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The *Federal Reserve Bulletin* is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. It is assisted by the Economic Editing Section headed by S. Ellen Dykes, the Graphics Center under the direction of Christine S. Griffith, and Publications Services supervised by Linda C. Kyles.

Monetary Policy Report to the Congress

Report submitted to the Congress on February 13, 2001, pursuant to section 2B of the Federal Reserve Act

Monetary Policy and the Economic Outlook

When the Federal Reserve submitted its previous Monetary Policy Report to the Congress, in July of 2000, tentative signs of a moderation in the growth of economic activity were emerging following several quarters of extraordinarily rapid expansion. After having increased the interest rate on federal funds through the spring to bring the growth of aggregate demand and potential supply into better alignment and thus contain inflationary pressures, the Federal Reserve had stopped tightening as evidence of an easing of economic growth began to appear.

Indications that the expansion had moderated from its earlier rapid pace gradually accumulated during the summer and into the autumn. For a time, this downshifting of growth seemed likely to leave the economy expanding at a pace roughly in line with that of its potential. Over the last few months of the year, however, elements of economic restraint emerged from several directions to slow growth even more. Energy prices, rather than turning down as had been anticipated, kept climbing, raising costs throughout the economy, squeezing business profits, and eroding the income available for discretionary expenditures. Equity prices, after coming off their highs earlier in the year, slumped sharply starting in September, slicing away a portion of household net worth and discouraging the initial offering of new shares by firms. Many businesses encountered tightening credit conditions, including a widening of risk spreads on corporate debt issuance and bank loans. Foreign economic activity decelerated noticeably in the latter part of the year, contributing to a weakening of the demand for U.S. exports, which also was being restrained by an earlier appreciation in the exchange value of the U.S. dollar.

The dimensions of the economic slowdown were obscured for a time by the usual lags in the receipt of economic data, but the situation began to come into sharper focus late in the year as the deceleration steepened. Spending on business capital, which had been rising rapidly for several years, elevating stocks of these assets, flattened abruptly in the fourth quarter. Consumers clamped down on their outlays for motor vehicles and other durables, the stocks of which also had climbed to high levels. As the demand for goods softened, manufacturers adjusted production quickly to counter a buildup in inventories. Rising concern about slower growth and worker layoffs contributed to a sharp deterioration of consumer confidence. In response to the accumulating weakness, the Federal Open Market Committee (FOMC) lowered the intended interest rate on federal funds ½ percentage point on January 3 of this year. Another rate reduction of that same size was implemented at the close of the most recent meeting of the FOMC at the end of last month.

As weak economic data induced investors to revise down their expectations of future short-term interest rates in recent months and as the Federal Reserve eased policy, financial market conditions became more accommodative. Since the November FOMC meeting, yields on many long-term corporate bonds have dropped on the order of a full percentage point, with the largest declines taking place on riskier bonds as the yield spreads on those securities narrowed considerably from their elevated levels. In response, borrowing in long-term credit markets has strengthened appreciably so far in 2001. The less restrictive conditions in financial markets should help lay the groundwork for a rebound in economic growth.

That rebound should also be encouraged by underlying strengths of the economy that still appear to be present despite the sluggishness encountered of late. The most notable of these strengths is the remarkable step-up in structural productivity growth since the mid-1990s, which seems to be closely related to the spread of new technologies. Even as the economy slowed in 2000, evidence of ongoing efficiency gains were apparent in the form of another year of rapid advance in output per worker hour in the nonfarm business sector. With households and businesses still in the process of putting recent innovations in place and with technological breakthroughs still occurring, an end to profitable investment opportunities in the technology area does not yet seem to be in sight. Should investors continue to seek out emerging opportunities, the ongoing transformation and expansion of the capital stock will be maintained, thereby laying the groundwork for further gains in productivity and ongoing advances in real income and spending. The impressive performance of productivity and the accompanying environment of low and stable underlying inflation suggest that the longer-run outlook for the economy is still quite favorable, even though downside risks may remain prominent in the period immediately ahead.

Monetary Policy, Financial Markets, and the Economy over the Second Half of 2000 and Early 2001

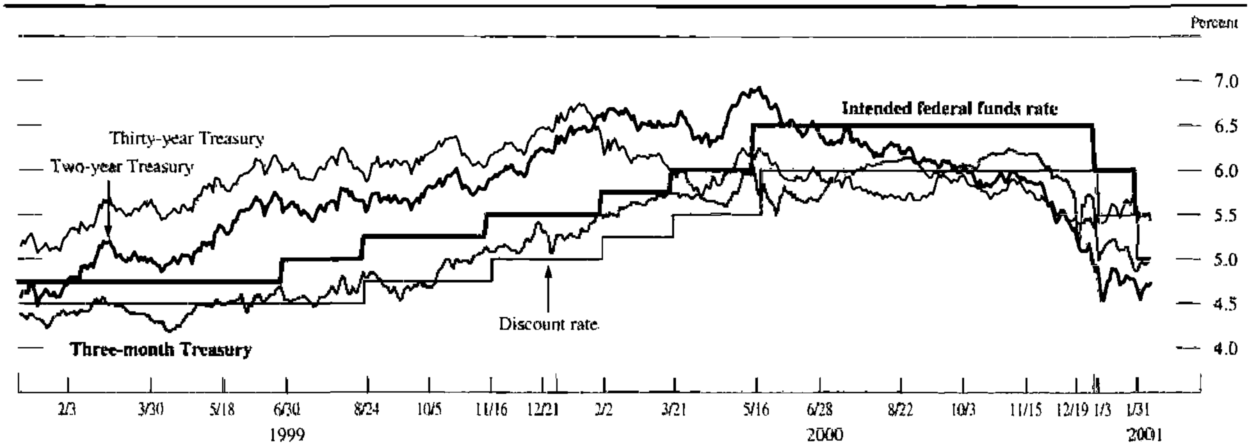
As described in the preceding Monetary Policy Report to the Congress, the very rapid pace of economic growth over the first half of 2000 was threatening to place additional strains on the economy's resources, which already appeared to be stretched thin. Private long-term interest rates had risen considerably in response to the strong economy, and, in an effort to slow the growth of aggregate demand and thereby prevent a buildup of inflationary pressures, the Federal Reserve had tightened its policy settings substantially through its meeting in May 2000. Over subsequent weeks, preliminary signs began to emerge suggesting that growth in aggregate demand might be slowing, and at its June meeting the FOMC left the federal funds rate unchanged.

Further evidence accumulated over the summer to indicate that demand growth was moderating. The rise in mortgage interest rates over the previous year seemed to be damping activity in the housing sector. Moreover, the growth of consumer spending had slowed from the exceptional pace of earlier in the year; the impetus to spending from outsized equity price gains in 1999 and early 2000 appeared to be partly wearing off, and rising energy prices were continuing to erode the purchasing power of households. By contrast, business fixed investment still was increasing very rapidly, and strong growth of foreign economies was fostering greater demand for U.S. exports. Weighing this evidence and recognizing that the effects of previous tightenings had not yet been fully felt, the FOMC decided at its meeting in August to hold the federal funds rate unchanged. The Committee remained concerned that demand could continue to grow faster than potential supply at a time when the labor market was already taut, and it saw the balance of risks still tilted toward heightened inflation pressures.

The FOMC faced fairly similar circumstances at its October meeting. By then, it had become more apparent that the growth in demand had fallen to a pace around that of potential supply. Although consumer spending had picked up again for a time, it did not regain the vigor it had displayed earlier in the year, and capital spending, while still growing briskly, had decelerated from its first-half pace. With increases in demand moderating, private employment gains slowed from the rates seen earlier in the year. However, labor markets remained exceptionally tight, and the hourly compensation of workers had accelerated to a point at which unit labor costs were edging up despite strong gains in productivity. In addition, sizable increases in energy prices were pushing broad inflation measures above the levels of recent years. Although core inflation measures were at most only creeping up, the Committee felt that there was some risk that the increase in energy prices, which was lasting longer than had seemed likely earlier in the year, would start to leave an imprint on business costs and longer-run inflation expectations, posing the risk that core inflation rates could rise more substantially. Weighing these considerations, the FOMC decided to hold the federal funds rate unchanged at its October meeting. While recognizing that the risks in the outlook were shifting, the FOMC believed that the tautness of labor markets and the rise in energy prices meant that the balance of those risks still was weighted towards heightened inflation pressures, and this assessment was noted in the balance-of-risks statement.

By the time of the November FOMC meeting, conditions in the financial markets were becoming less accommodative in some ways, even as the Federal Reserve held the federal funds rate steady. Equity prices had declined considerably over the previous several months, resulting in an erosion of household wealth that seemed likely to restrain consumer spending going forward. Those price declines, along with the elevated volatility of equity prices, also hampered the ability of firms to raise funds in equity markets and were likely discouraging business investment. Some firms faced more restrictive conditions in credit markets as well, as risk spreads in the corporate bond market widened significantly for firms with lower credit ratings and as banks tightened the standards and terms on their business loans. Meanwhile, incoming data indicated that the pace of economic activity had softened a bit further. Still, the growth of aggregate demand apparently had moved only modestly below that of potential supply. Moreover, while crude oil prices appeared to be topping out, additional inflationary pressures were arising in the energy sector in the form of surging prices for natural gas, and there had been no easing of the

Selected interest rates



NOTE. The data are daily and extend through February 8, 2001. The dates on the horizontal axis are those of scheduled FOMC meetings and of any intermeeting policy actions.

tightness in the labor market. In assessing the evidence, the members of the Committee felt that the risks to the outlook were coming into closer balance but had not yet shifted decisively. At the close of the meeting, the FOMC left the funds rate unchanged once again, and it stated that the balance of risks continued to point toward increased inflation. However, in the statement released after the meeting, the FOMC noted the possibility of subpar growth in the economy in the period ahead.

Toward the end of the year, the moderation of economic growth gave way, fairly abruptly, to more sluggish conditions. By the time of the December FOMC meeting, manufacturing activity had softened considerably, especially in motor vehicles and related industries, and a number of industries had accumulated excessive stocks of inventories. Across a broader set of firms, forecasts for corporate sales and profits in the fourth quarter and in 2001 were being slashed, contributing to a continued decline in equity prices and a further widening of risk spreads on lower-rated corporate bonds. In this environment, growth in business fixed investment appeared to be slowing appreciably. Consumer spending showed signs of decelerating further, as falling stock prices eroded household wealth and consumer confidence weakened. Moreover, growth in foreign economies seemed to be slowing, on balance, and U.S. export performance began to deteriorate. Market interest rates had declined sharply in response to these developments. Against this backdrop, the FOMC at its December meeting decided that the risks to the outlook had swung considerably and now were weighted toward economic weakness, although it decided to wait for additional evidence on the extent and persistence of the slowdown before moving to an easier policy stance. Recognizing that the current position of the economy was difficult to discern because of lags in the data and that prospects for the near term were particularly uncertain, the Committee agreed at the meeting that it would be especially attentive over coming weeks to signs that an intermeeting policy action was called for.

Additional evidence that economic activity was slowing significantly emerged not long after the December meeting. New data indicated a marked weakening in business investment, and retail sales over the holiday season were appreciably lower than businesses had expected. To contain the resulting buildup in inventories, activity in the manufacturing sector continued to drop. In addition, forecasts of near-term corporate profits were being marked down further, resulting in additional declines in equity prices and in business confidence. Market interest rates continued to fall, as investors became more pessimistic about the economic outlook. Based on these developments, the Committee held a telephone conference call on January 3, 2001, and decided to cut the intended federal funds rate ½ percentage point. Equity prices surged on the announcement, and the Treasury yield curve steepened considerably, apparently because market participants became more confident that a prolonged downturn in economic growth would likely be forestalled. Following the policy easing, the Board of Governors approved a decrease in the discount rate of a total of ½ percentage point.

The Committee's action improved financial conditions to a degree. Over the next few weeks, equity prices rose, on net. Investors seemed to become less wary of credit risk, and yield spreads narrowed across most corporate bonds even as the issuance of these securities picked up sharply. But in some other respects, investors remained cautious, as evidenced by widening spreads in commercial paper markets. Incoming data pointed to further weakness in the manufacturing sector and a sharp decline in consumer confidence. Moreover, slower U.S. growth appeared to be spilling over to several important trading partners. In late January, the FOMC cut the intended federal funds rate ½ percentage point while the Board of Governors approved a decrease in the discount rate of an equal amount. Because of the significant erosion of consumer and business confidence and the need for additional adjustments to production to work off elevated inventory levels, the FOMC indicated that the risks to the outlook continued to be weighted toward economic weakness.

Economic Projections for 2001

Although the economy appears likely to be sluggish over the near term, the members of the Board of Governors and the Reserve Bank presidents expect stronger conditions to emerge as the year progresses. For 2001 overall, the central tendency of their forecasts of real GDP growth is 2 percent to 2½ percent, measured as the change from the fourth quarter of 2000 to the fourth quarter of 2001. With growth falling short of its potential rate, especially in the first half of this year, unemployment is expected to move up a little further. Most of the governors and Reserve Bank presidents are forecasting that the average unemployment rate in the fourth quarter of this year will be about 4½ percent, still quite low by historical standards.

The rate of economic expansion over the near term will depend importantly on the speed at which inventory overhangs that developed over the latter part of 2000 are worked off. Gains in information technology have no doubt enabled businesses to respond more quickly to a softening of sales, which has steepened the recent production cuts but should also damp the buildup in inventories and facilitate a turnaround. The motor vehicle industry made some progress toward reducing excess stocks in January owing to a combination of stronger sales and a further sharp cutback in assemblies. In other parts of manufacturing, the sizable reductions in production late last year suggest that producers in general were moving quickly to get output into better alignment with sales. Nevertheless, stocks at year-end were above desired levels in a number of industries.

Once inventory imbalances are worked off, production should become more closely linked to the prospects for sales. Household and business expenditures have decelerated markedly in recent months, and uncertainties about how events might unfold are considerable. But, responding in part to the easing of monetary policy, financial markets are shifting away from restraint, and this shift should create a more favorable underpinning to the expected pickup in the economy as the year progresses. The sharp drop in mortgage interest rates since May of last year appears to have stemmed the decline in housing activity; it also has enabled many households to refinance existing mortgages at lower rates, an action that should free up cash for added spending. Conditions of business finance also have eased to some degree. Interest rates on investment-grade corporate bonds have recently fallen to their lowest levels in about 1½ years. Moreover, the premiums required of bond issuers that are perceived to be at greater risk have dropped back in recent weeks from the elevated levels of late 2000. As credit conditions have eased, firms have issued large amounts of corporate bonds so far in 2001. However, considerable caution is evident in the commercial paper market and among banks, whose loan officers have reported a further tightening of lending conditions since last fall. In equity markets, prices have recently dropped in response to negative reports on corporate earnings, reversing the gains that took place in January.

The restraint on domestic demand from high energy prices is expected to ease in coming quarters. Natural gas prices have dropped back somewhat in recent weeks as the weather has turned milder, and crude oil prices also are down from their peaks. Although these prices could run up again in conjunction with either a renewed surge in demand or disruptions in supply, participants in futures markets are anticipating that prices will be trending gradually lower over time. A fall in energy prices would relieve

Economic projections for 2001

Percent

Indicator	Memo: 2000 actual	Federal Reserve governors and Reserve Bank presidents	
		Range	Central tendency
Change, fourth quarter to fourth quarter[1]			
Nominal GDP	5.9	3¾–5¼	4–5
Real GDP[2]	3.5	2–2¾	2–2½
PCE chain-type price index	2.4	1¾–2½	1¾–2¼
Average level, fourth quarter			
Civilian unemployment rate	4.0	4½–5	About 4½

1. Change from average for fourth quarter of 2000 to average for fourth quarter of 2001.

2. Chain-weighted.

cost pressures on businesses to some degree and would leave more discretionary income in the hands of households.

How quickly investment spending starts to pick up again will depend not only on the cost of finance but also on the prospective rates of return to capital. This past year, expectations regarding the prospects of some high-tech companies clearly declined, and capital spending seems unlikely to soon regain the exceptional strength that was evident in the latter part of the 1990s and for a portion of last year. From all indications, however, technological advance still is going forward at a rapid pace, and investment will likely pick up again if, as expected, the expansion of the economy gets back on more solid footing. Private analysts are still anticipating high rates of growth in corporate earnings over the long-run, suggesting that the current sluggishness of the economy has not undermined perceptions of favorable long-run fundamentals.

The degree to which increases in exports might help to support the U.S. economy through a stretch of sluggishness has become subject to greater uncertainty recently because foreign economies also seem to have decelerated toward the end of last year. However, the expansion of imports has slowed sharply, responding in part to the softening of domestic demand growth. In effect, some of the slowdown in demand in this country is being shifted to foreign suppliers, implying that the adjustments required of domestic producers are not as great as they otherwise would have been.

In adjusting labor input to the slowing of the economy, businesses are facing conflicting pressures. Speedy adjustment of production and ongoing gains in efficiency argue for cutbacks in labor input, but companies are also reluctant to lay off workers that have been difficult to attract and retain in the tight labor market conditions of the past few years. In the aggregate, the balance that has been struck in recent months has led, on net, to slower growth of employment, cutbacks in the length of the average workweek, and, in January of this year, a small increase in the unemployment rate.

Inflation is not expected to be a pressing concern over the coming year. Most of the governors and Reserve Bank presidents are forecasting that the rise in the chain-type price index for personal consumption expenditures will be smaller than the price rise in 2000. The central tendency of the range of forecasts is 1¾ percent to 2¼ percent. Inflation should be restrained this coming year by an expected downturn in energy prices. In addition, the reduced pressure on resources that is associated with the slowing of the economy should help damp increases in labor costs and prices.

Economic and Financial Developments in 2000 and Early 2001

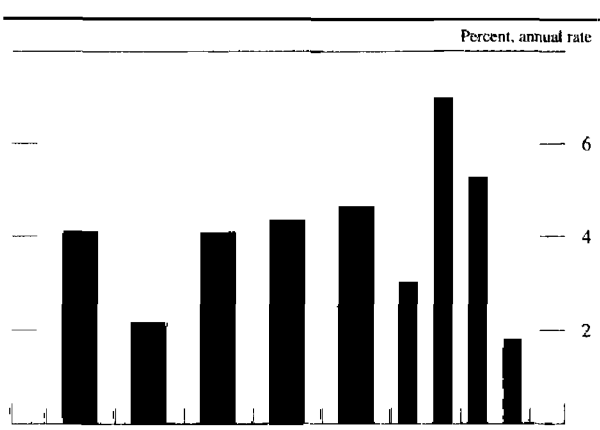
The combination of exceptionally strong growth in the first half of 2000 and subdued growth in the second half resulted in a rise in real GDP of about 3½ percent for the year overall. Domestic demand started out the year with incredible vigor but decelerated thereafter and was sluggish by year-end. Exports surged for three quarters and then faltered. In the labor market, growth of employment slowed over the year but was sufficient to keep the unemployment rate around the lowest sustained level in more than thirty years.

Core inflation remained low in 2000 in the face of sharp increases in energy prices. Although the chain-type price index for personal consumption expenditures (PCE) moved up faster than in 1999, it showed only a slight step-up in the rate of increase after excluding the prices of food and energy. Unit labor costs picked up moderately, adding to the cost pressures from energy, but the ability of businesses to raise prices was restrained by the slowing of the economy and the persistence of competitive pricing conditions.

The Household Sector

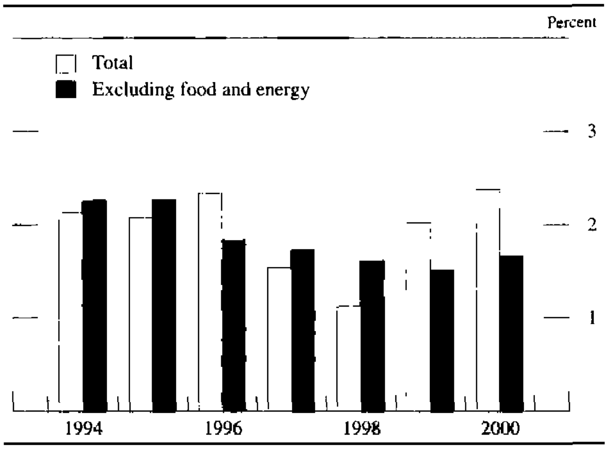
Personal consumption expenditures increased 4½ percent in real terms in 2000 after having advanced

Change in real GDP



NOTE. Here and in subsequent charts, except as noted, annual changes are measured from Q4 to Q4, and change for a half-year is measured between its final quarter and the final quarter of the preceding period.

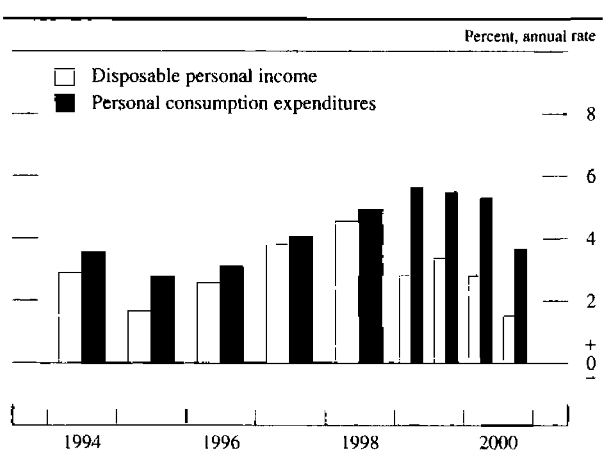
Change in PCE chain-type price index



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

5 percent in 1998 and 5½ percent in 1999. A large portion of last year's gain came in the first quarter, when consumption moved ahead at an unusually rapid pace. The increase in consumer spending over the remainder of the year was moderate, averaging about 3½ percent at an annual rate. Consumer outlays for motor vehicles and parts surged to a record high early in 2000 but reversed that gain over the remainder of the year; sales of vehicles tailed off especially sharply as the year drew to a close. Real consumer purchases of gasoline fell during the year in response to the steep run-up in gasoline prices. Most other broad categories of goods and services posted sizable gains over the year as a whole, but results late in the year were mixed: Real outlays for goods other than motor vehicles eked out only a small gain in the fourth quarter, while real outlays for consumer services rose very rapidly, not only because of higher outlays for home heating fuels during a spell of colder-than-usual weather but also

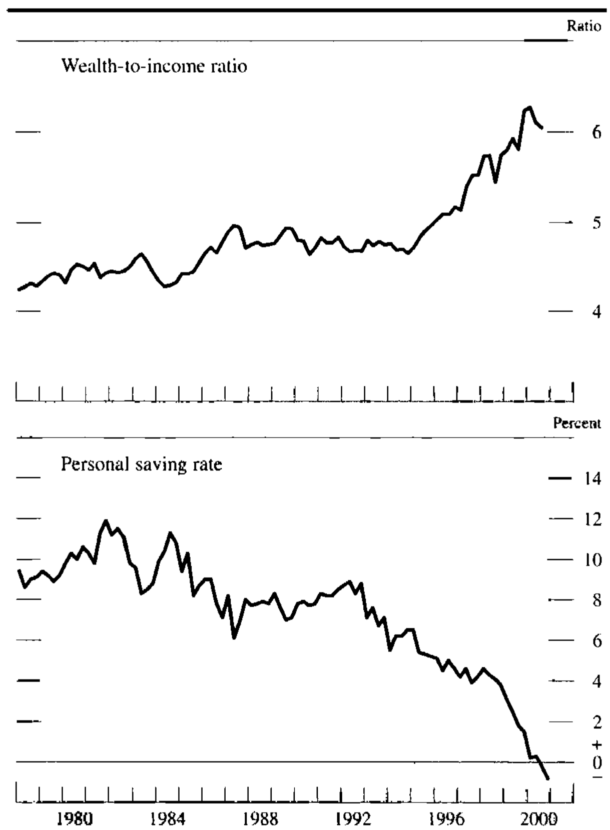
Change in real income and consumption



because of continued strength in real outlays for other types of services.

Changes in income and wealth provided less support to consumption in 2000 than in other recent years. Real disposable personal income rose about 2¼ percent last year after a gain of slightly more than 3 percent in 1999. Disposable income did not rise quite as much in nominal terms as it had in 1999, and rising prices eroded a larger portion of the nominal gain. Meanwhile, the net worth of households turned down in 2000 after having climbed rapidly for several years, as the effect of a decline in the stock market was only partially offset by a sizable increase in the value of residential real estate. With the peak in stock prices not coming until the year was well under way, and with valuations having previously been on a sharp upward course for an extended period, stock market wealth may well have continued to exert a strong positive effect on consumer spending for several months after share values had topped out. As time passed, however, the impetus to consumption from this source most likely diminished. The personal saving rate, which had dropped sharply during

Wealth and saving



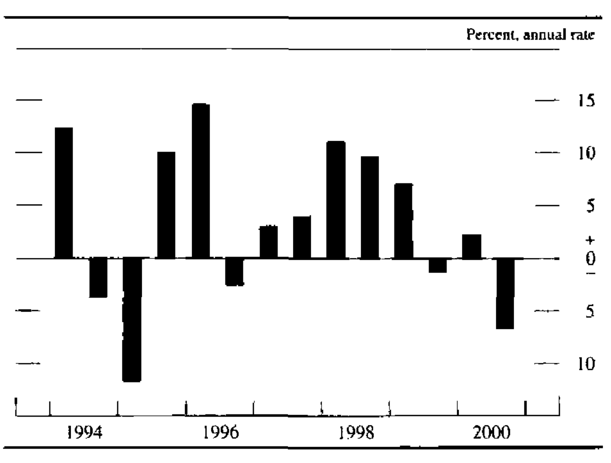
NOTE. The wealth-to-income ratio is the ratio of household net worth to disposable personal income and extends through 2000:Q3; the personal saving rate extends through 2000:Q4.

the stock market surge of previous years, fell further in 2000, but the rate of decline slowed, on average, after the first quarter.

Even with real income growth slowing and the stock market turning down, consumers maintained a high degree of optimism through most of 2000 regarding the state of the economy and the economic outlook. Indexes of sentiment from both the University of Michigan Survey Research Center and the Conference Board rose to new peaks in the first quarter of the year, and the indexes remained close to those levels for several more months. Survey readings on personal finances, general business conditions, and the state of the labor market remained generally favorable through most of the year. As of late autumn, only mild softness could be detected. Toward year-end, however, confidence in the economy dropped sharply. Both of the indexes of confidence showed huge declines over the two months ended in January. The marked shift in attitudes toward year-end probably was brought on by a combination of developments, including the weakness in the stock market over the latter part of the year and more frequent reports of layoffs.

Real outlays for residential investment declined about 2¼ percent, on net, over the course of 2000, as construction of new housing dropped back from the elevated level of the previous year. Investment in housing was influenced by a sizable swing in mortgage interest rates as well as by slower growth of employment and income and the downturn in the stock market. After having moved up appreciably in 1999, mortgage rates continued to advance through the first few months of 2000. By mid-May, the average commitment rate on conventional fixed-rate mortgages was above 8½ percent, up roughly 1½ percentage points from the level of a year earlier.

Change in real residential investment



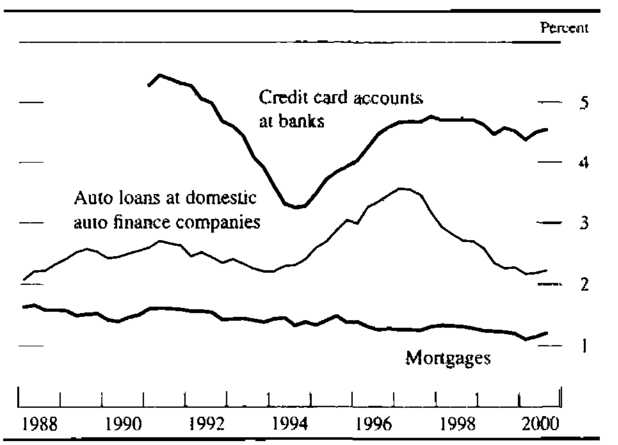
New construction held up even as rates were rising in 1999 and early 2000, but it softened in the spring of last year. Starts and permits for single-family houses declined from the first quarter to the third quarter.

But even as homebuilding activity was turning down, conditions in mortgage markets were moving back in a direction more favorable to housing. From the peak in May, mortgage interest rates fell substantially over the remainder of the year and into the early part of 2001, reversing the earlier increases. Sales of new homes firmed as rates turned down, and prices of new houses continued to trend up faster than the general rate of inflation. Inventories of unsold new homes held fairly steady over the year and were up only moderately from the lows of 1997 and 1998. With demand well-maintained and inventories under control, activity stabilized. Starts and permits for single-family houses in the fourth quarter of 2000 were up from the average for the third quarter.

Households continued to borrow at a brisk pace last year, with household debt expanding an estimated 8¾ percent, well above the growth rate of disposable personal income. Consumer credit increased rapidly early in the year, boosted by strong outlays on durable goods; but as consumer spending cooled later in the year, the expansion of consumer credit slowed. For the year as a whole, consumer credit is estimated to have advanced more than 8½ percent, up from the 7 percent pace of 1999. Households also took on large amounts of mortgage debt, which grew an estimated 9 percent last year, reflecting the solid pace of home sales.

With the rapid expansion of household debt in recent years, the household debt service burden has

Delinquency rates on household loans



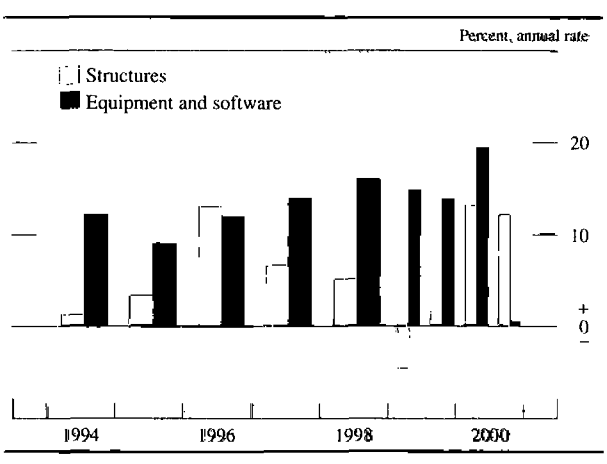
NOTE. The data are quarterly and extend through 2000:Q3. Data on credit-card delinquencies are from bank Call Reports; data on auto loan delinquencies are from the Big Three automakers; data on mortgage delinquencies are from the Mortgage Bankers Association.

increased to levels not seen since the late 1980s. Even so, with unemployment low and household net worth high, the credit quality of the household sector appears to have deteriorated little last year. Personal bankruptcy filings held relatively steady and remain well below their peak from several years ago. Delinquency rates on home mortgages, credit cards, and auto loans have edged up in recent quarters but are at most only slightly above their levels of the fourth quarter of 1999. Lenders did not appear to be significantly concerned about the credit quality of the household sector for most of last year, although some lenders have become more cautious of late. According to surveys of banks conducted by the Federal Reserve, few commercial banks tightened lending conditions on consumer installment loans and mortgage loans to households over the first three quarters of 2000. However, the most recent survey indicates that a number of banks tightened standards and terms on consumer loans, particularly non-credit-card loans, over the past several months, perhaps because of some uneasiness about how the financial position of households will hold up as the pace of economic activity slows.

The Business Sector

Real business fixed investment rose 10 percent in 2000 according to the advance estimate from the Commerce Department. Investment spending shot ahead at an annual rate of 21 percent in the first quarter of the year; its strength in that period came, in part, from high-tech purchases that had been delayed from 1999 by companies that did not want their operating systems to be in a state of change at the onset of the new millennium. Expansion of investment was slower but still relatively brisk in the

Change in real business fixed investment



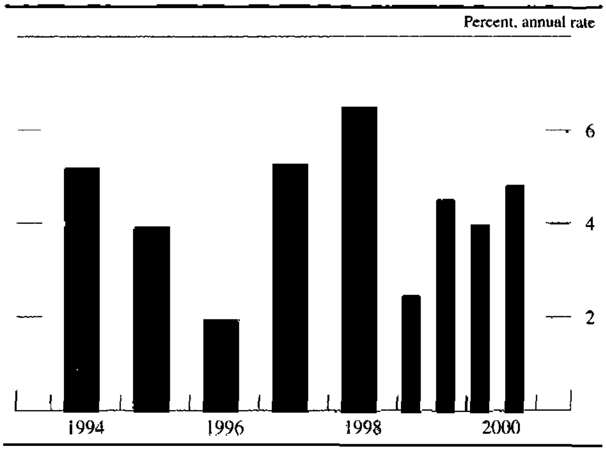
second and third quarters, at annual rates of about 15 percent and 8 percent respectively. In the fourth quarter, however, capital spending downshifted abruptly in response to the slowing economy, tightening financial conditions, and rising concern about the prospects for profits; the current estimate shows real investment outlays having fallen at an annual rate of 1½ percent in that period.

Fixed investment in equipment and software was up 9½ percent in 2000, with the bulk of the gain coming in the first half of the year. Spending slowed to a rate of growth of about 5½ percent in the third quarter and then declined in the fourth quarter. Business investment in motor vehicles fell roughly 15 percent, on net, during 2000, with the largest portion of the drop coming in the fourth quarter; the declines in real outlays on larger types of trucks were particularly sizable. Investment in industrial equipment, tracking the changing conditions in manufacturing, also fell in the fourth quarter but was up appreciably for the year overall. Investment in high-tech equipment decelerated over the year but was still expanding in the fourth quarter: Real outlays for telecommunications equipment posted exceptionally large gains in the first half of the year, flattened out temporarily in the third quarter, and expanded again in the fourth. Spending on computers and peripherals increased, in real terms, at an average rate of about 45 percent over the first three quarters of the year but slowed abruptly to a 6 percent rate of expansion in the year's final quarter, the smallest quarterly advance in several years.

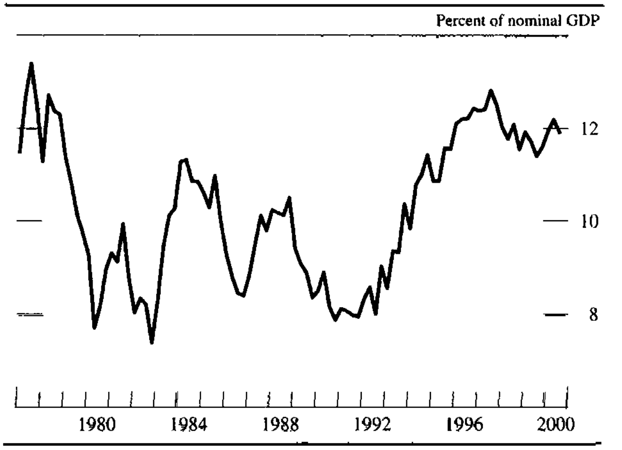
Investment in nonresidential structures rose substantially in 2000, about 12½ percent in all, after having declined 1¾ percent in 1999. Investment in factory buildings, which had fallen more than 20 percent in 1999 in an apparent reaction to the economic disruptions abroad and the associated softness in demand for U.S. exports, more than recouped that decline over the course of 2000. Real outlays for office construction, which had edged down in 1999 after several years of strong advance, got back on track in 2000, posting a gain of about 13½ percent. Real investment in commercial buildings other than offices was little changed after moderate gains in the two previous years. Spending on structures used in drilling for energy strengthened in response to the surge in energy prices.

Business inventory investment was subdued early in the year when final sales were surging; aggregate inventory–sales ratios, which have trended lower in recent years as companies became more efficient at managing stocks, edged down further. As sales moderated in subsequent months, production growth did

Change in real nonfarm business inventories



Before-tax profits



NOTE. Profits from domestic operations of nonfinancial corporations, with inventory valuation and capital consumption adjustments, divided by gross domestic product of nonfinancial corporate sector. The data extend through 2000:Q3.

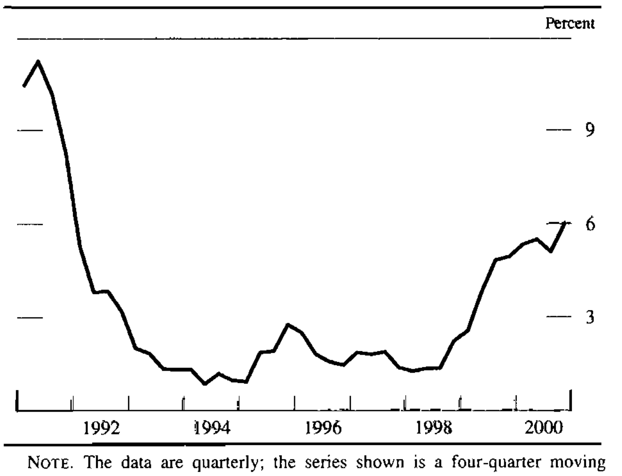
not decelerate quite as quickly, and inventories began to rise more rapidly. Incoming information through the summer suggested that some firms might be encountering a bit of backup in stocks but that the problems were not severe overall. In the latter part of the year, however, inventory–sales ratios turned up, indicating that more serious overhangs were developing. Responding to the slowing of demand and the increases in stocks, manufacturers reduced output in each of the last three months of the year by successively larger amounts. Businesses also began to clamp down on the flow of imports. Despite those adjustments, stocks in a number of domestic industries were likely well above desired levels as the year drew to a close.

The Commerce Department's compilation of business profits currently extends only through the third quarter of 2000, but these data show an evolving pattern much like that of other economic data. After having risen at an annual rate of more than 16 percent in the first half of the year, U.S. corporations' economic profits—that is, book profits with inventory and capital consumption adjustments—slowed to less than a 3 percent rate of growth in the third quarter. Profits from operations outside the United States continued to increase rapidly in the third quarter. However, economic profits from domestic operations edged down in that period, as solid gains for financial corporations were more than offset by a 4 percent rate of decline in the profits of nonfinancial corporations. Profits of nonfinancial corporations as a share of their gross nominal output rose about ½ percentage point in the first half of 2000 but reversed part of that gain in the third quarter. Earnings reports for the fourth quarter indicate that corporate profits fell sharply in that period.

Business debt expanded strongly over the first half of 2000, propelled by robust capital spending as well as by share repurchases and cash-financed merger activity. The high level of capital expenditures outstripped internally generated funds by a considerable margin despite continued impressive profits. To meet their borrowing needs, firms tapped commercial paper, bank loans, and corporate bonds in volume in the first quarter. The rapid pace of borrowing continued in the second quarter, although borrowers relied more heavily on bank loans and commercial paper to meet their financing needs in response to a rise in longer-term interest rates.

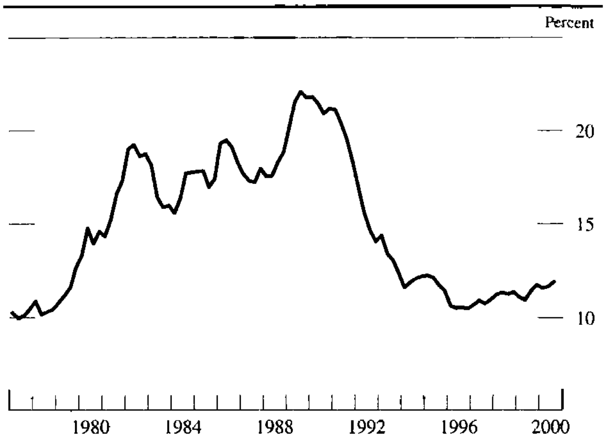
Business borrowing slowed appreciably in the second half of the year. As economic growth moderated and profits weakened, capital spending decelerated

Default rate on outstanding junk bonds



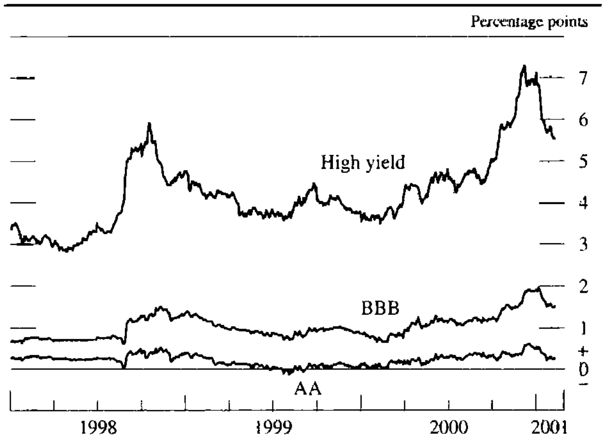
NOTE. The data are quarterly; the series shown is a four-quarter moving average.

Net interest payments of nonfinancial corporations relative to cash flow



NOTE. The data are quarterly and extend through 2000:Q3.

Spreads of corporate bond yields over the ten-year swap rate



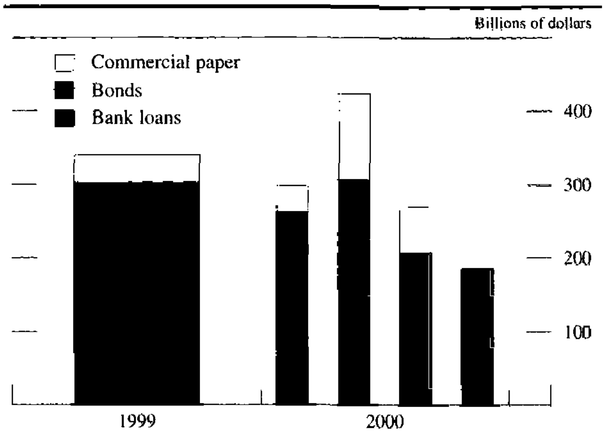
NOTE. The data are daily and extend through February 8, 2001. The spreads compare the yields on the Merrill Lynch AA, BBB, and 175 indexes with the ten-year swap rate.

sharply. In addition, firms held down their borrowing needs by curbing their buildup of liquid assets, which had been accumulating quite rapidly in previous quarters. Borrowing may have been deterred by a tightening of financial conditions for firms with lower credit ratings, as investors and lenders apparently became more concerned about credit risk. Those concerns likely were exacerbated by indications that credit quality had deteriorated at some businesses. The default rate on high-yield bonds continued to climb last year, reaching its highest level since 1991. Some broader measures of credit quality also slipped. The amount of nonfinancial debt downgraded by Moody's Investor Services in 2000 was more than twice as large as the amount upgraded, and the delinquency rate on business loans at commercial banks continued to rise over the year. But while some firms were clearly having financial difficulties, many other firms remained soundly positioned to service their debt. Indeed, the ratio of net interest payments to cash flow for all nonfinancial firms moved only modestly above the relatively low levels of recent years.

As concerns about risk mounted, lenders became more cautious about extending credit to some borrowers. An increasingly large proportion of banks reported firming terms and standards on business loans over the course of the year. In the corporate bond market, yield spreads on high-yield and lower-rated investment-grade bonds, measured relative to the ten-year swap rate, began climbing sharply in September and by year-end were at levels well above those seen in the fall of 1998. Lower-rated commercial paper issuers also had to pay unusually large premiums late in the year, particularly on paper spanning the year-end. As financial conditions became more stingent, issuance of high-yield debt was cut back sharply in the fourth quarter, although investment-grade bond issuance remained strong. Bank lending to businesses was also light at that time, and net issuance of commercial paper came to a standstill. In total, the debt of nonfinancial businesses expanded at an estimated 5½ percent rate in the fourth quarter, less than half the pace of the first half of the year. The slowdown in borrowing in the latter part of the year damped the growth of nonfinancial business debt over 2000, although it still expanded an estimated 8¾ percent.

In early 2001, borrowing appears to have picked up from its sluggish fourth-quarter pace. Following the easing of monetary policy in early January, yield spreads on corporate bonds reversed a considerable portion of their rise over the latter part of 2000, with spreads on high-yield bonds narrowing more than a percentage point. As yields declined, corporate bond issuance picked up, and even some below-investment grade issues were brought to the market. In contrast, investors in the commercial paper market apparently became more concerned about credit risk, partly in response to the defaults of two California utilities on some bonds and commercial paper in mid-January related to the difficulties in the electricity market in that state. After those defaults, spreads between top-tier and second-tier commercial paper widened further, and investors became more discriminating even within the top rating tier. Some businesses facing resistance in the commercial paper market reportedly met their financing needs by tapping backup credit lines at banks.

Major components of net business financing



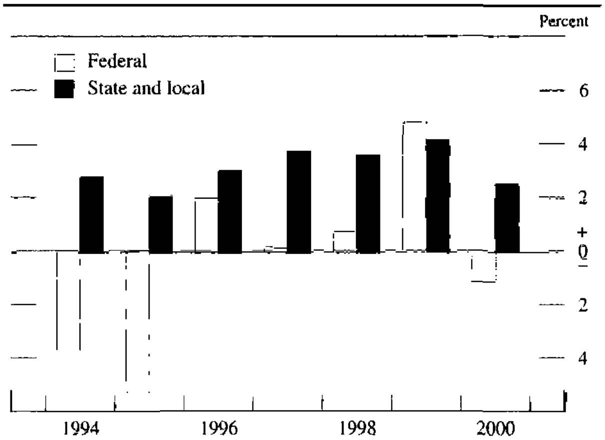
NOTE. Seasonally adjusted annual rate for nonfarm nonfinancial corporate businesses. Components for 2000:Q4 are estimated.

Growth in commercial mortgage debt slowed last year to an estimated rate of 9¼ percent, and issuance of commercial-mortgage-backed securities in 2000 fell back from its 1999 pace. Spreads on lower-rated commercial-mortgage-backed securities over swap rates widened by a small amount late in the year, and banks on net reported tightening their standards on commercial real estate credit over the year. Nevertheless, fundamentals in the commercial real estate market remain solid, and delinquency rates on commercial mortgages stayed around their historic lows.

The Government Sector

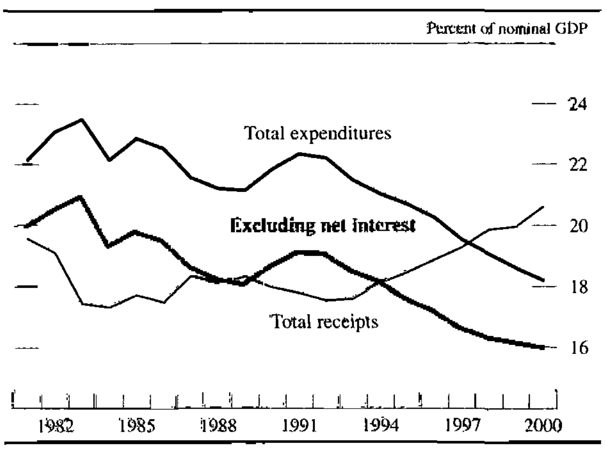
Real consumption and investment expenditures of federal, state, and local governments, the part of government spending that is included in GDP, rose only 1¼ percent in the aggregate during 2000. The increase was small partly because the consumption and investment expenditures of the federal government had closed out 1999 with a large increase in advance of the century date change. Federal purchases in the fourth quarter of 2000 were about 1 percent below the elevated level at year-end 1999. Abstracting from the bumps in the spending data, the underlying trend in real federal consumption and investment outlays appears to have been mildly positive over the past couple of years. The consumption and investment expenditures of state and local governments rose about 2½ percent in 2000 after an unusually large increase of 4¼ percent in 1999. The slowdown in spending was mainly a reflection of a downshift in government investment in structures, which can be volatile from year to year and had posted a large gain in 1999.

Change in real government expenditures on consumption and investment



Total federal spending, as reported in the unified budget, rose 5 percent in fiscal year 2000, the largest increase in several years. A portion of the rise stemmed from shifts in the timing of some outlays in a way that tended to boost the tally for fiscal 2000. But even allowing for those shifts, the rise in spending would have exceeded the increases of other recent years. Outlays accelerated for most major functions, including defense, health, social security, and income security. Of these, spending on health—about three-fourths of which consists of outlays for Medicaid—recorded the biggest increase. Medicaid grants to the states were affected last fiscal year by increased funding for the child health insurance initiative that was passed in 1997 and by a rise in the portion of Medicaid expenses picked up by the federal government. Spending on agriculture rose very sharply for a third year but not as rapidly as in fiscal 1999. The ongoing paydown of debt by the federal government led to a

Federal receipts and expenditures



NOTE. The data are from the unified budget and are for fiscal years.

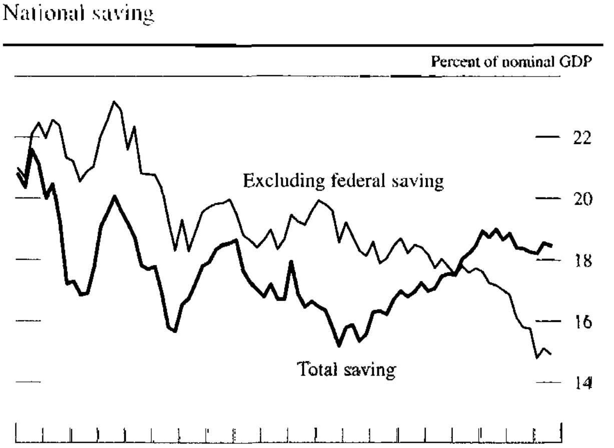
decline of nearly 3 percent in net interest payments in fiscal 2000 after a somewhat larger drop in these payments in fiscal 1999.

Federal receipts increased 10¾ percent in fiscal year 2000, the largest advance in more than a decade. The increase in receipts from taxes on the income of individuals amounted to more than 14 percent. In most recent years, these receipts have grown much faster than nominal personal income as measured in the national income and product accounts. One important factor in the difference is that rising levels of income and a changing distribution have shifted more taxpayers into higher tax brackets; another is an increase in revenues from taxes on capital gains and other items that are not included in personal income. Receipts from the taxation of corporate profits also moved up sharply in fiscal 2000, rebounding from a small decline the previous fiscal year. With federal receipts rising much faster than spending, the surplus in the unified budget rose to $236 billion in fiscal 2000, nearly double that of fiscal 1999. The on-budget surplus, which excludes surpluses accumulating in the social security trust fund, rose from essentially zero in fiscal 1999 to $86 billion in fiscal 2000. Excluding net interest payments, a charge resulting from past deficits, the surplus in fiscal 2000 was about $460 billion.

Federal saving, which is basically the federal budget surplus adjusted to conform to the accounting practices followed in the national income and product accounts, amounted to about 3½ percent of nominal GDP over the first three quarters of 2000. This figure has been rising roughly 1 percentage point a year over the past several years. Mainly because of that rise in federal saving, the national saving rate has been running at a higher level in recent years than was observed through most of the 1980s and first half of the 1990s, even as the personal saving rate has plunged. The rise in federal saving has kept interest rates lower than they otherwise would have been and has contributed, in turn, to the rapid growth of capital investment and the faster growth of the economy's productive potential.

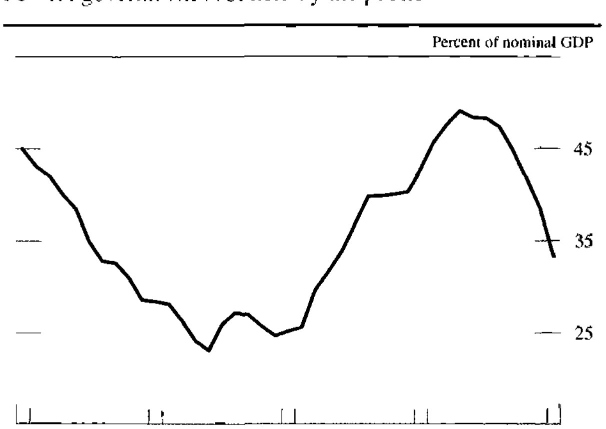
The burgeoning federal budget surplus allowed the Treasury to pay down its debt last year at an even faster pace than in recent years. As of the end of fiscal 2000, the stock of marketable Treasury debt outstanding had fallen about $500 billion from its peak in 1997. The existing fiscal situation and the anticipation that budget surpluses would continue led the Treasury to implement a number of debt management changes during 2000, many designed to preserve the liquidity of its securities. In particular, the Treasury sought to maintain large and regular offerings of new securities at some key maturities, because such attributes are thought to importantly contribute to market liquidity. In part to make room for continued sizable auctions of new securities, the Treasury initiated a debt buyback program through which it can purchase debt that it previously issued. In total, the Treasury conducted twenty buyback operations in 2000, repurchasing a total of $30 billion par value of securities with maturities ranging from twelve to twenty-seven years. Those operations were generally well received and caused little disruption to the market. Going forward, the Treasury intends to conduct two buyback operations per month and expects to repurchase about $9 billion par value of

National saving



NOTE. National saving comprises the gross saving of households, businesses, and governments. The data extend through 2000:Q3.

Federal government debt held by the public



NOTE. The data are as of the end of the fiscal year. Excludes debt held in federal government accounts and by the Federal Reserve System.

outstanding securities in each of the first two quarters of 2001.

Despite conducting buybacks on that scale, the Treasury had to cut back considerably its issuance of new securities. To still achieve large sizes of individual issues at some maturities, the Treasury implemented a schedule of regular reopenings—in which it auctions additional amounts of a previously issued security instead of issuing a new one—for its five-, ten-, and thirty-year instruments. Under that schedule, every other auction of each of those securities is a smaller reopening of the previously auctioned security. At other maturities, the Treasury reduced the sizes of its two-year notes and inflation-indexed securities and eliminated the April auction of the thirty-year inflation-indexed bond. In addition, the Treasury recently announced that it would stop issuing one-year bills following the February auction, after having cut back the frequency of new offerings of that security last year.

These reductions in the issuance of Treasury securities have caused the Federal Reserve to modify some of its procedures for obtaining securities at Treasury auctions, as described in detail below. In addition, the Treasury made changes in the rules for auction participation by foreign and international monetary authority (FIMA) accounts, which primarily include foreign central banks and governmental monetary entities. The new rules, which went into effect on February 1, 2001, impose limits on the size of non-competitive bids from individual FIMA accounts and on the total amount of such bids that will be awarded at each auction. These limits will leave a larger pool of securities available for competitive bidding at the auctions, helping to maintain the liquidity and efficiency of the market. Moreover, FIMA purchases will be subtracted from the total amount of securities offered, rather than being added on as they were in some previous instances, making the amount of funds raised at the auction more predictable.

State and local government debt increased little in 2000. Gross issuance of long-term municipal bonds was well below the robust pace of the past two years. Refunding offerings were held down by higher interest rates through much of the year, and the need to raise new capital was diminished by strong tax revenues. Net issuance was also damped by an increase in the retirement of bonds from previous refunding activity. Credit quality in the municipal market improved considerably last year, with credit upgrades outnumbering downgrades by a substantial margin. The only notable exception was in the not-for-profit health care sector, where downgrades predominated.

The External Sector

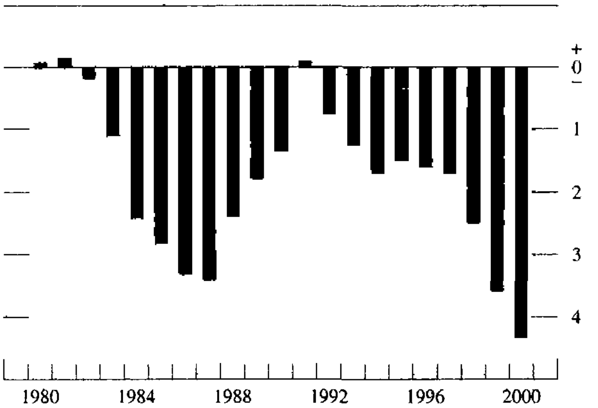
Trade and Current Account

The current account deficit reached $452 billion (annual rate) in the third quarter of 2000, or 4.5 percent of GDP, compared with $331 billion and 3.6 percent for 1999. Most of the expansion in the current account deficit occurred in the balance of trade in goods and services. The deficit on trade in goods and services widened to $383 billion (annual rate) in the third quarter from $347 billion in the first half of the year. Data for trade in October and November suggest that the deficit may have increased further in the fourth quarter. Net payments on investments were a bit less during the first three quarters of 2000 than in the second half of 1999 owing to a sizable increase in income receipts from direct investment abroad.

U.S. exports of goods and services rose an estimated 7 percent in real terms during 2000. Exports surged during the first three quarters, supported by a pickup in economic activity abroad that began in 1999. By market destination, U.S. exports were strongest to Mexico and countries in Asia. About 45 percent of U.S. goods exports were capital equipment, 20 percent were industrial supplies, and roughly 10 percent each were agricultural, automotive, consumer, and other goods. Based on data for October and November, real exports are estimated to have declined in the fourth quarter, reflecting in part a slowing of economic growth abroad. This decrease was particularly evident in exports of capital goods, automotive products, consumer goods, and agricultural products.

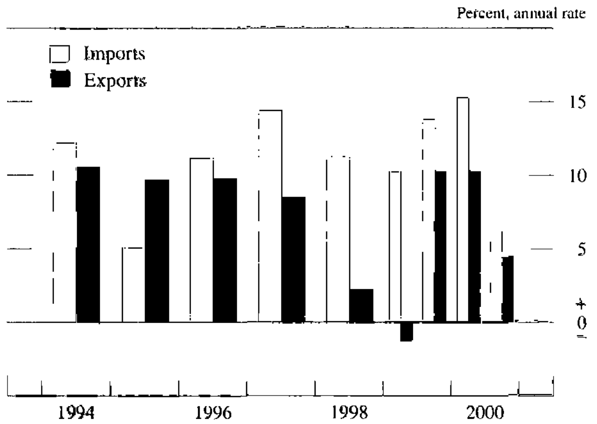
The quantity of imported goods and services expanded rapidly during the first three quarters of

U.S. current account



NOTE. The observation for 2000 is the average of the first three quarters.

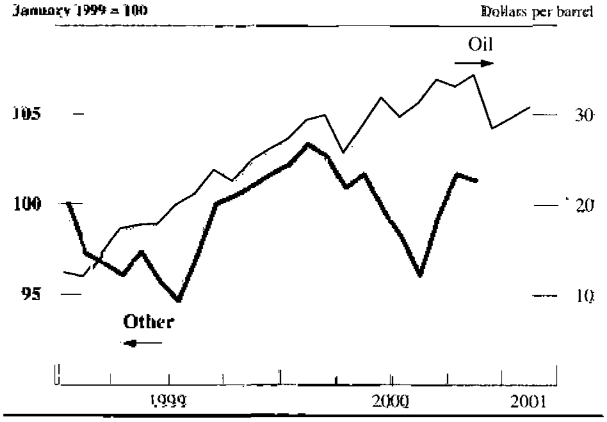
Change in real imports and exports of goods and services



2000, reflecting the continuing strength of U.S. domestic demand and the effects of past dollar appreciation on price competitiveness. Increases were widespread among trade categories. Based on data for October and November, real imports of goods and services are estimated to have risen only slightly in the fourth quarter. Moderate increases in imported consumer and capital goods were partly offset by declines in other categories of imports, particularly industrial supplies and automotive products, for which domestic demand had softened. The price of non-oil imports is estimated to have increased by less than 1 percent during 2000.

The price of imported oil rose nearly $7 per barrel over the four quarters of 2000. During the year, oil prices generally remained high and volatile, with the spot price of West Texas intermediate (WTI) crude fluctuating between a low of $24 per barrel in April and a high above $37 per barrel in September. Strong demand—driven by robust world economic growth—kept upward pressure on oil prices even as world supply increased considerably. Over the course of 2000, OPEC raised its official production targets by 3.7 million barrels per day, reversing the production cuts made in the previous two years. Oil production from non-OPEC sources rebounded as well. During the last several weeks of 2000, oil prices fell sharply as market participants became convinced that the U.S. economy was slowing. In early 2001, however, oil prices moved back up when OPEC announced a planned production cut of 1.5 million barrels per day.

Prices of oil and other commodities



NOTE. The data are monthly; the last observation for oil is the average of trading days through February 8, 2001; the last observation for other commodities is November 2000. The oil price is the spot price of West Texas intermediate crude oil. The price of other commodities is a weighted average of thirty-nine nonfuel primary-commodity prices from the International Monetary Fund.

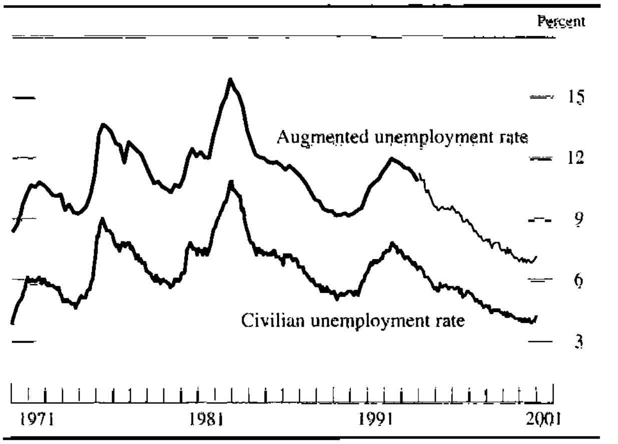
Financial Account

The counterpart to the increased U.S. current account deficit in 2000 was an increase in net capital inflows. As in 1999, U.S. capital flows in 2000 reflected the relatively strong cyclical position of the U.S. economy for most of the year and the global wave of corporate mergers. Foreign private purchases of U.S. securities were exceptionally robust—well in excess of the record set in 1999. The composition of U.S. securities purchased by foreigners continued the shift away from Treasuries as the U.S. budget surplus, and the attendant decline in the supply of Treasuries, lowered their yield relative to other debt. Last year private foreigners sold, on net, about $50 billion in Treasury securities, compared with net sales of $20 billion in 1999. Although sizable, these sales were slightly less than what would have occurred had foreigners reduced their holdings in proportion to the reduction in Treasuries outstanding. The increased sale of Treasuries was fully offset by larger foreign purchases of U.S. securities issued by government-sponsored agencies. Net purchases of agency securities topped $110 billion, compared with the previous record of $72 billion set in 1999. In contrast to the shrinking supply of Treasury securities, U.S. government-sponsored agencies accelerated the pace of their debt issuance. Private foreign purchases of U.S. corporate debt grew to $180 billion, while net purchases of U.S. equities ballooned to $170 billion compared with $108 billion in 1999.

The pace of foreign direct investment inflows in the first three quarters of 2000 also accelerated from the record pace of 1999. As in the previous two years, direct investment inflows were driven by foreign acquisition of U.S. firms, reflecting the global strength in merger and acquisition activity. Of the roughly $200 billion in direct investment inflows in the first three quarters, about $100 billion was directly attributable to merger activity. Many of these mergers were financed, at least in part, by an exchange of equity, in which shares in the U.S. firm were swapped for equity in the acquiring firm. Although U.S. residents generally appear to have sold a portion of the equity acquired through these swaps, the swaps likely contributed significantly to the $97 billion capital outflow attributed to U.S. acquisition of foreign securities. U.S. direct investment abroad was also boosted by merger activity and totaled $117 billion in the first three quarters of 2000, a slightly faster pace than that of 1999.

Capital inflows from foreign official sources totaled $38 billion in 2000—a slight increase from 1999. Nearly all of the official inflows were attributable to reinvested interest earnings. Modest official sales of dollar assets associated with foreign exchange intervention were offset by larger inflows from some non-OPEC oil exporting countries, which benefited from the elevated price of oil.

Measures of labor utilization

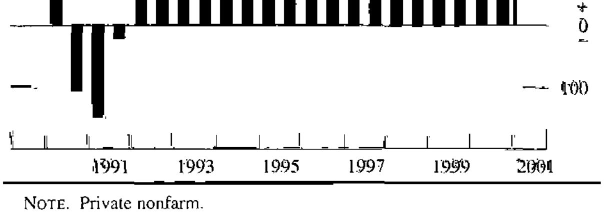


NOTE. The augented unemployment rate is the number of unemployed plus those who are not in the labor force and want a job, divided by the civilian labor force plus those who are not in the labor force and want a job. The break in data at January 1994 marks the introduction of a redesigned survey; data after that point are not directly comparable with those of earlier periods. The data extend through January 2001.

The Labor Market

Nonfarm payroll employment increased about 1½ percent in 2000, measured on a December-to-December basis. The job count had risen slightly more than 2 percent in 1999 and roughly 2½ percent a year over the 1996–98 period. Over the first few months of 2000, the expansion of jobs proceeded at a faster pace than in 1999, boosted both by the federal government's hiring for the decennial Census and by a somewhat faster rate of job creation in the private sector. Indications of a moderation in private hiring started to emerge toward mid-year, but because of volatility of the incoming data a slowdown could not be identified with some confidence until late summer.

Net change in payroll employment



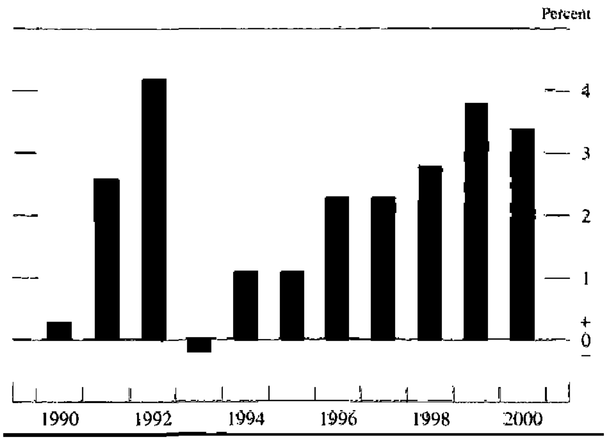
NOTE. Private nonfarm.

Over the remainder of the year monthly increases in private employment stepped down further. Job growth came almost to a stop in December, when severe weather added to the restraint from a slowing economy. In January of this year, employment picked up, but the return of milder weather apparently accounted for a sizable portion of the gain.

Employment rose moderately in the private service-producing sector of the economy in 2000, about 2 percent overall after an increase of about 3 percent in 1999. In the fourth quarter, however, hiring in the services-producing sector was relatively slow, in large part because of a sizable decline in the number of jobs in personnel supply—a category that includes temporary help agencies. Employment in construction increased about 2½ percent in 2000 after several years of gains that were considerably larger. The number of jobs in manufacturing was down for a third year, owing to reductions in factory employment in the second half of the year, when manufacturers were adjusting to the slowing of demand. Those adjustments in manufacturing may also have involved some cutbacks in the employment of temporary hires, which would help to account for the sharp job losses in personnel supply. The average length of the workweek in manufacturing was scaled back as well over the second half of the year.

The slowing of the economy did not lead to any meaningful easing in the tightness of the labor market in 2000. The household survey's measure of the number of persons employed rose 1 percent, about in line with the expansion of labor supply. On net, the unemployment rate changed little; its fourth-quarter

Change in output per hour

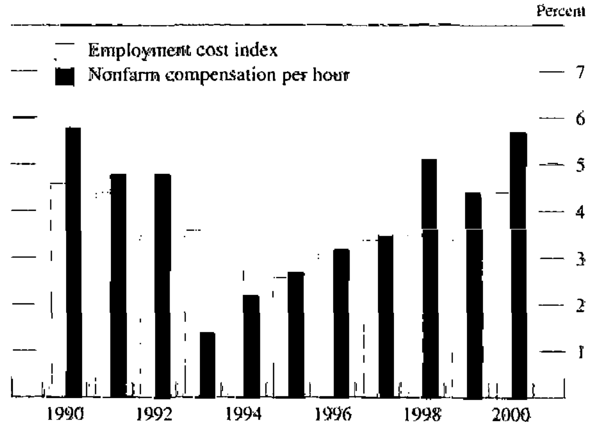


NOTE. Nonfarm business sector.

average of 4.0 percent was down just a tenth of a percentage point from the average unemployment rate in the fourth quarter of 1999. The flatness of the rate through the latter half of 2000, when the economy was slowing, may have partly reflected a desire of companies to hold on to labor resources that had been difficult to attract and retain in the tight labor market of recent years. January of this year brought a small increase in the rate, to 4.2 percent.

Productivity continued to rise rapidly in 2000. Output per hour in the nonfarm business sector was up about 3½ percent over the year as a whole. Sizable gains in efficiency continued to be evident even as the economy was slowing in the second half of the year. Except for 1999, when output per hour rose about 3¾ percent, the past year's increase was the largest since 1992, a year in which the economy was in cyclical recovery from the 1990–91 recession. Cutting through the year-to-year variations in measured productivity, the underlying trend still appears to have traced out a pattern of strong acceleration since the middle part of the 1990s. Support for a step-up in the trend has come from increases in the amount of capital per worker—especially high-tech capital—and from organizational efficiencies that have resulted in output rising faster than the combined inputs of labor and capital.

Measures of the change in hourly compensation

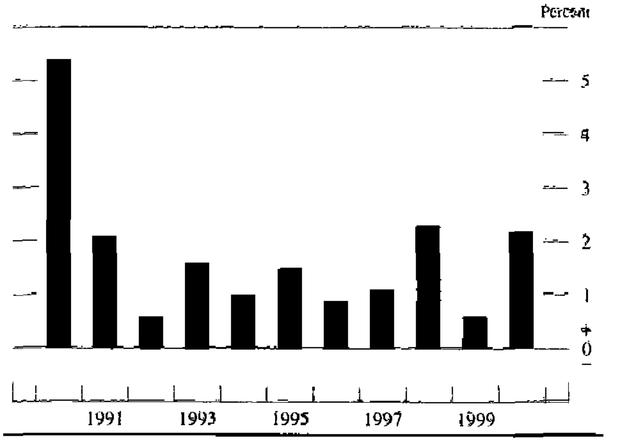


NOTE. For the employment cost index (ECI), change is from December to December; for nonfarm compensation, Q4 to Q4. The ECI is for private industry excluding farm and household workers. Nonfarm compensation per hour is for the nonfarm business sector.

Alternative measures of the hourly compensation of workers, while differing in their coverage and methods of construction, were consistent in showing some acceleration this past year. The employment cost index for private industry (ECI), which attempts to measure changes in the labor costs of nonfarm businesses in a way that is free from the effects of employment shifts among occupations and industries, rose nearly 4½ percent during 2000 after having increased about 3½ percent in 1999. Compensation per hour in the nonfarm business sector, a measure that picks up some forms of employee compensation that the ECI omits but that also is more subject to eventual revision than the ECI, showed hourly compensation advancing 5¾ percent this past year, up from a 1999 increase of about 4½ percent. Tightness of the labor market was likely one factor underlying the acceleration of hourly compensation in 2000, with employers relying both on larger wage increases and more attractive benefit packages to attract and retain workers. Compensation gains may also have been influenced to some degree by the pickup of consumer price inflation since 1998. Rapid increases in the cost of health insurance contributed importantly to a sharp step-up in benefit costs.

Unit labor costs, the ratio of hourly compensation to output per hour, increased about 2¼ percent in the

Change in unit labor costs



NOTE. Nonfarm business sector.

nonfarm business sector in 2000 after having risen slightly more than ½ percent in 1999. Roughly three-fourths of the acceleration was attributable to the faster rate of increase in compensation per hour noted above. The remainder stemmed from the small deceleration of measured productivity. The labor cost rise for the latest year was toward the high end of the range of the small to moderate increases that have prevailed over the past decade.

Prices

Led by the surge in energy prices, the aggregate price indexes showed some acceleration in 2000. The chain-type price index for real GDP, the broadest measure of goods and services *produced* domestically, rose 2¼ percent in 2000, roughly ¾ percentage point more than in 1999. The price index for gross domestic purchases, the broadest measure of prices for goods and services *purchased* by domestic buyers, posted a rise of almost 2½ percent in 2000 after having increased slightly less than 2 percent the previous year. Prices paid by consumers, as measured by the chain-type price index for personal consumption expenditures, picked up as well, about as much as the gross purchases index. The consumer price index (CPI) continued to move up at a faster pace than the PCE index this past year, and it exhibited slightly more acceleration—an increase of nearly 3½ percent in 2000 was ¾ percentage point larger than the 1999 rise. Price indexes for fixed investment and government purchases also accelerated this past year.

The prices of energy products purchased directly by consumers increased about 15 percent in 2000, a few percentage points more than in 1999. In response to the rise in world oil prices, consumer prices of motor fuels rose nearly 20 percent in 2000, bringing the cumulative price hike for those products over the past two years to roughly 45 percent. Prices also rose rapidly for home heating oil. Natural gas prices

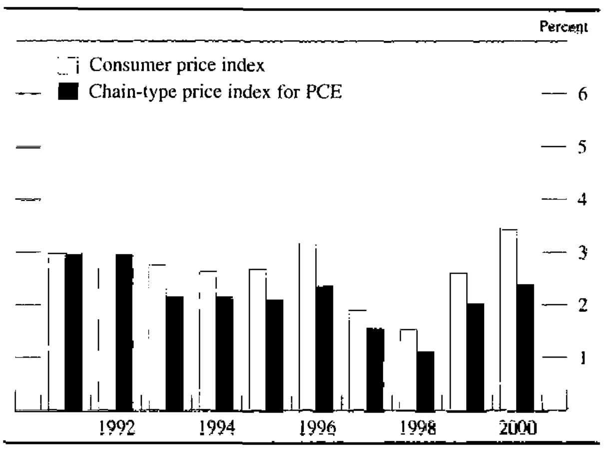
Alternative measures of price change

Percent

Price measure	1999	2000
Chain-type		
Gross domestic product	1.6	2.3
Gross domestic purchases	1.9	2.4
Personal consumption expenditures	2.0	2.4
Excluding food and energy	1.5	1.7
Fixed-weight		
Consumer price index	2.6	3.4
Excluding food and energy	2.1	2.6

NOTE. Changes are based on quarterly averages and are measured to the fourth quarter of the year indicated from the fourth quarter of the preceding year.

Change in consumer prices

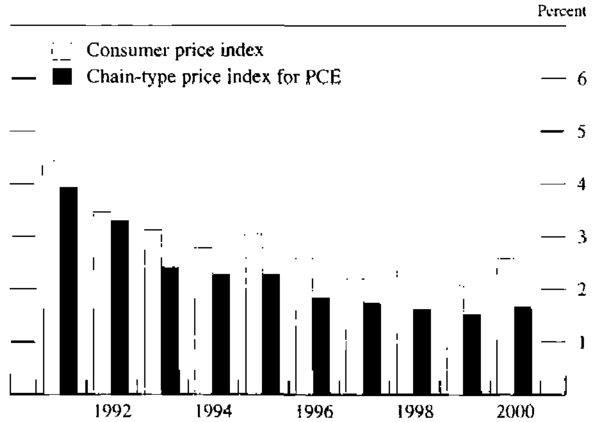


increased 30 percent, as demand for that fuel outpaced the growth of supply, pulling stocks down to low levels. Prices of natural gas this winter have been exceptionally high because of the added demand for heating that resulted from unusually cold weather in November and December. Electricity costs jumped for some users, and prices nationally rose faster than in other recent years, about 2¼ percent at the consumer level.

Businesses had to cope with rising costs of energy in production, transportation, and temperature control. In some industries that depend particularly heavily on energy inputs, the rise in costs had a large effect on product prices. Producer prices of goods such as industrial chemicals posted increases that were well above the average rates of inflation last year, and rising prices for natural gas sparked especially steep price advances for nitrogen fertilizers used in farming. Prices of some services also exhibited apparent energy impacts: Producers paid sharply higher prices for transportation services via air and water, and consumer airfares moved up rapidly for a second year, although not nearly as much as in 1999. Late in 2000 and early this year, high prices for energy inputs prompted shutdowns in production at some companies, including those producing fertilizers and aluminum.

Despite the spillover of energy effects into other markets, inflation outside the energy sector remained moderate overall. The ongoing rise in labor productivity helped to contain the step-up in labor costs, and the slow rate of rise in the prices of non-oil imports meant that domestic businesses had to remain cautious about raising their prices because of the potential loss of market share. Rapid expansion of capacity in manufacturing prevented bottlenecks from developing in the goods-producing sector of the economy

Change in consumer prices excluding food and energy



when domestic demand was surging early in the year; later on, an easing of capacity utilization was accompanied by a softening of prices in a number of industries. Inflation expectations, which at times in the past have added to the momentum of rising inflation, remained fairly quiescent in 2000.

Against this backdrop, core inflation remained low in 2000. Producer prices of intermediate materials excluding food and energy, after having accelerated through the first few months of 2000, slowed thereafter, and their four-quarter rise of 1¾ percent was only a bit larger than the increase during 1999. Prices of crude materials excluding food and energy fell moderately this past year after having risen about 10 percent a year earlier. At the consumer level, the CPI excluding food and energy moved up 2½ percent in 2000, an acceleration of slightly less than ½ percentage point from 1999 when put on a basis that maintains consistency of measurement. The rise in the chain-type price index for personal consumption expenditures excluding food and energy was 1¾ percent, just a bit above the increases recorded in each of the two previous years.

Consumer food prices rose 2½ percent in 2000 after an increase of about 2 percent in 1999. In large part, the moderate step-up in these prices probably reflected cost and price considerations similar to those at work elsewhere in the economy. Also, farm commodity prices moved up, on net, during 2000, after three years of sharp declines, and this turnabout likely showed through to the retail level to some extent. Meat prices, which are linked more closely to farm prices than is the case with many other foods, recorded increases that were appreciably larger than the increases for food prices overall.

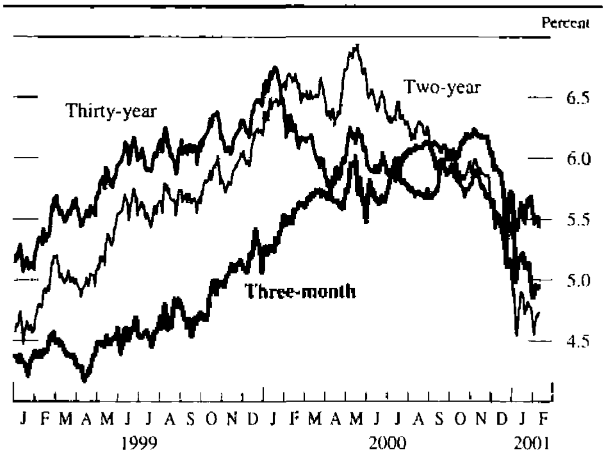
The chain-type price index for private fixed investment rose about 1¾ percent in 2000, but that small increase amounted to a fairly sharp acceleration from the pace of the preceding few years, several of which had brought small declines in investment prices. Although the price index for investment in residential structures slowed a little, to about a 3½ percent rise, the index for nonresidential structures sped up from a 2¾ percent increase in 1999 to one of 4½ percent in 2000. Moreover, the price index for equipment and software ticked up slightly, after having declined 2 percent or more in each of the four preceding years. To a large extent, that turnabout was a reflection of a smaller rate of price decline for computers; they had dropped at an average rate of more than 20 percent through the second half of the 1990s but fell at roughly half that rate in 2000. Excluding computers, equipment prices increased slightly in 2000 after having declined a touch in 1999.

U.S. Financial Markets

Financial markets in 2000 were influenced by the changing outlook for the U.S. economy and monetary policy and by shifts in investors' perceptions of and attitudes toward risk. Private longer-term interest rates generally firmed in the early part of the year as growth remained unsustainably strong and as market participants anticipated a further tightening of monetary policy by the Federal Reserve. Later in the year, as it became apparent that the pace of economic growth was slowing, market participants began to incorporate expectations of significant policy easing into asset prices, and most longer-term interest rates fell sharply over the last several months of 2000 and into 2001. Over the course of the year, investors became more concerned about credit risk and demanded larger yield spreads to hold lower-rated corporate bonds, especially once the growth of the economy slowed in the second half. Banks, apparently having similar concerns, reported widening credit spreads on business loans and tightening standards for lending to businesses. Weakening economic growth and tighter financial conditions in some sectors led to a slowing in the pace of debt growth over the course of the year.

Stock markets had another volatile year in 2000. After touching record highs in March, stock prices turned lower, declining considerably over the last four months of the year. Valuations in some sectors fell precipitously from high levels, and near-term earnings forecasts were revised down sharply late in the year. On balance, the broadest stock indexes fell more than 10 percent last year, and the tech-heavy Nasdaq was down nearly 40 percent.

