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Opportunities and Challenges of the U.S. Dollar as an Increasingly Global Currency: A Federal Reserve Perspective

Michael J. Lambert and Kristin D. Stanton, of the Board's Division of Reserve Bank Operations and Payment Systems, prepared this article.

Over the past two decades, demand for U.S. currency, especially the proportion estimated to be held abroad, has increased markedly. As a result, U.S. bank notes are now the most widely recognized and used currency in the world. Businesses and households outside the United States have long held U.S. currency for savings, especially during times of crisis. Over time, businesses and households abroad are increasingly turning to dollars for transactions purposes.

The rapid growth of demand for U.S. currency has posed challenges for the Federal Reserve in meeting its congressionally mandated responsibilities for currency availability and distribution.[1] Those challenges lie in making certain that the Bureau of Engraving and Printing (BEP) prints adequate amounts of currency; that overseas distribution channels have sufficient capacity to distribute U.S. currency when and where it is needed; and that the integrity of U.S. currency is maintained by monitoring counterfeiting activity. In the process of meeting these challenges, the Federal Reserve has improved its methods of forecasting demand for U.S. currency, expanded currency distribution channels, and worked with the BEP and the U.S. Secret Service to protect against counterfeiting threats.

This article gives an overview of the evolution of the Federal Reserve's responsibilities for U.S. currency, particularly in relation to the increase in foreign demand over the past two decades. It also discusses work on counterfeit deterrence and concludes with a brief note on the future of currency and coin.

1. The Federal Reserve Act of 1913 established the Board of Governors and the twelve Federal Reserve Banks as the nation's central bank and provided that the Federal Reserve function as monetary authority to establish and issue currency for the United States. By 1920, the Federal Reserve's role had expanded, as the Department of the Treasury closed Subtreasuries around the country and delegated responsibilities for distributing currency and coin to the Federal Reserve Banks.

DEMAND FOR U.S. CURRENCY

The Federal Reserve measures demand for U.S. currency by the amount of currency in circulation.[2] From 1980 to 1998, currency in circulation increased an average of 8 percent per year—from $124.8 billion to $492.2 billion. In December 1999, in preparation for the century date change, currency in circulation increased 22.1 percent from its December 1998 level, to $601.2 billion. Uncertainty associated with the century date change increased the public's precautionary demand for cash, but as the event passed without incident, the public returned much of the currency it had amassed to depository institutions. Depository institutions, in turn, returned excess currency to the Reserve Banks. Thus, in the first quarter of 2000, the Reserve Banks received record levels of currency from depository institutions, and currency in circulation declined to $535.4 billion, a level more consistent with the historical trend (chart 1).[3]

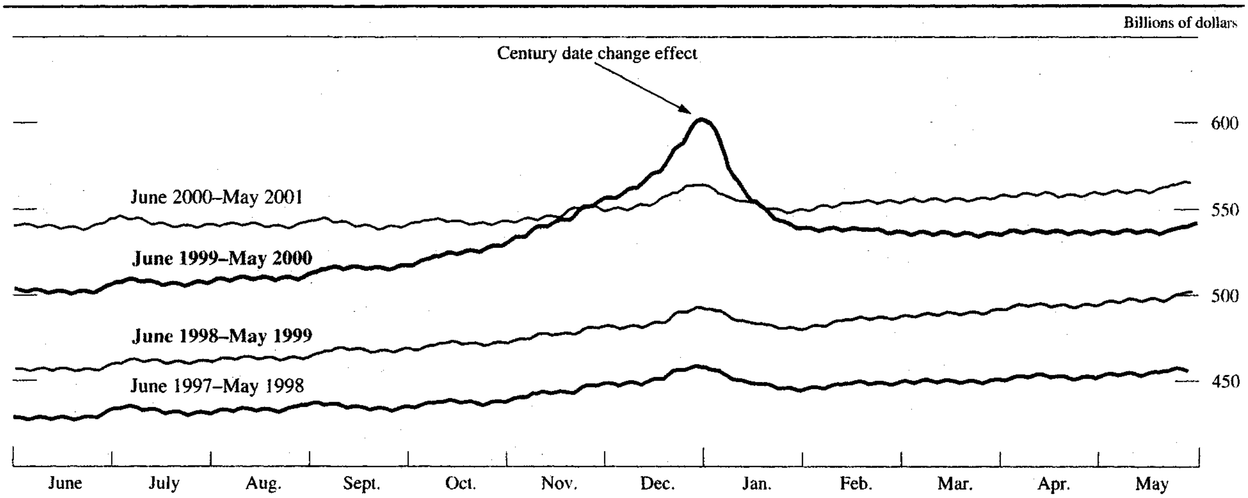
Domestic demand for currency is largely based on the use of currency for transactions and is influenced primarily by income levels, prices for goods and services, the availability of alternative payment methods, and the opportunity cost of holding currency in lieu of an interest-bearing asset. In the United States, demand (in terms of number of notes) for smaller denominations ($1s through $20s) exceeds demand for larger denominations ($50s and $100s). Consumers frequently use smaller-denomination notes for small transactions and alternative payment methods (for example, checks and credit cards) for large purchases.

In contrast, foreign demand is influenced primarily by the political and economic uncertainties associated with certain foreign currencies, which contrast with the U.S. dollar's high degree of stability. The

2. Currency in circulation is the public's cash holdings and depository institutions' vault cash; it excludes Federal Reserve and BEP vault cash.

3. In the first quarter of 2000, Federal Reserve Banks received 9.3 billion notes, compared with 6.8 billion notes during the same period in 1999.

1. Currency in circulation, June 1997–May 2001



NOTE. The data are daily. For the definition of currency in circulation, see text note 2.

dollar remains a stable currency backed by a highly productive economy with low inflation and by the assurance that it will not be demonetized, recalled, or devalued.[4] Because U.S. currency is held abroad primarily as savings, foreigners tend to hold high-denomination notes. According to one estimate, about three-fourths of $100 notes in circulation are held outside the United States.[5]

The foreign component of the amount of currency in circulation is estimated to have increased significantly beginning in the late 1980s and continued to grow through most of the 1990s (chart 2).[6] Because about 90 percent, on average, of the $100 notes ordered by the Federal Reserve Bank of New York appear to be paid out to foreign banking organizations to satisfy foreign demand, net payments (that is, shipments to depository institutions in excess of receipts from depository institutions) of $100 notes from the Federal Reserve Bank of New York form one basis for estimating international demand. Based on estimates of net payments, international demand for U.S. currency increased 219 percent from 1989 to 1990 during the Gulf War. As another example, from 1993 to 1994 international net payments increased 24 percent during the Mexican peso crisis (chart 3).[7]

Other countries have induced their residents to substitute from the local currency to U.S. dollars, both as a store of value and as a medium for transactions. In the extreme, some governments have adopted the dollar as legal tender. Schuler and Stein categorize this process of dollarization as official, semiofficial, or unofficial. According to this classification, official dollarization, also known as full dollarization, occurs when a country adopts the U.S. dollar as both legal tender and as its predominant—or exclusive—currency.[8] Recent examples of officially dollarized countries include Ecuador (January 2000), El Salvador (January 2001), and Guatemala (May 2001); other countries, such as Panama (1904), have been dollarized for many years. Schuler and Stein define semiofficial dollarization as the use of U.S. dollars as legal tender, while both the local currency and U.S. currency are used in daily transactions. Examples of countries with semiofficial dollarization include the Bahamas, Cambodia, and Haiti. Finally, unofficial dollarization occurs when citizens of a

4. Porter and Judson argue that the dollar's nearly unchanging physical appearance and the U.S. policy of never recalling older-series notes, in addition to the extraordinary strength and stability of the U.S. economy and the dollar, have given rise to near-universal recognition and acceptance of dollars. See Richard D. Porter and Ruth A. Judson, "Overseas Dollar Holdings: What Do We Know?" *Wirtschaftspolitische Blätter* (April 2001), pp. 431–40.

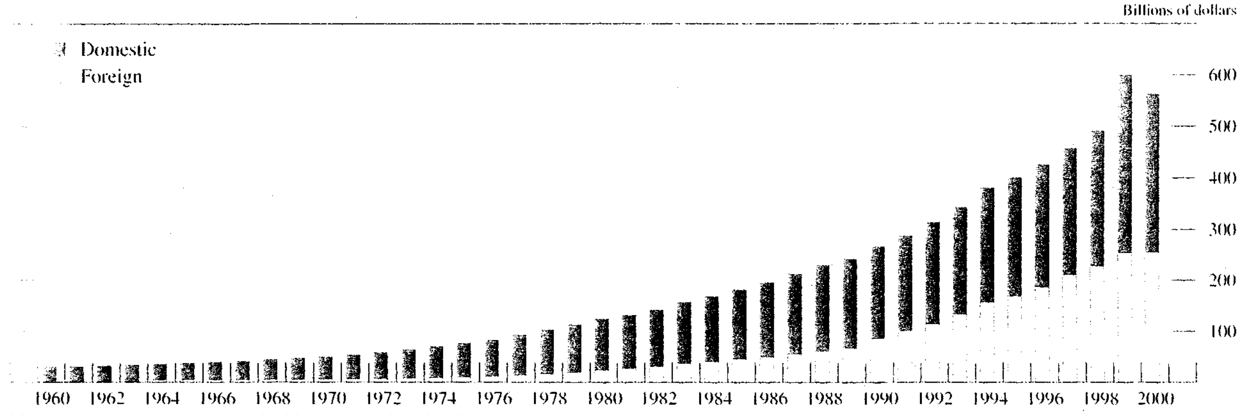
5. See Richard D. Porter and Ruth A. Judson, "The Location of U.S. Currency: How Much is Abroad?" *Federal Reserve Bulletin*, vol. 82 (October 1996), pp. 883–903.

6. As opposed to the overall issuance of currency, the amount held abroad must be inferred from a variety of sources, including reports from currency shipments, the denomination of bank notes, and evolving seasonal patterns. Porter and Judson use several methods for estimating the foreign component of total U.S. currency in circulation. The current foreign estimates range from one-half to two-thirds of the total value of currency in circulation. See Porter and Judson, "The Location of U.S. Currency."

7. Federal Reserve net payments data suggest that in both episodes, the dollars were returned to the United States after a relatively short period.

8. See Kurt Schuler and Robert Stein, "The International Monetary Stability Act: An Analysis" (paper for the North–South Institute Conference, "To Dollarize or Not to Dollarize?" Ottawa, October 5, 2000). Schuler and Stein define legal tender as currency that is legally acceptable as payment for all debts and differs from forced tender, which requires that people accept a currency in payment even if they would prefer another currency.

2. Estimated domestic and foreign holdings of U.S. currency in circulation, 1960–2000



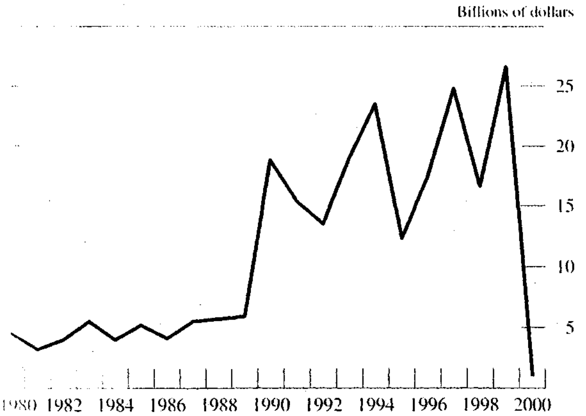
NOTE. Data are as of December 31 for each year.
SOURCE. For domestic data, U.S. Department of the Treasury, Financial Management Service, "U.S. Currency and Coins Outstanding in Circulation;" for foreign data, Federal Reserve Board, Statistical Release Z.1, "Flow of Funds Accounts of the United States," table L. 204.

country hold a portion of their financial wealth in U.S. dollars even if U.S. currency is not legal tender (or even legal to use at all). Some unofficially dollarized countries hold and use large amounts of dollars; others hold relatively small amounts.[9]

The decision to dollarize is made by the government and residents of a country based on its own political and economic circumstances. If a country decides to dollarize, the Federal Reserve stands ready to supply currency to or receive currency from that country, although most of the actual shipments are effected through commercial banking channels.

9. For a comprehensive list of dollarized countries, see Schuler and Stein, "The International Monetary Stability Act."

3. Net international payments of U.S. currency, 1980–2000



NOTE. The dramatic decline in net international payments in 2000 largely reflects the flow back to the Reserve Banks of excess currency amassed during the century date change period.
SOURCE. Federal Reserve Board, Statistical Release Z.1, "Flow of Funds Accounts of the United States," table F. 204.

FEDERAL RESERVE RESPONSIBILITIES FOR CURRENCY

Before passage of the Federal Reserve Act, currency in circulation could not always accommodate changes in demand that arose from seasonal and cyclical factors and from periods of financial crisis. The supply of currency was limited because the various forms of Department of the Treasury currency (U.S. notes, Treasury notes of 1890, and gold and silver certificates) were fixed by statute or governed by the amount of gold and silver held by the Department of the Treasury. The volume of national bank notes was dependent on the decisions of individual national banks; therefore, it was sensitive to liquidity strains during financial crises.

To remedy this problem, the Congress passed the Federal Reserve Act, which mandated an elastic currency that would expand and contract based on public demand. As the public's demand for currency changed, depository institutions would either order currency from or deposit currency with the Federal Reserve Banks. Each Federal Reserve Bank and Branch was located to facilitate the exchange of currency as needed to and from the depository institutions throughout the United States based on the distribution of the population and economic activity when the Federal Reserve was founded.[10]

10. In 1920, the Congress directed the Secretary of the Treasury to discontinue Subtreasuries and the exercise of all duties and functions by the Assistant Treasurers in charge of the offices. The provisions of the Appropriations Act of 1920 authorized the Secretary to delegate the currency and coin functions of the Subtreasuries to the Federal Reserve Banks.

In addition to requiring an elastic currency, the Federal Reserve Act also authorizes the Federal Reserve to issue Federal Reserve notes to depository institutions through the Federal Reserve Banks. As the nation's issuing authority for U.S. currency, the Federal Reserve Board prepares and submits an annual order to the BEP. The order represents the Federal Reserve System's estimate of the amount of currency that the public will demand in the upcoming year and reflects estimated changes in currency usage and destruction rates of unfit currency.[11]

Staff members of each Federal Reserve Bank cash office and at the Federal Reserve Board collaborate to develop estimates of the demand for currency. In making their estimates, the Reserve Banks consider local economic and environmental conditions that affect demand for currency. Environmental conditions, which vary across the nation, influence the physical appearance of bank notes and how quickly they are soiled, worn, or torn. Each Reserve Bank assesses these conditions in its District to determine the amount of currency needed to meet daily payments to the public and to maintain a safety stock to meet natural contingencies that might disrupt normal distribution channels. Board staff members study Federal Reserve data to reconcile variations and evaluate trends, consider the amount of currency held in vaults at the BEP and at the Reserve Banks, and calculate overall growth rates of net payments and currency destruction rates. Board staff members compare their currency demand estimates with Reserve Bank forecasts and reconcile differences until a consensus print order is approved by the Board.

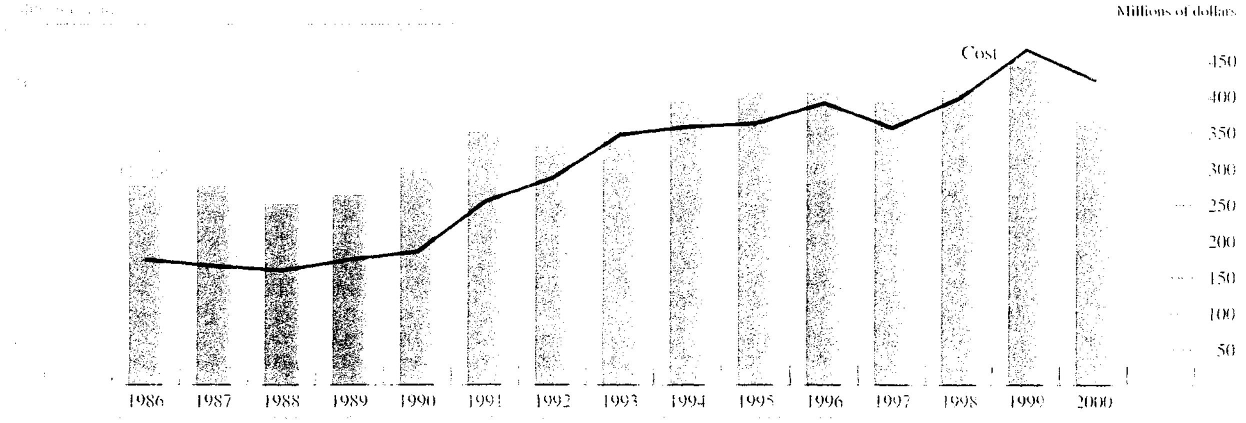
Once the print order is approved, the Board submits it to the BEP. Based on the number of notes in the order, the BEP determines the unit cost for each denomination.[12] In 2000, the Federal Reserve paid $423.4 million to the BEP to print nearly 9 billion notes (chart 4).

The Federal Reserve distributes U.S. currency throughout the United States and to all regions of the world through banking channels. Accordingly, the Federal Reserve Banks provide cash services to more than 10,000 of the 21,000 banks, savings and loan institutions, and credit unions in the United States. (See box "Coin Operations at the Federal Reserve.") The remaining institutions obtain cash through their correspondent banks rather than directly from the Federal Reserve. When a depository institution orders currency from a Federal Reserve Bank, the Reserve Bank provides the requested shipment to an armored carrier arranged by the depository institution and charges the depository institution's account with the Federal Reserve (or the account of a depository institution that acts as the ordering depository institution's settlement agent) for the amount of the order. Similarly, when a depository institution returns excess or unfit currency to the Federal Reserve, its account is credited.

Before 1996, commercial banks overseas ordered U.S. currency through bank-note dealers that, in turn,

11. The Federal Reserve, under delegated authority from the Department of the Treasury, is responsible for destroying all unfit currency. The Office of Currency Standards oversees Federal Reserve compliance with Treasury policies and procedures that govern the destruction of currency by conducting regular audits of the cash offices at the Federal Reserve Banks.

12. Unit cost is higher for smaller print orders because of fixed production costs at the Washington, D.C., and Ft. Worth, Tex., facilities.



Coin Operations at the Federal Reserve

The Federal Reserve has a more limited role in coin operations than it has in currency operations. The U.S. Mint determines annual coin production and monitors Federal Reserve coin inventories weekly to identify trends in coin demand.

To help the Mint plan for future production, the Reserve Banks provide the Mint with projected monthly coin orders for each fiscal year. The Mint distributes coin to the Reserve Banks from the Philadelphia and Denver production facilities, and the Federal Reserve Banks distribute coin to depository institutions as needed.

In addition to the 37 cash offices, the Reserve Banks also use 116 coin terminals to manage the Federal Reserve's coin volume. Generally, armored carrier companies operate the coin terminals. The armored carriers wrap coin to meet the needs of depository institutions and retailers. As with currency, depository institutions order and deposit coin to meet customer demand.

ordered currency directly from the Federal Reserve Banks (primarily the Federal Reserve Bank of New York). In 1996, the Board approved the Extended Custodial Inventory (ECI) program to facilitate the introduction of the new Series-1996 $100 note internationally. The ECIs were established in London, Zurich, and Frankfurt to provide currency services for Europe, the Middle East, Africa, and Russia. Because of its success, the Federal Reserve expanded the scope of the program to facilitate the international distribution of future-series U.S. bank notes and the repatriation of old-series notes, to promote an international market for fit U.S. bank notes, and to strengthen U.S. information gathering on the foreign use of U.S. currency and sources of international counterfeiting. In part because of the success of the European ECIs, the Federal Reserve expanded the program to Asia and to South America.

The ECI program allows selected depository institutions to hold currency in their vaults but to carry the inventory on the books of the Federal Reserve Bank of New York.[13] The Federal Reserve selects commercial banks to act as ECIs through a competitive bidding process. The ECIs receive deposits from depository institutions, sort them into old- and new-series notes, and further sort the new-series notes into bundles (1,000 notes) according to whether the notes are fit or unfit. The ECIs return the old-series and unfit notes to the Federal Reserve Bank of New York for destruction and recirculate fit new-series notes to the public. The Federal Reserve Bank of New York performs regular unannounced management reviews and operational audits to ensure that the ECIs comply with legally binding agreements to safeguard the integrity of the process.

IMPLICATIONS OF THE U.S. DOLLAR AS A GLOBAL CURRENCY

Increase in Interest Income

The asset counterpart to the Federal Reserve liability for currency in circulation takes the form of securities of the U.S. Treasury and government-approved enterprises (Treasury and federal agency securities represented 97.6 percent of the total collateral for currency in circulation at the end of 2000). Thus, the Federal Reserve issues non-interest-bearing obligations (currency) and uses the proceeds to acquire interest-bearing assets. The excess of the earnings that the Federal Reserve accrues from these interest-bearing financial assets, above Federal Reserve System expenses and the provision of capital, is remitted annually to the Department of the Treasury. As currency in circulation has increased in response to growing demand for U.S. currency abroad, interest earnings have also increased (chart 5). For 2000, the securities counterpart to Federal Reserve notes earned $32.7 billion in interest income.

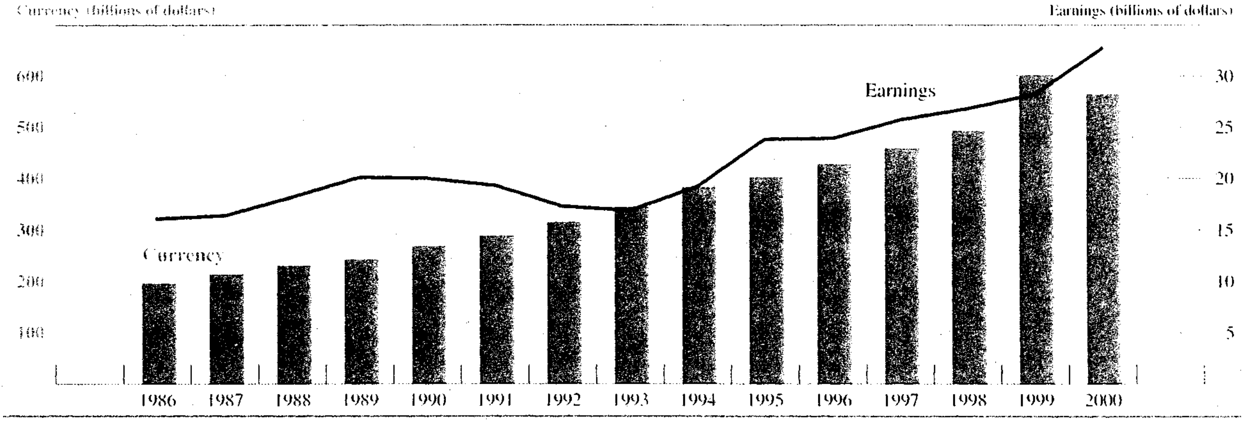
Because the value of currency in circulation changes daily, the Federal Reserve Banks monitor and report changes in net payments to the Board. Net payments represent the difference between the amount of currency that the Reserve Banks pay to and receive from commercial banks. If net payments are positive, the Federal Reserve will typically purchase securities through open market operations in an amount equal to the net increase of currency in circulation to offset the monetary policy implications of the drain on depository institutions' balances held at the Reserve Banks. Similarly, if net payments are negative, the Federal Reserve will typically sell securities in an amount equal to the decrease of currency in circulation.

Counterfeiting Activity

The U.S. Secret Service was established in 1865 to suppress counterfeiting activity in the United States. During the free banking era (1837–1863), state bank notes became the chief form of paper currency, and

13. The opportunity cost of holding excess vault cash is reduced by permitting the ECIs to carry the currency inventory on the books of the Federal Reserve.

5. Currency in circulation and Federal Reserve interest earnings on U.S. Treasury securities and on federal agency securities, 1986–2000



each state-chartered bank could issue currency with its own design. Because there was neither a consistent design nor central control over currency issuance, this institutional arrangement created opportunities for counterfeiters to deceive the public. As a result, the Secret Service believes that during the free banking era, counterfeit currency circulated widely and may have made up as much as one-third of total currency in circulation.

The National Banking Act of 1863 required national banks to invest in federal bonds, which entitled the banks to issue bank notes equal to 90 percent of the value of the bonds (the bonds were deposited with the Department of the Treasury). In contrast to state bank notes, the national bank notes were uniform in design and were imprinted with the name and charter number of the issuing bank. These notes were printed and used in circulation until 1935.

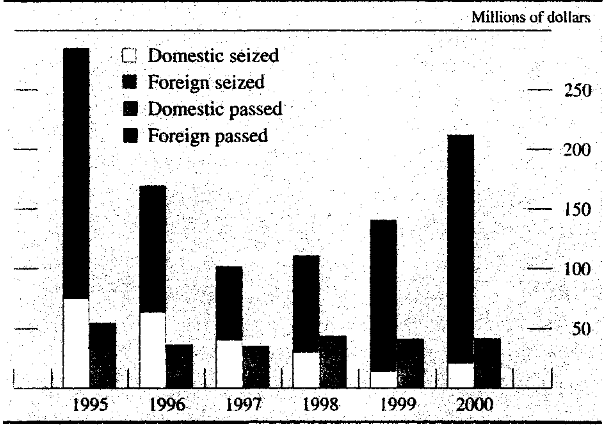
The Federal Reserve Act of 1913 gave to the Federal Reserve central control over currency issuance, but the Congress gave responsibility for designing U.S. currency to the Department of the Treasury and established the Secret Service as a Treasury bureau to guard against counterfeiting activity. As the Federal Reserve and the Department of the Treasury gained control of the design and issuance of U.S. currency, counterfeiting activity declined and remained relatively low for nearly seventy years. Over time, however, as U.S. currency achieved a greater global presence and as advances in technology provided opportunities for counterfeiters, new counterfeiting threats emerged both domestically and internationally.

Today, the Secret Service categorizes counterfeit currency by domestic or foreign origin, by method of production, and by whether the counterfeits represent an actual loss to the public. Some counterfeits are seized by law enforcement agencies before they circulate, whereas passed counterfeits have gone into circulation and represent an economic loss to the public—specifically, the final holders of counterfeit notes (chart 6). While any economic loss to the public is unfortunate, the domestic loss has generally been small; in 2000, for example, it represented only two-tenths of 1 percent of the total value of domestic currency in circulation, or about 15 cents per U.S. citizen.

Traditionally, counterfeiters have produced bank-note forgeries with offset presses, which require considerable skill to operate and are expensive to purchase. As computer and reprographic technologies have improved, however, the skills required and costs associated with bank-note forgeries have declined significantly. At first, with advances in reprographic technology, unskilled counterfeiters were able to produce forgeries on color copiers. Fortunately, because such reprographic equipment is expensive and normally located in view of other office workers, volumes of counterfeits have tended to be relatively small. Nevertheless, in fiscal year 1995, the U.S. public lost $2.4 million because of color-copier counterfeits.

The use of color copiers to counterfeit currency was not unique to the United States. Because of the pervasiveness of the problem, an international group initiated discussions with the color-copier industry to address possible solutions to the counterfeiting threat. The international group successfully negotiated a technical solution, which was implemented in color-copier equipment, to recognize bank notes and prevent them from being copied. The technology has been highly effective in reducing color-copier coun-

6. Foreign and domestic counterfeits passed and seized, fiscal years, 1995–2000



Federal Reserve Banks detect about 20 percent of passed counterfeits that are not detected by depository institutions or the public.

The Secret Service analyzes suspect notes that it receives from depository institutions, Reserve Banks, other law enforcement agencies, and the public and classifies them according to identifying characteristics that help to track notes (or families of notes) that come from the same producer. Fortunately, largely through an effective counterfeit-deterrent design and the efforts of the Secret Service, counterfeiting incidents are relatively low (the probability of the public's receiving a counterfeit U.S. note is about one in 10,000), and public confidence in U.S. currency remains very high.

terfeiting, and in fiscal year 2000, losses in the United States had fallen nearly 60 percent from their 1995 level, to $1 million.

As the threat of counterfeits produced by reprographic equipment diminished, however, advances in personal computing technology increased opportunistic counterfeiting because personal computers and related peripheral equipment became affordable and widely available. The Secret Service defines counterfeits that are produced with personal computers (including scanners, image-editing software, and printers) as inkjet counterfeits. Since 1996, the proportion of inkjet counterfeits has grown from less than 1 percent of total passed counterfeits in fiscal year 1995 to nearly 50 percent in fiscal year 2000.

Although U.S. currency includes features that are not easily reproduced with personal computers, the public lost about $20 million in fiscal year 2000 from relatively poor-quality inkjet counterfeits. To supplement the existing anti-counterfeiting security features, the United States is cooperating in an international effort to devise technical solutions that will reduce the ability of the opportunistic counterfeiter to reproduce currency on personal computers.

The Federal Reserve and the Secret Service regularly monitor counterfeiting activity to ensure that the integrity of U.S. currency is not compromised. Although the Secret Service is the primary agency responsible for combating counterfeiting activity, the Federal Reserve also plays an important role in detecting highly deceptive counterfeit notes that pass unnoticed to the public. Reserve Banks also detect other counterfeit notes of varying quality. On average, depository institutions and the public detect about 80 percent of the total value of counterfeit notes passed and, as required by law, report the counterfeits to local police or the Secret Service. The

Currency Designs as a Deterrent to Counterfeiting

The basic design of the Series-1929 Federal Reserve note required very few security features. The distinctive feel of genuine currency paper, the raised surface that results from intaglio printing, and the red and blue security fibers were sufficient as low-level security features to deter counterfeiting.[14] Although counterfeiting activity existed during this period, the threat was not significant, and the overall risk to the public was relatively inconsequential.

During the 1980s, the Department of the Treasury and the Federal Reserve recognized that U.S. currency was vulnerable to counterfeiting and commissioned a private consulting firm to evaluate the impact of emerging imaging technologies on the counterfeiting of U.S. currency. The study concluded that graphic arts and reprographic imaging systems might eventually pose a serious counterfeiting threat.[15] In response to both the study's findings and independent work that the Federal Reserve conducted, the Department of the Treasury approved a new-series design in 1990. The Series-1990 currency incorporated a security thread and microprinting as visual counterfeit-deterrent features that the public could use to authenticate genuine currency and that were difficult to replicate with reprographic imaging systems.

14. Intaglio is a printing process in which the printing plate is recessed by engraving or etching on a metal plate. The printing takes place at very high pressure—up to 100 tons per square inch. The compression of the paper and the transfer of a thick layer of ink give an intaglio print its characteristic feel.

15. Sheldrick, J.E. et al., *The Impact of Emerging Imaging Technologies on Counterfeiting of U.S. Currency* (final report to the Board of Governors of the Federal Reserve System prepared by Battelle Columbus Laboratories, Columbus, Ohio, August 16, 1983).

At the time, the Department of the Treasury and the Federal Reserve recognized that the security features of the Series-1990 design were insufficient to protect U.S. currency against counterfeits produced with highly sophisticated and technologically advanced reprographic and personal computing systems. To address the problem, a task force composed of representatives from the Department of the Treasury (including the Secret Service and the BEP) and the Federal Reserve System investigated possible solutions and recommended new currency designs that incorporated more sophisticated security features. As part of its evaluation, the task force investigated features that would be easily recognized by the public and other less visible features that would be difficult to replicate with the emerging technologies.

The Series-1996 design was the first major redesign of U.S. currency in nearly seventy years and included both a different look that was intended to attract public attention and sophisticated security features that would thwart the new counterfeiting threats.[16] The Series-1996 design incorporates a security thread that, depending on denomination, glows in different colors under UV light and is located in different places on the note. The new design includes microprinting and other fine-line printing that is difficult to replicate on digital-imaging equipment. Features that are highly recognizable to the public include the larger, slightly off-center portrait that contains considerably more detail than portraits on older designs, a watermark depicting the figure in the portrait, and color-shifting ink on the front bottom right corner of the note, which changes from green to black when viewed at different angles.

In the face of continuing technological advances that will pose future challenges to U.S. currency, the Department of the Treasury and the Federal Reserve anticipate that they will need to recommend more frequent currency design changes to the Secretary of the Treasury in the future. Since the introduction of Series-1996 currency, the overall value of counterfeit notes passed has remained fairly constant at about $40 million annually. Nevertheless, inkjet counterfeiting has become more prevalent, a development that has motivated policymakers to evaluate new design proposals. The BEP's goal is to have the next-generation currency ready for introduction as early as 2003.

Public Education on Currency Redesign

Over the past ten years, U.S. currency has incorporated increasingly more complex security features. The new designs have features that an informed public can easily recognize, medium-security features that retailers and other cash handlers can use to authenticate currency, and high-security features that only the central bank and the Secret Service can use to authenticate currency. For the Series-1996 design, the Department of the Treasury developed and distributed educational material throughout the United States and the world. The goal of the educational material was to inform users of U.S. currency about the design changes to facilitate a smooth transition to the redesigned currency. Furthermore, the campaign explained the reasons for the redesign, familiarized cash handlers and users with the new features, and assured foreign users that there would be adequate supplies of the redesigned currency and that previous designs would remain legal tender.

As the United States moves forward with new designs, public education programs will need to inform even larger segments of the public about the features of genuine currency. Despite the Department of the Treasury's efforts thus far to direct the public's attention to the features in new designs, poor-quality inkjet counterfeits are easily passed to the domestic public. As the Department of the Treasury introduces new currency designs in the future, it must also commit adequate resources to prepare and deliver effective public education and awareness programs. The goal of these programs should be to improve the public's knowledge about the distinctive feel of genuine U.S. currency and the full array of overt security features. (See box "Introduction of the Euro and Public Education.")

In Section 807 of the Antiterrorism and Effective Death Penalty Act of 1996, the Congress imposed a requirement on the Department of the Treasury to report to Congress every three years through 2006 on the use and counterfeiting of U.S. currency abroad.[17] In complying with this requirement, which is aimed at maintaining the integrity of and public confidence in U.S. currency worldwide, the Department of the Treasury and the Federal Reserve established the International Currency Awareness Program (ICAP). Although ICAP was initially established to aid the international introduction of the Series-1996 cur-

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16. See Theodore E. Allison and Rosanna S. Pianalto, "The Issuance of Series-1996 $100 Federal Reserve Notes: Goals, Strategy, and Likely Results," *Federal Reserve Bulletin*, vol. 83 (July 1997), pp. 557–64.

17. See U.S. Department of the Treasury, *The Use and Counterfeiting of United States Currency Abroad* (a report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Deterrence Steering Committee, pursuant to section 807 of PL 104-132; Department of the Treasury, January 2000).

ency design, its goals now include quantifying the amount of genuine and counterfeit U.S. currency circulating abroad. ICAP representatives conduct interviews with high-level contacts in foreign banking organizations and law enforcement agencies and assess regional and local capabilities of detecting counterfeit U.S. currency.

Introduction of the Euro and Public Education

On January 1, 2002, the European Central Bank (ECB) will introduce the euro as the official national currency and coin for participating European Union (EU) countries. Each of the twelve participating countries (Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain) may co-circulate national bank notes and coins and the euro until February 28, 2002. Each participating country has determined for how long (usually through December 31, 2002) its citizens can exchange national bank notes and coins at depository institutions. Thereafter, national bank notes and coins can be redeemed only at branches of the ECB.

The introduction of 14.3 billion euro bank notes and 50.1 billion euro coins has prompted the ECB to launch a massive public education effort, at a cost of about €80 million ($69 million), called the Euro 2002 Information Campaign. The campaign will concentrate on four primary issues relating to the new bank notes and coins: (1) design features, (2) public security features, (3) denominations, and (4) details of the changeover from national bank notes and coins to euros. Accordingly, the ECB's campaign will attempt to eliminate questions and confusion by delivering throughout the EU a consistent message, which will include the following information:

- The euro will be physically available on January 1, 2002.
- The bank-note designs for participating countries are identical.
- The eight euro coins will have twelve versions, each with a national design of a participating country on one side and a common EU design on the other side.
- The bank notes have state-of-the-art security features.
- The decisions about how long each country's citizens can take to trade in their national bank notes and coins at central bank branches (after the co-circulation period) will be communicated.

The ECB's campaign is intended to reach the widest audience possible, including partners in the changeover effort, such as banks, retailers, tourism agencies, and many other businesses.

In 1999, the Department of the Treasury and the Federal Reserve Board studied the future of U.S. currency and coin in the United States and abroad and identified the components that drive demand for notes and coin.

Domestically, increases in aggregate spending will lead to continued increases in the demand for currency. New coin programs, such as the 50 States Quarter Program, are likely to continue to promote the growth of coin in circulation. The increasing use of alternative payment mechanisms might, however, reduce demand for currency and coin. For example, if the public chooses to make relatively greater use of credit or debit cards in place of cash, demand for cash will accordingly decrease. Smart card and stored-value card technology may eventually become popular payment mechanisms, but their market niche is unclear at this time.

Internationally, any further steps toward dollarization in various countries would increase demand for U.S. currency. The effect of the euro on future demand for U.S. currency and coin, however, is not clear. Nonetheless, as long as foreigners continue to demand U.S. currency as a hedge against political and economic risk, the Federal Reserve can expect to see increased demand for Federal Reserve notes.

Conclusion

The role of the Federal Reserve has expanded to accommodate increasing global demand for U.S. currency, and the Federal Reserve has instituted new policies and programs to effectively issue and distribute currency around the world. The Federal Reserve also cooperates with interagency groups that include the Department of the Treasury (including the Secret Service and the BEP) and international organizations to find solutions to complex currency issues that include currency management and counterfeit suppression.

Like all central banks, the Federal Reserve understands that in the current environment, emerging technologies will continue to present new opportunities for counterfeiters. For this reason, the Department of the Treasury and the Federal Reserve recognize that currency will need to be redesigned more frequently. U.S. currency, however, remains highly secure, and the value of passed counterfeits remains relatively low compared with the overall value of currency in circulation. The Federal Reserve and the Department of the Treasury will continue to assess counterfeiting threats and devise solutions to maintain confidence in the integrity of U.S. currency. □

Treasury and Federal Reserve Foreign Exchange Operations

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

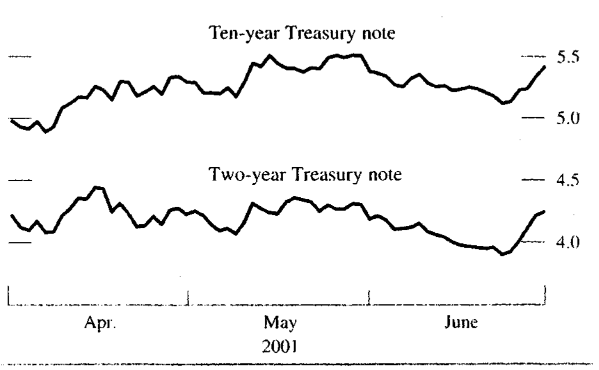
During the second quarter of 2001, the dollar appreciated 3.3 percent against the euro and depreciated 1.2 percent against the yen. On a trade-weighted basis, the dollar ended the quarter nearly unchanged against the currencies of the United States' major trading partners. Over the quarter, market perceptions that the U.S. economy would emerge from its downturn sooner than the euro area provided underlying support for the dollar. The U.S. monetary authorities did not intervene in the foreign exchange markets during the quarter.

Prospects for an Economic Turnaround Drive U.S. Market Sentiment

The Federal Open Market Committee (FOMC) lowered the target federal funds rate a total of 125 basis points, from 5.0 percent to 3.75 percent, during the second quarter. Market participants debated the extent of the U.S. economic slowing and considered the scope for any future easing in monetary policy. Market discussion on the outlook for inflation contributed to Treasury yield curve steepening. Over the quarter, the two-year Treasury yield rose 6 basis points while the yield on the ten-year note rose 49 basis points, widening the spread between the two- and ten-year yields 43 basis points, to 117 basis points.

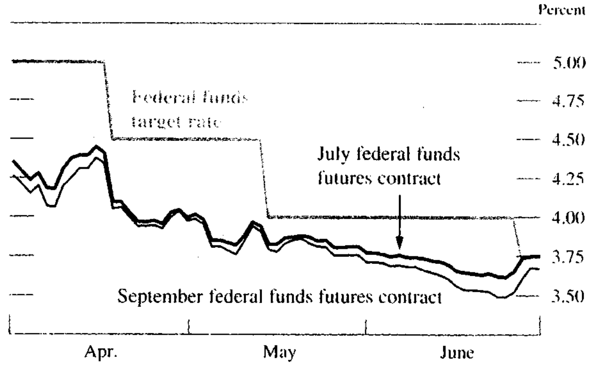
Early in the quarter, the release of stronger-than-expected data for GDP growth in the first quarter boosted optimism for growth prospects for the remainder of the year. Additionally, several announcements of first-quarter earnings contributed to a temporary revival in investor sentiment. Global equity indexes rallied, with the S&P 500, the Topix (Tokyo Stock Exchange Price Index), and the DJ Euro Stoxx indexes gaining as much as 13.1 percent, 12.8 percent, and 8.8 percent respectively. However, other U.S. economic data releases, such as the March and April employment reports, suggested continued softening in some sectors of the economy, heightening expectations for further easing of monetary policy by the FOMC. Over the quarter, yields implied by the July and September federal funds futures contracts declined 59 and 58 basis points, to 3.75 percent and 3.67 percent respectively.

1. U.S. Treasury yields, 2001:Q2



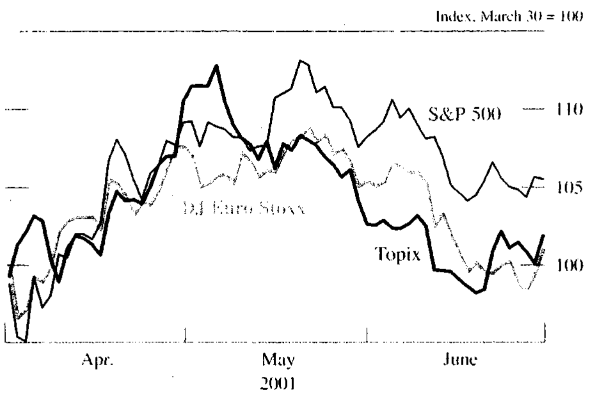
NOTE. In this chart and those that follow, the data are for business days, except as noted.
SOURCE. Bloomberg L.P.

2. Federal funds target rate and yields implied by the July and September federal funds futures contracts, 2001:Q2



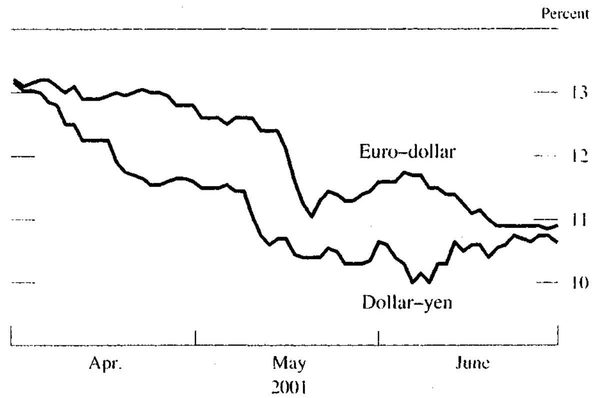
SOURCE. Bloomberg L.P.

2. Global benchmark equity indexes, 2001:Q2



SOURCE. Bloomberg L.P.

3. One-year euro–dollar and dollar–yen option implied volatility, 2001:Q2

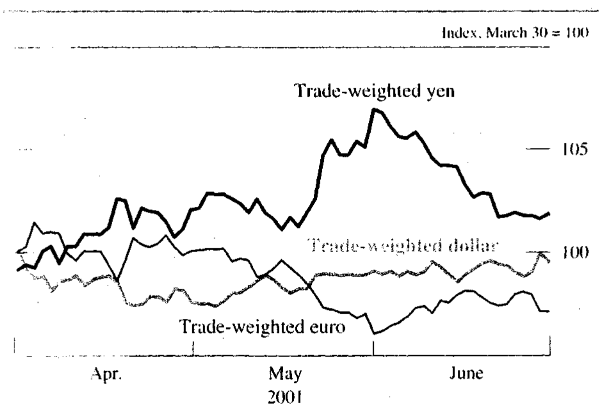


SOURCE. J.P. Morgan Chase & Co.

In the second half of the quarter, additional reports of declining corporate profitability and indications of deteriorating growth in other major economies weighed broadly on sentiment. Diminished prospects for economic recovery prompted declines in global equity indexes, which pared gains made earlier in the quarter. On balance, the S&P 500, the Topix, and the DJ Euro Stoxx indexes rose 5.5 percent, 1.9 percent, and 1.0 percent, respectively, over the second quarter.

Directional trends in major currency pairs were largely muted, and the dollar closed the quarter nearly unchanged on a trade-weighted basis. A notable decline in option implied volatility across maturities in the Group of Three currencies suggested lower investor demand for protection against sharp exchange rate movements and a greater level of comfort with recent trading ranges and directional trends. The dollar traded in a range of $0.87 to $0.91 against the euro and moved between ¥120 to ¥125 for most of the quarter. One-year dollar–yen and euro–dollar implied volatilities reached their lowest levels in more than a year and ended the quarter 2.5 and 2.3 percentage points lower, at 10.65 percent and 10.9 percent respectively.

4. Trade-weighted Group of Three currencies, 2001:Q2



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

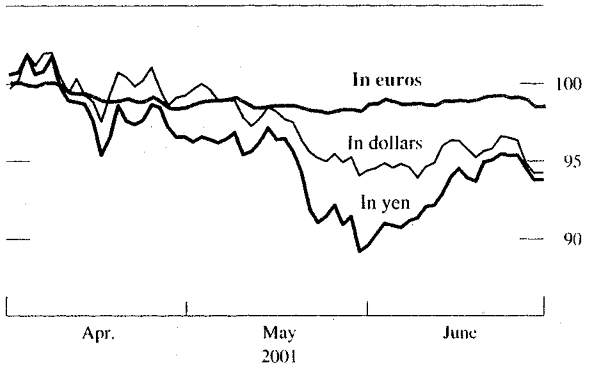
Euro-Area Countries Show Signs of Decelerating Growth; Capital Outflows Continue

The euro depreciated 3.2 percent against the dollar and 4.4 percent against the yen. After trading in a relatively narrow range against the dollar during the first half of the quarter, the euro weakened to a new low for the year. Economic data indicating slowing euro-area growth and rising inflation and debate among market participants regarding the objectives of the European Central Bank (ECB) weighed on sentiment toward the single currency. Net cross-border investment outflows and a shift in investor positioning further pressured the euro.

According to the ECB, the net outflow of direct and portfolio investment from the euro area totaled €20.8 billion in April, after an outflow of €86 billion in the first quarter of 2001. The largest outflows were by nonresidents, totaling €11.3 billion. The data seemed to corroborate anecdotal market reports that highlighted Japanese disinvestment from the euro area as the currency-adjusted value of these investments deteriorated. Additionally, after the yen's appreciation in May, positioning data from the International Monetary Market showed that net euro positions by speculative investors turned short for the first time in nine months.

Early in the quarter, euro-area economic data indicated that growth was slowing and price pressures were rising. M3 growth and headline inflation—the

6. Currency-adjusted price returns on euro-denominated government bond index, 2001:Q2

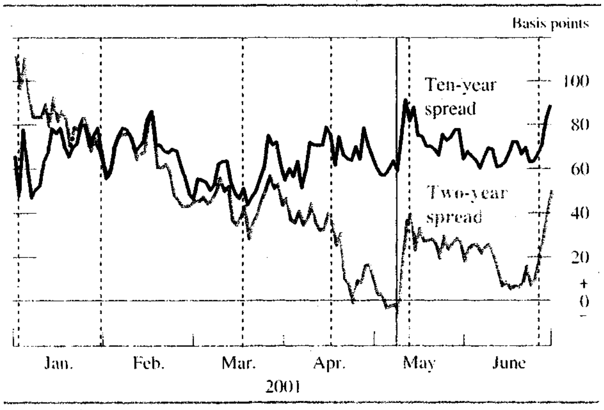


SOURCE. Merrill Lynch.

ECB's stated monetary policy pillars—remained above their respective reference values. On May 10, the ECB surprised market participants by lowering official interest rates 25 basis points, bringing the two-week marginal refinancing rate to 4.50 percent. Among the factors cited as contributing to the decision was that the ECB identified an upward distortion in data for M3 growth and a diminution of upward risks to price stability.

Later in the quarter, however, economic data for the euro area continued to show signs of rising inflation, shifting expectations for another interest rate reduction to a later date. The yield implied by the September 2001 three-month euribor futures contract rose 20 basis points, to 4.25 percent, while the yield implied by the March 2002 contract rose only 11 basis points. Meanwhile, data releases for the euro area showed continued deceleration in economic activity, most notably in Germany, lending a measure of support to expectations for further easing. Additionally, the ECB and several German research institutes revised their growth projections downward for the euro area.

7. Dollar–euro swap spreads, 2001:Q1 and Q2



NOTE. Dashed vertical lines denote interest rate cuts by the FOMC. Solid vertical line denotes the interest rate cut by the ECB.
SOURCE. Bloomberg L.P.

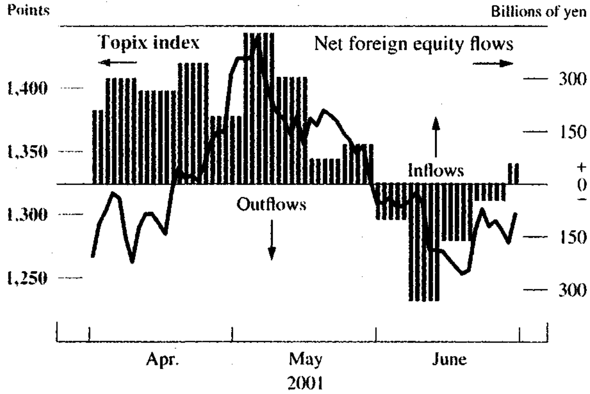
Although the FOMC eased policy more than the ECB, long-dated interest rate differentials remained in favor of the dollar in the second quarter. After the ECB's May 10 move to ease rates, the spread between the ten-year swap rates for the dollar and the euro reached its widest level for the year at 91 basis points. The euro depreciated 4.6 percent against the dollar in May after the policy change. On balance over the second quarter, short-dated interest rate differentials moved further in favor of the euro but at a less rapid pace than in the first quarter.

The Yen Responds to Broad Shifts in Local and International Investor Flows

The yen appreciated as much as 6.0 percent and 10.0 percent against the dollar and the euro before depreciating to end the quarter 1.2 percent and 4.6 percent stronger against the dollar and the euro respectively. Investor sentiment toward Japan improved after Japan's ruling party selected a new prime minister in April, and investor position adjustments contributed to yen strength in the first half of the quarter. However, signs of further economic deterioration, delays in implementing anticipated reforms, and market perceptions of official U.S. and Japanese tolerance for yen depreciation reintroduced a negative bias toward Japanese assets and contributed to the yen's subsequent decline against the dollar and the euro.

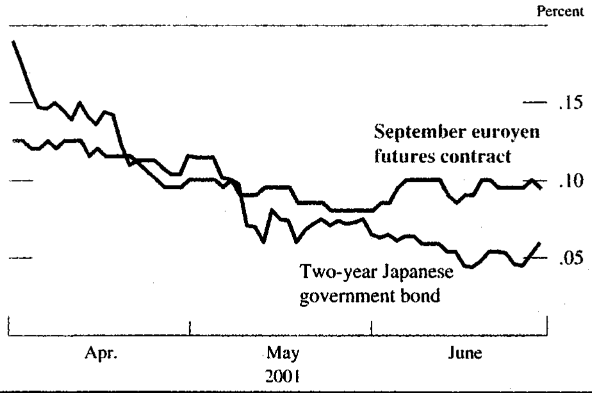
Running on a platform of widespread reform, Junichiro Koizumi became Japan's prime minister after Liberal Democratic Party members elected him as their new party leader on April 24. Prime Minister Koizumi's plans for structural reform and fiscal restraint initially boosted investor optimism toward Japanese securities, providing underlying support for the yen. Net purchases of Japanese equities by foreign investors, who many market participants estimated were underweight in Japanese stocks relative to their benchmarks, rose to their highest level since December 1999. Additionally, in mid-May, the euro's weakness and resulting Japanese investor losses reportedly led to a retrenchment of European investments by Japanese investors. The yen's initial appreciation sparked a spate of short yen position covering, further accelerating the exchange rate movement. Against this backdrop of position adjustment and capital flows, the yen appreciated sharply in late May,

8. Foreign investor flows for Japanese equities and the Topix equity index, 2001:Q2



SOURCES. Tokyo Stock Exchange and Bloomberg L.P.

10. Yields on short-term Japanese fixed-income securities, 2001:Q2

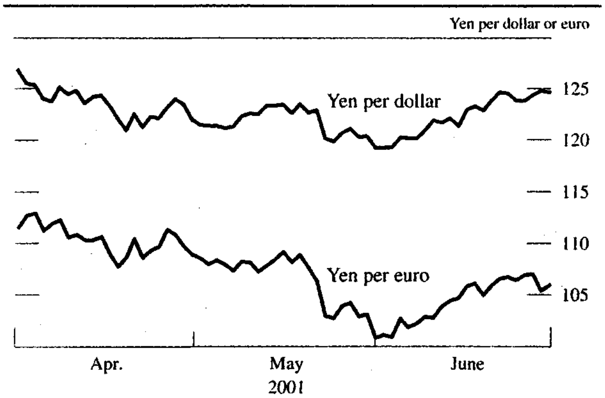


SOURCE. Bloomberg L.P.

breaking below the ¥120 and ¥101 levels against the dollar and the euro respectively.

In June, this price action was largely reversed: The yen weakened 4.5 percent against the euro and 4.9 percent against the dollar, as post-election enthusiasm and initial hopes for specific structural reform plans began to ebb. In addition, market participants interpreted a Japanese newspaper report as suggesting that U.S. policymakers would tolerate a weaker yen exchange rate if it resulted from a restructuring of Japan's economy. Japanese economic data and downward revisions of growth forecasts reduced investor expectations for an economic recovery. Japan's trade surplus for May declined markedly, largely attributed to economic deceleration in Japan's major trading partners. According to the Tokyo Stock Exchange, net foreign buying of Japanese equities early in the quarter became net foreign selling in the second half of the quarter. The Topix subindex for the banking sector fell as much as 15 percent, reaching its lowest level since October 1998.

9. The yen against the dollar and the euro, 2001:Q2



SOURCE. Bloomberg L.P.

In an effort to better maintain its target level of ¥5 trillion in current account balances, the Bank of Japan implemented several operational changes in its money market and repurchase agreement transactions during the quarter. Market impressions that economic conditions in Japan were worsening were confirmed by economic data that showed that GDP growth was negative in the first quarter and by the Bank of Japan's downgrade of its assessment of the state of the Japanese economy. This led to market speculation that the Bank of Japan may be preparing to adopt measures to further ease its monetary policy stance, perhaps by raising its target level for financial institutions' current account balances. Reflecting a growing certainty among market participants that short-term spot interest rates will remain near zero for some time, yields implied by euro-yen futures contracts across maturities fell, and the yield on the two-year Japanese government bond declined 8 basis points, to 6 basis points.

Treasury and Federal Reserve Foreign Exchange Operations

The U.S. monetary authorities did not undertake any intervention operations this quarter. At the end of the quarter, the current values of the euro and yen reserve holdings totaled $14.5 billion for the Federal Reserve's System Open Market Account and $14.5 billion for the U.S. Treasury's Exchange Stabilization Fund. The U.S. monetary authorities invest all of their foreign currency balances in a variety of instruments that yield market-related rates of return and have a high degree of liquidity and credit quality. To the greatest extent possible, these investments are split evenly between the Federal Reserve System and the Treasury.

A significant portion of the U.S. monetary authorities' foreign exchange reserves is invested in government securities held outright or under repurchase agreements. During the quarter, the U.S. monetary authorities expanded the pool of euro-denominated repurchase agreement collateral that they will accept. In addition to German sovereign debt, the U.S. monetary authorities now accept sovereign debt backed by the full faith and credit of the governments of Belgium, France, Italy, the Netherlands, and Spain.

Foreign currency reserves are also invested in deposits at the Bank for International Settlements and in facilities at other official institutions. As of June 30, direct holdings of foreign government securities totaled $12.9 billion, split evenly between the Federal Reserve's System Open Market Account and the U.S. Treasury's Exchange Stabilization Fund. 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. □

Discontinuation of "Treasury and Federal Reserve Foreign Exchange Operations" in the *Federal Reserve Bulletin*

The quarterly report "Treasury and Federal Reserve Foreign Exchange Operations," by the Federal Reserve Bank of New York, will not be reprinted in the *Federal Reserve Bulletin* after the December 2001 issue. Each quarter's report is available soon after the end of the quarter on the web site of the Federal Reserve Bank of New York (www.newyorkfed.org/pihome/news/forex/), which also has the reports back to 1996. The reports for years before 1996 are available in paper copies from the Public Information Department, Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045 (tel. 212-720-5424).

* * * * *

Other reprints will also be eliminated from the *Bulletin* after December 2001: the monthly report on industrial production and capacity utilization, congressional testimony, the FOMC minutes, and the Federal Reserve Bank of New York's annual "Open Market Operations" report (the text portion of "Open Market Operations" will be reprinted in the Board's *Annual Report* rather than in the *Bulletin*). The documents are widely distributed when originally published, and several sources for historical information are available.

1. Foreign currency holdings of U.S. monetary authorities based on current exchange rates, 2001:Q2
Millions of dollars

Item	Balance, Mar. 31, 2001	Quarterly changes in balances, by source: Net purchases and sales[1]	Effect of sales[2]	Investment income	Currency valuation adjustments[3]	Interest accrual and other[4]	Balance, June 30, 2001
FEDERAL RESERVE SYSTEM OPEN MARKET ACCOUNT (SOMA)							
Euro	6,995.7	.0	.0	81.9	−257.2	...	6,820.4
Japanese yen	7,515.3	.0	.0	4.6	48.7	...	7,568.6
Total	14,511.0	.0	.0	86.5	−208.5	...	14,389.0
Interest receivables (net)[5]	75.9	...	...	...	...	−7.6	68.3
Other cash flow from investments[4]	.0	...	...	...	...	.0	.0
Total	**14,586.9**	**.0**	**.0**	**86.5**	**−208.5**	**−7.6**	**14,457.3**
U.S. TREASURY EXCHANGE STABILIZATION FUND (ESF)							
Euro	6,993.5	.0	.0	81.6	−257.2	...	6,817.9
Japanese yen	7,515.3	.0	.0	4.6	48.7	...	7,568.6
Total	14,508.8	.0	.0	86.2	−208.5	...	14,386.5
Interest receivables[5]	72.4	...	...	...	...	−9.7	67.0
Other cash flow from investments[4]	.0	...	...	...	...	.0	.0
Total	**14,581.2**	**.0**	**.0**	**86.2**	**−208.5**	**−9.7**	**14,453.5**

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

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

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

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

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

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

... Not applicable.

2. Net profits or losses (−) on U.S. Treasury and Federal Reserve foreign exchange operations, based on historical cost-of-acquisition exchange rates, 2001:Q2
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, Mar. 31, 2001		
Euro	−1,408.1	−1,624.6
Japanese yen	459.5	671.6
Total	**−948.6**	**−953.0**
Realized profits and losses from foreign currency sales, Mar. 31, 2001–June 30, 2001		
Euro	.0	.0
Japanese yen	.0	.0
Total	**.0**	**.0**
Valuation profits and losses on outstanding assets and liabilities, June 30, 2001		
Euro	−1,665.4	−1,881.8
Japanese yen	508.2	720.4
Total	**−1,157.2**	**−1,161.4**

3. Reciprocal currency arrangements, June 30, 2001
Millions of dollars

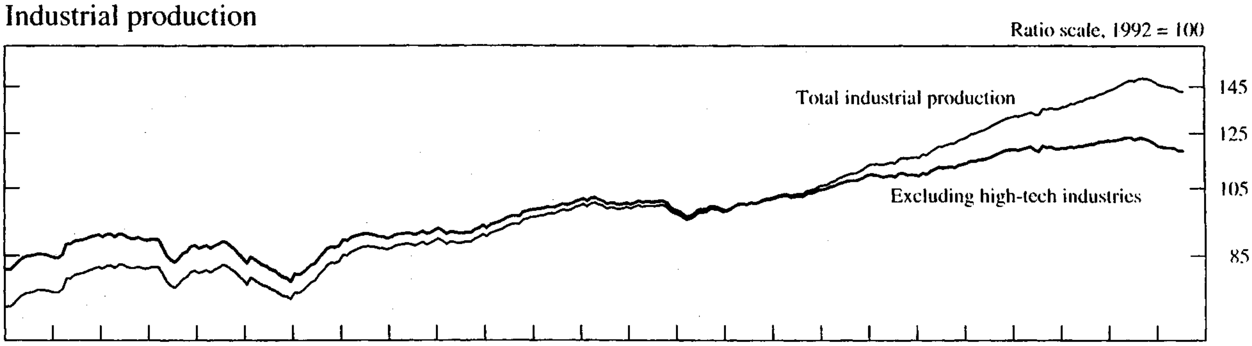
Institution	Amount of facility	Outstanding, June 30, 2001
	Reciprocal currency arrangements	
Bank of Canada	2,000	.0
Bank of Mexico	3,000	.0
Total	**5,000**	**.0**
	Federal Reserve and U.S. Treasury Exchange Stabilization Fund currency arrangements	
Bank of Mexico	3,000	.0
Total	**3,000**	**.0**

Industrial Production and Capacity Utilization for July 2001

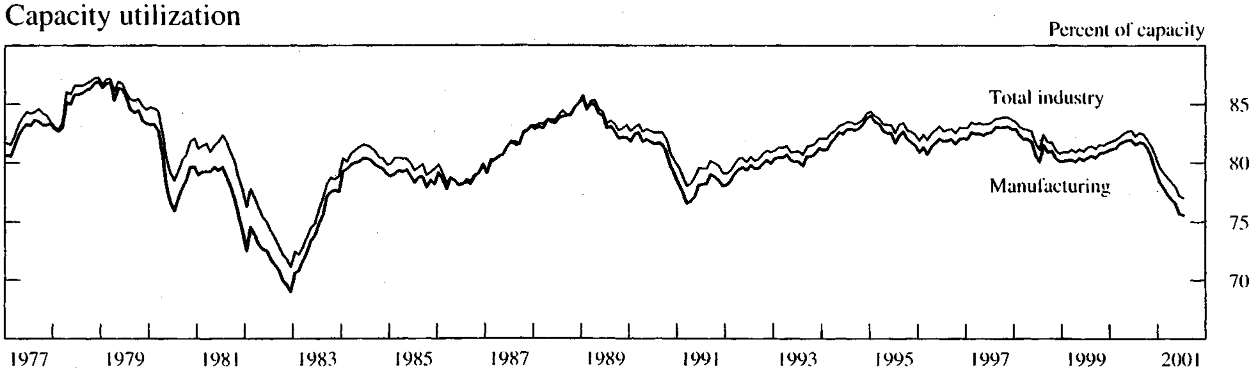
Released for publication August 15

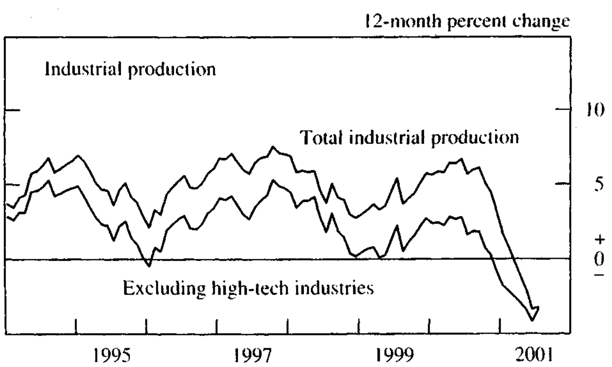
Industrial production contracted 0.1 percent in July, its tenth consecutive monthly decline. Production in the second quarter was revised up but still fell at an annual rate of 4.2 percent. Manufacturing output, which had dropped sharply in June, was unchanged in July; utilities production declined 0.5 percent, and mining output decreased 0.6 percent. At 142.8 percent of its 1992 average, industrial production in July was 3.2 percent lower than in July 2000. Capacity utilization for total industry was 77.0 percent, a level

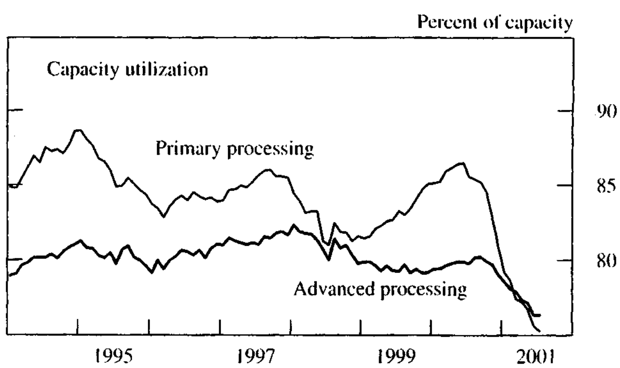
Industrial production



Capacity utilization







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

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

Industrial production and capacity utilization, July 2001

Category	Industrial production, index, 1992 = 100								
	2001				Percent change				
					2001[1]				July 2000 to July 2001
	Apr.[r]	May[r]	June[r]	July[p]	Apr.[r]	May[r]	June[r]	July[p]	
Total	**144.6**	**144.2**	**143.0**	**142.8**	**–.3**	**–.3**	**–.9**	**–.1**	**–3.2**
Previous estimate	144.2	143.5	142.5	. . .	–.5	–.5	–.7	. . .	. . .
Major market groups									
Products, total[2]	133.8	133.6	132.7	132.8	–.5	–.2	–.6	.1	–2.2
Consumer goods	122.1	122.6	122.2	122.8	–.3	.4	–.3	.5	–.1
Business equipment	193.3	191.5	188.2	187.7	-1.2	–.9	–1.7	–.3	–3.8
Construction supplies	139.6	139.4	138.8	138.6	–.6	–.2	–.4	–.2	–3.6
Materials	164.1	163.4	161.5	160.9	.1	–.4	–1.2	–.3	–4.8
Major industry groups									
Manufacturing	149.6	149.2	147.7	147.7	–.3	–.2	–1.0	.0	–3.9
Durable	190.1	189.8	187.3	187.5	–.6	–.2	–1.3	.1	–3.7
Nondurable	112.8	112.4	111.7	111.6	.1	–.3	–.6	–.1	–4.1
Mining	103.5	103.8	103.1	102.5	.8	.3	–.7	–.6	2.0
Utilities	120.9	119.0	120.1	119.6	–.9	–1.6	1.0	–.5	.4

Category	Capacity utilization, percent								Memo Capacity, percent change, July 2000 to July 2001
	Average, 1967–00	Low, 1982	High, 1988–89	2000	2001				
				July	Apr.[r]	May[r]	June[r]	July[p]	
Total	**82.1**	**71.1**	**85.4**	**82.3**	**78.4**	**78.0**	**77.2**	**77.0**	**3.3**
Previous estimates	. . .	. . .	. . .	. . .	78.1	77.6	77.0	. . .	. . .
Manufacturing	81.1	69.0	85.7	81.6	76.9	76.6	75.7	75.6	3.7
Advanced processing	80.6	71.0	84.2	79.8	77.4	77.1	76.4	76.4	2.1
Primary processing	82.2	65.7	88.3	85.6	77.2	76.7	75.6	75.3	6.5
Mining	87.4	80.3	88.0	86.3	90.0	90.3	89.8	89.3	–1.4
Utilities	87.6	75.9	92.6	89.5	88.5	86.8	87.4	86.6	3.7

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.

more than 5 percentage points below its 1967–2000 average.

Market Groups

The output of consumer goods increased 0.5 percent after a decline of 0.3 percent in June. The 2.5 percent rise in the production of durable consumer goods was led by a sizable gain in the output of automotive products, particularly light trucks, which more than offset declines in the production of home electronics and appliances. The output of nondurable consumer goods was unchanged. The output of consumer energy products fell 0.7 percent; the production of non-energy nondurables edged up 0.1 percent, as increases in the production of foods and tobacco, clothing, and chemical products slightly outweighed a drop in the output of paper products.

Continuing its slide of recent months, the index for business equipment declined 0.3 percent in July. The production of information processing equipment fell 1.4 percent, its sixth consecutive monthly decline; since January, production has dropped nearly 7 percent, and the output of communications equipment over the period has been particularly weak. Although the production of transit equipment rose 2.0 percent in July, it remained more than 7 percent below its level in July 2000. The output of industrial and other equipment dipped 0.1 percent in July after having fallen almost 2 percent per month over the previous three months.

The output of business supplies fell 0.5 percent from a downward-revised June estimate; it was the sector's eighth consecutive monthly decline. Among the contributors to the contraction were paper business supplies, newspaper advertising, and job printing. The production of construction supplies fell 0.2 percent.

The output of industrial materials decreased 0.3 percent. The declining output of equipment parts, particularly semiconductors, was responsible for a decrease in the index for durable materials. Among nondurable materials, the output of chemicals, textiles, and paper continued to fall; the production of energy materials fell 0.6 percent.

INDUSTRY GROUPS

After a 1.0 percent contraction in June, manufacturing output held steady in July but remained 3.9 percent below its level in July 2000. After large declines in June, the production of durables edged up 0.1 percent in July, while the production of nondurables fell by the same amount; output in both industry groups remained well below their year-earlier levels. The largest advance among major durable goods industries was in motor vehicles and parts. Smaller gains were recorded by instruments, miscellaneous manufacturing, fabricated metal products, and stone, clay, and glass products. The output of electrical machinery dropped more than 2 percent; furniture and fixtures production also declined. Within nondurables, increases in apparel and in rubber and plastics production were slightly more than offset by declines in petroleum products and in printing and publishing.

The factory operating rate edged down 0.1 percentage point, to 75.6 percent. After June revisions, the utilization rate for primary-processing industries declined to 75.3 percent, while the rate for advanced processing held steady at 76.4 percent. The operating rates of almost all manufacturing industries contracted, as they have through much of the past year. Declines have been particularly notable in the industrial machinery and equipment industry, in which utilization has fallen to 73.5 percent from 82.1 percent in July 2000, and in the electrical machinery industry, in which the rate dropped 23.2 percentage points in the past year. The operating rate at utilities fell 0.8 percentage point, to 86.6 percent. The operating rate for mining slipped 0.5 percentage point, to 89.3 percent.

REVISION OF INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

On November 27, the Federal Reserve Board will publish revisions to the index of industrial production (IP), to the related measures of capacity and capacity utilization, and to the index of industrial use of electric power. The updated measures will reflect the incorporation of newly available, more comprehensive source data typical of annual revisions. The new source data are for recent years, primarily 1999 and 2000, although data from 1992 onward will be subject to revision.

Discontinuation of "Industrial Production and Capacity Utilization" in the *Federal Reserve Bulletin*

"Industrial Production and Capacity Utilization" will not be reprinted in the *Federal Reserve Bulletin* after the December 2001 issue. The Federal Reserve's monthly G.17 statistical release, "Industrial Production and Capacity Utilization," which this section of the *Bulletin* summarizes each month, is available on the Board's web site (www.federalreserve.gov/releases/g17/); historical data back to 1919 are also available on the web site. The data are also available in paper copies and on diskettes from Publications Services, mail stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551 (tel. 202-452-3244).

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Other reprints will also be eliminated from the *Bulletin* after December 2001: congressional testimony, the FOMC minutes, the quarterly report "Treasury and Federal Reserve Foreign Exchange Operations," by the Federal Reserve Bank of New York, and the annual report "Open Market Operations," also by the Federal Reserve Bank of New York (the text portion of "Open Market Operations" will be reprinted in the Board's *Annual Report* rather than in the *Bulletin*). The documents are widely distributed when originally published, and several sources for historical information are available.

Industrial production and capacity utilization will continue to be based on the 1987 Standard Industrial Classification (SIC) until the 2002 annual revision, after which they will be constructed from the North American Industrial Classification System (NAICS). The new NAICS-related production indexes will be based on annual output measures that are constructed by reclassifying the establishments in historical Censuses of Manufactures and Mineral Industries under NAICS; annual output indexes constructed this way will maximize the reliability and historical consistency of the IP industry detail.

The updating of source data for IP in the 2001 annual revision will include annual data from the 1999 Bureau of the Census Annual Survey of Manufactures and from selected editions of its 1999 and 2000 Current Industrial Reports. Annual data from the U.S. Geological Survey regarding metallic and nonmetallic minerals (except fuels) for 1999 and 2000 will also be introduced. The updating will include revisions to the monthly indicator for each industry (either physical product data, production-worker hours, or electric power usage) and to seasonal factors.

Capacity and capacity utilization will be revised to incorporate preliminary data from the 2000 Survey of Plant Capacity of the Bureau of the Census, which covers manufacturing, along with other new data on capacity from the U.S. Geological Survey, the Department of Energy, and other organizations. The statistics on the industrial use of electric power will incorporate additional information received from utilities for the past few years and will include some data from the 1997 Census of Manufactures and the 1998 and 1999 Annual Survey of Manufactures.

Once the revision is published, it will be made available on the Board's web site. The revised data will also be available through the web site of the Department of Commerce. Further information on these revisions is available from the Board's Industrial Output Section (telephone 202-452-3197). □

Testimony of Federal Reserve Officials

Testimony of Dolores S. Smith, Director, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions and Consumer Credit of the Committee on Financial Services, U.S. House of Representatives, July 12, 2001

I appreciate the opportunity to appear before this subcommittee to offer staff comments on H.R. 1701, the Consumer Rental Purchase Agreement Act, which would amend the Consumer Credit Protection Act. I am the Director of the Federal Reserve Board's Division of Consumer and Community Affairs, which carries out the Board's responsibilities for administering a number of the consumer protection laws that make up the Consumer Credit Protection Act, including the Truth in Lending Act and the Consumer Leasing Act.

H.R. 1701 would require cost disclosures for "rental–purchase" agreements, which are also known as "rent-to-own" transactions. The bill has substantive provisions. For example, it establishes consumers' right to reinstate an agreement after failing to make a timely payment. The bill also would prohibit certain provisions in rental–purchase contracts, such as confession-of-judgment clauses that prevent consumers from defending any legal action brought under the contract. H.R. 1701 treats rent-to-own transactions differently from both credit sales and traditional leases and would, therefore, cover them under a separate regulatory scheme altogether.

The Federal Reserve Board has not taken a position on H.R. 1701. However, I am glad to share the Board staff's observations—about the bill and some of the issues raised—in response to your request.

Rental–purchase transactions involve short-term, renewable rentals of personal property, typically on a week-to-week or month-to-month basis. For example, a consumer may rent a television set, major household appliances such as a washing machine or refrigerator, or home furnishings such as living room furniture. By renewing the rental from one period to the next, a consumer can ultimately purchase the item after making a specified number of payments, but the consumer is not obligated to do so.

Rental–purchase transactions typically are for less than four months initially—although they often extend for longer periods. These agreements are not covered by the disclosure requirements of the federal Consumer Leasing Act, which applies to leases that initially exceed four months. Nor are these transactions generally credit sales for purposes of Truth in Lending Act disclosures. Contracts in the form of a lease are treated as credit under Truth in Lending only if the consumer is obligated to purchase the property and pay an amount equal to or exceeding the total value of the property; such an obligation does not typically exist in rent-to-own transactions.

Under the Consumer Leasing Act, consumers receive federally mandated disclosures concerning the cost of the transaction prior to entering into the lease. These disclosures include a description of the leased property, an itemization of any up-front payments, a payment schedule showing the amount of each periodic (typically monthly) payment, a listing of any other charges the consumer will have to pay, and the total of payments that the consumer will have paid by the end of the lease. There are also disclosures regarding early termination charges, late payment fees, property maintenance responsibilities, and the consumer's options for purchasing the property.

Under the Truth in Lending Act, consumers must receive disclosure of the key costs and terms of credit transactions before they become obligated for the extension of credit. Consumers receive disclosures that include the amount of credit extended (known as the amount financed), the cost of credit expressed as a dollar amount (the finance charge) and as an annual percentage rate (APR), the total amount the consumer will pay, and a payment schedule showing the timing and amount of each payment.

Assessing the Need for Legislation

While, currently, there is no federal regulation of rental–purchase transactions, laws governing these transactions have been adopted in forty-seven states. These laws were enacted largely with the support of the industry. All of the state laws have been enacted since 1984 (twenty-four of them since 1990).

In the early 1980s, before any action was taken at the state level, representatives of the rental–purchase industry supported federal legislation to cover these transactions. For firms operating in multiple states, a uniform regulatory framework eases the compliance costs. At the time, federal legislation was also advocated by the industry to clarify that rental–purchase transactions are leases under the tax laws, and to preclude states from applying their credit laws and usury limits to these transactions. The subsequent enactment of state laws and other legal developments may have settled these issues to some extent.

In the early 1980s, some consumer advocates also favored federal legislation covering rental–purchase transactions because of the lack of state law consumer protections. Since the mid- to late 1980s, however, consumer advocates have generally objected to legislation proposed at the federal level for several reasons—because they believe the federal proposals provided insufficient consumer protections; because federal legislation might have preempted state laws that they viewed as more protective; and, in the case of some consumer advocates, because they continued to view rent-to-own transactions as credit sales under the Truth in Lending Act.

Given the existing body of state law, the subcommittee is to be commended for holding these hearings to explore—with industry representatives and consumer advocates—the need for federal legislation. The views of the state agencies charged with administering and enforcing the applicable state laws should also be helpful in this process. Much can be learned, for example, about the effectiveness and adequacy of the existing state laws and the states' experience in enforcing them. I expect you will find the Federal Trade Commission's survey on the rent-to-own industry particularly useful in identifying and discussing relevant issues. The FTC report on its survey of rent-to-own customers has been a primary—and important—source of information for the Board staff's consideration of these issues.

EFFECTIVE DISCLOSURES

Several provisions of H.R. 1701 focus on consumer disclosures in advertising, on price tags, in catalogs, and in contracts. Disclosures are most effective when consumers receive them early enough in the process to use them as a shopping tool, and when the disclosures are presented in a way that enables consumers to focus on the key costs and terms. We also offer the general observation that, while disclosure is important, too much information can sometimes obscure the basic, key information consumers may need to make an informed choice.

The fact that rent-to-own transactions have characteristics of both sales and leases is important to consider in determining what disclosures consumers need. Although there may be some disagreement about the purchase rate for rent-to-own merchandise, the percentage of purchases by customers who enter into these transactions appears to be substantial. The FTC's survey found that about 70 percent of rent-to-own merchandise was purchased by consumers. But as the FTC report also notes, industry sources have consistently maintained that the purchase rate is considerably lower, about 25 percent to 30 percent.

Under H.R. 1701, key cost disclosures must be provided on merchandise tags or labels for property that is displayed or offered in a dealer's place of business. As the bill recognizes, such disclosures could be a useful shopping tool for consumers. Only eighteen states currently require merchandise disclosures, so this is one aspect in which federal law could directly enhance state-law protections, although some firms may voluntarily be providing these disclosures.

As to the content of merchandise tags, we concur with the FTC report's assessment about disclosure of total cost for purposes of comparison shopping. Because many customers may end up purchasing the property, merchandise tags and labels should show the total cost to purchase the item, as provided in H.R. 1701, and not just the rental fee. Of the states that require merchandise tags, all but a few require inclusion of the total purchase price. Consumers could use the total purchase cost disclosure while shopping, to compare the dealer's purchase price with the prices offered by other rent-to-own dealers.

