Volume 85 □ Number 8 □ August 1999

Federal Reserve BULLETIN

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

Table of Contents

PUBLICATIONS COMMITTEE

Lynn S. Fox, *Chair* □ Karen H. Johnson □ Donald L. Kohn □ Stephen R. Malphrus □ J. Virgil Mattingly, Jr. □ Michael J. Prell □ Dolores S. Smith □ Richard Spillenkothen

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

Monetary Policy Report to the Congress

Report submitted to the Congress on July 22, 1999, pursuant to the Full Employment and Balanced Growth Act of 1978

MONETARY POLICY AND THE ECONOMIC OUTLOOK

The U.S. economy has continued to perform well in 1999. The ongoing economic expansion has moved into a near-record ninth year, with real output expanding vigorously, the unemployment rate hovering around lows last seen in 1970, and underlying trends in inflation remaining subdued. Responding to the availability of new technologies at increasingly attractive prices, firms have been investing heavily in new capital equipment; this investment has boosted productivity and living standards while holding down the rise in costs and prices.

Two of the major threats faced by the economy in late 1998—economic downturns in many foreign nations and turmoil in financial markets around the world—receded over the first half of this year. Economic conditions overseas improved on a broad front. In Asia, activity picked up in the emerging-market economies that had been battered by the financial crises of 1997. The Brazilian economy—Latin America's largest—exhibited a great deal of resilience with support from the international community, in the wake of the devaluation and subsequent floating of the *real* in January. These developments, along with the considerable easing of monetary policy in late 1998 and early 1999 in a number of regions, including Europe, Japan, and the United States, fostered a markedly better tone in the world's financial markets. On balance, U.S. equity prices rose substantially, and in credit markets, risk spreads receded toward more typical levels. Issuance of private debt securities ballooned in late 1998 and early 1999, in part making up for borrowing that was postponed when markets were disrupted.

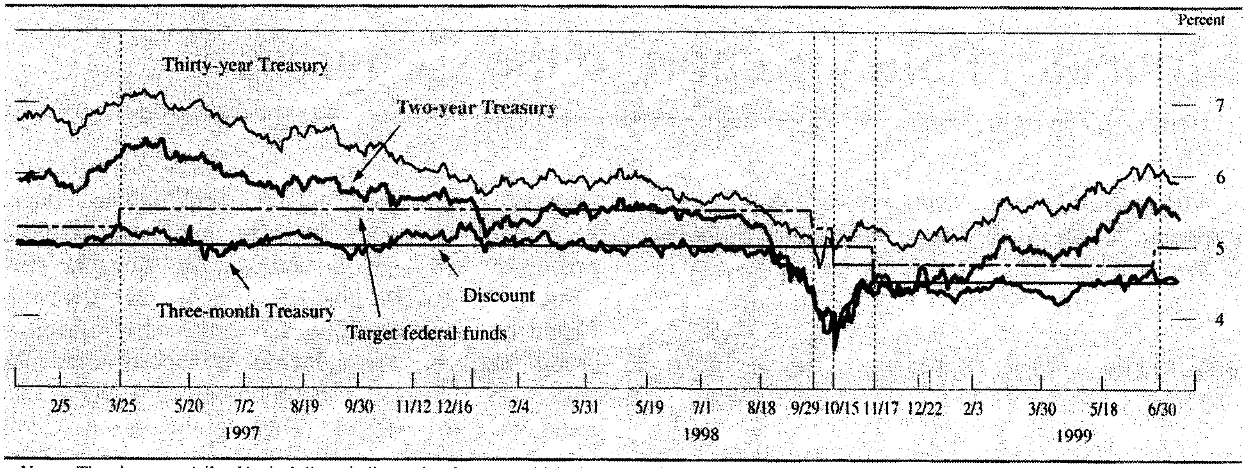
As these potentially contractionary forces dissipated, the risk of higher inflation in the United States resurfaced as the greatest concern for monetary policy. Although underlying inflation trends generally remained quiescent, oil prices rose sharply, other commodity prices trended up, and prices of non-oil imports fell less rapidly, raising overall inflation rates. Despite improvements in technology and business processes that have yielded striking gains in efficiency, the robust growth of aggregate demand, fueled by rising equity wealth and readily available credit, produced even tighter labor markets in the first half of 1999 than in the second half of 1998. If this trend were to continue, labor compensation would begin climbing increasingly faster than warranted by productivity growth and put upward pressure on prices. Moreover, the Federal Open Market Committee (FOMC) was concerned that as economic activity abroad strengthened, the firming of commodity and other prices might also foster a less favorable inflation environment. To gain some greater assurance that the good inflation performance of the economy would continue, the Committee decided at its June meeting to reverse a portion of the easing undertaken last fall when global financial markets were disrupted; the Committee's target for the overnight federal funds rate, a key indicator of money market conditions, was raised from 4¾ percent to 5 percent.

Monetary Policy, Financial Markets, and the Economy over the First Half of 1999

The FOMC met in February and March against the backdrop of continued rapid expansion of the U.S. economy. Demand was strong, employment growth was brisk, and labor markets were tight. Nonetheless, price inflation was still low, held in check by a substantial gain in productivity, ample manufacturing capacity, and low inflation expectations.

Activity was supported by a further settling down of financial markets in the first quarter after a period of considerable turmoil in the late summer and fall of 1998. In that earlier period, which followed Russia's moratorium on a substantial portion of its debt payments in mid-August, the normal functioning of U.S. financial markets had been impaired as investors cut back sharply their credit risk exposures and market liquidity dried up. The Federal Reserve responded to these developments by trimming its target for the overnight federal funds rate by 75 basis points in three steps. In early 1999, the devaluation and subsequent floating of the Brazilian *real* in mid-January

Selected interest rates



NOTE. The data are daily. Vertical lines indicate the days on which the Federal Reserve announced a monetary policy action. The dates on the horizontal axis are those on which either the FOMC held a scheduled meeting or a policy action was announced. Last observations are for July 19, 1999.

heightened concerns for a while, but market conditions overall improved considerably.

At its February and March meetings, the FOMC left the stance of monetary policy unchanged. The Committee expected that the growth of output might well slow sufficiently to bring production into close enough alignment with the economy's enhanced potential to forestall the emergence of a trend of rising inflation. Although domestic demand was still increasing rapidly, it was anticipated to moderate over time in response to the buildup of large stocks of business equipment, housing units, and durable goods and more restrained expansion in wealth in the absence of appreciable further increases in equity prices. Furthermore, the FOMC, after taking account of the near-term effects of the rise in crude oil prices, saw few signs that cost and price inflation was in the process of picking up. The unusual combination of very high labor resource utilization and sustained low inflation suggested considerable uncertainty about the relationship between output and prices. In this environment, the Committee concluded that it could wait for additional information about the balance of risks to the economic expansion.

By the time of the May FOMC meeting, demand was still showing considerable forward momentum, and growth in economic activity still appeared to be running in excess of the rate of increase of the economy's long-run capacity to expand output. Borrowers' heavy demands for credit were being met on relatively favorable terms, and wealth was further boosted by rapidly rising equity prices. Also, the economic and financial outlook for many emerging-market countries was brighter. Trends in inflation were still subdued, although consumer prices—even apart from a big jump in energy prices—were reported to have registered a sizable rise in April.

At its May meeting, the FOMC believed that these developments tilted the risks toward further robust growth that would exert additional pressure on already taut labor markets and ultimately show through to inflation. Moreover, a turnaround in oil and other commodity markets meant that prices of these goods would no longer be holding down inflation, as they had over the past year. Yet, the economy to date had shown a remarkable ability to accommodate increases in demand without generating greater underlying inflation trends, as the continued growth of labor productivity had helped to contain cost pressures. The uncertainty about the prospects for prices, demand pressures, and productivity was large, and the Committee decided to defer any policy action. However, in light of its increased concern about the outlook for inflation, the Committee adopted an asymmetric directive tilted toward a possible firming of policy. The Committee also wanted to inform the public of this significant revision in its view, and it announced a change in the directive immediately after the meeting. The announcement was the first under the Committee's policy of announcing changes in the tilt of the domestic directive when it wants to communicate a major shift in its view about the balance of risks to the economy or the likely direction of its future actions.

In the time leading up to the FOMC's June meeting, economic activity in the United States continued to move forward at a brisk pace, and prospects in a number of foreign economies showed additional improvement. Labor markets tightened slightly further. The federal funds rate, however, remained at the lower level established in November 1998, when the Committee took its last of three steps to counter severe financial market strains. With those strains largely gone, the Committee believed that the time had come to reverse some of that accommodation, and it raised the targeted overnight federal funds rate 25 basis points, to 5 percent. Looking ahead, the Committee expected demand to remain strong, but it also noted the possibility that a further pickup in productivity could allow the economy to accommodate this demand for some time without added inflationary pressure. In light of these conflicting forces in the economy, the FOMC returned to a symmetric directive. Nonetheless, with labor markets already tight, the Committee recognized that it needed to stay especially alert to signs that inflationary forces were emerging that could prove inimical to the economic expansion.

Economic Projections for 1999 and 2000

The members of the Board of Governors and the Federal Reserve Bank presidents see good prospects for sustained, solid economic expansion through next year. For this year, the central tendency of their forecasts of growth of real gross domestic product is 3½ percent to 3¾ percent, measured as the change between the fourth quarters of 1998 and 1999. For 2000, the forecasts of real GDP are mainly in the 2½ percent to 3 percent range. With this pace of expansion, the civilian unemployment rate is expected to remain close to the recent 4¼ percent level over the next six quarters.

1. Economic projections for 1999 and 2000
Percent

Indicator	Federal Reserve governors and Reserve Bank presidents: Range	Federal Reserve governors and Reserve Bank presidents: Central tendency	Administration[1]
	1999		
Change, fourth quarter to fourth quarter[2]			
Nominal GDP	4¾–5½	5–5½	4.8
Real GDP	3¼–4	3½–3¾	3.2
Consumer price index[3]	1¾–2½	2¼–2½	2.4
Average level, fourth quarter			
Civilian unemployment rate	4–4½	4–4¼	4.3
	2000		
Change, fourth quarter to fourth quarter[2]			
Nominal GDP	4–5¼	4–5	4.2
Real GDP	2–3½	2½–3	2.1
Consumer price index[3]	1½–2¾	2–2½	2.4
Average level, fourth quarter			
Civilian unemployment rate	4–4½	4¼–4½	4.7

1. From the Mid-Session Review of the budget.
2. Change from average for fourth quarter of previous year to average for fourth quarter of year indicated.
3. All urban consumers.

The increases in income and wealth that have bolstered consumer demand over the first half of this year and the desire to invest in new high-technology equipment that has boosted business demand during the same period should continue to stimulate spending over the quarters ahead. However, several factors are expected to exert some restraint on the economy's momentum by next year. With purchases of durable goods by both consumers and businesses having risen still further and running at high levels, the stocks of such goods probably are rising more rapidly than is likely to be desired in the longer run, and the growth of spending should moderate. The increase in market interest rates should help to damp spending as well. And unless the extraordinary gains in equity prices of the past few years are extended, the impetus to spending from increases in wealth will diminish.

Federal Reserve policymakers believe that this year's rise in the consumer price index (CPI) will be larger than that in 1998, largely because of the rebound in retail energy prices that has already occurred. Crude oil prices have moved up sharply, reversing the decline posted in 1998 and leading to a jump in the CPI this spring. For next year, the FOMC participants expect the increase in the CPI to remain around this year's pace, with a central tendency of 2 percent to 2½ percent. Futures market quotes suggest that the prevailing expectation is that the rebound in oil prices has run its course now, and ample industrial capacity and productivity gains may help limit inflationary pressures in coming months as well. With labor utilization very high, though, and demand still strong, significant risks remain even after the recent policy firming that economic and financial conditions may turn out to be inconsistent with keeping costs and prices from escalating.

Although interest rates currently are a bit higher than anticipated in the economic assumptions underlying the budget projections in the Administration's Mid-Session Review, there is no apparent tension between the Administration's plans and the Federal Reserve policymakers' views. In fact, Federal Reserve officials project somewhat faster growth in real GDP and slightly lower unemployment rates into 2000 than the Administration does, while the Administration's projections for inflation are within the Federal Reserve's central tendencies.

2. Ranges for growth of monetary and debt aggregates
Percent

Aggregate	1998	1999	Provisional for 2000
M2	1–5	1–5	1–5
M3	2–6	2–6	2–6
Debt	3–7	3–7	3–7

NOTE. Change from average for fourth quarter of preceding year to average for fourth quarter of year indicated.

Money and Debt Ranges for 1999 and 2000

At its meeting in late June, the FOMC reaffirmed the ranges for 1999 growth of money and debt that it had established in February: 1 percent to 5 percent for M2, 2 percent to 6 percent for M3, and 3 percent to 7 percent for debt of the domestic nonfinancial sectors. The FOMC set the same ranges for 2000 on a provisional basis.

As has been the case since the mid-1990s, the FOMC views the ranges for money growth as benchmarks for growth under conditions of price stability and the historically typical relationship between money and nominal income. The disruption of the historically typical pattern of the velocities of M2 and M3 (the ratio of nominal GDP to the aggregates) during the 1990s implies that the Committee cannot establish, with any confidence, specific target ranges for expected money growth for a given year that will be consistent with the economic performance that it desires. However, persistently fast or slow money growth can accompany, or even precede, deviations from desirable economic outcomes. Thus, the behavior of the monetary aggregates, evaluated in the context of other financial and nonfinancial indicators, will continue to be of interest to Committee members in their policy deliberations.

The velocities of M2 and M3 declined again in the first half of this year, albeit more slowly than in 1998. The Committee's easing of monetary policy in the fall of 1998 contributed to the decline, but only to a modest extent. It is not clear what other factors led to the drop, although the considerable increase in wealth relative to income resulting from the substantial gains in equity prices over the past few years may have played a role. Investors could be rebalancing their portfolios, which have become skewed toward equities, by reallocating some wealth to other assets, including those in M2.

Even if the velocities of M2 and M3 were to return to their historically typical patterns over the balance of 1999 and in 2000, M2 and M3 likely would be at the upper bounds of, or above, their longer-term price-stability ranges in both years, given the Committee's projections of nominal GDP growth. This relatively rapid expansion in nominal income reflects faster expected growth in productivity than when the price-stability ranges were established in the mid-1990s and inflation that is still in excess of price stability. The more rapid increase in productivity, if it persists for a while and is sufficiently large, might in the future suggest an upward adjustment to the money ranges consistent with price stability. However, considerable uncertainty attends the trend in productivity, and the Committee chose not to adjust the ranges at its most recent meeting.

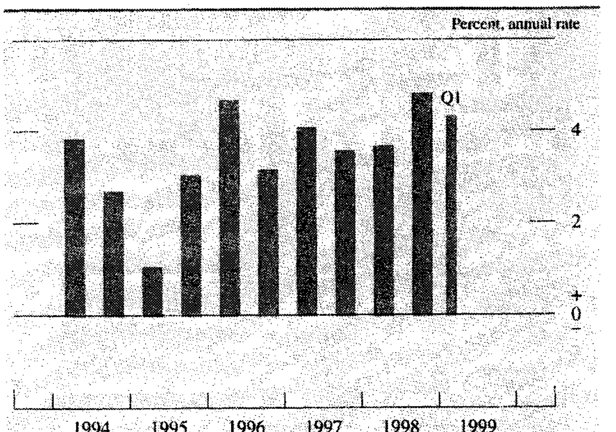
Debt of the nonfinancial sectors has expanded at roughly the same pace as nominal income this year—its typical pattern. Given the stability of this relationship, the Committee selected a growth range for the debt aggregate that encompasses its expectations for debt growth in both years. The Committee expects growth in nominal income to slow in 2000, and with it, debt growth. Nonetheless, growth of this aggregate is projected to remain within the range of 3 percent to 7 percent.

Economic and Financial Developments in 1999

The economy has continued to grow rapidly so far this year. Real gross domestic product rose more than 4 percent at an annual rate in the first quarter of 1999, and available data point to another significant gain in the second quarter.[1] The rise in activity has been

1. All figures from the national income and product accounts cited here are subject to change in the quinquennial benchmark revisions slated for this fall.

Change in real GDP



NOTE. In this chart and in subsequent charts that show the components of real GDP, changes are measured from the final quarter of the previous period to the final quarter of the period indicated.

brisk enough to produce further substantial growth of employment and a reduction in the unemployment rate to 4¼ percent. Growth in output has been driven by strong domestic demand, which in turn has been supported by further increases in equity prices, by the continuing salutary effects of government saving and inflows of foreign investment on the cost of capital, and by more smoothly functioning financial markets as the turbulence that marked the latter part of 1998 subsided. Against the background of the easing of monetary policy last fall and continuing robust economic activity, investors became more willing to advance funds to businesses; risk spreads have receded and corporate debt issuance has been brisk.

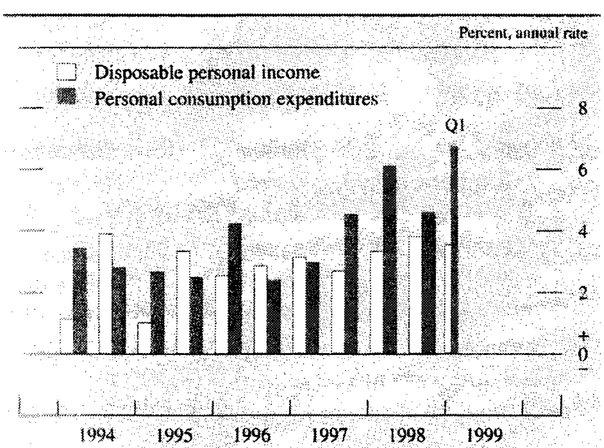
Inflation developments were mixed over the first half of the year. The consumer price index increased more rapidly owing to a sharp rebound in energy prices. Nevertheless, price inflation outside of the energy area generally remained subdued despite the slight further tightening of labor markets, as sizable gains in labor productivity and ample industrial capacity held down price increases.

The Household Sector

Consumer Spending

Real personal consumption expenditures surged 6¾ percent at an annual rate in the first quarter, and more recent data point to a sizable further advance in the second quarter. The underlying fundamentals for the household sector have remained extremely favorable. Real incomes have continued to rise briskly with strong growth of employment and real wages, and consumers have benefited from substantial gains in wealth. Not surprisingly, consumer confidence—

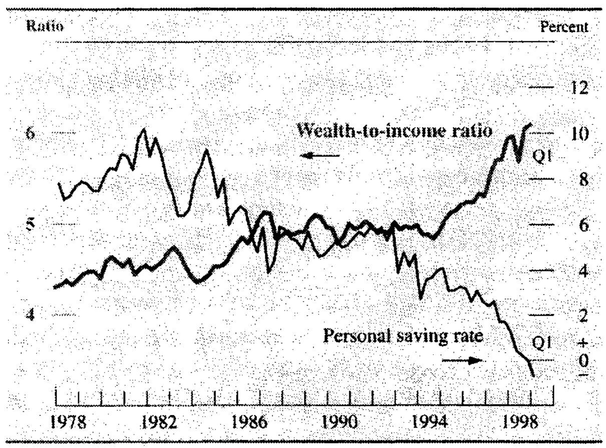
Change in real income and consumption



as measured, for example, by the University of Michigan Survey Research Center (SRC) and Conference Board surveys—has remained quite upbeat in this environment.

Growth of consumer spending in the first quarter was strong in all expenditure categories. Outlays for durable goods rose sharply, reflecting sizable increases in spending on electronic equipment (especially computers) and on a wide range of other goods, including household furnishings. Purchases of cars and light trucks remained at a high level, supported by declining relative prices as well as by the fundamentals that have buoyed consumer spending more generally. Outlays for nondurable goods were also robust, reflecting in part a sharp increase in expenditures for apparel. Finally, spending on services climbed steeply as well early this year, paced by sizable increases in spending on recreation and brokerage services. In the second quarter, consumers apparently boosted their purchases of motor vehicles further. In all, real personal consumption expenditures rose at more than a 4 percent annual rate in April and May, an increase that is below the first-quarter pace but is still quite rapid by historical standards.

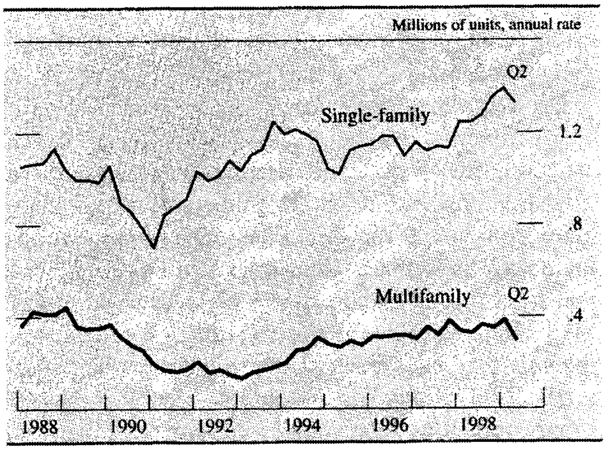
Wealth and saving



NOTE. The wealth-to-income ratio is the ratio of net worth of households to disposable personal income.

Real disposable income increased at an annual rate of 3½ percent in the first quarter, with the strong labor market generating marked increases in wages and salaries. Even so, income grew less rapidly than expenditures, and the personal saving rate declined further; indeed, by May the saving rate had moved below negative 1 percent. Much of the decline in the saving rate in recent years can be explained by the sharp rise in household net worth relative to disposable income that is associated with the appreciation

Private housing starts



of households' stock market assets since 1995. This rise in wealth has given households the wherewithal to spend at levels beyond what current incomes would otherwise allow. As share values moved up further in the first half of this year, the wealth-to-income ratio continued to edge higher despite the absence of saving out of disposable income.

Residential Investment

Housing activity remained robust in the first half of this year. In the single-family sector, positive fundamentals and unseasonably good weather helped boost starts to a pace of 1.39 million units in the first quarter—the highest level of activity in twenty years. This extremely strong level of building activity strained the availability of labor and some materials; as a result, builders had trouble achieving the usual seasonal increase in the second quarter, and starts edged off to a still-high pace of 1.31 million units. Home sales moderated in the spring: Sales of both new and existing homes were off some in May from their earlier peaks, and consumers' perceptions of homebuying conditions as measured by the Michigan SRC survey have declined from the very high marks recorded in late 1998 and early this year. Nonetheless, demand has remained quite robust, even in the face of a backup in mortgage interest rates: Builders' evaluations of new home sales remained very high at midyear, and mortgage applications for home purchases showed strength into July.

With strong demand pushing up against limited capacity, home prices have risen substantially, although evidence is mixed as to whether the rate of increase is picking up. The quality-adjusted price of new homes rose 5 percent over the four quarters ended in the first quarter of 1999, up from 3¼ percent over the preceding four-quarter period. The repeat sales index of existing home prices also rose about 5 percent between the first quarter of 1998 and the first quarter of 1999, but this series posted even larger increases in the year-earlier period. On the cost side, tight supplies have led to rising prices for some building materials; prices of plywood, lumber, gypsum wallboard, and insulation have all moved up sharply over the past twelve months. In addition, hourly compensation costs have been rising relatively rapidly in the construction sector.

Starts of multifamily units surged to 384,000 at an annual rate in the first quarter and ran at a pace a bit under 300,000 units in the second quarter. As in the single-family sector, demand has been supported by strong fundamentals, builders have been faced with tight supplies of some materials, and prices have been rising briskly: Indeed, apartment property values have been increasing at around a 10 percent annual rate for three years now.

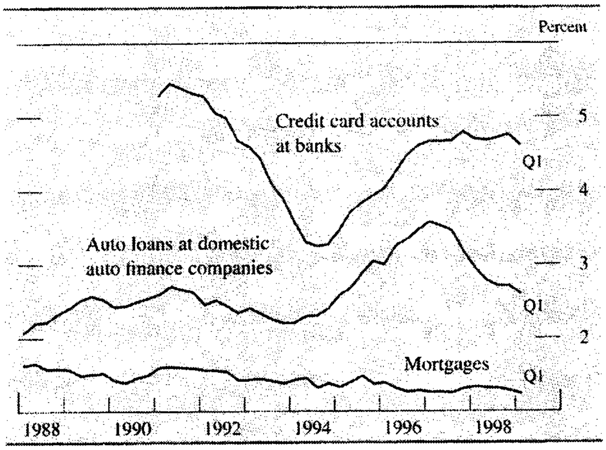
Household Finance

In addition to rising wealth and rapid income growth, the strong expenditures of households on housing and consumer goods over the first half of 1999 were encouraged by the decline in interest rates in the latter part of 1998. Households borrowed heavily to finance spending. Their debt expanded at a 9½ percent annual rate in the first quarter, up from the 8¾ percent pace over 1998, and preliminary data for the second quarter indicate continued robust growth. Mortgage borrowing, fueled by the vigorous housing market and favorable mortgage interest rates, was particularly brisk in the first quarter, with mortgage debt rising at an annual rate of 10 percent. In the second quarter, mortgage rates moved up considerably, but preliminary data indicate that borrowing was still substantial.

Consumer credit growth accelerated in the first half of 1999. It expanded at about an 8 percent annual rate compared with 5½ percent for all of 1998. The growth of nonrevolving credit picked up, reflecting brisk sales and attractive financing rates for automobiles and other consumer durable goods. The expansion of revolving credit, which includes credit card loans, slowed a bit from its pace in 1998.

Households apparently have not encountered added difficulties meeting the payments associated with their greater indebtedness, as measures of household financial stress improved a bit on balance in the first quarter. Personal bankruptcies dropped off considerably, although part of the decline may reflect

Delinquency rates on household loans



NOTE. The data are quarterly.

SOURCE. Data on credit card delinquencies are from bank Call Reports; data on auto loan delinquencies are from the Big Three automakers; data on mortgage delinquencies are from the Mortgage Bankers Association.

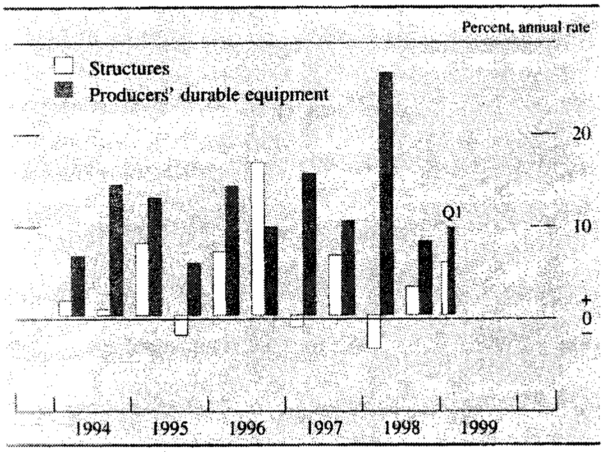
the aftermath of a surge in filings in late 1998 that occurred in response to pending legislation that would limit the ability of certain debtors to obtain forgiveness of their obligations. Delinquency rates on several types of household loans edged lower. Delinquency and charge-off rates on credit card debt moved down from their 1997 peaks but remained at historically high rates. A number of banks continued to tighten credit card lending standards this year, as indicated by banks' responses to Federal Reserve surveys.

The Business Sector

Fixed Investment

Real business fixed investment appears to have posted another huge increase over the first half of

Change in real business fixed investment

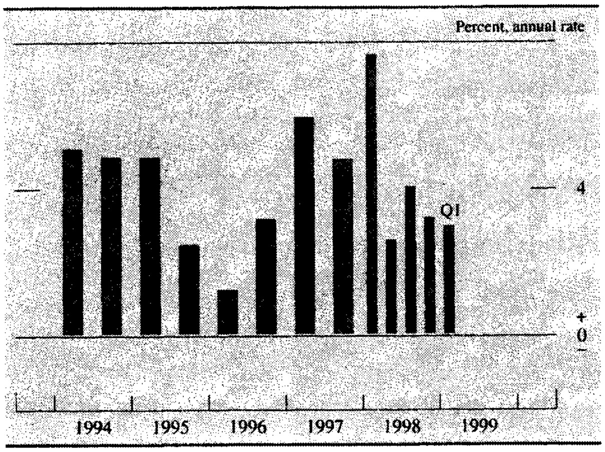


1999. Investment spending continued to be driven by buoyant expectations of sales prospects as well as by rapidly declining prices of computers and other high-tech equipment. In recent quarters, spending also may have been boosted by the desire to upgrade computer equipment in advance of the rollover to the year 2000. Real investment has been rising rapidly for several years now; indeed, the average increase of 10 percent annually over the past five years represents the most rapid sustained expansion of investment in more than thirty years. Although a growing portion of this investment has gone to cover depreciation on purchases of short-lived equipment, the investment boom has led to a notable upgrading and expansion of the capital stock and in many cases has embodied new technologies. These factors likely have been important in the nation's improved productivity performance over the past few years.

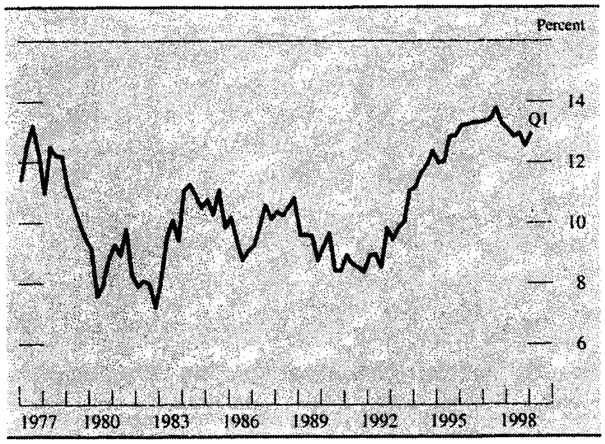
Real outlays for producers' durable equipment increased at an annual rate of 9½ percent in the first quarter of the year, after having surged nearly 17 percent last year, and may well have re-accelerated in the second quarter. Outlays on communications equipment were especially robust in the first quarter, driven by the ongoing effort by telecommunications companies to upgrade their networks to provide a full range of voice and data transmission services. Purchases of computers and other information processing equipment were also up notably in the first quarter, albeit below last year's phenomenal spending pace, and shipments of computers surged again in April and May. Shipments of aircraft to domestic carriers apparently soared in the second quarter, and business spending on motor vehicles, including medium and heavy trucks as well as light vehicles, has remained extremely strong as well.

Real business spending for nonresidential structures has been much less robust than for equipment, and spending trends have varied greatly across sectors of the market. Real spending on office buildings and lodging facilities has been increasing impressively, while spending on institutional and industrial structures has been declining—the last reflecting ample capacity in the manufacturing sector. In the first quarter of this year, overall spending on structures was reported in the national income and product accounts to have moved up at a solid 5¾ percent annual rate, reflecting a further sharp increase in spending on office buildings and lodging facilities. However, revised source data indicate a somewhat smaller first-quarter increase in nonresidential construction and also point to a slowing in activity in April and May from the first-quarter pace.

Change in nonfarm business inventories



Before-tax profits of nonfinancial corporations as a share of GDP



NOTE. Profits from domestic operations, with inventory valuation and capital consumption adjustments, divided by the gross domestic product of the nonfinancial corporate sector.

Inventory Investment

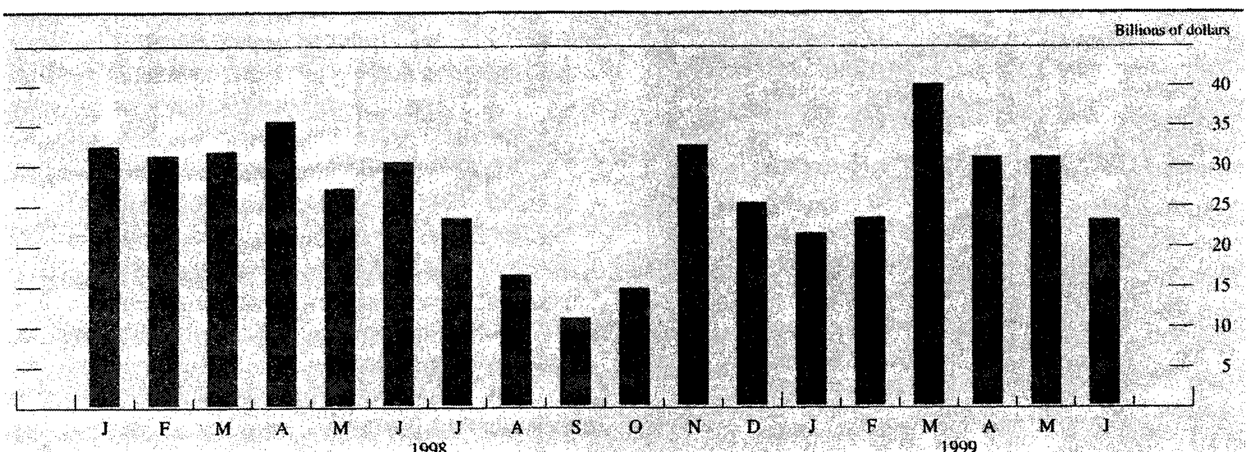
Inventory–sales ratios in many industries dropped considerably early this year, as the pace of stockbuilding by nonfarm businesses, which had slowed notably over 1998, remained well below the surge of consumer and business spending in the first quarter. Although production picked up some in the spring, final demand remained quite strong, and available monthly data suggest that businesses accumulated inventories in April and May at a rate not much different from the modest first-quarter pace.

In the motor vehicle sector, makers geared up production in the latter part of 1998 to boost inventories from their low levels after last summer's strikes. Nevertheless, as with the business sector overall, motor vehicle inventories remained on the lean side by historical standards in the early part of this year as a result of surprisingly strong vehicle sales. As a consequence, manufacturers boosted the pace of assemblies in the second quarter to the highest level in twenty years. With no noticeable signs of a slowing in demand, producers have scheduled third-quarter output to remain at the lofty heights of the second quarter.

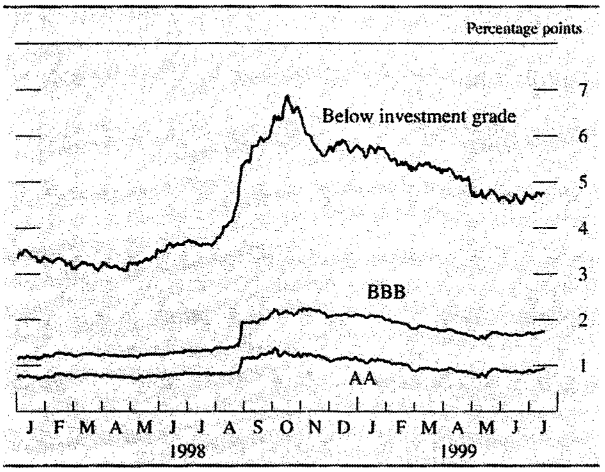
Corporate Profits and Business Finance

The economic profits of nonfinancial U.S. corporations rose considerably in the first quarter, even after allowing for the depressing effect in the fourth quarter of payments associated with the settlement between the tobacco companies and the states. Despite the growth of profits, capital expenditures by nonfinancial businesses continued to outstrip internal cash flow. Moreover, borrowing requirements were enlarged by the net reduction in equity outstanding, as the substantial volume of retirements from merger

Gross corporate bond issuance



Spreads of corporate bond yields over Treasury security yields



NOTE. The data are daily. The spread for below-investment-grade bonds compares the yield on the Merrill Lynch Master II high-yield bond index composite with the yield from the seven-year Treasury constant-maturity series: the other two spreads compare yields on the appropriate Merrill Lynch indexes with that on a ten-year Treasury security. Last observations are for July 19, 1999.

activity and share repurchase programs exceeded the considerable volume of gross issuance of both initial and seasoned public equities. As a result, businesses continued to borrow at a brisk pace: Aggregate debt of the nonfinancial business sector expanded at a 9½ percent annual rate in the first quarter. As financial market conditions improved after the turmoil of the fall, businesses returned to the corporate bond and commercial paper markets for funding, and corporate bond issuance reached a record high in March. Some of the proceeds were used to pay off bank loans, which had soared in the fall, and these repayments curbed the expansion of business loans at banks. Partial data for the second quarter indicate that borrowing by nonfinancial businesses slowed somewhat.

Risk spreads have receded on balance this year from their elevated levels in the latter part of 1998. From the end of December 1998 through mid-July, investment-grade corporate bond yields moved up from historically low levels, but by less than yields on comparable Treasury securities, and the spread between these yields narrowed to a level somewhat above that prevailing before the Russian crisis. The rise in investment-grade corporate bond yields was restrained by investors' apparently increased willingness to hold such debt, as growing optimism about the economy and favorable earnings reports gave investors more confidence about the prospective financial health of private borrowers. Yield spreads on below-investment-grade corporate debt over comparable Treasury securities, which had risen considerably in the latter part of 1998, also retreated. But in mid-July, these spreads were still well above the thin levels prevailing before the period of financial turmoil but in line with their historical averages.

In contrast to securities market participants, banks' attitudes toward business lending apparently became somewhat more cautious over the first half of the year, according to Federal Reserve surveys. The average spread of bank lending rates over the FOMC's target federal funds rate remained elevated. On net, banks continued to tighten lending terms and standards this year, although the percentage that reported tightening was much smaller than in the fall.

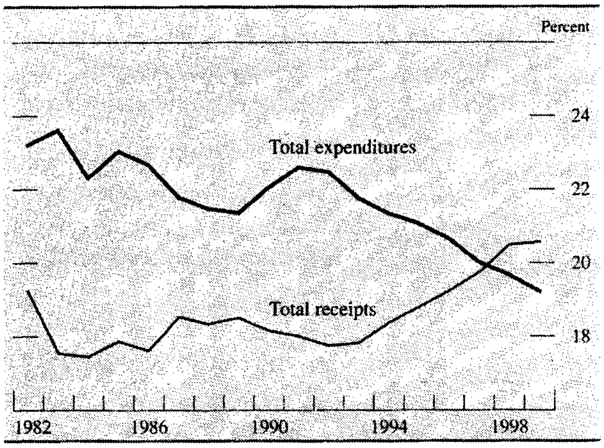
The overall financial condition of nonfinancial businesses was strong over the first half of the year, although a few indicators suggested a slight deterioration. In the first quarter, the ratio of net interest payments to corporate cash flow remained close to the modest levels of 1998, as low interest rates continued to hold down interest payments. Delinquency rates for commercial and industrial loans from banks ticked up, but they were still modest by historical standards. Similarly, over the first half of the year, business failures—measured as the ratio of liabilities of failed businesses to total liabilities—stepped up from the record low in 1998. The default rate on below-investment-grade bonds rose to its highest level in several years, an increase stemming in part from defaults by companies whose earnings were impaired by the drop in oil and other commodity prices last year. The total volume of business debt that was downgraded exceeded slightly the volume of debt that was upgraded.

The Government Sector

Federal Government

The incoming news on the federal budget continues to be quite favorable. Over the first eight months of fiscal year 1999—the period from October through May—the unified budget registered a surplus of about $41 billion, compared with $16 billion during the comparable period of fiscal 1998. If the latest projections from the Office of Management and Budget and the Congressional Budget Office are realized, the unified budget for fiscal 1999 as a whole will show a surplus of around $100 billion to $120 billion, or more than 1 percent of GDP—a striking turnaround from the outsized budget deficits of previous years, which approached 5 percent of GDP in the early 1990s.

Federal receipts and expenditures as a share of nominal GDP

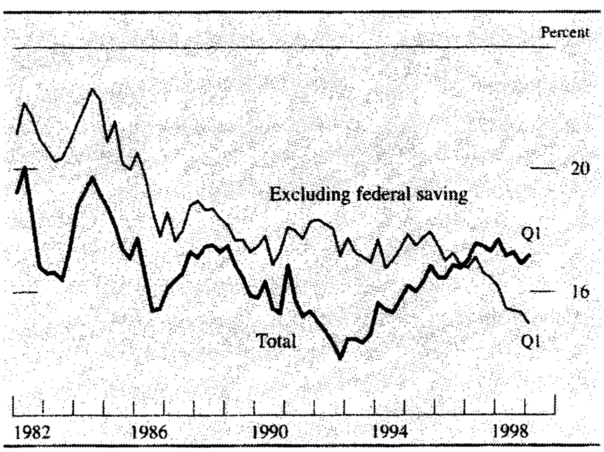


NOTE. Data on receipts and expenditures are from the unified budget. Values for 1999 are estimates from the CBO's July 1 economic and budget update.

As a result of this turnaround, the federal government is now contributing positively to the pool of national saving. In fact, despite the recent drop in the personal saving rate, gross saving by households, businesses, and governments has remained above 17 percent of GDP in recent quarters—up from the 14 percent range that prevailed in the early 1990s. This well-maintained pool of national savings, together with the continued willingness of foreigners to finance our current account deficits, has helped hold down the cost of capital, thus contributing to our nation's investment boom.

This year's increase in the federal surplus has reflected continued rapid growth of receipts in combination with a modest increase in outlays. Federal receipts were 5 percent higher in the first eight months of fiscal 1999 than in the year-earlier period. With profits leveling off from last year, receipts of corporate taxes have stagnated so far this fiscal year.

National saving as a share of nominal GDP

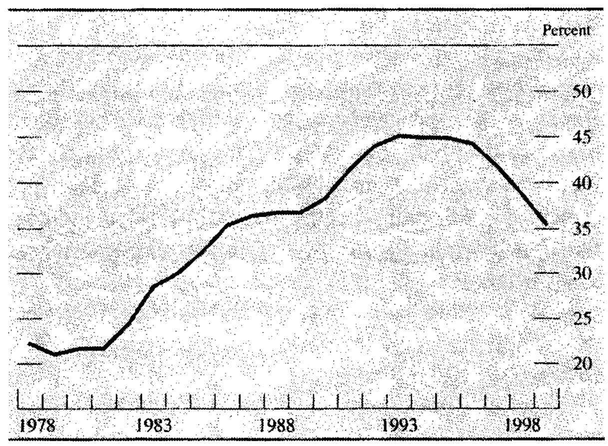


NOTE. National saving comprises the gross saving of households, businesses, and governments.

However, individual income tax payments are up appreciably, reflecting the solid gains in household incomes and perhaps also a rise in capital gains realizations large enough to offset last year's reduction in capital gains tax rates. At the same time, federal outlays increased only 2½ percent in nominal terms and barely at all in real terms during the first eight months of the fiscal year, relative to the comparable year-earlier period. Spending growth has been restrained in major portions of both the discretionary (notably, defense) and nondiscretionary (notably, net interest, social security, and Medicare) categories—although this year's emergency supplemental spending bill, at about $14 billion, was somewhat larger than similar bills in recent years.

As for the part of federal spending that is counted in GDP, real federal outlays for consumption and gross investment, which had changed little over the past few years, declined at a 2 percent annual rate in the first quarter of 1999. A drop in real defense outlays more than offset a rise in nondefense expenditures in the first quarter. And despite the military action in the Balkans and the recent emergency spending bill, defense spending appears to have declined in the second quarter as well.

Federal debt held by private investors as a share of nominal GDP



NOTE. Federal debt held by private investors is gross federal debt less debt held by federal government accounts and the Federal Reserve System. The value for 1999 is an estimate based on the CBO's July 1 economic and budget update.

The budget surpluses of the past two years have led to a notable decline in the stock of federal debt held by private investors as a share of GDP. Since its peak in March 1997, the total volume of Treasury debt held by private investors has fallen by nearly $130 billion. The Treasury has reduced its issuance of interest-bearing marketable debt in fiscal 1999.

The decrease has been concentrated in nominal coupon issues; in 1998, by contrast, the Treasury retired both bill and coupon issues in roughly equal measure. Offerings of inflation-indexed securities have remained an important part of the Treasury's overall borrowing program: Since the beginning of fiscal 1999, the Treasury has sold nearly $31 billion of such securities.

State and Local Governments

The fiscal condition of state and local governments has remained quite positive as well. Revenues have been boosted by increases in tax collections due to strong growth of private-sector incomes and expenditures—increases that were enough to offset an ongoing trend of tax cuts. Meanwhile, outlays have continued to be restrained. In all, at the state level, fiscal 1999 looks to have been the seventh consecutive year of improving fiscal positions; of the forty-six states whose fiscal years ended on June 30, all appear to have run surpluses in their general funds.

Real expenditures for consumption and gross investment by states and localities, which had been rising only moderately through most of 1998, jumped at a 7¾ percent annual rate in the first quarter of this year. This increase was driven by a surge in construction expenditures that was helped along by unseasonably favorable weather, and spending data for April and May suggest that much of this rise in construction spending was offset in the second quarter. As for employment, state and local governments added jobs over the first half of the year at about the same pace as they did last year.

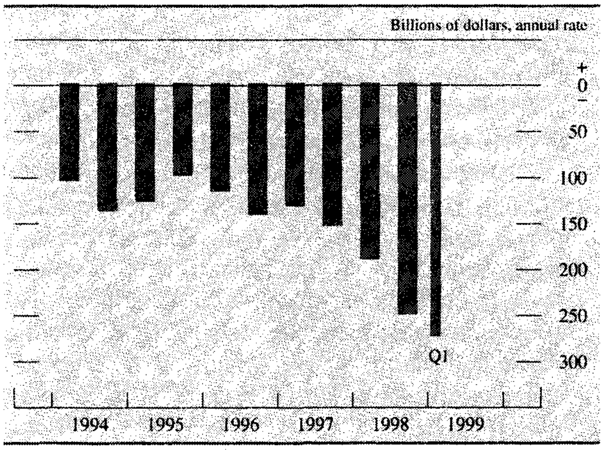
Debt of state and local governments expanded at a 5½ percent rate in the first quarter. The low interest rate environment and strong economy encouraged the financing of new projects and the refunding of outstanding higher-rate debt. Borrowing slowed to a more modest pace in the second quarter, as yields on long-dated municipal bonds moved up, but by less than those on comparable Treasury securities. The credit quality of municipal securities improved further over the first half of the year, with more issues being upgraded than downgraded.

External Sector

Trade and the Current Account

The current account deficit reached $274 billion at an annual rate in the first quarter of 1999, a bit more than 3 percent of GDP, compared with $221 billion

U.S. current account

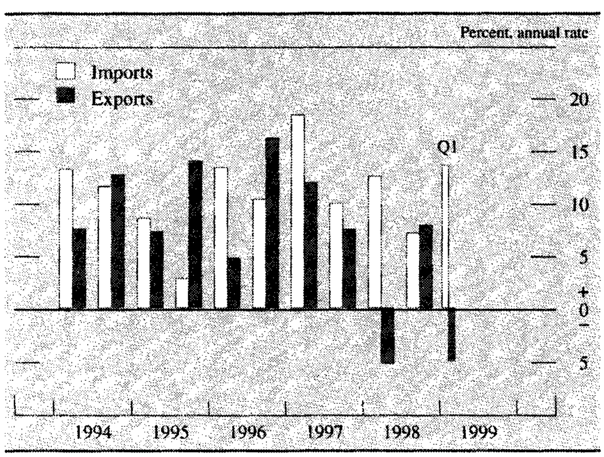


and 2½ percent of GDP for 1998. A widening of the deficit on trade in goods and services, to $215 billion at an annual rate in the first quarter from $173 billion in the fourth quarter of 1998, accounted for the deterioration in the current account balance. Data for April and May indicate that the trade deficit increased further in the second quarter.

The quantity of imports of goods and services again grew vigorously in the first quarter. The annual rate of growth of imports, at 13½ percent, continued the rapid pace seen over 1998 and reflected the strength of U.S. domestic demand and the effects of past dollar appreciation. Imports of consumer goods, automotive products, computers, and semiconductors were particularly robust. Preliminary data for April and May suggest that real import growth remained strong, as nominal imports rose steadily and non-oil import prices posted a moderate decline.

The volume of exports of goods and services declined at an annual rate of 5 percent in the first quarter. The decline partially reversed the strong increase in the fourth quarter of last year. The weak-

Change in real imports and exports of goods and services



ness of economic activity in a number of U.S. trading partners and the strength of the dollar damped demand for U.S. exports. Declines were registered in aircraft, machinery, industrial supplies, and agricultural products. Exports to Asia generally turned down in the first quarter from the elevated levels recorded in the fourth quarter, when they were boosted by record deliveries of aircraft to the region. Preliminary data for April and May suggest that real exports advanced slightly.

Capital Account

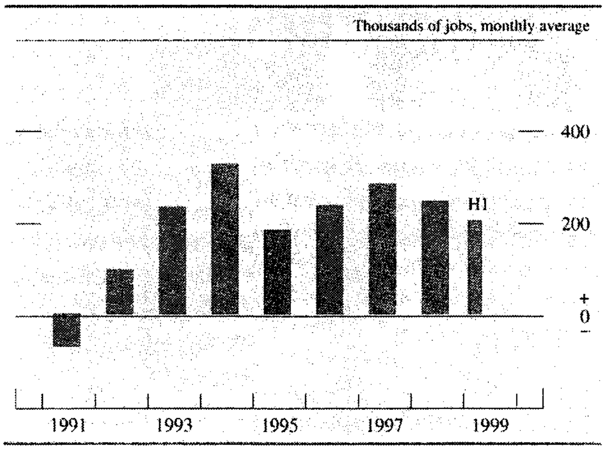
Foreign direct investment in the United States and U.S. direct investment abroad remained robust in the first quarter, reflecting brisk cross-border merger and acquisition activity. On balance, net capital flows through direct investment registered a modest outflow in the first quarter compared with a huge net inflow in the fourth quarter. Fourth-quarter inflows were swollen by several large mergers. Net foreign purchases of U.S. securities also continued to be quite sizable but again were well below the extraordinary pace of the fourth quarter. Most of the slowdown in the first quarter is attributable to a reduced demand for Treasury securities on the part of private investors abroad. But capital inflows from foreign official sources also slowed in the first quarter. U.S. residents on net sold foreign securities in the first quarter, but at a slower rate than in the previous quarter.

The Labor Market

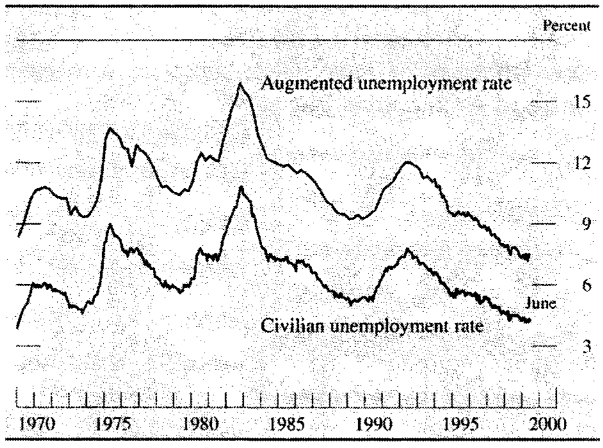
Employment and Labor Supply

Labor demand remained very strong during the first half of 1999. Payroll employment increased about

Change in total nonfarm payroll employment



Measures of labor utilization



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

200,000 per month on average, which, although less rapid than the 244,000 pace registered over 1998, is faster than the growth of the working-age population. With the labor force participation rate remaining about flat at just over 67 percent, the unemployment rate edged down further from an average of 4½ percent in 1998 to 4¼ percent in the first half of this year—the lowest unemployment rate seen in the United States in almost thirty years. Furthermore, the pool of potential workers, including not just the unemployed but also individuals who are out of the labor force but report that they want a job, declined late last year to the lowest share of the labor force since collection of these data began in 1970—and it has remained near that low this year. Not surprisingly, businesses in many parts of the country have perceived workers to be in very short supply, as evidenced by high levels of help-wanted advertising and surveys showing substantial difficulties in filling job openings.

Employment gains in the private service-producing sector remained sizable in the first six months of the year and more than accounted for the rise in nonfarm payrolls over this period. Payrolls continued to rise briskly in the services industry, with firms providing business services (such as help supply services and computer services) adding jobs especially rapidly. Job gains were quite sizable in retail trade as well. Within the service-producing sector, only the finance, insurance, and real estate industry has slowed the pace of net hiring from last year's rate, reflecting, in part, a slower rate of job gains in the mortgage banking industry as the refinancing wave has ebbed.

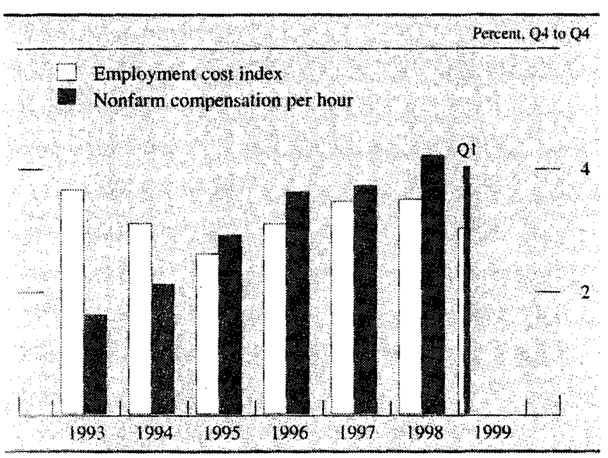
Within the goods-producing sector, the boom in construction activity pushed payrolls in that industry higher in the first six months of this year. But in manufacturing, where employment began declining more than a year ago in the wake of a drop in export demand, payrolls continued to fall in the first half of 1999; in all, nearly half a million factory jobs have been shed since March 1998. Despite these job losses, manufacturing output continued to rise in the first half of this year, reflecting large gains in labor productivity.

Labor Costs and Productivity

Growth in hourly compensation, which had been on an upward trend since 1995, appears to have leveled off and, by some measures, has slowed in the past year. According to the employment cost index (ECI), hourly compensation costs increased 3 percent over the twelve months ended in March, down from 3½ percent over the preceding twelve-month period. Part of both the earlier acceleration and more recent deceleration in the ECI apparently reflected swings in commissions, bonuses, and other types of "variable" compensation, especially in the finance, insurance, and real estate industry. But in addition, part of the recent deceleration probably reflects the influence of restrained price inflation in tempering nominal wage increases. Although down from earlier increases, the 3 percent rise in the ECI over the twelve months ended in March was well above the rise in prices over this period and therefore was enough to generate solid gains in workers' real pay.

The deceleration in the ECI through March has been most pronounced in the wages and salaries component, whose twelve-month change slowed ¾ percentage point from a year earlier. More recently, data on average hourly earnings of production or nonsupervisory workers may point to a leveling off, but no further slowing, of wage growth: This series was up at about a 4 percent annual rate over the first six months of this year, about the same as the increase over 1998. Growth in the benefits component of the ECI slowed somewhat as well in the year ended in March, to a 2¼ percent increase. However, employers' costs for health insurance are one component of benefits that has been rising more rapidly of late. After showing essentially no change from 1994 through 1996, the ECI for health insurance accelerated to a 3¾ percent pace over the twelve months ended in March.

Measures of the change in hourly compensation



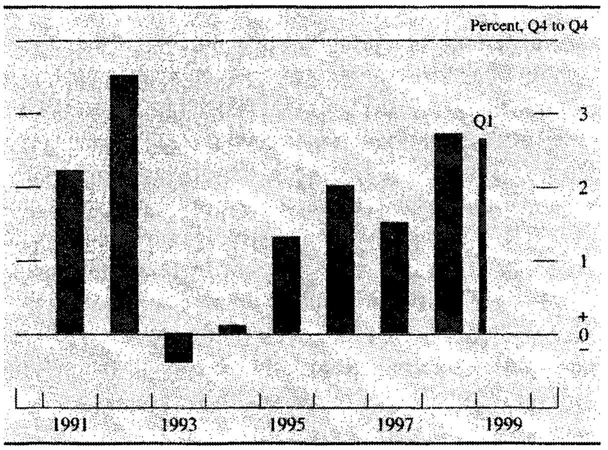
NOTE. The ECI is for private industry excluding farm and household workers. Nonfarm compensation per hour is for the nonfarm business sector. Values for 1999:Q1 are percent changes from 1998:Q1 to 1999:Q1.

A second measure of hourly compensation—the Bureau of Labor Statistics' measure of compensation per hour in the nonfarm business sector, which is derived from compensation information from the national accounts—has been rising more rapidly than the ECI in the past few years and has also decelerated less so far this year. Nonfarm compensation per hour increased 4 percent over the four quarters ended in the first quarter of 1999, 1 percentage point more than the rise in the ECI over this period. One reason these two compensation measures may diverge is that the ECI does not capture certain forms of compensation, such as stock options and hiring, retention, and referral bonuses, whereas nonfarm compensation per hour does measure these payments.[2] Although the two compensation measures differ in numerous other respects as well, the series' divergence may lend support to anecdotal evidence that these alternative forms of compensation have been increasing especially rapidly in recent years. However, because nonfarm compensation per hour can be revised substantially, one must be cautious in putting much weight on the most recent quarterly figures from this series.

Rapid productivity growth has made it possible to sustain these increases in workers' compensation without placing great pressure on businesses' costs. Labor productivity in the nonfarm business sector posted another sizable gain in the first quarter of 1999, and the increase over the four quarters ended in the first quarter of 1999 was 2½ percent. Indeed, productivity has increased at a 2 percent pace since 1995—well above the trend of roughly 1 percent per

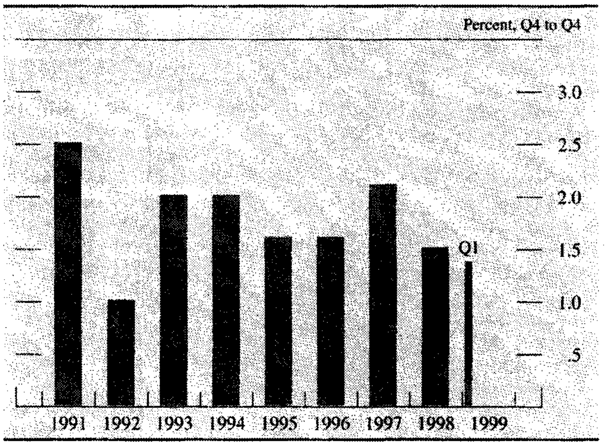
2. However, nonfarm compensation per hour captures the gains from the actual *exercise* of stock options, whereas for analyzing compensation trends, one might prefer to measure the value of the options at the time they are *granted*.

Change in output per hour



NOTE. Nonfarm business sector. The value for 1999:Q1 is the percent change from 1998:Q1 to 1999:Q1.

Change in unit labor costs



NOTE. Nonfarm business sector. The value for 1999:Q1 is the percent change from 1998:Q1 to 1999:Q1.

year that had prevailed over the preceding two decades.[3] This recent productivity performance is all the more impressive given that businesses are reported to have had to divert considerable resources toward avoiding computer problems associated with the century date change, and given as well that businesses may have had to hire less-skilled workers than were available earlier in the expansion when the pool of potential workers was not so shallow. Part of the strength in productivity growth over the past few years may have been a cyclical response to the rapid growth of output over this period. But productivity may also be reaping a more persistent payoff from the boom in business investment and the accompanying introduction of newer technologies that have occurred over the past several years.

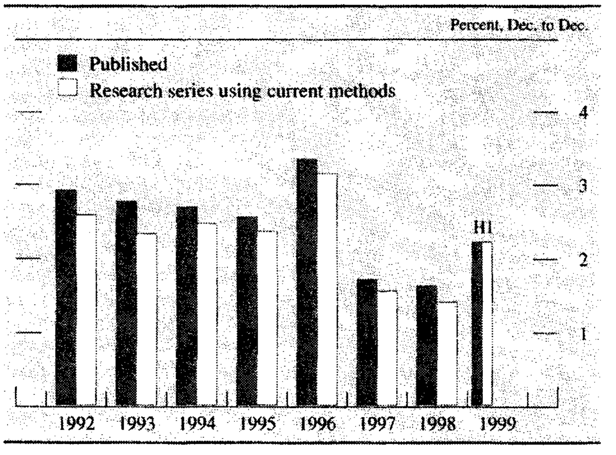
Even these impressive gains in labor productivity may not have kept up fully with increases in firms' real compensation costs of late. Over the past two years, real compensation, measured by the ECI relative to the price of nonfarm business output, has increased the same hefty 2½ percent per year as labor productivity; however, measured instead using nonfarm compensation per hour, real compensation has increased somewhat more than productivity over this period, implying a rising share of compensation in total national income. A persistent period of real compensation increases in excess of productivity growth would reduce firms' capacity to absorb further wage gains without putting upward pressure on prices.

3. About ¼ percentage point of the improvement in productivity growth since 1995 can be attributed to changes in price measurement. The measure of real output underlying the productivity figures since 1995 is deflated using CPI components that have been constructed using a geometric-means formula; these components tend to rise less rapidly than the CPI components that had been used in the output and productivity data before 1995. These smaller CPI increases translate into more rapid growth of output and productivity in the later period.

Prices

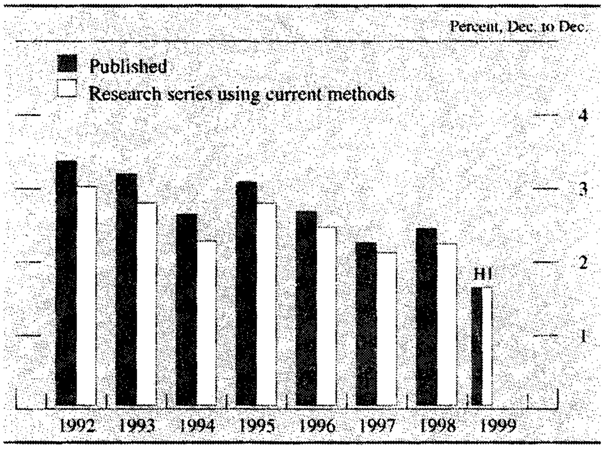
Price inflation moved up in early 1999 from a level in 1998 that was depressed by a transitory drop in energy and other commodity prices. After increasing only about 1½ percent over 1998, the consumer price index rose at a 2¼ percent annual rate over the first six months of this year, driven by a sharp turnaround in prices of gasoline and heating oil. However, the so-called "core" CPI, which excludes food and energy items, rose at an annual rate of only 1.6 percent over this period—a somewhat smaller increase than that registered over 1998 once adjustment is

Change in consumer prices



NOTE. Consumer price index for all urban consumers. The research series has been extended into 1999 using the published CPI. Values for 1999:H1 are percent changes from December 1998 to June 1999 at an annual rate.

Change in consumer prices excluding food and energy



NOTE. Consumer price index for all urban consumers. The research series has been extended into 1999 using the published CPI. Values for 1999:H1 are percent changes from December 1998 to June 1999 at an annual rate.

made for the effects of changes in CPI methodology: According to a new research series from the Bureau of Labor Statistics (BLS), the core CPI would have increased 2.2 percent over 1998 had 1999 methods been in place in that year.[4]

The moderation of the core CPI in recent years has reflected a variety of factors that have helped hold inflation in check despite what has been by all accounts a very tight labor market. Price increases have been damped by substantial growth in manufacturing capacity, which has held plant utilization rates in most industries at moderate (and in some cases subpar) levels, thereby reinforcing competitive pressures in product markets. Furthermore, rapid productivity growth helped hold increases in unit labor costs to low levels even as compensation growth was picking up last year. The rise in compensation itself has been constrained by moderate expectations of inflation, which have been relatively stable. According to the Michigan SRC survey, the median of one-year-ahead inflation expectations, which was about 2½ percent late last year, averaged 2¾ percent in the first half of this year.

The quiescence of inflation expectations, at least through the early part of this year, in turn may have come in part from the downward movement in overall inflation last year resulting from declines in prices of imports and of oil and other commodities. These price declines have not been repeated more recently. This year's rise in energy prices is the clearest example, but commodity prices more generally have been turning up of late. The Journal of Commerce industrial price index has moved up about 6 percent so far this year after having declined about 10 percent last year, with especially large increases posted for prices of lumber, plywood, and steel. These price movements are starting to be seen at later stages of processing as well: The producer price index for intermediate materials excluding food and energy, which gradually declined about 2 percent over the fifteen months through February 1999, retraced about half of that decrease by June. Furthermore, non-oil import prices, although continuing to fall this year, have moved down at a slower rate than that of the past couple of years when the dollar was rising sharply in foreign exchange markets. Non-oil import prices declined at a 1¼ percent annual rate over the first half of 1999, after having fallen at a 3 percent rate, on average, over 1997 and 1998.

Some other broad measures of prices also showed evidence of acceleration early this year. The chain-type price index for GDP—which covers prices of all goods and services produced in the United States—rose at about a 1½ percent annual rate in the first quarter, up from an increase of about 1 percent last year. A portion of this acceleration reflected movements in the chain-type price index for personal consumption expenditures (PCE) that differed from movements in the CPI.

3. Alternative measures of price change

Percent, annual rate

Price measure	1996:Q4 to 1997:Q4	1997:Q4 to 1998:Q4	1998:Q4 to 1999:Q1
Fixed-weight			
Consumer price index	1.9	1.5	1.5
Excluding food and energy	2.2	2.4	1.6
Chain-type			
Gross domestic product	1.7	.9	1.6
Gross domestic purchases	1.3	.4	1.2
Personal consumption expenditures	1.5	.7	1.2
Excluding food and energy	1.6	1.2	1.3

NOTE. A fixed-weight index uses quantity weights from the base year to aggregate prices from each distinct item category. A chain-type index is the geometric average of two fixed-weight indexes and allows the weights to change each year. Changes are based on quarterly averages.

Although the components of the CPI are key inputs into the PCE price index, the two price measures differ in a variety of respects: They use different aggregation formulas; the weights are derived from different sources; the PCE measure does not utilize all components of the CPI; and the PCE measure is

4. The most important change this year was the introduction of the geometric-means formula to aggregate price quotes within most of the detailed item categories. (The Laspeyres formula continues to be used in constructing higher-level aggregates.) Although these geometric-means CPIs were introduced into the official CPI only in January of this year, the BLS generated the series on an experimental basis going back several years, allowing them to be built into the national income and product accounts back to 1995.

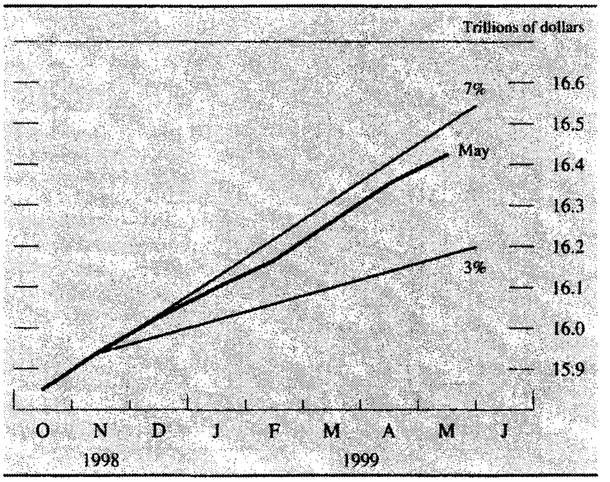
broader in scope, including not just the out-of-pocket expenditures by households that are captured by the CPI, but also the portion of expenditures on items such as medical care and education that are paid by insurers or governments, consumption of items such as banks' checking services that are provided without explicit charge, and expenditures made by nonprofit institutions. Although PCE prices typically rise a bit less rapidly than the CPI, the PCE price measure was unusually restrained relative to the CPI in the few years through 1998, reflecting a combination of the above factors.

Last year's sharp drop in retail energy prices and the subsequent rebound this spring reflected movements in the price of crude oil. The spot price of West Texas intermediate (WTI) crude oil, which had stood at about $20 per barrel through most of 1997, dropped sharply over 1998 and reached $11 per barrel by the end of the year, reflecting in part a weakening in demand for oil from the distressed Asian nations and increases in supply from Iraq and other countries. But oil prices jumped this year as the OPEC nations agreed on production restraints aimed at firming prices, and the WTI spot price reached $18 per barrel in April and has moved still higher more recently. As a result, gasoline prices, which dropped 15 percent over 1998, reversed almost all of that decline over the first six months of this year. Prices of heating fuel also rebounded after dropping in 1998. In all, the CPI for energy rose at a 10 percent annual rate over the December-to-June period.

Consumer food prices increased moderately over the first six months of the year, rising at a 1¾ percent annual rate. Despite the upturn in commodity prices generally, farm prices have remained quite low and have helped to hold down food price increases. Spot prices of wheat, soybeans, and sugar have moved down further this year from already depressed levels at the end of 1998, and prices of corn and coffee have remained low as well.

The CPI for goods other than food and energy declined at about a ½ percent annual rate over the first six months of 1999, after having risen 1¼ percent over 1998. The 1998 increase reflected a sharp rise in tobacco prices in December associated with the settlement of litigation between the tobacco companies and the states; excluding tobacco, the CPI for core goods was about flat last year. The decline in the first half of this year was concentrated in durable goods, where prices softened for a wide range of items, including motor vehicles. The CPI for nonenergy services increased about 2½ percent at an annual rate in the first half, down a little from the increase over 1998. Increases in the CPI for rent

Domestic nonfinancial debt: Annual range and actual level



of shelter have slowed thus far in 1999, rising at a 2½ percent annual rate versus a 3¼ percent rise last year. However, airfares and prices of medical services have been rising more rapidly so far this year.

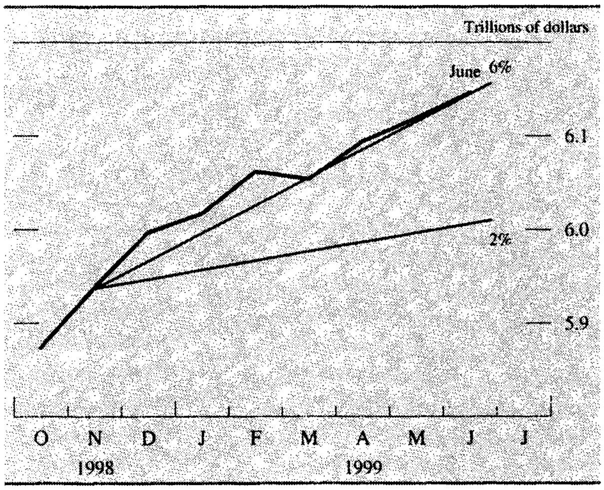
Debt and the Monetary Aggregates

Debt and Depository Intermediation

The total debt of the U.S. household, government, and nonfinancial business sectors increased at about a 6 percent annual rate from the fourth quarter of 1998 through May, a little above the midpoint of its growth range of 3 percent to 7 percent. Nonfederal debt expanded briskly at about a 9 percent annual pace, in association with continued strong private domestic spending on consumer durable goods, housing, and business investment. By contrast, federal debt contracted at a 3 percent annual rate, as budget surpluses reined in federal government financing needs.

Credit extended by depository institutions slumped over the first half of 1999, after having expanded quite briskly in 1998. A fair-sized portion of the expansion in 1998 came in the fourth quarter and stemmed from the turmoil in financial markets. In that turbulent environment, depository institutions postponed securitization of mortgages, and businesses shifted their funding demand from securities markets to depository institutions, where borrowing costs in some cases were governed by pre-existing lending commitments. Depository institutions also acquired mortgage-backed securities and other private debt instruments in volume, as their yields evidently rose relative to depository funding costs. As

M3: Annual range and actual level

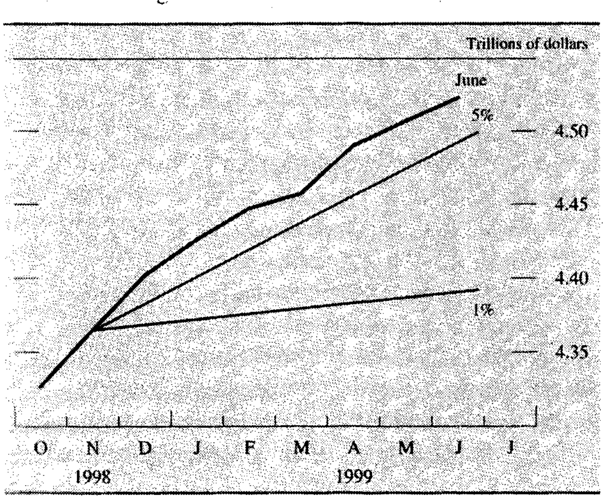


financial stresses unwound, securitization resumed, business borrowers returned to securities markets, and net purchases of securities slowed. From the fourth quarter of 1998 through June, bank credit rose at a 3 percent annualized pace, after adjusting for the estimated effects of mark-to-market accounting rules.

Monetary Aggregates

The growth of M3, the broadest monetary aggregate, slowed appreciably over the first half of 1999. M3 expanded at a 6 percent annual pace from the fourth quarter of 1998 through June of this year, placing this aggregate at the top of the 2 percent to 6 percent price-stability growth range set by the FOMC at its February meeting. With depository credit growing modestly, depository institutions trimmed the managed liabilities included in M3, such as large time

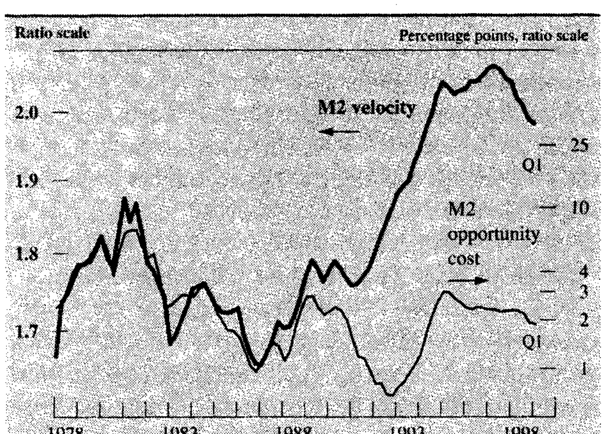
M2: Annual range and actual level



deposits. Growth of institutional money market mutual funds also moderated from its rapid pace in 1998. Rates on money market funds tend to lag the movements in market rates because the average rate of return on the portfolio of securities held by the fund changes more slowly than market rates. In the fall, rates on institutional money market funds did not decline as fast as market rates after the Federal Reserve eased monetary policy, and the growth of these funds soared. As rates on these funds moved back into alignment with market rates this year, growth of these funds ebbed.