Rates on selected Treasury securities



NOTE. The data are daily and extend through February 8, 2001.

Interest Rates

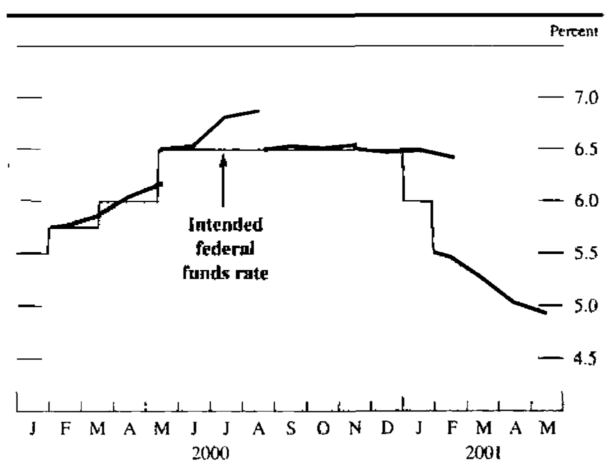
The economy continued to expand at an exceptionally strong and unsustainable pace in the early part of 2000, prompting the Federal Reserve to tighten its policy stance in several steps ending at its May meeting. Private interest rates and shorter-term Treasury yields rose considerably over that period, reaching a peak just after the May FOMC meeting. Investors apparently became more concerned about credit risk as well; spreads between rates on lower-rated corporate bonds and swaps widened in the spring, adding to the upward pressure on private interest rates. Long-term Treasury yields, in contrast, remained below their levels from earlier in the year, as market participants became increasingly convinced that the supply of those securities would shrink considerably in coming years and incorporated a "scarcity premium" into their prices. By mid-May, with the rapid expansion of economic activity showing few signs of letting up, rates on federal funds and eurodollar futures, which can be used as a rough gauge of policy expectations, were indicating that market participants expected additional policy tightening going forward.

Signs of a slowdown in the growth of aggregate demand began to appear in the incoming data soon after the May FOMC meeting and continued to gradually accumulate over subsequent months. In response, market participants became increasingly convinced that the FOMC would not have to tighten its policy stance further, which was reflected in a flattening of the term structure of rates on federal funds and eurodollar futures. Interest rates on most corporate bonds declined gradually on the shifting outlook for the economy, and by the end of August had fallen more than ½ percentage point from their peaks in May.

Most market interest rates continued to edge lower into the fall, as the growth of the economy seemed to moderate further. Over the last couple months of 2000 and into early 2001, as it became apparent that economic growth was slowing more abruptly, market participants sharply revised down their expectations for future short-term interest rates. Treasury yields plummeted over that period, particularly at shorter maturities: The two-year Treasury yield dropped more than a full percentage point from mid-November to early January, moving below the thirty-year yield for the first time since early 2000. Yields on inflation-indexed securities also fell considerably, but by less than their nominal counterparts, suggesting that the weakening of economic growth lowered expectations of both real interest rates and inflation.

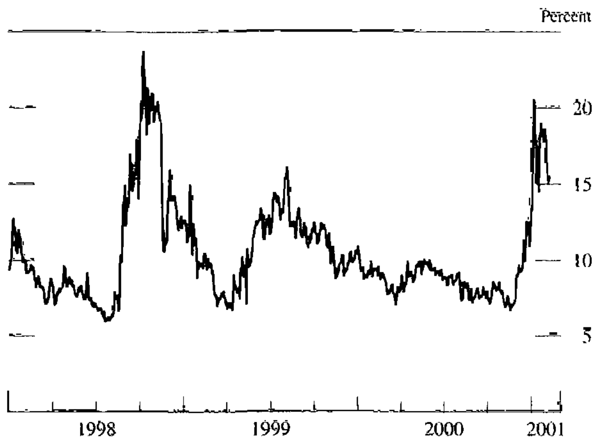
Although market participants had come to expect considerable policy easing over the first part of this year, the timing and magnitude of the intermeeting cut in the federal funds rate in early January was a surprise. In response, investors built into asset prices anticipations of a more rapid policy easing over the near-term. Indeed, the further substantial reduction in the federal funds rate implemented at the FOMC meeting later that month was largely expected and elicited little response in financial markets. Even with a full percentage point reduction in the federal funds rate in place, futures rates have recently pointed to expectations of additional policy easing over coming months. Investors appear to be uncertain about this outlook, however, judging from the recent rise in the

Federal funds futures rates and the intended federal funds rate



NOTE. The thick line segments show the rates on federal funds futures contracts on the day after the scheduled FOMC meetings in February, May, August, and November 2000 and in January 2001.

Implied volatility of short-term interest rates

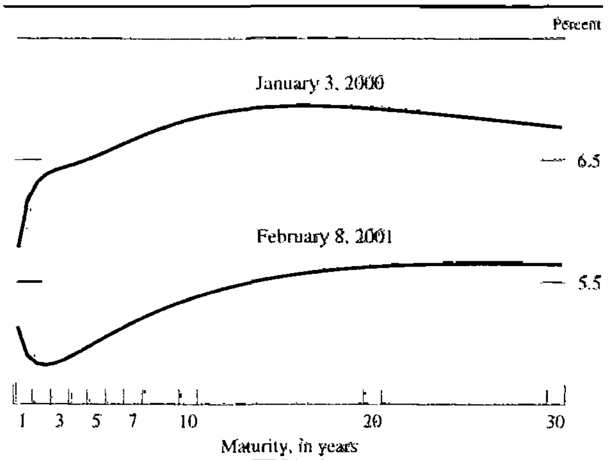


NOTE. The data are daily and extend through February 8, 2001. The series shown is the implied volatility of the three-month eurodollar rate over the coming four months, as calculated from option prices.

implied volatilities of interest rates derived from option prices. On balance since the beginning of 2000, the progressive easing in the economic outlook, in combination with the effects of actual and prospective reductions in the supply of Treasury securities, has resulted in a sizable downward shift in the Treasury yield curve.

The prospect of a weakening in economic growth, along with sizable declines in equity prices and downward revisions to profit forecasts, apparently caused investors to reassess credit risks in the latter part of last year. Spreads between rates on high-yield corporate bonds and swaps soared beginning in September, pushing the yields on those bonds substantially higher. Concerns about credit risk also spilled over into the investment-grade sector, where yield spreads widened considerably for lower-rated securities. For most investment-grade issuers, though, the effects of the revised policy outlook more than offset any widening in risk spreads, resulting in a decline in private interest rates in the fourth quarter. Since the first policy easing in early January, yield spreads on corporate bonds have narrowed considerably, including a particularly large drop in the spread on high-yield bonds. Overall, yields on most investment-grade corporate bonds have reached their lowest levels since the first half of 1999, while rates on most high-yield bonds have fallen about 2 percentage points from their peaks and have reached levels similar to those of mid-2000.

Treasury yield curve



NOTE. The yield curves shown are estimated from off-the-run Treasury coupon securities and represent yields on notional par Treasury securities with semiannual coupons.

Although investors at times in recent months appeared more concerned about credit risk than they were in the fall of 1998, the recent financial environment, by most accounts, did not resemble the market turbulence and disruption of that time. The Treasury and investment-grade corporate bond markets remained relatively liquid, and the investment-grade market easily absorbed the high volume of bond issuance over 2000. Investors continued to show a heightened preference for larger, more liquid corporate issues, but they did not exhibit the extreme desire for liquidity that was apparent in the fall of 1998. For example, the liquidity premium for the on-the-run ten-year Treasury note this year remained well below the level of that fall.

Nonetheless, the Treasury market has become somewhat less liquid than it was several years ago. Moreover, in 2000, particular segments of the Treasury market occasionally experienced bouts of unusually low liquidity that appeared related to actual or potential reductions in the supply of individual securities. Given the possibility that liquidity could deteriorate further as the Treasury continues to pay down its debt, market participants reportedly increased their reliance on alternative instruments—including interest rate swaps and debt securities issued by government-sponsored housing agencies and other corporations—for some of the hedging and pricing functions historically provided by Treasury securities. Fannie Mae and Freddie Mac continued to issue large amounts of debt under their Benchmark and Reference debt programs, which are designed to mimic characteristics of Treasury securities—such as large issue sizes and a regular calendar of issuance—that are believed to contribute to their liquidity. By the end of 2000, the two firms together had more than $300 billion of notes and bonds and more than $200 billion of bills outstanding under those programs. Trading volume and dealer positions in agency securities have risen considerably since 1998, and the market for repurchase agreements in those securities has reportedly become more active. Also, several exchanges listed options and futures on agency debt securities. Open interest on some of those futures contracts has picked up significantly, although it remains small compared to that on futures contracts on Treasury securities.

The shrinking supply of Treasury securities and the possibility of a consequent decline in market liquidity also pose challenges for the Federal Reserve. For many years, Treasury securities have provided the Federal Reserve with an effective asset for System portfolio holdings and the conduct of monetary policy. The remarkable liquidity of Treasury securities has allowed the System to conduct sizable policy operations quickly and with little disruption to markets, while the safety of Treasury securities has allowed the System to avoid credit risk in its portfolio. However, if Treasury debt continues to be paid down, at some point the amount outstanding will be insufficient to meet the Federal Reserve's portfolio needs. Well before that time, the proportion of Treasury securities held by the System could reach levels that would significantly disrupt the Treasury market and make monetary policy operations increasingly difficult or costly. Recognizing this possibility, last year the FOMC initiated a study to consider alternative approaches to managing the Federal Reserve's portfolio, including expanding the use of the discount window and broadening the types of assets acquired in the open market. As it continues to study various alternatives, the FOMC will take into consideration the effect that such approaches might have on the liquidity and safety of its portfolio and the potential for distorting the allocation of credit to private entities.

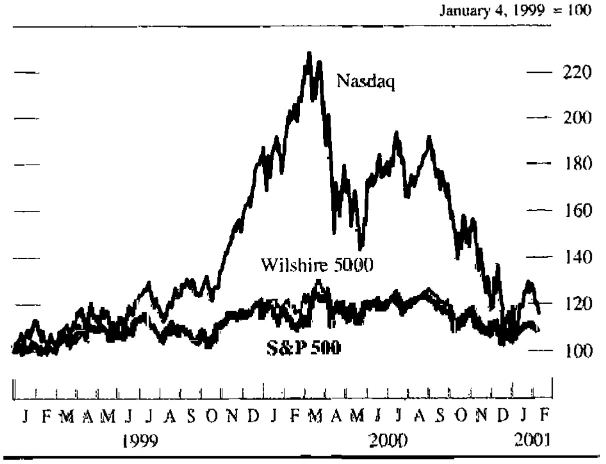
Meanwhile, some measures have been taken to prevent the System's holdings of individual Treasury securities from reaching possibly disruptive levels and to help curtail any further lengthening of the average maturity of the System's holdings. On July 5, 2000, the Federal Reserve Bank of New York announced guidelines limiting the System's holdings of individual Treasury securities to specified percentages of their outstanding amounts, depending on the remaining maturity of the issue. Those limits range from 35 percent for Treasury bills to 15 percent for longer-term bonds. As a result, the System has redeemed some of its holdings of Treasury securities on occasions when the amount of maturing holdings has exceeded the amount that could be rolled over into newly issued Treasury securities under these limits. Redemptions of Treasury holdings in 2000 exceeded $28 billion, with more than $24 billion of the redemptions in Treasury bills. In addition, the Federal Reserve accommodated a portion of the demand for reserves last year by increasing its use of longer-term repurchase agreements rather than by purchasing Treasury securities outright. The System maintained an average of more than $15 billion of longer-term repurchase agreements over 2000, typically with maturities of twenty-eight days.

Equity Prices

After having moved higher in the first quarter of 2000, equity prices reversed course and finished the year with considerable declines. Early in the year, the rapid pace of economic activity lifted corporate profits, and stock analysts became even more optimistic about future earnings growth. In response, most major equity indexes reached record highs in March, with the Wilshire 5000 rising 6¾ percent above its 1999 year-end level and the Nasdaq soaring 24 percent, continuing its rapid run-up from the second half of 1999. Equity prices fell from these highs during the spring, with a particularly steep drop in the Nasdaq, as investors grew more concerned about the lofty valuations of some sectors and the prospect of higher interest rates.

Broader equity indexes recovered much of those losses through August, supported by the decline in market interest rates and the continued strength of earnings growth in the second quarter. But from early September through the end of the year, stock prices fell considerably in response to the downshift in economic growth, a reassessment of the prospects for some high-tech industries, and disappointments in corporate earnings. In December and January, equity

Major stock price indexes



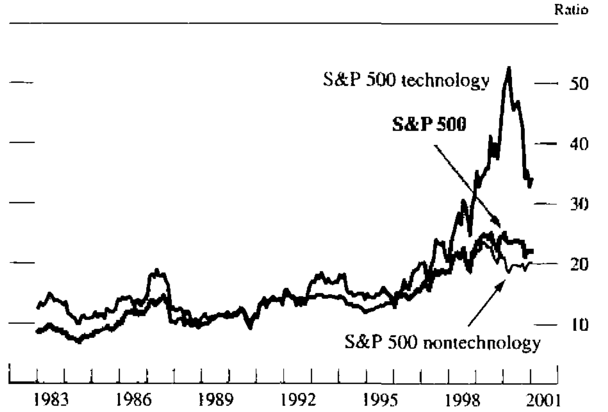
NOTE. The data are daily and extend through February 8, 2001.

analysts significantly reduced their forecasts for year-ahead earnings for the S&P 500. However, analysts apparently view the slowdown in earnings as short-lived, as long-run earnings forecasts did not fall much and remain at very high levels, particularly for the technology sector.

On balance, the Wilshire 5000 index fell 12 percent over 2000—its first annual decline since 1994. The Nasdaq composite plunged 39 percent, leaving it at year-end more than 50 percent below its record high and erasing nearly all of its gains since the beginning of 1999. The broad decline in equity prices last year is estimated to have lopped more than $1¾ trillion from household wealth, or more than 4 percent of the total net worth of households. Nevertheless, the level of household net worth is still quite high—about 50 percent above its level at the end of 1995. Investors continued to accumulate considerable amounts of equity mutual funds over 2000, although they may have become increasingly discouraged by losses on their equity holdings toward the end of the year, when flows into equity funds slumped. At that time, money market mutual funds expanded sharply, as investors apparently sought a refuge for financial assets amid the heightened volatility and significant drops in equity prices. So far in 2001, major equity indexes are little changed, on balance, as the boost from lower interest rates has been countered by continued disappointments over corporate earnings.

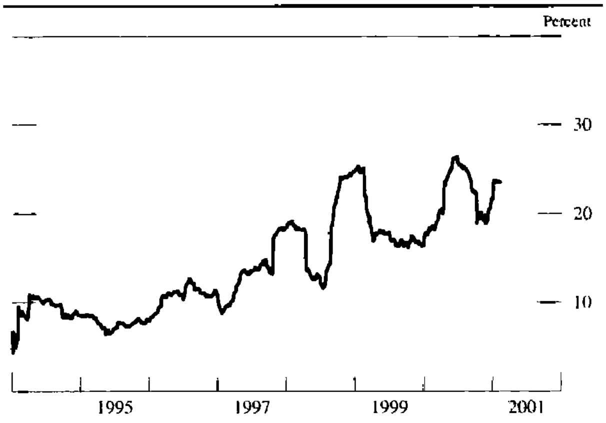
Some of the most dramatic plunges in share prices in 2000 took place among technology, telecommunications, and Internet shares. While these declines partly stemmed from downward revisions to near-term earnings estimates, which were particularly severe in some cases, they were also driven by a reassessment of the elevated valuations of many companies in these sectors. The price–earnings ratio (calculated using operating earnings expected over the next year) for the technology component of the S&P 500 index fell substantially from its peak in early 2000, although it remains well above the ratio for the S&P 500 index as a whole. For the entire S&P 500 index, share prices fell a bit more in percentage terms than the downward revisions to year-ahead earnings forecasts, leaving the price–earnings ratio modestly below its historical high.

Price-earnings ratios for the S&P 500 and selected components



NOTE. The data are monthly and extend through January 2001. The ratios are based on I/B/E/S consensus estimates of earnings over the coming twelve months.

Wilshire 5000 volatility



NOTE. The data, which are daily and extend through February 8, 2001, are the standard deviations of daily percent changes in the Wilshire 5000 index over the previous six months, with the standard deviations expressed on an annual basis.

The volatility of equity price movements during 2000 was at the high end of the elevated levels observed in recent years. In the technology sector, the magnitudes of daily share price changes were at times remarkable. There were twenty-seven days during 2000 in which the Nasdaq composite index moved up or down by at least 5 percent; by comparison, such outsized movements were observed on a total of only seven days from 1990 to 1999.

Despite the volatility of share price movements and the large declines on balance over 2000, equity market conditions were fairly orderly, with few reports of difficulties meeting margin requirements or of large losses creating problems that might pose broader systemic concerns. The fall in share prices reined in some of the margin debt of equity investors. After having run up sharply through March, the amount of outstanding margin debt fell by about 30 percent over the remainder of the year. At year-end, the ratio of margin debt to total equity market capitalization was slightly below its level a year earlier.

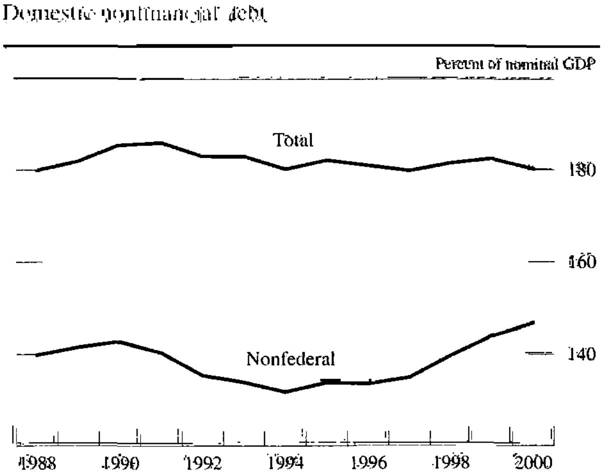
The considerable drop in valuations in some sectors and the elevated volatility of equity price movements caused the pace of initial public offerings to slow markedly over the year, despite a large number of companies waiting to go public. The slowdown was particularly pronounced for technology companies, which had been issuing new shares at a frantic pace early in the year. In total, the dollar amount of initial public offerings by domestic nonfinancial companies tapered off in the fourth quarter to its lowest level in two years and has remained subdued so far in 2001.

Debt and the Monetary Aggregates

Debt and Depository Intermediation

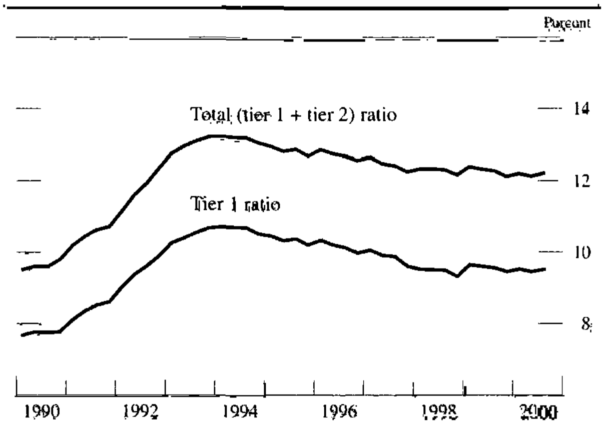
Aggregate debt of domestic nonfinancial sectors increased an estimated 5¼ percent over 2000, a considerable slowdown from the gains of almost 7 percent posted in 1998 and 1999. The expansion of nonfederal debt moderated to 8½ percent in 2000 from 9½ percent in 1999; the slowing owed primarily to a weakening of consumer and business borrowing in the second half of the year, as the growth of durables consumption and capital expenditures fell off and financial conditions tightened for some firms. Some of the slowdown in total nonfinancial debt was also attributable to the federal government, which paid down 6¾ percent of its debt last year, compared with 2½ percent in 1999. In 1998 and 1999, domestic nonfinancial debt increased faster than nominal GDP, despite the reduction in federal debt over those years. The ratio of nonfinancial debt to GDP edged down in 2000, however, as the federal debt paydown accelerated and nonfederal borrowing slowed.

Domestic nonfinancial debt



NOTE. The data are annual.

Regulatory capital ratios of commercial banks

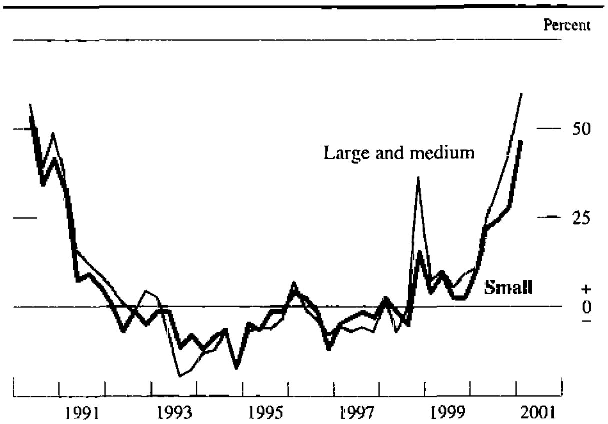


NOTE. The data, which are quarterly and extend through 2000:Q3, are ratios of capital to risk-weighted assets. Tier 1 capital consists primarily of common equity and certain perpetual preferred stock. Tier 2 capital consists primarily of subordinated debt, preferred stock not included in tier 1 capital, and a limited amount of loan-loss reserves.

Depository institutions continued to play an important role in meeting the demand for credit by businesses and households. Credit extended by commercial banks, after adjustment for mark-to-market accounting rules, increased 10 percent over 2000, well above the pace for total nonfinancial debt. Bank credit expanded at a particularly brisk rate through late summer, when banks, given their ample capital base and solid profits, were willing to meet strong loan demand by households and businesses. Over the remainder of the year, the growth of bank credit declined appreciably, as banks became more cautious lenders and as several banks shed large amounts of government securities.

Banks reported a deterioration of the quality of their business loan portfolios last year. Delinquency and charge-off rates on C&I loans, while low by historical standards, rose steadily, partly reflecting some repayment difficulties in banks' syndicated loan portfolios. Several large banks have stated that the uptrend in delinquencies is expected to continue in 2001. Higher levels of provisioning for loan losses and some narrowing of net interest margins contributed to a fallback of bank profits from the record levels of 1999. In addition, capitalization measures slipped a bit last year. Nevertheless, by historical standards banks remained quite profitable overall and appeared to have ample capital. In the aggregate, total capital (the sum of tier 1 and tier 2 capital) remained above 12 percent of risk-weighted assets over the first three quarters of last year, more than two percentage points above the minimum level required to be considered well-capitalized.

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



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

In response to greater uncertainty about the economic outlook and a reduced tolerance for risk, increasing proportions of banks reported tightening standards and terms on business loans during 2000 and into 2001, with the share recently reaching the highest level since 1990. The tightening became widespread for loans to large and middle-market firms. A considerable portion of banks reported firming standards and terms on loans to small businesses as well, consistent with surveys of small businesses indicating that a larger share of those firms had difficulty obtaining credit in 2000 than in previous years. With delinquency rates for consumer and real estate loans having changed little, on net, last year, banks did not tighten credit conditions significantly for loans to households over the first three quarters of 2000. More recently, however, an increasing portion of banks increased standards and terms for consumer loans other than credit cards, and some of the banks surveyed anticipated a further tightening of conditions on consumer loans during 2001.

The Monetary Aggregates

The monetary aggregates grew rather briskly last year. The expansion of the broadest monetary aggregate, M3, was particularly strong over the first three quarters of 2000, as the robust growth in depository credit was partly funded through issuance of the managed liabilities included in this aggregate, such as large time deposits. M3 growth eased somewhat in the fourth quarter because the slowing of bank credit led depository institutions to reduce their reliance on managed liabilities. Institutional money funds increased rapidly throughout 2000, despite the tightening of policy early in the year, in part owing to continued growth in their provision of cash management services for businesses. For the year as a whole, M3 expanded 9¼ percent, well above the 7¾ percent pace in 1999. This advance again outpaced that of nominal income, and M3 velocity—the ratio of nominal income to M3—declined for the sixth year in a row.

Growth of money and debt

Percent

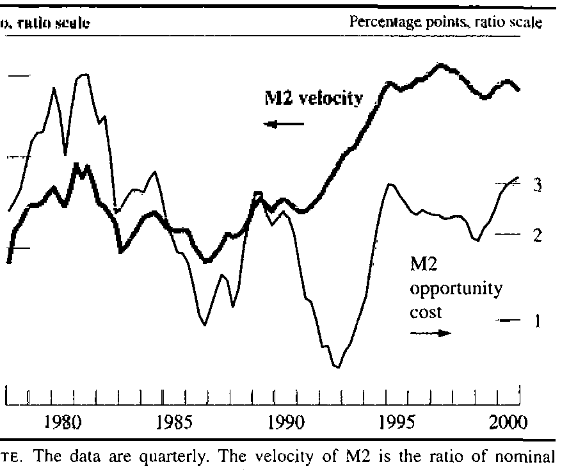
Period	M1	M2	M3	Domestic nonfinancial debt
Annual[1]				
1990	4.2	4.2	1.9	6.7
1991	7.9	3.1	1.2	4.5
1992	14.4	1.8	.6	4.5
1993	10.6	1.3	1.0	4.9
1994	2.5	.6	1.7	4.8
1995	−1.5	3.8	6.1	5.4
1996	−4.5	4.5	6.8	5.3
1997	−1.2	5.6	8.9	5.4
1998	2.2	8.4	10.9	6.9
1999	1.8	6.2	7.7	6.8
2000	−1.5	6.3	9.2	5.3
Quarterly (annual rate)[2]				
2000:1	2.0	5.8	10.6	5.6
2	−1.8	6.4	9.0	6.2
3	−3.7	5.8	8.9	4.7
4	−2.7	6.6	7.1	4.1

NOTE. M1 consists of currency, travelers checks, demand deposits, and other checkable deposits. M2 consists of M1 plus savings deposits (including money market deposit accounts), small-denomination time deposits, and balances in retail money market funds. M3 consists of M2 plus large-denomination time deposits, balances in institutional money market funds, RP liabilities (overnight and term), and eurodollars (overnight and term). Debt consists of the outstanding credit market debt of the U.S. government, state and local governments, households and nonprofit organizations, nonfinancial businesses, and farms.

1. From average for fourth quarter of preceding year to average for fourth quarter of year indicated.

2. From average for preceding quarter to average for quarter indicated.

M2 velocity and opportunity cost



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

M2 increased 6¼ percent in 2000, about unchanged from its pace in 1999. Some slowing in M2 growth would have been expected based on the rise in short-term interest rates over the early part of the year, which pushed up the "opportunity cost" of holding M2, given that the interest rates on many components of M2 do not increase by the same amount or as quickly as market rates. However, with the level of long-term rates close to that of short-term rates, investors had much less incentive to shift funds out of M2 assets and into assets with longer maturities, which helped support M2 growth. M2 was also boosted at times by households' increased preference for safe and liquid assets during periods of heightened volatility in equity markets. On balance over the year, the growth of M2 slightly exceeded that of nominal income, and M2 velocity edged down.

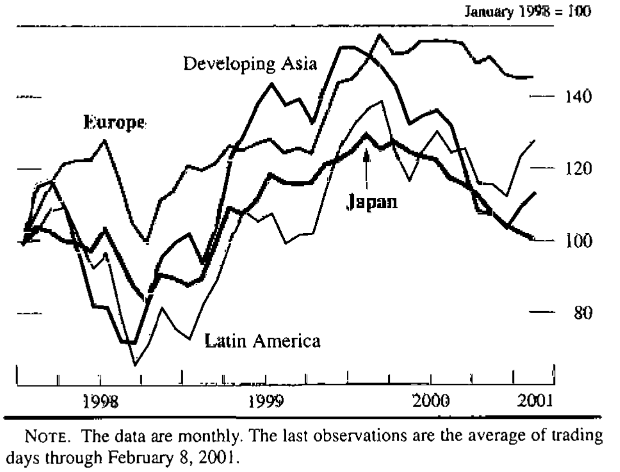
The behavior of the components of M2 was influenced importantly by interest rate spreads. The depressing effect of higher short-term market interest rates was most apparent in the liquid deposit components, including checkable deposits and savings accounts, whose rates respond very sluggishly to movements in market rates. Small time deposits and retail money market mutual funds, whose rates do not lag market rates as much, expanded considerably faster than liquid deposits. Currency growth was held down early in the year by a runoff of the stockpile accumulated in advance of the century date change. In addition, it was surprisingly sluggish over the balance of the year given the rapid pace of income growth, with weakness apparently in both domestic and foreign demands.

International Developments

In 2000, overall economic activity in foreign economies continued its strong performance of the previous year. However, in both industrial and developing countries, growth was strongest early, and clear signs of a general slowing emerged later in the year. Among industrial countries, growth in Japan last year moved up to an estimated 2 percent, and growth in the euro area slowed slightly to 3 percent. Emerging market economies in both Asia and Latin America grew about 6 percent on average in 2000. For Asian developing economies, this represented a slowing from the torrid pace of the previous year, while growth in Latin America, especially Mexico, picked up from 1999. Average foreign inflation edged up slightly to 3 percent, mainly reflecting higher oil prices. Over the first part of the year, monetary authorities moved to tighten conditions in many industrial countries, in reaction to continued strong growth in economic activity that was starting to impinge on capacity constraints, as well as some upward pressures on prices. Interest rates on long-term government securities declined on balance in most industrial countries, especially toward year-end when evidence of a slowdown in global economic growth started to emerge.

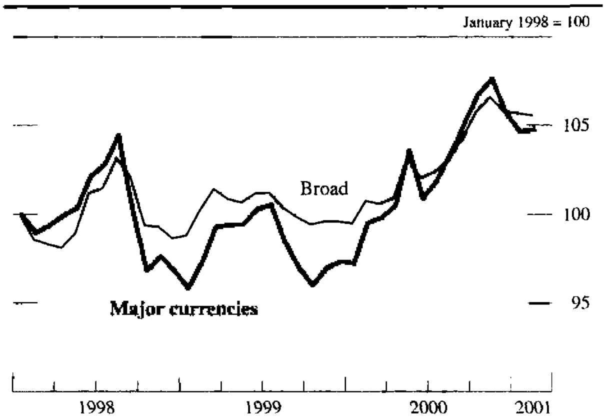
Conditions in foreign financial markets were somewhat more unsettled than in the previous year. Overall stock indexes in the foreign industrial countries generally declined, most notably in Japan. As in the United States, technology-oriented stock indexes were extremely volatile during the year. After reaching peaks in the first quarter, they started down while experiencing great swings toward mid-year, then fell sharply in the final quarter, resulting in net declines

Foreign equity indexes



NOTE. The data are monthly. The last observations are the average of trading days through February 8, 2001.

Nominal U.S. dollar exchange rate indexes



NOTE. The data are monthly. Indexes are trade-weighted averages of the exchange value of the dollar against major currencies and against the currencies of a broader group of important U.S. trading partners. Last observations are the average of trading days through February 8, 2001.

for the year of one-third or more. Stock prices in emerging market economies were generally quite weak, especially in developing Asia, where growth in recent years has depended heavily on exports of high-tech goods. Although there was no major default or devaluation among emerging market economies, average risk spreads on developing country debt still moved higher on balance over the course of the year, as the threat of potential crises in several countries, most notably Argentina and Turkey, heightened investor concerns.

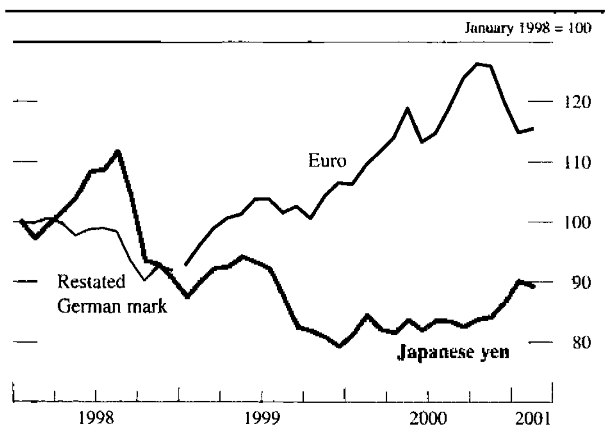
The dollar's average foreign exchange value increased over most of the year, supported by continued robust growth of U.S. activity, rising interest rates on dollar assets, and market perceptions that longer-term prospects for U.S. growth and rates of return were more favorable than in other industrial countries. Part of the rise in the dollar's average value was reversed late in the year when evidence emerged that the pace of U.S. activity was slowing much more sharply than had been expected. Despite this decline, the dollar's average foreign exchange value against the currencies of other major foreign industrial countries recorded a net increase of over 7 percent for the year as a whole. The dollar also strengthened nearly as much on balance against the currencies of the most important developing country trading partners of the United States. So far this year, the dollar's average value has remained fairly stable.

Industrial Economies

The dollar showed particular strength last year against the euro, the common currency of much of Europe. During the first three quarters of the year, the euro continued to weaken, and by late October had fallen to a low of just above 82 cents, nearly one-third below its value when it was introduced in January 1999. The euro's decline against the dollar through most of last year appeared to be due mainly to the vigorous growth of real GDP and productivity in the United States contrasted with steady but less impressive improvements in Europe. In addition, investors may have perceived that Europe was slower to adopt "new economy" technologies, making it a relatively less attractive investment climate. In September, a concerted intervention operation by the monetary authorities of G-7 countries, including the United States, was undertaken at the request of European authorities to provide support for the euro. The European Central Bank also made intervention purchases of euros on several occasions acting on its own. Late in the year, the euro abruptly changed course and started to move up strongly, reversing over half of its decline of earlier in the year. This recovery of the euro against the dollar appeared to reflect mainly a market perception that, while growth was slowing in both Europe and the United States, the slowdown was much sharper for the United States. For the year as a whole, the dollar appreciated, on net, about 7 percent against the euro.

The European Central Bank raised its policy interest rate target six times by a total of 175 basis points over the first ten months of the year. These increases reflected concerns that the euro's depreciation, tightening capacity constraints and higher oil prices would put upward pressure on inflation. While core inflation—inflation excluding food and energy—

U.S. dollar exchange rate against the euro and the Japanese yen



NOTE. Foreign currency units per dollar. Restated German mark is the mark–dollar exchange rate rescaled by the official conversion factor between the mark and the euro. Last observations are the average of trading days through February 8, 2001.

remained well below the 2 percent inflation target ceiling, higher oil prices pushed the headline rate above the ceiling for most of the year. Real GDP in the euro area is estimated to have increased about 3 percent for 2000 as a whole, only slightly below the rate of the previous year, although activity slowed toward the end of the year. Growth was supported by continued strong increases in investment spending. Net exports made only a modest contribution to growth, as rapid increases in exports were nearly matched by robust imports. Overall activity was sufficiently strong to lead to a further decline in the average euro-area unemployment rate to below 9 percent, a nearly 1 percentage point reduction for the year.

The dollar rose about 12 percent against the Japanese yen over the course of 2000, roughly reversing the decline of the previous year. Early in the year, the yen experienced periods of upward pressure on evidence of a revival of activity in Japan. On several of these occasions, the Bank of Japan made substantial intervention sales of yen. By August, signs of recovery were strong enough to convince the Bank of Japan to end the zero interest rate policy that it had maintained for nearly a year and a half, and its target for the overnight rate was raised to 25 basis points. Later in the year, evidence emerged suggesting that the nascent recovery in economic activity was losing steam, and in response the yen started to depreciate sharply against the dollar.

For the year as a whole, Japanese real GDP is estimated to have increased about 2 percent, a substantial improvement from the very small increase of the previous year and the decline recorded in 1998. Growth, which was concentrated in the first part of the year, was led by private nonresidential investment. In contrast, residential investment slackened as the effect of tax incentives waned. Consumption rebounded early in the year from a sharp decline at the end of 1999 but then stagnated, depressed in part by record-high unemployment and concerns that ongoing corporate restructuring could lead to further job losses. Public investment, which gave a major boost to the economy in 1999, remained strong through the first half of last year but then fell off sharply, and for the year as a whole the fiscal stance is estimated to have been somewhat contractionary. Inflation was negative for the second consecutive year, with the prices of both consumer goods and real estate continuing to move lower.

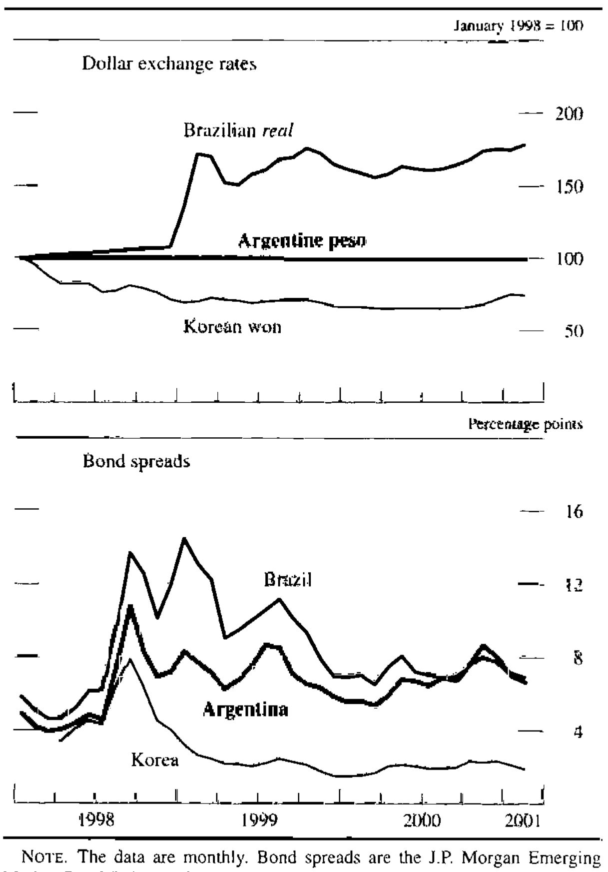
The dollar appreciated 4 percent relative to the Canadian dollar last year. Among the factors that apparently contributed to the Canadian currency's weakness were declines in the prices of commodities that Canada exports, such as metals and lumber, and a perception by market participants of unfavorable differentials in rates of return and economic growth prospects in Canada relative to the United States. For the year as a whole, real GDP growth in Canada is estimated to have been only slightly below the strong 5 percent rate of 1999, although, as in most industrial countries, there were signs that the pace of growth was tailing off toward the end of the year. Domestic demand continued to be robust, led by surging business investment and solid personal consumption increases. In the first part of the year, the sustained rapid growth of the economy led Canadian monetary authorities to become increasingly concerned with a buildup of inflationary pressures, and the Bank of Canada matched all of the Federal Reserve's interest rate increases in 2000, raising its policy rate by a total of 100 basis points. By the end of the year, the core inflation rate had risen to near the middle of the Bank of Canada's 1 percent to 3 percent target range, while higher oil prices pushed the overall rate above the top of the range. So far this year, the Bank of Canada has only partially followed the Federal Reserve in lowering interest rates, and the Canadian dollar has remained little changed.

Emerging Market Economies

In emerging market economies, the average growth rate of economic activity in 2000 remained near the very strong 6 percent rate of the previous year. However, there was a notable and widespread slowing near the end of the year, and results in a few individual countries were much less favorable. Growth in developing Asian economies slowed on average from the torrid pace of the previous year, while average growth in Latin America picked up somewhat. No major developing country experienced default or devaluation in 2000, but nonetheless, financial markets did undergo several periods of heightened unrest during the year. In the spring, exchange rates and equity prices weakened and risk spreads widened in many emerging market economies at a time of a general heightening of financial market volatility and rising interest rates in industrial countries, as well as increased political uncertainty in several developing countries. After narrowing at mid-year, risk spreads on emerging market economy debt again widened later in the year, reflecting a general movement on financial markets away from riskier assets, as well as concerns that Argentina and Turkey might be facing financial crises that could spread to other emerging market economies. Risk spreads generally narrowed in the early part of 2001.

Among Latin American countries, Mexico's performance was noteworthy. Real GDP rose an estimated 7 percent, an acceleration from the already strong result of the previous year. Growth was boosted by booming exports, especially to the United States, favorable world oil prices, and a rebound in domestic demand. In order to keep inflation on a downward path in the face of surging domestic demand, the Bank of Mexico tightened monetary conditions six times last year, pushing up short-term interest rates, and by the end of the year the rate of consumer price inflation had moved below the 10 percent inflation target. The run-up to the July presidential election generated some sporadic financial market pressures, but these subsided in reaction to the smooth transition to the new administration. Over the course of the year, the risk spread on Mexican debt declined on balance, probably reflecting a favorable assessment by market participants of macroeconomic developments and government policies, reinforced by rating upgrades of Mexican debt. During 2000, the peso depreciated slightly against the dollar, but by less than the excess of Mexican over U.S. inflation.

Selected emerging markets



NOTE. The data are monthly. Bond spreads are the J.P. Morgan Emerging Market Bond Index (stripped Brady-bond) spreads over U.S. Treasuries. Last observations are the average of trading days through February 8, 2001.

Argentina encountered considerable financial distress last year. Low tax revenues due to continued weak activity along with elevated political uncertainty greatly heightened market concerns about the ability of the country to fund its debt. Starting in October, domestic interest rates and debt risk spreads soared amid market speculation that the government might lose access to credit markets and be forced to abandon the exchange rate peg to the dollar. Financial markets began to recover after an announcement in mid-November that an IMF-led international financial support package was to be put in place. Further improvement came in the wake of an official announcement in December of a $40 billion support package. The fall in U.S. short-term interest rates in January eased pressure on Argentina's dollar-linked economy as well.

Late in the year, Brazilian financial markets received some negative spillover from the financial unrest in Argentina, but conditions did not approach those prevailing during Brazil's financial crisis of early 1999. For 2000 as a whole, the Brazilian economy showed several favorable economic trends. Real GDP growth increased to an estimated 4 percent after being less than 1 percent the previous two years, inflation continued to move lower, and short-term interest rates declined.

Growth in Asian developing countries in 2000 slowed from the previous year, when they had still been experiencing an exceptionally rapid bounceback from the 1997–1998 financial crises experienced by several countries in the region. In Korea, real GDP growth last year is estimated to have been less than half of the blistering 14 percent rate of 1999. Korean exports, especially of high-tech products, started to fade toward the end of 2000. Rapid export growth had been a prominent feature of the recovery of Korea and other Asian developing economies following their financial crises. In addition, a sharp fall in Korean equity prices over the course of the year, as well as continued difficulties with the process of financial and corporate sector restructuring, tended to depress consumer and business confidence. These developments contributed to the downward pressure on the won seen near the end of the year. Elsewhere in Asia, market concerns over heightened political instability were a major factor behind financial pressures last year in Indonesia, Thailand, and the Philippines. In China, output continued to expand rapidly in 2000, driven by a combination of surging exports early in the year, sustained fiscal stimulus, and some recovery in private consumption. In contrast, growth in both Hong Kong and Taiwan slowed, especially in the latter part of the year. In Taiwan, the exchange rate and stock prices both came under downward pressure as a result of the slowdown in global electronics demand and apparent market concerns over revelations of possible weaknesses in the banking and corporate sectors.

Turkey's financial markets came under severe strain in late November as international investors withdrew capital amid market worries about the health of Turkey's banks, the viability of the government's reform program and its crawling peg exchange rate regime, and the widening current account deficit. The resulting liquidity shortage caused short-term interest rates to spike up and led to a substantial decline in foreign exchange reserves held by the central bank. Markets stabilized somewhat after it was announced in December that Turkey had been able to reach loan agreements with the IMF, major international banks, and the World Bank in an effort to provide liquidity and restore confidence in the banking system. □

Industrial Production and Capacity Utilization: The 2000 Annual Revision

Carol Corrado, of the Board's Division of Research and Statistics, prepared this article. Matt Wilson provided research assistance.

In late 2000, the Board of Governors of the Federal Reserve System published the annual revision of its index of industrial production (IP) and related measures of capacity and utilization for the period January 1992 through October 2000 (chart 1). The updated measures reflect the incorporation of newly available, more comprehensive source data, the introduction of new production series, and changes in methods. For this revision, two new years (1997 and 1998) of comprehensive data on manufacturing output became available; otherwise, the updating of the data was typical of annual revisions.

According to the revised data, total industrial output has increased, on average, 5.1 percent per year since 1995, and industrial capacity has expanded 5.4 percent per year. These revised rates of increase are more rapid than previously reported (table 1). The rate of industrial capacity utilization—the ratio of production to capacity—was little changed by the revision for the third quarter of 2000 but was revised up 0.6 percentage point, to 81.6 percent, for the fourth quarter of 1999.

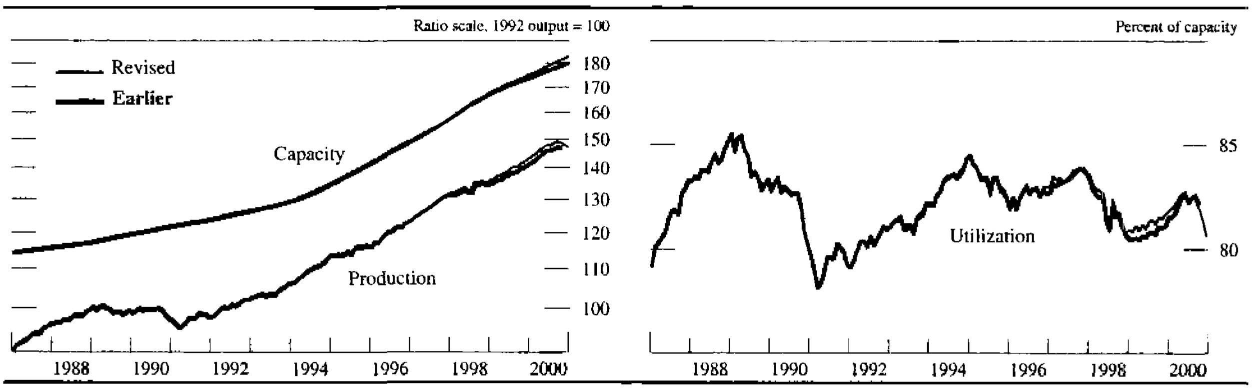
The overall picture of the industrial sector in recent years is unchanged by the revision. An exceptionally strong expansion of output in 1997 was followed by a notably weaker performance in 1998: The aftershocks stemming from economic turmoil in Asia—weak export demand and heightened import competition—sharply slowed the rise in manufacturing IP excluding selected high-technology industries.[1] Manufacturing IP picked up broadly in 1999, and production in the high-tech sector accelerated further in the first half of 2000. But output outside the high-tech industries stagnated in 2000, a reflection of renewed competition from abroad and some slackening in domestic demand; in the fourth quarter, total industrial production fell at an annual rate of about 1 percent. (Summary data as of January 17, 2001, for total industry and manufacturing are shown in appendix tables A.1 and A.2.)

Capacity utilization in manufacturing rose during 1997 and reached 83 percent in the fourth quarter of

NOTE. Charles Gilbert directed the 2000 annual revision and prepared the revised estimates of industrial production; Norman Morin prepared the revised measures of capacity and capacity utilization. Other contributors to the revision and this article are Ana Aizcorbe, William Cleveland, Mark Doms, Cynthia Bansak, and Susan Polatz.

1. High-tech industries include the manufacturers of semiconductors and related electronic components (Standard Industrial Classification [SIC] 3672-9), computers (SIC 357), and communications equipment (SIC 366).

1. Industrial production, capacity, and utilization



NOTE. The production indexes and utilization rates are seasonally adjusted. All the revised measures extend through December 2000; the earlier measures extend through October 2000.

1. Revised growth rates of industrial production and capacity and the revised rate of capacity utilization, 1996–2000

Item	Revised growth rate (percent)							Difference between revised and previous (percentage points)					
	1999 proportion	1996–2000 avg.	1996	1997	1998	1999	2000	1996–2000 avg.	1996	1997	1998	1999	2000
Production													
Total industry	100.0	5.1	5.6	7.2	3.2	5.1	4.2	.4	.3	.5	.3	.9	–.1
Manufacturing	88.4	5.6	6.3	8.0	4.0	5.6	4.1	.4	.3	.5	.3	.8	.0
Excluding selected high-tech industries	80.6	2.3	3.2	5.4	1.2	2.3	–.7	.6	.2	.8	1.2	1.0	.5
Selected high-tech industries	7.8	42.0	41.0	35.7	37.2	40.6	55.6	–.5	1.9	–.9	–6.7	3.2	3.4
Mining and utilities	11.6	1.2	1.4	1.9	–3.2	1.1	4.5	.2	.0	–.1	.0	1.3	–.6
Capacity													
Total industry	100.0	5.4	5.4	5.9	6.5	4.6	4.6	.4	–.1	.5	.3	.4	.8
Manufacturing	90.0	6.0	6.1	6.5	7.2	5.1	5.0	.4	–.1	.5	.2	.4	.8
Excluding selected high-tech industries	81.1	2.8	2.7	3.6	4.4	2.1	1.3	.7	.1	.5	1.4	.8	.8
Selected high-tech industries	8.9	42.0	44.2	40.3	39.5	37.8	48.0	.7	–1.4	2.4	–8.7	2.1	9.0
Mining and utilities	10.0	.9	.8	1.3	.5	.7	1.2	.2	–.5	.5	–.2	.2	1.0
Capacity utilization (percent, end of period)													
Total industry	100.0	82.1	82.8	83.8	81.2	81.6	81.3	.2	.2	.2	.2	.6	.1
Manufacturing	90.0	81.3	81.9	83.0	80.5	80.9	80.2	.3	.2	.3	.3	.6	.2
Excluding selected high-tech industries	81.1	81.2	81.8	83.3	80.7	80.9	79.3	.2	.1	.3.	.2	.3	.2
Selected high-tech industries	8.9	81.7	83.2	80.5	79.2	80.8	85.0	–.2	.6	–1.4	–.3	.3	–1.0
Mining and utilities	10.0	88.7	89.5	90.1	86.8	87.1	89.9	.4	.7	.1	.3	1.2	.0

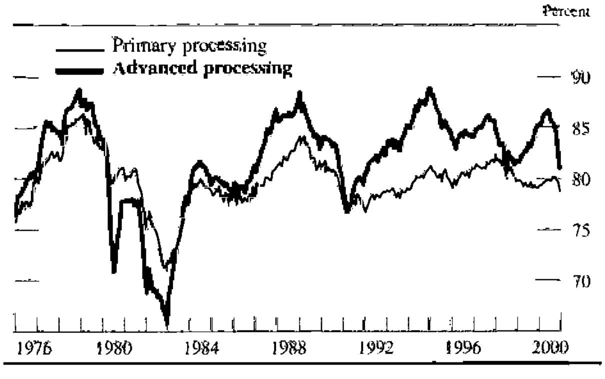
NOTE. The 1996–2000 average growth rates are calculated as the average annual percentage change in the seasonally adjusted index from the fourth quarter of 1995 to the fourth quarter of 2000. Growth rates for years are calculated from the fourth quarter of the previous year to the fourth quarter of the year specified. The capacity utilization rates for years are for the last quarter of the year.

The difference between revised and previous growth rates for 1996–2000 and for the year 2000 are calculated from annualized growth rates through the third quarter of 2000. The difference between revised and previous utilization rates for 2000 use the third quarter of the year.

For the definition of high-tech industries, see text note 1.

the year. After that, the rate fell, on balance, and was at 80.2 percent during the fourth quarter of 2000. Within manufacturing, utilization in the advanced-processing industries (which the revision modified to exclude semiconductors, related electronic components, and motor vehicle parts) declined, for the most part, over that period. By contrast, the operating rate for primary processors, after having fallen in 1998, increased noticeably throughout 1999 and into 2000; the rate rose above 86 percent in the second quarter of 2000 for the first time since 1995 (chart 2). Since mid-2000, however, the primary-processing utilization rate has declined more than 5 percentage points; the drop reflects cutbacks in the output of the metals, textile, paper, and lumber industries, as well as an easing in the pace of production of semiconductors and related components.

2. Primary-processing and advanced-processing utilization rates, 1976–2000



After having fallen sharply between the fourth quarters of 1997 and 1998, utilization rates in mining and utilities reached 89.9 percent in the fourth quarter of 2000, a rise of more than 3 percentage points. Operating rates for energy producers were at elevated levels at the end of last year: Capacity at utilities expanded at a faster pace in 1999 and 2000 than it did earlier in the 1990s, but on balance, production advanced more rapidly than capacity during the 1990s and surged with an increase in demand beginning in the middle of 2000.

SUMMARY OF THE REVISION

The statistical revisions to the IP index are principally derived from the inclusion of information contained in annual reports issued by the U.S. Census Bureau: the 1997 Census of Manufactures, the 1998 Annual Survey of Manufactures, and selected 1999 Current Industrial Reports. Revised annual data from the U.S. Geological Survey (USGS) on minerals (except fuels) for 1998 and new data for 1999 were also introduced.

The capacity indexes and capacity utilization rates now incorporate the preliminary results from the Census Bureau's 1999 Survey of Plant Capacity, which covers manufacturing; the survey provided data for the fourth quarter of the year. The revised measures also include newly available 1999 data on industrial capacity, expressed in physical units, from the USGS, the Department of Energy (DOE), and other organizations.

New production measures were introduced for individual series in four industries: communications equipment, computer and office equipment, drugs and medicines, and bearings. Production for the new series was measured using detailed information on the major products of these industries. The revision also incorporated improved source data for three existing production series: electricity generation, electrical housewares, and truck trailers.

Beginning with this revision, the weights used to calculate the production and capacity aggregates change every month rather than once a year. The introduction of the refined aggregation method, which began with data for 1992, had a small effect on the intra-yearly changes in monthly IP.

Tables A.3 and A.4 show the revised rates of growth of industrial production by market group and by industry group for 1996 through 2000; tables A.5 and A.6 show the revised figures for capacity and capacity utilization. For production and capacity, the tables also show the difference between the revised and earlier growth rates; for capacity utilization, the difference between revised and previous rates for the final quarter of the year are shown.

For most manufacturing industries, the annual reports from the Census Bureau implied faster increases in output in 1997 and 1998 than had previously been reported. Output also rose more rapidly in 1999 because of upwardly revised monthly source data. The textile mill products industry and the industrial machinery and equipment industry, which includes computers, are the only major industry groups whose production in the third quarter of 2000 was lower than shown previously. Within the industrial machinery and equipment group, the output of the computer industry was lowered noticeably in 1998 because the new Census data were included.

The introduction of a new series that measures the production of pharmaceuticals boosted the production estimates for the chemical industry during 1999. The output of the electrical machinery group, which includes the communications equipment industry, was revised upward for most years, in part because of the introduction of a new series that explicitly measures the equipment used for local-area computer networks.

According to indicators from the Survey of Plant Capacity, the factory operating rate was higher in the fourth quarter of 1999 than previously estimated. Using the revised production indexes and new information on manufacturing capital spending, we estimate that manufacturing capacity increased 5.1 percent in 1999 and 5 percent in 2000. The previous estimates had reported that it had slowed in 2000, to a rate ½ percentage point less than its rate in 1999.

The revision modified the definitions of advanced-processing and primary-processing industries to reflect more accurately the distinction between industries that produce final products and those that produce goods for further processing. Specifically, the measures for production, capacity, and capacity utilization in primary processing now include the series for semiconductors and related electronic components (Standard Industrial Classification [SIC] 3672-9) and for motor vehicle parts (SIC 3714); previously, these industries were included in the measures for advanced-processing industries.[2] The new utilization rate for primary-processing industries averaged 82.2 percent between 1967 and 2000, and the rate for advanced-processing industries averaged 80.6 percent. These long-term averages are about the same as those for the previously published measures.

In more recent years, however, capacity utilization rates for the modified aggregates differ noticeably from the previously reported measures: The operating rate for advanced-processing industries in the third quarter of 2000 was 80.1 percent, a level below the long-term average and lower than the previously published rate based on the old definition. For the same period, the operating rate for primary-processing industries was 85.4 percent, a level above the long-term average and higher than previously reported.

Technical Aspects of the Revision

As discussed earlier, the annual revision incorporated more-up-to-date results from the 1997 Census of Manufactures, the 1998 Annual Survey of Manufactures, the 1999 Survey of Plant Capacity, and

2. The modified utilization rates for primary-processing and advanced-processing industries were recomputed from January 1967 on; the results were spliced to the earlier aggregates from January 1948 to December 1966. The modified production and capacity indexes for these groups begin with data for January 1967.

Data Availability and Publication Changes

Files containing the revised data and the text and tables from the G.17 statistical release "Industrial Production and Capacity Utilization" are available on the Board's web site (www.federalreserve.gov/releases/g17) and on diskettes from Publications Services (telephone 202-452-3245). Further information on these revisions is available from the Board's Industrial Output Section (telephone 202-452-3197).

A document with printed tables of the revised estimates of series shown in the G.17 release is available upon request to the Industrial Output Section, Mail Stop 82, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Beginning with data for January 2001, the tables in the monthly statistical release on industrial production and capacity utilization have been redesigned. The data as previously shown are still available on the Board's web site. For further information, or comments, contact the Board's Industrial Output Section (telephone 202-452-3197) or e-mail Charles Gilbert (cgilbert@frb.gov).

other annual industry reports on production in 1999 and on capacity in 1999 and 2000. The value-added weights used in aggregating the production and capacity indexes to total industry or other groups were also updated, along with the seasonal factors and source data used to compile the monthly production indexes (see box "Data Availability and Publication Changes").

The Census Bureau reported its 1998 data on industry output according to the new North American Industrial Classification System, or NAICS. The Census reported data for 1997 both on the new NAICS and on the old, 1987 SIC system. Before being included in the IP index, the manufacturing data for 1998 were recategorized by the Federal Reserve according to the SIC system. The Census Bureau provided the Federal Reserve with industry utilization rates on the SIC system from the Survey of Plant Capacity.[3]

Measurement of Production

Individual IP series are derived from (1) annual indexes of industry output that are calculated using comprehensive information sources and (2) production indicators that are available for inclusion in the monthly index within the regular four-month reporting window. The annual index determines the trend for a series from one year to the next, and the production indicator determines the monthly changes for a series within each year. Each series is seasonally adjusted, and the contribution of the change in an IP series for an industry to the monthly change in the overall IP index is based on the value added by that industry.

The annual indexes for individual IP series are derived from detailed industry data. For each four-digit SIC industry in manufacturing, an annual chain-type measure of the real gross output of an industry is compiled. The value of the production is represented by Census data on the industry's value added plus its cost of materials; the real output measure is obtained by deflating the value of production by an annually weighted chain-type price index compiled from detailed information on the composition of the industry's products. Most of these price indexes are obtained from the Bureau of Economic Analysis (BEA). Because an individual IP series may represent a combination of several four-digit SIC industries, the annual indexes for many manufacturing IP series are constructed from a number of industry gross output measures; for these indexes, the contribution of each component industry to the annual index is based on the value added by that industry.

For many IP series, the production indicators are compiled from monthly (or quarterly) product data. The indicator may measure the output of a product in physical terms (for example, tons of portland cement or barrels of distillate fuel oil); or the indicator may be data on the output of several types of a product (for example, unit counts of assemblies of crawlers, wheel loaders, skid steer loaders, and the like), combined with fixed weights. Alternatively, for selected series, the indicator is a chain-type quantity index that is compiled each month (or quarter) using very detailed data on the prices and quantities of specific products produced by an industry. This method is used for the monthly IP indexes for semiconductors, computers, autos, light trucks, and with this revision, pharmaceuticals and a component of communications equipment.[4]

3. The current and historical industrial production and capacity utilization statistics will be categorized according to the NAICS for the 2001 revision.

4. The method was introduced for the monthly measurement of semiconductors in the 1998 annual revision and for computers and motor vehicles in the 1999 annual revision. For semiconductors and computers, the method consists of (1) estimating the value of U.S. production for the industry from monthly and quarterly data that contain highly detailed unit counts and values of individual products produced by industry and (2) deflating the value of production by a

For non-energy mining, most annual and monthly indexes are developed from product data issued by the USGS; the IP series on fuels and electric and gas utilities are developed from comprehensive monthly and annual data from the DOE. For most IP series in these groups, the monthly data are measures of a product in physical terms, such as barrels of motor gasoline; for other series, the indicator is more complex. For example, coal production is measured using the tonnage output of four geographic regions, weighted by the Btu content of the variety mined in each region.[5]

When high-frequency data on the physical quantity of production are not available, the Federal Reserve uses monthly data on the inputs to production, either the Bureau of Labor Statistics (BLS) monthly data on production-worker hours or the Federal Reserve's monthly data on electric power use, as the production indicator. The production indicator is combined with a productivity trend calculated from the annual output index to obtain the monthly IP index.

With the changes introduced in this revision, the proportion of the IP index that is measured using product data that are available for inclusion in the monthly index within the regular four-month reporting window has increased by 3 percentage points, to 46 percent in value-added terms in 1999.[6] Complete information on the sources used to compile the production indicator for each individual IP index can be found on the Board's web site.[7]

Changes to Individual Production Series

The revision introduced improved production indicators for several industries. The production measure for telephone and telegraph apparatus (SIC 3661) was revised as an aggregate of two components: a series for routers, switches, and hubs—equipment used for local-area computer networks (LANs)—and a series for all other telephone and telegraph apparatus. Production of LAN equipment is measured as a chain-type index calculated from detailed quarterly data; see box "Technical Note on the Measurement of LAN Equipment" for an explanation of how the series was derived. The monthly production indicator for the other component of telephone and telegraph apparatus is production-worker hours.

The revised index for the production of computer and office equipment (SIC 357) is an aggregate of three components: computers, computer printers, and other computer and office equipment. The index for the output of computers is based on the data that were previously used to measure the production of computer and office equipment as a whole; these data are highly detailed quarterly estimates from Dataquest on the revenue and unit count of sales of PCs, notebook computers, and workstations/servers.

The revision introduced a new index for computer printers based on similar data—that is, highly detailed quarterly figures on the revenue and unit count of sales of computer printers, also from Dataquest. The index for the output of other computer and office equipment is represented by a combination of the data on computers and computer printers.

This revision included a new method for estimating the production of pharmaceutical preparations. Accordingly, the previous production measure for drugs and medicines (SIC 283) was revised and is now an aggregate of two components: pharmaceutical preparations (SIC 2834) and other drugs and medicines (SIC 2833,5,6,9). The series for other drugs and medicines uses production-worker hours as the production indicator.

The new production index for pharmaceutical preparations is a monthly real output measure developed from detailed data on the prices and quantities of shipments to dispensers of prescription drugs in the United States from IMS-Health. These data include monthly dollar shipments and chain-type price indexes for about 500 product classes that IMS-Health constructed using its proprietary, highly detailed, comprehensive database on pharmaceutical products. The Federal Reserve used the measures developed by IMS-Health, information from the Census Bureau's Current Industrial Reports, and other sources to create a chain-type quantity index for the production of the pharmaceutical preparations industry as a whole.

The production estimates for two other industries were improved by obtaining and incorporating new source data. The production of ball and roller bearings (SIC 3562) is measured as a weighted combina-

chain-type matched-model price index constructed, for the most part, from the same data.

For motor vehicles, detailed monthly data on the production of each vehicle model are aggregated using annual prices as weights. For a few other series in the IP index, the production indicator is obtained by deflating detailed data on the value of production or shipments from a trade source by a corresponding BLS producer price index.

5. This method was introduced in the 1998 annual revision.

6. For a review and documentation of the timing of the receipt of the source data for monthly IP over the course of the regular four-month reporting period, see Charles Gilbert, Norman Morin, and Richard Raddock, "Industrial Production and Capacity Utilization: A Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 86 (March 2000), p. 193.

7. See table 1, "Industry structure of industrial production: classification, value-added weights, and description of series," on the "About" page of the Board's web site for the G.17 release: www.federalreserve.gov/releases/g17/About.htm.

tion of the unit count of four classes of bearings (ball, mounted, tapered, and other roller bearings); the measure was developed from data provided by the American Bearing Manufacturers Association. The production of electrical housewares (SIC 3634) is measured using data provided by the Association of Home Appliance Manufacturers. Previously, these series were derived from monthly input data.

The production index for electric power generation (SIC 491) has been expanded to include electricity generation by plants owned by nonregulated businesses that supply electric power to the public. Previously, the monthly IP series for electricity generation was measured using monthly DOE data on electric power generation by utilities, which the DOE defines as the output of regulated entities. These data are still used, but the revised series combines them with estimates of the power generated by nonindustrial nonregulated businesses. The principal source data for these estimates are new monthly measures of electric power generation issued by the DOE beginning in January 2000.[8] Estimates for earlier years were developed principally from annual data, also from the DOE.

Last, the source data for three other physical product series have changed. For two series—fabric finishing (SIC 226) and metal cans (SIC 341)—the sources switched to reporting data quarterly rather than monthly. The source for the production of truck trailers (SIC 3715) from 1998 on is America's Commercial Transportation Research.

Aggregation and Weights

This revision introduced a refinement to the method used for aggregating the individual IP indexes. Previously, the monthly industrial production aggregates from 1977 on were annually weighted chain-type indexes, and the weights were updated in the middle of the year. With this revision, the weights change monthly rather than at midyear for the period since July 1992. This change affects industry weights only within each year, as well as the monthly capacity and capacity utilization rate aggregates; the procedure used to derive capacity and utilization aggregates, given an industrial production aggregate, is unchanged.[9]

The weights for the aggregation of IP and capacity utilization are expressed as unit value added (a "price"), and are derived from annual estimates of industry value added. New information on industry value added was used to update and extrapolate the annual estimates of unit value added. Reports from the 1997 Census of Manufactures and the 1998 Annual Survey of Manufactures, as well as revenue and expense data reported by the DOE and the American Gas Association, provided industry value-added data for manufacturing and utilities through 1998. The latest value-added data for mining came from the Census of Mineral Industries reports for 1997. Generally, the unit value-added measures track broad changes in related producer price indexes. The weights required for aggregating IP in the most recent period are estimated from available data on producer prices through October 2000. Table A.7 reports the annual value-added proportions incorporated in the IP index from 1992 on.

With this revision, the annual unit value-added measures are linearly interpolated to the monthly frequency, and the IP index becomes a chain-type index with monthly weights.[10] As with the earlier formulation, the percentage change in IP can be considered as the value-added weighted sum of the percentage changes in its components; consequently, in the monthly statistical release, the value-added proportion for each series for the most recent full year of data is shown along with the series. To assist users with calculations, the Federal Reserve's web site provides supplemental monthly statistics that represent the exact proportionate contribution of a monthly change in a component index to the monthly change in the total index.[11]

8. Beginning with data for January 2000, the DOE has provided monthly measures of electric power generation by "non-utility" producers; these producers are composed of industrial plants generating power for their own use (co-generation) and nonindustrial nonregulated plants generating power for distribution to the public. The Federal Reserve uses the new DOE series after deducting an estimate of industrial co-generation.

Because the power generation by nonregulated firms is distributed by utilities that are regulated entities, the source data for the IP series on electric utility sales, also from the DOE, accurately represents the provision of electric services to households and businesses. The IP series that measures the generation and distribution of electric power to the public is still called "the output of utilities."

9. See Carol Corrado, Charles Gilbert, and Richard Raddock, "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92.

10. Specifically, the change in IP for a month is the geometric mean of the change in the aggregate industrial output computed using current month weights and the change computed using weights for the previous month; the formula for a monthly IP aggregate is given by

$$\frac{IP_m}{IP_{m-1}} = \sqrt{\frac{\Sigma I_m p_{m-1}}{\Sigma I_{m-1} p_{m-1}} \times \frac{\Sigma I_m p_m}{\Sigma I_{m-1} p_m}}$$

where p_m denotes the monthly unit value added for month m.

11. For the relative weights, see the Board's web site for the G.17 release: www.federalreserve.gov/releases/g17/ipdisk/ipweights.sa/.

Technical Note on the Measurement of LAN Equipment

Equipment for local-area computer networks (LANs) consists of routers, switches, and hubs. These devices direct traffic among computers and make possible e-mail transmission, Internet browsing, and file sharing. Like many high-technology products, LAN devices have become faster and more sophisticated in recent years. For instance, in 1995, Ethernet switches operating at 10 megabits per second dominated the market; last year, the two most popular switches operated at rates of 100 megabits and 1,000 megabits per second.

Statistical information on LAN equipment is available from the Census Bureau's Current Industrial Reports and from reports issued by Dataquest, a private company. The new IP index for LAN equipment production is compiled from these sources and from research conducted at the Federal Reserve by Mark Doms and Christopher Forman, who developed annual quality-adjusted price indexes for routers and switches using hedonic techniques.[1]

Price Indexes for Routers, Switches, and Total LAN Equipment

Hedonic methods are a tool used to develop price indexes for goods whose characteristics change rapidly.[2] Traditional methods (the calculation of matched-model price indexes) may be used to measure price change for a high-technology good, but highly detailed information on distinct varieties of the good are needed to capture quality change.[3] For routers and switches, such data are not available; therefore, price indexes have been produced using hedonic techniques.

Because Cisco is the dominant firm in the router market, the data used in the hedonic regressions for routers came from Cisco product catalogs from 1995 to 1999. More than 400 observations were used, and the regressions controlled for about twenty characteristics. Separate models for four classes of routers were estimated; the four price indexes were aggregated using annual revenue data to obtain an annually weighted chain-type price index for all routers. Router prices are estimated to have fallen at an average annual rate of almost 14 percent since 1995 (table A). However, the price changes for each router class exhibited substantial variation that reflected, in part, the degree of actual or potential competition in the four markets.[4]

A. Average annual price change, by router type, 1995–99

Router type	Price change
All routers	−13.6
Personal (inexpensive)	−24.7
Branch	−19.4
Midrange	3.2
High-end (expensive)	−16.1

SOURCE. See note 1.

A similar exercise was conducted for switches. The data for the hedonic regressions came from Datapro, a private source that produces regular reports evaluating the performance of different varieties of these devices. More than 370 observations from 1996 to 2000 were used. The results show that prices for switches have fallen at an average annual rate of nearly 21 percent during this period. The Doms-Forman price indexes for routers and switches were combined with price measures for hubs developed from Dataquest data to obtain an annually weighted chain-type price index for total LAN equipment. The index shows that, between 1995 and 1999, prices for LAN equipment have fallen an average of 18 percent per year.

Production of LAN Equipment

Estimates of the annual value of U.S.-produced routers, switches, and hubs were developed from 1992 on. The estimates for the total value of LAN equipment were obtained principally from the Census data, which are annual and cover activity in the United States. The Dataquest data, which are available annually from 1993 and cover activity in world markets, contain statistics on the three types of LAN equipment. These data were used in conjunction with the aggregate Census data to develop separate annual figures from 1992 on for routers, switches, and hubs.

The value of the production of LAN equipment increased rapidly in the 1990s, although the pace has moderated in recent years (chart A). The value of U.S.-produced LAN equipment rose at an annual rate of 37 percent between 1992 and 1999, with especially striking increases for routers and switches (chart B). Though switches did not enter the market until 1993, by 1999 they made up the largest proportion of total domestic production of LAN equipment. When the LAN equipment price index is combined with these estimates of the value of LAN equipment production, the results show that real output increased at an average annual rate of more than 50 percent for 1995–99.

NOTE. Mark Doms constructed the new series and developed the material reported in this note.

1. Mark Doms and Christopher Forman, "Prices for Local Area Network Equipment" (paper presented at the Brookings Workshop on Communications Output and Productivity, Washington, D.C., February 23, 2001).

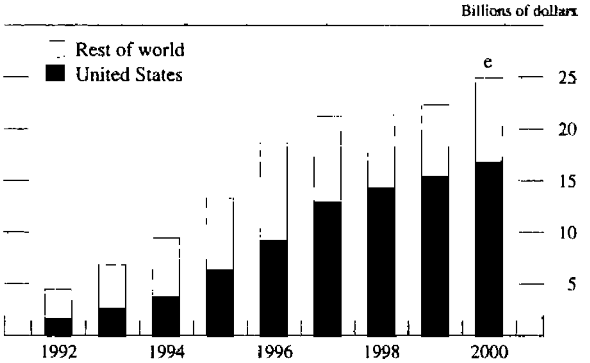
2. See J. Steven Landefeld and Bruce T. Grimm, "A Note on the Impact of Hedonics and Computers on Real GDP," *Survey of Current Business*, vol. 80 (December 2000), pp. 17–22, and the references contained therein.

3. Ana Aizcorbe, Carol Corrado, and Mark Doms, "Constructing Price and Quantity Indexes for High-Technology Goods" (paper presented at the CRIW-NBER Summer Institute 2000 Workshop on Price, Output, and Productivity Measurement, Cambridge, Mass., July 31, 2000).

4. See Doms and Forman, "Prices for Local Area Network Equipment."

Technical Note on the Measurement of LAN Equipment—Continued

A. Production of LAN equipment, 1992–2000



e. Estimated.

B. U.S. production of LAN equipment, 1992 and 1999

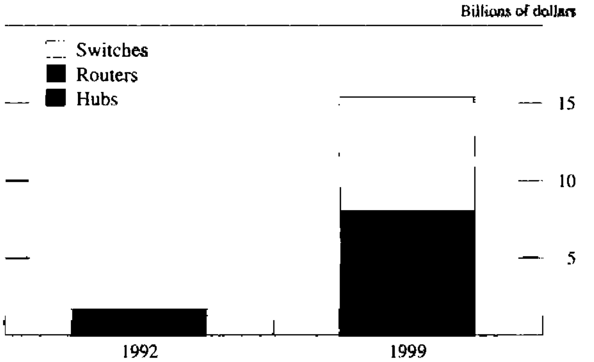


Table B shows the annual index of LAN equipment production, as well as the annual LAN price index and the annual value of LAN output. The annual price measures for 1992–94 were obtained by an extension of the Doms–Forman price indexes back to 1992 based on their relationship to price measures reported in the Dataquest data and on estimated trends.

The new IP index for LAN equipment is derived from the annual production index and quarterly data from the Dataquest reports. The Dataquest reports provide figures for the world revenue and unit sales count of twenty-five classes of routers, switches, and hubs beginning in the first quarter of 1996 on. The Dataquest data are converted to quarterly estimates of U.S. real output in three steps. First, the annual estimates of nominal U.S. production are interpolated and extrapolated using the Dataquest quarterly revenue data. Second, the Doms–Forman annual price indexes are interpolated and extrapolated using the quarterly price information reported by Dataquest. For each class of router, an average selling price is used; for switches, the average price per port is used; and for hubs, a price measure is developed from the five types of these devices reported in the Dataquest data. Third, each estimated nominal value of U.S. production of routers, switches, and hubs is deflated by its price indexes, and the three real output measures are aggregated to obtain a quarterly chain-type real output index for LAN equipment.

The new quarterly IP index for LAN equipment is shown in table B. The new series is not published in the monthly statistical release, but the index is updated on an ongoing basis and included in the broader aggregate, the IP index for communications equipment (SIC 366). LAN equipment accounted for 18 percent of the value of the output of the communications equipment industry in 1999. Had the previous methods for measuring LAN equipment been used, the IP index for communications equipment would have increased at an average annual rate of about 13 percent for 1995–99, rather than at the nearly 19 percent now reported.

B. U.S. LAN equipment, 1992–2000

Period	Production index	Price index	Value of production[1]
Annual estimates[2]			
1992	100.000	100.000	1,684.8
1993	190.706	83.547	2,684.4
1994	298.751	74.236	3,736.5
1995	603.748	62.189	6,325.8
1996	951.649	57.190	9,169.4
1997	1,605.151	47.628	12,880.1
1998	2,478.863	34.352	14,346.5
1999	3,192.484	28.131	15,130.7
Quarterly estimates[3]			
96:1	100.000	100.000	7,911.2
96:2	114.483	98.989	8,966.1
96:3	129.172	93.771	9,583.2
96:4	149.434	86.422	10,217.1
97:1	162.075	84.049	10,776.9
97:2	184.893	79.754	11,665.6
97:3	225.762	77.645	13,867.6
97:4	259.174	74.184	15,210.3
98:1	291.332	62.847	14,485.4
98:2	328.857	59.134	15,384.2
98:3	332.261	53.620	14,093.5
98:4	324.278	52.323	13,422.9
99:1	419.177	48.654	16,137.0
99:2	423.775	47.116	15,797.3
99:3	400.055	47.017	14,882.2
99:4	394.040	43.964	13,706.2
00:1	451.754	43.502	15,547.4
00:2	500.061	41.755	16,517.5
00:3	608.214	39.679	19,094.6

1. Billions of dollars.
2. Indexes are 1992 = 100.
3. Indexes are 1996:Q1 = 100.

Revised Monthly Data

The product data that are used to measure the monthly movements of many IP indexes have been updated to capture data that became available after the closing of the regular four-month reporting window. The input measures were also updated to incorporate revised data on monthly production-worker hours, based on the BLS benchmark of employment to March 1999 comprehensive measures, and revised data on monthly electric power use since 1996. Late reports of electric power data for 1999 resulted in a large upward revision for that year; revisions to data for earlier years were small (table A.8).

Seasonal factors for all series were re-estimated using data that extended into 2000. Factors for production-worker hours, which adjust for timing, holiday, and monthly seasonal patterns, were updated with data through October 2000. Factors for the electric power series, which are developed using multivariate methods, were re-estimated with data through May 2000. The updated factors for the monthly (and quarterly) physical product series, which include adjustments for holiday and workday patterns, used data through at least June 2000.[12]

Measurement of Capacity

The individual capacity indexes for a year are derived from (1) preliminary, implied end-of-year indexes of capacity obtained by dividing a production index for an industry by a corresponding utilization rate obtained from a survey and (2) additional measures that, for most industries, are economic determinants of an industry's annual capacity growth. The capacity indexes, like the IP indexes, are expressed as percentages of production in 1992.

Once the preliminary, implied capacity indexes are calculated, they are related to the additional measures in a regression model. The final capacity indexes for a year are derived from the fitted values of these regressions. The preliminary, implied capacity indexes thus give the general level and trend of the individual capacity estimates over a period of years, and the additional measures determine the annual changes from one year to the next. For most manufacturing industries, estimates of industry capital input and a variable related to the average age of the industry's capital stock are used as the additional measures.[13] For mining, utilities, and selected manufacturing industries, measures of physical capacity are available and are used to determine the final capacity indexes.[14]

The capital input figures are estimates of the flow of services derived from an industry's net stocks of physical assets; the net stocks are developed principally from investment data reported in the Annual Surveys of Manufactures and Censuses of Manufactures. Also used are estimates of business investment and price deflators by asset type, as well as the composition of an industry's capital spending by asset type, all from the BEA.

The information on capital spending by manufacturing industries in the 1997 and 1998 Census reports indicated a higher level of investment than previously estimated by the Federal Reserve. The higher level of spending, in conjunction with indicators of the rate of change in manufacturing capital spending in 1999 and 2000, suggested that capital input rose at a moderately stronger rate after 1996 than previously estimated. These results were generally consistent with the trends in capacity implied by the upwardly revised estimates of production and the new survey data on utilization rates.

Measures of capacity in physical terms for mining, utilities, and selected manufacturing industries were updated with revised data for 1999 and with data for 2000 newly available since the midyear capacity update issued in June 2000. On balance, the capacity indexes and capacity utilization rates for these industries were changed little by the revision. □

12. Seasonal factors for motor vehicle assemblies are updated twice each year and reported on the Board's web site: www.federalreserve.gov/releases/g17/mvsf.htm

13. A fuller description of the models that are used to develop the Federal Reserve's capacity estimates was reported in "Industrial Production and Capacity Utilization: A Revision and Recent Developments," pp. 194–97.