In addition to the total rental–purchase cost, H.R. 1701 would require merchants also to disclose a "cash price" for the property covered by the rental–purchase agreement. This disclosure would enable consumers to compare the cash price from a rent-to-own dealer with the sale prices at traditional retail stores. In making this comparison, a consumer could judge whether the rent-to-own dealer's cash price is reasonable for the goods and services being provided, and they can look at the difference between the dealer's cash price and the total purchase price under the rental–purchase agreement.

H.R. 1701 also requires that more detailed disclosures be made in connection with the rental–purchase agreement, at or before the date of consummation. Most of the cost disclosures would have to be grouped together and segregated from other information. Disclosures about other terms and conditions must be clearly and conspicuously included in the rental–purchase agreement. This segregation is consistent with the approach used in the Consumer Leasing Act and Truth in Lending Act, and is an approach that we believe is effective in calling the consumer's attention to the most important terms.

THE STANDARD FOR PREEMPTION OF STATE LAWS

You asked us to comment on the impact of H.R. 1701 on state law. A bill establishing federal minimum standards for consumer disclosures in rental–purchase transactions may offer some benefits to consumers and to the industry. The effect of any federal legislation on the ability of states to retain more protective statutory provisions, or adopt new consumer protections, should also be taken into account.

H.R. 1701 would amend the Consumer Credit Protection Act. But as drafted, the bill applies a standard for preemption that differs from the standard used under other titles of the act. Under the existing federal statutes, a specific provision in state law is generally preempted only to the extent that the state provision is inconsistent with the federal statute. H.R. 1701 contains this language but omits other language used in the Consumer Credit Protection Act statutes. The omitted language provides that a state law is not inconsistent with the federal statute if it is found to give greater protection to the consumer.

The preemption provisions in H.R. 1701 would expressly preclude states from requiring an APR disclosure or subjecting rental–purchase transactions to state credit laws, including usury limits. It is not clear whether the preemption provisions in H.R. 1701 are intended to limit the states' ability to retain (or adopt) more protective rules on other aspects of rent-to-own transactions. For example, some states mandate longer reinstatement periods than the periods specified in H.R. 1701. The effect on these laws should be clarified.

RULEWRITING AUTHORITY

You also have asked us to comment on whether the FTC or the Federal Reserve should write the regulations implementing H.R. 1701, and who should be responsible for enforcing these regulations. As drafted, the bill currently gives rulewriting authority to the Federal Reserve Board. We strongly urge that further thought be given to whether the Federal Reserve is the appropriate agency to regulate these transactions.

The Federal Reserve has no supervisory relationship with rent-to-own dealers, which are firms that are not generally subject to Board regulations governing financial services. These transactions are not covered by the existing credit or leasing regulations, and hence the Board's staff has no direct experience with industry practices and how rental–purchase transactions are conducted.

We believe the Federal Trade Commission's experience in regulating the trade practices of commercial firms makes that agency the more logical choice for writing regulations. As H.R. 1701 recognizes, the FTC is the most appropriate agency for purposes of enforcement because it is the principal agency charged with enforcing the Consumer Credit Protection Act with respect to companies that are not depository institutions. The Federal Reserve and the other federal banking agencies have enforcement authority under that act only with respect to the depository institutions they supervise.

Testimony by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Financial Services, U.S. House of Representatives, July 18, 2001. (Chairman Greenspan presented identical testimony before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, on July 24, 2001.)

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

Monetary policy this year has confronted an economy that slowed sharply late last year and has remained weak this year, following an extraordinary period of buoyant expansion.

By aggressively easing the stance of monetary policy, the Federal Reserve has moved to support demand and, we trust, help lay the groundwork for the economy to achieve maximum sustainable growth. Our accelerated action reflected the pronounced downshift in economic activity, which was accentuated by the especially prompt and synchronous adjustment of production by businesses utilizing the faster flow of information coming from the adoption of new technologies. A rapid and sizable easing was made possible by reasonably well-anchored

1. See "Monetary Policy Report to the Congress," *Federal Reserve Bulletin*, vol. 87 (July 2001), pp. 501–27; also on the Board's web site at www.federalreserve.gov/boarddocs/hh/.

inflation expectations, which helped to keep underlying inflation at a modest rate, and by the prospect that inflation would remain contained as resource utilization eased and energy prices backed down.

In addition to the more accommodative stance of monetary policy, demand should be assisted going forward by the effects of the tax cut, by falling energy costs, by the spur to production once businesses work down their inventories to more comfortable levels, and, most important, by the inducement to resume increases in capital spending. That inducement should be provided by the continuation of cost-saving opportunities associated with rapid technological innovation. Such innovation has been the driving force raising the growth of structural productivity over the last half-dozen years. To be sure, measured productivity has softened in recent quarters, but by no more than one would anticipate from cyclical influences layered on top of a faster long-term trend.

But the uncertainties surrounding the current economic situation are considerable, and, until we see more concrete evidence that the adjustments of inventories and capital spending are well along, the risks would seem to remain mostly tilted toward weakness in the economy. Still, the FOMC opted for a smaller policy move at our last meeting because we recognized that the effects of policy actions are felt with a lag, and, with our cumulative 2¾ percentage points of easing this year, we have moved a considerable distance in the direction of monetary stimulus. Certainly, should conditions warrant, we may need to ease further, but we must not lose sight of the prerequisite of longer-run price stability for realizing the economy's full growth potential over time.

Despite the recent economic slowdown, the past decade has been extraordinary for the American economy. The synergies of key technologies markedly elevated prospective rates of return on high-tech investments, led to a surge in business capital spending, and significantly increased the growth rate of structural productivity. The capitalization of those higher expected returns lifted equity prices, which in turn contributed to a substantial pickup in household spending on a broad range of goods and services, especially on new homes and durable goods. This increase in spending by both households and businesses exceeded even the enhanced rise in real household incomes and business earnings. The evident attractiveness of investment opportunities in the United States induced substantial inflows of funds from abroad, raising the dollar's exchange rate while financing a growing portion of domestic spending.

By early 2000, the surge in household and business purchases had increased growth of the stocks of many types of consumer durable goods and business capital equipment to rates that could not be sustained. Even though demand for a number of high-tech products was doubling or tripling annually, in some cases new supply was coming on even faster. Overall, capacity in high-tech manufacturing industries, for example, rose nearly 50 percent last year, well in excess of its already rapid rate of increase over the previous three years. Hence, a temporary glut in these industries and falling short-term prospective rates of return were inevitable at some point. This tendency was reinforced by a more realistic evaluation of the prospects for returns on some high-tech investments, which, while still quite elevated by historical standards, apparently could not measure up to the previous exaggerated hopes. Moreover, as I testified before this Committee last year, the economy as a whole was growing at an unsustainable pace, drawing further on an already diminished pool of available workers and relying increasingly on savings from abroad. Clearly, some moderation in the pace of spending was necessary and expected if the economy was to progress along a more balanced growth path.

In the event, the adjustment occurred much faster than most businesses anticipated, with the slowdown likely intensified by the rise in the cost of energy that until quite recently had drained businesses and households of purchasing power. Growth of outlays of consumer durable goods slowed in the middle of 2000, and shipments of nondefense capital goods have declined since autumn.

Moreover, weakness emerged more recently among our trading partners in Europe, Asia, and Latin America. The interaction of slowdowns in a number of countries simultaneously has magnified the softening each of the individual economies would have experienced on its own.

Because the extent of the slowdown was not anticipated by businesses, some backup in inventories occurred, especially in the United States. Innovations, such as more advanced supply-chain management and flexible manufacturing technologies, have enabled firms to adjust production levels more rapidly to changes in sales. But these improvements apparently have not solved the thornier problem of correctly anticipating demand. Although inventory–sales ratios in most industries rose only moderately, those measures should be judged against businesses' desired levels. In this regard, extrapolation of the downtrend in inventory–sales ratios over the past decade suggests that considerable imbalances emerged late last year. Confirming this impression, purchasing managers in the manufacturing sector reported in January that inventories in the hands of their customers had risen to excessively high levels.

As a result, a round of inventory rebalancing was undertaken, and the slowdown in the economy that began in the middle of 2000 intensified. The adjustment process started late last year when manufacturers began to cut production to stem the accumulation of unwanted inventories. But inventories did not actually begin falling until early this year as producers decreased output levels considerably further.

Much of the inventory reduction in the first quarter reflected a dramatic scaling back of motor vehicle assemblies. However, inventories of computers, semiconductors, and communications products continued to build into the first quarter, and these stocks are only belatedly being brought under control. As best we can judge, some progress seems to have been made on inventories of semiconductors and computers, but little gain is apparent with respect to communications equipment. Inventories of high-tech products overall have probably been reduced a bit, but a period of substantial liquidation of stocks still seemingly lies ahead for these products.

For all inventories, the rate of liquidation appears to have been especially pronounced this winter, and the available data suggest that it continued, though perhaps at a more moderate pace, this spring. A not inconsequential proportion of the current liquidation undoubtedly is of imported products, and thus will presumably affect foreign production, but most of the adjustment has fallen on domestic producers.

At some point, inventory liquidation will come to an end, and its termination will spur production and incomes. Of course, the timing and force with which that process of recovery plays out will depend on the behavior of final demand. In that regard, the demand for capital equipment, particularly in the near term, could pose a continuing problem. Despite evidence that expected long-term rates of return on the newer technologies remain high, growth of investment in equipment and software has turned decidedly negative. Sharp increases in uncertainties about the short-term outlook have significantly foreshortened the time frame over which businesses are requiring new capital projects to pay off. The consequent heavier discounts applied to those long-term expectations have induced a major scaling back of new capital spending initiatives, though one that presumably is not long-lasting given the continuing inducements to embody improving technologies in new capital equipment.

In addition, a deterioration in sales, profitability, and cash flow has exacerbated the weakness in capital spending. Pressures on profit margins have been unrelenting. Although earnings weakness has been most pronounced for high-tech firms, where the previous extraordinary pace of expansion left oversupply in its wake, weakness is evident virtually across the board, including most recently in earnings of the foreign affiliates of American firms.

Much of the squeeze on profit margins of domestic operations results from a rise in unit labor costs. Gains in compensation per hour picked up over the past year or so, responding to a long period of tight labor markets, the earlier acceleration of productivity, and the effects of an energy-induced run-up in consumer prices. The faster upward movement in hourly compensation, coupled with the cyclical slowdown in the growth of output per hour, has elevated the rate of increase in unit labor costs. In part, fixed costs, nonlabor as well as labor, are being spread over a smaller production base for many industries.

The surge in energy costs has also pressed down on profit margins, especially in the fourth and first quarters. In fact, a substantial portion of the rise in total costs of domestic nonfinancial corporations between the second quarter of last year and the first quarter of this year reflected the increase in energy costs. The decline in energy prices since the spring, however, should be contributing positively to margins in the third quarter. Moreover, the rate of increase in compensation is likely to moderate, with inflation expectations contained and labor markets becoming less taut in response to the slower pace of growth in economic activity. In addition, continued rapid gains in structural productivity should help to suppress the rise in unit labor costs over time.

Eventually, the high-tech correction will abate, and these industries will reestablish themselves as a solidly expanding, though less frenetic, part of our economy. When they do, growth in that sector presumably will not return to the outsized 50 percent annual growth rates of last year, but rather to a more sustainable pace.

Of course, investment spending ultimately depends on the strength of consumer demand for goods and services. Here, too, longer-run increases in real incomes of consumers engendered by the rapid advances in structural productivity should provide support to demand over time. And thus far this year, consumer spending *has* indeed risen further, presumably assisted in part by a continued rapid growth in the market value of homes, from which a significant amount of equity is being extracted. Moreover, household disposable income is now being bolstered by tax cuts.

But there are also downside risks to consumer spending over the next few quarters. Importantly, the same pressure on profits and the heightened sense of risk that have held down investment have also lowered equity prices and reduced household wealth despite the rise in home equity. We can expect the decline in stock market wealth that has occurred over the past year to restrain the growth of household spending relative to income, just as the previous increase gave an extra spur to household demand. Furthermore, while most survey measures suggest consumer sentiment has stabilized recently, softer job markets could induce a further deterioration in confidence and spending intentions.

While this litany of risks should not be downplayed, it is notable how well the U.S. economy has withstood the many negative forces weighing on it. Economic activity has held up remarkably in the face of a difficult adjustment toward a more sustainable pattern of expansion.

The economic developments of the last couple of years have been a particular challenge for monetary policy. Once the financial crises of late 1998 that followed the Russian default eased, efforts to address Y2K problems and growing optimism—if not euphoria—about profit opportunities produced a surge in investment, particularly in high-tech equipment and software. The upswing outstripped what the nation could finance on a sustainable basis from domestic saving and funds attracted from abroad.

The shortfall of saving to finance investment showed through in a significant rise in average real long-term corporate interest rates starting in early 1999. By June of that year, it was evident to the Federal Open Market Committee that to continue to hold the funds rate at the then-prevailing level of 4¾ percent in the face of rising real long-term corporate rates would have required a major infusion of liquidity into an economy already threatening to overheat. In fact, the increase in our target federal funds rate of 175 basis points through May of 2000 barely slowed the expansion of liquidity, judging from the M2 measure of the money supply, whose rate of increase declined only modestly through the tightening period.

By summer of last year, it started to become apparent that the growth of demand finally was slowing, and seemingly by enough to bring it into approximate alignment with the expansion of potential supply, as indicated by the fact that the pool of available labor was no longer being drawn down. It was well into autumn, however, before one could be confident that the growth of aggregate demand had softened enough to bring it into a more lasting balance with potential supply. Growth continued to decline to a point that by our December meeting, the Federal Open Market Committee decided that the time to counter cumulative economic weakness was close at hand. We altered our assessment of the risks to the economy, and with incoming information following the meeting continuing to be downbeat, we took our first easing action on January 3. We viewed the faster downshift in economic activity, in part a consequence of the technology-enhanced speed and volume of information flows, as calling for a quicker pace of policy adjustment. Acting on that view, we have lowered the federal funds rate 2¾ percentage points since the turn of the year, with last month's action leaving the federal funds rate at 3¾ percent.

Most long-term interest rates, however, have barely budged despite the appreciable reductions in short-term rates since the beginning of the year. This has led many commentators to ask whether inflation expectations have risen. Surely, one reason long-term rates have held up is changed expectations in the Treasury market, as forecasts of the unified budget surplus were revised down, indicating that the supplies of outstanding marketable Treasury debt are unlikely to shrink as rapidly as previously anticipated. Beyond that, it is difficult to judge whether long-term rates have held up because of firming inflation expectations or a belief that economic growth is likely to strengthen, spurring a rise in real long-term rates.

One measure often useful in separating the real interest rates from inflation expectations is the spread between rates on nominal ten-year Treasury notes and inflation-indexed notes of similar maturity. That spread rose more than three-fourths of a percentage point through the first five months of this year, a not insignificant change, though half of that increase has been reversed since. By the nature of the indexed instrument, the spread between it and the comparable nominal rate reflects expected CPI inflation. While actual CPI inflation has picked up this year, this rise has not been mirrored uniformly in other broad price measures. For example, there has been little, if any, acceleration in the index of core personal consumption expenditure prices, which we consider to be a more reliable measure of inflation. Moreover, survey readings on long-term inflation expectations have remained quite stable.

The lack of pricing power reported overwhelmingly by business people underscores the quiescence of inflationary pressures. Businesses are experiencing the effects of softer demand in product markets overall, but these effects have been especially marked for many producers at earlier stages of processing, where prices generally have been flat to down thus far this year. With energy prices now also moving lower and the lessening of tautness in labor markets expected to damp wage increases, overall prices seem likely to be contained in the period ahead.

Forecasts of inflation, however, like all economic forecasts, do not have an enviable record. Faced with such uncertainties, a central bank's vigilance against inflation is more than a monetary policy cliche; it is, of course, the way we fulfill our ultimate mandate to promote maximum sustainable growth.

A central bank can contain inflation over time under most conditions. But do we have the capability to eliminate booms and busts in economic activity? Can fiscal and monetary policy acting at their optimum eliminate the business cycle, as some of the more optimistic followers of J.M. Keynes seemed to believe several decades ago?

The answer, in my judgment, is no, because there is no tool to change human nature. Too often people are prone to recurring bouts of optimism and pessimism that manifest themselves from time to time in the buildup or cessation of speculative excesses. As I have noted in recent years, our only realistic response to a speculative bubble is to lean against the economic pressures that may accompany a rise in asset prices, bubble or not, and address forcefully the consequences of a sharp deflation of asset prices should they occur.

While we are limited in our ability to anticipate and act on asset price bubbles, expectations about future economic developments nonetheless inevitably play a crucial role in our policymaking. If we react only to past or current developments, lags in the effects of monetary policy could end up destabilizing the economy, as history has amply demonstrated.

Because accurate point forecasts are extraordinarily difficult to fashion, we are forced also to consider the probability distribution of possible economic outcomes. Against these distributions, we endeavor to judge the possible consequences of various alternative policy actions, especially the consequences of a policy mistake. We recognize that this policy process may require substantial swings in the federal funds rate over time to help stabilize the economy, as, for example, recurring bouts of consumer and business optimism and pessimism drive economic activity.

In reducing the federal funds rate so substantially this year, we have been responding to our judgment that a good part of the recent weakening of demand was likely to persist for a while, and that there were significant downside risks even to a reduced central tendency forecast. Moreover, with inflation low and likely to be contained, the main threat to satisfactory economic performance appeared to come from excessive weakness in activity.

As a consequence of the policy actions of the FOMC, some of the stringent financial conditions evident late last year have been eased. Real interest rates are down on a wide variety of borrowing instruments. Private rates have benefited from some narrowing of risk premiums in many markets. And the growth of liquidity, as measured by M2, has picked up. More recently, incoming data on economic activity have turned from persistently negative to more mixed.

The period of subpar economic performance, however, is not yet over, and we are not free of the risk that economic weakness will be greater than currently anticipated, and require further policy response. That weakness could arise from softer demand abroad as well as from domestic developments. But we need also to be aware that our front-loaded policy actions this year coupled with the tax cuts under way should be increasingly affecting economic activity as the year progresses.

The views of the Federal Reserve Governors and Reserve Bank Presidents reflect this assessment. While recognizing the downside risks to their current forecast, most anticipate at least a slight strengthening of real activity later this year. This is implied by the central tendency of their individual projections, which is for real GDP growth over all four quarters of 2001 of 1¼ to 2 percent. Next year, the comparable figures are 3 to 3¼ percent. The civilian unemployment rate is projected to rise further over the second half of the year, with a central tendency of 4¾ to 5 percent by the fourth quarter and 4¾ to 5¼ percent four quarters later. This easing of pressures in product and labor markets lies behind the central tendency for PCE price inflation of 2 to 2½ percent over the four quarters of this year and 1¾ to 2½ percent next year.

As for the years beyond this horizon, there is still, in my judgment, ample evidence that we are experiencing only a pause in the investment in a broad set of innovations that has elevated the underlying growth in productivity to a rate significantly above that of the two decades preceding 1995. By all evidence, we are not yet dealing with maturing technologies that, after having sparkled for a half-decade, are now in the process of fizzling out. To the contrary, once the forces that are currently containing investment initiatives dissipate, new applications of innovative technologies should again strengthen demand for capital equipment and restore solid economic growth over time that benefits us all.

Testimony of Laurence H. Meyer, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions and Consumer Credit, Committee on Financial Services, U.S. House of Representatives, July 26, 2001

It is a pleasure, Mr. Chairman, to appear before this subcommittee to present the views of the Board of Governors of the Federal Reserve System on deposit insurance reform as proposed by the Federal Deposit Insurance Corporation (FDIC) this past spring. At this point, the Federal Reserve Board's views are necessarily general because the FDIC's recommendations were purposefully quite broad.

That said, on behalf of the Board I want to compliment the FDIC for an excellent report that highlights the issues and develops an integrated framework for addressing them. We urge the Congress to use that framework for promptly developing a detailed legislative proposal that addresses the most important deficiencies in our current deposit insurance system. I hope my comments this morning will be helpful in doing so.

Benefits and Costs of Deposit Insurance

As background to our suggestions, the Board believes it is important first to understand the benefits and costs of deposit insurance. Deposit insurance has played a key—at times even critical—role in achieving the stability in banking and financial markets that has characterized the past almost seventy years. Deposit insurance, combined with other components of our banking safety net—the Federal Reserve's discount window and payment system guarantees—and with enhanced macroeconomic stability resulting from monetary and fiscal policies, has meant that periods of financial stress are no longer characterized by depositor runs on banks and thrifts. Quite the opposite: Asset holders now seek out deposits as safe havens when they have strong doubts about other financial assets.

Looking beyond the contribution of deposit insurance to overall financial stability, we should not minimize the security it has brought to millions of households and small businesses. Deposit insurance has provided a safe and secure place for those households and small businesses with relatively modest amounts of financial assets to hold their transaction and other balances.

These benefits of deposit insurance, as significant as they are, have not come without cost. The very same process that has ended deposit runs has made insured depositors largely indifferent to the risks taken by their banks because their funds are not at risk if their institution is unable to meet its obligations. As a result, the market discipline to control risks that insured depositors would otherwise have imposed on banks and thrifts has been weakened. Relieved of that discipline, banks and thrifts naturally feel less inhibited from taking on more risk than they would otherwise assume. No other type of private financial institution is able to attract funds from the public without regard to the risk it takes with its creditors' resources. This incentive to take excessive risks is the so-called moral hazard problem of deposit insurance, the inducement to take risk at the expense of the insurer.

Because of the reduced market discipline and moral hazard, there is an intensified need for government supervision to protect the interests of taxpayers and, in essence, substitute for the reduced market discipline. Deposit insurance and other components of the safety net also enable banks and thrifts to attract more resources than would otherwise be the case. In short, insured banks and thrifts receive a subsidy in the form of a government guarantee that allows them both to attract deposits at lower interest rates than would be required without deposit insurance and to take more risk without the fear of losing their deposit funding. Put another way, deposit insurance misallocates resources by breaking the link between risks and rewards for a select set of market competitors.

From the very beginning, deposit insurance has involved a tradeoff. On the one hand, there are benefits from the contribution of deposit insurance to overall financial stability and the protection of small depositors. On the other hand, deposit insurance imposes costs from the inducement to risk-taking, the misallocation of resources, and the increased need for government supervision to protect the taxpayers' interests. The crafting of reforms of the deposit insurance system must struggle to balance these tradeoffs. Moreover, the Board urges, we should be reasonably certain that any reforms are aimed primarily at protecting the public interest and not the profits or market shares of particular businesses.

The Federal Reserve Board believes that deposit insurance reforms should be designed to preserve the benefits of heightened financial stability and the protection of small depositors without at the same time increasing moral hazard or reducing market discipline. This view underpins the response of the Federal Reserve Board to the FDIC's recommendations. In addition, although at this time we are responding to very broad recommendations, we urge that the implementing details be kept as straightforward as possible to minimize the risk of unintended consequences that comes with complexity.

RECOMMENDATIONS FOR REFORM

The FDIC has made five broad recommendations.

Merging BIF and SAIF

The Board strongly supports the FDIC's proposal to merge the Bank Insurance Fund (BIF) and Savings Association Insurance Fund (SAIF) funds. Because the charters and operations of banks and thrifts have become so similar, it makes no sense to continue the separate funds. Separate funds reflect the past, but neither the present nor the future. Equally important, the insurance products provided to the two sets of institutions are identical, and thus the premiums should be identical as well. Under current arrangements, the premiums could differ significantly if one of the funds fell below the designated reserve ratio of 1.25 percent of insured deposits and the other fund did not. Merging the funds would also diversify their risks and reduce administrative expenses.

Statutory Restrictions on Premiums

Current law requires the FDIC to impose higher premiums on riskier banks and thrifts but restricts its ability to impose any premium on well-capitalized and highly rated institutions whenever the corresponding fund's reserves exceed 1.25 percent of insured deposits. The Board strongly endorses the FDIC recommendations that would (1) require that a premium be imposed on every insured depository institution, no matter how well capitalized and well rated it may be or how high the fund's reserves, and (2) eliminate the statutory restrictions on risk-based pricing.

The current statutory requirement that free deposit insurance be provided to well-capitalized and well-rated banks when FDIC reserves exceed a predetermined ratio maximizes the subsidy provided to these institutions and is inconsistent with efforts to avoid inducing moral hazard. Put differently, the current rule requires the government to give away its valuable guarantee when fund reserves meet some ceiling level. This free guarantee is of value to banks and thrifts even when they themselves are in sound financial condition and when macroeconomic times are good. At the end of last year, 92 percent of banks and thrifts were paying no premium. Included in this group were banks that have never paid any premium for their, in some cases substantial, coverage and fast-growing entities whose past premiums were extraordinarily small relative to their current coverage. We believe that these anomalies were never intended by the framers of the Deposit Insurance Fund Act of 1996 and should be addressed by the Congress.

The Congress did intend that the FDIC impose risk-based premiums, but the 1996 act limits the ability of the FDIC to impose risk-based premiums on well-capitalized and well-rated banks. And these two variables—capital strength and examiner overall rating—do not capture all of the risk that banks and thrifts could create for the insurer. The Board believes the FDIC should be free to establish risk categories based on any well-researched economic variables and to impose premiums commensurate with these risk classifications. Although a robust risk-based premium system would be technically difficult to design, a closer link between insurance premiums and individual bank or thrift risk would reduce moral hazard and the distortions in resource allocation that accompany deposit insurance.

We note, however, that significant benefits in this regard are likely to require a substantial range of premiums but that the FDIC has concluded in its report that premiums for the riskiest banks would probably need to be capped in order to avoid inducing failure at these weaker institutions. We believe that capping premiums may end up costing the insurance fund more in the long run should these weak institutions fail anyway, with the delay increasing the ultimate cost of resolution. The Board has concluded, therefore, that if a cap is required, it should be set quite high so that risk-based premiums can be as effective as possible in deterring excessive risk-taking.

Designated Reserve Ratios and Premiums

The current law establishes a designated reserve ratio for BIF and SAIF of 1.25 percent. If that ratio is exceeded, the statute requires that premiums on well-capitalized and well-rated banks must be discontinued. If the ratio declines below 1.25 percent, the FDIC must develop a set of premiums to restore the reserve ratio to 1.25 percent; if it appears that the fund ratio cannot be restored to its statutorily designated level in twelve months, the law requires that a premium of *at least* 23 basis points be imposed on the *least* risky category of banks.

These requirements are clearly pro-cyclical, lowering or eliminating fees in good times when bank credit is readily available and fund reserves should be built up, and abruptly increasing fees sharply in times of weakness when bank credit availability is under pressure and fund resources are drawn down to cover the resolution of failed banks. The FDIC recommends that surcharges or rebates should be used to bring the fund back to the target reserve ratio gradually. The FDIC also recommends the possibility of a target *range* for the designated reserve ratio, over which the premiums may remain constant, rather than a fixed target reserve ratio and abruptly changing premiums.

We strongly support such increased flexibility and smoothing of premiums. Indeed, we recommend that the FDIC's suggested target reserve range be widened in order to reduce the need to change premiums sharply. Any floor or ceiling, regardless of its level, could result in requiring that premiums be increased at exactly the time when banks and thrifts could be under stress and, similarly, that premiums be reduced at the time that depositories are in the best position to fund an increase in reserves. Building a larger fund in good times and permitting it to decline when necessary are prerequisites to less variability in the premium. In addition to widening the range, the Board would recommend that the FDIC be given the latitude to temporarily relax floor or ceiling ratios on the basis of current and anticipated banking conditions and expected needs for resources to resolve failing institutions.

Rebates

Since its early days, the FDIC has rebated "excess" premiums whenever it felt its reserves were adequate. This procedure was replaced in the 1996 law by the requirement that no premium be imposed on well-capitalized and highly rated banks and thrifts when the fund reaches its designated reserve ratio. The FDIC proposals would re-impose a minimum premium on all banks and thrifts and a more risk-sensitive premium structure. These provisions would be coupled with rebates for the stronger entities when the fund approaches what we recommend be a higher upper end of a target range than the FDIC has suggested, and surcharges when the Fund trends below what we suggest be a lower end of a target range.

The FDIC also recommends that the rebates not be uniform for the stronger entities. Rather, the FDIC argues that rebates should be smaller for those banks that have paid premiums for only short periods or that have in the past paid premiums that are not commensurate with their present size and hence FDIC exposure.

The devil, of course, is in the details. But this latter proposal makes considerable sense, and the Board endorses it. There are over 900 banks—some now quite large—that have *never* paid a premium, and without this modification they would continue to pay virtually nothing, net of rebates, as long as their strong capital and high supervisory ratings were maintained. Such an approach is both competitively inequitable and contributes to moral hazard. It should be addressed.

Indexing Insured-Deposit Coverage Ceilings

The FDIC recommends that the current $100,000 ceiling on insured deposits be indexed. The Board does not support this recommendation and believes that, at this time, the current ceiling should be maintained.

In the Board's judgment, it is unlikely that increased coverage, even by indexing, today would add measurably to the stability of the banking system. Macroeconomic policy and other elements of the safety net, combined with the current, still-significant level of deposit insurance, continue to underpin the stability of the financial system. Thus, the problem that increased coverage is designed to solve must be related to either the individual depositor, the party originally intended to be protected by deposit insurance, or to the individual bank or thrift. Clearly, both groups would prefer higher coverage if there were no costs. But Congress needs to be clear about the problem for which increased coverage would be the solution.

Depositors

At the Federal Reserve, we frequently receive letters from banks urging that we support increased deposit insurance coverage. But we virtually never receive similar letters from depositors, who are not shy about sharing their many other concerns. This experience may reflect the fact that, as our surveys of consumer finances suggest, depositors are adept at achieving the level of deposit insurance coverage they desire by opening multiple accounts. Such spreading of asset holdings is perfectly consistent with the counsel always given to investors to diversify their assets—whether stocks, bonds, or mutual funds—across different issuers. The cost of diversifying for insured deposits is surely no greater than doing so for other assets. An individual bank would clearly prefer that the depositor maintain all of his or her funds at that bank and would prefer to eliminate the need for depositor diversification by being able to offer higher deposit insurance coverage. Nonetheless, the depositor appears to have no great difficulty—should he or she want insured deposits—in finding multiple sources of fully insured accounts.

In addition, the singular characteristic of postwar household financial asset holdings has been the increasing diversity of portfolio choices. The share of household financial assets in bank deposits has been declining steadily throughout the postwar period as households have taken advantage of innovations that make available to them attractive financial instruments with market rates of return. There has been no break in that trend that seems related to past increases in insurance ceilings. Indeed, the most dramatic substitution out of deposits in recent years has been from both insured and uninsured deposits to equities and mutual funds. It is difficult to believe that a change in ceilings during the 1990s would have made any measurable difference in that shift. In fact, bankers' comments and the data indicate that the weakness in stock prices in recent quarters has been marked by increased flows into bank and thrift deposits.

Depository Institutions

Does the problem to be solved by increased deposit insurance coverage concern the individual depository institution? If so, the problem would necessarily be concentrated at smaller banks that generally do not have access to the money market or foreign branch networks for supplementary funds. Since the mid-1990s, banks' U.S. assets have grown at an average annual rate of 7.7 percent. Adjusted for the effects of mergers, the smaller banks, those below the largest 1,000, have actually grown at a more rapid average annual rate of 13 percent. Uninsured deposits at these smaller banks have also grown more rapidly than at larger banks—at average annual rates of 20.5 percent at the small banks versus 10.9 percent at the large banks, both on the same merger-adjusted basis. Clearly, small banks have a demonstrated skill and ability to compete for uninsured deposits. To be sure, uninsured deposits are more expensive than insured deposits, and bank costs would decline if their currently uninsured liabilities received a government guarantee. But that is a different matter and raises the issue of a subsidy in its starkest terms. I might add that throughout the 1990s, small banks' return on equity was well maintained. Indeed, the attractiveness of banking is evidenced by the fact that 1,363 banks were chartered during the past decade, two-thirds since 1995, when bank credit demands began to intensify.

Some small banks argue that they need enhanced deposit insurance coverage to equalize their competition with large banks because depositors prefer to put their uninsured funds in an institution considered too big to fail. As I have noted, however, small banks have more than held their own in the market for uninsured deposits. In addition, the Board rejects the notion that any bank is too big to fail. In the Federal Deposit Insurance Corporation Improvement Act of 1991, the Congress made it clear that the systemic-risk exception to the FDIC's least-cost resolution of a failing bank should be invoked only under the most unusual circumstances. Moreover, the resolution rules under the systemic-risk exception do not require that uninsured depositors and other creditors, much less stockholders, be made whole. Consistent with this view, the market clearly believes that large institutions are not too big for uninsured creditors to take at least some loss, with spreads on their subordinated debt larger than those on similar debt of large and highly rated nonbank financial institutions. Indeed, there are no Aaa-rated U.S. banking organizations.

Another argument often raised by smaller banks regarding the need for increased deposit insurance coverage is their inability to match the competition from those large securities firms and bank holding companies with multiple bank affiliates, offering multiple insured accounts through one organization. While the Board believes that such offerings are a misuse of deposit insurance, raising the coverage limit for each account would also increase the aggregate amount of insurance coverage that large multibank organizations would be able to offer, so the disparity would remain.

Conclusion

The Board commends the FDIC for its review, analysis, and recommendations for reform of the deposit insurance system. There are several aspects of that system that need reform. The Board supports, with some modifications, all of the FDIC's recommendations except indexing of the current $100,000 ceiling. The thrust of our proposed modifications would call for a wider permissible range for the size of the fund relative to insured liabilities, reduced variation of the insurance premium as the relative size of the fund changes with banking and economic conditions, and a premium net of rebates.

There may come a time when the Board finds that households and businesses with modest resources are finding difficulty in placing their funds in safe vehicles or that there is reason to be concerned that the level of deposit coverage could endanger financial stability. Should either of those events occur, the Board would call our concerns to the attention of the Congress and support adjustments to the ceiling by indexing or other methods.

But today, in our judgment, neither financial stability, nor depositors, nor depositories are being disadvantaged by the current ceiling. Raising the ceiling now would extend the safety net, increase the government subsidy to banking, expand moral hazard, and reduce the incentive for market discipline, without providing any real public benefits. With no clear public benefit to increasing deposit insurance, the Board sees no reason to increase the scope of the safety net. Indeed, the Board believes the time has come to draw the line on expanding government guarantees. □

Discontinuation of "Testimony of Federal Reserve Officials" in the *Federal Reserve Bulletin*

"Testimony of Federal Reserve Officials" will not be reprinted in the *Federal Reserve Bulletin* after the December 2001 issue. When testimony is released to the public, it is simultaneously placed on the Board's web site (www.federalreserve.gov/boarddocs/testimony/), which also has testimony back to 1996. Paper copies of testimony are also available by mail from Publications Services, mail stop 127, Board of Governors of the Federal Reserve System, Washington, DC (tel. 202-452-3244).

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Other reprints will also be eliminated from the *Bulletin* after December 2001: the monthly report on industrial production and capacity utilization, the FOMC minutes, the quarterly report "Treasury and Federal Reserve Foreign Exchange Operations," by the Federal Reserve Bank of New York, and the annual report "Open Market Operations," also by the Federal Reserve Bank of New York (the text portion of "Open Market Operations" will be reprinted in the Board's *Annual Report* rather than in the *Bulletin*). The documents are widely distributed when originally published, and several sources for historical information are available.

Announcements

Vice Chairman Ferguson Sworn in to New Term on Board

Vice Chairman Roger W. Ferguson, Jr., on July 26, 2001, took the oath of office to a new term on the Board of Governors of the Federal Reserve System. The oath was administered in the presence of Dr. Ferguson's wife, Annette L. Nazareth, by Chairman Alan Greenspan in the Chairman's office.

President Bush nominated Dr. Ferguson on March 5, and the Senate confirmed him on July 19. He originally took office on November 5, 1997, as a member of the Board to fill an unexpired term. The new Board term expires January 31, 2014.

Separately, Dr. Ferguson was sworn in on October 5, 1999, to a four-year term as Vice Chairman that ends October 5, 2003.

Compliance Date Lifted for Consumer Electronic Disclosures

The Federal Reserve Board announced on August 3, 2001, the lifting of the October 1, 2001, mandatory compliance date for interim rules governing the electronic delivery of certain consumer disclosures.

On March 29, 2001, the Board published interim final rules on electronic disclosures and invited public comment. The rules establish uniform standards for the electronic delivery of federally mandated disclosures under five consumer protection regulations: B (Equal Credit Opportunity), E (Electronic Fund Transfers), M (Consumer Leasing), Z (Truth in Lending), and DD (Truth in Savings).

Financial institutions, creditors, lessors, and others may deliver disclosures electronically if they obtain consumers' consent in accordance with the requirements of the Electronic Signatures in Global and National Commerce Act (the "E-Sign Act"), enacted in June 2000.

Some commenters indicated that there are operational issues raised by the requirements of the interim rules. They also noted that the October 1, 2001, deadline does not afford financial institutions and others covered by the Board's consumer disclosure rules adequate time for making the needed changes.

Based on the comments, the Board is considering adjustments to the rules to provide additional flexibility. Therefore, the Board is lifting the October 1, 2001, compliance date for the interim rules. Once permanent final rules are issued, the Board expects to afford institutions a reasonable period of time to comply with those rules.

Advance Notice of Proposed Rulemaking Regarding the Community Reinvestment Act

Federal bank and thrift regulatory agencies announced on July 19, 2001, the approval of a joint interagency advance notice of proposed rulemaking (ANPR) regarding the Community Reinvestment Act (CRA). The CRA directs the agencies to assess a financial institution's record of meeting the credit needs of its entire community and to consider that record when acting on certain applications for deposit facilities. When the agencies revised the CRA regulations in 1995, they committed to review the regulations in 2002 to determine whether the revised regulations had met the goals of more objective, performance-based CRA evaluations.

The ANPR, published in the *Federal Register*, by the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the Federal Deposit Insurance Corporation initiates this review of the CRA regulations. Through the ANPR, the agencies invite comment on a number of key issues raised since 1995 by representatives of financial institutions, consumer and community groups, members of Congress, and the public. The agencies also request comment on other issues related to the CRA regulations, including whether any change to the regulations would be beneficial or is warranted, and what steps the agencies might take instead of, or in addition to, revising the regulations. Comments from the public must be received by October 17, 2001.

Spanish-Language Consumer Brochure on Bank Complaint Instructions

The Federal Reserve Board announced on August 7, 2001, that it has published a Spanish version of its brochure for consumers, *Cómo puede un consumidor presentar una queja acerca de un banco* (How to File a Consumer Complaint About a Bank).

The brochure covers the kinds of complaints the Federal Reserve System investigates and information needed from consumers to assist in an investigation. The brochure also provides information about major consumer protection laws and lists the other federal regulatory agencies and the types of financial institutions they supervise.

Single as well as multiple copies of the brochure are available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551, or phone 202-452-3245. The first 100 copies are free of charge.

The brochure is also available on the Board's web site at http://www.federalreserve.gov/pubs/complaints/spanish.htm.

Enforcement Action

The Federal Reserve Board announced on July 23, 2001, the issuance of a cease and desist order against Kenneth Goglia, a former managing director of the Bankers Trust Company, New York. □

Legal Developments

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Citigroup Inc.
New York, New York

Citigroup Holdings Company
Wilmington, Delaware

Citicorp
New York, New York

Order Approving Acquisition of a Bank

Citigroup Inc., Citigroup Holdings Company, and Citicorp, financial holding companies within the meaning of the Bank Holding Company Act ("BHC Act") (together, "Citigroup"), have applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire indirectly all the voting shares of European American Bank, Uniondale, New York ("EAB"). EAB is a wholly owned subsidiary of ABN AMRO, Amsterdam, The Netherlands. The proposed transaction is primarily a merger of EAB with and into Citibank, N.A., New York, New York ("Citibank NA"), a wholly owned subsidiary of Citigroup, with Citibank NA as the surviving entity.[1] As a merger of banks, the transaction is subject to review by the Office of the Comptroller of the Currency ("OCC") under the Bank Merger Act (12 U.S.C. § 1828(c)). The OCC has completed its review under that Act and has today approved the merger based on its review of essentially the same standards as the Board is required to review under the BHC Act.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (66 *Federal Register* 13,927 (2001)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

Citigroup, with total consolidated assets of $902.2 billion, is the largest commercial banking organization in the United States, controlling approximately 3.9 percent of the total assets of insured commercial banks in the United States, and is one of the largest commercial banking organizations in the world.[2] Citigroup operates the second largest depository organization in New York, with $53.6 billion in deposits, representing approximately 12.2 percent of total deposits in insured depository institutions in the state ("state deposits").[3] Citigroup also operates depository institutions in California, Connecticut, Delaware, Florida, Georgia, Illinois, Maryland, Nevada, New Jersey, South Dakota, Texas, Utah, Virginia, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

EAB operates only in New York and is the 11th largest depository institution in the state, with $10.9 billion in deposits, representing approximately 2.5 percent of state deposits. After consummation of the proposal, Citigroup would remain the second largest depository organization in New York, with $64.5 billion in deposits, representing approximately 14.6 percent of state deposits. Citigroup also would remain the largest commercial banking organization in the United States.[4]

Factors Governing Board Review of Bank Acquisition

The BHC Act sets forth the factors that the Board must consider when reviewing the formation of bank holding companies or the acquisition of banks. These factors are the competitive effects of the proposal in the relevant geographic markets; the convenience and needs of the community to be served, including the records of performance of the insured depository institutions involved in the transaction under the Community Reinvestment Act ("CRA");[5] the financial and managerial resources and future prospects of the companies and banks involved in the proposal; and the availability of information needed to determine and enforce compliance with the BHC Act and other applicable federal banking laws.[6]

The Board has considered these factors in light of a record that includes information provided by Citigroup, confidential supervisory and examination information, publicly reported financial and other information, and public comments submitted on the proposal.

1. Under the proposal, Citibank NA would acquire 100 percent of the voting shares of EAB for a moment in time and, immediately after acquiring the shares, merge EAB with and into Citibank NA.

2. Asset and U.S. ranking data are as of December 31, 2000.

3. In this context, depository institutions include commercial banks, savings banks, and savings associations. Deposit and state ranking data are as of June 30, 2000.

4. In connection with the proposed bank merger, EAB's branch in The Bahamas will be merged into Citibank NA's existing branch in The Bahamas.

5. 12 U.S.C. § 2901 *et seq.*

6. *See* 12 U.S.C. § 1842(c). The BHC Act requires review of additional factors in cases involving the acquisition of a bank by a foreign bank.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or be in furtherance of a monopoly. The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal in that banking market are clearly outweighed in the public interest by the probable effects of the proposal in meeting the convenience and needs of the community to be served.[7]

Citigroup and EAB compete directly in the Metropolitan New York/New Jersey banking market ("New York banking market").[8] The Board has reviewed carefully the competitive effects of the proposal in the New York banking market in light of all the facts of record, including the number of competitors that would remain in the market, the relative shares of total deposits in depository institutions in the market ("market deposits") controlled by Citigroup and EAB,[9] the concentration level of market deposits and the increase in this level as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines"),[10] and other characteristics of the market.

Citigroup operates the second largest depository organization in the New York banking market, controlling market deposits of $51.4 billion, representing approximately 11 percent of market deposits. EAB is the eighth largest depository organization in the market, with deposits of $10.9 billion, representing approximately 2.3 percent of market deposits. On consummation of the proposal, Citigroup would continue to operate the second largest depository organization in the market, controlling deposits of $62.3 billion, representing approximately 13.4 percent of market deposits. The HHI for the market would increase 52 points to 931. The New York banking market would remain unconcentrated after consummation of the proposal, with numerous competitors in the market.

The Department of Justice has reviewed the proposal and advised the Board that consummation of the proposal would not likely have any significantly adverse competitive effects in the New York banking market or any other relevant banking market. The OCC has reviewed the competitive factors as part of its analysis under the Bank Merger Act and has approved the transaction. The Federal Deposit Insurance Corporation ("FDIC") has been provided an opportunity to comment and has not objected to the proposal.

After carefully reviewing all the facts of record, and for the reasons discussed in this order, the Board concludes that consummation of the proposal would not likely result in a significantly adverse effect on competition or on the concentration of banking resources in the New York banking market or in any other relevant banking market.

Convenience and Needs Factor

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effect of the proposal on the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the CRA. The purpose of the CRA is to require the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of local communities in which they operate, consistent with safe and sound operation. Accordingly, the CRA requires the appropriate federal supervisory agency to take into account an institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansion proposals. The Board has carefully considered the convenience and needs and the CRA performance records of Citigroup's subsidiary depository institutions and EAB in light of all the facts of record, including comments received on the effect the proposal would have on the communities to be served by the combined bank.

A. Summary of Public Comments

Eleven commenters responded to the Board's request for public comment on this proposal. These commenters opposed the proposal, requested that the Board approve the proposal subject to conditions suggested by the commenter, or expressed concerns about the record of Citigroup in meeting the convenience and needs of the communities it serves.[11] The commenters generally criticized

7. *See* 12 U.S.C. § 1842(c).

8. The New York banking market is defined as New York City; Nassau, Orange, Putnam, Rockland, Suffolk, Sullivan, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, Warren, and a portion of Mercer Counties in New Jersey; Pike County in Pennsylvania; and portions of Fairfield and Litchfield Counties in Connecticut.

9. Market share data are as of June 30, 2000, adjusted to reflect mergers since that date, and are based on calculations that include the deposits of thrift institutions (savings banks and savings associations) weighted at 50 percent. The Board has indicated previously that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See, e.g., Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board regularly has included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

10. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market is considered unconcentrated if the post-merger HHI is below 1000. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

11. Several commenters requested that Citigroup provide certain commitments and answer certain questions, or that the Board impose specific conditions or take specific actions, particularly with respect to

Citigroup's record of home mortgage lending to LMI and minority residents and in LMI communities and communities with predominantly minority populations ("minority communities"). Some commenters asserted that Citigroup had low levels of home purchase mortgage lending to LMI or minority residents or in LMI or minority communities. Several commenters alleged or expressed concern that data submitted under the Home Mortgage Disclosure Act ("HMDA")[12] demonstrated that Citigroup engaged in disparate treatment of LMI or minority individuals in several areas in the United States, including New York, New York, and Los Angeles, Oakland, San Diego, and San Jose, California.[13] As discussed in more detail below, commenters criticized the lending and credit insurance practices of Citigroup's subprime lending subsidiaries, particularly those of Associates First Capital Corporation and its subsidiaries (collectively, "Associates").[14]

A commenter also criticized Citigroup's level of community development lending and investment activities in New York City as being too low, especially when compared with other banking institutions in the area. In addition, several commenters expressed concern that the proposal would result in branch closings that would adversely impact LMI and minority communities. A commenter also expressed concern about the possible termination or reduction of EAB's affordable housing and community development products and programs.

B. CRA Performance Examinations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisors.[15] Citibank NA, the lead depository institution of Citigroup, received a "satisfactory" rating at its most recent CRA performance examination by the OCC, as of October 26, 1998 ("1998 CRA Evaluation"). The other subsidiary depository institutions of Citigroup, with one exception discussed below, received "outstanding" or "satisfactory" ratings at their most recent CRA performance examinations.[16] EAB received a "satisfactory" rating from the Federal Reserve Bank of New York, as of October 2, 2000.

Associates National Bank (Delaware), Wilmington, Delaware ("Associates Delaware"), a limited-purpose bank that engages only in credit card operations and represents less than 1 percent of the consolidated assets of Citigroup, received a "needs to improve" rating from the OCC, as of May 30, 1997, before Citigroup acquired the bank as part of its acquisition of Associates in November 2000.[17] As

the subprime lending activities of Citigroup's affiliates. A commenter also criticized the CRA-related pledge that Travelers Group Inc. ("Travelers") and Citicorp made in connection with their merger in 1998 as being vague and ineffective. Another commenter alleged that Citigroup's senior management had declined requests for meetings with some community groups. The Board notes that the CRA requires that, in considering an acquisition proposal, the Board carefully review the actual performance records of the relevant depository institutions in helping to meet the credit needs of their communities. Neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to make pledges concerning future performance under the CRA, confer authority on the agencies to enforce pledges made to third parties, or require depository institutions to meet with particular persons. The Board also notes that future activities of Citigroup's subsidiary depository institutions will be reviewed by the appropriate federal supervisors in future performance examinations, and that their CRA performance records will be considered by the Board in any subsequent applications by Citigroup to acquire a depository institution.

12. 12 U.S.C. § 2801 *et seq.*

13. A commenter asserted that Citigroup has discriminated in providing homeowners insurance by citing a complaint that was filed against Travelers in 1997. The Board considered a substantially identical comment in the proposed acquisition of Citicorp by Travelers. *Travelers Group Inc.*, 84 *Federal Reserve Bulletin* 985, 1001 n.66 (1998) ("*Travelers*"). As noted in *Travelers*, the Fair Housing Council of Greater Washington and the National Fair Housing Alliance filed complaints with the Department of Housing and Urban Development ("HUD") in 1997, alleging that Travelers and other insurance companies systematically violated the Fair Housing Act in four cities, including Washington, D.C. Travelers denied the allegations of discrimination in these complaints, and there has been no adjudication of wrongdoing by HUD.

14. One commenter asserted that Citigroup should include in its CRA assessment areas those offices of Citigroup's subsidiaries engaged in the sale of insurance products where such products are cross-marketed with the bank products of Citigroup's subsidiary depository institutions. The regulations promulgated by the bank supervisory agencies require that a bank delineate its CRA assessment area based on the geographies in which the bank has offices, branches, and deposit-taking ATMs, as well as surrounding geographies in which the bank has originated or purchased a substantial portion of its loans. *See, e.g.*, 12 C.F.R. 228.41(c). There is no requirement that a bank's CRA assessment area include geographies in which nonbank affiliates are located.

15. *See Interagency Questions and Answers Regarding Community Reinvestment*, 65 *Federal Register* 25,088 and 25,107 (2000).

16. Citibank (New York State), Pittsford, New York ("Citibank NYS"), received an "outstanding" rating from the FDIC, as of March 6, 2000; Citibank Delaware, New Castle, Delaware, received a "satisfactory" rating from the FDIC, as of May 15, 2000; Citibank (Nevada), N.A., Las Vegas, Nevada ("Citibank Nevada"), received an "outstanding" rating from the OCC, as of March 29, 1999; Citibank (South Dakota), N.A., received an "outstanding" rating from the OCC, as of May 24, 1999; Citibank Federal Savings Bank, Long Island City, New York ("Citibank FSB"), received an "outstanding" rating from the Office of Thrift Supervision ("OTS"), as of July 12, 1999; Travelers Bank and Trust, fsb, Newark, Delaware, received an "outstanding" rating from the OTS, as of February 5, 2001; Universal Bank, N.A., Columbus, Georgia, received a "satisfactory" rating from the OCC, as of February 22, 1999; Citibank USA (formerly The Travelers Bank USA), Newark, Delaware, received an "outstanding" rating from the FDIC, as of March 15, 1999; Universal Financial Corporation, Salt Lake City, Utah, received a "satisfactory" rating from the FDIC, as of March 31, 1999; Associates Capital Bank, Inc., Salt Lake City, Utah, received an "outstanding" rating from the FDIC, as of September 27, 1999; and Hurley State Bank, Sioux Falls, South Dakota, received a "satisfactory" rating from the FDIC, as of April 19, 1999.

17. Several commenters asserted that the Board should deny the proposal on the basis of the "needs to improve" CRA rating of Associates Delaware. These commenters cited previous Board actions

discussed in more detail below, the Board has carefully reviewed the steps taken by Associates Delaware and those taken by Citigroup since it acquired the bank to correct the deficiencies noted in the examination and has consulted with the OCC, the appropriate federal supervisor of Associates Delaware. Examiners found no evidence of prohibited discrimination or other illegal credit practices, or any substantive violations of fair lending laws at any of the other subsidiary insured depository institutions of Citigroup or EAB.

As discussed in more detail below, the Board has carefully considered the fair lending policies and procedures of Citigroup and all its affiliates, including Associates Delaware.[18] The Board also has evaluated substantial information submitted by Citigroup concerning the CRA performance of its subsidiary insured depository institutions since the dates of their most recent CRA performance evaluations. In addition, the Board has consulted with the OCC and has considered confidential supervisory information regarding Citigroup's CRA performance provided by the OCC.

denying applications of bank holding companies with subsidiary banks with less than satisfactory CRA ratings. *See e.g., Totalbank Corporation of Florida*, 81 *Federal Reserve Bulletin* 876 (1995); *First Interstate BancSystem of Montana, Inc.*, 77 *Federal Reserve Bulletin* 1007 (1991). In these actions, the subsidiary banks with less than satisfactory CRA performance ratings were controlled by the applicants at the time the ratings were assigned and represented a significant portion of or all of the depository institutions controlled by the applicant. The Board has approved an application of a bank holding company that had a few subsidiary banks with less than satisfactory CRA ratings on the basis that the bank subsidiaries represented a small percentage of the organization's assets, the organization had taken concrete steps to address the banks' CRA deficiencies, and the problems did not indicate chronic CRA deficiencies at the organization. *Sun Trust Banks, Inc.*, 76 *Federal Reserve Bulletin* 542 (1990). In addition to representing less than 1 percent of Citigroup's consolidated assets, Associates Delaware received its "needs to improve" rating before it was acquired by Citigroup. Moreover, examiners stated in the CRA performance evaluation that the bank had completed a majority of the corrective actions that it had initiated to address examiner concerns identified during a fair lending examination of the bank that was conducted concurrently with the CRA examination. Examiners also noted that Associates Delaware was taking steps to strengthen policies, procedures, training programs, and internal assessment efforts to prevent illegal discriminatory credit practices.

18. A commenter disagreed with regulations promulgated by the Board that permit Citigroup, as a financial holding company (as defined in section 4 of the BHC Act), to continue to engage in expanded financial activities that are permissible for financial holding companies while Associates Delaware has a less than satisfactory CRA performance rating. As noted above, Associates Delaware received its CRA rating before its acquisition by Citigroup. Under the Board's regulations, Citigroup would become subject to activity restrictions if Associates Delaware does not receive at least a satisfactory rating at its next CRA examination. *See* Federal Reserve System, 66 *Federal Register* 400, 404 (2001). As required in the regulations, Citigroup submitted to the OCC a corrective action plan outlining the steps that are necessary for the bank to achieve at least a "satisfactory" rating at its next CRA examination. *See id.* at 402 and 416 (to be codified at 12 C.F.R. 225.82(d)).

C. CRA Performance Record of Citigroup

As noted above, Citigroup proposes to merge EAB into Citibank NA, with Citibank NA as the surviving entity. Accordingly, the branches and operations of EAB would become subject to the CRA policies of Citigroup and Citibank NA. Citigroup has represented that it would continue six of the major affordable mortgage programs of EAB and incorporate five of its other major affordable mortgage programs into existing programs of Citibank NA. In addition, Citigroup has represented that it would honor community development loan commitments made by EAB and pursue new community development loans that are currently under consideration by EAB.

Citibank NA. In the 1998 CRA Evaluation, examiners rated Citibank NA's lending activity as "high satisfactory" and found that the bank's community development activity substantially augmented its lending activity in the assessment areas in New York.[19] Examiners indicated that the overall record of lending of Citibank NA and, specifically, its home mortgage and small business lending were adequate for the size and complexity of the bank.[20] Citibank NA made \$2.6 billion in HMDA-reportable loans during the review period,[21] which included \$1.9 billion in home purchase loans, representing 71 percent of Citibank NA's total residential lending. Examiners commended Citibank NA for increasing the number of HMDA-reportable loans in the New York assessment area by more than 225 percent from October 1997 to October 1998.[22]

19. The assessment areas of Citibank NA in New York included the New York City Primary Metropolitan Statistical Area ("PMSA"), excluding Putnam County (the "New York City PMSA"), and the Nassau-Suffolk County, New York, PMSA (the "Long Island PMSA") (collectively, the "New York assessment area"). Examiners noted that the median cost of housing in the New York City PMSA was very high compared with median family incomes, particularly in Manhattan, the Bronx, and Brooklyn. Examiners indicated that only 5 percent of all owner-occupied units in the New York City PMSA were in low-income census tracts, resulting in a high demand for affordable rental housing. Examiners commended Citibank NA for responding to this demand with investments in city housing and community development funds.

20. Several commenters asserted that Citigroup's competitors, including EAB, have stronger lending records in the New York assessment area than Citigroup's record.

21. The review period was from October 4, 1996, to October 26, 1998. The HMDA data reviewed by examiners included data reported by Citibank NA and Citicorp Mortgage (renamed CitiMortgage), which became a subsidiary of Citibank NA during the review period.

22. Examiners attributed this increase to an increase in home improvement loans by Citibank NA. Citigroup has represented that the home improvement loans were made under a home improvement loan program it began in 1997. Several commenters criticized Citigroup for originating a large number of home improvement loans with low principal amounts, particularly in LMI and minority communities. In assessing the effects of this proposal on the convenience and needs of the communities to be served, the Board has carefully reviewed the entire record of lending of the institutions involved in the proposal. As discussed below, Citibank NA and Citigroup's other lending affiliates offer a broad range of mortgage and other lending products and programs. Neither the CRA nor the CRA regulations of the federal supervisory agencies dictate the types of loan products or the amount of loans a depository institution must provide.

Citigroup stated that, in 1999, Citibank NA and its affiliates, CitiMortgage, Inc. ("CitiMortgage") and Source One Mortgage Corporation ("Source One"), made home purchase loans totaling $544 million in the New York assessment area, including loans totaling $18 million in LMI census tracts and loans totaling $18 million to LMI households.[23] Citigroup reported that the overall home purchase lending of Citibank NA, CitiMortgage, and Source One increased to $847 million in the New York assessment area in 2000, including loans totaling $28 million to borrowers in LMI census tracts and loans totaling $21 million to LMI households.[24]

Citibank NA offers a variety of loan products and programs designed to meet the credit needs of LMI individuals and communities through reduced interest rates, low down payment requirements, or flexible underwriting criteria. These affordable mortgage products include proprietary loan products and various products and programs of the Federal National Mortgage Association ("FNMA"), the State of New York Mortgage Agency ("SONYMA"), and other organizations.[25] Citigroup reported that Citibank NA and CitiMortgage made loans in the New York assessment area totaling more than $100 million through these affordable mortgage products and programs in 1999 and 2000,[26] including more than $62 million in affordable mortgage loans in the New York assessment area under programs of FNMA, the Federal Home Loan Mortgage Corporation, SONYMA, the Neighborhood Housing Services, and the New York City Housing Partnership. Other examples of Citigroup's affordable mortgage programs include the Mitchell Lama and Limited Equity Co-Ops loan program, which provides reduced interest rate loans to LMI borrowers for the purchase of cooperatives, and the Budget and Credit Counseling program, which provides home purchase financing to individuals who have undergone a rigorous program to improve their credit rating. Citigroup represented that Citibank NA and CitiMortgage made approximately 450 loans totaling more than $22 million under these two programs during 1999 and 2000.

In the 1998 CRA Evaluation, examiners concluded that Citibank NA had a good distribution of business loans with a principal amount of less than $1 million ("small business loans") to businesses of different sizes, particularly to businesses with revenues of $1 million or less, in the New York assessment area during the review period. Examiners reported that Citibank NA made 41 percent of its small business loans in the New York City PMSA to businesses with revenues of $1 million or less.

Citigroup represented that more than 55 percent of Citibank NA's small business loans in the New York City PMSA were made to businesses with revenues of $1 million or less in each of 1999 and 2000. In addition, Citigroup stated that it offers various outreach programs designed to provide loans and other assistance to small businesses in the New York assessment area, including the CitiBusiness Resource Network, which provides business and consulting services to small businesses and refers small businesses to third parties that provide their services at reduced rates to businesses in the Network program.

In the 1998 CRA Evaluation, examiners found that Citibank NA engaged in a high level of community development lending activity during the review period through its affiliate, Citibank Community Development ("CCD"), which compared very favorably with that activity by other lenders. Examiners reported that CCD made community development loans totaling more than $200 million in the New York assessment area during the review period. Approximately 82 percent were community development loans in the New York City PMSA. Examiners noted that CCD's community development lending had resulted in the creation of more than 14,000 units of affordable housing for LMI individuals.

Citigroup stated that, since the 1998 CRA Evaluation, it has made more than 200 community development loans totaling more than $240 million in the New York assessment area.[27] This community development lending includes $15 million in loans to assist in the rehabilitation of more than 12,000 housing units in the Northeast Bronx, $14.3 million in loans to a community-based corporation organized for the development and management of five buildings in the Bronx for low-income individuals, and $43 million in loans to the New York Equity Fund, a syndicator of low-income housing tax credits in New York.

In the 1998 CRA Evaluation, examiners concluded that Citibank NA had an excellent level of CRA-qualified investments that compared favorably with other lenders and responded positively to community needs. Examiners favorably noted that Citibank NA made approximately $115 million in CRA-qualified investments during the review period, including investments totaling $88 million in the New York assessment area. Examiners also noted that

These commenters also asserted that Citigroup's reliance on home improvement loans with low principal amounts failed to meet projections Citicorp made in a July 1998 letter agreement with the New York State Banking Department ("NYSBD") in connection with the merger of Travelers and Citicorp. The Board notes that compliance with projections in an agreement made with the NYSBD is a matter within the exclusive jurisdiction of the NYSBD. The Board has consulted with the NYSBD on Citigroup's lending record in New York State. The Board also notes that the NYSBD and Citigroup have entered into a letter agreement, executed on June 25, that clarifies the projections and extends them for an additional three years.

23. Citigroup acquired Source One in 1999 and merged it into CitiMortgage, a subsidiary of Citibank NA, in 2000.

24. Citigroup represented that the home purchase lending data include originations and purchases, excluding interaffiliate loan purchases.

25. Citigroup represented that CitiMortgage has initiated a five-year program with FNMA under which CitiMortgage has committed to originate and FNMA has committed to purchase $12 billion in affordable mortgage loans nationwide through a number of affordable mortgage programs of Citigroup.

26. This amount included mortgage loans totaling $77 million in the New York City PMSA.

27. Citigroup represented that it consolidated most of its community development lending and investment activities into a separate affiliate, the National Center for Community Development Enterprise, in March 2000.

59 percent of these CRA-qualified investments in the New York assessment area promoted affordable housing. In addition, examiners commended Citibank NA for making $6.9 million in qualified grants and contributions during the review period.

Citigroup represented that it has made more than $200 million in CRA-qualified investments and $29 million in grants to organizations in New York State since the 1998 CRA Evaluation. These grants and investments were used to promote affordable housing, small businesses and economic development, and other community development projects.[28]

Examiners indicated that Citibank NA is a leader in the development and use of technology, and that the bank's branching and other alternative delivery systems provided good access to all customers, including those in LMI areas. Examiners commended the bank for providing community development services in all its assessment areas. In addition, examiners commended the bank for providing credit counseling, educational seminars, individual consultations, and other educational programs for prospective homebuyers and other retail customers.

Citibank FSB

Overview. As previously noted, Citibank FSB received an "outstanding" CRA performance rating from the OTS in its 1999 CRA performance evaluation ("1999 CRA Evaluation"). Examiners strongly commended the savings association for its lending performance in all its assessment areas during the review period.[29] Examiners reported that Citibank FSB made more than 25 percent of its total HMDA-reportable loans in its combined nationwide assessment areas in LMI census tracts during the review period. Examiners noted that this percentage exceeded the percentage of total owner-occupied housing units in LMI census tracts in its combined assessment areas and the percentage level of total HMDA-reportable loans made by the aggregate of lenders ("aggregate lenders") in these LMI census tracts in 1997.[30] Examiners also noted that Citibank FSB offered a variety of home mortgage products and programs designed to meet the needs of first-time homebuyers and LMI borrowers, including programs offering reduced closing costs and down payment requirements and flexible underwriting standards.

In addition, examiners commended Citibank FSB for the variety of small business loan programs it provided and noted that the geographic distribution of its small business lending in low-income areas was generally favorable. Examiners also indicated that the savings association ranked first in small business loan originations (based on dollar amount) among savings associations nationwide and 12th in small business lending among all banks and savings associations in its combined assessment areas.

In the 1999 CRA Evaluation, examiners determined that Citibank FSB's overall community development lending was excellent. The examiners favorably noted that the savings association engaged in a variety of community development lending activities, including multifamily home mortgage lending that provided housing for LMI families and lending to community development organizations that focused on affordable housing programs and the stabilization or revitalization of economically distressed areas. Citibank FSB originated community development loans totaling more than $365 million during the review period.

Examiners also commended Citibank FSB for its community development investment program, which focused on providing equity investments for affordable housing, improving liquidity in the market for affordable mortgages, and strengthening community development financial institutions. During the review period, Citibank FSB doubled the amount of its CRA-qualified investments to approximately $63 million. Examiners also commended the savings association for making almost $5 million in community development grants during the review period.

In addition, examiners commended Citibank FSB for offering an extensive number of alternative systems for delivering retail banking services in LMI areas. Examiners also indicated that Citibank FSB provided an exceptional level of community development services, including educational seminars for LMI individuals, first-time homebuyers, and small business owners.

California. In the 1999 CRA Evaluation, examiners indicated that Citibank FSB had a strong overall record of lending in California during the review period. Examiners also found that the savings association's HMDA-reportable loans to LMI borrowers showed strong increases each year during the review period. For example, the percentage of Citibank FSB's total number of HMDA-reportable loans to LMI borrowers almost tripled to 33 percent from the beginning of 1996 and through the first quarter of 1999.[31]

Examiners indicated that the geographic distribution of Citibank FSB's small business loans in low-income census tracts compared favorably with the number of small businesses in these census tracts. Examiners also noted that Citibank FSB offered a diverse array of products to address short- and long-term financing needs of small businesses in California. In addition, examiners commended the savings association for creating a pilot small business program called Capital Access that provided loans to creditworthy,

28. These grants were made through an affiliate, the Citigroup Foundation. Citigroup represented that the Citigroup Foundation had made $75 million in community development grants nationwide in the past two years.

29. At the time of the CRA performance evaluation, Citibank FSB had 20 assessment areas in California, Illinois, Florida, Maryland, Virginia, Connecticut, New Jersey, Texas, and the District of Columbia. The review period was from January 1, 1997, through March 31, 1999.

30. The lending data of the aggregate lenders represent the cumulative lending for all financial institutions that have reported HMDA data in a given market.

31. Examiners noted that the large increase in lending in LMI geographies from 1997 to 1998 resulted from the introduction of Citigroup's home improvement loan program, as discussed earlier in this order.

underserved small businesses, such as high technology businesses, growth businesses, export businesses, and businesses owned by minorities, women, and veterans. Examiners also noted that Citibank FSB actively promoted small businesses through workshops and seminars for small business owners, and that the savings association had an active Small Business Administration loan program in California.[32]

In the 1999 CRA Evaluation, examiners determined that Citibank FSB's community development loans in California, which totaled more than $63 million, represented an excellent volume of community development lending. Examiners also commended the savings association for making CRA-qualified investments totaling more than $21 million during the review period.

In addition, examiners noted favorably that Citibank FSB delivered retail banking services throughout its assessment areas in California through its branch network, a large network of ATMs, and the alternative delivery systems discussed above. Examiners also indicated that Citibank FSB offered a wide range of deposit and loan products at all its branches, including a low-cost checking account.[33]

D. CRA Performance Record of EAB

As noted above, EAB received a "satisfactory" rating for CRA performance from the Federal Reserve Bank of New York, as of October 2, 2000. Examiners rated EAB's performance under the lending test during the review period[34] as "high satisfactory," and commended EAB's loan volume and general responsiveness to the credit needs in the bank's assessment areas. For example, examiners found that EAB and its mortgage lending affiliate (collectively, "EAB") originated or purchased HMDA-reportable loans totaling approximately $1.3 billion during the review period.

In addition, examiners noted that EAB's overall geographic distribution of its housing-related and small business loans reflected good loan penetration throughout the LMI census tracts of its assessment areas, and they commended the bank's distribution of lending to customers of different income levels.[35] In particular, examiners commended EAB's geographic distribution of multifamily loans, which enhanced the distribution of the bank's other HMDA-reportable loans. Examiners found that the impact of EAB's multifamily loans was most important in its New York City assessment area, where examiners indicated that 69 percent of occupied housing units were rentals.

Examiners reported that EAB's small business loans reflected a good distribution among various income-level geographies. In its New York City assessment area, the bank originated 27 percent of its small business loans in LMI census tracts during the review period. This exceeded the percentage level achieved by the aggregate lenders, which originated an average of 25 percent of their loans in LMI census tracts. Eleven percent of EAB's small business loans in the Long Island PMSA were originated in LMI census tracts during the review period, which was only slightly less than the percentage level of the aggregate lenders. Examiners also noted that the majority of EAB's small business loans in its assessment areas were for amounts of $100,000 or less.

In addition, examiners commended EAB for its excellent level of community development lending. During the review period, the bank's community development loan commitments totaled $241 million, of which $135 million was for affordable housing initiatives, which examiners identified as a pressing need in both of the bank's assessment areas. In the New York City assessment area, $110 million of EAB's community development loans were directed toward affordable rental housing initiatives. Examiners noted that EAB's community development lending in the Long Island PMSA provided for the construction or rehabilitation of almost 300 affordable housing units, including some designed for the developmentally disabled and senior citizens.

Examiners rated EAB's performance under the investment test as "high satisfactory." Examiners reported that EAB's CRA- qualified investments during the review period totaled $10.5 million, consisting primarily of complex low-income housing tax credits that help provide affordable rental housing. EAB's investments included $6 million directed toward affordable housing initiatives, $3.3 million directed toward community service investments, and $1.2 million directed toward economic development initiatives.

E. Subprime Lending of Citigroup

As discussed above, several commenters criticized the lending and credit insurance practices of Citigroup's subprime lending subsidiaries, particularly those of Associates, which Citigroup acquired in November 2000. The commenters asserted that these entities are engaged in certain abusive lending practices, commonly referred to as "predatory lending," that are harmful to LMI and minority borrowers.[36] Several commenters requested that the Board

32. One commenter criticized Citibank FSB for developing a small business loan product in California that has a minimum loan amount of $100,000. The commenter asserted that this minimum prevents many small businesses owned by minorities and persons living in LMI areas from qualifying for loans under the program. In the 1999 CRA Evaluation, examiners reported that Citibank FSB made almost $135 million of loans with principal amounts of $100,000 or less during the review period, which represented almost 30 percent of the savings association's total dollar amount of small business lending.

33. One commenter asserted that Citibank FSB had eliminated low-cost deposit products designed to meet the needs of LMI consumers.

34. The review period was from January 1, 1998, through December 31, 1999.

35. The assessment areas of EAB included (i) the Long Island PMSA and (ii) a portion of the New York City PMSA that includes Bronx, Kings, New York, Queens, and Richmond Counties ("New York City assessment area").

36. Commenters asserted that Associates engages in abusive marketing and sales practices that include misleading customers about key

deny the application in light of the recent lawsuit filed by the Federal Trade Commission ("FTC") against Associates and Citigroup, as the successor owner of Associates, or delay action on the proposal until this lawsuit and other consumer lawsuits concerning the lending and credit insurance sales activities of Associates and Citigroup are resolved.[37] The consumer protection claims in the FTC's lawsuit allege that Associates, before its acquisition by Citigroup in November 2000, engaged in abusive lending practices and lending law violations. There has been no adjudication of wrongdoing or injunctive action taken against Citigroup or any of its affiliates in connection with the FTC lawsuit.

Some commenters also asserted that Citigroup's other subprime lender affiliates, such as CitiFinancial Credit Company ("CitiFinancial"), engage in many of the same lending practices as Associates.[38] Commenters asserted that Citigroup has failed to correct these practices at Associates, CitiFinancial, and its other subprime lender affiliates.[39] Some commenters also contended, based in part on HMDA data, that Citigroup improperly markets higher-cost subprime loan products to minority and LMI communities while it markets lower-cost prime loan products to nonminority and more affluent communities.[40] In addition, several commenters alleged that Citigroup has indirectly supported predatory lending through its business relationships with unaffiliated third parties engaged in subprime lending.[41]

The Board notes that subprime lending is a permissible activity and provides needed credit to consumers who have difficulty meeting conventional underwriting criteria. An analysis of urban metropolitan data submitted under HMDA indicates that LMI and minority consumers, who traditionally have experienced difficulty in obtaining mortgage credit, have obtained loans at record levels in recent years.[42] Much of this increased lending can be attributed to the development of the subprime loan market.

The Board recognizes that the development of the subprime loan market has been marred with reports of abusive and deceptive practices that can deny the market's beneficial aspects to borrowers. Identifying the lending practices that can be considered "predatory" covers a potentially broad range of behavior and does not lend itself to a concise or comprehensive definition. Predatory lending generally entails either fraud or the misuse of loan provisions that might under ordinary circumstances enhance the credit market. A loan is not "predatory" simply

terms of a loan, such as the cost of credit insurance associated with the loan and the effect of balloon payments, and coercing customers to refinance loans that result in high points (interest paid at settlement) and other refinance charges. Commenters also asserted that Associates maintains aggressive foreclosure policies. Several commenters requested that the Board conduct fair lending examinations of all Citigroup's nonbanking subsidiaries that engage in subprime lending before it acts on the proposal.

37. Several commenters asserted that the Board should deny Citigroup's proposal, citing the Board's earlier denial of an application of Shawmut National Corporation ("Shawmut National") to acquire a bank while Shawmut National's past mortgage lending operations were under investigation by the Department of Justice. *See Shawmut National Corporation*, 80 *Federal Reserve Bulletin* 47 (1994) ("*Shawmut*"). Unlike the facts in *Shawmut*, where the mortgage subsidiary under investigation was controlled by Shawmut National at all relevant times, the activities at issue in the pending FTC lawsuit involving Associates relate solely to the operations of Associates' affiliates before their acquisition by Citigroup. As noted below, the Board will monitor Citigroup's progress in addressing any adverse findings resulting from the FTC lawsuit or any other litigation.

38. For example, a commenter asserted that CitiFinancial has aggressive foreclosure policies. Commenters also noted that the lending and insurance practices of Associates, CitiFinancial, and Citigroup's Primerica Financial Services have resulted in several pending judicial proceedings in addition to the FTC litigation involving Associates and are the subject of consumer complaints filed with several state and federal supervisory authorities. There has been no adjudication of wrongdoing by any Citigroup affiliate in these matters.

39. Several commenters also asserted that the management of Citigroup has failed to take an appropriate leadership role in addressing predatory lending problems in the subprime lending market and has lobbied against some state and municipal legislative efforts to address predatory lending.

40. A commenter also asserted that the CRA is undermined when large financial holding companies without a significant presence in rural communities, such as Citigroup, acquire subprime lenders with a significant presence in rural communities, such as Associates.

41. Several commenters alleged that Citigroup has indirectly supported predatory lending by a number of unaffiliated consumer lenders through the warehouse lending and securitization activities of its subsidiary, Salomon Smith Barney, Inc., New York, New York ("SSB"). Citigroup indicated that SSB engages in underwriting securities backed by subprime mortgage loans and provides warehouse loans to some of its mortgage banking customers for which it underwrites securities. In addition, Citigroup represented that a company Citigroup acquired in December 2000 in connection with its acquisition of Associates, First Collateral Services ("FCS"), engages in traditional mortgage warehouse lending to consumer lenders, including some engaged in subprime lending.

The Board has considered all the facts of record, including the actions taken by SSB and FCS in connection with their relationships with unaffiliated consumer lenders. Citigroup stated that SSB does not control the origination of subprime loans from its unaffiliated mortgage banking customers, but that it reviews each lender's policies and procedures and sets eligibility criteria for the loans it will finance through its warehouse lending and securitization arrangements. In addition, SSB reviews a sample of any loan pool to be securitized and hires an outside firm to review the loans in the pool for compliance with consumer protection laws and its loan eligibility criteria before making any warehouse loan advance. Citigroup represented that FCS does not have a role (formal or otherwise) in the lending practices and credit review processes of its warehouse finance customers, and that as part of its agreements with customers, FCS requires its warehouse finance customers to comply with all applicable federal and state laws in their origination and servicing of mortgage loans. Moreover, the Board notes that the FTC, HUD, and Department of Justice have responsibility for enforcing the compliance with fair lending laws of nondepository institutions.

42. *See* Federal Financial Institutions Examination Council, *Nationwide Summary Statistics for 1999 Home Mortgage Disclosure Act Data* (August 2000) at Table 5. The HMDA data indicate that, between 1993 and 1999, the number of conventional home purchase loans made in census tracts with minorities as a percentage of population of between 50 and 79 percent increased 91.7 percent, and the number of such loans made in census tracts with minorities as a percentage of population of between 80 and 100 percent increased 100.7 percent. The data also indicate that the number of HMDA loans made in LMI census tracts increased 97.9 percent during the same period.

because it is made at a high interest rate or involves high costs.[43]

Borrowers do not benefit from expanded access to credit if the credit involves abusive lending practices. Accordingly, the Board expects bank holding companies and their affiliates to conduct their subprime lending operations free of any abusive lending practices.

In reviewing the convenience and needs factor in this proposal, the Board has carefully considered the record of lending of Citigroup's affiliates, including those engaged in subprime lending, in light of all the comments received. The Board has reviewed the subprime loan products offered by Citigroup and the underwriting and compliance policies and procedures adopted by Citigroup and each of its subprime lending affiliates. The Board also has carefully reviewed the actions Citigroup has taken and is in the process of implementing to address concerns about the lending practices of Associates before its acquisition and to strengthen consumer protections in connection with the real estate-secured lending activities of CitiFinancial, CitiMortgage, and Citigroup's other affiliates that engage in subprime lending.[44] In addition, the Board has consulted with each federal supervisory agency responsible for the oversight of Citigroup's subprime lending affiliates.

In January 2001, the network of retail branches of Associates were transferred to CitiFinancial and the former Associates consumer finance businesses in the United States and Canada became subject to the underwriting and compliance policies, procedures, and programs of Citigroup and CitiFinancial.[45] CitiFinancial and Citigroup's other subsidiaries that engage in subprime lending have underwriting policies and procedures designed to prevent abusive lending practices, which include requiring all real estate-secured loan applications to be evaluated on an applicant's creditworthiness and ability to repay, using credit bureau scoring and proprietary models, and limiting points charged on certain refinanced loans. In addition, the subprime lending affiliates of Citigroup have adopted a number of programs and other policies and procedures, including centralized loan underwriting systems, fair lending self-assessments (including matched-pair analyses), branch and corporate audits, and fair lending and compliance training, that are designed to prevent deceptive and abusive lending practices.

