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Federal Reserve BULLETIN

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251 *THE FEDERAL RESERVE BANKS AS FISCAL AGENTS AND DEPOSITORIES OF THE UNITED STATES*

The Federal Reserve, the nation's central bank, is also the U.S. government's bank. As fiscal agents of the United States, the Federal Reserve Banks provide the Department of the Treasury with services related to the federal debt—receiving bids for auction of Treasury securities and processing securities transactions. As depositories, the Federal Reserve Banks provide payment-related services to the Treasury and other government agencies—handling the government's account by accepting deposits and clearing payments. This article describes the nature of the primary fiscal agency and depository services required by the United States, explains how the Reserve Banks meet those requirements, and discusses the reimbursement for these services.

260 *STAFF STUDIES*

The use of market discipline as a complement to bank supervision and regulation has gained greater acceptance in the United States and abroad. It is also widely recognized that effective market discipline depends on market participants' having information about the risks and financial condition of banking organizations. Therefore, attention is being focused increasingly on ways to improve transparency in banking.

Staff of the Federal Reserve System undertook a staff study, *Improving Public Disclosure in Banking*, to consider initiatives that promote better disclosure in banking. The purpose of the study is to present a set of initiatives that would reinforce the current process shaping disclosure while avoiding additional regulatory requirements. The study lays the foundation for the initiatives by considering how market discipline could supplement supervision in principle and by reviewing the empirical evidence on market oversight and discipline in banking. Key sections of the study discuss the factors shaping public disclosure in banking and identify the strengths and weaknesses of the process. Regarding the potential for market discipline, the study suggests that greater reliance on private-sector oversight in banking can be consistent with the supervisory goals of limiting moral hazard and systemic risk and that the oversight can be effective.

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Laurence H. Meyer, member, Board of Governors, discusses issues regarding recent bank failures as well as steps being taken to minimize unnecessary costs to the bank insurance fund and disruption to the financial system and the public that failures could pose; he testifies that the recent fraud-related bank failures have caused the regulators to challenge their assumptions regarding the reliability of some of the information bank supervisors come to depend on during examinations and that when cracks appear in the veneer of what otherwise seems to be a well-run operation, they will be met with a greater dose of skepticism and a higher level of testing and verification (Testimony before the House Committee on Banking and Financial Services, February 8, 2000).

269 Alan Greenspan, Chairman, Board of Governors, underscores the importance of efforts in the Congress to modernize the Commodity Exchange Act (CEA) and testifies that it is essential that the legal uncertainties created by the possibility that the courts could construe over-the-counter (OTC) derivatives to be futures contracts subject to the CEA be addressed; he

testifies further that with respect to fraud and other unfair practices, the professional counterparties that use OTC derivatives simply do not require the protections that the CEA provides for retail investors (Testimony before the Senate Committee on Agriculture, Nutrition, and Forestry, February 10, 2000).

271 Chairman Greenspan, in his testimony presenting the Board's report on the economy and monetary policy, states that underlying the performance of the U.S. economy, unprecedented in his half-century of observing it, is a continuing acceleration in productivity; he testifies further that competitive and open markets, the rule of law, fiscal discipline, and a culture of enterprise and entrepreneurship should continue to undergird rapid innovation and enhanced productivity that in turn should foster a sustained further rise in living standards (Testimony before the House Committee on Banking and Financial Services, February 17, 2000. Chairman Greenspan presented identical testimony before the Senate Committee on Banking, Housing, and Urban Affairs on February 23, 2000).

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The Federal Reserve Banks as Fiscal Agents and Depositories of the United States

Paula V. Hillery and Stephen E. Thompson, of the Board's Division of Reserve Bank Operations and Payment Systems, prepared this article.

The Federal Reserve Act of 1913 provides that the Federal Reserve Banks will act as fiscal agents and depositories of the United States when required to do so by the Secretary of the Treasury. As fiscal agents, the Reserve Banks support the Department of the Treasury with services related to the federal debt. For example, they receive bids for auctions of Treasury securities to finance the debt and issue the securities in book-entry form. As depositories, the Reserve Banks maintain the Treasury's account, accept deposits of federal taxes and other federal agency receipts, and process checks and electronic payments drawn on the Treasury's account. The General Acounting Office certifies the Treasury's financial statements, including the effect of Reserve Bank operations (see box "Audits by the General Accounting Office").

Although the Federal Reserve Banks also provide services on behalf of many domestic and international government agencies, the majority of the fiscal agency and depository services the Banks provide are performed for the U.S. Treasury. In 1999, the Reserve Banks originated about 13 million book-entry transfers with a value of $179 trillion, collected $2.1 trillion in business taxes, processed 823 million government payments by direct deposit, and processed 288 million government checks.

The Reserve Banks' fiscal agency and depository services are related to their involvement in the broader payments system. The Reserve Banks provide payment services to depository institutions that include check processing, funds transfers, and automated clearinghouse (ACH) payments. Providing these services to the private sector gives the Federal Reserve a base for delivering similar services to the Treasury, for affording economies of scale, and for assisting the Treasury with improvements and innovations in its services.

Advances in technology have spurred changes to many services provided by the Federal Reserve. Paper-based systems have been automated or are approaching an all-electronic state. Reserve Bank software systems have been modified or replaced to meet the government's changing needs. Recent improvements have focused on making both the collection and the disbursement of government funds more effective and efficient. The Treasury and the Reserve Banks routinely modify, automate, or consolidate operations to achieve efficiencies and to reduce expenses over time.

Since the early 1990s, the technological environment has changed significantly.[1] Electronic services, such as direct deposit of government payments, are rapidly replacing government checks. Governments, businesses, and individuals rely increasingly on the Internet as a source of information and as a means of conducting business. Consumers have significantly increased their use of computers; many of them expect financial service providers, including the government, to use web-based technologies and voice response to process transactions. Over the years, the

Audits by the General Accounting Office

The General Accounting Office (GAO) is required by statute to certify the annual consolidated financial statements of the United States. As a result, the GAO conducts an annual audit of the Treasury's key financial reporting and accounting systems so that it can certify the statements. Because many of the Treasury's systems are either operated by, or receive data from, Federal Reserve systems, these Federal Reserve operations also fall within the scope of GAO audit attention. In addition to the usual review of balances, the GAO conducts reviews of the physical and logical controls over access to Federal Reserve networks and systems that handle or process Treasury transactions. The GAO has concluded that Federal Reserve controls provide adequate safeguards.

1. This article is an update to an earlier one. See Gerald D. Manypenny and Michael L. Bermudez, "The Federal Reserve Banks as Fiscal Agents and Depositories of the United States," *Federal Reserve Bulletin*, vol. 78 (October 1992), pp. 727–37.

Federal Reserve Banks have worked closely with the Treasury to improve these services in a variety of ways, and they will continue to take advantage of new technologies.

Collection of Federal Tax Deposits

As depositories of the United States, the Federal Reserve Banks operate the systems that collect funds for the Treasury and reinvest any funds collected that are not needed to meet current obligations. The tax collection process is the foundation of this effort. The Treasury first established the Reserve Banks as its depositories in 1915 when it transferred its U.S. government funds from national banks to Treasury accounts at each Federal Reserve Bank.

Collection of business taxes by the Reserve Banks—the single largest collection process within the federal government—was once a paper-based, labor-intensive process. Employers made tax payments on a predetermined schedule based on the size of the employer's payroll: Larger businesses were generally required to make tax payments more frequently than smaller organizations. Tax payments were made to a Treasury-designated depository institution, which, in turn, summarized the payments and passed this information daily to the Reserve Banks (see box "The Treasury's Balance at the Federal Reserve"). For Treasury balances invested with a depository institution, the Treasury required the institution to pledge collateral sufficient to protect the funds. Although the process worked, it was inefficient for the Internal Revenue Service, the depository institutions, and the Reserve Banks. As new technologies developed, the Reserve Banks improved the flow of tax payments and information from depository institutions; however, the changes resulted only in automating existing processes, and the funds collected were not available to the Treasury until the day after the taxes were due. Thus, the entire process remained cumbersome.

In 1986, the Treasury, in partnership with the Federal Reserve, led an initiative to convert from the paper-based tax collection system to an electronic one. Over the next several years, the Reserve Banks operated two pilot systems for tax collection. In 1993, the Congress passed the North American Free Trade Agreement Implementation Act (NAFTA), which granted the Secretary of the Treasury authority to mandate the use of electronic payment of business taxes. It also contained specific financial goals for the acceleration of federal tax collections from 1994 forward.

As a key part of its implementation strategy, the Treasury, through a competitive process, selected two depository institutions in 1994 to serve as its financial agents for electronic tax collections. In 1999, these financial agents processed more than $1.7 trillion in tax payments electronically via the ACH from businesses and quarterly filers and provided the Treasury and the Federal Reserve with the information needed to manage the Treasury's cash flows. Taxpayers with annual tax liabilities of less than $200,000 are not required to submit tax payments electronically, although the Treasury expects that most businesses will continue submitting their tax payments electronically because of the convenience. Electronic tax payments expedite tax collection and give the Treasury access to the collected funds on the tax due date rather than one day later as the paper-based system did.

Now that electronic tax collection has accelerated the availability of collections, the Treasury—not the depository institution—has overnight use of the funds collected. In 1999, the Reserve Banks collected approximately $2.1 trillion in business taxes and reinvested approximately $944 billion. Later this year, the Reserve Banks will convert to a centralized tax collection system that will permit more active management of the Treasury's invested funds. The system will permit the Federal Reserve to place more tax proceeds into the banking system on a flow basis throughout the day.

The Treasury's Balance at the Federal Reserve

The Treasury maintains an account at each of the twelve Federal Reserve Banks. At the end of the day, these accounts are consolidated at the Federal Reserve Bank of New York. The Treasury's current cash management objective is to hold an end-of-day balance of $5 billion at the Federal Reserve. On major business tax payment dates, this target balance is raised to $7 billion.

The actual balance held by the Treasury at the Federal Reserve is generally close to its target level except on those occasions when the Treasury's cash position exceeds the capacity of the banking system to accept the Treasury's funds. (This capacity may be influenced by numerous factors, including available collateral.) On these occasions, the Treasury's balance at the Federal Reserve can significantly exceed the target. The largest balance held by the Treasury at the Federal Reserve occurred on April 30, 1997, when strong tax receipts pushed the balance to $52.2 billion.

Collateral for Holding Public Monies

Institutions holding public monies pledge to the Treasury sufficient collateral to protect the uninsured portion of Treasury investments they hold. Through the use of restricted accounts, the Federal Reserve controls the collateral pledged to secure these investments, along with the collateral pledged to secure credit it extends to depository institutions. The Reserve Banks monitor the collateral pledged by depository institutions for both purposes.

The method for determining the value of pledged collateral is important in protecting the funds collected. If reliable and active markets exist for the assets, collateral valuation is generally based on market values; if market information is insufficient, valuation takes into account risk factors such as credit quality, payment streams, interest rate risk, and unanticipated credit or liquidity events. When this valuation method was adopted in 1998, the Federal Reserve was using a risk-based matrix to determine the value of nonpriced collateral. Market pricing was applied to definitive instruments in 1995.

The Automated Clearinghouse System

The ACH system is an electronic funds transfer network that is predominantly used to make and settle recurring, future-dated payments. As an example, the payment of social security benefits via the ACH occurs as follows. An ACH payments file is created that includes the payment amount, settlement date, and bank routing information. The file is sent electronically to the Federal Reserve three to four days before the payment date. The Federal Reserve edits the data for accuracy, sorts the payment information by receiving bank, sends a payment file to each receiving bank, and initiates accounting entries that will debit the Treasury's account and credit each receiving bank's accounts. The receiving bank credits each customer's account on the scheduled payment date.

As in the past, each depository institution will pledge collateral sufficient to cover the Treasury balances that it holds. The Reserve Banks will compare the market value of the pledged collateral hourly with the amount of the investment that the depository institution is holding. If investments are not sufficiently protected by the collateral's calculated market value, then the Reserve Bank will adjust the investment accordingly (see box "Collateral for Holding Public Monies").

The Reserve Banks also support a number of more specialized collection processes for the Treasury, such as collection of delinquent debt, reporting of governmentwide collections, and forecasting of government cash requirements. The Debt Collection Improvement Act of 1996 gave the Treasury responsibility for collecting delinquent debt owed to the government. As fiscal agents, the Reserve Banks developed software that compares information about delinquent debts with government payments. When a match occurs, the payment is intercepted and offset by the Treasury to collect the debt. For example, an individual who is due a tax refund but is delinquent in student loan payments will have the debt taken from the tax refund through this system.

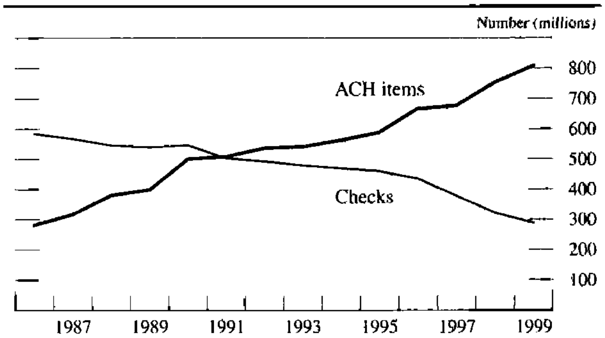
Disbursement of Government Payments

As depositories for the U.S. government, the Federal Reserve Banks process paper and electronic payments for the government, including federal salaries and benefits, interest, vendor payments, and various other government agency obligations (see the appendix).

The federal government disburses most of its payments electronically from funds on deposit with the Federal Reserve Banks. For recurring payments, such as social security benefits or salaries, the government uses the ACH, an electronic network that allows the Federal Reserve account of a depository institution to be credited for payments from the Treasury's account on a specified settlement day (see box "The Automated Clearinghouse System").

In the government sector, a fundamental benefit of the introduction of the ACH system was the reduction of problems with lost, stolen, or forged Treasury checks. The number of government ACH payments has increased steadily over the years and by 1991 exceeded for the first time the number of government payments made by check (chart 1). The Debt Collection Improvement Act of 1996 mandated that, subject

1. Government payments processed by the Federal Reserve Banks, 1986–99



to the Secretary of the Treasury's waivers, most federal payments be made electronically starting in 1999. By the end of that year, roughly three-fourths of all government payments were made by ACH.

The Federal Reserve has increased the use of technology in processing government payments that are made by check. It operates six check-scanning sites around the country and stores the resultant check images in a centralized archive. By capturing the check image, the costs of processing and storing checks and the payment information on them are reduced, thus saving taxpayer dollars. In 1999, the Reserve Banks provided images of almost 231 million government check payments and processed 226 million postal money orders. In mid-2000, the Reserve Banks will start providing imaging services for postal money orders.

The Reserve Banks also perform more specialized disbursement-related functions for the government. Generally, these functions involve specific applications to address unique program requirements. For example, the Reserve Banks have developed applications to facilitate the disbursement of federal funds for grants and food coupons. The Reserve Banks also support the Treasury's effort to provide electronic transfer accounts (ETAs), which are designed to facilitate direct deposit of electronic payments to people who have no transaction account at a financial institution.

A less-visible role of the Reserve Banks is the work done to support intragovernmental financial management. For example, the Reserve Banks developed software that combines billing and collection information about intragovernmental transactions, permits federal agencies to transfer balances to each other, and provides Treasury with information to aid in its cash forecasting.

SECURITIES SERVICES

Treasury Auctions

The federal government issues debt to cover the shortfall between receipts and expenditures and to refinance its maturing debt. Most of this debt is represented by Treasury securities, with securities issued by other federal agencies accounting for the rest.[2]

The Reserve Banks play an integral role in carrying out the Treasury's financing operations. Treasury auctions, conducted through the Federal Reserve, determine the yields and prices of securities being sold. The Federal Reserve operates a robust system to process the auctions, and those submitting tenders are linked electronically to the system by a proprietary Federal Reserve network or the Internet. To initiate borrowing, the Treasury announces the terms and conditions of securities being offered in an auction and invites investors to submit tenders (offers to purchase securities) to selected Reserve Banks and the Treasury.

Tenders are submitted either competitively or noncompetitively. Most competitive bidders are large depository institutions, brokers, and dealers that are very familiar with the securities market. These bidders submit an offer to purchase Treasury securities at a stated discount rate or yield, and competitive offers may be accepted, accepted in part, or rejected. Most individual bidders submit noncompetitive tenders, which state the amount the submitter wants to purchase.

The bids accepted from competitive submitters determine the yield of the auction. Competitive tenders represent most of the total dollar amount bid in the auctions, although the number of competitive bidders is relatively small. A comparatively large number of individuals and corporations submit noncompetitive tenders. Successful competitive and all noncompetitive bidders are awarded securities at the highest discount rate or yield accepted in the auction. The Treasury's auction rules limit the amount of noncompetitive submissions and prohibit bidders from participating in both the noncompetitive and competitive auctions.

Once the Treasury determines which tenders are to be accepted, it announces the auction results publicly, and the Reserve Banks issue book-entry securities against payment. These payments are deposited to the Treasury's account at the Reserve Banks when the securities are issued.

Over the years, as the Treasury and the Federal Reserve have consolidated and streamlined Treasury auction operations, the time required to process each auction has been reduced significantly. By shortening the time between the auction close and the release of the results, the Treasury can decrease the risk to bidders and increase competition. When competition is enhanced, the Treasury can usually auction its securities on terms that are more favorable to the government.

The federal government's improved financial position, resulting in a decrease in borrowing needs, has

2. For a comprehensive discussion of the Treasury securities market, see Dominique Dupont and Brian Sack, "The Treasury Securities Market: Overview and Recent Developments," *Federal Reserve Bulletin*, vol. 85 (December 1999), pp. 785–806.

caused the Treasury to reevaluate the government's borrowing program. Besides reducing the number of auctions held and the amounts sold in individual auctions, the Treasury has conducted debt buyback (redemption) operations. In these operations, the Treasury purchases securities, which will then be redeemed, from their current owners through a competitive bidding process. The initial redemptions occurred in March 2000.

The Federal Reserve Bank of New York conducts the buyback operations for the Treasury. Primary dealers may submit competitive offers to sell securities on behalf of themselves and their customers. An announcement of a buyback operation specifies the securities for which the Treasury will be accepting offers. The Treasury may buy back securities up to the total amount stated in its announcement but reserves the right to buy back less than that amount.

Marketable Book-Entry Securities

Securities have been sold by the Treasury to finance the public debt for more than 200 years. As tangible evidence of a loan to the government, the Treasury originally issued paper (printed or engraved) certificates that were serially numbered and carried stated values and a specific term. These definitive securities were issued as early as 1782—long before the Federal Reserve Act—and this practice continued virtually unchanged until the late 1960s. By then, the public debt had grown rapidly, paper certificates were increasingly vulnerable to theft and counterfeiting, and the cost of safekeeping and servicing them was rising.

In 1968, the Treasury first offered investors the option of holding their Treasury securities in book-entry form. In lieu of paper certificates, investors could have their securities entered in accounts on the books of the Reserve Banks. Originally offered in 1965 for securities that Federal Reserve member banks pledged as collateral, the book-entry option attracted greater support when unprecedented dollar amounts of Treasury securities were lost or stolen in 1969 and 1970. In 1971, insurance companies threatened to withdraw coverage for institutions handling definitive Treasury securities. Legal and regulatory concerns were addressed, and the book-entry system was expanded in 1973 to include Treasury securities owned by depository institutions' customers, dealers, nonmember banks, and, to a limited extent, individual investors. By early 1974, more than half of the marketable public debt was in book-entry form. By August 1986, all new Treasury securities were issued in book-entry form.

Today the Federal Reserve System maintains two book-entry systems for marketable Treasury securities: the National Book-Entry System and Treasury Direct. As the obligor of the securities, the Treasury maintains accountability for the total value of all marketable Treasury securities outstanding.

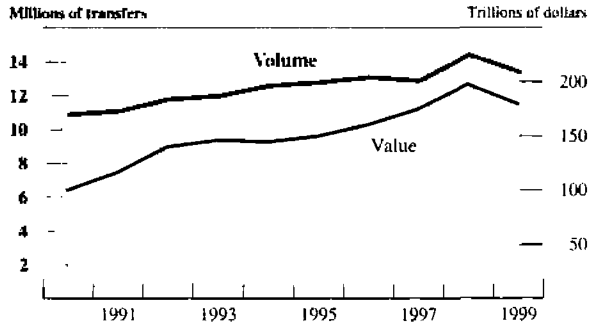
National Book-Entry System

In 1998, the Federal Reserve Banks completed the conversion of the twelve commercial book-entry applications to a single system, called the National Book-Entry System (NBES).[3] It facilitates the safekeeping and transfer of U.S. Treasury bills, notes, and bonds; U.S. agency securities; mortgage-backed securities issued by the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association; and securities of certain international organizations such as the World Bank. This system has proved to be safe and reliable, and because it provides broad, easy access to participants' book-entry securities holdings, it contributes to the efficiency and liquidity of the government securities market.

The NBES has two distinct components—a safekeeping function and a transfer and settlement function. The safekeeping function involves the maintenance of securities custody accounts. Private owners or custodians of government securities maintain these securities in the form of electronic records and balances in custody accounts at depository institutions, which, in turn, maintain similar records in Reserve Bank book-entry securities accounts. As fiscal agents, the Reserve Banks maintain the book-entry securities accounts for Treasury securities, reconcile activity in them, issue transaction advices and account statements, and credit interest and principal to the accounts of depository institutions. The safekeeping function includes collateral safekeeping, in which the pledge of government securities is used to secure obligations with local, state, and federal government agencies, as well as to secure Reserve Bank extensions of intraday and overnight credit. At the end of 1999, the safekeeping component of the NBES held

3. In its current form, the NBES is designed to standardize services to depository institutions regardless of the Federal Reserve District in which they are located and to facilitate centralized computer processing at a single site. All twelve Reserve Banks are linked to the same application, and there is one electronic vault for records of Treasury and agency book-entry securities. In general, the NBES operating hours are from 8:30 a.m. to 3:30 p.m., with securities repositioning available until 7:00 p.m. ET.

2. Government securities transferred through the Fedwire securities transfer system, 1990–99



in custody approximately $4.2 trillion (par value) of securities.

The second component of the NBES is the transfer of securities between parties. Securities transfers through the NBES are processed individually in real time: Each individual transfer is cleared and settled almost immediately upon being entered into the system. The transfer of securities ownership and related funds (if any) is final at the time of transfer. The transfer and settlement components of the NBES, also known as the Fedwire securities transfer system, processed more than 13 million book-entry securities transfers during 1999 (chart 2).

Most securities transfers involve the delivery of securities and simultaneous exchange of payment for those securities. This process is called delivery-versus-payment, or DVP.[4] DVP transfers in the NBES move funds from the depository institution receiving the securities to the institution that originated the transaction. The institution originating the transaction delivers securities from its securities account and receives a corresponding credit to its funds account at the Federal Reserve. The institution receiving the deposit of securities has the payment amount automatically debited from its funds account at the Federal Reserve. Receivers of securities can return the securities to the sender (transactions known as reversals) if the securities are received in error (that is, the security description or payment amount is wrong, or the receiver has no receipt instructions from its customer). The reversal process returns securities to the sender and reverses the cash accounting entries.

At year-end 1999, there were approximately 8,700 depository institution participants in the NBES. About 90 percent of book-entry activity is concentrated among the large money center and regional banks located in the Boston, New York, and Richmond Federal Reserve Districts. Since 1990, the value of securities transfers originated over the NBES has increased significantly. In 1999, the average daily securities volume originated was 53,165 transfers, with an average daily value of $712 billion. The average value per securities transfer was $13.4 million (table 1).

Treasury Direct

In the mid-1980s, the increasing availability of electronic services, coupled with the early book-entry system's success, led the way for more change. Depository institutions already relied on the commercial book-entry system for secondary market transactions. Individuals and organizations that were not eligible to use the commercial system participated indirectly through accounts held at depository institutions.

Many individuals and organizations valued a direct relationship with the Treasury, so they held paper

4. Alternatively, securities may be delivered free of payment over the NBES. Such deliveries, which are primarily associated with intrabank transfers (or repositioning within a participant's account), account for only a small percentage of total book-entry transfer volume.

1. Number, value, and growth of government securities transferred through the Fedwire securities transfer system, 1990–99

Year	Volume of transfers originated (number)	Annual growth of volume (percent)	Value of transfers originated (millions of dollars)	Annual growth of value (percent)	Average value per transfer (millions of dollars)	Average daily volume of transfers[1] (number)	Average daily value of transfers[1] (millions of dollars)
1990	10,877,413	–.1	99,861,205	4.4	9.18	43,336	397,853
1991	11,061,621	1.7	116,315,973	16.5	10.52	44,070	463,410
1992	11,753,217	6.3	139,675,710	20.1	11.88	46,455	552,078
1993	11,957,053	1.7	146,220,304	4.7	12.23	47,449	580,239
1994	12,590,196	5.3	144,702,226	–1.0	11.49	50,160	576,503
1995	12,810,706	1.8	149,764,431	3.5	11.69	51,039	596,671
1996	13,098,856	2.2	160,637,460	7.3	12.26	51,980	637,450
1997	12,944,447	–1.2	174,949,330	8.9	13.52	51,572	697,009
1998	14,365,609	11.0	197,781,609	13.1	13.77	57,006	784,848
1999	13,397,547	–6.7	179,486,282	–9.3	13.40	53,165	712,247

1. Based on the number of business days per year.

securities. To continue serving such investors directly, the Treasury needed to create a special book-entry system suited to the needs of its smaller investors. The proportion of marketable Treasury debt held by nondepository institutions and individuals is small, but much of it is held to maturity, so it is better suited to a custodial type of accounting system than to the transfer-oriented service that the NBES provides to depository institutions.

In 1986, the Treasury stopped issuing marketable paper securities for new offerings and replaced them with book-entry securities. The resulting Treasury Direct system, which primarily maintains accounts for individuals and nonfinancial organizations, has been quite successful and popular with investors. Not only does it eliminate the need to issue physical, marketable securities to individuals and organizations, but it also makes all payments, including interest due and redemption proceeds, through ACH transfers to a depository institution account designated by the investor. Treasury Direct is an attractive investment service for the public and an economical alternative to physical Treasury securities. At year-end 1999, the Treasury Direct system had about 700,000 active accounts holding slightly more than $85 billion of Treasury bills, notes, and bonds.

Savings Bonds

U.S. savings bonds are low-denomination, nonmarketable Treasury securities that are easily purchased, liquid, and safe—principal and interest are guaranteed by the U.S. government. Savings bonds provide the Treasury with an effective means of financing and also promote saving.

Savings bonds have an important place in the history of fiscal agency services. Federal Reserve Banks first served as fiscal agents in May 1917 when they began the distribution, safekeeping, and redemption of the First Liberty Loan bonds, which the government sold to finance World War I. The success of this effort, the Reserve Banks' effectiveness in handling the Treasury's accounts, and the government's growing need to borrow led the Treasury in 1921 to close its field offices (subtreasuries) and transfer many of its operations for financing the public debt to the Federal Reserve. After World War I ended, all Liberty Loan bonds were discontinued.

The Reserve Banks have serviced numerous series of savings bonds. For most series, the Banks sold, distributed, accounted for, and redeemed the bonds for the Treasury. By 1941, the massive financing required to wage World War II led to the introduction of the popular Series E savings bonds, some of which are outstanding today. Current savings bond offerings include the following: Series HH, Series EE, and Series I. Series HH bonds are current income bonds obtained in exchange for eligible Series E or Series EE bonds or savings notes and pay interest twice a year through ACH transfers to the owner's designated account at a depository institution. Both Series EE and I bonds are accrual securities; interest earnings on these bonds accrue until the bond matures or is redeemed. The Series I bond is similar to the Series EE except that its rate of return is adjusted for inflation. (Similar inflation-indexed Treasury securities are also available.)

The savings bond services that the Reserve Banks provide as fiscal agents include sale and delivery; automated issuance of payroll and promotional bonds; exchanges of accrual bonds for current income bonds; and processing of reissues, replacements, and redemptions. In fiscal year 1999, the Federal Reserve issued 49 million savings bonds with a total value of $4.6 billion. Almost all savings bonds to date have been issued in paper, rather than electronic, form.

To improve the efficiency and reduce the cost of issuing savings bonds, the Treasury has worked with the Federal Reserve to consolidate operations and has introduced new technology to the operating environment. For example, a savings bond can now be purchased on a recurring basis through an ACH debit to the purchaser's bank account, or through the Treasury's Internet web site using a credit card (see box "Web Sites of Interest").

Payment for Services

In 1917, the Secretary of the Treasury initiated the practice of reimbursing the Reserve Banks for the

Web Sites of Interest

Board of Governors of the Federal Reserve System
http://www.federalreserve.gov

Department of the Treasury
http://www.treas.gov

Financial Management Service
http://www.fms.treas.gov

Bureau of the Public Debt
http://www.publicdebt.treas.gov

Savings Bonds
http://www.savingsbonds.gov

Treasury Direct
http://www.treasurydirect.gov

cost of services they were providing on behalf of the government. The Secretary reasoned that compensation for performance of fiscal agency and depository services was appropriate. A few years later, the Congress enacted legislation that permitted the use of public monies to reimburse Reserve Banks for the costs associated with their governmental services.

Today the Federal Reserve expects to be reimbursed for the costs of the Reserve Banks' fiscal agency and depository services on behalf of the Treasury and other agencies. Until 1992, the Treasury had not been able to obtain congressional funding sufficient to fully reimburse the Reserve Banks. Beginning in fiscal 1992, the Congress enacted "permanent, indefinite" appropriation legislation to provide money to reimburse the Reserve Banks for the public-debt-related operating expenses they incurred on behalf of the Bureau of the Public Debt. A similar appropriation bill was passed in 1998 to permit the Financial Management Service and other federal agencies to reimburse the Reserve Banks for expenses incurred on their behalf.

Full reimbursement of expenses incurred by the Reserve Banks as fiscal agents and depositories is an important public policy concept for two reasons. First, congressional oversight of agency program budgets provides discipline that is lost with respect to fiscal agency and depository services unless the entities receiving the services include the cost in their appropriations requests. Second, when services are provided at no cost or are subsidized, they tend to be overused and less efficient than if they were obtained in a more market-oriented manner governed by cost and quality. By fully reimbursing the Reserve Banks, the Treasury and other agencies have a basis to evaluate the cost effectiveness of Federal Reserve services. In calendar year 1999, the Federal Reserve sought reimbursement from the Treasury and other government entities of about $295 million (table 2). In 1998, the Federal Reserve received payments of $290 million.

2. Expenses of the Federal Reserve Banks for fiscal agency and depository services, 1999

Thousands of dollars

Agency and service	Expense
U.S. Treasury	
Bureau of the Public Debt	
Savings bonds	70,285.8
Treasury Direct	40,446.2
Commercial book-entry	15,744.2
Marketable Treasury issues	13,715.1
Definitive securities and Treasury coupons	4,886.7
Other services	100.4
Total	145,178.4
Financial Management Service	
Treasury tax and loan and Treasury general account	34,971.0
Government check processing	33,365.4
Automated clearinghouse	11,263.4
Government agency deposits	2,422.7
Fedwire funds transfers	187.7
Other services	20,423.5
Total	102,633.7
Other Treasury	7,786.8
Total	7,786.8
Total, Treasury	255,598.9
Other agencies	
Food coupons (Department of Agriculture)	18,643.9
Postal money orders (U.S. Postal Service)	6,623.3
Other services (miscellaneous agencies)	13,983.0
Total, other agencies	39,250.2
Total reimbursable expenses	**294,849.1**

Conclusion

The fiscal agency and depository relationships between the Federal Reserve System and the Treasury are complex and have evolved over time. In these roles, the Federal Reserve System has been and will continue to be an important resource to the U.S. government. Technology will continue to play a central role in the provision of services to the government, and the Reserve Banks will position themselves to use technological advances for the benefit of the government.

Appendix: Government Entities Receiving Fiscal Agency and Depository Services from the Federal Reserve System

African Development Bank
Asian Development Bank
Commodity Credit Corporation
Department of Agriculture
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of State
Department of Transportation
Department of the Treasury
Department of Veterans Affairs
Farm Credit Administration
Federal Agricultural Mortgage Corporation
Federal Deposit Insurance Corporation
Federal Home Loan Banks
Federal Home Loan Mortgage Corporation
Federal National Mortgage Association
Financing Corporation
Government Printing Office
Inter-American Development Bank
International Bank for Reconstruction and Development
International Finance Corporation
Library of Congress
Small Business Administration
Social Security Administration
Student Loan Marketing Association
Tennessee Valley Authority
U.S. House of Representatives
U.S. Postal Service
U.S. Senate
U.S. Supreme Court

Staff Studies

The staff members of the Board of Governors of the Federal Reserve System and of the Federal Reserve Banks undertake studies that cover a wide range of economic and financial subjects. From time to time the studies that are of general interest are published in the Staff Studies series and summarized in the Federal Reserve Bulletin. *The analyses and conclusions set forth are those of the authors and do not necessarily indicate concurrence by the Board of Governors, by the Federal Reserve Banks, or by members of their staffs.*

Single copies of the full text of each study are available without charge. The titles available are shown under "Staff Studies" in the list of Federal Reserve Board publications at the back of each Bulletin.

STUDY SUMMARY

IMPROVING PUBLIC DISCLOSURE IN BANKING

Federal Reserve System Study Group on Disclosure

The use of market discipline as a complement to bank supervision and regulation has gained greater acceptance in the United States and abroad. It is also widely recognized that effective market discipline depends on market participants' having information about the risks and financial condition of banking organizations. Therefore, attention is being focused increasingly on ways to improve transparency in banking.

Staff of the Federal Reserve System undertook a study to consider initiatives that promote better disclosure in banking. The purpose of the study is to present a set of initiatives that would reinforce the current process shaping disclosure while avoiding additional regulatory requirements. The study lays the foundation for the initiatives by considering how market discipline could supplement supervision in principle and by reviewing the empirical evidence on market oversight and discipline in banking. Key sections of the study discuss the factors shaping public disclosure in banking and identify the strengths and weaknesses of the process. The study includes appendixes that (1) provide a summary of the study group's interviews with market analysts, institutional investors, rating agencies, and banking organizations; (2) present quantitative information on potential sources of market oversight in banking; (3) examine empirical evidence on the contributions of supervisory information to bank transparency; (4) review international initiatives as well as private-sector initiatives on disclosure in the United States; and (5) assess current practices relating to disclosure of trading activities.

Regarding the potential for market discipline, the study suggests that greater reliance on private-sector oversight in banking can be consistent with the supervisory goals of limiting moral hazard and systemic risk. Moreover, the oversight can be effective; the evidence suggests that the market is able to assess the condition of banking organizations and that their relative riskiness tends to be reflected in the interest rates on their debt, though the sensitivity to risk may have been damped in more recent years. In the disclosure process, banking firms have a large measure of flexibility in how they meet various disclosure requirements of standard setters such as the Securities and Exchange Commission. Although this flexibility helps banking firms respond to change in making disclosures, the study identifies several areas for improvement. These areas include four related to credit risk—risk retained in securitization, risk-rating categories, contributions to loan-loss reserves, and credit concentrations—and others related to market risk and disclosures by lines of business.

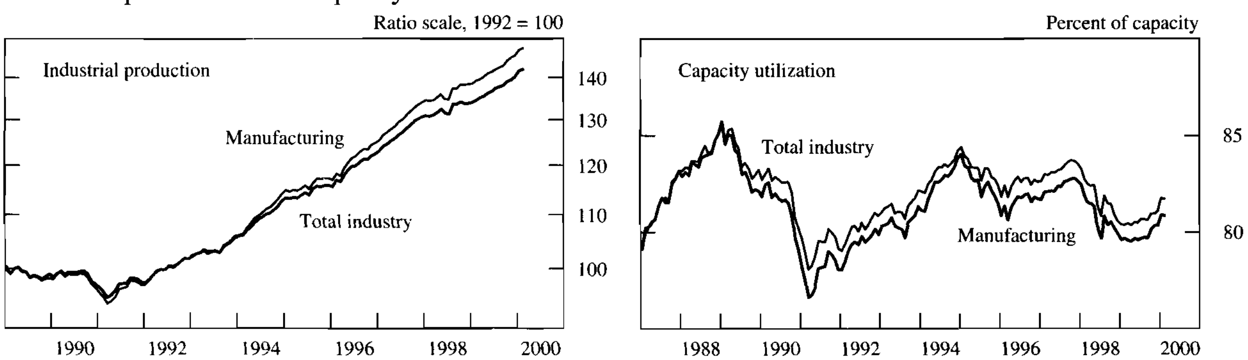
The study discusses several initiatives intended to promote better disclosure in banking. Steps already have been taken to increase the value of regulatory reports by accelerating the release to the public of information collected for the reports. In addition, the Federal Reserve is reviewing the confidential treatment of certain information in its regulatory reports, with an eye to making some of the data public. The study discusses the creation of a private-sector task force that would develop guidelines for disclosure by large banking organizations for the purpose of increasing the scope of public disclosure while trying to avoid new regulations. The task force could also provide comments on ways in which bank supervisory initiatives could promote better disclosure. An example of how the supervisory process might be used for this purpose is outlined in the study's discussion of an initiative that would have Federal Reserve examiners review the public disclosures of large banking organizations as part of the evaluation of their management. Finally, to make better use of market-related information, the Federal Reserve is establishing a system for tracking market data on individual banking organizations and is assessing how to use those data as part of supervisory surveillance. □

Industrial Production and Capacity Utilization for February 2000

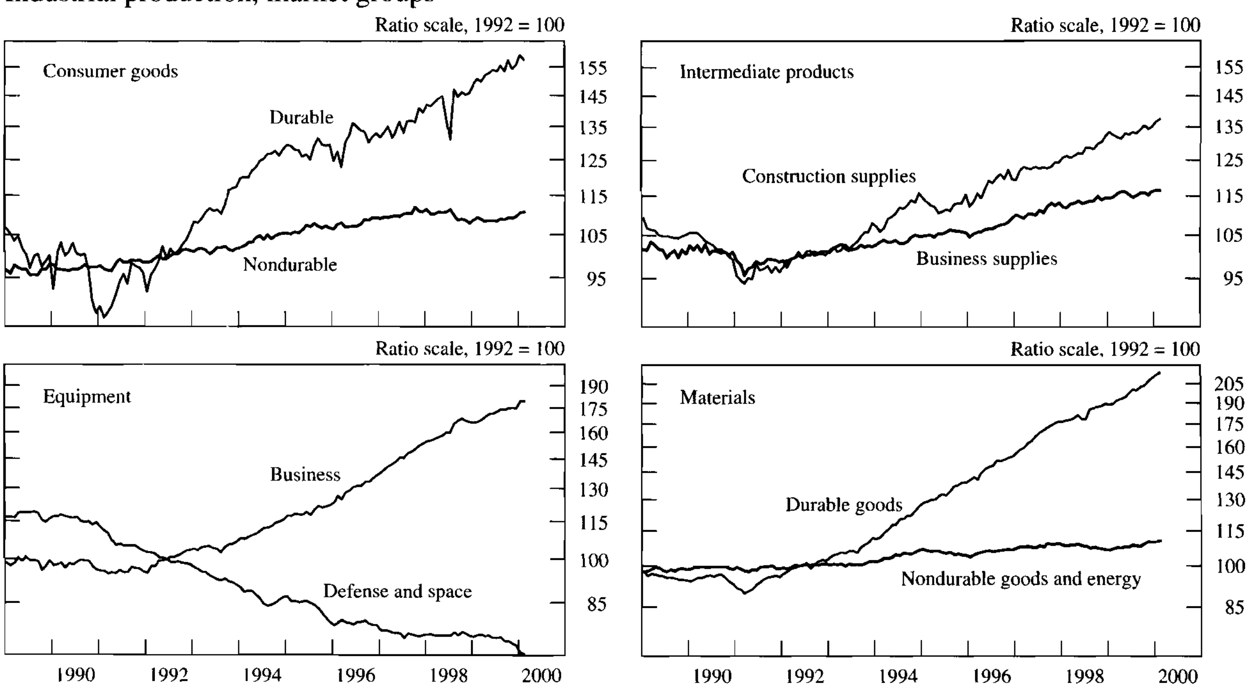
Released for publication March 15

Industrial production increased 0.3 percent in February after having posted advances of 1.1 percent in January and 0.5 percent in December. The output of utilities increased 0.7 percent, manufacturing increased 0.3 percent, and mining output fell 0.7 percent. At 142.1 percent of its 1992 average, industrial production in February was 5.6 percent higher than in February 1999. The rate of capacity utilization for total industry held steady at 81.7 percent, about ¼ percentage point below its long-term average.

Industrial production and capacity utilization



Industrial production, market groups



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

Industrial production and capacity utilization, February 2000

Category	Industrial production, index, 1992 = 100								
	1999		2000		Percentage change				
					1999[1]		2000		Feb. 1999 to Feb. 2000
	Nov.r	Dec.r	Jan..r	Feb.p	Nov.r	Dec.r	Jan.r	Feb.p	
Total	**139.4**	**140.2**	**141.7**	**142.1**	**.3**	**.5**	**1.1**	**.3**	**5.6**
Previous estimate	139.5	140.1	141.5	. . .	.3	.4	1.0	. . .	. . .
Major market groups									
Products, total[2]	128.0	128.5	130.1	130.2	−.4	.4	1.3	.1	3.5
Consumer goods	117.6	118.2	119.6	119.5	−.5	.5	1.2	.0	2.0
Business equipment	175.0	174.9	179.4	179.6	.1	−.1	2.6	.1	8.0
Construction supplies	134.3	135.0	136.6	137.4	−.8	.5	1.1	.6	3.7
Materials	158.8	160.1	161.3	162.3	1.3	.8	.7	.6	9.2
Major industry groups									
Manufacturing	145.0	145.6	147.0	147.5	.5	.4	1.0	.3	5.9
Durable	177.4	178.5	181.3	181.9	.5	.6	1.6	.4	9.1
Nondurable	113.6	113.7	113.9	114.2	.6	.1	.2	.2	1.7
Mining	99.7	99.8	100.5	99.8	.5	.2	.6	−.7	2.4
Utilities	110.9	114.3	117.3	118.1	−3.7	3.1	2.7	.7	4.9

Category	Capacity utilization, percent								MEMO Capacity, percentage change, Feb. 1999 to Feb. 2000
	Average, 1967–99	Low, 1982	High, 1988–89	1999	1999		2000		
				Feb.	Nov.r	Dec.r	Jan.r	Feb.p	
Total	**82.0**	**71.1**	**85.4**	**80.4**	**80.9**	**81.1**	**81.7**	**81.7**	**3.9**
Previous estimate	. . .	. . .	. . .	. . .	81.0	81.1	81.6	. .	. . .
Manufacturing	81.1	69.0	85.7	79.7	80.3	80.4	80.9	80.9	4.3
Advanced processing	80.5	70.4	84.2	78.7	79.2	79.2	79.9	79.7	5.3
Primary processing	82.4	66.2	88.9	82.8	83.8	83.8	84.0	84.2	2.1
Mining	87.3	80.3	88.0	80.9	83.0	83.1	83.7	83.3	−.5
Utilities	87.5	75.9	92.6	88.7	86.5	89.1	91.3	91.9	1.3

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.

MARKET GROUPS

The output of consumer goods was flat in February; a 0.2 percent increase in the production of nondurable goods was offset by a 1.0 percent decrease in durable goods. The output of durable consumer goods was pulled down by a 1.7 percent decline in the production of automotive products. After a rebound in January, motor vehicle assemblies fell back to a still-high level of 12.9 million units (annual rate). After strong increases in the previous two months, the production of other durable consumer goods slipped 0.3 percent, with cutbacks in the output of carpeting and appliances accounting for most of the decrease. The production of nondurable consumer goods excluding energy inched up 0.1 percent. The output of consumer energy products, which posted a 1.3 percent gain, was pushed up by increases in the production of consumer fuels and in utilities' sales to residences.

The production of business equipment edged up 0.1 percent after a strong gain in January. The production of information processing and related equipment, which was led by gains in the output of computers, rose 1.2 percent after having increased about 4.5 percent over the previous two months. The output of transit equipment dropped back 2.2 percent because of a slowing in the assembly of motor vehicles and aircraft. The output of industrial equipment, which had risen a brisk 2.7 percent in January, decreased only a bit.

The production index for construction supplies increased 0.6 percent, its third consecutive monthly gain. The output of materials was up 0.6 percent, slightly less than the average gain in the preceding three months. The output of durable goods materials rose 0.8 percent, with another strong increase in equipment parts, particularly semiconductors. The output of nondurable goods materials jumped 1.2 percent, and the output of energy materials, which had increased 1.1 percent in January, fell 0.7 percent.

Industry Groups

Manufacturing output rose 0.3 percent in February; most major durable goods industries posted gains, while the changes in nondurable goods industries were more mixed. Production in durable manufacturing strengthened 0.4 percent after a 1.6 percent increase in January. The robust growth in the production of electrical machinery eased to 1.7 percent, about half the pace set in the previous two months; although semiconductor production remained strong, the production of communications equipment was little changed after having risen sharply in January. The production of industrial machinery and equipment (which includes computers) increased 0.6 percent after a 2.5 percent pickup in January; the deceleration was widespread across categories of industrial machinery. After small gains in the previous two months, production in nondurable manufacturing increased another 0.2 percent, to a level 1.7 percent higher than in February 1999.

The factory operating rate, at 80.9 percent, was unchanged. The utilization rate for primary-processing industries increased slightly, to 84.2 percent, while that for advanced-processing industries dipped 0.2 percentage point, to 79.7 percent.

The output of utilities, which had rebounded 3.1 percent in December and had increased a further 2.7 percent in January, rose another 0.7 percent; the operating rate at utilities rose to 91.9 percent. Mine production fell 0.7 percent, more than reversing the gain in January. □

Statements to the Congress

Statement by Laurence H. Meyer, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking and Financial Services, U.S. House of Representatives, February 8, 2000

I am pleased to appear on behalf of the Federal Reserve Board to discuss issues regarding recent bank failures as well as steps being taken to minimize unnecessary costs to the bank insurance fund and disruption to the financial system or the public that failures could pose. Recent experience has shown that despite vibrant economic conditions and a banking industry in exceptionally strong financial condition, small pockets of lax standards, excesses, or fraud, even within smaller organizations, can cause noticeable losses to the insurance fund. Today, I will discuss current strategies to minimize the frequency and costs of these unusual cases, recognizing that no supervisory program can prevent all failures. To do so, even if achievable, would require a degree of intrusiveness that would impose unusually high costs and impede market discipline.

I would like to underscore before I begin that a fundamental economic function of banking organizations is to assume and manage risk. A highly risk-averse banking industry—either self-imposed or required by the banking agencies—would inhibit financial capital from flowing to its highest and best use and prevent the economy from functioning optimally. To achieve the level of prosperity that we are experiencing now, the banking industry must accept and manage a level of risk that does not totally eliminate the potential for failure. That said, failures as the result of fraud obviously should be avoided, taking into account, of course, the limits of what examinations can accomplish as well as supervisory costs.

TRENDS IN BANK FAILURES

When banking conditions were troubled in the late 1980s and early 1990s, hundreds of banks failed because of troubled real estate markets, regional economic recessions, and lax lending standards. Those failures and their attendant costs placed a great deal of pressure on the Bank Insurance Fund. In 1991 the number of commercial banks on the problem bank list of the Federal Deposit Insurance Corporation (FDIC) exceeded 1,000 institutions with more than half a trillion dollars in assets. As banking conditions and the economy improved during the 1990s, the industry worked to return to sound lending principles, and the number of failing and problem banks fell to levels more in line with other quiescent periods in banking. For example, since the beginning of 1993, only six state member banks have failed—a failure rate lower than any similar period in the last two decades. The six banks ranged in asset size from $15 million to $280 million. As of year-end 1999, there were 1,010 state member banks with combined assets of $1.3 trillion.

This past year, one state member bank with $17 million in assets failed, with an estimated cost to the FDIC of approximately $1.6 million. While the number of recent bank failures is minimal, the number of state member banks rated 3, 4, or 5 has increased for two consecutive years, to 43, the highest level since 1995. Nonetheless, the current level of state member banks in less than fully satisfactory condition remains less than 5 percent of total state member banks supervised by the Federal Reserve, both in terms of number and assets. Although still modest by historical standards—the comparable number of problem state member banks in 1991 was 248—the current trend in the number of problem banks suggests that bank failures during 2000 may rise somewhat, while remaining at fairly modest levels. This assumes, of course, continuation of current, strong economic conditions.

Despite the moderate rise in institutions with less-than-satisfactory ratings, the banking industry appears to be better prepared today to weather an economic downturn than it was during previous recessions. Today, most banking organizations are highly profitable. In addition, they hold greater amounts of capital, are more geographically diversified, and are engaged in a greater variety of activities that diversify their risks. While some relaxation in lending standards has caused us to issue warnings to the industry, such relaxation does not appear to be on par with the excesses prevalent in the 1980s. Also, banks appear to be more attentive to their lending standards, are employing formal internal risk grades to a greater degree, and are more mindful of concentrations of credit risk and other issues than they were in the past.

On the other hand, banks today face new challenges. For one, banks have been gradually losing their lower cost and more stable retail deposit base and have become more dependent on wholesale sources to fund their balance sheet growth. At the same time, banks are still learning to manage the risk of newer and more complex activities. Some smaller institutions, in particular, face a challenge in managing this risk as they take on growth in higher risk portfolios such as subprime loans and as they employ more sophisticated portfolio management techniques such as securitizations. Challenges in managing risk are likely to increase for both large and small banking organizations, as well as for bank supervisors, as bank affiliations expand, encompassing securities, insurance, and other new financial activities.

THE RISK-FOCUSED PROCESS

To meet the challenge of more complex financing techniques, products, and delivery systems and to avoid the excesses and mistakes of the past, banks—in particular, large banks—have been implementing more formal and complex risk-management systems. Smaller banks may increasingly rely on less formal or less sophisticated systems to manage risk in small portfolios.

Similarly, supervisors have refined their approach to supervision of banks of all sizes by adopting a risk-focused approach to meet new challenges. The risk-focused approach emphasizes the need to assess the adequacy of internal systems and controls and to recognize weaknesses in "process" before such weaknesses have permeated the bank's balance sheet and adversely impacted financial performance. At the same time, however, sufficient testing of the loan portfolio and other transactions to ensure that the "process" is, in fact, being used, and that safe and sound risk-taking is occurring, remains as important today as it was in the late 1980s and early 1990s in identifying traditional credit and control problems.

THE BALANCE BETWEEN RISK ANALYSIS AND TRANSACTION TESTING

In carrying out risk-focused supervision, a balance must be struck between evaluating the soundness of both an institution's risk-management process and overall risk profile, on the one hand, and testing transactions to verify that the bank's controls are functioning properly, on the other. For our part, we have calibrated that balance based on the supervisor's level of comfort in the bank's management team and the level of problems, weaknesses, or exceptions uncovered in our review. As an examiner's level of discomfort increases, the level of transaction testing and verification procedures increases. I should emphasize that Federal Reserve examinations of banks continue to involve an in-depth review of the loan portfolio, though with newly improved sampling techniques, when appropriate, to ensure that our coverage of the portfolios is more likely to detect any embedded problems.

At the same time, however, it is important to note that these reviews have become less frequent for most small banks (with assets of $250 million or less) in recent years. Statutory changes have extended the maximum time between examinations from one year to eighteen months for well-capitalized and well-managed banks to minimize regulatory burden to those organizations. Absent indications of deterioration, material change, or unusual circumstances in those organizations, we have tried to adhere to the extended cycles and thereby limit supervisory burden on these banks. To limit the regulatory burden of dual examinations, Federal Reserve examinations of well-capitalized and well-managed state member banks are frequently conducted on an alternating basis with the states. Less frequency in examinations by either the Federal Reserve or the state, of course, increase the risk of an unpleasant surprise at the next examination, or even between examinations. As set forth in legislation, that risk has been judged to be acceptable given the tradeoff between the benefits of more constant supervision and the attendant regulatory burden to community banks.

Moreover, we have implemented a number of measures to minimize the risk presented by less frequent *on-site* presence in smaller, well-capitalized, and well-managed institutions. For example, we conduct off-site monitoring of these institutions based on quarterly financial and other reports. Additionally, we contact bank management between examinations to identify changes in such areas as lending and key management that could affect the bank's financial condition. This monitoring and interim contact provides value in that it may trigger acceleration of a regularly scheduled examination or result in an unscheduled visitation if deteriorating or unusual financial performance or other material changes are noted. Notwithstanding these efforts, off-site monitoring cannot detect the valuation deficiencies that may be revealed in the on-site testing of individual loans or transactions.

A further challenge to the supervisory program is, ironically, the infrequency of substantive problems in banking organizations. As many of the more seasoned examiners of the 1980s and early 1990s are retiring, the examiners hired over the past several years have little experience to fall back on when encountering questionable portfolios or valuations or unusual transactions. While we have beefed up training to deal with this gap, there is obviously nothing like actual experience in dealing with difficult supervisory situations.

Identifying Problems in Early Stages

A key objective of risk-focused examinations is to identify problems at an early stage. Toward that objective, we have tracked changes in bank lending standards through such measures as an in-depth and virtually simultaneous review of lending standards at selected banks and periodic surveys of senior lenders and examiners on banks' lending standards and conditions. As a result of these and other measures, we have identified a level of relaxation of lending standards for some credits that raises supervisory concerns. In response, we have issued guidance to the industry regarding undue reliance on overly optimistic assumptions, as well as improvements that could be made in stress testing and other analysis. Another aspect of our monitoring involves institutions that specialize in potentially higher risk activities. In particular, the Federal Reserve is monitoring the activities of state member banks engaged in subprime lending activities as well as those retaining recourse in securitized assets. In addition, our surveillance program uses bank Report of Condition and Income (Call Report) data and econometric relationships to flag for review institutions that are statistically at higher risk of failure.

Other Preventive Initiatives

In addition to the steps in our supervisory program I have just discussed, we are also engaged in other preventive initiatives. For example, we have worked with the other agencies in issuing guidance regarding the risk associated with subprime lending. Currently, we are discussing with the other banking agencies the issuance of further guidance or regulation on subprime lending, including whether formal, explicit capital requirements should be introduced, and if so, what those requirements should be.

Similarly, we also participated in interagency guidance regarding the valuation of residual loan assets associated with securitization programs. Improper valuation of residual assets, of course, caused a portion of losses borne by the insurance fund in 1999. We have been working with the other banking agencies on an initiative to better incorporate the risks associated with securitizations into the minimum capital standards. Moreover, we are working with supervisors here and in other countries to modernize the international capital standards, enhance supervision, and heighten the positive effect of market discipline on banking organizations.

Combating Fraud

Our risk-focused approach coupled with industry sound-practice guidance and other supervisory responses are effective tools for meeting our objectives of maintaining a sound banking system. More recently, however, the incidence of fraud at banking organizations has raised different challenges. The examination process is not designed to ferret out fraud; indeed, examinations rely to a significant degree on internal and external auditors to validate the accuracy of the financial data that are the raw material of the examination process. Nonetheless, the examination process often tends to be the pressure point under which fraud is ultimately detected and revealed. That said, it is extremely difficult to detect fraud perpetrated by individuals intent upon covering up outright theft or severe problems through forging, hiding, or destroying documents and other techniques.

To address the risk that fraud places on the banking organizations that we supervise, the Federal Reserve has undertaken numerous initiatives to combat fraud within those institutions. Training for examiners on detecting various types of fraud and abuse is provided in numerous programs offered by the Federal Reserve and the Federal Financial Institutions Examination Council (FFIEC). Examiners receive specialized training in areas such as potential abuse and conflicts of interest by management. Moreover, in conjunction with the FFIEC, all of the federal bank supervisory agencies recently began developing a CD-ROM training and reference tool that identifies and describes various types of improper activity relating to insider abuse, loan fraud, money laundering, and fraudulent monetary instruments. This CD-ROM tool will be accessible to examiners while in the field. Also, several years ago, in response to major fraud such as that which occurred in the case of the Bank of

Credit and Commerce International, the Federal Reserve Board created a special investigations unit consisting of senior investigators and examiners. This unit investigates potential fraud that is identified during the course of an examination and forwards useful and relevant information to law enforcement for potential criminal prosecution, as appropriate.

In addition, we are also re-evaluating our reliance on internal and external audit evaluations. The appropriate degree of reliance on internal and external auditors is much easier to determine when there are indications that bank management may not be fully trustworthy or is less than forthcoming in providing requested information. In such cases, direct asset verification or more in-depth investigation would clearly be warranted. Absent such indications of wrongdoing or "red flags," however, a reduction in reliance on internal and external audit evaluations could result in increased burden to the many banking organizations that are not engaged in fraud.

COORDINATION WITH OTHER AGENCIES

Another key part of our supervisory strategy has been to coordinate closely and share information with other regulators and authorities involved with institutions we supervise. As we take on our responsibilities as umbrella supervisor of financial holding companies, our efforts at coordination and information sharing will only increase.

As the federal supervisor for state-chartered banks that are members of the Federal Reserve System, we work closely with state banking authorities. As the supervisor for bank holding companies, we coordinate supervision and share information with the Office of the Comptroller of the Currency, the FDIC, and the Office of Thrift Supervision when institutions they supervise are within bank holding companies. In addition, in supervising U.S. subsidiaries of foreign banking organizations, we cooperate and share information with foreign bank supervisors.

With regard to failing and problem state member banks, we coordinate closely with the FDIC early in the process, when material problems are first identified. In addition, we also work with the FDIC to improve the process of resolving insured depository institutions so as to minimize disruption to payments system transactions. Clearly, as insurer, the FDIC has an important interest in understanding risk to the fund and working as a partner in developing resolution strategies that minimize costs to the insurance fund and disruptions to the financial system. When the FDIC has requested to exercise its special examination authority for state member banks, we have benefited from its expertise and assistance in resolving problem institutions and believe that, historically, both agencies have benefited from information sharing.