14. The industry structure and documentation of the sources used to compile each individual capacity index can be found in table 3, "Industry structure of capacity and capacity utilization: classification, value-added weights, and description of series," on the "About" page of the Board's web site for the G.17 release: www.federalreserve.gov/releases/g17/About.htm.

Appendix tables begin on page 141.

Appendix A: Summary Tables Based on the G.17 Release, January 17, 2001

A.1. Revised data for industrial production, capacity, and utilization for total industry, 1987–2000

Seasonally adjusted data except as noted

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual avg.[1]
	Industrial production (percentage change)																
1987	−.6	1.2	.4	.4	.4	.9	.6	.1	−.1	1.4	.3	.6	4.2	6.7	5.6	7.1	4.6
1988	.1	.3	.0	.6	.1	.1	.7	.5	−.4	.3	.8	.5	3.2	3.1	3.9	3.6	4.5
1989	.6	−.8	.9	.2	−.6	−.2	−1.0	.4	−.2	−.5	.4	.5	3.8	.5	−4.4	−.1	1.8
1990	−.5	.5	.5	−.6	.4	.0	.0	.2	.1	−.6	−1.3	−.6	2.0	.6	1.0	−5.8	−.2
1991	−.5	−.8	−.9	.3	.8	1.2	.1	.1	1.0	−.1	−.1	−.6	−8.3	1.5	6.2	1.1	−2.0
1992	.1	.5	.9	.7	.3	−.2	.7	−.3	.4	.7	.5	.0	1.0	6.5	2.4	5.0	3.1
1993	.4	.5	.2	.3	−.5	.3	.2	−.2	1.1	.3	.4	.8	3.8	1.5	1.9	6.2	3.5
1994	.2	.3	.8	.5	.8	.4	.6	.3	.1	.5	.7	1.0	5.5	7.7	5.8	6.3	5.4
1995	.6	−.1	.2	−.2	.4	.4	−.4	1.3	.6	−.4	.3	.1	6.0	1.1	4.4	2.9	4.8
1996	−.2	1.1	−.1	1.1	.8	.8	.0	.6	.5	.0	1.0	.4	2.8	9.2	5.4	5.3	4.6
1997	.5	1.0	.2	.6	.3	.6	.7	.9	.6	.6	.6	.3	7.6	6.1	7.9	7.3	6.8
1998	.4	.0	.3	.5	.4	−.7	−.1	2.1	−.3	.5	−.4	.1	3.6	3.0	3.4	2.9	4.9
1999	.6	.3	.7	.1	.7	.2	.8	.4	.1	.8	.3	.7	3.9	4.9	5.8	5.7	4.2
2000	.5	.5	.7	.7	.7	.5	−.2	.7	.2	−.3	−.3	−.6	6.7	7.9	3.5	−1.1	5.7
	Industrial production (index)																
1987	90.2	91.2	91.6	92.0	92.4	93.2	93.7	93.8	93.7	95.0	95.3	95.9	91.0	92.5	93.8	95.4	93.2
1988	95.9	96.2	96.3	96.8	96.9	97.0	97.6	98.1	97.8	98.0	98.8	99.3	96.1	96.9	97.8	98.7	97.4
1989	99.8	99.0	100.0	100.2	99.6	99.4	98.4	98.8	98.6	98.2	98.6	99.0	99.6	99.7	98.6	98.6	99.1
1990	98.6	99.1	99.6	99.0	99.4	99.3	99.3	99.5	99.6	99.1	97.7	97.2	99.1	99.2	99.5	98.0	98.9
1991	96.7	95.9	95.0	95.4	96.1	97.2	97.3	97.4	98.4	98.3	98.1	97.5	95.9	96.2	97.7	98.0	97.0
1992	97.6	98.1	99.0	99.7	100.0	99.7	100.4	100.2	100.5	101.3	101.8	101.8	98.2	99.8	100.4	101.6	100.0
1993	102.2	102.7	102.9	103.2	102.7	102.9	103.2	103.0	104.1	104.4	104.9	105.7	102.6	102.9	103.4	105.0	103.5
1994	105.9	106.2	107.1	107.6	108.5	109.0	109.6	110.0	110.2	110.7	111.5	112.6	106.4	108.4	109.9	111.6	109.1
1995	113.3	113.2	113.4	113.1	113.6	114.0	113.6	115.1	115.7	115.3	115.7	115.9	113.3	113.6	114.8	115.6	114.3
1996	115.6	116.9	116.8	118.1	119.0	120.0	119.9	120.6	121.2	121.2	122.4	122.9	116.4	119.0	120.6	122.2	119.6
1997	123.5	124.8	125.0	125.8	126.2	126.9	127.7	128.8	129.5	130.3	131.1	131.5	124.4	126.3	128.7	131.0	127.7
1998	132.0	132.0	132.4	133.1	133.6	132.7	132.5	135.3	134.9	135.5	135.0	135.1	132.1	133.1	134.2	135.2	134.0
1999	135.9	136.3	137.3	137.4	138.4	138.6	139.7	140.3	140.4	141.5	141.9	142.8	136.5	138.1	140.1	142.1	139.6
2000	143.6	144.3	145.2	146.3	147.2	147.9	147.6	148.6	149.0	148.5	148.1	147.3	144.4	147.1	148.4	148.0	147.5
	Capacity (index)																
1987	114.0	114.1	114.2	114.3	114.4	114.5	114.6	114.7	114.9	115.0	115.1	115.2	114.1	114.4	114.7	115.1	114.6
1988	115.3	115.5	115.6	115.7	115.8	115.9	116.0	116.2	116.3	116.4	116.5	116.7	115.5	115.8	116.2	116.5	116.0
1989	116.8	117.0	117.2	117.4	117.6	117.8	118.0	118.2	118.4	118.6	118.8	119.0	117.0	117.6	118.2	118.8	117.9
1990	119.2	119.3	119.5	119.7	119.9	120.1	120.2	120.4	120.6	120.8	121.0	121.2	119.3	119.9	120.4	121.0	120.2
1991	121.4	121.6	121.7	121.9	122.1	122.2	122.4	122.6	122.7	122.9	123.0	123.2	121.6	122.1	122.6	123.0	122.3
1992	123.4	123.6	123.8	124.1	124.3	124.5	124.7	124.9	125.2	125.4	125.6	125.8	123.6	124.3	124.9	125.6	124.6
1993	126.0	126.3	126.5	126.7	126.9	127.2	127.4	127.7	127.9	128.2	128.5	128.8	126.3	126.9	127.7	128.5	127.3
1994	129.1	129.4	129.7	130.1	130.5	130.9	131.3	131.8	132.2	132.7	133.2	133.7	129.4	130.5	131.8	133.2	131.2
1995	134.2	134.7	135.3	135.8	136.4	137.0	137.6	138.2	138.8	139.4	140.0	140.6	134.7	136.4	138.2	140.0	137.3
1996	141.2	141.9	142.5	143.1	143.8	144.4	145.0	145.6	146.2	146.9	147.5	148.1	141.9	143.8	145.6	147.5	144.7
1997	148.8	149.4	150.1	150.8	151.5	152.3	153.0	153.8	154.6	155.4	156.2	157.1	149.4	151.5	153.8	156.2	152.7
1998	158.0	158.9	159.8	160.7	161.6	162.5	163.4	164.2	165.0	165.7	166.5	167.2	158.9	161.6	164.2	166.5	162.8
1999	167.9	168.6	169.2	169.9	170.5	171.1	171.7	172.3	172.9	173.5	174.1	174.8	168.6	170.5	172.3	174.1	171.4
2000	175.4	176.1	176.7	177.4	178.1	178.7	179.4	180.1	180.7	181.4	182.1	182.8	176.1	178.1	180.1	182.1	179.1
	Utilization (level, percent)																
1987	79.1	80.0	80.2	80.5	80.7	81.4	81.8	81.8	81.6	82.6	82.8	83.2	79.8	80.8	81.7	82.9	81.3
1988	83.2	83.4	83.3	83.7	83.7	83.6	84.1	84.5	84.1	84.2	84.8	85.1	83.3	83.7	84.2	84.7	84.0
1989	85.4	84.6	85.3	85.3	84.7	84.4	83.4	83.6	83.3	82.8	83.0	83.2	85.1	84.8	83.4	83.0	84.1
1990	82.7	83.0	83.3	82.7	82.9	82.7	82.6	82.6	82.6	82.0	80.8	80.2	83.0	82.8	82.6	81.0	82.3
1991	79.6	78.9	78.1	78.2	78.7	79.6	79.5	79.5	80.2	80.0	79.8	79.2	78.9	78.8	79.7	79.6	79.3
1992	79.1	79.4	79.9	80.4	80.4	80.1	80.5	80.2	80.3	80.8	81.0	80.9	79.5	80.3	80.3	80.9	80.2
1993	81.0	81.3	81.3	81.4	80.9	80.9	81.0	80.7	81.4	81.5	81.6	82.1	81.2	81.1	81.0	81.7	81.3
1994	82.1	82.1	82.5	82.7	83.2	83.3	83.5	83.5	83.3	83.5	83.7	84.3	82.2	83.1	83.4	83.8	83.1
1995	84.4	84.0	83.8	83.3	83.3	83.2	82.5	83.3	83.4	82.8	82.7	82.4	84.1	83.3	83.1	82.6	83.3
1996	81.9	82.4	82.0	82.5	82.8	83.1	82.7	82.8	82.9	82.5	83.0	83.0	82.1	82.8	82.8	82.8	82.6
1997	83.0	83.5	83.3	83.4	83.3	83.3	83.5	83.8	83.8	83.9	83.9	83.7	83.3	83.3	83.7	83.8	83.5
1998	83.5	83.1	82.9	82.8	82.7	81.6	81.1	82.4	81.8	81.8	81.1	80.8	83.2	82.4	81.8	81.2	82.1
1999	81.0	80.9	81.1	80.9	81.2	81.0	81.3	81.4	81.2	81.5	81.5	81.7	81.0	81.0	81.3	81.6	81.2
2000	81.9	82.0	82.2	82.5	82.7	82.7	82.3	82.6	82.4	81.9	81.4	80.6	82.0	82.6	82.4	81.3	82.1

Note. Monthly percentage change figures show change from the previous month; quarterly figures show the change from the previous quarter at a compound annual rate of growth. Production and capacity indexes are expressed as percentages of output in 1992.

Estimates from October 2000 through December 2000 are subject to further revision in the upcoming monthly releases.

1. Annual averages of industrial production are calculated from indexes that are not seasonally adjusted.

A.2. Revised data for industrial production, capacity, and utilization for manufacturing industries, 1987–2000

Seasonally adjusted data except as noted

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual avg.[1]
	Industrial production (percentage change)																
1987	−.8	1.6	.2	.5	.3	1.0	.7	−.2	.1	1.3	.5	.6	5.0	7.0	5.5	7.6	5.3
1988	−.2	.4	−.1	1.0	−.1	.0	.7	.3	.2	.2	.9	.6	2.3	4.1	3.7	5.2	4.7
1989	.9	−1.2	.8	.1	−.7	.0	−1.1	.3	−.3	−.6	.4	.1	4.3	−.7	−4.5	−1.4	1.9
1990	−.2	.9	.3	−.8	.4	−.1	.0	.3	−.1	−.6	−1.3	−.6	2.9	−.1	.8	−6.3	−.5
1991	−.9	−.7	−1.1	.3	.7	1.4	.2	.2	1.1	−.1	−.2	−.5	−9.7	1.2	7.8	1.7	−2.4
1992	.3	.6	1.0	.6	.4	−.1	.7	−.2	.3	.7	.5	−.1	2.4	7.3	3.0	4.5	4.0
1993	.7	.3	.2	.5	−.4	.0	.2	−.2	1.3	.2	.5	.9	4.4	2.0	1.5	6.6	3.7
1994	.0	.4	1.0	.8	.9	.2	.8	.5	.2	.6	.9	1.0	5.6	9.4	6.6	7.6	6.0
1995	.6	−.2	.3	−.3	.2	.5	−.6	1.3	.9	−.3	.2	.1	6.5	.7	3.9	3.6	5.3
1996	−.2	1.0	−.2	1.3	.9	.9	.2	.6	.6	.0	1.0	.6	2.3	10.1	7.1	5.7	4.9
1997	.5	1.2	.4	.5	.3	.8	.6	1.1	.5	.6	.7	.4	8.5	6.7	9.0	7.7	7.8
1998	.6	.0	.2	.6	.3	−.8	−.1	2.3	−.2	.7	−.2	.2	4.8	2.8	3.9	4.7	5.6
1999	.5	.5	.5	.2	.8	.2	.6	.6	.1	.9	.5	.6	4.1	5.4	6.0	6.8	4.8
2000	.6	.4	.9	.6	.6	.4	−.1	.6	.3	−.2	−.6	−1.1	7.1	8.0	3.7	−2.1	6.1
	Industrial production (index)																
1987	89.6	91.0	91.2	91.6	91.9	92.8	93.4	93.3	93.4	94.6	95.1	95.6	90.6	92.1	93.4	95.1	92.8
1988	95.4	95.8	95.7	96.7	96.6	96.6	97.3	97.5	97.7	97.9	98.9	99.4	95.6	96.6	97.5	98.7	97.1
1989	100.3	99.1	99.9	100.0	99.4	99.4	98.3	98.7	98.4	97.8	98.2	98.3	99.8	99.6	98.5	98.1	99.0
1990	98.1	99.0	99.3	98.6	99.0	98.9	98.8	99.1	99.0	98.4	97.2	96.6	98.8	98.8	99.0	97.4	98.5
1991	95.8	95.1	94.1	94.4	95.0	96.3	96.6	96.8	97.8	97.8	97.6	97.1	95.0	95.2	97.0	97.5	96.2
1992	97.3	97.9	98.9	99.5	99.9	99.9	100.6	100.4	100.6	101.3	101.9	101.7	98.1	99.8	100.5	101.6	100.0
1993	102.5	102.8	103.0	103.5	103.1	103.1	103.4	103.1	104.4	104.6	105.1	106.1	102.7	103.2	103.6	105.3	103.7
1994	106.1	106.5	107.6	108.4	109.4	109.6	110.5	111.0	111.3	111.9	112.9	114.1	106.7	109.2	110.9	113.0	109.9
1995	114.8	114.6	114.9	114.6	114.9	115.4	114.8	116.2	117.3	116.9	117.1	117.3	114.8	115.0	116.1	117.1	115.7
1996	117.1	118.3	118.0	119.5	120.6	121.7	122.0	122.7	123.4	123.4	124.6	125.3	117.8	120.6	122.7	124.4	121.4
1997	125.9	127.3	127.8	128.4	128.9	129.9	130.7	132.1	132.8	133.6	134.5	135.0	127.0	129.1	131.9	134.4	130.8
1998	135.8	135.9	136.1	136.9	137.4	136.3	136.2	139.4	139.0	139.9	139.6	139.8	135.9	136.9	138.2	139.8	138.2
1999	140.5	141.2	141.9	142.2	143.4	143.6	144.5	145.3	145.6	146.8	147.5	148.4	141.2	143.1	145.1	147.6	144.8
2000	149.2	149.9	151.3	152.2	153.1	153.8	153.7	154.6	155.1	154.8	153.9	152.2	150.1	153.0	154.4	153.6	153.6
	Capacity (index)																
1987	113.2	113.4	113.6	113.8	113.9	114.1	114.2	114.4	114.6	114.7	114.9	115.0	113.4	113.9	114.4	114.9	114.1
1988	115.2	115.3	115.4	115.6	115.7	115.8	116.0	116.1	116.3	116.5	116.6	116.8	115.3	115.7	116.1	116.6	115.9
1989	117.0	117.3	117.5	117.8	118.0	118.3	118.5	118.7	119.0	119.2	119.5	119.7	117.3	118.0	118.7	119.5	118.4
1990	119.9	120.1	120.3	120.5	120.7	120.9	121.1	121.3	121.5	121.7	122.0	122.2	120.1	120.7	121.3	122.0	121.0
1991	122.4	122.6	122.8	123.0	123.1	123.3	123.5	123.7	123.8	124.0	124.2	124.3	122.6	123.1	123.7	124.2	123.4
1992	124.6	124.8	125.0	125.3	125.5	125.8	126.0	126.3	126.5	126.7	127.0	127.2	124.8	125.5	126.3	127.0	125.9
1993	127.5	127.7	128.0	128.2	128.5	128.8	129.0	129.3	129.6	129.9	130.2	130.5	127.7	128.5	129.3	130.2	128.9
1994	130.9	131.3	131.6	132.1	132.5	132.9	133.4	133.9	134.4	134.9	135.5	136.1	131.3	132.5	133.9	135.5	133.3
1995	136.6	137.3	137.9	138.5	139.2	139.8	140.5	141.2	141.9	142.6	143.3	144.0	137.3	139.2	141.2	143.3	140.2
1996	144.7	145.4	146.2	146.9	147.7	148.4	149.1	149.8	150.5	151.2	151.9	152.7	145.4	147.7	149.8	151.9	148.7
1997	153.4	154.2	154.9	155.7	156.5	157.4	158.2	159.1	160.0	160.9	161.9	162.9	154.2	156.5	159.1	161.9	157.9
1998	163.9	164.9	165.9	167.0	168.0	169.0	170.0	171.0	171.9	172.8	173.6	174.5	164.9	168.0	171.0	173.6	169.4
1999	175.3	176.0	176.8	177.5	178.3	179.0	179.7	180.3	181.0	181.7	182.4	183.1	176.0	178.3	180.3	182.4	179.3
2000	183.8	184.6	185.3	186.1	186.9	187.6	188.4	189.1	189.9	190.7	191.5	192.3	184.6	186.9	189.2	191.5	188.0
	Utilization (level, percent)																
1987	79.1	80.2	80.3	80.6	80.7	81.4	81.8	81.5	81.5	82.5	82.8	83.1	79.9	80.9	81.6	82.8	81.3
1988	82.9	83.1	82.9	83.7	83.5	83.4	83.8	84.0	84.0	84.1	84.8	85.1	83.0	83.5	83.9	84.7	83.8
1989	85.7	84.5	85.0	85.0	84.2	84.1	83.0	83.1	82.7	82.1	82.2	82.1	85.1	84.4	82.9	82.1	83.6
1990	81.8	82.5	82.6	81.8	82.0	81.8	81.6	81.7	81.5	80.9	79.7	79.0	82.3	81.9	81.6	79.9	81.4
1991	78.2	77.5	76.6	76.8	77.1	78.1	78.2	78.2	79.0	78.9	78.6	78.1	77.5	77.3	78.5	78.5	77.9
1992	78.1	78.5	79.1	79.5	79.6	79.4	79.8	79.5	79.6	79.9	80.2	79.9	78.6	79.5	79.6	80.0	79.4
1993	80.4	80.4	80.4	80.7	80.2	80.1	80.1	79.7	80.6	80.6	80.7	81.3	80.4	80.3	80.1	80.9	80.4
1994	81.1	81.1	81.7	82.1	82.6	82.5	82.8	82.9	82.8	83.0	83.3	83.8	81.3	82.4	82.8	83.4	82.5
1995	84.0	83.5	83.3	82.7	82.5	82.6	81.7	82.3	82.7	82.0	81.7	81.4	83.6	82.6	82.2	81.7	82.5
1996	80.9	81.3	80.7	81.4	81.7	82.0	81.8	81.9	82.0	81.6	82.0	82.1	81.0	81.7	81.9	81.9	81.6
1997	82.1	82.6	82.5	82.5	82.3	82.5	82.6	83.1	83.0	83.0	83.1	82.9	82.4	82.5	82.9	83.0	82.7
1998	82.9	82.4	82.0	82.0	81.8	80.6	80.1	81.5	80.9	81.0	80.4	80.2	82.4	81.5	80.8	80.5	81.3
1999	80.2	80.2	80.3	80.1	80.4	80.2	80.4	80.6	80.4	80.8	80.9	81.0	80.2	80.3	80.5	80.9	80.5
2000	81.2	81.2	81.6	81.8	81.9	82.0	81.6	81.7	81.7	81.2	80.4	79.1	81.3	81.9	81.7	80.2	81.3

NOTE. See general note to table A.1.

1. Annual averages of industrial production are calculated from indexes that are not seasonally adjusted.

A.3. Rates of growth in industrial production, by major market group, 1996–2000

Market group	Revised growth rate (percent)					Difference between growth rates: revised less earlier (percentage points)				
	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
Total index	**5.6**	**7.2**	**3.2**	**5.1**	**4.2**	**.3**	**.5**	**.3**	**.9**	**–.1**
Products, total	4.7	6.0	3.2	3.4	3.0	.4	.8	.7	.9	.3
Final products	4.9	6.5	2.9	3.4	3.7	.5	.8	.6	.8	.2
Consumer goods	2.2	4.0	.2	3.1	.7	.2	1.2	1.1	1.1	.2
Durable	2.7	8.4	4.3	8.2	–4.3	.9	2.9	–.8	1.4	–.1
Automotive products	3.0	10.6	5.4	3.3	–6.8	.6	.3	.7	.6	1.1
Autos and trucks	4.1	15.0	5.5	2.5	–9.9	1.6	2.0	1.2	.6	2.5
Autos	–4.7	5.1	4.1	–5.5	–11.3	1.5	1.5	1.4	.6	.1
Trucks	10.8	21.1	6.3	6.7	–9.3	1.6	2.0	1.3	.6	3.3
Auto parts and allied goods	1.0	2.5	6.1	4.4	–1.3	–1.1	–3.4	.1	.7	–.5
Other durable goods	2.5	6.6	3.4	12.4	–2.1	1.2	4.8	–1.7	1.8	–1.2
Appliances and electronics	5.8	12.1	10.2	32.5	–.5	1.7	10.7	–13.6	3.0	–3.4
Appliances and air conditioning	.9	4.2	8.2	11.5	–5.2	1.8	6.3	–1.6	3.5	5.4
Home electronics	10.9	19.8	11.7	53.3	5.1	1.5	14.2	–27.7	–7.0	–14.0
Carpeting and furniture	3.0	4.2	6.2	2.8	.4	–.1	1.2	3.7	–.5	1.5
Miscellaneous	.4	4.5	–2.5	4.6	–4.4	1.6	2.7	.8	.2	–.4
Nondurable	2.1	2.7	–1.0	1.6	2.1	.1	.7	1.5	.9	.4
Non-energy	2.0	2.9	–.5	1.5	1.2	.1	.8	1.8	.9	.7
Foods and tobacco	.6	2.2	.6	.2	.8	–.6	.0	1.9	.9	.6
Clothing	–.4	–3.1	–8.1	–4.9	–4.6	.0	–.7	–.1	–2.7	3.5
Chemical products	5.2	5.5	3.3	5.8	2.5	.4	3.1	3.4	1.8	–.1
Paper products	3.5	5.2	–5.4	2.6	3.3	2.1	.7	.0	1.4	.3
Energy products	2.6	1.8	–4.1	2.5	7.1	.1	–.1	–.2	1.2	–2.2
Fuels	3.6	1.8	–.4	1.9	.0	.0	.0	.2	.0	.8
Utilities	2.1	1.6	–5.5	2.5	11.8	.2	.0	–.4	1.7	–3.5
Equipment, total	9.3	10.4	7.3	3.9	8.9	.7	.1	.1	.4	.7
Business equipment	11.6	13.2	9.1	5.7	11.0	.8	.4	–.9	1.0	1.4
Information processing and related	20.7	16.5	16.8	21.0	23.8	2.2	.5	–3.2	–.5	2.4
Computer and office	57.6	24.1	56.0	55.3	46.5	4.1	–8.1	–21.6	4.7	5.0
Industrial	1.7	5.5	–1.0	–.9	6.8	.5	.7	–1.7	2.0	1.8
Transit	15.4	23.5	12.9	–8.9	–9.2	–.4	1.7	2.2	3.0	1.2
Autos and trucks	–2.0	13.2	9.0	1.6	–15.7	1.7	1.5	2.6	2.6	–.8
Other	4.3	7.9	2.9	–3.5	11.8	–1.7	–2.8	4.5	4.6	4.5
Defense and space equipment	–1.8	–5.0	8.2	–3.1	–3.6	.7	–1.0	7.6	.6	–.2
Oil and gas well drilling	7.9	8.6	–26.3	5.6	18.6	.0	–1.0	–1.1	–.5	–1.2
Manufactured homes	3.5	9.5	9.2	–17.4	–35.4	–.3	.6	2.5	.5	.5
Intermediate products	4.1	4.5	4.1	3.2	1.0	.3	.9	1.0	1.2	.7
Construction supplies	6.1	4.0	7.6	4.5	–.6	.2	1.2	2.0	1.3	.2
Business supplies	2.8	4.8	1.8	2.3	2.1	.4	.7	.4	1.2	1.0
Materials	7.0	9.4	3.7	8.0	6.0	.1	.2	.2	.9	–.6
Durable	10.6	14.1	7.2	10.9	11.3	.1	–.3	–.1	1.2	–.3
Consumer parts	1.5	10.3	.1	7.1	–2.8	–.3	.7	2.9	1.7	1.9
Equipment parts	23.8	26.1	20.5	22.0	35.8	.4	–.4	–1.6	1.0	.2
Semiconductors, printed circuit boards, and other electrical components	53.4	55.1	53.7	54.6	81.4	1.2	.9	–2.9	2.7	–1.1
Other	3.9	5.4	–.6	3.4	–1.8	–.1	–.6	.1	1.3	–.1
Basic metals	4.1	5.5	–3.0	6.5	–5.4	–.6	.0	2.6	1.5	–.2
Nondurable	3.5	5.3	–2.8	5.6	–4.5	.1	1.0	.1	–.4	.4
Textile	1.4	3.4	–8.5	–1.2	–10.3	–.9	.3	1.1	–1.7	2.2
Paper	4.4	4.5	–2.9	4.2	–3.8	.1	.0	–.3	.2	–.5
Chemical	4.7	6.3	–4.0	9.4	–4.5	.1	1.9	–.4	–1.3	–.5
Other	1.3	4.8	2.8	2.0	–2.7	.7	.5	1.2	.5	2.2
Energy	.7	.1	–.7	.5	1.7	.0	.0	.3	1.3	–.1
Primary	–1.0	–.1	–1.0	–.7	.0	–.2	.0	–.6	.1	–.8
Converted fuel	4.0	.4	–.2	2.8	5.8	.2	.0	2.0	3.8	1.6
Special aggregates										
Total excluding:										
Autos and trucks	5.8	7.0	3.1	5.2	4.7	.3	.4	.3	.9	–.1
Motor vehicles and parts	6.0	6.8	3.2	5.0	5.0	.3	.4	.2	.8	–.1
Computers	4.8	7.0	2.3	4.0	3.3	.2	.6	.8	1.0	.2
Computers and semiconductors[1]	3.2	5.4	.9	2.4	.6	.2	.7	1.0	.9	.3
Computers, communications equipment, and semiconductors	3.0	5.0	.7	2.2	.0	.2	.6	1.1	1.0	.5
Consumer goods excluding:										
Autos and trucks	2.1	3.2	–.1	3.1	1.4	.2	1.1	1.1	1.1	.1
Energy	2.2	4.3	.6	3.2	–.2	.3	1.3	1.2	1.1	.4
Business equipment excluding:										
Autos and trucks	13.1	13.3	9.1	6.1	13.9	.7	.3	–1.2	.8	1.8
Computers and office equipment	7.6	12.2	4.8	.5	6.7	.5	1.2	.8	1.3	2.1
Materials excluding:										
Energy	8.7	11.7	4.5	9.5	6.9	.2	.3	.0	.7	–.7

NOTE. Growth rates are calculated as the percentage change in the seasonally adjusted index from the fourth quarter of the previous year to the fourth quarter of the year specified. For 2000, the differences between growth rates are calculated from annualized growth rates between the fourth quarter of 1999 and the third quarter of 2000.

1. Semiconductors include related electronic components.

A.4. Rates of growth in industrial production, by industry group, 1996–2000

Series	SIC code[1]	Revised growth rate (percent)					Difference between growth rates: revised less earlier (percentage points)				
		1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
Total index	...	**5.6**	**7.2**	**3.2**	**5.1**	**4.2**	**.3**	**.4**	**.3**	**.9**	**–.1**
Manufacturing	...	6.3	8.0	4.0	5.6	4.1	.4	.6	.3	.8	.0
Primary processing	...	8.3	10.4	4.3	8.8	5.0	.1	.4	.2	.4	–.2
Advanced processing	...	5.0	6.4	3.9	3.7	3.5	.5	.6	.5	1.0	.0
Durable manufacturing	...	9.2	11.5	8.0	8.2	7.9	.3	.1	.3	1.2	.0
Lumber and products	24	1.8	3.7	5.4	.5	–7.6	.0	–.8	1.2	.6	.5
Furniture and fixtures	25	5.2	7.8	6.2	3.1	5.3	.6	4.1	2.9	.5	3.8
Stone, clay, and glass products	32	5.6	3.4	5.6	2.3	.5	–.2	.1	.6	1.1	.8
Primary metals	33	5.0	6.1	–3.4	8.0	–7.1	–.6	.1	3.0	.5	.2
Iron and steel	331,2	4.4	5.8	–8.4	12.6	–10.6	–.8	–.3	3.2	.3	.6
Raw steel	331pt	–1.1	7.5	–9.4	16.6	–15.7	–1.0	.3	3.4	–1.1	1.4
Nonferrous metals	333–6,9	5.8	6.4	2.6	3.0	–3.2	–.4	.4	2.6	.8	–.2
Fabricated metal products	34	4.2	6.2	1.5	1.6	.5	.0	.3	1.5	1.4	1.1
Industrial machinery and equipment	35	10.9	7.3	11.6	13.6	14.3	.4	–3.8	–4.5	2.3	–.5
Computer and office equipment	357	51.5	21.5	54.0	54.3	43.6	5.0	–6.3	–24.9	3.2	2.4
Electrical machinery	36	24.3	28.4	20.4	25.2	38.9	.9	2.2	–1.1	2.5	.6
Semiconductors and related electronic components	3672–9	47.7	49.0	45.7	47.8	72.8	.8	–.9	–2.8	3.5	–.8
Transportation equipment	37	4.7	14.7	5.9	–1.4	–5.5	–.1	1.5	3.7	1.6	1.2
Motor vehicles and parts	371	–.5	16.0	3.3	5.9	–8.4	.9	2.2	2.3	1.9	1.8
Autos and light trucks	...	3.2	13.5	5.4	1.5	–10.0	1.6	2.2	1.4	.9	1.6
Aerospace and miscellaneous transportation equipment	372–6,9	13.3	12.9	10.4	–11.6	–.7	–1.7	.6	6.3	.5	.5
Instruments	38	3.8	2.9	3.9	4.5	2.2	1.4	–.4	2.0	–.4	2.6
Miscellaneous manufactures	39	2.7	3.1	.7	6.6	.0	.1	.0	1.3	2.3	2.1
Nondurable manufacturing	...	2.9	4.2	–.4	2.5	–.5	.4	1.3	.7	.6	.4
Foods	20	.3	2.2	3.7	.9	1.5	–.5	.3	1.9	1.0	.9
Tobacco products	21	–.3	5.5	–15.9	–1.9	–2.7	–.9	.2	2.5	.9	–.2
Textile mill products	22	.7	1.5	–6.5	–.2	–8.8	–1.2	–2.3	–.1	–4.6	4.1
Apparel products	23	–.3	–.2	–6.3	–4.0	–5.5	.9	2.3	1.0	1.0	.3
Paper and products	26	3.6	4.9	–.1	3.0	–3.2	.6	.8	1.1	.0	–.1
Printing and publishing	27	3.0	5.1	–1.8	1.8	2.3	1.2	1.2	–.2	1.3	1.1
Chemicals and products	28	5.4	5.3	.2	6.7	–.4	.7	2.7	.9	.9	–.5
Petroleum products	29	4.0	3.1	2.1	.2	–.3	–.1	.4	.0	.2	–.3
Rubber and plastic products	30	5.1	7.0	1.6	3.6	–1.8	1.1	2.4	–1.5	–.2	–.1
Leather and products	31	4.3	–5.4	–10.1	–6.0	–3.8	2.3	1.7	–1.9	3.8	4.4
Mining	...	1.6	1.5	–5.3	–.5	1.5	–.3	–.4	–.3	.4	–1.7
Metal mining	10	3.2	3.2	–2.3	–8.8	–2.1	–.8	.3	–.2	3.1	–3.3
Coal mining	12	2.4	1.7	2.4	–1.3	.6	–.2	–.2	–.4	–.1	.7
Oil and gas extraction	13	1.0	1.3	–8.7	.3	2.2	–.1	–.4	–.3	.1	–2.9
Stone and earth minerals	14	5.1	2.4	4.3	.6	–3.2	.3	–.7	.5	1.1	–.4
Utilities	...	1.4	2.2	–1.4	2.3	7.7	.2	.1	.0	2.1	.2
Electric	491,3pt	1.1	3.2	1.6	1.7	5.5	.1	.3	.8	1.7	.2
Gas	492,3pt	2.5	–1.5	–11.9	4.6	15.1	.3	.3	.3	3.5	–2.8
Special aggregates											
Computers, communications equipment, and semiconductors[2]	..	41.0	35.7	37.2	40.6	55.6	1.9	–.9	–6.7	3.2	5.2
Manufacturing excluding:											
Motor vehicles and parts	...	6.7	7.5	4.1	5.5	5.0	.3	.4	.2	.7	–.1
Computers and office equipment	...	5.3	7.7	3.0	4.4	3.1	.2	.7	.8	1.0	.3
Computers and semiconductors[2]	...	3.5	5.9	1.4	2.6	.1	.2	.8	1.1	.9	.5
Computers, communications equipment, and semiconductors[2]	...	3.2	5.4	1.2	2.3	–.7	.2	.7	1.2	1.0	.7

NOTE. Growth rates are calculated as the percentage change in the seasonally adjusted index from the fourth quarter of the previous year to the fourth quarter of the year specified. For 2000, the differences between growth rates are calculated from annualized growth rates between the fourth quarter of 1999 and the third quarter of 2000.

Primary-processing manufacturing includes textile mill products; paper and products; industrial chemicals, synthetic materials, and fertilizers; petroleum products; rubber and plastics products; lumber and products; primary metals; fabricated metals; and stone, clay, and glass products. Advanced-processing manufacturing includes foods, tobacco products, apparel products, printing and publishing, chemical products and other agricultural chemicals, leather and products, furniture and fixtures, industrial and commercial machinery and computer equipment, electrical machinery, transportation equipment, instruments, and miscellaneous manufactures.

1. Standard Industrial Classification; see Executive Office of the President, Office of Management and Budget, *Standard Industrial Classification Manual, 1987* (U.S. Government Printing Office, 1987).

2. Semiconductors include related electronic components.

pt. Part of classification.

A.5. Rates of growth in capacity, by industry group, 1996–2000

Industry group	SIC code[1]	Revised growth rate (percent)					Difference between growth rates: revised less earlier (percentage points)				
		1996	1997	1998	1999	2000	1996	1997	1998	1999	2000[2]
Total index	...	**5.4**	**5.9**	**6.5**	**4.6**	**4.6**	**–.1**	**.5**	**.3**	**.4**	**.8**
Manufacturing	...	6.1	6.5	7.2	5.1	5.0	–.1	.5	.2	.4	.8
Primary processing	...	9.2	8.5	9.4	4.9	8.0	–.7	.1	–.5	–.8	1.5
Advanced processing	...	4.0	4.9	5.7	5.2	3.0	.3	.2	.5	1.3	–.4
Durable manufacturing	...	9.3	9.3	10.2	8.4	8.8	.0	.5	–.5	1.1	1.3
Lumber and products	24	3.4	3.3	3.7	1.6	1.2	–.3	.0	.6	–1.3	1.0
Furniture and fixtures	25	4.3	5.4	10.0	2.9	3.9	.0	1.6	6.8	.9	3.3
Stone, clay, and glass products	32	3.0	3.5	3.9	2.1	2.4	–.4	.4	1.1	–1.4	.2
Primary metals	33	5.3	3.4	5.1	3.3	.6	–.4	.0	1.6	.8	–1.2
Iron and steel	331,2	4.8	3.9	5.8	3.1	.9	–.3	.0	.6	–.8	–1.5
Raw steel	331pt	2.4	6.1	6.5	2.8	1.7	–.4	.1	.4	1.2	–.5
Nonferrous metals	333–6,9	6.0	2.9	4.4	3.4	.4	–.4	–.2	2.9	2.6	–1.0
Primary copper	3331	.6	1.0	–1.1	–3.1	–2.9	5.7	.3	–.6	–.9	3.0
Primary aluminum	3334	.3	.1	.7	1.5	1.3	–.1	.0	.7	1.5	.9
Fabricated metal products	34	4.4	6.3	6.0	1.8	2.5	–.8	.2	.2	1.5	2.5
Industrial machinery and equipment	35	12.0	11.4	11.8	18.1	10.6	–.3	–2.9	–4.0	2.8	–1.7
Computer and office equipment	357	39.3	44.3	37.0	72.7	39.0	–3.2	–6.6	–21.8	10.8	–3.2
Electrical machinery	36	30.4	26.5	28.2	18.4	33.2	–.5	3.7	–2.3	1.2	7.8
Semiconductors and related electronic components	3672–9	57.6	46.3	55.2	31.8	69.8	–1.5	3.3	–5.8	.2	16.2
Transportation equipment	37	1.4	3.6	4.1	2.2	1.1	1.0	1.2	1.4	2.3	1.0
Motor vehicles and parts	371	2.8	6.2	4.7	2.7	2.1	1.3	2.5	2.0	2.5	.2
Autos and light trucks	...	–2.1	5.2	4.4	.5	.9	2.4	1.0	1.8	2.1	–.3
Aerospace and miscellaneous transportation equipment	372–6,9	–.2	.6	3.1	1.6	–.4	.9	.0	.3	2.3	1.6
Instruments	38	1.2	1.1	3.4	5.8	1.8	.9	.3	1.2	1.8	–.1
Miscellaneous manufactures	39	2.4	1.7	2.9	2.4	1.3	.0	1.2	1.4	1.2	1.0
Nondurable manufacturing	...	2.2	3.4	4.1	1.3	.9	.0	.8	1.6	.1	.6
Foods	20	2.4	2.3	2.8	2.2	.4	.2	.0	.6	.3	–.1
Textile mill products	22	.7	–.2	–.2	–.5	–1.7	–1.2	–2.4	–.5	–.8	–1.8
Apparel products	23	.0	.8	.8	–.9	–2.2	–.3	.2	.1	.0	.2
Paper and products	26	2.3	3.3	4.3	.9	.8	1.0	.0	1.2	–1.4	.7
Pulp and paper	261–3	2.6	1.6	.3	.9	.7	1.4	–.7	–1.1	–.3	.5
Printing and publishing	27	1.0	3.0	3.5	.9	–.1	.3	1.2	1.9	1.1	–.8
Chemicals and products	28	3.4	5.5	7.0	1.4	2.5	.0	2.7	4.2	.4	1.6
Plastics materials	2821	3.3	6.8	9.6	1.3	.5	.1	5.1	6.0	–2.4	–2.7
Synthetic fibers	2823,4	–3.3	2.0	2.8	–1.5	1.4	–1.3	1.0	2.3	–3.2	3.7
Petroleum products	29	1.1	2.4	2.4	1.9	.0	–.3	.1	–.5	.3	–.6
Rubber and plastics products	30	3.9	5.2	5.7	3.8	3.5	–.3	–.2	.6	–1.6	.1
Leather and products	31	–1.8	–.6	–2.0	–3.5	–4.4	–.3	1.2	.8	1.4	.7
Mining	...	.6	1.9	–.1	–1.5	–.8	.2	.3	–1.0	–1.3	.7
Metal mining	10	3.2	3.0	.8	–.1	–1.8	1.7	–.2	–.3	1.4	.7
Coal mining	12	1.1	.9	.3	.8	.6	–.7	.7	–.1	.4	.4
Oil and gas extraction	13	.1	1.5	–.8	–2.4	–1.1	.4	.3	–1.3	–1.8	1.0
Oil and gas well drilling	138	–.5	3.5	1.4	–1.9	–.4	.7	2.5	–.5	1.2	–1.2
Stone and earth minerals	14	3.3	4.8	2.0	.4	.0	–.3	.5	–.9	–1.2	–.4
Utilities	...	.9	1.0	1.1	2.4	3.3	–1.0	.8	.4	1.0	2.1
Electric	491,3pt	1.1	.2	1.1	3.2	4.4	–.8	.4	.4	1.8	2.7
Gas	492,3pt	1.1	1.1	.5	.1	–.1	–.7	–.4	–.7	–.9	–1.1
Special aggregates											
Computers, communications equipment, and semiconductors[3]	...	44.2	40.3	39.5	37.8	48.0	–1.4	2.4	–8.7	2.1	9.0
Manufacturing excluding computers, communications equipment, and semiconductors[3]	...	2.7	3.6	4.4	2.1	1.3	.1	.5	1.4	.8	.8

NOTE. See general note to table A.4.

1. Standard Industrial Classification; see table A.4, note 1.

2. Through the fourth quarter of 2000.

3. Semiconductors include related electronic components.

pt. Part of classification.

A.6. Capacity utilization rates, by industry group, 1967–2000

Item	SIC code[1]	Revised rate (percent of capacity, seasonally adjusted)						Difference between rates: revised less earlier (percentage points)		
		1967–99 avg.	1988–89 high	1990–91 low	1998:Q4	1999:Q4	2000:Q4	1998:Q4	1999:Q4	2000:Q3
Total index	...	**82.1**	**85.4**	**78.1**	**81.2**	**81.6**	**81.3**	**.2**	**.6**	**.1**
Manufacturing	...	81.1	85.7	76.6	80.5	80.9	80.2	.3	.6	.2
Primary processing	...	82.1	88.3	76.7	81.6	84.6	82.3	.9	1.9	1.1
Advanced processing	...	80.6	84.2	76.6	80.4	79.2	79.7	.5	.2	.4
Durable manufacturing	...	79.6	84.6	73.1	81.0	81.0	80.3	.6	.7	.0
Lumber and products	24	82.6	93.6	75.5	84.2	83.3	76.1	.5	2.1	1.9
Furniture and fixtures	25	81.3	86.6	72.5	78.6	78.8	79.8	.0	−.3	.2
Stone, clay, and glass products	32	78.7	83.5	69.7	85.1	85.2	83.7	−.4	1.7	2.2
Primary metals	33	81.5	92.7	73.7	84.8	88.6	81.8	1.6	1.3	2.2
Iron and steel	331,2	81.3	95.2	71.8	79.9	87.2	77.3	1.6	2.6	3.8
Raw steel	331pt	80.9	92.7	71.5	76.3	86.6	71.8	2.1	.5	1.6
Nonferrous metals	333–6,9	81.9	89.3	74.2	90.8	90.4	87.1	1.5	−.1	.2
Primary copper	3331	76.2	86.3	73.5	106.4	77.5	78.3	19.6	2.1	11.1
Primary aluminum	3334	88.4	100.4	97.3	88.4	89.7	80.6	−.2	−1.5	−2.0
Fabricated metal products	34	78.0	82.0	71.9	77.0	76.9	75.4	1.5	1.5	.7
Industrial machinery and equipment	35	81.4	85.4	72.3	83.0	79.8	82.5	−1.1	−1.3	−.9
Computer and office equipment	357	81.3	86.9	66.9	85.6	76.5	79.1	−.1	−3.5	−1.6
Electrical machinery	36	81.2	84.0	75.0	79.0	83.4	87.0	1.1	2.0	−1.1
Semiconductors and related electronic components	3672–9	79.6	81.1	75.6	76.8	86.1	87.7	−1.7	.1	−7.2
Transportation equipment	37	76.0	85.8	68.5	81.7	78.8	73.7	1.0	.5	.6
Motor vehicles and parts	371	76.9	89.1	55.9	80.4	82.9	74.3	−.2	−.7	.2
Autos and light trucks[2]	...	...	92.3	53.3	86.6	87.5	78.1	−.4	−1.5	−.2
Aerospace and miscellaneous transportation equipment	372–6,9	75.3	87.3	79.2	83.7	72.8	72.6	2.9	1.3	.6
Instruments	38	81.7	81.4	77.2	81.4	80.4	80.7	1.0	−.7	.9
Miscellaneous manufactures	39	75.8	79.0	71.7	78.3	81.6	80.5	−.8	−.1	.6
Nondurable manufacturing	...	83.3	87.3	80.7	80.1	81.0	79.9	−.3	.2	.1
Foods	20	82.8	85.4	82.7	81.2	80.2	81.0	1.1	1.6	2.2
Textile mill products	22	85.6	90.4	77.7	82.2	82.4	76.4	.9	−2.1	1.7
Apparel products	23	80.8	85.1	75.5	74.0	71.7	69.3	3.0	3.6	3.6
Paper and products	26	88.9	93.5	85.0	85.0	86.7	83.2	−1.1	.0	−.2
Pulp and paper	261–3	92.4	98.0	89.9	90.9	94.0	89.2	.1	.5	−.6
Printing and publishing	27	85.5	91.7	79.6	80.1	80.8	82.7	−1.1	−.9	.1
Chemicals and products	28	79.3	86.2	79.3	74.5	78.4	76.2	−2.5	−2.3	−3.5
Plastics materials	2821	86.8	97.0	74.8	89.4	94.0	89.5	−2.4	−.7	5.0
Synthetic fibers	2823,4	85.1	99.7	77.6	79.9	87.6	81.7	2.9	5.3	2.1
Petroleum products	29	87.1	88.5	85.1	94.7	93.2	92.9	.6	.5	.7
Rubber and plastics products	30	84.7	89.6	77.4	85.5	85.3	80.9	.4	1.5	1.5
Leather and products	31	80.9	83.3	76.1	71.2	69.3	69.8	.4	2.3	4.2
Mining	...	87.4	88.0	87.0	83.8	84.7	86.6	.5	1.9	.3
Metal mining	10	79.4	89.4	79.9	87.1	79.6	79.4	−.6	1.2	−1.3
Coal mining	12	86.7	91.5	83.4	87.3	85.4	85.4	−.5	−.9	−.7
Oil and gas extraction	13	88.4	88.2	88.7	82.4	84.7	87.6	.9	2.5	.1
Oil and gas well drilling	138	73.9	69.3	60.0	62.0	66.8	79.5	−1.3	−2.6	−3.1
Stone and earth minerals	14	84.8	89.0	79.4	86.4	86.6	83.8	.6	2.6	2.5
Utilities	...	87.5	92.6	83.4	89.3	89.2	93.0	−.1	.9	−.4
Electric	491,3pt	89.6	95.0	87.1	95.0	93.6	94.6	1.2	1.2	−.5
Gas	492,3pt	82.0	85.0	67.1	72.2	75.4	86.9	1.3	4.5	4.0
Special aggregates										
Computers, communications equipment, and semiconductors[3]	...	80.2	81.9	72.4	79.2	80.8	85.0	−.3	.3	−1.0
Manufacturing excluding computers, communications equipment, and semiconductors[3]	...	81.2	86.1	76.8	80.7	80.9	79.3	.2	.3	.2

NOTE. The "high" column refers to periods in which utilization generally peaked; the "low" column refers to recession years in which utilization generally bottomed out. The monthly highs and lows are specific to each series, and all did not occur in the same month.

1. Standard Industrial Classification; see table A.4, note 1.
2. Series begins in 1977.
3. Semiconductors include related electronic components.
pt. Part of classification.

A.7. Annual proportions in industrial production, by industry group, 1992–99

Item	SIC code[1]	1992	1993	1994	1995	1996	1997	1998	1999
Total index	...	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Manufacturing	...	85.4	85.9	86.7	86.9	87.0	88.2	88.9	88.4
Primary processing	...	31.0	31.8	33.4	33.7	33.5	34.0	33.7	34.1
Advanced processing	...	54.5	54.1	53.3	53.2	53.5	54.1	55.2	54.3
Durable manufacturing	...	44.8	45.6	46.3	46.8	47.6	48.3	48.9	48.4
Lumber and products	24	2.1	2.2	2.2	2.1	2.1	2.1	2.1	2.1
Furniture and fixtures	25	1.4	1.4	1.4	1.4	1.4	1.5	1.6	1.6
Stone, clay, and glass products	32	2.1	2.1	2.2	2.2	2.3	2.3	2.4	2.4
Primary metals	33	3.1	3.3	3.6	3.5	3.5	3.6	3.4	3.4
Iron and steel	331,2	1.8	1.9	2.0	1.9	1.9	2.0	1.8	1.8
Raw steel	331pt	.1	.1	.1	.1	.1	.1	.1	.1
Nonferrous metals	333–6,9	1.4	1.4	1.6	1.6	1.6	1.6	1.6	1.6
Fabricated metal products	34	5.0	5.1	5.2	5.3	5.5	5.7	5.7	5.6
Industrial machinery and equipment	35	7.8	8.1	8.4	8.9	9.1	9.0	9.1	9.0
Computer and office equipment	357	1.6	1.6	1.6	1.7	1.8	1.9	2.0	2.3
Electrical machinery	36	7.1	7.4	7.8	8.3	8.6	8.8	8.6	8.5
Semiconductors and related electronic components	3672–9	2.5	2.6	2.9	3.4	3.6	3.7	3.5	3.6
Transportation equipment	37	9.4	9.5	9.3	8.9	8.9	9.3	9.9	9.7
Motor vehicles and parts	371	4.7	5.1	5.5	5.4	5.5	5.7	5.6	5.9
Autos and light trucks[2]	...	2.5	2.5	2.8	2.8	2.9	3.0	2.7	2.9
Aerospace and miscellaneous transportation equipment	372–6,9	4.7	4.4	3.8	3.5	3.4	3.6	4.3	3.9
Instruments	38	5.4	5.3	4.9	4.8	4.9	4.7	4.8	4.7
Miscellaneous manufactures	39	1.3	1.3	1.3	1.3	1.4	1.3	1.3	1.3
Nondurable manufacturing	...	40.6	40.3	40.4	40.2	39.4	39.9	40.1	40.0
Foods	20	9.6	9.6	9.3	9.2	9.1	9.0	9.2	9.0
Tobacco products	21	1.6	1.1	1.2	1.3	1.3	1.4	1.7	1.7
Textile mill products	22	1.8	1.8	1.8	1.7	1.6	1.6	1.5	1.4
Apparel products	23	2.2	2.1	2.1	2.0	1.9	1.8	1.7	1.5
Paper and products	26	3.5	3.5	3.8	3.9	3.5	3.4	3.4	3.4
Printing and publishing	27	6.8	6.8	6.6	6.6	6.6	6.9	6.8	6.6
Chemicals and products	28	10.0	10.0	10.0	9.9	9.8	10.1	10.2	10.4
Petroleum products	29	1.4	1.5	1.6	1.5	1.7	1.6	1.5	2.0
Rubber and plastics products	30	3.5	3.6	3.8	3.7	3.7	3.8	3.8	3.8
Leather and products	31	.3	.3	.2	.2	.2	.2	.2	.2
Mining	...	6.8	6.3	5.9	6.0	6.3	5.6	5.0	5.6
Metal mining	10	.4	.4	.4	.4	.4	.3	.3	.2
Coal mining	12	1.0	.9	.9	.8	.8	.7	.7	.6
Oil and gas extraction	13	4.8	4.4	4.0	4.1	4.5	3.9	3.5	4.2
Stone and earth minerals	14	.6	.6	.6	.6	.6	.6	.6	.6
Utilities	...	7.8	7.7	7.4	7.1	6.7	6.3	6.1	5.9
Electric	491,3pt	6.2	6.1	5.8	5.6	5.3	4.9	4.8	4.6
Gas	492,3pt	1.6	1.6	1.6	1.5	1.4	1.4	1.3	1.3
Special aggregates									
Computers, communications equipment, and semiconductors[3]	...	5.7	5.8	6.2	6.9	7.3	7.6	7.5	7.8
Manufacturing excluding:									
Motor vehicles and parts	...	80.7	80.9	81.2	81.5	81.5	82.4	83.3	82.5
Computers and office equipment	...	83.8	84.3	85.1	85.2	85.2	86.3	86.9	86.1
Computers and semiconductors[3]	...	81.3	81.7	82.2	81.8	81.6	82.6	83.4	82.5
Computers, communications equipment, and semiconductors[3]	...	79.8	80.1	80.5	80.1	79.7	80.5	81.4	80.6

NOTE. The IP proportion data are estimates of the industries' relative contribution to overall IP growth in the following year. For example, a 1 percent increase in durable goods manufacturing in 2000 would account for a 0.484 percent increase in total IP.

1. Standard Industrial Classification; see table A.4, note 1.
2. Series began in 1977.
3. Semiconductors include related electronic components.
pt. Part of classification.

A.8. Rates of growth in electric power use, 1996–2000

Item	SIC code[1]	Revised growth rate (percent)					Difference between growth rates: revised less earlier (percentage points)				
		1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
Total	...	**1.6**	**1.0**	**−1.2**	**1.0**	**.6**	**.1**	**−.1**	**−.3**	**1.3**	**.2**
Manufacturing	...	1.6	1.2	−1.2	1.1	.7	.2	−.1	−.3	1.4	.3
Durable manufacturing	...	.3	3.8	−1.8	1.3	2.7	.6	−.9	−.5	1.9	.6
Lumber and products	24	4.7	1.0	2.1	−.1	3.1	.5	−2.5	.4	.9	1.1
Furniture and fixtures	25	4.8	2.7	1.0	1.9	5.1	.7	1.1	.4	.8	2.3
Stone, clay, and glass products	32	4.1	1.1	2.2	−.4	4.0	.6	−.5	−.3	1.8	.1
Primary metals	33	−3.0	5.5	−4.8	1.9	2.3	.8	−1.2	−1.0	2.4	−.1
Fabricated metal products	34	3.9	4.1	−.7	.9	3.4	.2	−.5	.5	2.0	.7
Industrial machinery and equipment	35	1.3	4.1	.5	.1	3.3	.1	−.1	−.5	2.1	1.2
Electrical machinery	36	2.9	2.6	−2.6	−.4	4.8	.4	−.3	−.6	1.8	−.9
Transportation equipment	37	−.1	4.2	−1.0	3.6	−1.0	.6	−1.4	−.1	1.6	1.8
Instruments	38	−2.6	.3	1.5	−1.9	4.9	.3	−.7	−2.3	−3.0	5.6
Miscellaneous manufactures	39	8.5	.4	6.4	11.6	7.4	1.3	−1.7	−1.8	7.7	2.3
Nondurable manufacturing	...	2.7	−.9	−.8	1.0	−.9	−.1	.5	−.1	.9	.0
Foods	20	3.4	3.7	3.0	2.2	2.3	1.7	.4	.7	2.6	−.4
Tobacco products	21	1.3	.1	−1.7	−6.7	−.8	1.3	−.6	.1	.8	−.6
Textile mill products	22	.7	−.2	−2.3	−2.4	1.1	−2.0	−3.4	−.9	−.5	.1
Apparel products	23	−.7	.1	−2.4	2.7	−1.6	1.1	1.8	1.0	9.0	.4
Paper and products	26	.6	1.6	−2.5	1.6	−1.3	−.5	−.9	−1.7	4.5	1.1
Printing and publishing	27	−.1	1.5	1.5	.8	1.5	−.9	−1.4	−.8	3.0	.9
Chemicals and products	28	5.6	−3.8	−1.6	.8	−4.5	−.4	1.8	.7	.3	.0
Petroleum products	29	−2.6	−1.5	−2.1	1.1	3.6	.6	1.9	−.9	−4.3	−2.1
Rubber and plastics products	30	3.8	1.3	3.3	1.7	2.4	.5	−.6	−.3	1.2	1.0
Leather and products	31	−2.2	−1.4	−4.4	−2.4	6.6	−.7	.0	−.6	5.6	15.2
Mining	...	1.7	−.8	−.3	−.6	−1.2	−1.4	−.6	.3	.5	−.3
Metal mining	10	−1.2	.0	.6	−1.1	−.2	−3.8	−.4	.8	.5	−4.3
Coal mining	12	.0	−.6	.6	−4.4	3.6	.1	−.6	−.4	.4	.2
Oil and gas extraction	13	3.6	.5	−5.8	1.7	−2.0	−.8	−1.0	.9	−.2	2.1
Stone and earth minerals	14	4.2	−4.6	8.4	−.1	−6.0	−.2	.2	−1.0	1.4	.3
Supplementary groups											
Total, excluding nuclear nondefense	...	1.2	2.3	−1.5	1.1	1.2	.2	−.1	−.2	1.1	.2
Utilities sales to industry	...	2.1	1.0	−1.3	1.1	1.1	.1	−.2	−.5	1.4	.1
Industrial generation	...	−5.5	.8	.5	−1.1	.6	.2	.1	2.4	−2.6	4.3

NOTE. Growth rates are calculated as the percentage change in the seasonally adjusted index from the fourth quarter of the previous year to the fourth quarter of the year specified. For 2000, the growth rates are calculated from the fourth quarter of 1999 to the third quarter of 2000 and annualized.

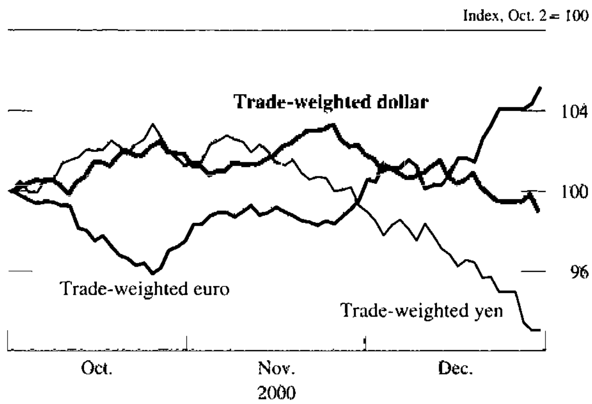
1. Standard Industrial Classification; see table A.4, note 1.

Treasury and Federal Reserve Foreign Exchange Operations

This report, presented by Peter R. Fisher, Executive Vice President, Federal Reserve Bank of New York, and Manager, System Open Market Account, describes the foreign exchange operations of the U.S. Department of the Treasury and the Federal Reserve System for the period from October 2000 through December 2000. Ryan Faulkner was primarily responsible for preparing the report.

During the fourth quarter of 2000, the dollar appreciated 5.7 percent against the yen and depreciated 6.4 percent against the euro. On a trade-weighted basis, the dollar ended the quarter 1.0 percent weaker against an index of major currencies. Movements in the major currency pairs were largely influenced by changes in market expectations for economic growth in the United States, Europe, and Japan. Questions about the pace of Japan's economic recovery pressured the yen against the major currencies, while the dollar declined against the euro in December amid signs of slower U.S. growth. U.S. monetary authorities did not intervene in the foreign exchange markets during the quarter.

1. Trade-weighted G-3 currencies, 2000:Q4



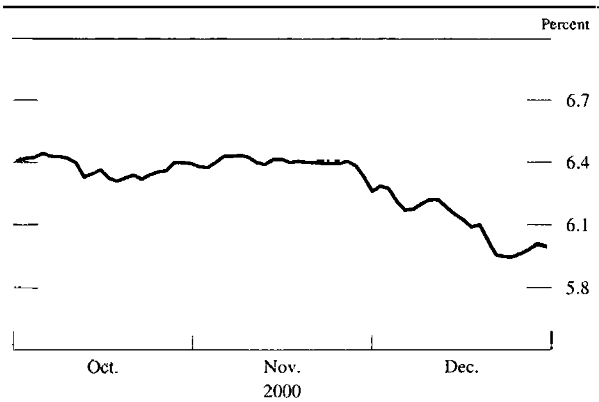
NOTE. In this and the charts that follow, the data are for business days except as noted.
SOURCE. Bloomberg L.P. and the Bank of England.

Market Reaction to Changing Global Economic Growth Trends

During the fourth quarter, releases of economic data in the United States indicated continued low inflation and a slowdown in the pace of U.S. economic growth. Earlier in the quarter, market participants had expected a steady near-term U.S. interest rate policy, given the price pressures emanating from high energy prices and tight U.S. labor markets. On November 15, the Federal Open Market Committee (FOMC) left the target federal funds rate unchanged at 6.5 percent and maintained its statement that the balance of risks was weighted toward inflationary pressures.

By early December, however, there was a sharp downward shift in U.S. interest rate expectations, prompted by (1) increasing signs of slower U.S. growth, (2) comments by Federal Reserve Chairman Alan Greenspan that were interpreted as suggesting the possibility of lower rates, and (3) weaker financial market conditions. Among the economic data released during this period were weaker-than-expected third-quarter GDP data (advance release), November consumer confidence and National Association of Purchasing Managers (NAPM) surveys, October durable goods data, and November retail sales figures. As expectations for more moderate growth solidified, many market participants also continued to lower their U.S. earn-

2. Yield implied by the March federal funds futures contract, 2000:Q4



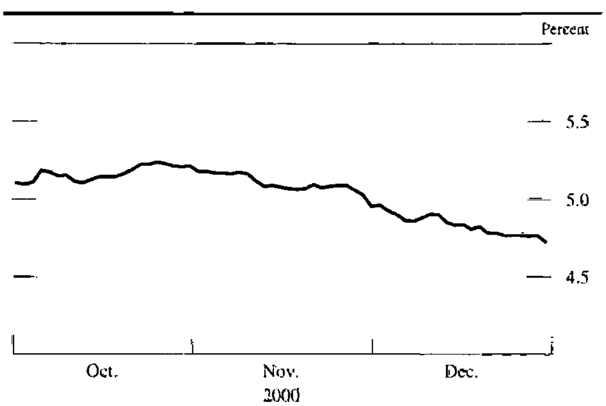
SOURCE. Bloomberg L.P.

ings forecasts. During the fourth quarter, the S&P 500 and Nasdaq Composite equity indexes, on balance, fell 8.1 percent and 32.7 percent, respectively, with some of their sharpest daily losses occurring in December.

From November 28 to the end of the quarter, the implied yield on the March federal funds futures contract declined 40 basis points to 6.0 percent. Over the same period, the yields on the two-year Treasury note and thirty-year Treasury bond fell 76 and 24 basis points, respectively, leading the two- to thirty-year coupon curve to return to a positive spread for the first time since January 2000. On December 19, the FOMC left its target for the federal funds rate unchanged, while moving its assessment of the balance of risks away from inflationary pressures and to one "weighted toward conditions that may generate economic weakness."

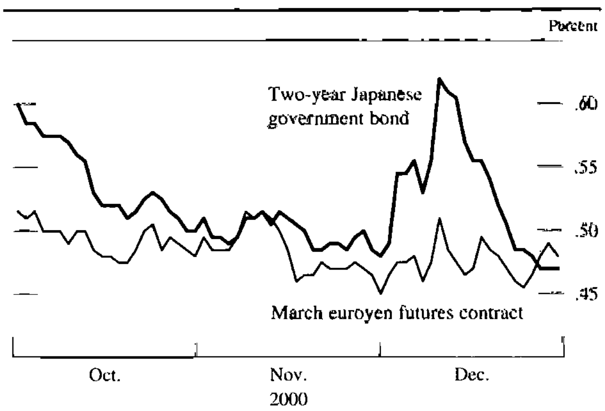
In Europe, expectations for further interest rate increases moderated over the period, in response to signs of slower euro-area growth, the recovery of the euro's exchange value, and a decline in oil prices. At the outset of the quarter, on October 5, the European Central Bank (ECB) raised its minimum bid on its refinancing operations 25 basis points to 4.75 percent. In the press conference that followed the rate announcement, ECB President Duisenberg explained that the rate hike was aimed at containing inflationary pressures "stemming from oil prices and the foreign exchange rate of the euro." After this decision, market participants were divided over the possibility of additional rate hikes by the ECB. German and Italian business confidence surveys for September and October suggested a modest decline in industrial production, but euro-area aggregate inflation and money supply reports over the same period continued to show modest upward pressure on prices. In addition,

3. Yield implied by the March euribor contract, 2000:Q4



SOURCE. Bloomberg L.P.

4. Yields on short-term Japanese fixed-income securities, 2000:Q4



SOURCE. Bloomberg L.P.

the euro remained at relatively low levels against other major currencies, and oil prices continued to climb.

During the second half of the quarter, the implied yield on the three-month March euribor futures contract fell 35 basis points to 4.73 percent, coincident with the appreciation of the euro against most major currencies and the decline in oil prices that began in late November. Market participants also reduced their expectations for additional ECB tightening as signs of a modest slowdown in euro-area industrial activity emerged. The November industrial confidence survey for the euro area declined for the first time in three months to levels last seen in May 2000.

In Japan, reports on economic activity during the quarter increased speculation that Japan's economic recovery was slowing. A report by the Economic Planning Agency on November 10 and the release of Japan's third-quarter GDP report on December 4 indicated that although investment by large manufacturing firms remained strong, consumer spending and export growth appeared to be stagnating. The yield on the two-year Japanese government bond (JGB) fell 13 basis points over the first two months of the quarter to 0.48 percent. During the first two weeks of December, short-dated Japanese yields briefly moved higher in response to funding pressures ahead of the year-end and amid related concerns about the transition to the real-time gross settlement system in January 2001. However, yields later declined after the release of the December Tankan report and the government's announcement of a smaller-than-expected 2001 fiscal budget. On balance, two-year and ten-year JGB yields ended the quarter 14 and 22 basis points lower respectively.

Decline of Risk Appetite during the Fourth Quarter

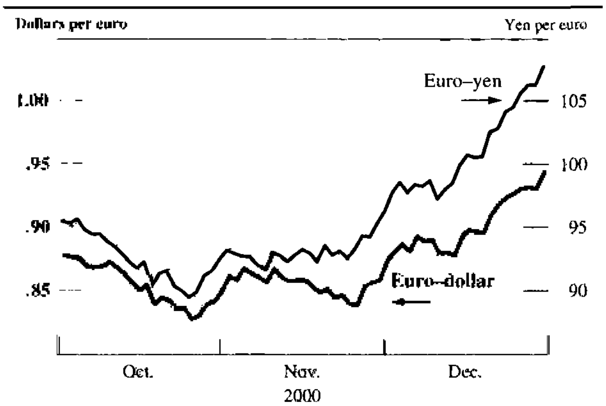
In response to the initial shift in growth expectations for the Group of Three (G-3) economies and an overall increase in market volatility, investors reportedly adopted somewhat more neutral currency positions and were generally more risk averse during the first half of the quarter. Net speculative positions in currency futures on the International Monetary Market (IMM), as well as flow survey data, suggested that investors maintained a relatively small net long position in euros and a substantial net short position in yen.

Although there was little change in the reported net speculative euro position, the euro area continued to register net cross-border investment outflows but in lower amounts than previous months. According to the ECB, the net outflow of direct investment and portfolio investment from the euro area totaled €15.7 billion and €1.7 billion, respectively, in October, which was less than half the total net outflows recorded in September.

Against the dollar, the euro fell to $0.825 on October 25, a new low, but then rebounded the following week, as the ECB entered the market to buy euros on November 3, 6, and 9, pushing the exchange rate to close as high as $0.876. Against the yen, the euro declined 2.4 percent during the first half of the quarter. The dollar–yen exchange rate, meanwhile, did not exhibit a noticeable trend and traded in a relatively tight range, between ¥109.30 and ¥107.00, over the first half of the quarter.

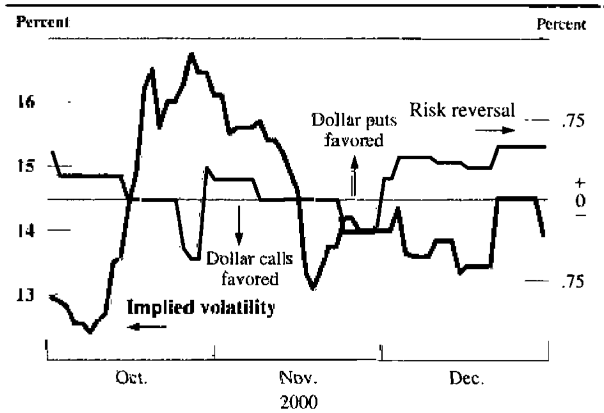
Implied volatility for one-month euro–dollar options, which had increased to as high as 16.9 percent on October 27, also declined after the ECB's interventions. Although the euro once again declined

5. The euro against the dollar and the yen, 2000:Q4



Source. Bloomberg L.P.

6. One-month euro–dollar option implied volatility and risk reversals, 2000:Q4



Source. Bloomberg L.P.

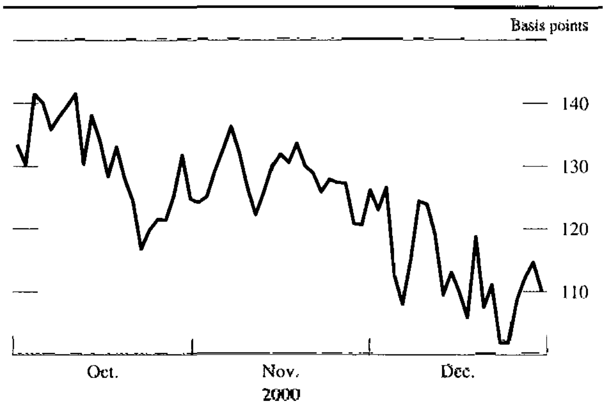
against the dollar in mid-November, to as low as $0.838 on November 24, market anxiety over further euro depreciation remained relatively low, with one-month euro–dollar option implied volatility fluctuating between 13 percent and 15 percent from mid-November to the end of the quarter. The premium for one-month euro put options over one-month euro call options, as measured by risk reversals, also declined after the ECB interventions. The premium for euro puts briefly rose as high as 0.6 percent in volatility terms on October 26 and 27. However, during much of November and throughout December, there was a premium for one-month euro call options over one-month euro put options.

Currency Movements Dominated by Euro Strength and Yen Weakness in the Second Half of the Quarter

The second half of the quarter coincided with a sharp appreciation of the euro and depreciation of the yen, with investors taking more aggressive currency positions as growth and interest expectations for the G-3 economies solidified. According to data from the IMM, the number of speculative net long euro positions increased nearly three-fold in mid-December to reach its highest level since October 1999. The number of short speculative yen positions rose modestly in mid-December to its highest level since February 2000. Against the dollar, the euro appreciated 9.9 percent and the yen depreciated 4.8 percent during the second half of the fourth quarter.

Against the dollar, the euro was largely supported by reports of a narrowing in U.S.–euro-area growth and interest rate differentials after the release of

7. Spread of two-year dollar swap rate over two-year euro swap rate, 2000:Q4



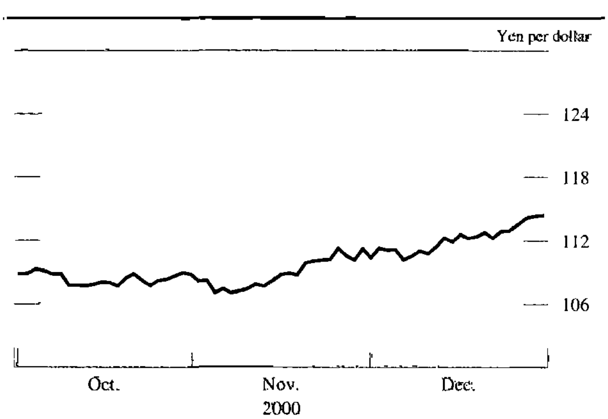
SOURCE. Bloomberg L.P.

weaker-than-expected U.S. economic data at the end of November. After declining just 3 basis points over the first half of the quarter, from mid-November to the end of December, the spread of the two-year dollar swap rate over the two-year euro swap rate declined 21 basis points to a spread of 110 basis points.

The yen, meanwhile, weakened sharply against the major currencies, falling 13.4 percent against the euro. The yen's depreciation reflected the growing speculation surrounding the pace of the country's economic recovery, as well as uncertainty about the future of Prime Minister Mori's administration. Although Prime Minister Mori won a no-confidence vote by the parliament in late November, market participants commented that Mori's low popularity ratings continued to cloud the political outlook.

The yen was also pressured by reported portfolio reallocations away from Japan by domestic and foreign investors. Japanese institutional investors reportedly maintained, and in some cases increased, dollar and euro investments ahead of the year-end. In addition, foreign investors were net sellers of Japanese equities for most of the fourth quarter. According to the Ministry of Finance, Japanese investors bought ¥1.9 trillion in foreign stocks and bonds in the fourth quarter, more than double the net amount purchased during the third quarter. Over the same period, foreign investors sold ¥20.9 billion in Japanese stocks.

8. The dollar against the yen, 2000:Q4



SOURCE. Bloomberg L.P.

Treasury and Federal Reserve Foreign Exchange Reserves

At the end of the quarter, the current values of the euro and yen reserve holdings totaled $15.7 billion for the Federal Reserve System and $15.7 billion for the Treasury's Exchange Stabilization Fund. The U.S. monetary authorities invest all of their foreign currency balances in a variety of instruments that yield market-related rates of return and have a high degree of liquidity and credit quality. To the extent practicable, the investments are split evenly between the Federal Reserve System and the Exchange Stabilization Fund.

A portion of the U.S. monetary authorities' foreign exchange reserves are presently invested in government securities held outright or under repurchase agreement. Foreign currency reserves are also invested in deposits at the Bank for International Settlements and in facilities at other official institutions. As of December 29, direct holdings of foreign government securities totaled $13.9 billion, split evenly between the two authorities. Foreign government securities held under repurchase agreement totaled $2.8 billion at the end of the quarter and were also split evenly between the two authorities.

The U.S. monetary authorities' investments in marketable securities have been limited to obligations of the sovereign issuer of the underlying currency; for example, the securities previously denominated in duetsche marks have been obligations of the German government. Given the introduction of the euro, the U.S. monetary authorities now expect to diversify their euro-denominated holdings of government securities to include the obligations of additional euro-area sovereigns. This diversification will be gradual and will apply to holdings of securities on an outright basis and under repurchase agreements. The government securities eligible for investment must meet the highest standards of protection against credit, liquidity, and operational risks. In the assessment of credit quality within the euro area, the U.S. monetary authorities take into account the public credit ratings of each sovereign, as well as other institutional standards that afford a high level of safety. The assessment of liquidity and operational risks includes the analysis of secondary market factors, such as bid–ask spreads, average trade size, and the regularity and size of issuance. □

1. Foreign currency holdings of U.S. monetary authorities based on current exchange rates, 2000:Q4
Millions of dollars

Item	Balance, Sept. 30, 2000	Quarterly changes in balances, by source					Balance, Dec. 31, 2000
		Net purchases and sales[1]	Effect of sales[2]	Investment income	Currency valuation adjustments[3]	Interest accrual and other[4]	
FEDERAL RESERVE SYSTEM OPEN MARKET ACCOUNT (SOMA)							
Euro	6,872.1	0.0	0.0	69.5	434.3	...	7,375.9
Japanese yen	8,733.7	0.0	0.0	3.7	−492.8	...	8,244.6
Total	15,605.8	0.0	0.0	73.2	−58.5	...	15,620.5
Interest receivables (net)[5]	66.8	...	...	...	...	9.7	76.5
Other cash flow from investments[4]	0.0	...	...	...	...	0.0	0.0
Total	**15,672.6**	**0.0**	**0.0**	**73.2**	**−58.5**	**9.7**	**15,697.0**
U.S. TREASURY EXCHANGE STABILIZATION FUND (ESF)							
Euro	6,869.5	0.0	0.0	69.6	434.0	...	7,373.1
Japanese yen	8,733.8	0.0	0.0	3.7	−492.8	...	8,244.7
Total	15,603.3	0.0	0.0	73.3	−58.8	...	15,617.8
Interest receivables[5]	57.6	...	...	...	...	3.6	61.2
Other cash flow from investments[4]	0.0	...	...	...	...	...	0.0
Total	**15,660.9**	**0.0**	**0.0**	**73.3**	**−58.8**	**−3.6**	**15,679.0**

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

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

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

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

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

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

... Not applicable.