M2 advanced at a 6¼ percent annual rate from the fourth quarter of 1998 through June. M2 growth had been elevated in late 1998 by unsettled financial conditions, which raised the demand for liquid money balances, and by the easing of monetary policy, which reduced the opportunity costs of holding the assets included in the monetary aggregates. M2 growth moderated over the first half of 1999, as the heightened demand for money waned; in June this aggregate was above its 1 percent to 5 percent price-stability growth range. The growth in M2 over the first half of the year again outpaced that of nominal income, although the decline in M2 velocity—the ratio of nominal income to M2—was at a slower rate than in 1998. The decline this year reflected in part a continuing lagged response to the policy easing in the fall; however, the drop in M2 velocity was again larger than predicted on the basis of the historical relationship between the velocity of M2 and the opportunity costs of holding M2—measured as the difference between the rate on three-month Treasury bills and the average return on M2 assets. The reasons for the decline of M2 velocity this year are not

M2 velocity and the opportunity cost of holding M2



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

4. Growth of money and debt

Percent

Period	M1	M2	M3	Domestic nonfinancial debt
Annual[1]				
1989	.6	5.2	4.1	7.5
1990	4.2	4.2	1.9	6.7
1991	8.0	3.1	1.2	4.5
1992	14.3	1.8	.6	4.5
1993	10.6	1.3	1.0	4.9
1994	2.5	.6	1.7	4.9
1995	−1.6	3.9	6.1	5.4
1996	−4.5	4.6	6.8	5.1
1997	−1.2	5.8	8.8	4.8
1998	1.8	8.5	10.9	6.1
Quarterly (annual rate)[2]				
1999:1	2.8	7.2	7.3	5.9
2	3.4	5.7	5.0	
Year-to-date[3]				
1999	2.0	6.2	6.0	6.1

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

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

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

3. From average for fourth quarter of 1998 to average for June (May in the case of domestic nonfinancial debt).

clear; the drop extends a trend in velocity evident since mid-1997 and may in part owe to households' efforts to allocate some wealth to the assets included in M2, such as deposits and money market mutual fund shares, after several years of substantial gains in equity prices that greatly raised the share of wealth held in equities.

M1 increased at a 2 percent annualized pace from the fourth quarter of 1998 through June, in line with its advance in 1998. The currency component of M1 expanded quite rapidly. The strength appeared to stem from domestic, rather than foreign, demand, perhaps reflecting vigorous consumer spending, although currency growth was more robust than might be expected for the rise in spending. The deposits in M1—demand deposits and other checkable deposits—contracted further, as retail sweep programs continued to be introduced. These programs, which first began in 1994, shift funds from a depositor's checking account, which is subject to reserve requirements, to a special-purpose money market deposit account, which is not. Funds are then shifted back to the checking account when the depositor's account balance falls below a given level. The depository institution benefits from a retail sweep program because the program cuts its reserve requirement and thus the amount of non-interest-bearing reserve balances that it must hold at its Federal Reserve Bank. New sweep programs depressed the growth of M1 by about 5¼ percentage points over the first half of 1999, somewhat less than in previous years because most of the depository institutions that would benefit from such programs had already implemented them.

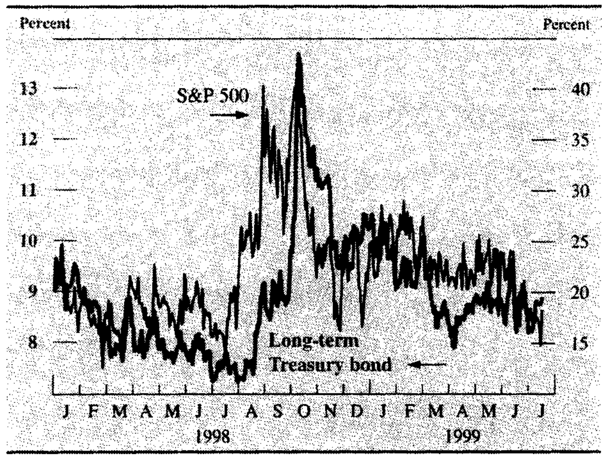
As a consequence of retail sweep programs, the balances that depository institutions are required to hold at the Federal Reserve have fallen about 60 percent since 1994. This development has the potential to complicate reserve management by the Federal Reserve and depository institutions and thus raise the volatility of the federal funds rate. It would do so by making the demand for balances at the Federal Reserve more variable and less predictable. Before the introduction of sweeps, the demand for balances was high and stable because reserve balance requirements were large, and the requirements were satisfied by the average of daily balances held over a maintenance period. With sweep programs reducing required balances to low levels, depository institutions have found that they target balances in excess of their required balances in order to gain sufficient protection against unanticipated debits that could leave their accounts overdrawn at the end of the day. This payment-related demand for balances varies more from day to day than the requirement-related demand. Thus far, the greater variation in the demand for balances has not made the federal funds rate appreciably more volatile, in part reflecting the successful efforts of depository institutions and the Federal Reserve to adapt to lower balances. For its part, the Federal Reserve has conducted more open market operations that mature the next business day to better align daily supply with demand. Nonetheless, required balances at the Federal Reserve could drop to levels at which the volatility of the funds rate becomes pronounced. One way to address the problem of declining required balances would be to permit the Federal Reserve to pay interest on the reserve balances that depository institutions hold. Paying interest on reserve balances would reduce considerably the incentives of depository institutions to develop reserve-avoidance practices that may complicate the implementation of monetary policy.

U.S. Financial Markets

Yields on Treasury securities have risen this year in response to the ebbing of the financial market strains of late 1998, surprisingly strong economic activity, concerns about the potential for increasing inflation, and the consequent anticipation of tighter monetary policy. In January, yields on Treasury securities moved in a narrow range, as lingering safe-haven demands for dollar-denominated assets, owing in part to the devaluation and subsequent floating of the Brazilian *real*, about offset the effect on yields of stronger-than-expected economic data. Over subsequent months, however, yields on Treasury securities, especially at intermediate and long maturities, moved up substantially. The demand for the safest and most liquid assets, which had pulled down Treasury yields in the fall, abated as the strength in economic activity and favorable earnings reports engendered optimism about the financial condition of private borrowers and encouraged investors to buy private securities. In addition, rising commodity prices, tight labor markets, and robust economic activity led market participants to conclude that monetary policy would need to be tightened, perhaps in a series of steps. This view, accentuated by the FOMC's announcement after its May meeting that it had adopted a directive tilted toward tightening policy, also boosted yields. Between the end of 1998 and mid-July, Treasury yields added about 80 basis points to 110 basis points, on balance, with the larger increases in the intermediate maturities. The rise in Treasury bill rates, anchored by the modest upward move in the FOMC's target federal funds rate, was much less, about 10 basis points to 40 basis points.

The recovery in fixed-income markets over the first half of the year was evident in a number of indicators of market conditions. Market liquidity was generally better, and volatility was lower. The relative demand for the most liquid Treasury securities—the most recently auctioned security at each maturity—was

Implied volatilities

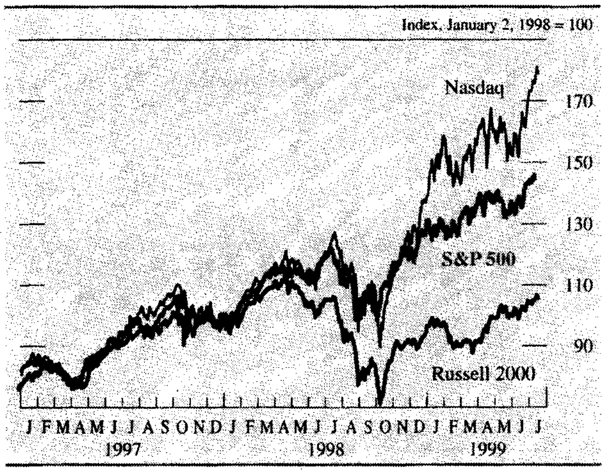


NOTE. The data are daily. Implied volatilities are calculated from options prices. Last observations are for July 19, 1999.

not so acute, and yields on these securities were in somewhat closer alignment with yields on issues that had been outstanding longer. Dealers were more willing to put capital at risk to make markets, and bid–asked spreads in Treasury securities narrowed somewhat, though, in June they were still a bit wider than had been typical. Market expectations of asset price volatility, as reflected in prices on Treasury bond options contracts, receded on balance. The implied volatility of bond prices dropped off until April and then turned back up, as uncertainty about the timing and extent of a possible tightening of monetary policy increased.

Yields on inflation-indexed Treasury securities have only edged up this year, and the spreads between yields on nominal Treasury securities and those on comparable inflation-indexed securities have widened considerably. Yields on inflation-indexed securities did not decline in late 1998 like those of their nominal counterparts, in part because these securities were not perceived as being as liquid as nominal Treasury securities. Thus, as the safe-haven demand for nominal Treasury securities unwound and nominal yields rose, yields on inflation-indexed securities did not move up concomitantly. Moreover, these yields were held down by some improvement in the liquidity of the market for inflation-indexed securities, as suggested by reports of narrower bid–asked spreads, which provided additional impetus for investors to acquire these securities. Because of such considerations, the value of the yield spread between nominal and inflation-indexed Treasury securities as an indicator of inflation expectations is limited. Nonetheless, the widening of the spread this year may have reflected some rise in inflation expectations.

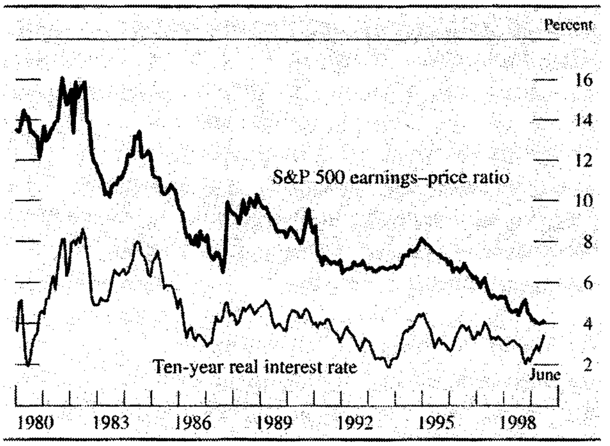
Major stock price indexes



NOTE. The data are daily. Last observations are for July 19, 1999.

Equity prices have climbed this year. Major equity price indexes posted gains of 10 percent to 31 percent, on balance, between the end of 1998 and July 16, when most of them established record highs. The lift to prices from stronger-than-anticipated economic activity and corporate profits apparently has offset the damping effect of rising bond yields. Prices of technology issues, especially Internet stocks, have risen considerably on net, despite some wide swings in sentiment. Share prices of firms producing primary commodities, which tumbled in the fall, rebounded to post large price gains, perhaps because of the firming of commodity prices amid perceptions that Asian economies were improving. Consensus estimates of earnings over the coming twelve months have strengthened, but in June the ratio of these estimates

Equity valuation and the ten-year real interest rate



NOTE. The data are monthly. The earnings–price ratio is based on the I/B/E/S International, Inc., consensus estimate of earnings over the coming twelve months. The real interest rate is the yield on the ten-year Treasury note less the measure of ten-year inflation expectations from the Federal Reserve Bank of Philadelphia Survey of Professional Forecasters.

to prices, as measured by the S&P 500 index, was near the record low established in May. Meanwhile, real interest rates, measured as the difference between the yield on the nominal ten-year Treasury note and a survey-based measure of inflation expectations, moved up. Consequently, the risk premium for holding equities remained quite small by historical standards.

Year 2000 Preparedness

The Federal Reserve and the banking system have largely completed preparing technical systems to ensure that they will function at the century date change and are taking steps to deal with potential contingencies. The Federal Reserve successfully completed testing all of its mission-critical computer systems for year 2000 compliance, including its securities and funds transfer systems. As a precaution to assure the public that sufficient cash will be available in the event that demand for U.S. currency rises in advance of the century date change, the Federal Reserve will increase considerably its inventory of currency by late 1999. In addition, the Federal Reserve established a Century Date Change Special Liquidity Facility to supply collateralized credit freely to depository institutions at a modest penalty to market interest rates in the months surrounding the rollover. This funding should help financially sound depository institutions commit more confidently to supplying loans to other financial institutions and businesses in the closing months of 1999 and early months of 2000.

All depository institutions have been subject to special year 2000 examinations by their banking supervisors to ensure their readiness. Banks, in turn, have worked with their customers to encourage year 2000 preparedness by including a review of a customer's year 2000 preparedness in their underwriting or loan-review standards and documentation. According to the Federal Reserve's May 1999 Senior Loan Officer Opinion Survey, a substantial majority of the respondent banks have largely completed year 2000 preparedness reviews of their material customers. Most banks reported that only a small portion of their customers have not made satisfactory progress.

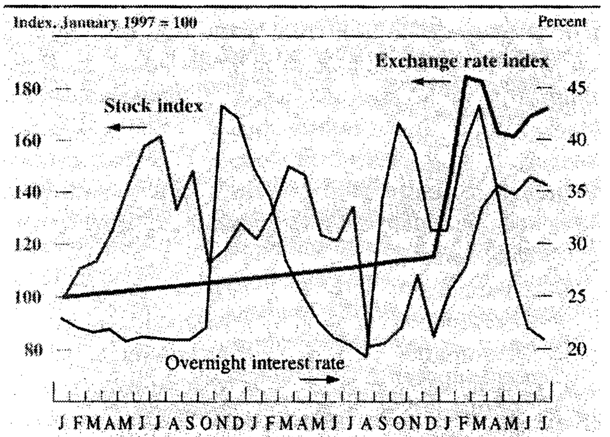
Banks in the Federal Reserve's survey reported little demand from their clients for special contingency lines of credit related to the century date change, although many expect demand for such lines to increase somewhat as the year progresses. Almost all domestic respondents reported that they are willing to extend such credit lines, although in some cases with tighter standards or terms.

International Developments

Global economic prospects look considerably brighter than they did only a few months ago. To an important degree, this improvement owes to the rebound in the Brazilian economy from the turmoil experienced in January and February and to the fact that the fallout from Brazil on other countries was much less than it might have been. The fear was that the collapse of the Brazilian *real* last January would unleash a spiral of inflation and further devaluation and lead to a default on government domestic debt, destabilizing financial markets and triggering an intensified flight of capital from Brazil. In light of events following the Russian debt moratorium and collapse of the ruble last year, concern existed that a collapse of the *real* could also have negative repercussions in Latin America more broadly, and possibly even in global financial markets.

Developments in Brazil turned out better than expected over the weeks after the floating of the *real* in January. Between mid-January and early March, the *real* lost 45 percent of its value against the dollar, reaching a low of 2.2 per dollar, but then started to recover after the Brazilian central bank raised the overnight interest rate from 39 percent to 45 percent and made clear that it gave a high priority to fighting inflation. By mid-May, the *real* had strengthened to 1.65 per dollar, even while the overnight rate had been cut, in steps, from its March high. The overnight rate was reduced further, to 21 percent by the end of June, but the *real* fell back only modestly and stood at about 1.80 per dollar in mid-July. Brazil's stock market also rose sharply and was up by about 65 percent in the year to date.

Brazilian financial indicators



NOTE. The stock index is the Bovespa index from the Sao Paolo Exchange, last trading day of the month. The overnight interest rate is the average monthly SELIC rate. The exchange rate index is the average monthly bilateral exchange rate with the U.S. dollar.

Several favorable developments have worked to support the *real* and equity prices over the past few months. Inflation has been lower than expected, with consumer price inflation at an annual rate of around 8 percent for the first half of the year. Greater-than-expected real GDP growth in the first quarter, though attributable in part to temporary factors, provided some evidence of a bottoming out, and possible recovery, in economic activity over the first part of this year. And in the fiscal arena, the government posted a primary surplus of more than 4 percent of GDP in the first quarter—well above the goal in the International Monetary Fund program. The positive turn of events has facilitated a return of the Brazilian government and private-sector borrowers to international bond markets, albeit on more restrictive terms than those of a year ago.

Since the middle of May, however, the road to recovery in Brazil has become bumpier. The central government posted a fiscal deficit in May that was bigger than had been expected. In addition, court challenges have called into question fiscal reforms enacted earlier this year that were expected to improve the government's fiscal balance by about 1 percent of GDP. In May, the rise in U.S. interest rates associated with the anticipated tightening in the stance of U.S. monetary policy helped push Brady bond yield spreads up more than 200 basis points. Although they narrowed some in June, they widened recently on concerns about Argentina's economic situation.

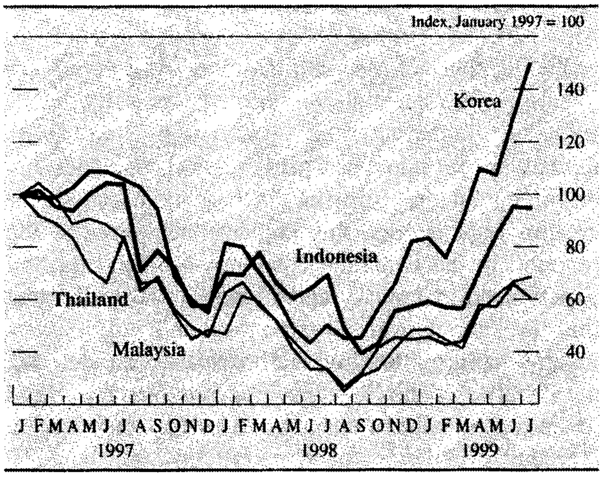
The Brazilian crisis did trigger renewed financial stress throughout Latin America, as domestic interest rates and Brady bond yield spreads increased sharply in January from levels that had already been elevated by the Russian crisis. Nonetheless, these increases were generally smaller than those that had followed the Russian crisis, and as developments in Brazil proved more positive than expected, financial conditions in the rest of the region stabilized rapidly. Even so, the combination of elevated risk premiums and diminished access to international credit markets, as well as sharp declines in the prices of commodity exports, had significant consequences for GDP growth, which began to slow or turn negative throughout the region in late 1998 and early 1999.

Mexico appears to have experienced the least diminution in economic growth, likely because of its strong trade links with the United States, where growth has been robust. A flattening in Mexican GDP in the final quarter of 1998 has given way to renewed, but moderate, growth more recently, and the Mexican peso has appreciated by about 5½ percent relative to the dollar since the start of the year. By contrast, economic activity in Argentina declined sharply in the first quarter, in part because of the devaluation and relatively weak economic activity in Brazil, Argentina's major trading partner. More recently the earlier recovery in Argentina's financial markets appears to have backtracked as concern has increased about the medium- to long-run viability of the currency peg to the dollar. Several countries in the region, including Venezuela, Chile, and Colombia, also experienced sharp declines in output in the first quarter, stemming in part from earlier declines in oil and other commodity prices.

In emerging Asia, signs of recovery in financial markets and in real activity are visible in most of the countries that experienced financial crises in late 1997. However, the pace and extent of recovery is uneven across countries. The strongest recovery has been in Korea. In 1998, the Korean won reversed nearly half of its sharp depreciation of late 1997. It has been little changed on balance this year, as Korean monetary authorities have intervened to moderate its further appreciation. Korean stock prices have also staged an impressive recovery—moving up about 75 percent so far in 1999. In the wake of its financial crisis, output in Korea fell sharply, with industrial production down about 15 percent by the middle of last year. Since then, however, production has bounced back. With the pace of the recovery accelerating this year, all of the post-crisis drop in production has been reversed. This turnaround reflects both the improvement in Korea's external position, as the trade balance has swung into substantial surplus, and the government's progress in addressing the structural problems in the financial and corporate sectors that contributed to the crisis.

Financial markets in the Southeast Asian countries that experienced crises in 1997 (Thailand, Singapore, Malaysia, Indonesia, and the Philippines) apparently were little affected by spillover from Brazil's troubles earlier this year and have recovered on balance over the past year, with exchange rates stabilizing and stock prices moving higher. Financial conditions have been weakest in Indonesia, in large part a result of political uncertainty; but even so, domestic interest rates have dropped sharply, and the stock market has staged an impressive rebound since April. The recovery of economic activity in these countries has been slower and less robust than in Korea, possibly reflecting slower progress in addressing structural weaknesses in the financial and corporate sectors. However, activity appears to have bottomed out and has recently shown signs of starting to move up in these countries.

Stock prices in developing Asian countries



NOTE. The data are for the last trading day of the month. The July observations are for July 19. Indexes are capitalization-weighted averages of all stocks traded on a country's stock exchange.

Financial markets in China and Hong Kong experienced some turbulence at the start of the year when Chinese authorities put the Guangdong International Trust and Investment Corporation (GITIC) into bankruptcy, leading to rating downgrades for some Chinese financial institutions, including the major state commercial banks. The GITIC bankruptcy also raised concerns about Hong Kong financial institutions, which are heavy creditors to Chinese entities. These concerns contributed to a substantial increase in yield spreads between Hong Kong government debt and U.S. Treasury securities and to a fall in the Hong Kong stock market of about 15 percent. Spreads have narrowed since, falling from about 330 basis points on one-year debt in late January to about 80 basis points by mid-May, and have remained relatively stable since then. Equity prices also rebounded sharply, rising nearly 50 percent between mid-February and early May. Despite sizable volatility in May and June, they are now roughly unchanged from early May levels.

In Japan, a few indicators suggest that recovery from a prolonged recession may be occurring. Principally, first-quarter GDP growth at an annual rate of 7.9 percent was recorded—the first positive growth in six quarters. This improvement reflects in part a shift toward more stimulative fiscal and monetary policies. On the fiscal front, the government announced a set of measures at the end of last year that were slated for implementation during 1999 and included permanent cuts in personal and corporate income taxes, various investment incentives, and increases in public expenditures. The large-scale fiscal expansion and concern about increases in the supply of government bonds caused bond yields to more than double late last year and early this year, to a level of about 2 percent on the ten-year bond.

In mid-February, primarily because of concern about the prolonged weakness in economic activity and pronounced deflationary pressures but also in response to the rising bond yields, the Bank of Japan announced a reduction in the target for the overnight call-money rate and subsequently guided the rate to its present level of 3 basis points by early March. This easing of monetary policy had a stimulative effect on Japanese financial markets, with the yield on the ten-year government bond falling more than 75 basis points, to 1.25 percent by mid-May. More recently, the yield has risen to about 1.8 percent, partially in response to the release of unexpectedly strong first-quarter GDP growth. Supportive monetary conditions, coupled with restructuring announcements from a number of large Japanese firms and growing optimism about the economic outlook, have fueled a rise in the Nikkei from around 14,400 over the first two months of the year to over 18,500 in mid-July.

The improved economic performance in Japan also reflects some progress on addressing persistent problems in the financial sector. In March the authorities injected 7½ trillion yen of public funds into large financial institutions and began to require increased provisioning against bad loans as well as improved financial disclosure. Although much remains to be done, these actions appear to have stabilized conditions, at least temporarily, in the banking system, and the premium on borrowing rates paid by leading Japanese banks declined to zero by March.

The yen strengthened in early January, supported by the runup in long-term Japanese interest rates, reaching about 110 per dollar—its highest level in more than two years. However, amid apparent intervention by the Japanese authorities, the yen retreated to a level above 116 per dollar, and it remained near that level until the mid-February easing of monetary policy and the subsequent decline of interest rates when it depreciated to about 120 per dollar. In mid-June, the Japanese authorities intervened in the foreign exchange market in an effort to limit appreciation of the yen after the surprisingly strong first-quarter GDP release increased market enthusiasm for that currency. The authorities noted that a premature strengthening of the yen was undesirable and would weigh adversely on economic recovery.

In the other major industrial countries, the pace of economic growth this year has been mixed. Economic developments in Canada have been quite favorable. GDP rose 4¼ percent at an annual rate in the first quarter after a fourth-quarter gain of 4¾ percent, with production fueled by strong demand for Canadian products from the United States. Core inflation remains low, near the lower end of the Bank of Canada's target range of 1 percent to 3 percent, although overall inflation rose some in April and May. Oil prices and other commodity prices have risen, and the current account deficit has narrowed considerably. These factors have helped the Canadian dollar appreciate relative to the U.S. dollar by about 4 percent this year and have facilitated a cut in short-term interest rates of 50 basis points by the Bank of Canada. Along with rising long-term interest rates elsewhere, long rates have increased in Canada by about 30 basis points over the course of this year. Even so, equity prices have risen about 12 percent since the start of the year, although the rise in long-term rates has undercut some of the momentum in the stock market.

In the United Kingdom, output was flat in the first quarter, coming off a year in which GDP growth had already slowed markedly. However, the effects of aggressive interest rate reductions undertaken by the Bank of England in late 1998 and earlier this year appear to have emerged in the second quarter, with gains in industrial production, retail sales volume, and business confidence. Inflationary pressures have been well contained, benefiting in part from the continued strength in sterling; the Bank of England cut interest rates, most recently in June, to reduce the likelihood of inflation undershooting its target of 2½ percent. Consistent with expectations of an upturn in growth, equity prices have risen more than 15 percent, and long-term bond yields have climbed nearly 80 basis points since the end of last year.

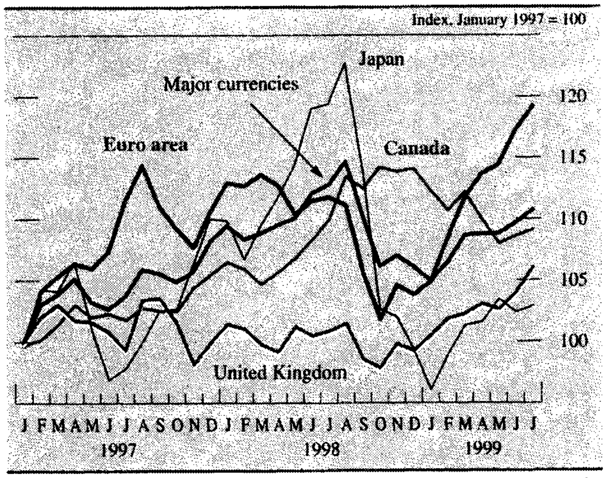
First-quarter growth in the European countries that have adopted a common currency (euro area) regained some momentum from its slow pace in late 1998 but was nevertheless below potential, as production continued to react to the decline in export orders registered over the course of 1998 and in early 1999. Still, the drag on overall production from weak export demand from Asia and eastern Europe appears to have lifted a bit in the past few months, although the signs of a pickup in growth were both tentative and uneven across the euro area. In Germany, industrial production was higher in April and May than in the preceding two months, and export orders were markedly higher in those months than they had been at any time since the spring of 1998. But in France, which had been the strongest of the three largest euro-area economies in 1998, GDP growth was a meager 1¼ percent at an annual rate in the first quarter, and industrial production slipped in April.

On average in the euro area, inflation has remained quite tame, even as rising oil prices, a declining euro, and, at least in Germany, an acceleration in wage rates have raised inflationary pressures this year. The low average rate of inflation as well as the still sluggish pace of real activity in some of the euro-area countries led the European Central Bank to lower the overnight policy rate by 50 basis points in April, on top of cuts in short-term policy rates made by the national central banks late last year that, on average, were worth about 60 basis points.

Notwithstanding the easing of the policy stance, long-term government bond yields have risen substantially from their January lows in the largest economies of the euro area. Ten-year rates spiked in early March along with U.S. rates, fell back some through mid-May, and then resumed an upward course around the time the FOMC adopted a tightening bias in mid-May. Since the middle of June, a relatively sharp increase in yields has pushed them to about 100 basis points above their values at the start of the year and has narrowed what had been a growing interest rate differential between U.S. and European bonds. In addition to the pressure provided by the increase in U.S. rates, the runup in European yields likely reflects the belief that short-term rates have troughed, as the incipient recovery in Asia not only reduces the drag on European exports but also attenuates deflationary pressures on European import prices. Concern about the fall in the exchange value of the euro may also have contributed to an assessment that the next move in short-term rates would be up. Gains in equity prices so far this year—averaging about 12½ percent—are also suggestive of the belief that economic activity may be picking up, although the range in share price movements is fairly broad, even considering only the largest economies: French equity prices have risen about 20 percent, German prices are up 13 percent, and Italian prices are up only 5 percent.

The new European currency, the euro, came into operation at the start of the year, marking the beginning of Stage Three of European Economic and Monetary Union. The rates of exchange between the

Nominal dollar exchange rate indexes



NOTE. The data are monthly averages. The euro-area exchange rate uses the restated German mark before January 1999. The major currency index is the trade-weighted average of the exchange value of the dollar against major currencies.

euro and the currencies of the eleven countries adopting the euro were set on December 31; based on these rates, the value of the euro at the moment of its creation was $1.16675. Trading in the euro opened on January 4, and after jumping on the first trading day, its value has declined relative to the dollar almost steadily and is now about 13 percent below its initial value. The course of the euro–dollar exchange rate likely has reflected in part the growing divergence in both the cyclical positions and, until recently, long-term bond yields of the euro-area economies and the United States. Concerns about fiscal discipline in Italy—the government raised its 1999 deficit-to-GDP target from 2.0 percent to 2.4 percent—and about progress on structural reforms in Germany and France have also been cited as contributing to weakness in the euro, with the European Central Bank recently characterizing national governments' fiscal policy plans as "unambitious."

On balance the dollar has appreciated more than 4½ percent against an index of the major currencies since the end of last year, owing mainly to its strengthening relative to the euro. Nevertheless, it remains below its recent peak in August of last year when the Russian debt moratorium and subsequent financial market turmoil sent the dollar on a two-month downward slide.

Industrial Production and Capacity Utilization for June 1999

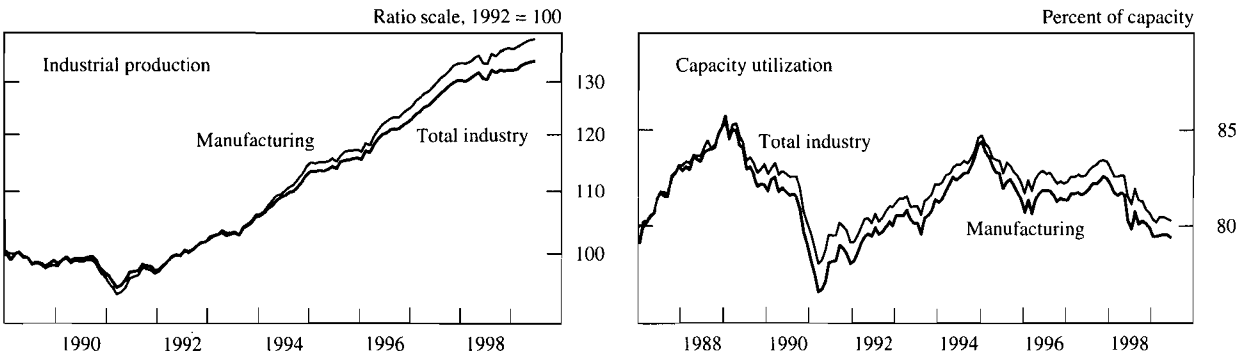
Released for publication July 16

Industrial production rose 0.2 percent in June after gains of 0.2 percent in May and 0.3 percent in April. At 134.2 percent of its 1992 average, industrial production in June was 2.7 percent higher than in June 1998. For the second quarter as a whole, the total index increased at an annual rate of 3.9 percent, up from a first-quarter pace of 1.3 percent. At 80.3 percent in June, capacity utilization for total industry was little changed from the beginning of the year but was down 1.2 percentage points from June 1998.

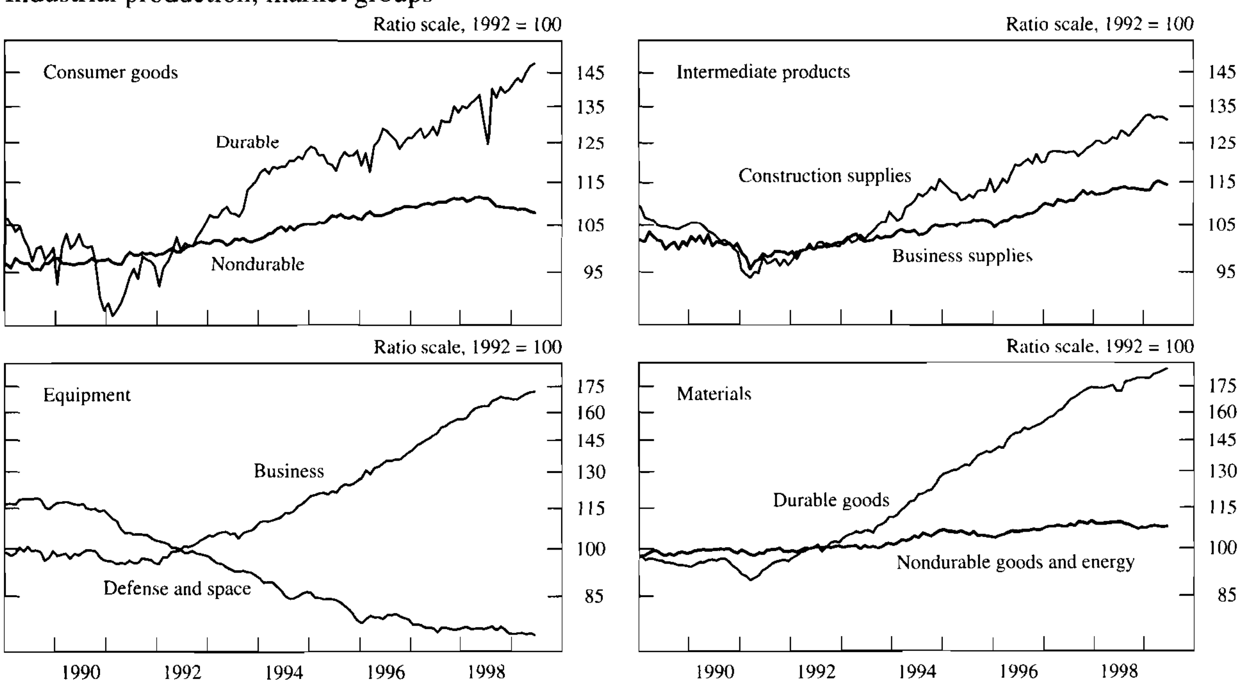
MARKET GROUPS

The output of consumer goods was unchanged for a

Industrial production and capacity utilization



Industrial production, market groups



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

Industrial production and capacity utilization, June 1999

Category	Industrial production, index, 1992 = 100								
	1999				Percentage change				
					1999[1]				June 1998 to June 1999
	Mar.[r]	Apr.[r]	May[r]	June[p]	Mar.[r]	Apr.[r]	May[r]	June[p]	
Total	**133.3**	**133.7**	**134.0**	**134.2**	**.7**	**.3**	**.2**	**.2**	**2.7**
Previous estimate	133.3	133.8	134.1	. .	.7	.4	.2	. .	. .
Major market groups									
Products, total[2]	125.2	125.6	125.8	125.6	.5	.4	.1	−.1	1.6
Consumer goods	115.3	115.6	115.6	115.6	0	.3	.0	.0	.4
Business equipment	169.3	170.7	171.7	171.9	1.0	.8	.6	.1	5.1
Construction supplies	131.7	132.2	132.1	131.3	−.8	.4	−.1	−.6	4.1
Materials	146.7	146.9	147.4	148.2	1.0	.2	.3	.5	4.5
Major industry groups									
Manufacturing	137.5	138.0	138.4	138.6	.4	.4	.3	.1	3.6
Durable	163.1	164.2	165.2	165.9	.9	.6	.6	.4	7.1
Nondurable	111.7	111.8	111.6	111.3	−.2	.1	−.2	−.2	−.7
Mining	98.9	98.3	98.7	99.1	.1	−.6	.4	.4	−5.4
Utilities	116.7	116.3	114.3	114.7	4.9	−.4	−1.7	.4	−3.4

Category	Capacity utilization, percent								MEMO Capacity, percentage change, June 1998 to June 1999
	Average, 1967–98	Low, 1982	High, 1988–89	1998	1999				
				June	Mar.[r]	Apr.[r]	May[r]	June[p]	
Total	**82.1**	**71.1**	**85.4**	**81.5**	**80.5**	**80.5**	**80.4**	**80.3**	**4.3**
Previous estimate	. . .	.	. .	. .	80.5	80.5	80.5	. .	. . .
Manufacturing	81.1	69.0	85.7	80.2	79.5	79.6	79.6	79.4	4.7
Advanced processing	80.5	70.4	84.2	79.2	78.4	78.6	78.6	78.5	5.6
Primary processing	82.4	66.2	88.9	83.3	82.7	82.5	82.4	82.2	2.4
Mining	87.5	80.3	88.0	87.3	81.8	81.2	81.4	81.7	1.1
Utilities	87.4	75.9	92.6	94.0	91.9	91.5	89.9	90.2	.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.

second month. The production of durable consumer goods decelerated to a 0.5 percent rate. The output of automotive products rose 1.8 percent while the production of other durable goods fell 0.5 percent, with declines in kitchen appliances, carpets, and other goods exceeding gains in home computing equipment and room air conditioners. For the second quarter, the output of durable consumer goods increased at an annual rate of 12.3 percent as assemblies of light vehicles rose to a seasonally adjusted annual rate of 12.7 million units, up from 12.3 million units in the first quarter. The production of nondurable consumer goods eased 0.2 percent in June; a small decrease in the production of non-energy goods was accompanied by a further decline in the production of energy goods as the output of fuels fell back. Over the past twelve months, the output of consumer nondurable goods fell 2.9 percent, with weakness in most major categories.

A 0.1 percent gain in the output of business equipment followed monthly advances that averaged 0.8 percent from March to May. Further gains in the production of information processing equipment and in the assembly of business vehicles were counterbalanced by declines in the output of farm machinery and equipment, civilian aircraft, and industrial equipment, particularly construction and mining machinery. The output of defense and space equipment declined 0.6 percent, to a level 2 percent below that of June 1998.

The production of both construction and business supplies eased for a second month. For the second quarter, the index for construction supplies fell at an annual rate of 1.2 percent after an increase of 8.3 percent in the first quarter, when mild weather contributed to strength in construction activity. The output of materials increased 0.5 percent. The output of durable goods materials, which, in terms of value added, accounts for more than half of industrial materials, increased 0.7 percent in June, as it had in May. The output of semiconductors and computer parts continued to rise appreciably. The production of nondurable goods materials and energy materials turned up a bit after declines in May; both of these indexes were more than 1 percent below their levels of June 1998.

INDUSTRY GROUPS

Output in manufacturing edged up 0.1 percent as an increase of 0.4 percent for durable goods was partly offset by a decrease of 0.2 percent for nondurables. The June rise in durables was the smallest since February; output over the second quarter rose at an annual rate of 7.7 percent. The gain in June, as well as for the second quarter, principally reflected significant gains at makers of high-technology goods, such as computers and semiconductors, and increases in the output of motor vehicles and parts. The output of stone, clay, and glass products also picked up in June. Production decreased notably in lumber and in miscellaneous manufacturing; output has also fallen in aerospace and miscellaneous transportation equipment because commercial aircraft production has been declining from the record levels of last year. The decrease in the production of nondurables continued the weakness of recent months; output edged down 0.3 percent at an annual rate in the second quarter after having increased only slightly during the previous two quarters. The output of petroleum products and of leather and products fell about 2 percent in June; the production of tobacco, textiles, and apparel fell about 1 percent; and the output of chemicals and products fell about ½ percent. However, increases in food and in paper and products restrained the overall drop in nondurables.

The factory operating rate fell 0.2 percentage point, to 79.4 percent, with decreases in both advanced- and primary-processing industries. Capacity utilization in primary-processing industries, at 82.2 percent, dipped noticeably below its 1967–98 average for only the second month since mid-1992; utilization for advanced-processing industries has been below its long-run average since June 1998.

The output indexes for both utilities and mining rose 0.4 percent in June. The operating rate at electric utilities, 93.6 percent, was about 4 percentage points above its long-run average. The operating rate for mining, 81.7 percent, was well below its long-run average; weakness in the oil fields accounted for much of the slack. □

Statements to the Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Joint Economic Committee, U. S. Congress, June 14, 1999

Something special has happened to the American economy in recent years.

An economy that twenty years ago seemed to have seen its better days is displaying a remarkable run of economic growth that appears to have its roots in ongoing advances in technology.

I have hypothesized on a number of occasions that the synergies that have developed, especially among the microprocessor, the laser, fiber optics, and satellite technologies, have dramatically raised the potential rates of return on all types of equipment that embody or utilize these newer technologies. But beyond that, innovations in information technology—so-called IT—have begun to alter the manner in which we do business and create value, often in ways that were not readily foreseeable even five years ago.

As this century comes to an end, the defining characteristic of the current wave of technology is the role of information. Before this IT revolution most of twentieth century business decisionmaking had been hampered by limited information. Owing to the paucity of timely knowledge of customers' needs and of the location of inventories and materials flows throughout complex production systems, businesses required substantial programmed redundancies to function effectively.

Doubling up on materials and people was essential as backup to the inevitable misjudgments of the real-time state of play in a company. Decisions were made from information that was hours, days, or even weeks old. Accordingly, production planning required costly inventory safety stocks and backup teams of people to maintain quality control and to respond to the unanticipated and the misjudged.

Large remnants of information void, of course, still persist, and forecasts of future events on which all business decisions ultimately depend are still unavoidably uncertain. But the recent years' remarkable surge in the availability of real-time information has enabled business management to remove large swaths of inventory safety stocks and worker redundancies and has armed firms with detailed data to fine-tune product specifications to most individual customer needs.

Moreover, information access in real time—resulting, for example, from such processes as bar code scanning at checkout counters and satellite location of trucks—has fostered marked reductions in delivery lead-times on all sorts of goods, from books to capital equipment. This, in turn, has reduced the relative size of the overall capital structure required to turn out our goods and services.

Intermediate production and distribution processes, so essential when information and quality control were poor, are being bypassed and eventually eliminated. The increasing ubiquitousness of Internet web sites is promising to significantly alter the way large parts of our distribution system are managed.

The process of innovation goes beyond the factory floor or distribution channels. Design times have fallen dramatically as computer modeling has eliminated the need, for example, of the large staff of architectural specification drafters previously required for building projects. Medical diagnoses are more thorough, accurate, and far faster, with access to heretofore unavailable information. Treatment is accordingly hastened, and hours of procedures eliminated. In addition, the dramatic advances in biotechnology are significantly increasing a broad range of productivity-expanding efforts in areas from agriculture to medicine.

Economists endeavor to describe the influence of technological change on activity by matching economic output against measurable economic inputs: quality-adjusted labor and all forms of capital. They attribute the fact that economic growth has persistently outpaced the contributions to growth from labor and capital inputs to such things as technological innovation and increased efficiencies of organizations that are made possible through newer technologies. For example, since 1995 output per labor workhour in the nonfarm business sector—our standard measure of productivity—has grown at an annual rate of about 2 percent. Approximately one-third of that expansion appears to be attributable to output growth in excess of the combined growth of inputs.

Of course, it often takes time before a specific innovation manifests itself as an increase in measured productivity. Although some new technologies can be implemented quickly and have an immediate payoff, others may take years or even decades before achieving their full influence on productivity as new capital is put in place that can take advantage of these creations and their spillovers. Hence, the productivity growth seen in recent years likely represents the benefits of the ongoing diffusion and implementation of a succession of technological advances; likewise, the innovative breakthroughs of today will continue to bear fruit in the future.

The evident acceleration of the process of "creative destruction," which has accompanied these expanding innovations and which has been reflected in the shifting of capital from failing technologies into those technologies at the cutting edge, has been remarkable. Owing to advancing information capabilities and the resulting emergence of more accurate price signals and less costly price discovery, market participants have been able to detect and to respond to finely calibrated nuances in consumer demand. The process of capital reallocation has been assisted through a significant unbundling of risks made possible by the development of innovative financial products, not previously available. Every new innovation has suggested further possibilities to profitably meet increasingly sophisticated consumer demands. Many ventures fail. But the few that prosper enhance consumer choice.

The newer technologies, as I indicated earlier, have facilitated a dramatic foreshortening of the lead-times on the delivery of capital equipment over the past decade. When lead-times for capital equipment are long, firms must undertake capital spending that is adequate to deal with the plausible range of business needs likely to occur after these goods are delivered and installed. In essence, those capital investments must be sufficient to provide insurance against uncertain future demands. As lead-times have declined, a consequence of newer technologies, firms' forecasts of future requirements have become somewhat less clouded, and the desired amount of lead-time insurance in the form of a reserve stock of capital has been reduced.

In addition to shortening lead-times, technology has increased the flexibility of capital goods and production processes to meet changes in the demand for product characteristics and the composition of output. This flexibility allows firms to deal more effectively with evolving market conditions with less physical capital than had been necessary in the past.

Taken together, reductions in the amount of spare capital and increases in capital flexibility result in a saving of resources that, in the aggregate, is reflected in higher levels of productivity.

The newer technologies and foreshortened lead-times have, thus, apparently made capital investment distinctly more profitable, enabling firms to substitute capital for labor and other inputs far more productively than they could have a decade or two ago. Capital, as economists like to say, has deepened significantly since 1995.

The surge in investment not only has restrained costs, it has also increased industrial capacity faster than the rise in factory output. The resulting slack in product markets has put greater competitive pressure on businesses to hold down prices.

Technology is also damping upward price pressures through its effect on international trade, where technological developments and a move to a less constrained world trading order have progressively broken down barriers to cross-border trade. All else equal, the enhanced competition in tradable goods enables excess capacity previously bottled up in one country to augment worldwide supply and exert restraint on prices in all countries' markets.

Because neither business firms nor their competitors can currently count any longer on a general inflationary tendency to validate decisions to raise their own prices, each company feels compelled to concentrate on efforts to hold down costs. The availability of new technology to each company and its rivals affords both the opportunity and the competitive necessity of taking steps to boost productivity. This contrasts with our experiences through the 1970s and 1980s, when firms apparently found it easier and more profitable to seek relief from rising nominal labor costs through price increases than through cost-reducing capital investments.

The rate of growth of productivity cannot increase indefinitely. While there appears to be considerable expectation in the business community, and possibly Wall Street, that the productivity acceleration has not yet peaked, experience advises caution.

As I have noted in previous testimony, history is strewn with projections of technology that have fallen wide of the mark. With the innumerable potential permutations and combinations of various synergies, forecasting technology has been a daunting exercise.

There is little reason to believe that we are going to be any better at this in the future than in the past. Hence, despite the remarkable progress witnessed to date, we have to be quite modest about our ability to project the future of technology and its implications for productivity growth and for the broader economy.

A key question that we need to answer in order to appropriately evaluate the connection between technological innovations and productivity growth is why have not the same available technologies allowed productivity in Europe and Japan to catch up to U.S. levels. While productivity in some foreign industrial countries appears to have accelerated in recent years, a significant gap between U.S. productivity and that abroad persists.

One hypothesis is that a necessary condition for information technology to increase output per hour is a willingness to discharge or retrain workers that the newer technologies have rendered redundant. Countries with less flexible labor markets than the United States enjoys may have been inhibited in this regard.

Another hypothesis is that regulations, systems of corporate governance, trade restrictions, and government subsidies have prevented competition from being sufficiently keen to induce firms in Europe and Japan to take full advantage of the efficiencies offered by the latest advances in information technology and other innovations.

Further investigation will be necessary to evaluate the importance of these possible influences. But at this stage, one lesson seems reasonably clear. As we contemplate the appropriate public policies for an economy experiencing rapid technology advancement, we should strive to maintain the flexibility of our labor and capital markets that has spurred the continuous replacement of capital facilities embodying older technologies with facilities reflecting the newest innovations. Further reducing regulatory impediments to competition will, of course, add to this process. The newer technologies have widened the potential for economic well-being. Governments should seek to foster that potential.

Statement by Laurence H. Meyer, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions and Consumer Credit of the Committee on Banking and Financial Services, U.S. House of Representatives, June 16, 1999

I welcome this opportunity to discuss the Federal Reserve's views on recent developments relating to the allowance for loan losses.

As a supervisor of banking organizations, the primary focus of the Federal Reserve is on promoting a safe and sound financial system. Conservative allowance levels contribute to safety and soundness by ensuring that insured depository institutions maintain strong balance sheets and capital levels that reflect the collectibility of the loan portfolio. Accordingly, the Federal Reserve and the other banking agencies have long encouraged institutions to maintain strong loan-loss allowances. As a reminder of the importance of conservative allowance levels, we need look only to recent experiences in certain foreign countries and to the problems in the banking and thrift industries in the past decade.

In its role as a securities regulator, the Securities and Exchange Commission (SEC) focuses primarily on the transparency of financial statements and reported earnings to investors. The Federal Reserve also recognizes the importance of transparent financial statements and has been working to enhance transparency domestically and abroad. Improved transparency can enhance market discipline and thus reinforce supervisory efforts to promote sound risk management and contribute to a safe and sound financial system.

Indeed, banking organizations have long been expected to follow generally accepted accounting principles (GAAP) in their published financial statements and in regulatory financial statements filed with the banking agencies—an approach supported by Congress in the Federal Deposit Insurance Corporation (FDIC) Improvement Act of 1991.

Background and Efforts to Work Together with the Other Federal Banking Agencies and the SEC

In the fall of 1998, the SEC announced an initiative to address earnings manipulation by registrants in a number of industries. After the announcement of this initiative, the SEC raised concerns regarding the loan-loss reserve practices of some banking organizations, requiring one banking organization to reduce its reserves by $100 million. The federal banking agencies were concerned about these actions from a safety and soundness standpoint. The agencies' involvement led to the issuance of a November 1998 interagency statement, which set forth a framework for the banking agencies and SEC to begin working together on loan-loss allowance issues.

Subsequent to the issuance of the November statement, further questions arose regarding bank loan-loss reserves, including concerns about the possibility that the SEC would take further actions against some banks that were perceived as having excessive reserve levels. In addition, around this time, the SEC issued letters to a number of banking organizations regarding their loan-loss allowance disclosure practices. Taken together, these developments generated additional uncertainty in the banking industry and may have created a perception that loan-loss allowances would have to be reduced.

In order to address any misunderstandings, the federal banking agencies and the SEC issued another joint letter on March 10, 1999, reiterating the agencies' agreement to work together and announcing a number of joint efforts. The joint letter announced new initiatives of the agencies and the accounting profession to develop enhanced guidance on loan-loss allowances over a one- to two-year period. In addition, the agencies stated that they would support and encourage the processes of the accounting standards setters as they seek to clarify key loan-loss allowance accounting issues. Most important, the letter indicated that the agencies will meet together periodically to discuss important matters that affect bank transparency and will focus on enhancing allowance practices going forward. The spirit of the March 10 joint letter was to put into place a process for resolving issues related to loan-loss allowances going forward, and permit the agencies to work together in this process to resolve allowance matters and avoid significant changes in methodology that would encourage a decline in allowances before this process had run its course.

The Federal Reserve Board has been pleased to host a number of the meetings announced in the March 10 letter between the banking agencies and the SEC to discuss important loan-loss reserve issues, and the other agencies have been active in supporting these discussions as well. The banking agencies and the SEC formed a new Joint Working Group, composed of senior accounting policy representatives of each of the agencies, to review sound practices used by institutions for documenting and supporting their loan-loss allowances. The agencies intend to issue parallel guidance in this important area in the next year.

The Joint Working Group is also developing enhanced disclosures related to the allowance for loan losses and the credit quality of institutions' portfolios. This effort is intended to improve the transparency of loan-loss allowance amounts and improve market discipline. A key aspect of these efforts will be obtaining input from the banking industry and the accounting profession on allowance issues.

The federal banking agencies and the SEC are also participating as observers in the work of the American Institute of Certified Public Accountants (AICPA) to improve guidance with respect to loan-loss allowances. The AICPA, through its Allowance for Loan Losses Task Force, is aiming to develop guidance over the next two years that improves the application of current accounting guidance regarding the allowance. Important areas that the task force intends to address include the following: (1) how to distinguish between inherent losses, which are included in the allowance under existing GAAP pronouncements, from future losses, (2) guidance clarifying certain provisions of the Financial Accounting Standards Board (FASB) Statement No. 114, including which loans should have an allowance measured under that statement, (3) measurement issues in estimating the allowance, including the use of loss factors and credit risk models, and (4) disclosure and documentation issues with respect to the allowance.

I might note that the March 10 joint agency letter was widely supported by the banking industry. Specifically, financial institutions and their auditors applauded the fact that the banking agencies and the SEC were committing to work together and that the agencies' focus would be on enhancing allowance practices going forward.

In April 1999, after a limited comment process that the banking agencies participated in, the FASB issued clarifying guidance, through an article in its "Viewpoints" publication, to banking organizations and other creditors on certain issues that arise in establishing loan-loss allowances in accordance with GAAP. In particular, the article addresses the application of FASB Statements No. 5 and 114 to a loan portfolio and how these standards interrelate. The article also provides a general overview of existing accounting principles that pertain to the allowance.

In response to questions received from accounting firms and creditors, the SEC announced on May 20 that registrants should follow the FASB guidance in developing their loan-loss allowance estimates. Furthermore, registrants that would be materially affected by the FASB issuance were provided transition guidance by the SEC that should be implemented in the second quarter of 1999. At the same time, the SEC indicated that it had no view, one way or the other, with respect to the need for transition by institutions. This announcement was made at a public meeting of the FASB's Emerging Issues Task Force—an important group that issues accounting guidance on how GAAP should be applied.

We understand that, as they became aware of the planned announcement, many banks and auditors were confused as to its meaning, in view of the joint initiatives discussed by the agencies in the March 10 interagency letter and the expectation that those initiatives would result in guidance being developed in the next two years. Moreover, some banks felt that the implied message of this announcement was that banks should reduce their allowance levels in the second quarter. The Federal Reserve was concerned that this uncertainty might result in an overreaction by the banking industry that could have reduced loan-loss allowance levels in the second quarter, contrary to our safety and soundness objectives.

Recent Guidance on Loan-Loss Reserves

Given the possibility of an overreaction, the Federal Reserve issued a supervisory letter (SR 99–13) on May 21 interpreting these developments in the broader context of the initiatives announced on March 10. We worked closely with the other federal banking agencies and the SEC in developing this guidance.

The guidance provides information on certain understandings among the Federal Reserve, SEC, and FASB staffs on important allowance accounting matters that had not yet been published. For example, the policy letter clarified that

- The allowance involves a high degree of management judgment and results in a range of estimated losses.
- Institutions should continue to maintain conservative allowance levels within a reasonable range of estimated credit losses, *and banks can reserve at the high end of the range if it is management's best estimate*. In this regard, it is acceptable for allowance estimates to reflect a margin for imprecision that can be appropriately supported.
- Banks may have unallocated allowances, provided they reflect an estimate of inherent credit losses determined in accordance with GAAP.
- While the FASB article addresses certain technical issues, it is not intended to be complete. Guidance on more important issues affecting allowance practices is under development and will be published within two years by the agencies and the accounting profession.

Moreover, our letter explains certain concepts mentioned in the FASB article in a way that is intended to help institutions to better understand how their reserve estimates can be enhanced and, in certain cases, increased.

This guidance provided helpful background information to assist institutions and their auditors in understanding the SEC announcement and FASB article in the broader context of other accounting initiatives under way. It also highlighted emerging points of agreement between the SEC and the Federal Reserve on allowance accounting matters. In this regard, the letter encouraged the banking industry to maintain conservative reserving practices consistent with management's best estimates. Furthermore, the guidance is intended to convey our understanding that the agreement reached on March 10 maintains existing acceptable allowance practices during the period in which we are working to resolve allowance policy issues with the SEC and the accounting profession and develop enhanced guidance. Given the clarifying guidance in the supervisory letter and the work under way on important issues, we expect that changes in allowance levels, if any, as a result of the FASB guidance will be substantially limited. Banking organizations supervised by the Federal Reserve are expected to comply with the supervisory letter when establishing their allowances for credit losses in regulatory financial reports filed by banks and bank holding companies with the Federal Reserve.

The guidance included in the letter is consistent with GAAP. In this regard, the SEC staff has indicated that it very much supports the fundamental concepts in our letter, and the FASB and the SEC have included this Federal Reserve letter with the official GAAP guidance on loan-loss allowances. Accordingly, based on assurances from the SEC staff, bank holding companies can follow this balanced guidance when reporting allowances in their published financial statements filed with the SEC. This should help reduce bankers' uncertainty and provide a calming message that reduces the possibility of an overreaction by the banking industry and its auditors to the SEC announcement and FASB article.

Looking Forward

Looking forward, we believe that it is very important that the agencies strengthen their commitment to the letter and spirit of the March 10 joint agreement, including the process for resolving issues related to allowance practices and the need to let this process run its course before significant changes, if any, are made to allowance levels. Likewise, it is important for the banking agencies to work together in issuing guidance to banking organizations. It is also important that SEC actions at all levels remain consistent with the March 10 agreement.

We intend to continue to work together with the

SEC and the other federal banking agencies in order to improve guidance on the allowance for loan losses. Given the important missions of the banking agencies and the SEC, any guidance must ensure that allowances are calculated in a conservative manner and that financial statements and reported earnings are transparent.

We believe that it is imperative that the banking agencies and the SEC develop this guidance in a collaborative manner and reach agreement about how the guidance is to be applied in practice. A collaborative approach is particularly important at both the principal and staff levels because it will contribute to stability in banking industry practices. In contrast, when communication breaks down regarding policy goals and implementing measures, either within an agency or between the agencies, misunderstandings can abound. For example, the industry may become confused if it is perceived that any participant in an interagency discussion is communicating with banks and auditors in a manner that is not consistent with the spirit of the March 10 joint letter. We also believe it is very important that any new guidance developed by the SEC and banking agencies be well understood by field staff, including agency staff members that have responsibility for assessing whether the allowance estimates of individual institutions are appropriate.

Recent discussions between the principals and senior staff of the SEC and the Federal Reserve Board and the other banking agencies have been seeking to continue and enhance this collegial approach going forward. In this regard, I was pleased that Chairman Levitt stated in a recent speech and in his letter to me dated May 24, "Some have interpreted our efforts on bank reserves to suggest that the SEC thinks reserves are too high and should be lowered. That couldn't be further from the truth . . . I want to emphasize—it is not our policy that institutions artificially lower reserves or ever have inadequate reserves."[1]

1. Remarks of Arthur Levitt, SEC Chairman, to the Committee for Economic Development, New York, New York, May 19, 1999.

Under existing GAAP pronouncements, the allowance for loan losses includes probable losses that are inherent in the loan portfolio but not future losses. As we look to the future of accounting standards for loan-loss allowances, we believe that an expected loss approach, taking a more prospective notion for the allowance, may enhance the quality of reserve estimates when compared with the inherent loss approach now promulgated in GAAP. This is more consistent with evolving credit-risk management techniques used by financial institutions. Going forward, the Federal Reserve will work with the other banking agencies and the accounting standards setters to explore the appropriate basis for establishing loan-loss allowances, including consideration of the expected loss approach, in a manner consistent with important safety and soundness and transparency objectives.

CONCLUSION

The adequacy of the allowance for loan losses is a critical issue for both the safety and soundness of banks and the transparency of financial statements. Given the differing missions and perspectives of bank and securities regulators, the Federal Reserve and the other banking agencies have agreed to work closely with the SEC to provide clear and consistent guidance on this important issue. We continue to look forward to working together.

We hope these efforts will lead to enhanced policies and practices for loan-loss allowances under GAAP that will be consistent with the objectives of both safety and soundness and transparency of financial information.

Thank you for your interest in this important matter. Attached for your additional information are answers to the specific questions on loan-loss allowance policies that were directed to us by the subcommittee.[2]

2. The attachment to this statement is available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, DC 20551, and on the Board's site on the World Wide Web (http://federalreserve.gov).

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Joint Economic Committee, June 17, 1999

As emphasized by the important hearings this committee has held in the past few days, an impressive proliferation of new technologies is inducing major shifts in the underlying structure of the American economy. These fundamental changes appear to be far from complete. The way America does business, including the interaction among the various economic players in our economy, is in the midst of a significant transformation, though the pace of change is unclear.

As a consequence, many of the empirical regularities depicting the complex of economic relationships on which policymakers rely have been markedly altered. The Federal Reserve has thus been pressed to continuously update our understanding of how the newer forces are developing in order for us to address appropriately our underlying monetary policy objective: maximum sustainable economic growth.

The failure of economic models based on history to anticipate the acceleration in productivity contributed to the recent persistent underprediction of economic growth and overprediction of inflation. Guiding policy by those models doubtless would have unduly inhibited what has been a remarkable run of economic prosperity.

And yet, while we have been adjusting the implicit models of the underlying economic forces on which we base our decisions, certain verities remain.

Importantly, the evidence has become increasingly persuasive that relatively stable prices—neither persistently rising nor falling—are more predictable, hence result in a lower risk premium for investment. Because the nation's level of investment, to a large extent, determines our prosperity over time, stability in the general level of prices for goods and services is clearly a necessary condition for maximum sustainable growth.

However, product price stability does not guarantee either the maintenance of financial market stability or maximum sustainable growth.

As recent experience attests, a prolonged period of price stability does help to foster economic prosperity. But, as we have also observed over recent years, as have others in times past, such a benign economic environment can induce investors to take on more risk and drive asset prices to unsustainable levels. This can occur when investors implicitly project rising prosperity further into the future than can reasonably be supported. By 1997, for example, measures of risk had fallen to historic lows as business people, having experienced years of continuous good times, assumed, not unreasonably, that the most likely forecast was more of the same.

The Asian crisis, and especially the Russian devaluation and debt moratorium of August 1998, brought the inevitable rude awakening. In the ensuing weeks, financial markets in the United States virtually seized up, risk premiums soared, and for a period sellers of even investment grade bonds had difficulty finding buyers. The Federal Reserve responded with a three-step reduction in the federal funds rate totaling 75 basis points.

Market strains receded—whether as a consequence of our actions or of other forces—and yield spreads have since fallen, but not all the way back, to their unduly thin levels of last summer.

The American economy has retained its momentum, and emerging economies in Asia and Latin America are clearly on firmer footing, though in some cases their turnarounds appear fragile. The recovery of financial markets, viewed in isolation, would have suggested that at least part of the emergency injection of liquidity, and the associated decline of 75 basis points in the funds rate, ceased to be necessary. But with wage growth and price inflation declining by a number of measures earlier this year and productivity evidently still accelerating—thereby keeping inflation in check—we chose to maintain the lower level of the funds rate.

While this stellar noninflationary economic expansion still appears remarkably stress free on the surface, there are developing imbalances that give us pause and raise the question: Do these imbalances place our economic expansion at risk?

For the period immediately ahead, inflationary pressures still seem well contained. To be sure, oil prices have nearly doubled and some other commodity prices have firmed, but large productivity gains have held unit cost increases to negligible levels. Pricing power is still generally reported to be virtually nonexistent. Moreover, the re-emergence of rising profit margins, after severe problems last fall, indicates cost pressures on prices remain small.

Nonetheless, the persistence of certain imbalances pose a risk to the longer-run outlook. Strong demand for labor has continued to reduce the pool of available workers. Data showing the percentage of the relevant population who are not at work, but would like a job, are around the low for this series, which started in 1970.

Despite its extraordinary acceleration, labor productivity has not grown fast enough to accommodate the increased demand for labor induced by the exceptional strength in demand for goods and services.

Overall economic growth during the past three years has averaged 4 percent annually, of which roughly 2 percentage points reflected increased productivity and about 1 point the growth in our working-age population. The remainder was drawn from the ever-decreasing pool of available job seekers without work.

That last development represents an unsustainable trend that has been produced by an inclination of households and firms to increase their spending on goods and services beyond the gains in their income from production. That propensity to spend, in turn, has been spurred by the rise in equity and home prices, which our analysis suggests can account for at least 1 percentage point of gross domestic product growth over the past three years.

Even if this period of rapid expansion of capital gains comes to an end shortly, there remains a substantial amount in the pipeline to support outsized increases in consumption for many months into the future. Of course, a dramatic contraction in equity market prices would greatly reduce this backlog of extra spending.

To be sure, labor market tightness has not, as yet, put the current expansion at risk. Despite the ever-shrinking pool of available labor, recent readings on year-over-year increases in labor compensation have held steady or, by some measures, even eased. This seems to have resulted in part from falling inflation, which has implied that relatively modest nominal wage gains have provided healthy increases in purchasing power. Also, a residual fear of job skill obsolescence, which has induced a preference for job security over wage gains, probably is still holding down wage levels.

But should labor markets continue to tighten, significant increases in wages, in excess of productivity growth, will inevitably emerge, absent the unlikely repeal of the law of supply and demand. Because monetary policy operates with a significant lag, we have to make judgments, not only about the current degree of balance in the economy but about how the economy is likely to fare a year or more in the future under the current policy stance.

The return of financial markets to greater stability and our growing concerns about emerging imbalances led the Federal Open Market Committee (FOMC) to adopt a policy position at our May meeting that contemplated a possible need for an upward adjustment of the federal funds rate in the months ahead. The issue is what policy setting has the capacity to sustain our remarkable economic expansion, now in its ninth year. This is the question the FOMC will be addressing at its meeting at the end of the month.

One of the important issues for the FOMC as it has made such judgments in recent years has been the weight to place on asset prices. As I have already noted, history suggests that owing to the growing optimism that may develop with extended periods of economic expansion, asset price values can climb to unsustainable levels even if product prices are relatively stable.

The 1990s have witnessed one of the great bull stock markets in American history. Whether that means an unstable bubble has developed in its wake is difficult to assess. A large number of analysts have judged the level of equity prices to be excessive, even taking into account the rise in "fair value" resulting from the acceleration of productivity and the associated long-term corporate earnings outlook.

But bubbles generally are perceptible only after the fact. To spot a bubble in advance requires a judgment that hundreds of thousands of informed investors have it all wrong. Betting against markets is usually precarious at best.

While bubbles that burst are scarcely benign, the consequences need not be catastrophic for the economy.

The bursting of the Japanese bubble a decade ago did not lead immediately to sharp contractions in output or a significant rise in unemployment. Arguably, it was the subsequent failure to address the damage to the financial system in a timely manner that caused Japan's current economic problems. Likewise, while the stock market crash of 1929 was destabilizing, most analysts attribute the Great Depression to ensuing failures of policy. And certainly the crash of October 1987 left little lasting imprint on the American economy.

This all leads to the conclusion that monetary policy is best primarily focused on stability of the general level of prices of goods and services as the most credible means to achieve sustainable economic growth. Should volatile asset prices cause problems, policy is probably best positioned to address the consequences when the economy is working from a base of stable product prices.

For monetary policy to foster maximum sustainable economic growth, it is useful to preempt forces of imbalance before they threaten economic stability. But this may not always be possible—the future at times can be too opaque to penetrate. When we can be preemptive we should be, because modest preemptive actions can obviate the need of more drastic actions at a later date that could destabilize the economy.

The economic expansion has generated many benefits. It has been a major factor in rebalancing our federal budget. But more important, a broad majority of our people have moved to a higher standard of living, and we have managed to bring into the productive workforce those who have too long been at its periphery. This has enabled large segments of our society to gain skills on the job and the self-esteem associated with work. Our responsibility, at the Federal Reserve and in the Congress, is to create the conditions most likely to preserve and extend the expansion.

Should the economic expansion continue to grow into February of next year, it will have become the longest in America's economic annals. Someday, of course, the expansion will end; human nature has exhibited a tendency to excess through the generations with the inevitable economic hangover. There is nothing in our economic data series to suggest that this propensity has changed. It is the job of economic policymakers to mitigate the fallout when it occurs and, hopefully, ease the transition to the next expansion. □

Announcements

ALICE M. RIVLIN: RESIGNATION AS VICE CHAIR OF THE BOARD OF GOVERNORS

Alice M. Rivlin on June 3, 1999, submitted her resignation as Vice Chair and as a member of the Board of Governors, effective July 16, 1999.

Vice Chair Rivlin, who has been a member of the Board since June 24, 1996, submitted her letter of resignation to President Clinton on June 3, 1999. In view of her impending departure from the Board, Vice Chair Rivlin did not attend the June 29–30 meeting of the Federal Open Market Committee.

Before becoming a member of the Board, Vice Chair Rivlin served as Director of the White House Office of Management and Budget and was Hirst Professor of Public Policy at George Mason University. Dr. Rivlin was also the founding Director of the Congressional Budget Office. She will be joining the Brookings Institution. A copy of her letter of resignation follows:

June 3, 1999

The Honorable William J. Clinton
President
The White House
Washington, D.C. 20500

Dear Mr. President:

I write to submit my resignation from the Federal Reserve Board of Governors (and from my position as Vice Chair) effective July 16, 1999.

I have had a wonderful time at the Federal Reserve. It has been a privilege to serve with Alan Greenspan and my fellow members on the Board for the last three years. The Fed is a strong bulwark of U.S. economic policy, and I believe we have contributed to keeping the American economy growing and reducing strains in the international financial system. Thank you for giving me this opportunity.

It was also an enormous privilege to be part of the Clinton economic team and help put together the policies that turned that huge budget deficit into a surplus. We did the right thing and it worked! I am proud to have been there with you.

Please note that I am definitely not resigning as Chair of the D.C. Financial Assistance Authority. Indeed, I hope to spend more time and to be more effectively involved in the city than I have been able to be at the Fed. I will be returning to the Brookings Institution, with a joint appointment in the Economic Studies Program and the Urban Policy Center. That should allow me to do more research and writing of my own, manage the Financial Authority until it goes out of business, and spend more time with my husband and my grandchildren.

Thank you, Mr. President, for the exciting opportunity to serve at the Fed and at OMB and for the continuing chance to serve the Nation's Capital.

With warm personal regards,

(Signed Alice)
Alice M. Rivlin

On June 3, 1999, Federal Reserve Board Chairman Alan Greenspan issued the following statement:

I am extraordinarily grateful to Alice Rivlin for her many contributions to the Federal Reserve and very much regret her departure. Dr. Rivlin used her skills and experience to make this institution stronger. Her wisdom influenced all of our deliberations.

As Administrative Governor, she revised the Federal Reserve Board's budgeting process, introducing a biennial budget and directing more resources toward long-term planning. She chaired the Committee on the Federal Reserve in the Payments Mechanism (now called the Rivlin Committee) to help define the Federal Reserve's future role in the payments system, and inspired a new focus on the role of the central bank in fostering electronic payments. In the exercise of her many international responsibilities as Vice Chair, her steady common sense served us well during a particularly difficult period. I speak for the entire Board in saying that we will miss her, and wish her success in her next endeavors.

ACTION BY THE FEDERAL OPEN MARKET COMMITTEE AT ITS JUNE 30, 1999, MEETING

The Federal Open Market Committee on June 30, 1999, voted to raise its target for the federal funds rate 25 basis points to 5 percent. Last fall the Committee reduced interest rates to counter a significant seizing-up of financial markets in the United States. Since then much of the financial strain has eased, foreign economies have firmed, and economic activity in the United States has moved forward at a brisk pace. Accordingly, the full degree of adjustment is judged no longer necessary.

Labor markets have continued to tighten over recent quarters, but strengthening productivity growth has contained inflationary pressures.

Owing to the uncertain resolution of the balance of conflicting forces in the economy going forward, the

FOMC has chosen to adopt a directive that includes no predilection about near-term policy action. The Committee, nonetheless, recognizes that in the current dynamic environment it must be especially alert to the emergence, or potential emergence, of inflationary forces that could undermine economic growth.

NOMINATIONS SOUGHT FOR APPOINTMENTS TO THE CONSUMER ADVISORY COUNCIL

The Federal Reserve Board on June 16, 1999, announced that it is seeking nominations for seven appointments to its Consumer Advisory Council.

The council, which consists of thirty members, advises the Board on the exercise of its responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks advice. The group meets in Washington, D.C., three times a year.

The seven new members will be appointed to serve three-year terms beginning in January 2000. Nominations should include the following information about nominees:

- Past and present positions held
- Knowledge, interests, or experience related to community reinvestment, consumer credit, or other consumer financial services
- Complete address with telephone and fax numbers.

Letters of nomination must be received by August 16, 1999, and should be mailed (not sent by facsimile) to Sandra F. Braunstein, Assistant Director, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

ISSUANCE OF GUIDANCE ON OVERSEEING LARGE AND COMPLEX BANKING ORGANIZATIONS

The Federal Reserve has issued guidance to supervisory staff and bankers on overseeing large, complex banking organizations during a time of dramatic change in the financial system. The guidance, issued in a supervisory letter dated June 23, 1999, emphasizes the importance of assessing key risk-management processes and ongoing monitoring of an institution's risk profile, as well as tailoring the supervision program to an institution's principal business lines and risks.

Key elements of the program include designating a senior supervisor as the central point of contact for each institution and establishing a dedicated supervisory team with specialized skills and experience suited to each institution.

The approach recognizes that a small number of large and highly complex institutions account for a growing share of total banking assets. These institutions have moved into nontraditional activities, including securities underwriting and dealing, derivatives trading, and loan securitization. They are expanding their activities across both state and international borders. And ongoing advances in information technology have increased the speed, complexity, and volume of financial transactions and thus have heightened the potential for swift changes in the risks confronting these institutions.

Under the approach outlined in the letter, the supervisory team will update its supervisory plan at least quarterly by reviewing a steady flow of relevant information, including internal management reports, internal and external audits, and publicly available information. In some cases, supervisors may have direct on-line access to management information.

These streamlined techniques, emphasizing oversight of an institution's internal procedures for identifying and managing risk in contrast with traditional point-in-time examinations, should reduce the cost and burden of regulation. This approach also considers an institution's performance and risk-management procedures in relation to the performance and procedures of its peers.

To minimize duplicative regulatory effort, the approach requires close consultation with other domestic banking agencies, state insurance commissioners, securities regulators, and foreign bank supervisors. The Federal Reserve is developing an information system, the Banking Organization National Desktop, to be introduced next year, to provide supervisors a user-friendly way of sharing information.

