants have certified that Bank, the only depository institution that Applicants would control, will be well capitalized and well managed on consummation of the proposal. Applicants have provided all other information required by section 225.82(f) of Regulation Y.

The Board has reviewed the CRA rating of Bank. As discussed above, Bank received a satisfactory rating at its most recent examination under the CRA. Based on all the facts of record, the Board has determined that, on the date Applicants consummate the proposed acquisition of Bank, the financial holding company elections by Applicants will be complete for purposes of section 225.82 of Regulation Y. Unless the Board notifies Applicants otherwise before consummation of the proposal, the declaration to become financial holding companies also will become effective for purposes of section 4(l) of the BHC Act and sections 225.81 and 225.82 of Regulation Y on consummation of the acquisition of Bank.

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

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

ROBERT DEV. FRIERSON  
*Associate Secretary of the Board*

### *Amplicon, Inc. Santa Ana, California*

### *Order Approving Formation of a Bank Holding Company and Acquisition of a Bank*

Amplicon, Inc. ("Amplicon") has requested the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all the voting shares of California First National Bank, Santa Ana, California ("Bank"), a *de novo* bank. Amplicon also has requested the Board's approval under sections 4(c)(8) and 4(j) of the BHC Act (12 U.S.C. §§ 1843(c)(8) and 1843(j)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to retain certain nonbanking businesses and thereby engage in leasing personal property and acting as agent, broker, and adviser in leasing such property in accordance with section 225.28(b)(3) of the Board's Regulation Y (12 C.F.R. 225.28(b)(3)).

Notice of the proposal, affording interested persons an opportunity to comment, has been published (65 *Federal Register* 26,206 (2000)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act.

Amplicon is an operating company that provides personal property leases, concentrating on leasing computer networks and computer equipment to small businesses. Amplicon offers its products nationally through the Internet and by traditional means. This proposal involves the acquisition of a *de novo* bank by Amplicon, which currently does not own a commercial bank.

### *Competition and Convenience and Needs Considerations*

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking. The BHC Act also prohibits the Board from approving a proposed acquisition that substantially would lessen competition or tend to create a monopoly in any relevant banking market, unless the anticompetitive effects clearly are outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.<sup>1</sup>

As noted above, consummation of the proposal would result in the establishment of a *de novo* bank, which would increase the number of alternative sources of banking products and services available to consumers. Accordingly, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market, and that competitive considerations are consistent with approval.

1. 12 U.S.C. § 1842(c)(1).

Section 3 of the BHC Act also requires the Board to consider the effect of the transaction on the convenience and needs of the communities to be served. The Board has reviewed information presented by Amplicon related to the convenience and needs factor and other information and concludes, based on all the facts of record, that considerations relating to convenience and needs are consistent with approval.<sup>2</sup>

### *Financial and Managerial Considerations*

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in a bank acquisition proposal. As part of this analysis, the Board has reviewed Amplicon's operating plan for Bank and notes that Bank has hired experienced management that possesses significant leasing experience acquired independently of Amplicon. In addition, the Board has taken into account Amplicon's record of offering lease financing and other products and services through the Internet and related technologies, and Amplicon's capital level, cash reserves, and ability to serve as a source of strength to Bank. The Board also has reviewed confidential supervisory and examination information and publicly reported financial and other information. Moreover, the Board has consulted with the OCC on the financial and managerial resources and operating plan of Bank, particularly with respect to Bank's proposal to purchase a significant volume of leases from Amplicon during the first several years of Bank's operation.

In reliance on a Board interpretation and related interpretive letters identifying certain transactions that are not covered transactions for purposes of section 23A of the Federal Reserve Act, Amplicon has proposed that Bank would acquire leases originated by Amplicon that national banks are permitted to originate and hold.<sup>3</sup> Amplicon has committed that these lease purchases will conform in all respects to the limitations set forth in the Board's interpretation.

The Board notes that one of the foundations of the interpretation describing transactions that are not covered by the limitations in section 23A of the Federal Reserve Act is that each transaction must be reviewed by bank personnel with authority to make a credit judgment that is independent of the credit judgment of the affiliate that originates the transaction. This policy was adopted in the context of allowing an existing bank with multiple sources of earning assets to take advantage of an investment opportunity presented by an affiliate that is relatively small when compared with the bank. It is more difficult to ensure that the bank's credit judgment will be independent of its

affiliate's when the affiliate originating the transaction is much larger than the bank, and the bank has limited independent sources from which to acquire or generate assets.

The Board has weighed these concerns carefully in reviewing the facts of this case. To address these concerns, Amplicon has made certain commitments to ensure that Bank's purchases of leases from Amplicon are conducted in accordance with the relevant interpretations, and that such transactions are conducted in a safe and sound manner. In particular, these commitments are designed to ensure that Bank will exercise independent credit judgment when purchasing leases from its affiliate, to limit the amount of assets it can acquire from Amplicon, and to ensure that Amplicon will not rely on Bank to meet its working capital needs.

In the future, the Board may review the policy in 12 C.F.R. 250.250 to ensure that the safeguards in that interpretation are not impaired when a bank generates a significant amount of its assets from transactions that involve its affiliate. Accordingly, Amplicon also has committed that it will conform the operations of Bank to any amendments the Board may make concerning the policy in 12 C.F.R. 250.250.

In addition to the commitments described above, Amplicon has committed that Amplicon and Bank will remain well capitalized, and that Amplicon will provide any additional capital necessary to enable Bank to meet its liquidity demands. Moreover, Bank has hired experienced staff to review and determine the creditworthiness of lessees before Bank's agreement to acquire and Amplicon's commitment to enter into a lease.

Based on the foregoing and after consulting with the OCC, Bank's primary federal supervisor, the Board has determined not to object to the proposed lease purchase transactions between Bank and Amplicon.

After considering all the facts of record, including commitments made by Amplicon, the Board concludes that the financial and managerial resources and future prospects of Amplicon and Bank are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.

### *Nonbanking Activities*

Amplicon also has filed a notice under sections 4(c)(8) and 4(j) of the BHC Act to engage in leasing personal property and acting as agent, broker, and advisor in leasing personal property. The Board has determined by regulation that personal property leasing activities are closely related to banking for purposes of the BHC Act.<sup>4</sup> Amplicon has committed to conduct all its nonbanking activities in accordance with the limitations set forth in Regulation Y and all relevant Board orders and interpretations.

In order to approve this notice, the Board is required by section 4(j)(2)(A) of the BHC Act to determine that the

2. Amplicon has requested that Bank be treated as a wholesale bank for purposes of the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*). The Bank's primary federal supervisor, the Office of the Comptroller of the Currency (the "OCC"), has approved that request.

3. See 12 U.S.C. § 371c. See also 12 C.F.R. 250.250 and Letter dated April 24, 1995, from the Board's General Counsel to the General Counsel of the Federal Deposit Insurance Corporation.

4. See 12 C.F.R. 225.28(b)(3).

retention and continuation by Amplicon of its nonbanking activities “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.”<sup>5</sup>

As part of its evaluation of these factors, the Board has carefully reviewed the financial and managerial resources of Amplicon and Bank and the effect the transaction would have on such resources. For the reasons discussed above, and based on all the facts of record, including the commitments made in this case, the Board concludes that the financial and managerial resources of the organizations involved in the proposal are consistent with approval. The Board also expects that the proposed transaction would increase Amplicon’s ability to serve its customers. As noted above, the Board will monitor carefully lease purchase transactions between Amplicon and Bank.

The Board concludes that the conduct of the proposed nonbanking activities within the framework established under Regulation Y is not likely to result in adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of the proposal, such as increased customer convenience and gains in efficiency. Accordingly, based on all the facts of record, the Board has determined that the balance of public benefits that the Board must consider under section 4 of the BHC Act is favorable and consistent with approval of the notice.

### *Conclusion*

Based on the foregoing, and in light of all the facts of record, the Board has determined that the application and

notice should be, and hereby are, approved. The Board’s approval is specifically conditioned on compliance by Amplicon with all the commitments made in connection with the application and notice and the conditions in this order. The Board’s determination on the nonbanking activities also is subject to all the conditions set forth in this order and in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board’s authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and prevent evasion of, the provisions of the BHC Act and the Board’s regulations and order thereunder. For the purpose of this action, the commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective April 23, 2001.

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

ROBERT DEV. FRIERSON  
*Associate Secretary of the Board*

<sup>5</sup> 12 U.S.C. § 1843(j)(2)(A).

### *INDEX OF ORDERS ISSUED OR ACTIONS TAKEN BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM (JANUARY 1, 2001–MARCH 31, 2001)*

Applicant	Merged or Acquired Bank of Activity	Date of Approval	<i>Bulletin</i> Volume and Page
Allfirst Bank, Baltimore, Maryland	To establish branches at Central Avenue & Campus Way South, Largo, Maryland; and Broadcast Square Center, Broadcast Road & Papermill Road, Reading, Pennsylvania	February 5, 2001	87, 274



## Index of Orders Issued or Actions Taken—Continued

Applicant	Merged or Acquired Bank of Activity	Date of Approval	<i>Bulletin</i> Volume and Page
Bank Hapoalim, B.M., Tel Aviv, Israel Zohar Hashemesh Le'Hashkaot Ltd., Tel Aviv, Israel Hapoalim U.S.A. Holding Company, Inc., New York, New York Arison Holdings (1998) Ltd., Tel Aviv, Israel Israel Salt Industries Ltd., Atlit, Israel	Signature Bank, New York, New York	March 26, 2001	87, 327
The Charles Schwab Corporation, San Francisco, California	U.S. Trust Corporation, New York, New York Resource Companies, Inc., Minneapolis, Minnesota Resource Trust Company, Minneapolis, Minnesota	February 26, 2001	87, 233
Fifth Third Bancorp, Cincinnati, Ohio	Old Kent Financial Corporation, Grand Rapids, Michigan Old Kent Bank, Grand Rapids, Michigan Old Kent Bank, S.A., Jonesville, Michigan	March 12, 2001	87, 330
Firststar Corporation, Milwaukee, Wisconsin	U.S. Bancorp, Minneapolis, Minnesota U.S. Bank National Association, Minneapolis, Minnesota	February 12, 2001	87, 236
FleetBoston Financial Corporation, Boston, Massachusetts	Summit Bancorp., Princeton, New Jersey Summit Bank, Hackensack, New Jersey	February 12, 2001	87, 252
Franklin Resources, Inc., San Mateo, California	Fiduciary Trust Company International, New York, New York Franklin Templeton Bank & Trust, F.S.B., Salt Lake City, Utah	March 26, 2001	87, 343
Friedman, Billings, Ramsey Group, Inc., Arlington, Virginia FBR Bancorp, Inc., Arlington, Virginia Money Management Associates, Inc., Arlington, Virginia Money Management Associates (LP), Inc., Arlington, Virginia	Money Management Associates, L.P., Bethesda, Maryland FBR National Bank, Bethesda, Maryland	March 13, 2001	87, 346
Great Southern Bancorp, Inc., Springfield, Missouri	Guaranty Federal Bancshares, Inc., Springfield, Missouri	February 26, 2001	87, 266
Lea M. McMullan Trust, Shelbyville, Kentucky Citizens Union Bancorp of Shelbyville, Inc., Shelbyville, Kentucky	Dupont State Bank, Dupont, Indiana	February 12, 2001	87, 262

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Mitsubishi Tokyo Financial Group, Inc., Tokyo, Japan	The Bank of Tokyo-Mitsubishi, Ltd., Tokyo, Japan The Mitsubishi Trust and Banking Corporation, Tokyo, Japan Union Bank of California International, New York, New York BTM North America International, Inc., New York, New York	March 14, 2001	87, 349
Prosperity Bancshares, Inc., Houston, Texas	Commercial Bancshares, Inc., Houston, Texas Heritage Bancshares, Inc., Wilmington, Delaware Heritage Bank, Wharton, Texas	February 5, 2001	87, 264
Société Générale, Paris, France	To establish a state-licensed agency in Greenwich, Connecticut	March 5, 2001	87, 353
UFJ Holdings, Inc. (In Formation), Osaka, Japan	The Sanwa Bank, Limited, Osaka, Japan The Tokai Bank, Limited, Nagoya, Japan The Toyo Trust and Banking Company, Limited, Tokyo, Japan	February 5, 2001	87, 270

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

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

## Section 3

Applicant(s)	Bank(s)	Effective Date
Wesbanco, Inc., Wheeling, West Virginia	Freedom Bancshares, Inc., Belington, West Virginia	April 9, 2001

*APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT**By Federal Reserve Banks*

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

## Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Alliance Bank Shares Corporation, Andover, Minnesota	1st Regions Bank, Andover, Minnesota	Minneapolis	April 16, 2001
BB&T Corporation, Winston-Salem, North Carolina	Virginia Capital Bancshares, Inc., Fredericksburg, Virginia	Richmond	April 5, 2001
Boiling Springs, MHC, Rutherford, New Jersey	Ridgewood Financial, MHC, Ridgewood, New Jersey	New York	March 30, 2001
Boiling Springs Bancorp, Rutherford, New Jersey	Ridgewood Financial, Inc., Ridgewood, New Jersey Ridgewood Savings Bank of New Jersey, Ridgewood, New Jersey		
Border Capital Group, Inc., McAllen, Texas	McAllen National Bank, McAllen, Texas	Dallas	March 29, 2001
Border Capital Group of Delaware, Inc., Dover, Delaware			
Chinatrust Commercial Bank, Ltd., Taipei, Taiwan, Republic of China	Chinatrust Bank (U.S.A.), Torrance, California China Trust Holdings, N.V., Curacao, Netherlands Antilles	New York	April 18, 2001
Coast Bancorp, San Luis Obispo, California	Coast National Bank, San Luis Obispo, California	San Francisco	April 12, 2001
Community Bank Holdings of Texas, Inc., Corsicana, Texas	Eagle Bancshares, Inc., Fairfield, Texas	Dallas	April 19, 2001
Corsicana Holdings, Inc., Dover, Delaware			
Cowboy State Bancorp, Inc., Ranchester, Wyoming	Tongue River Valley Bankshares, Inc., Ranchester, Wyoming Ranchester State Bank, Ranchester, Wyoming	Kansas City	March 29, 2001
First Commerce Corporation, Charlotte, North Carolina	First Commerce Bank, Charlotte, North Carolina	Richmond	April 17, 2001
EvergreenBancorp, Seattle, Washington	Evergreen Bank, Seattle, Washington	San Francisco	April 17, 2001
eZ Bancorp, Inc., Grand Rapids, Michigan	eZ Community Bank, Grand Rapids, Michigan	Chicago	April 24, 2001
First Okmulgee Corporation, Okmulgee, Oklahoma	Missouri Bancorp, Inc., Richmond, Missouri	Kansas City	April 20, 2001
Giant Holdings, Inc., Fort Lauderdale, Florida	Landmark Bank, N.A., Fort Lauderdale, Florida	Atlanta	March 30, 2001
Gulfstream Bancshares, Inc., Stuart, Florida	Gulfstream Business Bank, Stuart, Florida	Atlanta	April 6, 2001
Hampton Roads Bankshares, Inc., Chesapeake, Virginia	Bank of Hampton Roads, Chesapeake, Virginia	Richmond	April 25, 2001

## Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Ida Grove Bancshares, Inc., Ida Grove, Iowa	Alliance Bancshares, Inc., Rockwell City, Iowa Alliance Bank, Rockwell City, Iowa	Chicago	April 5, 2001
Missouri Bancorp, Inc., Richmond, Missouri	Community Bank of Missouri, Richmond, Missouri	Kansas City	April 20, 2001
One American Corporation, Vacherie, Louisiana	Schwegmann Bank and Trust Company, Harvey, Louisiana	Atlanta	April 16, 2001
Peotone Bancorp, Inc., Peotone, Illinois	SouthwestUSA Corporation, Las Vegas, Nevada SouthwestUSA Bank, Las Vegas, Nevada	Chicago	April 18, 2001
Shamrock Bancshares Employee Stock Ownership Plan, Coalgate, Oklahoma	Shamrock Bancshares, Inc., Coalgate, Oklahoma	Kansas City	April 5, 2001
Southern Community Bancorp., Orlando, Florida	Peninsula Bancorp, Inc., Daytona Beach, Florida Peninsula Bank of Central Florida, Daytona Beach, Florida	Atlanta	March 30, 2001
SouthwestUSA Corporation, Las Vegas, Nevada	SouthwestUSA Bank, Las Vegas, Nevada	San Francisco	March 29, 2001
Valley Bancorp, Henderson, Nevada	Valley Bank, Henderson, Nevada	San Francisco	April 5, 2001

## Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Charter One Financial, Inc., Cleveland, Ohio	Alliance Bancorp, Hinsdale, Illinois Liberty Federal Bank, Hinsdale, Illinois	Cleveland	April 23, 2001
East Side Bancorporation, Chicago, Illinois	Bank Chicago, Chicago, Illinois	Chicago	April 20, 2001
East Texas Financial Corporation, Kilgore, Texas	East Texas Financial Services, Inc., Tyler, Texas First Federal Savings and Loan Association of Tyler, Tyler, Texas	Dallas	April 18, 2001
FBOP Corporation, Oak Park, Illinois	PBOC Holdings, Inc., Los Angeles, California Peoples Bank of California, Los Angeles, California	Chicago	April 11, 2001
Greater Bay Bancorp, Palo Alto, California	CAPCO Financial Company, Inc., Bellevue, Washington	San Francisco	March 26, 2001
Independent Bankers Financial Corporation, Irving, Texas	Trust Management Network, LLC, Dallas, Texas	Dallas	April 2, 2001
IBFC Nevada Corporation, Reno, Nevada			
Lone Tree Service Company, Lone Tree, Iowa	To engage <i>de novo</i> in extending credit and servicing loans	Chicago	March 30, 2001

## Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Marshall & Ilsley Corporation, Milwaukee, Wisconsin	Mortgagebot LLC, Cedarburg, Wisconsin	Chicago	March 30, 2001
MB Financial, Inc., Chicago, Illinois	FSL Holdings, Inc., South Holland, Illinois	Chicago	April 26, 2001
Manufacturers National Corporation, Chicago, Illinois	First Savings & Loan Association of South Holland, South Holland, Illinois		
McIntosh County Bank Holding Company, Inc., Ashley, North Dakota	To engage <i>de novo</i> in extending credit and servicing loans	Minneapolis	April 19, 2001
Texas Community Bancshares, Inc., Dallas, Texas	Trust Management Network, LLC, Dallas, Texas	Dallas	April 2, 2001
First Lakewood, Inc., Dover, Delaware			
Zumbrota Agency, Inc., Zumbrota, Minnesota	Larsen Insurance Agency, Pine Island, Minnesota	Minneapolis	April 5, 2001
Pine Island Bancshares, Inc., Pine Island, Minnesota	Hermann Insurance Agency, Pine Island, Minnesota		

## Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Ames National Corporation, Ames, Iowa	Mahaska Investment Company, Oskaloosa, Iowa Central Valley Bank, Ottumwa, Iowa Midwest Federal Savings and Loan Association of Eastern Iowa, Burlington, Iowa	Chicago	April 5, 2001
BB&T Corporation, Winston-Salem, North Carolina	Century South Banks, Inc., Alpharetta, Georgia	Richmond	April 19, 2001
Waccamaw Bankshares, Inc., Whiteville, North Carolina	Waccamaw Bank, Whiteville, North Carolina	Richmond	April 19, 2001

*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
The Farmers Bank of Mt. Pulaski, Mt. Pulaski, Illinois	Citizens National Bank, Macomb, Illinois	Chicago	April 20, 2001
Rolling Hills Bank & Trust, Atlantic, Iowa	Rippey Savings Bank, Rippey, Iowa	Chicago	April 5, 2001

# PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

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

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

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

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

*Barnes v. Reno*, No. 1:00CV02900 (D.D.C., filed December 4, 2000). Civil rights action.

*El Bey v. United States*, No. 00-5293 (D.C. Cir., filed August 31, 2000). Appeal from district court order dismissing *pro se* action as lacking arguable basis in law. On January 11, 2001, the court dismissed the appeal.

*Trans Union LLC v. Board of Governors, et al.*, No. 00-CV-2087(ESH) (D.D.C., filed August 30, 2000). Action under Administrative Procedure Act challenging a portion of interagency rule regarding Privacy of Consumer Financial Information. On April 30, 2001, the court granted the defendant

agencies' motion for summary judgment and dismissed the action.

*Sedgwick v. Board of Governors*, No. 00-16525 (9th Cir., filed August 7, 2000). Appeal of district court dismissal of action under Federal Tort Claims Act alleging violation of bank supervision requirements.

*Individual Reference Services Group, Inc., v. Board of Governors, et al.*, No. 00-CV-1828 (ESH) (D.D.C., filed July 28, 2000). Action under Administrative Procedure Act challenging a portion of interagency rule regarding Privacy of Consumer Finance Information. On April 30, 2001, the court granted the defendant agencies' motion for summary judgment and dismissed the action.

*Reed Elsevier Inc. v. Board of Governors*, No. 00-1289 (D.C. Cir., filed June 30, 2000). Petition for review of interagency rule regarding Privacy of Consumer Financial Information.

*Bettsworth v. Board of Governors*, No. 00-50262 (5th Cir., filed April 14, 2000). Appeal of district court's dismissal of Privacy Act claims. On April 12, 2001, the court denied the petition for review.

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

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

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

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

# Financial and Business Statistics

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# Guide to Tabular Presentation

## SYMBOLS AND ABBREVIATIONS

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

## GENERAL INFORMATION

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

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

“U.S. government securities” may include guaranteed issues of U.S. government agencies (the flow of funds figures also

include not fully guaranteed issues) as well as direct obligations of the Treasury.

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

# A4 Domestic Financial Statistics □ June 2001

## 1.10 RESERVES, MONEY STOCK, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted<sup>1</sup>

Monetary or credit aggregate	2000			2001	2000 <sup>f</sup>		2001		
	Q2	Q3	Q4	Q1	Nov.	Dec.	Jan.	Feb. <sup>f</sup>	Mar.
<i>Reserves of depository institutions<sup>2</sup></i>									
1 Total	-10.9	-8.3	-8.7	-2.0	.1	-15.9	10.0	1.2	-18.7
2 Required	-7.7	-8.6	-10.4	-3.5	-1.7	-20.3	12.7	-4.5	-17.8
3 Nonborrowed	-12.5	-9.9	-6.4	5	4.3	-13.7	14.3	1.9	-18.9
4 Monetary base <sup>3</sup>	-3.6	2.5	2.8	6.3	3.5	5.3	11.2	3.3	2.4
<i>Concepts of money and debt<sup>4</sup></i>									
5 M1	-1.8	-3.6	-3.0	4.7	-8.3	2.0	12.0	.0	10.6
6 M2	6.4	5.7 <sup>f</sup>	6.4 <sup>f</sup>	10.8	4.2	9.6	12.3	10.7	14.5
7 M3	9.0	8.8 <sup>f</sup>	7.1 <sup>f</sup>	12.9	4.6 <sup>f</sup>	14.2 <sup>f</sup>	16.0	11.5	10.5
8 Debt	6.1	4.8 <sup>f</sup>	4.6	n.a.	5.3 <sup>f</sup>	5.9 <sup>f</sup>	3.7 <sup>f</sup>	5.7	n.a.
<i>Nontransaction components</i>									
9 In M2 <sup>5</sup>	9.0 <sup>f</sup>	8.5 <sup>f</sup>	9.2 <sup>f</sup>	12.5	7.8 <sup>f</sup>	11.8	12.3 <sup>f</sup>	13.7	15.5
10 In M3 only <sup>6</sup>	15.2	16.3	8.7 <sup>f</sup>	17.7	5.5 <sup>f</sup>	25.0 <sup>f</sup>	24.6	13.3	1.5
<i>Time and savings deposits</i>									
<i>Commercial banks</i>									
11 Savings, including MMDAs	7.8	11.8	11.9	17.1	10.4	16.4 <sup>f</sup>	13.1 <sup>f</sup>	23.8	21.1
12 Small time <sup>8,9</sup>	13.2	10.5	6.1	2.6	7.7	9.5	5.0	-6.0	-6.3
13 Large time <sup>8</sup>	17.1	11.5	3.5	3.0	4.8	39.2	22.0	-39.9	-39.1
<i>Thrift institutions</i>									
14 Savings, including MMDAs	1.6	3.3	.0	7.1	-3.4	-9.2	1.9	27.6	24.6
15 Small time <sup>8</sup>	3.3	10.8	9.7	8.9	9.1	5.6	14.6	7.2	1.0
16 Large time <sup>8</sup>	.6	23.0	14.0	12.3	4.6	-6.9	34.9	6.8	1.1
<i>Money market mutual funds</i>									
17 Retail	13.4 <sup>f</sup>	3.7 <sup>f</sup>	11.8 <sup>f</sup>	17.1	9.2 <sup>f</sup>	19.3 <sup>f</sup>	20.9 <sup>f</sup>	8.7	23.9
18 Institution-only	18.0	29.2	18.6	50.4	12.9	24.9	52.5	86.9	40.5
<i>Repurchase agreements and eurodollars</i>									
19 Repurchase agreements <sup>10</sup>	10.7	8.0	-3.4	-11.3	-14.6	12.4	-10.7	-30.2	-20.7
20 Eurodollars <sup>10</sup>	15.0	.6	10.3 <sup>f</sup>	1.3	18.8 <sup>f</sup>	13.5 <sup>f</sup>	-14.6 <sup>f</sup>	-3.7	17.9
<i>Debt components<sup>4</sup></i>									
21 Federal	-7.5	-7.3	-8.0	n.a.	-9.2	-6.6	-7.1	-3.0	n.a.
22 Nonfederal	9.7 <sup>f</sup>	7.8 <sup>f</sup>	7.6	n.a.	8.8	8.7 <sup>f</sup>	6.2 <sup>f</sup>	7.7	n.a.

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

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

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

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

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

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

M3: M2 plus (1) large-denomination time deposits (in amounts of \$100,000 or more), (2) balances in institutional money funds, (3) RP liabilities (overnight and term) issued by all

depository institutions, and (4) eurodollars (overnight and term) held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Seasonally adjusted M3 is calculated by summing large time deposits, institutional money fund balances, RP liabilities, and eurodollars, each seasonally adjusted separately, and adding this result to seasonally adjusted M2.

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

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

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

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

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

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

10. Includes both overnight and term.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT<sup>1</sup>

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	2001			2001						
	Jan.	Feb.	Mar.	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28
<b>SUPPLYING RESERVE FUNDS</b>										
1 Reserve Bank credit outstanding	577,991	574,233	577,856	572,626	577,131	575,091	577,729	575,106	581,252	576,086
U.S. government securities <sup>2</sup>	515,712	517,974	522,787	515,909	519,669	520,739	521,674	522,805	522,353	523,930
2 Bought outright—System account <sup>3</sup>	0	0	0	0	0	0	0	0	0	0
3 Held under repurchase agreements	130	81	10	110	81	10	10	10	10	10
Federal agency obligations	0	0	0	0	0	0	0	0	0	0
4 Bought outright	24,662	19,085	19,105	17,757	21,976	17,685	20,074	16,713	22,824	15,926
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty <sup>4</sup>	873	1,231	406	1,543	955	1,802	1,187	345	299	28
7 Acceptances	36,539	35,815	35,502	37,260	34,421	34,766	34,685	35,199	35,724	36,171
Loans to depository institutions	43	29	27	24	13	72	78	14	20	3
8 Adjustment credit	32	19	19	23	17	17	21	20	22	18
9 Seasonal credit	0	0	0	0	0	0	0	0	0	0
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	873	1,231	406	1,543	955	1,802	1,187	345	299	28
13 Other Federal Reserve assets	36,539	35,815	35,502	37,260	34,421	34,766	34,685	35,199	35,724	36,171
14 Gold stock	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
15 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
16 Treasury currency outstanding	31,800	32,026	32,191	32,005	32,046	32,087	32,129	32,165	32,200	32,235
<b>ABSORBING RESERVE FUNDS</b>										
17 Currency in circulation	584,006	582,524	585,180	581,885	584,138	584,052	584,492	585,070	585,342	585,422
18 Reverse repurchase agreements—triparty <sup>4</sup>	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	452	485	496	485	488	489	505	504	495	489
Deposits, other than reserve balances, with										
Federal Reserve Banks	6,682	4,894	5,390	5,023	4,836	4,868	4,959	4,893	6,709	4,621
20 Treasury	104	94	85	79	107	100	87	79	83	98
21 Foreign	6,841	6,533 <sup>f</sup>	6,859	6,533	6,530 <sup>f</sup>	6,623 <sup>f</sup>	6,726	7,109	6,936	6,710
22 Service-related balances and adjustments	305	302	260	323	257	290	251	263	237	296
23 Other	18,124	18,168	18,232	18,232	18,162	18,246	18,173	18,343	18,318	18,325
24 Other Federal Reserve liabilities and capital	6,521	6,502 <sup>f</sup>	6,788	5,317	7,903	5,755 <sup>f</sup>	7,911	4,256	8,578	5,605
25 Reserve balances with Federal Reserve Banks										
<b>End-of-month figures</b>										
<b>Wednesday figures</b>										
	Jan.	Feb.	Mar.	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28
<b>SUPPLYING RESERVE FUNDS</b>										
1 Reserve Bank credit outstanding	573,194	578,124	581,870	574,244	587,381	578,124	578,965	575,911	597,298	575,715
U.S. government securities <sup>2</sup>	516,018	519,618	523,862	514,561	521,118	519,618	523,051	523,407	523,302	524,946
2 Bought outright—System account <sup>3</sup>	0	0	0	0	0	0	0	0	0	0
3 Held under repurchase agreements	130	10	10	110	10	10	10	10	10	10
Federal agency obligations	0	0	0	0	0	0	0	0	0	0
4 Bought outright	18,920	23,665	21,995	17,510	28,765	23,665	20,940	17,495	38,550	15,500
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty <sup>4</sup>	0	0	0	0	0	0	0	0	0	0
7 Acceptances	1,536	1,016	180	4,463	2,823	1,016	-142	-688	-534	-1,234
Loans to depository institutions	36,555	33,798	35,801	37,565	34,633	33,798	34,985	35,576	35,943	36,477
8 Adjustment credit	5	2	8	11	17	2	101	95	2	0
9 Seasonal credit	30	15	14	24	15	15	20	17	25	15
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	1,536	1,016	180	4,463	2,823	1,016	-142	-688	-534	-1,234
13 Other Federal Reserve assets	36,555	33,798	35,801	37,565	34,633	33,798	34,985	35,576	35,943	36,477
14 Gold stock	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
15 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
16 Treasury currency outstanding	31,888	32,087	32,271	32,005	32,046	32,087	32,129	32,165	32,200	32,235
<b>ABSORBING RESERVE FUNDS</b>										
17 Currency in circulation	579,781	585,129	585,853	583,547	585,086	585,129	586,167	586,274	586,480	586,682
18 Reverse repurchase agreements—triparty <sup>4</sup>	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	477	505	478	489	487	505	506	496	491	478
Deposits, other than reserve balances, with										
Federal Reserve Banks	5,256	4,956	5,657	6,713	4,100	4,956	5,067	4,564	4,662	4,764
20 Treasury	199	196	70	72	77	196	97	73	74	145
21 Foreign	6,578	6,623 <sup>f</sup>	6,758	6,533	6,530 <sup>f</sup>	6,623 <sup>f</sup>	6,726	7,109	6,936	6,710
22 Service-related balances and adjustments	306	377	248	286	256	377	241	247	241	251
23 Other	17,648	17,842	17,441	17,921	17,935	17,842	18,000	18,076	18,036	18,020
24 Other Federal Reserve liabilities and capital	8,082	7,830 <sup>f</sup>	10,881	3,935	18,202 <sup>f</sup>	7,830 <sup>f</sup>	7,536	4,482	25,823	4,146
25 Reserve balances with Federal Reserve Banks										

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.

# A6 Domestic Financial Statistics □ June 2001

## 1.12 RESERVES AND BORROWINGS Depository Institutions<sup>1</sup>

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1998	1999	2000	2000				2001		
	Dec.	Dec.	Dec.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>f</sup>	Mar.
1 Reserve balances with Reserve Banks <sup>2</sup> .....	9,026	5,262	7,159	6,852	6,778	7,156	7,159	7,190	6,615	6,738
2 Total vault cash <sup>3</sup> .....	44,294	60,619	45,120	44,807	45,178	44,546	45,120	47,506	48,396	44,019
3 Applied vault cash <sup>4</sup> .....	36,183	36,392	31,381	32,316	31,998	31,629	31,381	32,601	32,734	30,980
4 Surplus vault cash <sup>5</sup> .....	8,111	24,227	13,739	12,491	13,180	12,917	13,739	14,905	15,662	13,039
5 Total reserves <sup>6</sup> .....	45,209	41,654	38,540	39,168	38,776	38,786	38,540	39,791	39,349	37,718
6 Required reserves.....	43,695	40,357	37,216	38,050	37,629	37,584	37,216	38,538	37,917	36,334
7 Excess reserve balances at Reserve Banks <sup>7</sup> .....	1,514	1,297	1,325	1,119	1,147	1,201	1,325	1,253	1,432	1,384
8 Total borrowing at Reserve Banks.....	117	320	210	477	418	283	210	73	51	58
9 Adjustment.....	101	179	99	50	119	124	99	39	30	38
10 Seasonal.....	15	67	111	427	299	159	111	34	21	20
11 Special Liquidity Facility <sup>8</sup> .....	0	74	0	0	0	0	0	0	...	...
12 Extended credit.....	0	0	0	0	0	0	0	0	0	0
Biweekly averages of daily figures for two-week periods ending on dates indicated										
	2000					2001				
	Nov. 29	Dec. 13	Dec. 27	Jan. 10	Jan. 24	Feb. 7	Feb. 21 <sup>f</sup>	Mar. 7 <sup>f</sup>	Mar. 21	Apr. 4
1 Reserve balances with Reserve Banks <sup>2</sup> .....	7,620	7,131	7,208	7,085	7,656	6,410	6,608	6,836	6,296	7,291
2 Total vault cash <sup>3</sup> .....	44,539	43,452	46,220	46,696	45,558	52,560 <sup>f</sup>	48,504	44,016	43,784	44,351
3 Applied vault cash <sup>4</sup> .....	32,262	30,255	32,370	31,579	32,316	34,631	32,380	31,547	30,304	31,530
4 Surplus vault cash <sup>5</sup> .....	12,277	13,197	13,850	15,117	13,242 <sup>f</sup>	17,929 <sup>f</sup>	16,124	12,469	13,480	12,822
5 Total reserves <sup>6</sup> .....	39,881	37,386	39,578	38,664	39,972	41,041	38,988	38,382	36,600	38,820
6 Required reserves.....	38,475	36,254	38,124	37,165	38,866	39,844	37,361	37,103	35,419	37,078
7 Excess reserve balances at Reserve Banks <sup>7</sup> .....	1,406	1,132	1,453	1,499	1,106	1,196	1,627	1,279	1,180	1,742
8 Total borrowing at Reserve Banks.....	380	159	285	110	66	34	38	95	38	60
9 Adjustment.....	232	37	169	56	42	9	18	76	17	42
10 Seasonal.....	148	123	117	55	25	25	20	19	21	18
11 Special Liquidity Facility <sup>8</sup> .....	...	...	...	...	...	...	...	...	...	...
12 Extended credit.....	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

Federal Reserve Bank	Current and previous levels								
	Adjustment credit <sup>1</sup>			Seasonal credit <sup>2</sup>			Extended credit <sup>3</sup>		
	On 5/11/01	Effective date	Previous rate	On 5/11/01	Effective date	Previous rate	On 5/11/01	Effective date	Previous rate
Boston .....	4.00	4/18/01	4.50	4.35	5/3/01	4.85	4.85	5/3/01	5.35
New York .....	↑	4/18/01	↑	↑	↑	↑	↑	↑	↑
Philadelphia .....	↑	4/18/01	↑	↑	↑	↑	↑	↑	↑
Cleveland .....	↑	4/18/01	↑	↑	↑	↑	↑	↑	↑
Richmond .....	↑	4/19/01	↑	↑	↑	↑	↑	↑	↑
Atlanta .....	↑	4/18/01	↑	↑	↑	↑	↑	↑	↑
Chicago .....	↓	4/19/01	↓	↓	↓	↓	↓	↓	↓
St. Louis .....	↓	4/20/01	↓	↓	↓	↓	↓	↓	↓
Minneapolis .....	↓	4/18/01	↓	↓	↓	↓	↓	↓	↓
Kansas City .....	↓	4/18/01	↓	↓	↓	↓	↓	↓	↓
Dallas .....	↓	4/18/01	↓	↓	↓	↓	↓	↓	↓
San Francisco .....	4.00	4/18/01	4.50	4.35	5/3/01	4.85	4.85	5/3/01	5.35

Range of rates for adjustment credit in recent years<sup>4</sup>

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977 .....	6	6	1982—Oct. 12 .....	9.5–10	9.5	1994—May 17 .....	3–3.5	3.5
1978—Jan. 9 .....	6–6.5	6.5	13 .....	9.5	9.5	18 .....	3.5	3.5
20 .....	6.5	6.5	Nov. 22 .....	9–9.5	9	Aug. 16 .....	3.5–4	4
May 11 .....	6.5–7	7	26 .....	9	9	18 .....	4	4
12 .....	7	7	Dec. 14 .....	8.5–9	9	Nov. 15 .....	4–4.75	4.75
July 3 .....	7–7.25	7.25	15 .....	8.5–9	8.5	17 .....	4.75	4.75
10 .....	7.25	7.25	17 .....	8.5	8.5			
Aug. 21 .....	7.75	7.75	1984—Apr. 9 .....	8.5–9	9	1995—Feb. 1 .....	4.75–5.25	5.25
Sept. 22 .....	8	8	13 .....	9	9	9 .....	5.25	5.25
Oct. 16 .....	8–8.5	8.5	Nov. 21 .....	8.5–9	8.5	1996—Jan. 31 .....	5.00–5.25	5.00
20 .....	8.5	8.5	26 .....	8.5	8.5	Feb. 5 .....	5.00	5.00
Nov. 1 .....	8.5–9.5	9.5	Dec. 24 .....	8	8			
3 .....	9.5	9.5				1998—Oct. 15 .....	4.75–5.00	4.75
1979—July 20 .....	10	10	1985—May 20 .....	7.5–8	7.5	16 .....	4.75	4.75
Aug. 17 .....	10–10.5	10.5	24 .....	7.5	7.5	Nov. 17 .....	4.50–4.75	4.50
20 .....	10.5	10.5				19 .....	4.50	4.50
Sept. 19 .....	10.5–11	11	1986—Mar. 7 .....	7–7.5	7			
21 .....	11	11	10 .....	7	7	1999—Aug. 24 .....	4.50–4.75	4.75
Oct. 8 .....	11–12	12	Apr. 21 .....	6.5–7	6.5	26 .....	4.75	4.75
10 .....	12	12	23 .....	6.5	6.5	Nov. 16 .....	4.75–5.00	4.75
1980—Feb. 15 .....	12–13	13	July 11 .....	6	6	18 .....	5.00	5.00
19 .....	13	13	Aug. 21 .....	5.5–6	5.5			
May 29 .....	12–13	13	22 .....	5.5	5.5	2000—Feb. 2 .....	5.00–5.25	5.25
30 .....	12	12	1987—Sept. 4 .....	5.5–6	6	4 .....	5.25	5.25
June 13 .....	11–12	11	11 .....	6	6	Mar. 21 .....	5.25–5.50	5.50
16 .....	11	11				23 .....	5.50	5.50
July 28 .....	10–11	10	1988—Aug. 9 .....	6–6.5	6.5	May 16 .....	5.50–6.00	5.50
29 .....	10	10	11 .....	6.5	6.5	19 .....	6.00	6.00
Sept. 26 .....	11	11						
Nov. 17 .....	12	12	1989—Feb. 24 .....	6.5–7	7	2001—Jan. 3 .....	5.75–6.00	5.75
Dec. 5 .....	12–13	13	27 .....	7	7	4 .....	5.50–5.75	5.50
8 .....	13	13				5 .....	5.50	5.50
1981—May 5 .....	13–14	14	1990—Dec. 19 .....	6.5	6.5	31 .....	5.00–5.50	5.00
8 .....	14	14				Feb. 1 .....	5.00	5.00
Nov. 2 .....	13–14	13	1991—Feb. 1 .....	6–6.5	6	Mar. 20 .....	4.50–5.00	4.50
6 .....	13	13	4 .....	6	6	21 .....	4.50	4.50
Dec. 4 .....	12	12	Apr. 30 .....	5.5–6	5.5	Apr. 18 .....	4.00–4.50	4.00
1982—July 20 .....	11.5–12	11.5	May 2 .....	5.5	5.5	20 .....	4.00	4.00
23 .....	11.5	11.5	Sept. 13 .....	5–5.5	5			
Aug. 2 .....	11–11.5	11	17 .....	5	5	In effect May 11, 2001 .....	4.00	4.00
3 .....	11	11	Nov. 6 .....	4.5–5	4.5			
16 .....	10.5	10.5	7 .....	4.5	4.5			
27 .....	10–10.5	10	Dec. 20 .....	3.5–4.5	3.5			
30 .....	10	10	24 .....	3.5	3.5			
			1992—July 2 .....	3–3.5	3			
			7 .....	3	3			

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

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

3. May be made available to depository institutions when similar assistance is not reasonably available from other sources, including special industry lenders. Such credit may be provided when exceptional circumstances (including sustained deposit drains, impaired access to money market funds, or sudden deterioration in loan repayment performance) or practices involve only a particular institution, or to meet the needs of institutions experiencing difficulties adjusting to changing market conditions over a longer period (particularly at times of deposit disintermediation). The discount rate applicable to adjustment credit ordinarily is charged on extended-credit loans outstanding less than thirty days; however, at the discretion

of the Federal Reserve Bank, this time period may be shortened. Beyond this initial period, a flexible rate somewhat above rates charged on market sources of funds is charged. The rate ordinarily is reestablished on the first business day of each two-week reserve maintenance period, but it is never less than the discount rate applicable to adjustment credit plus 50 basis points.

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS<sup>1</sup>

Type of deposit	Requirement	
	Percentage of deposits	Effective date
<i>Net transaction accounts</i> <sup>2</sup>		
1 \$0 million–\$42.8 million <sup>3</sup>	3	12/28/00
2 More than \$42.8 million <sup>4</sup>	10	12/28/00
3 Nonpersonal time deposits <sup>5</sup>	0	12/27/90
4 Eurocurrency liabilities <sup>6</sup>	0	12/27/90

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

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

3. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective with the reserve maintenance period beginning December 28, 2000, for depository institutions that report weekly, and with the period beginning January 18, 2001, for institutions that report quarterly, the amount was decreased from \$44.3 million to \$42.8 million.

Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the

succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning December 28, 2000, for depository institutions that report weekly, and with the period beginning January 18, 2001, for institutions that report quarterly, the exemption was raised from \$5.0 million to \$5.5 million.

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

5. For institutions that report weekly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1.5 years was reduced from 3 percent to 1.5 percent for the maintenance period that began Dec. 13, 1990, and to zero for the maintenance period that began Dec. 27, 1990. For institutions that report quarterly, the reserve requirement on nonpersonal time deposits with an original maturity of less than 1.5 years was reduced from 3 percent to zero on Jan. 17, 1991.

The reserve requirement on nonpersonal time deposits with an original maturity of 1.5 years or more has been zero since Oct. 6, 1983.

6. The reserve requirement on eurocurrency liabilities was reduced from 3 percent to zero in the same manner and on the same dates as the reserve requirement on nonpersonal time deposits with an original maturity of less than 1.5 years (see note 5).

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS<sup>1</sup>

Millions of dollars

Type of transaction and maturity	1998	1999	2000	2000					2001	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
U.S. TREASURY SECURITIES <sup>2</sup>										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	3,550	0	8,676	531	231	779	2,507	509	520	2,683
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	450,835	464,218	477,904	42,797	37,006	38,142	45,182	39,428	40,769	42,767
4 For new bills	450,835	464,218	477,904	42,797	37,006	38,142	45,182	39,428	40,769	42,767
5 Redemptions	2,000	0	24,522	3,438	3,898	2,656	1,021	1,145	228	638
Others within one year										
6 Gross purchases	6,297	11,895	8,809	2,770	716	0	580	1,420	0	1,605
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	46,062	50,590	62,025	7,040	0	8,663	7,957	0	5,405	10,619
9 Exchanges	-49,434	-53,315	-54,656	-7,396	0	-6,608	-7,012	0	-6,667	-6,799
10 Redemptions	2,676	1,429	3,779	887	0	787	780	0	2,422	1,529
One to five years										
11 Gross purchases	12,901	19,731	14,482	2,508	2,385	734	1,332	1,045	925	2,983
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	-37,777	-44,032	-52,068	-3,439	0	-8,663	-5,997	0	-5,405	-7,794
14 Exchanges	37,154	42,604	46,177	5,418	0	6,608	5,737	0	6,667	4,945
Five to ten years										
15 Gross purchases	2,294	4,303	5,871	1,914	448	0	510	771	1,283	0
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	-5,908	-5,841	-6,801	-3,601	0	0	-699	0	0	-2,825
18 Exchanges	7,439	7,583	6,585	1,254	0	0	1,275	0	0	971
More than ten years										
19 Gross purchases	4,884	9,428	5,833	727	547	982	0	0	296	495
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	-2,377	-717	-3,155	0	0	0	-1,261	0	0	0
22 Exchanges	4,842	3,139	1,894	724	0	0	0	0	0	883
All maturities										
23 Gross purchases	29,926	45,357	43,670	8,450	4,326	2,495	4,929	3,745	3,024	7,766
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	4,676	1,429	28,301	4,325	3,898	3,443	1,802	1,145	2,650	2,166
Matched transactions										
26 Gross purchases	4,430,457	4,413,430	4,399,257	381,349	335,321	344,920	351,391	345,680	356,250	320,060
27 Gross sales	4,434,358	4,431,685	4,381,188	381,475	334,530	346,428	351,232	348,917	352,336	322,056
Repurchase agreements										
28 Gross purchases	512,671	281,599	0	0	0	0	0	0	0	0
29 Gross sales	514,186	301,273	0	0	0	0	0	0	0	0
30 Net change in U.S. Treasury securities	19,835	5,999	33,439	3,999	1,219	-2,457	3,286	-637	4,289	3,604
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	25	0	0	0	0	0	0	0	0	0
33 Redemptions	322	157	51	0	10	0	0	0	0	120
Repurchase agreements										
34 Gross purchases	284,316	360,069	0	0	0	0	0	0	0	0
35 Gross sales	276,266	370,772	0	0	0	0	0	0	0	0
36 Net change in federal agency obligations	7,703	-10,859	-51	0	-10	0	0	0	0	-120
Reverse repurchase agreements										
37 Gross purchases	0	0	0	0	0	0	0	0	0	0
38 Gross sales	0	0	0	0	0	0	0	0	0	0
Repurchase agreements										
39 Gross purchases	0	304,989	890,236	47,265	66,080	64,428	87,125	95,470	104,930	67,655
40 Gross sales	0	164,349	987,501	46,230	67,285	62,308	79,295	79,365	129,385	62,910
41 Net change in triparty obligations	0	140,640	-97,265	1,035	-1,205	2,120	7,830	16,105	-24,455	4,745
42 Total net change in System Open Market Account	27,538	135,780	-63,877	5,034	4	-337	11,116	15,468	-20,166	8,229

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.