2. Net profits or losses (−) on U.S. Treasury and Federal Reserve foreign exchange operations, based on historical cost-of-acquisition exchange rates, 2000:Q4
Millions of dollars

Period and item	Federal Reserve System Open Market Account	U.S. Treasury Exchange Stabilization Fund
Valuation profits and losses on outstanding assets and liabilities, Sept. 30, 2000		
Euro	−1,370.9	−1,587.3
Japanese yen	1,687.5	1,899.7
Total	**316.6**	**312.4**
Realized profits and losses from foreign currency sales, Sept. 30, 2000–Dec. 31, 2000		
Euro	0.0	0.0
Japanese yen	0.0	0.0
Total	**0.0**	**0.0**
Valuation profits and losses on outstanding assets and liabilities, Dec. 31, 2000		
Euro	−936.6	−1,153.3
Japanese yen	1,194.7	1,406.9
Total	**258.1**	**253.6**

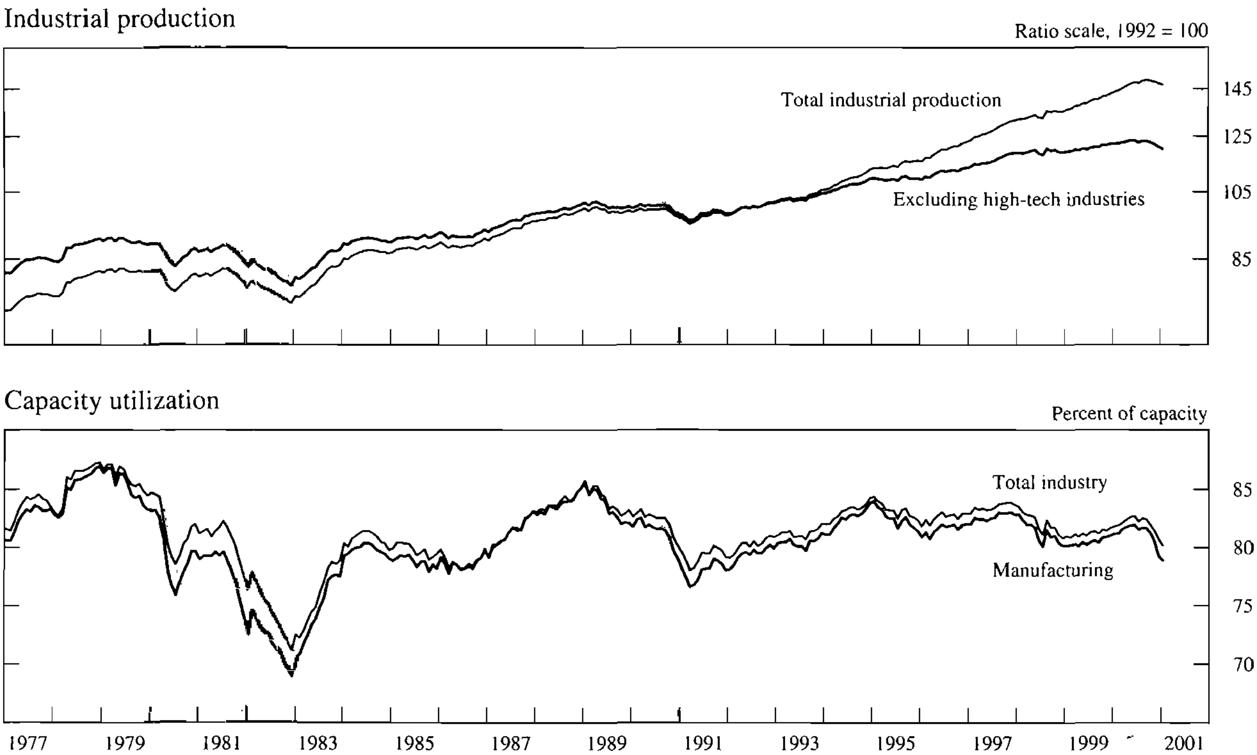
3. Reciprocal currency arrangements, December 31, 2000
Millions of dollars

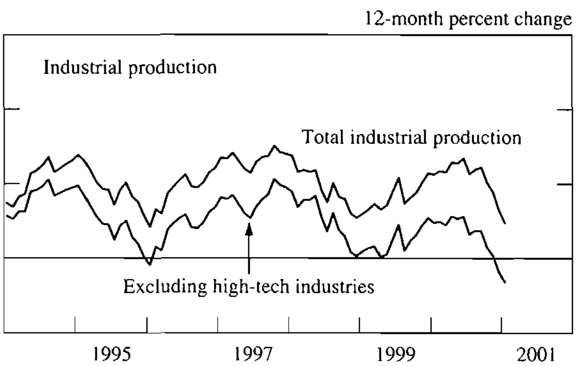
Institution	Amount of facility	Outstanding, Dec. 31, 2000
	Reciprocal currency arrangements	
Bank of Canada	2,000	0.0
Bank of Mexico	3,000	0.0
Total	**5,000**	**0.0**
	Federal Reserve and U.S. Treasury Exchange Stabilization Fund currency arrangements	
Bank of Mexico	3,000	0.0
Total	**3,000**	**0.0**

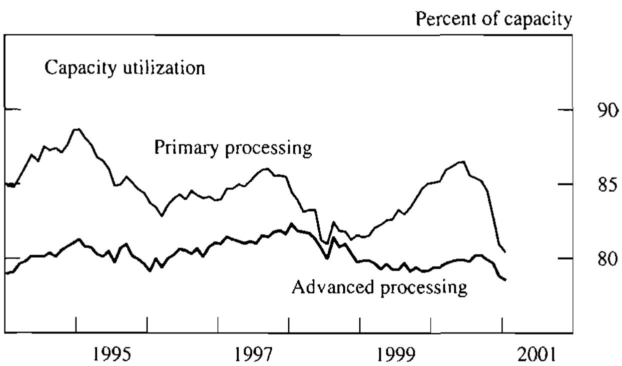
Industrial Production and Capacity Utilization for January 2001

Released for publication February 16

Industrial production fell 0.3 percent in January. Manufacturing output edged down 0.1 percent after a 1.1 percent drop in December; the December decline was likely exacerbated by bad weather in certain areas. Excluding motor vehicles and parts, manufacturing output increased 0.3 percent in January after having fallen 0.8 percent in December. Output at utilities dropped back 6.0 percent as temperatures moved closer to seasonal norms after the extreme cold in December. Production in mining moved up







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

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

Industrial production and capacity utilization, January 2001

Category	Industrial production, index, 1992=100								
	2000			2001	Percent change				
					2000[1]			2001[1]	Jan. 2000 to Jan. 2001
	Oct.[r]	Nov.[r]	Dec.[r]	Jan.[p]	Oct.[r]	Nov.[r]	Dec.[r]	Jan.[p]	
Total	**148.7**	**148.2**	**147.4**	**147.0**	**–.2**	**–.3**	**–.5**	**–.3**	**2.4**
Previous estimate	148.5	148.1	147.3	. . .	–.3	–.3	–.6	. . .	. . .
Major market groups									
Products, total[2]	136.3	136.4	135.9	135.0	–.3	.0	–.4	–.6	1.3
Consumer goods	122.7	122.7	122.4	121.0	–.9	.0	–.3	–1.1	–.9
Business equipment	200.0	200.4	199.3	198.9	.3	.2	–.5	–.2	7.4
Construction supplies	142.3	140.9	139.5	138.8	–.6	–.9	–1.0	–.5	–2.6
Materials	171.1	169.6	168.4	168.7	–.1	–.9	–.7	.2	4.2
Major industry groups									
Manufacturing	154.9	154.0	152.4	152.3	–.1	–.6	–1.1	–.1	2.0
Durable	197.6	196.7	194.9	194.4	–.4	–.4	–.9	–.3	5.0
Nondurable	116.3	115.5	114.0	114.2	.3	–.7	–1.3	.2	–1.6
Mining	100.1	99.9	100.2	102.3	–.3	–.2	.3	2.1	3.7
Utilities	120.0	123.8	132.6	124.7	–1.4	3.2	7.1	–6.0	5.8
	Capacity utilization, percent								MEMO Capacity, percent change, Jan. 2000 to Jan. 2001
	Average, 1967–00	Low, 1982	High, 1988–89	2000				2001	
				Jan.	Oct.[r]	Nov.[r]	Dec.[r]	Jan.[p]	
Total	**82.1**	**71.1**	**85.4**	**81.9**	**82.0**	**81.4**	**80.7**	**80.2**	**4.5**
Manufacturing	81.1	69.0	85.7	81.2	81.2	80.4	79.2	78.9	5.0
Advanced processing	80.6	71.0	84.2	79.4	79.9	79.7	78.8	78.6	2.7
Primary processing	82.2	65.7	88.3	85.1	84.5	82.8	81.0	80.5	8.5
Mining	87.4	80.3	88.0	84.5	86.3	86.2	86.6	88.5	–1.0
Utilities	87.6	75.9	92.6	90.0	89.5	92.1	98.3	92.2	3.4

NOTE. Data seasonally adjusted or calculated from seasonally adjusted monthly data.
1. Change from preceding month.
2. Contains components in addition to those shown.
r Revised.
p Preliminary.

2.1 percent. At 147.0 percent of its 1992 average, industrial production was 2.4 percent higher than in January 2000. The rate of capacity utilization for total industry fell to 80.2 percent in January, a level almost 2 percentage points below its 1967–2000 average.

MARKET GROUPS

The index for consumer goods fell 1.1 percent in January, with decreases of about 5 percent in the production both of automotive and of energy products. A drop of 2.8 percent in the production of durable consumer goods reflected the weakness in automotive products and a sharp decline in home electronics. The production of nondurable consumer goods other than energy products rose 0.3 percent and thereby reversed a third of the decline posted in December.

The output of business equipment slipped 0.2 percent in January. The index for transit equipment dropped 3.2 percent (mainly because of another sharp decline in motor vehicles), and the production of industrial and other equipment fell 0.5 percent (mainly because of a sharp drop in farm equipment). The output of information processing equipment increased 1.2 percent after having been flat in December; on balance, production in this group of industries has slowed noticeably since last summer.

The production of construction supplies contracted again in January, falling 0.5 percent, and the index is now 2.6 percent below its year-ago level. The output of materials inched up 0.2 percent: The indexes for durable materials and energy materials were up moderately and the index for nondurable materials was unchanged. Among durable materials industries, the output of semiconductors, printed circuit boards, and other electronic components posted a gain in January that was similar to those seen in recent months. However, the consumer parts group was hit by another decline in the production of original equipment parts for motor vehicles. Within nondurable materials, a 1.7 percent gain in the production of paper materials, which had fallen sharply in November and December, was largely offset by further declines in chemicals and textiles.

INDUSTRY GROUPS

Manufacturing output declined 0.1 percent in January, with a 0.3 percent decrease in the production of durable goods and a 0.2 percent increase in nondurable goods. Among durable goods, the losses were concentrated in motor vehicles and parts, lumber, furniture and fixtures, and primary metals. The largest increases in output were in the electrical machinery, instruments, and miscellaneous manufacturing industries. The output of nondurables, which declined, on balance, over the previous six months, posted a modest uptick in January, with small but widespread gains.

The factory operating rate declined further, to 78.9 percent in January, 2¾ percentage points below its September level and the lowest level since early 1992. In recent months, capacity utilization has fallen significantly in the transportation equipment and primary metals industries. The operating rate at utilities fell back to 92.2 percent in January after having been at the abnormally high level of 98.3 percent in December. The operating rate for mining, 88.5 percent, was lifted by higher-than-average readings in the coal mining and oil and gas extraction industries.

NEW RELEASE FORMAT

Beginning with the February 16 issue, the G.17 statistical release has been redesigned. Special aggregates have been added. Although some detailed industry data are no longer listed in the regular release, these series continue to be available on the Federal Reserve Board's public web site (www.federalreserve.gov/releases/g17). □

Testimony of Federal Reserve Officials

Statement of Alan Greenspan, Chairman, before the Committee on the Budget, U.S. Senate, January 25, 2001

I am pleased to appear here today to discuss some of the important issues surrounding the outlook for the federal budget and the attendant implications for the formulation of fiscal policy. In doing so, I want to emphasize that I speak for myself and not necessarily for the Federal Reserve.

The challenges you face both in shaping a budget for the coming year and in designing a longer-run strategy for fiscal policy were brought into sharp focus by the release last week of the Clinton Administration's final budget projections, which showed further upward revisions of on-budget surpluses for the next decade. The Congressional Budget Office (CBO) also is expected to again raise its projections when it issues its report next week.

The key factor driving the cumulative upward revisions in the budget picture in recent years has been the extraordinary pickup in the growth of labor productivity experienced in this country since the mid-1990s. Between the early 1970s and 1995, output per hour in the nonfarm business sector rose about 1½ percent per year, on average. Since 1995, however, productivity growth has accelerated markedly, about doubling the earlier pace, even after taking account of the impetus from cyclical forces. Though hardly definitive, the apparent sustained strength in measured productivity in the face of a pronounced slowing in the growth of aggregate demand during the second half of last year was an important test of the extent of the improvement in structural productivity. These most recent indications have added to the accumulating evidence that the apparent increases in the growth of output per hour are more than transitory.

It is these observations that appear to be causing economists, including those who contributed to the Office of Management and Budget (OMB) and the CBO budget projections, to raise their forecasts of the economy's long-term growth rates and budget surpluses. This increased optimism receives support from the forward-looking indicators of technical innovation and structural productivity growth, which have shown few signs of weakening despite the marked curtailment in recent months of capital investment plans for equipment and software.

To be sure, these impressive upward revisions to the growth of structural productivity and economic potential are based on inferences drawn from economic relationships that are different from anything we have considered in recent decades. The resulting budget projections, therefore, are necessarily subject to a relatively wide range of error. Reflecting the uncertainties of forecasting well into the future, neither the OMB nor the CBO projects productivity to continue to improve at the stepped-up pace of the past few years. Both expect productivity growth rates through the next decade to average roughly 2¼ to 2½ percent per year—far above the average pace from the early 1970s to the mid-1990s, but still below that of the past five years.

Had the innovations of recent decades, especially in information technologies, not come to fruition, productivity growth during the past five to seven years, arguably, would have continued to languish at the rate of the preceding twenty years. The sharp increase in prospective long-term rates of return on high-tech investments would not have emerged as it did in the early 1990s, and the associated surge in stock prices would surely have been largely absent. The accompanying wealth effect, so evidently critical to the growth of economic activity since the mid-1990s, would never have materialized.

In contrast, the experience of the past five to seven years has been truly without recent precedent. The doubling of the growth rate of output per hour has caused individuals' real taxable income to grow nearly two and one-half times as fast as it did over the preceding ten years and resulted in the substantial surplus of receipts over outlays that we are now experiencing. Not only did taxable income rise with the faster growth of gross domestic product, but the associated large increase in asset prices and capital gains created additional tax liabilities not directly related to income from current production.

The most recent projections from the OMB indicate that, if current policies remain in place, the total unified surplus will reach $800 billion in fiscal year 2011, including an on-budget surplus of $500 billion. The CBO reportedly will be showing even larger surpluses. Moreover, the admittedly quite uncertain long-term budget exercises released by the CBO last October maintain an implicit on-budget surplus under baseline assumptions well past 2030 despite the budgetary pressures from the aging of the baby-boom generation, especially on the major health programs.

The most recent projections, granted their tentativeness, nonetheless make clear that the highly desirable goal of paying off the federal debt is in reach before the end of the decade. This is in marked contrast to the perspective of a year ago when the elimination of the debt did not appear likely until the next decade.

But continuing to run surpluses beyond the point at which we reach zero or near-zero federal debt brings to center stage the critical longer-term fiscal policy issue of whether the federal government should accumulate large quantities of private (more technically, nonfederal) assets. At zero debt, the continuing unified budget surpluses currently projected imply a major accumulation of private assets by the federal government. This development should factor materially into the policies you and the Administration choose to pursue.

I believe, as I have noted in the past, that the federal government should eschew private asset accumulation because it would be exceptionally difficult to insulate the government's investment decisions from political pressures. Thus, over time, having the federal government hold significant amounts of private assets would risk sub-optimal performance by our capital markets, diminished economic efficiency, and lower overall standards of living than would be achieved otherwise.

Short of an extraordinarily rapid and highly undesirable short-term dissipation of unified surpluses or a transferring of assets to individual privatized accounts, it appears difficult to avoid at least some accumulation of private assets by the government.

Private asset accumulation may be forced upon us well short of reaching zero debt. Obviously, savings bonds and state and local government series bonds are not readily redeemable before maturity. But the more important issue is the potentially rising cost of retiring marketable Treasury debt. While shorter-term marketable securities could be allowed to run off as they mature, longer-term issues would have to be retired before maturity through debt buybacks. The magnitudes are large: As of January 1, for example, there was in excess of three quarters of a trillion dollars in outstanding nonmarketable securities, such as savings bonds and state and local series issues, and marketable securities (excluding those held by the Federal Reserve) that do not mature and could not be called before 2011. Some holders of long-term Treasury securities may be reluctant to give them up, especially those who highly value the risk-free status of those issues. Inducing such holders, including foreign holders, to willingly offer to sell their securities prior to maturity could require paying premiums that far exceed any realistic value of retiring the debt before maturity.

Decisions about what type of private assets to acquire and to which federal accounts they should be directed must be made well before the policy is actually implemented, which could occur in as little as five to seven years from now. These choices have important implications for the balance of saving and, hence, investment in our economy. For example, transferring government saving to individual private accounts as a means of avoiding the accumulation of private assets in the government accounts could significantly affect how social security will be funded in the future.

Short of some privatization, it would be preferable in my judgment to allocate the required private assets to the social security trust funds, rather than to on-budget accounts. To be sure, such trust fund investments are subject to the same concerns about political pressures as on-budget investments would be. The expectation that the retirement of the baby-boom generation will eventually require a drawdown of these fund balances does, however, provide some mitigation of these concerns.

Returning to the broader picture, I continue to believe, as I have testified previously, that all else being equal, a declining level of federal debt is desirable because it holds down long-term real interest rates, thereby lowering the cost of capital and elevating private investment. The rapid capital deepening that has occurred in the U.S. economy in recent years is a testament to these benefits. But the sequence of upward revisions to the budget surplus projections for several years now has reshaped the choices and opportunities before us. Indeed, in almost any credible baseline scenario, short of a major and prolonged economic contraction, the full benefits of debt reduction are now achieved before the end of this decade—a prospect that did not seem likely only a year or even six months ago.

The most recent data significantly raise the probability that sufficient resources will be available to undertake both debt reduction and surplus-lowering policy initiatives. Accordingly, the tradeoff faced earlier appears no longer an issue. The emerging key fiscal policy need is to address the implications of maintaining surpluses beyond the point at which publicly held debt is effectively eliminated.

The time has come, in my judgment, to consider a budgetary strategy that is consistent with a preemptive smoothing of the glide path to zero federal debt or, more realistically, to the level of federal debt that is an effective irreducible minimum. Certainly, we should make sure that social security surpluses are large enough to meet our long-term needs and seriously consider explicit mechanisms that will help ensure that outcome. Special care must be taken not to conclude that wraps on fiscal discipline are no longer necessary. At the same time, we must avoid a situation in which we come upon the level of irreducible debt so abruptly that the only alternative to the accumulation of private assets would be a sharp reduction in taxes and/or an increase in expenditures, because these actions might occur at a time when a sizable economic stimulus would be inappropriate. In other words, budget policy should strive to limit potential disruptions by making the on-budget surplus economically inconsequential when the debt is effectively paid off.

In general, as I have testified previously, if long-term fiscal stability is the criterion, it is far better, in my judgment, that the surpluses be lowered by tax reductions than by spending increases. The flurry of increases in outlays that occurred near the conclusion of last fall's budget deliberations is troubling because it makes the previous year's lack of discipline less likely to have been an aberration.

To be sure, with the burgeoning federal surpluses, fiscal policy has not yet been unduly compromised by such actions. But history illustrates the difficulty of keeping spending in check, especially in programs that are open-ended commitments, which too often have led to much larger outlays than initially envisioned. It is important to recognize that government expenditures are claims against real resources and that, while those claims may be unlimited, our capacity to meet them is ultimately constrained by the growth in productivity. Moreover, the greater the drain of resources from the private sector, arguably, the lower the growth potential of the economy. In contrast to most spending programs, tax reductions have downside limits. They cannot be open-ended.

Lately there has been much discussion of cutting taxes to confront the evident pronounced weakening in recent economic performance. Such tax initiatives, however, historically have proved difficult to implement in the time frame in which recessions have developed and ended. For example, although President Ford proposed in January of 1975 that withholding rates be reduced, this easiest of tax changes was not implemented until May, when the recession was officially over and the recovery was gathering force. Of course, had that recession lingered through the rest of 1975 and beyond, the tax cuts would certainly have been helpful. In today's context, in which tax reduction appears required in any event over the next several years to assist in forestalling the accumulation of private assets, starting that process sooner rather than later likely would help smooth the transition to longer-term fiscal balance. And should current economic weakness spread beyond what now appears likely, having a tax cut in place may, in fact, do noticeable good.

As for tax policy over the longer run, most economists believe that it should be directed at setting rates at the levels required to meet spending commitments, while doing so in a manner that minimizes distortions, increases efficiency, and enhances incentives for saving, investment, and work.

In recognition of the uncertainties in the economic and budget outlook, it is important that any long-term tax plan, or spending initiative for that matter, be phased in. Conceivably, it could include provisions that, in some way, would limit surplus-reducing actions if specified targets for the budget surplus and federal debt were not satisfied. Only if the probability was very low that prospective tax cuts or new outlay initiatives would send the on-budget accounts into deficit, would unconditional initiatives appear prudent.

The reason for caution, of course, rests on the tentativeness of our projections. What if, for example, the forces driving the surge in tax revenues in recent years begin to dissipate or reverse in ways that we do not now foresee? Indeed, we still do not have a full understanding of the exceptional strength in individual income tax receipts during the latter 1990s. To the extent that some of the surprise has been indirectly associated with the surge in asset values in the 1990s, the softness in equity prices over the past year has highlighted some of the risks going forward.

Indeed, the current economic weakness may reveal a less favorable relationship between tax receipts, income, and asset prices than has been assumed in recent projections. Until we receive full detail on the distribution by income of individual tax liabilities for 1999, 2000, and perhaps 2001, we are making little more than informed guesses of certain key relationships between income and tax receipts.

To be sure, unless later sources do reveal major changes in tax liability determination, receipts should be reasonably well-maintained in the near term, as the effects of earlier gains in asset values continue to feed through with a lag into tax liabilities. But the longer-run effects of movements in asset values are much more difficult to assess, and those uncertainties would intensify should equity prices remain significantly off their peaks. Of course, the uncertainties in the receipts outlook do seem less troubling in view of the cushion provided by the recent sizable upward revisions to the ten-year surplus projections. But the risk of adverse movements in receipts is still real, and the probability of dropping back into deficit as a consequence of imprudent fiscal policies is not negligible.

In the end, the outlook for federal budget surpluses rests fundamentally on expectations of longer-term trends in productivity, fashioned by judgments about the technologies that underlie these trends. Economists have long noted that the diffusion of technology starts slowly, accelerates, and then slows with maturity. But knowing where we now stand in that sequence is difficult—if not impossible—in real time. As the CBO and the OMB acknowledge, they have been cautious in their interpretation of recent productivity developments and in their assumptions going forward. That seems appropriate given the uncertainties that surround even these relatively moderate estimates for productivity growth. Faced with these uncertainties, it is crucial that we develop budgetary strategies that deal with any disappointments that could occur.

That said, as I have argued for some time, there is a distinct possibility that much of the development and diffusion of new technologies in the current wave of innovation still lies ahead, and we cannot rule out productivity growth rates greater than is assumed in the official budget projections. Obviously, if that turns out to be the case, the existing level of tax rates would have to be reduced to remain consistent with currently projected budget outlays.

The changes in the budget outlook over the past several years are truly remarkable. Little more than a decade ago, the Congress established budget controls that were considered successful because they were instrumental in squeezing the burgeoning budget deficit to tolerable dimensions. Nevertheless, despite the sharp curtailment of defense expenditures under way during those years, few believed that a surplus was anywhere on the horizon. And the notion that the rapidly mounting federal debt could be paid off would not have been taken seriously.

But let me end on a cautionary note. With today's euphoria surrounding the surpluses, it is not difficult to imagine the hard-earned fiscal restraint developed in recent years rapidly dissipating. We need to resist those policies that could readily resurrect the deficits of the past and the fiscal imbalances that followed in their wake. □

Announcements

FEDERAL OPEN MARKET COMMITTEE ACTIONS AND CHANGES IN THE DISCOUNT RATE

The Federal Open Market Committee decided on January 3, 2001, to lower its target for the federal funds rate by 50 basis points to 6 percent.

In a related action, the Board of Governors approved a 25 basis point decrease in the discount rate to 5¾ percent, the level requested by seven Reserve Banks. The Board also indicated that it stands ready to approve a further reduction of 25 basis points in the discount rate to 5½ percent on the requests of Federal Reserve Banks.

These actions were taken in light of further weakening of sales and production, and in the context of lower consumer confidence, tight conditions in some segments of financial markets, and high energy prices sapping household and business purchasing power. Moreover, inflation pressures remain contained. Nonetheless, to date there is little evidence to suggest that longer-term advances in technology and associated gains in productivity are abating.

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

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

Completing action initiated on January 3, 2001, the Board of Governors on January 4 approved a discount rate of 5½ percent, acting on requests submitted by the boards of directors of all twelve Reserve Banks.

On January 3, in conjunction with the Federal Open Market Committee's decision to lower the federal funds rate target by 50 basis points, the Board approved pending requests from Federal Reserve Banks to reduce the discount rate by 25 basis points, to 5¾ percent, and said that it would approve a further 25 basis point reduction once the Reserve Banks submitted requests.

The discount rate is the rate charged depository institutions when they borrow short-term adjustment credit from their District Federal Reserve Banks. The rate change was effective immediately except in the St. Louis District, where the rate became effective as of Friday, January 5, 2001.

The Federal Open Market Committee at its meeting on January 31, 2001, decided to lower its target for the federal funds rate by 50 basis points to 5½ percent. In a related action, the Board of Governors approved a 50 basis point reduction in the discount rate to 5 percent.

Consumer and business confidence has eroded further, exacerbated by rising energy costs that continue to drain consumer purchasing power and press on business profit margins. Partly as a consequence, retail sales and business spending on capital equipment have weakened appreciably. In response, manufacturing production has been cut back sharply, with new technologies appearing to have accelerated the response of production and demand to potential excesses in the stock of inventories and capital equipment.

Taken together, and with inflation contained, these circumstances have called for a rapid and forceful response of monetary policy. The longer-term advances in technology and accompanying gains in productivity, however, exhibit few signs of abating, and these gains, along with the lower interest rates, should support growth of the economy over time.

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

In taking the discount rate action, the Federal Reserve Board approved requests submitted by the boards of directors of the Federal Reserve Banks of New York, Philadelphia, Cleveland, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco. The Board subsequently approved similar requests submitted by the boards of directors of the Federal Reserve Banks of Boston and Richmond, effective January 31, and by the board of directors of the Federal Reserve Bank of Kansas City, effective February 1.

APPOINTMENTS OF NEW MEMBERS TO THE CONSUMER ADVISORY COUNCIL AND DESIGNATION OF A NEW CHAIR AND VICE CHAIR

The Federal Reserve Board named ten new members to its Consumer Advisory Council for three-year terms and designated a new Chair and Vice Chair of the Council for 2001.

The council advises the Board on the exercise of its responsibilities under the Consumer Credit Protection Act and on other matters in the area of consumer financial services. The council meets three times a year in Washington, D.C.

Lauren Anderson was designated chair; her term runs through December 2001. Ms. Anderson is executive director for Neighborhood Housing Services of New Orleans, Inc. in New Orleans, Louisiana. Previously, she was a project manager for the Department of Housing and Economic Development for Jersey City, New Jersey, and a staff attorney for the American Civil Liberties Union.

Dorothy Broadman was designated vice chair; her term on the Council ends in December 2002. Ms. Broadman is senior vice president of Cal Fed Bank, FSB, in San Francisco and is manager of the bank's Community Development Department. Previously, she held positions at Citibank and Wells Fargo.

The ten new members are the following:

Anthony S. Abbate
Saddlebrook, N.J.

Mr. Abbate is the president and chief executive officer of Interchange Bank. The bank has a diverse market and is currently involved in several affordable housing programs. He is a frequent speaker and author and has addressed staff motivation, the merger activity in the banking industry, and the importance of technology for small financial institutions. He has been active in community and banking organizations, including the Commerce and Industry Association, the Community Bankers Association of New Jersey, and the Independent Community Bankers of America and has received many awards and recognition for his years of community service.

Manuel Casanova, Jr.
Brownsville, Tex.

Mr. Casanova, a certified public accountant, has been executive vice president and director of International Bank of Commerce–Brownsville for six years. He is responsible for the lending, international, and compliance departments. Previously, he worked as a bank examiner for the Office of the Comptroller of the Currency. He is active in community and professional organizations and serves on the boards of the Community Development Corporation and the Brownsville Local Development Council. He is secretary and past chairman of the Greater Brownsville Multi-Bank CDFI and a regional vice chairman of the National Bankers Association.

Constance K. Chamberlin
Richmond, Va.

Ms. Chamberlin is president and chief executive officer of Housing Opportunities Made Equal of Richmond, Inc. She was a founding member and served as president of the National Fair Housing Alliance. She serves on the Subcommittee on Increasing Minority Homeownership of the Virginia Housing Study Commission (an arm of the Virginia General Assembly), and has been active in many other groups concerned with increasing access to housing, including the Virginia Homeownership Partnership Executive Committee and the Fair Housing Working Group of the U.S. Department of Housing and Urban Development. She is particularly knowledgeable about redlining, fair lending, and homeowners' insurance issues.

Earl Jarolimek
Fargo, N.D.

Since 1989, Mr. Jarolimek has been vice president and corporate compliance officer for Community First Bankshares. He is responsible for a comprehensive compliance program for all corporate affiliates. He has been active in the American Bankers Association, having served as chair of the Compliance Executive Committee, has been a past member of the Institute of Certified Bankers Advisory Board for Compliance Certification, and is a current member of the Advisory Board for the ABA National Compliance Schools. He has provided testimony for the Federal Reserve Board and for the U.S. Department of Housing and Urban Development related to the Truth in Lending Act and the Real Estate Settlement Procedures Act.

J. Patrick Liddy
Cincinnati, Ohio

Mr. Liddy is the vice president and director of compliance for Fifth Third Bancorp. Mr. Liddy is responsible for bank and trust compliance for the Ohio, Kentucky, Indiana, and Florida banks and for the Arizona thrift. He reconciles bank practices with numerous federal and differing state laws and regulations. Other areas of focus for Mr. Liddy are compliance training, consumer issues, and regulatory simplification. He is active in community organizations, such as the Cincinnati Area United Way and the Fine Arts Fund of Cincinnati.

Oscar Marquis
Park Ridge, Ill.

Mr. Marquis is counsel for the Privacy and Data Protection Group of the Hunton and Williams Law Firm. Previously, Mr. Marquis was vice president and general counsel of Trans Union for more than fifteen years. He was responsible for all legal, government, and public affairs matters.

He directed and managed all functions of the Law Division and was involved in all major company strategic and business decisions and business initiatives. Mr. Marquis is an expert in privacy, credit, and credit-reporting legislation and regulations. He has provided testimony before House and Senate committees and has represented the company on radio and television programs, including *Nightline*. He also speaks frequently to industry and consumer groups.

Nancy Pierce
Kansas City, Mo.

Ms. Pierce is the president and chief executive officer of the Mazuma Credit Union. She is knowledgeable about community reinvestment, consumer protection regulations, and financial services. She has served as chair and member of the board of the Missouri Credit Union League and as chairman of the board of the Credit Union National Association. Ms. Pierce has worked with the Kansas City Neighborhood Alliance, the Concerned Clergy Coalition, and others to promote and support financial literacy and greater access to credit for low- to moderate-income borrowers. This year she received the Credit Union's Herb Wegner Award for Individual Achievement.

Ronald A. Reiter
San Francisco, Calif.

Mr. Reiter is a supervising deputy attorney general in the California Department of Justice's Consumer Law Section. He is knowledgeable about federal and California consumer credit and protection legislation and regulations. He has drafted legislation protecting consumers, has litigated consumer protection cases, and has been a leader in developing procedures for defending foreclosure actions in California. Mr. Reiter has served as a member and chair of the State Bar of California's Consumer Advocacy and Consumer Financial Services Committees.

Elizabeth Renuart
Boston, Mass.

Since 1996, Ms. Renuart has been staff attorney for the National Consumer Law Center. She represents the interests of low-income consumers at trial, in the appeals courts, and before Congress. She has also authored reports and articles on consumer credit and has taught consumer law to legal services and private consumer attorneys. Based on her knowledge and understanding of credit laws and policies, Ms. Renuart is considered an expert in consumer-credit litigation. She has worked for legal service organizations since 1977.

Frank Torres, Jr.
Washington, D.C.

Mr. Torres is the legislative counsel in the Washington, D.C., office of Consumers Union. He is responsible for advocating for consumers before congressional agencies and the Federal Reserve Board on issues related to financial services. Mr. Torres's areas of expertise include access to financial services, privacy, subprime lending, electronic commerce, consumer credit, and mortgage lending policy. Previously, he served as the director of the Governor of Guam's Washington Liaison Office.

Council members whose terms continue through 2001 are the following:

Malcolm M. Bush
President
The Woodstock Institute
Chicago, Illinois

Mary Ellen Domeier
President
State Bank & Trust Company of New Ulm
New Ulm, Minnesota

John C. Gamboa
Executive Director
The Greenlining Institute
San Francisco, California

Willie Jones
Deputy Director
The Community Builders, Inc.
Boston, Massachusetts

Anne S. Li
Executive Director
New Jersey Community Loan Fund
Trenton, New Jersey

Marta Ramos
Vice President & CRA Officer
Banco Popular de Puerto Rico
San Juan, Puerto Rico

Gary S. Washington
Senior Vice President
ABN AMRO
Chicago, Illinois

Robert L. Wynn II
Financial Education Officer
Department of Financial Institutions
Madison, Wisconsin

Council members whose terms continue through 2002 are the following:

Teresa Bryce
General Counsel
Nexstar Financial Corporation
St. Louis, Missouri

Robert Cheadle
Chief Executive Officer
Indian Territory Development
Ada, Oklahoma

Lester Wm. Firstenberger
Deputy General Counsel
American General Finance
Evansville, Indiana

M. Dean Keyes
Senior Vice President
Firstar
St. Louis, Missouri

Jeremy Nowak
Chief Executive Officer
The Reinvestment Fund
Philadelphia, Pennsylvania

Russell Schrader
Senior Vice President and Assistant General Counsel
Visa U.S.A.
San Francisco, California

Interim Rule on Financial Activities

The Federal Reserve Board has published an interim rule defining three categories of activities listed in section 4(k)(5) of the Bank Holding Company Act as financial in nature or incidental to a financial activity. The interim rule also establishes a mechanism through which financial holding companies or other interested parties may request that the Board find, by order, that particular specific activities fall within one of the three categories.

The Board voted to approve the interim rule at its meeting on December 21, 2000, and it became effective on January 2, 2001.

GUIDANCE FOR FINANCIAL INSTITUTIONS ON ANTI-MONEY-LAUNDERING PROGRAMS

The Federal Reserve Board on January 16, 2001, disseminated guidance designed to assist financial institutions in applying enhanced scrutiny to transactions that may involve the proceeds of foreign official corruption.

The guidance was developed by a working group that includes the U.S. Department of the Treasury and the U.S. Department of State, the Board, and the other federal banking agencies. It is intended to build upon financial institutions' existing anti-money-laundering and due-diligence programs by providing suggested procedures for account opening and maintenance for persons known to be senior political figures, their immediate family, and close associates. It also contains a list of questionable or suspicious activities that often warrant closer scrutiny.

The guidance, distributed with a letter to Federal Reserve supervisors and to banking organizations, should be understood as a set of suggested sound practices that financial institutions are encouraged to use as they seek to deter money laundering and minimize legal risks and potential reputational damage.

Supervisory letters are the Federal Reserve's primary means of communicating key policy directives to its examiners, supervisory staff, and the banking industry. Supervisory letters can be viewed on the Board's web site at www.federalreserve.gov/boarddocs/srletters.

PRELIMINARY FIGURES AVAILABLE ON NET INCOME OF THE FEDERAL RESERVE BANKS FOR 2000

Preliminary figures indicate that the Federal Reserve Banks distributed approximately $25.3 billion of their $34.0 billion total income to the Treasury during 2000. In addition, $3.75 billion was transferred from surplus to the Treasury in May 2000, as required by statute.

Federal Reserve System income is derived primarily from interest earned on U.S. government securities that the Federal Reserve has acquired through open market operations. This income amounted to $32.7 billion. Additionally, revenues from fees for the provision of priced services to depository institutions totaled $881 million. The remaining income of $335 million includes earnings on foreign currencies, earnings from loans, and other income.

The operating expenses of the twelve Reserve Banks totaled $1.59 billion, including the System's pension cost credit. In addition, the cost of earnings credits granted to depository institutions under the Monetary Control Act of 1980 amounted to $389 million. Assessments against Reserve Banks for Board expenditures totaled $188 million, and the cost of currency amounted to $436 million.

Net deductions from income amounted to $1.49 billion, resulting primarily from unrealized losses on assets denominated in foreign currencies that were revalued to reflect current market exchange rates.

Total net income for the Federal Reserve Banks amounted to $29.9 billion. Under the Board's policy, all net income after the statutory dividend to member banks and the amount necessary to equate surplus to paid-in capital is transferred to the Treasury. The statutory dividends to member banks were $410 million.

FINAL RULE ON MERCHANT BANKING ACTIVITIES

The Board of Governors of the Federal Reserve System and the Secretary of the Treasury on January 10, 2001, approved a joint final rule governing the merchant banking activities of financial holding companies.

The rule, effective February 15, 2001, implements provisions of the Gramm–Leach–Bliley Act. The Board and the Secretary believe it permits a "two-way street" between securities firms and banking organizations, while, at the same time, giving effect to the statutory limitations and framework adopted by the Congress to help maintain the separation of banking and commerce and ensure the safety and soundness of depository institutions.

The final rule incorporates a number of amendments in response to public comments on the interim rule issued March 17, 2000. These changes include the following:

- Modifying the provisions defining when a financial holding company routinely manages or operates a portfolio company
- Eliminating the dollar-based threshold for the review of a financial holding company's merchant

banking activities and adopting a sunset provision for the remaining capital-based investment threshold

• Streamlining the rule's reporting and recordkeeping requirements

• Broadening the definition of "private equity funds" and clarifying the rule's application to such funds

• Modifying when transactions between insured depository institutions and portfolio companies are subject to sections 23A and 23B of the Federal Reserve Act

• Revising the restrictions that apply to merchant banking investments held beyond the permissible holding period

• Expanding the definition of "securities affiliate" to include a department or division of a bank registered as a municipal securities dealer.

Final Rule on Alternative to Rated Debt Requirement for Financial Subsidiaries

The Federal Reserve Board and the Secretary of the Treasury on January 19, 2001, announced their approval of a final rule establishing the alternative criteria that certain large banks may satisfy in order to control a financial subsidiary under the Gramm–Leach–Bliley Act.

Under the act, a national or state member bank ranked among the largest fifty insured banks may control a financial subsidiary only if the bank meets certain criteria, including having an issue of highly rated debt outstanding. The next fifty largest insured banks may control a financial subsidiary if they satisfy this debt-rating requirement or an alternative comparable requirement jointly established by the Treasury and the Federal Reserve Board. Under the final rule, a bank meets the alternative requirement if it has a current long-term issuer credit rating from a nationally recognized statistical rating organization that is within the three highest investment-grade categories used by the rating organization.

The final rule will become effective thirty days after publication in the *Federal Register*. It is substantively identical to an interim rule issued March 14, 2000.

Issuance of Guidance on Supervision of Subprime Lending

The federal banking regulatory agencies on January 31, 2001, issued expanded guidance intended to strengthen the examination and supervision of institutions with significant subprime lending programs.

The guidance, issued by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision, supplements previous subprime lending guidance issued on March 1, 1999. It principally applies to institutions with subprime lending programs that equal or exceed 25 percent of the institution's tier 1 regulatory capital.

For purposes of this guidance, "subprime lending" refers to programs that target borrowers with weakened credit histories typically characterized by payment delinquencies, previous charge-offs, judgments, or bankruptcies. Such programs may also target borrowers with questionable repayment capacity evidenced by low credit scores or high debt-burden ratios.

Major issues discussed in the guidance include the following:

• *Allowance for loan and lease losses (ALLL).* Analysis and documentation standards for the ALLL

• *Capital adequacy.* Factors to consider when determining the level of capital necessary to support subprime lending programs

• *Loan review and classification.* Guidelines for the review and classification of individual loans and portfolio segments during examinations

• *Cure programs.* Documentation requirements for re-aging, renewing, or extending delinquent subprime accounts

• *Predatory lending.* Identification of potentially abusive lending practices subject to examiner criticism.

The agencies recognize that responsible subprime lending can expand credit access for consumers and offer institutions the opportunity to earn attractive returns. However, institutions are expected to recognize both the elevated risk levels posed by participation in subprime lending programs and the enhanced risk-management standards needed to successfully engage in this activity.

Although this guidance is intended primarily to assist examiners in their evaluation of subprime lending programs, the agencies are also distributing it to banks and thrift institutions so that they are fully aware of supervisory expectations regarding risk-management processes, allowance for loan-loss levels, and capital adequacy for institutions engaging in such programs.

Adoption of Guidelines for Customer Information Security

The federal bank and thrift regulatory agencies have sent to the *Federal Register* joint guidelines for safeguarding confidential customer information. The guidelines implement section 501(b) of the Gramm–Leach–Bliley Act (GLBA) and will be effective on July 1, 2001.

The GLBA requires the agencies to establish standards for financial institutions relating to administrative, technical, and physical safeguards for customer records and information. These safeguards are to ensure the security and confidentiality of customer records and information, protect against any anticipated threats or hazards to the security or integrity of these records, and protect against unauthorized access to or use of these records or information that would result in substantial harm or inconvenience to a customer.

The guidelines require financial institutions to establish an information security program to (1) identify and assess the risks that may threaten customer information; (2) develop a written plan containing policies and procedures to manage and control these risks; (3) implement and test the plan; and (4) adjust the plan on a continuing basis to account for changes in technology, the sensitivity of customer information, and internal or external threats to information security. Each institution may implement a security program appropriate to its size and complexity and the nature and scope of its operations.

The guidelines outline specific security measures that institutions should consider in implementing a security program. A financial institution must adopt those security measures determined to be appropriate.

The guidelines also outline responsibilities of directors of financial institutions in overseeing the protection of customer information. The board of directors should oversee an institution's efforts to develop, implement, and maintain an effective information security program and approve written information security policies and programs.

The guidelines require financial institutions to oversee their service provider arrangements in order to protect the security of customer information maintained or processed by service providers. Each institution must exercise due diligence in selecting its service providers and require its service providers by contract to implement security measures that safeguard customer information. When indicated by an institution's risk assessment, the institution must also monitor its service providers by reviewing audits, summaries of test results, or other equivalent evaluation of its service providers, to confirm that they have satisfied their contractual obligations.

Report on Feasibility of Mandatory Subordinated Debt

The Board of Governors of the Federal Reserve System and the Secretary of the Treasury found that subordinated debt issuance by large depository institution organizations may encourage market discipline and generate other supervisory benefits. A joint report released on January 12, 2001, also indicated that the Board and the Treasury's Office of the Comptroller of the Currency and Office of Thrift Supervision (agencies) will consider ways to enhance their use of voluntarily issued subordinated debt in supervisory monitoring. The Board and the Secretary, however, chose not to recommend that the Congress make subordinated debt issuance mandatory at this time.

The report to the Congress, required by the Gramm–Leach–Bliley Act, called for continued research and, most important, continued evaluation of financial institution supervisors' experience in using information derived from voluntarily issued subordinated debt. Virtually all of the largest banking organizations already issue subordinated debt. The agencies monitor subordinated debt yields and issuance patterns in evaluating the condition of large depository institution organizations.

The study found that existing evidence supports the use of subordinated debt to encourage market discipline. But it said that the net benefits of a mandatory policy are not clear enough to justify such a policy. Going forward, if additional evidence suggests that requiring institutions to issue subordinated debt is appropriate, either the Board or the Secretary may recommend legislation.

Copies of the report, *The Feasibility and Desirability of Mandatory Subordinated Debt*, are available on the web sites of the Board, www.federalreserve.gov/boarddocs/RptCongress/, and the Treasury Department, www.ustreas.gov.

Recommendations of Working Group on Public Disclosure

A private-sector working group on January 11, 2001, recommended enhanced and more frequent public disclosure of financial information by banking and securities organizations.

Market risk information previously disclosed annually should be disclosed quarterly, and the content of these disclosures should be improved, the group said. Additional credit risk information on wholesale credit exposures should also be made available quarterly, it said.

The Working Group on Public Disclosure, established in April 2000 by the Board of Governors of the Federal Reserve System, was chaired by Walter V. Shipley, retired chairman of Chase Manhattan Bank. He delivered the group's findings in a letter to Board member Laurence H. Meyer. Copies were provided to the Comptroller of the Currency John D. Hawke, Jr., and Securities and Exchange Commission Chairman Arthur Levitt, Jr. The OCC and SEC participated with the Board in support of the effort.

In addition to calling for more frequent public disclosure, the working group said that financial information should be disclosed based on a firm's internal methodologies and exposure categories. It said that quantitative information on a firm's risk exposure should be balanced with qualitative information describing its risk-management process. Public disclosures should vary among institutions to reflect legitimate differences in internal management processes, and disclosure practices should change in step with innovations in firms' risk-management and measurement practices, the group said.

Mr. Shipley, in the letter to Governor Meyer, said that the outcome of the group's deliberations "creates a common platform to move ahead with suitable steps towards enhanced public disclosure."

Governor Meyer, Comptroller Hawke, and Chairman Levitt, in their reply, said, "We . . . think that your recommendation for disclosure of credit risk based on banks' internal ratings is especially useful."

"We hope that the working group's work encourages all large banks and securities firms to adopt enhanced practices for public disclosure," they wrote.

"We look forward to continued discussion with market participants about public disclosure. In particular, we thank the members of the group for their offer to participate in future advisory efforts."

The members of the working group, in addition to Mr. Shipley, were the following: Clemens Boersig, Deutsche Bank AG, Frankfurt, Germany; Patrick de Saint-Aignan, Morgan Stanley Dean Witter, New York; Dina Dublon, J.P. Morgan Chase & Co., New York; Douglas Flint, HSBC Holdings PLC, London; James Hance, Bank of America Corp., Charlotte, N.C.; Ross Kari, Wells Fargo Corp., San Francisco; Thomas H. Patrick, Merrill Lynch and Co., New York; Marcel Rohner, UBS AG, Zurich, Switzerland; Charles W. Scharf, Bank One Corporation, Chicago; Todd S. Thomson, Citigroup, New York; and Barry L. Zubrow, Goldman Sachs and Co., New York.

Basel Committee Proposal to Amend Capital Adequacy Framework: Request for Comments and Release of an Interagency Summary

The federal bank regulatory agencies will accept public comments on a major proposal by the Basel Committee on Banking Supervision to amend the 1988 international capital adequacy framework. The full document is available on the web site of the Bank for International Settlements at www.bis.org. Comments are requested on the proposal by May 31, 2001, and may be sent to the U.S. banking agencies and to the Basel Committee.

Although the 1988 Capital Accord was applied to all banks in the United States, it has not been determined how broadly the new approach will be applied, particularly given the many complex elements that may not be needed for smaller, less complex institutions. The U.S. banking agencies recently issued an advance notice of proposed rulemaking for noncomplex institutions ("Simplified Capital Framework for Non-Complex Institutions," published November 3, 2000). Comments received on that proposal (due by February 1, 2001) will be considered in determining whether to apply the new approach to all banks.

The Federal Reserve Board on January 23, 2001, released an interagency summary of the Basel Committee on Banking Supervision's consultative proposal issued to the public on January 16, 2001. Attached to the summary is a set of discussion issues. Respondents to the Basel Committee proposal are encouraged to review and provide comments on the entire range of topics covered in the proposal and to take particular notice of the issues highlighted in the U.S. agencies' release. The summary and questions are available on the web sites of the Office of the Comptroller of the Currency (www.occ.treas.gov), the Federal Reserve Board of Governors (www.federalreserve.gov), and the Federal Deposit Insurance Corporation (www.fdic.gov).

Revised Capital Proposal for Nonfinancial Equity Investments

The Federal Reserve Board and the Office of the Comptroller of the Currency on January 18, 2001, announced proposed new rules governing the regulatory capital treatment for equity investments in nonfinancial companies held by banks, bank holding companies, and financial holding companies.

The new proposed capital treatment, revised in response to public comment and in consultation with the Treasury Department and other federal banking agencies, represents a significant modification of a proposal made by the Federal Reserve Board in March 2000. The Federal Deposit Insurance Corporation has announced that it will consider the new proposal Friday.

The new proposal would apply symmetrically to banks and their holding companies and would apply to equity investments made under the new merchant banking authority granted by the Gramm–Leach–Bliley Act and to equity investments in nonfinancial companies made under other specifically identified legal authorities.

The new proposal generally would impose a capital charge that would increase in steps as the banking organization's level of concentration in equity investments increased. An 8 percent tier 1 capital deduction would apply on covered investments that in the aggregate represent up to 15 percent of an organization's tier 1 capital. A top marginal charge of 25 percent would be set for covered investments that aggregate more than 25 percent of the organization's tier 1 capital.

Equity investments through small business investment companies would be exempt from these new capital deduction requirements and would continue to be subject to the same capital requirements that currently apply, unless the value of those investments exceeds 15 percent of the bank's tier 1 capital. Grandfathered investments under section 24(f) of the Federal Deposit Insurance Act would also be exempt under the new proposal.

Under the new proposal, the agencies also would heighten their monitoring of banking organizations as the level of concentration in equity investment increases.

The agencies intend to request public comment within sixty days after publication in the *Federal Register*.

ENFORCEMENT ACTIONS

The Federal Reserve Board on January 12, 2001, announced the execution of a written agreement by and between Maryland Permanent Capital Corporation, Owings Mills, Maryland, and the Federal Reserve Bank of Richmond.

The Federal Reserve Board on January 18, 2001, announced the execution of a written agreement by and among the Bank of Greenville, Greenville, West Virginia, the Federal Reserve Bank of Richmond, and the West Virginia Division of Banking.

The Federal Reserve Board on January 31, 2001, announced the execution of a written agreement by and among the New Century Bank, Southfield, Michigan, the Federal Reserve Bank of Chicago, and the Office of Financial and Insurance Services, Lansing, Michigan.

The Federal Reserve Board on January 31, 2001, announced the execution of a written agreement by and between the Valley Independent Bank, El Centro, California, and the Federal Reserve Bank of San Francisco. □

Legal Developments

Final Rule—Amendment to Regulation A

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

The amendments to Part 201 (Regulation A) were effective January 4, 2001. The rate changes for adjustment credit were effective on the dates specified below:

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

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

Authority: 12 U.S.C. 343 *et seq.*, 347a, 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*[1]
Boston	5.5	January 4, 2001
New York	5.5	January 4, 2001
Philadelphia	5.5	January 4, 2001
Cleveland	5.5	January 4, 2001
Richmond	5.5	January 4, 2001
Atlanta	5.5	January 4, 2001
Chicago	5.5	January 4, 2001
St. Louis	5.5	January 5, 2001
Minneapolis	5.5	January 4, 2001
Kansas City	5.5	January 4, 2001
Dallas	5.5	January 4, 2001
San Francisco	5.5	January 4, 2001

Final Rule—Amendment to Regulation H

The Board of Governors is amending 12 C.F.R. Part 208, its Regulation H (Membership of State Banking Institutions in the Federal Reserve System). Section 121 of the Gramm-Leach-Bliley Act (GLBA) permits a national bank or state member bank that is among the second 50 largest insured banks to own or control a financial subsidiary only if the bank meets either the eligible debt requirement set forth in section 121 of the Act or alternative criteria established jointly by the Board and Treasury. On March 14, 2000, the Board and Treasury adopted and requested public comment on an interim rule establishing this alternative criteria. The interim rule provided that a national or state member bank meets the alternative criteria if the bank has a current long-term issuer credit rating from a nationally recognized statistical rating organization that is within the three highest investment grade rating categories used by the organization. After reviewing public comments, the Board and Treasury are adopting a final rule that is substantively identical to the interim rule.

Effective March 5, 2001, 12 C.F.R. Part 208 is amended as follows:

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

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

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

2. Section 208.71(c) is revised to read as follows:

Section 208.71—What are the requirements to invest in or control a financial subsidiary?

* * * * *

(c) *Alternative Requirement.* A state member bank satisfies the alternative criteria referenced in paragraph (b)(1)(ii) of this section if the bank has a current long-term issuer credit rating from at least one nationally recognized statistical rating organization that is within the three highest investment grade rating categories used by the organization.

1. On January 3, 2001, the rate for adjustment credit was 5.75 percent for the following Federal Reserve Banks: New York, Cleveland, Atlanta, Kansas City, Dallas, and San Francisco. On January 4, the rate for adjustment credit was 5.75 percent for the Federal Reserve Bank of St. Louis.

3. Section 208.77(e) is revised to read as follows:

Section 208.77—Definitions.

* * * * *

(e) *Long-term Issuer Credit Rating.* The term "long-term issuer credit rating" means a written opinion issued by a nationally recognized statistical rating organization of the bank's overall capacity and willingness to pay on a timely basis its unsecured, dollar-denominated financial obligations maturing in not less than one year.

JOINT FINAL RULE—AMENDMENT TO REGULATION Y

The Board of Governors of the Federal Reserve System and the Secretary of the Treasury jointly adopt this final rule governing merchant banking investments made by financial holding companies. The rule implements provisions of the Gramm-Leach-Bliley Act that permit financial holding companies to make investments as part of a bona fide securities underwriting or merchant or investment banking activity. The Board and the Secretary have incorporated a number of amendments to the final rule to address issues raised by public commenters, to reduce potential regulatory burdens, and to clarify the application of the rule. These changes include expanding the definition of "securities affiliate" to include a department or division of a bank registered as a municipal securities dealer; modifying the provisions defining prohibited routine management and operation of portfolio companies; adopting a sunset provision for the investment thresholds under the interim rule and eliminating the dollar-based threshold for the review of a financial holding company's merchant banking activities; streamlining the rule's reporting and recordkeeping requirements; broadening the definition of "private equity" funds and clarifying the rule's application to such funds; and adopting several safe-harbors to the presumptions in the rule governing the definition of affiliate for purposes of sections 23A and 23B of the Federal Reserve Act.

Effective February 15, 2001, 12 C.F.R. Part 225 is amended as follows:

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

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

Authority: 12 U.S.C. 1817(j)(13), 1818, 1828(o), 1831i, 1831p-1, 1843(c)(8), 1843(k), 1844(b), 1972(l), 2903, 2905, 3106, 3108, 3310, 3331-3351, 3907, and 3909.

2. Section 225.1(c)(10) is revised to read as follows:

Section 225.1—Authority, purpose, and scope.

* * * * *

(c) * * *

(10) *Subpart J* governs the conduct of merchant banking investment activities by financial holding companies as permitted under section 4(k)(4)(H) of the Bank Holding Company Act (12 U.S.C. 1843(k)(4)(H)).

* * * * *

3. Subpart J is revised to read as follows:

Subpart J—Merchant Banking Investments

Subpart J—Merchant Banking Investments

Section 225.170—What type of investments are permitted by this subpart, and under what conditions may they be made?

(a) *What types of investments are permitted by this subpart?* Section 4(k)(4)(H) of the Bank Holding Company Act (12 U.S.C. 1843(k)(4)(H)) and this subpart authorize a financial holding company, directly or indirectly and as principal or on behalf of one or more persons, to acquire or control any amount of shares, assets or ownership interests of a company or other entity that is engaged in any activity not otherwise authorized for the financial holding company under section 4 of the Bank Holding Company Act. For purposes of this subpart, shares, assets or ownership interests acquired or controlled under section 4(k)(4)(H) and this subpart are referred to as "merchant banking investments." A financial holding company may not directly or indirectly acquire or control any merchant banking investment except in compliance with the requirements of this subpart.

(b) *Must the investment be a bona fide merchant banking investment?* The acquisition or control of shares, assets or ownership interests under this subpart is not permitted unless it is part of a bona fide underwriting or merchant or investment banking activity.
(c) *What types of ownership interests may be acquired?* Shares, assets or ownership interests of a company or other entity include any debt or equity security, warrant, option, partnership interest, trust certificate or other instrument representing an ownership interest in the company or entity, whether voting or nonvoting.
(d) *Where in a financial holding company may merchant banking investments be made?* A financial holding company and any subsidiary (other than a depository institution or subsidiary of a depository institution) may acquire or control merchant banking investments. A financial holding company and its subsidiaries may not acquire or control merchant banking investments on behalf of a depository institution or subsidiary of a depository institution.
(e) *May assets other than shares be held directly?* A financial holding company may not under this subpart acquire or control assets, other than debt or equity securities or other ownership interests in a company, unless:
(1) The assets are held by or promptly transferred to a portfolio company;
(2) The portfolio company maintains policies, books and records, accounts, and other *indicia* of corporate, partnership or limited liability organization and operation that are separate from the financial holding company and limit the legal liability of the financial holding company for obligations of the portfolio company; and
(3) The portfolio company has management that is separate from the financial holding company to the extent required by section 225.171.
(f) *What type of affiliate is required for a financial holding company to make merchant banking investments?* A financial holding company may not acquire or control merchant banking investments under this subpart unless the financial holding company qualifies under at least one of the following paragraphs:
(1) *Securities affiliate.* The financial holding company is or has an affiliate that is registered under the Securities Exchange Act of 1934 (15 U.S.C. 78c, 78o, 78o-4) as:
(i) A broker or dealer; or
(ii) A municipal securities dealer, including a separately identifiable department or division of a bank that is registered as a municipal securities dealer.
(2) *Insurance affiliate with an investment adviser affiliate.* The financial holding company controls:
(i) An insurance company that is predominantly engaged in underwriting life, accident and health, or property and casualty insurance (other than credit-related insurance), or providing and issuing annuities; and
(ii) A company that:
(A) Is registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 *et seq.*); and
(B) Provides investment advice to an insurance company.

Section 225.171—What are the limitations on managing or operating a portfolio company held as a merchant banking investment?

(a) *May a financial holding company routinely manage or operate a portfolio company?* Except as permitted in paragraph (e) of this section, a financial holding company may not routinely manage or operate any portfolio company.
(b) *When does a financial holding company routinely manage or operate a company?*
(1) *Examples of routine management or operation.-*
(i) *Executive officer interlocks at the portfolio company.* A financial holding company routinely manages or operates a portfolio company if any director, officer or employee of the financial holding company serves as or has the responsibilities of an executive officer of the portfolio company.
(ii) *Interlocks by executive officers of the financial holding company.*
(A) *Prohibition.* A financial holding company routinely manages or operates a portfolio company if any executive officer of the financial holding company serves as or has the responsibilities of an officer or employee of the portfolio company.
(B) *Definition.* For purposes of paragraph (b)(1)(ii)(A) of this section, the term "financial holding company" includes the financial holding company and only the following subsidiaries of the financial holding company:
(1) A securities broker or dealer registered under the Securities Exchange Act of 1934;
(2) A depository institution;
(3) An affiliate that engages in merchant banking activities under this subpart or insurance company investment activities under section 4(k)(4)(I) of the Bank Holding Company Act (12 U.S.C. 1843(k)(4)(I));
(4) A small business investment company (as defined in section 302(b) of the Small Business Investment Act of 1958 (15 U.S.C. 682(b)) controlled by the financial holding company or by any depository institution controlled by the financial holding company; and
(5) Any other affiliate that engages in significant equity investment activities that are subject to a special capital charge under the capital adequacy rules or guidelines of the Board.
(iii) *Covenants regarding ordinary course of business.* A financial holding company routinely manages or operates a portfolio company if

any covenant or other contractual arrangement exists between the financial holding company and the portfolio company that would restrict the portfolio company's ability to make routine business decisions, such as entering into transactions in the ordinary course of business or hiring officers or employees other than executive officers.

(2) *Presumptions of routine management or operation.* A financial holding company is presumed to routinely manage or operate a portfolio company if:

(i) Any director, officer, or employee of the financial holding company serves as or has the responsibilities of an officer (other than an executive officer) or employee of the portfolio company; or

(ii) Any officer or employee of the portfolio company is supervised by any director, officer, or employee of the financial holding company (other than in that individual's capacity as a director of the portfolio company).

(c) *How may a financial holding company rebut a presumption that it is routinely managing or operating a portfolio company?* A financial holding company may rebut a presumption that it is routinely managing or operating a portfolio company under paragraph (b)(2) of this section by presenting information to the Board demonstrating to the Board's satisfaction that the financial holding company is not routinely managing or operating the portfolio company.

(d) *What arrangements do not involve routinely managing or operating a portfolio company?*

(1) *Director representation at portfolio companies.* A financial holding company may select any or all of the directors of a portfolio company or have one or more of its directors, officers, or employees serve as directors of a portfolio company if:

(i) The portfolio company employs officers and employees responsible for routinely managing and operating the company; and

(ii) The financial holding company does not routinely manage or operate the portfolio company, except as permitted in paragraph (e) of this section.

(2) *Covenants or other provisions regarding extraordinary events.* A financial holding company may, by virtue of covenants or other written agreements with a portfolio company, restrict the ability of the portfolio company, or require the portfolio company to consult with or obtain the approval of the financial holding company, to take actions outside of the ordinary course of the business of the portfolio company. Examples of the types of actions that may be subject to these types of covenants or agreements include, but are not limited to, the following:

(i) The acquisition of significant assets or control of another company by the portfolio company or any of its subsidiaries;

(ii) Removal or selection of an independent accountant or auditor or investment banker by the portfolio company;

(iii) Significant changes to the business plan or accounting methods or policies of the portfolio company;

(iv) Removal or replacement of any or all of the executive officers of the portfolio company;

(v) The redemption, authorization or issuance of any equity or debt securities (including options, warrants or convertible shares) of the portfolio company or any borrowing by the portfolio company outside of the ordinary course of business;

(vi) The amendment of the articles of incorporation or by-laws (or similar governing documents) of the portfolio company; and

(vii) The sale, merger, consolidation, spin-off, recapitalization, liquidation, dissolution or sale of substantially all of the assets of the portfolio company or any of its significant subsidiaries.

(3) *Providing advisory and underwriting services to, and having consultations with, a portfolio company.* A financial holding company may:

(i) Provide financial, investment and management consulting advice to a portfolio company in a manner consistent with and subject to any restrictions on such activities contained in sections 225.28(b)(6) or 225.86(b)(1) of this part (12 C.F.R. 225.28(b)(6) and 225.86(b)(1));

(ii) Provide assistance to a portfolio company in connection with the underwriting or private placement of its securities, including acting as the underwriter or placement agent for such securities; and

(iii) Meet with the officers or employees of a portfolio company to monitor or provide advice with respect to the portfolio company's performance or activities.

(e) *When may a financial holding company routinely manage or operate a portfolio company?*

(1) *Special circumstances required.* A financial holding company may routinely manage or operate a portfolio company only when intervention by the financial holding company is necessary or required to obtain a reasonable return on the financial holding company's investment in the portfolio company upon resale or other disposition of the investment, such as to avoid or address a significant operating loss or in connection with a loss of senior management at the portfolio company.

(2) *Duration limited.* A financial holding company may routinely manage or operate a portfolio company only for the period of time as may be necessary to address the cause of the financial holding company's involvement, to obtain suitable alternative management arrangements, to dispose of the investment, or to otherwise obtain a reasonable

return upon the resale or disposition of the investment.

(3) *Notice required for extended involvement.* A financial holding company may not routinely manage or operate a portfolio company for a period greater than nine months without prior written notice to the Board.

(4) *Documentation required.* A financial holding company must maintain and make available to the Board upon request a written record describing its involvement in routinely managing or operating a portfolio company.

(f) *May a depository institution or its subsidiary routinely manage or operate a portfolio company?*

(1) *In general.* A depository institution and a subsidiary of a depository institution may not routinely manage or operate a portfolio company in which an affiliated company owns or controls an interest under this subpart.

(2) *Definition applying provisions governing routine management or operation.* For purposes of this section other than paragraph (e) and for purposes of section 225.173(d), a financial holding company includes a depository institution controlled by the financial holding company and a subsidiary of such a depository institution.

(3) *Exception for certain subsidiaries of depository institutions.* For purposes of paragraph (e) of this section, a financial holding company includes a financial subsidiary held in accordance with section 5136A of the Revised Statutes (12 U.S.C. 24a) or section 46 of the Federal Deposit Insurance Act (12 U.S.C. 1831w), and a subsidiary that is a small business investment company and that is held in accordance with the Small Business Investment Act (15 U.S.C. 661 *et seq.*), and such a subsidiary may, in accordance with the limitations set forth in this section, routinely manage or operate a portfolio company in which an affiliated company owns or controls an interest under this subpart.

Section 225.172—What are the holding periods permitted for merchant banking investments?

(a) *Must investments be made for resale?* A financial holding company may own or control shares, assets and ownership interests pursuant to this subpart only for a period of time to enable the sale or disposition thereof on a reasonable basis consistent with the financial viability of the financial holding company's merchant banking investment activities.

(b) *What period of time is generally permitted for holding merchant banking investments?*

(1) *In general.* Except as provided in this section or section 225.173, a financial holding company may not, directly or indirectly, own, control or hold any share, asset or ownership interest pursuant to this subpart for a period that exceeds ten years.

(2) *Ownership interests acquired from or transferred to companies held under this subpart.* For purposes of paragraph (b)(1) of this section, shares, assets or ownership interests:

(i) Acquired by a financial holding company from a company in which the financial holding company held an interest under this subpart will be considered to have been acquired by the financial holding company on the date that the share, asset or ownership interest was acquired by the company; and

(ii) Acquired by a company from a financial holding company will be considered to have been acquired by the company on the date that the share, asset or ownership interest was acquired by the financial holding company if-

(A) The financial holding company held the share, asset, or ownership interest under this subpart; and

(B) The financial holding company holds an interest in the acquiring company under this subpart.

(3) *Interests previously held by a financial holding company under limited authority.* For purposes of paragraph (b)(1) of this section, any shares, assets, or ownership interests previously owned or controlled, directly or indirectly, by a financial holding company under any other provision of the Federal banking laws that imposes a limited holding period will if acquired under this subpart be considered to have been acquired by the financial holding company under this subpart on the date the financial holding company first acquired ownership or control of the shares, assets or ownership interests under such other provision of law. For purposes of this paragraph (b)(3), a financial holding company includes a depository institution controlled by the financial holding company and any subsidiary of such a depository institution.

(4) *Approval required to hold interests held in excess of time limit.* A financial holding company may seek Board approval to own, control or hold shares, assets or ownership interests of a company under this subpart for a period that exceeds the period specified in paragraph (b)(1) of this section. A request for approval must:

(i) Be submitted to the Board at least 90 days prior to the expiration of the applicable time period;

(ii) Provide the reasons for the request, including information that addresses the factors in paragraph (b)(5) of this section; and

(iii) Explain the financial holding company's plan for divesting the shares, assets or ownership interests.

(5) *Factors governing Board determinations.* In reviewing any proposal under paragraph (b)(4) of this section, the Board may consider all the facts and circumstances related to the investment, including:

(i) The cost to the financial holding company of disposing of the investment within the applicable period;
(ii) The total exposure of the financial holding company to the company and the risks that disposing of the investment may pose to the financial holding company;
(iii) Market conditions;
(iv) The nature of the portfolio company's business;
(v) The extent and history of involvement by the financial holding company in the management and operations of the company; and
(vi) The average holding period of the financial holding company's merchant banking investments.

(6) *Restrictions applicable to investments held beyond time period.* A financial holding company that directly or indirectly owns, controls or holds any share, asset or ownership interest of a company under this subpart for a total period that exceeds the period specified in paragraph (b)(1) of this section must:
(i) For purposes of determining the financial holding company's regulatory capital, apply to the financial holding company's adjusted carrying value of such shares, assets, or ownership interests a capital charge determined by the Board that must be:
(A) Higher than the maximum marginal Tier 1 capital charge applicable under the Board's capital adequacy rules or guidelines (*see* 12 C.F.R. 225 Appendix A) to merchant banking investments held by that financial holding company; and
(B) In no event less than 25 percent of the adjusted carrying value of the investment; and
(ii) Abide by any other restrictions that the Board may impose in connection with granting approval under paragraph (b)(4) of this section.

Section 225.173—How are investments in private equity funds treated under this subpart?

(a) *What is a private equity fund?* For purposes of this subpart, a "private equity fund" is any company that:
(1) Is formed for the purpose of and is engaged exclusively in the business of investing in shares, assets, and ownership interests of financial and nonfinancial companies for resale or other disposition;
(2) Is not an operating company;
(3) No more than 25 percent of the total equity of which is held, owned or controlled, directly or indirectly, by the financial holding company and its directors, officers, employees and principal shareholders;
(4) Has a maximum term of not more than 15 years; and
(5) Is not formed or operated for the purpose of making investments inconsistent with the authority granted under section 4(k)(4)(H) of the Bank Holding Company Act (12 U.S.C. 1843(k)(4)(H)) or evading the limitations governing merchant banking investments contained in this subpart.

(b) *What form may a private equity fund take?* A private equity fund may be a corporation, partnership, limited liability company or other type of company that issues ownership interests in any form.

(c) *What is the holding period permitted for interests in private equity funds?*
(1) *In general.* A financial holding company may own, control or hold any interest in a private equity fund under this subpart and any interest in a portfolio company that is owned or controlled by a private equity fund in which the financial holding company owns or controls any interest under this subpart for the duration of the fund, up to a maximum of 15 years.
(2) *Request to hold interest for longer period.* A financial holding company may seek Board approval to own, control or hold an interest in or held through a private equity fund for a period longer than the duration of the fund in accordance with section 225.172(b) of this subpart.
(3) *Application of rules.* The rules described in section 225.172(b)(2) and (3) governing holding periods of interests acquired, transferred or previously held by a financial holding company apply to interests in, held through, or acquired from a private equity fund.

(d) *How do the restrictions on routine management and operation apply to private equity funds and investments held through a private equity fund?*
(1) *Portfolio companies held through a private equity fund.* A financial holding company may not routinely manage or operate a portfolio company that is owned or controlled by a private equity fund in which the financial holding company owns or controls any interest under this subpart, except as permitted under section 225.171(e).
(2) *Private equity funds controlled by a financial holding company.* A private equity fund that is controlled by a financial holding company may not routinely manage or operate a portfolio company, except as permitted under section 225.171(e).
(3) *Private equity funds that are not controlled by a financial holding company.* A private equity fund may routinely manage or operate a portfolio company so long as no financial holding company controls the private equity fund or as permitted under section 225.171(e).
(4) *When does a financial holding company control a private equity fund?* A financial holding company controls a private equity fund for purposes of this subpart if the financial holding company, including any director, officer, employee or principal shareholder of the financial holding company:

(i) Serves as a general partner, managing member, or trustee of the private equity fund (or serves in a similar role with respect to the private equity fund);
(ii) Owns or controls 25 percent or more of any class of voting shares or similar interests in the private equity fund;
(iii) In any manner selects, controls or constitutes a majority of the directors, trustees or management of the private equity fund; or
(iv) Owns or controls more than 5 percent of any class of voting shares or similar interests in the private equity fund and is the investment adviser to the fund.

Section 225.174—What aggregate thresholds apply to merchant banking investments?

(a) *In general.* A financial holding company may not, without Board approval, directly or indirectly acquire any additional shares, assets or ownership interests under this subpart or make any additional capital contribution to any company the shares, assets or ownership interests of which are held by the financial holding company under this subpart if the aggregate carrying value of all merchant banking investments held by the financial holding company under this subpart exceeds:

(1) 30 percent of the Tier 1 capital of the financial holding company; or
(2) After excluding interests in private equity funds, 20 percent of the Tier 1 capital of the financial holding company.

(b) *How do these thresholds apply to a private equity fund?* Paragraph (a) of this section applies to the interest acquired or controlled by the financial holding company under this subpart in a private equity fund. Paragraph (a) of this section does not apply to any interest in a company held by a private equity fund or to any interest held by a person that is not affiliated with the financial holding company.

(c) *How long do these thresholds remain in effect?* This section 225.174 shall cease to be effective on the date that a final rule issued by the Board that specifically addresses the appropriate regulatory capital treatment of merchant banking investments becomes effective.

Section 225.175—What risk management, record keeping and reporting policies are required to make merchant banking investments?

(a) *What internal controls and records are necessary?*

(1) *General.* A financial holding company, including a private equity fund controlled by a financial holding company, that makes investments under this subpart must establish and maintain policies, procedures, records and systems reasonably designed to conduct, monitor and manage such investment activities and the risks associated with such investment activities in a safe and sound manner, including policies, procedures, records and systems reasonably designed to:

(i) Monitor and assess the carrying value, market value and performance of each investment and the aggregate portfolio;
(ii) Identify and manage the market, credit, concentration and other risks associated with such investments;
(iii) Identify, monitor and assess the terms, amounts and risks arising from transactions and relationships (including contingent fees or contingent interests) with each company in which the financial holding company holds an interest under this subpart;
(iv) Ensure the maintenance of corporate separateness between the financial holding company and each company in which the financial holding company holds an interest under this subpart and protect the financial holding company and its depository institution subsidiaries from legal liability for the operations conducted and financial obligations of each such company; and
(v) Ensure compliance with this part and any other provisions of law governing transactions and relationships with companies in which the financial holding company holds an interest under this subpart (*e.g.*, fiduciary principles or sections 23A and 23B of the Federal Reserve Act (12 U.S.C. 371c, 371c-1), if applicable).

(2) *Availability of records.* A financial holding company must make the policies, procedures and records required by paragraph (a)(1) of this section available to the Board or the appropriate Reserve Bank upon request.

(b) *What periodic reports must be filed?* A financial holding company must provide reports to the appropriate Reserve Bank in such format and at such times as the Board may prescribe.

(c) *Is notice required for the acquisition of companies?*

(1) *Fulfillment of statutory notice requirement.* Except as required in paragraph (c)(2) of this section, no post-acquisition notice under section 4(k)(6) of the Bank Holding Company Act (12 U.S.C. 1843(k)(6)) is required by a financial holding company in connection with an investment made under this subpart if the financial holding company has previously filed a notice under section 225.87 indicating that it had commenced merchant banking investment activities under this subpart.
(2) *Notice of large individual investments.* A financial holding company must provide written notice to the Board on the appropriate form within 30 days after acquiring more than 5 percent of the voting shares, assets or ownership interests of any company under this subpart, including an interest in a private equity fund, at a total cost to the financial holding company that exceeds the lesser of 5 per-

cent of the Tier 1 capital of the financial holding company or $200 million.

Section 225.176—How do the statutory cross marketing and sections 23A and B limitations apply to merchant banking investments?

(a) *Are cross marketing activities prohibited?*

(1) *In general.* A depository institution, including a subsidiary of a depository institution, controlled by a financial holding company may not:

(i) Offer or market, directly or through any arrangement, any product or service of any company if more than 5 percent of the company's voting shares, assets or ownership interests are owned or controlled by the financial holding company pursuant to this subpart; or

(ii) Allow any product or service of the depository institution, including any product or service of a subsidiary of the depository institution, to be offered or marketed, directly or through any arrangement, by or through any company described in paragraph (a)(1)(i) of this section.

(2) *How are certain subsidiaries treated?* For purposes of paragraph (a)(1) of this section, a subsidiary of a depository institution does not include a financial subsidiary held in accordance with section 5136A of the Revised Statutes (12 U.S.C. 24a) or section 46 of the Federal Deposit Insurance Act. (12 U.S.C.1831w), any company held by a company owned in accordance with section 25 or 25A of the Federal Reserve Act (12 U.S.C. 601 *et seq.*; 12 U.S.C. 611 *et seq.*), or any company held by a small business investment company owned in accordance with the Small Business Investment Act of 1958 (15 U.S.C. 661 *et seq.*).

(3) *How do the cross marketing restrictions apply to private equity funds?* The restriction contained in paragraph (a)(1) of this section does not apply to:

(i) Portfolio companies held by a private equity fund that the financial holding company does not control; or

(ii) The sale, offer or marketing of any interest in a private equity fund, whether or not controlled by the financial holding company.

(b) *When are companies held under section 4(k)(4)(H) affiliates under sections 23A and B?*

(1) *Rebuttable presumption of control.* The following rebuttable presumption of control shall apply for purposes of sections 23A and 23B of the Federal Reserve Act (12 U.S.C. 371c, 371c-1): if a financial holding company directly or indirectly owns or controls more than 15 percent of the total equity of a company pursuant to this subpart, the company shall be presumed to be an affiliate of any member bank that is affiliated with the financial holding company.

(2) *Request to rebut presumption.* A financial holding company may rebut this presumption by providing information acceptable to the Board demonstrating that the financial holding company does not control the company.

(3) *Presumptions that control does not exist.* Absent evidence to the contrary, the presumption in paragraph (b)(1) of this section will be considered to have been rebutted without Board approval under paragraph (b)(2) of this section if any one of the following requirements are met:

(i) No officer, director or employee of the financial holding company serves as a director, trustee, or general partner (or individual exercising similar functions) of the company;

(ii) A person that is not affiliated or associated with the financial holding company owns or controls a greater percentage of the equity capital of the portfolio company than the amount owned or controlled by the financial holding company, and no more than one officer or employee of the holding company serves as a director or trustee (or individual exercising similar functions) of the company; or

(iii) A person that is not affiliated or associated with the financial holding company owns or controls more than 50 percent of the voting shares of the portfolio company, and officers and employees of the holding company do not constitute a majority of the directors or trustees (or individuals exercising similar functions) of the company.

(4) *Convertible instruments.* For purposes of paragraph (b)(1) of this section, equity capital includes options, warrants and any other instrument convertible into equity capital.

(5) *Application of presumption to private equity funds.* A financial holding company will not be presumed to own or control the equity capital of a company for purposes of paragraph (b)(1) of this section solely by virtue of an investment made by the financial holding company in a private equity fund that owns or controls the equity capital of the company unless the financial holding company controls the private equity fund as described in section 225.173(d)(4).

(6) *Application of sections 23A and B to U.S. branches and agencies of foreign banks.* Sections 23A and 23B of the Federal Reserve Act (12 U.S.C. 371c, 371c-1) shall apply to all covered transactions between each U.S. branch and agency of a foreign bank that acquires or controls, or that is affiliated with a company that acquires or controls, merchant banking investments and:

(i) Any portfolio company that the foreign bank or affiliated company controls or is presumed to control under paragraph (b)(1) of this section; and

(ii) Any company that the foreign bank or affiliated company controls or is presumed to control under paragraph (b)(1) of this section if the company is engaged in acquiring or controlling merchant banking investments and the proceeds of the covered transaction are used for the purpose of funding the company's merchant banking investment activities.

Section 225.177—Definitions.

(a) *What do references to a financial holding company include?*

(1) Except as otherwise expressly provided, the term "financial holding company" as used in this subpart means the financial holding company and all of its subsidiaries, including a private equity fund or other fund controlled by the financial holding company.

(2) Except as otherwise expressly provided, the term "financial holding company" does not include a depository institution or subsidiary of a depository institution or any portfolio company controlled directly or indirectly by the financial holding company.

(b) *What do references to a depository institution include?* For purposes of this subpart, the term "depository institution" includes a U.S. branch or agency of a foreign bank.

(c) *What is a portfolio company?* A portfolio company is any company or entity:

(1) That is engaged in any activity not authorized for the financial holding company under section 4 of the Bank Holding Company Act (12 U.S.C. 1843); and

(2) Any shares, assets or ownership interests of which are held, owned or controlled directly or indirectly by the financial holding company pursuant to this subpart, including through a private equity fund that the financial holding company controls.

(d) *Who are the executive officers of a company?*

(1) An executive officer of a company is any person who participates or has the authority to participate (other than in the capacity as a director) in major policymaking functions of the company, whether or not the officer has an official title, the title designates the officer as an assistant, or the officer serves without salary or other compensation.

(2) The term "executive officer" does not include:

(i) Any person, including a person with an official title, who may exercise a certain measure of discretion in the performance of his duties, including the discretion to make decisions in the ordinary course of the company's business, but who does not participate in the determination of major policies of the company and whose decisions are limited by policy standards fixed by senior management of the company; or

(ii) Any person who is excluded from participating (other than in the capacity of a director) in major policymaking functions of the company by resolution of the board of directors or by the bylaws of the company and who does not in fact participate in such policymaking functions.

