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The level of debt carried by families rose over the period, but the expansion in equities and the increased values of principal residences and other assets were sufficient to reduce debt as a proportion of family assets. The typical share of family income devoted to debt repayment also fell over the period. For some groups, however—particularly those with relatively low levels of income and wealth—a concurrent rise in the frequency of late debt payments indicated that their ability to service their debts had deteriorated.

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The Federal Reserve System's Payments System Development Committee asked Federal Reserve staff to seek the views of the private sector and other interested parties on developments in payments, clearing, and settlement services, focusing on potential barriers to innovation and the implications of new technologies for the design and function of payments systems. The staff study "The Future of Retail Electronic Payments Systems: Industry Interviews and Analysis" presents highlights of interviews with representatives of

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Recent Changes in U.S. Family Finances: Evidence from the 1998 and 2001 Survey of Consumer Finances

Ana M. Aizcorbe, Arthur B. Kennickell, and Kevin B. Moore, of the Board's Division of Research and Statistics, prepared this article with assistance from Ryan M. Bledsoe, Gerhard Fries, and L. Brooke Wells.

Data from the Federal Reserve Board's Survey of Consumer Finances show a striking pattern of growth in family income and net worth between 1998 and 2001. Inflation-adjusted incomes of families rose broadly, although growth was fastest among the group of families whose income was higher than the median. The median value of family net worth grew faster than that of income, but as with income, the growth rates of net worth were fastest for the group above the median. The years between 1998 and 2001 also saw a rise in the proportion of families that own corporate equities either directly or indirectly (such as through mutual funds or retirement accounts); by 2001 the proportion exceeded 50 percent. The growth in the value of equity holdings helped push up financial assets as a share of total family assets despite a decline in the overall stock market that began in the second half of 2000.

The level of debt carried by families rose over the period, but the expansion in equities and the increased values of principal residences and other assets were sufficient to reduce debt as a proportion of family assets. The typical share of family income devoted to debt repayment also fell over the period. For some groups, however—particularly those with relatively low levels of income and wealth—a concurrent rise in the frequency of late debt payments indicated that their ability to service their debts had deteriorated.

This article reviews these and other changes in the financial condition of U.S. families between 1998 and 2001.¹ The discussion draws on data from the Federal Reserve Board's Survey of Consumer Finances

(SCF) for those years; it also uses evidence from earlier years of the survey to place the 1998–2001 changes in a broader context.

ECONOMIC BACKGROUND

After growing rapidly for several years, real (inflation-adjusted) gross domestic product increased at a more moderate 2.3 percent rate in 2000. Between 1998 and 2000, the increase in overall economic activity was sufficiently strong to lower the unemployment rate from 4.5 percent to 4.0 percent. In part because of a run-up in energy prices, the rate of inflation as measured by the consumer price index for all urban consumers (CPI) rose from 1.5 percent to 3.4 percent.

Real GDP actually declined through the first three quarters of 2001, before turning up in the fourth quarter, and for the year as a whole, real GDP was essentially unchanged. The unemployment rate jumped to 4.8 percent during the year—close to its level in early 1998—and the CPI inflation rate fell to 1.9 percent, the same pace as for 1998.

Developments in the financial sector during the 1998–2001 period were mixed. The stock market decline over much of 2000 and 2001 reversed gains posted earlier, and by the end of 2001 it had brought most major indexes close to their 1998 levels. Interest rates on mortgages followed a similar pattern. For example, the thirty-year fixed rate rose over the late 1990s, but by September 2001 (the middle of the data collection period for the 2001 survey), it had returned to the 6¾ percent level seen in September 1998. By September 2001, interest rates for loans on new vehicles and for credit card balances were below their 1998 levels. Interest rates on deposits had dropped below 3 percent by 2001. While the homeownership rate rose moderately over the period, house prices

1 The appendix to this article provides a summary of key technical aspects of the survey. For a detailed discussion of the 1995 and 1998 surveys as well as references to earlier surveys, see Arthur B. Kennickell, Martha Starr-McCluer, and Brian J. Surette, "Recent Changes

in U.S. Family Finances: Results from the 1998 Survey of Consumer Finances," *Federal Reserve Bulletin*, vol. 86 (January 2000), pp. 1–29.

The Data Used in This Article

Data from the Survey of Consumer Finances (SCF) are the basis of the analysis presented in this article. The SCF is a triennial interview survey of U.S. families sponsored by the Board of Governors of the Federal Reserve System with the cooperation of the U.S. Department of the Treasury. Since 1992, data for the SCF have been collected by NORC, a research organization at the University of Chicago, roughly between May and December of each survey year.

The majority of statistics included in this article are related to characteristics of "families." As used here, this term is more comparable to the U.S. Bureau of the Census definition of "households" than to their use of "families," which excludes the possibility of one-person families. The appendix provides full definitions of "family" for the SCF and the associated family "head." The survey is designed to provide detailed information on U.S. families' balance sheets and their use of financial services as well as on their pensions, labor force participation, and demographic characteristics as of the time of the interview. It also collects information on families' total cash income before taxes for the calendar year preceding the survey. The survey questionnaire has changed in only minor ways since 1989, except in a small number of instances in which the structure was altered to accommodate changes in financial behaviors. Thus, the data are highly comparable over time.

The need to measure financial characteristics imposes special requirements on the sample design for the survey. The SCF is expected to provide reliable information both on attributes that are broadly distributed in the population (such as home ownership) and on those that are highly concentrated in a relatively small part of the population (such as closely held businesses). To address this requirement, the SCF employs a sample design, essentially unchanged since 1989, consisting of two parts: a standard, geographically based random sample and a special oversample of relatively wealthy families. Weights are used to combine information from the two samples to make estimates for the full population. In the 1998 survey, 4,309 families were interviewed, and in the 2001 survey, 4,449 were interviewed.

This article draws principally upon the final data from the 1998 and 2001 surveys. To provide a larger context, some information is also included from the final versions of the 1992 and 1995 surveys. Differences between estimates from earlier surveys as reported here and as reported in earlier *Federal Reserve Bulletin* articles are attributable to additional statistical processing, correction of minor data errors, revisions to the survey weights, conceptual changes in the definitions of variables used in the articles, and adjustments for inflation. In this article, all dollar amounts from the

SCF are adjusted to 2001 dollars using the "current methods" version of the consumer price index (CPI) for all urban consumers.¹ Because the current-methods index shows a lower rate of past price inflation than does the official CPI, upward adjustments for inflation made to the pre-2001 nominal values are smaller than they would have been under the official CPI.

The principal detailed tables describing asset and debt holdings focus on the percent of various groups that have such items and the median holding for those that have them.² This conditional median is chosen to give a sense of the "typical" holding. Generally, when one deals with data that exhibit very large values for a relatively small part of the population—as is the case for many of the items considered in this article—estimates of the median are often statistically less sensitive to such outliers than are estimates of the mean. One liability of using the median as a descriptive device is that medians are not "additive"; that is, the sum of the medians of two items for a common population is not generally equal to the median of the sum. In contrast, means for a common population are additive. In tables where a comparable median and mean are given, the growth of the mean relative to the median may usually be taken as indicative of change at the top of the distribution; for example, when the mean grows more rapidly than the median, it is typically taken to indicate that the values comprised by the top of the distribution rose more rapidly than those in the lower part of the distribution.

To provide a measure of the significance of the developments discussed in this article, standard errors due to sampling are given for selected estimates.³ Space limits prevent the inclusion of the standard errors for all estimates. Although we do not directly address the statistical significance of the results, the article highlights findings that are significant or are interesting in a broader context.

1. In an ongoing effort to improve accuracy, the Bureau of Labor Statistics has introduced several revisions to its CPI methodology. The current-methods index attempts to extend these changes to earlier years to obtain a series as consistent as possible with current practices in the official CPI. For technical information about the construction of this index, see Kenneth J. Stewart and Stephen B. Reed, "Consumer Price Index Research Series Using Current Methods, 1978–1998," *Monthly Labor Review*, vol. 122 (June 1999), pp. 29–38. To adjust assets and liabilities to 2001 dollars, the earlier survey data were multiplied by the following amounts: for 1992, 1.2374; for 1995, 1.1558; and for 1998, 1.0885. To adjust family income for the previous calendar year to 2001 dollars, the following factors were applied: for 1992, 1.2675; for 1995, 1.1815; for 1998, 1.0998; and for 2001, 1.0279.

2. The median of a distribution is defined as the value at which equal parts of the population considered have values larger or smaller.

3. As noted in the appendix, these standard errors are estimated with a procedure different from that employed in earlier articles on the survey.

climbed steadily; some indexes of house prices gained nearly 25 percent.

Other institutional factors also affected family finances. Tax cuts and rebates that were implemented

in 2001 lowered the income tax burden beginning that year. Other changes in tax law expanded incentives for saving; of particular note were increases in the limits on contributions to individual retirement

accounts (IRAs) and 401(k) accounts. At the same time, the first in a series of estate tax reductions was implemented. Increases in education-related tax credits also held down the tax payments of families. Continuing growth of the Internet made financial information and tools for financial management more widely available; according to the SCF the fraction of families who used such resources about doubled between 1998 and 2001, but the overall rate of use remained less than 25 percent of families.

Ongoing demographic trends continued to change the structure of the population. Overall population growth was about 3.2 percent between 1998 and 2001; about 45 percent of the increase was due to net immigration. With the aging of the baby-boom population, the number of people aged 45 to 64 grew more than 10 percent. The number of households grew 4.1 percent—a rate faster than the 3.6 percent pace in the 1995–98 period—while the average number of people per household remained close to two.

FAMILY INCOME

Between 1998 and 2001, inflation-adjusted family incomes rose notably faster than they did in the 1995–98 period (see table 1 for dollar values): The median rose 9.6 percent (2.5 percent during the 1995–98 period), and the mean rose 17.4 percent (12.2 percent during the 1995–98 period).² The Current Population Survey (CPS) of the Bureau of the Census reports growth in median income for the 1998–2001 period that is similar to the growth shown in the SCF, but at a somewhat higher level.³

Some patterns of income across family groups hold consistently, or nearly so, in the four surveys taken in the nine-year period between 1992 and 2001. Across age classes, median and mean income show the expected life-cycle pattern: They rise to a peak in the 45–54 group and then decline for groups that are older and increasingly more likely to be retired. Income also rises with education, and incomes for family heads that have a college degree are substan-

tially higher than for those with any lesser amount of schooling. Incomes of white non-Hispanic families are substantially higher than those of other families.⁴ Families headed by self-employed workers have the highest median and mean incomes of all work-status groups. Income is also higher for homeowners than for other families, and it is progressively higher for groups with greater net worth. By region of the country, the ordering of median incomes over time has varied, but the means show consistently higher values for the Northeast and West than for the North Central and South.

Income by Demographic Category

Incomes grew at different rates in different parts of the income distribution between 1998 and 2001, with faster growth at both the top and the bottom of the ranges than in the middle. During this period, the median income of families in the lowest 20 percent of the income distribution grew 14.4 percent; for the middle group (40th to 60th percentiles), it rose 9.6 percent; and for those in the highest group (90th to 100th percentiles), it rose 19.3 percent. A similar pattern holds for the 1992–2001 period.

By age group, median income rose between 1998 and 2001 for all except the 45–54 group, for which it declined 1.3 percent. In percentage terms, the greatest increase was for the 75-and-older group—a rise of 23.1 percent; income for this group had been fairly flat from 1992 through 1998. Mean income grew for all age groups between 1998 and 2001, but particularly so—22.6 percent—for the 45–54 group.

primarily because the CPS truncates incomes above a certain amount to obscure respondents who might otherwise be identifiable.

4. The race and ethnicity of members of a single family may vary; this article categorizes the family as a whole according to the self-identification of the respondent to the SCF interview. The SCF question that is used to identify race and Hispanic origin was changed in 1998. In earlier surveys, respondents were asked to choose a single category that best described their race or ethnicity. In 1998, respondents could choose as many as seven responses, but they were asked to report first the category with which they identified most.

For comparability with the earlier surveys, this article uses only the first response to the race and ethnicity questions for the 1998 and 2001 surveys. Only a few of the survey respondents gave more than one response, and more complex treatments of the data do not yield conclusions that are substantively different from those reported in this article.

The estimated proportion of families that are of Hispanic origin in the 2001 SCF is lower than an estimate based on the CPS, most likely because the CPS, unlike the SCF, asks directly about ethnicity in a question separate from the one that asks about race. Thus, in the CPS, respondents who do not normally identify themselves as Hispanic might provide an ethnic origin that is later classified as Hispanic. The proportions of families of Asian and Native American origin in the SCF are smaller than those obtained from the CPS, most likely because of sampling error. The SCF estimate of the proportion of African Americans is close to an estimate based on the CPS data.

2. To measure income, the interviewers request information on all components of the family's cash income, before taxes, for the full calendar year preceding the interview (see box "The Data Used in This Article"). Hence, references in the text and tables of this article to income reported from the survey years 1992, 1995, 1998, and 2001 cover the income received in 1991, 1994, 1997, and 2000 respectively.

3. According to the CPS, median household income for the twelve months preceding March 2001 was \$42,200. The difference in the levels of the medians in the two surveys appears to be largely explained by differences in the way the surveys treat incomes of household members. Under the SCF definition of family, household members (and their respective incomes) may belong to different families (see the appendix for details), whereas the CPS household measure includes the incomes of all household members. In addition, mean income is substantially higher in the SCF than in the CPS.

1. Before-tax family income, percentage of families who saved, and distribution of families, by selected characteristics of families, 1992, 1995, 1998, and 2001 surveys

Thousands of 2001 dollars except as noted

Family characteristic	1992				1995			
	Median	Mean	Percentage of families who saved	Percentage of families	Median	Mean	Percentage of families who saved	Percentage of families
All families	33.0 (.7)	49.5 (.7)	57.1	100	35.5 (.9)	51.6 (.8)	55.2	100
<i>Percentile of income</i>								
Less than 20	8.4	8.1	30.2	20.0	8.0	7.7	31.6	20.0
20-39.9	19.6	19.6	49.1	20.0	20.3	20.3	43.4	20.0
40-59.9	33.0	33.6	59.2	20.0	35.5	34.8	57.2	20.0
60-79.9	52.3	53.5	70.0	20.0	52.7	53.5	66.8	20.0
80-89.9	78.0	79.5	71.6	10.0	79.3	80.4	69.9	10.0
90-100	133.2	186.0	82.0	10.0	130.1	202.6	84.2	10.0
<i>Age of head (years)</i>								
Less than 35	30.4	37.5	59.1	25.8	29.6	36.1	56.4	24.8
35-44	44.4	57.7	56.9	22.8	44.3	56.4	54.3	23.0
45-54	51.6	70.2	59.0	16.2	46.5	76.4	58.0	17.9
55-64	36.8	61.4	59.2	13.2	39.1	62.3	58.0	12.5
65-74	22.1	35.9	54.0	12.6	22.3	43.3	50.0	12.0
75 or more	17.0	28.9	49.4	9.4	18.5	30.7	51.7	9.8
<i>Education of head</i>								
No high school diploma	15.2	21.6	38.1	20.4	16.8	24.2	42.8	18.5
High school diploma	29.5	37.2	56.8	30.0	30.1	40.4	50.6	31.7
Some college	34.3	45.8	59.5	17.8	35.5	46.9	54.1	19.0
College degree	55.8	81.1	68.1	31.9	52.9	82.5	68.2	30.7
<i>Race or ethnicity of respondent</i>								
White non-Hispanic	38.1	54.7	61.1	75.3	38.2	56.7	59.1	77.6
Nonwhite or Hispanic	22.8	33.7	44.9	24.7	23.0	33.8	41.7	22.4
<i>Current work status of head</i>								
Working for someone else	42.6	54.2	63.2	54.8	42.6	55.9	60.4	58.3
Self-employed	55.5	94.3	59.4	10.9	43.8	92.5	63.4	10.3
Retired	18.8	28.4	48.2	26.0	19.4	32.3	46.1	25.0
Other not working	14.0	25.9	41.3	8.3	13.0	21.5	30.6	6.5
<i>Region</i>								
Northeast	41.1	57.3	57.5	20.2	35.5	56.9	52.6	19.8
North Central	35.8	51.0	61.3	24.4	36.2	52.6	59.2	23.9
South	29.2	42.1	54.2	34.6	32.8	47.7	54.6	35.1
West	32.7	52.5	56.4	20.9	36.7	51.8	54.0	21.2
<i>Housing status</i>								
Owner	43.1	60.6	63.2	63.9	43.8	63.9	61.3	64.7
Renter or other	21.2	29.8	46.2	36.1	21.3	29.0	44.0	35.3
<i>Percentile of net worth</i>								
Less than 25	16.1	21.5	37.4	25.0	16.7	21.5	35.8	25.0
25-49.9	30.2	34.2	52.4	25.0	33.1	36.2	51.4	25.0
50-74.9	40.6	45.1	63.5	25.0	41.0	47.1	59.5	25.0
75-89.9	53.2	62.9	70.8	15.0	49.4	61.1	68.6	15.0
90-100	100.1	148.8	81.0	10.0	93.0	162.2	82.4	10.0

Across education groups, median and mean incomes rose most strongly for families headed by persons with a college degree; median income for this group rose 13.4 percent, and the mean rose 25.1 percent. Median income also rose for other education groups except for families headed by persons without a high school diploma or its equivalent, a group that had seen little change in income since 1992; among these education groups, mean income rose most notably for the group with at least some college education.

Between 1998 and 2001, the median income of nonwhite or Hispanic families was about unchanged, while the median rose 10.0 percent for white non-Hispanic families; the two growth rates had been closer over the 1992-98 period. Although the mean

did rise for both groups in the most recent three-year period, it rose much faster for the white non-Hispanic group (19.3 percent) than for the nonwhite or Hispanic group (11.2 percent).

Although median income for nonwhite or Hispanic families was essentially static from 1998 to 2001, the median income for African American families increased 20.3 percent in that period, from \$21,200 to \$25,500 (data not shown in tables).⁵ The mean for

5. CPS data for the same period show substantial but smaller growth in the median. The SCF data show a small decline in the median income of families with respondents who chose to identify themselves as Hispanic; this classification in the survey is not, as noted earlier, comparable to that used in the CPS. Median incomes of other minorities showed larger declines in the SCF, but the sample sizes of these groups are so small that none of these differences is statistically significant.

I.—Continued

Thousands of 2001 dollars except as noted

Family characteristic	1998				2001			
	Median	Mean	Percentage of families who saved	Percentage of families	Median	Mean	Percentage of families who saved	Percentage of families
All families	36.4 (.9)	57.9 (1.2)	55.9	100.0	39.9 (.8)	68.0 (1.8)	59.2	100.0
<i>Percentile of income</i>								
Less than 20	9.0	8.6	32.1	20.0	10.3	10.0	30.0	20.0
20–39.9	22.1	22.0	45.5	20.0	24.4	24.1	53.4	20.0
40–59.9	36.4	37.0	56.1	20.0	39.9	40.3	61.3	20.0
60–79.9	58.0	59.1	67.9	20.0	64.8	65.2	72.0	20.0
80–89.9	86.0	86.6	73.7	10.0	98.7	98.0	74.9	10.0
90–100	142.2	239.0	82.0	10.0	169.6	302.7	84.3	10.0
<i>Age of head (years)</i>								
Less than 35	29.8	39.3	53.0	23.3	33.4	44.2	52.9	22.7
35–44	45.8	65.3	57.3	23.3	51.4	77.1	62.3	22.3
45–54	55.2	76.0	57.8	19.2	54.5	93.2	61.7	20.6
55–64	41.9	78.1	61.1	12.8	45.2	86.9	62.0	13.2
65–74	26.5	50.9	56.3	11.2	27.8	58.1	61.8	10.7
75 or more	18.2	31.8	48.6	10.2	22.4	36.7	55.5	10.4
<i>Education of head</i>								
No high school diploma	16.9	23.6	39.5	16.5	17.0	25.1	38.7	16.0
High school diploma	31.8	40.3	53.7	31.9	33.9	44.8	56.7	31.7
Some college	38.6	55.3	56.7	18.5	40.9	55.5	61.7	18.3
College degree	59.8	93.2	65.6	33.2	67.8	116.6	70.0	34.0
<i>Race or ethnicity of respondent</i>								
White non-Hispanic	41.1	64.1	59.8	77.7	45.2	76.5	62.9	76.2
Nonwhite or Hispanic	25.4	36.5	42.1	22.3	25.7	40.6	47.5	23.8
<i>Current work status of head</i>								
Working for someone else	44.2	58.3	59.8	59.2	47.3	67.3	61.6	60.9
Self-employed	57.4	119.1	61.1	11.3	63.3	138.3	70.4	11.7
Retired	21.0	35.9	48.6	24.4	21.0	40.0	50.5	22.9
Other not working	12.7	23.9	33.7	5.1	16.7	36.4	42.7	4.5
<i>Region</i>								
Northeast	38.6	66.4	53.5	19.3	41.3	77.7	58.1	19.0
North Central	35.8	53.3	58.3	23.6	43.9	64.7	63.0	23.0
South	34.4	53.8	55.0	35.7	36.0	61.4	57.3	36.2
West	39.4	62.1	56.9	21.3	40.7	74.0	59.5	21.8
<i>Housing status</i>								
Owner	47.6	72.6	62.2	66.2	52.1	85.1	66.7	67.7
Renter or other	22.1	29.1	43.4	33.8	24.7	32.2	43.6	32.3
<i>Percentile of net worth</i>								
Less than 25	17.3	22.1	36.3	25.0	19.7	24.0	34.5	25.0
25–49.9	33.1	36.9	50.2	25.0	34.9	39.7	54.3	25.0
50–74.9	44.2	51.0	61.8	25.0	50.9	58.4	68.0	25.0
75–89.9	61.8	73.6	71.9	15.0	70.0	78.8	77.7	15.0
90–100	96.2	193.7	80.0	10.0	128.5	256.4	83.9	10.0

NOTE. For questions on income, respondents were asked to base their answers on the calendar year preceding the interview. For questions on saving, respondents were asked to base their answers on the year (that is, not specifically the calendar year) preceding the interview.

Percentage distributions may not sum to 100 because of rounding. Dollars have been converted to 2001 values with the current-methods consumer price

index for all urban consumers (see text box “The Data Used in This Article”). See the appendix for details on standard errors (shown in parentheses below the first row of data for the medians and means here and in table 3) and for definitions of family and family head.

African American families rose 20.4 percent, from \$31,400 to \$37,800.

By work status, median income grew fastest between 1998 and 2001 for the self-employed (10.3 percent) and “other not working” (31.5 percent).⁶ Although the latter group showed a large percentage increase, it continued to have the lowest median income of all the work-status groups. The median income of the retired group was unchanged, while the median income of families headed by work-

ers who were not self-employed rose slightly. Mean income rose for all work-status groups between 1998 and 2001, but over the 1992–2001 period it rose most for the self-employed group (46.7 percent).

Over the 1998 to 2001 period, median income rose fastest in the North Central region. Growth in the mean was similar in all regions except the South, where it lagged slightly. Over the same period, the median and mean incomes of homeowners continued to pull away from the lower levels of other families. By net worth group, median and mean incomes grew for all over this period, but they rose most rapidly for the top decile of the distribution.

6. The “other not working” group consists of family heads who are unemployed and those who are out of the labor force but who are not retired or over age 65.

Family Saving

Because saving out of current income is an important determinant of family net worth, the SCF asks respondents whether, over the preceding year, family spending was less than, more than, or about equal to, its income. Though only qualitative, the answers are a useful indicator of whether families are saving. Asking instead for a specific dollar amount would require much more time from respondents and would likely lower the rate of response to the survey.

Overall, the proportion of families who reported that they saved in the preceding year rose 3.3 percentage points, to 59.2 percent, the highest level since 1992, the year this measure was first recorded. The proportion of families that saved rose in all income groups except the bottom quintile, in all age groups except the youngest, in all education groups except the lowest, in all work-status groups (but particularly so in the self-employed group), in all regions, and in all wealth groups except the bottom quartile.

In contrast, estimates of the rate of saving by households as measured in the national income and product accounts (NIPA) were lower in 2001 than in the preceding three years, both in levels and as a percent of disposable income. However, the SCF and NIPA concepts of saving differ in some important ways. First, the underlying SCF question asks only whether family spending has been less, more, or about the same as its income over the past year. Thus, the amounts by which a family's expenditures differed from its income might have changed appreciably but without necessarily altering the family's answer.

Second, the NIPA measure of saving relies on definitions of income and consumption that may not be the same as those that respondents had in mind when answering the survey questions. For example, the NIPA measure of personal income includes payments employers make to their employees' defined-benefit pension plans but not the payments made from such plans to families, whereas the SCF measure includes only the latter. The SCF measure also includes realized capital gains, whereas the NIPA measure excludes capital gains of all forms, realized and unrealized.

The SCF also collects information on families' most important motivations for saving (table 2).⁷ Several patterns appear in the data. The fraction of families reporting retirement-related reasons—the

7. Although families were asked to report their motives for saving regardless of whether they were currently saving, some families reported only that they do not save. The analysis here is confined to the first reason reported by families.

2. Reasons respondents gave as most important for their families' saving, distributed by type of reason, 1992, 1995, 1998, and 2001 surveys

Percent

Reason	1992	1995	1998	2001
Education	9.1	10.8	11.0	10.9
For the family	2.6	2.7	4.1	5.1
Buying own home	4.0	5.1	4.4	4.2
Purchases	9.7	12.8	9.7	9.5
Retirement	19.4	23.7	33.0	32.1
Liquidity	33.9	33.0	29.8	31.2
Investments	7.6	4.2	2.0	1.0
No particular reason	1.7	.8	1.3	1.1
When asked for a reason, reported do not save	12.0	6.8	4.9	4.9
Total	100	100	100	100

NOTE: See note to table 1.

most common response—declined slightly in 2001 after having increased consistently between 1992 and 1998. In contrast, the fraction reporting liquidity-related reasons—the second most common response—increased in 2001.⁸ The proportion of families reporting education-related reasons held steady. Reported saving for investments continued to decline.

NET WORTH

From 1998 to 2001, net worth (wealth)—the difference between families' gross assets and their liabilities—rose strongly (table 3). Median wealth rose 10.4 percent from 1998 to 2001 and 40.5 percent from 1992 to 2001. The mean rose 28.7 percent in the shorter period and 71.6 percent in the longer period.

By age group, median and mean net worth show a “hump” pattern that generally peaks in the 55–64 age group. This pattern reflects both life-cycle saving behavior and the lower expected total lifetime earnings of progressively older age groups. The median and mean values of wealth rise in tandem with income groups, a relationship reflecting both income earned from assets and a higher likelihood of saving among higher-income families. Wealth and income show similarly strong differentials across groups defined in terms of education, racial and ethnic background, occupation, and housing tenure (own or rent).

Sensitivity of Estimates to the Value of Equities

Adjusting for the changes in the market valuation of assets—particularly corporate equities—that came

8. Liquidity-related reasons include “emergencies,” the possibilities of unemployment and health care costs, and having ready money.

after the survey would considerably alter the estimates of net worth discussed here. Although one cannot know what the survey families did and experienced after the interview, one can examine the sensitivity of the wealth estimates. We make the following assumptions to estimate a value of net worth for the survey families that reflects the subsequent decline in equity prices: The values of closely held businesses behave like equity prices, all equities and business assets change in value like an average portfolio of equities, no systematic portfolio rearrangements occurred since the time of the survey, and other assets held about steady in real terms.

We use the Wilshire 5000 index to adjust the values of equities and businesses from those reported

at the date of each interview to a value as of October 4, 2002 (a 29.4 percent reduction from the same date in 2001). The adjustment reduces estimated median net worth to \$80,700—a 6.3 percent decline relative to the value measured in the survey. The mean falls to \$341,300—a 13.7 percent decline. Notably, even these adjusted values are above their 1998 levels. Because a disproportionate share of equities and other business assets is held by relatively wealthy families, the adjustment affects them disproportionately; relative to the measured values, wealth would fall 14.8 percent at the 95th percentile of the distribution of wealth, 11.9 percent at the 90th percentile, and 7.8 percent at the 75th percentile.

3. Family net worth, by selected characteristics of families, 1992, 1995, 1998, and 2001 surveys

Thousands of 2001 dollars

Family characteristic	1992		1995		1998		2001	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean
All families	61.3 (3.1)	230.5 (6.8)	66.4 (2.2)	244.8 (6.0)	78.0 (3.0)	307.4 (10.5)	86.1 (2.8)	395.5 (7.7)
<i>Percentile of income</i>								
Less than 20	4.9	40.7	6.9	51.3	6.3	52.0	7.9	52.6
20–39.9	34.4	79.4	38.7	91.3	36.1	104.7	37.2	114.3
40–59.9	48.9	124.7	53.6	118.3	58.1	137.6	62.5	160.9
60–79.9	93.2	174.0	87.8	186.4	122.2	223.4	141.5	292.1
80–89.9	142.5	278.9	148.1	297.4	205.2	354.0	263.1	456.5
90–100	450.0	1,188.0	410.2	1,255.9	492.4	1,684.0	833.6	2,258.2
<i>Age of head (years)</i>								
Less than 35	11.4	56.2	13.9	49.9	9.9	69.5	11.6	90.7
35–44	55.1	164.8	60.3	165.9	69.0	213.6	77.6	259.5
45–54	96.8	331.7	107.5	342.4	114.8	394.1	132.0	485.6
55–64	141.1	418.0	133.2	442.3	139.2	579.3	181.5	727.0
65–74	121.7	354.6	128.0	402.9	159.5	507.9	176.3	673.8
75 or more	107.5	264.0	107.5	298.5	136.7	338.3	151.4	465.9
<i>Education of head</i>								
No high school diploma	23.1	86.7	26.2	97.3	23.0	85.9	25.5	103.0
High school diploma	47.6	138.1	60.0	153.6	58.8	171.7	58.1	180.7
Some college	71.4	211.6	54.1	218.1	80.4	258.6	71.6	284.7
College degree	121.5	420.0	120.7	444.6	159.3	574.6	213.3	793.7
<i>Race or ethnicity of respondent</i>								
White non-Hispanic	86.2	274.8	88.5	289.8	103.4	363.9	120.9	482.9
Nonwhite or Hispanic	14.8	95.8	18.3	89.1	17.9	109.9	17.1	115.3
<i>Current work status of head</i>								
Working for someone else	48.5	151.1	56.6	158.1	57.5	182.9	65.0	225.3
Self-employed	178.5	741.7	180.1	809.9	270.4	1,005.0	352.3	1,257.9
Retired	87.5	231.6	93.8	260.6	123.0	334.7	113.7	450.1
Other not working	4.9	77.2	4.3	67.0	3.9	81.9	9.0	179.2
<i>Region</i>								
Northeast	79.3	260.2	95.8	289.9	102.7	329.8	92.3	450.4
North Central	70.5	214.1	75.8	229.7	87.4	270.8	104.5	339.4
South	42.7	173.9	50.9	215.4	66.7	290.7	73.8	375.7
West	88.2	314.8	63.3	268.5	66.1	355.5	87.6	439.8
<i>Housing status</i>								
Owner	122.3	333.7	120.2	350.8	143.8	439.9	171.7	558.1
Renter or other	4.0	47.8	5.6	50.5	4.6	47.3	4.8	55.0
<i>Percentile of net worth</i>								
Less than 25	.6	–1.1	1.1	–2	.5	–2.0	1.1	.0
25–49.9	29.0	31.3	32.6	35.3	35.6	39.1	40.8	44.1
50–74.9	108.4	111.9	109.8	115.1	131.1	139.9	156.1	165.7
75–89.9	252.1	269.8	255.7	275.7	335.8	349.8	430.2	449.4
90–100	822.6	1,544.6	785.6	1,658.6	975.6	2,105.8	1,301.9	2,754.9

NOTE. See note to table 1.

Net Worth by Demographic Category

Between 1998 and 2001, the median and mean values of net worth grew for most demographic groups. Among wealth groups, the median net worth of the bottom quartile grew the most—120 percent—but from a 1998 base of only \$500. For the other wealth groups, the median grew at progressively higher rates ranging from 14.6 percent for the second quartile to 33.4 percent for the highest decile.

Net worth increased for all income groups, but particularly so for the top decile of the income distribution, in which the median rose 69.3 percent and the mean rose 34.1 percent. Over the 1992–2001 period, median and mean wealth rose the most for the top quintile; the increase in the mean in the top decile was especially large—90.1 percent.

Among age groups between 1998 and 2001, median wealth rose the most—30.4 percent—for the 55–64 group, which had experienced slower growth between 1992 and 1998 than the other age groups. Over the 1992–2001 period, median wealth grew the most—more than 40 percent—for the two oldest groups; the increase in the mean for these groups was also the largest during both the post-1992 and post-1998 periods.

Across education groups, median net worth rose only for families headed by persons with less than a high school diploma or equivalent (10.9 percent) and for those headed by a person with a college degree (33.9 percent). Mean wealth rose for all education groups, but it rose notably—38.1 percent—only for the highest education group, which also gained disproportionately during the 1992–2001 period.

The growth in net worth among nonwhite and Hispanic families was markedly slower than that of other families in the 1998–2001 period. The median net worth of nonwhite and Hispanic families declined slightly, and the mean rose 4.9 percent; in contrast, the median net worth of other families rose 16.9 percent and the mean rose 32.7 percent. The subgroup of African Americans families did better than the overall minority group in the three-year period: Their median net worth rose 13.1 percent, from \$16,800 to \$19,000; the mean rose 8.3 percent, from \$69,500 to \$75,700 (not shown in tables).

The differences between all minority families and other families are even more striking for the 1992–2001 period: The median wealth of nonwhite and Hispanic families rose 15.5 percent and the mean rose 20.4 percent, while the median for other families increased 40.3 percent and the mean rose 75.7 percent. Some of the slower growth among nonwhite and Hispanic families appears to be a consequence

of their relatively lower holdings of equities, which appreciated strongly over the period.

Across occupation groups, the self-employed received the largest dollar gains in the wealth measures over the 1998–2001 period; this result also holds over the 1992–2001 period. Over the three-year period, the percentage growth in these measures was highest for families headed by people who were neither working nor retired; nonetheless, wealth for this group remained quite small.

The median wealth of families living in the Northeast declined somewhat during the three-year period. At the same time, mean wealth in this region increased a bit faster than elsewhere. Over the nine-year period, the largest percentage growth for the typical family was seen in the South and the North Central regions.

By housing tenure, the growth of median and mean net worth was fastest for homeowners in both the three-year and nine-year periods. These differences largely reflect higher incomes of homeowners and generally rising real estate prices.

ASSETS

After having risen 9.1 percentage points over the six years from 1992 to 1998, the share of financial assets in families' total assets rose 1.3 percentage points in the three years between 1998 and 2001 (table 4); the slowdown reflects complex changes in ownership and holdings of more specific types of financial assets (table 5)—particularly the growth in assets backed by publicly traded equities (table 6). By definition, the rise in the share of financial assets in total assets is exactly offset by the decline in the share of non-financial assets (tables 7 and 8).

The percent of families having any type of asset in 2001, 96.7 percent, was virtually unchanged from 1998 (table 8); this leveling off follows a period of growth since at least 1992. Between 1998 and 2001, the median holding of those with assets increased 9.8 percent, about the same rate of growth seen since 1992. Across most of the demographic groups shown in table 8, percentage ownership of any type of asset was steady at or near 100 percent but declined by more than 1 percentage point for the families with incomes in the lowest 20 percent of the distribution, those headed by persons younger than 35 or between the ages of 65 and 74, and those headed by persons who were neither retired nor working. The median holding of assets among families having any assets rose for nearly every group; exceptions were small declines for families with incomes in the 40th to

60th percentiles of the distribution of income and households headed by retired persons.

Financial Assets

After showing declines in earlier surveys, the share of transaction accounts in total assets held about steady between 1998 and 2001 (table 4). The share of another important type of deposit, certificates of deposit, continued its longer-term pattern of decline. The shares of formal retirement accounts and of "other managed assets" both increased notably from 1998 to 2001.

Overall ownership of any financial asset rose only slightly from 1998 to 2001 after showing steady increases in the past several surveys (table 5). The median holding increased 14.3 percent between the two most recent surveys, only a small part of the 97.2 percent increase since 1992. Across demographic groups, there were marked changes in ownership only for a few groups; ownership declined at least 1 percentage point for families headed by persons aged 65 to 74 and families headed by retired persons. Median holdings of financial assets went up or were unchanged for most groups; the only notable decline was among households headed by retired persons.

Transaction Accounts and Certificates of Deposit

In 2001, 90.9 percent of families had some type of transaction account—a category comprising checking, savings, and money market deposit accounts,

4. Value of financial assets of all families, distributed by type of asset, 1992, 1995, 1998, and 2001 surveys
Percent

Type of financial asset	1992	1995	1998	2001
Transaction accounts	17.5	13.9	11.4	11.5
Certificates of deposit	8.0	5.6	4.3	3.1
Savings bonds	1.1	1.3	.7	.7
Bonds	8.4	6.3	4.3	4.6
Stocks	16.5	15.6	22.7	21.6
Mutual funds (excluding money market funds)	7.6	12.7	12.4	12.2
Retirement accounts	25.7	28.1	27.6	28.4
Cash value of life insurance	5.9	7.2	6.4	5.3
Other managed assets	5.4	5.9	8.6	10.6
Other	3.8	3.3	1.7	1.9
Total	100	100	100	100
MEMO				
Financial assets as a share of total assets	31.6	36.7	40.7	42.0

NOTE: For this and following tables, see text for definition of asset categories. Also see note to table 1.

money market mutual funds, and call accounts at brokerages. This ownership rate is only ½ percentage point higher than in the preceding survey, but it is 4.0 percentage points higher than the level in 1992. Families that did not have transaction accounts in 2001 were disproportionately likely to have low incomes, to be younger than 35, to be nonwhite or Hispanic, to be headed by a person who was neither working nor retired, to be a renter, and to have relatively low levels of wealth (see box "Families without a Checking Account"); however, the rate of ownership rose at least slightly for all of these groups between 1998 and 2001.

Median holdings of transaction accounts rose 21.2 percent from 1998 to 2001. Across the demographic groups shown, median holdings rose or were unchanged for almost every group. The rate of increase was particularly pronounced for families headed by persons aged 55–74 and families in the highest income and wealth groups.

Certificates of deposit (CDs), interest-bearing deposits with a set term, are traditionally viewed as a low-risk saving vehicle, one often used by people who desire a safe haven from the volatility of financial markets. The fraction of families owning CDs continued the slow increase observed since 1995; it edged up to 15.7 percent in 2001. Ownership rose most notably for families with incomes in the top decile of the distribution and for families headed by self-employed persons; ownership declined notably for the pre-retirement, 55–64 age group. The overall median value of CD holdings fell 8.0 percent over the 1998–2001 period, and the decline was shared by most demographic groups; notable exceptions were the top decile of the income distribution, families headed by persons younger than 35, nonwhite or Hispanic families, and families headed by persons who were neither working nor retired.

Savings Bonds and Other Bonds

Savings bonds are owned disproportionately by families headed by persons between 35 and 64 years of age, by families with incomes in the highest 40 percent of the distribution, and by families in the top half of the distribution of net worth. From 1998 to 2001, the overall share of families owning savings bonds declined 2.6 percentage points, to 16.7 percent; from 1992 to 2001, it declined 5.6 percentage points. The median holding fell slightly over the three-year period, to \$1,000, and that decline was shared by most groups.

Families without a Checking Account

Between 1998 and 2001, the proportion of families with any type of transaction account rose $\frac{1}{2}$ percentage point (table 5), and the share without a checking account fell the same amount, from 13.2 percent to 12.7 percent (not shown in tables). The decline in the fraction of families without a checking account follows a longer trend; in 1992, 16.6 percent of families lacked such an account.¹

Among families without a checking account in 2001, 50.4 percent had held such an account in the past. Among families without a checking account, 59.3 percent had incomes in the lowest 20 percent of that distribution, 55.8 percent were headed by persons younger than 45, and 57.4 percent were nonwhite or Hispanic.

The SCF asked all families that did not have a checking account to give a reason for not having an account (table). The most commonly reported reason—given by 28.6 percent of families—was that the family did not write enough checks to make account ownership worthwhile. Another 14.0 percent said that they did not have enough money to make account ownership worthwhile. And 22.6 percent said that they did not like dealing with banks; this response showed the largest increase since 1998—4.1 percentage points.

1. For the definition of transaction account, see the main text. For a discussion of the ways that lower-income families obtain checking and credit services and the effects that developments in electronic transactions may have on such families, see Jeanne M. Hogarth and Kevin H. O'Donnell, "Banking Relationships of Lower-Income Families and the Governmental Trend toward Electronic Payments," *Federal Reserve Bulletin*, vol. 85 (July 1999), pp. 459–73.

When attention is further restricted to families that once had a checking account (not shown in tables), some substantively different patterns emerge. The proportion of such families reporting that they do not like banks declined to 18.2 percent in 2001. This decline is offset by an increase in the proportion reporting that they could not manage a checking account and an increase in the proportion giving more strictly "economic" reasons—12.8 percent said that service charges were too high, and 6.3 percent said that they had some sort of credit problem.

Distribution of reasons cited by respondents for their families' not having a checking account, by reason, 1992, 1995, 1998, and 2001 surveys

Reason	1992	1995	1998	2001
Do not write enough checks to make it worthwhile	30.4	25.3	28.4	28.6
Minimum balance is too high	8.7	8.8	8.6	6.5
Do not like dealing with banks	15.3	18.6	18.5	22.6
Service charges are too high	11.3	8.4	11.0	10.2
Cannot manage or balance a checking account	6.5	8.0	7.2	6.6
No bank has convenient hours or location . . . . .	.8	1.2	1.2	.4
Do not have enough money	21.2	20.0	12.9	14.0
Credit problems . . . . .	.7	1.4	2.7	3.6
Do not need/want an account	3.2	4.9	6.3	5.3
Other	1.9	3.5	3.1	2.1
Total	100	100	100	100

Other types of bonds were held by only 3.0 percent of families over the three-year period.⁹ As measured in the survey, the ownership rate had been declining steadily before then—it was 5.7 percent in 1989. Ownership is notably more likely among families in the highest income and wealth groups. The median value of holdings fell 10.9 percent over the three-year period. But a steady rise in the mean (not shown in tables) in the 1989–98 period of declining ownership rates suggests that these bonds remain an important part of the financial assets of some relatively wealthy families.

9. Other bonds as reported in the survey are held directly and include corporate and mortgage-backed bonds; federal, state, and local government bonds; and foreign bonds. In the survey, financial assets held indirectly are those held in mutual funds, in retirement accounts, and in other managed assets.

Publicly Traded Stock

The direct ownership of publicly traded stocks is more widespread than the direct ownership of bonds, but it is also concentrated among high-income and high-wealth families. The fraction of families with such stock holdings has been rising since 1995; it rose 2.1 percentage points over the most recent three-year period, to 21.3 percent. Ownership went up for almost every group; exceptions were families with incomes in the 40th to 60th percentiles of the distribution and families headed by persons aged 45 to 54 or 65 to 74. Increases in ownership were most notable for families at the top of the income and wealth distributions, and they were spread roughly equally over racial and ethnic groups.

Despite the decline of major stock price indexes in 2001 to about the levels of 1998, the median value of stock holdings increased 5.3 percent over that three-year period. Across demographic groups, the changes in medians were mixed. However, the median

increased notably for families headed by persons aged 55 and older and for families with net worth in the highest 10 percent of the distribution. The median increased substantially among families living in the Northeast (not shown in tables); the median grew more slowly or declined in other areas.

Mutual Funds

The pattern of ownership of mutual funds (which, in this article, are those held directly and exclude money market funds) is very similar to that of stocks. In a continuation of earlier trends, the fraction of families owning mutual funds rose 1.2 percentage points over the 1998–2001 period, to 17.7 percent. Over this period, the percent of families with stock funds and taxable funds of government-backed bonds rose, while the ownership of tax-exempt bond funds, other bond funds, and combination funds fell. The rise in ownership of mutual funds of any type was spread across all income groups, but it was particularly steep in the highest decile. The patterns were somewhat mixed across other groups; the increases were large for families headed by persons aged 55 and older. The rate of ownership rose for white non-Hispanic families, and it fell for other families.

Between 1998 and 2001, the median value of mutual fund holdings for families with such funds grew 28.7 percent, a somewhat faster pace than that over the preceding two surveys. The most notable increases were for families with incomes in the highest decile, families headed by self-employed workers, homeowners, and families with wealth in the lowest quartile or the highest decile. Median holdings also grew substantially for nonwhite or Hispanic families but from a much lower base than was the case for other families.

Retirement Accounts

Ownership of tax-deferred retirement accounts increases with both income and net worth.¹⁰ Owner-

ship is also more likely among families headed by persons less than 65 years of age. The older group is less likely to have such accounts for several reasons. First, even though retirement accounts have been in existence for about twenty years, they may not have become common until relatively late in the careers of people in the group. Second, once a person reaches age 59½, funds in retirement accounts may be withdrawn without penalty, and some in the group may have done so. Third, families may have used funds from retirement accounts accumulated from previous employment to purchase an annuity at retirement; annuities are treated in this article as a separate type of managed asset.

From 1998 to 2001, the fraction of families with retirement accounts rose 3.3 percentage points, to 52.2 percent. In 2001, 20.9 percent had only an employer-provided account of the types included here, 18.4 percent had only an IRA or Keogh account, and 12.9 percent had both (not shown in tables). Among these three groups, growth was slowest for the first group. Ownership of any type of retirement account was up in almost every demographic group.

The median holding of tax-deferred retirement assets rose 11.1 percent over the recent three-year period; although this rate is notably lower than the nearly 33 percent rate of growth registered between 1995 and 1998, it is more in line with earlier trends. In the 1998 to 2001 period, growth in the median was particularly marked for families with incomes in the highest 40 percent of the distribution and families with net worth in the highest quarter of that distribution.

Families may accumulate a variety of assets and income entitlements to support their retirement. As noted earlier, the most common set of reasons survey respondents gave for saving was retirement related. Thus, many of the assets described under categories other than retirement accounts are likely to be an important part of the retirement saving plan for families.

At least two common types of retirement plan are not included in the assets described in this section: social security (the federally funded Old-Age and Survivors' Insurance program, or OASI) and employer-sponsored defined-benefit plans. OASI is well described elsewhere, and it covers the great majority of the population.¹¹ The retirement income provided by defined-benefit plans is typically based

10. The tax-deferred retirement accounts consist of IRAs, Keogh accounts, and certain employer-sponsored accounts. Employer-sponsored accounts include 401(k), 403(b), and thrift saving accounts from current or past jobs; other current job plans from which loans or withdrawals can be made; and accounts from past jobs from which the family expects to receive the account balance in the future. This definition of employer-sponsored plans is intended to confine the analysis to amounts that are portable across jobs and to which families will ultimately have full access.

IRAs and Keoghs may be invested in virtually any asset, including stocks, bonds, mutual funds, options, and real estate. In principle, employer-sponsored plans may be similarly broadly invested; in

practice, individuals' choices for investment are often restricted to a narrower set offered by their employers.

11. For a detailed description of OASI, see Social Security Administration, "Online Social Security Handbook," Publication 65-008, www.ssa.gov/OP_Home/handbook/ssa-hbk.htm.