The Board notes that many of the concerns expressed by commenters about the subprime lending activities of Citigroup focus on the historical practices of Associates, which Citigroup acquired in November 2000. In connection with its proposed acquisition of Associates, Citigroup announced in November 2000 consumer protection initiatives that are in the process of being implemented at CitiFinancial (including the former branches of Associates) and certain other affiliates.[46] These initiatives relate to loans secured by real estate in the United States and include enhancing oral and written disclosures to purchasers of credit insurance products concerning the cost, coverage, terms, and cancellation policies of the insurance products offered.[47] In addition, Citigroup affiliates that engage in subprime lending will not originate subprime real estate loans with balloon payments and will not originate or purchase real estate loans with negative amortization features.[48] The initiatives also include plans for a "referral-up" program to be implemented nationwide by the end of 2001 that will refer CitiFinancial loan applicants who meet certain qualification criteria to CitiMortgage for a prime mortgage loan. In addition, Citigroup is implementing a program at CitiFinancial to provide rate reductions to subprime loan borrowers who make timely payments and a graduation program at CitiFinancial and CitiFinancial Mortgage (AHES) that refers qualifying borrowers who have CitiFinancial subprime loans to CitiMortgage for a prime loan product.[49] As part of the initiatives, CitiFinancial also has created a compliance department that reviews pending and potential foreclosures to protect against inappropriate foreclosure proceedings against the borrowers' homes.[50]

43. *See* 65 *Federal Register* 81,438 (2000) (proposed rule amending the Board's Regulation Z that implements the Home Ownership and Equity Protection Act).

44. CitiMortgage's lending activities include the subprime lending operations that comprised a small portion of Source One's mortgage loan business.

45. The legal entities through which the Associates' branches operated continue to exist and hold loans that were originated before the transfer of the branches to CitiFinancial. The former Associates Home Equity Services, now CitiFinancial Mortgage (AHES), engages in indirect, real estate-secured lending through brokers and correspondents and will continue to operate. The continuing Associates entities currently are operating and will continue to operate under Citigroup's lending and compliance policies and procedures.

46. Several commenters challenged the adequacy of these initiatives and expressed concern that Citigroup would not implement them effectively.

47. Currently, CitiFinancial customers have the choice of purchasing single premium credit life insurance, which is financed as part of the total loan amount, or no credit life insurance. Citigroup represented that CitiFinancial is in the process of obtaining the appropriate state insurance licenses so that it may offer nationwide credit life insurance with a premium paid monthly by the borrower. In addition, Citigroup represented that it will discontinue the sale of single premium credit insurance for all real estate-secured loans by the end of 2001.

48. Citigroup has represented that, in the case of purchased or existing subprime loans in Citigroup's portfolio, borrowers with balloon payments coming due will be given the option to refinance the loan in lieu of making the balloon payment.

49. Citigroup represented that qualifying subprime borrowers of CitiFinancial will not be required to pay prepayment penalties for refinancing their loans with CitiFinancial or any other Citigroup affiliate.

50. In addition, the initiatives being implemented include

(i) Giving subprime loan borrowers a choice of paying a higher interest rate loan in exchange for the elimination of a prepayment penalty fee;

(ii) Limiting prepayment fees to the lesser of three years after a loan is made or the maximum term mandated by state law;

(iii) Establishing toll-free "hotlines" for customers to seek redress for complaints and problems concerning their loans;

(iv) Implementing a "mystery shopper" program at CitiFinancial branches (including former Associates branches) adminis-

Citigroup has adopted comprehensive policies and procedures that are reasonably designed to ensure compliance with the fair lending laws and to prevent abusive lending practices by its holding company affiliates. At the same time, the Board believes that the effective implementation of the initiatives and other consumer protection measures proposed or adopted by Citigroup is particularly important for addressing weaknesses in the historical performance record of Associates' subprime lending. Accordingly, the Board will conduct a thorough examination to assess the effectiveness of that implementation at Citigroup's subprime affiliates, CitiFinancial and CitiFinancial Mortgage (AHES).

To assist the Board in this monitoring and review, Citigroup must submit to the Board quarterly reports on the status of all major litigation involving any of its affiliates engaged in subprime lending activities and Citigroup's compliance with any resulting court orders or court-approved settlements. Citigroup must submit these quarterly reports for two years, or such longer time period as the Board in its sole discretion determines is needed, beginning on September 30, 2001.

If the examination of CitiFinancial or CitiFinancial Mortgage (AHES), including the monitoring of the implementation of the initiatives, indicates a problem with the oversight, procedures, or practices associated with the subprime lending of CitiFinancial or CitiFinancial Mortgage (AHES), the Board has broad supervisory authority under the banking laws to require Citigroup to take any other steps necessary to address deficiencies identified in the examination. The Board will coordinate its examination and monitoring with the other agencies responsible for enforcing laws that are applicable to these matters, including the appropriate banking supervisory agencies. The Board also will consider any information gathered in these reports or the examination in reviewing future proposals by Citigroup, as relevant and appropriate.

F. HMDA Data

The Board also has carefully considered Citigroup's lending record in light of comments on HMDA data reported by its subsidiaries.[51] In 1998 and 1999, Citigroup's lending to African-American and Hispanic individuals and to borrowers in minority census tracts,[52] as a percentage of its total HMDA-reportable lending (which includes home purchase, home improvement, and multifamily residential loans and refinancings), generally exceeded or was comparable to that of the aggregate lenders in many markets.[53] In addition, in 1998 and 1999, Citigroup's lending to LMI borrowers and in LMI census tracts in its assessment areas, as a percentage of the number of Citigroup's total HMDA-reportable loans, generally exceeded or was comparable to that of the aggregate lenders.

The HMDA data for the subcategory of home purchase loans, however, indicate some disparities. The percentages of Citigroup's home purchase loans originated to minorities and to borrowers in minority census tracts in 1998 and 1999 were less than the percentages of the aggregate lenders in several markets. For instance, the number of Citigroup's home purchase loans originated to African-American and Hispanic individuals and to borrowers in minority census tracts, as a percentage of Citigroup's total home purchase loan originations, in the PMSAs of New York City and Los Angeles in 1998 and 1999 generally lagged behind the percentage for the aggregate lenders. The data, however, generally show that Citigroup's home purchase lending to these individuals and communities significantly improved during this time period and substantially exceeded the percentage increases of the aggregate lenders.

Citigroup's percentage of home purchase loans originated to LMI borrowers and in LMI census tracts in 1998 and 1999 also generally were lower than the percentages of the aggregate lenders in many markets. However, the data also show that Citigroup's volume of home purchase loans

tered by a third party to help ensure that compliance procedures are followed;

(v) Providing updated training on compliance (including fair lending) for all consumer finance employees;

(vi) Strengthening compliance by and oversight of loan brokers;

(vii) Enhancing fair lending self-evaluations in consultation with outside counsel;

(viii) Prohibiting refinancing of certain below-market rate loans by nonprofit organizations and certain other programs within a specified timeframe;

(ix) Implementing additional limits on points charged on the refinancing by CitiFinancial of some of its loans;

(x) Enhancing disclosures regarding refinancing; and

(xi) Evaluating CitiFinancial's policies and procedures to prevent "loan flipping" (*e.g.*, repeated refinancing of a loan to charge high points or fees) and implementing additional appropriate safeguards.

51. Based on 1999 and 2000 HMDA data, commenters criticized Citigroup's record of home mortgage lending to African-American or Hispanic individuals in the following PMSAs and Metropolitan Statistical Areas ("MSAs"): New York City, Long Island, Buffalo, and Rochester, New York; Chicago, Illinois; Los Angeles, Oakland, San Diego, and San Jose, California; Washington, D.C.; Philadelphia, Pennsylvania; Newark, New Jersey; Memphis, Tennessee; St. Louis, Missouri; Tampa, Florida; Wilmington, Delaware; Phoenix, Arizona; Milwaukee, Wisconsin; and Salt Lake City, Utah. Commenters also criticized Citigroup's record of home mortgage lending to LMI individuals, based on 1999 and 2000 HMDA data, in the following MSAs: Los Angeles, San Diego, and San Jose, California; Sioux Falls, South Dakota; and Salt Lake City, Utah.

52. For purposes of this HMDA analysis, minority census tract means a census tract with a minority population of 80 percent or more, and Citigroup includes Citibank NA, Citibank NYS, Citibank FSB, CitiMortgage, and Source One. As previously noted, in 2000, Source One was merged into CitiMortgage through which it reported its 2000 HMDA data. The data reviewed in this analysis do not include loans purchased by Citigroup.

53. For example, the percentages of Citigroup's home purchase loans originated to borrowers in minority census tracts in the PMSAs of Los Angeles and Oakland, California, in 2000, exceeded the percentages achieved by the aggregate lenders in 1999. In the New York City PMSA, Citigroup's percentage of home refinance loans originated to Hispanics in 2000 exceeded that of the aggregate lenders in 1999.

to LMI borrowers and in LMI census tracts generally increased during this time period.[54]

Importantly, the HMDA data generally do not indicate that Citigroup is excluding any race or income segment of the population or geographic areas on a prohibited basis. The data, however, reflect certain disparities in the rates of loan applications, originations, and denials among members of different racial groups and persons at different income levels generally and in certain local areas. The Board is concerned when the record of an institution indicates disparities in lending and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of their race or income level. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.[55] HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has not assisted adequately in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including examination reports that provide an on-site evaluation of compliance by the subsidiary depository institutions of Citigroup with fair lending laws. As noted above, examiners found no evidence of prohibited discrimination or other illegal credit practices at any of the subsidiary depository institutions controlled by Citigroup.[56] The record also indicates that Citigroup has taken a number of affirmative steps to ensure compliance with fair lending laws. Citigroup has instituted corporate-wide compliance policies and procedures to help ensure compliance with all fair lending and other consumer protection laws and regulations, employed compliance officers and staff charged with monitoring compliance, and conducted regular corporate and branch audits of compliance. Citigroup's housing-related lending subsidiaries have established detailed fair lending procedures in addition to Citigroup's corporate policies and procedures, including extensive fair lending training programs for employees and fair lending self-assessments using matched-pair testing and statistical analyses. CitiMortgage and CitiFinancial also have implemented a "mystery shopping" program administered by a third party to help verify that compliance procedures are followed.

The Board also has considered the HMDA data in light of Citigroup's overall lending and community development activities discussed above, which show that Citigroup's subsidiary banks significantly assist in helping to meet the credit needs of their entire communities, including LMI areas.[57] The Board does not believe that, viewed in light of the entire record, the HMDA data indicate that Citigroup's record of performance in helping to serve the needs of its communities is inconsistent with approval of the proposal.

G. Branch Closings

Several commenters expressed concern about the possible effect of branch closings in Citigroup's New York assessment areas that might result from this proposal. The Board has carefully considered the comments concerning potential branch closings in light of all the facts of record, including the preliminary branch closing and consolidation information submitted by Citigroup, the branch closing policies of Citigroup and EAB, and the record of the two organizations in opening and closing branches. Citigroup has identified 24 branches, including nine EAB branches in supermarkets, that it intends to close or consolidate into nearby branches. None of the 24 branches proposed to be consolidated or closed is in a low-income census tract, and only three are in moderate-income census tracts. These three branches are on Long Island, and an existing branch of Citibank NA or EAB within relatively close proximity to each branch would remain to serve each branch's moderate-income community.[58]

Citigroup has represented that it would follow its existing branch closure policy before closing or consolidating any of the branches. The Board has carefully considered

54. The HMDA data indicate that, in the subcategory of home improvement loans, Citigroup's volume of lending to LMI borrowers and in LMI census tracts declined from 1998 through 2000.

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

56. As noted above, Associates Delaware received a "needs to improve" rating in its most recent CRA performance evaluation. This rating was received before Citigroup acquired control of Associates. Examiners stated that the bank initiated corrective actions to address the examiner criticisms, and that a majority of these actions were completed during the fair lending examination. Examiners also noted that additional steps were being taken to strengthen policies, procedures, training programs, and internal assessment efforts to prevent illegal discriminatory credit practices. Citigroup reported that it has strengthened the compliance processes at Associates Delaware since acquiring control of the bank in November 2000, and that it has increased compliance staff and expanded internal audit and control procedures. Citigroup also noted that all new employees receive fair lending training as part of their orientation, and that fair lending training recertification is conducted for all employees who received fair lending training in the past.

57. Two commenters alleged that some of Citigroup's lending subsidiaries have violated HMDA reporting requirements. These allegations have been forwarded to HUD. A commenter also alleged a pre-screening and reporting violation by Citibank NA under the Equal Credit Opportunity Act (15 U.S.C. § 1691 *et seq.*). The OCC, the appropriate federal supervisor for Citibank NA, has been informed of this allegation.

58. Remaining branches of Citibank NA or EAB would be located less than one-half mile from two of these branches and less than 1 ½ miles from the third branch.

the branch closing policy of Citigroup and its record of opening and closing branches. Under Citigroup's branch closing policy, Citibank must review a number of factors before closing or consolidating a branch, including a profile of the branch, the marketplace demographics, a profile of the community in which the branch is located, and the effect on customers. Also, Citibank's CRA Director and legal/regulatory staff must approve any branch closing, consolidation, or relocation. Examiners have reviewed the branch closing policies and record of opening and closing branches of Citigroup's subsidiary banks under the branch closing policy on several occasions.[59] In the 1998 CRA Evaluation, examiners noted that Citibank NA had not closed any branches in LMI census tracts during the evaluation period. Citigroup represented that, since September 1998, Citibank NA has not closed or consolidated any branches in LMI census tracts.[60]

The Board also has considered that federal banking law provides a specific mechanism for addressing branch closings. Federal law requires an insured depository institution to provide notice to the public and to the appropriate federal supervisory agency before closing a branch.[61] In addition, the Board notes that the OCC, as the appropriate federal supervisor of Citibank NA, will continue to review Citibank NA's branch closing record in the course of conducting CRA performance examinations.

H. Conclusion on Convenience and Needs Consideration

In reviewing the effect of the proposal on the convenience and needs of the communities to be served, the Board has carefully considered the entire record; all the information provided by commenters, Citigroup, and EAB; evaluations of the performance of Citigroup's insured depository institution subsidiaries and EAB under the CRA; and confidential supervisory information.

Based on all the facts of record and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of the relevant depository institutions, are consistent with approval of the proposal.

Financial and Managerial Considerations

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal and certain other supervisory factors. The Board has carefully considered these factors in light of all the facts of record, including public comments, supervisory reports of examination, other confidential supervisory information assessing the financial and managerial resources of the organizations, and other information provided by Citigroup.

In evaluating financial factors in expansion proposals by banking organizations, the Board consistently has considered capital adequacy to be especially important. The proposed acquisition is structured as a cash purchase of EAB's common stock and an exchange of preferred shares. Citigroup would not directly or indirectly incur any debt to finance the proposed transaction. The Board notes that Citigroup and its subsidiary depository institutions and EAB are well capitalized and would remain well capitalized on consummation of the proposal.

The Board also has considered the managerial resources of Citigroup and EAB, the examination reports of the federal financial supervisory agencies that supervise these organizations, including Citigroup's subsidiary depository institutions, and other confidential supervisory information. In addition, the Board has consulted with these federal financial supervisory agencies.

The Board received several comments on the proposal criticizing the managerial resources of Citigroup and its subsidiaries. Several commenters asserted that Citigroup's management has failed to implement effective policies and programs to address alleged abusive sales and lending practices of Citigroup's subsidiaries, including those engaged in subprime lending and insurance activities. These commenters asserted that adverse managerial resources are evidenced by the pending FTC lawsuit against Associates and Citigroup, as its successor owner, and by consumer lawsuits and complaints filed against Associates and other Citigroup affiliates.[62]

After reviewing all the facts of record, the Board concludes that Citigroup and its subsidiary depository institutions and EAB are well managed and have appropriate risk management systems in place.[63] In reaching this conclu-

59. Two commenters also alleged that Citigroup has closed branches in LMI and predominantly minority communities in the past, citing press reports in 1996. The Board considered substantially identical comments when it approved the acquisition of Citicorp by Travelers in 1998. As noted in *Travelers*, the appropriate federal and state financial supervisors of the relevant subsidiary banks, Citibank NA and Citibank NYS, stated in CRA examination reports that the branch closures and consolidations in question had not negatively affected the accessibility of banking services in the banks' New York assessment areas, including LMI communities. *See* 84 *Federal Reserve Bulletin* at 999, 1000.

60. Citigroup reported that, since September 1998, Citibank NA has relocated one branch from an upper-income to a lower-income census tract and relocated a second branch within a moderate- income census tract.

61. Section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1), as implemented by the Joint Policy Statement Regarding Branch Closings (64 *Federal Register* 34,844 (1999)), requires that a bank provide the public with at least 30-days' notice and the appropriate federal supervisory agency with at least 90-days' notice before the date of the proposed branch closing. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

62. A commenter also expressed concern that Citigroup conducted an inadequate due diligence review when it acquired Associates. The commenter further alleged, based on press reports, that SSB improperly provided advice to an unaffiliated bank holding company on a potential acquisition of EAB while Citigroup was considering whether to acquire EAB.

63. Several commenters also expressed concern that Citigroup has helped to finance various activities and projects worldwide that might damage the environment or cause other social harm. These contentions contain no allegations of illegality or action that would affect the safety and soundness of the institutions involved in the proposal, and

sion, the Board has considered the supervisory experience and assessments of management by the various bank supervisory agencies, Citigroup's efforts to address supervisory and other concerns about the operation and management of the organization, management's due diligence efforts and record of integrating other organizations, and the organization's record of compliance with applicable banking law. As previously discussed, the Board has reviewed the compliance policies and procedures of Citigroup and its subsidiaries, including those engaged in subprime lending, and consulted with the appropriate federal supervisory agencies and state supervisors.[64] Based on these and all other facts of record, the Board concludes that the financial and managerial resources and the future prospects of Citigroup and its subsidiary depository institutions and EAB are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.

Conclusion

Based on the foregoing and in light of all the facts of record, the Board has determined that the application should be, and hereby is, approved.[65] In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes.[66] The Board's approval is specifically conditioned on compliance by Citigroup with all the representations and commitments made in connection with the application, the conditions described or referenced in this order, and on the receipt by Citigroup of all necessary regulatory approvals. These representations, commitments, and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective July 2, 2001.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

are outside the limited statutory factors that the Board is authorized to consider when reviewing an application under the BHC Act. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973).

64. The Board also received several comments asserting that recent investigations of staff of the Subcommittee on Investigations of the Committee on Governmental Affairs of the United States Senate and the United States General Accounting Office demonstrate that Citibank NA and other affiliates of Citigroup lack sufficient policies and procedures and other resources to protect against money laundering. *See Correspondent Banking: A Gateway for Money Laundering*, S. Doc. No. 69–919 (1st Sess. February 5, 2001) (Report of the Minority Staff of the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs of the United States Senate); *Suspicious Banking Activities*, General Accounting Office, GAO-01-120 (October 2000). The Board has reviewed carefully supervisory examinations of Citibank NA and consulted with the OCC, the appropriate federal financial supervisory agency of the bank, regarding the policies, procedures, and practices of Citigroup to comply with the Bank Secrecy Act. In addition, the Board has reviewed recent enhancements to Citigroup's policies and procedures to prevent money laundering that address the issues raised in those investigations.

65. Several commenters requested that the Board hold a public meeting or hearing on the proposal. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from the appropriate supervisory authorities. Under its rules, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 C.F.R. 225.16(e). The Board has considered carefully these commenters' requests in light of all the facts of record. In the Board's view, the public has had ample opportunity to submit comments on the proposal and, in fact, the commenters have submitted written comments that the Board has considered carefully in acting on the proposal. The commenters' requests fail to demonstrate why their written comments do not present their views adequately. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the requests for a public meeting or hearing on the proposal are denied.

66. A number of commenters requested that the Board delay action or extend the comment period on the proposal. The Board has accumulated a significant record in this case, including reports of examination, confidential supervisory information, public reports and information, and considerable public comment. In the Board's view, for the reasons discussed above, commenters have had ample opportunity to submit their views and, in fact, have provided substantial written submissions that the Board has considered carefully in acting on the proposal. Moreover, the BHC Act and Regulation Y require the Board to act on proposals submitted under those provisions within certain time periods. Based on a review of all the facts of record, the Board has concluded that the record in this case is sufficient to warrant action at this time, and that a further delay in considering the proposal, an extension of the comment period, or a denial of the proposal on the grounds discussed above or on the basis of informational insufficiency is not warranted.

Orders Issued Under Sections 3 and 4 of the Bank Holding Company Act

Citigroup Inc.
New York, New York

Citigroup Holdings Company
Wilmington, Delaware

Citicorp
New York, New York

Order Approving Acquisition of a Bank Holding Company

Citigroup Inc., Citigroup Holdings Company, and Citicorp, financial holding companies within the meaning of the Bank Holding Company Act ("BHC Act") (together, "Citigroup"), have applied under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire at least 51 percent of the voting shares of Grupo Financiero Banamex Accival, S.A. de C.V. ("Banacci"), and Banco Nacional de Mexico, S.A. ("Banamex"), both in Mexico City, Mexico, and thereby indirectly acquire Banamex USA Bancorp, and its subsidiary, California Commerce Bank, both in Los Angeles, California ("CCB").[1]

Citigroup also has filed a notice under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)) and the Board's Regulation K (12 C.F.R. 211) to acquire Banamex, and its foreign banking and nonbanking investments.[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (66 *Federal Register* 31,649 (2001)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in the BHC Act and other applicable statutes.

Citigroup, with total consolidated assets of $902.2 billion, is the largest commercial banking organization in the United States, controlling approximately 3.9 percent of the total assets of insured commercial banks in the United States, and is one of the largest commercial banking organizations in the world.[3] In California, Citigroup operates Citibank, Federal Savings Bank, San Francisco, California ("Citibank FSB"), the 11th largest depository organization in California, with $6 billion in deposits, representing approximately 1.3 percent of total deposits in insured depository institutions in the state ("state deposits").[4] Citigroup also operates depository institutions in New York, Connecticut, Delaware, Florida, Georgia, Illinois, Maryland, Nevada, New Jersey, South Dakota, Texas, Utah, Virginia, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

CCB operates only in California and is the 41st largest depository institution in the state, with $1.3 billion in deposits, representing less than 1 percent of state deposits. After consummation of the proposal, Citigroup would become the seventh largest depository organization in California, with $7.3 billion in deposits, representing approximately 1.6 percent of state deposits.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company if certain conditions are met.[5] For purposes of the BHC Act, the home state of Citigroup is New York, and CCB is located in California. Based on a review of the facts of record, including a review of the relevant state statutes, the Board finds that all the conditions enumerated in section 3(d) of the BHC Act for an interstate acquisition are met in this case.[6] In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or be in furtherance of a monopoly. The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal in that banking market are clearly outweighed in the public interest by the probable effects of the proposal in meeting the convenience and needs of the community to be served.[7]

1. Citigroup also has proposed to form another intermediate bank holding company between Citigroup and CCB.

2. Banacci is a financial services holding company organized under the laws of Mexico. In addition to CCB and Banamex, Banacci's main financial subsidiaries are Acciones y Valores de Mexico, S.A. de C.V., which engages in securities activities, and Seguros Banamex AEGON, S.A. de C.V., which engages in insurance underwriting and related activities. As a financial holding company, Citigroup has proposed to acquire these Banacci nonbanking subsidiaries pursuant to section 4(k) of the BHC Act. 12 U.S.C. § 1843(k).

3. Asset and U.S. ranking data are as of December 31, 2000.

4. In this context, depository institutions include commercial banks, savings banks, and savings associations. Deposit and state ranking data are as of June 30, 2000.

5. *See* 12 U.S.C. § 1842(d). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C).

6. *See* 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A). Citigroup is well capitalized and well managed. On consummation of the proposal, Citigroup would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in California. CCB has been in existence and operated continuously for at least five years, the period of time required by California law. *See* 12 U.S.C. § 1842(d)(1)(B); Cal. Fin. Code § 3825 (1999). The other requirements of section 3(d) also have been met.

7. *See* 12 U.S.C. § 1842(c).

Citigroup's subsidiary savings association, Citibank FSB, competes directly with CCB compete in the Los Angeles, California banking market ("Los Angeles banking market").[8] The Board has reviewed carefully the competitive effects of the proposal in the Los Angeles banking market in light of all the facts of record, including the number of competitors that would remain in the market, the relative shares of total deposits in depository institutions in the market ("market deposits") controlled by Citigroup and CCB,[9] the concentration level of market deposits and the increase in this level as measured by the Herfindahl–Hirschman Index ("HHI"), and other characteristics of the market.[10]

Citigroup operates the 15th largest depository organization in the Los Angeles banking market, controlling market deposits of $1.7 billion, representing approximately 1.2 percent of market deposits. CCB is the 22nd largest depository organization in the market, with deposits of $1.3 billion, representing less than 1 percent of market deposits. On consummation of the proposal, Citigroup would operate the ninth largest depository organization in the market, controlling deposits of $3 billion, representing approximately 2.1 percent of market deposits. The HHI for the market would increase 2 points to 1019. The Los Angeles banking market would remain moderately concentrated after consummation of the proposal, with numerous competitors in the market.

The Department of Justice has reviewed the proposal and advised the Board that consummation of the proposal would not likely have any significantly adverse competitive effects in the Los Angeles banking market or any other relevant banking market. The Office of the Comptroller of the Currency ("OCC") and the California Department of Financial Institutions ("CDFI") also have been provided an opportunity to comment and have not objected to consummation of the proposal.[11]

After carefully reviewing all the facts of record, and for the reasons discussed in this order, the Board concludes that consummation of the proposal would not likely result in a significantly adverse effect on competition or on the concentration of banking resources in the Los Angeles banking market or in any other relevant banking market.[12]

Convenience and Needs Factor

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effect of the proposal on the convenience and needs of the communities to be served and take into account the records of the relevant insured depository institutions under the Community Reinvestment Act ("CRA").[13] The purpose of the CRA is to require the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of local communities in which they operate, consistent with safe and sound operation. Accordingly, the CRA requires the appropriate federal supervisory agency to take into account an institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating certain types of expansion proposals.

The Board has carefully considered the convenience and needs and the CRA performance records of Citigroup's subsidiary insured depository institutions and CCB in light of all the facts of record, including comments received on the effect the proposal would have on the communities to be served by the relevant insured depository institutions. In this regard, the Board recently conducted a detailed review of the CRA performance records of the insured depository institutions controlled by Citigroup and found those records to be consistent with approval of a bank expansion proposal.[14] The Board notes that the OCC also recently conducted a detailed review of the CRA performance record of Citibank, N.A., New York, New York ("Citibank NA"), the lead subsidiary insured depository institution of Citigroup, and found that record to be consistent with approval of a bank expansion proposal.[15]

8. The Los Angeles banking market is defined as the Los Angeles Ranally Metro Area and the towns of Acton, Rancho Santa Margarita, and Rosamond, California.

9. Market share data are as of June 30, 2000, and are based on calculations that include the deposits of thrift institutions, except the deposits of Citibank FSB, weighted at 50 percent. The Board has indicated previously that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See, e.g., Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board regularly has included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991). Because Citibank FSB is affiliated with a commercial banking organization, its deposits are included at 100 percent. *See First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669 (1990).

10. Under the Department of Justice Merger Guidelines ("DOJ Guidelines"), 49 *Federal Register* 26,823 (June 29, 1984), a market is considered moderately concentrated if the post-merger HHI is between 1000 and 1800. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers or acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

11. The CDFI approved Citigroup's proposed acquisition of CCB on July 12, 2001.

12. Several commenters urged the Board to deny this transaction because it would result in the acquisition by Citigroup of a banking organization that controls assets representing more than 10 percent of the assets controlled by banks in Mexico. These commenters argued that the provision restricting banking organizations from acquiring in excess of 10 percent of the total deposits in depository institutions in the United States should be applied to the acquisition by Citigroup of a Mexican bank. This provision of law does not apply outside the U.S., and the Mexican governmental authorities have already reviewed this transaction and found it to be in accordance with applicable Mexican law.

13. 12 U.S.C. § 2901 *et seq.*

14. *Citigroup, Inc.*, 87 *Federal Reserve Bulletin* 600 (2001) (proposal by Citigroup to acquire European American Bank) ("Citigroup/EAB Order").

15. *See* Citigroup/EAB Order.

A. Summary of Public Comments

Approximately 80 commenters responded to the Board's request for public comment on this proposal. All the commenters opposed the proposal, suggested that the Board approve the proposal subject to conditions suggested by the commenter, or expressed concerns about the record of Citigroup in meeting the convenience and needs of the communities it serves. One commenter also questioned whether CCB served the credit needs of its entire assessment area.[16]

The commenters generally criticized Citigroup's record of home mortgage lending to LMI and minority residents and in LMI communities and communities with predominantly minority populations ("minority communities"), particularly in New York and California.[17] Some commenters asserted that Citigroup had low levels of home purchase mortgage lending to LMI or minority residents or in LMI or minority communities.[18] Several commenters alleged or expressed concern that data submitted under the Home Mortgage Disclosure Act ("HMDA")[19] demonstrated that Citigroup engaged in disparate treatment of LMI or minority individuals in various areas in the United States, including New York, and Los Angeles, Oakland, San Diego, and San Jose, California.[20] In addition, several commenters expressed concern that consummation of the proposal would adversely affect Mexican national interests.[21]

In addition, commenters criticized the lending and credit insurance practices of Citigroup's subprime lending subsidiaries, particularly those of Associates First Capital Corporation and its subsidiaries (together, "Associates"), which Citigroup acquired in November 2000. The commenters asserted that these entities are engaged in certain abusive lending practices, commonly referred to as "predatory lending," that are harmful to LMI and minority borrowers.[22] Several commenters requested that the Board deny the application in light of the recent lawsuit filed by the Federal Trade Commission ("FTC") against Associates and Citigroup, as the successor owner of Associates, or delay action on the proposal until this lawsuit and other consumer lawsuits concerning the lending and credit insurance sales activities of Associates and Citigroup are resolved.[23] Some commenters also asserted that Citigroup's other subprime lender affiliates, such as CitiFinancial

16. Several commenters requested that Citigroup provide certain commitments and answer certain questions, or that the Board impose specific conditions or take specific actions, particularly with respect to the subprime lending activities of Citigroup's affiliates. Several commenters also criticized the CRA-related pledge that Travelers Group Inc. ("Travelers") and Citicorp made in connection with their merger in 1998 as being vague, ineffective, and insufficient as compared to commitments by other commercial banking organizations. Commenters also alleged that Citigroup's senior management had declined requests for meetings with some community groups. The Board notes that the CRA requires that, in considering an acquisition proposal, the Board carefully review the actual performance records of the relevant depository institutions in helping to meet the credit needs of their communities. Neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to make pledges concerning future performance under the CRA, confer authority on the agencies to enforce pledges made to third parties, or require depository institutions to meet with particular persons.

17. Commenters were concerned about Citigroup's stated intention to use the Banamex brand name to market banking products and services to Hispanics and predominantly Hispanic communities in the United States. These commenters were particularly concerned that Citigroup would focus its strategy on credit cards with high fees and interest rates and would not invest in or provide lower cost loans to these individuals or communities. In addition, commenters urged Citigroup to reduce the fees for and increase the availability of money transmission services.

18. Commenters also criticized Citigroup for providing electronic benefit transfers ("EBT") to low-income individuals in areas where it has no bank branches and otherwise offers no access to other banking services and noted that this business practice resulted in a lawsuit against Citigroup by the State of New York. The parties settled the lawsuit in April 2001 after Citigroup agreed to provide a number of automatic teller machines for use by EBT recipients without a surcharge.

19. 12 U.S.C. § 2801 *et seq.*

20. A commenter asserted that Citigroup has discriminated in providing homeowners insurance by citing a complaint that was filed against Travelers in 1997. The Board considered a substantially identical comment in connection with its approvals of the proposed acquisition of EAB by Citicorp and the proposed acquisition of Citicorp by Travelers. *See* Citigroup/EAB Order; *Travelers Group Inc.*, 84 *Federal Reserve Bulletin* 985, 1001 n.66 (1998). As noted in these orders, Travelers denied the allegations of discrimination in the complaints, and there has been no adjudication of wrongdoing by the Department of Housing and Urban Development ("HUD") or any court regarding this matter.

21. Included among these concerns are that consummation of the proposal could adversely affect the Mexican economy and banking system, in addition to LMI individuals and communities in Mexico, through anticipated Banamex branch closures by Citigroup to achieve reductions in Banamex operating costs. Citigroup has not announced any decisions regarding the closing of branches of Banamex in Mexico. If Citigroup determines to close any branches of Banamex, the Board expects Citigroup and Banamex to make and implement that decision in full compliance with applicable Mexican law. This is a matter that is not governed by U.S. banking law and is within the jurisdiction of the Mexican banking authority, not the Board.

22. Commenters asserted that Associates engaged in abusive marketing and sales practices that included misleading customers about key terms of a loan, such as the cost of credit insurance associated with the loan and the effect of balloon payments, and coercing customers to refinance loans that result in high points (interest paid at settlement) and other refinance charges. Commenters also asserted that Associates engaged in aggressive collection and foreclosure practices.

23. As noted in the Citigroup/EAB Order, the consumer protection claims in the FTC's lawsuit allege that Associates, before its acquisition by Citigroup in November 2000, engaged in abusive lending practices and lending law violations. There has been no adjudication of wrongdoing or injunctive action taken against Citigroup or any of its affiliates in connection with the FTC lawsuit. *See* Citigroup/EAB Order. A commenter asserted that the Board should deny Citigroup's proposal, citing the Board's earlier denial of an application of Shawmut National Corporation ("Shawmut National") to acquire a bank while Shawmut National's past mortgage lending operations were under investigation by the Department of Justice. *See Shawmut National Corporation*, 80 *Federal Reserve Bulletin* 47 (1994) ("Shawmut Order"). Unlike the facts in the Shawmut Order, where the mortgage subsidiary under investigation was controlled by Shawmut National at all relevant times, the activities at issue in the FTC's complaint in the pending lawsuit involving Associates relate solely to the operations of Associates' affiliates before their acquisition by Citigroup. The Board will monitor Citigroup's progress in addressing

Credit Company ("CitiFinancial"), engage in many of the same lending practices as Associates.[24] In addition, some commenters contended, based in part on HMDA data, that Citigroup improperly markets higher-cost subprime loan products to minority and LMI communities while it markets lower-cost prime loan products to nonminority and more affluent communities. Several commenters also alleged that Citigroup has indirectly supported predatory lending through its business relationships with unaffiliated third parties engaged in subprime lending.

B. CRA Performance Examinations

As provided in the CRA, the Board has evaluated the convenience and needs factor in this case in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisors.[25] Citibank N.A., the lead insured depository institution of Citigroup, received a "satisfactory" rating at its most recent CRA performance examination by the OCC, as of October 26, 1998. The other subsidiary depository institutions of Citigroup, with one exception discussed below, received "outstanding" or "satisfactory" ratings at their most recent CRA performance examinations.[26] CCB received a "satisfactory" CRA performance rating from the FDIC, at its most recent CRA examination as of January 10, 2000.

Associates National Bank (Delaware), Wilmington, Delaware ("Associates Delaware"), a limited-purpose bank that engages only in credit card operations and represents less than 1 percent of the consolidated assets of Citigroup, received a "needs to improve" rating from the OCC, as of May 30, 1997, before Citigroup acquired the bank as part of its acquisition of Associates in November 2000.[27] The Board has carefully reviewed the steps taken by Associates Delaware and those taken by Citigroup since it acquired the bank to correct the deficiencies noted in the examination and has consulted with the OCC, the appropriate federal supervisor of Associates Delaware.[28] Examiners found no evidence of prohibited discrimination or other illegal credit practices, or any substantive violations of fair lending laws at any of the other subsidiary insured depository institutions of Citigroup or at CCB. The Board also has evaluated substantial information submitted by Citigroup concerning the CRA performance of its subsidiary insured depository institutions since the dates of their most recent CRA performance evaluations. In addition, the Board has consulted with the OCC and has considered confidential supervisory information regarding Citigroup's CRA performance provided by the OCC.

C. CRA Performance Record of Citigroup

Citigroup proposes to acquire CCB and continue to operate it as a separate insured depository institution at this time.

any adverse findings that may result from the FTC lawsuit or any other litigation.

24. Several commenters also asserted that the management of Citigroup has failed to take an appropriate leadership role in addressing abusive lending problems in the subprime lending market and has lobbied against some state and municipal legislative efforts to address predatory lending. In addition, commenters noted that the lending and insurance practices of Associates, CitiFinancial, and Citigroup's Primerica Financial Services have resulted in several pending judicial proceedings (in addition to the FTC litigation involving Associates) and that these pratices are the subject of consumer complaints filed with several state and federal supervisory authorities. There has been no adjudication of wrongdoing by any Citigroup affiliate in these matters.

25. *See Interagency Questions and Answers Regarding Community Reinvestment*, 65 *Federal Register* 25,088 and 25,107 (2000).

26. Citibank (New York State), Pittsford, New York ("Citibank NYS"), received an "outstanding" rating from the Federal Deposit Insurance Corporation ("FDIC"), as of March 6, 2000; Citibank Delaware, New Castle, Delaware, received a "satisfactory" rating from the FDIC, as of May 15, 2000; Citibank (Nevada), N.A., Las Vegas, Nevada ("Citibank Nevada"), received an "outstanding" rating from the OCC, as of March 29, 1999; Citibank (South Dakota), N.A., Sioux Falls, South Dakota ("Citibank South Dakota"), received an "outstanding" rating from the OCC, as of May 24, 1999; Citibank FSB received an "outstanding" rating from the Office of Thrift Supervision ("OTS"), as of July 12, 1999; Travelers Bank and Trust, fsb, Newark, Delaware, received an "outstanding" rating from the OTS, as of February 5, 2001; Universal Bank, N.A., Columbus, Georgia, received a "satisfactory" rating from the OCC, as of February 22, 1999; Citibank USA (formerly The Travelers Bank USA), Newark, Delaware, received an "outstanding" rating from the FDIC, as of March 15, 1999; Universal Financial Corporation, Salt Lake City, Utah, received a "satisfactory" rating from the FDIC, as of March 31, 1999; Associates Capital Bank, Inc., Salt Lake City, Utah, received an "outstanding" rating from the FDIC, as of September 27, 1999; and Hurley State Bank, Sioux Falls, South Dakota, received a "satisfactory" rating from the FDIC, as of April 19, 1999.

27. Several commenters asserted that the Board should deny the proposal on the basis of the "needs to improve" CRA rating of Associates Delaware. In addition to representing less than 1 percent of Citigroup's consolidated assets, Associates Delaware received its "needs to improve" rating before it was acquired by Citigroup. Moreover, examiners stated in the CRA performance evaluation that the bank had completed a majority of the corrective actions that it had initiated to address examiner concerns identified during a fair lending examination of the bank that was conducted concurrently with the CRA examination. Examiners also noted that Associates Delaware was taking steps to strengthen policies, procedures, training programs, and internal assessment efforts to prevent illegal discriminatory credit practices. *See* Citigroup/EAB Order; *see also Sun Trust Banks, Inc.*, 76 *Federal Reserve Bulletin* 542 (1990).

28. Several commenters disagreed with regulations promulgated by the Board that permit Citigroup, as a financial holding company (as defined in section 4 of the BHC Act), to continue to engage in expanded financial activities that are permissible for financial holding companies while Associates Delaware has a less than satisfactory CRA performance rating. As noted above, Associates Delaware received its CRA rating before it was acquired by Citigroup. Under the Board's regulations, Citigroup would become subject to activity restrictions if Associates Delaware does not receive at least a satisfactory rating at its next CRA examination. *See* Federal Reserve System, 66 *Federal Register* 400, 404 (2001). As required in the regulations, Citigroup submitted to the OCC a corrective action plan outlining the steps that are necessary for the bank to achieve at least a "satisfactory" rating at its next CRA examination. *See id.* at 402 and 416 (to be codified at 12 C.F.R. 225.82(d)).

Citigroup has represented that it expects CCB will expand its CRA offerings to include products and programs offered by Citigroup, including Citigroup's community development programs for lending, investing, and services. In addition, Citigroup stated that it anticipates conforming CCB's current lending activities to Citigroup's fair lending policies and procedures.

The Board has carefully reviewed the CRA performance records of the insured depository institution subsidiaries of Citigroup. A detailed description of the CRA lending, investment, and service activities of those subsidiaries is included in the Citigroup/EAB Order. Based on its review of the record in this case, the Board reaffirms and adopts in this case the facts and findings detailed in the Citigroup/EAB Order.

Because the proposal in this case involves the acquisition by Citigroup of an insured depository institution in California, the Board has devoted particular attention to the CRA performance records of Citibank FSB, Citigroup's subsidiary insured depository institution operating in California, as well as the CRA performance record of CCB.

Citibank FSB

Overview. As previously noted, Citibank FSB received an "outstanding" CRA performance rating from the OTS in its 1999 CRA performance evaluation ("1999 CRA Evaluation"). Examiners commended the savings association for its lending performance in its assessment areas during the review period.[29] Examiners reported that Citibank FSB made more than 25 percent of its total HMDA-reportable loans in its combined nationwide assessment areas in LMI census tracts during the review period.[30] Examiners noted that this percentage exceeded the percentage of total owner-occupied housing units in LMI census tracts in its combined assessment areas and the percentage of total HMDA-reportable loans made by the aggregate of lenders ("aggregate lenders") in these LMI census tracts in 1997.[31] Examiners also noted that Citibank FSB offered a variety of home mortgage products and programs designed to meet the needs of first-time homebuyers and LMI borrowers, including programs that offer reduced closing costs and down payment requirements and flexible underwriting standards.

In addition, examiners commended Citibank FSB for the variety of small business loan programs it provided and noted that the geographic distribution of its small business lending in low-income areas was generally favorable.[32] Examiners also indicated that the savings association ranked first in small business loan originations (based on dollar amount) among savings associations nationwide and 12th in small business lending among all banks and savings associations in its combined assessment areas.

In the 1999 CRA Evaluation, examiners determined that Citibank FSB's overall community development lending was excellent. The examiners favorably noted that the savings association engaged in a variety of community development lending activities, including multifamily home mortgage lending that provided housing for LMI families and lending to community development organizations that focused on affordable housing programs and the stabilization or revitalization of economically distressed areas. Citibank FSB originated community development loans totaling more than $365 million during the review period.

Examiners also commended Citibank FSB for its community development investment program, which focused on providing equity investments for affordable housing, improving liquidity in the market for affordable mortgages, and strengthening community development financial institutions. During the review period, Citibank FSB doubled the amount of its CRA-qualified investments to approximately $63 million. Examiners also commended the savings association for making almost $5 million in community development grants during the review period.

In addition, examiners commended Citibank FSB for offering an extensive number of alternative systems for delivering retail banking services in LMI areas. Examiners also indicated that Citibank FSB provided an exceptional level of community development services, including educational seminars for LMI individuals, first-time homebuyers, and small business owners.

California. In the 1999 CRA Evaluation, examiners indicated that Citibank FSB had a strong overall record of lending in its assessment areas in California during the review period.[33] Examiners also found that the savings association's HMDA-reportable lending to LMI borrowers increased significantly each year during the review period. For example, the percentage of Citibank FSB's total number of HMDA-reportable loans to LMI borrowers almost tripled to 33 percent from the beginning of 1996 and through the first quarter of 1999.[34]

29. At the time of the CRA performance evaluation, Citibank FSB had 20 assessment areas in California, Illinois, Florida, Maryland, Virginia, Connecticut, New Jersey, Texas, and the District of Columbia. The review period was from January 1, 1997, through March 31, 1999.

30. The evaluation of Citibank FSB's HMDA-reportable lending included lending of the following Citigroup entities in Citibank FSB's assessment areas: Citibank FSB; Citibank; Citicorp Mortgage (renamed CitiMortgage, Inc.); Citibank NYS; Citibank Nevada; Commercial Credit (renamed CitiFinancial).

31. The lending data of the aggregate lenders represent the cumulative lending for all financial institutions that have reported HMDA data in a given market.

32. The evaluation of Citibank FSB's small business lending included lending of the following Citigroup entities in Citibank FSB's assessment areas: Citibank FSB; Citibank NA; Citibank NYS; Citibank Nevada; and Citibank South Dakota.

33. The assessment areas of Citibank FSB include the following PMSAs: Los Angeles-Long Beach, Orange County, Ventura, San Francisco, Oakland, and San Jose, all in California.

34. Examiners noted that the large increase in lending in LMI geographies from 1997 to 1998 resulted from the introduction by Citigroup of a program offering home improvement loans with low principal amounts. This program is discussed in more detail in the Citigroup/EAB Order.

Citigroup stated that Citibank FSB increased the number and dollar volume of its home purchase lending in LMI census tracts in California by 25 percent and 32 percent, respectively, as compared to its 1999 totals.[35] In 2000, 23 percent of Citibank FSB's total home purchase loans were made to borrowers in LMI census tracts in California, and more than 14 percent of its total home purchase loans were made to LMI households.[36]

In addition, Citigroup represented that the number of home purchase loans that Citibank FSB made to Hispanic and African-American borrowers increased by 10 percent and 5 percent, respectively, in 2000 as compared to its 1999 totals. Citigroup stated that more than 22 percent of its total home purchase loans were made to Hispanic individuals and almost 4 percent were made to African-American individuals.[37]

Examiners indicated that the geographic distribution of Citibank FSB's small business loans in low-income census tracts compared favorably with the number of small businesses in these census tracts. Examiners also noted that Citibank FSB offered a diverse array of products to address short- and long-term financing needs of small businesses in California. In addition, examiners commended the savings association for creating a pilot small business program called Capital Access that provided loans to creditworthy, underserved small businesses, such as high technology businesses, export businesses, and businesses owned by minorities, women, and veterans. Examiners also noted that Citibank FSB actively promoted small businesses through workshops and seminars for small business owners, and that the savings association had an active Small Business Administration loan program in California.

Citigroup stated that, in 2000, it more than doubled the number of loans to small businesses in California to more than 30,300 loans, and it increased the dollar volume of such loans by 45 percent to more than $372 million.[38] Citigroup added that more than 95 percent of its small business loans in 2000 were in amounts less than $100,000. In addition, Citigroup stated that it increased its lending to small businesses in LMI census tracts by 100 percent to more than 7,400 loans in 2000. Citigroup also stated that it made more than 9,100 small business loans in majority-minority census tracts in its California assessment areas in 2000, which more than doubled its total in 1999.[39]

In the 1999 CRA Evaluation, examiners determined that Citibank FSB's community development loans in California, which totaled more than $63 million, represented an excellent volume of community development lending. Examiners also commended the savings association for making CRA-qualified investments totaling more than $21 million during the review period.

Citigroup stated that it increased the amount of its community development financing in California to more than $153 million in 2000, more than double its 1999 total. Of this amount, more than $136 million was provided for development of affordable housing. Citigroup noted that this community development funding included a financing package of more than $30 million for an affordable housing/redevelopment project in the Mission Bay neighborhood in San Francisco that will include 100 apartments for low-income residents; $33.6 million in financing for three affordable housing projects that include 324 units of affordable housing in a low-income district of San Francisco; and financing for a housing rehabilitation project by a Hispanic community development organization serving East Los Angeles.

In addition, Citigroup stated that it made more than $17 million in qualified CRA investments in California during 2000 and the first six months of 2001. These investments included $5 million in a venture capital fund formed to invest in commercial real estate in LMI areas of Los Angeles; $10 million in a syndication formed to invest in telecommunications companies owned or managed by minority individuals; and $4 million in a Habitat for Humanity-related entity to help generate liquidity to build new housing for LMI community residents. Citigroup also stated that the Citigroup Foundation awarded more than $3 million in grants to organizations in California during the last two years.[40] Seventy percent of this funding was provided to organizations that work to revitalize neighborhoods, help low-income individuals develop assets, increase financial literacy, and improve educational opportunities for children.

In the 1999 CRA Evaluation, examiners noted favorably that Citibank FSB delivered retail banking services throughout its assessment areas in California through its branch network, a large network of ATMs, and alternative delivery systems.[41] Examiners also indicated that Citibank

35. Citigroup's representations regarding Citibank FSB's home mortgage lending included lending by the following Citigroup entities in Citibank FSB's California assessment areas: Citibank FSB; Citibank NA; CitiMortgage, Inc. ("CitiMortgage"), including Source One Mortgage Corporation, which was merged into CitiMortgage in 2000; Citibank NYS; and Citibank Nevada.

36. As noted in the Citigroup/EAB Order, Citigroup represented that CitiMortgage has initiated a five-year program with the Federal National Mortgage Association ("FNMA") under which CitiMortgage has committed to originate, and FNMA has committed to purchase, $12 billion in affordable mortgage loans nationwide through a number of affordable mortgage programs of Citigroup. Of this amount, $1.4 billion is allocated to Northern California and $1.2 billion is allocated to Southern California/Nevada.

37. Some commenters criticized the percentage of Citigroup's total home mortgage loans made to Hispanic individuals and communities as being too low and lagging behind the percentages achieved by other large depository organizations in the market.

38. Citigroup's representations regarding Citibank FSB's small business lending in its California assessment areas included lending by the following entities: Citibank FSB; Citibank South Dakota; and Universal Financial Corporation (Utah).

39. The term "majority-minority census tracts" means those tracts in which minority populations comprise at least 50 percent of the tract's population.

40. Some commenters asserted that Citigroup did not provide a sufficient amount of grants to nonprofit organizations operated by Hispanics.

41. Some commenters asserted that Citibank FSB maintained few branches in California, particularly in LMI areas. Citigroup stated that Citibank FSB currently has 78 branches in California, including 18 located in majority-minority census tracts.

FSB offered a wide range of deposit and loan products at all its branches, including a low-cost checking account.

D. CRA Performance Record of CCB

As noted above, CCB received a "satisfactory" rating for CRA performance from the FDIC, as of January 10, 2000. CCB's primary business focus, as noted by examiners, is international lending, particularly commercial lending to companies doing business in or with Mexico. Examiners reported that CCB also offers secured and unsecured consumer credit cards nationwide, purchases mortgage loans originated within its assessment area, offers mortgage warehouse lines of credit, and engages in community development lending, investment, and services activities.[42]

Examiners rated CCB's performance under the lending test during the review period as "high satisfactory," and stated that the bank's lending levels reflected a strong responsiveness to the credit needs of its assessment area. In particular, examiners commended the bank for its excellent distribution of loans among borrowers of different income levels.[43] Examiners also commended the bank for its good record of serving the credit needs of the most economically disadvantaged areas of its assessment area and low-income individuals.

Examiners noted that CCB had substantially increased the volume of purchased HMDA-reportable loans in its assessment area since 1998. In 1999, 53 percent of CCB's purchased HMDA- reportable loans by number and dollar volume were in LMI census tracts. Examiners noted that this percentage of HMDA-reportable lending in LMI census tracts well exceeded that of the aggregate lenders in 1998. Examiners also noted that the number and dollar volume of the HMDA-reportable loans to LMI individuals that CCB purchased exceeded the percentage of LMI households in its assessment area.

In addition, examiners noted that CCB provided mortgage warehouse lines of credit to mortgage banking companies that extend funds primarily for loans guaranteed by the Federal Housing Administration and the Veterans Administration. In 1998 and 1999, CCB provided approximately $58 million through these lines of credit to finance 400 homes within its assessment area. Examiners noted that CCB reduced its processing fee for loans extended within its assessment area as an incentive for these mortgage banking companies to increase their lending in the area.

Examiners commended CCB for using innovative and flexible lending practices to serve the credit needs of its assessment area. In particular, examiners commended CCB for its secured consumer credit card program, which was designed to help meet the needs of LMI individuals, particularly new residents and immigrants without credit or employment history. In CCB's secured credit card program, the credit is secured by a savings account that is opened at the time the credit application is submitted. Originally, the minimum savings account needed to open and secure a CCB credit card was $300, but CCB lowered this amount to $200 in 1999. CCB also offers a semi-secured credit card program to participants in the secured card program who have maintained a good payment record for a defined period of time. Under this program, CCB increases the credit limit by 100 percent of the amount in the participant's savings account, up to a maximum credit limit of $2,000. CCB also offers a further upgrade to a fully unsecured credit card with a maximum credit limit of $3,000. Qualification for this upgrade also is based on the participant's tenure in the CCB credit card program and maintenance of a good payment record.

Examiners rated CCB's performance under the investment test as "high satisfactory." In particular, examiners commended CCB for increasing its qualified community development investment and grant levels by more than 350 percent since the previous CRA performance examination, which resulted in $14.1 million in qualified investments and grants. CCB's qualified investments included the purchase of three government-sponsored mortgage-backed securities with 90 percent of the securities' principal amount backed by loans to LMI borrowers in Los Angeles County; commitments to invest in two equity funds established to help rebuild distressed neighborhoods in California; and investments in community development corporations in California that provide small business and real estate loans to borrowers who do not qualify for conventional bank loans, loans to small businesses in LMI areas, or loans to LMI borrowers.

Examiners noted that the bank operates two branches in Los Angeles. One branch is in an upper-income census tract in Century City and the other branch is in a moderate-income census tract in East Los Angeles. CCB also has established an ATM to serve East Los Angeles. Examiners found that the branches offered reasonable accessibility to all portions of CCB's assessment area.[44] In addition, examiners found that the bank used its Call Center effectively as an alternative delivery system by offering bilingual telephone banking service with a toll-free number that is available 24 hours a day. Examiners noted that the Call Center processed more than one million customer inquiries and requests in 1999.

E. Subprime Lending of Citigroup

As noted above, the Board carefully reviewed the issues raised by commenters concerning the subprime lending activities of Citigroup. Many commenters raised substantially the same issues as were raised in connection with Citigroup's proposal to acquire EAB. These issues were carefully and fully reviewed by the Board in that case.[45]

42. The assessment area of CCB includes about 80 percent of the Los Angeles-Long Beach PMSA.

43. The review period was from January 1, 1998, through September 30, 1999.

44. A commenter asserted that CCB's branch in East Los Angeles provided little access to traditional banking services.

45. Commenters have expressed various concerns about the lending practices of Associates and other subsidiaries of Citigroup, including

The Board reiterates its expectation that bank holding companies and their affiliates conduct their subprime lending operations free of abusive lending practices.[46] The Board has carefully considered the record of lending of Citigroup's affiliates, including those engaged in subprime lending, in light of all the comments received. In addition, the Board has consulted with each federal supervisory agency responsible for overseeing Citigroup's subprime lending affiliates.

CitiFinancial and Citigroup's other subsidiaries that engage in subprime lending have underwriting policies and procedures designed to prevent abusive lending practices, which include requiring all real estate-secured loan applications to be evaluated on an applicant's creditworthiness and ability to repay, using credit bureau scoring and proprietary models, and limiting points charged on certain refinanced loans. In addition, Citigroup's subprime lending affiliates have adopted a number of programs and other policies and procedures, including centralized loan underwriting systems, fair lending self-assessments (including matched-pair analyses), branch and corporate audits, and fair lending and compliance training, that are designed to prevent deceptive and abusive lending practices.[47]

In January 2001, the network of retail branches of Associates was transferred to CitiFinancial, and the former Associates consumer finance businesses in the United States and Canada became subject to the underwriting and compliance policies, procedures, and programs of Citigroup and CitiFinancial. In connection with its proposed acquisition of Associates in November 2000, Citigroup announced consumer protection initiatives that are in the process of being implemented at CitiFinancial (including the former branch offices of Associates) and certain other affiliates.[48] These initiatives relate to loans secured by real estate in the United States and include enhanced oral and written disclosures to purchasers of credit insurance products concerning the cost, coverage, terms, and cancellation policies of the insurance products offered.[49] In addition, Citigroup affiliates that engage in subprime lending will not originate subprime real estate loans with balloon payments and will not originate or purchase real estate loans with negative amortization features.[50] The initiatives also include plans for a "referral-up" program to be implemented nationwide by the end of 2001 that will refer CitiFinancial loan applicants who meet certain qualification criteria to CitiMortgage for a prime mortgage loan. In addition, Citigroup is implementing a program at CitiFinancial to provide rate reductions to subprime loan borrowers who make timely payments and a graduation program at CitiFinancial and CitiFinancial Mortgage (AHES) that refers qualifying borrowers who have CitiFinancial subprime loans to CitiMortgage for a prime loan product.[51] As part of the initiatives, CitiFinancial also has created a compliance department that reviews pending and potential foreclosures to protect against inappropriate foreclosure proceedings against the borrowers' homes.[52]

For the reasons explained in this order and the Citigroup/EAB Order, the Board believes that Citigroup has adopted comprehensive policies and procedures that are reasonably designed to ensure compliance with the fair lending laws

matters related to the sale of insurance, matters raised in affidavits or statements by former or current employees of these subsidiaries, and concerns about foreclosure practices of these subsidiaries. In connection with the Board's recent review of the proposed acquisition by Citigroup of EAB, the Board carefully and extensively considered these concerns, including information provided by commenters and the affidavit of a former CitiFinancial employee filed in the FTC litigation. Commenters have provided no additional information that warrants a change in the Board's findings on these matters in the Citigroup/EAB Order. As discussed in that order and below, the Board will conduct an examination of CitiFinancial pursuant to its supervisory authority.

46. Several commenters contended that Citigroup will employ at Banamex and its affiliates in Mexico various lending practices that commenters believe are abusive. The lending activities of Banamex and its affiliates in Mexico are subject to the supervision and legal requirements of Mexican law and the Mexican banking authorities. The Board expects Citigroup to operate with the highest integrity worldwide and in compliance with the laws of each country in which it operates.

47. *See* Citigroup/EAB Order.

48. Some commenters challenged the adequacy of these initiatives and expressed concern that Citigroup would not implement them effectively.

49. Citigroup recently announced that it will discontinue the sale of single premium credit insurance for all real estate- secured loans by the end of 2001. Citigroup represented that CitiFinancial is in the process of obtaining the appropriate state insurance licenses so that it may offer nationwide credit life insurance with a premium paid monthly by the borrower.

50. Citigroup has represented that, in the case of purchased or existing subprime loans in Citigroup's portfolio, borrowers with balloon payments coming due will be given the option to refinance the loan in lieu of making the balloon payment.

51. Citigroup represented that qualifying subprime borrowers of CitiFinancial will not be required to pay prepayment penalties for refinancing their loans with CitiFinancial or any other Citigroup affiliate.

52. In addition, the initiatives being implemented include:

(i) Giving subprime loan borrowers a choice of paying a higher interest rate loan in exchange for the elimination of a prepayment penalty fee;
(ii) Limiting prepayment fees to the lesser of three years after a loan is made or the maximum term mandated by state law;
(iii) Establishing toll-free "hotlines" for customers to seek redress for complaints and problems concerning their loans;
(iv) Implementing a "mystery shopper" program at CitiFinancial branches (including former Associates branches) administered by a third party to help ensure that compliance procedures are followed;
(v) Providing updated training on compliance (including fair lending) for all consumer finance employees,
(vi) Strengthening compliance by and oversight of loan brokers;
(vii) Enhancing fair lending self-evaluations in consultation with outside counsel;
(viii) Prohibiting refinancing of certain below-market rate loans by nonprofit organizations and certain other programs within a specified timeframe;
(ix) Implementing additional limits on points charged on the refinancing by CitiFinancial of some of its loans;
(x) Enhancing disclosures regarding refinancing; and
(xi) Evaluating CitiFinancial's policies and procedures to prevent "loan flipping" (*e.g.*, repeated refinancing of a loan to charge high points or fees) and implementing additional appropriate safeguards.

and to prevent abusive lending practices by its holding company affiliates. As noted above, Citigroup has begun to implement many of these practices and consumer protection initiatives at CitiFinancial, including the former branch offices of Associates.

As indicated in the Citigroup/EAB Order, the Board will conduct a thorough examination to assess the effectiveness of the implementation of the initiatives and other consumer protection measures proposed or adopted by Citigroup at its subprime lending affiliates, CitiFinancial and CitiFinancial Mortgage (AHES).[53] The Board has broad supervisory authority under the banking laws to require Citigroup to take any other steps necessary to address deficiencies identified in the examination.

F. HMDA Data

The Board also has carefully considered Citigroup's lending record in light of comments about HMDA data reported by its subsidiaries.[54] These HMDA data-related comments were substantially similar to those considered by the Board in connection with its approval of Citigroup's proposed acquisition of EAB. The Board's analysis of Citigroup's HMDA data, as detailed in the Citigroup/EAB Order, is incorporated by reference herein.

As noted in the Citigroup/EAB Order, the HMDA data generally do not indicate that Citigroup is excluding any race or income segment of the population or geographic areas on a prohibited basis. The data, however, reflect certain disparities in the rates of loan applications, originations, and denials among members of different racial groups and persons at different income levels generally and in certain local areas. The Board is concerned when the record of an institution indicates disparities in lending and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of their race or income level. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.[55] HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has not assisted adequately in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including examination reports that provide an on-site evaluation of compliance by the subsidiary depository institutions of Citigroup with fair lending laws. As noted in the Citigroup/EAB Order, examiners found no evidence of prohibited discrimination or other illegal credit practices at any of the subsidiary depository institutions controlled by Citigroup.[56] The record also indicates that Citigroup has taken a number of affirmative steps to ensure compliance with fair lending laws. As discussed in the EAB Order, Citigroup has instituted corporate-wide compliance policies and procedures to help ensure compliance with all fair lending and other consumer protection laws and regulations, employed compliance officers and staff charged with monitoring compliance, and conducted corporate and branch audits of compliance. Citigroup's housing-related lending subsidiaries have established detailed fair lending procedures in addition to Citigroup's corporate policies and procedures, including extensive fair lending training programs for employees and fair lending self-assessments using matched-pair testing and statistical analyses. CitiMortgage and CitiFinancial also have implemented a "mystery shopping" program administered by a third party to help verify that compliance procedures are followed.

In addition, the Board has considered the HMDA data in light of Citigroup's overall lending and community development activities discussed above and in the Citigroup/EAB Order, which show that Citigroup's subsidiary banks significantly assist in helping to meet the credit needs of their entire communities, including LMI areas.[57] The Board believes that, viewed in light of the entire record, the HMDA data indicate that Citigroup's record of performance in helping to serve the needs of its communities is consistent with approval of the proposal.

53. This examination will include CitiFinancial's offices in various areas in the United States, including Southern California.

54. Based on 1999 and 2000 HMDA data, commenters criticized Citigroup's record of home mortgage lending to African-American, Hispanic, or Native-American individuals or to LMI individuals in various areas throughout the United States, particularly in New York and California.

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

56. As noted above, Associates Delaware received a "needs to improve" rating in its most recent CRA performance evaluation. This rating was received before Citigroup acquired control of Associates. Examiners stated that the bank had initiated corrective actions to address the examiner criticisms and implemented additional measures to strengthen policies, procedures, training programs, and internal assessment efforts to prevent illegal discriminatory credit practices.

57. Commenters alleged that some of Citigroup's lending subsidiaries have violated HMDA reporting requirements. The Board considered the same comments when it evaluated Citigroup's proposal to acquire EAB. As noted in the Citigroup/EAB Order, the Board has forwarded these allegations to HUD. Some commenters also noted that the New York State Banking Department ("NYSBD") and Citigroup entered into a letter agreement executed on June 25, 2001 ("June 2001 Agreement"), that stated two affiliates of Associates submitted erroneous 1999 and 2000 HMDA data. In the June 2001 Agreement, Citigroup committed to submit to HUD a corrected data report or a plan satisfactory to HUD for addressing the identified errors, within six months of the agreement.

G. Conclusion on Convenience and Needs Consideration

In reviewing the effect of the proposal on the convenience and needs of the communities to be served, the Board has carefully considered the entire record, including all the information provided by commenters, Citigroup, and CCB; evaluations of the performance of Citigroup's insured depository institution subsidiaries and CCB under the CRA; and confidential supervisory information.

Based on all the facts of record and for the reasons discussed above and in the Citigroup/EAB Order, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of the relevant depository institutions, are consistent with approval of the proposal.

Financial and Managerial Considerations

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal and certain other supervisory factors. The Board has carefully considered these factors in light of all the facts of record, including public comments, supervisory reports of examination, other confidential supervisory information assessing the financial and managerial resources of the organizations, and other information provided by Citigroup.

In evaluating financial factors in expansion proposals by banking organizations, the Board consistently has considered capital adequacy to be especially important. The proposed acquisition is structured as an exchange of cash and Citigroup shares, and Citigroup proposes to incur debt to finance the cash portion of the proposal. As a result of this acquisition, the Board notes that Citigroup's risk-based regulatory capital ratios would decline by approximately 90 basis points. Citigroup's ratios on a consolidated basis would remain above the well-capitalized thresholds applicable to banking organizations; however, bank regulatory capital ratios do not address insurance underwriting risks, nor do they take explicit account of diversification considerations, credit risk concentrations, or credit risk differentials within the loan portfolio. The Board believes that all banking organizations, particularly those undertaking significant expansion, should have robust risk management and economic capital assessment processes and need to ensure on an ongoing basis that their capital positions are adequate in relation to the full array of risks to which the organizations are exposed. As part of the ongoing supervisory process, the Board will continue to assess Citigroup's consolidated capital adequacy on this basis and in light of its future acquisition plans.

The Board also has considered the managerial resources of Citigroup and CCB, the examination reports of the federal financial supervisory agencies that supervise these organizations, including Citigroup's subsidiary depository institutions, and other confidential supervisory information. In addition, the Board has consulted with these federal financial supervisory agencies.

The Board received several comments on the proposal criticizing the managerial resources of Citigroup and its subsidiaries.[58] Several commenters asserted that Citigroup's management has failed to implement effective policies and programs to address alleged abusive lending and sales practices of Citigroup's subsidiaries, including those engaged in subprime lending and insurance activities.[59] These commenters asserted that adverse managerial resources are evidenced by the pending FTC lawsuit against Associates and Citigroup, as Associate's successor owner, and by consumer lawsuits and complaints filed against Associates and other Citigroup affiliates.[60]

After reviewing all the facts of record, the Board concludes that Citigroup and its subsidiary insured depository institutions and CCB are well managed.[61] In reaching this conclusion, the Board has considered the supervisory experience and assessments of management by the various bank supervisory agencies, Citigroup's efforts to address supervisory and other concerns about the operation and management of the organization, the management's due diligence efforts and record of integrating other organizations, and the organization's record of compliance with applicable banking law. As previously discussed, the Board has reviewed the compliance policies and procedures of Citigroup and its subsidiaries, including those engaged in subprime lending, and consulted with the appropriate federal supervisory agencies and state supervisors.[62] Based on

58. One commenter alleged that Citigroup's management lacks ethnic diversity and raised questions regarding Citigroup's failure to use more minority vendors. Although the Board fully supports programs designed to promote equal opportunity and economic opportunities for all members of society, these issues are beyond the factors the Board is authorized to consider under the BHC Act. *See, e.g., Deutsche Bank AG,* 86 *Federal Reserve Bulletin* 509, 513 (1999).

59. Commenters also asserted that Citigroup relied on home improvement loans with low principal amounts, resulting in Citigroup's alleged failure to meet lending projections made by Citicorp a July 1998 letter agreement with the NYSBD in connection with the merger of Travelers and Citicorp. The Board notes that compliance with projections in an agreement made with the NYSBD is a matter within the exclusive jurisdiction of the NYSBD. In the June 2001 Agreement, the NYSBD and Citigroup clarified the projections and extended them for an additional three years.

60. These comments were substantially similar to those considered by the Board in connection with its approval of Citicorp's proposal to acquire EAB. *See* Citigroup/EAB Order.

61. Several commenters also raised other matters, including contentions regarding the terms under which Citigroup originally acquired its existing affiliate bank in Mexico, environmental claims, claims about lending activities in India, and concerns about the Board's ability to obtain information regarding the activities of offices of Banamex and Citigroup located outside the United States. All these matters are either outside the jurisdiction of the Board or have been previously considered by the Board and involve matters regarding which commenters have presented no new information.

62. The Board also received several comments asserting that recent investigations on money laundering activities by staff of the Subcommittee on Investigations of the Committee on Governmental Affairs of the United States Senate and the United States General Accounting Office and several press reports demonstrate that Citibank NA and other affiliates of Citigroup lack sufficient policies and procedures and other resources to protect against money laundering. *See Correspondent Banking: A Gateway for Money Laundering,* S. Doc. No. 69–919

these and all other facts of record, the Board concludes that the financial and managerial resources and the future prospects of Citigroup and its subsidiary depository institutions and CCB are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.[63]

Investments and Activities Abroad

Citigroup also has requested the Board's consent under section 4(c)(13) of the BHC Act and section 211.5(c) of the Board's Regulation K 12 C.F.R. 211.5(c)) to acquire Banamex and its foreign banking and nonbanking investments. Under section 4(c)(13) of the BHC Act, the Board may permit a bank holding company to acquire a company that does no business in the United States except as incident to its international or foreign business if the Board determines that the acquisition would not be substantially at variance with the purposes of the BHC Act and would be in the public interest. Regulation K provides that a bank holding company may acquire companies engaged in activities usual in connection with the transaction of banking or other financial operations abroad. Regulation K further states the Board's policy that investors shall at all times act in accordance with high standards of banking or financial prudence, having due regard for diversification of risks, suitable liquidity, and adequacy of capital.

The Board has reviewed information with respect to Banamex and its existing operations and has determined that Banamex may be considered well capitalized and well managed within the meaning of Regulation Y (12 C.F.R. 225.90). Banamex currently operates agencies in New York, New York, and Houston, Texas. Citigroup has committed that each of these agencies will engage only in activities permitted to an Edge corporation under Regulation K (12 C.F.R. 211.4(e)). Based on the facts of record, the Board has determined that all factors required to be considered under the BHC Act and Regulation K are consistent with approval. To the extent that any activities or investments of Banamex do not currently comply with the provisions of Regulation K, Citigroup has committed to conform these activities or investments within six months of the acquisition of Banamex.[64]

Conclusion

Based on the foregoing and in light of all the facts of record, the Board has determined that the application and notice should be, and hereby are approved.[65] In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes.[66] The Board's

(1st Sess. February 5, 2001) (Report of the Minority Staff of the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs of the United States Senate); *Suspicious Banking Activities*, General Accounting Office, GAO-01-120 (October 2000). These comments also were substantially the same as those considered by the Board in connection with its approval of Citigroup's proposal to acquire EAB. As noted in the Citigroup/EAB Order, the Board has carefully reviewed supervisory examinations of Citibank NA and consulted with the OCC, the appropriate federal financial supervisory agency of the bank, regarding the policies, procedures, and practices of Citigroup to comply with the Bank Secrecy Act. In addition, the Board has reviewed recent enhancements to Citigroup's policies and procedures to prevent money laundering that address the issues raised in those investigations. *See* Citigroup/EAB Order. A commenter also noted that Banamex was subject to a temporary cease-and-desist order issued by the Board in 1998 concerning the bank's compliance with U.S. anti-money laundering laws. The Board released Banamex from this order in March 2000 after determining that the bank had sufficiently enhanced its anti-money laundering compliance policies and procedures.

63. Commenters asserted that senior officials of Citigroup had improper *ex parte* communications with various U.S. and Mexican government officials regarding the proposed acquisition. The Board's policies regarding *ex parte* communications do not apply to contacts between an applicant and officials outside the Federal Reserve System, and do not govern communications with an applicant concerning issues that are not raised by a timely comment or communications when no application or other request for approval of the proposed acquisition is pending.

64. The Board also has received a comment questioning Citigroup's authority to own an interest in a telecommunications company whose shares are currently owned by Banamex. Citigroup will acquire and temporarily hold this interest pursuant to section 4(c)(13) of the BHC Act while Banamex divests control of the company, in accordance with the requirements of Mexican law, after Citigroup consummates its proposed acquisition of Banacci and Banamex. Citigroup must fully conform any remaining investment in the company to the merchant banking provisions of section 4(k) of the BHC Act (12 U.S.C. § 1843(k)) and the Board's Regulation Y (12 C.F.R. Subpart J), within six months of consummation.

65. Several commenters requested that the Board hold a public meeting or hearing on the proposal. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from the appropriate supervisory authority. Under its rules, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 C.F.R. 225.16(e). The Board has considered carefully these commenters' requests in light of all the facts of record. In the Board's view, the public has had ample opportunity to submit comments on the proposal and, in fact, the commenters have submitted extensive written comments that the Board has considered carefully in acting on the proposal. Many of the commenters' requests were based on issues that the Board carefully considered in connection with its action on Citigroup's proposal to acquire EAB. In addition, many requests were based on activities of Banacci or Citigroup in Mexico that are subject to the supervision and legal requirements of Mexican law and Mexican governmental authorities. The commenters' requests fail to demonstrate why their written comments do not present their views adequately or why a meeting or hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the requests for a public meeting or hearing on the proposal are denied.

66. A number of commenters requested that the Board delay action or extend the comment period on the proposal. The Board has accumulated a significant record in this case, including reports of examination, confidential supervisory information, public reports and information, and considerable public comment. In the Board's view, for the reasons discussed above, commenters have had ample opportunity to submit their views and, in fact, have provided substantial written

approval is specifically conditioned on compliance by Citigroup with all the representations and commitments made in connection with the application and notice, the conditions described or referenced in this order, and on the receipt by Citigroup of all necessary regulatory approvals. These representations, commitments, and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective July 16, 2001.

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

JENNIFER J. JOHNSON
Secretary of the Board

Harrodsburg First Financial Bancorp, Inc.
Harrodsburg, Kentucky

Order Approving the Formation of a Bank Holding Company

Harrodsburg First Financial Bancorp, Inc. ("Harrodsburg") has requested the Board's approval under section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842) to acquire 55.7 percent of the voting shares of Citizens Financial Bank, Inc., Glasgow, Kentucky ("Citizens"), a *de novo* state-chartered bank, and thereby become a bank holding company. Harrodsburg, which is currently a savings and loan holding company, also has requested the Board's approval under sections 4(c)(8) and 4(j) of the BHC Act (12 U.S.C. §§ 1843(c)(8) and (j)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to retain and operate its wholly owned subsidiary savings association, First Financial Bank, also in Harrodsburg ("First Financial"), in accordance with section 225.28(b)(4) of Regulation Y (12 C.F.R. 225.28(b)(4)), after Harrodsburg becomes a bank holding company.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (66 *Federal Register* 21,158 and 22,559 (2001)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in the BHC Act.

First Financial, with total consolidated assets of $113.9 million, is the 98th largest depository organization in Kentucky, controlling deposits of $87.4 million, representing less than 1 percent of total deposits of insured depository institutions in the state.[1]

Competitive Considerations

The Board received comments on the competitive aspects of Harrodsburg's proposal to establish a *de novo* bank in Glasgow from two in-market competitors of Citizens who each claim that Barren County, Kentucky, currently is served by too many banks.[2] The Board has previously noted that the establishment of a *de novo* bank enhances competition in the relevant banking market and is a positive consideration in an application under section 3 of the BHC Act.[3] There is no evidence in this case that this transaction would lessen competition or create or further a monopoly in any relevant market.[4] Accordingly, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market, and that competitive considerations are consistent with approval.

Financial, Managerial, and Other Considerations

The BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal and certain supervisory factors. The Board has reviewed information provided by Harrodsburg, confidential supervisory and examination information, and publicly reported financial and other information in assessing the financial and managerial strength of Harrodsburg, First Financial, and Citizens. The Board has reviewed the relevant factors in light of these and all other facts of record and concludes that the finan-

submissions that the Board has considered carefully in acting on the proposal. Moreover, the BHC Act and Regulation Y require the Board to act on proposals submitted under those provisions within certain time periods. Based on a review of all the facts of record, the Board has concluded that the record in this case is sufficient to warrant action at this time, and that a further delay in considering the proposal, an extension of the comment period, or a denial of the proposal on the grounds discussed above or on the basis of informational insufficiency is not warranted.

1. Asset, deposit, and ranking data for First Financial are as of June 30, 2000.

2. Commenters claim that the financial performance of the banks currently operating in the Barren County has, in general, declined over the last three years, and they argue that the opening of a new bank in Barren County would only accelerate this trend, to the detriment of the local community. The Supreme Court has held that the antitrust laws are intended for the "protection of competition, not competitors." *Brown Shoe Co. v. U.S.*, 370 U.S. 294, 319 (1962). *See also BankAmerica Corporation*, 66 *Federal Reserve Bulletin* 511, 515 (1980).

3. *See Wilson Bank Holding Company*, 82 *Federal Reserve Bulletin* 568 (1996).

4. Citizens and First Financial would not compete in the same local banking market. Citizens would operate in the Glasgow banking market (defined as Barren and Hart Counties and the western half of Metcalfe County, all in Kentucky), while First Financial competes in the Mercer and Anderson Counties, Kentucky, banking markets (defined as Mercer County and Anderson County, respectively).

cial and managerial resources and future prospects of Harrodsburg, First Financial, and Citizens are consistent with approval, as are the other supervisory factors the Board must consider under the BHC Act.

Section 3 of the BHC Act also requires the Board to consider the effect of the transaction on the convenience and needs of the community to be served.[5] In evaluating this factor, the Board places particular emphasis on the ratings the insured depository institutions involved in a proposal received at their most recent examinations under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). First Financial received an overall rating of "satisfactory" from its primary federal supervisor, the Office of Thrift Supervision, at its most recent evaluation for CRA performance, as of January 1999. Citizens, a *de novo* bank that has not commenced operations, has not been evaluated for CRA performance by its primary federal supervisor, the Federal Deposit Insurance Corporation.

Citizens has filed a business plan with the State of Kentucky that calls for it to develop and apply flexible underwriting standards for loans that benefit low- or moderate-income areas or individuals, including purchase money and property improvement real estate loans; various consumer loans; and commercial, agricultural, church, and student loans. Citizens also intends to take advantage of active participation by its officers in Barren County civic clubs, associations, and other community organizations to ascertain the banking services needed by the community and to develop and provide these services to all segments of the community.

Based on all the facts of record, including First Financial's record of performance under the CRA, the Board concludes that convenience and needs considerations are consistent with approval of the proposal.

Nonbanking Activities

Harrodsburg also has filed a notice under sections 4(c)(8) and 4(j) of the BHC Act (12 U.S.C. §§ 1843(c)(8) and (j)) to retain and operate First Financial and thereby engage in operating a savings association. The Board has determined by regulation that operating a savings association is closely related to banking for purposes of the BHC Act.[6] Harrodsburg has committed to conduct this nonbanking activity in accordance with the limitations set forth in Regulation Y and the Board's orders and interpretations.

In order to approve this notice, the Board is required by section 4(j)(2)(A) of the BHC Act to determine that the retention and operation of its savings association by Harrodsburg "can reasonably be expected to produce benefits to the public" that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[7]

5. 12 U.S.C. § 1842(c)(2).

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

7. 12 U.S.C. § 1843(j)(2)(A).

As part of its evaluation of these factors, the Board has considered the financial and managerial resources of Harrodsburg, First Financial, and Citizens and the effect of the proposed transaction on those resources. For the reasons noted above, and based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the notice.

The Board also has considered the competitive effects of Harrodsburg's proposed retention of its nonbanking subsidiary, First Financial, in light of all the facts of record. For the reasons discussed, the Board has concluded that Harrodsburg's proposed retention of First Financial would not likely result in decreased or unfair competition or undue concentration of resources in the Anderson or Mercer Counties banking markets. Harrodsburg has indicated that the proposal would benefit the communities served by First Financial by allowing them continued access to First Financial's primary loan products, which are single-family and multifamily residential mortgages. Harrodsburg also stated that its continued operation of First Financial would preserve a proven competitor for deposit and loan products in the banking markets of Anderson and Mercer Counties.

The Board also concludes that the conduct of the proposed nonbanking activities within the framework of Regulation Y and Board precedent is not likely to result in adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices that would not be outweighed by its likely public benefits. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(j)(2)(A) of the BHC Act is favorable and consistent with approval of Harrodsburg's notice to retain and operate First Financial.