Applications Approved Under Bank Holding Company Act
By the Secretary of the Board

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

Section 3

Applicant(s)	Bank(s)	Effective Date
Mountain West Financial Corporation, Helena, Montana	BankWest Financial, Inc., Kalispell, Montana BankWest, National Association, Kalispell, Montana	January 8, 2001

Applications Approved Under Bank Holding Company Act
By Federal Reserve Banks

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

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Arkansas State Bancshares, Inc., Siloam Springs, Arkansas	Arkansas State Bank, Siloam Springs, Arkansas	St. Louis	January 9, 2001
Bedwell Investments, Inc., Jackson, Alabama	Merchants Trust, Inc., Jackson, Alabama	Atlanta	January 12, 2001
Bryan-Heritage Limited Partnership, Bryan, Texas Bryan Family Management Trust, Bryan, Texas	The First National Bank of Bryan, Bryan, Texas	Dallas	January 9, 2001
Carlson Bancshares, Inc., West Memphis, Arkansas	Lakeside Bancshares, Inc., Hughes, Arkansas The Planters National Bank of Hughes, Hughes, Arkansas	St. Louis	December 28, 2000
Charter Bancshares, Inc., Corpus Christi, Texas Charter IBHC, Inc., Wilmington, Delaware	Charter Bank-Northwest, Corpus Christi, Texas	Dallas	December 28, 2000
Comerica Incorporated, Detroit, Michigan	Imperial Bancorp, Inglewood, California	Chicago	January 5, 2001
Dickinson Holdings, Inc., Dickinson, Texas Dickinson Holdings of Delaware, Wilmington, Delaware	Citizens State Bank of Dickinson, Dickinson, Texas League City Bank and Trust, League City, Texas	Dallas	January 17, 2001
First Deposit Bancshares, Inc., Douglasville, Georgia	Douglas Federal Bank, Douglasville, Georgia	Atlanta	January 11, 2001
Fifth Third Bancorp, Cincinnati, Ohio	Capital Holding, Inc., Sylvania, Ohio Capital Bank N.A., Sylvania, Ohio	Cleveland	January 5, 2001
Frontier Financial Corporation, Everett, Washington	Interbancorp, Inc., Duvall, Washington Inter Bank, Duvall, Washington	San Francisco	January 18, 2001
Holland Bancorp, Inc., Holland, New York	Bank of Holland, Holland, New York	New York	December 29, 2000
Indiana United Bancorp, Greensburg, Indiana	Regional Bank, New Albany, Indiana	Chicago	January 16, 2001
Lakeland Bancorp, Inc., Oak Ridge, New Jersey	Sussex Bancorp, Franklin, New Jersey	New York	December 28, 2000
MSB Bankshares, Inc., Iron River, Michigan	The Miners' State Bank of Iron River, Iron River, Michigan	Minneapolis	December 28, 2000
Nebraska Bankshares, Inc., Farnam, Nebraska	Stockmens Financial Corporation, Rushville, Nebraska	Kansas City	January 18, 2001
Northstar Financial Group, Inc., Bad Axe, Michigan	Northstar Bank, Bad Axe, Michigan	Chicago	January 16, 2001
Remada Financial Holdings, Inc., Minnetonka, Minnesota	Claremont Financial Services, Inc., St. Paul, Minnesota Alliance Bank of Blooming Prairie, Blooming Prairie, Minnesota	Minneapolis	January 19, 2001

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
State National Bancshares, Inc., Lubbock, Texas	Ruidoso Bank Corporation, Ruidoso, New Mexico	Dallas	January 3, 2001
Triple J Financial, Inc., Claude, Texas	First Caprock Bancshares, Inc., Claude, Texas The First National Bank of Claude, Claude, Texas	Dallas	January 5, 2001
United Nebraska Financial Company, Grand Island, Nebraska	Desert Valley National Bank, Cave Creek, Arizona	Kansas City	January 4, 2001
Virginia Capital Bancshares, Inc., Fredericksburg, Virginia	Fredericksburg State Bank, Fredericksburg, Virginia Fredericksburg Savings Bank, Fredericksburg, Virginia	Richmond	January 3, 2001
Wachovia Corporation, Winston-Salem, North Carolina	Republic Security Financial Corporation, West Palm Beach, Florida Republic Security Bank, West Palm Beach, Florida	Richmond	January 24, 2001
Woodford Bancshares, Inc., Monroe, Wisconsin	Woodford State Bank, Woodford, Wisconsin	Chicago	January 23, 2001

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Community First Bancshares, Inc., Union City, Tennessee	Southern Financial, Inc., Brentwood, Tennessee	St. Louis	December 27, 2000
Cornerstone Financial Services Group, Inc., Ottumwa, Iowa	To engage *de novo* in extending credit and servicing loans	Chicago	December 28, 2000
Glacier Bancorp, Inc., Kalispell, Montana	WesterFed Financial Corporation, Missoula, Montana Western Security Bank, Missoula, Montana	Minneapolis	January 19, 2001
Michigan National Corporation, Farmington Hills, Michigan	Standard Federal Bank, Troy, Michigan	Chicago	January 23, 2001
PSB Bancorp, Inc., Philadelphia, Pennsylvania	Iron Bridge Holdings, Inc., Philadelphia, Pennsylvania McGuire Performance Solutions, Inc., Philadelphia, Pennsylvania Avanti Capital, Inc., Philadelphia, Pennsylvania	Philadelphia	January 3, 2001
Union Planters Corporation, Memphis, Tennessee Union Planters Holding Corporation, Memphis, Tennessee	Jefferson Savings Bancorp, Inc., Ballwin, Missouri Jefferson Heritage Bank, Ballwin, Missouri	St. Louis	December 29, 2000

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
F&M National Corporation, Winchester, Virginia	Atlantic Financial Corp., Newport News, Virginia Johnson Mortgage Company, L.L.C., Newport News, Virginia	Richmond	January 9, 2001
Gateway Bancorp, Santa Ana, California	Bank of Lakewood, Lakewood, California Mission Hills Mortgage Corporation, Santa Ana, California	San Francisco	January 18, 2001
Stichting Prioriteit ABN AMRO Holding, Amsterdam, The Netherlands Stichting Administratiekantoor ABN AMRO Holding, Amsterdam, The Netherlands ABN AMRO Holding N.V., Amsterdam, The Netherlands ABN AMRO Bank N.V., Amsterdam, The Netherlands ABN AMRO North America Holding Company, Chicago, Illinois ABN AMRO North America, Inc., Chicago, Illinois	Michigan National Corporation, Farmington Hills, Michigan Michigan National Bank, Farmington Hills, Michigan Independence One Life Insurance Company, Phoenix, Arizona Independence One Capital Management Corporation, Farmington, Hills, Michigan	Chicago	January 23, 2001

APPLICATIONS APPROVED UNDER BANK MERGER ACT
By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
M&I Marshall & Ilsley Bank, Milwaukee, Wisconsin	M&I Central State Bank, Oshkosh, Wisconsin M&I Bank of Shawano, Shawano, Wisconsin M&I Bank Fox Valley, Appleton, Wisconsin M&I Bank Northeast, Green Bay, Wisconsin	Chicago	January 11, 2001

Applications Approved Under Bank Merger Act—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
M&I Marshall & Isley Bank, Milwaukee, Wisconsin	M&I Citizens American Bank, Merrill, Wisconsin M&I Central Bank & Trust, Marshfield, Wisconsin M&I Bank of Eagle River, Eagle River, Wisconsin M&I Merchants Bank, Rhinelander, Wisconsin M&I First American Bank, Wausau, Wisconsin M&I Bank, Ashland, Wisconsin M&I Bank, Superior, Wisconsin M&I Mid State Bank, Stevens Point, Wisconsin	Chicago	January 10, 2001
SouthTrust Bank, Birmingham, Alabama	Independent National Bank, Irving, Texas	Atlanta	January 25, 2001
SouthTrust Bank, Birmingham, Alabama	First Union National Bank, Charlotte, North Carolina	Atlanta	January 19, 2001

Pending Cases Involving the Board of Governors

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

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

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

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

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

El Bey v. United States, No. 00–5293 (D.C. Cir., filed August 31, 2000). Appeal from district court order dismissing *pro se* action as lacking arguable basis in law. The government filed a motion for summary affirmance on October 26, 2000.

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

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

Individual Reference Services Group, Inc., v. Board of Governors, et al., No. 00-CV-1828 (ESH) (D.D.C., filed July 28, 2000). Action under Administrative Procedure Act challenging a portion of interagency rule regarding Privacy of Consumer Finance Information.

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

Bettersworth v. Board of Governors, No. 00–50262 (5th Cir., filed April 14, 2000). Appeal of district court's dismissal of Privacy Act claims.

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

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

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

Sheriff Gerry Ali v. U.S. State Department, No. 99–7438 (C.D. Cal., filed July 21, 1999). Action relating to impounded bank drafts. On December 3, 1999, the court stayed the action indefinitely.

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

Board of Governors v. Pharaon, No. 98–6101 (2d Cir., filed May 4, 1998). Appeal and cross-appeal of district court order granting in part and denying in part the Board's motion for summary judgment seeking prejudgment interest and a statutory surcharge in connection with a civil money penalty assessed by the Board. On February 24, 1999, the court granted the Board's appeal and denied the cross-appeal, and remanded the matter to the district court for determination of prejudgment interest due to the Board. On January 29, 2001, the District Court approved a settlement and terminated the action.

Financial and Business Statistics

INTERNATIONAL STATISTICS

Summary Statistics

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Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

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

GENERAL INFORMATION

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

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

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

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

1.10 RESERVES, MONEY STOCK, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	2000				2000				
	Q1[r]	Q2[r]	Q3[r]	Q4	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.
Reserves of depository institutions[2]									
1 Total	1.8	−9.5	−7.1	−8.0	−9.4	−2.5	−9.7	−3.0	−22.9
2 Required	.1	−5.9	−7.4	−9.8	−8.0	−5.3	−10.8	−5.3	−27.5
3 Nonborrowed	2.4	−11.1	−8.8	−5.7	−9.8	.6	−8.0	1.1	−20.8
4 Monetary base[3]	4.5	−3.9	2.7	2.8	1.4	3.3	3.2	.3	7.1
Concepts of money and debt[4]									
5 M1	2.0	−1.8	−3.7	−2.7	−4.7	−4.3	.7	−7.8	2.3
6 M2	5.8	6.4	5.8	6.7	7.8	8.2	5.6	4.3	9.7
7 M3	10.6	9.0	8.9	7.1	10.4	9.2	4.6	4.4	12.7
8 Debt	5.6	6.1	4.8	4.0	4.1	5.1	2.8	4.2	n.a.
Nontransaction components									
9 In M2[5]	7.0	8.9	8.6	9.4	11.6	11.9	7.1	7.9	11.9
10 In M3 only[6]	22.6	15.3	16.4	8.3	16.5	11.4	2.1	4.5	19.7
Time and savings deposits									
Commercial banks									
11 Savings, including MMDAs	2.5	7.8	11.8	12.0	15.4	19.4	5.1	10.5	16.4
12 Small time[7]	9.4	13.2	10.5	5.7	9.2	4.9	3.3	7.0	8.6
13 Large time[8,9]	20.2	17.1	11.5	2.4	18.9	−4.1	−8.2	4.8	26.2
Thrift institutions									
14 Savings, including MMDAs	−2.9	1.6	3.2	.6	6.1	.0	4.2	−2.4	−8.2
15 Small time[7]	7.2	3.3	11.2	10.1	15.1	10.0	10.2	9.5	5.6
16 Large time[8]	14.5	.4	20.8	16.1	22.1	14.5	22.6	11.7	1.2
Money market mutual funds									
17 Retail	17.6	13.3	4.2	12.6	8.9	12.6	13.3	9.2	19.6
18 Institution-only	23.0	18.0	29.4	18.7	27.4	28.8	10.2	12.9	24.7
Repurchase agreements and eurodollars									
19 Repurchase agreements[10]	20.2	11.1	8.2	−3.5	−9.8	2.3	−3.3	−14.5	12.7
20 Eurodollars[10]	39.8	15.6	.6	9.2	15.7	19.3	7.6	3.1	−1.3
Debt components[4]									
21 Federal	−4.8	−7.5	−7.2	−7.9	−7.3	−4.8	−10.0	−9.2	n.a.
22 Nonfederal	8.4	9.6	7.8	6.8	6.8	7.4	5.8	7.3	n.a.

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Includes both overnight and term.

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	2000			2000						
	Oct.	Nov.	Dec.	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	561,406	568,061	578,893	566,709	568,001	573,552	571,891	572,875	578,282	584,314
U.S. government securities[2]										
2 Bought outright—System account[3]	510,713	512,368	514,072	512,336	513,025	513,689	513,267	513,715	514,737	515,595
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	130	130	130	130	130	130	130	130	130	130
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	12,875	19,549	27,923	17,427	19,618	24,720	23,677	22,621	25,021	31,759
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	120	121	96	38	416	48	69	4	295	41
9 Seasonal credit	298	157	114	155	148	148	121	124	121	112
10 Special Liquidity Facility credit	0	0	0	0	0	0	0	0	0	0
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	1,192	962[r]	1,503	1,071	952	650	520	1,702	2,975	1,182
13 Other Federal Reserve assets	36,078	34,774	35,054	35,552	33,712	34,166	34,107	34,579	35,002	35,494
14 Gold stock	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
15 Special drawing rights certificate account	3,200	3,200	2,652	3,200	3,200	3,200	3,200	3,200	2,343	2,200
16 Treasury currency outstanding	30,975	31,286	31,528	31,266	31,311	31,356	31,401	31,493	31,543	31,593
ABSORBING RESERVE FUNDS										
17 Currency in circulation	571,604	576,006	584,582	574,203	576,550	580,489	579,278	580,186	583,205	589,803
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	248	289	403	274	289	315	353	404	404	416
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,338	5,093	5,758	5,279	5,175	4,940	5,275	5,382	8,105	4,340
21 Foreign	95	86	115	79	92	74	81	75	160	103
22 Service-related balances and adjustments	6,733	6,767	6,959	6,947	6,600	6,758	6,606	6,980	6,696	7,236
23 Other	251	234	355	200	238	229	263	244	222	258
24 Other Federal Reserve liabilities and capital	15,717	17,529	18,401	17,528	17,755	18,027	18,272	18,507	18,581	18,417
25 Reserve balances with Federal Reserve Banks[5]	6,640	7,589	7,545	7,709	6,859	8,321[r]	7,409	6,836	5,840	8,579

Factor	End-of-month figures			Wednesday figures						
	Oct.	Nov.	Dec.	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec 20	Dec. 27
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	566,215	575,908	593,092	570,798	573,538	574,811	570,733	581,584	579,269	597,301
U.S. government securities[2]										
2 Bought outright—System account[3]	508,961	512,327	511,703	511,748	513,813	514,308	513,100	515,115	514,539	515,491
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	130	130	130	130	130	130	130	130	130	130
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	19,440	27,270	43,375	25,795	24,615	25,630	22,525	27,260	25,710	43,985
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	29	6	33	251	1	286	13	5	5	21
9 Seasonal credit	219	130	77	156	145	152	121	129	120	96
10 Special Liquidity Facility credit	0	0	0	0	0	0	0	0	0	0
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	1,438	2,096	901	95	874	−136	524	4,105	3,541	1,828
13 Other Federal Reserve assets	35,999	33,949	36,873	32,622	33,959	34,440	34,319	34,841	35,225	35,750
14 Gold stock	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
15 Special drawing rights certificate account	3,200	3,200	2,200	3,200	3,200	3,200	3,200	3,200	2,200	2,200
16 Treasury currency outstanding	31,093	31,401	31,643	31,266	31,311	31,356	31,401	31,493	31,543	31,593
ABSORBING RESERVE FUNDS										
17 Currency in circulation	572,397	579,782	593,694	575,884	580,287	581,077	580,379	582,550	586,969	593,356
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	289	344	450	285	311	344	403	412	410	450
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,360	4,382	5,149	4,850	4,413	5,056	5,215	4,947	4,781	5,320
21 Foreign	115	104	216	90	71	73	89	72	227	83
22 Service-related balances and adjustments	6,829	6,606	7,428	6,947	6,600	6,758	6,606	6,980	6,696	7,236
23 Other	245	276	1,382	266	233	227	244	248	211	235
24 Other Federal Reserve liabilities and capital	16,416	18,199	17,962	17,318	17,669	17,913	18,074	18,400	18,140	18,062
25 Reserve balances with Federal Reserve Banks[5]	9,903	11,861	11,701	10,670	9,511	8,964[r]	5,370	13,714	6,625	17,396

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1998	1999	2000	2000						
	Dec.	Dec.	Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Reserve balances with Reserve Banks[2]	9,026	5,263	7,160	6,460	6,582	6,875	6,829	6,782	7,157	7,160
2 Total vault cash[3]	44,294	60,619	45,120	44,560	45,473	45,319	44,807	45,178	44,546[r]	45,120
3 Applied vault cash[4]	36,183	36,392	31,381	32,757	33,086	32,611	32,429	32,072	31,632[r]	31,381
4 Surplus vault cash[5]	8,111	24,227	13,739	11,802	12,387	12,708	12,378	13,106[r]	12,914[r]	13,739
5 Total reserves[6]	45,209	41,655	38,541	39,217	39,668	39,486	39,257	38,854	38,789[r]	38,541
6 Required reserves	43,695	40,348	37,215	38,153	38,600	38,471	38,155	37,725	37,587[r]	37,215
7 Excess reserve balances at Reserve Banks[7]	1,514	1,307	1,325	1,064	1,068	1,014	1,102	1,129	1,202	1,325
8 Total borrowing at Reserve Banks	117	320	210	479	570	579	477	418	283	210
9 Adjustment	101	179	99	90	60	25	50	119	124	99
10 Seasonal	15	67	111	389	510	554	427	299	159	111
11 Special Liquidity Facility[8]	0	74	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									
	2000									
	Sept. 6	Sept. 20	Oct. 4	Oct. 18	Nov. 1	Nov. 15	Nov. 29[r]	Dec. 13[r]	Dec. 27	Jan. 10
1 Reserve balances with Reserve Banks[2]	6,911	6,578	7,131	6,502	6,976	6,709	7,620	7,131	7,208	7,085
2 Total vault cash[3]	44,097	44,823	45,210	45,778	44,523[r]	44,633[r]	44,539	43,452	46,220	46,696
3 Applied vault cash[4]	32,184	32,077	33,068	31,601	32,274	31,056	32,261	30,255	32,370	31,579
4 Surplus vault cash[5]	11,913	12,746	12,142	14,177	12,249[r]	13,577[r]	12,278	13,197	13,850	15,117
5 Total reserves[6]	39,095	38,655	40,198	38,103	39,250	37,765	39,881	37,386	39,578	38,664
6 Required reserves	38,118	37,612	38,938	37,073	38,056	36,762	38,474	36,253	38,124	37,165
7 Excess reserve balances at Reserve Banks[7]	977	1,043	1,260	1,030	1,194	1,003	1,407	1,133	1,454	1,499
8 Total borrowing at Reserve Banks	604	473	409	480	355	190	380	159	285	110
9 Adjustment	45	70	26	167	97	25	232	37	169	56
10 Seasonal	559	403	383	313	259	165	148	123	117	55
11 Special Liquidity Facility[8]	...	...	..	...	...	...	...	...	..	...
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 2/16/01	Effective date	Previous rate	On 2/16/01	Effective date	Previous rate	On 2/16/01	Effective date	Previous rate
Boston	5.00	1/31/01	5.50	5.55	2/8/01	5.80	6.05	2/8/01	6.30
New York		1/31/01	5.50						
Philadelphia		1/31/01	5.50						
Cleveland		1/31/01	5.50						
Richmond		1/31/01	5.50						
Atlanta		1/31/01	5.50						
Chicago		1/31/01	5.50						
St. Louis		2/1/01	5.50						
Minneapolis		1/31/01	5.50						
Kansas City		2/1/01	5.50						
Dallas		1/31/01	5.50						
San Francisco	5.00	1/31/01	5.50	5.55	2/8/01	5.80	6.05	2/8/01	6.30

Range of rates for adjustment credit in recent years[4]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6.5	6.5
20	6.5	6.5
May 11	6.5–7	7
12	7	7
July 3	7–7.25	7.25
10	7.25	7.25
Aug. 21	7.75	7.75
Sept. 22	8	8
Oct. 16	8–8.5	8.5
20	8.5	8.5
Nov. 1	8.5–9.5	9.5
3	9.5	9.5
1979—July 20	10	10
Aug. 17	10–10.5	10.5
20	10.5	10.5
Sept. 19	10.5–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980—Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
1981—May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982—July 20	11.5–12	11.5
23	11.5	11.5
Aug. 2	11–11.5	11
3	11	11
16	10.5	10.5
27	10–10.5	10
30	10	10

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1982—Oct. 12	9.5–10	9.5
13	9.5	9.5
Nov. 22	9–9.5	9
26	9	9
Dec. 14	8.5–9	9
15	8.5–9	8.5
17	8.5	8.5
1984—Apr. 9	8.5–9	9
13	9	9
Nov. 21	8.5–9	8.5
26	8.5	8.5
Dec. 24	8	8
1985—May 20	7.5–8	7.5
24	7.5	7.5
1986—Mar. 7	7–7.5	7
10	7	7
Apr. 21	6.5–7	6.5
23	6.5	6.5
July 11	6	6
Aug. 21	5.5–6	5.5
22	5.5	5.5
1987—Sept. 4	5.5–6	6
11	6	6
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7
1990—Dec. 19	6.5	6.5
1991—Feb. 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5
Sept. 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec. 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1994—May 17	3–3.5	3.5
18	3.5	3.5
Aug. 16	3.5–4	4
18	4	4
Nov. 15	4–4.75	4.75
17	4.75	4.75
1995—Feb. 1	4.75–5.25	5.25
9	5.25	5.25
1996—Jan. 31	5.00–5.25	5.00
Feb. 5	5.00	5.00
1998—Oct. 15	4.75–5.00	4.75
16	4.75	4.75
Nov. 17	4.50–4.75	4.50
19	4.50	4.50
1999—Aug. 24	4.50–4.75	4.75
26	4.75	4.75
Nov. 16	4.75–5.00	4.75
18	5.00	5.00
2000—Feb. 2	5.00–5.25	5.25
4	5.25	5.25
Mar. 21	5.25–5.50	5.50
23	5.50	5.50
May 16	5.50–6.00	5.50
19	6.00	6.00
2001—Jan. 3	5.75–6.00	5.75
4	5.50–5.75	5.50
5	5.50	5.50
31	5.00–5.50	5.00
Feb. 1	5.00	5.00
In effect Feb. 16, 2001	5.00	5.00

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 intrayearly movements in their deposits and loans and that cannot be met through special industry lenders. The discount rate on seasonal credit takes into account rates charged by market sources of funds and ordinarily is reestablished on the first business day of each two-week reserve maintenance period; however, it is never less than the discount rate applicable to adjustment credit.

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

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

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

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

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

Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning December 28, 2000, for depository institutions that report weekly, and with the period beginning January 18, 2001, for institutions that report quarterly, the exemption was raised from $5.0 million to $5.5 million.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1997	1998	1999	2000 May	2000 June	2000 July	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.
U.S TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	9,147	3,550	0	0	0	1,825	531	231	779	2,507
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	435,907	450,835	464,218	36,386	44,008	33,718	42,797	37,006	38,142	45,182
4 For new bills	435,907	450,835	464,218	36,386	44,008	33,718	42,797	37,006	38,142	45,182
5 Redemptions	0	2,000	0	2,297	4,188	4,902	3,438	3,898	2,656	1,021
Others within one year										
6 Gross purchases	5,549	6,297	11,895	164	1,875	1,284	2,770	716	0	580
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	41,716	46,062	50,590	13,063	4,672	5,152	7,040	0	8,663	7,957
9 Exchanges	−27,499	−49,434	−53,315	−12,633	−3,109	−3,333	−7,396	0	−6,608	−7,012
10 Redemptions	1,996	2,676	1,429	0	0	367	887	0	787	780
One to five years										
11 Gross purchases	20,080	12,901	19,731	890	706	2,259	2,508	2,385	734	1,332
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−37,987	−37,777	−44,032	−10,334	−4,672	−5,152	−3,439	0	−8,663	−5,997
14 Exchanges	20,274	37,154	42,604	10,063	3,109	3,333	5,418	0	6,608	5,737
Five to ten years										
15 Gross purchases	3,449	2,294	4,303	0	0	0	1,914	448	0	510
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−1,954	−5,908	−5,841	−1,552	0	0	−3,601	0	0	−699
18 Exchanges	5,215	7,439	7,583	2,570	0	0	1,254	0	0	1,275
More than ten years										
19 Gross purchases	5,897	4,884	9,428	528	1,151	500	727	547	982	0
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−1,775	−2,377	−717	−1,177	0	0	0	0	0	−1,261
22 Exchanges	2,360	4,842	3,139	0	0	0	724	0	0	0
All maturities										
23 Gross purchases	44,122	29,926	45,357	1,582	3,732	5,868	8,450	4,326	2,495	4,929
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	1,996	4,676	1,429	2,297	4,188	5,269	4,325	3,898	3,443	1,802
Matched transactions										
26 Gross purchases	3,591,210	4,430,457	4,413,430	357,355	368,396	344,935	381,349	335,321	344,920	351,391
27 Gross sales	3,593,530	4,434,358	4,431,685	356,640	369,739	344,384	381,475	334,530	346,428	351,232
Repurchase agreements										
28 Gross purchases	810,485	512,671	281,599	0	0	0	0	0	0	0
29 Gross sales	809,268	514,186	301,273	0	0	0	0	0	0	0
30 Net change in U.S. Treasury securities	41,022	19,835	5,999	−1	−1,800	1,150	3,999	1,219	−2,457	3,286
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	25	0	0	0	0	0	0	0	0
33 Redemptions	1,540	322	157	0	0	0	0	10	0	0
Repurchase agreements										
34 Gross purchases	160,409	284,316	360,069	0	0	0	0	0	0	0
35 Gross sales	159,369	276,266	370,772	0	0	0	0	0	0	0
36 Net change in federal agency obligations	−500	7,703	−10,859	0	0	0	0	−10	0	0
Reverse repurchase agreements										
37 Gross purchases	0	0	0	0	0	0	0	0	0	0
38 Gross sales	0	0	0	0	0	0	0	0	0	0
Repurchase agreements										
39 Gross purchases	0	0	304,989	107,375	70,850	66,485	47,265	66,080	64,428	87,125
40 Gross sales	0	0	164,349	105,885	70,315	75,925	46,230	67,285	62,308	79,295
41 Net change in triparty obligations	0	0	140,640	1,490	535	−9,440	1,035	−1,205	2,120	7,830
42 Total net change in System Open Market Account	**40,522**	**27,538**	**135,780**	**1,489**	**−1,265**	**−8,290**	**5,034**	**4**	**−337**	**11,116**

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

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

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

Millions of dollars

Account	Wednesday 2000					End of month 2000		
	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27	Oct. 31	Nov. 30	Dec. 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
2 Special drawing rights certificate account	3,200	3,200	3,200	2,200	2,200	3,200	3,200	2,200
3 Coin	892	914	948	954	946	887	901	949
Loans								
4 To depository institutions	438	134	133	125	117	248	136	110
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Triparty Obligations								
7 Repurchase agreements—triparty[2]	25,630	22,525	27,260	25,710	43,985	19,440	27,270	43,375
Federal agency obligations[3]								
8 Bought outright	130	130	130	130	130	130	130	130
9 Held under repurchase agreements	0	0	0	0	0	0	0	0
10 **Total U.S. Treasury securities**[3]	**514,308**	**513,100**	**515,115**	**514,539**	**515,491**	**508,961**	**512,327**	**511,703**
11 Bought outright[4]	514,308	513,100	515,115	514,539	515,491	508,961	512,327	511,703
12 Bills	183,817	183,384	183,206	182,627	182,530	180,971	182,615	178,741
13 Notes	237,804	237,028	239,127	239,129	240,176	235,603	237,025	240,178
14 Bonds	92,687	92,688	92,783	92,783	92,784	92,387	92,687	92,784
15 Held under repurchase agreements	0	0	0	0	0	0	0	0
16 **Total loans and securities**	**540,506**	**535,889**	**542,639**	**540,504**	**559,723**	**528,779**	**539,863**	**555,318**
17 Items in process of collection	7,198	9,378	12,048	12,334	10,087	10,945	5,237	7,105
18 Bank premises	1,441	1,441	1,442	1,452	1,455	1,433	1,440	1,461
Other assets								
19 Denominated in foreign currencies[5]	15,323	15,354	15,360	15,367	15,374	15,297	15,348	15,670
20 All other[6]	17,677	17,444	17,970	18,353	18,894	19,616	17,083	19,766
21 **Total assets**	**597,282**	**594,665**	**604,654**	**602,210**	**619,724**	**591,203**	**594,118**	**613,514**
LIABILITIES								
22 Federal Reserve notes	550,957	550,295	552,417	556,790	563,160	542,479	549,627	563,450
23 Reverse repurchase agreements—triparty[2]	0	0	0	0	0	0	0	0
24 **Total deposits**	**21,718**	**17,702**	**26,084**	**19,084**	**30,426**	**22,793**	**20,621**	**25,792**
25 Depository institutions	16,362	12,155	20,817	13,866	24,787	17,074	15,858	19,045
26 U.S. Treasury—General account	5,056	5,215	4,947	4,781	5,320	5,360	4,382	5,149
27 Foreign—Official accounts	73	89	72	227	83	115	104	216
28 Other	227	244	248	211	235	245	276	1,382
29 Deferred credit items	6,694	8,594	7,752	8,197	8,077	9,514	5,672	6,310
30 Other liabilities and accrued dividends[7]	4,409	4,397	4,622	4,375	4,341	4,325	4,590	4,170
31 **Total liabilities**	**583,778**	**580,988**	**590,876**	**588,446**	**606,003**	**579,111**	**580,510**	**599,723**
CAPITAL ACCOUNTS								
32 Capital paid in	7,071	7,088	7,103	7,022	7,024	6,986	7,076	6,997
33 Surplus	2,679	2,679	2,679	2,679	2,679	2,679	2,679	6,794
34 Other capital accounts	3,754	3,910	3,995	4,063	4,018	2,426	3,853	0
35 **Total liabilities and capital accounts**	**597,282**	**594,665**	**604,654**	**602,210**	**619,724**	**591,203**	**594,118**	**613,514**
MEMO								
36 Marketable U.S. Treasury securities held in custody for foreign and international accounts	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Federal Reserve note statement							
37 Federal Reserve notes outstanding (issued to Banks)	756,715	755,565	754,835	753,551	752,359	760,004	756,527	751,714
38 LESS: Held by Federal Reserve Banks	205,757	205,270	202,417	196,761	189,199	217,525	206,900	188,264
39 Federal Reserve notes, net	550,957	550,295	552,417	556,790	563,160	542,479	549,627	563,450
Collateral held against notes, net								
40 Gold certificate account	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
41 Special drawing rights certificate account	3,200	3,200	3,200	2,200	2,200	3,200	3,200	2,200
42 Other eligible assets	0	295	0	3,165	0	0	0	0
43 U.S. Treasury and agency securities	536,712	535,755	538,172	540,379	549,914	528,233	535,381	550,205
44 **Total collateral**	**550,957**	**550,295**	**552,417**	**556,790**	**563,160**	**542,479**	**549,627**	**563,450**

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		
	2000					2000		
	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27	Oct. 31	Nov. 30	Dec. 31
1 **Total loans**	**438**	**134**	**133**	**125**	**117**	**248**	**136**	**110**
2 Within fifteen days[1]	421	41	34	119	110	152	86	96
3 Sixteen days to ninety days	18	93	99	6	7	96	50	14
4. 91 days to 1 year	0	0	0	0	0	0	0	0
5 **Total U.S. Treasury securities**[2]	**514,308**	**513,100**	**515,115**	**514,539**	**515,491**	**508,961**	**512,327**	**511,702**
6 Within fifteen days[1]	15,478	17,413	13,288	18,935	19,889	12,494	4,706	18,053
7 Sixteen days to ninety days	114,311	115,290	118,117	111,849	110,832	109,123	119,433	108,961
8 Ninety-one days to one year	126,364	123,073	125,612	125,654	125,620	131,002	130,868	125,539
9 One year to five years	132,581	131,746	131,746	131,746	132,792	130,667	131,745	132,792
10 Five years to ten years	54,681	54,684	55,457	55,459	55,461	53,530	54,682	55,461
11 More than ten years	70,893	70,894	70,895	70,895	70,896	72,145	70,893	70,896
12 **Total federal agency obligations**	**130**	**130**	**130**	**130**	**130**	**130**	**130**	**130**
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	30	130	130	130	130	30	30	130
17 Five years to ten years	100	0	0	0	0	100	100	0
18 More than ten years	0	0	0	0	0	0	0	0

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

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

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

Billions of dollars, averages of daily figures

Item	1997 Dec.	1998 Dec.	1999 Dec.	2000 Dec.	2000 May	2000 June	2000 July	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.	2000 Dec.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	46.87	45.19	41.74	38.69	41.36	39.96	40.26	39.94	39.86	39.54	39.44[r]	38.69
2 Nonborrowed reserves[4]	46.54	45.07	41.42	38.48	41.00	39.48	39.69	39.37	39.38	39.12	39.16	38.48
3 Nonborrowed reserves plus extended credit[5]	46.54	45.07	41.42	38.48	41.00	39.48	39.69	39.37	39.38	39.12	39.16	38.48
4 Required reserves	45.18	43.68	40.44	37.36	40.41	38.89	39.19	38.93	38.76	38.41	38.24	37.36
5 Monetary base[6]	479.37[r]	513.19[r]	592.03[r]	584.10	573.93[r]	575.06[r]	576.75[r]	577.43[r]	579.01[r]	580.55[r]	580.69[r]	584.10
	Not seasonally adjusted											
6 Total reserves[7]	48.01	45.31	41.89	38.58	41.58	39.24	39.70	39.52	39.29	38.90	38.83[r]	38.58
7 Nonborrowed reserves	47.69	45.19	41.57	38.37	41.22	38.76	39.13	38.94	38.82	38.48	38.55	38.37
8 Nonborrowed reserves plus extended credit[5]	47.69	45.19	41.57	38.37	41.22	38.76	39.13	38.94	38.82	38.48	38.55	38.37
9 Required reserves[8]	46.33	43.80	40.58	37.26	40.64	38.18	38.63	38.50	38.19	37.77	37.63	37.26
10 Monetary base[9]	484.98	518.27	600.63	590.20	573.26	574.55	577.19	576.60	576.79	578.34	582.36[r]	590.20
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	47.92	45.21	41.66	38.54	41.56	39.22	39.67	39.49	39.26	38.85	38.79	38.54
12 Nonborrowed reserves	47.60	45.09	41.33	38.33	41.20	38.74	39.10	38.91	38.78	38.44	38.51	38.33
13 Nonborrowed reserves plus extended credit[5]	47.60	45.09	41.33	38.33	41.20	38.74	39.10	38.91	38.78	38.44	38.51	38.33
14 Required reserves	46.24	43.70	40.35	37.22	40.62	38.15	38.60	38.47	38.16	37.73	37.59	37.22
15 Monetary base[12]	491.79	525.06	607.94	597.12	580.09	581.44	583.99	583.34	583.48	585.07	589.12[r]	597.12
16 Excess reserves[13]	1.69	1.51	1.31	1.33	.94	1.06	1.07	1.01	1.10	1.13	1.20	1.33
17 Borrowings from the Federal Reserve	.32	.12	.32	.21	.36	.48	.57	.58	.48	.42	.28	.21

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

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

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

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

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

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

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

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

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

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

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

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

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

1.21 MONEY STOCK AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item	1997 Dec.[r]	1998 Dec.[r]	1999 Dec.[r]	2000 Dec.	2000 Sept.[r]	2000 Oct.[r]	2000 Nov.[r]	2000 Dec.
	Seasonally adjusted							
Measures[2]								
1 M1	1,073.4	1,097.0	1,124.3	1,091.3	1,095.7	1,096.3	1,089.2	1,091.3
2 M2	4,029.9	4,382.6	4,648.2	4,945.7	4,865.3	4,888.2	4,905.9	4,945.7
3 M3	5,428.3	6,028.2	6,524.1	7,090.5	6,963.9	6,990.5	7,016.0	7,090.5
4 Debt	15,223.1	16,276.0	17,376.7	n.a.	18,078.0	18,119.8	18,183.2	n.a.
M1 components								
5 Currency[3]	424.3	459.2	516.7	530.5	524.7	526.4	528.0	530.5
6 Travelers checks[4]	8.1	8.2	8.2	8.0	8.9	8.4	8.0	8.0
7 Demand deposits[5]	395.4	379.4	355.6	313.7	323.6	322.1	315.2	313.7
8 Other checkable deposits[6]	245.7	250.1	243.7	239.1	238.5	239.4	238.0	239.1
Nontransaction components								
9 In M2[7]	2,956.6	3,285.6	3,523.9	3,854.4	3,769.6	3,791.8	3,816.7	3,854.4
10 In M3 only[8]	1,398.3	1,645.7	1,875.9	2,144.7	2,098.6	2,102.3	2,110.1	2,144.7
Commercial banks								
11 Savings deposits, including MMDAs	1,021.1	1,185.8	1,287.0	1,420.6	1,383.5	1,389.4	1,401.5	1,420.6
12 Small time deposits[9]	625.5	626.4	635.2	698.8	687.9	689.8	693.8	698.8
13 Large time deposits[10, 11]	517.7	575.5	648.8	720.1	706.7	701.9	704.7	720.1
Thrift institutions								
14 Savings deposits, including MMDAs	376.8	414.1	449.3	452.7	455.1	456.7	455.8	452.7
15 Small time deposits[9]	342.9	325.8	320.9	347.0	339.8	342.7	345.4	347.0
16 Large time deposits[10]	85.5	88.7	91.3	103.7	100.7	102.6	103.6	103.7
Money market mutual funds								
17 Retail	590.2	733.5	831.6	935.3	903.3	913.3	920.3	935.3
18 Institution-only	389.9	530.0	622.0	767.7	737.9	744.2	752.2	767.7
Repurchase agreements and eurodollars								
19 Repurchase agreements[12]	255.3	299.6	343.0	362.5	364.1	363.1	358.7	362.5
20 Eurodollars[12]	150.0	151.8	170.8	190.8	189.3	190.5	191.0	190.8
Debt components								
21 Federal debt	3,800.6	3,751.2	3,660.2	n.a.	3,475.0	3,446.0	3,419.7	n.a.
22 Nonfederal debt	11,422.5	12,524.7	13,716.5	n.a.	14,603.1	14,673.9	14,763.5	n.a.
	Not seasonally adjusted							
Measures[2]								
23 M1	1,096.9	1,120.4	1,147.8	1,115.7	1,090.2	1,093.7	1,095.3	1,115.7
24 M2	4,051.3	4,404.9	4,672.2	4,974.5	4,850.5	4,865.7	4,898.1	4,974.5
25 M3	5,453.6	6,060.3	6,561.4	7,135.6	6,922.1	6,948.5	7,011.6	7,135.6
26 Debt	15,218.5	16,271.3	17,372.0	n.a.	18,018.5	18,070.7	18,161.9	n.a.
M1 components								
27 Currency[3]	428.1	463.3	521.5	535.8	523.3	525.1	528.6	535.8
28 Travelers checks[4]	8.3	8.4	8.4	8.1	8.7	8.4	8.2	8.1
29 Demand deposits[5]	412.4	395.9	371.2	329.1	321.7	322.2	320.5	329.1
30 Other checkable deposits[6]	248.2	252.8	246.6	242.6	236.4	238.1	238.1	242.6
Nontransaction components								
31 In M2[7]	2,954.4	3,284.5	3,524.5	3,858.8	3,760.4	3,772.0	3,802.8	3,858.8
32 In M3 only[8]	1,402.3	1,655.4	1,889.2	2,161.1	2,071.6	2,082.8	2,113.5	2,161.1
Commercial banks								
33 Savings deposits, including MMDAs	1,020.4	1,186.0	1,288.5	1,425.3	1,381.1	1,380.0	1,397.2	1,425.3
34 Small time deposits[9]	625.3	626.5	635.4	699.0	688.0	690.9	695.2	699.0
35 Large time deposits[10, 11]	517.1	574.9	648.2	719.5	702.3	698.8	705.8	719.5
Thrift institutions								
36 Savings deposits, including MMDAs	376.5	414.2	449.8	454.2	454.4	453.6	454.4	454.2
37 Small time deposits[9]	342.8	325.8	321.0	347.1	339.8	343.2	346.1	347.1
38 Large time deposits[10]	85.4	88.6	91.2	103.6	100.1	102.1	103.8	103.6
Money market mutual funds								
39 Retail	589.4	731.9	829.7	933.1	897.1	904.4	909.9	933.1
40 Institution-only	397.0	541.9	636.9	785.6	721.5	734.7	755.9	785.6
Repurchase agreements and eurodollars								
41 Repurchase agreements[12]	250.5	295.4	339.5	359.4	360.8	358.0	357.9	359.4
42 Eurodollars[12]	152.3	154.5	173.4	193.0	187.0	189.1	190.2	193.0
Debt components								
43 Federal debt	3,805.8	3,754.9	3,663.1	n.a.	3,426.5	3,395.5	3,401.3	n.a.
44 Nonfederal debt	11,412.7	12,516.3	13,709.0	n.a.	14,592.0	14,675.3	14,760.7	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12. Includes both overnight and term.

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

A. All commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Dec.[r]	June	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.	Dec. 6	Dec. 13	Dec. 20	Dec. 27
	Seasonally adjusted											
Assets												
1 Bank credit	4,773.9	5,041.8	5,079.7	5,121.4	5,168.8	5,143.1	5,154.8	5,216.3	5,186.4	5,195.0	5,213.8	5,244.3
2 Securities in bank credit	1,272.5	1,313.5	1,318.5	1,321.9	1,332.5	1,310.0	1,302.4	1,334.6	1,307.9	1,331.0	1,330.5	1,351.6
3 U.S. government securities	808.4	818.4[r]	820.3	813.7	808.0	792.8	782.6	784.6	780.8	780.4	786.1	786.6
4 Other securities	464.1	495.1[r]	498.2	508.2	524.5	517.2	519.8	550.0	527.1	550.6	544.5	565.0
5 Loans and leases in bank credit[2]	3,501.3	3,728.3	3,761.2	3,799.5	3,836.4	3,833.1	3,852.4	3,881.7	3,878.5	3,864.0	3,883.3	3,892.7
6 Commercial and industrial	1,001.9	1,066.6	1,072.1	1,079.9	1,079.9	1,079.0	1,080.2	1,088.0	1,083.0	1,080.3	1,093.5	1,092.7
7 Real estate	1,475.1	1,598.4	1,614.5	1,624.6	1,634.9	1,632.4	1,643.6	1,649.9	1,655.4	1,648.9	1,650.3	1,648.8
8 Revolving home equity	101.4	115.0[r]	115.1	116.3	118.1	121.3	123.0	124.4	124.4	124.1	124.3	124.5
9 Other	1,373.7	1,483.4[r]	1,499.4	1,508.2	1,516.8	1,511.1	1,520.7	1,525.5	1,531.0	1,524.8	1,525.9	1,524.4
10 Consumer	490.5	516.0	519.6	528.1	531.4	531.2	535.0	536.3	534.4	533.7	536.8	537.8
11 Security[3]	153.3	149.4	151.5	158.2	178.9	177.1	178.6	187.4	188.9	180.5	185.0	190.0
12 Other loans and leases	380.6	397.8	403.5	408.8	411.2	413.3	415.0	420.0	416.7	420.6	417.8	423.4
13 Interbank loans	228.9	227.1	240.4	247.1	240.0	250.6	250.1	255.3	248.6	249.2	256.3	260.3
14 Cash assets[4]	286.9	270.6	271.8	271.5	269.1	267.4	254.9	266.8	260.0	263.2	263.6	277.5
15 Other assets[5]	374.2	377.6[r]	394.8	396.2	395.1	408.9	398.9	398.8	398.8	397.8	404.8	389.5
16 **Total assets**[6]	**5,604.2**	**5,857.1**	**5,925.5**	**5,974.1**	**6,010.5**	**6,007.9**	**5,996.3**	**6,073.5**	**6,030.5**	**6,041.9**	**6,074.9**	**6,107.9**
Liabilities												
17 Deposits	3,528.9	3,667.0	3,725.1	3,752.4	3,770.2	3,785.6	3,773.4	3,849.8	3,813.4	3,827.8	3,850.2	3,865.9
18 Transaction	631.3	617.0	611.5	617.0	609.6	613.4	598.7	597.9	582.9	579.8	611.2	624.4
19 Nontransaction	2,897.5	3,050.0	3,113.6	3,135.4	3,160.7	3,172.2	3,174.7	3,252.0	3,230.5	3,248.0	3,239.0	3,241.5
20 Large time	831.6	899.0	921.3	930.9	920.4	915.2	912.2	929.5	918.8	931.6	928.8	926.3
21 Other	2,066.0	2,151.0	2,192.3	2,204.5	2,240.3	2,257.1	2,262.5	2,322.5	2,311.8	2,316.4	2,310.2	2,315.2
22 Borrowings	1,118.1	1,203.8	1,222.0	1,228.0	1,220.2	1,210.4	1,206.5	1,237.4	1,237.4	1,221.7	1,242.2	1,235.9
23 From banks in the U.S.	347.7	378.4	390.2	389.4	373.8	369.3	365.1	391.1	384.2	391.1	393.6	384.9
24 From others	770.4	825.4	831.7	838.6	846.5	841.1	841.4	846.2	853.2	830.7	848.6	851.0
25 Net due to related foreign offices	223.8	263.5	261.9	269.7	269.2	251.9	241.4	224.4	207.1	211.4	231.0	242.3
26 Other liabilities	297.7	300.6	296.6	312.7	331.2	338.9	339.3	338.1	334.0	344.4	328.6	341.5
27 **Total liabilities**	**5,168.4**	**5,434.8**	**5,505.5**	**5,562.8**	**5,590.9**	**5,586.8**	**5,560.6**	**5,649.7**	**5,591.9**	**5,605.3**	**5,652.1**	**5,685.6**
28 Residual (assets less liabilities)[7]	435.8	422.3[r]	420.0	411.3	419.6	421.1	435.7	423.9	438.6	436.6	422.8	422.3
	Not seasonally adjusted											
Assets												
29 Bank credit	4,806.3	5,024.5	5,048.1	5,092.6	5,155.5	5,156.7	5,185.6	5,249.8	5,210.5	5,220.1	5,250.7	5,286.6
30 Securities in bank credit	1,282.8	1,302.7	1,301.0	1,309.2	1,327.3	1,314.5	1,317.3	1,344.4	1,323.0	1,341.5	1,339.0	1,357.5
31 U.S. government securities	810.5	817.7[r]	811.9	804.8	800.0	787.7	785.1	786.3	787.0	783.6	787.5	784.3
32 Other securities	472.4	485.1[r]	489.1	504.4	527.3	526.8	532.2	558.1	536.0	557.9	551.5	573.1
33 Loans and leases in bank credit[2]	3,523.5	3,721.7	3,747.1	3,783.4	3,828.3	3,842.2	3,868.3	3,905.4	3,887.5	3,878.6	3,911.7	3,929.1
34 Commercial and industrial	1,003.8	1,066.0	1,067.3	1,069.5	1,075.8	1,079.8	1,084.4	1,090.6	1,082.5	1,078.1	1,097.6	1,099.5
35 Real estate	1,479.9	1,595.0	1,610.7	1,624.6	1,635.4	1,638.1	1,651.6	1,655.2	1,661.8	1,655.8	1,652.9	1,655.0
36 Revolving home equity	101.8	115.1[r]	115.1	116.5	118.9	121.9	123.5	124.9	124.7	124.6	124.8	125.1
37 Other	1,378.1	1,480.0[r]	1,495.6	1,508.1	1,516.5	1,516.2	1,528.1	1,530.3	1,537.1	1,531.2	1,528.1	1,529.8
38 Consumer	496.0	514.1	516.1	526.9	532.1	528.9	534.0	542.2	534.9	536.7	544.6	548.6
39 Credit cards and related plans	n.a.	n.a.	195.2	202.8	206.0	203.0	206.9	216.1	207.7	209.8	219.6	223.0
40 Other	n.a.	n.a.	320.9	324.2	326.1	325.9	327.1	326.1	327.1	326.9	325.0	325.6
41 Security[3]	158.0	149.3	148.6	153.1	172.0	180.9	180.9	191.7	189.7	185.2	192.1	194.5
42 Other loans and leases	385.8	397.4	404.4	409.3	412.9	414.5	417.4	425.7	418.6	422.7	424.6	431.6
43 Interbank loans	234.2	226.8	236.4	237.0	233.6	244.5	255.3	262.8	260.6	258.2	263.9	261.1
44 Cash assets[4]	306.8	266.8[r]	262.4	259.1	264.7	268.4	262.9	285.7	262.0	273.0	280.8	307.4
45 Other assets[5]	374.3	379.1[r]	394.2	394.5	393.5	401.8	396.0	398.4	397.6	395.3	401.7	390.9
46 **Total assets**[6]	**5,661.8**	**5,836.9**[r]	**5,880.0**	**5,921.1**	**5,984.8**	**6,009.3**	**6,037.1**	**6,133.0**	**6,067.1**	**6,082.9**	**6,133.3**	**6,182.4**
Liabilities												
47 Deposits	3,571.4	3,655.0	3,700.5	3,720.1	3,754.1	3,778.6	3,802.8	3,890.9	3,849.0	3,862.9	3,883.4	3,909.3
48 Transaction	664.2	615.9	605.0	601.4	603.3	605.3	606.3	628.9	592.2	598.7	639.1	671.1
49 Nontransaction	2,907.2	3,039.1	3,095.5	3,118.8	3,150.8	3,173.3	3,196.5	3,262.0	3,256.8	3,264.2	3,244.3	3,238.2
50 Large time	846.7	888.1	904.6	913.9	909.5	912.4	923.0	945.8	934.3	949.2	945.3	943.8
51 Other	2,060.5	2,151.0	2,190.9	2,204.9	2,241.4	2,260.9	2,273.5	2,316.1	2,322.5	2,315.0	2,299.0	2,294.4
52 Borrowings	1,127.2	1,207.2	1,209.5	1,200.6	1,215.8	1,212.2	1,215.5	1,248.2	1,238.6	1,221.6	1,268.1	1,254.6
53 From banks in the U.S.	352.6	379.4	387.4	385.0	373.4	368.4	368.6	396.9	387.8	393.5	403.9	393.9
54 From others	774.7	827.8	822.1	815.6	842.5	843.8	846.9	851.4	850.8	828.1	864.2	860.7
55 Net due to related foreign offices	230.0	253.9	253.4	267.0	264.2	253.1	246.7	230.8	210.9	221.4	231.3	260.7
56 Other liabilities	299.9	298.9	294.2	312.2	330.6	338.0	340.3	340.3	336.4	347.0	330.2	343.5
57 **Total liabilities**	**5,228.5**	**5,414.9**	**5,457.6**	**5,500.0**	**5,564.7**	**5,581.9**	**5,605.3**	**5,710.2**	**5,635.0**	**5,652.9**	**5,713.0**	**5,768.2**
58 Residual (assets less liabilities)[7]	433.3	422.0[r]	422.4	421.0	420.1	427.4	431.8	422.8	432.2	430.0	420.3	414.3

Footnotes appear on p. A21.

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

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Dec.[r]	June	July	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.	Dec. 6	Dec. 13	Dec. 20	Dec. 27
	Seasonally adjusted											
Assets												
1 Bank credit	4,219.8	4,460.4	4,497.7	4,534.9	4,575.0	4,562.6	4,579.8	4,618.2	4,602.1	4,608.5	4,612.5	4,631.6
2 Securities in bank credit	1,063.8	1,103.5	1,108.8	1,111.6	1,124.0	1,118.3	1,118.9	1,133.8	1,120.4	1,136.5	1,127.4	1,140.3
3 U.S. government securities	725.8	740.0[r]	741.2[r]	734.5	731.2	723.6	717.0	717.7	715.4	716.4	718.2	716.9
4 Other securities	338.0	363.5[r]	367.5[r]	377.1	392.8	394.7	401.8	416.1	405.1	420.1	409.2	423.4
5 Loans and leases in bank credit[2]	3,156.0	3,356.8	3,389.0	3,423.3	3,450.9	3,444.3	3,461.0	3,484.4	3,481.7	3,472.0	3,485.1	3,491.3
6 Commercial and industrial	808.0	859.9	867.2	873.3	875.5	877.2	878.4	882.8	879.7	877.7	886.2	885.3
7 Real estate	1,457.8	1,579.8	1,595.8[r]	1,605.7	1,615.5	1,613.6	1,624.2	1,630.5	1,636.2	1,629.7	1,630.3	1,629.3
8 Revolving home equity	101.4	115.0[r]	115.1[r]	116.3	118.1	121.3	123.0	124.4	124.4	124.1	124.3	124.5
9 Other	1,356.3	1,464.7[r]	1,480.7[r]	1,489.4	1,497.4	1,492.3	1,501.3	1,506.1	1,511.8	1,505.6	1,506.0	1,504.8
10 Consumer	490.5	516.0	519.6	528.1	531.4	531.2	535.0	536.3	534.4	533.7	536.8	537.8
11 Security[3]	86.1	68.6	70.0	76.5	84.6	75.1	75.4	80.9	82.3	77.8	79.6	80.4
12 Other loans and leases	313.7	332.5	336.4[r]	339.8	343.9	347.2	348.0	353.9	349.0	353.2	352.3	358.5
13 Interbank loans	201.1	200.8	216.9	224.6	216.0	222.9	222.5	227.8	220.9	223.8	229.6	230.4
14 Cash assets[4]	234.1	225.2[r]	225.9[r]	226.2	223.6	224.4	215.5	225.7	221.1	221.5	222.8	236.0
15 Other assets[5]	338.0	335.0[r]	353.0[r]	355.3	355.7	372.9	364.3	367.8	364.9	369.4	374.7	358.9
16 **Total assets[6]**	**4,933.6**	**5,161.8**	**5,232.6[r]**	**5,279.3**	**5,308.1**	**5,321.0**	**5,320.0**	**5,376.3**	**5,346.0**	**5,360.3**	**5,376.3**	**5,393.6**
Liabilities												
17 Deposits	3,152.2	3,281.8	3,334.8[r]	3,356.8	3,381.9	3,401.2	3,390.6	3,464.5	3,432.1	3,438.1	3,469.4	3,482.5
18 Transaction	620.5	605.6	600.2[r]	606.2	599.9	602.9	588.2	587.7	572.8	570.2	601.1	613.3
19 Nontransaction	2,531.7	2,676.2	2,734.6	2,750.6	2,782.1	2,798.3	2,802.4	2,876.8	2,859.3	2,867.9	2,868.3	2,869.1
20 Large time	469.0	526.0	544.6	548.6	544.5	543.9	542.5	557.7	551.0	555.3	561.5	556.9
21 Other	2,062.6	2,150.1	2,190.0[r]	2,202.1	2,237.6	2,254.4	2,259.8	2,319.1	2,308.3	2,312.6	2,306.8	2,312.2
22 Borrowings	940.1	1,001.2	1,019.4	1,029.1	1,005.7	991.9	984.5	997.8	996.7	993.5	1,000.6	989.6
23 From banks in the U.S.	325.1	359.2	369.2	372.4	354.2	350.4	345.6	367.1	359.1	371.2	371.3	359.9
24 From others	615.0	642.0	650.2	656.7	651.5	641.5	638.9	630.7	637.6	622.4	629.3	629.7
25 Net due to related foreign offices	182.7	243.3	243.7	246.4	244.9	235.2	235.4	226.3	213.6	220.7	227.9	239.7
26 Other liabilities	230.3	228.6	222.9[r]	239.7	255.0	263.1	269.0	269.6	263.8	278.5	261.1	272.1
27 **Total liabilities**	**4,505.3**	**4,754.9**	**4,820.7[r]**	**4,871.9**	**4,887.6**	**4,891.4**	**4,879.5**	**4,958.2**	**4,906.2**	**4,930.9**	**4,959.0**	**4,983.7**
28 Residual (assets less liabilities)[7]	428.4	406.9[r]	411.9	407.4	420.5	429.6	440.5	418.1	439.8	429.4	417.3	409.8
	Not seasonally adjusted											
Assets												
29 Bank credit	4,242.1	4,453.0[r]	4,477.0	4,515.9	4,562.5	4,567.4	4,596.6	4,640.8	4,617.2	4,625.6	4,639.4	4,659.8
30 Securities in bank credit	1,070.2	1,099.1	1,098.3	1,104.7	1,118.7	1,115.3	1,123.1	1,139.5	1,128.7	1,143.1	1,133.4	1,143.4
31 U.S. government securities	726.4	739.2[r]	733.8[r]	727.2	725.3	719.0	718.3	718.3	719.8	718.3	718.9	713.7
32 Other securities	343.8	359.9[r]	364.5[r]	377.5	393.4	396.3	404.8	421.2	408.9	424.8	414.4	429.7
33 Loans and leases in bank credit[2]	3,171.9	3,354.0	3,378.7	3,411.3	3,443.8	3,452.2	3,473.5	3,501.2	3,488.5	3,482.5	3,506.0	3,516.4
34 Commercial and industrial	806.4	862.6	864.9	865.6	871.4	876.6	879.2	881.3	876.6	872.9	885.8	886.2
35 Real estate	1,462.6	1,576.5	1,592.2	1,605.9	1,616.2	1,619.0	1,632.2	1,635.8	1,642.7	1,636.7	1,633.1	1,635.6
36 Revolving home equity	101.8	115.1[r]	115.1[r]	116.5	118.9	121.9	123.5	124.9	124.7	124.6	124.8	125.1
37 Other	1,360.8	1,461.5[r]	1,477.0[r]	1,489.4	1,497.3	1,497.1	1,508.7	1,510.9	1,518.0	1,512.1	1,508.3	1,510.4
38 Consumer	496.0	514.1	516.1	526.9	532.1	528.9	534.0	542.2	534.9	536.7	544.6	548.6
39 Credit cards and related plans	n.a.	n.a.	195.2	202.8	206.0	203.0	206.9	216.1	207.7	209.8	219.6	223.0
40 Other	n.a.	n.a.	320.9	324.2	326.1	325.9	327.1	326.1	327.1	326.9	325.0	325.6
41 Security[3]	90.3	68.1	67.3	71.1	77.9	79.5	78.5	84.7	84.8	82.6	85.9	83.0
42 Other loans and leases	316.7	332.6	338.2[r]	341.7	346.2	348.1	349.7	357.2	349.5	353.7	356.6	363.1
43 Interbank loans	206.4	200.5	212.9	214.6	209.6	216.7	227.6	235.3	232.9	232.8	237.3	231.1
44 Cash assets[4]	249.7	222.1[r]	218.3[r]	215.4	220.1	224.5	221.0	241.2	220.3	228.3	236.2	261.9
45 Other assets[5]	335.9	338.7[r]	354.3[r]	354.3	354.8	366.5	361.3	365.6	361.7	364.6	369.7	358.8
46 **Total assets[6]**	**4,974.7**	**5,154.6**	**5,201.6[r]**	**5,238.4**	**5,284.7**	**5,313.4**	**5,344.2**	**5,419.5**	**5,368.8**	**5,388.1**	**5,419.0**	**5,448.4**
Liabilities												
47 Deposits	3,186.1	3,274.2	3,319.0[r]	3,336.5	3,372.2	3,398.7	3,416.8	3,496.7	3,462.7	3,465.4	3,493.5	3,512.4
48 Transaction	652.7	605.0	593.8[r]	590.6	593.1	594.7	595.7	618.1	581.9	588.8	628.2	659.2
49 Nontransaction	2,533.4	2,669.3	2,725.1[r]	2,745.9	2,779.1	2,804.0	2,821.1	2,878.5	2,880.8	2,876.7	2,865.3	2,853.2
50 Large time	475.3	520.6	536.4	543.2	540.0	545.3	549.8	564.6	560.5	563.9	568.5	561.0
51 Other	2,058.1	2,148.7	2,188.7	2,202.7	2,239.1	2,258.6	2,271.3	2,313.9	2,320.3	2,312.8	2,296.8	2,292.1
52 Borrowings	949.2	1,004.6	1,006.9	1,001.7	1,001.3	993.6	993.5	1,008.7	997.9	993.4	1,026.4	1,008.3
53 From banks in the U.S.	330.0	360.2	366.4[r]	368.0	353.8	349.5	349.1	372.9	362.8	373.6	381.6	369.0
54 From others	619.3	644.4	640.6	633.7	647.5	644.1	644.4	635.8	635.2	619.8	644.9	639.3
55 Net due to related foreign offices	183.7	235.1	236.1	243.8	240.6	236.3	239.0	227.7	218.1	226.5	223.5	247.7
56 Other liabilities	230.5	228.4	222.1	239.6	254.8	262.7	269.1	269.9	264.6	279.2	261.0	271.8
57 **Total liabilities**	**4,549.5**	**4,742.3**	**4,784.1[r]**	**4,821.7**	**4,868.9**	**4,891.3**	**4,918.4**	**5,002.9**	**4,943.3**	**4,964.6**	**5,004.5**	**5,040.1**
58 Residual (assets less liabilities)[7]	425.2	412.3[r]	417.5	416.7	415.8	422.1	425.8	416.6	425.5	423.5	414.6	408.3

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Dec.r	June	Julyr	Aug.r	Sept.r	Oct.r	Nov.r	Dec.	Dec. 6	Dec. 13	Dec. 20	Dec. 27
	Seasonally adjusted											
Assets												
1 Bank credit	2,382.4r	2,501.3r	2,511.3	2,528.8	2,551.3	2,527.5	2,526.3	2,544.9	2,532.7	2,541.6	2,537.7	2,558.6
2 Securities in bank credit	555.4r	581.6r	579.1	577.2	585.4	576.4	572.3	580.2	567.5	585.3	575.0	586.6
3 U.S. government securities	358.2r	362.9r	363.8	359.7	357.8	351.5	344.9	348.1	343.2	347.2	349.6	349.5
4 Trading account	19.6	22.7	24.3	23.7	23.2	21.1	20.5	29.0	22.4	25.9	29.2	33.9
5 Investment account	338.6r	340.2r	339.5	336.0	334.6	330.4	324.5	319.1	320.8	321.3	320.4	315.6
6 Other securities	197.2	218.7	215.3	217.6	227.6	224.9	227.4	232.1	224.3	238.2	225.4	237.1
7 Trading account	86.7	100.2	97.2	102.5	114.5	112.7	116.0	122.0	113.8	128.2	116.4	126.3
8 Investment account	110.5	118.5	118.1	115.0	113.2	112.2	111.4	110.1	110.4	109.9	108.9	110.9
9 State and local government	24.1	25.6	26.1	25.9	25.8	26.1	26.3	26.7	26.4	26.2	26.4	27.4
10 Other	86.4	92.9	92.0	89.1	87.4	86.1	85.1	83.4	84.0	83.7	82.5	83.4
11 Loans and leases in bank credit[2]	1,827.0r	1,919.6r	1,932.2	1,951.5	1,965.9	1,951.1	1,954.0	1,964.7	1,965.2	1,956.3	1,962.8	1,972.1
12 Commercial and industrial	554.6r	583.0r	583.5	586.6	586.9	586.2	584.4	589.3	586.3	584.6	593.4	592.6
13 Bankers acceptances	1.1	1.0	1.0	.9	.9	.8	.9	.9	.9	.8	.9	.8
14 Other	553.5r	582.0r	582.6	585.7	586.0	585.4	583.6	588.4	585.4	583.8	592.5	591.8
15 Real estate	746.3r	804.1r	812.7	818.4	819.4	811.5	814.2	812.7	818.4	811.8	811.5	812.3
16 Revolving home equity	64.7r	73.8r	73.4	74.4	73.2	75.1	76.2	77.2	77.2	76.9	77.2	77.3
17 Other	681.7r	730.2r	739.3	744.0	746.3	736.4	738.0	735.6	741.2	734.9	734.3	735.0
18 Consumer	219.0r	227.8	229.0	231.2	232.2	233.3	234.9	234.2	235.5	234.5	232.9	234.0
19 Security[3]	79.3	62.1	63.1	69.2	77.4	67.6	67.9	73.0	74.3	69.9	71.6	72.8
20 Federal funds sold to and repurchase agreements with broker-dealers	60.1	43.9	44.6	50.6	58.1	49.1	50.0	56.5	57.2	53.2	54.7	57.1
21 Other	19.1	18.2	18.6	18.6	19.3	18.5	17.9	16.5	17.1	16.7	17.0	15.7
22 State and local government	11.9	12.3	12.2	12.3	12.4	12.4	12.4	12.2	12.3	12.2	12.2	12.2
23 Agricultural	9.1	9.6	9.5	9.5	9.4	9.4	9.5	9.6	9.6	9.6	9.6	9.6
24 Federal funds sold to and repurchase agreements with others	11.7	13.5	12.8	14.0	16.1	16.9	18.9	20.4	18.0	19.1	18.6	23.7
25 All other loans	75.7	84.7	84.2	84.1	85.4	85.3	82.8	84.2	81.6	85.6	83.9	86.0
26 Lease-financing receivables	119.5	122.5	125.0	126.1	126.7	128.6	129.0	129.0	129.3	129.0	129.0	128.9
27 Interbank loans	135.6r	133.7r	141.6	140.2	130.7	136.2	140.0	139.6	135.4	137.5	140.2	142.1
28 Federal funds sold to and repurchase agreements with commercial banks	59.0r	67.9r	73.7	66.0	56.4	57.5	60.6	63.3	58.4	60.5	64.1	67.2
29 Other	76.7	65.8	67.9	74.1	74.3	78.7	79.3	76.3	77.0	77.0	76.1	74.9
30 Cash assets[4]	148.1	146.1r	144.6	144.6	141.5	142.0	136.9	143.7	141.3	140.4	141.1	152.3
31 Other assets[5]	237.4r	223.2r	242.2	245.2	247.0	260.4	256.6	254.5	256.0	255.4	260.3	243.1
32 **Total assets[6]**	**2,867.9r**	**2,969.8r**	**3,004.6**	**3,023.3**	**3,035.0**	**3,030.9**	**3,024.3**	**3,046.3**	**3,029.1**	**3,038.6**	**3,043.0**	**3,059.8**
Liabilities												
33 Deposits	1,608.0r	1,639.6r	1,639.5	1,634.6	1,634.3	1,637.2	1,621.0	1,651.1	1,639.2	1,636.3	1,654.5	1,659.2
34 Transaction	322.4r	309.6r	302.4	304.5	300.6	302.8	292.6	293.5	285.1	281.5	302.2	308.2
35 Nontransaction	1,285.6r	1,330.0r	1,337.0	1,330.1	1,333.7	1,334.4	1,328.3	1,357.7	1,354.1	1,354.8	1,352.3	1,350.9
36 Large time	229.7	258.7r	266.9	265.3	257.3	254.1	250.0	259.9	255.3	257.5	263.0	259.2
37 Other	1,055.8r	1,071.3r	1,070.1	1,064.8	1,076.4	1,080.2	1,078.4	1,097.8	1,098.7	1,097.4	1,089.3	1,091.7
38 Borrowings	633.4	656.6	678.7	689.4	671.4	664.2	661.2	669.6	667.6	666.2	676.3	663.4
39 From banks in the U.S.	178.9	197.0	205.1	207.5	192.2	196.4	193.7	212.1	202.9	216.2	218.0	206.3
40 From others	454.5	459.6	473.7	481.9	479.3	467.8	467.5	457.5	464.7	450.1	458.3	457.1
41 Net due to related foreign offices	178.2	234.2	221.3	222.7	224.4	211.7	211.7	205.4	195.0	201.3	204.6	216.2
42 Other liabilities	170.5	173.8	177.4	193.4	207.5	214.0	218.6	219.4	213.3	228.2	210.6	222.1
43 **Total liabilities**	**2,590.1r**	**2,704.2r**	**2,716.8**	**2,740.0**	**2,737.6**	**2,727.1**	**2,712.5**	**2,745.6**	**2,715.0**	**2,732.0**	**2,746.0**	**2,760.9**
44 Residual (assets less liabilities)[7]	277.8r	265.6	287.8	283.3	297.5	303.7	311.8	300.7	314.1	306.6	297.0	298.9

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Dec.[r]	June	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.	Dec. 6	Dec. 13	Dec. 20	Dec. 27
	Not seasonally adjusted											
Assets												
45 Bank credit	2,404.3[r]	2,488.6[r]	2,489.8	2,506.4	2,534.4	2,530.3	2,542.5	2,565.8	2,552.0	2,559.7	2,561.5	2,576.4
46 Securities in bank credit	562.2[r]	575.3[r]	569.6	570.7	581.4	575.9	578.1	585.9	578.1	592.6	580.5	587.1
47 U.S. government securities	359.4[r]	359.9[r]	356.5	353.0	352.7	349.3	347.9	349.2	349.4	349.8	350.5	345.2
48 Trading account	19.5	22.5	22.6	23.0	22.5	21.0	21.7	28.8	25.4	26.7	29.2	30.2
49 Investment account	339.9[r]	337.4[r]	334.0	330.1	330.2	328.3	326.2	320.4	324.1	323.1	321.4	315.0
50 Mortgage-backed securities	218.6[r]	217.9[r]	212.4	208.0	208.3	210.4	210.7	212.5	210.6	213.2	211.6	212.7
51 Other	121.4[r]	119.6[r]	121.6	122.1	121.9	118.0	115.5	107.9	113.5	109.9	109.7	102.3
52 One year or less	23.0	30.8	30.8	31.8	32.6	31.3	31.9	30.6	31.9	31.0	32.8	27.6
53 One to five years	58.5	53.2	54.1	53.1	52.6	50.5	48.8	44.0	46.0	45.3	44.1	42.3
54 More than five years	39.9[r]	35.5	36.7	37.2	36.7	36.2	34.8	33.3	35.5	33.6	32.9	32.5
55 Other securities	202.8	215.4	213.1	217.7	228.7	226.6	230.2	236.7	228.6	242.8	230.0	241.8
56 Trading account	86.7	100.2	97.2	102.5	114.5	112.7	116.0	122.0	113.8	128.2	116.4	126.3
57 Investment account	116.1	115.2	115.8	115.2	114.2	113.9	114.2	114.7	114.8	114.6	113.5	115.6
58 State and local government	24.3	25.5	25.6	25.6	25.7	26.1	26.6	26.9	26.6	26.4	26.6	27.8
59 Other	91.8	89.7	90.3	89.6	88.5	87.8	87.6	87.8	88.2	88.1	87.0	87.8
60 Loans and leases in bank credit[2]	1,842.0[r]	1,913.3[r]	1,920.2	1,935.6	1,953.0	1,954.4	1,964.4	1,979.8	1,974.0	1,967.1	1,981.0	1,989.3
61 Commercial and industrial	553.4[r]	583.7[r]	581.2	580.9	584.5	585.9	586.7	588.3	584.9	581.4	593.4	592.6
62 Bankers acceptances	1.1	1.0	1.0	.9	.9	.8	.9	.9	.9	.8	.9	.8
63 Other	552.3[r]	582.6[r]	580.2	580.0	583.7	585.1	585.8	587.5	584.0	580.5	592.5	591.8
64 Real estate	751.8[r]	799.8[r]	808.1	815.9	817.0	813.5	819.5	818.7	825.9	819.6	815.5	817.2
65 Revolving home equity	64.8	74.0[r]	73.7	74.6	73.5	75.3	76.4	77.3	77.3	77.1	77.3	77.5
66 Other	420.4	444.9[r]	454.1	459.3	461.8	455.9	459.1	457.4	463.4	458.2	454.1	456.0
67 Commercial	266.6[r]	280.9[r]	280.3	281.9	281.7	282.3	284.0	284.0	285.3	284.3	284.2	283.6
68 Consumer	222.1	226.3	226.5	229.4	231.2	231.3	233.3	236.9	234.6	235.2	236.0	239.2
69 Credit cards and related plans	n.a.	n.a.	72.0	73.1	74.2	74.3	75.7	80.1	76.6	77.6	80.3	83.0
70 Other	n.a.	n.a.	154.5	156.2	157.0	157.0	157.6	156.8	158.1	157.6	155.7	156.2
71 Security[3]	83.5	61.6	60.5	63.9	70.7	72.0	70.9	76.7	76.7	74.8	78.0	75.3
72 Federal funds sold to and repurchase agreements with broker–dealers	64.1	42.5	41.8	45.7	51.7	53.7	53.5	60.1	60.7	57.9	59.8	58.9
73 Other	19.4	19.1	18.6	18.3	18.9	18.3	17.4	16.6	16.0	16.8	18.2	16.4
74 State and local government	12.0	12.1	12.2	12.5	12.6	12.6	12.5	12.3	12.4	12.3	12.2	12.2
75 Agricultural	9.1	9.5	9.6	9.6	9.6	9.5	9.6	9.6	9.6	9.5	9.6	9.7
76 Federal funds sold to and repurchase agreements with others	11.7	13.5	12.8	14.0	16.1	16.9	18.9	20.4	18.0	19.1	18.6	23.7
77 All other loans	79.3	84.3	85.0	84.3	86.2	85.2	85.3	88.2	83.8	87.5	89.4	90.4
78 Lease-financing receivables	119.1	122.4	124.3	125.1	125.1	127.5	127.7	128.6	128.0	127.9	128.3	129.0
79 Interbank loans	136.6[r]	136.7[r]	141.7	134.2	127.2	130.3	138.3	140.4	134.0	137.7	142.0	142.2
80 Federal funds sold to and repurchase agreements with commercial banks	60.4[r]	68.4	73.0	62.2	54.7	55.7	61.3	64.4	58.6	62.0	65.6	66.4
81 Other	76.2	68.2	68.7	72.0	72.5	74.6	77.0	76.0	75.4	75.7	76.4	75.8
82 Cash assets[4]	159.4	143.6[r]	138.4	136.6	138.4	142.4	139.2	154.5	139.4	144.8	151.0	171.4
83 Other assets[5]	235.8[r]	227.1	241.6	242.4	246.6	254.1	252.2	252.7	252.3	251.8	257.8	243.5
84 **Total assets**[6]	**2,900.4**[r]	**2,961.3**[r]	**2,976.4**	**2,984.1**	**3,010.9**	**3,021.9**	**3,036.6**	**3,076.8**	**3,041.2**	**3,057.5**	**3,075.8**	**3,097.4**
Liabilities												
85 Deposits	1,633.0[r]	1,634.7[r]	1,629.0	1,619.0	1,626.6	1,631.8	1,634.2	1,674.1	1,655.9	1,655.0	1,673.3	1,682.8
86 Transaction	343.7[r]	308.4[r]	298.7	293.4	296.0	297.0	296.4	312.5	287.9	292.5	320.0	338.7
87 Nontransaction	1,289.2[r]	1,326.3[r]	1,330.3	1,325.6	1,330.6	1,334.8	1,337.8	1,361.6	1,368.0	1,362.5	1,353.3	1,344.1
88 Large time	236.0[r]	253.3[r]	258.8	259.9	252.8	255.6	257.2	266.8	264.8	266.1	270.0	263.2
89 Other	1,053.3[r]	1,073.0[r]	1,071.5	1,065.7	1,077.8	1,079.2	1,080.6	1,094.8	1,103.2	1,096.3	1,083.4	1,080.8
90 Borrowings	640.0[r]	658.1	663.8	658.9	661.3	663.0	668.1	676.3	669.0	663.8	692.5	672.3
91 From banks in the U.S.	182.3	196.3	199.8	200.2	188.2	192.9	196.2	215.2	206.4	217.2	223.2	209.2
92 From nonbanks in the U.S.	457.7	461.8	464.0	458.7	473.1	470.2	471.9	461.1	462.6	446.6	469.3	463.1
93 Net due to related foreign offices	179.2	225.9	213.7	220.1	220.0	212.8	215.4	206.8	199.4	207.1	200.2	224.3
94 Other liabilities	170.5	173.8	177.4	193.4	207.5	214.0	218.6	219.4	213.3	228.2	210.6	222.1
95 **Total liabilities**	**2,622.7**[r]	**2,692.6**[r]	**2,683.8**	**2,691.4**	**2,715.3**	**2,721.6**	**2,736.3**	**2,776.6**	**2,737.6**	**2,754.0**	**2,776.7**	**2,801.5**
96 Residual (assets less liabilities)[7]	277.7[r]	268.7[r]	292.6	292.8	295.6	300.3	300.3	300.2	303.6	303.5	299.1	295.9

Footnotes appear on p. A21.

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

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Dec.[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.	Dec. 6	Dec. 13	Dec. 20	Dec. 27
	Seasonally adjusted											
Assets												
1 Bank credit	1,837.4	1,959.1	1,986.4	2,006.1	2,023.7	2,035.1	2,053.6	2,073.3	2,069.4	2,066.9	2,074.8	2,073.0
2 Securities in bank credit	508.4	521.9	529.6	534.3	538.6	542.0	546.6	553.6	553.0	551.1	552.4	553.7
3 U.S. government securities	367.6	377.1	377.5	374.8	373.5	372.1	372.1	369.6	372.2	369.2	368.5	367.5
4 Other securities	140.8	144.8	152.2	159.6	165.2	169.8	174.5	184.0	180.8	181.9	183.8	186.3
5 Loans and leases in bank credit[2]	1,329.0	1,437.2	1,456.8	1,471.8	1,485.0	1,493.2	1,507.0	1,519.7	1,516.5	1,515.8	1,522.4	1,519.2
6 Commercial and industrial	253.4	276.9	283.6	286.6	288.6	291.0	294.0	293.5	293.5	293.0	292.8	292.7
7 Real estate	711.4	775.7	783.0	787.3	796.1	802.1	810.0	817.8	817.8	817.9	818.8	817.0
8 Revolving home equity	36.8	41.2	41.6	42.0	45.0	46.3	46.7	47.3	47.2	47.2	47.2	47.1
9 Other	674.7	734.5	741.4	745.3	751.1	755.8	763.3	770.5	770.6	770.6	771.6	769.8
10 Consumer	271.5	288.2	290.6	296.9	299.2	297.9	300.1	302.1	298.9	299.2	303.9	303.8
11 Security[3]	6.8	6.5	6.8	7.2	7.2	7.5	7.5	7.9	8.1	7.9	7.9	7.7
12 Other loans and leases	85.8	89.9	92.7	93.8	93.9	94.6	95.4	98.4	98.2	97.8	99.0	98.1
13 Interbank loans	65.4	67.1	75.3	84.4	85.3	86.6	82.5	88.2	85.5	86.3	89.5	88.2
14 Cash assets[4]	86.0	79.1	81.3	81.6	82.1	82.4	78.6	82.0	79.7	81.2	81.7	83.7
15 Other assets[5]	100.6	111.8	110.8	110.1	108.6	112.4	107.7	113.4	108.9	113.9	114.4	115.9
16 **Total assets**[6]	**2,065.7**	**2,192.0**	**2,228.0**	**2,256.0**	**2,273.1**	**2,290.1**	**2,295.7**	**2,330.0**	**2,316.8**	**2,321.7**	**2,333.3**	**2,333.7**
Liabilities												
17 Deposits	1,544.2	1,642.2	1,695.3	1,722.2	1,747.6	1,764.0	1,769.6	1,813.4	1,792.9	1,801.8	1,814.9	1,823.3
18 Transaction	298.1	296.1	297.8	301.7	299.2	300.1	295.6	294.2	287.6	288.8	298.9	305.1
19 Nontransaction	1,246.1	1,346.1	1,397.6	1,420.5	1,448.4	1,463.9	1,474.0	1,519.1	1,505.3	1,513.1	1,516.0	1,518.2
20 Large time	239.3	267.3	277.6	283.3	287.2	289.7	292.6	297.8	295.7	297.8	298.5	297.8
21 Other	1,006.8	1,078.8	1,119.9	1,137.2	1,161.2	1,174.2	1,181.5	1,221.3	1,209.6	1,215.3	1,217.5	1,220.4
22 Borrowings	306.7	344.6	340.7	339.7	334.2	327.6	323.3	328.2	329.1	327.3	324.3	326.1
23 From banks in the U.S.	146.1	162.2	164.2	164.9	162.0	154.0	151.9	155.0	156.2	155.0	153.3	153.6
24 From others	160.5	182.4	176.5	174.8	172.2	173.6	171.4	173.2	172.9	172.3	171.0	172.5
25 Net due to related foreign offices	4.5	9.1	22.4	23.7	20.6	23.4	23.7	20.9	18.7	19.5	23.3	23.5
26 Other liabilities	59.9	54.8	45.5	46.3	47.6	49.1	50.4	50.2	50.5	50.3	50.4	50.0
27 **Total liabilities**	**1,915.2**	**2,050.7**	**2,103.9**	**2,131.9**	**2,150.0**	**2,164.2**	**2,167.0**	**2,212.7**	**2,191.2**	**2,198.9**	**2,213.0**	**2,222.9**
28 Residual (assets less liabilities)[7]	150.6	141.3	124.1	124.1	123.0	125.8	128.7	117.3	125.6	122.8	120.3	110.9
	Not seasonally adjusted											
Assets												
29 Bank credit	1,837.9	1,964.5	1,987.2	2,009.5	2,028.1	2,037.1	2,054.0	2,075.0	2,065.1	2,065.9	2,077.9	2,083.4
30 Securities in bank credit	508.0	523.8	528.7	533.9	537.3	539.4	545.0	553.6	550.6	550.5	552.9	556.4
31 U.S. government securities	367.0	379.3	377.3	374.2	372.6	369.6	370.4	369.1	370.4	368.5	368.4	368.5
32 Other securities	141.0	144.5	151.4	159.8	164.7	169.7	174.6	184.5	180.3	182.0	184.5	187.8
33 Loans and leases in bank credit[2]	1,329.9	1,440.7	1,458.5	1,475.6	1,490.8	1,497.8	1,509.1	1,521.4	1,514.5	1,515.4	1,525.0	1,527.1
34 Commercial and industrial	253.0	278.9	283.7	284.7	286.9	290.7	292.5	293.0	291.8	291.5	292.5	293.6
35 Real estate	710.8	776.7	784.1	790.0	799.2	805.5	812.7	817.1	816.7	817.1	817.5	818.4
36 Revolving home equity	37.0	41.1	41.4	41.9	45.4	46.6	47.1	47.6	47.4	47.5	47.5	47.6
37 Other	673.8	735.6	742.7	748.2	753.8	758.9	765.6	769.5	769.3	769.5	770.0	770.8
38 Consumer	273.9	287.8	289.6	297.6	301.0	297.6	300.7	305.3	300.2	301.5	308.6	309.4
39 Credit cards and related plans	n.a.	n.a.	123.1	129.6	131.8	128.7	131.2	136.0	131.2	132.2	139.2	140.0
40 Other	n.a.	n.a.	166.5	168.0	169.1	168.9	169.5	169.3	169.1	169.3	169.3	169.4
41 Security[3]	6.8	6.5	6.8	7.2	7.2	7.5	7.5	7.9	8.1	7.9	7.9	7.7
42 Other loans and leases	85.4	90.7	94.3	96.1	96.5	96.5	95.6	98.0	97.7	97.4	98.5	98.1
43 Interbank loans	69.8	63.8	71.2	80.3	82.4	86.3	89.3	94.9	98.9	95.1	95.2	88.9
44 Cash assets[4]	90.3	78.5	79.9	78.8	81.7	82.1	81.8	86.8	80.9	83.5	85.1	90.5
45 Other assets[5]	100.2	111.6	112.7	111.9	108.2	112.3	109.1	112.9	109.3	112.7	111.9	115.3
46 **Total assets**[6]	**2,074.4**	**2,193.3**	**2,225.2**	**2,254.3**	**2,273.8**	**2,291.5**	**2,307.6**	**2,342.7**	**2,327.5**	**2,330.6**	**2,343.2**	**2,351.0**
Liabilities												
47 Deposits	1,553.1	1,639.5	1,690.0	1,717.5	1,745.6	1,766.9	1,782.6	1,822.5	1,806.8	1,810.5	1,820.1	1,829.6
48 Transaction	309.0	296.6	295.2	297.2	297.1	297.8	299.2	305.6	294.0	296.2	308.2	320.5
49 Nontransaction	1,244.1	1,342.9	1,394.8	1,420.3	1,448.6	1,469.2	1,483.3	1,516.9	1,512.8	1,514.2	1,511.9	1,509.1
50 Large time	239.3	267.3	277.6	283.3	287.2	289.7	292.6	297.8	295.7	297.8	298.5	297.8
51 Other	1,004.8	1,075.7	1,117.2	1,137.0	1,161.4	1,179.4	1,190.7	1,219.1	1,217.1	1,216.4	1,213.4	1,211.3
52 Borrowings	309.3	346.5	343.1	342.9	340.1	330.5	325.4	332.4	328.9	329.7	333.9	335.9
53 From banks in the U.S.	147.7	163.9	166.6	167.8	165.6	156.6	152.9	157.7	156.4	156.4	158.4	159.7
54 From others	161.6	182.6	176.6	175.0	174.4	173.9	172.5	174.7	172.5	173.2	175.5	176.2
55 Net due to related foreign offices	4.5	9.1	22.4	23.7	20.6	23.4	23.7	20.9	18.7	19.5	23.3	23.5
56 Other liabilities	60.0	54.5	44.8	46.3	47.3	48.8	50.4	50.5	51.3	51.0	50.4	49.7
57 **Total liabilities**	**1,926.8**	**2,049.7**	**2,100.3**	**2,130.4**	**2,153.6**	**2,169.7**	**2,182.1**	**2,226.3**	**2,205.6**	**2,210.6**	**2,227.7**	**2,238.6**
58 Residual (assets less liabilities)[7]	147.5	143.6	124.9	124.0	120.3	121.8	125.5	116.4	121.9	120.0	115.5	112.4

Footnotes appear on p. A21.