5. Family holdings of financial assets, by selected characteristics of families and type of asset, 1998 and 2001 surveys

A. 1998 Survey of Consumer Finances

Family characteristic	Transaction accounts	Certificates of deposit	Savings bonds	Bonds	Stocks	Mutual funds	Retirement accounts	Life insurance	Other managed assets	Other	Any financial asset
	Percentage of families holding asset										
All families	90.5	15.3	19.3	3.0	19.2	16.5	48.9	29.6	5.9	9.4	92.9
<i>Percentile of income</i>											
Less than 20	68.5	12.1	4.9	*	3.7	3.2	9.4	16.6	3.0	8.3	75.6
20-39.9	90.3	15.6	12.2	*	9.7	8.7	30.9	22.2	4.5	8.0	93.0
40-59.9	95.1	15.4	19.6	2.7	17.9	13.8	53.5	27.7	4.0	10.5	97.1
60-79.9	98.8	15.2	25.8	2.9	21.5	20.2	69.2	34.7	7.1	9.9	99.1
80-89.9	99.6	17.9	35.4	3.2	32.7	28.8	75.3	44.3	7.2	8.7	99.8
90-100	99.7	18.5	32.9	10.8	53.6	44.3	87.5	49.0	14.9	11.5	100.0
<i>Age of head (years)</i>											
Less than 35	84.6	6.2	17.2	1.0	13.1	12.2	39.8	18.0	1.9	10.1	88.6
35-44	90.5	9.4	24.9	1.5	18.9	16.0	59.6	29.0	3.9	11.8	93.3
45-54	93.5	11.8	21.8	2.8	22.6	23.0	59.2	32.9	6.5	9.1	94.9
55-64	93.9	18.6	18.1	3.5	25.0	15.2	58.4	35.8	6.5	8.4	95.6
65-74	94.1	29.9	16.1	7.2	21.1	18.0	46.1	39.1	11.8	7.3	95.6
75 or more	89.7	35.9	12.0	5.9	18.0	15.1	16.7	32.6	11.6	6.4	92.1
<i>Race or ethnicity of respondent</i>											
White non-Hispanic	94.7	17.9	22.2	3.7	22.1	18.8	53.7	32.1	7.1	9.7	96.3
Nonwhite or Hispanic	75.8	6.4	9.2	4	9.1	8.4	32.1	20.8	1.7	8.3	81.2
<i>Current work status of head</i>											
Working for someone else	92.7	11.1	21.8	1.9	19.5	16.6	58.9	27.5	4.2	9.4	94.8
Self-employed	95.4	11.7	20.2	5.4	26.5	24.8	53.5	39.5	8.7	14.1	96.9
Retired	87.2	28.8	14.4	5.1	17.1	14.8	28.8	32.4	9.9	6.8	90.3
Other not working	69.1	7.6	11.8	*	8.8	4.8	17.5	17.6	*	10.9	75.2
<i>Housing status</i>											
Owner	96.2	18.9	23.3	3.8	24.9	21.0	58.4	36.9	7.7	8.7	97.5
Renter or other	79.2	8.3	11.5	1.3	8.0	7.5	30.2	15.2	2.4	10.8	84.1
<i>Percentile of net worth</i>											
Less than 25	72.1	3.0	7.0	*	3.2	2.1	18.5	10.7	*	7.9	78.0
25-49.9	91.4	9.8	16.3	*	9.4	8.7	44.3	23.8	2.4	10.0	94.8
50-74.9	98.5	19.6	24.1	2.2	18.8	15.3	56.4	35.6	5.9	8.2	99.1
75-89.9	99.7	30.2	27.8	3.4	36.4	35.5	72.0	45.5	10.2	10.2	99.9
90-100	100.0	26.8	33.2	16.9	58.7	46.4	83.0	52.2	22.1	13.1	100.0
	Median value of holdings for families holding asset (thousands of 2001 dollars)										
All families	3.3	16.3	1.1	48.8	19.0	27.2	26.1	7.9	34.3	3.3	24.5
<i>Percentile of income</i>											
Less than 20 .....	.8	10.9	1.4	*	16.3	21.8	6.5	4.4	17.4	.7	2.0
20-39.9	1.6	21.8	1.1	*	10.9	27.2	9.8	5.4	27.8	1.4	7.1
40-59.9	2.5	15.2	.5	23.0	8.2	10.9	13.1	4.6	25.5	2.7	17.6
60-79.9	4.7	15.8	.8	20.6	16.3	19.6	22.9	8.2	32.9	5.4	39.8
80-89.9	8.2	17.4	1.5	20.7	19.6	21.8	47.1	10.9	27.2	6.2	87.6
90-100	19.6	21.8	1.1	117.6	54.4	65.3	98.0	19.6	98.0	27.2	241.1
<i>Age of head (years)</i>											
Less than 35	1.6	2.7	.5	3.3	5.4	7.6	7.6	2.9	21.2	1.1	5.0
35-44	3.1	8.7	.8	60.2	13.1	15.2	22.3	9.3	27.2	2.7	24.9
45-54	4.9	12.5	1.1	34.5	26.1	32.7	37.0	10.9	42.8	6.5	41.1
55-64	4.4	18.5	1.6	108.8	22.9	63.1	50.9	10.3	70.8	10.9	49.6
65-74	6.1	21.8	2.2	56.6	54.4	65.3	41.4	9.3	45.0	6.5	49.9
75 or more	6.7	32.7	5.4	20.5	54.4	64.2	32.7	5.4	32.7	8.9	39.9
<i>Race or ethnicity of respondent</i>											
White non-Hispanic	4.0	18.5	1.1	50.1	21.8	31.6	28.3	8.2	34.8	4.4	32.7
Nonwhite or Hispanic	1.6	6.8	.8	15.4	9.8	10.9	14.2	5.4	25.1	1.1	7.1
<i>Current work status of head</i>											
Working for someone else	2.9	9.8	.7	16.3	10.9	17.4	21.8	7.6	32.7	2.0	20.8
Self-employed	6.9	23.9	1.0	163.3	56.6	43.5	53.9	12.5	42.8	7.6	49.0
Retired	5.4	26.1	2.7	54.4	54.4	59.9	33.7	6.5	34.8	7.6	35.7
Other not working	1.1	10.9	.9	*	12.0	19.0	16.3	5.4	*	.5	2.7
<i>Housing status</i>											
Owner	5.4	19.6	1.1	45.2	21.8	32.7	32.7	8.7	34.8	5.4	44.9
Renter or other	1.2	10.9	.7	54.4	8.7	13.1	8.5	5.4	25.1	1.1	3.8
<i>Percentile of net worth</i>											
Less than 25 .....	.7	1.6	.4	*	.8	1.6	2.3	1.3	*	.5	1.1
25-49.9	1.9	6.7	.5	*	3.3	6.5	9.0	5.4	10.9	2.0	11.4
50-74.9	5.2	16.3	1.1	10.9	8.7	15.2	30.5	7.6	21.8	6.5	46.8
75-89.9	11.4	27.2	2.2	27.2	28.6	38.4	64.8	10.9	25.5	7.6	157.2
90-100	25.0	47.9	2.2	108.8	92.5	116.5	136.1	21.8	130.6	21.8	500.1

5.—Continued

B. 2001 Survey of Consumer Finances

Family characteristic	Transaction accounts	Certificates of deposit	Savings bonds	Bonds	Stocks	Mutual funds	Retirement accounts	Life insurance	Other managed assets	Other	Any financial asset
	Percentage of families holding asset										
All families	90.9	15.7	16.7	3.0	21.3	17.7	52.2	28.0	6.6	9.3	93.1
<i>Percentile of income</i>											
Less than 20	70.9	10.0	3.8	*	3.8	3.6	13.2	13.8	2.2	6.2	74.8
20-39.9	89.4	14.7	11.0	*	11.2	9.5	33.3	24.7	3.3	9.9	93.0
40-59.9	96.1	17.4	14.1	1.5	16.4	15.7	52.8	25.6	5.4	9.9	98.3
60-79.9	98.8	16.0	24.4	3.7	26.2	20.6	75.7	35.7	8.5	9.0	99.6
80-89.9	99.7	18.3	30.3	3.9	37.0	29.0	83.7	38.6	10.7	10.8	99.8
90-100	99.2	22.0	29.7	12.7	60.6	48.8	88.3	41.8	16.7	12.5	99.7
<i>Age of head (years)</i>											
Less than 35	86.0	6.3	12.7	*	17.4	11.5	45.1	15.0	2.1	10.4	89.2
35-44	90.7	9.8	22.6	2.1	21.6	17.5	61.4	27.0	3.1	9.5	93.3
45-54	92.2	15.2	21.0	2.8	22.0	20.2	63.4	31.1	6.4	8.5	94.4
55-64	93.6	14.4	14.3	6.1	26.7	21.3	59.1	35.7	13.0	10.6	94.8
65-74	93.8	29.7	11.3	3.9	20.5	19.9	44.0	36.7	11.8	8.5	94.6
75 or more	93.7	36.5	12.5	5.7	21.8	19.5	25.7	33.3	11.2	7.3	95.1
<i>Race or ethnicity of respondent</i>											
White non-Hispanic	94.9	18.5	19.4	3.8	24.5	20.9	56.9	29.8	8.2	9.2	96.5
Nonwhite or Hispanic	78.2	6.7	7.8	.4	11.0	7.2	37.3	22.3	1.8	9.7	82.4
<i>Current work status of head</i>											
Working for someone else	92.4	11.3	19.4	2.0	20.9	17.3	61.5	27.4	5.3	9.4	94.7
Self-employed	95.2	18.7	16.6	6.1	29.8	22.9	58.9	34.6	6.9	12.4	97.4
Retired	88.9	27.0	11.4	4.5	19.7	17.3	29.1	29.1	10.4	7.9	90.8
Other not working	70.5	8.3	7.5	*	13.2	10.8	27.3	12.8	5.6	6.5	72.9
<i>Housing status</i>											
Owner	96.5	20.0	21.2	4.0	27.0	22.7	62.6	34.5	8.9	8.8	97.7
Renter or other	79.3	6.7	7.2	.7	9.3	7.1	30.4	14.3	2.0	10.4	83.5
<i>Percentile of net worth</i>											
Less than 25	72.4	1.8	4.3	*	5.0	2.5	18.9	6.9	*	7.9	77.2
25-49.9	93.6	8.8	12.8	*	9.5	7.2	45.3	26.0	1.3	8.6	96.5
50-74.9	98.2	23.2	23.5	*	20.3	17.5	63.2	34.5	6.2	8.7	98.9
75-89.9	99.6	30.1	25.9	5.3	41.2	35.9	77.6	41.7	13.9	9.4	99.8
90-100	99.6	26.9	26.3	18.4	64.3	54.8	87.4	48.6	26.4	16.1	100.0
	Median value of holdings for families holding asset (thousands of 2001 dollars)										
All families	4.0	15.0	1.0	43.5	20.0	35.0	29.0	10.0	70.0	4.0	28.0
<i>Percentile of income</i>											
Less than 20	.9	10.0	1.0	*	7.5	21.0	4.5	3.6	24.2	1.7	2.0
20-39.9	1.9	14.0	.6	*	10.0	24.0	8.0	6.2	36.0	3.0	8.0
40-59.9	2.9	13.0	.5	10.0	7.0	24.0	13.6	7.0	70.0	3.0	17.1
60-79.9	5.3	15.0	1.0	40.0	17.0	30.0	30.0	12.0	60.0	3.0	55.5
80-89.9	9.5	13.0	1.0	50.0	20.0	28.0	55.0	10.0	70.0	7.0	97.1
90-100	26.0	25.0	2.0	88.7	50.0	87.5	130.0	24.0	112.0	15.0	364.0
<i>Age of head (years)</i>											
Less than 35	1.8	4.0	.3	*	5.7	9.0	6.6	10.0	40.0	1.3	6.3
35-44	3.4	6.0	1.0	13.6	15.0	17.5	28.5	9.0	50.0	2.0	26.9
45-54	4.6	12.0	1.0	60.0	15.0	38.5	48.0	11.0	60.0	5.0	45.7
55-64	5.5	19.0	2.5	60.0	37.5	60.0	55.0	10.0	55.0	10.0	56.6
65-74	8.0	20.0	2.0	71.4	85.0	70.0	60.0	8.8	120.0	8.0	51.4
75 or more	7.3	25.0	3.0	35.0	60.0	70.0	46.0	7.0	100.0	17.5	40.0
<i>Race or ethnicity of respondent</i>											
White non-Hispanic	4.8	15.0	1.0	50.0	22.0	40.0	35.0	10.0	70.0	5.0	38.5
Nonwhite or Hispanic	1.7	9.0	.7	7.6	8.0	17.5	10.0	8.1	45.0	1.7	7.2
<i>Current work status of head</i>											
Working for someone else	3.2	9.0	1.0	26.0	11.0	20.0	24.5	9.5	55.0	2.5	24.3
Self-employed	8.5	16.0	2.0	71.9	35.0	98.0	54.6	17.0	109.0	12.0	61.0
Retired	5.0	25.0	4.0	50.1	60.0	70.0	54.0	9.0	100.0	10.0	32.5
Other not working	1.9	40.0	.3	*	8.0	40.0	20.0	10.0	39.0	2.0	6.2
<i>Housing status</i>											
Owner	5.8	15.0	1.2	50.0	22.0	40.0	38.2	10.0	70.0	6.0	50.5
Renter or other	1.2	10.0	.4	29.6	6.3	10.0	6.8	7.5	40.0	2.0	3.9
<i>Percentile of net worth</i>											
Less than 25	.7	1.5	.2	*	1.3	2.0	2.0	1.8	*	1.0	1.3
25-49.9	2.2	5.0	.5	*	3.2	5.0	7.5	5.2	10.1	2.3	10.6
50-74.9	5.5	11.5	1.0	*	8.3	15.0	30.0	9.0	22.0	4.5	53.1
75-89.9	13.7	20.0	2.0	20.0	25.6	37.5	76.5	12.0	70.0	10.0	201.7
90-100	36.0	40.0	2.0	90.0	122.0	140.0	190.0	30.0	200.0	30.0	707.4

NOTE: See note to table 1.

* Ten or fewer observations.

on workers' salaries and years of work with an employer, a group of employers, or a union. Unfortunately, income streams from OASI and defined-benefit plans cannot be translated directly into a current value because valuation depends critically on assumptions about future events and conditions—work decisions, earnings, inflation rates, discount rates, mortality, and so on—and no widely agreed-upon standards exist for making these assumptions.¹²

However, the SCF does contain substantial information (not shown in tables) for family heads and their working spouses or partners regarding the defined-benefit and account-type plans to which families have rights; the survey also collects data on benefits that are being received or will be received. In 2001, 57.1 percent of families had rights to some type of plan other than OASI through current or past work, a level virtually the same as in 1998. Of such families in 2001, 43.5 percent had only an account-type plan, 35.3 percent had only a defined-benefit plan, and 21.1 percent had both. Comparable data are not available for all types of pensions in 1998. However, when attention is restricted to plans offered through the current job of the family head or that person's spouse or partner, the distribution of plan types is about the same in 1998 and 2001; this result stands in contrast to evidence from earlier surveys that shows a continuing shift toward account-type plans.

In many account-type pension plans, contributions may be made by the employer, the worker, or both. In some cases these contributions represent a substantial amount of saving, though workers may offset this saving by reducing their saving in other forms. Employer's contributions also represent additional income for the worker. In 2001, 86.0 percent of families with account-type plans on a current job had employers who made contributions to the plan, and 87.0 percent of families with such plans made contributions themselves.

The eligibility of working family heads to participate in some type of job-related pension rose from 55.0 percent in 1998 to 57.1 percent 2001. Participation by eligible workers is usually voluntary. In 2001, 26.2 percent of family heads who were eligible to participate failed to do so, up from 23.2 percent in 1998. The choice to participate appears to be related strongly to income. Of heads of families with income

in the lowest 20 percent of the distribution, 46.4 percent who were eligible declined to participate; in contrast, among heads of families with incomes in the highest 10 percent of the distribution, only 15.3 percent of eligible workers declined to participate. Among family heads who were eligible but chose not to participate, 32.9 percent were covered by a defined-benefit plan, a level down from 35.8 percent in 1998.

Cash Value Life Insurance

Cash value life insurance combines an investment vehicle with insurance coverage in the form of a death benefit.¹³ Some cash value policies offer a high degree of choice in the way the policy payments are invested. Investment returns on cash value life insurance are typically shielded from taxation until the money is withdrawn; if the funds remain untapped until the policyholder dies, the beneficiary of the policy may receive, tax-free, the death benefit or the cash value, whichever is greater. In contrast, term insurance, the other popular life insurance type, offers only a death benefit. One attraction of cash value policies for some people is the fact that it promotes regular saving funded through the required policy premium.

Ownership of cash value policies is widespread, with a tendency toward higher levels among families with higher levels of income and wealth. From 1998 to 2001, ownership of such policies declined 1.6 percent, to 28.0 percent, a movement that continues an earlier trend of falling ownership. Decreases were broadly spread over demographic groups. The decline in ownership of cash value policies appears to reflect, in part, a decline in ownership of any type of life insurance.

Over the three-year period, ownership of any type of life insurance for anyone in the family dropped from 72.0 percent of families to 69.3 percent (not shown in tables). Among those with policies, term insurance has become relatively more popular, perhaps because it offers higher levels of death benefits for a given premium and is widely available as an employer-provided benefit; moreover, cash value insurance is competing with an expanding set of alternatives for investment.

The median holdings of cash value insurance for families that had any has been rising over the 1992–2001 period. It rose 26.6 percent over the most recent

12. For one possible calculation of net worth that includes the annuity value of defined-benefit pension benefits and OASI payments, see Arthur B. Kennickell and Annika E. Sundén, "Pensions, Social Security, and the Distribution of Wealth," Finance and Economics Discussion Series 1997-55 (Board of Governors of the Federal Reserve System, October 1997). Papers in this series from 1996 to date are available at www.federalreserve.gov/pubs/feds.

13. The survey measures the value of such policies according to their current cash value, not their death benefit.

three-year period, during which gains were spread across most groups. The broad increase in typical holdings suggests that the decline in ownership removed families with relatively small holdings. A possible explanation of the rise in ownership and use among families in the oldest age group may be the more intensive use of such policies for estate planning; as for the increase among the younger families, they may regard such contractually determined saving as a convenient way to start a saving plan.

Other Managed Assets

Ownership of other managed assets—personal annuities and trusts with an equity interest and managed investment accounts—is concentrated among families with higher levels of income and wealth and among families headed by persons aged 55 and older. From 1998 to 2001, overall ownership of these assets rose 0.7 percentage point. Among the component assets, a small decline in ownership of annuities was offset by increases for trusts and managed investment accounts (not shown in tables). Ownership increased markedly among families with incomes in the highest 20 percent of the distribution and with net worth in the top quarter of the distribution.

Between 1998 and 2001, the median value of such managed assets more than doubled to \$70,000, a move paralleling the increase noted earlier in the share of other managed assets in total financial assets. At the same time, holdings increased for almost all demographic groups, and some of the proportional increases were large. Although these assets are not broadly held, close examination of the data indicates that the increases are not driven by outliers; rather, the distribution of holdings appears to have simply risen overall. In terms of the underlying components, overall holdings of managed investment accounts increased more rapidly than holdings of trusts, which in turn increased more rapidly than annuities (not shown in tables).

Other Financial Assets

For other financial assets—a heterogeneous category including oil and gas leases, futures contracts, royalties, proceeds from lawsuits or estates in settlement, and loans made to others—ownership was about unchanged in the three-year period. Ownership of such assets tends to be more common among higher income and wealth groups. Changes in ownership across demographic groups were mixed, but median

holdings for those who had such assets rose 21.2 percent, to \$4,000.

Some publicly traded companies offer stock options to their employees as a form of compensation.¹⁴ Although stock options, when executed, may represent an appreciable part of a family's net worth, the survey does not specifically ask for the value of these options.¹⁵ Instead, the survey asks whether the family head or that person's spouse or partner had been given stock options by an employer during the preceding year.¹⁶ In 2001, 11.4 percent of families reported having received stock options, a share virtually the same as in 1998 (not shown in tables).

Direct and Indirect Holdings of Publicly Traded Stocks

Families may hold stocks in publicly traded companies directly or indirectly, and information about each of these forms of ownership is collected separately in the SCF. When direct and indirect forms are combined, the data show considerable growth in stock ownership from 1992 (table 6). In 2001, 51.9 percent of families held stock in some form, a level 3 percentage points above that in 1998. Ownership rates tend to be highest among families with higher incomes and families headed by persons aged 35 to 64. Over the most recent three-year period, ownership rates rose for almost all the groups shown.

The median value of direct and indirect stock holdings for those who had stock rose from \$27,200 in 1998 to \$34,300 in 2001, a 26.1 percent gain that was spread over most of the demographic groups. The median more than doubled for the groups of families headed by persons aged 65 and more. At the same time, the ratio of the value of all families' stocks to the value of all families' financial assets rose 2.1 percentage points.

14. See David Lebow, Louise Sheiner, Larry Slifman, and Martha Starr-McCluer, "Recent Trends in Compensation Practices," Finance and Economics Discussion Series 1999-32 (Board of Governors of the Federal Reserve System, July 1999).

15. Because such options are typically not publicly traded or their execution is otherwise constrained, their value is uncertain until the exercise date; until then, meaningful valuation would require complex assumptions about future movements in stock prices.

16. In theory, families in the survey might have had a good idea of the value of options they had received from their employers and included that value in their reports of miscellaneous assets. However, in the 2001 survey, only one family reported receiving options from an employer and reported options as a miscellaneous asset, and in that case the two sets of options may not have been the same; no family made such a report in the 1998 survey.

6. Direct and indirect family holdings of stock, by selected characteristics of families, 1992, 1995, 1998, and 2001 surveys
Percent except as noted

Family characteristic	Families having stock holdings, direct or indirect ¹				Median value among families with holdings (thousands of 2001 dollars)				Stock holdings as share of group's financial assets			
	1992	1995	1998	2001	1992	1995	1998	2001	1992	1995	1998	2001
All families	36.7	40.4	48.9	51.9	13.0	16.9	27.2	34.3	33.7	39.9	53.9	56.0
<i>Percentile of income</i>												
Less than 20	7.3	6.5	10.0	12.4	9.9	4.3	5.4	7.0	14.3	14.2	20.4	36.9
20-39.91	20.2	24.7	30.8	33.5	4.9	7.3	10.9	7.5	16.7	26.7	29.7	34.9
40-59.9	33.6	41.5	50.2	52.1	6.2	7.2	13.1	15.0	20.5	28.4	37.9	46.4
60-79.9	51.1	54.3	69.3	75.7	10.1	14.6	20.4	28.5	27.9	35.6	45.7	51.7
80-89.9	65.7	69.7	77.9	82.0	17.3	28.9	49.0	64.6	32.3	41.3	50.4	57.4
90-100	77.0	80.0	90.4	89.6	58.8	69.3	146.5	247.7	40.5	45.4	62.5	60.4
<i>Age of head (years)</i>												
Less than 35	28.4	36.6	40.8	48.9	4.3	5.9	7.6	7.0	24.8	27.2	44.8	52.6
35-44	42.4	46.4	56.7	59.5	9.3	11.6	21.8	27.5	31.0	39.5	54.6	57.3
45-54	46.4	48.9	58.6	59.2	18.6	30.0	41.4	50.0	40.8	42.6	55.7	59.1
55-64	45.3	40.0	55.9	57.1	30.9	35.8	51.2	81.2	37.3	44.2	58.4	56.1
65-74	30.2	34.4	42.7	39.2	19.8	39.3	61.0	150.0	31.6	35.8	51.3	55.1
75 or more	25.7	27.9	29.4	34.2	30.9	23.1	65.3	120.0	25.5	39.8	48.7	51.4
<i>Housing status</i>												
Owner	45.7	48.8	59.8	62.0	16.1	20.8	37.0	50.0	34.5	40.9	55.1	56.6
Renter or other	20.9	25.0	27.5	30.7	5.7	7.4	8.1	7.0	27.1	32.4	40.5	46.3

NOTE: See note to table 1.

1. Indirect holdings are those in mutual funds, retirement accounts, and other managed assets.

Nonfinancial Assets

The value of nonfinancial assets as a proportion of the value of the total assets of all families fell from 59.3 percent in 1998 to 58.0 percent in 2001 (table 7). Primary residences retained their earlier relative importance, while equity in nonresidential real estate and business equity moved up in relative importance. The shares of motor vehicles, other residential property, and the residual "other" category declined.

The level of ownership of any type of nonfinancial asset in the 2001 survey is above 80 percent for most groups—exceptions are the lowest income and wealth groups, nonwhite or Hispanic families, families headed by persons who were neither working nor retired, and renters (table 8). The owner-

7. Value of nonfinancial assets of all families, distributed by type of asset, 1992, 1995, 1998, and 2001 surveys
Percent

Type of nonfinancial asset	1992	1995	1998	2001
Vehicles	5.7	7.1	6.5	5.9
Primary residence	47.0	47.5	47.0	46.8
Other residential property	8.5	8.0	8.5	8.1
Equity in nonresidential property	10.9	7.9	7.7	8.2
Business equity	26.3	27.2	28.5	29.3
Other	1.6	2.3	1.8	1.6
Total	100	100	100	100
MEMO				
Nonfinancial assets as a share of total assets	68.4	63.3	59.3	58.0

NOTE: See note to table 1.

ship rate is well over 90 percent for many groups. The proportion of families with nonfinancial assets in 2001 was 0.8 percent higher than in 1998. By demographic group, increases in ownership were more common than decreases, and the decreases were 1 percentage point or less. The median holding for those with such assets rose 6.4 percent, and the median also rose for all demographic groups except for families headed by retired persons. Gains were most notable for families in the highest income and net worth groups, white non-Hispanic families, and families headed by self-employed persons or by persons who were neither working nor retired.

Vehicles

Vehicles continue to be the most commonly held nonfinancial asset.¹⁷ Over the three-year period, the share of families that owned some type of vehicle rose 2 percentage points, to 84.8 percent, a level that is still about ½ percentage point below the 1992 level. The decline since 1992 reflects, in part, a substitution of other modes of ownership (not shown in tables): The use of leased vehicles rose from 2.9 percent to 5.8 percent in the nine-year period, and the personal use of vehicles provided by employers

17. The definition of vehicles here is a broad one that includes cars, vans, sport utility vehicles, trucks, motor homes, recreational vehicles, motorcycles, boats, airplanes, and helicopters.

rose from 3.8 percent to 9.1 percent. The share of families that had at least one vehicle for personal use (whether owned or not) increased to 87.8 percent in 2001 after holding steady near 87 percent from 1992 to 1998.

The median market value of vehicles for those who owned at least one rose 14.4 percent from 1998 to 2001; all demographic groups shared in this gain. Underlying this increase was a nearly 50 percent rise—from 10.6 percent to 15.2 percent—in the fraction of total vehicle value attributable to sport utility vehicles, which are generally more expensive than standard automobiles (not shown in tables).

Primary Residence and Other Residential Real Estate

From 1998 to 2001, the proportion of families owning a principal residence rose 1.5 percentage points, to 67.7 percent; the increase continued earlier trends.¹⁸ For 2001, the homeownership rate was below average for nonwhite or Hispanic families and family groups with relatively low incomes, headed by persons who were neither retired nor self-employed, with relatively low wealth, and headed by persons aged less than 35. Increases in ownership during the period were widespread. However, of the groups with below-average ownership, the ownership rate rose by more than the overall rate of increase only among the two lowest income groups and the group of families headed by persons who were neither working nor retired; others of these groups saw very small increases or actual declines in ownership.

Over the three-year period, the overall median home value rose 12.1 percent, to \$122,000. Only two groups of homeowners saw the median value of their residences fall over the period: families with incomes in the second quintile of the distribution and nonwhite or Hispanic families. The small decline for nonwhite or Hispanic families did not offset the larger-than-average gains for this group seen in the previous surveys since 1992.

In 2001, 11.3 percent of families owned some form of residential real estate besides a primary residence (second homes, time shares, one- to four-family rental properties, and other types of residential property), down from 12.8 percent in 1998. Ownership is much more common among the highest income and wealth groups and among families headed by self-

employed persons; by age group, ownership rises to a peak in the 55-to-64 group and then declines. Although the median value of such property rose 13.0 percent in the three-year period, changes by demographic group show a mixed pattern of gains and losses, some of them substantial.

Net Equity in Nonresidential Real Estate

The ownership of nonresidential real estate edged down from 8.6 percent of families in 1998 to 8.3 percent in 2001.¹⁹ Ownership is most common among the highest income and wealth groups and among families headed by persons aged 45 to 74. Between 1998 and 2001, ownership went down for most groups. At the same time, the overall median holding for those with such real estate increased 18.4 percent. Holdings rose for most income and age groups—sometimes by a large amount—but by wealth group the only notable increase was in the highest 10 percent of the distribution.

Net Equity in Privately Held Businesses

In 2001, 11.8 percent of families owned privately held business interests, a proportion that has changed little since the redesign of the SCF in 1989.²⁰ Ownership is most common among families with higher levels of income and wealth and among families headed by persons aged between 45 and 74. By demographic group, declines in ownership from 1998 to 2001 were more common than increases, and even the proportion of the self-employed group that also owned a business declined.²¹ At the same time, ownership among two groups increased notably: families with incomes in the highest 10 percent of the distribution and those with net worth in the 75th through 90th percentiles of the distribution.

19. Nonresidential real estate comprises the following types of property unless they are owned through a business: commercial property, rental property with five or more units, farm land, undeveloped land, and all other types of nonresidential real estate.

20. The forms of business in this category are sole proprietorships, limited partnerships, other types of partnerships, subchapter S corporations and other types of corporations that are not publicly traded, limited liability companies, and other types of private businesses. If the family surveyed lived on a farm or ranch that was used at least in part for agricultural business, the value of that part net of the corresponding share of associated debts was included with other business assets; these allocations of debts to farming and ranching businesses represent change in definition from that used in the January 2000 *Federal Reserve Bulletin* article on the 1998 SCF.

21. In the survey, self-employment status and business ownership are independently determined.

18. This measure of principal residences comprises mobile homes and their sites, the part of farms and ranches not used for the farming or ranching business, condominiums, cooperatives, townhouses, detached single-family homes, and other permanent dwellings.

8. Family holdings of nonfinancial assets and of any asset, by selected characteristics of families and type of asset, 1998 and 2001 surveys

A. 1998 Survey of Consumer Finances

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresidential property	Business equity	Other	Any nonfinancial asset	Any asset
Percentage of families holding asset								
All families	82.8	66.2	12.8	8.6	11.5	8.5	89.9	96.8
<i>Percentile of income</i>								
Less than 20	58.7	38.8	1.9	2.1	3.8	2.3	68.7	87.1
20-39.9	81.9	55.3	6.8	6.1	5.7	7.4	89.5	98.1
40-59.9	89.2	67.3	11.8	7.7	9.0	8.9	95.4	99.2
60-79.9	93.0	79.1	17.0	9.5	13.9	10.5	97.3	99.8
80-89.9	92.8	88.2	17.7	14.1	18.8	9.4	98.5	100.0
90-100	90.0	93.1	35.5	21.1	31.0	17.0	99.0	100.0
<i>Age of head (years)</i>								
Less than 35	78.3	38.9	3.5	2.7	7.2	7.3	83.3	94.8
35-44	85.8	67.1	12.2	7.5	14.7	8.8	92.1	97.6
45-54	87.5	74.4	16.2	12.2	16.2	9.2	92.9	96.7
55-64	88.7	80.3	20.4	10.4	14.3	8.5	93.8	98.2
65-74	83.4	81.5	18.4	15.3	10.1	10.3	92.0	98.5
75 or more	69.8	77.0	13.6	8.1	2.7	7.0	87.2	96.4
<i>Race or ethnicity of respondent</i>								
White non-Hispanic	87.3	71.8	14.1	9.4	13.2	10.0	93.8	98.8
Nonwhite or Hispanic	67.2	46.8	8.4	5.8	5.4	3.1	76.4	89.9
<i>Current work status of head</i>								
Working for someone else	87.6	63.5	10.6	6.7	5.5	8.8	92.4	98.2
Self-employed	89.5	81.3	25.3	17.7	63.4	13.3	98.1	99.2
Retired	73.3	72.4	14.3	10.1	3.6	6.4	85.2	94.7
Other not working	58.5	35.8	4.5	3.6	3.7	3.4	66.3	85.7
<i>Housing status</i>								
Owner	90.6	100.0	16.8	11.3	14.5	9.5	100.0	100.0
Renter or other	67.6	...	5.1	3.3	5.4	6.4	70.1	90.7
<i>Percentile of net worth</i>								
Less than 25	62.3	14.0	*	*	1.4	2.7	65.2	87.4
25-49.9	87.4	67.3	5.8	3.6	6.4	8.0	96.0	100.0
50-74.9	90.4	89.3	11.8	7.8	10.6	8.9	99.1	100.0
75-89.9	90.8	94.0	26.2	16.8	17.9	11.4	99.2	100.0
90-100	92.0	95.1	41.7	30.5	41.4	18.8	99.6	100.0
Median value of holdings for families holding asset (thousands of 2001 dollars)								
All families	11.8	108.8	70.8	41.4	65.3	10.9	106.4	134.2
<i>Percentile of income</i>								
Less than 20	4.5	59.9	87.1	10.9	31.3	5.4	24.3	16.3
20-39.9	6.9	81.6	65.3	26.1	42.5	5.4	56.9	66.5
40-59.9	10.5	92.5	51.7	29.9	43.5	6.5	85.3	115.7
60-79.9	15.3	119.7	70.8	32.7	54.4	10.9	134.5	202.3
80-89.9	20.1	149.1	58.0	32.7	54.4	10.9	179.1	295.5
90-100	27.7	244.9	131.4	124.1	239.5	32.7	360.6	660.2
<i>Age of head (years)</i>								
Less than 35	9.7	91.4	46.3	27.2	37.0	5.4	24.7	31.5
35-44	12.4	109.9	49.0	21.8	68.0	8.7	112.6	139.3
45-54	13.9	130.6	80.5	49.0	108.8	15.2	138.0	194.7
55-64	14.7	119.7	76.2	58.8	68.0	30.5	138.2	215.7
65-74	11.8	103.4	81.6	49.0	72.1	10.9	119.6	178.6
75 or more	7.6	92.5	112.1	58.8	43.5	10.9	104.6	146.9
<i>Race or ethnicity of respondent</i>								
White non-Hispanic	12.9	108.8	72.9	46.3	76.2	10.9	117.1	157.9
Nonwhite or Hispanic	8.7	92.5	64.2	26.1	32.7	5.4	56.6	47.0
<i>Current work status of head</i>								
Working for someone else	12.2	106.7	54.4	26.1	32.7	7.6	97.5	122.0
Self-employed	16.8	158.9	92.5	87.1	108.8	54.4	275.5	358.3
Retired	9.3	96.9	108.8	54.4	54.4	10.9	106.5	146.4
Other not working	7.8	98.0	70.3	114.3	42.5	6.2	31.0	19.5
<i>Housing status</i>								
Owner	14.4	108.8	70.8	49.0	81.6	14.2	142.0	210.4
Renter or other	6.7	...	70.3	16.3	33.7	5.4	7.8	12.7
<i>Percentile of net worth</i>								
Less than 25	5.4	43.5	*	*	3.8	1.1	7.0	6.4
25-49.9	9.3	65.3	40.8	10.9	13.1	5.4	56.2	66.2
50-74.9	13.7	103.4	38.1	25.0	43.5	9.5	126.9	180.0
75-89.9	16.9	152.4	87.1	49.0	95.2	16.3	237.8	394.4
90-100	25.4	272.1	163.3	130.6	326.5	59.9	563.5	1,060.2

8.—Continued

B. 2001 Survey of Consumer Finances

Family characteristic	Vehicles	Primary residence	Other residential property	Equity in nonresidential property	Business equity	Other	Any nonfinancial asset	Any asset
Percentage of families holding asset								
All families	84.8	67.7	11.3	8.3	11.8	7.6	90.7	96.7
<i>Percentile of income</i>								
Less than 20	56.8	40.6	3.1	2.8	2.5	2.9	67.7	85.3
20-39.9	86.7	57.3	5.4	6.7	7.1	6.1	93.1	98.3
40-59.9	91.6	66.0	7.9	6.7	8.8	6.2	95.6	99.8
60-79.9	94.8	81.8	14.2	7.2	12.0	8.9	97.8	100.0
80-89.9	95.4	90.9	19.7	12.1	18.7	9.4	99.4	100.0
90-100	92.8	94.4	32.8	23.9	38.9	18.0	99.5	100.0
<i>Age of head (years)</i>								
Less than 35	78.8	39.9	3.4	2.8	7.0	6.9	83.0	93.1
35-44	88.9	67.8	9.2	7.6	14.2	8.0	93.2	97.4
45-54	90.5	76.2	14.7	10.0	17.1	7.2	95.2	98.1
55-64	90.7	83.2	18.3	12.3	15.6	7.9	95.4	98.2
65-74	81.3	82.5	13.7	12.9	11.6	9.7	91.6	97.1
75 or more	73.9	76.2	15.2	8.3	2.4	6.2	86.4	97.8
<i>Race or ethnicity of respondent</i>								
White non-Hispanic	89.1	74.1	12.9	9.6	13.9	9.0	94.7	99.0
Nonwhite or Hispanic	70.9	47.0	6.4	4.1	5.1	2.9	77.9	89.4
<i>Current work status of head</i>								
Working for someone else	88.5	64.7	10.0	6.7	6.1	7.4	92.5	97.8
Self-employed	88.6	80.3	19.5	18.1	60.8	14.1	97.1	98.4
Retired	77.1	73.9	12.0	8.2	3.3	5.4	86.7	95.7
Other not working	64.0	43.4	4.8	3.8	5.7	*	70.5	82.3
<i>Housing status</i>								
Owner	92.2	100.0	14.9	11.0	15.5	8.7	100.0	100.0
Renter or other	69.3	...	3.9	2.6	4.2	5.1	71.3	89.7
<i>Percentile of net worth</i>								
Less than 25	64.8	14.3	*	*	1.2	3.2	68.2	86.7
25-49.9	86.8	69.6	4.5	3.6	4.0	5.1	96.3	100.0
50-74.9	94.1	91.4	12.6	8.1	11.5	6.6	98.7	100.0
75-89.9	93.1	95.1	19.6	15.4	22.5	10.5	99.6	100.0
90-100	94.1	95.8	39.0	30.1	42.8	22.8	99.7	100.0
Median value of holdings for families holding asset (thousands of 2001 dollars)								
All families	13.5	122.0	80.0	49.0	100.0	12.0	113.2	147.4
<i>Percentile of income</i>								
Less than 20	5.3	65.0	25.0	32.5	56.3	6.0	34.3	24.9
20-39.9	8.4	80.0	75.0	30.0	35.0	6.0	57.0	67.2
40-59.9	12.6	95.0	50.0	30.0	61.7	10.0	92.2	115.0
60-79.9	17.6	130.0	70.0	49.5	62.5	10.0	151.6	230.0
80-89.9	22.7	175.0	62.5	46.0	100.0	20.0	224.6	377.1
90-100	30.0	300.0	200.0	146.2	268.3	50.0	479.5	1,009.4
<i>Age of head (years)</i>								
Less than 35	11.3	95.0	75.0	33.3	50.0	10.0	30.5	39.4
35-44	14.8	125.0	75.0	39.5	100.0	9.0	117.8	157.6
45-54	15.7	135.0	65.0	56.4	102.0	11.0	140.3	211.6
55-64	15.1	130.0	80.0	78.5	100.0	30.0	147.9	226.3
65-74	13.6	129.0	145.0	50.0	100.0	20.0	149.2	214.6
75 or more	8.8	111.0	80.0	28.0	510.9	15.0	122.6	169.6
<i>Race or ethnicity of respondent</i>								
White non-Hispanic	14.6	130.0	80.0	50.0	100.0	15.0	131.4	183.9
Nonwhite or Hispanic	10.0	92.0	60.0	22.5	50.0	5.0	58.2	56.8
<i>Current work status of head</i>								
Working for someone else	13.7	120.0	70.0	36.8	50.0	10.0	101.8	129.0
Self-employed	19.2	200.0	150.0	100.0	126.0	30.0	335.0	439.2
Retired	10.1	100.0	85.0	58.0	65.5	20.0	105.8	143.4
Other not working	10.2	100.0	110.0	33.0	110.0	*	71.1	41.4
<i>Housing status</i>								
Owner	16.2	122.0	80.0	50.0	105.0	15.0	156.9	240.1
Renter or other	7.6	...	60.0	32.5	35.0	6.0	8.9	13.4
<i>Percentile of net worth</i>								
Less than 25	6.3	49.5	*	*	10.0	4.0	8.2	8.2
25-49.9	11.8	70.0	24.0	9.0	15.0	10.0	62.6	75.1
50-74.9	15.3	120.0	50.0	25.0	50.0	10.0	144.8	215.2
75-89.9	19.0	200.0	80.0	52.3	120.0	18.0	281.8	508.5
90-100	28.8	350.0	210.0	211.7	500.0	40.0	712.5	1,438.1

NOTE. See note to table 1.

* Ten or fewer observations.

. Not applicable.

The median holding of net business equity for those having a business interest jumped 53.1 percent from 1998 to 2001, about twice the rate of increase in median holdings of all types of publicly traded corporate equities. Almost every demographic group showed an increase, many of which were substantial.

The SCF classifies privately owned business interests into those in which the family has an active management role and those in which it does not. Of families having any business interests in 2001, 87.8 percent had only an active role and 9.0 percent had only a non-active role; 3.2 percent had interests in both types (not shown in tables). In terms of assets, the actively managed interests account for 89.0 percent of total privately owned business interests. Although some families have more than one business that they actively manage, the median number is 1, and the total value of all primary actively managed businesses accounts for 81.0 percent of the value of all actively managed businesses.²² The most common organizational form for the primary actively managed business is a sole proprietorship, and the vast majority of primary actively managed businesses operate in an industry other than manufacturing; the median number of employees is two. These figures are little changed since 1998.

Other Nonfinancial Assets

Ownership of the remaining nonfinancial assets (tangible items including artwork, jewelry, precious metals, antiques, hobby equipment, and collectibles)

22. Families with more than one business are asked to report which business is most important; that business is designated as the primary one.

declined 0.9 percent during the recent three-year period, to 7.6 percent of families. In general, ownership is relatively more common among the highest income and wealth groups and among families headed by self-employed persons. Ownership declined for most demographic groups between 1998 and 2001. However, the group for which the ownership rate was already the highest, that is, families with net worth in the highest 10 percent of the distribution, saw their ownership rate rise 4 percentage points. The overall median value of these assets rose 10.1 percent. Although increases were common across demographic groups, the highest wealth group saw a sizable decline; the decline suggests that the group's rise in rate of ownership resulted from the addition of relatively small holdings.

Unrealized Capital Gains

Changes in the values of assets such as stock, real estate, and businesses are a key determinant of changes in families' net worth. Unrealized gains are increases in the value of assets that are yet to be sold. To obtain information on this part of net worth, the survey asks about changes in value from the time of purchase for certain key assets—publicly traded stocks, mutual funds, the primary residence, other real estate, and businesses.²³ The median unrealized capital gain in these assets over the 1998–2001 period moved up 29.3 percent, and the mean moved up 24.7 percent (table 9). Both measures were well above their 1992 levels. The rise in unrealized gains

23. The survey does not collect information on capital gains for every asset. Most notably, it does not collect such information for retirement accounts.

9. Family holdings of unrealized capital gains, by selected characteristics of families, 1992, 1995, 1998, and 2001 surveys
Thousands of 2001 dollars

Family characteristic	1992		1995		1998		2001	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean
All families	9.3	86.7	6.5	78.3	11.6	105.2	15.0	131.2
<i>Percentile of income</i>								
Less than 20	†	19.7	†	18.0	†	19.6	†	17.5
20–39.9	1.4	31.5	.3	29.3	2.0	31.9	1.4	41.4
40–59.9	3.8	48.2	4.3	37.9	9.8	48.6	9.5	46.6
60–79.9	19.9	59.9	15.4	53.9	22.0	71.6	28.0	86.9
80–89.9	30.4	102.7	31.2	80.2	37.2	104.0	55.0	142.0
90–100	115.1	445.1	75.1	424.6	105.6	604.4	161.0	785.1
<i>Age of head (years)</i>								
Less than 35	†	16.7	†	11.1	†	16.8	†	28.5
35–44	6.2	67.5	4.6	42.3	7.7	69.0	11.0	93.3
45–54	22.3	127.9	21.5	110.5	24.3	137.3	28.0	154.7
55–64	35.9	162.9	32.0	158.8	38.3	203.3	41.0	230.6
65–74	37.1	134.8	34.7	136.6	50.6	178.5	48.0	240.9
75 or more	31.3	82.3	37.7	99.6	39.2	125.0	50.0	150.9

NOTE. See note to table 1.

† Less than 0.05 (\$50).

reflects strong asset appreciation over the period as well as the relative illiquidity of real estate and businesses,

LIABILITIES

Liabilities and assets both grew substantially from 1998 to 2001, but assets grew more rapidly overall. As a consequence, the ratio of family debts to assets (the leverage ratio) fell from 14.3 percent to 12.1 percent (table 10). The ratio measured by the survey had been little changed between 1992 and 1998. The 2001 level of the leverage ratio is marginally lower than the 12.4 percent level registered in the 1989 survey. Home-secured debt accounted for 75.1 percent of total family debt in 2001, up 3.8 percentage points from 1998.

Families' Holdings of Debt

After a decline of almost ½ percentage point between 1995 and 1998 in the share of families with any type of debt (not shown in tables), the share rebounded 1 percentage point in 2001, to 75.1 percent of all families (table 11). Borrowing is more prevalent among families in the income and wealth groups above the lowest and in age groups below 65. Over the 1998–2001 period, most demographic groups saw an increase in the proportion of families borrowing. However, the proportion of families in the highest wealth group that were indebted declined notably.

The overall median value of total outstanding debt for families that had any rose 9.6 percent from 1998 to 2001. Across demographic groups, median debt rises with income and wealth; it rises and then declines with age. The decline among older age groups is driven in large part by the paying off of mortgages on primary residences. The median

amount of debt in the oldest age group dropped during the 1998–2001 period, a decline that partially reversed a jump seen in the 1995–98 period. In the most recent three-year period, median debt rose for most other demographic groups. Over work-status groups, the median of only the retired group fell. The median rose substantially for all wealth groups except the lowest one.

Mortgages and Other Borrowing on the Primary Residence

Between 1998 and 2001, the proportion of families with home-secured debt rose 1.5 percentage points, to 44.6 percent.²⁴ The increase continues a trend that has been observed in the survey since 1992. Use of home-secured debt rose for most demographic groups in the recent period; groups with a notable decrease were families headed by persons aged 75 and older, the highest wealth group, and families headed by self-employed persons.

Overall, the median amount of home-secured debt rose 3.7 percent from 1998 to 2001. Increases were most marked for families headed by persons aged 65 and older, families headed by self-employed persons, and families that had net worth in the highest 10 percent of the distribution. For the first two of these groups, the accompanying decline in ownership suggests that those with relatively low levels of such debt were disproportionately represented in the decline in ownership. Despite an increase in the proportion of nonwhite or Hispanic families using home-secured debt, the median amount owed by this group declined; in light of relatively little change in either the ownership rate or the median value of principal residences, the decline in the median amount owed may reflect largely the paying down of existing mortgages.

The rising values of houses over this period outpaced the attendant increases in home-secured debt and raised the typical amount of home equity held by families (not shown in tables). Median home equity among those with home-secured debt rose from \$53,300 in 1998 to \$58,100 in 2001, a 9.0 percent increase. Among those with such debt, the median ratio of home-secured debt to the value of the principal residence fell from 58.8 percent in 1998 to 56.0 percent in 2001; at the same time, a survey-based estimate of the aggregate ratio of debt to home values fell from 36.5 percent to 33.5 percent.

10. Amount of debt of all families, distributed by type of debt, 1992, 1995, 1998, and 2001 surveys
Percent

Type of debt	1992	1995	1998	2001
Home-secured debt	72.0	73.1	71.3	75.1
Other residential property	10.4	7.7	7.7	6.4
Installment loans	11.3	11.9	13.0	12.3
Other lines of credit .....	.8	.6	.3	.5
Credit card balances	3.2	3.9	3.9	3.4
Other	2.3	2.8	3.7	2.3
Total	100	100	100	100
MEMO				
Debt as a percentage of total assets	14.5	14.6	14.3	12.1

NOTE: See note to table 1.

24. Home-secured debt consists of first and second mortgages and home equity loans and lines of credit secured by the primary residence.