PUBLICATION BY THE BASEL COMMITTEE OF A CONSULTATIVE PAPER ON A NEW CAPITAL ADEQUACY FRAMEWORK

The Basel Committee on Banking Supervision has issued a consultative paper on a new capital adequacy framework for large internationally active banking organizations.

The proposed new framework would revise the committee's current capital adequacy framework, which was issued in 1988 and is commonly referred to as the Basel Capital Accord.

Comments to the Basel Committee on the consultative paper are requested by March 31, 2000.

The proposed new capital framework consists of the following:

- A strong, risk-sensitive regulatory capital standard
- An active supervisory program
- Improved bank disclosures that allow the marketplace to evaluate an institution's risk posture and to reward or discipline it appropriately.

Development of a more comprehensive and sensitive treatment of credit risk is the objective of the proposed minimum capital standard. Three approaches are outlined in the consultative paper: a modified version of the existing approach and, going forward, the use of banks' internal ratings and models of portfolio credit risk.

Revisions proposed to the existing approach include incorporating external ratings to varying degrees into the capital treatment of claims on sovereigns, public-sector entities, banks, and highly rated corporates. An approach to addressing asset securitization is also proposed.

Additionally, the committee is soliciting industry comment on the capital treatment of certain credit risk mitigation techniques and ways to expand coverage of the accord to incorporate interest rate and operational risk.

The committee is further proposing to expand the scope of the Basel Accord, which currently applies to internationally active banks. Under this proposal, the accord would also be applied on a consolidated basis to holding companies that are parents of internationally active banking groups.

In this regard, the Federal Reserve notes that the committee's consultative paper does not make any proposals regarding the definition of capital.

The committee was established by the central bank Governors of the Group of Ten countries in 1975 and operates under the auspices of the Bank for International Settlements (BIS) in Basel, Switzerland. It consists of senior supervisory authorities representing the world's largest banking systems and works to strengthen bank supervisory and regulatory practices worldwide.

The complete consultative paper may be obtained from the BIS Internet site (http://www.bis.org).

PUBLIC MEETING ON THE PROPOSED MERGER OF FLEET FINANCIAL GROUP, INC. WITH BANKBOSTON CORPORATION

The Federal Reserve Board on June 21, 1999, announced a public meeting for Wednesday, July 7, 1999, in Boston on the proposal by Fleet Financial Group, Inc., Boston, Massachusetts, to merge with BankBoston Corporation, Boston, Massachusetts.

The purpose of the meeting was to collect information relating to factors the Board is required to consider under the Bank Holding Company Act. These factors are the effects of the proposal on the financial and managerial resources and future prospects of the companies and banks involved in the proposal, competition in the relevant markets, and the convenience and needs of the communities to be served. With respect to competition, the proposal involves the merger of the two largest banking organizations in New England and will involve sizable divestitures throughout the region. Convenience and needs considerations include consideration of the records of performance of Fleet Financial and BankBoston under the Community Reinvestment Act. The meeting was held at the Federal Reserve Bank of Boston.

Persons who wished to testify at the meeting submitted a written request. Persons interested only in attending the meeting did not need to submit a written request to attend.

On the basis of the requests to testify, the Presiding Officer of the public meeting established a schedule of appearances and prescribed all necessary procedures to ensure that the meeting proceeded in a fair and orderly manner. An agenda for the meeting, which included the scheduled time for each person's testimony, was provided to participants.

The Federal Reserve Board also announced that the period for public comment on the proposal had been extended through the close of business on Wednesday, July 7, 1999.

ENFORCEMENT ACTIONS

The Federal Reserve Board on June 7, 1999, announced the issuance of a cease and desist order against Banco Atlantico, S.A., Barcelona, Spain, and its New York Agency.

The order was issued jointly with the Acting Superintendent of Banks of the State of New York.

The Federal Reserve Board on June 11, 1999, announced the execution of a written agreement by and between Community Capital Corporation, Greenwood, South Carolina, and the Federal Reserve Bank of Richmond. The written agreement includes provisions addressing Year 2000 readiness.

The Federal Reserve Board on June 21, 1999, announced the issuance of an order of assessment of a civil money penalty against Banco Popular de Puerto Rico, San Juan, Puerto Rico, a state member bank.

Banco Popular, without admitting to any allegations, consented to the issuance of the order in connection with its alleged violations of the Board's regulations implementing the National Flood Insurance Act. The order requires Banco Popular to pay a civil money penalty of $10,000.

The Federal Reserve Board on June 23, 1999, announced that a public administrative hearing would commence on June 29, 1999, in connection with an enforcement action against Guillaume Henri Fonkenell, a former Vice President of Bankers Trust Company, New York, New York, a state member bank.

The hearing would be held before an Administrative Law Judge to determine whether a cease and desist order and an order to pay a civil money penalty should be issued against Mr. Fonkenell.

The Board's Notice alleges that in 1993 and 1994 Mr. Fonkenell knowingly and recklessly breached his fiduciary duties and engaged in violations of law and unsafe and unsound banking practices in connection with the marketing and sale of leveraged derivatives transactions and entries that Mr. Fonkenell caused to be made in Bankers Trust's books and records.

The Federal Reserve Board on June 25, 1999, announced the execution of a written agreement by and between Banco Popular del Ecuador, S.A., Quito, Ecuador, Banco Popular del Ecuador's Miami agency, the Federal Reserve Bank of Atlanta, and the State of Florida Department of Banking and Finance.

PUBLICATION OF THE JUNE 1999 UPDATE TO THE *BANK HOLDING COMPANY SUPERVISION MANUAL*

The June 1999 update to the *Bank Holding Company Supervision Manual*, Supplement No. 16, has been published and is now available. The *Manual* comprises the Federal Reserve System's bank holding company supervisory and inspection guidance. The new supplement includes the following:

• *A revised staff opinion pertaining to the quantitative limits of section 23A of the Federal Reserve Act.* The January 21, 1999, opinion indicates that when affiliate shares and other nonaffiliate collateral secure a loan, the fair market value may be used in determining the applicability of the quantitative limits to loans by a bank to an unaffiliated third party.

• *Supervisory guidance regarding the investment of fiduciary assets in mutual funds and potential conflicts of interest.* The March 26, 1999, guidance focuses on potential conflicts of interest that may arise from various forms of compensation institutions may receive in connection with mutual fund investments and indicates that institutions are to perform and document an appropriate level of due diligence. This includes obtaining a reasoned legal opinion, the establishment of written policies and procedures, and the analysis and documentation of investment decisions.

• *An interagency statement on tax allocation associated with a bank holding company's filing of consolidated tax returns.* Effective November 23, 1998, when consolidated group income tax returns are filed, appropriately tailored formal written tax-sharing agreements should exist. These agreements are to ensure that the amount of tax payments, reimbursements, expenses, and benefits are accounted for on a consistent, timely, and equitable basis, as though the subsidiary institution were filing as a separate tax-paying entity.

• *An amendment to the appraisal regulations for bank holding companies.* The amendment to the appraisal rule, effective December 28, 1998, permits bank holding company subsidiaries that underwrite and deal in mortgage-backed securities to do so without having to demonstrate that loans underlying the securities have appraisals that meet the Board's appraisal requirements.

• *Supervisory guidance on retail credit classification.* A supervisory policy statement by the Federal Financial Institutions Examination Council on February 10, 1999, applicable to depository institutions, is provided for the classification (substandard, doubtful, or loss) or charge-off of retail installment credits according to specified criteria. Classification or charge-off guidance is provided for residential and home equity loans, fraudulent accounts, accounts of deceased persons and borrowers in bankruptcy, re-aging of open-end credit, or extensions, deferrals, renewals, or rewrites of closed-end credit.

• *New or revised sections involving nonbanking activities.* The sections include activities such as asset management, asset servicing and collection involving third-party contracts, acquisition of debt in default, employee benefits consulting, career counseling services, private limited partnerships, development of broader marketing plans and advertising and sales literature for mutual funds, and providing government services.

• *Revisions to the risk-based capital guidelines for risk weighting investments in mutual funds and establishing qualifications for prudently underwritten loans to residential builders.* Effective April 1, 1999, these capital guidelines were revised for applying risk weights to mutual fund investments based on the risk categories of the fund's assets. The revised capital guidelines also require sufficient documentation for prudently underwritten loans to residential builders, evidencing legally binding written sales contracts and permanent financing commitments.

A more detailed summary of changes is included with the update package. The *Manual* and updates, including pricing information, are available from Publications Services, Mail Stop 127, Board of Governors of the Federal Reserve System, Washington, D.C. 20551 (or charge by facsimile: 202-728-5886). The *Manual* is also available on the Board's public web site (http://www.federalreserve.gov/boarddocs/supmanual/).

CHANGES IN BOARD STAFF

The Federal Reserve Board announced the retirement of John J. Mingo, Senior Adviser in the Division of Research and Statistics, effective June 30, 1999.

The Federal Reserve Board also announced that John R. Weis, Adviser in the Office of Staff Director for Management, retired on July 2, 1999, after more than twenty-seven years of service. □

Minutes of the Federal Open Market Committee Meeting Held on May 18, 1999

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, May 18, 1999, at 9:00 a.m.

Present:

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

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

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

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

Messrs. Alexander, Cecchetti, Hooper, Hunter, Lang, Lindsey, Rolnick, Rosenblum, Slifman, and Stockton, Associate Economists

Mr. Fisher, Manager, System Open Market Account

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

Mr. Reinhart, Deputy Associate Director, Division of Monetary Affairs, Board of Governors

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

Mr. Connolly, First Vice President, Federal Reserve Bank of Boston

Ms. Browne, Messrs. Goodfriend, Hakkio, Ms. Krieger, and Mr. Sniderman, Senior Vice Presidents, Federal Reserve Banks of Boston, Richmond, Kansas City, New York, and Cleveland respectively

Messrs. Cunningham and Gavin, Vice Presidents, Federal Reserve Bank of Atlanta and St. Louis respectively

Mr. Trehan, Research Officer, Federal Reserve Bank of San Francisco

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on March 30, 1999, were approved.

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

The Manager also reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period March 30, 1999, through May 17, 1999. By unanimous vote, the Committee ratified these transactions.

The Committee voted unanimously to extend for one year beginning in mid-December 1999 the reciprocal currency ("swap") arrangements with the Bank of Canada and the Bank of Mexico. The arrangement with the Bank of Canada is in the amount of $2 billion equivalent and that with the Bank of Mexico in the amount of $3 billion equivalent. Both arrangements are associated with the Federal Reserve's participation in the North American Framework Agreement, which was established in 1994. The vote to renew was taken at this meeting rather than later in the year to give the Committee members a timely opportunity to discuss whether or not they wanted to extend the maturity of the agreements; the terms of the agreements require that any decision not to renew be communicated to swap line partners at least six months in advance of the swap maturities.

The Committee then turned to a discussion of the economic and financial outlook and the implementation of monetary policy over the intermeeting period ahead. A summary of the economic and financial information available at the time of the meeting and of the Committee's discussion is provided below. The domestic policy directive that was approved by the Committee and issued to the Federal Reserve Bank of New York follows the summary.

The information reviewed at this meeting suggested that economic activity had continued to expand vigorously. Consumer spending had maintained its strong forward momentum, and housing activity generally had remained at a high level. Growth of business capital spending had slowed appreciably but was still quite rapid. The expansion in industrial production had quickened recently, while gains in employment had moderated somewhat. Inflation had remained low, although consumer prices registered a sizable rise in April; labor costs were still quiescent despite very tight labor markets.

Growth in nonfarm payroll employment slowed on balance over March and April, but hiring was still relatively rapid. Employment gains were concentrated in the services, retail trade, and finance, insurance, and real estate categories. By contrast, manufacturing experienced further job losses, and construction employment fell on balance over the March–April period after having expanded briskly since last fall. The civilian unemployment rate in April, at 4.3 percent, matched its first-quarter average.

Industrial production increased substantially in March and April after a period of sluggish growth. In manufacturing, the production of durable goods rose rapidly in both months, paced by sharp increases in the output of semiconductors and motor vehicles and parts. The production of office automation equipment picked up from an already rapid pace in the March–April period, and the manufacture of communications equipment surged in April. Although growth in the output of nondurable goods had increased somewhat in recent months, the level of production was still below its year-earlier level. The step-up in industrial production in recent months had lifted the rate of utilization of manufacturing capacity, but it remained below its long-term average.

Consumer spending has been very strong this year, supported by rapid income growth, soaring household net worth, and buoyant consumer sentiment. Retail sales edged still higher in April after having recorded large gains earlier in the year. Sales of motor vehicles in April again were exceptionally high, and outlays for non-auto goods remained robust. In addition, spending on services grew briskly in the first quarter (latest data available), paced by sharply increased outlays for energy, bank and brokerage services, and recreation.

Total housing starts fell in April after several months of unusually favorable weather conditions that had allowed builders to maintain a relatively high level of construction activity. Part of the decline in starts apparently reflected shortages of labor and some types of building materials. However, sales of new homes had fallen somewhat on balance thus far this year, and applications for mortgages to finance purchases of homes remained below their 1998 peak despite a recent turn upward.

Business capital spending decelerated in the first quarter, though to a still relatively rapid pace. Growth of spending on durable equipment was boosted by a surge in outlays for communications equipment, brisk expenditures for motor vehicles, and continuing though lessened strength in purchases of computers. Nonresidential building activity advanced moderately in the first quarter, reflecting significant further increases in the construction of office buildings and lodging facilities. Building activity in other nonresidential categories changed little.

Total business inventories rose considerably in March, mostly reflecting a huge run-up in inventories at automotive dealerships. For the first quarter as a whole, inventory accumulation exclusive of motor vehicles was near the subdued pace of late 1998, and stocks generally appeared to be at fairly low levels relative to sales. In the manufacturing sector, inventories fell further in the first quarter, largely reflecting reductions of stocks of aircraft and parts, and the aggregate inventory–sales ratio for the sector in March was somewhat below the bottom of its range over the previous twelve months. The first-quarter rise in non-auto wholesale inventories was nearly the same as the fourth-quarter increase. With sales up appreciably, however, the inventory–sales ratio for the sector dropped sharply and was near the bottom of its range for the past year. Non-auto retail inventories increased considerably in the first quarter, but sales grew even more and the aggregate inventory–sales ratio was near the bottom of its range over the last year.

The U.S. trade deficit in goods and services widened substantially in January and February from its fourth-quarter average, with exports falling sharply and imports rising strongly. The drop in exports in the January–February period nearly reversed the large fourth-quarter increase, with substantial declines occurring in aircraft, machinery, industrial supplies, and agricultural products. The jump in imports was concentrated in consumer goods, automotive products, computers, and semiconductors. Economic growth continued to be sluggish in many of the major foreign industrial countries, according to the limited information available for the first quarter. Growth was weak on balance in the euro zone and the United Kingdom, and there were few signs of economic recovery in Japan. However, the expansion in Canada appeared to have remained strong. Elsewhere, the Korean economy grew vigorously in the first quarter, and there were indications that the slowdown in economic activity in Southeast Asia and Latin America might have bottomed out, with some countries beginning to recover.

Consumer prices rose substantially in April. Energy prices increased sharply, food prices edged up, and the prices of consumer items other than food and energy rose appreciably. For the twelve months ended in April, core consumer inflation was slightly higher than for the year-earlier period. Producer prices of finished goods also increased in April but by less than consumer prices. Finished energy prices were up sharply, but prices of finished foods declined appreciably, and prices of core producer goods advanced only slightly. For the twelve months ended in April, core producer inflation was up noticeably over that for the year-earlier period, reflecting importantly the sharp increase in prices of tobacco products. In contrast to price inflation, labor costs appeared to have remained quiescent. The increase in average hourly earnings was the same in April as in March, and the rise for the twelve months ended in April was significantly smaller than that for the year-earlier period.

At its meeting on March 30, 1999, the Committee adopted a directive that called for maintaining conditions in reserve markets that would be consistent with an unchanged federal funds rate of about 4¾ percent and that did not contain any bias relating to the direction of possible adjustments to policy during the intermeeting period. The Committee judged this policy stance to be consistent with its objectives of fostering high employment and sustained low inflation, with the risks of different outcomes being reasonably well balanced, at least for the near term.

Open market operations throughout the intermeeting period were directed toward maintaining the federal funds rate at around 4¾ percent. The average rate for the period was in line with the Committee's target level; however, substantial fluctuations in the rate associated with tax-season uncertainties complicated reserve management. Yields on Treasury securities rose appreciably on balance, with the largest increases occurring in intermediate- and longer-term maturities. The climb in rates reflected not only the strength of incoming data on the U.S. economy but also improved economic prospects in many foreign countries and higher world commodity prices. Increasing optimism about economic conditions in the United States and abroad apparently eased concerns about the creditworthiness of business borrowers, especially firms of relatively low credit standing, and rates on private obligations registered mixed changes over the period. Most key measures of share prices in equity markets recorded sizable gains over the intermeeting period.

The trade-weighted value of the dollar in foreign exchange markets depreciated somewhat over the intermeeting period in relation to the currencies of a broad group of important U.S. trading partners. The dollar's decline partly reflected improvements in the economic and financial outlook for many emerging market economies. The dollar also depreciated significantly against the Canadian and Australian currencies as the prices of metals, oil, and lumber moved higher. By contrast, the dollar was up on balance in terms of the euro and the Japanese yen. A reduction in the European Central Bank's refinance rate and the diminished prospects for a near-term resolution of hostilities in the Balkans weighed on the euro. The dollar's rise against the yen evidently was partly a response to a decline in the yield on ten-year Japanese government bonds while dollar yields moved higher.

M2 and M3 recorded sizable increases in April, apparently arising from a buildup of liquid accounts by households to make larger-than-usual final tax payments. For the year through April, M2 and M3 had grown less rapidly than in 1998; even so, M2 was estimated to have grown this year at a rate somewhat above the Committee's annual range, and M3 at a rate slightly above its range. Total domestic nonfinancial debt continued to expand at a pace somewhat above the middle of its range.

The staff forecast prepared for this meeting suggested that the expansion would gradually moderate to a rate commensurate with the rise in the economy's estimated potential. Growth of private final demand would be damped by the anticipated waning of positive wealth effects stemming from large increases in equity prices and by slower growth of spending on consumer durables, houses, and business equipment after the earlier buildup in the stocks of these items. The lagged effects of the rise that had occurred in the foreign exchange value of the dollar were expected to place continuing, though diminishing, restraint on the demand for U.S. exports for some period ahead. Labor markets were anticipated to remain tight, and inflation was projected to increase somewhat on balance over the projection period, partly as a result of some firming of import prices that, in turn, would give domestic firms somewhat more leeway to raise their prices.

In the Committee's discussion of current and prospective economic developments, members commented that they saw few signs of any moderation in the expansion of economic activity from the rapid pace that had prevailed in recent quarters—a pace greater than the growth in the economy's potential, even though the growth of potential was rising as a result of accelerating productivity. For a number of reasons, they still viewed some slowing in the expansion to a growth rate more in line with that of potential as a reasonable expectation. However, the timing and extent of the moderation remained subject to substantial uncertainty. And in light of the persistent strength in domestic demand, the reduced risks of economic weakness abroad, and the recovery in U.S. financial markets, most members believed that for the year ahead the odds around their forecasts were tilted toward further robust growth that would add to pressures on already tight labor markets. The latest statistical and anecdotal information on wages and prices, while somewhat more mixed than earlier, continued on balance to present a picture of benign inflation. However, the firming of oil and other commodity prices, the more frequent anecdotal reports of increases in some costs and prices, and the most recent CPI statistics could be read as suggesting at least that the trend toward lower inflation was coming to an end and perhaps also as harbingers of a less favorable inflation performance going forward, especially if growth in demand did not slow to a more sustainable pace. A key uncertainty in the outlook for inflation related to the prospects for productivity, whose continued acceleration over the past several quarters clearly had helped to contain cost pressures despite widespread indications of persistently tight labor markets. On balance, while an upward trend in underlying inflation had not materialized thus far, the members were concerned that if recent developments continued—especially if demand did not slow to a more sustainable pace—inflation was more likely to rise over time.

The impressive strength in private domestic spending during the first several months of the year featured notable gains in consumer and business expenditures and appreciable growth in outlays for residential construction. Underlying the strength in these key sectors of the economy was the marked improvement in overall financial market conditions since the fall of last year, including the ample availability of financing on relatively favorable terms for many borrowers and the sharp rise in stock market prices. Indicators of possible slowing in these sectors of the economy were limited, especially outside of housing.

Consumer expenditures were expected to be well maintained in conjunction with projections of appreciable further growth in jobs and incomes and a ready availability of financing. A major uncertainty in the outlook for the consumer sector was the largely unpredictable behavior of the stock market. The very large equity price increases in recent years evidently had contributed to high levels of consumer confidence and robust consumer spending, and the further gains in those prices thus far this year would continue to bolster spending for a while. A leveling trend in stock market prices, should one materialize, likely would have a significant restraining effect on consumer confidence and the growth of spending over time. In addition, the substantial accumulation of durable goods by consumers in recent years was seen as a constraining influence on spending for such goods going forward.

Expenditures by business firms for durable equipment were expected to post further sizable gains this year and next, though probably at rates somewhat below those recorded in recent years. Technical advances and ongoing competitive pressures were likely to remain relatively stimulative factors, but a number of developments also were anticipated to exert a tempering influence. These included the large buildup in equipment over the course of recent years, some moderation in the growth of demand for capital associated with slower expansion of overall spending, and in these circumstances more sluggish growth of business profits. The behavior of stock market prices also would play a role in the cost of business finance and the level of business confidence, but one that could not readily be predicted. According to anecdotal reports, commercial and other nonresidential construction activity was at high levels in several regions, though constrained in a number of areas by shortages of skilled labor and some construction materials. Concerns about overbuilding were reported in a few parts of the country. Residential construction activity also was at a high level, and backlogs had developed in some regions because of shortages of labor and some building materials. While these backlogs and continued affordability of home purchases were expected to help sustain residential construction activity near current levels for some period of time, statistical and survey indicators pointed to some loss of momentum in housing sales and new construction, perhaps partly in response to the rise in long-term interest rates.

Foreign trade on net was damping demand pressures on U.S. production capacity, but its negative impact was thought likely to diminish over time. Factors underlying this outlook included indications of stabilizing or improving financial and economic conditions in several East Asian and Latin American countries and expectations of some strengthening in European economies. The resulting impetus to exports was projected to be accompanied by a lower rate of growth in imports as the expansion of the U.S. economy slowed. Anecdotal reports of rising exports, notably to Asian markets, lent some support to this outlook. Members commented, however, that financial and economic prospects remained worrisome in several parts of the world and that the outlook for net exports continued to be subject to downside risks, albeit to a lesser extent than in late 1998 and early 1999.

Members expressed concern about what they now saw as a greater risk of rising inflation even though current indicators continued on the whole to point to quiescent wage and price behavior. The recent performance of the CPI and industrial commodity prices and the more numerous anecdotal reports of price and cost increases were reasons for added caution about the outlook for inflation, though these developments still constituted only very tentative evidence of a possible change in inflation trends. Several members commented in particular that substantial weight should not be attached to the one-month jump in the just-released CPI data. Unexpectedly large gains in productivity had both contributed to demand and helped output to keep pace with the strong growth in demand, but an important portion of that demand also had been met by drawing down the pool of available workers and by rapid increases in imports. Inflation expectations, while perhaps deteriorating a bit recently, were still subdued and undoubtedly continued to help account for restrained pricing behavior and for relatively moderate wage demands despite the tightness in labor markets.

Partly because the economy continued to demonstrate a marked ability to absorb large increases in demand without generating significant cost and price pressures, the members did not see a sizable upturn in underlying inflation as a likely prospect over the next few quarters. The longer-run outlook was more worrisome and would depend importantly on the extent to which the expansion put pressure on labor resources. In particular, if that pressure intensified, at some point further gains in productivity would not be able to offset rising wage increases. Moreover, the effect on prices would tend to be exacerbated by the ebbing or reversal of temporary factors that had served to damp inflation; notable among those factors were the upturn in energy prices and the current or prospective firming of commodity and other import prices as economic activity strengthened abroad. With both the extent of prospective pressures in labor markets and the outlook for productivity subject to considerable uncertainty, a firmer assessment of the future course of inflation needed to await further developments.

Against this background, all the members supported a proposal to maintain an unchanged policy stance and to adopt and announce an asymmetric directive that was tilted toward tightening. Although their concerns about the outlook for inflation had increased significantly since the previous meeting, the members felt that there was still a reasonable chance that the current stance of policy would remain consistent with containing price pressures for some period of time. Signs of an actual change in inflation were still quite tentative and anecdotal, and they did not warrant an adjustment to policy at this meeting. Moreover, as the experience of recent years had amply demonstrated, improvements in productivity growth might permit the economy to continue to accommodate strong demand for some time without generating higher inflation, especially if the growth of demand were to moderate somewhat in the months ahead. In that regard, the prospective strength of demand pressures and related outlook for productivity were subject to a wide range of uncertainty, and there were reasons to believe that economic growth could well slow without any adjustment to policy. The members recognized that the recovery in credit markets, the rise in equity prices, and the turnaround in some foreign economies could imply that the lower federal funds rate established last fall was no longer entirely appropriate. However, they concluded that given the prevailing uncertainties in the economic outlook it was preferable to defer any policy action and to monitor the economy closely for further signs that inflationary pressures were likely to rise.

The members nonetheless agreed that their increased concerns about the outlook for inflation called for the adoption of an asymmetric directive that was tilted toward tightening and, in keeping with the Committee's recently reaffirmed policy, to announce that change after this meeting. The Committee had said that it would not necessarily publish every change in the symmetry of its directive, but this shift to asymmetry represented a significant change in the Committee's assessment of the risks of higher inflation, and its announcement would alert the financial markets and the public more generally to this development. That, in turn, should encourage stabilizing reactions in financial markets and perhaps reduce the odds of an outsized response if evolving circumstances in the near term were to require an adjustment to policy that had not previously been anticipated. It was important that the public, including those who participated in financial markets, understood the Committee's resolve to keep inflation at a low level. A number of members emphasized, however, that the adoption and announcement of an asymmetrical directive should not be viewed as necessarily implying a near-term policy change or indeed any change over time unless circumstances warranted. For now, an asymmetric directive represented the right balance in terms of positioning the Committee for possible tightening at some point.

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

The information reviewed at this meeting suggests continued vigorous expansion in economic activity. Nonfarm payroll employment moderated on balance over March and April, and the civilian unemployment rate in April matched its first-quarter average. Total industrial production increased substantially in March and April. Total retail sales edged up in April after recording large gains earlier in the year. Housing starts fell in April. Available indicators suggest that growth of business capital spending has remained relatively rapid. The nominal deficit on U.S. trade in goods and services widened substantially in January and February from its fourth-quarter average. Consumer prices rose substantially in April, boosted by a sharp increase in energy prices; labor costs have remained quiescent thus far this year despite very tight labor markets.

Interest rates on Treasury securities have risen appreciably since the meeting on March 30, 1999, with the largest increases concentrated in intermediate- and long-term maturities; rates on private obligations show mixed changes over the period. Most key measures of share prices in equity markets have registered sizable gains over the intermeeting period. In foreign exchange markets, the trade-weighted value of the dollar has depreciated somewhat over the period in relation to the currencies of a broad group of important U.S. trading partners.

M2 and M3 recorded sizable increases in April, apparently owing to a tax-related buildup in liquid accounts. For the year through April, M2 is estimated to have increased at a rate somewhat above the Committee's annual range and M3 at a rate slightly above its range. Total domestic nonfinancial debt has continued to expand at a pace somewhat above the middle of its range.

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

To promote the Committee's long-run objectives of price stability and sustainable economic growth, the Committee in the immediate future seeks conditions in reserve markets consistent with maintaining the federal funds rate at an average of around 4¾ percent. In view of the evidence currently available, the Committee believes that prospective developments are more likely to warrant an increase than a decrease in the federal funds rate operating objective during the intermeeting period.

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

It was agreed that the next meeting of the Committee would be held on Tuesday–Wednesday, June 29–30, 1999.

The meeting adjourned at 12:45 p.m.

Donald L. Kohn
Secretary

Legal Developments

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

Ideal Bancshares, Inc.
West Fargo, North Dakota

Order Approving Formation of a Bank Holding Company

Ideal Bancshares, Inc. ("Applicant") has requested the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all the voting shares of First State Bank of Goodrich, Goodrich, North Dakota ("Bank").

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 13,799 (1999)). 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.

Applicant is a newly organized corporation formed for the purpose of acquiring control of Bank. Bank currently has its main office in Goodrich, North Dakota, and maintains a paying and receiving facility in Hurdsfield, North Dakota.[1] Bank is the 94th largest depository institution in North Dakota and controls deposits of $15.6 million, representing less than 1 percent of total deposits in depository institutions in the state.[2]

As noted above, Applicant is a *de novo* corporation and does not control another depository institution. Accordingly, based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market, and that competitive considerations are consistent with approval.

Financial, Managerial, and Supervisory 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 these factors in light of all the facts of record, including supervisory reports of examination and other confidential supervisory information assessing the financial and managerial resources of Bank. Based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Applicant and Bank are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act.

Convenience and Needs Considerations

The Board also has carefully considered the effect of the proposal on the convenience and needs of the communities to be served in light of all the facts of record, including comments received from several individuals ("Commenters") concerning the potential effect of this transaction on the availability of banking services in Hurdsfield, North Dakota. As part of this review, the Board has carefully considered Bank's record of performance under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA").

An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[3] Bank received a "satisfactory" rating from its appropriate federal supervisor, the Federal Deposit Insurance Corporation, at Bank's most recent examination for CRA performance, as of April 1999 ("1999 Examination").

Examiners at the 1999 Examination found that Bank's lending record evidenced a strong commitment to lending in Bank's community assessment area. Examiners noted that Bank's assessment area, which includes Hurdsfield, consisted entirely of moderate-income geographies and

1. Applicant has applied to the North Dakota Department of Banking and Financial Institutions ("Banking Department") to acquire control of Bank. Bank also has applied to the Federal Deposit Insurance Corporation ("FDIC"), under section 18(d) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(d)), and to the Banking Department to relocate the head office of Bank from Goodrich to West Fargo, North Dakota, and to convert Bank's current head office in Goodrich to a branch. The Banking Department and FDIC recently approved the applications filed by Applicant and Bank.

2. In this context, depository institutions include commercial banks, savings banks, and savings associations. Asset and ranking data are as of June 30, 1998.

3. The Interagency Questions and Answers Regarding Community Reinvestment provide that a CRA examination is an important and often controlling factor in the consideration of an institution's CRA record and that reports of these examinations will be given great weight in the applications process. *See* 64 *Federal Register* 23,618, 23,641 (1999).

was heavily dependent on agriculture. Examiners reviewed 31 agricultural loans, totaling approximately $1.4 million that were made by Bank in 1998 and 1999, and noted that 80 percent of these loans were extended to farm operations with annual gross revenues of less than $250,000. Examiners further concluded that the geographic distribution of Bank's loans in its assessment area was reasonable, and did not find any substantive violations of fair lending laws and regulations.

Commenters expressed concern that Applicant might close Bank's paying and receiving facility in Hurdsfield and that such closure would negatively affect the local community. Applicant has stated that it presently intends to retain the Hurdsfield facility following consummation of the proposal.[4]

Based on all the facts of record, including the 1999 Examination, the public comments received, and the information provided by Applicant to address these comments, the Board concludes that convenience and needs considerations, including the CRA performance record of Bank, are consistent with approval of the proposal.

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. The Board's approval is specifically conditioned on compliance by Applicant with all the commitments made in connection with the application. For the purpose of this action, the commitments relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective June 14, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

4. The Board notes, moreover, 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 regulatory agency before closing a branch. *See* 12 U.S.C. § 1831r-1, as implemented by the Joint Policy Statement Regarding Branch Closings, 58 *Federal Register* 49,083 (1993) ("Policy Statement"). Since Bank's Hurdsfield paying and receiving facility receives deposits, the facility is considered a "branch" for purposes of the Policy Statement. Section 1831r-1 does not authorize federal supervisors to prevent the closing of a branch.

Otto Bremer Foundation
St. Paul, Minnesota

Bremer Financial Corporation
St. Paul, Minnesota

Order Approving the Acquisition of a Bank Holding Company

Otto Bremer Foundation ("Foundation") and its wholly owned subsidiary, Bremer Financial Corporation ("BFC"), bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act"), have requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all the outstanding voting stock of Dean Financial Services, Inc., St. Paul, Minnesota ("Dean"), and thereby to acquire its subsidiary banks, First National Bank of Aitkin, Aitkin; State Bank of Edgerton, Edgerton; First State Bank of Eden Prairie, Eden Prairie; and Princeton Bank, St. Paul, all in Minnesota.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 4873 (1999)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

BFC is the fifth largest depository institution in Minnesota, controlling deposits of approximately $1.5 billion, representing 2.5 percent of total deposits in depository institutions in the state ("state deposits").[1] Dean controls total deposits of $264.6 million, representing less than 1 percent of state deposits. On consummation of the proposal, BFC would remain the fifth largest depository institution in Minnesota, controlling deposits of $1.8 billion, representing approximately 2.9 percent of state deposits.

Competitive Considerations

The BHC Act prohibits the Board from approving an application under section 3 the BHC Act if the proposal would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking. The BHC Act also prohibits the Board from approving a proposed combination that would substantially lessen competition or tend to create a monopoly in any relevant banking market, unless the Board finds that the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[2]

BFC and Dean compete in the Minneapolis-St. Paul, Minnesota, banking market ("Minneapolis banking market").[3] BFC is the 14th largest depository institution in the

1. Deposit data are as of June 30, 1998. In this context, depository institutions include commercial banks, savings banks, and savings associations.

2. 12 U.S.C. § 1842(c)(1).

3. The Minneapolis banking market is approximated by Anoka, Hennepin, Ramsey, Washington, Carver, Scott, and Dakota Counties

Minneapolis banking market, controlling $268 million in deposits, representing less than 1 percent of market deposits.[4] Dean is the 32nd largest depository institution in the market, controlling $104 million in deposits, representing less than 1 percent of market deposits. On consummation of the proposal, BFC would become the 12th largest depository institution in the market, controlling deposits of $372 million, representing approximately 1 percent of market deposits. The change in market concentration, as measured by the Herfindahl–Hirschman Index ("HHI"), would not exceed the threshold level set in the Department of Justice Merger Guidelines ("DOJ Guidelines").[5]

Based on all the facts of record, and for the reasons discussed above, the Board concludes that consummation of the proposal is not likely to result in any significantly adverse effects on competition or on the concentration of banking resources in the Minneapolis banking market or any other relevant banking market, and that competitive factors are consistent with approval of the proposal.

Other Considerations

The BHC Act also requires the Board, in acting on an application, to consider the financial and managerial resources and future prospects of the companies and banks involved, the convenience and needs of the communities to be served, and certain other supervisory factors. 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 organizations.

Based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of Foundation, BFC, Dean, and their subsidiary banks are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act. Considerations related to the convenience and needs of communities to be served, including the records of performance of the institutions involved under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*), also are consistent with approval of the proposal.

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. Approval of the application is specifically conditioned on compliance by Foundation and BFC with all the commitments made in connection with the application. For the purposes of this order, the commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The transaction shall 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 for good cause by the Board or by the Federal Reserve Bank of Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 16, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Piraeus Bank S.A.
Athens, Greece

Order Approving the Acquisition of a Bank Holding Company

Piraeus Bank S.A. ("Piraeus"), a foreign bank, has applied under section 3 of the Bank Holding Company Act (the "BHC Act") (12 U.S.C. § 1842) to become a bank holding company within the meaning of the BHC Act by acquiring 56 percent of the voting shares in Marathon Banking Corporation ("MBC"), and thereby acquiring Marathon National Bank of New York ("Bank"), both in Astoria, New York.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (63 *Federal Register* 37,116 (1998)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

in Minnesota; Lent, Chisago Lake, Shafer, Wyoming and Franconia Townships in Chisago County, Minnesota; Blue Hill, Baldwin, Orrock, Livonia, and Big Lake Townships and the City of Elk River in Sherburne County, Minnesota; Monticello, Otsego, Buffalo, Frankfort, Rockford, and Franklin Townships in Wright County, Minnesota; Lanesburgh Township in Le Sueur County, Minnesota; and the Town of Hudson in St. Croix County, Wisconsin.

4. Market share data are those compiled as of June 30, 1998. Market share data are based on calculations that include the deposits of thrift institutions at 50 percent. The Board previously has indicated 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 has regularly 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).

5. After consummation of the proposal, the HHI for the Minneapolis banking market would remain unchanged at 1888. Under the revised DOJ Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI exceeds 1800 is considered highly concentrated. 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 effect of limited-purpose lenders and other nondepository financial entities.

Piraeus, with consolidated assets equivalent to approximately $4.6 billion, is a commercial bank organized under the laws of Greece.[1] Piraeus engages in the business of banking in Greece through branches and subsidiary banks.[2] Piraeus also engages through subsidiaries in several nonbanking activities in Greece. Piraeus does not currently have any banking or nonbanking operations in the United States. Bank is the 100th largest commercial banking organization in New York, controlling deposits of $89 million, representing less than 1 percent of all deposits in commercial banking organizations in the state.[3]

Comprehensive Consolidated Supervision and Access to Information

In order to approve an application by a foreign bank to acquire a U.S. bank or bank holding company, the BHC Act and Regulation Y require the Board to determine that the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisors.[4] The Board also must determine that the foreign bank has provided adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with applicable law.[5]

The Board considers a foreign bank to be subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that its home country supervisor receives sufficient information on the foreign bank's worldwide operations, including the bank's relationship to any affiliate, to assess the bank's overall financial condition and compliance with law and regulation.[6]

Supervision of Greek credit institutions, such as Piraeus, is the responsibility of the Supervision Department of the Bank of Greece. The Bank of Greece conducts general on-site examinations of Piraeus that cover areas such as asset quality, compliance, and internal controls. During these examinations, the examiners commonly review the bank's internal audit reports. In addition, the Bank of Greece conducts more frequent targeted examinations that focus on specific areas, such as foreign exchange, reconciliation of accounts, and anti-money laundering procedures. Piraeus also is required to have an audit conducted annually by qualified external auditors. The external auditors focus on Piraeus's internal controls, and their comments and findings are provided to the Bank of Greece as part of the bank's required assessment of its internal controls.

Piraeus is required to submit a number of financial reports to the Bank of Greece, including semiannual reports concerning, among other things, profit and loss, capital adequacy, liquidity, asset quality, large exposures, currency positions, loans and guarantees to affiliates and insiders, investments in other financial and nonfinancial institutions, and 10-percent shareholders. Piraeus also must submit semiannual bank-only and consolidated financial statements. In addition, Piraeus is required to publish annual audited financial statements, including balance sheets and income statements. Piraeus also must submit daily reports on its foreign exchange transactions and foreign currency positions.

The Bank of Greece also has promulgated regulations for credit institutions on loans to one borrower, a limit on aggregate "large exposures" (amounts equal to 10 percent of regulatory capital), and reserves. In addition, the Bank of Greece has imposed capital-based limits on the amounts that a credit institution may invest in nonfinancial companies.[7]

With respect to affiliate transactions, the Bank of Greece requires credit institutions, such as Piraeus, to report the value of each credit exposure to a subsidiary or affiliate that exceeds 10 percent of the credit institution's regulatory capital. The Bank of Greece also requires a credit institution to report on a semiannual basis loans and guarantees by the credit institution to its affiliates or between the credit institution's affiliates. In addition, a credit institution's exposure to a subsidiary or affiliate may not exceed 30 percent of the credit institution's regulatory capital. It is anticipated that the exposure limit will be reduced to 20 percent in 1999.

The Bank of Greece has statutory authority to terminate the operating license of a credit institution for, among other things, maintaining insufficient capital, impeding supervision by any means, or violating legal provisions, decisions, or regulations set out by the banking supervisory authorities. In addition, the Bank of Greece also may restrict the business activities of a credit institution for violations of law and for liquidity or solvency problems. The Bank of Greece also may impose fines and other sanctions on credit

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

2. Piraeus controls Macedonia Thrace Bank, Thessaloniki, Greece, Piraeus Prime Bank, Piraeus, Greece, and Xios Bank, Athens, Greece. Piraeus also controls Tirana Bank S.A., Tirana, Albania.

3. State deposit and ranking data are as of June 30, 1998.

4. *See* 12 U.S.C. § 1842(C)(3)(b); 12 C.F.R. 225.13(b)(5).

5. *See* 12 U.S.C. § 1842(c)(3)(A); 12 C.F.R. 225.13(b)(4).

6. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisor:

(i) Ensures that the foreign bank has adequate procedures for monitoring and controlling its activities worldwide;

(ii) Obtains information on the condition of the foreign bank and its subsidiaries and offices outside the home country through regular reports of examination, audit reports, or otherwise;

(iii) Obtains information on the dealings and relationships between the foreign bank and its affiliates, both foreign and domestic;

(iv) Receives from the foreign bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the foreign bank's financial condition on a worldwide, consolidated basis;

(v) Evaluates prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination. 12 C.F.R. 211.24(c)(1).

7. The prior approval of the Bank of Greece is required for a credit institution to invest in other companies in amounts that exceed the lower of GRD 700 million or 2 percent of capital.

institutions and their legal representatives and managers for violations of banking statutes and regulations.

Piraeus also is subject to supervision by other Greek government entities. Piraeus's insurance agent subsidiaries are subject to the supervision of the Ministry of Development, the Greek insurance supervisory authority. In addition, Piraeus and certain of its subsidiaries are monitored by the Capital Markets Commission because their stock is listed on the Athens Stock Exchange. The prior approval of the Monopolies and Mergers Commission also is required for a merger or acquisition involving a Greek bank. There is a high degree of cooperation between the Bank of Greece and the other supervisory authorities.

Based on all the facts of record, the Board concludes that Piraeus is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The BHC Act also requires the Board to determine that the foreign bank has provided adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with the BHC Act and the International Banking Act ("IBA") (12 U.S.C. § 3101 *et seq.*). The Board has reviewed restrictions on disclosure in jurisdictions where Piraeus has material operations and has communicated with relevant banking authorities concerning access to information. Piraeus has committed that, to the extent not prohibited by law, it will make available to the Board such information on the operations of Piraeus and any of its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act, the IBA, and other applicable federal law. Piraeus also has committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary to enable Piraeus to make any such information available to the Board. In light of these commitments and other facts of record, the Board has concluded that Piraeus has provided adequate assurances of access to any appropriate information that the Board may request.

For these reasons, and based on all the facts of record, the Board has concluded that the supervisory factors it is required to consider under section 3(c) of the BHC Act are consistent with approval.

Financial, Managerial, Competitive, and Convenience and Needs Considerations

The Board also has carefully considered the financial and managerial resources and future prospects of the banks and companies involved, the convenience and needs of the communities to be served, and certain supervisory factors. Piraeus's capital levels exceed the levels required under Greek capital guidelines and under the Basle Capital Accord, and are considered equivalent to the capital levels that would be required of a U.S. banking organization under similar circumstances. The Board also has reviewed supervisory information concerning Piraeus's condition and the proposal from Piraeus's home country authority, confidential financial information from Piraeus, and supervisory information concerning MBC and Bank assessing the financial and managerial resources of the organizations.

Based on all the facts of record, the Board has concluded that the financial and managerial resources and future prospects of the organizations are consistent with approval, as are the other supervisory factors that the Board must consider under section 3 of the BHC Act. In addition, based on all the facts of record, including the fact that Piraeus does not currently have any banking operations in the United States, the Board has concluded 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. Considerations related to the convenience and needs of the communities to be served, including the performance record of Bank under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*), also are consistent with approval of the proposal.[8]

Conclusion

Based on the foregoing and all other facts of record, the Board has determined that the application should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Piraeus and any of its affiliates subsequently interfere with the Board's ability to determine the safety and soundness of Piraeus's U.S. operations or the compliance by Piraeus or its affiliates with applicable federal statutes, the Board may require termination of any of Piraeus's direct or indirect activities in the United States. The Board's approval of the proposal is expressly conditioned on Piraeus's compliance with all the commitments made in connection with the application. The commitments and conditions relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The proposal 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 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 June 14, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

8. Bank was rated "satisfactory" in its most recent CRA performance evaluation conducted by the Office of the Comptroller of the Currency, as of April 27, 1998.

Orders Issued Under Section 4 of the Bank Holding Company Act

BankBoston Corporation
Boston, Massachusetts

The Bank of New York Company, Inc.
New York, New York

The Chase Manhattan Corporation
New York, New York

Citizens Financial Group, Inc.
Providence, Rhode Island

Comerica Incorporated
Detroit, Michigan

First Union Corporation
Charlotte, North Carolina

Fleet Financial Group, Inc.
Boston, Massachusetts

HSBC Holdings PLC
London, England

HSBC Holdings BV
Amsterdam, The Netherlands

HSBC Americas, Inc.
Buffalo, New York

The Royal Bank of Scotland Group PLC
Edinburgh, Scotland

The Royal Bank of Scotland PLC
Edinburgh, Scotland

Summit Bancorp
Princeton, New Jersey

Order Approving Notice to Conduct Certain Data Processing Activities and Other Nonbanking Activities

BankBoston Corporation, a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), and the other bank holding companies listed in the Appendix to this order (collectively, "Notificants"), have requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire Magic Line, Inc., Dearborn, Michigan ("Magic Line"), through NYCE Corporation, Woodcliff Lake, New Jersey ("NYCE"), and thereby engage in providing data processing services in accordance with section 225.28(b)(14) of Regulation Y (12 C.F.R. 225.28(b)(14)).[1] In addition, Notificants, through NYCE, would engage in providing check verification services, in accordance with section 225.28(b)(2) of Regulation Y (12 C.F.R. 225.28(b)(2)).

NYCE operates an electronic funds transfer ("EFT") network under the NYCE service name, and Magic Line operates the Magic Line EFT network. Both NYCE and Magic Line provide data processing and transmission services to financial institutions and merchants that are members of their respective branded automated teller machine ("ATM") and point of sale ("POS") networks.[2] NYCE would engage directly and through Magic Line in certain nonbanking activities related to the operation of ATM and POS networks, including various data processing and transmission services.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 13,799 (1999)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Notificants are commercial banking organizations with headquarters in Massachusetts, Michigan, New Jersey, New York, North Carolina, and Rhode Island, and foreign banking organizations with subsidiary commercial banking organizations in the United States. Each Notificant engages directly and through subsidiaries in a broad range of banking and permissible nonbanking activities in the United States and abroad.[3]

Section 4(c)(8) of the BHC Act provides that a bank holding company may, with Board approval, engage in any activity that the Board determines to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto."[4] The Board previously has determined that providing check verification services and EFT-related data processing and transmission services is closely related to banking within the meaning of section 4(c)(8) of

1. Notificants, with the exception of Comerica Incorporated ("Comerica"), are shareholders of NYCE and would each retain 5 percent or more of the voting shares of NYCE. Comerica is a principal shareholder of Magic Line and would acquire more than 5 percent of the voting shares of NYCE as a result of the proposed transaction. This notice also includes Comerica's request for the Board's approval to acquire, through NYCE, an interest in Card Alert Services, Inc., Arlington, Virginia, and thereby engage in providing debit card fraud detection services.

2. In general, an ATM network is an arrangement whereby more than one ATM and more than one depository institution (or the depository records of such institutions) are connected by electronic or telecommunications means to one or more computers, processors, or switches for the purpose of providing automated teller services to retail customers of the depository institutions. POS terminals accept ATM or similar cards from retail customers and, using an ATM network or a parallel POS-only network, provide access to a retail customer's account to transfer funds to a merchant's account. POS terminals are generally located in merchant establishments.

3. Asset and deposit data for each Notificant are set forth in the Appendix.

4. 12 U.S.C. § 1843(c)(8).

the BHC Act.[5] Notificants would conduct the proposed activities in accordance with Regulation Y and previous Board decisions.[6]

In determining whether activities proposed to be conducted in a specific proposal are a "proper incident" to banking or managing or controlling banks, the Board must determine whether the performance of the proposed activities by Notificants through Magic Line "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[7] The Board has received comments opposing the proposal from two EFT networks ("Protestants") that generally allege that consummation of the proposal would result in significant anti-competitive effects in the market for EFT services in Michigan, Indiana, and Illinois outside the Chicago Metropolitan Statistical Area ("Upper Midwest"). In particular, Protestants argue that a requirement under the proposal that certain Magic Line shareholders use NYCE as their exclusive regional network in the Upper Midwest for three years after consummation of the proposal is intended primarily to prevent Protestants and other EFT networks from competing with NYCE in this area.

The Board has carefully considered these comments in light of all the facts of record, including written submissions by Notificants and Protestants. As in similar cases, the Board also sought comments from the Department of Justice on the competitive effects of the proposal. The Department of Justice indicated that it had no objection to consummation of the proposal.

Competitive Considerations

In order to determine whether a particular transaction is likely to decrease competition, the Board has considered the area of effective competition between parties. The area of effective competition has been defined by reference to the line of commerce, or product market, and a geographic market. The Board has carefully considered the relevant product and geographic markets in which to analyze the competitive effects of the proposal in light of all the facts of record, including information provided by Notificants and Protestants and the geographic scope of and services provided by existing EFT networks and other providers of EFT services.

The Board previously has identified three distinct products that are typically offered by EFT networks:

Network access (access to an EFT network identified by a common trademark or logo displayed on ATMs, POS terminals, and access cards);

Network services (operation of a "network switch" to receive and route electronic messages between ATMs, POS terminals, and data processing facilities used by depository institutions to authorize EFT transactions and the provision of "gateway" access to other EFT networks); and

ATM/POS processing (data processing and transmission services used to drive ATMs and POS terminals, monitor their activity, authorize EFT transactions, and reconcile accounts).[8]

Both NYCE and Magic Line provide all three services to their network members and these three activities define the areas in which NYCE and Magic Line compete. Accordingly, the relevant product markets in which to examine the competitive effects of the proposal are the markets for network access, network services, and ATM/POS processing.

The Board previously has determined that the geographic market for network access is an area significantly larger than local banking markets and consists of a region comprising several states.[9] Based on all the facts of record, the Board believes that NYCE has a significant competitive presence in the New England and northeastern states (Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont). Magic Line's primary service area is in the central United States (Indiana, Illinois, Kentucky, Michigan, and Ohio). Thus, the primary service areas for network access services of NYCE and Magic Line do not overlap.

NYCE and Magic Line compete in providing network access services to a limited extent in several states. There are a number of considerations, however, that mitigate any decrease in existing or potential competition resulting from the proposal. Changes in concentration in the market for network access services in these states would not be significant.[10] Moreover, in each state, a number of other networks, including other large regional networks, and third party processors would continue to operate and to provide both direct and potential competition for NYCE. Smaller networks and third party processors also would continue to operate EFT networks within the central United States and to provide both direct and potential competition for the

5. *See* 12 C.F.R. 225.28(b)(2) and (14); *Barnett Banks of Florida, Inc.*, 65 *Federal Reserve Bulletin* 263 (1979) (check verification services); *Compagnie Financière de Paribas*, 82 *Federal Reserve Bulletin* 348 (1996) (fraud detection services); *Bank of New York Company, Inc.*, 80 *Federal Reserve Bulletin* 1107 (1994) ("*InfiNet Order*") (ATM network services); *Banc One Corporation*, 81 *Federal Reserve Bulletin* 492 (1995) ("*EPS Order*") (ATM network services).

6. The Board notes that ATM activities must be conducted in accordance with applicable federal and state laws, including applicable branching laws.

7. *See* 12 U.S.C. § 1843(c)(8).

8. *See EPS Order* at 493–94.

9. *See EPS Order* at 494.

10. NYCE and Magic Line both operate branded ATMs in 15 states. In 13 of these states, the smaller of the two networks provides branded access to less than 2 percent of the estimated total number of ATMs in the state. In Illinois, where NYCE is the smaller network, it provides branded access to less than 3 percent of the estimated total number of ATMs in the state. In Kentucky, NYCE provides branded access to less than 5 percent of the estimated total number of ATMs, and its brand would appear on approximately 16 percent of such ATMs after consummation of the proposal.

Magic Line network.[11] Finally, national networks increasingly offer an alternative to regional networks for some financial institutions in the central United States.[12]

The Board considers the appropriate geographic market area for evaluating the provision of network services and ATM/POS processing services to be national in scope. The Board notes that physical proximity to ATMs and POS terminals is not required to provide these services and that these services may be provided on an unbranded or subcontract basis. In addition, large scale economies can be achieved in these product markets, and several firms offer ATM/POS processing services on a national basis. Many smaller firms also offer these services. Based on all the facts of record, the Board finds that the proposal would not have a significantly adverse effect on competition in the provision of these services in the central United States or any other relevant portion of the country.

Protestants claim, however, that a proposed agreement ("Shareholder Agreement") between NYCE and certain Magic Line shareholders would constitute a form of unfair competition or would decrease competition to the extent that the Shareholder Agreement prevents these shareholders from joining Protestants or other regional networks in the Upper Midwest.[13]

Protestants contend that the focus of the Shareholder Agreement on certain geographic areas and certain EFT-related services demonstrates that the purpose of the Shareholder Agreement is to harm Protestants rather than to facilitate the transfer of the Magic Line franchise. Protestants further assert that the terms of the Shareholder Agreement are contrary to the terms of EFT operating rules that the Board has specifically relied on in previous cases to support its determination in those cases that the combination of two EFT networks would not have a significantly adverse effect on competition.[14]

The Board has reviewed the Shareholder Agreement in light of all the facts of record in this case. In the Michigan portion of the Upper Midwest, where Magic Line is a dominant EFT network, the Shareholder Agreement would apply to three Magic Line shareholders.[15] These shareholders operate approximately 17 percent of the estimated total number of ATMs in the state and account for approximately 27 percent of the estimated total number of ATM transactions in the state. Accordingly, approximately three-fourths of all ATM transactions in Michigan would be unencumbered by the Shareholder Agreement and would be immediately available to competing networks.

Two of the three Magic Line shareholders in Michigan that would be subject to the Shareholder Agreement have experienced substantial growth in their EFT transaction volume and data processing fees.[16] This growth, if sustained, would enable these shareholders to shift a substantial portion of their EFT activities to a regional network other than NYCE with limited concern that they would be financially penalized by the minimum annual payment requirement of the Shareholder Agreement for doing so.

Moreover, these provisions of the Shareholder Agreement are limited in duration. The exclusivity provision is applicable to each of these shareholders for three years.[17]

The Board is concerned that exclusivity provisions, such as those in the Shareholder Agreement, are inherently anti-competitive because they restrict the ability of some participating financial institutions to choose ATM network access and ATM service providers that may be less costly and more suitable for customers of these financial institutions. In this case, the Board believes that the potential adverse effects of the Shareholder Agreement are real, but

11. The Board also notes the rapid growth in recent years in the volume of POS transactions, which serve as an alternative for certain ATM transactions, and the presence of a number of competitors that provide POS network services across regional boundaries.

12. *See HONOR/Most Order* at 133 n.20. For example, in October 1998, Visa began operations of its Visa II card, a debit card for POS transactions.

13. Under the Shareholder Agreement, any Magic Line shareholder that receives cash or EFT transaction processing credits as any portion of the consideration for its Magic Line shares must use NYCE as its exclusive regional EFT network in the Upper Midwest for three years after consummation of the proposal, and must make specific minimum annual payments to NYCE for data processing and related services during these three years based on a percentage of the shareholder's ATM transaction volume prior to the proposal. In addition, a party to the Shareholder Agreement must purchase from NYCE for the term of the agreement any data processing services that are of the kind it obtained from Magic Line at the time that NYCE and Magic Line agreed to merge. A Magic Line shareholder may elect at any time during the term of the Shareholder Agreement to terminate its exclusive network routing requirement, but as a consequence the term of the agreement for purchasing data processing services would be extended to five years and the shareholder's minimum annual payment obligation would be increased.

14. *See BankAmerica Corporation,* 85 *Federal Reserve Bulletin* 271 (1999); *HONOR/Most Order* at 133; *EPS Order* at 496; *InfiNet Order* at 1109.

15. In the other two states in the Upper Midwest, Illinois and Indiana, Magic Line shareholders are estimated to operate only 5 percent and 2 percent, respectively, of the total number of ATMs in the state. Accordingly, the Shareholder Agreement would not appear to have a significant effect on competition among EFT networks and third party processors in these areas.

16. These two shareholders control more than 90 percent of all the ATMs controlled by the three shareholders in the aggregate in Michigan.

17. The Board also has considered the Shareholder Agreement in comparison to covenants not to compete. The Board and the courts have previously determined that such covenants are permissible when they are reasonable in duration, scope, and geographic area. *See Orbanco, Inc.,* 59 *Federal Reserve Bulletin* 367 (1973); *United Jersey Banks,* 69 *Federal Reserve Bulletin* 565, 567 n.12 (1983); *Business Records Corporation v. Lueth,* 981 F.2d 957 (9th Cir. 1992) ("*Lueth*"). Such covenants have been upheld by the courts when they are made in connection with the sale of a business because such covenants facilitate the transferability of property, in the form of the goodwill of a business. *See Lueth* at 960; *Ticor Title Insurance Company v. Cohen,* 173 F.2d 63 (2d Cir. 1999). Accordingly, in sale of business cases, the duration of a covenant not to compete has been upheld when it is reasonably related to the time required to vest the goodwill of a business in its new owner. *See Lueth* at 961; *Restatement (Second) of Contracts* § 188, comments (d) and (f) (American Law Institute 1981). This period of time must be determined in light of all the relevant circumstances. *See Laidlaw, Inc. v. Student Transportation of America, Inc.,* 20 F. Supp.2d 727 (D.N.J. 1998). The Board believes that the exclusivity provisions of the Shareholder Agreement are consistent with the court decisions regarding covenants not to compete.

recognizes that the anti-competitive effects of the Shareholder Agreement are limited in geographic area, scope, and duration.

Other Considerations

In considering the proper incident test, the Board also must determine whether the likely public benefits of a proposal could reasonably be expected to outweigh potential adverse effects. Notificants assert that the proposal would result in significant public benefits.

As part of the proposal, NYCE has committed to adopt unified operating rules for NYCE and Magic Line that, in several important respects, would facilitate competition and increase access to the network for all depository institutions. The NYCE unified operating rules would allow all depository institutions in the combined networks to join other regional and national networks. The operating rules also would allow all depository institutions to designate networks other than NYCE as the priority routing for transactions performed by the depository institution's customers (subject to the other networks granting reciprocal rights to their participants to use NYCE). In addition, participants would be able to co-brand access cards and ATMs and to use third party processors and branded subswitching of transactions.[18] Moreover, depository institutions of all sizes would be able to participate in NYCE on a nondiscriminatory basis. By contrast, the current Magic Line operating rules contain several provisions concerning transaction routing, co-branding of access cards, and ATM processing services that tend to restrict competition with other regional EFT networks and with third party processors.

Consummation of the proposal, therefore, would facilitate competition throughout the Magic Line service area in the provision of network access, network services, and ATM/POS processing. The unified NYCE operating rules would promote competition among NYCE and alternative providers of EFT-related services, including other regional networks, national networks, and third party processors, that is currently limited or foreclosed under the Magic Line operating rules. The proposal also would ensure access to the network by all depository institutions and competition among them in providing network access to their customers.

The combination of NYCE and Magic Line upon consummation of the proposal also would benefit consumers by providing greater account availability and convenience to customers of each network. In particular, an ATM network that has a large number of financial institution members and that provides network access at more locations over a broad geographical area would have greater value to network cardholders and provide broader and more convenient access to customer accounts. Smaller financial institutions that compete with larger, multistate organizations for deposit funds would be able to expand their depositors' access to their accounts without making substantial investments in branch systems or proprietary ATM networks.

Consummation of the proposal also would result in other public benefits. The proposal is expected to produce economies of scale, for example, and to reduce average costs for the combined networks. Members of each network also would benefit from the technical expertise and the expanded research and development programs of the combined network. Notificants anticipate that the increased capital base of NYCE would enable it to develop and market new products and services more rapidly, thereby increasing competition among EFT networks and third party processors.

As part of this review under section 4(c)(8) of the BHC Act, the Board also considers the financial and managerial resources of Notificants and their subsidiaries and any company to be acquired, and the effect of the proposal on those resources.[19] Based on all the facts of record, including reports of examination and other supervisory information, the Board concludes that financial and managerial considerations are consistent with approval of the proposal. In addition, there is no evidence in the record that the proposal would result in conflicts of interests or unsound banking practices.

As explained above, aspects of this proposal are likely to result in some decrease in competition while other aspects of the proposal promote competition and have other public benefits. The Board is particularly concerned about the serious potential anti-competitive effects that may arise from the exclusivity provisions of the Shareholder Agreement used by Notificants. As a general matter, the Board believes that the likely effect on competition from exclusivity provisions of the type contained in the Shareholder Agreement would outweigh the typical public benefits associated with the increased convenience and economies of scale associated with a merger of ATM networks. In this case, however, the Board believes that the potential adverse effect on competition is somewhat mitigated by the limited application, duration, and scope of the Shareholder Agreement. Importantly, the Board also believes that significant public benefits in the form of increased and more open competition are likely to result from the commitment by NYCE to change the Magic Line operating rules to allow all depository institutions in the network to join other regional and national networks, to facilitate increased use of third party processors, to route transactions more freely through other networks, and to co-brand access cards and ATMs. Absent the unique facts in this case concerning the actual operation of the Shareholder Agreement, and the commitment of NYCE to adopt unified operating rules as described above, the expected public benefits in this case would likely not be sufficient to outweigh the possible

18. "Subswitching" refers to the routing of transactions between members of the same regional network without accessing that network, and, therefore, without paying the network's switch fee. Typically, this is accomplished by routing the transaction through a third party processor that provided ATM processing services for both network members.

19. *See* 12 C.F.R. 225.26.

adverse effects. On this basis and after careful consideration of all the facts of record, the Board has determined that consummation of the proposal can reasonably be expected to produce public benefits that would outweigh any possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Conclusion

Based on all the facts of record, the Board has determined that the notice should be, and hereby is, approved. The Board's approval is specifically conditioned on Notificants' compliance with the commitments made in connection with this notice and the conditions referred to in this order. The Board's determination 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 to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries that the Board finds necessary to ensure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, the commitments and conditions 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.

This proposal shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board, or the Federal Reserve Banks of Boston, Chicago, New York, or Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 30, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

APPENDIX

Asset and Deposit Data for Notificants[1]

BankBoston Corporation, with approximately $52.6 billion in total consolidated assets, is the 15th largest commercial banking organization in the United States, controlling $35 billion in deposits. BankBoston Corporation operates subsidiary banks in six states.

The Bank of New York Company, Inc., with approximately $46.7 billion in total consolidated assets, is the 17th largest commercial banking organization in the United States, controlling $27.5 billion in deposits. The Bank of New York Company, Inc., operates subsidiary banks in six states.

The Chase Manhattan Corporation, with approximately $246.9 billion in total consolidated assets, is the second largest commercial banking organization in the United States, controlling $133.5 billion in deposits. The Chase Manhattan Corporation operates subsidiary banks in seven states, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands.

HSBC Holdings PLC and HSBC Holdings BV, with approximately $471 billion in total consolidated assets, are the fifth largest commercial banking organization in the world, controlling $333 billion in deposits. Through their subsidiary, HSBC Americas, Inc., with approximately $31.8 billion in total consolidated assets, they are the 28th largest commercial banking organization in the United States, controlling $21.6 billion in deposits. HSBC Americas, Inc., operates a subsidiary bank in one state.

Comerica Incorporated, with approximately $36.6 billion in total consolidated assets, is the 23d largest commercial banking organization in the United States, controlling $23.3 billion in deposits. Comerica Incorporated operates subsidiary banks in four states.

First Union Corporation, with approximately $212.1 billion in total consolidated assets, is the fourth largest commercial banking organization in the United States, controlling $138.2 billion in deposits. First Union Corporation operates subsidiary banks in 12 states and the District of Columbia.

Fleet Financial Group, Inc., with approximately $114.8 billion in total consolidated assets, is the seventh largest commercial banking organization in the United States, controlling $69.3 billion in deposits. Fleet Financial Group, Inc., operates subsidiary banks in eight states.

Royal Bank of Scotland Group PLC and Royal Bank of Scotland, with approximately $117 billion in total consolidated assets, are the 67th largest commercial banking organization in the world, controlling $85 billion in deposits. Through their subsidiary, Citizens Financial Group, Inc., with approximately $6 billion in total consolidated assets, they are the 81st largest commercial banking organization in the United States, controlling $4.9 billion in deposits. Citizens Financial Group, Inc., operates subsidiary banks in two states.

Summit Bancorp, with approximately $32.4 billion in total consolidated assets, is the 27th largest commercial banking organization in the United States, controlling $22.7 billion in deposits. Summit Bancorp operates a subsidiary bank in two states.

1. U.S. asset data are as of December 31, 1998, and U.S. deposit data are as of June 30, 1998. Worldwide asset and deposit data are as of December 31, 1997.

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Anglo Irish Bank Corporation plc
Dublin, Ireland

Order Approving Establishment of a Representative Office

Anglo Irish Bank Corporation plc ("Bank"), Dublin, Ireland, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in Boston, Massachusetts. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in Boston, Massachusetts (*The Boston Globe*, March 29, 1999). The time for filing comments has expired, and the Board has considered the application and all comments received.

Bank, with assets of approximately $6.5 billion,[1] was incorporated in 1964, and became a publicly traded company in 1971. Bank's two largest shareholders, M&G Investments and Scottish Provident International, both institutional investors, own, respectively, 7.7 and 6.7 percent of Bank's shares. The remaining shares of Bank are widely held, with no single shareholder owning more than 5 percent of the shares.

Bank engages in traditional banking activities, serving personal, institutional, and corporate clients. Bank has five offices in Ireland, three offices in the United Kingdom, and one bank subsidiary in each of the Isle of Man and Austria. Operating through a number of subsidiaries, both foreign and domestic, Bank also offers financing, fund management, and trust services.

The proposed representative office would act as a liaison with existing and potential customers of Bank. It would market Bank's products to small and medium-sized corporations. It also would conduct due diligence, assemble credit information, make property inspections and appraisals, and negotiate terms. All transactions would be approved and booked at Bank's head office.

In acting on an application to establish a representative office, the IBA and Regulation K provide that the Board shall take into account whether the foreign bank engages directly in the business of banking outside the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3107(a)(2); 12 C.F.R. 211.24(d)(2)).[2] In addition, the Board may take into account additional standards set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)).

As noted above, Bank engages directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues. With respect to home country authorities, the Board previously has determined, in connection with applications involving other banks in Ireland, that those banks were subject to comprehensive home country supervision on a consolidated basis.[3] Bank is supervised by the Central Bank of Ireland on substantially the same terms and conditions as those banks. Based on all the facts of record, the Board has determined that Bank is subject to comprehensive supervision and regulation on a consolidated basis by its home country supervisor.

The Board also has taken into account the additional standards set forth in section 7 of the IBA and Regulation K (see 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). In this regard, the Central Bank of Ireland has no objection to establishment of the proposed representative office.

With respect to the financial and managerial resources of Bank, taking into consideration Bank's record of operation in its home country, its overall financial resources, and its standing with its home country supervisor, the Board also has determined that financial and managerial factors are consistent with approval of the proposed representative office. Bank appears to have the experience and capacity to support the proposed representative office and has established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

With respect to access to information about Bank's operations, the Board has reviewed the restrictions on disclosure in relevant jurisdictions in which Bank operates and has communicated with certain relevant government authorities regarding access to information. Bank has committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that the provision of such information may be pro-

1. Data are as of December 31, 1998.

2. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:

(i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;
(ii) obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;
(iii) obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;
(iv) receive from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;
(v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

These are indicia of comprehensive consolidated supervision. No single factor is essential and other elements may inform the Board's determination.

3. *See Allied Irish Banks, plc,* 83 *Federal Reserve Bulletin* 607 (1997); *Bank of Ireland,* 81 *Federal Reserve Bulletin* 511 (1995).

hibited by law, Bank has committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, subject to certain conditions, the Central Bank of Ireland may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the conditions described below, the Board concludes that Bank has provided adequate assurances of access to any necessary information the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish the representative office should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's or its affiliates' direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank with the commitments made in connection with this application, and with the conditions in this order.[4] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 against Bank and its affiliates.

By order of the Board of Governors, effective June 28, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

4. The Board's authority to approve the establishment of the proposed representative office parallels the continuing authority of the State of Massachusetts to license or otherwise permit the establishment of offices of a foreign bank. The Board's approval of this application does not supplant the authority of the State of Massachusetts and the Massachusetts Division of Banks ("Division") to license or otherwise permit the establishment of the proposed office of Bank in accordance with any terms or conditions that the Division may impose.

Deutsche VerkehrsBank AG
Frankfurt am Main, Germany

Order Approving Establishment of a Representative Office

Deutsche VerkehrsBank AG ("Bank"), Frankfurt am Main, Germany, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 10(a) of the IBA (12 U.S.C. § 3107(a)) to establish a representative office in New York, New York. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a representative office in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in New York, New York (*The Daily News*, October 12, 1998). The time for filing comments has expired, and the Board has considered the application and all comments received.

Bank, with assets of $7.3 billion,[1] was established in 1923. Bank's largest shareholder, Deutsche Genossenschaftsbank ("DG Bank"), a bank that serves the cooperative banking system and promotes the not-for-profit housing industry in Germany, owns 64 percent of Bank's shares.[2] Verband der Sparda-Banken e.V. ("Sparda Banks"), an association of 17 German savings banks, owns 14 percent of Bank's shares. The remaining shares of Bank are widely held, with no single shareholder owning more than 10 percent of the shares.

Bank serves as a specialized bank for transportation sector customers in DG Bank's cooperative financial network. Bank provides planning, investment, financing, and currency exchange services for transportation-industry-related projects, and engages in the financing and collection of transportation receivables in the freight traffic business. It also engages in foreign exchange, securities, and derivatives trading activities. In addition, Bank functions as a central bank to the Sparda Banks by providing payment system, advisory, and certain clearing services. Bank has several branches in Germany; a branch in London, England; and a representative office in Switzerland. Bank has six German subsidiaries that engage in leasing, money transmission/exchange, real estate development, and transportation-related activities.

The proposed representative office would act as a liaison with existing and potential customers of Bank. It would solicit new business, conduct research, assemble credit information, make property inspections and appraisals, secure title information, prepare applications for loans, and solicit investors to purchase such loans.

In acting on an application to establish a representative office, the IBA and Regulation K provide that the Board shall take into account whether the foreign bank engages directly in the business of banking outside the United

1. Data are as of December 31, 1998.

2. DG Bank maintains two offices in the United States, a branch in New York and an agency in Atlanta. DG Bank is owned by four shareholders, two of which hold more than 25 percent of DG Bank's shares. Norddeutsche Genossen-schaftliche Beteiligungs-Aktiengesellschaft ("Norddeutsche") and Degeno Erste Beteiligungs-Gesellschaft ("Degeno") each own approximately 30 percent of Bank's shares. Norddeutsche, a former regional central bank in Germany's cooperative banking system that transferred its business to DG Bank, is widely held, with no single shareholder owning more than 2 percent of shares. Degeno, a holding company, has three shareholders, each of which serves as a regional central bank. Two of these shareholders, Südwestdeutsche Genossenschafts-Zentralbank AG, and Westdeutsche Genosenschafts-Zentralbank AG, each owns more than 25 percent of Degeno's shares.

States, and whether the foreign bank has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3107(a)(2); 12 C.F.R. 211.24(d)(2)).[3] The Board also may take into account additional standards as set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)).

As noted above, DG Bank and Bank engage directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues. With respect to supervision by home country authorities, the Board previously has determined, in connection with applications involving other banks in Germany, that those banks were subject to home country supervision on a consolidated basis.[4] DG Bank and Bank are supervised by the German regulators on substantially the same terms and conditions as those banks. Based on all the facts of record, the Board has determined that DG Bank and Bank are subject to comprehensive supervision and regulation on a consolidated basis by their home country supervisors.

The Board also has taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). In this regard, the German Federal Banking Supervisory Office has no objection to the establishment of the proposed representative office.

With respect to the financial and managerial resources of Bank, taking into consideration Bank's record of operation in its home country, its overall financial resources, and its standing with its home country supervisors, the Board also has determined that financial and managerial factors are consistent with approval of the proposed representative office. Bank appears to have the experience and capacity to support the proposed representative office and has established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

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

On the basis of all the facts of record, and subject to the commitments made by Bank and its parents and the terms and conditions set forth in this order, the Board has determined that Bank's application to establish the representative office should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's or its affiliates' direct or indirect activities in the United States. Approval of this application also is specifically conditioned on compliance by Bank and its parents with the commitments made in connection with this application, and with the conditions in this order.[5] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision, and may be enforced in proceedings under 12 U.S.C. § 1818 against Bank and its affiliates.

By order of the Board of Governors, effective June 28, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

3. In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:
(i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;
(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;
(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;
(iv) Receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;
(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

These are indicia of comprehensive, consolidated supervision. No single factor is essential, and other elements may inform the Board's determination.

4. *See Deutsche Bank AG*, 85 *Federal Reserve Bulletin* 509 (1999); *Westdeutsche ImmobilienBank*, 85 *Federal Reserve Bulletin* 346 (1999); *Südwestdeutsche Landesbank Girozentrale*, 83 *Federal Reserve Bulletin* 937 (1997). There has been no material change in the manner of supervision of German banks since those determinations.