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

E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Dec.[r]	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Dec. 6	Dec. 13	Dec. 20	Dec. 27
	Seasonally adjusted											
Assets												
1 Bank credit	554.1	581.4	582.0	586.5	593.9[r]	580.4	574.9	598.1	584.3	586.5	601.3	612.7
2 Securities in bank credit	208.7	209.9	209.8	210.3	208.4	191.7	183.5	200.8	187.5	194.5	203.2	211.3
3 U.S. government securities	82.6	78.4	79.1	79.2	76.8	69.1	65.5[r]	66.9	65.4	64.0	67.9	69.6
4 Other securities	126.1	131.5	130.7	131.1	131.7	122.6	118.0[r]	133.9	122.1	130.5	135.3	141.7
5 Loans and leases in bank credit[2]	345.3	371.4	372.2	376.2	385.4	388.8	391.4	397.3	396.8	392.0	398.2	401.4
6 Commercial and industrial	193.9	206.7	205.0	206.6	204.4	201.8	201.9	205.2	203.3	202.6	207.3	207.4
7 Real estate	17.3	18.6	18.7	18.9	19.4	18.8	19.4	19.4	19.2	19.2	19.9	19.5
8 Security[3]	67.2	80.8	81.5	81.8	94.3	102.0[r]	103.2	106.6	106.6	102.7	105.4	109.5
9 Other loans and leases	66.9	65.3	67.0	69.0	67.3	66.1	67.0	66.1	67.7	67.4	65.4	64.9
10 Interbank loans	27.8	26.3	23.5	22.5	24.0[r]	27.8	27.7	27.5	27.7	25.3	26.7	30.0
11 Cash assets[4]	52.8	45.4	45.9	45.2	45.5	43.0	39.5	41.0	38.9	41.7	40.8	41.5
12 Other assets[5]	36.2	42.6	41.8	40.9	39.4	36.0	34.6	30.9	34.0	28.4	30.2	30.6
13 **Total assets[6]**	**670.6**	**695.3**	**692.9**	**694.7**	**702.4[r]**	**686.9**	**676.3**	**697.2**	**684.5**	**681.6**	**698.6**	**714.3**
Liabilities												
14 Deposits	376.7	385.1	390.3	395.6	388.3	384.4	382.8	385.4	381.3	389.6	380.8	383.4
15 Transaction	10.8	11.3	11.3	10.8	9.7	10.4	10.5	10.2	10.2	9.5	10.1	11.0
16 Nontransaction	365.9	373.8	379.1	384.8	378.6	374.0	372.4	375.1	371.2	380.1	370.7	372.4
17 Borrowings	178.0	202.6	202.5	198.9	214.5[r]	218.6	222.0	239.6	240.6	228.2	241.6	246.4
18 From banks in the U.S.	22.6	19.2	21.0	17.0	19.5[r]	18.9	19.5	24.0	25.0	19.9	22.3	25.0
19 From others	155.4	183.4	181.5	181.9	195.0[r]	199.7	202.5	215.5	215.6	208.3	219.3	221.4
20 Net due to related foreign offices	41.1	20.2	18.2	23.4	24.3	16.7	6.1	−2.0	−6.6	−9.4	3.1	2.6
21 Other liabilities	67.4	72.0	73.7	73.0	76.2[r]	75.8	70.2	68.5	70.3	65.9	67.5	69.4
22 **Total liabilities**	**663.2**	**679.9**	**684.8**	**690.8**	**703.3[r]**	**695.4**	**681.1**	**691.5**	**685.7**	**674.4**	**693.1**	**701.8**
23 Residual (assets less liabilities)[7]	7.4	15.4	8.1	3.9	−.9	−8.5	−4.8	5.8	−1.2	7.3	5.5	12.5
	Not seasonally adjusted											
Assets												
24 Bank credit	564.2	571.4	571.1	576.7	593.1	589.3	589.0	609.1	593.3	594.5	611.2	626.8
25 Securities in bank credit	212.6	203.7	202.7	204.5	208.6	199.2	194.2	204.9	194.3	198.5	205.6	214.0
26 U.S. government securities	84.0	78.5	78.1	77.6	74.7	68.7	66.9	68.0	67.2	65.3	68.6	70.6
27 Trading account	6.8	12.0	12.0	13.9	14.2	11.9	11.0	11.8	11.2	10.8	12.2	13.1
28 Investment account	77.2	66.5	66.1	63.7	60.4	56.9	55.9	56.2	55.9	54.6	56.4	57.5
29 Other securities	128.6	125.2	124.6	126.9	133.9	130.5	127.4[r]	136.8	127.2	133.1	137.0	143.4
30 Trading account	85.2	81.4	80.7	82.4	91.0	89.9	87.3	89.9	86.8	87.1	89.0	93.1
31 Investment account	43.4	43.8	43.9	44.6	42.9	40.6	40.0	46.9	40.4	46.1	48.1	50.3
32 Loans and leases in bank credit[2]	351.6	367.8	368.4	372.1	384.5	390.1	394.8	404.2	399.0	396.0	405.6	412.8
33 Commercial and industrial	197.5	203.4	202.5	203.9	204.4	203.2	205.2	209.3	205.8	205.3	211.7	213.3
34 Real estate	17.3	18.5	18.5	18.7	19.2	19.1	19.4	19.4	19.2	19.1	19.8	19.4
35 Security[3]	67.7	81.1	81.3	81.9	94.1[r]	101.4	102.4[r]	107.0	104.9	102.6	106.2	111.5
36 Other loans and leases	69.2	64.8	66.2	67.6	66.8[r]	66.4[r]	67.8[r]	68.5	69.1	69.1	67.9	68.6
37 Interbank loans	27.8	26.3	23.5	22.5	24.0[r]	27.8	27.7	27.5	27.7	25.3	26.7	30.0
38 Cash assets[4]	57.0	44.7	44.2	43.7	44.6	43.9	41.9	44.5	41.7	44.7	44.6	45.5
39 Other assets[5]	38.3	40.4	39.9	40.2	38.7	35.3	34.7	32.8	36.0	30.7	32.0	32.1
40 **Total assets[6]**	**687.1**	**682.4**	**678.4**	**682.7**	**700.1[r]**	**695.9**	**692.9**	**713.5**	**698.4**	**694.8**	**714.2**	**734.0**
Liabilities												
41 Deposits	385.3	380.8	381.5	383.6	381.9	379.9	386.1	394.3	386.4	397.4	390.0	396.9
42 Transaction	11.5	11.0	11.2	10.7	10.2	10.6	10.6	10.8	10.3	10.0	10.9	11.9
43 Nontransaction	373.8	369.8	370.4	372.9	371.7[r]	369.4	375.5	383.5	376.1	387.5	379.1	385.0
44 Borrowings	178.0	202.6	202.5	198.9	214.5[r]	218.6	222.0	239.6	240.6	228.2	241.6	246.4
45 From banks in the U.S.	22.6	19.2	21.0	17.0	19.5[r]	18.9	19.5	24.0	25.0	19.9	22.3	25.0
46 From others	155.4	183.4	181.5	181.9	195.0[r]	199.7	202.5	215.5	215.6	208.3	219.3	221.4
47 Net due to related foreign offices	46.3	18.8	17.3	23.2	23.6	16.9	7.7	3.1	−7.2	−5.2	7.7	13.0
48 Other liabilities	69.5	70.5	72.1	72.6	75.8[r]	75.2	71.2	70.4	71.8	67.8	69.2	71.8
49 **Total liabilities**	**679.0**	**672.6**	**673.5**	**678.3**	**695.9[r]**	**690.6**	**687.0**	**707.3**	**691.7**	**688.3**	**708.5**	**728.0**
50 Residual (assets less liabilities)[7]	8.0	9.7	4.9	4.3	4.2[r]	5.3	5.9	6.2	6.7	6.5	5.7	6.0

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

F. Memo items

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Dec.[r]	June	July	Aug.	Sept	Oct.	Nov.	Dec.	Dec. 6	Dec. 13	Dec. 20	Dec 27
	Not seasonally adjusted											
MEMO												
Large domestically chartered banks, adjusted for mergers												
51 Revaluation gains on off-balance-sheet items[8]	64.2	68.3	63.1	66.5	74.4	70.9	68.0	78.4	73.1	74.5	77.4	85.5
52 Revaluation losses on off-balance-sheet items[8]	63.7	68.5	62.9	67.3	73.9	72.8	72.6	83.1	78.5	79.2	82.6	90.0
53 Mortage-backed securities[9]	251.5[r]	250.2[r]	242.5[r]	238.0[r]	238.2[r]	239.6[r]	239.8[r]	241.6	240.1	242.1	240.8	241.9
54 Pass-through	174.1[r]	177.9[r]	173.2[r]	169.9[r]	170.4[r]	173.4[r]	173.7[r]	176.9	174.9	176.8	176.4	178.1
55 CMO, REMIC, and other	77.4[r]	72.3[r]	69.3[r]	68.2[r]	67.7[r]	66.3[r]	66.0[r]	64.7	65.2	65.4	64.4	63.7
56 Net unrealized gains (losses) on available-for-sale securities[10]	−11.3	−8.7	−11.5	−10.8	−9.7	−8.7	−8.0	−5.8	−6.7	−6.4	−5.8	−5.6
57 Off-shore credit to U.S. residents[11]	24.0	22.4	22.2	22.1	22.1	22.3	23.1	23.4	23.3	23.5	23.8	23.6
58 Securitized consumers loans[12]	n.a.	n.a.	87.4	86.6	85.9	80.8	80.5	82.2	82.0	81.9	82.7	82.6
59 Credit cards and related plans	n.a.	n.a.	72.4	72.0	71.8	67.2	67.3	68.6	69.0	69.0	68.6	68.6
60 Other	n.a.	n.a.	15.0	14.6	14.1	13.6	13.2	13.6	13.0	12.9	14.1	14.0
61 Securitized business loans[12]	n.a.	n.a.	17.0	16.2	15.3	15.2	17.8	18.6	18.4	18.5	18.5	18.7
Small domestically chartered commercial banks, adjusted for mergers												
62 Mortgage-backed securities[9]	196.5[r]	207.4[r]	207.2[r]	210.1[r]	211.6[r]	212.6[r]	214.0[r]	215.1	214.9	214.8	213.9	215.0
63 Securitized consumer loans[12]	n.a.	n.a.	220.5	220.8	221.5	223.7	224.7[r]	230.1	227.2	230.2	229.9	231.6
64 Credit cards and related plans	n.a.	n.a.	211.5	212.0	212.9	214.0	214.8[r]	220.5	217.5	220.5	220.6	222.1
65 Other	n.a.	n.a.	9.0	8.8	8.6	9.7	9.9	9.6	9.7	9.7	9.3	9.6
Foreign-related institutions												
66 Revaluation gains on off-balance-sheet items[8]	43.6	44.7	41.4	43.0	48.6	47.5	44.8	45.8	44.1	45.2	45.8	47.2
67 Revaluation losses on off-balance-sheet items[8]	41.5	40.7	38.2	40.1	45.0[r]	44.6	40.8	41.5	40.2	41.4	40.8	42.9
68 Securitized business loans[12]	n.a.	n.a.	23.9	23.7	23.1	23.0	22.8	23.1	23.4	22.9	22.9	23.0

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 AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

A. Commercial Paper

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					2000					
	1995	1996	1997	1998	1999	June	July	Aug.	Sept.	Oct.	Nov.
1 **All issuers**	**674,904**	**775,371**	**966,699**	**1,163,303**	**1,403,023**	**1,516,205**	**1,551,668**	**1,559,054**	**1,557,700**	**1,587,591**	**1,624,421**
Financial companies[1]											
2 Dealer-placed paper, total[2]	275,815	361,147	513,307	614,142	786,643	884,578	900,651	905,634	899,853	912,739	960,701
3 Directly placed paper, total[3]	210,829	229,662	252,536	322,030	337,240	300,718	309,076	303,307	315,039	328,049	312,438
4 Nonfinancial companies[4]	188,260	184,563	200,857	227,132	279,140	330,909	341,941	350,113	342,809	346,803	351,282

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

B. Bankers Dollar Acceptances[1]

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

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

1. Includes eligible, dollar-denominated bankers acceptances legally payable in the United States. Eligible acceptances are those that are eligible for discount by Federal Reserve Banks; that is, those acceptances that meet the criteria of Paragraph 7 of Section 13 of the Federal Reserve Act (12 U.S.C. §372).
2. Data on bankers dollar acceptances are gathered from approximately 40 institutions; includes U.S. chartered commerical banks (domestic and foreign offices), U.S. branches and agencies of foreign banks, and Edge and agreement corporations. The reporting group is revised every year.

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

Percent per year

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

1. The prime rate is one of several base rates that banks use to price short-term business loans. The table shows the date on which a new rate came to be the predominant one quoted by a majority of the twenty-five largest banks by asset size, based on the most recent Call Report. Data in this table also appear in the Board's H.15 (519) weekly and G.13 (415) monthly statistical releases. For ordering address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

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

Item	1998	1999	2000	2000				2000, week ending				
				Sept.	Oct.	Nov.	Dec.	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.35	4.97	6.24	6.52	6.51	6.51	6.40	6.50	6.57	6.47	6.53	6.48
2 Discount window borrowing[2,4]	4.92	4.62	5.73	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	5.40	5.09	6.27	6.48	6.48	6.49	6.51	6.51	6.52	6.53	6.51	6.45
4 2-month	5.38	5.14	6.29	6.47	6.48	6.52	6.42	6.53	6.48	6.42	6.41	6.36
5 3-month	5.34	5.18	6.31	6.47	6.51	6.50	6.34	6.50	6.43	6.33	6.28	6.28
Financial												
6 1-month	5.42	5.11	6.28	6.49	6.48	6.49	6.52	6.49	6.54	6.54	6.54	6.45
7 2-month	5.40	5.16	6.30	6.48	6.47	6.54	6.42	6.55	6.48	6.45	6.39	6.33
8 3-month	5.37	5.22	6.33	6.47	6.52	6.52	6.33	6.51	6.43	6.36	6.28	6.21
Commercial paper (historical)[3,5,7]												
9 1-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 3-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 6-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Finance paper, directly placed (historical)[3,5,8]												
12 1-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 3-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 6-month	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bankers acceptances[3,5,9]												
15 3-month	5.39	5.24	6.23	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 6-month	5.30	5.30	6.37	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Certificates of deposit, secondary market[3,10]												
17 1-month	5.49	5.19	6.35	6.56	6.55	6.56	6.62	6.62	6.67	6.63	6.59	6.55
18 3-month	5.47	5.33	6.46	6.60	6.67	6.65	6.45	6.63	6.54	6.49	6.40	6.32
19 6-month	5.44	5.46	6.59	6.68	6.65	6.63	6.30	6.60	6.42	6.36	6.21	6.11
20 Eurodollar deposits, 3-month[3,11]	5.45	5.31	6.45	6.59	6.66	6.64	6.43	6.62	6.52	6.47	6.39	6.31
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	4.78	4.64	5.82	6.00	6.11	6.17	5.77	6.08	5.94	5.89	5.51	5.66
22 6-month	4.83	4.75	5.90	5.98	6.04	6.06	5.68	5.98	5.81	5.78	5.53	5.50
23 1-year	4.80	4.81	5.78	5.79	5.72	5.84	5.33	5.71	5.47	5.44	5.18	5.11
Auction high[3,5,12]												
24 3-month	4.81	4.66	5.66	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
25 6-month	4.85	4.76	5.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
26 1-year	4.85	4.78	5.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.05	5.08	6.11	6.13	6.01	6.09	5.60	6.00	5.78	5.73	5.44	5.34
28 2-year	5.13	5.43	6.26	6.08	5.91	5.88	5.35	5.71	5.49	5.46	5.23	5.12
29 3-year	5.14	5.49	6.22	6.02	5.85	5.79	5.26	5.61	5.41	5.35	5.12	5.06
30 5-year	5.15	5.55	6.16	5.93	5.78	5.70	5.17	5.52	5.33	5.25	5.02	4.98
31 7-year	5.28	5.79	6.20	5.98	5.84	5.78	5.28	5.60	5.41	5.34	5.14	5.16
32 10-year	5.26	5.65	6.03	5.80	5.74	5.72	5.24	5.56	5.39	5.29	5.10	5.10
33 20-year	5.72	6.20	6.23	6.09	6.04	5.98	5.64	5.84	5.73	5.65	5.56	5.58
34 30-year	5.58	5.87	5.94	5.83	5.80	5.78	5.49	5.66	5.57	5.49	5.43	5.44
Composite												
35 More than 10 years (long-term)	5.69	6.14	6.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	4.93	5.28	5.58	5.40	5.46	5.38	5.11	5.36	5.19	5.12	5.07	5.07
37 Baa	5.14	5.70	6.19	6.12	6.22	6.17	5.85	6.13	6.01	5.81	5.79	5.79
38 *Bond Buyer* series[15]	5.09	5.43	5.71	5.56	5.59	5.54	5.22	5.46	5.34	5.25	5.16	5.14
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	6.87	7.45	7.98	7.98	7.95	7.90	7.65	7.81	7.72	7.65	7.58	7.59
Rating group												
40 Aaa	6.53	7.05	7.62	7.62	7.55	7.45	7.21	7.37	7.29	7.21	7.16	7.15
41 Aa	6.80	7.36	7.83	7.83	7.81	7.75	7.48	7.67	7.57	7.48	7.40	7.40
42 A	6.93	7.53	8.11	8.13	8.11	8.09	7.88	8.02	7.94	7.88	7.82	7.83
43 Baa	7.22	7.88	8.36	8.35	8.34	8.28	8.02	8.19	8.10	8.03	7.95	7.97
MEMO												
Dividend–price ratio[17]												
44 Common stocks	1.49	1.25	1.15	1.10	1.15	1.16	1.19	1.19	1.17	1.16	1.26	1.18

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

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year or bank interest.
4. Rate for the Federal Reserve Bank of New York
5. Quoted on a discount basis.
6. Interest rates interpolated from data on certain commercial paper trades settled by the Depository Trust Company. The trades represent sales of commercial paper by dealers or direct issuers to investors (that is, the offer side). See Board's Commercial Paper Web pages (http://www.federalreserve.gov/releases/cp) for more information.
7. An average of offering rates on commercial paper for firms whose bond rating is AA or the equivalent. Series ended August 29, 1997.
8. An average of offering rates on paper directly placed by finance companies. Series ended August 29, 1997
9. Representative closing yields for acceptances of the highest-rated money center banks.
10. An average of dealer offering rates on nationally traded certificates of deposit.
11. Bid rates for eurodollar deposits collected around 9:30 a.m. Eastern time. Data are for indication purposes only.
12. Auction date for daily data; weekly and monthly averages computed on an issue-date basis. On or after October 28, 1998, data are stop yields from uniform-price auctions. Before that, they are weighted average yields from multiple-price auctions.
13. Yields on actively traded issues adjusted to constant maturities. Source: U.S. Department of the Treasury.
14. General obligation bonds based on Thursday figures; Moody's Investors Service.
15. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moody's' A1 rating. Based on Thursday figures.
16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
17. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

1.36 STOCK MARKET Selected Statistics

Indicator	1998	1999	2000	2000 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	550.65	619.52	643.71	646.82	640.07	649.61	653.27	666.14	667.05	646.53	646.64	645.44
2 Industrial	684.35	775.29	809.40	822.76	814.75	819.54	825.28	837.23	829.99	797.00	800.88	792.66
3 Transportation	468.61	491.62	414.73	406.14	411.50	395.09	410.67	419.84	404.23	403.20	434.92	457.53
4 Utility	190.52	284.82	478.99	502.78	487.17	501.93	484.19	459.91	463.76	469.16	455.66	444.16
5 Finance	516.65	530.97	552.48	524.05	523.22	544.51	556.32	597.17	616.89	587.76	600.45	621.62
6 Standard & Poor's Corporation (1941–43 = 10)[1]	1,085.50	1,327.33	1,427.22	1,461.36	1,418.48	1,461.96	1,473.00	1,485.46	1,468.06	1,390.14	1,375.04	1,330.93
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	682.69	770.90	922.22	918.77	917.76	934.90	930.66	920.54	952.74	913.64	892.60	870.16
Volume of trading (thousands of shares)												
8 New York Stock Exchange	666,534	799,554	1,026,867	1,047,960	893,896	971,137	941,694	875,087	1,026,597	1,167,025	1,015,606	1,183,149
9 American Stock Exchange	28,870	32,629	51,437	63,054	44,146	42,490	36,486	35,695	47,047	57,915	58,541	73,759
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**1,685,820**	**2,130,152**	**2,921,376**	**251,700**	**240,660**	**247,200**	**244,970**	**247,560**	**250,780**	**233,376**	**219,110**	**198,790**
Free credit balances at brokers[4]												
11 Margin accounts[5]	405,180	532,500	867,610	65,930	66,170	64,970	71,730	68,020	70,959	83,131	96,730	100,680
12 Cash accounts	633,725	757,345	918,917	76,190	73,500	74,140	74,970	72,640	74,766	73,271	74,050	84,400

	Margin requirements (percent of market value and effective date)[6]					
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

1. In July 1976 a financial group, composed of banks and insurance companies, was added to the group of stocks on which the index is based. The index is now based on 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. On July 5, 1983, the American Stock Exchange rebased its index, effectively cutting previous readings in half.
3. Since July 1983, under the revised Regulation T, margin credit at broker–dealers has included credit extended against stocks, convertible bonds, stocks acquired through the exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.
4. Free credit balances are amounts in accounts with no unfulfilled commitments to brokers and are subject to withdrawal by customers on demand.
5. Series initiated in June 1984.
6. Margin requirements, stated in regulations adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit that can be used to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar 11, 1968; and Regulation X, effective Nov. 1, 1971.

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1998	Fiscal year 1999	Fiscal year 2000	Calendar year 2000 July	Aug.	Sept.	Oct.	Nov.	Dec.
U.S. budget[1]									
1 Receipts, total	1,721,798	1,827,454	2,025,038	134,074	138,128	219,471	135,111	125,666	200,489
2 On-budget	1,305,999	1,382,986	1,544,455	97,681	101,429	176,692	101,121	89,216	161,737
3 Off-budget	415,799	444,468	480,583	36,393	36,699	42,779	33,990	36,450	38,752
4 Outlays, total	1,652,224	1,702,942	1,788,140	129,013	148,555	153,744	146,431	149,356	167,823
5 On-budget	1,335,948	1,382,262	1,457,376	99,404	115,539	114,748	115,840	116,737	132,747
6 Off-budget	316,604	320,778	330,765	29,609	33,016	38,901	30,592	32,619	35,075
7 Surplus or deficit (−), total	69,246	124,414	236,897	5,061	−10,427	65,727	−11,321	−23,690	32,666
8 On-budget	−29,949	724	87,079	−1,723	−14,110	61,944	−14,719	−27,521	28,990
9 Off-budget	99,195	123,690	149,818	6,784	3,683	3,878	3,398	3,831	3,677
Source of financing (total)									
10 Borrowing from the public	−51,211	−88,674	−222,672	−31,307	9,995	−32,334	−29,666	41,325	−36,689
11 Operating cash (decrease, or increase (−))	4,743	−17,580	3,799	23,384	20,873	−39,479	42,653	−1,431	−9,632
12 Other[2]	−22,778	−18,160	−17,327	2,862	−20,441	6,086	−1,666	−16,204	13,655
MEMO									
13 Treasury operating balance (level, end of period)	38,878	56,458	52,659	34,053	13,180	52,659	10,006	11,437	21,069
14 Federal Reserve Banks	4,952	6,641	8,459	5,392	5,961	8,459	5,360	4,382	5,149
15 Tax and loan accounts	33,926	49,817	44,199	28,661	7,218	44,199	4,646	7,055	15,920

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

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

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

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1999	2000[r]	1999		2000		2000		
			H1	H2	H1	H2	Oct.	Nov.	Dec.
RECEIPTS									
1 **All sources**	**1,827,454**	**2,025,200**	**966,045**	**892,266**	**1,089,760**	**952,939**	**135,111**	**125,666**	**200,489**
2 Individual income taxes, net	879,480	1,004,500	481,907	425,451	550,208	458,679	75,969	60,489	83,485
3 Withheld	693,940	780,397	351,068	372,012	388,526	395,572	68,287	62,855	78,133
4 Nonwithheld	308,185	358,049	240,278	68,302	281,103	77,732	8,799	2,320	6,468
5 Refunds	122,706	134,046	109,467	14,841	119,477	14,628	1,118	4,686	1,116
Corporation income taxes									
6 Gross receipts	216,324	235,655	106,861	110,111	119,166	123,962	7,113	4,292	53,192
7 Refunds	31,645	28,367	17,092	13,996	13,781	15,776	5,404	2,245	1,886
8 Social insurance taxes and contributions, net	611,833	652,900	324,831	292,551	353,514	310,122	47,155	51,383	53,559
9 Employment taxes and contributions[2]	580,880	620,447	306,235	280,059	333,584	297,665	45,247	48,536	52,932
10 Unemployment insurance	26,480	27,641	16,378	10,173	17,562	10,097	1,509	2,431	260
11 Other net receipts[3]	4,473	4,763	2,216	2,319	2,368	2,360	399	416	367
12 Excise taxes	70,414	68,900	31,015	34,262	33,532	35,501	4,235	6,030	5,865
13 Customs deposits	18,336	19,900	8,440	10,287	9,218	10,676	1,900	1,640	1,461
14 Estate and gift taxes	27,782	29,000	14,915	14,001	15,073	13,216	2,868	2,141	1,863
15 Miscellaneous receipts[4]	34,929	42,800	15,140	19,569	22,831	16,556	1,275	1,935	2,949
OUTLAYS									
16 **All types**	**1,702,942**	**1,789,000**	**817,227**	**882,465**	**892,947**	**894,922**	**146,431**	**149,356**	**167,823**
17 National defense	274,873	294,500	134,414	149,573	143,476	147,651	21,478	24,445	29,176
18 International affairs	15,243	17,200	6,879	8,530	7,250	11,902	1,795	1,326	4,828
19 General science, space, and technology	18,125	18,600	9,319	10,089	9,601	10,389	1,676	1,776	1,868
20 Energy	912	−1,100	797	−90	−893	−595	−1,200	74	182
21 Natural resources and environment	23,970	25,000	10,351	12,100	10,814	12,907	2,132	2,100	2,083
22 Agriculture	23,011	36,600	9,803	20,887	11,164	20,977	5,025	3,547	3,618
23 Commerce and housing credit	2,649	3,200	−1,629	7,353	−2,497	4,408	843	−709	555
24 Transportation	42,531	46,900	17,082	23,199	21,054	25,841	4,729	4,221	4,035
25 Community and regional development	11,870	10,600	5,368	6,806	5,050	5,962	1,211	1,133	822
26 Education, training, employment, and social services	56,402	59,400	29,003	27,532	31,234	29,263	5,061	5,014	6,122
27 Health	141,079	154,500	69,320	74,490	75,871	81,413	14,799	13,111	12,975
28 Social security and Medicare	580,488	606,500	261,146	295,030	306,966	307,473	51,766	51,481	54,224
29 Income security	237,707	247,900	126,552	113,504	133,915	113,212	16,485	18,950	23,882
30 Veterans benefits and services	43,212	47,100	20,105	23,412	23,174	22,615	2,222	3,644	5,520
31 Administration of justice	25,924	28,000	13,149	13,459	13,981	14,635	2,545	2,741	2,495
32 General government	15,771	13,200	6,641	7,010	6,198	6,461	1,239	1,134	1,205
33 Net interest[5]	229,735	223,200	116,655	112,420	115,545	104,685	18,399	18,916	17,122
34 Undistributed offsetting receipts[6]	−40,445	−42,600	−17,724	−22,850	−19,346	−24,070	−3,775	−3,547	−2,889

1. Functional details do not sum to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for receipts and outlays do not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Federal employee retirement contributions and civil service retirement and disability fund
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. Includes interest received by trust funds.
6. Rents and royalties for the outer continental shelf, U.S. government contributions for employee retirement, and certain asset sales.

SOURCE. Fiscal year totals. U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2001*, monthly and half-year totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1998	1999				2000			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**5,643**	**5,681**	**5,668**	**5,685**	**5,805**	**5,802**	**5,714**	**5,702**	**5,690**
2 Public debt securities	5,614	5,652	5,639	5,656	5,776	5,773	5,686	5,674	5,662
3 Held by public	3,787	3,795	3,685	3,667	3,716	3,688	3,496	n.a.	n.a.
4 Held by agencies	1,827	1,857	1,954	1,989	2,061	2,085	2,190	n.a.	n.a.
5 Agency securities	29	29	29	29	29	28	28	28	27
6 Held by public	29	28	28	28	28	28	28	n.a.	n.a.
7 Held by agencies	1	1	1	1	1	0	0	n.a.	n.a.
8 **Debt subject to statutory limit**	**5,530**	**5,566**	**5,552**	**5,568**	**5,687**	**5,687**	**5,601**	**5,592**	**5,581**
9 Public debt securities	5,530	5,566	5,552	5,568	5,687	5,686	5,601	5,591	5,580
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	5,950	5,950	5,950	5,950	5,950	5,950	5,950	5,950	5,950

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

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

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

Billions of dollars, end of period

Type and holder	1997	1998	1999	2000	2000			
					Q1	Q2	Q3	Q4
1 **Total gross public debt**	**5,502.4**	**5,614.2**	**5,776.1**	**5,662.2**	**5,773.4**	**5,685.9**	**5,674.2**	**5,662.2**
By type								
2 Interest-bearing	5,494.9	5,605.4	5,766.1	5,618.1	5,763.8	5,675.9	5,622.1	5,618.1
3 Marketable	3,456.8	3,355.5	3,281.0	2,966.9	3,261.2	3,070.7	2,992.8	2,966.9
4 Bills	715.4	691.0	737.1	646.9	753.3	629.9	616.2	646.9
5 Notes	2,106.1	1,960.7	1,784.5	1,557.3	1,732.6	1,679.1	1,611.3	1,557.3
6 Bonds	587.3	621.2	643.7	626.5	653.0	637.7	635.3	626.5
7 Inflation-indexed notes and bonds[1]	33.0	67.6	100.7	121.2	107.4	109.0	115.0	121.2
8 Nonmarketable[2]	2,038.1	2,249.9	2,485.1	2,651.2	2,502.6	2,605.2	2,629.3	2,651.2
9 State and local government series	124.1	165.3	165.7	151.0	161.9	160.4	153.3	151.0
10 Foreign issues[3]	36.2	34.3	31.3	27.2	28.8	27.7	25.4	27.2
11 Government	36.2	34.3	31.3	27.2	28.8	27.7	25.4	27.2
12 Public	.0	0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	181.2	180.3	179.4	176.9	178.6	177.7	177.7	176.9
14 Government account series[4]	1,666.7	1,840.0	2,078.7	2,266.1	2,103.3	2,209.4	2,242.9	2,266.1
15 Non-interest-bearing	7.5	8.8	10.0	44.2	9.6	10.1	52.1	44.2
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,655.7	1,826.8	2,060.6		2,085.4	2,190.2	2,235.7	
17 Federal Reserve Banks	451.9	471.7	477.7		501.7	505.0	511.4	
18 Private investors	3,414.6	3,334.0	3,233.9		3,182.8	2,987.4	2,936.2	
19 Depository institutions	300.3	237.3	246.3		235.1	219.7	n.a.	
20 Mutual funds	321.5	343.2	348.6		338.9	318.6	n.a.	
21 Insurance companies	176.6	144.5	125.3	n.a.	124.0	120.9	n.a.	n.a.
22 State and local treasuries[6]	239.3	269.3	266.8		257.2	256.4	n.a.	
Individuals								
23 Savings bonds	186.5	186.7	186.5		185.3	184.6	184.7	
24 Pension funds	359.4	374.4	384.5		385.9	384.5	n.a.	
25 Private	142.5	157.8	171.3		174.8	175.5	n.a.	
26 State and Local	216.9	216.6	213.2		211.1	209.0	n.a.	
27 Foreign and international[7]	1,241.6	1,278.7	1,268.8		1,273.9	1,248.9	1,225.2	
28 Other miscellaneous investors[6,8]	589.5	498.8	407.1		382.5	253.8	n.a.	

1. The U.S. Treasury first issued inflation-indexed securities during the first quarter of 1997.
2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. In March 1996, in a redefinition of series, fully defeased debt backed by nonmarketable federal securities was removed from "Other miscellaneous investors" and added to "State and local treasuries." The data shown here have been revised accordingly.
7. Includes nonmarketable foreign series treasury securities and treasury deposit funds. Excludes treasury securities held under repurchase agreements in custody accounts at the Federal Reserve Bank of New York.
8. Includes individuals, government-sponsored enterprises, brokers and dealers, bank personal trusts and estates, corporate and noncorporate businesses, and other investors.

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

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

Millions of dollars, daily averages

Item	2000			2000, week ending								
	Sept.	Oct.	Nov.	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	24,438	26,999	33,213	38,246	38,933	32,325	22,990	35,664	44,451	28,399	30,087	29,272
Coupon securities, by maturity												
2 Five years or less	117,915	139,243	116,403	136,248	123,038	114,912	86,544	120,857	200,827	140,926	136,050	97,687
3 More than five years	69,458	67,524	62,146	70,445	68,022	62,882	49,039	59,954	95,819	90,414	89,936	45,923
4 Inflation-indexed	1,490	1,987	1,033	831	938	643	1,071	1,446	1,420	1,563	1,527	907
Federal agency												
5 Discount notes	50,165	51,052	52,139	52,948	46,558	46,902	56,595	57,434	56,732	48,781	52,063	58,338
Coupon securities, by maturity												
6 One year or less	1,160	1,082	1,094	1,317	1,324	1,024	974	749	1,980	1,415	1,962	2,292
7 More than one year, but less than or equal to five years	9,860	12,597	9,936	9,580	10,633	11,754	6,812	9,376	17,403	11,269	9,880	6,012
8 More than five years	9,925	11,659	7,450	15,584	7,445	6,924	5,193	7,128	14,019	17,255	13,377	6,324
9 Mortgage-backed	76,954	80,367	80,031	61,990	115,204	99,137	38,129	71,318	90,154	123,014	68,876	30,729
By type of counterparty												
With interdealer broker												
10 U.S. Treasury	101,973	102,544	92,335	102,022	98,148	89,680	71,765	96,092	152,034	114,749	123,851	77,852
11 Federal agency	9,811	10,680	8,654	9,482	8,447	9,271	7,446	8,418	13,370	13,645	13,157	7,330
12 Mortgage-backed	28,514	26,882	23,812	24,761	32,315	24,834	14,081	22,691	29,402	37,557	26,804	13,004
With other												
13 U.S. Treasury	111,328	133,209	120,459	143,747	132,782	121,081	87,878	121,829	190,483	146,553	133,748	95,936
14 Federal agency	61,299	65,710	61,966	69,946	57,513	57,333	62,127	66,269	76,763	65,076	64,125	65,636
15 Mortgage-backed	48,440	53,485	56,219	37,229	82,889	74,302	24,048	48,627	60,752	85,457	42,072	17,725
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
16 U.S. Treasury bills	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Coupon securities, by maturity												
17 Five years or less	3,119	2,497	3,309	2,058	1,965	2,663	2,849	6,098	5,012	4,666	3,474	1,641
18 More than five years	11,756	10,472	13,051	11,590	11,889	10,599	10,120	19,774	17,887	14,870	15,733	8,092
19 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
20 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
21 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
22 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0	0
23 More than five years	165	86	72	52	34	60	67	46	464	304	235	n.a.
24 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
25 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
26 Five years or less	1,350	1,217	1,548	1,412	2,012	1,285	1,879	900	1,361	1,940	1,317	1,265
27 More than five years	3,382	3,829	3,619	3,939	4,820	3,605	2,926	3,048	3,105	5,870	4,757	2,419
28 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
29 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
30 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
31 More than one year, but less than or equal to five years	38	0	n.a.	0	0	0	0	0	0	0	0	0
32 More than five years	6	102	124	n.a.	0	320	n.a.	104	36	n.a.	12	0
33 Mortgage-backed	1,097	1,189	1,272	638	2,510	703	1,353	360	1,242	945	1,674	1,077

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

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

Millions of dollars

Item	2000			2000, week ending							
	Sept.	Oct.	Nov.	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	9,758	4,172	6,870	10,965	4,413	8,272	3,785	7,747	25,627	24,064	7,224
Coupon securities, by maturity											
2 Five years or less	−29,392	−30,472	−28,545	−32,896	−28,111	−29,549	−28,265	−28,265	−24,136	−21,555	−16,746
3 More than five years	−17,375	−17,380	−11,005	−20,889	−10,054	−13,323	−10,171	−9,027	−11,230	−14,317	−13,971
4 Inflation-indexed	2,452	3,125	3,015	3,526	3,084	3,334	3,410	2,366	1,560	1,872	1,867
Federal agency											
5 Discount notes	37,057	33,428	29,599	30,822	29,824	30,166	29,728	27,784	34,622	30,133	28,910
Coupon securities, by maturity											
6 One year or less	13,999	13,990	16,088	14,176	14,896	17,318	16,125	16,263	16,245	15,876	16,878
7 More than one year, but less than or equal to five years	4,628	5,672	7,057	4,918	9,516	7,014	6,217	5,866	6,499	10,167	7,357
8 More than five years	1,696	1,978	4,043	1,257	3,579	4,490	4,667	3,818	4,163	3,742	6,157
9 Mortgage-backed	14,544	14,541	12,132	11,406	13,852	11,158	11,308	12,288	12,297	13,939	13,899
NET FUTURES POSITIONS[4]											
By type of deliverable security											
10 U.S. Treasury bills	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
Coupon securities, by maturity											
11 Five years or less	4,480	1,995	1,921	3,304	3,902	1,220	2,458	274	−657	−423	20
12 More than five years	1,600	1,365	−2,745	1,521	−515	−1,414	−3,844	−5,797	−2,879	−3,901	−2,960
13 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
14 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
15 One year or less	0	0	0	0	0	0	0	0	0	0	0
16 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0
17 More than five years	−737	−1,232	−1,364	−1,175	−1,186	−1,356	−1,450	−1,541	−1,004	−740	−317
18 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
NET OPTIONS POSITIONS											
By type of deliverable security											
19 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
20 Five years or less	2,489	1,541	−1,768	949	−1,601	−1,587	−2,132	−2,218	−1,229	−283	98
21 More than five years	1,242	771	−203	967	−13	323	54	−1,201	−1,201	−467	110
22 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
23 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
24 One year or less	0	0	0	0	0	0	0	0	0	0	0
25 More than one year, but less than or equal to five years	88	41	−209	24	−1	−304	−309	−266	−148	−597	−610
26 More than five years	33	208	259	207	n.a.	248	206	306	427	378	534
27 Mortgage-backed	4,328	3,895	2,892	4,377	2,118	1,661	4,107	3,658	1,575	2,767	2,494
	Financing[5]										
Reverse repurchase agreements											
28 Overnight and continuing	282,991	289,809	310,115	314,011	300,565	326,471	279,769	327,590	348,676	328,712	335,487
29 Term	777,783	832,733	824,867	869,730	909,956	758,572	825,576	799,505	821,004	826,114	845,610
Securities borrowed											
30 Overnight and continuing	283,528	289,467	271,420	281,225	283,982	279,538	263,438	259,282	257,697	261,575	263,144
31 Term	114,413	117,801	123,967	117,503	120,515	120,590	127,509	126,942	132,603	135,102	138,700
Securities received as pledge											
32 Overnight and continuing	2,232	2,228	2,748	2,214	2,527	2,599	2,909	3,001	2,971	2,742	n.a.
33 Term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Repurchase agreements											
34 Overnight and continuing	738,371	729,081	724,736	737,650	743,744	757,881	642,402	744,180	786,976	776,360	766,948
35 Term	707,207	772,976	796,328	818,047	860,069	717,776	848,419	759,746	769,715	778,736	803,143
Securities loaned											
36 Overnight and continuing	6,935	7,252	8,221	7,396	8,400	8,446	7,995	8,178	8,109	7,839	7,989
37 Term	6,189	5,314	4,465	4,984	4,498	4,410	4,418	4,461	4,459	4,478	4,143
Securities pledged											
38 Overnight and continuing	61,552	60,045	56,285	58,686	59,855	56,556	54,741	54,039	53,519	55,368	57,569
39 Term	4,432	4,689	3,981	4,564	4,560	4,162	3,345	3,757	4,109	4,315	4,227
Collateralized loans											
40 Total	22,972	27,796	26,695	26,455	26,942	27,820	28,222	23,245	30,783	24,367	26,876

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

2. Securities positions are reported at market value.

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1996	1997	1998	1999	2000				
					June	July	Aug.	Sept.	Oct.
1 **Federal and federally sponsored agencies**	**925,823**	**1,022,609**	**1,296,477**	**1,616,492**	**1,706,709**	**1,726,016**	**1,763,089**	**1,776,334**	
2 Federal agencies	29,380	27,792	26,502	26,376	26,669	26,094	25,892	25,993	
3 Defense Department[1]	6	6	6	6	6	6	6	6	
4 Export-Import Bank[2,3]	1,447	552	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration[4]	84	102	205	126	185	205	210	227	
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	
7 Postal Service[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
8 Tennessee Valley Authority	27,853	27,786	26,496	26,370	26,663	26,088	25,886	25,987	
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
10 Federally sponsored agencies[7]	896,443	994,817	1,269,975	1,590,116	1,680,040	1,699,922	1,737,197	1,750,341	
11 Federal Home Loan Banks	263,404	313,919	382,131	529,005	568,438	565,037	572,836	580,579	576,689
12 Federal Home Loan Mortgage Corporation	156,980	169,200	287,396	360,711	384,286	399,370	412,656	406,936	422,960
13 Federal National Mortgage Association	331,270	369,774	460,291	547,619	578,500	579,448	595,117	607,000	615,463
14 Farm Credit Banks[8]	60,053	63,517	63,488	68,883	69,541	69,757	70,139	71,055	71,345
15 Student Loan Marketing Association[9]	44,763	37,717	35,399	41,988	37,263	44,223	44,113	42,423	48,988
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**58,172**	**49,090**	**44,129**	**42,152**	**38,513**	**38,143**	**38,040**	**42,837**	n.a.
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	1,431	552							
21 Postal Service[6]	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.							
24 United States Railway Association[6]	n.a.	n.a.							
Other lending[14]									
25 Farmers Home Administration	18,325	13,530	9,500	6,665	6,040	5,760	5,660	5,540	
26 Rural Electrification Administration	16,702	14,898	14,091	14,085	13,121	13,165	13,238	12,989	
27 Other	21,714	20,110	20,538	21,402	19,352	19,218	19,142	24,308	

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. On-budget since Sept. 30, 1976.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal year 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; the Department of Health, Education, and Welfare; the Department of Housing and Urban Development; the Small Business Administration; and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Includes Federal Agricultural Mortgage Corporation; therefore, details do not sum to total. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, which is shown on line 17.
9. Before late 1982, the association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 22.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation, established in January 1988 to provide assistance to the Farm Credit System, undertook its first borrowing in July 1988.
12. The Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.
13. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Because FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table to avoid double counting.
14. Includes FFB purchases of agency assets and guaranteed loans; the latter are loans guaranteed by numerous agencies, with the amounts guaranteed by any one agency generally being small. The Farmers Home Administration entry consists exclusively of agency assets, whereas the Rural Electrification Administration entry consists of both agency assets and guaranteed loans

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1997	1998	1999	2000 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 **All issues, new and refunding**[1]	**214,694**	**262,342**	**215,427**	**14,136**	**20,208**	**12,827**	**15,284**	**15,598**	**18,035**	**18,079**	**15,348**
By type of issue											
2 General obligation	69,934	87,015	73,308	6,051	8,581	4,256	5,194	6,888	5,871	5,044	5,060
3 Revenue	134,989	175,327	142,120	8,086	11,628	8,572	10,090	8,710	12,163	13,036	10,288
By type of issuer											
4 State	18,237	23,506	16,376	1,102	2,907	783	1,011	2,022	3,005	1,942	1,640
5 Special district or statutory authority[2]	134,919	178,421	152,418	9,639	13,520	8,545	10,728	10,152	11,224	12,311	1,053
6 Municipality, county, or township	70,558	60,173	46,634	3,396	3,782	3,500	3,545	3,424	3,806	3,827	3,165
7 **Issues for new capital**	**135,519**	**160,568**	**161,065**	**12,481**	**16,987**	**11,297**	**12,402**	**13,968**	**16,387**	**14,520**	**13,286**
By use of proceeds											
8 Education	31,860	36,904	36,563	3,662	4,465	3,185	3,630	3,210	3,492	3,446	2,919
9 Transportation	13,951	19,926	17,394	1,778	1,093	1,947	1,979	1,574	2,575	2,124	1,381
10 Utilities and conservation	12,219	21,037	15,098	537	1,141	353	1,409	1,408	1,272	1,973	1,307
11 Social welfare	27,794	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.
12 Industrial aid	6,667	8,594	9,099	585	1,150	632	281	387	730	500	615
13 Other purposes	35,095	42,450	47,896	3,557	5,776	2,543	3,564	5,243	6,558	3,787	4,264

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts.

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1997	1998	1999	2000 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 **All issues**[1]	**929,256**	**1,128,491**	**1,072,866**	**61,963**	**62,939**	**100,615**	**65,511**	**82,752**	**94,492**	**62,466**[r]	**95,495**
2 **Bonds**[2]	**811,376**	**1,001,736**	**941,298**	**40,941**	**58,233**	**92,742**	**57,476**	**69,875**	**88,102**	**53,345**	**84,094**
By type of offering											
3 Sold in the United States	708,188	923,771	818,683	36,724	45,986	75,271	40,753	56,133	73,516	47,415	76,383
4 Sold abroad	103,188	77,965	122,615	4,217	12,247	17,471	16,723	13,742	14,586	5,930	7,711
MEMO											
5 Private placements, domestic	n.a	n.a.	n.a.	228	2,694	3,391	1,038	241	376	127[r]	5,534
By industry group											
6 Nonfinancial	222,603	307,935	293,963	8,060	20,832	29,412	15,885	17,947	24,483	12,547	25,826
7 Financial	588,773	693,801	647,335	32,881	37,401	63,331	41,592	51,928	63,619	40,799	58,269
8 **Stocks**[3]	**173,330**	**205,605**	**217,868**	**21,022**	**4,706**	**7,873**	**8,035**	**12,877**	**6,390**	**9,121**	**11,498**
By type of offering											
9 Public	117,880	126,755	131,568	21,022	4,706	7,873	8,035	12,877	6,390	9,121	11,498
10 Private placement[4]	55,450	78,850	86,300	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	60,386	74,113	110,284	16,763	4,522	6,521	7,773	8,645	6,205	8,278	10,791
12 Financial	57,494	52,642	21,284	4,259	184	1,352	262	4,232	185	843	707

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

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

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

Millions of dollars

Item	1999	2000	2000 May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.
1 **Sales of own shares**[2]	**1,791,894**	**2,279,522**	**172,718**	**181,866**	**166,815**	**179,890**	**159,809**	**169,071**	**143,412**	**170,462**
2 Redemptions of own shares	1,621,987	2,057,780	162,984	161,462	151,717	159,027	147,644	153,067	138,791	161,421
3 Net sales[3]	169,906	221,742	9,735	20,404	15,098	20,864	12,166	16,004	4,621	9,041
4 **Assets**[4]	**5,233,191**	**5,121,401**	**5,232,319**	**5,458,914**	**5,392,308**	**5,745,264**	**5,550,176**	**5,442,937**	**4,993,008**	**5,121,401**
5 Cash[5]	219,189	278,726	260,426	259,241	258,472	261,967	280,192	302,682	300,133	278,726
6 Other	5,014,002	4,842,675	4,971,892	5,199,673	5,133,836	5,483,298	5,269,984	5,140,255	4,692,875	4,842,675

1. Data include stock, hybrid, and bond mutual funds and exclude money market mutual funds.
2. Excludes reinvestment of net income dividends and capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1997	1998	1999	1998 Q4	1999 Q1	1999 Q2	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3
1 Profits with inventory valuation and capital consumption adjustment	833.8	815.0	856.0	803.4	852.0	836.8	842.0	893.2	936.3	963.6	970.3
2 Profits before taxes	792.4	758.2	823.0	742.3	797.6	804.5	819.0	870.7	920.7	942.5	945.1
3 Profits-tax liability	237.2	244.6	255.9	239.4	247.8	250.8	254.2	270.8	286.3	292.0	290.6
4 Profits after taxes	555.2	513.6	567.1	502.9	549.9	553.7	564.8	599.9	634.4	650.4	654.4
5 Dividends	335.2	351.5	370.7	356.1	361.1	367.2	373.9	380.6	387.3	393.0	400.1
6 Undistributed profits	220.0	162.1	196.4	146.9	188.7	186.5	190.9	219.3	247.1	257.4	254.4
7 Inventory valuation	8.4	17.0	-9.1	19.9	11.4	-8.9	-19.7	-19.2	-25.0	-13.6	-4.5
8 Capital consumption adjustment	32.9	39.9	42.1	41.2	42.9	41.2	42.7	41.6	40.6	34.7	29.7

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

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

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

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

Type of credit	1997	1998	1999	2000 June	July	Aug.	Sept.	Oct.[r]	Nov.
	Seasonally adjusted								
1 **Total**	**810.5**	**875.8**	**993.9**	**1,076.9**	**1,089.1**	**1,094.1**	**1,112.1[r]**	**1,133.7**	**1,132.9**
2 Consumer	327.9	352.8	385.3	401.4	405.9	411.1	419.7	437.3	438.9
3 Real estate	121.1	131.4	154.7	163.7	167.5	169.0	170.9	174.0	175.9
4 Business	361.5	391.6	453.9	511.7	515.8	514.1	521.6[r]	522.3	518.0
	Not seasonally adjusted								
5 **Total**	**818.1**	**884.0**	**1,003.2**	**1,082.3**	**1,082.2**	**1,087.9**	**1,106.8[r]**	**1,131.7**	**1,134.5**
6 Consumer	330.9	356.1	388.8	403.9	408.3	412.3	421.0	437.9	440.5
7 Motor vehicles loans	87.0	103.1	114.7	126.5	129.4	130.7	130.1	131.8	127.8
8 Motor vehicle leases	96.8	93.3	98.3	103.9	104.4	105.4	104.6	104.3	104.0
9 Revolving[2]	38.6	32.3	33.8	33.1	33.6	33.6	35.4	37.1	37.1
10 Other[3]	34.4	33.1	33.1	30.7	31.5	32.3	31.7	31.9	32.0
Securitized assets[4]									
11 Motor vehicle loans	44.3	54.8	71.1	74.1	74.5	76.2	78.8	84.3	91.5
12 Motor vehicle leases	10.8	12.7	9.7	7.9	7.6	7.4	7.2	7.0	6.8
13 Revolving	.0	8.7	10.5	11.1	10.9	10.7	17.2	25.8	25.8
14 Other	19.0	18.1	17.7	16.6	16.4	16.2	16.0	15.7	15.5
15 Real estate	121.1	131.4	154.7	163.7	167.5	169.0	170.9	174.0	175.9
16 One- to four-family	59.0	75.7	88.3	96.6	100.5	101.7	100.9	104.6	107.0
17 Other	28.9	26.6	38.3	39.6	39.7	40.2	41.5	41.8	42.0
Securitized real estate assets[4]									
18 One- to four-family	33.0	29.0	28.0	27.4	27.1	26.8	26.5	25.7	25.0
19 Other	.2	.1	.2	.2	.2	.2	1.9	1.9	1.9
20 Business	366.1	396.5	459.6	514.7	506.4	506.7	514.9[r]	519.8	518.2
21 Motor vehicles	63.5	79.6	87.8	94.5	89.4	89.6	94.1	95.9	93.3
22 Retail loans	25.6	28.1	33.2	33.8	34.1	34.3	34.8	34.7	32.3
23 Wholesale loans[5]	27.7	32.8	34.7	38.4	32.9	32.6	35.5	37.5	37.3
24 Leases	10.2	18.7	19.9	22.3	22.3	22.7	23.7	23.7	23.8
25 Equipment	203.9	198.0	221.9	250.0	248.6	250.0	256.7	258.5	257.6
26 Loans	51.5	50.4	52.2	56.7	54.8	54.3	55.8	56.1	54.7
27 Leases	152.3	147.6	169.7	193.3	193.9	195.8	200.9	202.4	202.9
28 Other business receivables[6]	51.1	69.9	95.5	109.7	109.4	108.3	104.9	103.7	103.2
Securitized assets[4]									
29 Motor vehicles	33.0	29.2	31.5	31.7	29.8	29.6	31.9[r]	34.2	37.0
30 Retail loans	2.4	2.6	2.9	2.9	2.8	2.7	2.4	2.3	3.1
31 Wholesale loans	30.5	24.7	26.4	26.4	24.6	24.5	27.1[r]	29.5	31.5
32 Leases	.0	1.9	2.1	2.4	2.4	2.4	2.4	2.4	2.4
33 Equipment	10.7	13.0	14.6	22.3	22.5	22.4	21.4	21.7	21.3
34 Loans	4.2	6.6	7.9	15.8	16.0	15.9	15.1	14.9	14.6
35 Leases	6.5	6.4	6.7	6.4	6.5	6.5	6.4	6.7	6.7
36 Other business receivables[6]	4.0	6.8	8.4	6.6	6.8	6.8	5.8	5.8	5.8

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

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

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

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

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

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

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

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

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1998	1999	2000	2000 June	2000 July	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.	2000 Dec.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	195.2	210.7	234.5	238.6	235.8	237.0	241.9	240.2	247.2	250.0
2 Amount of loan (thousands of dollars)	151.1	161.7	177.0	178.3	178.3	179.7	182.5	180.4	184.2	187.3
3 Loan-to-price ratio (percent)	80.0	78.7	77.4	76.9	77.7	77.7	77.1	77.2	76.2	76.5
4 Maturity (years)	28.4	28.8	29.2	29.2	29.3	29.3	29.2	29.2	29.2	29.1
5 Fees and charges (percent of loan amount)[2]	.89	.77	.70	69	.66	68	.70	.69	.69	73
Yield (percent per year)										
6 Contract rate[1]	6.95	6.94	7.41	7.40	7.41	7.44	7.41	7.43	7.36	7.29
7 Effective rate[1,3]	7.08	7.06	7.52	7.50	7.51	7.54	7.52	7.53	7.47	7.40
8 Contract rate (HUD series)[4]	7.00	7.45	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	7.04	7.74	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 GNMA securities[6]	6.43	7.03	7.57	7.69	7.59	7.44	7.43	7.30	7.22	6.83
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	414,515	523,941	610,122	552,166	561,045	568,187	574,087	586,756	598,951	610,122
12 FHA/VA insured	33,770	55,318	61,539	59,703	60,397	60,150	59,961	60,329	60,694	61,539
13 Conventional	380,745	468,623	548,583	492,463	500,648	508,037	514,126	526,427	538,257	548,583
14 Mortgage transactions purchased (during period)	188,448	195,210	154,231	12,842	15,128	13,352	11,501	18,444	17,322	17,193
Mortgage commitments (during period)										
15 Issued[7]	193,795	187,948	163,689	11,825	16,660	14,253	16,143	17,435	15,287	20,120
16 To sell[8]	1,880	5,900	11,786	1,254	436	236	693	268	676	1,436
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	255,010	324,443	385,693	350,836	354,020	357,002	361,624	365,198	372,819	385,693
18 FHA/VA insured	785	1,836	3,332	2,892	2,858	2,903	3,517	3,530	3,321	3,332
19 Conventional	254,225	322,607	382,361	347,944	351,162	354,099	358,107	361,668	369,498	382,361
Mortgage transactions (during period)										
20 Purchases	267,402	239,793	174,043	12,271	10,912	16,056	21,748	16,195	19,402	24,313
21 Sales	250,565	233,031	166,901	11,806	10,539	15,558	21,189	15,614	18,823	22,277
22 Mortgage commitments contracted (during period)[9]	281,899	228,432	169,231	13,596	10,803	17,468	19,481	17,915	20,012	21,780

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

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1996	1997	1998	1999 Q2	1999 Q3	1999 Q4	2000 Q1	2000 Q2
1 **All holders**	**4,865,412**	**5,197,838**	**5,722,645**	**6,015,365**	**6,224,771**	**6,375,447**	**6,489,770**	**6,659,097**
By type of property								
2 One- to four-family residences	3,716,055	3,967,842	4,353,048	4,559,021	4,690,310	4,786,609	4,862,747	4,982,853
3 Multifamily residences	288,579	301,838	329,813	348,658	359,323	373,189	381,699	392,919
4 Nonfarm, nonresidential	773,643	837,859	943,278	1,008,048	1,073,743	1,112,686	1,141,577	1,175,641
5 Farm	87,134	90,299	96,506	99,638	101,395	102,962	103,748	107,685
By type of holder								
6 Major financial institutions	1,981,886	2,083,881	2,194,813	2,242,431	2,321,356	2,394,923	2,456,786	2,551,751
7 Commercial banks[2]	1,145,389	1,245,315	1,337,217	1,361,365	1,418,819	1,495,502	1,546,816	1,614,307
8 One- to four-family	677,603	745,510	797,492	790,372	827,291	879,552	904,581	948,496
9 Multifamily	45,451	49,670	54,116	60,529	63,964	67,591	72,431	75,713
10 Nonfarm, nonresidential	397,452	423,148	456,574	479,930	496,246	516,520	537,131	556,382
11 Farm	24,883	26,986	29,035	30,536	31,320	31,839	32,673	33,717
12 Savings institutions[3]	628,335	631,726	643,957	656,518	676,346	668,634	680,745	701,992
13 One- to four-family	513,712	520,682	533,918	544,962	560,622	549,072	560,046	578,641
14 Multifamily	61,570	59,540	56,821	55,016	57,282	59,138	57,759	59,142
15 Nonfarm, nonresidential	52,723	51,150	52,801	56,096	57,983	59,948	62,447	63,691
16 Farm	331	354	417	443	459	475	493	518
17 Life insurance companies	208,162	206,840	213,640	224,548	226,190	230,787	229,225	235,452
18 One- to four-family	6,977	7,187	6,590	7,292	7,432	5,934	5,874	4,826
19 Multifamily	30,750	30,402	31,522	31,800	31,998	32,818	32,602	33,669
20 Nonfarm, nonresidential	160,315	158,779	164,004	173,495	174,571	179,048	177,870	182,514
21 Farm	10,120	10,472	11,524	11,961	12,189	12,987	12,879	14,444
22 Federal and related agencies	295,192	286,194	293,613	289,519	322,572	322,352	323,145	334,715
23 Government National Mortgage Association	2	8	7	8	8	7	7	7
24 One- to four-family	2	8	7	8	8	7	7	7
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,596	41,195	40,851	40,766	73,705	73,871	72,899	72,896
27 One- to four-family	17,303	17,253	16,895	16,653	16,583	16,506	16,456	16,435
28 Multifamily	11,685	11,720	11,739	11,735	11,745	11,741	11,732	11,729
29 Nonfarm, nonresidential	6,841	7,370	7,705	7,943	41,068	41,355	40,509	40,554
30 Farm	5,768	4,852	4,513	4,435	4,308	4,268	4,202	4,179
31 Federal Housing and Veterans' Administrations	6,244	3,811	3,674	3,490	3,889	3,712	3,794	3,845
32 One- to four-family	3,524	1,767	1,849	1,623	2,013	1,851	1,847	1,832
33 Multifamily	2,719	2,044	1,825	1,867	1,876	1,861	1,947	2,013
34 Resolution Trust Corporation	0	0	0	0	0	0	0	0
35 One- to four-family	0	0	0	0	0	0	0	0
36 Multifamily	0	0	0	0	0	0	0	0
37 Nonfarm, nonresidential	0	0	0	0	0	0	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	2,431	724	361	189	163	152	98	72
40 One- to four-family	365	109	54	28	24	23	15	11
41 Multifamily	413	123	61	32	28	26	17	12
42 Nonfarm, nonresidential	1,653	492	245	129	111	103	67	49
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	168,813	161,308	157,675	155,637	153,172	151,500	150,312	155,364
45 One- to four-family	155,008	149,831	147,594	145,033	142,982	141,195	139,986	144,335
46 Multifamily	13,805	11,477	10,081	10,604	10,190	10,305	10,326	11,029
47 Federal Land Banks	29,602	30,657	32,983	33,666	34,217	34,187	34,142	34,820
48 One- to four-family	1,742	1,804	1,941	1,981	2,013	2,012	2,009	2,039
49 Farm	0	0	0	0	0	0	0	0
50 Federal Home Loan Mortgage Corporation	46,504	48,454	57,085	54,282	55,695	56,676	57,009	56,972
51 One- to four-family	41,758	42,629	49,106	43,574	44,010	44,321	43,384	42,892
52 Multifamily	4,746	5,825	7,979	10,708	11,685	12,355	13,625	14,080
53 Mortgage pools or trusts[5]	2,040,847	2,239,350	2,589,763	2,810,119	2,891,187	2,954,792	3,000,280	3,041,396
54 Government National Mortgage Association	506,246	536,879	537,446	553,196	569,038	582,263	589,203	590,903
55 One- to four-family	494,064	523,225	522,498	537,287	552,670	565,189	571,517	572,856
56 Multifamily	12,182	13,654	14,948	15,909	16,368	17,074	17,686	18,047
57 Federal Home Loan Mortgage Corporation	554,260	579,385	646,459	718,085	738,581	749,081	757,106	768,641
58 One- to four-family	551,513	576,846	643,465	714,844	735,088	744,619	752,607	763,890
59 Multifamily	2,747	2,539	2,994	3,241	3,493	4,462	4,499	4,751
60 Federal National Mortgage Association	650,779	709,582	834,517	911,435	938,484	960,883	975,815	995,815
61 One- to four-family	633,209	687,981	804,204	877,863	903,531	924,941	938,898	957,584
62 Multifamily	17,570	21,601	30,313	33,572	34,953	35,942	36,917	38,231
63 Farmers Home Administration[4]	3	2	1	1	0	0	0	0
64 One- to four-family	0	0	0	0	0	0	0	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	0	0	0	0	0	0	0	0
67 Farm	3	2	1	1	0	0	0	0
68 Private mortgage conduits	329,559	413,502	571,340	627,402	645,084	662,565	678,156	686,037
69 One- to four-family[6]	258,800	316,400	412,700	447,938	455,276	462,600	471,390	471,000
70 Multifamily	16,369	21,591	34,323	39,435	40,936	42,628	43,835	44,931
71 Nonfarm, nonresidential	54,390	75,511	124,317	140,029	148,873	157,337	162,930	170,106
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	547,486	588,413	644,456	673,297	689,656	703,379	709,560	731,235
74 One- to four-family	360,476	376,574	413,770	428,202	439,219	446,771	449,496	467,572
75 Multifamily	68,572	71,651	73,081	74,090	74,629	77,016	78,074	79,272
76 Nonfarm, nonresidential	100,269	121,409	137,632	150,428	154,892	158,375	160,622	162,345
77 Farm	18,169	18,779	19,974	20,577	20,916	21,217	21,368	22,046

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

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

1.55 CONSUMER CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1997	1998	1999	2000 June	2000 July	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.
	Seasonally adjusted								
1 **Total**	**1,234,461**	**1,301,023**	**1,393,657**	**1,462,821**	**1,470,768**	**1,484,081**	**1,492,934**	**1,509,568**	**1,522,000**
2 Revolving	531,163	560,504	595,610	634,652	638,406	645,121	649,297	656,666	662,800
3 Nonrevolving[2]	703,297	740,519	798,047	828,170	832,363	838,961	843,637	852,902	862,200
	Not seasonally adjusted								
4 **Total**	**1,264,103**	**1,331,742**	**1,426,151**	**1,454,035**	**1,463,292**	**1,486,048**	**1,495,627**	**1,513,688**	**1,529,800**
By major holder									
5 Commercial banks	512,563	508,932	499,758	506,245	506,254	520,431	521,767	521,515	527,200
6 Finance companies	160,022	168,491	181,573	190,268	194,438	196,555	197,276	200,815	197,800
7 Credit unions	152,362	155,406	167,921	176,030	178,034	180,679	181,597	183,010	184,200
8 Savings institutions	47,172	51,611	61,527	60,951	61,493	62,037	62,580	62,815	63,100
9 Nonfinancial business	78,927	74,877	80,311	73,500	71,956	73,030	72,091	70,842	73,800
10 Pools of securitized assets[3]	313,057	372,425	435,061	447,041	451,117	453,316	460,316	474,691	483,800
By major type of credit[4]									
11 Revolving	555,858	586,528	623,245	627,909	630,633	641,298	645,820	654,678	664,300
12 Commercial banks	219,826	210,346	189,352	194,793	194,496	204,016	202,362	201,874	206,100
13 Finance companies	38,608	32,309	33,814	33,063	33,565	33,558	35,405	37,147	37,051
14 Credit unions	19,552	19,930	20,641	20,172	20,476	20,796	20,783	20,804	21,246
15 Savings institutions	11,441	12,450	15,838	15,455	15,745	16,036	16,327	16,505	16,684
16 Nonfinancial business	44,966	39,166	42,783	37,098	36,078	36,669	35,817	34,484	36,430
17 Pools of securitized assets[3]	221,465	272,327	320,817	327,328	330,273	330,223	335,126	343,833	345,946
18 Nonrevolving	708,245	745,214	802,906	826,126	832,659	844,750	849,807	859,127	865,404
19 Commercial banks	292,737	298,586	310,406	311,452	311,758	316,415	319,405	319,548	320,751
20 Finance companies	121,414	136,182	147,759	157,205	160,873	162,997	161,871	163,697	159,801
21 Credit unions	132,810	135,476	147,280	155,858	157,558	159,883	160,814	162,359	163,176
22 Savings institutions	35,731	39,161	45,689	45,496	45,748	46,001	46,253	46,310	46,367
23 Nonfinancial business	33,961	35,711	37,528	36,402	35,878	36,361	36,274	36,355	37,375
24 Pools of securitized assets[3]	91,592	100,098	114,244	119,713	120,844	123,093	125,190	130,858	137,934

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

1.56 TERMS OF CONSUMER CREDIT[1]

Percent per year except as noted

Item	1997	1998	1999	2000 May	2000 June	2000 July	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.02	8.72	8.44	9.21	n.a.	n.a.	9.62	n.a.	n.a.	9.63
2 24-month personal	13.90	13.74	13.39	13.88	n.a.	n.a.	13.85	n.a.	n.a.	14.12
Credit card plan										
3 All accounts	15.77	15.71	15.21	15.39	n.a.	n.a.	15.98	n.a.	n.a.	15.99
4 Accounts assessed interest	15.57	15.59	14.81	14.74	n.a.	n.a.	15.35	n.a.	n.a.	15.23
Auto finance companies										
5 New car	7.12	6.30	6.66	6.51	6.40	6.55	7.46	7.16	4.74	5.44
6 Used car	13.27	12.64	12.60	13.47	13.58	13.64	13.70	13.91	13.87	13.53
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.1	52.1	52.7	53.5	55.6	55.6	55.7	55.9	57.6	57.3
8 Used car	51.0	53.5	55.9	57.1	57.3	57.2	57.2	57.0	57.0	56.8
Loan-to-value ratio										
9 New car	92	92	92	93	92	92	92	91	93	93
10 Used car	99	99	99	99	99	100	100	100	100	100
Amount financed (dollars)										
11 New car	18,077	19,083	19,880	20,621	20,349	20,406	20,664	21,010	22,069	22,443
12 Used car	12,281	12,691	13,642	14,132	14,245	14,269	14,166	13,950	13,978	14,325

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

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1995	1996	1997	1998	1999	1999				2000		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**711.3**	**731.4**	**804.3**	**1,042.9**	**1,120.4**	**1,277.7**	**938.8**	**1,170.1**	**1,094.8**	**940.7**	**958.3**	**758.5**
By sector and instrument												
2 Federal government	144.4	145.0	23.1	−52.6	−71.2	−83.4	−98.5	−71.4	−31.5	−215.5	−414.0	−219.0
3 Treasury securities	142.9	146.6	23.2	−54.6	−71.0	−81.9	−99.1	−71.5	−31.5	−213.5	−415.8	−216.6
4 Budget agency securities and mortgages	1.5	−1.6	−.1	2.0	−.2	−1.5	.6	.0	.0	−2.1	1.8	−2.4
5 Nonfederal	566.9	586.3	781.2	1,095.5	1,191.6	1,361.2	1,037.3	1,241.6	1,126.3	1,156.3	1,372.3	977.5
By instrument												
6 Commercial paper	18.1	−.9	13.7	24.4	37.4	58.3	−2.6	49.8	44.0	36.2	116.9	62.5
7 Municipal securities and loans	−48.2	2.6	71.4	96.8	68.2	92.1	56.8	71.3	52.5	8.9	34.0	29.8
8 Corporate bonds	91.1	116.3	150.5	218.7	229.9	274.0	287.6	202.8	155.2	186.2	153.8	184.4
9 Bank loans n.e.c.	103.7	70.5	106.5	108.2	82.7	86.0	24.0	112.3	108.6	131.9	163.1	32.0
10 Other loans and advances	67.2	33.5	69.1	74.3	71.2	148.0	2.3	79.2	55.4	162.1	104.3	−17.3
11 Mortgages	196.0	275.7	317.5	505.5	607.8	572.2	607.8	650.0	601.1	488.9	665.7	565.7
12 Home	180.7	242.5	252.3	386.9	432.3	411.2	440.1	479.4	398.3	343.9	496.6	443.4
13 Multifamily residential	5.8	9.4	8.3	20.3	40.2	35.5	33.1	44.2	47.9	32.3	43.9	23.6
14 Commercial	7.9	21.3	53.7	92.0	129.9	122.0	125.6	119.4	152.4	105.8	116.3	90.8
15 Farm	1.6	2.6	3.2	6.2	5.5	3.6	9.0	7.0	2.5	6.9	8.9	7.9
16 Consumer credit	138.9	88.8	52.5	67.6	94.4	130.5	61.4	76.2	109.5	142.0	134.6	120.4
By borrowing sector												
17 Household	363.2	358.1	345.8	488.1	548.1	562.7	526.4	589.5	513.6	534.7	650.4	564.8
18 Nonfinancial business	255.1	235.0	379.3	527.1	591.2	718.8	467.2	599.6	579.1	617.8	701.1	387.5
19 Corporate	228.0	148.8	266.1	416.3	480.3	625.2	371.6	468.2	456.1	500.5	581.4	292.7
20 Nonfarm noncorporate	24.3	81.4	107.0	103.2	105.7	88.6	93.9	122.9	117.4	102.5	111.4	87.2
21 Farm	2.9	4.8	6.2	7.7	5.2	4.9	1.7	8.5	5.6	14.7	8.3	7.6
22 State and local government	−51.5	−6.8	56.1	80.3	52.3	79.8	43.6	52.5	33.6	3.8	20.8	25.2
23 Foreign net borrowing in United States	78.5	88.4	71.8	43.3	25.3	30.7	−24.5	77.3	17.6	116.9	−10.9	61.6
24 Commercial paper	13.5	11.3	3.7	7.8	16.3	18.0	−27.5	41.1	33.6	56.7	10.9	5.9
25 Bonds	57.1	67.0	61.4	34.8	14.2	15.4	.2	44.0	−2.7	45.7	−29.6	36.0
26 Bank loans n.e.c.	8.5	9.1	8.5	6.7	.5	.9	5.6	−6.6	2.3	15.4	5.7	11.8
27 Other loans and advances	−.5	1.0	−1.8	−6.0	−5.7	−3.5	−2.8	−1.1	−15.5	−.9	2.0	7.8
28 **Total domestic plus foreign**	**789.8**	**819.8**	**876.1**	**1,086.2**	**1,145.7**	**1,308.5**	**914.3**	**1,247.5**	**1,112.4**	**1,057.6**	**947.4**	**820.1**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**453.9**	**545.8**	**653.7**	**1,073.9**	**1,087.9**	**1,228.8**	**995.3**	**1,064.2**	**1,063.4**	**618.3**	**817.0**	**715.4**
By instrument												
30 Federal government-related	204.1	231.5	212.8	470.9	592.0	589.5	576.6	651.6	550.3	249.2	370.4	504.4
31 Government-sponsored enterprise securities	105.9	90.4	98.4	278.3	318.2	193.0	304.7	407.1	367.9	104.9	248.9	279.3
32 Mortgage pool securities	98.2	141.1	114.5	192.6	273.8	396.6	271.9	244.5	182.4	144.3	121.6	225.1
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	249.8	314.4	440.9	603.0	495.9	639.2	418.8	412.6	513.0	369.2	446.6	211.0
35 Open market paper	42.7	92.2	166.7	161.0	176.2	78.7	57.3	89.9	479.0	130.9	77.4	65.2
36 Corporate bonds	195.9	173.8	210.5	296.9	221.8	473.8	254.8	179.5	−21.0	166.5	230.7	177.2
37 Bank loans n.e.c.	2.5	12.6	13.2	30.1	−14.3	−6.7	11.0	−5.9	−55.6	.3	5.4	−.7
38 Other loans and advances	3.4	27.9	35.6	90.2	107.1	73.3	107.9	139.8	107.5	64.4	123.1	−36.7
39 Mortgages	5.3	7.9	14.9	24.8	5.1	20.1	−12.3	9.4	3.2	7.0	10.0	6.0
By borrowing sector												
40 Commercial banking	22.5	13.0	46.1	72.9	67.2	46.1	61.5	107.0	54.1	72.4	113.2	17.4
41 Savings institutions	2.6	25.5	19.7	52.2	48.0	75.2	59.2	51.9	5.8	40.6	59.1	−17.2
42 Credit unions	−.1	.1	.1	.6	2.2	1.5	1.4	2.8	3.3	−2.9	.9	1.1
43 Life insurance companies	−.1	1.1	.2	.7	.7	3.3	3.0	1.1	−4.4	−.7	−1.1	−.3
44 Government-sponsored enterprises	105.9	90.4	98.4	278.3	318.2	193.0	304.7	407.1	367.9	104.9	248.9	279.3
45 Federally related mortgage pools	98.2	141.1	114.5	192.6	273.8	396.6	271.9	244.5	182.4	144.3	121.6	225.1
46 Issuers of asset-backed securities (ABSs)	142.4	150.8	202.2	321.4	234.0	289.7	301.5	220.5	124.2	166.0	154.8	136.8
47 Finance companies	50.2	45.9	48.7	43.0	62.4	77.0	90.5	−17.2	99.2	52.3	103.9	96.9
48 Mortgage companies	−2.2	4.1	−4.6	1.6	.2	−4.6	5.1	−6.1	6.2	−3.0	2.7	−.3
49 Real estate investment trusts (REITs)	4.5	11.9	39.6	62.7	6.3	25.6	−19.7	7.9	11.3	11.5	9.8	−2.4
50 Brokers and dealers	−5.0	−2.0	8.1	7.2	−17.2	−31.1	−17.4	16.9	−37.3	44.4	−.7	25.2
51 Funding corporations	34.9	64.1	80.7	40.7	92.2	156.5	−66.2	27.9	250.6	−11.4	4.0	−46.2