11. Family holdings of debt, by selected characteristics of families and type of debt, 1998 and 2001 surveys

A. 1998 Survey of Consumer Finances

Family characteristic	Home-secured	Other residential property	Installment loans	Credit card balances	Other lines of credit	Other	Any debt
Percentage of families holding debt							
All families	43.1	5.1	43.7	44.1	2.3	8.8	74.1
<i>Percentile of income</i>							
Less than 20	11.2	*	27.3	24.5	*	5.5	47.3
20-39.9	23.9	2.0	36.7	40.9	1.7	6.2	66.8
40-59.9	43.7	4.3	51.2	50.1	2.7	7.8	79.9
60-79.9	63.5	7.0	51.6	57.4	2.9	11.3	87.3
80-89.9	73.6	7.8	58.4	53.1	4.5	12.1	89.6
90-100	73.0	15.3	45.4	42.1	2.5	13.9	88.1
<i>Age of head (years)</i>							
Less than 35	33.2	2.0	60.0	50.7	2.4	9.6	81.2
35-44	58.7	6.7	53.3	51.3	3.6	11.4	87.6
45-54	58.8	7.0	51.2	52.5	3.6	11.1	87.0
55-64	49.4	7.8	37.9	45.7	1.6	8.3	76.4
65-74	26.0	5.3	20.2	29.2	*	4.1	51.4
75 or more	11.5	1.8	4.2	11.2	*	2.0	24.6
<i>Race or ethnicity of respondent</i>							
White non-Hispanic	46.7	5.5	44.3	44.4	2.4	8.8	74.9
Nonwhite or Hispanic	30.7	4.0	41.6	43.3	1.9	8.8	71.1
<i>Current work status of head</i>							
Working for someone else	50.8	5.3	55.2	53.5	2.7	10.8	86.8
Self-employed	63.1	10.9	46.3	47.5	3.7	10.7	84.6
Retired	18.6	3.1	15.8	20.9	*	3.3	39.9
Other not working	26.8	*	39.0	39.0	*	7.5	65.7
<i>Housing status</i>							
Owner	65.1	6.3	44.3	46.2	1.8	9.3	79.4
Renter or other	...	2.9	42.6	40.0	3.4	7.8	63.5
<i>Percentile of net worth</i>							
Less than 25	11.2	*	47.2	39.5	2.8	9.3	65.6
25-49.9	47.4	3.3	49.9	54.9	2.5	9.3	81.4
50-74.9	56.2	4.9	46.3	48.7	1.7	7.6	76.8
75-89.9	56.8	9.0	34.4	36.7	2.0	7.6	70.2
90-100	59.0	14.9	27.3	28.4	2.6	10.8	75.9
Median value of holdings for families holding debt (thousands of 2001 dollars)							
All families	67.5	43.5	9.5	1.9	2.7	3.3	35.4
<i>Percentile of income</i>							
Less than 20	27.2	*	4.4	1.0	*	1.1	4.8
20-39.9	40.3	35.9	6.7	1.3	1.2	1.9	11.0
40-59.9	47.9	20.7	8.7	2.1	1.6	2.2	27.8
60-79.9	70.8	31.1	13.0	2.4	3.0	3.3	62.9
80-89.9	87.6	46.4	12.5	2.2	3.3	5.4	92.9
90-100	127.4	76.2	15.8	3.3	7.0	10.9	137.3
<i>Age of head (years)</i>							
Less than 35	77.3	59.9	9.9	1.6	1.1	1.9	20.9
35-44	76.2	43.5	8.3	2.2	1.5	3.3	60.6
45-54	74.0	43.5	10.9	2.0	3.3	5.4	52.2
55-64	52.2	44.6	9.0	2.2	5.3	5.4	37.2
65-74	28.3	27.4	7.0	1.2	*	4.9	13.0
75 or more	23.1	32.4	9.7	.8	*	1.9	8.8
<i>Race or ethnicity of respondent</i>							
White non-Hispanic	67.5	46.4	9.8	2.2	3.0	3.6	43.2
Nonwhite or Hispanic	67.5	32.7	7.8	1.2	.8	1.9	16.9
<i>Current work status of head</i>							
Working for someone else	71.8	38.5	9.6	2.1	3.0	3.3	38.2
Self-employed	80.4	59.7	12.0	2.2	4.1	7.1	70.1
Retired	40.3	37.0	6.3	1.1	*	2.1	11.1
Other not working	62.0	*	7.3	1.3	*	1.2	13.7
<i>Housing status</i>							
Owner	67.5	45.7	10.4	2.2	2.4	4.4	65.9
Renter or other	...	29.9	8.3	1.4	3.0	1.4	6.5
<i>Percentile of net worth</i>							
Less than 25	61.5	*	8.6	1.7	1.1	1.6	9.1
25-49.9	60.0	31.6	8.5	2.0	3.3	2.2	31.3
50-74.9	64.2	23.9	9.7	2.0	3.3	5.4	50.1
75-89.9	76.2	58.8	11.1	1.6	1.4	6.5	70.8
90-100	108.8	78.4	16.0	2.0	10.9	21.8	105.5

11.—Continued

B. 2001 Survey of Consumer Finances

Family characteristic	Home-secured	Other residential property	Installment loans	Credit card balances	Other lines of credit	Other	Any debt
Percentage of families holding debt							
All families	44.6	4.7	45.2	44.4	1.5	7.2	75.1
<i>Percentile of income</i>							
Less than 20	13.8	*	25.5	30.3	1.3	5.9	49.3
20-39.9	27.0	1.8	43.2	44.5	1.5	5.6	70.2
40-59.9	44.4	3.2	51.9	52.8	1.5	7.7	82.1
60-79.9	61.8	5.4	56.7	52.6	1.5	7.7	85.6
80-89.9	76.9	10.3	55.7	50.3	2.6	9.3	91.4
90-100	75.4	14.9	41.2	33.1	1.4	8.8	85.3
<i>Age of head (years)</i>							
Less than 35	35.7	2.7	63.8	49.6	1.7	8.8	82.7
35-44	59.6	4.9	57.1	54.1	1.7	8.0	88.6
45-54	59.8	6.5	45.9	50.4	1.5	7.4	84.6
55-64	49.0	8.0	39.3	41.6	3.1	7.4	75.4
65-74	32.0	3.4	21.1	30.0	*	5.0	56.8
75 or more	9.5	2.0	9.5	18.4	*	3.6	29.2
<i>Race or ethnicity of respondent</i>							
White non-Hispanic	47.6	5.4	45.3	43.3	1.7	7.4	75.8
Nonwhite or Hispanic	35.1	2.5	44.6	47.7	1.1	6.5	72.9
<i>Current work status of head</i>							
Working for someone else	52.5	5.3	57.0	53.2	1.4	8.2	86.5
Self-employed	59.1	7.4	39.8	42.8	3.5	8.1	81.7
Retired	19.6	2.2	17.2	24.0	*	4.4	44.3
Other not working	27.9	*	41.2	32.2	*	6.1	61.5
<i>Housing status</i>							
Owner	66.0	6.0	45.5	44.4	1.0	6.9	79.9
Renter or other .....	...	2.0	44.5	44.3	2.8	7.8	65.0
<i>Percentile of net worth</i>							
Less than 25	11.2	*	48.9	45.5	2.4	8.3	68.7
25-49.9	49.4	2.0	51.0	55.1	1.3	7.2	80.8
50-74.9	59.1	5.4	48.1	44.6	*	7.1	77.9
75-89.9	61.2	7.9	37.2	38.9	*	4.9	74.9
90-100	55.5	15.0	25.6	22.4	2.1	8.2	70.2
Median value of holdings for families holding debt (thousands of 2001 dollars)							
All families	70.0	40.0	9.7	1.9	3.9	3.0	38.8
<i>Percentile of income</i>							
Less than 20	28.0	*	4.6	1.0	.5	1.0	5.2
20-39.9	40.0	30.0	6.6	1.2	1.1	3.0	11.5
40-59.9	56.1	38.8	9.7	2.0	.7	2.0	29.1
60-79.9	75.6	41.9	11.9	2.3	4.0	3.0	62.3
80-89.9	91.0	51.2	14.5	3.8	7.8	4.0	96.8
90-100	134.0	77.0	13.4	2.8	10.0	21.0	146.4
<i>Age of head (years)</i>							
Less than 35	77.0	52.0	9.5	2.0	.5	2.0	24.9
35-44	80.0	45.5	14.1	2.0	.7	3.1	61.5
45-54	75.0	33.5	9.6	2.3	5.3	5.0	54.3
55-64	55.0	40.0	9.0	1.9	20.5	5.0	34.6
65-74	39.0	77.0	7.0	1.0	*	2.5	13.1
75 or more	44.8	42.0	5.8	.7	*	2.5	5.0
<i>Race or ethnicity of respondent</i>							
White non-Hispanic	74.0	40.0	10.0	2.0	4.0	3.6	44.5
Nonwhite or Hispanic	61.0	40.0	8.1	1.5	1.0	2.0	20.0
<i>Current work status of head</i>							
Working for someone else	74.0	37.5	10.0	2.0	3.0	2.1	42.5
Self-employed	100.0	87.5	10.2	2.5	15.0	11.9	77.8
Retired	31.5	45.9	6.9	.9	*	3.3	9.8
Other not working	72.0	*	9.8	2.0	*	2.5	33.8
<i>Housing status</i>							
Owner	70.0	41.0	10.4	2.1	15.0	4.0	69.4
Renter or other .....	...	37.6	7.0	1.2	1.0	2.0	6.0
<i>Percentile of net worth</i>							
Less than 25	57.0	*	8.3	1.6	.5	2.0	8.8
25-49.9	56.5	20.0	9.4	1.9	1.8	1.2	38.5
50-74.9	69.0	47.0	10.0	2.0	*	4.0	60.0
75-89.9	86.0	30.0	11.7	2.1	*	7.0	80.3
90-100	135.0	77.0	11.3	2.0	20.5	30.0	126.0

NOTE: See note to table 1.

*Ten or fewer observations.

. Not applicable.

Although home purchase remains the main purpose of home-secured debt, the incentive to use such borrowing for other purposes has been higher since the Tax Reform Act of 1986, which phased out the deductibility of interest payments on most debt other than that secured by a primary residence. In addition, declining mortgage interest rates since 1998 provided many families the incentive to refinance existing mortgages. By refinancing for more than the existing balance, many families were able to obtain funds for other purposes.

The survey provides some evidence of such borrowing. Families that refinanced a main mortgage were asked whether additional funds were obtained, and if so, how the funds were used; families that carried a second mortgage, home equity loan, or home equity line of credit were asked the purpose of the borrowing. Families that simply chose to take out larger initial mortgages to free up funds to spend for other purchases would not be captured by these questions. However, among families with any type of home-secured debt, the available data suggest that the proportion who used such borrowing for a purpose other than just financing their home declined in the period after 1998. In that year, the proportion of families with such borrowing was 33.6 percent, and in 2001 the figure was 32.1 percent; however, the 2001 level is substantially above the 1995 level of 22.2 percent.²⁵

Home equity lines of credit are a widely advertised source of tax-preferred borrowing. Among homeowners, the proportion of families with a home equity line edged up 0.4 percentage point, to 14.9 percent in 2001; the proportion actually drawing on such lines rose 0.7 percentage point, to 10.6 percent.

Borrowing on Other Residential Real Estate

The decline in ownership of other residential real estate was accompanied by a marginal decline in the proportion of families with borrowings for such real estate, from 5.1 percent in 1998 to 4.7 percent in 2001. As with the ownership of such property, the associated borrowing is most prevalent among families with relatively high income or wealth. Over the period, the use of such debt declined for most demographic groups. At the same time, the overall median amount of such debt fell 8.0 percent, but the changes in the median across demographic groups were mixed.

25. Appropriate data do not exist in the survey to construct this measure for earlier years.

Installment Borrowing

The use of installment borrowing is broadly distributed, with notably lower use only in the lowest and highest income groups, the highest wealth group, and families headed by retired persons or persons aged 65 and older.²⁶ From 1998 to 2001, overall use of installment borrowing rose 1.5 percentage points, to 45.2 percent, an increase reflecting, in part, a rise in the percent of families with vehicle loans. Between 1992 and 1998, the use of installment borrowing had been declining, and the 2001 usage is still below that of 1992. By income group, the increase over the recent three-year period was seen only for the broad center of the distribution, that is, for families with incomes in the 20th through 80th percentiles. Over the same period, the median amount owed went up only 2.1 percent, and changes in the median across groups were mixed.

Borrowing on Credit Cards

The use of credit cards for borrowing is also widespread but is notably lower among the highest and lowest income groups and among families headed by persons aged 65 or older or by persons who are not working.²⁷ From 1998 to 2001, the proportion of families using such borrowing edged up 0.3 percentage point, to 44.4 percent; this small rise breaks a decline of more than 3 percentage points in the 1995–98 period.

Despite the marginal overall change in usage during the recent three-year period, usage among groups shifted more noticeably. Across income groups, usage rose for families with incomes below the 60th percentile, and it fell for groups above that point; similarly, declines for homeowners and white non-Hispanic families were offset by increases for their complementary sets of families. The median balance in 1998 for those that had credit card debt—\$1,900—was unchanged in 2001. Changes in the median, which were mixed and generally small across groups, were most notable for families with incomes in the 80th to 90th percentiles and those with net worth in the 75th to 90th percentiles.

26. The term “installment borrowing” in this article describes consumer loans that typically have fixed payments and a fixed term. Examples are automobile loans, student loans, and loans for furniture, appliances, and other durable goods.

27. Credit cards consist of bank-type cards (such as Visa, MasterCard, Discover, and Optima), store cards or charge accounts, gasoline company cards, so-called travel and entertainment cards (such as American Express and Diners Club), and other credit cards. In the survey, the amount borrowed on such cards is the amount remaining after the most recent bill was paid.

Although the proportion of families using credit card borrowing was little changed, the proportion of families having some type of credit card rose 3.7 percentage points from 1998, to 76.2 percent of families in 2001 (not shown in tables). Over the same period, the proportion of families with cards changed as follows for the various card types (not shown in tables): bank-type cards, up 5.2 percentage points, to 72.7 percent; travel and entertainment cards, up 1.4 percentage points, to 10.5 percent; store cards, down 4.8 percentage points, to 45.2 percent; and gasoline company cards, down 3.1 percentage points to 16.1 percent. Ownership rates for other cards and accounts were relatively small and changed little.

As the most widely held type of card, the bank-type card holds particular importance in any examination of family finances. The ownership rate of such cards rose over the recent three-year period, but the proportion of families with such cards who carried a balance fell 1 percentage point, to 53.7 percent in 2001. The proportion of families with such cards that reported that they usually pay off their credit card bills in full each month rose 1.5 percentage points, to 55.3 percent. The median charge for the month preceding the interview on all bank-type cards held by the family was unchanged at \$200.

Borrowing on Other Lines of Credit

The use of lines of credit other than home equity lines is not common, and from 1998 to 2001 it fell 0.8 percentage point, to 1.5 percent of families. In addition, the proportion of families who had such lines fell more, from 3.9 percent to 2.7 percent (not shown in tables). At the same time, however, typical balances for those that had them rose 44.4 percent, to \$3,900.

Other Debt

From 1998 to 2001, the proportion of families that incurred other types of debt fell 1.6 percentage points, to 7.2 percent.²⁸ The use of other debt is spread broadly across demographic groups, but rates of use are notably lower for families headed by those who are retired or are 65 years of age and older. The decline in overall use appears to have been driven largely by a decline in borrowing against whole life

insurance policies, which the survey indicates became less prevalent over this period; the other components of the use of this type of debt were little changed (not shown in tables). The median amount of other debt for those who had any fell 9.1 percent, to \$3,000.

Reasons for Borrowing

The SCF provides information on the reasons that families borrow money (table 12). One subtle problem with the use of these data is that, even though money is borrowed for a particular purpose, it may be used to offset some other use of funds. For example, a family may have sufficient funds to purchase a home without using a mortgage but may instead choose to finance the purchase to free existing funds for another purpose. Thus, trends in the data can only suggest the underlying use of funds by families.

The survey does not collect exhaustive detail on the use of borrowed funds. In the case of credit cards, it was deemed impractical to ask about the purposes of borrowing that might well be heterogeneous for individual families. For the analysis here, all credit card debt is included in the category "goods and services." All funds owed on a first mortgage on a principal residence are assumed to have been used for the purchase of the home, even when the loan has been refinanced. Because the surveys before 1998 did not collect information on the uses of funds borrowed from pension accounts, the table reports borrowing from pension accounts as a separate category, unclassified as to purpose.

The data indicate that the proportion of total family borrowing attributable to home purchase went up 3 percentage points between 1998 and 2001, to 70.7 percent, a peak for the years shown. The increase was offset by declines in other categories, including other residential property and investments.

12. Amount of debt of all families, distributed by purpose of debt, 1992, 1995, 1998, and 2001 surveys

Purpose of debt	Percent			
	1992	1995	1998	2001
Home purchase	67.2	70.3	67.7	70.7
Home improvement	2.5	2.0	2.1	1.9
Other residential property	10.9	8.2	7.9	6.6
Investments excluding real estate	1.8	1.0	3.3	2.8
Vehicles	7.0	7.6	7.6	7.8
Goods and services	5.6	5.7	6.1	5.7
Education	2.8	2.7	3.4	3.1
Unclassifiable loans against pension accounts .....	.1	.2	.4	.3
Other	2.1	2.2	1.5	1.1
Total	100	100	100	100

NOTE: See note to table 1.

28. Other borrowing comprises loans on insurance policies, loans against pension accounts, borrowing on margin accounts, and a residual category for all loans not explicitly referenced elsewhere.

However, the treatment of first mortgages on a principal residence may cast doubt on these conclusions. Beginning with the 1995 survey, as noted in the discussion of home-secured debt, some information has been collected on the use of funds when such mortgages have been refinanced. But even for that and later surveys, the proportion of funds used for purposes other than refinancing the earlier mortgage is unknown. Nonetheless, other information suggests that the results should not be far off. Only 15.5 percent of families with mortgages in 2001 had refinanced and extracted additional home equity at some time and still had a mortgage; of those families, 43.1 percent used some part of the funds for home repairs or improvements, 31.3 percent used some part for more general purchases, 15.3 percent used some part for real estate or other investments, 6.9 percent used some part for the purchase of vehicles, and 3.5 percent used some part for education expenses (not shown in tables).

Choice of Lenders

The survey provides information on the types of lenders to which families owe money at the time of the interview (table 13). The data show two long-standing and approximately offsetting trends. The share of total family debt attributable to thrift institutions fell in each survey since before 1992, to reach 6.1 percent in 2001, a decline of 10.8 percentage points over the nine-year period. Offsetting this movement has been a concurrent rise of 10.7 percentage points in the share of debt associated with specialized mortgage or other real estate lenders, the lender type with the largest share of the total. Commercial banks account for the second largest share of

such lending; their proportion of debt has oscillated up and down by about 1.5 percentage points since 1992; in the most recent three-year period, it rose 1.4 percentage points. The share of lending by individuals has declined by about half since 1992 and was 2.0 percent of the total in 2001. Other changes are smaller and without apparent trend.

In some cases, loans may have been held at the time of the interviews by institutions other than the ones that originally made the loans. Resale of loans is particularly important for mortgage debt. According to the 2001 survey, 40.9 percent of the first mortgages on primary residences were held by a lender other than the one that made the original loan, down slightly from the 43.1 figure for 1998 (not shown in tables). In dollar-weighted terms, the results are similar. Mortgages with non-originating lenders account for 43.2 percent of the outstanding balances on first mortgages for principal residences, and the figure for 1998 is 44.6 percent.

Debt Burden

As aggregate household debt reported in the Federal Reserve's flow of funds accounts has risen over the past decade, concern has been expressed that debt might become excessively burdensome to families. However, rising aggregate debt levels alone do not necessarily imply that conditions deteriorated at the level of individual families. The ability of individual families to service their loans is a function of two factors: the level of their loan payments and the income and assets they have available to meet those payments. In planning their borrowing, families make assumptions about their future ability to repay their loans. Problems may occur when events turn out to be contrary to those assumptions. If such errors of judgment were sufficiently large and prevalent, a broad pattern of default, restraint in spending, and broader financial distress in the economy might ensue.

Several factors affecting income and payments shifted over the 1998–2001 period. Interest rates, a key determinant of payments, rose but then declined into 2001. Another important determinant of payments is the term over which a loan is scheduled to be repaid; families may have opted for different terms either directly or by substituting longer-term borrowing based on home equity for loans with shorter terms. Incomes rose fairly broadly over the period, while the proportion of families with debt and the typical amount owed also rose. The net consequences of these movements on the ratio of payments to

13. Amount of debt of all families, distributed by type of lending institution, 1992, 1995, 1998, and 2001 surveys

Percent

Type of institution	1992	1995	1998	2001
Commercial bank	33.1	34.9	32.8	34.1
Thrift institution ¹	16.9	10.8	9.7	6.1
Credit union	4.0	4.5	4.2	3.5
Finance or loan company	3.2	3.2	4.2	4.3
Brokerage	3.2	1.9	3.8	3.1
Mortgage or real estate lender	27.3	32.8	35.5	38.0
Individual lender	4.2	5.0	3.3	2.0
Other nonfinancial	1.6	.8	1.3	1.4
Government	1.9	1.2	.6	1.1
Credit card and store card	3.3	3.9	3.9	3.7
Pension account .....	.1	.2	.4	.3
Other	1.1	.7	.3	.5
Total	100	100	100	100

NOTE: See note to table 1.

1. Savings and loan association or savings bank.

income can only be assessed by looking at how these factors vary together over families.

The Federal Reserve staff has constructed an aggregate-level measure of debt burden: an estimate of total scheduled loan payments (interest plus minimum repayments of principal) for all households, divided by disposable personal income. From 1998 to 2001, the aggregate-level measure rose about 1 percentage point, to about 14 percent.²⁹

The survey data may be used to construct a similar estimate of the debt-burden ratio and to construct such an estimate for various demographic groups (table 14). The SCF-based estimate is the ratio of total debt payments for all families to total family income of all families. In contrast to the aggregate-level estimate, the SCF-based estimate declined 1.9 percentage points over the three-year period, to 12.5 percent, after having remained fairly flat over the 1992–98 period. If total payments and incomes are computed only for families with debt, the results are similar. The SCF-based measure also declined over the recent three-year period for almost every demographic group shown; the only notable exception is families with net worth in the 75th to 90th percentiles of the distribution, for whom the ratio rose 0.6 percentage point.³⁰

29. A description of this series, and the data for it since 1980, are at www.federalreserve.gov/releases/housedebt/default.htm. Movements in this ratio may say something about changes in the ability of families as a whole to increase their current consumption, either through direct purchases or through additional borrowing, but they do not necessarily imply that financial restraint moved in any particular way for individual families; to make the latter assessment, one must know the joint movements of income and payments across families.

30. The survey measure of payments relative to income may differ from the aggregate-level measure for several reasons. First, the debt payments included in each measure are different. The aggregate-level measure includes only debts originated by depositories, finance companies, and other financial institutions, whereas the survey includes, in principle, debts from all sources.

Second, the aggregate-level measure uses a NIPA estimate of disposable personal income for the period concurrent with the estimated payments as the denominator of the ratio, whereas the survey measure uses total before-tax income reported by survey families for the preceding year; the differences in these two income measures are complex.

Third, the payments in the aggregate-level measure are estimated using a formula that entails complex assumptions about minimum payments and the distribution of loan terms at any given time; the survey measure of payments is directly asked of the survey respondents but may also include payments of taxes and insurance on real estate loans.

Fourth, because the survey measures of payments and income are based on the responses of a sample of respondents, they may be affected both by sampling error and by various types of response error. As mentioned earlier in this article, the survey income measure tracks the most comparable measure of income in the Census Bureau's Current Population Survey. Over the same time, however, the SCF shows a little less growth in the aggregate level of debt than the Federal Reserve's flow of funds accounts; timing and conceptual differences might explain some of the difference.

The survey data also make it possible to compute measures of payment burden that are not possible with the Federal Reserve's aggregate-level estimate. In particular, the survey allows a detailed look at the spectrum of payments relative to income across all households with debts. Like the ratio of survey-based totals, the median of the ratios for individual families that had any debt declined 2.1 percentage points in the recent three-year period, to 16.0 percent. Moreover, the measure declined for virtually every group shown.

A limitation of the median ratio is that it may not be indicative of distress because it reflects the situation of only a typical family. Unless errors of judgment by both families and lenders were pervasive, one would not expect to see signs of financial distress at the median. Thus, a more compelling indicator of distress is the proportion of families with unusually large total payments relative to their incomes. From 1998 to 2001, the proportion of debtors with payments exceeding 40 percent of their incomes fell 1.8 percentage points, to 11.0 percent, a level only 0.2 percentage point above the 1992 level. Like the other two survey-based payment measures, this indicator also fell across nearly all demographic groups shown.

Other commonly used indicators of debt repayment problems are aggregate delinquency rates, that is, the number of delinquent accounts or the percentage of total balances on which payments are late. Data on these measures from various sources and for different types of credit do not give a consistent picture of changes in delinquencies over the period.³¹

A related measure is collected in the SCF. Families that have any debts at the time of their interview are asked whether they have been behind in any of their payments in the preceding year. This measure differs conceptually from the aggregate delinquency rates in that the survey counts multiple occasions of late

Finally, the survey measure excludes debt payments of household members who are not members of the family unit analyzed in this article.

31. Measures of the share of closed-end consumer credit outstanding on which payments are late by sixty days or more, based on data from the Call Report and from the American Bankers Association (ABA), showed little change on a point-to-point basis between the 1998 and 2001 surveys. Data from the ABA and from the captive finance company subsidiaries of motor vehicle manufacturers on delinquency rates on automobile loans show opposite trends for the period. Several measures—based on data from the Call Report, the ABA, and Moody's on credit card debt in securitized pools—show an overall increase in the delinquency rate on credit card debt over the interval. Delinquency rates on mortgages, after falling for the two years after 1998, rebounded through 2001.

14. Ratios of debt payments to family income (aggregate and median), share of debtors with ratio above 40 percent, and share of debtors with any payment sixty days or more past due, by selected characteristics of families, 1992, 1995, 1998, and 2001 surveys

Percent

Family characteristic	Aggregate				Median of family ratios			
	1992	1995	1998	2001	1992	1995	1998	2001
All families	14.0	13.6	14.4	12.5	15.3	15.6	18.1	16.0
<i>Percentile of income</i>								
Less than 20	15.8	18.0	17.9	15.3	13.1	12.1	26.4	17.2
20-39.9	15.2	16.1	15.7	15.1	14.8	16.1	17.8	15.9
40-59.9	15.5	14.9	17.8	16.5	15.1	15.1	19.0	16.9
60-79.9	16.3	17.4	18.5	16.3	17.2	18.3	19.2	17.9
80-89.9	15.2	16.2	16.4	16.5	16.5	16.5	17.4	17.0
90-100	11.2	9.3	10.2	8.0	13.9	12.2	13.5	11.1
<i>Age of head (years)</i>								
Less than 35	16.4	17.1	16.6	16.6	15.5	16.2	18.3	16.7
35-44	17.8	16.7	17.1	14.7	18.4	17.6	19.6	17.3
45-54	14.5	14.7	15.9	12.4	15.4	16.1	18.0	16.8
55-64	11.4	11.5	13.0	10.7	14.2	13.9	17.0	13.8
65-74	7.7	6.9	8.5	8.8	9.8	11.1	14.9	15.1
75 and more	3.4	2.4	3.9	3.7	2.6	2.0	9.0	7.0
<i>Percentile of net worth</i>								
Less than 25	10.8	12.5	13.9	12.5	9.3	10.8	16.2	10.6
25-49.9	17.1	18.0	19.3	17.3	18.3	18.5	19.5	19.4
50-74.9	17.7	17.4	17.7	16.3	18.2	18.3	19.9	17.9
75-89.9	14.2	13.6	14.5	15.1	15.6	15.0	17.8	16.3
90-100	10.4	8.9	10.0	7.3	13.4	12.6	14.7	10.9
<i>Housing status</i>								
Owner	16.0	15.2	15.8	13.5	18.9	19.7	21.1	19.2
Renter or other	6.9	7.3	7.5	6.8	6.8	7.4	10.2	7.7

payments as one and counts families instead of balances or accounts.³² Over the 1998-2001 period, the survey shows an overall decline in the proportion of debtors who were sixty or more days late with their payments on any of their loans in the preceding year; the share of such families fell 1.1 percentage points, to 7.0 percent.

Although the measure also declined over most demographic groups, the exceptions are interesting. For families with incomes in the lowest 20 percent of the distribution, the percent late rose 0.5 percentage point; for families headed by persons aged less than 35, it rose 0.8 percentage point; for families with net worth in the lowest 25 percent of that distribution, it rose 1.6 percentage points; and for renters it rose 1.2 percentage points. Thus, debt repayment problems appear to exist for some groups despite the apparent lack of obvious patterns in the distribution of payments relative to income for the same groups. The explanation may be the use of a lagged value of income in the ratio of payments to income; for families with late payments, income may have deteriorated subsequently.

SUMMARY

The median and mean values of net worth of families as a whole grew substantially from 1998 to 2001 but not for all demographic groups distinguished in this report. Among groups defined by education of the family head, net worth rose only for the groups at the opposite extremes: families headed by persons without a high school diploma or its equivalent and families headed by persons with at least a college degree. The net worth of nonwhite or Hispanic families barely moved at the median, and the increase in the mean was notably below that of other families. Although equity markets declined further after the survey was completed, a sensitivity analysis suggests that with equity prices as low as they were in October 2002, both median and mean family net worth still exceeded their levels in 1998.

Accounting for the various ways in which families might own publicly traded corporate equities, the share of families owning any exceeded 50 percent in 2001. At the same time, the median holding of families with equities rose more than one-fourth. Although managed assets, such as annuities, trusts, and managed investment accounts, are not owned by a large share of the population—less than 7 percent of families in 2001—a large increase in both the

32. In addition, the aggregate measures cover only certain loan types.

14.—Continued

Family characteristic	Families with ratios greater than 40 percent				Families with any payment past due sixty days or more			
	1992	1995	1998	2001	1992	1995	1998	2001
	Percent							
All families	10.8	10.6	12.8	11.0	6.0	7.1	8.1	7.0
<i>Percentile of income</i>								
Less than 20	26.4	26.2	28.2	27.0	11.0	10.2	12.9	13.4
20-39.9	15.1	16.0	17.2	16.0	9.3	10.1	12.3	11.7
40-59.9	10.1	8.1	15.3	11.7	6.9	8.7	10.0	7.9
60-79.9	7.6	7.1	8.6	5.6	4.4	6.6	5.9	4.0
80-89.9	2.9	4.6	3.4	3.5	1.8	2.8	3.9	2.6
90-100	2.5	2.0	2.6	2.0	1.0	1.0	1.6	1.3
<i>Age of head (years)</i>								
Less than 35	10.5	11.4	11.8	10.8	8.3	8.7	11.1	11.9
35-44	11.5	9.3	11.8	9.4	6.8	7.7	8.4	5.9
45-54	10.0	10.6	11.5	10.9	5.4	7.4	7.4	6.2
55-64	14.3	14.4	13.9	12.2	4.7	3.2	7.5	7.1
65-74	7.4	7.8	17.5	13.9	1.0	5.3	3.1	1.5
75 and more	8.7	7.4	20.9	14.3	1.8	5.4	1.1	.8
<i>Percentile of net worth</i>								
Less than 25	9.5	9.5	11.8	10.3	14.4	14.5	16.1	17.7
25-49.9	11.9	11.4	15.1	13.3	5.5	8.2	9.8	7.2
50-74.9	11.8	11.0	12.4	10.5	3.1	4.4	5.5	3.6
75-89.9	9.9	9.2	11.6	10.6	2.3	2.4	1.0	.8
90-100	9.6	11.5	11.1	8.4	1.8	.7	2.4	.3
<i>Housing status</i>								
Owned	13.6	13.0	15.8	13.9	3.6	5.1	6.1	4.3
Renters or other	4.7	5.1	5.3	3.5	11.1	11.5	12.8	14.0

NOTE: The aggregate measure is the ratio of total debt payments to total income for all families. The median of family ratios is the median of the distribution of ratios calculated for individual families. Also see note to table 1.

percent of families with such assets and the level of their holdings served to push up their share of total financial assets. The homeownership rate grew 1.5 percentage points from 1998 to 2001, and the typical home value rose more than 12 percent. Nonetheless, the growth of financial assets outpaced other assets as a share of total assets.

The percent of families with any sort of debt went up about 1 percentage point, and median debt for debtor families rose almost 10 percent. Even so, the growth of assets was faster than the growth of debt, and the aggregate leverage ratio consequently declined. Debt payments relative to income showed broad signs of decline over demographic groups. However, increased problems with late payments for a few groups suggest they face more serious credit distress.

Median and mean incomes rose substantially from 1998 to 2001, but as in the case of net worth, there were very different growth rates for various demographic groups. The income data show particularly strong returns to education. Families headed by persons with a college degree had substantially larger increases in income than other families.

APPENDIX: SURVEY PROCEDURES AND STATISTICAL MEASURES

Detailed documentation of the SCF methodology is available elsewhere.³³ The 2001 data used here are derived from the final internal version of the survey information. Data from this survey, suitably altered to protect the privacy of respondents, along with additional tabulations of data from the surveys beginning with 1989, will be available in February 2003 at www.federalreserve.gov/pubs/oss/oss2/scf2001home.html. Links to the data used in this article for earlier periods are available on that site. Results reported in this article for earlier surveys may differ from the results reported in earlier articles because of additional statistical processing, correction of data errors, revisions to the survey weights, conceptual changes in the definitions of variables used in the articles, and adjustments for inflation.

33. See Arthur B. Kennickell, "Wealth Measurement in the Survey of Consumer Finances: Methodology and Directions for Future Research," www.federalreserve.gov/pubs/oss/oss2/method.html (May 2000), and references cited in that paper.

As a part of the general reconciliations required for this article, the survey data were compared with many external estimates, a few of which are mentioned in the text. Generally, the survey estimates correspond fairly well to external estimates. One particularly important comparison is between the SCF and the Federal Reserve's flow of funds accounts for the household sector. This comparison suggests that when the definitions of the variables in the two sources can be adjusted to a common conceptual basis, the estimates of totals in the two systems tend to be close. The data series in the SCF and in the flow of funds accounts usually show very similar growth rates.³⁴ In general, the only data from the SCF that can be compared with those of other surveys are the medians because of the special design of the SCF sample.

Definition of Family in the SCF

The definition of "family" used throughout this article differs from that typically used in other government studies. In the SCF, a household unit is divided into a "primary economic unit" (PEU)—the family—and everyone else in the household. The PEU is intended to be the economically dominant single individual or couple (whether married or living together as partners) and all other persons in the household who are financially interdependent with that person or those persons. In other government studies—for example, those of the Bureau of the Census—an individual is not considered a family.

This report also designates a head of the PEU, not to convey a judgment about how an individual family is structured but as a means of organizing the data consistently. If a couple is economically dominant in the PEU, the head is the male in a mixed-sex couple and the older person in a same-sex couple. If a single individual is economically dominant, that person is designated as the family head in this report.

The Sampling Techniques

The survey is expected to provide a core set of data on family assets and liabilities. The major aspects of the sample design that address this requirement have been fixed since 1989. The SCF combines two tech-

niques for random sampling. First, a standard multistage area-probability sample (a geographically based random sample) is selected to provide good coverage of characteristics, such as home ownership, that are broadly distributed in the population.

Second, a supplemental sample is selected to disproportionately include wealthy families, who hold a relatively large share of such thinly held assets as noncorporate businesses and tax-exempt bonds. Called the list sample, this group is drawn from a list of statistical records derived from tax returns. These records are used under strict rules governing confidentiality, the rights of potential respondents to refuse participation in the survey, and the types of information that can be made available. Individuals listed by *Forbes* magazine as being among the wealthiest 400 people in the United States are excluded from sampling.

Of the 4,449 interviews completed for the 2001 SCF, 2,917 were from the area-probability sample, and 1,532 were from the list sample; the figures for 1998 are 2,780 from the area-probability sample and 1,519 from the list sample. The 1998 survey represents 102.6 million families, and the 2001 survey represents 106.5 million families.³⁵

The Interviews

Only minor changes to the SCF questionnaire have been made since 1989, and then only in response to financial innovations or to gather additional information on the structure of family finances. Thus, the data obtained by the five surveys conducted over this period are highly comparable.

The generosity of families in giving their time for interviews has been crucial to the SCF. In the 2001 SCF, the median interview required about eighty minutes. However, in some particularly complicated cases, the amount of time needed was substantially more than two hours. The role of the interviewers in this effort is also critical. Without their dedication and perseverance, the survey would not be possible.

The SCF interviews were conducted between the months of May and December in each survey year by NORC, a social science and survey research organization at the University of Chicago (formerly the National Opinion Research Center at the University of Chicago). The great majority of interviews were obtained in person, although interviewers were allowed to conduct telephone interviews if that was

34. For details on how these comparisons are structured and the results of comparisons for earlier surveys, see Rochelle L. Antoniewicz, "A Comparison of Flow of Funds Accounts and the Survey of Consumer Finances," www.federalreserve.gov/pubs/oss/oss2/method.html, October 2000.

35. The 1992 survey represents 95.9 million families, and the 1995 survey represents 99.0 million families.

more convenient for the respondent. In the surveys beginning with 1995, interviewers used a program running on laptop computers to administer the survey and collect the data.

The use of computer-assisted personal interviewing has the great advantage of enforcing systematic collection of data across all cases. The computer program developed to collect the data for the SCF was tailored to allow the collection of partial information in the form of ranges whenever a respondent either did not know or did not want to reveal an exact dollar figure.

The response rate in the area-probability sample is more than double that in the list sample. In both 1998 and 2001, about 70 percent of households selected for the area-probability sample actually completed interviews. The overall response rate in the list sample was about 30 percent; in the part of the list sample likely containing the wealthiest families, the response rate was only about 10 percent. Analysis of the data confirms that the tendency to refuse participation is highly correlated with net worth.

Weighting

To provide a measure of the frequency with which families similar to the sample families could be expected to be found in the population of all families, an analysis weight is computed for each case accounting for both the systematic properties of the sample design and for differential patterns of nonresponse. The SCF response rates are low by the standards of other major government surveys. However, unlike other surveys, which also almost certainly have differential nonresponse by wealthy households, the SCF has the means to adjust for such nonresponse. A major part of SCF research is devoted to the evaluation of nonresponse and adjustments for nonresponse in the analysis weights of the survey.³⁶

For this article, the weights of a small number of cases have been further adjusted to diminish the possibility that the results reported could be unduly affected by influential observations. Such influential observations were detected with a graphical technique that allows inspection of the weighted distribution of the underlying data. Most of the cases

found were holders of an unusual asset or liability or were members of a demographic group in which such holdings are rare. These weight adjustments are likely to make the key findings in this article more robust.

Sources of Error

Errors may be introduced into survey results at many stages. Sampling error—the variability expected in estimates based on a sample instead of a census—is a particularly important source of error. Such error can be reduced either by increasing the size of a sample or, as is done in the SCF, by designing the sample to reduce important sources of variability. Sampling error can be estimated, and for this article we use replication methods to do so.

Replication methods draw samples from the set of actual respondents in a way that incorporates the important dimensions of the original sample design. In the SCF, weights were computed for all the cases in each of the selected replicates. For each statistic for which standard errors are reported in this article, the weighted statistic is estimated using the replicate samples, and a measure of the variability of these estimates is combined with a measure of the variability due to imputation for missing data to yield the standard error. The estimation of the standard errors reported in this article employed a variation on the procedure used to compute the corresponding estimates reported in earlier articles on the survey; this variation concerns an adjustment made in the merging of the area-probability and list sample observations within each replicate sample, and it has the effect of moderating the effects of situations in the replicate samples that would not have been allowed in the actual sample.³⁷

Other errors include those that interviewers may introduce by failing to follow the survey protocol or misunderstanding a respondent's answers. SCF interviewers are given lengthy, project-specific training to minimize such problems. Respondents may introduce error by interpreting a question in a sense different from that intended by the survey. For the SCF, extensive pretesting of questions and thorough review of the data tends to reduce this source of error.

Nonresponse—either complete nonresponse to the survey or nonresponse to selected items within the survey—may be another important source of error.

36. The weights used in this article are based on a nonresponse-adjusted weight that accounts for differential nonresponse across racial and ethnic groups by home ownership. See Arthur B. Kennickell, "Revisions to the SCF Weighting Methodology: Accounting for Race/Ethnicity and Homeownership" (Board of Governors of the Federal Reserve System, December 1999), available at www.federalreserve.gov/pubs/oss/oss2/method.html.

37. For more information on the revised standard error estimates, see Arthur B. Kennickell, "Revisions to the Variance Estimation Procedure for the SCF" (October 2000), at www.federalreserve.gov/pubs/oss/oss2/method.html.

As noted in more detail above, the SCF uses weighting to adjust for differential nonresponse to the survey. To address missing information on individual questions within the interview, the SCF uses statisti-

cal methods to impute missing data; the technique used makes multiple estimates of missing data to allow for an estimate of the uncertainty attributable to this type of nonresponse. □

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

THE FUTURE OF RETAIL ELECTRONIC PAYMENTS SYSTEMS: INDUSTRY INTERVIEWS AND ANALYSIS

*Federal Reserve staff,
for the Payments System Development Committee
Federal Reserve System*

Electronic payments have become a prominent feature of the U.S. economic landscape, as consumers, businesses, and governments have increasingly used electronic instruments to make retail payments. Survey research by the Federal Reserve published in 2002, for example, indicates that the use of debit and credit cards and automatic deposit and withdrawal (via the automated clearinghouse) grew fivefold from 1979 to 2000 and that the use of paper checks for payments probably peaked in the mid-1990s. Over the past decade especially, developers have experimented with new ways of making electronic payments. As with many innovations, only a small number of these new methods of payment have enjoyed commercial success. Nevertheless, developers' inclination to expand the range of options and techniques for making electronic payments has been consistent with the long-term direction of payments activity in the United States.

The Federal Reserve's Payments System Development Committee is concerned about regulatory and operational barriers to innovation that may inhibit the long-term development of the payments system. Accordingly, the committee asked Federal Reserve staff to seek the views of the private sector and other interested parties on developments in payments, clearing, and settlement services, focusing on potential barriers to further innovation and the implications

of new technologies for the design and function of payments systems. The staff study "The Future of Retail Electronic Payments Systems: Industry Interviews and Analysis" presents highlights of interviews with representatives of forty-nine organizations and discusses areas in which, in the committee's opinion, the Federal Reserve and other organizations may be able to foster, or help reduce barriers to, innovation in the payments system. The study also provides a more detailed account of the discussions with industry representatives and the recommendations they made.

The study presents nine key issues—including settlement timing and standards—and accompanying recommendations. No single issue was consistently identified, no single recommendation was made by a significant number of interviewees, and, with a few exceptions, no fundamental problems with or barriers to innovation in existing clearing and settlement arrangements were noted. These results should not, however, be interpreted as satisfaction with the status quo. Rather, they point to the complexity and difficulty of innovation. The results also highlight the need to identify and address barriers to innovation, where appropriate, and to monitor closely clearing and settlement arrangements to ensure that they evolve in ways that support safe and efficient payments today and in the future. □

Announcements

FOMC DIRECTIVE

The Federal Open Market Committee decided on December 10, 2002, to keep its target for the federal funds rate unchanged at 1¼ percent.

The Committee continues to believe that this accommodative stance of monetary policy, coupled with still robust underlying growth in productivity, is providing important ongoing support to economic activity. The limited number of incoming economic indicators since the November meeting, taken together, are not inconsistent with the economy working its way through its current soft spot.

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

Voting for the FOMC monetary policy action were Alan Greenspan, Chairman; William J. McDonough, Vice Chairman; Ben S. Bernanke; Susan S. Bies; Roger W. Ferguson, Jr.; Edward M. Gramlich; Jerry L. Jordan; Donald L. Kohn; Robert D. McTeer, Jr.; Mark W. Olson; Anthony M. Santomero; and Gary H. Stern.

APPOINTMENT OF NEW MEMBERS AND DESIGNATION OF THE PRESIDENT AND VICE PRESIDENT OF THE THRIFT INSTITUTIONS ADVISORY COUNCIL FOR 2003

The Federal Reserve Board on December 11, 2002, announced the names of seven new members of its Thrift Institutions Advisory Council (TIAC) and designated a new president and vice president of the council for 2003.

The council is an advisory group made up of twelve representatives from thrift institutions. The panel was established by the Board in 1980 and includes savings and loan, savings bank, and credit union representatives. The council meets three times each year with the Board of Governors to discuss developments relating to thrift institutions, the housing industry, mortgage finance, and certain regulatory issues.

The new president of the council for 2003 is Karen L. McCormick, president and CEO, First Federal Savings and Loan Association, Port Angeles, Washington. The new vice president is William J. Small, chairman and CEO, First Federal Bank, Defiance, Ohio.

The seven new members, named for two-year terms beginning January 1, 2003, are the following:

Michael J. Brown, Sr., President and CEO, Harbor Federal Savings Bank, Ft. Pierce, Fla.

Richard J. Driscoll, President, First Savings Bank, FSB, Arlington, Tex.

Curtis L. Hage, Chairman and CEO, Home Federal Bank, Sioux Falls, S.Dak.

Olan O. Jones, Jr., President and CEO, Eastman Credit Union, Kingsport, Tenn.

D. Tad Lowrey, Chairman, President, and CEO, Jackson Federal Bank, Brea, Calif.

George W. Nise, President and CEO, Beneficial Savings Bank, Philadelphia, Pa.

Robert F. Stoico, Chairman, President, and CEO, FIRST-FED AMERICA BANCORP, INC., Swansea, Mass.

Council members whose terms continue through 2003 are the following:

John B. Dicus, President, Capitol Federal Savings Bank, Topeka, Kan.

Karen L. McCormick, President and CEO, First Federal Savings and Loan Association, Port Angeles, Wash.

Kevin E. Pietrini, President and CEO, Queen City Federal Savings Bank, Virginia, Minn.

William J. Small, Chairman and CEO, First Federal Bank, Defiance, Ohio

David L. Vigren, President and CEO, ESL Federal Credit Union, Rochester, N.Y.

APPOINTMENT OF NEW PRESIDENT OF THE FEDERAL RESERVE BANK OF CLEVELAND

The Federal Reserve Bank of Cleveland has appointed Sandra Pianalto as the Bank's new president. The announcement was made on December 12, 2002, by David Hoag, chairman of the Cleveland Bank's board of directors.

The appointment was made by the directors of the Federal Reserve Bank of Cleveland and approved by the Board of Governors of the Federal Reserve System. She succeeds Jerry L. Jordan, who will retire January 31, 2003, after having served as president since 1992. She will assume her duties as president on February 1, 2003.

Pianalto has served as first vice president and chief operating officer of the Cleveland Bank since 1993. She joined the Federal Reserve Bank of Cleveland in 1983 as an economist. In 1984, she was appointed assistant vice president for public affairs, and in 1988 she was named vice president and secretary to the board of directors. Before joining the Bank, Pianalto was an economist at the Board of Governors and served on the staff of the Budget Committee of the U.S. House of Representatives.

In announcing the appointment, Hoag said, "Sandy Pianalto brings to her new position an extensive knowledge of monetary policy as well as a keen understanding of financial services and the changing payments system."

Robert Mahoney, deputy chairman of the Cleveland board, led the search committee to find Jordan's successor. He said, "Sandy has served this Bank well for nearly twenty years. We are proud of her accomplishments and believe that her exceptional leadership will continue to be an asset to the Fourth District and the Federal Reserve System."

"It has been my great fortune to work with Jerry Jordan," said Pianalto. "He is a thoughtful leader who inspires, teaches, and learns. I'm proud to have the opportunity to continue the tradition of excellence that has defined our Bank and our employees."

Pianalto is active in the Fourth District's civic community, serving on the boards of directors of many community organizations, including United Way Services of Cleveland, the Northeast Ohio Council on Higher Education, Leadership Cleveland, the Rock and Roll Hall of Fame and Museum, and the Akron Center for Economic Education.

She received a B.A. in economics from the University of Akron and an M.A. in economics from The George Washington University. She is a graduate of the Advanced Management Program at Duke University's Fuqua School of Business, and she was awarded an honorary doctor of humane letters from the University of Akron.

The Federal Reserve Bank of Cleveland is one of twelve regional Reserve Banks that, along with the Board of Governors in Washington, comprise the Federal Reserve System. As the nation's central bank, the Federal Reserve System formulates U.S. monetary policy, regulates state-chartered member banks

and bank holding companies, and provides payment services to financial institutions and the U.S. government.

The Federal Reserve Bank of Cleveland, including its branch offices in Cincinnati and Pittsburgh and its check-processing center in Columbus, serves the Fourth Federal Reserve District, which includes Ohio, western Pennsylvania, eastern Kentucky, and the northern panhandle of West Virginia.

PUBLICATION OF FINAL REGULATION W

The Federal Reserve Board on November 27, 2002, announced publication of a final Regulation W (Transactions between Banks and Their Affiliates) that comprehensively implements sections 23A and 23B of the Federal Reserve Act. The Board approved the final rule at its meeting on October 31, 2002.

Sections 23A and 23B and Regulation W restrict (1) loans by a depository institution to its affiliates, (2) asset purchases by a depository institution from its affiliates, and (3) other transactions between a depository institution and its affiliates. Regulation W unifies in one public document the Board's interpretations of sections 23A and 23B.

Final Regulation W will have an effective date of April 1, 2003.

The Board is also publishing a final rule that rescinds, as of April 1, 2003, the Board's existing formal interpretations of sections 23A and 23B (which have been incorporated into Regulation W).