The proposed H.R. 3374, the "Federal Deposit Insurance Corporation Examination Enhancement and Insurance Fund Protection Act," shifts to the chairperson of the FDIC authority that currently resides in the board of directors of the FDIC to authorize a special examination of any insured depository institution. The bill would also require the FDIC to make all reasonable efforts to coordinate any special examination with the primary federal banking supervisor for the insured depository institution and to give notice to certain agencies not represented on the board of the FDIC whenever a special examination is scheduled of an institution supervised by the unrepresented agency. In addition, the bill requires the banking agencies to provide to the FDIC, as promptly as practicable, any examination report prepared by the agency and to establish procedures for providing the FDIC access to any additional information needed by the FDIC for insurance purposes. Recent events have certainly highlighted the importance of interagency coordination and sharing of information. While we do not necessarily view the legislation as essential—because it mandates cooperation and coordination that should already be taking place—we see no harm in formalizing those processes.

With regard to enhancing cooperation, I would note that we not only collaborate with the FDIC on problem institutions but also assist its efforts to understand risks to the insurance fund more broadly. For example, the FDIC has asked to participate in examinations of a few state member banks that are engaged in subprime lending or other specialized activities, and we have welcomed its assistance in assessing the financial condition and risks of these institutions. In addition, we are discussing with the FDIC whether it may benefit from participation in examinations of larger state member banks because, at present, institutions supervised by the FDIC tend to be smaller banking organizations. In working to expand cooperative efforts, of course, we must all be mindful of the potential burden on banks and establish arrangements that minimize unnecessary disruptions, especially where an organization is not believed to pose significant risks.

CONCLUSION

In closing, I would like to underscore that supervisors face a growing challenge of identifying weaknesses in banking organizations in the midst of strong economic conditions that may mask embedded problems. I would be remiss if I did not note that when the economy weakens—as it ultimately will—we can expect bank losses from both previous risk-taking and bad luck. We can also expect an increase in bank failures. As Chairman Greenspan has said, the optimal failure rate is not zero, and when the macroeconomy suffers, we will see an increase in failures. Fraud and bad judgment will come to light that we and our fellow supervisors missed. As noted earlier, only a very intrusive process would reduce further those kinds of failures.

Finding the right balance between analysis of an institution's risk-management process and risk profile and performing in-depth transaction testing of its assets and systems is the art of the supervisory process that determines whether or not we are effective supervisors. Training and experience improve those judgments over time, and we are working on strengthening the Federal Reserve's ability to attract, develop, and retain supervisors that can meet that challenge and make those judgments.

In going forward, the recent fraud-related bank failures have caused us to challenge our assumptions regarding the reliability of some of the information we have come to depend on during examinations. When cracks appear in the veneer of what otherwise seems to be a well-run operation, they will be met with a greater dose of skepticism and a higher level of testing and verification. We must, of course, be careful not to overreact and become any more aggressive or intrusive than is required. The Federal Reserve recognizes that, as a bank supervisor, we are assuming an important public trust, and we will continue to try to minimize excesses in the banking system, reduce losses to the insurance fund, and maintain a stable and productive banking system.

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, February 10, 2000

I am pleased to be here today to underscore the importance of this committee's efforts to modernize the Commodity Exchange Act (CEA) and to express my support for the recommendations for amending the act that were contained in the report by the President's Working Group on Financial Markets entitled *Over-the-Counter Derivatives Markets and the Commodity Exchange Act.*

The Need for Legislation

Over-the-counter (OTC) derivatives have come to play an exceptionally important role in our financial system and in our economy. These instruments allow users to unbundle risks and allocate them to the investors most willing and able to assume them. A growing number of financial and nonfinancial institutions have embraced derivatives as an integral part of their risk-capital allocation and profit maximization. In particular, the profitability of derivative products has been a major factor in the significant gain in the finance industry's share of American corporate output during the past decade—a reflection of their value to nonfinancial industry. Indeed, this value added from derivatives itself derives from their ability to enhance the process of wealth creation throughout our economy.

In light of the importance of OTC derivatives, it is essential that we address the legal uncertainties created by the possibility that courts could construe OTC derivatives to be futures contracts subject to the CEA. The legal uncertainties create risks to counterparties in OTC contracts and, indeed, to our financial system that simply are unacceptable. They have also impeded initiatives to centralize the trading and clearing of OTC contracts, developments that have the potential to increase efficiency and reduce risks in OTC transactions. As I shall discuss more fully later in my remarks, rapid changes in communications technology portend that time is running out for us to modernize our regulation of financial markets before we lose them and the associated profits and employment opportunities to foreign jurisdictions that impose no such impediments.

To be sure, the Congress and the Commodity Futures Trading Commission (CFTC) have taken steps to address these concerns about the CEA. The Futures Trading Practices Act of 1992 gave the CFTC authority to exempt OTC derivatives from most provisions of the act. In early 1993 the CFTC used that authority to create an exemption for OTC derivatives that reduced legal uncertainty for a wide range of transactions and counterparties. Unfortunately, some subsequent actions by the commission called into question market participants' understanding of the terms of the 1993 exemption. Now, under the leadership of Chairman Rainer, the commission is considering reaffirming and expanding the terms of the 1993 exemption. Nonetheless, even with such an important and constructive step by the commission, legislation amending the CEA would remain critically important. The greatest legal uncertainty affecting existing OTC transactions is in the area of securities-based contracts, where the CFTC's exemptive authority is constrained. Furthermore, as events during the past few years have clearly demonstrated, regulatory exemptions, unlike statutory exclusions, carry the risk of amendment by future commissions.

PRINCIPLES OF REGULATION

Imposing government regulation on a market can impair its efficiency. Thus, when evaluating the need for government regulation, one must clearly identify the public policy objectives of the regulation. As the working group's report discusses, the primary public policy purposes of the CEA are to deter market manipulation and to protect investors against fraud and other unfair practices.

We must, of course, assess whether government regulation is necessary to achieve those objectives. The regulatory framework of the CEA was designed for the trading of grain futures by the general public, including retail investors. Because quantities of grain following a harvest are generally known and limited, it is possible, at least in principle, to manipulate the price of grain by cornering a market. Furthermore, grain futures prices are widely disseminated and widely used as the basis for pricing grain transactions off the futures exchanges. The fact that grain futures serve such a price-discovery function means that if attempts to corner a market result in price fluctuations, the effects would be felt widely by producers and consumers of grain.

OTC DERIVATIVES

The President's working group has considered whether regulation of OTC derivatives is necessary to achieve these public policy objectives of the CEA. In the case of financial OTC derivatives transactions between professional counterparties, the working group has agreed that such regulation is unnecessary and that such transactions should be excluded from coverage of the act. Importantly, the recommended exclusion would extend to those securities-based derivatives that currently are subject to the greatest legal risk from potential application of the CEA.

The rationale for this position is straightforward. OTC transactions in financial derivatives are not susceptible to—that is, easily influenced by—manipulation. The vast majority of contracts are settled in cash, based on a rate or price determined in a separate highly liquid market with a very large or virtually unlimited deliverable supply. Furthermore, prices established in OTC transactions do not serve a price-discovery function. Thus, even if the price of an OTC contract were somehow manipulated, the adverse effects on the economy would be quite limited. With respect to fraud and other unfair practices, the professional counterparties that use OTC derivatives simply do not require the protections that CEA provides for retail investors. If professional counterparties are victimized, they can obtain redress under the laws applicable to contracts generally.

The working group also considered whether the introduction of centralized mechanisms for the trading and settling of what heretofore have been purely bilaterally negotiated and settled transactions would give rise to a need for additional regulation. In the case of electronic trading systems, the working group concluded that regulation under the CEA was unnecessary and that such systems should be excluded from the act, provided that the contracts are not based on nonfinancial commodities with finite supplies and that the participants are limited to sophisticated counterparties trading solely for their own accounts. Electronic trading of such contracts by such counterparties, it was reasoned, would be no more susceptible to problems of manipulation and fraud than purely bilateral transactions. It was suggested that some limited regulation of such systems might become necessary in the future if such trading systems came to serve a price-discovery function. But it was agreed that creation of a regulatory system for such systems in anticipation of problems was inappropriate. As I have already noted, the vast majority of OTC derivatives simply are not susceptible to manipulation. Thus, even if those contracts come to play a role in price discovery, regulation of the trading mechanism might still be unnecessary.

In the case of clearing systems for OTC derivatives, the working group concluded that government oversight is appropriate. Clearing tends to concentrate risks and responsibilities for risk management in a central party or clearinghouse. Consequently, the effectiveness of the clearinghouse's risk management is critical for the stability of the markets that it serves. Depending on the types of transactions cleared, such oversight might appropriately be conducted by the CFTC under the CEA. Alternatively, it might be conducted by the Securities and Exchange Commission, the Federal Reserve, the Office of the Comptroller of the Currency, or a foreign financial regulator that one of the U.S. regulators has determined satisfies appropriate standards. Provided such government oversight is in place, OTC transactions that would otherwise be excluded from the CEA should not fall within the ambit of the act because they are cleared. If market participants conclude that clearing would reduce counterparty risks in OTC transactions, concerns about legal risks associated with the potential application of the CEA should not stand in their way.

TRADITIONAL EXCHANGES

The working group's report does not make specific recommendations about the regulation of traditional exchange-traded futures markets that use open outcry trading or that allow trading by retail investors. Nevertheless, it calls for a review of the existing regulatory structures, particularly those applicable to financial futures, to ensure that they are appropriate in light of the objectives of the act. Consistent with the principles of regulation that I identified earlier, the report notes that exchange-traded futures should not be subject to regulations that are unnecessary to achieve the CEA's objectives. The report also concludes that the current prohibition on single-stock futures can be repealed if issues about the integrity of the underlying securities market and regulatory arbitrage are resolved.

I want to underscore how important it is for us to address these issues promptly. I cannot claim to speak with certainty as to how our complex and rapidly moving markets will evolve. But I see a real risk that, if we fail to rationalize our regulation of centralized trading mechanisms for financial instruments, these markets and the related profits and employment opportunities will be lost to foreign jurisdictions that maintain the confidence of global investors without imposing so many regulatory constraints.

My concerns on this score stem from the dramatic advances in information technology that we see all around us. In markets with significant economies of scale and scope, like those for standardized financial instruments, there is a tendency toward consolidation or even natural monopoly. Throughout much of our history this tendency has been restrained by an inability to communicate information sufficiently quickly, cheaply, and accurately. In recent years, however, this constraint is being essentially eliminated by advances in telecommunications. We have not yet seen clear evidence of a trend toward natural monopoly. But the diffusion of technology often traces an S-shaped curve, first diffusing slowly but then rapidly picking up speed. Once we reach the steep segment of that S-curve, it may be too late to rationalize our regulatory structure.

Already the largest futures exchange in the world is no longer in the American heartland; instead, it is now in the heart of Europe. To be sure, no U.S. exchange has yet to lose a major contract to a foreign competitor. But it would be a serious mistake for us to wait for such unmistakable evidence of a loss of international competitiveness before acting. As our experience with the vast eurodollar markets demonstrates, once markets with scale and scope economies are lost, they are very difficult, if not impossible, to recapture.

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking and Financial Services, U.S. House of Representatives, February 17, 2000 (Chairman Greenspan presented identical testimony before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, February 23, 2000.)

I appreciate this opportunity to present the Federal Reserve's semiannual report on the economy and monetary policy.[1]

There is little evidence that the American economy, which grew more than 4 percent in 1999 and surged forward at an even faster pace in the second half of the year, is slowing appreciably. At the same time, inflation has remained largely contained. An increase in the overall rate of inflation in 1999 was mainly a result of higher energy prices. Importantly, unit labor costs actually declined in the second half of the year. Indeed, still-preliminary data indicate that total unit cost increases last year remained extraordinarily low, even as the business expansion approached a record nine years. Domestic operating profit margins, after having sagged for eighteen months, apparently turned up again in the fourth quarter, and profit expectations for major corporations for the first quarter have been undergoing upward revisions since the beginning of the year—scarcely an indication of imminent economic weakness.

1. See "Monetary Policy Report to the Congress," *Federal Reserve Bulletin*, vol. 85 (March 2000), pp. 161–87.

THE ECONOMIC FORCES AT WORK

Underlying this performance, unprecedented in my half-century of observing the American economy, is a continuing acceleration in productivity. Nonfarm business output per workhour increased 3¼ percent during the past year—likely more than 4 percent when measured by nonfarm business income. Security analysts' projections of long-term earnings, an indicator of expectations of company productivity, continued to be revised upward in January, extending a string of upward revisions that began in early 1995. One result of this remarkable economic performance has been a pronounced increase in living standards for the majority of Americans. Another has been a labor market that has provided job opportunities for large numbers of people previously struggling to get on the first rung of a ladder leading to training, skills, and permanent employment.

Yet those profoundly beneficial forces driving the American economy to competitive excellence are also engendering a set of imbalances that, unless contained, threaten our continuing prosperity. Accelerating productivity entails a matching acceleration in the potential output of goods and services and a corresponding rise in real incomes available to purchase the new output. The problem is that the pickup in productivity tends to create even greater increases in aggregate demand than in potential aggregate supply. This occurs principally because a rise in structural productivity growth has its counterpart in higher expectations for long-term corporate earnings. This, in turn, not only spurs business investment but also increases stock prices and the market value of assets held by households, creating additional purchasing power for which no additional goods or services have yet been produced.

Historical evidence suggests that perhaps three cents to four cents out of every additional dollar of stock market wealth eventually is reflected in increased consumer purchases. The sharp rise in the amount of consumer outlays relative to disposable incomes in recent years, and the corresponding fall in the saving rate, has been consistent with this so-called wealth effect on household purchases. Moreover, higher stock prices, by lowering the cost of equity capital, have helped to support the boom in capital spending.

Outlays prompted by capital gains in excess of increases in income, as best we can judge, have added about 1 percentage point to annual growth of gross domestic purchases, on average, over the past five years. The additional growth in spending of recent years that has accompanied these wealth gains, as well as other supporting influences on the economy, appears to have been met in about equal measure from increased net imports and from goods and services produced by the net increase in newly hired workers over and above the normal growth of the work force, including a substantial net inflow of workers from abroad.

But these safety valves that have been supplying goods and services to meet the recent increments to purchasing power largely generated by capital gains cannot be expected to absorb an excess of demand over supply indefinitely. First, growing net imports and a widening current account deficit require ever-larger portfolio and direct foreign investments in the United States, an outcome that cannot continue without limit.

Imbalances in the labor markets perhaps may have even more serious implications for inflation pressures. While the pool of officially unemployed and those otherwise willing to work may continue to shrink, as it has persistently over the past seven years, there is an effective limit to new hiring, unless immigration is uncapped. At some point in the continuous reduction in the number of available workers willing to take jobs, short of the repeal of the law of supply and demand, wage increases must rise above even impressive gains in productivity. This would intensify inflationary pressures or squeeze profit margins, with either outcome capable of bringing our growing prosperity to an end.

As would be expected, imbalances between demand and potential supply in markets for goods and services are being mirrored in the financial markets by an excess in the demand for funds. As a consequence, market interest rates are already moving in the direction of containing the excess of demand in financial markets and therefore in product markets as well. For example, BBB corporate bond rates adjusted for inflation expectations have risen more than 1 percentage point during the past two years. However, to date, rising business earnings expectations and declining compensation for risk have more than offset the effects of this increase, propelling equity prices and the wealth effect higher. Should this process continue, however, with the assistance of a monetary policy vigilant against emerging macroeconomic imbalances, real long-term rates will at some point be high enough to finally balance demand with supply at the economy's potential in both the financial and product markets. Other things equal, this condition will involve equity discount factors high enough to bring the rise in asset values into line with that of household incomes, thereby stemming the impetus to consumption relative to income that has come from rising wealth. This does not necessarily imply a decline in asset values—although that, of course, can happen at any time for any number of reasons—but rather that these values will increase no faster than household incomes.

Because there are limits to the amount of goods and services that can be supplied from increasing net imports and by drawing on a limited pool of persons willing to work, it necessarily follows that consumption cannot keep rising faster than income. Moreover, outsized increases in wealth cannot persist indefinitely either. For so long as the levels of consumption and investment are sensitive to asset values, equity values increasing at a pace faster than income, other things equal, will induce a rise in overall demand in excess of potential supply. But that situation cannot persist without limit because the supply safety valves are themselves limited.

With foreign economies strengthening and labor markets already tight, how the current wealth effect is finally contained will determine whether the extraordinary expansion that it has helped foster can slow to a sustainable pace, without destabilizing the economy in the process.

Technological Change Continues Apace

On a broader front, there are few signs to date of slowing in the pace of innovation and the spread of our newer technologies that, as I have indicated in previous testimonies, have been at the root of our extraordinary productivity improvement. Indeed, some analysts conjecture that we still may be in the earlier stages of the rapid adoption of new technologies and not yet in sight of the stage when this wave of innovation will crest. With so few examples in our history, there is very little basis for determining the particular stage of development through which we are currently passing.

Without doubt, the synergies of the microprocessor, laser, fiber-optic glass, and satellite technologies have brought quantum advances in information availability. These advances, in turn, have dramatically decreased business operational uncertainties and risk premiums and, thereby, have engendered major cost reductions and productivity advances. There seems little question that further major advances lie ahead. What is uncertain is the future pace of the application of these innovations because it is this pace that governs the rate of change in productivity and economic potential.

Monetary policy, of course, did not produce the intellectual insights behind the technological advances that have been responsible for the recent phenomenal reshaping of our economic landscape. It has, however, been instrumental, we trust, in establishing a stable financial and economic environment with low inflation that is conducive to the investments that have exploited these innovative technologies.

Federal budget policy has also played a pivotal role. The emergence of surpluses in the unified budget and of the associated increase in government saving over the past few years has been exceptionally important to the balance of the expansion because the surpluses have been absorbing a portion of the potential excess of demand over sustainable supply associated partly with the wealth effect. Moreover, because the surpluses are augmenting the pool of domestic saving, they have held interest rates below the levels that otherwise would have been needed to achieve financial and economic balance during this period of exceptional economic growth. They have, in effect, helped to finance and sustain the productive private investment that has been key to capturing the benefits of the newer technologies that, in turn, have boosted the long-term growth potential of the U.S. economy.

The recent good news on the budget suggests that our longer-run prospects for continuing this beneficial process of recycling savings from the public to the private sectors have improved greatly in recent years. Nonetheless, budget outlays are expected to come under mounting pressure as the baby boom generation moves into retirement, a process that gets under way a decade from now. Maintaining the surpluses and using them to repay debt over coming years will continue to be an important way the federal government can encourage productivity-enhancing investment and rising standards of living. Thus, we cannot afford to be lulled into letting down our guard on budgetary matters, an issue to which I shall return later in this testimony.

The Economic Outlook

Although the outlook is clouded by a number of uncertainties, the central tendencies of the projections of the Board members and Reserve Bank presidents imply continued good economic performance in the United States. Most of them expect economic growth to slow somewhat this year, easing into the 3½ to 3¾ percent area. The unemployment rate would remain in the neighborhood of 4 to 4¼ percent. The rate of inflation for total personal consumption expenditures is expected to be 1¾ to 2 percent, at or a bit below the rate in 1999, which was elevated by rising energy prices.

In preparing these forecasts, the Federal Open Market Committee (FOMC) members had to consider several of the crucial demand- and supply-side forces I referred to earlier. Continued favorable developments in labor productivity are anticipated both to raise the economy's capacity to produce and, through its supporting effects on real incomes and asset values, to boost private domestic demand. When productivity-driven wealth increases were spurring demand a few years ago, the effects on resource utilization and inflation pressures were offset, in part, by the effects of weakening foreign economies and a rising foreign exchange value of the dollar, which depressed exports and encouraged imports. Last year, with the welcome recovery of foreign economies and with the leveling-out of the dollar, these factors holding down demand and prices in the United States started to unwind. Strong growth in foreign economic activity is expected to continue this year, and, other things equal, the effect of the previous appreciation of the dollar should wane, augmenting demand on U.S. resources and lessening one source of downward pressure on our prices.

As a consequence, the necessary alignment of the growth of aggregate demand with the growth of potential aggregate supply may well depend on restraint on domestic demand, which continues to be buoyed by the lagged effects of increases in stock market valuations. Accordingly, the appreciable increases in both nominal and real intermediate- and long-term interest rates over the past two years should act as a needed restraining influence in the period ahead. However, to date, interest-sensitive spending has remained robust, and the FOMC will have to stay alert for signs that real interest rates have not yet risen enough to bring the growth of demand into line with that of potential supply, even should the acceleration of productivity continue.

Achieving that alignment seems more pressing today than it was earlier, before the effects of imbalances began to cumulate, lessening the depth of our various buffers against inflationary pressures. Labor markets, for example, have tightened in recent years as demand has persistently outstripped even accelerating potential supply. As I have previously noted, we cannot be sure in an environment with so little historical precedent what degree of labor market tautness could begin to push unit costs and prices up more rapidly. We know, however, that there is a limit, and we can be sure that the smaller the pool of people without jobs willing to take jobs, the closer we are to that limit. As the FOMC indicated after its last meeting, the risks still seem to be weighted on the side of building inflation pressures.

A central bank can best contribute to economic growth and rising standards of living by fostering a financial environment that promotes overall balance in the economy and price stability. Maintaining an environment of effective price stability is essential because the experience in the United States and abroad has underscored that low and stable inflation is a prerequisite for healthy, balanced, economic expansion. Sustained expansion and price stability provide a backdrop against which workers and businesses can respond to signals from the marketplace in ways that make most efficient use of the evolving technologies.

FEDERAL BUDGET POLICY ISSUES

Before closing, I should like to revisit some issues of federal budget policy that I have addressed in previous congressional testimony. Some modest erosion in fiscal discipline resulted last year through the use of the "emergency" spending initiatives and some "creative accounting." Although somewhat disappointing, that erosion was small relative to the influence of the wise choice of the Administration and the Congress to allow the bulk of the unified budget surpluses projected for the next several years to build and retire debt to the public. The idea that we should stop borrowing from the social security trust fund to finance other outlays has gained surprising—and welcome—traction, and it establishes, in effect, a new budgetary framework that is centered on the on-budget surplus and how it should be used.

This new framework is useful because it offers a clear objective that should strengthen budgetary discipline. It moves the budget process closer to accrual accounting, the private-sector norm, and—I would hope—the ultimate objective of federal budget accounting.

The new budget projections from the Congressional Budget Office (CBO) and the Administration generally look reasonable. But, as many analysts have stressed, these estimates represent a midrange of possible outcomes for the economy and the budget, and actual budgetary results could deviate quite significantly from current expectations. Some of the uncertainty centers on the likelihood that the recent spectacular growth of labor productivity will persist over the years ahead. Like many private forecasters, the CBO and the Office of Management and Budget assume that productivity growth will drop back somewhat from the recent stepped-up pace. But a distinct possibility, as I pointed out earlier, is that the development and diffusion of new technologies in the current wave of innovation may still be at a relatively early stage and that the scope for further acceleration of productivity is thus greater than is embodied in these budget projections. If so, the outlook for budget surpluses would be even brighter than is now anticipated.

But there are significant downside risks to the budget outlook as well. One is our limited knowledge of the forces driving the surge in tax revenues in recent years. Of course, a good part of that surge is due to the extraordinary rise in the market value of assets, which, as I noted earlier, cannot be sustained at the pace of recent years. But that is not the entire story. These relationships are complex, and until we have detailed tabulations compiled from actual tax returns, we shall not really know why individual tax revenues, relative to income, have been even higher than would have been predicted from rising asset values and bracket creep. Thus, we cannot rule out the possibility that this so-called tax surprise, which has figured so prominently in the improved budget picture of recent years, will dissipate or reverse. If this were to happen, the projected surpluses, even with current economic assumptions, would shrink appreciably and perhaps disappear. Such an outcome would be especially likely if adverse developments occurred in other parts of the budget as well—for example, if the recent slowdown in health-care spending were to be followed by a sharper pickup than is assumed in current budget projections.

Another consideration that argues for letting the unified surpluses build is that the budget is still significantly short of balance when measured on an accrual basis. If social security, for example, were measured on such a basis, counting benefits when they are earned by workers rather than when they are paid out, that program would have shown a substantial deficit last year. The deficit would have been large enough to push the total federal budget into the red, and an accrual-based budget measure could conceivably record noticeable deficits over the next few years, rather than the surpluses now indicated by the official projections for either the total unified budget or the on-budget accounts. Such accruals take account of still growing contingent liabilities that, under most reasonable sets of actuarial assumptions, currently amount to many trillions of dollars for social security benefits alone.

Even if accrual accounting is set aside, it might still be prudent to eschew new longer-term, potentially irreversible commitments until we are assured that the on-budget surplus projections are less conjectural than they are, of necessity, today.

Allowing surpluses to reduce the debt to the public, rather than for all practical purposes irrevocably committing to their disposition in advance, can be viewed as a holding action pending the clarification of the true underlying budget outcomes of the next few years. Debt repaid can very readily be reborrowed to fund delayed initiatives.

More fundamentally, the growth potential of our economy under current circumstances is best served, in my judgment, by allowing the unified budget surpluses presently in train to materialize and thereby reduce Treasury debt held by the public.

Yet I recognize that growing budget surpluses may be politically infeasible to defend. If this proves to be the case, as I have also testified previously, the likelihood of maintaining a still satisfactory overall budget position over the longer run is greater, I believe, if surpluses are used to lower tax rates rather than to embark on new spending programs. History illustrates the difficulties of keeping spending in check, especially in programs that are open-ended commitments, which too often have led to larger outlays than initially envisioned. Decisions to reduce taxes, however, are more likely to be contained by the need to maintain an adequate revenue base to finance necessary government services. Moreover, especially if designed to lower marginal rates, tax reductions can offer favorable incentives for economic performance.

CONCLUSION

As the U.S. economy enters a new century as well as a new year, the time is opportune to reflect on the basic characteristics of our economic system that have brought about our success in recent years. Competitive and open markets, the rule of law, fiscal discipline, and a culture of enterprise and entrepreneurship should continue to undergird rapid innovation and enhanced productivity that in turn should foster a sustained further rise in living standards. It would be imprudent, however, to presume that the business cycle has been purged from market economies so long as human expectations are subject to bouts of euphoria and disillusionment. We can only anticipate that we will readily take such diversions in stride and trust that beneficent fundamentals will provide the framework for continued economic progress well into the new millennium. □

Announcements

MEETING OF THE CONSUMER ADVISORY COUNCIL

The Federal Reserve Board announced on February 29, 2000, that the Consumer Advisory Council would hold its next meeting on Thursday, March 30, 2000. The council's function is to advise the Board on the exercise of the Board's responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks its advice.

PROPOSED ACTION

The Federal Reserve Board on February 3, 2000, voted to request comment on a new regulation implementing the privacy provisions of the Gramm–Leach–Bliley Act.

Regulation P (Privacy of Consumer Financial Information) would apply to institutions regulated by the Board, including bank holding companies, financial holding companies, state-chartered banks that are members of the Federal Reserve System, and uninsured state-chartered U.S. offices and branches of foreign banks. Comments are requested by March 31, 2000.

The proposed rule is a result of an interagency effort by the Board, the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), the National Credit Union Administration, the Department of the Treasury, the Securities and Exchange Commission, and the Federal Trade Commission. The agencies also consulted with the National Association of Insurance Commissioners. On February 22, 2000, the Board, the FDIC, the OCC, and the OTS jointly published the proposed regulation in the Federal Register. The proposed rule pertains to all institutions regulated by the four federal agencies.

JOINT PROPOSAL FOR REVISION OF THE RISK-BASED CAPITAL RULES

The four federal banking agencies on February 17, 2000, released proposed revisions to their risk-based capital requirements for certain obligations related to securitized transactions.

The proposal by the Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and Office of Thrift Supervision is intended to produce more consistent capital treatment for credit risks associated with exposures arising from securitization transactions. It would amend the risk-based capital requirements for asset-backed securities as well as recourse obligations and direct credit substitutes. Public comments are requested by May 26, 2000.

RELEASE OF JOINT TREASURY–FEDERAL RESERVE REPORT ON COUNTERFEITING

Efforts to combat international counterfeiting of U.S. currency are working, according to a Treasury Department and Federal Reserve Board report released on Tuesday, February 29, 2000.

"Our efforts to make the U.S. currency as secure as possible are working," said Treasury Secretary Lawrence H. Summers. "By combating global counterfeiting we can ensure that our currency will remain a symbol of our strength and stability."

"The currency of the United States represents the strength and dependability of our economy and the financial system that supports it. As such, its integrity must be carefully protected," said Edward W. Kelley, Jr., member of the Board of Governors of the Federal Reserve System. "This study indicates that the new-design notes have been quite successful in thwarting counterfeiters. The Federal Reserve Bank of New York has detected a considerably smaller proportion of counterfeit notes among genuine new-design notes than among older-design notes."

The Use and Counterfeiting of United States Currency Abroad, a study mandated by the Congress as part of the Anti-Terrorism and Effective Death Penalty Act of 1996 and conducted by the Treasury Department and the Federal Reserve, is a comprehensive review of the international use and counterfeiting of U.S. currency.

The efforts to protect U.S. currency have been effective. The incidence of counterfeiting is low both inside and outside the United States but slightly higher outside the United States, with approximately one note per 10,000 being counterfeit worldwide. The U.S. Secret Service is working closely with overseas banks and law enforcement agencies to help suppress counterfeiting activities.

The report highlighted important steps the U.S. government is currently taking to combat global counterfeiting:

- A pilot Secret Service web site allows law enforcement agencies and currency handlers worldwide to report instances of counterfeiting.
- Through its extended custodial inventory program, the Federal Reserve Bank of New York has established overseas cash depots at foreign banks. By lowering transportation costs, these facilities allow overseas dollar users to more efficiently obtain new U.S. currency and return worn and old-design U.S. currency.
- U.S. enforcement agencies are working with their overseas counterparts to target cities and countries that first receive counterfeit notes in the wholesale distribution chain.

The study concluded that between $250 billion and $350 billion of the $500 billion of U.S. currency in circulation was held overseas at the end of 1998.

According to the report, technology will continue to require new and innovative responses to maintain the security of U.S. currency. These efforts will include further security enhancements to our currency design, improved cooperation with international law enforcement agencies, and additional training of foreign law enforcement and financial officials in counterfeit detection.

The report is available through the Treasury Office of Public Affairs at 202-622-2960 or the Federal Reserve Office of Public Affairs at 202-452-2955 or via the Internet at www.treas.gov/press.

Program for Direct Shipment of Golden Dollars to Small Financial Institutions

The U.S. Mint and the Federal Reserve on February 24, 2000, announced a program to provide direct shipments of Golden Dollars to community banks, credit unions, and savings and loans across the country. Strong public demand for the new dollar coin has generated thousands of orders from banks and retailers and has led some banks to create Golden Dollar waiting lists for their individual and commercial customers.

"The U.S. Mint and the Federal Reserve have developed this program to accelerate shipments of Golden Dollars to small financial institutions," said Philip N. Diehl, Director of the Mint. "We want to get as many Golden Dollars to these institutions as quickly as possible. This program is designed to augment, not replace, the routine delivery of coins through the Federal Reserve System."

Depository institutions should continue to place regular orders for Golden Dollars with the Federal Reserve Banks (FRBs).

"We expect to produce at least 150 million Golden Dollars in March—about 100 million for distribution through the Federal Reserve System and up to 50 million for direct shipment to small financial institutions," Mr. Diehl said. "No FRB orders will be reduced to supply Golden Dollars to financial institutions that participate in the temporary direct-shipment program."

By the end of March, the Mint expects that it will have placed 350 million Golden Dollars into circulation—about 200 million through the Federal Reserve System and the rest through direct shipment to retailers and small financial institutions. It recently doubled Golden Dollar production to five million a day.

The new program provides for direct shipment from the Mint of 1,000 or 2,000 Golden Dollars to community banks, credit unions, and savings and loans. The American Bankers Association, America's Community Bankers, Credit Union National Association, Independent Community Bankers of America, and the National Federation of Federal Credit Unions are also participating by assisting the Mint in informing the industry of the program. Orders will be accepted through the Mint's secure web site from March 1 through March 31. Only financial institutions may participate in this program, and the U.S. Mint will validate orders. Delivery is expected to require five to ten business days, and orders will be shipped on a first-come-first-served basis. Coins will be shipped in rolls of twenty-five.

Enforcement Actions

The Federal Reserve Board on February 8, 2000, announced the execution of a written agreement by and among the Bank of New York, New York, New York, the Federal Reserve Bank of New York, and the New York State Banking Department.

The Federal Reserve Board on February 25, 2000, announced the execution of a written agreement by and among United Bancshares, Inc., Philadelphia, Pennsylvania; the United Bank of Philadelphia, Philadelphia, Pennsylvania, and the Federal Reserve Bank of Philadelphia.

CHANGES IN BOARD STAFF

The Board of Governors announced that Edward T. Mulrenin, Assistant Director, Division of Information Technology, retired at the end of March after twenty-six years at the Board.

The Board of Governors announced on March 7, 2000, the approval of the appointment of Rosanna Pianalto-Cameron as Special Assistant to the Board for Public Information.

Ms. Pianalto-Cameron joined the Board's staff in 1980 and transferred to the Public Affairs office in 1998. She earned a B.A. from the University of Akron.

On March 7, 2000, the Board of Governors announced approval of the appointments of Stephen L. Siciliano, Ann E. Misback, and Sandra L. Richardson as Assistant General Counsels in the Legal Division.

Mr. Sicilano joined the Legal Division in 1973 as a staff attorney and was promoted to Special Assistant to the General Counsel for Administrative Law in 1985. He received his J.D. from Northwestern University Law School.

Ms. Misback joined the Legal Division as a Senior Attorney in 1992. She received her J.D. from Georgetown University Law Center.

Ms. Richardson joined the Legal Division as a Senior Attorney in 1992. She received her J.D. from George Washington University Law Center.

The Board also announced on March 7, 2000, the approval of a restructuring of the Division of Information Technology. As part of the reorganization, the Board announced approval of the following official staff actions: the promotion of Maureen T. Hannan to Associate Director and the appointments of Geary L. Cunningham and Sharon L. Mowry as Assistant Directors.

Ms. Hannan recently began a six-month developmental assignment as Visiting Assistant Secretary in the Office of the Secretary and will assume her new responsibilities when she returns to the division.

Mr. Cunningham joined the Board's staff in 1978. He holds a B.A. from the University of Maryland and is currently attending the Stonier Graduate School of Banking.

Ms. Mowry joined the Board's staff in 1987. She holds a B.S. from the University of Pittsburgh and is currently attending the Stonier Graduate School of Banking.

REVISIONS TO THE MONEY STOCK DATA

Measures of the money stock were revised in February of this year to incorporate the results of the annual benchmark and seasonal factor review. Data in tables 1.10 and 1.21 in the statistical appendix to the *Federal Reserve Bulletin* reflect these changes beginning with this issue.

For 1999, the revisions had no effect on the annual growth rate of M2 and M3, but they lowered the annual growth rate of M1 by 0.3 percentage point.

The benchmark incorporates minor revisions to data reported on the weekly and quarterly deposit reports, and it takes account of deposit data from call reports for banks and thrift institutions that are not weekly or quarterly deposit reporters. These revisions to deposit data start in 1997. The benchmark also incorporates historical data for a number of money market mutual funds that began reporting for the first time during 1999 and revisions to data for the money funds; these revisions changed the level of M2 by a maximum absolute value of about $3 billion and raised the level of M3 over the years by a maximum of about $7 billion. Historical revisions have also raised the repurchase agreement component by a maximum of about $7 billion.

Seasonal factors for the monetary aggregates have been revised, using the benchmarked data primarily through November 1999. The X-12-ARIMA procedure was used to derive monthly seasonal factors. As usual, the revisions due to seasonal factors slightly changed the pattern of quarterly growth rates of M2 and M3 in 1999, but they had little effect on the annual growth rates of M2 and M3 over 1999.

Complete historical data are available in printed form from the Money and Reserve Analysis Section, Mail Stop 72, Board of Governors of the Federal Reserve System, Washington, DC 20551, or at 202-452-3062. Current and historical data for the monetary aggregates and their components are available each week in statistical release H.6 on the Board's web site (http://www.federalreserve.gov/) under Research and Data, Statistics: Releases and Historical Data. Current and historical data are also on the Economic Bulletin Board of the U.S. Department of Commerce. For paid electronic access to the Economic Bulletin Board, call STAT-USA at 1-800-782-8872 or 202-482-1986. □

1. Monthly seasonal factors used to construct M1, January 1999–March 2001

Year and month	Currency	Nonbank travelers checks	Demand deposits	Other checkable deposits[1]	
				Total	At banks
1999—January	.9987	1.0224	1.0139	1.0128	1.0160
February	.9980	1.0225	.9811	.9946	.9990
March	.9994	1.0161	.9872	1.0037	1.0039
April	1.0002	1.0176	1.0013	1.0220	1.0198
May	.9995	1.0105	.9877	.9972	.9975
June	.9991	.9794	.9962	1.0006	1.0003
July	1.0008	.9570	.9996	.9928	.9905
August	.9979	.9657	.9962	.9896	.9899
September	.9959	.9816	.9884	.9892	.9907
October	.9982	.9972	.9926	.9897	.9897
November	1.0017	1.0155	1.0093	.9964	.9952
December	1.0110	1.0184	1.0450	1.0110	1.0075
2000—January	.9977	1.0207	1.0136	1.0126	1.0154
February	.9982	1.0218	.9811	.9945	.9985
March	1.0002	1.0160	.9870	1.0039	1.0039
April	1.0007	1.0188	1.0074	1.0229	1.0200
May	.9992	1.0122	.9845	.9973	.9983
June	.9990	.9823	.9942	1.0009	1.0011
July	1.0002	.9579	1.0023	.9930	.9906
August	.9974	.9684	.9939	.9892	.9899
September	.9970	.9824	.9903	.9893	.9901
October	.9967	.9959	.9891	.9886	.9894
November	1.0019	1.0141	1.0095	.9963	.9952
December	1.0120	1.0164	1.0507	1.0119	1.0073
2001—January	.9973	1.0192	1.0094	1.0121	1.0153
February	.9984	1.0223	.9818	.9944	.9984
March	1.0004	1.0157	.9892	1.0043	1.0039

1. Seasonally adjusted other checkable deposits at thrifts are derived as the difference between total other checkable deposits, seasonally adjusted, and seasonally adjusted other checkable deposits at commercial banks.

2. Monthly seasonal factors used to construct M2 and M3, January 1999–March 2001

Year and month	Savings and MMDA deposits[1]	Small-denomination time deposits[1]	Large-denomination time deposits[1]	Money market mutual funds		RPs	Eurodollars
				In M2	In M3 only		
1999—January	.9985	1.0023	.9849	1.0038	1.0220	1.0007	1.0108
February	.9944	1.0036	.9928	1.0132	1.0361	1.0048	1.0111
March	1.0025	1.0026	1.0002	1.0196	1.0154	1.0064	.9983
April	1.0113	1.0008	.9993	1.0154	.9997	.9974	.9982
May	.9971	.9970	1.0070	.9860	.9913	1.0131	1.0096
June	1.0010	.9949	1.0022	.9866	.9887	1.0034	.9994
July	1.0011	.9970	1.0011	.9859	.9720	.9937	.9870
August	.9988	.9974	.9975	.9998	.9843	.9985	.9931
September	.9971	.9990	1.0042	.9982	.9758	.9972	.9909
October	.9964	1.0017	1.0077	.9951	.9883	.9915	.9909
November	.9997	1.0025	1.0051	.9964	1.0051	1.0081	1.0012
December	1.0022	1.0013	.9970	.9984	1.0190	.9860	1.0121
2000—January	.9986	1.0025	.9856	1.0044	1.0235	1.0007	1.0068
February	.9943	1.0040	.9929	1.0148	1.0373	1.0056	1.0084
March	1.0021	1.0031	1.0003	1.0199	1.0152	1.0078	.9994
April	1.0123	1.0010	.9996	1.0157	1.0002	.9959	.9995
May	.9964	.9965	1.0072	.9865	.9927	1.0120	1.0083
June	1.0007	.9939	1.0024	.9865	.9889	1.0032	1.0016
July	1.0014	.9966	1.0010	.9846	.9707	.9925	.9882
August	.9983	.9971	.9973	.9990	.9840	.9992	.9945
September	.9978	.9991	1.0045	.9981	.9745	.9970	.9914
October	.9958	1.0019	1.0070	.9952	.9868	.9897	.9896
November	.9997	1.0029	1.0050	.9964	1.0060	1.0088	1.0028
December	1.0033	1.0016	.9969	.9983	1.0190	.9883	1.0109
2001—January	.9981	1.0026	.9861	1.0047	1.0237	1.0006	1.0042
February	.9943	1.0041	.9931	1.0156	1.0380	1.0059	1.0072
March	1.0021	1.0033	1.0002	1.0201	1.0161	1.0086	1.0005

1. Seasonal factors are applied to deposits data at both commercial banks and thrift institutions.

3. Weekly seasonal factors used to construct M1, December 6, 1999–April 2, 2001

Week ending	Currency	Nonbank travelers checks	Demand deposits	Other checkable deposits[1]	
				Total	At banks
1999—December 6	1.0061	1.0221	1.0114	1.0056	.9957
13	1.0080	1.0201	1.0243	.9961	.9910
20	1.0118	1.0182	1.0497	1.0065	1.0050
27	1.0182	1.0162	1.0626	1.0166	1.0184
2000—January 3	1.0090	1.0142	1.0974	1.0435	1.0375
10	1.0015	1.0171	1.0367	1.0213	1.0194
17	.9978	1.0199	1.0090	1.0089	1.0110
24	.9936	1.0228	.9829	1.0042	1.0122
31	.9922	1.0257	.9924	1.0044	1.0126
February 7	.9980	1.0242	.9771	1.0000	.9998
14	1.0004	1.0227	.9759	.9863	.9898
21	.9988	1.0212	.9776	.9885	.9962
28	.9961	1.0197	.9887	.9989	1.0042
March 6	1.0018	1.0183	.9863	1.0040	1.0010
13	1.0017	1.0170	.9860	.9976	.9956
20	1.0005	1.0158	.9834	.9994	1.0003
27	.9985	1.0146	.9870	1.0064	1.0116
April 3	.9995	1.0134	1.0151	1.0240	1.0196
10	1.0040	1.0158	1.0140	1.0207	1.0158
17	1.0009	1.0183	1.0178	1.0317	1.0257
24	.9986	1.0208	.9921	1.0222	1.0243
May 1	.9979	1.0234	.9973	1.0148	1.0137
8	1.0029	1.0190	.9853	1.0026	.9984
15	.9997	1.0147	.9829	.9917	.9923
22	.9980	1.0104	.9717	.9884	.9942
29	.9982	1.0061	.9844	.9970	1.0001
June 5	1.0014	1.0019	.9987	1.0064	1.0014
12	1.0017	.9917	.9978	.9983	.9985
19	.9980	.9817	.9928	.9997	1.0015
26	.9948	.9718	.9893	1.0001	1.0059
July 3	.9991	.9622	1.0140	1.0104	1.0051
10	1.0049	.9603	1.0116	1.0009	.9945
17	1.0003	.9584	.9949	.9856	.9856
24	.9974	.9565	.9852	.9833	.9863
31	.9967	.9545	1.0061	.9943	.9912
August 7	1.0032	.9595	.9968	.9965	.9910
14	.9992	.9646	.9949	.9847	.9834
21	.9958	.9697	.9926	.9830	.9851
28	.9930	.9749	.9914	.9875	.9935
September 4	1.0023	.9801	.9947	.9951	.9930
11	.9983	.9812	.9945	.9917	.9886
18	.9961	.9823	.9936	.9883	.9899
25	.9934	.9834	.9795	.9831	.9914
October 2	.9936	.9845	.9952	.9946	.9939
9	1.0010	.9892	.9863	.9896	.9865
16	.9978	.9939	.9862	.9839	.9835
23	.9946	.9987	.9795	.9842	.9874
30	.9941	1.0035	.9935	.9903	.9960
November 6	1.0016	1.0084	1.0020	1.0009	.9945
13	1.0023	1.0116	.9996	.9900	.9882
20	1.0001	1.0147	1.0080	.9919	.9927
27	1.0044	1.0179	1.0216	.9977	1.0018
December 4	1.0063	1.0211	1.0342	1.0095	.9999
11	1.0080	1.0189	1.0290	.9999	.9937
18	1.0112	1.0167	1.0484	1.0053	1.0015
25	1.0179	1.0145	1.0572	1.0136	1.0156
2001—January 1	1.0105	1.0124	1.0847	1.0363	1.0299
8	1.0034	1.0150	1.0488	1.0298	1.0257
15	.9986	1.0177	1.0140	1.0098	1.0132
22	.9949	1.0203	.9844	1.0027	1.0094
29	.9927	1.0230	.9804	1.0012	1.0092

3. Weekly seasonal factors used to construct M1, December 6, 1999–April 2, 2001—continued

Week ending	Currency	Nonbank travelers checks	Demand deposits	Other checkable deposits[1]	
				Total	At banks
2001—February 5	.9972	1.0257	.9794	1.0027	1.0027
12	1.0000	1.0238	.9754	.9893	.9933
19	.9992	1.0219	.9805	.9901	.9948
26	.9961	1.0200	.9864	.9954	1.0029
March 5	1.0007	1.0182	.9975	1.0033	1.0018
12	1.0020	1.0170	.9886	.9972	.9974
19	1.0002	1.0157	.9893	1.0000	1.0010
26	.9978	1.0145	.9801	1.0068	1.0105
April 2	.9995	1.0133	1.0065	1.0235	1.0169

1. Seasonally adjusted other checkable deposits at thrifts are derived as the difference between total other checkable deposits, seasonally adjusted, and seasonally adjusted other checkable deposits at commercial banks.

4. Weekly seasonal factors used to construct M2 and M3, December 6, 1999–April 2, 2001

Week ending	Savings and MMDA deposits[1]	Small-denomination time deposits[1]	Large-denomination time deposits[1]	Money market mutual funds		RPs	Eurodollars
				In M2	In M3 only		
1999—December 6	1.0110	1.0029	1.0033	1.0023	1.0197	1.0010	1.0224
13	1.0074	1.0018	1.0024	1.0009	1.0333	.9956	1.0139
20	1.0003	1.0008	.9984	1.0007	1.0204	.9831	1.0025
27	.9935	.9999	.9927	.9964	1.0173	.9724	1.0094
2000—January 3	1.0015	1.0012	.9831	.9881	.9932	.9760	1.0152
10	1.0128	1.0024	.9860	.9977	1.0195	.9986	1.0070
17	1.0068	1.0026	.9879	1.0110	1.0274	1.0036	1.0024
24	.9877	1.0026	.9830	1.0094	1.0330	1.0026	1.0047
31	.9807	1.0031	.9864	1.0065	1.0270	1.0087	1.0094
February 7	1.0003	1.0038	.9908	1.0122	1.0329	1.0095	.9987
14	.9997	1.0041	.9950	1.0143	1.0375	1.0127	1.0097
21	.9918	1.0040	.9908	1.0163	1.0398	1.0011	1.0094
28	.9877	1.0039	.9936	1.0158	1.0409	.9997	1.0189
March 6	1.0069	1.0039	1.0011	1.0197	1.0238	1.0031	.9871
13	1.0071	1.0035	1.0014	1.0203	1.0219	1.0129	.9971
20	1.0016	1.0029	1.0013	1.0195	1.0147	1.0138	.9992
27	.9913	1.0023	1.0005	1.0203	1.0138	1.0065	1.0115
April 3	1.0097	1.0029	.9950	1.0196	.9945	.9982	1.0011
10	1.0250	1.0026	.9982	1.0267	1.0096	.9972	.9978
17	1.0235	1.0013	.9986	1.0245	1.0057	.9931	.9881
24	1.0052	1.0000	.9999	1.0138	.9968	.9917	1.0027
May 1	.9901	.9989	1.0046	.9928	.9899	1.0014	1.0103
8	1.0051	.9982	1.0077	.9885	.9894	1.0082	.9955
15	1.0028	.9971	1.0058	.9844	.9893	1.0104	1.0019
22	.9910	.9960	1.0066	.9855	.9945	1.0118	1.0161
29	.9906	.9951	1.0086	.9864	.9956	1.0186	1.0216
June 5	1.0114	.9943	1.0084	.9870	1.0014	1.0143	1.0009
12	1.0094	.9937	1.0041	.9913	1.0036	1.0114	1.0036
19	1.0003	.9932	1.0027	.9875	.9868	1.0017	.9962
26	.9832	.9935	1.0003	.9844	.9823	.9945	1.0044
July 3	.9962	.9953	.9952	.9791	.9632	.9927	1.0037
10	1.0119	.9962	.9970	.9854	.9787	.9905	.9868
17	1.0052	.9963	1.0039	.9843	.9689	.9889	.9812
24	.9935	.9973	1.0044	.9852	.9717	.9943	.9870
31	.9909	.9972	1.0013	.9859	.9668	.9961	.9914
August 7	1.0092	.9971	1.0014	.9940	.9773	.9980	.9875
14	1.0075	.9969	.9968	.9986	.9857	1.0026	.9840
21	.9976	.9969	.9924	1.0016	.9856	.9930	.9917
28	.9863	.9970	.9967	1.0015	.9892	1.0021	1.0143

4. Weekly seasonal factors used to construct M2 and M3, December 6, 1999–April 2, 2001—continued

Week ending	Savings and MMDA deposits[1]	Small-denomination time deposits[1]	Large-denomination time deposits[1]	Money market mutual funds		RPs	Eurodollars
				In M2	In M3 only		
2000—September 4	1.0043	.9979	1.0014	.9991	.9795	1.0012	.9949
11	1.0137	.9985	1.0022	1.0020	.9818	1.0017	.9931
18	.9997	.9991	1.0033	1.0011	.9766	1.0012	.9871
25	.9791	.9992	1.0074	.9959	.9687	.9941	.9928
October 2	.9865	1.0004	1.0078	.9906	.9653	.9853	.9903
9	1.0046	1.0021	1.0130	.9949	.9803	.9850	.9856
16	1.0034	1.0020	1.0081	.9975	.9847	.9885	.9874
23	.9905	1.0019	1.0053	.9961	.9940	.9895	.9858
30	.9859	1.0018	1.0015	.9938	.9931	.9955	.9996
November 6	1.0037	1.0024	1.0054	.9926	.9941	1.0002	.9887
13	1.0073	1.0028	1.0063	.9949	1.0015	1.0092	.9955
20	1.0016	1.0030	1.0044	.9967	1.0069	1.0145	1.0035
27	.9912	1.0031	1.0050	.9994	1.0143	1.0118	1.0175
December 4	1.0035	1.0030	1.0022	.9991	1.0184	1.0047	1.0122
11	1.0079	1.0024	1.0028	1.0027	1.0314	.9998	1.0117
18	1.0021	1.0015	.9992	1.0023	1.0218	.9887	1.0035
25	.9955	1.0007	.9943	.9976	1.0161	.9777	1.0074
2001—January 1	.9998	1.0010	.9868	.9889	1.0050	.9759	1.0217
8	1.0135	1.0025	.9845	.9953	.9998	.9947	1.0110
15	1.0101	1.0025	.9898	1.0080	1.0263	1.0025	1.0009
22	.9942	1.0026	.9862	1.0085	1.0323	1.0002	.9993
29	.9820	1.0027	.9833	1.0078	1.0371	1.0064	1.0053
February 5	.9978	1.0036	.9877	1.0098	1.0301	1.0079	.9966
12	.9986	1.0041	.9927	1.0147	1.0437	1.0110	1.0067
19	.9938	1.0042	.9924	1.0159	1.0381	1.0046	1.0089
26	.9861	1.0043	.9954	1.0194	1.0413	1.0015	1.0181
March 5	1.0014	1.0042	1.0019	1.0190	1.0265	1.0030	.9919
12	1.0038	1.0038	1.0023	1.0206	1.0265	1.0115	.9976
19	1.0007	1.0032	1.0012	1.0194	1.0163	1.0150	.9987
26	.9934	1.0027	.9997	1.0207	1.0128	1.0092	1.0090
April 2	1.0069	1.0028	.9950	1.0207	.9956	1.0005	1.0035

1. Seasonal factors are applied to deposits data at both commercial banks and thrift institutions.

Minutes of the Meeting of the Federal Open Market Committee Held on December 21, 1999

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, December 21, 1999, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Boehne
Mr. Ferguson
Mr. Gramlich
Mr. Kelley
Mr. McTeer
Mr. Meyer
Mr. Moskow
Mr. Stern

Messrs. Broaddus, Guynn, Jordan, and Parry, Alternate Members of the Federal Open Market Committee

Mr. Hoenig, Ms. Minehan, and Mr. Poole, Presidents of the Federal Reserve Banks of Kansas City, Boston, and St. Louis respectively

Mr. Kohn, Secretary and Economist
Mr. Bernard, Deputy Secretary
Ms. Fox, Assistant Secretary
Mr. Gillum, Assistant Secretary
Mr. Mattingly, General Counsel
Mr. Baxter, Deputy General Counsel
Ms. Johnson, Economist
Mr. Prell, Economist

Ms. Cumming, Messrs. Howard, Hunter, Lang, Rosenblum, Slifman, and Stockton, Associate Economists

Mr. Fisher, Manager, System Open Market Account

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

Messrs. Ettin and Reinhart, Deputy Directors, Divisions of Research and Statistics and International Finance respectively, Board of Governors

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

Ms. Roseman,[1] Director, Division of Reserve Bank Operations and Payment Systems, Board of Governors

Messrs. Dennis[1] and Whitesell, Assistant Directors, Divisions of Reserve Bank Operations and Payment Systems and Monetary Affairs respectively, Board of Governors

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

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

Messrs. Beebe, Eisenbeis, Goodfriend, Hakkio, Rasche, and Sniderman, Senior Vice Presidents, Federal Reserve Banks of San Francisco, Atlanta, Richmond, Kansas City, St. Louis, and Cleveland respectively

Ms. Perelmuter, Messrs. Rosengren and Weber, Vice Presidents, Federal Reserve Banks of New York, Boston, and Minneapolis respectively

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on November 16, 1999, were approved.

The Report of Examination of the System Open Market Account, conducted by the Board's Division of Reserve Bank Operations and Payment Systems as of the close of business on September 10, 1999, was accepted.

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

1. Attended portion of meeting relating to the Committee's consideration of the Report of Examination of the System Open Market Account.

The Manager also reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period November 16, 1999, through December 20, 1999. By unanimous vote, the Committee ratified these transactions.

The Committee then turned to a discussion of recent and prospective economic and financial developments, and the implementation of monetary policy over the intermeeting period ahead.

The information reviewed at this meeting suggested continued strong expansion of economic activity. Consumer demand was particularly robust, and business fixed investment remained on a strong upward trend. Housing activity was still at an elevated level despite some recent slippage. As a consequence, manufacturing production had increased briskly in recent months, and nonfarm payrolls continued to rise rapidly. Despite very tight labor markets, labor compensation had been climbing more slowly than last year. Aggregate price increases had been smaller in recent months, reflecting a flattening in energy prices after a rapid run-up.

Nonfarm payroll employment rose substantially further in October and November. Job growth in the services industry remained rapid in the two months, construction hiring continued buoyant against a backdrop of project backlogs and unseasonably warm weather, and the pace of job losses in manufacturing slowed further. The civilian unemployment rate fell to 4.1 percent in October, its low for the year, and remained at that level in November.

Industrial production continued to advance briskly in the October–November period, reflecting sizable gains in manufacturing and mining output. Within manufacturing, the production of consumer goods, construction supplies, and materials was up substantially. The further advance in manufacturing production in the two months boosted the factory operating rate, but capacity utilization in manufacturing in November was still a little below its long-term average.

Total nominal retail sales rose appreciably in the first two months of the fourth quarter. Sales gains were widespread, but purchases of durable goods, especially light vehicles, were particularly strong. Anecdotal reports suggested that growth in consumer outlays was remaining brisk in December.

Housing activity, though somewhat softer in recent months, continued at a high level. Total private housing starts slipped in November after having held steady in October. In addition, sales of new homes in the September–October period (latest data) were a little below the pace recorded in the spring and early summer months, and existing home sales registered a fourth consecutive decline in October.

The available information on orders and shipments suggested some slowing in the very rapid growth of business spending for capital equipment. Shipments of nondefense capital equipment recovered only partially in October from a large September decline. Much of the pickup reflected a surge in shipments of computers and related equipment in October after a plunge in the preceding two months. Trends in orders suggested that business spending on capital equipment, notably for high-tech and transportation equipment, probably had increased further over the balance of the fourth quarter. Outlays and contracts for nonresidential construction slowed further in October. The pace of office construction was close to its third-quarter average; spending for industrial buildings continued to drop, and outlays for commercial structures were unchanged from their low September level.

Business inventory investment slowed in October from the third-quarter pace, primarily reflecting a sizable liquidation of stocks at automotive dealerships. Stockbuilding among manufacturers stepped up slightly in October, but the stock–sales ratio for the sector was near the bottom of its range for the last twelve months. At the wholesale level, inventory accumulation slowed noticeably and the inventory–sales ratio for this sector also was near the bottom of its range for the last twelve months. Total retail stocks changed little on balance in October because of the sharp runoff at automotive dealerships. The inventory–sales ratio for the retail sector as a whole was at the bottom of its range for the last year.

The U.S. deficit on trade in goods and services widened somewhat in October from its average for the third quarter. The value of exports edged up in October from its third-quarter level but the value of imports rose appreciably more, with much of the increase reflecting greater imports of consumer goods and machinery. The available information suggested that economic expansion in the euro area, the United Kingdom, and Canada picked up sharply in the third quarter. In contrast, economic activity declined in Japan during the third quarter after a surge in the first half of the year. Among the developing countries, economic activity continued to expand in emerging Asia and parts of Latin America.

Inflation had remained subdued in recent months. Consumer price inflation edged down in October and November as energy prices steadied after having increased rapidly earlier in the year. Moreover, excluding the volatile food and energy components, consumer prices rose slightly less in the twelve months ended in November than in the previous twelve-month period. At the producer level, prices of finished goods other than food and energy were unchanged in November after a moderate increase in October. For the year ended in November, core producer prices rose somewhat more than in the preceding year. However, producer prices at earlier stages of processing continued to register increases somewhat larger than those for finished goods. With regard to labor costs, the rise in compensation per hour in the nonfarm business sector over the four quarters ending in September was down considerably from the advance in the preceding four-quarter period. In addition, average hourly earnings rose moderately in the October–November period and in the twelve months ended in November.