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1995	1996	1997	1998	1999	1999 Q1	1999 Q2	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3
	All sectors											
52 **Total net borrowing, all sectors**	**1,243.8**	**1,365.6**	**1,529.8**	**2,160.1**	**2,233.6**	**2,537.2**	**1,909.6**	**2,311.7**	**2,175.8**	**1,676.0**	**1,764.4**	**1,535.5**
53 Open market paper	74.3	102.6	184.1	193.1	229.9	155.1	27.2	180.7	556.6	223.7	205.1	133.6
54 U.S. government securities	348.5	376.5	235.9	418.3	520.8	506.1	478.1	580.1	518.9	33.6	−43.5	285.4
55 Municipal securities	−48.2	2.6	71.4	96.8	68.2	92.1	56.8	71.3	52.5	8.9	34.0	29.8
56 Corporate and foreign bonds	344.1	357.0	422.4	550.4	465.9	763.1	542.6	426.3	131.5	398.4	355.0	397.7
57 Bank loans n.e.c.	114.7	92.1	128.2	145.0	68.9	80.1	40.6	99.8	55.2	147.7	174.2	43.1
58 Other loans and advances	70.1	62.5	102.8	158.5	172.6	217.8	107.5	217.9	147.3	225.7	229.4	−46.2
59 Mortgages	201.3	283.6	332.4	530.3	612.9	592.4	595.6	659.4	604.3	496.0	675.6	571.7
60 Consumer credit	138.9	88.8	52.5	67.6	94.4	130.5	61.4	76.2	109.5	142.0	134.6	120.4
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**131.5**	**231.9**	**181.2**	**100.0**	**156.5**	**154.2**	**178.5**	**120.4**	**172.8**	**409.3**	**115.0**	**150.0**
62 Corporate equities	−16.0	−5.7	−83.9	−174.6	−31.8	−86.4	−33.9	−7.0	.0	103.2	−122.6	−111.5
63 Nonfinancial corporations	−58.3	−69.5	−114.4	−267.0	−143.5	−52.1	−338.4	−128.4	−55.0	60.8	−248.8	−87.6
64 Foreign shares purchased by U.S. residents	50.4	82.8	57.6	101.2	114.4	−19.8	284.4	121.7	71.3	63.3	135.0	13.0
65 Financial corporations	−8.1	−19.0	−27.1	−8.9	−2.7	−14.5	20.2	−.3	−16.3	−20.8	−8.8	−36.9
66 Mutual fund shares	147.4	237.6	265.1	274.6	188.3	240.6	212.4	127.5	172.8	306.1	237.6	261.5

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

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1995	1996	1997	1998	1999	1999				2000		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**1,243.8**	**1,365.6**	**1,529.8**	**2,160.1**	**2,233.6**	**2,537.2**	**1,909.6**	**2,311.7**	**2,175.8**	**1,676.0**	**1,764.4**	**1,535.5**
2 Domestic nonfederal nonfinancial sectors	−61.3	80.5	17.1	131.8	256.2	472.8	328.4	230.0	−6.4	−143.9	137.1	−323.2
3 Household	34.1	128.7	31.8	−16.7	187.0	270.5	247.7	221.8	8.1	−239.1	88.6	−299.2
4 Nonfinancial corporate business	−8.8	−10.2	−12.7	14.0	24.3	67.0	−1.4	49.8	−18.3	90.4	4.3	−9.0
5 Nonfarm noncorporate business	4.7	−4.3	−2.1	.1	1.5	2.8	1.2	.8	1.4	2.6	2.8	3.8
6 State and local governments	−91.4	−33.7	.1	134.5	43.4	132.5	81.0	−42.4	2.4	2.3	41.4	−19.0
7 Federal government	−.2	−7.4	5.1	13.5	5.8	17.0	6.7	11.2	−11.8	6.2	7.8	15.6
8 Rest of the world	273.9	414.4	311.3	254.2	210.6	256.9	61.6	385.3	138.7	334.9	185.6	199.4
9 Financial sectors	1,031.4	878.1	1,196.3	1,760.6	1,761.0	1,790.6	1,512.8	1,685.2	2,055.3	1,478.7	1,433.9	1,643.8
10 Monetary authority	12.7	12.3	38.3	21.1	25.7	64.5	59.8	20.6	−42.2	103.4	−3.9	27.3
11 Commercial banking	265.9	187.5	324.3	305.2	308.2	68.1	166.6	449.4	548.7	377.1	484.6	370.2
12 U.S.-chartered banks	186.5	119.6	274.9	312.0	317.6	131.5	259.4	421.9	457.7	409.2	505.6	333.1
13 Foreign banking offices in United States	75.4	63.3	40.2	−11.9	−20.1	−53.1	−102.5	33.2	42.0	4.8	−29.9	31.5
14 Bank holding companies	−.3	3.9	5.4	−.9	6.2	−6.0	.4	−12.4	42.6	−42.2	3.5	−6.7
15 Banks in U.S.-affiliated areas	4.2	.7	3.7	6.0	4.4	−4.4	9.2	6.6	6.3	5.4	5.4	12.3
16 Savings institutions	−7.6	19.9	−4.7	36.3	68.7	111.0	85.3	58.1	20.2	50.2	73.0	56.5
17 Credit unions	16.2	25.5	16.8	19.0	27.5	30.9	32.7	27.5	18.8	35.6	36.6	41.8
18 Bank personal trusts and estates	−8.3	−7.7	−25.0	−12.8	27.8	27.8	27.8	27.8	27.8	21.9	16.8	20.6
19 Life insurance companies	100.0	69.6	104.8	76.9	53.5	78.4	68.2	36.8	30.7	57.2	52.0	51.4
20 Other insurance companies	21.5	22.5	25.2	20.4	−4.2	−19.7	26.7	−14.4	−9.4	−14.0	−18.1	8.7
21 Private pension funds	20.2	−5.8	19.5	57.8	57.5	57.5	86.6	32.0	54.0	46.1	22.8	55.5
22 State and local government retirement funds	33.6	37.3	63.8	71.5	49.9	76.0	25.1	40.0	58.2	55.3	20.7	35.4
23 Money market mutual funds	86.5	88.8	87.5	244.0	182.0	215.7	−67.0	224.8	354.5	208.8	−156.2	244.9
24 Mutual funds	52.5	48.9	80.9	124.8	47.2	97.4	117.2	−13.0	−12.7	−77.8	63.7	56.5
25 Closed-end funds	10.5	4.7	−2.9	4.5	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
26 Government-sponsored enterprises	86.7	84.2	94.3	261.7	235.6	189.1	251.5	280.7	221.0	138.2	229.7	208.3
27 Federally related mortgage pools	98.2	141.1	114.5	192.6	273.8	396.6	271.9	244.5	182.4	144.3	121.6	225.1
28 Asset-backed securities issuers (ABSs)	120.6	120.5	163.8	281.7	215.8	272.1	284.8	212.0	94.4	145.3	120.3	101.6
29 Finance companies	49.9	18.4	21.9	51.9	94.9	85.3	88.1	91.7	114.4	132.9	138.9	81.4
30 Mortgage companies	−3.4	8.2	−9.1	3.2	.3	−9.1	10.2	−12.1	12.3	−6.0	5.5	−.5
31 Real estate investment trusts (REITs)	1.4	4.4	20.2	−5.1	−2.6	1.7	−2.2	−2.7	−7.0	−16.3	−2.5	−3.6
32 Brokers and dealers	90.1	−15.7	14.9	6.8	−30.8	34.6	−119.7	−22.2	−15.9	106.9	38.0	183.5
33 Funding corporations	−15.7	13.6	47.4	−1.0	127.1	9.5	96.2	.6	401.9	−33.5	187.5	−124.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**1,243.8**	**1,365.6**	**1,529.8**	**2,160.1**	**2,233.6**	**2,537.2**	**1,909.6**	**2,311.7**	**2,175.8**	**1,676.0**	**1,764.4**	**1,535.5**
Other financial sources												
35 Official foreign exchange	8.8	−6.3	.7	6.6	−8.7	−14.0	−5.4	−8.5	−7.0	1.5	−10.2	−.9
36 Special drawing rights certificates	2.2	−.5	−.5	.0	−3.0	−4.0	.0	−4.0	−4.0	.0	−8.0	−4.0
37 Treasury currency	.7	−.6	−.7	−.8	−1.5	.0	−2.1	−4.1	.0	−2.2	−2.3	−4.2
38 Foreign deposits	35.3	85.9	108.9	2.0	86.5	113.7	110.1	69.4	52.7	258.5	−1.1	51.4
39 Net interbank transactions	10.0	−51.6	−19.7	−32.3	17.6	48.3	93.4	−30.8	−40.7	−71.1	177.7	−61.8
40 Checkable deposits and currency	−12.8	15.7	41.2	47.4	151.4	63.6	37.5	139.3	365.2	−219.1	−65.0	49.0
41 Small time and savings deposits	96.6	97.2	97.1	152.4	44.7	−74.8	106.6	119.1	28.0	104.3	130.3	235.7
42 Large time deposits	65.6	114.0	122.5	92.1	130.6	18.0	42.4	102.7	359.4	149.2	108.4	145.3
43 Money market fund shares	141.2	145.4	155.9	287.2	249.1	221.3	115.3	174.3	485.5	241.0	48.2	241.9
44 Security repurchase agreements	110.5	41.4	120.9	91.3	171.7	258.0	−26.1	135.9	319.0	276.1	130.4	240.5
45 Corporate equities	−16.0	−5.7	−83.9	−174.6	−31.8	−86.4	−33.9	−7.0	0	103.2	−122.6	−111.5
46 Mutual fund shares	147.4	237.6	265.1	274.6	188.3	240.6	212.4	127.5	172.8	306.1	237.6	261.5
47 Trade payables	128.9	114.1	131.2	27.0	184.7	121.7	225.3	231.5	160.1	244.3	114.7	160.2
48 Security credit	26.7	52.4	111.0	103.3	93.5	−62.2	139.7	18.9	277.8	566.3	−99.8	58.9
49 Life insurance reserves	45.8	44.5	59.3	48.0	50.8	55.4	42.1	48.1	57.6	49.8	59.7	47.0
50 Pension fund reserves	171.0	163.0	278.8	248.7	253.7	204.5	248.8	266.7	294.6	266.1	280.7	228.1
51 Taxes payable	6.2	16.2	15.7	12.0	16.0	−1.8	47.3	.1	18.2	28.2	22.9	.7
52 Investment in bank personal trusts	6.4	−5.3	−49.9	−42.5	−7.1	−7.2	−7.1	−7.2	−6.9	−2.9	−7.6	−3.6
53 Noncorporate proprietors' equity	34.6	−3.4	−46.0	−41.4	−7.6	−8.3	21.4	−56.0	12.3	−15.5	−2.9	28.9
54 Miscellaneous	503.8	537.4	512.5	844.4	741.2	406.7	1,454.9	507.0	596.3	870.3	1,120.2	1,242.4
55 **Total financial sources**	**2,756.6**	**2,957.0**	**3,350.0**	**4,105.4**	**4,553.5**	**4,030.3**	**4,732.2**	**4,134.6**	**5,316.7**	**4,830.2**	**3,875.7**	**4,341.1**
Liabilities not identified as assets (−)												
56 Treasury currency	−.3	−1.6	−1.4	−1.4	−3.3	−1.5	−3.5	−5.9	−2.2	−6.1	−6.2	−6.7
57 Foreign deposits	25.1	59.6	107.4	−6.4	66.5	49.3	96.8	27.4	92.5	189.4	−62.6	21.0
58 Net interbank liabilities	−3.1	−3.3	−19.9	3.4	3.5	49.7	−4.8	−7.0	−23.7	24.4	−4.3	−18.8
59 Security repurchase agreements	25.7	4.1	64.3	61.4	32.1	213.5	54.3	77.8	−217.4	553.2	5.4	128.8
60 Taxes payable	21.1	23.1	28.0	13.9	3.5	−8.8	25.0	2.7	−5.1	13.4	−1.3	−10.0
61 Miscellaneous	−166.5	−76.4	−69.1	−46.1	−310.3	−522.5	−131.8	−454.8	−132.1	−342.9	−196.1	−83.9
Floats not included in assets (−)												
62 Federal government checkable deposits	−6.0	.5	−2.7	2.6	−7.4	−2.1	−27.0	8.6	−9.2	28.7	−3.4	−2.7
63 Other checkable deposits	−3.8	−4.0	−3.9	−3.1	−.8	−2.1	−.9	−.3	0	6	1.5	1.9
64 Trade credit	15.6	−21.2	−29.4	−42.1	44.1	45.6	−63.7	75.3	119.3	24.5	−74.8	−68.6
65 **Total identified to sectors as assets**	**2,849.0**	**2,976.4**	**3,276.5**	**4,123.3**	**4,725.6**	**4,209.1**	**4,787.8**	**4,410.7**	**5,494.7**	**4,345.0**	**4,217.6**	**4,380.2**

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1996	1997	1998	1999	1999 Q1	1999 Q2	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**14,444.2**	**15,247.0**	**16,289.9**	**17,445.0**	**16,605.4**	**16,784.8**	**17,105.1**	**17,445.0**	**17,677.8**	**17,853.8**	**18,054.1**
By sector and instrument											
2 Federal government	3,781.8	3,804.9	3,752.2	3,681.0	3,759.7	3,651.7	3,632.7	3,681.0	3,653.5	3,464.0	3,410.3
3 Treasury securities	3,755.1	3,778.3	3,723.7	3,652.8	3,731.6	3,623.4	3,604.5	3,652.8	3,625.8	3,435.7	3,382.7
4 Budget agency securities and mortgages	26.6	26.5	28.5	28.3	28.1	28.3	28.3	28.3	27.8	28.2	27.6
5 Nonfederal	10,662.5	11,442.1	12,537.7	13,763.9	12,845.7	13,133.1	13,472.4	13,763.9	14,024.3	14,389.9	14,643.8
By instrument											
6 Commercial paper	156.4	168.6	193.0	230.3	223.9	232.4	239.3	230.3	260.8	296.8	307.0
7 Municipal securities and loans	1,296.0	1,367.5	1,464.3	1,532.5	1,491.0	1,510.0	1,518.6	1,532.5	1,539.2	1,551.6	1,550.3
8 Corporate bonds	1,460.4	1,610.9	1,829.6	2,059.5	1,898.1	1,970.0	2,020.7	2,059.5	2,106.0	2,144.5	2,190.6
9 Bank loans n.e.c.	934.1	1,040.5	1,148.8	1,231.5	1,165.2	1,178.5	1,202.9	1,231.5	1,259.1	1,307.2	1,311.7
10 Other loans and advances	770.4	839.5	913.8	985.3	957.4	956.0	969.8	985.3	1,032.4	1,056.2	1,057.1
11 Mortgages	4,833.6	5,151.1	5,656.6	6,298.7	5,790.9	5,945.9	6,151.0	6,298.7	6,410.8	6,579.6	6,731.6
12 Home	3,719.2	3,971.5	4,358.4	4,790.7	4,451.1	4,564.1	4,693.6	4,790.7	4,866.5	4,993.0	5,114.4
13 Multifamily residential	278.6	286.9	307.3	347.7	316.4	324.6	335.7	347.7	355.7	366.7	372.6
14 Commercial	748.7	802.3	894.4	1,058.4	926.1	957.5	1,020.3	1,058.4	1,084.8	1,113.9	1,136.6
15 Farm	87.1	90.3	96.5	102.0	97.4	99.6	101.4	102.0	103.7	106.0	107.9
16 Consumer credit	1,211.6	1,264.1	1,331.7	1,426.2	1,319.3	1,340.4	1,370.1	1,426.2	1,416.0	1,454.0	1,495.6
By borrowing sector											
17 Household	5,222.7	5,568.8	6,056.9	6,605.2	6,138.8	6,282.3	6,448.5	6,605.2	6,678.8	6,851.5	7,024.3
18 Nonfinancial business	4,376.4	4,753.9	5,281.0	5,906.6	5,483.8	5,612.6	5,781.5	5,906.6	6,088.3	6,272.7	6,356.1
19 Corporate	3,095.6	3,359.8	3,776.1	4,290.7	3,957.9	4,059.5	4,195.9	4,290.7	4,445.5	4,596.8	4,656.9
20 Nonfarm noncorporate	1,130.9	1,237.9	1,341.1	1,446.8	1,363.5	1,387.0	1,417.0	1,446.8	1,472.7	1,500.6	1,521.7
21 Farm	149.9	156.1	163.8	169.0	162.4	166.1	168.6	169.0	170.1	175.3	177.5
22 State and local government	1,063.4	1,119.5	1,199.8	1,252.1	1,223.2	1,238.2	1,242.4	1,252.1	1,257.3	1,265.7	1,263.5
23 **Foreign credit market debt held in United States**	**542.2**	**608.0**	**651.4**	**676.9**	**659.2**	**652.7**	**672.9**	**676.9**	**704.6**	**698.8**	**720.7**
24 Commercial paper	67.5	65.1	72.9	89.2	77.2	70.1	81.8	89.2	101.6	101.2	109.8
25 Bonds	366.3	427.7	462.5	476.7	466.3	466.4	477.4	476.7	488.1	480.7	489.7
26 Bank loans n.e.c.	43.7	52.1	58.9	59.4	59.1	60.5	58.8	59.4	63.3	64.7	67.6
27 Other loans and advances	64.7	63.0	57.2	51.7	56.5	55.8	55.0	51.7	51.7	52.1	53.5
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**14,986.4**	**15,855.0**	**16,941.3**	**18,121.9**	**17,264.6**	**17,437.5**	**17,778.0**	**18,121.9**	**18,382.5**	**18,552.6**	**18,774.8**
					Financial sectors						
29 **Total credit market debt owed by financial sectors**	**4,824.6**	**5,445.2**	**6,519.1**	**7,607.0**	**6,809.0**	**7,073.3**	**7,346.8**	**7,607.0**	**7,744.5**	**7,964.5**	**8,155.8**
By instrument											
30 Federal government-related	2,608.3	2,821.1	3,292.0	3,884.0	3,424.1	3,580.7	3,745.9	3,884.0	3,940.3	4,035.5	4,164.5
31 Government-sponsored enterprise securities	896.9	995.3	1,273.6	1,591.7	1,321.8	1,398.0	1,499.8	1,591.7	1,618.0	1,680.2	1,750.0
32 Mortgage pool securities	1,711.4	1,825.8	2,018.4	2,292.3	2,112.3	2,182.7	2,246.1	2,292.3	2,322.3	2,355.4	2,414.5
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	2,216.3	2,624.1	3,227.1	3,723.0	3,374.9	3,492.6	3,601.0	3,723.0	3,804.2	3,928.9	3,991.3
35 Open market paper	579.1	745.7	906.7	1,082.9	926.4	940.9	963.4	1,082.9	1,115.7	1,135.2	1,151.6
36 Corporate bonds	1,378.4	1,555.9	1,852.8	2,074.6	1,968.6	2,042.8	2,091.1	2,074.6	2,114.2	2,183.2	2,234.6
37 Bank loans n.e.c.	64.0	77.2	107.2	92.9	104.1	106.8	105.2	92.9	91.4	92.7	92.5
38 Other loans and advances	162.9	198.5	288.7	395.8	299.1	328.6	365.4	395.8	404.4	436.9	430.2
39 Mortgages	31.9	46.8	71.6	76.7	76.6	73.6	75.9	76.7	78.5	81.0	82.5
By borrowing sector											
40 Commercial banks	113.6	140.6	188.6	230.0	187.5	202.7	224.2	230.0	242.2	265.4	263.6
41 Bank holding companies	150.0	168.6	193.5	219.3	202.6	205.5	211.8	219.3	221.4	229.3	236.9
42 Savings institutions	140.5	160.3	212.4	260.4	226.9	241.6	255.4	260.4	266.9	280.7	277.5
43 Credit unions	.4	.6	1.1	3.4	1.5	1.8	2.5	3.4	2.6	2.9	3.1
44 Life insurance companies	1.6	1.8	2.5	3.2	3.3	4.0	4.3	3.2	3.0	2.7	2.7
45 Government-sponsored enterprises	896.9	995.3	1,273.6	1,591.7	1,321.8	1,398.0	1,499.8	1,591.7	1,618.0	1,680.2	1,750.0
46 Federally related mortgage pools	1,711.4	1,825.8	2,018.4	2,292.3	2,112.3	2,182.7	2,246.1	2,292.3	2,322.3	2,355.4	2,414.5
47 Issuers of asset-backed securities (ABSs)	863.3	1,076.6	1,398.0	1,632.0	1,463.1	1,539.9	1,599.1	1,632.0	1,665.8	1,706.4	1,749.0
48 Brokers and dealers	27.3	35.3	42.5	25.3	34.8	30.4	34.6	25.3	36.4	36.2	42.5
49 Finance companies	529.8	554.5	597.5	659.9	614.4	639.2	628.5	659.9	670.7	699.2	716.5
50 Mortgage companies	20.6	16.0	17.7	17.8	16.5	17.8	16.3	17.8	17.1	17.8	17.7
51 Real estate investment trusts (REITs)	56.5	96.1	158.8	165.1	165.2	160.3	162.2	165.1	167.9	170.4	169.8
52 Funding corporations	312.7	373.7	414.4	506.6	459.1	449.5	462.0	506.6	510.1	517.9	512.0
					All sectors						
53 **Total credit market debt, domestic and foreign**	**19,811.0**	**21,300.2**	**23,460.4**	**25,728.9**	**24,073.5**	**24,510.8**	**25,124.9**	**25,728.9**	**26,126.9**	**26,517.1**	**26,930.6**
54 Open market paper	803.0	979.4	1,172.6	1,402.4	1,227.6	1,243.3	1,284.5	1,402.4	1,478.1	1,533.3	1,568.3
55 U.S. government securities	6,390.0	6,626.0	7,044.3	7,565.0	7,193.8	7,232.4	7,378.6	7,565.0	7,593.8	7,499.5	7,574.8
56 Municipal securities	1,296.0	1,367.5	1,464.3	1,532.5	1,491.0	1,510.0	1,518.6	1,532.5	1,539.2	1,551.6	1,550.3
57 Corporate and foreign bonds	3,205.1	3,594.5	4,144.9	4,610.8	4,333.0	4,479.2	4,589.1	4,610.8	4,708.3	4,808.3	4,914.9
58 Bank loans n.e.c.	1,041.7	1,169.8	1,314.9	1,383.8	1,328.3	1,345.7	1,366.9	1,383.8	1,413.7	1,464.6	1,471.7
59 Other loans and advances	998.0	1,101.0	1,259.6	1,432.7	1,313.0	1,340.3	1,390.1	1,432.7	1,488.5	1,545.2	1,540.8
60 Mortgages	4,865.5	5,197.9	5,728.2	6,375.5	5,867.6	6,019.5	6,226.9	6,375.5	6,489.3	6,660.6	6,814.1
61 Consumer credit	1,211.6	1,264.1	1,331.7	1,426.2	1,319.3	1,340.4	1,370.1	1,426.2	1,416.0	1,454.0	1,495.6

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

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1996	1997	1998	1999	1999				2000		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**19,811.0**	**21,300.2**	**23,460.4**	**25,728.9**	**24,073.5**	**24,510.8**	**25,124.9**	**25,728.9**	**26,126.9**	**26,517.1**	**26,930.6**
2 Domestic nonfederal nonfinancial sectors	3,031.3	3,004.7	3,108.2	3,434.5	3,199.5	3,255.5	3,311.9	3,434.5	3,368.4	3,377.1	3,303.4
3 Household	2,118.3	2,106.4	2,061.4	2,318.5	2,124.7	2,155.3	2,208.2	2,318.5	2,252.7	2,244.2	2,174.1
4 Nonfinancial corporate business	270.2	257.5	271.5	295.7	266.1	268.5	284.7	295.7	294.7	298.3	300.8
5 Nonfarm noncorporate business	38.0	35.9	35.9	37.5	36.6	36.9	37.1	37.5	38.1	38.8	39.8
6 State and local governments	604.8	605.0	739.4	782.8	772.1	794.8	781.9	782.8	782.9	795.8	788.7
7 Federal government	200.2	205.5	219.1	258.0	223.3	225.0	260.7	258.0	259.6	261.5	265.4
8 Rest of the world	1,926.6	2,257.3	2,539.8	2,678.0	2,608.3	2,621.3	2,718.1	2,678.0	2,765.9	2,809.7	2,860.0
9 Financial sectors	14,652.9	15,832.7	17,593.3	19,358.4	18,042.4	18,409.0	18,834.0	19,358.4	19,733.1	20,068.7	20,501.8
10 Monetary authority	393.1	431.4	452.5	478.1	466.0	485.1	489.3	478.1	501.9	505.1	511.5
11 Commercial banking	3,707.7	4,031.9	4,335.7	4,643.9	4,338.4	4,383.4	4,488.3	4,643.9	4,725.0	4,847.4	4,931.2
12 U.S.-chartered banks	3,175.8	3,450.7	3,761.2	4,078.9	3,782.9	3,847.6	3,944.3	4,078.9	4,171.3	4,295.4	4,368.3
13 Foreign banking offices in United States	475.8	516.1	504.2	484.1	487.8	465.7	475.3	484.1	482.0	478.1	487.6
14 Bank holding companies	22.0	27.4	26.5	32.7	25.0	25.1	22.0	32.7	22.1	23.0	21.3
15 Banks in U.S.-affiliated areas	34.1	37.8	43.8	48.3	42.7	45.0	46.7	48.3	49.6	51.0	54.0
16 Savings institutions	933.2	928.5	964.8	1,033.4	990.8	1,011.4	1,030.8	1,033.4	1,044.5	1,061.7	1,080.9
17 Credit unions	288.5	305.3	324.2	351.7	330.2	341.0	348.5	351.7	359.0	370.8	381.9
18 Bank personal trusts and estates	232.0	207.0	194.1	222.0	201.1	208.0	215.0	222.0	227.4	231.7	236.8
19 Life insurance companies	1,657.0	1,751.1	1,828.0	1,886.0	1,853.5	1,869.6	1,880.4	1,886.0	1,901.5	1,913.4	1,927.9
20 Other insurance companies	491.2	515.3	535.7	531.6	530.8	537.5	533.9	531.6	528.0	523.5	525.7
21 Private pension funds	627.3	646.8	704.7	762.2	719.0	740.7	748.7	762.2	773.7	779.4	793.3
22 State and local government retirement funds	568.2	632.0	703.6	753.4	722.6	728.9	738.9	753.4	767.2	772.4	781.3
23 Money market mutual funds	634.3	721.9	965.9	1,147.8	1,036.2	1,001.8	1,049.7	1,147.8	1,217.1	1,159.4	1,212.5
24 Mutual funds	820.2	901.1	1,025.9	1,073.1	1,050.8	1,083.7	1,083.0	1,073.1	1,053.7	1,073.9	1,090.6
25 Closed-end funds	101.1	98.3	102.8	105.9	103.6	104.3	105.1	105.9	106.7	107.4	108.2
26 Government-sponsored enterprises	807.9	902.2	1,163.9	1,399.5	1,203.1	1,268.4	1,340.2	1,399.5	1,426.4	1,485.3	1,546.7
27 Federally related mortgage pools	1,711.4	1,825.8	2,018.4	2,292.3	2,112.3	2,182.7	2,246.1	2,292.3	2,322.3	2,355.4	2,414.5
28 Asset-backed securities issuers (ABSs)	773.9	937.7	1,219.4	1,435.3	1,280.1	1,352.7	1,409.8	1,435.3	1,463.9	1,495.8	1,529.6
29 Finance companies	544.5	566.4	618.4	713.3	639.9	660.9	678.2	713.3	747.0	780.6	795.5
30 Mortgage companies	41.2	32.1	35.3	35.6	33.0	35.6	32.5	35.6	34.1	35.5	35.4
31 Real estate investment trusts (REITs)	30.4	50.6	45.5	42.9	45.9	45.3	44.7	42.9	38.8	38.2	37.3
32 Brokers and dealers	167.7	182.6	189.4	158.6	211.4	162.9	167.0	158.6	201.1	189.3	245.2
33 Funding corporations	122.0	164.7	165.2	291.9	173.8	204.9	204.0	291.9	293.8	342.7	315.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**19,811.0**	**21,300.2**	**23,460.4**	**25,728.9**	**24,073.5**	**24,510.8**	**25,124.9**	**25,728.9**	**26,126.9**	**26,517.1**	**26,930.6**
Other liabilities											
35 Official foreign exchange	53.7	48.9	60.1	50.1	53.6	50.9	52.1	50.1	49.4	46.5	44.9
36 Special drawing rights certificates	9.7	9.2	9.2	6.2	8.2	8.2	7.2	6.2	6.2	4.2	3.2
37 Treasury currency	17.7	17.0	16.2	14.6	16.2	15.7	14.6	14.6	14.1	13.4	12.4
38 Foreign deposits	521.7	619.7	639.0	725.8	667.4	694.9	712.3	725.8	790.4	790.2	803.0
39 Net interbank liabilities	240.8	219.4	189.0	204.5	182.0	207.1	199.6	204.5	168.1	215.9	200.2
40 Checkable deposits and currency	1,244.8	1,286.1	1,333.4	1,484.8	1,310.5	1,353.1	1,353.8	1,484.8	1,392.9	1,409.7	1,385.7
41 Small time and savings deposits	2,377.0	2,474.1	2,626.5	2,671.2	2,637.6	2,644.6	2,665.9	2,671.2	2,728.0	2,738.8	2,790.2
42 Large time deposits	590.9	713.4	805.5	936.1	804.3	809.0	837.5	936.1	966.5	987.4	1,026.8
43 Money market fund shares	886.7	1,042.5	1,329.7	1,578.8	1,411.7	1,393.5	1,444.9	1,578.8	1,666.0	1,627.1	1,697.8
44 Security repurchase agreements	701.5	822.4	913.7	1,085.4	980.3	970.8	999.3	1,085.4	1,155.8	1,185.1	1,239.2
45 Mutual fund shares	2,342.4	2,989.4	3,610.5	4,553.4	3,758.1	4,049.1	3,931.5	4,553.4	4,863.3	4,759.6	4,816.4
46 Security credit	358.1	469.1	572.3	665.9	552.7	589.3	593.2	665.9	803.7	780.5	794.5
47 Life insurance reserves	610.6	665.0	718.3	783.9	735.9	749.8	756.2	783.9	799.9	809.4	821.2
48 Pension fund reserves	6,548.6	7,817.4	8,913.1	10,000.0	9,065.3	9,480.0	9,151.1	10,000.0	10,230.0	10,155.0	10,348.6
49 Trade payables	1,812.1	1,943.3	1,970.3	2,155.0	1,973.9	2,031.1	2,095.1	2,155.0	2,189.6	2,218.8	2,265.7
50 Taxes payable	123.8	139.5	151.5	167.5	158.8	162.4	167.5	167.5	182.3	179.5	185.3
51 Investment in bank personal trusts	871.3	942.5	1,001.0	1,130.4	1,016.5	1,061.0	1,019.0	1,130.4	1,163.8	1,125.6	1,124.5
52 Miscellaneous	6,349.8	6,699.6	7,268.4	7,812.0	7,267.8	7,459.1	7,468.8	7,812.0	7,984.0	8,235.4	8,696.4
53 **Total liabilities**	**45,472.1**	**50,218.5**	**55,588.1**	**61,754.5**	**56,674.4**	**58,240.5**	**58,594.5**	**61,754.5**	**63,280.9**	**63,799.2**	**65,186.6**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.4	21.1	21.6	21.4	20.7	20.8	21.3	21.4	21.4	21.5	21.4
55 Corporate equities	10,255.8	13,201.3	15,427.8	19,576.3	15,919.1	17,060.4	16,214.9	19,576.3	20,232.0	19,246.8	19,047.1
56 Household equity in noncorporate business	3,889.2	4,164.4	4,414.7	4,704.5	4,487.4	4,548.8	4,623.1	4,704.5	4,732.2	4,779.1	4,848.4
Liabilities not identified as assets (−)											
57 Treasury currency	−7.3	−8.6	−10.1	−13.4	−10.5	−11.3	−12.8	−13.4	−14.9	−16.6	−18.2
58 Foreign deposits	437.0	538.3	548.2	615.0	560.5	584.7	591.5	615.0	662.4	646.7	652.0
59 Net interbank transactions	−10.6	−32.2	−27.0	−25.5	−11.3	−10.6	−13.2	−25.5	−13.9	−11.6	−17.7
60 Security repurchase agreements	111.5	175.8	237.2	269.3	296.7	308.2	327.7	269.3	414.2	413.9	445.0
61 Taxes payable	76.9	92.6	102.0	95.5	89.8	112.2	96.4	95.5	90.8	102.5	94.9
62 Miscellaneous	−1,512.3	−1,868.4	−2,404.7	−2,847.2	−2,618.2	−2,651.5	−2,957.4	−2,847.2	−2,992.2	−2,980.4	−2,787.4
Floats not included in assets (−)											
63 Federal government checkable deposits	−1.6	−8.1	−3.9	−9.9	−7.2	−12.4	−10.2	−9.9	−6.5	−5.2	−7.8
64 Other checkable deposits	30.1	26.2	23.1	22.3	18.9	22.1	14.5	22.3	18.7	22.5	15.5
65 Trade credit	174.6	135.5	94.5	136.1	56.3	19.4	37.0	136.1	92.3	51.4	34.5
66 **Total identified to sectors as assets**	**60,340.1**	**68,554.3**	**76,892.9**	**87,814.5**	**78,726.6**	**81,509.7**	**81,380.2**	**87,814.5**	**90,015.5**	**89,623.3**	**90,692.7**

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1998	1999	2000	2000 Apr.	May	June	July	Aug.	Sept.	Oct.^{r}	Nov.	Dec.^{p}
1 **Industrial production**[1]	**134.0**	**139.6**	**147.5**	**146.3**	**147.2**	**147.9**	**147.6**	**148.6**	**149.0^{r}**	**148.5**	**148.1**	**147.3**
Market groupings												
2 Products, total	127.2	131.2	136.3	135.3	135.5	136.0	135.8	136.6	136.7^{r}	136.3	136.4	136.1
3 Final, total	129.3	133.3	138.8	137.2	137.5	138.3	138.1	139.2	139.3^{r}	138.8	139.1	138.9
4 Consumer goods	118.4	120.8	123.1	123.2	123.5	124.2	122.9	123.8	123.8^{r}	122.7	122.8	122.9
5 Equipment	147.1	153.8	166.0	162.8	163.1	164.3	166.3	167.9	168.3^{r}	169.1	169.7	169.0
6 Intermediate	121.0	125.1	128.7	129.3	129.4	129.0	128.7	128.8	128.6^{r}	128.4	128.4	127.7
7 Materials	145.7	154.5	167.8	166.1	168.4	169.4	169.0	170.5	171.3^{r}	170.8	169.3	167.6
Industry groupings												
8 Manufacturing	138.2	144.8	153.6	152.2	153.1	153.8	153.7	154.6	155.1^{r}	154.8	153.9	152.2
9 Capacity utilization, manufacturing (percent)[2]	81.3	80.5	81.3	81.8	81.9	82.0	81.6	81.7	81.7	81.2	80.4	79.1
10 Construction contracts[3]	161.3	177.7		187.0^{r}	179.0	189.0^{r}	180.0^{r}	177.0^{r}	182.0	187.0	179.0	n.a.
11 Nonagricultural employment, total[4]	123.4	126.2		128.9	129.1	129.1	129.1	129.0	129.2	129.3	129.3	129.3
12 Goods-producing, total	102.7	102.3	n.a.	104.3	104.1	104.2	104.4	103.9	103.9	104.0	103.9	103.6
13 Manufacturing, total	98.8	97.0		97.3	97.3	97.3	97.6	97.0	96.7	96.7	96.6	96.3
14 Manufacturing, production workers	99.8	97.8		98.0	97.9	97.9	98.4	97.5	97.2	97.1	97.0	96.6
15 Service-producing	130.0	133.8		136.8	137.0	137.1	137.0	137.0	137.3	137.3	137.4	137.6
16 Personal income, total	186.5	196.6	209.0	207.2	207.9	208.9	209.5	210.1	212.5	212.1	212.6	213.5
17 Wages and salary disbursements	184.6	196.9	210.1	208.2	208.4	209.8	211.0	211.3	212.7	214.0	214.8	215.2
18 Manufacturing	152.3	157.4	164.2	163.6	162.9	164.3	165.8	164.9	165.1	166.6	166.9	165.6
19 Disposable personal income[5]	182.7	191.9	202.0	200.6	201.3	202.1	202.5	202.9	205.2	204.4	204.7	205.5
20 Retail sales[5]	178.4	194.7	210.0	208.3	208.5	209.3	211.1	211.0	212.7	212.5	211.5	211.6
Prices[6]												
21 Consumer (1982–84=100)	163.0	166.6	172.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0
22 Producer finished goods (1982=100)	130.7	133.0	138.0	136.7	137.3	138.6	138.6	138.2	139.2	140.0	139.9	139.7

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

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

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

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

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

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

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1998	1999	2000	2000 May	June	July	Aug.	Sept.	Oct.^{r}	Nov.	Dec.^{p}
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	137,673	139,368		140,573^{r}	140,757^{r}	140,546^{r}	140,724^{r}	140,847^{r}	141,000	141,136	141,489
Employment											
2 Nonagricultural industries[3]	128,085	130,207		131,549^{r}	131,870^{r}	131,603^{r}	131,622^{r}	131,954^{r}	132,223	132,302	132,562
3 Agriculture	3,378	3,281		3,294^{r}	3,313^{r}	3,295^{r}	3,317^{r}	3,356^{r}	3,241	3,176	3,274
Unemployment											
4 Number	6,210	5,880		5,730^{r}	5,574^{r}	5,648^{r}	5,785^{r}	5,537^{r}	5,536	5,658	5,653
5 Rate (percent of civilian labor force)	4.5	4.2		4.1	4.0	4.0	4.1	3.9	3.9	4.0	4.0
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**125,826**	**128,616**	n.a.	**131,590**	**131,647**	**131,607**	**131,528**	**131,723**	**131,789**	**131,848**	**131,953**
7 Manufacturing	18,772	18,431		18,479	18,493	18,548	18,432	18,380	18,378	18,363	18,301
8 Mining	590	535		539	539	538	537	539	542	541	538
9 Contract construction	5,985	6,273		6,666	6,668	6,670	6,675	6,720	6,745	6,738	6,725
10 Transportation and public utilities	6,600	6,792		6,962	6,985	7,010	6,941	7,037	7,046	7,060	7,083
11 Trade	29,127	29,792		30,112	30,171	30,246	30,253	30,249	30,280	30,325	30,329
12 Finance	7,407	7,632		7,600	7,588	7,586	7,608	7,622	7,638	7,645	7,664
13 Service	37,526	39,000		40,220	40,401	40,403	40,572	40,685	40,696	40,764	40,845
14 Government	19,819	20,161		21,012	20,802	20,606	20,510	20,491	20,464	20,412	20,468

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

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

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

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

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

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**144.4**	**147.1**	**148.4**	**148.0**	**176.1**	**178.1**	**180.1**	**182.1**	**82.0**	**82.6**	**82.4**	**81.3**
2 Manufacturing	150.1	153.0	154.4	153.6	184.6	186.9	189.2	191.5	81.3	81.9	81.7	80.2
3 Primary processing[3]	173.5	178.6	180.3	177.7	203.0	206.9	211.2	215.9	85.4	86.4	85.4	82.3
4 Advanced processing[4]	137.3	139.0	140.3	140.4	172.7	174.1	175.2	176.2	79.5	79.8	80.1	79.7
5 Durable goods	186.7	192.9	196.7	195.6	228.5	233.3	238.3	243.5	81.7	82.7	82.5	80.3
6 Lumber and products	122.4	120.3	117.0	112.9	147.0	147.5	147.9	148.4	83.3	81.6	79.1	76.1
7 Primary metals	136.1	137.0	133.4	125.6	153.0	153.3	153.4	153.5	88.9	89.4	87.0	81.8
8 Iron and steel	135.0	136.1	130.5	118.8	152.8	153.1	153.4	153.6	88.4	88.9	85.1	77.3
9 Nonferrous	137.4	138.2	137.0	133.6	153.2	153.4	153.4	153.4	89.7	90.1	89.3	87.1
10 Industrial machinery and equipment	242.2	249.4	257.3	261.7	296.3	304.5	311.1	317.3	81.7	81.9	82.7	82.5
11 Electrical machinery	476.7	535.1	581.1	603.5	552.1	591.7	639.1	693.7	86.3	90.4	90.9	87.0
12 Motor vehicles and parts	171.8	175.9	170.8	156.1	207.0	208.2	209.2	210.2	83.0	84.5	81.7	74.3
13 Aerospace and miscellaneous transportation equipment	93.7	92.9	93.5	94.4	130.7	130.7	130.4	130.1	71.7	71.1	71.7	72.6
14 Nondurable goods	116.3	116.7	116.2	115.6	143.8	144.1	144.4	144.7	80.9	80.9	80.5	79.9
15 Textile mill products	104.0	103.3	99.8	93.7	124.4	123.9	123.3	122.8	83.6	83.4	80.9	76.4
16 Paper and products	117.6	117.9	114.0	114.8	136.9	137.2	137.5	137.9	85.8	85.9	82.9	83.2
17 Chemicals and products	124.8	125.8	125.4	125.6	161.9	163.0	164.1	164.9	77.1	77.2	76.4	76.2
18 Plastics materials	141.6	140.9	137.6	136.4	151.5	151.6	151.9	152.3	93.5	93.0	90.5	89.5
19 Petroleum products	116.0	118.3	117.3	114.3	123.2	123.2	123.2	123.1	94.1	96.0	95.3	92.9
20 Mining	99.4	100.0	100.6	100.4	116.7	116.5	116.3	115.9	85.2	85.8	86.6	86.6
21 Utilities	117.4	120.7	121.0	125.1	131.2	132.3	133.4	134.4	89.5	91.2	90.7	93.0
22 Electric	120.5	124.3	123.9	126.6	129.5	130.9	132.3	133.8	93.1	94.9	93.7	94.6

Series	1973 High	1975 Low	Previous cycle[5] High	Previous cycle[5] Low	Latest cycle[6] High	Latest cycle[6] Low	1999 Dec.	2000 July	2000 Aug.	2000 Sept.[r]	2000 Oct.[r]	2000 Nov.	2000 Dec.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**81.7**	**82.3**	**82.6**	**82.4**	**81.9**	**81.4**	**80.6**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	81.0	81.6	81.7	81.7	81.2	80.4	79.1
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	85.1	85.6	85.4	85.2	84.3	82.5	80.1
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	79.2	79.8	80.2	80.2	80.0	79.8	79.2
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	81.0	82.3	82.6	82.7	81.6	80.5	78.9
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	83.7	80.3	78.1	78.9	77.3	75.9	75.0
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	89.5	87.3	86.3	87.3	83.6	83.3	78.5
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	88.8	84.8	84.5	86.0	80.6	79.3	72.1
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	90.4	90.5	88.5	89.0	87.3	88.1	86.0
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	80.2	82.1	82.9	83.1	83.2	82.6	81.6
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	84.0	91.8	90.8	90.2	88.2	87.2	85.6
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	82.2	78.1	83.1	83.8	79.0	73.5	70.4
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	72.1	72.7	71.7	70.7	71.8	73.1	72.8
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	81.2	80.6	80.5	80.3	80.5	80.0	79.2
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	82.9	82.1	80.6	79.9	78.6	75.2	75.2
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	86.8	83.6	82.3	82.6	85.0	83.2	81.3
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	78.8	76.2	76.7	76.3	76.6	76.2	75.7
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	92.7	92.8	89.1	89.8	90.5	89.5	88.6
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	93.8	95.0	95.5	95.4	94.6	94.6	89.4
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	84.5	86.3	86.9	86.4	86.5	86.5	86.9
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	90.0	89.5	91.5	91.0	89.0	92.1	97.9
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	94.3	91.8	95.3	93.9	91.6	94.4	97.8

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

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

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

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

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	2000 avg.	1999 Dec.	2000 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.[r]	Dec.
			Index (1992 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**147.5**	**142.8**	**143.6**	**144.3**	**145.2**	**146.3**	**147.2**	**147.9**	**147.6**	**148.6**	**149.0**	**148.5**	**148.1**	**147.3**
2 Products	60.5	136.3	132.7	133.3	134.2	134.4	135.3	135.5	136.0	135.8	136.6	136.7	136.3	136.4	136.1
3 Final products	46.3	138.8	134.4	135.1	135.9	136.0	137.2	137.5	138.3	138.1	139.2	139.3	138.8	139.1	138.9
4 Consumer goods, total	29.1	123.1	122.4	122.1	122.8	122.2	123.2	123.5	124.2	122.9	123.8	123.8	122.7	122.8	122.9
5 Durable consumer goods	6.1	160.8	161.6	162.9	162.6	162.1	164.7	163.8	164.4	158.7	160.0	162.8	157.4	155.1	152.8
6 Automotive products	2.6	153.2	153.3	156.9	154.8	155.3	157.6	157.9	157.8	149.4	153.8	156.7	148.0	144.4	140.2
7 Autos and trucks	1.7	167.0	166.2	171.4	169.0	170.3	173.7	175.7	174.8	160.5	169.8	172.7	159.1	153.4	146.2
8 Autos, consumer	.9	114.0	112.0	116.5	116.3	115.1	118.5	119.7	118.1	113.6	120.3	120.5	107.8	103.0	94.9
9 Trucks, consumer	.7	221.9	222.1	228.2	223.7	227.3	230.7	233.7	233.2	209.8	221.8	227.1	212.0	205.1	198.1
10 Auto parts and allied goods	9	131.6	132.8	134.3	132.5	131.9	132.7	130.6	131.6	131.6	129.1	132.1	130.2	129.7	129.6
11 Other	3.5	167.2	168.7	167.6	169.1	167.7	170.6	168.5	169.8	166.7	165.2	167.7	165.6	164.5	164.3
12 Appliances, televisions, and air conditioners	1.0	333.3	336.5	328.3	336.1	332.3	341.1	334.6	348.2	322.3	325.0	340.5	333.1	338.6	343.0
13 Carpeting and furniture	.8	129.7	128.2	129.2	129.7	128.3	131.8	130.8	130.1	131.5	128.6	131.9	130.2	126.0	125.7
14 Miscellaneous home goods	1.6	120.4	122.8	122.7	122.7	122.1	122.7	121.6	120.5	121.3	119.7	118.1	117.5	116.7	115.3
15 Nondurable consumer goods	23.0	114.2	113.3	112.7	113.5	112.9	113.6	114.1	114.8	114.5	115.2	114.7	114.5	115.0	115.5
16 Foods and tobacco	10.3	110.7	109.7	110.3	110.6	110.8	110.9	110.3	110.8	111.0	111.4	110.5	110.4	110.3	110.3
17 Clothing	2.4	84.9	86.8	86.3	87.5	87.2	87.5	86.8	85.1	85.6	84.2	83.1	82.8	83.1	81.9
18 Chemical products	4.5	137.0	137.3	132.9	133.5	134.9	136.5	138.5	139.3	137.4	139.4	138.4	138.9	138.9	139.0
19 Paper products	2.9	111.1	108.5	109.1	109.6	108.3	108.2	109.0	111.6	112.4	112.4	112.4	113.8	112.6	112.5
20 Energy	2.9	116.6	113.8	113.1	116.2	110.7	113.6	116.0	117.0	114.9	117.1	118.4	115.7	120.5	124.2
21 Fuels	.8	112.5	112.1	108.4	111.0	114.9	112.1	113.1	113.4	112.6	113.1	115.8	113.0	115.4	106.6
22 Residential utilities	2.1	118.8	114.0	115.1	118.5	107.4	113.8	117.1	118.5	115.6	119.0	119.1	116.7	123.0	135.1
23 Equipment	17.2	166.0	155.7	158.7	159.8	161.3	162.8	163.1	164.3	166.3	167.9	168.3	169.1	169.7	169.0
24 Business equipment	13.2	194.3	180.6	185.2	187.0	188.9	191.1	191.6	192.8	195.0	197.8	199.5	200.2	200.3	199.4
25 Information processing and related	5.4	312.7	274.9	284.8	289.2	293.5	298.8	302.5	307.0	313.9	322.1	327.2	332.8	338.4	339.4
26 Computer and office equipment	1.1	1,160.2	930.2	979.1	1,019.5	1,044.0	1,062.0	1,087.8	1,130.8	1,182.8	1,229.0	1,264.1	1,295.8	1,317.3	1,325.8
27 Industrial	4.0	144.4	137.3	140.4	142.1	142.2	142.9	143.4	143.8	144.4	147.7	146.5	146.9	146.8	144.5
28 Transit	2.5	127.6	128.8	130.9	130.6	131.5	131.3	129.0	130.1	127.6	126.8	127.7	121.7	119.7	118.1
29 Autos and trucks	1.2	145.4	147.1	153.8	154.2	154.0	156.5	153.9	152.9	141.5	142.8	144.2	131.4	126.2	123.3
30 Other	1.3	145.4	137.7	138.6	138.5	142.9	146.7	145.8	142.8	148.1	144.8	149.3	154.0	148.5	150.7
31 Defense and space equipment	3.3	76.1	78.5	77.1	75.9	76.0	75.5	75.5	76.3	77.9	76.1	73.7	75.2	76.9	76.9
32 Oil and gas well drilling	.6	131.7	120.1	121.1	124.6	126.7	126.7	130.3	130.8	136.2	137.1	132.8	136.5	138.9	137.9
33 Manufactured homes	.2	116.7	142.0	138.5	133.8	131.7	127.2	122.9	121.9	116.8	115.5	109.3	96.8	93.2	90.5
34 Intermediate products, total	14.2	128.7	127.4	127.8	128.9	129.5	129.3	129.4	129.0	128.7	128.8	128.6	128.4	128.4	127.7
35 Construction supplies	5.3	142.9	142.2	142.6	143.4	144.6	144.4	143.1	143.4	143.8	142.7	143.1	142.2	140.7	137.7
36 Business supplies	8.9	120.4	118.7	119.0	120.3	120.6	120.4	121.3	120.5	119.8	120.6	120.0	120.3	121.2	121.7
37 Materials	39.5	167.8	161.0	162.0	162.4	164.7	166.1	168.4	169.4	169.0	170.5	171.3	170.8	169.3	167.6
38 Durable goods materials	20.8	227.4	210.6	213.4	215.4	220.0	222.7	227.6	230.3	230.5	233.8	235.7	234.1	231.5	227.6
39 Durable consumer parts	4.0	164.1	163.8	164.3	163.2	164.9	162.2	169.9	165.7	158.3	168.3	169.0	166.9	156.7	149.5
40 Equipment parts	7.6	479.0	392.6	404.2	416.6	434.2	451.9	466.8	486.2	499.9	505.7	512.1	513.6	520.0	522.6
41 Other	9.2	134.6	134.8	135.3	134.8	135.9	135.7	135.9	135.9	135.3	134.7	135.5	133.7	132.2	128.9
42 Basic metal materials	3.1	128.3	131.0	130.7	128.8	131.1	131.9	130.8	130.7	128.5	127.5	129.2	125.1	124.7	118.8
43 Nondurable goods materials	8.9	114.0	116.8	116.2	115.3	115.6	115.2	115.7	115.2	113.9	112.8	112.7	113.7	111.6	109.8
44 Textile materials	1.1	97.8	100.7	100.4	101.9	102.2	101.1	100.9	101.7	97.9	99.3	95.9	93.8	89.2	88.8
45 Paper materials	1.8	115.9	118.4	118.2	116.7	118.1	118.7	117.5	118.1	114.9	112.8	113.8	117.3	113.6	111.5
46 Chemical materials	3.9	117.5	120.1	119.7	118.6	118.6	118.1	119.8	118.4	117.0	116.8	116.3	116.4	115.3	113.7
47 Other	2.1	112.7	116.1	114.6	113.0	113.5	112.6	112.4	112.3	113.7	110.2	112.0	114.2	112.2	109.7
48 Energy materials	9.7	103.4	103.1	102.6	102.1	102.5	103.5	103.3	103.1	102.9	104.2	104.3	103.9	104.6	106.1
49 Primary energy	6.3	98.1	98.5	97.2	96.2	97.7	98.8	98.3	98.4	98.7	98.9	98.5	98.2	98.4	99.6
50 Converted fuel materials	3.3	114.5	112.5	113.9	114.6	112.3	113.0	113.7	112.4	110.8	115.1	116.6	116.2	118.3	120.7
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	147.2	142.4	143.0	143.8	144.8	145.7	146.7	147.5	147.5	148.4	148.7	148.7	148.4	147.7
52 Total excluding motor vehicles and parts	95.1	146.4	141.5	142.2	143.0	143.9	144.9	145.8	146.5	146.9	147.4	147.7	147.7	147.9	147.4
53 Total excluding computer and office equipment	98.2	140.5	136.7	137.2	137.8	138.6	139.6	140.4	141.0	140.5	141.4	141.6	141.1	140.6	139.8
54 Consumer goods excluding autos and trucks	27.4	120.7	120.0	119.5	120.3	119.6	120.5	120.7	121.5	120.9	121.3	121.2	120.7	121.1	121.5
55 Consumer goods excluding energy	26.2	123.9	123.5	123.2	123.5	123.6	124.4	124.4	125.0	123.9	124.5	124.4	123.6	123.0	122.5
56 Business equipment excluding autos and trucks	12.0	200.2	184.5	188.9	190.8	193.1	195.2	196.1	197.6	201.5	204.5	206.3	208.7	209.5	209.0
57 Business equipment excluding computer and office equipment	12.1	158.4	150.3	153.6	154.4	155.7	157.4	157.3	157.6	158.6	160.3	161.2	161.2	160.9	160.0
58 Materials excluding energy	29.8	188.4	179.3	180.8	181.5	184.6	186.0	189.3	190.7	190.3	191.8	193.0	192.4	189.9	186.7

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

Monthly data seasonally adjusted

Group	SIC[2] code	1992 proportion	2000 avg.	1999 Dec.	2000 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.[r]	Dec.
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	.	**100.0**	**147.5**	**142.8**	**143.6**	**144.3**	**145.2**	**146.3**	**147.2**	**147.9**	**147.6**	**148.6**	**149.0**	**148.5**	**148.1**	**147.3**
60 Manufacturing	.	85.4	153.6	148.4	149.2	149.9	151.3	152.2	153.1	153.8	153.7	154.6	155.1	154.8	153.9	152.2
61 Primary processing	..	26.5	177.8	170.9	171.9	173.0	175.5	177.1	178.7	180.1	179.4	180.3	181.2	180.6	178.1	174.3
62 Advanced processing	.	58.9	139.3	135.9	136.8	137.1	137.9	138.5	139.1	139.4	139.5	140.5	140.8	140.6	140.6	139.9
63 Durable goods	..	45.0	193.3	182.6	185.1	186.3	188.9	191.0	193.0	194.6	194.7	196.9	198.4	197.2	196.0	193.5
64 Lumber and products	24	2.0	118.2	122.8	122.9	122.3	121.9	121.6	120.5	118.7	118.6	115.5	116.8	114.7	112.6	111.4
65 Furniture and fixtures	25	1.4	142.8	138.9	138.9	140.7	139.3	140.7	143.0	141.9	142.6	143.8	146.6	147.3	145.6	143.5
66 Stone, clay, and glass products	32	2.1	134.5	133.4	132.8	133.6	134.4	132.9	134.2	134.6	136.3	136.1	136.5	137.0	134.1	131.5
67 Primary metals	33	3.1	133.2	136.6	136.3	134.7	137.1	137.8	136.7	136.4	133.9	132.4	133.9	128.4	127.9	120.5
68 Iron and steel	331,2	1.7	130.5	135.4	134.8	133.5	136.9	136.8	135.9	135.5	129.9	129.7	131.9	123.7	121.8	110.8
69 Raw steel	331PT	1	120.2	127.4	126.4	121.7	125.8	127.3	127.1	128.2	126.4	123.9	117.7	115.6	106.3	96.9
70 Nonferrous	333–6,9	1.4	136.6	138.3	138.3	136.4	137.6	139.1	137.9	137.6	138.8	135.7	136.5	133.9	135.1	131.9
71 Fabricated metal products	34	5.0	135.4	133.3	134.9	135.8	135.6	135.9	136.2	135.7	136.1	136.3	136.0	136.0	134.7	131.2
72 Industrial machinery and equipment	35	8.0	252.8	232.8	238.7	242.1	245.8	247.2	249.9	250.9	253.9	257.9	260.0	262.3	261.9	260.8
73 Computer and office equipment	357	1.8	1,347.9	1,094.0	1,149.5	1,195.9	1,224.7	1,245.1	1,272.3	1,316.2	1,370.4	1,421.6	1,464.2	1,498.8	1,521.4	1,527.6
74 Electrical machinery	36	7.3	550.7	445.5	460.2	474.8	495.2	516.5	533.8	555.0	571.2	580.0	592.2	594.8	604.8	610.7
75 Transportation equipment	37	9.5	130.5	130.7	132.0	130.7	131.9	132.1	133.6	133.5	128.0	132.4	132.4	128.5	124.0	120.8
76 Motor vehicles and parts	371	4.9	169.6	169.4	172.7	170.3	172.5	174.1	177.6	176.1	163.1	173.9	175.5	165.7	154.5	148.2
77 Autos and light trucks	371PT	2.6	153.1	152.2	157.1	155.1	156.0	159.2	161.1	160.1	147.8	156.4	158.8	145.8	140.4	133.3
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	93.8	94.2	93.8	93.5	93.7	92.7	92.3	93.6	94.9	93.5	92.1	93.6	95.1	94.7
79 Instruments	38	5.4	122.3	120.8	120.6	119.7	120.2	121.5	121.3	122.2	122.6	123.3	123.7	123.4	124.6	124.3
80 Miscellaneous	39	1.3	130.8	130.9	131.6	130.9	130.6	130.9	130.7	130.5	132.1	130.8	130.9	131.1	130.0	129.5
81 Nondurable goods	..	40.4	116.9	116.5	116.0	116.3	116.6	116.7	116.7	116.7	116.3	116.3	116.0	116.4	115.8	114.7
82 Foods	20	9.4	114.7	113.0	113.3	114.1	114.9	114.7	114.2	114.9	115.0	115.1	114.6	114.8	114.8	114.5
83 Tobacco products	21	1.6	95.3	97.8	99.8	97.4	94.3	95.6	95.3	93.8	95.8	96.6	94.5	93.7	93.1	94.1
84 Textile mill products	22	1.8	99.9	103.4	103.6	103.8	104.4	104.4	102.6	103.1	101.4	99.4	98.4	96.7	92.3	92.2
85 Apparel products	23	2.2	91.6	94.0	93.4	94.3	94.1	94.6	93.0	91.2	92.0	90.7	89.5	89.2	89.1	87.7
86 Paper and products	26	3.6	116.1	118.8	117.5	117.4	117.8	118.4	116.5	118.8	114.9	113.3	113.7	117.2	114.8	112.3
87 Printing and publishing	27	6.7	110.2	108.6	108.9	108.9	109.7	109.1	109.9	109.1	110.0	110.4	110.9	111.6	111.8	111.5
88 Chemicals and products	28	9.9	128.6	127.0	124.8	124.9	124.9	125.2	126.3	125.9	124.8	125.9	125.4	126.1	125.7	125.0
89 Petroleum products	29	1.4	116.7	115.4	113.7	115.5	118.9	117.2	118.9	118.8	117.0	117.6	117.4	116.5	116.4	110.0
90 Rubber and plastic products	30	3.5	142.3	142.7	143.2	143.2	143.0	143.5	142.6	143.5	144.4	142.1	141.9	141.3	139.7	137.0
91 Leather and products	31	.3	69.9	70.5	72.1	71.4	70.6	70.0	70.5	69.3	70.0	68.8	69.8	68.8	69.1	68.0
92 Mining	.	6.9	100.0	98.7	98.6	99.1	100.4	99.9	99.6	100.4	100.5	101.0	100.4	100.4	100.3	100.6
93 Metal	10	.5	97.2	98.6	101.3	99.1	99.7	98.8	95.7	97.5	92.9	95.8	99.3	96.7	95.5	95.4
94 Coal	12	1.0	109.1	108.2	106.8	102.6	110.1	112.6	112.2	113.6	110.3	109.3	107.0	110.2	108.6	108.2
95 Oil and gas extraction	13	4.8	95.0	93.4	93.5	94.0	94.6	94.0	94.3	94.8	95.7	96.3	95.7	95.4	95.7	96.3
96 Stone and earth minerals	14	.6	126.3	126.3	124.9	131.7	133.4	130.4	123.9	127.7	124.4	125.0	123.7	124.6	122.6	119.5
97 Utilities	.	7.7	120.9	117.4	117.8	119.5	114.7	118.7	121.6	121.7	119.1	122.1	121.7	119.4	123.9	132.0
98 Electric	491,493PT	6.2	123.7	121.2	120.8	121.0	119.7	122.8	125.2	124.8	121.1	126.1	124.7	122.1	126.3	131.3
99 Gas	492,493PT	1.6	111.8	104.1	106.8	113.1	98.3	104.4	108.7	110.5	111.0	108.4	110.5	109.1	114.4	130.4
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	...	80.5	152.6	147.2	147.9	148.7	150.1	151.0	151.7	152.6	153.2	153.5	153.9	154.2	154.0	152.6
101 Manufacturing excluding computer and office equipment	..	83.6	145.4	141.2	141.9	142.3	143.6	144.4	145.2	145.8	145.4	146.2	146.5	146.1	145.2	143.5
102 Computers, communications equipment, and semiconductors	..	5.9	1,198.4	905.9	955.1	999.4	1,048.5	1,097.8	1,140.2	1,193.1	1,248.0	1,281.6	1,310.3	1,331.5	1,361.1	1,378.6
103 Manufacturing excluding computers and semiconductors	.	81.1	128.2	126.9	127.1	127.1	127.8	128.0	128.4	128.4	127.7	128.2	128.4	127.9	126.9	125.2
104 Manufacturing excluding computers, communications equipment, and semiconductors	.	79.5	125.0	124.3	124.3	124.3	124.9	125.1	125.4	125.3	124.5	124.9	125.0	124.5	123.4	121.6
		Gross value (billions of 1992 dollars, annual rates)														
Major Markets																
105 **Products, total**	.	**2,001.9**	**2,860.4**	**2,812.2**	**2,828.5**	**2,846.9**	**2,853.1**	**2,868.9**	**2,872.7**	**2,883.5**	**2,865.7**	**2,882.9**	**2,889.1**	**2,866.6**	**2,865.5**	**2,847.7**
106 Final	.	1,552.1	2,203.3	2,156.4	2,170.2	2,183.5	2,186.3	2,202.8	2,205.6	2,218.6	2,202.8	2,220.5	2,228.1	2,206.2	2,206.9	2,192.8
107 Consumer goods	.	1,049.6	1,340.0	1,337.2	1,334.8	1,342.3	1,338.5	1,347.2	1,349.8	1,357.8	1,338.7	1,348.7	1,353.7	1,335.2	1,336.5	1,327.1
108 Equipment	.	502.5	865.5	822.1	840.3	846.2	854.0	862.2	862.2	867.3	872.8	880.8	883.3	881.2	880.4	875.8
109 Intermediate	..	449.9	656.7	654.7	657.2	662.3	665.6	665.0	666.0	663.9	661.8	661.5	660.2	659.5	657.6	654.0

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

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1997	1998	1999	2000 Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,441	1,612	1,664	1,661	1,597	1,559	1,511	1,528	1,511	1,486	1,518	1,546	1,598
2 One-family	1,062	1,188	1,247	1,223	1,238	1,164	1,150	1,127	1,117	1,140	1,157	1,191	1,183
3 Two-family or more	379	425	417	22,288[r]	16,945[r]	21,022[r]	4,706[r]	7,873[r]	8,035	12,877	6,390	9,121	11,498
4 Started	1,474	1,617	1,667	1,822	1,630	1,652	1,591	1,571	1,527	1,519	1,537	1,529	1,570
5 One-family	1,134	1,271	1,335	1,324	1,327	1,310	1,258	1,227	1,201	1,229	1,226	1,232	1,239
6 Two-family or more	340	346	332	6,599[r]	8,545[r]	3,989[r]	9,553[r]	14,080[r]	15,685	13,501	14,210	5,803	10,203
7 Under construction at end of period[1]	847	971	993	1,041	1,031	1,029	1,023	1,024	1.020	1.016	1.009	1,012	1,010
8 One-family	555	659	679	712	706	703	697	696	691	692	689	693	690
9 Two-family or more	292	312	314	14,504[r]	51,117[r]	11,859[r]	32,695[r]	55,458[r]	33,557	39,051	57,229	31,678	46,673
10 Completed	1,400	1,474	1,636	1,732	1,728	1,660	1,705	1,545	1,531	1,612	1,559	1,546	1,575
11 One-family	1,116	1,160	1,307	1,382	1,375	1,354	1,377	1,222	1,216	1,266	1,215	1,212	1,273
12 Two-family or more	284	315	329	n.a.[r]	n.a.[r]	n.a.[r]	n.a.[r]	n.a.[r]	n.a.	n.a.	n.a.	n.a.	n.a.
13 Mobile homes shipped	354	374	348	291	287	271	265	262	251	249	231	213	196
Merchant builder activity in one-family units													
14 Number sold	804	886	907	905	947	865	875	827	914	860	939	929	909
15 Number for sale at end of period[1]	287	300	326	309	321	305	308	312	311	313	310	313	317
Price of units sold (thousands of dollars)[2]													
16 Median	146.0	152.5	160.0	162.3	165.7	163.1	165.0	159.9	168.6	165.0	169.9	170.0	169.9
17 Average	176.2	181.9	195.8	199.6	205.3	207.5	200.1	197.7	202.4	200.4	207.2	212.0	205.8
EXISTING UNITS (one-family)													
18 Number sold	4,382	4,970	5,197	4,760	5,200	4.880	5,090	5.310	4,820	5,280	5,160	5,000	5,220
Price of units sold (thousands of dollars)[2]													
19 Median	121.8	128.4	133.3	133.7	134.7	136.1	137.6	140.2	143.3	143.2	141.6	138.6	139.9
20 Average	150.5	159.1	168.3	168.1	171.5	173.3	176.0	178.9	177.7	183.0	178.6	176.9	176.2
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**656,084**	**710,104**	**765,719**	**816,012**	**829,517**	**816,156**	**811,816**	**798,860**	**793,036**	**801,748**	**813,477**	**820,157**	**815,637**
22 Private	501,426	550,983	592,037	629,590	637,743	629,491	629,820	624,383	619,046	616,918	625,317	632,851	632,237
23 Residential	289,101	314,058	348,584	368,745	372,118	368,948	367,653	363,756	355,196	350,783	351,682	359,058	353,768
24 Nonresidential	212,325	236,925	243,454	260,845	265,625	260,543	262,167	260,627	263,850	266,135	273,635	273,793	278,469
25 Industrial buildings	36,696	40,464	35,016	38,538	39,030	38,670	39,814	39,951	42,081	41,552	40,872	42,552	48,390
26 Commercial buildings	86,151	95,753	103,759	115,440	116,030	115,042	113,381	112,834	112,114	115,279	118,445	117,907	115,482
27 Other buildings	37,193	39,607	41,279	45,553	45,808	44,136	45,540	44,559	45,689	46,779	46,689	47,686	46,811
28 Public utilities and other	52,287	61,101	63,400	61,314	64,757	62,695	63,432	63,283	63,966	62,525	67,629	65,648	67,786
29 Public	154,657	159,121	173,682	186,422	191,774	186,665	181,995	174,477	173,990	184,830	188,160	187,305	183,400
30 Military	2,561	2,538	2,122	3,011	2,249	2,180	2,246	2,157	2,100	2,331	2,418	1,844	2,366
31 Highway	43,886	48,339	54,447	53,145	59,007	55,923	51,966	48,148	49,262	52,694	53,183	48,138	46,960
32 Conservation and development	5,708	5,421	6,002	6,975	6,494	5,840	5,363	5,832	4,875	5,629	6,158	6,748	5,392
33 Other	102,502	102,823	111,110	123,291	124,024	122,722	122,420	118,340	117,753	124,176	126,401	130,575	128.682

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C–30–76–5), issued by the Census Bureau in July 1976.

SOURCE. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 19,000 jurisdictions beginning in 1994.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Dec. 2000[1]
	1999 Dec.	2000 Dec.	2000 Mar.	2000 June	2000 Sept.	2000 Dec.	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.	2000 Dec.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.7**	**3.4**	**6.1**	**2.6**	**2.8**	**2.1**	**−.1**	**.5**	**.2**	**.2**	**.2**	**174.0**
2 Food	1.9	2.8	1.7	2.7	3.9	2.6	.2	.2	.1	.0	5	170.0
3 Energy items	13.4	14.2	50.5	6.6	3.5	1.6	−2.9	3.8	.2	.1	.2	128.1
4 All items less food and energy	1.9	2.6	3.4	2.2	2.7	2.0	.2	.3	.2	.3	.1	182.8
5 Commodities	.2	.6	.3	.0	1.7	.3	−.1	.5	−.1	.3	−.2	145.1
6 Services	2.7	3.4	4.7	3.0	3.0	2.8	.3	.1	.2	.3	.1	204.4
PRODUCER PRICES (1982=100)												
7 Finished goods	2.9	3.6	7.9	2.3	2.0	2.0	−.4	.8[r]	.4	.1	.0	139.7
8 Consumer foods	8	1.7	3.6	2.7	−2.3	2.7	−.7[r]	.2[r]	.8	.2	−.4	137.9
9 Consumer energy	18.1	17.1	51.8	8.3	8.6	4.6	−1.8[r]	4.2[r]	1.4	.4	−.7	97.9
10 Other consumer goods	1.2	1.2	.8	1.0	2.1	1.0	.3[r]	.1[r]	.0	−.1	.3	155.3
11 Capital equipment	.3	1.2	.9	1.2	1.7	.9	.1	.1[r]	.0	.0	.2	139.9
Intermediate materials												
12 Excluding foods and feeds	4.0	4.2	9.5	3.1	3.1	.9	−.3	.7	.2	−.2	.2	131.5
13 Excluding energy	1.9	1.6	4.2	2.7	.3	−.6	−.1	.0	.0	−.1	.0	136.8
Crude materials												
14 Foods	−.1	7.2	21.5	−10.4	−14.0	41.2	−4.3[r]	3.6[r]	3.5	1.3	3.9	103.9
15 Energy	36.9	76.0	84.9	163.6	11.8	76.1	−4.1[r]	9.7[r]	4.6	−4.1	14.8	154.7
16 Other	14.0	−5.8	9.9	−10.7	−10.5	−10.8	−1.7[r]	.6[r]	−.6	−2.3	.0	137.5

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

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

Account	1997	1998	1999	1999		2000		
				Q3	Q4	Q1	Q2	Q3
GROSS DOMESTIC PRODUCT								
1 **Total**	**8,318.4**	**8,790.2**	**9,299.2**	**9,340.9**	**9,559.7**	**9,752.7**	**9,945.7**	**10,039.4**
By source								
2 Personal consumption expenditures	5,529.3	5,850.9	6,268.7	6,319.9	6,446.2	6,621.7	6,706.3	6,810.8
3 Durable goods	642.5	693.9	761.3	767.2	787.6	826.3	814.3	824.7
4 Nondurable goods	1,641.6	1,707.6	1,845.5	1,860.0	1,910.2	1,963.9	1,997.6	2,031.5
5 Services	3,245.2	3,449.3	3,661.9	3,692.7	3,748.5	3,831.6	3,894.4	3,954.6
6 Gross private domestic investment	1,390.5	1,549.9	1,650.1	1,659.1	1,723.7	1,755.7	1,852.6	1,869.3
7 Fixed investment	1,327.7	1,472.9	1,606.8	1,622.4	1,651.0	1,725.8	1,780.5	1,803.0
8 Nonresidential	999.4	1,107.5	1,203.1	1,216.8	1,242.2	1,308.5	1,359.2	1,390.6
9 Structures	255.8	283.2	285.6	281.2	290.4	308.9	315.1	330.1
10 Producers' durable equipment	743.6	824.3	917.4	935.6	951.8	999.6	1,044.1	1,060.5
11 Residential structures	328.2	365.4	403.8	405.6	408.8	417.3	421.3	412.4
12 Change in business inventories	62.9	77.0	43.3	36.7	72.7	29.9	72.0	66.4
13 Nonfarm	60.0	76.4	43.6	42.0	71.8	32.4	72.2	67.5
14 Net exports of goods and services	−89.3	−151.5	−254.0	−280.5	−299.1	−335.2	−355.4	−389.5
15 Exports	966.4	966.0	990.2	999.5	1,031.0	1,051.9	1,092.9	1,130.8
16 Imports	1,055.8	1,117.5	1,244.2	1,280.0	1,330.1	1,387.1	1,448.3	1,520.3
17 Government consumption expenditures and gross investment	1,487.9	1,540.9	1,634.4	1,642.4	1,688.8	1,710.4	1,742.2	1,748.8
18 Federal	538.2	540.6	568.6	570.4	591.6	580.1	604.5	594.2
19 State and local	949.7	1,000.3	1,065.8	1,072.1	1,097.3	1,130.4	1,137.7	1,154.6
By major type of product								
20 Final sales, total	8,255.5	8,713.2	9,255.9	9,304.2	9,486.9	9,722.8	9,873.7	9,973.1
21 Goods	3,082.5	3,239.3	3,467.0	3,490.6	3,566.0	3,680.3	3,734.1	3,776.5
22 Durable	1,436.2	1,532.3	1,651.1	1,669.4	1,701.8	1,773.7	1,809.6	1,830.6
23 Nondurable	1,646.4	1,707.1	1,815.8	1,821.1	1,864.1	1,906.6	1,924.5	1,945.9
24 Services	4,442.1	4,673.0	4,934.6	4,965.2	5,050.3	5,135.2	5,231.4	5,281.6
25 Structures	730.9	800.9	854.3	848.5	870.7	907.4	908.2	915.0
26 Change in business inventories	62.9	77.0	43.3	36.7	72.7	29.9	72.0	66.4
27 Durable goods	33.1	45.8	27.2	27.6	47.5	20.7	48.3	39.2
28 Nondurable goods	29.8	31.2	16.1	9.1	25.2	9.2	23.7	27.2
MEMO								
29 **Total GDP in chained 1996 dollars**	**8,159.5**	**8,515.7**	**8,875.8**	**8,905.8**	**9,084.1**	**9,191.8**	**9,318.9**	**9,369.5**
NATIONAL INCOME								
30 **Total**	**6,618.4**	**7,038.1**	**7,469.7**	**7,493.1**	**7,680.7**	**7,833.5**	**7,983.2**	**8,088.5**
31 Compensation of employees	4,651.3	4,984.2	5,299.8	5,340.9	5,421.1	5,512.2	5,603.5	5,679.6
32 Wages and salaries	3,886.0	4,192.8	4,475.1	4,512.2	4,583.5	4,660.4	4,740.1	4,804.9
33 Government and government enterprises	664.3	692.7	724.4	727.5	734.5	749.9	760.2	765.4
34 Other	3,221.7	3,500.1	3,750.7	3,784.7	3,849.0	3,910.5	3,980.0	4,039.5
35 Supplement to wages and salaries	765.3	791.4	824.6	828.7	837.7	851.8	863.3	874.7
36 Employer contributions for social insurance	289.9	305.9	323.6	325.9	330.3	337.8	342.9	347.1
37 Other labor income	475.4	485.5	501.0	502.8	507.4	514.0	520.5	527.6
38 Proprietors' income[1]	581.2	620.7	663.5	659.7	689.6	693.9	709.5	724.8
39 Business and professional[1]	551.5	595.2	638.2	644.2	657.9	674.8	688.1	693.1
40 Farm[1]	29.7	25.4	25.3	15.5	31.7	19.1	21.5	31.7
41 Rental income of persons[2]	128.3	135.4	143.4	136.6	146.2	145.6	140.8	138.1
42 Corporate profits[1]	833.8	815.0	856.0	842.0	893.2	936.3	963.6	970.3
43 Profits before tax[3]	792.4	758.2	823.0	819.0	870.7	920.7	942.5	945.1
44 Inventory valuation adjustment	8.4	17.0	−9.1	−19.7	−19.2	−25.0	−13.6	−4.5
45 Capital consumption adjustment	32.9	39.9	42.1	42.7	41.6	40.6	34.7	29.7
46 Net interest	423.9	482.7	507.1	513.8	530.6	545.4	565.9	575.7

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1997	1998	1999	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**6,937.0**	**7,391.0**	**7,789.6**	**7,828.5**	**7,972.3**	**8,105.8**	**8,242.1**	**8,349.0**
2 Wage and salary disbursements	3,888.9	4,190.7	4,470.0	4,507.0	4,578.3	4,660.4	4,740.1	4,804.9
3 Commodity-producing industries	975.1	1,038.6	1,089.2	1,097.8	1,111.2	1,130.9	1,147.1	1,161.4
4 Manufacturing	718.4	756.6	782.4	789.0	795.1	802.8	813.1	821.4
5 Distributive industries	879.6	949.1	1,020.3	1,029.9	1,049.4	1,070.9	1,095.7	1,118.1
6 Service industries	1,369.9	1,510.3	1,636.0	1,651.8	1,683.2	1,708.6	1,737.2	1,760.1
7 Government and government enterprises	664.3	692.7	724.4	727.5	734.5	749.9	760.2	765.4
8 Other labor income	475.4	485.5	501.0	502.8	507.4	514.0	520.5	527.6
9 Proprietors' income[1]	581.2	620.7	663.5	659.7	689.6	693.9	709.5	724.8
10 Business and professional[1]	551.5	595.2	638.2	644.2	657.9	674.8	688.1	693.1
11 Farm[1]	29.7	25.4	25.3	15.5	31.7	19.1	21.5	31.7
12 Rental income of persons[2]	128.3	135.4	143.4	136.6	146.2	145.6	140.8	138.1
13 Dividends	334.9	351.1	370.3	373.5	380.2	386.9	392.6	399.7
14 Personal interest income	864.0	940.8	963.7	969.4	989.0	1,011.6	1,031.3	1,042.9
15 Transfer payments	962.2	983.0	1,016.2	1,020.3	1,027.4	1,046.9	1,066.1	1,074.2
16 Old-age survivors, disability, and health insurance benefits	565.8	578.0	588.0	589.7	592.8	607.9	624.3	627.2
17 LESS: Personal contributions for social insurance	297.9	316.2	338.5	341.0	345.9	353.4	358.8	363.1
18 EQUALS: Personal income	6,937.0	7,391.0	7,789.6	7,828.5	7,972.3	8,105.8	8,242.1	8,349.0
19 LESS: Personal tax and nontax payments	968.8	1,070.9	1,152.0	1,164.0	1,197.3	1,239.3	1,277.2	1,308.1
20 EQUALS: Disposable personal income	5,968.2	6,320.0	6,637.7	6,664.5	6,775.0	6,866.5	6,964.9	7,040.9
21 LESS: Personal outlays	5,715.3	6,054.7	6,490.1	6,543.3	6,674.1	6,855.6	6,944.3	7,054.7
22 EQUALS: Personal saving	252.9	265.4	147.6	121.1	101.0	11.0	20.6	−13.8
MEMO								
Per capita (chained 1996 dollars)								
23 Gross domestic product	30,434.4	31,474.2	32,512.4	32,586.0	33,153.5	33,485.6	33,874.7	33,984.3
24 Personal consumption expenditures	20,230.9	20,988.5	21,900.7	22,004.4	22,266.4	22,635.5	22,757.7	22,959.1
25 Disposable personal income	21,838.0	22,672.0	23,191.0	23,203.0	23,404.0	23,472.0	23,639.0	23,732.0
26 Saving rate (percent)	4.2	4.2	2.2	1.8	1.5	.2	.3	−.2
GROSS SAVING								
27 **Gross saving**	**1,502.3**	**1,654.4**	**1,717.6**	**1,716.8**	**1,746.3**	**1,777.0**	**1,844.5**	**1,854.7**
28 Gross private saving	1,343.7	1,375.7	1,343.5	1,321.1	1,331.4	1,279.2	1,328.8	1,319.2
29 Personal saving	252.9	265.4	147.6	121.1	101.0	11.0	20.6	−13.8
30 Undistributed corporate profits[1]	261.3	218.9	229.4	214.0	241.7	262.7	278.5	279.6
31 Corporate inventory valuation adjustment	8.4	17.0	−9.1	−19.7	−19.2	−25.0	−13.6	−4.5
Capital consumption allowances								
32 Corporate	581.5	624.3	676.9	687.7	694.8	711.5	731.1	750.0
33 Noncorporate	250.9	265.1	284.5	293.1	288.7	294.1	298.7	303.3
34 Gross government saving	158.6	278.7	374.1	395.7	414.9	497.7	515.7	535.5
35 Federal	33.4	137.4	217.3	240.6	238.4	333.0	339.9	354.1
36 Consumption of fixed capital	86.8	88.4	92.8	93.4	95.0	97.2	98.9	100.8
37 Current surplus or deficit (−), national accounts	−53.3	49.0	124.4	147.3	143.3	235.8	240.9	253.3
38 State and local	125.2	141.3	156.8	155.1	176.6	164.7	175.8	181.4
39 Consumption of fixed capital	94.2	99.5	106.8	107.7	109.9	112.7	115.6	118.2
40 Current surplus or deficit (−), national accounts	31.0	41.7	50.0	47.4	66.6	52.0	60.1	63.2
41 **Gross investment**	**1,532.1**	**1,629.6**	**1,645.6**	**1,627.3**	**1,678.5**	**1,699.3**	**1,771.9**	**1,752.8**
42 Gross private domestic investment	1,390.5	1,549.9	1,650.1	1,659.1	1,723.7	1,755.7	1,852.6	1,869.3
43 Gross government investment	264.6	278.8	308.7	308.0	324.4	334.2	331.9	333.6
44 Net foreign investment	−123.1	−199.1	−313.2	−339.8	−369.6	−390.7	−412.5	−450.1
45 **Statistical discrepancy**	**29.7**	**−24.8**	**−71.9**	**−89.5**	**−67.8**	**−77.7**	**−72.5**	**−101.8**