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

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

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

Section 3

Applicant(s)	Bank(s)	Effective Date
BancTenn Corporation, Kingsport, Tennessee	Independence Bank, Kernersville, North Carolina	June 9, 1999
Pacific Community Banking Group, Laguna Hills, California	Bank of Hemet, Riverside, California Valley Bank, Moreno Valley, California	June 25, 1999

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
A.B. Bancshares, Inc., Houston, Texas A.B. Bancshares of Delaware, Inc., Wilmington, Delaware	American Bank, Houston, Texas	Dallas	May 22, 1999
The Banc Corporation, Birmingham, Alabama	C&L Banking Corporation, Bristol, Florida C&L Bank of Bristol, Bristol, Florida C&L Bank of Blountstown, Blountstown, Florida	Atlanta	June 7, 1999
Bank Capital Corporation, Strasburg, Colorado	Citizens Holding Corporation, Keenesburg, Colorado Citizens State Bank, Keenesburg, Colorado	Kansas City	June 3, 1999
Banking Corporation of Florida, Naples, Florida	First Florida Bank, Naples, Florida	Atlanta	June 16, 1999
Bank United Corp., Houston, Texas BNKU Holdings, Inc., Wilmington, Delaware	Texas Central Bancshares, Inc., Dallas, Texas Texas Central Bancshares Delaware, Inc., Wilmington, Delaware Texas Central Bank, N.A., Dallas, Texas Bank United, Houston, Texas	Dallas	June 3, 1999
Baxter Bancshares, Inc., Baxter Springs, Kansas	Nine Tribes Bancshares, Inc., Quapaw, Oklahoma	Kansas City	June 17, 1999

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Belvedere Capital Partners, Inc., San Francisco, California California Community Financial Institutions Fund Limited Partnership, San Francisco, California	Cerritos Valley Bancorp, Norwalk, California Cerritos Valley Bank, Norwalk, California	San Francisco	May 24, 1999
BOK Financial Corporation, Tulsa, Oklahoma Park Cities Bancshares, Inc., Tulsa, Oklahoma	Swiss Avenue State Bank, Dallas, Texas	Kansas City	May 26, 1999
Central Bancompany, Inc., Jefferson City, Missouri	Mid-Continent Bancshares, Inc., Blue Springs, Missouri Bank of Jacomo, Blue Springs, Missouri	St. Louis	June 3, 1999
Cherokee Banking Company, Canton, Georgia	Cherokee Bank, N.A., Canton, Georgia	Atlanta	June 10, 1999
Citizens Bancorp Investment, Inc., Lafayette, Tennessee	Liberty State Bank, Liberty, Tennessee	Atlanta	June 17, 1999
City Holding Company, Cross Lanes, West Virginia	Frontier Bancorp, Redondo Beach, California	Richmond	June 1, 1999
Commercial Bancshares, Inc., Minnetonka, Minnesota	First Commercial Bank, Bloomington, Minnesota	Minneapolis	June 21, 1999
Consolidated Equity Corporation, Purcell, Oklahoma	Dewey County Bancorporation, Taloga, Oklahoma	Kansas City	June 18, 1999
Delta Bancshares of Louisiana, Inc., Oak Grove, Louisiana	West Carroll Community Bank, Oak Grove, Louisiana Delta Bancshares, Inc., Eudora, Arkansas The Eudora Bank, Eudora, Arkansas	St. Louis	June 9, 1999
East Alabama Financial Group, Inc., Wedowee, Alabama	Small Town Bank, Wedowee, Alabama	Atlanta	June 9, 1999
Fifth Third Bancorp, Cincinnati, Ohio	Michigan Community Bancorp Limited, Sterling Heights, Michigan	Cleveland	May 19, 1999
First Interstate BancSystem, Inc., Billings, Montana	Security State Bank Shares, Polson, Montana Security State Bank and Trust Company, Polson, Montana	Minneapolis	May 27, 1999
First Leesport Bancorp, Inc., Leesport, Pennsylvania	Merchants of Shenandoah Ban-corp, Shenandoah, Pennsylvania Merchants Bank of Pennsylvania, Shenandoah, Pennsylvania	Philadelphia	June 8, 1999
First Louisiana Bancshares, Inc., Shreveport, Louisiana	First Louisiana Bank, Shreveport, Louisiana	Dallas	June 7, 1999
First Premier Financial Corporation, St. Louis, Missouri	Premier Bancshares, Inc., Jefferson City, Missouri Premier Bank, Jefferson City, Missouri	St. Louis	June 11, 1999
First State Bancorp, Randolph, Nebraska	First State Bank, Randolph, Nebraska	Kansas City	June 23, 1999
FLAG Financial Corporation, LaGrange, Georgia	First Flag Bank, LaGrange, Georgia	Atlanta	May 25, 1999

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Frontier Financial Corporation, Everett, Washington	AEA Bancshares, Inc. Washington, Seattle, Washington Asia-Europe-Americas Bank, Seattle, Washington	San Francisco	May 28, 1999
FWBI Acquisition Corp., Bowling Green, Ohio Sky Financial Group, Inc., Bowling Green, Ohio	First Western Bancorp, New Castle, Pennsylvania	Cleveland	June 17, 1999
Heartland Bancshares, Inc., Lake Placid, Florida	Heartland National Bank, Lake Placid, Florida	Atlanta	June 18, 1999
Independent Bank Corporation, Ionia, Michigan	New MSB Bank, Bay City, Michigan Mutual Savings Bank, f.s.b., Bay City, Michigan	Chicago	May 28, 1999
Ipswich Bancshares, Inc., Ipswich, Massachusetts	Ipswich Savings Bank, Ipswich, Massachusetts	Boston	May 28, 1999
Kircher Bank Shares, Inc., Olivia, Minnesota	The Citizens State Bank of Olivia, Olivia, Minnesota	Minneapolis	June 10, 1999
M&F Bancorp, Inc., Durham, North Carolina	Mechanics and Farmers Bank, Durham, North Carolina	Richmond	June 17, 1999
Manufacturers Bancshares, Inc., Tampa, Florida	Manufacturers Bank, Tampa, Florida	Atlanta	June 8, 1999
Oswego County, MHC, Oswego, New York Oswego County Bancorp, Inc., Oswego, New York	Oswego County Savings Bank, Oswego, New York	New York	May 20, 1999
The PB Financial Services Corporation, Duluth, Georgia	The Peachtree Bank, Duluth, Georgia	Atlanta	June 17, 1999
Republic Bancorp, Inc., Ann Arbor, Michigan	D&N Bank, Hancock, Michigan	Chicago	June 9, 1999
Scripps Financial Corporation, La Jolla, California	Scripps Bank, La Jolla, California	San Francisco	June 17, 1999
South Alabama Bancorporation, Inc., Mobile, Alabama	Sweet Water State Bancshares, Inc., Sweet Water, Alabama Sweet Water State Bank, Sweet Water, Alabama	Atlanta	June 3, 1999
State Financial Services Corporation, Hales Corners, Wisconsin	First Waukegan Corporation, Waukegan, Illinois Bank of Northern Illinois, N.A., Waukegan, Illinois	Chicago	May 24, 1999
Strategic Capital Bancorp, Inc., Champaign, Illinois	Strategic Capital Bank, Champaign, Illinois	Chicago	June 10, 1999
Wells Fargo & Company, San Francisco, California	Eastern Heights Bank, Maplewood, Minnesota	San Francisco	June 14, 1999
Wells Fargo & Company, San Francisco, California	Mustang Financial Corporation, Rio Vista, Texas First State Bank, Rio Vista, Texas	San Francisco	May 26, 1999

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
BankFirst Corporation, Knoxville, Tennessee	BankFirst Trust Company, Knoxville, Tennessee	Atlanta	June 18, 1999
Bay View Capital Corporation, San Mateo, California	Franchise Mortgage Acceptance Company, Los Angeles, California	San Francisco	June 17, 1999
Columbiana Bancshares, Inc., Columbiana, Alabama	First Shelby Credit, Inc., Columbiana, Alabama	Atlanta	May 20, 1999
Commonwealth Bancshares, Inc., Shelbyville, Kentucky	First Security Trust Bank, F.S.B., Florence, Kentucky	St. Louis	June 8, 1999
Community Financial Group, Inc., Nashville, Tennessee The Bank of Nashville, Nashville, Tennessee	Machinery Leasing Company of North America, Inc., Nashville, Tennessee	Atlanta	June 8, 1999
Fifth Third Bancorp, Cincinnati, Ohio	Emerald Financial Corp., Strongsville, Ohio Strongsville Savings Bank, Strongsville, Ohio	Cleveland	June 2, 1999
First Western Bancorp, Inc., Huron, South Dakota	Asheim & Associates, Pierre, South Dakota	Minneapolis	June 3, 1999
GLB Bancorp, Inc., Mentor, Ohio	Maple Leaf Financial, Inc., Newbury, Ohio Geauga Savings Bank, Newbury, Ohio	Cleveland	June 1, 1999
Home Valley Bancorp, Grants Pass, Oregon	Valley Mortgage Funding Corporation, Grants Pass, Oregon	San Francisco	June 3, 1999
James Monroe Bancorp, Inc., Arlington, Virginia	James Monroe Bank, Arlington, Virginia	Richmond	June 1, 1999
J. Carl H. Bancorporation, Earling, Iowa	Earling Insurance Agency, Earling, Iowa Farmers Trust and Savings Bank, Earling, Iowa	Chicago	May 18, 1999
J.P. Morgan & Co. Incorporated, New York, New York J.P. Morgan Capital Corporation, New York, New York	PeopleFirst.com Inc., San Diego, California	New York	June 11, 1999
KeyCorp, Cleveland, Ohio McDonald Investments, Inc., Cleveland, Ohio	NTH Holdings, Inc., Raleigh, North Carolina Trident Securities, Inc., Raleigh, North Carolina Trident Financial Corporation, Raleigh, North Carolina	Cleveland	May 21, 1999
Pennsylvania Commerce Bancorp, Inc., Harrisburg, Pennsylvania	Commerce Bank/Harrisburg, N.A., Camp Hill, New Jersey	Philadelphia	May 28, 1999
Sky Financial Group, Inc., Bowling Green, Ohio	Wood Bancorp, Inc., Bowling Green, Ohio	Cleveland	June 17, 1999
TriCounty Investment Company, Inc., Pine Island, Minnesota	Salley Insurance Agency, Pine Island, Minnesota	Minneapolis	June 16, 1999
Union National Bancorp, Inc., Westminster, Maryland	Barnes-Bollinger Insurance Services, Inc., Westminster, Maryland	Richmond	June 16, 1999
Wells Fargo & Company, San Francisco, California	Greater Midwest Leasing Corporation, Minneapolis, Minnesota	San Francisco	May 27, 1999

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Wells Fargo & Company, San Francisco, California; Norwest Mortgage, Inc., Des Moines, Iowa; Norwest Ventures, LLC, Des Moines, Iowa	Norwest Pinnacle Mortgage, LLC, Des Moines, Iowa; Dickson Realty, Inc., Reno, Nevada	San Francisco	June 1, 1999
Wells Fargo & Company, San Francisco, California; Norwest Mortgage, Inc., Des Moines, Iowa; Norwest Ventures, LLC, Des Moines, Iowa	RWF Mortgage Company, Riverside, California; RAS Financial Company, Riverside, California	San Francisco	June 11, 1999
Wells Fargo & Company, San Francisco, California; Norwest Mortgage, Inc., Des Moines, Iowa; Norwest Ventures, LLC, Des Moines, Iowa	South County Mortgage, Mission Viego, California	San Francisco	June 14, 1999
Wells Fargo & Company, San Francisco, California; Norwest Mortgage, Inc., Des Moines, Iowa; Norwest Ventures, LLC, Des Moines, Iowa	Vintage Capital, San Jose, California	San Francisco	June 14, 1999

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
BB&T Corporation, Winston-Salem, North Carolina	Mason-Dixon Bancshares, Inc., Westminster, Maryland	Richmond	June 4, 1999
BT Financial Corporation, Johnstown, Pennsylvania	First Philson Financial Corporation, Berlin, Pennsylvania	Philadelphia	June 10, 1999
Community Bancorp of New Jersey, Freehold, New Jersey	Community Bank of New Jersey, Freehold, New Jersey	New York	May 27, 1999

Applications Approved Under Bank Merger Act
By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Chemical Bank Bay Area, Bay City, Michigan	National City Bank Michigan/Illinois, Bannockburn, Illinois	Chicago	June 9, 1999
Community First Bank & Trust, Celina, Ohio	Union Trust Bank, Union City, Indiana	Cleveland	May 21, 1999
F&M Bank-Iowa Central, Marshalltown, Iowa	F&M Bank-Iowa Story County, Story City, Iowa; F&M Bank-Iowa South Central, Grinnell, Iowa	Chicago	June 14, 1999

Applications Approved Under Bank Merger Act—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Fifth Third Bank, Kentucky, Inc., Louisville, Kentucky	Fifth Third Bank of Central Kentucky, Inc., Cynthiana, Kentucky	Cleveland	June 17, 1999
First American Bank and Trust Company, Purcell, Oklahoma	Dewey County State Bank, Taloga, Oklahoma	Kansas City	June 18, 1999
First Virginia Bank of Tidewater, Norfolk, Virginia	First Virginia Bank-Commonwealth, Newport News, Virginia	Richmond	June 16, 1999
Iowa State Bank, Calmar, Iowa Ossian State Bank, Ossian, Iowa	Security State Bank, Calmar, Iowa	Chicago	June 16, 1999
Laurel Bank, Johnstown, Pennsylvania	First Philson Bank, N.A., Berlin, Pennsylvania	Philadelphia	June 10, 1999
Lemay Bank and Trust Company, St. Louis, Missouri	LBT Interim Bank, St. Louis, Missouri	St. Louis	May 25, 1999
Pullman Bank and Trust Company, Chicago, Illinois	Regency Savings Bank, FSB, Naperville, Illinois	Chicago	May 21, 1999
Republic Security Bank, West Palm Beach, Florida	First National Bank of Central Florida, Longwood, Florida	Atlanta	May 26, 1999

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.

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

Hunter v. Board of Governors, No. 1:98CV02994 (TFH) (D.D.C., filed December 9, 1998). Action under the Freedom of Information Act and the Privacy Act.

Folstad v. Board of Governors, No. 1:99 CV 124 (W.D. Mich., filed February 17, 1999). Freedom of Information Act complaint. On March 23, 1999, the Board filed a motion to dismiss or for summary judgment.

Nelson v. Greenspan, No. 1:99CV00215 (EGS) (D.D.C., filed January 28, 1999). Employment discrimination complaint. On March 29, 1999, the Board filed a motion to dismiss the action.

Fraternal Order of Police v. Board of Governors, No. 1:98CV03116 (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.

Inner City Press/Community on the Move v. Board of Governors, No. 98-9604 (2d Cir., filed December 3, 1998). Appeal of district court order dated October 6, 1998, granting summary judgment for the Board in a Freedom of Information Act case. The court heard oral argument on June 2, 1999, and affirmed the district court's order on June 23, 1999.

Independent Community Bankers of America v. Board of Governors, No. 98-1482 (D.C. Cir., filed October 21, 1998). Petition for review of a Board order dated September 23, 1998, conditionally approving the applications of Travelers Group, Inc., New York, New York, to become a bank holding company by acquiring Citicorp, New York, New York, and its bank and nonbank subsidiaries. Oral argument is scheduled for October 1, 1999.

Board of Governors v. Carrasco, No. 98 Civ. 3474 (LAK) (S.D.N.Y., filed May 15, 1998). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On May 26, 1998, the court issued a preliminary injunction restraining the transfer or disposition of the individual's assets and appointing the Federal Reserve Bank of New York as receiver for those assets.

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

Fenili v. Davidson, No. C-98-01568-CW (N.D. California, filed April 17, 1998). Tort and constitutional claim arising out of return of a check. On June 5, 1998, the Board filed its motion to dismiss.

Logan v. Greenspan, No. 1:98CV00049 (D.D.C., filed January 9, 1998). Employment discrimination complaint.

Goldman v. Department of the Treasury, No. 98-9451 (11th Circuit, filed November 10, 1998). Appeal from a District Court order dismissing an action challenging Federal Reserve notes as lawful money.

Kerr v. Department of the Treasury, No. CV-S-97-01877-DWH (D. Nev., filed December 22, 1997). Challenge to income taxation and Federal Reserve notes. On September 3, 1998, a motion to dismiss was filed on behalf of all federal defendants. The court dismissed the action on March 31, 1999, and on April 28, 1999, the plaintiff filed a notice of appeal.

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

Final Enforcement Orders Issued by the Board of Governors

Banco Atlántico, S.A.
Barcelona, Spain

The Federal Reserve Board announced on June 7, 1999, the issuance of a Cease and Desist Order against Banco Atlántico, S.A., Barcelona, Spain, and its New York Agency. The Order was issued jointly with the Acting Superintendent of Banks of the State of New York.

Banco Popular de Puerto Rico
San Juan, Puerto Rico

The Federal Reserve Board announced on June 21, 1999, the issuance of an Order of Assessment of a Civil Money Penalty against Banco Popular de Puerto Rico, San Juan, Puerto Rico, a state member bank.

Written Agreements Approved by Federal Reserve Banks

Banco Popular del Ecuador, S.A.
Quito, Ecuador

The Federal Reserve Board announced on June 25, 1999, the execution of a Written Agreement by and between Banco Popular del Ecuador, S.A., Quito, Ecuador, Banco Popular del Ecuador's Miami agency, the Federal Reserve Bank of Atlanta, and the State of Florida Department of Banking and Finance.

Community Capital Corporation
Greenwood, South Carolina

The Federal Reserve Board announced on June 11, 1999, the execution of a Written Agreement by and between Community Capital Corporation, Greenwood, South Carolina, and the Federal Reserve Bank of Richmond.

Membership of the Board of Governors of the Federal Reserve System, 1913–99

APPOINTIVE MEMBERS[1]

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Charles S. Hamlin	Boston	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936.[3]
Paul M. Warburg	New York	Aug. 10, 1914	Term expired Aug. 9, 1918.
Frederic A. Delano	Chicago	Aug. 10, 1914	Resigned July 21, 1918.
W.P.G. Harding	Atlanta	Aug. 10, 1914	Term expired Aug. 9, 1922.
Adolph C. Miller	San Francisco	Aug. 10, 1914	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936.[3]
Albert Strauss	New York	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah	Chicago	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt	New York	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills	Cleveland	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell	Minneapolis	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell	Chicago	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger	Cleveland	May 1, 1923	Resigned Sept. 15, 1927.
George R. James	St. Louis	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936.[4]
Edward H. Cunningham	Chicago	May 14, 1923	Died Nov. 28, 1930.
Roy A. Young	Minneapolis	Oct. 4, 1927	Resigned Aug. 31, 1930.
Eugene Meyer	New York	Sept. 16, 1930	Resigned May 10, 1933.
Wayland W. Magee	Kansas City	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black	Atlanta	May 19, 1933	Resigned Aug. 15, 1934.
M.S. Szymczak	Chicago	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J.J. Thomas	Kansas City	June 14, 1933	Served until Feb. 10, 1936.[3]
Marriner S. Eccles	San Francisco	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick	New York	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee	Cleveland	Feb. 3, 1936	Served until Apr. 4, 1946.[3]
Ronald Ransom	Atlanta	Feb. 3, 1936	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison	Dallas	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis	Richmond	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper	New York	Mar. 30, 1938	Served until Sept. 1, 1950.[3]
Rudolph M. Evans	Richmond	Mar. 14, 1942	Served until Aug. 13, 1954.[3]
James K. Vardaman, Jr.	St. Louis	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton	Boston	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe	Philadelphia	Apr. 15, 1948	Resigned Mar. 31, 1951.
Edward L. Norton	Atlanta	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell	Minneapolis	Sept. 1, 1950	Resigned June 30, 1952.
Wm. McC. Martin, Jr.	New York	April 2, 1951	Reappointed in 1956. Term expired Jan. 31, 1970.
A.L. Mills, Jr.	San Francisco	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J.L. Robertson	Kansas City	Feb. 18, 1952	Reappointed in 1964. Resigned Apr. 30, 1973.
C. Canby Balderston	Philadelphia	Aug. 12, 1954	Served through Feb. 28, 1966.
Paul E. Miller	Minneapolis	Aug. 13, 1954	Died Oct. 21, 1954.
Chas. N. Shepardson	Dallas	Mar. 17, 1955	Retired Apr. 30, 1967.
G.H. King, Jr.	Atlanta	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell	Chicago	Aug. 31, 1961	Reappointed in 1962. Served until Feb. 13, 1976.[3]
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974.[3]
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	Resigned Dec. 15, 1986.
Philip E. Coldwell	Dallas	Oct. 29, 1974	Served through Feb. 29, 1980.

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership[2]
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee	Richmond	Jan. 5, 1976	Served until Feb. 7, 1986.[3]
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters	Chicago	Sept. 18, 1978	Served through June 27, 1984.
Emmett J. Rice	New York	June 20, 1979	Resigned Dec. 31, 1986.
Frederick H. Schultz	Atlanta	July 27, 1979	Served through Feb. 11, 1982.
Paul A. Volcker	Philadelphia	Aug. 6, 1979	Resigned August 11, 1987.
Lyle E. Gramley	Kansas City	May 28, 1980	Resigned Sept. 1, 1985.
Preston Martin	San Francisco	Mar. 31, 1982	Resigned April 30, 1986.
Martha R. Seger	Chicago	July 2, 1984	Resigned March 11, 1991.
Wayne D. Angell	Kansas City	Feb. 7, 1986	Served through Feb. 9, 1994.
Manuel H. Johnson	Richmond	Feb. 7, 1986	Resigned August 3, 1990.
H. Robert Heller	San Francisco	Aug. 19, 1986	Resigned July 31, 1989.
Edward W. Kelley, Jr.	Dallas	May 26, 1987	Reappointed in 1990.
Alan Greenspan	New York	Aug. 11, 1987	Reappointed in 1992.
John P. LaWare	Boston	Aug. 15, 1988	Resigned April 30, 1995.
David W. Mullins, Jr.	St. Louis	May 21, 1990	Resigned Feb. 14, 1994.
Lawrence B. Lindsey	Richmond	Nov. 26, 1991	Resigned Feb. 5, 1997.
Susan M. Phillips	Chicago	Dec. 2, 1991	Served through June 30, 1998.
Alan S. Blinder	Philadelphia	June 27, 1994	Term expired Jan. 31, 1996.
Janet L. Yellen	San Francisco	Aug. 12, 1994	Resigned Feb. 17, 1997.
Laurence H. Meyer	St. Louis	June 24, 1996	
Alice M. Rivlin	Philadelphia	June 25, 1996	Resigned July 16, 1999.
Roger W. Ferguson, Jr.	Boston	Nov. 5, 1997	
Edward M. Gramlich	Richmond	Nov. 5, 1997	

Chairmen[4]

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916
W.P.G. Harding	Aug. 10, 1916–Aug. 9, 1922
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930
Eugene Meyer	Sept. 16, 1930–May 10, 1933
Eugene R. Black	May 19, 1933–Aug. 15, 1934
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948[5]
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951
Wm. McC. Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970
Arthur F. Burns	Feb. 1, 1970–Jan. 31, 1978
G. William Miller	Mar. 8, 1978–Aug. 6, 1979
Paul A. Volcker	Aug. 6, 1979–Aug. 11, 1987
Alan Greenspan	Aug. 11, 1987–[6]

Vice Chairmen[4]

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J.J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J.L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–Nov. 19, 1978
Frederick H. Schultz	July 27, 1979–Feb. 11, 1982
Preston Martin	Mar. 31, 1982–Apr. 30, 1986
Manuel H. Johnson	Aug. 4, 1986–Aug. 3, 1990
David W. Mullins, Jr.	July 24, 1991–Feb. 14, 1994
Alan S. Blinder	June 27, 1994–Jan. 31, 1996
Alice M. Rivlin	June 25, 1996–July 16, 1999

EX-OFFICIO MEMBERS[1]

Secretaries of the Treasury

W.G. McAdoo	Dec. 23, 1913–Dec. 15, 1918
Carter Glass	Dec. 16, 1918–Feb. 1, 1920
David F. Houston	Feb. 2, 1920–Mar. 3, 1921
Andrew W. Mellon	Mar. 4, 1921–Feb. 12, 1932
Ogden L. Mills	Feb. 12, 1932–Mar. 4, 1933
William H. Woodin	Mar. 4, 1933–Dec. 31, 1933
Henry Morgenthau Jr.	Jan. 1, 1934–Feb. 1, 1936

Comptrollers of the Currency

John Skelton Williams	Feb. 2, 1914–Mar. 2, 1921
Daniel R. Crissinger	Mar. 17, 1921–Apr. 30, 1923
Henry M. Dawes	May 1, 1923–Dec. 17, 1924
Joseph W. McIntosh	Dec. 20, 1924–Nov. 20, 1928
J.W. Pole	Nov. 21, 1928–Sept. 20, 1932
J.F.T. O'Connor	May 11, 1933–Feb. 1, 1936

1. Under the provisions of the original Federal Reserve Act, the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was ten years, and the five original appointive members had terms of two, four, six, eight, and ten years respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to twelve years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in office on the date of that act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be fourteen years and that the designation of Chairman and Vice Chairman of the Board should be for a term of four years.

2. Date after words "Resigned" and "Retired" denotes final day of service.

3. Successor took office on this date.

4. Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

5. Served as Chairman Pro Tempore from February 3, 1948, to April 15, 1948.

6. Served as Chairman Pro Tempore from March 3, 1996, to June 20, 1996.

Financial and Business Statistics

INTERNATIONAL STATISTICS

Summary Statistics

Reported by Banks in the United States

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

GENERAL INFORMATION

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

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

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

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

1.10 RESERVES, MONEY STOCK, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1998			1999	1999				
	Q2	Q3	Q4	Q1	Jan.	Feb.r	Mar.	Apr.	May
Reserves of depository institutions[2]									
1 Total	−3.6	−7.7	−1.8	−1.2	6.0	−15.3	−22.5	7.2	10.5
2 Required	−2.5	−8.9	−2.5	1.0	7.5	−7.0	−25.6	11.5	8.0
3 Nonborrowed	−4.1	−8.6	−.6	−1.3	3.6	−13.0	−21.1	4.4r	11.6
4 Monetary base[3]	5.4	6.9	8.7	9.1	10.5	9.4	7.8	10.3	13.8
Concepts of money and debt[4]									
5 M1	1.0	−2.0	5.0	2.8r	−2.6	1.8	10.3r	6.9	−4.0
6 M2	7.5	6.9	11.0	7.2	6.6	5.6	2.8	8.8	4.5
7 M3	10.1	8.6	12.8r	7.3r	4.0	9.0	−1.6r	8.1r	4.3
8 Debt	6.0r	5.8r	6.3r	5.9r	5.4r	5.0	7.0r	6.8	n.a.
Nontransaction components									
9 In M2[5]	9.8	9.9	13.0	8.7	9.6	6.9	.3	9.4	7.4
10 In M3 only[6]	17.8	13.5	17.9r	7.4r	−3.0r	18.2	−13.7r	6.2r	3.7
Time and savings deposits									
Commercial banks									
11 Savings, including MMDAs	13.4	15.8	17.6	11.6	12.6	5.4	.2	17.5	7.8
12 Small time[7]	.1	.1	3r	−5.4	−7.7	−7.7	−3.5	−3.7r	−2.3
13 Large time[8,9]	16.4	3.5	3.8r	−.1r	13.1r	−22.4	−18.6r	12.7r	−10.3
Thrift institutions									
14 Savings, including MMDAs	10.8	9.0	10.1	12.7	15.0	14.3	7.3	9.5	27.3
15 Small time[7]	−4.4	−7.3	−6.7	−6.3r	−4.8	−6.3	−8.2r	−4.1	−7.1
16 Large time[8]	−4.5	.5	10.4	7.6r	25.6	−14.5	−14.7r	4.1	−14.8
Money market mutual funds									
17 Retail	20.9	19.0	28.4	20.5	22.7	22.6	3.1	12.6	9.1
18 Institution-only	34.7	26.6	41.8	17.9	−2.8	34.7	−1.8	21.1	13.8
Repurchase agreements and Eurodollars									
19 Repurchase agreements[10]	14.5	11.7	16.5r	11.7r	−25.0	69.5	−48.2r	−37.3r	16.3
20 Eurodollars[10]	−3.3	21.7	3.2r	−8.9r	−35.0r	30.3	32.8r	18.7r	3.1
Debt components[4]									
21 Federal	−1.4	−1.5	−2.0	−2.6	−2.1	−7.3	−1.1	−2.4	n.a.
22 Nonfederal	8.4	8.2r	8.9r	8.5r	7.7r	8.7	9.5r	9.5	n.a.

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Includes both overnight and term.

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1999			1999						
	Mar.	Apr.	May	Apr. 14	Apr. 21	Apr. 28	May 5	May 12	May 19	May 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	507,920	512,869	518,390	511,893	513,556	513,033	520,486	514,458	518,944	515,171
U.S. government securities[2]										
2 Bought outright—System account[3]	464,000	469,926	477,296	469,667	470,563	471,697	473,571	474,404	476,179	480,308
3 Held under repurchase agreements	6,499	6,691	3,974	6,496	6,685	3,904	9,155	1,962	4,079	845
Federal agency obligations										
4 Bought outright	318	311	311	311	311	311	311	311	311	311
5 Held under repurchase agreements	3,408	2,110	3,492	1,660	2,022	2,371	2,900	3,466	5,160	1,789
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	32	167	14	32	199	316	10	3	33	8
8 Seasonal credit	17	38	91	30	36	51	67	82	87	106
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	210	297	512	264	103	905	481	921	301	395
11 Other Federal Reserve assets	33,436	33,330	32,700	33,433	33,638	33,478	33,991	33,310	32,794	31,409
12 Gold stock	11,048	11,050	11,049	11,050	11,049	11,049	11,050	11,049	11,049	11,048
13 Special drawing rights certificate account	8,329	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
14 Treasury currency outstanding	26,581	26,702[r]	26,785	26,686[r]	26,710[r]	26,733[r]	26,757	26,771	26,785	26,799
ABSORBING RESERVE FUNDS										
15 Currency in circulation	514,736	519,381[r]	523,487	519,983[r]	519,662[r]	519,328[r]	520,647	522,400	523,093	523,745
16 Treasury cash holdings	132	144	148	141	145	148	164	147	147	142
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,463	6,379	5,421	4,853	6,790	7,182	7,888	5,307	5,157	4,888
18 Foreign	177	208	200	188	215	182	210	181	195	251
19 Service-related balances and adjustments	6,979	6,715[r]	6,891	6,672	6,717	6,815[r]	6,786	7,014	6,779	6,958
20 Other	247	283	273	305	283	241	271	289	293	269
21 Other Federal Reserve liabilities and capital	17,002	17,275	17,361	17,322	17,269	17,304	17,253	17,207	17,471	17,353
22 Reserve balances with Federal Reserve Banks[4]	9,143	8,435	10,642	8,365	8,435	7,815[r]	13,275	7,933	11,843	7,613
	End-of-month figures			Wednesday figures						
	Mar.	Apr.	May	Apr. 14	Apr. 21	Apr. 28	May 5	May 12	May 19	May 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	516,387	519,959	526,186	512,417	514,232	518,657	521,899	515,269	520,114	518,976
U.S. government securities[2]										
2 Bought outright—System account[3]	465,686	473,573	482,531	471,409	470,506	473,627	473,474	475,914	477,335	480,718
3 Held under repurchase agreements	12,730	8,930	6,004	5,880	5,880	6,730	9,705	1,463	4,785	2,476
Federal agency obligations										
4 Bought outright	311	311	311	311	311	311	311	311	311	311
5 Held under repurchase agreements	5,606	3,292	4,497	1,334	1,334	3,015	2,488	3,136	5,648	3,522
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	223	2	14	74	1,367	6	14	2	6	8
8 Seasonal credit	22	65	107	32	41	60	75	79	95	110
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	−882	36	373	−319	1,050	736	1,780	699	677	9
11 Other Federal Reserve assets	32,690	33,749	32,350	33,695	33,744	34,172	34,052	33,665	31,258	31,821
12 Gold stock	11,049	11,050	11,048	11,048	11,049	11,048	11,049	11,049	11,048	11,048
13 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
14 Treasury currency outstanding	26,638	26,757[r]	26,813	26,686[r]	26,710[r]	26,733[r]	26,757	26,771	26,785	26,799
ABSORBING RESERVE FUNDS										
15 Currency in circulation	517,790	519,751[r]	527,981	520,930[r]	520,400[r]	520,757[r]	522,527	523,883	524,102	526,403
16 Treasury cash holdings	135	167	145	145	145	167	147	147	141	145
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,374	10,040	5,056	4,157	6,690	8,545	4,999	4,095	4,783	5,101
18 Foreign	166	260	157	191	193	168	167	178	188	211
19 Service-related balances and adjustments	6,815	6,786[r]	6,888	6,672	6,717	6,815[r]	6,786	7,014	6,779	6,958
20 Other	235	263	223	306	240	237	283	282	305	235
21 Other Federal Reserve liabilities and capital	16,805	17,214	17,575	17,040	17,007	17,055	17,004	17,204	17,244	17,121
22 Reserve balances with Federal Reserve Banks[4]	14,954	11,486[r]	14,221	8,909	8,800	10,894[r]	15,992	8,486	12,604	8,850

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1996	1997	1998	1998		1999				
	Dec.	Dec.	Dec.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May
1 Reserve balances with Reserve Banks[2]	13,330	10,664	9,021	8,855	9,021	9,658	8,578	8,851	9,238	10,070
2 Total vault cash[3]	44,525	44,740	44,305	43,104	44,305	45,499	46,468	42,898	42,162	42,456
3 Applied vault cash[4]	37,844	37,255	35,997	35,297	35,997	36,687	36,660	34,270	34,407	34,808
4 Surplus vault cash[5]	6,681	7,485	8,308	7,807	8,308	8,812	9,809	8,628	7,756	7,647
5 Total reserves[6]	51,174	47,920	45,018	44,152	45,018	46,345	45,237	43,121	43,645	44,879
6 Required reserves	49,758	46,235	43,435	42,528	43,435	44,811	44,022	41,816	42,486	43,620
7 Excess reserve balances at Reserve Banks[7]	1,416	1,685	1,583	1,624	1,583	1,534	1,215	1,305	1,159	1,259
8 Total borrowings at Reserve Banks[8]	155	324	117	83	117	206	116	65	166	127
9 Seasonal borrowings	68	79	15	37	15	7	9	18	39	89
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0
	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1999									
	Jan. 27	Feb. 10	Feb. 24	Mar. 10	Mar. 24	Apr. 7	Apr. 21	May 5[r]	May 19	June 2
1 Reserve balances with Reserve Banks[2]	10,019	8,750	8,233	9,356	8,309	9,213	8,409	10,547	9,878	10,097
2 Total vault cash[3]	44,837	49,363	45,597	42,284	43,524	42,525	42,348	41,592	42,560	42,694
3 Applied vault cash[4]	36,847	38,649	35,997	34,007	34,521	34,147	34,422	34,586	34,749	34,971
4 Surplus vault cash[5]	7,990	10,714	9,600	8,277	9,004	8,378	7,926	7,007	7,811	7,724
5 Total reserves[6]	46,866	47,399	44,230	43,362	42,830	43,360	42,831	45,133	44,626	45,068
6 Required reserves	45,878	46,181	43,041	42,062	41,613	41,872	41,915	43,852	43,533	43,625
7 Excess reserve balances at Reserve Banks[7]	988	1,217	1,189	1,300	1,217	1,487	916	1,281	1,093	1,442
8 Total borrowings at Reserve Banks[8]	68	158	112	22	63	130	149	223	103	117
9 Seasonal borrowings	5	8	9	14	18	24	33	59	85	106
10 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 thrifts 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. Also includes adjustment credit.

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 7/9/99	Effective date	Previous rate	On 7/9/99	Effective date	Previous rate	On 7/9/99	Effective date	Previous rate
Boston	4.50	11/18/98	4.75	5.00	7/1/99	4.90	5.50	7/1/99	5.40
New York		11/17/98							
Philadelphia		11/17/98							
Cleveland		11/19/98							
Richmond		11/18/98							
Atlanta		11/18/98							
Chicago		11/19/98							
St. Louis		11/19/98							
Minneapolis		11/19/98							
Kansas City		11/18/98							
Dallas		11/17/98							
San Francisco	4.50	11/17/98	4.75	5.00	7/1/99	4.90	5.50	7/1/99	5.40

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
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
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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1990—Dec. 19	6.5	6.5
1991—Feb 1	6–6.5	6
4	6	6
Apr. 30	5.5–6	5.5
May 2	5.5	5.5
Sept 13	5–5.5	5
17	5	5
Nov. 6	4.5–5	4.5
7	4.5	4.5
Dec 20	3.5–4.5	3.5
24	3.5	3.5
1992—July 2	3–3.5	3
7	3	3
1994—May 17	3–3.5	3.5
18	3.5	3.5
Aug. 16	3.5–4	4
18	4	4
Nov. 15	4–4.75	4.75
17	4.75	4.75
1995—Feb. 1	4.75–5.25	5.25
9	5.25	5.25
1996—Jan. 31	5.00–5.25	5.00
Feb. 5	5.00	5.00
1998—Oct. 15	4.75–5.00	4.75
Oct. 16	4.75	4.75
1998—Nov. 17	4.50–4.75	4.50
Nov. 19	4.50	4.50
In effect July 9, 1999	4.50	4.50

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–$46.5 million[3]	3	12/31/98
2 More than $46.5 million[4]	10	12/31/98
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 31, 1998, for depository institutions that report weekly, and with the period beginning January 14, 1999, for institutions that report quarterly, the amount was decreased from $47.8 million to $46.5 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 31, 1998, for depository institutions that report weekly, and with the period beginning January 14, 1999, for institutions that report quarterly, the exemption was raised from $4.7 million to $4.9 million.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1996	1997	1998	1998			1999			
				Oct	Nov.	Dec	Jan.	Feb.	Mar.	Apr.
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	9,901	9,147	3,550	0	0	0	0	0	0	0
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	426,928	436,257	450,835	40,712	34,957	41,393	35,069	36,862	35,065	48,142
4 For new bills	426,928	435,907	450,835	40,712	34,957	41,393	35,069	36,862	35,065	48,142
5 Redemptions	0	0	2,000	0	0	0	0	0	0	0
Others within one year										
6 Gross purchases	524	5,549	6,297	741	662	0	0	2,103	1,060	1,677
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	30,512	41,716	46,062	2,423	5,444	2,539	2,865	5,578	3,015	3,768
9 Exchanges	−41,394	−27,499	−49,434	−400	−8,093	−2,555	−400	−7,458	−5,956	−3,370
10 Redemptions	2,015	1,996	2,676	602	0	0	492	0	0	726
One to five years										
11 Gross purchases	3,898	19,680	12,901	725	2,397	0	0	2,752	2,428	3,362
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−25,022	−37,987	−37,777	−2,423	−4,574	−2,539	−2,865	−4,928	−3,015	−3,768
14 Exchanges	31,459	20,274	37,154	0	6,013	2,555	0	4,778	5,956	3,020
Five to ten years										
15 Gross purchases	1,116	3,849	2,294	0	862	0	0	335	346	945
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−5,469	−1,954	−5,908	0	718	0	0	−650	0	0
18 Exchanges	6,666	5,215	7,439	400	1,135	0	400	1,340	0	0
More than ten years										
19 Gross purchases	1,655	5,897	4,884	1,674	698	0	615	0	2,404	262
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−20	−1,775	−2,377	0	−1,589	0	0	0	0	0
22 Exchanges	3,270	2,360	4,842	0	945	0	0	1,340	0	350
All maturities										
23 Gross purchases	17,094	44,122	29,926	3,140	4,619	0	615	5,190	6,238	6,246
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	2,015	1,996	4,676	602	0	0	492	0	0	726
Matched transactions										
26 Gross purchases	3,092,399	3,577,954	4,395,430	402,581	358,438	418,538	365,779	324,078	393,267	366,838
27 Gross sales	3,094,769	3,580,274	4,399,330	400,995	359,256	420,397	363,604	322,669	394,865	364,476
Repurchase agreements										
28 Gross purchases	457,568	810,485	512,671	40,823	23,884	49,296	21,968	26,098	62,878	45,067
29 Gross sales	450,359	809,268	514,186	48,672	19,200	38,592	37,157	27,025	53,706	48,867
30 Net change in U.S. Treasury securities	19,919	41,022	19,835	−3,725	8,484	8,845	−12,891	5,672	13,812	4,082
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	0	25	0	0	0	0	0	0	0
33 Redemptions	409	1,540	322	15	20	30	2	0	25	0
Repurchase agreements										
34 Gross purchases	75,354	160,409	284,316	51,471	51,419	48,815	23,577	37,416	35,731	20,623
35 Gross sales	74,842	159,369	276,266	50,032	48,785	44,285	31,744	36,067	34,009	22,937
36 Net change in federal agency obligations	103	−500	7,703	1,424	2,614	4,500	−8,169	1,349	1,697	−2,314
37 Total net change in System Open Market Account	**20,021**	**40,522**	**27,538**	**−2,301**	**11,098**	**13,345**	**−21,060**	**7,021**	**15,509**	**1,768**

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

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

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

Millions of dollars

Account	Wednesday					End of month		
	1999					1999		
	Apr. 28	May 5	May 12	May 19	May 26	Mar. 31	Apr. 30	May 31
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,048	11,049	11,049	11,048	11,048	11,049	11,050	11,048
2 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
3 Coin	416	411	407	406	381	428	430	372
Loans								
4 To depository institutions	66	90	81	101	119	246	68	121
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	311	311	311	311	311	311	311	311
8 Held under repurchase agreements	3,015	2,488	3,136	5,648	3,522	5,606	3,292	4,497
9 **Total U.S. Treasury securities**	**480,357**	**483,179**	**477,377**	**482,120**	**483,194**	**478,416**	**482,503**	**488,535**
10 Bought outright[2]	473,627	473,474	475,914	477,335	480,718	465,686	473,573	482,531
11 Bills	199,175	199,020	198,629	196,641	197,059	196,759	199,121	197,719
12 Notes	199,721	199,723	202,094	203,965	206,125	194,968	199,721	207,108
13 Bonds	74,730	74,731	75,192	76,729	77,533	73,959	74,731	77,704
14 Held under repurchase agreements	6,730	9,705	1,463	4,785	2,476	12,730	8,930	6,004
15 **Total loans and securities**	**483,748**	**486,067**	**480,905**	**488,179**	**487,145**	**484,578**	**486,174**	**493,463**
16 Items in process of collection	8,254	10,747	8,332	8,041	7,099	7,097	5,248	5,658
17 Bank premises	1,311	1,311	1,311	1,315	1,316	1,303	1,310	1,315
Other assets								
18 Denominated in foreign currencies[3]	15,263	15,037	15,041	15,044	15,050	15,171	15,034	14,860
19 All other[4]	17,496	17,634	17,266	14,886	15,465	16,126	17,336	16,164
20 **Total assets**	**545,736**	**550,456**	**542,511**	**547,118**	**545,704**	**543,952**	**544,782**	**551,080**
LIABILITIES								
21 Federal Reserve notes	494,606	496,328	497,666	497,864	500,129	491,715	493,590	501,685
22 **Total deposits**	**26,392**	**28,381**	**20,271**	**24,605**	**21,528**	**28,316**	**28,623**	**26,577**
23 Depository institutions	17,442	22,932	15,715	19,329	15,982	22,541	18,061	21,140
24 U.S. Treasury—General account	8,545	4,999	4,095	4,783	5,101	5,374	10,040	5,056
25 Foreign—Official accounts	168	167	178	188	211	166	260	157
26 Other	237	283	282	305	235	235	263	223
27 Deferred credit items	7,682	8,743	7,371	7,405	6,927	7,117	5,354	5,243
28 Other liabilities and accrued dividends[5]	4,230	4,411	4,327	4,318	4,185	4,328	4,493	4,474
29 **Total liabilities**	**532,911**	**537,863**	**529,634**	**534,191**	**532,769**	**531,475**	**532,062**	**537,979**
CAPITAL ACCOUNTS								
30 Capital paid in	6,180	6,187	6,204	6,213	6,238	6,122	6,182	6,239
31 Surplus	5,952	5,952	5,952	5,952	5,952	5,944	5,952	5,952
32 Other capital accounts	693	454	721	762	745	411	586	911
33 **Total liabilities and capital accounts**	**545,736**	**550,456**	**542,511**	**547,118**	**545,704**	**543,952**	**544,782**	**551,080**
MEMO								
34 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							
35 Federal Reserve notes outstanding (issued to Banks)	685,435	690,922	697,001	703,827	709,370	665,942	687,900	710,687
36 LESS: Held by Federal Reserve Banks	190,828	194,594	199,335	205,963	209,241	174,228	194,309	209,002
37 Federal Reserve notes, net	494,606	496,328	497,666	497,864	500,129	491,715	493,590	501,685
Collateral held against notes, net								
38 Gold certificate account	11,048	11,049	11,049	11,048	11,048	11,049	11,050	11,048
39 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	475,358	477,079	478,417	478,616	480,881	472,466	474,340	482,437
42 **Total collateral**	**494,606**	**496,328**	**497,666**	**497,864**	**500,129**	**491,715**	**493,590**	**501,685**

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. 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.

3. Valued monthly at market exchange rates.

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

5. 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 1999					End of month 1999		
	Apr. 28	May 5	May 12	May 19	May 26	Mar. 31	Apr 30	May 31
1 **Total loans**	**66**	**89**	**81**	**101**	**119**	**65**	**68**	**121**
2 Within fifteen days[1]	52	29	26	89	107	64	40	75
3 Sixteen days to ninety days	14	60	55	12	12	1	28	47
4 **Total U.S. Treasury securities**[2]	**480,357**	**483,179**	**477,377**	**482,120**	**483,194**	**478,416**	**482,503**	**488,535**
5 Within fifteen days[1]	22,035	23,146	17,697	17,737	18,577	26,785	13,804	9,131
6 Sixteen days to ninety days	100,866	97,850	97,741	95,143	97,933	98,303	103,293	106,365
7 Ninety-one days to one year	134,011	138,846	139,255	138,833	134,250	134,439	142,071	139,450
8 One year to five years	115,258	115,148	116,365	120,213	121,435	112,263	115,147	121,571
9 Five years to ten years	47,545	47,547	48,271	48,528	48,530	46,598	47,546	49,403
10 More than ten years	60,642	60,643	61,049	61,664	62,469	60,029	60,642	62,615
11 **Total federal agency obligations**	**3,326**	**2,799**	**3,447**	**5,969**	**3,833**	**5,917**	**3,603**	**4,808**
12 Within fifteen days[1]	3,015	2,488	3,136	5,648	3,570	5,606	3,292	4,545
13 Sixteen days to ninety days	37	37	62	62	14	27	37	25
14 Ninety-one days to one year	79	79	79	79	79	79	79	68
15 One year to five years	20	20	20	20	20	30	20	20
16 Five years to ten years	175	175	150	150	150	175	175	150
17 More than ten years	0	0	0	0	0	0	0	0

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

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

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

Billions of dollars, averages of daily figures

Item	1995 Dec	1996 Dec.	1997 Dec.	1998 Dec.	1998 Oct.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar	1999 Apr.	1999 May
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	56.45	50.16	46.86	44.90	44.41	44.50	44.90	45.13	44.55	43.72	43.98	44.36
2 Nonborrowed reserves[4]	56.20	50.01	46.54	44.79	44.23	44.41	44.79	44.92	44.44	43.65	43.81[r]	44.24
3 Nonborrowed reserves plus extended credit[5]	56.20	50.01	46.54	44.79	44.23	44.41	44.79	44.92	44 44	43.65	43.81[r]	44.24
4 Required reserves	55.16	48 75	45.18	43.32	42.83	42.87	43.32	43.59	43 34	42.41	42.82	43.11
5 Monetary base[6]	434 10	451.37	478.88	512.32	505.84	509.14	512.32	516.81	520.84	524.23	528.74[r]	534.83
	Not seasonally adjusted											
6 Total reserves[7]	58.02	51.45	48.01	45.12	44.20	44.24	45.12	46.34	45.25	43.14	43.67	44.91
7 Nonborrowed reserves	57.76	51.30	47.69	45.00	44.03	44.16	45.00	46.14	45.13	43.08	43.50[r]	44.79
8 Nonborrowed reserves plus extended credit[5]	57.76	51.30	47.69	45.00	44.03	44.16	45.00	46.14	45.13	43.08	43.50[r]	44.79
9 Required reserves[8]	56.73	50.04	46.33	43.54	42.63	42.62	43.54	44.81	44.03	41.84	42.51	43.65
10 Monetary base[9]	439.03	456.63	484.98	518.28	504.47	510.14	518.28	520.01	519.70	523.35	526.77[r]	533.09
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	57.90	51.17	47.92	45.02	44.12	44.15	45.02	46.35	45.24	43.12	43.65	44.88
12 Nonborrowed reserves	57.64	51.02	47.60	44.90	43.94	44.07	44.90	46.14	45.12	43.06	43 48	44.75
13 Nonborrowed reserves plus extended credit[5]	57.64	51.02	47.60	44.90	43.94	44.07	44.90	46.14	45.12	43.06	43.48	44.75
14 Required reserves	56.61	49.76	46.24	43.44	42.54	42.53	43.44	44.81	44.02	41.82	42.49[r]	43.62
15 Monetary base[12]	444.45	463.40	491.79	525.06	511.36	516.96	525.06	527.59	526.85	530.30	533.49[r]	539.96
16 Excess reserves[13]	1.29	1.42	1.69	1.58	1.57	1.62	1.58	1.53	1.22	1.31	1.16	1.26
17 Borrowings from the Federal Reserve	.26	.16	.32	.12	.17	.08	.12	.21	12	.07	.17	13

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	1995 Dec.	1996 Dec.	1997 Dec.	1998 Dec.	1999 Feb.[r]	1999 Mar.[r]	1999 Apr.[r]	1999 May
				Seasonally adjusted				
Measures[2]								
1 M1	1,126.7	1,081.3	1,074.9	1,093.4	1,092.6	1,102.0	1,108.3	1,104.6
2 M2	3,649.1	3,823.9	4,046.6	4,402.0[r]	4,446.9	4,457.1	4,489.7	4,506.7
3 M3	4,618.5	4,955.6	5,404.7	5,997.0[r]	6,062.0	6,053.7	6,094.6	6,116.6
4 Debt	13,697.7[r]	14,392.7[r]	15,094.7[r]	16,026.1[r]	16,165.1	16,259.8	16,351.9	n.a.
M1 components								
5 Currency[3]	372.3	394.1	424.5	459.2	467.6	472.0	476.5	480.9
6 Travelers checks[4]	8.3	8.0	7.7	7.8	7.7	7.8	7.8	7.8
7 Demand deposits[5]	389.4	403.0	396.5	377.5	371.8	374.1	373.9	369.1
8 Other checkable deposits[6]	356.7	276.2	246.2	248.8	245.5	248.0	250.2	246.7
Nontransaction components								
9 In M2[7]	2,522.4	2,742.6	2,971.8	3,308.7	3,354.3	3,355.1	3,381.4	3,402.2
10 In M3 only[8]	969.4	1,131.7	1,358.0	1,595.0[r]	1,615.1	1,596.7	1,604.9	1,609.8
Commercial banks								
11 Savings deposits, including MMDAs	775.3	905.2	1,022.9	1,189.8	1,207.7	1,207.9	1,225.5	1,233.5
12 Small time deposits[9]	575.0	593.7	626.1	626.0[r]	618.0	616.2	614.3	613.1
13 Large time deposits[10, 11]	346.6	414.8	490.2	541.0[r]	536.7	528.4	534.0	529.4
Thrift institutions								
14 Savings deposits, including MMDAs	359.8	367.1	377.3	415.2	425.4	428.0	431.4	441.2
15 Small time deposits[9]	356.7	353.8	343.2	325.9	322.9	320.7	319.6	317.7
16 Large time deposits[10]	74.5	78.4	85.9	89.1	89.9	88.8	89.1	88.0
Money market mutual funds								
17 Retail	455.5	522.8	602.3	751.7	780.3	782.3	790.5	796.5
18 Institution-only	255.9	313.3	379.9	516.2	529.9	529.1	538.4	544.6
Repurchase agreements and Eurodollars								
19 Repurchase agreements[12]	198.7	211.3	252.8	297.9[r]	308.6	296.2	287.0	290.9
20 Eurodollars[12]	93.7	113.9	149.2	150.7[r]	150.0	154.1	156.5	156.9
Debt components								
21 Federal debt	3,638.9	3,780.6	3,798.4	3,747.4	3,718.2	3,714.7	3,707.2	n.a.
22 Nonfederal debt	10,058.8[r]	10,612.2[r]	11,296.3[r]	12,278.7[r]	12,446.9	12,545.2	12,644.6	n.a.
				Not seasonally adjusted				
Measures[2]								
23 M1	1,152.4	1,104.9	1,097.4	1,115.3	1,083.4	1,097.2	1,113.7	1,096.5
24 M2	3,671.7	3,843.7	4,064.8	4,418.8[r]	4,441.2	4,480.6	4,527.2	4,486.1
25 M3	4,638.0	4,972.5	5,420.8	6,013.1[r]	6,070.7	6,092.8	6,131.7	6,101.6
26 Debt	13,699.2[r]	14,392.7[r]	15,094.3[r]	16,026.6[r]	16,137.2	16,252.4	16,337.6	n.a.
M1 components								
27 Currency[3]	376.2	397.9	428.9	464.2	466.5	471.3	476.0	479.9
28 Travelers checks[4]	8.5	8.3	7.9	8.0	7.9	7.9	7.9	7.9
29 Demand deposits[5]	407.2	419.9	412.3	392.4	364.7	368.9	374.0	363.3
30 Other checkable deposits[6]	360.5	278.8	248.3	250.7	244.2	249.0	255.8	245.5
Nontransaction components								
31 In M2[7]	2,519.3	2,738.9	2,967.4	3,303.6	3,357.9	3,383.4	3,413.6	3,389.5
32 In M3 only[8]	966.4	1,128.8	1,356.0	1,594.3[r]	1,629.5	1,612.2	1,604.5	1,615.5
Commercial banks								
33 Savings deposits, including MMDAs	774.1	903.3	1,020.4	1,186.8	1,203.8	1,217.6	1,241.3	1,234.8
34 Small time deposits[9]	573.8	592.7	625.3	625.4	619.4	617.0	614.5	611.9
35 Large time deposits[10, 11]	345.8	413.3	487.7	537.4[r]	532.1	532.9	534.7	535.2
Thrift institutions								
36 Savings deposits, including MMDAs	359.2	366.3	376.4	414.1	424.0	431.5	437.0	441.7
37 Small time deposits[9]	355.9	353.2	342.8	325.6	323.6	321.2	319.7	317.1
38 Large time deposits[10]	74.3	78.1	85.4	88.5	89.1	89.5	89.2	89.0
Money market mutual funds								
39 Retail	456.1	523.2	602.5	751.7	787.0	796.2	801.1	784.0
40 Institution-only	257.7	316.0	384.5	523.3	547.3	537.9	536.7	538.3
Repurchase agreements and Eurodollars								
41 Repurchase agreements[12]	193.8	205.7	246.1	290.6[r]	308.1	298.8	289.7	297.2
42 Eurodollars[12]	94.9	115.7	152.3	154.5[r]	152.7	153.1	154.3	155.8
Debt components								
43 Federal debt	3,645.9	3,787.9	3,805.8	3,754.9	3,721.8	3,741.2	3,717.1	n.a.
44 Nonfederal debt	10,053.3[r]	10,604.8[r]	11,288.5[r]	12,271.6[r]	12,415.4	12,511.2	12,620.5	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			
	1998	1998		1999[r]					1999			
	May	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	May 5	May 12	May 19	May 26
	Seasonally adjusted											
Assets												
1 Bank credit	4,240.8[r]	4,527.9[r]	4,547.1	4,532.2	4,519.1	4,485.8	4,492.5	4,502.3	4,492.3	4,495.8	4,494.5	4,507.3
2 Securities in bank credit	1,125.7[r]	1,221.4[r]	1,225.5[r]	1,216.6	1,206.7	1,187.9	1,188.6	1,188.8	1,186.2	1,183.8	1,185.7	1,193.0
3 U.S. government securities	769.0[r]	790.0[r]	791.9[r]	793.5	791.0	798.5	798.8	797.6	793.9	794.9	796.4	801.4
4 Other securities	356.7[r]	431.4[r]	433.6[r]	423.1	415.6	389.4	389.8	391.2	392.3	388.8	389.3	391.6
5 Loans and leases in bank credit[2]	3,115.2[r]	3,306.5[r]	3,321.7[r]	3,315.7	3,312.4	3,298.0	3,303.9	3,313.4	3,306.1	3,312.0	3,308.8	3,314.3
6 Commercial and industrial	884.9[r]	952.6[r]	950.4[r]	946.7	946.6	950.2	953.6	948.6	949.5	948.4	946.0	948.5
7 Real estate	1,268.9[r]	1,316.4[r]	1,331.1[r]	1,335.1	1,338.1	1,337.9	1,339.7	1,346.6	1,343.3	1,349.7	1,348.5	1,343.0
8 Revolving home equity	100.3	99.3	99.1	98.8	98.4	98.5	99.4	100.4	99.8	100.1	100.5	100.6
9 Other	1,168.6[r]	1,217.0[r]	1,232.0[r]	1,236.3	1,239.7	1,239.4	1,240.3	1,246.2	1,243.5	1,249.6	1,248.1	1,242.4
10 Consumer	500.5[r]	498.3[r]	500.1[r]	501.6	501.0	499.7	500.2	496.2	497.9	496.4	496.8	496.4
11 Security[3]	121.4	151.2	151.6	147.1	139.8	119.9	122.8	127.3	124.9	125.5	120.9	131.9
12 Other loans and leases	339.4	388.0	388.5[r]	385.2	387.0	390.2	387.6	394.8	390.5	392.1	396.6	394.5
13 Interbank loans	204.0	217.6	217.3[r]	223.0	227.5	220.8	214.7	221.4	217.6	218.0	226.1	223.0
14 Cash assets[4]	249.2	255.0	257.5[r]	261.4	258.4	259.8	262.3	264.3	268.8	263.0	265.5	253.8
15 Other assets[5]	313.5	337.8	339.0	351.5	356.7	356.2	345.5	346.2	340.9	350.4	353.2	347.6
16 **Total assets[6]**	**4,950.1[r]**	**5,280.4[r]**	**5,303.1[r]**	**5,310.2**	**5,303.4**	**5,264.3**	**5,256.7**	**5,275.6**	**5,261.0**	**5,268.7**	**5,280.7**	**5,273.0**
Liabilities												
17 Deposits	3,204.9	3,324.9	3,341.1	3,362.8	3,372.6	3,360.7	3,370.9	3,365.5	3,375.8	3,365.9	3,356.1	3,355.9
18 Transaction	683.7	670.7	672.3	667.3	662.0	668.6	664.8	657.2	654.9	654.5	652.1	667.4
19 Nontransaction	2,521.2	2,654.2	2,668.8	2,695.5	2,710.6	2,692.0	2,706.1	2,708.3	2,720.9	2,711.3	2,704.0	2,688.5
20 Large time	690.7	727.8	719.3	723.7	728.2	718.1	724.8	720.6	724.1	719.8	721.0	719.1
21 Other	1,830.5	1,926.4	1,949.5	1,971.9	1,982.4	1,973.9	1,981.3	1,987.7	1,996.7	1,991.5	1,983.0	1,969.4
22 Borrowings	898.2	1,017.5	1,023.0	1,003.5	990.8	984.9	980.7	995.4	977.3	985.9	1,005.0	1,006.0
23 From banks in the U.S.	283.4	323.9	323.3	318.2	316.3	318.3	311.0	322.7	309.9	314.1	328.5	325.7
24 From others	614.8	693.6	699.8	685.2	674.5	666.5	669.7	672.7	667.4	671.7	676.5	680.3
25 Net due to related foreign offices	175.5	214.4	213.9	213.5	217.4	217.3	210.2	204.4	215.5	195.1	203.5	192.1
26 Other liabilities	265.8[r]	302.4[r]	305.6[r]	305.1	297.5	274.5	275.7	273.0	270.3	277.5	272.2	270.3
27 **Total liabilities**	**4,544.5**	**4,859.2[r]**	**4,883.7**	**4,884.8**	**4,878.4**	**4,837.3**	**4,837.5**	**4,838.3**	**4,838.8**	**4,824.3**	**4,836.7**	**4,824.2**
28 Residual (assets less liabilities)[7]	405.6	421.2[r]	419.5	425.3	425.1	427.0	419.2	437.3	422.3	444.4	443.9	448.8
	Not seasonally adjusted											
Assets												
29 Bank credit	4,244.2[r]	4,541.3[r]	4,562.6[r]	4,541.3	4,516.7	4,484.3	4,500.5	4,504.4	4,506.9	4,498.7	4,494.8	4,497.8
30 Securities in bank credit	1,131.2[r]	1,227.6[r]	1,227.2[r]	1,219.2	1,212.2	1,194.6	1,197.2	1,194.1	1,194.5	1,190.6	1,189.9	1,194.7
31 U.S. government securities	776.8[r]	792.4[r]	792.7[r]	793.8	795.2	804.9	808.7	805.8	805.2	804.2	804.3	806.7
32 Other securities	354.4[r]	435.1[r]	434.4[r]	425.4	416.9	389.7	388.5	388.4	389.3	386.5	385.6	388.0
33 Loans and leases in bank credit[2]	3,113.0[r]	3,313.7[r]	3,335.4[r]	3,322.2	3,304.5	3,289.7	3,303.3	3,310.3	3,312.4	3,308.0	3,304.9	3,303.1
34 Commercial and industrial	889.2[r]	952.0[r]	950.3[r]	945.5	948.0	953.7	960.3	953.0	959.2	953.0	951.0	949.5
35 Real estate	1,268.3[r]	1,320.4[r]	1,333.0[r]	1,334.2	1,332.4	1,331.4	1,336.4	1,346.0	1,342.0	1,349.8	1,347.4	1,342.0
36 Revolving home equity	100.0	100.1	99.5	98.9	98.0	97.7	98.7	100.0	99.6	99.8	100.1	100.2
37 Other	1,168.3[r]	1,220.2[r]	1,233.5[r]	1,235.3	1,234.4	1,233.7	1,237.6	1,246.0	1,242.4	1,250.0	1,247.3	1,241.8
38 Consumer	498.1[r]	498.7[r]	505.4[r]	507.8	500.8	495.0	496.7	493.7	495.6	493.8	494.2	493.8
39 Security[3]	121.3	153.6	153.7	147.2	139.4	123.4	124.7	127.1	127.4	125.3	121.5	130.0
40 Other loans and leases	336.0	389.0[r]	392.9[r]	387.5	383.8	386.3	385.3	390.5	388.2	386.2	390.8	387.8
41 Interbank loans	199.3	227.0	225.6	225.9	227.2	223.9	219.7	217.4	218.2	212.3	220.8	213.9
42 Cash assets[4]	246.6	261.8	273.0[r]	274.6	259.4	252.3	260.0	262.0	266.2	254.1	253.6	250.5
43 Other assets[5]	314.7	336.2	339.9	344.1	353.4	351.6	348.5	347.7	348.0	352.7	349.4	344.6
44 **Total assets[6]**	**4,947.4**	**5,308.3[r]**	**5,343.0[r]**	**5,328.4**	**5,298.7**	**5,253.8**	**5,270.5**	**5,272.9**	**5,280.6**	**5,259.2**	**5,259.9**	**5,248.2**
Liabilities												
45 Deposits	3,196.2	3,350.7	3,375.0[r]	3,362.1	3,349.7	3,355.4	3,381.7	3,355.9	3,375.6	3,348.7	3,337.2	3,329.9
46 Transaction	673.0	681.0	706.5	682.1	657.1	662.1	672.5	648.0	656.0	637.9	636.7	644.1
47 Nontransaction	2,523.2	2,669.7	2,668.4	2,680.1	2,692.6	2,693.2	2,709.2	2,708.0	2,719.6	2,710.8	2,700.5	2,685.7
48 Large time	692.1	732.7	723.9	721.8	728.9	720.2	721.7	721.8	724.6	720.7	721.6	721.5
49 Other	1,831.0	1,937.0	1,944.5	1,958.3	1,963.7	1,973.1	1,987.5	1,986.2	1,995.0	1,990.1	1,978.9	1,964.3
50 Borrowings	905.6	1,023.1	1,025.6	1,019.8	993.9	979.2	981.1	1,003.3	994.9	995.6	1,012.2	1,009.2
51 From banks in the U.S.	284.6	327.6	329.2	323.3	316.8	318.2	311.8	323.5	314.7	315.1	328.8	325.2
52 From others	621.0	695.5	696.4	696.4	677.0	661.1	669.3	679.8	680.2	680.6	683.5	684.0
53 Net due to related foreign offices	183.0	216.3	219.1	216.4	227.1	215.4	203.4	210.4	211.4	204.3	208.4	207.4
54 Other liabilities	265.5	302.8	306.4	306.0	299.9	275.1	275.3	272.6	270.1	277.7	271.5	269.8
55 **Total liabilities**	**4,550.3**	**4,892.8**	**4,926.1**	**4,904.3**	**4,870.5**	**4,825.1**	**4,841.5**	**4,842.3**	**4,852.0**	**4,826.4**	**4,829.3**	**4,816.3**
56 Residual (assets less liabilities)[7]	397.0[r]	415.5[r]	417.0[r]	424.1	428.1	428.7	429.0	430.5	428.6	432.9	430.6	431.9
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	85.9	112.8	114.8	112.4	108.5	87.0	87.1	87.4	86.9	84.6	85.8	87.9
58 Revaluation losses on off-balance-sheet items[8]	85.8	111.6	112.9	109.5	106.7	85.7	87.8	88.4	88.2	85.9	86.0	89.0

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			
	1998	1998		1999					1999			
	May	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	May 5	May 12	May 19	May 26
	Seasonally adjusted											
Assets												
1 Bank credit	3,670.9	3,917.4	3,949.5	3,949.5	3,950.2	3,931.3	3,940.6^{r}	3,959.4^{r}	3,942.5^{r}	3,952.3^{r}	3,956.5^{r}	3,963.5
2 Securities in bank credit	923.2	1,006.3	1,012.7	1,005.7	1,002.5	989.2	987.8^{r}	991.4^{r}	986.1^{r}	987.8^{r}	990.7^{r}	994.6
3 U.S. government securities	679.8	708.2	709.8	709.6	708.0	714.2	710.9^{r}	712.0^{r}	707.1^{r}	709.8^{r}	712.8^{r}	714.9
4 Other securities	243.4	298.1	302.9	296.1	294.5	275.1	276.8	279.4	279.0	277.9	277.9	279.6
5 Loans and leases in bank credit[2]	2,747.7	2,911.2	2,936.8	2,943.8	2,947.7	2,942.0	2,952.8	2,967.9^{r}	2,956.4	2,964.5^{r}	2,965.8^{r}	2,968.9
6 Commercial and industrial	672.4	729.3^{r}	733.0^{r}	734.1^{r}	735.5^{r}	740.8^{r}	747.0^{r}	749.2^{r}	746.5^{r}	747.3^{r}	746.9^{r}	751.6
7 Real estate	1,244.4^{r}	1,293.8^{r}	1,309.4^{r}	1,313.3^{r}	1,316.5^{r}	1,316.3^{r}	1,317.8^{r}	1,324.8^{r}	1,321.6^{r}	1,327.9^{r}	1,326.8^{r}	1,321.2
8 Revolving home equity	100.3	99.3	99.1	98.8	98.4	98.5	99.4	100.4	99.8	100.1	100.5	100.6
9 Other	1,144.0	1,194.4^{r}	1,210.3^{r}	1,214.5^{r}	1,218.1^{r}	1,217.7^{r}	1,218.4^{r}	1,224.5^{r}	1,221.8^{r}	1,227.9^{r}	1,226.3^{r}	1,220.6
10 Consumer	500.5	498.3	500.1	501.6	501.0	499.7	500.2	496.2^{r}	497.9	496.4	496.8	496.4
11 Security[3]	61.8	86.1	85.6	84.3	80.6	69.3	71.5	74.8	71.5	71.8	71.3	77.5
12 Other loans and leases	268.7	303.7	308.7	310.6^{r}	314.2	316.0	316.4^{r}	323.0	318.9	321.1	324.1	322.2
13 Interbank loans	182.1	190.4	189.3	193.5	195.6	194.5	188.6	193.8	193.7	189.6	197.5	196.2
14 Cash assets[4]	214.5	220.1	221.7	225.0	222.2	222.7	224.6	225.3	229.2	224.3^{r}	226.4	215.2
15 Other assets[5]	278.4	300.9	300.6	312.9	318.8	318.5	307.9^{r}	310.8^{r}	304.9^{r}	313.9^{r}	317.9^{r}	311.4
16 **Total assets**[6]	**4,288.8**	**4,571.1**	**4,603.5**	**4,623.2**	**4,628.8**	**4,608.8**	**4,603.6**	**4,630.9^{r}**	**4,612.1^{r}**	**4,621.8^{r}**	**4,639.8^{r}**	**4,627.8**
Liabilities												
17 Deposits	2,908.5	3,009.4	3,032.5	3,044.5	3,051.4	3,049.1	3,055.2	3,051.7^{r}	3,061.0	3,052.2^{r}	3,038.1	3,043.7
18 Transaction	672.0	657.9	660.8	654.3	648.1	655.5	652.0	644.1	642.6	641.0^{r}	638.5^{r}	655.1
19 Nontransaction	2,236.5	2,351.6	2,371.7	2,390.2	2,403.3	2,393.7	2,403.2	2,407.6	2,418.4	2,411.1^{r}	2,399.6^{r}	2,388.6
20 Large time	407.3	426.9	422.9	419.4	422.1	420.8	423.3	421.6	423.5	421.6	418.6^{r}	420.4
21 Other	1,829.2	1,924.6	1,948.8	1,970.8	1,981.2	1,972.9	1,979.9	1,986.0	1,994.9	1,989.5^{r}	1,981.1^{r}	1,968.2
22 Borrowings	716.0	802.9	819.3	809.8	809.9	810.7	806.5	820.5^{r}	801.6	813.1	833.1^{r}	826.8
23 From banks in the U.S.	261.4	291.8	296.0	296.8	298.3	294.0	289.5	301.6^{r}	288.8	294.4	309.0	301.6
24 From others	454.6	511.2	523.3	513.1	511.6	516.7	517.0	518.9	512.8	518.8	524.1	525.2
25 Net due to related foreign offices	71.7	115.2	112.4	111.7	117.4	117.8	115.3	118.7	123.8	104.3	123.2	114.2
26 Other liabilities	197.4	226.3	228.9	230.9	227.3	206.5	208.2	212.0	207.7	217.3	212.2^{r}	209.6
27 **Total liabilities**	**3,893.7**	**4,153.8**	**4,193.2**	**4,197.0**	**4,205.9**	**4,184.1**	**4,185.2**	**4,203.0**	**4,194.1^{r}**	**4,186.9^{r}**	**4,206.6^{r}**	**4,194.2**
28 Residual (assets less liabilities)[7]	395.2	417.2	410.4	426.2	422.9	424.7	418.4	427.9	418.0	434.9	433.2^{r}	433.6
	Not seasonally adjusted											
Assets												
29 Bank credit	3,679.5	3,927.6	3,962.1	3,955.1	3,944.0	3,928.1	3,951.5^{r}	3,966.9^{r}	3,960.3^{r}	3,960.5	3,963.9^{r}	3,961.6
30 Securities in bank credit	930.2	1,009.2	1,015.8	1,008.0	1,006.3	994.8	998.0^{r}	998.6^{r}	995.4^{r}	996.5^{r}	998.1^{r}	998.7
31 U.S. government securities	686.9	710.1	710.4	710.2	711.9	719.7	721.2^{r}	719.4^{r}	716.5^{r}	718.5^{r}	720.4^{r}	719.7
32 Other securities	243.3	299.1	305.4	297.8	294.4	275.1^{r}	276.8	279.2	278.9	278.0	277.7	279.0
33 Loans and leases in bank credit[2]	2,749.3	2,918.4	2,946.3	2,947.1	2,937.7	2,933.3	2,953.6	2,968.3^{r}	2,964.9^{r}	2,964.0^{r}	2,965.7	2,962.9
34 Commercial and industrial	679.2	727.6^{r}	730.3^{r}	731.1^{r}	735.1^{r}	744.0^{r}	755.1^{r}	756.2^{r}	758.2^{r}	754.6^{r}	754.3^{r}	756.2
35 Real estate	1,244.1^{r}	1,297.5^{r}	1,311.3^{r}	1,312.2^{r}	1,310.4^{r}	1,309.7^{r}	1,314.7^{r}	1,324.5^{r}	1,320.5^{r}	1,328.3^{r}	1,325.9^{r}	1,320.5
36 Revolving home equity	100.0	100.1	99.5	98.9	98.0	97.7	98.7	100.0	99.6	99.8	100.1	100.2
37 Other	1,144.1^{r}	1,197.4^{r}	1,211.7^{r}	1,213.3^{r}	1,212.4^{r}	1,212.0^{r}	1,216.0^{r}	1,224.5^{r}	1,220.9^{r}	1,228.5^{r}	1,225.8^{r}	1,220.3
38 Consumer	498.1	498.7	505.4	507.8	500.8	495.0	496.7	493.7^{r}	495.6	493.8	494.2	493.8
39 Security[3]	62.1	89.1	87.3	84.4	80.6	72.1	73.5	74.9	73.9	72.0	72.3	75.9
40 Other loans and leases	265.9	305.5	312.1	311.7	310.8^{r}	312.6	313.6^{r}	319.1	316.7	315.3^{r}	319.0	316.4
41 Interbank loans	177.4	199.8	197.5	196.5	195.3	197.6	193.6	189.8	194.3	183.9	192.1^{r}	187.1
42 Cash assets[4]	212.2	226.3	235.7	237.7	223.9	216.3	223.4	223.4^{r}	227.4	216.2	215.1	212.3
43 Other assets[5]	280.2	299.1	300.0	305.2	314.4	313.3	312.7^{r}	313.0^{r}	312.9^{r}	316.5^{r}	314.8^{r}	309.5
44 **Total assets**[6]	**4,292.2**	**4,595.0**	**4,637.7**	**4,637.2**	**4,619.9**	**4,597.1**	**4,623.4**	**4,634.6**	**4,636.6^{r}**	**4,618.8^{r}**	**4,627.6^{r}**	**4,612.1**
Liabilities												
45 Deposits	2,897.5	3,035.6	3,062.7	3,046.4	3,029.7	3,040.5	3,066.6	3,039.9	3,059.2	3,033.6^{r}	3,018.2	3,013.3
46 Transaction	661.6	668.2	694.6	669.1	643.4	648.9	659.9	635.2	643.8	624.8^{r}	623.5^{r}	632.0
47 Nontransaction	2,235.9	2,367.4	2,368.1	2,377.4	2,386.3	2,391.7	2,406.7	2,404.7	2,415.4	2,408.8	2,394.7^{r}	2,381.3
48 Large time	406.6	432.4	425.4	421.0	424.6	420.6	421.2	420.5	422.3	420.6	417.7	419.0
49 Other	1,829.3	1,935.0	1,942.7	1,956.3	1,961.7	1,971.1	1,985.5	1,984.2	1,993.1	1,988.2	1,976.9	1,962.3
50 Borrowings	723.4	808.5	821.9	826.1	813.0	805.1	806.9	828.4	819.2	822.9	840.4	830.0
51 From banks in the U.S.	262.6	295.4	302.0	301.9	298.8	293.9	290.3	302.4^{r}	293.6	295.3	309.3	301.0
52 From others	460.8	513.0	519.9	524.3	514.2	511.2	516.7	526.1	525.6	527.6	531.1	529.0
53 Net due to related foreign offices	80.9	113.7	111.4	112.0	123.4	117.7	114.0	126.6	123.6	114.8	129.4	130.7
54 Other liabilities	197.6	225.7	228.3	231.6	228.1	207.1	208.9	212.2	208.2	217.7	212.2^{r}	209.6
55 **Total liabilities**	**3,899.5**	**4,183.4**	**4,224.3**	**4,216.1**	**4,194.2**	**4,170.4**	**4,196.4**	**4,207.1**	**4,210.3**	**4,189.0^{r}**	**4,200.2^{r}**	**4,183.6**
56 Residual (assets less liabilities)[7]	392.7	411.6	413.3	421.1	425.7	426.8	427.0	427.5	426.3	429.8	427.4^{r}	428.5
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	45.6	64.3	66.7	66.5	64.9	46.8	48.3	50.6	49.1	48.2	49.6	51.0
58 Revaluation losses on off-balance-sheet items[8]	47.1	66.6	68.3	67.2	65.4	46.6	49.0	52.5	51.2	50.5	50.7	53.1
59 Mortgage-backed securities[9]	297.2	346.0	345.4	341.6	339.6	333.7	331.6	330.7^{r}	334.7	334.0	328.4^{r}	328.1