Conclusion

Based on the foregoing and in light of all the facts of record, the Board has determined that the application and notice should be, and hereby are, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act. The Board's approval is specifically conditioned on compliance by Harrodsburg with all commitments made in connection with the application and notice. The Board's determination on the nonbanking activities also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the BHC Act and the Board's regulations and orders thereunder. For purposes of this transaction, the commitments and conditions referred to in this order shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition of Citizens may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months following the effective date of this order, and Citizens shall be open for business within six months following the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 2, 2001.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

ORDERS ISSUED UNDER BANK MERGER ACT

The Chase Manhattan Bank
New York, New York

Order Approving the Merger of Banks

The Chase Manhattan Bank ("Chase Bank"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to merge with Chase Bank of Texas B San Angelo, National Association, San Angelo, Texas ("Chase Texas"). Chase Bank would be the surviving institution.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the acquisitions were requested from the United States Attorney General and the other federal banking agencies. The time for filing comments has expired, and the Board has considered the application and all facts of record, including the public comments received, in light of the factors set forth in the Bank Merger Act.

Interstate Analysis

Section 102 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 ("Riegle-Neal Act") authorizes a bank to merge with another bank under certain conditions unless, before June 1, 1997, the home state of one of the banks involved in the transaction adopted a law expressly prohibiting merger transactions involving out-of-state banks.[2] New York and Texas have enacted legislation allowing interstate mergers between banks in their states and out-of-state banks pursuant to the provisions of the Riegle-Neal Act. Chase Bank has provided a copy of its Bank Merger Act application to all the relevant state agencies. The proposal also complies with all the other requirements of the Riegle-Neal Act.[3] Accordingly, the Riegle-Neal Act authorizes the proposed transaction.

Competitive, Financial, and Managerial Factors

The Bank Merger Act prohibits the Board from approving an application if the proposal would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking.[4] The Bank Merger Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any relevant market, unless the Board finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effects of the transaction in meeting the convenience and needs of the community to be served.[5] The proposed merger of Chase Bank and Chase Texas is a consolidation of two banks that are affiliates in the same organization. The Board has received no objections to the proposal from the Department of Justice or from the other federal banking agencies. Accordingly, the Board concludes that consummation of the proposed transaction would not be likely to result in a significantly adverse effect on competition or on the concentration of banking resources in any banking market, and that competitive factors are consistent with approval.[6]

The Board also has considered the financial and managerial resources and future prospects of Chase Bank and Chase Texas. The Board has reviewed these factors in light of all the facts of record, including supervisory reports of examination assessing the financial and managerial resources of the bank. Based on all the facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the institutions involved are consistent with approval.

1. Chase Bank and Chase Texas are wholly owned subsidiaries of J.P. Morgan Chase & Co., New York, New York ("JPMC"). Chase Texas has one location in San Angelo, does not take deposits, and limits its activities to providing cash management services.

2. 12 U.S.C. § 1831u.

3. *See* 12 U.S.C. § 1831u. Chase Bank is adequately capitalized and adequately managed, as defined in the Riegle-Neal Act. The New York and Texas Departments of Banking have indicated that this transaction would comply with applicable New York and Texas law. *See* NY Banking Law, Art. 5-C, § 225; Tex. Fin. Code Ann §§ 202.001, 203.003. Chase Texas has been in existence and operation for the minimum amount of time required by Texas law. *See* Tex. Fin. Code Ann. § 203.005. On consummation of the proposal, Chase Bank would control less than 10 percent of the total amount of deposits in insured institutions in the United States. All other requirements of section 102 of the Riegle-Neal Act would also be met on consummation of the proposal.

4. 12 U.S.C. § 1828(c)(5)(A).

5. 12 U.S.C. § 1828(c)(5)(B).

6. In reviewing the competitive effect of the proposal, the Board also reviewed a comment objecting to consolidation in the banking industry and maintaining that consolidation does not benefit the general public. The current proposal would have a *de minimis* effect on competition in the banking industry and on the assets controlled by Chase Bank.

Convenience and Needs Factor

The Bank Merger Act requires the Board to consider the convenience and needs of the communities to be served. The Board has long held that consideration of the convenience and needs factor includes a review of the records of performance of the relevant depository institutions under the Community Reinvestment Act, 12 U.S.C. 2901 *et seq.* ("CRA"). Accordingly, the Board has carefully considered the effect of the proposed merger on the convenience and needs of the community to be served and the CRA records of performance of the institutions involved in light of all the facts of record, including comments received about the proposal.

Chase Bank received an "outstanding" rating at its most recent CRA examination by the Federal Reserve Bank of New York ("FRBNY"), as of July 1999. As noted, Chase Texas takes no deposits and only provides cash management controlled disbursement services. Accordingly, it is not evaluated for CRA performance under the regulations of the Office of the Comptroller of the Currency ("OCC") because it is a special purpose bank.[7]

As part of its 1999 examination by the FRBNY, Chase Bank received a rating of "outstanding" for its lending activities. Examiners characterized as excellent the bank's responsiveness to the credit needs of its assessment areas and all segments of its community, including low- and moderate-income ("LMI") geographies and borrowers. During the review period of January 1997 to March 1999, Chase Bank and its affiliates originated or purchased approximately 87,600 small business loans, totaling more than $5.1 billion.[8] More than 90 percent of these loans were in amounts of less than $100,000, with an average loan amount of approximately $33,000, and 21 percent by number were to businesses in LMI census tracts.[9] Chase Bank represented that the bank and its affiliates originated a total of almost 95,500 small business loans in 1999 and 2000, and that 21 percent of the loans were to businesses in LMI census tracts.

During the review period, Chase Bank and its affiliates originated or purchased approximately 67,100 loans, totaling more than $11 billion, reportable under the Home Mortgage Disclosure Act, 12 U.S.C. § 2801 *et seq.* ("HMDA").[10] From 1996 to 1997, Chase Bank's HMDA-related lending increased 25 percent by volume. From 1997 to 1998, HMDA-related lending increased by 62 percent overall and by 63 percent in LMI geographies.[11] Chase Bank represented that the bank and its affiliates originated or purchased a total of more than 111,000 home purchase or refinancing loans in 1999 and 2000. Chase Bank also represented that 21.4 percent of these loans in 2000 were to LMI borrowers.

Community development lending at Chase Bank was considered by examiners to be outstanding. Examiners found that since its last CRA examination, Chase Bank's community development loans had increased by 34 percent to approximately $613 million. Chase Bank dedicated a large portion of its community development lending to support housing initiatives by financing the construction of more than 4,000 housing units in the bank's assessment areas. Chase Bank represented that in 1999 and 2000, the bank and its affiliates made 419 community development loans totaling $750 million in Chase Bank's assessment area.

Examiners found that Chase Bank offered a variety of loan products that featured innovative and flexible lending practices to serve the credit needs of its assessment area. During the examination period, the bank originated approximately 3,600 of these loans, totaling approximately $380 million, to assist LMI borrowers or borrowers in LMI geographies. Chase Bank was instrumental in developing and testing the "FA$TRAK" program and other loan programs designed by the Small Business Administration ("SBA") to provide loans in amounts of $150,000 or less to small businesses. In 1997 and 1998, the bank originated more SBA loans than any other lender in the New York region. Chase Bank also used credit enhancements, such as guarantees provided by the SBA and other government agencies, to provide small business credit to borrowers who would not normally qualify for conventional loan products. In the area comprising New York State and the New York consolidated metropolitan statistical area

7. *See* 12 C.F.R. 25.11(c)(3). Chase Texas used to take deposits and operate as a full-service bank. The bank received a "satisfactory" rating at its CRA examination by the OCC, as of August 1996, when it operated as Texas Commerce Bank B San Angelo, National Association.

8. In this context, "small business loans" means loans in amounts of less than $1 million. Chase Bank also made 54 percent of its small business loans to businesses with gross annual revenues of $1 million or less ("loans to small businesses").

9. Examiners noted that 21 percent of all businesses in Chase Bank's assessment area were in LMI areas.

10. A commenter asserted that Chase Bank and two mortgage lending units recently acquired by Chase Manhattan Bank USA, N.A., Newark, Delaware ("Chase USA"), an affiliate of Chase Bank, did not adequately collect or report data on the race of applicants for HMDA-related loans. Chase Bank responded that HMDA information reported by Chase Mortgage Corporation-West and cited by the commenter was loan information from the former Mellon Mortgage Company, which was acquired by Chase USA in 1999. In addition, Chase Bank stated that HMDA information reported by the mortgage units of Advanta Corporation, Horsham, Pennsylvania ("Advanta"), and cited by the commenter involved applications made by telephone. The Board notes that HMDA regulations do not require lenders to inquire about the race of individuals making mortgage loan applications by telephone, nor are lenders required to report the race of applicants who apply for a mortgage loan by mail, but do not provide race information. *See* 12 C.F.R. Pt. 202, App. B. In addition, a lender is not required to collect data about the race of borrowers with respect to mortgage loans purchased by the lender. *See* 12 C.F.R. 203.4(b)(2)(i). The Board notes that the OCC reviews Chase USA's compliance with data collection and reporting requirements under HMDA as part of the agency's periodic consumer compliance examinations of Chase USA. Chase USA received an "outstanding" rating at its most recent CRA examination by the OCC, as of May 1999. Chase Bank's compliance with these requirements is also reviewed as part of the FRBNY's periodic consumer compliance examinations of Chase Bank.

11. In this context, "HMDA-related loans" includes home purchase mortgage loans and refinancing of such loans.

("New York CMSA"), Chase Bank originated 424 innovative or flexible small business loans during 1997 and 1998, totaling more than $56 million.

Examiners noted that Chase Bank offered innovative and flexible home mortgage products. Chase Bank participated in special lending programs, through the State of New York Mortgage Agency, the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), that were designed to help LMI and other borrowers purchase homes in LMI geographies. In addition, the bank offered a proprietary mortgage loan program for customers financing properties in LMI geographies who did not qualify for conventional mortgage products. Chase Bank also offered a program of flexible mortgages in cooperation with a community-based organization. In the area comprising New York State and the New York CMSA, Chase originated more than 3,100 innovative or flexible mortgage loans in 1997 and 1998, totaling approximately $325 million.

Chase Bank received an "outstanding" examination rating for its investment activities. Examiners indicated that Chase Bank was responsive to the primary credit and community development needs of its assessment areas. During the examination period, Chase's level of qualified investments totaled approximately $377 million. Examiners also characterized as excellent Chase Bank's level of qualified community development investments in facilities and organizations supporting affordable housing, economic development, and community services. Chase Bank represented that qualified investments and grants by the bank and its affiliates exceeded $586 million, as of December 31, 2000.

Chase Bank received a "high satisfactory" examination rating for its record of providing retail banking and community development services in its assessment area. Examiners stated that Chase Bank's branch delivery system was reasonably accessible to essentially all portions of its assessment areas. At the time of the examination, Chase Bank operated 486 retail branches in its combined assessment area, 22 percent of which were in LMI geographies. Chase Bank's business hours and services were responsive to the needs of all portions of its assessment areas, including LMI geographies, and the needs of LMI individuals. Examiners found that Chase offered a wide range of special banking products designed to support community development, including special savings accounts used to save for first-time home purchase expenses, education expenses, and small business capitalization. Chase Bank also provided services to nonprofit organizations seeking assistance with administering affordable housing construction loans.

In its review of the convenience and needs factor, the Board has carefully considered the entire record, including the CRA performance examinations of the insured depository institutions involved in the proposal, all the information provided by the commenter and by Chase Bank, and confidential supervisory information. Based on all the facts of record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of the relevant insured depository institutions, are consistent with approval.[12]

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the proposal should be, and hereby is, approved.[13] The Board's approval is specifically conditioned on compliance by Chase Bank with all the commitments made in connection with the application. For purposes of this action, the commitments and conditions relied on in reaching this decision are conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

The merger may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 9, 2001.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

12. Commenter also expressed concern about Chase USA's acquisition of Advanta in March 2001, and sought information about the fair lending policies to be implemented by JPMC for Advanta's subprime lending. Chase Bank stated that the mortgage business purchased from Advanta is in the process of being integrated into JPMC's business, and that JPMC's fair lending policies and procedures will apply to the former Advanta business. Moreover, examiners found no evidence of illegal discrimination or credit practices at Chase Bank or Chase USA. Chase Bank also stated that the staff of Chase Bank and Chase USA review subprime mortgage applications and inform applicants who might qualify for a prime loan of other available mortgage products.

13. The commenter has requested a public meeting or hearing on the proposal. The Bank Merger Act does not require the Board to hold a public meeting or hearing. Under its rules, the Board may, in its discretion, hold a public meeting or hearing if necessary or appropriate to clarify factual issues related to the application or to provide an opportunity for testimony. 12 C.F.R. 262.3(i). The Board has carefully considered the requests for a public meeting or hearing in light of all the facts of record. In the Board's view, the commenter has had ample opportunity to submit its views and, in fact, has submitted written comments that have been carefully considered by the Board in acting on the proposal. The request fails to identify issues that may be clarified by a public meeting or hearing. The commenter has provided substantial written comments that have been carefully considered by the Board, and the request fails to show why a public meeting or hearing is necessary for the proper presentation or consideration of the commenter's views. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the request is hereby denied.

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
ABC Bancorp, Moultrie, Georgia	Golden Isles Financial Holdings, Inc., St. Simons Island, Georgia The First Bank of Brunswick, Brunswick, Georgia	Atlanta	July 5, 2001
Bank of Montreal, Toronto, Ontario, Canada Bankmont Financial Corp., Chicago, Illinois	First National Bancorp, Inc., Joliet, Illinois First National Bank of Joliet, Joliet, Illinois	Chicago	June 22, 2001
Bank of Montreal, Toronto, Ontario, Canada Harris Joliet Bankcorp, Inc., Chicago, Illinois	First National Bancorp, Inc., Joliet, Illinois First National Bank of Joliet, Joliet, Illinois	Chicago	June 22, 2001
Cascade Financial Corporation, Everett, Washington	Cascade Bank, Everett, Washington	San Francisco	July 9, 2001
Clark County Bancorporation, Vancouver, Washington	Bank of Clark County, Vancouver, Washington	San Francisco	July 11, 2001
Farmers State Corporation, Mankato, Minnesota	Owatonna Bancshares, Inc., Owatonna, Minnesota Community Bank Minnesota, Owatonna, Minnesota	Minneapolis	July 18, 2001
Financial Investors of the South, Inc., Birmingham, Alabama	Capital Bank, Montgomery, Alabama	Atlanta	June 29, 2001
First Indiana Corporation, Indianapolis, Indiana	First Indiana Bank, FSB, Indianapolis, Indiana	Chicago	July 10, 2001
First National Bancshares of Huntsville, Inc., Huntsville, Texas Huntsville Delaware Holdings, Inc., Wilmington, Delaware	First National Bank of Huntsville, Huntsville, Texas	Dallas	June 29, 2001
Franklin Financial Services Corporation, Chambersburg, Pennsylvania	American Home Bank, National Association, Lancaster, Pennsylvania	Philadelphia	July 9, 2001
Geneva State Company, Geneva, Nebraska	Grafton State Bank, Grafton, Nebraska	Kansas City	June 27, 2001
Harvard Bancorp, Inc., Harvard, Illinois	Hebron Bancshares, Inc., Hebron, Illinois Hebron State Bank, Hebron, Illinois	Chicago	July 10, 2001
Henry State Bancorp, Inc., Henry, Illinois	Henry State Bank, Henry, Illinois	Chicago	July 6, 2001
Mason National Bank Employee Stock Ownership Plan, Mason, Texas	Mason National Bancshares, Inc., Mason, Texas Mason National Bancshares of Nevada, Inc., Carson City, Nevada The Mason National Bank, Mason, Texas	Dallas	June 27, 2001

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Porter Bancorp, Inc., Shepherdsville, Kentucky	USAccess Bank, Inc., Louisville, Kentucky The Peoples Bank & Trust Company, Greensburg, Kentucky	St. Louis	June 29, 2001
Raton Capital Corporation, Raton, New Mexico	Trinidad Capital Corporation, Trinidad, Colorado	Kansas City	July 3, 2001
State Bank of Slater Employee Stock Ownership Plan, Slater, Missouri	Slater Bancshares, Inc., Slater, Missouri	Kansas City	May 31, 2001
Timberland Bancshares, Inc., El Dorado, Arkansas	Timberland Bank, El Dorado, Arkansas	St. Louis	June 20, 2001
TRB Bancorp, Inc., Dallas, Texas	Greenbelt Bancshares, Inc., Quanah, Texas Security National Bank, Quanah, Texas	Dallas	June 27, 2001

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Camden National Corporation, Camden, Maine	Acadia Trust, National Association, Portland, Maine Gouws Capital Management, Inc., Portland, Maine	Boston	June 29, 2001
Dexia S.A., Brussels, Belgium	Artesia Mortgage Capital Corporation, Issaqua, Washington Artesia Mortgage SMBS, Inc., Issaqua, Washington Artesia Delaware Inc., Wilmington, Delaware Artesia North America Inc., Wilmington, Delaware	New York	July 2, 2001
Israel Discount Bank Limited, Tel Aviv, Israel Discount Bancorp, Inc., New York, New York	IDB Mortgage Corp., New York, New York	New York	July 5, 2001
Marshall & Ilsley Corporation, Milwaukee, Wisconsin CyberBills, Inc., San Jose, California	Metavante Corporation, Brown Deer, Wisconsin	Chicago	June 18, 2001
Norway Bancorp, MHC, Norway, Maine Norway Bancorp, Inc., Norway, Maine	Norway Savings Bank, Norway, Maine Financial Institutions Service Corporation, Lewiston, Maine	Boston	June 29, 2001
PSB Bancorp, Inc., Philadelphia, Pennsylvania	Jade Financial Corporation, Feasterville, Pennsylvania	Philadelphia	June 26, 2001
WFC, Inc., Waukon, Iowa	To engage *de novo* in extending credit and servicing loans	Chicago	June 18, 2001

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Marshall & Ilsley Corporation, Milwaukee, Wisconsin	National City Bancorporation, Minneapolis, Minnesota National City Bank of Minneapolis, Minneapolis, Minnesota Diversified Business Credit, Inc., Minneapolis, Minnesota	Chicago	July 9, 2001

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

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

Applicant(s)	Bank(s)	Effective Date
Centura Bank, Rocky Mount, North Carolina	Security First Network Bank, Atlanta, Georgia	July 20, 2001

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
Bank Independent, Sheffield, Alabama	Union Planters Bank, N.A., Memphis, Tennessee	Atlanta	June 29, 2001
Bank of Blue Valley, Overland Park, Kansas	Citizens Bank, N.A., Fort Scott, Kansas	Kansas City	July 17, 2001
Bank of Louisville, Louisville, Kentucky	Bank of Louisville, FSB, La Grange, Kentucky	St. Louis	July 11, 2001
Big Sky Western Bank, Gallatin Gateway, Montana	Western Security Bank, Billings, Montana	Minneapolis	July 6, 2001
Central Trust and Savings Bank, Cherokee, Iowa	First Federal Bank, Sioux City, Iowa	Chicago	July 10, 2001
Commercial Bank - California, San Jose, California	Imperial Bank, Inglewood, California	Chicago	July 18, 2001
English State Bank, English, Indiana	Peoples Trust Bank Company, Corydon, Indiana	St. Louis	July 9, 2001
Falcon International Bank, Laredo, Texas	National Bank and Trust, La Grange, Texas	Dallas	July 25, 2001
First Penn Bank, Philadelphia, Pennsylvania	IGA Federal Savings Bank, Feasterville, Pennsylvania	Philadelphia	June 26, 2001
First Security Bank of Missoula, Missoula, Montana	Western Security Bank, Billings, Montana	Minneapolis	July 6, 2001
Glacier Bank, Kalispell, Montana	Western Security Bank, Billings, Montana	Minneapolis	July 6, 2001
Glacier Bank of Whitefish, Whitefish, Montana	Glacier Bank of Eureka, Eureka, Montana	Minneapolis	July 12, 2001

Applications Approved Under Bank Merger Act—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Horizon Bank, Bradenton, Florida	BankAtlantic, A Federal Savings Bank, Fort Lauderdale, Florida	Atlanta	July 10, 2001
SouthTrust Bank, Birmingham, Alabama	CENIT Bank, Norfolk, Virginia	Atlanta	July 9, 2001
The Commercial Trust & Savings Bank, Storm Lake, Iowa	Commercial Federal Bank, Omaha, Nebraska	Chicago	July 13, 2001
Titonka Savings Bank, Titonka, Iowa	Commercial Federal Bank, Omaha, Nebraska	Chicago	July 12, 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.

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

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

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. The petition was dismissed on the parties' stipulation on July 23, 2001.

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.

Individual Reference Services Group, Inc., v. Board of Governors, et al., No. 01–5175 (D.C. Cir., filed May 25, 2001); *Trans Union LLC v. Federal Trade Commission, et al.*, No. 01–5202 (D.C. Cir., filed June 4, 2001). Appeals of district court order entered April 30, 2001, upholding an interagency rule regarding Privacy of Consumer Finance Information. On June 21, 2001, the court consolidated these cases with *Reed Elsevier Inc. v. Board of Governors*, No. 00–1289 (D.C. Cir., filed June 30, 2000), and related petitions for review filed against other federal agencies challenging the same rules. On June 28, 2001, the court denied the appellants' emergency motion for an injunction pending appeal. On July 23, 2001, the appellants and petitioners in all cases other than *Trans Union LLC* moved to dismiss the appeals and petitions.

Bettersworth v. Board of Governors, No. 00–50262 (5th Cir., filed April 14, 2000). Appeal of district court's dismissal of Privacy Act claims. On April 12, 2001, the court denied the petition for review. On June 12, 2001, the court denied the petitioner's request for rehearing.

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

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

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

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

Financial and Business Statistics

INTERNATIONAL STATISTICS

Summary Statistics

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Reported by Nonbanking Business Enterprises in the United States

Securities Holdings and Transactions

Interest and Exchange Rates

SPECIAL TABLES

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 Agriculture Mortgage Corporation
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLBB	Federal Home Loan Bank Board
FHLMC	Federal Home Loan Mortgage Corporation
FmHA	Farmers Home Administration
FNMA	Federal National Mortgage Association
FSA	Farm Service Agency
FSLIC	Federal Savings and Loan Insurance Corporation
G-7	Group of Seven
G-10	Group of Ten
GDP	Gross domestic product
GNMA	Government National Mortgage Association
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		2001		2001				
	Q3	Q4	Q1	Q2	Feb.	Mar.	Apr.[r]	May[r]	June
Reserves of depository institutions[2]									
1 Total	−8.3	−8.7	−2.1	1.7	1.2	−18.8	16.6	3.1	−4.0
2 Required	−8.6	−10.4	−3.5	3.3	−4.5	−18.0	20.8	11.5	−14.3
3 Nonborrowed	−9.9	−6.4	.5	.6	1.9	−19.0	16.9	−1.9	−4.5
4 Monetary base[3]	2.5	2.8	6.4	5.4	3.5	2.6	7.1	6.3	5.6
Concepts of money and debt[4]									
5 M1	−3.7	−3.3	5.1	5.6	.9	13.8	5.4	−.6	6.4
6 M2	5.6	6.3	10.7	10.2	10.9	14.4	10.4	5.2	9.6
7 M3	8.8	7.0	12.3[r]	13.7	9.9	9.5	17.7	13.6	12.5
8 Debt	4.6	4.5	4.8	n.a.	5.0	6.1[r]	3.8	4.0	n.a.
Nontransaction components									
9 In M2[5]	8.5	9.1	12.3	11.5	13.7	14.6	11.9	6.8	10.5
10 In M3 only[6]	16.3	8.9[r]	16.0[r]	21.7	7.5	−1.6[r]	34.5	32.6	18.9
Time and savings deposits									
Commercial banks									
11 Savings, including MMDAs	11.8	12.0	17.4	20.4	24.7	19.7	20.5	18.0	18.9
12 Small time[7]	10.5	5.6	2.5	−8.2	−4.8	−6.9[r]	−9.0	−8.9	−11.6
13 Large time[8,9]	11.5	4.1	−1.3	−3.4	−57.4	−47.0[r]	34.9	10.0	3.1
Thrift institutions									
14 Savings, including MMDAs	3.1	.4	6.4	21.8	26.5	23.6	10.2	32.1	24.1
15 Small time[7]	10.8	9.5	6.4	.7	2.7	−3.4	1.0	7.2	−7.2
16 Large time[8]	23.2	14.0	11.9	11.4	6.8	2.3	20.2	19.9	−9.8
Money market mutual funds									
17 Retail	3.9	11.6	16.9	11.2	8.7	24.6	18.1	−11.8	12.1
18 Institution-only	29.0	18.6	49.8	54.8	86.6	40.7	42.4	67.2	44.1
Repurchase agreements and eurodollars									
19 Repurchase agreements[10]	8.2	−3.3[r]	−12.9[r]	14.6	−33.6[r]	−24.2[r]	71.3	3.3	−2.0
20 Eurodollars[10]	.6	10.3	3.1	−12.9	4.9	14.7	−58.2	10.8	5.0
Debt components[4]									
21 Federal	−7.3	−8.0	−5.4	n.a.	−3.0[r]	1.2	−10.9	−17.6	n.a.
22 Nonfederal	7.6	7.5	7.2	n.a.	6.8	7.1	7.2	8.8	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						
	2001			2001						
	Apr.	May	June	May 16	May 23	May 30	June 6	June 13	June 20	June 27
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	580,694	585,031	587,457	584,842	582,062	590,572	587,740	585,179	587,588	586,991
U.S. government securities[2]										
2 Bought outright—System account[3]	523,962	526,810	532,187	527,258	526,099	529,168	527,940	531,105	532,906	535,009
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	10	10	10	10	10	10	10	10	10	10
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	20,009	21,907	18,444	20,053	20,915	26,534	24,054	17,643	17,286	14,931
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	29	129	105	525	3	22	120	268	57	14
9 Seasonal credit	35	80	119	88	83	86	95	106	122	138
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	251	−91	539	−153	130	−507	455	455	1,002	147
13 Other Federal Reserve assets	36,398	36,187	36,052	37,061	34,823	35,259	35,067	35,592	36,205	36,742
14 Gold stock	11,046	11,046	11,044	11,046	11,046	11,046	11,046	11,045	11,044	11,044
15 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
16 Treasury currency outstanding	32,349	32,488r	32,612	32,475r	32,504r	32,533r	32,562	32,593	32,618	32,644
ABSORBING RESERVE FUNDS										
17 Currency in circulation	588,086	591,535r	594,536	590,329r	590,981r	594,970r	595,205	594,278	594,018	593,979
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	500	514	469	517	511	510	506	481	463	444
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,903	5,149	5,605	5,169	4,993	5,148	4,796	4,878	5,194	6,748
21 Foreign	92	100	88	104	76	148	83	85	101	79
22 Service-related balances and adjustments	6,940	6,946	7,185	6,843	7,087	6,878r	7,044	7,008	7,204	7,299
23 Other	352	350	298	395	342	294	332	311	284	279
24 Other Federal Reserve liabilities and capital	17,806	17,971	18,027	17,946	17,944	17,960	17,909	18,130	18,065	18,100
25 Reserve balances with Federal Reserve Banks[5]	6,609	8,199r	7,106	9,261	5,877	10,442r	7,671	5,846	8,121	5,951

Factor	End-of-month figures			Wednesday figures						
	Apr.	May	June	May 16	May 23	May 30	June 6	June 13	June 20	June 27
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	587,708	591,914r	595,137	594,063	584,945	608,194	585,309	589,447	584,961	591,383
U.S. government securities[2]										
2 Bought outright—System account[3]	525,911	527,562	535,110	528,380	525,608	529,372	527,124	531,874	534,482	535,191
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	10	10	10	10	10	10	10	10	10	10
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	25,007	30,310	23,250	31,747	23,705	42,380	19,050	20,500	13,750	19,505
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	44	67	3	24	1	1	12	29	83	10
9 Seasonal credit	36	86	146	86	84	89	101	111	128	142
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	−370	−998r	−373	−683	478	846	3,670	1,104	43	−417
13 Other Federal Reserve assets	37,069	34,877r	36,992	34,500	35,058	35,495	35,341	35,820	36,465	36,942
14 Gold stock	11,046	11,046	11,044	11,046	11,046	11,046	11,046	11,044	11,044	11,044
15 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
16 Treasury currency outstanding	32,417	32,562r	32,670	32,475r	32,504r	32,533r	32,562	32,593	32,618	32,644
ABSORBING RESERVE FUNDS										
17 Currency in circulation	588,191	595,911r	596,674	591,648r	593,311r	596,594r	595,733	595,384	595,172	596,044
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	516	510	444	511	510	510	483	466	444	444
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	7,894	4,396	7,188	5,309	4,788	4,301	5,926	4,729	6,758	6,857
21 Foreign	102	85	102	76	84	72	82	82	133	73
22 Service-related balances and adjustments	7,241	7,044r	7,571	6,843	7,087	6,878r	7,044	7,008	7,204	7,299
23 Other	403	321	271	355	328	295	327	288	266	279
24 Other Federal Reserve liabilities and capital	18,232	17,845	17,583	17,654	17,685	17,738	17,667	17,766	17,851	17,869
25 Reserve balances with Federal Reserve Banks[5]	10,792	11,609r	11,217	17,389	6,901	27,584r	3,855	9,560	2,996	8,405

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	1998 Dec.	1999 Dec	2000 Dec	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.	2001 May	2001 June
	Prorated monthly averages of biweekly averages									
1 Reserve balances with Reserve Banks[2]	9,026	5,262	7,159	7,159	7,190	6,615	6,737	6,863	7,610^{r}	7,041
2 Total vault cash[3]	44,294	60,619	45,229	45,229	47,683	48,517	44,104	43,656	43,263	43,133
3 Applied vault cash[4]	36,183	36,392	31,381	31,381	32,601	32,734	30,978	31,728	31,772^{r}	31,176
4 Surplus vault cash[5]	8,111	24,227	13,848	13,848	15,083	15,783	13,127	11,929	11,491^{r}	11,956
5 Total reserves[6]	45,209	41,654	38,540	38,540	39,791	39,349	37,715	38,591	39,382^{r}	38,218
6 Required reserves	43,695	40,357	37,216	37,216	38,538	37,917	36,329	37,314	38,363	36,876
7 Excess reserve balances at Reserve Banks[7]	1,514	1,297	1,325	1,325	1,253	1,432	1,385	1,277	1,019^{r}	1,342
8 Total borrowing at Reserve Banks	117	320	210	210	73	51	58	51	213	229
9 Adjustment	101	179	99	99	39	30	38	15	134	110
10 Seasonal	15	67	111	111	34	21	20	35	79	120
11 Special Liquidity Facility[8]	0	74	0	0	0				.	
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

Reserve classification	2001 Mar. 7	2001 Mar. 21	2001 Apr. 4	2001 Apr. 18	2001 May 2	2001 May 16	2001 May 30	2001 June 13	2001 June 27	2001 July 11
	Biweekly averages of daily figures for two-week periods ending on dates indicated									
1 Reserve balances with Reserve Banks[2]	6,836	6,296	7,287	6,326	7,350	7,159	8,159^{r}	6,756^{r}	7,279	7,170
2 Total vault cash[3]	44,107	43,875	44,424	43,409	43,690	42,645	43,900	42,155	43,811	44,209
3 Applied vault cash[4]	31,547	30,304	31,523	31,199	32,413	31,031^{r}	32,530	30,270^{r}	31,964	31,431
4 Surplus vault cash[5]	12,561	13,571	12,902	12,210	11,277	11,615^{r}	11,370	11,885^{r}	11,846	12,777
5 Total reserves[6]	38,382	36,600	38,809	37,525	39,763	38,189^{r}	40,689^{r}	37,026^{r}	39,243	38,601
6 Required reserves	37,103	35,419	37,062	36,329	38,549	37,302^{r}	39,582^{r}	35,776	37,819	37,243
7 Excess reserve balances at Reserve Banks[7]	1,279	1,180	1,747	1,196	1,214	887^{r}	1,107^{r}	1,249^{r}	1,424	1,358
8 Total borrowing at Reserve Banks	95	38	60	42	59	346	97	295	166	244
9 Adjustment	76	17	42	4	20	267	13	195	36	89
10 Seasonal	19	21	18	38	39	79	85	101	130	155
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 8/3/01	Effective date	Previous rate	On 8/3/01	Effective date	Previous rate	On 8/3/01	Effective date	Previous rate
Boston	3.25	6/27/01	3.50	3.70	7/26/01	3.75	4.20	7/26/01	4.25
New York		6/27/01							
Philadelphia		6/27/01							
Cleveland		6/28/01							
Richmond		6/28/01							
Atlanta		6/27/01							
Chicago		6/27/01							
St. Louis		6/29/01							
Minneapolis		6/28/01							
Kansas City		6/28/01							
Dallas		6/27/01							
San Francisco	3.25	6/27/01	3.50	3.70	7/26/01	3.75	4.20	7/26/01	4.25

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
Mar. 20	4.50–5.00	4.50
21	4.50	4.50
Apr. 18	4.00–4.50	4.00
20	4.00	4.00
May 15	3.50–4.00	3.50
17	3.50	3.50
June 27	3.25–3.50	3.25
June 29	3.25	3.25
In effect Aug. 3, 2001	3.25	3.25

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

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

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

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1998	1999	2000	2000		2001				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	3,550	0	8,676	2,507	509	520	2,683	579	308	624
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	450,835	464,218	477,904	45,182	39,428	40,769	42,767	46,712	38,317	47,112
4 For new bills	450,835	464,218	477,904	45,182	39,428	40,769	42,767	46,712	38,317	47,112
5 Redemptions	2,000	0	24,522	1,145	1,145	228	638	211	3,537	3,939
Others within one year										
6 Gross purchases	6,297	11,895	8,809	580	1,420	0	1,605	67	3,027	2,174
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	46,062	50,590	62,025	7,957	0	10,296	5,609	0	12,204	8,117
9 Exchanges	−49,434	−53,315	−54,656	−7,012	0	−6,667	−6,799	0	−7,000	−8,965
10 Redemptions	2,676	1,429	3,779	780	0	2,422	1,529	0	4,368	2,287
One to five years										
11 Gross purchases	12,901	19,731	14,482	1,332	1,045	925	2,983	1,883	4,480	2,685
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−37,777	−44,032	−52,068	−5,997	0	−10,296	−2,784	0	−12,204	−1,913
14 Exchanges	37,154	42,604	46,177	5,737	0	6,667	4,945	0	7,000	6,508
Five to ten years										
15 Gross purchases	2,294	4,303	5,871	510	771	1,283	0	0	1,390	657
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−5,908	−5,841	−6,801	−699	0	0	−1,855	0	0	−5,130
18 Exchanges	7,439	7,583	6,585	1,275	0	0	971	0	0	2,457
More than ten years										
19 Gross purchases	4,884	9,428	5,833	0	0	296	495	1,000	913	1,241
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−2,377	−717	−3,155	−1,261	0	0	−971	0	0	−1,074
22 Exchanges	4,842	3,139	1,894	0	0	0	883	0	0	0
All maturities										
23 Gross purchases	29,926	45,357	43,670	4,929	3,745	3,024	7,766	3,529	10,118	7,380
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	4,676	1,429	28,301	1,802	1,145	2,650	2,166	211	7,905	6,226
Matched transactions										
26 Gross purchases	4,430,457	4,413,430	4,399,257	351,391	345,680	356,250	320,060	396,029	381,667	398,039
27 Gross sales	4,434,358	4,431,685	4,381,188	351,232	348,917	352,336	322,056	395,151	381,895	397,600
Repurchase agreements										
28 Gross purchases	512,671	281,599	0	0	0	0	0	0	0	0
29 Gross sales	514,186	301,273	0	0	0	0	0	0	0	0
30 Net change in U.S. Treasury securities	19,835	5,999	33,439	3,286	−637	4,289	3,604	4,196	1,984	1,592
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	25	0	0	0	0	0	0	0	0	0
33 Redemptions	322	157	51	0	0	0	120	0	0	0
Repurchase agreements										
34 Gross purchases	284,316	360,069	0	0	0	0	0	0	0	0
35 Gross sales	276,266	370,772	0	0	0	0	0	0	0	0
36 Net change in federal agency obligations	7,703	−10,859	−51	0	0	0	−120	0	0	0
Reverse repurchase agreements										
37 Gross purchases	0	0	0	0	0	0	0	0	0	0
38 Gross sales	0	0	0	0	0	0	0	0	0	0
Repurchase agreements										
39 Gross purchases	0	304,989	890,236	87,125	95,470	104,930	67,655	86,472	85,166	120,135
40 Gross sales	0	164,349	987,501	79,295	79,365	129,385	62,910	88,142	82,154	114,832
41 Net change in triparty obligations	0	140,640	−97,265	7,830	16,105	−24,455	4,745	−1,670	3,012	5,303
42 Total net change in System Open Market Account	**27,538**	**135,780**	**−63,877**	**11,116**	**15,468**	**−20,166**	**8,229**	**2,526**	**4,996**	**6,895**

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, 2001					End of month, 2001		
	May 30	June 6	June 13	June 20	June 27	Apr. 30	May 31	June 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,046	11,046	11,044	11,044	11,044	11,046	11,046	11,044
2 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
3 Coin	1,070	1,074	1,105	1,121	1,120	1,129	1,075	1,126
Loans								
4 To depository institutions	90	114	139	211	152	80	154	150
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]	42,380	19,050	20,500	13,750	19,505	25,007	30,310	23,250
Federal agency obligations[3]								
8 Bought outright	10	10	10	10	10	10	10	10
9 Held under repurchase agreements	0	0	0	0	0	0	0	0
10 Total U.S. Treasury securities[3]	**529,372**	**527,124**	**531,874**	**534,482**	**535,191**	**525,911**	**527,562**	**535,110**
11 Bought outright[4]	529,372	527,124	531,874	534,482	535,191	525,911	527,562	535,110
12 Bills	178,786	177,467	181,228	181,249	181,211	180,787	177,911	181,126
13 Notes	252,357	251,419	251,425	253,531	254,225	247,965	251,415	254,228
14 Bonds	98,230	98,238	99,221	99,702	99,754	97,159	98,236	99,756
15 Held under repurchase agreements	0	0	0	0	0	0	0	0
16 Total loans and securities	**571,853**	**546,298**	**552,523**	**548,453**	**554,858**	**551,008**	**558,035**	**558,519**
17 Items in process of collection	10,612	11,706	8,787	8,869	7,888	2,569	7,670	5,573
18 Bank premises	1,499	1,504	1,507	1,507	1,505	1,497	1,504	1,509
Other assets								
19 Denominated in foreign currencies[5]	14,793	14,764	14,770	14,776	14,782	14,766	14,759	14,428
20 All other[6]	19,020	18,843	19,371	20,018	20,490	20,602	18,441	20,667
21 Total assets	**632,094**	**607,435**	**611,307**	**607,986**	**613,887**	**604,818**	**614,730**	**615,066**
LIABILITIES								
22 Federal Reserve notes	565,642	564,727	564,362	564,118	564,964	557,418	564,934	565,574
23 Reverse repurchase agreements—triparty[2]	0	0	0	0	0	0	0	0
24 Total deposits	**38,664**	**16,594**	**21,693**	**18,231**	**23,675**	**26,571**	**24,040**	**26,208**
25 Depository institutions	33,995	10,259	16,594	11,074	16,466	18,172	19,238	18,647
26 U.S. Treasury—General account	4,301	5,926	4,729	6,758	6,857	7,894	4,396	7,188
27 Foreign—Official accounts	72	82	82	133	73	102	85	102
28 Other	295	327	288	266	279	403	321	271
29 Deferred credit items	10,050	8,447	7,485	7,787	7,380	2,596	7,910	5,701
30 Other liabilities and accrued dividends[7]	3,390	3,370	3,389	3,358	3,305	3,520	3,467	3,140
31 Total liabilities	**617,746**	**593,138**	**596,929**	**593,494**	**599,324**	**590,105**	**600,351**	**600,623**
CAPITAL ACCOUNTS								
32 Capital paid in	7,069	7,061	7,064	7,133	7,139	7,043	7,070	7,143
33 Surplus	6,566	6,584	6,617	6,645	6,671	6,371	6,557	6,584
34 Other capital accounts	712	653	696	715	753	1,299	751	716
35 Total liabilities and capital accounts	**632,094**	**607,435**	**611,307**	**607,986**	**613,887**	**604,818**	**614,730**	**615,066**
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)	737,129	736,621	736,154	736,351	736,246	739,839	736,954	735,805
38 LESS: Held by Federal Reserve Banks	171,487	171,894	171,792	172,233	171,282	182,421	172,020	170,231
39 Federal Reserve notes, net	565,642	564,727	564,362	564,118	564,964	557,418	564,934	565,574
Collateral held against notes, net								
40 Gold certificate account	11,046	11,046	11,044	11,044	11,044	11,046	11,046	11,044
41 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
42 Other eligible assets	0	5,297	0	2,633	0	0	0	0
43 U.S. Treasury and agency securities	552,396	546,184	551,119	548,242	551,721	544,172	551,689	552,330
44 Total collateral	**565,642**	**564,727**	**564,362**	**564,118**	**564,964**	**557,418**	**564,934**	**565,574**

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[1]		
	2001					2001		
	May 30	June 6	June 13	June 20	June 27	Apr. 30	May 31	June 30
1 **Total loans**	**91**	**114**	**139**	**211**	**152**	**80**	**154**	**150**
2 Within fifteen days[2]	86	26	49	202	146	72	132	114
3 Sixteen days to ninety days	5	88	90	9	6	8	21	36
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 **Total U.S. Treasury securities**[3]	**529,372**	**527,124**	**531,874**	**534,482**	**535,191**	**525,912**	**527,562**	**535,108**
6 Within fifteen days[2]	18,608	15,867	14,586	19,475	21,211	18,127	4,645	10,105
7 Sixteen days to ninety days	116,467	118,440	123,727	118,433	115,867	113,525	115,568	126,214
8 Ninety-one days to one year	120,387	120,883	120,639	122,474	123,266	127,821	135,422	123,941
9 One year to five years	141,641	139,659	139,659	140,350	141,089	135,551	139,658	141,089
10 Five years to ten years	57,507	57,511	57,516	57,520	57,526	56,337	57,508	57,527
11 More than ten years	74,762	74,764	75,747	76,228	76,232	74,551	74,762	76,232
12 **Total federal agency obligations**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
13 Within fifteen days[2]	0	0	0	0	0	0	0	0
14 Sixteen days to ninety days	0	0	0	0	0	0	0	0
15 Ninety-one days to one year	0	0	0	0	0	0	0	0
16 One year to five years	10	10	10	10	10	10	10	10
17 Five years to ten years	0	0	0	0	0	0	0	0
18 More than ten years	0	0	0	0	0	0	0	0

1. Denotes last calendar day of the month, but data reflect last business day of the month.
2. Holdings under repurchase agreements are classified as maturing within fifteen days in accordance with maximum maturity of the agreements.
3. 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 Nov.	2000 Dec	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.	2001 May	2001 June
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	46.85	45.18	41.78	38.51	39.02	38.51	38.83	38.87	38.26	38.79	38.89	38.76
2 Nonborrowed reserves[4]	46.52	45.07	41.46	38.30	38.74	38.30	38.75	38.82	38.20	38.74	38.68	38.53
3 Nonborrowed reserves plus extended credit[5]	46.52	45.07	41.46	38.30	38.74	38.30	38.75	38.82	38.20	38.74	38.68	38.53
4 Required reserves	45.16	43.67	40.48	37.18	37.82	37.18	37.57	37.43	36.87	37.51	37.87	37.42
5 Monetary base[6]	479.47	513.49	593.09	583.96	581.40	583.96	589.39	591.12	592.42	595.92	599.06[r]	601.84
	Not seasonally adjusted											
6 Total reserves[7]	48.01	45.31	41.89	38.60	38.85	38.60	39.78	39.38	37.76	38.66	39.46[r]	38.32
7 Nonborrowed reserves	47.69	45.19	41.57	38.39	38.56	38.39	39.70	39.33	37.71	38.61	39.25	38.09
8 Nonborrowed reserves plus extended credit[5]	47.69	45.19	41.57	38.39	38.56	38.39	39.70	39.33	37.71	38.61	39.25	38.09
9 Required reserves[8]	46.33	43.80	40.59	37.27	37.65	37.27	38.52	37.95	36.38	37.38	38.44	36.97
10 Monetary base[9]	484.98	518.27	600.72	590.20	582.36	590.20	591.50	589.04	591.36	594.92	598.57[r]	601.65
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	47.92	45.21	41.65	38.54	38.79	38.54	39.79	39.35	37.72	38.59	39.38[r]	38.22
12 Nonborrowed reserves	47.60	45.09	41.33	38.33	38.50	38.33	39.72	39.30	37.66	38.54	39.17	37.99
13 Nonborrowed reserves plus extended credit[5]	47.60	45.09	41.33	38.33	38.50	38.33	39.72	39.30	37.66	38.54	39.17	37.99
14 Required reserves	46.24	43.70	40.36	37.22	37.58	37.22	38.54	37.92	36.33	37.31	38.36	36.88
15 Monetary base[12]	491.79	525.06	608.02	597.12	589.12	597.12	598.38	595.59	598.20	601.84	605.48[r]	608.79
16 Excess reserves[13]	1.69	1.51	1.30	1.33	1.20	1.33	1.25	1.43	1.39	1.28	1.02	1.34
17 Borrowings from the Federal Reserve	.32	.12	.32	.21	.28	.21	.07	.05	.06	.05	.21	.23

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.	1998 Dec.	1999 Dec.	2000 Dec.	2001 Mar.	2001 Apr.r	2001 Mayr	2001 June
				Seasonally adjusted				
Measures[2]								
1 M1	1,073.4	1,097.0	1,124.8	1,088.2	1,113.1	1,118.1	1,117.5	1,123.5
2 M2	4,031.9	4,385.9	4,653.3	4,945.1r	5,101.1	5,145.5	5,167.7	5,208.9
3 M3	5,430.8	6,030.8	6,530.6	7,101.3r	7,311.3r	7,419.3	7,503.2	7,581.2
4 Debt	15,223.2	16,246.1	17,315.1	18,222.0r	18,440.4	18,499.5	18,561.3	n.a.
M1 components								
5 Currency[3]	424.3	459.2	516.7	529.9	539.8	542.6	546.1	548.4
6 Travelers checks[4]	8.1	8.2	8.2	8.0	7.9	7.8	8.0	8.2
7 Demand deposits[5]	395.4	379.4	356.1	311.3	316.5	312.9	312.4	310.9
8 Other checkable deposits[6]	245.7	250.1	243.7	239.0	248.9	254.8	251.1	256.0
Nontransaction components								
9 In M2[7]	2,958.5	3,288.9	3,528.5	3,856.9r	3,988.0	4,027.4	4,050.1	4,085.4
10 In M3 only[8]	1,399.0	1,645.0	1,877.3	2,156.2r	2,210.2r	2,273.8	2,335.5	2,372.3
Commercial banks								
11 Savings deposits, including MMDAs	1,021.1	1,185.8	1,287.0	1,421.7	1,491.7	1,517.2	1,540.0	1,564.3
12 Small time deposits[9]	625.5	626.4	635.2	699.6r	695.9	690.7	685.6	679.0
13 Large time deposits[10, 11]	517.4	575.2	648.3	726.6r	677.4	697.1	702.9	704.7
Thrift institutions								
14 Savings deposits, including MMDAs	376.8	414.1	449.3	451.9	471.1	475.1	487.8	497.6
15 Small time deposits[9]	342.9	325.8	320.9	346.6	349.6	349.9	352.0	349.9
16 Large time deposits[10]	85.5	88.7	91.3	103.2	106.8	108.6	110.4	109.5
Money market mutual funds								
17 Retail	592.1	736.8	836.2	937.2	979.8	994.6	984.8	994.7
18 Institution-only	391.8	531.8	623.5	768.3	888.0	919.4	970.9	1,006.6
Repurchase agreements and eurodollars								
19 Repurchase agreements[12]	254.3	297.5	340.8	361.1r	340.0r	360.2	361.2	360.6
20 Eurodollars[12]	150.0	151.8	173.3	197.1	198.0	188.4	190.1	190.9
Debt components								
21 Federal debt	3,800.6	3,751.2	3,660.3	3,400.5	3,375.4	3,344.7	3,295.6	n.a.
22 Nonfederal debt	11,422.6	12,494.9	13,654.9	14,821.5r	15,064.9r	15,154.8	15,265.7	n.a.
				Not seasonally adjusted				
Measures[2]								
23 M1	1,096.9	1,120.4	1,148.3	1,112.4	1,107.8	1,123.2	1,111.5	1,123.0
24 M2	4,053.2	4,408.2	4,677.3	4,973.7r	5,135.6	5,209.5	5,143.6	5,191.7
25 M3	5,456.2	6,062.9	6,568.1	7,146.3r	7,373.4r	7,482.0	7,478.7	7,551.0
26 Debt	15,218.9	16,241.4	17,310.5	18,214.6r	18,439.3r	18,472.3	18,498.1	n.a.
M1 components								
27 Currency[3]	428.1	463.3	521.5	535.2	539.8	543.0	546.1	549.1
28 Travelers checks[4]	8.3	8.4	8.4	8.1	8.0	7.9	8.0	8.0
29 Demand deposits[5]	412.4	395.9	371.7	326.6	311.4	313.0	307.2	309.7
30 Other checkable deposits[6]	248.2	252.8	246.6	242.5	248.6	259.3	250.2	256.1
Nontransaction components								
31 In M2[7]	2,956.3	3,287.8	3,529.1	3,861.3r	4,027.8	4,086.2	4,032.1	4,068.7
32 In M3 only[8]	1,403.0	1,654.8	1,890.7	2,172.7r	2,237.8r	2,272.5	2,335.1	2,359.3
Commercial banks								
33 Savings deposits, including MMDAs	1,020.4	1,186.0	1,288.5	1,426.4	1,498.6r	1,542.2	1,535.6	1,566.9
34 Small time deposits[9]	625.3	626.5	635.4	699.8r	697.7	691.2	683.3	675.3
35 Large time deposits[10, 11]	516.8	574.5	647.7	725.9r	682.9r	702.0	708.7	707.8
Thrift institutions								
36 Savings deposits, including MMDAs	376.5	414.2	449.8	453.4	473.2	482.9	486.4	498.4
37 Small time deposits[9]	342.8	325.8	321.0	346.8	350.5	350.2	350.8	348.0
38 Large time deposits[10]	85.4	88.6	91.2	103.1	107.6	109.4	111.3	110.0
Money market mutual funds								
39 Retail	591.3	735.2	834.3	935.0	1,007.9	1,019.6	976.0	980.2
40 Institution-only	398.9	543.7	638.4	786.2	905.6	915.3	957.1	985.0
Repurchase agreements and eurodollars								
41 Repurchase agreements[12]	249.5	293.4	337.4	358.0r	342.7r	356.9	366.1	365.2
42 Eurodollars[12]	152.3	154.5	176.0	199.5	199.0	188.9	191.8	191.3
Debt components								
43 Federal debt	3,805.8	3,754.9	3,663.2	3,403.5	3,392.5	3,341.0	3,262.9	n.a.
44 Nonfederal debt	11,413.1	12,486.5	13,647.3	14,811.1r	15,046.8	15,131.2	15,235.2	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			
	2000	2000	2001						2001			
	June	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June	June 6	June 13	June 20	June 27
	Seasonally adjusted											
Assets												
1 Bank credit	5,031.8[r]	5,215.5[r]	5,263.0	5,272.6	5,282.5	5,304.2	5,313.1	5,307.4	5,325.6	5,307.8	5,309.7	5,299.6
2 Securities in bank credit	1,303.2	1,335.4	1,356.6	1,350.8	1,345.4	1,360.9	1,369.2	1,378.2	1,388.5	1,383.2	1,375.9	1,369.4
3 U.S. government securities	817.5	788.7	786.3	777.5	758.7	767.1	769.7	767.9	776.6	772.4	764.1	760.4
4 Other securities	485.8	546.7	570.3	573.3	586.6	593.8	599.5	610.4	612.0	610.9	611.9	609.1
5 Loans and leases in bank credit[2]	3,728.6	3,880.1[r]	3,906.4	3,921.8	3,937.2	3,943.3	3,943.9	3,929.2	3,937.1	3,924.6	3,933.8	3,930.1
6 Commercial and industrial	1,064.5[r]	1,089.0[r]	1,101.1	1,105.7	1,103.8	1,100.5	1,097.6	1,080.5	1,087.5	1,082.4	1,083.2	1,076.0
7 Real estate	1,595.6[r]	1,656.1[r]	1,658.6	1,669.5	1,677.4	1,683.6	1,694.1	1,696.4	1,698.6	1,695.9	1,696.2	1,695.6
8 Revolving home equity	115.4	129.9[r]	132.2	133.9	135.7	137.0	138.7	139.8	139.1	139.1	139.8	140.6
9 Other	1,480.2[r]	1,526.2[r]	1,526.4	1,535.6	1,541.7	1,546.6	1,555.5	1,556.7	1,559.6	1,556.8	1,556.4	1,555.0
10 Consumer	517.4	542.3	547.0	546.5	544.9	549.3	553.0	550.9	551.9	550.3	552.8	550.2
11 Security[3]	153.0	168.7	169.9	168.2	173.5	174.1	163.0	166.9	163.3	164.6	165.3	174.0
12 Other loans and leases	398.0[r]	424.1[r]	429.8	431.9	437.6	435.8	436.2	434.5	435.8	431.4	436.4	434.3
13 Interbank loans	225.6	252.2	270.4	267.2	276.1	293.2	287.1	272.2	267.3	272.0	283.1	270.4
14 Cash assets[4]	269.9	267.2	273.4	265.4	268.4	270.6	263.7	255.9	247.6	253.3	257.2	259.9
15 Other assets[5]	378.4	397.1	412.1	414.0	431.0	431.6	425.5	420.1	420.3	419.3	415.4	422.5
16 Total assets[6]	**5,845.7[r]**	**6,068.1[r]**	**6,154.1**	**6,154.3**	**6,193.3**	**6,234.4**	**6,224.3**	**6,190.6**	**6,195.9**	**6,187.5**	**6,200.4**	**6,187.4**
Liabilities												
17 Deposits	3,669.2	3,847.7[r]	3,892.1	3,890.6	3,925.1	3,987.5	4,000.9	4,033.8	4,023.4	4,036.0	4,026.8	4,024.9
18 Transaction	616.4	601.9	608.2	607.7	606.9	610.3	613.9	601.8	576.7	593.3	608.1	629.0
19 Nontransaction	3,052.8	3,245.7	3,283.9	3,283.0	3,318.2	3,377.2	3,387.0	3,431.9	3,446.8	3,442.7	3,418.6	3,395.9
20 Large time	897.1	934.7	941.8	936.9	935.0	947.8	962.2	975.0	975.1	974.7	973.0	970.6
21 Other	2,155.7	2,311.0	2,342.1	2,346.1	2,383.3	2,429.4	2,424.8	2,457.0	2,471.6	2,468.0	2,445.6	2,425.4
22 Borrowings	1,206.5	1,242.4	1,264.2	1,259.2	1,243.5	1,278.1	1,248.0	1,214.8	1,228.4	1,213.9	1,207.5	1,216.1
23 From banks in the U.S.	378.7	396.7	397.2	396.2	395.5	405.1	385.0	383.7	382.8	384.0	385.9	381.0
24 From others	827.8	845.7	866.9	863.0	848.0	873.1	863.0	831.1	845.6	829.8	821.6	835.1
25 Net due to related foreign offices	257.7	225.8	221.2	219.4	233.2	189.7	207.0	184.1	179.0	172.3	194.1	200.7
26 Other liabilities	305.7	345.4	364.8	343.1	351.4	346.1	336.1	347.0	341.4	357.6	360.2	337.3
27 Total liabilities	**5,439.1**	**5,661.4[r]**	**5,742.4**	**5,712.3**	**5,753.2**	**5,801.4**	**5,792.0**	**5,779.6**	**5,772.3**	**5,779.7**	**5,788.6**	**5,778.9**
28 Residual (assets less liabilities)[7]	406.6[r]	406.7[r]	411.7	442.0	440.1	433.0	432.2	411.0	423.6	407.8	411.9	408.5
	Not seasonally adjusted											
Assets												
29 Bank credit	5,025.6[r]	5,251.9[r]	5,277.9	5,267.6	5,269.8	5,296.6	5,302.4	5,300.3	5,320.7	5,302.8	5,295.0	5,291.3
30 Securities in bank credit	1,302.2	1,341.0	1,361.8	1,352.6	1,349.5	1,362.5	1,368.4	1,377.6	1,393.1	1,384.8	1,373.1	1,365.4
31 U.S. government securities	817.2	788.5	788.5	779.3	764.6	771.9	770.5	768.2	780.9	773.7	762.8	758.5
32 Other securities	485.1	552.5	573.3	573.3	584.9	590.6	597.9	609.3	612.2	611.1	610.3	606.9
33 Loans and leases in bank credit[2]	3,723.3[r]	3,910.9[r]	3,916.1	3,915.0	3,920.3	3,934.1	3,933.9	3,922.7	3,927.6	3,918.0	3,921.9	3,925.9
34 Commercial and industrial	1,066.6[r]	1,091.2[r]	1,098.4	1,105.1	1,105.3	1,105.2	1,099.8	1,082.7	1,088.9	1,082.0	1,084.5	1,080.1
35 Real estate	1,594.9[r]	1,660.7[r]	1,657.6	1,662.9	1,670.0	1,679.3	1,694.5	1,695.8	1,699.5	1,696.8	1,690.8	1,696.4
36 Revolving home equity	115.5	130.0[r]	131.3	132.7	134.1	136.0	138.7	139.9	139.0	139.2	139.9	141.1
37 Other	1,479.4[r]	1,530.7[r]	1,526.3	1,530.2	1,535.9	1,543.3	1,555.8	1,555.9	1,560.6	1,557.6	1,550.9	1,555.2
38 Consumer	515.2	548.2	551.4	547.2	541.1	546.1	550.8	548.2	548.3	546.2	548.5	550.9
39 Credit cards and related plans	n.a.	218.2	218.3	213.3	209.1	214.2	218.8	216.7	217.2	215.0	216.6	218.8
40 Other	n.a.	330.0[r]	333.1	333.9	332.0	331.9	332.0	331.5	331.2	331.2	331.9	332.1
41 Security[3]	149.3	180.8	177.7	171.0	169.6	169.8	157.0	162.4	155.4	163.6	164.5	166.3
42 Other loans and leases	397.4[r]	430.0[r]	431.0	428.8	434.3	433.7	431.8	433.6	435.5	429.5	433.6	432.2
43 Interbank loans	226.8	260.9	272.4	269.0	283.5	299.3	280.3	269.8	272.9	274.3	274.8	256.9
44 Cash assets[4]	265.8	286.5	289.4	266.5	258.6	266.4	261.7	252.3	246.6	246.4	253.4	248.8
45 Other assets[5]	378.8	403.3	414.0	413.2	430.3	431.4	425.8	420.8	422.3	420.5	414.7	421.0
46 Total assets[6]	**5,836.8[r]**	**6,138.7[r]**	**6,189.3**	**6,151.3**	**6,177.3**	**6,228.8**	**6,205.0**	**6,178.1**	**6,197.3**	**6,178.8**	**6,172.9**	**6,153.0**
Liabilities												
47 Deposits	3,653.8	3,894.2	3,907.0	3,907.6	3,935.5	4,006.7	3,988.9	4,014.9	4,030.4	4,028.9	3,988.9	3,976.1
48 Transaction	615.8	631.1	620.0	599.5	600.9	616.5	604.2	601.5	579.5	594.0	601.5	616.6
49 Nontransaction	3,038.0	3,263.1[r]	3,287.0	3,308.1	3,334.6	3,390.2	3,384.7	3,413.5	3,450.9	3,434.9	3,387.4	3,359.4
50 Large time	888.7	948.7[r]	954.8	948.5	938.2	949.1	960.9	965.5	971.5	968.9	962.6	957.3
51 Other	2,149.4	2,314.4	2,332.2	2,359.6	2,396.4	2,441.1	2,423.8	2,448.0	2,479.4	2,466.0	2,424.8	2,402.1
52 Borrowings	1,207.6	1,245.3	1,281.4	1,262.8	1,241.9	1,278.8	1,253.1	1,215.7	1,226.2	1,203.1	1,222.4	1,217.3
53 From banks in the U.S.	379.5	398.6	403.5	400.6	399.1	408.3	388.2	384.5	384.3	382.1	389.9	380.6
54 From others	828.1	846.7	878.0	862.3	842.8	870.5	865.0	831.1	841.9	821.0	832.5	836.7
55 Net due to related foreign offices	253.5	230.6	225.4	225.5	232.2	182.7	206.2	180.2	179.5	167.5	185.0	199.4
56 Other liabilities	303.6	347.9	367.3	347.0	350.1	341.2	336.7	344.9	341.9	354.8	354.6	337.7
57 Total liabilities	**5,418.6**	**5,718.0**	**5,781.0**	**5,742.9**	**5,759.7**	**5,809.5**	**5,784.9**	**5,755.7**	**5,778.0**	**5,754.3**	**5,750.9**	**5,730.4**
58 Residual (assets less liabilities)[7]	418.2[r]	420.7[r]	408.2	408.4	417.6	419.3	420.0	422.4	419.3	424.5	422.0	422.7

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			
	2000	2000	2001						2001			
	June	Dec.	Jan.	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June	June 6	June 13	June 20	June 27
	Seasonally adjusted											
Assets												
1 Bank credit	4,455.9	4,616.1[r]	4,649.5[r]	4,665.5	4,662.0	4,688.0	4,710.6	4,713.7	4,727.1	4,717.5	4,713.9	4,704.5
2 Securities in bank credit	1,098.6	1,130.3	1,148.2[r]	1,152.0	1,139.7	1,146.3	1,158.9	1,165.9	1,175.8	1,173.5	1,163.6	1,156.2
3 U.S. government securities	739.0	719.5	719.8	713.2	690.7	692.0	699.9	700.0	708.7	704.6	696.9	692.5
4 Other securities	359.6	410.8	428.3	438.8	449.0	454.3	459.0	465.9	467.1	468.9	466.7	463.7
5 Loans and leases in bank credit[2]	3,357.3[r]	3,485.7[r]	3,501.3[r]	3,513.5	3,522.3	3,541.7	3,551.7	3,547.8	3,551.3	3,544.0	3,550.3	3,548.3
6 Commercial and industrial	859.7[r]	880.0[r]	886.7[r]	889.0	883.9	880.1	879.0	869.8	874.0	871.4	871.7	866.3
7 Real estate	1,577.6[r]	1,637.6[r]	1,640.1[r]	1,650.8	1,658.9	1,665.7	1,676.1	1,678.6	1,681.0	1,678.0	1,678.3	1,677.7
8 Revolving home equity	115.4	129.9[r]	132.2[r]	133.9	135.7	137.0	138.7	139.8	139.1	139.1	139.8	140.6
9 Other	1,462.2[r]	1,507.7[r]	1,508.0[r]	1,516.9	1,523.2	1,528.7	1,537.4	1,538.9	1,541.9	1,538.9	1,538.6	1,537.1
10 Consumer	517.4	542.3	547.0	546.5	544.9	549.3	553.0	550.9	551.9	550.3	552.8	550.2
11 Security[3]	70.3	68.6	64.8	62.9	66.9	78.8	75.2	80.7	75.2	79.4	79.0	86.5
12 Other loans and leases	332.3	357.4[r]	362.6[r]	364.3	367.6	367.8	368.4	367.7	369.3	364.8	368.5	367.5
13 Interbank loans	199.3	225.1	241.2	238.8	245.5	263.8	255.2	247.5	244.8	248.2	251.9	249.2
14 Cash assets[4]	225.3	227.3	231.9[r]	223.7	227.7	231.3	226.2	219.9	212.5	217.6	219.8	223.9
15 Other assets[5]	336.6	360.9	375.0[r]	377.6	392.6	390.4	386.6	381.0	382.5	381.9	377.4	377.6
16 Total assets[6]	**5,157.4[r]**	**5,365.9[r]**	**5,433.2[r]**	**5,441.0**	**5,463.5**	**5,508.7**	**5,513.9**	**5,497.5**	**5,502.4**	**5,500.7**	**5,498.2**	**5,490.6**
Liabilities												
17 Deposits	3,283.4	3,467.7[r]	3,505.5[r]	3,510.1	3,546.4	3,595.0	3,594.2	3,616.6	3,608.6	3,619.2	3,608.1	3,610.9
18 Transaction	605.2	591.3	598.0	597.4	597.4	599.8	603.4	592.3	567.3	583.8	597.9	620.1
19 Nontransaction	2,678.1	2,876.4[r]	2,907.5[r]	2,912.7	2,949.0	2,995.2	2,990.7	3,024.3	3,041.3	3,035.4	3,010.2	2,990.8
20 Large time	523.1	563.9	567.5	568.8	567.9	568.0	568.2	569.6	571.9	569.7	566.9	567.7
21 Other	2,155.0	2,312.5	2,340.0[r]	2,343.9	2,381.0	2,427.2	2,422.6	2,454.7	2,469.4	2,465.7	2,443.3	2,423.1
22 Borrowings	1,003.6	1,002.8	1,020.7	1,020.8	1,010.2	1,042.1	1,031.7	1,001.4	1,019.2	1,002.8	992.2	1,000.5
23 From banks in the U.S.	359.5	374.5	372.1	373.7	371.3	381.5	365.5	361.5	363.9	362.9	361.0	359.9
24 From others	644.1	628.3	648.6	647.1	638.9	660.6	666.1	639.9	655.2	639.9	631.2	640.6
25 Net due to related foreign offices	236.0	227.6	217.7	214.6	211.5	185.5	211.7	204.1	203.4	198.8	202.9	213.4
26 Other liabilities	229.2	272.8	285.2	266.1	268.8	257.8	249.8	262.5	256.7	270.7	273.9	255.0
27 Total liabilities	**4,752.2**	**4,970.8**	**5,029.1**	**5,011.6**	**5,036.9**	**5,080.4**	**5,087.4**	**5,084.6**	**5,087.9**	**5,091.6**	**5,077.0**	**5,079.8**
28 Residual (assets less liabilities)[7]	405.2[r]	395.1[r]	404.1[r]	429.4	426.5	428.3	426.5	413.0	414.5	409.1	421.2	410.8
	Not seasonally adjusted											
Assets												
29 Bank credit	4,452.9[r]	4,641.7[r]	4,656.3[r]	4,657.3	4,654.1	4,683.2	4,704.5	4,710.2	4,729.0	4,715.7	4,701.6	4,699.4
30 Securities in bank credit	1,097.6	1,135.9	1,153.3	1,153.8	1,143.8	1,147.9	1,158.2	1,165.2	1,180.4	1,175.1	1,160.8	1,152.2
31 U.S. government securities	738.7	719.3	722.0	715.0	696.6	696.9	700.8	700.3	713.0	705.9	695.6	690.6
32 Other securities	358.9	416.6	431.3	438.8	447.2	451.0	457.4	464.9	467.4	469.2	465.2	461.6
33 Loans and leases in bank credit[2]	3,355.3[r]	3,505.8[r]	3,502.9[r]	3,503.5	3,510.3	3,535.3	3,546.4	3,545.0	3,548.6	3,540.6	3,540.8	3,547.2
34 Commercial and industrial	862.9[r]	879.8[r]	882.3[r]	886.1	884.3	886.5	884.3	873.2	877.1	872.9	874.3	870.7
35 Real estate	1,576.9[r]	1,642.2[r]	1,639.2[r]	1,644.3	1,651.5	1,661.3	1,676.5	1,678.0	1,681.9	1,678.9	1,673.0	1,678.5
36 Revolving home equity	115.5	130.0[r]	131.3[r]	132.7	134.1	136.0	138.7	139.9	139.0	139.2	139.9	141.1
37 Other	1,461.4[r]	1,512.2[r]	1,507.9[r]	1,511.5	1,517.4	1,525.3	1,537.8	1,538.0	1,542.9	1,539.7	1,533.0	1,537.4
38 Consumer	515.2	548.2	551.4	547.2	541.1	546.1	550.8	548.2	548.3	546.2	548.5	550.9
39 Credit cards and related plans	n.a.	218.2	218.3	213.3	209.1	214.2	218.8	216.7	217.2	215.0	216.6	218.8
40 Other	n.a.	330.0[r]	333.1[r]	333.9	332.0	331.9	332.0	331.5	331.2	331.2	331.9	332.1
41 Security[3]	68.1	74.6	67.4	64.7	68.9	75.8	70.0	78.1	72.1	79.2	78.3	80.7
42 Other loans and leases	332.2[r]	361.1[r]	362.7[r]	361.2	364.4	365.5	364.8	367.4	369.3	363.4	366.8	366.4
43 Interbank loans	200.5	233.9	243.2	240.6	252.8	269.9	248.4	245.1	250.5	250.5	243.5	235.6
44 Cash assets[4]	222.3	243.8	245.3	224.7	219.2	228.7	225.1	217.4	212.1	212.0	217.2	214.1
45 Other assets[5]	338.5	365.4	375.7	375.8	391.3	391.1	387.4	383.2	385.4	383.9	378.3	378.3
46 Total assets[6]	**5,154.4[r]**	**5,421.3[r]**	**5,456.4[r]**	**5,433.7**	**5,453.0**	**5,508.3**	**5,500.7**	**5,491.1**	**5,512.1**	**5,497.3**	**5,475.9**	**5,462.8**
Liabilities												
47 Deposits	3,274.0	3,503.5	3,510.4[r]	3,518.8	3,552.3	3,611.3	3,581.0	3,604.8	3,619.1	3,617.5	3,578.5	3,569.7
48 Transaction	604.8	619.8	609.6	589.4	591.7	606.6	594.1	592.0	570.5	584.9	591.4	607.7
49 Nontransaction	2,669.3	2,883.7	2,900.8[r]	2,929.4	2,960.6	3,004.8	2,986.9	3,012.8	3,048.6	3,032.6	2,987.1	2,962.0
50 Large time	520.6	567.7	570.8	572.1	566.4	565.9	565.3	567.0	571.5	568.8	564.6	562.1
51 Other	2,148.6	2,315.9	2,330.0[r]	2,357.3	2,394.2	2,438.9	2,421.6	2,445.8	2,477.1	2,463.7	2,422.5	2,399.9
52 Borrowings	1,004.7	1,005.7	1,038.0	1,024.4	1,008.6	1,042.8	1,036.8	1,002.3	1,017.0	992.1	1,007.1	1,001.7
53 From banks in the U.S.	360.2	376.4	378.3	378.1	374.9	384.8	368.6	362.3	365.5	360.9	365.0	359.5
54 From others	644.5	629.3	659.7	646.3	633.7	658.1	668.1	639.9	651.5	631.1	642.1	642.2
55 Net due to related foreign offices	235.1	227.7	218.6	217.4	210.3	183.1	214.1	203.4	203.4	197.7	200.5	215.5
56 Other liabilities	228.6	273.1[r]	286.2	268.7	267.5	255.0	251.9	261.9	256.8	269.8	271.5	256.9
57 Total liabilities	**4,742.4**	**5,010.0**	**5,053.2**	**5,029.3**	**5,038.7**	**5,092.2**	**5,083.8**	**5,072.4**	**5,096.3**	**5,077.0**	**5,057.6**	**5,043.8**
58 Residual (assets less liabilities)[7]	412.0[r]	411.2[r]	403.2[r]	404.4	414.4	416.1	417.0	418.8	415.7	420.3	418.3	419.1

Footnotes appear on p. A21

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

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages 2000 June	2000 Dec.	2001 Jan.	2001 Feb	2001 Mar.	2001 Apr	2001 May	2001 June	Wednesday figures 2001 June 6	2001 June 13	2001 June 20	2001 June 27
	Seasonally adjusted											
Assets												
1 Bank credit	2,529.7	2,566.5	2,586.8	2,596.0	2,601.7	2,623.5	2,636.3	2,635.1	2,650.0	2,639.8	2,627.7	2,631.6
2 Securities in bank credit	587.0	586.5	598.0	601.0	596.7	603.3	613.4	617.1	628.3	624.2	614.1	608.8
3 U.S. government securities	371.3	357.8	359.1	355.0	344.3	347.5	355.6	353.8	363.9	358.9	349.9	346.8
4 Trading account	22.7	28.8	34.2	37.5	35.4	33.7	35.3	35.1	41.8	38.8	32.9	28.2
5 Investment account	348.6	328.9	324.9	317.6	308.9	313.8	320.3	318.7	322.1	320.1	317.0	318.6
6 Other securities	215.7	228.7	238.9	245.9	252.3	255.8	257.8	263.3	264.4	265.3	264.2	261.9
7 Trading account	100.5	119.0	126.0	129.3	132.5	135.9	137.0	143.5	144.5	144.7	143.0	143.2
8 Investment account	115.3	109.8	112.9	116.6	119.9	119.9	120.8	119.9	120.0	120.6	121.2	118.8
9 State and local government	25.6	26.3	27.1	27.6	28.1	28.4	28.1	27.9	27.9	27.9	28.3	27.6
10 Other	89.7	83.5	85.8	89.0	91.8	91.5	92.7	92.0	92.1	92.6	93.0	91.1
11 Loans and leases in bank credit[2]	1,942.7	1,980.1	1,988.8	1,995.1	2,005.0	2,020.2	2,022.9	2,018.0	2,021.7	2,015.6	2,013.6	2,022.9
12 Commercial and industrial	589.3	592.9	594.9	595.2	589.4	586.2	585.1	574.6	579.2	576.4	575.2	571.9
13 Bankers acceptances	1.0	1.0	.8	.8	.8	.8	.8	.7	.8	.8	.8	.8
14 Other	588.2	591.8	594.1	594.5	588.5	585.3	584.3	573.8	578.4	575.6	574.3	571.1
15 Real estate	813.8	824.5	825.1	831.4	839.7	846.5	852.3	850.9	855.3	851.8	847.3	850.3
16 Revolving home equity	75.1	84.4	86.3	87.6	89.5	90.5	91.2	91.4	91.2	91.1	91.0	92.1
17 Other	738.6	740.1	738.9	743.8	750.1	755.9	761.1	759.5	764.1	760.7	756.2	758.2
18 Consumer	231.0	242.7	244.2	246.3	247.7	249.4	251.8	253.7	252.2	252.7	254.4	255.2
19 Security[3]	64.1	57.3	57.8	55.4	59.0	70.3	66.6	72.3	66.8	71.0	70.4	78.0
20 Federal funds sold to and repurchase agreements with broker–dealers	44.1	42.0	41.7	39.5	43.7	53.8	49.4	54.7	50.0	53.5	52.3	60.1
21 Other	20.1	15.3	16.1	16.0	15.3	16.5	17.3	17.6	16.8	17.5	18.0	17.9
22 State and local government	12.4	12.6	12.8	12.9	13.0	13.0	13.0	13.3	12.9	12.9	12.8	14.3
23 Agricultural	9.6	10.0	10.1	10.3	10.4	10.4	10.7	10.5	10.6	10.6	10.5	10.4
24 Federal funds sold to and repurchase agreements with others	13.7	21.1	25.9	26.3	26.1	23.0	23.6	25.5	25.0	24.7	25.2	25.8
25 All other loans	84.4	87.9	86.7	85.8	86.8	87.8	85.5	84.8	85.0	83.2	85.5	85.2
26 Lease-financing receivables	124.5	131.1	131.2	131.6	133.0	133.7	134.3	132.5	134.7	132.3	132.3	131.7
27 Interbank loans	134.6	138.9	155.2	142.4	138.7	146.8	132.7	128.8	129.0	132.3	129.7	127.1
28 Federal funds sold to and repurchase agreements with commercial banks	68.6	65.0	80.3	71.6	71.6	83.2	72.3	71.6	68.7	74.7	74.7	70.2
29 Other	66.1	73.9	74.9	70.7	67.0	63.5	60.4	57.2	60.3	57.6	55.0	56.9
30 Cash assets[4]	147.7	144.8	147.0	138.2	142.6	145.4	139.8	135.5	130.2	134.3	135.9	137.1
31 Other assets[5]	227.6	250.1	258.5	254.5	257.9	248.1	244.4	234.6	237.4	234.6	233.8	232.6
32 Total assets[6]	**3,004.7**	**3,063.5**	**3,110.0**	**3,093.2**	**3,103.1**	**3,125.9**	**3,115.5**	**3,096.3**	**3,109.0**	**3,103.3**	**3,089.5**	**3,090.7**
Liabilities												
33 Deposits	1,665.1	1,687.1	1,694.9	1,688.3	1,714.9	1,739.9	1,730.8	1,735.4	1,734.8	1,740.9	1,724.9	1,729.9
34 Transaction	312.8	299.3	302.5	300.2	303.5	303.4	304.3	299.8	285.2	296.7	301.6	314.6
35 Nontransaction	1,352.3	1,387.8	1,392.4	1,388.1	1,411.4	1,436.5	1,426.5	1,435.5	1,449.6	1,444.3	1,423.4	1,415.3
36 Large time	261.9	269.4	271.4	266.8	269.1	269.0	271.3	274.8	278.2	276.0	272.0	271.6
37 Other	1,090.4	1,118.3	1,121.1	1,121.3	1,142.3	1,167.5	1,155.2	1,160.8	1,171.4	1,168.2	1,151.4	1,143.7
38 Borrowings	665.0	667.8	683.2	685.8	683.1	712.0	697.9	669.4	688.4	676.0	656.8	664.5
39 From banks in the U.S.	198.0	216.0	216.0	217.7	221.7	232.0	214.6	212.1	215.9	215.9	210.6	207.1
40 From others	467.1	451.8	467.3	468.2	461.5	480.0	483.3	457.2	472.4	460.1	446.2	457.4
41 Net due to related foreign offices	226.9	206.7	200.9	197.8	196.1	173.0	195.0	191.2	189.9	184.0	191.6	200.3
42 Other liabilities	175.2	218.8	228.6	202.9	196.9	181.1	172.1	185.4	180.1	194.1	197.1	177.5
43 Total liabilities	**2,732.2**	**2,780.3**	**2,807.6**	**2,774.8**	**2,791.1**	**2,806.0**	**2,795.7**	**2,781.3**	**2,793.1**	**2,795.1**	**2,770.4**	**2,772.2**
44 Residual (assets less liabilities)[7]	272.5	283.2	302.4	318.4	312.0	319.9	319.8	315.0	315.8	308.2	319.1	318.5