At its meeting on November 16, the Committee adopted a directive that called for a slight tightening of conditions in reserve markets consistent with an increase of ¼ percentage point in the federal funds rate to an average of around 5½ percent. The members noted that the slight tightening would enhance the chances for containing inflation and forestalling the emergence of inflationary imbalances that could undermine the economy's highly favorable performance. The members also agreed on a symmetric directive. The special situation in financial markets over the year-end, along with uncertainty about the economy's response to the firming already undertaken in 1999, suggested that the Committee would want to assess further developments through early next year before considering additional policy action.

Open market operations during the intermeeting period were directed toward implementing the desired slightly greater pressure on reserve positions, and the federal funds rate averaged close to the Committee's 5½ percent target. However, with the economic expansion still quite strong and in the context of the expression of concern about the inflationary implications of unsustainably fast growth in the Committee's announcement of its decision at the November meeting, incoming economic data were viewed by market participants as increasing, on balance, the chances of further monetary tightening in 2000. As a result, most market interest rates rose somewhat in the period after the November 16 meeting. Despite the appreciable increase in Treasury bond yields, most broad stock market indexes advanced further during the intermeeting period.

In foreign exchange markets, the trade-weighted value of the dollar changed little over the period in relation to the currencies of a broad group of important U.S. trading partners. The dollar appreciated against the euro and the Canadian dollar, but those movements were largely counterbalanced by declines against the Japanese yen and the currencies of other important trading partners.

M2 continued to grow at a moderate rate in November despite strong currency demand that likely was associated with a combination of robust holiday spending and precautionary stockpiling for the century rollover. Higher opportunity costs and currency demand apparently damped growth in holdings of liquid deposits. By contrast, M3 surged in November, reflecting heavy issuance of large time deposits to fund increases in bank credit and vault cash and large inflows to institution-only money market funds. For the year through November, M2 and M3 were estimated to have increased at rates somewhat above the Committee's annual ranges for 1999. Total domestic nonfinancial debt continued to expand at a pace in the upper portion of its range.

The staff forecast prepared for this meeting suggested that the expansion would gradually moderate from its currently elevated pace to a rate around or perhaps a little below the growth of the economy's estimated potential. The expansion of domestic final demand increasingly would be held back by the anticipated waning of positive wealth effects associated with large earlier gains in equity prices, the slower growth of spending on consumer durables, houses, and business equipment and software in the wake of the prolonged buildup in the stocks of these items, and the higher intermediate- and longer-term interest rates that had evolved as markets came to expect that a rise in short-term interest rates would be needed to achieve sustainable, noninflationary growth. However, continued solid economic expansion abroad was expected to boost the growth of U.S. exports for some period ahead. Core price inflation was projected to rise somewhat over the forecast horizon, partly as a result of higher non-oil import prices and some firming of gains in nominal labor compensation in persistently tight labor markets that would increasingly outpace even continued rapid productivity growth.

In the Committee's discussion of current and prospective economic developments, members commented that the most recent statistical and anecdotal information provided further evidence of persisting strength in the expansion and of relatively subdued wage and price inflation. The economy clearly would carry substantial expansionary momentum into the new year, quite possibly in excess of growth in the economy's long-run potential, and the key issue for the Committee was whether growth in aggregate demand would slow to a more sustainable pace without further tightening in the stance of monetary policy. Members noted in this regard that evidence of a slowdown in the expansion was quite marginal at this point and seemed to be limited largely to some softening in housing activity. Looking beyond the near term, members continued to anticipate some moderation in the growth of domestic demand, though the extent of the moderation remained subject to a wide range of uncertainty related in part to the difficulty of anticipating trends in stock market prices and their effects on business and consumer sentiment and spending. Members also noted that prospective slowing in domestic demand was likely to be offset, at least to some extent, by further growth in exports should foreign economies as a group continue to strengthen as many forecasters anticipated.

Uncertainties about the level and growth of potential output and the dynamics of the inflation process made it difficult to relate with confidence projections of demand and activity to prospects for inflation. Members observed that they saw no indications that the impressive gains in productivity might be moderating and, indeed, the most recent data suggested some further acceleration. Moreover, persistent disparities between the household and establishment series on employment growth might be reconciled by higher immigration than previously estimated, further boosting potential growth. Nonetheless, the increase in aggregate demand had been exceeding even the now-higher sustainable rate of growth in aggregate supply, as indicated by declines in the pool of available but unemployed workers to a very low level and by the rise in imports. This difference between the growth of demand and potential supply could well persist unless demand moderated. Absent a possible moderation, an upturn in unit labor costs was seen as a likely possibility, with eventual adverse implications for price inflation. Inflation pressures might also be augmented over time by a number of special factors such as the rise in energy prices, the effects on import prices of the dollar's depreciation and strengthening foreign economies, and faster increases in medical costs. While several of these factors implied limited price level adjustments, they could become embedded to a degree in ongoing inflation through their effects on wage increases and inflation expectations. Over the nearer term, however, subdued inflation expectations were likely to damp any incipient uptrend in the rate of price inflation.

In their review of economic conditions across the nation, several members noted that high levels of business activity were severely taxing available labor resources and appeared to be constraining growth in a number of industries and parts of the country. Rising employment and incomes, along with the advance in stock market prices to new highs in recent weeks, were fostering elevated levels of consumer confidence and would be supporting consumer spending going forward. Anecdotal reports pointed to notably brisk retail sales during the current holiday season in many parts of the country. Sales of new automobiles had rebounded recently after moderating somewhat from an exceptionally rapid pace earlier. While recent developments provided little basis for anticipating slower growth in consumer spending, members commented that such spending could be vulnerable to adverse developments in the stock market and the attendant effects on consumer wealth and confidence; and spending for household durables could be damped by the anticipated softness in housing activity.

The capital goods markets also displayed very little evidence of any weakening. They continued to be characterized by disproportionately large investments in high-tech business equipment, although demand for more conventional equipment, apart from farm equipment, also was relatively robust. Assessments of the outlook for overall business capital investment pointed to further rapid growth led by outlays for equipment. Business spending on construction was expected to change little on the whole, with strength in some sectors, such as warehouse facilities, offset by softness in sectors such as industrial structures and office buildings. Some members noted, however, that public works projects would help to support overall construction activity.

Recent data along with anecdotal reports indicated some loss of vigor in the nation's housing markets, though overall activity was still at a high level. The recent pace of homebuilding was somewhat uneven, with relative strength in some areas supported by seasonally favorable weather conditions or large backlogs. Rising mortgage rates were cited as a key factor underlying the limited moderation in residential construction, but other factors included the scarcity of skilled construction workers, with some diverted to nonresidential construction projects, and indications of overbuilding in some areas. Looking ahead, the members anticipated that further growth in incomes and the ready availability financing for most homebuyers would sustain overall housing activity at a relatively high level.

Forecasts indicated that while real net exports would continue to decline over the next several quarters, the rate of decline would moderate substantially. The solid further expansion expected in many foreign economies, the slower growth of domestic demand in the United States, and the effects of the slippage of the foreign exchange value of the dollar on the relative prices of U.S. goods and services were all seen as contributing to this outcome. In the course of their comments, members cited a number of examples of already-improved export markets for a variety of U.S. products. While expanding foreign demand for U.S. goods and services was a welcome development from the perspective of numerous business firms, such demand might add to pressures on U.S. resources with potentially inflationary implications, depending on the extent to which the growth in domestic demand would slow going forward. Several members indicated their concern about the burgeoning current account deficit and the potential that it could lead to a considerable weakening of the dollar at some point, which would tend to add to upward pressure on prices and demand.

In their comments regarding the outlook for inflation, a number of members expressed concern that the anticipated moderation in overall demand might not be large enough or soon enough to forestall added pressures on already-taut labor markets. Although wage growth had remained moderate to date and unit labor costs damped, at some point tightening labor markets would begin to generate wage gains increasingly in excess of productivity gains. Indeed, a few members were concerned that unit labor costs could begin to accelerate even at existing labor utilization levels. In addition, some of the forces that had been restraining inflation—declining oil, import, and commodity prices, and subdued increases in the costs of health care—had already reversed. Even so, resulting acceleration in price inflation might be held down and possibly averted for a time by the economy's buoyant upward trend in productivity, which could support profit margins and help maintain the highly competitive conditions in many markets that made it difficult or impossible for most business firms to raise their prices. In addition, there had been no evidence of any erosion in the widespread expectation that inflation would remain subdued over the long run.

In the Committee's discussion of policy for the period immediately ahead, all the members endorsed a proposal to maintain an unchanged policy stance consistent with a target for the federal funds rate centering on 5½ percent. The members agreed that the Committee's primary near-term objective was to foster steady conditions in financial markets during the period of the century date change and to avoid any action that might erode the markets' confidence that the Federal Reserve was fully prepared to provide whatever liquidity would be needed in this period. The members generally agreed that, if necessary, their concerns about rising inflation could be addressed at the meeting in early February. They saw little risk of a significant acceleration in inflation over the near term, given recent price trends and the absence of indications that inflationary expectations might be deteriorating, and thus little cost in deferring consideration of a policy tightening action. Moreover, the Committee would be in a better position by early February to assess the delayed effects of its earlier tightening actions.

On the issue of the intermeeting tilt in the Committee's directive, most of the members expressed a preference for retaining the symmetry adopted at the November meeting. While a preemptive tightening move might be warranted in the not-too-distant future to help contain inflationary pressures in the economy, these members believed that a symmetrical directive would best convey the message that no tightening action was contemplated for the weeks immediately ahead. Such a directive would therefore be more consistent with their desire to avoid any misinterpretations of their policy intentions that might unsettle financial markets during the sensitive century-date-change period. In this view, longer-run concerns about rising inflation could be addressed in the press statement that would be issued after this meeting. A few members indicated a marginal preference for an asymmetric directive that focused on the possibility of an eventual rise in interest rates. In their view, an asymmetric directive would be more consistent with the consensus among the Committee members regarding the most likely course of monetary policy over the next few meetings and the use of the bias statement that had come to encompass this longer horizon and was understood as such by financial market participants and the public. Moreover, such a directive was widely anticipated in financial markets and hence would incur little risk in their view of a market disturbance in the weeks immediately ahead. However, they could readily accept a symmetrical directive in light of the contemplated press announcement.

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

The information reviewed at this meeting suggests continued strong expansion of economic activity. Nonfarm payroll employment increased substantially further in October and November, and the civilian unemployment rate stayed at 4.1 percent in November, its low for the year. Manufacturing output recorded sizable gains in October and November. Total retail sales rose appreciably over the two months. Housing activity has softened somewhat over recent months but has remained at a high level. Trends in orders suggest that business spending on capital equipment has increased further. The U.S. nominal trade deficit in goods and services rose in October from its average in the third quarter. Aggregate price increases have been smaller in the past two months, reflecting a flattening in energy prices; labor compensation rates have been rising more slowly than last year.

Most market interest rates are up somewhat since the meeting on November 16, 1999. Measures of share prices in equity markets have risen further over the intermeeting period. In foreign exchange markets, the trade-weighted value of the dollar has changed little over the period in relation to the currencies of a broad group of important U.S. trading partners.

M2 continued to grow at a moderate pace in November while M3 surged. For the year through November, M2 and M3 are estimated to have increased at rates somewhat above the Committee's annual ranges for 1999. Total domestic nonfinancial debt has expanded at a pace in the upper end of its range.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. In furtherance of these objectives, the Committee reaffirmed at its meeting in June the ranges it had established in February for growth of M2 and M3 of 1 to 5 percent and 2 to 6 percent respectively, measured from the fourth quarter of 1998 to the fourth quarter of 1999. The range for growth of total domestic nonfinancial debt was maintained at 3 to 7 percent for the year. For 2000, the Committee agreed on a tentative basis in June to retain the same ranges for growth of the monetary aggregates and debt, measured from the fourth quarter of 1999 to the fourth quarter of 2000. The behavior of the monetary aggregates will continue to be evaluated in the light of progress toward price level stability, movements in their velocities, and developments in the economy and financial markets.

To promote the Committee's long-run objectives of price stability and sustainable economic growth, the Committee in the immediate future seeks conditions in reserve markets consistent with maintaining the federal funds rate at an average of around 5½ percent. In view of the evidence currently available, the Committee believes that prospective developments are equally likely to warrant an increase or a decrease in the federal funds rate operating objective during the intermeeting period.

Votes for this action: Messrs. Greenspan, McDonough, Boehne, Ferguson, Gramlich, Kelley, McTeer, Meyer, Moskow, and Stern. Votes against this action: None.

DISCLOSURE POLICY

The members of the Committee agreed at this meeting to adopt a number of proposals offered by the Working Group on the Directive and Disclosure Policy chaired by Mr. Ferguson, effective with the first meeting in 2000. One proposal was to issue a press statement after every meeting even when the Committee decided to maintain its existing policy stance and did not change its view of future developments in a major way.

Another proposal was to change the way the Committee characterizes its view of future developments. A few members wanted to retain the current focus on the possible future stance of policy because they thought that the Committee would more readily be able to reach agreement on the likelihood of future actions than on the potential reasons such actions might be considered. The consensus opinion, however, was to replace the Committee's judgment about the likelihood of an increase or decrease in the intended federal funds rate with a description of the Committee's perception of the risks in the foreseeable future to the attainment of its long-run goals of price stability and sustainable economic growth. Although the Committee would vote on this assessment of the risks together with its policy stance, the Committee would no longer include its view of future developments in the domestic policy directive to the Federal Reserve Bank of New York, because the new wording did not refer to an operational matter. The Committee's new directive would contain only a general statement of its policy objectives, its specific operating instructions for the intermeeting period, and in February and July a paragraph on the yearly money and debt ranges. To inform the public about these decisions, the members agreed that an explanatory press release should be issued before the February meeting.

The Committee also accepted a proposal to codify current practice regarding policy moves in the intermeeting period by amending the Authorization for Domestic Open Market Operations in February. The amendment was made necessary by the change in the language of the directive. Intermeeting moves, authorized by the Chairman, would remain possible but, as in recent years, would be made only in exceptional circumstances. One member expressed reservations about the proposed amendment, questioning its need in light of the instruments already in place to deal with liquidity emergencies and its appropriateness because it could potentially allow policy moves to be made, however rarely, without necessarily drawing on the benefits of full Committee participation. The other members, however, noted that the practices in place had worked well over the years, proving themselves a useful adjunct to the regular Committee decision-making process; that the new language would maintain those practices, clarifying that latitude to change policy was to be exercised against the background of the Committee's previous discussions and only in unusual circumstances; and that, if necessary, adjustments to the Authorization could be made in the future.

It was agreed that the next meeting of the Committee would be held on Tuesday–Wednesday, February 1–2, 2000.

The meeting adjourned at 1:30 p.m.

Donald L. Kohn
Secretary

Legal Developments

Final Rule—Amendment to Regulation A

The Board of Governors has amended 12 C.F.R. Part 201, its Regulation A (Extensions of Credit by Federal Reserve Banks), to reflect its approval of an increase 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 February 2, 2000, 12 C.F.R. Part 201 is amended as follows. The rate changes for adjustment credit were effective on the dates specified in 12 C.F.R. 201.51.

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

1. The authority citation for 12 C.F.R. Part 201 continues to read as follows:

Authority: 12 U.S.C. 343 *et seq.*, 347a, 347b, 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	5.25	February 2, 2000
New York	5.25	February 2, 2000
Philadelphia	5.25	February 2, 2000
Cleveland	5.25	February 2, 2000
Richmond	5.25	February 2, 2000
Atlanta	5.25	February 2, 2000
Chicago	5.25	February 2, 2000
St. Louis	5.25	February 2, 2000
Minneapolis	5.25	February 3, 2000
Kansas City	5.25	February 2, 2000
Dallas	5.25	February 4, 2000
San Francisco	5.25	February 2, 2000

Orders Issued Under International Banking Act

Dexia Project and Public Finance International Bank
Paris, France

Order Approving Establishment of a Branch and Representative Office

Dexia Project and Public Finance International Bank ("Bank"), Paris, France, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a state-licensed branch in New York, New York, and under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in Washington, D.C. The Foreign Bank Supervision Enhancement Act of 1991 ("FBSEA"), which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch or representative office in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in newspapers of general circulation in New York, New York, and Washington, D.C. (*The New York Post*, March 22, 1999; *The Washington Post*, March 22, 1999). The time for filing comments has expired, and all comments have been considered.

Bank had assets of approximately $52.1 billion as of June 30, 1999. Approximately 71 percent of Bank's voting shares is owned by Dexia Crédit Local de France ("DCLF"), Paris, France, and the remaining 29 percent is owned by Crédit Communal de Belgique ("CCB"), Brussels, Belgium. Two holding companies, Dexia France, Paris, France, and Dexia, S.A., Brussels, Belgium, each own 50 percent of each of CCB and DCLF. Dexia, S.A. in turn owns almost all the shares of Dexia France. The largest shareholder of Dexia, S.A. is Holding Communal, S.A., Brussels, Belgium, which holds approximately 23 percent of its shares.

Bank was established in January 1998 to coordinate the development by the Dexia organization of its public and project financing activities outside France, Belgium, and Luxembourg. Currently, Bank has a number of subsidiary banks in Europe, a branch in each of London and Stockholm, and a representative office in Lisbon. In New York, DCLF operates a state-licensed agency and CCB operates a state-licensed branch. Bank's proposed branch would assume the business of DCLF's New York agency and expand its deposit-taking services.[1] The proposed representative office would act as a liaison between Bank and various international development assistance organizations.

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

1. Bank has stated that DCLF's New York agency would not engage in further business after Bank's establishment of a New York branch and would eventually be closed. CCB's New York branch, however, would continue in existence.

United States, and that the applicant has furnished to the Board the information it needs to assess the application adequately. The Board generally also must determine that each of the foreign bank and any parent foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor.[2] The Board also may take into account additional standards as set forth in the IBA and Regulation K.[3]

Bank, DCLF, and CCB engage directly in the business of banking outside the United States through their banking operations in Europe and elsewhere. Bank also has provided the Board with the information necessary to assess the application through submissions that address the relevant issues.

Regulation K provides that a foreign bank will be considered to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised and regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the bank, including its relationship to any affiliates, to assess the bank's overall financial condition and its compliance with law and regulation.[4] The Board has made the following findings with regard to the supervision of Bank, CLF, and CCB.

The Board previously determined that three French credit institutions were subject to comprehensive consolidated supervision by the French Commission Bancaire.[5] The Board has found that DCLF and Bank are supervised by the Commission Bancaire in substantially the same manner as the other French credit institutions. The Board also previously determined that CCB was subject to comprehensive consolidated supervision by the Belgian Commission Bancaire et Financiére ("CBF").[6] The Board has found that the supervision of CCB has not changed materially since making that prior determination. Based on these findings and all the facts of record, the Board has determined that Bank, DCLF, and CCB are subject to comprehensive consolidated supervision by their home country supervisors.[7]

The Board also has taken into account the additional standards set forth in the IBA and in Regulation K.[8] Bank has provided the Board with the information necessary to assess the application through submissions that address the relevant issues. In addition, Bank's home country authority has granted Bank approval to establish the proposed branch.

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

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

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a state-licensed branch in New York, New York, and a representative office in Washington, D.C., should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability to deter-

2. *See* 12 U.S.C. § (d) (2).

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

4. *See* 12 C.F.R. 211.24(c)(1). In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors: (i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise; (iii) obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic; (iv) receive from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; (v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. These are indicia of comprehensive, consolidated supervision; no single factor is essential and other elements may inform the Board's determination.

5. *See Crédit Agricole Indosuez*, 83 *Federal Reserve Bulletin* 1025 (1997); *Caisse Nationale de Crédit Agricole*, 81 *Federal Reserve Bulletin*, 1055 (1995); *Banque Nationale de Paris*, 81 *Federal Reserve Bulletin* 515 (1995).

6. *See Crédit Communal de Belgique*, 82 *Federal Reserve Bulletin* 104 (1996).

7. In addition, the Board notes that the CBF exercises consolidated supervision over Dexia, S.A. and is thus the primary supervisor of the entire Dexia group. The CBF exchanges information regularly and frequently with the French Commission Bancaire.

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

mine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on Bank's compliance with the commitments made in connection with this application and with the conditions in this order.[9] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision and may be enforced in proceedings under applicable law against Bank, its offices, and its affiliates.

By order of the Board of Governors, effective February 22, 2000.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Kookmin Bank
Seoul, Korea

Order Approving Establishment of a Branch

Kookmin Bank ("Bank"), Seoul, Korea, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish a state-licensed branch in New York, New York. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in New York, New York (*The New York Times*, March 5, 1999). The time for filing comments has expired, and the Board has considered the application and all comments received.

Bank, with total consolidated assets of approximately $68.1 billion, is the second largest bank in Korea.[1] Bank, a privately owned commercial bank,[2] operates an extensive network of branches and subsidiaries in Korea. Bank also operates branches in Argentina, Japan, and New Zealand; a representative office in China; and four foreign subsidiaries. In the United States, Bank operates a representative office in New York, New York. Bank is a qualifying foreign banking organization within the meaning of Regulation K (12 C.F.R. 211.23(b)).

In January 1999, Bank merged with Korea Long Term Credit Bank, Seoul, Korea, which, until the merger, operated a branch in New York, New York. Bank has requested authority to retain and operate the branch through this application. Pursuant to Regulation K, the Board allowed the merger to proceed before an application to establish the office was filed and acted on by the Board.[3]

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

The IBA includes a limited exception to the general requirement relating to comprehensive, consolidated supervision (12 U.S.C. § 3105(d)(6)). This exception provides that, if the Board is unable to find that a foreign bank seeking to establish a branch, agency, or commercial lending company is subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in its home country, the Board may nevertheless approve an application by such foreign bank if: (i) the appropriate authorities in the home country of the foreign bank are actively working to establish arrangements for the consolidated supervision of such bank; and (ii) all other factors are consistent with approval (12 U.S.C. § 3105(d)(6)(A)). In deciding whether to exercise its discretion to approve an application under authority of this exception, the Board shall also consider whether the foreign bank has adopted and implements procedures to combat money laundering (12 U.S.C. § 3105(d)(6)(B)). The Board also may take into account whether the home country of the foreign bank is developing a legal regime to

9. The Board's authority to approve the establishment of the proposed offices parallels the continuing authority of the State of New York and the District of Columbia to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of these jurisdictions to license the proposed offices of Bank in accordance with any terms or conditions that they may impose.

1. All data are as of December 31, 1998.

2. Bank's largest shareholder is Goldman Sachs, which owns 11.2 percent of Bank; the Korean government owns 7.3 percent of Bank. Bank's remaining shares are widely held.

3. *See* 12 C.F.R. 211.24(a)(3), and Board Letter, dated December 16, 1998, to Kookmin Bank.

4. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors: (i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise; (iii) obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic; (iv) receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; (v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

address money laundering or is participating in multilateral efforts to combat money laundering (12 U.S.C. § 3105(d)(6)(B)).

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

With respect to supervision by Bank's home country authorities, the Board has considered the following information. In early 1997, the Korean economy experienced difficulties in the financial sector. To address these difficulties, the Korean government has taken measures to reform the financial sector, including restructuring bank regulation and supervision through the establishment of a new supervisory authority for Korean financial institutions, the Financial Supervisory Commission ("FSC").[5] The FSC is responsible for promulgating supervisory regulation, making policy decisions regarding supervision, and imposing sanctions on financial institutions. Bank is supervised by the Financial Supervisory Service ("FSS"), the executive body of the FSC.[6]

Over the past two years, Korea has instituted several new requirements and prudential limitations applicable to banks which are intended to address gaps in the supervisory system that became evident during and after the recent financial crisis. These changes include a new asset quality assessment framework, tighter limitations on loans to a single borrower, a prompt corrective action framework, and improvements in accounting policies.

With regard to measures to prevent money laundering, although the Korean government has not formally adopted the recommendations of the Financial Action Task Force ("FATF") regarding the prevention and detection of money laundering, Korean laws and regulations contain provisions that parallel certain of the FATF recommendations. Korean law, for example, requires financial institutions to conduct all financial transactions with customers on a real-name basis and to confirm a customer's identity before engaging in any transactions. In addition, the FSC has issued regulations that prohibit Korean banks from participating in money laundering or other irregular financial transactions and that require Korean banking institutions to establish policies and procedures to safeguard against such activities.

Bank has implemented policies and procedures to ensure compliance with Korean law and FSC regulations. Bank's employees are required to conduct all financial transactions with customers on a real-name basis and to confirm a customer's identity before engaging in any transaction. Bank has also established detailed identification and recordkeeping procedures.

Based on all the facts of record, the Board has determined that Bank's home country authorities are actively working to establish arrangements for the consolidated supervision of Bank, and that considerations relating to the steps taken by Bank and its home country to combat money laundering are consistent with approval under this standard.[7]

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

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

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

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a branch should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank and its

5. Before the establishment of the FSC, there were four industry-specific financial supervisory authorities in Korea; the FSC was created as a single integrated financial supervisory authority.

6. The FSS, under the direction of the FSC, is responsible for the supervision and examination of financial institutions and handles matters delegated to it by the FSC.

7. In September 1997, in connection with the application of another Korean bank, the Board found that the Korean supervisory authorities were actively working to establish arrangements for the consolidated supervision of that bank. *See Housing & Commercial Bank*, 83 *Federal Reserve Bulletin* 935 (1997). The reform measures described in the Board's Housing and Commercial Bank order, as well as the initiatives outlined above, are illustrative of the steps the Korean government is undertaking to strengthen its bank supervisory system.

affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank with the commitments made in connection with this application and with the conditions in this order.[8] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision and may be enforced in proceedings under 12 U.S.C. §1818 against Bank and its affiliates.

By order of the Board of Governors, effective February 11, 2000.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

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

INDEX OF ORDERS ISSUED OR ACTIONS TAKEN BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM (OCTOBER 1, 1999-DECEMBER 31, 1999)

Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin Volume* and Page
Antwerpse Diamantbank N.V., Antwerp, Belgium	To establish a representative office in New York, New York	October 27, 1999	85, 830
Bank Austria Aktiengesellschaft, Vienna, Austria	To establish a federally licensed branch in Greenwich, Connecticut	November 18, 1999	86, 67
Banque Nationale de Paris, Paris, France Paribas, Paris, France	Paribas Corporation, New York, New York Paribas Asset Management, Inc., New York, New York Paribas Futures, Inc., New York, New York	December 20, 1999	86, 118
Bayerische Hypo- und Vereinsbank AG, Munich, Germany Deutsche Bank AG, Frankfurt, Germany Stichting Prioriteit ABN AMRO Holding, Amsterdam, The Netherlands Stichting Administratiekantoor ABN AMRO Holding, Amsterdam, The Netherlands ABN AMRO Holding N.V., Amsterdam, The Netherlands ABN AMRO Bank N.V., Amsterdam, The Netherlands	Identrus, LLC, New York, New York	November 10, 1999	86, 56
BB&T Corporation, Winston-Salem, North Carolina	Premier Bancshares, Inc., Atlanta, Georgia Premier Bank, Atlanta, Georgia Bank Atlanta, Decatur, Georgia Farmers and Merchants Bank, Summerville, Georgia Milton National Bank, Roswell, Georgia	December 17, 1999	86, 116

Index of Orders Issued or Actions Taken—Continued

Applicant	Merged or Acquired Bank or Activity	Date of Approval	*Bulletin Volume* and Page
Brookline Bancorp, MHC, Brookline, Massachusetts Brookline Bancorp, Inc., Brookline, Massachusetts	Medford Bancorp, Inc., Medford, Massachusetts Medford Savings Bank, Medford, Massachusetts	November 29, 1999	86, 52
First Security Corporation, Salt Lake City, Utah	Zions Bancorporation, Salt Lake City, Utah	December 13, 1999	86, 122
HSBC Holdings plc, London, United Kingdom HSBC Finance Netherlands, London, United Kingdom HSBC Holdings BV, Amsterdam, The Netherlands	Republic New York Corporation, New York, New York Republic National Bank of New York, New York, New York Republic New York Corporation, New York, New York Republic National Bank of New York, New York, New York Republic Bank California National Association, Beverly Hills, California	December 6, 1999	86, 140
Illini Corporation, Springfield, Illinois	Farmers State Bank of Camp Point, Camp Point, Illinois	October 25, 1999	85, 829
Exchange Bancshares of Moore, Inc., Moore, Oklahoma	Exchange National Bank of Moore, Moore, Oklahoma	December 8, 1999	86, 115
J.P. Morgan & Co. Incorporated, New York, New York UBS AG, Zurich, Switzerland	TP Group LDC, Grand Cayman, Cayman Islands Tradepoint Financial Networks plc, London, United Kingdom	November 8, 1999	86, 61
KBC Bank N.V., Brussels, Belgium	To establish a branch in New York, New York, an agency in Atlanta, Georgia, and a representative office in Los Angeles, California	October 27, 1999	85, 832
The Sanwa Bank, Limited, Osaka, Japan	The Toyo Trust and Banking Company, Limited, Tokyo, Japan Toyo Trust Company of New York, New York, New York	November 24, 1999	86, 54
SunTrust Bank, Atlanta, Georgia	SunTrust Banks, Inc. (STB), Atlanta, Georgia To merge with STB's 26 wholly owned subsidiary banks	November 18, 1999	86, 65
UBS AG, Basel, Switzerland	To establish a representative office in Washington, D.C.	November 24, 1999	86, 69

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
FNB Corp., Asheboro, North Carolina	Carolina Fincorp, Inc., Rockingham, North Carolina Richmond Savings Bank, Inc., SSB, Rockingham, North Carolina	February 23, 2000

Section 4

Applicant(s)	Bank(s)	Effective Date
Bank of America Corporation, Charlotte, North Carolina BancWest Corporation, Honolulu, Hawaii BB&T Corporation, Winston-Salem, North Carolina First Union Corporation, Charlotte, North Carolina SunTrust Banks, Inc., Atlanta, Georgia Wachovia Corporation, Winston-Salem, North Carolina Zions Bancorporation, Salt Lake City, Utah	Star Systems, Inc., Maitland, Florida Bank Network Securities, Chicago, Illinois	February 18, 2000

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
Bank of America Corporation, Charlotte, North Carolina N B Holdings Corporation, Charlotte, North Carolina	Bank of America Oregon, National Association, Portland, Oregon	Richmond	January 25, 2000
BB&T Corporation, Winston-Salem, North Carolina	First Banking Company of Southeast Georgia, Statesboro, Georgia	Richmond	February 25, 2000
BB&T Corporation, Winston-Salem, North Carolina	Hardwick Holding Company, Dalton, Georgia	Richmond	February 24, 2000
Calvert Financial Corporation, Jefferson City, Missouri	Bunceton State Bank, Bunceton, Missouri	Kansas City	February 2, 2000

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Castle Creek Capital Partners Fund I, LP, Rancho Santa Fe, California Castle Creek Capital Partners Fund IIa, LP, Rancho Santa Fe, California Castle Creek Capital Partners Fund IIb, LP, Rancho Santa Fe, California Castle Creek Capital LLC, Rancho Santa Fe, California WJR Inc., Rancho Santa Fe, California Eggemeyer Advisory Inc., Rancho Santa Fe, California	First Community Bancorp, Rancho Santa Fe, California	San Francisco	February 23, 2000
Centerstate Banks of Florida, Inc., Winter Haven, Florida	First National Bank of Osceola County, Kissimmee, Florida Community National Bank of Pacso County, Zephyrhills, Florida First National Bank of Polk County, Winter Haven, Florida	Atlanta	January 28, 2000
Centra Financial Holdings, Inc., Morgantown, West Virginia	Centra Bank, Inc., Morgantown, West Virginia	Richmond	February 16, 2000
Century South Banks, Inc., Dahlonega, Georgia	Lanier Bankshares, Inc., Gainesville, Georgia Lanier National Bank, Gainesville, Georgia	Atlanta	January 28, 2000
Columbia Bancorp, Columbia, Maryland	Suburban Bancshares, Inc., Greenbelt, Maryland	Richmond	February 17, 2000
Commonwealth Bancshares, Inc., Shelbyville, Kentucky	Commonwealth Financial Corporation, Louisville, Kentucky Commonwealth Bank and Trust Company, Louisville, Kentucky	St. Louis	February 18, 2000
F&A Financial Holding Company, Kittanning, Pennsylvania	F&A Financial Corporation, Kittanning, Pennsylvania	Cleveland	February 16, 2000
First Community Bancorp, Rancho Santa Fe, California	Rancho Santa Fe National Bank, Rancho Santa Fe, California First Community Bank of the Desert, Indian Wells, California	San Francisco	February 23, 2000
First Mountain Company KSOP Plan, Montrose, Colorado	First Mountain Company, Montrose, Colorado	Kansas City	January 25, 2000
Gold Banc Corporation, Inc., Leawood, Kansas Gold Banc Acquisition Corporation XII, Inc., Leawood, Kansas	CountryBanc Holding Company, Edmond, Oklahoma	Kansas City	February 9, 2000
HSB Bancorp, Inc., Hebron, Maryland	Hebron Savings Bank, Hebron, Maryland	Richmond	February 15, 2000

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Lewisville Bancorp, Inc., Lewisville, Minnesota Van Deusen Bancorp, Inc., Lewisville, Minnesota	Madison Lake Bancorporation, Inc., Madison Lake, Minnesota Peoples State Bank of Madison Lake, Madison Lake, Minnesota	Minneapolis	February 2, 2000
Mesquite Financial Services, Inc., Alice, Texas	Falfurrias State Bank, Falfurrias, Texas	Dallas	February 18, 2000
Midland Bancshares, Inc., Midland, Texas	Community National Bank, Midland, Texas	Dallas	February 8, 2000
National Commerce Bancorporation, Memphis, Tennessee	First National Bank, Lenoir City, Tennessee	St. Louis	February 3, 2000
NBG Bancorp, Inc., Athens, Georgia	The National Bank of Georgia, Athens, Georgia	Atlanta	February 22, 2000
Northern Missouri Bancshares, Inc., Unionville Missouri	First National Bancshares of Gallatin, Inc., Gallatin, Missouri	Kansas City	January 26, 2000
Pacific Mercantile Bancorp, Newport Beach, California	Pacific Mercantile Bank, Newport Beach, California	San Francisco	February 11, 2000
Port Financial Corp., Cambridge, Massachusetts	Cambridgeport Bank, Cambridge, Massachusetts Cambridge Bancorp, Cambridge, Massachusetts	Boston	February 1, 2000
Wells Fargo & Company, San Francisco, California	Napa National Bancorp, Napa, California Napa National Bank, Napa, California	San Francisco	February 25, 2000
Wewahitchka State Bank Employee Stock Ownership Plan, Wewahitchka, Florida	Gulf Coast Bancshares, Inc., Wewahitchka, Florida Wewahitchka State Bank, Wewahitchka, Florida	Atlanta	January 21, 2000

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Barclays plc, London, England Barclays Bank plc, London, England	Identrus, LLC, New York, New York	New York	February 11, 2000
Berkshire Bancorp Inc., New York, New York	To engage *de novo* in certain credit card authorization and credit card processing activities	New York	January 26, 2000
Central Progressive Bancshares, Inc., Hammond, Louisiana	To engage *de novo* in making, brokering, or servicing loans or other extensions of credit	Atlanta	January 28, 2000
Citizens Bankshares, Inc., Farmington, New Mexico	Citizens Bank of Farmington, Farmington, New Mexico	Kansas City	February 7, 2000
Dakota Bancshares, Inc., Mendota Heights, Minnesota Olivia Bancorporation, Inc., Olivia, Minnesota	American State Insurance Agency, Inc., Olivia, Minnesota	Minneapolis	February 24, 2000

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Deutsche Bank AG, Frankfurt, Germany Deutsche Financial Services, Inc., St. Louis, Missouri	Keyboard Acceptance Corporation, Mason, Ohio Signature Leasing Company, Mason, Ohio	New York	January 26, 2000
Deutsche Bank AG, Frankfurt, Germany German American Capital Corporation, New York, New York	InterSec Research Corporation, Stamford, Connecticut	New York	February 7, 2000
Exchange Bankshares, Inc., Milledgeville, Georgia	Exchange Insurance Agency, Inc., Gray, Georgia	Atlanta	February 24, 2000
First Farmers Financial Corporation, Converse, Indiana Independent Bankers Life Reinsurance Company of Indiana Ltd., Turks and Caicos Islands		Chicago	January 27, 2000
First Western Bancorp, Inc., Huron, South Dakota	Kendall Insurance, Lead, South Dakota Ellis Insurance, Lead, South Dakota	Minneapolis	February 7, 2000
Indiana United Bancorp, Greensburg, Indiana	IUB Reinsurance Co., Ltd., Greensburg, Indiana	Chicago	February 1, 2000
Intervest Bancshares Corporation, New York, New York	Intervest Corporation of New York, New York, New York	Atlanta	January 31, 2000
Societe Generale, Paris, France Societe Generale Investment Corporation, New York, New York	IMP.COM, Inc., New York, New York	New York	February 3, 2000

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Bank of Whitman Employee Stock Ownership Plan, Colfax, Washington	Whitman Bancorporation, Inc., Colfax, Washington Bank of Whitman, Colfax, Washington B.O.W.F.I., Inc., Colfax, Washington	San Francisco	February 3, 2000
Zumbrota Agency, Inc., Zumbrota, Minnesota Pine Island Bancshares, Inc., Zumbrota, Minnesota	Tri County Investment Company, Inc., Pine Island, Minnesota	Minneapolis	January 25, 2000

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

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

Applicant(s)	Bank(s)	Effective Date
Merrill Merchants Bank, Bangor, Maine	First National Bank of Bar Harbor, Bar Harbor, Maine	February 10, 2000

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
CivicBank of Commerce, Oakland, California	East County Bank, Antioch, California	San Francisco	February 10, 2000
European American Bank, New York, New York	Olympian Bank, Brooklyn, New York	New York	February 23, 2000
Gold Bank, Leawood, Kansas	First Business Bank, N.A., Kansas City, Missouri	Kansas City	January 24, 2000
Ravalli County Bank, Hamilton, Montana	Glacier Bank, Kalispell, Montana	Minneapolis	February 15, 2000
Springdale Bank & Trust, Springdale, Arkansas	The First National Bank of Huntsville, Huntsville, Arkansas	St. Louis	February 9, 2000

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.

Albrecht v. Board of Governors, No. 00-CV-317 (CKK) (D.D.C., filed February 18, 2000). Action challenging the funding of the retirement plan for certain Board employees.

Board Of Governors v. Interfinancial Services, Ltd., No. 00–75 (RCL) (D.D.C., filed February 9, 2000). Action to enforce administrative subpoena issued by the Board.

Toland v. Internal Revenue Service, Federal Reserve System, et al., No. CV-S-99–1769-JBR-RJJ (D. Nevada, filed December 29, 1999). Challenge to income taxation and Federal Reserve notes. On February 16, 2000, the government filed a motion to dismiss the action.

Irontown Housing Corp. v. Board of Governors, No. 99–9549 (10th Cir., filed December 27, 1999). Petition for review of Board order dated December 13, 1999, approving the merger of Zions Bancorporation with First Security Corporation.

Wasserman v. Federal Reserve Bank, No. 99–6280 (2d Cir., filed August 26, 1999). Appeal of district court dismissal of case challenging refusal by the Board and the Federal Reserve Bank of New York to investigate certain matters. On January 19, 2000, the court dismissed the appeal.

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

Sheriff Gerry Ali v. U.S. State Department, No. 99–7438 (C.D. Cal., filed July 21, 1999). Action relating to impounded bank drafts.

Kerr v. Department of the Treasury, No. 99–16263 (9th Cir., filed April 28, 1999). Appeal of dismissal of action challenging income taxation and Federal Reserve notes.

Sedgwick v. Board of Governors, No. Civ 99 0702 (D. Arizona, filed April 14, 1999). Action under Federal Tort Claims Act alleging violation of bank supervision requirements. The Board filed a motion to dismiss on June 15, 1999.

Hunter v. Board of Governors, No. 1:98CV02994 (ESH) (D.D.C., filed December 9, 1998). Action under the Freedom of Information Act, the Privacy Act, and the first amendment. The Board filed a motion to dismiss or for summary judgment on July 22, 1999.

Folstad v. Board of Governors, No. 1:99 CV 124 (W.D. Mich., filed February 17, 1999). Freedom of Information Act complaint. On November 16, 1999, the district court granted the

Board's motion for summary judgment and dismissed the action. On January 14, 2000, the plaintiff filed a notice of appeal.

Nelson v. Greenspan, No. 1:99CV00215 (EGS) (D.D.C., filed January 28, 1999). Employment discrimination complaint. On February 25, 2000, the court granted the Board's motion to dismiss the complaint.

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.

Independent Community Bankers of America v. Board of Governors, No. 98- 1482 (D.C. Cir., filed October 21, 1998). Petition for review of a Board order dated September 23, 1998, conditionally approving the applications of Travelers Group, Inc., New York, New York, to become a bank holding company by acquiring Citicorp, New York, New York, and its bank and nonbank subsidiaries. On November 2, 1999, the court affirmed the Board's order.

Board of Governors v. Carrasco, No. 98 Civ. 3474 (LAK) (S.D.N.Y., filed May 15, 1998). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On May 26, 1998, the court issued a preliminary injunction restraining the transfer or disposition of the individual's assets and appointing the Federal Reserve Bank of New York as receiver for those assets. Following entry of the Board's order requiring restitution, 85 *Federal Reserve Bulletin* 142 (1998), the court granted the Board's motion for judgment in the asset freeze action and authorized a judicial sale of the seized property.

Board of Governors v. Pharaon, No. 98–6101 (2d Cir., filed May 4, 1998). Appeal and cross-appeal of district court order granting in part and denying in part the Board's motion for summary judgment seeking prejudgment interest and a statutory surcharge in connection with a civil money penalty assessed by the Board. On February 24, 1999, the court granted the Board's appeal and denied the cross-appeal, and remanded the matter to the district court for determination of prejudgment interest due to the Board.

Bettersworth v. Board of Governors, No. 97-CA-624 (W.D. Tex., filed August 21, 1997). Privacy Act case. On June 1, 1999, the Board filed a motion for summary judgment. On February 17, 2000, the court granted the motion and dismissed the action.

WRITTEN AGREEMENTS APPROVED BY FEDERAL RESERVE BANKS

Bank of New York
New York, New York

The Federal Reserve Board announced on February 8, 2000, the execution of a Written Agreement by and among the Bank of New York, New York, New York, the Federal Reserve Bank of New York, and the New York State Banking Department.

United Bancshares, Inc.
Philadelphia, Pennsylvania

The Federal Reserve Board announced on February 25, 2000, the execution of a Written Agreement by and among United Bancshares, Inc., Philadelphia, Pennsylvania; the United Bank of Philadelphia, Philadelphia, Pennsylvania, and the Federal Reserve Bank of Philadelphia.

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SYMBOLS AND ABBREVIATIONS

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

GENERAL INFORMATION

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

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

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

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

1.10 RESERVES, MONEY STOCK, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1999[r]				1999[r]				2000
	Q1	Q2	Q3	Q4	Sept.	Oct.	Nov.	Dec.	Jan.
Reserves of depository institutions[2]									
1 Total	−1.2	−6.6	−15.4	−7.9	1.3	−33.3	7.5	9.4	52.0
2 Required	1.0	−5.6	−15.0	−9.4	−.6	−33.0	2.2	10.4	32.5
3 Nonborrowed	−1.3	−6.7	−17.1	−7.5	1.5	−32.0	8.9	7.0	50.8
4 Monetary base[3]	8.7	9.6	9.2	20.1	12.3	16.4	25.8	44.4	1.1
Concepts of money and debt[4]									
5 M1	1.9	2.1	−1.9	5.3	−3.1	6.2	9.8	16.4	−3.7
6 M2	7.5	6.0	5.5	5.4	5.6	4.7	5.2	7.5	6.0
7 M3	8.2	6.0	5.1	10.0	5.5	9.9	14.6	15.7	7.8
8 Debt	6.7	6.9	6.0	6.2	7.0	6.1	4.8	7.0	n.a.
Nontransaction components									
9 In M2[5]	9.3	7.3	7.9	5.4	8.3	4.2	3.8	4.7	9.1
10 In M3 only[6]	10.1	5.9	4.0	22.7	5.2	24.1	40.0	37.2	12.5
Time and savings deposits									
Commercial banks									
11 Savings, including MMDAs	14.0	10.7	10.6	4.1	11.1	3.6	−.9	−3.3	2.1
12 Small time[7]	−5.2	−2.0	2.5	6.6	6.8	6.4	7.9	7.0	7.9
13 Large time[8,9]	.5	−.9	.3	40.3	13.7	56.7	59.4	43.3	11.7
Thrift institutions									
14 Savings, including MMDAs	14.2	14.5	13.1	−3.2	.0	−5.8	−4.2	−7.4	−4.0
15 Small time[7]	−6.6	−6.3	−3.5	4.7	3.1	4.2	8.0	6.0	8.2
16 Large time[8]	8.0	−4.4	1.5	6.6	.0	.0	20.1	6.6	36.7
Money market mutual funds									
17 Retail	18.7	11.2	9.6	11.7	11.8	9.2	10.6	21.5	27.5
18 Institution-only	19.8	14.1	9.3	21.4	6.6	22.9	29.9	31.0	31.8
Repurchase agreements and Eurodollars									
19 Repurchase agreements[10]	17.4	−1.1	9.0	8.9	.4	−3.1	23.0	39.5	−30.6
20 Eurodollars[10]	−1.3	21.7	−9.7	3.9	−16.7	−15.4	52.3	50.1	17.2
Debt components[4]									
21 Federal	−3.1	−2.3	−.3	−4.4	−4.2	−5.8	−7.7	.8	n.a.
22 Nonfederal	9.6	9.7	7.7	9.2	10.1	9.4	8.3	8.6	n.a.

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Includes both overnight and term.

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1999		2000	1999			2000			
	Nov.	Dec.	Jan.	Dec. 15	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	561,178	595,909[r]	582,309	584,129	594,424	618,787	636,901	589,581	571,877	565,741
U.S. government securities[2]										
2 Bought outright—System account[3]	492,811	492,467	491,902	495,734	494,597	489,170	480,862	484,695	494,824	497,578
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	183	181	180	181	181	181	181	181	181	179
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	33,382	68,012	53,099	53,343	64,415	93,154	120,136	67,421	40,754	28,821
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	172	160	315	167	83	361	205	856	242	117
9 Seasonal credit	65	69	30	60	80	78	44	31	28	27
10 Special Liquidity Facility credit	12	74	48	43	25	223	52	127	16	17
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	416	761[r]	1,345	648	615	635	453	1,032	403	3,365
13 Other Federal Reserve assets	34,138	34,186	35,392	33,952	34,429	34,984	34,968	35,238	35,430	35,637
14 Gold stock	11,049	11,048	11,048	11,049	11,049	11,048	11,048	11,048	11,048	11,048
15 Special drawing rights certificate account	7,200	6,652	6,200	7,057	6,200	6,200	6,200	6,200	6,200	6,200
16 Treasury currency outstanding	27,747	27,928	28,177	27,908	27,943	27,978	28,013	28,146	28,192	28,237
ABSORBING RESERVE FUNDS										
17 Currency in circulation	569,656	601,159	587,982	592,106	602,552	619,311	625,897	599,272	581,666	571,880
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	93	110	121	108	109	109	111	121	122	125
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,055	8,250	8,148	5,273	6,206	12,138	20,943	5,326	5,390	7,205
21 Foreign	213	136	93	214	58	99	76	74	101	83
22 Service-related balances and adjustments	7,176	7,513	7,675	7,338	7,769[r]	7,784[r]	7,867	7,967	7,472	7,771
23 Other	252	248	361	222	213	195	956	191	250	237
24 Other Federal Reserve liabilities and capital	18,384	18,505	18,240	18,643	18,663	18,625	17,543	18,188	18,446	18,491
25 Reserve balances with Federal Reserve Banks[5]	6,346	5,616	5,114	6,238	4,045[r]	5,751[r]	8,769	3,835	3,871	5,435

Factor	End-of-month figures			Wednesday figures						
	Nov.	Dec.	Jan.	Dec. 15	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	575,843	653,561	561,444	592,187	603,648	644,631	613,606	585,632	568,808	571,162
U.S. government securities[2]										
2 Bought outright—System account[3]	492,910	477,963	500,228	494,927	494,391	483,417	486,948	485,719	496,110	499,138
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	181	181	175	181	181	181	181	181	181	175
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	49,440	140,640	23,105	60,665	73,085	122,870	91,645	62,895	34,610	25,105
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	8	140	86	1,010	112	1,609	117	946	127	154
9 Seasonal credit	65	47	21	72	78	76	36	32	32	23
10 Special Liquidity Facility credit	5	47	22	236	28	1,187	27	22	13	21
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	122	−237	2,986	809	1,088	113	−449	365	2,335	10,713
13 Other Federal Reserve assets	33,111	34,781	34,820	34,287	34,685	35,178	35,100	35,472	35,401	35,832
14 Gold stock	11,049	11,048	11,048	11,049	11,048	11,048	11,048	11,048	11,048	11,048
15 Special drawing rights certificate account	7,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200
16 Treasury currency outstanding	27,831	28,013	28,282	27,908	27,943	27,978	28,013	28,146	28,192	28,237
ABSORBING RESERVE FUNDS										
17 Currency in circulation	583,103	628,359	566,568	597,616	611,834	628,587	616,630	589,928	577,837	569,593
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	85	109	125	109	109	109	121	121	125	125
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,025	28,402	6,119	7,777	4,741	25,923	15,134	5,454	3,716	8,780
21 Foreign	501	71	82	496	88	234	82	110	80	81
22 Service-related balances and adjustments	7,294	7,867[r]	7,230	7,338	7,769[r]	7,784[r]	7,868	7,967	7,472	7,771
23 Other	221	1,261	265	224	210	183	203	229	256	237
24 Other Federal Reserve liabilities and capital	18,618	17,256	18,101	18,347	18,372	18,284	17,587	18,019	18,187	18,363
25 Reserve balances with Federal Reserve Banks[5]	7,076	15,498	8,484	5,437	5,716[r]	8,753	1,240	9,200	6,575	11,697

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1997	1998	1999	1999						2000
	Dec.	Dec.	Dec.[r]	July	Aug.	Sept.	Oct.	Nov.	Dec.[r]	Jan.
1 Reserve balances with Reserve Banks[2]	10,664	9,021	5,260	7,797	7,802	7,698	6,768	6,285	5,260	5,221
2 Total vault cash[3]	44,742[r]	44,293[r]	60,499	44,080[r]	44,603[r]	44,447[r]	47,030[r]	50,754[r]	60,499	73,898
3 Applied vault cash[4]	37,255	35,997	36,384	34,005	34,069	34,089	33,933	34,660	36,384	39,262
4 Surplus vault cash[5]	7,486[r]	8,296[r]	24,116	10,075[r]	10,533[r]	10,359[r]	13,096[r]	16,094[r]	24,116	34,636
5 Total reserves[6]	47,920	45,018	41,643	41,802	41,871	41,787	40,702	40,944	41,643	44,483
6 Required reserves	46,235	43,435	40,332	40,726	40,742	40,590	39,549	39,610	40,332	42,462
7 Excess reserve balances at Reserve Banks[7]	1,685	1,583	1,311	1,076	1,129	1,197	1,153	1,334	1,311	2,021
8 Total borrowing at Reserve Banks	324	117	320	309	344	338	281	236	320	374
9 Adjustment	245	101	179	83	72	56	52	157	179	296
10 Seasonal	79	15	67	226	271	282	221	71	67	31
11 Special Liquidity Facility[8]	...	...	74	..	.	0	8	7	74	46
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0
	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1999							2000		
	Oct. 6	Oct. 20	Nov. 3	Nov. 17	Dec. 1	Dec. 15	Dec. 29[r]	Jan. 12[r]	Jan. 26	Feb. 9
1 Reserve balances with Reserve Banks[2]	7,380	6,544	6,721	6,524	5,927	5,434	4,888	6,308	4,645	4,224
2 Total vault cash[3]	45,234[r]	47,357[r]	47,593[r]	49,519[r]	52,813[r]	56,693[r]	63,663	68,851	75,759	80,804
3 Applied vault cash[4]	33,636	33,998	34,014	34,046	35,470	35,346	37,329	37,491	40,301	40,605
4 Surplus vault cash[5]	11,598[r]	13,359[r]	13,579[r]	15,474[r]	17,343[r]	21,347[r]	26,334	31,360	35,458	40,199
5 Total reserves[6]	41,016	40,542	40,735	40,569	41,397	40,780	42,217	43,799	44,946	44,829
6 Required reserves	39,524	39,408	39,742	39,196	40,027	39,682	40,956	40,674	43,548	43,712
7 Excess reserve balances at Reserve Banks[7]	1,491	1,133	993	1,373	1,370	1,098	1,261	3,125	1,397	1,117
8 Total borrowing at Reserve Banks	385	265	246	329	133	181	425	657	224	114
9 Adjustment	91	21	72	263	64	94	222	530	180	62
10 Seasonal	294	244	153	62	62	61	79	38	28	27
11 Special Liquidity Facility[8]	1	1	22	5	7	27	124	90	17	25
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover. Data are not break-adjusted or seasonally adjusted.
2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.
3. Vault cash eligible to satisfy reserve requirements. It includes only vault cash held by those banks and thrift institutions that are not exempt from reserve requirements. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements.
4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.
5. Total vault cash (line 2) less applied vault cash (line 3).
6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).
7. Total reserves (line 5) less required reserves (line 6).
8. Borrowing at the discount window under the terms and conditions established for the Century Date Change Special Liquidity Facility in effect from October 1, 1999 through April 7, 2000.
9. Consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market effect of extended credit is similar to that of nonborrowed reserves.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]			Special Liquidity Facility credit[4]		
	On 3/10/00	Effective date	Previous rate	On 3/10/00	Effective date	Previous rate	On 3/10/00	Effective date	Previous rate	On 3/10/00	Effective date	Previous rate
Boston	5.25	2/2/00	5.00	5.90	3/9/00	5.85	6.40	3/9/00	6.35	7.25	2/2/00	7.00
New York		2/2/00										
Philadelphia		2/2/00										
Cleveland		2/2/00										
Richmond		2/2/00										
Atlanta		2/2/00										
Chicago		2/2/00										
St. Louis		2/2/00										
Minneapolis		2/3/00										
Kansas City		2/2/00										
Dallas		2/4/00										
San Francisco	5.25	2/2/00	5.00	5.90	3/9/00	5.85	6.40	3/9/00	6.35	7.25	2/2/00	7.00

Range of rates for adjustment credit in recent years[5]

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

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

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

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

4. Available in the period between October 1, 1999, and April 7, 2000, to help depository institutions in sound financial condition meet unusual needs for funds in the period around the century date change. The interest rate on loans from the special facility is the Federal Open Market Committee's intended federal funds rate plus 150 basis points.

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[2]		
1 $0 million–$44.3 million[3]	3	12/30/99
2 More than $44.3 million[4]	10	12/30/99
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

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

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

3. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective with the reserve maintenance period beginning December 30, 1999, for depository institutions that report weekly, and with the period beginning January 20, 2000, for institutions that report quarterly, the amount was decreased from $46.5 million to $44.3 million.

Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning December 30, 1999, for depository institutions that report weekly, and with the period beginning January 20, 2000, for institutions that report quarterly, the exemption was raised from $4.9 million to $5.0 million.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1997	1998	1999	1999 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	9,147	3,550	0	0	0	0	0	0	0	0
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	435,907	450,835	464,218	35,045	42,037	37,052	42,643	35,844	36,882	42,468
4 For new bills	435,907	450,835	464,218	35,045	42,037	37,052	42,643	35,844	36,882	42,468
5 Redemptions	0	2,000	0	0	0	0	0	0	0	0
Others within one year										
6 Gross purchases	5,549	6,297	11,895	880	951	429	960	0	964	1,450
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	41,716	46,062	50,590	2,740	3,279	7,669	3,468	3,831	6,675	3,936
9 Exchanges	−27,499	−49,434	−53,315	−5,540	−368	−10,798	−2,125	−368	−10,150	−2,175
10 Redemptions	1,996	2,676	1,429	0	41	0	0	170	0	0
One to five years										
11 Gross purchases	20,080	12,901	19,731	948	0	1,272	0	0	1,014	3,514
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−37,987	−37,777	−44,032	−2,740	−3,279	−4,751	−3,468	−3,831	−3,685	−3,936
14 Exchanges	20,274	37,154	42,604	5,540	0	8,433	2,125	0	8,015	2,175
Five to ten years										
15 Gross purchases	3,449	2,294	4,303	65	0	447	0	0	0	581
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−1,954	−5,908	−5,841	0	0	−2,918	0	0	−2,273	0
18 Exchanges	5,215	7,439	7,583	0	373	1,290	0	0	2,135	0
More than ten years										
19 Gross purchases	5,897	4,884	9,428	0	0	1,075	0	0	925	1,257
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−1,775	−2,377	−717	0	0	0	0	0	−717	0
22 Exchanges	2,360	4,842	3,139	0	0	1,075	0	374	0	0
All maturities										
23 Gross purchases	44,122	29,926	45,357	1,893	951	3,223	960	0	2,903	6,802
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	1,996	4,676	1,429	0	41	0	0	170	0	0
Matched transactions										
26 Gross purchases	3,577,954	4,395,430	4,395,998	380,872	347,067	374,032	348,014	332,708	317,537	488,845
27 Gross sales	3,580,274	4,399,330	4,414,253	380,464	346,747	373,159	350,151	330,856	318,294	510,605
Repurchase agreements										
28 Gross purchases	810,485	512,671	281,599	17,710	27,707	23,097	29,369	100	0	0
29 Gross sales	809,268	514,186	301,273	14,614	33,612	23,717	24,337	7,707	0	0
30 Net change in U.S. Treasury securities	41,022	19,835	5,999	5,397	−4,675	3,476	3,855	−5,924	2,146	−14,959
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	25	0	0	0	0	0	0	0	0
33 Redemptions	1,540	322	157	52	10	11	0	50	7	0
Repurchase agreements										
34 Gross purchases	160,409	284,316	360,069	32,786	46,941	61,968	53,224	9,636	0	0
35 Gross sales	159,369	276,266	370,772	32,104	48,840	56,053	47,963	24,092	0	0
36 Net change in federal agency obligations	−500	7,703	−10,859	630	−1,909	5,904	5,261	−14,506	−7	0
Reverse repurchase agreements										
37 Gross purchases	0	0	0	0	0	0	0	0	0	0
38 Gross sales	0	0	0	0	0	0	0	0	0	0
Repurchase agreements										
39 Gross purchases	0	0	304,989	0	0	0	0	68,061	81,350	155,578
40 Gross sales	0	0	164,349	0	0	0	0	45,501	54,470	64,378
41 Net change in triparty obligations	0	0	140,640	0	0	0	0	22,560	26,880	91,200
42 Total net change in System Open Market Account	**40,522**	**27,538**	**135,780**	**6,028**	**−6,584**	**9,380**	**9,116**	**2,130**	**29,019**	**76,241**

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

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

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

Millions of dollars

Account	Wednesday					End of month		
	1999	2000				1999		2000
	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26	Nov. 30	Dec. 31	Jan. 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,048	11,048	11,048	11,048	11,048	11,049	11,048	11,048
2 Special drawing rights certificate account	6,200	6,200	6,200	6,200	6,200	7,200	6,200	6,200
3 Coin	203	200	238	292	325	237	207	357
Loans								
4 To depository institutions	2,872	180	1,001	171	198	78	233	130
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Triparty Obligations								
7 Repurchase agreements—triparty[2]	122,870	91,645	62,895	34,610	25,105	49,440	140,640	23,105
Federal agency obligations[3]								
8 Bought outright	181	181	181	181	175	181	181	175
9 Held under repurchase agreements	0	0	0	0	0	0	0	0
10 **Total U.S. Treasury securities**[3]	**483,417**	**486,948**	**485,719**	**496,110**	**499,138**	**492,910**	**477,963**	**500,228**
11 Bought outright[4]	483,417	486,948	485,719	496,110	499,138	492,910	477,963	500,228
12 Bills	181,973	185,502	184,272	195,052	197,111	198,278	176,517	197,131
13 Notes	218,466	218,468	218,468	218,079	219,012	213,270	218,467	219,013
14 Bonds	82,978	82,978	82,979	82,979	83,015	81,362	82,978	84,084
15 Held under repurchase agreements	0	0	0	0	0	0	0	0
16 **Total loans and securities**	**609,340**	**578,955**	**549,795**	**531,072**	**524,617**	**542,609**	**619,017**	**523,638**
17 Items in process of collection	6,925	8,359	7,927	13,894	17,122	9,245	6,524	4,511
18 Bank premises	1,356	1,366	1,366	1,367	1,366	1,353	1,365	1,365
Other assets								
19 Denominated in foreign currencies[5]	16,176	16,142	16,147	16,151	16,155	16,292	16,140	15,528
20 All other[6]	17,657	17,586	17,949	17,996	18,307	15,297	17,294	17,949
21 **Total assets**	**668,906**	**639,857**	**610,672**	**598,020**	**595,140**	**603,282**	**677,795**	**580,597**
LIABILITIES								
22 Federal Reserve notes	600,921	588,939	562,141	550,063	541,807	555,595	600,662	538,768
23 Reverse repurchase agreements—triparty[2]	0	0	0	0	0	0	0	0
24 **Total deposits**	**43,069**	**25,558**	**23,050**	**18,706**	**28,592**	**20,517**	**53,760**	**21,789**
25 Depository institutions	16,729	10,139	17,259	14,654	19,494	14,771	24,027	15,322
26 U.S. Treasury—General account	25,923	15,134	5,454	3,716	8,780	5,025	28,402	6,119
27 Foreign—Official accounts	234	82	110	80	81	501	71	82
28 Other	183	203	229	256	237	221	1,261	265
29 Deferred credit items	6,632	7,772	7,461	11,064	6,379	8,552	6,117	1,939
30 Other liabilities and accrued dividends[7]	4,478	4,261	4,515	4,514	4,465	4,600	4,392	4,461
31 **Total liabilities**	**655,099**	**626,530**	**597,168**	**584,347**	**581,243**	**589,265**	**664,931**	**566,957**
CAPITAL ACCOUNTS								
32 Capital paid in	6,432	6,442	6,442	6,643	6,648	6,372	6,432	6,650
33 Surplus	5,952	6,432	6,432	6,432	6,432	5,952	6,432	6,314
34 Other capital accounts	1,422	453	630	598	818	1,694	0	676
35 **Total liabilities and capital accounts**	**668,906**	**639,857**	**610,672**	**598,020**	**595,140**	**603,282**	**677,795**	**580,597**
MEMO								
36 Marketable U.S. Treasury securities held in custody for foreign and international accounts	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Federal Reserve note statement							
37 Federal Reserve notes outstanding (issued to Banks)	822,441	821,111	818,717	815,736	811,652	825,379	821,959	809,367
38 LESS: Held by Federal Reserve Banks	221,520	232,172	256,576	265,673	269,846	269,785	221,297	270,599
39 Federal Reserve notes, net	600,921	588,939	562,141	550,063	541,807	555,595	600,662	538,768
Collateral held against notes, net								
40 Gold certificate account	11,048	11,048	11,048	11,048	11,048	11,049	11,048	11,048
41 Special drawing rights certificate account	6,200	6,200	6,200	6,200	6,200	7,200	6,200	6,200
42 Other eligible assets	0	0	0	1,914	140	0	0	0
43 U.S. Treasury and agency securities	583,673	571,691	544,893	530,901	524,418	537,346	583,414	521,520
44 **Total collateral**	**600,921**	**588,939**	**562,141**	**550,063**	**541,807**	**555,595**	**600,662**	**538,768**

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		
	1999	2000				1999		2000
	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26	Nov. 30	Dec. 31	Jan. 31
1 **Total loans**	**2,872**	**181**	**1,001**	**171**	**198**	**78**	**233**	**130**
2 Within fifteen days[1]	2,851	130	960	159	175	46	207	101
3. Sixteen days to ninety days	10	40	41	13	23	31	20	29
4. 91 days to 1 year	11	12	0	0	0		7	0
5 **Total U.S. Treasury securities**[2]	**483,417**	**486,948**	**485,719**	**496,110**	**499,138**	**492,910**	**477,963**	**500,228**
6 Within fifteen days[1]	15,634	19,687	14,511	15,541	16,070	8,277	4,632	20,547
7 Sixteen days to ninety days	83,448	89,363	88,470	98,302	100,111	102,802	91,919	100,224
8 Ninety-one days to one year	141,030	136,351	141,191	141,916	141,636	143,889	139,866	136,588
9 One year to five years	125,929	124,169	124,169	124,169	124,330	122,413	124,169	124,808
10 Five years to ten years	51,106	51,107	51,107	49,910	50,720	50,520	51,107	50,720
11 More than ten years	66,270	66,270	66,271	66,271	66,271	65,010	66,270	67,340
12 **Total federal agency obligations**	**181**	**181**	**181**	**181**	**175**	**181**	**181**	**175**
13 Within fifteen days[1]	0	0	6	6	25	0	0	25
14 Sixteen days to ninety days	31	31	35	35	10	31	31	10
15 Ninety-one days to one year	20	20	10	10	10	20	20	10
16 One year to five years	10	10	10	10	10	10	10	10
17 Five years to ten years	120	120	120	120	120	120	120	120
18 More than ten years	0	0	0	0	0	0	0	0

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

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

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

Billions of dollars, averages of daily figures

Item	1996 Dec.	1997 Dec.	1998 Dec.	1999[r] Dec.	1999 June	1999 July	1999 Aug.	1999 Sept.	1999 Oct.	1999 Nov.	1999 Dec.[r]	2000 Jan.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 Total reserves[3]	50.16	46.86	44.90	41.52	42.87	41.98	42.07	42.11	40.94	41.20	41.52	43.32
2 Nonborrowed reserves[4]	50.01	46.54	44.79	41.20	42.72	41.67	41.72	41.77	40.66	40.96	41.20	42.95
3 Nonborrowed reserves plus extended credit[5]	50.01	46.54	44.79	41.20	42.72	41.67	41.72	41.77	40.66	40.96	41.20	42.95
4 Required reserves	48.75	45.18	43.32	40.21	41.61	40.90	40.94	40.92	39.79	39.86	40.21	41.30
5 Monetary base[6]	451.61[r]	479.16[r]	512.59[r]	590.82	537.15[r]	541.25[r]	544.63[r]	550.22[r]	557.74[r]	569.73[r]	590.82	591.37
	Not seasonally adjusted											
6 Total reserves[7]	51.45	48.01	45.12	41.72	42.43	41.85	41.92	41.85	40.77	41.02	41.72	44.47
7 Nonborrowed reserves	51.30	47.69	45.00	41.40	42.29	41.54	41.58	41.51	40.49	40.78	41.40	44.10
8 Nonborrowed reserves plus extended credit[5]	51.30	47.69	45.00	41.40	42.29	41.54	41.58	41.51	40.49	40.78	41.40	44.10
9 Required reserves[8]	50.04	46.33	43.54	40.41	41.17	40.77	40.79	40.65	39.62	39.68	40.41	42.45
10 Monetary base[9]	456.63	484.98	518.28	600.45	535.88	540.98	543.87	548.13	555.51	571.89[r]	600.45	596.92
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	51.17	47.92	45.02	41.64	42.39	41.80	41.87	41.79	40.70	40.94	41.64	44.48
12 Nonborrowed reserves	51.02	47.60	44.90	41.32	42.25	41.49	41.53	41.45	40.42	40.71	41.32	44.11
13 Nonborrowed reserves plus extended credit[5]	51.02	47.60	44.90	41.32	42.25	41.49	41.53	41.45	40.42	40.71	41.32	44.11
14 Required reserves	49.76	46.24	43.44	40.33	41.13	40.73	40.74	40.59	39.55	39.61	40.33	42.46
15 Monetary base[12]	463.40	491.79	525.06	607.92	542.82	548.07	550.86	555.19	562.64	579.02[r]	607.92	604.66
16 Excess reserves[13]	1.42	1.69	1.58	1.31	1.26	1.08	1.13	1.20	1.15	1.33	1.31	2.02
17 Borrowings from the Federal Reserve	.16	.32	.12	.32	.15	.31	.34	.34	.28	.24	.32	.37

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

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

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

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

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

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

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

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

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

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

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

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

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

1.21 MONEY STOCK AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item	1996[r] Dec.	1997[r] Dec.	1998[r] Dec.	1999[r] Dec.	1999[r] Oct.	Nov.	Dec.	2000 Jan.
	Seasonally adjusted							
Measures[2]								
1 M1	1,081.1	1,073.9	1,097.4	1,125.4	1,101.2	1,110.2	1,125.4	1,121.9
2 M2	3,822.9	4,040.8	4,397.0	4,661.1	4,612.1	4,632.2	4,661.1	4,684.4
3 M3	4,952.4	5,402.2	5,997.0	6,471.5	6,311.4	6,388.1	6,471.5	6,513.6
4 Debt	14,463.6	15,227.9	16,250.4	17,323.0	17,154.1	17,223.2	17,323.0	n.a.
M1 components								
5 Currency[3]	394.3	424.8	459.5	517.5	499.8	505.5	517.5	525.4
6 Travelers checks[4]	8.3	8.1	8.2	8.3	8.4	8.2	8.3	8.2
7 Demand deposits[5]	402.3	395.3	379.3	356.0	353.1	355.7	356.0	345.5
8 Other checkable deposits[6]	276.1	245.8	250.3	243.7	239.9	240.9	243.7	242.7
Nontransaction components								
9 In M2[7]	2,741.8	2,966.9	3,299.6	3,535.7	3,510.9	3,522.0	3,535.7	3,562.5
10 In M3 only[8]	1,129.5	1,361.3	1,599.9	1,810.4	1,699.3	1,756.0	1,810.4	1,829.2
Commercial banks								
11 Savings deposits, including MMDAs	904.0	1,020.5	1,184.8	1,285.2	1,289.7	1,288.7	1,285.2	1,287.5
12 Small time deposits[9]	593.3	625.4	626.1	634.2	626.4	630.5	634.2	638.4
13 Large time deposits[10, 11]	413.9	488.3	539.3	614.9	565.5	593.5	614.9	620.9
Thrift institutions								
14 Savings deposits, including MMDAs	366.6	376.6	413.8	448.8	453.2	451.6	448.8	447.3
15 Small time deposits[9]	353.6	342.8	325.6	320.0	316.3	318.4	320.0	322.2
16 Large time deposits[10]	78.3	85.6	88.9	91.6	89.6	91.1	91.6	94.4
Money market mutual funds								
17 Retail	524.4	601.7	749.4	847.6	825.4	832.7	847.6	867.0
18 Institution-only	312.0	380.8	518.4	607.4	577.7	592.1	607.4	623.5
Repurchase agreements and Eurodollars								
19 Repurchase agreements[12]	210.7	256.0	300.9	329.2	312.7	318.7	329.2	320.8
20 Eurodollars[12]	114.6	150.7	152.6	167.2	153.8	160.5	167.2	169.6
Debt components								
21 Federal debt	3,781.3	3,800.3	3,750.8	3,658.9	3,680.1	3,656.5	3,658.9	n.a.
22 Nonfederal debt	10,682.3	11,427.6	12,499.6	13,664.1	13,473.9	13,566.7	13,664.1	n.a.
	Not seasonally adjusted							
Measures[2]								
23 M1	1,105.1	1,097.7	1,121.3	1,149.9	1,095.1	1,113.7	1,149.9	1,128.6
24 M2	3,845.1	4,063.9	4,422.2	4,689.4	4,597.4	4,634.5	4,689.4	4,694.9
25 M3	4,973.4	5,426.1	6,026.5	6,506.6	6,290.8	6,399.7	6,506.6	6,529.8
26 Debt	14,460.3	15,224.9	16,247.3	17,323.5	17,103.3	17,202.1	17,323.5	n.a.
M1 components								
27 Currency[3]	397.9	428.9	464.1	523.1	498.9	506.3	523.1	524.2
28 Travelers checks[4]	8.6	8.3	8.4	8.4	8.4	8.3	8.4	8.4
29 Demand deposits[5]	419.9	412.4	395.9	372.0	350.5	359.0	372.0	350.2
30 Other checkable deposits[6]	278.8	248.2	252.8	246.4	237.4	240.0	246.4	245.8
Nontransaction components								
31 In M2[7]	2,740.0	2,966.3	3,300.9	3,539.5	3,502.2	3,520.8	3,539.5	3,566.3
32 In M3 only[8]	1,128.2	1,362.2	1,604.3	1,817.2	1,693.5	1,765.2	1,817.2	1,834.9
Commercial banks								
33 Savings deposits, including MMDAs	903.3	1,020.4	1,186.0	1,288.0	1,285.1	1,288.4	1,288.0	1,285.7
34 Small time deposits[9]	592.7	625.3	626.5	635.0	627.4	632.0	635.0	640.0
35 Large time deposits[10, 11]	413.2	487.2	537.8	613.0	569.8	596.6	613.0	611.9
Thrift institutions								
36 Savings deposits, including MMDAs	366.3	376.5	414.2	449.8	451.5	451.5	449.8	446.7
37 Small time deposits[9]	353.2	342.8	325.8	320.4	316.8	319.1	320.4	323.0
38 Large time deposits[10]	78.1	85.4	88.6	91.3	90.3	91.6	91.3	93.0
Money market mutual funds								
39 Retail	524.3	601.3	748.3	846.3	821.4	829.7	846.3	870.9
40 Institution-only	315.6	386.7	527.9	618.9	570.9	595.1	618.9	638.2
Repurchase agreements and Eurodollars								
41 Repurchase agreements[12]	205.7	250.5	295.5	324.6	310.1	321.3	324.6	321.0
42 Eurodollars[12]	115.7	152.3	154.5	169.3	152.4	160.7	169.3	170.8
Debt components								
43 Federal debt	3,787.9	3,805.8	3,754.9	3,662.5	3,635.4	3,641.4	3,662.5	n.a.
44 Nonfederal debt	10,672.4	11,419.2	12,492.3	13,661.0	13,467.9	13,560.7	13,661.0	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12. Includes both overnight and term.

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

A. All commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	1999[r]						2000	2000			
	Jan.	July	Aug.	Sept.	Oct.	Nov	Dec.	Jan.	Jan. 5	Jan. 12	Jan. 19	Jan. 26
	Seasonally adjusted											
Assets												
1 Bank credit	4,539.5	4,550.0	4,583.0	4,607.7	4,636.7	4,704.1	4,783.6	4,797.7	4,773.6	4,794.9	4,796.6	4,809.2
2 Securities in bank credit	1,217.2	1,227.2	1,242.4	1,246.6	1,253.4	1,249.1	1,267.9	1,261.4	1,260.7	1,262.2	1,261.1	1,265.8
3 U.S. government securities	796.0	814.4	820.1	817.7	812.7	798.9	803.9	807.0	801.2	807.4	805.7	812.6
4 Other securities	421.2	412.8	422.3	428.9	440.7	450.3	463.9	454.4	459.5	454.8	455.4	453.2
5 Loans and leases in bank credit[2]	3,322.3	3,322.8	3,340.6	3,361.1	3,383.3	3,455.0	3,515.7	3,536.3	3,512.9	3,532.7	3,535.5	3,543.4
6 Commercial and industrial	952.4	965.1	972.5	980.4	985.8	1,005.5	1,007.9	1,011.6	999.1	1,007.1	1,012.6	1,017.3
7 Real estate	1,345.1	1,366.8	1,379.1	1,395.8	1,418.4	1,433.0	1,471.0	1,490.7	1,483.1	1,490.0	1,494.9	1,489.5
8 Revolving home equity	102.3	98.0	98.7	98.5	99.1	100.6	106.1	109.6	108.3	109.2	109.5	110.0
9 Other	1,242.9	1,268.7	1,280.5	1,297.3	1,319.3	1,332.3	1,365.0	1,381.2	1,374.9	1,380.8	1,385.3	1,379.5
10 Consumer	499.8	481.2	480.2	481.1	481.5	485.1	495.6	502.9	500.1	500.0	501.8	506.4
11 Security[3]	146.4	122.4	122.4	116.2	111.0	134.0	155.4	146.7	147.6	153.1	143.0	143.8
12 Other loans and leases	378.5	387.3	386.4	387.6	386.5	397.5	385.7	384.2	382.9	382.5	383.3	386.4
13 Interbank loans	223.0	224.3	215.0	207.9	218.6	214.3	218.4	214.7	209.5	208.9	208.7	226.6
14 Cash assets[4]	258.8	259.0	253.7	264.0	271.2	277.7	292.2	285.0	283.5	292.2	288.7	284.3
15 Other assets[5]	353.5	347.0	344.9	355.3	358.1	366.0	370.9	386.7	378.6	389.2	389.1	387.2
16 **Total assets**[6]	**5,316.8**	**5,322.2**	**5,338.0**	**5,375.7**	**5,425.4**	**5,502.7**	**5,605.0**	**5,624.7**	**5,584.8**	**5,625.4**	**5,624.2**	**5,648.2**
Liabilities												
17 Deposits	3,365.5	3,389.8	3,384.3	3,394.9	3,435.0	3,479.8	3,531.1	3,551.3	3,530.3	3,546.4	3,562.8	3,549.3
18 Transaction	665.4	648.6	635.9	634.0	631.1	623.9	630.7	622.9	594.3	614.2	641.4	641.3
19 Nontransaction	2,700.2	2,741.2	2,748.4	2,760.8	2,803.9	2,855.9	2,900.3	2,928.4	2,936.0	2,932.3	2,921.4	2,908.0
20 Large time	724.3	721.1	717.9	728.3	766.8	804.6	835.1	847.6	852.1	851.3	844.1	841.4
21 Other	1,975.9	2,020.2	2,030.4	2,032.6	2,037.1	2,051.3	2,065.2	2,080.8	2,083.8	2,080.9	2,077.3	2,066.5
22 Borrowings	1,005.1	1,021.0	1,028.1	1,047.6	1,051.0	1,065.9	1,126.5	1,133.5	1,138.9	1,149.7	1,115.5	1,132.7
23 From banks in the U.S.	315.6	337.1	336.5	340.6	351.0	352.7	349.8	362.3	360.7	360.3	357.2	370.0
24 From others	689.5	683.9	691.7	707.0	700.0	713.2	776.7	771.2	778.2	789.4	758.3	762.7
25 Net due to related foreign offices	213.2	217.0	222.5	218.3	219.7	226.1	221.5	227.7	230.1	220.8	234.7	232.3
26 Other liabilities	305.4	273.7	279.6	282.6	289.8	295.6	297.8	282.5	283.9	284.2	276.7	276.6
27 **Total liabilities**	**4,889.2**	**4,901.6**	**4,914.6**	**4,943.4**	**4,995.5**	**5,067.5**	**5,176.9**	**5,195.0**	**5,183.1**	**5,201.2**	**5,189.6**	**5,190.8**
28 Residual (assets less liabilities)[7]	427.5	420.6	423.4	432.3	429.9	435.2	428.1	429.6	401.8	424.2	434.6	457.4
	Not seasonally adjusted											
Assets												
29 Bank credit	4,548.5	4,534.0	4,561.9	4,597.8	4,641.3	4,718.2	4,799.9	4,807.8	4,795.3	4,808.2	4,808.4	4,807.3
30 Securities in bank credit	1,219.7	1,216.0	1,229.5	1,235.4	1,250.0	1,255.6	1,271.9	1,266.3	1,266.9	1,267.9	1,264.4	1,268.2
31 U.S. government securities	796.3	806.6	808.3	807.5	807.1	801.0	805.2	808.3	802.3	808.6	806.2	812.3
32 Other securities	423.4	409.5	421.2	427.9	442.9	454.5	466.7	458.1	464.6	459.2	458.3	455.8
33 Loans and leases in bank credit[2]	3,328.7	3,317.9	3,332.4	3,362.4	3,391.3	3,462.6	3,528.0	3,541.5	3,528.5	3,540.3	3,544.0	3,539.1
34 Commercial and industrial	951.3	962.7	963.8	976.5	986.9	1,005.5	1,007.0	1,009.8	1,001.7	1,003.5	1,010.5	1,013.2
35 Real estate	1,344.2	1,367.8	1,381.7	1,399.4	1,422.1	1,437.7	1,473.5	1,490.1	1,482.7	1,492.1	1,495.6	1,486.6
36 Revolving home equity	102.3	97.9	98.9	99.2	99.8	101.5	106.5	109.6	108.5	109.3	109.6	110.0
37 Other	1,241.8	1,269.9	1,282.9	1,300.2	1,322.3	1,336.2	1,367.0	1,380.5	1,374.2	1,382.8	1,385.9	1,376.7
38 Consumer	506.0	478.8	481.3	484.1	482.2	485.3	500.5	508.7	506.9	506.8	507.9	511.8
39 Security[3]	146.5	120.4	118.7	112.8	111.9	135.4	157.5	146.6	146.5	153.6	143.4	142.8
40 Other loans and leases	380.8	388.2	386.9	389.5	388.2	398.6	389.4	386.3	390.7	384.2	386.7	384.7
41 Interbank loans	225.9	218.1	207.3	204.4	215.2	220.9	224.9	216.0	216.1	212.1	212.0	220.9
42 Cash assets[4]	271.8	251.2	243.4	261.3	271.5	285.0	309.0	298.5	310.2	299.2	323.3	282.8
43 Other assets[5]	346.1	349.7	347.7	357.4	355.5	364.5	371.8	378.6	376.5	377.1	378.8	376.0
44 **Total assets**[6]	**5,334.7**	**5,294.8**	**5,301.4**	**5,361.4**	**5,424.2**	**5,528.9**	**5,645.4**	**5,641.9**	**5,638.2**	**5,637.2**	**5,664.0**	**5,628.1**
Liabilities												
45 Deposits	3,364.8	3,373.5	3,370.4	3,393.5	3,437.5	3,506.2	3,563.4	3,549.0	3,573.0	3,554.6	3,573.5	3,503.2
46 Transaction	680.2	637.9	619.6	628.2	622.9	633.6	663.3	637.0	643.5	630.3	668.6	624.3
47 Nontransaction	2,684.7	2,735.6	2,750.8	2,765.3	2,814.6	2,872.6	2,900.2	2,911.9	2,929.5	2,924.3	2,904.9	2,878.9
48 Large time	722.4	714.4	715.3	729.7	768.4	809.8	841.0	845.4	850.6	850.0	840.3	839.7
49 Other	1,962.3	2,021.3	2,035.5	2,035.5	2,046.3	2,062.8	2,059.2	2,066.6	2,078.9	2,074.4	2,064.6	2,039.2
50 Borrowings	1,021.3	1,011.7	1,004.7	1,042.5	1,053.7	1,072.9	1,129.1	1,152.1	1,137.3	1,152.9	1,148.4	1,164.0
51 From banks in the U.S.	320.6	332.5	329.3	336.9	348.7	357.1	356.2	368.1	362.5	362.9	367.4	378.1
52 From others	700.7	679.2	675.3	705.6	705.1	715.8	772.9	784.0	774.8	790.0	781.0	786.0
53 Net due to related foreign offices	216.1	209.2	217.4	214.3	221.4	227.8	227.1	230.6	221.8	219.5	235.2	251.2
54 Other liabilities	306.3	272.9	279.6	281.6	288.4	295.8	298.6	283.4	284.7	284.8	276.9	277.8
55 **Total liabilities**	**4,908.6**	**4,867.3**	**4,872.1**	**4,931.8**	**5,001.0**	**5,102.7**	**5,218.2**	**5,215.0**	**5,216.8**	**5,211.8**	**5,234.0**	**5,196.1**
56 Residual (assets less liabilities)[7]	426.1	427.5	429.4	429.6	423.2	426.3	427.2	426.9	421.4	425.4	430.0	432.0
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	112.7	92.0	96.5	98.5	100.3	100.4	104.3	101.1	101.3	99.2	100.5	100.3
58 Revaluation losses on off-balance-sheet items[8]	110.0	92.6	98.8	97.3	98.1	99.2	102.6	99.7	99.2	97.8	98.7	98.4

Footnotes appear on p. A21.

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

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	1999[r]						2000	2000			
	Jan.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Jan. 5	Jan. 12	Jan. 19	Jan. 26
	Seasonally adjusted											
Assets												
1 Bank credit	3,956.3	4,027.2	4,058.9	4,088.5	4,108.9	4,155.5	4,227.1	4,250.1	4,225.3	4,248.5	4,251.2	4,254.7
2 Securities in bank credit	1,005.5	1,036.7	1,052.3	1,057.1	1,060.2	1,051.2	1,062.3	1,064.0	1,060.0	1,063.9	1,064.0	1,067.3
3 U.S. government securities	710.0	728.2	736.0	735.9	730.6	719.2	722.1	727.8	720.8	727.6	727.7	732.0
4 Other securities	295.5	308.6	316.3	321.2	329.6	332.1	340.1	336.3	339.2	336.3	336.	335.3
5 Loans and leases in bank credit[2]	2,950.8	2,990.5	3,006.6	3,031.4	3,048.8	3,104.3	3,164.8	3,186.0	3,165.2	3,184.6	3,187.2	3,187.5
6 Commercial and industrial	738.6	771.8	777.0	783.3	786.9	804.6	812.3	815.8	805.8	812.4	815.9	820.4
7 Real estate	1,323.7	1,348.2	1,361.5	1,378.2	1,400.6	1,415.6	1,453.7	1,473.2	1,466.0	1,472.6	1,477.3	1,471.7
8 Revolving home equity	102.3	98.0	98.7	98.5	99.1	100.6	106.1	109.6	108.3	109.2	109.5	110.0
9 Other	1,221.4	1,250.2	1,262.8	1,279.7	1,301.5	1,314.9	1,347.6	1,363.6	1,357.7	1,363.4	1,367.8	1,361.7
10 Consumer	499.8	481.2	480.2	481.1	481.5	485.1	495.6	502.9	500.1	500.0	501.8	506.4
11 Security[3]	83.0	69.6	67.5	64.7	56.2	68.7	88.5	80.0	81.1	88.5	78.2	72.7
12 Other loans and leases	305.6	319.6	320.4	324.0	323.5	330.3	314.8	314.1	312.2	311.1	314.0	316.3
13 Interbank loans	193.6	196.8	189.3	185.0	195.7	191.5	192.9	188.5	182.3	182.3	185.1	200.8
14 Cash assets[4]	222.6	222.6	214.3	221.7	225.5	225.5	235.6	230.0	226.8	234.1	233.3	230.4
15 Other assets[5]	315.0	314.8	315.9	326.0	326.3	331.2	333.3	347.2	341.1	350.0	347.9	347.8
16 **Total assets[6]**	**4,629.8**	**4,703.5**	**4,720.1**	**4,762.3**	**4,797.4**	**4,844.4**	**4,929.1**	**4,956.5**	**4,915.5**	**4,955.5**	**4,958.8**	**4,974.8**
Liabilities												
17 Deposits	3,048.5	3,080.7	3,075.4	3,084.0	3,102.8	3,120.9	3,152.3	3,163.1	3,138.3	3,151.2	3,178.0	3,166.0
18 Transaction	653.5	637.7	624.9	623.2	619.6	612.6	619.2	611.7	583.9	603.1	630.2	629.8
19 Nontransaction	2,395.0	2,443.0	2,450.5	2,460.8	2,483.2	2,508.3	2,533.0	2,551.3	2,554.4	2,548.1	2,547.8	2,536.2
20 Large time	420.2	425.7	424.0	433.4	447.9	458.8	468.6	471.9	472.4	469.1	471.4	470.7
21 Other	1,974.8	2,017.3	2,026.4	2,027.4	2,035.3	2,049.4	2,064.4	2,079.4	2,082.0	2,079.0	2,076.4	2,065.5
22 Borrowings	810.6	846.2	853.4	876.0	873.4	879.6	945.3	952.1	961.3	968.5	933.9	949.2
23 From banks in the U.S.	294.4	312.7	312.9	315.4	328.2	325.7	324.4	339.4	337.8	338.8	334.3	346.4
24 From others	516.1	533.5	540.5	560.6	545.3	553.9	621.0	612.7	623.6	629.7	599.6	602.8
25 Net due to related foreign offices	111.8	145.2	150.5	152.2	166.3	182.2	182.6	194.5	191.9	189.8	198.2	197.5
26 Other liabilities	230.5	211.0	218.0	218.0	224.1	228.3	227.4	214.8	218.4	217.0	209.7	209.1
27 **Total liabilities**	**4,201.3**	**4,283.1**	**4,297.3**	**4,330.2**	**4,366.5**	**4,411.1**	**4,507.5**	**4,524.4**	**4,509.8**	**4,526.6**	**4,519.8**	**4,521.8**
28 Residual (assets less liabilities)[7]	428.5	420.5	422.8	432.2	430.9	433.4	421.6	432.1	405.6	428.9	439.0	453.0
	Not seasonally adjusted											
Assets												
29 Bank credit	3,961.8	4,014.4	4,041.6	4,079.5	4,109.5	4,166.4	4,240.2	4,256.7	4,240.2	4,258.0	4,260.3	4,252.3
30 Securities in bank credit	1,007.8	1,027.2	1,040.7	1,046.6	1,054.0	1,054.6	1,067.2	1,068.5	1,065.8	1,068.6	1,067.8	1,070.0
31 U.S. government securities	710.6	720.8	725.2	726.7	725.0	720.9	723.1	729.3	722.0	728.6	728.5	733.1
32 Other securities	297.2	306.4	315.5	319.9	329.0	333.6	344.1	339.2	343.8	340.0	339.2	337.0
33 Loans and leases in bank credit[2]	2,954.0	2,987.2	3,000.9	3,032.9	3,055.5	3,111.9	3,173.0	3,188.2	3,174.4	3,189.4	3,192.6	3,182.3
34 Commercial and industrial	735.6	770.2	770.1	779.7	786.9	803.4	808.7	812.3	804.7	806.9	812.4	815.5
35 Real estate	1,322.6	1,349.4	1,364.2	1,381.8	1,404.1	1,420.1	1,456.1	1,472.4	1,465.3	1,474.6	1,477.8	1,468.7
36 Revolving home equity	102.3	97.9	98.9	99.2	99.8	101.5	106.5	109.6	108.5	109.3	109.6	110.0
37 Other	1,220.2	1,251.6	1,265.3	1,282.6	1,304.3	1,318.6	1,349.7	1,362.8	1,356.9	1,365.2	1,368.2	1,358.8
38 Consumer	506.0	478.8	481.3	484.1	482.2	485.3	500.5	508.7	506.9	506.8	507.9	511.8
39 Security[3]	83.2	68.0	63.7	61.2	57.3	70.9	90.2	80.0	79.5	89.3	78.4	72.4
40 Other loans and leases	306.6	320.8	321.7	326.0	324.9	332.1	317.5	314.9	318.1	311.8	316.0	313.9
41 Interbank loans	196.5	190.5	181.6	181.5	192.2	198.1	199.4	189.8	188.9	185.5	188.4	195.0
42 Cash assets[4]	235.2	214.9	204.3	219.2	225.2	232.0	249.9	242.8	251.8	240.2	266.9	228.6
43 Other assets[5]	307.3	318.2	318.1	327.7	323.8	329.5	332.7	338.7	338.4	337.2	337.7	336.7
44 **Total assets[6]**	**4,643.5**	**4,680.1**	**4,687.0**	**4,748.8**	**4,791.8**	**4,866.7**	**4,962.4**	**4,969.2**	**4,959.6**	**4,961.7**	**4,995.1**	**4,954.1**
Liabilities												
45 Deposits	3,050.4	3,066.9	3,064.1	3,083.0	3,105.3	3,147.8	3,180.3	3,163.9	3,182.8	3,163.1	3,193.4	3,122.1
46 Transaction	668.2	627.1	608.7	616.8	611.4	622.4	651.4	625.8	632.6	619.2	657.2	613.0
47 Nontransaction	2,382.1	2,439.8	2,455.4	2,466.2	2,493.9	2,525.4	2,528.9	2,538.2	2,550.2	2,543.9	2,536.2	2,509.1
48 Large time	421.8	420.8	422.2	433.0	449.9	464.9	471.9	473.9	473.5	471.8	473.8	472.1
49 Other	1,960.3	2,019.0	2,033.2	2,033.3	2,044.0	2,060.5	2,057.0	2,064.2	2,076.7	2,072.1	2,062.3	2,036.9
50 Borrowings	826.8	836.9	829.9	870.9	876.2	886.6	948.0	970.7	959.8	971.7	966.8	980.6
51 From banks in the U.S.	299.4	308.1	305.8	311.7	325.8	330.1	330.8	345.2	339.6	341.3	344.5	354.5
52 From others	527.3	528.8	524.2	559.2	550.3	556.5	617.2	625.5	620.2	630.4	622.3	626.1
53 Net due to related foreign offices	112.0	139.9	147.5	149.8	166.2	181.2	183.0	195.4	179.9	186.9	198.0	213.0
54 Other liabilities	231.1	211.1	217.7	217.3	223.2	227.6	226.7	215.5	219.2	217.8	210.1	209.6
55 **Total liabilities**	**4,220.3**	**4,254.7**	**4,259.3**	**4,321.0**	**4,370.8**	**4,443.2**	**4,538.0**	**4,545.5**	**4,541.6**	**4,539.6**	**4,568.3**	**4,525.3**
56 Residual (assets less liabilities)[7]	423.2	425.4	427.7	427.8	420.9	423.4	424.5	423.7	418.0	422.1	426.8	428.9
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	66.5	54.4	58.4	60.1	60.9	59.8	64.5	62.7	63.3	62.0	62.6	62.2
58 Revaluation losses on off-balance-sheet items[8]	67.2	56.3	62.5	59.8	60.0	59.8	63.9	61.8	62.0	61.2	61.6	61.1
59 Mortgage-backed securities[9]	342.7	339.1	343.2	345.9	346.5	348.1	348.1	348.3	349.8	349.7	347.5	348.2

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	1999[r]						2000	2000			
	Jan.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Jan. 5	Jan. 12	Jan. 19	Jan. 26
	Seasonally adjusted											
Assets												
1 Bank credit	2,487.3	2,488.6	2,506.2	2,521.9	2,520.9	2,562.4	2,622.3	2,623.9	2,608.0	2,621.7	2,625.6	2,625.7
2 Securities in bank credit	577.3	583.9	597.5	600.6	601.5	597.5	610.4	606.9	605.8	606.4	607.5	608.5
3 U.S. government securities	389.3	391.3	399.0	397.3	391.2	385.2	391.6	391.4	387.6	391.3	391.8	394.1
4 Trading account	25.1	22.7	23.3	20.9	20.0	18.0	19.4	21.4	18.9	19.1	20.4	23.9
5 Investment account	364.3	368.6	375.8	376.4	371.2	367.2	372.2	370.0	368.7	372.2	371.5	370.2
6 Other securities	188.0	192.6	198.5	203.3	210.3	212.4	218.7	215.5	218.2	215.1	215.6	214.4
7 Trading account	91.4	73.6	77.5	78.1	81.7	82.4	87.1	81.8	84.9	80.7	80.2	80.4
8 Investment account	96.6	119.0	121.0	125.2	128.5	129.9	131.7	133.7	133.3	134.5	135.4	134.0
9 State and local government	24.6	25.4	25.7	25.7	25.8	26.4	26.4	26.7	26.4	26.6	26.8	26.8
10 Other	71.9	93.5	95.3	99.5	102.7	103.5	105.3	107.0	106.8	107.9	108.6	107.1
11 Loans and leases in bank credit[2]	1,910.0	1,904.7	1,908.7	1,921.4	1,919.4	1,964.8	2,011.9	2,017.0	2,002.2	2,015.3	2,018.2	2,017.2
12 Commercial and industrial	547.9	569.6	573.1	576.5	574.4	589.2	595.5	594.8	586.8	591.5	595.1	598.8
13 Bankers acceptances	1.3	1.0	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0
14 Other	546.6	568.6	572.0	575.3	573.2	588.1	594.4	593.8	585.7	590.4	594.0	597.8
15 Real estate	738.4	730.8	736.0	747.4	758.1	766.7	798.6	809.9	806.9	809.5	814.0	807.7
16 Revolving home equity	74.1	68.7	69.3	69.1	69.2	70.5	75.4	78.1	77.1	77.8	78.1	78.5
17 Other	664.3	662.1	666.7	678.3	689.0	696.2	723.2	731.8	729.8	731.7	735.9	729.2
18 Consumer	309.4	286.6	284.2	282.3	281.1	285.0	290.6	294.6	291.4	291.6	293.5	297.7
19 Security[3]	77.7	64.7	62.6	59.8	51.3	63.3	83.2	75.0	76.1	83.4	73.1	67.8
20 Federal funds sold to and repurchase agreements with broker–dealers	61.8	47.0	45.4	42.2	34.2	45.2	63.4	53.9	58.1	61.1	51.6	47.3
21 Other	15.9	17.8	17.2	17.6	17.0	18.1	19.8	21.1	18.1	22.3	21.5	20.4
22 State and local government	11.7	12.0	12.2	12.3	12.3	12.2	12.1	12.3	12.2	12.2	12.4	12.3
23 Agricultural	9.1	8.7	8.9	9.2	9.6	9.6	9.6	9.8	9.7	9.8	9.8	9.9
24 Federal funds sold to and repurchase agreements with others	13.4	4.8	7.9	11.2	10.0	12.3	11.8	11.2	11.4	10.8	11.3	11.6
25 All other loans	93.5	105.4	100.4	98.0	95.6	97.4	80.5	79.2	77.5	76.8	79.0	81.2
26 Lease-financing receivables	108.9	121.9	123.3	124.7	127.0	129.2	130.0	130.1	130.3	129.8	129.8	130.2
27 Interbank loans	132.7	143.8	138.3	136.4	149.8	141.4	141.6	138.8	136.3	134.3	134.4	148.5
28 Federal funds sold to and repurchase agreements with commercial banks	84.9	92.0	86.8	83.9	92.4	73.8	70.9	66.0	64.5	61.3	62.9	75.8
29 Other	47.8	51.8	51.5	52.6	57.4	67.6	70.7	72.7	71.9	73.0	71.5	72.7
30 Cash assets[4]	155.1	151.4	143.3	150.0	154.1	152.9	159.5	160.4	156.6	164.2	162.1	162.5
31 Other assets[5]	244.9	238.2	236.8	247.0	243.2	248.9	250.2	259.7	253.4	259.3	261.3	261.1
32 **Total assets**[6]	**2,981.1**	**2,983.3**	**2,985.9**	**3,016.3**	**3,029.0**	**3,066.6**	**3,134.4**	**3,144.3**	**3,115.0**	**3,140.8**	**3,145.6**	**3,159.7**
Liabilities												
33 Deposits	1,728.4	1,720.7	1,707.5	1,713.6	1,714.5	1,722.0	1,735.9	1,731.5	1,716.9	1,721.8	1,744.9	1,731.7
34 Transaction	375.0	357.2	342.7	343.7	340.0	335.6	343.4	336.9	319.3	331.1	352.1	346.3
35 Nontransaction	1,353.4	1,363.5	1,364.8	1,369.9	1,374.5	1,386.4	1,392.5	1,394.6	1,397.5	1,390.7	1,392.8	1,385.4
36 Large time	234.1	231.8	227.3	235.2	245.3	252.3	260.0	261.4	262.7	259.3	261.0	260.1
37 Other	1,119.4	1,131.7	1,137.4	1,134.7	1,129.2	1,134.1	1,132.5	1,133.2	1,134.9	1,131.4	1,131.8	1,125.4
38 Borrowings	641.7	647.0	652.4	669.9	667.1	674.5	732.9	732.4	737.0	746.8	717.6	730.5
39 From banks in the U.S.	215.8	218.2	219.7	221.9	238.4	237.9	236.9	250.0	249.1	249.5	245.2	255.5
40 From others	425.8	428.8	432.7	448.1	428.7	436.6	496.0	482.4	487.9	497.3	472.4	475.0
41 Net due to related foreign offices	108.7	140.9	147.0	148.8	162.0	177.7	178.1	189.4	187.7	184.8	193.4	191.7
42 Other liabilities	201.2	179.9	185.1	184.1	189.9	194.3	193.1	181.9	186.3	184.4	176.7	176.3
43 **Total liabilities**	**2,680.0**	**2,688.5**	**2,692.0**	**2,716.3**	**2,733.4**	**2,768.5**	**2,840.0**	**2,835.2**	**2,827.8**	**2,837.8**	**2,832.6**	**2,830.3**
44 Residual (assets less liabilities)[7]	301.1	294.8	293.8	300.0	295.7	298.0	294.4	309.1	287.2	303.0	313.0	329.4

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks—Continued

Account	Monthly averages								Wednesday figures			
	1999	1999[r]						2000	2000			
	Jan.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Jan. 5	Jan. 12	Jan. 19	Jan. 26
	Not seasonally adjusted											
Assets												
45 Bank credit	2,499.4	2,474.5	2,486.7	2,509.7	2,522.6	2,576.3	2,637.4	2,637.5	2,629.8	2,637.9	2,640.7	2,630.2
46 Securities in bank credit	580.4	576.1	587.5	592.5	598.4	603.1	615.5	611.8	612.1	610.9	611.3	612.0
47 U.S. government securities	390.6	385.5	390.0	389.9	388.6	389.2	392.5	393.4	389.1	391.9	392.7	395.8
48 Trading account	25.2	20.9	22.2	20.7	20.8	19.9	20.0	21.7	18.7	19.3	21.3	23.9
49 Investment account	365.4	364.6	367.9	369.2	367.8	369.3	372.5	371.7	370.3	372.7	371.4	371.9
50 Mortgage-backed securities	259.8	239.0	242.8	245.9	244.0	244.4	244.2	242.5	243.9	243.9	242.0	242.8
51 Other	105.5	125.5	125.1	123.2	123.7	124.9	128.4	129.1	126.4	128.8	129.4	129.1
52 One year or less	28.6	25.6	25.2	24.8	25.6	23.9	25.2	26.0	24.0	25.7	26.0	25.8
53 One to five years	39.2	59.7	59.9	59.1	59.9	60.6	61.5	61.1	60.4	60.7	61.5	61.2
54 More than five years	37.7	40.3	40.0	39.4	38.3	40.4	41.7	42.0	42.0	42.4	41.9	42.1
55 Other securities	189.8	190.6	197.4	202.6	209.8	213.9	222.9	218.5	223.0	219.0	218.6	216.2
56 Trading account	91.4	73.6	77.5	78.1	81.7	82.4	87.1	81.8	84.9	80.7	80.2	80.4
57 Investment account	98.4	117.0	120.0	124.5	128.1	131.5	135.8	136.7	138.1	138.3	138.3	135.7
58 State and local government	24.8	25.0	25.4	25.6	25.9	26.6	26.6	26.9	26.8	26.9	27.0	27.1
59 Other	73.6	92.0	94.6	98.9	102.2	104.9	109.2	109.7	111.3	111.5	111.3	108.7
60 Loans and leases in bank credit[2]	1,919.0	1,898.4	1,899.2	1,917.3	1,924.2	1,973.2	2,021.9	2,025.7	2,017.7	2,026.9	2,029.4	2,018.2
61 Commercial and industrial	545.6	568.1	567.4	574.0	575.8	589.5	592.8	592.1	586.2	587.2	592.3	594.7
62 Bankers acceptances	1.3	1.0	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0
63 Other	544.3	567.2	566.3	572.9	574.7	588.4	591.7	591.0	585.1	586.1	591.2	593.7
64 Real estate	741.2	730.0	736.6	747.6	760.2	770.8	802.9	813.2	811.1	815.8	818.1	808.3
65 Revolving home equity	74.2	68.8	69.6	69.6	69.7	71.1	75.6	78.2	77.4	77.9	78.2	78.4
66 Other	415.3	402.5	407.2	412.1	418.5	424.8	449.3	452.9	452.5	456.2	457.5	447.4
67 Commercial	251.8	258.7	259.8	266.0	272.0	275.0	278.0	282.1	281.1	281.7	282.5	282.4
68 Consumer	314.6	284.8	284.8	284.1	281.1	284.7	293.7	299.7	297.9	297.5	298.7	302.1
69 Security[3]	77.8	63.1	58.8	56.3	52.4	65.5	84.9	74.9	74.4	84.2	73.3	67.5
70 Federal funds sold to and repurchase agreements with broker–dealers	62.4	45.4	41.9	38.9	35.3	47.5	64.6	54.5	57.1	62.7	52.3	47.7
71 Other	15.4	17.7	16.9	17.4	17.1	18.0	20.2	20.4	17.4	21.6	21.0	19.8
72 State and local government	11.7	12.0	12.3	12.4	12.4	12.3	12.2	12.3	12.1	12.2	12.4	12.3
73 Agricultural	9.0	8.9	9.1	9.4	9.7	9.6	9.6	9.7	9.9	9.7	9.7	9.7
74 Federal funds sold to and repurchase agreements with others	13.4	4.8	7.9	11.2	10.0	12.3	11.8	11.2	11.4	10.8	11.3	11.6
75 All other loans	95.1	105.1	99.6	98.6	96.5	100.6	84.5	80.4	82.3	77.5	81.3	80.0
76 Lease-financing receivables	110.6	121.6	122.8	123.5	126.0	127.8	129.5	132.1	132.2	132.0	132.0	132.0
77 Interbank loans	135.6	141.6	133.2	134.1	145.3	142.1	144.1	140.1	139.5	135.0	137.9	147.3
78 Federal funds sold to and repurchase agreements with commercial banks	88.5	88.4	81.9	81.9	88.7	76.6	74.5	68.9	68.7	63.7	67.2	76.3
79 Other	47.1	53.2	51.3	52.2	56.6	65.5	69.6	71.2	70.8	71.3	70.7	71.0
80 Cash assets[4]	164.4	145.5	136.5	148.8	154.6	157.1	170.3	170.1	173.5	168.4	189.5	161.5
81 Other assets[5]	240.2	240.4	238.3	248.2	240.7	245.5	249.6	254.8	250.5	252.5	254.7	255.5
82 **Total assets**[6]	**3,001.2**	**2,963.4**	**2,955.7**	**3,001.6**	**3,024.2**	**3,081.9**	**3,162.2**	**3,164.5**	**3,154.5**	**3,155.4**	**3,185.2**	**3,156.9**
Liabilities												
83 Deposits	1,737.6	1,709.4	1,697.6	1,709.6	1,713.1	1,736.3	1,759.3	1,740.6	1,755.1	1,738.4	1,764.7	1,710.1
84 Transaction	385.3	350.5	333.4	340.3	334.9	341.8	365.1	346.8	350.4	341.2	372.8	336.8
85 Nontransaction	1,352.4	1,358.9	1,364.2	1,369.3	1,378.2	1,394.6	1,394.2	1,393.8	1,404.7	1,397.3	1,391.8	1,373.4
86 Large time	235.7	227.0	225.5	234.7	247.3	258.3	263.3	263.4	263.8	262.0	263.4	261.5
87 Other	1,116.7	1,132.0	1,138.6	1,134.6	1,131.0	1,136.3	1,130.9	1,130.3	1,140.9	1,135.3	1,128.4	1,111.9
88 Borrowings	657.4	637.9	628.9	662.2	666.9	679.2	733.5	750.9	741.2	752.1	747.7	757.9
89 From banks in the U.S.	220.1	214.4	213.3	217.7	234.1	240.5	241.3	255.0	252.0	252.1	253.4	261.4
90 From nonbanks in the U.S.	437.3	423.5	415.6	444.5	432.8	438.6	492.2	495.9	489.2	500.0	494.3	496.4
91 Net due to related foreign offices	109.0	135.7	144.0	146.4	161.9	176.7	178.6	190.4	175.8	181.9	193.1	207.2
92 Other liabilities	201.2	179.9	185.1	184.1	189.9	194.3	193.1	181.9	186.3	184.4	176.7	176.3
93 **Total liabilities**	**2,705.2**	**2,662.9**	**2,655.7**	**2,702.2**	**2,731.8**	**2,786.5**	**2,864.5**	**2,863.7**	**2,858.3**	**2,856.9**	**2,882.2**	**2,851.5**
94 Residual (assets less liabilities)[7]	296.0	300.4	300.1	299.5	292.4	295.4	297.7	300.8	296.2	298.5	303.0	305.3
MEMO												
95 Revaluation gains on off-balance-sheet items[8]	66.5	54.4	58.4	60.1	60.9	59.8	64.5	62.7	63.3	62.0	62.6	62.2
96 Revaluation losses on off-balance-sheet items[8]	67.2	56.3	62.5	59.8	60.0	59.8	63.9	61.8	62.0	61.2	61.6	61.1
97 Mortgage-backed securities[9]	288.6	273.9	278.3	280.7	279.1	281.8	281.8	279.6	281.5	281.1	278.9	279.3
98 Pass-through securities	196.2	183.3	186.9	185.5	184.8	187.9	188.9	188.0	189.0	188.2	186.8	187.7
99 CMOs, REMICs, and other mortgage-backed securities	92.4	90.7	91.4	95.2	94.2	93.9	92.9	91.5	92.5	92.9	92.1	91.6
100 Net unrealized gains (losses) on available-for-sale securities[10]	3.0	−3.3	−4.2	−4.9	−5.6	−5.8	−6.0	−7.4	−7.3	−7.3	−7.2	−7.2
101 Offshore credit to U.S. residents[11]	38.9	36.3	32.2	27.8	26.7	24.8	24.0	23.2	22.6	22.9	23.2	23.5

Footnotes appear on p. A21.

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

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages, 1999 Jan.	1999r July	1999r Aug.	1999r Sept.	1999r Oct.	1999r Nov.	1999r Dec.	2000 Jan.	Wednesday figures, 2000 Jan. 5	Jan. 12	Jan. 19	Jan. 26
	Seasonally adjusted											
Assets												
1 Bank credit	1,468.9	1,538.6	1,552.8	1,566.5	1,588.1	1,593.1	1,604.8	1,626.2	1,617.3	1,626.8	1,625.5	1,629.1
2 Securities in bank credit	428.2	452.8	454.8	456.5	458.7	453.7	451.9	457.2	454.2	457.5	456.5	458.7
3 U.S. government securities	320.7	336.8	337.0	338.6	339.4	334.0	330.5	336.4	333.2	336.4	335.9	337.9
4 Other securities	107.5	116.0	117.8	117.9	119.3	119.7	121.4	120.8	121.0	121.1	120.6	120.9
5 Loans and leases in bank credit[2]	1,040.8	1,085.8	1,097.9	1,110.0	1,129.4	1,139.4	1,152.9	1,169.0	1,163.0	1,169.3	1,169.0	1,170.3
6 Commercial and industrial	190.8	202.2	203.9	206.8	212.6	215.4	216.8	221.0	219.0	220.9	220.8	221.6
7 Real estate	585.3	617.4	625.5	630.8	642.5	648.8	655.0	663.2	659.1	663.1	663.3	664.0
8 Revolving home equity	28.2	29.3	29.4	29.4	29.9	30.1	30.7	31.4	31.2	31.5	31.4	31.5
9 Other	557.1	588.1	596.1	601.5	612.6	618.7	624.4	631.8	627.9	631.7	631.9	632.5
10 Consumer	190.4	194.6	196.0	198.9	200.5	200.1	205.1	208.3	208.8	208.5	208.3	208.7
11 Security[3]	5.3	4.9	4.9	4.9	4.9	5.4	5.3	5.0	5.0	5.1	5.1	4.9
12 Other loans and leases	68.9	66.8	67.7	68.6	69.0	69.7	70.7	71.4	71.1	71.7	71.5	71.1
13 Interbank loans	60.9	53.0	50.9	48.6	45.9	50.1	51.3	49.7	46.0	48.0	50.7	52.3
14 Cash assets[4]	67.6	71.2	71.0	71.7	71.5	72.6	76.1	69.6	70.2	69.9	71.2	67.9
15 Other assets[5]	70.2	76.6	79.1	79.1	83.1	82.3	83.1	87.5	87.7	90.6	86.6	86.7
16 **Total assets**[6]	**1,648.6**	**1,720.2**	**1,734.2**	**1,746.0**	**1,768.4**	**1,777.9**	**1,794.7**	**1,812.2**	**1,800.4**	**1,814.7**	**1,813.3**	**1,815.1**
Liabilities												
17 Deposits	1,320.1	1,360.0	1,367.9	1,370.4	1,388.3	1,398.9	1,416.3	1,431.6	1,421.4	1,429.4	1,433.1	1,434.3
18 Transaction	278.5	280.5	282.2	279.5	279.6	277.0	275.8	274.9	264.5	272.0	278.2	283.5
19 Nontransaction	1,041.6	1,079.5	1,085.7	1,090.9	1,108.7	1,121.9	1,140.5	1,156.7	1,156.9	1,157.5	1,155.0	1,150.8
20 Large time	186.1	193.8	196.7	198.3	202.6	206.6	208.6	210.5	209.7	209.8	210.4	210.6
21 Other	855.5	885.7	889.0	892.7	906.1	915.3	931.9	946.2	947.2	947.6	944.6	940.1
22 Borrowings	168.9	199.2	201.0	206.1	206.4	205.1	212.5	219.7	224.3	221.7	216.3	218.8
23 From banks in the U.S.	78.6	94.5	93.2	93.5	89.7	87.8	87.4	89.5	88.7	89.3	89.1	90.9
24 From others	90.3	104.6	107.8	112.6	116.6	117.3	125.0	130.2	135.7	132.4	127.2	127.8
25 Net due to related foreign offices	3.0	4.3	3.5	3.4	4.3	4.5	4.5	5.1	4.2	5.0	4.8	5.8
26 Other liabilities	29.3	31.1	32.9	33.9	34.2	34.0	34.2	33.0	32.1	32.6	33.0	32.7
27 **Total liabilities**	**1,521.3**	**1,594.5**	**1,605.2**	**1,613.8**	**1,633.2**	**1,642.5**	**1,667.5**	**1,689.3**	**1,682.0**	**1,688.7**	**1,687.3**	**1,691.6**
28 Residual (assets less liabilities)[7]	127.3	125.7	128.9	132.2	135.3	135.3	127.2	123.0	118.4	125.9	126.0	123.5
	Not seasonally adjusted											
Assets												
29 Bank credit	1,462.4	1,539.9	1,554.9	1,569.7	1,586.9	1,590.1	1,602.9	1,619.2	1,610.4	1,620.1	1,619.6	1,622.1
30 Securities in bank credit	427.4	451.1	453.2	454.1	455.6	451.5	451.8	456.7	453.7	457.6	456.5	458.1
31 U.S. government securities	320.1	335.3	335.2	336.8	336.4	331.7	330.6	336.0	332.9	336.6	335.8	337.2
32 Other securities	107.4	115.8	118.0	117.4	119.2	119.7	121.2	120.7	120.8	121.0	120.7	120.8
33 Loans and leases in bank credit[2]	1,035.0	1,088.8	1,101.7	1,115.6	1,131.3	1,138.6	1,151.1	1,162.5	1,156.7	1,162.5	1,163.2	1,164.0
34 Commercial and industrial	190.1	202.1	202.7	205.6	211.1	213.9	215.9	220.2	218.4	219.7	220.0	220.7
35 Real estate	581.4	619.5	627.6	634.2	643.9	649.3	653.2	659.2	654.2	658.8	659.7	660.4
36 Revolving home equity	28.1	29.1	29.2	29.6	30.1	30.4	30.9	31.4	31.1	31.4	31.4	31.5
37 Other	553.2	590.4	598.4	604.6	613.8	618.9	622.3	627.7	623.2	627.3	628.3	628.9
38 Consumer	191.4	194.0	196.5	200.0	201.1	200.6	206.8	209.0	208.9	209.3	209.1	209.7
39 Security[3]	5.3	4.9	4.9	4.9	4.9	5.4	5.3	5.0	5.0	5.1	5.1	4.9
40 Other loans and leases	66.8	68.4	70.0	70.8	70.2	69.5	70.0	69.2	70.0	69.6	69.2	68.3
41 Interbank loans	60.9	48.9	48.4	47.4	47.0	56.0	55.2	49.7	49.3	50.4	50.6	47.7
42 Cash assets[4]	70.8	69.4	67.9	70.4	70.6	74.8	79.7	72.7	78.3	71.8	77.4	67.1
43 Other assets[5]	67.1	77.8	79.8	79.5	83.2	84.0	83.1	83.9	87.9	84.7	82.9	81.2
44 **Total assets**[6]	**1,642.3**	**1,716.8**	**1,731.3**	**1,747.1**	**1,767.5**	**1,784.8**	**1,800.3**	**1,804.7**	**1,805.2**	**1,806.3**	**1,809.8**	**1,797.3**
Liabilities												
45 Deposits	1,312.7	1,357.4	1,366.6	1,373.5	1,392.1	1,411.5	1,421.0	1,423.3	1,427.7	1,424.7	1,428.7	1,411.9
46 Transaction	283.0	276.6	275.3	276.5	276.5	280.6	286.2	278.9	282.2	278.1	284.4	276.2
47 Nontransaction	1,029.7	1,080.8	1,091.2	1,096.9	1,115.6	1,130.9	1,134.7	1,144.4	1,145.5	1,146.6	1,144.3	1,135.7
48 Large time	186.1	193.8	196.7	198.3	202.6	206.6	208.6	210.5	209.7	209.8	210.4	210.6
49 Other	843.6	887.0	894.5	898.7	913.0	924.3	926.1	933.9	935.8	936.8	933.9	925.1
50 Borrowings	169.3	199.0	201.0	208.7	209.2	207.5	214.5	219.9	218.6	219.6	219.1	222.7
51 From banks in the U.S.	79.3	93.7	92.4	94.0	91.7	89.6	89.5	90.2	87.5	89.2	91.1	93.1
52 From others	90.0	105.3	108.6	114.8	117.5	117.9	124.9	129.6	131.0	130.4	128.0	129.6
53 Net due to related foreign offices	3.0	4.3	3.5	3.4	4.3	4.5	4.5	5.1	4.2	5.0	4.8	5.8
54 Other liabilities	30.0	31.2	32.6	33.2	33.4	33.3	33.6	33.6	32.9	33.4	33.4	33.3
55 **Total liabilities**	**1,515.1**	**1,591.8**	**1,603.7**	**1,618.9**	**1,639.0**	**1,656.8**	**1,673.5**	**1,681.9**	**1,683.3**	**1,682.7**	**1,686.1**	**1,673.7**
56 Residual (assets less liabilities)[7]	127.2	124.9	127.6	128.3	128.5	128.0	126.8	122.8	121.8	123.6	123.8	123.5
MEMO												
57 Mortgage-backed securities[9]	54.1	65.2	64.9	65.2	67.5	66.2	66.3	68.7	68.3	68.6	68.6	69.0

Footnotes appear on p. A21.