# A10 Domestic Financial Statistics □ June 2001

## 1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements<sup>1</sup>

Millions of dollars

Account	Wednesday					End of month		
	2001					2001		
	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28	Jan. 31	Feb. 28	Mar. 31
Consolidated condition statement								
<b>ASSETS</b>								
1 Gold certificate account .....	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
2 Special drawing rights certificate account .....	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
3 Coin .....	1,115	1,117	1,126	1,146	1,147	1,066	1,115	1,179
<i>Loans</i>								
4 To depository institutions .....	18	122	112	27	16	35	18	22
5 Other .....	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements .....	0	0	0	0	0	0	0	0
<i>Triparty Obligations</i>								
7 Repurchase agreements—triparty <sup>2</sup> .....	23,665	20,940	17,495	38,550	15,500	18,920	23,665	21,995
<i>Federal agency obligations<sup>3</sup></i>								
8 Bought outright .....	10	10	10	10	10	130	10	10
9 Held under repurchase agreements .....	0	0	0	0	0	0	0	0
10 <b>Total U.S. Treasury securities<sup>3</sup></b> .....	<b>519,618</b>	<b>523,051</b>	<b>523,407</b>	<b>523,302</b>	<b>524,946</b>	<b>516,018</b>	<b>519,618</b>	<b>523,862</b>
11 Bought outright <sup>4</sup> .....	519,618	523,051	523,407	523,302	524,946	516,018	519,618	523,862
12 Bills .....	182,998	184,713	184,527	184,411	185,333	182,949	182,998	184,244
13 Notes .....	241,792	243,039	243,048	243,056	243,658	239,725	241,792	243,661
14 Bonds .....	94,827	95,299	95,832	95,835	95,956	93,345	94,827	95,957
15 Held under repurchase agreements .....	0	0	0	0	0	0	0	0
16 <b>Total loans and securities</b> .....	<b>543,311</b>	<b>544,123</b>	<b>541,024</b>	<b>561,889</b>	<b>540,472</b>	<b>535,103</b>	<b>543,311</b>	<b>545,889</b>
17 Items in process of collection .....	9,019	9,042	7,523	8,102	6,681	10,023	9,019	6,292
18 Bank premises .....	1,476	1,477	1,477	1,479	1,479	1,467	1,476	1,487
<i>Other assets</i>								
19 Denominated in foreign currencies <sup>5</sup> .....	15,386	15,393	15,400	15,407	15,427	15,495	15,386	14,554
20 All other <sup>6</sup> .....	17,534	18,069	18,669	19,148	19,558	19,673	17,534	19,748
21 <b>Total assets</b> .....	<b>601,086</b>	<b>602,465</b>	<b>598,464</b>	<b>620,417</b>	<b>598,010</b>	<b>596,072</b>	<b>601,086</b>	<b>602,394</b>
<b>LIABILITIES</b>								
22 Federal Reserve notes .....	554,662	555,660	555,731	555,917	556,072	549,436	554,662	555,239
23 Reverse repurchase agreements—triparty <sup>2</sup> .....	0	0	0	0	0	0	0	0
24 <b>Total deposits</b> .....	<b>20,667</b>	<b>20,642</b>	<b>16,848</b>	<b>38,692</b>	<b>16,389</b>	<b>21,182</b>	<b>20,667</b>	<b>23,803</b>
25 Depository institutions .....	15,139	15,237	11,964	33,715	11,230	15,420	15,139	17,828
26 U.S. Treasury—General account .....	4,956	5,067	4,564	4,662	4,764	5,256	4,956	5,657
27 Foreign—Official accounts .....	196	97	73	74	145	199	196	70
28 Other .....	377	241	247	241	251	306	377	248
29 Deferred credit items .....	7,915	8,163	7,809	7,772	7,529	7,806	7,915	5,911
30 Other liabilities and accrued dividends <sup>7</sup> .....	3,931	3,947	3,925	3,843	3,817	3,960	3,931	3,858
31 <b>Total liabilities</b> .....	<b>587,175</b>	<b>588,412</b>	<b>584,313</b>	<b>606,224</b>	<b>583,808</b>	<b>582,384</b>	<b>587,175</b>	<b>588,811</b>
<b>CAPITAL ACCOUNTS</b>								
32 Capital paid in .....	7,023	7,036	7,023	7,023	7,029	7,014	7,023	7,029
33 Surplus .....	6,355	6,387	6,422	6,455	6,489	6,265	6,355	6,217
34 Other capital accounts .....	534	630	705	715	685	409	534	336
35 <b>Total liabilities and capital accounts</b> .....	<b>601,086</b>	<b>602,465</b>	<b>598,464</b>	<b>620,417</b>	<b>598,010</b>	<b>596,072</b>	<b>601,086</b>	<b>602,394</b>
<b>MEMO</b>								
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.
<b>Federal Reserve note statement</b>								
37 Federal Reserve notes outstanding (issued to Banks) .....	744,972	744,056	743,186	742,461	741,569	746,920	744,972	741,342
38 LESS: Held by Federal Reserve Banks .....	190,310	188,396	187,455	186,544	185,497	197,484	190,310	186,103
39 <b>Federal Reserve notes, net</b> .....	<b>554,662</b>	<b>555,660</b>	<b>555,731</b>	<b>555,917</b>	<b>556,072</b>	<b>549,436</b>	<b>554,662</b>	<b>555,239</b>
<i>Collateral held against notes, net</i>								
40 Gold certificate account .....	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
41 Special drawing rights certificate account .....	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
42 Other eligible assets .....	0	0	1,574	0	2,370	1,122	0	0
43 U.S. Treasury and agency securities .....	541,417	542,414	540,912	542,671	540,456	535,068	541,417	541,993
44 <b>Total collateral</b> .....	<b>554,662</b>	<b>555,660</b>	<b>555,731</b>	<b>555,917</b>	<b>556,072</b>	<b>549,436</b>	<b>554,662</b>	<b>555,239</b>

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		
	2001					2001		
	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28	Jan. 31	Feb. 28	Mar. 31
1 Total loans .....	18	122	112	27	16	35	18	22
2 Within fifteen days <sup>1</sup> .....	16	114	106	27	16	30	16	22
3 Sixteen days to ninety days .....	2	8	6	0	0	5	2	0
4 91 days to 1 year .....	0	0	0	0	0	0	0	0
5 Total U.S. Treasury securities <sup>2</sup> .....	519,618	523,051	523,407	523,302	524,946	516,018	519,618	523,861
6 Within fifteen days <sup>1</sup> .....	12,450	15,427	13,999	18,933	20,700	20,921	12,450	9,959
7 Sixteen days to ninety days .....	116,644	120,798	122,014	117,213	116,999	112,430	116,644	126,988
8 Ninety-one days to one year .....	128,775	123,424	123,451	123,202	122,571	124,617	128,775	122,234
9 One year to five years .....	134,268	135,442	135,443	135,445	136,156	130,088	134,268	136,157
10 Five years to ten years .....	54,893	54,899	54,906	54,913	54,921	56,750	54,893	54,923
11 More than ten years .....	72,589	73,060	73,594	73,597	73,599	71,212	72,589	73,600
12 Total federal agency obligations .....	10	10	10	10	10	130	10	10
13 Within fifteen days <sup>1</sup> .....	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	130	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<sup>1</sup>

Billions of dollars, averages of daily figures

Item	1997 Dec.	1998 Dec.	1999 Dec.	2000 Dec.	2000					2001			
					Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>f</sup>	Mar.	
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS <sup>2</sup>	Seasonally adjusted												
	1 Total reserves <sup>3</sup> .....	46.85	45.18	41.78	38.51	39.64	39.39	39.02	39.02	38.51	38.83	38.87	38.26
	2 Nonborrowed reserves <sup>4</sup> .....	46.52	45.07	41.46	38.30	39.06	38.91	38.60	38.74	38.30	38.75	38.82	38.20
	3 Nonborrowed reserves plus extended credit <sup>5</sup> .....	46.52	45.07	41.46	38.30	39.06	38.91	38.60	38.74	38.30	38.75	38.82	38.20
	4 Required reserves .....	45.16	43.67	40.48	37.18	38.64	38.27	37.87	37.82	37.18	37.57	37.43	36.88
	5 Monetary base <sup>6</sup> .....	479.47	513.49	593.09	583.97	577.53	578.34	579.70	581.40	583.97	589.40	591.03	592.23
	Not seasonally adjusted												
	6 Total reserves <sup>7</sup> .....	48.01	45.31	41.89	38.60	39.51	39.22	38.84	38.85	38.60	39.78	39.38	37.77
	7 Nonborrowed reserves .....	47.69	45.19	41.57	38.39	38.93	38.75	38.42	38.56	38.39	39.70	39.33	37.71
	8 Nonborrowed reserves plus extended credit <sup>8</sup> .....	47.69	45.19	41.57	38.39	38.93	38.75	38.42	38.56	38.39	39.70	39.33	37.71
9 Required reserves <sup>9</sup> .....	46.33	43.80	40.59	37.27	38.51	38.11	37.69	37.65	37.27	38.52	37.95	36.38	
10 Monetary base <sup>9</sup> .....	484.98	518.27	600.72	590.20	576.66	576.84	578.29	582.36	590.20	591.49	588.95	591.17	
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS <sup>10</sup>													
11 Total reserves <sup>11</sup> .....	47.92	45.21	41.65	38.54	39.46	39.17	38.78	38.79	38.54	39.79	39.35	37.72	
12 Nonborrowed reserves .....	47.60	45.09	41.33	38.33	38.89	38.69	38.36	38.50	38.33	39.72	39.30	37.66	
13 Nonborrowed reserves plus extended credit <sup>12</sup> .....	47.60	45.09	41.33	38.33	38.89	38.69	38.36	38.50	38.33	39.72	39.30	37.66	
14 Required reserves .....	46.24	43.70	40.36	37.22	38.46	38.05	37.63	37.58	37.22	38.54	37.92	36.33	
15 Monetary base <sup>12</sup> .....	491.79	525.06	608.02	597.12	583.40	583.52	585.01	589.12	597.12	598.37	595.50	598.00	
16 Excess reserves <sup>13</sup> .....	1.69	1.51	1.30	1.33	1.00	1.12	1.15	1.20	1.33	1.25	1.43	1.38	
17 Borrowings from the Federal Reserve .....	.32	.12	.32	.21	.58	.48	.42	.28	.21	.07	.05	.06	

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

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

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

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

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

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

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

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

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

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

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

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

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

1.21 MONEY STOCK AND DEBT MEASURES<sup>1</sup>

Billions of dollars, averages of daily figures

Item	1997 Dec.	1998 Dec.	1999 Dec.	2000 Dec.	2000	2001		
					Dec.	Jan.	Feb.	Mar.
	Seasonally adjusted							
Measures <sup>2</sup>								
1 M1	1,073.4	1,097.0	1,124.3	1,090.3	1,090.3	1,101.2	1,101.2	1,110.9
2 M2	4,030.4	4,383.4	4,650.0	4,943.4 <sup>f</sup>	4,943.4 <sup>f</sup>	4,993.9 <sup>f</sup>	5,038.3 <sup>f</sup>	5,099.0
3 M3	5,427.8	6,027.3	6,526.8	7,098.3 <sup>f</sup>	7,098.3 <sup>f</sup>	7,193.1 <sup>f</sup>	7,261.9 <sup>f</sup>	7,325.4
4 Debt	15,223.1 <sup>f</sup>	16,277.9 <sup>f</sup>	17,379.4 <sup>f</sup>	18,303.3 <sup>f</sup>	18,303.3 <sup>f</sup>	18,360.1 <sup>f</sup>	18,447.9	n.a.
M1 components								
5 Currency <sup>3</sup>	424.3	459.2	516.7	530.1	530.1	534.5	537.3	539.1
6 Travelers checks <sup>4</sup>	8.1	8.2	8.2	8.0	8.0	8.1	8.0	7.9
7 Demand deposits <sup>5</sup>	395.4	379.4	355.6	313.2	313.2	317.0	314.8 <sup>f</sup>	315.4
8 Other checkable deposits <sup>6</sup>	245.7	250.1	243.7	239.0	239.0	241.7	241.1	248.5
Nontransaction components								
9 In M2 <sup>7</sup>	2,957.0	3,286.4	3,525.7	3,853.1 <sup>f</sup>	3,853.1 <sup>f</sup>	3,892.7 <sup>f</sup>	3,937.1 <sup>f</sup>	3,988.1
10 In M3 only <sup>8</sup>	1,397.4	1,643.9	1,876.8	2,155.0 <sup>f</sup>	2,155.0 <sup>f</sup>	2,199.2 <sup>f</sup>	2,223.6 <sup>f</sup>	2,226.4
Commercial banks								
11 Savings deposits, including MMDAs	1,021.1	1,185.8	1,287.0	1,420.4 <sup>f</sup>	1,420.4 <sup>f</sup>	1,435.9	1,464.4	1,490.2
12 Small time deposits <sup>9</sup>	625.5	626.4	635.2	699.9	699.9	702.8	699.3 <sup>f</sup>	695.6
13 Large time deposits <sup>10, 11</sup>	517.6	575.4	648.6	726.9	726.9	740.2	715.6	692.3
Thrift institutions								
14 Savings deposits, including MMDAs	376.8	414.1	449.3	451.7	451.7	452.4	462.8	472.3
15 Small time deposits <sup>9</sup>	342.9	325.8	320.9	346.3	346.3	350.5	352.6 <sup>f</sup>	352.9
16 Large time deposits <sup>10</sup>	85.5	88.7	91.3	103.1	103.1	106.1	106.7	106.8
Money market mutual funds								
17 Retail	590.6	734.3	833.4	934.8 <sup>f</sup>	934.8 <sup>f</sup>	951.1 <sup>f</sup>	958.0 <sup>f</sup>	977.1
18 Institution-only	390.0	530.4	622.4	767.4	767.4	801.0	859.0	888.0
Repurchase agreements and eurodollars								
19 Repurchase agreements <sup>12</sup>	254.3	297.5	341.2	360.5	360.5	357.3	348.3	342.3
20 Eurodollars <sup>12</sup>	150.0	151.8	173.3	197.1 <sup>f</sup>	197.1 <sup>f</sup>	194.7 <sup>f</sup>	194.1 <sup>f</sup>	197.0
Debt components								
21 Federal debt	3,800.6	3,751.2	3,660.3	3,400.5	3,400.5	3,380.4	3,372.0	n.a.
22 Nonfederal debt	11,422.5	12,526.6	13,719.1 <sup>f</sup>	14,902.8 <sup>f</sup>	14,902.8 <sup>f</sup>	14,979.6 <sup>f</sup>	15,075.9	n.a.
	Not seasonally adjusted							
Measures <sup>2</sup>								
23 M1	1,096.9	1,120.4	1,147.8	1,114.6	1,114.6	1,101.4	1,088.6	1,105.6
24 M2	4,051.8	4,405.7	4,674.0	4,972.1 <sup>f</sup>	4,972.1 <sup>f</sup>	5,003.2 <sup>f</sup>	5,037.0 <sup>f</sup>	5,133.4
25 M3	5,453.1	6,059.4	6,564.2	7,143.5 <sup>f</sup>	7,143.5 <sup>f</sup>	7,223.3 <sup>f</sup>	7,296.8 <sup>f</sup>	7,387.6
26 Debt	15,218.8	16,273.1	17,374.8 <sup>f</sup>	18,295.5 <sup>f</sup>	18,295.5 <sup>f</sup>	18,355.4 <sup>f</sup>	18,439.8	n.a.
M1 components								
27 Currency <sup>3</sup>	428.1	463.3	521.5	535.4	535.4	532.3	535.8 <sup>f</sup>	539.1
28 Travelers checks <sup>4</sup>	8.3	8.4	8.4	8.1	8.1	8.2	8.2	8.0
29 Demand deposits <sup>5</sup>	412.4	395.9	371.2	328.6	328.6	317.0	305.7	310.3
30 Other checkable deposits <sup>6</sup>	248.2	252.8	246.6	242.5	242.5	243.9	238.9	248.2
Nontransaction components								
31 In M2 <sup>7</sup>	2,954.9	3,285.3	3,526.3	3,857.5 <sup>f</sup>	3,857.5 <sup>f</sup>	3,901.8 <sup>f</sup>	3,948.5 <sup>f</sup>	4,027.8
32 In M3 only <sup>8</sup>	1,401.3	1,653.7	1,890.2	2,171.4 <sup>f</sup>	2,171.4 <sup>f</sup>	2,220.1 <sup>f</sup>	2,259.7 <sup>f</sup>	2,254.2
Commercial banks								
33 Savings deposits, including MMDAs	1,020.4	1,186.0	1,288.5	1,425.1 <sup>f</sup>	1,425.1 <sup>f</sup>	1,433.6	1,456.2 <sup>f</sup>	1,497.1
34 Small time deposits <sup>9</sup>	625.3	626.5	635.4	700.1	700.1	704.0 <sup>f</sup>	701.7	697.3
35 Large time deposits <sup>10, 11</sup>	517.0	574.8	648.0	726.2	726.2	733.8 <sup>f</sup>	716.0 <sup>f</sup>	697.9
Thrift institutions								
36 Savings deposits, including MMDAs	376.5	414.2	449.8	453.2	453.2	451.7	460.2	474.5
37 Small time deposits <sup>9</sup>	342.8	325.8	321.0	346.5 <sup>f</sup>	346.5 <sup>f</sup>	351.1	353.8 <sup>f</sup>	353.8
38 Large time deposits <sup>10</sup>	85.4	88.6	91.2	103.0	103.0	105.2	106.7 <sup>f</sup>	107.6
Money market mutual funds								
39 Retail	589.9	732.7	831.5	932.6 <sup>f</sup>	932.6 <sup>f</sup>	961.4 <sup>f</sup>	976.7 <sup>f</sup>	1,005.1
40 Institution-only	397.0	542.4	637.3	785.3	785.3	827.8	889.0	905.7
Repurchase agreements and eurodollars								
41 Repurchase agreements <sup>12</sup>	249.5	293.4	337.7	357.5	357.5	356.7	352.8	345.0
42 Eurodollars <sup>12</sup>	152.3	154.5	176.0	199.5 <sup>f</sup>	199.5 <sup>f</sup>	196.5 <sup>f</sup>	195.2 <sup>f</sup>	198.0
Debt components								
43 Federal debt	3,805.8	3,754.9	3,663.2	3,403.5	3,403.5	3,373.2	3,368.7	n.a.
44 Nonfederal debt	11,413.0	12,518.2	13,711.6 <sup>f</sup>	14,892.0 <sup>f</sup>	14,892.0 <sup>f</sup>	14,982.2 <sup>f</sup>	15,071.1	n.a.

Footnotes appear on following page.

## NOTES TO TABLE 1.21

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

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

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

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

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

Debt: The debt aggregate is the outstanding credit market debt of the domestic nonfinancial sectors—the federal sector (U.S. government, not including government-sponsored enter-

prises or federally related mortgage pools) and the nonfederal sectors (state and local governments, households and nonprofit organizations, nonfinancial corporate and nonfarm noncorporate businesses, and farms). Nonfederal debt consists of mortgages, tax-exempt and corporate bonds, consumer credit, bank loans, commercial paper, and other loans. The data, which are derived from the Federal Reserve Board's flow of funds accounts, are break-adjusted (that is, discontinuities in the data have been smoothed into the series) and month-averaged (that is, the data have been derived by averaging adjacent month-end levels).

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

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

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

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

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

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

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

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

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

12. Includes both overnight and term.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities<sup>1</sup>

## A. All commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures				
	2000	2000 <sup>f</sup>				2001			2001				
		Mar. <sup>1</sup>	Sept.	Oct.	Nov.	Dec.	Jan. <sup>1</sup>	Feb. <sup>1</sup>	Mar.	Mar. 7	Mar. 14	Mar. 21	Mar. 28
Seasonally adjusted													
<i>Assets</i>													
1 Bank credit	4,887.9	5,159.5	5,147.5	5,166.5	5,216.2	5,266.5	5,280.4	5,288.6	5,289.2	5,273.8	5,287.7	5,297.2	
2 Securities in bank credit	1,279.0	1,332.4	1,316.8	1,311.4	1,335.2	1,356.5	1,351.2	1,344.6	1,338.5	1,334.1	1,344.0	1,352.2	
3 U.S. government securities	815.2	804.7	794.4	786.1	788.8	786.8	777.4	758.1	764.3	752.6	755.2	756.4	
4 Other securities	463.8	527.7	522.4	525.3	546.4	569.7	573.8	586.5	574.2	581.5	588.8	595.8	
5 Loans and leases in bank credit <sup>2</sup>	3,608.9	3,827.1	3,830.7	3,855.1	3,880.9	3,910.0	3,929.1	3,944.0	3,950.7	3,939.6	3,943.7	3,945.0	
6 Commercial and industrial	1,033.2	1,080.4	1,082.8	1,087.0	1,094.4	1,109.8	1,118.5	1,117.8	1,120.0	1,118.5	1,119.6	1,116.9	
7 Real estate	1,533.8	1,635.4	1,638.4	1,651.3	1,658.0	1,661.1	1,671.4	1,679.0	1,683.7	1,674.5	1,680.3	1,677.1	
8 Revolving home equity	108.8	121.7	125.0	127.1	129.4	131.2	132.3	133.8	133.1	133.3	134.6	134.1	
9 Other	1,425.0	1,513.7	1,513.4	1,524.2	1,528.6	1,529.9	1,539.1	1,545.2	1,550.6	1,541.2	1,545.7	1,543.0	
10 Consumer	504.7	531.5	530.1	533.9	537.0	540.8	540.3	538.3	537.8	537.1	537.5	540.2	
11 Security <sup>3</sup>	143.4	168.5	164.1	165.1	168.8	170.3	169.1	173.9	177.2	174.5	166.2	175.0	
12 Other loans and leases	393.8	411.3	415.4	417.8	422.8	427.9	429.9	434.9	432.0	435.0	440.0	435.7	
13 Interbank loans	225.1	238.5	246.5	245.9	252.2	270.2	266.7	275.0	260.2	276.9	284.7	275.1	
14 Cash assets <sup>4</sup>	272.1	267.7	267.1	256.1	267.2	273.0	265.1	267.9	266.1	257.7	285.4	263.0	
15 Other assets <sup>5</sup>	368.8	401.1	413.6	402.7	397.3	412.8	419.6	430.8	424.1	433.6	437.9	427.1	
16 Total assets <sup>6</sup>	5,694.6	6,004.5	6,012.5	6,008.5	6,069.0	6,157.7	6,166.8	6,197.5	6,174.9	6,177.2	6,231.1	6,197.6	
<i>Liabilities</i>													
17 Deposits	3,572.6	3,769.1	3,784.4	3,778.7	3,845.9	3,891.4	3,889.2	3,923.5	3,904.3	3,926.1	3,902.2	3,936.4	
18 Transaction	626.0	607.5	611.1	601.2	602.0	608.8	607.7	607.3	587.9	604.7	613.8	631.0	
19 Nontransaction	2,946.6	3,161.6	3,173.3	3,177.5	3,243.9	3,282.6	3,281.4	3,316.3	3,316.4	3,321.4	3,288.4	3,305.4	
20 Large time	855.5	919.6	917.6	917.4	935.3	946.8	941.5	933.5	930.8	931.8	920.5	941.8	
21 Other	2,091.1	2,242.1	2,255.7	2,260.1	2,308.6	2,335.8	2,339.9	2,382.8	2,385.6	2,389.6	2,367.9	2,363.6	
22 Borrowings	1,148.7	1,213.7	1,208.7	1,202.9	1,242.1	1,262.3	1,258.0	1,243.7	1,235.1	1,232.5	1,251.4	1,244.2	
23 From banks in the U.S.	370.8	380.9	374.0	368.7	396.7	397.4	395.9	395.0	388.4	387.2	400.5	398.0	
24 From others	777.9	832.8	834.8	834.2	845.4	864.9	862.1	848.7	846.7	845.3	850.9	846.2	
25 Net due to related foreign offices	241.0	262.9	252.6	244.3	225.7	221.2	219.3	233.5	242.1	223.9	273.9	222.9	
26 Other liabilities	295.2	339.4	347.9	347.2	345.1	362.7	344.0	355.5	342.0	356.9	364.5	356.9	
27 Total liabilities	5,257.4	5,585.1	5,593.7	5,573.0	5,658.9	5,737.6	5,710.5	5,756.3	5,723.5	5,739.4	5,792.1	5,760.4	
28 Residual (assets less liabilities) <sup>7</sup>	437.2	419.4	418.8	435.4	410.1	420.2	456.3	441.2	451.4	437.8	439.0	437.2	
Not seasonally adjusted													
<i>Assets</i>													
29 Bank credit	4,881.3	5,154.4	5,155.0	5,185.6	5,252.5	5,281.3	5,275.4	5,276.0	5,287.0	5,265.5	5,271.3	5,274.9	
30 Securities in bank credit	1,284.7	1,328.2	1,313.7	1,315.4	1,340.8	1,361.6	1,353.0	1,348.7	1,345.3	1,340.5	1,345.5	1,353.8	
31 U.S. government securities	822.3	801.2	789.3	787.1	788.6	789.0	779.2	764.0	770.8	758.6	760.2	761.3	
32 Other securities	462.4	527.0	524.4	528.3	552.2	572.6	573.9	584.7	574.5	581.8	585.3	592.5	
33 Loans and leases in bank credit <sup>2</sup>	3,596.7	3,826.2	3,841.3	3,870.2	3,911.7	3,919.6	3,922.3	3,927.2	3,941.7	3,925.0	3,925.8	3,921.0	
34 Commercial and industrial	1,034.9	1,077.2	1,082.3	1,088.1	1,096.6	1,107.1	1,117.8	1,119.4	1,120.5	1,118.1	1,122.7	1,118.5	
35 Real estate	1,527.1	1,638.2	1,641.7	1,656.9	1,662.6	1,660.2	1,664.9	1,671.7	1,677.0	1,668.4	1,671.5	1,668.8	
36 Revolving home equity	107.4	122.9	126.0	127.7	129.5	130.4	131.2	132.3	131.8	131.9	132.9	132.4	
37 Other	1,419.6	1,515.4	1,515.7	1,529.1	1,533.2	1,529.8	1,533.7	1,539.4	1,545.2	1,536.5	1,538.6	1,536.4	
38 Consumer	501.8	534.0	529.9	534.3	542.8	545.1	540.9	534.5	534.8	533.7	533.9	535.9	
39 Credit cards and related plans	n.a.	210.0	206.7	209.9	218.7	218.8	213.8	209.6	208.8	208.2	208.9	212.0	
40 Other	n.a.	324.0	323.2	324.4	324.1	326.3	327.1	324.9	326.0	325.4	325.0	323.9	
41 Security <sup>3</sup>	142.2	163.6	171.2	171.1	181.0	178.1	171.9	170.0	179.0	174.3	162.4	166.3	
42 Other loans and leases	390.7	413.1	416.1	419.9	428.7	429.1	426.8	431.7	430.3	430.5	435.4	431.6	
43 Interbank loans	229.0	231.1	242.0	252.6	261.0	272.2	268.5	282.3	274.8	285.3	286.3	274.9	
44 Cash assets <sup>4</sup>	262.4	263.8	267.9	263.2	286.5	289.1	266.2	258.0	257.6	251.1	269.9	251.9	
45 Other assets <sup>5</sup>	368.2	401.0	410.0	402.4	403.5	414.6	418.8	430.1	426.5	433.3	435.1	423.0	
46 Total assets <sup>6</sup>	5,681.6	5,987.7	6,012.9	6,041.0	6,139.5	6,192.7	6,163.8	6,181.5	6,181.0	6,170.3	6,197.8	6,160.0	
<i>Liabilities</i>													
47 Deposits	3,580.2	3,747.1	3,773.0	3,800.7	3,892.4	3,906.2	3,906.1	3,933.9	3,931.3	3,938.9	3,895.0	3,932.1	
48 Transaction	619.6	602.6	605.1	607.4	631.2	620.6	599.6	601.3	583.8	600.1	598.2	622.8	
49 Nontransaction	2,960.6	3,144.5	3,167.9	3,193.3	3,261.2	3,285.6	3,306.5	3,332.6	3,347.6	3,338.8	3,296.8	3,309.3	
50 Large time	858.9	909.0	912.6	924.8	949.3	959.9	953.3	936.6	937.0	935.0	922.5	944.2	
51 Other	2,101.7	2,235.5	2,255.3	2,268.5	2,311.9	2,325.7	2,353.2	2,395.9	2,410.6	2,403.7	2,374.3	2,365.0	
52 Borrowings	1,148.2	1,210.6	1,206.9	1,211.3	1,245.0	1,279.6	1,261.6	1,242.1	1,239.1	1,232.0	1,255.4	1,233.3	
53 From banks in the U.S.	375.2	373.8	369.3	369.5	398.6	403.6	400.3	398.6	394.1	391.1	405.0	399.0	
54 From others	773.0	836.7	837.6	841.8	846.4	876.0	861.3	843.4	845.1	840.9	850.4	834.3	
55 Net due to related foreign offices	239.6	264.1	253.0	246.6	230.6	225.4	225.5	232.5	247.2	222.1	268.5	222.1	
56 Other liabilities	294.0	339.5	348.1	349.1	347.5	365.1	348.0	354.3	343.9	355.2	360.4	356.9	
57 Total liabilities	5,262.0	5,561.3	5,581.0	5,607.7	5,715.6	5,776.2	5,741.1	5,762.7	5,761.6	5,748.2	5,779.2	5,744.3	
58 Residual (assets less liabilities) <sup>7</sup>	419.5	426.4	431.9	433.3	423.9	416.5	422.7	418.8	419.4	422.1	418.6	415.7	

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities<sup>1</sup>—Continued

## B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2000 <sup>f</sup>					2001			2001		
	Mar. <sup>f</sup>	Sept.	Oct.	Nov.	Dec.	Jan. <sup>1</sup>	Feb. <sup>f</sup>	Mar.	Mar. 7	Mar. 14	Mar. 21	Mar. 28
Seasonally adjusted												
<b>Assets</b>												
1 Bank credit	4,339.4	4,562.9	4,560.2	4,578.3	4,616.7	4,651.7	4,670.0	4,668.3	4,678.2	4,656.7	4,665.9	4,668.1
2 Securities in bank credit	1,082.9	1,121.0	1,115.0	1,115.8	1,130.2	1,147.6	1,151.4	1,139.2	1,137.2	1,132.3	1,138.0	1,143.7
3 U.S. government securities	737.3	729.1	724.4	718.0	719.5	719.5	712.9	690.3	698.7	686.8	686.9	687.4
4 Other securities	345.5	391.9	390.7	397.9	410.6	428.1	438.5	448.9	438.5	445.4	451.1	456.2
5 Loans and leases in bank credit <sup>2</sup>	3,256.5	3,441.8	3,445.1	3,462.5	3,486.5	3,504.1	3,518.6	3,529.1	3,541.0	3,524.4	3,527.9	3,524.4
6 Commercial and industrial	835.1	875.6	879.1	881.0	885.4	895.3	900.3	897.7	900.0	898.3	898.0	897.5
7 Real estate	1,516.6	1,617.2	1,620.3	1,632.8	1,639.4	1,642.2	1,652.7	1,660.6	1,665.3	1,656.1	1,661.9	1,658.4
8 Revolving home equity	108.8	121.7	125.0	127.1	129.4	131.2	132.3	133.8	133.1	133.3	134.6	134.1
9 Other	1,407.8	1,495.5	1,495.3	1,505.7	1,510.0	1,510.9	1,520.4	1,526.8	1,532.2	1,522.7	1,527.2	1,524.3
10 Consumer	504.7	531.5	530.1	533.9	537.0	540.8	540.3	538.3	537.8	537.1	537.5	540.2
11 Security <sup>3</sup>	72.9	73.6	67.4	64.7	68.7	65.1	63.3	67.4	74.2	67.4	63.2	62.2
12 Other loans and leases	327.3	344.0	348.2	350.1	356.0	360.7	362.0	365.1	363.7	365.6	367.2	366.0
13 Interbank loans	196.5	214.9	219.4	219.1	225.2	240.9	238.1	244.4	227.3	246.8	251.8	247.4
14 Cash assets <sup>4</sup>	225.1	223.1	225.0	217.5	227.3	231.5	223.2	227.2	218.6	218.6	243.9	222.6
15 Other assets <sup>5</sup>	329.7	357.6	372.3	362.7	361.1	375.7	383.0	392.5	388.9	394.3	399.9	388.2
<b>16 Total assets<sup>6</sup></b>	<b>5,031.8</b>	<b>5,296.4</b>	<b>5,315.1</b>	<b>5,315.4</b>	<b>5,366.8</b>	<b>5,435.4</b>	<b>5,449.7</b>	<b>5,468.0</b>	<b>5,455.0</b>	<b>5,452.1</b>	<b>5,497.2</b>	<b>5,461.8</b>
<b>Liabilities</b>												
17 Deposits	3,193.2	3,387.5	3,405.5	3,401.5	3,467.6	3,505.4	3,510.1	3,546.1	3,531.0	3,550.6	3,533.6	3,551.1
18 Transaction	614.8	597.5	600.4	590.4	591.3	598.1	597.5	597.8	578.4	595.5	604.3	621.5
19 Nontransaction	2,578.3	2,790.0	2,805.1	2,811.1	2,876.3	2,907.3	2,912.6	2,948.3	2,952.5	2,955.0	2,929.3	2,929.6
20 Large time	489.7	544.1	545.6	547.2	563.9	567.5	568.8	567.7	569.1	567.6	563.6	568.2
21 Other	2,088.7	2,245.9	2,259.5	2,263.9	2,312.5	2,339.8	2,343.8	2,380.6	2,383.4	2,387.4	2,365.7	2,361.4
22 Borrowings	971.5	996.3	987.7	979.9	1,002.8	1,020.7	1,020.8	1,010.1	1,003.9	1,000.1	1,017.7	1,009.4
23 From banks in the U.S.	351.0	361.0	355.0	350.1	374.5	372.3	373.5	370.9	366.6	361.7	373.7	376.2
24 From others	620.4	635.4	632.7	629.8	628.3	648.4	647.3	639.2	637.2	638.4	644.0	633.2
25 Net due to related foreign offices	219.8	241.4	236.1	237.1	227.6	217.7	214.6	211.8	222.4	199.7	237.4	206.5
26 Other liabilities	222.1	260.8	268.2	271.8	272.8	285.2	266.6	272.7	264.1	273.6	279.2	274.1
<b>27 Total liabilities</b>	<b>4,606.6</b>	<b>4,886.1</b>	<b>4,897.5</b>	<b>4,890.2</b>	<b>4,970.8</b>	<b>5,029.0</b>	<b>5,012.1</b>	<b>5,040.7</b>	<b>5,021.4</b>	<b>5,023.9</b>	<b>5,068.0</b>	<b>5,041.2</b>
<b>28 Residual (assets less liabilities)<sup>7</sup></b>	<b>425.2</b>	<b>410.3</b>	<b>417.6</b>	<b>425.2</b>	<b>396.0</b>	<b>406.5</b>	<b>437.7</b>	<b>427.3</b>	<b>433.6</b>	<b>428.2</b>	<b>429.2</b>	<b>420.6</b>
Not seasonally adjusted												
<b>Assets</b>												
29 Bank credit	4,335.8	4,559.5	4,563.5	4,594.8	4,642.3	4,658.4	4,661.7	4,660.5	4,678.5	4,651.5	4,653.7	4,652.7
30 Securities in bank credit	1,088.5	1,116.8	1,111.9	1,119.9	1,135.8	1,152.8	1,153.2	1,143.3	1,144.0	1,138.6	1,139.4	1,145.3
31 U.S. government securities	744.4	725.6	719.4	719.1	719.3	721.7	714.6	696.2	705.2	692.9	691.9	692.4
32 Other securities	344.1	391.2	392.6	400.8	416.4	431.1	438.5	447.2	438.8	445.7	447.6	452.9
33 Loans and leases in bank credit <sup>2</sup>	3,247.2	3,442.7	3,451.6	3,475.0	3,506.6	3,505.6	3,508.5	3,517.2	3,534.5	3,512.9	3,514.3	3,507.4
34 Commercial and industrial	836.0	872.7	878.4	881.4	885.2	890.9	897.4	898.1	899.2	896.9	899.4	898.2
35 Real estate	1,509.9	1,620.1	1,623.6	1,638.3	1,644.1	1,641.2	1,646.2	1,653.2	1,658.6	1,650.0	1,653.1	1,650.1
36 Revolving home equity	107.4	122.9	126.0	127.7	129.5	130.4	131.2	132.3	131.8	131.9	132.9	132.4
37 Other	1,402.4	1,497.2	1,497.6	1,510.6	1,514.6	1,510.8	1,515.0	1,520.9	1,526.8	1,518.1	1,520.2	1,517.7
38 Consumer	501.8	534.0	529.9	534.3	542.8	545.1	540.9	534.5	534.8	533.7	533.9	535.9
39 Credit cards and related plans	n.a.	210.0	206.7	209.9	218.7	218.8	213.8	209.6	208.8	208.2	208.9	212.0
40 Other	n.a.	324.0	323.2	324.4	324.1	326.3	327.1	324.9	326.0	325.4	325.0	323.9
41 Security <sup>3</sup>	75.5	69.9	70.3	69.2	74.7	67.6	65.1	69.4	80.1	70.8	65.0	61.4
42 Other loans and leases	324.1	346.0	349.4	351.7	359.7	360.8	358.9	361.9	361.8	361.5	362.9	361.9
43 Interbank loans	200.4	207.4	215.0	225.8	233.9	242.9	239.9	251.7	241.8	255.2	253.4	247.2
44 Cash assets <sup>4</sup>	217.0	220.1	225.0	222.5	243.8	244.9	224.1	218.7	217.7	213.5	230.0	212.6
45 Other assets <sup>5</sup>	328.3	357.8	369.3	362.4	365.6	376.3	381.2	391.2	389.7	392.6	397.0	384.2
<b>46 Total assets<sup>6</sup></b>	<b>5,022.5</b>	<b>5,282.5</b>	<b>5,311.2</b>	<b>5,343.2</b>	<b>5,422.1</b>	<b>5,458.5</b>	<b>5,442.4</b>	<b>5,457.6</b>	<b>5,463.2</b>	<b>5,448.2</b>	<b>5,469.7</b>	<b>5,432.4</b>
<b>Liabilities</b>												
47 Deposits	3,196.1	3,372.8	3,400.3	3,420.8	3,503.5	3,510.3	3,518.8	3,552.0	3,554.4	3,559.7	3,522.3	3,539.5
48 Transaction	608.8	592.3	594.3	596.4	619.8	609.7	589.5	592.1	574.7	591.3	589.0	613.4
49 Nontransaction	2,587.3	2,780.5	2,806.0	2,824.4	2,883.7	2,900.6	2,929.3	2,959.9	2,979.7	2,968.5	2,933.4	2,926.1
50 Large time	488.1	541.2	546.9	552.1	567.7	570.8	572.1	566.2	571.3	567.0	561.3	563.3
51 Other	2,099.2	2,239.2	2,259.0	2,272.3	2,315.9	2,329.8	2,357.2	2,393.7	2,408.4	2,401.5	2,372.0	2,362.8
52 Borrowings	971.0	993.2	985.9	988.3	1,005.7	1,038.0	1,024.4	1,008.5	1,007.9	999.6	1,021.7	998.5
53 From banks in the U.S.	355.5	353.9	350.3	350.9	376.4	378.5	377.9	374.5	372.3	365.7	378.2	377.2
54 From others	615.5	639.3	635.5	637.4	629.3	659.5	646.5	634.0	635.6	634.0	643.5	621.2
55 Net due to related foreign offices	218.4	240.6	236.3	239.0	227.7	218.6	217.4	210.6	221.8	198.4	234.3	207.6
56 Other liabilities	220.8	260.1	268.3	273.5	273.1	286.2	269.2	271.4	263.6	272.1	276.1	274.9
<b>57 Total liabilities</b>	<b>4,606.3</b>	<b>4,866.7</b>	<b>4,890.7</b>	<b>4,921.6</b>	<b>5,010.0</b>	<b>5,053.1</b>	<b>5,029.8</b>	<b>5,042.4</b>	<b>5,047.7</b>	<b>5,029.9</b>	<b>5,054.4</b>	<b>5,020.4</b>
<b>58 Residual (assets less liabilities)<sup>7</sup></b>	<b>416.2</b>	<b>415.9</b>	<b>420.5</b>	<b>421.5</b>	<b>412.1</b>	<b>405.4</b>	<b>412.6</b>	<b>415.2</b>	<b>415.6</b>	<b>418.3</b>	<b>415.3</b>	<b>412.0</b>

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities<sup>1</sup>—Continued

## C. Large domestically chartered commercial banks

Billions of dollars

	Monthly averages								Wednesday figures			
Account	2000	2000 <sup>f</sup>				2001			2001			
	Mar. <sup>f</sup>	Sept.	Oct.	Nov.	Dec.	Jan. <sup>f</sup>	Feb. <sup>f</sup>	Mar.	Mar. 7	Mar. 14	Mar. 21	Mar. 28
	Seasonally adjusted											
Assets												
1 Bank credit	2,454.8	2,552.3	2,537.3	2,535.8	2,553.5	2,571.3	2,582.7	2,590.1	2,596.1	2,580.9	2,588.3	2,590.1
2 Securities in bank credit	570.1	587.4	577.9	573.6	580.8	592.2	595.3	591.1	584.1	584.2	591.9	597.8
3 U.S. government securities	364.0	359.2	355.4	348.6	352.1	353.3	349.4	338.8	340.5	335.4	337.4	339.4
4 Trading account	21.2	22.8	21.2	21.6	28.8	34.2	37.5	35.4	37.4	36.5	32.7	32.8
5 Investment account	342.8	336.4	334.2	327.0	323.2	319.1	311.9	303.3	303.2	299.0	304.6	306.6
6 Other securities	206.1	228.2	222.5	225.0	228.7	238.9	245.9	252.3	243.6	248.7	254.5	258.4
7 Trading account	91.7	114.8	111.7	114.5	119.0	126.0	129.3	132.5	127.8	128.8	132.2	137.3
8 Investment account	114.4	113.4	110.7	110.6	109.8	112.9	116.6	119.9	115.8	119.9	122.3	121.1
9 State and local government	25.0	25.7	25.9	26.3	26.3	27.1	27.6	28.1	27.7	27.8	28.4	28.3
10 Other	89.4	87.6	84.8	84.3	83.5	85.8	89.0	91.8	88.0	92.2	93.9	92.8
11 Loans and leases in bank credit <sup>2</sup>	1,884.7	1,965.0	1,959.4	1,962.2	1,972.7	1,979.1	1,987.4	1,999.0	2,012.0	1,996.7	1,996.4	1,992.2
12 Commercial and industrial	571.5	590.8	591.5	590.8	594.6	599.9	602.9	599.5	602.7	601.3	600.5	596.8
13 Bankers acceptances	1.0	.9	.8	.9	.9	.8	.8	.8	.8	.8	.8	.8
14 Other	570.5	589.9	590.7	590.0	593.8	599.1	602.1	598.8	601.9	600.5	599.7	596.0
15 Real estate	777.6	822.4	817.8	821.1	820.9	821.7	827.7	835.7	839.6	830.8	835.8	835.2
16 Revolving home equity	70.2	77.3	79.5	81.0	82.4	83.6	84.3	85.8	85.1	85.4	86.5	86.1
17 Other	707.4	745.1	738.4	740.1	738.5	738.1	743.4	749.9	754.5	745.4	749.3	749.1
18 Consumer	228.1	234.0	235.0	236.4	236.3	236.8	238.8	239.7	239.9	239.9	239.0	240.1
19 Security <sup>3</sup>	66.8	66.6	60.5	58.1	61.6	57.9	55.7	59.3	66.5	59.3	54.8	54.0
20 Federal funds sold to and repurchase agreements with broker-dealers	45.7	46.4	42.8	41.7	46.2	41.7	39.4	43.6	51.7	44.3	38.4	37.8
21 Other	21.1	20.2	17.7	16.4	15.3	16.2	16.2	15.7	14.8	15.1	16.4	16.2
22 State and local government	12.5	12.8	12.8	12.7	12.5	12.6	12.6	12.7	12.7	12.7	12.7	12.6
23 Agricultural	9.5	9.5	9.5	9.6	9.7	9.8	10.0	10.1	10.1	10.2	10.2	10.1
24 Federal funds sold to and repurchase agreements with others	14.6	16.2	17.0	19.0	21.0	25.7	26.1	26.0	25.1	27.0	26.8	26.9
25 All other loans	85.4	86.1	87.5	86.4	87.7	86.2	84.8	85.6	86.3	84.9	85.9	86.0
26 Lease-financing receivables	118.8	126.5	127.8	128.1	128.4	128.4	128.8	130.3	129.2	130.7	130.8	130.5
27 Interbank loans	135.8	132.7	137.0	138.6	137.7	153.6	140.6	136.6	128.4	139.6	141.4	134.6
28 Federal funds sold to and repurchase agreements with commercial banks	67.1	57.7	59.1	62.1	63.8	78.9	70.3	70.3	62.0	74.0	72.6	68.7
29 Other	68.8	75.0	77.8	76.6	73.9	74.8	70.3	66.2	66.5	65.6	68.8	65.9
30 Cash assets <sup>4</sup>	147.6	142.8	143.8	139.0	144.1	146.0	137.3	141.6	139.2	135.1	156.8	137.3
31 Other assets <sup>5</sup>	225.1	249.2	259.8	254.1	248.5	260.2	262.5	271.4	266.1	274.2	281.2	267.7
32 Total assets <sup>6</sup>	2,928.6	3,041.4	3,042.3	3,031.8	3,047.1	3,093.8	3,085.4	3,102.1	3,092.2	3,092.2	3,130.1	3,092.1
Liabilities												
33 Deposits	1,633.5	1,650.5	1,652.9	1,642.2	1,672.1	1,679.9	1,673.3	1,699.5	1,691.7	1,709.0	1,688.5	1,697.9
34 Transaction	316.0	303.1	304.5	296.2	297.0	300.1	298.0	301.4	291.7	305.5	304.2	309.1
35 Nontransaction	1,317.5	1,347.4	1,348.4	1,346.0	1,375.1	1,379.8	1,375.3	1,398.0	1,400.0	1,403.5	1,384.2	1,388.8
36 Large time	241.0	257.6	256.2	254.4	265.1	267.0	262.5	264.6	266.1	266.2	260.5	263.8
37 Other	1,076.5	1,089.8	1,092.2	1,091.6	1,110.0	1,112.7	1,112.8	1,133.4	1,133.9	1,137.3	1,123.7	1,125.0
38 Borrowings	645.9	658.0	657.8	652.6	666.2	676.8	679.5	676.8	670.4	669.3	682.0	676.3
39 From banks in the U.S.	194.2	195.7	198.1	196.0	214.0	213.9	215.6	219.6	215.5	212.5	221.1	223.2
40 From others	451.8	462.3	459.7	456.7	452.3	462.9	463.9	457.2	454.9	456.9	460.8	453.2
41 Net due to related foreign offices	214.5	220.9	212.7	213.4	206.7	200.9	197.9	196.4	206.1	184.7	220.2	191.2
42 Other liabilities	163.9	210.6	216.1	217.9	218.7	231.8	212.2	216.6	208.2	217.5	223.3	218.0
43 Total liabilities	2,657.8	2,740.0	2,739.5	2,726.1	2,763.7	2,789.4	2,763.0	2,789.3	2,776.3	2,780.6	2,813.9	2,783.4
44 Residual (assets less liabilities) <sup>7</sup>	270.8	301.4	302.8	305.7	283.5	304.4	322.4	312.8	315.9	311.6	316.2	308.7

Footnotes appear on p. A21.