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2000	2001						2001			
	June	Dec.	Jan.	Feb.	Mar.	Apr	May	June	June 6	June 13	June 20	June 27
	Not seasonally adjusted											
Assets												
45 Bank credit	2,523.5	2,587.2	2,597.9	2,598.8	2,598.2	2,619.1	2,629.7	2,629.7	2,651.0	2,637.8	2,622.2	2,616.1
46 Securities in bank credit	584.2	592.9	603.7	604.7	598.5	602.2	611.1	614.8	631.9	624.2	610.3	601.5
47 U.S government securities	369.1	358.4	361.9	358.7	348.0	349.7	354.9	352.5	367.2	358.7	347.7	341.7
48 Trading account	22.6	28.9	34.5	37.9	35.8	34.0	35.2	35.0	42.2	38.8	32.7	27.8
49 Investment account	346.6	329.5	327.4	320.9	312.1	315.7	319.7	317.5	325.0	319.9	314.9	313.9
50 Mortgage-backed securities	223.5	218.2	224.7	220.5	218.9	226.4	233.1	229.5	236.3	229.2	226.5	227.8
51 Other	123.1	111.3	102.7	100.4	93.2	89.3	86.6	88.0	88.7	90.7	88.4	86.1
52 One year or less	31.7	31.6	31.7	33.8	33.5	31.9	28.8	27.3	28.9	29.8	27.0	24.9
53 One to five years	54.8	45.3	38.7	37.3	34.3	31.4	31.2	34.3	33.7	34.6	34.4	34.6
54 More than five years	36.6	34.4	32.3	29.2	25.4	25.9	26.6	26.5	26.0	26.3	27.0	26.5
55 Other securities	215.0	234.5	241.9	246.0	250.5	252.5	256.2	262.3	264.7	265.5	262.7	259.8
56 Trading account	100.2	122.0	127.6	129.3	131.5	134.2	136.1	142.9	144.6	144.9	142.1	142.0
57 Investment account	114.9	112.5	114.3	116.6	119.0	118.4	120.0	119.4	120.1	120.7	120.5	117.8
58 State and local government	25.5	26.9	27.5	27.6	27.9	28.0	28.0	27.8	27.9	27.9	28.1	27.4
59 Other	89.4	85.6	86.8	89.0	91.1	90.3	92.1	91.6	92.2	92.7	92.4	90.4
60 Loans and leases in bank credit[2]	1,939.3	1,994.4	1,994.2	1,994.1	1,999.6	2,016.9	2,018.7	2,015.0	2,019.1	2,013.5	2,011.8	2,014.6
61 Commercial and industrial	590.8	591.9	591.4	594.1	590.1	590.4	587.9	576.2	580.5	576.6	577.3	573.2
62 Bankers acceptances	1.0	1.0	.8	.8	.8	.8	.8	.7	.8	.8	.8	.8
63 Other	589.7	590.9	590.6	593.3	589.3	589.6	587.1	575.4	579.7	575.7	576.4	572.4
64 Real estate	812.2	829.1	825.8	828.1	833.9	842.5	851.9	849.5	855.4	852.0	844.7	847.4
65 Revolving home equity	75.3	84.3	85.4	86.6	88.1	89.6	91.1	91.6	91.1	91.2	91.5	92.4
66 Other	447.7	449.2	446.2	445.7	449.8	456.1	462.1	457.7	464.9	460.8	452.6	454.6
67 Commercial	289.3	295.5	294.1	295.8	296.0	296.8	298.7	300.2	299.4	300.0	300.6	300.4
68 Consumer	230.2	244.8	247.8	248.4	247.4	250.0	252.3	253.2	251.8	252.1	254.1	254.7
69 Credit cards and related plans	n.a	82.4	83.5	83.2	82.7	84.7	87.0	88.0	87.6	87.6	88.2	88.5
70 Other	n.a	162.4	164.3	165.3	164.7	165.3	165.3	165.2	164.2	164.5	165.9	166.1
71 Security[3]	62.1	62.7	60.4	57.2	60.7	67.3	61.8	69.9	63.5	70.8	70.2	72.9
72 Federal funds sold to and repurchase agreements with broker–dealers	42.7	45.9	43.6	40.8	45.0	51.5	45.7	52.9	47.5	53.4	52.2	56.1
73 Other	19.4	16.7	16.8	16.5	15.7	15.8	16.0	17.0	16.0	17.4	18.0	16.7
74 State and local government	12.4	12.6	12.8	12.9	13.0	13.0	13.0	13.3	12.9	12.9	12.8	14.3
75 Agricultural	9.6	10.0	10.1	10.1	10.2	10.3	10.6	10.5	10.6	10.6	10.6	10.5
76 Federal funds sold to and repurchase agreements with others	13.7	21.1	25.9	26.3	26.1	23.0	23.6	25.5	25.0	24.7	25.2	25.8
77 All other loans	84.4	90.8	86.7	84.0	84.8	86.6	84.0	84.8	85.2	82.1	85.2	84.5
78 Lease-financing receivables	124.0	131.3	133.3	132.9	133.4	133.8	133.7	132.1	134.0	131.8	131.8	131.3
79 Interbank loans	139.3	142.7	156.7	141.2	139.8	148.9	135.0	133.2	132.0	136.4	133.9	130.3
80 Federal funds sold to and repurchase agreements with commercial banks	71.1	66.8	81.0	71.1	72.2	84.4	73.5	74.0	70.3	77.0	77.1	72.0
81 Other	68.2	75.9	75.7	70.2	67.6	64.4	61.5	59.2	61.7	59.4	56.8	58.3
82 Cash assets[4]	145.4	156.2	157.8	140.1	137.7	145.7	139.9	134.0	129.3	131.1	135.7	130.4
83 Other assets[5]	229.6	254.5	259.1	252.8	256.7	248.8	245.2	236.6	240.0	236.5	234.7	233.3
84 Total assets[6]	**3,002.7**	**3,103.8**	**3,134.4**	**3,095.1**	**3,094.5**	**3,124.7**	**3,112.1**	**3,095.6**	**3,114.3**	**3,103.8**	**3,088.7**	**3,072.5**
Liabilities												
85 Deposits	1,663.9	1,704.9	1,701.1	1,696.1	1,713.4	1,749.0	1,724.0	1,734.9	1,744.3	1,747.2	1,718.1	1,709.7
86 Transaction	312.6	317.1	311.4	297.2	299.8	310.7	300.0	299.9	285.0	297.6	299.1	307.6
87 Nontransaction	1,351.3	1,387.7	1,389.7	1,398.9	1,413.5	1,438.3	1,424.0	1,435.0	1,459.3	1,449.6	1,419.0	1,402.1
88 Large time	259.4	273.3	274.7	270.1	267.5	266.9	268.5	272.1	277.8	275.2	269.7	266.0
89 Other	1,091.9	1,114.4	1,115.0	1,128.9	1,146.0	1,171.4	1,155.5	1,162.8	1,181.5	1,174.4	1,149.3	1,136.1
90 Borrowings	666.1	670.6	700.5	689.4	681.5	712.7	703.0	670.2	686.2	665.2	671.7	665.8
91 From banks in the U.S.	198.7	217.9	222.2	222.0	225.3	235.2	217.7	212.9	217.4	213.9	214.7	206.7
92 From nonbanks in the U.S	467.4	452.8	478.3	467.4	456.2	477.4	485.3	457.3	468.7	451.3	457.0	459.0
93 Net due to related foreign offices	225.9	206.7	201.8	200.8	194.9	170.3	197.5	190.3	189.6	182.7	189.0	202.5
94 Other liabilities	174.5	219.1	229.6	205.3	195.7	178.6	174.0	184.9	180.2	193.2	194.9	179.2
95 Total liabilities	**2,730.5**	**2,801.4**	**2,833.0**	**2,791.6**	**2,785.5**	**2,810.6**	**2,798.5**	**2,780.3**	**2,800.4**	**2,788.3**	**2,773.7**	**2,757.1**
96 Residual (assets less liabilities)[7]	272.2	302.4	301.4	303.5	309.0	314.1	313.6	315.3	313.9	315.5	315.0	315.4

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 2000 June	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.	2001 May	2001 June	Wednesday figures 2001 June 6	2001 June 13	2001 June 20	2001 June 27
	Seasonally adjusted											
Assets												
1 Bank credit	1,943.5	2,062.6	2,080.1	2,086.9r	2,077.7r	2,082.2r	2,092.3	2,096.3	2,095.2	2,095.6	2,103.9	2,090.6
2 Securities in bank credit	517.3	549.4	555.9r	556.6r	548.5	548.7r	551.3	554.5	553.4	555.1	555.2	553.1
3 U.S. government securities	373.5	367.4	366.4	363.7	351.9r	350.2r	350.1r	351.9	350.7	351.5	352.7	351.4
4 Other securities	143.8	182.1	189.5r	192.8	196.7r	198.5r	201.2r	202.5	202.7	203.6	202.5	201.8
5 Loans and leases in bank credit[2]	1,426.2	1,513.2	1,524.3	1,530.3	1,529.2r	1,533.6r	1,541.0	1,541.8	1,541.8	1,540.4	1,548.7	1,537.5
6 Commercial and industrial	274.0	290.6r	295.3	297.3	298.0	297.5r	297.4r	298.7	298.2	298.4	300.0	297.8
7 Real estate	768.7	818.0	819.9	824.4	824.2	824.3r	829.0r	832.9	830.8	831.4	836.2	832.5
8 Revolving home equity	40.6	45.9r	46.4r	46.8r	46.7r	47.0r	48.0r	48.9	48.4	48.5	49.2	49.0
9 Other	728.1	772.1r	773.5r	777.6r	777.5r	777.4r	781.0r	784.0	782.5	782.9	786.9	783.5
10 Consumer	287.5	300.8r	304.0	301.5	298.5	301.2	302.5	298.5	301.1	298.9	299.7	296.4
11 Security[3]	6.4	7.1	7.2	7.6	8.1	8.6	8.7	8.6	8.6	8.6	8.8	8.7
12 Other loans and leases	89.6	96.7	97.9	99.5	100.3	102.0	103.4	103.0	103.1	103.2	104.1	102.2
13 Interbank loans	65.9	87.4	87.3	97.6	108.0	118.5	123.7	119.9	117.1	117.3	123.4	123.3
14 Cash assets[4]	78.3	83.1	85.5	86.1	85.7r	86.6	87.1	85.1	82.8	83.9	84.4	87.4
15 Other assets[5]	110.4	112.4	114.8r	115.0r	120.5r	123.9	122.7	128.5	126.8	129.9	126.1	126.5
16 **Total assets**[6]	**2,173.2**	**2,318.7**	**2,340.9r**	**2,358.8**	**2,365.2r**	**2,384.1**	**2,398.6**	**2,402.7**	**2,394.7**	**2,399.6**	**2,410.7**	**2,400.7**
Liabilities												
17 Deposits	1,632.1	1,794.8	1,824.8r	1,835.9	1,845.8	1,870.0r	1,878.1	1,896.0	1,888.7	1,893.1	1,897.8	1,895.5
18 Transaction	294.5	294.1	297.6	299.1	295.9	298.6	301.3	294.5	284.1	289.2	298.4	307.7
19 Nontransaction	1,337.6	1,500.7	1,527.2r	1,536.9r	1,549.9	1,571.4	1,576.8	1,601.4	1,604.6	1,603.9	1,599.4	1,587.8
20 Large time	265.2	298.6	300.3	306.1	302.9	303.0	300.9	299.0	297.9	297.8	299.0	300.1
21 Other	1,072.4	1,202.1	1,226.9r	1,230.7	1,247.0	1,268.4r	1,275.8	1,302.4	1,306.7	1,306.1	1,300.4	1,287.7
22 Borrowings	344.8	336.5	343.9	341.2	333.3	336.7	340.2	338.2	337.1	332.9	341.6	342.0
23 From banks in the U.S.	163.4	160.5	158.1	158.1	151.7r	151.7r	152.9r	151.3	150.0	148.9	152.3	154.6
24 From others	181.4	176.0	185.7	183.2	181.7	185.0r	187.3r	186.8	187.1	184.0	189.2	187.4
25 Net due to related foreign offices	9.1	20.9	16.8	16.7	15.4	12.8	16.6	13.1	13.7	15.0	11.5	13.3
26 Other liabilities	54.1	54.1	53.4	53.9	56.1	56.4	57.0	57.4	56.6	57.7	57.6	57.6
27 **Total liabilities**	**2,040.1**	**2,206.3**	**2,238.8**	**2,247.7**	**2,250.7r**	**2,275.9r**	**2,291.8r**	**2,304.7**	**2,296.2**	**2,298.7**	**2,308.5**	**2,308.4**
28 Residual (assets less liabilities)[7]	133.1	112.4r	102.0	111.1	114.5	108.2	106.8	98.0	98.6	100.8	102.2	92.4
	Not seasonally adjusted											
Assets												
29 Bank credit	1,946.7	2,067.1	2,075.9r	2,075.8	2,073.3	2,081.9r	2,092.8	2,098.1	2,096.1	2,095.8	2,097.1	2,101.0
30 Securities in bank credit	519.2	548.6	555.3r	554.6	550.8r	551.3	552.9	556.1	554.4	556.6	556.1	556.4
31 U.S. government securities	375.3	366.5	365.8	361.8	354.1r	352.9r	351.7r	353.6	351.8	353.0	353.6	354.6
32 Other securities	143.8	182.1	189.5r	192.8	196.7r	198.5r	201.2r	202.5	202.7	203.6	202.5	201.8
33 Loans and leases in bank credit[2]	1,427.6	1,518.5	1,520.6	1,521.2	1,522.6r	1,530.6r	1,539.9	1,542.0	1,541.7	1,539.1	1,541.0	1,544.7
34 Commercial and industrial	275.6	291.4	294.4	295.6	297.7	299.6r	300.0r	300.5	300.0	299.8	300.4	300.9
35 Real estate	769.7	818.0	818.3	821.1	822.6	824.0r	829.8r	833.6	831.6	832.1	833.4	836.2
36 Revolving home equity	40.6	46.1r	46.4r	46.6r	46.5r	46.9r	48.1r	48.8	48.3	48.5	48.9	49.2
37 Other	729.0	772.0r	772.0r	774.5r	776.1r	777.1r	781.7r	784.8	783.3	783.6	784.5	787.0
38 Consumer	286.1	304.5	304.8	300.0	295.0	297.4r	299.8	296.4	297.8	295.4	295.7	297.6
39 Credit cards and related plans	n.a.	135.8	134.9	130.2r	126.5	129.6	131.9	128.8	129.6	127.5	128.4	130.3
40 Other	n.a.	168.7	169.9	169.7	168.5	167.9	168.0r	167.6	168.2	167.9	167.3	167.3
41 Security[3]	6.2	7.3	7.1	7.6	8.4	8.7	8.4	8.4	8.7	8.5	8.3	8.0
42 Other loans and leases	90.0	97.2	96.0	96.9	98.9	100.9	102.0	103.1	103.5	103.4	103.2	101.9
43 Interbank loans	62.4	92.3	87.8	100.6	114.3	122.5	114.7	113.1	119.7	115.4	110.9	106.5
44 Cash assets[4]	77.5	88.3	88.1	85.2r	82.1r	83.7	85.9	84.1	83.4	81.5	82.1	84.2
45 Other assets[5]	110.4	112.4	114.8r	115.0r	120.5r	123.9	122.7	128.5	126.8	129.9	126.1	126.5
46 **Total assets**[6]	**2,172.2**	**2,333.2**	**2,339.7**	**2,349.7**	**2,363.4**	**2,384.9r**	**2,388.8**	**2,396.8**	**2,398.9**	**2,395.5**	**2,389.1**	**2,391.1**
Liabilities												
47 Deposits	1,624.0	1,812.8	1,823.5r	1,836.9	1,853.3r	1,877.2	1,871.6	1,884.7	1,889.6	1,885.1	1,875.0	1,874.4
48 Transaction	294.3	304.8	300.2r	294.2	293.9	298.0	296.1r	294.2	287.4	289.3	294.3	302.2
49 Nontransaction	1,329.7	1,508.0	1,523.2	1,542.7r	1,559.4r	1,579.2r	1,575.5	1,590.5	1,602.2	1,595.8	1,580.6	1,572.2
50 Large time	265.2	298.6	300.3	306.1	302.9	303.0	300.9	299.0	297.9	297.8	299.0	300.1
51 Other	1,064.5	1,209.4	1,222.9	1,236.6r	1,256.5r	1,276.1	1,274.6r	1,291.5	1,304.3	1,297.9	1,281.6	1,272.1
52 Borrowings	344.8	336.5	343.9	341.2	333.3	336.7	340.2	338.2	337.1	332.9	341.6	342.0
53 From banks in the U.S.	163.4	160.5	158.1	158.1	151.7r	151.7r	152.9r	151.3	150.0	148.9	152.3	154.6
54 From others	181.4	176.0	185.7	183.2	181.7	185.0r	187.3r	186.8	187.1	184.0	189.2	187.4
55 Net due to related foreign offices	9.1	20.9	16.8	16.7	15.4	12.8	16.6	13.1	13.7	15.0	11.5	13.3
56 Other liabilities	54.1	54.1	53.4	53.9	56.1	56.4	57.0	57.4	56.6	57.7	57.6	57.6
57 **Total liabilities**	**2,032.0**	**2,224.3**	**2,237.5**	**2,248.7r**	**2,258.1**	**2,283.1**	**2,285.4**	**2,293.4**	**2,297.1**	**2,290.7**	**2,285.7**	**2,287.3**
58 Residual (assets less liabilities)[7]	140.2	108.9	102.2	101.0	105.3	101.8	103.4	103.5	101.8	104.8	103.4	103.8

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			
	2000	2000	2001						2001			
	June	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	June 6	June 13	June 20	June 27
	Seasonally adjusted											
Assets												
1 Bank credit	575.9	599.4	613.5	607.1[r]	620.5[r]	616.2[r]	602.5[r]	593.7	598.5	590.3	595.9	595.0
2 Securities in bank credit	204.7	205.1[r]	208.4[r]	198.8	205.6	214.6	210.3	212.3	212.7	209.7	212.3	213.2
3 U.S. government securities	78.5	69.2	66.5[r]	64.3	68.0[r]	75.1[r]	69.8	67.9	67.9	67.7	67.2	67.9
4 Other securities	126.2	135.9	141.9	134.5[r]	137.6[r]	139.6	140.5	144.4	144.8	142.0	145.1	145.3
5 Loans and leases in bank credit[2]	371.3	394.4	405.1[r]	408.3[r]	414.9[r]	401.6[r]	392.2[r]	381.4	385.8	380.6	383.5	381.8
6 Commercial and industrial	204.8	209.0	214.4[r]	216.8[r]	219.9[r]	220.4[r]	218.6[r]	210.6	213.5	211.0	211.5	209.7
7 Real estate	18.0	18.5	18.5	18.6[r]	18.5[r]	18.0[r]	18.0	17.8	17.7	17.9	17.8	17.9
8 Security[3]	82.7	100.1	105.1	105.3	106.5[r]	95.3	87.8	86.2	88.1	85.2	86.3	87.5
9 Other loans and leases	65.8	66.7	67.2	67.6	69.9	67.9	67.8	66.8	66.5	66.5	67.9	66.8
10 Interbank loans	26.3	27.0	29.2	28.4	30.7	29.5	31.9	24.7	22.4	23.8	31.3	21.3
11 Cash assets[4]	44.6	39.9	41.5	41.7[r]	40.7	39.3	37.5	36.0	35.2	35.7	37.5	36.0
12 Other assets[5]	41.8	36.1	37.0[r]	36.5	38.4[r]	41.1[r]	38.9	39.1	37.7	37.4	38.0	44.9
13 **Total assets**[6]	**688.3**	**702.1**	**720.9**	**713.3**[r]	**729.9**[r]	**725.8**	**710.4**[r]	**693.1**	**693.5**	**686.8**	**702.2**	**696.8**
Liabilities												
14 Deposits	385.9	380.0	386.7[r]	380.6[r]	378.7[r]	392.5[r]	406.8	417.2	414.8	416.8	418.7	414.0
15 Transaction	11.2	10.6	10.2	10.3	9.4	10.5	10.5	9.6	9.4	9.5	10.3	8.9
16 Nontransaction	374.7	369.4	376.5[r]	370.3[r]	369.2	382.0[r]	396.3	407.6	405.4	407.3	408.4	405.2
17 Borrowings	202.9	239.6	243.5	238.4[r]	233.3	236.0	216.3[r]	213.4	209.2	211.0	215.3	215.6
18 From banks in the U.S.	19.2	22.2	25.1[r]	22.5	24.2	23.5	19.5	22.2	18.9	21.1	24.9	21.1
19 From others	183.6	217.4	218.3	216.0	209.1	212.5	196.8	191.2	190.4	189.9	190.4	194.5
20 Net due to related foreign offices	21.7	−1.8	3.5	4.8	21.8	4.2	−4.7	−20.0	−24.4	−26.5	−8.7	−12.8
21 Other liabilities	76.5	72.6	79.6	77.0[r]	82.5	88.3[r]	86.3	84.5	84.8	86.8	86.3	82.3
22 **Total liabilities**	**686.9**	**690.5**	**713.3**[r]	**700.7**[r]	**716.3**[r]	**721.1**[r]	**704.7**	**695.1**	**684.4**	**688.1**	**711.5**	**699.1**
23 Residual (assets less liabilities)[7]	1.4	11.6	7.6[r]	12.6[r]	13.6[r]	4.7[r]	5.7[r]	−2.0	9.1	−1.3	−9.3	−2.3
	Not seasonally adjusted											
Assets												
24 Bank credit	572.7	610.2[r]	621.6	610.4[r]	615.6[r]	613.4[r]	597.8[r]	590.1	591.8	587.1	593.4	591.9
25 Securities in bank credit	204.7	205.1[r]	208.4[r]	198.8	205.6	214.6	210.3	212.3	212.7	209.7	212.3	213.2
26 U.S. government securities	78.5	69.2	66.5[r]	64.3	68.0[r]	75.1[r]	69.8	67.9	67.9	67.7	67.2	67.9
27 Trading account	12.0	11.8	11.4	10.4	9.5	14.2	13.4	13.5	13.3	13.3	13.1	13.3
28 Investment account	66.5	57.3	55.1	53.9[r]	58.5[r]	60.9[r]	56.4	54.4	54.6	54.4	54.1	54.6
29 Other securities	126.2	135.9	141.9	134.5[r]	137.6[r]	139.6	140.5	144.4	144.8	142.0	145.1	145.3
30 Trading account	82.4	90.8[r]	96.4[r]	90.8	94.5	96.6[r]	98.2	104.4	102.6	101.9	105.5	106.3
31 Investment account	43.8	45.1	45.6	43.7[r]	43.1[r]	43.0[r]	42.3	40.1	42.3	40.1	39.6	39.0
32 Loans and leases in bank credit[2]	368.0	405.1	413.2[r]	411.5[r]	410.0[r]	398.8[r]	387.5[r]	377.8	379.0	377.4	381.1	378.7
33 Commercial and industrial	203.7	211.4	216.1[r]	219.0[r]	221.0[r]	218.6[r]	215.5[r]	209.5	211.9	209.1	210.2	209.4
34 Real estate	18.0	18.5	18.5	18.6[r]	18.5[r]	18.0[r]	18.0	17.8	17.7	17.9	17.8	17.9
35 Security[3]	81.1	106.2	110.3[r]	106.3	100.6	94.0	87.0	84.3	83.3	84.4	86.2	85.6
36 Other loans and leases	65.2	69.0	68.3	67.7	69.9	68.2	67.0	66.1	66.2	66.0	66.8	65.8
37 Interbank loans	26.3	27.0	29.2	28.4	30.7	29.5	31.9	24.7	22.4	23.8	31.3	21.3
38 Cash assets[4]	43.5	42.7	44.1	41.8[r]	39.3	37.7	36.6	34.9	34.5	34.4	36.2	34.8
39 Other assets[5]	40.3	37.9	38.3	37.4	39.0	40.2[r]	38.4[r]	37.7	36.9	36.6	36.4	42.7
40 **Total assets**[6]	**682.4**	**717.4**	**732.8**	**717.6**[r]	**724.2**[r]	**720.4**[r]	**704.2**[r]	**687.0**	**685.2**	**681.5**	**696.9**	**690.2**
Liabilities												
41 Deposits	379.8	390.7	396.6[r]	388.8[r]	383.2[r]	395.4	407.9	410.1	411.3	411.5	410.3	406.4
42 Transaction	11.0	11.3	10.4	10.1	9.2	10.0	10.1	9.4	9.0	9.1	10.1	8.9
43 Nontransaction	368.8	379.4	386.2[r]	378.7	374.0	385.5	397.8	400.7	402.3	402.3	400.3	397.5
44 Borrowings	202.9	239.6	243.5	238.4[r]	233.3	236.0	216.3[r]	213.4	209.2	211.0	215.3	215.6
45 From banks in the U.S.	19.2	22.2	25.1[r]	22.5	24.2	23.5	19.5	22.2	18.9	21.1	24.9	21.1
46 From others	183.6	217.4	218.3	216.0	209.1	212.5	196.8	191.2	190.4	189.9	190.4	194.5
47 Net due to related foreign offices	18.4	2.9	6.8	8.0	21.9	−.4	−7.9	−23.2	−23.9	−30.2	−15.5	−16.1
48 Other liabilities	75.1	74.7	81.0	78.4[r]	82.6	86.2[r]	84.8	83.0	85.0	85.0	83.1	80.7
49 **Total liabilities**	**676.2**	**708.0**	**727.8**	**713.6**[r]	**721.0**[r]	**717.2**[r]	**701.1**	**683.3**	**681.7**	**677.3**	**693.3**	**686.6**
50 Residual (assets less liabilities)[7]	6.2	9.4	5.0[r]	4.0[r]	3.3[r]	3.2[r]	3.1[r]	3.6	3.5	4.2	3.7	3.6

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

F. Memo items

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2000	2000	2001						2001			
	June	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.	May	June	June 6	June 13	June 20	June 27
	Not seasonally adjusted											
MEMO												
Large domestically chartered banks, adjusted for mergers												
1 Revaluation gains on off-balance-sheet items[8]	68.3	77.8	79.5	77.6	80.6	79.6	81.7	87.0	87.6	92.3	87.1	83.9
2 Revaluation losses on off-balance-sheet items[8]	68.5	83.1	82.5	81.0	79.8	74.9	74.7	81.5	83.7	86.0	83.5	76.9
3 Mortgage-backed securities[9]	251.0	242.6	248.0	244.5	244.8	252.2	258.9	255.2	262.6	255.7	253.2	251.8
4 Pass-through	178.4	177.5	182.6	178.9	180.9	189.8	195.2	195.3	199.8	194.2	194.6	194.1
5 CMO, REMIC, and other	72.7	65.0	65.3	65.6	63.9	62.4	63.7	60.0	62.7	61.5	58.6	57.7
6 Net unrealized gains (losses) on available-for-sale securities[10]	−8.7	1.4	.4[r]	2.9[r]	3.6[r]	.4[r]	−1.5[r]	−1.7	−1.8	−1.7	−1.4	−1.8
7 Off-shore credit to U.S. residents[11]	22.4	23.4	23.0	22.7	22.6	21.7	21.0	20.6	20.8	20.6	20.7	20.5
8 Securitized consumer loans[12]	n.a.	82.2	82.4	80.8	80.2	78.8	77.0	76.7	76.6	76.5	76.5	77.2
9 Credit cards and related plans	n.a.	68.6	68.5	67.3	67.3	66.4	65.0	65.3	64.9	64.9	65.1	65.8
10 Other	n.a.	13.6	13.9	13.4	12.9	12.4	12.0	11.5	11.7	11.6	11.4	11.4
11 Securitized business loans[12]	n.a.	18.6	18.4	18.6	18.7	18.8	19.8	20.4	20.0	20.4	20.3	20.7
Small domestically chartered commercial banks, adjusted for mergers												
12 Mortgage-backed securities[9]	206.4	214.5	218.2	222.7	229.3[r]	238.1[r]	242.6[r]	245.8	244.2	245.6	245.4	245.8
13 Securitized consumer loans[12]	n.a.	231.1	231.5	235.6	238.6	241.2	242.2	248.1	245.2	247.1	249.1	249.3
14 Credit cards and related plans	n.a.	221.9	222.4	226.8	229.9	232.6	233.8	239.6	236.9	238.9	240.3	240.6
15 Other	n.a.	9.2	9.1	8.9	8.7	8.6	8.4	8.5	8.3	8.2	8.8	8.7
Foreign-related institutions												
16 Revaluation gains on off-balance-sheet items[8]	44.4	45.7	52.0[r]	49.4	52.5	54.2[r]	56.3[r]	57.1	59.3	58.6	56.7	55.1
17 Revaluation losses on off-balance-sheet items[8]	40.5	41.7	49.0[r]	47.0[r]	49.5	50.7[r]	51.6	51.9	53.9	53.6	51.5	49.7
18 Securitized business loans[12]	n.a.	23.1	23.2	22.4	21.5	19.8	18.0	17.2	17.4	17.2	17.0	17.1

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12. Total amount outstanding.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

A. Commercial Paper

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					2000	2001				
	1996	1997	1998	1999	2000	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 **All issuers**	**775,371**	**966,699**	**1,163,303**	**1,403,023**	**1,615,341**	**1,615,341**	**1,566,104**	**1,544,572**	**1,511,354**	**1,519,528**	**1,501,113**
Financial companies[1]											
2 Dealer-placed paper, total[2]	361,147	513,307	614,142	786,643	973,060	973,060	976,735	977,791	978,225	995,072	986,369
3 Directly placed paper, total[3]	229,662	252,536	322,030	337,240	298,848	298,848	270,922	263,554	249,420	247,333	245,768
4 Nonfinancial companies[4]	184,563	200,857	227,132	279,140	343,433	343,433	318,447	303,227	283,711	277,123	268,976

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			Feb.	8.50
Mar. 21	8.00	Dec.	7.75			Mar.	8.32
Apr. 19	7.50					Apr.	7.80
May 16	7.00					May	7.24
June 28	6.75					June	6.98
						July	6.75

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	2001 Mar.	2001 Apr.	2001 May	2001 June	2001, week ending June 1	June 8	June 15	June 22	June 29
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.35	4.97	6.24	5.31	4.80	4.21	3.97	3.98	4.08	4.00	3.95	3.91
2 Discount window borrowing[2,4]	4.92	4.62	5.73	4.81	4.28	3.73	3.47	3.50	3.50	3.50	3.50	3.46
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	5.40	5.09	6.27	5.02	4.71	4.06	3.82	3.97	3.93	3.88	3.73	3.69
4 2-month	5.38	5.14	6.29	4.87	4.54	3.98	3.73	3.89	3.82	3.77	3.66	3.63
5 3-month	5.34	5.18	6.31	4.78	4.44	3.93	3.67	3.83	3.77	3.71	3.60	3.59
Financial												
6 1-month	5.42	5.11	6.28	5.06	4.74	4.08	3.84	3.99	3.95	3.90	3.77	3.72
7 2-month	5.40	5.16	6.30	4.93	4.57	4.00	3.75	3.92	3.84	3.81	3.66	3.66
8 3-month	5.37	5.22	6.33	4.81	4.47	3.96	3.69	3.86	3.78	3.73	3.60	3.60
Commercial paper (historical)[3,5,7]												
9 1-month	n.a.	n.a.	n.a.									
10 3-month	n.a.	n.a.	n.a.									
11 6-month	n.a.	n.a.	n.a.									
Finance paper, directly placed (historical)[3,5,8]												
12 1-month	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.									
Bankers acceptances[3,5,9]												
15 3-month	5.39	5.24	6.23									
16 6-month	5.30	5.30	6.37									
Certificates of deposit, secondary market[3,10]												
17 1-month	5.49	5.19	6.35	5.09	4.77	4.11	3.86	4.02	3.99	3.92	3.77	3.73
18 3-month	5.47	5.33	6.46	4.89	4.53	4.02	3.74	3.91	3.84	3.78	3.65	3.68
19 6-month	5.44	5.46	6.59	4.74	4.41	4.01	3.74	3.90	3.84	3.77	3.64	3.69
20 Eurodollar deposits, 3-month[3,11]	5.45	5.31	6.45	4.89	4.55	4.01	3.73	3.90	3.83	3.75	3.65	3.67
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	4.78	4.64	5.82	4.42	3.87	3.62	3.49	3.59	3.56	3.48	3.42	3.47
22 6-month	4.83	4.75	5.90	4.28	3.85	3.62	3.45	3.52	3.50	3.48	3.36	3.44
23 1-year	4.80	4.81	5.78	4.11	3.80	3.60	3.37	3.51	3.46	3.37	3.26	3.38
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	4.30	3.98	3.78	3.58	3.70	3.64	3.59	3.46	3.60
28 2-year	5.13	5.43	6.26	4.34	4.23	4.26	4.08	4.28	4.15	4.07	3.97	4.10
29 3-year	5.14	5.49	6.22	4.43	4.42	4.51	4.35	4.55	4.42	4.34	4.23	4.38
30 5-year	5.15	5.55	6.16	4.64	4.76	4.93	4.81	5.00	4.88	4.80	4.70	4.82
31 7-year	5.28	5.79	6.20	4.88	5.03	5.24	5.14	5.33	5.20	5.14	5.05	5.14
32 10-year	5.26	5.65	6.03	4.89	5.14	5.39	5.28	5.48	5.32	5.28	5.23	5.29
33 20-year	5.72	6.20	6.23	5.49	5.78	5.92	5.82	5.98	5.87	5.82	5.79	5.81
34 30-year	5.58	5.87	5.94	5.34	5.65	5.78	5.67	5.80	5.69	5.67	5.66	5.66
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	5.00	5.14	5.15	5.03	5.14	5.03	5.02	5.02	5.05
37 Baa	5.14	5.70	6.19	5.80	5.96	5.94	5.82	5.91	5.82	5.81	5.80	5.84
38 *Bond Buyer* series[15]	5.09	5.43	5.71	5.13	5.27	5.29	5.20	5.28	5.21	5.19	5.20	5.21
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	6.87	7.45	7.98	7.41	7.63	7.69	7.56	7.71	7.58	7.55	7.55	7.54
Rating group												
40 Aaa	6.53	7.05	7.62	6.98	7.20	7.29	7.18	7.31	7.20	7.17	7.17	7.17
41 Aa	6.80	7.36	7.83	7.22	7.43	7.50	7.34	7.52	7.37	7.33	7.32	7.32
42 A	6.93	7.53	8.11	7.61	7.82	7.88	7.73	7.88	7.76	7.72	7.72	7.70
43 Baa	7.22	7.88	8.36	7.84	8.07	8.07	7.97	8.11	7.99	7.96	7.96	7.98
MEMO												
Dividend–price ratio[17]												
44 Common stocks	1.49	1.25	1.15	1.33	1.32	1.23	1.27	1.26	1.23	1.28	1.28	1.29

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

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

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

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

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

5. Quoted on a discount basis.

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

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

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

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

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

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

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

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

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

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

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

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

1.36 STOCK MARKET Selected Statistics

Indicator	1998	1999	2000	2000			2001					
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
	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	646.53	646.64	645.44	650.55	648.05	603.44	607.06	644.44	630.86
2 Industrial	684.35	775.29	809.40	797.00	800.88	792.66	796.74	799.38	744.21	747.48	798.94	782.73
3 Transportation	468.61	491.62	414.73	403.20	434.92	457.53	471.21	482.26	452.36	455.22	477.21	458.60
4 Utility	190.52	284.82	478.99	469.16	455.66	444.16	440.36	424.53	395.34	400.49	414.69	382.98
5 Finance	516.65	530.97	552.48	587.76	600.45	621.62	634.17	626.41	583.38	587.88	618.74	622.17
6 Standard & Poor's Corporation (1941–43 = 10)[1]	1,085.50	1,327.33	1,427.22	1,390.14	1,375.04	1,330.93	1,335.63	1,305.75	1,185.85	1,189.84	1,270.37	1,238.71
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	682.69	770.90	922.22	913.64	892.60	870.16	898.18	923.99	891.22	891.18	940.73	923.06
Volume of trading (thousands of shares)												
8 New York Stock Exchange	666,534	799,554	1,026,867	1,167,025	1,015,606	1,183,149	1,299,986	1,117,977	1,251,569	1,247,382	1,091,366	1,152,193
9 American Stock Exchange	28,870	32,629	51,437	57,915	58,541	73,759	72,312	70,648	81,666	77,612	66,103	62,395
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[3]	**140,980**	**228,530**	**198,790**	**233,380**	**219,110**	**198,790**	**197,110**	**186,810**	**165,350**	**166,940**	**174,180**	**170,000**
Free credit balances at brokers[4]												
11 Margin accounts[5]	40,250	55,130	100,680	82,990	96,730	100,680	90,380	99,390	106,300	97,470	91,990	98,430
12 Cash accounts	62,450	79,070	84,400	73,410	74,050	84,400	81,380	78,660	77,520	77,460	76,260	75,270

	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			Calendar year					
				2001					
	1998	1999	2000	Jan.	Feb.	Mar.	Apr.	May	June
U.S. budget[1]									
1 Receipts, total	1,721,798	1,827,302	2,025,218	219,215	110,481	130,071	331,796	125,590	202,887
2 On-budget	1,305,999	1,382,986	1,544,634	171,001	70,555	84,120	278,611	84,759	151,482
3 Off-budget	415,799	444,468	480,584	48,214	39,926	45,951	53,185	40,831	51,405
4 Outlays, total	1,652,619	1,702,875	1,788,826	142,836	158,649	180,733	141,999	153,508	171,025
5 On-budget	1,336,015	1,382,097	1,458,061	144,448	123,573	145,182	109,938	118,517	167,796
6 Off-budget	316,604	320,778	330,765	−1,613	35,076	35,550	32,062	34,992	3,229
7 Surplus or deficit (−), total	69,179	124,579	236,392	76,379	−48,168	−50,662	189,796	−27,919	31,862
8 On-budget	−30,016	889	86,573	26,553	−53,018	−61,062	168,673	−33,758	−16,314
9 Off-budget	99,195	123,690	149,819	49,827	4,850	10,401	21,123	5,839	48,176
Source of financing (total)									
10 Borrowing from the public	−51,211	−88,674	−222,672	−23,990	15,100	32,557	−135,572	−20,608	−1,212
11 Operating cash (decrease, or increase [−])	4,743	−17,580	3,799	−45,761	45,717	−7,171	−36,846	58,856	−37,413
12 Other[2]	−22,711	−18,325	−17,519	−6,628	−12,649	25,276	−17,378	−10,329	6,763
MEMO									
13 Treasury operating balance (level, end of period)	38,878	56,458	52,659	66,830	21,113	28,284	65,130	6,274	43,687
14 Federal Reserve Banks	4,952	6,641	8,459	5,256	4,956	5,657	7,894	4,396	7,188
15 Tax and loan accounts	33,926	49,817	44,199	61,574	16,158	22,627	57,236	1,878	36,498

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	1999	2000		2001	2001		
			H2	H1	H2	H1	Apr.	May	June
RECEIPTS									
1 **All sources**	**1,827,302**	**2,025,218**	**892,266**	**1,089,763**	**952,942**	**1,120,040**	**331,796**	**125,590[r]**	**202,887**
2 Individual income taxes, net	879,480	1,004,462	425,451	550,208	458,679	580,236	220,386[r]	47,391[r]	93,676
3 Withheld	693,940	780,397	372,012	388,526	395,572	402,417	64,489	63,237	53,125
4 Nonwithheld	308,185	358,049	68,302	281,103	77,732	308,418	187,032	13,753	43,804
5 Refunds	122,706	134,046	14,841	119,477	14,628	130,652	31,147[r]	29,609[r]	3,263
Corporation income taxes									
6 Gross receipts	216,324	235,655	110,111	119,166	123,962	102,947	26,693	6,453	31,563
7 Refunds	31,645	28,367	13,996	13,781	15,776	20,262	3,308[r]	2,000[r]	1,617
8 Social insurance taxes and contributions, net	611,833	652,852	292,551	353,514	310,122	379,878	73,887	61,437	66,732
9 Employment taxes and contributions[2]	580,880	620,451	280,059	333,584	297,665	359,648	68,773	52,210	66,039
10 Unemployment insurance	26,480	27,640	10,173	17,562	10,097	17,842	4,760	8,786	344
11 Other net receipts[3]	4,473	4,761	2,319	2,368	2,360	2,387	354	441	349
12 Excise taxes	70,414	68,865	34,262	33,532	35,501	32,490	5,690	4,390	5,965
13 Customs deposits	18,336	19,914	10,287	9,218	10,676	9,370	1,477	1,501	1,571
14 Estate and gift taxes	27,782	29,010	14,001	15,073	13,216	15,471	4,460[r]	2,465[r]	2,058
15 Miscellaneous receipts[4]	34,929	42,826	19,569	22,831	16,556	19,517	2,510	3,559	2,939
OUTLAYS									
16 **All types**	**1,702,875**	**1,788,826**	**882,465**	**892,947**	**894,905**	**948,750**	**141,999**	**153,508[r]**	**171,025**
17 National defense	274,873	294,494	149,573	143,476	147,651	153,154	22,253	26,028	29,382
18 International affairs	15,243	17,216	8,530	7,250	11,902	6,522	1,272	−1,490	2,318
19 General science, space, and technology	18,125	18,637	10,089	9,601	10,389	10,073	1,547	1,892	1,821
20 Energy	912	−1,060	−90	−893	−595	−244	−390	−25	536
21 Natural resources and environment	23,970	25,031	12,100	10,814	12,907	11,059	1,741	2,136	1,915
22 Agriculture	23,011	36,641	20,887	11,164	20,977	10,832	1,272	711	893
23 Commerce and housing credit	2,649	3,211	7,353	−2,497	4,408	−1,539	−260	−907	33
24 Transportation	42,531	46,854	23,199	21,054	25,841	23,810	3,593	4,850	4,643
25 Community and regional development	11,870	10,629	6,806	5,050	5,962	5,265	855	928	1,205
26 Education, training, employment, and social services	56,402	59,201	27,532	31,234	29,263	35,698	4,798	5,907	6,502
27 Health	141,079	154,534	74,490	75,871	81,413	87,427	14,844	14,954	15,768
28 Social security and Medicare	580,488	606,549	295,030	306,966	307,473	328,072	50,826	55,876	61,115
29 Income security	237,707	247,895	113,504	133,915	113,212	146,913	19,913	22,005[r]	21,667
30 Veterans benefits and services	43,212	47,083	23,412	23,174	22,615	23,171	2,164	2,865	5,619
31 Administration of justice	25,924	27,820	13,459	13,981	14,635	14,694	2,562	2,450	2,320
32 General government	15,771	13,454	7,010	6,198	6,461	8,887	1,162	849	2,669
33 Net interest[5]	229,735	223,218	112,420	115,545	104,685	107,824	17,816	18,363	15,912
34 Undistributed offsetting receipts[6]	−40,445	−42,581	−22,850	−19,346	−24,070	−22,865	−3,970	−3,882	−3,294

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

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

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1999 June 30	1999 Sept 30	1999 Dec 31	2000 Mar. 31	2000 June 30	2000 Sept. 30	2000 Dec. 31	2001 Mar. 31	2001 June 30
1 **Federal debt outstanding**	**5,668**	**5,685**	**5,805**	**5,802**	**5,714**	**5,702**	**5,690**	**5,801**	**5,754**
2 Public debt securities	5,639	5,656	5,776	5,773	5,686	5,674	5,662	5,774	5,727
3 Held by public	3,685	3,667	3,716	3,688	3,496	3,439	3,414	3,434	3,274
4 Held by agencies	1,954	1,989	2,061	2,085	2,190	2,236	2,249	2,339	2,453
5 Agency securities	29	29	29	28	28	28	27	27	27
6 Held by public	28	28	28	28	28	28	27	27	27
7 Held by agencies	1	1	1	0	0	0	0	0	0
8 **Debt subject to statutory limit**	**5,552**	**5,568**	**5,687**	**5,687**	**5,601**	**5,592**	**5,581**	**5,693**	**5,645**
9 Public debt securities	5,552	5,568	5,687	5,686	5,601	5,591	5,580	5,692	5,645
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 *Monthly Treasury Statement.*

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

Billions of dollars, end of period

Type and holder	1997	1998	1999	2000	2000 Q3	2000 Q4	2001 Q1	2001 Q2
1 **Total gross public debt**	**5,502.4**	**5,614.2**	**5,776.1**	**5,662.2**	**5,674.2**	**5,662.2**	**5,773.7**	**5,726.8**
By type								
2 Interest-bearing	5,494.9	5,605.4	5,766.1	5,618.1	5,622.1	5,618.1	5,752.0	5,682.8
3 Marketable	3,456.8	3,355.5	3,281.0	2,966.9	2,992.8	2,966.9	2,981.9	2,822.3
4 Bills	715.4	691.0	737.1	646.9	616.2	646.9	712.0	620.1
5 Notes	2,106.1	1,960.7	1,784.5	1,557.3	1,611.3	1,557.3	1,499.0	1,441.0
6 Bonds	587.3	621.2	643.7	626.5	635.3	626.5	627.9	616.9
7 Inflation-indexed notes and bonds[1]	33.0	67.6	100.7	121.2	115.0	121.2	128.0	129.3
8 Nonmarketable[2]	2,038.1	2,249.9	2,485.1	2,651.2	2,629.3	2,651.2	2,770.0	2,860.5
9 State and local government series	124.1	165.3	165.7	151.0	153.3	151.0	152.9	153.3
10 Foreign issues[3]	36.2	34.3	31.3	27.2	25.4	27.2	24.7	24.0
11 Government	36.2	34.3	31.3	27.2	25.4	27.2	24.7	24.0
12 Public	0	.0	0	.0	.0	.0	.0	.0
13 Savings bonds and notes	181.2	180.3	179.4	176.9	177.7	176.9	177.4	178.4
14 Government account series[4]	1,666.7	1,840.0	2,078.7	2,266.1	2,242.9	2,266.1	2,360.3	2,474.7
15 Non-interest-bearing	7.5	8.8	10.0	44.2	52.1	44.2	46.5	44.0
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,657.1	1,828.1	2,064.2	2,270.2	2,226.5	2,270.2	2,357.0	n.a.
17 Federal Reserve Banks[6]	430.7	452.1	478.0	511.7	511.4	511.7	523.9	535.1
18 Private investors	3,414.6	3,334.0	3,233.9	2,880.4	2,936.2	2,880.4	2,892.9	
19 Depository institutions	300.3	237.3	246.5	197.8	218.3	197.8	188.1	
20 Mutual funds	321.5	343.2	348.6	339.0	324.3	339.0	348.1	
21 Insurance companies	176.6	144.5	125.3	116.6	119.3	116.6	112.7	
22 State and local treasuries[7]	239.3	269.3	266.8	246.2	241.9	246.2	234.1	n.a.
Individuals								
23 Savings bonds	186.5	186.6	186.4	184.8	184.3	184.8	184.8	
24 Pension funds	360.5	375.3	378.9	387.7	383.1	387.7	384.9	
25 Private	143.5	157.6	167.7	181.6	179.2	181.6	181.3	
26 State and Local	216.9	217.7	211.2	206.1	203.9	206.1	203.6	
27 Foreign and international[8]	1,241.6	1,278.7	1,268.7	1,201.4	1,225.2	1,201.4	1,196.2	
28 Other miscellaneous investors[7,9]	589.5	499.0	410.8	218.3	237.9	218.3	n.a.	

1. The U.S. Treasury first issued inflation-indexed securities during the first quarter of 1997.
2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. U.S. Treasury securities bought outright by Federal Reserve Banks, see *Bulletin* table 1.18.
7. In March 1996, in a redefinition of series, fully defeased debt backed by nonmarketable federal securities was removed from "Other miscellaneous investors" and added to "State and local treasuries." The data shown here have been revised accordingly.
8. Includes nonmarketable foreign series Treasury securities and Treasury deposit funds. Excludes Treasury securities held under repurchase agreements in custody accounts at the Federal Reserve Bank of New York.
9. Includes individuals, government-sponsored enterprises, brokers and dealers, bank personal trusts and estates, corporate and noncorporate businesses, and other investors.

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

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

Millions of dollars, daily averages

Item	2001			2001, week ending								
	Mar.	Apr.	May	May 2	May 9	May 16	May 23	May 30	June 6	June 13	June 20	June 27
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	32,043[r]	32,414	23,093	20,894	17,560	20,596	20,583	34,425	34,861	19,936	26,042	23,775
Coupon securities, by maturity												
2 Five years or less	170,530	180,666	182,875	182,562	196,987	201,426	163,520	170,148	167,864	134,526	158,770	173,345
3 More than five years	87,263	82,663	86,179	82,012	94,801	94,370	80,939	74,755	82,341	63,801	64,580	71,589
4 Inflation-indexed	1,575	1,847	1,833	2,044	1,629	2,650	1,469	1,633	974	1,532	1,048	1,542
Federal agency												
5 Discount notes	62,429	61,242	55,738	63,766	59,305	52,421	52,497	56,532	51,465	44,842	56,196	56,276
Coupon securities, by maturity												
6 One year or less	998	1,188	1,550	1,352	1,730	1,588	1,194	1,903	1,221	1,682	1,077	1,448
7 More than one year, but less than or equal to five years	16,460	18,577	16,787	17,867	15,792	18,626	17,249	14,387	17,689	21,288	23,634	22,168
8 More than five years	13,912[r]	7,125	9,174	8,307	6,490	8,903	13,506	7,244	11,750	8,003	8,416	7,943
9 Mortgage-backed	105,381	107,684	100,310	79,022	120,064	122,504	87,584	72,304	108,791	137,587	80,404	69,699
By type of counterparty												
With interdealer broker												
10 U.S. Treasury	151,017[r]	152,513[r]	151,800	150,604	159,235	165,885	140,001	144,299	135,599	115,835	129,802	137,422
11 Federal agency	15,012[r]	12,924[r]	12,451	13,632	12,476	12,561	12,696	10,856	14,572	14,838	14,236	14,597
12 Mortgage-backed	34,045	34,441	32,101	27,882	39,299	31,380	31,511	26,367	34,030	38,899	26,013	28,115
With other												
13 U.S. Treasury	140,393[r]	145,077[r]	142,180	136,908	151,742	153,157	126,510	136,662	150,441	103,960	120,638	132,829
14 Federal agency	78,786[r]	75,208[r]	70,798	77,660	70,842	68,977	71,750	69,211	67,554	60,977	75,087	73,238
15 Mortgage-backed	71,337	73,244	68,209	51,140	80,765	91,124	56,073	45,937	74,761	98,689	54,392	41,585
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
16 U.S. Treasury bills	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0
Coupon securities, by maturity												
17 Five years or less	4,208	3,482	5,125	3,161	4,387	5,762	4,177	7,214	5,936	3,975	4,122	3,484
18 More than five years	16,989	17,079	18,048	16,015	16,450	16,392	19,139	22,237	16,165	14,300	16,419	14,694
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	55	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	57	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	1,167	1,022	1,091	696	1,366	1,140	728	1,285	1,306	925	858	1,164
27 More than five years	4,188	4,119	3,527	2,561	3,060	4,111	3,133	4,336	3,602	2,038	2,463	3,225
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	85	72	91	0	0	0	0	0	0	0	0	0
32 More than five years	133	118	163	190	196	131	n.a.	40	591	93	n.a.	107
33 Mortgage-backed	1,863	1,024	1,466	932	2,435	1,520	1,192	863	1,209	779	824	431

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	2001 Mar.	2001 Apr.	2001 May	2001, week ending May 2	May 9	May 16	May 23	May 30	June 6	June 13	June 20
					Positions[2]						
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	20,272	30,544	−332	1,469	387	−1,152	−3,039	590	9,269	4,271	−485
Coupon securities, by maturity											
2 Five years or less	−14,721	−17,951	−17,389	−24,868	−10,566	−17,324	−20,578	−19,455	−13,855	−20,675	−20,021
3 More than five years	−6,315	−7,938	−12,752	−9,514	−12,556	−13,569	−12,359	−13,165	−14,754	−10,342	−9,609
4 Inflation-indexed	4,146	4,196	4,128	4,026	3,420	3,907	5,444	3,762	4,181	3,120	3,439
Federal agency											
5 Discount notes	36,096	49,374	51,428	47,111	47,215	51,112	51,121	56,934	55,382	61,718	54,516
Coupon securities, by maturity											
6 One year or less	16,162	15,777	13,828	15,529	14,666	12,933	13,294	14,038	13,107	12,921	13,138
7 More than one year, but less than or equal to five years	5,802	7,171	8,882	9,759	7,730	7,246	11,572	8,931	7,474	6,911	6,307
8 More than five years	8,578	8,699	6,255	8,222	7,161	5,873	6,562	5,008	5,236	7,661	8,063
9 Mortgage-backed	9,611	12,181	16,811	14,358	13,940	15,511	16,402	21,585	20,369	17,004	17,128
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.	n.a.
Coupon securities, by maturity											
11 Five years or less	−1,421	−1,673	1,001	−1,842	−1,949	1,174	1,881	3,684	1,195	2,186	1,610
12 More than five years	−10,207	−5,836	−5,698	−3,659	−6,652	−6,233	−5,458	−4,833	−7,089	−4,303	−6,837
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	−341	−335	−302	−253	−266	−372	−270	−313	−321	−387	−429
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	295	−356	764	735	1,724	1,356	276	−220	272	687	654
21 More than five years	730	658	2,077	956	1,429	2,000	3,246	1,938	2,192	2,494	2,314
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	355	302	291	411	565	459	328	−164	−106	−53	57
26 More than five years	593	103	329	350	607	135	299	253	434	245	288
27 Mortgage-backed	2,485	1,368	892	823	−41	1,135	1,543	772	2,128	1,518	2,228
					Financing[5]						
Reverse repurchase agreements											
28 Overnight and continuing	376,076	366,382	383,190	374,868	377,131	396,864	376,925	383,646	387,199	374,728	360,779
29 Term	881,202	925,786	953,256	961,871	1,018,020	865,077	946,881	973,678	1,001,600	1,024,000	1,055,391
Securities borrowed											
30 Overnight and continuing	278,034	280,746	295,962	293,294	294,510	308,057	298,110	284,010	295,432	297,057	302,844
31 Term	123,908	125,608	120,829	126,859	128,300	115,417	118,057	120,611	115,286	120,587	119,399
Securities received as pledge											
32 Overnight and continuing	3,391	3,161	3,323	3,251	3,694	3,450	3,148	2,843	4,576	4,012	3,998
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	836,852	869,117	865,375	853,874	870,984	874,702	862,049	852,035	900,477	899,998	903,325
35 Term	842,163	852,132	877,681	888,398	934,216	802,259	869,971	895,796	915,611	934,937	958,305
Securities loaned											
36 Overnight and continuing	9,463	9,626	9,826	9,346	9,681	10,371	9,665	9,582	10,809	11,018	9,504
37 Term	4,429	4,411	4,565	4,303	4,883	4,552	4,451	4,467	4,425	4,360	4,409
Securities pledged											
38 Overnight and continuing	50,758	53,318	56,976	56,220	58,123	57,947	57,773	54,674	54,207	53,674	55,607
39 Term	5,938	6,529	7,482	6,753	6,685	7,753	7,809	7,827	7,921	8,213	8,078
Collateralized loans											
40 Total	23,731	24,336	23,680	23,123	23,209	24,038	20,984	26,080	27,658	32,890	24,938

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

2. Securities positions are reported at market value.

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1997	1998	1999	2000	2000	2001			
					Dec.	Jan.	Feb.	Mar.	Apr.
1 **Federal and federally sponsored agencies**	**1,022,609**	**1,296,477**	**1,616,492**	**1,851,632**	**1,851,632**	n.a.	**1,917,503**	**1,919,761**	↑
2 Federal agencies	27,792	26,502	26,376	25,666	25,666	25,426	25,141	25,063	
3 Defense Department[1]	6	6	6	6	6	6	6	6	
4 Export-Import Bank[2,3]	552	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
5 Federal Housing Administration[4]	102	205	126	255	255	275	291	307	
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.	n.a.
8 Tennessee Valley Authority	27,786	26,496	26,370	25,660	25,660	25,420	25,135	25,057	
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]	994,817	1,269,975	1,590,116	1,825,966	1,825,966	1,873,199	1,892,362	1,894,698	↓
11 Federal Home Loan Banks	313,919	382,131	529,005	594,404	594,404	604,904	598,586	602,824	
12 Federal Home Loan Mortgage Corporation	169,200	287,396	360,711	426,899	426,899	446,997	455,623	461,338	478,447
13 Federal National Mortgage Association	369,774	460,291	547,619	642,700	642,700	654,200	668,200	666,600	682,500
14 Farm Credit Banks[8]	63,517	63,488	68,883	74,181	74,181	73,925	73,647	74,174	74,456
15 Student Loan Marketing Association[9]	37,717	35,399	41,988	45,375	45,375	50,669	53,886	47,322	n.a.
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]	**49,090**	**44,129**	**42,152**	**40,575**	**40,575**	**39,348**	**38,924**	**39,341**	n.a.
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	552	↑	↑	↑	↑	↑	↑	↑	↑
21 Postal Service[6]	n.a.								
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	
23 Tennessee Valley Authority	n.a.								
24 United States Railway Association[6]	n.a.	↓	↓	↓	↓	↓	↓	↓	n.a.
Other lending[14]									
25 Farmers Home Administration	13,530	9,500	6,665	5,275	5,275	5,155	5,155	5,155	
26 Rural Electrification Administration	14,898	14,091	14,085	13,126	13,126	13,197	13,281	13,371	
27 Other	20,110	20,538	21,402	22,174	22,174	20,996	20,488	20,815	↓

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

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1998	1999	2000	2000		2001					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 **All issues, new and refunding**[1]	**262,342**	**215,427**	**180,403**	**18,079**	**15,348**	**11,255**	**19,829**	**24,495**	**16,985**	**26,248**	**29,298**
By type of issue											
2 General obligation	87,015	73,308	64,475	5,044	5,060	6,256	9,389	7,668	6,890	8,385	9,691
3 Revenue	175,327	142,120	115,928	13,036	10,288	4,999	10,441	16,827	10,094	17,863	19,606
By type of issuer											
4 State	23,506	16,376	19,944	1,942	1,640	1,738	3,268	1,893	1,900	3,123	2,905
5 Special district or statutory authority[2]	178,421	152,418	111,695	12,311	1,053	7,061	11,011	17,280	113,344	17,281	20,672
6 Municipality, county, or township	60,173	46,634	39,273	3,827	3,165	2,456	5,550	5,323	3,740	5,845	5,721
7 **Issues for new capital**	**160,568**	**161,065**	**154,257**	**14,520**	**13,286**	**8,758**	**13,384**	**15,387**	**12,264**	**20,002**	**20,044**
By use of proceeds											
8 Education	36,904	36,563	38,665	3,446	2,919	2,786	3,102	5,343	3,731	5,714	6,460
9 Transportation	19,926	17,394	19,730	2,124	1,381	780	2,411	1,219	1,381	2,522	1,258
10 Utilities and conservation	21,037	15,098	11,917	1,973	1,307	678	1,335	1,677	1,447	2,969	3,191
11 Social welfare	n.a	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	8,594	9,099	7,122	500	615	63	281	396	436	422	443
13 Other purposes	42,450	47,896	47,309	3,787	4,264	3,013	4,742	4,368	3,010	4,736	5,047

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

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1998	1999	2000	2000			2001				
				Oct.	Nov.	Dec.	Jan.	Feb	Mar.	Apr.	May
1 **All issues**[1]	**1,128,491**	**1,072,866**	**942,198**	**62,466**	**95,595**	**61,378**	**125,894**	**96,206**	**139,267**	**92,778**r	**164,373**
2 **Bonds**[2]	**1,001,736**	**941,298**	**807,281**	**53,345**	**84,094**	**58,713**	**118,372**	**88,806**	**127,956**	**86,274**	**154,623**
By type of offering											
3 Sold in the United States	923,771	818,683	684,484	47,415	76,383	57,189	115,583	86,146	118,779	81,156	146,164
4 Sold abroad	77,965	122,615	122,798	5,930	7,712	1,525	2,789	2,660	9,177	5,117	8,459
MEMO											
5 Private placements, domestic	n.a.	n.a.	n.a.	127	5,534	3,709	26	1,897	652	0	2,563
By industry group											
6 Nonfinancial	307,711	293,963	242,452	12,547	25,784	18,219	44,443	34,604	44,385	33,549	67,142
7 Financial	694,025	647,335	564,829	40,799	58,310	40,495	73,928	54,201	83,571	52,725	87,481
8 **Stocks**[3]	**182,055**	**223,968**	**283,717**	**21,521**	**23,901**	**15,065**	**7,522**	**7,400**	**11,311**	**6,504**r	**9,750**
By type of offering											
9 Public	126,755	131,568	134,917	9,121	11,501	2,665	7,522	7,400	11,311	6,504r	9,750
10 Private placement[4]	55,300	92,400	148,800	12,400	12,400	12,400	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	74,113	110,284	118,369	8,278	10,794	2,146	4,356	4,463	7,718	4,822r	6,809
12 Financial	52,642	21,284	16,548	843	707	519	3,166	2,937	3,593	1,682r	2,941

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		2001					
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[r]	June
1 Sales of own shares[2]	**1,791,894**	**2,279,315**	**143,412**	**170,255**	**206,765**	**148,362**	**162,548**	**152,327**	**158,361**	**140,085**
2 Redemptions of own shares	1,621,987	2,057,277	138,791	160,918	171,819	141,663	175,633	130,454	132,574	125,435
3 Net sales[3]	169,906	222,038	4,621	9,337	34,946	6,699	−13,085	21,873	25,787	14,650
4 Assets[4]	**5,233,191**	**5,123,747**	**4,993,008**	**5,123,747**	**5,280,222**	**4,879,229**	**4,594,182**	**4,910,568**	**4,956,982**	**4,887,681**
5 Cash[5]	219,189	277,386	300,133	277,386	280,472	274,077	241,518	247,169	237,487	240,954
6 Other	5,014,002	4,846,361	4,692,875	4,846,361	4,999,750	4,605,152	4,352,664	4,663,399	4,719,495	4,646,727

1. Data include stock, hybrid, and bond mutual funds and exclude money market mutual funds.
2. Excludes reinvestment of net income dividends and capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes sales and redemptions resulting from transfers of shares into or out of money market mutual funds within the same fund family.
4. Market value at end of period, less current liabilities.
5. Includes all U.S. Treasury securities and other short-term debt securities.

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1998[r]	1999[r]	2000[r]	1999[r]		2000[r]				2001	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1[r]	Q2
1 Profits with inventory valuation and capital consumption adjustment	777.4	825.2	876.4	800.2	857.6	870.3	892.8	895.0	847.6	789.8	n.a.
2 Profits before taxes	721.1	776.3	845.4	765.8	825.0	844.9	862.0	858.3	816.5	755.7	n.a.
3 Profits-tax liability	238.8	253.0	271.5	250.7	267.3	277.0	280.4	274.9	253.5	236.8	n.a.
4 Profits after taxes	482.3	523.3	573.9	515.1	557.7	567.8	581.6	583.4	563.0	518.9	n.a.
5 Dividends	348.7	343.5	379.6	342.2	349.6	361.5	373.7	386.2	397.0	405.2	412.3
6 Undistributed profits	133.6	179.8	194.3	172.9	208.1	206.3	207.9	197.2	165.9	113.7	n.a.
7 Inventory valuation	18.3	−2.9	−12.4	−17.7	−21.0	−23.8	−14.8	−3.6	−7.3	−1.9	n.a.
8 Capital consumption adjustment	38.0	51.7	43.4	52.1	53.6	49.2	45.5	40.4	38.4	36.0	31.8

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		2000				2001
				Q3	Q4	Q1	Q2	Q3	Q4	Q1
ASSETS										
1 Accounts receivable, gross[2]	711.7	811.5	915.6	776.3	811.5	848.7	884.4	900.1	915.6	916.6
2 Consumer	261.8	279.8	296.1	271.0	279.8	285.4	294.1	301.9	296.1	292.9
3 Business	347.5	405.2	471.1	383.0	405.2	434.6	454.1	455.7	471.1	472.1
4 Real estate	102.3	126.5	148.3	122.3	126.5	128.8	136.2	142.4	148.3	151.6
5 LESS: Reserves for unearned income	56.3	53.5	60.0	54.0	53.5	54.0	57.1	58.8	60.0	60.3
6 Reserves for losses	13.8	13.5	15.1	13.6	13.5	14.0	14.4	14.2	15.1	15.6
7 Accounts receivable, net	641.6	744.6	840.5	708.6	744.6	780.7	813.0	827.1	840.5	840.7
8 All other	337.9	406.3	461.8	368.5	406.3	412.7	418.3	441.4	461.8	474.8
9 Total assets	**979.5**	**1,150.9**	**1,302.4**	**1,077.2**	**1,150.9**	**1,193.4**	**1,231.3**	**1,268.4**	**1,302.4**	**1,315.5**
LIABILITIES AND CAPITAL										
10 Bank loans	26.3	35.1	35.6	27.0	35.1	28.5	32.5	35.4	35.6	41.2
11 Commercial paper	231.5	227.9	235.2	205.3	227.9	230.2	221.3	215.6	235.2	178.3
Debt										
12 Owed to parent	61.8	123.8	146.5	84.5	123.8	145.1	137.1	144.3	146.5	138.5
13 Not elsewhere classified	339.7	397.0	463.8	396.2	397.0	412.0	445.4	465.5	463.8	501.9
14 All other liabilities	203.2	222.7	279.7	216.0	222.7	247.6	259.3	269.2	279.7	299.7
15 Capital, surplus, and undivided profits	117.0	144.5	141.6	148.2	144.5	130.1	135.6	138.3	141.6	151.0
16 Total liabilities and capital	**979.5**	**1,150.9**	**1,302.4**	**1,077.2**	**1,150.9**	**1,193.4**	**1,231.3**	**1,268.4**	**1,302.4**	**1,310.6**

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

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

	Type of credit	1998	1999	2000	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar	2001 Apr.	2001 May
					Seasonally adjusted					
1	**Total**	**875.8**	**993.9**	**1,145.2**	**1,145.2**	**1,156.7**	**1,159.7**	**1,158.6**	**1,171.4[r]**	**1,171.2**
2	Consumer	352.8	385.3	439.3	439.3	443.8	447.1	449.8	456.3[r]	454.2
3	Real estate	131.4	154.7	174.9	174.9	177.7	179.0	177.7	182.5	184.4
4	Business	391.6	453.9	531.0	531.0	535.2	533.6	531.1	532.6	532.5
					Not seasonally adjusted					
5	**Total**	**884.0**	**1,003.2**	**1,156.0**	**1,156.0**	**1,156.7**	**1,159.7**	**1,163.1**	**1,173.7[r]**	**1,174.4**
6	Consumer	356.1	388.8	443.4	443.4	443.9	445.1	445.7	451.0[r]	451.7
7	Motor vehicles loans	103.1	114.7	122.5	122.5	117.5	118.5[r]	118.9[r]	127.0[r]	127.7
8	Motor vehicle leases	93.3	98.3	102.9	102.9	103.3	102.4[r]	101.3[r]	101.9[r]	101.7
9	Revolving[2]	32.3	33.8	38.3	38.3	37.1	36.9[r]	35.6[r]	36.0[r]	37.5
10	Other[3]	33.1	33.1	32.4	32.4	32.4	32.0[r]	31.3[r]	28.2[r]	26.6
	Securitized assets[4]									
11	Motor vehicle loans	54.8	71.1	97.1	97.1	103.9	105.2	108.1	106.1	107.8
12	Motor vehicle leases	12.7	9.7	6.6	6.6	6.3	6.9	6.6	7.0	6.9
13	Revolving	8.7	10.5	27.5	27.5	27.6	27.6	27.6	28.8	27.8
14	Other	18.1	17.7	16.0	16.0	15.8	15.5	16.2	16.0[r]	15.7
15	Real estate	131.4	154.7	174.9	174.9	177.7	179.0	177.7	182.5	184.4
16	One- to four-family	75.7	88.3	105.4	105.4	108.2	109.5[r]	108.1[r]	112.3[r]	114.4
17	Other	26.6	38.3	42.9	42.9	43.2	43.4	43.8[r]	43.8	43.9
	Securitized real estate assets[4]									
18	One- to four-family	29.0	28.0	24.7	24.7	24.4	24.2	23.9	23.8[r]	23.6
19	Other	.1	.2	1.9	1.9	1.9	1.9	1.9	2.6	2.6
20	Business	396.5	459.6	537.7	537.7	535.1	535.6	539.7	540.2	538.2
21	Motor vehicles	79.6	87.8	95.2	95.2	93.6	93.6	91.9[r]	91.0	90.8
22	Retail loans	28.1	33.2	31.0	31.0	30.8	30.7[r]	30.5[r]	29.9[r]	29.8
23	Wholesale loans[5]	32.8	34.7	39.6	39.6	38.2	37.6[r]	35.8[r]	35.3[r]	35.2
24	Leases	18.7	19.9	24.6	24.6	24.6	25.3[r]	25.6[r]	25.8[r]	25.8
25	Equipment	198.0	221.9	267.3	267.3	265.6	262.5	264.6	267.5	268.0
26	Loans	50.4	52.2	56.2	56.2	56.3	55.6[r]	57.1[r]	57.1[r]	57.1
27	Leases	147.6	169.7	211.1	211.1	209.3	206.9[r]	207.5[r]	210.4[r]	210.9
28	Other business receivables[6]	69.9	95.5	108.6	108.6	110.4	114.5[r]	115.2[r]	113.5[r]	112.1
	Securitized assets[4]									
29	Motor vehicles	29.2	31.5	37.8	37.8	37.3	37.2	40.0	40.3	40.0
30	Retail loans	2.6	2.9	3.2	3.2	3.1	2.9	2.8	3.1	3.0
31	Wholesale loans	24.7	26.4	32.5	32.5	32.1	31.7	34.5	34.6	34.3
32	Leases	1.9	2.1	2.2	2.2	2.2	2.6	2.6	2.6	2.7
33	Equipment	13.0	14.6	23.1	23.1	22.5	22.2	22.5	22.2	21.6
34	Loans	6.6	7.9	15.5	15.5	14.7	14.5	14.6	14.4	13.9
35	Leases	6.4	6.7	7.6	7.6	7.8	7.8	7.9	7.8	7.7
36	Other business receivables[6]	6.8	8.4	5.6	5.6	5.6	5.6	5.6	5.7	5.7

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 Dec.	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.	2001 May	2001 June
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	195.2	210.7	234.5	250.0	238.7	245.0	244.5	240.8	241.4	250.6
2 Amount of loan (thousands of dollars)	151.1	161.7	177.0	187.3	181.6	185.4	182.9	181.5	181.4	188.7
3 Loan-to-price ratio (percent)	80.0	78.7	77.4	76.5	78.2	77.9	77.2	77.6	77.6	77.3
4 Maturity (years)	28.4	28.8	29.2	29.1	29.4	29.0	28.8	28.5	28.6	28.7
5 Fees and charges (percent of loan amount)[2]	.89	.77	.70	.73	.71	.70	.66	.71	.69	.66
Yield (percent per year)										
6 Contract rate[1]	6.95	6.94	7.41	7.29	7.09	6.99	6.94	6.96	7.02	7.02
7 Effective rate[1,3]	7.08	7.06	7.52	7.40	7.20	7.10	7.04	7.07	7.12	7.12
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	6.83	6.57	6.61	6.41	6.53	6.61	6.55
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	414,515	523,941	610,122	610,122	623,950	632,850	n.a.	n.a.	n.a.	n.a.
12 FHA/VA insured	33,770	55,318	61,539	61,539	62,970	63,337	n.a.	n.a.	n.a.	n.a.
13 Conventional	380,745	468,623	548,583	548,583	560,980	569,513	n.a.	n.a.	n.a.	n.a.
14 Mortgage transactions purchased (during period)	188,448	195,210	154,231	17,193	20,598	17,230	20,899	24,015	16,825	24,430
Mortgage commitments (during period)										
15 Issued[7]	193,795	187,948	163,689	20,120	27,325	25,471	n.a.	n.a.	n.a.	n.a.
16 To sell[8]	1,880	5,900	11,786	1,436	766	835	n.a.	n.a.	n.a.	n.a.
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	255,010	324,443	385,693	385,693	391,679	407,086	421,655	430,960	437,582	443,810
18 FHA/VA insured	785	1,836	3,332	3,332	3,307	3,319	3,329	2,878	2,785	2,738
19 Conventional	254,225	322,607	382,361	382,361	388,372	403,767	418,326	428,082	434,797	441,072
Mortgage transactions (during period)										
20 Purchases	267,402	239,793	174,043	24,313	15,658	16,536	24,648	n.a.	n.a.	n.a.
21 Sales	250,565	233,031	166,901	22,277	15,364	15,549	23,367	31,219	33,670	38,133
22 Mortgage commitments contracted (during period)[9]	281,899	228,432	169,231	21,780	18,685	17,664	26,682	32,758	39,897	37,312

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

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1997	1998	1999	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
1 **All holders**	**5,198,237**	**5,698,389**	**6,326,415**	**6,426,515**	**6,592,329**	**6,744,667**	**6,889,962**	**7,016,475**
By type of property								
2 One- to four-family residences	3,968,218	4,348,553	4,773,876	4,832,886	4,962,031	5,087,538	5,193,000	5,284,886
3 Multifamily residences	302,642	330,718	372,619	387,188	390,753	399,232	409,216	418,762
4 Nonfarm, nonresidential	837,077	922,612	1,076,958	1,102,565	1,133,107	1,149,940	1,178,909	1,202,752
5 Farm	90,300	96,506	102,962	103,875	106,437	107,957	108,836	110,075
By type of holder								
6 Major financial institutions	2,084,000	2,195,869	2,396,265	2,458,194	2,550,201	2,606,592	2,621,076	2,667,125
7 Commercial banks[2]	1,245,334	1,338,273	1,496,844	1,548,224	1,615,794	1,650,294	1,661,600	1,688,869
8 One- to four-family	745,777	798,009	880,208	905,270	949,223	968,831	966,609	978,227
9 Multifamily	50,705	54,174	67,666	72,509	75,795	77,031	77,821	79,890
10 Nonfarm, nonresidential	421,865	457,054	517,130	537,772	557,059	570,513	583,153	596,518
11 Farm	26,987	29,035	31,839	32,673	33,717	33,919	34,016	34,234
12 Savings institutions[3]	631,826	643,957	668,634	680,745	701,992	721,563	723,534	741,114
13 One- to four-family	520,782	533,895	549,046	560,018	578,612	595,518	595,053	608,289
14 Multifamily	59,540	56,847	59,168	57,790	59,174	60,077	61,094	62,666
15 Nonfarm, nonresidential	51,150	52,798	59,945	62,444	63,688	65,437	66,852	69,589
16 Farm	354	417	475	493	518	531	535	569
17 Life insurance companies	206,840	213,640	230,787	229,225	232,415	234,735	235,942	237,142
18 One- to four-family	7,187	6,590	5,934	5,567	5,237	4,907	4,904	4,800
19 Multifamily	30,402	31,522	32,818	32,634	33,121	33,478	33,681	33,867
20 Nonfarm, nonresidential	158,779	164,004	179,048	178,043	180,701	182,646	183,757	184,774
21 Farm	10,472	11,524	12,987	12,981	13,356	13,704	13,600	13,701
22 Federal and related agencies	286,194	293,602	322,132	322,917	332,642	336,682	343,962	346,276
23 Government National Mortgage Association	8	7	7	7	7	6	6	6
24 One- to four-family	8	7	7	7	7	6	6	6
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,195	40,851	73,871	72,899	72,896	73,009	73,323	73,361
27 One- to four-family	17,253	16,895	16,506	16,456	16,435	16,444	16,372	16,297
28 Multifamily	11,720	11,739	11,741	11,732	11,729	11,734	11,733	11,725
29 Nonfarm, nonresidential	7,370	7,705	41,355	40,509	40,554	40,665	41,070	41,247
30 Farm	4,852	4,513	4,268	4,202	4,179	4,167	4,148	4,093
31 Federal Housing and Veterans' Administrations	3,811	3,674	3,712	3,794	3,845	3,395	3,507	2,873
32 One- to four-family	1,767	1,849	1,851	1,847	1,832	1,327	1,308	1,276
33 Multifamily	2,044	1,825	1,861	1,947	2,013	2,068	2,199	1,597
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	724	361	152	98	72	82	45	50
40 One- to four-family	117	58	25	16	12	13	7	8
41 Multifamily	140	70	29	19	14	16	9	10
42 Nonfarm, nonresidential	467	233	98	63	46	53	29	32
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	161,308	157,675	151,500	150,312	153,507	152,815	155,363	156,294
45 One- to four-family	149,831	147,594	141,195	139,986	142,478	141,786	144,150	145,014
46 Multifamily	11,477	10,081	10,305	10,326	11,029	11,029	11,213	11,280
47 Federal Land Banks	30,657	32,983	34,187	34,142	34,830	35,549	36,326	37,072
48 One- to four-family	1,804	1,941	2,012	2,009	2,049	2,092	2,137	2,181
49 Farm	0	0	0	0	0	0	0	0
50 Federal Home Loan Mortgage Corporation	48,454	57,085	56,676	57,009	56,972	57,046	59,240	60,110
51 One- to four-family	42,629	49,106	44,321	43,384	42,892	42,138	42,871	42,771
52 Multifamily	5,825	7,979	12,355	13,625	14,080	14,908	16,369	17,339
53 Mortgage pools or trusts[5]	2,232,848	2,581,969	2,947,760	2,983,365	3,034,691	3,115,138	3,231,195	3,305,311
54 Government National Mortgage Association	536,879	537,446	582,263	589,192	590,708	602,628	611,629	601,540
55 One- to four-family	523,225	522,498	565,189	571,506	572,661	584,152	592,700	581,760
56 Multifamily	13,654	14,948	17,074	17,686	18,047	18,476	18,929	19,780
57 Federal Home Loan Mortgage Corporation	579,385	646,459	749,081	757,106	768,641	790,891	822,310	833,616
58 One- to four-family	576,846	643,465	744,619	752,607	763,890	786,007	816,602	827,769
59 Multifamily	2,539	2,994	4,462	4,499	4,751	4,884	5,708	5,847
60 Federal National Mortgage Association	709,582	834,517	960,883	975,815	995,815	1,020,828	1,057,750	1,099,049
61 One- to four-family	687,981	804,204	924,941	932,178	957,584	981,206	1,016,398	1,055,412
62 Multifamily	21,601	30,313	35,942	43,637	38,231	39,622	41,352	43,637
63 Farmers Home Administration[4]	2	1	0	0	0	0	0	0
64 One- to four-family	0	0	0	0	0	0	0	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	0	0	0	0	0	0	0	0
67 Farm	2	1	0	0	0	0	0	0
68 Private mortgage conduits	407,000	563,546	655,533	661,252	679,527	700,792	739,506	771,106
69 One- to four-family[6]	310,659	405,153	455,021	455,623	464,593	477,899	499,834	523,300
70 Multifamily	20,907	33,754	42,226	43,069	44,290	45,991	49,322	50,639
71 Nonfarm, nonresidential	75,434	124,639	158,287	162,560	170,644	176,901	190,350	197,167
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	595,195	626,949	660,258	662,039	674,794	686,254	693,729	697,763
74 One- to four-family	382,315	416,335	441,205	442,006	454,314	470,762	478,118	481,485
75 Multifamily	72,088	74,462	76,740	77,466	78,179	79,587	79,566	80,268
76 Nonfarm, nonresidential	122,013	116,178	121,095	121,174	120,415	113,725	113,697	113,424
77 Farm	18,779	19,974	21,217	21,393	21,886	22,179	22,348	22,586