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

E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	1999[r]						2000	2000			
	Jan.	July	Aug.	Sept.	Oct.	Nov	Dec.	Jan.	Jan. 5	Jan. 12	Jan. 19	Jan. 26
	Seasonally adjusted											
Assets												
1 Bank credit	583.2	522.7	524.0	519.2	527.8	548.6	556.5	547.6	548.3	546.3	545.5	554.5
2 Securities in bank credit	211.7	190.5	190.1	189.5	193.2	197.9	205.6	197.4	200.7	198.3	197.1	198.6
3 U.S. government securities	86.0	86.2	84.1	81.8	82.2	79.7	81.8	79.2	80.4	79.8	78.0	80.6
4 Other securities	125.7	104.2	106.0	107.7	111.1	118.2	123.8	118.1	120.3	118.5	119.1	118.0
5 Loans and leases in bank credit[2]	371.5	332.3	334.0	329.7	334.5	350.7	350.8	350.2	347.6	348.0	348.3	355.9
6 Commercial and industrial	213.8	193.3	195.4	197.2	198.9	200.8	195.6	195.8	193.3	194.7	196.7	196.9
7 Real estate	21.4	18.5	17.6	17.6	17.8	17.4	17.3	17.6	17.2	17.4	17.6	17.8
8 Security[3]	63.4	52.8	55.0	51.4	54.8	65.3	66.9	66.7	66.4	64.6	64.8	71.1
9 Other loans and leases	72.9	67.6	65.9	63.5	63.0	67.1	71.0	70.2	70.7	71.3	69.3	70.1
10 Interbank loans	29.4	27.5	25.7	22.9	22.9	22.8	25.5	26.2	27.2	26.6	23.6	25.8
11 Cash assets[4]	36.2	36.4	39.4	42.3	45.7	52.2	56.6	55.1	56.6	58.1	55.4	53.8
12 Other assets[5]	38.5	32.3	29.0	29.3	31.8	34.8	37.6	39.6	37.5	39.2	41.3	39.5
13 **Total assets**[6]	**687.0**	**618.7**	**617.9**	**613.4**	**627.9**	**658.2**	**675.9**	**668.2**	**669.4**	**670.0**	**665.4**	**673.4**
Liabilities												
14 Deposits	317.0	309.1	308.9	310.9	332.2	359.0	378.8	388.3	392.0	395.2	384.8	383.3
15 Transaction	11.8	10.9	11.0	10.9	11.5	11.3	11.5	11.2	10.5	11.1	11.2	11.5
16 Nontransaction	305.2	298.2	297.9	300.0	320.7	347.7	367.3	377.1	381.5	384.1	373.6	371.8
17 Borrowings	194.5	174.9	174.7	171.6	177.6	186.3	181.1	181.4	177.5	181.2	181.6	183.4
18 From banks in the U.S.	21.2	24.4	23.6	25.2	22.9	26.9	25.4	22.8	22.9	21.5	22.9	23.5
19 From others	173.3	150.5	151.2	146.4	154.7	159.3	155.7	158.6	154.6	159.6	158.7	159.9
20 Net due to related foreign offices	101.4	71.9	72.0	66.1	53.4	43.9	38.9	33.3	38.2	31.0	36.4	34.8
21 Other liabilities	75.0	62.7	61.7	64.6	65.8	67.3	70.5	67.7	65.5	67.2	67.0	67.5
22 **Total liabilities**	**687.9**	**618.5**	**617.3**	**613.2**	**629.0**	**656.4**	**669.4**	**670.6**	**673.2**	**674.6**	**669.8**	**669.0**
23 Residual (assets less liabilities)[7]	−.9	.1	.6	.2	−1.0	1.8	6.6	−2.5	−3.9	−4.7	−4.4	4.4
	Not seasonally adjusted											
Assets												
24 Bank credit	586.7	519.5	520.3	518.3	531.8	551.8	559.7	551.1	555.1	550.2	548.1	554.9
25 Securities in bank credit	211.9	188.8	188.8	188.8	196.0	201.0	204.7	197.8	201.1	199.3	196.7	198.1
26 U.S. government securities	85.7	85.7	83.1	80.8	82.1	80.1	82.1	78.9	80.3	80.1	77.7	79.3
27 Trading account	19.8	20.0	17.3	15.6	14.9	9.2	7.7	8.5	6.8	7.5	6.9	11.0
28 Investment account	65.9	65.8	65.8	65.2	67.2	70.9	74.4	70.5	73.5	72.6	70.8	68.3
29 Other securities	126.3	103.1	105.7	108.0	114.0	120.9	122.6	118.9	120.8	119.2	119.0	118.9
30 Trading account	77.5	60.8	64.9	69.7	75.0	80.7	80.7	76.0	78.1	76.6	76.3	75.1
31 Investment account	48.8	42.3	40.9	38.2	39.0	40.2	41.9	42.9	42.7	42.7	42.7	43.8
32 Loans and leases in bank credit[2]	374.7	330.7	331.5	329.5	335.8	350.8	355.0	353.3	354.1	350.9	351.4	356.8
33 Commercial and industrial	215.6	192.5	193.7	196.8	200.0	202.1	198.3	197.5	197.1	196.6	198.1	197.7
34 Real estate	21.6	18.3	17.5	17.6	18.0	17.6	17.4	17.7	17.4	17.6	17.7	17.9
35 Security[3]	63.3	52.4	55.0	51.6	54.5	64.5	67.4	66.7	67.1	64.3	65.0	70.4
36 Other loans and leases	74.2	67.4	65.2	63.5	63.3	66.5	71.9	71.4	72.6	72.4	70.6	70.8
37 Interbank loans	29.4	27.5	25.7	22.9	22.9	22.8	25.5	26.2	27.2	26.6	23.6	25.8
38 Cash assets[4]	36.6	36.3	39.0	42.0	46.3	53.0	59.0	55.8	58.4	59.0	56.4	54.2
39 Other assets[5]	38.8	31.6	29.6	29.7	31.7	35.0	39.1	39.8	38.1	39.9	41.2	39.3
40 **Total assets**[6]	**691.2**	**614.7**	**614.4**	**612.6**	**632.5**	**662.3**	**683.0**	**672.7**	**678.5**	**675.5**	**669.0**	**674.0**
Liabilities												
41 Deposits	314.5	306.7	306.3	310.4	332.2	358.4	383.2	385.0	390.2	391.5	380.1	381.1
42 Transaction	11.9	10.8	10.9	11.4	11.5	11.2	11.9	11.3	10.9	11.1	11.4	11.3
43 Nontransaction	302.5	295.9	295.4	299.1	320.7	347.2	371.3	373.8	379.3	380.4	368.7	369.8
44 Borrowings	194.5	174.9	174.7	171.6	177.6	186.3	181.1	181.4	177.5	181.2	181.6	183.4
45 From banks in the U.S.	21.2	24.4	23.6	25.2	22.9	26.9	25.4	22.8	22.9	21.5	22.9	23.5
46 From others	173.3	150.5	151.2	146.4	154.7	159.3	155.7	158.6	154.6	159.6	158.7	159.9
47 Net due to related foreign offices	104.1	69.3	69.9	64.5	55.2	46.6	44.0	35.1	41.9	32.6	37.2	38.2
48 Other liabilities	75.2	61.8	61.8	64.3	65.2	68.2	71.9	67.9	65.6	67.0	66.8	68.2
49 **Total liabilities**	**688.3**	**612.6**	**612.7**	**610.8**	**630.1**	**659.4**	**680.3**	**669.5**	**675.2**	**672.2**	**665.7**	**670.9**
50 Residual (assets less liabilities)[7]	3.0	2.1	1.7	1.8	2.3	2.9	2.7	3.2	3.3	3.2	3.3	3.1
MEMO												
51 Revaluation gains on off-balance-sheet items[8]	46.3	37.5	38.1	38.4	39.4	40.6	39.8	38.4	38.0	37.2	37.9	38.1
52 Revaluation losses on off-balance-sheet items[8]	42.8	36.2	36.3	37.4	38.1	39.4	38.7	37.9	37.1	36.5	37.1	37.3

Footnotes appear on p. A21.

NOTES TO TABLE 1.26

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

A. Commercial Paper

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					1999					
	1995	1996	1997	1998	1999	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 **All issuers**	**674,904**	**775,371**	**966,699**	**1,163,303**	**1,403,023**	**1,242,107**	**1,257,658**	**1,274,726**	**1,321,163**	**1,369,100**	**1,403,023**
Financial companies[1]											
2 Dealer-placed paper, total[2]	275,815	361,147	513,307	614,142	786,643	712,718	710,320	718,380	751,245	802,194	786,643
3 Directly placed paper, total[3]	210,829	229,662	252,536	322,030	337,240	277,570	290,228	293,381	296,998	299,777	337,240
4 Nonfinancial companies[4]	188,260	184,563	200,857	227,132	279,140	251,819	257,110	262,965	272,920	267,128	279,140

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

B. Bankers Dollar Acceptances[1]

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

Item	1996	1997	1998	1999
1 **Total amount of reporting banks' acceptances in existence**	**25,832**	**25,774**	**14,363**	**10,094**
2 Amount of other banks' eligible acceptances held by reporting banks	709	736	523	461
3 Amount of own eligible acceptances held by reporting banks (included in item 1)	7,770	6,862	4,884	4,261
4 Amount of eligible acceptances representing goods stored in, or shipped between, foreign countries (included in item 1)	9,361	10,467	5,413	3,498

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 55 institutions; includes U.S. chartered commerical banks (domestic and foreign offices), U.S. branches and agencies of foreign banks, and Edge and agreement corporations. The reporting group is revised every year.

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

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1997—Jan. 1	8.25	1997	8.44	1998—Jan.	8.50	1999—Jan.	7.75
Mar. 26	8.50	1998	8.35	Feb.	8.50	Feb.	7.75
		1999	8.00	Mar.	8.50	Mar.	7.75
1998—Sept. 30	8.25			Apr.	8.50	Apr.	7.75
Oct. 16	8.00	1997—Jan.	8.25	May	8.50	May	7.75
Nov. 18	7.75	Feb.	8.25	June	8.50	June	7.75
		Mar.	8.30	July	8.50	July	8.00
1999—July 1	8.00	Apr.	8.50	Aug.	8.50	Aug.	8.06
Aug. 25	8.25	May	8.50	Sept.	8.49	Sept.	8.25
Nov. 17	8.50	June	8.50	Oct.	8.12	Oct.	8.25
		July	8.50	Nov.	7.89	Nov.	8.37
2000—Feb. 3	8.75	Aug.	8.50	Dec.	7.75	Dec.	8.50
		Sept.	8.50				
		Oct.	8.50			2000—Jan.	8.50
		Nov.	8.50			Feb.	8.73
		Dec.	8.50				

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	1997	1998	1999	1999			2000	1999–2000, week ending				
				Oct.	Nov.	Dec.	Jan.	Dec. 31	Jan. 7	Jan. 14	Jan. 21	Jan. 28
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.46	5.35	4.97	5.20	5.42	5.30	5.45	5.01	4.72	5.62	5.59	5.43
2 Discount window borrowing[2,4]	5.00	4.92	4.62	4.75	4.86	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	5.57	5.40	5.09	5.28	5.37	5.97	5.59	5.71	5.54	5.56	5.61	5.64
4 2-month	5.57	5.38	5.14	5.30	5.82	5.91	5.67	5.73	5.59	5.66	5.69	5.71
5 3-month	5.56	5.34	5.18	5.88	5.81	5.87	5.74	5.78	5.66	5.71	5.77	5.79
Financial												
6 1-month	5.59	5.42	5.11	5.29	5.38	6.02	5.62	5.74	5.58	5.59	5.65	5.65
7 2-month	5.59	5.40	5.16	5.32	5.85	5.95	5.72	5.77	5.68	5.70	5.73	5.74
8 3-month	5.60	5.37	5.22	5.93	5.85	5.93	5.81	5.83	5.80	5.80	5.81	5.82
Commercial paper (historical)[3,5,7]												
9 1-month	5.54	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	5.58	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	5.62	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Finance paper, directly placed (historical)[3,5,8]												
12 1-month	5.44	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	5.48	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	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bankers acceptances[3,5,9]												
15 3-month	5.54	5.39	5.24	6.02	5.94	6.00	5.88	6.00	5.87	5.89	5.88	5.87
16 6-month	5.57	5.30	5.30	5.89	5.83	5.94	5.99	5.99	5.96	6.02	6.01	5.98
Certificates of deposit, secondary market[3,10]												
17 1-month	5.54	5.49	5.19	5.36	5.50	6.34	5.74	6.05	5.70	5.72	5.74	5.78
18 3-month	5.62	5.47	5.33	6.13	6.00	6.05	5.95	6.00	5.93	5.96	5.95	5.94
19 6-month	5.73	5.44	5.46	6.04	5.97	6.07	6.15	6.07	6.13	6.15	6.15	6.15
20 Eurodollar deposits, 3-month[3,11]	5.61	5.45	5.31	6.09	5.97	6.06	5.94	6.02	5.94	5.94	5.94	5.94
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	5.06	4.78	4.64	4.86	5.07	5.20	5.32	5.17	5.26	5.26	5.31	5.41
22 6-month	5.18	4.83	4.75	4.98	5.20	5.44	5.50	5.47	5.48	5.43	5.53	5.55
23 1-year	5.32	4.80	4.81	5.12	5.24	5.51	5.75	5.60	5.68	5.74	5.76	5.78
Auction high[3,5,12]												
24 3-month	5.07	4.81	4.66	4.88	5.07	5.23	5.34	5.30	5.36	5.24	5.35	5.39
25 6-month	5.18	4.85	4.76	4.98	5.17	5.43	5.52	5.51	5.59	5.42	5.54	5.52
26 1-year	5.36	4.85	4.78	5.12	5.17	5.35	5.65	n.a.	5.65	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.63	5.05	5.08	5.43	5.55	5.84	6.12	5.95	6.03	6.12	6.13	6.17
28 2-year	5.99	5.13	5.43	5.86	5.86	6.10	6.44	6.22	6.34	6.43	6.48	6.48
29 3-year	6.10	5.14	5.49	5.94	5.92	6.14	6.49	6.26	6.39	6.48	6.53	6.54
30 5-year	6.22	5.15	5.55	6.03	5.97	6.19	6.58	6.33	6.46	6.56	6.65	6.63
31 7-year	6.33	5.28	5.79	6.33	6.17	6.38	6.70	6.52	6.62	6.70	6.78	6.72
32 10-year	6.35	5.26	5.65	6.11	6.03	6.28	6.66	6.41	6.56	6.66	6.77	6.68
33 20-year	6.69	5.72	6.20	6.66	6.48	6.69	6.86	6.80	6.88	6.91	6.92	6.77
34 30-year	6.61	5.58	5.87	6.26	6.15	6.35	6.63	6.46	6.58	6.66	6.73	6.57
Composite												
35 More than 10 years (long-term)	6.67	5.69	6.14	6.60	6.42	6.63	6.81	6.75	6.82	6.86	6.89	6.73
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	5.32	4.93	5.28	5.78	5.77	5.82	5.91	5.85	5.86	5.93	5.93	5.92
37 Baa	5.50	5.14	5.70	6.23	6.23	6.25	6.38	6.29	6.31	6.40	6.42	6.39
38 *Bond Buyer* series[15]	5.52	5.09	5.43	5.92	5.86	5.95	6.08	6.00	6.04	6.11	6.09	6.08
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	7.54	6.87	7.45	7.93	7.73	7.87	8.06	7.96	8.02	8.08	8.14	7.99
Rating group												
40 Aaa	7.27	6.53	7.05	7.55	7.36	7.55	7.78	7.64	7.73	7.80	7.88	7.73
41 Aa	7.48	6.80	7.36	7.79	7.62	7.78	7.96	7.88	7.98	7.99	8.03	7.86
42 A	7.54	6.93	7.53	7.99	7.79	7.96	8.15	8.06	8.14	8.17	8.21	8.08
43 Baa	7.87	7.22	7.88	8.38	8.15	8.19	8.33	8.24	8.25	8.37	8.44	8.29
MEMO												
Dividend–price ratio[17]												
44 Common stocks	1.77	1.49	1.25	1.28	1.21	1.18	1.19	1.15	1.20	1.17	1.15	1.20

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 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	1997	1998	1999	1999								2000
				May	June	July	Aug.	Sept.	Oct	Nov.	Dec.	Jan.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	456.99	550.65	619.52	635.62	629.53	648.83	621.03	607.87	599.04	634.22	638.17	634.07
2 Industrial	574.97	684.35	775.29	791.72	783.96	809.33	778.82	769.47	753.94	791.41	808.28	814.73
3 Transportation	415.08	468.61	491.62	537.88	520.66	528.72	492.13	462.33	450.13	474.78	461.04	456.35
4 Utility	143.87	190.52	284.82	242.98	241.36	250.50	241.84	237.71	285.16	502.58	511.78	485.82
5 Finance	424.84	516.65	530.97	562.66	546.43	557.92	521.59	493.37	490.92	539.20	510.99	495.23
6 Standard & Poor's Corporation (1941–43 = 10)[1]	873.43	1,085.50	1,327.33	1,332.07	1,322.55	1,380.99	1,327.49	1,318.17	1,300.01	1,390.99	1,428.68	1,425.59
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	628.34	682.69	770.90	787.02	772.01	803.75	781.33	788.74	786.96	819.60	838.24	878.73
Volume of trading (thousands of shares)												
8 New York Stock Exchange	523,254	666,534	799,554	785,778	723,025	721,294	709,569	772,627	882,422	866,281	884,141	1,058,021
9 American Stock Exchange	24,390	28,870	32,629	35,241	28,806	25,754	27,795	32,540	35,762	33,330	41,076	47,530
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[3]	**126,090**	**140,980**	**228,530**	**177,984**	**176,930**	**178,360**	**176,390**	**179,316**	**182,272**	**206,280**	**228,530**	**243,490**
Free credit balances at brokers[4]												
11 Margin accounts[5]	31,410	40,250	55,130	41,250	42,865	44,330	44,230	47,125	51,040	49,480	55,130	57,800
12 Cash accounts	52,160	62,450	79,070	61,665	64,100	60,000	62,600	62,810	61,085	68,200	79,070	75,760
	Margin requirements (percent of market value and effective date)[6]											
	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 1997	Fiscal year 1998	Fiscal year 1999	Calendar year 1999 Aug.	1999 Sept.	1999 Oct.	1999 Nov.	1999 Dec.	2000 Jan.
U.S. budget[1]									
1 Receipts, total	1,579,292	1,721,798	1,827,454	126,324	200,396	121,035	121,375	201,196	189,478
2 On-budget	1,187,302	1,305,999	1,382,986	91,554	161,304	89,009	86,909	162,772	143,838
3 Off-budget	391,990	415,799	444,468	34,770	39,092	32,026	34,466	38,424	45,640
4 Outlays, total	1,601,235	1,652,552	1,703,040	129,127	142,341	147,701	148,408	168,114	127,326
5 On-budget	1,290,609	1,335,948	1,382,262	97,984	107,222	119,506	116,388	165,504	97,451
6 Off-budget	310,626	316,604	320,778	31,143	35,119	28,196	32,020	2,611	29,875
7 Surplus or deficit (−), total	−21,943	69,246	124,414	−2,803	58,055	−26,667	−27,032	33,081	62,152
8 On-budget	−103,307	−29,949	724	−6,430	54,082	−30,497	−29,479	−2,732	46,387
9 Off-budget	81,364	99,195	123,690	3,627	3,973	3,830	2,446	35,813	15,765
Source of financing (total)									
10 Borrowing from the public	38,171	−51,211	−88,304	26,470	−47,718	5,754	6,132	35,749	−83,985
11 Operating cash (decrease, or increase (−))	604	4,743	−17,580	3,160	−20,069	8,891	41,488	−77,248	20,592
12 Other[2]	−16,832	−22,778	−18,530	−26,827	9,732	12,022	−20,588	8,418	1,241
MEMO									
13 Treasury operating balance (level, end of period)	43,621	38,878	56,458	36,389	56,458	47,567	6,079	83,327	62,735
14 Federal Reserve Banks	7,692	4,952	6,641	5,559	6,641	4,527	5,025	28,402	6,119
15 Tax and loan accounts	35,930	33,926	49,817	30,831	49,817	43,040	1,054	54,925	56,615

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

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

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

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1998	1999	1998		1999		1999		2000
			H1	H2	H1	H2	Nov.	Dec.	Jan.
RECEIPTS									
1 **All sources**	**1,721,798**	**1,827,454**	**922,630**	**825,057**	**966,045**	**892,249**	**121,375**	**201,196**	**189,478**
2 Individual income taxes, net	828,586	879,480	447,514	392,332	481,527	425,451	57,477	94,535	111,306
3 Withheld	646,483	693,940	316,309	339,144	351,068	372,012	59,668	88,311	65,922
4 Nonwithheld	281,527	308,185	219,136	65,204	240,278	68,302	2,298	7,373	46,556
5 Refunds	99,476	122,706	87,989	12,032	109,467	14,841	4,490	1,149	1,173
Corporation income taxes									
6 Gross receipts	213,008[r]	216,324	109,353	104,163	106,861	110,111	3,461	46,486	7,135
7 Refunds	24,593	31,645	14,220	14,250	17,092	13,996	1,809	1,540	1,800
8 Social insurance taxes and contributions, net	571,831	611,833	312,713	268,466	324,831	292,551	49,013	48,421	60,484
9 Employment taxes and contributions[2]	540,014	580,880	293,520	256,142	306,235	280,059	45,759	47,742	58,819
10 Unemployment insurance	27,484	26,480	17,080	10,121	16,378	10,173	2,868	266	1,319
11 Other net receipts[3]	4,333	4,473	2,112	2,202	2,216	2,319	386	412	346
12 Excise taxes	57,673	70,414	29,922	33,366	31,015	34,249	6,072	5,709	5,316
13 Customs deposits	18,297	18,336	8,546	9,838	8,440	10,287	1,621	1,612	1,457
14 Estate and gift taxes	24,076	27,782	12,971	12,359	14,915	14,001	2,465	2,575	2,116
15 Miscellaneous receipts[4]	32,658	34,929	15,829	18,735	15,140	19,565	3,075	3,398	3,464
OUTLAYS									
16 **All types**	**1,652,552**	**1,703,040**	**815,884**	**877,414**	**817,235**	**882,777**	**148,408**	**168,114**	**127,326**
17 National defense	268,456	274,873	129,351	140,196	134,414	149,820	23,224	31,261	17,581
18 International affairs	13,109	15,243	4,610	8,297	6,879	8,530	1,522	3,527	1,404
19 General science, space, and technology	18,219	18,125	9,426	10,142	9,319	10,089	1,661	1,853	1,229
20 Energy	1,270	912	957	699	797	−90	−199	32	94
21 Natural resources and environment	22,396	23,968	10,051	12,671	10,351	12,098	2,078	2,350	1,490
22 Agriculture	12,206	23,011	2,387	16,757	9,803	20,887	7,401	4,362	4,213
23 Commerce and housing credit	1,014	2,647	−2,483	4,046	−1,629	7,351	505	−696	−1,336
24 Transportation	40,332	42,531	16,196	20,836	17,082	22,971	3,890	3,858	3,112
25 Community and regional development	9,720	11,870	4,863	6,972	5,368	7,135	1,244	1,300	270
26 Education, training, employment, and social services	54,919	56,402	25,928	27,762	29,003	27,532	4,070	5,593	4,788
27 Health	131,440	141,079	65,053	67,838	69,320	74,490	12,124	13,462	11,575
28 Social security and Medicare	572,047	580,488	286,305	316,809	261,146	295,030	48,686	52,720	45,336
29 Income security	233,202	237,707	125,196	109,481	126,552	113,504	18,216	23,747	16,565
30 Veterans benefits and services	41,781	43,212	19,615	22,750	20,105	23,412	3,795	5,320	1,991
31 Administration of justice	22,832	25,924	11,287	12,041	13,149	13,459	2,579	2,163	2,224
32 General government	13,444	15,758	6,139	9,136	6,650	6,993	646	1,974	490
33 Net interest[5]	243,359	229,735	122,345	116,954	116,655	112,420	20,410	18,328	19,428
34 Undistributed offsetting receipts[6]	−47,194	−40,445	−21,340	−25,793	−17,724	−22,850	−3,441	−3,040	−3,129

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 2001*; 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	1997	1998				1999			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec 31
1 **Federal debt outstanding**	**5,536**	**5,573**	**5,578**	**5,556**	**5,643**	**5,681**	**5,668**	**5,685**	**29**
2 Public debt securities	5,502	5,542	5,548	5,526	5,614	5,652	5,639	5,656	5,776
3 Held by public	3,847	3,872	3,790	3,761	3,787	3,795	3,685	3,667	3,716
4 Held by agencies	1,656	1,670	1,758	1,766	1,827	1,857	1,954	1,989	2,061
5 Agency securities	34	31	30	29	29	29	29	29	29
6 Held by public	27	26	26	26	29	28	28	28	28
7 Held by agencies	7	5	4	4	1	1	1	1	1
8 **Debt subject to statutory limit**	**5,417**	**5,457**	**5,460**	**5,440**	**5,530**	**5,566**	**5,552**	**5,568**	**5,687**
9 Public debt securities	5,416	5,456	5,460	5,439	5,530	5,566	5,552	5,568	5,687
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	5,950	5,950	5,950	5,950	5,950	5,950	5,950	5,950	5,950

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

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

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

Billions of dollars, end of period

Type and holder	1996	1997	1998	1999	1999			
					Q1	Q2	Q3	Q4
1 **Total gross public debt**	**5,323.2**	**5,502.4**	**5,614.2**	**.0**	**5,651.6**	**5,638.8**	**5,656.3**	**5,776.1[r]**
By type								
2 Interest-bearing	5,317.2	5,494.9	5,605.4	5,766.1	5,643.1	5,629.5	5,647.2	5,766.1
3 Marketable	3,459.7	3,456.8	3,355.5	3,281.0	3,361.3	3,248.5	3,233.0	3,281.0
4 Bills	777.4	715.4	691.0	737.1	725.5	647.8	653.2	737.1
5 Notes	2,112.3	2,106.1	1,960.7	1,784.5	1,912.0	1,868.5	1,828.8	1,784.5
6 Bonds	555.0	587.3	621.2	643.7	632.5	632.5	643.7	643.7
7 Inflation-indexed notes and bonds[1]	n.a.	33.0	50.6	68.2	59.2	59.9	67.6	68.2
8 Nonmarketable[2]	1,857.5	2,038.1	2,249.9	2,485.1	2,281.8	2,381.0	2,414.2	2,485.1
9 State and local government series	101.3	124.1	165.3	165.7	167.5	172.6	168.1	165.7
10 Foreign issues[3]	37.4	36.2	34.3	31.3	33.5	30.9	31.0	31.3
11 Government	47.4	36.2	34.3	31.3	33.5	30.9	31.0	31.3
12 Public	.0	.0	.0	0	.0	.0	.0	.0
13 Savings bonds and notes	182.4	181.2	180.3	179.4	180.6	180.0	180.0	179.4
14 Government account series[4]	1,505.9	1,666.7	1,840.0	2,078.7	1,870.2	1,967.5	2,005.2	2,078.7
15 Non-interest-bearing	6.0	7.5	8.8	10.0	8.5	9.3	9.0	10.0
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,497.2	1,655.7	1,826.8	2,060.6	1,857.1	1,953.6	1,989.1	2,060.6
17 Federal Reserve Banks	410.9	451.9	471.7	477.7	464.5	493.8	496.5	477.7
18 Private investors	3,431.2	3,414.6	3,334.0	3,234.2	3,327.6	3,199.3	3,175.6	3,234.2
19 Depository institutions	296.6	300.3	237.3	n.a.	246.5	240.6	240.6	n.a.
20 Mutual funds	315.8	321.5	343.2	n.a	351.8	335.4	332.6	n.a.
21 Insurance companies	214.1	176.6	144.6	n.a.	143.8	142.5	138.2	n.a
22 State and local treasuries[6]	257.0	239.3	269.3	n.a.	272.5	279.1	271.6	n.a.
Individuals								
23 Savings bonds	187.0	186.5	186.7	186.5	186.6	186.6	186.6	186.5
24 Pension funds	392.7	421.0	434.7	n.a.	438.3	449.1	444.9	n.a.
25 Private	189.2	204.1	218.1	n.a.	220.0	226.6	228.3	n.a.
26 State and Local	203.5	216.9	216.6	n.a.	218.3	222.5	216.6	n.a.
27 Foreign and international[7]	1,102.1	1,241.6	1,278.7	1,268.7	1,272.1	1,258.6	1,281.3	1,268.7
28 Other miscellaneous investors[6,8]	665.9	527.9	439.6	n.a.	416.6	307.4	279.8	n.a.

1. The U.S. Treasury first issued inflation-indexed securities during the first quarter of 1997.
2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. 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.
7. 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.
8. Includes individuals, government-sponsored enterprises, brokers and dealers, bank personal trusts and estates, corporate and noncorporate businesses, and other investors.

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

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

Millions of dollars, daily averages

Item	1999			1999, week ending					2000, week ending			
	Oct.	Nov.	Dec.	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	23,806	33,394	32,151	43,667	33,708	27,468	31,651	34,003	30,830	28,132	26,516	23,388
Coupon securities, by maturity												
2 Five years or less	90,839	100,867	72,671	88,378	84,403	81,589	82,090	37,615	77,282	99,003	93,941	120,711
3 More than five years	57,462	64,960	42,039	63,933	54,023	48,984	44,004	16,996	41,462	64,020	65,701	76,617
4 Inflation-indexed	1,096	750	481	666	572	575	315	318	743	2,950	1,309	827
Federal agency												
5 Discount notes	45,499	48,022	44,156	45,494	49,761	43,040	41,715	43,577	39,820	43,264	48,908	48,762
Coupon securities, by maturity												
6 One year or less	847	793	792	1,035	910	695	971	589	683	1,905	1,779	1,716
7 More than one year, but less than or equal to five years	6,420	5,878	4,356	4,758	6,739	3,972	4,506	2,071	4,500	10,158	7,655	9,228
8 More than five years	3,874	4,092	2,886	2,574	2,961	6,025	2,159	894	1,810	14,777	4,311	5,897
9 Mortgage-backed	63,248	55,736	43,291	37,444	86,488	49,435	28,244	10,951	41,333	96,924	74,707	46,093
By type of counterparty												
With interdealer broker												
10 U.S. Treasury	93,305	107,232	77,746	106,097	94,137	83,392	81,486	45,922	78,684	97,212	98,129	111,093
11 Federal agency	4,969	4,907	3,788	4,066	5,093	3,884	3,690	2,597	3,372	6,498	5,476	6,697
12 Mortgage-backed	21,540	20,443	16,453	16,416	32,077	18,734	11,990	3,223	15,946	32,779	28,794	20,734
With other												
13 U.S. Treasury	79,898	92,740	69,595	90,548	78,569	75,224	76,573	43,008	71,633	96,893	89,337	110,452
14 Federal agency	51,671	53,879	48,403	49,796	55,277	49,848	45,660	44,533	43,442	63,604	57,177	58,906
15 Mortgage-backed	41,708	35,294	26,838	21,029	54,411	30,701	16,254	7,728	25,386	64,145	45,914	25,359
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
16 U.S. Treasury bills	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a	n.a	n.a.	0	n.a.
Coupon securities, by maturity												
17 Five years or less	2,543	3,290	3,357	5,355	5,427	4,078	3,085	668	2,782	3,550	2,921	3,222
18 More than five years	12,576	16,051	12,101	22,842	17,396	11,562	13,542	4,105	11,224	16,249	19,068	19,182
19 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
20 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
21 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
22 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0	0
23 More than five years	0	0	0	0	0	0	0	0	0	0	0	0
24 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
25 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
26 Five years or less	1,039	1,823	1,046	1,376	1,496	677	1,466	456	1,105	1,676	1,623	1,439
27 More than five years	3,802	4,785	3,837	4,203	3,380	3,663	4,932	2,789	5,118	7,460	3,941	4,987
28 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
29 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
30 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
31 More than one year, but less than or equal to five years	0	0	0	n.a.	n.a.	n.a.	0	0	n.a.	0	0	n.a.
32 More than five years	0	0	0	0	0	0	n.a.	0	n.a.	0	0	0
33 Mortgage-backed	498	671	517	361	761	555	503	312	432	370	1,203	590

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

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

Millions of dollars

Item	1999 Oct.	1999 Nov.	1999 Dec.	1999, week ending Dec 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29	2000, week ending Jan. 5	Jan. 12	Jan. 19
						Positions[2]					
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	7,071	9,579	21,386	10,823	19,084	27,359	23,356	16,191	25,113	22,050	11,137
Coupon securities, by maturity											
2 Five years or less	−33,679	−28,880	−24,620	−29,331	−29,504	−25,835	−18,437	−21,275	−34,261	−42,507	−43,659
3 More than five years	−22,651	−23,250	−29,848	−25,728	−31,604	−26,904	−29,629	−31,002	−32,798	−32,520	−33,589
4 Inflation-indexed	3,781	3,164	2,438	3,030	2,814	2,577	2,317	2,041	2,150	2,739	3,303
Federal agency											
5 Discount notes	40,900	43,941	45,011	43,663	47,233	46,687	40,705	44,790	47,888	37,799	38,342
Coupon securities, by maturity											
6 One year or less	6,085	6,270	5,436	7,344	5,753	5,256	5,495	5,043	5,179	6,271	6,797
7 More than one year, but less than or equal to five years	4,438	4,533	1,910	3,416	4,147	2,822	368	114	1,824	6,276	8,669
8 More than five years	2,913	3,464	2,707	3,403	3,123	2,855	2,305	2,187	3,606	7,382	7,414
9 Mortgage-backed	20,356	23,743	25,603	21,490	24,714	27,783	24,679	26,331	23,834	24,008	27,317
NET FUTURES POSITIONS[4]											
By type of deliverable security											
10 U.S. Treasury bills	n.a.	n.a.	0	n.a.	n.a.	0	n.a.	n.a.	n.a.	n.a.	n.a.
Coupon securities, by maturity											
11 Five years or less	10,122	4,304	7,115	7,879	8,087	5,950	6,602	6,865	10,084	13,989	12,347
12 More than five years	9,652	324	408	30	189	−2,441	1,360	1,455	4,336	7,687	10,229
13 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
14 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
15 One year or less	0	0	0	0	0	0	0	0	0	0	0
16 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0
17 More than five years	0	0	0	0	0	0	0	0	0	0	0
18 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
NET OPTIONS POSITIONS											
By type of deliverable security											
19 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
20 Five years or less	−1,669	−594	−1,927	−1,794	−1,663	−920	−2,237	−2,483	−3,413	−4,289	−4,939
21 More than five years	−3,571	−1,103	−11	−951	253	526	−655	593	−2,202	−3,562	−3,911
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	69	175	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0	0
26 More than five years	28	29	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27 Mortgage-backed	1,011	−272	1,260	535	1,117	1,005	1,439	1,360	2,043	1,804	2,498
						Financing[5]					
Reverse repurchase agreements											
28 Overnight and continuing	288,446	288,146	260,169	303,968	273,027	272,027	250,497	237,547	264,786	273,333	286,065
29 Term	806,146	799,629	847,806	770,619	825,534	861,296	884,556	881,410	670,899	735,505	718,016
Securities borrowed											
30 Overnight and continuing	255,880	239,510	224,527	237,180	232,345	229,317	216,402	220,331	217,192	225,106	245,091
31 Term	96,565	97,728	117,116	95,703	99,839	109,328	128,040	130,567	130,230	122,843	105,809
Securities received as pledge											
32 Overnight and continuing	2,395	1,965	1,647	1,825	1,674	1,588	1,653	n.a.	n.a.	n.a.	n.a.
33 Term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Repurchase agreements											
34 Overnight and continuing	694,423	673,755	647,385	697,741	670,499	682,401	644,426	587,167	639,876	670,637	708,930
35 Term	683,085	715,763	761,776	688,027	727,690	762,671	795,103	823,824	581,011	626,160	601,385
Securities loaned											
36 Overnight and continuing	9,040	9,049	8,843	8,661	8,599	8,949	9,086	9,012	7,970	8,711	9,012
37 Term	7,090	6,744	7,283	6,633	6,642	7,055	7,277	8,040	8,026	7,855	6,544
Securities pledged											
38 Overnight and continuing	54,712	50,099	49,236	49,781	49,688	52,467	48,797	46,612	46,789	44,444	50,609
39 Term	8,382	6,745	10,713	5,989	6,746	8,343	13,601	13,866	14,118	13,837	8,608
Collateralized loans											
40 Total	25,763	23,590	14,892	18,639	8,831	9,742	13,434	23,821	26,109	22,766	17,113

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	1995	1996	1997	1998	1999				
					July	Aug	Sept.	Oct.	Nov.
1 **Federal and federally sponsored agencies**	**844,611**	**925,823**	**1,022,609**	**1,296,477**	**1,457,925**	**1,491,900**	**1,525,916**	n.a.	
2 Federal agencies	37,347	29,380	27,792	26,502	26,204	26,107	26,384	28,218	
3 Defense Department[1]	6	6	6	6	6	6	6	6	
4 Export-Import Bank[2,3]	2,050	1,447	552	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration[4]	97	84	102	205	105	109	114	126	
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
7 Postal Service[6]	5,765	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
8 Tennessee Valley Authority	29,429	27,853	27,786	26,496	26,198	26,101	26,378	28,212	
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
10 Federally sponsored agencies[7]	807,264	896,443	994,817	1,269,975	1,431,721	1,465,793	1,499,532	n.a.	
11 Federal Home Loan Banks	243,194	263,404	313,919	382,131	444,775	458,320	481,639	489,401	502,842
12 Federal Home Loan Mortgage Corporation	119,961	156,980	169,200	287,396	334,575	340,972	341,144	352,487	357,317
13 Federal National Mortgage Association	299,174	331,270	369,774	460,291	502,653	517,200	524,880	527,403	540,364
14 Farm Credit Banks[8]	57,379	60,053	63,517	63,488	66,922	67,269	67,938	68,338	67,654
15 Student Loan Marketing Association[9]	47,529	44,763	37,717	35,399	40,843	40,310	41,921	44,224	44,402
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**78,681**	**58,172**	**49,090**	**44,129**	**39,901**	**39,341**	**43,116**	**42,466**	
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	2,044	1,431	552						
21 Postal Service[6]	5,765	n.a.	n.a.						
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	3,200	n.a.	n.a.						
24 United States Railway Association[6]	n.a.	n.a.	n.a.						
Other lending[14]									
25 Farmers Home Administration	21,015	18,325	13,530	9,500	7,445	7,270	7,125	7,035	
26 Rural Electrification Administration	17,144	16,702	14,898	14,091	13,944	13,969	13,885	13,998	
27 Other	29,513	21,714	20,110	20,538	18,512	18,102	22,106	21,433	

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	1997	1998	1999	1999 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	2000 Jan.
1 **All issues, new and refunding**[1]	**214,694**	**262,342**	**215,427**	**23,428**	**18,671**	**15,746**	**18,433**	**17,497**	**17,428**	**14,751**	**8,969**
By type of issue											
2 General obligation	69,934	87,015	73,308	10,997	6,206	4,268	5,171	4,183	4,996	3,715	3,454
3 Revenue	134,989	175,327	142,120	12,431	12,465	11,478	13,262	13,314	12,433	11,035	5,516
By type of issuer											
4 State	18,237	23,506	16,376	1,236	2,194	911	2,341	1,753	929	834	863
5 Special district or statutory authority[2]	134,919	178,421	152,418	18,414	13,572	11,578	13,449	12,186	12,613	10,640	5,784
6 Municipality, county, or township	70,558	60,173	46,634	3,779	2,906	3,257	2,642	3,557	3,886	3,277	2,322
7 **Issues for new capital**	**135,519**	**160,568**	**161,065**	**19,509**	**12,172**	**12,530**	**14,973**	**14,908**	**14,084**	**11,475**	**8,009**
By use of proceeds											
8 Education	31,860	36,904	36,563	3,793	3,415	2,842	2,885	2,049	2,732	3,095	2,189
9 Transportation	13,951	19,926	17,394	1,650	1,264	1,955	1,886	1,674	892	1,201	1,064
10 Utilities and conservation	12,219	21,037	15,098	1,594	535	1,038	1,976	1,176	1,893	1,008	588
11 Social welfare	27,794	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	6,667	8,594	9,099	739	850	585	1,271	726	668	707	89
13 Other purposes	35,095	42,450	47,896	7,195	2,729	3,255	3,941	4,509	5,213	3,141	2,885

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	1997	1998	1999	1999 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 **All issues**[1]	**929,256**	**1,128,491**	**1,073,107**	**110,475**	**96,608**	**96,608**	**83,466**	**82,414**	**58,613**	**85,015**[r]	**50,615**
2 **Bonds**[2]	**811,376**	**1,001,736**	**941,309**	**94,713**	**88,338**	**83,546**	**75,708**	**75,807**	**47,103**	**61,033**	**42,487**
By type of offering											
3 Sold in the United States	708,188	923,771	818,684	86,730	79,031	69,451	63,383	65,679	37,721	53,908	36,499
4 Sold abroad	103,188	77,965	122,615	7,983	9,306	14,095	12,325	10,128	9,382	7,125	5,989
MEMO											
5 Private placements, domestic	54,990	37,845	n.a.	5,022	6,441	2,133	1,670	1,372	1,467	n.a.	n.a.
By industry group											
6 Nonfinancial	222,603	307,935	293,974	32,843	24,531	25,526	22,704	20,655	13,990	24,283	14,625
7 Financial	588,773	693,801	647,335	61,870	63,807	58,020	53,005	55,151	33,112	36,750	27,863
8 **Stocks**[3]	**117,880**	**126,755**	**131,367**	**15,762**	**8,270**	**13,062**	**7,758**	**6,607**	**11,510**	**23,982**[r]	**8,128**
By type of offering											
9 Public	117,880	126,755	131,367	15,762	8,270	13,062	7,758	6,607	11,510	23,982[r]	8,128
10 Private placement[4]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	60,386	74,113	110,671	10,425	6,436	11,589	6,379	5,647	10,961	22,610[r]	7,838
12 Financial	57,494	52,642	20,696	5,337	1,834	1,473	1,379	960	549	1,372[r]	290

1. Figures represent gross proceeds of issues maturing in more than one year; they are the principal amount or number of units calculated by multiplying by the offering price. Figures exclude secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data include 144(a) offerings.
3. Monthly data cover only public offerings.
4. Data are not available.

SOURCE. Securities Data Company and the Board of Governors of the Federal Reserve System.

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

Millions of dollars

Item	1998	1999	1999							2000
			June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 **Sales of own shares**[2]	**1,461,430**	**1,791,894**	**138,502**	**140,926**	**132,991**	**132,226**	**140,738**	**155,490**	**185,898**	**225,367**
2 Redemptions of own shares	1,217,022	1,621,987	117,953	128,173	125,908	126,207	124,052	143,688	178,855	204,639
3 Net sales[3]	244,408	169,906	20,550	12,754	7,084	6,019	16,686	11,801	7,042	20,728
4 **Assets**[4]	**4,173,531**	**5,233,191**	**4,650,385**	**4,585,131**	**4,548,784**	**4,498,964**	**4,705,746**	**4,874,733**	**5,233,191**	**5,109,386**
5 Cash[5]	191,393	219,189	214,779	209,061	209,349	209,709	225,762	214,751	219,189	221,964
6 Other	3,982,138	5,014,002	4,435,607	4,376,070	4,339,435	4,289,255	4,479,985	4,659,982	5,014,002	4,887,422

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	1997	1998	1999	1998				1999			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Profits with inventory valuation and capital consumption adjustment	837.9	846.1	n.a.	858.3	847.9	843.8	834.3	882.0	875.5	879.2	n.a.
2 Profits before taxes	795.9	781.9	n.a.	788.9	792.0	780.1	766.7	818.1	835.8	853.8	n.a.
3 Profits-tax liability	238.3	240.2	n.a.	239.9	241.1	244.3	235.6	248.0	254.4	259.4	n.a.
4 Profits after taxes	557.6	541.7	n.a.	548.9	550.9	535.8	531.0	570.1	581.4	594.3	n.a.
5 Dividends	333.7	348.6	364.7	346.5	347.3	348.4	352.2	356.4	361.5	367.3	373.5
6 Undistributed profits	223.9	193.1	n.a.	202.5	203.6	187.4	178.8	213.7	219.9	227.0	n.a.
7 Inventory valuation	7.4	20.9	n.a.	29.5	13.6	19.8	20.8	13.3	−13.6	−26.7	n.a.
8 Capital consumption adjustment	34.6	43.3	52.0	39.9	42.4	43.9	46.9	50.6	53.2	52.1	52.1

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1996	1997	1998	1998			1999		
				Q2	Q3	Q4	Q1	Q2	Q3
ASSETS									
1 Accounts receivable, gross[2]	637.1	663.3	711.7	676.0	687.6	711.7	733.8	756.5	776.5
2 Consumer	244.9	256.8	261.8	251.3	254.0	261.8	261.7	269.2	271.3
3 Business	309.5	318.5	347.5	334.9	335.1	347.5	362.8	373.7	382.9
4 Real estate	82.7	87.9	102.3	89.9	98.5	102.3	109.2	113.5	122.3
5 LESS Reserves for unearned income	55.6	52.7	56.3	53.2	52.4	56.3	52.9	53.4	54.0
6 Reserves for losses	13.1	13.0	13.8	13.2	13.2	13.8	13.4	13.4	13.6
7 Accounts receivable, net	568.3	597.6	641.6	609.6	622.0	641.6	667.6	689.7	708.8
8 All other	290.0	312.4	337.9	340.1	313.7	337.9	363.3	373.2	368.6
9 **Total assets**	**858.3**	**910.0**	**979.5**	**949.7**	**935.7**	**979.5**	**1,030.8**	**1,062.9**	**1,077.4**
LIABILITIES AND CAPITAL									
10 Bank loans	19.7	24.1	26.3	22.3	24.9	26.3	24.8	25.1	27.0
11 Commercial paper	177.6	201.5	231.5	225.9	226.9	231.5	222.9	231.0	205.3
Debt									
12 Owed to parent	60.3	64.7	61.8	60.0	58.3	61.8	64.6	65.4	84.7
13 Not elsewhere classified	332.5	328.8	339.7	348.7	337.6	339.7	366.7	383.1	396.2
14 All other liabilities	174.7	189.6	203.2	188.9	185.4	203.2	220.3	226.1	216.0
15 Capital, surplus, and undivided profits	93.5	101.3	117.0	103.9	103.6	117.0	131.5	132.2	148.2
16 **Total liabilities and capital**	**858.3**	**910.0**	**979.5**	**949.7**	**936.6**	**979.5**	**1,030.8**	**1,062.9**	**1,077.4**

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

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

	Type of credit	1997	1998	1999	1999					
					July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
		Seasonally adjusted								
1	**Total**	**810.5**	**875.8**	**175.7**	**954.7**	**967.4**	**972.8**	**978.5**	**984.4**	**990.8**
2	Consumer	327.9	352.8	175.7	375.9	380.8	381.9	384.0	385.2	381.2
3	Real estate	121.1	131.4	152.7	144.2	146.7	148.9	149.3	152.7	154.7
4	Business	361.5	391.6	446.5	434.6	439.9	442.0	445.1	446.5	455.0
		Not seasonally adjusted								
5	**Total**	**818.1**	**884.0**	**177.4**	**948.9**	**962.2**	**968.4**	**976.7**	**985.9**	**1,000.1**
6	Consumer	330.9	356.1	177.4	378.1	382.0	383.1	384.5	386.5	384.7
7	Motor vehicles loans	87.0	103.1	114.5	108.5	112.7	109.5	110.2	111.6	114.5
8	Motor vehicle leases	96.8	93.3	99.1	97.0	98.3	98.1	98.4	99.1	98.3
9	Revolving[2]	38.6	32.3	30.0	32.8	33.0	30.7	31.5	30.5	30.0
10	Other[3]	34.4	33.1	32.9	32.0	31.6	32.8	32.4	33.2	32.9
	Securitized assets[4]									
11	Motor vehicle loans	44.3	54.8	74.6	68.3	68.0	73.5	74.1	74.6	71.1
12	Motor vehicle leases	10.8	12.7	10.0	11.1	10.8	10.6	10.3	10.0	9.7
13	Revolving	.0	8.7	10.2	9.9	9.4	10.2	10.1	10.2	10.5
14	Other	19.0	18.1	17.4	18.4	18.1	17.8	17.6	17.4	17.7
15	Real estate	121.1	131.4	152.7	144.2	146.7	148.9	149.3	152.7	154.7
16	One- to four-family	59.0	75.7	89.4	83.6	86.0	87.7	87.7	89.4	88.2
17	Other	28.9	26.6	37.1	33.1	33.7	34.6	35.1	37.1	38.3
	Securitized real estate assets[4]									
18	One- to four-family	33.0	29.0	25.9	27.2	26.8	26.5	26.2	25.9	28.0
19	Other	.2	.1	.2	.2	.2	.2	.2	.2	.2
20	Business	366.1	396.5	446.6	426.7	433.5	436.3	442.9	446.6	460.7
21	Motor vehicles	63.5	79.6	85.4	78.8	78.6	80.3	84.3	85.4	87.8
22	Retail loans	25.6	28.1	33.7	31.7	33.3	34.5	34.9	33.7	33.2
23	Wholesale loans[5]	27.7	32.8	32.6	27.9	26.8	26.8	30.3	32.6	34.7
24	Leases	10.2	18.7	19.2	19.3	18.5	19.0	19.1	19.2	19.9
25	Equipment	203.9	198.0	210.8	208.5	210.5	208.0	210.7	210.8	222.9
26	Loans	51.5	50.4	49.1	52.9	53.1	48.2	49.4	49.1	57.3
27	Leases	152.3	147.6	161.6	155.6	157.4	159.8	161.3	161.6	165.7
28	Other business receivables[6]	51.1	69.9	98.2	89.2	92.7	94.7	97.1	98.2	95.4
	Securitized assets[4]									
29	Motor vehicles	33.0	29.2	30.6	28.4	30.4	31.0	28.8	30.6	31.5
30	Retail loans	2.4	2.6	3.0	2.8	2.7	2.6	2.5	3.0	2.9
31	Wholesale loans	30.5	24.7	25.6	23.5	25.7	26.4	24.3	25.6	26.4
32	Leases	.0	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.1
33	Equipment	10.7	13.0	14.0	13.8	13.5	14.6	14.3	14.0	14.6
34	Loans	4.2	6.6	7.4	7.1	6.9	7.7	7.6	7.4	7.9
35	Leases	6.5	6.4	6.6	6.7	6.6	6.9	6.8	6.6	6.8
36	Other business receivables[6]	4.0	6.8	7.7	7.9	7.8	7.7	7.7	7.7	8.4

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

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

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

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

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

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

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

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

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1997	1998	1999	1999 July	1999 Aug.	1999 Sept.	1999 Oct.	1999 Nov.	1999 Dec.	2000 Jan.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	180.1	195.2	210.7	207.6	213.8	210.3	214.4	220.8	216.3	223.7
2 Amount of loan (thousands of dollars)	140.3	151.1	161.7	158.2	163.1	161.8	165.1	167.0	167.2	169.9
3 Loan-to-price ratio (percent)	80.4	80.0	78.7	78.6	78.3	78.8	79.0	77.4	78.6	77.9
4 Maturity (years)	28.2	28.4	28.8	28.5	28.5	29.1	29.1	29.0	29.0	29.1
5 Fees and charges (percent of loan amount)[2]	1.02	.89	.77	.83	.68	.64	.71	.73	.71	.75
Yield (percent per year)										
6 Contract rate[1]	7.57	6.95	6.94	7.16	6.99	6.99	7.06	7.13	7.18	7.34
7 Effective rate[1,3]	7.73	7.08	7.06	7.29	7.09	7.09	7.17	7.24	7.28	7.45
8 Contract rate (HUD series)[4]	7.76	7.00	7.45	7.75	7.87	7.76	7.77	7.79	7.95	8.21
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	7.89	7.04	7.74	8.00	8.10	8.05	8.02	8.06	8.55	8.56
10 GNMA securities[6]	7.26	6.43	7.03	7.28	7.53	7.42	7.52	7.37	7.58	7.84
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	316,678	414,515	523,941	480,651	495,302	504,938	509,990	518,337	523,941	527,977
12 FHA/VA insured	31,925	33,770	55,318	44,132	47,846	49,456	50,639	52,632	55,318	57,369
13 Conventional	284,753	380,745	468,623	436,519	447,456	455,482	459,351	465,705	468,623	470,608
14 Mortgage transactions purchased (during period)	70,465	188,448	195,210	14,004	21,094	15,200	10,057	14,683	11,416	9,035
Mortgage commitments (during period)										
15 Issued[7]	69,965	193,795	187,948	12,966	18,153	7,998	10,480	12,050	9,931	9,130
16 To sell[8]	1,298	1,880	5,900	260	478	609	1,710	381	1,592	1,287
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	164,421	255,010	324,443	300,093	306,214	315,968	318,682	323,027	324,443	325,914
18 FHA/VA insured	177	785	1,848	1,735	1,708	1,689	1,744	1,848	1,848	1,806
19 Conventional	164,244	254,225	322,595	298,358	304,506	314,279	316,938	321,179	322,595	324,108
Mortgage transactions (during period)										
20 Purchases	117,401	267,402	239,793	17,602	18,674	15,238	13,323	11,869	9,335	12,595
21 Sales	114,258	250,565	233,031	16,835	17,468	14,153	12,671	11,129	8,589	12,417
22 Mortgage commitments contracted (during period)[9]	120,089	281,899	228,432	14,988	18,951	14,608	10,810	10,501	11,587	8,341