In addition, the Board is seeking public comment on a proposed rule that would prevent a depository institution from using an exemption in Regulation W for the purchase of extensions of credit from an affiliate if purchases made under the exemption exceeded 100 percent of the institution's capital. Comment is requested within thirty days of publication in the *Federal Register*. All three rules will be published in the *Federal Register* shortly.

REVISIONS TO POLICIES AND PROCEDURES REGARDING PRIORITY PROVISION AND RESTORATION OF TELECOMMUNICATIONS CIRCUITS

The Federal Reserve Board on December 3, 2002, announced revisions to its policy and procedures for sponsoring private-sector organizations under federal programs that provide priority telecommunications services to entities that are important to national security and emergency preparedness.

The Board believes that these programs, which are administered by the National Communications System (NCS), will help facilitate the operation and liquidity of banks and the stability of financial markets, particularly during periods of substantial operational disruptions.

The Board currently sponsors a number of private-sector financial organizations for priority provision and restoration of telecommunications circuits under the NCS's Telecommunications Service Priority (TSP) program. The sponsorship covers circuits used in large-value interbank funds transfer, securities bidding and transfer, and payment-related services.

The Board is announcing an expansion of its sponsorship criteria for the TSP program. In addition, the Board is adopting sponsorship criteria for the Government Emergency Telecommunications Service program, which provides emergency access and priority processing of local and long-distance calls over the terrestrial public switched network, and for the Wireless Priority Service program, which provides priority routing of cellular calls during periods of severe network congestion. The new criteria are effective upon publication in the *Federal Register*, which is expected shortly.

The NCS was established in 1963 to provide priority communications to support critical government functions during emergencies. In 1984, the NCS became an interagency group of twenty-two federal departments and agencies, including the Federal Reserve Board. To be eligible for Board sponsorship, organizations must be essential to the performance of national security and emergency preparedness needed to maintain the national economic posture during a national or regional emergency.

PROPOSED REVISIONS TO THE OFFICIAL STAFF COMMENTARY TO REGULATION Z

The Federal Reserve Board on November 26, 2002, published proposed revisions to the official staff commentary that interprets the requirements of Regulation Z, which implements the Truth in Lending Act. Comment is requested by January 27, 2003.

The proposed update discusses the status of certain credit card-related fees and the rules for replacing an accepted credit card with one or more cards. In addition, the proposed revisions discuss the disclosure of private mortgage insurance premiums and the selection of Treasury security yields in determining whether a mortgage loan is covered by Regulation Z provisions that implement the Home Ownership and Equity Protection Act.

PROPOSAL TO EXPAND OPERATING HOURS FOR THE ON-LINE FEDWIRE FUNDS SERVICE

The Federal Reserve Board on December 16, 2002, requested comment on a proposal to expand the operating hours for the on-line Fedwire Funds Service.

Under the proposal, the Fedwire Funds Service would open three and one-half hours earlier than the current opening time of 12:30 a.m. Eastern Time (ET). The closing time for the service would remain unchanged at 6:30 p.m. ET. The earlier opening time is expected to further the smooth functioning and continued development of the payments system, as well as to improve efficiency and reduce risk in making payments and settlements.

The Fedwire Funds Service is a real-time, large-value electronic funds transfer service, which is provided by the Federal Reserve Banks. Depository institutions and other authorized participants use this service to send and receive large-value, time-critical payments. Each payment transaction is settled individually in central bank money and is final and irrevocable once processed.

Depository institutions and other Fedwire users would participate in the expanded operating hours on a voluntary basis. However, Fedwire users that choose not to participate in the earlier hours would still receive any incoming payment transactions sent from participating institutions during the expanded hours. If the proposal is adopted, the suggested timeframe for full implementation of the expanded operating hours is the second quarter of 2004.

The Board invites commenters' views on the proposed opening time of 9:00 p.m. ET and on the business, market, risk-management, and operational issues that should be considered in evaluating the benefits and drawbacks of a longer Fedwire day. Comment on the proposal is requested within seventy-five days of publication in the *Federal Register*, which is expected shortly.

WORKING GROUP TO STUDY RISK IN THE CLEARANCE AND SETTLEMENT OF U.S. GOVERNMENT SECURITIES

The Federal Reserve Board announced on November 26, 2002, that it had established a private-sector working group to recommend steps to mitigate risks in the clearance and settlement of U.S. government securities.

The working group will explore ways the two major clearing banks could substitute for each other if the services of either were interrupted or termi-

nated. The working group has been asked to prepare a final report before the end of 2003.

Michael Urkowitz, senior adviser to Deloitte Consulting, agreed to chair the working group. The working group will include senior representatives of the two major clearing banks (JP Morgan Chase and The Bank of New York), the Government Securities Clearing Corporation, securities dealers, interdealer brokers, custodian banks, The Bond Market Association, and the Investment Company Institute.

The other members of the working group are the following:

Mary Ambrecht, Managing Director, Salomon Smith Barney (Citigroup)

Deborah Cunningham, Senior Vice President, Federated Investors

Frank DiMarco, Managing Director, Merrill Lynch

Dennis Dirks, Chief Executive Officer, Government Securities Clearing Corp.

Mary Fenoglio, Executive Vice President, State Street

Ian Lowitt, Global Treasurer, Lehman Brothers

Lawrence Maffia, Executive Vice President, Investment Company Institute

Stephen Merkel, General Counsel and Executive Vice President, Cantor Fitzgerald

Ernest Pittarelli, Managing Director, UBS Warburg LLC

Brian Ruane, Senior Vice President, The Bank of New York

Jane Buyers Russo, Managing Director, JP Morgan Chase

David Simons, Managing Director, Goldman Sachs & Co.

Paul Saltzman, General Counsel and Executive Vice President, The Bond Market Association

Thomas Wipf, Managing Director, Morgan Stanley & Co.

Staff of the Federal Reserve, the Securities and Exchange Commission (SEC), and the U.S. Department of the Treasury will participate in the working group as observers and technical advisers.

The Federal Reserve, Treasury, and SEC have a particular interest in promoting the smooth and safe operation of the U.S. government securities market given the market's critical role for conducting monetary policy operations, financing government activities, and providing benchmark prices and hedging opportunities for other securities markets.

On May 13, 2002, the Board and the SEC issued a White Paper on Structural Change in the Settlement of Government Securities. The White Paper expressed concerns about operational, financial, and structural vulnerabilities associated with the status quo, in which all of the most active market partici-

pants are critically dependent on one of two clearing banks for settlement of their trades and financing of their positions. The White Paper requested comment on whether structural change was needed to address the vulnerabilities.

The comments urged the authorities to concentrate on mitigating risks within the current structure, rather than considering structural change, at least in the short run. Several commenters suggested formation of an industry group to explore the specific changes that would need to occur to enable the two clearing banks to substitute for each other in the event that the services of either were interrupted or terminated. The formation of the working group is responsive to that suggestion.

RELEASE OF MINUTES OF DISCOUNT RATE MEETINGS

The Federal Reserve Board on November 15, 2002, released the minutes of its discount rate meetings from September 3 to September 23, 2002.

ENFORCEMENT ACTION

The Federal Reserve Board on November 22, 2002, announced the issuance of an Order of Prohibition against Eduardo Del Rio, a former employee and institution-affiliated party of Deutsche Bank, AG, New York, New York.

Mr. Del Rio, without admitting to any allegations, consented to the issuance of the Order based on his violations of law, unsafe and unsound practices, and breaches of his fiduciary duty to Deutsche Bank and its customers in connection with his embezzlement of approximately \$8.5 million for his personal use.

DELAY IN PUBLICATION OF G.17 STATISTICAL RELEASE

The Federal Reserve Board announced on November 19, 2002, that it would publish the annual revision to the G.17 statistical release, Industrial Production and Capacity Utilization, on Thursday, December 5, at 2 p.m. EST. The revision had previously been scheduled for release on November 26.

The revised estimates will be classified according to the 2002 North American Industrial Classification System (NAICS). Previously, the estimates from 1987 forward were classified according to the 1987 Standard Industrial Classification (SIC) System.

The revision will be made available on the Board's web site at www.federalreserve.gov/releases/G17 □

Legal Developments

FINAL RULE—AMENDMENT TO REGULATIONS A AND D

The Board of Governors is amending 12 C.F.R. Parts 201 and 204, its Regulations A and D (Extensions of Credit by Federal Reserve Banks; Reserve Requirements of Depository Institutions). The Board is publishing final amendments to Regulation A that replace the existing adjustment and extended credit programs with programs called primary and secondary credit and also reorganize and streamline existing provisions of Regulation A. The final rule leaves the existing seasonal credit program essentially unchanged. The final rule is intended to improve the functioning of the discount window and does not indicate a change in the stance of monetary policy.

The Board also is amending the penalty provision of Regulation D, which is calculated based on the discount rate, to conform the calculation of penalties for reserve deficiencies to the new discount rate framework.

Effective January 9, 2003, 12 C.F.R. Parts 201 and 204 are amended as follows:

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

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

Authority: 12 U.S.C. 248(i)-(j), 343 *et seq.*, 347a, 347b, 347c, 348 *et seq.*, 357, 374, 374a, and 461.

2. Sections 201.1 through 201.5 are revised to read as follows:

Section 201.1—Authority, purpose and scope.

- (a) *Authority.* This part is issued under the authority of sections 10A, 10B, 11(i), 11(j), 13, 13A, 14(d), and 19 of the Federal Reserve Act (12 U.S.C. 248(i)-(j), 343 *et seq.*, 347a, 347b, 347c, 348 *et seq.*, 357, 374, 374a, and 461).
- (b) *Purpose and scope.* This part establishes rules under which a Federal Reserve Bank may extend credit to depository institutions and others. Except as otherwise provided, this part applies to United States branches and agencies of foreign banks that are subject to reserve requirements under Regulation D (12 CFR part 204) in the same manner and to the same extent as this part applies to depository institutions. The Federal Reserve System extends credit with due regard to the

basic objectives of monetary policy and the maintenance of a sound and orderly financial system.

Section 201.2—Definitions.

For purposes of this part, the following definitions shall apply:

- (a) *Appropriate federal banking agency* has the same meaning as in section 3 of the Federal Deposit Insurance Act (FDI Act) (12 U.S.C. 1813(q)).
- (b) *Critically undercapitalized insured depository institution* means any insured depository institution as defined in section 3 of the FDI Act (12 U.S.C. 1813(c)(2)) that is deemed to be critically undercapitalized under section 38 of the FDI Act (12 U.S.C. 1831o(b)(1)(E)) and its implementing regulations.
- (c) (1) *Depository institution* means an institution that maintains reservable transaction accounts or nonpersonal time deposits and is:
 - (i) An *insured bank* as defined in section 3 of the FDI Act (12 U.S.C. 1813(h)) or a bank that is eligible to make application to become an insured bank under section 5 of such act (12 U.S.C. 1815);
 - (ii) A *mutual savings bank* as defined in section 3 of the FDI Act (12 U.S.C. 1813(f)) or a bank that is eligible to make application to become an insured bank under section 5 of such act (12 U.S.C. 1815);
 - (iii) A *savings bank* as defined in section 3 of the FDI Act (12 U.S.C. 1813(g)) or a bank that is eligible to make application to become an insured bank under section 5 of such act (12 U.S.C. 1815);
 - (iv) An *insured credit union* as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752(7)) or a credit union that is eligible to make application to become an insured credit union pursuant to section 201 of such act (12 U.S.C. 1781);
 - (v) A *member* as defined in section 2 of the Federal Home Loan Bank Act (12 U.S.C. 1422(4)); or
 - (vi) A *savings association* as defined in section 3 of the FDI Act (12 U.S.C. 1813(b)) that is an insured depository institution as defined in section 3 of the act (12 U.S.C. 1813(c)(2)) or is eligible to apply to become an insured depository institution under section 5 of the act (12 U.S.C. 15(a)).

- (2) The term “*depository institution*” does not include a financial institution that is not required to maintain reserves under section 204.1(c)(4) of Regulation D (12 C.F.R. 204.1(c)(4)) because it is organized solely to do business with other financial institutions, is owned primarily by the financial institutions with which it does business, and does not do business with the general public.
- (d) *Transaction account and nonpersonal time deposit* have the meanings specified in Regulation D (12 C.F.R. Part 204).
- (e) *Undercapitalized insured depository institution* means any insured depository institution as defined in section 3 of the FDI Act (12 U.S.C. 1813(c)(2)) that:
- (1) Is not a critically undercapitalized insured depository institution; and
 - (2) (i) Is deemed to be undercapitalized under section 38 of the FDI Act (12 U.S.C. 1831o(b)(1)(C)) and its implementing regulations; or
 - (ii) Has received from its appropriate federal banking agency a composite CAMELS rating of 5 under the Uniform Financial Institutions Rating System (or an equivalent rating by its appropriate federal banking agency under a comparable rating system) as of the most recent examination of such institution.
- (f) *Viable*, with respect to a depository institution, means that the Board of Governors or the appropriate federal banking agency has determined, giving due regard to the economic conditions and circumstances in the market in which the institution operates, that the institution is not critically undercapitalized, is not expected to become critically undercapitalized, and is not expected to be placed in conservatorship or receivership. Although there are a number of criteria that may be used to determine viability, the Board of Governors believes that ordinarily an undercapitalized insured depository institution is viable if the appropriate federal banking agency has accepted a capital restoration plan for the depository institution under 12 U.S.C. 1831o(e)(2) and the depository institution is complying with that plan.
- quality, mortgage notes covering one- to four-family residences, state and local government securities, and business, consumer, and other customer notes.
- (3) If a Federal Reserve Bank concludes that a discount would meet the needs of a depository institution or an institution described in section 13A of the Federal Reserve Act (12 U.S.C. 349) more effectively, the Reserve Bank may discount any paper indorsed by the institution, provided the paper meets the requirements specified in the Federal Reserve Act.
- (b) *No obligation to make advances or discounts.* A Federal Reserve Bank shall have no obligation to make, increase, renew, or extend any advance or discount to any depository institution.
- (c) *Information requirements.*
- (1) Before extending credit to a depository institution, a Federal Reserve Bank should determine if the institution is an undercapitalized insured depository institution or a critically undercapitalized insured depository institution and, if so, follow the lending procedures specified in section 201.5.
 - (2) Each Federal Reserve Bank shall require any information it believes appropriate or desirable to ensure that assets tendered as collateral for advances or for discount are acceptable and that the borrower uses the credit provided in a manner consistent with this part.
 - (3) Each Federal Reserve Bank shall:
 - (i) Keep itself informed of the general character and amount of the loans and investments of a depository institution as provided in section 4(8) of the Federal Reserve Act (12 U.S.C. 301); and
 - (ii) Consider such information in determining whether to extend credit.
- (d) *Indirect credit for others.* Except for depository institutions that receive primary credit as described in section 201.4(a), no depository institution shall act as the medium or agent of another depository institution in receiving Federal Reserve credit except with the permission of the Federal Reserve Bank extending credit.

Section 201.3—Extensions of credit generally.

- (a) *Advances to and discounts for a depository institution.*
- (1) A Federal Reserve Bank may lend to a depository institution either by making an advance secured by acceptable collateral under section 201.4 of this part or by discounting certain types of paper. A Federal Reserve Bank generally extends credit by making an advance.
 - (2) An advance to a depository institution must be secured to the satisfaction of the Federal Reserve Bank that makes the advance. Satisfactory collateral generally includes United States government and federal-agency securities, and, if of acceptable

Section 201.4—Availability and terms of credit.

- (a) *Primary credit.* A Federal Reserve Bank may extend primary credit on a very short-term basis, usually overnight, as a backup source of funding to a depository institution that is in generally sound financial condition in the judgment of the Reserve Bank. Such primary credit ordinarily is extended with minimal administrative burden on the borrower. A Federal Reserve Bank also may extend primary credit with maturities up to a few weeks as a backup source of funding to a depository institution if, in the judgment of the Reserve Bank, the depository institution is in generally

sound financial condition and cannot obtain such credit in the market on reasonable terms. Credit extended under the primary credit program is granted at the primary credit rate.

- (b) *Secondary credit.* A Federal Reserve Bank may extend secondary credit on a very short-term basis, usually overnight, as a backup source of funding to a depository institution that is not eligible for primary credit if, in the judgment of the Reserve Bank, such a credit extension would be consistent with a timely return to a reliance on market funding sources. A Federal Reserve Bank also may extend longer-term secondary credit if the Reserve Bank determines that such credit would facilitate the orderly resolution of serious financial difficulties of a depository institution. Credit extended under the secondary credit program is granted at a rate above the primary credit rate.
- (c) *Seasonal credit.* A Federal Reserve Bank may extend seasonal credit for periods longer than those permitted under primary credit to assist a smaller depository institution in meeting regular needs for funds arising from expected patterns of movement in its deposits and loans. An interest rate that varies with the level of short-term market interest rates is applied to seasonal credit.
- (1) A Federal Reserve Bank may extend seasonal credit only if:
 - (i) The depository institution's seasonal needs exceed a threshold that the institution is expected to meet from other sources of liquidity (this threshold is calculated as a certain percentage, established by the Board of Governors, of the institution's average total deposits in the preceding calendar year); and
 - (ii) The Federal Reserve Bank is satisfied that the institution's qualifying need for funds is seasonal and will persist for at least four weeks.
 - (2) The Board may establish special terms for seasonal credit when depository institutions are experiencing unusual seasonal demands for credit in a period of liquidity strain.
- (d) *Emergency credit for others.* In unusual and exigent circumstances and after consultation with the Board of Governors, a Federal Reserve Bank may extend credit to an individual, partnership, or corporation that is not a depository institution if, in the judgment of the Federal Reserve Bank, credit is not available from other sources and failure to obtain such credit would adversely affect the economy. If the collateral used to secure emergency credit consists of assets other than obligations of, or fully guaranteed as to principal and interest by, the United States or an agency thereof, credit must be in the form of a discount and five or more members of the Board of Governors must affirmatively vote to authorize the discount prior to the extension of credit. Emergency credit will be extended at a rate above the highest rate in effect for advances to depository institutions.

Section 201.5—Limitations on availability and assessments.

- (a) *Lending to undercapitalized insured depository institutions.* A Federal Reserve Bank may make or have outstanding advances to or discounts for a depository institution that it knows to be an undercapitalized insured depository institution, only:
- (1) If, in any 120-day period, advances or discounts from any Federal Reserve Bank to that depository institution are not outstanding for more than 60 days during which the institution is an undercapitalized insured depository institution; or
 - (2) During the 60 calendar days after the receipt of a written certification from the chairman of the Board of Governors or the head of the appropriate federal banking agency that the borrowing depository institution is viable; or
 - (3) After consultation with the Board of Governors. In unusual circumstances, when prior consultation with the Board is not possible, a Federal Reserve Bank should consult with the Board as soon as possible after extending credit that requires consultation under this paragraph (a)(3).
- (b) *Lending to critically undercapitalized insured depository institutions.* A Federal Reserve Bank may make or have outstanding advances to or discounts for a depository institution that it knows to be a critically undercapitalized insured depository institution only:
- (1) During the 5-day period beginning on the date the institution became a critically undercapitalized insured depository institution; or
 - (2) After consultation with the Board of Governors. In unusual circumstances, when prior consultation with the Board is not possible, a Federal Reserve Bank should consult with the Board as soon as possible after extending credit that requires consultation under this paragraph (b)(2).
- (c) *Assessments.* The Board of Governors will assess the Federal Reserve Banks for any amount that the Board pays to the FDIC due to any excess loss in accordance with section 10B(b) of the Federal Reserve Act. Each Federal Reserve Bank shall be assessed that portion of the amount that the Board of Governors pays to the FDIC that is attributable to an extension of credit by that Federal Reserve Bank, up to 1 percent of its capital as reported at the beginning of the calendar year in which the assessment is made. The Board of Governors will assess all of the Federal Reserve Banks for the remainder of the amount it pays to the FDIC in the ratio that the capital of each Federal Reserve Bank bears to the total capital of all Federal Reserve Banks at the beginning of the calendar year in which the assessment is made, provided, however, that if any assessment exceeds 50 percent of the total capital and surplus of all Federal Reserve Banks, whether to distribute the excess over such 50 percent shall be made at the discretion of the Board of Governors.
3. Sections 201.6, 201.7, 201.8, and 201.9 are removed.

Sections 201.6—201.9 [Removed]

4. Section 201.51 is revised to read as follows:

Section 201.51—Interest rates applicable to credit extended by a Federal Reserve Bank.

- (a) *Primary credit.* The rate for primary credit provided to depository institutions under section 201.4(a) is a rate above the target federal funds rate of the Federal Open Market Committee.
- (b) *Secondary credit.* The rate for secondary credit extended to depository institutions under section 201.4(c) is a rate above the primary credit rate.
- (c) *Seasonal credit.* The rate for seasonal credit extended to depository institutions under section 201.4(b) is a flexible rate that takes into account rates on market sources of funds.
- (d) *Primary credit rate in a financial emergency.*
 - (1) The primary credit rate at a Federal Reserve Bank is the target federal funds rate of the Federal Open Market Committee if:
 - (i) In a financial emergency the Reserve Bank has established the primary credit rate at that rate; and
 - (ii) The Chairman of the Board of Governors (or, in the Chairman’s absence, his authorized designee) certifies that Primary credit rate in a quorum of the Board is not available to act on the Reserve Bank’s rate establishment.
 - (2) For purposes of this paragraph (d), a financial emergency is a significant disruption to the U.S. money markets resulting from an act of war, military or terrorist attack, natural disaster, or other catastrophic event.

5. Section 201.52 is removed.

Section 201.52—[Removed]

Part 204—Reserve Requirements of Depository Institutions (Regulation D)

- 1. The authority citation for Part 204 continues to read as follows:
Authority: 12 U.S.C. 248(a), 248(c), 371a, 461, 601, 611, and 3105.
- 2. Amend section 204.7 by revising the second sentence of paragraph (a)(1) to read as follows:

Section 204.7—Penalties.

- (a) * * *
 - (1) * * * Federal Reserve Banks are authorized to assess charges for deficiencies in required reserves at a rate of 1 percentage point per year above the primary credit rate, as provided in section 201.51(a) of this chapter, in effect for borrowings from the Federal Reserve Bank on the first day of the calendar month in which the deficiencies occurred.

FINAL RULE-AMENDMENT TO REGULATION A

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

Effective November 6, 2002, 12 C.F.R. Part 201 is amended as follows:

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

- 1. The authority citation for 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	.75	November 7, 2002
New York	.75	November 6, 2002
Philadelphia	.75	November 7, 2002
Cleveland	.75	November 7, 2002
Richmond	.75	November 7, 2002
Atlanta	.75	November 7, 2002
Chicago	.75	November 7, 2002
St. Louis	.75	November 7, 2002
Minneapolis	.75	November 7, 2002
Kansas City	.75	November 7, 2002
Dallas	.75	November 6, 2002
San Francisco	.75	November 6, 2002

INDEX OF ORDERS ISSUED OR ACTIONS TAKEN BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(July 1, 2002 - September 30, 2002)

Applicant	Merged or Acquired Bank of Activity	Date of Approval	<i>Bulletin</i> Volume and Page
Bank of Orange County, Fountain Valley, California	Cerritos Valley Bank, Artesia, California	July 31, 2002	88, 417
Herky Hawk Financial Corporation, Monticello, Iowa	New Vienna Savings Bank, New Vienna, Iowa	September 25, 2002	88, 463
	Casey State Bank, Casey, Illinois		
	Biggsville Financial Corporation, Biggsville, Illinois		
	First State Bank of Biggsville, Biggsville, Illinois		
Nordea Bank Finland Plc, Helsinki, Finland	American Scandinavia Banking Corp., New York, New York	July 25, 2002	88, 418

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
Adbanc, Inc., Ogallala, Nebraska	VBI, Inc., Colorado Springs, Colorado	Kansas City	November 12, 2002
Adams Bank & Trust Company, Ogallala, Nebraska			
BankFIRST Bancorp, Inc., Winter Park, Florida	BankFIRST, Winter Park, Florida	Atlanta	November 4, 2002
Backlund Investment Co., Peoria, Illinois	Astoria Investment Company, Astoria, Illinois	Chicago	November 25, 2002
	Farmers State Bank, Astoria, Astoria, Illinois		
	Bartonville Investment Co., Peoria, Illinois		
	Bartonville Bank, Bartonville, Illinois		
	Backlund-White, Inc., Peoria, Illinois		
	Glasford State Bank, Glasford, Illinois		
	Backlund-Scott Company, Wyoming, Illinois		
	Wyoming Bank & Trust Company, Wyoming, Illinois		

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
	Dunlap Bank, Dunlap, Illinois		
	Hopedale Investment Company, Peoria, Illinois		
	Community Bank of Hopedale, Hopedale, Illinois		
BankWest Nevada Corporation, Las Vegas, Nevada	Alliance Bank of Arizona, Phoenix, Arizona	San Francisco	November 26, 2002
BNC Bancorp, Thomasville, North Carolina	Bank of North Carolina, Thomasville, North Carolina	Richmond	November 5, 2002
BTC Financial Corporation, Des Moines, Iowa	Midamerica Financial Corporation, Des Moines, Iowa	Chicago	November 12, 2002
	Bankers Trust Company, N.A., Cedar Rapids, Iowa		
Commerce Bancorp, Inc., Duncan, Oklahoma	Bank of Commerce, Duncan, Oklahoma	Kansas City	November 20, 2002
Community Bankshares, Inc., Greenwood Village, Colorado	Community Banks of Tracy, Tracy, California	Kansas City	November 22, 2002
Davis Bancorporation, Davis, Oklahoma	Century Capital Financial, Inc., Kilgore, Texas	Kansas City	November 1, 2002
	Century Capital Financial-Delaware, Inc., Wilmington, Delaware		
	City National Bank, Kilgore, Texas		
Eagle Community Bancshares, Inc., Brooklyn Park, Minnesota	Eagle Community Bank, Maple Grove, Minnesota	Minneapolis	November 27, 2002
Farmers Bancorp, Inc., Blytheville, Arkansas	First State Bank, Kenton, Tennessee	St. Louis	November 21, 2002
Franklin Resources, Inc., San Mateo, California	Capital Corporation, La Jolla, California	San Francisco	December 3, 2002
	Imperial Capital Bank, La Jolla, California		
Friedman Billings Ramsey Group, Inc., Arlington, Virginia	ITLA Capital Corporation, La Jolla, California	Richmond	December 3, 2002
FBR Ashton, Limited Partnership, Arlington, Virginia			
FBR Opportunity Fund, Ltd., Arlington, Virginia			
FBR Small Cap Financial Fund, Arlington, Virginia			
GB&T Bancshares, Inc., Gainesville, Georgia	Home Town Bank of Villa Rica, Villa Rica, Georgia	Atlanta	November 6, 2002
Gravett Bancshares, Inc., Gravette, Arkansas	Bank of Gravett, Gravette, Arkansas	St. Louis	December 3, 2002
Hazlehurst Investors, Inc., Hazlehurst, Georgia	Bank of Hazlehurst, Hazlehurst, Georgia	Atlanta	November 6, 2002
KeyCorp, Cleveland, Ohio	Union Bancshares, Ltd., Denver, Colorado	Cleveland	November 25, 2002
Buffalo Acquiror Sub, Inc., Cleveland, Ohio			

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Mahaska Investment Company ESOP, Oskaloosa, Iowa	Belle Plaine Service Corporation, Belle Plaine, Iowa	Chicago	November 21, 2002
Mahaska Investment Company, Oskaloosa, Iowa	Citizens Bank & Trust Company, Hudson, Iowa		
Midamerica Financial Corporation, Des Moines, Iowa	Bankers Trust Company, N.A., Cedar Rapids, Iowa	Chicago	November 12, 2002
Northfield Holdings Corp., Staten Island, New York			
Northfield Savings Bank, Staten Island, New York		New York	November 21, 2002
NSB Holding Corp., Staten Island, New York	Northfield Holdings Corp., Staten Island, New York	New York	November 21, 2002
River Balley Bancorp, Inc., Davenport, Iowa	State Bank of Seaton, Seaton, Illinois	Chicago	November 20, 2002
Southwest Florida Community Bancorp, Inc., Fort Myers, Florida	Sanibel Captiva Community Bank, Sanibel, Florida	Atlanta	November 26, 2002
Sun Financial Corporation, St. Peters, Missouri	Quad County State Bank, Viburnum, Missouri	St. Louis	November 19, 2002
Synergy, MHC, Cranford, New Jersey	First Bank of Central Jersey, North Brunswick, New Jersey	New York	November 29, 2002
Synergy Financial Group, Inc., Cranford, New Jersey	Synergy Bank, Cranford, New Jersey		
Synovus Financial Corp., Columbus, Georgia	United Financial Holdings, Inc., St. Petersburg, Florida	Atlanta	November 6, 2002
	United Bank and Trust Company, St. Petersburg, Florida		
	United Bank of the Gulf Coast, Sarasota, Florida		
TCF Financial Corporation, Wayzata, Minnesota	MainStreet BankShares, Inc., Martinsville, Virginia	Minneapolis	November 21, 2002
	Smith River Community Bank, N.A., Martinsville, Virginia		
	Franklin Community Bank, N.A., Rocky Mount, Virginia		

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Davis Bancorporation, Davis, Oklahoma	FBC Financial Corporation, Claremore, Oklahoma	Kansas City	November 1, 2002
	1st Bank Oklahoma, Claremore, Oklahoma		
Midwest Banc Holdings, Inc., Elmwood Park, Illinois	Big Foot Financial Corp., Long Grove, Illinois	Chicago	November 21, 2002
	Fairfield Savings Bank, Long Grove, Illinois		
NSB Holding Corp., Staten Island, New York	Liberty Bank, Avenel, New Jersey	New York	November 21, 2002
Northfield Holdings Corp., Staten Island, New York			

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
ITLA Capital Corporation, La Jolla, California	Imperial Capital Bank, La Jolla, California	San Francisco	December 3, 2002

*APPLICATIONS APPROVED UNDER BANK MERGER ACT
By Federal Reserve Banks*

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
The Citizens Banking Company, Sandusky, Ohio	The Castalia Banking Company, Castalia, Ohio	Cleveland	December 2, 2002
Farmers Bank & Trust Company, Blytheville, Arkansas	First State Bank, Kenton, Tennessee	St. Louis	November 21, 2002
Heritage Bank of Commerce, San Jose, California	Heritage Bank South Valley, Morgan Hill, California	San Francisco	November 1, 2002
Midwest Bank and Trust Company, Elmwood Park, Illinois	Fairfield Savings Bank, Long Grove, Illinois	Chicago	November 21, 2002

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

Albrecht v. Board of Governors, No. 02-5325 (D.C. Cir., filed October 18, 2002). Appeal of district court order dismissing challenge to the method of funding of the retirement plan for certain Board employees.

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

Community Bank & Trust v. United States, No. 01-571C

(Ct. Fed. Cl., filed October 3, 2001). Action challenging on constitutional grounds the failure to pay interest on reserve accounts held at Federal Reserve Banks.

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

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.

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SYMBOLS AND ABBREVIATIONS

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

GENERAL INFORMATION

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

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

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

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

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

1.10 RESERVES AND MONEY STOCK MEASURES

Percent annual rate of change, seasonally adjusted¹

Monetary or credit aggregate	2001	2002			2002				
	Q4	Q1	Q2	Q3 ^e	June	July ^e	Aug. ^e	Sept. ^e	Oct.
<i>Reserves of depository institutions²</i>									
1 Total	-31.2	-9.7	-16.3	-5	4.6	12.0	12.1	-23.2	-10.9
2 Required	22.1	-9.3	-15.4	-3.1	5.7	8.3	4.2	-19.1	-13.9
3 Nonborrowed	-21.4	-9.4	-16.9	-1.9	3.7	10.6	7.8	-20.2	-8.3
4 Monetary base ³	6.4	9.1	8.1	7.2	11.2	8.5	4.3	.7	3.7
<i>Concepts of money⁴</i>									
5 M1	2.1	5.7 ^e	-6	2.9	7.2	8.0	-13.5	8.5	8.7
6 M2	9.5	5.5 ^e	3.3 ^e	10.5	7.7 ^e	13.1	9.7	5.3	10.4
7 M3	12.2 ^e	4.7 ^e	3.1 ^e	8.3	5.9	8.5	10.6	4.1	1.4
<i>Nontransaction components</i>									
8 In M2 ⁵	11.5	5.4 ^e	4.4 ^e	12.6	7.9 ^e	14.5	15.9	4.4	10.8
9 In M3 only ⁶	18.3 ^e	3.1 ^e	2.5 ^e	3.6	2.1 ^e	-1.6	12.6	1.6	-18.3
<i>Time and savings deposits</i>									
<i>Commercial banks</i>									
10 Savings, including MMDAs	23.2	20.4	13.3	21.0	13.6	17.2	32.8	15.8	15.9
11 Small time ⁷	-12.1	-15.3	-4.9	-5.3	-6	-7.2	-9.8	-14.8	-17.2
12 Large time ^{8,9}	-9.3	4.8	11.3	4.7	-2.9 ^e	7.9	3.9	-2.2	-6.8
<i>Thrift institutions</i>									
13 Savings, including MMDAs	27.3	25.6	22.1	21.6	16.2	22.9	24.5	25.5	43.3
14 Small time ⁷	-11.0	-15.7	-14.8	-8.2	-10.8	-4.3	-3.5	-3.1	2.4
15 Large time ⁸	2.6	-8	-8.4	-1.8	-16.1	1.1	16.3	10.7	19.1
<i>Money market mutual funds</i>									
16 Retail	7.9	-11.0 ^e	-10.6 ^e	8.7	3.0 ^e	23.9	-.7	-18.5	-2.1
17 Institution-only	49.5	-3	2.8	.1	10.7	-4.8	-1.5	-13.8	-36.3
<i>Repurchase agreements and eurodollars</i>									
18 Repurchase agreements ¹⁰	.7	9.6	-5.9 ^e	25.8	5.5 ^e	-1.6	81.4	59.1	-5.2
19 Eurodollars ¹⁰	-8.0 ^e	7.1 ^e	-6.1 ^e	-17.3	-27.7 ^e	-17.5	-3.7	-12.3	-1.2

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

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

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

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

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

M2: M1 plus (1) savings (including MMDAs), (2) small-denomination time deposits (time deposits—including retail RPs—in amounts of less than \$100,000), and (3) balances in retail money market mutual funds. Excludes individual retirement accounts (IRAs) and Keogh balances at depository institutions and money market funds.

Seasonally adjusted M2 is calculated by summing savings deposits, small-denomination

time deposits, and retail money fund balances, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

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

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

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

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

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

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

10. Includes both overnight and term.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT¹

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	2002			2002						
	Aug.	Sept.	Oct.	Sept. 18	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	656,967	659,221	659,702	657,910	655,922	661,636	655,642	661,669	657,682	662,436
U.S. government securities ²										
2 Bought outright—System account ³	601,681	604,667	609,157	605,114	605,242	605,400	609,110	609,633	610,273	608,693
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	10	10	10	10	10	10	10	10	10	10
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty ⁴	16,532	16,617	11,242	15,500	12,214	17,607	7,429	12,536	8,143	14,071
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	191	14	13	7	1	0	45	5	4	3
9 Seasonal credit	187	168	120	162	168	171	136	124	116	98
10 Special Liquidity Facility credit	0	0	0	0	0	0	0	0	0	0
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	-311	-262	363	-762	47	50	440	658	366	211
13 Other Federal Reserve assets	38,676	38,008	38,797	37,880	38,239	38,397	38,473	38,703	38,771	39,350
14 Gold stock	11,042	11,042	11,042	11,042	11,042	11,042	11,042	11,042	11,042	11,042
15 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
16 Treasury currency outstanding	34,134	34,282 ⁵	34,349	34,281 ⁵	34,298 ⁵	34,315	34,329	34,343	34,357	34,371
ABSORBING RESERVE FUNDS										
17 Currency in circulation	660,865	661,583 ⁵	662,719	661,153 ⁵	659,713 ⁵	660,138	661,683	664,412	662,855	662,102
18 Reverse repurchase agreements—triparty ⁴	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	373	367	389	364	372	379	376	384	399	400
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,068	5,838	4,873	5,773	6,832	6,182	5,106	4,327	5,064	4,799
21 Foreign	95	101	164	106	80	87	116	77	341	157
22 Service-related balances and adjustments	10,168	10,178	10,266	10,117	10,245	10,170	10,291	10,299	10,297	10,183
23 Other	210	221	223	218	234	224	252	216	212	205
24 Other Federal Reserve liabilities and capital	19,428	19,399	19,530	19,174	19,423	19,482	19,526	19,535	19,391	19,651
25 Reserve balances with Federal Reserve Banks ⁵	8,135	9,056	9,128	8,529	6,563	12,531	5,863	10,005	6,723	12,552
End-of-month figures				Wednesday figures						
	Aug.	Sept.	Oct.	Sept. 18	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	663,956	664,726	662,905	660,975	660,189	661,234	655,425	667,216	657,136	669,906
U.S. government securities ²										
2 Bought outright—System account ³	602,825	604,191	607,865	606,272	606,248	606,190	609,516	610,360	610,231	608,665
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	10	10	10	10	10	10	10	10	10	10
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty ⁴	23,000	21,750	16,500	16,750	15,500	17,250	7,000	13,750	7,500	20,500
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	150	1	0	0	2	1	0	30	4	4
9 Seasonal credit	179	176	80	167	174	156	137	129	103	85
10 Special Liquidity Facility credit	0	0	0	0	0	0	0	0	0	0
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	-92	396	-695	-372	-185	-619	35	4,273	221	1,004
13 Other Federal Reserve assets	37,882	38,202	39,144	38,148	38,441	38,246	38,727	38,664	39,067	39,639
14 Gold stock	11,042	11,042	11,042	11,042	11,042	11,042	11,042	11,042	11,042	11,042
15 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
16 Treasury currency outstanding	34,247	34,315 ⁵	34,385	34,281 ⁵	34,298 ⁵	34,315	34,329	34,343	34,357	34,371
ABSORBING RESERVE FUNDS										
17 Currency in circulation	664,116	660,082 ⁵	663,370	661,609 ⁵	660,760 ⁵	662,131	663,579	665,022	663,303	664,065
18 Reverse repurchase agreements—triparty ⁴	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	361	380	397	370	380	376	381	399	400	397
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	4,874	7,879	5,878	7,175	7,209	5,160	4,401	4,592	5,713	5,388
21 Foreign	86	150	89	139	75	77	76	75	128	238
22 Service-related balances and adjustments	10,184	10,170	10,423	10,117	10,245	10,170	10,291	10,299	10,297	10,183
23 Other	194	221	233	215	232	248	258	215	205	206
24 Other Federal Reserve liabilities and capital	19,526	19,719	19,720	19,260	19,276	19,327	19,422	19,283	19,372	19,581
25 Reserve balances with Federal Reserve Banks ⁵	12,104	13,682	10,422	9,614	9,552	11,303	4,588	14,916	5,316	17,461

1. Amounts of cash held as reserves are shown in table 1.12, line 2.

2. Includes securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale-purchase transactions.

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

4. Cash value of agreements arranged through third-party custodial banks. These agreements are collateralized by U.S. government and federal agency securities.

5. Excludes required clearing balances and adjustments to compensate for float.

A6 Domestic Financial Statistics □ January 2003

1.12 RESERVES AND BORROWINGS Depository Institutions¹

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages										
	1999	2000	2001	2002							
	Dec.	Dec.	Dec.	Apr.	May	June	July	Aug.	Sept. ⁷	Oct.	
1 Reserve balances with Reserve Banks ²	5,262	7,022	9,054	9,740	9,209	7,929	8,096	8,520	8,732	8,844	
2 Total vault cash ³	60,620	45,245	43,935	42,013	41,819	41,662	42,723	42,886	42,227	42,931	
3 Applied vault cash ⁴	36,392	31,451	32,024	31,156	31,033	30,642	31,296	31,338	30,184	29,850	
4 Surplus vault cash ⁵	24,228	13,794	11,911	10,857	10,786	11,021	11,427	11,547	12,043	13,081	
5 Total reserves ⁶	41,654	38,473	41,077	40,896	40,242	38,571	39,392	39,859	38,916	38,694	
6 Required reserves	40,357	37,046	39,433	39,688	38,969	37,329	38,020	38,220	37,440	37,137	
7 Excess reserve balances at Reserve Banks ⁷	1,297	1,427	1,645	1,208	1,273	1,242	1,373	1,638	1,476	1,557	
8 Total borrowing at Reserve Banks	320	210	67	71	112	142	191	333	229	143	
9 Adjustment	179	99	34	21	7	6	16	148	60	23	
10 Seasonal	67	111	33	50	105	136	176	185	169	120	
11 Special Liquidity Facility ⁸	74	0	0	0	0	0	0	0	0	0	
12 Extended credit ⁹	0	0	0	0	0	0	0	0	0	0	
Biweekly averages of daily figures for two-week periods ending on dates indicated											
2002											
	July 10	July 24	Aug. 7	Aug. 21	Sept. 4	Sept. 18	Oct. 2 ⁷	Oct. 16	Oct. 30	Nov. 13	
1 Reserve balances with Reserve Banks ²	7,909	8,266	8,024	7,697	10,021	7,668	9,545	7,935	9,653	8,872	
2 Total vault cash ³	42,968	42,170	43,479	43,488	41,628	41,577	43,186	43,449	42,463	41,719	
3 Applied vault cash ⁴	31,438	30,738	32,213	31,351	30,709	28,537 ⁷	31,931	28,940	30,577	28,240	
4 Surplus vault cash ⁵	11,531	11,433	11,266	12,137	10,919	13,040 ⁷	11,255	14,509	11,886	13,479	
5 Total reserves ⁶	39,347	39,004	40,236	39,048	40,730	36,205 ⁷	41,476	36,875	40,230	37,112	
6 Required reserves	37,828	37,709	38,916	37,712	38,446	35,233	39,680	35,337	38,691	35,495	
7 Excess reserve balances at Reserve Banks ⁷	1,518	1,294	1,320	1,336	2,284	972	1,795	1,537	1,538	1,616	
8 Total borrowing at Reserve Banks	194	189	194	195	626	167	170	155	111	366	
9 Adjustment	27	9	14	9	438	4	1	25	4	299	
10 Seasonal	168	180	180	186	188	163	170	130	107	67	
11 Special Liquidity Facility ⁸	0	0	0	0	0	0	0	0	0	0	
12 Extended credit ⁹	0	0	0	0	0	0	0	0	0	0	

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover. Data are not break-adjusted or seasonally adjusted.
 2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.
 3. Vault cash eligible to satisfy reserve requirements. It includes only vault cash held by those banks and thrift institutions that are not exempt from reserve requirements. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements.
 4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.

5. Total vault cash (line 2) less applied vault cash (line 3).
 6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).
 7. Total reserves (line 5) less required reserves (line 6).
 8. Borrowing at the discount window under the terms and conditions established for the Century Date Change Special Liquidity Facility in effect from October 1, 1999, through April 7, 2000.
 9. Consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market effect of extended credit is similar to that of nonborrowed reserves.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit ¹			Seasonal credit ²			Extended credit ³										
	On 12/13/02	Effective date	Previous rate	On 12/13/02	Effective date	Previous rate	On 12/13/02	Effective date	Previous rate								
Boston	↑	11/7/02	↑	1.30	11/28/02	1.45	1.80	11/28/02	1.95								
New York		11/6/02															
Philadelphia		11/7/02															
Cleveland		11/7/02															
Richmond		11/7/02															
Atlanta		11/7/02															
Chicago		↓								11/7/02	↓	1.30	11/28/02	1.45	1.80	11/28/02	1.95
St. Louis										11/7/02							
Minneapolis										11/7/02							
Kansas City										11/7/02							
Dallas	11/6/02																
San Francisco	11/6/02																

Range of rates for adjustment credit in recent years⁴

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1981	12	12	1991—Sept. 13	5–5.5	5	2001—May 15	3.50–4.00	3.50
1982—July 20	11.5–12	11.5	17	5	5	17	3.50	3.50
23	11.5	11.5	Nov. 6	4.5–5	4.5	June 27	3.25–3.50	3.25
Aug. 2	11–11.5	11	7	4.5	4.5	29	3.25	3.25
3	11	11	Dec. 20	3.5–4.5	3.5	Aug. 21	3.00–3.25	3.00
16	10.5	10.5	24	3.5	3.5	23	3.00	3.00
27	10–10.5	10	1992—July 2	3–3.5	3	Sept. 17	2.50–3.00	2.50
30	10	10	7	3	3	18	2.50	2.50
Oct. 12	9.5–10	9.5	1994—May 17	3–3.5	3.5	Oct. 2	2.00–2.50	2.00
13	9.5	9.5	18	3.5	3.5	4	2.00	2.00
Nov. 22	9–9.5	9	Aug. 16	3.5–4	4	Nov. 6	1.50–2.00	1.50
26	9	9	18	4	4	8	1.50	1.50
Dec. 14	8.5–9	8.5	Nov. 15	4–4.75	4.75	Dec. 11	1.25–1.50	1.25
15	8.5–9	8.5	17	4.75	4.75	13	1.25	1.25
17	8.5	8.5	1995—Feb. 1	4.75–5.25	5.25	2002—Nov. 6	0.75–1.25	0.75
1984—Apr. 9	8.5–9	9	9	5.25	5.25	7	0.75	0.75
13	9	9	1996—Jan. 31	5.00–5.25	5.00	In effect Dec. 13, 2002	0.75	0.75
Nov. 21	8.5–9	8.5	Feb. 3	5.00	5.00			
26	8.5	8.5	1998—Oct. 15	4.75–5.00	4.75			
Dec. 24	8	8	16	4.75	4.75			
1985—May 20	7.5–8	7.5	Nov. 17	4.50–4.75	4.50			
24	7.5	7.5	19	4.50	4.50			
1986—Mar. 7	7–7.5	7	1999—Aug. 24	4.50–4.75	4.75			
10	7	7	26	4.75	4.75			
Apr. 21	6.5–7	6.5	Nov. 16	4.75–5.00	4.75			
23	6.5	6.5	18	5.00	5.00			
July 11	6	6	2000—Feb. 2	5.00–5.25	5.25			
Aug. 21	5.5–6	5.5	4	5.25	5.25			
22	5.5	5.5	Mar. 21	5.25–5.50	5.50			
1987—Sept. 4	5.5–6	6	23	5.50	5.50			
11	6	6	May 16	5.50–6.00	5.50			
1988—Aug. 9	6–6.5	6.5	19	6.00	6.00			
11	6.5	6.5	2001—Jan. 3	5.75–6.00	5.75			
1989—Feb. 24	6.5–7	7	4	5.50–5.75	5.50			
27	7	7	5	5.50	5.50			
1990—Dec. 19	6.5	6.5	31	5.00–5.50	5.00			
1991—Feb. 1	6–6.5	6	Feb. 1	5.00	5.00			
4	6	6	Mar. 20	4.50–5.00	4.50			
Apr. 30	5.5–6	5.5	21	4.50	4.50			
May 2	5.5	5.5	Apr. 18	4.00–4.50	4.00			
			20	4.00	4.00			

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

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

3. May be made available to depository institutions when similar assistance is not reasonably available from other sources, including special industry lenders. Such credit may be provided when exceptional circumstances (including sustained deposit drains, impaired access to money market funds, or sudden deterioration in loan repayment performance) or

practices involve only a particular institution, or to meet the needs of institutions experiencing difficulties adjusting to changing market conditions over a longer period (particularly at times of deposit disintermediation). The discount rate applicable to adjustment credit ordinarily is charged on extended-credit loans outstanding less than thirty days; however, at the discretion of the Federal Reserve Bank, this time period may be shortened. Beyond this initial period, a flexible rate somewhat above rates charged on market sources of funds is charged. The rate ordinarily is reestablished on the first business day of each two-week reserve maintenance period, but it is never less than the discount rate applicable to adjustment credit plus 50 basis points.

4. For earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941*, and *1941–1970*; and the *Annual Statistical Digest, 1970–1979*, and *1980–1989*; and *Statistical Digest, 1996–2000*. See also the Board's Statistics Releases and Historical Data web pages (<http://www.federalreserve.gov/releases/H15/data.htm>).