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	1998	1999	2000	2000	2001				
				Dec.	Jan.	Feb.	Mar.	Apr.[r]	May
	Seasonally adjusted								
1 **Total**	**1,301,023**	**1,393,657**	**1,531,469**	**1,531,469**	**1,548,486**	**1,562,937**	**1,571,588[r]**	**1,584,383**	**1,591,239**
2 Revolving	560,504	595,610	663,830	663,830	669,780	681,384	689,462[r]	697,636	701,101
3 Nonrevolving[2]	740,519	798,047	867,639	867,639	878,706	881,553	882,126[r]	886,746	890,137
	Not seasonally adjusted								
4 **Total**	**1,331,742**	**1,426,151**	**1,566,457**	**1,566,457**	**1,560,357**	**1,558,086**	**1,559,178[r]**	**1,570,232**	**1,576,531**
By major holder									
5 Commercial banks	508,932	499,758	541,470	541,470	539,796	535,137	534,545	540,686	543,162
6 Finance companies	168,491	181,573	193,189	193,189	187,029	187,493	185,862[r]	191,028	191,539
7 Credit unions	155,406	167,921	184,434	184,434	184,120	183,548	182,918	184,280	185,971
8 Savings institutions	51,611	61,527	64,557	64,557	64,667	64,777	64,887	64,950	65,014
9 Nonfinancial business	74,877	80,311	82,662	82,662	77,685	73,020	71,757	71,511	70,010
10 Pools of securitized assets[3]	372,425	435,061	500,145	500,145	507,060	514,111	519,209[r]	517,777	520,835
By major type of credit[4]									
11 Revolving	586,528	623,245	693,645	693,645	681,812	682,143	682,422[r]	690,420	693,679
12 Commercial banks	210,346	189,352	218,063	218,063	211,006	208,192	208,924	215,207	217,438
13 Finance companies	32,309	33,814	38,251	38,251	37,098	36,938	35,626	36,044	37,509
14 Credit unions	19,930	20,641	22,226	22,226	21,714	21,415	20,902	21,068	21,226
15 Savings institutions	12,450	15,838	16,560	16,560	16,701	16,842	16,983	16,975	16,968
16 Nonfinancial business	39,166	42,783	42,430	42,430	38,934	35,290	34,150	33,815	32,690
17 Pools of securitized assets[3]	272,327	320,817	356,114	356,114	356,359	363,466	365,837[r]	367,310	367,849
18 Nonrevolving	745,214	802,906	872,812	872,812	878,545	875,943	876,756[r]	879,812	882,851
19 Commercial banks	298,586	310,406	323,407	323,407	328,790	326,945	325,621	325,478	325,724
20 Finance companies	136,182	147,759	154,938	154,938	149,931	150,555	150,236[r]	154,985	154,030
21 Credit unions	135,476	147,280	162,208	162,208	162,406	162,133	162,016	163,212	164,745
22 Savings institutions	39,161	45,689	47,997	47,997	47,966	47,935	47,904	47,975	48,046
23 Nonfinancial business	35,711	37,528	40,232	40,232	38,750	37,729	37,607	37,695	37,321
24 Pools of securitized assets[3]	100,098	114,244	144,031	144,031	150,701	150,645	153,372[r]	150,468	152,986

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	1998	1999	2000	2000		2001				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	8.72	8.44	9.34	9.63	n.a.	n.a.	9.17	n.a.	n.a.	8.67
2 24-month personal	13.74	13.39	13.90	14.12	n.a.	n.a.	13.71	n.a.	n.a.	13.28
Credit card plan										
3 All accounts	15.71	15.21	15.71	15.99	n.a.	n.a.	15.66	n.a.	n.a.	15.07
4 Accounts assessed interest	15.59	14.81	14.91	15.23	n.a.	n.a.	14.61	n.a.	n.a.	14.63
Auto finance companies										
5 New car	6.30	6.66	6.61	5.41	7.45	7.29	7.19	6.80	6.80	6.56
6 Used car	12.64	12.60	13.55	13.66	13.58	13.11	13.34	13.19	12.82	12.57
OTHER TERMS[3]										
Maturity (months)										
7 New car	52.1	52.7	54.9	57.3	55.2	54.3	55.5	55.6	56.3	57.0
8 Used car	53.5	55.9	57.0	56.8	56.6	57.8	58.0	58.0	57.9	57.8
Loan-to-value ratio										
9 New car	92	92	92	93	91	90	91	91	91	92
10 Used car	99	99	99	100	100	98	99	100	100	100
Amount financed (dollars)										
11 New car	19,083	19,880	20,923	22,443	21,867	21,315	21,993	22,131	21,914	21,871
12 Used car	12,691	13,642	14,058	14,325	14,591	14,155	14,095	14,214	14,347	14,350

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				2001
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**711.1**	**731.3**	**804.6**	**1,011.4**	**1,088.8**	**1,150.9**	**1,051.9**	**917.1**	**952.3**	**752.2**	**829.1**	**965.5**
By sector and instrument												
2 Federal government	144.4	145.0	23.1	−52.6	−71.2	−68.9	−34.0	−215.5	−414.0	−219.5	−334.5	−10.8
3 Treasury securities	142.9	146.6	23.2	−54.6	−71.0	−68.9	−34.0	−213.5	−415.8	−217.1	−333.3	−8.6
4 Budget agency securities and mortgages	1.5	−1.6	−.1	2.0	−.2	.0	.0	−2.1	1.8	−2.4	−1.2	−2.2
5 Nonfederal	566.7	586.3	781.5	1,064.0	1,160.0	1,219.8	1,085.9	1,132.6	1,366.2	971.8	1,163.5	976.3
By instrument												
6 Commercial paper	18.1	−.9	13.7	24.4	37.4	49.8	44.0	29.8	110.4	56.1	−4.0	−207.2
7 Municipal securities and loans	−48.2	2.6	71.4	96.8	68.2	71.3	52.5	8.9	34.0	29.8	68.6	94.3
8 Corporate bonds	91.1	116.3	150.5	218.7	229.9	202.8	155.2	186.2	153.8	184.4	175.6	400.0
9 Bank loans n.e.c.	103.7	70.5	106.5	108.2	82.7	112.3	108.6	131.9	163.1	31.7	86.5	−11.3
10 Other loans and advances	67.2	33.5	69.1	74.3	60.6	74.0	39.7	155.6	126.6	−10.1	145.1	−8.9
11 Mortgages	195.8	275.7	317.7	474.0	586.9	633.4	576.3	475.0	640.4	557.4	568.1	553.8
12 Home	181.0	242.1	252.3	379.7	426.1	473.6	391.3	336.5	482.4	428.4	413.5	406.3
13 Multifamily residential	6.1	9.0	8.2	19.9	39.6	40.6	51.0	28.8	43.9	29.5	40.3	40.8
14 Commercial	7.1	22.0	54.1	68.2	115.6	112.2	131.6	102.3	104.3	93.2	110.6	101.5
15 Farm	1.6	2.6	3.2	6.2	5.5	7.0	2.5	7.3	9.7	6.2	3.7	5.1
16 Consumer credit	138.9	88.8	52.5	67.6	94.4	76.2	109.5	145.3	137.9	122.5	123.7	155.6
By borrowing sector												
17 Household	363.5	357.8	337.1	472.1	532.4	574.8	492.2	516.2	632.7	550.5	565.2	559.9
18 Nonfinancial business	254.7	235.3	388.2	511.7	575.3	592.6	560.1	612.7	712.7	397.6	537.9	326.5
19 Corporate	227.5	149.1	266.5	392.0	454.7	452.5	421.9	480.8	578.5	282.3	407.5	231.8
20 Nonfarm noncorporate	24.3	81.4	115.6	112.0	115.3	131.6	132.7	116.5	125.1	109.3	116.5	85.7
21 Farm	2.9	4.8	6.2	7.7	5.2	8.5	5.6	15.4	9.1	6.0	13.9	9.1
22 State and local government	−51.5	−6.8	56.1	80.3	52.3	52.5	33.6	3.8	20.8	23.6	60.4	89.9
23 Foreign net borrowing in United States	78.5	88.4	71.8	43.3	25.3	77.3	17.6	118.0	−7.6	89.3	66.3	−27.0
24 Commercial paper	13.5	11.3	3.7	7.8	16.3	41.1	33.6	57.8	12.0	7.0	50.1	−25.4
25 Bonds	57.1	67.0	61.4	34.8	14.2	44.0	−2.7	45.7	−27.4	71.8	9.2	−1.4
26 Bank loans n.e.c.	8.5	9.1	8.5	6.7	.5	−6.6	2.3	15.4	5.7	11.9	12.2	10.3
27 Other loans and advances	−.5	1.0	−1.8	−6.0	−5.7	−1.1	−15.5	−.9	2.0	−1.5	−5.2	−10.5
28 **Total domestic plus foreign**	**789.6**	**819.7**	**876.3**	**1,054.7**	**1,114.1**	**1,228.2**	**1,069.5**	**1,035.1**	**944.6**	**841.5**	**895.4**	**938.4**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**454.0**	**545.7**	**653.8**	**1,073.9**	**1,077.2**	**1,059.1**	**1,047.6**	**586.4**	**819.3**	**725.5**	**1,075.9**	**893.6**
By instrument												
30 Federal government-related	204.2	231.4	212.9	470.9	592.0	651.6	550.1	248.6	370.4	503.4	612.1	461.1
31 Government-sponsored enterprise securities	105.9	90.4	98.4	278.3	318.2	407.1	367.9	104.9	248.9	278.1	304.8	264.1
32 Mortgage pool securities	98.3	141.0	114.6	192.6	273.8	244.5	182.2	143.7	121.6	225.3	307.3	197.0
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	485.3	407.5	497.4	337.8	448.9	222.1	463.8	432.5
35 Open market paper	42.7	92.2	166.7	161.0	176.2	89.9	479.0	130.9	77.4	65.2	237.5	−119.5
36 Corporate bonds	195.9	173.8	210.5	296.9	211.1	174.4	−36.6	135.1	233.0	188.3	211.6	456.8
37 Bank loans n.e.c.	2.5	12.6	13.2	30.1	−14.3	−5.9	−55.6	.3	5.4	−.7	−6.2	23.6
38 Other loans and advances	3.4	27.9	35.6	90.2	107.1	139.8	107.5	64.4	123.1	−36.7	19.1	79.2
39 Mortgages	5.3	7.9	14.9	24.8	5.1	9.4	3.2	7.0	10.0	6.0	1.8	−7.5
By borrowing sector												
40 Commercial banking	22.5	13.0	46.1	72.9	67.2	107.0	54.1	72.4	113.2	23.5	30.8	138.4
41 Savings institutions	2.6	25.5	19.7	52.2	48.0	51.9	5.8	40.6	59.1	−23.4	32.7	40.8
42 Credit unions	−.1	.1	.1	.6	2.2	2.8	3.3	−2.9	.9	1.1	1.0	−.2
43 Life insurance companies	−.1	1.1	.2	.7	.7	1.1	−4.4	−.7	−1.1	−.3	−.7	−2.4
44 Government-sponsored enterprises	105.9	90.4	98.4	278.3	318.2	407.1	367.9	104.9	248.9	278.1	304.8	264.1
45 Federally related mortgage pools	98.3	141.0	114.6	192.6	273.8	244.5	182.2	143.7	121.6	225.3	307.3	197.0
46 Issuers of asset-backed securities (ABSs)	142.4	150.8	202.2	321.4	223.4	215.4	108.6	134.6	157.1	148.0	311.3	277.0
47 Finance companies	50.2	45.9	48.7	43.0	62.4	−17.2	99.2	52.3	103.9	96.9	45.6	−43.8
48 Mortgage companies	−2.2	4.1	−4.6	1.6	.2	−6.1	6.2	−3.0	2.7	−.3	1.0	.7
49 Real estate investment trusts (REITs)	4.5	11.9	39.6	62.7	6.3	7.9	11.3	11.5	9.8	−2.4	−8.1	−6.1
50 Brokers and dealers	−5.0	−2.0	8.1	7.2	−17.2	17.8	−37.3	44.4	−.7	25.4	−6.6	−23.9
51 Funding corporations	34.9	64.1	80.7	40.7	92.2	27.0	250.6	−11.4	4.0	−46.4	56.8	51.8

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 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
	All sectors											
52 Total net borrowing, all sectors	**1,243.7**	**1,365.4**	**1,530.1**	**2,128.6**	**2,191.3**	**2,287.4**	**2,117.1**	**1,621.5**	**1,763.9**	**1,567.0**	**1,971.3**	**1,832.1**
53 Open market paper	74.3	102.6	184.1	193.1	229.9	180.7	556.6	218.4	199.8	128.4	283.6	−352.1
54 U.S. government securities	348.6	376.4	236.0	418.3	520.7	582.7	516.1	33.0	−43.5	283.8	277.6	450.3
55 Municipal securities	−48.2	2.6	71.4	96.8	68.2	71.3	52.5	8.9	34.0	29.8	68.6	94.3
56 Corporate and foreign bonds	344.1	357.0	422.4	550.4	455.2	421.2	115.9	367.0	359.5	444.6	396.4	855.4
57 Bank loans n.e.c.	114.7	92.1	128.2	145.0	68.9	99.8	55.2	147.7	174.2	42.9	92.5	22.6
58 Other loans and advances	70.1	62.5	102.8	158.5	162.0	212.8	131.7	219.2	251.7	−48.3	159.0	59.7
59 Mortgages	201.1	283.5	332.6	498.8	592.0	642.7	579.5	482.0	650.4	563.4	569.9	546.3
60 Consumer credit	138.9	88.8	52.5	67.6	94.4	76.2	109.5	145.3	137.9	122.5	123.7	155.6
	Funds raised through mutual funds and corporate equities											
61 Total net issues	**131.7**	**231.7**	**181.2**	**101.6**	**161.6**	**129.6**	**178.1**	**366.3**	**142.4**	**170.9**	**−170.9**	**127.4**
62 Corporate equities	−15.7	−5.9	−83.9	−173.0	−26.7	2.2	5.2	60.2	−95.2	−88.9	−342.0	22.7
63 Nonfinancial corporations	−58.3	−69.5	−114.4	−267.0	−143.5	−128.4	−55.0	61.2	−245.2	−87.7	−394.8	−33.9
64 Foreign shares purchased by U.S. residents	50.4	82.8	57.6	101.2	114.4	121.7	71.3	63.3	180.1	61.1	90.5	79.8
65 Financial corporations	−7.8	−19.2	−27.1	−7.3	2.4	8.8	−11.1	−64.2	−30.2	−62.3	−37.8	−23.2
66 Mutual fund shares	147.4	237.6	265.1	274.6	188.3	127.5	172.8	306.1	237.6	259.8	171.1	104.7

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

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1995	1996	1997	1998	1999	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
NET LENDING IN CREDIT MARKETS[2]												
1 Total net lending in credit markets	**1,243.7**	**1,365.4**	**1,530.1**	**2,128.6**	**2,191.3**	**2,287.4**	**2,117.1**	**1,621.5**	**1,763.9**	**1,567.0**	**1,971.3**	**1,832.1**
2 Domestic nonfederal nonfinancial sectors	−65.7	81.0	−17.3	106.3	231.5	202.7	−41.2	−148.2	120.8	−236.9	−212.5	−261.2
3 Household	29.7	129.3	−2.6	−12.2	189.4	238.4	2.7	−224.5	61.8	−218.5	−233.3	−279.3
4 Nonfinancial corporate business	−8.8	−10.2	−12.7	−16.0	−2.8	5.8	−47.6	71.5	14.9	−3.2	−35.5	10.3
5 Nonfarm noncorporate business	4.7	−4.3	−2.1	1	1.5	.8	1.4	2.6	2.8	3.8	4.3	4.4
6 State and local governments	−91.4	−33.7	.1	134.5	43.4	−42.4	2.4	2.3	41.4	−19.0	52.1	3.4
7 Federal government	−.5	−7.2	5.1	13.5	5.8	11.2	−11.7	6.5	7.7	4.5	10.2	6.1
8 Rest of the world	273.9	414.4	311.3	254.2	210.6	385.3	138.7	325.9	207.1	205.6	381.1	112.4
9 Financial sectors	1,036.0	877.1	1,231.0	1,754.5	1,743.4	1,688.2	2,031.3	1,437.2	1,428.4	1,593.8	1,792.4	1,974.7
10 Monetary authority	12.7	12.3	38.3	21.1	25.7	20.6	−42.2	103.4	−3.9	27.3	7.9	55.0
11 Commercial banking	265.9	187.5	324.3	305.2	308.2	449.4	548.7	377.1	484.6	369.3	203.8	108.4
12 U.S.-chartered banks	186.5	119.6	274.9	312.0	317.6	421.9	457.7	409.2	505.6	332.8	111.6	63.9
13 Foreign banking offices in United States	75.4	63.3	40.2	−11.9	−20.1	33.2	42.0	4.8	−29.9	30.9	90.4	40.7
14 Bank holding companies	−3	3.9	5.4	−.9	6.2	−12.4	42.6	−42.2	3.5	−6.7	−3.2	7.3
15 Banks in U.S.-affiliated areas	4.2	.7	3.7	6.0	4.4	6.6	6.3	5.4	5.4	12.3	5.1	−3.6
16 Savings institutions	−7.6	19.9	−4.7	36.1	68.6	58.1	20.2	56.3	71.2	58.2	40.1	50.5
17 Credit unions	16.2	25.5	16.8	19.0	27.5	27.5	18.8	35.6	36.6	28.5	25.0	39.0
18 Bank personal trusts and estates	−8.3	−7.7	−25.0	−12.8	27.8	27.8	27.8	18.9	13.8	17.6	18.1	10.7
19 Life insurance companies	100.0	69.6	104.8	76.9	53.5	36.8	30.7	51.3	50.9	81.5	73.1	71.9
20 Other insurance companies	21.5	22.5	25.2	20.4	−4.2	−14.4	−9.4	−14.0	−18.1	6.0	−4.0	16.3
21 Private pension funds	19.9	−4.1	47.6	56.4	45.0	5.9	49.8	46.8	24.7	68.9	28.7	35.7
22 State and local government retirement funds	38.3	35.8	67.1	72.1	46.9	40.0	46.2	63.3	31.5	1.1	80.6	58.8
23 Money market mutual funds	86.5	88.8	87.5	244.0	182.0	224.8	354.5	208.8	−156.2	244.9	297.9	357.7
24 Mutual funds	52.5	48.9	80.9	124.8	47.2	−13.0	−12.7	−77.8	63.7	46.3	74.4	56.4
25 Closed-end funds	10.5	4.7	−2.6	5.5	6.9	6.9	6.9	−8.8	−8.8	−8.8	−8.8	−8.8
26 Government-sponsored enterprises	86.7	84.2	94.3	261.7	235.5	275.9	225.3	138.2	222.3	158.9	302.8	289.9
27 Federally related mortgage pools	98.3	141.0	114.6	192.6	273.8	244.5	182.2	143.7	121.6	225.3	307.3	197.0
28 Asset-backed securities issuers (ABSs)	120.6	120.5	163.8	281.7	205.2	206.9	78.8	114.0	122.6	112.8	282.4	257.0
29 Finance companies	49.9	18.4	21.9	51.9	94.9	91.7	114.4	132.9	138.9	81.4	44.3	−16.7
30 Mortgage companies	−3.4	8.2	−9.1	3.2	.3	−12.1	12.3	−6.0	5.5	−.5	2.0	1.4
31 Real estate investment trusts (REITs)	1.4	4.4	20.2	−5.1	−2.6	−2.7	−7.0	−16.3	−2.5	−3.6	−2.8	4.0
32 Brokers and dealers	90.1	−15.7	14.9	6.8	−34.7	−6.7	−30.5	96.6	58.6	181.4	−61.0	284.1
33 Funding corporations	−15.7	12.6	50.4	−6.9	135.9	20.3	416.5	−26.6	171.6	−102.9	80.5	106.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 Net flows through credit markets	**1,243.7**	**1,365.4**	**1,530.1**	**2,128.6**	**2,191.3**	**2,287.4**	**2,117.1**	**1,621.5**	**1,763.9**	**1,567.0**	**1,971.3**	**1,832.1**
Other financial sources												
35 Official foreign exchange	8.8	−6.3	.7	6.6	−8.7	−8.5	−7.0	1.5	−8.8	.7	4.9	−10.5
36 Special drawing rights certificates	2.2	−.5	−.5	.0	−3.0	−4.0	−4.0	.0	−8.0	−4.0	−4.0	.0
37 Treasury currency	.7	.5	.5	.6	1.0	2.0	.0	2.2	3.2	4.2	.0	−1.1
38 Foreign deposits	35.3	85.9	108.9	2.0	86.5	69.4	52.7	258.5	8.5	−16.0	192.7	40.0
39 Net interbank transactions	10.0	−51.6	−19.7	−32.3	17.6	−30.8	−40.7	−64.7	150.3	−148.6	−17.2	−168.8
40 Checkable deposits and currency	−12.8	15.7	41.2	47.4	151.4	139.3	365.2	−219.1	−65.0	49.2	−50.2	83.8
41 Small time and savings deposits	96.6	97.2	97.1	152.4	44.7	119.1	28.0	104.3	130.3	238.5	290.8	287.6
42 Large time deposits	65.6	114.0	122.5	92.1	130.6	102.7	359.4	149.2	108.4	141.5	75.3	125.7
43 Money market fund shares	141.2	145.4	155.9	287.2	249.1	174.3	485.5	241.0	48.2	241.9	402.2	623.0
44 Security repurchase agreements	110.5	41.4	120.9	91.3	169.7	191.4	310.5	257.4	156.8	238.6	−209.3	−44.4
45 Corporate equities	−15.7	−5.9	−83.9	−173.0	−26.7	2.2	5.2	60.2	−95.2	−88.9	−342.0	22.7
46 Mutual fund shares	147.4	237.6	265.1	274.6	188.3	127.5	172.8	306.1	237.6	259.8	171.1	104.7
47 Trade payables	127.5	113.5	132.1	96.0	207.3	257.9	219.1	211.8	122.6	135.1	87.1	88.8
48 Security credit	26.7	52.4	111.0	103.3	104.3	29.7	321.3	489.9	−86.2	102.2	57.9	−118.8
49 Life insurance reserves	45.8	44.5	59.3	48.0	50.8	48.1	57.6	54.9	45.6	35.9	65.4	40.5
50 Pension fund reserves	158.8	148.3	201.4	202.1	184.5	191.7	164.0	212.7	262.7	197.4	188.7	273.0
51 Taxes payable	6.2	16.2	15.7	12.0	16.1	.4	18.3	22.7	29.9	−10.7	27.1	24.5
52 Investment in bank personal trusts	6.4	−5.3	−49.9	−42.5	−7.1	−7.2	−6.9	−5.9	−10.6	−6.6	−5.5	−14.1
53 Noncorporate proprietors' equity	36.5	−11.9	−50.2	−50.0	−10.8	−59.6	7.0	−20.7	−3.6	31.6	−2.6	−5.4
54 Miscellaneous	505.4	532.1	487.5	936.5	654.6	499.0	518.4	962.3	1,194.5	1,210.2	673.5	590.5
55 Total financial sources	**2,746.6**	**2,928.8**	**3,245.7**	**4,182.8**	**4,391.3**	**4,131.7**	**5,143.8**	**4,645.7**	**3,985.3**	**4,178.9**	**3,577.4**	**3,773.5**
Liabilities not identified as assets (−)												
56 Treasury currency	−.3	−.4	−.2	−.1	−.7	.2	−2.2	−1.8	−.7	.9	−3.3	−2.5
57 Foreign deposits	25.1	59.6	107.4	−13.0	71.3	26.4	114.4	211.5	−77.1	−75.0	160.0	17.3
58 Net interbank liabilities	−3.1	−3.3	−19.9	3.4	3.5	−7.0	−23.7	24.4	−4.3	−18.3	68.6	16.4
59 Security repurchase agreements	25.7	2.4	63.2	60.4	29.9	131.1	−225.4	560.7	56.8	104.9	−286.4	−87.3
60 Taxes payable	21.1	23.1	28.0	13.9	3.6	3.0	−4.9	7.9	5.7	−20.1	32.3	17.4
61 Miscellaneous	−208.4	−137.2	−148.6	−207.7	−436.0	−540.7	−319.1	−437.9	−323.0	−49.2	−189.1	160.3
Floats not included in assets (−)												
62 Federal government checkable deposits	−6.0	.5	−2.7	2.6	−7.4	8.6	−9.2	28.7	−2.6	−2.0	11.9	−10.7
63 Other checkable deposits	−3.8	−4.0	−3.9	−3.1	−.8	−.3	0	.6	1.5	1.9	2.7	3.3
64 Trade credit	14.1	−21.9	−28.5	−44.6	57.5	79.3	185.5	−19.9	−47.8	−41.0	41.6	−1.9
65 Total identified to sectors as assets	**2,882.3**	**3,010.1**	**3,250.9**	**4,371.1**	**4,670.4**	**4,431.1**	**5,428.4**	**4,271.7**	**4,377.0**	**4,276.9**	**3,739.1**	**3,661.2**

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 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**14,443.7**	**15,246.8**	**16,258.2**	**17,381.6**	**17,052.5**	**17,381.6**	**17,609.4**	**17,784.7**	**17,984.2**	**18,263.4**	**18,506.5**
By sector and instrument											
2 Federal government	3,781.8	3,804.9	3,752.2	3,681.0	3,633.4	3,681.0	3,653.5	3,464.0	3,410.2	3,385.2	3,408.8
3 Treasury securities	3,755.1	3,778.3	3,723.7	3,652.8	3,605.1	3,652.8	3,625.8	3,435.7	3,382.6	3,357.8	3,382.1
4 Budget agency securities and mortgages	26.6	26.5	28.5	28.3	28.3	28.3	27.8	28.2	27.6	27.3	26.8
5 Nonfederal	10,662.0	11,441.9	12,505.9	13,700.6	13,419.1	13,700.6	13,955.9	14,320.7	14,574.0	14,878.2	15,097.6
By instrument											
6 Commercial paper	156.4	168.6	193.0	230.3	239.3	230.3	260.8	296.8	307.0	278.4	253.2
7 Municipal securities and loans	1,296.0	1,367.5	1,464.3	1,532.5	1,518.6	1,532.5	1,539.2	1,551.6	1,550.3	1,567.8	1,596.6
8 Corporate bonds	1,460.4	1,610.9	1,829.6	2,059.5	2,020.7	2,059.5	2,106.0	2,144.5	2,190.6	2,234.5	2,334.5
9 Bank loans n.e.c.	934.1	1,040.5	1,148.8	1,231.5	1,202.9	1,231.5	1,259.1	1,307.2	1,311.6	1,334.8	1,326.2
10 Other loans and advances	770.4	839.5	913.8	974.6	963.1	974.6	1,020.1	1,049.5	1,052.2	1,090.0	1,094.6
11 Mortgages	4,833.1	5,150.8	5,624.8	6,246.1	6,104.5	6,246.1	6,354.7	6,517.1	6,667.1	6,806.3	6,934.7
12 Home	3,719.0	3,971.3	4,351.0	4,777.1	4,681.8	4,777.1	4,851.1	4,974.1	5,091.8	5,192.4	5,283.9
13 Multifamily residential	278.4	286.6	306.5	346.4	333.6	346.4	353.6	364.6	371.9	382.0	392.2
14 Commercial	748.6	802.6	870.8	1,020.5	987.6	1,020.5	1,046.1	1,072.2	1,095.5	1,123.1	1,148.5
15 Farm	87.1	90.3	96.5	102.0	101.4	102.0	103.9	106.3	107.8	108.8	110.0
16 Consumer credit	1,211.6	1,264.1	1,331.7	1,426.2	1,370.1	1,426.2	1,416.0	1,454.0	1,495.3	1,566.5	1,558.0
By borrowing sector											
17 Household	5,222.5	5,559.9	6,032.0	6,564.6	6,413.2	6,564.6	6,632.7	6,800.2	6,968.6	7,149.9	7,227.6
18 Nonfinancial business	4,376.1	4,762.5	5,274.2	5,883.9	5,763.5	5,883.9	6,065.9	6,254.8	6,342.3	6,449.1	6,563.5
19 Corporate	3,095.3	3,359.9	3,751.9	4,241.0	4,154.7	4,241.0	4,392.5	4,544.7	4,603.7	4,678.3	4,771.4
20 Nonfarm noncorporate	1,130.9	1,246.5	1,358.4	1,473.8	1,440.2	1,473.8	1,503.2	1,534.5	1,561.1	1,590.6	1,612.3
21 Farm	149.9	156.1	163.8	169.0	168.6	169.0	170.3	175.7	177.5	180.2	179.8
22 State and local government	1,063.4	1,119.5	1,199.8	1,252.1	1,242.4	1,252.1	1,257.3	1,265.7	1,263.1	1,279.3	1,306.5
23 **Foreign credit market debt held in United States**	**542.2**	**608.0**	**651.4**	**676.9**	**672.9**	**676.9**	**704.6**	**699.3**	**727.8**	**743.4**	**736.6**
24 Commercial paper	67.5	65.1	72.9	89.2	81.8	89.2	101.6	101.2	109.8	120.9	112.8
25 Bonds	366.3	427.7	462.5	476.7	477.4	476.7	488.1	481.3	499.2	501.5	501.2
26 Bank loans n.e.c	43.7	52.1	58.9	59.4	58.8	59.4	63.3	64.7	67.7	70.7	73.3
27 Other loans and advances	64.7	63.0	57.2	51.7	55.0	51.7	51.7	52.1	51.2	50.3	49.4
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**14,985.9**	**15,854.7**	**16,909.6**	**18,058.6**	**17,725.4**	**18,058.6**	**18,314.0**	**18,484.0**	**18,712.0**	**19,006.8**	**19,243.1**
					Financial sectors						
29 **Total credit market debt owed by financial sectors**	**4,824.5**	**5,445.2**	**6,519.1**	**7,596.3**	**7,340.1**	**7,596.3**	**7,725.8**	**7,946.3**	**8,140.2**	**8,410.0**	**8,616.4**
By instrument											
30 Federal government-related	2,608.2	2,821.1	3,292.0	3,884.0	3,745.9	3,884.0	3,940.1	4,035.3	4,164.0	4,317.6	4,426.1
31 Government-sponsored enterprise securities	896.9	995.3	1,273.6	1,591.7	1,499.8	1,591.7	1,618.0	1,680.2	1,749.7	1,825.9	1,891.9
32 Mortgage pool securities	1,711.3	1,825.8	2,018.4	2,292.2	2,246.1	2,292.2	2,322.1	2,355.2	2,414.3	2,491.7	2,534.2
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	3,712.4	3,594.2	3,712.4	3,785.7	3,911.0	3,976.1	4,092.5	4,190.2
35 Open market paper	579.1	745.7	906.7	1,082.9	963.4	1,082.9	1,115.7	1,135.2	1,151.6	1,210.7	1,180.8
36 Corporate bonds	1,378.4	1,555.9	1,852.8	2,064.0	2,084.3	2,064.0	2,095.7	2,165.2	2,219.4	2,267.9	2,380.6
37 Bank loans n.e.c.	64.0	77.2	107.2	92.9	105.2	92.9	91.4	92.7	92.5	92.6	96.8
38 Other loans and advances	162.9	198.5	288.7	395.8	365.4	395.8	404.4	436.9	430.2	438.3	450.9
39 Mortgages	31.9	46.8	71.6	76.7	75.9	76.7	78.5	81.0	82.5	82.9	81.1
By borrowing sector											
40 Commercial banks	113.6	140.6	188.6	230.0	224.2	230.0	242.2	265.4	265.2	266.7	273.9
41 Bank holding companies	150.0	168.6	193.5	219.3	211.8	219.3	221.4	229.3	236.9	242.5	266.0
42 Savings institutions	140.5	160.3	212.4	260.4	255.4	260.4	266.9	280.7	276.0	287.7	294.8
43 Credit unions	.4	.6	1.1	3.4	2.5	3.4	2.6	2.9	3.1	3.4	3.3
44 Life insurance companies	1.6	1.8	2.5	3.2	4.3	3.2	3.0	2.7	2.7	2.5	1.9
45 Government-sponsored enterprises	896.9	995.3	1,273.6	1,591.7	1,499.8	1,591.7	1,618.0	1,680.2	1,749.7	1,825.9	1,891.9
46 Federally related mortgage pools	1,711.3	1,825.8	2,018.4	2,292.2	2,246.1	2,292.2	2,322.1	2,355.2	2,414.3	2,491.7	2,534.2
47 Issuers of asset-backed securities (ABSs)	863.3	1,076.6	1,398.0	1,621.4	1,592.4	1,621.4	1,647.3	1,688.5	1,733.8	1,821.1	1,882.4
48 Brokers and dealers	27.3	35.3	42.5	25.3	34.6	25.3	36.4	36.2	42.6	40.9	35.0
49 Finance companies	529.8	554.5	597.5	659.9	628.5	659.9	670.7	699.2	716.5	734.6	721.4
50 Mortgage companies	20.6	16.0	17.7	17.8	16.3	17.8	17.1	17.8	17.7	17.9	18.1
51 Real estate investment trusts (REITs)	56.5	96.1	158.8	165.1	162.2	165.1	167.9	170.4	169.8	167.8	166.2
52 Funding corporations	312.7	373.7	414.4	506.6	462.0	506.6	510.1	517.9	511.9	507.3	527.2
					All sectors						
53 **Total credit market debt, domestic and foreign**	**19,810.4**	**21,300.0**	**23,428.7**	**25,654.9**	**25,065.5**	**25,654.9**	**26,039.8**	**26,430.3**	**26,852.2**	**27,416.8**	**27,859.5**
54 Open market paper	803.0	979.4	1,172.6	1,402.4	1,284.5	1,402.4	1,478.1	1,533.3	1,568.3	1,610.0	1,546.8
55 U.S. government securities	6,389.9	6,626.0	7,044.3	7,565.0	7,379.2	7,565.0	7,593.6	7,499.3	7,574.2	7,702.7	7,834.9
56 Municipal securities	1,296.0	1,367.5	1,464.3	1,532.5	1,518.6	1,532.5	1,539.2	1,551.6	1,550.3	1,567.8	1,596.6
57 Corporate and foreign bonds	3,205.1	3,594.5	4,144.9	4,600.1	4,582.4	4,600.1	4,689.8	4,791.0	4,909.2	5,003.9	5,216.2
58 Bank loans n.e.c.	1,041.7	1,169.8	1,314.9	1,383.8	1,366.9	1,383.8	1,413.7	1,464.6	1,471.7	1,498.1	1,496.3
59 Other loans and advances	998.0	1,101.0	1,259.6	1,422.1	1,383.4	1,422.1	1,476.2	1,538.5	1,533.6	1,578.6	1,594.9
60 Mortgages	4,865.1	5,197.7	5,696.4	6,322.8	6,180.4	6,322.8	6,433.2	6,598.1	6,749.5	6,889.2	7,015.7
61 Consumer credit	1,211.6	1,264.1	1,331.7	1,426.2	1,370.1	1,426.2	1,416.0	1,454.0	1,495.3	1,566.5	1,558.0

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 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**19,810.4**	**21,300.0**	**23,428.7**	**25,654.9**	**25,065.5**	**25,654.9**	**26,039.8**	**26,430.3**	**26,852.2**	**27,416.8**	**27,859.5**
2 Domestic nonfederal nonfinancial sectors	3,035.0	2,974.0	3,052.0	3,353.6	3,239.7	3,353.6	3,285.6	3,289.4	3,236.4	3,246.4	3,146.6
3 Household	2,122.0	2,075.7	2,035.1	2,294.6	2,185.6	2,294.6	2,232.4	2,217.2	2,167.2	2,152.9	2,075.2
4 Nonfinancial corporate business	270.2	257.5	241.5	238.7	235.1	238.7	232.1	237.6	240.7	250.6	226.9
5 Nonfarm noncorporate business	38.0	35.9	35.9	37.5	37.1	37.5	38.1	38.8	39.8	40.8	41.9
6 State and local governments	604.8	605.0	739.4	782.8	781.9	782.8	782.9	795.8	788.7	802.0	802.5
7 Federal government	200.2	205.4	219.1	258.0	260.7	258.0	259.6	261.6	262.7	265.2	268.3
8 Rest of the world	1,926.6	2,257.3	2,539.8	2,678.0	2,718.1	2,678.0	2,763.6	2,812.8	2,864.7	2,957.9	2,990.0
9 Financial sectors	14,648.6	15,863.2	17,617.7	19,365.3	18,846.9	19,365.3	19,731.0	20,066.5	20,488.4	20,947.3	21,454.6
10 Monetary authority	393.1	431.4	452.5	478.1	489.3	478.1	501.9	505.1	511.5	511.8	523.9
11 Commercial banking	3,707.7	4,031.9	4,335.7	4,643.9	4,488.3	4,643.9	4,725.0	4,847.4	4,931.0	5,002.6	5,016.7
12 U.S.-chartered banks	3,175.8	3,450.7	3,761.2	4,078.9	3,944.3	4,078.9	4,171.3	4,295.4	4,368.2	4,418.7	4,425.1
13 Foreign banking offices in United States	475.8	516.1	504.2	484.1	475.3	484.1	482.0	478.1	487.5	508.1	514.9
14 Bank holding companies	22.0	27.4	26.5	32.7	22.0	32.7	22.1	23.0	21.3	20.5	22.3
15 Banks in U.S.-affiliated areas	34.1	37.8	43.8	48.3	46.7	48.3	49.6	51.0	54.0	55.3	54.4
16 Savings institutions	933.2	928.5	964.6	1,033.2	1,030.5	1,033.2	1,045.8	1,062.5	1,082.2	1,089.7	1,101.0
17 Credit unions	288.5	305.3	324.2	351.7	348.5	351.7	359.0	370.8	378.6	383.1	391.3
18 Bank personal trusts and estates	232.0	207.0	194.1	222.0	215.0	222.0	226.7	230.2	234.6	239.1	241.8
19 Life insurance companies	1,657.0	1,751.1	1,828.0	1,886.0	1,880.4	1,886.0	1,900.1	1,911.6	1,933.7	1,950.2	1,969.2
20 Other insurance companies	491.2	515.3	535.7	531.6	533.9	531.6	528.0	523.5	525.0	524.0	528.1
21 Private pension funds	627.0	674.6	731.0	775.9	763.5	775.9	787.6	793.8	811.0	818.2	827.1
22 State and local government retirement funds	565.4	632.5	704.6	751.4	739.9	751.4	767.2	775.1	775.4	795.5	810.2
23 Money market mutual funds	634.3	721.9	965.9	1,147.8	1,049.7	1,147.8	1,217.1	1,159.4	1,212.5	1,296.7	1,403.8
24 Mutual funds	820.2	901.1	1,025.9	1,073.1	1,083.0	1,073.1	1,053.7	1,073.9	1,088.1	1,099.7	1,113.5
25 Closed-end funds	101.1	98.5	104.0	110.9	109.2	110.9	108.7	106.5	104.4	102.2	100.0
26 Government-sponsored enterprises	807.9	902.2	1,163.9	1,399.5	1,339.1	1,399.5	1,426.4	1,483.5	1,532.5	1,612.1	1,677.3
27 Federally related mortgage pools	1,711.3	1,825.8	2,018.4	2,292.2	2,246.1	2,292.2	2,322.1	2,355.2	2,414.3	2,491.7	2,534.2
28 Asset-backed securities issuers (ABSs)	773.9	937.7	1,219.4	1,424.6	1,403.1	1,424.6	1,445.4	1,477.9	1,514.5	1,594.5	1,650.9
29 Finance companies	544.5	566.4	618.4	713.3	678.2	713.3	747.0	780.6	795.5	812.6	809.3
30 Mortgage companies	41.2	32.1	35.3	35.6	32.5	35.6	34.1	35.5	35.4	35.9	36.2
31 Real estate investment trusts (REITs)	30.4	50.6	45.5	42.9	44.7	42.9	38.8	38.2	37.3	36.6	37.6
32 Brokers and dealers	167.7	182.6	189.4	154.7	166.8	154.7	194.6	187.9	243.3	223.6	312.3
33 Funding corporations	121.0	166.7	161.3	296.8	205.3	296.8	301.8	348.0	327.7	327.5	370.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**19,810.4**	**21,300.0**	**23,428.7**	**25,654.9**	**25,065.5**	**25,654.9**	**26,039.8**	**26,430.3**	**26,852.2**	**27,416.8**	**27,859.5**
Other liabilities											
35 Official foreign exchange	53.7	48.9	60.1	50.1	52.1	50.1	49.4	46.5	44.9	45.3	42.2
36 Special drawing rights certificates	9.7	9.2	9.2	6.2	7.2	6.2	6.2	4.2	3.2	2.2	2.2
37 Treasury currency	18.9	19.3	19.9	20.9	20.9	20.9	21.4	22.1	23.2	23.2	22.9
38 Foreign deposits	521.7	619.7	639.0	725.8	712.3	725.8	790.4	792.6	788.6	836.7	846.7
39 Net interbank liabilities	240.8	219.4	189.0	204.5	199.6	204.5	169.7	210.6	173.2	188.2	121.8
40 Checkable deposits and currency	1,244.8	1,286.1	1,333.4	1,484.8	1,353.8	1,484.8	1,392.9	1,409.7	1,385.7	1,413.5	1,384.1
41 Small time and savings deposits	2,377.0	2,474.1	2,626.5	2,671.2	2,665.9	2,671.2	2,728.0	2,738.8	2,790.9	2,862.2	2,965.4
42 Large time deposits	590.9	713.4	805.5	936.1	837.5	936.1	966.5	987.4	1,025.9	1,054.7	1,078.3
43 Money market fund shares	886.7	1,042.5	1,329.7	1,578.8	1,444.9	1,578.8	1,666.0	1,627.1	1,697.8	1,812.1	1,994.7
44 Security repurchase agreements	701.5	822.4	913.7	1,083.4	999.4	1,083.4	1,149.2	1,185.0	1,238.7	1,194.3	1,197.5
45 Mutual fund shares	2,342.4	2,989.4	3,610.5	4,553.4	3,931.5	4,553.4	4,863.3	4,759.6	4,815.0	4,456.3	4,030.6
46 Security credit	358.1	469.1	572.3	676.6	593.1	676.6	795.4	775.5	800.4	817.6	784.5
47 Life insurance reserves	610.6	665.0	718.3	783.9	756.2	783.9	801.0	806.5	815.5	819.4	817.0
48 Pension fund reserves	6,325.1	7,323.4	8,193.7	9,041.7	8,363.7	9,041.7	9,237.9	9,166.7	9,308.4	9,054.1	8,590.3
49 Trade payables	1,809.3	1,941.4	2,037.4	2,244.6	2,169.9	2,244.6	2,271.1	2,302.3	2,342.9	2,383.8	2,379.5
50 Taxes payable	123.8	139.5	151.5	167.6	167.5	167.6	181.0	180.0	182.9	184.8	198.6
51 Investment in bank personal trusts	871.3	942.5	1,001.0	1,130.4	1,019.0	1,130.4	1,163.0	1,124.1	1,122.3	1,039.0	949.2
52 Miscellaneous	6,349.1	6,670.6	7,332.7	7,788.5	7,465.5	7,788.5	7,981.8	8,254.0	8,701.5	8,905.8	8,963.0
53 **Total liabilities**	**45,245.6**	**49,695.6**	**54,972.1**	**60,803.4**	**57,825.5**	**60,803.4**	**62,274.0**	**62,823.2**	**64,113.0**	**64,510.0**	**64,228.1**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.4	21.1	21.6	21.4	21.3	21.4	21.4	21.5	21.4	21.6	21.4
55 Corporate equities	10,255.8	13,201.3	15,492.5	19,494.5	16,106.8	19,494.5	20,147.2	19,179.6	18,990.4	17,026.1	14,878.4
56 Household equity in noncorporate business	3,889.2	4,162.6	4,428.4	4,736.4	4,647.8	4,736.4	4,763.1	4,809.4	4,865.0	4,944.9	5,056.0
Liabilities not identified as assets (−)											
57 Treasury currency	−6.1	−6.3	−6.4	−7.1	−6.6	−7.1	−7.6	−7.9	−7.6	−8.5	−9.1
58 Foreign deposits	437.0	538.3	541.6	613.3	584.3	613.3	666.1	646.9	628.1	668.1	682.1
59 Net interbank transactions	−10.6	−32.2	−27.0	−25.5	−13.2	−25.5	−13.9	−11.6	−17.6	−4.1	1.3
60 Security repurchase agreements	109.8	172.9	233.4	263.3	323.7	263.3	410.1	422.6	447.7	372.2	370.8
61 Taxes payable	76.9	92.6	102.0	95.6	96.5	95.6	89.6	103.0	92.5	96.9	87.2
62 Miscellaneous	−1,448.9	−1,785.7	−2,468.4	−3,079.3	−3,143.7	−3,079.3	−3,250.3	−3,319.2	−3,099.3	−3,282.3	−3,530.1
Floats not included in assets (−)											
63 Federal government checkable deposits	−1.6	−8.1	−3.9	−9.9	−10.2	−9.9	−6.5	−5.2	−7.8	−3.0	−22.3
64 Other checkable deposits	30.1	26.2	23.1	22.3	14.5	22.3	18.7	22.5	15.5	24.0	21.1
65 Trade credit	171.8	133.5	90.0	148.9	29.3	148.9	89.2	54.3	43.4	128.1	76.3
66 **Total identified to sectors as assets**	**60,053.7**	**67,949.4**	**76,430.1**	**87,034.2**	**80,726.8**	**87,034.2**	**89,210.1**	**88,928.3**	**89,894.8**	**88,511.2**	**86,506.7**

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[r]	1999[r]	2000	2000 Oct	2000 Nov.[r]	2000 Dec.	2001 Jan.	2001 Feb.[r]	2001 Mar.[r]	2001 Apr.[r]	2001 May	2001 June[p]
1 **Industrial production**[1]	**134.0**	**139.6**	**147.5**	**148.7**	**148.2**	**147.3**	**146.0**	**145.4**	**145.0**	**144.2**	**143.5**	**142.5**
Market groups												
2 Products, total	127.2	131.2	136.2	136.3	136.3	136.0	135.0	134.6	134.5	133.6	133.1	132.4
3 Final, total	129.3	133.3	138.8	138.8	138.8	139.0	137.8	137.7	137.9	136.9	136.6	135.7
4 Consumer goods	118.4	120.8	123.0	122.7	122.4	123.1	121.8	122.3	122.4	121.7	121.7	121.5
5 Equipment	147.1	153.8	166.1	169.1	169.9	168.9	168.0	166.2	166.8	165.0	164.0	161.9
6 Intermediate	121.0	125.1	128.7	128.7	128.5	126.8	126.7	125.5	124.4	123.9	122.8	122.5
7 Materials	145.7	154.5	167.8	171.1	169.9	167.8	165.9	165.0	163.9	163.4	162.2	160.7
Industry groups												
8 Manufacturing	138.2	144.8	153.6	154.9	154.1	152.6	151.3	150.7	150.0	149.3	148.6	147.4
9 Capacity utilization, manufacturing (percent)[2]	81.3	80.5	81.3	81.2	80.5	79.3	78.4	77.9	77.3	76.8	76.3	75.5
10 Construction contracts[3]	122.7	135.2	142.1	151.0	144.0	140.0	152.0	149.0	138.0	141.0	141.0	147.0
11 Nonagricultural employment, total[4]	115.9	118.6	121.0[r]	121.7[r]	121.8	121.9[r]	122.0[r]	122.1	122.2	122.0	122.0	122.0
12 Goods-producing, total	109.4	109.7	110.5[r]	110.7[r]	110.7	110.6[r]	110.3[r]	110.3	110.2	109.4	109.0	108.5
13 Manufacturing, total	103.9	102.4	101.8[r]	101.6[r]	101.5	101.3[r]	100.8[r]	100.5	100.1	99.5	98.7	98.1
14 Manufacturing, production workers	105.4	103.7	102.9[r]	102.1[r]	101.8	101.4[r]	100.9[r]	100.3	99.7	99.0	98.2	97.4
15 Service-producing	117.7	121.0	123.9[r]	124.7[r]	124.8	125.0[r]	125.1[r]	125.3	125.4	125.4	125.6	125.6
16 Personal income, total	137.8	144.3	154.3[r]	157.3[r]	157.9	158.9[r]	159.6[r]	160.3	161.0	161.4	161.7	162.2
17 Wages and salary disbursements	140.6	149.9	162.2[r]	165.8[r]	166.8	167.6[r]	168.4[r]	169.4	170.1	170.7	170.7	171.4
18 Manufacturing	129.7	134.0	142.3[r]	145.6[r]	146.3	146.2[r]	146.1[r]	146.3	146.3	146.8	145.5	145.1
19 Disposable personal income[5]	133.7	139.2	147.9[r]	150.5[r]	151.1	152.0[r]	152.8[r]	153.4	154.1	154.6	155.0	155.4
20 Retail sales[5]	142.8	155.1	167.0[r]	168.7[r]	167.8	167.8[r]	170.1[r]	170.4	169.6	172.2	172.4	172.2
Prices[6]												
21 Consumer (1982–84=100)	163.0	166.6	172.2	174.0	174.1	174.0	175.1	175.8	176.2	176.9	177.7	178.0
22 Producer finished goods (1982=100)	130.7	133.0	138.0	140.1	140.0	139.7	141.2	141.4	140.9	141.7	142.5	142.1

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 Nov.[r]	2000 Dec.[r]	2001 Jan.[r]	2001 Feb.[r]	2001 Mar.[r]	2001 Apr.[r]	2001 May[r]	2001 June[p]
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	137,673	139,368	140,863	141,000	141,136	141,489	141,955	141,751	141,868	141,757	141,272
Employment											
2 Nonagricultural industries[3]	128,085	130,207	131,903	132,223	132,302	132,562	132,819	132,680	132,618	132,162	131,910
3 Agriculture	3,378	3,281	3,305	3,241	3,176	3,274	3,179	3,135	3,161	3,192	3,193
Unemployment											
4 Number	6,210	5,880	5,655	5,536	5,658	5,653	5,956	5,936	6,088	6,402	6,169
5 Rate (percent of civilian labor force)	4.5	4.2	4.0	3.9	4.0	4.0	4.2	4.2	4.3	4.5	4.4
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**125,865**	**128,786**	**131,417**	**132,145**	**132,279**	**132,367**	**132,428**	**132,595**	**132,654**	**132,472**	**132,453**
7 Manufacturing	18,805	18,543	18,437	18,404	18,382	18,349	18,257	18,192	18,116	18,003	17,879
8 Mining	590	535	538	551	548	548	550	555	557	560	564
9 Contract construction	6,020	6,404	6,687	6,758	6,781	6,791	6,826	6,880	6,929	6,851	6,882
10 Transportation and public utilities	6,611	6,826	6,993	7,076	7,093	7,108	7,106	7,123	7,127	7,119	7,131
11 Trade	29,095	29,712	30,191	30,439	30,465	30,474	30,482	30,536	30,523	30,572	30,553
12 Finance	7,389	7,569	7,618	7,569	7,575	7,582	7,594	7,609	7,618	7,626	7,648
13 Service	37,533	39,027	40,384	40,767	40,845	40,901	40,984	41,020	41,073	40,995	41,037
14 Government	19,823	20,170	20,570	20,581	20,590	20,614	20,629	20,680	20,711	20,746	20,759

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		2001		2000		2001		2000		2001	
	Q3	Q4	Q1[r]	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**148.4**	**148.1**	**145.5**	**143.4**	**180.1**	**182.1**	**183.7**	**184.9**	**82.4**	**81.3**	**79.2**	**77.6**
2 Manufacturing	154.4	153.8	150.7	148.4	189.2	191.5	193.5	194.8	81.7	80.3	77.9	76.2
3 Primary processing[3]	180.3	178.7	172.6	169.6	211.2	216.0	220.0	222.4	85.4	82.7	78.4	76.2
4 Advanced processing[4]	140.3	140.2	138.5	136.7	175.2	176.2	177.2	178.0	80.1	79.5	78.2	76.8
5 Durable goods	196.7	196.5	191.6	188.8	238.3	243.6	248.1	251.2	82.5	80.7	77.2	75.2
6 Lumber and products	117.0	113.2	109.6	111.6	147.9	148.4	148.7	149.0	79.1	76.3	73.7	74.9
7 Primary metals	133.4	127.5	121.1	120.6	153.4	153.5	153.5	153.5	87.0	83.1	78.8	78.6
8 Iron and steel	130.5	121.5	114.9	119.0	153.4	153.6	153.6	153.2	85.1	79.1	74.8	77.7
9 Nonferrous	137.0	134.7	128.3	122.7	153.4	153.4	153.5	153.8	89.3	87.8	83.6	79.8
10 Industrial machinery and equipment	257.3	261.9	256.3	248.1	311.1	317.3	322.5	326.5	82.7	82.5	79.5	76.0
11 Electrical machinery	581.1	604.0	593.0	558.5	639.1	694.1	741.7	773.0	90.9	87.1	80.0[r]	72.3
12 Motor vehicles and parts	170.8	159.7	147.5	159.0	209.2	210.1	210.9	211.7	81.7	76.0	69.9	75.1
13 Aerospace and miscellaneous transportation equipment	93.5	94.8	94.1	93.9	130.4	130.2	130.0	130.1	71.7	72.8	72.3	72.1
14 Nondurable goods	116.2	115.3	113.6	111.8	144.4	144.6	144.7	144.6	80.5	79.7	78.5	77.3
15 Textile mill products	99.8	94.7	92.7	88.7	123.3	122.8	122.0	120.9	80.9	77.1	76.0[r]	73.4
16 Paper and products	114.0	114.9	110.8	111.5	137.5	137.9	138.3	138.6	82.9	83.3	80.1	80.5
17 Chemicals and products	125.4	124.5	121.9	118.9	164.1	164.8	165.0	165.0	76.4	75.5	73.8[r]	72.1
18 Plastics materials	137.6	131.0	130.9	124.7	151.9	152.3	152.7	153.2	90.5	86.0	85.7	81.4
19 Petroleum products	117.3	116.0	115.5	115.8	123.2	123.1	123.1	123.3	95.3	94.3	93.8	94.0
20 Mining	100.6	100.3	101.7	102.6	116.3	115.8	115.3	114.9	86.6	86.6	88.2	89.2
21 Utilities	121.0	123.7	122.6	119.0	133.4	134.5	135.7	137.0	90.7	92.0	90.4[r]	86.8
22 Electric	123.9	127.5	125.4	123.4	132.3	133.8	135.3	136.8	93.7	95.3	92.7	90.3

Series	1973	1975	Previous cycle[5]		Latest cycle[6]		2000	2001					
	High	Low	High	Low	High	Low	June	Jan.	Feb.	Mar.[r]	Apr.[r]	May	June[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**82.7**	**79.7**	**79.2**	**78.7**	**78.1**	**77.6**	**77.0**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	82.0	78.4	77.9	77.3	76.8	76.3	75.5
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	86.5	79.2	78.6	77.4	77.1	76.3	75.4
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	79.9	78.6	78.1	77.9	77.2	76.9	76.2
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	82.8	77.9	77.0	76.8	75.9	75.4	74.2
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	80.4	72.9	73.3	74.8	74.4	75.7	74.7
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	89.0	80.7	79.0	76.8	79.3	78.6	77.9
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	88.5	75.5	75.2	73.8	77.0	78.4	77.6
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	89.7	86.9	83.6	80.3	82.1	78.9	78.3
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	81.7	80.5	79.1	78.9	77.3	76.0	74.7
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	91.5	82.9	80.0	77.0	74.3	72.3	70.1
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	84.5	65.8	69.9	74.1	73.5	76.7	75.0
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	71.6	72.5	71.9	72.5	72.4	72.1	71.9
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	80.9	78.8	78.8	77.9	77.7	77.2	77.0
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	83.3	76.0	76.0	76.0	75.2	72.6	72.5
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	86.5	81.0	81.6	77.8	82.1	79.9	79.4
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	77.1	73.8	74.3	73.4	72.3	72.3	71.7
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	93.5	83.9	88.2	85.0	82.7	81.2	80.3
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	96.4	93.5	94.6	93.4	94.2	93.3	94.3
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	86.2	87.5	87.9	89.2	89.3	89.3	89.1
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	91.7	91.7	89.8	89.6	87.8	86.1	86.6
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	95.0	94.0	91.6	92.4	92.0	89.2	89.6

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.	2000							2001					
			June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.[r]	May	June[p]
			Index (1992=100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**147.5**	**147.9**	**147.6**	**148.6**	**149.0**	**148.7**	**148.2**	**147.3**	**146.0**	**145.4**	**145.0**	**144.2**	**143.5**	**142.5**
2 Products	60.5	136.2	136.0	135.8	136.6	136.7	136.3	136.3	136.0	135.0	134.6	134.5	133.6	133.1	132.4
3 Final products	46.3	138.8	138.3	138.1	139.2	139.3	138.8	138.8	139.0	137.8	137.7	137.9	136.9	136.6	135.7
4 Consumer goods, total	29.1	123.0	124.2	122.9	123.8	123.8	122.7	122.4	123.1	121.8	122.3	122.4	121.7	121.7	121.5
5 Durable consumer goods	6.1	160.8	164.4	158.7	160.0	162.8	157.3	154.3	153.4	148.9	150.8	153.6	153.4	155.1	153.3
6 Automotive products	2.6	153.2	157.8	149.4	153.8	156.7	148.0	143.6	140.7	133.8	138.2	145.4	145.1	148.8	146.8
7 Autos and trucks	1.7	166.9	174.8	160.5	169.8	172.7	159.1	153.0	144.1	136.2	143.5	154.9	154.9	162.2	159.4
8 Autos, consumer	.9	114.0	118.1	113.6	120.3	120.5	107.8	103.0	94.3	99.4	100.3	104.0	102.7	105.2	104.0
9 Trucks, consumer	.7	221.6	233.2	209.8	221.8	227.1	212.0	204.3	194.7	175.5	188.6	207.1	208.2	219.8	215.6
10 Auto parts and allied goods	.9	131.7	131.6	131.6	129.1	132.1	130.2	128.2	133.8	128.4	128.7	130.1	129.2	128.0	127.1
11 Other	3.5	167.1	169.8	166.7	165.2	167.7	165.4	163.7	164.7	162.7	162.2	160.5	160.4	160.2	158.6
12 Appliances, televisions, and air conditioners	1.0	332.6	348.2	322.3	325.0	340.5	332.5	332.7	341.7	332.0	322.5	317.1	319.3	321.3	314.1
13 Carpeting and furniture	.8	129.7	130.1	131.5	128.6	131.9	129.8	125.4	127.4	123.9	128.2	127.1	125.6	123.4	123.3
14 Miscellaneous home goods	1.6	120.4	120.5	121.3	119.7	118.1	117.5	117.1	115.5	116.5	115.4	114.7	114.9	115.2	114.4
15 Nondurable consumer goods	23.0	114.2	114.8	114.5	115.2	114.7	114.5	114.6	115.7	114.9	115.3	114.8	114.1	113.7	113.8
16 Foods and tobacco	10.3	110.7	110.8	111.0	111.4	110.5	110.4	110.7	110.1	110.3	110.7	110.1	109.7	109.4	109.0
17 Clothing	2.4	85.0	85.1	85.6	84.2	83.1	82.7	83.2	82.4	82.6	82.8	82.2	81.2	79.7	78.8
18 Chemical products	4.5	137.0	139.3	137.4	139.4	138.4	139.0	138.5	139.0	139.1	141.5	141.5	140.4	142.0	141.0
19 Paper products	2.9	111.1	111.6	112.4	112.4	112.4	113.8	112.5	112.2	113.7	111.1	110.9	111.5	110.2	111.7
20 Energy	2.9	116.3	117.0	114.9	117.1	118.4	115.5	117.3	126.1	119.0	119.2	118.6	116.2	114.7	116.6
21 Fuels	8	113.0	113.4	112.6	113.1	115.8	113.0	115.5	112.3	112.0	114.7	113.7	114.7	113.2	115.8
22 Residential utilities	2.1	117.9	118.5	115.6	119.0	119.1	116.2	117.6	134.5	122.8	121.3	121.0	116.2	114.8	116.3
23 Equipment	17.2	166.1	164.3	166.3	167.9	168.3	169.1	169.9	168.9	168.0	166.2	166.8	165.0	164.0	161.9
24 Business equipment	13.2	194.2	192.8	195.0	197.8	199.5	200.0	200.6	199.2	197.4	195.3	195.6	193.0	191.8	189.0
25 Information processing and related	5.4	312.2	307.0	313.9	322.1	327.2	332.3	336.7	335.9	337.4	330.6	327.7	326.5	324.0	320.2
26 Computer and office equipment	1.1	1,157.6	1,130.8	1,182.8	1,229.0	1,264.1	1,286.4	1,305.0	1,318.3	1,310.6	1,307.0	1,304.4	1,301.7	1,300.4	1,300.5
27 Industrial	4.0	144.6	143.8	144.4	147.7	146.5	146.9	147.4	145.8	145.7	141.4	142.3	139.5	136.9	133.4
28 Transit	2.5	127.7	130.1	127.6	126.8	127.7	121.6	121.8	117.4	111.7	114.4	117.8	116.4	118.1	116.6
29 Autos and trucks	1.2	145.6	152.9	141.5	142.8	144.2	131.4	130.4	122.0	115.6	120.9	129.0	126.6	130.1	126.4
30 Other	1.3	145.7	142.8	148.1	144.8	149.3	154.2	148.6	153.5	149.3	153.9	151.2	146.3	146.5	146.7
31 Defense and space equipment	3.3	76.2	76.3	77.9	76.1	73.7	75.3	77.0	77.5	78.5	76.7	77.7	77.9	76.7	76.6
32 Oil and gas well drilling	.6	131.8	130.8	136.2	137.1	132.8	136.5	138.9	139.1	146.7	147.9	150.7	151.2	152.2	150.6
33 Manufactured homes	.2	116.2	121.9	116.8	115.5	109.3	98.8	90.9	83.5	73.5	81.9	83.2	85.0	89.6	87.0
34 Intermediate products, total	14.2	128.7	129.0	128.7	128.8	128.6	128.7	128.5	126.8	126.7	125.5	124.4	123.9	122.8	122.5
35 Construction supplies	5.3	143.2	143.4	143.8	142.7	143.1	142.3	141.6	140.6	140.7	139.9	140.5	139.6	138.7	137.6
36 Business supplies	8.9	120.1	120.5	119.8	120.6	120.0	120.7	120.7	118.5	118.4	117.0	114.9	114.6	113.5	113.6
37 Materials	39.5	167.8	169.4	169.0	170.5	171.3	171.1	169.9	167.8	165.9	165.0	163.9	163.4	162.2	160.7
38 Durable goods materials	20.8	227.6	230.3	230.5	233.8	235.7	235.0	232.9	230.3	226.6	225.2	223.6	222.3	221.7	218.9
39 Durable consumer parts	4.0	165.3	165.7	158.3	168.3	169.0	168.5	161.8	157.6	146.1	149.9	153.1	152.9	156.7	153.2
40 Equipment parts	7.6	478.3	486.2	499.9	505.7	512.1	515.9	521.4	522.3	517.5	514.9	508.2	497.5	492.2	483.7
41 Other	9.2	134.6	135.9	135.3	134.7	135.5	133.7	131.8	129.6	130.1	127.2	125.5	126.3	125.4	124.9
42 Basic metal materials	3.1	128.7	130.7	128.5	127.5	129.2	125.9	124.4	123.6	121.2	118.3	114.5	117.5	115.8	115.0
43 Nondurable goods materials	8.9	113.8	115.2	113.9	112.8	112.7	113.4	110.7	108.6	107.5	107.2	104.6	105.5	103.7	102.6
44 Textile materials	1.1	97.9	101.7	97.9	99.3	95.9	94.0	89.5	90.3	91.0	87.7	87.4	87.1	84.1	82.4
45 Paper materials	1.8	115.8	118.1	114.9	112.8	113.8	117.2	113.4	109.4	110.3	112.4	105.9	111.3	108.1	107.2
46 Chemical materials	3.9	117.0	118.4	117.0	116.8	116.3	115.9	113.7	109.8	108.5	108.2	105.9	104.4	103.2	101.9
47 Other	2.1	113.0	112.3	113.7	110.2	112.0	114.0	111.9	113.9	111.0	110.2	109.1	112.2	110.9	110.5
48 Energy materials	9.7	103.4	103.1	102.9	104.2	104.3	103.9	105.4	104.5	104.4	103.9	104.9	104.4	103.3	103.3
49 Primary energy	6.3	98.1	98.4	98.7	98.9	98.5	97.8	99.3	98.6	100.3	99.3	100.4	100.3	99.9	99.8
50 Converted fuel materials	3.3	114.3	112.4	110.8	115.1	116.6	117.2	118.7	117.3	111.8	113.1	113.7	111.7	108.5	108.8
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	147.2	147.5	147.5	148.4	148.7	148.8	148.4	147.8	146.6	145.9	145.1	144.3	143.4	142.5
52 Total excluding motor vehicles and parts	95.1	146.3	146.5	146.9	147.4	147.7	147.8	147.7	147.2	146.5	145.4	144.5	143.7	142.6	141.7
53 Total excluding computer and office equipment	98.2	140.4	141.0	140.5	141.4	141.6	141.2	140.8	139.9	138.6	138.1	137.7	136.9	136.2	135.3
54 Consumer goods excluding autos and trucks	27.4	120.6	121.5	120.9	121.3	121.2	120.7	120.6	121.9	120.8	121.1	120.6	119.9	119.5	119.4
55 Consumer goods excluding energy	26.2	123.9	125.0	123.9	124.5	124.4	123.6	122.9	122.5	122.0	122.6	122.8	122.4	122.5	122.0
56 Business equipment excluding autos and trucks	12.0	200.1	197.6	201.5	204.5	206.3	208.5	209.4	208.9	207.7	204.6	203.8	201.2	199.4	196.8
57 Business equipment excluding computer and office equipment	12.1	158.4	157.6	158.6	160.3	161.2	161.2	161.5	159.9	158.4	156.5	156.8	154.5	153.5	151.0
58 Materials excluding energy	29.8	188.5	190.7	190.3	191.8	193.0	192.8	190.4	187.8	185.1	184.1	182.0	181.6	180.4	178.3

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

Monthly data seasonally adjusted

Group	SIC[2] code	1992 proportion	2000 avg.	2000 June	2000 July	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar.[r]	2001 Apr.[r]	2001 May	2001 June[p]
				Index (1992=100)												
MAJOR INDUSTRIES																
59 **Total index**		**100.0**	**147.5**	**147.9**	**147.6**	**148.6**	**149.0**	**148.7**	**148.2**	**147.3**	**146.0**	**145.4**	**145.0**	**144.2**	**143.5**	**142.5**
60 Manufacturing		85.4	153.6	153.8	153.7	154.6	155.1	154.9	154.1	152.6	151.3	150.7	150.0	149.3	148.6	147.4
61 Primary processing		26.5	178.0	180.1	179.4	180.3	181.2	181.1	178.8	176.1	173.5	173.1	171.1	170.9	169.7	168.0
62 Advanced processing	..	58.9	139.3	139.4	139.5	140.5	140.8	140.5	140.5	139.6	139.0	138.4	138.3	137.3	136.8	135.9
63 Durable goods		45.0	193.4	194.6	194.7	196.9	198.4	197.6	196.7	195.1	192.3	191.1	191.3	189.9	189.4	187.0
64 Lumber and products	24	2.0	118.3	118.7	118.6	115.5	116.8	114.8	113.2	111.5	108.3	109.1	111.4	110.7	112.7	111.4
65 Furniture and fixtures	25	1.4	142.9	141.9	142.6	143.8	146.6	147.2	145.0	145.3	144.1	143.8	143.2	141.8	141.5	139.8
66 Stone, clay, and glass products	32	2.1	134.7	134.6	136.3	136.1	136.5	137.3	134.6	132.4	135.2	134.3	134.3	134.3	134.0	133.4
67 Primary metals	33	3.1	133.7	136.4	133.9	132.4	133.9	129.0	127.3	126.3	124.0	121.3	117.8	121.7	120.6	119.5
68 Iron and steel	331,2	1.7	131.1	135.5	129.9	129.7	131.9	123.7	122.0	118.7	116.0	115.5	113.3	118.0	120.1	118.8
69 Raw steel	331PT	.1	120.9	128.2	126.4	123.9	117.7	115.6	106.3	104.6	108.3	109.1	109.2	101.3	109.0	109.3
70 Nonferrous	333–6,9	1.4	136.8	137.6	138.8	135.7	136.5	135.3	133.6	135.2	133.4	128.2	123.3	126.1	121.4	120.5
71 Fabricated metal products	34	5.0	135.6	135.7	136.1	136.3	136.0	136.0	134.7	132.9	133.5	130.3	129.8	128.9	128.1	126.3
72 Industrial machinery and equipment	35	8.0	252.8	250.9	253.9	257.9	260.0	261.5	261.9	262.3	258.4	255.0	255.7	251.4	248.0	245.0
73 Computer and office equipment	357	1.8	1,343.6	1,316.2	1,370.4	1,421.6	1,464.2	1,487.4	1,502.8	1,508.3	1,497.4	1,484.2	1,477.5	1,474.6	1,473.1	1,473.3
74 Electrical machinery	36	7.3	549.7	555.0	571.2	580.0	592.2	597.4	604.4	610.2	604.3	593.7	581.0	568.6	559.4	547.6
75 Transportation equipment	37	9.5	131.0	133.5	128.0	132.4	132.4	129.2	126.8	122.8	116.0	119.8	124.5	123.9	127.1	125.4
76 Motor vehicles and parts	371	4.9	170.5	176.1	163.1	173.9	175.5	167.2	160.1	151.8	138.6	147.4	156.5	155.4	162.4	159.0
77 Autos and light trucks	371PT	2.6	153.0	160.1	147.8	156.4	158.8	145.8	140.1	131.5	125.9	131.9	141.8	141.6	147.9	145.4
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	93.8	93.6	94.9	93.5	92.1	93.6	95.4	95.3	94.3	93.5	94.3	94.1	93.8	93.6
79 Instruments	38	5.4	122.2	122.2	122.6	123.3	123.7	123.5	124.6	123.1	125.0	123.3	122.6	122.8	122.0	121.0
80 Miscellaneous	39	1.3	130.8	130.5	132.1	130.8	130.9	131.1	130.2	129.4	130.4	127.6	127.6	128.0	125.8	127.8
81 Nondurable goods		40.4	116.9	116.7	116.3	116.3	116.0	116.3	115.5	114.1	114.0	114.0	112.7	112.4	111.7	111.3
82 Foods	20	9.4	114.7	114.9	115.0	115.1	114.6	114.8	115.0	114.2	114.1	115.0	114.6	113.6	113.7	112.9
83 Tobacco products	21	1.6	95.3	93.8	95.8	96.6	94.5	93.7	93.1	94.2	95.2	93.7	92.2	93.8	92.3	93.4
84 Textile mill products	22	1.8	100.1	103.1	101.4	99.4	98.4	96.7	92.8	94.5	93.0	92.7	92.4	91.2	87.7	87.3
85 Apparel products	23	2.2	91.7	91.2	92.0	90.7	89.5	89.2	89.2	88.2	88.9	88.7	88.4	88.2	87.9	86.3
86 Paper and products	26	3.6	116.1	118.8	114.9	113.3	113.7	117.1	114.7	112.7	111.8	112.8	107.7	113.7	110.7	110.1
87 Printing and publishing	27	6.7	109.9	109.1	110.0	110.4	110.9	111.6	111.2	109.2	109.6	107.7	106.2	105.5	104.5	105.1
88 Chemicals and products	28	9.9	128.3	125.9	124.8	125.9	125.4	125.8	124.8	122.9	121.8	122.6	121.2	119.3	119.3	118.2
89 Petroleum products	29	1.4	117.1	118.8	117.0	117.6	117.4	116.5	116.9	114.7	115.1	116.5	115.0	116.0	115.0	116.4
90 Rubber and plastic products	30	3.5	142.3	143.5	144.4	142.1	141.9	141.3	139.1	137.3	138.5	137.3	136.5	135.7	135.0	134.9
91 Leather and products	31	.3	69.8	69.3	70.0	68.8	69.8	68.6	68.9	66.9	67.1	69.3	67.7	65.8	64.6	62.8
92 Mining	.	6.9	100.0	100.4	100.5	101.0	100.4	100.1	101.1	99.6	101.0	101.4	102.7	102.8	102.7	102.3
93 Metal	10	.5	97.4	97.5	92.9	95.8	99.3	96.3	93.7	99.5	94.6	91.7	85.4	88.8	86.1	84.9
94 Coal	12	1.0	108.9	113.6	110.3	109.3	107.0	110.2	108.6	106.1	115.2	110.7	116.6	116.8	116.5	115.2
95 Oil and gas extraction	13	4.8	95.0	94.8	95.7	96.3	95.7	95.1	96.6	95.2	96.1	96.7	97.7	97.7	97.7	97.4
96 Stone and earth minerals	14	.6	126.4	127.7	124.4	125.0	123.7	124.6	123.2	119.3	121.7	126.4	129.6	129.1	128.9	128.5
97 Utilities	...	7.7	120.4	121.7	119.1	122.1	121.7	120.0	121.9	129.1	124.0	121.8	122.0	120.0	118.0	119.0
98 Electric	491,3PT	6.2	123.9	124.8	121.1	126.1	124.7	124.2	127.3	131.2	126.7	123.9	125.5	125.3	122.0	123.0
99 Gas	491,2PT	1.6	109.3	110.5	111.0	108.4	110.5	105.8	104.5	120.2	113.7	112.9	109.7	102.8	104.2	105.6
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts		80.5	152.6	152.6	153.2	153.5	153.9	154.3	153.8	152.7	152.2	151.1	149.8	149.0	147.8	146.8
101 Manufacturing excluding computer and office equipment		83.6	145.4	145.8	145.4	146.2	146.5	146.2	145.4	143.9	142.7	142.2	141.5	140.8	140.1	139.0
102 Computers, communications equipment, and semiconductors		5.9	1,195.2	1,193.1	1,248.0	1,281.6	1,310.3	1,334.8	1,358.1	1,368.9	1,351.7	1,334.1	1,312.2	1,284.3	1,262.3	1,242.0
103 Manufacturing excluding computers and semiconductors	.	81.1	128.3	128.4	127.7	128.2	128.4	128.0	127.1	125.6	124.7	124.3	123.8	123.4	122.9	122.0
104 Manufacturing excluding computers, communications equipment, and semiconductors		79.5	125.1	125.3	124.5	124.9	125.0	124.6	123.6	122.1	121.1	120.8	120.4	120.0	119.6	118.7
				Gross value (billions of 1992 dollars, annual rates)												
MAJOR MARKETS																
105 **Products, total**		**2,001.9**	**2,860.5**	**2,883.5**	**2,865.7**	**2,882.9**	**2,889.1**	**2,867.4**	**2,863.2**	**2,850.2**	**2,818.1**	**2,819.8**	**2,826.9**	**2,809.2**	**2,804.9**	**2,791.0**
106 Final		1,552.1	2,203.4	2,218.6	2,202.8	2,220.5	2,228.1	2,205.4	2,203.7	2,198.2	2,167.1	2,174.5	2,186.0	2,170.4	2,170.9	2,158.4
107 Consumer goods		1,049.6	1,340.0	1,357.8	1,338.7	1,348.7	1,353.7	1,334.7	1,331.2	1,332.8	1,312.2	1,322.8	1,328.2	1,322.3	1,325.3	1,323.3
108 Equipment	.	502.5	865.7	867.3	872.8	880.8	883.3	880.9	883.3	874.9	864.8	859.8	866.4	855.5	852.2	839.9
109 Intermediate		449.9	656.7	663.9	661.8	661.5	660.2	661.0	658.6	651.2	649.9	644.5	640.4	638.2	633.6	632.1

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

2. Standard Industrial Classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1998	1999	2000	2000					2001				
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar	Apr.	May
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,612	1,664	1,592	1,544	1,549	1,562	1,614	1,553	1,724	1,663	1,627	1,587	1,621
2 One-family	1,188	1,247	1,198	1,169	1,173	1,212	1,203	1,187	1,283	1,228	1,209	1,218	1,205
3 Two-family or more	425	417	394	375	376	350	411	366	441	435	418	369	416
4 Started	1,617	1,641	1,569	1,531	1,508	1,527	1,559	1,532	1,666	1,623	1,592	1,626	1,610
5 One-family	1,271	1,302	1,231	1,228	1,196	1,218	1,209	1,236	1,336	1,288	1,208	1,295	1,286
6 Two-family or more	346	339	338	303	312	309	350	296	330	335	384	331	324
7 Under construction at end of period[1]	971	953	934	975	971	971	969	965	985	989	1,002	1,006	1,006
8 One-family	659	648	623	659	658	659	655	652	669	675	676	682	683
9 Two-family or more	312	305	310	316	313	312	314	313	316	314	326	324	323
10 Completed	1,474	1,605	1,574	1,583	1,526	1,509	1,548	1,527	1,424	1,531	1,478	1,569	1,494
11 One-family	1,160	1,270	1,242	1,235	1,181	1,172	1,236	1,228	1,090	1,201	1,207	1,232	1,219
12 Two-family or more	315	335	332	348	345	337	312	299	334	330	271	337	275
13 Mobile homes shipped	374	348	250	249	231	213	196	176	164	177	179	183	188
Merchant builder activity in one-family units													
14 Number sold	886	880	877	839	902	922	882	1,001	938	959	953	905	907
15 Number for sale at end of period[1]	300	315	301	304	301	301	304	297	295	295	289	290	290
Price of units sold (thousands of dollars)[2]													
16 Median	152.5	161.0	169.0	166.6	171.5	176.3	174.7	162.0	171.3	169.1	166.3	174.6	172.7
17 Average	181.9	195.6	207.0	200.2	208.3	215.1	210.7	208.1	209.0	211.0	210.2	205.6	209.3
EXISTING UNITS (one-family)													
18 Number sold	4,970	5,205	5,113	5,240	5,160	5,070	5,300	4,940	5,200	5,190	5,430	5,220	5,360
Price of units sold (thousands of dollars)[2]													
19 Median	128.4	133.3	139.0	143.2	141.6	138.6	139.5	139.7	137.1	138.6	143.4	143.1	145.0
20 Average	159.1	168.3	176.2	183.0	178.6	176.9	176.5	178.5	175.8	174.6	179.5	179.9	183.6
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 **Total put in place**	**703,533**	**763,914**	**817,130**	**803,968**	**815,410**	**820,805**	**826,746**	**838,731**	**859,815**	**869,334**	**869,140**	**868,703**	**867,303**
22 Private	550,754	595,667	641,269	630,656	638,851	644,836	651,066	660,849	673,715	681,826	681,176	674,856	663,072
23 Residential	314,514	349,560	375,268	364,039	364,372	370,256	374,281	379,593	386,088	398,863	395,080	392,919	393,706
24 Nonresidential	236,240	246,107	266,001	266,617	274,479	274,580	276,785	281,256	287,627	282,963	286,096	281,937	269,366
25 Industrial buildings	40,547	32,794	31,984	32,623	31,384	32,125	33,265	31,398	35,878	33,386	34,823	34,698	31,338
26 Commercial buildings	95,760	104,531	116,988	119,139	121,349	121,760	120,587	125,234	125,402	124,568	128,792	125,438	114,419
27 Other buildings	39,609	40,906	44,505	45,544	45,020	45,645	45,628	45,707	46,567	46,264	47,117	46,039	46,539
28 Public utilities and other	60,324	67,876	72,523	69,311	76,726	75,050	77,305	78,917	79,780	78,745	75,364	75,762	77,070
29 Public	152,779	168,247	175,861	173,311	176,559	175,969	175,680	177,883	186,100	187,508	187,964	193,847	204,231
30 Military	2,539	2,142	2,334	2,386	2,509	1,883	2,629	2,107	2,270	2,342	2,131	2,534	2,280
31 Highway	45,251	52,024	52,851	52,777	53,923	48,764	48,858	50,189	55,368	56,204	57,443	58,188	60,486
32 Conservation and development	5,415	5,995	6,043	5,568	6,425	6,815	5,789	6,339	7,381	7,838	7,573	6,343	6,994
33 Other	99,575	108,086	114,634	112,580	113,702	118,507	118,404	119,248	121,081	121,124	120,817	126,782	134,471

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, June 2001[1]
	2000 June	2001 June	2000		2001		2001					
			Sept.	Dec.	Mar.	June	Feb.	Mar.	Apr.	May	June	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.7**	**3.2**	**3.3**	**2.3**	**4.0**	**3.7**	**.3**	**.1**	**.3**	**.4**	**.2**	**178.0**
2 Food	2.3	3.4	4.1	2.1	4.1	3.3	.5	.2	.1	.3	.4	173.0
3 Energy items	21.3	8.4	7.9	3.8	6.0	16.8	−.2	−2.1	1.8	3.1	−.9	140.5
4 All items less food and energy	2.5	2.7	2.9	2.0	3.5	2.6	.3	.2	.2	.1	.3	185.9
5 Commodities	.6	3	1.7	.0	1.4	−1.6	.3	−.1	.0	−.4	.0	144.9
6 Services	3.4	3.7	3.2	3.2	4.2	4.5	3	.3	.3	.3	.5	209.4
PRODUCER PRICES (1982=100)												
7 Finished goods	4.4	2.5	2.0	2.9	4.9	.0	.1	.0[r]	.3	.1	−.4	142.1
8 Consumer foods	1.9	3.1	−1.2	2.7	10.2	1.1	.8[r]	.8[r]	.6	−.4	.1	141.9
9 Consumer energy	24.3	5.1	6.4	12.0	12.6	−8.6	.4[r]	−1.7[r]	.1	.2	−2.5	102.7
10 Other consumer goods	1.7	2.0	2.4	1.0	2.1	2.6	−.2[r]	.1[r]	.2	.4	.0	156.7
11 Capital equipment	.9	.8	1.7	.3	.0	1.2	−.4[r]	.1[r]	.3	−.1	.1	139.6
Intermediate materials												
12 Excluding foods and feeds	5.7	1.2	3.1	1.2	1.8	−1.5	−.2	−.2	−.3	.2	−.2	132.3
13 Excluding energy	3.1	.1	3	−.3	1.5	−.9	1	.1	−.1	.1	−.3	137.2
Crude materials												
14 Foods	2.4	7.7	−8.2	36.5	14.8	−6.4	−1.3[r]	3.2[r]	−.5	−1.1	−.1	109.7
15 Energy	69.4	−5.7	20.0	102.6	−44.1	−41.9	−23.0[r]	−14.7[r]	3.0	−3.7	−11.9	123.1
16 Other	11.0	−11.0	−8.8	−9.2	−13.4	−11.1	−1.8[r]	−1.8[r]	−2.6	−.2	−.2	130.6

1. Not seasonally adjusted.
2. Figures for consumer prices are for all urban consumers and reflect a rental-equivalence measure of homeownership.