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								Wednesday figures			
	1998	1998		1999					1999			
	May	Nov.	Dec.	Jan	Feb.	Mar.	Apr.	May	May 5	May 12	May 19	May 26
	Seasonally adjusted											
Assets												
1 Bank credit	2,278.5[r]	2,430.8	2,442.3	2,436.3	2,429.5	2,402.2	2,406.0[r]	2,416.0[r]	2,404.0	2,411.4	2,413.6	2,417.5
2 Securities in bank credit	526.1	577.2	576.2	566.5	560.4	544.0	541.1	540.8[r]	537.6[r]	537.6	539.9[r]	543.1
3 U.S. government securities	372.5	382.7[r]	380.2	378.6	376.2	379.7	375.8	374.0[r]	370.8	372.4[r]	374.8[r]	376.5
4 Trading account	24.0	22.3	23.0	25.1	17.9	22.5	25.9	22.3	20.8	21.6	24.0	23.2
5 Investment account	348.5	360.4	357.2	353.5	358.3	357.3	349.9	351.6	350.0	350.7	350.8	353.3
6 Other securities	153.6	194.5	196.0	188.0	184.2	164.3	165.2	166.8	166.7	165.3	165.1	166.6
7 Trading account	72.0	98.4	98.9	91.4	87.5	66.7	66.1	68.3	67.7	66.6	67.2	67.8
8 Investment account	81.5	96.1	97.0	96.6	96.7	97.5	99.1	98.6	99.0	98.7	97.9	98.8
9 State and local government	22.7	24.5	24.8	24.6	24.7	24.9	24.6	24.8	24.6	24.7	24.6	24.7
10 Other	58.9	71.7	72.2	71.9	72.0	72.7	74.5	73.8	74.4	74.0	73.3	74.1
11 Loans and leases in bank credit[2]	1,752.4[r]	1,853.6	1,866.2[r]	1,869.8	1,869.2[r]	1,858.2	1,864.9	1,875.2	1,866.5[r]	1,873.8[r]	1,873.7	1,874.4
12 Commercial and industrial	492.1	535.2	536.0	536.1	537.2	541.6	546.3	546.6	545.0	545.3	544.5	548.4
13 Bankers acceptances	1.2	1.3	1.3	1.3	1.2	1.1	1.1	1.0	1.0	1.1	1.1	1.0
14 Other	490.9[r]	533.9	534.7	534.8	536.1	540.5[r]	545.2	545.6	543.9	544.3[r]	543.4	547.4
15 Real estate	701.6[r]	706.5	712.1[r]	710.5	709.7	706.1	705.2	708.2	706.6	712.0[r]	710.5	704.2
16 Revolving home equity	72.4	70.7	70.5	70.2	70.1	70.2	70.8	71.2	70.8	71.1	71.4	71.4
17 Other	629.2	635.8	641.6[r]	640.2	639.6	636.0	634.4	637.0[r]	635.8	640.9[r]	639.1	632.8
18 Consumer	303.3	302.2	302.6	305.6[r]	304.5	302.1	300.4	296.2	298.0	297.0	296.9	295.7
19 Security[3]	56.0	79.4	79.3	78.2	74.6	63.3	65.7	69.5	66.1	66.6	66.1	72.3
20 Federal funds sold to and repurchase agreements with broker–dealers	37.8	61.9	62.5	61.4	57.6	46.1	47.7	51.3	46.9	48.3	49.0	53.5
21 Other	18.3	17.5	16.7	16.8	17.0	17.1	18.0	18.2	19.2	18.3	17.0	18.8
22 State and local government	11.6	11.9	11.7	11.7	11.6	11.6	11.9	11.8	11.8	11.9	11.8	11.7
23 Agricultural	10.1	10.2	10.3	10.3	10.4	10.3	10.3	10.0	10.1	10.1	10.1	9.9
24 Federal funds sold to and repurchase agreements with others	5.8	12.4	16.2	12.7	12.1	12.0	11.4	14.1	9.5	10.1	9.7	9.1
25 All other loans	78.8	92.2	91.8	96.2	96.0	95.6	95.9	99.6	100.5	101.5	105.0	103.8
26 Lease-financing receivables	93.1	103.6	106.2	108.6	113.1	115.6	117.8	119.2	118.8	119.3	119.3	119.3
27 Interbank loans	118.6	121.1	123.6	126.2	128.9	131.1	127.1	136.6[r]	135.3	133.5	140.4	137.2
28 Federal funds sold to and repurchase agreements with commercial banks	68.3	75.1	74.5	79.1	79.2	82.2	78.4	86.2	84.6	82.7	90.7	87.2
29 Other	50.3	46.1	49.1	47.2	49.7	48.9	48.7	50.4	50.7	50.8	49.6	50.0
30 Cash assets[4]	148.7	150.2	151.6[r]	154.5	151.6	151.3	154.0	151.9	156.2	151.6	152.8	143.6
31 Other assets[5]	221.4	229.6	227.1	236.3	243.2	243.0	232.3	233.1[r]	231.0	234.8	238.3	233.6
32 **Total assets[6]**	**2,729.0**	**2,893.7[r]**	**2,906.6[r]**	**2,915.2[r]**	**2,914.8**	**2,889.0**	**2,881.2**	**2,899.3[r]**	**2,888.2[r]**	**2,893.0**	**2,906.7**	**2,893.6**
Liabilities												
33 Deposits	1,654.3	1,678.2[r]	1,682.8	1,683.8[r]	1,679.2[r]	1,677.5	1,684.4[r]	1,679.2[r]	1,689.2	1,681.4[r]	1,667.7[r]	1,670.7
34 Transaction	389.4	371.0	371.2	366.0	359.4	363.5	365.7	356.8	359.4	355.2	351.5[r]	360.7
35 Nontransaction	1,264.9	1,307.2[r]	1,311.6	1,317.8	1,319.7	1,314.0	1,318.6	1,322.4	1,329.9[r]	1,326.1	1,316.2	1,310.0
36 Large time	222.5	232.3	230.6	229.9	229.2	226.5	227.4	223.4	226.5	224.0	219.6	221.6
37 Other	1,042.3	1,074.8	1,081.1	1,087.9	1,090.5	1,087.5	1,091.3	1,099.0	1,103.4[r]	1,102.1	1,096.6[r]	1,088.4
38 Borrowings	560.5	624.4	635.6	629.1	625.4	621.9	619.4	627.1	613.4	622.1	638.6	629.9
39 From banks in the U.S.	190.8	207.7	209.7	214.0	214.2	208.9	206.0	214.4[r]	204.8	208.8	220.8	212.4
40 From others	369.6	416.7	425.9	415.1	411.1	413.1	413.3	412.7	408.6	413.2	417.8	417.5
41 Net due to related foreign offices	67.9	111.6	108.8	108.7	114.1	113.3	110.4	113.7	119.0	99.5	118.4	108.5
42 Other liabilities	170.1	195.6	197.9	200.0	196.9	176.2	177.3	180.6	177.0	185.9	180.6	178.0
43 **Total liabilities**	**2,452.8**	**2,609.8**	**2,625.0**	**2,621.5**	**2,615.6[r]**	**2,589.0[r]**	**2,591.5[r]**	**2,600.7[r]**	**2,598.6**	**2,588.8**	**2,605.2**	**2,587.1**
44 Residual (assets less liabilities)[7]	276.2	283.9	281.6	293.6	299.2	300.1	289.7	298.6	289.6[r]	304.2	301.5	306.4

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks—Continued

Account	Monthly averages								Wednesday figures			
	1998	1998		1999					1999			
	May	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	May 5	May 12	May 19	May 26
	Not seasonally adjusted											
Assets												
45 Bank credit	2,277.6r	2,443.8r	2,456.7r	2,448.5	2,434.1	2,404.7	2,411.8	2,413.5r	2,412.6	2,408.4r	2,410.5	2,405.3
46 Securities in bank credit	528.0	582.4	579.6	569.6	566.4	548.0	546.4	542.6r	541.2	539.7	542.0	542.0
47 U.S. government securities	375.3	386.9	380.9	379.8	381.7r	383.8	381.9	376.8r	375.3	375.4r	377.9	376.9
48 Trading account	22.6	24.6	23.7	25.2	18.6	23.4	25.2	20.8	19.1	19.4	23.0	20.7
49 Investment account	352.7	362.4	357.2	354.6	363.1	360.3	356.6	356.0	356.2	356.0	354.9	356.2
50 Mortgage-backed securities	228.6	260.9	256.1	252.7	250.5	243.9	241.0	238.0r	241.6	240.2	236.3	236.0
51 Other	124.1	101.5	101.0	101.9	112.6	116.4	115.7	118.1	114.6	115.8r	118.6	120.1
52 One year or less	31.8	27.5	26.8	27.7	25.8	24.0	24.5	23.8	23.9	24.0	23.7	23.2
53 One to five years	52.9	38.5	38.7	37.9	47.1	52.5	53.3	54.9	52.6	54.0	55.0r	56.1
54 More than five years	39.4	35.5	35.5	36.3	39.6	39.9	37.9	39.3	38.1	37.7	40.0	40.8
55 Other securities	152.7	195.5	198.7	189.8	184.8	164.2	164.5	165.8	165.9	164.3	164.1	165.1
56 Trading account	72.0	98.4	98.9	91.4	87.5	66.7	66.1	68.3	67.7	66.6	67.2	67.8
57 Investment account	80.6	97.1	99.8	98.4	97.3	97.5	98.4	97.5	98.2	97.7	96.9	97.3
58 State and local government	22.7	24.6	25.0	24.8	24.8	24.9	24.7	24.9	24.8	24.8	24.7	24.8
59 Other	57.9	72.5	74.8	73.6	72.5	72.6	73.7	72.6	73.4	72.9	72.1	72.5
60 Loans and leases in bank credit[2]	1,749.6r	1,861.3	1,877.0	1,878.9r	1,867.7r	1,856.7	1,865.5r	1,870.9	1,871.4	1,868.7	1,868.6r	1,863.2
61 Commercial and industrial	496.4	534.8	534.1	533.8	537.2	544.2	552.4r	551.1	553.9	549.9	549.3	550.6
62 Bankers acceptances	1.2	1.3	1.3	1.3	1.2	1.1	1.1	1.0	1.0	1.1	1.1	1.0
63 Other	495.2	533.5	532.8	532.5	536.0	543.1	551.2	550.1	552.9	548.8	548.2	549.6
64 Real estate	699.1	709.9r	715.6	713.2	708.4	703.1	702.4r	705.5	704.4	710.2	707.1r	700.3
65 Revolving home equity	72.1	71.2	70.7	70.3	69.8	69.5	70.2	70.9	70.6	70.8	71.0	71.1
66 Other	384.7r	394.8	399.4r	395.0	387.7r	381.8	379.0	380.7	380.4	385.3	381.8r	375.3
67 Commercial	242.3	243.8	245.6	247.9	250.9	251.9	253.1	253.9r	253.4	254.1r	254.3	254.0
68 Consumer	301.1	301.8	305.9	310.9	305.0	299.4	298.0	293.9	295.9	294.5	294.4	293.6
69 Security[3]	56.3	82.4	80.9	78.3	74.6	66.0	67.7	69.6	68.4	66.8	67.1	70.7
70 Federal funds sold to and repurchase agreements with broker–dealers	37.7	65.0	63.8	62.0	58.1	48.7	49.7	51.0	49.2	48.5	49.4	51.2
71 Other	18.6	17.4	17.2	16.3	16.4	17.3	18.0	18.6	19.3	18.3	17.7	19.5
72 State and local government	11.5	12.1	11.8	11.7	11.6	11.6	11.7	11.7	11.7	11.8	11.7	11.6
73 Agricultural	10.1	10.2	10.3	10.2	10.0	9.9	10.1	10.0	10.0	10.0	10.0	9.9
74 Federal funds sold to and repurchase agreements with others	5.8	12.4	16.2	12.7	12.1	12.0	11.4	14.1	9.5	10.1	9.7	9.1
75 All other loans	76.2r	95.1	96.4	97.8	94.5	93.9	93.9	95.8	98.7	96.5	100.2	98.1
76 Lease-financing receivables	93.0	102.6	105.8	110.3	114.4	116.5	118.1	119.1	118.9	119.0	119.0	119.3
77 Interbank loans	118.8	122.5	126.8	129.1	128.7	131.2	131.2	136.6	138.4	131.4	139.8	135.1
78 Federal funds sold to and repurchase agreements with commercial banks	67.8	77.8	78.3	82.7	79.8	81.9	81.1	85.3	87.3	80.3	89.2	83.8
79 Other	51.0	44.7	48.5	46.4	49.0	49.3	50.1	51.3	51.1	51.1	50.7	51.3
80 Cash assets[4]	146.9	154.4	162.1	164.1	152.3	146.4	153.0	150.4	154.1	145.9	144.4	141.7
81 Other assets[5]	223.3	226.4	226.6	231.6	240.0	239.2	236.7	235.4r	236.8	237.7	238.1	232.8
82 Total assets[6]	**2,728.4r**	**2,908.9**	**2,934.1**	**2,935.5r**	**2,916.9**	**2,882.9**	**2,894.6**	**2,897.6r**	**2,903.6r**	**2,885.1**	**2,894.5**	**2,876.6**
Liabilities												
83 Deposits	1,639.7	1,692.2	1,707.0r	1,693.0	1,674.9	1,675.9r	1,690.6r	1,664.8r	1,682.8	1,661.3	1,648.6	1,643.1
84 Transaction	381.6	377.8r	394.2	376.3	356.5	358.2r	369.9	350.3r	358.6	343.0	342.0	345.2
85 Nontransaction	1,258.1r	1,314.4	1,312.8	1,316.8r	1,318.4	1,317.7	1,320.7	1,314.5	1,324.3r	1,318.3	1,306.6	1,297.9
86 Large time	221.8	237.8	233.1	231.5	231.7r	226.3	225.3	222.3	225.3	223.0	218.8	220.2
87 Other	1,036.2	1,076.6	1,079.7	1,085.2	1,086.7	1,091.4	1,095.4	1,092.2	1,098.9	1,095.4r	1,087.8	1,077.6
88 Borrowings	567.6	627.9	636.2	644.9	631.0	621.9	622.4	634.7r	629.9	630.7	645.0	633.2
89 From banks in the U.S.	192.1	209.7	213.7	218.4	215.9	211.1	208.6	215.4r	209.7	209.8	220.8	212.1
90 From nonbanks in the U.S.	375.5	418.2	422.5	426.5	415.1	410.8	413.9	419.3	420.2	420.9	424.2	421.1
91 Net due to related foreign offices	77.1	110.1	107.8	109.0	120.2	113.1	109.1	121.6	118.8	110.0	124.6	125.0
92 Other liabilities	170.1	195.6	197.9	200.0	196.9	176.2	177.3	180.6	177.0	185.9	180.6	178.0
93 Total liabilities	**2,454.5**	**2,625.7**	**2,648.9r**	**2,646.9r**	**2,623.1r**	**2,587.1**	**2,599.4r**	**2,601.7r**	**2,608.6**	**2,587.8**	**2,598.8**	**2,579.3**
94 Residual (assets less liabilities)[7]	273.9	283.2	285.3	288.6	293.9	295.8	295.2	295.9	294.9	297.3	295.7	297.3
MEMO												
95 Revaluation gains on off-balance-sheet items[8]	45.6	64.3	66.7	66.5	64.9	46.8	48.3	50.6	49.1	48.2	49.6	51.0
96 Revaluation losses on off-balance-sheet items[8]	47.1	66.6	68.3	67.2	65.4	46.6	49.0	52.5	51.2	50.5	50.7	53.1
97 Mortgage-backed securities[9]	250.5	289.6	286.6	282.2	279.2	272.3r	269.4	265.6r	269.9	268.8r	263.6	263.0
98 Pass-through securities	167.9	199.1	197.2	194.3	189.6	182.5	179.5	176.9r	179.4	178.2	175.9	175.9
99 CMOs, REMICs, and other mortgage-backed securities	82.6	90.6	89.5	87.9	89.6	89.7	89.9	88.7	90.5	90.5	87.7	87.1
100 Net unrealized gains (losses) on available-for-sale securities[10]	2.8	3.1	3.0	3.0	2.3	.6	.9	.5	.8	.7	.7	.7
101 Offshore credit to U.S. residents[11]	36.0	39.1	38.5	38.9	38.9	39.0	37.9	37.7	38.8	38.6	37.8	36.4

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								Wednesday figures			
	1998	1998		1999					1999			
	May	Nov.	Dec.	Jan.	Feb	Mar.	Apr.	May	May 5	May 12	May 19	May 26
	Seasonally adjusted											
Assets												
1 Bank credit	1,392.5	1,486.6r	1,507.2	1,513.1r	1,520.6r	1,529.1	1,534.6r	1,543.3r	1,538.5r	1,540.9	1,542.9r	1,546.0
2 Securities in bank credit	397.2	429.1	436.6	439.1	442.1	445.2r	446.7r	450.6r	448.5r	450.1r	450.8r	451.5
3 U.S. government securities	307.3	325.5	329.6	331.0	331.8	334.4	335.1r	338.0r	336.3r	337.5r	338.1r	338.4
4 Other securities	89.8	103.6	107.0	108.1	110.3	110.8	111.6	112.6	112.3	112.7	112.8	113.0
5 Loans and leases in bank credit[2]	995.3r	1,057.5r	1,070.6r	1,074.0r	1,078.6	1,083.8r	1,087.9r	1,092.7r	1,090.0r	1,090.8r	1,092.0	1,094.5
6 Commercial and industrial	180.3r	194.1r	197.0r	198.0r	198.2r	199.2r	200.7r	202.5r	201.6r	202.0r	202.4r	203.3
7 Real estate	542.8	587.2r	597.3r	602.8r	606.8r	610.1r	612.6r	616.6r	615.0r	616.0r	616.3r	617.0
8 Revolving home equity	28.0	28.6	28.6	28.6	28.3	28.4	28.6	29.1	29.0	29.0	29.1	29.2
9 Other	514.9r	558.6r	568.7r	574.3r	578.5r	581.7r	584.0r	587.5r	586.0r	587.0r	587.2r	587.8
10 Consumer	197.2	196.1r	197.5	196.0	196.4	197.7	199.8	200.0	199.8	199.5	199.8	200.7
11 Security[3]	5.8	6.7	6.4	6.1	6.0	6.0	5.8	5.3	5.4	5.2	5.2	5.2
12 Other loans and leases	69.3	73.4	72.5	71.1r	71.1	70.8r	69.2r	68.3	68.1r	68.1r	68.3	68.4
13 Interbank loans	63.6	69.2	65.7	67.3	66.7	63.4	61.5	57.3	58.5	56.0r	57.1	59.0
14 Cash assets[4]	65.7	69.8	70.2	70.4	70.6	71.4	70.5	73.4	73.0r	72.8	73.6	71.6
15 Other assets[5]	57.0	71.3	73.5	76.7	75.6	75.5	75.6r	77.6r	73.9r	79.1r	79.6r	77.8
16 **Total assets[6]**	**1,559.8**	**1,677.4r**	**1,697.0**	**1,708.0r**	**1,714.0r**	**1,719.8r**	**1,722.4r**	**1,731.6r**	**1,723.9**	**1,728.8r**	**1,733.1r**	**1,734.3**
Liabilities												
17 Deposits	1,254.2	1,331.2r	1,349.7r	1,360.7r	1,372.3	1,371.6r	1,370.8r	1,372.5r	1,371.8	1,370.8r	1,370.4r	1,373.0
18 Transaction	282.6	286.8	289.6r	288.3	288.6r	292.0	286.3	287.3	283.2	285.8r	287.0r	294.4
19 Nontransaction	971.6	1,044.4	1,060.1	1,072.4	1,083.6r	1,079.6r	1,084.5r	1,085.2r	1,088.5r	1,085.0r	1,083.4	1,078.6
20 Large time	184.8	194.6	192.3	189.5	192.9	194.3	195.9	198.2	197.0	197.7	198.9	198.8
21 Other	786.8r	849.8	867.8	882.9	890.7	885.4	888.7	887.0	891.5	887.4	884.5r	879.8
22 Borrowings	155.6	178.5	183.7	180.7	184.6	188.8	187.1	193.4	188.2	191.1	194.6	196.9
23 From banks in the U.S.	70.6	84.0	86.3	82.8	84.1	85.1	83.4	87.1r	84.0	85.5	88.3	89.1
24 From others	85.0	94.5	97.4	98.0	100.5	103.6	103.7	106.2	104.2	105.5	106.3	107.7
25 Net due to related foreign offices	3.8	3.6	3.6	3.0	3.2	4.5	4.9	5.0	4.8	4.8	4.8	5.6
26 Other liabilities	27.3	30.7	31.1	31.0	30.3	30.2	30.9	31.4	30.7	31.4	31.6r	31.6
27 **Total liabilities**	**1,440.8r**	**1,544.0r**	**1,568.1r**	**1,575.5**	**1,590.4**	**1,595.2**	**1,593.7r**	**1,602.3r**	**1,595.4r**	**1,598.1r**	**1,601.4r**	**1,607.1**
28 Residual (assets less liabilities)[7]	119.0	133.4	128.8	132.6	123.6	124.6	128.7	129.3	128.4	130.7	131.7r	127.2
	Not seasonally adjusted											
Assets												
29 Bank credit	1,401.9r	1,483.8r	1,505.5	1,506.6r	1,509.9r	1,523.4	1,539.7r	1,553.4r	1,547.7r	1,552.1	1,553.3r	1,556.3
30 Securities in bank credit	402.2	426.8	436.2	438.4	439.9	446.8	451.6r	456.0r	454.2r	456.8r	456.1r	456.7
31 U.S. government securities	311.6	323.2	329.5	330.4	330.2	335.9r	339.3r	342.6r	341.2r	343.1r	342.5r	342.8
32 Other securities	90.6	103.6	106.7	108.0	109.7	110.8	112.3	113.4	113.0	113.6	113.6	113.9
33 Loans and leases in bank credit[2]	999.8	1,057.0r	1,069.3	1,068.2r	1,070.1	1,076.6	1,088.1	1,097.4r	1,093.4	1,095.4r	1,097.2	1,099.6
34 Commercial and industrial	182.7r	192.7r	196.1r	197.3r	197.9r	199.8r	202.7r	205.1r	204.3r	204.7r	205.1r	205.7
35 Real estate	545.0r	587.6r	595.7r	598.9r	602.0r	606.5r	612.4r	619.0r	616.1r	618.1r	618.8r	620.2
36 Revolving home equity	27.9	28.9	28.8	28.6	28.3	28.2	28.5	29.1	28.9	29.0	29.1	29.1
37 Other	517.1r	558.7r	566.8r	570.4r	573.8r	578.3r	583.9r	589.9r	587.2r	589.1r	589.8r	591.0
38 Consumer	197.0	196.9	199.5	196.9	195.9	195.5r	198.7	199.7	199.6	199.4	199.8	200.2
39 Security[3]	5.8	6.7	6.4	6.1	6.0	6.0	5.8	5.3	5.4	5.2	5.2	5.2
40 Other loans and leases	69.3	73.1	71.6r	69.0r	68.2r	68.7	68.5r	68.3r	68.0	68.0	68.3r	68.4
41 Interbank loans	58.6	77.2	70.7	67.4	66.6	66.4	62.4	53.2	55.9	52.4	52.3	52.0
42 Cash assets[4]	65.3	71.9	73.6	73.6	71.6	69.9	70.5	73.0	73.3	70.3	70.7	70.6
43 Other assets[5]	57.0	72.7	73.4	73.6	74.4	74.2	76.0r	77.6r	76.1r	78.8r	76.8r	76.7
44 **Total assets[6]**	**1,563.8**	**1,686.1**	**1,703.5r**	**1,701.7r**	**1,703.0**	**1,714.2r**	**1,728.7r**	**1,737.1r**	**1,733.0**	**1,733.7r**	**1,733.0r**	**1,735.5**
Liabilities												
45 Deposits	1,257.8r	1,343.4r	1,355.7r	1,353.4	1,354.8r	1,364.7	1,376.0r	1,375.1r	1,376.4	1,372.3r	1,369.5r	1,370.2
46 Transaction	280.0	290.5	300.4	292.8	286.9	290.7	290.0	284.9r	285.2	281.9	281.5r	286.7
47 Nontransaction	977.8r	1,053.0	1,055.3r	1,060.6	1,067.9	1,074.0	1,086.0	1,090.2	1,091.2	1,090.5	1,088.0	1,083.5
48 Large time	184.8	194.6	192.3	189.5	192.9	194.3	195.9	198.2	197.0	197.7	198.9	198.8
49 Other	793.1	858.4	863.0	871.1	875.0	879.7	890.1	892.0	894.2	892.8r	889.1	884.7
50 Borrowings	155.8	180.6	185.7	181.2	182.0	183.2	184.5	193.7r	189.2	192.2	195.4	196.8
51 From banks in the U.S.	70.5	85.7	88.3	83.5	82.9	82.8	81.7	87.0	83.9	85.5	88.5	89.0
52 From others	85.4	94.9	97.4	97.7	99.1	100.5r	102.8	106.8	105.4	106.7	106.9	107.9
53 Net due to related foreign offices	3.8	3.6	3.6	3.0	3.2	4.5	4.9	5.0	4.8	4.8	4.8	5.6
54 Other liabilities	27.5	30.1	30.5	31.6	31.1	30.8	31.6	31.6	31.2	31.8	31.6r	31.7
55 **Total liabilities**	**1,445.0**	**1,557.7r**	**1,575.5**	**1,569.2r**	**1,571.1r**	**1,583.2r**	**1,597.0r**	**1,605.4r**	**1,601.6r**	**1,601.2r**	**1,601.3r**	**1,604.3**
56 Residual (assets less liabilities)[7]	118.8	128.4	128.1	132.5	131.8	131.0	131.7	131.6	131.4	132.5	131.7r	131.2
MEMO												
57 Mortgage-backed securities[9]	46.7	56.3	58.7	59.4	60.4	61.4	62.2	65.2r	64.9r	65.3r	64.8r	65.1

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			
	1998	1998		1999					1999			
	May	Nov.	Dec	Jan.	Feb.[r]	Mar[r]	Apr.[r]	May	May 5	May 12	May 19	May 26
	Seasonally adjusted											
Assets												
1 Bank credit	569.9	610.5[r]	597.6[r]	582.8[r]	568.9	554.6	551.9	542.9	549.8	543.5	538.1	543.9
2 Securities in bank credit	202.4	215.1[r]	212.7[r]	210.9[r]	204.2	198.7	200.8	197.4	200.1	196.0	195.0	198.5
3 U.S. government securities	89.2[r]	81.9[r]	82.1[r]	83.9[r]	83.0	84.4	87.9	85.6	86.8	85.1	83.6	86.5
4 Other securities	113.3[r]	133.3[r]	130.6[r]	127.0[r]	121.2	114.3	112.9	111.8	113.3	110.9	111.5	112.0
5 Loans and leases in bank credit[2]	367.4	395.4	384.8	371.9[r]	364.7	355.9	351.0	345.5	349.7	347.5	343.0	345.4
6 Commercial and industrial	212.5	223.3	217.3	212.6[r]	211.1	209.4	206.6	199.4	203.0	201.1	199.2	196.9
7 Real estate	24.6	22.6	21.7	21.8	21.6	21.7	21.9	21.7	21.7	21.7	21.8	21.8
8 Security[3]	59.6	65.2	65.9	62.9	59.2	50.6	51.3	52.5	53.4	53.7	49.6	54.4
9 Other loans and leases	70.7	84.3	79.9	74.5	72.8	74.3	71.2	71.8	71.6	71.0	72.5	72.3
10 Interbank loans	21.8	27.2	28.0	29.5	31.9	26.3	26.1	27.6	23.9	28.5	28.7	26.9
11 Cash assets[4]	34.7	34.9	35.8	36.4	36.2	37.1	37.8	39.0	39.7	38.7	39.1	38.6
12 Other assets[5]	35.1	36.9	38.4	38.5	37.8	37.7	37.5	35.4	36.0	36.5	35.3	36.2
13 **Total assets**[6]	**661.2**	**709.3**[r]	**699.6**[r]	**687.0**[r]	**674.6**	**655.5**	**653.0**	**644.7**	**649.0**	**646.9**	**640.9**	**645.2**
Liabilities												
14 Deposits	296.4	315.4	308.6	318.3	321.2	311.5	315.7	313.8	314.8	313.7	318.0	312.2
15 Transaction	11.7	12.8	11.5	12.9	13.9	13.1	12.7	13.1	12.3	13.5	13.6	12.3
16 Nontransaction	284.8	302.6	297.1	305.3	307.3	298.4	302.9	300.7	302.5	300.2	304.4	299.9
17 Borrowings	182.2	214.6	203.7	193.6	180.9	174.2	174.2	174.9	175.7	172.8	171.9	179.2
18 From banks in the U.S.	22.0	32.1	27.2	21.5	18.0	24.3	21.5	21.2	21.1	19.8	19.5	24.1
19 From others	160.2	182.5	176.5	172.2	162.9	149.8	152.7	153.7	154.6	153.0	152.4	155.0
20 Net due to related foreign offices	103.8	99.2	101.5	101.7	100.1	99.5	95.0	85.7	91.7	90.8	80.3	77.9
21 Other liabilities	68.4	76.2	76.7	74.2[r]	70.3	68.0	67.5	60.9	62.5	60.2	60.0	60.7
22 **Total liabilities**	**650.8**	**705.4**	**690.5**	**687.8**[r]	**672.4**	**653.2**	**652.3**	**635.3**	**644.7**	**637.4**	**630.1**	**630.0**
23 Residual (assets less liabilities)[7]	10.4	3.9[r]	9.1[r]	−.9[r]	2.2	2.3	.7	9.4	4.3	9.5	10.7	15.2
	Not seasonally adjusted											
Assets												
24 Bank credit	564.7	613.7[r]	600.4[r]	586.2[r]	572.7	556.2	549.0	537.5	546.6	538.2	530.9	536.2
25 Securities in bank credit	201.0	218.4	211.4	211.2	205.9	199.8	199.2	195.6	199.1	194.2	191.8	196.0
26 U.S. government securities	89.9[r]	82.3[r]	82.3[r]	83.6[r]	83.4	85.2	87.6	86.4	88.7	85.7	83.8	86.9
27 Trading account	20.9	14.1	15.2	17.5	18.5	19.9	21.3	18.3	20.0	17.7	16.2	19.1
28 Investment account	69.0[r]	68.1[r]	67.1[r]	66.0[r]	64.9	65.3	66.3	68.0	68.8	68.0	67.7	67.8
29 Other securities	111.1[r]	136.1[r]	129.0[r]	127.6[r]	122.5	114.6	111.7	109.2	110.4	108.5	107.9	109.0
30 Trading account	66.7	84.8	78.9	79.1	75.4	71.4	69.8	69.0	70.0	68.3	67.9	69.4
31 Investment account	44.4[r]	51.3[r]	50.2[r]	48.5[r]	47.1	43.2	41.9	40.2	40.4	40.2	40.0	39.7
32 Loans and leases in bank credit[2]	363.7	395.4	389.0[r]	375.1[r]	366.8	356.4	349.8	342.0	347.5	344.0	339.1	340.2
33 Commercial and industrial	210.0	224.5	220.1	214.4[r]	212.9	209.7	205.2	196.8	200.9	198.4	196.7	193.3
34 Real estate	24.3	22.9	21.8	22.0	22.0	21.7	21.6	21.5	21.5	21.5	21.5	21.5
35 Security[3]	59.2	64.5	66.4	62.8	58.8	51.3	51.3	52.2	53.6	53.3	49.1	54.1
36 Other loans and leases	70.2	83.5	80.8	75.8	73.0	73.7	71.7	71.5	71.5	70.8	71.9	71.4
37 Interbank loans	21.8	27.2	28.0	29.5	31.9	26.3	26.1	27.6	23.9	28.5	28.7	26.9
38 Cash assets[4]	34.4	35.5	37.3	36.9	35.5	36.0	36.5	38.6	38.8	37.9	38.5	38.2
39 Other assets[5]	34.5	37.1	39.9	38.8	38.9	38.3	35.8	34.7	35.1	36.1	34.5	35.1
40 **Total assets**[6]	**655.2**	**713.3**	**705.4**	**691.2**[r]	**678.8**	**656.6**	**647.1**	**638.2**	**644.0**	**640.4**	**632.4**	**636.1**
Liabilities												
41 Deposits	298.7	315.0	312.2	315.7	320.0	314.8	315.1	316.1	316.4	315.1	319.0	316.6
42 Transaction	11.4	12.7	11.9	13.0	13.7	13.3	12.5	12.8	12.2	13.0	13.2	12.2
43 Nontransaction	287.3	302.3	300.3	302.7	306.3	301.5	302.5	303.3	304.2	302.0	305.8	304.4
44 Borrowings	182.2	214.6	203.7	193.6	180.9	174.2	174.2	174.9	175.7	172.8	171.9	179.2
45 From banks in the U.S.	22.0	32.1	27.2	21.5	18.0	24.3	21.5	21.2	21.1	19.8	19.5	24.1
46 From others	160.2	182.5	176.5	172.2	162.9	149.8	152.7	153.7	154.6	153.0	152.4	155.0
47 Net due to related foreign offices	102.1	102.6	107.7	104.4	103.7	97.7	89.4	83.8	87.8	89.5	79.0	76.8
48 Other liabilities	67.9	77.1	78.1	74.4[r]	71.8	68.0	66.4	60.4	61.9	60.0	59.3	60.1
49 **Total liabilities**	**650.8**	**709.4**	**701.7**	**688.2**	**676.4**	**654.7**	**645.1**	**635.2**	**641.7**	**637.4**	**629.2**	**632.7**
50 Residual (assets less liabilities)[7]	4.4	3.9	3.7	3.0[r]	2.4	1.9	2.1	3.0	2.3	3.1	3.2	3.4
MEMO												
51 Revaluation gains on off-balance-sheet items[8]	40.3	48.6	48.1	45.9	43.5	40.2	38.8	36.8	37.7	36.4	36.2	36.9
52 Revaluation losses on off-balance-sheet items[8]	38.7	44.9	44.5	42.2	41.3	39.1	38.8	35.9	37.0	35.4	35.3	35.9

Footnotes appear on p. A21.

NOTES TO TABLE 1.26

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

A. Commercial Paper

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					1998		1999			
	1994	1995	1996	1997	1998	Nov.	Dec.	Jan.	Feb.	Mar	Apr.
1 **All issuers**	**595,382**	**674,904**	**775,371**	**966,699**	**1,163,303**	**1,159,027**	**1,163,303**	**1,178,168**	**1,178,303**	**1,204,627**	**1,219,789**
Financial companies[1]											
2 Dealer-placed paper, total[2]	223,038	275,815	361,147	513,307	614,142	621,246	614,142	629,569	615,053	684,616	697,030
3 Directly placed paper, total[3]	207,701	210,829	229,662	252,536	322,030	304,545	322,030	314,601	320,468	276,424	276,721
4 Nonfinancial companies[4]	164,643	188,260	184,563	200,857	227,132	233,236	227,132	233,998	242,782	243,587	246,038

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	1995	1996	1997	1998
1 **Total amount of reporting banks' acceptances in existence**	**29,242**	**25,832**	**25,774**	**14,363**
2 Amount of other banks' eligible acceptances held by reporting banks	1,249	709	736	523
3 Amount of own eligible acceptances held by reporting banks (included in item 1)	10,516	7,770	6,862	4,884
4 Amount of eligible acceptances representing goods stored in, or shipped between, foreign countries (included in item 1)	11,373	9,361	10,467	5,413

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 65 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
1996—Jan. 1	8.50	1996	8.27	1997—Jan.	8.25	1998—Jan.	8.50
Feb. 1	8.25	1997	8.44	Feb.	8.25	Feb.	8.50
		1998	8.35	Mar.	8.30	Mar.	8.50
1997—Mar. 26	8.50			Apr.	8.50	Apr.	8.50
		1996—Jan.	8.50	May	8.50	May	8.50
1998—Sept. 30	8.25	Feb.	8.25	June	8.50	June	8.50
Oct. 16	8.00	Mar.	8.25	July	8.50	July	8.50
Nov 18	7.75	Apr.	8.25	Aug.	8.50	Aug.	8.50
		May	8.25	Sept.	8.50	Sept.	8.49
		June	8.25	Oct.	8.50	Oct.	8.12
		July	8.25	Nov.	8.50	Nov.	7.89
		Aug.	8.25	Dec.	8.50	Dec.	7.75
		Sept.	8.25				
		Oct.	8.25			1999—Jan.	7.75
		Nov.	8.25			Feb.	7.75
		Dec.	8.25			Mar.	7.75
						Apr.	7.75
						May	7.75
						June	7.75

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

1.35 INTEREST RATES Money and Capital Markets

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

Item	1996	1997	1998	1999 Feb.	1999 Mar.	1999 Apr.	1999 May	1999, week ending Apr. 30	May 7	May 14	May 21	May 28
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.30	5.46	5.35	4.76	4.81	4.74	4.74	4.79	4.90	4.70	4.76	4.73
2 Discount window borrowing[2,4]	5.02	5.00	4.92	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	n.a.	5.57	5.40	4.80	4.82	4.79	4.79	4.77	4.79	4.78	4.80	4.81
4 2-month	n.a.	5.57	5.38	4.80	4.82	4.78	4.80	4.77	4.78	4.78	4.83	4.82
5 3-month	n.a.	5.56	5.34	4.79	4.81	4.79	4.81	4.77	4.79	4.79	4.83	4.84
Financial												
6 1-month	n.a.	5.59	5.42	4.82	4.84	4.80	4.80	4.79	4.80	4.79	4.81	4.81
7 2-month	n.a.	5.59	5.40	4.82	4.83	4.80	4.82	4.78	4.80	4.80	4.83	4.85
8 3-month	n.a.	5.60	5.37	4.82	4.84	4.80	4.83	4.79	4.80	4.81	4.84	4.86
Commercial paper (historical)[3,5,7]												
9 1-month	5.43	5.54	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 3-month	5.41	5.58	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 6-month	5.42	5.62	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Finance paper, directly placed (historical)[3,5,8]												
12 1-month	5.31	5.44	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 3-month	5.29	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 6-month	5.21	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bankers acceptances[3,5,9]												
15 3-month	5.31	5.54	5.39	4.79	4.82	4.80	4.86	4.80	4.82	4.84	4.89	4.87
16 6-month	5.31	5.57	5.30	4.74	4.82	4.80	4.89	4.80	4.84	4.86	4.94	4.91
Certificates of deposit, secondary market[3,10]												
17 1-month	5.35	5.54	5.49	4.86	4.88	4.84	4.84	4.83	4.83	4.83	4.86	4.86
18 3-month	5.39	5.62	5.47	4.90	4.91	4.88	4.92	4.87	4.88	4.89	4.94	4.96
19 6-month	5.47	5.73	5.44	4.95	4.98	4.94	5.03	4.94	4.96	4.97	5.07	5.10
20 Eurodollar deposits, 3-month[3,11]	5.38	5.61	5.45	4.86	4.88	4.87	4.90	4.87	4.87	4.87	4.91	4.94
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	5.01	5.06	4.78	4.44	4.44	4.29	4.50	4.39	4.49	4.48	4.51	4.52
22 6-month	5.08	5.18	4.83	4.44	4.47	4.37	4.56	4.43	4.50	4.52	4.60	4.62
23 1-year	5.22	5.32	4.80	4.48	4.53	4.45	4.60	4.49	4.54	4.55	4.63	4.66
Auction high[3,5,12]												
24 3-month	5.02	5.07	4.81	4.45	4.48	4.28	4.51	4.34	4.48	4.48	4.57	4.50
25 6-month	5.09	5.18	4.85	4.43	4.52	4.36	4.55	4.41	4.50	4.51	4.63	4.57
26 1-year	5.23	5.36	4.85	4.37	4.67	4.50	4.63	4.49	n.a.	n.a.	n.a.	4.63
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.52	5.63	5.05	4.70	4.78	4.69	4.85	4.73	4.78	4.79	4.89	4.93
28 2-year	5.84	5.99	5.13	4.88	5.05	4.98	5.25	5.03	5.13	5.19	5.34	5.35
29 3-year	5.99	6.10	5.14	4.90	5.11	5.03	5.33	5.10	5.21	5.27	5.42	5.43
30 5-year	6.18	6.22	5.15	4.91	5.14	5.08	5.44	5.15	5.32	5.39	5.53	5.51
31 7-year	6.34	6.33	5.28	5.10	5.36	5.28	5.64	5.32	5.51	5.60	5.73	5.73
32 10-year	6.44	6.35	5.26	5.00	5.23	5.18	5.54	5.26	5.45	5.53	5.61	5.56
33 20-year	6.83	6.69	5.72	5.66	5.87	5.82	6.08	5.85	6.01	6.09	6.12	6.11
34 30-year	6.71	6.61	5.58	5.37	5.58	5.55	5.81	5.58	5.74	5.83	5.85	5.80
Composite												
35 More than 10 years (long-term)	6.80	6.67	5.69	5.60	5.81	5.77	6.04	5.80	5.97	6.04	6.07	6.06
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	5.52	5.32	4.93	4.80	4.96	4.89	n.a.	4.86	5.00	n.a.	n.a.	n.a.
37 Baa	5.79	5.50	5.14	5.21	5.32	5.27	n.a.	5.27	5.39	n.a.	n.a.	n.a.
38 *Bond Buyer* series[15]	5.76	5.52	5.09	5.03	5.10	5.08	5.18	5.07	5.15	5.14	5.21	5.23
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	7.66	7.54	6.87	6.89	7.07	7.05	7.32	7.09	7.24	7.29	7.37	7.39
Rating group												
40 Aaa	7.37	7.27	6.53	6.40	6.62	6.64	6.93	6.68	6.85	6.91	6.99	6.99
41 Aa	7.55	7.48	6.80	6.79	6.98	6.96	7.23	7.00	7.14	7.21	7.28	7.30
42 A	7.69	7.54	6.93	6.97	7.14	7.13	7.40	7.17	7.31	7.37	7.46	7.47
43 Baa	8.05	7.87	7.22	7.39	7.53	7.48	7.72	7.50	7.64	7.69	7.77	7.79
MEMO												
Dividend–price ratio[17]												
44 Common stocks	2.19	1.77	1.49	1.32	1.30	1.24	1.24	1.23	1.23	1.22	1.24	1.28

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

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.

1.36 STOCK MARKET Selected Statistics

Indicator	1996	1997	1998	1998 Sept.	1998 Oct.	1998 Nov	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May
	Prices and trading volume (averages of daily figures)[1]											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	357.98	456.99	550.65	506.56	511.49	564.26	576.05	595.43	588.70	603.69	627.75	635.62
2 Industrial	453.57	574.97	684.35	629.51	636.62	704.46	717.14	741.43	736.20	751.93	780.84	791.72
3 Transportation	327.30	415.08	468.61	408.75	396.61	442.95	456.70	479.72	477.47	491.25	523.08	537.88
4 Utility	126.36	143.87	190.52	186.17	195.09	206.29	215.57	224.75	218.24	218.11	228.48	242.98
5 Finance	303.94	424.84	516.65	454.28	448.12	501.45	510.31	523.38	514.75	544.08	564.99	562.66
6 Standard & Poor's Corporation (1941–43 = 10)[2]	670.49	873.43	1,085.50	1,020.64	1,032.47	1,144.43	1,190.05	1,248.77	1,246.58	1,281.66	1,334.76	1,332.07
7 American Stock Exchange (Aug. 31, 1973 = 50)[3]	570.86	628.34	682.69	621.48	607.16	667.60	660.76	704.22	699 15	711.08	748.29	787.02
Volume of trading (thousands of shares)												
8 New York Stock Exchange	409,740	523,254	666,534	790,238	808,816	668,932	680,397	847,135	756,932	776,538	874,818	785,778
9 American Stock Exchange	22,567	24,390	28,870	33,331	31,946	27,266	28,756	31,015	31,774	29,563	38,895	35,241
	Customer financing (millions of dollars, end-of-period balances)											
10 Margin credit at broker–dealers[4]	**97,400**	**126,090**	**140,980**	**137,540**	**130,160**	**139,710**	**140,980**	**153,240**	**151,530**	**156,440**	**172,880**	**177,984**
Free credit balances at brokers[5]												
11 Margin accounts[6]	22,540	31,410	40,250	41,970	43,500	40,620	40,250	36,880	38,850	40,120	41,200	41,250
12 Cash accounts	40,430	52,160	62,450	54,240	54,610	56,170	62,450	59,600	57,910	59,435	60,870	61,665

	Margin requirements (percent of market value and effective date)[7]					
	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 Daily data on prices are available upon request to the Board of Governors. For ordering address, see inside front cover.

2. 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.

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

4 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.

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

6. Series initiated in June 1984.

7. 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					
	1996	1997	1998	1998	1999				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
U.S. budget[1]									
1 Receipts, total	1,453,062	1,579,292	1,721,798	178,646	171,722	99,414	130,292	266,142	98,587
2 On-budget	1,085,570	1,187,302	1,305,999	143,337	129,921	65,058	92,425	219,403	62,646
3 Off-budget	367,492	391,990	415,799	35,309	41,801	34,356	37,867	46,739	35,941
4 Outlays, total	1,560,512	1,601,235	1,652,552	183,802	101,217	141,760	152,701	152,683	122,556
5 On-budget	1,259,608	1,290,609	1,335,948	149,138	102,320	110,486	121,999	123,376	91,358
6 Off-budget	300,904	310,626	316,604	34,655	−1,103	31,274	30,702	29,307	31,197
7 Surplus or deficit (−), total	−107,450	−21,943	69,246	−5,156	70,505	−42,345	−22,409	113,459	−23,969
8 On-budget	−174,038	−103,307	−29,949	−5,801	27,601	−45,428	−29,574	96,027	−28,712
9 Off-budget	66,588	81,364	99,195	654	42,904	3,082	7,165	17,432	4,744
Source of financing (total)									
10 Borrowing from the public	129,712	38,171	−51,049	−5,390	−31,249	1,688	37,013	−85,208	−551
11 Operating cash (decrease, or increase (−))	−6,276	604	4,743	−1,621	−39,567	52,432	−16,988	−36,512	32,495
12 Other[2]	−15,986	−16,832	−22,940	12,167	311	−11,775	2,384	8,261	−7,975
MEMO									
13 Treasury operating balance (level, end of period)	44,225	43,621	38,878	17,503	57,070	4,638	21,626	58,138	25,643
14 Federal Reserve Banks	7,700	7,692	4,952	6,086	7,623	4,538	5,374	10,040	5,506
15 Tax and loan accounts	36,525	35,930	33,926	11,417	49,446	100	16,252	48,098	20,586

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

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

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

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1997	1998	1997		1998		1999		
			H1	H2	H1	H2	Mar.	Apr.	May
RECEIPTS									
1 **All sources**	**1,579,292**	**1,721,798**	**845,527**	**773,810**	**922,630**	**825,057**	**130,292**	**266,142**	**98,587**
2 Individual income taxes, net	737,466	828,586	400,436	354,072	447,514	392,332	50,468	164,832	30,585
3 Withheld	580,207	646,483	292,252	306,865	316,309	339,144	69,559	55,484	50,727
4 Nonwithheld	250,753	281,527	191,050	58,069	219,136	65,204	7,245	145,935	4,119
5 Refunds	93,560	99,476	82,926	10,869	87,989	12,032	26,351	36,600	24,273
Corporation income taxes									
6 Gross receipts	204,493	213,249	106,451	104,659	109,353	104,163	23,131	27,118	5,176
7 Refunds	22,198	24,593	9,635	10,135	14,220	14,250	4,578	5,419	1,229
8 Social insurance taxes and contributions, net	539,371	571,831	288,251	260,795	312,713	268,466	49,216	65,162	53,698
9 Employment taxes and contributions[2]	506,751	540,014	268,357	247,794	293,520	256,142	48,592	60,186	45,617
10 Unemployment insurance	28,202	27,484	17,709	10,724	17,080	10,121	269	4,547	7,731
11 Other net receipts[3]	4,418	4,333	2,184	2,280	2,112	2,202	355	428	350
12 Excise taxes	56,924	57,673	28,084	31,133	29,922	33,366	5,880	5,579	4,978
13 Customs deposits	17,928	18,297	8,619	9,679	8,546	9,838	1,546	1,350	1,256
14 Estate and gift taxes	19,845	24,076	10,477	10,262	12,971	12,359	2,172	5,138	1,942
15 Miscellaneous receipts[4]	25,465	32,658	12,866	13,348	15,829	18,735	2,457	2,383	2,181
OUTLAYS									
16 **All types**	**1,601,235**	**1,652,552**	**797,418**	**824,368**	**815,884**	**877,412**	**152,701**	**152,683**	**122,556**
17 National defense	270,473	268,456	132,698	140,873	129,351	140,196	25,469	25,433	19,211
18 International affairs	15,228	13,109	5,740	9,420	4,610	8,297	949	1,686	640
19 General science, space, and technology	17,174	18,219	8,938	10,040	9,426	10,142	1,663	1,565	1,581
20 Energy	1,483	1,270	803	411	957	699	588	−156	104
21 Natural resources and environment	21,369	22,396	9,628	11,106	10,051	12,671	1,862	1,611	1,595
22 Agriculture	9,032	12,206	1,465	10,590	2,387	16,757	1,046	666	487
23 Commerce and housing credit	−14,624	1,014	−7,575	−3,526	−2,483	4,046	−1,474	−536	989
24 Transportation	40,767	40,332	16,847	20,414	16,196	20,834	2,636	2,737	3,010
25 Community and regional development	11,005	9,720	5,678	5,749	4,863	6,972	1,148	684	906
26 Education, training, employment, and social services	53,008	54,919	25,080	26,851	25,928	27,760	6,319	4,202	4,464
27 Health	123,843	131,440	61,809	63,552	65,053	67,836	11,988	12,284	10,657
28 Social security and Medicare	555,273	572,047	278,863	283,109	286,305	316,809	49,846	51,816	44,519
29 Income security	230,886	233,202	124,034	106,353	125,196	109,481	27,065	24,420	12,880
30 Veterans benefits and services	39,313	41,781	17,697	22,077	19,615	22,750	3,693	5,498	1,893
31 Administration of justice	20,197	22,832	10,670	10,212	11,287	12,041	2,180	2,625	1,886
32 General government	12,768	13,444	6,623	7,302	6,139	9,136	1,130	929	621
33 Net interest[5]	244,013	243,359	122,655	122,620	122,345	116,954	19,970	20,195	19,976
34 Undistributed offsetting receipts[6]	−49,973	−47,194	−24,235	−22,795	−21,340	−25,795	−3,376	−2,976	−2,864

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 2000*; monthly and half-year totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1997				1998				1999
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**5,415**	**5,410**	**5,446**	**5,536**	**5,573**	**5,578**	**5,556**	**5,643**	**5,726**
2 Public debt securities	5,381	5,376	5,413	5,502	5,542	5,548	5,526	5,614	5,652
3 Held by public	3,874	3,805	3,815	3,847	3,872	3,790	3,761	3,787	n.a.
4 Held by agencies	1,507	1,572	1,599	1,656	1,670	1,758	1,766	1,827	n.a.
5 Agency securities	34	34	33	34	31	30	29	29	74
6 Held by public	26	26	26	27	26	26	26	29	n.a.
7 Held by agencies	8	7	7	7	5	4	4	1	n.a.
8 **Debt subject to statutory limit**	**5,294**	**5,290**	**5,328**	**5,417**	**5,457**	**5,460**	**5,440**	**5,530**	**5,566**
9 Public debt securities	5,294	5,290	5,328	5,416	5,456	5,460	5,439	5,530	5,566
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	5,500	5,500	5,950	5,950	5,950	5,950	5,950	5,950	5,950

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

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

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

Billions of dollars, end of period

Type and holder	1995	1996	1997	1998	1998			1999
					Q2	Q3	Q4	Q1
1 **Total gross public debt**	**4,988.7**	**5,323.2**	**5,502.4**	**5,614.2**	**5,547.9**	**5,526.2**	**5,614.2**	**5,651.6**
By type								
2 Interest-bearing	4,964.4	5,317.2	5,494.9	5,605.4	5,540.2	5,518.7	5,605.4	5,643.1
3 Marketable	3,307.2	3,459.7	3,456.8	3,355.5	3,369.5	3,331.0	3,355.5	3,361.3
4 Bills	760.7	777.4	715.4	691.0	641.1	637.7	691.0	725.5
5 Notes	2,010.3	2,112.3	2,106.1	1,960.7	2,064.6	2,009.1	1,960.7	1,912.0
6 Bonds	521.2	555.0	587.3	621.2	598.7	610.4	621.2	632.5
7 Inflation-indexed notes and bonds[1]	n.a.	n.a.	33.0	50.6	50.1	41.9	50.6	59.2
8 Nonmarketable[2]	1,657.2	1,857.5	2,038.1	2,249.9	2,170.7	2,187.7	2,249.9	2,281.8
9 State and local government series	104.5	101.3	124.1	165.3	155.0	164.4	165.3	167.5
10 Foreign issues[3]	40.8	37.4	36.2	34.3	36.0	35.1	34.3	33.5
11 Government	40.8	47.4	36.2	34.3	36.0	35.1	34.3	33.5
12 Public	.0	0	.0	.0	.0	.0	0	.0
13 Savings bonds and notes	181.9	182.4	181.2	180.3	180.7	180.8	180.3	180.6
14 Government account series[4]	1,299.6	1,505.9	1,666.7	1,840.0	1,769.1	1,777.3	1,840.0	1,870.2
15 Non-interest-bearing	24.3	6.0	7.5	8.8	7.7	7.5	8.8	8.5
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,304.5	1,497.2	1,655.7	1,826.8	1,757.6	1,765.6	1,826.8	
17 Federal Reserve Banks	391.0	410.9	451.9	471.7	458.4	458.1	471.7	
18 Private investors	3,307.7[r]	3,431.2[r]	3,414.6[r]	3,334.0	3,349.3[r]	3,313.2[r]	3,334.0	
19 Commercial banks	278.7	261.8	269.8	215.0	263.6	219.8	215.0	
20 Money market funds	71.5	91.6	88.9	105.8	82.7	84.2	105.8	
21 Insurance companies	241.5	214.1	224.9	186.0	183.6	186.1	186.0	
22 Other companies	228.8	258.5	265.0	267.9	267.2	271.4	267.9	n.a.
23 State and local treasuries[6,7]	469.6	482.5	493.0	490.0	470.0	487.4	490.0	
Individuals								
24 Savings bonds	185.0	187.0	186.5	186.7	186.0	186.0	186.7	
25 Other securities	162.7	169.6	168.4	164.9	165.0	166.4	164.9	
26 Foreign and international[8]	835.2	1,102.1	1,241.6	1,276.3	1,256.0	1,221.8	1,276.3	
27 Other miscellaneous investors[7,9]	825.9	678.9	552.0	441.4	456.5	477.9	441.4	

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. Includes state and local pension funds.
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. Consists of investments of foreign balances and international accounts in the United States.
9. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally sponsored agencies.

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

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

Millions of dollars, daily averages

Item	1999			1999, week ending								
	Feb.	Mar.	Apr.	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28	May 5	May 12	May 19	May 26
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	31,811	34,426	28,670	46,405	24,386	28,340	27,047	35,341	27,588	22,250	30,178	33,860
Coupon securities, by maturity												
2 Five years or less	107,777	96,141	87,799	92,383	64,393	89,544	97,475	95,249	99,140	111,305	119,095	107,406
3 More than five years	71,489	62,008	53,786	55,781	40,696	64,236	51,897	54,133	64,242	80,606	89,051	74,641
4 Inflation-indexed	772	402	1,415	323	2,435	1,418	1,393	530	1,122	1,200	1,213	912
Federal agency												
5 Discount notes	41,355	40,089	37,345	39,828	34,125	40,893	39,211	34,272	39,540	38,485	46,343	42,548
Coupon securities, by maturity												
6 One year or less	1,796	1,097	1,222	672	363	1,050	1,691	1,734	1,342	1,088	1,411	962
7 More than one year, but less than or equal to five years	7,446	7,640	6,875	5,743	4,709	8,882	8,307	5,580	6,925	8,027	5,562	4,926
8 More than five years	3,633	3,141	4,625	2,052	1,532	5,697	3,396	7,323	6,005	5,494	2,417	4,876
9 Mortgage-backed	75,923	69,547	69,382	58,892	68,305	106,601	59,442	44,570	65,902	96,920	78,245	62,490
By type of counterparty												
With interdealer broker												
10 U.S. Treasury	117,230	106,659	93,341	106,251	71,992	99,834	95,890	100,968	105,038	120,682	126,287	118,279
11 Federal agency	3,791	4,121	3,904	3,099	2,533	4,685	3,836	4,529	3,983	5,334	3,824	4,451
12 Mortgage-backed	25,301	23,601	23,682	21,281	20,165	35,318	23,725	15,829	22,906	30,665	30,181	25,026
With other												
13 U.S. Treasury	94,620	86,316	78,330	88,640	59,919	83,704	81,921	84,285	87,054	94,680	113,249	98,540
14 Federal agency	50,438	47,846	46,162	45,195	38,197	51,838	48,768	44,380	49,829	47,760	51,909	48,861
15 Mortgage-backed	50,622	45,946	45,700	37,611	48,140	71,282	35,718	28,741	42,996	66,255	48,065	37,464
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
16 U.S. Treasury bills	n.a.	0	0	0	n.a.	n.a.	0	n.a.	n.a.	n.a.	n.a.	n.a.
Coupon securities, by maturity												
17 Five years or less	2,512	2,649	1,947	1,492	1,656	1,645	1,847	2,127	3,233	2,836	2,810	3,774
18 More than five years	17,132	15,926	11,950	13,116	10,251	13,785	11,103	11,002	16,092	18,445	18,446	17,309
19 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
20 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
21 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
22 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0	0
23 More than five years	0	0	0	0	0	0	0	0	0	0	0	0
24 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
25 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
26 Five years or less	1,153	1,506	985	1,972	1,398	1,198	505	797	1,095	1,647	1,326	1,304
27 More than five years	5,798	5,050	4,657	0	4,380	4,326	4,471	4,745	6,417	8,312	6,498	5,645
28 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
29 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
30 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
31 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0	0
32 More than five years	0	0	0	0	0	0	0	0	0	0	0	0
33 Mortgage-backed	844	825	783	0	1,010	1,170	392	537	844	886	1,025	688

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

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

Millions of dollars

Item	1999 Feb.	1999 Mar.	1999 Apr.	1999, week ending Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28	May 5	May 12	May 19
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	4,509	24,510	24,563	34,834	33,128	33,463	21,008	14,921	9,624	6.876	3,577
Coupon securities, by maturity											
2 Five years or less	−12,028	−18,124	−14,332	−16,536	−14,410	−9,854	−14,757	−13,916	−29,701	−33,182	−40,279
3 More than five years	1,465	−6,408	−5,060	−8,447	−6,437	−4,872	−5,400	−3,023	−6,844	−8,983	−16,296
4 Inflation-indexed	1,931	1,846	2,618	1,487	2,527	2,473	2,763	2,774	2,387	2,328	2,831
Federal agency											
5 Discount notes	18,671	18,189	24,321	16,659	22,169	29,505	25,230	21,266	21,224	22,962	16,900
Coupon securities, by maturity											
6 One year or less	3,450	2,683	2.538	2,243	2,007	3,072	2,545	2.537	2,499	2,205	2,710
7 More than one year, but less than or equal to five years	5,044	5,222	3,991	3,925	1,622	4,589	4,917	4,233	6,094	6,971	6,352
8 More than five years	3,146	4,110	6,131	3,275	3,518	6,643	5,864	7,954	8,035	6,619	6,651
9 Mortgage-backed	17,432	16,774	12,875	13,010	11,138	14,753	11,968	12,971	15,220	16,619	18,292
NET FUTURES POSITIONS[4]											
By type of deliverable security											
10 U.S. Treasury bills	n.a.	0	n.a.	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Coupon securities, by maturity											
11 Five years or less	459	−910	93	−873	−1,380	−1,732	754	1,305	5,086	7,304	8,167
12 More than five years	−14,876	−12,929	−17,408	−12,639	−17,065	−19,412	−17,518	−17,761	−9,980	−6,700	−3,142
13 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
14 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
15 One year or less	0	0	0	0	0	0	0	0	0	0	0
16 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0
17 More than five years	0	0	0	0	0	0	0	0	0	0	0
18 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
NET OPTIONS POSITIONS											
By type of deliverable security											
19 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
20 Five years or less	−1,960	−1,268	−1,180	−1,153	−652	−564	−1,427	−1,799	−2,154	76	290
21 More than five years	−1,487	−448	−396	−1,687	−275	895	494	−1,979	−2,916	−3,188	−1,342
22 Inflation-indexed	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	0	0	0	0	0	0	0	0	0	0	0
26 More than five years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27 Mortgage-backed	5,873	6,928	5,579	7,006	5,929	5,544	5,353	5,340	6,111	7,523	9,901
	Financing[5]										
Reverse repurchase agreements											
28 Overnight and continuing	261,190	256,331	251,605	259,744	247,637	251,660	272,375	231,231	263,907	248,483	288,115
29 Term	788,073	781,168	818.297	718,837	761,966	793,952	828.632	872,872	873,473	921,739	721,626
Securities borrowed											
30 Overnight and continuing	225,926	226,297	212.240	212,933	215,288	211,883	211,372	209,490	215,477	215,997	231,322
31 Term	100,463	93,810	102,437	91,031	92,377	99,873	106,626	109,011	108,953	107,395	91,045
Securities received as pledge											
32 Overnight and continuing	2,380	2,555	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2,901
33 Term	n.a.	0	0	n.a.	n.a.	n.a.	0	0	0	0	0
Repurchase agreements											
34 Overnight and continuing	666,536	655,676	677,260	619,756	651,616	689,099	705,273	665,561	668,484	663,131	676,072
35 Term	674,687	673,650	711,067	628,532	653,537	686,115	724,626	765,896	760,392	790,734	614,627
Securities loaned											
36 Overnight and continuing	11,753	12.875	10,235	16,310	10,950	10,208	10,040	9,660	10,528	10,874	10,736
37 Term	5,776	6,122	5,942	n.a.	6,283	5,609	5,593	6,205	6,218	6,628	6,680
Securities pledged											
38 Overnight and continuing	48,945	48,533	45,650	46,655	46,507	45,624	45,781	44,223	47,273	46,479	48,287
39 Term	5,896	7,712	10,700	9,434	9,340	10,223	11,720	11,336	11,337	10,700	7,603
Collateralized loans											
40 Total	18.388	18,177	17,891	17,018	17,043	20.633	20,663	13,709	16,191	16.256	12,988

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

2. Securities positions are reported at market value.

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1995	1996	1997	1998	1998		1999		
					Nov.	Dec.	Jan.	Feb.	Mar.
1 **Federal and federally sponsored agencies**	**844,611**	**925,823**	**1,022,609**	**1,296,477**	**1,255,412**	**1,296,477**	n.a.	n.a.	n.a.
2 Federal agencies	37,347	29,380	27,792	26,502	26,315	26,502	26,355	26,180	26,243
3 Defense Department[1]	6	6	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	2,050	1,447	552	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration[4]	97	84	102	205	205	205	70	69	80
6 Government National Mortgage Association certificates of participation[5]	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service[6]	5,765	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.
8 Tennessee Valley Authority	29,429	27,853	27,786	26,496	26,309	26,496	26,349	26,174	26,237
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.
10 Federally sponsored agencies[7]	807,264	896,443	994,817	1,269,975	1,229,097	1,269,975	n.a.	n.a.	n.a.
11 Federal Home Loan Banks	243,194	263,404	313,919	382,131	373,755	382,131	383,572	383,769	402,364
12 Federal Home Loan Mortgage Corporation	119,961	156,980	169,200	287,396	267,890	287,396	300,927	299,171	299,196
13 Federal National Mortgage Association	299,174	331,270	369,774	460,291	446,377	460,291	461,157	471,300	475,418
14 Farm Credit Banks[8]	57,379	60,053	63,517	63,488	66,086	63,488	61,292	66,622	66.529
15 Student Loan Marketing Association[9]	47,529	44,763	37,717	35,399	33,928	35,399	36,385	36,464	36,762
16 Financing Corporation[10]	8,170	8,170	8.170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1.261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1.261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29.996
MEMO									
19 **Federal Financing Bank debt**[13]	**78,681**	**58,172**	**49,090**	**44,129**	**44,824**	**44,129**	**43,803**	**43,151**	**41,454**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	2,044	1,431	552	↑	↑	↑	↑	↑	↑
21 Postal Service[6]	5,765	n.a.	n.a.						
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	3,200	n.a.	n.a.						
24 United States Railway Association[6]	n.a.	n.a.	n.a.	↓	↓	↓	↓	↓	↓
Other lending[14]									
25 Farmers Home Administration	21,015	18,325	13,530	9,500	9,500	9,500	9,500	9,090	8.715
26 Rural Electrification Administration	17,144	16,702	14,898	14,091	14,199	14,091	14,101	14,100	13,980
27 Other	29,513	21,714	20,110	20,538	21,125	20,538	20,202	19,961	18,759

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	1996	1997	1998	1998			1999				
				Oct.	Nov.	Dec.	Jan.	Feb	Mar.	Apr.	May
1 **All issues, new and refunding**[1]	**171,222**	**214,694**	**262,342**	**19,528**	**19,325**	**24,288**	**16,926**	**16,233**	**24,323**	**15,758**	**16,234**
By type of issue											
2 General obligation	60,409	69,934	87,015	6,791	5,433	8,632	6,925	6,786	8,323	6,443	5,294
3 Revenue	110,813	134,989	175,327	12,737	13,892	15,656	10,001	9,446	16,000	9,315	10,941
By type of issuer											
4 State	13,651	18,237	23,506	1,865	778	2,561	318	1,837	1,895	907	1,220
5 Special district or statutory authority[2]	113,228	134,919	178,421	12,924	13,473	15,937	12,929	11,145	14,604	10,010	11,279
6 Municipality, county, or township	44,343	70,558	60,173	4,739	5,073	5,790	3,679	3,251	7,825	4,841	3,735
7 **Issues for new capital**	**112,298**	**135,519**	**160,568**	**12,736**	**12,452**	**14,517**	**11,917**	**10,674**	**16,201**	**10,474**	**12,149**
By use of proceeds											
8 Education	26,851	31,860	36,904	2,605	2,353	2,766	2,936	3,751	3,537	2,734	2,795
9 Transportation	12,324	13,951	19,926	1,598	806	1,800	1,706	628	1,640	1,107	1,791
10 Utilities and conservation	9,791	12,219	21,037	2,785	2,225	984	672	394	2,839	1,372	603
11 Social welfare	24,583	27,794	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a
12 Industrial aid	6,287	6,667	8,594	471	638	1,376	452	343	1,084	618	1,058
13 Other purposes	32,462	35,095	42,450	3,359	3,242	4,477	4,439	3,207	3,918	2,592	3,760

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	1996	1997	1998	1998				1999			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar[r]	Apr.
1 **All issues**[1]	**773,110**	**929,256**	**1,127,721**	**88,764**	**70,287**	**111,762**	**81,326**	**93,665**	**103,175**	**126,161**	**84,398**
2 **Bonds**[2]	**651,104**	**811,376**	**1,000,966**	**84,124**	**61,632**	**102,860**	**72,656**	**86,529**	**92,885**	**116,440**	**75,409**
By type of offering											
3 Sold in the United States	567,671	708,188	923,001	81,507	54,795	95,106	69,395	76,511	82,871	101,024	63,575
4 Sold abroad	83,433	103,188	77,965	2,618	6,837	7,754	3,261	10,018	10,014	15,416	10,834
MEMO											
5 Private placements, domestic	43,688	54,990	37,845	4,122	2,428	2,878	3,874	684	648	1,224	n.a
By industry group											
6 Nonfinancial	167,904	222,603	308,157	10,738	14,426	32,124	25,008	21,193	23,131	39,818	30,676
7 Financial	483,200	588,773	692,809	73,386	47,206	70,736	47,648	65,336	69,754	76,623	44,733
8 **Stocks**[3]	**122,006**	**117,880**	**126,755**	**4,640**	**8,655**	**8,902**	**8,670**	**7,136**	**10,290**	**9,721**	**8,989**
By type of offering											
9 Public	122,006	117,880	126,755	4,640	8,655	8,902	8,670	7,136	10,290	9,721	8,989
10 Private placement[4]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	80,460	60,386	74,113	2,266	5,879	6,145	7,559	3,701	8,911	8,534	7,494
12 Financial	41,546	57,494	52,642	2,374	2,776	2,757	1,111	3,435	1,379	1,187	1,495

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. Monthly data are not available.