# A18 Domestic Financial Statistics □ June 2001

## 1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities<sup>1</sup>—Continued

### C. Large domestically chartered commercial banks—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2000 <sup>f</sup>					2001		2001			
	Mar. <sup>f</sup>	Sept.	Oct.	Nov.	Dec.	Jan. <sup>f</sup>	Feb. <sup>f</sup>	Mar.	Mar. 7	Mar. 14	Mar. 21	Mar. 28
	Not seasonally adjusted											
<i>Assets</i>												
45 Bank credit	2,454.2	2,543.9	2,539.3	2,551.6	2,574.6	2,582.3	2,585.5	2,586.6	2,603.9	2,580.1	2,580.5	2,577.2
46 Securities in bank credit	573.6	583.5	577.2	579.4	587.2	598.0	599.0	593.0	591.2	588.4	590.6	595.5
47 U.S. government securities	368.9	356.1	352.8	351.4	352.7	356.1	353.1	342.4	347.3	339.4	339.6	340.4
48 Trading account	21.5	22.6	21.1	21.8	28.9	34.5	37.9	35.8	38.1	36.9	33.0	32.9
49 Investment account	347.5	333.5	331.8	329.6	323.8	321.6	315.2	306.6	309.2	302.4	306.7	307.5
50 Mortgage-backed securities	224.1	209.0	211.1	211.4	213.4	219.7	215.6	214.0	211.7	210.5	216.9	216.4
51 Other	123.3	124.5	120.7	118.2	110.4	101.9	99.6	92.5	97.5	91.9	89.7	91.2
52 One year or less	30.0	33.3	32.0	32.7	31.3	31.4	33.6	33.3	35.0	32.9	32.2	32.6
53 One to five years	54.6	53.8	51.6	49.9	45.0	38.4	37.0	34.1	35.7	34.2	33.4	33.2
54 More than five years	38.7	37.5	37.0	35.6	34.1	32.0	29.0	25.2	26.8	24.7	24.1	25.3
55 Other securities	204.6	227.5	224.4	228.0	234.5	241.9	246.0	250.5	243.9	249.0	251.0	255.1
56 Trading account	91.1	114.5	112.7	116.0	122.0	127.6	129.3	131.5	128.0	128.9	130.3	135.6
57 Investment account	113.6	113.0	111.7	112.0	112.5	114.3	116.6	119.0	115.9	120.1	120.6	119.5
58 State and local government	24.8	25.7	26.1	26.6	26.9	27.5	27.6	27.9	27.8	27.8	28.0	27.9
59 Other	88.8	87.3	85.6	85.4	85.6	86.8	89.0	91.1	88.2	92.3	92.6	91.6
60 Loans and leases in bank credit <sup>2</sup>	1,880.6	1,960.3	1,962.1	1,972.2	1,987.4	1,984.3	1,986.4	1,993.7	2,012.7	1,991.7	1,989.9	1,981.7
61 Commercial and industrial	572.4	589.3	591.3	592.0	593.7	596.4	601.7	600.3	603.0	600.6	601.7	597.4
62 Bankers acceptances	1.0	.9	.8	.9	.9	.8	.8	.8	.8	.8	.8	.8
63 Other	571.4	588.5	590.4	591.1	592.8	595.6	601.0	599.5	602.2	599.8	601.0	596.6
64 Real estate	772.4	823.8	820.2	826.3	825.5	822.4	824.5	829.9	835.3	826.3	829.2	827.6
65 Revolving home equity	69.0	78.3	80.3	81.4	82.3	82.8	83.3	84.4	83.9	84.0	85.0	84.6
66 Other	425.2	460.4	454.3	457.5	455.9	454.5	454.6	459.0	465.2	455.6	457.3	456.1
67 Commercial	278.2	285.1	285.6	287.4	287.3	285.1	286.5	286.6	286.2	286.6	286.8	286.9
68 Consumer	227.5	233.1	232.8	234.9	238.3	240.3	240.9	239.4	240.2	239.5	238.5	239.5
69 Credit cards and related plans	n.a.	75.4	76.5	78.0	82.3	83.3	83.0	82.5	82.7	82.7	81.9	82.7
70 Other	n.a.	157.7	156.3	156.9	156.1	157.0	157.9	156.9	157.5	156.8	156.6	156.8
71 Security <sup>3</sup>	69.2	63.0	63.3	62.2	67.4	60.5	57.5	61.1	71.8	62.5	56.6	53.2
72 Federal funds sold to and repurchase agreements with broker-dealers	47.4	43.9	44.8	44.6	50.6	43.6	40.7	44.9	55.9	46.6	39.6	37.2
73 Other	21.8	19.1	18.5	17.6	16.8	16.9	16.8	16.1	16.0	15.9	16.9	15.9
74 State and local government	12.5	12.8	12.8	12.7	12.5	12.6	12.6	12.7	12.7	12.7	12.7	12.6
75 Agricultural	9.2	9.6	9.6	9.6	9.7	9.8	9.8	9.9	9.9	9.9	9.9	9.8
76 Federal funds sold to and repurchase agreements with others	14.6	16.2	17.0	19.0	21.0	25.7	26.1	26.0	25.1	27.0	26.8	26.9
77 All other loans	83.4	87.1	87.6	87.7	90.6	86.2	83.1	83.7	84.7	82.0	83.5	83.9
78 Lease-financing receivables	119.3	125.2	127.5	127.8	128.7	130.4	130.2	130.8	130.0	131.2	131.0	130.8
79 Interbank loans	136.5	128.3	131.4	139.5	141.5	155.1	139.5	137.7	130.8	141.2	141.1	134.4
80 Federal funds sold to and repurchase agreements with commercial banks	67.5	55.8	56.8	62.5	65.6	79.6	69.8	70.9	63.1	74.9	72.4	68.6
81 Other	69.1	72.5	74.6	77.0	76.0	75.6	69.7	66.8	67.7	66.4	68.6	65.8
82 Cash assets <sup>4</sup>	142.2	139.3	143.3	140.1	155.4	156.9	139.1	136.8	134.3	133.0	148.5	131.4
83 Other assets <sup>5</sup>	223.8	249.4	256.8	253.7	253.0	260.8	260.7	270.1	267.0	272.5	278.3	263.7
84 Total assets <sup>6</sup>	2,921.8	3,024.9	3,035.4	3,049.0	3,087.9	3,118.0	3,087.1	3,093.5	3,098.1	3,089.0	3,110.7	3,069.3
<i>Liabilities</i>												
85 Deposits	1,631.6	1,641.3	1,646.8	1,649.4	1,689.9	1,686.1	1,681.1	1,697.9	1,701.3	1,709.8	1,676.6	1,685.1
86 Transaction	311.8	298.0	299.0	298.5	314.8	309.1	294.9	297.7	287.4	302.5	295.0	305.3
87 Nontransaction	1,319.7	1,343.3	1,347.8	1,350.8	1,375.1	1,377.0	1,386.2	1,400.2	1,413.9	1,407.3	1,381.6	1,379.8
88 Large time	239.4	254.8	257.6	259.2	269.0	270.4	265.8	263.1	268.3	265.5	258.2	258.9
89 Other	1,080.4	1,088.5	1,090.1	1,091.6	1,106.1	1,106.7	1,120.4	1,137.1	1,145.6	1,141.8	1,123.4	1,120.9
90 Borrowings	645.5	654.9	656.0	661.1	669.1	694.0	683.1	675.2	674.4	668.8	685.9	665.4
91 From banks in the U.S.	198.6	188.7	193.4	196.8	215.8	220.1	220.0	223.2	221.2	216.4	225.6	224.2
92 From nonbanks in the U.S.	446.9	466.2	462.6	464.3	453.3	473.9	463.1	452.0	453.3	452.4	460.3	441.2
93 Net due to related foreign offices	213.1	220.0	212.8	215.4	206.8	201.8	200.8	195.2	205.4	183.5	217.0	192.2
94 Other liabilities	162.6	209.8	216.1	219.7	219.0	232.8	214.8	215.3	207.6	216.1	220.2	218.8
95 Total liabilities	2,652.7	2,726.0	2,731.7	2,745.4	2,784.8	2,814.8	2,779.8	2,783.6	2,788.8	2,778.2	2,799.7	2,761.4
96 Residual (assets less liabilities) <sup>7</sup>	269.1	298.9	303.7	303.6	303.1	303.2	307.4	309.9	309.3	310.8	311.0	307.9

Footnotes appear on p. A21.



1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities<sup>1</sup>—Continued

## D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2000 <sup>†</sup>				2001			2001			
	Mar. <sup>†</sup>	Sept.	Oct.	Nov.	Dec.	Jan. <sup>†</sup>	Feb. <sup>†</sup>	Mar.	Mar. 7	Mar. 14	Mar. 21	Mar. 28
Seasonally adjusted												
<b>Assets</b>												
1 Bank credit	1,884.6	2,010.5	2,022.9	2,042.5	2,063.2	2,080.4	2,087.3	2,078.2	2,082.1	2,075.8	2,077.6	2,078.0
2 Securities in bank credit	512.8	533.7	537.2	542.2	549.4	555.4	556.1	548.1	553.1	548.1	546.1	545.9
3 U.S. government securities	373.3	369.9	369.0	369.4	367.5	366.2	363.5	351.5	358.2	351.4	349.5	348.0
4 Other securities	139.5	163.7	168.2	172.8	181.9	189.2	192.6	196.6	194.9	196.7	196.6	197.9
5 Loans and leases in bank credit <sup>2</sup>	1,371.8	1,476.9	1,485.7	1,500.3	1,513.8	1,525.1	1,531.2	1,530.1	1,529.0	1,527.7	1,531.5	1,532.1
6 Commercial and industrial	263.7	284.8	287.6	290.1	290.8	295.4	297.4	298.2	297.3	297.0	297.6	300.7
7 Real estate	739.0	794.8	802.4	811.7	818.5	820.4	825.0	824.9	825.8	825.3	826.0	823.2
8 Revolving home equity	38.5	44.3	45.5	46.1	47.0	47.6	48.0	48.1	48.0	48.0	48.1	48.1
9 Other	700.4	750.5	757.0	765.6	771.5	772.8	777.0	776.9	777.7	777.3	778.0	775.2
10 Consumer	276.6	297.4	295.1	297.5	300.7	304.0	301.6	298.6	298.0	297.2	298.6	300.1
11 Security <sup>3</sup>	6.0	7.0	6.9	6.7	7.1	7.2	7.6	8.1	7.7	8.1	8.4	8.2
12 Other loans and leases	86.5	92.9	93.7	94.3	96.8	98.0	99.6	100.3	100.2	100.1	100.9	99.9
13 Interbank loans	60.7	82.2	82.5	80.4	87.5	87.3	97.5	107.8	98.9	107.2	110.4	112.8
14 Cash assets <sup>4</sup>	77.5	80.3	81.2	78.6	83.2	85.4	85.9	85.6	85.8	83.5	87.2	85.3
15 Other assets <sup>5</sup>	104.6	108.4	112.5	108.7	112.6	115.5	120.5	121.1	122.8	120.1	118.7	120.5
<b>16 Total assets<sup>6</sup></b>	<b>2,103.2</b>	<b>2,255.0</b>	<b>2,272.8</b>	<b>2,283.6</b>	<b>2,319.7</b>	<b>2,341.7</b>	<b>2,364.4</b>	<b>2,365.9</b>	<b>2,362.8</b>	<b>2,359.9</b>	<b>2,367.1</b>	<b>2,369.7</b>
<b>Liabilities</b>												
17 Deposits	1,559.6	1,737.0	1,752.6	1,759.3	1,795.6	1,825.5	1,836.7	1,846.7	1,839.3	1,841.6	1,845.2	1,853.2
18 Transaction	298.8	294.4	295.9	294.2	294.3	298.0	299.5	296.4	286.8	290.0	300.1	312.4
19 Nontransaction	1,260.8	1,442.6	1,456.7	1,465.1	1,501.2	1,527.6	1,537.3	1,550.3	1,552.5	1,551.5	1,545.1	1,540.8
20 Large time	248.7	286.5	289.3	292.8	298.7	300.5	306.3	303.1	303.0	301.5	303.1	304.4
21 Other	1,012.1	1,156.1	1,167.3	1,172.3	1,202.5	1,227.1	1,231.0	1,247.2	1,249.5	1,250.1	1,242.0	1,236.4
22 Borrowings	325.6	338.3	329.9	327.3	336.6	343.9	341.3	333.3	333.5	330.8	335.8	333.1
23 From banks in the U.S.	156.9	165.2	156.9	154.1	160.5	158.3	157.9	151.3	151.1	149.3	152.6	153.1
24 From others	168.7	173.1	173.0	173.2	176.0	183.4	182.0	182.0	182.4	181.5	183.2	180.0
25 Net due to related foreign offices	5.4	20.6	23.4	23.7	20.9	16.8	16.7	15.4	16.4	14.9	17.2	15.4
26 Other liabilities	58.2	50.3	52.1	53.9	54.1	53.4	54.4	56.1	56.0	56.0	55.9	56.1
<b>27 Total liabilities</b>	<b>1,948.8</b>	<b>2,146.1</b>	<b>2,158.0</b>	<b>2,164.1</b>	<b>2,207.2</b>	<b>2,239.6</b>	<b>2,249.1</b>	<b>2,251.4</b>	<b>2,245.0</b>	<b>2,243.3</b>	<b>2,254.1</b>	<b>2,257.8</b>
<b>28 Residual (assets less liabilities)<sup>7</sup></b>	<b>154.4</b>	<b>108.9</b>	<b>114.8</b>	<b>119.5</b>	<b>112.5</b>	<b>102.1</b>	<b>115.3</b>	<b>114.4</b>	<b>117.7</b>	<b>116.6</b>	<b>113.0</b>	<b>111.9</b>
Not seasonally adjusted												
<b>Assets</b>												
29 Bank credit	1,881.6	2,015.7	2,024.3	2,043.3	2,067.7	2,076.1	2,076.2	2,073.9	2,074.6	2,071.4	2,073.2	2,075.5
30 Securities in bank credit	514.9	533.3	534.7	540.5	548.6	554.8	554.1	550.4	552.8	550.2	548.8	549.8
31 U.S. government securities	375.5	369.6	366.5	367.6	366.7	365.6	361.5	353.8	357.9	353.5	352.2	352.0
32 Other securities	139.5	163.7	168.2	172.8	181.9	189.2	192.6	196.6	194.9	196.7	196.6	197.9
33 Loans and leases in bank credit <sup>2</sup>	1,366.7	1,482.4	1,489.5	1,502.8	1,519.1	1,521.4	1,522.1	1,523.5	1,521.8	1,521.2	1,524.3	1,525.7
34 Commercial and industrial	263.6	283.3	287.2	289.4	291.6	294.5	295.7	297.8	296.2	296.3	297.7	300.9
35 Real estate	737.5	796.3	803.3	812.1	818.5	818.9	821.7	823.3	823.4	823.7	823.9	822.5
36 Revolving home equity	38.4	44.5	45.7	46.4	47.1	47.6	47.8	47.9	47.9	47.9	47.9	47.8
37 Other	699.1	751.7	757.6	765.7	771.4	771.3	773.9	775.4	775.5	775.9	776.0	774.7
38 Consumer	274.3	300.9	297.1	299.5	304.5	304.8	300.0	295.1	294.6	294.2	295.4	296.3
39 Credit cards and related plans	n.a.	134.6	130.2	131.9	136.4	135.5	130.9	127.1	126.2	125.5	127.0	129.2
40 Other	n.a.	166.3	166.9	167.6	168.0	169.3	169.2	168.0	168.4	168.6	168.3	167.1
41 Security <sup>3</sup>	6.2	6.9	7.0	7.0	7.3	7.1	7.6	8.4	8.3	8.3	8.5	8.2
42 Other loans and leases	85.1	95.0	94.9	94.8	97.2	96.1	97.0	98.9	99.3	98.7	99.0	97.8
43 Interbank loans	63.9	79.1	83.6	86.3	92.4	87.8	100.4	114.0	111.1	113.9	112.4	112.8
44 Cash assets <sup>4</sup>	74.8	80.8	81.7	82.4	88.4	88.0	85.0	82.0	83.4	80.4	81.5	81.2
45 Other assets <sup>5</sup>	104.6	108.4	112.5	108.7	112.6	115.5	120.5	121.1	122.8	120.1	118.7	120.5
<b>46 Total assets<sup>6</sup></b>	<b>2,100.6</b>	<b>2,257.6</b>	<b>2,275.8</b>	<b>2,294.2</b>	<b>2,334.2</b>	<b>2,340.5</b>	<b>2,355.3</b>	<b>2,364.1</b>	<b>2,365.2</b>	<b>2,359.2</b>	<b>2,358.9</b>	<b>2,363.1</b>
<b>Liabilities</b>												
47 Deposits	1,564.5	1,731.5	1,753.5	1,771.4	1,813.6	1,824.2	1,837.7	1,854.1	1,853.1	1,849.9	1,845.8	1,854.4
48 Transaction	296.9	294.3	295.3	297.9	305.1	300.6	294.6	287.3	288.7	288.7	294.0	308.1
49 Nontransaction	1,267.5	1,437.2	1,458.2	1,473.5	1,508.6	1,523.6	1,543.1	1,559.7	1,565.8	1,561.2	1,551.8	1,546.3
50 Large time	248.7	286.5	289.3	292.8	298.7	300.5	306.3	303.1	303.0	301.5	303.1	304.4
51 Other	1,018.8	1,150.7	1,168.9	1,180.7	1,209.8	1,223.1	1,236.8	1,256.6	1,262.8	1,259.7	1,248.6	1,241.9
52 Borrowings	325.6	338.3	329.9	327.3	336.6	343.9	341.3	333.3	333.5	330.8	335.8	333.1
53 From banks in the U.S.	156.9	165.2	156.9	154.1	160.5	158.3	157.9	151.3	151.1	149.3	152.6	153.1
54 From others	168.7	173.1	173.0	173.2	176.0	183.4	182.0	182.0	182.4	181.5	183.2	180.0
55 Net due to related foreign offices	5.4	20.6	23.4	23.7	20.9	16.8	16.7	15.4	16.4	14.9	17.2	15.4
56 Other liabilities	58.2	50.3	52.1	53.9	54.1	53.4	54.4	56.1	56.0	56.0	55.9	56.1
<b>57 Total liabilities</b>	<b>1,953.6</b>	<b>2,140.6</b>	<b>2,159.0</b>	<b>2,176.2</b>	<b>2,225.2</b>	<b>2,238.3</b>	<b>2,250.0</b>	<b>2,258.8</b>	<b>2,258.9</b>	<b>2,251.7</b>	<b>2,254.7</b>	<b>2,259.0</b>
<b>58 Residual (assets less liabilities)<sup>7</sup></b>	<b>147.0</b>	<b>117.0</b>	<b>116.8</b>	<b>118.0</b>	<b>109.0</b>	<b>102.2</b>	<b>105.2</b>	<b>105.3</b>	<b>106.3</b>	<b>107.5</b>	<b>104.2</b>	<b>104.1</b>

Footnotes appear on p. A21.

# A20 Domestic Financial Statistics □ June 2001

## 1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities<sup>1</sup>—Continued

### E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2000 <sup>f</sup>				2001			2001			
	Mar. <sup>f</sup>	Sept.	Oct.	Nov.	Dec.	Jan. <sup>f</sup>	Feb. <sup>f</sup>	Mar.	Mar. 7	Mar. 14	Mar. 21	Mar. 28
Seasonally adjusted												
<i>Assets</i>												
1 Bank credit .....	548.5	596.7	587.4	588.1	599.5	614.8	610.4	620.3	611.0	617.1	621.8	629.1
2 Securities in bank credit .....	196.2	211.4	201.8	195.5	205.1	208.9	199.9	205.4	201.3	201.9	206.0	208.5
3 U.S. government securities .....	77.9	75.6	70.0	68.1	69.3	67.3	64.5	67.8	65.6	65.8	68.3	68.9
4 Other securities .....	118.3	135.8	131.8	127.5	135.8	141.6	135.3	137.6	136.1	137.7	139.6	139.6
5 Loans and leases in bank credit <sup>2</sup> .....	352.3	385.3	385.6	392.6	394.4	405.9	410.5	414.9	409.7	415.2	415.8	420.6
6 Commercial and industrial .....	198.0	204.9	203.7	206.1	209.0	214.5	218.2	220.2	220.0	220.2	221.6	219.4
7 Real estate .....	17.2	18.2	18.1	18.5	18.6	18.9	18.7	18.4	18.4	18.4	18.4	18.7
8 Security <sup>3</sup> .....	70.5	94.9	96.7	100.3	100.1	105.2	105.8	106.4	103.0	107.1	103.0	112.8
9 Other loans and leases .....	66.6	67.3	67.1	67.7	66.7	67.2	67.8	69.8	68.4	69.4	72.8	69.6
10 Interbank loans .....	28.6	23.7	27.0	26.8	27.0	29.2	28.5	30.6	32.9	30.1	32.9	27.7
11 Cash assets <sup>4</sup> .....	47.0	44.6	42.1	38.5	39.9	41.6	41.9	40.7	41.2	39.0	41.5	40.4
12 Other assets <sup>5</sup> .....	39.1	43.5	41.3	40.0	36.1	37.1	36.6	38.3	35.2	39.2	38.0	39.0
<b>13 Total assets<sup>6</sup> .....</b>	<b>662.8</b>	<b>708.1</b>	<b>697.4</b>	<b>693.1</b>	<b>702.2</b>	<b>722.3</b>	<b>717.1</b>	<b>729.5</b>	<b>719.9</b>	<b>725.1</b>	<b>733.8</b>	<b>735.8</b>
<i>Liabilities</i>												
14 Deposits .....	379.4	381.6	378.9	377.2	378.3	385.9	379.1	377.4	373.3	375.5	368.6	385.3
15 Transaction .....	11.1	10.0	10.7	10.8	10.7	10.7	10.3	9.4	9.4	9.2	9.5	9.5
16 Nontransaction .....	368.3	371.6	368.2	366.4	367.6	375.3	368.9	368.0	363.9	366.4	359.1	375.8
17 Borrowings .....	177.2	217.3	221.0	223.0	239.4	241.6	237.2	233.6	231.3	232.4	233.6	234.8
18 From banks in the U.S. ....	19.7	20.0	19.0	18.6	22.2	25.1	22.3	24.1	21.7	25.5	26.8	21.8
19 From others .....	157.5	197.4	202.1	204.4	217.2	216.5	214.8	209.5	209.5	206.9	206.9	213.0
20 Net due to related foreign offices .....	21.1	21.5	16.5	7.3	-1.9	3.5	4.7	21.7	19.7	24.3	36.5	16.3
21 Other liabilities .....	73.1	78.5	79.7	75.4	72.3	77.5	77.4	82.9	77.9	83.3	85.3	82.8
<b>22 Total liabilities .....</b>	<b>650.8</b>	<b>699.0</b>	<b>696.1</b>	<b>682.8</b>	<b>688.1</b>	<b>708.6</b>	<b>698.4</b>	<b>715.6</b>	<b>702.1</b>	<b>715.5</b>	<b>724.1</b>	<b>719.2</b>
23 Residual (assets less liabilities) <sup>7</sup> .....	12.0	9.1	1.3	10.2	14.1	13.7	18.7	13.9	17.8	9.6	9.7	16.6
Not seasonally adjusted												
<i>Assets</i>												
24 Bank credit .....	545.6	594.9	591.4	590.8	610.2	622.9	613.6	615.5	608.5	614.0	617.6	622.2
25 Securities in bank credit .....	196.2	211.4	201.8	195.5	205.1	208.9	199.9	205.4	201.3	201.9	206.0	208.5
26 U.S. government securities .....	77.9	75.6	70.0	68.1	69.3	67.3	64.5	67.8	65.6	65.8	68.3	68.9
27 Trading account .....	9.3	14.1	11.8	10.9	11.8	11.2	10.5	9.6	9.1	9.0	9.1	9.5
28 Investment account .....	68.6	61.5	58.2	57.2	57.5	56.1	54.1	58.2	56.5	56.8	59.2	59.4
29 Other securities .....	118.3	135.8	131.8	127.5	135.8	141.6	135.3	137.6	135.7	136.1	137.7	139.6
30 Trading account .....	75.1	91.6	90.5	88.0	90.6	95.8	91.2	94.4	92.1	93.0	94.9	96.1
31 Investment account .....	43.1	44.2	41.3	39.4	45.2	45.8	44.1	43.2	43.6	43.1	42.8	43.6
32 Loans and leases in bank credit <sup>2</sup> .....	349.4	383.5	389.7	395.3	405.1	414.0	413.8	410.0	407.2	412.2	411.6	413.7
33 Commercial and industrial .....	198.9	204.6	203.9	206.7	211.3	216.2	220.4	221.3	221.4	221.2	223.2	220.3
34 Real estate .....	17.2	18.2	18.1	18.5	18.6	18.9	18.7	18.4	18.4	18.4	18.4	18.7
35 Security <sup>3</sup> .....	66.8	93.7	100.9	101.8	106.2	110.5	106.8	100.5	98.9	103.4	97.3	104.9
36 Other loans and leases .....	66.6	67.0	66.7	68.2	69.0	68.3	67.9	69.8	68.6	69.1	72.5	69.7
37 Interbank loans .....	28.6	23.7	27.0	26.8	27.0	29.2	28.5	30.6	32.9	30.1	32.9	27.7
38 Cash assets <sup>4</sup> .....	45.4	43.7	42.9	40.6	42.7	44.2	42.0	39.3	39.9	37.7	39.9	39.3
39 Other assets <sup>5</sup> .....	39.8	43.2	40.7	40.0	37.9	38.3	37.6	38.9	36.8	40.7	38.2	38.8
<b>40 Total assets<sup>6</sup> .....</b>	<b>659.1</b>	<b>705.1</b>	<b>701.7</b>	<b>697.9</b>	<b>717.5</b>	<b>734.2</b>	<b>721.4</b>	<b>723.9</b>	<b>717.7</b>	<b>722.1</b>	<b>728.1</b>	<b>727.6</b>
<i>Liabilities</i>												
41 Deposits .....	384.1	374.3	372.7	379.9	388.9	395.8	387.3	381.9	376.9	379.2	372.6	392.6
42 Transaction .....	10.9	10.3	10.8	11.0	11.4	10.9	10.0	9.2	9.0	8.9	9.2	9.4
43 Nontransaction .....	373.3	364.0	361.9	368.9	377.6	385.0	377.2	372.7	367.9	370.3	363.4	383.2
44 Borrowings .....	177.2	217.3	221.0	223.0	239.4	241.6	237.2	233.6	231.3	232.4	233.6	234.8
45 From banks in the U.S. ....	19.7	20.0	19.0	18.6	22.2	25.1	22.3	24.1	21.7	25.5	26.8	21.8
46 From others .....	157.5	197.4	202.1	204.4	217.2	216.5	214.8	209.5	209.5	206.9	206.9	213.0
47 Net due to related foreign offices .....	21.2	23.5	16.7	7.6	2.9	6.8	8.0	21.9	25.4	23.7	34.2	14.5
48 Other liabilities .....	73.1	79.5	79.8	75.6	74.4	78.9	78.8	82.9	80.3	83.1	84.4	82.0
<b>49 Total liabilities .....</b>	<b>655.7</b>	<b>694.6</b>	<b>690.3</b>	<b>686.0</b>	<b>705.6</b>	<b>723.1</b>	<b>711.3</b>	<b>720.3</b>	<b>713.9</b>	<b>718.3</b>	<b>724.8</b>	<b>723.9</b>
50 Residual (assets less liabilities) <sup>7</sup> .....	3.4	10.5	11.4	11.8	11.8	11.1	10.1	3.7	3.8	3.8	3.3	3.7

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities<sup>1</sup>—Continued

## F. Memo items

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2000 <sup>f</sup>				2001			2001			
	Mar.	Sept.	Oct.	Nov.	Dec.	Jan. <sup>f</sup>	Feb. <sup>f</sup>	Mar.	Mar. 7	Mar. 14	Mar. 21	Mar. 28
	Not seasonally adjusted											
MEMO												
Large domestically chartered banks, adjusted for mergers												
1 Revaluation gains on off-balance-sheet items <sup>9</sup>	65.7	74.4	70.9	68.0	77.8	79.5	77.6	80.6	76.6	77.3	82.2	83.5
2 Revaluation losses on off-balance-sheet items <sup>9</sup>	64.0	73.9	72.8	72.6	83.1	82.5	81.0	79.8	76.4	76.6	80.8	81.9
3 Mortgage-backed securities <sup>9</sup>	254.7 <sup>f</sup>	239.0	240.5	240.6	242.6	248.0	244.5	244.8	239.8	242.4	249.3	246.9
4 Pass-through	177.3 <sup>f</sup>	170.9	173.9	174.3	177.5	182.8	179.5	181.5	175.3	178.0	185.5	185.2
5 CMO, REMIC, and other	77.4 <sup>f</sup>	68.0	66.6	66.4	65.0	65.2	65.0	63.3	64.5	64.4	63.8	61.8
6 Net unrealized gains (losses) on available-for-sale securities <sup>10</sup>	-9.6	-6.9	-4.2	-1.2	1.4	-2.5	-6	-3	-2	-6	-2	-2
7 Off-shore credit to U.S. residents <sup>11</sup>	24.1	22.1	22.3	23.1	23.4	23.0	22.7	22.6	22.5	22.3	23.2	22.7
8 Securitized consumer loans <sup>12</sup>	n.a.	85.9	80.8	80.5	82.2	82.4	80.8	80.2	80.6	80.0	80.4	80.3
9 Credit cards and related plans	n.a.	71.8	67.2	67.3	68.6	68.5	67.3	67.3	67.5	67.0	67.5	67.5
10 Other	n.a.	14.1	13.6	13.2	13.6	13.9	13.4	12.9	13.1	13.0	12.9	12.8
11 Securitized business loans <sup>12</sup>	n.a.	15.3	15.2	17.8	18.6	18.4	18.6	18.7	18.7	18.6	18.6	18.8
Small domestically chartered commercial banks, adjusted for mergers												
12 Mortgage-backed securities <sup>9</sup>	203.8 <sup>f</sup>	210.8	211.6	213.0	214.5	218.0	222.3	228.9	226.5	227.5	228.1	230.9
13 Securitized consumer loans <sup>12</sup>	n.a.	222.3	224.5	225.6	231.1	231.4	235.6	238.5	238.6	238.1	237.7	238.8
14 Credit cards and related plans	n.a.	214.0	215.2	216.1	221.9	222.4	226.8	229.9	230.0	229.5	229.2	230.3
15 Other	n.a.	8.3	9.3	9.5	9.1	9.0	8.8	8.5	8.6	8.6	8.6	8.5
Foreign-related institutions												
16 Revaluation gains on off-balance-sheet items <sup>8</sup>	42.0	48.4	47.3	44.6	45.5	50.8	49.6	52.4	50.5	52.2	54.1	52.0
17 Revaluation losses on off-balance-sheet items <sup>8</sup>	40.5	45.1	44.7	40.8	41.3	46.9	47.4	49.9	48.6	50.0	51.2	49.0
18 Securitized business loans <sup>12</sup>	n.a.	23.1	23.0	22.8	23.1	23.2	22.4	21.5	22.3	21.5	21.4	21.3

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 made to purchase and carry securities.

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

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

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

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

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

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

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

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

12. Total amount outstanding.

## A22 Domestic Financial Statistics □ June 2001

### 1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

#### A. Commercial Paper

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					2000				2001	
	1996	1997	1998	1999	2000	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
<b>1 All issuers</b> .....	<b>775,371</b>	<b>966,699</b>	<b>1,163,303</b>	<b>1,403,023</b>	<b>1,615,341</b>	<b>1,557,700</b>	<b>1,587,591</b>	<b>1,624,421</b>	<b>1,615,341</b>	<b>1,566,104</b>	<b>1,544,572</b>
Financial companies <sup>1</sup>											
2 Dealer-placed paper, total <sup>2</sup> .....	361,147	513,307	614,142	786,643	973,060	899,853	912,739	960,701	973,060	976,735	977,791
3 Directly placed paper, total <sup>3</sup> .....	229,662	252,536	322,030	337,240	298,848	315,039	328,049	312,438	298,848	270,922	263,554
4 Nonfinancial companies <sup>4</sup> .....	184,563	200,857	227,132	279,140	343,433	342,809	346,803	351,282	343,433	318,447	303,227

1. Institutions engaged primarily in commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.

2. Includes all financial-company paper sold by dealers in the open market.

3. As reported by financial companies that place their paper directly with investors.

4. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

#### B. Bankers Dollar Acceptances<sup>1</sup>

Millions of dollars, not seasonally adjusted, year ending September<sup>2</sup>

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

1. Includes eligible, dollar-denominated bankers acceptances legally payable in the United States. Eligible acceptances are those that are eligible for discount by Federal Reserve Banks; that is, those acceptances that meet the criteria of Paragraph 7 of Section 13 of the Federal Reserve Act (12 U.S.C. §372).

2. Data on bankers dollar acceptances are gathered from approximately 40 institutions; includes U.S. chartered commercial banks (domestic and foreign offices), U.S. branches and agencies of foreign banks, and Edge and agreement corporations. The reporting group is revised every year.

### 1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans<sup>1</sup>

Percent per year

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

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of the twenty-five largest banks by asset size, based on the most recent Call

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

## 1.35 INTEREST RATES Money and Capital Markets

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

Item	1998	1999	2000	2000	2001			2001, week ending				
				Dec.	Jan.	Feb.	Mar.	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30
MONEY MARKET INSTRUMENTS												
1 Federal funds <sup>1,2,3</sup>	5.35	4.97	6.24	6.40	5.98	5.49	5.31	5.50	5.49	5.46	5.33	5.00
2 Discount window borrowing <sup>2,4</sup>	4.92	4.62	5.73	6.00	5.52	5.00	4.81	5.00	5.00	5.00	4.86	4.50
Commercial paper <sup>3,5,6</sup>												
Nonfinancial												
3 1-month	5.40	5.09	6.27	6.51	5.74	5.39	5.02	5.20	5.15	5.03	4.88	4.94
4 2-month	5.38	5.14	6.29	6.42	5.59	5.25	4.87	5.05	5.01	4.91	4.74	4.77
5 3-month	5.34	5.18	6.31	6.34	5.49	5.14	4.78	4.94	4.91	4.82	4.67	4.69
Financial												
6 1-month	5.42	5.11	6.28	6.52	5.75	5.41	5.06	5.22	5.20	5.04	4.91	4.99
7 2-month	5.40	5.16	6.30	6.42	5.62	5.29	4.93	5.06	5.04	4.95	4.82	4.86
8 3-month	5.37	5.22	6.33	6.33	5.51	5.19	4.81	4.99	4.95	4.84	4.70	4.70
Commercial paper (historical) <sup>3,5,7</sup>												
9 1-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 3-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 6-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Finance paper, directly placed (historical) <sup>3,5,8</sup>												
12 1-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 3-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 6-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bankers acceptances <sup>3,5,9</sup>												
15 3-month	5.39	5.24	6.23	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 6-month	5.30	5.30	6.37	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Certificates of deposit, secondary market <sup>3,10</sup>												
17 1-month	5.49	5.19	6.35	6.62	5.83	5.47	5.09	5.25	5.23	5.06	4.98	5.03
18 3-month	5.47	5.33	6.46	6.45	5.62	5.26	4.89	5.04	5.02	4.92	4.78	4.80
19 6-month	5.44	5.46	6.59	6.30	5.45	5.12	4.74	4.89	4.89	4.78	4.61	4.63
20 Eurodollar deposits, 3-month <sup>3,11</sup>	5.45	5.31	6.45	6.43	5.62	5.26	4.89	5.03	5.01	4.91	4.77	4.80
U.S. Treasury bills												
Secondary market <sup>4,5</sup>												
21 3-month	4.78	4.64	5.82	5.77	5.15	4.88	4.42	4.72	4.62	4.47	4.27	4.22
22 6-month	4.83	4.75	5.90	5.68	4.95	4.71	4.28	4.51	4.48	4.33	4.17	4.04
23 1-year	4.80	4.81	5.78	5.33	4.63	4.51	4.11	4.28	4.27	4.12	3.99	4.01
Auction high <sup>3,5,12</sup>												
24 3-month	4.81	4.66	5.66	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
25 6-month	4.85	4.76	5.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
26 1-year	4.85	4.78	5.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities <sup>13</sup>												
27 1-year	5.05	5.08	6.11	5.60	4.81	4.68	4.30	4.47	4.47	4.31	4.17	4.19
28 2-year	5.13	5.43	6.26	5.35	4.76	4.66	4.34	4.44	4.46	4.34	4.24	4.29
29 3-year	5.14	5.49	6.22	5.26	4.77	4.71	4.43	4.51	4.53	4.43	4.32	4.41
30 5-year	5.15	5.55	6.16	5.17	4.86	4.89	4.64	4.74	4.75	4.64	4.51	4.65
31 7-year	5.28	5.79	6.20	5.28	5.13	5.10	4.88	4.96	4.96	4.88	4.77	4.90
32 10-year	5.26	5.65	6.03	5.24	5.16	5.10	4.89	4.95	4.95	4.86	4.78	4.95
33 20-year	5.72	6.20	6.23	5.64	5.65	5.62	5.49	5.53	5.52	5.45	5.42	5.59
34 30-year	5.58	5.87	5.94	5.49	5.54	5.45	5.34	5.36	5.34	5.30	5.28	5.44
Composite												
35 More than 10 years (long-term)	5.69	6.14	6.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
STATE AND LOCAL NOTES AND BONDS												
Moody's series <sup>14</sup>												
36 Aaa	4.93	5.28	5.58	5.11	4.99	5.09	5.00	5.04	5.03	5.00	4.92	4.99
37 Baa	5.14	5.70	6.19	5.85	5.76	5.86	5.80	5.84	5.81	5.78	5.74	5.85
38 Bond Buyer series <sup>15</sup>	5.09	5.43	5.71	5.22	5.10	5.18	5.13	5.18	5.16	5.11	5.07	5.14
CORPORATE BONDS												
39 Seasoned issues, all industries <sup>16</sup>	6.87	7.45	7.98	7.65	7.55	7.50	7.41	7.44	7.42	7.38	7.36	7.50
Rating group												
40 Aaa	6.53	7.05	7.62	7.21	7.15	7.10	6.98	6.99	6.98	6.95	6.93	7.06
41 Aa	6.80	7.36	7.83	7.48	7.38	7.32	7.22	7.26	7.24	7.18	7.15	7.29
42 A	6.93	7.53	8.11	7.88	7.75	7.69	7.61	7.68	7.65	7.57	7.54	7.67
43 Baa	7.22	7.88	8.36	8.02	7.93	7.87	7.84	7.83	7.79	7.81	7.83	7.97
MEMO												
Dividend-price ratio <sup>17</sup>												
44 Common stocks	1.49	1.25	1.15	1.19	1.16	1.22	1.33	1.26	1.24	1.34	1.39	1.35

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

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.

2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.

3. Annualized using a 360-day year or bank interest.

4. Rate for the Federal Reserve Bank of New York.

5. Quoted on a discount basis.

6. Interest rates interpolated from data on certain commercial paper trades settled by the Depository Trust Company. The trades represent sales of commercial paper by dealers or direct issuers to investors (that is, the offer side). See the Board's Commercial Paper web pages (<http://www.federalreserve.gov/releases/cp>) for more information.

7. An average of offering rates on commercial paper for firms whose bond rating is AA or the equivalent. Series ended August 29, 1997.

8. An average of offering rates on paper directly placed by finance companies. Series ended August 29, 1997.

9. Representative closing yields for acceptances of the highest-rated money center banks.

10. An average of dealer offering rates on nationally traded certificates of deposit.

11. Bid rates for eurodollar deposits collected around 9:30 a.m. Eastern time. Data are for indication purposes only.

12. Auction date for daily data; weekly and monthly averages computed on an issue-date basis. On or after October 28, 1998, data are stop yields from uniform-price auctions. Before that, they are weighted average yields from multiple-price auctions.

13. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Department of the Treasury.

14. General obligation bonds based on Thursday figures; Moody's Investors Service.

15. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moody's A1 rating. Based on Thursday figures.

16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.

17. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

## 1.36 STOCK MARKET Selected Statistics

Indicator	1998	1999	2000	2000						2001		
				July	Aug	Sept.	Oct.	Nov	Dec.	Jan.	Feb.	Mar.
	Prices and trading volume (averages of daily figures)											
<i>Common stock prices (indexes)</i>												
1 New York Stock Exchange (Dec 31, 1965 = 50) .....	550.65	619.52	643.71	653.27	666.14	667.05	646.53	646.64	645.44	650.55	648.05	603.44
2 Industrial .....	684.35	775.29	809.40	825.28	837.23	829.99	797.00	800.88	792.66	796.74	799.38	744.21
3 Transportation .....	468.61	491.62	414.73	410.67	419.84	404.23	403.20	434.92	457.53	471.21	482.26	452.36
4 Utility .....	190.52	284.82	478.99	484.19	459.91	463.76	469.16	455.66	444.16	440.36	424.53	395.34
5 Finance .....	516.65	530.97	552.48	556.32	597.17	616.89	587.76	600.45	621.62	634.17	626.41	583.38
6 Standard & Poor's Corporation (1941-43 = 10) <sup>1</sup> .....	1,085.50	1,327.33	1,427.22	1,473.00	1,485.46	1,468.06	1,390.14	1,375.04	1,330.93	1,335.63	1,305.75	1,185.85
7 American Stock Exchange (Aug 31, 1973 = 50) <sup>2</sup> .....	682.69	770.90	922.22	930.66	920.54	952.74	913.64	892.60	870.16	898.18	923.99	891.22
<i>Volume of trading (thousands of shares)</i>												
8 New York Stock Exchange .....	666,534	799,554	1,026,867	941,694	875,087	1,026,597	1,167,025	1,015,606	1,183,149	1,299,986	1,117,977	1,251,569
9 American Stock Exchange .....	28,870	32,629	51,437	36,486	35,695	47,047	57,915	58,541	73,759	72,312	70,648	81,666
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker-dealers <sup>3</sup> .....	140,980	228,530	198,790	244,970	247,560	250,780	233,380 <sup>f</sup>	219,110	198,790	197,110	186,810 <sup>f</sup>	165,350
<i>Free credit balances at brokers<sup>4</sup></i>												
11 Margin accounts <sup>5</sup> .....	40,250	55,130	100,680	71,730	68,020	70,960 <sup>f</sup>	82,990 <sup>f</sup>	96,730	100,680	90,380	99,390 <sup>f</sup>	106,300
12 Cash accounts .....	62,450	79,070	84,400	74,970	72,640	74,766	73,410 <sup>f</sup>	74,050	84,400	81,380 <sup>f</sup>	78,660 <sup>f</sup>	77,520
	Margin requirements (percent of market value and effective date) <sup>6</sup>											
	Mar 11, 1968	June 8, 1968	May 6, 1970	Dec 6, 1971	Nov. 24, 1972	Jan. 3, 1974						
13 Margin stocks .....	70	80	65	55	65	50						
14 Convertible bonds .....	50	60	50	50	50	50						
15 Short sales .....	70	80	65	55	65	50						

1. In July 1976 a financial group, composed of banks and insurance companies, was added to the group of stocks on which the index is based. The index is now based on 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

2. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.

3. Since July 1983, under the revised Regulation T, margin credit at broker-dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.

4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.