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

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1995	1996	1997	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
1 **All holders**	**4,603,981**	**4,901,568**	**5,216,785**	**5,574,398**	**5,728,167**	**5,867,271**	**6,019,110**	**6,181,073**
By type of property								
2 One- to four-family residences	3,510,319	3,721,917	3,959,565	4,223,398	4,328,434	4,420,931	4,533,159	4,647,881
3 Multifamily residences	277,002	294,783	310,456	330,595	340,773	351,643	359,275	372,474
4 Nonfarm, nonresidential	732,100	797,734	856,464	926,039	962,454	997,294	1,027,022	1,058,954
5 Farm	84,561	87,134	90,299	94,366	96,506	97,404	99,655	101,764
By type of holder								
6 Major financial institutions	1,900,089	1,981,885	2,083,978	2,137,438	2,194,814	2,202,241	2,242,515	2,321,982
7 Commercial banks[2]	1,090,189	1,145,389	1,245,315	1,295,828	1,337,217	1,336,669	1,361,355	1,418,510
8 One- to four-family	646,545	677,603	745,510	770,340	797,196	782,128	790,125	824,677
9 Multifamily	42,521	45,451	49,670	52,205	52,871	56,170	58,572	63,130
10 Nonfarm, nonresidential	377,293	397,452	423,148	444,596	458,115	468,859	482,115	499,327
11 Farm	23,830	24,883	26,986	28,688	29,035	29,512	30,544	31,377
12 Savings institutions[3]	596,763	628,335	631,822	634,251	643,957	646,510	656,518	676,260
13 One- to four-family	482,353	513,712	520,672	525,844	533,792	534,772	544,832	560,447
14 Multifamily	61,987	61,570	59,543	56,696	56,825	56,763	55,020	57,285
15 Nonfarm, nonresidential	52,135	52,723	51,252	51,312	52,923	54,539	56,222	58,070
16 Farm	288	331	354	399	417	435	443	459
17 Life insurance companies	213,137	208,161	206,841	207,359	213,640	219,063	224,642	227,212
18 One- to four-family	8,890	6,977	7,187	6,594	6,590	6,956	7,295	7,548
19 Multifamily	28,714	30,750	30,402	30,565	31,522	31,528	31,813	32,120
20 Nonfarm, nonresidential	165,876	160,314	158,780	159,189	164,004	168,862	173,568	175,242
21 Farm	9,657	10,120	10,472	11,011	11,524	11,717	11,966	12,302
22 Federal and related agencies	308,757	295,192	286,167	287,125	292,636	288,216	288,038	289,159
23 Government National Mortgage Association	2	2	8	7	7	6	8	8
24 One- to four-family	2	2	8	7	7	6	8	8
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,791	41,596	41,195	40,907	40,851	40,691	40,766	40,766
27 One- to four-family	17,705	17,303	17,253	17,025	16,895	16,777	16,653	16,653
28 Multifamily	11,617	11,685	11,720	11,736	11,739	11,731	11,735	11,735
29 Nonfarm, nonresidential	6,248	6,841	7,370	7,566	7,705	7,769	7,943	7,943
30 Farm	6,221	5,768	4,852	4,579	4,513	4,413	4,435	4,435
31 Federal Housing and Veterans' Administrations	9,809	6,244	3,821	3,405	3,674	3,578	3,490	3,889
32 One- to four-family	5,180	3,524	1,767	1,550	1,849	1,753	1,623	2,013
33 Multifamily	4,629	2,719	2,054	1,855	1,825	1,825	1,867	1,876
34 Resolution Trust Corporation	1,864	0	0	0	0	0	0	0
35 One- to four-family	691	0	0	0	0	0	0	0
36 Multifamily	647	0	0	0	0	0	0	0
37 Nonfarm, nonresidential	525	0	0	0	0	0	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	4,303	2,431	724	482	361	315	189	163
40 One- to four-family	492	365	109	72	54	47	28	24
41 Multifamily	428	413	123	82	61	54	32	28
42 Nonfarm, nonresidential	3,383	1,653	492	328	245	214	129	111
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	178,807	168,813	161,308	159,104	157,675	157,185	155,637	154,420
45 One- to four-family	163,648	155,008	149,831	149,069	147,594	147,063	145,033	142,982
46 Multifamily	15,159	13,805	11,477	10,035	10,081	10,122	10,604	11,438
47 Federal Land Banks	28,428	29,602	30,657	32,009	32,983	33,128	33,666	34,218
48 One- to four-family	1,673	1,742	1,804	1,883	1,941	1,949	1,981	2,013
49 Farm	26,755	27,860	28,853	30,126	31,042	31,179	31,685	32,205
50 Federal Home Loan Mortgage Corporation	43,753	46,504	48,454	51,211	57,085	53,313	54,282	55,695
51 One- to four-family	39,901	41,758	42,629	44,254	49,106	44,140	43,574	44,010
52 Multifamily	3,852	4,746	5,825	6,957	7,979	9,173	10,708	11,685
53 Mortgage pools or trusts[5]	1,863,210	2,064,882	2,273,022	2,548,301	2,632,829	2,762,733	2,861,115	2,928,475
54 Government National Mortgage Association	472,283	506,340	536,879	541,540	537,446	543,280	553,242	569,155
55 One- to four-family	461,438	494,158	523,225	527,043	522,498	527,886	537,333	552,787
56 Multifamily	10,845	12,182	13,654	14,497	14,948	15,395	15,909	16,368
57 Federal Home Loan Mortgage Corporation	515,051	554,260	579,385	635,726	646,459	687,179	718,085	738,581
58 One- to four-family	512,238	551,513	576,846	633,124	643,465	684,240	714,844	735,088
59 Multifamily	2,813	2,747	2,539	2,602	2,994	2,939	3,241	3,493
60 Federal National Mortgage Association	582,959	650,780	709,582	798,460	834,518	881,815	911,435	938,484
61 One- to four-family	569,724	633,210	687,981	770,979	804,205	849,513	877,863	903,531
62 Multifamily	13,235	17,570	21,601	27,481	30,313	32,302	33,572	34,953
63 Farmers Home Administration[4]	11	3	2	2	1	1	1	1
64 One- to four-family	2	0	0	0	0	0	0	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	5	0	0	0	0	0	0	0
67 Farm	4	3	2	2	1	1	1	1
68 Private mortgage conduits	292,906	353,499	447,173	572,573	614,405	650,459	678,353	682,254
69 One- to four-family[6]	227,800	261,900	318,000	391,736	410,900	430,653	447,938	438,676
70 Multifamily	15,584	21,967	29,218	40,895	44,644	48,393	50,679	52,851
71 Nonfarm, nonresidential	49,522	69,633	99,955	139,942	158,861	171,413	179,736	190,727
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	531,926	559,609	573,619	601,534	607,888	614,081	627,442	641,457
74 One- to four-family	372,037	363,143	366,744	383,877	392,343	393,047	404,028	417,424
75 Multifamily	64,970	69,179	72,629	74,987	74,971	75,249	75,524	75,512
76 Nonfarm, nonresidential	77,112	109,119	115,467	123,107	120,600	125,638	127,310	127,536
77 Farm	17,806	18,169	18,779	19,562	19,974	20,147	20,580	20,985

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

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

1.55 CONSUMER CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1997	1998	1999	1999 July	Aug.	Sept.	Oct.	Nov.[r]	Dec.
				Seasonally adjusted					
1 **Total**	**1,234,122**	**1,300,491**	**1,398,753**	**1,356,404**	**1,363,184**	**1,366,575**	**1,371,809[r]**	**1,387,573**	**1,398,753**
2 Revolving	531,295	560,653	592,822	583,309	584,523	584,512	584,280[r]	588,680	592,822
3 Nonrevolving[2]	702,828	739,838	805,931	773,096	778,661	782,063	787,529[r]	798,894	805,931
				Not seasonally adjusted					
4 **Total**	**1,264,103**	**1,331,742**	**1,431,767**	**1,349,610**	**1,364,404**	**1,370,079**	**1,376,926[r]**	**1,394,238**	**1,431,767**
By major holder									
5 Commercial banks	512,563	508,932	506,438	477,908	476,561	472,524	473,507	482,392	506,438
6 Finance companies	160,022	168,491	177,368	173,374	177,331	172,956	174,081	175,296	177,368
7 Credit unions	152,362	155,406	170,050	159,920	162,412	164,055	165,912	167,887	170,050
8 Savings institutions	47,172	51,611	62,949	58,126	59,091	60,055	61,020	61,984	62,949
9 Nonfinancial business	78,927	74,877	80,249	68,235	68,896	67,456	67,952[r]	70,263	80,249
10 Pools of securitized assets[3]	313,057	372,425	434,713	412,047	420,113	433,033	434,454	436,416	434,713
By major type of credit[4]									
11 Revolving	555,858	586,528	620,158	575,499	580,691	581,361	583,048[r]	591,051	620,158
12 Commercial banks	219,826	210,346	192,020	175,928	170,272	168,882	167,469	172,345	192,020
13 Finance companies	38,608	32,309	30,003	32,846	33,014	30,731	31,453	30,512	30,003
14 Credit unions	19,552	19,930	20,809	19,054	19,335	19,489	19,452	19,739	20,809
15 Savings institutions	11,441	12,450	14,147	13,004	13,233	13,461	13,690	13,918	14,147
16 Nonfinancial business	44,966	39,166	42,783	34,830	35,421	34,156	34,534[r]	36,002	42,783
17 Pools of securitized assets[3]	221,465	272,327	320,396	299,837	309,416	314,642	316,450	318,535	320,396
18 Nonrevolving	708,245	745,214	811,609	774,111	783,713	788,718	793,878[r]	803,187	811,609
19 Commercial banks	292,737	298,586	314,418	301,980	306,289	303,642	306,038	310,047	314,418
20 Finance companies	121,414	136,182	147,365	140,528	144,317	142,225	142,628	144,784	147,365
21 Credit unions	132,810	135,476	149,241	140,866	143,077	144,566	146,460	148,148	149,241
22 Savings institutions	35,731	39,161	48,802	45,122	45,858	46,594	47,330	48,066	48,802
23 Nonfinancial business	33,961	35,711	37,466	33,405	33,475	33,300	33,418[r]	34,261	37,466
24 Pools of securitized assets[3]	91,592	100,098	114,317	112,210	110,697	118,391	118,004	117,881	114,317

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

1.56 TERMS OF CONSUMER CREDIT[1]

Percent per year except as noted

Item	1997	1998	1999	1999 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.02	8.72	8.44	n.a.	n.a.	8.44	n.a.	n.a.	8.66	n.a.
2 24-month personal	13.90	13.74	13.39	n.a.	n.a.	13.38	n.a.	n.a.	13.52	n.a.
Credit card plan										
3 All accounts	15.77	15.71	15.21	n.a.	n.a.	15.08	n.a.	n.a.	15.13	n.a.
4 Accounts assessed interest	15.57	15.59	14.81	n.a.	n.a.	14.79	n.a.	n.a.	14.77	n.a.
Auto finance companies										
5 New car	7.12	6.30	6.66	6.60	6.68	6.28	6.47	7.07	7.44	7.32
6 Used car	13.27	12.64	12.60	12.31	12.67	12.96	13.13	13.28	13.27	13.28
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.1	52.1	52.7	52.3	52.0	51.7	52.1	53.2	53.9	53.4
8 Used car	51.0	53.5	55.9	56.0	56.1	55.8	55.9	55.8	55.8	55.6
Loan-to-value ratio										
9 New car	92	92	92	92	92	92	92	92	91	91
10 Used car	99	99	99	99	99	100	100	100	99	99
Amount financed (dollars)										
11 New car	18,077	19,083	19,880	19,722	19,873	20,012	20,154	20,335	20,517	20,699
12 Used car	12,281	12,691	13,642	13,816	13,609	13,374	13,449	13,613	13,777	13,970

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

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1994	1995	1996	1997	1998	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**575.8**	**721.0**	**745.4**	**787.1**	**1,024.1**	**1,077.3**	**1,044.2**	**900.6**	**1,074.2**	**1,288.1**	**886.6**	**1,130.9**
By sector and instrument												
2 Federal government	155.8	144.4	145.0	23.1	−52.6	−14.5	−28.4	−113.5	−54.1	−75.2	−112.2	−83.1
3 Treasury securities	155.7	142.9	146.6	23.2	−54.6	−12.1	−26.9	−113.1	−66.3	−73.7	−112.8	−83.2
4 Budget agency securities and mortgages	.2	1.5	−1.6	−.1	2.0	−2.4	−1.4	−.4	12.2	−1.5	.6	.0
5 Nonfederal	420.0	576.6	600.3	764.0	1,076.7	1,091.8	1,072.6	1,014.1	1,128.3	1,363.3	998.7	1,214.1
By instrument												
6 Commercial paper	21.4	18.1	−.9	13.7	24.4	51.1	3.8	85.6	−43.0	64.4	3.4	55.8
7 Municipal securities and loans	−35.9	−48.2	2.6	71.4	96.8	113.5	101.3	82.9	89.6	100.7	48.0	74.8
8 Corporate bonds	23.3	91.1	116.3	150.5	218.7	278.8	294.8	108.0	193.2	274.0	287.6	202.8
9 Bank loans n.e.c.	75.2	103.7	70.5	106.5	108.2	35.0	169.2	107.8	120.9	70.0	22.2	107.4
10 Other loans and advances	34.0	67.2	33.5	69.1	74.3	76.3	40.8	77.7	102.5	151.0	−16.7	85.9
11 Mortgages	177.0	205.7	289.7	300.2	486.6	478.2	400.7	472.6	595.1	573.9	594.1	611.9
12 Home	183.4	180.4	245.3	237.6	367.9	378.3	289.1	375.2	429.1	415.1	422.9	436.0
13 Multifamily residential	−2.1	7.6	11.5	10.8	22.4	21.6	21.1	16.1	30.6	35.9	34.7	49.6
14 Commercial	−6.5	16.2	30.4	48.7	90.2	74.1	83.8	75.9	126.8	119.3	127.5	117.9
15 Farm	2.2	1.6	2.6	3.2	6.2	4.1	6.7	5.5	8.6	3.6	9.0	8.4
16 Consumer credit	124.9	138.9	88.8	52.5	67.6	58.9	62.1	79.6	69.9	129.2	60.1	75.4
By borrowing sector												
17 Household	316.3	350.9	354.0	327.3	471.9	465.1	420.3	473.4	528.6	556.4	517.1	566.0
18 Nonfinancial business	150.0	277.2	253.2	380.6	524.5	532.5	570.3	470.7	524.6	719.5	445.9	595.3
19 Corporate	142.3	243.7	164.6	297.0	418.5	426.9	467.4	365.8	413.7	611.2	332.6	469.3
20 Nonfarm noncorporate	3.3	30.6	83.8	77.4	98.4	97.1	95.4	97.6	103.3	101.6	114.2	115.5
21 Farm	4.4	2.9	4.8	6.2	7.7	8.4	7.5	7.3	7.5	6.6	−.9	10.5
22 State and local government	−46.2	−51.5	−6.8	56.1	80.3	94.2	82.0	70.0	75.1	87.4	35.7	52.8
23 Foreign net borrowing in United States	−13.9	71.1	77.2	57.6	33.6	95.0	97.9	−19.6	−38.9	17.3	−36.4	62.6
24 Commercial paper	−26.1	13.5	11.3	3.7	7.8	55.3	−25.5	6.2	−4.7	18.3	−27.1	41.4
25 Bonds	12.2	49.7	55.8	47.2	25.1	42.5	119.2	−27.2	−34.2	.9	−12.6	29.4
26 Bank loans n.e.c.	1.4	8.5	9.1	8.5	6.7	5.2	8.4	3.6	9.8	.9	5.6	−6.6
27 Other loans and advances	−1.4	−.5	1.0	−1.8	−6.0	−8.0	−4.2	−2.2	−9.7	−2.8	−2.3	−1.6
28 **Total domestic plus foreign**	**561.9**	**792.1**	**822.6**	**844.7**	**1,057.7**	**1,172.3**	**1,142.1**	**881.0**	**1,035.3**	**1,305.4**	**850.1**	**1,193.5**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**468.4**	**453.9**	**548.9**	**652.2**	**1,068.8**	**931.3**	**988.9**	**1,056.3**	**1,298.7**	**1,214.2**	**1,042.9**	**1,046.5**
By instrument												
30 Federal government-related	287.5	204.1	231.5	212.8	470.9	249.2	405.4	555.8	673.3	592.2	579.1	653.2
31 Government-sponsored enterprise securities	176.9	105.9	90.4	98.4	278.3	142.5	166.4	294.0	510.5	193.0	304.7	407.1
32 Mortgage pool securities	115.4	98.2	141.1	114.5	192.6	106.7	239.0	261.7	162.8	399.2	274.4	246.2
33 Loans from U.S. government	−4.8	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	180.9	249.8	317.5	439.4	597.9	682.1	583.5	500.5	625.4	622.0	463.8	393.2
35 Open market paper	40.5	42.7	92.2	166.7	161.0	236.7	135.6	141.0	130.7	78.3	57.8	89.8
36 Corporate bonds	121.8	195.9	176.9	209.0	291.8	346.3	361.8	177.4	281.9	490.8	289.8	148.1
37 Bank loans n.e.c.	−13.7	2.5	12.6	13.2	30.1	57.3	−9.7	60.2	12.4	−8.8	10.5	−1.2
38 Other loans and advances	22.6	3.4	27.9	35.6	90.2	32.7	76.0	82.3	169.9	41.6	117.9	147.2
39 Mortgages	9.8	5.3	7.9	14.9	24.8	9.1	19.9	39.6	30.6	20.1	−12.3	9.4
By borrowing sector												
40 Commercial banking	20.1	22.5	13.0	46.1	72.9	82.8	80.8	61.7	66.3	31.1	72.7	111.4
41 Savings institutions	12.8	2.6	25.5	19.7	52.2	10.6	31.2	63.7	103.2	58.0	58.6	55.2
42 Credit unions	.2	−.1	.1	.1	.6	.5	.2	1.0	.4	1.5	1.4	2.8
43 Life insurance companies	.3	−.1	1.1	.2	.7	.0	−.6	1.6	1.8	3.3	3.0	1.1
44 Government-sponsored enterprises	172.1	105.9	90.4	98.4	278.3	142.5	166.4	294.0	510.5	193.0	304.7	407.1
45 Federally related mortgage pools	115.4	98.2	141.1	114.5	192.6	106.7	239.0	261.7	162.8	399.2	274.4	246.2
46 Issuers of asset-backed securities (ABSs)	76.5	142.4	153.9	200.7	316.3	283.0	352.4	294.2	335.7	300.5	335.8	190.5
47 Finance companies	48.7	50.2	45.9	48.7	43.0	74.6	91.9	−12.0	17.8	71.2	88.4	−22.7
48 Mortgage companies	−11.5	−2.2	4.1	−4.6	1.6	29.4	−28.2	2.3	3.0	−4.6	5.1	−1.1
49 Real estate investment trusts (REITs)	10.2	4.5	11.9	39.6	62.7	63.1	64.4	79.3	44.0	25.6	−19.7	7.9
50 Brokers and dealers	.5	−5.0	−2.0	8.1	7.2	−1.0	20.0	−2.6	12.4	−31.1	−17.4	16.9
51 Funding corporations	23.1	34.9	64.1	80.7	40.7	139.2	−28.6	11.2	40.9	166.5	−63.8	31.2

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

Transaction category or sector	1994	1995	1996	1997	1998	1998				1999		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	All sectors											
52 **Total net borrowing, all sectors**	**1,030.3**	**1,246.0**	**1,371.5**	**1,496.9**	**2,126.5**	**2,103.6**	**2,131.0**	**1,937.3**	**2,334.0**	**2,519.6**	**1,893.0**	**2,240.0**
53 Open market paper	35.7	74.3	102.6	184.1	193.1	343.0	113.8	232.7	83.0	161.1	34.1	187.0
54 U.S. government securities	448.1	348.5	376.5	235.9	418.3	234.7	377.1	442.3	619.1	517.0	467.0	570.1
55 Municipal securities	−35.9	−48.2	2.6	71.4	96.8	113.5	101.3	82.9	89.6	100.7	48.0	74.8
56 Corporate and foreign bonds	157.3	336.7	348.9	406.7	535.6	667.6	775.8	258.2	440.9	765.7	564.8	380.2
57 Bank loans n.e.c.	62.9	114.7	92.1	128.2	145.0	97.6	167.9	171.6	143.0	62.1	38.3	99.6
58 Other loans and advances	50.4	70.1	62.5	102.8	158.5	101.0	112.5	157.8	262.7	189.8	98.9	231.5
59 Mortgages	186.8	211.0	297.6	315.1	511.4	487.3	420.5	512.2	625.7	594.0	581.8	621.3
60 Consumer credit	124.9	138.9	88.8	52.5	67.6	58.9	62.1	79.6	69.9	129.2	60.1	75.4
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**113.4**	**131.5**	**209.1**	**165.6**	**75.2**	**215.2**	**262.0**	**−166.7**	**−9.8**	**121.3**	**113.2**	**57.0**
62 Corporate equities	12.8	−16.0	−28.5	−99.6	−199.4	−107.1	−115.8	−340.1	−234.6	−132.0	−94.9	−69.6
63 Nonfinancial corporations	−44.9	−58.3	−69.5	−114.4	−267.0	−139.2	−129.1	−308.4	−491.3	−65.7	−374.0	−153.0
64 Foreign shares purchased by U.S. residents	48.1	50.4	60.0	42.0	77.8	14.0	12.3	−32.8	317.4	−33.4	270.9	76.7
65 Financial corporations	9.6	−8.1	−19.0	−27.1	−10.2	18.1	1.0	1.0	−60.8	−32.9	8.2	6.7
66 Mutual fund shares	100.6	147.4	237.6	265.1	274.6	322.3	377.8	173.4	224.8	253.3	208.2	126.7

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

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1994	1995	1996	1997	1998	1998				1999		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**1,030.3**	**1,246.0**	**1,371.5**	**1,496.9**	**2,126.5**	**2,103.6**	**2,131.0**	**1,937.3**	**2,334.0**	**2,519.6**	**1,893.0**	**2,240.0**
2 Domestic nonfederal nonfinancial sectors	231.2	−89.4	24.8	−67.9	73.3	−39.5	521.8	111.1	−300.4	310.0	346.5	106.1
3 Household	268.0	6.1	63.7	−65.2	−28.1	−54.0	395.4	−28.3	−425.5	261.1	288.9	140.4
4 Nonfinancial corporate business	17.7	−8.8	−.8	−2.3	1.9	8.4	−47.9	13.7	33.3	−3.6	4.5	−19.8
5 Nonfarm noncorporate business	.6	4.7	−4.3	−.6	.0	0	.0	.0	.0	.4	−.2	−.6
6 State and local governments	−55.0	−91.4	−33.7	.1	99.5	6.1	174.3	125.7	91.7	52.2	53.3	−13.9
7 Federal government	−27.4	−.2	−7.4	5.1	13.5	15.7	12.9	13.8	11.7	17.1	6.7	16.6
8 Rest of the world	132.3	273.9	414.4	310.7	249.3	223.8	321.8	60.8	390.7	250.2	35.1	372.1
9 Financial sectors	694.1	1,061.7	939.7	1,249.0	1,790.4	1,903.6	1,274.6	1,751.5	2,232.1	1,942.2	1,504.8	1,745.1
10 Monetary authority	31.5	12.7	12.3	38.3	21.1	27.6	11.5	41.6	3.5	71.8	62.4	34.1
11 Commercial banking	163.4	265.9	187.5	324.3	305.2	306.7	132.7	250.1	531.5	68.9	135.4	435.1
12 U.S.-chartered banks	148.1	186.5	119.6	274.9	312.0	268.4	130.0	309.2	540.2	134.1	231.5	410.1
13 Foreign banking offices in United States	11.2	75.4	63.3	40.2	−11.9	17.5	15.2	−68.1	−12.1	−54.9	−105.7	30.7
14 Bank holding companies	.9	−.3	3.9	5.4	−.9	15.3	−17.6	6.0	−7.4	−6.0	.4	−12.4
15 Banks in U.S.-affiliated areas	3.3	4.2	.7	3.7	6.0	5.5	5.1	2.9	10.7	−4.4	9.2	6.6
16 Savings institutions	6.7	−7.6	19.9	−4.7	36.3	11.8	2.1	17.9	113.3	102.7	88.8	61.0
17 Credit unions	28.1	16.2	25.5	16.8	19.0	16.1	22.7	21.0	16.0	34.7	32.1	38.8
18 Bank personal trusts and estates	7.1	−8.3	−7.7	−25.0	−12.8	−10.5	−11.3	−16.0	−13.5	−7.6	−8.4	−8.6
19 Life insurance companies	72.0	100.0	69.6	104.8	76.9	92.5	63.4	65.6	86.0	82.2	84.0	68.9
20 Other insurance companies	24.9	21.5	22.5	25.2	20.4	23.4	−1.5	−7.7	67.6	−19.7	26.7	−8.6
21 Private pension funds	46.1	56.0	52.3	65.5	118.7	74.5	130.1	95.6	174.4	60.5	150.0	45.4
22 State and local government retirement funds	30.9	33.6	37.3	63.8	65.0	67.4	78.4	65.6	48.5	77.2	40.7	24.1
23 Money market mutual funds	30.0	86.5	88.8	87.5	244.0	159.3	208.1	255.5	353.1	227.6	−92.6	232.1
24 Mutual funds	−7.1	52.5	48.9	80.9	124.8	156.4	146.4	92.9	103.5	103.0	121.0	−32.8
25 Closed-end funds	−3.7	10.5	4.7	−2.9	4.5	4.5	4.5	4.5	4.5	4.4	4.4	4.3
26 Government-sponsored enterprises	117.8	86.7	84.2	94.3	260.8	198.3	150.6	264.7	429.5	157.2	259.2	287.5
27 Federally related mortgage pools	115.4	98.2	141.1	114.5	192.6	106.7	239.0	261.7	162.8	399.2	274.4	246.2
28 Asset-backed securities issuers (ABSs)	69.4	120.6	123.6	162.3	276.7	223.9	321.4	248.7	312.7	282.9	319.0	181.9
29 Finance companies	48.3	49.9	18.4	21.9	51.9	28.7	24.0	79.5	75.3	92.2	79.6	94.5
30 Mortgage companies	−24.0	−3.4	8.2	−9.1	3.2	58.8	−56.4	4.5	6.0	−9.1	10.2	−2.1
31 Real estate investment trusts (REITs)	−.7	1.4	4.4	20.2	−5.1	25.6	6.1	−11.3	−40.8	1.7	−2.2	−2.7
32 Brokers and dealers	−44.2	90.1	−15.7	14.9	−17.4	245.8	−183.1	77.0	−209.1	184.5	−191.0	15.7
33 Funding corporations	−17.8	−21.2	14.0	55.6	4.7	86.0	−14.3	−60.1	7.2	27.9	111.0	30.4
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**1,030.3**	**1,246.0**	**1,371.5**	**1,496.9**	**2,126.5**	**2,103.6**	**2,131.0**	**1,937.3**	**2,334.0**	**2,519.6**	**1,893.0**	**2,240.0**
Other financial sources												
35 Official foreign exchange	−5.8	8.8	−6.3	.7	6.6	1.0	8.1	8.9	8.6	−14.0	−5.4	−8.5
36 Special drawing rights certificates	.0	2.2	−.5	−.5	.0	.0	.0	.0	.0	−4.0	.0	−4.0
37 Treasury currency	.7	.6	.1	.0	.0	.3	.2	1.7	−2.3	.0	2.1	2.0
38 Foreign deposits	52.9	35.3	85.9	106.8	−.2	−46.5	92.9	84.9	−131.9	127.7	99.3	63.6
39 Net interbank transactions	89.8	10.0	−51.6	−19.7	−33.5	−95.2	40.1	43.9	−122.8	48.5	90.2	−52.0
40 Checkable deposits and currency	−9.7	−12.7	15.8	41.5	47.6	52.6	90.1	−24.9	72.8	61.1	10.1	141.4
41 Small time and savings deposits	−39.9	96.6	97.2	97.1	152.4	99.0	84.9	144.7	281.2	−68.0	100.0	145.5
42 Large time deposits	19.6	65.6	114.0	122.5	92.1	187.8	−5.6	81.8	104.4	−5.9	42.6	102.4
43 Money market fund shares	43.3	142.3	145.8	157.6	285.5	213.6	247.2	367.9	313.1	204.9	100.5	180.3
44 Security repurchase agreements	78.2	110.5	41.4	120.9	52.6	250.3	−100.8	231.1	−170.3	408.2	−14.5	128.5
45 Corporate equities	12.8	−16.0	−28.5	−99.6	−199.4	−107.1	−115.8	−340.1	−234.6	−132.0	−94.9	−69.6
46 Mutual fund shares	100.6	147.4	237.6	265.1	274.6	322.3	377.8	173.4	224.8	253.3	208.2	126.7
47 Trade payables	120.0	128.9	114.8	125.9	31.5	138.6	−27.9	63.8	−48.3	175.1	235.6	88.4
48 Security credit	−.1	26.7	52.4	111.0	108.3	159.3	134.3	167.0	−27.2	−86.9	134.1	−8.3
49 Life insurance reserves	35.5	45.8	44.5	59.3	53.3	49.3	53.3	51.7	59.0	40.8	59.6	43.4
50 Pension fund reserves	254.7	235.1	246.9	304.0	290.2	294.7	272.9	279.5	313.8	285.7	324.4	327.8
51 Taxes payable	2.6	6.2	16.0	16.8	12.6	12.2	1.8	27.5	8.8	−8.2	39.5	28.5
52 Investment in bank personal trusts	17.8	4.0	−8.6	−56.3	−48.0	−45.7	−46.5	−51.2	−48.8	−32.0	−25.9	−23.5
53 Noncorporate proprietors' equity	58.2	65.2	3.4	11.1	−16.0	−8.6	−13.9	−60.9	19.4	14.1	22.1	−32.6
54 Miscellaneous	245.6	444.6	498.3	516.2	669.2	1,069.4	295.6	731.2	580.7	216.5	1,114.3	317.8
55 **Total financial sources**	**2,107.1**	**2,793.1**	**2,990.3**	**3,377.4**	**3,906.0**	**4,650.8**	**3,519.8**	**3,919.2**	**3,534.2**	**4,004.6**	**4,334.9**	**3,737.7**
Liabilities not identified as assets (−)												
56 Treasury currency	−.2	−.5	−.9	−.6	−.7	−.2	−.3	1.1	−3.4	−1.5	.6	.5
57 Foreign deposits	43.0	25.1	59.6	106.8	−8.1	−95.7	149.9	69.9	−156.5	62.7	84.4	33.6
58 Net interbank liabilities	−2.7	−3.1	−3.3	−19.9	3.4	35.1	8.9	22.3	−52.8	58.7	−1.7	−.7
59 Security repurchase agreements	67.7	20.2	4.5	62.3	15.2	120.8	−170.0	110.2	.0	364.1	80.0	43.5
60 Taxes payable	16.6	21.1	22.8	26.8	17.8	14.2	9.1	28.2	19.6	−15.6	2.5	33.0
61 Miscellaneous	−128.0	−188.5	−37.6	−225.9	−30.7	125.1	−245.6	−81.1	78.6	−489.5	−550.9	−599.5
Floats not included in assets (−)												
62 Federal government checkable deposits	−4.8	−6.0	.5	−2.7	2.6	8.3	−44.4	32.4	14.0	−1.8	−41.4	27.9
63 Other checkable deposits	−2.8	−3.8	−4.0	−3.9	−3.1	−4.0	−2.9	−3.6	−1.8	−1.9	−1.0	−.5
64 Trade credit	27.4	15.6	−21.2	33.2	−31.0	72.2	−110.5	−64.4	−21.1	67.1	−20.7	−19.9
65 **Total identified to sectors as assets**	**2,090.9**	**2,913.1**	**2,970.0**	**3,401.3**	**3,940.6**	**4,375.1**	**3,925.7**	**3,804.2**	**3,657.5**	**3,962.4**	**4,783.1**	**4,219.7**

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1995	1996	1997	1998	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**13,734.9**	**14,480.3**	**15,265.8**	**16,289.9**	**15,527.4**	**15,747.8**	**15,962.2**	**16,289.9**	**16,604.3**	**16,780.3**	**17,055.3**
By sector and instrument											
2 Federal government	3,636.7	3,781.8	3,804.9	3,752.2	3,830.8	3,749.0	3,720.2	3,752.2	3,759.7	3,651.7	3,632.7
3 Treasury securities	3,608.5	3,755.1	3,778.3	3,723.7	3,804.8	3,723.4	3,694.7	3,723.7	3,731.6	3,623.4	3,604.5
4 Budget agency securities and mortgages	28.2	26.6	26.5	28.5	25.9	25.6	25.5	28.5	28.1	28.3	28.3
5 Nonfederal	10,098.2	10,698.5	11,461.0	12,537.7	11,696.6	11,998.8	12,242.0	12,537.7	12,844.6	13,128.6	13,422.6
By instrument											
6 Commercial paper	157.4	156.4	168.6	193.0	193.1	202.5	216.9	193.0	223.9	232.4	239.3
7 Municipal securities and loans	1,293.5	1,296.0	1,367.5	1,464.3	1,397.1	1,429.3	1,439.9	1,464.3	1,491.0	1,510.0	1,518.1
8 Corporate bonds	1,344.1	1,460.4	1,610.9	1,829.6	1,680.6	1,754.3	1,781.3	1,829.6	1,898.1	1,970.0	2,020.7
9 Bank loans n.e.c.	863.6	934.1	1,040.5	1,148.8	1,047.9	1,097.6	1,120.6	1,148.8	1,165.2	1,178.5	1,201.6
10 Other loans and advances	736.9	770.4	839.5	913.8	863.5	873.1	886.8	913.8	956.7	952.1	967.5
11 Mortgages	4,580.0	4,869.7	5,169.9	5,656.6	5,278.5	5,385.3	5,510.0	5,656.6	5,790.5	5,945.2	6,105.3
12 Home	3,510.4	3,721.9	3,959.5	4,327.5	4,043.1	4,122.0	4,222.4	4,327.5	4,420.3	4,532.1	4,648.2
13 Multifamily residential	269.1	284.3	295.0	317.4	300.4	305.7	309.7	317.4	326.6	335.3	347.7
14 Commercial	716.0	776.4	825.1	915.3	843.6	864.6	883.6	915.3	946.3	978.2	1,007.6
15 Farm	84.6	87.1	90.3	96.5	91.3	93.0	94.4	96.5	97.4	99.7	101.8
16 Consumer credit	1,122.8	1,211.6	1,264.1	1,331.7	1,236.0	1,256.8	1,286.6	1,331.7	1,319.3	1,340.4	1,370.2
By borrowing sector											
17 Household	4,782.8	5,108.0	5,438.0	5,909.9	5,499.7	5,618.8	5,752.1	5,909.9	5,993.0	6,136.7	6,294.5
18 Nonfinancial business	4,245.2	4,527.1	4,903.5	5,428.0	5,052.6	5,209.2	5,311.1	5,428.0	5,628.4	5,753.6	5,886.7
19 Corporate	2,947.7	3,141.0	3,433.8	3,852.2	3,559.4	3,686.4	3,762.5	3,852.2	4,028.6	4,121.5	4,223.6
20 Nonfarm noncorporate	1,152.4	1,236.1	1,313.6	1,411.9	1,337.9	1,361.8	1,385.5	1,411.9	1,437.4	1,466.0	1,494.2
21 Farm	145.1	149.9	156.1	163.8	155.3	161.0	163.1	163.8	162.4	166.1	168.9
22 State and local government	1,070.2	1,063.4	1,119.5	1,199.8	1,144.3	1,170.8	1,178.8	1,199.8	1,223.2	1,238.2	1,241.4
23 **Foreign credit market debt held in United States**	**441.4**	**518.7**	**570.1**	**603.7**	**591.6**	**617.1**	**612.8**	**603.7**	**607.8**	**598.2**	**614.7**
24 Commercial paper	56.2	67.5	65.1	72.9	76.7	71.4	74.0	72.9	77.2	70.1	81.8
25 Bonds	291.9	347.7	394.9	420.0	405.6	435.4	428.6	420.0	420.2	417.1	424.4
26 Bank loans n.e.c.	34.6	43.7	52.1	58.9	53.4	55.5	56.4	58.9	59.1	60.5	58.8
27 Other loans and advances	58.8	59.8	58.0	52.0	55.9	54.8	53.8	52.0	51.3	50.5	49.7
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**14,176.4**	**14,998.9**	**15,836.0**	**16,893.6**	**16,119.0**	**16,364.8**	**16,574.9**	**16,893.6**	**17,212.1**	**17,378.4**	**17,670.0**
					Financial sectors						
29 **Total credit market debt owed by financial sectors**	**4,278.8**	**4,827.7**	**5,446.8**	**6,515.6**	**5,670.1**	**5,926.8**	**6,195.5**	**6,515.6**	**6,809.2**	**7,080.3**	**7,346.7**
By instrument											
30 Federal government-related	2,376.8	2,608.3	2,821.1	3,292.0	2,878.0	2,981.4	3,121.7	3,292.0	3,434.1	3,580.8	3,746.0
31 Government-sponsored enterprise securities	806.5	896.9	995.3	1,273.6	1,030.9	1,072.5	1,146.0	1,273.6	1,321.8	1,398.0	1,499.8
32 Mortgage pool securities	1,570.3	1,711.4	1,825.8	2,018.4	1,847.1	1,908.9	1,975.7	2,018.4	2,112.3	2,182.8	2,246.2
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	1,901.9	2,219.4	2,625.7	3,223.6	2,792.1	2,945.4	3,073.8	3,223.6	3,375.1	3,499.6	3,600.7
35 Open market paper	486.9	579.1	745.7	906.7	804.9	838.9	874.2	906.7	926.4	940.9	963.4
36 Corporate bonds	1,204.7	1,381.5	1,557.5	1,849.4	1,640.8	1,738.7	1,786.2	1,849.4	1,968.9	2,049.8	2,089.6
37 Bank loans n.e.c.	51.4	64.0	77.2	107.2	90.6	88.2	103.2	107.2	104.1	106.8	106.4
38 Other loans and advances	135.0	162.9	198.5	288.7	206.6	225.6	246.2	288.7	299.1	328.6	365.4
39 Mortgages	24.1	31.9	46.8	71.6	49.1	54.1	64.0	71.6	76.6	73.6	75.9
By borrowing sector											
40 Commercial banks	102.6	113.6	140.6	188.6	148.7	159.6	169.6	188.6	187.5	202.7	224.2
41 Bank holding companies	148.0	150.0	168.6	193.5	181.2	190.5	196.1	193.5	202.6	205.5	211.9
42 Savings institutions	115.0	140.5	160.3	212.4	162.9	170.7	186.6	212.4	226.9	241.6	255.4
43 Credit unions	.4	.4	.6	1.1	.7	.8	1.0	1.1	1.5	1.8	2.5
44 Life insurance companies	.5	1.6	1.8	2.5	1.8	1.6	2.0	2.5	3.3	4.0	4.3
45 Government-sponsored enterprises	806.5	896.9	995.3	1,273.6	1,030.9	1,072.5	1,146.0	1,273.6	1,321.8	1,398.0	1,499.8
46 Federally related mortgage pools	1,570.3	1,711.4	1,825.8	2,018.4	1,847.1	1,908.9	1,975.7	2,018.4	2,112.3	2,182.8	2,246.2
47 Issuers of asset-backed securities (ABSs)	712.5	866.4	1,078.2	1,394.6	1,142.9	1,230.4	1,307.0	1,394.6	1,463.3	1,546.8	1,597.5
48 Brokers and dealers	29.3	27.3	35.3	42.5	35.1	40.1	39.4	42.5	34.8	30.4	34.6
49 Finance companies	483.9	529.8	554.5	597.5	571.9	596.9	589.4	597.5	614.4	639.2	628.5
50 Mortgage companies	16.5	20.6	16.0	17.7	23.4	16.3	16.9	17.7	16.5	17.8	17.5
51 Real estate investment trusts (REITs)	44.6	56.5	96.1	158.8	111.9	128.0	147.8	158.8	165.2	160.3	162.2
52 Funding corporations	248.6	312.7	373.7	414.4	411.6	410.5	417.9	414.4	459.1	449.5	462.0
					All sectors						
53 **Total credit market debt, domestic and foreign**	**18,455.1**	**19,826.6**	**21,282.8**	**23,409.3**	**21,789.0**	**22,291.6**	**22,770.5**	**23,409.3**	**24,021.3**	**24,458.8**	**25,016.7**
54 Open market paper	700.4	803.0	979.4	1,172.6	1,074.8	1,112.7	1,165.1	1,172.6	1,227.6	1,243.3	1,284.5
55 U.S. government securities	6,013.6	6,390.0	6,626.0	7,044.3	6,708.7	6,730.3	6,841.9	7,044.3	7,193.8	7,232.5	7,378.7
56 Municipal securities	1,293.5	1,296.0	1,367.5	1,464.3	1,397.1	1,429.3	1,439.9	1,464.3	1,491.0	1,510.0	1,518.1
57 Corporate and foreign bonds	2,840.7	3,189.6	3,563.3	4,098.9	3,727.0	3,928.3	3,996.0	4,098.9	4,287.2	4,436.8	4,534.6
58 Bank loans n.e.c.	949.6	1,041.7	1,169.8	1,314.9	1,191.9	1,241.3	1,280.3	1,314.9	1,328.3	1,345.7	1,366.8
59 Other loans and advances	930.6	993.1	1,095.9	1,254.4	1,126.1	1,153.6	1,186.8	1,254.4	1,307.0	1,331.2	1,382.6
60 Mortgages	4,604.0	4,901.6	5,216.7	5,728.2	5,327.5	5,439.4	5,574.0	5,728.2	5,867.2	6,018.8	6,181.2
61 Consumer credit	1,122.8	1,211.6	1,264.1	1,331.7	1,236.0	1,256.8	1,286.6	1,331.7	1,319.3	1,340.4	1,370.2

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

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1995	1996	1997	1998	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**18,455.1**	**19,826.6**	**21,282.8**	**23,409.3**	**21,789.0**	**22,291.6**	**22,770.5**	**23,409.3**	**24,021.3**	**24,458.8**	**25,016.7**
2 Domestic nonfederal nonfinancial sectors	2,857.4	2,927.5	2,815.9	2,860.8	2,798.2	2,886.3	2,919.9	2,860.8	2,926.3	2,966.3	3,003.0
3 Household	1,896.1	2,014.5	1,905.6	1,849.2	1,905.2	1,958.8	1,957.1	1,849.2	1,924.7	1,947.1	1,990.2
4 Nonfinancial corporate business	280.4	270.2	268.0	269.8	249.6	238.5	244.4	269.8	247.0	249.2	248.0
5 Nonfarm noncorporate business	42.3	38.0	37.4	37.4	37.4	37.4	37.4	37.4	37.5	37.7	38.0
6 State and local governments	638.6	604.8	605.0	704.4	606.0	651.6	681.1	704.4	717.1	732.3	726.9
7 Federal government	202.7	195.3	200.4	213.9	204.3	207.5	210.9	213.9	218.2	219.8	224.0
8 Rest of the world	1,531.1	1,926.6	2,256.8	2,534.3	2,317.1	2,396.0	2,412.2	2,534.3	2,601.0	2,608.4	2,702.3
9 Financial sectors	13,863.9	14,777.2	16,009.8	17,800.2	16,469.4	16,801.8	17,227.5	17,800.2	18,275.9	18,664.2	19,087.5
10 Monetary authority	380.8	393.1	431.4	452.5	433.8	440.3	446.5	452.5	466.0	485.1	489.3
11 Commercial banking	3,520.1	3,707.7	4,031.9	4,335.7	4,093.4	4,136.4	4,195.7	4,335.7	4,338.4	4,383.4	4,488.2
12 U.S.-chartered banks	3,056.1	3,175.8	3,450.7	3,761.2	3,505.1	3,543.6	3,616.2	3,761.2	3,782.9	3,847.6	3,944.1
13 Foreign banking offices in United States	412.6	475.8	516.1	504.2	517.9	525.6	510.1	504.2	487.8	465.7	475.4
14 Bank holding companies	18.0	22.0	27.4	26.5	31.2	26.8	28.3	26.5	25.0	25.1	22.0
15 Banks in U.S.-affiliated areas	33.4	34.1	37.8	43.8	39.2	40.4	41.1	43.8	42.7	45.0	46.7
16 Savings institutions	913.3	933.2	928.5	964.8	931.3	930.8	939.3	964.8	990.8	1,011.4	1,030.8
17 Credit unions	263.0	288.5	305.3	324.2	306.7	315.1	320.5	324.2	330.2	341.0	350.8
18 Bank personal trusts and estates	239.7	232.0	207.0	194.1	204.3	201.5	197.5	194.1	192.2	190.1	188.0
19 Life insurance companies	1,587.5	1,657.0	1,751.1	1,828.0	1,777.3	1,793.2	1,810.6	1,828.0	1,853.7	1,874.7	1,893.1
20 Other insurance companies	468.7	491.2	515.3	535.7	521.1	520.8	518.8	535.7	530.8	537.5	535.4
21 Private pension funds	716.9	769.2	834.7	953.4	853.4	885.9	909.8	953.4	968.5	1,006.0	1,017.4
22 State and local government retirement funds	531.0	568.2	632.0	697.0	648.9	668.5	684.9	697.0	716.3	726.5	732.5
23 Money market mutual funds	545.5	634.3	721.9	965.9	775.0	815.9	869.9	965.9	1,036.2	1,001.8	1,049.7
24 Mutual funds	771.3	820.2	901.1	1,025.9	940.0	979.1	1,005.9	1,025.9	1,050.8	1,084.0	1,079.8
25 Closed-end funds	96.4	101.1	98.3	102.8	99.4	100.5	101.7	102.8	103.9	105.0	106.1
26 Government-sponsored enterprises	750.0	807.9	902.2	1,163.0	951.4	989.4	1,055.4	1,163.0	1,201.9	1,267.0	1,338.6
27 Federally related mortgage pools	1,570.3	1,711.4	1,825.8	2,018.4	1,847.1	1,908.9	1,975.7	2,018.4	2,112.3	2,182.8	2,246.2
28 Asset-backed securities issuers (ABSs)	653.4	777.0	939.3	1,216.0	989.2	1,068.9	1,134.2	1,216.0	1,280.4	1,359.7	1,408.2
29 Finance companies	526.2	544.5	566.4	618.4	572.0	579.0	592.7	618.4	639.9	660.9	678.1
30 Mortgage companies	33.0	41.2	32.1	35.3	46.8	32.7	33.8	35.3	33.0	35.6	35.0
31 Real estate investment trusts (REITs)	26.0	30.4	50.6	45.5	57.0	58.5	55.7	45.5	45.9	45.3	44.7
32 Brokers and dealers	183.4	167.7	182.6	165.2	244.0	198.3	217.5	165.2	211.4	163.6	167.5
33 Funding corporations	87.4	101.4	152.3	158.5	177.5	178.3	161.6	158.5	173.3	202.7	208.0
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**18,455.1**	**19,826.6**	**21,282.8**	**23,409.3**	**21,789.0**	**22,291.6**	**22,770.5**	**23,409.3**	**24,021.3**	**24,458.8**	**25,016.7**
Other liabilities											
35 Official foreign exchange	63.7	53.7	48.9	60.1	48.2	50.1	54.5	60.1	53.6	50.9	52.1
36 Special drawing rights certificates	10.2	9.7	9.2	9.2	9.2	9.2	9.2	9.2	8.2	8.2	7.2
37 Treasury currency	18.2	18.3	18.3	18.3	18.4	18.4	18.8	18.3	18.3	18.8	19.3
38 Foreign deposits	418.8	516.1	618.8	639.9	607.2	630.4	651.7	639.9	671.8	696.6	712.5
39 Net interbank liabilities	290.7	240.8	219.4	187.7	179.6	189.2	198.7	187.7	180.4	201.7	190.3
40 Checkable deposits and currency	1,229.3	1,245.1	1,286.6	1,334.2	1,259.2	1,320.7	1,282.3	1,334.2	1,311.4	1,354.1	1,354.9
41 Small time and savings deposits	2,279.7	2,377.0	2,474.1	2,626.5	2,525.4	2,531.0	2,553.8	2,626.5	2,637.6	2,644.6	2,666.8
42 Large time deposits	476.9	590.9	713.4	805.5	760.9	754.0	776.5	805.5	804.3	809.0	836.8
43 Money market fund shares	745.3	891.1	1,048.7	1,334.2	1,130.7	1,153.7	1,249.7	1,334.2	1,416.0	1,398.1	1,449.6
44 Security repurchase agreements	660.0	701.5	822.4	875.0	889.3	861.5	918.9	875.0	980.3	974.2	1,006.1
45 Mutual fund shares	1,852.8	2,342.4	2,989.4	3,610.5	3,339.3	3,438.4	3,137.3	3,610.5	3,758.4	4,049.4	3,863.0
46 Security credit	305.7	358.1	469.1	577.4	505.3	540.6	579.0	577.4	552.7	587.9	582.3
47 Life insurance reserves	566.2	610.6	665.0	718.3	677.3	690.6	703.5	718.3	730.9	745.8	756.7
48 Pension fund reserves	5,767.8	6,642.5	7,894.4	9,160.7	8,583.1	8,730.8	8,194.6	9,160.7	9,258.8	9,711.7	9,464.8
49 Trade payables	1,698.0	1,812.8	1,938.6	1,970.2	1,940.8	1,933.9	1,954.5	1,970.2	1,981.2	2,039.6	2,067.3
50 Taxes payable	107.6	123.6	140.4	152.9	151.7	144.6	155.0	152.9	159.7	161.5	172.5
51 Investment in bank personal trusts	803.0	871.7	942.5	1,001.0	1,002.7	999.8	908.6	1,001.0	1,012.5	1,059.8	1,000.9
52 Miscellaneous	5,634.7	6,098.8	6,666.5	7,053.7	6,741.0	6,791.2	7,013.1	7,053.7	7,074.2	7,158.2	7,157.4
53 **Total liabilities**	**41,383.6**	**45,331.1**	**50,248.3**	**55,544.5**	**52,158.3**	**53,079.8**	**53,130.2**	**55,544.5**	**56,631.7**	**58,128.9**	**58,377.3**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	22.1	21.4	21.1	21.6	21.2	21.0	21.2	21.6	20.7	20.8	21.3
55 Corporate equities	8,495.7	10,255.8	13,181.4	15,413.4	14,842.1	14,987.0	13,121.2	15,413.4	15,893.6	17,018.0	16,008.3
56 Household equity in noncorporate business	3,640.4	3,833.3	4,171.8	4,395.3	4,213.6	4,284.7	4,331.3	4,395.3	4,405.1	4,489.9	4,568.0
Liabilities not identified as assets (−)											
57 Treasury currency	−5.8	−6.7	−7.3	−8.0	−7.4	−7.4	−7.2	−8.0	−8.4	−8.2	−8.1
58 Foreign deposits	360.2	431.4	534.0	547.2	510.1	547.6	565.1	547.2	562.8	583.9	592.3
59 Net interbank transactions	−9.0	−10.6	−32.2	−27.0	−21.2	−17.1	−15.4	−27.0	−11.3	−10.6	−12.9
60 Security repurchase agreements	86.4	90.9	153.1	168.4	187.4	140.9	175.2	168.4	263.5	279.8	297.1
61 Taxes payable	62.4	76.7	93.5	103.5	89.6	95.8	102.2	103.5	90.7	111.3	101.4
62 Miscellaneous	−1,011.4	−1,339.6	−1,668.9	−2,319.9	−1,868.2	−1,929.2	−2,015.4	−2,319.9	−2,436.0	−2,588.2	−2,996.5
Floats not included in assets (−)											
63 Federal government checkable deposits	3.1	−1.6	−8.1	−3.9	−10.4	−16.1	−12.0	−3.9	−7.2	−12.4	−9.0
64 Other checkable deposits	34.2	30.1	26.2	23.1	21.4	24.2	15.7	23.1	18.9	22.1	14.5
65 Trade credit	198.2	176.7	199.5	168.0	163.5	119.4	99.1	168.0	129.2	108.7	101.1
66 **Total identified to sectors as assets**	**53,823.6**	**59,994.4**	**68,332.7**	**76,723.3**	**72,170.3**	**73,414.4**	**71,696.7**	**76,723.3**	**78,348.9**	**81,171.0**	**80,894.9**

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	1997	1998	1999	1999								
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
1 **Industrial production**[1]	**127.1**	**132.4**	**137.1[r]**	**136.2**	**136.6**	**137.4**	**137.7**	**138.1**	**139.1[r]**	**139.5[r]**	**140.1[r]**	**141.5**
Market groupings												
2 Products, total	119.6	123.7	126.5[r]	126.8	126.8	126.9	127.6	127.6	128.5[r]	128.2[r]	128.4[r]	129.6
3 Final, total	121.1	125.4	128.0[r]	128.2	128.3	128.6	129.5	129.1	130.2[r]	129.9[r]	130.0[r]	131.6
4 Consumer goods	115.1	116.2	116.9[r]	116.8	117.0	116.8	117.6	117.1	118.2[r]	117.7[r]	118.2[r]	119.3
5 Equipment	132.1	142.7	148.9[r]	148.4	148.3	149.3	150.5	150.2	151.2[r]	151.2[r]	150.9[r]	153.3
6 Intermediate	115.3	118.8	122.1[r]	122.3	121.7	121.5	121.7	122.6	123.2[r]	122.8[r]	123.1[r]	123.3
7 Materials	139.0	146.5	154.8[r]	151.7	153.1	155.0	154.6	155.7	156.8	158.7[r]	160.1[r]	161.8
Industry groupings												
8 Manufacturing	130.1	136.4	142.2[r]	141.0	141.4	142.0	142.5	142.9	144.2[r]	144.9[r]	145.2[r]	146.6
9 Capacity utilization, manufacturing (percent)[2]	82.4	80.9	79.8	79.7	79.6	79.7	79.7	79.7	80.2	80.3[r]	80.2[r]	80.6
10 Construction contracts[3]	144.3[r]	160.9[r]	175.0[r]	180.0[r]	185.0[r]	181.0[r]	165.0[r]	170.0[r]	170.0	170.0[r]	168.0	172.0
11 Nonagricultural employment, total[4]	120.3	123.4	126.2	125.7	126.0	126.3	126.5	126.6	126.9	127.1	127.4	127.8
12 Goods-producing, total	101.2	102.7	102.3	102.1	102.1	102.3	101.9	102.1	102.1	102.4	102.4	103.0
13 Manufacturing, total	98.3	98.8	97.0	97.0	96.8	97.1	96.7	96.7	96.6	96.6	96.6	96.7
14 Manufacturing, production workers	99.6	99.8	97.8	97.8	97.5	98.0	97.4	97.4	97.3	97.4	97.3	97.5
15 Service-producing	126.5	130.0	133.8	133.2	133.6	134.0	134.3	134.4	134.7	135.0	135.4	135.7
16 Personal income, total	175.4	185.7	196.6	194.9	196.4	197.0	197.9	198.1	200.4	201.2	201.8	n.a.
17 Wages and salary disbursements	171.3	184.4	197.0	195.2	196.3	197.8	198.6	199.5	200.7	201.3	202.8	n.a.
18 Manufacturing	144.6	152.4	156.9	155.9	156.8	158.2	158.0	158.6	159.7	158.9	159.1	n.a.
19 Disposable personal income[5]	172.9	181.7	191.9	190.3	191.8	192.1	193.4	193.0	195.6	196.3	196.7	n.a.
20 Retail sales[5]	170.1	178.5	194.4	192.8	192.6	194.5	197.1	197.1	197.7	200.3	203.8	204.5
Prices[6]												
21 Consumer (1982–84=100)	160.5	163.0	166.6	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3	168.7
22 Producer finished goods (1982=100)	131.8	130.7	133.1	132.4	132.7	132.9	133.7	134.7[r]	135.0	135.0	135.0	134.7

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1999. The recent annual revision is described in an article in the March 2000 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	1997	1998	1999[r]	1999							2000
				June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.	Jan.
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	136,297	137,673	139,368	139,332	139,336	139,372	139,475	139,697	139,834	140,108	140,910
Employment											
2 Nonagricultural industries[3]	126,159	128,085	130,207	130,068	130,121	130,296	130,471	130,702	130,788	131,141	131,850
3 Agriculture	3,399	3,378	3,281	3,330	3,278	3,234	3,179	3,238	3,310	3,279	3,371
Unemployment											
4 Number	6,739	6,210	5,880	5,934	5,937	5,842	5,825	5,757	5,736	5,688	5,689
5 Rate (percent of civilian labor force)	4.9	4.5	4.2	4.3	4.3	4.2	4.2	4.1	4.1	4.1	4.0
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**122,690**	**125,826**	**128,616**	**128,443**	**128,816**	**128,945**	**129,048**	**129,332**	**129,589**	**129,905**	**130,292**
7 Manufacturing	18,675	18,772	18,431	18,396	18,449	18,378	18,366	18,356	18,361	18,355	18,368
8 Mining	596	590	535	526	528	524	527	528	527	529	531
9 Contract construction	5,691	5,985	6,273	6,258	6,270	6,246	6,293	6,314	6,369	6,391	6,507
10 Transportation and public utilities	6,408	6,600	6,792	6,781	6,799	6,813	6,831	6,841	6,862	6,896	6,912
11 Trade	28,614	29,127	29,792	29,789	29,915	29,919	29,903	29,955	29,972	30,067	30,129
12 Finance	7,109	7,407	7,632	7,636	7,647	7,650	7,653	7,668	7,675	7,687	7,678
13 Service	36,040	37,526	39,000	38,952	39,055	39,205	39,257	39,433	39,554	39,659	39,811
14 Government	19,557	19,819	20,161	20,105	20,153	20,210	20,218	20,237	20,269	20,321	20,356

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

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

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

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

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

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1999				1999				1999			
	Q1	Q2	Q3	Q4[r]	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[r]
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**134.6**	**136.1**	**137.7**	**139.6**	**167.3**	**169.2**	**170.7**	**172.3**	**80.4**	**80.5**	**80.7**	**81.0**
2 Manufacturing	139.2	140.9	142.5	144.8	174.8	176.9	178.7	180.6	79.6	79.6	79.7	80.2
3 Primary processing[3]	122.2	122.5	123.4	125.3	147.4	148.2	149.0	149.8	82.9	82.7	82.8	83.6
4 Advanced processing[4]	148.1	150.5	152.5	155.1	188.6	191.4	193.7	196.1	78.5	78.6	78.7	79.1
5 Durable goods	167.1	170.8	174.4	177.2	210.3	214.2	217.6	221.0	79.5	79.8	80.2	80.2
6 Lumber and products	122.2	122.5	120.5	120.6	145.3	146.3	147.4	148.4	84.1	83.7	81.7	81.2
7 Primary metals	122.3	125.1	128.7	130.8	147.6	148.5	149.3	150.1	82.9	84.2	86.2	87.1
8 Iron and steel	116.9	121.4	126.6	128.8	148.5	150.0	151.3	152.5	78.7	80.9	83.7	84.4
9 Nonferrous	129.1	129.6	131.2	133.2	146.5	146.8	147.0	147.2	88.1	88.3	89.3	90.5
10 Industrial machinery and equipment	221.3	227.9	232.3	239.9	265.7	275.5	285.3	295.8	83.3	82.7	81.4	81.1
11 Electrical machinery	349.4	374.6	400.9	418.4	461.8	482.0	498.5	514.6	75.7	77.7	80.4	81.3
12 Motor vehicles and parts	147.5	150.6	153.3	154.9	184.8	184.8	184.9	185.0	79.8	81.5	82.9	83.7
13 Aerospace and miscellaneous transportation equipment	98.9	95.9	93.8	89.2	126.8	126.6	126.2	125.8	78.0	75.7	74.3	70.9
14 Nondurable goods	111.8	111.6	111.5	113.3	139.1	139.5	139.9	140.3	80.4	80.0	79.7	80.8
15 Textile mill products	109.6	111.1	111.6	111.8	131.4	131.5	131.6	131.8	83.4	84.5	84.8	84.8
16 Paper and products	115.8	115.1	116.0	117.6	133.8	134.5	135.3	136.1	86.6	85.6	85.7	86.4
17 Chemicals and products	115.9	116.3	117.0	121.6	150.0	150.4	150.7	151.0	77.3	77.3	77.6	80.5
18 Plastics materials	122.9	123.5	124.2	131.3	135.9	137.2	138.4	139.6	90.4	90.0	89.7	94.1
19 Petroleum products	116.3	114.1	114.6	113.8	121.8	122.2	122.7	123.1	95.6	93.3	93.4	92.5
20 Mining	97.6	97.1	98.2	99.5	120.4	120.3	120.2	120.2	81.1	80.7	81.7	82.8
21 Utilities	114.6	116.6	118.4	115.2	126.9	127.3	127.8	128.2	90.3	91.6	92.7	89.8
22 Electric	116.6	118.9	120.8	117.6	124.7	125.2	125.6	126.1	93.5	95.0	96.2	93.3