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS¹

Type of deposit	Requirement	
	Percentage of deposits	Effective date
<i>Net transaction accounts</i> ²		
1 \$0 million–\$42.1 million ³	3	12/26/02
2 More than \$42.1 million ⁴	10	12/26/02
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 26, 2002, for depository institutions that report weekly, and with the period beginning January 16, 2003, for institutions that report quarterly, the amount was increased from \$41.3 million to \$42.1 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 26, 2002, for depository institutions that report weekly, and with the period beginning January 16, 2003, for institutions that report quarterly, the exemption was raised from \$5.7 million to \$6.0 million.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS¹

Millions of dollars

Type of transaction and maturity	1999	2000	2001	2002						
				Mar.	Apr.	May	June	July	Aug.	Sept.
U.S. TREASURY SECURITIES²										
<i>Outright transactions (excluding matched transactions)</i>										
<i>Treasury bills</i>										
1 Gross purchases	0	8,676	15,503	3,013	1,047	3,524	3,656	4,838	529	750
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	464,218	477,904	542,736	48,483	45,376	70,978	53,015	45,828	63,083	53,314
4 For new bills	464,218	477,904	542,736	48,483	45,376	70,978	53,015	45,828	63,083	53,314
5 Redemptions	0	24,522	10,095	0	0	0	0	0	0	0
<i>Others within one year</i>										
6 Gross purchases	11,895	8,809	15,663	1,455	2,709	2,826	0	1,104	445	1,286
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	50,590	62,025	70,336	0	14,515	6,714	0	11,052	8,987	11,174
9 Exchanges	-53,315	-54,656	-72,004	0	-15,522	-9,031	0	-14,183	-5,040	-15,189
10 Redemptions	1,429	3,779	16,802	0	0	0	0	0	0	0
<i>One to five years</i>										
11 Gross purchases	19,731	14,482	22,814	2,181	1,142	1,439	0	1,755	1,921	0
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	-44,032	-52,068	-45,211	0	-14,515	-1,620	0	-11,052	-629	-11,174
14 Exchanges	42,604	46,177	64,519	0	15,522	8,639	0	13,283	3,396	15,189
<i>Five to ten years</i>										
15 Gross purchases	4,303	5,871	6,003	637	1,670	259	542	577	690	51
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	-5,841	-6,801	-21,063	0	0	-5,094	0	0	-6,714	0
18 Exchanges	7,578	6,585	6,063	0	0	391	0	900	1,645	0
<i>More than ten years</i>										
19 Gross purchases	9,428	5,833	8,531	291	210	0	0	63	80	0
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	-717	-3,155	-4,062	0	0	0	0	0	-1,645	0
22 Exchanges	3,133	1,894	1,423	0	0	0	0	0	0	0
<i>All maturities</i>										
23 Gross purchases	45,357	43,670	68,513	7,577	6,777	8,048	4,198	8,336	3,665	2,087
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	1,429	28,301	26,897	0	0	0	0	0	0	0
<i>Matched transactions</i>										
26 Gross purchases	4,413,430	4,415,905	4,722,667	393,273	436,936	466,807	447,555	513,400	495,729	449,250
27 Gross sales	4,431,685	4,397,835	4,724,743	393,151	437,881	469,046	448,330	511,902	497,031	449,986
<i>Repurchase agreements</i>										
28 Gross purchases	281,599	0	0	0	0	0	0	0	0	0
29 Gross sales	301,273	0	0	0	0	0	0	0	0	0
30 Net change in U.S. Treasury securities	5,999	33,439	39,540	7,699	5,833	5,810	3,423	9,834	2,363	1,351
FEDERAL AGENCY OBLIGATIONS										
<i>Outright transactions</i>										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	0	0	0	0	0	0	0	0	0
33 Redemptions	157	51	120	0	0	0	0	0	0	0
<i>Repurchase agreements</i>										
34 Gross purchases	360,069	0	0	0	0	0	0	0	0	0
35 Gross sales	370,772	0	0	0	0	0	0	0	0	0
36 Net change in federal agency obligations	-10,859	-51	-120	0	0	0	0	0	0	0
<i>Reverse repurchase agreements</i>										
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
<i>Repurchase agreements</i>										
39 Gross purchases	304,989	890,236	1,497,713	70,850	102,200	106,426	98,850	68,750	84,000	93,500
40 Gross sales	164,349	987,501	1,490,838	75,849	100,200	109,926	94,850	81,250	80,500	94,750
41 Net change in triparty obligations	140,640	-97,265	6,875	-4,999	2,000	-3,500	4,000	-12,500	3,500	-1,250
42 Total net change in System Open Market Account	135,780	-63,877	46,295	2,700	7,833	2,310	7,423	-2,666	5,863	101

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. Transactions include the rollover of inflation compensation into new securities.

A10 Domestic Financial Statistics □ January 2003

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements¹

Millions of dollars

Account	Wednesday					End of month		
	2002					2002		
	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30	Aug.	Sept.	Oct.
Consolidated condition statement								
ASSETS								
1 Gold certificate account	11,038	11,038	11,038	11,038	11,038	11,038	11,038	11,038
2 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
3 Coin	1,078	1,072	1,059	1,074	1,079	1,031	1,085	1,091
<i>Loans</i>								
4 To depository institutions	157	137	159	107	88	330	177	80
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
<i>Triparty obligations</i>								
7 Repurchase agreements—triparty ²	17,250	7,000	13,750	7,500	20,500	23,000	21,750	16,500
<i>Federal agency obligations³</i>								
8 Bought outright	10	10	10	10	10	10	10	10
9 Held under repurchase agreements	0	0	0	0	0	0	0	0
10 Total U.S. Treasury securities³	606,190	609,516	610,360	610,231	608,665	602,825	604,191	607,865
11 Bought outright ⁴	606,190	609,516	610,360	610,231	608,665	602,825	604,191	607,865
12 Bills	204,206	207,522	208,357	208,217	206,641	202,196	202,210	205,840
13 Notes	295,883	295,889	295,895	295,901	295,907	294,640	295,882	295,908
14 Bonds	106,100	106,104	106,108	106,113	106,117	105,989	106,099	106,117
15 Held under repurchase agreements	0	0	0	0	0	0	0	0
16 Total loans and securities	623,607	616,663	624,280	617,848	629,263	626,165	626,129	624,456
17 Items in process of collection	8,811	7,517	16,095	7,839	9,359	5,419	2,116	6,256
18 Bank premises	1,519	1,523	1,526	1,528	1,528	1,520	1,519	1,527
<i>Other assets</i>								
19 Denominated in foreign currencies ⁵	16,008	16,014	15,936	15,906	16,043	16,240	16,130	16,091
20 All other ⁶	20,754	21,176	21,201	21,607	22,038	20,127	20,597	21,553
21 Total assets	685,014	677,203	693,335	679,040	692,547	683,739	680,813	684,212
LIABILITIES								
22 Federal Reserve notes	629,265	630,700	632,133	630,417	631,165	631,256	627,228	630,469
23 Reverse repurchase agreements—triparty ²	0	0	0	0	0	0	0	0
24 Total deposits	27,518	19,803	30,353	21,973	34,453	27,570	31,418	27,077
25 Depository institutions	22,033	15,069	25,470	15,927	28,620	22,415	23,168	20,878
26 U.S. Treasury—General account	5,160	4,401	4,592	5,713	5,388	4,874	7,879	5,878
27 Foreign—Official accounts	77	76	75	128	238	86	150	89
28 Other	248	258	215	205	206	194	221	233
29 Deferred credit items	8,904	7,278	11,567	7,278	7,347	5,388	2,448	6,946
30 Other liabilities and accrued dividends ⁷	2,407	2,454	2,393	2,424	2,452	2,412	2,422	2,479
31 Total liabilities	668,095	660,234	676,445	662,092	675,418	666,625	663,516	666,971
CAPITAL ACCOUNTS								
32 Capital paid in	8,265	8,268	8,270	8,275	8,271	8,248	8,264	8,278
33 Surplus	7,312	7,312	7,312	7,312	7,312	7,312	7,312	7,312
34 Other capital accounts	1,343	1,389	1,309	1,362	1,546	1,554	1,722	1,652
35 Total liabilities and capital accounts	685,014	677,203	693,335	679,040	692,547	683,739	680,813	684,212
MEMO								
36 Marketable U.S. government and federal agency securities held in custody for foreign official and international accounts	812,633	807,968	806,678	803,483	806,831	803,479	813,094	812,239
Federal Reserve note statement								
37 Federal Reserve notes outstanding (issued to Banks)	750,804	750,654	750,752	750,811	751,565	747,686	751,190	752,063
38 Less: Held by Federal Reserve Banks	121,538	119,954	118,619	120,394	120,400	116,430	123,962	121,595
39 Federal Reserve notes, net	629,265	630,700	632,133	630,417	631,165	631,256	627,228	630,469
<i>Collateral held against notes, net</i>								
40 Gold certificate account	11,038	11,038	11,038	11,038	11,038	11,038	11,038	11,038
41 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
42 Other eligible assets	0	936	0	0	0	0	0	0
43 U.S. Treasury and agency securities	616,027	616,526	618,895	617,179	617,927	618,018	613,990	617,231
44 Total collateral	629,265	630,700	632,133	630,417	631,165	631,256	627,228	630,469

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.

2. Cash value of agreements arranged through third-party custodial banks.

3. Face value of the securities.

4. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities. Excludes securities sold and scheduled to be bought back under matched sale-purchase transactions.

5. Valued monthly at market exchange rates.

6. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.

7. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	2002					2002		
	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30	Aug.	Sept.	Oct.
1 Total loans	157	137	159	107	88	330	177	80
2 Within fifteen days ¹	35	50	101	103	82	293	131	62
3 Sixteen days to ninety days	122	86	58	4	6	37	47	18
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Total U.S. Treasury securities²	606,190	609,516	610,360	610,231	608,665	602,825	604,191	607,865
6 Within fifteen days ¹	16,475	18,269	24,991	25,974	24,792	12,470	13,316	6,607
7 Sixteen days to ninety days	133,435	135,392	130,389	129,987	129,673	123,482	128,403	129,715
8 Ninety-one days to one year	146,234	145,800	144,915	144,194	144,114	160,910	152,429	162,163
9 One year to five years	176,885	176,886	176,887	176,889	176,890	172,868	176,885	176,182
10 Five years to ten years	51,439	51,444	51,448	51,453	51,458	51,381	51,438	51,458
11 More than ten years	81,722	81,726	81,730	81,734	81,739	81,715	81,721	81,739
12 Total federal agency obligations	10	10	10	10	10	10	10	10
13 Within fifteen days ¹	0	0	0	0	0	0	0	0
14 Sixteen days to ninety days	0	0	0	0	0	0	0	0
15 Ninety-one days to one year	0	0	0	0	0	0	0	0
16 One year to five years	10	10	10	10	10	10	10	10
17 Five years to ten years	0	0	0	0	0	0	0	0
18 More than ten years	0	0	0	0	0	0	0	0

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

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE¹

Billions of dollars, averages of daily figures

Item	1998 Dec.	1999 Dec.	2000 Dec.	2001 Dec.	2002							
					Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ²												
1 Total reserves ³	45.14	41.82	38.54	41.22	41.01	40.76	39.12	39.27	39.66	40.06	39.28 ^f	38.93
2 Nonborrowed reserves ⁴	45.02	41.50	38.33	41.15	40.94	40.69	39.00	39.12	39.47	39.73	39.06	38.79
3 Nonborrowed reserves plus extended credit ⁵	45.02	41.50	38.33	41.15	40.94	40.69	39.00	39.12	39.47	39.73	39.06	38.79
4 Required reserves	43.62	40.53	37.11	39.58	39.60	39.55	37.84	38.02	38.29	38.42	37.81	37.37
5 Monetary base ⁶	513.55	593.12	584.04	634.41	649.65	653.95	657.91	664.07	668.76 ^f	671.15 ^f	671.56 ^f	673.62
	Not seasonally adjusted											
6 Total reserves ⁷	45.31	41.89	38.53	41.20	40.27	40.85	40.18	38.49	39.30	39.75	38.79 ^f	38.55
7 Nonborrowed reserves	45.19	41.57	38.32	41.13	40.19	40.78	40.06	38.35	39.11	39.41	38.56 ^f	38.41
8 Nonborrowed reserves plus extended credit ⁵	45.19	41.57	38.32	41.13	40.19	40.78	40.06	38.35	39.11	39.41	38.56 ^f	38.41
9 Required reserves ⁸	43.80	40.59	37.10	39.55	38.85	39.64	38.90	37.25	37.93	38.11	37.32	37.00
10 Monetary base ⁹	518.27	600.72	590.06	639.91	649.23	653.29	658.00	662.84	668.76	669.32 ^f	669.72 ^f	671.49
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ¹⁰												
11 Total reserves ¹¹	45.21	41.65	38.47	41.08	40.30	40.90	40.24	38.57	39.39	39.86	38.92	38.69
12 Nonborrowed reserves	45.09	41.33	38.26	41.01	40.22	40.83	40.13	38.43	39.20	39.53	38.69	38.55
13 Nonborrowed reserves plus extended credit ⁵	45.09	41.33	38.26	41.01	40.22	40.83	40.13	38.43	39.20	39.53	38.69	38.55
14 Required reserves	43.70	40.36	37.05	39.43	38.88	39.69	38.97	37.33	38.02	38.22	37.44	37.14
15 Monetary base ¹²	525.06	608.02	596.98	648.74	658.78	663.37	668.14	672.98	678.98	679.55 ^f	679.95 ^f	681.83
16 Excess reserves ¹³	1.51	1.30	1.43	1.65	1.41	1.21	1.27	1.24	1.37	1.64	1.48	1.56
17 Borrowings from the Federal Reserve .....	.12	.32	.21	.07	.08	.07	.11	.14	.19	.33	.23	.14

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 MEASURES¹

Billions of dollars, averages of daily figures

Item	1998 Dec.	1999 Dec.	2000 Dec.	2001 Dec.	2002			
					July ^r	Aug. ^r	Sept. ^r	Oct.
Seasonally adjusted								
<i>Measures²</i>								
1 M1	1,096.5	1,124.4	1,088.9	1,179.3	1,197.8	1,184.3	1,192.7	1,201.3
2 M2	4,383.9	4,654.2	4,938.6 ^r	5,458.1 ^r	5,639.2	5,684.6	5,709.5	5,758.9
3 M3	6,037.7 ^r	6,539.6 ^r	7,109.9 ^r	8,025.5 ^r	8,214.1	8,286.5	8,314.8	8,324.5
<i>M1 components</i>								
4 Currency ³	459.3	516.9	530.1	579.9	615.1	617.2	617.9	619.8
5 Travelers checks ⁴	8.2	8.3	8.0	7.8	8.6	8.4	8.0	7.7
6 Demand deposits ⁵	378.4	354.5	309.9	330.4	303.7	288.7	292.6	295.9
7 Other checkable deposits ⁶	250.5	244.7	240.9	261.2	270.5	270.0	274.2	277.8
<i>Nontransaction components</i>								
8 In M2 ⁷	3,287.4	3,529.8	3,849.7	4,278.8 ^r	4,441.4	4,500.3	4,516.8	4,557.6
9 In M3 only ⁸	1,653.8 ^r	1,885.4 ^r	2,171.3 ^r	2,567.5 ^r	2,574.9	2,601.9	2,605.4	2,565.7
<i>Commercial banks</i>								
10 Savings deposits, including MMDAs	1,187.5	1,289.1	1,423.7	1,745.8	1,911.8	1,964.0	1,989.9	2,016.3
11 Small time deposits ⁹	626.1	635.0	699.1	638.9	613.8	608.8	601.3	592.7
12 Large time deposits ^{10,11}	582.8	651.3	717.2	670.0	704.0	706.3	705.0	701.0
<i>Thrift institutions</i>								
13 Savings deposits, including MMDAs	414.7	449.7	452.1	561.8	641.4	654.5	668.4	692.5
14 Small time deposits ⁹	325.6	320.4	344.5	334.4	307.4	306.5	305.7	306.3
15 Large time deposits ¹⁰	88.6	91.1	102.9	114.0	110.3	111.8	112.8	114.6
<i>Money market mutual funds</i>								
16 Retail	733.6	835.7	930.2	997.8 ^r	967.0	966.4	951.5	949.8
17 Institution-only	540.1	638.6	796.6	1,206.5	1,191.6	1,190.1	1,176.4	1,140.8
<i>Repurchase agreements and eurodollars</i>								
18 Repurchase agreements ¹²	293.4	335.9	364.0	375.7	372.8	398.1	417.7	415.9
19 Eurodollars ¹²	148.8 ^r	168.5 ^r	190.7 ^r	201.2 ^r	196.2	195.6	193.6	193.4
Not seasonally adjusted								
<i>Measures²</i>								
20 M1	1,120.4	1,148.3	1,112.3	1,203.5	1,195.4	1,179.4	1,184.0	1,195.1
21 M2	4,404.0	4,675.0	4,962.3 ^r	5,483.0 ^r	5,612.9	5,659.1	5,685.3	5,725.2
22 M3	6,066.5 ^r	6,571.1 ^r	7,145.0 ^r	8,063.8 ^r	8,164.7	8,234.7	8,246.9	8,257.7
<i>M1 components</i>								
23 Currency ³	463.3	521.5	535.2	584.9	615.3	616.3	616.0	617.9
24 Travelers checks ⁴	8.4	8.4	8.1	7.9	8.2	8.1	7.8	7.7
25 Demand deposits ⁵	395.9	371.8	326.5	348.2	303.9	287.4	289.5	295.1
26 Other checkable deposits ⁶	252.8	246.6	242.5	262.5	268.0	267.7	270.6	274.5
<i>Nontransaction components</i>								
27 In M2 ⁷	3,283.6	3,526.7	3,849.9	4,279.5 ^r	4,417.5	4,479.7	4,501.4	4,530.0
28 In M3 only ⁸	1,662.5 ^r	1,896.2 ^r	2,182.8 ^r	2,580.7 ^r	2,551.7	2,575.6	2,561.6	2,532.5
<i>Commercial banks</i>								
29 Savings deposits, including MMDAs	1,186.0	1,288.8	1,426.9	1,750.2	1,907.9	1,957.5	1,985.6	2,000.9
30 Small time deposits ⁹	626.5	635.7	700.0	639.6	611.8	608.0	601.8	594.3
31 Large time deposits ^{10,11}	583.1	651.7	717.6	670.1	703.7	703.7	702.6	699.9
<i>Thrift institutions</i>								
32 Savings deposits, including MMDAs	414.2	449.6	453.1	563.2	640.1	652.4	667.0	687.2
33 Small time deposits ⁹	325.8	320.8	345.0	334.8	306.4	306.1	306.0	307.1
34 Large time deposits ¹⁰	88.6	91.2	103.0	114.0	110.3	111.4	112.4	114.4
<i>Money market mutual funds</i>								
35 Retail	731.1	832.0 ^r	925.0 ^r	991.7 ^r	951.3	955.8	941.0	940.5
36 Institution-only	549.5	648.2	805.6	1,217.7	1,169.2	1,170.0	1,143.9	1,118.9
<i>Repurchase agreements and eurodollars</i>								
37 Repurchase agreements ¹²	290.4	334.7	364.2	376.5	374.0	397.4	411.2	408.8
38 Eurodollars ¹²	150.8 ^r	170.4 ^r	192.4 ^r	202.4 ^r	194.6	193.2	191.6	190.6

Footnotes appear on following page.

NOTES TO TABLE 1.21

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

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

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

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

M3: M2 plus (1) large-denomination time deposits (in amounts of \$100,000 or more) issued by all depository institutions, (2) balances in institutional money funds, (3) RP liabilities (overnight and term) issued by all depository institutions, and (4) eurodollars (overnight and term) held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada. Excludes amounts held by deposit-

ory institutions, the U.S. government, money market funds, and foreign banks and official institutions. Seasonally adjusted M3 is calculated by summing large time deposits, institutional money fund balances, RP liabilities, and eurodollars, each seasonally adjusted separately, and adding this result to seasonally adjusted M2.

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

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

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

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

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

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

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

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

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

12. Includes both overnight and term.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities¹—Continued

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages							Wednesday figures				
	2001	2002						2002				
	Oct.	Apr. ¹	May ²	June ³	July ⁴	Aug. ⁵	Sept. ⁶	Oct.	Oct. 9	Oct. 16	Oct. 23	Oct. 30
	Seasonally adjusted											
Assets												
1 Bank credit	2,646.2	2,567.5	2,583.2	2,602.7	2,636.4	2,684.2	2,720.9	2,734.5	2,740.5	2,720.0	2,728.8	2,745.2
2 Securities in bank credit	644.8	645.4	664.1	683.6	713.3	736.6	745.5	743.3	747.9	715.4	741.6	761.2
3 U.S. government securities	366.0	383.7	390.5	400.2	410.9	427.5	432.0	435.3	429.7	414.9	448.3	446.0
4 Trading account	35.8	38.1	43.0	42.4	43.1	48.0	42.6	37.8	35.1	35.3	39.7	39.5
5 Investment account	330.2	345.5	347.6	357.8	367.9	379.5	389.4	397.5	394.6	379.6	408.6	406.5
6 Other securities	278.8	261.8	273.6	283.5	302.3	309.1	313.5	308.0	318.3	300.4	293.3	315.2
7 Trading account	165.7	128.2	140.5	148.3	168.8	174.5	172.7	161.5	171.6	153.6	147.7	168.8
8 Investment account	113.1	133.6	133.1	135.2	133.5	134.6	140.8	146.5	146.6	146.8	145.6	146.4
9 State and local government	26.8	27.2	26.9	27.3	28.3	28.0	28.4	28.7	28.6	28.6	28.9	28.7
10 Other	86.3	106.4	106.2	107.8	105.3	106.5	112.4	117.8	118.1	118.2	116.8	117.7
11 Loans and leases in bank credit ²	2,001.4	1,922.0	1,919.1	1,919.1	1,923.1	1,947.6	1,975.5	1,991.2	1,992.6	2,004.7	1,987.1	1,984.0
12 Commercial and industrial	556.2	511.8	504.7	500.6	489.2	488.2	484.7	483.0	481.4	485.3	483.4	482.3
13 Bankers acceptances	.0	.0	.0	.0	.0	.0	.0	.0	n.a.	n.a.	n.a.	n.a.
14 Other	556.2	511.8	504.7	500.6	489.2	488.2	484.7	483.0	481.4	485.3	483.4	482.3
15 Real estate	853.9	848.4	849.7	862.9	883.0	902.0	922.9	942.3	943.9	941.4	939.6	946.2
16 Revolving home equity	95.7	108.8	112.4	116.8	121.6	124.5	126.8	129.5	129.1	129.7	129.5	130.0
17 Other	758.1	739.6	737.4	746.0	761.4	777.5	796.1	812.8	814.8	811.7	810.1	816.2
18 Consumer	245.8	247.0	246.8	242.6	243.3	248.8	254.3	255.3	255.2	255.7	254.5	256.2
19 Security ³	70.9	75.7	81.5	76.6	78.8	77.5	77.8	77.0	80.8	84.8	77.5	67.4
20 Federal funds sold to and repurchase agreements with broker-dealers	57.3	63.4	69.2	64.6	66.3	66.2	67.8	66.7	71.0	74.5	67.6	56.2
21 Other	13.6	12.3	12.3	12.0	12.5	11.3	10.0	10.3	9.8	10.3	9.9	11.2
22 State and local government	15.3	13.1	13.0	13.0	12.8	12.9	13.0	12.9	13.3	13.1	13.1	12.1
23 Agricultural	9.9	9.3	9.3	9.1	9.0	8.2	8.2	8.1	8.0	8.1	8.1	8.2
24 Federal funds sold to and repurchase agreements with others	30.4	22.3	19.0	17.4	13.6	16.5	19.6	19.0	17.5	20.7	17.5	19.9
25 All other loans	82.6	65.2	67.3	70.1	67.2	67.5	69.2	69.4	68.1	71.2	69.2	68.0
26 Lease-financing receivables	136.4	129.2	127.8	126.8	126.3	126.1	125.9	124.2	124.3	124.3	124.1	123.9
27 Interbank loans	175.7	159.7	169.7	161.8	163.4	174.8	180.3	180.0	175.7	185.5	182.1	174.2
28 Federal funds sold to and repurchase agreements with commercial banks	95.8	86.4	85.5	75.6	75.7	85.1	87.4	82.4	76.9	88.3	81.4	79.2
29 Other	79.8	73.3	84.2	86.2	87.7	89.7	92.8	97.6	98.7	97.2	100.7	94.9
30 Cash assets ⁴	155.3	139.8	141.2	143.1	142.4	146.8	144.3	143.8	129.1	149.3	145.4	149.3
31 Other assets ⁵	332.8	303.9	309.5	304.3	310.5	319.0	313.7	321.7	326.7	316.5	325.5	322.0
32 Total assets⁶	3,269.4	3,126.6	3,159.4	3,167.8	3,208.6	3,281.5	3,316.2	3,337.0	3,329.2	3,328.2	3,338.6	3,347.5
Liabilities												
33 Deposits	1,806.1	1,819.8	1,815.1	1,817.9	1,847.2	1,872.9	1,883.6	1,899.9	1,884.3	1,913.2	1,896.1	1,900.5
34 Transaction	326.1	289.8	291.3	286.9	292.4	282.6	268.5	287.1	253.2	289.1	301.0	315.0
35 Nontransaction	1,480.0	1,530.1	1,523.8	1,530.9	1,554.8	1,590.3	1,615.1	1,612.8	1,631.0	1,624.1	1,595.1	1,585.4
36 Large time	262.8	247.5	248.9	244.0	261.2	268.0	271.6	272.5	274.9	267.9	270.6	273.7
37 Other	1,217.2	1,282.6	1,274.9	1,286.9	1,293.6	1,322.3	1,343.5	1,340.3	1,356.1	1,356.2	1,324.5	1,311.7
38 Borrowings	690.1	648.2	667.0	657.1	643.6	677.9	673.2	668.8	661.1	666.3	674.8	672.6
39 From banks in the U.S.	222.2	193.1	194.1	187.9	191.2	200.9	206.5	205.3	202.9	207.8	200.5	208.6
40 From others	467.9	455.0	472.9	469.2	452.5	477.0	466.7	463.5	458.2	458.5	474.3	464.0
41 Net due to related foreign offices	183.9	167.6	168.1	163.9	171.2	171.2	175.5	179.5	183.1	177.2	182.4	179.5
42 Other liabilities	230.8	181.2	189.3	210.7	233.6	244.0	254.7	251.4	265.8	241.0	236.6	257.4
43 Total liabilities	2,910.9	2,816.8	2,839.5	2,849.5	2,895.6	2,966.0	2,986.9	2,999.6	2,994.3	2,997.7	2,989.8	3,010.0
44 Residual (assets less liabilities) ⁷	358.4	309.8	319.9	318.2	313.0	315.5	329.2	337.4	334.9	330.5	348.8	337.5

Footnotes appear on p. A21.

A18 Domestic Financial Statistics □ January 2003

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities¹—Continued

C. Large domestically chartered commercial banks—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2001	2002							2002			
	Oct.	Apr. ²	May ²	June ²	July ²	Aug. ²	Sept. ²	Oct.	Oct. 9	Oct. 16	Oct. 23	Oct. 30
	Not seasonally adjusted											
<i>Assets</i>												
45 Bank credit	2,643.9	2,567.1	2,583.2	2,602.9	2,621.1	2,670.9	2,715.4	2,733.2	2,736.0	2,720.3	2,721.6	2,749.6
46 Securities in bank credit	645.5	643.5	662.1	680.0	701.2	730.3	742.8	743.8	747.9	714.0	739.6	766.0
47 U.S. government securities	363.8	384.2	389.0	397.9	404.8	423.6	429.6	432.7	426.7	411.4	443.5	445.9
48 Trading account	35.5	38.2	42.8	42.2	42.4	47.6	42.4	37.6	34.8	35.1	39.2	39.5
49 Investment account	328.3	346.0	346.2	355.7	362.3	376.0	387.2	395.1	391.9	376.3	404.3	406.4
50 Mortgage-backed securities	261.5	268.1	272.1	277.5	287.3	304.5	308.0	312.9	306.1	292.1	324.2	327.5
51 Other	66.8	77.8	74.1	78.2	75.0	71.5	79.1	82.2	85.8	84.3	80.1	78.9
52 One year or less	16.7	18.4	16.1	14.9	18.7	17.4	19.9	21.9	21.2	21.9	22.5	21.9
53 One to five years	32.2	46.5	45.1	50.0	43.7	42.2	46.3	50.0	53.3	51.8	47.8	47.6
54 More than five years	17.9	12.9	12.9	13.3	12.7	11.8	12.9	10.4	11.3	10.6	9.8	9.4
55 Other securities	281.6	259.4	273.1	282.1	296.5	306.7	313.2	311.2	321.2	302.6	296.1	320.1
56 Trading account	167.4	127.0	140.2	147.5	165.5	173.1	172.6	163.2	173.2	154.8	149.1	171.4
57 Investment account	114.2	132.4	132.9	134.5	131.0	133.6	140.7	148.0	148.0	147.9	147.0	148.7
58 State and local government	27.1	27.0	26.9	27.2	27.7	27.8	28.4	29.0	28.8	28.8	29.2	29.1
59 Other	87.2	105.4	106.0	107.3	103.3	105.7	112.3	119.0	119.2	119.0	117.9	119.6
60 Loans and leases in bank credit ³	1,998.5	1,923.6	1,921.0	1,922.9	1,919.9	1,940.6	1,972.6	1,989.4	1,988.1	2,006.2	1,982.0	1,983.6
61 Commercial and industrial	557.1	515.2	508.2	501.8	488.9	485.8	484.3	483.7	482.2	486.4	483.0	483.2
62 Bankers acceptances	.0	.0	.0	.0	.0	.0	.0	.0	.0	n.a.	n.a.	n.a.
63 Other	557.1	515.2	508.2	501.8	488.9	485.8	484.3	483.7	482.2	486.4	483.0	483.2
64 Real estate	852.8	847.2	853.2	864.8	883.2	902.5	923.3	941.2	943.7	941.0	936.7	944.7
65 Revolving home equity	95.8	108.4	112.9	117.3	121.9	124.9	127.3	129.5	129.0	129.8	129.4	130.0
66 Other	440.5	426.0	426.6	435.6	449.2	464.9	482.7	495.8	500.0	496.0	490.7	497.0
67 Commercial	316.6	312.8	313.7	311.9	312.1	312.7	313.3	315.9	314.6	315.2	316.6	317.6
68 Consumer	242.9	247.4	247.5	242.5	241.4	246.6	251.8	252.4	251.5	252.4	251.7	253.9
69 Credit cards and related plans	75.8	74.2	74.2	71.9	70.7	73.4	75.7	74.6	74.2	74.7	74.0	75.5
70 Other	167.1	173.2	173.2	170.6	170.7	173.2	176.0	177.8	177.3	177.7	177.7	178.5
71 Security ³	73.1	74.0	76.4	77.3	77.7	76.4	79.0	79.3	80.8	88.5	80.9	70.3
72 Federal funds sold to and repurchase agreements with broker-dealers	59.0	62.0	64.9	65.2	65.4	65.2	68.9	68.7	71.0	77.7	70.6	58.6
73 Other	14.0	12.1	11.5	12.1	12.3	11.2	10.1	10.6	9.8	10.8	10.3	11.7
74 State and local government	15.3	13.1	13.0	13.0	12.8	12.9	13.0	12.9	13.3	13.1	13.1	12.1
75 Agricultural	9.9	9.2	9.3	9.3	9.2	8.3	8.2	8.0	8.0	8.1	8.0	8.1
76 Federal funds sold to and repurchase agreements with others	29.3	22.3	19.0	17.4	13.6	16.5	19.6	19.0	17.5	20.7	17.5	19.9
77 All other loans	82.4	65.3	66.7	70.5	67.4	67.0	69.4	69.3	67.3	72.3	67.7	68.2
78 Lease-financing receivables	135.7	129.8	127.8	126.4	125.6	124.8	124.0	123.6	123.8	123.8	123.3	123.3
79 Interbank loans	171.5	163.5	170.9	166.9	162.4	170.2	175.3	175.7	167.0	181.9	173.2	176.8
80 Federal funds sold to and repurchase agreements with commercial banks	93.5	88.5	86.1	77.9	75.3	82.9	85.1	80.4	73.2	86.6	77.4	80.4
81 Other	77.9	75.0	84.8	88.9	87.2	87.3	90.2	95.2	93.9	95.3	95.8	96.4
82 Cash assets ⁴	155.8	142.4	140.7	139.0	137.0	137.8	141.5	144.7	128.2	164.1	135.6	150.7
83 Other assets ⁵	332.0	304.5	309.1	303.8	310.4	316.8	315.7	321.0	327.6	316.0	318.5	322.8
84 Total assets⁶	3,263.1	3,133.6	3,159.6	3,168.3	3,187.0	3,252.2	3,304.6	3,331.9	3,316.1	3,339.5	3,306.3	3,357.1
<i>Liabilities</i>												
85 Deposits	1,802.3	1,827.3	1,809.6	1,816.4	1,839.1	1,856.5	1,874.9	1,896.9	1,887.0	1,923.2	1,871.4	1,898.0
86 Transaction	321.5	297.1	288.5	285.4	287.4	271.1	264.1	283.1	248.3	295.8	283.1	314.5
87 Nontransaction	1,480.8	1,530.2	1,521.2	1,531.0	1,551.7	1,585.4	1,610.8	1,613.8	1,638.7	1,627.4	1,588.3	1,583.5
88 Large time	264.0	245.8	247.1	243.3	259.1	266.3	269.0	273.7	275.9	268.6	272.0	276.3
89 Other	1,216.9	1,284.5	1,274.1	1,287.7	1,292.6	1,319.0	1,341.8	1,340.0	1,362.8	1,358.8	1,316.3	1,307.3
90 Borrowings	691.9	654.3	673.4	656.2	633.6	657.5	670.6	670.8	658.9	671.1	674.0	677.9
91 From banks in the U.S.	220.3	198.1	195.3	185.4	187.1	195.7	199.7	203.6	200.4	207.9	197.9	207.5
92 From nonbanks in the U.S.	471.6	456.2	478.1	470.7	446.4	461.9	470.9	467.2	458.5	463.2	476.1	470.4
93 Net due to related foreign offices	184.8	160.8	167.8	162.6	166.0	170.2	175.0	180.2	179.1	176.0	185.5	184.7
94 Other liabilities	231.7	174.5	188.8	209.1	227.2	242.5	254.2	252.2	260.7	239.4	239.9	264.3
95 Total liabilities	2,910.8	2,817.0	2,839.6	2,844.3	2,865.9	2,926.7	2,974.6	3,000.1	2,985.8	3,009.7	2,970.8	3,024.9
96 Residual (assets less liabilities) ⁷	352.3	316.6	320.0	324.0	321.1	325.5	330.0	331.8	330.4	329.8	335.5	332.1

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities¹—Continued

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2001	2002							2002			
		Oct.	Apr. ^f	May ^f	June ^f	July ^f	Aug. ^f	Sept. ^f	Oct.	Oct. 9	Oct. 16	Oct. 23	Oct. 30
Seasonally adjusted												
<i>Assets</i>												
1 Bank credit	2,184.1	2,283.9	2,327.3	2,345.3	2,355.8	2,381.9	2,403.5	2,423.4	2,416.5	2,419.2	2,425.1	2,434.0
2 Securities in bank credit	594.3	630.8	644.4	647.3	647.8	653.4	657.1	661.0	660.9	658.6	659.6	664.1
3 U.S. government securities	380.1	415.0	432.3	437.3	436.7	441.9	449.1	452.9	453.3	449.8	451.1	456.4
4 Other securities	214.2	215.9	212.2	210.0	211.1	211.5	208.0	208.1	207.6	208.8	208.5	207.7
5 Loans and leases in bank credit ²	1,589.9	1,653.0	1,682.9	1,698.0	1,708.0	1,728.5	1,746.4	1,762.4	1,755.6	1,760.6	1,765.4	1,769.9
6 Commercial and industrial	298.6	299.2	300.8	301.8	303.9	306.4	307.6	308.1	308.2	307.6	307.6	308.8
7 Real estate	880.3	928.1	950.1	959.1	969.9	981.7	994.6	1,007.3	1,003.4	1,005.1	1,008.4	1,014.1
8 Revolving home equity	55.0	63.3	67.4	69.5	71.7	73.4	74.4	75.8	75.6	75.6	76.0	76.3
9 Other	825.3	864.8	882.7	889.6	898.2	908.3	920.2	931.5	927.9	929.5	932.4	937.7
10 Consumer	305.3	320.9	324.3	328.0	323.9	328.6	331.1	332.1	329.8	333.2	333.5	332.4
11 Security ³	7.8	7.2	7.3	7.6	7.8	8.1	8.3	8.4	8.3	8.5	8.5	8.4
12 Other loans and leases	97.9	97.6	100.4	101.5	102.5	103.8	104.9	106.4	105.9	106.2	107.5	106.3
13 Interbank loans	102.2	89.1	95.3	100.4	107.2	110.7	113.6	118.4	113.2	118.3	122.5	121.1
14 Cash assets ⁴	108.1	113.8	115.6	118.8	120.9	123.4	124.4	126.1	119.9	128.0	130.2	126.2
15 Other assets ⁵	130.1	147.4	147.9	146.4	146.1	152.3	155.5	154.4	154.9	154.9	151.8	154.0
16 Total assets⁶	2,494.7	2,603.4	2,655.0	2,679.7	2,698.9	2,736.7	2,765.0	2,789.7	2,771.5	2,787.8	2,796.9	2,802.6
<i>Liabilities</i>												
17 Deposits	1,952.0	2,007.5	2,045.9	2,066.7	2,082.3	2,106.0	2,116.7	2,130.1	2,114.1	2,133.6	2,132.3	2,140.1
18 Transaction	303.9	301.6	307.3	300.9	311.2	307.7	306.4	315.5	296.7	309.9	325.1	335.7
19 Nontransaction	1,648.2	1,705.9	1,738.6	1,765.8	1,771.1	1,798.3	1,810.3	1,814.6	1,817.4	1,823.6	1,807.2	1,804.4
20 Large time	310.1	301.4	301.8	300.7	302.0	302.5	303.0	305.5	304.8	305.7	305.7	306.1
21 Other	1,338.0	1,404.5	1,436.8	1,465.1	1,469.1	1,495.8	1,507.2	1,509.1	1,512.6	1,518.0	1,501.5	1,498.3
22 Borrowings	370.2	381.2	388.4	390.4	394.5	409.3	426.2	429.9	425.7	426.0	435.8	431.4
23 From banks in the U.S.	166.9	167.1	169.9	171.0	174.2	182.3	186.7	185.9	184.9	186.2	190.9	182.0
24 From others	203.3	214.1	218.5	219.3	220.2	226.9	239.4	244.0	240.8	239.8	244.8	249.4
25 Net due to related foreign offices	9.6	9.7	11.6	11.7	9.8	8.5	8.6	12.3	13.8	14.0	11.0	12.2
26 Other liabilities	64.2	71.5	74.9	76.3	76.1	78.9	80.3	80.6	79.5	80.3	80.9	81.9
27 Total liabilities	2,396.0	2,470.0	2,520.8	2,545.0	2,562.7	2,602.6	2,631.7	2,652.9	2,633.0	2,653.8	2,659.9	2,665.6
28 Residual (assets less liabilities) ⁷	98.7	133.4	134.2	134.7	136.2	134.1	133.2	136.8	138.5	134.0	137.0	137.0
Not seasonally adjusted												
<i>Assets</i>												
29 Bank credit	2,189.1	2,281.0	2,325.2	2,342.7	2,350.5	2,378.9	2,405.6	2,428.8	2,419.5	2,425.6	2,430.9	2,441.2
30 Securities in bank credit	593.3	632.1	643.6	646.8	645.7	651.1	656.0	659.8	659.4	657.2	658.4	663.5
31 U.S. government securities	379.1	416.2	431.5	436.8	434.5	439.5	448.0	451.7	451.7	448.5	449.9	455.8
32 Other securities	214.2	215.9	212.2	210.0	211.1	211.5	208.0	208.1	207.6	208.8	208.5	207.7
33 Loans and leases in bank credit ²	1,595.8	1,648.9	1,681.5	1,695.8	1,704.8	1,727.9	1,749.5	1,769.0	1,760.1	1,768.4	1,772.4	1,777.7
34 Commercial and industrial	298.5	301.1	303.2	303.9	304.4	304.8	305.9	308.0	307.7	307.8	307.8	308.7
35 Real estate	883.1	926.1	949.3	958.2	969.0	982.4	996.3	1,010.6	1,005.8	1,008.6	1,011.9	1,018.0
36 Revolving home equity	55.4	63.1	67.2	69.3	71.2	73.2	74.9	76.4	76.0	76.2	76.6	77.0
37 Other	827.7	863.0	882.1	888.9	897.8	909.2	921.4	934.2	929.8	932.4	935.3	941.0
38 Consumer	308.6	317.1	321.8	324.0	319.9	327.3	333.1	335.7	331.6	336.9	338.3	336.9
39 Credit cards and related plans	140.5	149.3	148.6	149.2	144.7	151.1	155.6	157.7	154.0	158.9	160.2	158.6
40 Other	168.1	167.7	173.2	174.9	175.2	176.2	177.5	178.0	177.6	178.0	178.1	178.4
41 Security ³	7.7	7.4	7.1	7.4	7.7	8.0	8.1	8.3	8.3	8.4	8.2	8.4
42 Other loans and leases	97.9	97.3	100.1	102.2	103.8	105.3	106.1	106.4	106.7	106.7	106.3	105.7
43 Interbank loans	101.4	95.1	90.7	97.4	102.3	108.9	110.9	117.4	118.1	118.8	116.7	118.5
44 Cash assets ⁴	108.5	112.2	115.0	117.2	119.0	119.6	124.0	126.6	121.5	134.9	122.4	127.2
45 Other assets ⁵	130.1	147.4	147.9	146.4	146.1	152.3	155.5	154.4	154.9	154.9	151.8	154.0
46 Total assets⁶	2,499.3	2,604.9	2,647.6	2,672.4	2,686.8	2,728.1	2,763.9	2,794.6	2,779.9	2,801.6	2,789.0	2,808.3
<i>Liabilities</i>												
47 Deposits	1,947.7	2,020.5	2,039.2	2,057.8	2,070.1	2,089.9	2,105.3	2,125.4	2,116.9	2,135.6	2,114.9	2,132.7
48 Transaction	302.6	303.3	302.5	299.8	308.8	304.0	304.5	314.2	297.6	313.3	315.7	334.9
49 Nontransaction	1,645.1	1,717.2	1,736.7	1,758.0	1,761.4	1,785.9	1,800.8	1,811.2	1,819.3	1,822.3	1,799.2	1,797.8
50 Large time	310.1	301.4	301.8	300.7	302.0	302.5	303.0	305.5	304.8	305.7	305.7	306.1
51 Other	1,334.9	1,415.8	1,434.9	1,457.4	1,459.4	1,483.4	1,497.8	1,505.7	1,514.5	1,516.7	1,493.6	1,491.7
52 Borrowings	370.2	381.2	388.4	390.4	394.5	409.3	426.2	429.9	425.7	426.0	435.8	431.4
53 From banks in the U.S.	166.9	167.1	169.9	171.0	174.2	182.3	186.7	185.9	184.9	186.2	190.9	182.0
54 From others	203.3	214.1	218.5	219.3	220.2	226.9	239.4	244.0	240.8	239.8	244.8	249.4
55 Net due to related foreign offices	9.6	9.7	11.6	11.7	9.8	8.5	8.6	12.3	13.8	14.0	11.0	12.2
56 Other liabilities	64.2	71.5	74.9	76.3	76.1	78.9	80.3	80.6	79.5	80.3	80.9	81.9
57 Total liabilities	2,391.6	2,482.9	2,514.2	2,536.1	2,550.5	2,586.5	2,620.4	2,648.2	2,635.9	2,655.8	2,642.6	2,658.2
58 Residual (assets less liabilities) ⁷	107.7	122.0	133.4	136.3	136.3	141.5	143.5	146.4	144.0	145.8	146.4	150.1

Footnotes appear on p. A21.

A20 Domestic Financial Statistics □ January 2003

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities¹—Continued

E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2001	2002							2002			
	Oct.	Apr.	May	June	July	Aug. ¹	Sept. ¹	Oct.	Oct. 9	Oct. 16	Oct. 23	Oct. 30
Seasonally adjusted												
Assets												
1 Bank credit	592.6 ^f	598.1 ^f	597.2 ^f	605.6 ^f	608.9 ^f	617.8	616.3	610.7	614.5	607.8	611.6	608.8
2 Securities in bank credit	231.7	225.4	228.4	234.9	236.2	246.3	244.0	239.5	244.0	237.4	234.8	238.7
3 U.S. government securities	78.9	70.9 ^f	72.4 ^f	74.9 ^f	75.0 ^f	81.4	86.6	87.6	88.4	86.7	85.5	88.9
4 Other securities	152.9	154.5 ^f	156.0 ^f	160.0 ^f	161.2 ^f	164.8	157.4	151.9	155.7	150.7	149.3	149.9
5 Loans and leases in bank credit ²	360.9 ^f	372.7 ^f	368.8 ^f	370.7 ^f	372.7 ^f	371.6	372.2	371.2	370.5	370.4	376.8	370.1
6 Commercial and industrial	196.8	198.0	198.7	194.6 ^f	190.5 ^f	189.2	184.6	181.0	180.0	182.2	182.3	180.2
7 Real estate	18.8	19.4	19.4	19.6	19.8	19.8	19.9	20.5	20.0	20.4	20.6	21.1
8 Security ³	75.4	84.1 ^f	79.9 ^f	85.0 ^f	89.7 ^f	90.2	94.7	96.4	96.6	93.8	100.4	96.3
9 Other loans and leases	69.8	71.2	70.8	71.5	72.7	72.4	72.9	73.3	73.9	73.9	73.6	72.5
10 Interbank loans	23.7	21.9	23.4	20.2	17.3	18.1	21.1	24.6	21.6	23.3	25.4	29.5
11 Cash assets ⁴	39.0 ^f	46.5 ^f	45.1 ^f	45.3 ^f	44.9 ^f	44.7	43.5	42.7	43.8	43.0	42.0	42.2
12 Other assets ⁵	33.0	30.9	30.6	32.8	33.7	33.4	32.1	35.8	33.8	35.9	34.7	38.8
13 Total assets⁶	687.8^f	697.0	695.9^f	703.5^f	704.4^f	713.7	712.6	713.4	713.5	709.7	713.3	719.0
Liabilities												
14 Deposits	423.4	506.9	507.6	508.3	503.7	497.1	485.6	463.5	473.8	465.2	459.5	457.3
15 Transaction	10.9	10.6	10.9	10.9	10.6	10.9	11.0	10.6	11.2	11.3	10.1	9.7
16 Nontransaction	412.6	496.3	496.7	497.3	493.1	486.2	474.6	452.8	462.5	453.9	449.4	447.6
17 Borrowings	205.9	190.6	190.1	193.8	203.1	214.7	223.6	228.7	226.2	228.6	220.9	236.6
18 From banks in the U.S.	23.4	22.3	21.1	21.4	21.2	22.4	23.8	24.1	22.8	26.8	21.8	24.0
19 From others	182.5	168.3	169.1	172.4	181.9	192.3	199.8	204.5	203.4	201.7	199.1	212.7
20 Net due to related foreign offices	-15.3	-73.6	-87.6	-84.7	-90.5	-88.9	-84.5	-69.3	-81.5	-68.7	-55.1	-68.9
21 Other liabilities	78.4	68.0	72.6	81.7	87.5	93.4	89.8	95.6	97.5	93.7	91.6	99.3
22 Total liabilities	692.4	691.8	682.7	699.1	703.7	716.3	714.4	718.4	716.0	718.8	716.9	724.4
23 Residual (assets less liabilities) ⁷	-4.5	5.2	13.2 ^f	4.5	6 ^f	-2.6	-1.8	-5.0	-2.6	-9.1	-3.5	-5.4
Not seasonally adjusted												
Assets												
24 Bank credit	592.7 ^f	598.1 ^f	593.2 ^f	602.6 ^f	602.8	611.7	612.9	610.7	609.5	608.0	611.0	613.8
25 Securities in bank credit	231.7	225.4	228.4	234.9	236.2	246.3	244.0	239.5	244.0	237.4	234.8	238.7
26 U.S. government securities	78.9	70.9 ^f	72.4 ^f	74.9 ^f	75.0 ^f	81.4	86.6	87.6	88.4	86.7	85.5	88.9
27 Trading account	15.7	9.3	10.0	10.4	10.5	12.8	14.3	14.7	14.8	14.9	14.1	14.3
28 Investment account	63.1	61.7 ^f	62.3 ^f	64.5 ^f	64.5 ^f	68.6	72.3	72.9	73.6	71.8	71.4	74.6
29 Other securities	152.9	154.5 ^f	156.0 ^f	160.0 ^f	161.2 ^f	164.8	157.4	151.9	155.7	150.7	149.3	149.9
30 Trading account	104.0	96.3	98.5	102.7	106.8	108.8	103.0	98.5	102.1	97.3	95.9	96.6
31 Investment account	48.9	58.1 ^f	57.6 ^f	57.3 ^f	54.4 ^f	56.0	54.4	53.5	53.6	53.4	53.4	53.2
32 Loans and leases in bank credit ²	360.9 ^f	372.7 ^f	364.8 ^f	367.7 ^f	366.7	365.4	368.9	371.2	365.4	370.6	376.2	375.1
33 Commercial and industrial	197.6	196.8	196.4	193.5 ^f	189.2 ^f	187.6	184.6	181.6	180.0	182.5	182.6	181.9
34 Real estate	18.8	19.4	19.4	19.6	19.8	19.8	19.9	20.5	20.0	20.4	20.6	21.1
35 Security ³	75.5 ^f	84.7 ^f	78.7 ^f	83.4 ^f	86.3 ^f	86.9	91.9	96.5	92.9	94.5	100.5	100.0
36 Other loans and leases	69.0	71.9	70.4	71.2	71.4	71.1	72.5	72.5	72.4	73.2	72.6	72.0
37 Interbank loans	23.7	21.9	23.4	20.2	17.3	18.1	21.1	24.6	21.6	23.3	25.4	29.5
38 Cash assets ⁴	39.8 ^f	44.6 ^f	43.6 ^f	43.3 ^f	43.1 ^f	43.3	43.5	43.6	43.5	43.8	43.0	44.2
39 Other assets ⁵	32.4	30.7	30.7	31.4	32.4	32.9	32.7	35.2	33.7	35.4	33.7	37.7
40 Total assets⁶	688.2	694.9	690.5^f	697.1^f	695.2^f	705.6	709.9	713.7	707.9	710.1	712.7	724.7
Liabilities												
41 Deposits	416.8	510.7	512.7	506.4	494.6	482.6	473.6	456.1	463.8	454.7	453.4	453.6
42 Transaction	11.0	10.1	10.5	10.6	10.6	10.6	11.1	10.8	10.9	11.6	10.2	10.1
43 Nontransaction	405.8	500.6	502.2	495.8	484.1	472.0	462.4	445.4	452.9	443.1	443.2	443.4
44 Borrowings	205.9	190.6	190.1	193.8	203.1	214.7	223.6	228.7	226.2	228.6	220.9	236.6
45 From banks in the U.S.	23.4	22.3	21.1	21.4	21.2	22.4	23.8	24.1	22.8	26.8	21.8	24.0
46 From others	182.5	168.3	169.1	172.4	181.9	192.3	199.8	204.5	203.4	201.7	199.1	212.7
47 Net due to related foreign offices	-16.8	-75.5	-87.7	-87.3	-94.4	-90.8	-83.5	-70.6	-83.5	-70.4	-56.5	-69.1
48 Other liabilities	77.7	67.3	72.5	80.4	85.3	92.2	90.3	94.8	96.3	92.7	90.8	99.2
49 Total liabilities	683.6	693.1	687.7	693.3	688.6	698.7	704.0	709.0	702.7	705.5	708.5	720.2
50 Residual (assets less liabilities) ⁷	4.5 ^f	1.8 ^f	2.8 ^f	3.9	6.6 ^f	6.9	5.9	4.6	5.2	4.6	4.1	4.5

Footnotes appear on p. A21.