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1997	1998	1999	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3
1 Balance on current account	−140,540	−217,138	−331,479	−89,649	−96,223	−101,505	−104,971	−113,773
2 Balance on goods and services	−105,932	−166,898	−264,971	−72,718	−76,280	−85,117	−88,598	−96,503
3 Exports	936,937	932,977	956,242	241,969	249,653	255,977	265,969	274,657
4 Imports	−1,042,869	−1,099,875	−1,221,213	−314,687	−325,933	−341,094	−354,567	−371,160
5 Income, net	6,186	−6,211	−18,483	−5,535	−5,683	−4,364	−4,103	−4,518
6 Investment, net	11,050	−1,036	−13,102	−4,193	−4,319	−2,987	−2,706	−3,172
7 Direct	71,935	67,728	62,704	15,701	16,275	17,068	19,015	21,558
8 Portfolio	−60,885	−68,764	−75,806	−19,894	−20,594	−20,055	−21,721	−24,730
9 Compensation of employees	−4,864	−5,175	−5,381	−1,342	−1,364	−1,377	−1,397	−1,346
10 Unilateral current transfers, net	−40,794	−44,029	−48,025	−11,396	−14,260	−12,024	−12,270	−12,752
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	68	−422	2,751	−686	3,711	−131	−574	110
12 Change in U.S. official reserve assets (increase, −)	−1,010	−6,783	8,747	1,951	1,569	−554	2,020	−346
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−350	−147	10	−184	−178	−180	−180	−182
15 Reserve position in International Monetary Fund	−3,575	−5,119	5,484	2,268	1,800	−237	2,328	1,300
16 Foreign currencies	2,915	−1,517	3,253	−133	−53	−137	−128	−1,464
17 Change in U.S. private assets abroad (increase, −)	−487,998	−328,231	−441,685	−124,174	−120,162	−178,273	−93,870	−76,968
18 Bank-reported claims[2]	−141,118	−35,572	−69,862	−11,259	−45,304	−55,511	18,320	−11,383
19 Nonbank-reported claims	−122,888	−10,612	−92,328	−27,943	−24,428	−52,563	−36,507	931
20 U.S. purchases of foreign securities, net	−118,976	−135,995	−128,594	−41,420	−17,150	−27,236	−38,196	−30,428
21 U.S. direct investments abroad, net	−105,016	−146,052	−150,901	−43,552	−33,280	−42,963	−37,487	−36,088
22 Change in foreign official assets in United States (increase, +)	18,876	−20,127	42,864	12,191	27,495	22,015	6,346	11,625
23 U.S. Treasury securities	−6,690	−9,921	12,177	12,963	5,122	16,198	−4,000	−9,001
24 Other U.S. government obligations	4,529	6,332	20,350	1,835	6,730	8,107	10,334	14,272
25 Other U.S. government liabilities[2]	−1,041	−3,550	−3,255	−760	89	−644	−781	−620
26 Other U.S. liabilities reported by U.S. banks[2]	22,286	−9,501	12,692	−2,032	14,427	−2,577	−111	6,339
27 Other foreign official assets[3]	−208	−3,487	900	185	1,127	931	904	635
28 Change in foreign private assets in United States (increase, +)	738,086	502,362	710,700	182,019	157,072	214,520	238,803	188,544
29 U.S. bank-reported liabilities[4]	149,026	39,769	67,403	24,585	19,618	−8,824	46,943	13,981
30 U.S. nonbank-reported liabilities	113,921	−7,001	34,298	−8,085	792	58,061	24,038	2,633
31 Foreign private purchases of U.S. Treasury securities, net	146,433	48,581	−20,464	9,639	−17,191	−9,248	−20,597	−12,642
32 U.S. currency flows	24,782	16,622	22,407	4,697	12,213	−6,847	989	757
33 Foreign purchases of other U.S. securities, net	197,892	218,075	331,523	95,620	92,250	132,416	87,107	118,882
34 Foreign direct investments in United States, net	106,032	186,316	275,533	55,563	49,390	48,962	100,323	64,933
35 Capital account transactions, net[5]	350	637	−3,500	171	−3,993	166	170	165
36 Discrepancy	−127,832	69,702	11,602	18,177	30,531	43,762	−47,924	−9,357
37 Due to seasonal adjustment	...	...	.	−9,739	5,738	5,724	−2,515	−9,691
38 Before seasonal adjustment	−127,832	69,702	11,602	27,916	24,793	38,038	−45,409	334
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	−1,010	−6,783	8,747	1,951	1,569	−554	2,020	−346
40 Foreign official assets in United States, excluding line 25 (increase, +)	19,917	−16,577	46,119	12,951	27,406	22,659	7,127	12,245
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	12,124	−11,531	1,331	−783	−1,673	6,109	1,913	3,450

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

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1997	1998	1999	2000						
				May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 Goods and services, balance	−105,932	−166,898	−264,971	−29,604	−29,826	−31,824	−30,059	−33,741	−33,552	−32,994
2 Merchandise	−196,665	−246,854	−345,559	−36,475	−36,862	−38,524	−36,684	−39,329	−39,887	−39,001
3 Services	90,733	79,956	80,588	6,871	7,036	6,700	6,625	5,588	6,335	6,007
4 Goods and services, exports	936,937	932,977	956,242	87,074	91,288	89,655	92,868	92,654	91,128	90,355
5 Merchandise	679,702	670,324	684,358	62,749	66,468	65,096	67,973	67,836	66,346	65,670
6 Services	257,235	262,653	271,884	24,325	24,820	24,559	24,895	24,818	24,782	24,685
7 Goods and services, imports	1,042,869	1,099,875	1,221,213	−116,678	−121,114	−121,479	−122,927	−126,395	−124,680	−123,349
8 Merchandise	876,367	917,178	1,029,917	−99,224	−103,330	−103,620	−104,657	−107,165	−106,233	−104,671
9 Services	166,502	182,697	191,296	−17,454	−17,784	−17,859	−18,270	−19,230	−18,447	−18,678

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

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1997	1998	1999	2000							2001
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
1 **Total**	**69,954**	**81,761[c]**	**71,516**	**67,955[c]**	**66,516**	**65,333**	**66,256**	**65,257**	**65,523**	**67,647**	**67,542**
2 Gold stock[1]	11,047[c]	11,046[c]	11,048[c]	11,046[c]	11,046	11,046	11,046	11,046	11,046	11,046	11,046
3 Special drawing rights[2,3]	10,027	10,603	10,336	10,444	10,257	10,371	10,316	10,169	10,369	10,539	10,497
4 Reserve position in International Monetary Fund[2]	18,071	24,111	17,950	15,428	15,083	13,798	13,685	13,528	13,491	14,824	15,079
5 Foreign currencies[4]	30,809	36,001	32,182	31,037	30,130	30,118	31,209	30,514	30,617	31,238	30,920

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

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

Millions of dollars, end of period

Asset	1997	1998	1999	2000							2001
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
1 **Deposits**	**457**	**167**	**71**	**104**	**76**	**78**	**139**	**115**	**104**	**215**	**199**
Held in custody											
2 U.S. Treasury securities[2]	620,885	607,574	632,482	627,081	624,177	628,001	611,641	595,591	591,071	594,094	594,694
3 Earmarked gold[3]	10,763	10,343	9,933	9,688	9,688	9,674	9,620	9,565	9,505	9,451	9,397

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.
3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1998	1999	2000						
			May[r]	June[r]	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Total**[1]	**759,928**	**806,318**[r]	**826,264**	**836,018**	**846,739**	**849,469**	**848,840**	**849,860**	**848,454**
By type									
2 Liabilities reported by banks in the United States[2]	125,883	138,847[r]	135,770	136,072	139,627	136,989	143,010	145,902	146,734
3 U.S. Treasury bills and certificates[3]	134,177	156,177	148,814	157,190	160,093	159,781	155,498	155,101	155,069
U.S. Treasury bonds and notes									
4 Marketable	432,127	422,266	435,235	433,823	433,184	433,633	427,007	419,857	414,890
5 Nonmarketable[4]	6,074	6,111	5,808	5,740	5,180	5,213	5,247	5,280	5,313
6 U.S. securities other than U.S. Treasury securities[5]	61,667	82,917	100,637	103,193	108,655	113,853	118,078	123,720	126,448
By area									
7 Europe[1]	256,026	244,805	250,306	253,416	257,712	255,635	257,498	263,601	261,524
8 Canada	10,552	12,503	13,027	13,542	13,728	12,992	13,121	12,932	12,044
9 Latin America and Caribbean	79,503	73,518	69,571	71,245	73,344	76,347	77,542	77,500	78,716
10 Asia	400,631	463,703[r]	482,030	485,343	487,417	490,110	486,890	481,344	480,800
11 Africa	10,059	7,523	7,710	7,850	8,656	8,707	8,466	8,323	8,012
12 Other countries	3,157	4,266	3,620	4,622	5,882	5,678	5,323	6,160	7,358

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

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

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

Millions of dollars, end of period

Item	1996	1997	1998	1999	2000		
				Dec.	Mar.	June	Sept.
1 Banks' liabilities	103,383	117,524	101,125	88,537	85,649	85,842	78,872
2 Banks' claims	66,018	83,038	78,162	67,365	63,492	67,862	60,355
3 Deposits	22,467	28,661	45,985	34,426	32,967	31,224	25,847
4 Other claims	43,551	54,377	32,177	32,939	30,525	36,638	34,508
5 Claims of banks' domestic customers[2]	10,978	8,191	20,718	20,826	21,753	18,802	19,123

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

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

Millions of dollars, end of period

Item	1997	1998	1999	2000						
				Mayr	June	July	Aug.	Sept.	Oct.	Nov.p
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,283,027**	**1,347,837**	**1,408,740r**	**1,452,912**	**1,451,491r**	**1,480,318r**	**1,444,482r**	**1,453,627r**	**1,510,056**	**1,522,535**
2 Banks' own liabilities	882,980	884,939	971,536r	1,032,104	1,012,619r	1,050,467r	1,013,420r	1,027,122r	1,073,433	1,070,942
3 Demand deposits	31,344	29,558	42,884	29,097	30,719	34,914	30,101	31,964	29,500	31,701
4 Time deposits[2]	198,546	151,761	163,620r	177,128	182,963r	186,483	184,820	184,822	185,459	192,442
5 Other[3]	168,011	140,752	155,853r	171,892	168,148r	172,466r	173,971r	174,458	194,628	187,079
6 Own foreign offices[4]	485,079	562,868	609,179r	653,987	630,789r	656,604r	624,528r	635,878r	663,846	659,720
7 Banks' custodial liabilities[5]	400,047	462,898	437,204r	420,808	438,872r	429,851	431,062	426,505	436,623	451,593
8 U.S. Treasury bills and certificates[6]	193,239	183,494	185,676r	174,166	180,822r	182,699	180,925	174,604	173,984	173,846
9 Other negotiable and readily transferable instruments[7]	93,641	141,699	132,617r	123,580	124,670	120,624	119,212	120,296	129,724	132,453
10 Other	113,167	137,705	118,911	123,062	133,380	126,528	130,925	131,605	132,915	145,294
11 Nonmonetary international and regional organizations[8]	11,690	11,883	15,276	22,807	21,366	16,689	14,630	15,658	17,104	17,074
12 Banks' own liabilities	11,486	10,850	14,357	22,109	20,924	16,294	14,377	15,404	16,751	16,676
13 Demand deposits	16	172	98	36	34	30	26	19	48	30
14 Time deposits[2]	5,466	5,793	10,349	11,393	12,545	10,305	9,062	7,627	5,925	6,549
15 Other[3]	6,004	4,885	3,910	10,680	8,345	5,959	5,289	7,758	10,778	10,097
16 Banks' custodial liabilities[5]	204	1,033	919	698	442	395	253	254	353	398
17 U.S. Treasury bills and certificates[6]	69	636	680	582	432	371	217	223	215	249
18 Other negotiable and readily transferable instruments[7]	133	397	233	113	10	21	26	26	138	147
19 Other	2	0	6	3	0	3	10	5	0	2
20 Official institutions[9]	283,685	260,060	295,024r	284,584	293,262r	299,720	296,770	298,508	301,003	301,803
21 Banks' own liabilities	102,028	80,256	97,615	87,899	88,392r	92,739	90,985	95,049	102,104	101,213
22 Demand deposits	2,314	3,003	3,341	2,781	2,887	4,063	4,573	5,213	4,361	4,702
23 Time deposits[2]	41,396	29,506	28,942	31,846	33,696r	34,641	32,009	36,679	34,015	35,013
24 Other[3]	58,318	47,747	65,332	53,272	51,809r	54,035	54,403	53,157	63,728	61,498
25 Banks' custodial liabilities[5]	181,657	179,804	197,409r	196,685	204,870	206,981	205,785	203,459	198,899	200,590
26 U.S. Treasury bills and certificates[6]	148,301	134,177	156,177	148,814	157,190	160,093	159,781	155,498	155,101	155,069
27 Other negotiable and readily transferable instruments[7]	33,151	44,953	41,182r	47,734	47,611	46,363	45,644	47,660	43,753	44,828
28 Other	205	674	50	137	69	525	360	301	45	693
29 Banks[10]	815,247	885,336	900,379r	937,794	926,262r	955,206r	921,181r	927,099r	963,082	971,842
30 Banks' own liabilities	641,447	676,057	728,492r	777,854	755,644r	792,072r	754,093r	762,392r	796,805	792,913
31 Unaffiliated foreign banks	156,368	113,189	119,313r	123,867	124,855r	135,468r	129,565r	126,514	132,959	133,193
32 Demand deposits	16,767	14,071	17,583	13,254	14,543	17,508	11,959	12,918	12,160	12,834
33 Time deposits[2]	83,433	45,904	48,140	55,167	58,095	60,703	62,841	59,958	64,321	68,845
34 Other[3]	56,168	53,214	53,590r	55,446	52,217r	57,257r	54,765r	53,638	56,478	51,514
35 Own foreign offices[4]	485,079	562,868	609,179r	653,987	630,789r	656,604r	624,528r	635,878r	663,846	659,720
36 Banks' custodial liabilities[5]	173,800	209,279	171,887r	159,940	170,618r	163,134	167,088	164,707	166,277	178,929
37 U.S. Treasury bills and certificates[6]	31,915	35,359	16,796r	13,994	13,081r	12,657	12,251	10,667	9,972	10,285
38 Other negotiable and readily transferable instruments[7]	35,393	45,332	45,695	33,667	34,657	34,018	33,893	32,679	34,232	34,957
39 Other	106,492	128,588	109,396	112,279	122,880	116,459	120,944	121,361	122,073	133,687
40 Other foreigners	172,405	190,558	198,061r	207,727	210,601r	208,743	211,901	212,362	228,867	231,816
41 Banks' own liabilities	128,019	117,776	131,072r	144,242	147,659r	149,362	153,965	154,277	157,773	160,140
42 Demand deposits	12,247	12,312	21,862	13,026	13,255	13,313	13,543	13,814	12,931	14,135
43 Time deposits[2]	68,251	70,558	76,189r	78,722	78,627	80,834	80,908	80,558	81,198	82,035
44 Other[3]	47,521	34,906	33,021	52,494	55,777r	55,215	59,514	59,905	63,644	63,970
45 Banks' custodial liabilities[5]	44,386	72,782	66,989r	63,485	62,942r	59,381	57,936	58,085	71,094	71,676
46 U.S. Treasury bills and certificates[6]	12,954	13,322	12,023r	10,776	10,119r	9,579	8,676	8,216	8,696	8,243
47 Other negotiable and readily transferable instruments[7]	24,964	51,017	45,507r	42,066	42,392	40,261	39,649	39,931	51,601	52,521
48 Other	6,468	8,443	9,459	10,643	10,431	9,541	9,611	9,938	10,797	10,912
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	16,083	27,026	30,345	27,238	26,571	26,186	25,911	25,991	27,164	25,854

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

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

Payable in U.S. dollars

Millions of dollars, end of period

Item	1997	1998	1999	2000 May[r]	2000 June[r]	2000 July
AREA						
50 **Total, all foreigners**	**1,283,027**	**1,347,837**	**1,408,740r**	**1,452,912**	**1,451,491**	**1,480,318r**
51 **Foreign countries**	**1,271,337**	**1,335,954**	**1,393,464r**	**1,430,105**	**1,430,125**	**1,463,669r**
52 Europe	419,672	427,375	441,810r	429,247	442,979	476,570r
53 Austria	2,717	3,178	2,789	2,486	2,709	3,239
54 Belgium and Luxembourg	41,007	42,818	44,692	31,615	31,219	33,282
55 Denmark	1,514	1,437	2,196	3,632	3,444	3,521
56 Finland	2,246	1,862	1,658	1,533	1,395	1,751
57 France	46,607	44,616	49,790	43,567	42,095	42,379
58 Germany	23,737	21,357	24,753r	24,874	28,938	26,484
59 Greece	1,552	2,066	3,748	3,030	2,772	2,917
60 Italy	11,378	7,103	6,775	7,197	6,739	5,700
61 Netherlands	7,385	10,793	8,143r	6,798	8,783	12,313
62 Norway	317	710	1,327	924	2,150	2,337
63 Portugal	2,262	3,236	2,228	1,956	2,376	2,169
64 Russia	7,968	2,439	5,475	11,711	11,879	14,960
65 Spain	18,989	15,781	10,426	10,726	9,935	8,829
66 Sweden	1,628	3,027	4,652	4,390	5,430	5,100
67 Switzerland	39,023	50,654	63,485r	61,400	57,361	76,255r
68 Turkey	4,054	4,286	7,842	7,504	8,472	8,341
69 United Kingdom	181,904	181,554	172,687r	172,747	184,205	194,017r
70 Yugoslavia[11]	239	233	286	275	276	277
71 Other Europe and other former U.S.S.R.[12]	25,145	30,225	28,858r	32,882	32,801	32,699
72 Canada	28,341	30,212	34,214r	36,274	37,375	37,231
73 Latin America and Caribbean	536,393	554,866	578,695r	665,833	641,860	643,748r
74 Argentina	20,199	19,014	18,633	16,493	16,559	19,092
75 Bahamas	112,217	118,085	135,811r	176,030	184,295	170,530r
76 Bermuda	6,911	6,846	7,874r	8,717	8,025	7,074
77 Brazil	31,037	15,815	12,865r	9,946	10,908	11,950
78 British West Indies	276,418	302,486	312,278r	359,575	323,407	339,700r
79 Chile	4,072	5,015	7,008	6,097	6,194	5,440
80 Colombia	3,652	4,624	5,669	4,237	4,361	4,627
81 Cuba	66	62	75	77	85	122
82 Ecuador	2,078	1,572	1,956	2,281	2,276	2,219
83 Guatemala	1,494	1,336	1,626	1,687	1,658	1,730
84 Jamaica	450	577	520	720	687	725
85 Mexico	33,972	37,157	30,717	33,921	33,943	33,379
86 Netherlands Antilles	5,085	5,010	4,047r	6,592	7,925	7,164
87 Panama	4,241	3,864	4,415	3,769	3,824	3,353
88 Peru	893	840	1,142	1,103	1,133	1,097
89 Uruguay	2,382	2,486	2,386	2,534	2,689	2,179
90 Venezuela	21,601	19,894	20,192r	20,526	22,258	21,462
91 Other	9,625	10,183	11,481	11,528	11,633	11,905
92 Asia	269,379	307,960	319,489r	281,985	289,816	285,018
China						
93 Mainland	18,252	13,441	12,325	7,825	10,000	9,385
94 Taiwan	11,840	12,708	13,603r	14,111	13,584	13,156
95 Hong Kong	17,722	20,900	27,701r	23,636	23,638	25,675
96 India	4,567	5,250	7,367	5,723	5,613	5,712
97 Indonesia	3,554	8,282	6,567	6,954	7,341	7,342
98 Israel	6,281	7,749	7,488	5,542	6,124	5,794
99 Japan	143,401	168,563	159,075	148,662	153,649	147,549
100 Korea (South)	13,060	12,524	12,988r	12,937	10,349	8,618
101 Philippines	3,250	3,324	3,268r	1,748	2,003	1,649
102 Thailand	6,501	7,359	6,050	3,427	3,529	3,900
103 Middle Eastern oil-exporting countries[13]	14,959	15,609	21,314r	18,729	18,578	22,195
104 Other	25,992	32,251	41,743	32,691	35,408	34,043
105 Africa	10,347	8,905	9,468	8,446	8,729	9,739
106 Egypt	1,663	1,339	2,022	1,729	1,966	1,780
107 Morocco	138	97	179	122	149	118
108 South Africa	2,158	1,522	1,495	661	601	792
109 Zaire	10	5	14	13	6	5
110 Oil-exporting countries[14]	3,060	3,088	2,914	3,298	3,405	4,258
111 Other	3,318	2,854	2,844	2,623	2,602	2,786
112 Other	7,205	6,636	9,788r	8,320	9,366	11,363
113 Australia	6,304	5,495	8,377	7,585	8,563	10,346
114 Other	901	1,141	1,411r	735	803	1,017
115 Nonmonetary international and regional organizations	11,690	11,883	15,276	22,807	21,366	16,689
116 International[15]	10,517	10,221	12,876	21,375	20,106	15,295
117 Latin American regional[16]	424	594	1,150	624	768	786
118 Other regional[17]	749	1,068	1,250	808	492	608

Item	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.[p]
AREA				
50 **Total, all foreigners**	**1,444,482r**	**1,453,627r**	**1,510,056**	**1,522,535**
51 **Foreign countries**	**1,429,852r**	**1,437,969r**	**1,492,952**	**1,505,461**
52 Europe	451,531r	459,595	479,945	466,041
53 Austria	2,783	2,541	2,037	2,671
54 Belgium and Luxembourg	31,281	29,828	29,438	29,471
55 Denmark	3,689	3,429	3,001	3,531
56 Finland	1,618	1,512	1,418	1,874
57 France	42,723	39,693	41,065	42,868
58 Germany	25,893	26,212	28,658	27,084
59 Greece	3,455	3,331	3,420	3,333
60 Italy	5,566	5,959	5,594	5,521
61 Netherlands	13,087	10,311	14,450	13,283
62 Norway	1,636	3,501	4,101	5,159
63 Portugal	2,144	2,244	2,261	2,379
64 Russia	14,252	15,970	17,230	19,992
65 Spain	8,791	8,421r	9,270	6,900
66 Sweden	5,992	6,209r	6,247	7,362
67 Switzerland	77,578	88,276	97,099	86,085
68 Turkey	7,999	8,173	8,492	4,600
69 United Kingdom	170,705r	171,867	170,376	169,435
70 Yugoslavia[11]	277	275	270	279
71 Other Europe and other former U.S.S.R.[12]	32,062	31,843	35,518	34,214
72 Canada	33,722	33,869r	34,367	31,249
73 Latin America and Caribbean	633,150r	637,599r	658,199	684,882
74 Argentina	17,552	18,560	18,746	17,886
75 Bahamas	176,104r	171,452r	180,951	179,570
76 Bermuda	8,157	8,100	8,730	7,908
77 Brazil	12,351	11,537	10,204	11,631
78 British West Indies	321,573r	331,097	340,926	369,208
79 Chile	5,296	5,346	5,105	5,327
80 Colombia	4,735	4,658	4,945	4,560
81 Cuba	91	88	93	87
82 Ecuador	2,082	2,074	2,084	2,061
83 Guatemala	1,659	1,671	1,667	1,676
84 Jamaica	915	830	680	722
85 Mexico	33,291	33,878	36,054	33,856
86 Netherlands Antilles	6,373	5,159	4,614	5,321
87 Panama	3,561	3,661	3,788	3,977
88 Peru	1,065	1,091	1,153	1,193
89 Uruguay	2,541	2,567	2,512	2,944
90 Venezuela	23,909	23,997	24,283	25,958
91 Other	11,895	11,833	11,664	10,997
92 Asia	291,017	286,551	299,145	301,681
China				
93 Mainland	11,769	11,830	13,719	15,835
94 Taiwan	14,675	15,140	18,289	17,630
95 Hong Kong	26,749	26,583	25,784	25,905
96 India	5,547	5,838	5,548	5,168
97 Indonesia	7,318	7,310	7,589	8,375
98 Israel	5,951	7,132	6,668	6,538
99 Japan	146,382	142,782	150,196	149,656
100 Korea (South)	8,819	9,043	6,684	6,821
101 Philippines	1,679	1,822	1,676	2,334
102 Thailand	3,504	3,330	3,178	3,477
103 Middle Eastern oil-exporting countries[13]	21,968	21,851	23,852	23,729
104 Other	36,656	33,890	35,962	36,213
105 Africa	9,607	9,821	9,625	9,482
106 Egypt	1,615	1,544	1,546	1,655
107 Morocco	109	112	121	100
108 South Africa	708	842	767	853
109 Zaire	7	5	4	4
110 Oil-exporting countries[14]	4,470	4,499	4,405	4,027
111 Other	2,698	2,819	2,782	2,843
112 Other	10,825	10,534	11,671	12,126
113 Australia	9,825	9,507	10,562	10,961
114 Other	1,000	1,027	1,109	1,165
115 Nonmonetary international and regional organizations	14,630	15,658	17,104	17,074
116 International[15]	13,118	14,387	16,126	16,061
117 Latin American regional[16]	1,146	888	589	530
118 Other regional[17]	366	383	389	483

11. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.

12. Includes the Bank for International Settlements. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.

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

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

15. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.

16. Principally the Inter-American Development Bank.

17. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

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

Millions of dollars, end of period

Area or country	1997	1998	1999	2000						
				May	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
1 **Total, all foreigners**	**708,225**	**734,995**	**793,139[r]**	**821,796[r]**	**827,178**	**829,845**	**796,497**	**840,425**	**857,015**	**855,902**
2 **Foreign countries**	**705,762**	**731,378**	**788,576[r]**	**817,453[r]**	**822,455**	**825,959**	**792,720**	**835,560**	**851,792**	**852,217**
3 Europe	199,880	233,321	311,686[r]	355,446[r]	353,006	357,980	327,409	359,865	360,292	365,931
4 Austria	1,354	1,043	2,643	2,213[r]	2,119	2,617	1,956	2,584	2,809	2,681
5 Belgium and Luxembourg	6,641	7,187	10,193	5,955[r]	6,392	6,302	5,819	6,344	6,020	4,946
6 Denmark	980	2,383	1,669	2,001	3,442	3,349	3,278	3,403	3,093	3,462
7 Finland	1,233	1,070	2,020	2,365[r]	2,601	2,897	2,701	3,561	4,927	6,517
8 France	16,239	15,251	29,142	35,214[r]	28,635	25,845	23,229	27,062	29,093	30,169
9 Germany	12,676	15,923	29,205	31,519[r]	33,583	30,452	31,804	33,229	33,017	32,059
10 Greece	402	575	806	830[r]	836	754	557	516	513	776
11 Italy	6,230	7,284	8,496	6,535[r]	7,688	6,447	7,358	6,215	6,482	6,738
12 Netherlands	6,141	5,697	11,810	14,377	15,669	13,159	14,999	15,507	16,165	15,975
13 Norway	555	827	1,000	1,829[r]	1,932	2,401	1,448	4,474	4,655	6,156
14 Portugal	777	669	1,571	1,268	1,424	1,454	1,273	1,480	1,574	1,249
15 Russia	1,248	789	713	715	744	718	666	643	647	663
16 Spain	2,942	5,735	3,796	3,126	3,844	4,767	3,566	3,208	3,360	2,593
17 Sweden	1,854	4,223	3,264	7,056[r]	8,692	8,404	8,761	8,501	8,504	8,777
18 Switzerland	28,846	46,874	79,158	105,574[r]	86,284	94,550	87,172	100,345	103,668	107,986
19 Turkey	1,558	1,982	2,617	3,231[r]	3,188	2,735	2,855	2,821	2,831	3,260
20 United Kingdom	103,143	106,349	115,971[r]	124,020[r]	137,697	143,459	123,360	132,503	122,829	124,618
21 Yugoslavia[2]	52	53	50	49	49	49	49	49	49	49
22 Other Europe and other former U.S.S.R.[3]	7,009	9,407	7,562	7,569[r]	8,187	7,621	6,558	7,420	10,056	7,257
23 Canada	27,189	47,037	37,206	45,529[r]	42,606	40,420	37,934	37,610	38,639	39,283
24 Latin America and Caribbean	343,730	342,654	355,168[r]	326,681[r]	334,463	334,855	338,764	347,550	357,588	356,183
25 Argentina	8,924	9,552	10,894[r]	10,756[r]	10,729	10,660	10,597	10,840	11,166	11,462
26 Bahamas	89,379	96,455	99,066[r]	74,297[r]	83,524	76,477	78,896	83,126	83,523	78,541
27 Bermuda	8,782	5,011	8,007	6,478	6,285	6,906	4,684	6,265	8,426	8,223
28 Brazil	21,696	16,184	16,987[r]	17,695[r]	17,902	18,199	18,555	19,061	20,202	19,840
29 British West Indies	145,471	153,749	167,189	165,921[r]	164,969	172,232	175,936	178,744	184,812	187,513
30 Chile	7,913	8,250	6,607	6,399	6,213	6,070	5,985	5,954	5,755	5,771
31 Colombia	6,945	6,507	4,524	4,037[r]	3,797	3,909	3,953	3,850	3,846	3,938
32 Cuba	0	0	0	0	0	0	3	0	0	0
33 Ecuador	1,311	1,400	760	640	613	610	607	623	639	629
34 Guatemala	886	1,127	1,135	1,245	1,235	1,215	1,277	1,226	1,245	1,247
35 Jamaica	424	239	295	300	291	299	305	337	379	355
36 Mexico	19,428	21,212	17,899	16,771	17,066	16,426	16,840	16,849	16,737	16,960
37 Netherlands Antilles	17,838	6,779	5,982	6,579	6,502	6,652	5,804	5,770	6,158	6,554
38 Panama	4,364	3,584	3,387	2,984	3,063	2,981	2,882	2,781	2,668	2,839
39 Peru	3,491	3,275	2,529	2,515	2,458	2,488	2,487	2,697	2,653	2,713
40 Uruguay	629	1,126	801	708	620	649	777	728	663	675
41 Venezuela	2,129	3,089	3,494	3,645[r]	3,471	3,357	3,410	3,390	3,321	3,442
42 Other	4,120	5,115	5,612[r]	5,711	5,725	5,725	5,766	5,309	5,395	5,481
43 Asia	125,092	98,607	75,143[r]	80,205[r]	82,398	83,127	79,022	81,655	87,465	82,801
China										
44 Mainland	1,579	1,261	2,110[r]	2,611	1,688	1,822	1,601	1,519	1,912	1,644
45 Taiwan	922	1,041	1,390	1,728[r]	1,335	922	790	2,475	3,691	2,483
46 Hong Kong	13,991	9,080	5,903[r]	4,568[r]	4,261	5,777	5,403	6,014	6,540	6,454
47 India	2,200	1,440	1,738	1,941	1,905	2,013	2,037	2,006	1,787	1,736
48 Indonesia	2,651	1,942	1,776	1,819	1,856	1,940	1,880	1,982	2,009	1,961
49 Israel	768	1,166	1,875	2,857	1,610	1,982	2,281	1,116	1,551	1,387
50 Japan	59,549	46,713	28,641[r]	31,689	33,256	31,209	32,494	35,234	35,773	36,487
51 Korea (South)	18,162	8,289	9,426[r]	14,011[r]	15,855	18,915	16,924	14,457	18,589	16,176
52 Philippines	1,689	1,465	1,410	1,884	1,868	1,802	1,483	1,495	1,473	1,749
53 Thailand	2,259	1,807	1,515	1,137	1,255	1,051	1,059	1,071	1,046	1,221
54 Middle Eastern oil-exporting countries[4]	10,790	16,130	14,267[r]	11,666	12,128	10,367	10,006	9,961	9,650	8,487
55 Other	10,532	8,273	5,092[r]	4,294	5,381	5,327	3,064	4,325	3,444	3,016
56 Africa	3,530	3,122	2,268	2,097[r]	2,482	2,505	2,215	2,597	2,232	1,918
57 Egypt	247	257	258	218	230	217	186	176	201	184
58 Morocco	511	372	352	271	259	272	247	254	252	235
59 South Africa	805	643	622	329[r]	760	411	358	372	322	341
60 Zaire	0	0	24	0	0	0	0	0	0	0
61 Oil-exporting countries[5]	1,212	936	276	508	430	751	616	913	656	342
62 Other	755	914	736	771	803	854	808	882	801	816
63 Other	6,341	6,637	7,105	7,495[r]	7,500	7,072	7,376	6,283	5,576	6,101
64 Australia	5,300	6,173	6,824	7,139	7,240	6,891	7,036	6,036	5,238	5,923
65 Other	1,041	464	281	356[r]	260	181	340	247	338	178
66 Nonmonetary international and regional organizations[6]	2,463	3,617	4,563	4,343	4,723	3,886	3,777	4,865	5,223	3,685

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

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

Millions of dollars, end of period

Type of claim	1997	1998	1999	2000						
				May	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
1 **Total**	**852,852**	**875,891**	**944,937**	...	**1,011,285**	...	...	**1,009,934**	...	...
2 Banks' claims	708,225	734,995	793,139	821,796[r]	827,178	829,845	796,497	840,425	857,015	855,902
3 Foreign public borrowers	20,581	23,542	35,090	43,197[r]	41,224	48,478	41,459	40,436	49,691	48,890
4 Own foreign offices[2]	431,685	484,535	529,682	553,291[r]	557,717	557,557	544,142	576,452	581,381	587,788
5 Unaffiliated foreign banks	109,230	106,206	97,186	88,139[r]	88,954	85,738	78,561	87,276	82,904	82,349
6 Deposits	30,995	27,230	34,538	24,769	22,371	21,856	21,822	23,765	23,468	23,760
7 Other	78,235	78,976	62,648	63,370[r]	66,583	63,882	56,739	63,511	59,436	58,589
8 All other foreigners	146,729	120,712	131,181	137,169[r]	139,283	138,072	132,335	136,261	143,039	136,875
9 Claims of banks' domestic customers[3]	144,627	140,896	151,798	...	184,107	...	...	169,509	...	...
10 Deposits	73,110	79,363	88,006	...	106,055	...	...	87,340	...	...
11 Negotiable and readily transferable instruments[4]	53,967	47,914	51,161	...	62,975	...	...	70,334	...	...
12 Outstanding collections and other claims	17,550	13,619	12,631	...	15,077	...	...	11,835	...	...
MEMO										
13 Customer liability on acceptances	9,624	4,520	4,553	...	5,056	...	...	4,827	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	33,816	39,978	31,125	45,468	44,139	46,337	55,293	57,784	53,848	55,510

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

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

Millions of dollars, end of period

Maturity, by borrower and area[2]	1996	1997	1998	1999	2000		
				Dec.	Mar.	June	Sept.
1 **Total**	**258,106**	**276,550**	**250,418**	**267,082**	**262,173**	**273,139**	**263,500**
By borrower							
2 Maturity of one year or less	211,859	205,781	186,526	187,894	181,050	185,927	174,809
3 Foreign public borrowers	15,411	12,081	13,671	22,811	23,436	24,850	23,647
4 All other foreigners	196,448	193,700	172,855	165,083	157,614	161,077	151,162
5 Maturity of more than one year	46,247	70,769	63,892	79,188	81,123	87,212	88,691
6 Foreign public borrowers	6,790	8,499	9,839	12,013	12,852	15,905	16,236
7 All other foreigners	39,457	62,270	54,053	67,175	68,271	71,307	72,455
By area							
Maturity of one year or less							
8 Europe	55,690	58,294	68,679	80,842	79,638	75,561	69,486
9 Canada	8,339	9,917	10,968	7,859	8,408	7,344	8,225
10 Latin America and Caribbean	103,254	97,207	81,766	69,498	62,923	66,140	65,918
11 Asia	38,078	33,964	18,007	21,802	23,002	29,091	23,874
12 Africa	1,316	2,211	1,835	1,122	957	1,520	1,594
13 All other[3]	5,182	4,188	5,271	6,771	6,122	6,271	5,712
Maturity of more than one year							
14 Europe	6,965	13,240	14,923	22,951	23,951	25,404	27,550
15 Canada	2,645	2,525	3,140	3,192	3,127	3,323	3,261
16 Latin America and Caribbean	24,943	42,049	33,442	39,051	39,714	42,427	41,166
17 Asia	9,392	10,235	10,018	11,257	11,612	12,549	13,131
18 Africa	1,361	1,236	1,232	1,065	965	924	895
19 All other[3]	941	1,484	1,137	1,672	1,754	2,585	2,688

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

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

Billions of dollars, end of period

Area or country	1996	1997	1998		1999				2000		
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
1 **Total**	**645.8**	**721.8**	**1071.9**	**1051.6**	**981.9[r]**	**930.4[r]**	**930.4[r]**	**934.5[r]**	**949.4[r]**	**989.6[r]**	**952.4**
2 G-10 countries and Switzerland	228.3	242.8	240.0	217.7	208.9[r]	224.0[r]	208.2[r]	232.3[r]	278.5[r]	320.0[r]	286.9
3 Belgium and Luxembourg	11.7	11.0	11.7	10.7	15.6	16.2[r]	15.7	14.3	14.2	13.8	13.0
4 France	16.6	15.4	20.3	18.4	21.6	20.7[r]	20.0[r]	29.0	27.1	32.6	29.1
5 Germany	29.8	28.6	31.4	30.9	34.7	32.1	37.4	38.7	37.3	31.5	37.8
6 Italy	16.0	15.5	18.5	11.5	17.8	16.4	15.0	18.1	20.0	20.8	18.8
7 Netherlands	4.0	6.2	8.4	7.8	10.7	13.3	11.7[r]	12.3	17.1	16.1	17.6
8 Sweden	2.6	3.3	2.1	2.3	4.0	2.6	3.6	3.0	3.9	3.5	4.3
9 Switzerland	5.3	7.2	7.6	8.5	7.8	8.3[r]	8.8	10.3	10.1	13.8	10.9
10 United Kingdom	104.7	113.4	100.1	85.4	56.2[r]	74.7[r]	52.3[r]	68.2[r]	107.8[r]	144.3[r]	118.7
11 Canada	14.0	13.7	15.9	16.8	15.9	17.1	17.9	16.3	17.5	18.3[r]	18.7
12 Japan	23.7	28.6	23.9	25.4	24.6	22.6	25.7[r]	22.1[r]	23.5	25.4	18.1
13 Other industrialized countries	66.1	65.5	78.5	69.0	80.1	79.7	71.7	68.4	62.8	75.2[r]	72.5
14 Austria	1.1	1.5	2.1	1.4	2.8	2.8	3.0	3.5	2.6	2.8	3.5
15 Denmark	1.5	2.4	3.0	2.2	3.4	2.9	2.1	2.6	1.5	1.2	1.8
16 Finland	.8	1.3	1.6	1.4	1.5	.9	.9	.9	.8	1.2[r]	2.8
17 Greece	6.7	5.1	5.8	5.9	6.5	5.9	6.6	6.0	5.7	6.8	6.4
18 Norway	8.0	3.6	3.2	3.2	3.1	3.0	3.8	3.3	3.0	4.6	8.5
19 Portugal	.9	.9	1.1	1.4	1.4	1.2	1.2	1.0	1.0	2.0	1.5
20 Spain	13.3	12.6	19.5	13.7	15.7	16.6	15.1	12.1	11.3	12.2	10.5
21 Turkey	2.7	4.5	5.2	4.8	5.2	4.9	4.7	4.8	5.1	5.6	5.6
22 Other Western Europe	4.9	8.3	10.4	10.4	10.2	10.3[r]	9.2	6.8	8.3	8.0[r]	8.4
23 South Africa	2.0	2.2	5.4	4.4	4.8	4.7	4.0	3.8	4.8	4.5[r]	2.9
24 Australia	24.0	23.1	21.4	20.3	25.4	26.6	21.1	23.5	18.6	26.3	20.5
25 OPEC[2]	19.8	26.0	26.0	27.1	26.2	26.2[r]	30.1	31.4	28.9	32.3	31.8
26 Ecuador	1.1	1.3	1.2	1.3	1.2	1.1	.9	.8	.7	.7	.6
27 Venezuela	2.4	2.5	3.1	3.2	3.5	3.2	3.0	2.8	3.0	2.9	2.9
28 Indonesia	5.2	6.7	4.7	4.7	4.5	5.0	4.4	4.2	3.9	4.1	4.4
29 Middle East countries	10.7	14.4	16.1	17.0	16.7	16.5	21.4	23.1[r]	21.1	24.0	22.7
30 African countries	.4	1.2	.8	1.0	.4	.5[r]	.5	.5	.2	.7	1.2
31 Non-OPEC developing countries	130.3	139.2	140.4	143.4	146.4[r]	148.6	144.6[r]	149.4[r]	154.8[r]	158.3[r]	150.5
Latin America											
32 Argentina	14.3	18.4	22.9	23.1	24.4[r]	22.8	22.8[r]	23.2[r]	22.4[r]	21.6[r]	21.4
33 Brazil	20.7	28.6	24.0	24.7	24.2	25.2[r]	23.5[r]	27.7[r]	28.1[r]	28.3[r]	28.5
34 Chile	7.0	8.7	8.5	8.3	8.6	8.2	7.7	7.4	8.2	8.1	7.4
35 Colombia	4.1	3.4	3.4	3.2	3.3	3.1	2.7	2.5	2.5	2.4	2.4
36 Mexico	16.2	17.4	18.7	18.9	19.7	18.5	19.4	18.7	18.3	20.5	17.5
37 Peru	1.6	2.0	2.2	2.2	2.2	2.1	1.8	1.7	1.9	2.1	2.1
38 Other	3.3	4.1	4.6	5.4	5.3	5.5	5.5	5.9	6.5	6.7	6.3
Asia											
China											
39 Mainland	2.5	3.2	2.8	3.0	5.0	5.3	3.3	3.6	4.6	3.8	3.4
40 Taiwan	10.3	9.5	12.5	13.3	11.8	12.6	12.3	12.0	12.6	12.6	12.8
41 India	4.3	4.9	5.3	5.5	5.5	6.7	7.0	7.7	7.9	8.2	5.8
42 Israel	.5	.7	.9	1.1	1.1	2.0	1.0	1.8	3.3	1.5	1.1
43 Korea (South)	21.5	15.6	13.1	13.7	13.7	15.3	16.0	15.2[r]	17.4	21.2	21.0
44 Malaysia	6.0	5.1	5.0	5.6	5.9	6.0	6.1	6.1	6.5	6.8	6.4
45 Philippines	5.8	5.7	4.7	5.1	5.4	5.7	5.8	6.2	5.3	5.3	4.7
46 Thailand	5.7	5.4	5.3	4.7	4.5	4.2	4.0	4.1	4.3	4.0	3.9
47 Other Asia	4.1	4.3	3.1	2.9	3.0	2.8	2.9[r]	2.9	2.6	2.5	2.3
Africa											
48 Egypt	.7	.9	1.7	1.3	1.4	1.4	1.3	1.4	1.4	1.3	1.1
49 Morocco	.7	.6	.5	.5	.5	.5	.5	.4	.3	.3	.4
50 Zaire	.1	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.9	.8	1.1	1.0	.9[r]	1.0	1.0	1.0	.9	.9	2.1
52 Eastern Europe	6.9	9.1	6.3	5.5	6.8[r]	5.7[r]	5.4	5.2	6.3	9.4	9.1
53 Russia[4]	3.7	5.1	2.8	2.2	2.0[r]	2.1	2.0	1.6	1.7	1.5	1.4
54 Other	3.2	4.0	3.5	3.3	4.8	3.7	3.4	3.6	4.7	7.9	7.6
55 Offshore banking centers	135.1	140.2	121.0	93.9	83.0[r]	66.0[r]	79.1[r]	59.9[r]	42.0	52.4	50.6
56 Bahamas	20.5	24.2	30.7	35.4	22.0[r]	10.4[r]	18.2[r]	13.7[r]	2.4	.5	.6
57 Bermuda	4.5	9.8	10.4	4.6	3.9	5.7	8.2	8.0	7.3	6.3	6.3
58 Cayman Islands and other British West Indies	37.2	43.4	27.8	12.8	13.9	7.2	6.3	1.3	.0	5.1	5.9
59 Netherlands Antilles	26.1	14.6	6.0	2.6	2.7	1.3	9.1	1.7	2.5	2.6	1.9
60 Panama[5]	2.0	3.1	4.0	3.9	3.9	3.9	3.9	3.9	3.4	3.3	2.5
61 Lebanon	.1	.1	.2	.1	.1	.1	.2	.1	.1	.1	.1
62 Hong Kong, China	27.9	32.2	30.6	23.3	22.8	22.0	22.4	21.0	22.2	20.7	20.5
63 Singapore	16.7	12.7	11.1	11.1	13.5	15.2	10.6	10.1	4.1	13.6	12.7
64 Other[6]	.1	.1	.2	.2	.2	.1	.2	.1	.1	.1	.1
65 Miscellaneous and unallocated[7]	59.6	99.1	459.9	495.1	430.4	380.2	391.2	387.9	376.1	342.1[r]	351.1

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	1996	1997	1998	1999			2000		
					June	Sept.	Dec.	Mar.	June	Sept.p
1	**Total**	**61,782**	**57,382**	**46,570**	**49,337**	**52,979**	**53,044**	**53,489**	**70,534**	**76,944**
2	Payable in dollars	39,542	41,543	36,668	36,032	36,296	37,605	35,614	47,864	51,751
3	Payable in foreign currencies	22,240	15,839	9,902	13,305	16,683	15,415	17,875	22,670	25,193
	By type									
4	Financial liabilities	33,049	26,877	19,255	25,058	27,422	27,980	29,180	44,068	49,895
5	Payable in dollars	11,913	12,630	10,371	13,205	12,231	13,883	12,858	22,803	26,159
6	Payable in foreign currencies	21,136	14,247	8,884	11,853	15,191	14,097	16,322	21,265	23,736
7	Commercial liabilities	28,733	30,505	27,315	24,279	25,557	25,064	24,309	26,466	27,049
8	Trade payables	12,720	10,904	10,978	10,935	12,651	12,857	12,401	13,764	14,218
9	Advance receipts and other liabilities	16,013	19,601	16,337	13,344	12,906	12,207	11,908	12,702	12,831
10	Payable in dollars	27,629	28,913	26,297	22,827	24,065	23,722	22,756	25,061	25,592
11	Payable in foreign currencies	1,104	1,592	1,018	1,452	1,492	1,318	1,553	1,405	1,457
	By area or country									
	Financial liabilities									
12	Europe	23,179	18,027	12,589	19,578	21,695	23,241	24,050	30,332	36,175
13	Belgium and Luxembourg	632	186	79	70	50	31	4	163	169
14	France	1,091	1,425	1,097	1,287	1,675	1,659	1,849	1,702	1,299
15	Germany	1,834	1,958	2,063	1,959	1,712	1,974	1,880	1,671	2,132
16	Netherlands	556	494	1,406	2,104	2,066	1,996	1,970	2,035	2,040
17	Switzerland	699	561	155	143	133	147	97	137	178
18	United Kingdom	17,161	11,667	5,980	13,097	15,096	16,521	16,579	21,463	28,601
19	Canada	1,401	2,374	693	320	344	284	313	714	249
20	Latin America and Caribbean	1,668	1,386	1,495	1,369	1,180	892	846	2,874	3,447
21	Bahamas	236	141	7	1	1	1	1	78	105
22	Bermuda	50	229	101	52	26	5	1	1,016	1,182
23	Brazil	78	143	152	131	122	126	128	146	132
24	British West Indies	1,030	604	957	944	786	492	489	463	501
25	Mexico	17	26	59	19	28	25	22	26	35
26	Venezuela	1	1	2	1	0	0	0	0	0
27	Asia	6,423	4,387	3,785	3,217	3,622	3,437	3,275	9,453	9,320
28	Japan	5,869	4,102	3,612	3,035	3,384	3,142	2,985	6,024	4,782
29	Middle Eastern oil-exporting countries[1]	25	27	0	2	3	3	4	5	7
30	Africa	38	60	28	29	31	28	28	33	48
31	Oil-exporting countries[2]	0	0	0	0	0	0	0	0	0
32	All other[3]	340	643	665	545	550	98	668	662	656
	Commercial liabilities									
33	Europe	9,767	10,228	10,030	8,718	9,265	9,262	8,646	9,293	9,470
34	Belgium and Luxembourg	479	666	278	189	128	140	78	178	155
35	France	680	764	920	656	620	672	539	711	727
36	Germany	1,002	1,274	1,392	1,143	1,201	1,131	914	948	1,023
37	Netherlands	766	439	429	432	535	507	648	562	424
38	Switzerland	624	375	499	497	593	626	536	565	647
39	United Kingdom	4,303	4,086	3,697	2,959	3,175	3,071	2,661	2,982	3,034
40	Canada	1,090	1,175	1,390	1,670	1,753	1,775	2,024	2,053	1,897
41	Latin America and Caribbean	2,574	2,176	1,618	1,674	1,957	2,310	2,286	2,607	2,523
42	Bahamas	63	16	14	19	24	22	9	10	15
43	Bermuda	297	203	198	180	178	152	287	300	377
44	Brazil	196	220	152	112	120	145	115	119	166
45	British West Indies	14	12	10	5	39	48	23	22	19
46	Mexico	665	565	347	490	704	887	805	1,073	1,080
47	Venezuela	328	261	202	149	182	305	193	239	124
48	Asia	13,422	14,966	12,342	10,039	10,428	9,886	9,681	10,965	11,221
49	Japan	4,614	4,500	3,827	2,753	2,689	2,609	2,274	2,200	2,069
50	Middle Eastern oil-exporting countries[1]	2,168	3,111	2,852	2,209	2,618	2,551	2,308	3,489	3,720
51	Africa	1,040	874	794	832	959	950	943	950	1,285
52	Oil-exporting countries[2]	532	408	393	392	584	499	536	575	693
53	Other[3]	840	1,086	1,141	1,346	1,195	881	729	598	653

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	1996	1997	1998	1999			2000		
					June	Sept.	Dec.	Mar.	June	Sept.[p]
1	**Total**	**65,897**	**68,128**	**77,462**	**63,884**	**67,566**	**76,669**	**84,266**	**80,725**	**94,806**
2	Payable in dollars	59,156	62,173	72,171	57,006	60,456	69,170	74,331	72,294	82,877
3	Payable in foreign currencies	6,741	5,955	5,291	6,878	7,110	7,472	9,935	8,431	11,929
	By type									
4	Financial claims	37,523	36,959	46,260	31,957	33,877	40,231	47,798	44,303	58,303
5	Deposits	21,624	22,909	30,199	13,350	15,192	18,566	23,316	17,462	30,928
6	Payable in dollars	20,852	21,060	28,549	11,636	13,240	16,373	21,442	15,361	27,974
7	Payable in foreign currencies	772	1,849	1,650	1,714	1,952	2,193	1,874	2,101	2,954
8	Other financial claims	15,899	14,050	16,061	18,607	18,685	21,665	24,482	26,841	27,375
9	Payable in dollars	12,374	11,806	14,049	14,800	15,718	18,593	19,659	22,384	20,541
10	Payable in foreign currencies	3,525	2,244	2,012	3,807	2,967	3,072	4,823	4,457	6,834
11	Commercial claims	28,374	31,169	31,202	31,927	33,689	36,438	36,468	36,422	36,503
12	Trade receivables	25,751	27,536	27,202	27,791	29,397	32,629	31,443	31,277	31,533
13	Advance payments and other claims	2,623	3,633	4,000	4,136	4,292	3,809	5,025	5,145	4,970
14	Payable in dollars	25,930	29,307	29,573	30,570	31,498	34,204	33,230	34,549	34,362
15	Payable in foreign currencies	2,444	1,862	1,629	1,357	2,191	2,207	3,238	1,873	2,141
	By area or country									
	Financial claims									
16	Europe	11,085	14,999	12,294	13,978	13,878	13,023	16,789	18,254	23,706
17	Belgium and Luxembourg	185	406	661	457	574	529	540	317	304
18	France	694	1,015	864	1,368	1,212	967	1,835	1,292	1,477
19	Germany	276	427	304	367	549	504	669	576	696
20	Netherlands	493	677	875	997	1,067	1,229	1,981	1,984	2,486
21	Switzerland	474	434	414	504	559	643	612	624	626
22	United Kingdom	7,922	10,337	7,766	8,631	8,157	7,561	9,044	11,668	16,191
23	Canada	3,442	3,313	2,503	2,828	3,172	2,553	3,175	5,799	7,517
24	Latin America and Caribbean	20,032	15,543	27,714	11,486	12,749	18,206	21,945	14,874	21,691
25	Bahamas	1,553	2,308	403	467	755	1,593	1,299	655	1,358
26	Bermuda	140	108	39	39	524	11	11	34	22
27	Brazil	1,468	1,313	835	1,102	1,265	1,476	1,646	1,666	1,568
28	British West Indies	15,536	10,462	24,388	7,393	7,263	12,099	15,814	7,751	15,722
29	Mexico	457	537	1,245	1,702	1,791	1,798	1,979	2,048	2,280
30	Venezuela	31	36	55	71	47	48	65	78	101
31	Asia	2,221	2,133	3,027	2,801	3,205	5,457	4,430	3,923	4,002
32	Japan	1,035	823	1,194	949	1,250	3,262	2,021	1,410	1,726
33	Middle Eastern oil-exporting countries[1]	22	11	9	5	5	21	29	42	85
34	Africa	174	319	159	228	251	286	232	320	284
35	Oil-exporting countries[2]	14	15	16	5	12	15	15	39	3
36	All other[3]	569	652	563	636	622	706	1,227	1,133	1,103
	Commercial claims									
37	Europe	10,443	12,120	13,246	12,961	14,367	16,389	16,118	15,928	16,481
38	Belgium and Luxembourg	226	328	238	286	289	316	271	425	393
39	France	1,644	1,796	2,171	2,094	2,375	2,236	2,520	2,692	2,924
40	Germany	1,337	1,614	1,822	1,660	1,944	1,960	2,034	1,906	2,143
41	Netherlands	562	597	467	389	617	1,429	1,337	1,242	1,310
42	Switzerland	642	554	483	385	714	610	611	563	682
43	United Kingdom	2,946	3,660	4,769	4,615	4,789	5,827	5,354	4,929	5,198
44	Canada	2,165	2,660	2,617	2,855	2,638	2,757	3,088	3,250	2,945
45	Latin America and Caribbean	5,276	5,750	6,296	6,278	5,879	5,959	5,899	5,792	5,798
46	Bahamas	35	27	24	21	29	20	15	48	75
47	Bermuda	275	244	536	583	549	390	404	381	387
48	Brazil	1,303	1,162	1,024	887	763	905	849	894	982
49	British West Indies	190	109	104	127	157	181	95	51	55
50	Mexico	1,128	1,392	1,545	1,478	1,613	1,678	1,529	1,565	1,615
51	Venezuela	357	576	401	384	365	439	435	466	379
52	Asia	8,376	8,713	7,192	7,690	8,579	9,165	9,101	9,173	8,991
53	Japan	2,003	1,976	1,681	1,511	1,823	2,074	2,082	1,882	2,071
54	Middle Eastern oil-exporting countries[1]	971	1,107	1,135	1,465	1,479	1,625	1,533	1,241	1,197
55	Africa	746	680	711	738	682	631	716	766	895
56	Oil-exporting countries[2]	166	119	165	202	221	171	82	160	392
57	Other[3]	1,368	1,246	1,140	1,405	1,544	1,537	1,546	1,513	1,393

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Comprises Algeria, Gabon, Libya, and Nigeria.
3. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1998	1999	2000 Jan.–Nov.	2000 May	June	July	Aug.	Sept.	Oct.	Nov.[p]
				U.S. corporate securities						
STOCKS										
1 Foreign purchases	1,574,192	2,340,659	3,318,607	268,499[r]	300,356	271,145	286,819	297,677[r]	339,995	284,909
2 Foreign sales	1,524,203	2,233,137	3,155,501	262,187[r]	282,563	255,999	262,775	289,118[r]	323,659	275,855
3 **Net purchases, or sales (−)**	**49,989**	**107,522**	**163,106**	**6,312**	**17,793**	**15,146**	**24,044**	**8,559**	**16,336**	**9,054**
4 **Foreign countries**	**50,369**	**107,578**	**163,102**	**6,292[r]**	**17,823**	**15,136**	**24,020**	**8,603**	**16,338**	**9,068**
5 Europe	68,124	98,060	153,450	7,496	14,853	12,922	15,678	10,014	14,040	7,485
6 France	5,672	3,813	5,687	−588	−653	1,292	575	−565	1,757	408
7 Germany	9,195	13,410	30,975	3,355	2,544	371	2,670	643	1,383	988
8 Netherlands	8,249	8,083	3,224	−113	584	554	594	792	−135	323
9 Switzerland	5,001	5,650	12,644	585	67	1,702	1,114	780	488	−598
10 United Kingdom	23,952	42,902	50,536	1,440	7,026	6,033	7,098	5,163	6,283	3,210
11 Canada	−4,689	−335	4,259	835[r]	−46	−166	1,038	−924[r]	194	1,477
12 Latin America and Caribbean	757	5,187	−15,053	−2,634[r]	1,898	1,363	4,907	−3,406[r]	−4,400	−2,979
13 Middle East[1]	−1,449	−1,066	8,912	705	4	98	908	52	754	340
14 Other Asia	−12,351	4,445	11,043	−119[r]	870	815	1,789	2,707[r]	5,840	3,310
15 Japan	−1,171	5,723	455	−1,045	439	492	568	2,467	2,640	662
16 Africa	639	372	460	−50	54	−124	2	−56	−27	80
17 Other countries	−662	915	31	59[r]	190	228	−302	216	−63	−645
18 **Nonmonetary international and regional organizations**	**−380**	**−56**	**7**	**21**	**−30**	**10**	**24**	**−42**	**−2**	**−14**
BONDS[2]										
19 Foreign purchases	905,782	854,692	1,087,507	89,760	107,281	87,580	107,808	106,384	102,945	113,843
20 Foreign sales	727,044	602,100	781,161	68,212	75,117	67,010	69,514	76,225	71,602	77,596
21 **Net purchases, or sales (−)**	**178,738**	**252,592**	**306,346**	**21,548**	**32,164**	**20,570**	**38,294**	**30,159**	**31,343**	**36,247**
22 **Foreign countries**	**179,081**	**252,994**	**306,451**	**21,493[r]**	**32,215**	**20,482**	**38,215**	**30,161**	**31,356**	**36,381**
23 Europe	130,057	140,674	162,368	9,475	19,378	7,789	21,618	17,058	16,965	15,845
24 France	3,386	1,870	2,078	104	159	85	334	−819	347	272
25 Germany	4,369	7,723	4,145	175	897	154	1,185	44	433	537
26 Netherlands	3,443	2,446	855	283	−169	−575	850	−818	848	183
27 Switzerland	4,826	4,553	3,922	9	324	1,003	757	333	350	483
28 United Kingdom	99,637	106,344	126,457	6,237	16,218	4,003	15,909	15,950	12,503	12,082
29 Canada	6,121	6,043	12,873	1,076	1,092	943	1,965	811	897	1,179
30 Latin America and Caribbean	23,938	58,783	55,317	2,786	4,390	4,743	3,829	6,338	5,018	6,600
31 Middle East[1]	4,997	1,979	805	−47	99	264	54	−702	−54	437
32 Other Asia	12,662	42,817	72,579	7,999[r]	7,059	6,601	10,562	6,777	8,215	11,673
33 Japan	8,384	17,541	35,744	3,491	3,945	3,320	5,664	3,573	3,690	7,269
34 Africa	190	1,411	862	40	72	10	37	49	58	25
35 Other countries	1,116	1,287	1,647	164	125	132	150	−170	257	622
36 **Nonmonetary international and regional organizations**	**−343**	**−402**	**−71**	**58**	**−51**	**88**	**110**	**−2**	**−13**	**−134**
				Foreign securities						
37 Stocks, net purchases, or sales (−)	6,227	15,640	−7,686	7,144[r]	−3,096[r]	−15,501[r]	602	10,479	2,922	5,894
38 Foreign purchases	929,923	1,177,303	1,671,921	145,942[r]	153,373[r]	136,108[r]	143,618	149,696	153,760	142,158
39 Foreign sales	923,696	1,161,663	1,679,607	138,798[r]	156,469[r]	151,609[r]	143,016	139,217	150,838	136,264
40 Bonds, net purchases, or sales (−)	−17,350	−5,676	−2,494	4,244[r]	5,751[r]	−6,488[r]	−2,811	267	−3,440	8,451
41 Foreign purchases	1,328,281	798,267	875,915	79,536[r]	82,953[r]	68,425[r]	74,803	92,182	98,523	94,973
42 Foreign sales	1,345,631	803,943	878,409	75,292[r]	77,202[r]	74,913[r]	77,614	91,915	101,963	86,522
43 **Net purchases, or sales (−), of stocks and bonds**	**−11,123**	**9,964**	**−10,180**	**11,388[r]**	**2,655[r]**	**−21,989[r]**	**−2,209**	**10,746**	**−518**	**14,345**
44 **Foreign countries**	**−10,778**	**9,679**	**−10,732**	**11,323[r]**	**2,808[r]**	**−21,748[r]**	**−2,055**	**10,570**	**−685**	**14,106**
45 Europe	12,632	59,247	−21,180	9,676[r]	−1,881[r]	−24,004[r]	−6,190	6,530	−4,016	7,568
46 Canada	−1,901	−999	−2,619	−1,661[r]	972[r]	253[r]	916	−1,142	1,810	503
47 Latin America and Caribbean	−13,798	−4,726	−14,498	−930[r]	2,038[r]	−931[r]	−562	665	1,040	−405
48 Asia	−3,992	−42,961	24,416	4,520[r]	1,628[r]	2,973[r]	3,160	3,867	−47	5,802
49 Japan	−1,742	−43,637	20,228	5,699[r]	3,165[r]	4,116[r]	1,478	2,082	−1,255	2,092
50 Africa	−1,225	710	989	−55[r]	−37[r]	532	−50	49	13	10
51 Other countries	−2,494	−1,592	2,160	−227[r]	88[r]	−571[r]	671	601	515	628
52 **Nonmonetary international and regional organizations**	**−345**	**285**	**570**	**76**	**−150**	**−241**	**−154**	**180**	**167**	**239**

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

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

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

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

Area or country	1998	1999	2000 Jan.–Nov.	2000 May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Total estimated**	**49,039**	**−9,953**	**−43,697**	**−7,018**	**−17,932**	**−6,061**	**−114**	**−8,516**	**−3,038**	**−13,773**
2 Foreign countries	46,570	−10,518	−43,130	−6,820	−17,597	−5,746	−117	−8,741	−3,223	−13,626
3 Europe	23,797	−38,228	−43,920	−2,526	−9,935	−6,351	3,707	−1,284	−3,708	−10,991
4 Belgium and Luxembourg	3,805	−81	169	−743	252	−138	138	−127	320	53
5 Germany	144	2,285	−6,239	74	609	−2,199	−36	−1,738	1,424	−2,185
6 Netherlands	−5,533	2,122	3,762	−1,159	−389	−584	91	836	183	264
7 Sweden	1,486	1,699	754	266	−47	114	56	214	−118	−104
8 Switzerland	5,240	−1,761	−10,390	−337	−1,928	−1,398	−338	−959	−57	−301
9 United Kingdom	14,384	−20,232	−29,470	178	−9,243	−4,372	3,054	−1,865	−3,793	−6,035
10 Other Europe and former U.S.S.R.	4,271	−22,260	−2,506	−805	811	2,226	742	2,355	−1,667	−2,683
11 Canada	615	7,348	1,517	−681	226	−872	222	1,417	160	−840
12 Latin America and Caribbean	−3,662	−7,523	−4,669	−3,122	−3,839	1,415	245	−4,979	3,963	−507
13 Venezuela	59	362	988	4	16	89	45	314	152	251
14 Other Latin America and Caribbean	9,523	1,661	−9,835	−548	−4,748	1,261	61	−4,936	3,030	−1,262
15 Netherlands Antilles	−13,244	−9,546	4,178	−2,578	893	65	139	−357	781	504
16 Asia	27,433	29,359	2,092	−908	−3,988	−488	−4,918	−3,319	−4,688	−1,289
17 Japan	13,048	20,102	14,435	−2,486	−2,660	672	367	1,717	1,608	4,445
18 Africa	751	−3,021	−370	−114	−130	4	9	−139	−6	−16
19 Other	−2,364	1,547	2,220	531	69	546	618	−437	1,056	17
20 Nonmonetary international and regional organizations	2,469	565	−567	−198	−335	−315	3	225	185	−147
21 International	1,502	190	−498	−158	−286	−333	15	391	39	−146
22 Latin American regional	199	666	70	−14	−9	−1	−10	1	28	−1
MEMO										
23 Foreign countries	46,570	−10,518	−43,130	−6,820	−17,597	−5,746	−117	−8,741	−3,223	−13,626
24 Official institutions	4,123	−9,861	−7,376	−1,405	−1,412	−639	449	−6,626	−7,150	−4,967
25 Other foreign	42,447	−657	−35,754	−5,415	−16,185	−5,107	−566	−2,115	3,927	−8,659
Oil-exporting countries										
26 Middle East[2]	−16,554	2,207	3,450	572	859	267	217	−1,030	−724	−888
27 Africa[3]	2	0	0	0	0	0	0	0	0	0

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

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

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

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

Currency units per U.S. dollar except as noted

Item	1998	1999	2000	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.	2000 Dec.	2001 Jan.
	Exchange Rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	62.91	64.54	58.15	58.08	55.21	52.80	52.18	54.66	55.52
2 Austria/schilling	12.379	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.
3 Belgium/franc	36.31	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4 Brazil/real	1.1605	1.8207	1.8301	1.8091	1.8397	1.8813	1.9483	1.9632	1.9561
5 Canada/dollar	1.4836	1.4858	1.4855	1.4828	1.4864	1.5125	1.5426	1.5219	1.5032
6 China, P.R./yuan	8.3008	8.2783	8.2784	8.2796	8.2785	8.2785	8.2774	8.2771	8.2776
7 Denmark/krone	6.7030	6.9900	8.0953	8.2459	8.5849	8.7276	8 6992	8.3059	7.9629
8 European Monetary Union/euro[3]	n.a.	1.0653	0.9232	0.9045	0.8695	0.8525	0.8552	0.8983	0.9376
9 Finland/markka	5.3473	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a	n.a.
10 France/franc	5.8995	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 Germany/deutsche mark	1.7597	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Greece/drachma	295.70	306.30	365.92	372.97	389.67	398.29	397.94	379.58	n.a.
13 Hong Kong/dollar	7.7467	7.7594	7.7924	7.7995	7.7985	7.7977	7.7991	7.7991	7.7998
14 India/rupee	41.36	43.13	45.00	45.77	45.97	46.43	46.82	46.78	46.61
15 Ireland/pound[2]	142.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1,736.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
17 Japan/yen	130.99	113.73	107.80	108.08	106.84	108.44	109.01	112.21	116.67
18 Malaysia/ringgit	3.9254	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
19 Mexico/peso	9.152	9.553	9.459	9.272	9.362	9.537	9.508	9.467	9.769
20 Netherlands/guilder	1.9837	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 New Zealand/dollar[2]	53.61	52.94	45.68	44.52	41.71	40.01	39.90	42.97	44.42
22 Norway/krone	7.5521	7.8071	8.8131	8.9526	9.2331	9.3794	9.3524	9.0616	8.7817
23 Portugal/escudo	180.25	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Singapore/dollar	1.6722	1.6951	1.7250	1.7206	1.7406	1.7525	1.7478	1.7361	1.7380
25 South Africa/rand	5.5417	6.1191	6.9468	6.9570	7.1805	7.4902	7.6889	7.6439	7.7786
26 South Korea/won	1,400.40	1,189.84	1,130.90	1,114.47	1,117.57	1,131.10	1,156.54	1,216.94	1,272.63
27 Spain/peseta	149.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 Sri Lanka/rupee	65.006	70.868	76.964	78.283	78.731	79.291	80.381	82.030	85.833
29 Sweden/krona	7.9522	8.2740	9.1735	9.2771	9.6853	9.9930	10.0965	9.6604	9.4910
30 Switzerland/franc	1.4506	1.5045	1.6904	1.7149	1.7586	1.7745	1.7779	1.6855	1.6305
31 Taiwan/dollar	33.547	32.322	31.260	31.106	31 198	31.846	32.433	33.123	32.721
32 Thailand/baht	41.262	37.887	40.210	40.889	41.992	43.334	43.791	43.246	43.149
33 United Kingdom/pound[2]	165.73	161.72	151.56	148.89	143.36	145.06	142.58	146.29	147.75
34 Venezuela/bolivar	548.39	606.82	680.52	689.17	690.39	692.86	695.77	698.85	700.02
	Indexes[4]								
NOMINAL									
35 Broad (January 1997=100)[5]	116.48	116.87	119.93	120.12[r]	121.53[r]	123.27[r]	124.21[r]	123.28[r]	123.15
36 Major currencies (March 1973=100)[6]	95.79	94.07[r]	98.34	99.07[r]	100.65[r]	102.24[r]	103.08[r]	101.26[r]	100.24
37 Other important trading partners (January 1997=100)[7]	126.03	129.94	130.26	129.52[r]	130.37[r]	131.99[r]	132.87[r]	133.61[r]	135.02
REAL									
38 Broad (March 1973=100)[5]	99.21	98.53	102.19	102.74	103.83[r]	105.23[r]	105.73[r]	104.86[r]	104.78
39 Major currencies (March 1973=100)[6]	97.24	96.68	102.86	103.87[r]	105.57[r]	107.32[r]	108.13[r]	106.22[r]	105.47
40 Other important trading partners (March 1973=100)[7]	108.10	107.22	107.67	107.64	108.01	109.06[r]	109.19[r]	109.61[r]	110.40

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

2. U.S. cents per currency unit.

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

Euro equals

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

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

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

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

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

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

SPECIAL TABLES—Data Published Irregularly, with Latest Bulletin *Reference*

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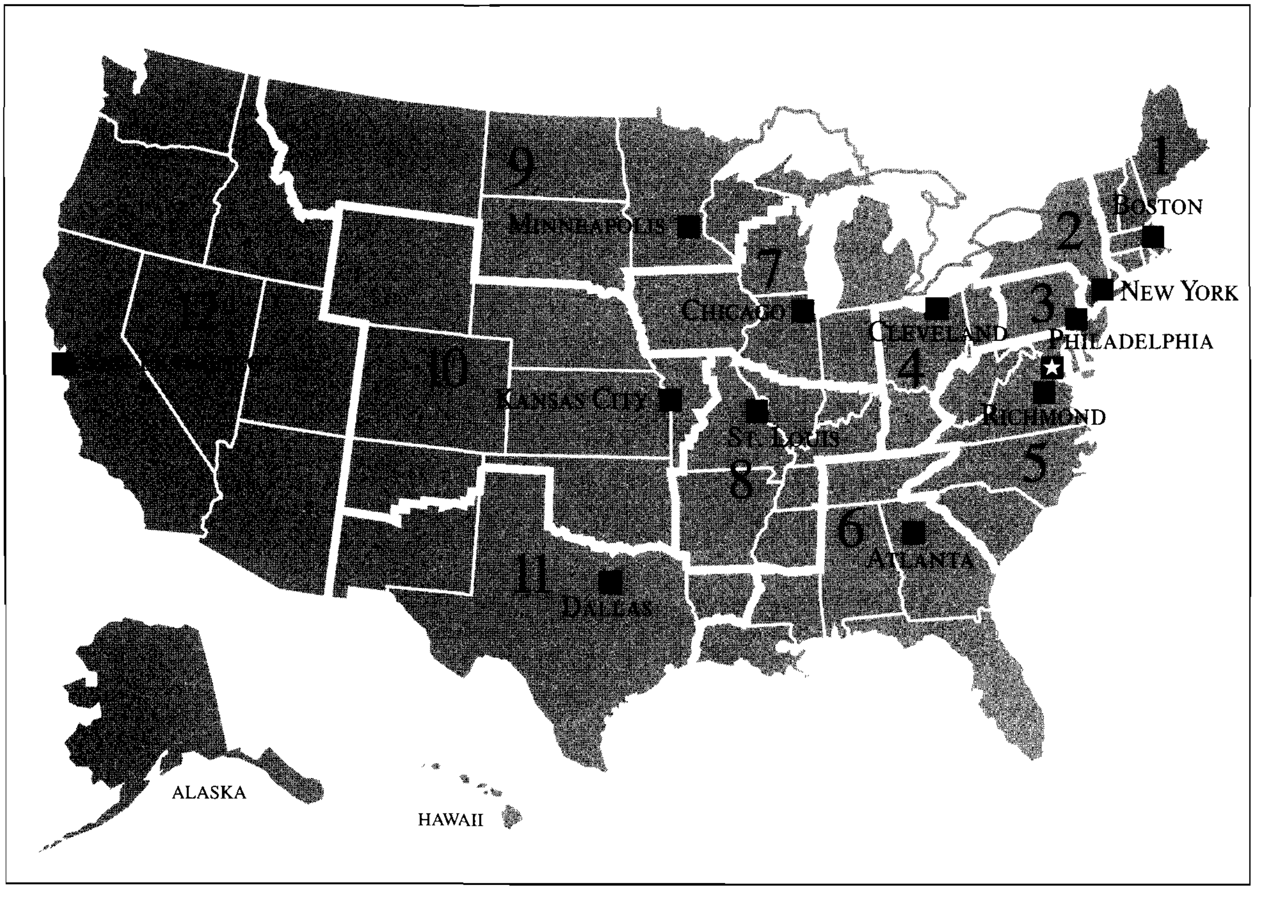

LEGEND

Both pages

■ Federal Reserve Bank city

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Facing page

• Federal Reserve Branch city

— Branch boundary

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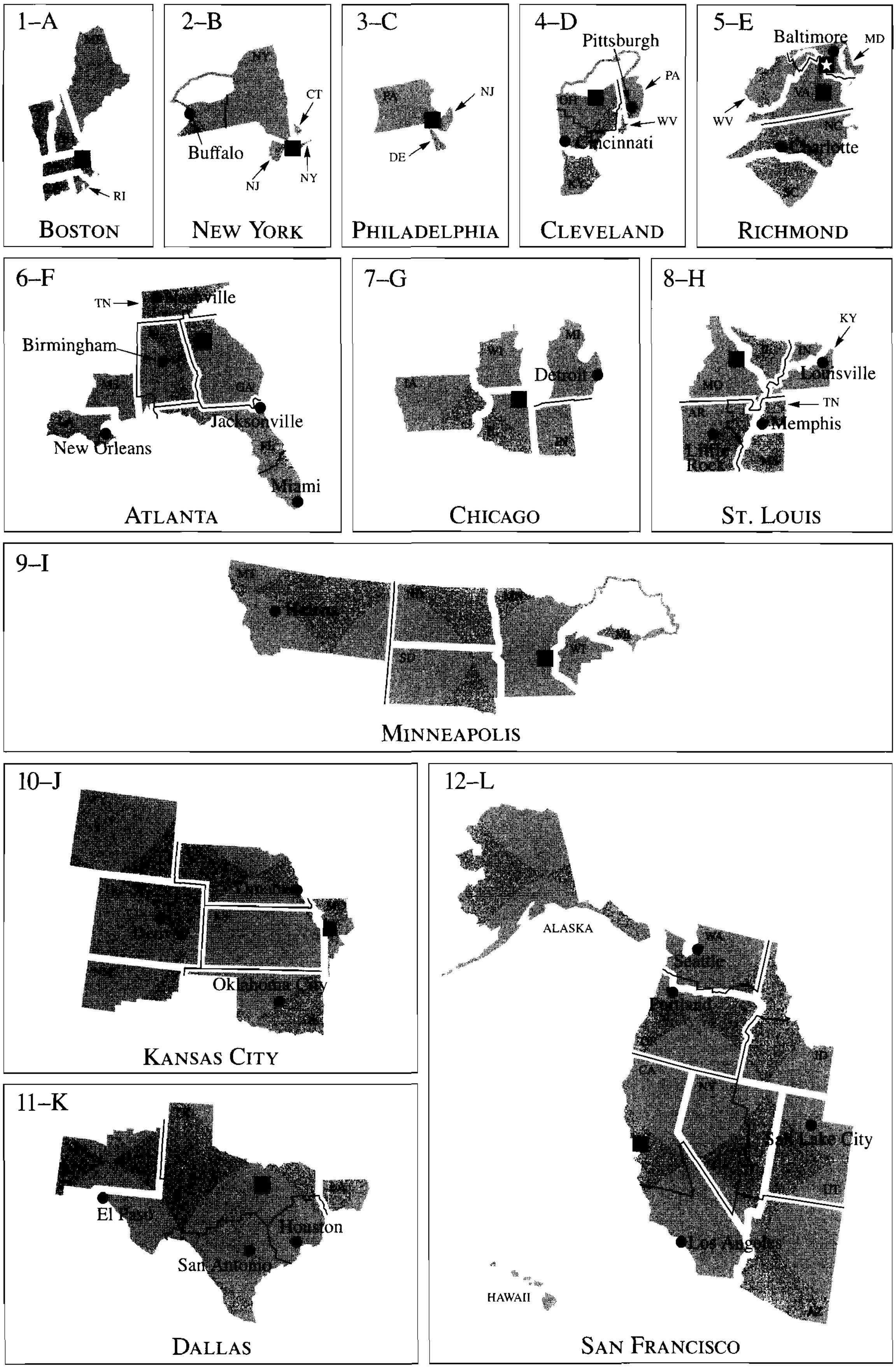
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