SOURCE. Beginning July 1993, 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	1997	1998	1998			1999				
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May
1 **Sales of own shares**[2]	**1,190,900**	**1,461,430**	**116,471**	**112,627**	**140,700**	**161,889**	**132,199**	**164,290**	**166,324**	**140,519**
2 Redemptions of own shares	918,728	1,217,022	108,838	89,702	134,289	135,713	128,125	146,479	139,035	126,339
3 Net sales[3]	272,172	244,408	7,633	22,925	6,412	26,176	4,074	17,811	27,288	14,180
4 **Assets**[4]	**3,409,315**	**4,173,531**	**3,804,591**	**4,002,089**	**4,173,531**	**4,298,071**	**4,180,115**	**4,328,150**	**4,505,237**	**4,442,861**
5 Cash[5]	174,154	191,393	210,026	207,422	191,393	203,470	198,134	198,741	211,243	210,937
6 Other	3,235,161	3,982,138	3,594,565	3,794,667	3,982,138	4,094,601	3,981,982	4,129,409	4,293,994	4,231,924

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	1996	1997	1998	1997			1998				1999
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1[r]
1 Profits with inventory valuation and capital consumption adjustment	750.4	817.9	824.6	815.5	840.9	820.8	829.2	820.6	827.0	821.7	868.8
2 Profits before taxes	680.2	734.4	717.8	729.8	758.9	736.4	719.1	723.5	720.5	708.1	752.6
3 Profits-tax liability	226.1	246.1	240.1	241.9	254.2	249.3	239.9	241.6	243.2	235.6	250.7
4 Profits after taxes	454.1	488.3	477.7	487.8	504.7	487.1	479.2	481.8	477.3	472.5	501.9
5 Dividends	261.9	275.1	279.2	274.7	275.1	276.4	277.3	278.1	279.0	282.3	285.6
6 Undistributed profits	192.3	213.2	198.5	213.2	229.5	210.6	201.8	203.7	198.3	190.2	216.4
7 Inventory valuation	−1.2	6.9	14.5	10.3	4.8	4.3	25.3	7.8	11.7	13.4	11.6
8 Capital consumption adjustment	71.4	76.6	92.3	75.5	77.2	80.1	84.9	89.4	94.8	100.2	104.6

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1996	1997	1998[r]	1997		1998				1999
				Q3	Q4	Q1	Q2	Q3	Q4[r]	Q1[r]
ASSETS										
1 Accounts receivable, gross[2]	637.1	663.3	711.7	660.5	663.3	667.2	676.0	687.6	711.7	732.4
2 Consumer	244.9	256.8	261.8	254.5	256.8	251.7	251.3	254.0	261.8	261.7
3 Business	309.5	318.5	347.5	319.5	318.5	325.9	334.9	335.1	347.5	361.7
4 Real estate	82.7	87.9	102.3	86.4	87.9	89.6	89.9	98.5	102.3	109.0
5 LESS: Reserves for unearned income	55.6	52.7	56.3	54.6	52.7	52.1	53.2	52.4	56.3	52.8
6 Reserves for losses	13.1	13.0	13.8	12.7	13.0	13.1	13.2	13.2	13.8	13.3
7 Accounts receivable, net	568.3	597.6	641.6	593.1	597.6	601.9	609.6	622.0	641.6	666.2
8 All other	290.0	312.4	337.9	289.1	312.4	329.7	340.1	313.7	337.9	363.9
9 **Total assets**	**858.3**	**910.0**	**979.5**	**882.3**	**910.0**	**931.6**	**949.7**	**935.7**	**979.5**	**1,030.1**
LIABILITIES AND CAPITAL										
10 Bank loans	19.7	24.1	26.3	20.4	24.1	22.0	22.3	24.9	26.3	24.8
11 Commercial paper	177.6	201.5	231.5	189.6	201.5	211.7	225.9	226.9	231.5	222.9
Debt										
12 Owed to parent	60.3	64.7	61.8	61.6	64.7	64.6	60.0	58.3	61.8	64.6
13 Not elsewhere classified	332.5	328.8	339.7	322.8	328.8	338.2	348.7	337.6	339.7	366.4
14 All other liabilities	174.7	189.6	203.2	190.1	189.6	193.1	188.9	185.4	203.2	220.1
15 Capital, surplus, and undivided profits	93.5	101.3	117.0	97.9	101.3	102.1	103.9	103.6	117.0	131.4
16 **Total liabilities and capital**	**858.3**	**910.0**	**979.5**	**882.3**	**910.0**	**931.6**	**949.7**	**936.6**	**979.5**	**1,030.1**

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

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

Type of credit	1996	1997	1998	1998 Nov.	1998 Dec	1999 Jan.	1999 Feb.	1999 Mar	1999 Apr.
	Seasonally adjusted								
1 **Total**	**761.9**	**809.8**	**874.9**	**871.1**	**874.9**	**888.2[r]**	**898.4[r]**	**911.3[r]**	**918.5**
2 Consumer	307.7	327.7	352.5	352.1	352.5	356.5[r]	360.7[r]	363.4[r]	363.3
3 Real estate	111.9	121.1	131.4	134.3	131.4	135.7	135.7	137.5[r]	141.2
4 Business	342.4	361.0	391.0	384.7	391.0	396.0	402.0	410.4[r]	414.1
	Not seasonally adjusted								
5 **Total**	**769.7**	**818.1**	**884.0**	**872.8**	**884.0**	**888.4[r]**	**897.8[r]**	**911.9[r]**	**918.5**
6 Consumer	310.6	330.9	356.1	352.2	356.1	355.8[r]	357.4[r]	359.7[r]	361.0
7 Motor vehicles loans	86.7	87.0	103.1	99.0	103.1	102.8	105.0	104.7	106.8
8 Motor vehicle leases	92.5	96.8	93.3	94.4	93.3	93.9	94.5	93.9	94.8
9 Revolving[2]	32.5	38.6	32.3	33.1	32.3	32.1[r]	31.5[r]	31.2[r]	31.5
10 Other[3]	33.2	34.4	33.1	34.6	33.1	32.1	32.5	32.0	32.0
Securitized assets[4]									
11 Motor vehicle loans	36.8	44.3	54.8	53.4	54.8	56.0	54.9	59.0	57.8
12 Motor vehicle leases	8.7	10.8	12.7	14.2	12.7	12.5	12.3	12.0	11.8
13 Revolving	.0	.0	8.7	5.3	8.7	8.6	8.7	9.1[r]	8.8
14 Other	20.1	19.0	18.1	18.4	18.1	17.9	18.1	17.8	17.6
15 Real estate	111.9	121.1	131.4	134.3	131.4	135.7	135.7	137.5[r]	141.2
16 One- to four-family	52.1	59.0	75.7	74.1	75.7	80.1	80.3	77.7	81.7
17 Other	30.5	28.9	26.6	30.7	26.6	26.9	27.1	31.6[r]	31.6
Securitized real estate assets[4]									
18 One- to four-family	28.9	33.0	29.0	29.4	29.0	28.6	28.3	28.0	27.6
19 Other	.4	.2	.1	.1	.1	.1	.1	.3	.3
20 Business	347.2	366.1	396.5	386.3	396.5	396.9	404.6	414.8[r]	416.3
21 Motor vehicles	67.1	63.5	79.6	70.9	79.6	79.1	82.1	84.8[r]	86.2
22 Retail loans	25.1	25.6	28.1	29.4	28.1	28.4	28.9	30.0	30.7
23 Wholesale loans[5]	33.0	27.7	32.8	30.3	32.8	31.9	34.3	36.0	36.5
24 Leases	9.0	10.2	18.7	11.2	18.7	18.9	18.9	18.8[r]	18.9
25 Equipment	194.8	203.9	198.0	212.0	198.0	197.6	200.7	202.3[r]	203.1
26 Loans	59.9	51.5	50.4	47.8	50.4	49.7	51.0	51.6	52.0
27 Leases	134.9	152.3	147.6	164.2	147.6	147.8	149.8	150.7[r]	151.0
28 Other business receivables[6]	47.6	51.1	69.9	60.4	69.9	72.5	73.3	75.7[r]	75.8
Securitized assets[4]									
29 Motor vehicles	24.0	33.0	29.2	25.8	29.2	28.2	28.8	31.0	30.5
30 Retail loans	2.7	2.4	2.6	2.4	2.6	2.5	2.4	2.4	2.4
31 Wholesale loans	21.3	30.5	24.7	23.4	24.7	23.8	24.6	26.6	26.2
32 Leases	.0	.0	1.9	.0	1.9	1.9	1.9	1.9	1.9
33 Equipment	11.3	10.7	13.0	11.8	13.0	12.7	12.9	12.8	12.5
34 Loans	4.7	4.2	6.6	5.4	6.6	6.3	6.2	6.1	5.8
35 Leases	6.6	6.5	6.4	6.4	6.4	6.4	6.7	6.7	6.6
36 Other business receivables[6]	2.4	4.0	6.8	5.3	6.8	6.8	6.8	8.2	8.3

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	1996	1997	1998	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar	1999 Apr.	1999 May
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	182.4	180.1	195.2	192.1	206.0	202.3	204.1	211.0	209.4	207.5
2 Amount of loan (thousands of dollars)	139.2	140.3	151.1	148.1	159.0	153.3	155.4	162.9	162.4	161.6
3 Loan-to-price ratio (percent)	78.2	80.4	80.0	79.5	79.4	78.0	78.2	79.4	79.5	79.8
4 Maturity (years)	27.2	28.2	28.4	28.3	28.7	28.4	28.7	28.8	28.9	28.7
5 Fees and charges (percent of loan amount)[2]	1.21	1.02	.89	.76	.98	1.01	.92	.82	.77	.69
Yield (percent per year)										
6 Contract rate[1]	7.56	7.57	6.95	6.68	6.80	6.81	6.78	6.74	6.74	6.78
7 Effective rate[1,3]	7.77	7.73	7.08	6.80	6.94	6.96	6.92	6.86	6.85	6.89
8 Contract rate (HUD series)[4]	8.03	7.76	7.00	6.84	6.83	6.80	7.02	7.03	6.93	7.17
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.19	7.89	7.04	7.02	7.06	7.08	7.10	7.07	7.08	7.58
10 GNMA securities[6]	7.48	7.26	6.43	6.25	6.18	6.18	6.42	6.58	6.50	6.79
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	287,052	316,678	414,515	399,804	414,515	418,323	431,836	440,139	446,025	464,530
12 FHA/VA insured	30,592	31,925	33,770	33,420	33,770	33,483	34,000	34,870	36,158	38,938
13 Conventional	256,460	284,753	380,745	366,384	380,745	384,840	397,836	405,269	409,867	425,592
14 Mortgage transactions purchased (during period)	68,618	70,465	188,448	23,557	26,222	14,005	22,029	16,923	14,225	25,640
Mortgage commitments (during period)										
15 Issued[7]	65,859	69,965	193,795	17,994	16,803	20,754	26,509	16,891	20,192	12,517
16 To sell[8]	130	1,298	1,880	0	434	0	0	266	75	178
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	137,755	164,421	255,010	242,270	255,010	257,062	262,921	277,624	284,006	285,881
18 FHA/VA insured	220	177	785	602	785	387	755	754[r]	750	1,610
19 Conventional	137,535	164,244	254,225	241,668	254,225	256,675	262,166	276,870[r]	282,393	284,271
Mortgage transactions (during period)										
20 Purchases	125,103	117,401	267,402	23,986	34,299	27,680	25,225	29,921	26,473	22,503
21 Sales	119,702	114,258	250,565	22,660	28,024	31,430	24,231	28,740	25,464	21,972
22 Mortgage commitments contracted (during period)[9]	128,995	120,089	281,899	28,903	29,703	23,900	24,829	32,546	24,050	20,052

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

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1995	1996	1997	1998				1999
				Q1	Q2	Q3	Q4	Q1^{p}
1 **All holders**	**4,604,408^{r}**	**4,898,791^{r}**	**5,212,899^{r}**	**5,323,116^{r}**	**5,434,606^{r}**	**5,568,971^{r}**	**5,723,504^{r}**	**5,860,041**
By type of property								
2 One- to four-family residences	3,510,749^{r}	3,726,748^{r}	3,969,525^{r}	4,055,368^{r}	4,135,647^{r}	4,238,430^{r}	4,343,358^{r}	4,441,804
3 Multifamily residences	277,001^{r}	294,396^{r}	308,794^{r}	314,636^{r}	321,223^{r}	327,661^{r}	337,736^{r}	347,448
4 Nonfarm, nonresidential	732,097^{r}	790,513^{r}	844,281^{r}	861,819^{r}	884,814^{r}	908,635^{r}	946,096^{r}	973,710
5 Farm	84,561	87,134	90,299	91,291^{r}	92,923^{r}	94,244^{r}	96,315^{r}	97,080
By type of holder								
6 Major financial institutions	1,900,089	1,981,885	2,083,978	2,114,077^{r}	2,121,531^{r}	2,136,776^{r}	2,194,959^{r}	2,198,641
7 Commercial banks[2]	1,090,189	1,145,389	1,245,315	1,270,586^{r}	1,281,440^{r}	1,295,173^{r}	1,337,545^{r}	1,337,140
8 One- to four-family	646,545^{r}	677,603^{r}	745,510^{r}	764,656^{r}	770,438^{r}	770,489^{r}	797,746^{r}	783,291
9 Multifamily	42,521^{r}	45,451^{r}	49,670^{r}	51,007^{r}	51,449^{r}	52,443^{r}	53,123^{r}	56,430
10 Nonfarm, nonresidential	377,293^{r}	397,452^{r}	423,148^{r}	427,465^{r}	431,234^{r}	443,553^{r}	457,642^{r}	467,907
11 Farm	23,830	24,883	26,986	27,458	28,319	28,688	29,034	29,512
12 Savings institutions[3]	596,763	628,335	631,822	637,012	632,359	634,244	643,773	646,202
13 One- to four-family	482,353	513,712	520,672	527,036	522,088	525,842	533,680	534,490
14 Multifamily	61,987	61,570	59,543	59,074	58,908	56,706	56,806	56,761
15 Nonfarm, nonresidential	52,135	52,723	51,252	50,532	50,978	51,297	52,871	54,516
16 Farm	288	331	354	369	386	399	417	435
17 Life insurance companies	213,137	208,161	206,841	206,479^{r}	207,732^{r}	207,359^{r}	213,640^{r}	215,299
18 One- to four-family	8,890	6,977	7,187	6,979^{r}	6,814^{r}	6,594^{r}	6,590^{r}	6,631
19 Multifamily	28,714	30,750	30,402	30,394^{r}	30,618^{r}	30,565^{r}	31,522^{r}	31,004
20 Nonfarm, nonresidential	165,876	160,314	158,780	158,493^{r}	159,456^{r}	159,189^{r}	164,004^{r}	166,060
21 Farm	9,657	10,120	10,472	10,613^{r}	10,844^{r}	11,011^{r}	11,524^{r}	11,604
22 Federal and related agencies	308,757	295,192	286,167	286,877	287,161	287,125	292,636^{r}	288,312
23 Government National Mortgage Association	2	2	8	8	8	7	7	7
24 One- to four-family	2	2	8	8	8	7	7	7
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,791	41,596	41,195	40,972	40,921	40,907	40,851	40,691
27 One- to four-family	17,705	17,303	17,253	17,160	17,059	17,025	16,895	16,777
28 Multifamily	11,617	11,685	11,720	11,714	11,722	11,736	11,739	11,731
29 Nonfarm, nonresidential	6,248	6,841	7,370	7,369	7,497	7,566	7,705	7,769
30 Farm	6,221	5,768	4,852	4,729	4,644	4,579	4,513	4,413
31 Federal Housing and Veterans' Administrations	9,809	6,244	3,821	3,694	3,631	3,405	3,674^{r}	3,675
32 One- to four-family	5,180	3,524	1,767	1,641	1,610	1,550	1,849^{r}	1,850
33 Multifamily	4,629	2,719	2,054	2,053	2,021	1,855	1,825^{r}	1,825
34 Resolution Trust Corporation	1,864	0	0	0	0	0	0	0
35 One- to four-family	691	0	0	0	0	0	0	0
36 Multifamily	647	0	0	0	0	0	0	0
37 Nonfarm, nonresidential	525	0	0	0	0	0	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	4,303	2,431	724	786	564	482	361	315
40 One- to four-family	492	365	109	118	85	72	54	47
41 Multifamily	428	413	123	134	96	82	61	54
42 Nonfarm, nonresidential	3,383	1,653	492	534	384	328	245	214
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	178,807	168,813	161,308	160,048	159,816	159,104	157,675	157,185
45 One- to four-family	163,648	155,008	149,831	149,254	149,383	149,069	147,594	147,063
46 Multifamily	15,159	13,805	11,477	10,794	10,433	10,035	10,081	10,122
47 Federal Land Banks	28,428	29,602	30,657	31,005	31,352	32,009	32,983^{r}	33,128
48 One- to four-family	1,673	1,742	1,804	1,824	1,845	1,883	1,941^{r}	1,949
49 Farm	26,755	27,860	28,853	29,181	29,507	30,126	31,042^{r}	31,179
50 Federal Home Loan Mortgage Corporation	43,753	46,504	48,454	50,364	50,869	51,211	57,085	53,312
51 One- to four-family	39,901	41,758	42,629	44,440	44,597	44,254	49,106	44,139
52 Multifamily	3,852	4,746	5,825	5,924	6,272	6,957	7,979	9,173
53 Mortgage pools or trusts[5]	1,863,210	2,064,882	2,272,953^{r}	2,330,799^{r}	2,442,558^{r}	2,548,192^{r}	2,632,893^{r}	2,761,941
54 Government National Mortgage Association	472,283	506,340	536,810	533,011	537,586	541,431	537,431	542,409
55 One- to four-family	461,438	494,158	523,156	519,152	523,243	526,934	522,483	527,461
56 Multifamily	10,845	12,182	13,654	13,859	14,343	14,497	14,948	14,948
57 Federal Home Loan Mortgage Corporation	515,051	554,260	579,385	583,144	609,791	635,726	646,459	687,179
58 One- to four-family	512,238	551,513	576,846	580,715	607,469	633,124	643,465	684,240
59 Multifamily	2,813	2,747	2,539	2,429	2,322	2,602	2,994	2,939
60 Federal National Mortgage Association	582,959	650,780	709,582	730,832	761,359	798,460	834,518	881,815
61 One- to four-family	569,724	633,210	687,981	708,125	737,631	770,979	804,205	849,513
62 Multifamily	13,235	17,570	21,601	22,707	23,728	27,481	30,313	32,302
63 Farmers Home Administration[4]	11	3	2	2	2	2	1	1
64 One- to four-family	2	0	0	0	0	0	0	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	5	0	0	0	0	0	0	0
67 Farm	4	3	2	2	2	2	1	1
68 Private mortgage conduits	292,906	353,499	447,173^{r}	483,810^{r}	533,820^{r}	572,573^{r}	614,484^{r}	650,537
69 One- to four-family[6]	227,800	261,900	318,000	336,824	364,316	391,736	410,900	430,653
70 Multifamily	15,584	21,967	29,218^{r}	33,432^{r}	38,098^{r}	40,895^{r}	44,654^{r}	48,403
71 Nonfarm, nonresidential	49,522	69,633	99,955	113,554^{r}	131,406^{r}	139,942^{r}	158,930^{r}	171,482
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	532,353^{r}	556,832^{r}	569,802^{r}	591,363^{r}	583,357^{r}	596,877^{r}	603,017^{r}	611,147
74 One- to four-family	372,468^{r}	367,973^{r}	376,773^{r}	397,437^{r}	389,063^{r}	398,871^{r}	406,843^{r}	413,692
75 Multifamily	64,969^{r}	68,791^{r}	70,966^{r}	71,116^{r}	71,213^{r}	71,806^{r}	71,691^{r}	71,756
76 Nonfarm, nonresidential	77,109^{r}	101,898^{r}	103,284^{r}	103,871^{r}	103,860^{r}	106,761^{r}	104,699^{r}	105,763
77 Farm	17,806	18,169	18,779	18,939^{r}	19,221^{r}	19,440^{r}	19,784^{r}	19,937

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	1996	1997	1998	1998		1999			
				Nov	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.
	Seasonally adjusted								
1 **Total**	**1,181,913**	**1,233,099**	**1,299,207**	**1,296,630**	**1,299,207**	**1,315,755**	**1,325,731**	**1,330,768**	**1,334,509**
2 Automobile	392,321	413,369	447,013	442,430	447,013	454,723	460,340	465,670	467,924
3 Revolving	499,486	531,140	560,515	556,535	560,515	565,928	567,537	567,056	570,289
4 Other[2]	290,105	288,590	291,680	297,665	291,680	295,104	297,854	298,043	296,296
	Not seasonally adjusted								
5 **Total**	**1,211,590**	**1,264,103**	**1,331,742**	**1,304,499**	**1,331,742**	**1,324,528**	**1,318,872**	**1,318,611**	**1,323,067**
By major holder									
6 Commercial banks	526,769	512,563	508,932	498,838	508,932	508,635	500,429	494,039	495,556
7 Finance companies	152,391	160,022	168,491	166,622	168,491	166,979	169,013	167,815	170,275
8 Credit unions	144,148	152,362	155,406	155,221	155,406	155,726	155,203	155,110	157,485
9 Savings institutions	44,711	47,172	51,611	51,625	51,611	52,283	52,953	53,623	54,294
10 Nonfinancial business[3]	77,745	78,927	74,877	66,615	74,877	70,947	67,948	67,138	67,113
11 Pools of securitized assets[4]	265,826	313,057	372,425	365,578	372,425	369,958	373,326	380,886	378,344
By major type of credit[5]									
12 Automobile	395,609	416,962	450,968	446,566	450,968	452,805	455,199	460,889	462,063
13 Commercial banks	157,047	155,254	158,072	157,126	158,072	160,273	159,922	160,231	160,768
14 Finance companies	86,690	87,015	103,094	98,954	103,094	102,822	104,987	104,652	106,836
15 Pools of securitized assets[4]	51,719	64,950	72,955	72,582	72,955	73,232	73,232	77,829	74,989
16 Revolving	522,860	555,858	586,528	559,211	586,528	574,901	567,549	561,542	563,775
17 Commercial banks	228,615	219,826	210,346	196,923	210,346	204,774	197,623	190,028	191,179
18 Finance companies	32,493	38,608	32,309	33,056	32,309	32,088	31,544	31,197	31,457
19 Nonfinancial business[3]	44,901	44,966	39,166	33,756	39,166	36,401	34,337	33,754	33,726
20 Pools of securitized assets[4]	188,712	221,465	272,327	265,311	272,327	269,918	272,444	275,296	276,044
21 Other	293,121	291,283	294,246	298,722	294,246	296,822	296,124	296,180	297,229
22 Commercial banks	141,107	137,483	140,514	144,789	140,514	143,588	142,884	143,780	143,609
23 Finance companies	33,208	34,399	33,088	34,612	33,088	32,069	32,482	31,966	31,982
24 Nonfinancial business[3]	32,844	33,961	35,711	32,859	35,711	34,546	33,611	33,384	33,387
25 Pools of securitized assets[4]	25,395	26,642	27,143	27,685	27,143	26,808	27,650	27,761	27,311

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Comprises mobile home loans and all other loans that are not included in automobile or revolving credit, such as loans for education, boats, trailers, or vacations. These loans may be secured or unsecured.
3. Includes retailers and gasoline companies.
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. 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	1996	1997	1998	1998			1999			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.05	9.02	8.72	n.a.	8.62	n.a	n.a.	8.34	n.a.	n.a.
2 24-month personal	13.54	13.90	13.74	n.a.	13.75	n.a.	n.a.	13.41	n.a.	n.a.
Credit card plan										
3 All accounts	15.63	15.77	15.71	n.a.	15.69	n.a	n.a.	15.41	n.a.	n.a.
4 Accounts assessed interest	15.50	15.57	15.59	n.a.	15.54	n.a.	n.a.	14.73	n.a	n.a.
Auto finance companies										
5 New car	9.84	7.12	6.30	6.33	6.79	6.43	6.22	6.43	6.31	6.52
6 Used car	13.53	13.27	12.64	12.58	12.41	12.31	11.81	12.08	12.09	12.17
OTHER TERMS[3]										
Maturity (months)										
7 New car	51.6	54.1	52.1	53.1	52.8	52.2	52.1	53.4	53.0	52.8
8 Used car	51.4	51.0	53.5	54.2	54.3	54.2	56.0	55.9	56.0	56.0
Loan-to-value ratio										
9 New car	91	92	92	92	91	91	92	92	91	92
10 Used car	100	99	99	100	100	100	99	99	99	99
Amount financed (dollars)										
11 New car	16,987	18,077	19,083	19,199	19,590	19,734	19,628	19,304	19,339	19,435
12 Used car	12,182	12,281	12,691	12,914	13,112	13,202	13,497	13,604	13,653	13,647

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	1993	1994	1995	1996	1997	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**586.6**	**575.7**	**700.0**	**693.1**	**722.6**	**812.7**	**839.9**	**906.1**	**909.6**	**843.6**	**1,089.0**	**1,002.0**
By sector and instrument												
2 Federal government	256.1	155.9	144.4	145.0	23.1	30.3	40.8	−30.0	−70.9	−136.5	26.9	−119.2
3 Treasury securities	248.3	155.7	142.9	146.6	23.2	31.2	39.0	−27.6	−69.4	−136.1	14.7	−117.7
4 Budget agency securities and mortgages	7.8	.2	1.5	−1.6	−.1	−.9	1.7	−2.4	−1.4	−.4	12.2	−1.5
5 Nonfederal	330.5	419.9	555.6	548.1	699.5	782.4	799.2	936.1	980.5	980.1	1,062.1	1,121.2
By instrument												
6 Commercial paper	10.0	21.4	18.1	−.9	13.7	14.5	12.8	51.1	3.8	85.6	−43.0	64.4
7 Municipal securities and loans	74.8	−35.9	−48.2	2.6	71.4	88.9	103.2	116.7	100.1	83.6	87.0	67.9
8 Corporate bonds	75.2	23.3	73.3	72.5	90.7	122.9	74.4	157.2	160.8	87.1	123.8	155.0
9 Bank loans n.e.c.	6.4	75.2	101.1	62.1	106.7	29.5	139.7	1.5	194.2	127.5	114.4	38.1
10 Other loans and advances	−18.9	34.0	67.2	36.4	66.2	78.1	142.3	84.3	34.6	73.6	106.7	118.6
11 Mortgages	122.3	177.0	205.1	286.7	298.2	398.2	289.0	466.9	420.7	441.1	609.1	550.9
12 Home	160.0	183.3	179.7	243.0	235.8	325.6	199.3	371.4	310.4	345.2	444.1	420.4
13 Multifamily residential	−5.1	−2.1	7.6	11.5	10.8	11.0	18.5	22.5	21.1	16.1	30.7	32.6
14 Commercial	−33.6	−6.5	16.2	29.6	48.4	58.0	68.3	69.7	83.4	75.2	127.2	94.8
15 Farm	1.0	2.2	1.6	2.6	3.2	3.5	2.9	3.3	5.9	4.5	7.2	3.1
16 Consumer credit	60.7	124.9	138.9	88.8	52.5	50.3	37.8	58.5	66.3	81.7	64.1	126.2
By borrowing sector												
17 Household	211.6	316.1	349.0	346.0	326.6	360.3	293.4	440.6	453.1	436.0	561.2	556.3
18 Nonfinancial business	52.7	150.0	258.1	208.9	316.8	349.5	413.5	401.2	448.5	471.4	425.5	498.1
19 Corporate	46.9	142.4	224.6	120.4	233.2	256.0	317.7	296.8	345.6	368.1	315.9	390.9
20 Nonfarm noncorporate	3.2	3.3	30.6	83.8	77.4	88.8	86.5	97.2	95.9	97.3	103.1	101.7
21 Farm	2.6	4.4	2.9	4.8	6.2	4.7	9.2	7.2	7.1	6.0	6.6	5.5
22 State and local government	66.2	−46.2	−51.5	−6.8	56.1	72.6	92.3	94.3	78.9	72.6	75.4	66.8
23 Foreign net borrowing in United States	69.8	−14.0	71.1	76.9	56.9	92.5	42.3	67.8	85.9	−28.0	−38.1	20.7
24 Commercial paper	−9.6	−26.1	13.5	11.3	3.7	−11.6	.7	55.3	−25.5	6.2	−4.7	18.3
25 Bonds	82.9	12.2	49.7	55.8	46.7	100.3	32.4	14.3	107.5	−35.3	−32.9	2.0
26 Bank loans n.e.c.	.7	1.4	8.5	9.1	8.5	7.3	15.7	5.2	8.4	3.6	9.8	1.1
27 Other loans and advances	−4.2	−1.5	−.5	.8	−2.0	−3.5	−6.5	−7.0	−4.4	−2.4	−10.3	−.7
28 **Total domestic plus foreign**	**656.4**	**561.7**	**771.1**	**770.0**	**779.5**	**905.2**	**882.2**	**973.9**	**995.6**	**815.6**	**1,050.9**	**1,022.7**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**294.4**	**468.4**	**456.5**	**557.3**	**652.0**	**603.1**	**988.3**	**933.0**	**987.5**	**1,055.5**	**1,298.2**	**1,202.2**
By instrument												
30 Federal government-related	165.3	287.5	204.1	231.5	212.8	161.0	298.1	227.3	413.4	561.6	681.6	564.9
31 Government-sponsored enterprise securities	80.6	176.9	105.9	90.4	98.4	46.4	157.9	142.5	166.4	294.0	510.5	193.0
32 Mortgage pool securities	84.7	115.4	98.2	141.1	114.4	114.6	140.3	84.8	247.0	267.5	171.2	372.0
33 Loans from U.S. government	.0	−4.8	.0	.0	0	.0	0	.0	.0	.0	0	0
34 Private	129.1	180.9	252.4	325.8	439.2	442.1	690.2	705.7	574.2	493.9	616.6	637.2
35 Open market paper	−5.5	40.5	42.7	92.2	166.7	168.8	244.2	237.4	134.8	141.0	130.7	79.2
36 Corporate bonds	123.1	121.8	195.9	176.9	209.0	203.8	339.0	350.3	373.5	169.8	273.7	488.7
37 Bank loans n.e.c.	−14.4	−13.7	5.1	20.9	13.1	25.3	25.0	76.1	−30.0	61.2	11.7	7.0
38 Other loans and advances	22.4	22.6	3.4	27.9	35.6	37.5	61.7	32.7	76.0	82.3	169.9	42.2
39 Mortgages	3.6	9.8	5.3	7.9	14.9	6.7	20.1	9.1	19.9	39.6	30.6	20.1
By borrowing sector												
40 Commercial banking	13.4	20.1	22.5	13.0	46.1	32.5	61.0	83.5	80.0	61.7	66.3	32.6
41 Savings institutions	11.3	12.8	2.6	25.5	19.7	22.3	41.7	10.6	31.2	63.7	103.2	58.0
42 Credit unions	.2	.2	−.1	.1	.1	.2	.3	.5	.2	1.0	.4	1.5
43 Life insurance companies	.2	.3	−.1	1.1	.2	.2	−.3	.0	−.6	1.6	1.8	3.3
44 Government-sponsored enterprises	80.6	172.1	105.9	90.4	98.4	46.4	157.9	142.5	166.4	294.0	510.5	193.0
45 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.4	114.6	140.3	84.8	247.0	267.5	171.2	372.0
46 Issuers of asset-backed securities (ABSs)	85.4	76.5	142.4	153.9	200.7	225.0	373.1	281.8	358.4	291.0	334.1	302.2
47 Finance companies	−1.4	48.7	50.2	45.9	48.7	8.9	59.6	80.1	101.8	−14.0	4.3	76.0
48 Mortgage companies	.0	−11.5	.4	12.4	−4.7	11.4	−17.4	49.2	−48.0	2.0	2.0	3.1
49 Real estate investment trusts (REITs)	1.7	10.2	4.5	11.9	39.6	33.3	66.0	63.1	64.4	79.3	44.0	26.4
50 Brokers and dealers	12.0	.5	−5.0	−2.0	8.1	−6.9	7.0	−1.0	20.0	−2.6	12.4	−31.2
51 Funding corporations	6.3	23.1	34.9	64.1	80.7	115.3	99.2	137.9	−33.3	10.1	48.1	165.3

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

Transaction category or sector	1993	1994	1995	1996	1997	1997		1998				1999
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
	All sectors											
52 **Total net borrowing, all sectors**	**950.8**	**1,030.2**	**1,227.6**	**1,327.3**	**1,431.5**	**1,508.4**	**1,870.5**	**1,906.9**	**1,983.1**	**1,871.1**	**2,349.1**	**2,224.9**
53 Open market paper	−5.1	35.7	74.3	102.6	184.1	171.7	257.7	343.8	113.1	232.7	83.0	161.9
54 U.S. government securities	421.4	448.1	348.5	376.5	235.9	191.3	338.9	197.3	342.5	425.1	708.5	445.7
55 Municipal securities	74.8	−35.9	−48.2	2.6	71.4	88.9	103.2	116.7	100.1	83.6	87.0	67.9
56 Corporate and foreign bonds	281.2	157.3	318.9	305.2	346.5	427.1	445.8	521.9	641.9	221.6	364.6	645.7
57 Bank loans n.e.c.	−7.2	62.9	114.7	92.1	128.2	62.2	180.5	82.8	172.5	192.3	135.9	46.2
58 Other loans and advances	−.8	50.3	70.2	65.1	99.8	112.1	197.5	110.0	106.1	153.4	266.3	160.1
59 Mortgages	125.9	186.7	210.4	294.6	313.1	404.8	309.1	476.0	440.5	480.7	639.7	571.1
60 Consumer credit	60.7	124.9	138.9	88.8	52.5	50.3	37.8	58.5	66.3	81.7	64.1	126.2
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**429.7**	**125.2**	**144.3**	**228.9**	**186.4**	**239.4**	**157.7**	**217.7**	**276.8**	**−166.5**	**46.8**	**124.9**
62 Corporate equities	137.7	24.6	−3.1	−8.7	−78.8	−60.5	−103.3	−107.5	−115.9	−319.0	−196.7	−96.1
63 Nonfinancial corporations	21.3	−44.9	−58.3	−69.5	−114.4	−124.0	−143.3	−139.2	−129.1	−308.4	−491.3	−46.1
64 Foreign shares purchased by U.S. residents	63.4	48.1	50.4	60.0	41.3	64.3	−.3	13.6	4.0	−32.9	319.1	−33.0
65 Financial corporations	53.0	21.4	4.8	.8	−5.6	−.8	40.3	18.2	9.2	22.2	−24.6	−17.1
66 Mutual fund shares	292.0	100.6	147.4	237.6	265.1	299.9	261.0	325.2	392.7	152.5	243.5	221.1

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	1993	1994	1995	1996	1997	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**950.8**	**1,030.2**	**1,227.6**	**1,327.3**	**1,431.5**	**1,508.4**	**1,870.5**	**1,906.9**	**1,983.1**	**1,871.1**	**2,349.1**	**2,224.9**
2 Domestic nonfederal nonfinancial sectors	38.3	238.1	−99.1	−30.0	−125.9	−175.5	10.5	−236.3	394.3	15.4	−326.7	190.5
3 Household	−2.3	274.9	−3.7	3.8	−128.2	−152.9	−18.0	−253.2	295.2	−138.0	−426.0	123.0
4 Nonfinancial corporate business	9.1	17.7	−8.8	4.2	2.7	18.6	−12.8	4.2	−61.0	17.4	10.3	31.2
5 Nonfarm noncorporate business	−1.1	.6	4.7	−4.3	−.6	−.6	−.6	.0	.0	.0	.0	.0
6 State and local governments	32.6	−55.0	−91.4	−33.7	.1	−40.7	42.0	12.8	160.1	136.0	89.0	36.2
7 Federal government	−18.4	−27.5	−.2	−7.7	4.9	3.3	9.0	15.5	12.8	13.9	11.8	18.2
8 Rest of the world	129.3	132.3	273.9	417.3	310.1	402.9	208.7	238.6	314.2	58.6	391.8	194.4
9 Financial sectors	801.6	687.1	1,053.0	947.8	1,242.4	1,277.6	1,642.4	1,889.1	1,261.8	1,783.3	2,272.2	1,821.8
10 Monetary authority	36.2	31.5	12.7	12.3	38.3	22.9	52.9	27.4	7.7	48.3	.8	71.3
11 Commercial banking	142.2	163.4	265.9	187.5	324.3	226.2	464.9	292.9	136.1	242.7	554.9	52.1
12 U.S.-chartered banks	149.6	148.1	186.5	119.6	274.9	220.7	386.2	260.5	130.5	286.8	570.1	124.5
13 Foreign banking offices in United States	−9.8	11.2	75.4	63.3	40.2	4.6	58.2	11.6	18.1	−53.1	−24.2	−61.9
14 Bank holding companies	.0	.9	−.3	3.9	5.4	−5.0	19.4	15.3	−17.6	6.0	−7.4	−6.0
15 Banks in U.S.-affiliated areas	2.4	3.3	4.2	.7	3.7	5.8	1.1	5.5	5.1	2.9	16.4	−4.5
16 Savings institutions	−23.3	6.7	−7.6	19.9	−4.7	−35.3	−2.0	10.8	−1.8	34.0	102.1	104.2
17 Credit unions	21.7	28.1	16.2	25.5	16.8	13.6	7.7	16.5	22.7	19.3	17.4	37.0
18 Bank personal trusts and estates	9.5	7.1	−8.3	−7.7	7.6	7.3	8.8	2.4	3.1	2.0	3.9	3.1
19 Life insurance companies	100.4	72.0	100.0	69.6	94.3	92.9	34.1	88.4	62.6	70.9	86.6	105.9
20 Other insurance companies	27.7	24.9	21.5	22.5	25.2	32.0	34.7	23.4	−1.5	−7.7	67.5	20.7
21 Private pension funds	50.2	46.1	56.0	52.3	65.5	64.6	79.5	74.5	130.1	95.6	174.4	60.7
22 State and local government retirement funds	22.7	22.3	27.5	45.9	36.6	79.1	9.5	80.7	61.6	50.9	48.0	52.1
23 Money market mutual funds	20.4	30.0	86.5	88.8	87.5	121.5	144.2	172.0	200.1	247.5	356.4	239.7
24 Mutual funds	159.5	−7.1	52.5	48.9	80.9	108.0	61.8	146.3	155.7	97.7	102.7	84.3
25 Closed-end funds	20.0	−3.7	10.5	4.7	−3.4	−3.4	−3.4	−2.4	−2.4	−2.4	−2.0	−2.0
26 Government-sponsored enterprises	87.8	117.8	86.7	84.2	94.3	55.6	158.5	198.9	150.2	264.0	430.0	158.4
27 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.4	114.6	140.3	84.8	247.0	267.5	171.2	372.0
28 Asset-backed securities issuers (ABSs)	82.8	69.4	120.6	123.6	162.3	162.4	320.3	222.7	327.4	245.5	311.1	284.7
29 Finance companies	−20.9	48.3	49.9	18.4	21.9	68.3	−21.3	28.7	27.1	79.7	72.1	73.3
30 Mortgage companies	.0	−24.0	−3.4	8.2	−9.1	82.9	−93.6	58.8	−56.4	4.5	6.0	10.0
31 Real estate investment trusts (REITs)	6	4.7	.8	−.3	9.1	6.6	15.6	11.3	13.1	2.8	−13.7	−1.4
32 Brokers and dealers	14.8	−44.2	90.1	−15.7	14.9	18.0	71.7	245.8	−183.1	77.0	−209.1	86.1
33 Funding corporations	−35.1	−16.2	−23.8	13.5	54.8	30.2	134.8	90.6	−30.4	−42.4	19.1	4.3
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**950.8**	**1,030.2**	**1,227.6**	**1,327.3**	**1,431.5**	**1,508.4**	**1,870.5**	**1,906.9**	**1,983.1**	**1,871.1**	**2,349.1**	**2,224.9**
Other financial sources												
35 Official foreign exchange	.8	−5.8	8.8	−6.3	.7	2.4	17.5	1.0	8.1	11.4	8.6	−17.4
36 Special drawing rights certificates	.0	.0	2.2	−.5	−.5	.0	.0	.0	.0	.0	.0	−4.0
37 Treasury currency	.4	.7	.6	.1	.0	1.3	−1.9	.3	.2	1.7	−2.3	.0
38 Foreign deposits	−18.5	52.9	35.3	85.9	107.4	116.1	103.0	−45.3	89.0	87.3	36.8	72.2
39 Net interbank transactions	50.5	89.8	9.9	−51.6	−19.7	−25.0	79.8	−124.8	30.0	49.8	−89.7	125.8
40 Checkable deposits and currency	117.3	−9.7	−12.7	15.8	41.5	−38.4	71.9	65.6	109.3	−61.7	80.7	79.8
41 Small time and savings deposits	−70.3	−39.9	96.6	97.2	97.1	47.0	155.9	154.9	36.2	111.6	309.0	−1.2
42 Large time deposits	−23.5	19.6	65.6	114.0	122.5	188.4	70.7	186.2	−16.5	81.5	119.2	−14.2
43 Money market fund shares	20.2	43.3	142.3	145.8	157.6	226.2	147.8	248.0	186.4	400.7	306.6	248.1
44 Security repurchase agreements	71.3	78.2	110.5	41.4	120.9	115.5	117.9	259.5	−113.6	228.6	−164.3	255.3
45 Corporate equities	137.7	24.6	−3.1	−8.7	−78.8	−60.5	−103.3	−107.5	−115.9	−319.0	−196.7	−96.1
46 Mutual fund shares	292.0	100.6	147.4	237.6	265.1	299.9	261.0	325.2	392.7	152.5	243.5	221.1
47 Trade payables	52.2	94.0	101.5	83.4	100.4	137.9	146.9	63.8	−58.0	56.7	−97.1	73.0
48 Security credit	61.4	−.1	26.7	52.4	111.0	91.1	116.8	165.3	128.3	179.6	−39.6	−89.6
49 Life insurance reserves	37.1	35.5	45.8	44.5	54.3	63.9	37.4	49.3	53.3	51.7	59.0	54.7
50 Pension fund reserves	267.4	259.6	229.2	244.3	307.6	338.1	301.1	262.2	265.8	278.8	318.7	280.2
51 Taxes payable	11.4	2.6	6.2	16.0	16.8	30.7	−.6	8.5	−1.0	36.0	8.2	12.2
52 Investment in bank personal trusts	.9	17.8	4.0	−8.6	75.0	80.8	78.4	50.3	57.5	47.8	67.1	64.1
53 Noncorporate proprietors' equity	24.1	53.6	60.3	.1	6.7	15.0	−43.7	−6.3	−5.4	−59.9	15.8	19.0
54 Miscellaneous	345.3	241.3	455.6	521.5	590.1	722.7	386.1	1,164.0	294.2	661.9	975.1	192.5
55 **Total financial sources**	**2,328.5**	**2,088.8**	**2,760.3**	**2,951.9**	**3,507.3**	**3,861.5**	**3,813.3**	**4,627.1**	**3,323.7**	**3,868.2**	**4,307.7**	**3,700.2**
Liabilities not identified as assets (−)												
56 Treasury currency	−.2	−.2	−.5	−.9	−.6	.7	−2.4	−.2	−.3	1.1	−3.4	−1.2
57 Foreign deposits	−5.7	43.0	25.1	59.6	107.4	93.7	147.9	−94.5	144.3	73.7	26.5	25.0
58 Net interbank liabilities	4.2	−2.7	−3.1	−3.3	−19.9	−50.0	−33.0	30.7	11.4	19.4	−49.0	54.3
59 Security repurchase agreements	46.4	69.4	17.5	.5	65.3	23.9	190.8	148.7	−170.5	106.0	−3.0	198.9
60 Taxes payable	15.8	16.6	21.1	20.4	18.8	15.2	11.6	4.4	5.3	26.4	17.3	3.4
61 Miscellaneous	−163.5	−192.8	−229.6	−50.2	−235.3	−54.9	−566.5	−62.0	−203.6	−91.8	−72.7	−503.9
Floats not included in assets (−)												
62 Federal government checkable deposits	−1.5	−4.8	−6.0	.5	−2.7	10.0	−7.9	7.5	−41.7	24.1	20.4	−3.2
63 Other checkable deposits	−1.3	−2.8	−3.8	−4.0	−3.9	−3.0	−5.0	−4.0	−3.0	−3.2	−2.1	−2.0
64 Trade credit	−4.0	1.5	−11.7	−52.6	8.5	66.9	46.4	6.6	−148.8	−76.4	−49.6	−48.4
65 **Total identified to sectors as assets**	**2,438.1**	**2,161.7**	**2,951.3**	**2,981.8**	**3,569.7**	**3,758.8**	**4,031.5**	**4,589.9**	**3,730.6**	**3,788.8**	**4,423.2**	**3,977.3**

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	1994	1995	1996	1997	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1
Nonfinancial sectors											
1 **Total credit market debt owed by domestic nonfinancial sectors**	**13,016.0**	**13,716.0**	**14,409.2**	**15,130.2**	**14,881.7**	**15,130.2**	**15,358.2**	**15,547.0**	**15,754.7**	**16,067.3**	**16,325.9**
By sector and instrument											
2 Federal government	3,492.3	3,636.7	3,781.8	3,804.9	3,771.2	3,804.9	3,830.8	3,749.0	3,720.2	3,752.2	3,759.7
3 Treasury securities	3,465.6	3,608.5	3,755.1	3,778.3	3,745.1	3,778.3	3,804.8	3,723.4	3,694.7	3,723.7	3,731.6
4 Budget agency securities and mortgages	26.7	28.2	26.6	26.5	26.1	26.5	25.9	25.6	25.5	28.5	28.1
5 Nonfederal	9,523.7	10,079.3	10,627.4	11,325.4	11,110.5	11,325.4	11,527.4	11,798.1	12,034.6	12,315.1	12,566.2
By instrument											
6 Commercial paper	139.2	157.4	156.4	168.6	176.6	168.6	193.1	202.5	216.9	193.0	223.9
7 Municipal securities and loans	1,341.7	1,293.5	1,296.0	1,367.5	1,340.2	1,367.5	1,397.1	1,429.3	1,439.9	1,464.3	1,481.6
8 Corporate bonds	1,253.0	1,326.3	1,398.8	1,489.5	1,470.9	1,489.5	1,528.8	1,569.0	1,590.8	1,621.8	1,660.5
9 Bank loans n.e.c.	759.9	861.0	923.1	1,029.8	994.0	1,029.8	1,032.2	1,086.8	1,109.9	1,139.2	1,151.5
10 Other loans and advances	669.6	736.9	773.2	839.5	802.9	839.5	866.1	873.5	886.1	914.2	949.7
11 Mortgages	4,376.4	4,581.4	4,868.2	5,166.4	5,099.0	5,166.4	5,274.2	5,380.3	5,504.4	5,650.9	5,780.5
12 Home	3,332.1	3,511.8	3,721.2	3,957.0	3,912.1	3,957.0	4,040.9	4,119.4	4,219.5	4,324.8	4,421.7
13 Multifamily residential	261.5	269.1	284.3	295.1	290.4	295.1	300.7	306.0	310.0	317.7	325.8
14 Commercial	699.8	716.0	775.6	824.1	807.0	824.1	841.5	862.3	881.1	912.9	936.6
15 Farm	83.0	84.6	87.1	90.3	89.6	90.3	91.1	92.6	93.7	95.5	96.3
16 Consumer credit	983.9	1,122.8	1,211.6	1,264.1	1,226.7	1,264.1	1,236.0	1,256.8	1,286.6	1,331.7	1,318.6
By borrowing sector											
17 Household	4,429.1	4,783.0	5,100.2	5,429.5	5,333.0	5,429.5	5,487.5	5,608.2	5,738.5	5,902.3	5,987.8
18 Nonfinancial business	3,972.9	4,226.1	4,463.8	4,776.4	4,682.0	4,776.4	4,895.6	5,019.0	5,117.3	5,213.0	5,360.8
19 Corporate	2,708.9	2,928.6	3,077.7	3,306.7	3,235.5	3,306.7	3,402.6	3,496.7	3,569.4	3,638.2	3,762.0
20 Nonfarm noncorporate	1,121.8	1,152.4	1,236.1	1,313.6	1,291.3	1,313.6	1,337.9	1,361.8	1,385.5	1,411.9	1,437.4
21 Farm	142.2	145.1	149.9	156.1	155.2	156.1	155.1	160.6	162.5	162.9	161.3
22 State and local government	1,121.7	1,070.2	1,063.4	1,119.5	1,095.5	1,119.5	1,144.3	1,170.8	1,178.8	1,199.8	1,217.6
23 **Foreign credit market debt held in United States**	**370.8**	**441.9**	**518.8**	**569.6**	**557.7**	**569.6**	**584.1**	**606.6**	**600.2**	**591.6**	**596.2**
24 Commercial paper	42.7	56.2	67.5	65.1	64.3	65.1	76.7	71.4	74.0	72.9	77.2
25 Bonds	242.3	291.9	347.7	394.4	386.3	394.4	398.0	424.9	416.0	407.8	408.3
26 Bank loans n.e.c.	26.1	34.6	43.7	52.1	48.2	52.1	53.4	55.5	56.4	58.9	59.1
27 Other loans and advances	59.8	59.3	60.0	58.0	58.9	58.0	55.9	54.8	53.8	52.0	51.5
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**13,386.9**	**14,158.0**	**14,928.0**	**15,699.9**	**15,439.4**	**15,699.9**	**15,942.3**	**16,153.6**	**16,355.0**	**16,658.9**	**16,922.1**
Financial sectors											
29 **Total credit market debt owed by financial sectors**	**3,822.2**	**4,281.3**	**4,838.6**	**5,457.5**	**5,214.2**	**5,457.5**	**5,685.7**	**5,937.4**	**6,206.2**	**6,526.1**	**6,821.6**
By instrument											
30 Federal government-related	2,172.7	2,376.8	2,608.3	2,821.0	2,746.5	2,821.0	2,877.9	2,981.2	3,121.6	3,292.0	3,433.2
31 Government-sponsored enterprise securities	700.6	806.5	896.9	995.3	955.8	995.3	1,030.9	1,072.5	1,146.0	1,273.6	1,321.8
32 Mortgage pool securities	1,472.1	1,570.3	1,711.4	1,825.8	1,790.7	1,825.8	1,847.0	1,908.7	1,975.6	2,018.4	2,111.4
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	1,649.5	1,904.5	2,230.4	2,636.5	2,467.7	2,636.5	2,807.9	2,956.2	3,084.6	3,234.1	3,388.3
35 Open market paper	441.6	486.9	579.1	745.7	684.7	745.7	804.9	838.9	874.2	906.7	926.4
36 Corporate bonds	1,008.8	1,204.7	1,381.5	1,557.5	1,477.3	1,557.5	1,640.9	1,738.7	1,786.2	1,849.4	1,967.2
37 Bank loans n.e.c.	48.9	54.0	74.9	88.0	80.9	88.0	106.3	99.0	113.9	117.7	118.8
38 Other loans and advances	131.6	135.0	162.9	198.5	183.0	198.5	206.6	225.6	246.2	288.7	299.3
39 Mortgages	18.7	24.1	31.9	46.8	41.8	46.8	49.1	54.1	64.0	71.6	76.6
By borrowing sector											
40 Commercial banks	94.5	102.6	113.6	140.6	130.0	140.6	148.7	159.6	169.6	188.6	187.6
41 Bank holding companies	133.6	148.0	150.0	168.6	164.0	168.6	181.2	190.5	196.1	193.5	202.6
42 Savings institutions	112.4	115.0	140.5	160.3	149.8	160.3	162.9	170.7	186.6	212.4	226.9
43 Credit unions	.5	.4	.4	.6	5	.6	7	.8	1.0	1.1	1.5
44 Life insurance companies	.6	.5	1.6	1.8	1.9	1.8	1.8	1.6	2.0	2.5	3.3
45 Government-sponsored enterprises	700.6	806.5	896.9	995.3	955.8	995.3	1,030.9	1,072.5	1,146.0	1,273.6	1,321.8
46 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,790.7	1,825.8	1,847.0	1,908.7	1,975.6	2,018.4	2,111.4
47 Issuers of asset-backed securities (ABSs)	570.1	712.5	866.4	1,078.2	981.0	1,078.2	1,143.0	1,230.4	1,307.0	1,394.6	1,464.2
48 Brokers and dealers	34.3	29.3	27.3	35.3	33.6	35.3	35.1	40.1	39.4	42.5	34.7
49 Finance companies	433.7	483.9	529.8	554.5	532.7	554.5	571.9	596.9	589.4	597.5	614.1
50 Mortgage companies	18.7	19.1	31.5	26.8	31.2	26.8	39.1	27.1	27.6	28.1	28.9
51 Real estate investment trusts (REITs)	40.0	44.6	56.5	96.1	79.6	96.1	111.9	128.0	147.8	158.8	165.4
52 Funding corporations	211.0	248.6	312.7	373.7	363.4	373.7	411.6	410.5	417.9	414.4	459.1
All sectors											
53 **Total credit market debt, domestic and foreign**	**17,209.1**	**18,439.3**	**19,766.6**	**21,157.4**	**20,653.6**	**21,157.4**	**21,628.0**	**22,091.0**	**22,561.1**	**23,184.9**	**23,743.7**
54 Open market paper	623.5	700.4	803.0	979.4	925.7	979.4	1,074.8	1,112.7	1,165.1	1,172.6	1,227.6
55 U.S. government securities	5,665.0	6,013.6	6,390.0	6,625.9	6,517.7	6,625.9	6,708.6	6,730.2	6,841.8	7,044.2	7,192.9
56 Municipal securities	1,341.7	1,293.5	1,296.0	1,367.5	1,340.2	1,367.5	1,397.1	1,429.3	1,439.9	1,464.3	1,481.6
57 Corporate and foreign bonds	2,504.0	2,822.9	3,128.1	3,441.5	3,334.5	3,441.5	3,567.7	3,732.6	3,793.1	3,879.0	4,036.1
58 Bank loans n.e.c.	834.9	949.6	1,041.7	1,169.8	1,123.1	1,169.8	1,191.9	1,241.3	1,280.3	1,315.7	1,329.4
59 Other loans and advances	860.9	931.1	996.2	1,095.9	1,044.9	1,095.9	1,128.7	1,153.9	1,186.1	1,254.9	1,300.4
60 Mortgages	4,395.1	4,605.5	4,900.1	5,213.2	5,140.8	5,213.2	5,323.2	5,434.3	5,568.3	5,722.5	5,857.1
61 Consumer credit	983.9	1,122.8	1,211.6	1,264.1	1,226.7	1,264.1	1,236.0	1,256.8	1,286.6	1,331.7	1,318.6

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

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1994	1995	1996	1997	1997		1998				1999
					Q3	Q4	Q1	Q2	Q3	Q4	Q1
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**17,209.1**	**18,439.3**	**19,766.6**	**21,157.4**	**20,653.6**	**21,157.4**	**21,628.0**	**22,091.0**	**22,561.1**	**23,184.9**	**23,743.7**
2 Domestic nonfederal nonfinancial sectors	3,031.0	2,890.6	2,900.7	2,724.8	2,710.6	2,724.8	2,662.1	2,718.7	2,739.1	2,686.4	2,733.4
3 Household	1,974.3	1,929.3	1,982.7	1,804.4	1,814.5	1,804.4	1,759.6	1,786.8	1,769 5	1,673.9	1,727.6
4 Nonfinancial corporate business	289.2	280.4	275.2	278.0	265.1	278.0	259 1	245.4	251.2	270.7	257.2
5 Nonfarm noncorporate business	37.6	42.3	38.0	37.4	37.5	37.4	37.4	37.4	37.4	37.4	37.4
6 State and local governments	729.9	638.6	604.8	605.0	593.5	605.0	606.0	649.1	681.1	704.4	711.2
7 Federal government	203.4	203.2	195.5	200.4	198.2	200.4	204.3	207.5	210.9	213.9	218.5
8 Rest of the world	1,216.0	1,530.3	1,933.8	2,259.0	2,196.4	2,259.0	2,324.0	2,401.2	2,416.4	2,509.8	2,563.6
9 Financial sectors	12,758.7	13,815.2	14,736.6	15,973.2	15,548.4	15,973.2	16,437.6	16,763.6	17,194.7	17,774.8	18,228.1
10 Monetary authority	368.2	380.8	393.1	431.4	412.7	431.4	433.8	440.3	446.5	452.5	466.0
11 Commercial banking	3,254.3	3,520.1	3,707.7	4,031.9	3,912.9	4,031.9	4,093.3	4,136.4	4,195.7	4,337.1	4,340.2
12 U.S.-chartered banks	2,869.6	3,056.1	3,175.8	3,450.7	3,351.9	3,450.7	3,505.0	3,543.6	3,616.2	3,761.3	3,782.9
13 Foreign banking offices in United States	337.1	412.6	475.8	516.1	501.0	516.1	517 9	525 6	510.1	504.2	488.1
14 Bank holding companies	18.4	18.0	22.0	27.4	22.5	27.4	31.2	26.8	28.3	26.5	25.0
15 Banks in U.S.-affiliated areas	29.2	33.4	34.1	37.8	37.5	37.8	39.2	40.4	41.1	45.2	44.1
16 Savings institutions	920.8	913.3	933.2	928.5	929.0	928.5	931.2	930.8	939.3	964.8	990.8
17 Credit unions	246.8	263.0	288.5	305.3	303.9	305.3	306.7	315.1	320.5	324.2	330.7
18 Bank personal trusts and estates	248.0	239.7	232.0	239.5	237.3	239.5	240.1	240.9	241.4	242.4	243.1
19 Life insurance companies	1,487.5	1,587.5	1,657.0	1,751.3	1,746.7	1,751.3	1,777.3	1,793.2	1,810.6	1,828.4	1,858.9
20 Other insurance companies	446.4	468.7	491.2	515.3	506.6	515.3	521.1	520.8	518.9	535.7	540.9
21 Private pension funds	660.9	716.9	769.2	834.7	814.8	834.7	853.4	885.9	909.8	953.4	968.6
22 State and local government retirement funds	455.8	483.3	529.2	565.8	562.0	565.8	582.2	600.2	613.1	626.1	635.1
23 Money market mutual funds	459.0	545.5	634.3	721.9	678.7	721.9	775.0	815.9	869.9	965.9	1,036.2
24 Mutual funds	718.8	771.3	820.2	901.1	890.4	901.1	940.0	979.1	1,005.9	1,026.7	1,049.9
25 Closed-end funds	86.0	96.4	101.1	97.7	98.5	97.7	97.1	96.5	95.9	95.4	94.9
26 Government-sponsored enterprises	663.3	750.0	807.9	902.2	862.5	902.2	951.4	989.4	1,055.4	1,163.0	1,202.0
27 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,790.7	1,825.8	1,847.0	1,908.7	1,975.6	2,018.4	2,111.4
28 Asset-backed securities issuers (ABSs)	532.8	653.4	777.0	939.3	855.3	939.3	989.3	1,068.9	1,134.2	1,216.0	1,281.2
29 Finance companies	476.2	526.2	544.5	566.4	564.4	566.4	572.0	579.0	592.7	618.4	635.4
30 Mortgage companies	36.5	33.0	41.2	32.1	55.5	32.1	46.8	32.7	33.8	35.3	37.8
31 Real estate investment trusts (REITs)	13.3	14.1	13.8	22.9	19.0	22.9	25.7	29.0	29.7	26.3	25.9
32 Brokers and dealers	93.3	183.4	167.7	182.6	164.7	182.6	244.0	198.3	217.5	165.2	186.8
33 Funding corporations	107.5	86.3	99.8	149.9	120.9	149.9	179.0	173.2	162.4	160.5	171.9
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**17,209.1**	**18,439.3**	**19,766.6**	**21,157.4**	**20,653.6**	**21,157.4**	**21,628.0**	**22,091.0**	**22,561.1**	**23,184.9**	**23,743.7**
Other liabilities											
35 Official foreign exchange	53.2	63.7	53.7	48.9	46.1	48.9	48.2	50.1	54.5	60 1	53.6
36 Special drawing rights certificates	8.0	10.2	9.7	9.2	9.2	9.2	9.2	9.2	9.2	9.2	8.2
37 Treasury currency	17.6	18.2	18.3	18.3	18.7	18.3	18.4	18.4	18.8	18.3	18.3
38 Foreign deposits	373.9	418.8	516.1	619.4	597.8	619.4	608.1	630.4	652.2	661.4	679.4
39 Net interbank liabilities	280.1	290.7	240.8	219.4	189.0	219.4	177.9	189.2	196.5	187.6	206.5
40 Checkable deposits and currency	1,242.0	1,229.3	1,245.1	1,286.6	1,234.2	1,286.6	1,259.4	1,321.0	1,282.7	1,335.1	1,313.3
41 Small time and savings deposits	2,183.2	2,279.7	2,377.0	2,474.1	2,438.8	2,474.1	2,525.2	2,530.8	2,553.5	2,627.0	2,639.3
42 Large time deposits	411.2	476.9	590.9	713.4	696.1	713.4	760.9	754.0	776.5	806.0	803.4
43 Money market fund shares	602.9	745.3	891.1	1,048.7	1,005.1	1,048.7	1,130.7	1,153.7	1,249.7	1,334.2	1,416.0
44 Security repurchase agreements	549.5	660.0	701.5	822.4	797.7	822.4	891.0	861.5	919.8	875.0	941.2
45 Mutual fund shares	1,477.3	1,852.8	2,342.4	2,989.4	2,973.6	2,989.4	3,339.3	3,438.4	3,137.3	3,610.0	3,763.3
46 Security credit	279.0	305.7	358.1	469.1	431.8	469.1	505.3	540.6	579.0	577.5	550.2
47 Life insurance reserves	520.3	566.2	610.6	665.0	655.6	665.0	677.3	690.6	703.5	718.3	731.9
48 Pension fund reserves	5,057.5	5,821.1	6,567.8	7,680.9	7,556.4	7,680.9	8,246.8	8,344.4	7,805 4	8,724.2	8,873.0
49 Trade payables	1,140.6	1,242.2	1,325.6	1,426.0	1,362.5	1,426.0	1,409.3	1,400.5	1,414.4	1,417.3	1,402.5
50 Taxes payable	101.4	107.6	123.6	140.4	143.4	140.4	151.2	143.5	154.3	153.3	165.5
51 Investment in bank personal trusts	699.4	803.0	871.7	1,082.8	1,058.9	1,082.8	1,179.5	1,204.9	1,118.9	1,274.2	1,317.0
52 Miscellaneous	5,292.2	5,656.0	6,144.2	6,800.8	6,787 7	6,800.8	7,039.7	7,094.8	7,370.9	7,287.2	7,350.5
53 **Total liabilities**	**37,498.7**	**40,986.5**	**44,754.6**	**49,672.1**	**48,656.2**	**49,672.1**	**51,605.3**	**52,466.9**	**52,558.3**	**54,860.6**	**55,976.5**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.1	22.1	21.4	21.1	21.0	21.1	21.2	21.0	21.2	21.6	20.7
55 Corporate equities	6,237.9	8,331.3	10,062.4	12,776.0	12,649.4	12,776.0	14,397.6	14,556.1	12,758.4	15,437.7	15,970.3
56 Household equity in noncorporate business	3,410.5	3,658.3	3,865.2	4,214.9	4,142.3	4,214.9	4,231.1	4,268.5	4,291.6	4,315.1	4,314.3
Liabilities not identified as assets (−)											
57 Treasury currency	−5.4	−5.8	−6.7	−7.3	−6.7	−7.3	−7.4	−7.4	−7.2	−8.0	−8.3
58 Foreign deposits	325.4	360.2	431.4	534.6	501.8	534.6	511.0	547.1	565.5	572.2	578.4
59 Net interbank transactions	−6.5	−9.0	−10.6	−32.2	−22.1	−32.2	−21.2	−17.1	−15.4	−27.2	−11.2
60 Security repurchase agreements	67.8	85.3	85.9	151.2	113.0	151.2	191.8	144.0	180.8	171.5	224.0
61 Taxes payable	48.8	62 4	76.7	93.5	88.2	93.5	89.1	94.7	101.5	103.8	96.5
62 Miscellaneous	−1,106.4	−1,460.3	−1,706.6	−1,913.0	−1,461.4	−1,913.0	−1,895.2	−1,916.3	−1,921.8	−2,201.6	−2,340.3
Floats not included in assets (−)											
63 Federal government checkable deposits	3.4	3.1	−1.6	−8.1	−7.8	−8.1	−10.4	−16.1	−12.0	−3.9	−7.2
64 Other checkable deposits	38.0	34.2	30.1	26.2	19 5	26.2	21.4	24.2	15.7	23.1	18.9
65 Trade credit	−245.9	−257.6	−310.1	−312.7	−396.2	−312.7	−364.0	−413.2	−438.8	−379.7	−445.4
66 **Total identified to sectors as assets**	**48,048.8**	**54,185.8**	**60,115.1**	**68,151.9**	**66,640.6**	**68,151.9**	**71,740.0**	**72,872.7**	**71,161.2**	**76,384.8**	**78,176.5**

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	1996	1997	1998	1998				1999				
				Sept.	Oct	Nov	Dec.	Jan.	Feb.[r]	Mar.[r]	Apr.[r]	May
1 **Industrial production**[1]	**119.5**	**126.8**	**131.3**	**131.9**	**132.4**	**132.2**	**132.3**	**132.3**	**132.5**	**133.3**	**133.8**	**134.1**
Market groupings												
2 Products, total	114.4	119.6	123.5	124.1	124.9	124.5	124.4	124.5	124.6	125.3	125.7	125.8
3 Final, total	115.5	121.1	125.4	126.0	126.7	126.1	125.9	125.8	125.9	126.5	126.9	127.1
4 Consumer goods	111.3	114.1	115.2	114 8	115.2	114.8	114.9	115.2	115.3	115.6	115.9	116.1
5 Equipment	122.7	133.9	144.2	146.2	147.5	146.5	145.6	145.0	145.1	146.1	146.7	146.9
6 Intermediate	110.9	115.2	118.0	118.3	119.0	119.3	119.8	120.3	120.4	121.4	121.8	121.5
7 Materials	127.8	138.2	144.0	144.4	144.5	144.6	145.2	144.9	145.3	146.5	147.1	147.8
Industry groupings												
8 Manufacturing	121.4	129.7	135.1	135.2	136.1	136.4	136.7	136.4	136.9	137.5	138.1	138.6
9 Capacity utilization, manufacturing (percent)[2]	81.4	82.0	80.8	80.1	80.3	80.1	80.0	79.5	79.5	79.5	79.6	79.7
10 Construction contracts[3]	130.8[r]	142.8	155.1[r]	154.0[r]	155.0[r]	161.0[r]	163.0[r]	165.0[r]	157.0	153.0	153.0	151.0
11 Nonagricultural employment, total[4]	117.3	120.3	123.4	123.9	124.1	124.4	124.8[r]	124.9	125.3	125.4	125.7	125.7
12 Goods-producing, total	2.4	2.4	2.3	102.7[r]	102.6[r]	102.5[r]	102.8[r]	102.6[r]	102.7	102.5	102.5	102.1
13 Manufacturing, total	97 4	98.2	98.5	98.6[r]	98.4[r]	98.1[r]	98.0[r]	97.8[r]	97.6	97.4	97.2	97.0
14 Manufacturing, production workers	98.6	99.6	99.6	99.5[r]	99.2[r]	98.9[r]	98.8[r]	98.6[r]	98.3	98.2	98.0	97.7
15 Service-producing	123.1	126.5	130.1	130.7[r]	131.0[r]	131.4[r]	131.8	132.1	132.5	132.7	133.1	133.2
16 Personal income, total	165.2	174.5	183.3	184.8	185.6	187.2	187.1	188.2[r]	189.1	189.6	190.7	191.4
17 Wages and salary disbursements	159.8	171.2	182.6	184.6	185.7	186.7	187.6	189.0	190.2	190.6	191.8	192.8
18 Manufacturing	135.7	144.7	151.1	152.1	151.8	151.6	151.7	152.4	152.8	152.9	153.5	154.4
19 Disposable personal income[5]	164.0	171.7	178.6	179.9	180.7	182.4	182.1	183.2[r]	183.9	184.6	185.5	186.1
20 Retail sales[5]	159.6	166.9	175.1	175.6	177.7	178.9	180.9	183.3	186.4	186.4	187.1	188.9
Prices[6]												
21 Consumer (1982–84=100)	156.9	160.5	163.0	163.6	164.0	164.0	163.9	164.3	164.5	165.0	166.2	166.2
22 Producer finished goods (1982=100)	131.3	131.8	130.7	130.6	131.4	130.9	131.1	131.4[r]	130.9	131.2	131.8	132.4

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1998. The recent annual revision is described in an article in the January 1999 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, DRI McGraw-Hill, 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	1996	1997	1998	1998[r]			1999[r]				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	133,943	136,297	137,673	138.116	138.193	138,547	139,347	139,271	138,816	139,091	139,019
Employment											
2 Nonagricultural industries[3]	123,264	126.159	128,085	128.300	128,765	129.304	130.097	129,817	129,752	129,685	129,929
3 Agriculture	3,443	3,399	3,378	3.558	3,348	3,222	3,299	3,328	3.281	3,384	3,295
Unemployment											
4 Number	7,236	6,739	6,210	6,258	6,080	6,021	5,950	6,127	5,783	6.022	5,795
5 Rate (percent of civilian labor force)	5 4	4.9	4.5	4.5	4.4	4.3	4.3	4.4	4.2	4.3	4.2
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**119,608**	**122,690**	**125,833**	**126,567**	**126,841**	**127,186**	**127,378**	**127,730**	**127,813**	**128.156**	**128,167**
7 Manufacturing	18,495	18,657	18,716	18,686	18.639	18,611	18,585	18,538	18.503	18,475	18,430
8 Mining	580	592	575	578	574	570	560	553	550	538	531
9 Contract construction	5,418	5,686	5,965	6,042	6,085	6,173	6,170	6,238	6,232	6,276	6,236
10 Transportation and public utilities	6,253	6,395	6,551	6,657	6,671	6,684	6,708	6,723	6,732	6,752	6,765
11 Trade	28,079	28,659	29,299	29,268	29,334	29,426	29,480	29,585	29,558	29,703	29,717
12 Finance	6,911	7,091	7,341	7,494	7,520	7,542	7,570	7,581	7,595	7,614	7,626
13 Service	34,454	36,040	37,525	37,929	38,070	38,207	38,313	38,458	38,556	38,699	38,770
14 Government	19,419	19,570	19,862	19,913	19,948	19,973	19,992	20,054	20,087	20,099	20,092

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	Output (1992=100) 1998 Q2	1998 Q3	1998 Q4	1999 Q1[r]	Capacity (percent of 1992 output) 1998 Q2	1998 Q3	1998 Q4[r]	1999 Q1[r]	Capacity utilization rate (percent)[2] 1998 Q2	1998 Q3	1998 Q4[r]	1999 Q1[r]
1 **Total industry**	**131.3**	**131.6**	**132.3**	**132.7**	**159.6**	**161.5**	**163.5**	**165.2**	**82.3**	**81.5**	**80.9**	**80.3**
2 Manufacturing	134.7	134.8	136.4	137.0	165.8	168.1	170.3	172.3	81.2	80.2	80.1	79.5
3 Primary processing[3]	121.1	120.2	120.6	121.7	144.0	145.1	146.1	146.9	84.1	82.9	82.5	82.8
4 Advanced processing[4]	141.4	142.1	144.4	144.6	176.4	179.2	182.0	184.5	80.2	79.3	79.3	78.4
5 Durable goods	156.1	157.9	161.2	162.0	193.9	197.5	201.2	204.4	80.5	79.9	80.1	79.2
6 Lumber and products	116.4	117.7	119.2	121.7	143.0	143.9	144.9	146.0	81.4	81.8	82.3	83.3
7 Primary metals	125.3	122.4	119.3	120.5	142.0	143.2	144.4	145.4	88.3	85.5	82.6	82.9
8 Iron and steel	124.0	118.7	112.9	115.6	142.8	144.6	146.5	147.9	86.9	82.1	77.0	78.1
9 Nonferrous	127.0	126.8	126.9	126.3	140.8	141.3	141.7	142.1	90.1	89.7	89.6	88.9
10 Industrial machinery and equipment	203.0	207.9	211.7	214.0	234.7	242.9	251.6	259.8	86.5	85.6	84.1	82.4
11 Electrical machinery	282.8	292.7	304.8	310.5	366.6	381.6	396.6	411.0	77.1	76.7	76.9	75.5
12 Motor vehicles and parts	135.3	137.2	148.5	147.3	183.9	184.9	186.0	186.7	73.6	74.2	79.8	78.9
13 Aerospace and miscellaneous transportation equipment	106.1	106.6	105.8	103.0	127.5	128.0	128.5	128.8	83.2	83.3	82.4	80.0
14 Nondurable goods	112.7	111.3	111.4	111.7	136.6	137.5	138.4	139.1	82.5	80.9	80.5	80.3
15 Textile mill products	113.2	112.1	110.2	109.2	134.9	135.1	135.2	135.0	83.9	83.0	81.5	80.9
16 Paper and products	115.0	115.0	114.3	116.3	131.6	132.5	133.4	134.2	87.4	86.8	85.7	86.7
17 Chemicals and products	116.9	114.4	114.0	114.1	148.0	148.9	149.7	150.3	79.0	76.8	76.1	75.9
18 Plastics materials	127.5	128.4	131.9	129.6	140.7	141.9	143.2	144.4	90.6	90.5	92.1	89.8
19 Petroleum products	112.0	112.7	111.9	115.7	116.5	116.8	117.1	117.4	96.1	96.5	95.6	98.5
20 Mining	105.3	103.6	100.7	98.5	119.9	120.1	120.6	120.9	87.8	86.2	83.5	81.5
21 Utilities	115.6	119.6	112.9	114.3	126.2	126.5	126.7	126.9	91.6	94.6	89.2	90.0
22 Electric	118.3	121.2	116.7	116.4	123.8	124.0	124.3	124.5	95.6	97.7	93.9	93.5

Capacity utilization rate (percent)[2]

Series	1973 High	1975 Low	Previous cycle[5] High	Previous cycle[5] Low	Latest cycle[6] High	Latest cycle[6] Low	1998 May	1998 Dec.	1999 Jan.	1999 Feb.[r]	1999 Mar.[r]	1999 Apr.[r]	1999 May[p]
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**82.6**	**80.7**	**80.3[r]**	**80.2**	**80.5**	**80.5**	**80.5**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	81.6	80.0	79.5	79.5	79.5	79.6	79.7
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	84.3	82.9	83.0	82.7	82.7	82.7	82.7
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	80.7	79.0	78.2	78.4	78.5	78.6	78.7
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	81.1	79.8	79.3	79.1	79.3	79.5	79.5
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	81.4	83.6	83.8	83.6	82.6	82.5	82.8
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	89.1	81.9	83.2	81.5	83.9	83.2	83.4
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	87.9	77.9	79.1	76.1	79.2	78.5	79.1
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	90.6	87.0	88.3	88.4	89.9	89.0	88.8
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	86.3	83.6	82.5	82.3	82.3	82.3	81.3
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	76.9	76.5	76.0	75.2	75.4	76.7	77.2
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	78.3	78.7	77.9	79.2	79.6	79.5	81.2
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	83.4	81.5	80.1	80.6	79.3	78.3	77.8
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	82.7	80.6	80.1	80.4	80.4	80.3	80.4
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	84.8	80.9	80.9	81.9	79.8	81.7	80.9
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	87.4	86.2	86.7	86.7	86.6	84.6	84.8
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	79.0	76.1	74.9	76.1	76.7	76.8	76.8
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	90.5	93.1	88.2	91.7	89.4	89.2	88.1
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	95.7	96.0	99.5	99.1	97.0	97.5	98.5
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	87.9	82.0	81.5	81.8	81.2	80.7	80.7
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	91.3	88.2	90.5	87.7	92.0	92.2	90.1
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	96.0	92.6	93.4	91.6	95.4	95.7	93.6