SOURCE. U.S. Department of Labor, Bureau of Labor Statistics.

2.16 GROSS DOMESTIC PRODUCT AND INCOME

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

Account	1998	1999	2000	2000			2001	
				Q2	Q3	Q4	Q1	Q2
GROSS DOMESTIC PRODUCT								
1 **Total**	**8,781.5**	**9,268.6**	**9,872.9**	**9,857.6**	**9,937.5**	**10,027.9**	**10,141.7**	**10,217.6**
By source								
2 Personal consumption expenditures	5,856.0	6,250.2	6,728.4	6,674.9	6,785.5	6,871.4	6,977.6	7,044.9
3 Durable goods	693.2	760.9	819.6	813.8	825.4	818.7	838.1	842.7
4 Nondurable goods	1,708.5	1,831.3	1,989.6	1,978.3	2,012.4	2,025.1	2,047.1	2,063.1
5 Services	3,454.3	3,658.0	3,919.2	3,882.8	3,947.7	4,027.5	4,092.4	4,139.1
6 Gross private domestic investment	1,538.7	1,636.7	1,767.5	1,792.4	1,788.4	1,780.3	1,722.8	1,684.4
7 Fixed investment	1,465.6	1,578.2	1,718.1	1,717.0	1,735.9	1,741.6	1,748.3	1,710.3
8 Nonresidential	1,101.2	1,174.6	1,293.1	1,288.3	1,314.9	1,318.2	1,311.2	1,263.1
9 Structures	282.4	283.5	313.6	306.4	321.1	330.9	345.8	339.1
10 Producers' durable equipment	818.9	891.1	979.5	981.8	993.8	987.3	965.4	923.9
11 Residential structures	364.4	403.5	425.1	428.7	421.0	423.4	437.0	447.2
12 Change in business inventories	73.1	58.6	49.4	75.4	52.5	38.7	−25.5	−25.9
13 Nonfarm	72.2	60.1	51.1	74.0	55.3	37.8	−26.2	−25.1
14 Net exports of goods and services	−151.7	−250.9	−364.0	−350.8	−380.6	−390.6	−363.8	−349.1
15 Exports	964.9	989.8	1,102.9	1,099.7	1,131.1	1,121.0	1,117.4	1,087.2
16 Imports	1,116.7	1,240.6	1,466.9	1,450.4	1,511.8	1,511.6	1,481.2	1,436.3
17 Government consumption expenditures and gross investment	1,538.5	1,632.5	1,741.0	1,741.1	1,744.2	1,766.8	1,805.2	1,837.4
18 Federal	539.2	564.0	590.2	601.0	587.0	594.2	605.3	609.8
19 State and local	999.3	1,068.5	1,150.8	1,140.1	1,157.2	1,172.6	1,199.8	1,227.6
By major type of product								
20 Final sales, total	8,708.4	9,210.0	9,823.6	9,782.2	9,884.9	9,989.2	10,167.2	10,243.5
21 Goods	3,232.3	3,418.6	3,644.8	3,636.0	3,677.2	3,670.6	3,718.8	3,714.4
22 Durable	1,524.4	1,618.8	1,735.2	1,735.2	1,753.8	1,740.7	1,755.8	1,736.0
23 Nondurable	1,707.9	1,799.8	1,909.7	1,900.8	1,923.5	1,929.9	1,963.1	1,978.4
24 Services	4,678.6	4,939.1	5,268.5	5,243.1	5,296.1	5,393.0	5,482.8	5,545.9
25 Structures	797.5	852.4	910.3	903.1	911.6	925.6	965.6	983.2
26 Change in business inventories	73.1	58.6	49.4	75.4	52.5	38.7	−25.5	−25.9
27 Durable goods	44.7	35.3	34.7	51.0	33.0	31.5	−31.0	−28.5
28 Nondurable goods	28.5	23.3	14.7	24.4	19.5	7.2	5.5	2.6
MEMO								
29 **Total GDP in chained 1996 dollars**	**8,508.9**	**8,856.5**	**9,224.0**	**9,229.4**	**9,260.1**	**9,303.9**	**9,334.5**	**9,351.6**
NATIONAL INCOME								
30 **Total**	**7,041.4**	**7,462.1**	**7,980.9**	**7,956.1**	**8,047.2**	**8,124.0**	**8,169.7**	n.a.
31 Compensation of employees	4,989.6	5,310.7	5,715.2	5,669.9	5,759.3	5,868.9	5,955.7	6,010.2
32 Wages and salaries	4,192.1	4,477.4	4,837.2	4,798.0	4,875.8	4,973.2	5,049.4	5,099.3
33 Government and government enterprises	692.7	724.3	768.4	768.3	772.6	776.6	788.8	798.9
34 Other	3,499.4	3,753.1	4,068.8	4,029.7	4,103.2	4,196.6	4,260.6	4,300.4
35 Supplement to wages and salaries	797.5	833.4	878.0	872.0	883.5	895.7	906.3	910.9
36 Employer contributions for social insurance	306.9	323.6	343.8	341.8	345.6	350.8	357.1	358.9
37 Other labor income	490.6	509.7	534.2	530.1	537.9	544.9	549.3	552.1
38 Proprietors' income[1]	623.8	672.0	715.0	717.9	719.3	725.2	735.2	747.2
39 Business and professional[1]	598.2	645.4	684.4	685.4	687.6	693.5	705.4	717.9
40 Farm[1]	25.6	26.6	30.6	32.5	31.6	31.7	29.8	29.3
41 Rental income of persons[2]	138.6	147.7	141.6	141.4	138.3	141.7	139.6	140.9
42 Corporate profits[1]	777.4	825.2	876.4	892.8	895.0	847.6	789.8	n.a.
43 Profits before tax[3]	721.1	776.3	845.4	862.0	858.3	816.5	755.7	n.a.
44 Inventory valuation adjustment	18.3	−2.9	−12.4	−14.8	−3.6	−7.3	−1.9	n.a
45 Capital consumption adjustment	38.0	51.7	43.4	45.5	40.4	38.4	36.0	31.8
46 Net interest	511.9	506.5	532.7	534.1	535.3	540.6	549.4	n.a.

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1998r	1999r	2000r	2000r			2001	
				Q2	Q3	Q4	Q1	Q2
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**7,426.0**	**7,777.3**	**8,319.2**	**8,271.0**	**8,381.5**	**8,519.6**	**8,640.2**	**8,721.3**
2 Wage and salary disbursements	4,192.8	4,472.2	4,837.2	4,798.0	4,875.8	4,973.2	5,049.4	5,099.3
3 Commodity-producing industries	1,038.5	1,088.7	1,163.7	1,151.8	1,173.2	1,195.5	1,206.3	1,205.2
4 Manufacturing	756.6	782.0	830.1	822.0	838.0	852.2	853.3	850.6
5 Distributive industries	948.9	1,021.0	1,095.6	1,086.1	1,102.4	1,125.9	1,140.3	1,148.0
6 Service industries	1,512.7	1,638.2	1,809.5	1,791.7	1,827.6	1,875.2	1,914.0	1,947.2
7 Government and government enterprises	692.7	724.3	768.4	768.3	772.6	776.6	788.8	798.9
8 Other labor income	490.6	509.7	534.2	530.1	537.9	544.9	549.3	552.1
9 Proprietors' income[1]	623.8	672.0	715.0	717.9	719.3	725.2	735.2	747.2
10 Business and professional[1]	598.2	645.4	684.4	685.4	687.6	693.5	705.4	717.9
11 Farm[1]	25.6	26.6	30.6	32.5	31.6	31.7	29.8	29.3
12 Rental income of persons[2]	138.6	147.7	141.6	141.4	138.3	141.7	139.6	140.9
13 Dividends	348.3	343.1	379.2	373.3	385.8	396.6	404.8	411.9
14 Personal interest income	964.4	950.0	1,000.6	999.9	1,009.2	1,013.1	1,010.9	1,005.7
15 Transfer payments	983.7	1,019.6	1,069.1	1,066.3	1,074.6	1,089.0	1,123.1	1,138.3
16 Old-age survivors, disability, and health insurance benefits	578.1	588.0	617.3	618.6	620.9	626.5	651.4	660.2
17 LESS: Personal contributions for social insurance	316.3	337.1	357.7	355.8	359.4	364.1	372.1	373.9
18 EQUALS: Personal income	7,426.0	7,777.3	8,319.2	8,271.0	8,381.5	8,519.6	8,640.2	8,721.3
19 LESS: Personal tax and nontax payments	1,070.4	1,159.2	1,288.2	1,277.3	1,300.2	1,329.8	1,345.2	1,350.4
20 EQUALS: Disposable personal income	6,355.6	6,618.0	7,031.0	6,993.7	7,081.3	7,189.8	7,295.0	7,371.0
21 LESS: Personal outlays	6,054.1	6,457.2	6,963.3	6,905.6	7,026.9	7,115.1	7,216.2	7,283.4
22 EQUALS: Personal saving	301.5	160.9	67.7	88.1	54.5	74.7	78.8	87.5
MEMO								
Per capita (chained 1996 dollars)								
23 Gross domestic product	31,449.2	32,441.9	33,490.3	33,549.2	33,587.6	33,661.1	33,698.5	33,675.1
24 Personal consumption expenditures	21,007.2	21,862.6	22,720.7	22,632.8	22,822.4	22,941.7	23,063.1	23,127.6
25 Disposable personal income	22,800.0	23,150.0	23,742.0	23,717.0	23,814.0	24,006.0	24,111.0	24,202.0
26 Saving rate (percent)	4.7	2.4	1.0	1.3	.8	1.0	1.1	1.2
GROSS SAVING								
27 **Gross saving**	**1,647.2**	**1,707.4**	**1,785.7**	**1,799.4**	**1,807.4**	**1,799.7**	**1,754.0**	n.a.
28 Gross private saving	1,375.0	1,348.0	1,323.0	1,345.8	1,329.6	1,332.7	1,307.9	n.a.
29 Personal saving	301.5	160.9	67.7	88.1	54.5	74.7	78.8	87.5
30 Undistributed corporate profits[1]	189.9	228.7	225.3	238.6	233.9	197.0	147.8	n.a.
31 Corporate inventory valuation adjustment	18.3	-2.9	-12.4	-14.8	-3.6	-7.3	-1.9	n.a.
Capital consumption allowances								
32 Corporate	620.2	669.2	727.1	719.1	736.0	749.7	763.8	782.6
33 Noncorporate	264.2	284.1	302.8	299.9	305.2	311.3	317.5	332.1
34 Gross government saving	272.2	359.4	462.8	453.7	477.8	467.1	446.1	n.a.
35 Federal	132.0	210.9	315.0	305.0	326.9	320.5	303.7	n.a.
36 Consumption of fixed capital	88.2	91.7	96.4	95.9	97.0	97.9	98.4	99.4
37 Current surplus or deficit (−), national accounts	43.8	119.2	218.6	209.1	229.9	222.5	205.3	n.a.
38 State and local	140.2	148.5	147.8	148.7	150.9	146.6	142.5	n.a.
39 Consumption of fixed capital	99.5	106.4	114.9	114.0	116.1	118.0	120.2	121.9
40 Current surplus or deficit (−), national accounts	40.7	42.1	32.8	34.7	34.8	28.6	22.3	n.a.
41 **Gross investment**	**1,616.2**	**1,634.7**	**1,655.3**	**1,690.0**	**1,651.1**	**1,649.7**	**1,633.5**	n.a.
42 Gross private domestic investment	1,538.7	1,636.7	1,767.5	1,792.4	1,788.4	1,780.3	1,722.8	1,684.4
43 Gross government investment	277.1	304.6	318.3	315.0	314.0	322.8	330.9	345.7
44 Net foreign investment	−199.7	−306.6	−430.5	−417.4	−451.3	−453.4	−420.2	n.a.
45 **Statistical discrepancy**	**−31.0**	**−72.7**	**−130.4**	**−109.5**	**−156.3**	**−150.0**	**−120.5**	n.a.

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1998	1999	2000	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
1 Balance on current account	−217,457	−324,364	−444,667	−104,903	−108,134	−115,305	−116,324	−109,562
2 Balance on goods and services	−166,828	−261,838	−375,739	−87,322	−90,784	−97,340	−100,293	−95,015
3 Exports	932,694	957,353	1,065,702	257,256	265,822	272,497	270,131	269,297
4 Imports	−1,099,522	−1,219,191	−1,441,441	−344,578	−356,606	−369,837	−370,424	−364,312
5 Income, net	−6,202	−13,613	−14,792	−5,657	−4,889	−4,885	642	−3,090
6 Investment, net	−1,211	−8,511	−9,621	−4,380	−3,589	−3,620	1,971	−1,730
7 Direct	66,253	67,044	81,231	16,365	18,117	21,049	25,703	23,263
8 Portfolio	−67,464	−75,555	−90,852	−20,745	−21,706	−24,669	−23,732	−24,993
9 Compensation of employees	−4,991	−5,102	−5,171	−1,277	−1,300	−1,265	−1,329	−1,360
10 Unilateral current transfers, net	−44,427	−48,913	−54,136	−11,924	−12,461	−13,080	−16,673	−11,457
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−422	2,751	−944	−127	−572	114	−359	68
12 Change in U.S. official reserve assets (increase, −)	−6,783	8,747	−290	−554	2,020	−346	−1,410	190
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−147	10	−722	−180	−180	−182	−180	−189
15 Reserve position in International Monetary Fund	−5,119	5,484	2,308	−237	2,328	1,300	−1,083	574
16 Foreign currencies	−1,517	3,253	−1,876	−137	−128	−1,464	−147	−195
17 Change in U.S. private assets abroad (increase, −)	−352,427	−448,565	−579,718	−197,424	−95,021	−107,495	−179,779	−157,195
18 Bank-reported claims[2]	−35,572	−76,263	−138,500	−56,234	7,455	−18,147	−71,574	−90,027
19 Nonbank-reported claims	−38,204	−85,700	−163,846	−75,256	−29,491	−14,585	−44,514	−5,618
20 U.S. purchases of foreign securities, net	−136,135	−131,217	−124,935	−27,546	−39,639	−33,129	−24,621	−28,535
21 U.S. direct investments abroad, net	−142,516	−155,385	−152,437	−38,388	−33,346	−41,634	−39,070	−33,015
22 Change in foreign official assets in United States (increase, +)	−19,948	43,551	37,619	22,498	6,447	12,247	−3,573	4,091
23 U.S. Treasury securities	−9,921	12,177	−10,233	16,204	−4,000	−9,001	−13,436	−1,027
24 Other U.S. government obligations	6,332	20,350	40,909	8,107	10,334	14,272	8,196	3,574
25 Other U.S. government liabilities[2]	−3,371	−2,855	−1,987	−474	−1,000	−220	−293	−1,244
26 Other U.S. liabilities reported by U.S. banks[2]	−9,501	12,964	5,803	−2,270	209	6,884	980	1,785
27 Other foreign official assets[3]	−3,487	915	3,127	931	904	312	980	1,003
28 Change in foreign private assets in United States (increase, +)	524,412	770,193	986,599	234,284	243,560	209,861	298,894	233,412
29 U.S. bank-reported liabilities[4]	39,769	54,232	87,953	−7,425	53,923	−1,910	43,365	−476
30 U.S. nonbank-reported liabilities	23,140	69,075	177,010	85,188	24,400	19,078	48,344	42,269
31 Foreign private purchases of U.S. Treasury securities, net	48,581	−20,490	−52,792	−9,348	−20,546	−12,503	−10,395	538
32 U.S. currency flows	16,622	22,407	1,129	−6,847	989	757	6,230	2,311
33 Foreign purchases of other U.S. securities, net	218,091	343,963	485,644	136,208	94,400	128,393	126,643	147,132
34 Foreign direct investments in United States, net	178,209	301,006	287,655	36,508	90,394	76,046	84,707	41,638
35 Capital account transactions, net[5]	678	−3,491	705	173	173	175	184	174
36 Discrepancy	71,947	−48,822	696	46,053	−48,473	749	2,367	28,822
37 Due to seasonal adjustment	...	...	...	8,501	−2,380	−9,977	3,856	8,945
38 Before seasonal adjustment	71,947	−48,822	696	37,552	−46,093	10,726	−1,489	19,877
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	−6,783	8,747	−290	−554	2,020	−346	−1,410	190
40 Foreign official assets in United States, excluding line 25 (increase, +)	−16,577	46,406	39,606	22,972	7,447	12,467	−3,280	5,335
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	−11,531	1,621r	11,582r	6,143r	1,639r	3,636r	164	−170

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	1998[r]	1999[r]	2000[r]	2000		2001				
				Nov.	Dec	Jan.	Feb.	Mar.	Apr.[r]	May[p]
1 Goods and services, balance	−166,686	−261,838	−375,739	−32,978	−33,291	−33,332	−28,610	−33,076	−31,993	−28,335
2 Merchandise	−246,855	−345,434	−452,207	−38,955	−39,361	−39,127	−34,614	−38,781	−37,656	−34,398
3 Services	79,868	83,596	76,468	5,977	6,070	5,795	6,004	5,705	5,663	6,063
4 Goods and services, exports	933,053	957,353	1,065,702	90,478	89,241	90,104	90,475	88,716	86,929	87,731
5 Merchandise	670,324	684,553	772,210	65,856	64,574	65,309	65,748	63,884	62,170	62,828
6 Services	262,729	272,800	293,492	24,622	24,667	24,795	24,727	24,832	24,759	24,903
7 Goods and services, imports	−1,099,739	−1,219,191	−1,441,441	−123,456	−122,532	−123,436	−119,085	−121,792	−118,922	−116,066
8 Merchandise	−917,179	−1,029,987	−1,224,417	−104,811	−103,935	−104,436	−100,362	−102,665	−99,826	−97,226
9 Services	−182,560	−189,204	−217,024	−18,645	−18,597	−19,000	−18,723	−19,127	−19,096	−18,840

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						
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 Total	**69,954**	**81,761**	**71,516**	**67,647**	**67,542**	**66,486**	**64,222**	**64,731**	**65,254**[r]	**64,847**	**65,736**
2 Gold stock[1]	11,047	11,046	11,048	11,046	11,046	11,046	11,046	11,046	11,044[r]	11,044	11,044
3 Special drawing rights[2,3]	10,027	10,603	10,336	10,539	10,497	10,641	10,379	10,420	10,481	10,409	10,518
4 Reserve position in International Monetary Fund[2]	18,071	24,111	17,950	14,824	15,079	14,107	13,777	13,816	14,283	14,619	14,965
5 Foreign currencies[4]	30,809	36,001	32,182	31,238	30,920	30,692	29,020	29,449	29,446	28,775	29,209

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						
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 Deposits	**457**	**167**	**71**	**215**	**199**	**196**	**70**	**101**	**86**	**102**	**84**
Held in custody											
2 U.S. Treasury securities[2]	620,885	607,574	632,482	594,094	594,694	603,906	609,440	585,710	583,655	586,607	578,573
3 Earmarked gold[3]	10,763	10,343	9,933	9,451	9,397	9,343	9,289	9,235	9,154	9,100	9,100

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

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

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

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1998	1999	2000		2001				
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 **Total**[1]	**759,928**	**806,318**	**849,758**	**845,934**	**866,883**	**864,593**	**865,466**	**855,708**	**835,330**
By type									
2 Liabilities reported by banks in the United States[2]	125,883	138,847	148,340	144,658	155,293	155,163	154,641	158,997	141,947
3 U.S. Treasury bills and certificates[3]	134,177	156,177	155,061	153,010	158,967	155,667	155,204	144,158	137,933
U.S. Treasury bonds and notes									
4 Marketable	432,127	422,266	414,896	415,964	418,190	418,857	419,106	410,066	411,016
5 Nonmarketable[4]	6,074	6,111	5,313	5,348	4,923	4,953	4,984	5,017	5,049
6 U.S. securities other than U.S. Treasury securities[5]	61,667	82,917	126,148	126,954	129,510	129,953	131,531	137,470	139,385
By area									
7 Europe[1]	256,026	244,805	262,300	253,592	259,829	256,180	250,420	248,106	250,039
8 Canada	10,552	12,503	11,744	12,394	11,220	10,794	10,396	10,474	10,967
9 Latin America and Caribbean	79,503	73,518	79,238	76,818	80,115	80,389	79,185	79,457	75,657
10 Asia	400,631	463,703	481,106	488,170	499,925	501,486	511,023	500,670	482,997
11 Africa	10,059	7,523	8,012	9,165	8,965	9,586	9,102	9,341	9,272
12 Other countries	3,157	4,266	7,358	5,795	6,829	6,158	5,340	7,660	6,398

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	1997	1998	1999	2000			2001
				June	Sept.	Dec.	Mar.
1 Banks' liabilities	117,524	101,125	88,537	85,842	78,852	77,935	88,653
2 Banks' claims	83,038	78,162	67,365	67,862	60,355	57,005	71,075
3 Deposits	28,661	45,985	34,426	31,724	26,306	23,407	27,004
4 Other claims	54,377	32,177	32,939	36,138	34,049	33,598	44,071
5 Claims of banks' domestic customers[2]	8,191	20,718	20,826	18,802	19,123	24,411	20,682

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	1998	1999	2000[r]	2000 Nov.	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.	2001 May[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,347,837**	**1,408,740**	**1,515,077**	**1,519,521**	**1,515,077**	**1,568,936[r]**	**1,531,953[r]**	**1,506,172[r]**	**1,532,610**	**1,531,333**
2 Banks' own liabilities	884,939	971,536	1,045,236	1,071,155	1,045,236	1,086,196[r]	1,048,120[r]	1,045,151[r]	1,063,956	1,081,302
3 Demand deposits	29,558	42,884	33,365	31,581	33,365	30,820[r]	35,765	33,868	31,279	29,114
4 Time deposits[2]	151,761	163,620	188,154	190,541	188,154	187,365[r]	189,531[r]	182,529[r]	190,804	182,202
5 Other[3]	140,752	155,853	173,263	187,066	173,263	203,269	198,788	200,477[r]	202,001	206,784
6 Own foreign offices[4]	562,868	609,179	650,454	661,967	650,454	664,742[r]	624,036	628,277[r]	639,872	663,202
7 Banks' custodial liabilities[5]	462,898	437,204	469,841	448,366	469,841	482,740	483,833	461,021[r]	468,654	450,031
8 U.S. Treasury bills and certificates[6]	183,494	185,676	177,846	173,899	177,846	182,276	179,277	171,755	159,410	155,721
9 Short-term agency securities[7]	n.a.	n.a.	n.a.	n.a.	n.a.	66,600[r]	74,281[r]	71,454[r]	69,223	62,092
10 Other negotiable and readily transferable instruments[8]	141,699	132,617	145,840	132,949	145,840	77,464[r]	73,258[r]	64,517[r]	79,111	78,525
11 Other	137,705	118,911	146,155	141,518	146,155	156,400[r]	157,017[r]	153,295[r]	160,910	153,693
12 Nonmonetary international and regional organizations[9]	11,883	15,276	12,542	17,074	12,542	10,938	11,578[r]	12,290[r]	12,833	14,668
13 Banks' own liabilities	10,850	14,357	12,140	16,676	12,140	10,595	11,202[r]	11,746[r]	12,344	14,342
14 Demand deposits	172	98	41	30	41	27	19	23	14	15
15 Time deposits[2]	5,793	10,349	6,246	6,542	6,246	5,641	4,966[r]	5,302[r]	5,301	3,532
16 Other[3]	4,885	3,910	5,853	10,104	5,853	4,927	6,217	6,421[r]	7,029	10,795
17 Banks' custodial liabilities[5]	1,033	919	402	398	402	343	376	544	489	326
18 U.S. Treasury bills and certificates[6]	636	680	252	249	252	294	248	229	170	105
19 Short-term agency securities[7]	n.a.	n.a.	n.a.	n.a.	n.a.	26	108	137	144	132
20 Other negotiable and readily transferable instruments[8]	397	233	149	147	149	23	15	177	175	87
21 Other	0	6	1	2	1	0	5	1	0	2
22 Official institutions[10]	260,060	295,024	297,668	303,401	297,668	314,260[r]	310,830	309,845	303,155	279,880
23 Banks' own liabilities	80,256	97,615	97,054	102,422	97,054	103,445[r]	99,602	97,068	104,064	94,710
24 Demand deposits	3,003	3,341	3,952	4,712	3,952	3,199[r]	4,444	3,509	3,530	2,522
25 Time deposits[2]	29,506	28,942	35,638	35,437	35,638	33,026	29,957	28,001	32,032	25,867
26 Other[3]	47,747	65,332	57,464	62,273	57,464	67,220	65,201	65,558	68,502	66,321
27 Banks' custodial liabilities[5]	179,804	197,409	200,614	200,979	200,614	210,815	211,228	212,777	199,091	185,170
28 U.S. Treasury bills and certificates[6]	134,177	156,177	153,010	155,061	153,010	158,967	155,667	155,204	144,158	137,933
29 Short-term agency securities[7]	n.a.	n.a.	n.a.	n.a.	n.a.	45,384	49,594	53,295	51,107	43,193
30 Other negotiable and readily transferable instruments[8]	44,953	41,182	47,366	45,225	47,366	5,337	5,325	4,064	3,325	3,509
31 Other	674	50	238	693	238	1,127	642	214	501	535
32 Banks[11]	885,336	900,379	976,164	969,309	976,164	1,008,742[r]	975,078[r]	960,472[r]	966,924	989,627
33 Banks' own liabilities	676,057	728,492	788,471	794,387	788,471	810,373[r]	778,382[r]	781,233[r]	785,268	812,501
34 Unaffiliated foreign banks	113,189	119,313	138,017	132,420	138,017	145,631	154,346[r]	152,956	145,396	149,299
35 Demand deposits	14,071	17,583	15,522	12,859	15,522	14,297	12,600	16,433	13,027	12,143
36 Time deposits[2]	45,904	48,140	66,936	68,846	66,936	70,896	77,477[r]	73,017	72,656	70,837
37 Other[3]	53,214	53,590	55,559	50,715	55,559	60,438	64,269	63,506	59,713	66,319
38 Own foreign offices[4]	562,868	609,179	650,454	661,967	650,454	664,742[r]	624,036	628,277[r]	639,872	663,202
39 Banks' custodial liabilities[5]	209,279	171,887	187,693	174,922	187,693	198,369	196,696	179,239[r]	181,656	177,126
40 U.S. Treasury bills and certificates[6]	35,359	16,796	16,023	10,288	16,023	14,484	13,909	7,922	7,022	8,337
41 Short-term agency securities[7]	n.a.	n.a	n.a	n.a	n.a.	7,569[r]	8,007[r]	2,324[r]	2,774	3,439
42 Other negotiable and readily transferable instruments[8]	45,332	45,695	36,036	34,723	36,036	31,393[r]	29,868[r]	27,364[r]	25,271	26,568
43 Other	128,588	109,396	135,634	129,911	135,634	144,923[r]	144,912[r]	141,629[r]	146,589	138,782
44 Other foreigners	190,558	198,061	228,703	229,737	228,703	234,996[r]	234,467[r]	223,565	249,698	247,158
45 Banks' own liabilities	117,776	131,072	147,571	157,670	147,571	161,783[r]	158,934[r]	155,104	162,280	159,749
46 Demand deposits	12,312	21,862	13,850	13,980	13,850	13,297[r]	18,702	13,903	14,708	14,434
47 Time deposits[2]	70,558	76,189	79,334	79,716	79,334	77,802[r]	77,131[r]	76,209	80,815	81,966
48 Other[3]	34,906	33,021	54,387	63,974	54,387	70,684	63,101	64,992	66,757	63,349
49 Banks' custodial liabilities[5]	72,782	66,989	81,132	72,067	81,132	73,213	75,533	68,461	87,418	87,409
50 U.S. Treasury bills and certificates[6]	13,322	12,023	8,561	8,301	8,561	8,531	9,453	8,400	8,060	9,346
51 Short-term agency securities[7]	n.a.	n.a.	n.a.	n.a.	n.a.	13,621	16,572	15,698	15,198	15,328
52 Other negotiable and readily transferable instruments[8]	51,017	45,507	62,289	52,854	62,289	40,711	38,050	32,912	50,340	48,361
53 Other	8,443	9,459	10,282	10,912	10,282	10,350	11,458	11,451	13,820	14,374
MEMO										
54 Negotiable time certificates of deposit in custody for foreigners	27,026	30,345	34,217	26,350	34,217	31,389	30,277	24,518	25,372	25,911
55 Repurchase agreements[7]	n.a.	n.a.	n.a.	n.a	n.a	125,225	120,444	129,671	119,141	119,850

1. Reporting banks include all types of depository institutions as well as some brokers and dealers. Excludes bonds and notes of maturities longer than one year.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks for foreign customers.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Data available beginning January 2001.
8. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
9. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
10. Foreign central banks, foreign central governments, and the Bank for International Settlements.
11. Excludes central banks, which are included in "Official institutions."

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

Millions of dollars, end of period

Item	1998	1999	2000[r]	2000		2001				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[p]
AREA										
56 **Total, all foreigners**	**1,347,837**	**1,408,740**	**1,515,077**	**1,519,521**	**1,515,077**	**1,568,936[r]**	**1,531,953[r]**	**1,506,172[r]**	**1,532,610[r]**	**1,531,333**
57 **Foreign countries**	**1,335,954**	**1,393,464**	**1,502,534**	**1,502,447**	**1,502,534**	**1,557,997[r]**	**1,520,374[r]**	**1,493,881[r]**	**1,519,776[r]**	**1,516,664**
58 Europe	427,375	441,810	448,712	471,756	448,712	477,166[r]	447,621[r]	429,913[r]	433,693[r]	462,710
59 Austria	3,178	2,789	2,692	2,667	2,692	2,366	2,094[r]	2,178	2,773	2,593
60 Belgium[12]	42,818	44,692	33,399	32,386	33,399	7,357	5,709	5,432	5,309	5,895
61 Denmark	1,437	2,196	3,000	3,531	3,000	3,391	4,182	2,919	3,413	2,910
62 Finland	1,862	1,658	1,411	1,873	1,411	1,155	1,667	1,286	1,769	1,144
63 France	44,616	49,790	37,833	43,489	37,833	49,045	45,435	42,758	39,125	40,209
64 Germany	21,357	24,753	35,519	27,080	35,519	30,250	30,382[r]	30,862[r]	30,569	30,004
65 Greece	2,066	3,748	2,011	3,344	2,011	1,888	1,963	1,496	1,336	1,525
66 Italy	7,103	6,775	5,072	5,515	5,072	4,997	5,071	5,850[r]	5,269[r]	5,530
67 Luxembourg[12]	n.a.	n.a.	n.a.	n.a.	n.a.	27,095	24,234	12,585	16,296	13,484
68 Netherlands	10,793	8,143	7,244	13,230	7,244	8,504	8,328[r]	7,265	9,954	10,719
69 Norway	710	1,327	2,305	5,158	2,305	4,762	6,331	8,361	4,806	2,572
70 Portugal	3,236	2,228	2,403	2,379	2,403	2,571	2,625	1,731	1,949	2,041
71 Russia	2,439	5,475	19,018	20,020	19,018	17,233	19,029	18,625	19,917	21,207
72 Spain	15,781	10,426	7,787	6,936	7,787	8,130[r]	8,241	9,500	7,745[r]	7,883
73 Sweden	3,027	4,652	6,497	7,361	6,497	5,648	5,959	6,738	6,161[r]	5,284
74 Switzerland	50,654	63,485	74,635	86,153	74,635	83,098[r]	64,428[r]	54,028	65,944[r]	93,197
75 Turkey	4,286	7,842	7,548	4,526	7,548	7,783	5,382	5,635	4,549	7,169
76 United Kingdom	181,554	172,687	169,484	172,173	169,484	143,474[r]	134,444[r]	147,300[r]	138,137[r]	139,683
77 Channel Islands & Isle of Man[13]	n.a.	n.a.	n.a.	n.a.	n.a.	36,376[r]	43,087	36,040	36,013	34,742
78 Yugoslavia[14]	233	286	276	279	276	287	294	294	305	303
79 Other Europe and other former U.S.S.R.[15]	30,225	28,858	30,578	33,656	30,578	31,756	28,736[r]	29,030	32,354	34,616
80 Canada	30,212	34,214	30,987	31,190	30,987	23,927	23,945	24,253	27,768	25,392
81 Latin America	121,327	117,495	120,154	120,909	120,154	118,829[r]	120,329[r]	114,511	117,446[r]	112,962
82 Argentina	19,014	18,633	19,487	18,244	19,487	18,944[r]	18,011	12,878	14,610	12,584
83 Brazil	15,815	12,865	10,852	11,647	10,852	10,527[r]	11,409[r]	10,571	10,851	11,257
84 Chile	5,015	7,008	5,892	5,324	5,892	5,645[r]	5,925[r]	5,175	5,449	5,713
85 Colombia	4,624	5,669	4,542	4,573	4,542	4,536[r]	4,440[r]	4,344	4,618	4,723
86 Ecuador	1,572	1,956	2,111	2,052	2,111	2,144[r]	2,254	2,179	2,164	2,115
87 Guatemala	1,336	1,626	1,604	1,645	1,604	1,579[r]	1,535	1,509	1,557	1,585
88 Mexico	37,157	30,717	32,169	33,266	32,169	33,719[r]	34,948[r]	34,084	34,271[r]	33,099
89 Panama	3,864	4,415	4,241	3,955	4,241	3,610[r]	3,861[r]	4,014	3,476	3,639
90 Peru	840	1,142	1,427	1,186	1,427	1,355	1,459	1,788	1,767	1,532
91 Uruguay	2,486	2,386	3,003	2,941	3,003	2,765[r]	2,844	3,365	3,410	3,332
92 Venezuela	19,894	20,192	24,733	25,917	24,733	26,995[r]	26,525	27,415	27,847	26,375
93 Other Latin America[16]	9,710	10,886	10,093	10,159	10,093	7,010[r]	7,118[r]	7,189	7,426	7,008
94 Caribbean	433,539	461,200	574,980	556,306	574,980	601,780[r]	589,974[r]	583,815[r]	607,038[r]	602,028
95 Bahamas	118,085	135,811	189,332	176,812	189,332	186,179[r]	185,369[r]	174,174	177,533	190,166
96 Bermuda	6,846	7,874	9,641	8,404	9,641	9,488	8,064[r]	8,401	8,261	6,986
97 British West Indies[17]	302,486	312,278	368,769	364,206	368,769	n.a.	n.a.	n.a.	n.a.	n.a.
98 Caymen Islands[17]	n.a.	n.a.	n.a.	n.a.	n.a.	384,399[r]	376,063[r]	381,716[r]	402,699[r]	386,861
99 Cuba	62	75	90	88	90	130	84	85	83	84
100 Jamaica	577	520	815	725	815	792	945	1,238	899	1,133
101 Netherlands Antilles	5,010	4,047	5,428	5,318	5,428	6,558[r]	5,484[r]	4,504	4,517[r]	3,395
102 Trinidad and Tobago	473	595	905	753	905	797	886	1,048	1,114	1,237
103 Other Caribbean[16]	n.a.	n.a.	n.a.	n.a.	n.a.	13,437[r]	13,079[r]	12,649	11,932[r]	12,166
104 Asia	307,960	319,489	305,533	300,703	305,533	315,129[r]	316,529[r]	320,174	310,808	291,300
China										
105 Mainland	13,441	12,325	16,533	15,830	16,533	27,451	31,174[r]	39,928	34,692	23,158
106 Taiwan	12,708	13,603	17,352	17,271	17,352	19,828	18,192	17,891	19,962	18,119
107 Hong Kong	20,900	27,701	26,462	25,565	26,462	27,014[r]	27,662[r]	29,088	26,587	27,348
108 India	5,250	7,367	4,530	5,151	4,530	4,197	4,058	4,547	4,113	4,281
109 Indonesia	8,282	6,567	8,514	8,378	8,514	8,536	9,027	8,605	10,733	10,605
110 Israel	7,749	7,488	8,053	6,537	8,053	7,666	7,262	8,803	7,095	8,282
111 Japan	168,563	159,075	150,415	149,684	150,415	148,730	150,801[r]	146,441	144,478	141,248
112 Korea (South)	12,524	12,988	7,961	6,689	7,961	7,155	6,273	6,096	5,370	5,380
113 Philippines	3,324	3,268	2,316	2,219	2,316	1,769	1,422	1,428	1,645	1,660
114 Thailand	7,359	6,050	3,117	3,465	3,117	3,157	3,455	3,252	2,935	3,295
115 Middle Eastern oil-exporting countries[18]	15,609	21,314	23,733	23,723	23,733	22,425	21,594[r]	21,634	20,534	19,642
116 Other	32,251	41,743	36,547	36,191	36,547	37,201	35,609	32,461	32,664	28,282
117 Africa	8,905	9,468	10,824	9,504	10,824	10,552	10,983[r]	10,564	10,821	10,918
118 Egypt	1,339	2,022	2,621	1,654	2,621	2,552	2,336	2,282	2,375	2,517
119 Morocco	97	179	139	100	139	157	139	133	139	116
120 South Africa	1,522	1,495	1,010	853	1,010	843	914	651	791	706
121 Congo (formerly Zaire)	5	14	4	4	4	10	10	8	5	2
122 Oil-exporting countries[19]	3,088	2,914	4,052	4,027	4,052	4,317	4,750	4,593	4,753	4,741
123 Other	2,854	2,844	2,998	2,866	2,998	2,673	2,834[r]	2,897	2,758	2,836
124 Other Countries	6,636	9,788	11,344	12,079	11,344	10,614	10,993	10,651	12,202[r]	11,354
125 Australia	5,495	8,377	10,070	10,914	10,070	8,854	9,519	9,448	10,974[r]	10,254
126 New Zealand[20]	n.a.	n.a.	n.a.	n.a.	n.a.	1,032	328	424	477[r]	424
127 All other	1,141	1,411	1,274	1,165	1,274	728	1,146	779	751	676
128 Nonmonetary international and regional organizations	11,883	15,276	12,543	17,074	12,543	10,939	11,579[r]	12,291[r]	12,834[r]	14,669
129 International[21]	10,221	12,876	11,270	16,068	11,270	9,024	10,793[r]	11,379[r]	11,335[r]	12,965
130 Latin American regional[22]	594	1,150	740	523	740	1,493	223	272	327	886
131 Other regional[23]	1,068	1,250	533	483	533	422	534	640	620	518

12. Before January 2001, combined data reported for Belgium-Luxembourg.
13. Before January 2001, data included in United Kingdom.
14. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
15. Includes the Bank for International Settlements and European Central Bank. Since December 1992, has included all parts of the former U.S.S.R. (except Russia) and Bosnia, Croatia, and Slovenia.
16. Before January 2001, "Other Latin America" and "Other Caribbean" were reported as combined "Other Latin America and Caribbean."
17. Beginning January 2001, Cayman Islands replaced British West Indies in the data series.
18. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
19. Comprises Algeria, Gabon, Libya, and Nigeria.
20. Before January 2001, included in "All other."
21. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
22. Principally the Inter-American Development Bank.
23. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Europe."

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

Millions of dollars, end of period

Area or country	1998	1999	2000	2000 Nov.	2000 Dec.	2001 Jan.[r]	2001 Feb.[r]	2001 Mar.[r]	2001 Apr.	2001 May[p]
1 **Total, all foreigners**	**734,995**	**793,139**	**908,242[r]**	**882,441[r]**	**908,242[r]**	**961,017**	**912,886**	**984,855**	**989,617**	**997,605**
2 **Foreign countries**	**731,378**	**788,576**	**903,556[r]**	**878,601[r]**	**903,556[r]**	**957,790**	**909,569**	**982,079**	**986,862**	**993,695**
3 Europe	233,321	311,686	381,471[r]	371,913[r]	381,471[r]	422,114	404,511	443,510	442,431	461,797
4 Austria	1,043	2,643	2,926[r]	2,681	2,926[r]	3,664	2,927	3,101	3,728	3,364
5 Belgium[2]	7,187	10,193	5,399[r]	5,079[r]	5,399[r]	4,635	5,300	4,852	4,375	5,627
6 Denmark	2,383	1,669	3,272[r]	3,462	3,272[r]	3,402	3,499	3,242	2,954	2,505
7 Finland	1,070	2,020	7,382[r]	6,517	7,382[r]	6,772	7,102	7,185	8,901	8,800
8 France	15,251	29,142	40,035[r]	34,547	40,035[r]	43,290	44,038	45,555	46,378	42,190
9 Germany	15,923	29,205	36,834[r]	32,160	36,834[r]	39,744	39,233	45,763	49,061	55,097
10 Greece	575	806	646[r]	876	646[r]	526	454	278	265	285
11 Italy	7,284	8,496	7,629	6,738	7,629	6,310	6,315	6,976	7,274	6,868
12 Luxembourg[2]	n.a.	n.a	n.a.	n.a.	n.a.	2,825	2,659	2,569	2,012	2,976
13 Netherlands	5,697	11,810	17,044[r]	15,975	17,044[r]	18,865	21,517	22,630	22,699	16,495
14 Norway	827	1,000	5,012	6,159	5,012	2,971	5,339	8,228	5,296	2,915
15 Portugal	669	1,571	1,382	1,249	1,382	1,109	1,312	1,426	1,535	1,173
16 Russia	789	713	517	663	517	518	561	1,008	813	715
17 Spain	5,735	3,796	2,604[r]	2,593	2,604[r]	3,808	3,959	4,722	3,445	4,275
18 Sweden	4,223	3,264	9,226[r]	8,815	9,226[r]	10,353	10,131	10,286	11,934	10,986
19 Switzerland	46,874	79,158	82,085[r]	107,986	82,085[r]	102,547	97,003	96,489	104,816	137,273
20 Turkey	1,982	2,617	3,059[r]	3,260	3,059[r]	3,301	2,989	2,698	2,770	2,596
21 United Kingdom	106,349	115,971	148,292[r]	125,223	148,292[r]	154,339	139,721	166,667	155,535	148,727
22 Channel Islands & Isle of Man[3]	n.a.	n.a.	n.a.	n.a.	n.a.	3,067	3,069	3,091	3,151	3,804
23 Yugoslavia[4]	53	50	50	49	50	50	49	49	49	59
24 Other Europe and other former U.S.S.R.[5]	9,407	7,562	8,077[r]	7,881	8,077[r]	10,018	7,334	6,695	5,440	5,067
25 Canada	47,037	37,206	39,860[r]	39,291	39,860[r]	41,654	42,377	43,839	45,091	44,584
26 Latin America	79,976	74,040	76,614	74,399	76,614	74,462	74,222	73,798	73,841	73,852
27 Argentina	9,552	10,894	11,546	11,468	11,546	11,319	11,614	11,243	11,541	11,732
28 Brazil	16,184	16,987	20,567	19,840	20,567	20,372	20,008	20,275	20,286	20,718
29 Chile	8,250	6,607	5,816	5,772	5,816	6,223	5,961	5,823	5,628	5,444
30 Colombia	6,507	4,524	4,370	3,938	4,370	3,816	3,941	4,022	3,720	3,740
31 Ecuador	1,400	760	635	629	635	563	584	534	526	482
32 Guatemala	1,127	1,135	1,246	1,247	1,246	1,364	1,176	1,176	1,171	1,227
33 Mexico	21,212	17,899	17,430	16,945	17,430	17,598	17,918	17,762	18,013	17,977
34 Panama	3,584	3,387	2,935	2,839	2,935	2,775	2,908	3,008	3,158	2,873
35 Peru	3,275	2,529	2,808	2,713	2,808	2,689	2,673	2,809	2,771	2,534
36 Uruguay	1,126	801	675	677	675	641	455	366	367	368
37 Venezuela	3,089	3,494	3,520	3,451	3,520	3,306	3,264	3,239	3,154	3,111
38 Other Latin America[6]	4,670	5,023	5,066	4,880	5,066	3,796	3,720	3,541	3,506	3,646
39 Caribbean	262,678	281,128	319,512	301,544	319,512	320,547	299,190	325,134	333,197	324,792
40 Bahamas	96,455	99,066	114,090	96,718	114,090	109,284	101,284	105,064	112,424	111,670
41 Bermuda	5,011	8,007	9,343	8,324	9,343	8,673	7,133	8,186	6,838	5,570
42 British West Indies[7]	153,749	167,189	189,315	188,994	189,315	n.a.	n.a.	n.a.	n.a	n.a.
43 Caymen Islands[7]	n.a.	n.a.	n.a.	n.a.	n.a.	187,790	177,338	199,345	200,019	196,920
44 Cuba	0	0	0	0	0	117	0	0	3	0
45 Jamaica	239	295	355	355	355	357	331	348	334	396
46 Netherlands Antilles	6,779	5,982	5,801	6,554	5,801	9,077	7,156	6,921	9,384	5,738
47 Trinidad and Tobago	445	589	608	599	608	658	663	710	783	804
48 Other Caribbean[6]	n.a.	n.a.	n.a.	n.a.	n.a.	4,591	5,285	4,560	3,412	3,694
49 Asia	98,607	75,143	77,887[r]	83,362[r]	77,887[r]	90,332	81,487	87,626	83,562	81,242
China										
50 Mainland	1,261	2,110	1,606	1,644	1,606	1,562	1,530	1,338	3,171	2,252
51 Taiwan	1,041	1,390	2,247	2,483	2,247	1,037	1,365	1,846	2,253	1,980
52 Hong Kong	9,080	5,903	6,669[r]	6,457[r]	6,669[r]	7,458	8,506	11,068	10,461	9,126
53 India	1,440	1,738	2,178	1,736	2,178	1,886	1,700	1,827	1,675	1,648
54 Indonesia	1,942	1,776	1,914	1,958	1,914	2,075	1,987	2,001	2,033	2,015
55 Israel	1,166	1,875	2,729	1,911	2,729	2,343	3,249	2,339	2,526	2,717
56 Japan	46,713	28,641	35,032[r]	36,467	35,032[r]	38,901	34,778	39,311	32,969	34,510
57 Korea (South)	8,289	9,426	7,776[r]	16,189	7,776[r]	18,736	14,147	12,186	13,937	11,639
58 Philippines	1,465	1,410	1,784	1,758	1,784	1,217	1,172	1,195	1,835	1,788
59 Thailand	1,807	1,515	1,381	1,221	1,381	1,170	1,244	1,258	1,062	1,380
60 Middle Eastern oil-exporting countries[8]	16,130	14,267	9,346[r]	8,487	9,346[r]	10,549	8,341	9,120	7,936	9,926
61 Other	8,273	5,092	5,225[r]	3,051	5,225[r]	3,398	3,468	4,137	3,704	2,261
62 Africa	3,122	2,268	2,094[r]	1,977	2,094[r]	2,176	1,899	2,111	2,035	1,905
63 Egypt	257	258	201	184	201	170	271	343	308	466
64 Morocco	372	352	204	235	204	182	185	189	185	185
65 South Africa	643	622	309[r]	341	309[r]	492	544	586	444	289
66 Congo (formerly Zaire)	0	24	0	0	0	19	0	0	0	0
67 Oil-exporting countries[9]	936	276	471	342	471	582	153	217	267	197
68 Other	914	736	909	875	909	731	746	776	831	768
69 Other countries	6,637	7,105	6,118[r]	6,115	6,118[r]	6,505	5,883	6,061	6,705	5,523
70 Australia	6,173	6,824	5,869[r]	5,937	5,869[r]	6,080	5,587	5,769	6,257	5,211
71 New Zealand[10]	n.a	n.a.	n.a.	n.a.	n.a.	283	165	166	269	136
72 All other	464	281	249	178	249	142	131	126	179	176
73 Nonmonetary international and regional organizations[11]	3,617	4,563	4,686	3,840	4,686	3,363	3,317	2,776	2,755	3,910

1. Reporting banks include all types of depository institutions as well as some brokers and dealers.
2. Before January 2001, combined data reported for Belgium-Luxembourg.
3. Before January 2001, data included in United Kingdom.
4. Since December 1992, has excluded Bosnia, Croatia, and Slovenia.
5. Includes the Bank for International Settlements and European Central Bank. Since December 1992, has included all parts of the former U.S.S.R. (except Russia), and Bosnia, Croatia, and Slovenia.
6. Before January 2001, "Other Latin America" and "Other Caribbean" were reported as combined "Other Latin America and Caribbean."
7. Beginning 2001, Cayman Islands replaced British West Indies in the data series.
8. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
9. Comprises Algeria, Gabon, Libya, and Nigeria.
10. Before January 2001, included in "All other."
11. Excludes the Bank for International Settlements, which is included in "Other Europe."

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

Millions of dollars, end of period

Type of claim	1998	1999	2000	2000		2001				
				Nov.	Dec.r	Jan.r	Feb.r	Mar.r	Apr.	May p
1 **Total**	**875,891**	**944,937**	**1,099,439r**		**1,099,439**			**1,195,602**	...	.
2 Banks' claims	734,995	793,139	908,242r	882,441r	908,242	961,017	912,886	984,855	989,617	997,605
3 Foreign public borrowers	23,542	35,090	37,907r	49,373	37,907	52,990	54,220	49,123	52,357	49,533
4 Own foreign offices[2]	484,535	529,682	630,137r	610,861r	630,137	647,273	610,256	670,909	682,430	709,834
5 Unaffiliated foreign banks	106,206	97,186	98,667r	82,962	98,667	101,605	95,647	105,853	95,318	80,002
6 Deposits	27,230	34,538	23,886	23,756	23,886	23,083	22,848	19,948	21,533	19,717
7 Other	78,976	62,648	74,781r	59,206	74,781	78,522	72,799	85,905	73,785	60,285
8 All other foreigners	120,712	131,181	141,531r	139,245	141,531	159,149	152,763	158,970	159,512	158,236
9 Claims of banks' domestic customers[3]	140,896	151,798	191,197		191,197		.	210,747	.	
10 Deposits	79,363	88,006	100,327		100,327			105,554		
11 Negotiable and readily transferable instruments[4]	47,914	51,161	78,147		78,147	...	.	91,827		
12 Outstanding collections and other claims	13,619	12,631	12,723		12,723	.	...	13,366		.
MEMO										
13 Customer liability on acceptances	4,520	4,553	4,258		4,258	...	...	2,995	.	..
14 Banks' loans under resale agreements[5]	n.a.	n.a.	n.a.	n.a.	n.a.	122,720	118,705	134,083	126,871	116,938
15 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[6]	39,978	31,125	53,153	55,899	53,153	59,893	70,964	67,204	60,796	58,137

1. For banks' claims, data are monthly; for claims of banks' domestic customers, data are for quarter ending with month indicated.
Reporting banks include all types of depository institution as well as some brokers and dealers.
2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and from foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.
3. Assets held by reporting banks in the accounts of their domestic customers.
4. Principally negotiable time certificates of deposit, bankers acceptances, and commercial paper.
5. Data available beginning January 2001.
6. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad.

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

Millions of dollars, end of period

Maturity, by borrower and area[2]	1997	1998	1999	2000			2001
				June	Sept.	Dec.	Mar.
1 **Total**	**276,550**	**250,418**	**267,082**	**268,905**	**263,383**	**281,526**	**318,275**
By borrower							
2 Maturity of one year or less	205,781	186,526	187,894	181,815	174,650	188,731	201,518
3 Foreign public borrowers	12,081	13,671	22,811	24,849	23,646	21,399	23,742
4 All other foreigners	193,700	172,855	165,083	156,966	151,004	167,332	177,776
5 Maturity of more than one year	70,769	63,892	79,188	87,090	88,733	92,795	116,757
6 Foreign public borrowers	8,499	9,839	12,013	15,900	16,238	16,258	24,949
7 All other foreigners	62,270	54,053	67,175	71,190	72,495	76,537	91,808
By area							
Maturity of one year or less							
8 Europe	58,294	68,679	80,842	71,492	69,447	73,253	89,639
9 Canada	9,917	10,968	7,859	7,344	8,225	8,395	7,069
10 Latin America and Caribbean	97,207	81,766	69,498	66,096	65,881	77,304	72,423
11 Asia	33,964	18,007	21,802	29,092	23,791	22,751	20,737
12 Africa	2,211	1,835	1,122	1,520	1,594	1,168	970
13 All other[3]	4,188	5,271	6,771	6,271	5,712	5,860	10,680
Maturity of more than one year							
14 Europe	13,240	14,923	22,951	25,417	27,589	33,483	42,341
15 Canada	2,525	3,140	3,192	3,323	3,261	3,312	3,249
16 Latin America and Caribbean	42,049	33,442	39,051	42,291	41,168	41,870	50,222
17 Asia	10,235	10,018	11,257	12,550	13,132	10,154	17,176
18 Africa	1,236	1,232	1,065	924	895	891	763
19 All other[3]	1,484	1,137	1,672	2,585	2,688	3,085	3,006

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	1997	1998	1999				2000				2001
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**721.8**	**1051.6**	**993.4**	**941.2**	**941.6**	**945.5**	**955.7[r]**	**991.7[r]**	**955.5**	**1030.9[r]**	**1145.4[r]**
2 G-10 countries and Switzerland	242.8	217.7	220.4	234.7	219.4	243.4	272.7	313.8[r]	280.9	304.1[r]	336.9[r]
3 Belgium and Luxembourg	11.0	10.7	15.6	16.2	15.7	14.3	14.2	13.9[r]	13.0	14.2[r]	15.3
4 France	15.4	18.4	21.6	20.7	20.0	29.0	27.3	32.6	29.1	29.6[r]	30.0[r]
5 Germany	28.6	30.9	34.7	32.1	37.4	38.7	37.3	31.5	37.7	45.1[r]	45.2
6 Italy	15.5	11.5	17.8	16.4	15.0	18.1	20.0	20.5	18.6	21.3	20.3
7 Netherlands	6.2	7.8	10.7	13.3	11.7	12.3	17.1	16.1	17.6	18.4[r]	18.8[r]
8 Sweden	3.3	2.3	4.0	2.6	3.6	3.0	3.9	3.5	4.3	3.6[r]	4.7
9 Switzerland	7.2	8.5	7.8	8.3	8.8	10.3	10.1	13.8	10.9	13.2[r]	13.9
10 United Kingdom	113.4	85.4	67.7	85.5	63.5	79.3	101.9	138.2	112.9	118.9[r]	145.3[r]
11 Canada	13.7	16.8	15.9	17.1	17.9	16.3	17.5	18.3	18.7	16.7[r]	15.4
12 Japan	28.6	25.4	24.6	22.6	25.7	22.1	23.5	25.4	18.1	23.0[r]	28.0
13 Other industrialized countries	65.5	69.0	80.1	79.7	71.7	68.4	62.8	75.2	73.8	74.5[r]	75.8[r]
14 Austria	1.5	1.4	2.8	2.8	3.0	3.5	2.6	2.8	3.5	4.1	3.8
15 Denmark	2.4	2.2	3.4	2.9	2.1	2.6	1.5	1.2	1.8	1.9	3.1
16 Finland	1.3	1.4	1.5	.9	.9	.9	.8	1.2	2.8	1.5	1.4
17 Greece	5.1	5.9	6.5	5.9	6.6	6.0	5.7	6.8	6.4	8.3	4.1
18 Norway	3.6	3.2	3.1	3.0	3.8	3.3	3.0	4.6	8.5	8.3	10.2
19 Portugal	.9	1.4	1.4	1.2	1.2	1.0	1.0	2.0	1.5	2.0	1.9
20 Spain	12.6	13.7	15.7	16.6	15.1	12.1	11.3	12.2	10.5	10.3[r]	12.6
21 Turkey	4.5	4.8	5.2	4.9	4.7	4.8	5.1	5.6	5.6	5.9[r]	5.2
22 Other Western Europe	8.3	10.4	10.2	10.3	9.2	6.8	8.4	8.0	8.4	6.5[r]	7.4
23 South Africa	2.2	4.4	4.8	4.7	4.0	3.8	4.9	4.6	4.2	3.6[r]	4.1
24 Australia	23.1	20.3	25.4	26.6	21.1	23.5	18.6	26.3	20.5	22.1[r]	21.9[r]
25 OPEC[2]	26.0	27.1	26.2	26.2	30.1	31.4	28.9	32.3	31.8	28.9[r]	28.2
26 Ecuador	1.3	1.3	1.2	1.1	.9	.8	.7	.7	.6	.6	.6
27 Venezuela	2.5	3.2	3.5	3.2	3.0	2.8	3.0	2.9	2.9	2.5	2.7
28 Indonesia	6.7	4.7	4.5	5.0	4.4	4.2	3.9	4.1	4.4	4.6	4.4
29 Middle East countries	14.4	17.0	16.7	16.5	21.4	23.1	21.1	24.0	22.7	20.3[r]	20.1
30 African countries	1.2	1.0	.4	.5	.5	.5	.2	.7	1.2	.8	.5
31 Non-OPEC developing countries	139.2	143.4	146.4	148.6	144.6	149.4	154.9	158.3	149.6	145.7	144.5[r]
Latin America											
32 Argentina	18.4	23.1	24.4	22.8	22.8	23.2	22.4	21.6	21.4	21.4	20.8
33 Brazil	28.6	24.7	24.2	25.2	23.5	27.7	28.1	28.3	28.6	28.8	29.4
34 Chile	8.7	8.3	8.6	8.2	7.7	7.4	8.2	8.1	7.3	7.6	7.3[r]
35 Colombia	3.4	3.2	3.3	3.1	2.7	2.5	2.5	2.4	2.4	2.4	2.4
36 Mexico	17.4	18.9	19.7	18.5	19.4	18.7	18.3	20.4	17.5	15.7	16.7
37 Peru	2.0	2.2	2.2	2.1	1.8	1.7	1.9	2.1	2.1	2.0	2.0
38 Other	4.1	5.4	5.3	5.5	5.5	5.9	6.6	6.9	6.4	6.5	8.7
Asia											
China											
39 Mainland	3.2	3.0	5.0	5.3	3.3	3.6	4.6	3.8	3.4	2.9	3.4
40 Taiwan	9.5	13.3	11.8	12.6	12.3	12.0	12.6	12.6	12.8	10.8	11.1
41 India	4.9	5.5	5.5	6.7	7.0	7.7	7.9	8.2	5.8	9.1	6.5
42 Israel	.7	1.1	1.1	2.0	1.0	1.8	3.3	1.5	1.1	2.7	2.2
43 Korea (South)	15.6	13.7	13.7	15.3	16.0	15.2	17.3	21.1	20.8	15.0[r]	19.3
44 Malaysia	5.1	5.6	5.9	6.0	6.1	6.1	6.5	6.8	6.9	7.1	6.5
45 Philippines	5.7	5.1	5.4	5.7	5.8	6.2	5.3	5.3	4.7	5.1	5.2
46 Thailand	5.4	4.7	4.5	4.2	4.0	4.1	4.3	4.0	3.9	4.0	4.2
47 Other Asia	4.3	2.9	3.0	2.8	2.9	2.9	2.6	2.5	2.3	2.4	2.2
Africa											
48 Egypt	.9	1.3	1.4	1.4	1.3	1.4	1.4	1.3	1.1	1.1	1.2
49 Morocco	.6	.5	.5	.5	.5	.4	.3	.3	.4	.3	.3
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.8	1.0	.9	1.0	1.0	1.0	.9	.9	.8	.7	.7
52 Eastern Europe	9.1	5.5	6.8	5.7	5.4	5.2	6.3	9.4	9.0	10.1	9.5
53 Russia[4]	5.1	2.2	2.0	2.1	2.0	1.6	1.7	1.5	1.4	1.0	1.5
54 Other	4.0	3.3	4.8	3.7	3.4	3.6	4.7	7.9	7.6	9.1	8.0
55 Offshore banking centers	155.1	134.4	114.4	107.5	122.5	114.5	53.9[r]	55.5[r]	53.4	61.8	57.9
56 Bahamas	24.2	35.4	22.0	10.4	18.2	13.7	14.4[r]	8.8[r]	9.3	13.5	7.0
57 Bermuda	9.8	4.6	3.9	5.7	8.2	8.0	7.3	6.3	6.3	9.0	7.9
58 Cayman Islands and other British West Indies	43.4	12.8	13.9	7.2	6.3	1.3	.0	5.1	5.9	14.6	14.3
59 Netherlands Antilles	14.6	2.6	2.7	1.3	9.1	1.7	2.5	2.6	1.9	1.9	2.9
60 Panama[5]	3.1	3.9	3.9	3.9	3.9	3.9	3.4	3.3	2.5	3.2	3.8
61 Lebanon	.1	.1	.1	.1	.2	.1	.1	.1	.1	.1	.1
62 Hong Kong, China	32.2	23.3	22.8	22.0	22.4	21.0	22.2	20.7	20.6	18.7[r]	21.7
63 Singapore	12.7	11.1	13.5	15.2	10.6	10.1	4.1	13.6	12.6	15.2	14.5
64 Other[6]	.1	.2	.2	.1	.2	.1	.1	.1	.1	.2	.1
65 Miscellaneous and unallocated[7]	99.1	495.1	430.4	380.2	391.2	387.9	376.1	342.1	351.1	391.2	472.7

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

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

2. Organization of Petroleum Exporting Countries, shown individually; other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates), and Bahrain and Oman (not formally members of OPEC).
3. Excludes Liberia. Beginning March 1994 includes Namibia.
4. As of December 1992, excludes other republics of the former Soviet Union.
5. Includes Canal Zone.
6. Foreign branch claims only.
7. Includes New Zealand, Liberia, and international and regional organizations.

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

Millions of dollars, end of period

Type of liability, and area or country	1997	1998	1999	1999	2000				2001
				Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**57,382**	**46,570**	**53,044**	**53,044**	**53,489**	**70,534**	**76,644**	**73,904**	**74,484**
2 Payable in dollars	41,543	36.668	37,605	37,605	35,614	47,864	51,451	48,931	46,870
3 Payable in foreign currencies	15.839	9.902	15,415	15,415	17,875	22,670	25,193	24,973	27,614
By type									
4 Financial liabilities	26,877	19,255	27,980	27,980	29,180	44,068	49,895	47,419	48,461
5 Payable in dollars	12,630	10,371	13,883	13,883	12,858	22,803	26,159	25,246	23,369
6 Payable in foreign currencies	14,247	8,884	14,097	14,097	16,322	21,265	23,736	22,173	25,092
7 Commercial liabilities	30,505	27,315	25,064	25,064	24,309	26,466	26,749	26,485	26,023
8 Trade payables	10,904	10,978	12,857	12,857	12,401	13,764	13,918	14,293	12,657
9 Advance receipts and other liabilities	19,601	16,337	12,207	12,207	11,908	12,702	12,831	12,192	13,366
10 Payable in dollars	28,913	26,297	23,722	23,722	22,756	25,061	25,292	23,685	23,501
11 Payable in foreign currencies	1,592	1,018	1,318	1,318	1,553	1,405	1,457	2,800	2,522
By area or country									
Financial liabilities									
12 Europe	18,027	12,589	23,241	23,241	24,050	30,332	36,175	34,172	37,990
13 Belgium and Luxembourg	186	79	31	31	4	163	169	147	112
14 France	1,425	1,097	1,659	1,659	1,849	1,702	1,299	1,480	1,557
15 Germany	1,958	2,063	1,974	1,974	1,880	1,671	2,132	2,168	2,745
16 Netherlands	494	1,406	1,996	1,996	1,970	2,035	2,040	2,016	2,169
17 Switzerland	561	155	147	147	97	137	178	104	116
18 United Kingdom	11,667	5,980	16,521	16,521	16,579	21,463	28,601	26,362	29,241
19 Canada	2,374	693	284	284	313	714	249	411	719
20 Latin America and Caribbean	1,386	1,495	892	892	846	2,874	3,447	4,125	3,651
21 Bahamas	141	7	1	1	1	78	105	6	18
22 Bermuda	229	101	5	5	1	1,016	1,182	1,739	1,837
23 Brazil	143	152	126	126	128	146	132	148	26
24 British West Indies	604	957	492	492	489	463	501	406	410
25 Mexico	26	59	25	25	22	26	35	26	32
26 Venezuela	1	2	0	0	0	0	0	2	1
27 Asia	4,387	3,785	3,437	3,437	3,275	9,453	9,320	7,965	5,389
28 Japan	4,102	3,612	3,142	3,142	2,985	6,024	4,782	6,216	4,779
29 Middle Eastern oil-exporting countries[1]	27	0	4	4	4	5	7	11	15
30 Africa	60	28	28	28	28	33	48	52	38
31 Oil-exporting countries[2]	0	0	0	0	0	0	0	0	0
32 All other[3]	643	665	98	98	668	662	656	694	674
Commercial liabilities									
33 Europe	10,228	10,030	9,262	9,262	8,646	9,293	9,411	9,629	8,950
34 Belgium and Luxembourg	666	278	140	140	78	178	201	293	251
35 France	764	920	672	672	539	711	716	979	689
36 Germany	1,274	1,392	1,131	1,131	914	948	1,023	1,047	982
37 Netherlands	439	429	507	507	648	562	424	300	373
38 Switzerland	375	499	626	626	536	565	647	502	656
39 United Kingdom	4,086	3,697	3,071	3,071	2,661	2,982	2,951	2,847	2,619
40 Canada	1,175	1,390	1,775	1,775	2,024	2,053	1,889	1,933	1,627
41 Latin America and Caribbean	2,176	1,618	2,310	2,310	2,286	2,607	2,443	2,381	2,166
42 Bahamas	16	14	22	22	9	10	15	31	5
43 Bermuda	203	198	152	152	287	300	377	281	280
44 Brazil	220	152	145	145	115	119	167	114	239
45 British West Indies	12	10	48	48	23	22	19	76	64
46 Mexico	565	347	887	887	805	1,073	1,079	841	792
47 Venezuela	261	202	305	305	193	239	124	284	243
48 Asia	14,966	12,342	9,886	9,886	9,681	10,965	11,133	10,983	11,558
49 Japan	4,500	3,827	2,609	2,609	2,274	2,200	1,998	2,757	2,432
50 Middle Eastern oil-exporting countries[1]	3,111	2,852	2,551	2,551	2,308	3,489	3,706	2,832	3,359
51 Africa	874	794	950	950	943	950	1,220	948	1,072
52 Oil-exporting countries[2]	408	393	499	499	536	575	663	483	566
53 Other[3]	1,086	1,141	881	881	729	598	653	614	650

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

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

3. Includes nonmonetary international and regional organizations.

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

Millions of dollars, end of period

Type of claim, and area or country	1997	1998	1999	1999	2000				2001
				Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **Total**	**68,128**	**77,462**	**76,669**	**76,669**	**84,266**	**80,731**	**94,803**	**90,157**	**109,443**
2 Payable in dollars	62,173	72,171	69,170	69,170	74,331	72,300	82,872	79,558	96,230
3 Payable in foreign currencies	5,955	5,291	7,472	7,472	9,935	8,431	11,931	10,599	13,213
By type									
4 Financial claims	36,959	46,260	40,231	40,231	47,798	44,303	58,303	53,031	74,458
5 Deposits	22,909	30,199	18,566	18,566	23,316	17,462	30,928	23,374	29,119
6 Payable in dollars	21,060	28,549	16,373	16,373	21,442	15,361	27,974	21,015	26,944
7 Payable in foreign currencies	1,849	1,650	2,193	2,193	1,874	2,101	2,954	2,359	2,175
8 Other financial claims	14,050	16,061	21,665	21,665	24,482	26,841	27,375	29,657	45,339
9 Payable in dollars	11,806	14,049	18,593	18,593	19,659	22,384	20,541	25,142	37,480
10 Payable in foreign currencies	2,244	2,012	3,072	3,072	4,823	4,457	6,834	4,515	7,859
11 Commercial claims	31,169	31,202	36,438	36,438	36,468	36,428	36,500	37,126	34,985
12 Trade receivables	27,536	27,202	32,629	32,629	31,443	31,283	31,530	33,104	30,493
13 Advance payments and other claims	3,633	4,000	3,809	3,809	5,025	5,145	4,970	4,022	4,492
14 Payable in dollars	29,307	29,573	34,204	34,204	33,230	34,555	34,357	33,401	31,806
15 Payable in foreign currencies	1,862	1,629	2,207	2,207	3,238	1,873	2,143	3,725	3,179
By area or country									
Financial claims									
16 Europe	14,999	12,294	13,023	13,023	16,789	18,254	23,706	23,136	31,946
17 Belgium and Luxembourg	406	661	529	529	540	317	304	296	430
18 France	1,015	864	967	967	1,835	1,292	1,477	1,206	3,149
19 Germany	427	304	504	504	669	576	696	848	1,405
20 Netherlands	677	875	1,229	1,229	1,981	1,984	2,486	1,396	2,313
21 Switzerland	434	414	643	643	612	624	626	699	605
22 United Kingdom	10,337	7,766	7,561	7,561	9,044	11,668	16,191	15,900	21,070
23 Canada	3,313	2,503	2,553	2,553	3,175	5,799	7,517	4,576	4,854
24 Latin America and Caribbean	15,543	27,714	18,206	18,206	21,945	14,874	21,691	19,317	28,674
25 Bahamas	2,308	403	1,593	1,593	1,299	655	1,358	1,353	561
26 Bermuda	108	39	11	11	11	34	22	19	1,729
27 Brazil	1,313	835	1,476	1,476	1,646	1,666	1,568	1,827	1,564
28 British West Indies	10,462	24,388	12,099	12,099	15,814	7,751	15,722	12,596	16,366
29 Mexico	537	1,245	1,798	1,798	1,979	2,048	2,280	2,448	2,459
30 Venezuela	36	55	48	48	65	78	101	87	31
31 Asia	2,133	3,027	5,457	5,457	4,430	3,923	4,002	4,697	7,444
32 Japan	823	1,194	3,262	3,262	2,021	1,410	1,726	1,631	4,065
33 Middle Eastern oil-exporting countries[1]	11	9	23	23	29	42	85	80	70
34 Africa	319	159	286	286	232	320	284	411	423
35 Oil-exporting countries[2]	15	16	15	15	15	39	3	57	42
36 All other[3]	652	563	706	706	1,227	1,133	1,103	894	1,117
Commercial claims									
37 Europe	12,120	13,246	16,389	16,389	16,118	15,935	16,486	15,938	14,534
38 Belgium and Luxembourg	328	238	316	316	271	425	393	452	395
39 France	1,796	2,171	2,236	2,236	2,520	2,693	2,921	3,095	3,480
40 Germany	1,614	1,822	1,960	1,960	2,034	1,905	2,159	1,982	1,763
41 Netherlands	597	467	1,429	1,429	1,337	1,242	1,310	1,729	757
42 Switzerland	554	483	610	610	611	562	684	763	666
43 United Kingdom	3,660	4,769	5,827	5,827	5,354	4,937	5,193	4,502	4,031
44 Canada	2,660	2,617	2,757	2,757	3,088	3,250	2,953	3,502	3,393
45 Latin America and Caribbean	5,750	6,296	5,959	5,959	5,899	5,792	5,788	5,851	5,306
46 Bahamas	27	24	20	20	15	48	75	37	20
47 Bermuda	244	536	390	390	404	381	387	376	418
48 Brazil	1,162	1,024	905	905	849	894	981	957	1,057
49 British West Indies	109	104	181	181	95	51	55	137	131
50 Mexico	1,392	1,545	1,678	1,678	1,529	1,565	1,612	1,507	1,418
51 Venezuela	576	401	439	439	435	466	379	328	292
52 Asia	8,713	7,192	9,165	9,165	9,101	9,172	8,986	9,630	9,544
53 Japan	1,976	1,681	2,074	2,074	2,082	1,881	2,074	2,796	2,575
54 Middle Eastern oil-exporting countries[1]	1,107	1,135	1,625	1,625	1,533	1,241	1,199	1,024	966
55 Africa	680	711	631	631	716	766	895	672	773
56 Oil-exporting countries[2]	119	165	171	171	82	160	392	180	165
57 Other[3]	1,246	1,140	1,537	1,537	1,546	1,513	1,392	1,572	1,435

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

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

3. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1999	2000	2001 Jan.– May	2000 Nov.	2000 Dec.[r]	2001 Jan.[r]	2001 Feb.[r]	2001 Mar.[r]	2001 Apr.	2001 May[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	2,340,659	3,605,196	1,374,196	284,909	286,161	301,650	259,101	285,528	250,983	276,934
2 Foreign sales	2,233,137	3,430,306	1,307,937	275,855	275,034	277,706	249,423	277,473	243,731	259,604
3 Net purchases, or sales (−)	**107,522**	**174,890**	**66,259**	**9,054**	**11,127**	**23,944**	**9,678**	**8,055**	**7,252**	**17,330**
4 Foreign countries	**107,578**	**174,903**	**66,131**	**9,068**	**11,145**	**23,906**	**9,707**	**7,929**	**7,274**	**17,315**
5 Europe	98,060	164,656	47,524	7,485	10,779	12,329	13,713	7,983	3,694	9,805
6 France	3,813	5,727	3,596	408	40	243	1,869	1,041	105	338
7 Germany	13,410	31,752	4,995	988	777	2,380	1,217	174	199	1,025
8 Netherlands	8,083	4,915	6,060	323	1,691	2,206	1,379	790	1,112	573
9 Switzerland	5,650	11,960	2,669	−598	−684	70	775	1,237	139	448
10 United Kingdom	42,902	58,736	16,563	3,210	7,773	3,064	5,120	3,280	598	4,501
11 Channel Islands & Isle of Man[1]	n.a.	n.a.	−240	n.a.	n.a.	−13	−32	−110	−144	59
12 Canada	−335	5,956	6,617	1,477	1,468	1,490	468	2,464	1,567	628
13 Latin America and Caribbean	5,187	−17,812	−730	−2,979	−2,759	5,445	−4,927	−3,516	−1,168	3,436
14 Middle East[2]	−1,066	9,189	−77	340	277	−554	264	442	−56	−173
15 Other Asia	4,445	12,494	13,729	3,310	1,451	5,565	355	684	3,593	3,532
16 Japan	5,723	2,070	4,605	662	1,615	1,002	−672	512	2,675	1,088
17 Africa	372	415	−252	80	−45	−362	52	93	−44	9
18 Other countries	915	5	−680	−645	−26	−7	−218	−221	−312	78
19 Nonmonetary international and regional organizations	**−56**	**−11**	**128**	**−14**	**−18**	**38**	**−29**	**126**	**−22**	**15**
BONDS[3]										
20 Foreign purchases	854,692	1,208,386[r]	772,125	114,958[r]	119,125	138,294	147,852	170,098	149,181	166,700
21 Foreign sales	602,100	871,416[r]	584,896	77,596	90,143	111,327	108,792	124,000	111,631	129,146
22 Net purchases, or sales (−)	**252,592**	**336,970[r]**	**187,229**	**37,362[r]**	**28,982**	**26,967**	**39,060**	**46,098**	**37,550**	**37,554**
23 Foreign countries	**252,994**	**337,074[r]**	**187,030**	**37,496[r]**	**28,980**	**27,065**	**39,019**	**45,880**	**37,524**	**37,542**
24 Europe	140,674	180,917[r]	107,338	16,522	17,631	17,397	22,064	26,420	18,169	23,288
25 France	1,870	2,216	3,663	272	138	405	660	1,262	519	817
26 Germany	7,723	4,067	7,852	537	−78	2,450	1,352	911	1,639	1,500
27 Netherlands	2,446	1,130	1,720	183	275	664	496	92	−41	509
28 Switzerland	4,553	3,973[r]	3,775	483	−89	321	782	1,564	709	399
29 United Kingdom	106,344	141,223[r]	80,629	12,952	13,896	11,251	17,893	20,347	12,477	18,661
30 Channel Islands & Isle of Man[1]	0	0	426	0	0	107	118	101	318	−218
31 Canada	6,043	13,287	3,114	1,179	414	376	1,031	309	1,158	240
32 Latin America and Caribbean	58,783	59,444[r]	36,255	6,600	4,126	4,969	8,009	6,564	7,546	9,167
33 Middle East[1]	1,979	2,076	1,527	437	1,077	726	443	624	129	−395
34 Other Asia	42,817	78,794[r]	38,225	12,111[r]	5,685	3,514	7,162	11,683	10,329	5,412
35 Japan	17,541	39,356[r]	7,383	7,707[r]	3,082	910	914	5,570	344	−480
36 Africa	1,411	938	94	25	76	29	46	38	−33	14
37 Other countries	1,287	1,618	477	622	−29	54	264	242	101	−184
38 Nonmonetary international and regional organizations	**−402**	**−70**	**200**	**−134**	**2**	**−97**	**41**	**218**	**26**	**12**
	Foreign securities									
39 Stocks, net purchases, or sales (−)	15,640	−13,088[r]	−37,611	5,003[r]	−4,008	−3,664	−3,130	−14,940	−7,779	−8,098
40 Foreign purchases	1,177,303	1,802,185[r]	670,357	141,601[r]	135,417	148,111	130,974	134,166	121,060	136,046
41 Foreign sales	1,161,663	1,815,273[r]	707,968	136,598[r]	139,425	151,775	134,104	149,106	128,839	144,144
42 Bonds, net purchases, or sales (−)	−5,676	−4,054[r]	6,532	8,192[r]	−1,191	−1,448	1,994	−1,450	5,169	2,267
43 Foreign purchases	798,267	958,932[r]	539,124	94,817[r]	83,713	120,622	104,237	117,444	95,438	101,383
44 Foreign sales	803,943	962,986[r]	532,592	86,625[r]	84,904	122,070	102,243	118,894	90,269	99,116
45 Net purchases, or sales (−), of stocks and bonds	**9,964**	**−17,142[r]**	**−31,079**	**13,195[r]**	**−5,199**	**−5,112**	**−1,136**	**−16,390**	**−2,610**	**−5,831**
46 Foreign countries	**9,679**	**−17,278[r]**	**−30,656**	**12,956[r]**	**−4,780**	**−4,822**	**−1,175**	**−16,085**	**−2,598**	**−5,976**
47 Europe	59,247	−25,386[r]	−21,974	6,972[r]	−4,891	−5,421	−1,737	−13,650	3,637	−4,803
48 Canada	−999	−3,888[r]	2,723	569[r]	−1,363	766	1,588	844	−1,406	931
49 Latin America and Caribbean	−4,726	−15,688[r]	1,935	−767[r]	−241	775	808	17	−2,712	3,047
50 Asia	−42,961	24,488[r]	−11,917	5,612[r]	1,529	−1,184	−1,439	−3,384	−1,531	−4,379
51 Japan	−43,637	20,970[r]	−13,033	1,982[r]	1,628	57	−2,206	−4,026	−3,188	−3,670
52 Africa	710	943[r]	−97	−28	−5	−70	−15	24	96	−132
53 Other countries	−1,592	2,253[r]	−1,326	598[r]	191	312	−380	64	−682	−640
54 Nonmonetary international and regional organizations	**285**	**150**	**−422**	**239**	**−419**	**−289**	**39**	**−305**	**−12**	**145**

1. Before January 2001, these data were included in United Kingdom.
2. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Includes state and local government securities and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

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

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

Area or country	1999	2000	2001	2000		2001				
			Jan. - May	Nov.	Dec.	Jan	Feb.	Mar.	Apr.	May[p]
1 **Total estimated**	**−9,953**	**−54,032[r]**	**−7,749**	**−14,106**	**−9,789**	**−9,064**	**7,011**	**4,975**	**−13,747**	**3,076**
2 Foreign countries	−10,518	−53,571[r]	−7,304	−13,959	−9,904	−8,531	6,972	4,977	−13,553	2,831
3 Europe	−38,228	−50,704	−6,071	−10,991	−6,850	−5,000	−337	5,363	−5,599	−498
4 Belgium[2]	−81	73	−493	53	−96	164	0	−152	240	−216
5 Germany	2,285	−7,304	128	−2,185	−1,065	−873	−3,180	1,236	1,769	1,176
6 Luxembourg[2]	n.a.	n.a.	315	n.a	n.a.	411	9	−401	204	92
7 Netherlands	2,122	2,140	−5,907	264	−1,622	−793	2,808	−3,704	−2,488	−1,730
8 Sweden	1,699	1,082	−2,005	−104	328	218	−1,039	−993	195	−386
9 Switzerland	−1,761	−10,326	0	−301	64	755	161	−120	116	−912
10 United Kingdom	−20,232	−33,669	4,464	−6,035	−4,199	−2,695	937	9,838	−4,736	1,120
11 Channel Islands and Isle of Man[3]	n.a.	n.a.	16	n.a	n.a.	−98	−68	222	−31	−9
12 Other Europe and former U.S.S.R.	22,260	−2,700	−2,589	−2,683	−260	−2,089	564	−563	−868	367
13 Canada	7,348	−550[r]	−797	−1,173	−1,492	−2,067	−554	−169	1,248	745
14 Latin America and Caribbean	−7,523	−4,914	−101	−507	−245	2,407[r]	3,620[r]	827[r]	−7,095	140
15 Venezuela	362	1,288	280	251	300	227	292	−142	−148	51
16 Other Latin America and Caribbean	1,661	−11,581	8,908	−1,262	−1,746	3,261	4,279	3,009	−3,228	1,587
17 Netherlands Antilles	−9,546	5,379	−9,289	504	1,201	−1,081	−951	−2,040	−3,719	−1,498
18 Asia	29,359	1,639	−555	−1,289	−458	−4,641	4,387	−41	−2,964	2,704
19 Japan	20,102	10,580	3,502	4,445	−3,855	−4,261	1,468	−1,426	3,063	4,658
20 Africa	−3,021	−414	−94	−16	−44	−91	36	−60	27	−6
21 Other	1,547	1,372	314	17	−815	861	−180	−943	830	−254
22 Nonmonetary international and regional organizations	565	−461	−445	−147	115	−533	39	−2	−194	245
23 International	190	−483	−300	−146	24	−275	−194	−11	−213	393
24 Latin American Caribbean regional	666	76	28	−1	6	1	−4	10	25	−4
MEMO										
25 Foreign countries	−10,518	−53,571[r]	−7,304	−13,959	−9,904	−8,531	6,972	4,977	13,553	2,831
26 Official institutions	−9,861	−6,302	−4,985	−4,967	1,068	2,226	667	249	−9,040	950
27 Other foreign	−657	−47,269[r]	−2,356	−8,992	−10,972	−10,757	6,305	4,728	−4,513	1,881
Oil-exporting countries										
28 Middle East[4]	2,207	3,483	−2,638	−888	48	−176	−719	−1,240	−383	−120
29 Africa[5]	0	0	−3	0	0	−6	0	2	0	1

1. Official and private transactions in marketable U.S. Treasury securities having an original maturity of more than one year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Before January 2001, combined data reported for Belgium and Luxembourg.
3. Before January 2001, these data were included in United Kingdom.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.