5. Series initiated in June 1984

6. Margin requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

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

## 1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
	1998	1999	2000	2000			2001		
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
<i>U.S. budget<sup>1</sup></i>									
1 Receipts, total	1,721,798	1,827,302	2,025,218	135,111	125,666	200,489	219,215	110,481	130,074
2 On-budget	1,305,999	1,382,986	1,544,634	101,121	89,216	161,737	171,001	70,555	84,123
3 Off-budget	415,799	444,468	480,584	33,990	36,450	38,752	48,214	39,926	45,951
4 Outlays, total	1,652,619	1,702,875	1,788,826	146,431	149,356	167,823	142,836	158,649	180,736
5 On-budget	1,336,015	1,382,097	1,458,061	115,840	116,737	132,747	144,448	123,573	145,185
6 Off-budget	316,604	320,778	330,765	30,592	32,619	35,075	-1,613	35,076	35,550
7 Surplus or deficit (-), total	69,179	124,579	236,392	-11,321	-23,690	32,666	76,379	-48,168	-50,662
8 On-budget	-30,016	889	86,573	-14,719	-27,521	28,990	26,553	-53,018	-61,062
9 Off-budget	99,195	123,690	149,819	3,398	3,831	3,677	49,827	4,850	10,401
<i>Source of financing (total)</i>									
10 Borrowing from the public	-51,211	-88,674	-222,672	-29,666	41,325	-36,689	-23,990	15,100	32,557
11 Operating cash (decrease, or increase [-])	4,743	-17,580	3,799	42,653	-1,431	-9,632	-45,761	45,717	-7,171
12 Other <sup>2</sup>	-22,711	-18,325	-17,519	-1,666	-16,204	13,655	-6,628	-12,649	25,276
<b>MEMO</b>									
13 Treasury operating balance (level, end of period)	38,878	56,458	52,659	10,006	11,437	21,069	66,830	21,113	28,284
14 Federal Reserve Banks	4,952	6,641	8,459	5,360	4,382	5,149	5,256	4,956	5,657
15 Tax and loan accounts	33,926	49,817	44,199	4,646	7,055	15,920	61,574	16,158	22,627

1. Since 1990, off-budget items have been the social security trust funds (Federal Old-Age, Survivors, and Disability Insurance) and the U.S. Postal Service.

2. Includes special drawing rights (SDRs); reserve position on the U.S. quota in the International Monetary Fund (IMF); loans to the IMF; other cash and monetary assets; accrued interest payable to the public; allocations of SDRs; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage, increment on gold;

net gain or loss for U.S. currency valuation adjustment, net gain or loss for IMF loan-valuation adjustment; and profit on sale of gold.

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

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS<sup>1</sup>

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1999	2000	1999		2000		2001		
			H1	H2	H1	H2	Jan.	Feb.	Mar.
RECEIPTS									
1 All sources	1,827,302	2,025,218	966,045	892,266	1,089,763	952,942	219,215	110,481	130,071
2 Individual income taxes, net	879,480	1,004,462	481,907	425,451	550,208	458,679	135,702	48,030	33,591
3 Withheld	693,940	780,397	351,068	372,012	388,526	395,572	84,319	70,179	67,068
4 Nonwithheld	308,185	358,049	240,278	68,302	281,103	77,732	52,713	3,454	7,662
5 Refunds	122,706	134,046	109,467	14,841	119,477	14,628	1,330	25,610	41,153
Corporation income taxes									
6 Gross receipts	216,324	235,655	106,861	110,111	119,166	123,962	7,778	3,474	26,986
7 Refunds	31,645	28,367	17,092	13,996	13,781	15,776	2,066	4,973	4,849
8 Social insurance taxes and contributions, net	611,833	652,852	324,831	292,551	353,514	310,122	64,214	53,473	60,135
9 Employment taxes and contributions <sup>2</sup>	580,880	620,451	306,235	280,059	333,584	297,665	62,259	50,868	59,499
10 Unemployment insurance	26,480	27,640	16,378	10,173	17,562	10,097	1,596	2,147	209
11 Other net receipts <sup>3</sup>	4,473	4,761	2,216	2,319	2,368	2,360	359	457	427
12 Excise taxes	70,414	68,865	31,015	34,262	33,532	35,501	5,307	4,074	7,064
13 Customs deposits	18,336	19,914	8,440	10,287	9,218	10,676	1,694	1,474	1,653
14 Estate and gift taxes	27,782	29,010	14,915	14,001	15,073	13,216	2,403	1,879	2,215
15 Miscellaneous receipts <sup>4</sup>	34,929	42,826	15,140	19,569	22,831	16,556	4,183	3,050	3,276
OUTLAYS									
16 All types	1,702,875 <sup>5</sup>	1,788,826	817,227	882,465	892,947	894,905	142,836	158,649	180,733
17 National defense	274,873	294,494	134,414	149,573	143,476	147,651	21,792	22,555	31,144
18 International affairs	15,243	17,216	6,879	8,530	7,250	11,902	1,289	1,153	1,980
19 General science, space, and technology	18,125	18,637	9,319	10,089	9,601	10,389	1,383	1,619	1,811
20 Energy	912	-1,060	797	-90	-893	-595	-378	-174	187
21 Natural resources and environment	23,970	25,031	10,351	12,100	10,814	12,907	1,708	1,737	1,822
22 Agriculture	23,011	36,641	9,803	20,887	11,164	20,977	3,870	2,003	2,083
23 Commerce and housing credit	2,649	3,211	-1,629	7,353	-2,497	4,408	-943	-487	1,025
24 Transportation	42,531	46,854	17,082	23,199	21,054	25,841	3,323	3,502	3,899
25 Community and regional development	11,870	10,629	5,368	6,806	5,050	5,962	722	939	616
26 Education, training, employment, and social services	56,402	59,201	29,003	27,532	31,234	29,263	5,660	5,957	6,874
27 Health	141,079	154,534	69,320	74,490	75,871	81,413	14,087	13,011	14,763
28 Social security and Medicare	580,488	606,549	261,146	295,030	306,966	307,473	50,633	52,154	57,468
29 Income security	237,707	247,895	126,552	113,504	133,915	113,212	18,473	33,203	31,652
30 Veterans benefits and services	43,212	47,083	20,105	23,412	23,174	22,615	2,101	4,089	6,333
31 Administration of justice	25,924	27,820	13,149	13,459	13,981	14,635	2,602	2,201	2,559
32 General government	15,771	13,454	6,641	7,010	6,198	6,461	707	2,400	1,100
33 Net interest <sup>5</sup>	229,735	223,218	116,655	112,420	115,545	104,685	19,575	17,590	18,568
34 Undistributed offsetting receipts <sup>6</sup>	-40,445	-42,581	-17,724	-22,850	-19,346	-24,070	-3,767	-4,802	-3,150

1. Functional details do not sum to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for receipts and outlays do not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months.

2. Old-age, disability, and hospital insurance, and railroad retirement accounts.  
3. Federal employee retirement contributions and civil service retirement and disability fund.

4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.

5. Includes interest received by trust funds.

6. Rents and royalties for the outer continental shelf, U.S. government contributions for employee retirement, and certain asset sales.

SOURCE: Fiscal year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2002*; monthly and half-year totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*.



## 1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

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

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

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

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

Billions of dollars, end of period

Type and holder	1997	1998	1999	2000	2000			2001
					Q2	Q3	Q4	Q1
<b>1 Total gross public debt</b>	<b>5,502.4</b>	<b>5,614.2</b>	<b>5,776.1</b>	<b>5,662.2</b>	<b>5,685.9</b>	<b>5,674.2</b>	<b>5,662.2</b>	<b>5,773.7</b>
<i>By type</i>								
2 Interest-bearing	5,494.9	5,605.4	5,766.1	5,618.1	5,675.9	5,622.1	5,618.1	5,752.0
3 Marketable	3,456.8	3,355.5	3,281.0	2,966.9	3,070.7	2,992.8	2,966.9	2,981.9
4 Bills	715.4	691.0	737.1	646.9	629.9	616.2	646.9	712.0
5 Notes	2,106.1	1,960.7	1,784.5	1,557.3	1,679.1	1,611.3	1,557.3	1,499.0
6 Bonds	587.3	621.2	643.7	626.5	637.7	635.3	626.5	627.9
7 Inflation-indexed notes and bonds <sup>1</sup>	33.0	67.6	100.7	121.2	109.0	115.0	121.2	128.0
8 Nonmarketable <sup>2</sup>	2,038.1	2,249.9	2,485.1	2,651.2	2,605.2	2,629.3	2,651.2	2,770.0
9 State and local government series	124.1	165.3	165.7	151.0	160.4	153.3	151.0	152.9
10 Foreign issues <sup>3</sup>	36.2	34.3	31.3	27.2	27.7	25.4	27.2	24.7
11 Government	36.2	34.3	31.3	27.2	27.7	25.4	27.2	24.7
12 Public	0	0	0	0	0	0	0	0
13 Savings bonds and notes	181.2	180.3	179.4	176.9	177.7	177.7	176.9	177.4
14 Government account series <sup>4</sup>	1,666.7	1,840.0	2,078.7	2,266.1	2,209.4	2,242.9	2,266.1	2,360.3
15 Non-interest-bearing	7.5	8.8	10.0	44.2	10.1	52.1	44.2	46.5
<i>By holder<sup>5</sup></i>								
16 U.S. Treasury and other federal agencies and trust funds	1,657.1	1,828.1	2,064.2	2,270.2	2,193.6	2,226.5	2,270.2	n.a.
17 Federal Reserve Banks <sup>6</sup>	430.7	452.1	478.0	511.7	504.9	511.4	511.7	523.9
18 Private investors	3,414.6	3,334.0	3,233.9	2,880.4	2,987.4	2,936.2	2,880.4	
19 Depository institutions	300.3	237.3	266.1	197.9	219.4	218.3	197.9	
20 Mutual funds	321.5	343.2	348.6	336.4	322.4	323.7	336.4	
21 Insurance companies	176.6	144.5	125.3	119.5	121.3	120.6	119.5	
22 State and local treasuries <sup>7</sup>	239.3	269.3	266.8	246.2	256.4	246.9	246.2	n.a.
23 Individuals								
24 Savings bonds	186.5	186.6	186.4	184.8	184.6	184.3	184.8	
25 Pension funds	360.5	375.3	380.9	375.8	384.1	379.1	375.8	
26 Private	143.5	157.6	167.7	181.3	173.6	179.2	181.3	
27 State and Local	216.9	217.7	213.2	194.5	210.5	199.9	194.5	
28 Foreign and international <sup>8</sup>	1,241.6	1,278.7	1,268.8	1,220.8	1,248.8 <sup>9</sup>	1,225.2	1,220.8	
Other miscellaneous investors <sup>9</sup>	589.5	498.8	407.1	n.a.	246.7	224.4	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<sup>1</sup>

Millions of dollars, daily averages

Item	2000	2001		2001, week ending								
	Dec	Jan.	Feb.	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28
<b>OUTRIGHT TRANSACTIONS<sup>2</sup></b>												
<i>By type of security</i>												
1 U.S. Treasury bills	33,972	30,524	30,944	28,501	26,276	23,666	23,684	48,699	33,360	27,243	27,234	38,628
Coupon securities, by maturity												
2 Five years or less	142,810	184,852	177,060	169,233	169,260	164,570	162,784	208,772	163,034	159,702	173,046	182,171
3 More than five years	80,454	92,425	97,212	97,040	106,574	97,364	73,762	106,457	92,109	88,147	84,009	85,031
4 Inflation-indexed	1,441	2,801	1,673	1,411	1,670	950	1,910	2,209	1,267	1,716	1,881	1,349
Federal agency												
5 Discount notes	54,545	62,160	66,280	67,509	66,661	62,908	64,851	70,415	62,925	62,472	63,276	63,071
Coupon securities, by maturity												
6 One year or less	1,821	1,451	1,405	1,324	1,823	1,118	1,742	1,005	675	1,356	748	1,228
7 More than one year, but less than or equal to five years	10,987	15,202	19,340	13,901	14,215	16,041	13,458	32,471	17,155	16,709	16,135	17,606
8 More than five years	12,455	12,984	9,935	12,505	11,961	9,160	7,461	10,665	10,762	19,876	11,826	15,514
9 Mortgage-backed	77,576	100,680	108,394	60,919	128,664	140,877	80,090	78,285	124,025	110,680	111,387	84,348
<i>By type of counterparty</i>												
With interdealer broker												
10 U.S. Treasury	117,395	145,363	142,567	137,738	143,319	136,292	120,840	165,470	128,123	126,213	132,779	130,887
11 Federal agency	11,965	13,683	12,617	12,066	12,146	11,317	10,849	15,803	11,965	14,719	14,785	13,079
12 Mortgage-backed	26,775	31,191	32,659	21,504	41,121	38,985	20,191	27,846	35,155	35,768	38,320	29,291
With other												
13 U.S. Treasury	141,282	165,238	164,323	158,446	160,461	150,258	141,300	200,667	161,647	150,595	153,391	176,292
14 Federal agency	67,843	78,114	84,344	83,173	82,514	77,910	76,663	98,753	79,553	85,694	77,200	84,340
15 Mortgage-backed	50,801	69,489	75,735	39,415	87,543	101,892	59,899	50,439	88,870	74,911	73,067	55,057
<b>FUTURES TRANSACTIONS<sup>3</sup></b>												
<i>By type of deliverable security</i>												
16 U.S. Treasury bills	n.a.	n.a.	0	n.a.	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Coupon securities, by maturity												
17 Five years or less	3,629	3,821	4,230	3,666	3,221	3,734	3,685	6,171	5,550	3,385	4,812	3,373
18 More than five years	14,020	15,474	17,291	14,893	14,148	16,827	15,705	22,167	16,672	18,107	18,218	15,196
19 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
20 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
21 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
22 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.
23 More than five years	325	63	66	58	17	n.a.	36	139	55	n.a.	n.a.	n.a.
24 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
<b>OPTIONS TRANSACTIONS<sup>4</sup></b>												
<i>By type of underlying security</i>												
25 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
26 Five years or less	1,380	1,116	971	902	826	1,172	1,188	743	1,173	1,067	1,010	1,191
27 More than five years	4,111	4,423	4,166	3,590	4,190	4,683	3,975	3,778	4,406	5,113	2,901	4,083
28 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
29 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
30 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
31 More than one year, but less than or equal to five years	0	20	29	0	0	0	0	0	0	0	0	0
32 More than five years	14	105	119	197	0	93	101	278	27	269	92	168
33 Mortgage-backed	1,228	1,269	1,444	1,029	2,048	1,445	1,113	1,104	2,564	1,543	2,160	1,608

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing<sup>1</sup>

Millions of dollars

Item	2000	2001		2001, week ending							
	Dec.	Jan.	Feb.	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21
Positions <sup>2</sup>											
NET OUTRIGHT POSITIONS <sup>3</sup>											
<i>By type of security</i>											
1 U.S. Treasury bills	15,431	10,534	9,779	9,774	8,105	1,309	1,840	27,862	15,125	13,380	12,098
Coupon securities, by maturity											
2 Five years or less	-18,515	-12,508	-17,917	-12,628	-15,217	-15,619	-19,210	-21,623	-16,189	-14,725	-13,003
3 More than five years	-13,463	-10,547	-3,985	-10,721	-6,115	-2,686	-3,145	-3,992	-5,695	-6,897	-5,836
4 Inflation-indexed	1,713	3,571	3,907	3,395	2,963	3,590	4,506	4,568	4,186	4,171	3,663
Federal agency											
5 Discount notes	31,108	30,005	32,994	25,360	31,734	36,194	32,880	31,168	34,956	40,015	33,643
Coupon securities, by maturity											
6 One year or less	16,590	17,285	18,229	18,509	19,374	17,588	17,919	18,036	17,018	15,975	15,852
7 More than one year, but less than or equal to five years	7,293	6,450	6,215	5,678	6,930	6,419	5,088	6,424	6,268	6,633	5,420
8 More than five years	5,104	6,360	5,480	4,747	5,215	6,120	5,169	5,416	6,501	7,333	9,997
9 Mortgage-backed	14,596	15,656	10,110	13,385	11,541	10,241	10,827	7,830	10,254	9,305	6,710
NET FUTURES POSITIONS <sup>4</sup>											
<i>By type of deliverable security</i>											
10 U.S. Treasury bills	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Coupon securities, by maturity											
11 Five years or less	-252	1,131	2,344	3,215	3,632	1,938	2,855	950	-1,764	-2,153	-1,904
12 More than five years	-3,090	-6,366	-11,744	-8,099	-10,962	-14,479	-10,334	-11,200	-10,632	-9,606	-11,711
13 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
14 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
15 One year or less	0	0	0	0	0	0	0	0	0	0	0
16 More than one year, but less than or equal to five years	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0	n.a.
17 More than five years	-521	-91	-300	-124	-153	-347	-361	-339	-309	-299	n.a.
18 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
NET OPTIONS POSITIONS											
<i>By type of deliverable security</i>											
19 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
20 Five years or less	-684	767	604	-758	649	1,571	305	-109	989	-149	-55
21 More than five years	-93	1,054	-815	807	243	-688	-1,604	-1,211	524	1,163	640
22 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
23 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
24 One year or less	0	0	0	0	0	0	0	0	0	0	0
25 More than one year, but less than or equal to five years	-528	-529	-578	-464	-489	-740	-734	-348	232	312	489
26 More than five years	533	603	558	868	500	340	313	1,079	1,226	967	587
27 Mortgage-backed	2,031	894	2,002	1,680	2,064	1,258	1,247	3,438	1,276	2,293	3,851
Financing <sup>5</sup>											
<i>Reverse repurchase agreements</i>											
28 Overnight and continuing	336,969	348,805	350,827	364,387	327,737	343,786	342,527	389,259	390,153	378,049	385,554
29 Term	821,860	803,216	845,692	838,120	887,333	904,553	791,217	799,665	850,292	902,950	869,504
<i>Securities borrowed</i>											
30 Overnight and continuing	263,064	270,561	278,815	262,101	281,075	279,487	285,069	269,630	286,322	275,096	285,120
31 Term	137,491	129,862	120,113	126,371	117,049	121,425	115,014	126,965	121,085	123,020	123,331
<i>Securities received as pledge</i>											
32 Overnight and continuing	3,029	3,382	3,002	2,615 <sup>6</sup>	2,807	3,085	2,936	3,180	3,395	4,033	3,245
33 Term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Repurchase agreements</i>											
34 Overnight and continuing	769,228	794,087	803,148	814,061	781,539	808,069	787,131	835,851	835,369	847,662	833,359
35 Term	785,387	764,792	801,371	788,021	833,380	858,292	750,884	762,927	818,097	857,600	840,322
<i>Securities loaned</i>											
36 Overnight and continuing	8,587	9,914	9,648	9,743	9,792	9,562	9,527	9,709	9,209	9,249	9,657
37 Term	4,284	4,185	4,194	4,301	4,258	4,246	4,078	n.a.	4,067	n.a.	4,543
<i>Securities pledged</i>											
38 Overnight and continuing	56,939	54,311	51,166	49,627	50,507	51,934	52,388	49,833	51,954	49,957	51,553
39 Term	4,207	4,032	5,029	4,159	4,188	5,904	4,422	5,601	5,639	6,000	5,944
<i>Collateralized loans</i>											
40 Total	25,778	24,507	21,373	18,479	24,975	20,291	21,331	18,895	21,116	28,881	24,727

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

2. Securities positions are reported at market value.

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

Forward positions reflect agreements made in the over-the-counter market that specify delayed delivery. Forward contracts for U.S. Treasury securities and federal agency debt

securities are included when the time to delivery is more than five business days. Forward contracts for mortgage-backed agency securities are included when the time to delivery is more than thirty business days.

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

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

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

## 1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1997	1998	1999	2000	2000				2001
					Sept.	Oct.	Nov.	Dec.	
<b>1 Federal and federally sponsored agencies</b>	<b>1,022,609</b>	<b>1,296,477</b>	<b>1,616,492</b>	<b>1,851,632</b>	<b>1,776,334</b>	n.a.	<b>1,833,155</b>	<b>1,851,632</b>	n.a.
2 Federal agencies	27,792	26,502	26,376	25,666	25,993	25,523	25,555	25,666	25,426
3 Defense Department <sup>1</sup>	6	6	6	6	6	6	6	6	6
4 Export-Import Bank <sup>2,3</sup>	552	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration <sup>4</sup>	102	205	126	255	227	237	239	255	275
6 Government National Mortgage Association certificates of participation <sup>5</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service <sup>6</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	27,786	26,496	26,370	25,660	25,987	25,517	25,549	25,660	25,420
9 United States Railway Association <sup>6</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies <sup>7</sup>	994,817	1,269,975	1,590,116	1,825,966	1,750,341	1,777,824	1,807,600	1,825,966	n.a.
11 Federal Home Loan Banks	313,919	382,131	529,005	594,404	580,579	576,689	580,957	594,404	604,904
12 Federal Home Loan Mortgage Corporation	169,200	287,396	360,711	426,899	406,936	422,960	429,617	426,899	446,997
13 Federal National Mortgage Association	369,774	460,291	547,619	642,700	607,000	615,463	633,100	642,700	654,200
14 Farm Credit Banks <sup>8</sup>	63,517	63,488	68,883	74,181	71,055	71,345	71,667	74,181	73,925
15 Student Loan Marketing Association <sup>9</sup>	37,717	35,399	41,988	45,375	42,423	48,988	50,016	45,375	n.a.
16 Financing Corporation <sup>10</sup>	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation <sup>11</sup>	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation <sup>12</sup>	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
<b>MEMO</b>									
<b>19 Federal Financing Bank debt<sup>13</sup></b>	<b>49,090</b>	<b>44,129</b>	<b>42,152</b>	<b>40,575</b>	<b>42,837</b>	<b>41,280</b>	<b>40,170</b>	<b>40,575</b>	<b>39,348</b>
<i>Lending to federal and federally sponsored agencies</i>									
20 Export-Import Bank <sup>3</sup>	552	↑	↑	↑	↑	↑	↑	↑	↑
21 Postal Service <sup>6</sup>	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.	↓	↓	↓	↓	↓	↓	↓	↓
23 Tennessee Valley Authority	n.a.	↓	↓	↓	↓	↓	↓	↓	↓
24 United States Railway Association <sup>6</sup>	n.a.	↓	↓	↓	↓	↓	↓	↓	↓
<i>Other lending<sup>14</sup></i>									
25 Farmers Home Administration	13,530	9,500	6,665	5,275	5,540	5,540	5,320	5,275	5,155
26 Rural Electrification Administration	14,898	14,091	14,085	13,126	12,989	12,891	13,023	13,126	13,197
27 Other	20,110	20,538	21,402	22,174	24,308	22,849	21,827	22,174	20,996

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

3. On-budget since Sept. 30, 1976.

4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; the Department of Health, Education, and Welfare; the Department of Housing and Urban Development; the Small Business Administration; and the Veterans Administration.

6. Off-budget.

7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agricultural Mortgage Corporation; therefore, details do not sum to total. Some data are estimated.

8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.

9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.

10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.

11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.

12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.

13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table to avoid double counting.

14. Includes FFB purchases of agency assets and guaranteed loans, the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans.

## 1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1998	1999	2000	2000					2001		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
<b>1 All issues, new and refunding<sup>1</sup></b>	<b>262,342</b>	<b>215,427</b>	<b>180,403</b>	<b>15,284</b>	<b>15,598</b>	<b>18,035</b>	<b>18,079</b>	<b>15,348</b>	<b>11,255</b>	<b>19,829</b>	<b>24,495</b>
<i>By type of issue</i>											
2 General obligation	87,015	73,308	64,475	5,194	6,888	5,871	5,044	5,060	6,256	9,389	7,668
3 Revenue	175,327	142,120	115,928	10,090	8,710	12,163	13,036	10,288	4,999	10,441	16,827
<i>By type of issuer</i>											
4 State	23,506	16,376	19,944	1,011	2,022	3,005	1,942	1,640	1,738	3,268	1,893
5 Special district or statutory authority <sup>2</sup>	178,421	152,418	111,695	10,728	10,152	11,224	12,311	1,053	7,061	11,011	17,280
6 Municipality, county, or township	60,173	46,634	39,273	3,545	3,424	3,806	3,827	3,165	2,456	5,550	5,323
<b>7 Issues for new capital</b>	<b>160,568</b>	<b>161,065</b>	<b>154,257</b>	<b>12,402</b>	<b>13,968</b>	<b>16,387</b>	<b>14,520</b>	<b>13,286</b>	<b>8,758</b>	<b>13,384</b>	<b>15,387</b>
<i>By use of proceeds</i>											
8 Education	36,904	36,563	38,665	3,630	3,210	3,492	3,446	2,919	2,786	3,102	5,343
9 Transportation	19,926	17,394	19,730	1,979	1,574	2,575	2,124	1,381	780	2,411	1,219
10 Utilities and conservation	21,037	15,098	11,917	1,409	1,408	1,272	1,973	1,307	678	1,335	1,677
11 Social welfare	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	8,594	9,099	7,122	281	387	730	500	615	63	281	396
13 Other purposes	42,450	47,896	47,309	3,564	5,243	6,558	3,787	4,264	3,013	4,742	4,368

1. Par amounts of long-term issues based on date of sale.

2. Includes school districts.

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

## 1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1998	1999	2000	2000						2001	
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
<b>1 All issues<sup>1</sup></b>	<b>1,128,491</b>	<b>1,072,866</b>	<b>942,198</b>	<b>65,511</b>	<b>82,752</b>	<b>94,492</b>	<b>62,466</b>	<b>95,595</b>	<b>61,378</b>	<b>125,894<sup>f</sup></b>	<b>96,236</b>
<b>2 Bonds<sup>2</sup></b>	<b>1,001,736</b>	<b>941,298</b>	<b>807,281</b>	<b>57,476</b>	<b>69,875</b>	<b>88,102</b>	<b>53,345</b>	<b>84,094</b>	<b>58,713</b>	<b>118,372</b>	<b>88,806</b>
<i>By type of offering</i>											
3 Sold in the United States	923,771	818,683	684,484	40,753	56,133	73,516	47,415	76,383	57,189	115,583	86,146
4 Sold abroad	77,965	122,615	122,798	16,723	13,742	14,586	5,930	7,712	1,525	2,789	2,660
MEMO											
5 Private placements, domestic	n.a.	n.a.	n.a.	1,038	241	376	127	5,534	3,709	26	1,897
<i>By industry group</i>											
6 Nonfinancial	307,711	293,963	242,452	15,885	17,947	24,483	12,547	25,784	18,219	44,443	34,604
7 Financial	694,025	647,335	564,829	41,592	51,928	63,619	40,799	58,310	40,495	73,928	54,201
<b>8 Stocks<sup>3</sup></b>	<b>182,055<sup>f</sup></b>	<b>223,968<sup>f</sup></b>	<b>283,717<sup>f</sup></b>	<b>20,435<sup>f</sup></b>	<b>25,277<sup>f</sup></b>	<b>18,790<sup>f</sup></b>	<b>21,521<sup>f</sup></b>	<b>23,901<sup>f</sup></b>	<b>15,065<sup>f</sup></b>	<b>7,522<sup>f</sup></b>	<b>7,400</b>
<i>By type of offering</i>											
9 Public	126,755	131,568	134,917	8,035	12,877	6,390	9,121	11,501	2,665	7,522 <sup>f</sup>	7,400
10 Private placement <sup>4</sup>	55,300 <sup>f</sup>	92,400 <sup>f</sup>	148,800	12,400	12,400	12,400	12,400	12,400	12,400	n.a.	n.a.
<i>By industry group</i>											
11 Nonfinancial	74,113	110,284	118,369	7,773	8,645	6,205	8,278	10,794	2,146	4,356 <sup>f</sup>	4,463
12 Financial	52,642	21,284	16,548	262	4,232	185	843	707	519	3,166 <sup>f</sup>	2,937

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.

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### 1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets<sup>1</sup>

Millions of dollars

Item	1999	2000	2000					2001		
			Aug.	Sept	Oct.	Nov.	Dec.	Jan.	Feb. <sup>f</sup>	Mar
1 Sales of own shares <sup>2</sup>	1,791,894	2,279,315	179,890	159,809	169,071	143,412	170,255	206,765	148,362	162,750
2 Redemptions of own shares	1,621,987	2,057,277	159,027	147,644	153,067	138,791	160,918	171,819	141,663	175,773
3 Net sales <sup>3</sup>	169,906	222,038	20,864	12,166	16,004	4,621	9,337	34,946	6,699	-13,023
4 Assets <sup>4</sup>	5,233,191	5,123,747	5,745,264	5,550,176	5,442,937	4,993,008	5,123,747	5,280,222	4,879,229	4,600,489
5 Cash <sup>5</sup>	219,189	277,386	261,967	280,192	302,682	300,133	277,386	280,472	274,077	247,769
6 Other	5,014,002	4,846,361	5,483,298	5,269,984	5,140,255	4,692,875	4,846,361	4,999,750	4,605,152	4,352,720

1. Data include stock, hybrid, and bond mutual funds and exclude money market mutual funds.

2. Excludes reinvestment of net income dividends and capital gains distributions and share issue of conversions from one fund to another in the same group.

3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.

4. Market value at end of period, less current liabilities.

5. Includes all U.S. Treasury securities and other short-term debt securities.

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

### 1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1998	1999	2000	1999				2000			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Profits with inventory valuation and capital consumption adjustment	815.0	856.0	946.2	852.0	836.8	842.0	893.2	936.3	963.6	970.3	914.7
2 Profits before taxes	758.2	823.0	925.6	797.6	804.5	819.0	870.7	920.7	942.5	945.1	894.1
3 Profits-tax liability	244.6	255.9	284.2	247.8	250.8	254.2	270.8	286.3	292.0	290.6	267.7
4 Profits after taxes	513.6	567.1	641.4	549.9	553.7	564.8	599.9	634.4	650.4	654.4	626.4
5 Dividends	351.5	370.7	397.0	361.1	367.2	373.9	380.6	387.3	393.0	400.1	407.6
6 Undistributed profits	162.1	196.4	244.4	188.7	186.5	190.9	219.3	247.1	257.4	254.4	218.8
7 Inventory valuation	17.0	-9.1	-12.9	11.4	-8.9	-19.7	-19.2	-25.0	-13.6	-4.5	-8.5
8 Capital consumption adjustment	39.9	42.1	33.5	42.9	41.2	42.7	41.6	40.6	34.7	29.7	29.1

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

### 1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities<sup>1</sup>

Billions of dollars, end of period; not seasonally adjusted

Account	1998	1999	2000	1999			2000			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
1 Accounts receivable, gross <sup>2</sup>	711.7	811.5	915.3	756.5	776.3	811.5	848.7	884.4	900.1	915.3
2 Consumer	261.8	279.8	296.1	269.2	271.0	279.8	285.4	294.1	301.9	296.1
3 Business	347.5	405.2	471.1	373.7	383.0	405.2	434.6	454.1	455.7	471.1
4 Real estate	102.3	126.5	148.1	113.5	122.3	126.5	128.8	136.2	142.4	148.1
5 LESS: Reserves for unearned income	56.3	53.5	59.9	53.4	54.0	53.5	54.0	57.1	58.8	59.9
6 Reserves for losses	13.8	13.5	14.7	13.4	13.6	13.5	14.0	14.4	14.2	14.7
7 Accounts receivable, net	641.6	744.6	840.6	689.7	708.6	744.6	780.7	813.0	827.1	840.6
8 All other	337.9	406.3	463.0	373.2	368.5	406.3	412.7	418.3	441.4	463.0
9 Total assets	979.5	1,150.9	1,303.7	1,062.9	1,077.2	1,150.9	1,193.4	1,231.3	1,268.4	1,303.7
LIABILITIES AND CAPITAL										
10 Bank loans	26.3	35.1	35.6	25.1	27.0	35.1	28.5	32.5	35.4	35.6
11 Commercial paper	231.5	227.9	235.2	231.0	205.3	227.9	230.2	221.3	215.6	235.2
Debt										
12 Owed to parent	61.8	123.8	145.8	65.4	84.5	123.8	145.1	137.1	144.3	145.8
13 Not elsewhere classified	339.7	397.0	464.1	383.1	396.2	397.0	412.0	445.4	465.5	464.1
14 All other liabilities	203.2	222.7	280.4	226.1	216.0	222.7	247.6	259.3	269.2	280.4
15 Capital, surplus, and undivided profits	117.0	144.5	142.6	132.2	148.2	144.5	130.1	135.6	138.3	142.6
16 Total liabilities and capital	979.5	1,150.9	1,303.6	1,062.9	1,077.2	1,150.9	1,193.4	1,231.3	1,268.4	1,303.6

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<sup>1</sup>

Billions of dollars, amounts outstanding

Type of credit		1998	1999	2000	2000				2001	
					Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
		Seasonally adjusted								
1	Total	875.8	993.9	1,145.2 <sup>f</sup>	1,112.1	1,134.9	1,136.2	1,145.2 <sup>f</sup>	1,158.2 <sup>f</sup>	1,163.1
2	Consumer	352.8	385.3	439.3	419.7	437.3	439.8	439.3	445.3	450.2
3	Real estate	131.4	154.7	174.9 <sup>f</sup>	170.9	174.4	176.6	174.9 <sup>f</sup>	177.7 <sup>f</sup>	178.9
4	Business	391.6	453.9	531.0	521.6	523.2	519.7	531.0	535.2 <sup>f</sup>	534.0
		Not seasonally adjusted								
5	Total	884.0	1,003.2	1,156.0 <sup>f</sup>	1,106.8	1,132.9	1,137.9	1,156.0 <sup>f</sup>	1,158.2 <sup>f</sup>	1,163.1
6	Consumer	356.1	388.8	443.4	421.0	437.9	441.4	443.4	445.4	448.1
7	Motor vehicle loans	103.1	114.7	122.5	130.1	131.8	127.8	122.5	117.5	118.5
8	Motor vehicle leases	93.3	98.3	102.9	104.6	104.3	104.0	102.9	103.8	103.4
9	Revolving <sup>2</sup>	32.3	33.8	38.3	35.4	37.1	38.0	38.3	38.1	38.9
10	Other <sup>3</sup>	33.1	33.1	32.4	31.7	31.9	32.0	32.4	32.4	32.0
Securitized assets <sup>4</sup>										
11	Motor vehicle loans	54.8	71.1	97.1	78.8	84.3	91.5	97.1	103.9	105.2
12	Motor vehicle leases	12.7	9.7	6.6	7.2	7.0	6.8	6.6	6.3	6.9
13	Revolving	8.7	10.5	27.5	17.2	25.8	25.8	27.5	27.6	27.6
14	Other	18.1	17.7	16.0	16.0	15.7	15.5	16.0	15.8	15.6
15	Real estate	131.4	154.7	174.9 <sup>f</sup>	170.9	174.4	176.6	174.9 <sup>f</sup>	177.7 <sup>f</sup>	178.9
16	One- to four-family	75.7	88.3	105.4 <sup>f</sup>	100.9	104.6	107.0	105.4 <sup>f</sup>	108.2 <sup>f</sup>	109.5
17	Other	26.6	38.3	42.9	41.5	42.1	42.7	42.9	43.2	43.3
Securitized real estate assets <sup>4</sup>										
18	One- to four-family	29.0	28.0	24.7	26.5	25.7	25.0	24.7	24.4	24.2
19	Other	.1	.2	1.9	1.9	1.9	1.9	1.9	1.9	1.9
20	Business	396.5	459.6	537.7	514.9	520.6	519.9	537.7	535.1 <sup>f</sup>	536.1
21	Motor vehicles	79.6	87.8	95.2	94.1	95.9	93.3	95.2	93.6	93.6
22	Retail loans	28.1	33.2	31.0	34.8	34.7	32.3	31.0	30.8	30.7
23	Wholesale loans <sup>5</sup>	32.8	34.7	39.6	35.5	37.5	37.3	39.6	38.2	37.6
24	Leases	18.7	19.9	24.6	23.7	23.7	23.8	24.6	24.6	25.2
25	Equipment	198.0	221.9	267.3	256.7	259.4	259.3	267.3	265.6 <sup>f</sup>	262.6
26	Loans	50.4	52.2	56.2	55.8	56.1	54.7	56.2	56.3	55.6
27	Leases	147.6	169.7	211.1	200.9	203.3	204.6	211.1	209.3 <sup>f</sup>	206.9
28	Other business receivables <sup>6</sup>	69.9	95.5	108.6	104.9	103.7	103.2	108.6	110.4 <sup>f</sup>	114.9
Securitized assets <sup>4</sup>										
29	Motor vehicles	29.2	31.5	37.8	31.9	34.2	37.0	37.8	37.3	37.2
30	Retail loans	2.6	2.9	3.2	2.4	2.3	3.1	3.2	3.1	2.9
31	Wholesale loans	24.7	26.4	32.5	27.1	29.5	31.5	32.5	32.1	31.7
32	Leases	1.9	2.1	2.2	2.4	2.4	2.4	2.2	2.2	2.6
33	Equipment	13.0	14.6	23.1	21.4	21.7	21.3	23.1	22.5	22.2
34	Loans	6.6	7.9	15.5	15.1	14.9	14.6	15.5	14.7	14.5
35	Leases	6.4	6.7	7.6	6.4	6.7	6.7	7.6	7.8	7.8
36	Other business receivables <sup>6</sup>	6.8	8.4	5.6	5.8	5.8	5.8	5.6	5.6	5.6

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.

## A34 Domestic Financial Statistics □ June 2001

## 1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1998	1999	2000	2000				2001		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms <sup>1</sup>										
1 Purchase price (thousands of dollars)	195.2	210.7	234.5	241.9	240.2	247.2	250.0	238.7	245.0	244.5
2 Amount of loan (thousands of dollars)	151.1	161.7	177.0	182.5	180.4	184.2	187.3	181.6	185.4	182.9
3 Loan-to-price ratio (percent)	80.0	78.7	77.4	77.1	77.2	76.2	76.5	78.2	77.9	77.2
4 Maturity (years)	28.4	28.8	29.2	29.2	29.2	29.2	29.1	29.4	29.0	28.8
5 Fees and charges (percent of loan amount) <sup>2</sup>	.89	.77	.70	.70	.69	.69	.73	.71	.70	.66
Yield (percent per year)										
6 Contract rate <sup>3</sup>	6.95	6.94	7.41	7.41	7.43	7.36	7.29	7.09	6.99	6.94
7 Effective rate <sup>4</sup>	7.08	7.06	7.52	7.52	7.53	7.47	7.40	7.20	7.10	7.04
8 Contract rate (HUD series) <sup>5</sup>	7.00	7.45	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203) <sup>5</sup>	7.04	7.74	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 GNMA securities <sup>6</sup>	6.43	7.03	7.57	7.43	7.30	7.22	6.83	6.57	6.61	6.41
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	414,515	523,941	610,122	574,087	586,756	598,951	610,122	623,950	632,850	n.a.
12 FHA/VA insured	33,770	55,318	61,539	59,961	60,329	60,694	61,539	62,970	63,337	n.a.
13 Conventional	380,745	468,623	548,583	514,126	526,427	538,257	548,583	560,980	569,513	n.a.
14 Mortgage transactions purchased (during period)	188,448	195,210	154,231	11,501	18,444	17,322	17,193	20,598	17,230	20,899
Mortgage commitments (during period)										
15 Issued <sup>7</sup>	193,795	187,948	163,689	16,143	17,435	15,287	20,120	27,325	25,471	n.a.
16 To sell <sup>8</sup>	1,880	5,900	11,786	693	268	676	1,436	766	835	n.a.
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period) <sup>8</sup>										
17 Total	255,010	324,443	385,693	361,624	365,198	372,819	385,693	391,679	407,086	421,655
18 FHA/VA insured	785	1,836	3,332	3,517	3,530	3,321	3,332	3,307	3,319	3,329
19 Conventional	254,225	322,607	382,361	358,107	361,668	369,498	382,361	388,372	403,767	418,326
Mortgage transactions (during period)										
20 Purchases	267,402	239,793	174,043	21,748	16,195	19,402	24,313	15,658	16,536	24,648
21 Sales	250,565	233,031	166,901	21,189	15,614	18,823	22,277	15,364	15,549	23,367
22 Mortgage commitments contracted (during period) <sup>9</sup>	281,899	228,432	169,231	19,481	17,915	20,012	21,780	18,685	17,664	26,682

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<sup>1</sup>

Millions of dollars, end of period

Type of holder and property	1996	1997	1998	1999		2000		
				Q3	Q4	Q1	Q2	Q3
<b>1 All holders</b>	<b>4,868,298</b>	<b>5,204,119</b>	<b>5,737,161</b>	<b>6,236,316</b>	<b>6,385,916</b>	<b>6,481,515</b>	<b>6,651,208</b>	<b>6,803,226</b>
<i>By type of property</i>								
2 One- to four-family residences	3,718,683	3,973,692	4,362,699	4,698,263	4,793,966	4,853,759	4,977,879	5,104,650
3 Multifamily residences	288,837	302,291	332,121	360,939	374,596	382,386	392,595	399,882
4 Nonfarm, nonresidential	773,643	837,837	945,836	1,075,719	1,114,392	1,141,622	1,174,687	1,191,463
5 Farm	87,134	90,299	96,506	101,395	102,962	103,748	106,047	107,232
<i>By type of holder</i>								
6 Major financial institutions	1,981,886	2,083,981	2,194,813	2,321,356	2,394,923	2,456,786	2,548,570	2,603,713
7 Commercial banks <sup>2</sup>	1,145,389	1,245,315	1,337,217	1,418,819	1,495,502	1,546,816	1,614,307	1,648,734
8 One- to four-family	677,603	745,510	797,492	827,291	879,552	904,581	948,496	968,069
9 Multifamily	45,451	49,670	54,116	63,964	67,591	72,431	75,713	76,945
10 Nonfarm, nonresidential	397,452	423,148	456,574	496,246	516,520	537,131	556,382	569,801
11 Farm	24,885	26,986	29,035	31,320	31,839	32,673	33,717	33,919
12 Savings institutions <sup>3</sup>	628,335	631,826	643,957	676,346	668,634	680,745	701,992	721,488
13 One- to four-family	513,712	520,782	533,918	560,622	549,072	560,046	578,641	595,472
14 Multifamily	61,570	59,540	56,821	57,282	59,138	57,759	59,142	60,044
15 Nonfarm, nonresidential	52,723	51,150	52,801	57,983	59,948	62,447	63,691	65,441
16 Farm	331	354	417	459	475	493	518	531
17 Life insurance companies	208,162	206,840	213,640	226,190	230,787	229,225	232,270	233,491
18 One- to four-family	6,977	7,187	6,590	7,432	5,934	5,874	5,949	5,999
19 Multifamily	30,750	30,402	31,522	31,998	32,818	32,602	33,037	33,206
20 Nonfarm, nonresidential	160,315	158,779	164,004	174,571	179,048	177,870	180,243	181,167
21 Farm	10,120	10,472	11,524	12,189	12,987	12,879	13,041	13,119
22 Federal and related agencies	295,192	286,194	293,613	322,572	322,352	323,145	332,868	336,871
23 Government National Mortgage Association	2	8	7	8	7	7	7	6
24 One- to four-family	2	8	7	8	7	7	7	6
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration <sup>4</sup>	41,596	41,195	40,851	73,705	73,871	72,899	72,896	73,009
27 One- to four-family	17,303	17,253	16,895	16,583	16,506	16,456	16,435	16,444
28 Multifamily	11,685	11,720	11,739	11,745	11,741	11,732	11,729	11,734
29 Nonfarm, nonresidential	6,841	7,370	7,705	41,068	41,355	40,509	40,554	40,665
30 Farm	5,768	4,852	4,513	4,308	4,268	4,202	4,179	4,167
31 Federal Housing and Veterans' Administrations	6,244	3,811	3,674	3,889	3,712	3,794	3,845	3,395
32 One- to four-family	3,524	1,767	1,849	2,013	1,851	1,847	1,832	1,327
33 Multifamily	2,719	2,044	1,825	1,876	1,861	1,947	2,013	2,068
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	2,431	724	361	163	152	98	72	82
40 One- to four-family	365	117	58	26	25	16	12	13
41 Multifamily	413	140	70	31	29	19	14	16
42 Nonfarm, nonresidential	1,653	467	233	105	98	63	46	53
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	168,813	161,308	157,675	153,172	151,500	150,312	153,507	153,114
45 One- to four-family	155,008	149,831	147,594	142,982	141,195	139,986	142,478	141,786
46 Multifamily	13,805	11,477	10,081	10,190	10,305	10,326	11,029	11,328
47 Federal Land Banks	29,602	30,657	32,983	34,217	34,187	34,142	34,830	35,549
48 One- to four-family	1,742	1,804	1,941	2,013	2,012	2,009	2,049	2,092
49 Farm	0	0	0	0	0	0	0	0
50 Federal Home Loan Mortgage Corporation	46,504	48,454	57,085	55,695	56,676	57,009	56,972	57,046
51 One- to four-family	41,758	42,629	49,106	44,010	44,321	43,384	42,892	42,138
52 Multifamily	4,746	5,825	7,979	11,685	12,355	13,625	14,080	14,908
53 Mortgage pools or trusts <sup>5</sup>	2,040,847	2,239,350	2,589,800	2,891,187	2,954,784	2,982,316	3,034,134	3,112,824
54 Government National Mortgage Association	506,246	536,879	537,446	569,038	582,263	589,192	590,830	602,794
55 One- to four-family	494,064	523,225	522,498	552,670	565,189	571,506	572,783	584,318
56 Multifamily	12,182	13,654	14,948	16,368	17,074	17,686	18,047	18,476
57 Federal Home Loan Mortgage Corporation	554,260	579,385	646,459	738,581	749,081	757,106	768,641	790,891
58 One- to four-family	551,513	576,846	643,465	735,088	744,619	752,605	763,890	786,007
59 Multifamily	2,747	2,539	2,994	3,493	4,462	4,499	4,751	4,884
60 Federal National Mortgage Association	650,779	709,582	834,517	938,484	960,883	975,815	995,815	1,020,828
61 One- to four-family	633,209	687,981	804,204	903,531	924,941	938,898	957,584	981,206
62 Multifamily	17,570	21,601	30,313	34,953	35,942	36,917	38,231	39,622
63 Farmers Home Administration <sup>4</sup>	3	2	1	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	3	2	1	0	0	0	0	0
68 Private mortgage conduits	329,559	413,502	571,378	645,083	662,557	660,203	678,848	698,311
69 One- to four-family <sup>6</sup>	258,800	316,400	412,700	455,276	462,600	465,623	464,593	477,899
70 Multifamily	16,369	21,591	34,329	40,935	42,628	43,268	44,290	44,513
71 Nonfarm, nonresidential	54,390	75,511	124,348	148,872	157,330	161,312	169,965	175,899
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others <sup>7</sup>	550,372	594,594	658,935	701,202	713,857	719,268	735,636	749,818
74 One- to four-family	363,104	382,315	423,416	447,171	454,126	456,285	469,801	487,534
75 Multifamily	68,830	72,088	75,374	76,242	78,420	79,326	80,219	81,808
76 Nonfarm, nonresidential	100,269	121,412	140,171	156,874	160,093	162,289	163,806	158,437
77 Farm	18,169	18,779	19,974	20,915	21,217	21,368	21,811	22,039

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.