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 November 1998 The recent annual revision is described in an article in the January 1999 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	1998 avg.	1998 May	1998 June	1998 July	1998 Aug.	1998 Sept.	1998 Oct.	1998 Nov.	1998 Dec.	1999 Jan	1999 Feb.[r]	1999 Mar.[r]	1999 Apr.[r]	1999 May[p]
			Index (1992 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**131.3**	**131.9**	**130.6**	**130.5**	**132.4**	**131.9**	**132.4**	**132.2**	**132.3**	**132.3**	**132.5**	**133.3**	**133.8**	**134.1**
2 Products	60.5	123.5	124.5	123.6	123.3	124.9	124.1	124.9	124.5	124.4	124.5	124.6	125.3	125.7	125.8
3 Final products	46.3	125.4	126.6	125.5	124.7	126.8	126.0	126.7	126.1	125.9	125.8	125.9	126.5	126.9	127.1
4 Consumer goods, total	29.1	115.2	116.8	115.1	114.0	116.1	114.8	115.2	114.8	114.9	115.2	115.3	115.6	115.9	116.1
5 Durable consumer goods	6.1	135.7	138.3	130.7	124.6	140.1	137.4	140.5	138.9	139.8	141.5	143.3	142.2	144.7	145.9
6 Automotive products	2.6	132.9	136.8	121.7	107.3	141.7	136.4	141.1	139.6	139.8	141.7	140.4	139.2	141.2	144.2
7 Autos and trucks	1.7	137.8	143.5	118.2	92.8	151.4	143.4	150.6	149.1	147.7	149.4	149.3	147.9	150.4	155.0
8 Autos, consumer	.9	109.2	108.4	93.8	75.8	124.4	128.3	119.9	113.7	115.5	111.7	109.0	110.8	112.8	108.8
9 Trucks, consumer	.7	166.2	177.1	142.2	110.0	178.9	161.1	181.0	183.2	179.1	185.2	187.2	183.3	186.3	197.9
10 Auto parts and allied goods	.9	125.0	126.0	125.4	125.6	127.6	125.9	127.4	125.9	128.2	130.5	127.5	126.6	127.9	128.8
11 Other	3.5	137.8	139.4	137.8	138.7	138.5	138.0	139.7	137.9	139.5	141.0	145.4	144.3	147.3	147.0
12 Appliances, televisions, and air conditioners	1.0	206.2	202.7	199.9	207.8	209.4	209.9	215.2	222.5	226.0	229.6	241.4	238.6	247.5	243.0
13 Carpeting and furniture	.8	117.1	119.1	117.0	117.3	116.7	116.3	120.3	117.5	116.8	120.7	123.1	118.3	119.9	120.5
14 Miscellaneous home goods	1.6	114.7	117.9	117.1	115.9	115.3	114.5	113.6	109.5	111.4	110.9	113.5	115.1	116.5	117.2
15 Nondurable consumer goods	23.0	110.1	111.5	111.2	111.2	110.3	109.3	109.1	109.0	108.9	108.9	108.6	109.1	109.0	109.0
16 Foods and tobacco	10.3	109.0	110.8	108.5	108.5	107.5	106.9	108.0	109.6	109.6	110.0	110.2	109.8	109.3	109.7
17 Clothing	2.4	97.8	98.8	98.8	98.4	97.7	97.1	95.4	94.5	94.6	93.4	92.6	91.5	92.5	91.2
18 Chemical products	4.5	120.5	122.5	122.8	122.2	119.0	118.0	117.2	119.3	118.7	115.3	117.4	118.9	118.9	119.4
19 Paper products	2.9	105.8	105.7	105.3	106.3	106.6	105.9	105.2	104.1	103.6	102.0	101.0	99.5	100.5	100.7
20 Energy	2.9	112.2	112.5	118.2	118.4	120.1	116.8	115.0	106.5	107.1	113.3	108.9	115.1	114.2	111.9
21 Fuels	.8	110.5	110.9	111.4	112.9	112.1	108.3	108.4	109.1	109.6	112.2	113.3	110.5	109.7	112.0
22 Residential utilities	2.1	112.3	112.9	121.2	120.7	123.7	120.7	117.8	104.5	105.2	113.3	106.0	117.0	115.9	111.3
23 Equipment	17.2	144.2	144.2	144.1	143.9	146.0	146.2	147.5	146.5	145.6	145.0	145.1	146.1	146.7	146.9
24 Business equipment	13.2	163.5	163.1	163.6	163.5	166.6	167.4	169.0	168.1	167.9	167.3	167.6	168.5	169.9	170.1
25 Information processing and related	5.4	209.9	209.2	210.3	211.8	213.1	217.3	219.0	219.7	220.8	222.0	222.1	226.1	231.4	235.5
26 Computer and office equipment	1.1	646.0	620.6	638.6	654.6	671.6	693.6	716.7	745.2	759.9	777.0	787.2	811.4	832.7	851.4
27 Industrial	4.0	140.0	138.1	142.9	144.2	142.3	139.5	141.6	139.9	141.3	139.9	137.9	137.8	139.3	136.9
28 Transit	2.5	133.7	135.5	128.2	121.9	141.6	140.1	141.6	140.5	139.6	137.6	137.7	136.0	135.8	135.1
29 Autos and trucks	1.2	124.6	125.1	108.6	91.7	136.9	135.6	136.1	136.4	136.0	134.8	133.2	133.1	134.9	135.9
30 Other	1.3	138.9	139.6	141.7	146.6	132.6	140.9	141.1	138.5	131.7	131.5	140.2	142.2	136.4	136.3
31 Defense and space equipment	3.3	75.7	76.0	75.8	76.1	76.5	75.5	76.4	75.7	74.6	74.4	74.8	74.9	74.3	74.3
32 Oil and gas well drilling	.6	134.7	147.1	136.7	131.9	127.7	123.4	119.4	115.2	103.2	99.2	97.4	104.2	97.2	99.8
33 Manufactured homes	.2	149.2	149.0	146.1	151.1	145.7	147.8	150.9	154.6	156.6	159.1	154.1	152.8	151.1	149.9
34 Intermediate products, total	14.2	118.0	118.2	118.0	119.1	119.1	118.3	119.0	119.3	119.8	120.3	120.4	121.4	121.8	121.5
35 Construction supplies	5.3	127.2	126.6	126.1	128.5	128.0	126.9	128.4	129.6	131.0	132.4	132.7	132.1	132.5	132.2
36 Business supplies	8.9	112.6	113.3	113.2	113.6	113.8	113.3	113.5	113.2	113.3	113.1	113.1	115.0	115.4	115.1
37 Materials	39.5	144.0	143.6	141.8	141.9	144.4	144.4	144.5	144.6	145.2	144.9	145.3	146.5	147.1	147.8
38 Durable goods materials	20.8	176.4	175.4	171.7	171.8	177.4	177.7	178.8	179.9	180.4	180.1	180.0	182.5	183.5	185.2
39 Durable consumer parts	4.0	144.0	147.9	131.9	129.7	149.6	147.7	146.2	145.6	144.8	141.9	145.4	147.9	146.8	148.6
40 Equipment parts	7.6	277.4	268.6	271.0	274.1	278.0	282.7	287.0	289.9	292.6	293.2	292.5	296.5	301.4	305.6
41 Other	9.2	129.0	129.6	128.3	128.1	128.3	127.7	128.4	129.3	129.3	129.8	128.6	130.2	130.3	130.8
42 Basic metal materials	3.1	121.2	123.0	120.1	120.2	121.9	118.2	118.3	117.3	116.3	118.4	116.1	118.6	118.4	119.1
43 Nondurable goods materials	8.9	113.5	114.1	113.9	114.1	113.1	112.0	111.7	112.2	112.5	112.0	113.2	113.0	112.5	112.7
44 Textile materials	1.1	108.7	111.0	110.2	110.1	107.7	107.6	108.8	103.0	102.5	99.0	101.1	101.8	102.4	101.7
45 Paper materials	1.8	116.0	115.5	117.3	117.3	116.4	115.0	115.8	112.7	114.7	116.5	116.0	116.9	115.2	116.7
46 Chemical materials	3.9	114.5	115.6	114.8	114.6	113.6	111.8	111.1	113.7	113.0	112.8	114.0	113.7	113.9	114.1
47 Other	2.1	111.5	111.2	110.6	111.7	111.6	111.5	110.4	113.2	114.4	112.5	114.8	113.2	112.0	111.6
48 Energy materials	9.7	103.5	104.3	104.8	104.8	104.4	105.2	103.7	101.5	102.6	102.6	102.6	103.0	104.0	103.1
49 Primary energy	6.3	101.2	101.0	101.8	102.9	101.2	102.3	102.6	99.8	100.3	100.4	101.2	99.8	100.6	100.0
50 Converted fuel materials	3.3	108.1	110.8	110.7	108.6	110.7	110.9	106.1	104.9	107.2	107.1	105.6	109.4	110.5	109.0
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	131.3	131.8	131.2	131.6	132.1	131.7	132.1	131.9	132.1	132.0	132.3	133.2	133.6	133.8
52 Total excluding motor vehicles and parts	95.1	130.8	131.3	131.2	131.7	131.3	131.0	131.5	131.4	131.7	131.7	131.7	132.6	133.1	133.3
53 Total excluding computer and office equipment	98.2	127.1	127.7	126.4	126.2	128.0	127.4	127.8	127.4	127.5	127.4	127.6	128.3	128.7	128.9
54 Consumer goods excluding autos and trucks	27.4	113.9	115.3	114.8	114.9	114.3	113.2	113.4	113.0	113.2	113.4	113.5	113.8	114.1	114.0
55 Consumer goods excluding energy	26.2	115.5	117.3	114.7	113.5	115.7	114.6	115.3	115.8	115.8	115.4	116.0	115.6	116.2	116.6
56 Business equipment excluding autos and trucks	12.0	167.9	167.4	170.0	171.8	169.9	171.0	172.7	171.6	171.5	170.9	171.5	172.5	173.9	173.9
57 Business equipment excluding computer and office equipment	12.1	142.4	142.6	142.7	142.2	144.8	145.1	146.2	144.6	144.1	143.1	143.2	143.6	144.5	144.3
58 Materials excluding energy	29.8	156.7	156.0	153.4	153.6	156.9	156.7	157.3	158.2	158.6	158.2	158.6	160.2	160.6	161.8

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

Group	SIC code[2]	1992 proportion	1998 avg.	1998 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1999 Jan.	Feb.r	Mar.r	Apr.r	May p
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**131.3**	**131.9**	**130.6**	**130.5**	**132.4**	**131.9**	**132.4**	**132.2**	**132.3**	**132.3**	**132.5**	**133.3**	**133.8**	**134.1**
60 Manufacturing		85.4	135.1	135.4	133.7	133.6	135.7	135.2	136.1	136.4	136.7	136.4	136.9	137.5	138.1	138.6
61 Primary processing	...	26.5	120.7	121.4	120.2	120.7	120.6	119.3	120.1	120.3	121.3	121.8	121.6	121.8	121.9	122.1
62 Advanced processing	.	58.9	142.1	142.3	140.4	139.9	143.3	143.2	144.2	144.6	144.4	143.8	144.6	145.4	146.3	146.9
63 Durable goods	..	45.0	157.5	157.2	154.8	154.4	159.8	159.6	161.2	161.0	161.5	161.4	161.7	162.9	164.0	164.9
64 Lumber and products	24	2.0	117.0	116.4	116.7	117.5	118.5	117.0	118.0	118.3	121.4	122.0	122.1	120.9	121.1	121.8
65 Furniture and fixtures	25	1.4	121.4	120.6	122.0	120.8	120.1	121.6	124.5	123.6	122.9	122.5	124.5	125.8	124.9	125.6
66 Stone, clay, and glass products	32	2.1	126.2	124.5	123.5	125.4	127.0	126.6	128.3	130.5	131.6	133.5	132.2	130.9	130.7	132.0
67 Primary metals	33	3.1	123.8	126.5	122.1	122.6	124.4	120.1	120.6	118.7	118.6	120.7	118.5	122.2	121.2	121.7
68 Iron and steel	331,2	1.7	121.1	125.5	119.8	120.2	122.5	113.4	114.4	109.7	114.6	116.7	112.6	117.4	116.7	117.8
69 Raw steel	331PT	.1	115.7	121.9	116.0	118.3	120.3	112.6	109.7	100.2	102.0	106.6	106.6	109.1	110.5	112.1
70 Nonferrous	333−6,9	1.4	127.0	127.6	124.9	125.4	126.7	128.1	128.0	129.3	123.4	125.4	125.6	127.8	126.7	126.4
71 Fabricated metal products	34	5.0	127.3	128.7	128.0	127.8	126.3	126.2	126.9	127.7	128.7	127.6	126.7	127.7	128.8	128.2
72 Industrial machinery and equipment	35	8.0	203.7	202.5	205.8	209.0	207.0	207.7	211.2	211.1	212.7	212.3	213.9	215.9	217.8	217.1
73 Computer and office equipment	357	1.8	649.1	623.9	641.4	657.0	673.6	695.5	718.5	746.9	761.6	778.9	789.3	813.9	835.7	854.5
74 Electrical machinery	36	7.3	291.9	282.0	285.5	289.4	290.8	297.7	302.4	304.8	307.3	308.7	309.2	313.5	322.4	328.0
75 Transportation equipment	37	9.5	123.0	125.2	114.2	108.2	130.3	127.6	128.4	127.1	125.6	124.0	125.6	125.2	124.4	125.6
76 Motor vehicles and parts	371	4.9	141.1	144.1	121.1	107.6	154.2	149.9	150.2	148.8	146.6	145.3	147.9	148.9	148.7	151.9
77 Autos and light trucks	371PT	2.6	128.5	132.7	110.1	86.9	142.0	136.5	140.4	138.1	137.3	137.9	137.3	136.6	138.9	141.7
78 Aerospace and miscellaneous transportation equipment	372−6,9	4.6	104.9	106.3	106.3	107.1	106.9	105.8	106.9	105.7	104.8	103.2	103.7	102.1	100.8	100.2
79 Instruments	38	5.4	113.0	113.8	112.4	112.6	113.0	114.2	114.6	114.1	113.9	114.3	113.8	114.9	115.9	116.2
80 Miscellaneous	39	1.3	117.7	119.1	118.5	118.5	117.7	117.0	115.9	114.1	115.4	114.8	115.8	116.7	118.3	119.4
81 Nondurable goods		40.4	111.9	113.0	112.0	112.1	111.3	110.6	110.9	111.6	111.7	111.3	111.9	112.0	112.0	112.2
82 Foods	20	9.4	109.6	110.7	109.2	109.0	107.9	107.7	109.1	111.3	111.1	112.0	112.3	111.7	111.4	111.7
83 Tobacco products	21	1.6	106.0	111.5	104.7	106.0	107.0	104.2	101.9	99.8	100.0	96.9	97.4	97.3	96.2	97.2
84 Textile mill products	22	1.8	112.2	114.5	112.0	113.2	111.8	111.2	112.4	108.8	109.4	109.3	110.6	107.7	110.1	109.0
85 Apparel products	23	2.2	99.2	100.4	100.5	100.1	99.2	98.3	97.3	95.5	95.3	94.1	93.6	93.5	94.4	93.5
86 Paper and products	26	3.6	115.0	115.0	114.9	115.9	115.3	113.9	115.4	112.3	115.3	116.2	116.4	116.5	114.0	114.5
87 Printing and publishing	27	6.7	105.1	105.6	105.5	105.4	104.9	104.6	104.2	105.4	105.1	103.6	103.8	104.5	104.8	105.0
88 Chemicals and products	28	9.9	115.5	116.9	116.2	115.7	114.3	113.3	113.1	114.7	114.0	112.5	114.4	115.5	115.7	115.8
89 Petroleum products	29	1.4	112.0	111.5	111.6	113.4	114.1	110.7	110.4	112.8	112.5	116.7	116.4	113.9	114.7	116.0
90 Rubber and plastic products	30	3.5	132.6	133.1	132.4	132.7	132.2	132.6	133.4	135.0	136.0	135.4	135.2	135.7	136.8	137.0
91 Leather and products	31	.3	75.3	75.8	74.5	75.3	74.0	73.5	72.8	74.3	73.0	70.9	70.5	70.3	70.7	69.8
92 Mining	...	6.9	104.0	105.4	104.7	104.6	103.7	102.4	102.0	101.1	99.0	98.5	98.9	98.3	97.7	97.8
93 Metal	10	.5	110.0	108.5	108.0	105.7	109.0	106.4	113.6	110.7	108.3	110.1	108.4	104.5	106.2	107.1
94 Coal	12	1.0	109.7	106.0	110.4	112.8	109.7	115.8	110.8	108.6	114.5	107.7	109.1	103.4	107.0	106.5
95 Oil and gas extraction	13	4.8	99.6	102.4	100.4	100.0	99.2	96.8	96.8	94.2	91.0	91.5	91.7	92.5	91.5	91.8
96 Stone and earth minerals	14	.6	124.7	124.4	125.6	125.4	124.3	120.3	118.8	132.1	125.6	126.9	127.7	127.8	122.5	121.9
97 Utilities	...	7.7	113.9	115.2	118.7	118.3	120.2	120.3	116.5	110.6	111.8	114.7	111.3	116.8	117.2	114.6
98 Electric	491,493PT	6.2	117.2	118.9	121.0	119.8	121.2	122.6	120.3	114.6	115.2	116.2	114.1	118.9	119.2	116.7
99 Gas	492,493PT	1.6	101.9	98.3	108.4	111.7	115.7	109.7	98.7	92.0	96.0	108.4	98.6	107.2	107.7	104.8
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts		80.5	134.7	134.9	134.5	135.1	134.6	134.4	135.3	135.7	136.2	136.0	136.3	136.9	137.5	137.9
101 Manufacturing excluding computer and office equipment		83.6	130.2	130.6	128.8	128.6	130.6	130.0	130.8	130.9	131.1	130.8	131.2	131.6	132.1	132.5
102 Computers, communications equipment, and semiconductors		5.9	515.6	490.7	502.9	511.8	522.5	538.3	552.1	562.8	571.2	576.6	580.0	593.3	612.7	628.3
103 Manufacturing excluding computers and semiconductors	.	81.1	120.1	121.1	119.2	118.9	120.6	119.9	120.4	120.4	120.5	120.1	120.5	120.8	121.1	121.3
104 Manufacturing excluding computers, communications equipment, and semiconductors	.	79.5	118.5	119.5	117.5	117.2	119.0	118.1	118.7	118.8	118.9	118.5	118.9	119.1	119.3	119.4
		Gross value (billions of 1992 dollars, annual rates)														
Major Markets																
105 **Products, total**	.	**2,001.9**	**2,480.6**	**2,498.5**	**2,470.3**	**2,454.6**	**2,525.1**	**2,501.0**	**2,519.7**	**2,511.6**	**2,513.9**	**2,527.3**	**2,527.2**	**2,535.6**	**2,546.5**	**2,548.1**
106 Final	.	1,552.1	1,951.5	1,966.1	1,938.2	1,915.6	1,985.9	1,966.4	1,982.3	1,973.4	1,972.7	1,982.5	1,982.7	1,987.3	1,995.4	1,999.0
107 Consumer goods	.	1,049.6	1,209.3	1,225.2	1,201.8	1,185.0	1,227.4	1,208.2	1,217.1	1,212.6	1,215.0	1,227.4	1,227.0	1,227.8	1,231.9	1,234.6
108 Equipment		502.5	744.4	744.2	740.1	734.3	762.5	762.7	769.8	765.2	762.0	758.8	759.5	763.5	767.6	768.4
109 Intermediate	.	449.9	530.6	533.6	532.6	538.4	540.3	535.7	538.7	539.1	541.9	545.4	545.1	548.6	551.4	549.7

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1998. The recent annual revision is described in an article in the January 1999 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	1996	1997	1998	1998						1999			
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb[r]	Mar.[r]	Apr.
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,426	1,441	1,604	1,626	1,670	1,569	1,726	1,688	1,708	1,778	1,738	1,654	1,572
2 One-family	1,070	1,062	1,184	1,191	1,202	1,171	1,210	1,254	1,296	1,275[r]	1,306	1,242	1,214
3 Two-family or more	356	379	421	435	468	398	516	434	412	503[r]	432	412	358
4 Started	1,477	1,474	1,617	1,719	1,615	1,576	1,698	1,654	1,750	1,820	1,752	1,746	1,576
5 One-family	1,161	1,134	1,271	1,306	1,264	1,251	1,298	1,375	1,383	1,393	1,380	1,394	1,249
6 Two-family or more	316	340	346	413	351	325	400	279	367	427	372	352	327
7 Under construction at end of period[1]	819	834	935	938	939	946	968	971	999	1,011	1,032	1,035	1,027
8 One-family	584	570	638	642	644	648	659	667	688	697	712	715	707
9 Two-family or more	235	264	297	296	295	298	309	304	311	314	320	320	320
10 Completed	1,406	1,406	1,473	1,549	1,517	1,459	1,455	1,600	1,440	1,648	1,528	1,699	1,647
11 One-family	1,123	1,120	1,158	1,230	1,183	1,184	1,164	1,254	1,150	1,292	1,246	1,362	1,339
12 Two-family or more	283	285	315	319	334	275	291	346	290	356	282	337	308
13 Mobile homes shipped	361	354	372	380	368	369	352	389	382	390	381	383	368
Merchant builder activity in one-family units													
14 Number sold	757	804	886	883	836	861	903	985	958	908	909	880	936
15 Number for sale at end of period[1]	326	287	300	283	285	289	293	292	295	295[r]	297	301	301
Price of units sold (thousands of dollars)[2]													
16 Median	140.0	146.0	152.5	149.9	154.9	155.0	154.5	151.0	152.5	152.5	159.9	154.8	159.0
17 Average	166.4	176.2	181.9	179.8	186.5	182.7	182.8	178.6	183.3	182.8[r]	191.4	187.9	189.1
EXISTING UNITS (one-family)													
18 Number sold	4,196	4,381	4,970	5,170	4,810	4,960	4,940	5,020	5,340	5,060	5,140	5,420	5,250
Price of units sold (thousands of dollars)[2]													
19 Median	115.8	121.8	128.4	131.9	130.8	129.4	128.1	129.4	128.5	130.3	128.1	129.6	130.7
20 Average	141.8	150.5	159.1	164.9	162.0	158.9	157.7	159.9	159.6	162.8	159.6	162.3	163.8
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**581,813**	**618,051**	**654,528**	**658,673**	**663,300**	**670,133**	**668,287**	**670,996**	**679,428**	**691,050**	**705,563**	**714,789**	**697,359**
22 Private	444,743	470,969	508,539	511,514	516,601	521,050	523,642	525,453	531,004	537,969	545,968	556,346	545,692
23 Residential	255,570	265,536	295,586	299,300	300,612	304,993	306,264	307,259	311,529	317,630	319,741	327,888	324,664
24 Nonresidential	189,173	205,433	212,953	212,214	215,989	216,057	217,378	218,194	219,475	220,339	226,227	228,458	221,028
25 Industrial buildings	32,563	31,417	30,340	28,616	32,302	30,300	29,246	30,011	28,971	28,659	28,803	28,752	26,675
26 Commercial buildings	75,722	83,727	88,131	88,310	86,243	87,553	90,986	93,644	96,033	94,365	98,734	99,001	96,422
27 Other buildings	30,637	37,382	38,111	37,406	38,305	38,309	37,538	37,793	39,149	38,380	40,193	39,545	38,960
28 Public utilities and other	50,252	52,906	56,371	57,882	59,139	59,895	59,608	56,746	55,322	58,935	58,497	61,160	58,971
29 Public	137,070	147,082	145,989	147,159	146,699	149,083	144,644	145,544	148,425	153,080	159,595	158,443	151,667
30 Military	2,639	2,625	2,725	3,325	3,187	2,325	2,568	2,502	2,608	2,060	2,764	2,278	2,747
31 Highway	41,326	45,246	44,742	43,809	44,291	45,719	45,166	43,721	44,269	50,434	53,053	52,947	47,716
32 Conservation and development	5,926	5,628	5,529	5,475	5,442	5,904	5,146	5,643	5,539	5,859	6,398	6,134	5,994
33 Other	87,179	93,583	92,993	94,550	93,779	95,135	91,764	93,678	96,009	94,727	97,380	97,084	95,210

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, May 1999[1]
	1998 May	1999 May	1998 June	1998 Sept.	1998 Dec.	1999 Mar.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**1.7**	**2.1**	**2.2**	**1.5**	**2.0**	**1.5**	**.1**	**.1**	**.2**	**.7**	**.0**	**166.2**
2 Food	2.4	2.1	2.3	2.5	2.8	1.7	5	.1	−.2	.1	.4	163.7
3 Energy items	−5.6	1.7	−3.4	−9.0	−5.1	5.8	−.2	.0	1.6	6.1	−1.3	105.6
4 All items less food and energy	2.2	2.0	2.6	2.3	2.5	.9	.1	.1	.1	.4	.1	176.6
5 Commodities	.2	.6	1.7	1.1	2.5	−3.0	.0	−.4	−.3	.6	−.1	144.5
6 Services	3.1	2.7	2.8	3.0	2.5	2.7	.2	.2	.3	.4	.2	195.0
PRODUCER PRICES (1982=100)												
7 Finished goods	−.8	1.4	−.3	.6	2.2	.9	.3[r]	−.3[r]	.2	.5	.2	132.4
8 Consumer foods	−1.2	.6	−.6	1.8	.3	2.1	1.5	−1.4	.4	−.9	.5	134.4
9 Consumer energy	−7.2	1.3	−3.1	−9.2	−8.9	6.8	.8[r]	−.4[r]	1.2	5.1	0	77.3
10 Other consumer goods	1.7	2.6	1.4	3.0	8.3	−.5	−.3[r]	.1[r]	.1	.0	.0	151.1
11 Capital equipment	−.6	.4	−1.2	.9	.3	−.3	−.1	.0[r]	.0	.0	.2	137.8
Intermediate materials												
12 Excluding foods and feeds	−1.1	−.9	−1.6	−2.2	−4.5	.7	−.1[r]	−.1[r]	.3	.7	.2	122.8
13 Excluding energy	−.2	−1.2	−1.2	−1.8	−2.7	−.9	−.2[r]	−.1[r]	.1	.2	2	132.3
Crude materials												
14 Foods	−9.5	−6.1	−3.3	−19.6	−7.0	4.1	4.9[r]	−2.4[r]	−1.3	−2.5	2.2	99.7
15 Energy	−10.0	2.3	−14.6	−25.3	13.5	−16.9	−5.0[r]	−5.2[r]	6.1	8.5	11.9	74.4
16 Other	−6.7	−10.7	−5.8	−19.9	−24.3	1.2	.2[r]	1.0[r]	−.8	−1.1	2.3	131 4

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	1996	1997	1998	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**7,661.6**	**8,110.9**	**8,511.0**	**8,384.2**	**8,440.6**	**8,537.9**	**8,681.2**	**8,808.7**
By source								
2 Personal consumption expenditures	5,215.7	5,493.7	5,807.9	5,676.5	5,773.7	5,846.7	5,934.8	6,050.6
3 Durable goods	643.3	673.0	724.7	705.1	720.1	718.9	754.5	771.2
4 Nondurable goods	1,539.2	1,600.6	1,662.4	1,633.1	1,655.2	1,670.0	1,691.3	1,736.0
5 Services	3,033.2	3,220.1	3,420.8	3,338.2	3,398.4	3,457.7	3,488.9	3,543.4
6 Gross private domestic investment	1,131.9	1,256.0	1,367.1	1,366.6	1,345.0	1,364.4	1,392.4	1,417.4
7 Fixed investment	1,099.8	1,188.6	1,307.8	1,271.1	1,305.8	1,307.5	1,346.7	1,377.9
8 Nonresidential	787.9	860.7	938.2	921.3	941.9	931.6	957.9	972.6
9 Structures	216.9	240.2	246.9	245.0	245.4	246.2	250.9	255.0
10 Producers' durable equipment	571.0	620.5	691.3	676.3	696.6	685.4	706.9	717.6
11 Residential structures	311.8	327.9	369.6	349.8	363.8	375.8	388.9	405.3
12 Change in business inventories	32.1	67.4	59.3	95.5	39.2	57.0	45.7	39.5
13 Nonfarm	24.5	63.1	52.7	90.5	31.5	49.3	39.3	36.4
14 Net exports of goods and services	−91.2	−93.4	−151.2	−123.7	−159.3	−165.5	−156.2	−196.9
15 Exports	873.8	965.4	959.0	973.3	949.6	936.2	976.8	962.7
16 Imports	965.0	1,058.8	1,110.2	1,097.1	1,108.9	1,101.7	1,133.0	1,159.6
17 Government consumption expenditures and gross investment	1,405.2	1,454.6	1,487.1	1,464.9	1,481.2	1,492.3	1,510.2	1,537.5
18 Federal	518.4	520.2	520.6	511.6	520.7	519.4	530.7	536.6
19 State and local	886.8	934.4	966.5	953.3	960.4	972.9	979.5	1,000.9
By major type of product								
20 Final sales, total	7,629.5	8,043.5	8,451.6	8,288.7	8,401.3	8,480.9	8,635.5	8,769.1
21 Goods	2,780.3	2,911.2	3,044.7	3,005.8	3,025.3	3,029.0	3,118.8	3,154.1
22 Durable	1,228.8	1,310.1	1,391.0	1,376.9	1,380.8	1,373.0	1,433.1	1,436.1
23 Nondurable	1,551.6	1,601.0	1,653.7	1,628.8	1,644.4	1,655.9	1,685.7	1,718.1
24 Services	4,179.5	4,414.1	4,641.0	4,538.4	4,619.5	4,678.5	4,727.7	4,793.7
25 Structures	669.7	718.3	765.9	744.6	756.6	773.5	789.0	821.3
26 Change in business inventories	32.1	67.4	59.3	95.5	39.2	57.0	45.7	39.5
27 Durable goods	20.8	33.6	25.2	49.9	4.5	19.5	27.0	16.5
28 Nondurable goods	11.4	33.8	34.1	45.6	34.7	37.5	18.7	23.1
MEMO								
29 **Total GDP in chained 1992 dollars**	**6,994.8**	**7,269.8**	**7,551.9**	**7,464.7**	**7,498.6**	**7,566.5**	**7,677.7**	**7,759.6**
NATIONAL INCOME								
30 **Total**	**6,256.0**	**6,646.5**	**6,994.7**	**6,875.0**	**6,945.5**	**7,032.3**	**7,126.0**	**7,265.2**
31 Compensation of employees	4,409.0	4,687.2	4,981.0	4,882.8	4,945.2	5,011.6	5,084.3	5,166.5
32 Wages and salaries	3,640.4	3,893.6	4,153.9	4,065.9	4,121.6	4,181.1	4,246.8	4,317.0
33 Government and government enterprises	640.9	664.2	689.3	679.5	685.8	692.7	699.2	711.2
34 Other	2,999.5	3,229.4	3,464.6	3,386.4	3,435.8	3,488.4	3,547.6	3,605.7
35 Supplement to wages and salaries	768.6	793.7	827.1	816.8	823.5	830.5	837.5	849.6
36 Employer contributions for social insurance	381.7	400.7	420.1	414.1	417.9	422.1	426.5	434.9
37 Other labor income	387.0	392.9	406.9	402.8	405.7	408.4	411.0	414.7
38 Proprietors' income[1]	527.7	551.2	577.2	564.2	571.7	576.1	596.9	598.3
39 Business and professional[1]	488.8	515.8	548.5	536.8	544.0	550.9	562.2	575.8
40 Farm[1]	38.9	35.5	28.7	27.4	27.7	25.2	34.7	22.5
41 Rental income of persons[2]	150.2	158.2	162.6	158.3	161.0	163.6	167.5	167.7
42 Corporate profits[1]	750.4	817.9	824.6	829.2	820.6	827.0	821.7	868.8
43 Profits before tax[3]	680.2	734.4	717.8	719.1	723.5	720.5	708.1	752.6
44 Inventory valuation adjustment	−1.2	6.9	14.5	25.3	7.8	11.7	13.4	11.6
45 Capital consumption adjustment	71.4	76.6	92.3	84.9	89.4	94.8	100.2	104.6
46 Net interest	418.6	432.0	449.3	440.5	447.1	454.0	455.6	463.9

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	1996	1997	1998	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**6,425.2**	**6,784.0**	**7,126.1**	**7,003.9**	**7,081.9**	**7,160.8**	**7,257.9**	**7,349.3**
2 Wage and salary disbursements	3,631.1	3,889.8	4,149.9	4,061.9	4,117.6	4,177.1	4,242.8	4,317.0
3 Commodity-producing industries	909.0	975.0	1,026.9	1,019.0	1,023.2	1,028.0	1,037.4	1,048.1
4 Manufacturing	674.6	719.5	751.5	750.4	750.8	750.9	754.1	759.2
5 Distributive industries	823.3	879.8	939.6	918.9	932.2	945.8	961.5	971.4
6 Service industries	1,257.9	1,370.8	1,494.0	1,444.5	1,476.4	1,510.6	1,544.6	1,586.2
7 Government and government enterprises	640.9	664.2	689.3	679.5	685.8	692.7	699.2	711.2
8 Other labor income	387.0	392.9	406.9	402.8	405.7	408.4	411.0	414.7
9 Proprietors' income[1]	527.7	551.2	577.2	564.2	571.7	576.1	596.9	598.3
10 Business and professional[1]	488.8	515.8	548.5	536.8	544.0	550.9	562.2	575.8
11 Farm[1]	38.9	35.5	28.7	27.4	27.7	25.2	34.7	22.5
12 Rental income of persons[2]	150.2	158.2	162.6	158.3	161.0	163.6	167.5	167.7
13 Dividends	248.2	260.3	263.1	261.6	262.1	263.0	265.7	268.8
14 Personal interest income	719.4	747.3	764.8	757.0	763.0	769.2	769.9	771.0
15 Transfer payments	1,068.0	1,110.4	1,149.0	1,139.0	1,145.8	1,152.9	1,158.3	1,175.2
16 Old-age survivors, disability, and health insurance benefits	538.0	565.9	586.5	581.6	585.0	589.0	590.6	597.9
17 LESS: Personal contributions for social insurance	306.3	326.2	347.4	340.9	345.1	349.5	354.1	363.4
18 EQUALS: Personal income	6,425.2	6,784.0	7,126.1	7,003.9	7,081.9	7,160.8	7,257.9	7,349.3
19 LESS: Personal tax and nontax payments	890.5	989.0	1,098.3	1,066.8	1,092.9	1,108.4	1,124.9	1,144.1
20 EQUALS: Disposable personal income	5,534.7	5,795.1	6,027.9	5,937.1	5,988.9	6,052.4	6,133.1	6,205.2
21 LESS: Personal outlays	5,376.2	5,674.1	6,000.2	5,864.0	5,963.3	6,039.8	6,133.6	6,250.7
22 EQUALS: Personal saving	158.5	121.0	27.7	73.0	25.6	12.6	-.6	-45.5
MEMO								
Per capita (chained 1992 dollars)								
23 Gross domestic product	26,335.7	27,136.2	27,938.9	27,718.8	27,783.0	27,972.1	28,299.8	28,527.9
24 Personal consumption expenditures	17,893.0	18,340.9	19,065.0	18,771.1	19,007.8	19,156.3	19,336.4	19,602.7
25 Disposable personal income	18,989.0	19,349.0	19,790.0	19,632.0	19,719.0	19,829.0	19,980.0	20,101.0
26 Saving rate (percent)	2.9	2.1	.5	1.2	.4	.2	.0	-.7
GROSS SAVING								
27 **Gross saving**	**1,274.5**	**1,406.3**	**1,468.0**	**1,482.5**	**1,448.5**	**1,474.5**	**1,466.6**	**1,511.4**
28 Gross private saving	1,114.5	1,141.6	1,090.4	1,130.1	1,079.0	1,078.7	1,073.7	1,061.9
29 Personal saving	158.5	121.0	27.7	73.0	25.6	12.6	-.6	-45.5
30 Undistributed corporate profits[1]	262.4	296.7	305.4	312.0	300.9	304.8	303.9	332.5
31 Corporate inventory valuation adjustment	-1.2	6.9	14.5	25.3	7.8	11.7	13.4	11.6
Capital consumption allowances								
32 Corporate	452.0	477.3	500.6	492.5	497.8	503.1	508.9	514.9
33 Noncorporate	232.3	242.8	252.7	248.6	250.7	254.2	257.5	260.0
34 Gross government saving	160.0	264.7	377.6	352.4	369.4	395.7	392.9	449.4
35 Federal	-39.6	49.5	142.5	128.7	143.9	161.6	135.8	192.3
36 Consumption of fixed capital	70.6	70.6	69.7	69.9	69.5	69.6	70.0	69.5
37 Current surplus or deficit (-), national accounts	-110.3	-21.1	72.8	58.8	74.4	92.0	65.8	122.7
38 State and local	199.7	215.2	235.2	223.7	225.6	234.2	257.1	257.2
39 Consumption of fixed capital	77.1	81.1	85.0	83.5	84.3	85.4	86.6	87.5
40 Current surplus or deficit (-), national accounts	122.6	134.1	150.2	140.2	141.3	148.7	170.5	169.7
41 **Gross investment**	**1,242.3**	**1,350.5**	**1,391.5**	**1,428.4**	**1,362.7**	**1,372.5**	**1,402.4**	**1,418.3**
42 Gross private domestic investment	1,131.9	1,256.0	1,367.1	1,366.6	1,345.0	1,364.4	1,392.4	1,417.4
43 Gross government investment	229.7	235.4	237.0	237.4	232.5	239.7	238.3	255.6
44 Net foreign investment	-119.2	-140.9	-212.6	-175.6	-214.8	-231.6	-228.3	-254.7
45 **Statistical discrepancy**	**-32.2**	**-55.8**	**-76.5**	**-54.1**	**-85.7**	**-102.0**	**-64.2**	**-93.1**

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1996	1997	1998	1997	1998			
				Q4	Q1	Q2	Q3	Q4[p]
1 Balance on current account	−134,915	−155,215	−233,448	−45,043	−47,018	−56,971	−65,694	−63,765
2 Merchandise trade balance[2]	−191,337	−197,954	−247,985	−49,839	−56,033	−64,778	−64,899	−62,275
3 Merchandise exports	611,983	679,325	671,055	174,284	171,190	164,543	163,414	171,908
4 Merchandise imports	−803,320	−877,279	−919,040	−224,123	−227,223	−229,321	−228,313	−234,183
5 Military transactions, net	4,684	6,781	4,072	1,103	1,527	1,043	829	673
6 Other service transactions, net	78,079	80,967	74,799	20,277	19,134	19,500	17,573	18,592
7 Investment income, net	14,236	−5,318	−22,479	−4,247	−2,218	−3,346	−9,165	−7,754
8 U.S. government grants	−15,023	−12,090	−12,492	−5,213	−2,266	−2,063	−2,663	−5,500
9 U.S. government pensions and other transfers	−4,442	−4,193	−4,304	−1,069	−1,073	−1,073	−1,080	−1,078
10 Private remittances and other transfers	−21,112	−23,408	−25,059	−6,055	−6,089	−6,254	−6,289	−6,423
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−708	174	−836	29	−388	−433	174	−189
12 Change in U.S. official reserve assets (increase, −)	6,668	−1,010	−6,784	−4,524	−444	−1,945	−2,026	−2,369
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	370	−350	−149	−150	−182	72	188	−227
15 Reserve position in International Monetary Fund	−1,280	−3,575	−5,118	−4,221	−85	−1,031	−2,078	−1,924
16 Foreign currencies	7,578	2,915	−1,517	−153	−177	−986	−136	−218
17 Change in U.S. private assets abroad (increase, −)	−374,761	−477,666	−297,765	−118,946	−45,193	−107,786	−58,543	−86,240
18 Bank-reported claims[3]	−91,555	−147,439	−31,040	−27,539	3,074	−24,615	−31,996	22,497
19 Nonbank-reported claims	−86,333	−120,403	−45,440	−47,907	−6,596	−14,327	−20,320	..
20 U.S. purchases of foreign securities, net	−115,801	−87,981	−89,352	−8,030	−6,973	−27,878	17,056	−71,557
21 U.S. direct investments abroad, net	−81,072	−121,843	−131,933	−35,470	−34,698	−40,966	−23,283	−32,983
22 Change in foreign official assets in United States (increase, +)	127,344	15,817	−22,112	−26,979	11,324	−10,274	−46,347	23,185
23 U.S. Treasury securities	115,671	−7,270	−9,946	−24,578	11,336	−20,318	−32,811	31,847
24 Other U.S. government obligations	5,008	4,334	6,332	86	2,610	254	1,906	1,562
25 Other U.S. government liabilities[4]	−362	−2,521	−2,506	−244	−1,059	−422	−264	−761
26 Other U.S. liabilities reported by U.S. banks[3]	5,704	21,928	−12,515	−3,250	−607	9,380	−12,684	−8,604
27 Other foreign official assets[5]	1,323	−654	3,477	1,007	−956	832	−2,494	−859
28 Change in foreign private assets in United States (increase, +)	436,013	717,624	564,594	247,470	84,313	175,241	145,089	159,951
29 U.S. bank-reported liabilities[3]	16,478	148,059	42,568	89,643	−50,497	37,670	76,993	−21,598
30 U.S. nonbank-reported liabilities	39,404	107,779	43,803	47,390	32,707	18,040	11,875	.
31 Foreign private purchases of U.S. Treasury securities, net	154,996	146,710	48,060	35,301	−1,701	26,916	−1,438	24,283
32 U.S. currency flows	17,362	24,782	16,622	9,900	746	2,349	7,277	6,250
33 Foreign purchases of other U.S. securities, net	130,151	196,845	217,312	36,783	77,019	71,017	20,041	49,235
34 Foreign direct investments in United States, net	77,622	93,449	196,229	28,453	26,039	19,249	30,341	120,600
35 Allocation of special drawing rights	0	0	0	0	0	0	0	0
36 Discrepancy	−59,641	−99,724	−3,649	−52,007	−2,594	2,168	27,347	−30,573
37 Due to seasonal adjustment	...	...	..	3,528	6,769	2,024	−10,195	1,399
38 Before seasonal adjustment	−59,641	−99,724	−3,649	−55,535	−9,363	144	37,542	−31,972
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	6,668	−1,010	−6,784	−4,524	−444	−1,945	−2,026	−2,369
40 Foreign official assets in United States, excluding line 25 (increase, +)	127,706	18,338	−19,606	−26,735	12,383	−9,852	−46,083	23,946
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	14,911	10,822	.	−1,282	−968	−494	−9,647	3,598

1. Seasonal factors are not calculated for lines 12–16, 18–20, 22–34, and 38–40.

2. Data are on an international accounts basis. The data differ from the Census basis data, shown in table 3.11, for reasons of coverage and timing. Military exports are excluded from merchandise trade data and are included in line 5.

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

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

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

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	1996r	1997r	1998r	1998r Oct.	Nov.	Dec.	1999 Jan.r	Feb.r	Mar.r	Apr.p
1 Goods and services, balance	−104,318	−104,731	−164,282	−14,358	−14,663	−14,241	−16,269	−18,543	−18,947	−18,940
2 Merchandise	−191,270	−196,652	−246,932	−20,990	−21,538	−21,059	−23,349	−25,172	−25,680	−25,545
3 Services	86,952	91,921	82,650	6,632	6,875	6,818	7,080	6,629	6,733	6,605
4 Goods and services, exports	849,806	938,543	933,907	79,617	79,126	78,161	77,903	77,139	77,054	78,012
5 Merchandise	612,057	679,715	670,246	57,193	56,926	56,005	55,263	54,704	54,326	55,140
6 Services	237,749	258,828	263,661	22,424	22,200	22,156	22,640	22,435	22,728	22,872
7 Goods and services, imports	−954,124	−1,043,273	−1,098,189	−93,975	−93,789	−92,402	−94,172	−95,682	−96,001	−96,952
8 Merchandise	−803,327	−876,366	−917,178	−78,183	−78,464	−77,064	−78,612	−79,876	−80,006	−80,685
9 Services	−150,797	−166,907	−181,011	−15,792	−15,325	−15,338	−15,560	−15,806	−15,995	−16,267

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	1995	1996	1997	1998 Oct.	Nov.	Dec.	1999 Jan.	Feb.	Mar.	Apr.	Mayp
1 **Total**	**85,832**	**75,090**	**69,954**	**79,183**	**77,683**	**81,755**	**80,675**	**75,322**	**74,359**	**73,694**	**72,121**
2 Gold stock, including Exchange Stabilization Fund[1]	11,050	11,049	11,050	11,041	11,041	11,041	11,046	11,048	11,049	11,049	11,049
3 Special drawing rights[2,3]	11,037	10,312	10,027	10,379	10,393	10,603	10,465	9,474	9,682	9,634	9,784
4 Reserve position in International Monetary Fund[2]	14,649	15,435	18,071	22,278	22,049	24,111	24,129	24,283	23,231	23,054	21,689
5 Foreign currencies[4]	49,096	38,294	30,809	35,485	34,200	36,001	35,035	30,517	30,397	29,957	29,599

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	1995	1996	1997	1998 Oct.	Nov.	Dec.	1999 Jan.	Feb.	Mar.	Apr.	Mayp
1 **Deposits**	**386**	**167**	**457**	**154**	**211**	**167**	**233**	**200**	**166**	**260**	**157**
Held in custody											
2 U.S. Treasury securities[2]	522,170	638,049	620,885	588,768	608,060	607,574	612,670	615,139	610,649	606,662	606,579
3 Earmarked gold[3]	11,702	11,197	10,763	10,403	10,355	10,343	10,343	10,347	10,347	10,340	10,340

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	1996	1997	1998			1999			
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
1 **Total**[1]	**756,533**	**776,505**	**744,974**	**751,523**	**757,934**	**761,225r**	**760,002r**	**765,947r**	**766,458**
By type									
2 Liabilities reported by banks in the United States[2]	113,098	135,384	134,644	125,173	123,915	121,834	125,275	124,581	135,260
3 U.S. Treasury bills and certificates[3]	198,921	148,301	128,598	133,702	134,141	136,840	135,471	141,941	135,765
U.S. Treasury bonds and notes									
4 Marketable	384,045	428,004	415,010	426,853	432,127	433,590r	429,891r	425,466r	418,770
5 Nonmarketable[4]	5,968	5,994	5,997	6,035	6,074	6,113	6,151	6,191	6,231
6 U.S. securities other than U.S. Treasury securities[5]	54,501	58,822	60,725	59,760	61,677	62,848	63,214	67,768	70,432
By area									
7 Europe[1]	246,983	252,289	259,698	261,028	256,026	258,298	256,164	253,808	245,285
8 Canada	38,723	36,177	34,644	36,885	36,715	37,471	38,462	39,611	38,563
9 Latin America and Caribbean	79,949	96,942	77,469	76,800	79,417	73,986	75,986	72,828	80,955
10 Asia	403,265	400,144	385,523	389,359	398,717	404,414r	403,100r	412,773r	414,579
11 Africa	7,242	9,981	10,976	10,084	10,059	10,144	9,838	9,906	9,656
12 Other countries	6,457	7,058	2,750	3,453	3,086	2,998	2,538	3,107	3,506

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

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

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

Millions of dollars, end of period

Item	1995	1996	1997	1998			1999
				June	Sept.	Dec.r	Mar.
1 Banks' liabilities	109,713	103,383	117,524	87,889	92,934	101,125	101,359
2 Banks' claims	74,016	66,018	83,038	68,286	67,901	78,152	80,642
3 Deposits	22,696	22,467	28,661	27,387	27,293	45,985	42,147
4 Other claims	51,320	43,551	54,377	40,899	40,608	32,167	38,495
5 Claims of banks' domestic customers[2]	6,145	10,978	8,191	7,354	8,453	20,718	11,039

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	1996	1997	1998	1998 Oct.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,162,148**	**1,283,027**	**1,346,827**	**1,372,288**	**1,346,457**	**1,346,827**	**1,332,425**	**1,340,770**	**1,337,674r**	**1,333,166**
2 Banks' own liabilities	758,998	882,980	884,529	911,548	880,919	884,529	872,307	880,160	872,762r	878,655
3 Demand deposits	27,034	31,344	29,341	32,071	32,104	29,341	33,039	31,905	30,913r	31,201
4 Time deposits[2]	186,910	198,546	151,589	158,664	149,787	151,589	147,456	153,182	152,134r	156,511
5 Other[3]	143,510	168,011	140,753	153,388	143,441	140,753	145,309	161,955	157,104	160,500
6 Own foreign offices[4]	401,544	485,079	562,846	567,425	555,587	562,846	546,503	533,118	532,611r	530,443
7 Banks' custodial liabilities[5]	403,150	400,047	462,298	460,740	465,538	462,298	460,118	460,610	464,912	454,511
8 U.S. Treasury bills and certificates[6]	236,874	193,239	183,490	168,764	182,917	183,490	185,231	184,851	192,799	178,407
9 Other negotiable and readily transferable instruments[7]	72,011	93,641	141,103	151,239	142,399	141,103	137,428	134,109	133,352	129,051
10 Other	94,265	113,167	137,705	140,737	140,222	137,705	137,459	141,650	138,761	147,053
11 Nonmonetary international and regional organizations[8]	13,972	11,690	11,833	12,929	13,307	11,833	13,839	19,706	15,337r	14,888
12 Banks' own liabilities	13,355	11,486	10,850	11,763	12,367	10,850	12,829	18,949	14,621r	14,151
13 Demand deposits	29	16	172	97	234	172	62	407	194	13
14 Time deposits[2]	5,784	5,466	5,793	5,418	5,802	5,793	6,161	7,215	6,856r	5,874
15 Other[3]	7,542	6,004	4,885	6,248	6,331	4,885	6,606	11,327	7,571	8,264
16 Banks' custodial liabilities[5]	617	204	983	1,166	940	983	1,010	757	716	737
17 U.S. Treasury bills and certificates[6]	352	69	636	509	570	636	623	549	548	555
18 Other negotiable and readily transferable instruments[7]	265	133	347	657	370	347	387	207	168	182
19 Other	0	2	0	0	0	0	0	1	0	0
20 Official institutions[9]	312,019	283,685	258,056	263,242	258,875	258,056	258,674	260,746	266,522	271,025
21 Banks' own liabilities	79,406	102,028	79,149	84,784	79,491	79,149	76,044	77,262	76,834	85,422
22 Demand deposits	1,511	2,314	2,787	3,325	2,744	2,787	3,666	2,850	3,393	3,617
23 Time deposits[2]	33,336	41,396	28,947	26,148	25,700	28,947	24,176	25,988	23,840	28,295
24 Other[3]	44,559	58,318	47,415	55,311	51,047	47,415	48,202	48,424	49,601	53,510
25 Banks' custodial liabilities[5]	232,613	181,657	178,907	178,458	179,384	178,907	182,630	183,484	189,688	185,603
26 U.S. Treasury bills and certificates[6]	198,921	148,301	134,141	128,598	133,702	134,141	136,840	135,471	141,941	135,765
27 Other negotiable and readily transferable instruments[7]	33,266	33,151	44,092	49,555	45,213	44,092	45,202	47,213	47,174	49,443
28 Other	426	205	674	305	469	674	588	800	573	395
29 Banks[10]	694,835	815,247	885,442	899,258	885,929	885,442	866,186	854,523	851,596r	848,080
30 Banks' own liabilities	562,898	641,447	676,208	691,075	673,648	676,208	658,114	648,149	648,605r	646,477
31 Unaffiliated foreign banks	161,354	156,368	113,362	123,650	118,061	113,362	111,611	115,031	115,994	116,034
32 Demand deposits	13,692	16,767	14,072	15,802	15,119	14,072	15,327	15,335	13,985	13,345
33 Time deposits[2]	89,765	83,433	46,273	56,193	51,352	46,273	46,745	46,745	49,149	50,351
34 Other[3]	57,897	56,168	53,017	51,655	51,590	53,017	49,539	52,951	52,860	52,338
35 Own foreign offices[4]	401,544	485,079	562,846	567,425	555,587	562,846	546,503	533,118	532,611r	530,443
36 Banks' custodial liabilities[5]	131,937	173,800	209,234	208,183	212,281	209,234	208,072	206,374	202,991	201,603
37 U.S. Treasury bills and certificates[6]	23,106	31,915	35,544	27,556	35,213	35,544	35,325	34,472	36,737	29,528
38 Other negotiable and readily transferable instruments[7]	17,027	35,393	45,102	48,376	45,132	45,102	44,087	40,108	37,304	34,959
39 Other	91,804	106,492	128,588	132,251	131,936	128,588	128,660	131,794	128,950	137,116
40 Other foreigners	141,322	172,405	191,496	196,859	188,346	191,496	193,726	205,795	204,219r	199,173
41 Banks' own liabilities	103,339	128,019	118,322	123,926	115,413	118,322	125,320	135,800	132,702r	132,605
42 Demand deposits	11,802	12,247	12,310	12,847	14,007	12,310	13,984	13,313	13,341r	14,226
43 Time deposits[2]	58,025	68,251	70,576	70,905	66,933	70,576	70,374	73,234	72,289r	71,991
44 Other[3]	33,512	47,521	35,436	40,174	34,473	35,436	40,962	49,253	47,072	46,388
45 Banks' custodial liabilities[5]	37,983	44,386	73,174	72,933	72,933	73,174	68,406	69,995	71,517	66,568
46 U.S. Treasury bills and certificates[6]	14,495	12,954	13,169	12,101	13,432	13,169	12,443	14,359	13,573	12,559
47 Other negotiable and readily transferable instruments[7]	21,453	24,964	51,562	52,651	51,684	51,562	47,752	46,581	48,706	44,467
48 Other	2,035	6,468	8,443	8,181	7,817	8,443	8,211	9,055	9,238	9,542
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	14,573	16,083	27,026	29,996	28,858	27,026	25,858	23,341	23,035	21,718

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

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

Item	1996	1997	1998	1998			1999			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
AREA										
50 **Total, all foreigners**	**1,162,148**	**1,283,027**	**1,346,827**	**1,372,288**	**1,346,457**	**1,346,827**	**1,332,425**	**1,340,770**	**1,337,674r**	**1,333,166**
51 **Foreign countries**	**1,148,176**	**1,271,337**	**1,334,994**	**1,359,359**	**1,333,150**	**1,334,994**	**1,318,586**	**1,321,064**	**1,322,337r**	**1,318,278**
52 Europe	376,590	419,672	427,367	451,350	449,567	427,367	429,636	436,330	418,282r	409,513
53 Austria	5,128	2,717	3,178	2,799	2,824	3,178	2,902	3,070	3,274	2,428
54 Belgium and Luxembourg	24,084	41,007	42,818	39,911	42,014	42,818	38,897	41,594	41,468	37,991
55 Denmark	2,565	1,514	1,437	1,813	1,675	1,437	1,200	1,826	1,992	1,300
56 Finland	1,958	2,246	1,862	1,193	1,706	1,862	1,989	1,643	1,800	1,655
57 France	35,078	46,607	44,616	47,348	48,155	44,616	44,444	47,617	47,935r	49,095
58 Germany	24,660	23,737	21,357	22,024	22,606	21,357	20,315	23,111	23,746	18,574
59 Greece	1,835	1,552	2,066	2,901	2,444	2,066	2,195	2,509	2,447	2,237
60 Italy	10,946	11,378	7,103	7,124	6,378	7,103	6,155	6,684	5,743	5,909
61 Netherlands	11,110	7,385	10,793	7,251	9,298	10,793	10,580	14,792	12,273	11,012
62 Norway	1,288	317	710	1,149	797	710	1,065	1,102	1,022	1,206
63 Portugal	3,562	2,262	3,235	2,377	2,400	3,235	2,543	2,225	2,237	2,277
64 Russia	7,623	7,968	2,439	3,735	2,698	2,439	2,231	2,438	2,500	2,693
65 Spain	17,707	18,989	15,775	26,569	27,017	15,775	12,843	13,457	9,315	11,058
66 Sweden	1,623	1,628	3,027	3,257	3,857	3,027	3,132	2,918	2,193	1,974
67 Switzerland	44,538	39,023	50,654	47,332	50,167	50,654	59,871	60,348	47,874	54,547
68 Turkey	6,738	4,054	4,286	4,105	3,842	4,286	5,105	5,045	5,639	5,788
69 United Kingdom	153,420	181,904	181,554	202,536	195,113	181,554	177,240	173,542	175,152r	169,794
70 Yugoslavia[11]	206	239	258	362	271	258	275	247r	237	221
71 Other Europe and other former U.S.S.R.[12]	22,521	25,145	30,199	27,564	26,305	30,199	36,654	32,162r	31,435	29,754
72 Canada	38,920	28,341	30,212	31,278	29,249	30,212	29,725	28,019	31,788	28,361
73 Latin America and Caribbean	467,529	536,393	554,734	576,008	545,454	554,734	540,664	538,465	551,708	577,845
74 Argentina	13,877	20,199	19,013	17,706	18,892	19,013	17,175	18,245	16,891	18,351
75 Bahamas	88,895	112,217	118,085	128,893	115,598	118,085	121,606	118,727	119,209	118,648
76 Bermuda	5,527	6,911	6,839	7,247	7,241	6,839	8,969	8,370	7,514	6,957
77 Brazil	27,701	31,037	15,800	17,308	13,370	15,800	12,268	12,913	13,841	17,128
78 British West Indies	251,465	276,418	302,472	310,229	298,422	302,472	287,308	285,676	300,104r	322,022
79 Chile	2,915	4,072	5,010	5,598	4,778	5,010	5,188	5,189	5,057r	6,805
80 Colombia	3,256	3,652	4,616	4,888	4,124	4,616	4,535	4,462	4,636	4,599
81 Cuba	21	66	62	57	63	62	64	62	63	175
82 Ecuador	1,767	2,078	1,573	1,679	1,510	1,573	1,525	1,513	1,606	1,688
83 Guatemala	1,282	1,494	1,332	1,232	1,204	1,332	1,224	1,338	1,392	1,386
84 Jamaica	628	450	539	578	524	539	565	542	551	534
85 Mexico	31,240	33,972	37,148	38,058	36,720	37,148	35,965	35,891	36,622	36,003
86 Netherlands Antilles	6,099	5,085	5,010	6,255	6,009	5,010	5,681	8,406	7,256	5,633
87 Panama	4,099	4,241	3,864	3,793	3,774	3,864	4,499	4,401	4,196	3,974
88 Peru	834	893	840	799	814	840	864	828	810	819
89 Uruguay	1,890	2,382	2,486	2,223	2,240	2,486	2,380	2,274	2,378	2,309
90 Venezuela	17,363	21,601	19,894	19,662	19,631	19,894	20,250	19,354	19,149	20,229
91 Other	8,670	9,625	10,151	9,803	10,540	10,151	10,598	10,274	10,433	10,585
92 Asia	249,083	269,379	307,140	284,441	293,584	307,140	301,454	302,520	305,483r	287,543
China										
93 Mainland	30,438	18,252	13,041	15,814	13,784	13,041	14,854	15,345	13,996	16,350
94 Taiwan	15,995	11,840	12,708	12,802	12,361	12,708	10,980	12,211	13,183	12,642
95 Hong Kong	18,789	17,722	20,898	16,508	16,739	20,898	22,844	25,509	27,589	26,313
96 India	3,930	4,567	5,250	5,337	5,089	5,250	5,279	5,241	6,189	5,979
97 Indonesia	2,298	3,554	8,282	5,671	6,247	8,282	7,909	6,172	6,675	7,434
98 Israel	6,051	6,281	7,749	4,781	8,106	7,749	7,287	7,598	8,246	7,037
99 Japan	117,316	143,401	168,236	156,340	164,311	168,236	161,207	161,073	161,887	142,324
100 Korea (South)	5,949	13,060	12,454	12,505	12,396	12,454	12,446	9,990	11,141r	9,849
101 Philippines	3,378	3,250	3,324	2,539	2,849	3,324	2,318	2,482	2,362	2,440
102 Thailand	10,912	6,501	7,359	7,134	6,788	7,359	7,300	6,590	6,588	6,296
103 Middle Eastern oil-exporting countries[13]	16,285	14,959	15,609	14,718	16,370	15,609	14,655	16,157	15,433r	14,495
104 Other	17,742	25,992	32,230	30,292	28,544	32,230	34,375	34,152	32,194r	36,384
105 Africa	8,116	10,347	8,905	9,749	8,889	8,905	9,110	8,658	8,463r	7,874
106 Egypt	2,012	1,663	1,339	1,288	1,498	1,339	1,856	1,902	1,758	1,599
107 Morocco	112	138	97	78	75	97	98	73	85	90
108 South Africa	458	2,158	1,522	2,358	1,659	1,522	1,308	1,343	1,258	1,165
109 Zaire	10	10	5	7	12	5	6	13	9	4
110 Oil-exporting countries[14]	2,626	3,060	3,088	3,291	3,017	3,088	2,989	2,737	2,772	2,534
111 Other	2,898	3,318	2,854	2,727	2,628	2,854	2,853	2,590	2,581r	2,482
112 Other	7,938	7,205	6,636	6,533	6,407	6,636	7,997	7,072	6,613	7,142
113 Australia	6,479	6,304	5,495	5,372	5,180	5,495	6,854	5,550	5,582	5,987
114 Other	1,459	901	1,141	1,161	1,227	1,141	1,143	1,522	1,031	1,155
115 Nonmonetary international and regional organizations	13,972	11,690	11,833	12,929	13,307	11,833	13,839	19,706	15,337r	14,888
116 International[15]	12,099	10,517	10,221	10,638	11,398	10,221	11,787	17,079	12,845r	12,461
117 Latin American regional[16]	1,339	424	594	1,008	598	594	917	1,411	1,394	1,304
118 Other regional[17]	534	749	1,018	1,283	1,311	1,018	1,135	1,216	1,098	1,123

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

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

Millions of dollars, end of period

Area or country	1996	1997	1998	1998 Oct.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.[r]	1999 Apr.[p]
1 **Total, all foreigners**	**599,925**	**708,225**	**734,794**	**749,546**	**757,183**	**734,794**	**718,269**	**712,979[r]**	**694,612**	**720,891**
2 **Foreign countries**	**597,321**	**705,762**	**731,176**	**744,156**	**751,875**	**731,176**	**713,263**	**707,553[r]**	**689,992**	**716,723**
3 Europe	165,769	199,880	233,480	224,661	228,924	233,480	225,892	230,424	226,501	236,420
4 Austria	1,662	1,354	1,043	2,358	2,311	1,043	2,634	1,824	2,759	2,389
5 Belgium and Luxembourg	6,727	6,641	7,187	9,245	7,409	7,187	5,599	7,073	5,451	7,533
6 Denmark	492	980	2,383	1,768	2,524	2,383	1,816	1,656	1,619	2,297
7 Finland	971	1,233	1,070	1,149	1,050	1,070	963	1,233	1,351	1,349
8 France	15,246	16,239	15,251	16,307	18,881	15,251	18,575	18,583	15,187	15,942
9 Germany	8,472	12,676	15,922	15,121	17,997	15,922	15,115	16,362	16,849	17,158
10 Greece	568	402	575	415	510	575	533	637	554	651
11 Italy	6,457	6,230	7,283	7,153	6,544	7,283	6,168	5,714	6,035	6,727
12 Netherlands	7,117	6,141	5,734	5,230	5,686	5,734	5,828	6,048	6,690	7,251
13 Norway	808	555	827	662	385	827	645	561	596	970
14 Portugal	418	777	669	885	679	669	584	888	1,205	1,060
15 Russia	1,669	1,248	789	883	760	789	742	724	972	788
16 Spain	3,211	2,942	5,735	6,051	5,234	5,735	4,560	4,260	3,041	2,949
17 Sweden	1,739	1,854	4,223	4,508	5,087	4,223	4,338	4,664	4,439	4,141
18 Switzerland	19,798	28,846	46,880	43,337	45,858	46,880	46,122	50,905	51,673	48,477
19 Turkey	1,109	1,558	1,982	1,848	1,915	1,982	1,796	1,870	2,077	1,942
20 United Kingdom	85,234	103,143	106,358	98,746	97,072	106,358	98,959	97,431	97,229	105,255
21 Yugoslavia[2]	115	52	53	53	53	53	53	54	54	55
22 Other Europe and other former U.S.S.R.[3]	3,956	7,009	9,516	8,942	8,969	9,516	10,862	9,937	8,720	9,486
23 Canada	26,436	27,189	47,212	37,316	44,830	47,212	42,925	40,801	41,264	40,756
24 Latin America and Caribbean	274,153	343,730	342,081	368,394	368,212	342,081	344,347	340,678[r]	325,162	351,056
25 Argentina	7,400	8,924	9,553	9,087	9,225	9,553	9,713	10,184	10,398	10,075
26 Bahamas	71,871	89,379	96,455	88,923	91,171	96,455	93,000	91,104	88,641	84,013
27 Bermuda	4,129	8,782	4,969	6,585	5,702	4,969	5,547	6,033[r]	4,096	4,436
28 Brazil	17,259	21,696	16,193	17,614	17,771	16,193	15,616	15,357	15,143	14,788
29 British West Indies	105,510	145,471	153,269	183,152	179,253	153,269	158,010	155,326	146,593	179,242
30 Chile	5,136	7,913	8,261	8,549	8,824	8,261	8,232	8,085	8,082	7,810
31 Colombia	6,247	6,945	6,523	6,764	6,639	6,523	6,433	6,462	6,223	6,105
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	1,031	1,311	1,400	1,444	1,351	1,400	1,403	1,341	1,219	1,135
34 Guatemala	620	886	1,127	947	1,483	1,127	1,107	1,255	1,052	1,062
35 Jamaica	345	424	239	330	299	239	333	602	318	326
36 Mexico	18,425	19,428	21,143	22,039	22,483	21,143	21,128	21,564	20,532	19,434
37 Netherlands Antilles	25,209	17,838	6,779	7,323	7,696	6,779	7,403	6,571	6,661	5,711
38 Panama	2,786	4,364	3,584	4,011	3,864	3,584	3,549	3,390	3,320	4,329
39 Peru	2,720	3,491	3,260	3,706	3,618	3,260	3,364	3,353	3,232	3,111
40 Uruguay	589	629	1,126	958	1,040	1,126	997	934	838	772
41 Venezuela	1,702	2,129	3,089	2,689	2,788	3,089	3,312	3,684	3,506	3,138
42 Other	3,174	4,120	5,111	4,273	5,005	5,111	5,200	5,433	5,308	5,569
43 Asia	122,478	125,092	98,650	104,784	100,771	98,650	90,840	86,526[r]	88,082	79,259
China										
44 Mainland	1,401	1,579	1,311	2,275	2,488	1,311	2,691	2,400	3,398	3,481
45 Taiwan	1,894	922	1,041	1,079	957	1,041	728	778	1,331	846
46 Hong Kong	12,802	13,991	9,082	8,244	8,238	9,082	8,332	6,809[r]	8,017	6,312
47 India	1,946	2,200	1,440	1,582	1,533	1,440	1,483	1,529	1,701	1,703
48 Indonesia	1,762	2,651	1,954	2,047	2,072	1,954	1,948	2,110	1,897	1,911
49 Israel	633	768	1,166	1,504	916	1,166	833	774	1,082	803
50 Japan	59,967	59,549	46,712	52,904	48,406	46,712	41,817	39,141	39,971	32,631
51 Korea (South)	18,901	18,162	8,238	9,733	8,947	8,238	8,679	8,479	9,119	11,119
52 Philippines	1,697	1,689	1,465	1,128	1,619	1,465	1,310	1,589	1,540	1,546
53 Thailand	2,679	2,259	1,806	1,952	1,895	1,806	1,759	1,708	1,720	1,732
54 Middle Eastern oil-exporting countries[4]	10,424	10,790	16,145	13,531	15,077	16,145	14,328	12,831	12,167	11,686
55 Other	8,372	10,532	8,290	8,805	8,623	8,290	6,932	8,378	6,139	5,489
56 Africa	2,776	3,530	3,122	2,785	2,611	3,122	2,899	3,087	2,938	2,688
57 Egypt	247	247	257	322	259	257	302	264	260	228
58 Morocco	524	511	372	405	390	372	378	361	422	463
59 South Africa	584	805	643	665	704	643	802	933	798	567
60 Zaire	0	0	0	0	0	0	0	0	0	0
61 Oil-exporting countries[5]	420	1,212	936	533	454	936	516	625	325	257
62 Other	1,001	755	914	860	804	914	901	904	1,133	1,173
63 Other	5,709	6,341	6,631	6,216	6,527	6,631	6,360	6,037	6,045	6,544
64 Australia	4,577	5,300	6,167	5,809	6,008	6,167	5,866	5,367	5,638	6,060
65 Other	1,132	1,041	464	407	519	464	494	670	407	484
66 Nonmonetary international and regional organizations[6]	2,604	2,463	3,618	5,390	5,308	3,618	5,006	5,426	4,620	4,168

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

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

Millions of dollars, end of period

Type of claim	1996	1997	1998	1998			1999			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.[p]
1 **Total**	**743,919**	**852,852**	**875,332**	...	...	**875,332**	...	...	**845,901**	...
2 Banks' claims	599,925	708,225	734,794	749,546	757,183	734,794	718,269	712,979[r]	694,612	720,891
3 Foreign public borrowers	22,216	20,581	23,540	28,164	27,063	23,540	30,269	31,514	34,772	34,384
4 Own foreign offices[2]	341,574	431,685	484,356	476,973	487,641	484,356	459,017	461,705[r]	451,684	471,283
5 Unaffiliated foreign banks	113,682	109,230	105,732	108,524	117,919	105,732	106,557	102,588[r]	93,778	93,618
6 Deposits	33,826	30,995	26,808	25,988	33,774	26,808	30,558	29,400	25,044	23,973
7 Other	79,856	78,235	78,924	82,536	84,145	78,924	75,999	73,188[r]	68,734	69,645
8 All other foreigners	122,453	146,729	121,166	135,885	124,560	121,166	122,426	117,172[r]	114,378	121,606
9 Claims of banks' domestic customers[3]	143,994	144,627	140,538	...	...	140,538	...		151,289	...
10 Deposits	77,657	73,110	78,167	...	...	78,167	...	...	94,438	...
11 Negotiable and readily transferable instruments[4]	51,207	53,967	48,848	...	...	48,848	...	...	47,713	...
12 Outstanding collections and other claims	15,130	17,550	13,523	...	...	13,523	...	...	9,138	...
MEMO										
13 Customer liability on acceptances	10,388	9,624	4,519	...	...	4,519	...	...	4,485	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	39,661	33,816	39,978	34,265	32,888	39,978	38,941	39,055	33,038	32,883

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

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

Millions of dollars, end of period

Maturity, by borrower and area[2]	1995	1996	1997	1998			1999
				June	Sept.[r]	Dec.[r]	Mar.[p]
1 **Total**	**224,932**	**258,106**	**276,550**	**293,060[r]**	**281,505**	**250,743**	**242,398**
By borrower							
2 Maturity of one year or less	178,857	211,859	205,781	211,599[r]	208,716	186,717	175,504
3 Foreign public borrowers	14,995	15,411	12,081	16,997	14,613	13,668	20,921
4 All other foreigners	163,862	196,448	193,700	194,602[r]	194,103	173,049	154,583
5 Maturity of more than one year	46,075	46,247	70,769	81,461[r]	72,789	64,026	66,894
6 Foreign public borrowers	7,522	6,790	8,499	10,688	10,926	9,839	13,291
7 All other foreigners	38,553	39,457	62,270	70,773[r]	61,863	54,187	53,603
By area							
Maturity of one year or less							
8 Europe	55,622	55,690	58,294	73,786[r]	68,995	68,706	66,886
9 Canada	6,751	8,339	9,917	8,766	8,953	11,124	7,836
10 Latin America and Caribbean	72,504	103,254	97,207	99,864[r]	99,989	81,756	71,234
11 Asia	40,296	38,078	33,964	23,570	22,330	18,031	21,346
12 Africa	1,295	1,316	2,211	1,116	1,762	1,835	1,547
13 All other[3]	2,389	5,182	4,188	4,497	6,687	5,265	6,655
Maturity of more than one year							
14 Europe	4,995	6,965	13,240	15,607[r]	15,396	15,056	16,980
15 Canada	2,751	2,645	2,525	2,571	2,982	3,140	2,781
16 Latin America and Caribbean	27,681	24,943	42,049	47,988[r]	39,165	33,423	33,441
17 Asia	7,941	9,392	10,235	12,630	12,172	10,037	10,936
18 Africa	1,421	1,361	1,236	1,259	1,170	1,233	1,184
19 All other[3]	1,286	941	1,484	1,406	1,904	1,137	1,572