1.26 COMMERCIAL BANKS IN THE UNITED STATES Assets and Liabilities¹—Continued

F. Memo items
Billions of dollars

Account	Monthly averages								Wednesday figures			
	2001	2002							2002			
	Oct.	Apr.	May	June	July	Aug. ^f	Sept. ^f	Oct.	Oct. 9	Oct. 16	Oct. 23	Oct. 30
	Not seasonally adjusted											
MEMO												
<i>Large domestically chartered banks, adjusted for mergers</i>												
1 Revaluation gains on off-balance-sheet items ⁸	103.6	73.3	80.8	92.9	105.8	112.3	119.1	110.9	125.0	102.4	95.7	115.8
2 Revaluation losses on off-balance-sheet items ⁹	86.0	57.5	61.7	75.2	89.2	93.7	100.0	93.7	105.9	85.4	80.0	99.1
3 Mortgage-backed securities ⁹	284.0 ^f	302.2 ^f	306.3 ^f	312.7 ^f	320.1 ^f	338.2	343.6	354.9	347.4	333.3	365.9	371.1
4 Pass-through	215.3 ^f	203.3 ^f	210.5 ^f	224.6	236.3	253.4	254.7	261.3	252.8	240.4	274.9	276.0
5 CMO, REMIC, and other	68.7 ^f	98.9 ^f	95.8 ^f	88.1 ^f	83.7 ^f	84.8	88.9	93.6	94.7	92.8	91.0	95.1
6 Net unrealized gains (losses) on available-for-sale securities ¹⁰	9.2	1.4	4.3	6.6	8.6	9.7	12.4	12.9	13.7	12.5	12.0	13.1
7 Off-shore credit to U.S. residents ¹¹	20.0	19.7	19.6	19.6	19.1	19.0	19.0	18.4	18.6	18.3	18.4	18.5
8 Securitized consumer loans ¹²	101.9 ^f	98.5 ^f	98.6 ^f	102.6 ^f	106.4 ^f	104.6	103.8	105.2	104.7	104.6	105.4	105.9
9 Credit cards and related plans	91.4 ^f	86.6 ^f	87.2 ^f	90.5 ^f	91.3 ^f	89.5	89.1	90.9	90.5	90.5	91.3	91.2
10 Other	10.5	11.9	11.5	12.2	15.1	15.1	14.7	14.3	14.2	14.2	14.1	14.7
11 Securitized business loans ¹²	21.1	17.1	16.7	16.6	17.0	17.7	17.6	17.4	17.5	17.5	17.4	17.1
<i>Small domestically chartered commercial banks, adjusted for mergers</i>												
12 Mortgage-backed securities ⁹	257.1 ^f	287.9 ^f	302.4 ^f	305.3 ^f	305.0 ^f	307.1	312.8	315.4	315.9	313.3	313.3	318.6
13 Securitized consumer loans ¹²	238.0 ^f	243.9 ^f	244.5 ^f	244.3 ^f	239.8 ^f	238.1	235.8	234.8	236.3	233.1	233.9	235.7
14 Credit cards and related plans	229.6 ^f	235.9 ^f	237.0 ^f	237.3 ^f	236.2 ^f	235.0	232.7	231.6	233.0	229.8	230.6	232.4
15 Other	8.4	7.9	7.6	7.0	3.6	3.1	3.0	3.3	3.3	3.3	3.3	3.3
<i>Foreign-related institutions</i>												
16 Revaluation gains on off-balance-sheet items ⁸	62.6	46.3	49.8	54.8	60.7	64.9	62.2	59.6	62.3	58.2	56.8	59.2
17 Revaluation losses on off-balance-sheet items ⁹	54.4	39.9	42.8	49.3	57.6	65.3	62.0	59.4	63.6	58.0	56.1	58.3
18 Securitized business loans ¹²	13.5	11.3	10.5	9.9	9.4	9.1	8.1	7.7	7.8	7.7	7.7	7.6

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

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

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

The data for large and small domestic banks presented on pp. A17-19 are adjusted to remove the estimated effects of mergers between these two groups. The adjustment for mergers changes past levels to make them comparable with current levels. Estimated quantities of balance sheet items acquired in mergers are removed from past data for the bank group that contained the acquired bank and put into past data for the group containing the

acquiring bank. Balance sheet data for acquired banks are obtained from Call Reports, and a ratio procedure is used to adjust past levels.

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

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

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

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

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

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

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

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

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

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

12. Total amount outstanding.

1.32 COMMERCIAL PAPER OUTSTANDING

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					2002					
	1997	1998	1999	2000	2001	Apr	May	June	July	Aug.	Sept.
1 All issuers	966,699	1,163,303	1,403,023	1,615,341	1,438,764	1,351,516	1,366,259	1,327,569	1,345,922	1,375,414	1,338,119
Financial companies ¹											
2 Dealer-placed paper, total ²	513,307	614,142	786,643	973,060	989,364	972,268	989,957	986,489	959,798	863,215	856,037
3 Directly placed paper, total ³	252,536	322,030	337,240	298,848	224,553	196,056	199,572	169,193	206,942	343,733	322,729
4 Nonfinancial companies ⁴	200,857	227,132	279,140	343,433	224,847	183,192	176,730	171,887	179,182	168,466	159,353

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

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

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

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

1.33 PRIME RATE CHARGED BY BANKS Short-Term Business Loans¹

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1999—Jan. 1	7.75	1999	8.00	2000—Jan.	8.50	2001—Jan.	9.05
July 1	8.00	2000	9.23	Feb.	8.73	Feb.	8.50
Aug. 25	8.25	2001	6.91	Mar.	8.83	Mar.	8.32
Nov. 17	8.50			Apr.	9.00	Apr.	7.80
		1999—Jan.	7.75	May	9.24	May	7.24
2000—Feb. 3	8.75	Feb.	7.75	June	9.50	June	6.98
Mar. 22	9.00	Mar.	7.75	July	9.50	July	6.75
May 17	9.50	Apr.	7.75	Aug.	9.50	Aug.	6.67
		May	7.75	Sept.	9.50	Sept.	6.28
2001—Jan. 4	9.00	June	7.75	Oct.	9.50	Oct.	5.53
Feb. 1	8.50	July	8.00	Nov.	9.50	Nov.	5.10
Mar. 21	8.00	Aug.	8.06	Dec.	9.50	Dec.	4.84
Apr. 19	7.50	Sept.	8.25			2002—Jan.	4.75
May 16	7.00	Oct.	8.25			Feb.	4.75
June 28	6.75	Nov.	8.37			Mar.	4.75
Aug. 22	6.50	Dec.	8.50			Apr.	4.75
Sept. 18	6.00					May	4.75
Oct. 3	5.50					June	4.75
Nov. 7	5.00					July	4.75
Dec. 12	4.75					Aug.	4.75
						Sept.	4.75
2002—Nov. 7	4.25					Oct.	4.75
						Nov.	4.35

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

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

1.35 INTEREST RATES Money and Capital Markets

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

Item	1999	2000	2001	2002				2002, week ending				
				July	Aug.	Sept.	Oct.	Sept. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25
MONEY MARKET INSTRUMENTS												
1 Federal funds ^{1,2,3}	4.97	6.24	3.88	1.73	1.74	1.75	1.75	1.72	1.80	1.73	1.75	1.72
2 Discount window borrowing ^{2,4}	4.62	5.73	3.40	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
<i>Commercial paper</i> ^{3,5,6}												
Nonfinancial												
3 1-month	5.09	6.27	3.78	1.74	1.72	1.73	1.72	1.73	1.73	1.72	1.72	1.73
4 2-month	5.14	6.29	3.68	1.74	1.70	1.72	1.70	1.71	1.70	1.68	1.72	1.72
5 3-month	5.18	6.31	3.65	1.75	1.70	1.72	1.70	1.72	1.69	1.67	1.72	1.73
Financial												
6 1-month	5.11	6.28	3.80	1.74	1.72	1.74	1.73	1.75	1.74	1.72	1.74	1.74
7 2-month	5.16	6.30	3.71	1.75	1.72	1.74	1.72	1.74	1.72	1.71	1.73	1.75
8 3-month	5.22	6.33	3.65	1.76	1.71	1.74	1.71	1.73	1.70	1.70	1.74	1.76
<i>Certificates of deposit, secondary market</i> ^{3,7}												
9 1-month	5.19	6.35	3.84	1.78	1.76	1.78	1.77	1.78	1.77	1.77	1.78	1.78
10 3-month	5.33	6.46	3.71	1.79	1.73	1.76	1.73	1.75	1.72	1.72	1.78	1.78
11 6-month	5.46	6.59	3.66	1.84	1.72	1.74	1.69	1.72	1.65	1.66	1.77	1.78
12 Eurodollar deposits, 3-month ^{3,8}	5.31	6.45	3.70	1.78	1.72	1.75	1.73	1.74	1.71	1.71	1.77	1.77
<i>U.S. Treasury bills</i>												
Secondary market ^{3,5}												
13 4-week	n.a.	n.a.	2.43	1.69	1.66	1.65	1.60	1.64	1.58	1.58	1.63	1.65
14 3-month	4.64	5.82	3.40	1.68	1.62	1.63	1.58	1.62	1.55	1.56	1.64	1.64
15 6-month	4.75	5.90	3.34	1.70	1.60	1.60	1.56	1.58	1.50	1.53	1.64	1.64
U.S. TREASURY NOTES AND BONDS												
<i>Constant maturities</i> ⁹												
16 1-year	5.08	6.11	3.49	1.96	1.76	1.72	1.65	1.68	1.55	1.59	1.77	1.79
17 2-year	5.43	6.26	3.83	2.56	2.13	2.00	1.91	1.93	1.76	1.78	2.07	2.14
18 3-year	5.49	6.22	4.09	3.01	2.52	2.32	2.25	2.22	2.07	2.09	2.43	2.50
19 5-year	5.55	6.16	4.56	3.81	3.29	2.94	2.95	2.79	2.72	2.71	3.15	3.22
20 7-year	5.79	6.20	4.88	4.30	3.88	3.50	3.54	3.35	3.31	3.31	3.72	3.79
21 10-year	5.65	6.03	5.02	4.65	4.26	3.87	3.94	3.73	3.69	3.68	4.11	4.21
22 20-year	6.20	6.23	5.63	5.51	5.19	4.87	5.00	4.79	4.78	4.78	5.14	5.22
23 Treasury long-term average ^{10,11}	n.a.	n.a.	n.a.	5.54	5.23	4.90	5.07	4.83	4.86	4.87	5.19	5.27
STATE AND LOCAL NOTES AND BONDS												
<i>Moody's series</i> ¹²												
24 Aaa	5.28	5.58	4.99	4.81	4.78	4.58	4.66	4.54	4.52	4.53	4.67	4.89
25 Baa	5.70	6.19	5.75	5.55	5.53	5.31	5.47	5.26	5.25	5.29	5.59	5.71
26 Bond Buyer series ¹³	5.43	5.71	5.15	5.02	4.95	4.74	4.88	4.71	4.68	4.66	4.98	5.12
CORPORATE BONDS												
27 Seasoned issues, all industries ¹⁴	7.45	7.98	7.49	7.14	6.93	6.73	6.93	6.69	6.72	6.78	7.03	7.11
<i>Rating group</i>												
28 Aaa ¹⁵	7.05	7.62	7.08	6.53	6.37	6.15	6.32	6.10	6.13	6.15	6.41	6.50
29 Aa	7.36	7.83	7.26	6.98	6.84	6.63	6.73	6.56	6.57	6.59	6.81	6.89
30 A	7.53	8.11	7.67	7.15	6.95	6.76	6.95	6.71	6.74	6.79	7.05	7.12
31 Baa	7.88	8.37	7.95	7.90	7.58	7.40	7.73	7.39	7.44	7.57	7.86	7.95
M-FMO												
32 Dividend-price ratio ¹⁶	1.25	1.15	1.32	1.76	1.72	1.80	1.86	1.89	1.91	2.04	1.84	1.76
33 Common stocks												

NOTE: Some of the data in this table also appear in the Board's H.15 (519) weekly statistical release. For ordering address, see inside front cover.

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

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

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

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

5. Quoted on a discount basis.

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

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

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

9. Yields on actively traded issues adjusted to constant maturities.

SOURCE: U.S. Department of the Treasury.

10. Based on the unweighted average of the bid yields for all Treasury fixed-coupon securities with remaining terms to maturity of 25 years and over.

11. A factor for adjusting the daily long-term average in order to estimate a 30-year rate can be found at <http://www.treas.gov/offices/domestic-finance/debt-management/interest-rate/lrcompositeindex.html>.

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

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

14. Daily figures are averages of Aaa, Aa, A, and Baa yields from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.

15. Effective December 7, 2001, the Moody's Aaa yield includes yields only for industrial firms. Prior to December 7, 2001, the Aaa yield represented both utilities and industrial.

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

1.36 STOCK MARKET Selected Statistics

Indicator	1999	2000	2001	2002									
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	
Prices and trading volume (averages of daily figures)													
<i>Common stock prices (indexes)</i>													
1 New York Stock Exchange (Dec. 31, 1965 = 50)	619.52	643.71	606.03	569.55	600.74	587.58	575.75	544.36	486.11	491.84	471.04	459.88	
2 Industrial	775.29	809.40	749.46	715.80	751.79	732.71	718.12	677.58	603.04	611.34	589.14	574.45	
3 • Transportation	491.62	414.73	444.45	453.51	490.51	470.00	459.55	449.42	416.07	409.96	388.19	383.41	
4 Utility	284.82	478.99	377.72	301.32	316.25	300.57	287.10	265.21	230.21	225.52	210.76	207.83	
5 Finance	530.97	552.48	596.61	570.18	609.72	610.24	603.15	577.05	524.01	533.60	506.05	494.06	
6 Standard & Poor's Corporation (1941-43 = 10) ¹	1,327.33	1,427.22	1,194.18	1,100.67	1,153.79	1,112.03	1,079.27	1,014.05	903.59	912.55	867.81	854.63	
7 American Stock Exchange (Aug. 31, 1973 = 50) ²	770.90	922.22	879.08	845.81	891.08	915.09	935.10	911.59	840.76	843.89	852.03	807.38	
<i>Volume of trading (thousands of shares)</i>													
8 New York Stock Exchange	799,554	1,026,867	1,216,529	1,362,830	1,321,351	1,280,714	1,215,786	1,539,282	1,848,962	1,317,105	1,370,143	1,619,896	
9 American Stock Exchange	32,629	51,437	68,074	55,657	56,375	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Customer financing (millions of dollars, end-of-period balances)													
10 Margin credit at broker-dealers ³	228,530	198,790	150,450	147,030	149,370	150,940	150,860	146,270	136,160	132,800	130,210	130,570	
<i>Free credit balances at brokers⁴</i>													
11 Margin accounts ⁵	55,130	100,680	101,640	99,350	93,700	92,140	92,950	95,830	98,080	95,400	98,630	96,620	
12 Cash accounts	79,070	84,400	78,040	72,730	69,790	68,540	66,120	68,280	68,860	63,700	67,550	66,780	
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.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	2000		2001				2002		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 Federal debt outstanding	5,701.9	5,803.5	5,800.6	5,753.9	5,834.5	5,970.3	6,032.4	6,153.3	6,255.4
2 Public debt securities	5,674.2	5,662.2	5,773.7	5,726.8	5,807.5	5,943.4	6,006.0	6,126.5	6,228.2
3 Held by public	3,438.5	3,527.4	3,434.4	3,274.2	3,338.7	3,393.8	3,443.7	3,463.5	3,552.6
4 Held by agencies	2,235.7	2,248.7	2,339.4	2,452.6	2,468.8	2,549.7	2,562.4	2,662.9	2,675.6
5 Agency securities	27.7	27.4	26.8	27.1	27.0	26.8	26.4	26.8	27.2
6 Held by public	27.6	27.3	26.8	27.1	27.0	26.8	26.4	26.8	27.2
7 Held by agencies	.1	.1	.1	.0	.0	.0	.0	.0	.0
8 Debt subject to statutory limit	5,591.6	5,580.5	5,692.5	5,645.0	5,732.6	5,871.4	5,935.1	6,058.3	6,161.4
9 Public debt securities	5,591.4	5,580.2	5,692.3	5,644.8	5,732.4	5,871.2	5,935.0	6,058.1	6,161.1
10 Other debt ¹	.2	.2	.2	.2	.2	.3	.2	.2	.3
MEMO									
11 Statutory debt limit	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	5,950.0	6,400.0	6,400.0

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

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

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

Billions of dollars, end of period

Type and holder	1998	1999	2000	2001	2001	2002		
					Q4	Q1	Q2	Q3
1 Total gross public debt	5,614.2	5,776.1	5,662.2	5,943.4	5,943.4	6,006.0	6,126.5	6,228.2
<i>By type</i>								
2 Interest-bearing	5,605.4	5,766.1	5,618.1	5,930.8	5,930.8	5,962.2	6,087.0	6,216.3
3 Marketable	3,355.5	3,281.0	2,966.9	2,982.9	2,982.9	3,003.3	3,024.8	3,136.6
4 Bills	691.0	737.1	646.9	811.3	811.3	834.4	822.5	868.3
5 Notes	1,960.7	1,784.5	1,557.3	1,413.9	1,413.9	1,411.7	1,446.9	1,521.5
6 Bonds	621.2	643.7	626.5	602.7	602.7	592.9	592.9	592.9
7 Inflation-indexed notes and bonds ¹	67.6	100.7	121.2	140.1	140.1	145.6	147.5	138.9
8 Nonmarketable ²	2,249.9	2,485.1	2,651.2	2,947.9	2,947.9	2,958.9	3,062.2	3,079.6
9 State and local government series	165.3	165.7	151.0	146.3	146.3	141.1	142.8	144.3
10 Foreign issues ³	34.3	31.3	27.2	15.4	15.4	14.6	13.3	12.5
11 Government	34.3	31.3	27.2	15.4	15.4	14.6	13.3	12.5
12 Public	.0	.0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	180.3	179.4	176.9	181.5	181.5	183.6	184.8	185.6
14 Government account series ⁴	1,840.0	2,078.7	2,266.1	2,574.8	2,574.8	2,589.7	2,691.4	2,707.3
15 Non-interest-bearing	8.8	10.0	44.2	12.7	12.7	43.8	39.5	12.0
<i>By holder⁵</i>								
16 U.S. Treasury and other federal agencies and trust funds	1,828.1	2,064.2	2,270.1	2,572.2	2,572.2	2,581.4	2,686.0	2,701.3
17 Federal Reserve Banks ⁶	452.1	478.0 ^f	511.7	551.7	551.7	575.4	590.7	604.2
18 Private investors	3,334.0	3,233.9	2,880.4	2,819.5	2,819.5	2,849.2	2,849.8	2,924.8
19 Depository institutions	237.4	248.7	201.5	181.5 ^f	181.5 ^f	187.6	204.4	210.5
20 Mutual funds	253.9	228.6 ^f	220.8 ^f	257.5 ^f	257.5 ^f	264.9 ^f	250.0 ^f	252.4
21 Insurance companies	141.7	123.4	110.2	105.7 ^f	105.7 ^f	108.4	110.3 ^f	115.4
22 State and local treasuries ⁷	269.3	266.8	236.2	256.5 ^f	256.5 ^f	261.2	271.7 ^f	269.4
Individuals								
23 Savings bonds	186.6	186.4	184.8	190.3	190.3	191.9	192.7	193.3
24 Pension funds	330.2	321.0	304.1	281.6 ^f	281.6 ^f	293.3	286.0 ^f	283.4
25 Private	112.5	109.8	108.4	104.2 ^f	104.2 ^f	106.3	108.8 ^f	110.9
26 State and Local	217.7	211.2	195.7	177.4 ^f	177.4 ^f	187.0	177.2 ^f	172.5
27 Foreign and international ⁸	1,278.7	1,268.7	1,034.2	1,053.1 ^f	1,053.1 ^f	1,055.7 ^f	1,071.3 ^f	1,133.7
28 Other miscellaneous investors ^{7,9}	636.3	589.9 ^f	587.7 ^f	494.1 ^f	494.1 ^f	487.7 ^f	451.9	n.a.

1. The U.S. Treasury first issued inflation-indexed securities during the first quarter of 1997.

2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.

3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.

4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.

5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

6. U.S. Treasury securities bought outright by Federal Reserve Banks, see *Bulletin* table 1.18.

7. In March 1996, in a redefinition of series, fully defeased debt backed by nonmarketable federal securities was removed from "Other miscellaneous investors" and added to "State and local treasuries." The data shown here have been revised accordingly.

8. Includes nonmarketable foreign series Treasury securities and Treasury deposit funds. Excludes Treasury securities held under repurchase agreements in custody accounts at the Federal Reserve Bank of New York.

9. Includes individuals, government-sponsored enterprises, brokers and dealers, bank personal trusts and estates, corporate and noncorporate businesses, and other investors.

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

A26 Domestic Financial Statistics □ January 2003

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions¹

Millions of dollars, daily averages

Item	2002			2002, week ending								
	July	Aug.	Sept.	Sept. 4	Sept. 11	Sept. 18	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
<i>By type of security</i>												
1 U.S. Treasury bills	42,178	42,257	46,861	49,793	44,674	48,206	45,376	48,782	46,133	46,096	37,637	47,376
<i>Treasury coupon securities by maturity</i>												
2 Three years or less	135,856	130,594	133,211	143,322	118,131	107,754	172,167	129,102	110,546	114,032	161,122	144,196
3 More than three but less than or equal to six years	107,925	109,759	106,075	111,873	100,290	109,231	99,418	117,689	97,410	133,110	115,010	109,668
4 More than six but less than or equal to eleven years	80,832	89,647	83,783	83,573	74,353	83,124	85,916	97,184	82,041	110,480	111,082	92,675
5 More than eleven	20,675	19,554	22,090	18,288	14,290	26,841	25,918	23,326	20,213	24,985	20,061	20,452
6 Inflation-indexed ²	3,994	2,042	2,439	2,408	2,104	2,796	2,408	2,472	5,454	5,235	3,086	3,737
<i>Federal agency and government-sponsored enterprises</i>												
7 Discount notes	55,917	50,486	49,573	60,279	40,553	49,186	50,967	55,793	49,593	50,278	49,441	48,678
<i>Coupon securities by maturity</i>												
8 Three years or less	12,527	12,894	11,389	8,839	10,486	11,204	14,618	9,523	8,984	13,766	11,005	14,536
9 More than three years but less than or equal to six years	10,845	8,920	10,317	7,822	6,908	12,683	11,624	11,540	8,020	12,815	9,633	6,829
10 More than six years but less than or equal to eleven years	9,263	7,018	7,337	5,285	5,306	4,819	11,987	8,538	7,478	9,933	5,441	4,228
11 More than eleven years	966	1,081	1,147	812	1,171	1,022	1,198	1,456	762	2,094	1,737	831
12 Mortgage-backed	162,421	158,250	186,023	143,453	228,001	192,966	148,920	194,705	236,630	231,723	180,011	131,645
<i>Corporate securities</i>												
13 One year or less	90,211	105,549	106,097	105,771	95,294	118,493	108,092	100,334	92,462	109,605	107,194	95,235
14 More than one year	15,545	15,327	18,433	12,568	15,135	20,906	21,826	18,063	15,026	15,582	15,010	17,405
<i>By type of counterparty</i>												
<i>With interdealer broker</i>												
15 U.S. Treasury	185,034	181,302	184,949	184,572	163,619	180,012	205,152	195,307	168,517	205,589	215,950	194,377
<i>Federal agency and government-sponsored enterprises</i>												
17 Mortgage-backed	12,940	10,840	10,217	8,131	7,697	9,342	14,221	10,594	9,166	11,081	10,548	11,031
18 Corporate	44,182	48,029	58,896	46,777	67,567	59,950	51,364	63,318	69,669	63,387	48,751	42,141
	321	308	373	240	324	346	463	441	406	293	375	431
<i>With other</i>												
19 U.S. Treasury	206,426	212,551	209,510	224,685	190,223	197,941	226,051	223,249	193,281	228,349	232,047	223,726
<i>Federal agency and government-sponsored enterprises</i>												
21 Mortgage-backed	76,577	69,560	69,548	74,906	56,728	69,572	76,175	76,258	65,670	77,805	66,710	64,073
22 Corporate	118,239	110,221	127,127	96,676	160,435	133,015	97,557	131,387	166,961	168,336	131,260	89,504
	105,436	120,568	124,156	118,098	110,105	139,052	129,455	117,956	107,082	124,894	121,828	112,208

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

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

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing¹

Millions of dollars

Item, by type of security	2002			2002, week ending							
	July	Aug.	Sept.	Sept. 4	Sept. 11	Sept. 18	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23
	Net outright positions ²										
1 U.S. Treasury bills	18,313	11,225	8,379	14,143	13,828	6,768	2,644	6,425	4,735	9,987	15,831
Treasury coupon securities by maturity											
2 Three years or less	-21,724	-22,358	-17,680	-16,391	-16,805	-15,484	-17,458	-23,319	-26,712	-33,528	-22,182
3 More than three years but less than or equal to six years	-27,887	-31,298	-35,388	-35,557	-34,322	-38,199	-34,146	-34,548	-36,408	-32,265	-34,742
4 More than six but less than or equal to eleven years	-18,793	-10,829	-15,420	-12,873	-15,220	-17,548	-15,053	-15,273	-18,442	-12,612	-11,724
5 More than eleven	9,643	9,542	9,083	8,621	10,336	8,210	9,559	8,257	7,216	8,455	7,949
6 Inflation-indexed	2,095	1,615	1,239	1,243	1,401	1,552	856	1,109	2,554	3,071	3,466
Federal agency and government-sponsored enterprises											
7 Discount notes	43,513	49,090	49,345	52,688	45,130	45,651	52,446	53,403	51,373	49,694	50,665
Coupon securities, by maturity											
8 Three years or less	13,689	14,220	14,031	16,180	14,166	13,262	12,628	15,165	17,626	17,312	14,869
9 More than three years but less than or equal to six years	2,940	3,172	1,826	2,061	1,124	3,037	1,541	1,324	1,276	1,325	1,068
10 More than six but less than or equal to eleven years	2,518	2,805	2,242	2,719	2,232	2,577	1,212	2,850	3,637	2,860	2,405
11 More than eleven	1,843	2,197	2,303	2,314	2,164	2,295	2,477	2,259	1,814	2,235	2,381
12 Mortgage-backed	27,103	19,408	16,667	17,788	16,350	17,696	18,517	12,181	6,391	37,239	10,876
Corporate securities											
13 One year or less	26,671	25,138	23,363	23,845	24,123	24,064	21,766	23,169	20,855	27,145	23,943
14 More than one year	50,029	47,631	48,908	47,294	45,056	46,976	52,598	53,129	55,857	54,307	48,299
	Financing ³										
<i>Securities in, U.S. Treasury</i>											
15 Overnight and continuing	597,214	621,725	627,852	634,109	612,503	622,927	639,847	634,437	649,969	629,323	602,931
16 Term	783,021	851,220	904,116	825,997	891,493	935,987	981,467	831,371	884,922	892,184	907,593
Federal agency and government-sponsored enterprises											
17 Overnight and continuing	148,869	152,003	156,069	161,585	153,590	155,997	153,880	158,294	158,970	159,739	154,666
18 Term	286,823	297,317	306,858	291,973	308,592	305,214	312,029	311,400	328,501	301,079	309,992
Mortgage-backed securities											
19 Overnight and continuing	36,290	43,387	44,642	53,245	49,137	47,826	35,992	39,116	41,306	35,322	45,391
20 Term	265,468	272,722	278,235	262,391	281,581	281,670	286,360	270,040	278,470	276,023	288,415
Corporate securities											
21 Overnight and continuing	49,918	51,730	50,351	52,142	51,613	50,540	48,892	48,930	48,760	49,215	49,683
22 Term	21,166	23,156	25,606	25,040	25,570	25,875	25,595	25,747	26,196	26,153	26,326
MEMO											
Reverse repurchase agreements											
23 Overnight and continuing	423,236	461,682	477,054	502,394	460,847	472,576	480,787	480,515	481,214	475,331	447,086
24 Term	1,208,829	1,296,922	1,363,411	1,255,637	1,356,560	1,398,606	1,452,795	1,284,812	1,359,926	1,334,015	1,372,666
<i>Securities out, U.S. Treasury</i>											
25 Overnight and continuing	544,079	584,373	596,372	608,472	599,755	589,210	596,199	592,224	596,345	566,545	551,031
26 Term	741,879	791,145	829,047	745,822	812,927	861,050	910,368	759,544	809,044	817,589	849,039
Federal agency and government-sponsored enterprises											
27 Overnight and continuing	269,456	279,430	279,838	277,706	272,784	277,245	291,553	278,646	284,135	288,322	298,331
28 Term	214,229	225,030	237,666	227,020	242,059	239,226	234,878	241,750	251,219	224,496	229,034
Mortgage-backed securities											
29 Overnight and continuing	306,489	314,045	303,749	291,424	288,941	318,178	309,878	305,561	307,956	334,464	332,450
30 Term	176,112	171,418	176,871	172,445	192,671	175,240	176,362	161,289	171,096	170,989	184,765
Corporate securities											
31 Overnight and continuing	129,395	131,536	127,796	127,535	127,520	127,636	127,627	128,853	127,251	135,297	131,662
32 Term	16,983	18,074	19,734	18,773	20,515	20,281	18,758	20,011	21,437	22,818	24,299
MEMO											
Repurchase agreements											
33 Overnight and continuing	1,079,724	1,148,724	1,150,894	1,156,919	1,129,897	1,153,515	1,173,049	1,140,786	1,146,590	1,165,697	1,155,106
34 Term	1,122,435	1,176,213	1,231,403	1,134,701	1,237,932	1,267,030	1,305,023	1,146,680	1,218,693	1,199,461	1,249,778

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1998	1999	2000	2001	2002				
					Apr.	May	June	July	Aug.
1 Federal and federally sponsored agencies	1,296,477	1,616,492	1,851,632	2,121,057	2,144,106	2,150,724	2,161,580	n.a.	n.a.
2 Federal agencies	26,502	26,376	25,666	276	188	208	223	223	164
3 Defense Department ¹	6	6	6	6	6	6	6	6	6
4 Export-Import Bank ^{2,3}	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration ⁴	205	126	255	26,828	26,331	26,450	26,826	26,541	26,274
6 Government National Mortgage Association certificates of participation ⁵	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service ⁶	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	26,496	26,370	25,660	270	182	202	217	217	158
9 United States Railway Association ⁶	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies ⁷	1,269,975	1,590,116	1,825,966	2,120,781	2,143,918	2,150,516	2,161,357	n.a.	n.a.
11 Federal Home Loan Banks	382,131	529,005	594,404	623,740	637,963	640,222	643,102	651,253	659,258
12 Federal Home Loan Mortgage Corporation	287,396	360,711	426,899	565,071	596,800	601,037	601,363	604,853	603,135
13 Federal National Mortgage Association	460,291	547,619	642,700	763,500	783,100	782,000	789,000	784,020	789,900
14 Farm Credit Banks ⁸	63,488	68,883	74,181	76,673	79,186	80,258	80,951	81,265	81,658
15 Student Loan Marketing Association ⁹	35,399	41,988	45,375	48,350	49,500	48,900	49,600	48,500	49,500
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 debt¹³	44,129	42,152	40,575	39,096	37,639	37,175	37,091	37,830	42,825
<i>Lending to federal and federally sponsored agencies</i>									
20 Export-Import Bank ¹	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Postal Service ⁶	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 United States Railway Association ⁶	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Other lending¹⁴</i>									
25 Farmers Home Administration	9,500	6,665	5,275	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
26 Rural Electrification Administration	14,091	14,085	13,126	13,876	14,053	14,184	14,301	14,338	13,599
27 Other	20,538	21,402	22,174	25,220	23,586	22,991	22,790	23,492	29,226

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

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

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

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

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

6. Off-budget.

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

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

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

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

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

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

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

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

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1999	2000	2001	2002							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
1 All issues, new and refunding¹	215,427	180,403	270,566	23,842	23,261	32,858	36,315	25,771	28,918	27,313	40,150
<i>By type of issue</i>											
2 General obligation	73,308	64,475	100,519	10,269	8,559	10,446	16,166	10,130	10,226	9,562	16,075
3 Revenue	142,120	115,928	170,047	13,574	14,702	22,413	20,149	15,642	18,692	17,751	24,074
<i>By type of issuer</i>											
4 State	16,376	19,944	30,099	3,265	3,057	1,531	3,718	3,404	3,472	2,442	4,199
5 Special district or statutory authority ²	152,418	111,695	179,427	15,479	15,520	23,866	27,283	16,007	20,144	19,105	29,273
6 Municipality, county, or township	46,634	39,273	61,040	5,098	4,683	7,461	5,315	6,361	5,302	5,767	6,678
7 Issues for new capital	161,065	154,257	192,161	16,856	17,115	20,663	23,727	19,189	19,392	15,022	27,718
<i>By use of proceeds</i>											
8 Education	36,563	38,665	50,054	5,484	5,279	6,027	7,060	4,205	3,968	3,529	5,209
9 Transportation	17,394	19,730	21,411	1,633	773	1,795	3,351	3,251	4,413	1,398	1,476
10 Utilities and conservation	15,098	11,917	21,917	1,290	2,091	1,785	1,087	1,660	2,806	2,038	6,922
11 Social welfare	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	9,099	7,122	6,607	515	344	614	631	760	283	574	1,225
13 Other purposes	47,896	47,309	55,733	4,894	6,784	6,962	7,653	5,893	6,537	5,597	6,996

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

2. Includes school districts.

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1999	2000	2001	2002							
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
1 All issues¹	1,072,866	942,198	1,382,003	86,090	158,904	103,575	112,103	136,623	59,058	88,222	118,147
2 Bonds²	941,298	807,281	1,253,449	79,515	145,984	93,039	103,141	120,087	54,544	84,216	110,852
<i>By type of offering</i>											
3 Sold in the United States	818,683	684,484	1,197,060	73,474	128,026	88,051	93,279	108,362	51,182	80,772	106,420
4 Sold abroad	122,615	122,798	56,389	6,041	17,958	4,989	9,862	11,725	3,362	3,444	4,432
MEMO											
5 Private placements, domestic	24,703	18,370	8,734	0	0	0	4,506	3,068	0	0	65
<i>By industry group</i>											
6 Nonfinancial	293,963	242,207	445,930	30,770	43,231	34,803	19,157	26,696	7,432	14,407	17,121
7 Financial	647,335	565,074	807,519	48,746	102,753	58,237	83,984	93,392	47,112	69,809	93,731
8 Stocks³	242,941	312,689	231,288	6,575	12,920	10,536	8,962	16,536	4,514	4,006	7,295
<i>By type of offering</i>											
9 Public	131,568	134,917	128,554	6,575	12,920	10,536	8,962	16,536	4,514	4,006	7,295
10 Private placement ⁴	111,373	177,772	102,734	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>By industry group</i>											
11 Nonfinancial	110,284	118,369	77,577	4,024	4,893	7,834	6,633	11,608	1,833	539	2,754
12 Financial	21,284	16,548	50,977	2,551	8,027	2,702	2,329	4,928	2,681	3,467	4,541

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 for private placements are not available at a monthly frequency.

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

A30 Domestic Financial Statistics □ January 2003

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Assets¹

Millions of dollars

Item	2000	2001	2002							
			Mar.	Apr.	May	June	July	Aug.	Sept. ⁵	Oct.
1 Sales of own shares ²	2,279,315	1,806,474	170,326	164,504	154,987	138,520	170,946	151,136	125,408	165,302
2 Redemptions of own shares	2,057,277	1,677,266	130,661	140,524	138,052	144,153	200,148	136,210	126,760	167,732
3 Net sales ³	222,038	129,208	39,665	23,980	16,935	-5,633	-29,202	14,926	-1,352	-2,430
4 Assets ⁴	5,123,747	4,689,624	4,814,961	4,704,886	4,693,928	4,434,603	4,124,186	4,170,641	3,899,858	4,059,840
5 Cash ⁵	277,386	219,620	241,078	249,078	243,755	208,390	199,586	220,425	199,778	206,345
6 Other	4,846,361	4,470,004	4,573,883	4,455,808	4,450,173	4,226,213	3,924,600	3,950,216	3,700,080	3,853,495

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

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

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

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

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities¹

Billions of dollars, end of period; not seasonally adjusted

Account	1999	2000	2001	2001				2002		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
ASSETS										
1 Accounts receivable, gross ²	845.4	958.7	948.3	954.5	988.8	967.8	948.3	930.0	941.9	943.4
2 Consumer	304.4	328.0	340.1	319.3	324.6	329.3	340.1	329.8	332.0	332.6
3 Business	395.1	458.4	447.0	459.1	481.9	451.1	447.0	443.0	449.4	445.5
4 Real estate	145.8	172.3	161.3	176.1	182.3	187.4	161.3	157.2	160.5	165.3
5 LESS: Reserves for unearned income	61.4	69.7	60.6	69.9	61.5	60.8	60.6	59.5	58.5	57.9
6 Reserves for losses	14.7	16.7	21.0	17.2	17.4	18.0	21.0	21.5	21.6	22.0
7 Accounts receivable, net	769.3	872.3	866.7	867.3	909.8	889.0	866.7	849.0	861.9	863.6
8 All other	406.6	461.5	523.4	474.8	458.9	478.7	523.4	515.2	530.6	557.7
9 Total assets	1,175.9	1,333.7	1,390.1	1,342.1	1,368.7	1,367.7	1,390.1	1,364.2	1,392.5	1,421.2
LIABILITIES AND CAPITAL										
10 Bank loans	35.4	35.9	50.8	41.6	45.3	44.5	50.8	49.4	56.9	74.9
11 Commercial paper	230.4	238.8	158.6	180.9	181.6	171.0	158.6	137.0	130.8	143.1
<i>Debt</i>										
12 Owed to parent	87.8	102.5	99.2	97.2	93.4	91.7	99.2	82.6	83.3	82.8
13 Not elsewhere classified	429.9	502.2	567.4	533.8	542.1	555.8	567.4	574.4	597.2	584.4
14 All other liabilities	237.8	301.8	325.5	325.2	336.3	327.6	325.5	329.1	331.5	341.6
15 Capital, surplus, and undivided profits	154.5	152.5	188.6	163.5	170.0	177.2	188.6	191.7	192.9	194.4
16 Total liabilities and capital	1,175.9	1,333.7	1,390.1	1,342.1	1,368.7	1,367.7	1,390.1	1,364.2	1,392.5	1,421.2

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

2. Before deduction for unearned income and losses. Excludes pools of securitized assets.

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables¹

Billions of dollars, amounts outstanding

Type of credit	1999	2000	2001	2002					
				Apr. ²	May ²	June ²	July ²	Aug. ²	Sept.
Seasonally adjusted									
1 Total	1,031.2	1,187.0	1,248.5	1,236.5	1,243.1	1,258.3	1,269.0	1,269.1	1,269.3
2 Consumer	410.2	465.2	514.6	519.2	519.5	525.0	528.1	522.8	522.2
3 Real estate	174.0	198.9	207.7	196.2	200.8	203.1	206.7	209.6	207.7
4 Business	446.9	522.8	526.2	521.1	522.8	530.2	534.2	536.7	539.4
Not seasonally adjusted									
5 Total	1,036.4	1,192.2	1,253.7	1,242.0	1,246.3	1,264.4	1,264.2	1,261.1	1,262.0
6 Consumer	412.7	468.3	518.1	515.2	515.7	524.9	528.6	525.0	524.3
7 Motor vehicle loans	129.2	141.6	173.9	168.8	168.8	170.3	172.5	170.3	176.5
8 Motor vehicle leases	102.9	108.2	103.5	96.8	96.1	96.4	94.9	90.5	88.5
9 Revolving ³	32.5	37.6	31.5	29.7	30.1	32.1	36.6	36.5	37.3
10 Other ³	39.8	40.7	31.1	32.5	33.3	33.2	33.0	33.0	32.3
Securitized assets ⁴									
11 Motor vehicle loans	73.1	97.1	131.9	140.4	141.1	142.4	141.9	144.4	138.9
12 Motor vehicle leases	9.7	6.6	6.8	6.3	6.3	6.2	6.1	6.0	6.0
13 Revolving	6.7	19.6	25.0	26.2	25.8	29.2	28.9	29.9	30.5
14 Other	18.8	17.1	14.3	14.4	14.3	15.0	14.7	14.4	14.4
Real estate	174.0	198.9	207.7	196.2	200.8	203.1	206.7	209.6	207.7
16 One- to four-family	108.2	130.6	120.1	116.9	120.4	121.8	125.7	128.7	126.5
17 Other	37.6	41.7	41.2	37.2	38.1	38.7	38.7	38.8	39.0
Securitized real estate assets ⁴									
18 One- to four-family	28.0	24.7	40.7	40.8	40.9	40.9	40.6	40.4	40.1
19 Other	2	1.9	5.7	1.4	1.4	1.7	1.7	1.7	2.2
20 Business	449.6	525.0	527.9	530.6	529.8	536.5	529.0	526.4	530.0
21 Motor vehicles	69.4	75.5	54.0	57.0	61.1	59.9	56.7	56.0	56.9
22 Retail loans	21.1	18.3	16.1	16.0	16.4	17.0	17.5	17.2	17.6
23 Wholesale loans ⁵	34.8	39.7	20.3	23.0	26.9	25.8	22.3	22.2	23.3
24 Leases	13.6	17.6	17.6	18.0	17.8	17.1	16.9	16.6	15.9
25 Equipment	238.7	283.5	289.4	284.6	281.8	288.0	286.0	287.5	289.2
26 Loans	64.5	70.2	77.8	81.2	79.2	78.9	80.0	81.4	82.8
27 Leases	174.2	213.3	211.6	203.4	202.6	209.2	206.1	206.1	206.4
28 Other business receivables ⁶	87.0	99.4	103.5	104.2	103.0	101.5	102.8	99.8	99.4
Securitized assets ⁴									
29 Motor vehicles	31.5	37.8	50.1	44.3	42.4	45.5	41.5	41.0	43.8
30 Retail loans	2.9	3.2	5.1	2.6	2.6	2.4	2.3	2.2	2.2
31 Wholesale loans	26.4	32.5	42.5	39.0	37.1	40.8	36.9	36.5	39.3
32 Leases	2.1	2.2	2.5	2.7	2.7	2.3	2.3	2.3	2.3
33 Equipment	14.6	23.1	23.2	20.8	21.9	21.7	21.6	22.0	21.6
34 Loans	7.9	15.5	16.4	14.2	15.2	15.0	15.0	15.4	14.8
35 Leases	6.7	7.6	6.8	6.7	6.6	6.7	6.7	6.6	6.7
36 Other business receivables ⁶	8.4	5.6	7.7	19.6	19.6	19.9	20.3	20.1	19.1

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

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

1. Owned receivables are those carried on the balance sheet of the institution. Managed receivables are outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator. Data are shown

before deductions for unearned income and losses. Components may not sum to totals because of rounding.

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

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

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

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

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

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1999	2000	2001	2002						
				Apr.	May	June	July	Aug.	Sept.	Oct.
Terms and yields in primary and secondary markets										
PRIMARY MARKETS										
<i>Terms¹</i>										
1 Purchase price (thousands of dollars)	210.7	234.5	245.0	262.9	265.0	268.2	268.2	267.5	266.7	258.7
2 Amount of loan (thousands of dollars)	161.7	177.0	184.2	198.9	199.1	201.1	201.6	199.1	201.1	195.0
3 Loan-to-price ratio (percent)	78.7	77.4	77.3	77.7	77.2	77.1	77.5	77.3	77.6	77.7
4 Maturity (years)	28.8	29.2	28.8	28.8	29.0	29.0	29.1	29.0	29.1	28.8
5 Fees and charges (percent of loan amount) ² .....	.77	.70	.67	.64	.59	.56	.62	.59	.60	.63
<i>Yield (percent per year)</i>										
6 Contract rate ³	6.94	7.41	6.90	6.65	6.51	6.38	6.28	6.17	6.09	6.00
7 Effective rate ^{3,5}	7.06	7.52	7.00	6.74	6.59	6.47	6.37	6.26	6.17	6.09
8 Contract rate (HUD series) ⁴	7.45	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SECONDARY MARKETS										
<i>Yield (percent per year)</i>										
9 FHA mortgages (section 203) ⁵	7.74	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 GNMA securities ⁶	7.03	7.57	6.36	6.33	6.21	6.03	5.82	5.53	5.15	5.31
Activity in secondary markets										
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
<i>Mortgage holdings (end of period)</i>										
11 Total	523,941	610,122	707,015	739,277	741,084	740,744	743,025	746,101	751,423	751,347
12 FHA/VA insured	55,318	61,539	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Conventional	468,623	548,583	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Mortgage transactions purchased (during period)	195,210	154,231	270,384	23,175	17,432	16,310	17,586	23,123	33,518	32,853
<i>Mortgage commitments (during period)</i>										
15 Issued ⁷	187,948	163,689	304,084	20,203	18,305	24,700	29,786	42,555	58,055	n.a.
16 To sell ⁸	5,900	11,786	7,586	621	124	2,535	62	1,292	1,016	n.a.
FEDERAL HOME LOAN MORTGAGE CORPORATION										
<i>Mortgage holdings (end of period)⁸</i>										
17 Total	324,443	385,693	491,719	521,611	515,732	518,816	521,137	525,795	530,694	536,389
18 FHA/VA insured	1,836	3,332	3,506	3,298	2,571	3,649	3,413	4,195	4,634	n.a.
19 Conventional	322,607	382,361	488,213	518,313	513,161	515,167	517,724	521,600	526,060	n.a.
<i>Mortgage transactions (during period)</i>										
20 Purchases	239,793	174,043	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Sales	233,031	166,901	389,611	40,704	29,831	30,767	29,335	34,937	46,369	60,516
22 Mortgage commitments contracted (during period) ⁹	228,432	169,231	417,434	44,509*	32,702	32,468	34,827	44,401	57,793	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups for purchase of newly built homes; compiled by the Federal Housing Finance Board in cooperation with the Federal Deposit Insurance Corporation.
 2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
 3. Average effective interest rate on loans closed for purchase of newly built homes, assuming prepayment at the end of ten years.
 4. Average contract rate on new commitments for conventional first mortgages; from U.S. Department of Housing and Urban Development (HUD). Based on transactions on the first day of the subsequent month.
 5. Average gross yield on thirty-year, minimum-downpayment first mortgages insured by the Federal Housing Administration (FHA) for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month.