# A36 Domestic Financial Statistics □ June 2001

## 1.55 CONSUMER CREDIT<sup>1</sup>

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1998	1999	2000	2000				2001	
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	Seasonally adjusted								
1 Total .....	1,301,023	1,393,657	1,533,800	1,492,934	1,509,568	1,522,000	1,533,800	1,550,000	1,568,600
2 Revolving .....	560,504	595,610	663,000	649,297	656,666	662,800	663,000	680,900	687,800
3 Nonrevolving <sup>2</sup> .....	740,519	798,047	870,800	843,637	852,902	862,200	870,800	882,600	880,800
	Not seasonally adjusted								
4 Total .....	1,331,742	1,426,151	1,568,800	1,495,627	1,513,688	1,529,800	1,568,800	1,558,700	1,556,300
By major holder									
5 Commercial banks .....	508,932	499,758	543,700	521,767	521,515	527,200	543,700	533,300	530,600
6 Finance companies .....	168,491	181,573	193,200	197,276	200,815	197,800	193,200	189,600	189,200
7 Credit unions .....	155,406	167,921	185,300	181,597	183,010	184,200	185,300	184,100	182,500
8 Savings institutions .....	51,611	61,527	64,000	62,580	62,815	63,100	64,000	64,100	64,100
9 Nonfinancial business .....	74,877	80,311	82,700	72,091	70,842	73,800	82,700	73,000	71,700
10 Pools of securitized assets <sup>3</sup> .....	372,425	435,061	500,000	460,316	474,691	483,800	500,000	514,400	518,300
By major type of credit <sup>4</sup>									
11 Revolving .....	586,528	623,245	692,800	645,820	654,678	664,300	692,800	681,700	680,800
12 Commercial banks .....	210,346	189,352	218,100	202,362	201,874	206,100	218,100	205,900	205,500
13 Finance companies .....	32,309	33,814	38,251	35,405	37,147	37,956	38,251	38,074	38,891
14 Credit unions .....	19,930	20,641	21,759	20,779	20,804	21,276	21,759	21,313	20,963
15 Savings institutions .....	12,450	15,838	16,556	16,327	16,403	16,480	16,556	16,775	16,994
16 Nonfinancial business .....	39,166	42,783	42,430	35,817	34,484	36,430	42,430	38,845	35,290
17 Pools of securitized assets <sup>3</sup> .....	272,327	320,817	356,114 <sup>f</sup>	335,126	343,313	345,817	356,114 <sup>f</sup>	355,965	363,466
18 Nonrevolving .....	745,214	802,906	875,784 <sup>f</sup>	844,772	861,838	870,362	875,784 <sup>f</sup>	879,988	877,010
19 Commercial banks .....	298,586	310,406	325,648	319,423	321,998	325,284	325,648	329,723	327,331
20 Finance companies .....	136,182	147,759	154,938	161,871	163,700	159,803	154,938	149,937	150,555
21 Credit unions .....	135,476	147,280	163,493	160,818	162,359	162,960	163,493	163,461	163,403
22 Savings institutions .....	39,161	45,689	47,452	46,196	46,615	47,034	47,452	47,255	47,057
23 Nonfinancial business .....	35,711	37,528	40,221 <sup>f</sup>	36,274	36,308	37,347	40,221 <sup>f</sup>	38,723	37,724
24 Pools of securitized assets <sup>3</sup> .....	100,098	114,244	144,032 <sup>f</sup>	125,190	130,858	137,934	144,032 <sup>f</sup>	150,889	150,941

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<sup>1</sup>

Percent per year except as noted

Item	1998	1999	2000	2000					2001	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
INTEREST RATES										
<i>Commercial banks<sup>2</sup></i>										
1 48-month new car .....	8.72	8.44	9.34	9.62	n.a.	n.a.	9.63	n.a.	n.a.	9.17
2 24-month personal .....	13.74	13.39	13.90	13.85	n.a	n.a.	14.12	n.a.	n.a.	13.71
Credit card plan										
3 All accounts .....	15.71	15.21	15.71	15.98	n.a.	n.a.	15.99	n.a.	n.a.	15.66
4 Accounts assessed interest .....	15.59	14.81	14.91	15.35	n.a.	n.a.	15.23	n.a.	n.a.	14.61
<i>Auto finance companies</i>										
5 New car .....	6.30	6.66	6.61	7.46	7.16	4.74	5.41	7.45	7.29	7.28
6 Used car .....	12.64	12.60	13.55	13.70	13.91	13.87	13.66	13.58	13.11	13.16
OTHER TERMS <sup>3</sup>										
<i>Maturity (months)</i>										
7 New car .....	52.1	52.7	54.9	55.7	55.9	57.6	57.3	55.2	54.3	55.2
8 Used car .....	53.5	55.9	57.0	57.2	57.0	57.0	56.8	56.6	57.8	57.9
<i>Loan-to-value ratio</i>										
9 New car .....	92	92	92	92	91	93	93	91	90	90
10 Used car .....	99	99	99	100	100	100	100	100	98	98
<i>Amount financed (dollars)</i>										
11 New car .....	19,083	19,880	20,923	20,664	21,010	22,069	22,443	21,867	21,315	21,173
12 Used car .....	12,691	13,642	14,058	14,166	13,950	13,978	14,325	14,591	14,155	14,105

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<sup>1</sup>

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1995	1996	1997	1998	1999	1999			2000			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nonfinancial sectors												
1 Total net borrowing by domestic nonfinancial sectors	711.1	731.3	804.6	1,044.6	1,121.5	939.8	1,178.0	1,089.5	924.0	971.5	779.9	835.7
By sector and instrument												
2 Federal government	144.4	145.0	23.1	-52.6	-71.2	-98.5	-68.9	-34.0	-215.5	-414.0	-219.5	-334.5
3 Treasury securities	142.9	146.6	23.2	-54.6	-71.0	-99.1	-68.9	-34.0	-213.5	-413.8	-217.1	-333.3
4 Budget agency securities and mortgages	1.5	-1.6	-1	2.0	-2	.6	.0	.0	-2.1	1.8	-2.4	-1.2
5 Nonfederal	566.7	586.3	781.5	1,097.2	1,192.7	1,038.3	1,247.0	1,123.5	1,139.6	1,385.4	999.4	1,170.2
By instrument												
6 Commercial paper	18.1	-9	13.7	24.4	37.4	-2.6	49.8	44.0	29.8	110.4	56.1	-4.0
7 Municipal securities and loans	-48.2	2.6	71.4	96.8	68.2	56.8	71.3	52.5	8.9	34.0	29.8	68.6
8 Corporate bonds	91.1	116.3	150.5	218.7	229.9	287.6	202.8	155.2	186.2	153.8	184.4	175.6
9 Bank loans n.e.c.	103.7	70.5	106.5	108.2	82.7	24.0	112.3	108.6	131.9	163.1	31.8	84.2
10 Other loans and advances	67.2	33.5	69.1	74.3	71.2	2.3	79.2	55.4	153.3	124.4	-2.5	141.1
11 Mortgages	195.8	275.7	317.7	507.2	608.9	608.9	655.4	598.3	484.9	662.6	577.0	570.5
12 Home	181.0	242.1	252.3	386.8	432.0	440.2	479.4	397.1	344.1	489.4	429.6	414.1
13 Multifamily residential	6.1	9.0	8.2	20.8	40.2	33.0	41.3	50.9	29.5	44.7	31.3	36.6
14 Commercial	7.1	22.0	54.1	93.4	131.2	126.7	127.6	147.9	104.4	119.7	110.7	116.8
15 Farm	1.6	2.6	3.2	6.2	5.5	9.0	7.0	2.5	6.9	8.9	5.3	3.0
16 Consumer credit	138.9	88.8	52.5	67.6	94.4	61.4	76.2	109.5	144.6	137.2	122.9	134.2
By borrowing sector												
17 Household	363.5	357.8	337.1	479.1	538.2	512.9	580.6	498.0	523.0	638.9	552.2	576.0
18 Nonfinancial business	254.7	235.3	388.2	537.8	602.1	481.8	613.9	591.9	612.8	725.7	423.5	533.9
19 Corporate	227.5	149.1	266.5	418.1	481.6	372.8	473.8	453.6	481.3	592.4	309.1	404.5
20 Nonfarm noncorporate	24.3	81.4	115.6	112.0	115.3	107.2	131.6	132.7	116.5	125.1	109.3	117.6
21 Farm	2.9	4.8	6.2	7.7	5.2	1.7	8.5	5.6	15.0	8.3	5.1	11.7
22 State and local government	-51.5	-6.8	56.1	80.3	52.3	43.6	52.5	33.6	3.8	20.8	23.6	60.3
23 Foreign net borrowing in United States	78.5	88.4	71.8	43.3	25.3	-24.5	77.3	17.6	118.0	-7.6	89.2	47.8
24 Commercial paper	13.5	11.3	3.7	7.8	16.3	-27.5	41.1	33.6	57.8	12.0	7.0	50.1
25 Bonds	57.1	67.0	61.4	34.8	14.2	.2	44.0	-2.7	45.7	-27.4	71.7	-15.3
26 Bank loans n.e.c.	8.5	9.1	8.5	6.7	.5	5.6	-6.6	2.3	15.4	5.7	11.9	12.2
27 Other loans and advances	-5	1.0	-1.8	-6.0	-5.7	-2.8	-1.1	-15.5	-9	2.0	-1.5	.8
28 Total domestic plus foreign	789.6	819.7	876.3	1,087.9	1,146.8	915.3	1,255.4	1,107.1	1,042.0	963.9	869.0	883.5
Financial sectors												
29 Total net borrowing by financial sectors	454.0	545.7	653.8	1,073.9	1,087.9	995.3	1,064.2	1,063.2	617.7	817.5	733.2	1,079.0
By instrument												
30 Federal government-related	204.2	231.4	212.9	470.9	592.0	576.6	651.6	550.1	248.6	370.9	503.5	607.9
31 Government-sponsored enterprise securities	105.9	90.4	98.4	278.3	318.2	304.7	407.1	367.9	104.9	248.9	278.1	300.5
32 Mortgage pool securities	98.3	141.0	114.6	192.6	273.8	271.9	244.5	182.2	143.7	122.1	225.4	307.4
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	249.8	314.4	440.9	603.0	495.9	418.8	412.6	513.0	369.2	446.6	229.7	471.1
35 Open market paper	42.7	92.2	166.7	161.0	176.2	57.3	89.9	479.0	130.9	77.4	65.2	237.5
36 Corporate bonds	195.9	173.8	210.5	296.9	221.8	254.8	179.5	-21.0	166.5	230.7	195.9	220.9
37 Bank loans n.e.c.	2.5	12.6	13.2	30.1	-14.3	11.0	-5.9	-55.6	.3	5.4	-7	-12.7
38 Other loans and advances	3.4	27.9	35.6	90.2	107.1	107.9	139.8	107.5	64.4	123.1	-36.7	19.1
39 Mortgages	5.3	7.9	14.9	24.8	5.1	-12.3	9.4	3.2	7.0	10.0	6.0	6.4
By borrowing sector												
40 Commercial banking	22.5	13.0	46.1	72.9	67.2	61.5	107.0	54.1	72.4	113.2	23.5	31.1
41 Savings institutions	2.6	25.5	19.7	52.2	48.0	59.2	51.9	5.8	40.6	59.1	-23.4	32.5
42 Credit unions	-1	.1	.1	.6	2.2	1.4	2.8	3.3	-2.9	.9	1.1	1.0
43 Life insurance companies	-1	1.1	.2	7	.7	3.0	1.1	-4.4	-7	-1.1	-3	-7
44 Government-sponsored enterprises	105.9	90.4	98.4	278.3	318.2	304.7	407.1	367.9	104.9	248.9	278.1	300.5
45 Federally related mortgage pools	98.3	141.0	114.6	192.6	273.8	271.9	244.5	182.2	143.7	122.1	225.4	307.4
46 Issuers of asset-backed securities (ABSs)	142.4	150.8	202.2	321.4	234.0	301.5	220.5	124.2	166.0	154.8	155.6	298.8
47 Finance companies	50.2	45.9	48.7	43.0	62.4	90.5	-17.2	99.2	52.3	103.9	96.9	46.8
48 Mortgage companies	-2.2	4.1	-4.6	1.6	.2	5.1	-6.1	6.2	-3.0	2.7	-3	1.0
49 Real estate investment trusts (REITs)	4.5	11.9	39.6	62.7	6.3	-19.7	7.9	11.3	11.5	9.8	-2.4	10.4
50 Brokers and dealers	-5.0	-2.0	8.1	7.2	-17.2	-18.3	17.8	-37.3	44.4	-7	25.4	-6.7
51 Funding corporations	34.9	64.1	80.7	40.7	92.2	-65.3	27.0	250.6	-11.4	4.0	-46.4	56.9

# A38 Domestic Financial Statistics □ June 2001

## 1.57 FUNDS RAISED IN U.S. CREDIT MARKETS<sup>1</sup>—Continued

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1995	1996	1997	1998	1999	1999			2000			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
	All sectors											
52 Total net borrowing, all sectors	1,243.7	1,365.4	1,530.1	2,161.8	2,234.6	1,910.7	2,319.6	2,170.3	1,659.8	1,781.4	1,602.2	1,962.6
53 Open market paper	74.3	102.6	184.1	193.1	229.9	27.2	180.7	556.6	218.4	199.8	128.4	283.6
54 U.S. government securities	348.6	376.4	236.0	418.3	520.7	478.1	582.7	516.1	33.0	-43.0	284.0	273.4
55 Municipal securities	-48.2	2.6	71.4	96.8	68.2	56.8	71.3	52.5	8.9	34.0	29.8	68.6
56 Corporate and foreign bonds	344.1	357.0	422.4	550.4	465.9	542.6	426.3	131.5	398.4	357.2	452.0	381.2
57 Bank loans n.e.c.	114.7	92.1	128.2	145.0	68.9	40.6	99.8	55.2	147.7	174.2	43.0	83.6
58 Other loans and advances	70.1	62.5	102.8	158.5	172.6	107.5	217.9	147.3	216.9	249.5	-40.7	161.0
59 Mortgages	201.1	283.5	332.6	532.0	614.0	596.6	664.8	601.5	491.9	672.6	583.0	576.9
60 Consumer credit	138.9	88.8	52.5	67.6	94.4	61.4	76.2	109.5	144.6	137.2	122.9	134.2
	Funds raised through mutual funds and corporate equities											
61 Total net issues	131.5	231.9	181.2	100.0	156.5	173.1	124.5	172.9	410.7	168.9	208.1	-105.7
62 Corporate equities	-16.0	-5.7	-83.9	-174.6	-31.8	-39.3	-3.0	.1	104.6	-68.7	-51.7	-282.0
63 Nonfinancial corporations	-58.3	-69.5	-114.4	-267.0	-143.5	-338.4	-128.4	-55.0	62.8	-248.8	-75.6	-350.8
64 Foreign shares purchased by U.S. residents	50.4	82.8	57.6	101.2	114.4	284.4	121.7	71.3	63.3	180.1	50.0	71.5
65 Financial corporations	-8.1	-19.0	-27.1	-8.9	-2.8	14.7	3.7	-16.2	-21.4	-1	-26.1	-2.8
66 Mutual fund shares	147.4	237.6	265.1	274.6	188.3	212.4	127.5	172.8	306.1	237.6	259.8	176.3

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

1.58 SUMMARY OF FINANCIAL TRANSACTIONS<sup>1</sup>

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

Transaction category or sector	1995	1996	1997	1998	1999	1999			2000			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
NET LENDING IN CREDIT MARKETS <sup>2</sup>												
1 Total net lending in credit markets	1,243.7	1,365.4	1,530.1	2,161.8	2,234.6	1,910.7	2,319.6	2,170.3	1,659.8	1,781.4	1,602.2	1,962.6
2 Domestic nonfederal nonfinancial sectors	-61.0	79.5	-13.7	132.3	264.5	360.2	234.2	-8.8	-156.0	151.0	-178.1	-212.4
3 Household	34.5	127.8	1.0	-16.2	200.5	279.4	242.8	9.7	-251.3	84.3	-186.6	-219.4
4 Nonfinancial corporate business	-8.8	-10.2	-12.7	14.0	19.1	-1.4	33.0	-22.3	90.4	22.6	3.7	-29.4
5 Nonfarm noncorporate business	4.7	-4.3	-2.1	.1	1.5	1.2	.8	1.4	2.6	2.8	3.8	4.3
6 State and local governments	-91.4	-33.7	.1	134.5	43.4	81.0	-42.4	2.4	2.3	41.4	1.0	32.1
7 Federal government	-5	-7.2	5.1	13.5	5.8	6.7	11.2	-11.7	6.5	7.7	4.5	15.0
8 Rest of the world	273.9	414.4	311.3	254.2	210.6	61.6	385.3	138.7	325.9	207.1	195.0	390.9
9 Financial sectors	1,031.2	878.7	1,227.5	1,761.7	1,753.7	1,482.1	1,688.9	2,052.2	1,483.4	1,415.6	1,580.8	1,769.1
10 Monetary authority	12.7	12.3	38.3	21.1	25.7	59.8	20.6	-42.2	103.4	-3.9	27.3	7.9
11 Commercial banking	265.9	187.5	324.3	305.2	308.2	166.6	449.4	548.7	377.1	484.6	369.3	206.1
12 U.S.-chartered banks	186.5	119.6	274.9	312.0	317.6	259.4	421.9	457.7	409.2	505.6	332.8	113.9
13 Foreign banking offices in United States	75.4	63.3	40.2	-11.9	-20.1	-102.5	33.2	42.0	4.8	-29.9	30.9	90.4
14 Bank holding companies	-3	3.9	5.4	-9	6.2	4	-12.4	42.6	-42.2	3.5	-6.7	-3.3
15 Banks in U.S.-affiliated areas	4.2	.7	3.7	6.0	4.4	9.2	6.6	6.3	5.4	5.4	12.3	5.1
16 Savings institutions	-7.6	19.9	-4.7	36.3	68.7	85.3	58.1	20.2	50.2	73.0	56.5	43.0
17 Credit unions	16.2	25.5	16.8	19.0	27.5	32.7	27.5	18.8	35.6	36.6	28.5	25.4
18 Bank personal trusts and estates	-8.3	-7.7	-25.0	-12.8	27.8	27.8	27.8	27.8	18.9	13.8	17.6	18.1
19 Life insurance companies	100.0	69.6	104.8	76.9	53.5	68.2	36.8	30.7	57.2	52.0	85.9	79.7
20 Other insurance companies	21.5	22.5	25.2	20.4	-4.2	26.7	-14.4	-9.4	-14.0	-18.1	6.0	6.3
21 Private pension funds	19.9	-4.1	47.6	56.4	45.0	68.7	5.9	49.8	46.8	24.7	68.9	21.4
22 State and local government retirement funds	33.6	37.3	63.8	71.5	49.9	25.1	40.0	58.2	55.3	20.7	-32.1	8.5
23 Money market mutual funds	86.5	88.8	87.5	244.0	182.0	-67.0	224.8	354.5	208.8	-156.2	244.9	299.4
24 Mutual funds	52.5	48.9	80.9	124.8	47.2	117.2	-13.0	-12.7	-77.8	63.7	46.3	72.2
25 Closed-end funds	10.5	4.7	-2.9	4.5	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
26 Government-sponsored enterprises	86.7	84.2	94.3	261.7	235.5	251.7	275.9	225.3	139.2	222.5	158.9	264.5
27 Federally related mortgage pools	98.3	141.0	114.6	192.6	273.8	271.9	244.5	182.2	143.7	122.1	225.4	307.4
28 Asset-backed securities issuers (ABSS)	120.6	120.5	163.8	281.7	215.8	284.8	212.0	94.4	145.3	120.3	120.4	269.9
29 Finance companies	49.9	18.4	21.9	51.9	94.9	88.1	91.7	114.4	132.9	138.9	81.4	43.4
30 Mortgage companies	-3.4	8.2	-9.1	3.2	.3	10.2	-12.1	12.3	-6.0	5.5	-5	2.0
31 Real estate investment trusts (REITs)	1.4	4.4	20.2	-5.1	-2.6	-2.2	-2.7	-7.0	-16.3	-2.5	-3.6	-5.4
32 Brokers and dealers	90.1	-15.7	14.9	6.8	-34.7	-135.9	-6.7	-30.5	122.5	38.1	176.8	-52.9
33 Funding corporations	-15.7	12.6	50.4	1.6	136.3	99.4	19.7	413.6	-42.6	176.8	-100.2	149.2
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 Net flows through credit markets	1,243.7	1,365.4	1,530.1	2,161.8	2,234.6	1,910.7	2,319.6	2,170.3	1,659.8	1,781.4	1,602.2	1,962.6
Other financial sources												
35 Official foreign exchange	8.8	-6.3	.7	6.6	-8.7	-5.4	-8.5	-7.0	1.5	-8.8	.7	8.7
36 Special drawing rights certificates	2.2	-5	-5	.0	-3.0	.0	-4.0	-4.0	.0	-8.0	-4.0	-4.0
37 Treasury currency	.7	.5	.5	.6	1.0	2.1	2.0	.0	2.2	3.2	4.2	.0
38 Foreign deposits	35.3	85.9	108.9	2.0	86.5	110.1	69.4	52.7	258.5	8.5	-89.2	-80.0
39 Net interbank transactions	10.0	-51.6	-19.7	-32.3	17.6	93.4	-30.8	-40.7	-71.1	177.7	-61.3	-84.6
40 Checkable deposits and currency	-12.8	15.7	41.2	47.4	151.4	37.5	139.3	365.2	-219.1	-65.0	49.2	-49.4
41 Small time and savings deposits	96.6	97.2	97.1	152.4	44.7	106.6	119.1	28.0	104.3	130.3	238.5	298.8
42 Large time deposits	65.6	114.0	122.5	92.1	130.6	42.4	102.7	359.4	149.2	108.4	141.5	64.9
43 Money market fund shares	141.2	145.4	155.9	287.2	249.1	115.3	174.3	485.5	241.0	48.2	241.9	402.8
44 Security repurchase agreements	110.5	41.4	120.9	91.3	169.7	-80.7	191.4	310.5	284.1	130.4	238.2	-200.6
45 Corporate equities	-16.0	-5.7	-83.9	-174.6	-31.8	-39.3	-3.0	.1	104.6	-68.7	-51.7	-282.0
46 Mutual fund shares	147.4	237.6	265.1	274.6	188.3	212.4	127.5	172.8	306.1	237.6	259.8	176.3
47 Trade payables	127.5	113.5	132.1	29.0	197.3	224.4	243.6	199.5	228.2	124.8	132.6	100.5
48 Security credit	26.7	52.4	111.0	103.3	104.3	128.2	29.7	321.3	523.4	-99.8	104.1	14.4
49 Life insurance reserves	45.8	44.5	59.3	48.0	50.8	42.1	48.1	57.6	49.8	59.7	51.7	55.6
50 Pension fund reserves	158.7	148.1	201.2	202.5	187.7	199.0	191.6	177.3	217.6	220.4	196.2	129.3
51 Taxes payable	6.2	16.2	15.7	12.0	15.7	47.3	.4	16.8	22.5	31.6	-6.0	19.3
52 Investment in bank personal trusts	6.4	-5.3	-49.9	-42.5	-7.1	-7.1	-7.2	-6.9	-5.9	-10.6	-6.6	-5.5
53 Noncorporate proprietors' equity	34.6	-3.4	-46.0	-41.4	-8.0	23.8	-56.5	10.2	-13.4	-2.4	39.9	-18.2
54 Miscellaneous	505.4	532.1	487.5	841.6	749.1	1,436.1	534.8	584.9	701.5	1,105.4	1,189.7	1,063.7
55 Total financial sources	2,744.3	2,937.2	3,249.7	4,061.4	4,519.7	4,598.8	4,183.4	5,253.8	4,544.7	3,904.2	4,271.5	3,572.7
Liabilities not identified as assets (-)												
56 Treasury currency	-3	-4	-2	-1	-7	.6	.2	-2.2	-1.8	-7	9	-1.6
57 Foreign deposits	25.1	59.6	107.4	-6.4	66.5	96.8	27.3	92.5	209.4	-65.7	-111.7	-132.1
58 Net interbank liabilities	-3.1	-3.3	-19.9	3.4	3.5	-4.8	-7.0	-23.7	24.4	-4.3	-18.3	68.5
59 Security repurchase agreements	25.7	2.4	63.2	61.3	30.1	-4	133.2	-225.9	561.2	27.6	119.3	-249.6
60 Taxes payable	21.1	23.1	28.0	13.9	3.2	25.0	3.0	-6.4	7.7	7.4	-15.4	-9.9
61 Miscellaneous	-166.0	-82.8	-84.7	-56.4	-317.5	-101.4	-489.7	-157.6	-340.6	-267.1	-38.6	21.7
Floats not included in assets (-)												
62 Federal government checkable deposits	-6.0	.5	-2.7	2.6	-7.4	-27.0	8.6	-9.2	28.7	-2.6	-2.0	13.7
63 Other checkable deposits	-3.8	-4.0	-3.9	-3.1	-8	-9	-3	.0	.6	1.5	1.9	2.7
64 Trade credit	14.1	-21.9	-28.5	-40.1	54.0	-64.6	73.1	161.7	-2.9	-38.3	-41.4	32.2
65 Total identified to sectors as assets	2,837.6	2,964.2	3,190.9	4,086.3	4,688.9	4,675.5	4,434.9	5,424.6	4,058.0	4,246.5	4,376.7	3,827.0

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<sup>1</sup>

Billions of dollars, end of period

Transaction category or sector	1996	1997	1998	1999	1999			2000			
					Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Nonfinancial sectors										
1 Total credit market debt owed by domestic nonfinancial sectors	14,443.7	15,246.8	16,291.4	17,447.5	16,786.7	17,109.0	17,447.5	17,677.2	17,857.4	18,064.0	18,344.3
By sector and instrument											
2 Federal government	3,781.8	3,804.9	3,752.2	3,681.0	3,651.7	3,633.4	3,681.0	3,653.5	3,464.0	3,410.2	3,385.2
3 Treasury securities	3,755.1	3,778.3	3,723.7	3,652.8	3,623.4	3,605.1	3,652.8	3,625.8	3,435.7	3,382.6	3,357.8
4 Budget agency securities and mortgages	26.6	26.5	28.5	28.3	28.3	28.3	28.3	27.8	28.2	27.6	27.3
5 Nonfederal	10,662.0	11,441.9	12,539.1	13,766.5	13,135.0	13,475.6	13,766.5	14,023.7	14,393.5	14,653.9	14,959.2
By instrument											
6 Commercial paper	156.4	168.6	193.0	230.3	232.4	239.3	230.3	260.8	296.8	307.0	278.4
7 Municipal securities and loans	1,296.0	1,367.5	1,464.3	1,532.5	1,510.0	1,518.6	1,532.5	1,539.2	1,551.6	1,550.3	1,567.8
8 Corporate bonds	1,460.4	1,610.9	1,829.6	2,059.5	1,970.0	2,020.7	2,059.5	2,106.0	2,144.5	2,190.6	2,234.5
9 Bank loans n.e.c.	934.1	1,040.5	1,148.8	1,231.5	1,178.5	1,202.9	1,231.5	1,259.1	1,307.2	1,311.6	1,334.2
10 Other loans and advances	770.4	839.5	913.8	985.3	956.0	969.8	985.3	1,030.2	1,059.0	1,063.6	1,100.4
11 Mortgages	4,833.1	5,150.8	5,658.0	6,301.3	5,947.8	6,154.2	6,301.3	6,412.4	6,580.4	6,735.2	6,875.0
12 Home	3,719.0	3,971.3	4,358.1	4,790.1	4,563.8	4,693.3	4,790.1	4,865.9	4,990.6	5,108.6	5,209.4
13 Multifamily residential	278.4	286.6	307.4	347.8	324.8	335.1	347.8	355.2	366.4	374.2	383.3
14 Commercial	748.6	802.6	896.0	1,061.4	959.6	1,024.4	1,061.4	1,087.5	1,117.4	1,145.1	1,174.3
15 Farm	87.1	90.3	96.5	102.0	99.6	101.4	102.0	103.7	106.0	107.3	108.0
16 Consumer credit	1,211.6	1,264.1	1,331.7	1,426.2	1,340.4	1,370.1	1,426.2	1,416.0	1,454.0	1,495.6	1,568.8
By borrowing sector											
17 Household	5,222.5	5,559.9	6,039.0	6,577.5	6,260.7	6,424.7	6,577.5	6,647.5	6,816.7	6,985.8	7,169.1
18 Nonfinancial business	4,376.1	4,762.5	5,300.3	5,936.8	5,636.0	5,808.5	5,936.8	6,118.9	6,311.0	6,405.0	6,510.8
19 Corporate	3,095.3	3,359.9	3,778.0	4,294.0	4,062.0	4,199.7	4,294.0	4,445.5	4,601.2	4,667.0	4,740.8
20 Nonfarm noncorporate	1,130.9	1,246.5	1,358.4	1,473.8	1,408.0	1,440.2	1,473.8	1,503.2	1,534.5	1,561.1	1,590.9
21 Farm	149.9	156.1	163.8	169.0	166.1	168.6	169.0	170.2	175.4	176.9	179.1
22 State and local government	1,063.4	1,119.5	1,199.8	1,252.1	1,238.2	1,242.4	1,252.1	1,257.3	1,265.7	1,263.1	1,279.3
23 Foreign credit market debt held in United States	542.2	608.0	651.4	676.9	652.7	672.9	676.9	704.6	699.3	727.8	738.8
24 Commercial paper	67.5	65.1	72.9	89.2	70.1	81.8	89.2	101.6	101.2	109.8	120.9
25 Bonds	366.3	427.7	462.5	476.7	466.4	477.4	476.7	488.1	481.3	499.2	495.4
26 Bank loans n.e.c.	43.7	52.1	58.9	59.4	60.5	58.8	59.4	63.3	64.7	67.7	70.7
27 Other loans and advances	64.7	63.0	57.2	51.7	55.8	55.0	51.7	51.7	52.1	51.2	51.8
28 Total credit market debt owed by nonfinancial sectors, domestic and foreign	14,985.9	15,854.7	16,942.8	18,124.4	17,439.4	17,781.9	18,124.4	18,381.8	18,556.7	18,791.9	19,083.1
	Financial sectors										
29 Total credit market debt owed by financial sectors	4,824.5	5,445.2	6,519.1	7,607.0	7,073.3	7,346.8	7,607.0	7,744.3	7,964.4	8,160.1	8,430.8
By instrument											
30 Federal government-related	2,608.2	2,821.1	3,292.0	3,884.0	3,580.7	3,745.9	3,884.0	3,940.1	4,035.5	4,164.2	4,316.7
31 Government-sponsored enterprise securities	896.9	995.3	1,273.6	1,591.7	1,398.0	1,499.8	1,591.7	1,618.0	1,680.2	1,749.7	1,824.8
32 Mortgage pool securities	1,711.3	1,825.8	2,018.4	2,292.2	2,182.7	2,246.1	2,292.2	2,322.1	2,355.3	2,414.5	2,491.9
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	2,216.3	2,624.1	3,227.1	3,723.0	3,492.6	3,601.0	3,723.0	3,804.2	3,928.9	3,995.9	4,114.1
35 Open market paper	579.1	745.7	906.7	1,082.9	940.9	963.4	1,082.9	1,115.7	1,135.2	1,151.6	1,210.7
36 Corporate bonds	1,378.4	1,555.9	1,852.8	2,074.6	2,042.8	2,091.1	2,074.6	2,114.2	2,183.2	2,239.3	2,290.1
37 Bank loans n.e.c.	64.0	77.2	107.2	92.9	106.8	105.2	92.9	91.4	92.7	92.5	91.0
38 Other loans and advances	162.9	198.5	288.7	395.8	328.6	365.4	395.8	404.4	436.9	430.2	438.3
39 Mortgages	31.9	46.8	71.6	76.7	73.6	75.9	76.7	78.5	81.0	82.5	84.1
By borrowing sector											
40 Commercial banks	113.6	140.6	188.6	230.0	202.7	224.2	230.0	242.2	265.4	265.2	266.8
41 Bank holding companies	150.0	168.6	193.5	219.3	205.5	211.8	219.3	221.4	229.3	236.9	242.5
42 Savings institutions	140.5	160.3	212.4	260.4	241.6	255.4	260.4	266.9	280.7	276.0	287.7
43 Credit unions	.4	.6	1.1	3.4	1.8	2.5	3.4	2.6	2.9	3.1	3.4
44 Life insurance companies	1.6	1.8	2.5	3.2	4.0	4.3	3.2	3.0	2.7	2.7	2.5
45 Government-sponsored enterprises	896.9	995.3	1,273.6	1,591.7	1,398.0	1,499.8	1,591.7	1,618.0	1,680.2	1,749.7	1,824.8
46 Federally related mortgage pools	1,711.3	1,825.8	2,018.4	2,292.2	2,182.7	2,246.1	2,292.2	2,322.1	2,355.3	2,414.5	2,491.9
47 Issuers of asset-backed securities (ABSs)	863.3	1,076.6	1,398.0	1,632.0	1,539.9	1,599.1	1,632.0	1,665.8	1,706.4	1,753.6	1,837.8
48 Brokers and dealers	27.3	35.3	42.5	25.3	30.2	34.6	25.3	36.4	36.2	42.6	40.9
49 Finance companies	529.8	554.5	597.5	659.9	639.2	628.5	659.9	670.7	699.2	716.5	734.8
50 Mortgage companies	20.6	16.0	17.7	17.8	17.8	16.3	17.8	17.1	17.8	17.7	17.9
51 Real estate investment trusts (REITs)	56.5	96.1	158.8	165.1	160.3	162.2	165.1	167.9	170.4	169.8	172.4
52 Funding corporations	312.7	373.7	414.4	506.6	449.7	462.0	506.6	510.1	517.9	511.9	507.4
	All sectors										
53 Total credit market debt, domestic and foreign	19,810.4	21,300.0	23,461.9	25,731.4	24,512.7	25,128.7	25,731.4	26,126.1	26,521.1	26,952.0	27,513.9
54 Open market paper	803.0	979.4	1,172.6	1,402.4	1,243.3	1,284.5	1,402.4	1,478.1	1,533.3	1,568.3	1,610.0
55 U.S. government securities	6,389.9	6,626.0	7,044.3	7,565.0	7,232.4	7,379.2	7,565.0	7,593.6	7,499.4	7,574.4	7,701.8
56 Municipal securities	1,296.0	1,367.5	1,464.3	1,532.5	1,510.0	1,518.6	1,532.5	1,539.2	1,551.6	1,550.3	1,567.8
57 Corporate and foreign bonds	3,205.1	3,594.5	4,144.9	4,610.8	4,479.2	4,589.1	4,610.8	4,708.3	4,808.9	4,929.0	5,019.9
58 Bank loans n.e.c.	1,041.7	1,169.8	1,314.9	1,383.8	1,345.7	1,366.9	1,383.8	1,413.7	1,464.6	1,471.7	1,495.9
59 Other loans and advances	998.0	1,101.0	1,259.6	1,432.7	1,340.3	1,390.1	1,432.7	1,486.3	1,548.0	1,545.0	1,590.5
60 Mortgages	4,865.1	5,197.7	5,729.6	6,378.0	6,021.4	6,230.1	6,378.0	6,490.8	6,661.3	6,817.7	6,959.1
61 Consumer credit	1,211.6	1,264.1	1,331.7	1,426.2	1,340.4	1,370.1	1,426.2	1,416.0	1,454.0	1,495.6	1,568.8

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

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES<sup>1</sup>

Billions of dollars except as noted, end of period

Transaction category or sector	1996	1997	1998	1999	1999			2000			
					Q2	Q3	Q4	Q1	Q2	Q3	Q4
CREDIT MARKET DEBT OUTSTANDING <sup>2</sup>											
1 Total credit market assets .....	19,810.4	21,300.0	23,461.9	25,731.4	24,512.7	25,128.7	25,731.4	26,126.1	26,521.1	26,952.0	27,513.9
2 Domestic nonfederal nonfinancial sectors .....	3,032.1	2,974.7	3,078.7	3,413.3	3,233.9	3,291.4	3,413.3	3,343.6	3,355.1	3,317.0	3,326.4
3 Household .....	2,119.1	2,076.4	2,031.9	2,302.5	2,133.6	2,191.8	2,302.5	2,233.7	2,224.0	2,182.1	2,171.2
4 Nonfinancial corporate business .....	270.2	257.5	271.5	290.6	268.5	280.5	290.6	288.9	296.5	301.5	312.4
5 Nonfarm noncorporate business .....	38.0	35.9	35.9	37.5	36.9	37.1	37.5	38.1	38.8	39.8	40.8
6 State and local governments .....	604.8	605.0	739.4	782.8	794.8	781.9	782.8	782.9	795.8	793.7	802.0
7 Federal government .....	200.2	205.4	219.1	258.0	225.0	260.7	258.0	259.6	261.6	262.7	266.4
8 Rest of the world .....	1,926.6	2,257.3	2,539.8	2,678.0	2,621.3	2,718.1	2,678.0	2,763.6	2,812.8	2,862.0	2,957.7
9 Financial sectors .....	14,651.5	15,862.5	17,624.3	19,382.0	18,432.5	18,858.5	19,382.0	19,759.3	20,091.6	20,510.3	20,963.3
10 Monetary authority .....	393.1	431.4	452.5	478.1	485.1	489.3	478.1	501.9	505.1	511.5	511.8
11 Commercial banking .....	3,707.7	4,031.9	4,335.7	4,643.9	4,383.4	4,488.3	4,643.9	4,725.0	4,847.4	4,931.0	5,003.1
12 U.S.-chartered banks .....	3,175.8	3,450.7	3,761.2	4,078.9	3,847.6	3,944.3	4,078.9	4,171.3	4,295.4	4,368.2	4,419.3
13 Foreign banking offices in United States .....	475.8	516.1	504.2	484.1	465.7	475.3	484.1	482.0	478.1	487.5	508.1
14 Bank holding companies .....	22.0	27.4	26.5	32.7	25.1	22.0	32.7	22.1	23.0	21.3	20.5
15 Banks in U.S.-affiliated areas .....	34.1	37.8	43.8	48.3	45.0	46.7	48.3	49.6	51.0	54.0	55.3
16 Savings institutions .....	933.2	928.5	964.8	1,033.4	1,011.4	1,030.8	1,033.4	1,044.5	1,061.7	1,080.9	1,089.1
17 Credit unions .....	288.5	305.3	324.2	351.7	341.0	348.5	351.7	359.0	370.8	378.6	383.2
18 Bank personal trusts and estates .....	232.0	207.0	194.1	222.0	208.0	215.0	222.0	226.7	230.2	234.6	239.1
19 Life insurance companies .....	1,657.0	1,751.1	1,828.0	1,886.0	1,869.6	1,880.4	1,886.0	1,901.5	1,913.4	1,936.5	1,954.7
20 Other insurance companies .....	491.2	515.3	535.7	531.6	537.5	533.9	531.6	528.0	523.5	525.0	526.6
21 Private pension funds .....	627.0	674.6	731.0	775.9	762.0	763.5	775.9	787.6	793.8	811.0	816.4
22 State and local government retirement funds .....	568.2	632.0	703.6	753.4	728.9	738.9	753.4	767.2	772.4	764.4	766.5
23 Money market mutual funds .....	634.3	721.9	965.9	1,147.8	1,001.8	1,049.7	1,147.8	1,217.1	1,159.4	1,212.5	1,297.1
24 Mutual funds .....	820.2	901.1	1,025.9	1,073.1	1,083.7	1,083.0	1,073.1	1,053.7	1,073.9	1,088.1	1,099.2
25 Closed-end funds .....	101.1	98.3	102.8	105.9	104.3	105.1	105.9	106.7	107.4	108.2	109.0
26 Government-sponsored enterprises .....	807.9	902.2	1,163.9	1,399.5	1,268.5	1,339.1	1,399.5	1,426.6	1,483.8	1,532.8	1,602.9
27 Federally related mortgage pools .....	1,711.3	1,825.8	2,018.4	2,292.2	2,182.7	2,246.1	2,292.2	2,322.1	2,355.3	2,414.5	2,491.9
28 Asset-backed securities issuers (ABSs) .....	773.9	937.7	1,219.4	1,435.3	1,352.7	1,409.8	1,435.3	1,463.9	1,495.8	1,534.3	1,611.2
29 Finance companies .....	544.5	566.4	618.4	713.3	660.9	678.2	713.3	747.0	780.6	795.5	812.4
30 Mortgage companies .....	41.2	32.1	35.3	35.6	35.6	32.5	35.6	34.1	35.5	35.4	35.9
31 Real estate investment trusts (REITs) .....	30.4	50.6	45.5	42.9	45.3	44.7	42.9	38.8	38.2	37.3	36.0
32 Brokers and dealers .....	167.7	182.6	189.4	154.7	158.8	166.8	154.7	201.1	189.3	243.5	225.8
33 Funding corporations .....	121.0	166.7	169.8	305.8	211.1	214.9	305.8	306.7	354.2	334.6	351.6
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 Total credit market debt .....	19,810.4	21,300.0	23,461.9	25,731.4	24,512.7	25,128.7	25,731.4	26,126.1	26,521.1	26,952.0	27,513.9
Other liabilities											
35 Official foreign exchange .....	53.7	48.9	60.1	50.1	50.9	52.1	50.1	49.4	46.5	44.9	46.1
36 Special drawing rights certificates .....	9.7	9.2	9.2	6.2	8.2	7.2	6.2	6.2	4.2	3.2	2.2
37 Treasury currency .....	18.9	19.3	19.9	20.9	20.4	20.9	20.9	21.4	22.1	23.2	23.2
38 Foreign deposits .....	521.7	619.7	639.0	725.8	694.9	712.3	725.8	790.4	792.6	770.3	750.3
39 Net interbank liabilities .....	240.8	219.4	189.0	204.5	207.1	199.6	204.5	168.1	215.9	200.3	198.5
40 Checkable deposits and currency .....	1,244.8	1,286.1	1,333.4	1,484.8	1,353.1	1,353.8	1,484.8	1,392.9	1,409.7	1,385.7	1,413.7
41 Small time and savings deposits .....	2,377.0	2,474.1	2,626.5	2,671.2	2,644.6	2,665.9	2,671.2	2,728.0	2,738.8	2,790.9	2,864.2
42 Large time deposits .....	590.9	713.4	805.5	936.1	809.0	837.5	936.1	966.5	987.4	1,025.9	1,052.1
43 Money market fund shares .....	886.7	1,042.5	1,329.7	1,578.8	1,393.5	1,444.9	1,578.8	1,666.0	1,627.1	1,697.8	1,812.3
44 Security repurchase agreements .....	701.5	822.4	913.7	1,083.4	957.1	999.4	1,083.4	1,155.8	1,185.1	1,238.6	1,196.5
45 Mutual fund shares .....	2,342.4	2,989.4	3,610.5	4,553.4	4,049.1	3,931.5	4,553.4	4,863.3	4,759.6	4,815.0	4,432.8
46 Security credit .....	358.1	469.1	572.3	676.6	585.5	593.1	676.6	803.7	780.5	805.8	812.1
47 Life insurance reserves .....	610.6	665.0	718.3	783.9	749.8	756.2	783.9	799.9	809.4	822.3	823.5
48 Pension fund reserves .....	6,582.4	7,725.5	8,760.0	9,747.7	9,294.3	8,959.6	9,747.7	9,952.3	9,869.2	10,021.9	9,847.5
49 Trade payables .....	1,809.3	1,941.4	1,970.3	2,167.6	2,030.8	2,097.9	2,167.6	2,198.3	2,229.9	2,269.9	2,314.1
50 Taxes payable .....	123.8	139.5	151.5	167.2	162.4	167.5	167.2	180.5	180.0	184.1	184.1
51 Investment in bank personal trusts .....	871.3	942.5	1,001.0	1,130.4	1,061.0	1,019.0	1,130.4	1,163.0	1,124.1	1,122.3	1,039.0
52 Miscellaneous .....	6,349.1	6,670.6	7,237.9	7,787.5	7,431.5	7,448.5	7,787.5	7,915.4	8,164.1	8,609.7	8,777.6
53 Total liabilities .....	45,502.9	50,097.8	55,409.7	61,507.5	58,017.0	58,395.6	61,507.5	62,947.3	63,467.3	64,783.9	65,103.6
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights .....	21.4	21.1	21.6	21.4	20.8	21.3	21.4	21.4	21.5	21.4	21.6
55 Corporate equities .....	10,255.8	13,201.3	15,427.8	19,576.3	17,060.4	16,214.9	19,576.3	20,232.0	19,258.1	19,066.7	17,168.8
56 Household equity in noncorporate business .....	3,889.2	4,164.4	4,414.7	4,704.5	4,548.9	4,623.1	4,704.5	4,732.2	4,779.2	4,835.0	4,915.7
Liabilities not identified as assets (-)											
57 Treasury currency .....	-6.1	-6.3	-6.4	-7.1	-6.6	-6.6	-7.1	-7.6	-7.9	-7.6	-8.0
58 Foreign deposits .....	437.0	538.3	548.2	615.0	584.7	591.5	615.0	667.4	650.9	623.0	590.0
59 Net interbank transactions .....	-10.6	-32.2	-27.0	-25.5	-10.6	-13.2	-25.5	-11.9	-11.6	-17.6	-4.1
60 Security repurchase agreements .....	109.8	172.9	234.3	264.4	291.6	325.0	264.4	411.3	416.5	445.3	379.0
61 Taxes payable .....	76.9	92.6	102.0	95.3	112.2	96.5	95.3	89.1	103.0	93.7	96.2
62 Miscellaneous .....	-1,517.9	-1,889.8	-2,434.3	-2,884.0	-2,673.2	-2,988.0	-2,884.0	-3,029.7	-3,035.6	-2,805.8	-3,126.0
Floats not included in assets (-)											
63 Federal government checkable deposits .....	-1.6	-8.1	-3.9	-9.9	-12.4	-10.2	-9.9	-6.5	-5.2	-7.8	-2.3
64 Other checkable deposits .....	30.1	26.2	23.1	22.3	22.1	14.5	22.3	18.7	22.5	15.5	24.0
65 Trade credit .....	171.8	133.5	94.5	145.9	19.2	36.2	145.9	94.7	62.3	51.5	133.3
66 Total identified to sectors as assets .....	60,380.0	68,457.3	76,743.2	87,593.4	81,320.0	81,209.2	87,593.4	89,709.3	89,331.2	90,316.8	89,127.7

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

2. Excludes corporate equities and mutual fund shares.

## 2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1998	1999	2000	2000						2001		
				July	Aug.	Sept.	Oct.	Nov.	Dec. <sup>f</sup>	Jan. <sup>f</sup>	Feb.	Mar. <sup>p</sup>
<b>1 Industrial production<sup>1</sup></b> .....	<b>134.0</b>	<b>139.6</b>	<b>147.5</b>	<b>147.6</b>	<b>148.6</b>	<b>149.0</b>	<b>148.7</b>	<b>148.2</b>	<b>147.3</b>	<b>146.4</b>	<b>145.9</b>	<b>146.5</b>
<i>Market groups</i>												
2 Products, total .....	127.2	131.2	136.2	135.8	136.6	136.7	136.3	136.3	136.0	135.5	134.9	135.4
3 Final, total .....	129.3	133.3	138.8 <sup>f</sup>	138.1	139.2	139.3	138.8	138.8	139.0	138.2	137.7	138.4
4 Consumer goods .....	118.4	120.8	123.0	122.9	123.8	123.8	122.7	122.4	123.1	122.1	122.0	122.3
5 Equipment .....	147.1	153.8	166.1	166.3	167.9	168.3	169.1	169.9	168.9	168.6	167.1	168.8
6 Intermediate .....	121.0	125.1	128.7 <sup>f</sup>	128.7	128.8	128.6	128.7	128.5	126.8	127.3	126.5	126.2
7 Materials .....	145.7	154.5	167.8 <sup>f</sup>	169.0	170.5	171.3	171.1	169.9	167.8	166.2	165.8	166.5
<i>Industry groups</i>												
8 Manufacturing .....	138.2	144.8	153.6	153.7	154.6	155.1	154.9	154.1	152.6	151.8	151.3	151.8
9 Capacity utilization, manufacturing (percent) <sup>2</sup> ..	81.3	80.5	81.3	81.6	81.7	81.7	81.2	80.5	79.3	78.6	78.2	78.1
10 Construction contracts <sup>3</sup> .....	122.4 <sup>f</sup>	134.9 <sup>f</sup>	142.2 <sup>f</sup>	140.0 <sup>f</sup>	138.0	143.0 <sup>f</sup>	150.0 <sup>f</sup>	143.0 <sup>f</sup>	143.0	151.0	147.0	139.0
11 Nonagricultural employment, total <sup>4</sup> .....	123.5	126.3	128.9	129.1	129.0	129.2	129.3	129.3	129.4	129.6	129.8	129.7
12 Goods-producing, total .....	103.0	103.3	104.0	104.4	103.9	103.9	104.0	103.9	103.6	103.9	103.6	103.3
13 Manufacturing, total .....	99.0	97.6	97.0	97.6	97.0	96.7	96.7	96.6	96.4	95.9	95.4	95.0
14 Manufacturing, production workers .....	100.0	98.4	97.6	98.4	97.5	97.2	97.1	97.0	96.6	96.1	95.5	94.9
15 Service-producing .....	130.0	133.7	136.8	137.0	137.0	137.3	137.3	137.4	137.6	137.8	138.1	138.1
16 Personal income, total .....	186.5	196.6	209.0	209.5	210.1	212.5	212.1	212.5	213.5	214.8	215.8	216.8
17 Wages and salary disbursements .....	184.6	196.9	210.1	211.0	211.3	212.7	214.0	214.6	215.2	216.8	218.1	219.1
18 Manufacturing .....	152.3	157.4	164.2	165.8	164.9	165.1	166.6	166.9	165.5	165.8	165.5	165.6
19 Disposable personal income <sup>5</sup> .....	182.7	191.9	202.0	202.5	202.9	205.2	204.4	204.6	205.5	206.5	207.5	208.5
20 Retail sales <sup>5</sup> .....	178.4	194.7	210.0 <sup>f</sup>	211.1	211.0	212.7	212.5	211.3	211.6	214.4	214.3	213.7
<i>Prices<sup>6</sup></i>												
21 Consumer (1982-84=100) .....	163.0	166.6	172.2	172.8	172.8	173.7	174.0	174.1	174.0	175.1	175.8	176.2
22 Producer finished goods (1982=100) .....	130.7	133.0	138.0	138.6	138.2	139.4	140.1	140.0 <sup>f</sup>	139.7	141.2	141.5	141.0

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, <http://www.federalreserve.gov/releases/g17>. The latest historical revision of the industrial production index and the capacity utilization rates was released in December 2000. The recent annual revision is described in an article in the March 2001 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67-92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187-204.