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

Currency units per U.S. dollar except as noted

Item	1998	1999	2000	2001 Feb.	2001 Mar.	2001 Apr.	2001 May	2001 June	2001 July
	Exchange rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	62.91	64.54	58.15	53.38	50.31	50.16	51.99	51.80	50.89
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	2.0060	2.0955	2.1934	2.2926	2.3788	2.4731
5 Canada/dollar	1.4836	1.4858	1.4855	1.5216	1.5587	1.5578	1.5411	1.5245	1.5308
6 China, P.R./yuan	8.3008	8.2783	8.2784	8.2771	8.2775	8.2771	8.2770	8.2770	8.2769
7 Denmark/krone	6.7030	6.9900	8.0953	8.1103	8.2229	8.3657	8.5256	8.7397	8.6442
8 European Monetary Union/euro[3]	n.a.	1.0653	0.9232	0.9205	0.9083	0.8925	0.8753	0.8530	0.8615
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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Hong Kong/dollar	7.7467	7.7594	7.7924	7.7999	7.7999	7.7993	7.7999	7.7997	7.7999
14 India/rupee	41.36	43.13	45.00	46.56	46.65	46.79	46.95	47.04	47.18
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	116.23	121.51	123.77	121.77	122.35	124.50
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	9.711	9.599	9.328	9.148	9.088	9.168
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	43.45	41.82	40.69	42.18	41.41	40.81
22 Norway/krone	7.5521	7.8071	8.8131	8.9180	8.9859	9.0920	9.1380	9.3014	9.2566
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	1.7435	1.7732	1.8118	1.8141	1.8170	1.8233
25 South Africa/rand	5.5417	6.1191	6.9468	7.8214	7.8980	8.0783	7.9789	8.0595	8.2094
26 South Korea/won	1,400.40	1,189.84	1,130.90	1,252.85	1,291.41	1,327.76	1,298.90	1,295.05	1,305.24
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	87.136	85.730	88.205	90.848	90.371	90.314
29 Sweden/krona	7.9522	8.2740	9.1735	9.7518	10.0516	10.2035	10.3513	10.7930	10.7603
30 Switzerland/franc	1.4506	1.5045	1.6904	1.6686	1.6908	1.7131	1.7528	1.7856	1.7570
31 Taiwan/dollar	33.547	32.322	31.260	32.330	32.622	32.941	33.203	34.328	34.821
32 Thailand/baht	41.262	37.887	40.210	42.665	43.988	45.494	45.525	45.263	45.641
33 United Kingdom/pound[2]	165.73	161.72	151.56	145.25	144.45	143.48	142.65	140.20	141.48
34 Venezuela/bolivar	548.39	606.82	680.52	703.36	706.06	710.39	714.86	717.27	722.72
	Indexes[4]								
NOMINAL									
35 Broad (January 1997=100)[5]	116.48	116.87	119.93	123.77	125.91	126.97	126.77	127.58	128.07
36 Major currencies (March 1973=100)[6]	95.79	94.07	98.34	101.44	103.98	105.09	105.03	105.91	106.07
37 Other important trading partners (January 1997=100)[7]	126.03	129.94	130.26	134.52	135.56	136.30	135.92	136.43	137.37
REAL									
38 Broad (March 1973=100)[5]	99.53[r]	98.85[r]	102.52[r]	88.11[r]	89.69[r]	90.40[r]	90.39[r]	91.14[r]	91.63
39 Major currencies (March 1973=100)[6]	97.24[r]	96.67[r]	102.86[r]	107.29	109.93[r]	111.01[r]	110.82[r]	111.98[r]	112.44
40 Other important trading partners (March 1973=100)[7]	108.98[r]	108.10[r]	108.56[r]	72.96[r]	73.65[r]	74.06[r]	74.19[r]	74.59[r]	75.12

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*

4.34 RESIDENTIAL LENDING ACTIVITY OF FINANCIAL INSTITUTIONS COVERED BY HMDA, 1988–2000

Number

Item	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1 Loans or applications (millions)[2]	3.39	3.13	6.59	7.89	12.01	15.38	12.19	11.23	14.81	16.41	24.66	22.90	19.24
2 Reporting institutions	9,319	9,203	9,332	9,358	9,073	9,650	9,858	9,539	9,328	7,925	7,836	7,832	7,713
3 Disclosure reports	13,919	14,154	24,041	25,934	28,782	35,976	38,750	36,611	42,946	47,416	57,294	56,966	52,776

1. Before 1990, includes only home purchase, home refinancing, and home-improvement loans originated by covered institutions; beginning in 1990 (first year under revised reporting system), includes such loans originated and purchased, applications approved but not accepted by the applicant, applications denied or withdrawn, and applications closed because information was incomplete.

2. Revised from preliminary data published in Glenn B. Canner and Dolores S. Smith, "Home Mortgage Disclosure Act: Expanded Data on Residential Lending," *Federal Reserve Bulletin*, vol. 77 (November 1991), p. 861, to reflect corrections and the reporting of additional data.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.35 APPLICATIONS FOR HOME LOANS REPORTED UNDER HMDA, 2000
By Type of Dwelling, Purpose of Loan, and Loan Program

Thousands

Loan program	One- to four-family dwellings				Multifamily dwellings[1]	All
	Home purchase	Home refinancing	Home improvement	All		
1 FHA	1,087.1	99.5	92.5	1,279.1	1.3	1,280.4
2 VA	209.6	11.2	*	221.2	*	221.3
3 FSA/RHS	22.1	.9	*	23.1	*	23.1
4 Conventional	6,947.8	6,409.8	1,914.5	15,272.1	37.3	15,309.4
5 Total	**8,266.5**	**6,521.3**	**2,007.6**	**16,795.4**	**38.8**	**16,834.2**

*Fewer than 500.

1. Multifamily dwellings are those for five or more families.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.36 HOME LOANS ORIGINATED BY LENDERS REPORTED UNDER HMDA, 2000
By Type of Dwelling, Purpose of Loan, and Type of Lender

Percent

Type of lender	One- to four-family dwellings								Multifamily dwellings[1]	All
	Home purchase					Home refinancing	Home improvement	All		
	FHA-insured	VA-guaranteed	FSA/RHS	Conventional	All					
1 Commercial bank	9.0	11.6	15.4	26.3	22.9	34.9	64.8	31.1	53.7	31.2
2 Savings association	4.3	4.6	4.8	14.2	12.2	11.9	8.5	11.7	32.9	11.8
3 Credit union	.2	2.3	.4	2.2	1.8	3.5	15.0	3.8	.4	3.8
4 Mortgage company[2]	86.6	81.5	79.4	57.4	63.1	49.7	11.7	53.4	13.1	53.3
5 Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
MEMO *Distribution of loans*										
6 Number	786,989	165,145	16,315	3,814,508	4,782,957	2,433,619	893,097	8,109,673	27,846	8,137,519
7 Percent	9.7	2.0	.2	46.9	58.8	29.9	11.0	99.7	.3	100.0

*Less than .05 percent.

1. Multifamily dwellings are those for five or more families.

2. Comprises all covered mortgage companies, including those affiliated with a commercial bank, savings association, or credit union.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.37 APPLICATIONS FOR LOANS FOR ONE- TO FOUR-FAMILY HOMES REPORTED UNDER HMDA, 2000
By Purpose of Loan and Characteristics of Applicant and Census Tract

Characteristic	Home purchase						Home refinancing		Home improvement	
	Government-backed			Conventional						
	Number	Percent	MEMO Percentage of characteristic's home purchase loans	Number	Percent	MEMO Percentage of characteristic's home purchase loans	Number	Percent	Number	Percent
APPLICANT										
Racial/ethnic identity										
1 American Indian or Alaskan Native ...	7,454	.6	13.5	47.799	.8	86.5	21,184	.6	7,936	.6
2 Asian or Pacific Islander	20,906	1.7	8.5	223,773	3.8	91.5	95,747	2.5	24,299	2.0
3 Black	186,817	15.6	26.5	518,275	8.9	73.5	495,314	12.9	149,040	12.2
4 Hispanic	205,480	17.1	30.9	460.171	7.9	69.1	310,589	8.1	115,855	9.4
5 White	732,875	61.0	14.3	4,388,618	75.0	85.7	2,779,186	72.5	893,461	72.9
6 Other	13,170	1.1	12.6	91,235	1.6	87.4	64,978	1.7	11,897	1.0
7 All	34,276	2.9	21.5	124,844	2.1	78.5	66,396	1.7	23,935	2.0
8 **Total**	**1,200,978**	**100.0**	**17.0**	**5,854,715**	**100.0**	**83.0**	**3,833,394**	**100.0**	**1,226,423**	**100.0**
Income (percentage of MSA median)[2]										
9 Less than 50	142,472	12.6	20.2	562,068	11.2	79.8	697,289	14.9	231,532	14.6
10 50–79	385,395	34.2	26.9	1.046,000	20.9	73.1	1,151,623	24.6	365,830	23.0
11 80–99	228,968	20.3	25.9	656,582	13.1	74.1	705,037	15.1	234,603	14.7
12 100–119	154,473	13.7	21.4	568,380	11.4	78.6	566,507	12.1	196,545	12.4
13 120 or more	215,686	19.1	9.1	2,166,658	43.3	90.9	1,560,486	33.3	562,750	35.4
14 **Total**	**1,126,994**	**100.0**	**18.4**	**4,999,688**	**100.0**	**81.6**	**4,680,942**	**100.0**	**1,591,260**	**100.0**
CENSUS TRACT										
Racial/ethnic composition (minorities as percentage of population)										
15 Less than 10	416,921	37.4	14.7	2,411,340	47.4	85.3	2,300,149	44.6	774,994	48.0
16 10–19	253,080	22.7	18.5	1.118,241	22.0	81.5	944,410	18.3	300,773	18.6
17 20–49	282,407	25.3	21.9	1,005,748	19.8	78.1	981,107	19.0	285,241	17.7
18 50–79	93,300	8.4	22.3	324,980	6.4	77.7	433,924	8.4	115,945	7.2
19 80–100	70.340	6.3	23.9	223,384	4.4	76.1	494,052	9.6	138,128	8.6
20 **Total**	**1,116,048**	**100.0**	**18.0**	**5,083,693**	**100.0**	**82.0**	**5,153,642**	**100.0**	**1,615,081**	**100.0**
Income[3]										
21 Low	24,627	2.2	17.5	116,340	2.3	82.5	207,731	4.0	60,449	3.7
22 Moderate	191,963	17.0	22.2	671,843	13.2	77.8	928,179	17.9	278,780	16.9
23 Middle	656,944	58.1	20.5	2,553,333	50.1	79.5	2,748,929	53.0	874,191	53.1
24 Upper	257,774	22.8	12.8	1,755,937	34.4	87.2	1,301,731	25.1	432,953	26.3
25 **Total**	**1,131,308**	**100.0**	**18.2**	**5,097,453**	**100.0**	**81.8**	**5,186,570**	**100.0**	**1,646,373**	**100.0**
Location[4]										
26 Central city	513,252	44.8	20.0	2,053,454	39.7	80.0	2,208,142	41.9	690,645	41.3
27 Non–central city	633,644	55.2	16.9	3,118,740	60.3	83.1	3,056,383	58.1	983,579	58.7
28 **Total**	**1,146,896**	**100.0**	**18.1**	**5,172,194**	**100.0**	**81.9**	**5,264,525**	**100.0**	**1,674,224**	**100.0**

NOTE. Lenders reported 16,842,555 applications for home loans in 2000. Not all characteristics were reported for all applications; thus, the number of applications being distributed by characteristic varies by characteristic.

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, or the Farmers Home Administration.

2. Median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

3. Census tracts are categorized by the median family income for the tract relative to the median family income for the MSA in which the tract is located. Categories are defined as follows: *Low income*, median family income for census tract less than 50 percent of median family income for MSA; *Moderate income*, median family income for census tract at least 50 and less than 80 percent of MSA median; *Middle income*, median family income at least 80 percent and less than 120 percent of MSA median; *Upper income*, median family income 120 percent and greater of MSA median.

4. For census tracts located in MSAs.

SOURCE. FFIEC, Home Mortgage Disclosure Act

4.38 APPLICATIONS FOR LOANS FOR ONE- TO FOUR-FAMILY HOMES REPORTED UNDER HMDA, 2000
By Purpose of Loan, with Denial Rate, and by Characteristic of Applicant

Applicant characteristic[1]	Home purchase				Home refinancing		Home improvement	
	Government-backed[2]		Conventional					
	Distribution	Denial rate	Distribution	Denial rate	Distribution	Denial rate	Distribution	Denial rate
American Indian or Alaskan Native								
1 One male	35.50	15.70	33.90	40.30	35.10	32.30	35.40	35.30
2 Two males	1.90	12.60	6.60	12.30	3.00	22.20	3.70	17.00
3 One female	27.60	17.00	28.90	48.40	27.60	29.70	28.00	36.90
4 Two females	2.00	22.20	2.90	43.40	1.50	27.40	1.90	32.90
5 One male and one female	33.10	16.00	27.80	44.60	32.80	28.60	31.00	28.60
6 **Total**[3]	**100.00**	**14.00**	**100.00**	**41.80**	**100.00**	**30.00**	**100.00**	**33.00**
Asian or Pacific Islander								
7 One male	25.80	9.80	25.80	14.30	22.70	25.70	26.40	33.60
8 Two males	4.30	8.90	2.20	14.70	1.50	21.60	2.30	21.50
9 One female	17.50	12.00	18.20	15.30	20.00	24.10	19.70	33.30
10 Two females	2.80	9.80	1.50	14.00	1.20	24.50	1.50	33.30
11 One male and one female	49.70	9.30	52.10	10.20	54.60	20.00	50.10	22.30
12 **Total**[3]	**100.00**	**9.80**	**100.00**	**12.40**	**100.00**	**22.20**	**100.00**	**27.60**
Black								
13 One male	28.40	15.00	31.10	43.60	28.40	34.80	28.30	44.70
14 Two males	1.10	14.50	1.30	40.10	1.30	24.20	1.10	38.70
15 One female	38.20	15.50	39.60	47.40	37.00	33.90	40.60	45.90
16 Two females	2.70	17.90	2.70	55.70	1.80	33.00	2.00	47.60
17 One male and one female	29.60	15.50	25.30	40.10	31.60	32.40	28.10	42.60
18 **Total**[3]	**100.00**	**15.40**	**100.00**	**44.60**	**100.00**	**33.60**	**100.00**	**44.60**
Hispanic								
19 One male	28.60	11.20	34.90	34.50	26.20	29.90	34.70	44.80
20 Two males	6.70	10.00	3.20	34.30	2.20	27.70	1.70	39.50
21 One female	14.70	11.90	19.80	33.00	19.00	27.40	23.00	45.00
22 Two females	2.50	12.00	1.80	37.90	1.50	27.50	1.20	41.70
23 One male and one female	47.50	10.60	40.20	27.20	51.00	25.40	39.40	37.90
24 **Total**[3]	**100.00**	**11.00**	**100.00**	**31.40**	**100.00**	**27.10**	**100.00**	**42.00**
White								
25 One male	29.00	10.60	27.10	27.00	25.70	24.50	24.50	25.90
26 Two males	1.80	9.20	1.60	23.20	1.50	17.70	1.10	22.70
27 One female	18.60	10.80	19.60	27.70	18.20	22.90	18.90	25.90
28 Two females	1.40	10.40	1.20	31.50	.90	21.70	1.00	31.20
29 One male and one female	49.30	8.90	50.40	17.40	53.70	18.90	54.50	17.80
30 **Total**[3]	**100.00**	**9.80**	**100.00**	**22.30**	**100.00**	**21.10**	**100.00**	**21.50**
All								
31 One male	28.80	11.40	28.10	29.10	26.10	26.50	26.10	31.10
32 Two males	2.60	9.90	1.70	25.20	1.50	19.80	1.20	26.50
33 One female	21.10	12.40	21.50	31.30	20.90	25.90	22.10	32.70
34 Two females	1.90	12.60	1.40	35.80	1.10	25.00	1.20	35.80
35 One male and one female	45.70	9.90	47.20	19.00	50.40	20.70	49.50	21.20
36 **Total**[3]	**100.00**	**10.90**	**100.00**	**24.90**	**100.00**	**23.30**	**100.00**	**26.60**

1. Applicants are categorized by race of first applicant listed on Loan Application Register, except for joint white and minority applications, which are not shown in this table.

2. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, or the Farmers Home Administration.

3. Includes all applicants from racial or ethnic group regardless of whether gender was reported.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.39 APPLICATIONS FOR HOME LOANS REPORTED UNDER HMDA, 2000 By Loan Program and Size of Dwelling

Percent

Type of loan program	One- to four-family dwellings											
	Home purchase						Home refinancing					
	Approved and accepted	Approved but not accepted	Denied	Withdrawn	File closed	Total	Approved and accepted	Approved but not accepted	Denied	Withdrawn	File closed	Total
1 FHA	72.4	6.0	11.1	8.7	1.7	100	58.3	7.1	15.0	14.7	4.8	100
2 VA	78.8	3.6	7.9	8.3	1.5	100	62.7	6.9	13.6	11.6	5.1	100
3 FSA/RHS	73.8	2.4	13.7	8.7	1.4	100	42.7	4.7	23.3	27.9	1.4	100
4 Conventional	54.9	9.6	26.7	7.0	1.8	100	36.9	10.0	31.3	16.6	5.2	100
5 All	57.9	9.0	24.1	7.3	1.8	100	37.3	9.9	31.0	16.5	5.2	100

Type of loan program	One- to four-family dwellings						Multifamily dwellings[1]					
	Home improvement											
	Approved and accepted	Approved but not accepted	Denied	Withdrawn	File closed	Total	Approved and accepted	Approved but not accepted	Denied	Withdrawn	File closed	Total
1 FHA	12.3	13.2	67.9	6.5	.1	100	55.2	3.6	31.9	5.7	3.6	100
2 VA	54.3	12.1	22.7	9.7	1.2	100	56.9	*	20.7	17.2	5.2	100
3 FSA/RHS	61.2	8.7	23.3	6.8	*	100	80.0	*	10.0	10.0	*	100
4 Conventional	46.0	14.0	33.3	5.8	.9	100	72.4	2.6	12.7	8.6	3.6	100
5 All	44.5	13.9	34.9	5.9	.9	100	71.8	2.6	13.4	8.6	3.6	100

NOTE. Loans *approved and accepted* were approved by the lender and accepted by the applicant. Loans *approved but not accepted* were approved by the lender but not accepted by the applicant. Applications denied were denied by the lender, and applications *withdrawn* were withdrawn by the applicant. When an application was left incomplete by the applicant, the lender reported *file closed* and took no further action.

*Less than .05 percent.

1. Multifamily dwellings are those for five or more families.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.40 APPLICATIONS FOR ONE- TO FOUR-FAMILY HOME LOANS REPORTED UNDER HMDA, 2000

By Disposition of Loan and Characteristics of Applicant and Census Tract

A. Home Purchase Loans

Percent

Characteristic	Government-backed[1]					Conventional				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
APPLICANT										
Racial or ethnic identity										
1 American Indian or Alaskan Native	75.1	14.0	8.9	1.9	100	51.3	41.8	5.4	1.5	100
2 Asian or Pacific Islander	79.9	9.8	8.6	1.8	100	77.2	12.4	8.1	2.3	100
3 Black	73.7	15.4	8.9	2.0	100	44.8	44.6	8.0	2.6	100
4 Hispanic	77.8	11.0	9.1	2.2	100	58.6	31.4	7.5	2.4	100
5 White	81.5	9.8	7.4	1.4	100	70.1	22.3	6.1	1.4	100
6 Other	70.9	11.5	11.8	5.8	100	58.7	31.8	7.6	1.9	100
7 Joint[2]	81.8	9.3	7.5	1.3	100	70.4	21.0	6.9	1.7	100
Income ratio (percentage of MSA median)[3]										
8 Less than 50	73.2	16.2	8.6	2.0	100	49.3	43.1	5.9	1.6	100
9 American Indian or Alaskan Native	69.9	17.5	9.8	2.8	100	56.7	36.7	4.9	1.7	100
10 Asian or Pacific Islander	74.0	15.3	8.7	2.0	100	69.3	20.0	8.1	2.6	100
11 Black	70.0	18.8	8.9	2.3	100	44.3	45.3	7.5	2.8	100
12 Hispanic	75.0	14.3	8.4	2.2	100	53.3	38.2	6.3	2.2	100
13 White	74.8	15.9	7.6	1.7	100	56.1	37.7	4.9	1.2	100
14 Other	68.5	17.0	10.3	4.3	100	47.1	43.9	6.9	2.1	100
15 Joint[2]	69.3	19.5	8.4	2.8	100	52.5	39.9	5.8	1.7	100
16 50–79	80.9	10.1	7.4	1.6	100	64.2	27.4	6.5	1.9	100
17 American Indian or Alaskan Native	79.8	10.9	7.7	1.6	100	61.7	31.0	5.2	2.2	100
18 Asian or Pacific Islander	80.6	9.9	7.6	1.9	100	77.3	13.3	7.3	2.1	100
19 Black	77.1	13.2	7.9	1.8	100	52.9	35.0	8.6	3.5	100
20 Hispanic	80.1	10.6	7.4	2.0	100	61.2	29.3	7.0	2.5	100
21 White	83.1	9.1	6.5	1.3	100	70.9	22.0	5.6	1.5	100
22 Other	75.9	10.2	8.5	5.4	100	63.3	27.4	7.2	2.1	100
23 Joint[2]	80.5	10.9	7.2	1.4	100	62.9	28.8	6.7	1.6	100
24 80–119	83.2	8.1	7.3	1.4	100	73.0	18.0	7.0	2.0	100
25 American Indian or Alaskan Native	83.4	8.4	6.9	1.3	100	67.8	22.8	7.2	2.2	100
26 Asian or Pacific Islander	82.8	7.7	8.1	1.4	100	78.5	11.4	7.7	2.4	100
27 Black	78.5	11.7	8.1	1.8	100	58.1	29.0	9.4	3.5	100
28 Hispanic	80.3	9.9	7.9	1.9	100	65.7	23.5	8.1	2.7	100
29 White	85.8	7.0	6.1	1.2	100	78.4	14.0	6.0	1.6	100
30 Other	59.4	7.9	8.7	4.3	100	18.6	5.1	2.2	.6	100
31 Joint[2]	84.4	7.9	6.6	1.1	100	73.4	18.0	6.8	1.8	100
32 120 or more	83.1	7.1	8.1	1.7	100	80.6	10.4	7.0	1.9	100
33 American Indian or Alaskan Native	82.8	8.3	7.5	1.5	100	74.5	15.1	8.3	2.1	100
34 Asian or Pacific Islander	81.2	8.5	8.6	1.8	100	80.0	10.0	7.7	2.3	100
35 Black	78.4	11.0	8.7	2.0	100	65.3	22.0	9.6	3.1	100
36 Hispanic	78.2	8.6	10.4	2.8	100	72.3	16.1	8.6	3.1	100
37 White	86.2	6.2	6.3	1.3	100	84.0	8.4	6.1	1.6	100
38 Other	72.5	9.2	12.2	6.1	100	76.0	12.9	8.8	2.4	100
39 Joint[2]	85.2	6.9	6.9	1.0	100	82.0	9.4	6.8	1.7	100
CENSUS TRACT										
Racial or ethnic composition (minorities as percentage of population)										
40 Less than 10	83.5	8.6	6.7	1.3	100	75.4	17.0	6.2	1.5	100
41 10–19	82.0	8.9	7.6	1.5	100	72.7	18.0	7.3	2.0	100
42 20–49	79.9	9.9	8.5	1.7	100	67.7	22.0	8.0	2.3	100
43 50–79	75.7	12.3	9.7	2.2	100	62.3	26.3	8.7	2.8	100
44 80–100	72.4	14.1	10.8	2.7	100	54.4	32.2	10.2	3.2	100
Income[4]										
45 Low	71.1	15.2	10.9	2.8	100	54.1	33.4	9.5	3.0	100
46 Moderate	77.5	11.9	8.6	2.0	100	60.5	29.6	7.8	2.2	100
47 Middle	81.5	9.4	7.6	1.5	100	70.0	21.3	6.9	1.8	100
48 Upper	82.6	7.9	7.9	1.5	100	79.2	11.8	7.1	1.9	100
Location[5]										
49 Central city	79.8	10.2	8.3	1.7	100	69.5	20.9	7.5	2.1	100
50 Non-central city	81.5	141.2	78.0	25.4	100	72.7	18.6	6.9	1.8	100

4.40 APPLICATIONS FOR ONE- TO FOUR-FAMILY HOME LOANS REPORTED UNDER HMDA, 2000
By Disposition of Loan and Characteristics of Applicant and Census Tract—Continued

B. Home Refinancing and Home Improvement Loans

Percent

Characteristic	Home refinancing: Approved	Home refinancing: Denied	Home refinancing: Withdrawn	Home refinancing: File closed	Home refinancing: Total	Home improvement: Approved	Home improvement: Denied	Home improvement: Withdrawn	Home improvement: File closed	Home improvement: Total
APPLICANT										
Racial or ethnic identity										
1 American Indian or Alaskan Native	48.7	30.0	12.7	8.7	100	62.0	33.0	4.3	.7	100
2 Asian or Pacific Islander	57.8	22.2	11.5	8.4	100	66.5	27.6	4.5	1.4	100
3 Black	44.5	33.6	12.7	9.2	100	52.0	44.6	3.1	4	100
4 Hispanic	51.5	27.1	12.7	8.7	100	53.7	42.0	3.4	.9	100
5 White	62.3	21.1	10.9	5.7	100	74.8	21.5	3.3	.4	100
6 Other	36.7	35.5	24.6	3.3	100	59.7	33.5	5.9	.9	100
7 Joint[2]	61.8	21.8	10.6	5.8	100	71.8	24.2	3.5	.5	100
Income ratio (percentage of MSA median)[3]										
8 Less than 50	38.9	37.9	16.3	7.0	100	44.6	50.3	4.5	.6	100
9 American Indian or Alaskan Native	37.6	35.1	15.3	12.0	100	52.6	43.1	3.4	.9	100
10 Asian or Pacific Islander	41.5	28.2	16.2	14.2	100	50.1	44.6	4.6	.7	100
11 Black	39.9	36.2	12.9	11.0	100	47.1	49.6	2.9	.3	100
12 Hispanic	40.2	33.2	14.4	12.3	100	42.6	54.0	2.9	.5	100
13 White	50.4	27.6	13.3	8.6	100	62.7	33.7	3.3	.3	100
14 Other	20.0	46.5	31.1	2.5	100	44.3	49.5	5.5	.6	100
15 Joint[2]	47.0	29.5	13.8	9.6	100	53.0	43.1	3.4	.4	100
16 50–79	46.4	31.9	15.3	6.3	100	52.6	41.7	4.9	.7	100
17 American Indian or Alaskan Native	47.0	29.4	12.6	11.0	100	60.1	34.3	4.7	.9	100
18 Asian or Pacific Islander	51.0	24.4	13.8	10.7	100	58.4	35.8	4.5	1.3	100
19 Black	43.4	33.9	12.7	10.1	100	50.2	46.5	3.0	.4	100
20 Hispanic	47.5	29.5	13.0	10.1	100	48.7	47.5	3.2	.6	100
21 White	57.6	23.3	11.8	7.3	100	69.3	27.1	3.2	.4	100
22 Other	30.7	39.8	26.2	3.3	100	51.3	41.7	6.3	.7	100
23 Joint[2]	53.3	26.5	11.9	8.3	100	60.7	34.8	4.1	.5	100
24 80–119	51.8	28.1	14.4	5.7	100	61.0	32.9	5.3	8	100
25 American Indian or Alaskan Native	50.0	29.2	11.4	9.4	100	66.3	29.0	4.3	4	100
26 Asian or Pacific Islander	56.7	22.9	11.8	8.6	100	67.3	27.2	4.3	1.2	100
27 Black	45.6	32.8	12.3	9.3	100	54.9	41.8	2.8	.4	100
28 Hispanic	50.1	28.1	12.4	9.4	100	55.2	40.8	3.2	7	100
29 White	62.2	20.5	10.9	6.4	100	75.3	21.0	3.2	.5	100
30 Other	3.3	3.0	1.7	.3	100	2.5	1.3	.2	.0	100
31 Joint[2]	59.5	22.8	10.8	6.9	100	68.9	27.3	3.3	.4	100
32 120 or more	60.1	22.6	12.5	4.7	100	69.6	23.4	5.9	1.1	100
33 American Indian or Alaskan Native	54.1	26.4	12.0	7.6	100	72.0	22.5	4.5	1.1	100
34 Asian or Pacific Islander	63.7	20.6	9.6	6.1	100	72.8	21.1	4.3	1.8	100
35 Black	49.8	30.7	11.5	8.1	100	60.9	35.6	3.0	.5	100
36 Hispanic	58.9	22.5	11.3	7.3	100	61.8	33.1	3.5	1.6	100
37 White	69.0	17.2	9.1	4.7	100	81.4	14.6	3.4	.5	100
38 Other	52.3	27.5	16.3	3.9	100	70.7	23.6	4.5	1.3	100
39 Joint[2]	66.9	18.9	9.4	4.7	100	77.3	18.7	3.5	.5	100
CENSUS TRACT										
Racial or ethnic composition (minorities as percentage of population)										
40 Less than 10	52.3	27.5	15.5	4.7	100	65.1	28.1	5.9	.8	100
41 10–19	48.6	29.7	16.4	5.4	100	59.3	33.4	6.2	1.0	100
42 20–49	44.1	33.1	17.0	5.9	100	52.7	40.3	6.0	1.0	100
43 50–79	40.4	35.1	17.4	7.0	100	46.2	46.9	6.0	.9	100
44 80–100	37.3	37.5	18.0	7.2	100	42.5	51.0	5.6	.8	100
Income[4]										
45 Low	38.5	38.1	17.1	6.2	100	42.0	51.8	5.4	.8	100
46 Moderate	41.7	35.3	17.0	6.0	100	48.2	45.6	5.4	7	100
47 Middle	47.4	30.7	16.5	5.4	100	58.7	34.7	5.7	.8	100
48 Upper	54.3	25.2	15.4	5.1	100	65.9	26.4	6.5	1.2	100
Location[5]										
49 Central city	45.7	32.0	16.5	5.7	100	54.6	39.0	5.6	.8	100
50 Non–central city	49.3	29.3	16.2	5.3	100	60.8	32.2	6.0	.9	100

NOTE. Applicant income ratio is applicant income as a percentage of MSA median. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, or the Farmers Home Administration.

2. White and minority.

3. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

4. Census tracts are categorized by the median family income for the tract relative to the median family income for the MSA in which the tract is located. Categories are defined as follows. *Low income*, median family income for census tract less than 50 percent of median family income for MSA; *Moderate income*, median family income for census tract at least 50 and less than 80 percent of MSA median; *Middle income*, median family income at least 80 percent and less than 120 percent of MSA median; *Upper income*, median family income 120 percent and greater of MSA median.

5. For census tracts located in MSAs.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.41 HOME LOANS SOLD, 2000 By Purchaser and Characteristics of Borrower and Census Tract

Characteristic	Fannie Mae		Ginnie Mae		Freddie Mac		FAMC		Commercial bank	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 All	1,361,352	100.0	842,847	100.0	838,712	100.0	656	100.0	192,974	100.0
BORROWER										
Racial or ethnic identity										
2 American Indian or Alaskan Native	3,279	3	2,301	.4	1,845	.3	2	3	488	.3
3 Asian or Pacific Islander	43,277	4.3	10,219	1.8	26,594	3.8	7	1 1	4,982	3.3
4 Black	43,066	4.3	83,209	14.3	24,902	3.5	139	21.7	15,202	10.1
5 Hispanic	62,541	6.2	99,287	17.1	40,182	5.7	101	15.7	15,138	10.0
6 White	819,517	81.6	361,933	62.4	588,758	83.6	375	58.4	110,460	73.0
7 Other	11,129	1 1	5,487	.9	7,588	1.1	6	.9	1,793	1.2
8 Joint	21,914	2.2	17,672	3.0	14,738	2.1	12	1.9	3,199	2.1
9 **Total**	**1,004,723**	**100.0**	**580,108**	**100.0**	**704,607**	**100.0**	**642**	**100.0**	**151,262**	**100.0**
Income ratio (percentage of MSA median)										
10 Less than 50	69,676	7.2	58,109	10.3	42,812	6.5	37	8.5	12,324	8.0
11 50–79	191,113	19.8	187,516	33.2	126,455	19.2	132	30.4	33,391	21.8
12 80–99	145,578	15.1	121,210	21.4	97,447	14.8	85	19.6	22,527	14.7
13 100–119	134,756	13.9	83,948	14.9	91,110	13.8	63	14.5	19,252	12.6
14 120 or more	425,217	44.0	114,487	20.3	301,294	45.7	117	27.0	65,825	42.9
15 **Total**	**966,340**	**100.0**	**565,270**	**100.0**	**659,118**	**100.0**	**434**	**100.0**	**153,319**	**100.0**
CENSUS TRACT										
Racial or ethnic composition (minorities as percentage of population)										
16 Less than 10	620,960	52.5	289,421	38.2	406,224	56.7	220	44.3	77,721	46.7
17 10–19	258,968	21.9	174,222	23.0	151,982	21.2	65	13.1	36,978	22.2
18 20–49	206,983	17.5	188,282	24.9	114,000	15.9	57	11.5	32,318	19.4
19 50–79	59,784	5.1	59,567	7.9	29,299	4.1	36	7.2	10,654	6.4
20 80–100	35,103	3.0	45,993	6.1	15,548	2.2	119	23.9	8,685	5.2
21 **Total**	**1,181,798**	**100.0**	**757,485**	**100.0**	**717,053**	**100.0**	**497**	**100.0**	**166,356**	**100.0**
Income										
22 Low	15,475	1.3	14,238	1.9	7,693	1.1	21	4.2	3,435	2.0
23 Moderate	114,573	9.7	119,685	15.7	63,180	8.8	60	12.1	22,474	13.2
24 Middle	604,755	51.1	450,320	59.0	369,036	51.4	325	65.4	83,887	49.3
25 Upper	448,951	37.9	178,459	23.4	278,460	38.8	91	18.3	60,210	35.4
26 **Total**	**1,183,754**	**100.0**	**762,702**	**100.0**	**718,369**	**100.0**	**497**	**100.0**	**170,006**	**100.0**
Location										
27 Central city	443,327	37.4	327,756	43.0	261,067	36.3	209	41.2	65,642	38.6
28 Non–central city	741,195	62.6	435,241	57.0	457,692	63.7	298	58.8	104,490	61.4
29 **Total**	**1,184,522**	**100.0**	**762,997**	**100.0**	**718,759**	**100.0**	**507**	**100.0**	**170,132**	**100.0**

4.41 HOME LOANS SOLD, 2000 By Purchaser and Characteristics of Borrower and Census Tract—Continued

Characteristic	Savings bank or savings and loan association		Life insurance company		Affiliate		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
30 All	96,101	100.0	1,508	100.0	646,751	100.0	1,958,194	100.0
BORROWER								
Racial or ethnic identity								
31 American Indian or Alaskan Native	315	.4	2	.1	1,953	.4	9,623	.6
32 Asian or Pacific Islander	4,686	5.6	18	1.2	21,346	4.2	47,707	3.2
33 Black	5,607	6.7	69	4.8	40,308	7.9	156,024	10.5
34 Hispanic	5,669	6.8	45	3.1	50,770	9.9	148,842	10.0
35 White	64,729	77.1	1,275	88.2	378,251	74.1	1,064,466	71.9
36 Other	777	.9	10	.7	6,037	1.2	18,290	1.2
37 Joint	2,123	2.5	27	1.9	11,649	2.3	36,250	2.4
38 **Total**	**83,906**	**100.0**	**1,446**	**100.0**	**510,314**	**100.0**	**1,481,202**	**100.0**
Income ratio (percentage of MSA median)[1]								
39 Less than 50	4,742	5.7	77	6.0	40,864	8.1	149,982	10.4
40 50–79	14,130	16.9	293	23.0	102,580	20.4	346,970	24.1
41 80–99	11,945	14.3	205	16.1	67,298	13.4	225,335	15.6
42 100–119	11,507	13.8	165	13.0	56,210	11.2	181,494	12.6
43 120 or more	41,290	49.4	533	41.9	235,744	46.9	538,016	37.3
44 **Total**	**83,614**	**100.0**	**1,273**	**100.0**	**502,696**	**100.0**	**1,441,797**	**100.0**
CENSUS TRACT								
Racial or ethnic composition (minorities as percentage of population)								
45 Less than 10	40,295	46.1	988	75.9	249,997	45.1	699,299	41.7
46 10–19	19,456	22.3	159	12.2	127,051	22.9	373,531	22.3
47 20–49	17,838	20.4	101	7.8	113,662	20.5	376,067	22.4
48 50–79	5,946	6.8	26	2.0	36,193	6.5	126,131	7.5
49 80–100	3,902	4.5	27	2.1	27,928	5.0	102,306	6.1
50 **Total**	**87,437**	**100.0**	**1,301**	**100.0**	**554,831**	**100.0**	**1,677,334**	**100.0**
Income[2]								
51 Low	1,700	1.9	29	2.2	13,137	2.3	43,327	2.6
52 Moderate	9,950	11.4	122	9.4	73,277	12.9	245,204	14.6
53 Middle	42,579	48.7	779	59.9	269,291	47.3	869,328	51.8
54 Upper	33,143	37.9	371	28.5	213,829	37.5	519,946	31.0
55 **Total**	**87,372**	**100.0**	**1,301**	**100.0**	**569,534**	**100.0**	**1,677,805**	**100.0**
Location								
56 Central city	33,360	38.1	491	37.7	229,234	40.2	707,931	42.1
57 Non-central city	54,104	61.9	810	62.3	340,707	59.8	971,721	57.9
58 **Total**	**87,464**	**100.0**	**1,301**	**100.0**	**569,941**	**100.0**	**1,679,652**	**100.0**

NOTE. Includes securitized loans. See also notes to table 4.40.
Fannie Mae—Federal National Mortgage Association
Ginnie Mae—Government National Mortgage Association
Freddie Mac—Federal Home Loan Mortgage Corporation
FmHA—Farmers Home Administration
Affiliate—Affiliate of institution reporting the loan

1. Median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. Census tracts are categorized by the median family income for the tract relative to the median family income for the MSA in which the tract is located. Categories are defined as follows: *Low income*, median family income for census tract less than 50 percent of median family income for MSA; *Moderate income*, median family income for census tract at least 50 and less than 80 percent of MSA median; *Middle income*, median family income at least 80 percent and less than 120 percent of MSA median; *Upper income*, median family income 120 percent and greater of MSA median.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.411 LENDER SHARE AND DOLLAR VOLUME OF RESIDENTIAL-MORTGAGE ORIGINATIONS, 1993–2000[1]

Year	Savings institutions[2]	Commercial banks	Mortgage companies		Credit unions	Dollar volume (billions of dollars)
			Subsidiaries of banks or savings institutions[3]	Independently owned[4]		
Conventional one- to four-family						
1 1993	23	18	19	37	3	842
2 1994	26	21	19	31	3	539
3 1995	26	21	25	26	2	444
4 1996	26	21	25	26	3	555
5 1997	25	18	26	28	2	630
6 1998	24	16	30	28	2	1,163
7 1999	21	21	29	26	3	960
8 2000	21	23	29	25	2	783
FHA, VA, and RHS one- to four-family						
9 1993	9	5	26	59	1	151
10 1994	10	6	29	54	1	86
11 1995	10	7	34	49	1	95
12 1996	10	6	33	50	1	95
13 1997	9	6	37	48	1	101
14 1998	7	5	38	49	1	150
15 1999	6	6	41	46	1	133
16 2000	5	8	41	45	1	110
Total, one- to four-family						
17 1993	21	16	20	40	3	993
18 1994	24	19	20	34	3	625
19 1995	24	19	26	30	2	519
20 1996	24	19	26	29	2	650
21 1997	23	17	28	30	2	731
22 1998	22	15	31	30	2	1,313
23 1999	19	19	31	29	2	1,093
24 2000	19	21	31	27	2	894
Total, multifamily						
25 1993	63	23	6	9	0	13
26 1994	62	30	4	5	0	15
27 1995	51	41	4	4	0	13
28 1996	50	38	6	7	0	16
29 1997	47	36	6	11	0	20
30 1998	41	36	10	13	0	28
31 1999	37	30	8	25	0	32
31 2000	39	38	8	15	0	27
Total, residential						
33 1993	22	16	20	40	3	1,006
34 1994	25	19	20	33	3	640
35 1995	24	19	26	29	2	532
36 1996	24	19	26	29	2	666
37 1997	24	17	27	30	2	751
38 1998	22	15	31	30	2	1,341
39 1999	20	20	30	29	2	1,125
40 2000	19	22	30	27	2	856

NOTE. Coverage of depository institutions declined in 1997 because of an increase in the asset size threshold for exempt institutions from $10 million to $28 million. Figures reported here differ from those reported in previous years because some institutions have been placed in different categories.

1. Based on the dollar volume of originations reported under the Home Mortgage Disclosure Act. Originations insured or guaranteed by the Rural Housing Service (RHS) include the former Farmers Home Administration.

2. Includes savings and loan associations and savings banks.

3. Includes mortgage company subsidiaries of a bank holding company or a service corporation.

4. Coverage of independently owned mortgage companies expanded in 1993 when those companies with less than $10 million in assets but with 100 or more home-purchase originations were included.

SOURCE. Home Mortgage Disclosure Act, 1990–2000.

4.42 APPLICATIONS RECEIVED AND POLICIES WRITTEN FOR PRIVATE MORTGAGE INSURANCE, 1997–2000
By Insurance Company

Company	1997		1998		1999		2000	
	Applications	Policies written	Applications	Policies written	Applications	Policies written	Applications	Policies written
1 Amerin Guaranty	60,149	60,105	116,744	116,725	*	*	*	*
2 Commonwealth Mortgage Assurance	152,874	112,513	212,097	165,336	*	*	*	*
3 Radian[1]	*	*	*	*	317,775	256,924	243,684	185,224
4 GE Capital Mortgage Insurance	210,493	160,847	302,606	244,496	304,365	221,970	259,285	185,995
5 Mortgage Guaranty Insurance	325,336	265,566	436,225	356,419	479,425	377,195	430,414	317,610
6 PMI Mortgage Insurance	152,129	119,181	255,656	211,074	267,470	212,177	254,327	206,444
7 Republic Mortgage Insurance	132,204	102,221	183,240	145,023	157,794	144,618	121,706	113,894
8 Triad Guaranty Insurance	36,908	31,129	46,568	38,518	43,633	33,116	44,165	32,870
9 United Guaranty	147,256	120,182	214,162	182,327	244,637	204,667	220,504	186,004
10 **Total**	**1,217,349**	**971,744**	**1,767,298**	**1,459,918**	**1,815,099**	**1,450,667**	**1,574,085**	**1,228,041**

1 Radian is the result of a merger between Amerin Guaranty and Commonwealth Mortgage in 1999.

SOURCE. Federal Financial Institutions Examination Council.

4.43 APPLICATIONS RECEIVED AND POLICIES WRITTEN FOR PRIVATE MORTGAGE INSURANCE, 2000
By Purpose of Loan and Insurance Company

Percent

Company	Home purchase		Home refinance		Total	
	Applications	Policies written	Applications	Policies written	Applications	Policies written
1 Radian[1]	15.3	15.1	16.2	15.1	15.5	15.1
2 GE Capital Mortgage Insurance	17.0	15.7	13.8	12.0	16.5	15.1
3 Mortgage Guaranty Insurance	25.7	24.2	35.2	34.7	27.3	25.9
4 PMI Mortgage Insurance	15.4	15.8	19.8	22.3	16.2	16.8
5 Republic Mortgage Insurance	8.3	9.8	5.2	6.5	7.7	9.3
6 Triad Guaranty Insurance	2.9	2.8	2.6	2.3	2.8	2.7
7 United Guaranty	15.5	16.7	7.1	7.2	14.0	15.1
8 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
MEMO						
9 Number of applications or policies	1,300,069.0	1,031,461.0	274,016.0	196,580.0	1,574,085.0	1,228,041.0

1. Radian is the result of a merger between Amerin Guaranty and Commonwealth Mortgage in 1999.

SOURCE. Federal Financial Institutions Examination Council.

4.44 APPLICATIONS FOR PRIVATE MORTGAGE INSURANCE, 2000
By Purpose of Loan and Characteristic of Applicant and Census Tract

Characteristic	Home purchase		Home refinance	
	Number	Percent	Number	Percent
APPLICANT				
Race or ethnic group				
1 American Indian or Alaskan Native	3,023	.3	449	.3
2 Asian or Pacific Islander	30,058	3.4	2,583	1.9
3 Black	50,746	5.7	10,655	7.7
4 Hispanic	73,374	8.2	8,820	6.4
5 White	677,876	75.6	109,543	79.1
6 Other	43,771	4.9	3,993	2.9
7 Joint (white and minority)	18,094	2.0	2,367	1.7
8 **Total**	**896,942**	**100.0**	**138,410**	**100.0**
Income (percentage of MSA median)[1]				
9 Less than 50	57,831	6.0	11,190	6.8
10 50–79	202,466	20.9	35,472	21.4
11 80–99	153,683	15.9	28,056	17.0
12 100–119	141,282	14.6	24,703	14.9
13 120 or more	412,440	42.6	65,976	39.9
14 **Total**	**967,702**	**100.0**	**165,397**	**100.0**
CENSUS TRACT				
Racial composition (minorities as percentage of population)				
15 Less than 10	507,200	49.8	99,524	46.8
16 10–19	220,582	21.6	41,075	19.3
17 20–49	189,802	18.6	40,219	18.9
18 50–79	61,278	6.0	16,129	7.6
19 80–100	40,498	4.0	15,897	7.5
20 **Total**	**1,019,360**	**100.0**	**212,844**	**100.0**
Income[2]				
21 Lower	18,919	1.9	5,872	2.8
22 Moderate	118,414	11.6	32,690	15.4
23 Middle	525,761	51.6	117,816	55.4
24 Upper	355,531	34.9	56,346	26.5
25 **Total**	**1,018,625**	**100.0**	**212,724**	**100.0**
Location[3]				
26 Central city	412,251	40.1	84,966	39.4
27 Non-central city	616,519	59.9	130,839	60.6
28 **Total**	**1,028,770**	**100.0**	**215,805**	**100.0**

NOTE. Not all characteristics were reported for all loans.

1. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. *Lower:* median family income for census tract less than 50 percent of median family income for MSA. *Moderate:* 50 percent to less than 80 percent. *Middle:* 80 percent to less than 120 percent. *Upper:* 120 percent or more.

3. For census tracts located in MSAs.

SOURCE. Federal Financial Institutions Examination Council.

4.45 APPLICATIONS FOR PRIVATE MORTGAGE INSURANCE, 2000

By Purpose of Loan, Disposition of Application, Characteristic of Applicant, and Census Tract

Percent

Characteristic	Home purchase					Home refinance				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
1 **Total**	**91.3**	**4.3**	**3.0**	**1.4**	**100.0**	**88.9**	**6.5**	**3.4**	**1.2**	**100.0**
APPLICANT										
Race or ethnic group										
2 American Indian or Alaskan Native	87.1	6.8	4.8	1.3	100.0	88.4	6.7	3.8	1.1	100.0
3 Asian or Pacific Islander	90.3	4.8	3.5	1.4	100.0	87.4	7.0	4.5	1.1	100.0
4 Black	85.6	8.3	4.3	1.8	100.0	82.1	11.5	4.9	1.4	100.0
5 Hispanic	87.6	6.9	3.8	1.7	100.0	83.3	9.6	5.2	1.9	100.0
6 White	91.8	3.8	3.1	1.3	100.0	87.5	6.8	4.3	1.4	100.0
7 Other	97.5	.9	1.5	.1	100.0	95.0	2.4	2.1	5	100.0
8 Joint (white and minority)	90.0	5.1	3.5	1.4	100.0	85.7	7.6	5.0	1.8	100.0
Income (percentage of MSA median)[1]										
9 Less than 50	90.4	5.8	2.7	1.1	100.0	83.8	10.7	4.0	1.5	100.0
10 50–79	92.8	3.8	2.5	.9	100.0	84.6	9.4	4.4	1.6	100.0
11 80–99	93.4	3.3	2.4	.8	100.0	85.9	8.3	4.3	1.5	100.0
12 100–119	93.7	3.2	2.3	8	100.0	86.6	7.7	4.2	1.5	100.0
13 120 or more	93.7	3.0	2.5	8	100.0	87.4	7.0	4.3	1.2	100.0
CENSUS TRACT										
Racial composition (minorities as percentage of population)										
14 Less than 10	94.6	2.6	2.1	.7	100.0	89.4	6.1	3.4	1.1	100.0
15 10–19	93.4	3.3	2.4	.9	100.0	89.0	6.3	3.5	1.2	100.0
16 20–49	92.4	4.1	2.6	9	100.0	88.9	6.7	3.3	1.1	100.0
17 50–79	90.9	5.2	2.8	1.1	100.0	89.3	6.7	3.1	.9	100.0
18 80–100	89.0	6.6	3.1	1.2	100.0	89.3	6.9	2.9	.9	100.0
Income[2]										
19 Lower	89.2	6.4	3.1	1.3	100.0	89.5	6.7	2.6	1.2	100.0
20 Moderate	91.7	4.7	2.8	.9	100.0	88.8	6.9	3.2	1.1	100.0
21 Middle	93.7	3.2	2.3	.8	100.0	89.1	6.4	3.4	1.1	100.0
22 Upper	94.1	2.8	2.3	.8	100.0	89.6	5.9	3.5	1.1	100.0
Location[3]										
23 Central city	93.0	3.6	2.5	.9	100.08	9.1	6.4	3.3	1.1	100.0
24 Non-central city	93.9	3.1	2.3	.7	100.0	89.2	6.3	3.4	1.1	100.0

NOTE. Not all characteristics were reported for all loans.

1. Median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. *Lower:* median family income for census tract less than 50 percent of median family income for MSA of tract. *Moderate.* 50 percent to less than 80 percent *Middle:* 80 percent to less than 120 percent. *Upper:* 120 percent or more.

3. For census tracts located in MSAs.

SOURCE. Federal Financial Institutions Examination Council.

4.46 SMALL LOANS TO BUSINESSES AND FARMS, 1996–2000

Item	Year				
	1996	1997	1998[1]	1999	2000
Total business loans					
1 Number	2,424,966	2,560,795	2,736,389	3,287,974	5,110,001
2 Amount (thousands of dollars)	149,718,193	159,401,302	161,211,231	174,538,571	179,056,204
Percent to small firms[2]					
3 Number	55.9	50.0	54.5	60.2	41.7
4 Amount	43.1	42.1	47.0	48.5	45.9
Total farm loans					
5 Number	217,356	212,822	206,267	220,587	204,318
6 Amount (thousands of dollars)	10,480,989	11,192,400	11,373,691	12,302,881	11,634,880
Percent to small farms[3]					
7 Number	88.4	89.5	90.4	90.6	90.2
8 Amount	81.4	81.3	83.0	83.7	83.8
Activity of CRA reporters (percent)					
All small loans to businesses[3]					
9 Number	65.9	71.0	67.8	67.8	83.7
10 Amount	67.5	69.4	69.4	72.4	75.6
All small loans to farms[3]					
11 Number	22.2	24.1	24.9	28.0	30.6
12 Amount	27.9	28.4	30.1	34.1	37.5
Distribution of business loans by asset size of lender					
Number (percent)					
13 Less than 100	3.7	1.2	1.9	1.0	.5
14 100 to 249	19.7	6.5	5.5	1.4	.8
15 250 to 999	16.1	15.7	20.3	15.9	18.8
16 1,000 or more	60.6	76.6	72.3	81.8	79.8
17 **Total**	**100**	**100**	**100**	**100**	**100**
Amount (percent)					
18 Less than 100	1.6	1.4	0.8	1.0	.6
19 100 to 249	5.7	3.5	3.2	2.2	2.0
20 250 to 999	22.4	20.9	22.7	21.6	23.0
21 1,000 or more	70.3	74.2	73.3	75.2	74.4
22 **Total**	**100**	**100**	**100**	**100**	**100**
Distribution of farm loans by asset size of lender					
Number (percent)					
23 Less than 100	9.8	6.4	4.9	4.9	2.2
24 100 to 249	14.2	10.4	8.2	6.6	4.8
25 250 to 999	34.5	37.4	38.7	37.7	46.7
26 1,000 or more	41.5	45.8	48.2	50.8	46.3
27 **Total**	**100**	**100**	**100**	**100**	**100**
Amount (percent)					
28 Less than 100	6.4	5.1	3.5	4.0	1.7
29 100 to 249	11.5	8.2	6.6	5.6	4.0
30 250 to 999	31.7	34.2	36.0	36.3	42.7
31 1,000 or more	50.4	52.5	53.9	54.1	51.5
32 **Total**	**100**	**100**	**100**	**100**	**100**
Distribution of business loans by income of census tract[4]					
Number					
33 Low	4.7	4.6	4.3	3.6	3.6
34 Moderate	15.9	16.0	15.5	14.6	14.6
35 Middle	49.4	49.1	49.5	50.1	50.2
36 Upper	29.5	29.8	30.3	31.2	31.2
37 Income not reported	.5	.5	.5	.4	.4
38 **Total**	**100**	**100**	**100**	**100**	**100**
Amount					
39 Low	5.6	5.4	5.2	5.0	4.9
40 Moderate	16.0	16.0	15.7	15.5	15.4
41 Middle	46.8	46.5	46.8	47.1	47.6
42 Upper	30.9	31.4	31.6	31.7	31.5
43 Income not reported	.7	.7	.7	.7	.5
44 **Total**	**100**	**100**	**100**	**100**	**100**
MEMO					
Number of reporters					
45 Commercial banks	1,583	1,421	1,576	1,450	1,471
46 Savings institutions	496	475	290	461	470
47 **Total**	**2,079**	**1,896**	**1,866**	**1,911**	**1,941**

1. Revised to reflect correction of reported data.
2. Businesses and farms with revenues of $1 million or less.
3. Percentages reflect the ratio of activity by CRA reporters to activity by all lenders. Calculations are based on information reported in the June 1996, 1997, 1998, 1999, and 2000 Call Reports for commercial banks and the Thrift Financial Reports for savings associations.
4. *Low income*: census tract median family income less than 50 percent of MSA median family income or nonmetropolitan portion of state median family income; *moderate income*: 50–79 percent; *middle income*: 80–120 percent; *upper income*: 120 percent or more. Excludes loans where census tract or block number area was not reported.

SOURCE: FFIEC

4.47 ORIGINATIONS AND PURCHASES OF SMALL LOANS TO BUSINESSES AND FARMS, 2000

By Size of Loan

Type of borrower and loan	Size of loan (dollars): 100,000 or less		Size of loan (dollars): 100,001 to 250,000		Size of loan (dollars): More than 250,000		All loans		MEMO Loans to firms with revenues of $1 million or less	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
	Number of Loans									
Business										
1 Originations	4,723,758	93.2	186,811	3.7	156,552	3.1	5,067,121	100	2,117,089	41.8
2 Purchases	32,561	75.9	4,985	11.6	5,334	12.4	42,880	100	11,834	27.6
3 **Total**	**4,756,319**	**93.1**	**191,796**	**3.8**	**161,886**	**3.2**	**5,110,001**	**100**	**2,128,923**	**41.7**
Farm										
4 Originations	170,863	84.6	22,652	11.2	8,568	4.2	202,083	100	183,914	91.0
5 Purchases	1,695	75.8	361	16.2	179	8.0	2,235	100	445	19.9
6 **Total**	**172,558**	**84.5**	**23,013**	**11.3**	**8,747**	**4.3**	**204,318**	**100**	**184,359**	**90.2**
All										
7 Originations	4,894,621	92.9	209,463	4.0	165,120	3.1	5,269,204	100	2,301,003	43.7
8 Purchases	34,256	75.9	5,346	11.8	5,513	12.2	45,115	100	12,279	27.2
9 **Total**	**4,928,877**	**92.7**	**214,809**	**4.0**	**170,633**	**3.2**	**5,314,319**	**100**	**2,313,282**	**43.5**
	Amount of loans (thousands of dollars)									
Business										
10 Originations	60,837,266	34.9	32,446,922	18.6	81,107,954	46.5	174,392,142	100	80,952,361	46.4
11 Purchases	1,063,481	22.8	850,802	18.2	2,749,779	59.0	4,664,062	100	1,148,232	24.6
12 **Total**	**61,900,747**	**34.6**	**33,297,724**	**18.6**	**83,857,733**	**46.8**	**179,056,204**	**100**	**82,100,593**	**45.9**
Farm										
13 Originations	4,592,584	40.1	3,744,838	32.7	3,107,673	27.2	11,445,095	100	9,691,868	84.7
14 Purchases	62,897	33.1	59,064	31.1	67,824	35.7	189,785	100	53,110	28.0
15 **Total**	**4,655,481**	**40.0**	**3,803,902**	**32.7**	**3,175,497**	**27.3**	**11,634,880**	**100**	**9,744,978**	**83.8**
All										
16 Originations	65,429,850	35.2	36,191,760	19.5	84,215,627	45.3	185,837,237	100	90,644,229	48.8
17 Purchases	1,126,378	23.2	909,866	18.7	2,817,603	58.0	4,853,847	100	1,201,342	24.8
18 **Total**	**66,556,228**	**34.9**	**37,101,626**	**19.5**	**87,033,230**	**45.6**	**190,691,084**	**100**	**91,845,571**	**48.2**

4.48 ORIGINATIONS AND PURCHASES OF SMALL LOANS TO BUSINESSES AND FARMS, 2000

By Type of Borrower and Loan, and Distributed by Size of Lending Institution

Type of borrower and loan	Institutions, by asset size (millions of dollars)								All institutions	
	Less than 100		100 to 249		250 to 999		1,000 or more			
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
	Number of loans									
Business										
1 Originations	26,651	0.5	43,307	0.9	957,727	18.9	4,039,436	79.7	5,067,121	100
2 Purchases	176	0.4	120	0.3	2,368	5.5	40,216	93.8	42,880	100
3 **Total**	**26,827**	**0.5**	**43,427**	**0.8**	**960,095**	**18.8**	**4,079,652**	**79.8**	**5,110,001**	**100**
Farm										
4 Originations	4,456	2.2	9,819	4.9	95,052	47.0	92,756	45.9	202,083	100
5 Purchases	4	0.2	2	0.1	408	18.3	1,821	81.5	2,235	100
6 **Total**	**4,460**	**2.2**	**9,821**	**4.8**	**95,460**	**46.7**	**94,577**	**46.3**	**204,318**	**100**
All										
7 Originations	31,107	0.6	53,126	1.0	1,052,779	20.0	4,132,192	78.4	5,269,204	100
8 Purchases	180	0.4	122	0.3	2,776	6.2	42,037	93.2	45,115	100
9 **Total**	**31,287**	**0.6**	**53,248**	**1.0**	**1,055,555**	**19.9**	**4,174,229**	**78.5**	**5,314,319**	**100**
	Amount of loans (thousands of dollars)									
Business										
10 Originations	1,106,920	0.6	3,482,161	2.0	40,712,480	23.3	129,090,581	74.0	174,392,142	100
11 Purchases	54,007	1.2	43,848	0.9	489,263	10.5	4,076,944	87.4	4,664,062	100
12 **Total**	**1,160,927**	**0.6**	**3,526,009**	**2.0**	**41,201,743**	**23.0**	**133,167,525**	**74.4**	**179,056,204**	**100**
Farm										
13 Originations	201,584	1.8	465,324	4.1	4,914,656	42.9	5,863,531	51.2	11,445,095	100
14 Purchases	1,021	0.5	295	0.2	57,150	30.1	131,319	69.2	189,785	100
15 **Total**	**202,605**	**1.7**	**465,619**	**4.0**	**4,971,806**	**42.7**	**5,994,850**	**51.5**	**11,634,880**	**100**
All										
16 Originations	1,308,504	0.7	3,947,485	2.1	45,627,136	24.6	134,954,112	72.6	185,837,237	100
17 Purchases	55,028	1.1	44,143	0.9	546,413	11.3	4,208,263	86.7	4,853,847	100
18 **Total**	**1,363,532**	**0.7**	**3,991,628**	**2.1**	**46,173,549**	**24.2**	**139,162,375**	**73.0**	**190,691,084**	**100**
MEMO										
19 Number of institutions reporting	129		210		1,117		485		1,941	
20 Number of institutions extending loans	121		199		1,039		441		1,800	

4.49 COMMUNITY DEVELOPMENT LENDING, 2000

Asset size of lender (millions of dollars)	Number of loans		Amount of loans (thousands of dollars)		MEMO CRA reporters			
							Community development loans	
	Total	Percent	Total	Percent	Number	Percent	Number extending	Percent extending
Institution assets								
1 Less than 100	117	0.5	51,360	0.3	129	6.6	37	3.3
2 100 to 249	466	1.9	138,972	0.7	210	10.8	82	7.3
3 250 to 999	6,695	27.7	2,466,773	12.6	1,117	57.5	604	54.1
4 1,000 or more	16,896	69.9	16,964,912	86.5	485	25.0	394	35.3
5 All	24,174	100.0	19,622,017	100.0	1,941	100.0	1,117	100.0
MEMO								
6 Lending by all affiliates	375	1.6	563,355	2.9	.		40	3.6

Index to Statistical Tables

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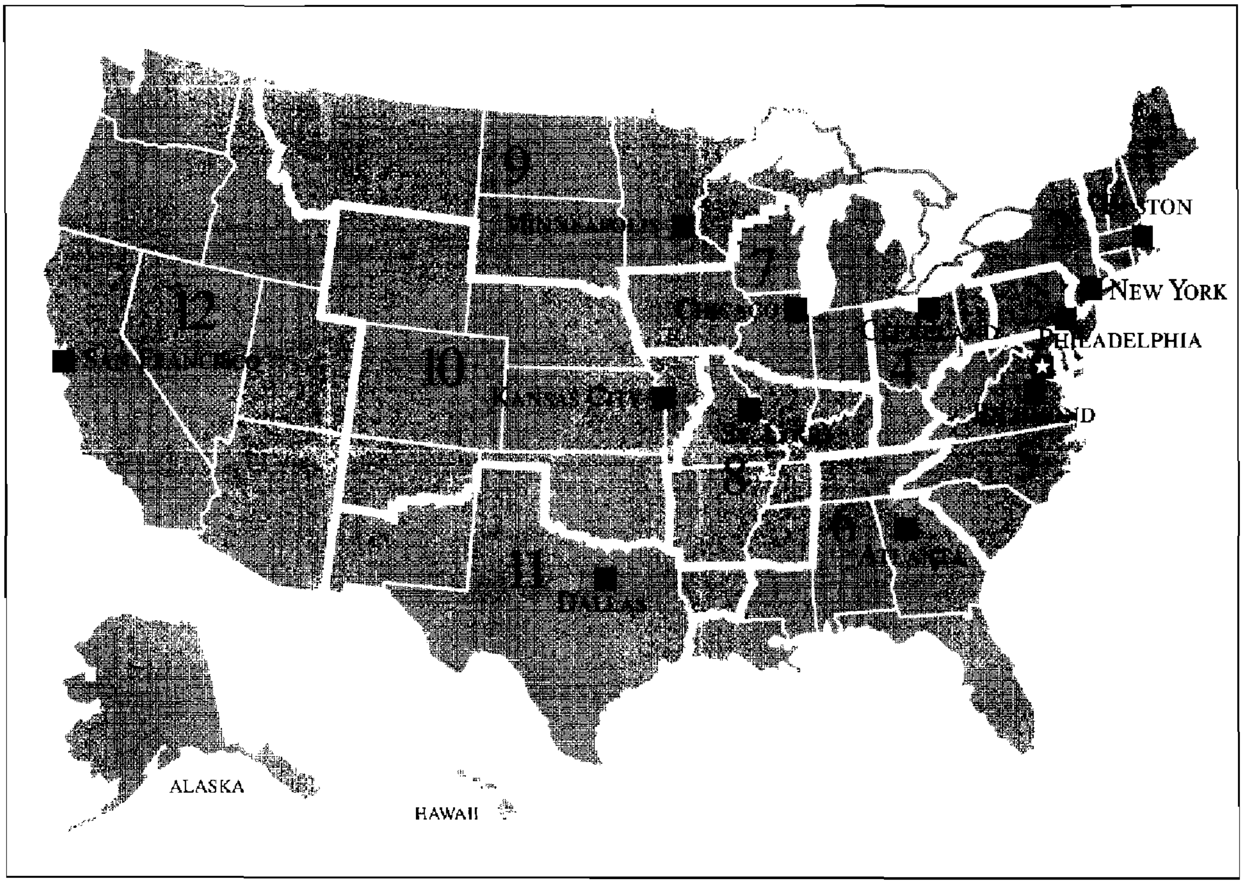
Maps of the Federal Reserve System



LEGEND

Both pages

- ■ Federal Reserve Bank city
- ◘ Board of Governors of the Federal Reserve System, Washington, D.C.

Facing page

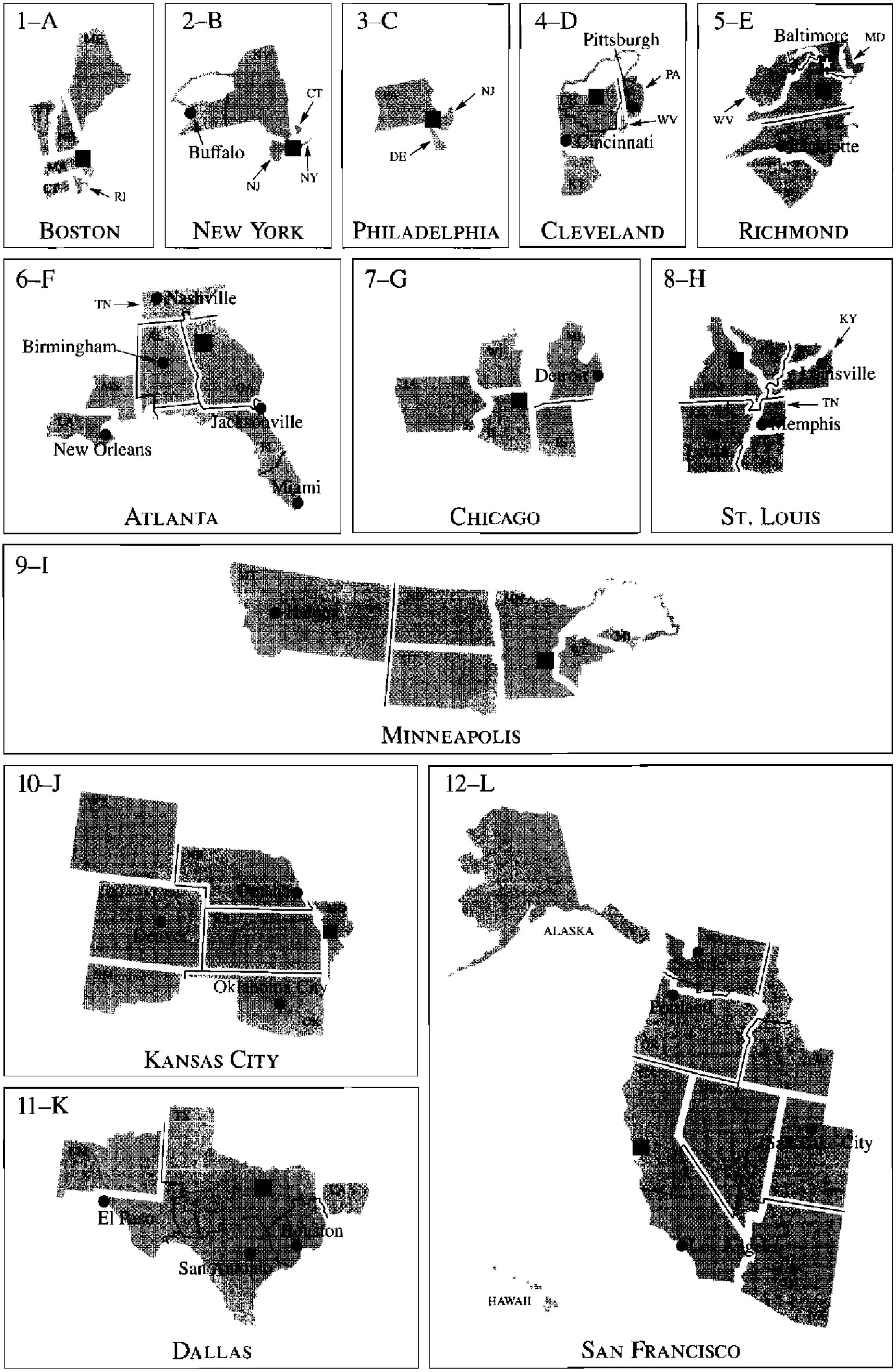
- • Federal Reserve Branch city
- — Branch boundary

NOTE

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

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in February 1996.


1–A
RI
BOSTON
2–B
CT
Buffalo
NJ
NY
NEW YORK
3–C
NJ
DE
PHILADELPHIA
4–D
Pittsburgh
PA
WV
Cincinnati
CLEVELAND
5–E
Baltimore
MD
WV
RICHMOND
6–F
TN
Nashville
Birmingham
Jacksonville
New Orleans
Miami
ATLANTA
7–G
Detroit
CHICAGO
8–H
KY
TN
Memphis
ST. LOUIS
9–I
MINNEAPOLIS
10–J
Oklahoma City
KANSAS CITY
11–K
El Paso
San Antonio
DALLAS
12–L
ALASKA
HAWAII
SAN FRANCISCO

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or *facility* Zip	Chairman / Deputy Chairman	President / First Vice President	Vice President in charge of branch
BOSTON* 02106	William C. Brainard William O. Taylor	Cathy E. Minehan Paul M. Connolly	
NEW YORK* 10045	Peter G. Peterson Charles A. Heimbold, Jr.	William J. McDonough Jamie B. Stewart, Jr.	
Buffalo 14240	Bal Dixit		Barbara L. Walter[1]
PHILADELPHIA 19105	Charisse R. Lillie Glenn A. Schaeffer	Anthony M. Santomero William H. Stone, Jr.	
CLEVELAND* 44101	David H. Hoag Robert W. Mahoney	Jerry L. Jordan Sandra Pianalto	
Cincinnati 45201	George C. Juilfs		Barbara B. Henshaw
Pittsburgh 15230	Charles E. Bunch		Robert B. Schaub
RICHMOND* 23219	Jeremiah J. Sheehan Wesley S. Williams, Jr.	J. Alfred Broaddus, Jr. Walter A. Varvel	
Baltimore 21203	George L. Russell, Jr.		William J. Tignanelli[1]
Charlotte 28230	James F. Goodmon		Dan M. Bechter[1]
ATLANTA 30303	John F. Wieland Paula Lovell	Jack Guynn Patrick K. Barron	
Birmingham 35283	Catherine Sloss Crenshaw		James M. McKee
Jacksonville 32231	Julie K. Hilton		Andre T. Anderson
Miami 33152	Mark T. Sodders		Robert J. Slack
Nashville 37203	Whitney Johns Martin		James T. Curry III
New Orleans 70161	Ben Tom Roberts		Melvyn K. Purcell[1] Robert J. Musso[1]
CHICAGO* 60690	Arthur C. Martinez Robert J. Darnall	Michael H. Moskow Gordon R. G. Werkema	
Detroit 48231	Timothy D. Leuliette		David R. Allardice[1]
ST. LOUIS 63166	Charles W. Mueller Walter L. Metcalfe, Jr.	William Poole W. LeGrande Rives	
Little Rock 72203	Vick M. Crawley		Robert A. Hopkins
Louisville 40232	Roger Reynolds		Thomas A. Boone
Memphis 38101	Gregory M. Duckett		Martha Perine Beard
MINNEAPOLIS 55480	James J. Howard Ronald N. Zwieg	Gary H. Stern James M. Lyon	
Helena 59601	Thomas O. Markle		Samuel H. Gane
KANSAS CITY 64198	Terrence P. Dunn Jo Marie Dancik	Thomas M. Hoenig Richard K. Rasdall	
Denver 80217	Kathryn A. Paul		Maryann Hunter[1]
Oklahoma City 73125	Patricia B. Fennell		Dwayne E. Boggs
Omaha 68102	Gladys Styles Johnston		Steven D. Evans
DALLAS 75201	H. B. Zachry, Jr. Patricia M. Patterson	Robert D. McTeer, Jr. Helen E. Holcomb	
El Paso 79999	Beauregard Brite White		Sammie C. Clay
Houston 77252	Edward O. Gaylord		Robert Smith III[1]
San Antonio 78295	Patty P. Mueller		James L. Stull[1]
SAN FRANCISCO 94120	Nelson C. Rising George M. Scalise	Robert T. Parry John F. Moore	
Los Angeles 90051	William D. Jones		Mark L. Mullinix[2]
Portland 97208	Nancy Wilgenbusch		Raymond H. Laurence[1]
Salt Lake City 84125	H. Roger Boyer		Andrea P. Wolcott
Seattle 98124	Richard R. Sonstelie		David K. Webb[1]

*Additional offices of these Banks are located at Windsor Locks, Connecticut 06096; East Rutherford, New Jersey 07016; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; Milwaukee, Wisconsin 53202; and Peoria, Illinois 61607.

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2. Executive Vice President