Series	1973	1975	Previous cycle[5]		Latest cycle[6]		1999	1999					2000
	High	Low	High	Low	High	Low	Jan.	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.[r]	Jan.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**80.4**	**80.7**	**80.6**	**81.0**	**81.0**	**81.1**	**81.6**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	79.6	79.7	79.7	80.2	80.3	80.2	80.6
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	83.1	82.8	82.8	83.4	83.9	83.6	83.9
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	78.4	78.8	78.7	79.1	79.1	79.0	79.6
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	79.6	80.2	80.0	80.3	80.2	80.1	80.7
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	84.6	81.6	81.0	81.4	80.8	81.5	81.9
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	83.5	86.8	85.8	86.1	87.5	87.8	87.4
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	79.8	84.4	83.0	82.1	85.6	85.5	84.8
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	88.1	89.9	89.3	91.1	89.8	90.7	90.7
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	82.8	81.1	81.6	81.6	81.1	80.7	80.9
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	76.3	80.5	79.8	81.1	80.9	82.0	83.6
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	79.3	82.3	84.1	84.2	84.2	82.7	85.5
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	78.4	75.0	73.1	71.9	70.9	69.9	69.2
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	80.2	79.7	79.9	80.6	81.0	80.8	81.1
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	82.2	84.8	84.1	85.5	84.8	84.1	84.7
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	86.7	85.6	86.4	86.9	86.7	85.6	86.4
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	76.4	78.1	77.8	79.4	81.2	80.9	81.1
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	89.0	87.8	90.5	94.0	95.4	92.7	93.6
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	96.4	93.0	93.3	93.2	91.8	92.4	91.2
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	81.3	81.9	81.8	82.6	82.9	82.9	83.9
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	90.3	92.2	92.0	89.9	88.0	91.6	93.2
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	93.0	95.5	95.2	92.8	91.8	95.3	96.5

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1999. The recent annual revision is described in an article in the March 2000 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

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

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

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

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	1999 avg.	1999 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.[r]	2000 Jan.[p]
			Index (1992 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**137.1**	**134.1**	**134.5**	**135.1**	**135.5**	**136.2**	**136.6**	**137.4**	**137.7**	**138.1**	**139.1**	**139.5**	**140.1**	**141.5**
2 Products	60.5	126.5	125.4	125.8	126.0	126.2	126.8	126.8	126.9	127.6	127.6	128.5	128.2	128.4	129.6
3 Final products	46.3	128.0	126.6	127.3	127.3	127.6	128.2	128.3	128.6	129.5	129.1	130.2	129.9	130.0	131.6
4 Consumer goods, total	29.1	116.9	116.3	117.2	116.7	116.5	116.8	117.0	116.8	117.6	117.1	118.2	117.7	118.2	119.3
5 Durable consumer goods	6.1	152.5	149.1	150.9	149.9	152.0	152.8	154.0	153.4	155.5	153.5	157.4	154.3	154.7	157.6
6 Automotive products	2.6	144.6	143.7	142.0	140.0	142.0	145.4	147.4	143.7	150.6	145.5	147.9	146.2	143.6	147.8
7 Autos and trucks	1.7	151.8	149.4	148.7	147.0	149.0	153.2	157.5	148.9	162.9	152.8	155.1	154.3	148.8	155.1
8 Autos, consumer	.9	102.6	104.7	100.2	101.6	102.3	99.9	101.8	102.4	105.0	105.5	103.9	107.2	100.0	105.6
9 Trucks, consumer	.7	202.4	195.9	198.5	194.1	197.3	207.4	214.2	197.2	221.6	201.9	207.8	203.6	199.1	206.3
10 Auto parts and allied goods	.9	133.7	134.8	131.8	129.3	131.4	133.6	132.5	135.3	132.8	134.4	136.7	133.8	135.1	136.6
11 Other	3.5	158.6	152.8	158.0	157.8	160.0	158.3	158.8	161.1	158.7	159.7	165.0	160.5	163.8	165.4
12 Appliances, televisions, and air conditioners	1.0	323.6	299.7	320.0	317.6	325.8	311.1	319.0	329.9	319.0	326.3	363.1	343.1	352.6	359.8
13 Carpeting and furniture	.8	121.8	121.1	122.8	119.6	120.2	121.0	121.0	124.1	122.1	124.1	124.8	119.1	121.8	123.9
14 Miscellaneous home goods	1.6	114.7	111.0	113.6	115.7	116.9	117.2	116.2	115.9	115.4	114.4	114.8	115.0	116.6	116.5
15 Nondurable consumer goods	23.0	108.7	108.7	109.3	108.9	108.3	108.4	108.4	108.3	108.9	108.7	109.3	109.3	109.7	110.5
16 Foods and tobacco	10.3	107.3	108.4	109.4	108.4	107.8	107.7	107.3	106.7	106.5	106.2	106.8	107.2	107.4	107.5
17 Clothing	2.4	90.6	91.7	92.0	91.3	91.8	90.2	90.2	89.2	90.1	89.9	89.4	90.6	89.6	90.5
18 Chemical products	4.5	121.7	119.7	122.8	121.6	118.7	120.5	120.2	119.4	122.7	120.9	123.1	125.9	126.0	126.7
19 Paper products	2.9	102.3	101.5	100.4	98.8	99.9	100.3	101.5	102.0	103.2	104.7	106.3	105.1	103.7	106.0
20 Energy	2.9	114.5	113.1	109.9	115.4	115.1	114.7	115.3	118.6	116.6	117.6	114.5	109.2	113.9	116.3
21 Fuels	.8	111.2	112.2	113.4	110.7	111.5	110.9	109.9	111.1	110.0	112.0	112.4	110.1	110.3	109.7
22 Residential utilities	2.1	115.7	113.3	108.2	117.2	116.4	116.1	117.4	121.7	119.3	119.7	114.9	108.1	115.0	118.9
23 Equipment	17.2	148.9	144.6	144.9	145.9	147.0	148.4	148.3	149.3	150.5	150.2	151.2	151.2	150.9	153.3
24 Business equipment	13.2	171.5	165.9	166.3	167.5	169.4	171.2	171.2	172.6	173.9	173.7	174.8	174.8	174.5	177.8
25 Information processing and related	5.4	248.6	223.0	224.5	229.2	236.9	244.3	248.2	253.8	259.9	261.3	265.6	266.5	269.8	277.3
26 Computer and office equipment	1.1	840.1	677.5	703.1	736.1	773.0	805.8	830.2	851.9	892.8	926.9	950.5	970.0	985.6	1,015.2
27 Industrial	4.0	135.3	137.0	135.8	135.2	136.0	135.3	133.7	135.4	133.6	133.9	134.9	134.5	134.7	136.0
28 Transit	2.5	126.5	132.8	131.2	129.5	129.4	128.9	128.2	127.5	128.1	124.0	122.3	120.5	115.5	117.7
29 Autos and trucks	1.2	131.4	130.9	128.9	129.0	130.7	131.2	132.2	131.2	135.3	132.0	133.4	134.2	127.7	135.7
30 Other	1.3	131.3	132.6	139.9	143.0	135.7	134.0	130.2	123.8	123.2	126.4	125.1	128.3	126.9	127.4
31 Defense and space equipment	3.3	74.3	75.0	75.4	75.6	75.1	75.2	74.6	74.5	74.7	73.6	73.7	73.0	72.2	70.8
32 Oil and gas well drilling	.6	106.8	99.8	97.4	100.8	97.2	99.8	100.1	102.0	107.1	111.3	115.7	121.3	124.3	129.0
33 Manufactured homes	.2	155.1	173.3	169.2	168.8	164.7	161.3	158.9	151.5	151.3	144.4	142.6	139.3	137.0	137.1
34 Intermediate products, total	14.2	122.1	121.4	121.3	121.6	121.7	122.3	121.7	121.5	121.7	122.6	123.2	122.8	123.1	123.3
35 Construction supplies	5.3	133.4	133.3	132.5	131.7	131.3	132.9	132.6	133.2	132.9	134.1	135.4	134.7	134.5	134.8
36 Business supplies	8.9	115.4	114.3	114.7	115.6	116.1	116.1	115.3	114.6	115.1	115.8	115.9	115.8	116.4	116.5
37 Materials	39.5	154.8	148.2	148.7	150.3	150.8	151.7	153.1	155.0	154.6	155.7	156.8	158.7	160.1	161.8
38 Durable goods materials	20.8	198.8	188.8	189.2	191.9	193.1	194.3	197.2	200.3	199.9	202.3	203.4	206.4	209.0	211.8
39 Durable consumer parts	4.0	150.7	145.4	148.4	149.9	147.7	148.4	150.5	153.9	147.2	156.0	153.7	154.8	155.5	157.8
40 Equipment parts	7.6	360.4	323.1	324.4	331.5	340.5	345.0	355.2	364.6	369.0	371.4	377.5	385.2	395.3	403.9
41 Other	9.2	131.3	130.8	129.8	130.9	130.4	130.4	130.6	131.1	131.6	131.2	131.7	133.5	134.0	134.7
42 Basic metal materials	3.1	121.9	119.1	116.8	119.8	120.1	119.9	122.6	122.8	123.3	122.1	123.5	126.1	126.5	126.3
43 Nondurable goods materials	8.9	114.5	111.3	112.4	112.7	112.8	113.8	114.2	114.5	114.4	114.7	117.4	118.9	118.1	118.1
44 Textile materials	1.1	101.1	96.5	100.2	101.2	101.8	101.8	101.2	101.2	101.1	100.3	102.3	103.3	101.3	100.4
45 Paper materials	1.8	117.0	116.1	115.6	116.3	116.5	115.3	117.7	116.3	116.3	118.6	118.5	119.3	118.4	118.9
46 Chemical materials	3.9	117.3	111.6	112.8	113.6	114.2	116.0	116.9	117.7	117.4	117.7	122.0	124.9	123.8	123.8
47 Other	2.1	113.4	113.4	114.4	113.3	111.9	114.2	112.0	113.0	113.2	112.5	114.9	114.6	114.7	115.1
48 Energy materials	9.7	101.9	101.8	101.7	102.4	102.2	102.2	101.6	102.9	102.3	101.8	101.5	101.7	103.2	104.2
49 Primary energy	6.3	99.3	99.1	99.1	99.1	97.3	98.3	98.9	100.2	100.3	99.6	98.8	100.1	100.3	101.1
50 Converted fuel materials	3.3	107.5	106.8	106.7	108.9	111.7	109.9	106.8	108.0	106.1	106.1	106.5	104.7	108.8	110.2
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	137.0	133.9	134.4	135.1	135.4	136.1	136.4	137.3	137.4	138.0	138.9	139.4	140.2	141.4
52 Total excluding motor vehicles and parts	95.1	136.4	133.5	133.9	134.6	134.9	135.6	135.9	136.7	137.1	137.2	138.3	138.7	139.5	140.7
53 Total excluding computer and office equipment	98.2	131.1	128.8	129.1	129.5	129.7	130.2	130.6	131.2	131.4	131.5	132.4	132.7	133.3	134.5
54 Consumer goods excluding autos and trucks	27.4	115.1	114.6	115.5	115.1	114.8	114.8	114.8	115.0	115.2	115.2	116.3	115.8	116.5	117.4
55 Consumer goods excluding energy	26.2	117.2	116.7	118.0	116.9	116.7	117.0	117.2	116.6	117.7	117.1	118.7	118.7	118.7	119.7
56 Business equipment excluding autos and trucks	12.0	176.1	169.9	170.6	171.9	173.8	175.7	175.7	177.4	178.3	178.5	179.5	179.4	179.9	182.6
57 Business equipment excluding computer and office equipment	12.1	143.7	142.7	142.4	142.6	143.4	144.2	143.6	144.4	144.6	143.6	144.0	143.5	142.8	145.3
58 Materials excluding energy	29.8	171.9	162.9	163.6	165.5	166.3	167.4	169.5	171.6	171.3	173.0	174.7	177.2	178.5	180.4

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

Group	SIC code[2]	1992 proportion	1999 avg.	1999 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.[r]	Dec.[r]	2000 Jan.[p]
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	.	**100.0**	**137.1**	**134.1**	**134.5**	**135.1**	**135.5**	**136.2**	**136.6**	**137.4**	**137.7**	**138.1**	**139.1**	**139.5**	**140.1**	**141.5**
60 Manufacturing	..	85.4	142.2	138.6	139.3	139.7	140.2	141.0	141.4	142.0	142.5	142.9	144.2	144.9	145.2	146.6
61 Primary processing	...	26.5	123.3	122.2	122.1	122.4	122.2	122.5	122.7	123.3	123.4	123.6	124.8	125.6	125.5	126.0
62 Advanced processing	..	58.8	151.7	147.2	148.4	148.8	149.6	150.7	151.2	151.8	152.6	153.1	154.5	155.1	155.6	157.4
63 Durable goods	.	45.0	172.8	166.3	166.8	168.1	169.4	170.8	172.2	173.8	174.4	175.0	176.5	177.2	178.0	180.4
64 Lumber and products	24	2.0	121.6	122.6	122.3	121.7	121.5	123.9	122.2	121.5	120.2	119.7	120.5	119.9	121.2	122.0
65 Furniture and fixtures	25	1.4	125.5	122.7	124.6	125.8	123.8	124.4	124.4	125.7	126.4	127.9	127.0	126.2	126.8	127.5
66 Stone, clay, and glass products	32	2.1	130.5	133.1	132.2	130.8	128.8	128.5	127.8	129.3	130.2	129.6	131.2	133.0	131.6	131.5
67 Primary metals	33	3.1	126.6	122.9	120.1	124.0	123.9	123.9	127.4	128.0	129.6	128.3	129.0	131.3	132.1	131.6
68 Iron and steel	331.2	1.7	123.1	118.1	114.6	118.1	119.4	120.1	124.5	126.2	127.6	125.9	124.9	130.6	130.9	129.9
69 Raw steel	331PT	.1	113.3	106.8	106.8	108.3	109.3	111.4	110.7	111.1	115.9	112.4	121.8	124.0	124.2	123.4
70 Nonferrous	333–6,9	1.4	130.9	128.9	127.0	131.4	129.4	128.6	130.8	130.2	132.1	131.4	134.0	132.2	133.6	133.7
71 Fabricated metal products	34	5.0	128.7	129.0	128.4	128.5	128.0	127.2	128.3	128.6	128.5	128.4	128.8	129.3	129.0	130.2
72 Industrial machinery and equipment	35	8.0	230.1	217.5	221.7	224.6	227.0	228.4	228.2	230.0	231.4	235.5	238.3	239.9	241.6	245.0
73 Computer and office equipment	357	1.8	1,061.6	868.1	907.1	947.6	987.5	1,021.6	1,048.2	1,075.1	1,123.7	1,167.5	1,196.6	1,222.8	1,246.3	1,284.7
74 Electrical machinery	36	7.3	389.6	346.7	347.5	354.0	366.4	373.3	384.2	399.2	401.3	402.1	412.6	416.0	426.5	441.2
75 Transportation equipment	37	9.5	122.4	122.7	123.2	122.6	122.1	122.8	123.5	122.9	122.9	123.1	122.3	121.6	119.7	121.6
76 Motor vehicles and parts	371	4.9	151.0	146.5	147.8	148.1	148.4	150.6	152.9	152.2	152.2	155.6	155.7	155.8	153.1	158.5
77 Autos and light trucks	371PT	2.6	137.8	136.5	135.0	134.0	135.7	138.3	142.0	135.8	146.8	139.4	140.7	141.0	135.1	141.1
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	94.7	99.4	99.3	97.9	96.5	96.0	95.2	94.7	94.7	92.2	90.6	89.1	87.9	86.8
79 Instruments	38	5.4	116.5	113.3	112.9	113.7	115.1	116.7	117.0	117.2	117.7	117.2	118.3	118.8	119.3	119.2
80 Miscellaneous	39	1.3	124.7	120.6	121.8	122.9	124.2	125.5	124.5	125.2	125.2	125.1	125.0	125.0	126.4	126.3
81 Nondurable goods	..	40.4	111.8	111.3	112.3	111.8	111.5	111.9	111.3	111.0	111.5	111.8	113.0	113.6	113.5	113.9
82 Foods	20	9.4	110.0	111.0	111.4	110.9	110.6	110.6	110.0	108.9	108.9	109.6	110.1	110.1	109.9	110.6
83 Tobacco products	21	1.6	94.3	94.8	99.2	95.4	94.1	95.4	94.5	96.0	94.8	90.9	91.9	93.1	95.2	92.3
84 Textile mill products	22	1.8	111.0	108.0	110.5	110.1	111.4	110.9	110.8	112.3	111.7	110.8	112.7	111.8	110.9	111.7
85 Apparel products	23	2.2	90.7	92.3	92.2	91.8	92.4	91.2	90.7	89.8	89.2	89.0	89.1	89.2	89.2	89.5
86 Paper and products	26	3.6	116.1	115.7	115.9	115.9	115.0	114.6	115.7	115.0	115.8	117.2	118.0	118.1	116.8	118.0
87 Printing and publishing	27	6.7	104.4	104.3	104.3	103.7	104.2	104.1	103.5	102.8	103.6	104.6	106.0	106.0	105.9	106.2
88 Chemicals and products	28	9.9	117.4	114.5	116.6	116.8	115.6	117.0	116.3	115.8	117.7	117.4	119.8	122.6	122.2	122.6
89 Petroleum products	29	1.4	114.6	117.2	117.0	114.9	114.6	114.2	113.4	115.1	114.1	114.6	114.5	113.0	113.8	112.5
90 Rubber and plastic products	30	3.5	137.6	135.4	135.6	135.8	136.2	137.4	136.4	138.0	137.6	139.3	138.9	139.1	140.1	141.7
91 Leather and products	31	.3	69.8	71.9	71.5	71.3	70.6	70.9	71.3	69.1	70.2	69.5	68.2	67.4	65.5	66.8
92 Mining	.	6.9	98.0	98.0	97.4	97.5	96.7	97.4	97.1	97.8	98.5	98.3	99.2	99.6	99.6	100.6
93 Metal	10	.5	97.8	102.9	101.3	98.5	100.5	100.2	98.9	96.2	93.0	91.4	94.2	98.1	98.9	98.8
94 Coal	12	1.0	108.1	107.7	108.9	103.9	107.3	106.1	107.0	110.0	110.7	109.4	108.8	110.0	109.5	106.1
95 Oil and gas extraction	13	4.8	92.5	91.2	90.7	92.1	90.8	91.8	91.4	92.3	93.2	93.0	94.0	94.5	94.9	96.9
96 Stone and earth minerals	14	.6	123.9	129.4	127.1	126.6	121.8	123.9	123.3	120.5	123.0	125.5	126.3	122.0	119.2	118.9
97 Utilities	...	7.7	116.1	114.5	112.6	116.8	116.3	116.1	117.4	119.8	117.8	117.7	115.2	112.8	117.5	119.7
98 Electric	491,493PT	6.2	118.4	115.8	114.9	119.1	118.6	118.4	119.6	122.6	120.0	119.8	116.9	115.8	120.3	122.0
99 Gas	492,493PT	1.6	106.8	108.8	102.5	106.4	105.7	105.8	107.5	107.4	108.2	108.5	107.9	99.5	105.2	109.3
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.5	141.7	138.2	138.9	139.3	139.8	140.5	140.8	141.4	142.0	142.3	143.6	144.4	144.9	145.9
101 Manufacturing excluding computer and office equipment	.	83.6	135.3	132.4	133.0	133.1	133.4	134.1	134.3	134.8	135.1	135.3	136.5	137.1	137.3	138.4
102 Computers, communications equipment, and semiconductors	...	5.9	793.2	665.0	676.0	700.3	731.6	753.3	780.5	812.1	830.4	843.0	863.9	884.5	910.9	947.1
103 Manufacturing excluding computers and semiconductors	..	81.1	121.5	120.6	121.1	121.0	120.9	121.3	121.2	121.3	121.6	121.7	122.6	122.8	122.7	123.6
104 Manufacturing excluding computers, communications equipment, and semiconductors	..	79.5	119.2	118.6	119.1	118.9	118.7	119.1	118.9	118.9	119.1	119.3	120.1	120.4	120.3	120.9
				Gross value (billions of 1992 dollars, annual rates)												
Major Markets																
105 **Products, total**	..	**2,001.9**	**2,726.2**	**2,693.7**	**2,699.9**	**2,701.8**	**2,710.2**	**2,721.9**	**2,723.6**	**2,726.1**	**2,742.0**	**2,740.2**	**2,762.6**	**2,746.2**	**2,746.4**	**2,777.2**
106 Final	.	1,552.1	2,101.3	2,072.5	2,079.5	2,080.1	2,087.2	2,095.3	2,100.3	2,102.8	2,118.5	2,112.5	2,132.5	2,118.4	2,116.6	2,146.2
107 Consumer goods	..	1,049.6	1,295.1	1,286.4	1,292.3	1,287.9	1,288.4	1,290.1	1,295.1	1,292.4	1,301.3	1,297.0	1,311.7	1,298.0	1,300.4	1,314.7
108 Equipment	.	502.5	807.8	787.0	788.1	793.3	800.1	806.7	806.7	812.3	819.0	817.5	822.5	822.6	818.0	833.8
109 Intermediate	.	449.9	623.6	619.9	619.1	620.4	621.7	625.2	622.1	622.0	622.4	626.4	628.9	626.5	628.6	629.9

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1999. The recent annual revision is described in an article in the March 2000 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	1997	1998	1999	1999									
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,441	1,612	1,640	1,654	1,572	1,591	1,641	1,641	1,619	1,506	1,594	1,612	1,622
2 One-family	1,062	1,188	1,232	1,242	1,214	1,243	1,241	1,247	1,210	1,171	1,178	1,200	1,228
3 Two-family or more	379	425	408	412	358	348	400	394	409	335	416	412	394
4 Started	1,474	1,617	1,665	1,737[r]	1,561[r]	1,649[r]	1,562[r]	1,704[r]	1,657[r]	1,628[r]	1,636[r]	1,663[r]	1,748
5 One-family	1,134	1,271	1,334	1,377[r]	1,248[r]	1,368[r]	1,269[r]	1,348[r]	1,285[r]	1,290[r]	1,343[r]	1,344[r]	1,426
6 Two-family or more	340	346	331	360[r]	313[r]	281[r]	293[r]	356[r]	372[r]	338[r]	293[r]	319[r]	322
7 Under construction at end of period[1]	834	935	1,024	1,036	1,031	1,029	1,017	1,021	1,026	1,021	1,018[r]	1,021[r]	1,023
8 One-family	570	638	706	714	708	708	702	704	704	701	704[r]	708[r]	712
9 Two-family or more	264	297	318	322	323	321	315	317	322	320	314	313	311
10 Completed	1,406	1,473	1,636	1,700	1,633	1,650	1,674	1,609	1,594	1,668	1,636[r]	1,628[r]	1,661
11 One-family	1,120	1,158	1,308	1,357	1,324	1,334	1,346	1,263	1,267	1,321	1,299[r]	1,316[r]	1,327
12 Two-family or more	285	315	328	343	309	316	328	346	327	347	337[r]	312[r]	334
13 Mobile homes shipped	354	374	348	383	368	365	355	336	340	320	321	316	304
Merchant builder activity in one-family units													
14 Number sold	804	886	904	885	952	914	932	929	912	860[r]	919[r]	861[r]	900
15 Number for sale at end of period[1]	287	300	330	300	300	304	306	305	307	311[r]	315[r]	318[r]	322
Price of units sold (thousands of dollars)[2]													
16 Median	146.0	152.5	159.8	155.0	160.0	154.8	158.3	157.9	154.9	162.0[r]	159.1[r]	170.0[r]	160.9
17 Average	176.2	181.9	194.0	189.4	191.4	188.2	193.4	188.8	193.3	194.4[r]	199.6[r]	212.1[r]	200.5
EXISTING UNITS (one-family)													
18 Number sold	4,381	4,970	5,197	5,420	5,250	5,000	5,630	5,400	5,240	5,130	4,800	5,130	5,060
Price of units sold (thousands of dollars)[2]													
19 Median	121.8	128.4	133.3	129.6	130.7	132.8	136.9	136.0	137.4	134.4	132.5	133.2	134.3
20 Average	150.5	159.1	168.3	162.3	163.8	167.4	174.2	171.9	174.3	170.2	167.2	168.9	171.3
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**617,877**	**664,451**	**706,051**	**715,396**	**704,582**	**698,461**	**698,852**	**701,961**	**698,439**	**698,168**	**701,933**	**716,042**	**730,257**
22 Private	474,842	518,987	547,233	555,362	547,885	546,880	546,931	545,992	541,793	540,939	543,796	550,546	554,515
23 Residential	265,908	293,569	321,779	323,133	322,213	321,803	320,913	320,350	319,656	320,048	322,658	325,737	330,530
24 Nonresidential	208,933	225,418	225,453	232,229	225,672	225,077	226,018	225,642	222,137	220,891	221,138	224,809	223,985
25 Industrial buildings	31,355	32,308	26,600	29,052	26,217	24,975	25,465	26,246	25,703	25,566	25,268	25,887	25,960
26 Commercial buildings	86,190	95,252	103,100	103,983	102,180	104,134	104,457	103,355	102,407	102,728	102,454	105,023	103,511
27 Other buildings	37,198	39,438	38,802	39,840	39,737	38,876	38,592	38,412	37,791	37,727	38,436	38,173	38,753
28 Public utilities and other	54,190	58,421	56,952	59,354	57,538	57,092	57,504	57,629	56,236	54,870	54,980	55,726	55,761
29 Public	143,035	145,464	158,818	160,033	156,697	151,581	151,921	155,969	156,646	157,229	158,137	165,496	175,741
30 Military	2,559	2,588	2,133	2,223	2,268	2,128	2,137	2,275	1,682	1,947	2,092	1,961	2,362
31 Highway	44,295	45,067	50,620	53,099	50,897	48,542	45,518	47,822	48,182	49,031	46,988	53,051	58,887
32 Conservation and development	5,576	5,487	6,214	6,194	6,016	5,101	5,845	5,820	6,598	6,268	6,305	6,867	7,263
33 Other	90,605	92,322	99,852	98,517	97,516	95,810	98,421	100,052	100,184	99,983	102,752	103,617	107,229

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, Jan. 2000
	1999 Jan.	2000 Jan.	1999 Mar.	1999 June	1999 Sept.	1999 Dec.	1999 Sept.	1999 Oct.	1999 Nov.	1999 Dec.	2000 Jan.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**1.7**	**2.7**	**1.7**	**2.7**	**3.9**	**2.4**	**.4**	**.2**	**.2[r]**	**.2**	**.2**	**168.7**
2 Food	2.3	1.5	1.7	1.5	2.5	2.2	.3[r]	.2	.2[r]	.1	−.1	166.1
3 Energy items	−7.4	14.7	4.5	16.5	26.0	7.8	1.8[r]	.0[r]	.1[r]	1.8[r]	1.0	112.5
4 All items less food and energy	2.4	1.9	1.4	2.1	2.5	1.8	.3	.2	.2	.1	.2	178.7
5 Commodities	1.2	−.1	−2.7	1.7	2.5	−.6	.6[r]	.1	−.2	−.1	−.2	143.6
6 Services	2.8	2.8	2.9	2.3	2.5	3.1	.2	.2[r]	.4	.2	.3	198.7
PRODUCER PRICES (1982=100)												
7 Finished goods	.8	2.5	1.5	2.5	6.8	1.2	.8[r]	.0[r]	.2	.1[r]	.0	134.7
8 Consumer foods	1.9	−.4	2.7	−.6	3.3	−1.8	.7[r]	−.4[r]	.0[r]	.0[r]	.1	135.0
9 Consumer energy	−8.0	17.5	8.6	22.4	37.6	6.9	2.1[r]	−.2[r]	1.6[r]	.4[r]	.7	83.8
10 Other consumer goods	3.8	1.1	−.8	.8	3.8	1.1	.9	.2[r]	.0[r]	.1	−.4	152.8
11 Capital equipment	−.1	.4	−.3	.0	.3	1.2	.1[r]	.2[r]	−.1	.1	.1	138.4
Intermediate materials												
12 Excluding foods and feeds	−2.7	4.7	.7	5.7	6.6	4.2	.4[r]	.3	.3	.4	.4	126.9
13 Excluding energy	−1.8	2.4	−.9	2.8	3.4	2.4	.1	.2[r]	.1	.2	.3	135.1
Crude materials												
14 Foods	−4.1	−4.7	10.2	−7.7	3.7	−4.0	1.3	.9[r]	.2[r]	−2.1[r]	.7	96.4
15 Energy	−18.6	52.3	−21.1	163.8	134.4	−24.3	9.3[r]	−6.1[r]	8.8	−8.7	4.4	92.9
16 Other	−14.4	16.9	2.2	7.0	22.6	24.5	1.8[r]	3.0[r]	.6[r]	2.0[r]	3.2	150.6

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	1997	1998	1999	1998	1999			
				Q4	Q1	Q2	Q3	Q4
GROSS DOMESTIC PRODUCT								
1 **Total**	**8,300.8**	**8,759.9**	**9,254.6**	**8,947.6**	**9,072.7**	**9,146.2**	**9,297.8**	**9,501.6**
By source								
2 Personal consumption expenditures	5,524.4	5,848.6	6,257.3	5,973.7	6,090.8	6,200.8	6,303.7	6,434.2
3 Durable goods	642.9	698.2	758.6	722.8	739.0	751.6	761.8	782.0
4 Nondurable goods	1,641.7	1,708.9	1,842.7	1,742.9	1,787.8	1,824.8	1,853.9	1,904.3
5 Services	3,239.8	3,441.5	3,656.0	3,508.0	3,564.0	3,624.3	3,688.0	3,747.9
6 Gross private domestic investment	1,383.7	1,531.2	1,622.9	1,580.3	1,594.3	1,585.4	1,635.0	1,676.9
7 Fixed investment	1,315.4	1,460.0	1,577.8	1,508.9	1,543.3	1,567.8	1,594.2	1,605.8
8 Nonresidential	986.1	1,091.3	1,166.5	1,121.4	1,139.9	1,155.4	1,181.6	1,189.2
9 Structures	254.1	272.8	272.7	278.0	274.7	272.5	272.1	271.5
10 Producers' durable equipment	732.1	818.5	893.8	843.4	865.2	882.9	909.5	917.7
11 Residential structures	329.2	368.7	411.3	387.5	403.4	412.4	412.7	416.6
12 Change in business inventories	68.3	71.2	45.1	71.4	51.0	17.6	40.8	71.1
13 Nonfarm	65.6	70.9	41.7	56.2	40.9	12.8	40.1	73.0
14 Net exports of goods and services	−88.3	−149.6	−255.5	−161.2	−201.6	−245.8	−278.2	−296.4
15 Exports	968.0	966.3	997.4	981.8	966.9	978.2	1,008.5	1,036.2
16 Imports	1,056.3	1,115.9	1,252.9	1,143.1	1,168.5	1,224.0	1,286.6	1,332.6
17 Government consumption expenditures and gross investment	1,481.0	1,529.7	1,629.8	1,554.8	1,589.1	1,605.9	1,637.2	1,687.0
18 Federal	537.8	538.7	570.5	546.7	557.4	561.6	569.8	593.2
19 State and local	943.2	991.0	1,059.3	1,008.1	1,031.8	1,044.3	1,067.4	1,093.8
By major type of product								
20 Final sales, total	8,232.4	8,688.7	9,209.4	8,876.2	9,021.6	9,128.6	9,257.0	9,430.5
21 Goods	3,074.1	3,239.1	3,437.7	3,318.4	3,365.6	3,406.6	3,453.2	3,525.5
22 Durable	1,424.8	1,528.9	1,619.3	1,571.4	1,584.3	1,601.7	1,631.1	1,660.0
23 Nondurable	1,649.3	1,710.3	1,818.5	1,747.0	1,781.3	1,804.9	1,822.2	1,865.5
24 Services	4,434.7	4,664.6	4,930.5	4,747.9	4,820.7	4,885.5	4,963.7	5,052.1
25 Structures	723.7	785.1	841.2	809.9	835.3	836.5	840.1	852.9
26 Change in business inventories	68.3	71.2	45.1	71.4	51.0	17.6	40.8	71.1
27 Durable goods	35.6	39.0	26.2	38.6	24.1	6.3	23.0	51.4
28 Nondurable goods	32.8	32.3	19.0	32.8	27.0	11.4	17.8	19.7
MEMO								
29 **Total GDP in chained 1996 dollars**	**8,165.1**	**8,516.3**	**8,867.0**	**8,659.2**	**8,737.9**	**8,778.6**	**8,900.6**	**9,050.9**
NATIONAL INCOME								
30 **Total**	**6,634.9**	**7,036.4**	n.a.	**7,193.8**	**7,334.5**	**7,423.1**	**7,522.1**	n.a.
31 Compensation of employees	4,675.7	5,011.2	5,331.8	5,134.7	5,217.7	5,287.1	5,373.6	5,448.8
32 Wages and salaries	3,884.7	4,189.5	4,472.4	4,300.8	4,371.5	4,432.6	4,509.4	4,576.0
33 Government and government enterprises	664.4	692.8	726.5	702.8	715.8	721.3	730.3	738.6
34 Other	3,220.3	3,496.7	3,745.9	3,598.0	3,655.7	3,711.3	3,779.1	3,837.4
35 Supplement to wages and salaries	791.0	821.7	859.4	833.9	846.2	854.5	864.2	872.8
36 Employer contributions for social insurance	290.1	306.0	323.6	311.8	318.3	321.5	325.7	329.1
37 Other labor income	500.9	515.7	535.8	522.1	528.0	533.0	538.5	543.7
38 Proprietors' income[1]	578.6	606.1	658.5	637.1	639.9	655.3	654.0	684.8
39 Business and professional[1]	549.1	581.0	627.1	596.0	607.5	621.2	633.0	646.6
40 Farm[1]	29.5	25.1	31.4	41.1	32.5	34.1	21.0	38.2
41 Rental income of persons[2]	130.2	137.4	145.9	147.0	148.6	148.8	139.0	147.1
42 Corporate profits[1]	837.9	846.1	n.a.	834.3	882.0	875.5	879.2	n.a.
43 Profits before tax[3]	795.9	781.9	n.a.	766.7	818.1	835.8	853.8	n.a.
44 Inventory valuation adjustment	7.4	20.9	n.a.	20.8	13.3	−13.6	−26.7	n.a.
45 Capital consumption adjustment	34.6	43.3	52.0	46.9	50.6	53.2	52.1	52.0
46 Net interest	412.5	435.7	n.a.	440.8	446.3	456.4	476.3	n.a.

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	1997	1998	1999	1998	1999			
				Q4	Q1	Q2	Q3	Q4
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**6,951.1**	**7,358.9**	**7,791.2**	**7,530.8**	**7,630.2**	**7,732.6**	**7,831.4**	**7,970.6**
2 Wage and salary disbursements	3,888.9	4,186.0	4,472.7	4,297.3	4,371.5	4,432.6	4,509.4	4,577.2
3 Commodity-producing industries	975.5	1,038.7	1,082.6	1,056.6	1,062.9	1,075.1	1,090.2	1,102.2
4 Manufacturing	718.8	757.5	779.9	765.6	767.0	774.8	786.4	791.4
5 Distributive industries	879.1	944.6	1,005.5	969.9	986.3	997.6	1,013.4	1,024.8
6 Service industries	1,369.8	1,509.9	1,658.1	1,568.0	1,606.6	1,638.5	1,675.5	1,711.9
7 Government and government enterprises	664.4	692.8	726.4	702.8	715.8	721.3	730.3	738.2
8 Other labor income	500.9	515.7	535.8	522.1	528.0	533.0	538.5	543.8
9 Proprietors' income[1]	578.6	606.1	658.0	637.1	639.9	655.3	654.0	682.7
10 Business and professional[1]	549.1	581.0	626.7	596.0	607.5	621.2	633.0	645.2
11 Farm[1]	29.5	25.1	31.3	41.1	32.5	34.1	21.0	37.5
12 Rental income of persons[2]	130.2	137.4	146.1	147.0	148.6	148.8	139.0	148.2
13 Dividends	333.4	348.3	364.3	351.9	356.1	361.2	367.0	373.1
14 Personal interest income	854.9	897.8	930.6	906.4	907.4	920.5	938.8	955.6
15 Transfer payments	962.4	983.6	1,018.2	991.0	1,007.8	1,013.6	1,021.3	1,030.2
16 Old-age survivors, disability, and health insurance benefits	565.8	578.1	596.6	581.1	588.9	593.0	599.0	605.4
17 LESS: Personal contributions for social insurance	298.1	315.9	334.5	322.0	328.9	332.3	336.7	340.2
18 EQUALS: Personal income	6,951.1	7,358.9	7,791.2	7,530.8	7,630.2	7,732.6	7,831.4	7,970.6
19 LESS: Personal tax and nontax payments	968.3	1,072.6	1,152.0	1,113.0	1,124.8	1,139.4	1,160.4	1,183.2
20 EQUALS: Disposable personal income	5,982.8	6,286.2	6,639.2	6,417.8	6,505.4	6,593.2	6,671.0	6,787.4
21 LESS: Personal outlays	5,711.7	6,056.6	6,480.9	6,190.3	6,310.3	6,425.2	6,531.5	6,656.6
22 EQUALS: Personal saving	271.1	229.7	158.3	227.5	195.1	168.0	139.5	130.8
MEMO								
Per capita (chained 1996 dollars)								
23 Gross domestic product	30,466.7	31,471.8	32,434.2	31,882.1	32,112.7	32,179.8	32,543.4	32,921.0
24 Personal consumption expenditures	20,275.2	21,059.2	21,957.0	21,339.3	21,640.6	21,854.1	22,059.5	22,287.3
25 Disposable personal income	21,954.0	22,636.0	23,310.0	22,924.0	23,110.0	23,239.0	23,343.0	23,546.0
26 Saving rate (percent)	4.5	3.7	2.4	3.5	3.0	2.5	2.1	1.9
GROSS SAVING								
27 **Gross saving**	**1,521.3**	**1,646.0**	n.a.	**1,685.4**	**1,727.8**	**1,709.5**	**1,735.6**	n.a.
28 Gross private saving	1,362.0	1,371.2	n.a.	1,382.3	1,389.4	1,359.3	1,355.7	n.a.
29 Personal saving	271.1	229.7	158.3	227.5	195.1	168.0	139.5	130.8
30 Undistributed corporate profits[1]	265.9	257.2	n.a.	246.5	277.6	259.5	252.4	n.a.
31 Corporate inventory valuation adjustment	7.4	20.9	n.a.	20.8	13.3	−13.6	−26.7	n.a.
Capital consumption allowances								
32 Corporate	579.4	619.2	666.3	637.1	645.8	657.2	676.5	685.6
33 Noncorporate	249.8	261.5	279.0	267.7	271.0	274.6	287.2	283.2
34 Gross government saving	159.3	274.8	n.a.	303.0	338.3	350.2	379.9	n.a.
35 Federal	37.7	134.3	n.a.	147.8	187.2	208.3	225.1	n.a.
36 Consumption of fixed capital	86.6	87.4	90.8	88.1	89.6	90.2	91.2	92.1
37 Current surplus or deficit (−), national accounts	−48.8	46.9	n.a.	59.7	97.6	118.1	133.8	n.a.
38 State and local	121.5	140.5	n.a.	155.2	151.1	141.9	154.8	n.a.
39 Consumption of fixed capital	94.0	98.8	105.1	101.1	102.4	104.3	106.0	107.8
40 Current surplus or deficit (−), national accounts	27.5	41.7	n.a.	54.2	48.7	37.6	48.9	n.a.
41 **Gross investment**	**1,518.1**	**1,598.4**	n.a.	**1,623.0**	**1,628.4**	**1,574.0**	**1,594.4**	n.a.
42 Gross private domestic investment	1,383.7	1,531.2	1,621.6	1,580.3	1,594.3	1,585.4	1,635.0	1,671.8
43 Gross government investment	258.1	268.7	296.5	272.6	289.8	292.2	295.7	308.1
44 Net foreign investment	−123.7	−201.5	n.a.	−229.9	−255.7	−303.7	−336.3	n.a.
45 **Statistical discrepancy**	**−3.2**	**−47.6**	n.a.	**−62.4**	**−99.4**	**−135.5**	**−141.2**	n.a.

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1996	1997	1998	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
1 Balance on current account	−129,295	−143,465	−220,562	−63,476	−61,669	−68,654	−80,909	−89,949
2 Balance on goods and services	−104,318	−104,730	−164,282	−45,724	−43,262	−53,974	−65,085	−73,825
3 Exports	849,806	938,543	933,907	229,284	236,904	231,904	234,512	242,626
4 Imports	−954,124	−1,043,273	−1,098,189	−275,008	−280,166	−285,878	−299,597	−316,451
5 Income, net	17,210	3,231	−12,205	−6,965	−4,933	−4,340	−4,612	−4,920
6 Investment, net	21,754	8,185	−6,956	−5,637	−3,571	−2,946	−3,225	−3,520
7 Direct	67,746	69,220	59,405	11,834	14,558	14,834	13,990	15,657
8 Portfolio	−45,992	−61,035	−66,361	−17,471	−18,129	−17,780	−17,215	−19,177
9 Compensation of employees	−4,544	−4,954	−5,249	−1,328	−1,362	−1,394	−1,387	−1,400
10 Unilateral current transfers, net	−42,187	−41,966	−44,075	−10,787	−13,474	−10,340	−11,212	−11,204
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−989	68	−429	185	−50	119	−392	−673
12 Change in U.S. official reserve assets (increase, −)	6,668	−1,010	−6,784	−2,026	−2,369	4,068	1,159	1,950
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	370	−350	−149	188	−227	563	−190	−185
15 Reserve position in International Monetary Fund	−1,280	−3,575	−5,118	−2,078	−1,924	3	1,413	2,268
16 Foreign currencies	7,578	2,915	−1,517	−136	−218	3,502	−64	−133
17 Change in U.S. private assets abroad (increase, −)	−386,441	−464,354	−285,605	−60,256	−48,188	−19,335	−155,480	−102,760
18 Bank-reported claims[3]	−91,555	−144,822	−24,918	−33,344	37,192	27,771	−42,519	384
19 Nonbank-reported claims	−86,333	−120,403	−25,041	−20,320	16,202	−13,853	−16,816	−32,098
20 U.S. purchases of foreign securities, net	−115,859	−89,174	−102,817	14,994	−70,809	8,132	−64,579	−26,511
21 U.S. direct investments abroad, net	−92,694	−109,955	−132,829	−21,586	−30,773	−41,385	−31,566	−44,535
22 Change in foreign official assets in United States (increase, +)	127,390	18,119	−21,684	−46,489	24,352	4,708	−628	12,106
23 U.S. Treasury securities	115,671	−6,690	−9,957	−32,811	31,836	800	−6,708	12,880
24 Other U.S. government obligations	5,008	4,529	6,332	1,906	1,562	5,993	5,792	1,932
25 Other U.S. government liabilities[3]	−316	−1,798	−3,113	−224	−1,054	−1,594	−647	−1,163
26 Other U.S. liabilities reported by U.S. banks[3]	5,704	22,286	−11,469	−12,866	−7,133	−589	1,437	−1,832
27 Other foreign official assets[4]	1,323	−208	−3,477	−2,494	−859	98	−502	289
28 Change in foreign private assets in United States (increase, +)	447,457	733,542	524,321	140,036	125,453	84,152	274,899	195,047
29 U.S. bank-reported liabilities[2]	16,478	149,026	40,731	77,313	−21,811	−14,184	34,938	30,965
30 U.S. nonbank-reported liabilities	39,404	107,779	9,412	11,875	−53,210	20,188	8,871	12,136
31 Foreign private purchases of U.S. Treasury securities, net	154,996	146,433	46,155	−1,438	24,391	−8,781	−5,407	9,713
32 U.S. currency flows	17,362	24,782	16,622	7,277	6,250	2,440	3,057	4,697
33 Foreign purchases of other U.S. securities, net	130,240	196,258	218,026	20,103	49,328	61,540	79,067	93,062
34 Foreign direct investments in United States, net	88,977	109,264	193,375	24,906	120,505	22,949	154,373	44,474
35 Capital account transactions, net[5]	672	292	617	148	166	166	178	166
36 Discrepancy	−65,462	−143,192	10,126	31,878	−37,695	−5,224	−38,827	−15,887
37 Due to seasonal adjustment	...	...	...	−10,582	4,144	5,264	276	−10,209
38 Before seasonal adjustment	−65,462	−143,192	10,126	42,460	−41,839	−10,488	−39,103	−5,678
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	6,668	−1,010	−6,784	−2,026	−2,369	4,068	1,159	1,950
40 Foreign official assets in United States, excluding line 25 (increase, +)	127,706	19,917	−18,571	−46,265	25,406	6,302	19	13,269
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	14,911	12,124	−11,499	−11,642	2,057	2,058	1,966	−1,047

1. Seasonal factors are not calculated for lines 11–16, 18–20, 22–35, and 38–41.
2. Reporting banks included all types of depository institutions as well as some brokers and dealers.
3. Associated primarily with military sales contracts and other transactions arranged with or through foreign official agencies.
4. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.
5. Consists of capital transfers (such as those of accompanying migrants entering or leaving the country and debt forgiveness) and the acquisition and disposal of nonproduced nonfinancial assets.

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1997	1998	1999	1999r						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.p
1 Goods and services, balance	−104,731	−164,282	−271,310	−24,778	−25,399	−24,012	−24,212	−25,621	−27,103	−25,549
2 Merchandise	−196,652	−246,932	−347,130	−31,239	−31,481	−30,191	−30,271	−31,874	−32,869	−31,473
3 Services	91,921	82,650	75,820	6,461	6,082	6,179	6,059	6,253	5,766	5,924
4 Goods and services, exports	938,543	933,907	958,491	78,462	78,721	82,077	81,930	82,240	82,503	85,173
5 Merchandise	679,715	670,246	683,021	55,377	55,796	59,045	58,839	58,833	59,184	61,739
6 Services	258,828	263,661	275,470	23,085	22,925	23,032	23,091	23,407	23,319	23,434
7 Goods and services, imports	−1,043,273	−1,098,189	−1,229,802	−103,240	−104,120	−106,089	−106,142	−107,861	−109,606	−110,722
8 Merchandise	−876,366	−917,178	−1,030,152	−86,616	−87,277	−89,236	−89,110	−90,707	−92,053	−93,212
9 Services	−166,907	−181,011	−199,650	−16,624	−16,843	−16,853	−17,032	−17,154	−17,553	−17,510

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

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1996	1997	1998	1999						2000	
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.p
1 **Total**	**75,090**	**69,954**	**81,755**	**73,305**	**72,649**	**73,414**	**73,230**	**72,318**	**71,516**	**69,898**	**69,309**
2 Gold stock, including Exchange Stabilization Fund[1]	11,049	11,050	11,041	11,048	11,046	11,047	11,049	11,049	11,089	11,048	11,048
3 Special drawing rights[2,3]	10,312	10,027	10,603	9,925	10,152	10,284	10,232	10,326	10,336	10,199	10,277
4 Reserve position in International Monetary Fund[2]	15,435	18,071	24,111	21,462	19,885	19,978	19,571	18,707	17,950	17,710	17,578
5 Foreign currencies[4]	38,294	30,809	36,001	30,870	31,566	32,105	32,378	32,236	32,182	30,941	30,406

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

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

Millions of dollars, end of period

Asset	1996	1997	1998	1999						2000	
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.p
1 **Deposits**	**167**	**457**	**167**	**257**	**166**	**243**	**189**	**501**	**71**	**82**	**87**
Held in custody											
2 U.S. Treasury securities[2]	638,049	620,885	607,574	619,004	626,669	634,086	621,351	629,430	632,482	627,326	631,421
3 Earmarked gold[3]	11,197	10,763	10,343	10,329	10,271	10,155	10,114	10,015	9,933	9,866	9,771

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	1997	1998	1999						
			June	July	Aug.	Sept.	Oct.[r]	Nov.	Dec.[p]
1 **Total**[1]	**776,505**	**759,928**	**765,690[r]**	**773,497[r]**	**782,490[r]**	**778,640[r]**	**782,865**	**780,883**	**807,636**
By type									
2 Liabilities reported by banks in the United States[2]	135,384	125,883	126,180	125,873	126,220	124,148	124,523	124,197	140,269
3 U.S. Treasury bills and certificates[3]	148,301	134,177	138,518	147,492	153,499	152,457	154,582	153,465	156,073
U.S. Treasury bonds and notes									
4 Marketable	428,004	432,127	421,970	420,197	422,591	420,877	419,629	417,304	422,266
5 Nonmarketable[4]	5,994	6,074	5,982	6,022	6,060	6,098	6,139	6,177	6,111
6 U.S. securities other than U.S. Treasury securities[5]	58,822	61,667	73,040[r]	73,913[r]	74,120[r]	75,060[r]	77,992	79,740	82,917
By area									
7 Europe[1]	252,289	256,026	241,989	240,546	243,334	241,233	243,412	242,587	244,802
8 Canada	36,177	36,715	39,001	39,147	39,342	39,337	39,682	39,081	38,666
9 Latin America and Caribbean	96,942	79,503	76,828	77,832	75,339	74,279	73,627	72,324	75,111
10 Asia	400,144	400,631	421,264[r]	430,032[r]	438,264[r]	437,895[r]	439,811	441,070	463,434
11 Africa	9,981	10,059	8,378	8,397[r]	8,140[r]	8,236[r]	7,868	7,174	7,520
12 Other countries	7,058	3,080	4,316	3,629	4,157	3,746	4,551	4,733	4,189

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

SOURCE. Based on U.S. Department of the Treasury data and on data reported to the department by banks (including Federal Reserve Banks) and securities dealers in the United States, and on the 1994 benchmark survey of foreign portfolio investment in the United States.