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

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

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

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

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

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

## 2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1998	1999	2000	2000					2001		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan. <sup>1</sup>	Feb. <sup>2</sup>	Mar.
HOUSEHOLD SURVEY DATA <sup>1</sup>											
1 Civilian labor force <sup>2</sup> .....	137,673	139,368	140,863	140,724	140,847	141,000	141,136	141,489	141,955	141,751	141,868
<i>Employment</i>											
2 Nonagricultural industries <sup>3</sup> .....	128,085	130,207	131,903	131,622	131,954	132,223	132,302	132,562	132,819	132,680	132,618
3 Agriculture .....	3,378	3,281	3,305	3,317	3,356	3,241	3,176	3,274	3,179	3,135	3,161
<i>Unemployment</i>											
4 Number .....	6,210	5,880	5,655	5,785	5,537	5,536	5,658	5,653	5,956	5,936	6,088
5 Rate (percent of civilian labor force) .....	4.5	4.2	4.0	4.1	3.9	3.9	4.0	4.0	4.2	4.2	4.3
ESTABLISHMENT SURVEY DATA											
6 Nonagricultural payroll employment <sup>4</sup> .....	125,865	128,786	131,417	131,528	131,723	131,789	131,842	131,878	132,167	132,307	132,221
7 Manufacturing .....	18,805	18,543	18,437	18,432	18,380	18,378	18,360	18,312	18,220	18,123	18,042
8 Mining .....	590	535	538	537	539	542	541	540	547	550	552
9 Contract construction .....	6,020	6,404	6,687	6,675	6,720	6,745	6,734	6,717	6,874	6,881	6,893
10 Transportation and public utilities .....	6,611	6,826	6,993	6,941	7,037	7,046	7,060	7,086	7,077	7,108	7,113
11 Trade .....	29,095	29,712	30,191	30,253	30,249	30,280	30,331	30,330	30,346	30,421	30,373
12 Finance .....	7,389	7,569	7,618	7,608	7,622	7,638	7,647	7,661	7,676	7,689	7,706
13 Service .....	37,533	39,027	40,384	40,572	40,685	40,696	40,764	40,797	40,917	40,946	40,957
14 Government .....	19,823	20,170	20,570	20,510	20,491	20,464	20,405	20,435	20,510	20,589	20,585

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

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

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

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

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



2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION<sup>1</sup>

Seasonally adjusted

Series	2000			2001	2000			2001	2000			2001	
	Q2	Q3	Q4 <sup>c</sup>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 <sup>c</sup>	Q1	
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent) <sup>2</sup>				
1 Total industry	147.1	148.4	148.1	146.3	178.1	180.1	182.1	183.9	82.6	82.4	81.3	79.5	
2 Manufacturing	153.0	154.4	153.8	151.6	186.9	189.2	191.5	193.6	81.9	81.7	80.3	78.3	
3 Primary processing <sup>3</sup>	178.6	180.3	178.7	173.9	206.9	211.2	216.0	220.3	86.4	85.4	82.7	78.9	
4 Advanced processing <sup>4</sup>	139.0	140.3	140.2	139.3	174.1	175.2	176.2	177.2	79.8	80.1	79.5	78.6	
5 Durable goods	192.9	196.7	196.5	192.7	233.3	238.3	243.6	248.4	82.7	82.5	80.7	77.6	
6 Lumber and products	120.3	117.0	113.2	108.5	147.5	147.9	148.4	148.7	81.6	79.1	76.3	72.9	
7 Primary metals	137.0	133.4	127.5	122.9	153.3	153.4	153.5	153.5	89.4	87.0	83.1	80.1	
8 Iron and steel	136.1	130.5	121.5	117.2	153.1	153.4	153.6	153.6	88.9	85.1	79.1	76.3	
9 Nonferrous	138.2	137.0	134.7	129.7	153.4	153.4	153.4	153.4	90.1	89.3	87.8	84.6	
10 Industrial machinery and equipment	249.4	257.3	261.9	258.7	304.5	311.1	317.3	323.4	81.9	82.7	82.5	80.0	
11 Electrical machinery	535.1	581.1	604.0	606.8	591.7	639.1	694.1	745.4	90.4	90.9	87.1	81.4	
12 Motor vehicles and parts	175.9	170.8	159.7	145.3	208.2	209.2	210.1	211.1	84.5	81.7	76.0	68.8	
13 Aerospace and miscellaneous transportation equipment	92.9	93.5	94.8	94.1	130.7	130.4	130.2	130.0	71.1	71.7	72.8	72.4	
14 Nondurable goods	116.7	116.2	115.3	114.3	144.1	144.4	144.6	144.7	80.9	80.5	79.7	79.0	
15 Textile mill products	103.3	99.8	94.7	92.3	123.9	123.3	122.8	122.2	83.4	80.9	77.1	75.6	
16 Paper and products	117.9	114.0	114.9	111.9	137.2	137.5	137.9	138.2	85.9	82.9	83.3	80.9	
17 Chemicals and products	125.8	125.4	124.5	123.2	163.0	164.1	164.8	165.4	77.2	76.4	75.5	74.5	
18 Plastics materials	140.9	137.6	131.0	125.1	151.6	151.9	152.3	152.7	93.0	90.5	86.0	81.9	
19 Petroleum products	118.3	117.3	116.0	115.5	123.2	123.2	123.1	123.1	96.0	95.3	94.3	93.8	
20 Mining	100.0	100.6	100.3	101.2	116.5	116.3	115.8	115.4	85.8	86.6	86.6	87.7	
21 Utilities	120.7	121.0	123.7	123.1	132.3	133.4	134.5	135.6	91.2	90.7	92.0	90.8	
22 Electric	124.3	123.9	127.5	125.4	130.9	132.3	133.8	135.3	94.9	93.7	95.3	92.7	
	1973	1975	Previous cycle <sup>5</sup>		Latest cycle <sup>6</sup>		2000			2001			
	High	Low	High	Low	High	Low	Mar.	Oct.	Nov	Dec <sup>c</sup>	Jan. <sup>c</sup>	Feb	Mar. <sup>p</sup>
	Capacity utilization rate (percent) <sup>2</sup>												
1 Total industry	89.2	72.6	87.3	71.1	85.4	78.1	82.2	82.0	81.4	80.6	79.9	79.3	79.4
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	81.6	81.2	80.5	79.3	78.6	78.2	78.1
3 Primary processing <sup>3</sup>	91.2	68.2	88.1	66.2	88.9	77.7	85.9	84.5	82.8	80.9	79.3	78.8	78.6
4 Advanced processing <sup>4</sup>	87.2	71.8	86.7	70.4	84.2	76.1	79.6	79.9	79.7	79.0	78.9	78.4	78.5
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	82.1	81.7	80.8	79.5	78.0	77.2	77.5
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	82.8	77.5	76.3	75.0	72.4	73.4	73.0
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	89.5	84.1	82.9	82.2	80.4	79.9	79.9
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	89.5	80.6	79.4	77.2	75.5	76.2	77.3
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	89.8	88.2	87.1	88.2	86.3	84.4	83.1
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	82.1	83.0	82.5	82.1	80.9	79.9	79.2
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	87.8	88.5	87.1	85.5	83.2	81.0	80.0
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	83.2	79.7	76.2	72.1	65.7	68.0	72.7
13 Aerospace and miscellaneous transportation equipment	78.4	57.6	81.9	66.6	87.3	79.2	71.7	71.9	73.3	73.3	72.4	71.8	72.9
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	81.1	80.4	79.9	78.9	79.2	79.1	78.7
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	84.0	78.6	75.6	77.1	75.5	76.0	75.1
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	86.0	85.0	83.2	81.7	80.7	81.3	80.9
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	77.0	76.4	75.7	74.5	74.6	74.5	74.5
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	92.5	90.5	87.7	79.8	82.5	81.6	81.6
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	96.4	94.6	94.9	93.2	93.3	94.1	94.1
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	86.1	86.3	87.3	86.1	87.1	87.5	88.4
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	87.2	89.5	90.7	95.7	92.0	89.8	90.5
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	92.1	93.1	95.1	97.7	94.0	91.6	92.4

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, <http://www.federalreserve.gov/releases/g17>. The latest historical revision of the industrial production index and the capacity utilization rates was released in December 2000. The recent annual revision is described in an article in the March 2001 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization, Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67-92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187-204.

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

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

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

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value<sup>1</sup>

Monthly data seasonally adjusted

Group	1992 pro- por- tion	2000 avg.	2000										2001				
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec. <sup>f</sup>	Jan. <sup>f</sup>	Feb.	Mar. <sup>p</sup>		
			Index (1992=100)														
MAJOR MARKETS																	
1 Total index	100.0	147.5	145.2	146.3	147.2	147.9	147.6	148.6	149.0	148.7	148.2	147.3	146.4	145.9	146.5		
2 Products	60.5	136.2	134.4	135.3	135.5	136.0	135.8	136.6	136.7	136.3	136.3	136.0	135.5	134.9	135.4		
3 Final products	46.3	138.8	136.0	137.2	137.5	138.3	138.1	139.2	139.3	138.8	138.8	139.0	138.2	137.7	138.4		
4 Consumer goods, total	29.1	123.0	122.2	123.2	123.5	124.2	122.9	123.8	123.8	122.7	122.4	123.1	122.1	122.0	122.3		
5 Durable consumer goods	6.1	160.8	162.1	164.7	163.8	164.4	158.7	160.0	162.8	157.3	154.3	153.4	149.0	150.7	154.4		
6 Automotive products	2.6	153.2	155.3	157.6	157.9	157.8	149.4	153.8	156.7	148.0	143.6	140.7	133.8	137.0	144.8		
7 Autos and trucks	1.7	166.9	170.3	173.7	175.7	174.8	160.5	169.8	172.7	159.1	153.0	144.1	136.2	141.2	154.9		
8 Autos, consumer	.9	114.0	115.1	118.5	119.7	118.1	113.6	120.3	120.5	107.8	103.0	94.3	99.4	98.7	104.3		
9 Trucks, consumer	.7	221.6	227.3	230.7	233.7	233.2	209.8	221.8	227.1	212.0	204.3	194.7	175.5	185.6	206.9		
10 Auto parts and allied goods	.9	131.7	131.9	132.7	130.6	131.6	131.6	129.1	132.1	130.2	128.2	133.8	128.4	129.0	128.5		
11 Other	3.5	167.1	167.7	170.6	168.5	169.8	166.7	165.2	167.7	165.4	163.7	164.7	162.9	163.1	162.7		
12 Appliances, televisions, and air conditioners	1.0	332.6	332.3	341.1	334.6	348.2	322.3	325.0	340.5	332.5	332.7	341.7	333.3	331.8	338.0		
13 Carpeting and furniture	.8	129.7	128.3	131.8	130.8	130.1	131.5	128.6	131.9	129.8	125.4	127.4	123.9	128.1	125.1		
14 Miscellaneous home goods	1.6	120.4	122.1	122.7	121.6	120.5	121.3	119.7	118.1	117.5	117.1	115.5	116.5	114.8	114.3		
15 Nondurable consumer goods	23.0	114.2	112.9	113.6	114.1	114.8	114.5	115.2	114.7	114.5	114.6	115.7	115.3	114.9	114.5		
16 Foods and tobacco	10.3	110.7	110.8	110.9	110.3	110.8	111.0	111.4	110.5	110.4	110.7	110.1	110.4	110.9	110.2		
17 Clothing	2.4	85.0	87.2	87.5	86.8	85.1	85.6	84.2	83.1	82.7	83.2	82.4	82.8	80.3	79.7		
18 Chemical products	4.5	137.0	134.9	136.5	138.5	139.3	137.4	139.4	138.4	139.0	138.5	139.0	140.1	140.4	141.0		
19 Paper products	2.9	111.1	108.3	108.2	109.0	111.6	112.4	112.4	112.4	113.8	112.5	112.2	113.7	111.5	110.2		
20 Energy	2.9	116.3	110.7	113.6	116.0	117.0	114.9	117.1	118.4	115.5	117.3	126.1	119.7	118.3	118.9		
21 Fuels	.8	113.0	114.9	112.1	113.1	113.4	112.6	113.1	115.8	113.0	115.3	115.3	112.3	112.0	112.4		
22 Residential utilities	2.1	117.9	107.4	113.8	117.1	118.5	115.6	119.0	119.1	116.2	117.6	134.5	124.0	121.0	122.4		
23 Equipment	17.2	166.1	161.3	162.8	163.1	164.3	166.3	167.9	168.3	169.1	169.9	168.9	168.6	167.1	168.8		
24 Business equipment	13.2	194.2	188.9	191.1	191.6	192.8	195.0	197.8	199.5	200.0	200.6	199.2	198.2	196.2	197.9		
25 Information processing and related	5.4	312.2	293.5	298.8	302.5	307.0	313.9	322.1	327.2	332.3	336.7	335.9	340.4	338.6	340.9		
26 Computer and office equipment	1.1	1,157.6	1,044.0	1,062.0	1,087.8	1,130.8	1,182.8	1,229.0	1,264.1	1,286.4	1,305.0	1,318.3	1,333.3	1,343.8	1,354.8		
27 Industrial	4.0	144.6	142.2	142.9	143.4	143.8	144.4	147.7	146.5	146.9	147.4	145.8	145.9	141.8	141.1		
28 Transit	2.5	127.7	131.5	131.3	129.0	130.1	127.6	126.8	127.7	121.6	121.8	117.4	111.3	109.7	114.6		
29 Autos and trucks	1.2	145.6	154.0	156.5	153.9	152.9	141.5	142.8	144.2	131.4	130.4	122.0	115.6	112.7	122.8		
30 Other	1.3	145.7	142.9	146.7	145.8	142.8	148.1	144.8	149.3	154.2	148.6	153.5	150.2	154.0	154.3		
31 Defense and space equipment	3.3	76.2	76.0	75.5	75.5	76.3	77.9	76.1	73.7	75.3	77.0	77.5	78.5	78.1	79.4		
32 Oil and gas well drilling	.6	131.8	126.7	126.7	130.3	130.8	136.2	137.1	132.8	136.5	138.9	139.1	146.7	147.9	150.7		
33 Manufactured homes	.2	116.2	131.7	127.2	122.9	121.9	116.8	115.5	109.3	98.8	90.9	83.5	73.5	74.8	75.0		
34 Intermediate products, total	14.2	128.7	129.5	129.3	129.4	129.0	128.7	128.8	128.6	128.7	128.5	126.8	127.3	126.5	126.2		
35 Construction supplies	5.3	143.2	144.6	144.4	143.1	143.4	143.8	142.7	143.1	142.3	141.6	140.6	140.3	139.5	139.1		
36 Business supplies	8.9	120.1	120.6	120.4	121.3	120.5	119.8	120.6	120.0	120.7	120.7	118.5	119.6	118.7	118.5		
37 Materials	39.5	167.8	164.7	166.1	168.4	169.4	169.0	170.5	171.3	171.1	169.9	167.8	166.2	165.8	166.5		
38 Durable goods materials	20.8	227.6	220.0	222.7	227.6	230.3	230.5	233.8	235.7	235.0	232.9	230.3	227.0	226.3	227.5		
39 Durable consumer parts	4.0	165.3	164.9	162.2	169.9	165.7	158.3	168.3	169.0	168.5	161.8	157.6	146.2	149.3	153.3		
40 Equipment parts	7.6	478.3	434.2	451.9	466.8	486.2	499.9	505.7	512.1	515.9	521.4	522.3	520.0	520.2	522.7		
41 Other	9.2	134.6	135.9	135.7	135.9	135.9	135.3	134.7	135.5	133.7	131.8	129.6	130.0	127.8	127.3		
42 Basic metal materials	3.1	128.7	131.1	131.9	130.8	130.7	128.5	127.5	129.2	125.9	124.4	123.6	120.6	119.0	119.0		
43 Nondurable goods materials	8.9	113.8	115.6	115.2	115.7	115.2	113.9	112.8	112.7	113.4	110.7	108.6	108.3	108.1	107.9		
44 Textile materials	1.1	97.9	102.2	101.1	100.9	101.7	97.9	99.3	95.9	94.0	89.5	90.3	90.1	87.9	87.4		
45 Paper materials	1.8	115.8	118.1	118.7	117.5	118.1	114.9	112.8	113.8	117.2	113.4	109.4	110.0	111.4	110.7		
46 Chemical materials	3.9	117.0	118.6	118.1	119.8	118.4	117.0	116.8	116.3	115.9	113.7	109.8	110.5	110.1	110.0		
47 Other	2.1	113.0	113.5	112.6	112.4	112.3	113.7	110.2	112.0	114.0	111.9	113.9	109.9	110.7	110.7		
48 Energy materials	9.7	103.4	102.5	103.5	103.3	103.1	102.9	104.2	104.3	103.9	105.4	104.5	104.0	104.1	104.9		
49 Primary energy	6.3	98.1	97.7	98.8	98.3	98.4	98.7	98.9	98.5	97.8	99.3	98.6	99.9	99.9	100.9		
50 Converted fuel materials	3.3	114.3	112.3	113.0	113.7	112.4	110.8	115.1	116.6	117.2	118.7	117.3	111.5	111.6	112.0		
SPECIAL AGGREGATES																	
51 Total excluding autos and trucks	97.1	147.2	144.8	145.7	146.7	147.5	147.5	148.4	148.7	148.8	148.4	147.8	147.1	146.5	146.7		
52 Total excluding motor vehicles and parts	95.1	146.3	143.9	144.9	145.8	146.5	146.9	147.4	147.7	147.8	147.7	147.2	146.9	146.1	146.2		
53 Total excluding computer and office equipment	98.2	140.4	138.6	139.6	140.4	141.0	140.5	141.4	141.6	141.2	140.8	139.9	139.0	138.4	139.0		
54 Consumer goods excluding autos and trucks	27.4	120.6	119.6	120.5	120.7	121.5	120.9	121.3	121.2	120.7	120.6	121.9	121.2	120.8	120.5		
55 Consumer goods excluding energy	26.2	123.9	123.6	124.4	124.4	125.0	123.9	124.5	124.4	123.6	122.9	122.5	122.2	122.3	122.6		
56 Business equipment excluding autos and trucks	12.0	200.1	193.1	195.2	196.1	197.6	201.5	204.5	206.3	208.5	209.4	208.9	208.7	206.8	207.3		
57 Business equipment excluding computer and office equipment	12.1	158.4	155.7	157.4	157.3	157.6	158.6	160.3	161.2	161.2	161.5	159.9	158.8	156.7	158.1		
58 Materials excluding energy	29.8	188.5	184.6	186.0	189.3	190.7	190.3	191.8	193.0	192.8	190.4	187.8	185.7	185.2	185.8		

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value<sup>1</sup>—Continued

Monthly data seasonally adjusted

Group	SIC <sup>2</sup> code	1992 pro- por- tion	2000 avg.	2000										2001		
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec. <sup>f</sup>	Jan. <sup>f</sup>	Feb.	Mar. <sup>p</sup>
				Index (1992=100)												
MAJOR INDUSTRIES																
59 Total index .....		100.0	147.5	145.2	146.3	147.2	147.9	147.6	148.6	149.0	148.7	148.2	147.3	146.4	145.9	146.5
60 Manufacturing .....		85.4	153.6	151.3	152.2	153.1	153.8	153.7	154.6	155.1	154.9	154.1	152.6	151.8	151.3	151.8
61 Primary processing .....		26.5	178.0	175.5	177.1	178.7	180.1	179.4	180.3	181.2	181.1	178.8	176.1	173.7	173.7	174.1
62 Advanced processing .....		58.9	139.3	137.9	138.5	139.1	139.4	139.5	140.5	140.8	140.5	140.5	139.6	139.6	139.0	139.4
63 Durable goods .....		45.0	193.4	188.9	191.0	193.0	194.6	194.7	196.9	198.4	197.6	196.7	195.1	192.7	191.9	193.6
64 Lumber and products .....	24	2.0	118.3	121.9	121.6	120.5	118.7	118.6	115.5	116.8	114.8	113.2	111.5	107.7	109.1	108.6
65 Furniture and fixtures .....	25	1.4	142.9	139.3	140.7	143.0	141.9	142.6	143.8	146.6	147.2	145.0	145.3	144.9	143.8	143.1
66 Stone, clay, and glass products .....	32	2.1	134.7	134.4	132.9	134.2	134.6	136.3	136.1	136.5	137.3	134.6	132.4	135.2	133.1	133.2
67 Primary metals .....	33	3.1	133.7	137.1	137.8	136.7	136.4	133.9	132.4	133.9	129.0	127.3	126.3	123.5	122.7	122.6
68 Iron and steel .....	331.2	1.7	131.1	136.9	136.8	135.9	135.5	129.9	129.7	131.9	123.7	122.0	118.7	116.0	117.1	118.6
69 Raw steel .....	331PT	.1	120.9	125.8	127.3	127.1	128.2	126.4	123.9	117.7	115.6	106.3	104.6	108.3	109.1	112.5
70 Nonferrous .....	333-6.9	1.4	136.8	137.6	139.1	137.9	137.6	138.8	135.7	136.5	135.3	133.6	135.2	132.3	129.4	127.5
71 Fabricated metal products .....	34	5.0	135.6	135.6	135.9	136.2	135.7	136.1	136.3	136.0	136.0	134.7	132.9	133.6	130.9	131.0
72 Industrial machinery and equipment .....	35	8.0	252.8	245.8	247.2	249.9	250.9	253.9	257.9	260.0	261.5	261.9	262.3	260.1	258.4	257.7
73 Computer and office equipment .....	357	1.8	1,343.6	1,224.7	1,245.1	1,272.3	1,316.2	1,370.4	1,421.6	1,464.2	1,487.4	1,502.8	1,508.3	1,522.7	1,533.8	1,544.5
74 Electrical machinery .....	36	7.3	549.7	495.2	516.5	533.8	555.0	571.2	580.0	592.2	597.4	604.4	610.2	607.4	604.4	608.6
75 Transportation equipment .....	37	9.5	131.0	131.9	132.1	133.6	133.5	128.0	132.4	132.4	129.2	126.8	122.8	115.9	117.9	123.4
76 Motor vehicles and parts .....	371	4.9	170.5	172.5	174.1	177.6	176.1	163.1	173.9	175.5	167.2	160.1	151.8	138.5	143.6	153.7
77 Autos and light trucks .....	371PT	2.6	153.0	156.0	159.2	161.1	160.1	147.8	156.4	158.8	145.8	140.1	131.5	125.9	129.8	141.9
78 Aerospace and miscellaneous transportation equipment .....	372-6.9	4.6	93.8	93.7	92.7	92.3	93.6	94.9	93.5	92.1	93.6	95.4	95.3	94.1	93.4	94.7
79 Instruments .....	38	5.4	122.2	120.2	121.5	121.3	122.2	122.6	123.3	123.7	123.5	124.6	123.1	124.9	123.4	123.7
80 Miscellaneous .....	39	1.3	130.8	130.6	130.9	130.7	130.5	132.1	130.8	130.9	131.1	130.2	129.4	130.4	128.3	126.9
81 Nondurable goods .....		40.4	116.9	116.6	116.7	116.7	116.7	116.3	116.3	116.0	116.3	115.5	114.1	114.6	114.4	114.0
82 Foods .....	20	9.4	114.7	114.9	114.7	114.2	114.9	115.0	115.1	114.6	114.8	115.0	114.2	114.3	115.1	114.8
83 Tobacco products .....	21	1.6	95.3	94.3	95.6	95.3	93.8	95.8	96.6	94.5	93.7	93.1	94.2	95.2	93.7	91.7
84 Textile mill products .....	22	1.8	100.1	104.4	104.4	102.6	103.1	101.4	99.4	98.4	96.7	92.8	94.5	92.4	92.9	91.6
85 Apparel products .....	23	2.2	91.7	94.1	94.6	93.0	91.2	92.0	90.7	89.5	89.2	88.2	88.2	89.1	86.6	86.7
86 Paper and products .....	26	3.6	116.1	117.8	118.4	116.5	118.8	114.9	113.3	113.7	117.1	114.7	112.7	111.4	112.4	111.9
87 Printing and publishing .....	27	6.7	109.9	109.7	109.1	109.9	109.1	110.0	110.4	110.9	111.6	111.2	109.2	111.1	110.2	109.2
88 Chemicals and products .....	28	9.9	128.3	124.9	125.2	126.3	125.9	124.8	125.9	125.4	125.8	124.8	122.9	123.3	123.1	123.2
89 Petroleum products .....	29	1.4	117.1	118.9	117.2	118.9	118.8	117.0	117.6	117.4	116.5	116.9	114.7	114.8	115.8	115.9
90 Rubber and plastic products .....	30	3.5	142.3	143.0	143.5	142.6	143.5	144.4	142.1	141.9	141.3	139.1	137.3	138.5	137.0	136.4
91 Leather and products .....	31	.3	69.8	70.6	70.0	70.5	69.3	70.0	68.8	69.8	68.6	68.9	66.9	67.1	65.1	63.7
92 Mining .....		6.9	100.0	100.4	99.9	99.6	100.4	100.5	101.0	100.4	100.1	101.1	99.6	100.7	101.1	101.9
93 Metal .....	10	.5	97.4	99.7	98.8	95.7	97.5	92.9	95.8	99.3	96.3	93.7	99.5	93.8	92.7	90.4
94 Coal .....	12	1.0	108.9	110.1	112.6	112.2	113.6	110.3	109.3	107.0	110.2	108.6	106.1	115.2	110.7	116.6
95 Oil and gas extraction .....	13	4.8	95.0	94.6	94.0	94.3	94.8	95.7	96.3	95.7	95.1	96.6	95.2	95.7	96.6	97.1
96 Stone and earth minerals .....	14	.6	126.4	133.4	130.4	123.9	127.7	124.4	125.0	123.7	124.6	123.2	119.3	121.5	120.6	122.6
97 Utilities .....		7.7	120.4	114.7	118.7	121.6	121.7	119.1	122.1	121.7	120.0	121.9	129.1	124.4	121.8	123.1
98 Electric .....	491.3PT	6.2	123.9	119.7	122.8	125.2	124.8	121.1	126.1	124.7	124.2	127.3	131.2	126.7	123.9	125.5
99 Gas .....	492.3PT	1.6	109.3	98.3	104.4	108.7	110.5	111.0	108.4	110.5	105.8	104.5	120.2	115.0	113.1	113.7
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts .....	...	80.5	152.6	150.1	151.0	151.7	152.6	153.2	153.5	153.9	154.3	153.8	152.7	152.8	152.0	151.8
101 Manufacturing excluding computer and office equipment .....		83.6	145.4	143.6	144.4	145.2	145.8	145.4	146.2	146.5	146.2	145.4	143.9	143.1	142.7	143.1
102 Computers, communications equipment, and semiconductors .....		5.9	1,195.2	1,048.5	1,097.8	1,140.2	1,193.1	1,248.0	1,281.6	1,310.3	1,334.8	1,358.1	1,368.9	1,365.0	1,368.0	1,379.7
103 Manufacturing excluding computers and semiconductors .....		81.1	128.3	127.8	128.0	128.4	128.4	127.7	128.2	128.4	128.0	127.1	125.6	125.0	124.6	124.9
104 Manufacturing excluding computers, communications equipment, and semiconductors .....	..	79.5	125.1	124.9	125.1	125.4	125.3	124.5	124.9	125.0	124.6	123.6	122.1	121.4	121.0	121.3
Gross value (billions of 1992 dollars, annual rates)																
Major Markets																
105 Products, total .....	...	2,001.9	2,860.5	2,853.1	2,868.9	2,872.7	2,883.5	2,865.7	2,882.9	2,889.1	2,867.4	2,863.2	2,850.2	2,825.2	2,822.5	2,839.3
106 Final .....	...	1,552.1	2,203.4	2,186.3	2,202.8	2,205.6	2,218.6	2,202.8	2,220.5	2,228.1	2,205.4	2,203.7	2,198.2	2,172.8	2,173.4	2,191.4
107 Consumer goods .....	...	1,049.6	1,340.0	1,338.5	1,347.2	1,349.8	1,357.8	1,338.7	1,348.7	1,353.7	1,334.7	1,331.2	1,332.8	1,314.9	1,321.6	1,328.7
108 Equipment .....	..	502.5	865.7	854.0	862.2	862.2	867.3	872.8	880.8	883.3	880.9	883.3	874.9	867.9	860.0	872.2
109 Intermediate .....	.	449.9	656.7	665.6	665.0	666.0	663.9	661.8	661.5	660.2	661.0	658.6	651.2	651.4	648.2	647.2

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, <http://www.federalreserve.gov/releases/g17>. The latest historical revision of the industrial production index and the capacity utilization rates was released in December 2000. The recent annual revision is described in an article in the March 2001 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization:

Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67-92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187-204.

2. Standard industrial classification.

## 2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1998	1999	2000	2000								2001	
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. <sup>f</sup>	Feb.
Private residential real estate activity (thousands of units except as noted)													
NEW UNITS													
1 Permits authorized .....	1,612	1,664	1,574	1,511	1,528	1,511	1,486	1,518	1,546	1,598	1,507	1,724	1,675
2 One-family .....	1,188	1,247	1,184	1,150	1,127	1,117	1,140	1,157	1,191	1,183	1,158	1,287	1,239
3 Two-family or more .....	425	417	391	361	401	394	346	361	355	415	349	437	436
4 Started .....	1,617	1,667	1,593	1,591	1,571	1,527	1,519	1,537	1,529	1,564	1,577	1,671	1,634
5 One-family .....	1,271	1,335	1,262	1,258	1,227	1,201	1,229	1,226	1,232	1,233	1,298	1,351	1,297
6 Two-family or more .....	346	332	331	333	344	326	290	311	297	331	279	320	337
7 Under construction at end of period <sup>1</sup> .....	971	993	975	1,023	1,024	1,020	1,016	1,009	1,011	1,009	1,005	1,021	1,027
8 One-family .....	659	679	655	697	696	691	692	689	691	686	683	699	705
9 Two-family or more .....	312	314	321	326	328	329	324	320	320	323	322	322	322
10 Completed .....	1,474	1,636	1,608	1,705	1,545	1,531	1,612	1,559	1,546	1,589	1,578	1,460	1,546
11 One-family .....	1,160	1,307	1,282	1,377	1,222	1,216	1,266	1,215	1,212	1,290	1,265	1,136	1,210
12 Two-family or more .....	315	329	326	328	323	315	346	344	334	299	313	324	336
13 Mobile homes shipped .....	374	348	250	265	262	251	249	231	213	196	176	164	177
Merchant builder activity in one-family units													
14 Number sold .....	886	907	903	875	827	914	860	924	940	890	1,007 <sup>f</sup>	968	980
15 Number for sale at end of period <sup>1</sup> .....	300	326	312 <sup>f</sup>	308	312	311	313	309	312	316	308 <sup>f</sup>	308	307
Price of units sold (thousands of dollars) <sup>2</sup>													
16 Median .....	152.5	160.0	169.0	165.0	159.9	168.6	165.0	171.5	176.0	174.0	161.1 <sup>f</sup>	169.8	165.0
17 Average .....	181.9	195.8	206.4	200.1	197.7	202.4	200.4	208.4	215.0	210.9	208.4 <sup>f</sup>	207.3	210.1
EXISTING UNITS (one-family)													
18 Number sold .....	4,970	5,205	5,113	5,190	5,180	4,820	5,240	5,160	5,070	5,300	4,940	5,200	5,190
Price of units sold (thousands of dollars) <sup>2</sup>													
19 Median .....	128.4	133.3	139.0	137.6	140.2	143.3	143.2	141.6	138.6	139.5	139.7	137.1	138.6
20 Average .....	159.1	168.3	176.2	176.0	178.9	177.7	183.0	178.6	176.9	176.5	178.5	175.8	174.6
Value of new construction (millions of dollars) <sup>3</sup>													
CONSTRUCTION													
21 Total put in place .....	710,104	765,719	809,258	811,816	798,860	793,036	801,748	813,477	803,893	808,948	811,535	835,772	843,063
22 Private .....	550,983	592,037	624,613	629,820	624,383	619,046	616,918	625,317	618,738	624,580	625,141	643,319	651,575
23 Residential .....	314,058	348,584	359,315	367,653	363,756	355,196	350,783	351,682	348,076	348,998	350,679	359,890	368,762
24 Nonresidential .....	236,925	243,454	265,297	262,167	260,627	263,850	266,135	273,635	270,662	275,582	274,462	283,429	282,813
25 Industrial buildings .....	40,464	35,016	40,406	39,814	39,951	42,081	41,552	40,872	42,811	46,894	40,716	46,549	46,437
26 Commercial buildings .....	95,753	103,759	114,898	113,381	112,834	112,114	115,279	118,445	117,039	116,224	118,987	122,614	122,454
27 Other buildings .....	39,607	41,279	45,486	45,540	44,559	45,689	46,779	46,689	46,690	46,060	44,974	47,094	47,154
28 Public utilities and other .....	61,101	63,400	64,507	63,432	63,283	63,966	62,525	67,629	64,122	66,404	69,785	67,172	66,768
29 Public .....	159,121	173,682	184,645	181,995	174,477	173,990	184,830	188,160	185,155	184,368	186,393	192,452	191,488
30 Military .....	2,538	2,122	2,255	2,246	2,157	2,100	2,331	2,418	1,880	2,612	2,097	2,264	2,204
31 Highway .....	48,339	54,447	52,461	51,966	48,148	49,262	52,694	53,183	47,932	46,825	48,073	50,746	52,120
32 Conservation and development .....	5,421	6,002	6,026	5,363	5,832	4,875	5,629	6,158	6,989	5,603	6,330	7,385	7,665
33 Other .....	102,823	111,110	123,904	122,420	118,340	117,753	124,176	126,401	128,354	129,328	129,893	132,057	129,499

1. Not at annual rates.

2. Not seasonally adjusted.

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

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

## 2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Mar. 2001 <sup>1</sup>
	2000 Mar.	2001 Mar.	2000			2001	2000		2001			
			June	Sept.	Dec.	Mar.	Nov.	Dec.	Jan.	Feb.	Mar.	
CONSUMER PRICES <sup>2</sup> (1982-84=100)												
1 All items .....	3.8	2.9	2.4	3.3	2.3	4.0	.2	.2	.6	.3	.1	176.2
2 Food .....	2.0	3.1	1.9	4.1	2.1	4.1	-.1	.5	.3	.5	.2	171.7
3 Energy items .....	24.2	6.0	5.6	7.9	3.8	6.0	.2	.3	3.9	-.2	-2.1	129.5
4 All items less food and energy .....	2.4	2.7	2.2	2.9	2.0	3.5	.3	.1	.3	.3	.2	185.3
5 Commodities .....	1.0	.6	-.6	1.7	.0	1.4	.2	-.1	.1	.3	-.1	146.2
6 Services .....	3.1	3.5	3.4	3.2	3.2	4.2	.3	.2	.4	.3	.3	207.7
PRODUCER PRICES (1982=100)												
7 Finished goods .....	4.3	3.1	2.3	2.0	2.9	4.9	.1	.1 <sup>r</sup>	1.1	.1	-.1	141.0
8 Consumer foods .....	1.0	3.6	3.3	-1.2	2.4	10.6	.2	-.4	.8	.6	1.1	140.9
9 Consumer energy .....	27.7	9.7	6.5	6.4	13.8	10.8	.5 <sup>r</sup>	1.2 <sup>r</sup>	3.8	1.4	-2.6	99.7
10 Other consumer goods .....	1.6	1.6	1.3	2.4	.3	2.9	.1 <sup>1</sup>	-.1 <sup>r</sup>	.8	-.4	.3	156.1
11 Capital equipment .....	.6	.9	1.5	1.7	.3	.0	.1 <sup>1</sup>	.1	.3	-.3	.0	139.7
Intermediate materials												
12 Excluding foods and feeds .....	6.3	2.3	3.1	3.1	1.2	1.8	-.2	.2	.8	-.1	-.2	131.7
13 Excluding energy .....	3.2	1.0	2.7	.3	-.6	1.8	-.1	-.1 <sup>r</sup>	.2	.1	.1	137.4
Crude materials												
14 Foods .....	2.6	7.4	-.7.3	-8.2	36.0	15.2	1.2 <sup>r</sup>	3.5 <sup>r</sup>	2.2	-1.6	3.0	108.9
15 Energy .....	69.4	37.6	163.6	20.0	64.0	-31.0	-2.7 <sup>r</sup>	9.8 <sup>r</sup>	25.0	-23.3	-4.9	141.0
16 Other .....	16.2	-10.8	-11.9	-8.8	-10.2	-12.4	-2.1 <sup>r</sup>	.1 <sup>r</sup>	.5	-2.5	-1.3	134.6

1. Not seasonally adjusted.

2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

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

## 2.16 GROSS DOMESTIC PRODUCT AND INCOME

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

Account	1998	1999	2000	1999	2000			
				Q4	Q1	Q2	Q3	Q4
GROSS DOMESTIC PRODUCT								
1 Total .....	8,790.2	9,299.2	9,963.1	9,559.7	9,752.7	9,945.7	10,039.4	10,114.4
By source								
2 Personal consumption expenditures .....	5,850.9	6,268.7	6,757.3	6,446.2	6,621.7	6,706.3	6,810.8	6,890.2
3 Durable goods .....	693.9	761.3	820.3	787.6	826.3	814.3	824.7	815.8
4 Nondurable goods .....	1,707.6	1,845.5	2,010.0	1,910.2	1,963.9	1,997.6	2,031.5	2,046.9
5 Services .....	3,449.3	3,661.9	3,927.0	3,748.5	3,831.6	3,894.4	3,954.6	4,027.5
6 Gross private domestic investment .....	1,549.9	1,650.1	1,832.7	1,723.7	1,755.7	1,852.6	1,869.3	1,853.3
7 Fixed investment .....	1,472.9	1,606.8	1,778.2	1,651.0	1,725.8	1,780.5	1,803.0	1,803.5
8 Nonresidential .....	1,107.5	1,203.1	1,362.2	1,242.2	1,308.5	1,359.2	1,390.6	1,390.4
9 Structures .....	283.2	285.6	324.2	290.4	308.9	315.1	330.1	342.8
10 Producers' durable equipment .....	824.3	917.4	1,038.0	951.8	999.6	1,044.1	1,060.5	1,047.6
11 Residential structures .....	365.4	403.8	416.0	408.8	417.3	421.3	412.4	413.1
12 Change in business inventories .....	77.0	43.3	54.5	72.7	29.9	72.0	66.4	49.8
13 Nonfarm .....	76.4	43.6	55.8	71.8	32.4	72.2	67.5	51.0
14 Net exports of goods and services .....	-151.5	-254.0	-370.7	-299.1	-335.2	-355.4	-389.5	-402.7
15 Exports .....	966.0	990.2	1,097.3	1,031.0	1,051.9	1,092.9	1,130.8	1,113.7
16 Imports .....	1,117.5	1,244.2	1,468.0	1,330.1	1,387.1	1,448.3	1,520.3	1,516.4
17 Government consumption expenditures and gross investment .....	1,540.9	1,634.4	1,743.7	1,688.8	1,710.4	1,742.2	1,748.8	1,773.6
18 Federal .....	540.6	568.6	595.2	591.6	580.1	604.5	594.2	602.0
19 State and local .....	1,000.3	1,065.8	1,148.6	1,097.3	1,130.4	1,137.7	1,154.6	1,171.6
By major type of product								
20 Final sales, total .....	8,713.2	9,255.9	9,908.5	9,486.9	9,722.8	9,873.7	9,973.1	10,064.6
21 Goods .....	3,239.3	3,467.0	3,739.0	3,566.0	3,680.3	3,734.1	3,776.5	3,764.9
22 Durable .....	1,532.3	1,651.1	1,806.7	1,701.8	1,773.7	1,809.6	1,830.6	1,812.7
23 Nondurable .....	1,707.1	1,815.8	1,932.3	1,864.1	1,906.6	1,924.5	1,945.9	1,952.2
24 Services .....	4,673.0	4,934.6	5,254.1	5,050.3	5,135.2	5,231.4	5,281.6	5,368.0
25 Structures .....	800.9	854.3	915.6	870.7	907.4	908.2	915.0	931.7
26 Change in business inventories .....	77.0	43.3	54.5	72.7	29.9	72.0	66.4	49.8
27 Durable goods .....	45.8	27.2	37.2	47.5	20.7	48.3	39.2	40.7
28 Nondurable goods .....	31.2	16.1	17.3	25.2	9.2	23.7	27.2	9.0
MEMO								
29 Total GDP in chained 1996 dollars .....	8,515.7	8,875.8	9,318.5	9,084.1	9,191.8	9,318.9	9,369.5	9,393.7
NATIONAL INCOME								
30 Total .....	7,038.1	7,469.7	8,002.0	7,680.7	7,833.5	7,983.2	8,088.5	8,102.8
31 Compensation of employees .....	4,984.2	5,299.8	5,638.2	5,421.1	5,512.2	5,603.5	5,679.6	5,757.5
32 Wages and salaries .....	4,192.8	4,475.1	4,769.4	4,583.5	4,660.4	4,740.1	4,804.9	4,872.0
33 Government and government enterprises .....	692.7	724.4	760.9	734.5	749.9	760.2	765.4	768.2
34 Other .....	3,500.1	3,750.7	4,008.5	3,849.0	3,910.5	3,980.0	4,039.5	4,103.9
35 Supplement to wages and salaries .....	791.4	824.6	868.8	837.7	851.8	863.3	874.7	885.5
36 Employer contributions for social insurance .....	305.9	323.6	344.8	330.3	337.8	342.9	347.1	351.5
37 Other labor income .....	485.5	501.0	524.0	507.4	514.0	520.5	527.6	534.0
38 Proprietors' income <sup>1</sup> .....	620.7	663.5	710.4	689.6	693.9	709.5	724.8	713.2
39 Business and professional <sup>1</sup> .....	595.2	638.2	687.8	657.9	674.8	688.1	693.1	695.2
40 Farm <sup>1</sup> .....	25.4	25.3	22.6	31.7	19.1	21.5	31.7	18.0
41 Rental income of persons <sup>2</sup> .....	135.4	143.4	140.0	146.2	145.6	140.8	138.1	135.4
42 Corporate profits <sup>1</sup> .....	815.0	856.0	946.2	893.2	936.3	963.6	970.3	914.7
43 Profits before tax <sup>3</sup> .....	758.2	823.0	925.6	870.7	920.7	942.5	945.1	894.1
44 Inventory valuation adjustment .....	17.0	-9.1	-12.9	-19.2	-25.0	-13.6	-4.5	-8.5
45 Capital consumption adjustment .....	39.9	42.1	33.5	41.6	40.6	34.7	29.7	29.1
46 Net interest .....	482.7	507.1	567.2	530.6	545.4	565.9	575.7	582.0