6. Average net yields to investors on fully modified pass-through securities backed by mortgages and guaranteed by the Government National Mortgage Association (GNMA), assuming prepayment in twelve years on pools of thirty-year mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.
 7. Does not include standby commitments issued, but includes standby commitments converted.
 8. Includes participation loans as well as whole loans.
 9. Includes conventional and government-underwritten loans. The Federal Home Loan Mortgage Corporation's mortgage commitments and mortgage transactions include activity under mortgage securities swap programs, whereas the corresponding data for the Federal National Mortgage Association exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING¹

Millions of dollars, end of period

Type of holder and property	1998	1999	2000	2001			2002	
				Q2	Q3	Q4	Q1	Q2 ²
1 All holders	5,715,556	6,320,508	6,885,322	7,211,919	7,407,178	7,589,577	7,753,640	7,965,275
<i>By type of property</i>								
2 One- to four-family residences.....	4,365,968	4,790,601	5,203,674	5,457,068	5,600,299	5,732,523	5,871,131	6,040,743
3 Multifamily residences.....	331,602	369,251	406,530	426,806	440,753	454,715	462,579	473,950
4 Nonfarm, nonresidential.....	921,482	1,057,692	1,166,261	1,215,062	1,251,517	1,286,011	1,301,859	1,330,409
5 Farm.....	96,504	102,964	108,858	112,983	114,610	116,329	118,071	120,173
<i>By type of holder</i>								
6 Major financial institutions.....	2,194,591	2,394,271	2,618,969	2,711,268	2,734,217	2,791,076	2,789,654	2,860,812
7 Commercial banks ²	1,336,996	1,495,420	1,660,054	1,722,376	1,736,631	1,789,819	1,800,362	1,875,360
8 One- to four-family.....	797,004	879,576	965,635	997,206	987,682	1,023,851	1,018,478	1,072,111
9 Multifamily.....	54,632	67,665	77,803	80,315	83,949	84,851	86,719	90,759
10 Nonfarm, nonresidential.....	456,323	516,333	582,577	609,750	629,624	645,619	659,187	675,530
11 Farm.....	29,037	31,846	34,039	35,104	35,375	35,498	35,978	36,960
12 Savings institutions ³	643,955	668,064	722,974	751,646	758,344	758,236	745,998	740,288
13 One- to four-family.....	533,501	548,222	594,221	616,004	620,392	620,579	605,171	597,803
14 Multifamily.....	57,037	59,309	61,258	63,399	64,405	64,592	65,199	65,985
15 Nonfarm, nonresidential.....	53,002	60,063	66,965	71,664	72,977	72,534	75,077	75,949
16 Farm.....	414	470	529	578	569	531	551	551
17 Life insurance companies.....	213,640	230,787	235,941	237,246	239,243	243,021	243,293	245,165
18 One- to four-family.....	6,590	5,934	4,903	5,005	5,091	4,931	4,938	4,838
19 Multifamily.....	31,522	32,818	33,681	33,856	33,885	35,631	35,671	35,943
20 Nonfarm, nonresidential.....	164,004	179,048	183,757	184,713	186,469	188,376	188,599	190,499
21 Farm.....	11,524	12,987	13,600	13,672	13,798	14,083	14,085	13,885
22 Federal and related agencies.....	291,961	320,054	344,225	356,817	363,001	376,999	385,027	396,091
23 Government National Mortgage Association.....	7	7	6	6	9	8	8	8
24 One- to four-family.....	7	7	6	6	9	8	8	8
25 Multifamily.....	0	0	0	0	0	0	0	0
26 Farmers Home Administration ⁴	40,851	73,871	73,323	73,206	72,118	72,452	72,362	71,970
27 One- to four-family.....	16,895	16,506	16,372	16,153	15,916	15,824	15,665	15,273
28 Multifamily.....	11,739	11,741	11,733	11,720	11,712	11,712	11,707	11,692
29 Nonfarm, nonresidential.....	7,705	41,355	41,070	41,262	40,470	40,965	41,134	41,188
30 Farm.....	4,513	4,268	4,148	4,262	4,023	3,952	3,855	3,817
31 Federal Housing Admin. and Dept. of Veterans Affairs.....	3,674	3,712	3,507	2,918	3,155	3,290	3,361	3,473
32 One- to four-family.....	1,849	1,851	1,308	1,267	1,251	1,260	1,255	1,254
33 Multifamily.....	1,825	1,861	2,199	1,651	1,904	2,031	2,105	2,218
34 Resolution Trust Corporation.....	0	0	0	0	0	0	0	0
35 One- to four-family.....	0	0	0	0	0	0	0	0
36 Multifamily.....	0	0	0	0	0	0	0	0
37 Nonfarm, nonresidential.....	0	0	0	0	0	0	0	0
38 Farm.....	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation.....	361	152	45	24	26	13	7	22
40 One- to four-family.....	58	25	7	4	4	2	1	4
41 Multifamily.....	70	29	9	5	5	3	1	4
42 Nonfarm, nonresidential.....	233	98	29	15	17	8	4	14
43 Farm.....	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association.....	156,023	149,422	155,626	160,820	165,687	169,908	176,051	180,491
45 One- to four-family.....	147,594	141,195	144,150	147,730	151,786	155,060	160,300	164,038
46 Multifamily.....	8,429	8,227	11,476	13,090	13,901	14,848	15,751	16,453
47 Federal Land Banks.....	32,983	34,187	36,326	38,686	39,722	40,885	41,981	42,951
48 One- to four-family.....	1,941	2,012	2,137	2,276	2,337	2,406	2,470	2,527
49 Farm.....	31,042	32,175	34,189	36,410	37,385	38,479	39,511	40,424
50 Federal Home Loan Mortgage Corporation.....	57,085	56,676	59,240	61,542	59,638	62,792	59,624	58,872
51 One- to four-family.....	49,106	44,321	42,871	42,537	39,217	40,309	35,955	34,062
52 Multifamily.....	7,979	12,355	16,369	19,005	20,421	22,483	23,669	24,810
53 Mortgage pools or trusts ⁵	2,581,297	2,948,245	3,231,415	3,432,654	3,583,240	3,715,692	3,869,212	3,986,440
54 Government National Mortgage Association.....	537,446	582,263	611,553	598,019	603,186	591,368	587,423	583,950
55 One- to four-family.....	522,498	565,189	592,624	577,228	581,796	569,460	564,327	559,754
56 Multifamily.....	14,948	17,074	18,929	20,792	21,391	21,908	23,096	24,196
57 Federal Home Loan Mortgage Corporation.....	646,459	749,081	822,310	873,750	927,490	948,409	1,012,478	1,053,261
58 One- to four-family.....	643,465	744,619	816,602	867,924	921,709	940,933	1,005,136	1,045,981
59 Multifamily.....	2,994	4,462	5,708	5,826	5,781	7,476	7,342	7,280
60 Federal National Mortgage Association.....	834,517	960,883	1,057,750	1,163,978	1,228,131	1,290,351	1,355,404	1,404,594
61 One- to four-family.....	804,204	924,941	1,016,398	1,116,534	1,179,995	1,238,125	1,301,374	1,349,442
62 Multifamily.....	30,313	35,942	41,352	47,444	50,136	52,226	54,030	55,152
63 Farmers Home Administration ⁴	1	0	0	0	0	0	0	0
64 One- to four-family.....	0	0	0	0	0	0	0	0
65 Multifamily.....	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential.....	0	0	0	0	0	0	0	0
67 Farm.....	1	0	0	0	0	0	0	0
68 Private mortgage conduits.....	562,874	656,018	739,802	796,907	824,433	885,564	913,907	944,635
69 One- to four-family ⁶	405,153	455,021	499,834	539,200	550,200	591,200	616,300	637,200
70 Multifamily.....	33,784	42,293	48,786	50,836	53,627	57,009	57,535	59,180
71 Nonfarm, nonresidential.....	123,937	158,704	191,182	206,871	220,606	237,355	240,072	248,255
72 Farm.....	0	0	0	0	0	0	0	0
73 Individuals and others ⁷	647,708	657,938	690,714	711,181	726,719	705,811	709,748	721,932
74 One- to four-family.....	435,137	459,385	490,675	508,569	522,441	501,081	508,260	518,269
75 Multifamily.....	76,320	75,244	77,006	78,680	79,464	79,791	79,612	80,153
76 Nonfarm, nonresidential.....	116,277	102,092	100,681	100,786	101,354	101,154	97,786	98,974
77 Farm.....	19,974	21,217	22,352	23,147	23,460	23,786	24,091	24,536

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.

A34 Domestic Financial Statistics □ January 2003

1.55 CONSUMER CREDIT¹

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1999	2000	2001	2002					
				Apr. ¹	May ¹	June ¹	July ¹	Aug. ¹	Sept.
Seasonally adjusted									
1 Total	1,416,316	1,560,634	1,667,928	1,695,516	1,702,968	1,707,460	1,717,700	1,723,277	1,733,239
2 Revolving	597,669	666,607	699,875	708,091	709,657	712,098	717,388	723,375	728,992
3 Nonrevolving ²	818,647	894,027	968,053	987,425	993,311	995,362	1,000,312	999,902	1,004,248
Not seasonally adjusted									
4 Total	1,446,127	1,593,116	1,701,856	1,682,868	1,690,412	1,700,290	1,708,474	1,725,045	1,731,287
<i>By major holder</i>									
5 Commercial banks	499,758	541,470	558,421	556,033	557,521	557,317	558,187	574,164	579,431
6 Finance companies	201,549	219,848	236,559	231,045	232,116	235,640	242,088	238,689	244,109
7 Credit unions	167,921	184,434	189,570	188,885	190,672	191,618	194,060	195,559	195,998
8 Savings institutions	61,527	64,557	69,070	67,742	66,858	66,002	69,284	69,971	70,657
9 Nonfinancial business	80,311	82,662	67,955	56,922	55,804	53,013	51,332	52,170	50,786
10 Pools of securitized assets ³	435,061	500,145	580,281	582,242	587,442	596,700	593,522	594,494	590,307
<i>By major type of credit⁴</i>									
11 Revolving	621,914	693,020	727,297	703,423	704,790	709,440	710,596	720,108	723,651
12 Commercial banks	189,352	218,063	224,878	221,261	218,368	215,852	214,994	226,416	228,730
13 Finance companies	32,483	37,627	31,538	29,686	30,073	32,131	36,570	36,529	37,280
14 Credit unions	20,641	22,226	22,265	20,855	20,882	20,988	21,206	21,505	21,395
15 Savings institutions	15,838	16,560	17,767	17,216	17,452	17,680	17,426	17,864	18,302
16 Nonfinancial business	42,783	42,430	29,790	21,357	20,359	17,859	16,467	16,747	15,644
17 Pools of securitized assets ³	320,817	356,114	401,059	393,048	397,655	404,930	403,933	401,048	402,300
18 Nonrevolving	824,213	900,096 ¹	974,559	979,445	985,623	990,850	997,878	1,004,937	1,007,636
19 Commercial banks	310,406	323,407	333,543	334,772	339,153	341,465	343,193	347,748	350,700
20 Finance companies	169,066	182,221	205,021	201,359	202,043	203,509	205,518	202,161	206,828
21 Credit unions	147,280	162,208	167,305	168,030	169,790	170,630	172,854	174,054	174,603
22 Savings institutions	45,689	47,997	51,303	50,526	49,406	48,322	51,858	52,107	52,556
23 Nonfinancial business	37,528	40,232	38,165	35,565	35,445	35,154	34,866	35,423	35,143
24 Pools of securitized assets ³	114,244	144,031	179,222	189,194	189,787	191,770	189,590	193,445	188,006

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals, excluding loans secured by real estate. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.

2. Comprises motor vehicle loans, mobile home loans, and all other loans that are not included in revolving credit, such as loans for education, boats, trailers, or vacations. These loans may be secured or unsecured.

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

4. Totals include estimates for certain holders for which only consumer credit totals are available.

1.56 TERMS OF CONSUMER CREDIT¹

Percent per year except as noted

Item	1999	2000	2001	2002						
				Mar.	Apr.	May	June	July	Aug.	Sept.
INTEREST RATES										
<i>Commercial banks²</i>										
1 48-month new car	8.44	9.34	8.50	n.a.	n.a.	7.74	n.a.	n.a.	5.95	n.a.
2 24-month personal	13.39	13.90	13.22	n.a.	n.a.	12.57	n.a.	n.a.	11.28	n.a.
<i>Credit card plan</i>										
3 All accounts	15.21	15.71	14.89	n.a.	n.a.	13.55	n.a.	n.a.	13.37	n.a.
4 Accounts assessed interest	14.81	14.91	14.44	n.a.	n.a.	13.34	n.a.	n.a.	13.26	n.a.
<i>Auto finance companies</i>										
5 New car	6.66	6.61	5.65	5.87	5.51	6.15	6.29	3.50	2.23	2.43
6 Used car	12.60	13.55	12.18	11.14	10.94	10.90	10.77	10.62	10.50	10.44
OTHER TERMS³										
<i>Maturity (months)</i>										
7 New car	52.7	54.9	55.1	56.4	55.9	57.3	58.6	59.1	59.4	58.4
8 Used car	55.9	57.0	57.5	57.7	57.7	57.8	57.7	57.7	57.6	57.5
<i>Loan-to-value ratio</i>										
9 New car	92	92	91	90	93	92	92	95	96	96
10 Used car	99	99	100	100	101	101	100	100	100	100
<i>Amount financed (dollars)</i>										
11 New car	19,880	20,923	22,822	23,065	23,535	23,324	23,115	24,802	26,208	26,396
12 Used car	13,642	14,058	14,416	14,149	14,363	14,700	14,787	14,843	14,815	14,799

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 MARKETS¹

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1996	1997	1998	1999	2000	2001				2002		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
Nonfinancial sectors												
1 Total net borrowing by domestic nonfinancial sectors	733.3	804.4	1,042.4	1,057.5^r	853.9^r	949.1^r	1,032.4^r	1,276.8^r	1,213.7^r	927.3^r	1,613.7	1,329.4
<i>By sector and instrument</i>												
2 Federal government	144.9	23.1	-52.6	-71.2	-295.9	-59.3	-215.8	209.3	43.4	39.8	526.0	265.7
3 Treasury securities	146.6	23.2	-54.6	-71.0	-294.9	-57.0	-216.9	209.7	44.2	41.6	524.2	264.2
4 Budget agency securities and mortgages	-1.6	-1	2.0	-2	-1.0	-2.2	1.1	-4	-7	-1.8	1.8	1.6
5 Nonfederal	588.3	781.3	1,095.0	1,128.7 ^r	1,149.8 ^r	1,008.4 ^r	1,248.2 ^r	1,067.4 ^r	1,170.2 ^r	887.5 ^r	1,087.7	1,063.7
<i>By instrument</i>												
6 Commercial paper	-9	13.7	24.4	37.4	48.1	-199.2	-133.4	-66.1	45.5	-155.7	-93.0	-28.7
7 Municipal securities and loans	2.6	71.4	96.8	68.2	35.3	102.9	107.3	70.0	190.1	70.3	181.2	152.8
8 Corporate bonds	116.3	150.5	218.7	229.9	171.1	399.5	419.5	187.9	323.5	233.8	207.0	-23.4
9 Bank loans n.e.c.	70.4	106.4	108.2	82.8	101.7	-19.5	-121.0	-24.4	-164.5	-18.8	-192.8	-125.1
10 Other loans and advances	28.7	59.5	82.1	46.0 ^r	95.0 ^r	32.5 ^r	132.3 ^r	59.4 ^r	-107.3 ^r	-20.6 ^r	77.2	84.0
11 Mortgages	280.1	322.3	489.8	564.9	559.6 ^r	547.7 ^r	767.5 ^r	770.0 ^r	732.9 ^r	696.8 ^r	831.8	944.0
12 Home	241.7	258.3	387.7	424.6	413.7 ^r	423.4 ^r	607.8 ^r	559.3 ^r	530.6 ^r	601.1 ^r	657.4	786.2
13 Multifamily residential	9.8	7.3	23.4	35.7	35.2	37.6	40.8	56.5	56.5	29.2	44.3	35.8
14 Commercial	25.8	53.5	72.2	98.8	104.2	82.3	107.0	147.1	139.0	59.6	121.0	109.5
15 Farm	2.7	3.1	6.5	5.8	6.5	4.3	11.9	7.0	6.8 ^r	6.9 ^r	9.1	12.4
16 Consumer credit	91.3	57.5	75.0	99.5	139.0	144.5	76.0	70.6	149.9	81.7 ^r	76.4	60.1
<i>By borrowing sector</i>												
17 Household	339.8	332.7	454.8	498.0	541.3 ^r	506.5 ^r	650.6 ^r	661.3 ^r	623.3 ^r	702.6 ^r	679.8	770.7
18 Nonfinancial business	255.3	392.5	559.9	578.4 ^r	581.4 ^r	405.7 ^r	495.1 ^r	349.6 ^r	389.2 ^r	122.6 ^r	239.5	153.2
19 Corporate	183.1	291.6	392.1	390.5 ^r	399.8 ^r	237.7 ^r	313.5 ^r	191.3 ^r	239.8 ^r	7.1 ^r	98.3	10.7
20 Nonfarm noncorporate	67.3	94.7	159.7	182.4	170.7	162.2	170.1	153.8	141.1	110.3	132.7	128.9
21 Farm	4.9	6.2	8.0	5.5	10.9	5.7	11.5	4.4	8.3	5.3 ^r	8.5	13.5
22 State and local government	-6.8	56.1	80.3	52.3	27.2	96.3	102.5	56.6	157.7	62.3	168.4	139.9
23 Foreign net borrowing in United States	88.4	71.8	43.2	25.2	65.7	-8.5	-50.5	-106.7	16.0	75.3	15.0	-36.8
24 Commercial paper	11.3	3.7	7.8	16.3	31.7	-33.8	-3.8	-25.2	5.9	64.8	36.3	3.8
25 Bonds	67.0	61.4	34.9	14.1	23.9	21.4	-15.8	-83.9	29.7	-2.3	-41.0	-27.6
26 Bank loans n.e.c.	9.1	8.5	6.6	.5	11.4	14.3	-31.4	4.2	-16.3	13.9	22.0	-11.7
27 Other loans and advances	1.0	-1.8	-6.0	-5.7	-1.3	-10.4	.5	-1.8	-3.3	-1.2	-2.3	-1.3
28 Total domestic plus foreign	821.7	876.2	1,085.6	1,082.6^r	919.6^r	940.6^r	981.9^r	1,170.1^r	1,229.6^r	1,002.6^r	1,628.8	1,292.6
Financial sectors												
29 Total net borrowing by financial sectors	550.1	662.2	1,087.2	1,073.3^r	809.0^r	915.8^r	828.2^r	1,118.6^r	979.1^r	860.8^r	866.3	855.9
<i>By instrument</i>												
30 Federal government-related	231.4	212.9	470.9	592.0	433.5	432.6	674.6	818.4	591.8	691.1 ^r	487.9	425.6
31 Government-sponsored enterprise securities	90.4	98.4	278.3	318.2	234.1	262.3	268.3	326.2	306.5	191.3	141.7	253.2
32 Mortgage pool securities	141.0	114.6	192.6	273.8	199.4	170.3	406.2	492.2	285.3	499.8 ^r	346.2	172.4
33 Loans from U.S. government	0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	318.7	449.3	616.3	481.3 ^r	375.5 ^r	483.3 ^r	153.7 ^r	300.2 ^r	387.3 ^r	169.7 ^r	378.4	430.3
35 Open market paper	92.2	166.7	161.0	176.2	127.7	-83.8	-77.9	-72.2	-13.6	-178.3	-109.1	84.3
36 Corporate bonds	178.1	218.9	310.2	207.1 ^r	199.3 ^r	459.7 ^r	223.2 ^r	313.9 ^r	375.3 ^r	345.1 ^r	431.9	194.7
37 Bank loans n.e.c.	12.6	13.3	30.1	-14.2	-2	24.3	10.8	1.6	18.3	.2	31.9	82.2
38 Other loans and advances	27.9	35.6	90.2	107.1	42.5	90.6	-18.7	58.8	8.9	-3.9	16.7	71.9
39 Mortgages	7.9	14.9	24.8	5.1	6.2	-7.5	16.2	-1.9	-1.6	6.6	7.0	-2.7
<i>By borrowing sector</i>												
40 Commercial banking	13.0	46.1	72.9	67.2	60.0	138.1	-10.5	39.7	44.1	24.3	13.3	111.3
41 Savings institutions	25.5	19.7	52.2	48.0	27.3	55.5	3.4	39.4	-68.6	-33.1	-12.1	-10.2
42 Credit unions	.1	.1	.6	2.2	.0	.6	.8	1.5	4.4	2.4	2.0	1.0
43 Life insurance companies	1.1	.2	.7	.7	.7	-2.4	.1	3.5	1.4	2.4	1.2	.7
44 Government-sponsored enterprises	90.4	98.4	278.3	318.2	234.1	262.3	268.3	326.2	306.5	191.3	141.7	253.2
45 Federally related mortgage pools	141.0	114.6	192.6	273.8	199.4	170.3	406.2	492.2	285.3	499.8 ^r	346.2	172.4
46 Issuers of asset-backed securities (ABSs)	150.8	202.2	321.4	212.3 ^r	189.7 ^r	320.5 ^r	205.9 ^r	318.9 ^r	432.6 ^r	254.5 ^r	237.7	203.0
47 Finance companies	50.6	57.8	57.1	70.3	81.2	-54.0	36.8	41.8	-25.3	-31.2	80.2	106.4
48 Mortgage companies	4.1	-4.6	1.6	.2	.1	.7	.6	.8	.6	.8	.7	.7
49 Real estate investment trusts (REITs)	11.9	39.6	62.7	6.3	2.7	-6.1	10.5	-2.4	7.8	7.4	25.3	18.4
50 Brokers and dealers	-2.0	8.1	7.2	-17.2	15.6	-23.7	35.6	12.6	-18.9	-15.7	17.5	15.0
51 Funding corporations	63.8	79.9	40.0	91.5	-4	55.3	-129.6	-155.7	9.1	-42.2	12.4	-16.2

A36 Domestic Financial Statistics □ January 2003

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS¹—Continued

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1996	1997	1998	1999	2000	2001				2002		
						Q1	Q2	Q3	Q4	Q1 ¹	Q2 ¹	Q3
All sectors												
52 Total net borrowing, all sectors	1,371.7	1,538.5	2,172.8	2,155.9^f	1,728.6^f	1,856.5^f	1,810.1^f	2,288.7^f	2,208.7^f	1,863.4	2,495.1	2,148.5
53 Open market paper	102.6	184.1	193.1	229.9	207.6	-316.8	-215.1	-163.5	37.8	-269.2	-165.8	59.4
54 U.S. government securities	376.3	236.0	418.3	520.7	137.6	373.3	458.8	1,027.8	635.2	730.9	1,013.9	691.4
55 Municipal securities	2.6	71.4	96.8	68.2	35.3	102.9	107.3	70.0	190.1	70.3	181.2	152.8
56 Corporate and foreign bonds	361.3	430.8	563.7	451.2 ²	394.3 ³	880.6 ⁴	626.9 ⁵	417.9 ⁶	728.4 ⁷	576.6	597.9	143.7
57 Bank loans n.e.c.	92.1	128.2	145.0	69.0	112.8	19.2	-141.6	-18.6	-162.4	-4.6	-139.0	-54.7
58 Other loans and advances	57.7	93.2	166.3	147.4 ⁸	136.2 ⁹	112.7 ¹⁰	114.2 ¹¹	116.5 ¹²	-101.8 ¹³	-25.7	91.5	154.6
59 Mortgages	287.9	337.2	514.6	570.0	565.9 ¹⁴	540.2 ¹⁵	783.7 ¹⁶	768.0 ¹⁷	731.3 ¹⁸	703.4	838.8	941.2
60 Consumer credit	91.3	57.5	75.0	99.5	139.0	144.5	76.0	70.6	149.9	81.7	76.4	60.1
Funds raised through mutual funds and corporate equities												
61 Total net issues	233.4^f	181.8^f	114.4^f	158.1^f	194.6^f	230.8^f	407.2^f	133.4^f	375.5^f	438.3	284.0	-90.2
62 Corporate equities	-4.2 ^f	-83.3 ^f	-165.1 ^f	-33.1 ^f	-40.4 ^f	114.8 ^f	133.6 ^f	-27.0 ^f	119.6 ^f	51.4	183.9	-133.1
63 Nonfinancial corporations	-69.5	-114.4	-267.0	-143.5	-159.7	-25.0	-70.7	-126.6	-25.0	-8.7	18.5	-139.0
64 Foreign shares purchased by U.S. residents	82.8	57.6	101.3	114.3	103.6	86.1	222.9	43.5	74.7	-5.9	80.9	-68.2
65 Financial corporations	-17.6 ^f	-26.5 ^f	.6 ^f	-4.0 ^f	15.7 ^f	53.7 ^f	-18.5 ^f	56.1 ^f	69.9 ^f	65.9	84.5	74.1
66 Mutual fund shares	237.6	265.1	279.5	191.2	235.0	116.0	273.5	160.4	255.9	386.9	100.0	42.9

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.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION¹

Seasonally adjusted

Series	2001	2002			2001	2002			2001	2002		
	Q4	Q1	Q2	Q3 ²	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 ²
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent) ³			
1 Total industry	137.2	138.1	139.5	140.7	183.6	184.1	184.5	185.0	74.7	75.0	75.6	76.1
2 Manufacturing	141.9	142.9	144.2	145.4	194.0	194.4	194.9	195.5	73.1	73.5	74.0	74.4
3 Primary processing ³	164.5	168.0	172.4	174.8	224.5	225.3	226.2	227.2	73.3	74.6	76.2	76.9
4 Advanced processing ³	129.3	129.2	129.0	129.4	177.2	177.4	177.7	177.9	73.0	72.8	72.6	72.8
5 Durable goods	174.1	176.1	178.4	180.6	248.5	249.4	250.4	251.5	70.1	70.6	71.3	71.8
6 Lumber and products	112.7	112.3	112.3	113.4	149.1	149.3	149.6	149.8	75.6	75.2	75.1	75.7
7 Primary metals	109.1	112.1	114.5	115.1	150.4	149.4	147.8	145.8	72.6	75.0	77.5	79.0
8 Iron and steel	104.0	109.3	114.8	116.3	146.2	144.4	141.5	137.9	71.2	75.7	81.2	84.3
9 Nonferrous	115.3	115.6	114.5	114.2	155.8	155.9	155.9	155.7	74.0	74.1	73.5	73.3
10 Industrial machinery and equipment	202.2	205.7	207.8	208.7	299.8	300.4	301.1	301.6	67.5	68.5	69.0	69.2
11 Electrical machinery	485.7	499.3	516.0	520.2	752.5	762.1	774.4	789.1	64.6	65.5	66.6	65.9
12 Motor vehicles and parts	165.1	173.7	181.2	191.1	222.9	224.2	225.4	226.7	74.1	77.5	80.4	84.3
13 Aerospace and miscellaneous transportation equipment	91.2	86.2	82.5	80.7	135.1	135.1	134.8	134.6	67.5	63.8	61.2	60.0
14 Nondurable goods	110.2	110.6	111.0	111.3	142.9	142.9	143.0	143.1	77.1	77.4	77.6	77.8
15 Textile mill products	82.4	84.9	86.5	86.4	115.4	114.4	113.4	112.5	71.5	74.3	76.2	76.8
16 Paper and products	105.8	104.4	106.9	109.3	139.0	139.0	138.8	138.5	76.1	75.1	77.0	78.9
17 Chemicals and products	122.4	122.9	123.3	124.7	158.6	158.9	159.7	160.7	77.2	77.4	77.2	77.6
18 Plastics materials	115.6	119.9	128.3	129.3	153.4	153.8	154.1	154.4	75.4	77.9	83.2	83.8
19 Petroleum products	113.7	116.2	116.0	114.6	122.7	122.9	123.0	123.2	92.7	94.6	94.3	93.0
20 Mining	98.6	96.3	95.5	96.0	112.6	112.9	112.9	112.9	87.6	85.3	84.6	85.0
21 Utilities	116.9	119.3	124.1	126.6	139.9	141.6	143.0	144.2	83.6	84.3	86.8	87.8
22 Electric	121.1	122.1	126.1	129.6	139.8	141.9	143.7	145.3	86.7	86.0	87.8	89.2

Footnotes appear on page A41.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION¹—Continued

Seasonally adjusted

Series	1973	1975	Previous cycle ⁵		Latest cycle ⁶		2001	2002					
	High	Low	High	Low	High	Low	Oct.	May	June	July ^f	Aug. ^f	Sept.	Oct. ^g
	Capacity utilization rate (percent) ²												
1 Total industry	89.2	72.6	87.3	71.1	85.4	78.1	75.0	75.6	76.0	76.3	76.1	75.8	75.2
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	73.3	74.0	74.3	74.6	74.5	74.1	73.5
3 Primary processing ³	91.8	67.3	88.6	65.7	88.3	76.7	73.9	76.4	76.7	76.9	77.0	76.8	76.3
4 Advanced processing ⁴	86.5	72.5	86.3	71.0	84.2	76.6	72.9	72.4	72.8	73.1	72.8	72.4	71.7
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	70.1	71.2	71.7	71.8	72.1	71.6	70.6
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	75.7	74.8	75.9	75.7	75.6	75.7	74.9
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	75.5	77.9	78.9	77.0	80.5	79.4	81.1
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	75.4	83.1	82.8	81.1	86.9	84.8	87.7
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	75.5	72.4	74.8	72.6	73.7	73.6	74.2
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	67.7	69.2	69.2	68.7	70.0	68.9	68.0
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	64.6	67.2	66.8	66.1	65.8	65.9	65.4
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	70.7	79.3	82.1	84.8	84.6	83.3	78.8
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	69.4	61.0	60.8	60.0	60.3	59.7	59.3
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	77.5	77.6	77.9	78.2	77.7	77.5	77.3
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	71.7	76.6	75.9	78.1	76.4	75.9	75.9
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	77.8	78.0	77.2	78.4	78.3	80.0	79.1
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	77.7	77.2	77.6	78.5	77.3	77.1	76.5
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	77.7	85.2	84.2	83.0	83.9	84.4	83.0
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	93.7	94.3	93.6	93.4	93.2	92.4	91.1
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	88.4	84.2	85.1	85.0	85.3	84.8	83.9
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	85.7	86.3	87.1	88.8	86.4	88.2	86.6
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	88.0	86.6	88.4	90.4	87.3	89.8	87.4

1. Data in this table also appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, <http://www.federalreserve.gov/releases/g17>. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 2001. The recent annual revision is described in the March 2002 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67-92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187-204.

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

3. Primary processing includes textiles; lumber; paper; industrial chemicals; synthetic materials; fertilizer materials; petroleum products; rubber and plastics; stone, clay, and glass; primary metals; fabricated metals; semiconductors and related electronic components; and motor vehicle parts.

4. Advanced processing includes foods, tobacco, apparel, furniture and fixtures, printing and publishing, chemical products such as drugs and toiletries, agricultural chemicals, leather and products, machinery except semiconductors and related electronic components, transportation equipment except motor vehicle parts, instruments, and miscellaneous manufacturing.

5. Monthly highs, 1978-80; monthly lows, 1982.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data seasonally adjusted except as noted¹

Item credits or debits	1999	2000	2001	2001			2002	
				Q2	Q3	Q4	Q1	Q2
1 Balance on current account	-292,856	-410,341	-393,371	-99,234	-91,331	-95,086	-112,454	-129,959
2 Balance on goods and services	-262,237	-378,681	-358,290	-93,324	-79,778	-88,028	-95,492	-110,613
3 Exports	957,146	1,064,239	998,022	256,766	242,325	232,930	233,252	243,752
4 Imports	-1,219,383	-1,442,920	-1,356,312	-350,090	-322,103	-320,958	-328,744	-354,365
5 Income, net	18,138	21,782	14,382	6,006	807	6,521	-946	-6,286
6 Investment, net	23,877	27,651	20,539	7,526	2,345	8,102	682	-4,628
7 Direct	75,009	88,862	102,595	27,832	23,908	28,602	22,069	17,671
8 Portfolio	-51,132	-61,211	-82,056	-20,306	-21,563	-20,500	-21,387	-22,299
9 Compensation of employees	-5,739	-5,869	-6,157	-1,520	-1,538	-1,581	-1,628	-1,658
10 Unilateral current transfers, net	-48,757	-53,442	-49,463	-11,916	-12,360	-13,579	-16,016	-13,060
11 Change in U.S. government assets other than official reserve assets, net (increase, -)	2,750	-941	-486	-783	77	143	133	12
12 Change in U.S. official reserve assets (increase, -)	8,747	-290	-4,911	-1,343	-3,559	-199	390	-1,843
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	10	-722	-630	-156	-145	-140	-109	-107
15 Reserve position in International Monetary Fund	5,484	2,308	-3,600	-1,015	-3,242	83	652	-1,607
16 Foreign currencies	3,253	-1,876	-681	-172	-172	-142	-153	-129
17 Change in U.S. private assets abroad (increase, -)	-489,066	-605,258	-365,565	-77,910	28,460	-100,032	-26,441	-139,002
18 Bank-reported claims ²	-76,263	-148,657	-128,705	-685	69,576	-83,682	727	-72,676
19 Nonbank-reported claims	-95,466	-150,805	-14,358	9,670	-9,479	37,210	65	-26,976
20 U.S. purchase of foreign securities, net	-128,436	-127,502	-94,662	-51,764	10,087	-26,090	2,047	-9,987
21 U.S. direct investments abroad, net	-188,901	-178,294	-127,840	-35,131	-41,724	-27,470	-29,280	-29,363
22 Change in foreign official assets in United States (increase, +)	43,666	37,640	5,224	-20,831	16,882	5,086	7,641	47,062
23 U.S. Treasury securities	12,177	-10,233	10,745	-20,798	15,810	16,760	-582	15,193
24 Other U.S. government obligations	20,350	40,909	20,920	9,932	-216	7,630	7,296	6,548
25 Other U.S. government liabilities ³	-2,740	-1,909	-1,882	-791	89	-504	-790	-20
26 Other U.S. liabilities reported by U.S. banks ⁴	12,964	5,746	-30,278	-10,202	-782	-20,507	991	24,415
27 Other foreign official assets ⁵	915	3,127	5,719	1,028	1,981	1,707	726	926
28 Change in foreign private assets in United States (increase, +)	698,813	978,346	747,582	202,441	1,007	245,711	105,855	174,151
29 U.S. bank-reported liabilities ⁶	54,232	116,971	110,667	55,003	-45,567	85,598	-11,051	34,889
30 U.S. nonbank-reported liabilities	78,383	174,251	82,353	-5,307	-25,154	1,170	32,345	25,956
31 Foreign private purchases of U.S. Treasury securities, net	-44,497	-76,965	-7,670	-14,685	-15,470	27,229	-7,282	1,386
32 U.S. currency flows	22,407	1,129	23,783	2,772	8,203	10,497	4,525	7,183
33 Foreign purchases of other U.S. securities, net	298,834	455,213	407,653	113,556	64,787	99,320	71,095	103,771
34 Foreign direct investments in United States, net	289,454	307,747	130,796	51,102	14,208	21,897	16,223	966
35 Capital account transactions, net ⁷	-3,340	837	826	207	206	205	208	200
36 Discrepancy	31,286	7	10,701	-2,547	48,258	-55,828	24,668	49,379
37 Due to seasonal adjustment				875	-10,286	1,721	10,019	827
38 Before seasonal adjustment	31,286	7	10,701	-3,422	58,544	-57,549	14,649	48,552
MEMO								
<i>Changes in official assets</i>								
39 U.S. official reserve assets (increase, -)	8,747	-290	-4,911	-1,343	-3,559	-199	390	-1,843
40 Foreign official assets in United States, excluding line 25 (increase, +)	46,406	39,549	7,106	-20,040	16,793	5,590	8,431	47,082
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	1,621	12,000	-1,725	-1,699	-4,081	3,382	-8,532	993

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

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

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

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

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

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1999	2000	2001	2002							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov. ^P
1 Total	71,516	67,647	68,654	67,844	69,579	74,696	74,751	75,307	75,860	75,499	75,689
2 Gold stock ¹	11,048	11,046	11,045	11,044	11,044	11,044	11,042	11,042	11,042	11,042	11,042
3 Special drawing rights ^{2,3}	10,336	10,539	10,774	10,988	11,297	11,645	11,575	11,752	11,710	11,700	11,855
4 Reserve position in International Monetary Fund ²	17,950	14,824	17,854	16,184	16,498	19,841	19,863	20,043	20,857	20,586	20,480
5 Foreign currencies ⁴	32,182	31,238	28,981	29,628	30,740	32,166	32,271	32,470	32,251	32,171	32,312

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 BANKS¹

Millions of dollars, end of period

Asset	1999	2000	2001	2002							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov. ^P
1 Deposits	71	215	61	111	127	90	164	86	150	89	77,671
<i>Held in custody</i>											
2 U.S. Treasury securities ²	632,482	594,094	592,630	589,531	605,501	619,226	635,036	638,003	644,381	647,165	669,092
3 Earmarked gold ³	9,933	9,451	9,099	9,091	9,084	9,077	9,071	9,064	9,057	9,050	9,045

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.

2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.

3. Held in foreign and international accounts and valued at \$42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1999	2000	2000		2001	2002			
		Mar. ⁶	Mar. ⁶	Dec.	Dec.	June	July	Aug.	Sept. ⁹
1 Total ¹	806,318	829,290	958,725	975,304	987,572	1,043,292	1,048,087	1,048,440	1,051,612
<i>By type</i>									
2 Liabilities reported by banks in the United States ²	138,847	136,577	136,577	144,593	123,429	148,908	143,142	137,236	144,084
3 U.S. Treasury bills and certificates ³	156,177	164,781	164,781	153,010	161,719	176,178	188,486	189,301	185,688
<i>U.S. Treasury bonds and notes</i>									
4 Marketable	422,266	430,243	465,111	450,832	454,306	455,003	449,735	450,370	446,859
5 Nonmarketable ⁴	6,111	5,734	5,734	5,348	3,411	3,000	3,020	3,040	3,058
6 U.S. securities other than U.S. Treasury securities ⁵	82,917	91,955	186,522	221,521	244,707	260,203	263,704	268,493	271,923
<i>By area</i>									
7 Europe ¹	244,805	251,815	238,548	240,325	243,452	253,985	256,539	255,244	260,393
8 Canada	12,503	13,683	15,016	13,727	13,440	11,095	10,682	10,886	10,213
9 Latin America and Caribbean	73,518	77,195	70,884	70,442	71,103	64,378	62,709	61,887	62,094
10 Asia	463,703	474,269	612,116	626,017	635,180	687,645	692,309	693,332	692,806
11 Africa	7,523	7,979	13,504	14,690	15,167	15,102	15,233	15,257	14,514
12 Other countries	4,266	4,349	8,655	10,101	9,228	11,085	10,613	11,832	11,590

1. Includes the Bank for International Settlements.
 2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.

3. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

4. Excludes notes issued to foreign official nonreserve agencies. Includes current value of zero-coupon Treasury bond issues to foreign governments as follows: Mexico, beginning March 1990, 30-year maturity issue; Venezuela, beginning December 1990, 30-year maturity issue; Argentina, beginning April 1993, 30-year maturity issue.

5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

6. Data in the two columns shown for this date reflect different benchmark bases for foreigners' holdings of selected U.S. long-term securities. Figures in the first column are comparable to those for earlier dates; figures in the second column are based in part on a benchmark survey as of end-March 2000 and are comparable to those shown for following dates.

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

3.16 LIABILITIES TO, AND CLAIMS ON, FOREIGNERS Reported by Banks in the United States¹

Payable in Foreign Currencies

Millions of dollars, end of period

Item	1998	1999	2000	2001		2002	
				Sept.	Dec.	Mar.	June
1 Banks' liabilities	101,125	88,537	77,779	92,557	89,627	78,238	93,228
2 Banks' claims	78,162	67,365	56,912	69,116	75,872	80,095	93,274
3 Deposits	45,985	34,426	23,315	36,364	45,382	50,313	56,045
4 Other claims	32,177	32,939	33,597	32,752	30,490	29,782	37,229
5 Claims of banks' domestic customers ²	20,718	20,826	24,411	20,885	17,631	16,454	16,005

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 States¹

Payable in U.S. dollars

Millions of dollars, end of period

Item	1999	2000	2001	2002						
				Mar.	Apr.	May	June	July	Aug.	Sept. ⁹
BY HOLDER AND TYPE OF LIABILITY										
1 Total, all foreigners	1,408,740	1,511,410	1,655,381	1,660,955	1,690,356	1,714,564	1,731,188	1,708,496⁶	1,764,944⁶	1,750,090
2 Banks' own liabilities	971,536	1,077,636	1,180,417	1,168,062	1,208,236	1,218,557	1,198,097	1,178,301 ⁶	1,224,641 ⁶	1,215,962
3 Demand deposits	42,884	33,365	33,603	36,471	31,392	32,060	34,600	32,558	31,428	32,026
4 Time deposits ²	163,620	187,883	155,466	141,730	139,284	136,391	130,408	123,892	124,995 ⁶	119,823
5 Other ³	155,853	171,401	199,727	209,517	224,885	235,758	237,427	257,097 ⁶	261,964 ⁶	277,600
6 Own foreign offices ⁴	609,179	684,987	791,621	780,344	812,675	814,348	795,662	764,754	806,254	786,513
7 Banks' custodial liabilities ⁵	437,204	433,774	474,964	492,893	482,120	496,007	533,091	530,195 ⁶	540,303 ⁶	534,128
8 U.S. Treasury bills and certificates ⁶	185,676	177,846	188,028	189,640	183,012	191,266	208,279	222,361	225,605	222,218
9 Short-term agency securities ⁷	n.a.	n.a.	65,534	68,670	69,525	75,157	83,613	67,985	68,968	71,177
10 Other negotiable and readily transferable instruments ⁸	132,617	145,840	91,147	93,771	95,378	94,061	96,154	102,518 ⁶	105,331 ⁶	104,735
11 Other	118,911	110,088	130,255	140,812	134,205	135,523	145,045	137,331 ⁶	140,399 ⁶	135,998
12 Nonmonetary international and regional organizations ⁹	15,276	12,542	10,807	12,127	14,441	12,129	11,568	11,495	10,540	11,596
13 Banks' own liabilities	14,357	12,140	10,169	10,935	13,427	11,756	11,138	10,993	9,986	10,808
14 Demand deposits	98	41	35	22	19	14	32	15	34	52
15 Time deposits ²	10,349	6,246	3,756	7,024	6,194	6,730	6,401	7,394	6,294	5,502
16 Other ³	3,910	5,853	6,378	3,889	7,214	5,012	4,705	3,584	3,658	5,254
17 Banks' custodial liabilities ⁵	919	402	638	1,192	1,014	373	430	502	554	788
18 U.S. Treasury bills and certificates ⁶	680	252	577	1,105	970	328	407	481	532	764
19 Short-term agency securities ⁷	n.a.	n.a.	40	21	21	18	0	0	0	0
20 Other negotiable and readily transferable instruments ⁸	233	149	21	21	21	27	23	21	22	18
21 Other	6	1	0	45	2	0	0	0	0	6
22 Official institutions ¹⁰	295,024	297,603	285,148	285,689	288,927	301,552	325,086	331,628	326,537 ⁶	329,772
23 Banks' own liabilities	97,615	96,989	83,828	79,553	83,948	86,402	92,972	93,555	86,999 ⁶	96,271
24 Demand deposits	3,341	3,952	2,988	2,651	1,827	2,002	1,707	2,146	1,946	1,900
25 Time deposits ²	28,942	35,573	19,467	14,197	15,331	15,514	14,551	13,458	14,388 ⁶	13,258
26 Other ³	65,332	57,464	61,373	62,705	66,790	68,886	76,714	77,951	70,665 ⁶	81,113
27 Banks' custodial liabilities ⁵	197,409	200,614	201,320	206,136	204,979	215,150	232,114	238,073	239,538	233,501
28 U.S. Treasury bills and certificates ⁶	156,177	153,010	161,719	161,312	155,770	162,516	176,178	188,486	189,301	185,688
29 Short-term agency securities ⁷	n.a.	n.a.	36,351	40,826	45,910	49,374	51,634	45,257	45,208	44,161
30 Other negotiable and readily transferable instruments ⁸	41,182	47,366	2,180	2,785	2,702	2,455	3,280	3,496	3,834	2,708
31 Other	50	238	1,070	1,213	597	805	1,022	834	1,195	944
32 Banks ¹¹	900,379	972,932	1,071,951	1,082,790	1,103,022	1,113,832	1,102,180	1,054,340 ⁶	1,097,956 ⁶	1,082,524
33 Banks' own liabilities	728,492	821,306	913,813	907,999	936,200	940,930	913,776	875,065 ⁶	914,010	901,120
34 Unaffiliated foreign banks	119,313	136,319	122,192	127,655	123,525	126,582	118,114	110,311 ⁶	107,756	114,607
35 Demand deposits	17,583	15,522	13,091	16,361	12,185	12,875	14,620	12,790	11,804	11,391
36 Time deposits ²	48,140	66,904	53,105	45,304	43,727	41,364	37,094	31,780	33,899	30,886
37 Other ³	53,590	53,893	55,996	65,990	67,613	72,343	66,400	65,741 ⁶	62,053	72,330
38 Own foreign offices ⁴	609,179	684,987	791,621	780,344	812,675	814,348	795,662	764,754	806,254	786,513
39 Banks' custodial liabilities ⁵	171,887	151,626	158,138	174,791	166,822	172,902	188,404	179,275 ⁶	183,946 ⁶	181,404
40 U.S. Treasury bills and certificates ⁶	16,796	16,023	13,477	11,374	13,016	14,442	16,110	17,497	17,737	17,095
41 Short-term agency securities ⁷	n.a.	n.a.	7,831	7,399	3,456	6,924	12,439	2,876	2,975	6,819
42 Other negotiable and readily transferable instruments ⁸	45,695	36,306	33,102	36,832	37,267	37,377	36,557	43,466 ⁶	45,169 ⁶	43,688
43 Other	109,396	99,567	103,728	119,186	113,083	114,159	123,298	115,436 ⁶	118,065 ⁶	113,802
44 Other foreigners	198,061	228,333	287,475	280,349	283,966	287,051	292,354	311,033 ⁶	329,911 ⁶	326,198
45 Banks' own liabilities	131,072	147,201	172,607	169,575	174,661	179,469	180,211	198,688 ⁶	213,646 ⁶	207,763
46 Demand deposits	21,862	13,850	17,489	17,437	17,361	17,169	18,241	17,607	17,644	18,683
47 Time deposits ²	76,189	79,160	79,138	75,205	74,032	72,783	72,362	71,260	70,414	70,177
48 Other ³	33,021	54,191	79,980	76,933	83,268	89,517	89,608	109,821 ⁶	125,588 ⁶	118,903
49 Banks' custodial liabilities ⁵	66,989	81,132	114,868	110,774	109,305	107,582	112,143	112,345	116,265	118,435
50 U.S. Treasury bills and certificates ⁶	12,023	8,561	12,255	15,849	13,256	13,980	15,584	15,897	18,035	18,671
51 Short-term agency securities ⁷	n.a.	n.a.	21,312	20,424	20,138	18,841	19,540	19,852	20,785	20,197
52 Other negotiable and readily transferable instruments ⁸	45,507	62,289	55,844	54,133	55,388	54,202	56,294	55,535	56,306	58,321
53 Other	9,459	10,282	25,457	20,368	20,523	20,559	20,725	21,061	21,139	21,246
MEMO										
54 Negotiable time certificates of deposits in custody for foreigners	30,345	34,217	20,440	21,498	24,061	22,587	27,490	28,027 ⁶	28,215 ⁶	28,267
55 Repurchase agreements ⁷	n.a.	n.a.	150,806	128,168	141,443	154,803	159,627	180,775	192,299 ⁶	205,171

1. Reporting banks include all types of depository institutions as well as some brokers and dealers. Excludes bonds and notes of maturities longer than one year.