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

Millions of dollars, end of period

Item	1995	1996	1997	1998	1999		
				Dec.	Mar.	June	Sept.
1 Banks' liabilities	109,713	103,383	117,524	101,125	101,359	97,751	110,322
2 Banks' claims	74,016	66,018	83,038	78,152	80,642	67,864	77,946
3 Deposits	22,696	22,467	28,661	45,985	42,147	41,895	48,719
4 Other claims	51,320	43,551	54,377	32,167	38,495	25,969	29,227
5 Claims of banks' domestic customers[2]	6,145	10,978	8,191	20,718	11,039	23,474	11,534

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

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

Millions of dollars, end of period

Item	1997	1998r	1999	1999						
				June	July	Aug.	Sept.	Oct.r	Nov.	Dec.p
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,283,027**	**1,347,837**	**1,422,018**	**1,384,853r**	**1,342,632r**	**1,387,383r**	**1,378,738r**	**1,374,075**	**1,421,735**	**1,422,018**
2 Banks' own liabilities	882,980	884,939	971,794	920,182r	889,734r	907,997r	927,131r	931,730	977,742	971,794
3 Demand deposits	31,344	29,558	42,884	36,322	43,183	44,940r	44,594r	39,451	42,888	42,884
4 Time deposits[2]	198,546	151,761	168,957	156,275r	156,294r	154,433r	156,352r	162,273	168,176	168,957
5 Other[3]	168,011	140,752	162,564	153,123r	152,455r	152,766r	160,883r	155,743	162,728	162,564
6 Own foreign offices[4]	485,079	562,868	597,389	574,462r	537,802r	555,858r	565,302r	574,263	603,950	597,389
7 Banks' custodial liabilities[5]	400,047	462,898	450,224	464,671r	452,898r	479,386r	451,607r	442,345	443,993	450,224
8 U.S. Treasury bills and certificates[6]	193,239	183,494	185,677	179,351	187,872	192,096	189,030	188,486	184,675	185,677
9 Other negotiable and readily transferable instruments[7]	93,641	141,699	132,575	124,915r	123,813r	133,789r	131,726	131,464	131,859	132,575
10 Other	113,167	137,705	131,972	160,405r	141,213r	153,501r	130,851r	122,395	127,459	131,972
11 Nonmonetary international and regional organizations[8]	11,690	11,883	14,902	17,987	18,463	18,268	18,646	17,893	14,043	14,902
12 Banks' own liabilities	11,486	10,850	13,983	16,002	16,964	16,856	17,726	17,052	13,156	13,983
13 Demand deposits	16	172	98	49	66	31	21	187	70	98
14 Time deposits[2]	5,466	5,793	10,349	7,231	7,380	6,419	7,370	8,772	7,675	10,349
15 Other[3]	6,004	4,885	3,536	8,722	9,518	10,406	10,335	8,093	5,411	3,536
16 Banks' custodial liabilities[5]	204	1,033	919	1,985	1,499	1,412	920	841	887	919
17 U.S. Treasury bills and certificates[6]	69	636	680	956	953	896	661	628	658	680
18 Other negotiable and readily transferable instruments[7]	133	397	233	1,029	533	516	259	213	229	233
19 Other	2	0	6	0	13	0	0	0	0	6
20 Official institutions[9]	283,685	260,060	296,342	264,698	273,365	279,719	276,605	279,105	277,662	296,342
21 Banks' own liabilities	102,028	80,256	99,070	78,445	80,400	77,801	76,780	79,376	81,721	99,070
22 Demand deposits	2,314	3,003	3,340	2,952	2,652	2,537	2,932	2,314	2,829	3,340
23 Time deposits[2]	41,396	29,506	30,462	26,323r	26,326r	24,407	25,301	29,152	28,701	30,462
24 Other[3]	58,318	47,747	65,268	49,170r	51,422r	50,857	48,547	47,910	50,191	65,268
25 Banks' custodial liabilities[5]	181,657	179,804	197,272	186,253	192,965	201,918	199,825	199,729	195,941	197,272
26 U.S. Treasury bills and certificates[6]	148,301	134,177	156,073	138,518	147,492	153,499	152,457	154,582	153,465	156,073
27 Other negotiable and readily transferable instruments[7]	33,151	44,953	41,152	47,582	45,094	48,297	46,633	44,804	42,331	41,152
28 Other	205	674	47	153	379	122	735	343	145	47
29 Banks[10]	815,247	885,336	908,791	910,223r	853,461r	888,409r	877,973r	874,089	921,423	908,791
30 Banks' own liabilities	641,447	676,057	723,707	695,308r	656,476r	677,012r	692,332r	698,212	739,658	723,707
31 Unaffiliated foreign banks	156,368	113,189	126,318	120,846r	118,674r	121,154r	127,030r	123,949	135,708	126,318
32 Demand deposits	16,767	14,071	17,543	15,812	14,086	15,436	14,084	17,111	14,402	17,543
33 Time deposits[2]	83,433	45,904	48,307	48,034r	49,523r	49,623r	49,655r	48,693	54,388	48,307
34 Other[3]	56,168	53,214	60,468	57,000r	55,065r	56,095r	63,291r	58,145	66,918	60,468
35 Own foreign offices[4]	485,079	562,868	597,389	574,462r	537,802r	555,858r	565,302r	574,263	603,950	597,389
36 Banks' custodial liabilities[5]	173,800	209,279	185,084	214,915r	196,985r	211,397	185,641r	175,877	181,765	185,084
37 U.S. Treasury bills and certificates[6]	31,915	35,359	16,927	27,757	28,284	26,314	24,749	22,203	19,512	16,927
38 Other negotiable and readily transferable instruments[7]	35,393	45,332	45,695	37,124r	37,663r	41,541	40,370	41,529	44,889	45,695
39 Other	106,492	128,588	122,462	150,034	131,038	143,542	120,522r	112,145	117,364	122,462
40 Other foreigners	172,405	190,558	201,983	191,945r	197,343r	200,987r	205,514	202,988	208,607	201,983
41 Banks' own liabilities	128,019	117,776	135,034	130,427	135,894	136,328	140,293	137,090	143,207	135,034
42 Demand deposits	12,247	12,312	21,903	17,509	26,379	26,936	27,557	19,839	25,587	21,903
43 Time deposits[2]	68,251	70,558	79,839	74,687r	73,065r	73,984r	74,026r	75,656	77,412	79,839
44 Other[3]	47,521	34,906	33,292	38,231r	36,450r	35,408r	38,710r	41,595	40,208	33,292
45 Banks' custodial liabilities[5]	44,386	72,782	66,949	61,518r	61,449r	64,659r	65,221	65,898	65,400	66,949
46 U.S. Treasury bills and certificates[6]	12,954	13,322	11,997	12,120	11,143	11,387	11,163	11,073	11,040	11,997
47 Other negotiable and readily transferable instruments[7]	24,964	51,017	45,495	39,180r	40,523r	43,435r	44,464	44,918	44,410	45,495
48 Other	6,468	8,443	9,457	10,218r	9,783r	9,837r	9,594	9,907	9,950	9,457
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	16,083	27,026	30,345	22,569	21,811	22,565	24,367	26,550	28,320	30,345

1. Reporting banks include all types of depository institutions as well as some brokers and dealers. Excludes bonds and notes of maturities longer than one year.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks for foreign customers.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]—Continued

Item	1997	1998	1999	1999 June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
AREA										
50 **Total, all foreigners**	**1,283,027**	**1,347,837[r]**	**1,422,018**	**1,384,853[r]**	**1,342,632[r]**	**1,387,383[r]**	**1,378,738[r]**	**1,374,075[r]**	**1,421,735**	**1,422,018**
51 **Foreign countries**	**1,271,337**	**1,335,954[r]**	**1,407,116**	**1,366,866[r]**	**1,324,169[r]**	**1,369,115[r]**	**1,360,092[r]**	**1,356,182[r]**	**1,407,692**	**1,407,116**
52 Europe	419,672	427,375[r]	441,248	432,727[r]	440,903[r]	452,653[r]	456,956[r]	442,523[r]	470,756	441,248
53 Austria	2,717	3,178	2,787	2,678	2,770	3,210	3,205	3,299	2,842	2,787
54 Belgium and Luxembourg	41,007	42,818	44,693	33,445[r]	33,913[r]	36,668[r]	36,890	38,590	41,171	44,693
55 Denmark	1,514	1,437	2,196	961	1,143	1,811	1,903	2,658	3,197	2,196
56 Finland	2,246	1,862	1,658	1,384	1,358	1,335	1,222	1,269	1,894	1,658
57 France	46,607	44,616	49,786	45,235	42,622	42,424	45,809	45,764	50,262	49,786
58 Germany	23,737	21,357	24,753	21,999	23,950	23,719	24,485[r]	25,479[r]	26,537	24,753
59 Greece	1,552	2,066	3,748	2,737	3,168	3,121	3,358	3,322	3,365	3,748
60 Italy	11,378	7,103	6,774	6,192	6,426	5,832[r]	6,231	6,306	5,264	6,774
61 Netherlands	7,385	10,793	8,307	12,152	12,206	11,292	11,634	13,882	12,775	8,307
62 Norway	317	710	1,327	1,049	1,184	1,333	1,225	951	1,364	1,327
63 Portugal	2,262	3,236[r]	2,228	2,439	2,237	1,912	1,976	1,875	2,148	2,228
64 Russia	7,968	2,439	5,469	2,871	2,756	2,665	2,816	3,713	3,655	5,469
65 Spain	18,989	15,781[r]	10,426	8,678	7,700	8,202[r]	9,479	9,287[r]	11,181	10,426
66 Sweden	1,628	3,027	4,652	2,966	3,851	3,779	4,571	5,381	5,518	4,652
67 Switzerland	39,023	50,654	66,529	65,967	60,758	76,176	69,338	65,967	67,027	66,529
68 Turkey	4,054	4,286	7,844	5,914	7,786	7,883	8,368	8,252	8,818	7,844
69 United Kingdom	181,904	181,554	168,905	187,310	200,038	192,431	196,490	178,022	195,465	168,905
70 Yugoslavia[11]	239	233	286	254	289	270	266	267	267	286
71 Other Europe and other former U.S.S.R.[12]	25,145	30,225[r]	28,880	28,496	26,748	28,590[r]	27,690	28,239	28,006	28,880
72 Canada	28,341	30,212	34,109	30,416	29,862	30,409	29,728	34,995	33,746	34,109
73 Latin America and Caribbean	536,393	554,866[r]	593,206	610,258[r]	554,419[r]	581,419[r]	570,309[r]	573,215[r]	593,830	593,206
74 Argentina	20,199	19,014[r]	20,230	17,805[r]	17,205[r]	17,064[r]	15,547[r]	17,546[r]	16,733	20,230
75 Bahamas	112,217	118,085	134,142	123,549	122,465	132,442	139,101	134,111	139,179	134,142
76 Bermuda	6,911	6,846	7,878	9,168	9,410	9,319	8,747	10,902	8,859	7,878
77 Brazil	31,037	15,815[r]	12,861	14,717[r]	15,413[r]	15,423[r]	16,241[r]	13,253	14,185	12,861
78 British West Indies	276,418	302,486[r]	326,947	347,388[r]	294,245[r]	315,843[r]	299,669[r]	308,593[r]	325,793	326,947
79 Chile	4,072	5,015[r]	7,010	5,918	6,744	5,805	6,601	6,559	6,521	7,010
80 Colombia	3,652	4,624[r]	5,656	4,618[r]	4,637[r]	4,455[r]	4,711[r]	5,011[r]	4,783	5,656
81 Cuba	66	62	75	70	70	72	76	72	73	75
82 Ecuador	2,078	1,572	1,955	1,930	1,975	1,724	1,792	1,833	1,930	1,955
83 Guatemala	1,494	1,336[r]	1,618	1,468	1,425	1,521	1,471	1,484	1,577	1,618
84 Jamaica	450	577	520	527	471	533	550	549	546	520
85 Mexico	33,972	37,157[r]	30,710	37,920	39,024	36,301	35,028	32,208	31,187	30,710
86 Netherlands Antilles	5,085	5,010	3,997	5,662	3,010[r]	3,408	2,927	2,688	3,389	3,997
87 Panama	4,241	3,864	4,416	4,130	3,846[r]	3,816	4,029	4,007	3,834	4,416
88 Peru	893	840	1,142	819[r]	837[r]	995[r]	1,042[r]	959	998	1,142
89 Uruguay	2,382	2,486	2,383	2,556[r]	2,323[r]	2,151[r]	2,177[r]	2,218[r]	2,584	2,383
90 Venezuela	21,601	19,894	20,188	20,397[r]	20,437	19,797[r]	19,451	19,914	20,311	20,188
91 Other	9,625	10,183[r]	11,478	11,616	10,882[r]	10,750[r]	11,149[r]	11,308[r]	11,348	11,478
92 Asia	269,379	307,960	319,444	276,917[r]	283,218	288,982[r]	287,227	287,963	292,142	319,444
China										
93 Mainland	18,252	13,441	12,325	13,366	10,872	12,359	11,914	10,460	13,981	12,325
94 Taiwan	11,840	12,708	13,595	11,408	12,482	12,678	12,514	12,023	14,791	13,595
95 Hong Kong	17,722	20,900	27,773	24,575	24,200	24,149	23,368	24,299	22,340	27,773
96 India	4,567	5,250	7,367	5,421	5,864	5,408	5,625	5,659	5,610	7,367
97 Indonesia	3,554	8,282	6,567	6,530	7,309	6,633	6,468	6,037	6,486	6,567
98 Israel	6,281	7,749	7,488	6,144	5,076	5,059	5,688	5,175	5,071	7,488
99 Japan	143,401	168,563	159,066	143,635	145,652	145,403	149,578	151,632	152,095	159,066
100 Korea (South)	13,060	12,524	12,840	12,901	12,792	12,723	11,903	9,935	8,474	12,840
101 Philippines	3,250	3,324	3,251	2,273	2,177	2,189	2,414	2,134	2,639	3,251
102 Thailand	6,501	7,359	6,050	5,296	6,054	5,809	5,281	4,983	5,164	6,050
103 Middle Eastern oil-exporting countries[13]	14,959	15,609	21,279	15,168	15,581	15,942	14,367	16,825	17,944	21,279
104 Other	25,992	32,251	41,843	30,200	35,159	40,630[r]	38,107	38,801	37,547	41,843
105 Africa	10,347	8,905	9,469	7,485	7,508	7,660	8,045[r]	8,037	7,799	9,469
106 Egypt	1,663	1,339	2,021	1,576	1,566	1,851	1,852	1,364	1,846	2,021
107 Morocco	138	97	179	101	116	108	118	174	166	179
108 South Africa	2,158	1,522	1,495	1,091	1,049	885	753	828	957	1,495
109 Zaire	10	5	14	16	13	13	13	14	13	14
110 Oil-exporting countries[14]	3,060	3,088	2,915	2,247	2,281	2,510	2,807	2,912	2,244	2,915
111 Other	3,318	2,854	2,845	2,454	2,483	2,293	2,502[r]	2,745	2,573	2,845
112 Other	7,205	6,636	9,640	9,063	8,259	7,992	7,827	9,449	9,419	9,640
113 Australia	6,304	5,495	8,378	7,624	7,252	6,963	6,788	8,199	8,394	8,378
114 Other	901	1,141	1,262	1,439	1,007	1,029	1,039	1,250	1,025	1,262
115 Nonmonetary international and regional organizations	11,690	11,883	14,902	17,987	18,463	18,268	18,646	17,893[r]	14,043	14,902
116 International[15]	10,517	10,221	13,002	14,987	15,822	16,112	16,570	16,009[r]	12,710	13,002
117 Latin American regional[16]	424	594	650	898	819	725	662	960	345	650
118 Other regional[17]	749	1,068	1,250	2,102	1,822	1,431	1,414	924	988	1,250

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
12. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
13. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
14. Comprises Algeria, Gabon, Libya, and Nigeria.
15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
16. Principally the Inter-American Development Bank.
17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Area or country	1997	1998	1999	1999[r]						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Total, all foreigners**	**708,225**	**734,995**	**777,712**	**750,910**	**721,360**	**731,130**	**758,620**	**752,264**	**779,691**	**777,712**
2 **Foreign countries**	**705,762**	**731,378**	**773,572**	**746,837**	**716,953**	**727,974**	**755,030**	**746,974**	**774,026**	**773,572**
3 Europe	199,880	233,321	304,840	300,007	293,100	305,205	316,152	293,602	313,250	304,840
4 Austria	1,354	1,043	2,607	2,519	3,855	3,080	2,335	2,751	2,407	2,607
5 Belgium and Luxembourg	6,641	7,187	10,097	10,028	9,224	7,478	7,239	9,624	9,332	10,097
6 Denmark	980	2,383	1,629	1,901	1,763	1,442	1,756	2,352	1,756	1,629
7 Finland	1,233	1,070	1,959	1,730	2,197	1,915	1,855	1,669	2,034	1,959
8 France	16,239	15,251	29,053	18,253	19,964	19,040	19,253	21,527	24,591	29,053
9 Germany	12,676	15,923	29,153	20,793	23,965	23,558	22,995	23,616	22,365	29,153
10 Greece	402	575	806	551	628	659	663	743	754	806
11 Italy	6,230	7,284	8,492	6,784	7,451	7,748	7,958	6,682	7,297	8,492
12 Netherlands	6,141	5,697	10,383	8,724	9,334	10,132	9,425	8,940	8,099	10,383
13 Norway	555	827	794	717	821	583	1,252	949	920	794
14 Portugal	777	669	1,571	1,122	1,056	1,222	1,342	1,691	1,430	1,571
15 Russia	1,248	789	713	768	831	782	814	871	711	713
16 Spain	2,942	5,735	3,795	6,181	4,606	3,700	5,104	4,073	4,641	3,795
17 Sweden	1,854	4,223	3,215	3,005	3,199	4,082	4,184	4,325	3,853	3,215
18 Switzerland	28,846	46,874	78,978	75,544	66,927	71,866	90,187	78,448	91,491	78,978
19 Turkey	1,558	1,982	2,568	2,289	2,221	2,270	2,385	2,394	2,462	2,568
20 United Kingdom	103,143	106,349	111,387	130,879	125,633	137,680	129,347	114,209	120,831	111,387
21 Yugoslavia[2]	52	53	50	54	50	49	50	51	50	50
22 Other Europe and other former U.S.S.R.[3]	7,009	9,407	7,590	8,165	9,375	7,919	8,008	8,687	8,226	7,590
23 Canada	27,189	47,037	37,127	37,454	31,957	32,109	37,197	35,903	37,060	37,127
24 Latin America and Caribbean	343,730	342,654	347,862	326,074	311,685	310,088	320,952	335,151	335,347	347,862
25 Argentina	8,924	9,552	10,166	10,777	10,479	10,253	10,293	10,153	10,038	10,166
26 Bahamas	89,379	96,455	93,960	71,996	77,049	77,674	85,386	87,085	87,179	93,960
27 Bermuda	8,782	5,011	8,007	6,111	7,813	9,747	8,481	9,887	9,449	8,007
28 Brazil	21,696	16,184	15,718	14,850	14,605	13,793	13,983	14,216	14,976	15,718
29 British West Indies	145,471	153,749	167,035	166,557	146,858	137,214	142,500	159,145	158,910	167,035
30 Chile	7,913	8,250	6,607	7,531	7,153	6,900	6,810	6,846	6,591	6,607
31 Colombia	6,945	6,507	4,526	5,567	5,587	5,040	4,818	4,800	4,745	4,526
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	1,311	1,400	761	1,069	993	889	844	793	762	761
34 Guatemala	886	1,127	1,134	1,033	1,075	1,053	1,064	1,084	1,090	1,134
35 Jamaica	424	239	294	303	311	322	330	318	308	294
36 Mexico	19,428	21,212	17,836	18,638	18,978	17,819	18,255	17,800	17,932	17,836
37 Netherlands Antilles	17,838	6,779	5,962	5,484	5,101	14,032	13,298	7,497	8,078	5,962
38 Panama	4,364	3,584	3,389	3,353	3,064	2,898	2,941	2,917	3,050	3,389
39 Peru	3,491	3,275	2,529	2,972	2,710	2,515	2,533	2,442	2,507	2,529
40 Uruguay	629	1,126	801	1,046	1,101	1,041	945	778	775	801
41 Venezuela	2,129	3,089	3,494	3,474	3,501	3,460	3,325	4,103	3,587	3,494
42 Other	4,120	5,115	5,643	5,313	5,307	5,438	5,146	5,287	5,370	5,643
43 Asia	125,092	98,607	74,490	74,703	72,636	73,257	72,449	73,072	78,427	74,490
China										
44 Mainland	1,579	1,261	2,090	3,745	3,144	2,758	2,032	1,998	2,082	2,090
45 Taiwan	922	1,041	1,339	870	904	937	790	816	1,495	1,339
46 Hong Kong	13,991	9,080	5,706	7,102	5,333	4,969	5,224	4,740	6,010	5,706
47 India	2,200	1,440	1,737	1,569	1,708	1,728	1,736	1,856	1,972	1,737
48 Indonesia	2,651	1,942	1,776	1,760	1,791	1,711	1,689	1,636	1,681	1,776
49 Israel	768	1,166	1,844	1,955	1,433	1,669	951	857	1,059	1,844
50 Japan	59,549	46,713	28,630	27,093	25,900	26,226	27,978	28,339	30,280	28,630
51 Korea (South)	18,162	8,289	9,219	11,317	12,753	12,194	11,093	12,432	13,254	9,219
52 Philippines	1,689	1,465	1,675	1,669	1,380	1,279	1,491	1,562	990	1,675
53 Thailand	2,259	1,807	1,517	1,850	1,683	1,549	1,432	1,411	1,433	1,517
54 Middle Eastern oil-exporting countries[4]	10,790	16,130	13,987	10,137	9,792	11,221	11,379	10,667	11,631	13,987
55 Other	10,532	8,273	4,970	5,636	6,815	7,016	6,654	6,758	6,540	4,970
56 Africa	3,530	3,122	2,260	2,629	2,499	2,178	2,293	2,299	2,473	2,260
57 Egypt	247	257	258	241	252	209	225	251	233	258
58 Morocco	511	372	352	454	431	444	437	439	354	352
59 South Africa	805	643	608	724	598	449	506	589	873	608
60 Zaire	0	0	24	0	0	0	0	0	9	24
61 Oil-exporting countries[5]	1,212	936	276	340	297	280	323	253	275	276
62 Other	755	914	742	870	921	796	802	767	729	742
63 Other	6,341	6,637	6,993	5,970	5,076	5,137	5,987	6,947	7,469	6,993
64 Australia	5,300	6,173	6,741	5,636	4,811	4,907	5,770	6,696	7,272	6,741
65 Other	1,041	464	252	334	265	230	217	251	197	252
66 Nonmonetary international and regional organizations[6]	2,463	3,617	4,140	4,073	4,407	3,156	3,590	5,290	5,665	4,140

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
3. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1997	1998	1999	1999						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.p
1 **Total**	**852,852**	**875,891**	..	**898,511**	..	.	**900,582**	.	...	..
2 Banks' claims	708,225	734,995	777,712	750,910	721,360	731,130	758,620	752,264	779,691	777,712
3 Foreign public borrowers	20,581	23,542	34,511	37,349	38,471	35,701	35,002	40,948	39,910	34,511
4 Own foreign offices[2]	431,685	484,535	514,320	488,874	461,013	457,994	488,355	487,578	511,612	514,320
5 Unaffiliated foreign banks	109,230	106,206	101,185	104,078	99,727	108,902	102,029	97,287	99,527	101,185
6 Deposits	30,995	27,230	34,307	24,194	24,804	23,708	24,407	24,868	27,825	34,307
7 Other	78,235	78,976	66,878	79,884	74,923	85,194	77,622	72,419	71,702	66,878
8 All other foreigners	146,729	120,712	127,696	120,609	122,149	128,533	133,234	126,451	128,642	127,696
9 Claims of banks' domestic customers[3]	144,627	140,896	...	147,601	.	.	141,962	.	.	..
10 Deposits	73,110	79,363	...	94,575	.	.	87,222	.	..	..
11 Negotiable and readily transferable instruments[4]	53,967	47,914	.	42,670	...	.	40,604	...	.	.
12 Outstanding collections and other claims	17,550	13,619	.	10,356	.	.	14,136	...	.	.
MEMO										
13 Customer liability on acceptances	9,624	4,519	..	4,450	.	..	4,614	..	...	.
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	33,816	39,978	34,789	29,165	32,857	32,336	27,750	33,847r	37,163	34,789

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.
Reporting banks include all types of depository institution as well as some brokers and dealers.
2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and from foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
3. Assets held by reporting banks in the accounts of their domestic customers.
4. Principally negotiable time certificates of deposit, bankers acceptances, and commercial paper.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area[2]	1995	1996	1997	1998	1999		
				Dec.	Mar.	June	Sept.
1 **Total**	**224,932**	**258,106**	**276,550**	**250,479**	**242,360**	**259,215**	**270,119**
By borrower							
2 Maturity of one year or less	178,857	211,859	205,781	186,585	175,402	186,861	198,303
3 Foreign public borrowers	14,995	15,411	12,081	13,669	20,902	24,656	22,809
4 All other foreigners	163,862	196,448	193,700	172,916	154,500	162,205	175,494
5 Maturity of more than one year	46,075	46,247	70,769	63,894	66,958	72,354	71,816
6 Foreign public borrowers	7,522	6,790	8,499	9,840	13,290	11,667	11,980
7 All other foreigners	38,553	39,457	62,270	54,054	53,668	60,687	59,836
By area							
Maturity of one year or less							
8 Europe	55,622	55,690	58,294	68,679	66,875	84,721	82,744
9 Canada	6,751	8,339	9,917	10,948	7,832	6,705	8,598
10 Latin America and Caribbean	72,504	103,254	97,207	81,846	71,122	65,821	79,202
11 Asia	40,296	38,078	33,964	18,006	21,347	21,977	20,844
12 Africa	1,295	1,316	2,211	1,835	1,571	1,543	1,119
13 All other[3]	2,389	5,182	4,188	5,271	6,655	6,094	5,796
Maturity of more than one year							
14 Europe	4,995	6,965	13,240	14,923	16,949	18,764	18,440
15 Canada	2,751	2,645	2,525	3,140	2,766	3,261	3,139
16 Latin America and Caribbean	27,681	24,943	42,049	33,443	33,539	36,910	37,046
17 Asia	7,941	9,392	10,235	10,018	10,972	10,471	10,644
18 Africa	1,421	1,361	1,236	1,233	1,160	1,105	1,087
19 All other[3]	1,286	941	1,484	1,137	1,572	1,843	1,460

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Maturity is time remaining until maturity.
3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. and Foreign Offices of U.S. Banks[1]

Billions of dollars, end of period

Area or country	1995	1996	1997			1998				1999	
			June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
1 **Total**	**551.9**	**645.3**	**678.8**	**711.0**	**719.3**	**739.1**	**749.7**	**738.9**	**714.1**	**678.3**	**667.3**
2 G-10 countries and Switzerland	206.0	228.3	250.0	247.8	242.8	249.0	278.3	268.3	255.8	246.4	255.7
3 Belgium and Luxembourg	13.6	11.7	9.4	11.4	11.0	11.2	16.2	15.1	13.4	14.1	14.8
4 France	19.4	16.6	17.9	20.2	15.4	15.5	20.5	19.9	18.4	19.5	18.4
5 Germany	27.3	29.8	34.1	34.7	28.6	25.5	28.8	28.9	31.1	32.0	29.2
6 Italy	11.5	16.0	20.2	19.3	15.5	19.7	19.5	18.0	11.5	13.2	11.6
7 Netherlands	3.7	4.0	6.4	7.2	6.2	7.3	8.3	8.1	7.9	8.9	10.9
8 Sweden	2.7	2.6	3.6	4.1	3.3	4.8	3.1	2.2	2.3	3.6	2.3
9 Switzerland	6.7	5.3	5.4	4.8	7.2	5.6	6.9	7.5	8.3	7.3	7.8
10 United Kingdom	82.4	104.7	110.6	108.3	113.4	120.1	134.9	130.4	121.5	110.6	122.7
11 Canada	10.3	14.0	15.7	15.1	13.7	13.5	16.5	15.6	16.7	15.7	16.5
12 Japan	28.5	23.7	26.8	22.6	28.6	25.8	23.7	22.8	24.7	21.3	21.6
13 Other industrialized countries	50.2	65.7	71.7	73.8	64.5	74.3	72.1	71.6	68.5	75.8	76.5
14 Austria	.9	1.1	1.5	1.7	1.5	1.7	1.9	2.1	1.4	2.5	2.7
15 Denmark	2.6	1.5	2.8	3.7	2.4	2.0	2.1	2.8	2.2	3.2	2.8
16 Finland	.8	.8	1.4	1.9	1.3	1.5	1.4	1.6	1.5	1.4	.8
17 Greece	5.7	6.7	6.1	6.2	5.1	6.1	5.8	5.8	6.0	6.2	5.7
18 Norway	3.2	8.0	4.7	4.6	3.6	4.0	3.4	3.3	3.2	2.9	2.9
19 Portugal	1.3	.9	1.1	1.4	.9	.7	1.3	1.1	1.3	1.3	1.2
20 Spain	11.6	13.2	15.4	13.9	11.7	16.5	15.2	17.5	13.6	14.3	15.8
21 Turkey	1.9	2.7	3.4	4.4	4.5	4.9	6.5	5.2	4.8	5.0	4.7
22 Other Western Europe	4.7	4.7	5.5	6.1	8.2	9.9	9.6	10.3	10.6	10.1	10.1
23 South Africa	1.2	2.0	1.9	1.9	2.2	3.7	5.0	3.7	3.5	3.4	3.4
24 Australia	16.4	24.0	27.8	28.0	23.1	23.2	20.0	18.2	20.3	25.3	26.5
25 OPEC[2]	22.1	19.7	22.3	22.9	26.0	25.7	25.3	25.9	27.1	26.0	25.9
26 Ecuador	.7	1.1	.9	1.2	1.3	1.3	1.2	1.2	1.2	1.1	1.0
27 Venezuela	2.7	2.4	2.1	2.2	2.5	3.3	3.2	3.1	3.2	3.4	3.1
28 Indonesia	4.8	5.2	5.6	6.5	6.7	5.5	5.1	4.7	4.8	4.5	4.9
29 Middle East countries	13.3	10.7	12.5	11.8	14.4	14.3	15.5	16.1	17.0	16.6	16.4
30 African countries	.6	.4	1.2	1.1	1.2	1.4	.3	.8	1.0	.4	.4
31 Non-OPEC developing countries	112.6	130.3	140.6	137.0	138.7	147.4	141.7	140.6	147.9	143.7	145.3
Latin America											
32 Argentina	12.9	14.3	16.4	17.1	18.4	19.3	20.2	22.3	22.3	23.5	22.0
33 Brazil	13.7	20.7	27.3	26.1	28.6	32.4	27.2	24.9	24.2	23.6	24.7
34 Chile	6.8	7.0	7.6	8.0	8.7	9.0	9.1	9.3	8.3	8.5	8.2
35 Colombia	2.9	4.1	3.3	3.4	3.4	3.3	3.6	3.4	3.2	3.2	3.1
36 Mexico	17.3	16.2	16.6	16.4	17.4	17.7	17.9	18.4	25.3	18.9	18.0
37 Peru	.8	1.6	1.4	1.8	2.0	2.1	2.2	2.2	2.2	2.2	2.1
38 Other	2.8	3.3	3.4	3.6	4.1	4.0	4.4	4.6	5.4	5.4	5.5
Asia											
China											
39 Mainland	1.8	2.5	3.6	4.3	3.2	4.2	3.9	2.8	3.0	5.1	5.3
40 Taiwan	9.4	10.3	10.6	9.7	9.0	11.7	11.3	12.2	12.8	11.7	11.9
41 India	4.4	4.3	5.3	4.9	4.9	5.0	4.9	5.3	5.3	5.5	6.5
42 Israel	.5	.5	.8	1.0	.7	.7	.9	.9	1.1	1.1	2.0
43 Korea (South)	19.1	21.5	16.3	16.2	15.6	16.2	14.5	12.9	13.7	13.3	14.9
44 Malaysia	4.4	6.0	6.4	5.6	5.1	4.5	4.7	5.1	5.7	5.9	5.9
45 Philippines	4.1	5.8	7.0	5.7	5.7	5.0	5.4	4.7	5.1	5.3	5.6
46 Thailand	4.9	5.7	7.3	6.2	5.4	5.5	4.9	5.3	4.6	4.5	4.1
47 Other Asia	4.5	4.1	4.7	4.5	4.3	4.2	3.7	3.1	2.9	3.0	2.8
Africa											
48 Egypt	.4	.7	1.1	.9	.9	1.0	1.5	1.7	1.3	1.4	1.4
49 Morocco	.7	.7	.7	.7	.6	.6	.6	.5	.5	.5	.5
50 Zaire	.0	.1	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.9	.9	.9	.9	.8	1.1	.8	1.1	1.0	1.2	.9
52 Eastern Europe	4.2	6.9	7.1	9.8	9.1	12.0	10.9	6.0	5.2	6.1	5.1
53 Russia[4]	1.0	3.7	4.2	5.1	5.1	7.5	6.8	2.8	2.2	2.2	1.9
54 Other	3.2	3.2	2.9	4.7	4.0	4.6	4.1	3.2	3.1	3.9	3.2
55 Offshore banking centers	99.2	134.7	129.6	138.9	139.0	129.3	125.8	121.9	94.1	83.0	70.6
56 Bahamas	11.0	20.3	16.1	19.8	23.3	29.2	24.7	29.0	33.0	30.2	16.1
57 Bermuda	6.3	4.5	7.9	9.8	9.8	9.0	9.3	10.4	4.6	3.8	5.6
58 Cayman Islands and other British West Indies	32.4	37.2	35.1	45.7	43.4	24.9	34.2	30.6	15.4	6.3	7.0
59 Netherlands Antilles	10.3	26.1	15.8	21.7	14.6	14.0	10.5	6.0	2.6	2.7	1.2
60 Panama[5]	1.4	2.0	2.6	2.1	3.1	3.2	3.3	4.0	3.9	3.9	3.9
61 Lebanon	.1	.1	.1	.1	.1	1	.1	.2	.1	.1	.1
62 Hong Kong, China	25.0	27.9	35.2	27.2	32.2	33.8	30.0	30.6	23.4	22.8	21.9
63 Singapore	13.1	16.7	16.7	12.7	12.7	15.0	13.5	11.1	11.2	13.1	14.6
64 Other[6]	.1	.1	.3	.1	.1	.1	.2	.2	.2	.2	.1
65 Miscellaneous and unallocated[7]	57.6	59.6	57.6	80.8	99.1	101.3	95.7	104.5	115.5	97.3	88.1

1. Data after June 1999 are not available.

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	1995	1996	1997	1998			1999		
				June	Sept.	Dec.	Mar.	June	Sept.
1 **Total**	**46,448**	**61,782**	**57,382**	**51,433**	**49,279**	**46,570**	**46,663**	**49,337**	**52,945**
2 Payable in dollars	33,903	39,542	41,543	40,026	38,410	36,668	34,030	36,032	36,321
3 Payable in foreign currencies	12,545	22,240	15,839	11,407	10,869	9,902	12,633	13,305	16,624
By type									
4 Financial liabilities	24,241	33,049	26,877	22,322	19,331	19,255	22,458	25,058	27,363
5 Payable in dollars	12,903	11,913	12,630	11,988	9,812	10,371	11,225	13,205	12,231
6 Payable in foreign currencies	11,338	21,136	14,247	10,334	9,519	8,884	11,233	11,853	15,132
7 Commercial liabilities	22,207	28,733	30,505	29,111	29,948	27,315	24,205	24,279	25,582
8 Trade payables	11,013	12,720	10,904	9,537	10,276	10,978	9,999	10,935	12,676
9 Advance receipts and other liabilities	11,194	16,013	19,601	19,574	19,672	16,337	14,206	13,344	12,906
10 Payable in dollars	21,000	27,629	28,913	28,038	28,598	26,297	22,805	22,827	24,090
11 Payable in foreign currencies	1,207	1,104	1,592	1,073	1,350	1,018	1,400	1,452	1,492
By area or country									
Financial liabilities									
12 Europe	15,622	23,179	18,027	15,468	12,905	12,589	16,098	19,578	21,695
13 Belgium and Luxembourg	369	632	186	75	150	79	50	70	50
14 France	999	1,091	1,425	1,699	1,457	1,097	1,178	1,287	1,675
15 Germany	1,974	1,834	1,958	2,441	2,167	2,063	1,906	1,959	1,712
16 Netherlands	466	556	494	484	417	1,406	1,337	2,104	2,066
17 Switzerland	895	699	561	189	179	155	141	143	133
18 United Kingdom	10,138	17,161	11,667	8,765	6,610	5,980	9,729	13,097	15,096
19 Canada	632	1,401	2,374	539	389	693	781	320	344
20 Latin America and Caribbean	1,783	1,668	1,386	1,320	1,351	1,495	1,528	1,369	1,180
21 Bahamas	59	236	141	6	1	7	1	1	1
22 Bermuda	147	50	229	49	73	101	78	52	26
23 Brazil	57	78	143	76	154	152	137	131	122
24 British West Indies	866	1,030	604	845	834	957	1,064	944	786
25 Mexico	12	17	26	51	23	59	22	19	28
26 Venezuela	2	1	1	1	1	2	2	1	0
27 Asia	5,988	6,423	4,387	4,315	4,005	3,785	3,475	3,217	3,563
28 Japan	5,436	5,869	4,102	3,869	3,754	3,612	3,337	3,035	3,325
29 Middle Eastern oil-exporting countries[1]	27	25	27	0	0	0	1	2	3
30 Africa	150	38	60	29	31	28	31	29	31
31 Oil-exporting countries[2]	122	0	0	0	0	0	2	0	0
32 All other[3]	66	340	643	651	650	665	545	545	550
Commercial liabilities									
33 Europe	7,700	9,767	10,228	9,987	11,010	10,030	8,580	8,718	9,277
34 Belgium and Luxembourg	331	479	666	557	623	278	229	189	128
35 France	481	680	764	612	740	920	654	656	622
36 Germany	767	1,002	1,274	1,219	1,408	1,392	1,088	1,143	1,201
37 Netherlands	500	766	439	485	440	429	361	432	535
38 Switzerland	413	624	375	349	507	499	535	497	593
39 United Kingdom	3,568	4,303	4,086	3,743	4,286	3,697	3,008	2,959	3,175
40 Canada	1,040	1,090	1,175	1,206	1,504	1,390	1,597	1,670	1,753
41 Latin America and Caribbean	1,740	2,574	2,176	2,285	1,840	1,618	1,612	1,674	1,961
42 Bahamas	1	63	16	14	48	14	11	19	24
43 Bermuda	205	297	203	209	168	198	225	180	178
44 Brazil	98	196	220	246	256	152	107	112	121
45 British West Indies	56	14	12	27	5	10	7	5	39
46 Mexico	416	665	565	557	511	347	437	490	704
47 Venezuela	221	328	261	196	230	202	155	149	182
48 Asia	10,421	13,422	14,966	13,611	13,539	12,342	10,428	10,039	10,436
49 Japan	3,315	4,614	4,500	3,995	3,779	3,827	2,715	2,753	2,689
50 Middle Eastern oil-exporting countries[1]	1,912	2,168	3,111	3,194	3,582	2,852	2,479	2,209	2,623
51 Africa	619	1,040	874	921	810	794	727	832	960
52 Oil-exporting countries[2]	254	532	408	354	372	393	377	392	584
53 Other[3]	687	840	1,086	1,101	1,245	1,141	1,261	1,346	1,195

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	1995	1996	1997	1998			1999		
					June	Sept.	Dec.	Mar.	June	Sept.
1	**Total**	**52,509**	**65,897**	**68,128**	**63,188**	**67,976**	**77,462**	**68,973**	**63,804**	**65,602**
2	Payable in dollars	48,711	59,156	62,173	57,587	62,034	72,171	63,988	56,968	58,492
3	Payable in foreign currencies	3,798	6,741	5,955	5,601	5,942	5,291	4,985	6,836	7,110
	By type									
4	Financial claims	27,398	37,523	36,959	32,341	37,262	46,260	38,136	31,877	31,939
5	Deposits	15,133	21,624	22,909	14,762	15,406	30,199	18,686	13,350	13,967
6	Payable in dollars	14,654	20,852	21,060	13,084	13,374	28,549	17,101	11,636	12,015
7	Payable in foreign currencies	479	772	1,849	1,678	2,032	1,650	1,585	1,714	1,952
8	Other financial claims	12,265	15,899	14,050	17,579	21,856	16,061	19,450	18,527	17,972
9	Payable in dollars	10,976	12,374	11,806	14,904	19,867	14,049	17,419	14,762	15,005
10	Payable in foreign currencies	1,289	3,525	2,244	2,675	1,989	2,012	2,031	3,765	2,967
11	Commercial claims	25,111	28,374	31,169	30,847	30,714	31,202	30,837	31,927	33,663
12	Trade receivables	22,998	25,751	27,536	26,764	26,330	27,202	26,724	27,791	29,371
13	Advance payments and other claims	2,113	2,623	3,633	4,083	4,384	4,000	4,113	4,136	4,292
14	Payable in dollars	23,081	25,930	29,307	29,599	28,793	29,573	29,468	30,570	31,472
15	Payable in foreign currencies	2,030	2,444	1,862	1,248	1,921	1,629	1,369	1,357	2,191
	By area or country									
	Financial claims									
16	Europe	7,609	11,085	14,999	14,091	14,473	12,294	12,800	13,898	13,618
17	Belgium and Luxembourg	193	185	406	518	496	661	469	457	574
18	France	803	694	1,015	796	1,140	864	913	1,368	1,152
19	Germany	436	276	427	290	359	304	302	367	499
20	Netherlands	517	493	677	975	867	875	955	959	1,067
21	Switzerland	498	474	434	403	409	414	530	504	559
22	United Kingdom	4,303	7,922	10,337	9,639	9,849	7,766	8,357	8,589	8,007
23	Canada	2,851	3,442	3,313	3,020	4,090	2,503	3,111	2,828	3,022
24	Latin America and Caribbean	14,500	20,032	15,543	11,967	15,758	27,714	18,825	11,486	11,221
25	Bahamas	1,965	1,553	2,308	1,306	2,105	403	666	467	755
26	Bermuda	81	140	108	48	63	39	41	39	77
27	Brazil	830	1,468	1,313	1,394	710	835	1,112	1,102	1,265
28	British West Indies	10,393	15,536	10,462	7,349	10,960	24,388	14,621	7,393	6,182
29	Mexico	554	457	537	1,089	1,122	1,245	1,583	1,702	1,791
30	Venezuela	32	31	36	57	50	55	72	71	47
31	Asia	1,579	2,221	2,133	2,376	2,121	3,027	2,648	2,801	3,205
32	Japan	871	1,035	823	886	928	1,194	942	949	1,250
33	Middle Eastern oil-exporting countries[1]	3	22	11	12	13	9	8	5	5
34	Africa	276	174	319	155	157	159	174	228	251
35	Oil-exporting countries[2]	5	14	15	15	16	16	26	5	12
36	All other[3]	583	569	652	732	663	563	578	636	622
	Commercial claims									
37	Europe	9,824	10,443	12,120	12,882	13,029	13,246	12,782	12,961	14,356
38	Belgium and Luxembourg	231	226	328	216	219	238	281	286	289
39	France	1,830	1,644	1,796	1,955	2,098	2,171	2,173	2,094	2,373
40	Germany	1,070	1,337	1,614	1,757	1,502	1,822	1,599	1,660	1,945
41	Netherlands	452	562	597	492	463	467	415	389	617
42	Switzerland	520	642	554	418	546	483	367	385	714
43	United Kingdom	2,656	2,946	3,660	4,664	4,681	4,769	4,529	4,615	4,789
44	Canada	1,951	2,165	2,660	2,779	2,291	2,617	2,983	2,855	2,638
45	Latin America and Caribbean	4,364	5,276	5,750	6,082	5,773	6,296	5,930	6,278	5,874
46	Bahamas	30	35	27	12	39	24	10	21	29
47	Bermuda	272	275	244	359	173	536	500	583	549
48	Brazil	898	1,303	1,162	1,183	1,062	1,024	936	887	761
49	British West Indies	79	190	109	110	91	104	117	127	157
50	Mexico	993	1,128	1,392	1,462	1,356	1,545	1,431	1,478	1,613
51	Venezuela	285	357	576	585	566	401	361	384	365
52	Asia	7,312	8,376	8,713	7,367	7,190	7,192	7,080	7,690	8,570
53	Japan	1,870	2,003	1,976	1,757	1,789	1,681	1,486	1,511	1,823
54	Middle Eastern oil-exporting countries[1]	974	971	1,107	1,127	967	1,135	1,286	1,465	1,474
55	Africa	654	746	680	657	740	711	685	738	681
56	Oil-exporting countries[2]	87	166	119	116	128	165	116	202	221
57	Other[3]	1,006	1,368	1,246	1,080	1,691	1,140	1,377	1,405	1,544

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	1998	1999	1999	1999						
			Jan.– Dec.	June	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.	Dec.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	1,574,192[r]	2,340,659	2,340,659	179,791[r]	187,705	178,051	175,193	218,983	240,329	256,414
2 Foreign sales	1,524,203[r]	2,233,137	2,233,137	167,885[r]	179,386	165,889	171,908	211,213	221,911	247,460
3 Net purchases, or sales (−)	**49,989[r]**	**107,522**	**107,522**	**11,906[r]**	**8,319**	**12,162**	**3,285**	**7,770**	**18,418**	**8,954**
4 Foreign countries	**50,369[r]**	**107,578**	**107,578**	**11,892[r]**	**8,364**	**12,179**	**3,282**	**7,796**	**18,393**	**8,983**
5 Europe	68,124	98,060	98,060	7,665[r]	6,183	9,511	7,196	7,760	10,695	13,283
6 France	5,672	3,813	3,813	919[r]	−57	254	91	1,020	−369	66
7 Germany	9,195	13,410	13,410	1,376[r]	−334	1,309	114	1,719	2,467	1,587
8 Netherlands	8,249	8,083	8,083	1,181[r]	403	564	−539	159	1,375	1,640
9 Switzerland	5,001	5,650	5,650	1,452[r]	−2,809	814	1,194	−1,418	384	1,495
10 United Kingdom	23,952	42,902	42,902	1,302[r]	8,491	4,560	4,786	3,836	3,966	3,080
11 Canada	−4,689	−335	−335	404[r]	143	−7	−931	543	−958	−940
12 Latin America and Caribbean	757[r]	5,187	5,187	2,474[r]	2,933	841	−4,693	−3,162	7,746	−4,735
13 Middle East[1]	−1,449	−1,068	−1,068	64	−273	170	−25	−14	−1,197	465
14 Other Asia	−12,351[r]	4,447	4,447	1,269[r]	−670	1,643	1,438	2,386	2,350	752
15 Japan	−1,171	5,723	5,723	681	−452	1,269	2,652	1,695	630	211
16 Africa	639	372	372	81	14	−39	61	−23	1	−18
17 Other countries	−662	915	915	−65[r]	34	60	236	306	−244	176
18 Nonmonetary international and regional organizations	**−380**	**−56**	**−56**	**14**	**−45**	**−17**	**3**	**−26**	**25**	**−29**
BONDS[2]										
19 Foreign purchases	905,782	856,214	856,214	68,260[r]	76,427	65,007	76,263	80,926	74,940	56,713
20 Foreign sales	727,044	602,109	602,109	52,197	47,982	46,661	48,902	55,120	50,839	41,321
21 Net purchases, or sales (−)	**178,738**	**254,105**	**254,105**	**16,063[r]**	**28,445**	**18,346**	**27,361**	**25,806**	**24,101**	**15,392**
22 Foreign countries	**179,081**	**254,507**	**254,507**	**16,074[r]**	**28,171**	**18,373**	**27,030**	**26,670**	**24,172**	**15,411**
23 Europe	130,057	140,084	140,084	10,244[r]	18,194	11,105	13,719	14,376	11,639	7,285
24 France	3,386	1,870	1,870	258	447	160	24	52	53	269
25 Germany	4,369	7,723	7,723	321	1,707	31	752	1,203	1,327	−228
26 Netherlands	3,443	2,446	2,446	187	336	144	279	103	133	183
27 Switzerland	4,826	4,553	4,553	−26	705	322	496	360	429	462
28 United Kingdom	99,637	105,754	105,754	8,342[r]	13,580	8,643	9,761	10,668	9,241	5,825
29 Canada	6,121	6,043	6,043	184	−22	286	908	271	1,506	961
30 Latin America and Caribbean	23,938	60,861	60,861	4,603	5,076	5,561	5,488	6,396	6,652	4,094
31 Middle East[1]	4,997	1,979	1,979	−114	−182	−219	257	178	−506	309
32 Other Asia	12,662	42,842	42,842	1,458	4,695	1,179	6,698	4,847	4,566	2,591
33 Japan	8,384	17,541	17,541	310	3,684	827	4,375	2,081	2,297	1,437
34 Africa	190	1,411	1,411	−307	122	59	−189	343	146	257
35 Other countries	1,116	1,287	1,287	6	288	402	149	259	169	−86
36 Nonmonetary international and regional organizations	**−343**	**−402**	**−402**	**−11**	**274**	**−27**	**331**	**−864**	**−71**	**−19**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	6,227	15,643	15,643	6,220	−2,198	598	825	−8,206	3,816	−1,504
38 Foreign purchases	929,923	1,177,304	1,177,304	97,622	106,244	91,801	97,384	96,523	129,534	125,954
39 Foreign sales	923,696	1,161,661	1,161,661	91,402	108,442	91,203	96,559	104,729	125,718	127,458
40 Bonds, net purchases, or sales (−)	−17,350	−5,676	−5,676	8,845[r]	−4,777	−6,421	1,132	−1,320	−512	3,872
41 Foreign purchases	1,328,281	798,267	798,267	79,013	63,975	70,061	66,661	62,533	59,650	52,227
42 Foreign sales	1,345,631	803,943	803,943	70,168[r]	68,752	76,482	65,529	63,853	60,162	48,355
43 Net purchases, or sales (−), of stocks and bonds	**−11,123**	**9,967**	**9,967**	**15,065[r]**	**−6,975**	**−5,823**	**1,957**	**−9,526**	**3,304**	**2,368**
44 Foreign countries	**−10,778**	**9,682**	**9,682**	**15,095[r]**	**−7,066**	**−6,006**	**2,027**	**−9,532**	**3,496**	**2,210**
45 Europe	12,632	59,247	59,247	16,725[r]	−3,747	−1,814	2,224	2,202	2,238	5,001
46 Canada	−1,901	−999	−999	1,202	−1,038	528	301	315	−1,671	1,342
47 Latin America and Caribbean	−13,798	−4,726	−4,726	−2,785	453	−312	581	−1,950	6,403	524
48 Asia	−3,992	−42,961	−42,961	194	−3,329	−4,304	−429	−9,603	−4,048	−4,945
49 Japan	−1,742	−43,637	−43,637	−1,241	−4,323	−4,805	−565	−10,006	−4,453	−3,596
50 Africa	−1,225	713	713	−25	−21	4	−116	63	160	535
51 Other countries	−2,494	−1,592	−1,592	−216[r]	616	−108	−534	−559	414	−247
52 Nonmonetary international and regional organizations	**−345**	**285**	**285**	**−30**	**91**	**183**	**−70**	**6**	**−192**	**158**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions[1]

Millions of dollars; net purchases, or sales (−) during period

Area or country	1998	1999	1999	1999						
			Jan.–Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Total estimated**	**49,039**	**−9,953**	**−9,953**	**−609**	**−6,236[r]**	**19,118**	**90[r]**	**−9,733[r]**	**−3,615**	**4,642**
2 Foreign countries	46,570	−10,518	−10,518	−815	−6,220[r]	18,847	−1[r]	−9,904[r]	−3,802	4,566
3 Europe	23,797	−38,228	−38,228	−5,796	−5,739[r]	1,771	−9,265[r]	−405	8,643	−5,533
4 Belgium and Luxembourg	3,805	−81	−81	753	37	105	12	−351	−357	−798
5 Germany	144	2,285	2,285	538	643	1,438	−963	78	510	607
6 Netherlands	−5,533	2,122	2,122	−77	−1,224	453	−423	130	360	268
7 Sweden	1,486	1,699	1,699	579	−229	876	−45	−6	369	317
8 Switzerland	5,240	−1,761	−1,761	971	−215[r]	−714	237[r]	365	144	1,403
9 United Kingdom	14,384	−20,232	−20,232	−7,215	1,385	1,934	−3,534	−1,854	5,837	−3,481
10 Other Europe and former U.S.S.R.	4,271	−22,260	−22,260	−1,345	−6,136	−2,321	−4,549	1,233	1,780	−3,849
11 Canada	615	7,348	7,348	460	1,382	1,339	1,459	−656[r]	−550	218
12 Latin America and Caribbean	−3,662	−7,523	−7,523	−1,403	698[r]	8,695	3,003	−9,911	−5,417	806
13 Venezuela	59	362	362	−31	131	15	10	25	154	−33
14 Other Latin America and Caribbean	9,523	1,661	1,661	−52	−38[r]	1,650	2,982	−1,777	1,362	576
15 Netherlands Antilles	−13,244	−9,546	−9,546	−1,320	605	7,030	11	−8,159	−6,933	263
16 Asia	27,433	29,359	29,359	6,489	−2,319	6,832	5,344	942	−6,630	9,718
17 Japan	13,048	20,102	20,102	4,905	−394	2,913	5,259	344	−4,378	8,263
18 Africa	751	−3,021	−3,021	−246	−178	−622	−302	−202	−680	−541
19 Other	−2,364	1,547	1,547	−319	−64	832	−240	328	832	−102
20 Nonmonetary international and regional organizations	2,469	565	565	206	−16	271	91	171	187	76
21 International	1,502	190	190	−8	−101	233	98	184	125	75
22 Latin American regional	199	666	666	192	191	175	−9	−1	−4	1
MEMO										
23 Foreign countries	46,570	−10,518	−10,518	−815	−6,220[r]	18,847	−1	−9,904[r]	−3,802	4,566
24 Official institutions	4,123	−9,861	−9,861	397	−1,773	2,394	−1,714	−1,248	−2,325	4,962
25 Other foreign	42,447	−657	−657	−1,212	−4,447[r]	16,453	1,713[r]	−8,656[r]	−1,477	−396
Oil-exporting countries										
26 Middle East[2]	−16,554	2,207	2,207	238	−38	130	401	201	−2,050	−3,556
27 Africa[3]	2	0	0	0	0	1	0	0	0	−1

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

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

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

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

Currency units per U.S. dollar except as noted

Item	1997	1998	1999	1999 Sept	1999 Oct.	1999 Nov.	1999 Dec.	2000 Jan.	2000 Feb.
	Exchange Rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	74.37	62.91	64.54	64.95	65.09	63.88	64.10	65.60	62.78
2 Austria/schilling	12.206	12.379	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3 Belgium/franc	35.81	36.31	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4 Brazil/real	1.0779	1.1605	1.8207	1.8987	1.9688	1.9314	1.8442	1.8057	1.7765
5 Canada/dollar	1.3849	1.4836	1.4858	1.4771	1.4776	1.4674	1.4722	1.4486	1.4512
6 China, P.R./yuan	8.3193	8.3008	8.2781	8.2774	8.2775	8.2782	8.2794	8.2792	8.2781
7 Denmark/krone	6.6092	6.7030	6.9900	7.0828	6.9450	7.2019	7.3597	7.3492	7.5725
8 European Monetary Union/euro[3]	n.a.	n.a.	1.0653	1.0497	1.0706	1.0328	1.0110	1.0131	0.9834
9 Finland/markka	5.1956	5.3473	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 France/franc	5.8393	5.8995	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 Germany/deutsche mark	1.7348	1.7597	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Greece/drachma	273.28	295.70	306.30	311.68	307.71	318.24	326.19	326.86	338.87
13 Hong Kong/dollar	7.7431	7.7467	7.7594	7.7665	7.7696	7.7718	7.7728	7.7791	7.7816
14 India/rupee	36.36	41.36	43.13	43.60	43.55	43.46	43.52	43.59	43.65
15 Ireland/pound[2]	151.63	142.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1,703.81	1,736.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
17 Japan/yen	121.06	130.99	113.73	106.88	105.97	104.65	102.58	105.30	109.39
18 Malaysia/ringgit	2.8173	3.9254	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
19 Mexico/peso	7.918	9.152	9.553	9.341	9.575	9.416	9.427	9.494	9.427
20 Netherlands/guilder	1.9525	1.9837	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 New Zealand/dollar[2]	66.25	53.61	52.94	52.30	51.42	51.22	50.87	51.27	49.03
22 Norway/krone	7.0857	7.5521	7.8071	7.8361	7.7402	7.9367	8.0113	8.0241	8.2374
23 Portugal/escudo	175.44	180.25	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Singapore/dollar	1.4857	1.6722	1.6951	1.6965	1.6757	1.6699	1.6745	1.6757	1.7028
25 South Africa/rand	4.6072	5.5417	6.1191	6.0563	6.1029	6.1424	6.1503	6.1309	6.3209
26 South Korea/won	947.65	1,400.40	1,189.84	1,201.00	1,205.29	1,176.98	1,136.80	1,130.99	1,129.75
27 Spain/peseta	146.53	149.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 Sri Lanka/rupee	59.026	65.006	70.868	71.942	71.747	72.040	72.018	73.140	73.552
29 Sweden/krona	7.6446	7.9522	8.2740	8.2264	8.1492	8.3586	8.4910	8.4918	8.6480
30 Switzerland/franc	1.4514	1.4506	1.5045	1.5262	1.4896	1.5543	1.5841	1.5903	1.6348
31 Taiwan/dollar	28.775	33.547	32.322	31.848	31.828	31.794	31.625	30.890	30.806
32 Thailand/baht	31.072	41.262	37.887	40.060	39.416	38.749	38.227	37.380	37.759
33 United Kingdom/pound[2]	163.76	165.73	161.72	162.47	165.72	162.05	161.32	164.04	160.00
34 Venezuela/bolivar	488.39	548.39	606.82	625.41	630.75	634.80	644.28	652.81	659.44
	Indexes[4]								
NOMINAL									
35 Broad (January 1997=100)[5]	104.44	116.48	116.87	116.38	115.88	116.08	116.09	115.95	117.44
36 Major currencies (March 1973=100)[6]	91.24	95.79	94.07	92.92	91.94	92.87	93.23	93.14	95.31
37 Other important trading partners (January 1997=100)[7]	104.67	126.03	129.94	130.60	131.06	129.93	129.34	129.14	129.11
REAL									
38 Broad (March 1973=100)[5]	91.33	99.35	98.87r	98.54r	98.02	98.20	98.13	98.07	98.79
39 Major currencies (March 1973=100)[6]	92.25	97.25	96.84r	95.91r	95.01r	96.11	96.42	96.62	98.48
40 Other important trading partners (March 1973=100)[7]	95.87	108.52	107.74r	108.38r	108.38	107.23r	106.65r	106.22r	105.44r

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. As of January 1999, the euro is reported in place of the individual euro area currencies. By convention, the rate is reported in U.S. dollars per euro. These 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		

4. The December 1999 Bulletin contains revised index values resulting from the annual revision to the trade weights. For more information on the indexes of the foreign exchange value of the dollar, see *Federal Reserve Bulletin*, vol. 84 (October 1998), pp. 811–18.
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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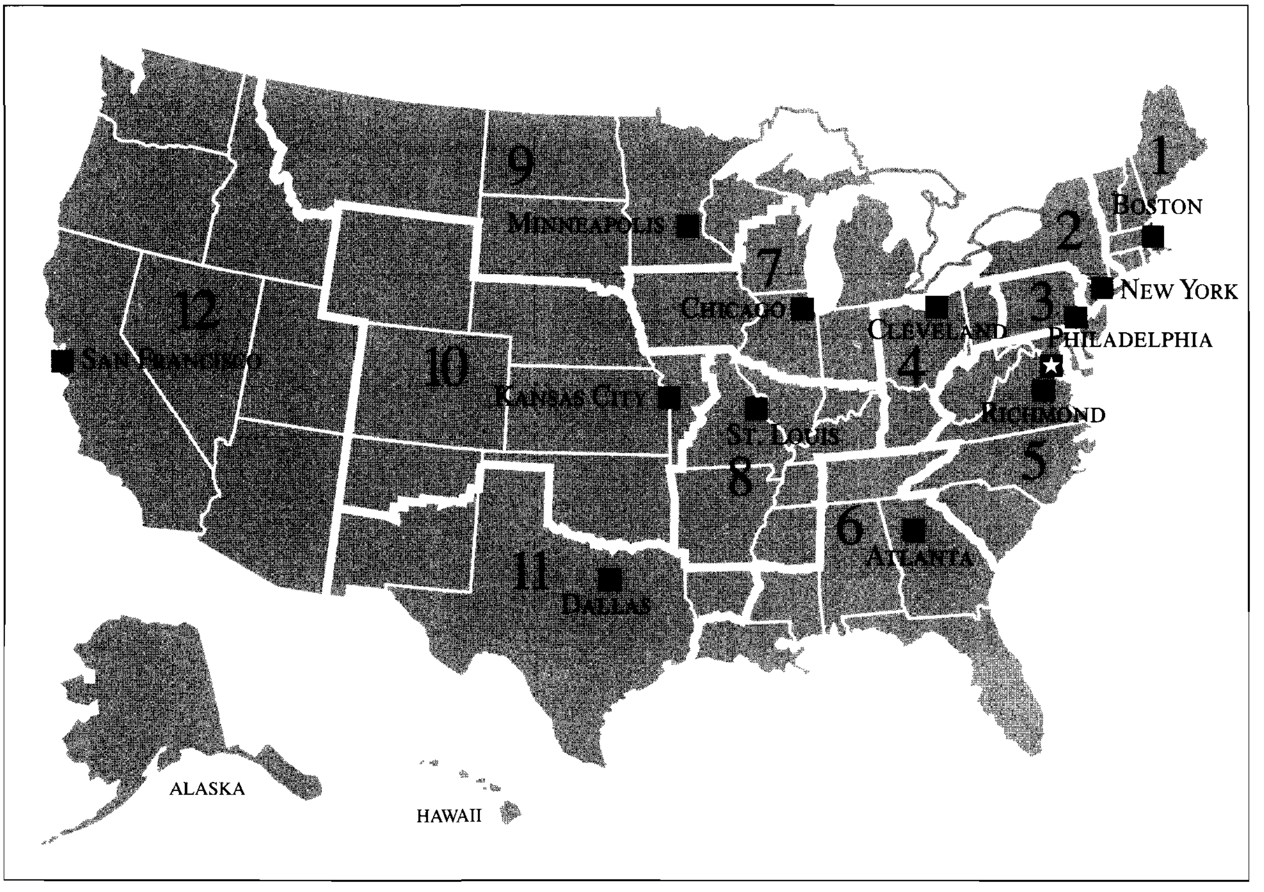

LEGEND

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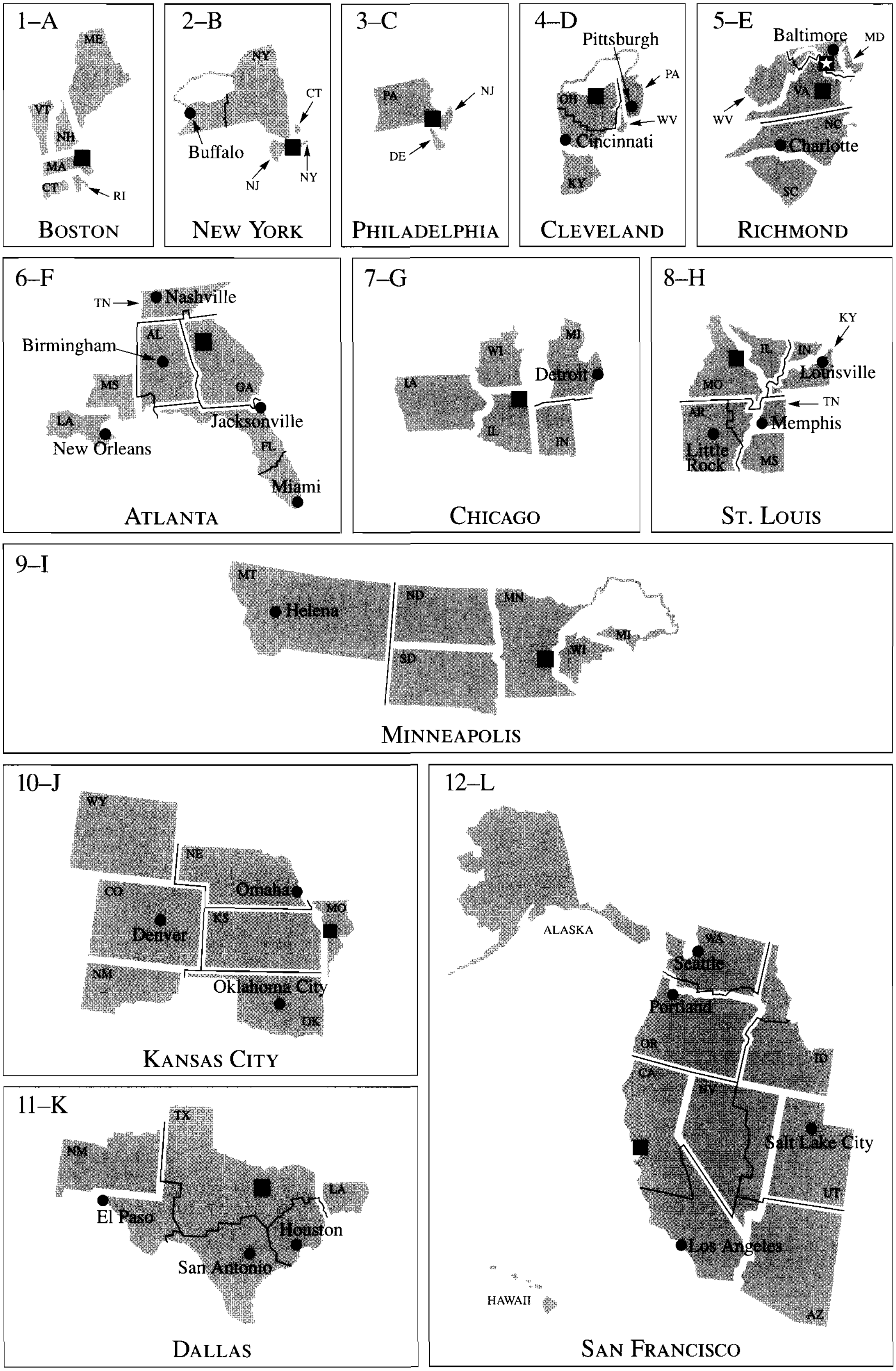
The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

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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