1. With inventory valuation and capital consumption adjustments.

2. With capital consumption adjustment.

3. For after-tax profits, dividends, and the like, see table 1.48.

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

## 2.17 PERSONAL INCOME AND SAVING

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

Account	1998	1999	2000	1999	2000			
				Q4	Q1	Q2	Q3	Q4
PERSONAL INCOME AND SAVING								
1 Total personal income	7,391.0	7,789.6	8,281.7	7,972.3	8,105.8	8,242.1	8,349.0	8,429.7
2 Wage and salary disbursements	4,190.7	4,470.0	4,769.4	4,578.3	4,660.4	4,740.1	4,804.9	4,872.0
3 Commodity-producing industries	1,038.6	1,089.2	1,153.2	1,111.2	1,130.9	1,147.1	1,161.4	1,173.3
4 Manufacturing	756.6	782.4	815.9	795.1	802.8	813.1	821.4	826.4
5 Distributive industries	949.1	1,020.3	1,107.3	1,049.4	1,070.9	1,095.7	1,118.1	1,144.4
6 Service industries	1,510.3	1,636.0	1,748.0	1,683.2	1,708.6	1,737.2	1,760.1	1,786.2
7 Government and government enterprises	692.7	724.4	760.9	734.5	749.9	760.2	765.4	768.2
8 Other labor income	485.5	501.0	524.0	507.4	514.0	520.5	527.6	534.0
9 Proprietors' income	620.7	663.5	710.4	689.6	693.9	709.5	724.8	713.2
10 Business and professional	595.2	638.2	687.8	657.9	674.8	688.1	693.1	695.2
11 Farm	25.4	25.3	22.6	31.7	19.1	21.5	31.7	18.0
12 Rental income of persons	135.4	143.4	140.0	146.2	145.6	140.8	138.1	135.4
13 Dividends	351.1	370.3	396.6	380.2	386.9	392.6	399.7	407.2
14 Personal interest income	940.8	963.7	1,034.3	989.0	1,011.6	1,031.3	1,042.9	1,051.5
15 Transfer payments	983.0	1,016.2	1,067.8	1,027.4	1,046.9	1,066.1	1,074.2	1,084.0
16 Old-age survivors, disability, and health insurance benefits	578.0	588.0	622.4	592.8	607.9	624.3	627.2	630.4
17 LESS: Personal contributions for social insurance	316.2	338.5	360.7	345.9	353.4	358.8	363.1	367.6
18 EQUALS: Personal income	7,391.0	7,789.6	8,281.7	7,972.3	8,105.8	8,242.1	8,349.0	8,429.7
19 LESS: Personal tax and nontax payments	1,070.9	1,152.0	1,291.9	1,197.3	1,239.3	1,277.2	1,308.1	1,342.7
20 EQUALS: Disposable personal income	6,320.0	6,637.7	6,989.8	6,775.0	6,866.5	6,964.9	7,040.9	7,087.0
21 LESS: Personal outlays	6,054.7	6,490.1	6,998.3	6,674.1	6,855.6	6,944.3	7,054.7	7,138.6
22 EQUALS: Personal saving	265.4	147.6	-8.5	101.0	11.0	20.6	-13.8	-51.6
MEMO								
Per capita (chained 1996 dollars)								
23 Gross domestic product	31,474.2	32,511.9	33,836.1	33,153.5	33,485.6	33,874.7	33,984.3	33,985.9
24 Personal consumption expenditures	20,988.5	21,900.4	22,855.1	22,266.4	22,635.5	22,757.7	22,959.1	23,058.3
25 Disposable personal income	22,672.0	23,191.0	23,640.0	23,404.0	23,472.0	23,639.0	23,732.0	23,718.0
26 Saving rate (percent)	4.2	2.2	-1	1.5	.2	.3	-.2	-.7
GROSS SAVING								
27 Gross saving	1,654.4	1,717.6	1,825.1	1,746.3	1,777.0	1,844.5	1,854.7	1,824.2
28 Gross private saving	1,375.7	1,343.5	1,297.1	1,331.4	1,279.2	1,328.8	1,319.2	1,261.2
29 Personal saving	265.4	147.6	-8.5	101.0	11.0	20.6	-13.8	-51.6
30 Undistributed corporate profits	218.9	229.4	265.0	241.7	262.7	278.5	279.6	239.4
31 Corporate inventory valuation adjustment	17.0	-9.1	-12.9	-19.2	-25.0	-13.6	-4.5	-8.5
Capital consumption allowances								
32 Corporate	624.3	676.9	739.4	694.8	711.5	731.1	750.0	765.2
33 Noncorporate	265.1	284.5	301.1	288.7	294.1	298.7	303.3	308.2
34 Gross government saving	278.7	374.1	528.0	414.9	497.7	515.7	535.5	563.0
35 Federal	137.4	217.3	351.6	238.4	333.0	339.9	354.1	379.3
36 Consumption of fixed capital	88.4	92.8	99.8	95.0	97.2	98.9	100.8	102.3
37 Current surplus or deficit (-), national accounts	49.0	124.4	251.8	143.3	235.8	240.9	253.3	277.0
38 State and local	141.3	156.8	176.4	176.6	164.7	175.8	181.4	183.7
39 Consumption of fixed capital	99.5	106.8	116.8	109.9	112.7	115.6	118.2	120.6
40 Current surplus or deficit (-), national accounts	41.7	50.0	59.6	66.6	52.0	60.1	63.2	63.1
41 Gross investment	1,629.6	1,645.6	1,741.3	1,678.5	1,699.3	1,771.9	1,752.8	1,741.3
42 Gross private domestic investment	1,549.9	1,650.1	1,832.7	1,723.7	1,755.7	1,852.6	1,869.3	1,853.3
43 Gross government investment	278.8	308.7	336.6	324.4	334.2	331.9	333.6	346.5
44 Net foreign investment	-199.1	-313.2	-427.9	-369.6	-390.7	-412.5	-450.1	-458.5
45 Statistical discrepancy	-24.8	-71.9	-83.7	-67.8	-77.7	-72.5	-101.8	-82.9

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

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

## 3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted<sup>1</sup>

Item credits or debits	1998	1999	2000	1999	2000			
				Q4	Q1	Q2	Q3	Q4
1 Balance on current account	-217,138	-331,479	-435,377	-96,223	-101,768	-105,239	-113,110	-115,266
2 Balance on goods and services	-166,898	-264,971	-368,480	-76,280	-85,260	-88,745	-95,630	-98,853
3 Exports	932,977	956,242	1,069,531	249,653	255,936	265,925	275,411	272,256
4 Imports	-1,099,875	-1,221,213	-1,438,011	-325,933	-341,196	-354,670	-371,041	-371,109
5 Income, net	-6,211	-18,483	-13,656	-5,683	-4,421	-4,160	-4,531	-541
6 Investment, net	-1,036	-13,102	-8,142	-4,319	-3,050	-2,769	-3,184	864
7 Direct	67,728	62,704	83,776	16,275	17,026	18,973	21,537	26,241
8 Portfolio	-68,764	-75,806	-91,918	-20,594	-20,076	-21,742	-24,721	-25,377
9 Compensation of employees	-5,175	-5,381	-5,514	-1,364	-1,371	-1,391	-1,347	-1,405
10 Unilateral current transfers, net	-44,029	-48,025	-53,241	-14,260	-12,087	-12,334	-12,949	-15,872
11 Change in U.S. government assets other than official reserve assets, net (increase, -)	-422	2,751	-715	3,711	-131	-574	114	-124
12 Change in U.S. official reserve assets (increase, -)	-6,783	8,747	-290	1,569	-554	2,020	-346	-1,410
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-147	10	-722	-178	-180	-180	-182	-180
15 Reserve position in International Monetary Fund	-5,119	5,484	2,308	1,800	-237	2,328	1,300	-1,083
16 Foreign currencies	-1,517	3,253	-1,876	-53	-137	-128	-1,464	-147
17 Change in U.S. private assets abroad (increase, -)	-328,231	-441,685	-552,344	-120,162	-178,262	-93,859	-93,188	-187,032
18 Bank-reported claims <sup>2</sup>	-35,572	-69,862	-110,173	-45,304	-55,511	18,320	-5,964	-67,018
19 Nonbank-reported claims	-10,612	-92,328	-156,988	-24,428	-52,563	-36,507	-17,807	-50,111
20 U.S. purchases of foreign securities, net	-135,995	-128,594	-123,606	-17,150	-27,236	-38,196	-33,242	-24,932
21 U.S. direct investments abroad, net	-146,052	-150,901	-161,577	-33,280	-42,952	-37,476	-36,175	-44,971
22 Change in foreign official assets in United States (increase, +)	-20,127	42,864	35,909	27,495	22,015	6,346	11,901	-4,353
23 U.S. Treasury securities	-9,921	12,177	-11,377	5,122	16,198	-4,000	-9,001	-14,574
24 Other U.S. government obligations	6,332	20,350	40,909	6,730	8,107	10,334	14,272	8,196
25 Other U.S. government liabilities <sup>3</sup>	-3,550	-3,255	-2,540	89	-644	-781	-620	-495
26 Other U.S. liabilities reported by U.S. banks <sup>4</sup>	-9,501	12,692	5,790	14,427	-2,577	-111	6,938	1,540
27 Other foreign official assets <sup>5</sup>	-3,487	900	3,127	1,127	931	904	312	980
28 Change in foreign private assets in United States (increase, +)	502,362	710,700	916,521	157,072	214,623	238,906	183,424	279,564
29 U.S. bank-reported liabilities <sup>6</sup>	39,769	67,403	79,485	19,618	-8,824	46,943	-1,394	42,760
30 U.S. nonbank-reported liabilities	-7,001	34,298	105,728	792	58,061	24,038	1,506	22,123
31 Foreign private purchases of U.S. Treasury securities, net	48,581	-20,464	-32,206	-17,191	-9,248	-20,597	-12,513	-9,848
32 U.S. currency flows	16,622	22,407	1,129	12,213	-6,847	989	757	6,230
33 Foreign purchases of other U.S. securities, net	218,075	331,523	465,858	92,250	132,416	87,107	122,387	123,948
34 Foreign direct investments in United States, net	186,316	275,533	316,527	49,390	49,065	100,426	72,681	94,351
35 Capital account transactions, net <sup>5</sup>	637	-3,500	680	-3,993	166	170	167	177
36 Discrepancy	69,702	11,602	35,616	30,531	43,911	-47,770	11,038	28,444
37 Due to seasonal adjustment	..	..	..	5,738	5,873	-2,361	-9,215	5,710
38 Before seasonal adjustment	69,702	11,602	35,616	24,793	38,038	-45,409	20,253	22,734
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, -)	-6,783	8,747	-290	1,569	-554	2,020	-346	-1,410
40 Foreign official assets in United States, excluding line 25 (increase, +)	-16,577	46,119	38,449	27,406	22,659	7,127	12,521	-3,858
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	-11,531	1,331	11,989	-1,673	6,109	1,913	3,803	164

1. Seasonal factors are not calculated for lines 11-16, 18-20, 22-35, and 38-41.
2. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
3. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.
4. Reporting banks included all types of depository institutions as well as some brokers and dealers.

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

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



3.11 U.S. FOREIGN TRADE<sup>1</sup>

Millions of dollars; monthly data seasonally adjusted

Item	1998	1999	2000	2000					2001	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan. <sup>f</sup>	Feb. <sup>g</sup>
1 Goods and services, balance .....	-166,897	-264,971	-368,865	-29,951	-33,546	-33,168	-32,875	-33,199	-33,251	-26,987
2 Merchandise .....	-246,853	-345,559	-449,853	-36,750	-39,395	-39,954	-39,124	-39,569	-39,490	-33,354
3 Services .....	79,956	80,588	80,988	6,799	5,849	6,786	6,249	6,370	6,239	6,367
4 Goods and services, exports .....	932,977	956,242	1,068,741	92,883	92,793	91,425	90,825	89,201	89,580	90,458
5 Merchandise .....	670,324	684,358	772,514	67,952	67,815	66,325	65,850	64,114	64,578	65,243
6 Services .....	262,653	271,884	296,227	24,931	24,978	25,100	24,975	25,087	25,002	25,215
7 Goods and services, imports .....	-1,099,875	-1,221,213	-1,437,606	-122,834	-126,339	-124,593	-123,700	-122,400	-122,831	-117,445
8 Merchandise .....	-917,178	-1,029,917	-1,222,367	-104,702	-107,210	-106,279	-104,974	-103,683	-104,068	-98,597
9 Services .....	-182,697	-191,296	-215,239	-18,132	-19,129	-18,314	-18,726	-18,717	-18,763	-18,848

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

SOURCE: *F7900*, U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

## 3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1997	1998	1999	2000				2001			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. <sup>g</sup>
1 Total .....	<b>69,954</b>	<b>81,761</b>	<b>71,516</b>	<b>66,256</b>	<b>65,257</b>	<b>65,523</b>	<b>67,647</b>	<b>67,542</b>	<b>66,486</b>	<b>64,222</b>	<b>64,731</b>
2 Gold stock <sup>1</sup> .....	11,047	11,046	11,048	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
3 Special drawing rights <sup>2,3</sup> .....	10,027	10,603	10,336	10,316	10,169	10,369	10,539	10,497	10,641	10,379	10,420
4 Reserve position in International Monetary Fund <sup>2</sup> .....	18,071	24,111	17,950	13,685	13,528	13,491	14,824	15,079	14,107	13,777	13,816
5 Foreign currencies <sup>4</sup> .....	30,809	36,001	32,182	31,209	30,514	30,617	31,238	30,920	30,692	29,020	29,449

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<sup>1</sup>

Millions of dollars, end of period

Asset	1997	1998	1999	2000				2001			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. <sup>g</sup>
1 Deposits .....	<b>457</b>	<b>167</b>	<b>71</b>	<b>139</b>	<b>115</b>	<b>104</b>	<b>215</b>	<b>199</b>	<b>196</b>	<b>70</b>	<b>101</b>
Held in custody											
2 U.S. Treasury securities <sup>2</sup> .....	620,885	607,574	632,482	611,641	595,591	591,071	594,094	594,694	603,906	609,440	585,710
3 Earmarked gold <sup>3</sup> .....	10,763	10,343	9,933	9,620	9,565	9,505	9,451	9,397	9,343	9,289	9,235

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

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

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

## 3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1998	1999	2000					2001	
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>P</sup>
<b>1 Total<sup>1</sup></b>	<b>759,928</b>	<b>806,318</b>	<b>850,445</b>	<b>849,206</b>	<b>850,116</b>	<b>849,049</b>	<b>845,926</b>	<b>867,344</b>	<b>867,384</b>
<i>By type</i>									
2 Liabilities reported by banks in the United States <sup>2</sup>	125,883	138,847	138,259	143,670	146,452	147,631	144,650	155,294	157,492
3 U.S. Treasury bills and certificates <sup>3</sup>	134,177	156,177	159,781	155,498	155,101	155,061	153,010	158,967	155,667
4 U.S. Treasury bonds and notes	432,127	422,266	433,639	427,013	419,863	414,896	415,964	418,190	418,857
5 Marketable <sup>4</sup>	6,074	6,111	5,213	5,247	5,280	5,313	5,348	5,383	5,415
6 U.S. securities other than U.S. Treasury securities <sup>5</sup>	61,667	82,917	113,553	117,778	123,420	126,148	126,954	129,510	129,953
<i>By area</i>									
7 Europe <sup>1</sup>	256,026	244,805	256,275	258,138	264,131	262,099	253,592	259,829	257,969
8 Canada	10,552	12,503	12,692	12,821	12,632	11,744	12,394	11,220	10,794
9 Latin America and Caribbean	79,503	73,518	76,983	77,568	77,526	78,742	76,812	80,577	81,207
10 Asia	400,631	463,703	490,110	486,890	481,344	481,094	488,168	499,924	501,670
11 Africa	10,059	7,523	8,707	8,466	8,323	8,012	9,165	8,965	9,586
12 Other countries	3,157	4,266	5,678	5,323	6,160	7,358	5,795	6,829	6,158

1. Includes the Bank for International Settlements.

2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.

3. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

4. Excludes notes issued to foreign official nonreserve agencies. Includes current value of zero-coupon Treasury bond issues to foreign governments as follows: Mexico, beginning March 1988, 20-year maturity issue and beginning March 1990, 30-year maturity issue;

Venezuela, beginning December 1990, 30-year maturity issue; Argentina, beginning April 1993, 30-year maturity issue

5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

SOURCE: Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1994 benchmark survey of foreign portfolio investment in the United States.

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States<sup>1</sup>  
Payable in Foreign Currencies

Millions of dollars, end of period

Item	1997	1998	1999	2000			
				Mar.	June	Sept	Dec.
<b>1 Banks' liabilities</b>	<b>117,524</b>	<b>101,125</b>	<b>88,537</b>	<b>85,649</b>	<b>85,842</b>	<b>78,852</b>	<b>76,120</b>
2 Banks' claims	83,038	78,162	67,365	63,492	67,862	60,355	56,867
3 Deposits	28,661	45,985	34,426	32,967	31,224	25,847	22,907
4 Other claims	54,377	32,177	32,939	30,525	36,638	34,508	33,960
5 Claims of banks' domestic customers <sup>2</sup>	8,191	20,718	20,826	21,753	18,802	19,123	29,782

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<sup>1</sup>  
Payable in U.S. dollars  
Millions of dollars, end of period

Item	1998	1999	2000	2000					2001	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>P</sup>
BY HOLDER AND TYPE OF LIABILITY										
1 Total, all foreigners	1,347,837	1,408,740	1,523,669	1,444,533	1,453,643	1,511,173	1,525,179	1,523,669	1,568,401	1,546,874
2 Banks' own liabilities	884,939	971,536	1,049,070	1,013,471	1,027,138	1,074,575	1,073,536	1,049,070	1,085,661	1,063,041
3 Demand deposits	29,558	42,884	33,553	30,101	31,964	29,500	31,701	33,553	31,977	38,105
4 Time deposits <sup>2</sup>	151,761	163,620	191,791	184,821	184,823	185,454	192,422	191,791	187,385	192,538
5 Other <sup>3</sup>	140,752	155,853	173,233	174,021	174,473	194,659	187,066	173,233	202,150	198,232
6 Own foreign offices <sup>4</sup>	562,868	609,179	650,493	624,528	635,878	664,962	662,347	650,493	664,149	634,166
7 Banks' custodial liabilities <sup>5</sup>	462,898	437,204	474,599	431,062	426,505	436,598	451,643	474,599	482,740	483,833
8 U.S. Treasury bills and certificates <sup>6</sup>	183,494	185,676	177,742	180,925	174,604	173,984	173,896	177,742	182,276	179,263
9 Short-term agency securities <sup>7</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	56,565	61,333
10 Other negotiable and readily transferable instruments <sup>8</sup>	141,699	132,617	144,858	119,212	120,296	129,753	132,453	144,858	86,733	85,438
11 Other	137,705	118,911	151,999	130,925	131,605	132,861	145,294	151,999	157,166	157,799
12 Nonmonetary international and regional organizations <sup>9</sup>	11,883	15,276	12,560	14,630	15,658	17,104	17,074	12,560	10,938	11,596
13 Banks' own liabilities	10,850	14,357	12,158	14,377	15,404	16,751	16,676	12,158	10,595	11,220
14 Demand deposits	172	98	41	26	19	48	30	41	327	19
15 Time deposits <sup>2</sup>	5,793	10,349	6,264	9,062	7,627	5,918	6,542	6,264	5,641	4,984
16 Other <sup>3</sup>	4,885	3,910	5,853	5,289	7,758	10,785	10,104	5,853	4,627	6,217
17 Banks' custodial liabilities <sup>5</sup>	1,033	919	402	253	254	353	398	402	343	376
18 U.S. Treasury bills and certificates <sup>6</sup>	636	680	252	217	223	215	249	252	294	248
19 Short-term agency securities <sup>7</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	26	108
20 Other negotiable and readily transferable instruments <sup>8</sup>	397	233	149	26	26	138	147	149	23	15
21 Other	0	6	1	10	5	0	2	1	0	5
22 Official institutions <sup>10</sup>	260,060	295,024	297,660	298,040	299,168	301,553	302,692	297,660	314,261	313,159
23 Banks' own liabilities	80,256	97,615	97,052	92,255	95,709	102,654	102,110	97,052	103,446	101,732
24 Demand deposits	3,003	3,341	3,950	4,573	5,213	4,361	4,702	3,950	4,014	6,783
25 Time deposits <sup>2</sup>	29,506	28,942	35,638	32,639	36,699	34,035	35,335	35,638	33,026	30,228
26 Other <sup>3</sup>	47,747	65,332	57,464	55,043	53,797	64,258	62,073	57,464	66,406	64,721
27 Banks' custodial liabilities <sup>5</sup>	179,804	197,409	200,608	205,785	203,459	198,899	200,582	200,608	210,815	211,427
28 U.S. Treasury bills and certificates <sup>6</sup>	134,177	156,177	153,010	159,781	155,498	155,101	155,061	153,010	158,967	155,667
29 Short-term agency securities <sup>7</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	44,884	49,094
30 Other negotiable and readily transferable instruments <sup>8</sup>	44,953	41,182	47,360	45,644	47,660	43,753	44,828	47,360	5,837	6,010
31 Other	674	50	238	360	301	45	693	238	1,127	656
32 Banks <sup>11</sup>	885,336	900,379	981,552	920,591	926,474	963,643	973,539	981,552	1,008,148	986,886
33 Banks' own liabilities	676,057	728,492	789,052	753,503	761,767	797,391	794,924	789,052	809,779	790,203
34 Unaffiliated foreign banks	113,189	119,313	138,559	128,975	125,889	132,429	132,577	138,559	145,630	156,037
35 Demand deposits	14,071	17,583	15,532	11,959	12,918	12,160	12,834	15,532	14,297	12,600
36 Time deposits <sup>2</sup>	45,904	48,140	67,498	62,841	59,958	64,301	68,828	67,498	70,896	79,211
37 Other <sup>3</sup>	53,214	53,590	55,529	54,175	53,013	55,968	50,915	55,529	60,437	64,226
38 Own foreign offices <sup>4</sup>	562,868	609,179	650,493	624,528	635,878	664,962	662,347	650,493	664,149	634,166
39 Banks' custodial liabilities <sup>5</sup>	209,279	171,887	192,500	167,088	164,707	166,252	178,615	192,500	198,369	196,683
40 U.S. Treasury bills and certificates <sup>6</sup>	35,359	16,796	15,919	12,251	10,667	9,972	10,285	15,919	14,484	13,895
41 Short-term agency securities <sup>7</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7,439	7,783
42 Other negotiable and readily transferable instruments <sup>8</sup>	45,332	45,695	35,104	33,893	32,679	34,261	34,643	35,104	30,757	29,325
43 Other	128,588	109,396	141,477	120,944	121,361	122,019	133,687	141,477	145,689	145,680
44 Other foreigners	190,558	198,061	231,897	211,272	212,343	228,873	231,874	231,897	235,054	235,233
45 Banks' own liabilities	117,776	131,072	150,808	153,336	154,258	157,779	159,826	150,808	161,841	159,886
46 Demand deposits	12,312	21,862	14,030	13,543	13,814	12,931	14,135	14,030	13,339	18,703
47 Time deposits <sup>2</sup>	70,558	76,189	82,391	80,279	80,539	81,200	81,717	82,391	77,822	78,115
48 Other <sup>3</sup>	34,906	33,021	54,387	59,514	59,905	63,648	63,974	54,387	70,680	63,068
49 Banks' custodial liabilities <sup>5</sup>	72,782	66,989	81,089	57,936	58,085	71,094	72,048	81,089	73,213	75,347
50 U.S. Treasury bills and certificates <sup>6</sup>	13,322	12,023	8,561	8,676	8,216	8,696	8,301	8,561	8,531	9,453
51 Short-term agency securities <sup>7</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4,216	4,348
52 Other negotiable and readily transferable instruments <sup>8</sup>	51,017	45,507	62,245	39,649	39,931	51,601	52,835	62,245	50,116	50,088
53 Other	8,443	9,459	10,283	9,611	9,938	10,797	10,912	10,283	10,350	11,458
MEMO										
54 Negotiable time certificates of deposit in custody for foreigners	27,026	30,345	34,088	25,911	25,991	27,164	25,854	34,088	31,389	30,277
55 Repurchase agreements <sup>1</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	93,821	93,163

1. Reporting banks include all types of depository institutions as well as some brokers and dealers. Excludes bonds and notes of maturities longer than one year.

2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."

3. Includes borrowing under repurchase agreements.

4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks for foreign customers.

6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

7. Data available beginning January 2001.

8. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

9. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.

10. Foreign central banks, foreign central governments, and the Bank for International Settlements.

11. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States<sup>1</sup>—Continued  
Payable in U.S. dollars  
Millions of dollars, end of period

Item	1998	1999	2000	2000					2001	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>P</sup>
AREA										
56 Total, all foreigners	1,347,837	1,408,740	1,523,669	1,444,533	1,453,643	1,511,173	1,525,179	1,523,669	1,568,401	1,546,874
57 Foreign countries	1,335,954	1,393,464	1,511,108	1,429,903	1,437,985	1,494,069	1,508,105	1,511,108	1,557,462	1,535,277
58 Europe	427,375	441,810	449,152	454,624	463,391	483,826	471,979	449,152	476,418	461,892
59 Austria	3,178	2,789	2,724	2,783	2,541	2,037	2,671	2,724	2,366	2,124
60 Belgium <sup>12</sup>	42,818	44,692	33,401	31,281	29,828	29,648	32,389	33,401	7,356	5,707
61 Denmark	1,437	2,196	3,001	3,689	3,429	3,001	3,531	3,001	3,391	4,182
62 Finland	1,862	1,658	1,412	1,618	1,512	1,418	1,874	1,412	1,155	1,667
63 France	44,616	49,790	37,840	42,723	39,693	41,736	43,534	37,840	48,385	44,875
64 Germany	21,357	24,753	35,535	25,893	26,212	28,633	27,084	35,535	30,250	30,173
65 Greece	2,066	3,748	2,013	3,455	3,331	3,445	3,344	2,013	1,888	1,963
66 Italy	7,103	6,775	5,079	5,566	5,959	5,594	5,521	5,079	4,997	5,070
67 Luxembourg <sup>12</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	27,092	24,123
68 Netherlands	10,793	8,143	7,485	13,087	10,311	14,450	13,283	7,485	8,504	8,413
69 Norway	710	1,327	2,305	1,636	3,501	4,102	5,159	2,305	4,762	6,331
70 Portugal	3,236	2,228	2,404	2,144	2,244	2,262	2,379	2,404	2,571	2,625
71 Russia	2,439	5,475	19,020	14,252	15,970	17,260	20,022	19,020	17,233	19,029
72 Spain	15,781	10,426	7,801	8,791	8,421	9,270	6,900	7,801	8,129	8,240
73 Sweden	3,027	4,652	6,498	5,992	6,209	6,247	7,362	6,498	5,648	5,959
74 Switzerland	50,654	63,485	74,732	77,578	88,276	97,151	86,154	74,732	83,096	84,019
75 Turkey	4,286	7,842	7,548	7,999	8,173	8,492	4,525	7,548	7,783	5,391
76 United Kingdom	181,554	172,687	169,484	173,798	175,663	173,254	172,281	169,484	179,363	170,610
77 Channel Islands & Isle of Man <sup>13</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	406	498
78 Yugoslavia <sup>14</sup>	233	286	276	277	275	270	279	276	287	294
79 Other Europe and other former U.S.S.R. <sup>15</sup>	30,225	28,858	30,594	32,062	31,843	35,556	33,687	30,594	31,756	30,599
80 Canada	30,212	34,214	31,059	33,722	33,869	34,367	31,252	31,059	23,927	22,080
81 Latin America	121,327	117,495	121,719	119,261	120,099	121,417	121,353	121,719	118,930	121,289
82 Argentina	19,014	18,633	19,493	17,552	18,560	18,746	17,886	19,493	18,936	18,417
83 Brazil	15,815	12,865	10,953	12,351	11,537	10,204	11,663	10,953	10,542	11,473
84 Chile	5,015	7,008	5,895	5,296	5,346	5,105	5,327	5,895	5,647	5,955
85 Colombia	4,624	5,669	4,555	4,735	4,658	4,945	4,560	4,555	4,552	4,445
86 Ecuador	1,572	1,956	2,119	2,082	2,074	2,084	2,059	2,119	2,157	2,254
87 Guatemala	1,336	1,626	1,637	1,659	1,671	1,667	1,678	1,637	1,581	1,535
88 Mexico	37,157	30,717	33,157	33,291	33,878	36,054	33,856	33,157	33,723	35,370
89 Panama	3,864	4,415	4,292	3,561	3,661	3,788	3,980	4,292	3,615	3,885
90 Peru	840	1,142	1,435	1,065	1,091	1,153	1,194	1,435	1,355	1,459
91 Uruguay	2,486	2,386	3,006	2,541	2,567	2,512	2,944	3,006	2,798	2,844
92 Venezuela	19,894	20,192	24,779	23,909	23,997	24,288	25,963	24,779	26,996	26,475
93 Other Latin America <sup>16</sup>	9,710	10,886	10,398	11,219	11,059	10,871	10,243	10,398	7,028	7,177
94 Caribbean	433,539	461,200	580,562	510,847	513,720	533,961	560,281	580,562	601,776	590,720
95 Bahamas	118,085	135,811	189,454	173,061	167,671	178,113	176,823	189,454	186,180	185,562
96 Bermuda	6,846	7,874	9,695	8,157	8,100	8,730	8,404	9,695	9,487	8,278
97 British West Indies <sup>17</sup>	302,486	312,278	374,107	321,573	331,097	340,926	368,175	374,107	n.a.	n.a.
98 Cayman Islands <sup>17</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	384,280	376,040
99 Cuba	62	75	90	92	89	94	88	90	130	84
100 Jamaica	577	520	815	915	830	680	722	815	792	945
101 Netherlands Antilles	5,010	4,047	5,496	6,373	5,159	4,614	5,318	5,496	6,565	5,537
102 Trinidad and Tobago	473	595	905	676	774	804	751	905	797	886
103 Other Caribbean <sup>18</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13,545	13,388
104 Asia	307,960	319,489	306,412	291,017	286,551	299,164	301,595	306,412	315,245	317,319
105 China	13,441	12,325	16,538	11,769	11,830	13,719	15,835	16,538	27,451	31,654
106 Mainland	12,708	13,603	17,690	14,675	15,140	18,289	17,630	17,690	19,865	18,629
107 Taiwan	20,900	27,701	26,768	26,749	26,583	25,784	25,924	26,768	27,013	27,674
108 Hong Kong	5,250	7,367	4,532	5,547	5,838	5,548	5,173	4,532	4,197	4,058
109 India	8,282	6,567	8,524	7,318	7,310	7,589	8,375	8,524	8,536	9,027
110 Indonesia	7,749	7,488	8,055	5,951	7,132	6,668	6,538	8,055	7,666	7,262
111 Israel	168,563	159,075	150,434	146,382	142,782	150,196	149,679	150,434	148,810	150,619
112 Japan	12,524	12,988	7,967	8,819	9,043	6,684	6,689	7,967	7,155	6,273
113 Korea (South)	3,324	3,268	2,430	1,679	1,822	1,676	2,334	2,430	1,769	1,422
114 Philippines	7,359	6,050	3,129	3,504	3,330	3,178	3,477	3,129	3,157	3,405
115 Thailand	15,609	21,314	23,760	21,968	21,851	23,856	23,732	23,760	22,425	21,613
116 Middle Eastern oil-exporting countries <sup>18</sup>	32,251	41,743	36,585	36,656	33,890	35,977	36,209	36,585	37,201	35,683
117 Other	8,905	9,468	10,836	9,607	9,821	9,663	9,515	10,836	10,552	10,984
118 Africa	1,339	2,022	2,622	1,615	1,544	1,546	1,655	2,622	2,552	2,336
119 Egypt	97	179	139	109	112	121	100	139	157	139
120 Morocco	1,522	1,495	1,011	708	842	767	853	1,011	843	914
121 South Africa	5	14	4	7	5	4	4	4	10	10
122 Congo (formerly Zaire) <sup>19</sup>	3,088	2,914	4,052	4,470	4,499	4,405	4,027	4,052	4,317	4,750
123 Oil-exporting countries <sup>19</sup>	2,854	2,844	3,008	2,698	2,819	2,820	2,876	3,008	2,673	2,835
124 Other	6,636	9,788	11,368	10,825	10,534	11,671	12,130	11,368	10,614	10,993
125 Other Countries	5,495	8,377	10,090	9,825	9,507	10,562	10,960	10,090	8,854	9,519
126 Australia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,032	328
127 New Zealand <sup>20</sup>	1,141	1,411	1,278	1,000	1,027	1,109	1,169	1,278	728	1,146
128 All other	11,883	15,276	12,561	14,630	15,658	17,104	17,074	12,561	10,939	11,597
129 Nonmonetary international and regional organizations	10,221	12,876	11,288	13,118	14,387	16,133	16,068	11,288	9,024	10,811
130 International <sup>21</sup>	594	1,150	740	1,146	888	582	523	740	1,493	223
131 Latin American regional <sup>22</sup>	1,068	1,250	533	366	383	389	483	533	422	534
132 Other regional <sup>23</sup>										

12. Before January 2001, combined data reported for Belgium-Luxembourg.

13. Before January 2001, data included in United Kingdom.

14. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.

15. Includes the Bank for International Settlements and European Central Bank. Since December 1992, has included all parts of the former U.S.S.R. (except Russia) and Bosnia, Croatia, and Slovenia.

16. Before January 2000, "Other Latin America" and "Other Caribbean" were reported as combined "Other Latin America and Caribbean."

17. Beginning January 2001, Cayman Islands replaced British West Indies in the data series.

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

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

20. Before January 2001, included in "All other."

21. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.

22. Principally the Inter-American Development Bank.

23. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

**3.18 BANKS' OWN CLAIMS ON FOREIGNERS** Reported by Banks in the United States<sup>1</sup>  
Payable in U.S. dollars  
Millions of dollars, end of period

Area or country	1998	1999	2000	2000					2001	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>P</sup>
<b>1 Total, all foreigners</b>	<b>734,995</b>	<b>793,139</b>	<b>911,879</b>	<b>813,193</b>	<b>856,474</b>	<b>879,626</b>	<b>882,419</b>	<b>911,879</b>	<b>962,479<sup>F</sup></b>	<b>919,222</b>
<b>2 Foreign countries</b>	<b>731,378</b>	<b>788,576</b>	<b>907,193</b>	<b>809,416</b>	<b>851,609</b>	<b>874,403</b>	<b>878,579</b>	<b>907,193</b>	<b>959,252<sup>F</sup></b>	<b>915,905</b>
3 Europe	233,321	311,686	383,876	327,433	359,889	365,709	371,894	383,876	422,183 <sup>F</sup>	407,006
4 Austria	1,043	2,643	2,941	1,956	2,584	2,809	2,681	2,941	3,664	2,927
5 Belgium	7,187	10,193	5,540	5,843	6,368	6,044	5,060	5,540	4,635	5,321
6 Denmark	2,383	1,669	3,312	3,278	3,403	3,093	3,462	3,312	3,402	3,499
7 Finland	1,070	2,020	7,402	2,701	3,561	4,927	6,517	7,402	6,772	7,122
8 France	15,251	29,142	40,303	23,229	27,062	34,217	34,547	40,303	43,290	44,104
9 Germany	15,923	29,205	36,973	31,804	33,229	33,017	32,160	36,973	39,744 <sup>F</sup>	39,375
10 Greece	575	806	658	557	516	628	876	658	526	466
11 Italy	7,284	8,496	7,629	7,358	6,215	6,482	6,738	7,629	6,310 <sup>F</sup>	6,315
12 Luxembourg	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2,825 <sup>F</sup>	2,659
13 Netherlands	5,697	11,810	17,294	14,999	15,507	16,165	15,975	17,294	18,864	21,680
14 Norway	827	1,000	5,012	1,448	4,474	4,655	6,159	5,012	2,971	5,339
15 Portugal	669	1,571	1,382	1,273	1,480	1,574	1,249	1,382	1,109	1,312
16 Russia	789	713	517	666	643	647	663	517	518	561
17 Spain	5,735	3,796	2,848	3,566	3,208	3,360	2,593	2,848	3,808 <sup>F</sup>	4,199
18 Sweden	4,223	3,264	9,301	8,761	8,501	8,504	8,815	9,301	10,353	10,131
19 Switzerland	46,874	79,158	82,383	87,172	100,345	103,818	107,986	82,383	102,545	97,186
20 Turkey	1,982	2,617	3,175	2,855	2,821	2,831	3,260	3,175	3,300	3,104
21 United Kingdom	106,349	115,971	148,875	123,360	132,503	122,829	125,223	148,875	156,809 <sup>F</sup>	143,380
22 Channel Islands & Isle of Man	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	670	832
23 Yugoslavia <sup>4</sup>	53	50	50	49	49	49	49	50	50	49
24 Other Europe and other former U.S.S.R. <sup>5</sup>	9,407	7,562	8,281	6,558	7,420	10,060	7,881	8,281	9,966 <sup>F</sup>	7,203
25 Canada	47,037	37,206	40,068	37,934	37,618	38,648	39,291	40,068	41,655 <sup>F</sup>	42,487
26 Latin America	79,976	74,040	76,614	72,499	72,664	73,692	74,399	76,614	74,460 <sup>F</sup>	74,220
27 Argentina	9,552	10,894	11,546	10,597	10,840	11,166	11,468	11,546	11,317	11,612
28 Brazil	16,184	16,987	20,567	18,555	19,038	20,202	19,840	20,567	20,372	20,008
29 Chile	8,250	6,607	5,816	5,985	5,953	5,756	5,772	5,816	6,223	5,961
30 Colombia	6,507	4,524	4,370	3,953	3,851	3,846	3,938	4,370	3,816	3,941
31 Ecuador	1,400	760	635	607	623	639	629	635	563	584
32 Guatemala	1,127	1,135	1,246	1,277	1,226	1,245	1,247	1,246	1,364	1,176
33 Mexico	21,212	17,899	17,430	16,825	16,808	16,723	16,945	17,430	17,598 <sup>F</sup>	17,918
34 Panama	3,584	3,387	2,935	2,882	2,781	2,668	2,839	2,935	2,775 <sup>F</sup>	2,908
35 Peru	3,275	2,529	2,808	2,487	2,697	2,653	2,713	2,808	2,689	2,673
36 Uruguay	1,126	801	675	777	728	663	677	675	641	455
37 Venezuela	3,089	3,494	3,520	3,410	3,390	3,321	3,451	3,520	3,306 <sup>F</sup>	3,264
38 Other Latin America <sup>6</sup>	4,670	5,023	5,066	5,144	4,729	4,810	4,880	5,066	3,796 <sup>F</sup>	3,720
39 Caribbean	262,678	281,128	319,512	282,931	290,974	300,805	301,544	319,512	321,115 <sup>F</sup>	299,682
40 Bahamas	96,455	99,066	114,090	95,577	99,278	100,445	96,718	114,090	109,275	101,266
41 Bermuda	5,011	8,007	9,343	4,684	6,265	8,426	8,324	9,343	8,673 <sup>F</sup>	7,138
42 British West Indies	153,749	167,189	189,315	175,936	178,744	184,812	188,994	189,315	n.a.	n.a.
43 Cayman Islands	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	188,377 <sup>F</sup>	177,854
44 Cuba	0	0	0	3	0	0	0	0	117	0
45 Jamaica	239	295	355	305	337	379	355	355	357	331
46 Netherlands Antilles	6,779	5,982	5,801	5,804	5,770	6,158	6,554	5,801	9,077 <sup>F</sup>	7,156
47 Trinidad and Tobago	445	589	608	622	580	585	599	608	658	663
48 Other Caribbean <sup>6</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4,581 <sup>F</sup>	5,274
49 Asia	98,607	75,143	78,762	79,028	81,584	87,682	83,359	78,762	90,332 <sup>F</sup>	81,896
50 China	1,261	2,110	1,606	1,601	1,519	1,912	1,644	1,606	1,562 <sup>F</sup>	1,530
51 Taiwan	1,041	1,390	2,247	790	2,475	3,691	2,483	2,247	1,037	1,365
52 Hong Kong	9,080	5,903	6,715	5,403	6,019	6,540	6,454	6,715	7,458 <sup>F</sup>	8,506
53 India	1,440	1,738	2,178	2,038	2,006	1,787	1,736	2,178	1,886 <sup>F</sup>	1,700
54 Indonesia	1,942	1,776	1,914	1,880	1,982	2,009	1,958	1,914	2,075	1,987
55 Israel	1,166	1,875	2,729	2,281	1,116	1,551	1,911	2,729	2,343	3,249
56 Japan	46,713	28,641	35,109	32,499	35,240	35,773	36,467	35,109	38,901	34,780
57 Korea (South)	8,289	9,426	7,784	16,924	14,375	18,589	16,189	7,784	18,736	14,147
58 Philippines	1,465	1,410	1,784	1,483	1,495	1,473	1,758	1,784	1,217	1,172
59 Thailand	1,807	1,515	1,381	1,059	1,071	1,046	1,221	1,381	1,170	1,244
60 Middle Eastern oil-exporting countries <sup>8</sup>	16,130	14,267	10,091	10,006	9,961	9,867	8,487	10,091	10,549 <sup>F</sup>	8,748
61 Other	8,273	5,092	5,224	3,064	4,325	3,444	3,051	5,224	3,398	3,468
62 Africa	3,122	2,268	2,151	2,215	2,597	2,291	1,977	2,151	2,176	1,899
63 Egypt	257	258	201	186	176	201	184	201	170	271
64 Morocco	372	352	204	247	254	252	235	204	182	185
65 South Africa	643	622	366	358	372	322	341	366	492	544
66 Congo (formerly Zaire)	0	24	0	0	0	0	0	0	19	0
67 Oil-exporting countries <sup>9</sup>	936	276	471	616	913	656	342	471	582	153
68 Other	914	736	909	808	882	860	875	909	731	746
69 Other countries	6,637	7,105	6,210	7,376	6,283	5,576	6,115	6,210	7,331 <sup>F</sup>	8,715
70 Australia	6,173	6,824	5,961	7,036	6,036	5,238	5,937	5,961	6,906 <sup>F</sup>	8,377
71 New Zealand <sup>10</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	283	207
72 All other	464	281	249	340	247	338	178	249	142 <sup>F</sup>	131
73 Nonmonetary international and regional organizations <sup>11</sup>	3,617	4,563	4,686	3,777	4,865	5,223	3,840	4,686	3,363	3,317

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<sup>1</sup>  
Payable in U.S. dollars  
Millions of dollars, end of period

Type of claim	1998	1999	2000	2000					2001	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>2</sup>
<b>1 Total</b>	<b>875,891</b>	<b>944,937</b>	<b>1,102,595</b>	...	<b>1,025,751</b>			<b>1,102,595</b>		..
2 Banks' claims	734,995	793,139	911,879	813,193	856,474	879,626	882,419	911,879	958,982	916,183
3 Foreign public borrowers	23,542	35,090	38,327	41,459	40,437	49,693	49,373	38,327	52,987	54,215
4 Own foreign offices <sup>4</sup>	484,535	529,682	630,105	560,852	592,647	603,873	610,839	630,105	645,069	608,311
5 Unaffiliated foreign banks	106,206	97,186	99,622	78,562	87,144	83,035	82,962	99,622	102,166	98,845
6 Deposits	27,230	34,538	23,886	21,822	23,765	23,598	23,756	23,886	23,607	25,940
7 Other	78,976	62,648	75,736	56,740	63,379	59,437	59,206	75,736	78,559	72,905
8 All other foreigners	120,712	131,181	143,825	132,320	136,246	143,025	139,245	143,825	158,760	154,812
9 Claims of banks' domestic customers <sup>3</sup>	140,896	151,798	190,716		169,277			190,716		
10 Deposits	79,363	88,006	99,846		87,108			99,846		
11 Negotiable and readily transferable instruments <sup>4</sup>	47,914	51,161	78,147		70,334			78,147		
12 Outstanding collections and other claims	13,619	12,631	12,723		11,835			12,723		
MEMO										
13 Customer liability on acceptances	4,520	4,553	4,258	..	4,701			4,258		
14 Banks' loans under resale agreements <sup>5</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	85,307	83,366
15 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States <sup>6</sup>	39,978	31,125	53,153	55,293	57,784	53,848	55,899	53,153	59,893	70,964

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.

Reporting banks include all types of depository institution as well as some brokers and dealers

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and from foreign

branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

3. Assets held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit, bankers acceptances, and commercial paper.

5. Data available beginning January 2001.

6. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad.