2. Excludes negotiable time certificates deposit, which are included in "Other negotiable and readily transferable instruments."

3. Includes borrowing under repurchase agreements.

4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks for foreign customers.

6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

7. Data available beginning January 2001.

8. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

9. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.

10. Foreign central banks, foreign central governments, and the Bank for International Settlements.

11. Excludes central banks, which are included in "Official institutions."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States¹

Payable in U.S. dollars

Millions of dollars, end of period

Type of claim	1999	2000	2001	2002						
				Mar.	Apr.	May	June	July	Aug.	Sept. ^P
1 Total	944,937	1,095,869	1,257,548	1,262,395	...	.	1,317,275	...	...	..
2 Banks' claims	793,139	904,642	1,055,169	1,062,040	1,103,935	1,089,474	1,110,469	1,048,408 ^F	1,086,297 ^F	1,066,847
3 Foreign public borrowers	35,090	37,907	49,486	55,562	52,772	49,524	51,042	61,151	61,541	61,284
4 Own foreign offices ²	529,682	630,137	749,124	754,029	787,312	782,182	793,226	720,252 ^F	758,173 ^F	734,073
5 Unaffiliated foreign banks	97,186	95,243	100,367	95,127	95,081	89,279	92,444	91,946	86,225	94,106
6 Deposits	34,538	23,886	26,189	26,306	22,778	21,598	24,012	24,449	19,051	24,210
7 Other	62,648	71,357	74,178	68,821	72,303	67,681	68,432	67,497	67,174	69,896
8 All other foreigners	131,181	141,355	156,192	157,322	168,770	168,489	173,757	175,059	180,358	177,384
9 Claims of banks' domestic customers ³	151,798	191,227	202,379	200,355	.	.	206,806	.	.	.
10 Deposits	88,006	100,352	92,546	87,634	...	.	86,353	.	.	.
11 Negotiable and readily transferable instruments ⁴	51,161	78,147	94,016	98,050	..	.	106,740	.	.	.
12 Outstanding collections and other claims	12,631	12,728	15,817	14,671	..	.	13,713	.	.	.
MEMO										
13 Customer liability on acceptances	4,553	4,257	2,588	2,139	...	...	2,353	...	...	...
14 Banks' loans under resale agreements ⁵	n.a.	n.a.	137,655	117,383	137,154	134,901	152,383	162,975	164,355	159,725
15 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States ⁶	31,125	53,153	60,711	61,417	57,884	48,488	62,161	57,552	52,982	52,382

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.

Reporting banks include all types of depository institution as well as some brokers and dealers.

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists

principally of amounts due from the head office or parent foreign bank, and from foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

3. Assets held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit and bankers acceptances, and commercial paper.

5. Data available beginning January 2001.

6. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States¹

Payable in U.S. dollars

Millions of dollars, end of period

Maturity, by borrower and area ²	1998	1999	2000	2001		2002	
				Sept.	Dec.	Mar.	June
1 Total	250,418	267,082	274,009	298,924	305,020	304,274	311,790
<i>By borrower</i>							
2 Maturity of one year or less	186,526	187,894	186,103	178,458	200,097	188,573	202,995
3 Foreign public borrowers	13,671	22,811	21,399	19,994	27,293	26,725	26,490
4 All other foreigners	172,855	165,083	164,704	158,464	172,804	161,848	176,505
5 Maturity of more than one year	63,892	79,188	87,906	120,466	104,923	115,701	108,795
6 Foreign public borrowers	9,839	12,013	15,838	25,844	21,324	26,936	22,690
7 All other foreigners	54,053	67,175	72,068	94,622	83,599	88,765	86,105
<i>By area</i>							
8 Maturity of one year or less							
9 Europe	68,679	80,842	142,464	70,700	83,090	79,694	82,238
10 Canada	10,968	7,859	8,323	7,897	10,072	7,763	8,060
11 Latin America and Caribbean	81,766	69,498	151,840	75,562	70,648	69,178	78,788
12 Asia	18,007	21,802	43,371	19,381	29,693	24,554	28,389
13 Africa	1,835	1,122	2,263	707	1,104	1,124	918
14 All other ³	5,271	6,771	11,717	4,211	5,490	6,260	4,602
15 Maturity of more than one year							
16 Europe	14,923	22,951	57,770	41,597	34,067	39,813	34,877
17 Canada	3,140	3,192	3,174	4,292	3,633	3,362	3,349
18 Latin America and Caribbean	33,442	39,051	82,684	52,651	47,382	48,744	51,291
19 Asia	10,018	11,257	19,536	17,491	15,190	19,444	14,916
20 Africa	1,232	1,065	1,567	798	769	669	856
21 All other ³	1,137	1,672	5,954	3,637	3,882	3,669	3,506

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. Banks¹

Billions of dollars, end of period

Area or country	1998	1999	2000			2001				2002	
			June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
1 Total	1,051.6	945.5	991.0	954.4	1,027.3	1,141.1	1,137.0	1,282.1¹	913.0²	798.5³	865.5
2 G-10 countries and Switzerland	217.7	243.4	313.6	280.3	300.7	334.6	336.3	291.8	406.4 ⁴	324.6 ⁵	348.2
3 Belgium and Luxembourg	10.7	14.3	13.9	13.0	14.2	15.2	13.0	14.3	19.1	16.4	17.0
4 France	18.4	29.0	32.6	29.0	29.6	30.0	35.8	34.4	39.1	33.4	42.3
5 Germany	30.9	38.7	31.5	37.6	45.1	45.0	51.4	40.9	42.9	49.2	52.0
6 Italy	11.5	18.1	20.5	18.6	21.3	20.3	23.6	22.6	20.9	19.0	20.3
7 Netherlands	7.8	12.3	16.0	17.5	18.4	22.1	18.6	20.7	19.3	23.7	20.9
8 Sweden	2.3	3.0	3.5	4.3	3.6	4.7	4.7	5.1	5.3	5.5	6.2
9 Switzerland	8.5	10.3	13.8	10.9	13.2	13.7	13.3	12.8	12.4	13.5	14.0
10 United Kingdom	85.4	79.3	138.2	112.8	115.6	140.2	126.2	93.8	195.2 ⁶	111.8 ⁷	120.5
11 Canada	16.8	16.3	18.2	18.5	16.7	15.4	21.3	20.3	19.1	16.9 ⁸	18.3
12 Japan	25.4	22.1	25.4	18.1	23.0	28.0	28.3	26.8	33.1	35.3	36.7
13 Other industrialized countries	69.0	68.4	75.3	73.7	74.5	75.2	70.0	70.6	70.5 ⁹	69.9	78.4
14 Austria	1.4	3.5	2.8	3.5	4.1	3.8	3.6	4.4	4.8	5.1	5.7
15 Denmark	2.2	2.6	1.2	1.8	1.9	3.1	2.7	2.7	2.6	3.5	2.9
16 Finland	1.4	9	1.2	2.8	1.5	1.4	1.2	1.3	1.1	2.1	1.5
17 Greece	5.9	6.0	6.7	6.4	8.3	4.1	3.6	3.6	3.2	3.3	3.7
18 Norway	3.2	3.3	4.6	8.5	8.3	10.2	7.9	6.2	8.1	9.0	10.6
19 Portugal	1.4	1.0	2.0	1.5	2.0	1.9	1.4	1.4	1.6	1.8	1.8
20 Spain	13.7	12.1	12.2	10.5	10.3	12.4	12.4	13.7	12.1	12.1	13.3
21 Turkey	4.8	4.8	5.6	5.6	5.9	5.0	4.5	4.1	3.9	5.3	4.3
22 Other Western Europe	10.4	6.8	7.9	8.3	6.5	7.1	6.9	7.2	8.3	8.4	9.0
23 South Africa	4.4	3.8	4.6	4.2	3.6	4.1	3.8	4.4	4.1	3.3	3.5
24 Australia	20.3	23.5	26.3	20.5	22.1	21.9	22.1	21.6	20.6	15.9	22.2
25 OPEC ²	27.1	31.4	32.1	31.4	28.9	27.9	27.1	27.4	27.3	27.5	26.7
26 Ecuador	1.3	.8	.7	.6	.6	.6	.6	.6	.6	.6	.6
27 Venezuela	3.2	2.8	2.9	2.9	2.5	2.7	2.6	2.6	2.4	2.4	2.2
28 Indonesia	4.7	4.2	4.1	4.4	4.6	4.4	4.2	4.0	3.7	3.6	3.3
29 Middle East countries	17.0	23.1	23.8	22.4	20.3	19.7	19.3	19.9	20.3	20.6	20.2
30 African countries	1.0	.5	.7	1.2	.8	.5	.4	.4	.3	.3	.4
31 Non-OPEC developing countries	143.4	149.4	158.1	149.5	145.5	150.1	157.6	201.6	203.3	195.9	196.0
<i>Latin America</i>											
32 Argentina	23.1	23.2	21.6	21.4	21.4	20.9	19.8	19.2	19.2	12.8	12.3
33 Brazil	24.7	27.7	28.3	28.5	28.8	29.4	30.9	30.9	28.0	26.6	24.8
34 Chile	8.3	7.4	8.1	7.3	7.6	7.3	7.0	6.4	7.0	7.1	7.1
35 Colombia	3.2	2.5	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.4	2.4
36 Mexico	18.9	18.7	20.4	17.5	15.7	16.7	16.3	60.0	68.2	67.1	63.5
37 Peru	2.2	1.7	2.1	2.1	2.0	2.0	2.0	1.9	1.8	1.5	1.5
38 Other	5.4	5.9	6.7	6.2	6.3	8.6	8.3	8.1	8.9	7.9	7.4
<i>Asia</i>											
39 China											
40 Mainland	3.0	3.6	3.8	3.4	2.9	3.2	6.7	5.9	5.0	7.0	8.6
41 Taiwan	13.3	12.0	12.6	12.8	10.8	11.2	10.7	10.8	12.2	12.6	16.1
42 India	5.5	7.7	8.2	5.8	9.1	6.5	11.8	14.1	6.9	6.3	5.9
43 Israel	1.1	1.8	1.5	1.1	2.7	2.2	2.0	3.2	3.7	2.4	2.4
44 Korea (South)	13.7	15.2	21.7	21.4	15.5	19.9	19.3	19.3	18.5	22.4	24.4
45 Malaysia	5.6	6.1	6.8	6.9	7.1	6.5	6.7 ⁸	6.1	6.7	6.4	6.3
46 Philippines	5.1	6.2	5.3	4.7	5.1	5.2	5.4	5.2	5.6	5.4	5.3
47 Thailand	4.7	4.1	4.0	3.9	4.0	4.2	4.2	3.9	5.1	4.0	3.5
47 Other Asia	2.9	2.9	1.9	1.7	1.9	1.7	1.8	1.6	1.9	1.9	2.0
<i>Africa</i>											
48 Egypt	1.3	1.4	1.3	1.1	1.1	1.2	1.2	1.4	1.2	1.3	1.5
49 Morocco	.5	.4	.3	.4	.3	.3	.3	.3	.1	.1	.1
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa ³	1.0	1.0	.9	.8	.7	.7	.7	.8	.7	.7	.8
52 Eastern Europe	5.5	5.2	9.4	9.0	10.1	9.5	9.5	10.2	10.1	10.6	12.8
53 Russia ⁴	2.2	1.6	1.5	1.4	1.0	1.5	1.5	1.6	1.6	2.8	2.8
54 Other	3.3	3.6	7.9	7.6	9.1	8.0	8.0	8.5	8.5	7.9	10.0
55 Offshore banking centers	93.9	59.9	60.6	59.4	76.3	71.4	58.1	73.1 ¹	72.0	56.6	90.6
56 Bahamas	35.4	13.7	8.8	9.3	13.5	7.0	.0	1.1	7.5	7.5	10.9
57 Bermuda	4.6	8.0	6.3	6.3	9.0	7.9	5.7	7.6	7.6	8.1	12.7
58 Cayman Islands and other British West Indies	12.8	1.3	5.1	5.9	14.6	13.6	11.9	21.8 ²	16.4	5.0	27.8
59 Netherlands Antilles	2.6	1.7	2.6	1.9	1.9	2.9	1.7	5.8	2.8	3.3	2.8
60 Panama ⁵	3.9	3.9	3.3	2.5	3.2	3.8	3.4	3.5	3.2	3.3	3.2
61 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.2
62 Hong Kong, China	23.3	21.0	20.7	20.6	18.7	21.5	22.3	17.9	18.9	15.7	16.5
63 Singapore	11.1	10.1	13.6	12.6	15.2	14.6	12.9	15.2	15.5	13.5	16.6
64 Other ⁶	.2	.1	.1	.1	.2	.1	.1	.0	.1	.0	.0
65 Miscellaneous and unallocated ⁷	495.1	387.9	342.1	351.1	391.2	472.4	478.6	607.6	123.4	113.4	112.9

1. The banking offices covered by these data include U.S. offices and foreign branches of U.S. banks, including U.S. banks that are subsidiaries of foreign banks. Offices not covered include U.S. agencies and branches of foreign banks. Beginning March 1994, the data include large foreign subsidiaries of U.S. banks. The data also include other types of U.S. depository institutions as well as some types of brokers and dealers. To eliminate duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution.

These data are on a gross claims basis and do not necessarily reflect the ultimate country risk or exposure of U.S. banks. More complete data on the country risk exposure of U.S. banks are available in the quarterly Country Exposure Lending Survey published by the Federal Financial Institutions Examination Council.

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates), and Bahrain and Oman (not formally members of OPEC)

3. Excludes Liberia. Beginning March 1994 includes Namibia.

4. As of December 1992, excludes other republics of the former Soviet Union.

5. Includes Canal Zone.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of liability, and area or country	1998	1999	2000	2001				2002	
				Mar.	June	Sept.	Dec.	Mar.	June
1 Total	46,570	53,044	73,904	73,655	68,028	53,526	66,718	74,035	70,696
2 Payable in dollars	36,668	37,605	48,931	46,526	41,734	35,347	42,957	46,805	48,620
3 Payable in foreign currencies	9,902	15,415	24,973	27,129	26,294	18,179	23,761	27,230	22,076
<i>By type</i>									
4 Financial liabilities	19,255	27,980	47,419	47,808	41,908	27,502	41,034	45,588	42,365
5 Payable in dollars	10,371	13,883	25,246	23,201	17,655	11,415	18,763	20,122	21,892
6 Payable in foreign currencies	8,884	14,097	22,173	24,607	24,253	16,087	22,271	25,466	20,473
7 Commercial liabilities	27,315	25,064	26,485	25,847	26,120	26,024	25,684	28,447	28,331
8 Trade payables	10,978	12,857	14,293	12,481	13,127	11,740	11,820	14,872	14,193
9 Advance receipts and other liabilities	16,337	12,207	12,192	13,366	12,993	14,284	13,864	13,575	14,138
10 Payable in dollars	26,297	23,722	23,685	23,325	24,079	23,932	24,194	26,683	26,728
11 Payable in foreign currencies	1,018	1,318	2,800	2,522	2,041	2,092	1,490	1,764	1,603
<i>By area or country</i>									
Financial liabilities									
12 Europe	12,589	23,241	34,172	37,422	32,785	22,083	31,806	38,697	34,682
13 Belgium and Luxembourg	79	31	147	112	98	76	154	119	120
14 France	1,097	1,659	1,480	1,553	1,222	1,538	2,841	3,531	4,071
15 Germany	2,063	1,974	2,168	2,624	2,463	1,994	2,344	2,802	2,622
16 Netherlands	1,406	1,996	2,016	2,169	1,763	1,998	1,954	1,951	1,939
17 Switzerland	155	147	104	103	93	92	94	84	61
18 United Kingdom	5,980	16,521	26,362	28,812	25,363	14,819	22,852	28,180	23,859
19 Canada	693	284	411	718	628	436	955	942	946
20 Latin America and Caribbean	1,495	892	4,125	3,632	2,100	414	2,858	1,547	1,832
21 Bahamas	7	1	6	18	40	5	157	5	5
22 Bermuda	101	5	1,739	1,837	461	47	960	836	626
23 Brazil	152	126	148	26	21	22	35	35	38
24 British West Indies	957	492	406	1,657	1,508	243	1,627	612	1,000
25 Mexico	59	25	26	31	20	24	36	27	25
26 Venezuela	2	0	2	1	1	3	2	1	5
27 Asia	3,785	3,437	7,965	5,324	5,639	3,869	5,042	4,010	4,491
28 Japan	3,612	3,142	6,216	4,757	3,297	3,442	3,269	3,299	2,387
29 Middle Eastern oil-exporting countries ¹	0	4	11	15	8	9	10	15	14
30 Africa	28	28	52	38	61	59	53	122	120
31 Oil-exporting countries ²	0	0	0	0	0	5	5	91	91
32 All other ³	665	98	694	674	695	672	320	270	294
Commercial liabilities									
33 Europe	10,030	9,262	9,629	8,792	8,723	8,855	9,230	8,372	8,735
34 Belgium and Luxembourg	278	140	293	251	297	160	99	105	96
35 France	920	672	979	689	665	892	735	701	860
36 Germany	1,392	1,131	1,047	982	1,017	966	908	584	551
37 Netherlands	429	507	300	349	343	343	1,163	463	692
38 Switzerland	499	626	502	623	697	683	790	637	776
39 United Kingdom	3,697	3,071	2,847	2,542	2,706	2,296	2,280	2,747	2,754
40 Canada	1,390	1,775	1,933	1,625	1,957	1,569	1,633	1,798	2,043
41 Latin America and Caribbean	1,618	2,310	2,381	2,166	2,293	2,879	2,729	3,454	2,727
42 Bahamas	14	22	31	5	31	44	52	23	12
43 Bermuda	198	152	281	280	367	570	591	433	403
44 Brazil	152	145	114	239	279	312	290	277	320
45 British West Indies	10	48	76	64	21	28	45	67	46
46 Mexico	347	887	841	792	762	884	901	1,457	959
47 Venezuela	202	305	284	243	218	242	166	281	205
48 Asia	12,342	9,886	10,983	11,542	11,384	11,114	10,532	12,969	12,951
49 Japan	3,827	2,609	2,757	2,431	2,377	2,421	2,592	4,281	4,301
50 Middle Eastern oil-exporting countries ¹	2,852	2,551	2,832	3,359	3,087	3,053	2,642	3,142	3,204
51 Africa	794	950	948	1,072	1,115	938	836	976	951
52 Oil-exporting countries ²	393	499	483	566	539	471	436	454	409
53 Other ³	1,141	881	614	650	648	669	724	878	924

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

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

3. Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States

Millions of dollars, end of period

Type of claim, and area or country	1998	1999	2000	2001				2002	
				Mar.	June	Sept.	Dec.	Mar.	June
1 Total	77,462	76,669	90,157	107,705	97,470	94,076	113,155	102,058	102,592
2 Payable in dollars	72,171	69,170	79,558	94,932	87,690	83,292	103,937	92,486	93,550
3 Payable in foreign currencies	5,291	7,472	10,599	12,773	9,780	10,784	9,218	9,572	9,042
<i>By type</i>									
4 Financial claims	46,260	40,231	53,031	74,255	61,891	60,015	81,287	71,696	73,623
5 Deposits	30,199	18,566	23,374	25,419	25,381	22,391	29,801	28,128	28,312
6 Payable in dollars	28,549	16,373	21,015	23,244	23,174	19,888	27,850	26,317	26,499
7 Payable in foreign currencies	1,650	2,193	2,359	2,175	2,207	2,503	1,951	1,811	1,813
8 Other financial claims	16,061	21,665	29,657	48,836	36,510	37,624	51,486	43,568	45,311
9 Payable in dollars	14,049	18,593	25,142	41,417	32,038	32,076	46,621	39,553	41,998
10 Payable in foreign currencies	2,012	3,072	4,515	7,419	4,472	5,548	4,865	4,015	3,313
11 Commercial claims	31,202	36,438	37,126	33,450	35,579	34,061	31,868	30,362	28,969
12 Trade receivables	27,202	32,629	33,104	28,958	30,631	29,328	27,586	25,597	24,395
13 Advance payments and other claims	4,000	3,809	4,022	4,492	4,948	4,733	4,282	4,765	4,574
14 Payable in dollars	29,573	34,204	33,401	30,271	32,478	31,328	29,466	26,616	25,053
15 Payable in foreign currencies	1,629	2,207	3,725	3,179	3,101	2,733	2,402	3,746	3,916
<i>By area or country</i>									
Financial claims									
16 Europe	12,294	13,023	23,136	31,855	23,975	23,069	26,118	23,671	23,656
17 Belgium and Luxembourg	661	529	296	430	262	372	625	751	797
18 France	864	967	1,206	3,142	1,376	1,682	1,450	1,801	2,312
19 Germany	304	504	848	1,401	1,163	1,112	1,068	941	1,302
20 Netherlands	875	1,229	1,396	2,313	1,072	954	2,138	1,820	1,847
21 Switzerland	414	643	699	613	653	665	589	308	295
22 United Kingdom	7,766	7,561	15,900	20,938	15,913	15,670	16,510	14,023	11,684
23 Canada	2,503	2,553	4,576	4,847	4,787	4,254	6,193	5,291	5,248
24 Latin America and Caribbean	27,714	18,206	19,317	28,791	24,403	26,099	41,201	35,001	37,511
25 Bahamas	403	1,593	1,353	561	818	649	976	1,197	1,332
26 Bermuda	39	11	19	1,729	426	80	918	611	704
27 Brazil	835	1,476	1,827	1,648	1,877	2,065	2,127	1,892	2,036
28 British West Indies	24,388	12,099	12,596	21,227	17,505	19,234	32,965	27,350	29,591
29 Mexico	1,245	1,798	2,448	2,461	2,633	2,910	3,075	2,777	2,823
30 Venezuela	55	48	87	38	66	80	83	79	60
31 Asia	3,027	5,457	4,697	7,215	6,829	5,274	6,430	6,489	5,826
32 Japan	1,194	3,262	1,631	3,867	1,698	1,761	1,604	2,009	1,093
33 Middle Eastern oil-exporting countries ¹	9	23	80	86	76	100	135	79	78
34 Africa	159	286	411	430	476	456	414	390	431
35 Oil-exporting countries ²	16	15	57	42	35	83	49	51	64
36 All other ³	563	706	894	1,117	1,421	891	931	854	951
Commercial claims									
37 Europe	13,246	16,389	15,938	13,775	14,469	14,381	14,036	12,708	11,897
38 Belgium and Luxembourg	238	316	452	395	403	354	268	272	210
39 France	2,171	2,236	3,095	3,479	3,190	3,062	2,922	2,883	2,827
40 Germany	1,822	1,960	1,982	1,586	1,993	1,977	1,662	1,198	1,163
41 Netherlands	467	1,429	1,729	757	863	844	529	415	381
42 Switzerland	483	610	763	634	473	514	611	436	472
43 United Kingdom	4,769	5,827	4,502	3,562	3,724	3,571	3,839	3,579	3,395
44 Canada	2,617	2,757	3,502	3,392	3,470	3,116	2,855	2,760	2,755
45 Latin America and Caribbean	6,296	5,959	5,851	5,144	6,033	5,590	4,874	4,891	4,659
46 Bahamas	24	20	37	20	39	35	42	42	28
47 Bermuda	536	390	376	407	650	526	369	422	215
48 Brazil	1,024	905	957	975	1,363	1,183	958	837	840
49 British West Indies	104	181	137	130	135	124	95	73	26
50 Mexico	1,545	1,678	1,507	1,350	1,375	1,442	1,401	1,225	1,295
51 Venezuela	401	439	328	292	321	301	288	312	317
52 Asia	7,192	9,165	9,630	8,985	9,499	8,704	7,855	7,513	7,287
53 Japan	1,681	2,074	2,796	2,560	3,148	2,438	2,007	1,975	2,055
54 Middle Eastern oil-exporting countries ¹	1,135	1,625	1,024	966	1,040	919	851	657	886
55 Africa	711	631	672	773	601	838	645	630	611
56 Oil-exporting countries ²	165	171	180	165	102	170	88	109	94
57 Other ³	1,140	1,537	1,572	1,381	1,507	1,432	1,603	1,860	1,760

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

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

3. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	2000	2001	2002							
			Jan.-Sept.	Mar.	Apr.	May	June	July	Aug.	Sept. ^P
U.S. corporate securities										
Stocks										
1 Foreign purchases	3,605,196	3,051,332	2,379,615	286,549	272,125	274,543	248,562	318,210	257,264	206,699
2 Foreign sales	3,430,306	2,934,942	2,342,688	279,632	264,298	274,889	244,549	308,555	252,651	213,168
3 Net purchases, or sales (-)	174,890	116,390	36,927	6,917	7,827	-346	4,013	9,655	4,613	-6,469
4 Foreign countries	174,903	116,187	37,010	6,932	7,834	-324	3,997	9,582	4,602	-6,454
5 Europe	164,656	88,099	21,251	6,810	2,591	-2,548	-653	3,205	3,830	-5,156
6 France	5,727	5,914	738	405	1,202	-1,270	-1,249	38	942	-936
7 Germany	31,752	8,415	-981	332	56	-48	-131	-595	-328	-1,175
8 Netherlands	4,915	10,919	2,448	192	-663	41	36	1,440	900	-4
9 Switzerland	11,960	3,456	202	569	814	89	-710	-341	-306	-949
10 United Kingdom	58,736	38,493	10,772	3,110	-324	-1,829	1,117	1,829	2,801	-1,227
11 Channel Islands and Isle of Man ¹	n.a.	-698	-359	-113	-63	-3	-2	73	-47	-20
12 Canada	5,956	10,984	6,328	598	1,262	546	373	1,939	1,336	-774
13 Latin America and Caribbean	-17,812	-5,154	-13,097	302	1,989	-703	-673	-1,318	-3,850	-2,902
14 Middle East ²	9,189	1,789	-1,044	-901	-273	-30	198	43	-58	46
15 Other Asia	12,494	20,726	20,830	245	2,143	2,253	3,986	4,755	3,231	2,012
16 Japan	2,070	6,788	14,687	1,002	1,244	3,116	3,193	3,660	2,249	238
17 Africa	415	-366	-17	-26	-41	9	-1	3	-34	36
18 Other countries	5	109	2,759	-96	163	149	767	955	147	284
19 Nonmonetary international and regional organizations	-11	203	-82	-15	-7	-22	16	73	11	-15
BONDS ³										
20 Foreign purchases	1,208,386	1,942,690	1,865,868	219,825	217,286	219,553	204,684	221,223	221,413	211,616
21 Foreign sales	871,416	1,556,745	1,593,818	173,729	175,072	174,562	171,729	205,574	189,475	186,471
22 Net purchases, or sales (-)	336,970	385,945	272,050	46,096	42,214	44,991	32,955	15,649	31,938	25,145
23 Foreign countries	337,074	385,380	272,426	46,275	42,229	45,121	32,806	15,970	31,907	25,236
24 Europe	180,917	195,412	120,185	21,125	20,875	19,149	20,019	3,152	10,927	12,172
25 France	2,216	5,028	2,786	578	380	350	462	192	487	255
26 Germany	4,067	12,362	3,245	1,545	385	132	681	680	370	-388
27 Netherlands	1,130	1,538	-542	-173	732	-49	-518	393	55	-37
28 Switzerland	3,973	5,721	7,222	-102	247	1,412	1,109	1,406	1,825	356
29 United Kingdom	141,223	152,772	80,883	16,381	15,540	15,309	13,022	-330	3,718	7,627
30 Channel Islands and Isle of Man ¹	n.a.	2,000	3,076	309	20	92	-14	-20	1,203	1,342
31 Canada	13,287	4,595	1,223	869	385	-193	923	-611	165	-410
32 Latin America and Caribbean	59,444	77,019	65,534	13,133	8,487	15,618	2,936	1,840	9,707	3,293
33 Middle East ¹	2,076	2,338	1,743	377	9	-172	24	125	578	40
34 Other Asia	78,794	106,400	79,743	10,321	12,438	10,608	8,521	10,336	9,026	9,601
35 Japan	39,356	33,687	27,564	-466	8,509	5,046	3,290	4,754	1,975	6,134
36 Africa	938	760	824	34	95	13	330	112	77	171
37 Other countries	1,618	-1,144	3,174	416	-60	98	53	1,016	1,427	369
38 Nonmonetary international and regional organizations	-70	566	-376	-179	-15	-130	149	-321	31	-91
Foreign securities										
39 Stocks, net purchases, or sales (-)	-13,088	-50,113	7,177	5,503	-3,561	-7,927	-4,983	13,285	3,049	712
40 Foreign purchases	1,802,185	1,397,664	974,907	116,435	114,999	113,418	111,699	139,500	92,879	87,224
41 Foreign sales	1,815,273	1,447,777	967,730	110,932	118,560	121,345	116,682	126,215	89,830	86,512
42 Bonds, net purchases, or sales (-)	-4,054	30,423	23,980	7,333	461	6,871	5,730	7,707	-1,583	774
43 Foreign purchases	958,932	1,159,185	988,705	109,465	99,383	124,357	118,365	120,212	111,361	122,840
44 Foreign sales	962,986	1,128,762	964,725	102,132	98,922	117,486	112,635	112,505	112,944	122,066
45 Net purchases, or sales (-), of stocks and bonds	-17,142	-19,690	31,157	12,836	-3,100	-1,056	747	20,992	1,466	1,486
46 Foreign countries	-17,278	-19,102	31,247	12,931	-3,204	-1,105	781	21,082	1,441	1,508
47 Europe	-25,386	-12,117	15,816	13,620	-4,805	647	-4,639	11,407	563	852
48 Canada	-3,888	2,943	5,559	-764	1,565	56	2,240	1,918	8	-556
49 Latin America and Caribbean	-15,688	4,245	3,495	1,353	-1,106	-1,699	2,785	1,939	-600	-352
50 Asia	24,488	-11,869	6,167	-949	2,220	381	342	4,990	1,028	1,019
51 Japan	20,970	-20,116	-469	-2,789	998	-518	-871	3,453	379	-861
52 Africa	943	-557	-630	-72	-1,141	-118	8	205	393	-39
53 Other countries	2,253	-1,747	842	-257	63	-372	45	623	49	584
54 Nonmonetary international and regional organizations	150	-587	-92	-95	104	49	-34	-90	25	-22

1. Before January 2001, data included in United Kingdom.

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

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

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions¹

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

Area or country	2000	2001	2002							
			Jan.-Sept.	Mar.	Apr.	May	June	July	Aug.	Sept. ⁶
1 Total estimated	-54,032	18,514	48,648	15,518	-12,528	-539	10,896	21,023	1,120	26,257
2 Foreign countries	-53,571	19,200	47,644	15,369	-12,838	-39	10,773	21,117	705	26,245
3 Europe	-50,704	-20,604	-2,581	8,194	-8,844	-6,274	-371	4,533	-1,811	8,007
4 Belgium ²	73	-598	1,761	410	-71	8	292	274	1,333	-114
5 Germany	-7,304	-1,668	-7,674	1,759	-115	649	-587	-2,930	-2,041	-666
6 Luxembourg ²	n.a.	462	-1,317	79	-325	-166	85	-84	-14	-252
7 Netherlands	2,140	-6,728	-20,362	-3,891	-3,295	-9,328	-2,487	147	-1,439	1,217
8 Sweden	1,082	-1,190	588	269	103	55	192	-169	471	234
9 Switzerland	-10,326	1,412	1,300	973	-1,262	341	359	246	-705	1,150
10 United Kingdom	-33,669	-7,279	28,710	8,236	-5,996	2,312	1,820	10,278	378	9,078
11 Channel Islands and Isle of Man ³	n.a.	-179	1,213	-251	-35	84	793	177	444	-43
12 Other Europe and former U.S.S.R.	-2,700	-4,836	-6,800	610	2,152	-229	-838	-3,406	-238	-2,597
13 Canada	-550	-1,634	-5,646	1,753	-1,223	454	-1,634	-2,011	-1,671	875
14 Latin America and Caribbean	-4,914	4,272	13,400	-460	-1,500	7,939	6,382	4,602	-11,831	7,757
15 Venezuela	1,288	290	10	-7	-18	6	160	-58	-15	-79
16 Other Latin America and Caribbean	-11,581	14,726	16,602	8,802	-1,918	1,933	3,298	3,736	-7,434	5,520
17 Netherlands Antilles	5,379	-10,744	-3,212	-9,255	436	6,000	2,924	924	-4,382	2,316
18 Asia	1,639	36,332	39,378	6,107	-1,543	-2,826	5,838	12,931	15,668	9,664
19 Japan	10,580	16,114	25,492	-1,855	3,019	195	2,454	7,651	6,573	12,750
20 Africa	-414	-880	738	70	-176	-38	299	112	495	-93
21 Other	1,372	1,714	2,355	-295	448	706	259	950	-145	35
22 Nonmonetary international and regional organizations	-461	-686	1,004	149	310	-500	123	-94	415	12
23 International	-483	-290	835	199	398	-240	-21	-64	418	-45
24 Latin American Caribbean regional	76	41	12	-5	-47	-14	28	11	-4	29
MEMO										
25 Foreign countries	-53,571	19,200	47,644	15,369	-12,838	-39	10,773	21,117	705	26,245
26 Official institutions	-6,302	3,474	-7,447	5,233	-1,451	-69	2,161	-5,268	635	-3,511
27 Other foreign	-47,269	15,726	55,091	10,136	-11,387	30	8,612	26,385	70	29,756
Oil-exporting countries										
28 Middle East ⁴	3,483	865	-1,359	137	1,382	-753	-249	-1,338	-1,010	-362
29 Africa ⁵	0	-2	-27	2	-25	0	0	0	-2	-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. Before January 2001, combined data reported for Belgium and Luxembourg.

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

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

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

3.28 FOREIGN EXCHANGE RATES AND INDEXES OF THE FOREIGN EXCHANGE VALUE OF THE U.S. DOLLAR¹

Currency units per U.S. dollar except as noted

Item	1999	2000	2001	2002					
				June	July	Aug.	Sept.	Oct.	Nov.
Exchange rates									
COUNTRY/CURRENCY UNIT									
1 Australia/dollar ²	64.54	58.15	51.69	56.82	55.38	54.13	54.65	55.02	56.13
2 Brazil/real	1.8207	1.8301	2.3527	2.7144	2.9414	3.1082	3.3548	3.7966	3.5924
3 Canada/dollar	1.4858	1.4855	1.5487	1.5318	1.5456	1.5694	1.5761	1.5780	1.5715
4 China, P.R./yuan	8.2783	8.2784	8.2770	8.2767	8.2768	8.2767	8.2760	8.2772	8.2772
5 Denmark/krone	6.9900	8.0953	8.3323	7.7775	7.4807	7.5948	7.5752	7.5732	7.4201
6 European Monetary Union/euro ³	1.0653	0.9232	0.8952	0.9561	0.9935	0.9781	0.9806	0.9812	1.0013
7 Greece/drachma	306.30	365.92	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Hong Kong/dollar	7.7594	7.7924	7.7997	7.8000	7.8000	7.8008	7.7999	7.7995	7.7994
9 India/rupee	43.13	45.00	47.22	48.98	48.79	48.62	48.46	48.39	48.29
10 Japan/yen	113.73	107.80	121.57	123.29	117.90	118.99	121.08	123.91	121.61
11 Malaysia/ringgit	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
12 Mexico/peso	9.553	9.459	9.337	9.767	9.779	9.839	10.071	10.094	10.195
13 New Zealand/dollar ²	52.94	45.68	42.02	48.86	48.09	46.35	47.02	48.18	49.73
14 Norway/krone	7.8071	8.8131	8.9964	7.7533	7.4694	7.6042	7.5018	7.4873	7.3157
15 Singapore/dollar	1.6951	1.7250	1.7930	1.7831	1.7524	1.7553	1.7682	1.7843	1.7653
16 South Africa/rand	6.1191	6.9468	8.6093	10.1841	10.1032	10.5878	10.5967	10.3058	9.6509
17 South Korea/won	1,189.84	1,130.90	1,292.01	1,219.70	1,179.99	1,197.51	1,211.61	1,240.19	1,210.20
18 Sri Lanka/rupee	70.868	76.964	89.602	96.408	96.266	96.281	96.207	96.402	96.426
19 Sweden/krona	8.2740	9.1735	10.3425	9.5376	9.3474	9.4610	9.3400	9.2846	9.0652
20 Switzerland/franc	1.5045	1.6904	1.6891	1.5399	1.4718	1.4972	1.4931	1.4932	1.4658
21 Taiwan/dollar	32.322	31.260	33.824	33.889	33.272	33.884	34.573	34.947	34.673
22 Thailand/baht	37.887	40.210	44.532	42.160	41.257	42.193	42.893	43.641	43.353
23 United Kingdom/pound ²	161.72	151.56	143.96	148.37	155.65	153.68	155.63	155.75	157.11
24 Venezuela/bolivar	606.82	680.52	724.10	1,212.07	1,317.38	1,379.73	1,458.39	1,440.50	1,358.61
Indexes ⁴									
NOMINAL									
25 Broad (January 1997=100) ⁵	116.87	119.67	126.09	125.96	124.20	125.64	126.67	127.69	126.38
26 Major currencies (March 1973=100) ⁶	94.07	98.32	104.32	101.42	98.97	100.35	100.68	101.24	99.83
27 Other important trading partners (January 1997=100) ⁷	129.94	130.33	136.34	140.70	140.47	141.69	143.71	145.28	144.43
REAL									
28 Broad (March 1973=100) ⁵	100.78	104.32	110.42	109.91 ^a	108.39 ^a	109.74 ^a	110.52 ^a	111.42 ^a	110.15
29 Major currencies (March 1973=100) ⁶	97.06	103.17	110.73	107.80	105.27	106.80	107.20	108.07 ^a	106.87
30 Other important trading partners (March 1973=100) ⁷	114.26	114.53	119.21	121.87 ^a	121.60 ^a	122.79 ^a	124.18 ^a	125.20 ^a	123.73

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.

2. U.S. cents per currency unit.

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

Euro equals			
13.7603	Austrian schillings	1,936.27	Italian lire
40.3399	Belgian francs	40.3399	Luxembourg francs
5.94573	Finnish markkas	2.20371	Netherlands guilders
6.55957	French francs	200.482	Portuguese escudos
1.95583	German marks	166.386	Spanish pesetas
.787564	Irish pounds	340.750	Greek drachmas

4. Starting with the February 2002 *Bulletin*, revised index values resulting from the periodic revision of data that underlie the calculated trade weights are reported. For more information on the indexes of the foreign exchange value of the dollar, see *Federal Reserve Bulletin*, vol. 84 (October 1998), pp. 811-818.

5. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of U.S. trading partners. The weight for each currency is computed as an average of U.S. bilateral import shares from and export shares to the issuing country and as a measure of the importance to U.S. exporters of that country's trade in third country markets.

6. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

7. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that do not circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

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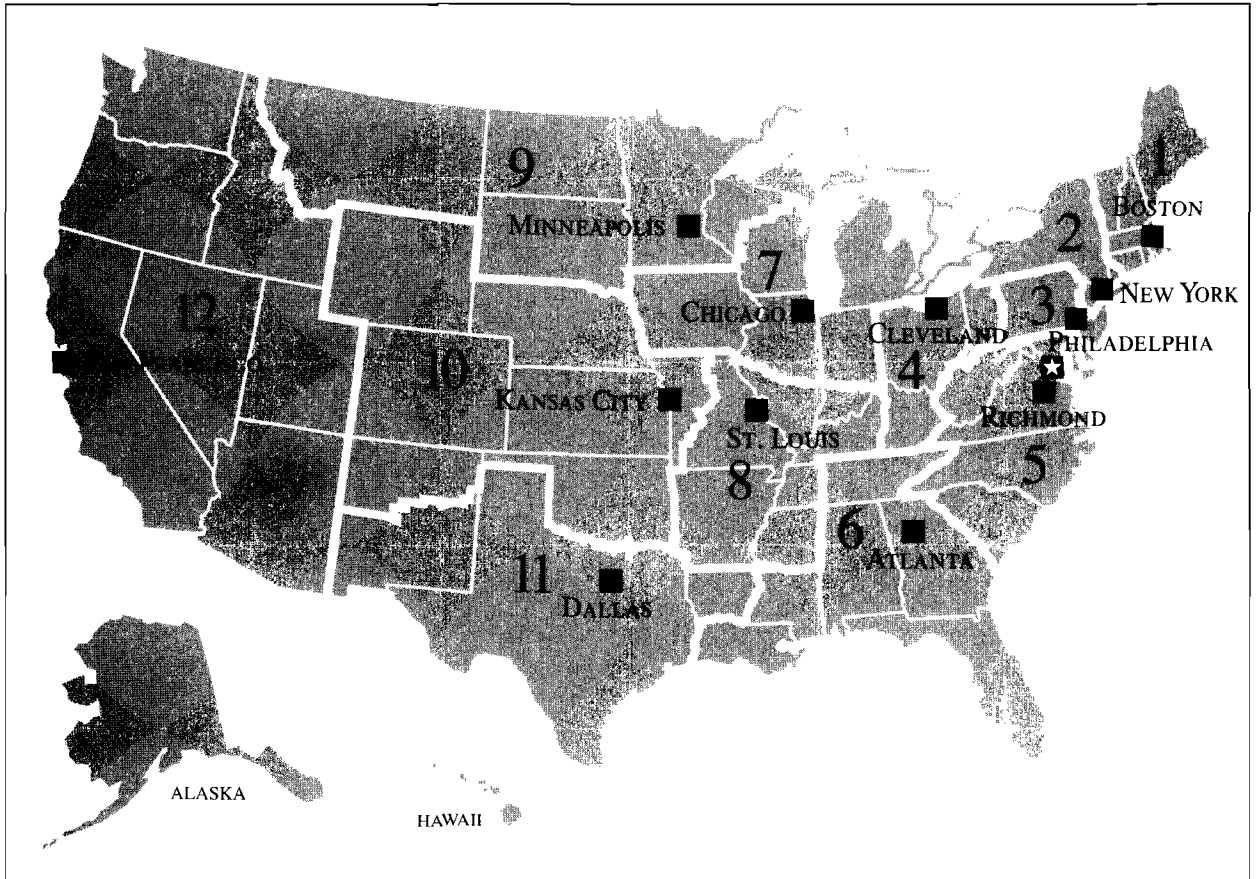
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Maps of the Federal Reserve System



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

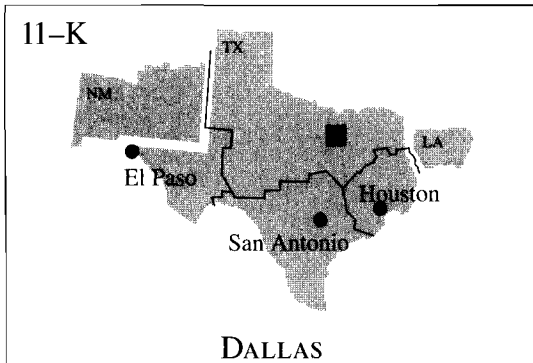
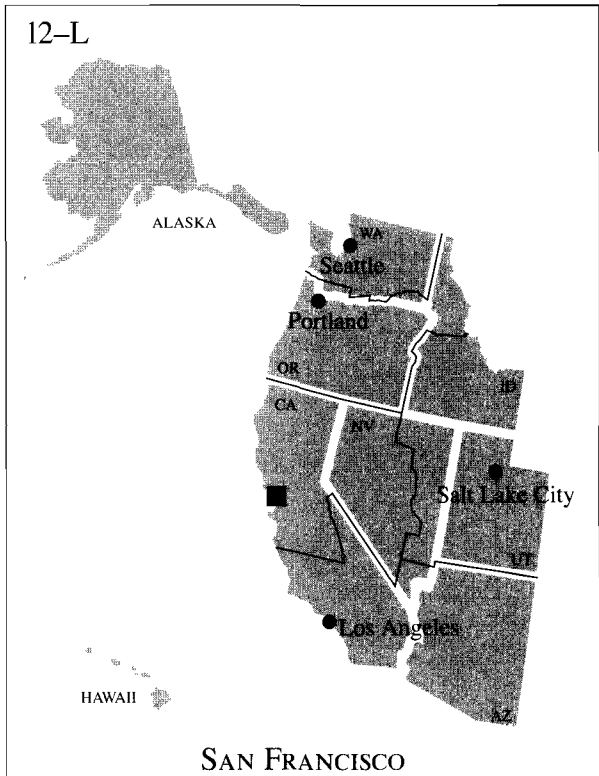
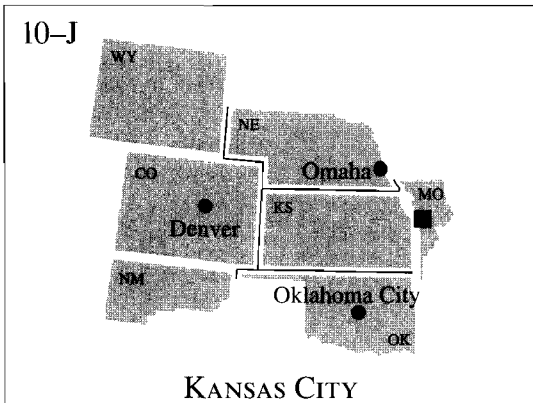
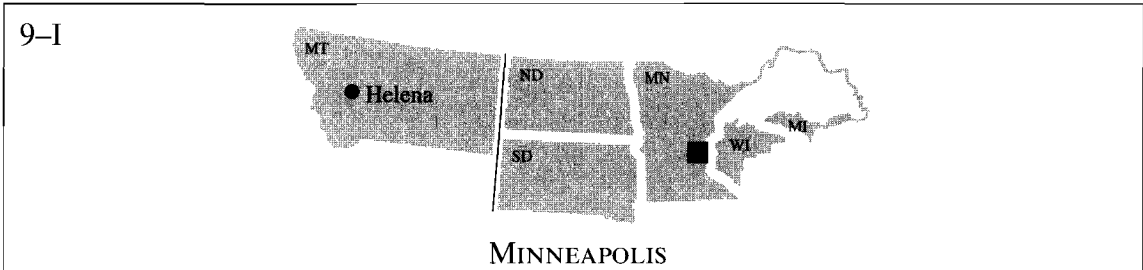
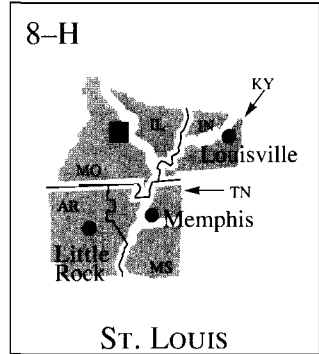
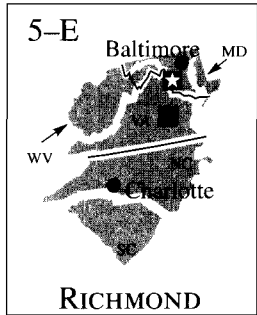
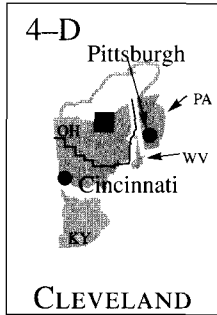
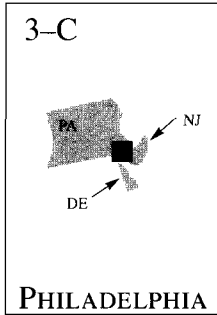
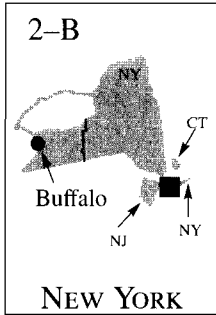
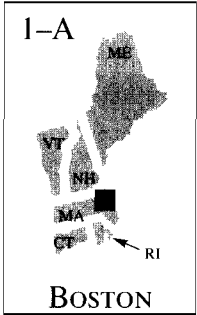
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The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth

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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Little Rock	72203	To be announced		Robert A. Hopkins
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Memphis	38101	To be announced		Martha Perine Beard
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Houston	77252	To be announced		Robert Smith III ¹
San Antonio	78295	To be announced		James L. Stull ¹
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