**3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS** Reported by Banks in the United States<sup>1</sup>  
Payable in U.S. Dollars  
Millions of dollars, end of period

Maturity, by borrower and area <sup>2</sup>	1997	1998	1999	2000			
				Mar.	June	Sept.	Dec.
<b>1 Total</b>	<b>276,550</b>	<b>250,418</b>	<b>267,082</b>	<b>256,536</b>	<b>268,904</b>	<b>263,383</b>	<b>281,208</b>
<i>By borrower</i>							
2 Maturity of one year or less	205,781	186,526	187,894	175,413	181,814	174,650	187,815
3 Foreign public borrowers	12,081	13,671	22,811	23,438	24,849	23,646	21,399
4 All other foreigners	193,700	172,855	165,083	151,975	156,965	151,004	166,416
5 Maturity of more than one year	70,769	63,892	79,188	81,123	87,090	88,733	93,393
6 Foreign public borrowers	8,499	9,839	12,013	12,850	15,900	16,238	16,258
7 All other foreigners	62,270	54,053	67,175	68,273	71,190	72,495	77,135
<i>By area</i>							
8 Maturity of one year or less							
9 Europe	58,294	68,679	80,842	74,011	71,492	69,447	72,754
10 Canada	9,917	10,968	7,859	8,408	7,344	8,225	7,995
11 Latin America and Caribbean	97,207	81,766	69,498	62,912	66,096	65,881	77,282
12 Asia	33,964	18,007	21,802	23,003	29,091	23,791	22,755
13 Africa	2,211	1,835	1,122	957	1,520	1,594	1,168
14 All other <sup>3</sup>	4,188	5,271	6,771	6,122	6,271	5,712	5,861
15 Maturity of more than one year							
16 Europe	13,240	14,923	22,951	23,952	25,417	27,589	33,681
17 Canada	2,525	3,140	3,192	3,126	3,323	3,261	3,712
18 Latin America and Caribbean	42,049	33,442	39,051	39,714	42,291	41,168	41,870
19 Asia	10,235	10,018	11,257	11,612	12,550	13,132	10,154
20 Africa	1,236	1,232	1,065	965	924	895	891
21 All other <sup>3</sup>	1,484	1,137	1,672	1,754	2,585	2,688	3,085

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<sup>1</sup>

Billions of dollars, end of period

Area or country	1996	1997	1998	1999				2000			
			Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec. <sup>P</sup>
<b>1 Total</b>	<b>645.8</b>	<b>721.8</b>	<b>1051.6</b>	<b>981.9</b>	<b>930.4</b>	<b>930.4</b>	<b>934.5</b>	<b>949.4</b>	<b>989.6</b>	<b>952.9</b>	<b>1034.5</b>
2 G-10 countries and Switzerland	228.3	242.8	217.7	208.9	224.0	208.2	232.3	278.5	320.0	286.9	312.6
3 Belgium and Luxembourg	11.7	11.0	10.7	15.6	16.2	15.7	14.3	14.2	13.8	13.0	14.3
4 France	16.6	15.4	18.4	21.6	20.7	20.0	29.0	27.1	32.6	29.1	29.9
5 Germany	29.8	28.6	30.9	34.7	32.1	37.4	38.7	37.3	31.5	37.8	45.2
6 Italy	16.0	15.5	11.5	17.8	16.4	15.0	18.1	20.0	20.8	18.8	21.3
7 Netherlands	4.0	6.2	7.8	10.7	13.3	11.7	12.3	17.1	16.1	17.6	18.7
8 Sweden	2.6	3.3	2.3	4.0	2.6	3.6	3.0	3.9	3.5	4.3	3.7
9 Switzerland	5.3	7.2	8.5	7.8	8.3	8.8	10.3	10.1	13.8	10.9	13.5
10 United Kingdom	104.7	113.4	85.4	56.2	74.7	52.3	68.2	107.8	144.3	118.7	125.9
11 Canada	14.0	13.7	16.8	15.9	17.1	17.9	16.3	17.5	18.3	18.7	16.9
12 Japan	23.7	28.6	25.4	24.6	22.6	25.7	22.1	23.5	25.4	18.1	23.1
13 Other industrialized countries	66.1	65.5	69.0	80.1	79.7	71.7	68.4	62.8	75.2	73.8	75.3
14 Austria	1.1	1.5	1.4	2.8	2.8	3.0	3.5	2.6	2.8	3.5	4.1
15 Denmark	1.5	2.4	2.2	3.4	2.9	2.1	2.6	1.5	1.2	1.8	1.9
16 Finland	.8	1.3	1.4	1.5	.9	.9	.9	.8	1.2	2.8	1.5
17 Greece	6.7	5.1	5.9	6.5	5.9	6.6	6.0	5.7	6.8	6.4	8.3
18 Norway	8.0	3.6	3.2	3.1	3.0	3.8	3.3	3.0	4.6	8.5	8.3
19 Portugal	.9	.9	1.4	1.4	1.2	1.2	1.0	1.0	2.0	1.5	2.0
20 Spain	13.3	12.6	13.7	15.7	16.6	15.1	12.1	11.3	12.2	10.5	10.6
21 Turkey	2.7	4.5	4.8	5.2	4.9	4.7	4.8	5.1	5.6	5.6	6.0
22 Other Western Europe	4.9	8.3	10.4	10.2	10.3	9.2	6.8	8.3	8.0	8.4	6.7
23 South Africa	2.0	2.2	4.4	4.8	4.7	4.0	3.8	4.8	4.5	4.2	3.7
24 Australia	24.0	23.1	20.3	25.4	26.6	21.1	23.5	18.6	26.3	20.5	22.2
25 OPEC <sup>2</sup>	19.8	26.0	27.1	26.2	26.2	30.1	31.4	28.9	32.3	31.8	29.6
26 Ecuador	1.1	1.3	1.3	1.2	1.1	.9	.8	.7	.7	.6	.6
27 Venezuela	2.4	2.5	3.2	3.5	3.2	3.0	2.8	3.0	2.9	2.9	2.5
28 Indonesia	5.2	6.7	4.7	4.5	5.0	4.4	4.2	3.9	4.1	4.4	4.6
29 Middle East countries	10.7	14.4	17.0	16.7	16.5	21.4	23.1	21.1	24.0	22.7	21.1
30 African countries	.4	1.2	1.0	.4	.5	.5	.5	.2	.7	1.2	.8
31 Non-OPEC developing countries	130.3	139.2	143.4	146.4	148.6	144.6	149.4	154.8	158.3	149.6	145.7
<i>Latin America</i>											
32 Argentina	14.3	18.4	23.1	24.4	22.8	22.8	23.2	22.4	21.6	21.4	21.4
33 Brazil	20.7	28.6	24.7	24.2	25.2	23.5	27.7	28.1	28.3	28.5	28.8
34 Chile	7.0	8.7	8.3	8.6	8.2	7.7	7.4	8.2	8.1	7.4	7.6
35 Colombia	4.1	3.4	3.2	3.3	3.1	2.7	2.5	2.5	2.4	2.4	2.4
36 Mexico	16.2	17.4	18.9	19.7	18.5	19.4	18.7	18.3	20.5	17.5	15.7
37 Peru	1.6	2.0	2.2	2.2	2.1	1.8	1.7	1.9	2.1	2.1	2.0
38 Other	3.3	4.1	5.4	5.3	5.5	5.5	5.9	6.5	6.7	6.3	6.5
<i>Asia</i>											
39 China											
40 Mainland	2.5	3.2	3.0	5.0	5.3	3.3	3.6	4.6	3.8	3.4	2.9
41 Taiwan	10.3	9.5	13.3	11.8	12.6	12.3	12.0	12.6	12.6	12.8	10.8
42 India	4.3	4.9	5.5	5.5	6.7	7.0	7.7	7.9	8.2	5.8	9.1
43 Israel	.5	.7	1.1	1.1	2.0	1.0	1.8	3.3	1.5	1.1	2.7
44 Korea (South)	21.5	15.6	13.7	13.7	15.3	16.0	15.2	17.4	21.2	21.0	15.1
45 Malaysia	6.0	5.1	5.6	5.9	6.0	6.1	6.1	6.5	6.8	6.9	7.1
46 Philippines	5.8	5.7	5.1	5.4	5.7	5.8	6.2	5.3	5.3	4.7	5.1
47 Thailand	5.7	5.4	4.7	4.5	4.2	4.0	4.1	4.3	4.0	3.9	4.0
48 Other Asia	4.1	4.3	2.9	3.0	2.8	2.9	2.9	2.6	2.5	2.3	2.4
<i>Africa</i>											
49 Egypt	.7	.9	1.3	1.4	1.4	1.3	1.4	1.4	1.3	1.1	1.1
50 Morocco	.7	.6	.5	.5	.5	.5	.4	.3	.3	.4	.3
51 Zaire	.1	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
52 Other Africa <sup>3</sup>	.9	.8	1.0	.9	1.0	1.0	1.0	.9	.9	.8	.7
53 Eastern Europe	6.9	9.1	5.5	6.8	5.7	5.4	5.2	6.3	9.4	9.0	10.1
54 Russia <sup>4</sup>	3.7	5.1	2.2	2.0	2.1	2.0	1.6	1.7	1.5	1.4	1.0
55 Other	3.2	4.0	3.3	4.8	3.7	3.4	3.6	4.7	7.9	7.6	9.1
56 Offshore banking centers	135.1	140.2	93.9	83.0	66.0	79.1	59.9	42.0	52.4	50.6	69.9
57 Bahamas	20.5	24.2	35.4	22.0	10.4	18.2	13.7	2.4	.5	.6	6.9
58 Bermuda	4.5	9.8	4.6	3.9	5.7	8.2	8.0	7.3	6.3	6.3	9.0
59 Cayman Islands and other British West Indies	37.2	43.4	12.8	13.9	7.2	6.3	1.3	.0	5.1	5.9	14.6
60 Netherlands Antilles	26.1	14.6	2.6	2.7	1.3	9.1	1.7	2.5	2.6	1.9	1.9
61 Panama <sup>5</sup>	2.0	3.1	3.9	3.9	3.9	3.9	3.9	3.4	3.3	2.5	3.2
62 Lebanon	.1	.1	.1	.1	.1	.2	.1	.1	.1	.1	.1
63 Hong Kong, China	27.9	32.2	23.3	22.8	22.0	22.4	21.0	22.2	20.7	20.6	18.8
64 Singapore	16.7	12.7	11.1	13.5	15.2	10.6	10.1	4.1	13.6	12.7	15.2
65 Other <sup>6</sup>	.1	.1	.2	.2	.1	.2	.1	.1	.1	.1	.2
66 Miscellaneous and unallocated <sup>7</sup>	59.6	99.1	495.1	430.4	380.2	391.2	387.9	376.1	342.1	351.1	391.2

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.

These data are on a gross claims basis and do not necessarily reflect the ultimate country risk or exposure of U.S. banks. More complete data on the country risk exposure of U.S. banks are available in the quarterly Country Exposure Lending Survey published by the Federal Financial Institutions Examination Council.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates); and Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia. Beginning March 1994 includes Namibia.

4. As of December 1992, excludes other republics of the former Soviet Union.

5. Includes Canal Zone.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

## 3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of liability, and area or country	1997	1998	1999	1999		2000			
				Sept.	Dec.	Mar.	June	Sept.	Dec.
<b>1 Total</b>	<b>57,382</b>	<b>46,570</b>	<b>53,044</b>	<b>52,979</b>	<b>53,044</b>	<b>53,489</b>	<b>70,534</b>	<b>76,644</b>	<b>74,107</b>
2 Payable in dollars	41,543	36,668	37,605	36,296	37,605	35,614	47,864	51,451	49,424
3 Payable in foreign currencies	15,839	9,902	15,415	16,683	15,415	17,875	22,670	25,193	24,683
<i>By type</i>									
4 Financial liabilities	26,877	19,255	27,980	27,422	27,980	29,180	44,068	49,895	47,419
5 Payable in dollars	12,630	10,371	13,883	12,231	13,883	12,858	22,803	26,159	25,246
6 Payable in foreign currencies	14,247	8,884	14,097	15,191	14,097	16,322	21,265	23,736	22,173
7 Commercial liabilities	30,505	27,315	25,064	25,557	25,064	24,309	26,466	26,749	26,688
8 Trade payables	10,904	10,978	12,857	12,651	12,857	12,401	13,764	13,918	14,305
9 Advance receipts and other liabilities	19,601	16,337	12,207	12,906	12,207	11,908	12,702	12,831	12,383
10 Payable in dollars	28,913	26,297	23,722	24,065	23,722	22,756	25,061	25,292	24,178
11 Payable in foreign currencies	1,592	1,018	1,318	1,492	1,318	1,553	1,405	1,457	2,510
<i>By area or country</i>									
<i>Financial liabilities</i>									
12 Europe	18,027	12,589	23,241	21,695	23,241	24,050	30,332	36,175	34,172
13 Belgium and Luxembourg	186	79	31	50	31	4	163	169	147
14 France	1,425	1,097	1,659	1,675	1,659	1,849	1,702	1,299	1,480
15 Germany	1,958	2,063	1,974	1,712	1,974	1,880	1,671	2,132	2,168
16 Netherlands	494	1,406	1,996	2,066	1,996	1,970	2,035	2,040	2,016
17 Switzerland	561	155	147	133	147	97	137	178	104
18 United Kingdom	11,667	5,980	16,521	15,096	16,521	16,579	21,463	28,601	26,362
19 Canada	2,374	693	284	344	284	313	714	249	411
20 Latin America and Caribbean	1,386	1,495	892	1,180	892	846	2,874	3,447	4,125
21 Bahamas	141	7	1	1	1	1	78	105	6
22 Bermuda	229	101	5	26	5	1	1,016	1,182	1,739
23 Brazil	143	152	126	122	126	128	146	132	148
24 British West Indies	604	957	492	786	492	489	463	501	406
25 Mexico	26	59	25	28	25	22	26	35	26
26 Venezuela	1	2	0	0	0	0	0	0	2
27 Asia	4,387	3,785	3,437	3,622	3,437	3,275	9,453	9,320	7,965
28 Japan	4,102	3,612	3,142	3,384	3,142	2,985	6,024	4,782	6,216
29 Middle Eastern oil-exporting countries <sup>1</sup>	27	0	4	3	4	4	5	7	11
30 Africa	60	28	28	31	28	28	33	48	52
31 Oil-exporting countries <sup>2</sup>	0	0	0	0	0	0	0	0	0
32 All other <sup>3</sup>	643	665	98	550	98	668	662	656	694
<i>Commercial liabilities</i>									
33 Europe	10,228	10,030	9,262	9,265	9,262	8,646	9,293	9,411	9,625
34 Belgium and Luxembourg	666	278	140	128	140	78	178	201	293
35 France	764	920	672	620	672	539	711	716	979
36 Germany	1,274	1,392	1,131	1,201	1,131	914	948	1,023	1,046
37 Netherlands	439	429	507	535	507	648	562	424	299
38 Switzerland	375	499	626	593	626	536	565	647	502
39 United Kingdom	4,086	3,697	3,071	3,175	3,071	2,661	2,982	2,951	2,845
40 Canada	1,175	1,390	1,775	1,753	1,775	2,024	2,053	1,889	1,932
41 Latin America and Caribbean	2,176	1,618	2,310	1,957	2,310	2,286	2,607	2,443	2,381
42 Bahamas	16	14	22	24	22	9	10	15	31
43 Bermuda	203	198	152	178	152	287	300	377	281
44 Brazil	220	152	145	120	145	115	119	167	114
45 British West Indies	12	10	48	39	48	23	22	19	76
46 Mexico	565	347	887	704	887	805	1,073	1,079	841
47 Venezuela	261	202	305	182	305	193	239	124	284
48 Asia	14,966	12,342	9,886	10,428	9,886	9,681	10,965	11,133	10,974
49 Japan	4,500	3,827	2,609	2,689	2,609	2,274	2,200	1,998	2,752
50 Middle Eastern oil-exporting countries <sup>1</sup>	3,111	2,852	2,551	2,618	2,551	2,308	3,489	3,706	2,831
51 Africa	874	794	950	959	950	943	950	1,220	940
52 Oil-exporting countries <sup>2</sup>	408	393	499	584	499	536	575	663	475
53 Other <sup>3</sup>	1,086	1,141	881	1,195	881	729	598	653	836

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

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

3. Includes nonmonetary international and regional organizations.



### 3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of claim, and area or country	1997	1998	1999	1999		2000			
				Sept.	Dec.	Mar.	June	Sept.	Dec.
<b>1 Total</b>	<b>68,128</b>	<b>77,462</b>	<b>76,669</b>	<b>67,566</b>	<b>76,669</b>	<b>84,266</b>	<b>80,725</b>	<b>94,803</b>	<b>90,951</b>
2 Payable in dollars	62,173	72,171	69,170	60,456	69,170	74,331	72,294	82,872	81,176
3 Payable in foreign currencies	5,955	5,291	7,472	7,110	7,472	9,935	8,431	11,931	9,775
<i>By type</i>									
4 Financial claims	36,959	46,260	40,231	33,877	40,231	47,798	44,303	58,303	53,031
5 Deposits	22,909	30,199	18,566	15,192	18,566	23,316	17,462	30,928	23,374
6 Payable in dollars	21,060	28,549	16,373	13,240	16,373	21,442	15,361	27,974	21,015
7 Payable in foreign currencies	1,849	1,650	2,193	1,952	2,193	1,874	2,101	2,954	2,359
8 Other financial claims	14,050	16,061	21,665	18,685	21,665	24,482	26,841	27,375	29,657
9 Payable in dollars	11,806	14,049	18,593	15,718	18,593	19,659	22,384	20,541	25,142
10 Payable in foreign currencies	2,244	2,012	3,072	2,967	3,072	4,823	4,457	6,834	4,515
11 Commercial claims	31,169	31,202	36,438	33,689	36,438	36,468	36,422	36,500	37,920
12 Trade receivables	27,536	27,202	32,629	29,397	32,629	31,443	31,277	31,530	33,458
13 Advance payments and other claims	3,633	4,000	3,809	4,292	3,809	5,025	5,145	4,970	4,462
14 Payable in dollars	29,307	29,573	34,204	31,498	34,204	33,230	34,549	34,357	35,019
15 Payable in foreign currencies	1,862	1,629	2,207	2,191	2,207	3,238	1,873	2,143	2,901
<i>By area or country</i>									
<i>Financial claims</i>									
16 Europe	14,999	12,294	13,023	13,878	13,023	16,789	18,254	23,706	23,136
17 Belgium and Luxembourg	406	661	529	574	529	540	317	304	296
18 France	1,015	864	967	1,212	967	1,835	1,292	1,477	1,206
19 Germany	427	304	549	504	549	669	576	696	848
20 Netherlands	677	875	1,229	1,067	1,229	1,981	1,984	2,486	1,396
21 Switzerland	434	414	643	559	643	612	624	626	699
22 United Kingdom	10,337	7,766	7,561	8,157	7,561	9,044	11,668	16,191	15,900
23 Canada	3,313	2,503	2,553	3,172	2,553	3,175	5,799	7,517	4,576
24 Latin America and Caribbean	15,543	27,714	18,206	12,749	18,206	21,945	14,874	21,691	19,317
25 Bahamas	2,308	403	1,593	755	1,593	1,299	655	1,358	1,353
26 Bermuda	108	39	11	524	11	11	34	22	19
27 Brazil	1,313	835	1,476	1,265	1,476	1,646	1,666	1,568	1,827
28 British West Indies	10,462	24,388	12,099	7,263	12,099	15,814	7,751	15,722	12,596
29 Mexico	537	1,245	1,791	1,798	1,791	1,979	2,048	2,280	2,448
30 Venezuela	36	55	48	47	48	65	78	101	87
31 Asia	2,133	3,027	5,457	3,205	5,457	4,430	3,923	4,002	4,697
32 Japan	823	1,194	3,262	1,250	3,262	2,021	1,410	1,726	1,631
33 Middle Eastern oil-exporting countries <sup>1</sup>	11	9	23	5	23	29	42	85	80
34 Africa	319	159	286	251	286	232	320	284	411
35 Oil-exporting countries <sup>2</sup>	15	16	15	12	15	15	39	3	57
36 All other <sup>3</sup>	652	563	706	622	706	1,227	1,133	1,103	894
<i>Commercial claims</i>									
37 Europe	12,120	13,246	16,389	14,367	16,389	16,118	15,928	16,486	15,938
38 Belgium and Luxembourg	328	238	316	289	316	271	425	393	452
39 France	1,796	2,171	2,236	2,375	2,236	2,520	2,692	2,921	3,095
40 Germany	1,614	1,822	1,960	1,944	1,960	2,034	1,906	2,159	1,982
41 Netherlands	597	467	1,429	617	1,429	1,337	1,242	1,310	1,729
42 Switzerland	554	483	610	714	610	611	563	684	763
43 United Kingdom	3,660	4,769	5,827	4,789	5,827	5,354	4,929	5,193	4,502
44 Canada	2,660	2,617	2,757	2,638	2,757	3,088	3,250	2,953	3,505
45 Latin America and Caribbean	5,750	6,296	5,959	5,879	5,959	5,899	5,792	5,788	5,842
46 Bahamas	27	24	20	29	20	15	48	75	37
47 Bermuda	244	536	390	549	390	404	381	387	376
48 Brazil	1,162	1,024	905	763	905	849	894	981	956
49 British West Indies	109	104	181	157	181	95	51	55	137
50 Mexico	1,392	1,545	1,678	1,613	1,678	1,529	1,565	1,612	1,507
51 Venezuela	576	401	439	365	439	435	466	379	326
52 Asia	8,713	7,192	9,165	8,579	9,165	9,101	9,173	8,986	9,636
53 Japan	1,976	1,681	2,074	1,823	2,074	2,082	1,882	2,074	2,791
54 Middle Eastern oil-exporting countries <sup>1</sup>	1,107	1,135	1,625	1,479	1,625	1,533	1,241	1,199	1,024
55 Africa	680	711	631	682	631	716	766	895	671
56 Oil-exporting countries <sup>2</sup>	119	165	171	221	171	82	160	392	179
57 Other <sup>3</sup>	1,246	1,140	1,537	1,544	1,537	1,546	1,513	1,392	2,328

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

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

3. Includes nonmonetary international and regional organizations.

## 3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1999	2000	2001	2000					2001	
			Jan.-Feb.	Aug	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>P</sup>
	U.S. corporate securities									
STOCKS										
1 Foreign purchases .....	2,340,659	3,605,196	560,751	286,819	297,677	339,995	284,909	286,161	301,650	259,101
2 Foreign sales .....	2,233,137	3,430,306	527,129	262,546	289,118	323,659	275,855	275,034	277,706	249,423
3 Net purchases, or sales (-) .....	107,522	174,890	33,622	24,273	8,559	16,336	9,054	11,127	23,944	9,678
4 Foreign countries .....	107,578	174,903	33,613	24,249	8,603	16,338	9,068	11,145	23,906	9,707
5 Europe .....	98,060	164,656	26,042	15,678	10,014	14,040	7,485	10,779	12,329	13,713
6 France .....	3,813	5,727	2,112	575	-565	1,757	408	40	243	1,869
7 Germany .....	13,410	31,752	3,597	2,670	643	1,383	988	777	2,380	1,217
8 Netherlands .....	8,083	4,915	3,585	594	792	-135	323	1,691	2,206	1,379
9 Switzerland .....	5,650	11,960	845	1,114	780	-488	-598	-684	70	775
10 United Kingdom .....	42,902	58,736	8,184	7,098	5,163	6,283	3,210	7,773	3,064	5,120
11 Channel Islands & Isle of Man <sup>1</sup> .....	n.a.	n.a.	-45	n.a.	n.a.	n.a.	n.a.	n.a.	-13	-32
12 Canada .....	-335	5,956	1,958	1,267	-924	194	1,477	1,468	1,490	468
13 Latin America and Caribbean .....	5,187	-17,812	518	4,907	-3,406	-4,400	-2,979	-2,759	-5,529	-4,803
14 Middle East <sup>2</sup> .....	-1,066	9,189	-290	908	52	754	340	277	-554	264
15 Other Asia .....	4,445	12,494	5,920	1,789	2,707	5,840	3,310	1,451	5,565	355
16 Japan .....	5,723	2,070	330	568	2,467	2,640	662	1,615	1,002	-672
17 Africa .....	372	415	-310	2	-56	-27	80	-45	-362	52
18 Other countries .....	915	5	-225	-302	216	-63	-645	-26	-7	-218
19 Nonmonetary international and regional organizations .....	-56	-11	9	24	-42	-2	-14	-18	38	-29
BONDS <sup>3</sup>										
20 Foreign purchases .....	854,692	1,206,662	284,964	107,808	106,384	103,028	114,686	117,904	138,294 <sup>4</sup>	151,231
21 Foreign sales .....	602,100	871,418	220,119	69,514	76,225	71,686	77,596	90,143	111,327	108,779
22 Net purchases, or sales (-) .....	252,592	335,244	64,845	38,294	30,159	31,342	37,090	27,761	26,967 <sup>7</sup>	42,452
23 Foreign countries .....	252,994	335,348	64,902	38,215	30,161	31,356	37,224	27,759	27,065	42,411
24 Europe .....	140,674	179,706	38,279	21,618	17,058	16,965	16,522	16,560	17,397	25,456
25 France .....	1,870	2,216	1,065	334	-819	347	272	138	405	660
26 Germany .....	7,723	4,067	3,802	1,185	44	433	537	-78	2,450	1,352
27 Netherlands .....	2,446	1,130	1,160	850	-818	848	183	275	664	496
28 Switzerland .....	4,553	3,833	1,103	757	333	350	483	-89	321	782
29 United Kingdom .....	106,344	140,152	27,962	15,909	15,950	12,503	12,952	12,825	11,251	21,285
30 Channel Islands & Isle of Man <sup>1</sup> .....	n.a.	n.a.	225	n.a.	n.a.	n.a.	n.a.	n.a.	107	118
31 Canada .....	6,043	13,287	1,407	1,965	811	897	1,179	414	376	1,031
32 Latin America and Caribbean .....	58,783	59,443	12,978	3,829	6,338	5,018	6,600	4,126	4,969	9,461
33 Middle East <sup>1</sup> .....	1,979	2,076	1,169	54	-702	-54	437	1,077	726	443
34 Other Asia .....	42,817	78,280	10,676	10,562	6,777	8,215	11,839	5,535	3,514	7,162
35 Japan .....	17,541	38,842	1,824	5,664	3,573	3,690	7,435	2,932	910	914
36 Africa .....	1,411	938	75	37	49	58	25	76	29	46
37 Other countries .....	1,287	1,618	318	150	-170	257	622	-29	54	264
38 Nonmonetary international and regional organizations .....	-402	-70	-56	110	-2	-14	-134	2	-97	41
	Foreign securities									
39 Stocks, net purchases, or sales (-) .....	15,640	-9,297	-5,431	672	10,217	3,011	5,563	-3,195	-2,940	-2,494
40 Foreign purchases .....	1,177,303	1,802,452	279,083	142,850	148,664	152,872	141,600	135,417	148,111	130,932
41 Foreign sales .....	1,161,663	1,811,749	284,514	142,178	138,447	149,861	136,037	138,612	151,051	133,426
42 Bonds, net purchases, or sales (-) .....	-5,676	-3,878	1,800	-2,812	265	-3,443	8,434	-1,175	-1,360	3,160
43 Foreign purchases .....	798,267	959,408	225,486	74,803	92,179	98,519	94,938	83,721	120,666	104,820
44 Foreign sales .....	803,943	963,286	223,686	77,615	91,914	101,962	86,504	84,896	122,026	101,660
45 Net purchases, or sales (-), of stocks and bonds .....	9,964	-13,175	-3,634	-2,140	10,482	-432	13,997	-4,370	-4,300	666
46 Foreign countries .....	9,679	-13,311	-3,381	-1,986	10,307	-599	13,758	-3,951	-4,011	627
47 Europe .....	59,247	-23,609	-6,297	-5,786	6,353	-3,879	7,373	-4,452	-4,878	-1,422
48 Canada .....	-999	-3,856	2,355	910	-1,122	1,813	574	-1,357	767	1,588
49 Latin America and Caribbean .....	-4,726	-15,116	3,986	-892	585	1,010	-521	-205	641	3,345
50 Asia .....	-42,961	25,975	-2,153	3,159	3,842	-73	5,742	1,872	-1,005	-1,148
51 Japan .....	-43,637	21,886	-1,799	1,478	2,063	-1,262	2,067	1,824	164	-1,963
52 Africa .....	710	947	-85	-50	48	14	-28	-4	-70	-15
53 Other countries .....	-1,592	2,348	-39	673	601	516	618	195	312	-351
54 Nonmonetary international and regional organizations .....	285	150	-250	-154	179	167	239	-419	-289	39

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

2. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions<sup>1</sup>

Millions of dollars: net purchases, or sales (–) during period

Area or country	1999	2000	2001	2000					2001	
			Jan. – Feb.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>P</sup>
<b>1 Total estimated</b>	<b>–9,953</b>	<b>–53,790</b>	<b>–2,053</b>	<b>–114</b>	<b>–8,516</b>	<b>–3,037</b>	<b>–14,106</b>	<b>–9,789</b>	<b>–9,064</b>	<b>7,011</b>
<b>2 Foreign countries</b>	<b>–10,518</b>	<b>–53,329</b>	<b>–1,559</b>	<b>–117</b>	<b>–8,741</b>	<b>–3,222</b>	<b>–13,959</b>	<b>–9,904</b>	<b>–8,531</b>	<b>6,972</b>
3 Europe	–38,228	–50,704	–5,337	3,707	–1,284	–3,707	–10,991	–6,850	–5,000	–337
4 Belgium	–81	73	0	138	–127	320	53	–96	0	0
5 Germany	2,285	–7,304	–4,053	–36	–1,738	1,424	–2,185	–1,065	–873	–3,180
6 Luxembourg	n.a.	n.a.	420	n.a.	n.a.	n.a.	n.a.	n.a.	411	9
7 Netherlands	2,122	2,140	2,015	91	836	183	264	–1,622	–793	2,808
8 Sweden	1,699	1,082	–821	56	214	–118	–104	328	218	–1,039
9 Switzerland	–1,761	–10,326	916	–338	–959	–57	–301	64	755	161
10 United Kingdom	–20,232	–33,669	–1,758	3,054	–1,865	–3,793	–6,035	–4,199	–2,695	937
11 Channel Islands and Isle of Man	n.a.	n.a.	–166	n.a.	n.a.	n.a.	n.a.	n.a.	–98	–68
12 Other Europe and former U.S.S.R.	–22,260	–2,700	–1,525	742	2,355	–1,666	–2,683	–260	–2,089 <sup>f</sup>	564
13 Canada	7,348	–308	–2,621	222	1,417	160	–1,173	–1,492	–2,089	564
14 Latin America and Caribbean	–7,523	–4,914	–6,027	245	–4,979	3,963	–507	–245	2,407	3,620
15 Venezuela	362	1,288	519	45	314	152	251	300	227	292
16 Other Latin America and Caribbean	1,661	–11,581	7,540	61	–4,936	3,030	–1,262	–1,746	3,261	4,279
17 Netherlands Antilles	–9,546	5,379	–2,032	139	–357	781	504	1,201	–1,081	–951
18 Asia	29,359	1,639	–254	–4,918	–3,319	–4,688	–1,289	–458	–4,641	4,387
19 Japan	20,102	10,580	–2,793	367	1,717	1,608	4,445	–3,855	–4,261	1,468
20 Africa	–3,021	–414	–55	9	–139	–6	–16	–44	–91	36
21 Other	1,547	1,372	681	618	–437	1,056	17	–815	861	–180
22 Nonmonetary international and regional organizations	565	–461	–494	3	225	185	–147	115	–533	39
23 International	190	–483	–469	15	391	39	–146	24	–275	–194
24 Latin American Caribbean regional	666	76	–3	–10	1	28	–1	6	1	–4
MEMO										
25 Foreign countries	–10,518	–53,329	–1,559	–117	–8,741	–3,222	–13,959	–9,904	–8,531	6,972
26 Official institutions	–9,861	–6,302	2,893	449	–6,626	–7,150	–4,967	1,068	2,226	667
27 Other foreign	–657	–47,027	–4,452	–566	–2,115	3,928	–8,992	–10,972	–10,757	6,305
Oil-exporting countries										
28 Middle East <sup>4</sup>	2,207	3,483	–895	217	–1,030	–724	–888	48	–176	–719
29 Africa <sup>5</sup>	0	0	–6	0	0	0	0	0	–6	0

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Before January 2001, combined data reported for Belgium and Luxembourg.

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

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

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

3.28 FOREIGN EXCHANGE RATES AND INDEXES OF THE FOREIGN EXCHANGE VALUE OF THE U.S. DOLLAR<sup>1</sup>

Currency units per U.S. dollar except as noted

Item	1998	1999	2000	2000		2001			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Exchange rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar <sup>2</sup>	62.91	64.54	58.15	52.18	54.66	55.52	53.38	50.31	50.16
2 Austria/schilling	12.379	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3 Belgium/franc	36.31	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4 Brazil/real	1.1605	1.8207	1.8301	1.9483	1.9632	1.9561	2.0060	2.0955	2.1934
5 Canada/dollar	1.4836	1.4858	1.4855	1.5426	1.5219	1.5032	1.5216	1.5587	1.5578
6 China, P.R./yuan	8.3008	8.2783	8.2784	8.2774	8.2771	8.2776	8.2771	8.2775	8.2771
7 Denmark/krone	6.7030	6.9900	8.0953	8.6992	8.3059	7.9629	8.1103	8.2229	8.3657
8 European Monetary Union/euro <sup>3</sup>	n.a.	1.0653	0.9232	0.8552	0.8983	0.9376	0.9205	0.9083	0.8925
9 Finland/markka	5.3473	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 France/franc	5.8995	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 Germany/deutsche mark	1.7597	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Greece/drachma	295.70	306.30	365.92	397.94	379.58	n.a.	n.a.	n.a. <sup>f</sup>	n.a.
13 Hong Kong/dollar	7.7467	7.7594	7.7924	7.7991	7.7991	7.7998	7.7999	7.7999	7.7993
14 India/rupee	41.36	43.13	45.00	46.82	46.78	46.61	46.56	46.65	46.79
15 Ireland/pound <sup>2</sup>	142.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1,736.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
17 Japan/yen	130.99	113.73	107.80	109.01	112.21	116.67	116.23	121.51	123.77
18 Malaysia/ringgit	3.9254	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
19 Mexico/peso	9.152	9.553	9.459	9.508	9.467	9.769	9.711	9.599	9.328
20 Netherlands/guilder	1.9837	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 New Zealand/dollar <sup>2</sup>	53.61	52.94	45.68	39.90	42.97	44.42	43.45	41.82	40.69
22 Norway/krone	7.5521	7.8071	8.8131	9.3524	9.0616	8.7817	8.9180	8.9859	9.0920
23 Portugal/escudo	180.25	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Singapore/dollar	1.6722	1.6951	1.7250	1.7478	1.7361	1.7380	1.7435	1.7732	1.8118
25 South Africa/rand	5.5417	6.1191	6.9468	7.6889	7.6439	7.7786	7.8214	7.8980	8.0783
26 South Korea/won	1,400.40	1,189.84	1,130.90	1,156.54	1,216.94	1,272.63	1,252.85	1,291.41	1,327.76
27 Spain/peseta	149.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 Sri Lanka/rupee	65.006	70.868	76.964	80.381	82.030	85.833	87.136	85.730	88.205
29 Sweden/krona	7.9522	8.2740	9.1735	10.0965	9.6604	9.4910	9.7518	10.0516	10.2035
30 Switzerland/franc	1.4506	1.5045	1.6904	1.7779	1.6855	1.6305	1.6686	1.6908	1.7131
31 Taiwan/dollar	33.547	32.322	31.260	32.433	33.123	32.673	32.330	32.622	32.941
32 Thailand/baht	41.262	37.887	40.210	43.791	43.246	43.149	42.665	43.988	45.494
33 United Kingdom/pound <sup>2</sup>	165.73	161.72	151.56	142.58	146.29	147.75	145.25	144.45	143.48
34 Venezuela/bolivar	548.39	606.82	680.52	695.77	698.85	700.02	703.36	706.06	710.39
	Indexes <sup>4</sup>								
NOMINAL									
35 Broad (January 1997=100) <sup>5</sup>	116.48	116.87	119.93	124.21	123.28	123.14	123.77	125.91	126.97
36 Major currencies (March 1973=100) <sup>6</sup>	95.79	94.07	98.34	103.08	101.26	100.24	101.44	103.98	105.09
37 Other important trading partners (January 1997=100) <sup>7</sup>	126.03	129.94	130.26	132.87	133.61	135.01	134.52	135.56	136.30
REAL									
38 Broad (March 1973=100) <sup>5</sup>	99.20	98.52	102.18	105.74 <sup>f</sup>	104.84 <sup>f</sup>	105.24 <sup>f</sup>	105.97 <sup>f</sup>	107.82 <sup>f</sup>	108.70
39 Major currencies (March 1973=100) <sup>6</sup>	97.23	96.66	102.85	108.13 <sup>f</sup>	106.13 <sup>f</sup>	105.89 <sup>f</sup>	107.29 <sup>f</sup>	109.91 <sup>f</sup>	111.12
40 Other important trading partners (March 1973=100) <sup>7</sup>	108.11	107.24 <sup>f</sup>	107.69 <sup>f</sup>	109.21 <sup>f</sup>	109.67 <sup>f</sup>	110.95 <sup>f</sup>	110.83 <sup>f</sup>	111.80 <sup>f</sup>	112.31

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.

2. U.S. cents per currency unit.

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

Euro equals

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

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

5. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of U.S. trading partners. The weight for each currency is computed as an average of U.S. bilateral import shares from and export shares to the issuing country and of a measure of the importance to U.S. exporters of that country's trade in third country markets.

6. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

7. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that do not circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

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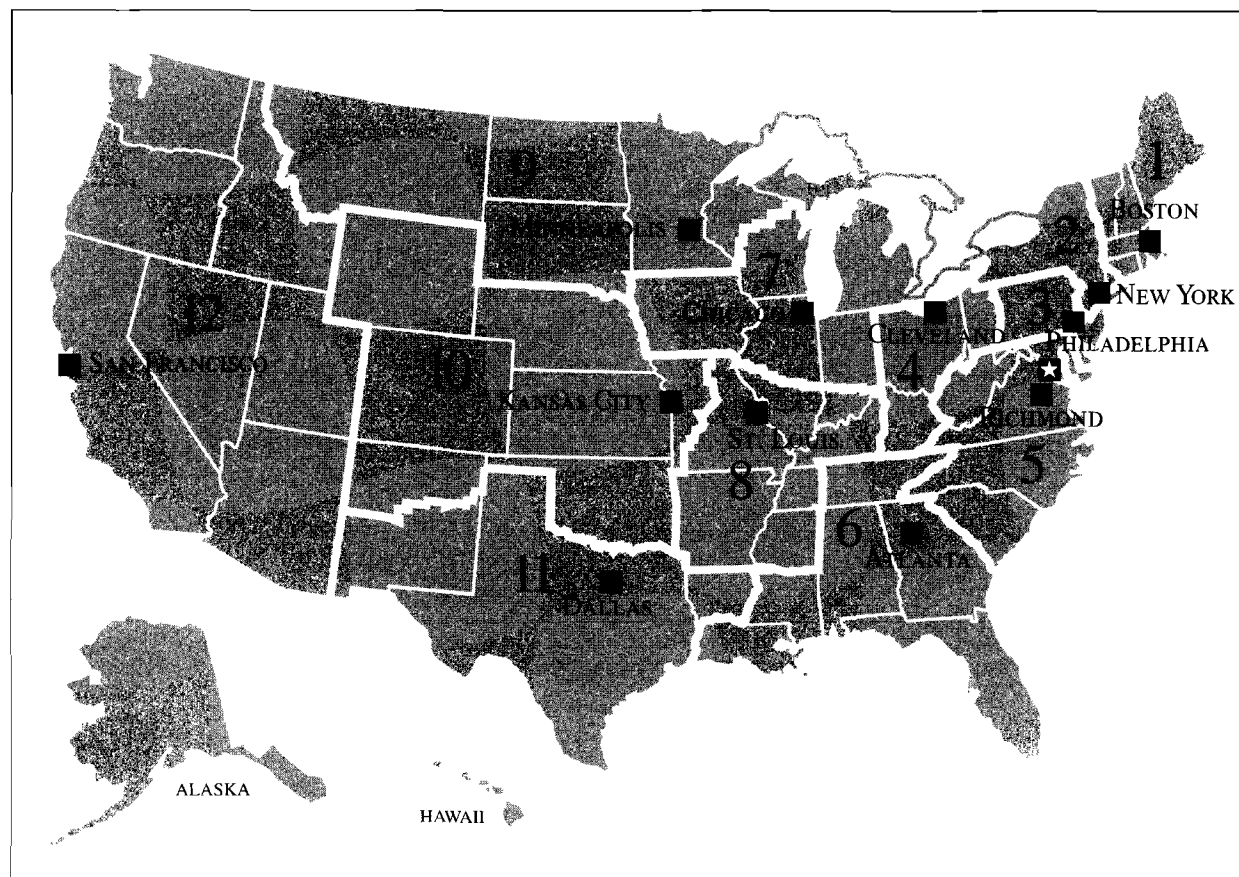
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## LEGEND

### Both pages

- Federal Reserve Bank city
- ▣ Board of Governors of the Federal Reserve System, Washington, D.C.

### Facing page

- Federal Reserve Branch city
- Branch boundary

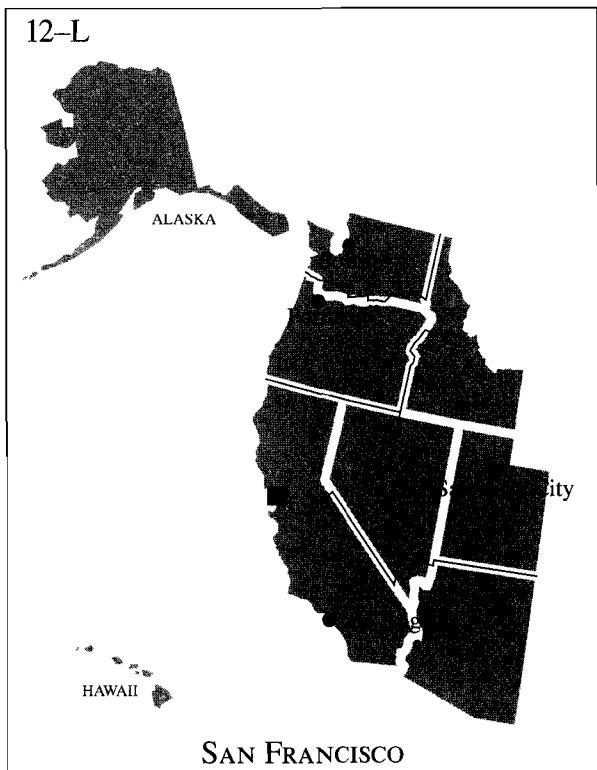
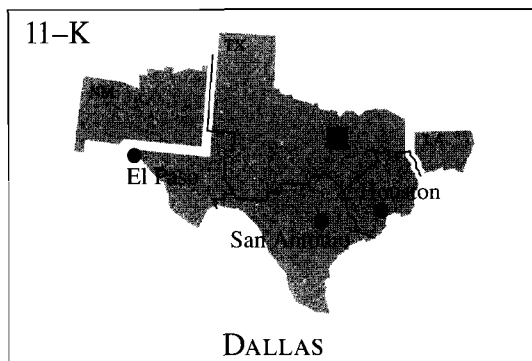
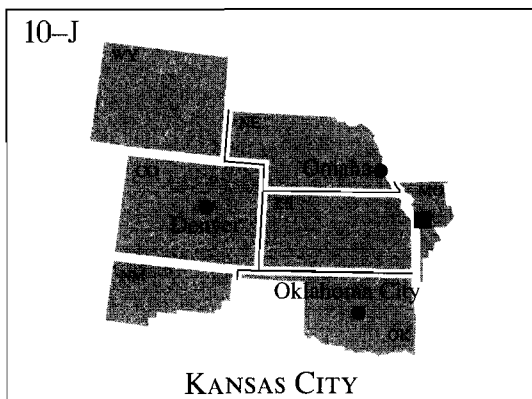
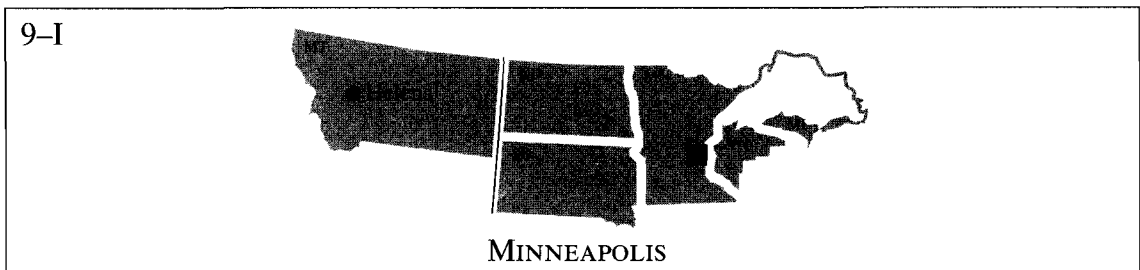
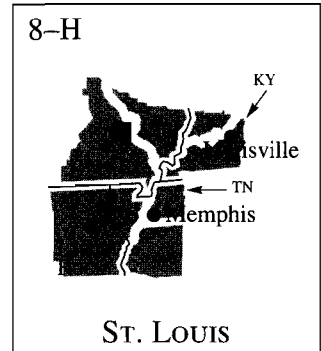
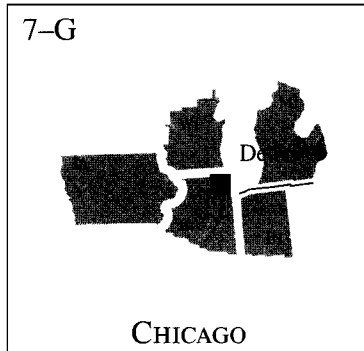
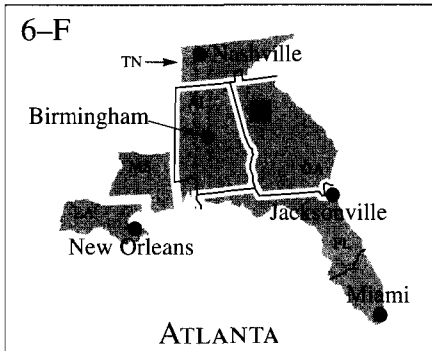
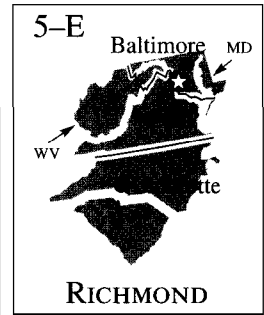
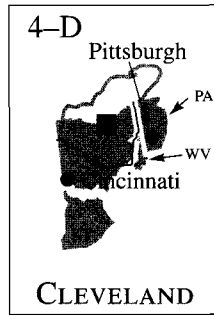
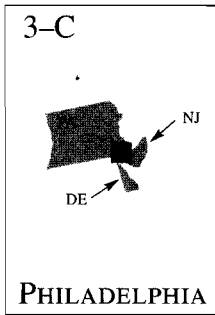
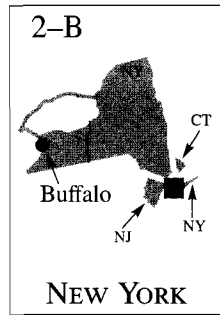
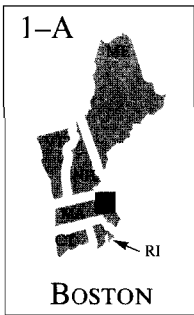
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The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

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

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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