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

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

Billions of dollars, end of period

Area or country	1995	1996	1997				1998				1999
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1 **Total**	**551.9**	**645.3**	**647.6**	**678.8**	**711.0**	**719.3**	**739.1**	**749.0**	**724.3**	**687.5**	**675.0**
2 G-10 countries and Switzerland	206.0	228.3	231.4	250.0	247.8	242.8	249.0	275.2	258.3	247.0	241.3
3 Belgium and Luxembourg	13.6	11.7	14.1	9.4	11.4	11.0	11.2	13.1	10.9	13.1	14.0
4 France	19.4	16.6	19.7	17.9	20.2	15.4	15.5	20.5	19.9	18.0	19.5
5 Germany	27.3	29.8	32.1	34.1	34.7	28.6	25.5	28.8	28.9	30.7	31.4
6 Italy	11.5	16.0	14.4	20.2	19.3	15.5	19.7	19.5	17.9	11.3	13.2
7 Netherlands	3.7	4.0	4.5	6.4	7.2	6.2	7.3	8.3	8.1	7.7	8.9
8 Sweden	2.7	2.6	3.4	3.6	4.1	3.3	4.8	3.1	2.1	2.2	3.6
9 Switzerland	6.7	5.3	6.0	5.4	4.8	7.2	5.6	6.9	7.4	8.2	7.3
10 United Kingdom	82.4	104.7	99.2	110.6	108.3	113.4	120.1	134.9	124.9	114.9	106.4
11 Canada	10.3	14.0	16.3	15.7	15.1	13.7	13.5	16.5	15.5	16.7	15.7
12 Japan	28.5	23.7	21.7	26.8	22.6	28.6	25.8	23.7	22.7	24.1	21.3
13 Other industrialized countries	50.2	65.7	66.4	71.7	73.8	64.5	74.3	72.1	71.3	67.7	76.1
14 Austria	.9	1.1	1.9	1.5	1.7	1.5	1.7	1.9	2.1	1.4	2.5
15 Denmark	2.6	1.5	1.7	2.8	3.7	2.4	2.0	2.1	2.8	2.1	3.2
16 Finland	.8	.8	.7	1.4	1.9	1.3	1.5	1.4	1.6	1.4	1.4
17 Greece	5.7	6.7	6.3	6.1	6.2	5.1	6.1	5.8	5.7	5.9	6.2
18 Norway	3.2	8.0	5.3	4.7	4.6	3.6	4.0	3.4	3.2	3.2	3.3
19 Portugal	1.3	.9	1.0	1.1	1.4	.9	.7	1.3	1.0	1.3	1.3
20 Spain	11.6	13.2	14.4	15.4	13.9	11.7	16.5	15.2	17.5	13.5	14.3
21 Turkey	1.9	2.7	2.8	3.4	4.4	4.5	4.9	6.5	5.2	4.8	5.0
22 Other Western Europe	4.7	4.7	6.3	5.5	6.1	8.2	9.9	9.6	10.3	10.4	10.1
23 South Africa	1.2	2.0	1.9	1.9	1.9	2.2	3.7	5.0	3.7	3.5	3.4
24 Australia	16.4	24.0	24.4	27.8	28.0	23.1	23.2	20.0	18.2	20.3	25.2
25 OPEC[2]	22.1	19.7	21.8	22.3	22.9	26.0	25.7	25.3	25.8	26.9	25.9
26 Ecuador	.7	1.1	1.1	.9	1.2	1.3	1.3	1.2	1.2	1.2	1.1
27 Venezuela	2.7	2.4	1.9	2.1	2.2	2.5	3.3	3.2	3.1	3.2	3.4
28 Indonesia	4.8	5.2	4.9	5.6	6.5	6.7	5.5	5.1	4.7	4.7	4.4
29 Middle East countries	13.3	10.7	13.2	12.5	11.8	14.4	14.3	15.5	16.1	16.9	16.6
30 African countries	.6	.4	.7	1.2	1.1	1.2	1.4	.3	.8	1.0	.4
31 Non-OPEC developing countries	112.6	130.3	128.1	140.6	137.0	138.7	147.4	144.4	139.7	140.9	143.8
Latin America											
32 Argentina	12.9	14.3	14.3	16.4	17.1	18.4	19.3	20.2	22.3	22.3	23.5
33 Brazil	13.7	20.7	22.0	27.3	26.1	28.6	32.4	29.9	24.9	24.2	23.6
34 Chile	6.8	7.0	6.8	7.6	8.0	8.7	9.0	9.1	8.5	8.3	8.5
35 Colombia	2.9	4.1	3.7	3.3	3.4	3.4	3.3	3.6	3.4	3.2	3.2
36 Mexico	17.3	16.2	17.2	16.6	16.4	17.4	17.7	17.9	18.4	18.4	18.9
37 Peru	.8	1.6	1.6	1.4	1.8	2.0	2.1	2.2	2.2	2.2	2.2
38 Other	2.8	3.3	3.4	3.4	3.6	4.1	4.0	4.4	4.6	5.4	5.4
Asia											
China											
39 Mainland	1.8	2.5	2.7	3.6	4.3	3.2	4.2	3.9	2.8	3.0	5.1
40 Taiwan	9.4	10.3	10.5	10.6	9.7	9.0	11.7	11.3	12.1	12.8	11.6
41 India	4.4	4.3	4.9	5.3	4.9	4.9	5.0	4.9	5.3	5.3	5.6
42 Israel	.5	.5	.6	.8	1.0	.7	.7	9	.9	1.1	1.1
43 Korea (South)	19.1	21.5	14.6	16.3	16.2	15.6	16.2	14.5	12.9	13.6	13.3
44 Malaysia	4.4	6.0	6.5	6.4	5.6	5.1	4.5	4.7	5.0	5.6	5.9
45 Philippines	4.1	5.8	6.0	7.0	5.7	5.7	5.0	5.4	4.7	5.1	5.3
46 Thailand	4.9	5.7	6.8	7.3	6.2	5.4	5.5	4.9	5.3	4.6	4.5
47 Other Asia	4.5	4.1	4.3	4.7	4.5	4.3	4.2	3.7	3.1	2.9	3.0
Africa											
48 Egypt	.4	.7	.9	1.1	.9	.9	1.0	1.5	1.7	1.3	1.4
49 Morocco	.7	.7	.6	.7	.7	.6	.6	.6	.5	.5	.5
50 Zaire	.0	.1	.0	.0	.0	.0	.0	.0	0	.0	.0
51 Other Africa[3]	.9	.9	.9	.9	.9	.8	1.1	.8	1 1	1.0	1.2
52 Eastern Europe	4.2	6.9	8.9	7.1	9.8	9.1	12.0	10.9	6.0	5.2	6.0
53 Russia[4]	1.0	3.7	3.5	4.2	5.1	5.1	7.5	6.8	2.8	2.2	2.1
54 Other	3.2	3.2	5 4	2.9	4.7	4.0	4.6	4.1	3.2	3.1	3.9
55 Offshore banking centers	99.2	134.7	131.3	129.6	138.9	139.0	129.3	125.5	118.6	90.8	83.7
56 Bahamas	11.0	20.3	20.9	16.1	19.8	23.3	29.2	24.7	28.9	33.0	30.2
57 Bermuda	6.3	4.5	6.7	7.9	9.8	9.8	9.0	9.3	10.4	4.5	3.8
58 Cayman Islands and other British West Indies	32.4	37.2	32.8	35.1	45.7	43.4	24.9	33.9	27.4	12.3	7.0
59 Netherlands Antilles	10.3	26.1	19.9	15.8	21.7	14.6	14.0	10.5	6.0	2.6	2.7
60 Panama[5]	1.4	2.0	2.0	2.6	2.1	3.1	3.2	3.3	4.0	3.8	3.9
61 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.2	.1	.1
62 Hong Kong, China	25.0	27.9	30.8	35.2	27.2	32.2	33.8	30.0	30.6	23.2	22.6
63 Singapore	13.1	16.7	17.9	16.7	12.7	12.7	15.0	13.5	11.1	11.1	13.1
64 Other[6]	.1	.1	.1	.3	.1	.1	.1	.2	.2	.2	.2
65 Miscellaneous and unallocated[7]	57.6	59.6	59 6	57.6	80.8	99.1	101.3	95.7	104.5	109.0	98.2

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

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

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

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

Millions of dollars, end of period

Type of liability, and area or country	1995	1996	1997	1997		1998			
				Sept.	Dec.	Mar.	June	Sept.	Dec.[p]
1 **Total**	**46,448**	**61,782**	**60,037**	**55,891**	**60,037**	**58,040**	**51,433**	**49,279[r]**	**46,553**
2 Payable in dollars	33,903	39,542	41,956	39,746	41,956	42,258	40,026	38,410[r]	36,651
3 Payable in foreign currencies	12,545	22,240	18,081	16,145	18,081	15,782	11,407	10,869	9,902
By type									
4 Financial liabilities	24,241	33,049	29,532	26,461	29,532	28,050	22,322	19,331	19,255
5 Payable in dollars	12,903	11,913	13,043	11,487	13,043	13,568	11,988	9,812	10,371
6 Payable in foreign currencies	11,338	21,136	16,489	14,974	16,489	14,482	10,334	9,519	8,884
7 Commercial liabilities	22,207	28,733	30,505	29,430	30,505	29,990	29,111	29,948[r]	27,298
8 Trade payables	11,013	12,720	10,904	10,885	10,904	10,107	9,537	10,276	10,961
9 Advance receipts and other liabilities	11,194	16,013	19,601	18,545	19,601	19,883	19,574	19,672[r]	16,337
10 Payable in dollars	21,000	27,629	28,913	28,259	28,913	28,690	28,038	28,598[r]	26,280
11 Payable in foreign currencies	1,207	1,104	1,592	1,171	1,592	1,300	1,073	1,350	1,018
By area or country									
Financial liabilities									
12 Europe	15,622	23,179	19,657	18,019	19,657	20,307	15,468	12,905	12,589
13 Belgium and Luxembourg	369	632	186	89	186	127	75	150	79
14 France	999	1,091	1,684	1,334	1,684	1,795	1,699	1,457	1,097
15 Germany	1,974	1,834	2,018	1,730	2,018	2,578	2,441	2,167	2,063
16 Netherlands	466	556	494	507	494	472	484	417	1,406
17 Switzerland	895	699	776	645	776	345	189	179	155
18 United Kingdom	10,138	17,161	12,737	12,165	12,737	13,145	8,765	6,610	5,980
19 Canada	632	1,401	2,392	651	2,392	1,045	539	389	693
20 Latin America and Caribbean	1,783	1,668	1,386	1,067	1,386	965	1,320	1,351	1,495
21 Bahamas	59	236	141	10	141	17	6	1	7
22 Bermuda	147	50	229	64	229	86	49	73	101
23 Brazil	57	78	143	52	143	91	76	154	152
24 British West Indies	866	1,030	604	669	604	517	845	834	957
25 Mexico	12	17	26	76	26	21	51	23	59
26 Venezuela	2	1	1	1	1	1	1	1	2
27 Asia	5,988	6,423	5,394	6,239	5,394	5,024	4,315	4,005	3,785
28 Japan	5,436	5,869	5,085	5,725	5,085	4,767	3,869	3,754	3,612
29 Middle Eastern oil-exporting countries[1]	27	25	32	23	32	23	0	0	0
30 Africa	150	38	60	33	60	33	29	31	28
31 Oil-exporting countries[2]	122	0	0	0	0	0	0	0	0
32 All other[3]	66	340	643	452	643	676	651	650	665
Commercial liabilities									
33 Europe	7,700	9,767	10,228	9,343	10,228	9,951	9,987	11,010	10,032
34 Belgium and Luxembourg	331	479	666	703	666	565	557	623	278
35 France	481	680	764	782	764	840	612	740	920
36 Germany	767	1,002	1,274	945	1,274	1,068	1,219	1,408	1,394
37 Netherlands	500	766	439	452	439	443	485	440	429
38 Switzerland	413	624	375	400	375	407	349	507	499
39 United Kingdom	3,568	4,303	4,086	3,829	4,086	4,041	3,743	4,286	3,697
40 Canada	1,040	1,090	1,175	1,150	1,175	1,347	1,206	1,504	1,390
41 Latin America and Caribbean	1,740	2,574	2,176	2,224	2,176	2,051	2,285	1,840	1,619
42 Bahamas	1	63	16	38	16	27	14	48	14
43 Bermuda	205	297	203	180	203	174	209	168	198
44 Brazil	98	196	220	233	220	249	246	256	152
45 British West Indies	56	14	12	23	12	5	27	5	10
46 Mexico	416	665	565	562	565	520	557	511	347
47 Venezuela	221	328	261	322	261	219	196	230	202
48 Asia	10,421	13,422	14,966	14,628	14,966	14,672	13,611	13,539[r]	12,322
49 Japan	3,315	4,614	4,500	4,553	4,500	4,372	3,995	3,779	3,808
50 Middle Eastern oil-exporting countries[1]	1,912	2,168	3,111	2,984	3,111	3,138	3,194	3,582	2,851
51 Africa	619	1,040	874	929	874	833	921	810	794
52 Oil-exporting countries[2]	254	532	408	504	408	376	354	372	393
53 Other[3]	687	840	1,086	1,156	1,086	1,136	1,101	1,245	1,141

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

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

3. Includes nonmonetary international and regional organizations.

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

Millions of dollars, end of period

	Type of claim, and area or country	1995	1996	1997	1997		1998			
					Sept.	Dec.	Mar.	June	Sept.	Dec.
1	**Total**	**52,509**	**65,897**	**68,128**	**70,506**	**68,128**	**71,004**	**63,202**	**67,976**	**77,468[r]**
2	Payable in dollars	48,711	59,156	62,173	64,144	62,173	65,359	57,601	62,034	72,188[r]
3	Payable in foreign currencies	3,798	6,741	5,955	6,362	5,955	5,645	5,601	5,942	5,280
	By type									
4	Financial claims	27,398	37,523	36,959	41,805	36,959	40,301	32,355	37,262	46,249[r]
5	Deposits	15,133	21,624	22,909	23,951	22,909	20,863	14,762	15,406	30,192
6	Payable in dollars	14,654	20,852	21,060	22,392	21,060	19,155	13,084	13,374	28,549
7	Payable in foreign currencies	479	772	1,849	1,559	1,849	1,708	1,678	2,032	1,643
8	Other financial claims	12,265	15,899	14,050	17,854	14,050	19,438	17,593	21,856	16,057[r]
9	Payable in dollars	10,976	12,374	11,806	14,795	11,806	16,981	14,918	19,867	14,049[r]
10	Payable in foreign currencies	1,289	3,525	2,244	3,059	2,244	2,457	2,675	1,989	2,008
11	Commercial claims	25,111	28,374	31,169	28,701	31,169	30,703	30,847	30,714	31,219
12	Trade receivables	22,998	25,751	27,536	25,110	27,536	26,888	26,764	26,330	27,211
13	Advance payments and other claims	2,113	2,623	3,633	3,591	3,633	3,815	4,083	4,384	4,008
14	Payable in dollars	23,081	25,930	29,307	26,957	29,307	29,223	29,599	28,793	29,590
15	Payable in foreign currencies	2,030	2,444	1,862	1,744	1,862	1,480	1,248	1,921	1,629
	By area or country									
	Financial claims									
16	Europe	7,609	11,085	14,999	15,608	14,999	14,187	14,105	14,473	12,287[r]
17	Belgium and Luxembourg	193	185	406	360	406	378	518	496	661
18	France	803	694	1,015	1,112	1,015	902	810	1,140	863
19	Germany	436	276	427	352	427	393	290	359	304[r]
20	Netherlands	517	493	677	764	677	911	975	867	875
21	Switzerland	498	474	434	448	434	401	403	409	414
22	United Kingdom	4,303	7,922	10,337	11,000	10,337	9,289	9,639	9,849	7,765
23	Canada	2,851	3,442	3,313	4,279	3,313	4,688	3,020	4,090	2,502
24	Latin America and Caribbean	14,500	20,032	15,543	19,176	15,543	18,207	11,967	15,758	27,714
25	Bahamas	1,965	1,553	2,308	2,442	2,308	1,316	1,306	2,105	403
26	Bermuda	81	140	108	190	108	66	48	63	39
27	Brazil	830	1,468	1,313	1,501	1,313	1,408	1,394	710	835
28	British West Indies	10,393	15,536	10,462	12,957	10,462	13,551	7,349	10,960	24,388
29	Mexico	554	457	537	508	537	967	1,089	1,122	1,245
30	Venezuela	32	31	36	15	36	47	57	50	55
31	Asia	1,579	2,221	2,133	2,015	2,133	2,174	2,376	2,121	3,026
32	Japan	871	1,035	823	999	823	791	886	928	1,194
33	Middle Eastern oil-exporting countries[1]	3	22	11	15	11	9	12	13	9
34	Africa	276	174	319	174	319	325	155	157	159[r]
35	Oil-exporting countries[2]	5	14	15	16	15	16	15	16	16
36	All other[3]	583	569	652	553	652	720	732	663	561[r]
	Commercial claims									
37	Europe	9,824	10,443	12,120	10,486	12,120	12,854	12,882	13,029	13,249
38	Belgium and Luxembourg	231	226	328	331	328	232	216	219	238
39	France	1,830	1,644	1,796	1,642	1,796	1,939	1,955	2,098	2,172
40	Germany	1,070	1,337	1,614	1,395	1,614	1,670	1,757	1,502	1,822
41	Netherlands	452	562	597	573	597	534	492	463	467
42	Switzerland	520	642	554	381	554	476	418	546	484
43	United Kingdom	2,656	2,946	3,660	2,904	3,660	4,828	4,664	4,681	4,769
44	Canada	1,951	2,165	2,660	2,649	2,660	2,882	2,779	2,291	2,625[r]
45	Latin America and Caribbean	4,364	5,276	5,750	5,028	5,750	5,481	6,082	5,773	6,298[r]
46	Bahamas	30	35	27	22	27	13	12	39	24
47	Bermuda	272	275	244	128	244	238	359	173	536
48	Brazil	898	1,303	1,162	1,101	1,162	1,128	1,183	1,062	1,025[r]
49	British West Indies	79	190	109	98	109	88	110	91	104[r]
50	Mexico	993	1,128	1,392	1,219	1,392	1,302	1,462	1,356	1,545[r]
51	Venezuela	285	357	576	418	576	441	585	566	401
52	Asia	7,312	8,376	8,713	8,576	8,713	7,638	7,367	7,190	7,194
53	Japan	1,870	2,003	1,976	2,048	1,976	1,713	1,757	1,789	1,681
54	Middle Eastern oil-exporting countries[1]	974	971	1,107	987	1,107	987	1,127	967	1,131
55	Africa	654	746	680	764	680	613	657	740	712
56	Oil-exporting countries[2]	87	166	119	207	119	122	116	128	165
57	Other[3]	1,006	1,368	1,246	1,198	1,246	1,235	1,080	1,691	1,141

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	1997	1998[r]	1999 Jan.–Apr.	1998 Oct.	1998 Nov.	1998 Dec.[r]	1999 Jan.[r]	1999 Feb.[r]	1999 Mar.[r]	1999 Apr.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	1,097,958	1,573,733	717,824	145,591[r]	126,571	138,942	155,819	159,570	179,894	222,541
2 Foreign sales	1,028,361	1,523,204	689,289	142,835[r]	119,042	134,306	152,303	154,968	177,007	205,011
3 **Net purchases, or sales (−)**	**69,597**	**50,529**	**28,535**	**2,756[r]**	**7,529**	**4,636**	**3,516**	**4,602**	**2,887**	**17,530**
4 **Foreign countries**	**69,754**	**50,909**	**28,505**	**2,753[r]**	**7,546**	**4,634**	**3,502**	**4,602**	**2,887**	**17,514**
5 Europe	62,688	68,124	30,507	−249	4,406	2,441	6,048	6,403	6,563	11,493
6 France	6,641	5,672	2,095	360	50	−614	537	−175	1,199	534
7 Germany	9,059	9,195	4,201	68	372	−189	1,035	872	480	1,814
8 Netherlands	3,831	8,249	2,562	1,009	1,816	332	86	956	1,103	417
9 Switzerland	7,848	5,001	4,057	−1,974	−420	−314	−10	582	1,551	1,934
10 United Kingdom	22,478	23,952	11,059	632	1,902	3,154	3,893	2,833	575	3,758
11 Canada	−1,406	−4,689	1,569	−507	−201	−976	728	248	723	−130
12 Latin America and Caribbean	5,203	760	1,543	2,058	3,691	3,088	−1,279	−1,279	−1,415	5,516
13 Middle East[1]	383	−916	−126	−177	−334	−219	152	−240	298	−336
14 Other Asia	2,072	−12,347	−5,289	1,823	−8	155	−2,306	−630	−3,257	904
15 Japan	4,787	−1,171	−1,428	597	822	141	−616	−344	−1,925	1,457
16 Africa	472	639	157	−217	41	16	22	11	87	37
17 Other countries	342	−662	144	22[r]	−49	129	137	89	−112	30
18 **Nonmonetary international and regional organizations**	**−157**	**−380**	**30**	**3**	**−17**	**2**	**14**	**0**	**0**	**16**
BONDS[2]										
19 Foreign purchases	610,116	904,813	286,521	108,652[r]	81,893[r]	58,837	66,571	74,054	76,952	68,944
20 Foreign sales	475,958	725,980	209,186	105,384[r]	60,470[r]	41,141	53,744	55,878	52,209	47,355
21 **Net purchases, or sales (−)**	**134,158**	**178,833**	**77,335**	**3,268[r]**	**21,423[r]**	**17,696**	**12,827**	**18,176**	**24,743**	**21,589**
22 **Foreign countries**	**133,595**	**179,176**	**77,437**	**3,257[r]**	**22,393[r]**	**17,618**	**12,826**	**18,135**	**24,947**	**21,529**
23 Europe	71,631	130,152	38,877	12,089[r]	16,677[r]	9,052	2,858	13,596	12,805	9,618
24 France	3,300	3,386	255	701	235	−170	145	124	22	−36
25 Germany	2,742	4,369	1,813	−135	435	217	398	1,268	190	−43
26 Netherlands	3,576	3,443	913	704	64	996	60	329	418	106
27 Switzerland	187	4,826	1,677	−50	251	−36	403	535	272	467
28 United Kingdom	54,134	99,732	27,650	10,209[r]	13,737[r]	6,816	704	9,997	9,241	7,708
29 Canada	6,264	6,121	1,534	292	558	184	100	475	640	319
30 Latin America and Caribbean	34,733	23,938	19,609	−11,135	2,295	2,688	6,382	2,057	5,203	5,967
31 Middle East[1]	2,155	4,997	2,973	2	835	2,472	1,436	314	859	364
32 Other Asia	16,996	12,662	13,477	1,185	1,904	3,152	2,032	1,439	5,132	4,874
33 Japan	9,357	8,384	2,500	1,624	1,194	2,238	561	165	589	1,185
34 Africa	1,005	190	898	55	24	16	40	266	261	331
35 Other countries	811	1,116	69	769	100	54	−22	−12	47	56
36 **Nonmonetary international and regional organizations**	**563**	**−343**	**−102**	**11**	**−970**	**78**	**1**	**41**	**−204**	**60**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−40,942	6,367	13,914	8,054[r]	−2,729	841	3,308	3,083	1,845	5,678
38 Foreign purchases	756,015	929,914	346,824	90,508[r]	70,402	69,578	77,931	73,941	95,216	99,736
39 Foreign sales	796,957	923,547	332,910	82,454[r]	73,131	68,737	74,623	70,858	93,371	94,058
40 Bonds, net purchases, or sales (−)	−48,171	−17,360	−3,428	15,980	−918	−4,684	−2,304	−255	1,710	−2,579
41 Foreign purchases	1,451,704	1,328,282	271,536	102,202	55,573	56,845	56,072	66,198	76,097	73,169
42 Foreign sales	1,499,875	1,345,642	274,964	86,222	56,491	61,529	58,376	66,453	74,387	75,748
43 **Net purchases, or sales (−), of stocks and bonds**	**−89,113**	**−10,993**	**10,486**	**24,034[r]**	**−3,647**	**−3,843**	**1,004**	**2,828**	**3,555**	**3,099**
44 **Foreign countries**	**−88,921**	**−10,657**	**10,247**	**24,127[r]**	**−3,641**	**−3,683**	**883**	**2,552**	**3,595**	**3,217**
45 Europe	−29,874	12,927	30,317	10,801[r]	2,326	3,072	406	6,429	14,014	9,468
46 Canada	−3,085	−1,896	−1,494	946	562	−4,828	−310	−551	−131	−502
47 Latin America and Caribbean	−25,258	−13,931	−2,365	4,585	−4,074	−19	2,355	491	−3,586	−1,625
48 Asia	−25,123	−3,890	−15,773	6,699	−2,064	−1,489	−1,558	−3,344	−7,155	−3,716
49 Japan	−10,001	−1,739	−13,882	6,134	−2,390	−1,882	141	−3,390	−7,250	−3,383
50 Africa	−3,293	−1,373	1	4	−56	5	22	−25	−16	20
51 Other countries	−2,288	−2,494	−439	1,092[r]	−335	−424	−32	−448	469	−428
52 **Nonmonetary international and regional organizations**	**−192**	**−336**	**239**	**−93**	**−6**	**−160**	**121**	**276**	**−40**	**−118**

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

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

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

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

Area or country	1997	1998	1999	1998			1999			
			Jan.– Apr.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
1 **Total estimated**	**184,171**	**49,039[r]**	**−20,527**	**−2,193**	**25,456**	**10,549**	**−4,165**	**−14,623**	**1,532**	**−3,271**
2 Foreign countries	183,688	46,570[r]	−19,784	−2,855	25,556	9,426	−4,107	−14,182	1,762	−3,257
3 Europe	144,921	23,797[r]	−18,876	−9,869	5,475	8,077	2,530[r]	−7,354	1,342[r]	−15,394
4 Belgium and Luxembourg	3,427	3,805	397	−606	510	2,148	−229	204	−54	476
5 Germany	22,471	144[r]	−276	1,171	307	−556	−268	217	428	−653
6 Netherlands	1,746	−5,533	1,704	1,543	−1,156	898	2,347	−584	197	−256
7 Sweden	−465	1,486	−141	193	586	581	163	−228	386	−462
8 Switzerland	6,028	5,240	−3,883	2,811	531	175	−2,171	47	−1,457	−302
9 United Kingdom	98,253	14,384[r]	−9,535	−13,168	3,207	3,074	1,729[r]	−5,721	1,129[r]	−6,672
10 Other Europe and former U.S.S.R.	13,461	4,271[r]	−7,142	−1,813	1,490	1,757	959	−1,289	713	−7,525
11 Canada	−811	615[r]	816	−1,188	3,694	614	−1,729	1,127	213	1,205
12 Latin America and Caribbean	−2,554	−3,662[r]	−5,358	−491	1,961	−3,817	−5,621	−6,037	1,100	5,200
13 Venezuela	655	59	3	−35	327	108	−17	463	−445	2
14 Other Latin America and Caribbean	−549	9,523[r]	−2,919	−1,288	−5,411	−165	−1,979	−2,024	−2,570	3,654
15 Netherlands Antilles	−2,660	−13,244	−2,442	832	7,045	−3,760	−3,625	−4,476	4,115	1,544
16 Asia	39,567	27,433[r]	3,342	7,756	13,632	4,347	1,299[r]	−2,216	−1,714[r]	5,973
17 Japan	20,360	13,048	1,906	1,233	7,311	3,750	−2,134	−1,124	−1,311	6,475
18 Africa	1,524	751	−52	87	145	16	17	−6	−52	−11
19 Other	1,041	−2,364[r]	344	850	649	189	−603	304	873	−230
20 Nonmonetary international and regional organizations	483	2,469	−743	662	−100	1,123	−58	−441	−230	−14
21 International	621	1,502	−639	645	−19	1,084	−77	−371	−206	15
22 Latin American regional	170	199	−1	0	−6	2	3	1	−5	0
MEMO										
23 Foreign countries	183,688	46,570[r]	−19,784	−2,855	25,556	9,426	−4,107	−14,182	1,762	−3,257
24 Official institutions	43,959	4,123	−13,357	9,001	11,843	5,274	1,463[r]	−3,699	−4,425[r]	−6,696
25 Other foreign	139,729	42,447[r]	−6,427	−11,856	13,713	4,152	−5,570[r]	−10,483	6,187[r]	3,439
Oil-exporting countries										
26 Middle East[2]	7,636	−16,554	3,994	−276	233	−2,442	3,069[r]	−618	1,478[r]	65
27 Africa[3]	−12	2	0	0	0	0	0	0	0	0

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

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

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

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

Currency units per dollar except as noted

Item	1996	1997	1998	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May[r]	1999 June
	Exchange Rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	78.28	74.37	62.91	63.20	63.99	63.08	64.20	66.28	65.63
2 Austria/schilling	10.589	12.206	12.379	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3 Belgium/franc	30.97	35.81	36.31	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4 Brazil/real	1.0051	1.0779	1.1605	1.5120	1.9261	1.9057	1.7025	1.6853	1.7669
5 Canada/dollar	1.3638	1.3849	1.4836	1.5194	1.4977	1.5176	1.4881	1.4611	1.4695
6 China, P.R./yuan	8.3389	8.3193	8.3008	8.2789	8.2755	8.2792	8.2792	8.2785	8.2780
7 Denmark/krone	5.8003	6.6092	6.7030	6.4194	6.6379	6.8287	6.9475	6.9925	7.1643
8 European Monetary Union/euro[3]	n.a.	n.a.	n.a.	1.1591	1.1203	1.0886	1.0701	1.0630	1.0377
9 Finland/markka	4.5948	5.1956	5.3473	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 France/franc	5.1158	5.8393	5.8995	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 Germany/deutsche mark	1.5049	1.7348	1.7597	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Greece/drachma	240.82	273.28	295.70	278.91	287.41	296.36	304.26	305.96	312.49
13 Hong Kong/dollar	7.7345	7.7431	7.7467	7.7486	7.7490	7.7493	7.7495	7.7531	7.7575
14 India/rupee	35.51	36.36	41.36	42.55	42.53	42.52	42.80	42.86	43.21
15 Ireland/pound[2]	159.95	151.63	142.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1,542.76	1,703.81	1,736.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
17 Japan/yen	108.78	121.06	130.99	113.29	116.67	119.47	119.77	122.00	120.72
18 Malaysia/ringgit	2.5154	2.8173	3.9254	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
19 Mexico/peso	7.600	7.918	9.152	10.128	10.006	9.732	9.430	9.396	9.515
20 Netherlands/guilder	1.6863	1.9525	1.9837	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 New Zealand/dollar[2]	68.77	66.25	53.61	53.88	54.35	53.45	54.27	55.30	53.25
22 Norway/krone	6.4594	7.0857	7.5521	7.4532	7.7240	7.8151	7.7750	7.7496	7.8749
23 Portugal/escudo	154.28	175.44	180.25	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Singapore/dollar	1.4100	1.4857	1.6722	1.6791	1.7004	1.7292	1.7134	1.7122	1.7107
25 South Africa/rand	4.3011	4.6072	5.5417	5.9931	6.1146	6.2136	6.1186	6.1809	6.0880
26 South Korea/won	805.00	947.65	1,400.40	1,175.11	1,188.84	1,229.72	1,209.96	1,197.92	1,168.91
27 Spain/peseta	126.68	146.53	149.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 Sri Lanka/rupee	55.289	59.026	65.006	68.630	69.070	69.570	69.588	70.581	71.211
29 Sweden/krona	6.7082	7.6446	7.9522	7.8188	7.9532	8.2144	8.3293	8.4432	8.5065
30 Switzerland/franc	1.2361	1.4514	1.4506	1.3856	1.4272	1.4660	1.4971	1.5078	1.5374
31 Taiwan/dollar	27.468	28.775	33.547	32.300	32.564	33.165	32.965	32.791	32.525
32 Thailand/baht	25.359	31.072	41.262	36.622	37.137	37.557	37.631	37.051	36.925
33 United Kingdom/pound[2]	156.07	163.76	165.73	164.98	162.76	162.13	160.89	161.54	159.50
34 Venezuela/bolivar	417.19	488.39	548.39	569.80	577.32	580.06	587.79	596.48	603.29
	Indexes[3]								
NOMINAL									
35 G-10 (March 1973=100)[4]	87.34	96.38	98.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
36 Broad (January 1997=100)[5]	97.43	104.47	116.25	114.68	116.37	117.80	117.15	116.91	117.45
37 Major currencies (March 1973=100)[6]	85.23	91.85	96.52	92.37	93.76	95.69	95.76	95.79	96.56
38 Other important trading partners (January 1997=100)[7]	98.25	104.67	125.70	128.98	130.83	131.03	129.24	128.55	128.56
REAL									
39 Broad (March 1973=100)[5]	86.04[r]	90.64[r]	98.51[r]	96.11[r]	97.20[r]	98.59[r]	98.48[r]	98.04	98.54
40 Major currencies (March 1973=100)[6]	85.88[r]	93.24	98.36	94.92[r]	96.40[r]	98.40[r]	98.71[r]	98.47	99.31
41 Other important trading partners (March 1973=100)[7]	92.68[r]	93.77[r]	106.01[r]	104.94[r]	105.52[r]	106.14[r]	105.42[r]	104.67	104.74

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. Value in U.S. cents.

3. As of January 1999, the euro is reported in place of the individual euro area currencies. These currency rates can be derived from the euro rate by using the fixed conversion rates (in currencies per euro) as shown below:

Euro equals

13.7603	Austrian schillings	1936.27	Italian lire
40.3399	Belgian francs	40.3399	Luxembourg francs
5.94573	Finnish markkas	2.20371	Netherlands guilders
6.55957	French francs	200.482	Portuguese escudos
1.95583	German marks	166.386	Spanish pesetas
.787564	Irish pounds		

4. For more information on the indexes of the foreign exchange value of the dollar, see *Federal Reserve Bulletin*, vol. 84 (October 1998), pp. 811–18.

5. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of the other G-10 countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).

6. 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.

7. 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.

8. 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*

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities
Consolidated Report of Condition, March 31, 1999

Millions of dollars except as noted

	Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]	
				Total	Domestic	Over 100	Under 100
1	**Total assets**[3]	**5,352,209**	**4,637,563**	**3,683,075**	**2,968,429**	**1,403,211**	**265,923**
2	Cash and balances due from depository institutions	311,510	229,397	240,123	158,010	58,593	12,795
3	Cash items in process of collection, unposted debits, and currency and coin			113,242	109,525	29,713	
4	Cash items in process of collection and unposted debits			n.a	83,894	18,172	
5	Currency and coin		n.a	n.a.	25,632	11,541	n.a.
6	Balances due from depository institutions in the United States			32,226	24,493	18,812	
7	Balances due from banks in foreign countries and foreign central banks	n.a.		76,888	6,324	2,924	
8	Balances due from Federal Reserve Banks			17,766	17,667	7,144	
	MEMO						
9	Non-interest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)		31,322	n.a.	13,447	13,328	4,547
10	Total securities, held-to-maturity (amortized cost) and available-for-sale (fair value)	980,509		562,663		345,138	72,709
11	U.S. Treasury securities	126,274		74,216		41,696	10,362
12	U.S. government agency and corporation obligations (excludes mortgage-backed securities)	181,856		58,901		91,914	31,042
13	Issued by U.S. government agencies	6,474		3,210		2,436	829
14	Issued by U.S. government-sponsored agencies	175,381		55,691		89,477	30,213
15	Securities issued by states and political subdivisions in the United States	87,945		26,305		48,479	13,161
16	General obligations	65,104		18,547		37,040	9,516
17	Revenue obligations	22,113		7,256		11,256	3,601
18	Industrial development and similar obligations	729		501		183	45
19	Mortgage-backed securities (MBS)	450,700		296,380		139,362	14,957
20	Pass-through securities	288,549		197,603		80,958	9,988
21	Guaranteed by GNMA	74,683	n.a.	45,791	n.a.	25,450	3,441
22	Issued by FNMA and FHLMC	212,500		150,978		55,012	6,509
23	Privately issued	1,367		834		495	37
24	Other mortgage-backed securities (includes CMOs, REMICs, and stripped MBS)	162,151		98,777		58,405	4,969
25	Issued or guaranteed by FNMA, FHLMC or GNMA	117,293		70,409		42,323	4,562
26	Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA	2,293		1,209		902	183
27	All other mortgage-backed securities	42,565		27,160		15,181	225
28	Other debt securities	101,688		85,902		13,890	1,896
29	Other domestic debt securities	n.a.		31,065		13,711	n.a.
30	Foreign debt securities	n.a.		54,837		180	n.a.
31	Equity securities	32,046		20,959		9,797	1,291
32	Investments in mutual funds and other equity securities with readily determinable fair value	10,253		6,946		2,870	436
33	All other equity securities	21,794		14,013		6,926	855
34	Federal funds sold and securities purchased under agreements to resell	264,427	200,783	199,723	136,079	47,656	17,048
35	Total loans and lease-financing receivables, gross	3,220,130	2,917,943	2,170,946	1,868,758	893,966	155,218
36	LESS: Unearned income on loans	3,365	2,617	1,595	848	1,300	469
37	Total loans and leases (net of unearned income)	3,216,766	2,915,325	2,169,351	1,867,910	892,666	154,749
38	LESS: Allowance for loan and lease losses	56,484	n.a.	38,427	n.a.	15,799	2,257
39	LESS: Allocated transfer risk reserves	139	n.a.	139	n.a.	0	0
40	EQUALS: Total loans and leases, net	3,160,143	n.a.	2,130,785	n.a.	876,866	152,492
	Total loans and leases, gross, by category						
41	Loans secured by real estate	1,335,849	1,305,685	755,420	725,255	492,357	88,072
42	Construction and land development		110,758		57,008	46,987	6,762
43	Farmland		29,512		5,083	13,517	10,912
44	One- to four-family residential properties		742,257		450,978	247,521	43,757
45	Revolving, open-end loans, extended under lines of credit	n.a.	95,556	n.a.	68,366	25,167	2,023
46	All other loans		646,701		382,613	222,354	41,734
47	Multifamily (five or more) residential properties		45,354		23,996	19,507	1,851
48	Nonfarm nonresidential properties		377,804		188,190	164,826	24,788
49	Loans to depository institutions	103,077	82,315	98,761	77,999	4,233	83
50	Commercial banks in the United States	n.a.	n.a.	49,644	49,031	3,913	n.a.
51	Other depository institutions in the United States	n.a.	n.a.	23,837	23,790	106	n.a.
52	Banks in foreign countries	n.a.	n.a	25,280	5,178	215	n.a.
53	Loans to finance agricultural production and other loans to farmers	43,742	42,553	11,103	9,913	16,595	16,045
54	Commercial and industrial loans	916,403	744,810	729,856	558,263	159,803	26,744
55	U.S. addressees (domicile)	n.a.	n.a.	584,102	551,089	159,101	n.a.
56	Non-U.S. addressees (domicile)	n.a.	n.a.	145,754	7,173	701	n.a.
57	Acceptances of other banks	1,291	688	1,161	558	103	27
58	U.S. banks	n.a.	n.a.	394	393	n.a.	n.a.
59	Foreign banks	n.a.	n.a.	767	165	n.a.	n.a.
60	Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	532,771	491,936	313,220	272,385	197,360	22,190
61	Credit cards and related plans	196,976	n.a.	111,248	n.a.	84,359	1,368
62	Other (includes single payment and installment)	335,795	n.a.	201,971	n.a.	113,001	20,822
63	Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	18,586	18,577	11,709	11,700	6,114	763
64	All other loans	136,356	103,593	127,283	94,520	8,305	769
65	Loans to foreign governments and official institutions	n.a	n.a.	8,849	1,168	27	n.a.
66	Other loans	n.a.	n.a.	118,433	93,351	8,278	n.a.
67	Loans for purchasing and carrying securities	n.a	n.a	n.a	18,162	1,726	n.a.
68	All other loans (excludes consumer loans)	n.a.	n.a.	n.a.	75,190	6,552	n.a.
69	Lease-financing receivables	132,055	127,786	122,433	118,164	9,097	525
70	Assets held in trading accounts	268,281		267,345		914	1
71	Premises and fixed assets (including capitalized leases)	70,988		44,139		21,755	5,094
72	Other real estate owned	3,622	n.a	2,060	n.a.	1,257	305
73	Investments in unconsolidated subsidiaries and associated companies	6,857		6,488		314	55
74	Customers' liability on acceptances outstanding	10,652		10,421		226	5
75	Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a	28,211	n.a.	28,211	n.a.	n.a.
76	Intangible assets	79,825	n.a.	65,700	n.a.	13,344	782
77	All other assets	195,393	n.a.	153,629	n.a.	37,148	4,616

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities—Continued
Consolidated Report of Condition, March 31, 1999

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]	
			Total	Domestic	Over 100	Under 100
78 **Total liabilities, limited-life preferred stock, and equity capital**	**5,352,209**	n.a.	**3,683,075**	n.a.	**1,403,211**	**265,923**
79 **Total liabilities**	**4,891,242**	**4,176,595**	**3,384,911**	**2,670,264**	**1,269,140**	**237,191**
80 Total deposits	3,612,346	3,037,796	2,338,318	1,763,768	1,046,673	227,355
81 Individuals, partnerships, and corporations	3,226,807	2,828,899	2,049,603	1,651,695	971,532	205,672
82 U.S. government	n.a.	5,430	n.a.	4,542	746	141
83 States and political subdivisions in the United States	n.a.	135,071	n.a.	59,310	57,899	17,862
84 Commercial banks in the United States	72,797	33,466	65,413	26,081	6,503	882
85 Other depository institutions in the United States	n.a.	9,557	n.a.	4,690	3,534	1,334
86 Foreign banks, governments, and official institutions	136,714	9,027	136,344	8,657	365	5
87 Banks	n.a.	n.a.	99,713	6,662	341	n.a.
88 Governments and official institutions	n.a.	n.a.	36,632	1,996	23	n.a.
89 Certified and official checks	17,424	16,346	9,870	8,792	6,094	1,460
90 Total transaction accounts		686,661		390,534	231,972	64,155
91 Individuals, partnerships, and corporations		592,959		333,824	203,160	55,975
92 U.S. government		1,571		1,127	380	64
93 States and political subdivisions in the United States		40,387		17,391	16,707	6,289
94 Commercial banks in the United States		24,276		19,427	4,561	289
95 Other depository institutions in the United States		3,949		3,129	744	75
96 Foreign banks, governments, and official institutions		7,173		6,844	325	4
97 Banks		n.a.		6,070	323	n.a.
98 Governments and official institutions		n.a.		774	1	n.a.
99 Certified and official checks		16,346		8,792	6,094	1,460
100 Demand deposits (included in total transaction accounts)		529,726		344,891	152,043	32,792
101 Individuals, partnerships, and corporations		460,366		295,502	135,100	29,764
102 U.S. government		1,451		1,071	331	49
103 States and political subdivisions in the United States		16,191		10,130	4,906	1,155
104 Commercial banks in the United States	n.a.	24,266	n.a.	19,425	4,553	288
105 Other depository institutions in the United States		3,935		3,129	735	72
106 Foreign banks, governments, and official institutions		7,171		6,842	325	4
107 Banks		n.a.		6,070	323	n.a.
108 Governments and official institutions		n.a.		772	1	n.a.
109 Certified and official checks		16,346		8,792	6,094	1,460
110 Total nontransaction accounts		2,351,135		1,373,234	814,702	163,199
111 Individuals, partnerships, and corporations		2,235,940		1,317,871	768,372	149,697
112 U.S. government		3,858		3,415	366	77
113 States and political subdivisions in the United States		94,684		41,920	41,192	11,573
114 Commercial banks in the United States		9,189		6,654	1,942	593
115 Other depository institutions in the United States		5,608		1,560	2,789	1,259
116 Foreign banks, governments, and official institutions		1,854		1,813	40	0
117 Banks		n.a.		591	18	n.a
118 Governments and official institutions		n.a.		1,222	22	n.a.
119 Federal funds purchased and securities sold under agreements to repurchase	440,349	401,003	359,314	319,968	78,675	2,360
120 Demand notes issued to the U.S. Treasury	14,846	14,846	13,405	13,405	1,391	50
121 Trading liabilities	191,731	n.a.	191,638	n.a.	92	0
122 Other borrowed money	406,160	362,644	288,080	244,564	113,067	5,013
123 Banks' liability on acceptances executed and outstanding	10,729	8,262	10,498	8,031	226	5
124 Notes and debentures subordinated to deposits	72,730	n.a.	68,133	n.a.	4,585	12
125 Net due to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	102,263	n.a.	102,263	n.a.	n.a.
126 All other liabilities	142,351	n.a.	115,523	n.a	24,432	2,396
127 **Total equity capital**	**460,967**	n.a.	**298,164**	n.a.	**134,071**	**28,732**
MEMO						
128 Trading assets at large banks[4]	267,988	99,370	267,311	98,693	677	
129 U.S. Treasury securities (domestic offices)		12,697		12,662	36	
130 U.S. government agency corporation obligations		2,824		2,673	151	
131 Securities issued by states and political subdivisions in the United States	n.a.	1,061	n.a.	976	85	
132 Mortgage-backed securities		16,383		16,125	258	n.a.
133 Other debt securities		7,214		7,115	100	
134 Other trading assets		6,054		6,022	32	
135 Trading assets in foreign banks	168,618	0	168,618	0	0	
136 Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts	53,136	53,136	53,121	53,121	14	
137 Total individual retirement (IRA) and Keogh plan accounts		151,611		81,297	58,384	11,930
138 Total brokered deposits		64,496		40,351	22,418	1,727
139 Fully insured brokered deposits		48,964		27,000	20,329	1,634
140 Issued in denominations of less than $100,000		10,594		5,470	4,119	1,005
141 Issued in denominations of $100,000, or in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	n.a.	38,370	n.a.	21,530	16,210	629
142 Money market deposit accounts (MMDAs)		807,433		568,357	213,561	25,516
143 Other savings deposits (excluding MMDAs)		391,792		225,113	144,280	22,399
144 Total time deposits of less than $100,000		737,370		340,111	312,767	84,492
145 Total time deposits of $100,000 or more		414,539		239,653	144,094	30,792
146 All negotiable order of withdrawal (NOW) accounts		154,205		45,067	78,532	30,606
147 Number of banks	8,701	8,701	166	n.a	3,048	5,487

NOTE. Table 4.20 has been revised; it now includes data that was previously reported in table 4.22, which has been discontinued.

The notation "n.a." indicates the lesser detail available from banks that don't have foreign offices, the inapplicability of certain items to banks that have only domestic offices or the absence of detail on a fully consolidated basis for banks that have foreign offices.

1. All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to" lines. All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Because these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively of the domestic and foreign offices.

Foreign offices include branches in foreign countries, Puerto Rico, and U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge Act and agreement corporations wherever located; and IBFs.

2. "Over 100" refers to banks whose assets, on June 30 of the preceding calendar year, were $100 million or more. (These banks file the FFIEC 032 or FFIEC 033 Call Report.) "Under 100" refers to banks whose assets, on June 30 of the preceding calendar year, were less than $100 million. (These banks file the FFIEC 034 Call Report.)

3. Because the domestic portion of allowances for loan and lease losses and allocated transfer risk reserves are not reported for banks with foreign offices, the components of total assets (domestic) do not sum to the actual total (domestic).

4. Components of "Trading assets at large banks" are reported only by banks with either total assets of $1 billion or more or with $2 billion or more in the par/notional amount of their off-balance-sheet derivative contracts.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 3–7, 1999

A. Commercial and industrial loans made by all commercial banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	6.52	115,487	666	488	42.5	11.0	28.3	72.7	Foreign
2 Minimal risk	5.59	11,073	1,555	546	31.2	5.2	63.8	88.7	Foreign
3 Low risk	5.70	26,907	1,353	267	35.5	10.8	42.7	76.4	Foreign
4 Moderate risk	6.74	31,536	499	674	52.4	16.1	22.7	76.8	Foreign
5 Other	7.13	27,738	646	556	29.5	5.4	20.1	67.0	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	7.64	22,810	315	587	55.8	11.7	1.8	67.6	Prime
7 Minimal risk	6.42	1,061	540	435	17.7	22.2	.1	52.0	Other
8 Low risk	6.98	2,670	372	389	46.6	15.7	4.9	90.1	Prime
9 Moderate risk	7.71	8,589	288	725	69.1	12.5	1.9	91.5	Prime
10 Other	8.23	4,252	178	751	77.2	17.2	2.8	89.4	Prime
11 Daily	5.87	45,518	1,121	195	42.2	12.7	33.8	64.8	Fed funds
12 Minimal risk	5.28	5,153	8,014	271	44.8	9	73.6	94.2	Foreign
13 Low risk	5.46	13,415	6,277	173	40.5	12.5	43.5	66.0	Fed funds
14 Moderate risk	6.13	8,146	618	355	42.9	33.8	18.6	55.5	Fed funds
15 Other	6.01	11,360	1,697	80	15.2	2.0	30.6	41.7	Fed funds
16 2 to 30 days	6.01	17,768	1,418	331	32.1	6.1	37.0	81.6	Foreign
17 Minimal risk	5.26	1,680	1,905	255	32.2	5.4	58.5	85.5	Foreign
18 Low risk	5.52	5,657	2,380	178	32.5	4.5	49.7	86.4	Foreign
19 Moderate risk	6.18	5,570	1,383	408	33.3	7.7	31.3	85.1	Foreign
20 Other	6.90	3,443	963	537	24.5	2.0	17.7	72.5	Foreign
21 31 to 365 days	6.82	23,013	839	820	27.8	5.3	41.4	88.5	Foreign
22 Minimal risk	5.91	2,522	1,133	1,105	7.1	.6	84.9	93.8	Foreign
23 Low risk	5.71	4,738	879	472	16.0	8.2	55.4	86.2	Foreign
24 Moderate risk	6.41	6,457	727	723	46.5	7.4	49.8	92.1	Foreign
25 Other	8.13	8,132	1,452	1,061	22.8	3.1	15.4	87.5	Foreign
				Months					
26 More than 365 days	7.44	4,016	242	59	72.2	9.0	18.4	51.2	Prime
27 Minimal risk	6.33	617	454	50	33.8	29.2	.0	96.1	Other
28 Low risk	7.56	293	119	53	55.8	15.4	29.8	68.0	Other
29 Moderate risk	7.46	2,272	403	62	80.3	3.3	22.8	36.5	Prime
30 Other	8.47	315	151	85	81.5	4.0	26.4	62.1	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	8.81	2,934	3.2	173	86.8	32.3	3.4	77.3	Prime
32 100–999	8.01	12,528	3.2	131	76.3	20.0	8.6	79.3	Prime
33 1,000–9,999	6.75	33,141	2.9	65	44.0	8.9	27.6	75.3	Foreign
34 10,000 or more	6.03	66,884	2.7	63	33.5	9.5	33.4	70.1	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.30	23,618	3.1	105	76.4	21.1	2.4	77.6	203
36 Fed funds	5.63	30,306	3.1	11	27.0	9.0	23.9	44.4	7,523
37 Other domestic	6.21	8,893	2.5	48	33.6	27.6	36.2	64.0	1,667
38 Foreign	6.22	38,653	2.6	59	37.6	4.0	53.2	92.0	3,977
39 Other	6.51	14,018	2.7	222	38.3	7.1	6.1	78.3	368

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 3–7, 1999

B. Commercial and industrial loans made by all domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Amount of loans (percent): Callable	Amount of loans (percent): Subject to prepayment penalty	Amount of loans (percent): Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All commercial and industrial loans	6.80	69,356	420	753	45.0	16.0	16.6	72.6	Prime
2 Minimal risk	5.66	7,715	1,127	769	15.3	7.4	57.8	88.8	Foreign
3 Low risk	5.90	13,343	714	440	28.5	21.5	26.7	75.6	Foreign
4 Moderate risk	6.87	24,038	399	785	57.4	20.0	10.2	75.4	Prime
5 Other	7.77	12,045	301	1,265	53.9	9.1	8.7	77.1	Prime
By maturity/repricing interval[6]									
6 Zero interval	7.59	21,778	308	583	55.5	10.9	1.3	66.1	Prime
7 Minimal risk	6.32	1,003	513	450	18.7	23.5	.1	49.2	Other
8 Low risk	6.95	2,597	367	400	46.5	14.7	3.7	89.9	Prime
9 Moderate risk	7.68	8,141	281	711	69.6	12.4	1.8	91.0	Prime
10 Other	8.13	3,800	165	769	77.8	14.1	.8	88.2	Prime
11 Daily	6.30	20,194	517	439	43.9	28.7	20.5	70.3	Fed funds
12 Minimal risk	5.42	2,412	4,724	579	10.1	2.0	66.9	96.7	Fed funds
13 Low risk	5.61	4,624	2,460	340	31.7	36.1	28.1	57.8	Domestic
14 Moderate risk	6.19	6,793	528	453	51.4	40.5	13.9	59.4	Fed funds
15 Other	6.89	2,797	443	313	35.5	8.2	9 7	62.5	Fed funds
16 2 to 30 days	5.95	9,936	943	556	29.8	10.3	22.2	86.6	Foreign
17 Minimal risk	4.79	1,243	1,520	328	31.0	7.3	54.0	92.6	Other
18 Low risk	5.32	2,612	1,309	360	13.8	9.8	28.2	87.0	Foreign
19 Moderate risk	6.18	3,341	1,017	604	37.6	11.2	16.3	86.3	Foreign
20 Other	7.30	1,802	619	995	40.5	3.6	11.7	81.8	Foreign
21 31 to 365 days	6.62	12,899	520	1,276	29.0	6.7	35.8	83.5	Foreign
22 Minimal risk	5.91	2,399	1,112	1,120	5.2	.6	84.9	93.8	Foreign
23 Low risk	5.74	3,082	625	543	16.5	12.5	43.4	80.2	Foreign
24 Moderate risk	6.40	3,403	431	998	38.2	10.0	20.5	89.1	Foreign
25 Other	8.28	3,132	681	2,593	42.8	1.1	15.4	74.3	Foreign
				Months					
26 More than 365 days	7.61	3,564	217	59	77.8	10.2	7.1	45.0	Prime
27 Minimal risk	6.33	617	454	50	33.8	29.2	.0	96.1	Other
28 Low risk	7.56	293	119	53	55.8	15.4	29.8	68.0	Other
29 Moderate risk	7.79	1,858	333	62	91.4	4.0	5.0	22.4	Prime
30 Other	8.58	277	139	92	92.0	4.5	16.1	56.9	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	8.82	2,889	3.2	174	87.2	32.4	3.0	77.2	Prime
32 100–999	8.14	11,169	3.2	138	79.5	21.0	3.6	78.3	Prime
33 1,000–9,999	6.97	22,088	2.8	83	50.9	10.6	15.8	77.1	Prime
34 10,000 or more	6.06	33,210	2.5	89	25.8	16.5	22.8	67.4	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.28	21,426	3.1	110	77.5	17.3	1.4	75.4	188
36 Fed funds	5.47	9,365	2.6	25	37.7	29.2	17.9	41.5	5,069
37 Other domestic	6.22	8,318	2.5	50	33.7	29.5	31.9	68.3	1,641
38 Foreign	6.23	17,074	2.6	51	21.5	8.1	35.4	84.5	2,749
39 Other	6.43	13,174	2.7	226	35.0	6.2	5.8	77.4	348

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 3–7, 1999

C. Commercial and industrial loans made by large domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	6.57	58,197	795	598	38.7	15.6	19.2	73.5	Prime
2 Minimal risk	5.58	6,860	6,702	781	9.9	5.9	63.6	91.5	Foreign
3 Low risk	5.60	11,428	2,634	382	21.0	21.4	30.6	73.9	Foreign
4 Moderate risk	6.67	19,867	748	690	53.2	20.5	11.5	76.7	Prime
5 Other	7.45	9,607	457	642	43.8	8.1	10.7	84.3	Foreign
By maturity/repricing interval[6]									
6 Zero interval	7.45	17,274	584	515	49.0	8.6	1.5	63.5	Prime
7 Minimal risk	6.23	847	2,898	492	14.7	25.2	.1	41.4	Other
8 Low risk	6.55	1,694	1,066	338	30.1	10.5	4.8	89.5	Other
9 Moderate risk	7.59	6,234	482	624	65.4	10.5	2.2	98.4	Prime
10 Other	7.90	2,940	240	593	73.6	14.3	.9	93.1	Prime
11 Daily	6.19	18,970	603	406	42.0	29.6	21.7	69.2	Fed funds
12 Minimal risk	5.40	2,358	7,837	585	9.9	.3	68.4	96.6	Fed funds
13 Low risk	5.47	4,356	3,325	244	29.4	38.3	29.8	55.4	Domestic
14 Moderate risk	6.08	6,331	681	425	50.4	42.9	14.6	57.6	Fed funds
15 Other	6.77	2,624	559	309	31.5	8.5	10.3	61.5	Fed funds
16 2 to 30 days	5.81	8,692	2,023	447	25.8	9.4	23.6	88.1	Foreign
17 Minimal risk	4.62	966	8,822	288	23.8	.0	60.6	100.0	Other
18 Low risk	5.17	2,416	4,107	376	10.3	8.6	30.4	86.2	Foreign
19 Moderate risk	6.11	2,981	1,806	646	36.7	11.2	16.5	85.0	Foreign
20 Other	6.99	1,535	1,175	294	31.9	2.1	12.8	90.7	Foreign
21 31 to 365 days	6.31	10,780	2,699	928	19.8	6.1	42.0	91.3	Foreign
22 Minimal risk	5.91	2,239	11,494	1,176	1.3	.4	89.8	99.6	Foreign
23 Low risk	5.54	2,795	4,856	552	12.0	12.6	46.4	81.4	Foreign
24 Moderate risk	6.10	2,805	2,374	893	31.5	7.6	24.1	92.6	Foreign
25 Other	7.90	2,324	1,638	1,217	24.1	.8	20.7	95.1	Foreign
				Months					
26 More than 365 days	7.20	2,122	1,172	49	68.4	9.5	10.6	42.7	Prime
27 Minimal risk	5.66	424	4,196	48	9.2	40.9	.0	99.8	Other
28 Low risk	6.33	121	875	31	3.9	*	63.5	99.0	Other
29 Moderate risk	7.63	1,365	2,218	50	90.2	1.4	5.2	15.6	Prime
30 Other	8.24	104	206	61	81.7	6.6	41.8	70.5	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	8.53	1,309	3.4	46	87.2	39.6	4.3	88.5	Prime
32 100–999	7.92	6,709	3.3	50	75.3	21.6	5.1	88.5	Prime
33 1,000–9,999	6.84	18,219	2.9	47	46.4	9.9	18.6	78.5	Prime
34 10,000 or more	6.05	31,961	2.5	88	24.6	16.6	23.2	66.9	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.20	16,073	3.2	115	75.4	15.5	1.6	75.2	271
36 Fed funds	5.43	8,982	2.6	10	37.4	29.9	18.5	39.6	7,476
37 Other domestic	5.57	6,561	2.2	14	16.6	36.7	40.1	80.5	6,215
38 Foreign	6.25	15,997	2.6	50	20.5	7.7	36.2	84.6	3,315
39 Other	6.17	10,585	2.7	118	25.3	2.6	6.7	78.8	1,529

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 3–7, 1999

D. Commercial and industrial loans made by small domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Amount of loans (percent): Callable	Amount of loans (percent): Subject to prepayment penalty	Amount of loans (percent): Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All commercial and industrial loans	7.99	11,158	122	1,564	78.0	18.1	3.4	67.8	Prime
2 Minimal risk	6.37	856	147	671	58.2	19.5	13.2	67.3	Other
3 Low risk	7.71	1,915	133	769	73.6	21.6	3.6	85.3	Prime
4 Moderate risk	7.82	4,172	124	1,244	77.8	17.7	3.7	69.0	Prime
5 Other	9.03	2,437	129	3,835	93.9	12.9	1.3	48.6	Domestic
By maturity/repricing interval[6]									
6 Zero interval	8.16	4,504	109	851	80.5	19.8	.6	76.0	Prime
7 Minimal risk	6.84	156	94	203	40.5	14.2	*	92.0	Fed funds
8 Low risk	7.69	903	165	506	77.1	22.5	1.7	90.7	Prime
9 Moderate risk	8.00	1,907	119	1,002	83.1	18.5	.3	66.8	Prime
10 Other	8.91	860	80	1,351	91.9	13.7	.5	71.2	Prime
11 Daily	8.02	1,224	161	859	73.1	15.5	2.3	87.6	Prime
12 Minimal risk	6.04	54	258	294	20.2	75.6	*	99.9	Fed funds
13 Low risk	7.93	269	471	1,559	68.3	1.7	*	97.7	Prime
14 Moderate risk	7.72	462	130	750	65.2	7.9	5.5	83.4	Prime
15 Other	8.81	174	107	369	95.5	4.0	.8	77.6	Prime
16 2 to 30 days	6.93	1,245	199	1,322	57.6	17.0	12.7	76.1	Foreign
17 Minimal risk	5.38	277	391	485	56.4	32.6	31.2	66.8	Other
18 Low risk	7.13	196	139	150	58.0	25.1	1.4	96.5	Other
19 Moderate risk	6.70	360	220	259	44.8	11.1	14.8	96.9	Foreign
20 Other	9.09	268	167	5,112	89.7	11.9	6.0	30.4	Domestic
21 31 to 365 days	8.19	2,119	102	3,032	75.7	9.8	4.4	44.3	Domestic
22 Minimal risk	5.90	160	82	349	60.1	3.1	16.4	13.2	Other
23 Low risk	7.62	287	66	454	60.5	11.9	14.2	68.3	Other
24 Moderate risk	7.83	598	89	1,487	69.7	20.9	3.5	72.4	Other
25 Other	9.36	808	254	6,539	96.4	1.9	.6	14.5	Domestic
				Months					
26 More than 365 days	8.21	1,442	99	73	91.6	11.1	2.8	48.3	Other
27 Minimal risk	7.82	193	154	54	87.7	3.4	*	87.9	Other
28 Low risk	8.42	172	74	68	92.3	26.2	6.1	46.2	Other
29 Moderate risk	8.21	494	99	97	94.8	11.3	4.6	41.1	Other
30 Other	8.78	173	117	110	98.2	3.3	1.4	48.8	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	9.06	1,580	3.0	277	87.3	26.4	2.0	67.8	Prime
32 100–999	8.47	4,460	3.1	274	85.7	20.1	1.4	63.0	Prime
33 1,000–9,999	7.54	3,869	2.7	264	72.2	13.9	3.2	70.0	Prime
34 10,000 or more	6.33	1,249	2.7	97	57.0	13.8	12.5	78.4	Other
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.53	5,353	2.9	93	83.8	22.9	.8	76.3	98
36 Fed funds	6.44	383	2.3	369	45.0	13.7	3.5	86.1	593
37 Other domestic	8.65	1,756	3.4	182	97.6	2.6	1.1	23.0	438
38 Foreign	5.95	1,077	2.7	62	36.7	14.1	22.6	83.0	778
39 Other	7.50	2,589	2.5	706	74.8	21.1	2.1	71.9	84

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 3–7, 1999

E. Commercial and industrial loans made by U.S. branches and agencies of foreign banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	6.11	46,132	5,545	117	38.8	3.5	45.6	72.9	Foreign
2 Minimal risk	5.43	3,358	12,197	40	67.7	.0	77.3	88.7	Foreign
3 Low risk	5.50	13,565	11,288	116	42.3	.3	58.4	77.2	Foreign
4 Moderate risk	6.33	7,498	2,555	360	36.1	3.5	62.2	81.6	Foreign
5 Other	6.64	15,693	5,338	51	10.8	2.6	28.6	59.2	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	8.58	1,031	596	705	62.3	28.6	13.6	99.7	Prime
7 Minimal risk	*	*	*	*	*	*	*	*	*
8 Low risk	7.97	73	726	2	51.8	51.8	46.8	97.5	Prime
9 Moderate risk	8.22	448	549	1,045	61.5	14.2	4.1	99.8	Prime
10 Other	9.11	452	562	579	72.8	42.9	19.4	99.8	Prime
11 Daily	5.53	25,324	16,727	40	40.9	*	44.3	60.4	Fed funds
12 Minimal risk	5.17	2,741	20,708	1	75.3	*	79.5	91.9	Foreign
13 Low risk	5.38	8,790	34,121	105	45.2	*	51.6	70.3	Foreign
14 Moderate risk	5.79	1,353	4,259	2	*	*	41.8	35.7	Fed funds
15 Other	5.72	8,563	22,999	8	8.5	*	37.4	34.9	Fed funds
16 2 to 30 days	6.08	7,832	3,938	58	35.0	.8	54.8	75.2	Foreign
17 Minimal risk	6.61	436	6,867	51	35.6	*	71.4	65.2	Foreign
18 Low risk	5.70	3,045	7,990	27	48.6	*	68.0	85.9	Foreign
19 Moderate risk	6.20	2,230	3,002	123	26.8	2.6	51.6	83.2	Foreign
20 Other	6.46	1,640	2,472	44	6.8	.2	23.8	62.4	Foreign
21 31 to 365 days	7.08	10,114	3,860	236	26.2	3.6	48.5	94.8	Foreign
22 Minimal risk	5.90	122	1,778	796	43.3	*	84.1	93.5	Foreign
23 Low risk	5.66	1,656	3,582	340	15.2	.2	77.5	97.4	Foreign
24 Moderate risk	6.42	3,054	3,068	417	55.8	4.6	82.4	95.5	Foreign
25 Other	8.04	4,999	5,005	84	10.4	4.3	15.5	95.7	Foreign
				Months					
26 More than 365 days	6.14	452	2,753	58	28.0	*	100.0	100.0	Foreign
27 Minimal risk	*	*	*	*	*	*	*	*	*
28 Low risk	*	*	*	*	*	*	*	*	*
29 Moderate risk	5.99	413	6,509	60	30.1	*	100.0	100.0	Foreign
30 Other	7.73	38	381	39	5.6	*	100.0	100.0	Prime
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	8.33	46	3.4	89	57.9	27.4	28.3	85.3	Prime
32 100–999	6.99	1,359	3.3	71	50.3	11.4	49.7	87.6	Foreign
33 1,000–9,999	6.31	11,053	3.1	30	30.1	5.4	50.8	71.8	Foreign
34 10,000 or more	6.01	33,674	2.9	37	41.1	2.6	43.7	72.7	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	8.45	2,192	3.5	40	66.1	58.0	11.7	98.9	1,002
36 Fed funds	5.70	20,941	3.3	5	22.2	*	26.6	45.7	9,602
37 Other domestic	6.01	575	2.7	19	31.6	*	98.5	1.0	2,174
38 Foreign	6.21	21,579	2.6	66	50.3	.8	67.4	97.9	6,148
39 Other	7.75	844	2.9	68	89.3	21.2	10.7	92.0	4,784

Footnotes appear at end of table.

NOTE. The Survey of Terms of Business Lending collects data on gross loan extensions made during the first full business week in the mid-month of each quarter. The authorized panel size for the survey is 348 domestically chartered commercial banks and fifty U.S. branches and agencies of foreign banks. The sample data are used to estimate the terms of loans extended during that week at all domestic commercial banks and all U.S. branches and agencies of foreign banks. Note that the terms on loans extended during the survey week may differ from those extended during other weeks of the quarter. The estimates reported here are not intended to measure the average terms on all business loans in bank portfolios.

1. As of December 31, 1996, assets of most of the large banks were at least $7.0 billion. Median total assets for all insured banks were roughly $62 million. Assets at all U.S. branches and agencies averaged 1.3 billion.

2. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan amount. The standard error of the loan rate for all commercial and industrial loans in the current survey (line 1, column 1) is 0.18 percentage point. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of the universe of all banks.

3. Average maturities are weighted by loan amount and exclude loans with no stated maturities

4. The most common base pricing rate is that used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "base" or "reference" rate); the federal funds rate; domestic money market rates other than the prime rate and the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.

5. A complete description of these risk categories is available from the Banking and Money Market Statistics Section, Mail Stop 81, Board of Governors of the Federal Reserve System, Washington, DC 20551. The category "Moderate risk" includes the average loan, under average economic conditions, at the typical lender. The category "Other" includes loans rated "acceptable" as well as special mention or classified loans. The weighted-average risk ratings published for loans in rows 31–39 are calculated by assigning a value of "1" to minimal risk loans; "2" to low risk loans; "3" to moderate risk loans, "4" to acceptable risk loans; and "5" to special mention and classified loans. These values are weighted by loan amount and exclude loans with no risk rating. Some of the loans in lines 1, 6, 11, 16, 21, 26, and 31–39 are not rated for risk.

6. The maturity/repricing interval measures the period from the date the loan is made until it first may reprice or it matures. For floating-rate loans that are subject to repricing at any time—such as many prime-based loans—the maturity/repricing interval is zero. For floating-rate loans that have a scheduled repricing interval, the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it is next scheduled to reprice. For loans having rates that remain fixed until the loan matures (fixed-rate loans), the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it matures. Loans that reprice daily mature or reprice on the business day after they are made. Owing to weekends and holidays, such loans may have maturity/repricing intervals in excess of one day; such loans are not included in the "2 to 30 day" category.

7. For the current survey, the average reported prime rate, weighted by the amount of loans priced relative to a prime base rate, was 7.77 percent for all banks; 7.75 percent for large domestic banks, 7.83 percent for small domestic banks; and 7.75 percent for U.S. branches and agencies of foreign banks.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1999[1]

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets[4]**	**872,356**	**171,243**	**690,293**	**141,790**	**37,775**	**6,024**	**56,630**	**6,192**
2 Claims on nonrelated parties	725,347	91,678	564,942	76,567	35,707	3,049	56,498	4,572
3 Cash and balances due from depository institutions	70,037	38,246	65,946	36,000	810	237	2,360	1,772
4 Cash items in process of collection and unposted debits	2,464	0	2,394	0	4	0	23	0
5 Currency and coin (U.S. and foreign)	17	n.a.	13	n.a.	1	n.a.	0	n.a.
6 Balances with depository institutions in United States	41,846	15,026	39,563	14,202	670	154	1,056	503
7 U.S. branches and agencies of other foreign banks (including IBFs)	35,907	14,193	34,193	13,380	409	154	975	503
8 Other depository institutions in United States (including IBFs)	5,939	833	5,370	822	262	0	80	0
9 Balances with banks in foreign countries and with foreign central banks	25,276	23,220	23,614	21,798	118	83	1,275	1,269
10 Foreign branches of U.S banks	993	938	989	938	0	0	0	0
11 Banks in home country and home-country central banks	5,114	4,464	5,008	4,403	11	11	50	50
12 All other banks in foreign countries and foreign central banks	19,168	17,817	17,616	16,457	107	72	1,224	1,219
13 Balances with Federal Reserve Banks	434	n.a.	363	n.a.	17	n.a.	6	n.a.
14 **Total securities and loans**	**455,378**	**42,870**	**334,797**	**30,441**	**33,845**	**2,609**	**40,996**	**2,731**
15 Total securities, book value	115,660	5,032	105,923	4,325	1,295	531	7,282	136
16 U.S. Treasury	20,598	n.a.	19,524	n.a.	62	n.a.	940	n.a
17 Obligations of U.S. government agencies and corporations	47,545	n.a.	44,824	n.a.	206	n.a.	2,032	n.a
18 Other bonds, notes, debentures, and corporate stock (including state and local securities)	47,517	5,032	41,574	4,325	1,027	531	4,309	136
19 Securities of foreign governmental units	12,903	2,807	12,454	2,626	337	121	47	47
20 All Other	34,614	2,225	29,120	1,699	690	410	4,263	90
21 Federal funds sold and securities purchased under agreements to resell	78,841	8,179	73,341	7,953	444	156	3,136	40
22 U.S branches and agencies of other foreign banks	13,412	4,589	12,636	4,482	221	98	213	0
23 Commercial banks in United States	12,196	309	11,679	306	119	3	79	0
24 Other	53,233	3,281	49,026	3,165	104	55	2,844	40
25 Total loans, gross	339,967	37,861	229,046	26,137	32,584	2,079	33,728	2,595
26 LESS: Unearned income on loans	250	23	171	20	34	1	13	0
27 EQUALS: Loans, net	339,717	37,838	228,875	26,116	32,550	2,078	33,715	2,595
Total loans, gross, by category								
28 Real estate loans	18,284	147	11,329	94	3,718	51	680	0
29 Loans to depository institutions	32,020	19,744	18,920	11,356	2,240	1,433	2,845	2,500
30 Commercial banks in United States (including IBFs)	8,686	3,179	6,287	1,939	1,573	790	312	282
31 U.S. branches and agencies of other foreign banks	6,179	2,911	4,003	1,723	1,378	751	292	272
32 Other commercial banks in United States	2,507	268	2,284	216	195	39	20	10
33 Other depository institutions in United States (including IBFs)	40	5	17	0	0	0	3	0
34 Banks in foreign countries	23,293	16,560	12,617	9,417	667	642	2,530	2,218
35 Foreign branches of U.S. banks	1,688	974	1,665	963	1	1	0	0
36 Other banks in foreign countries	21,604	15,586	10,952	8,455	666	641	2,530	2,218
37 Loans to other financial institutions	48,009	1,119	36,653	979	1,677	0	4,717	5
38 Commercial and industrial loans	218,654	14,175	143,331	11,321	24,560	498	23,754	84
39 U.S. addressees (domicile)	178,277	65	114,924	44	22,576	21	21,353	0
40 Non-U.S. addressees (domicile)	40,376	14,110	28,407	11,277	1,984	477	2,401	84
41 Acceptances of other banks	253	6	87	5	9	0	144	0
42 U.S. banks	16	0	4	0	3	0	0	0
43 Foreign banks	237	6	83	5	6	0	144	0
44 Loans to foreign governments and official institutions (including foreign central banks)	4,242	2,544	3,296	2,272	240	98	68	5
45 Loans for purchasing or carrying securities (secured and unsecured)	9,249	20	8,208	20	44	0	1	0
46 All other loans	8,597	105	7,030	89	97	0	1,050	0
47 Lease financing receivables (net of unearned income)	659	0	190	0	0	0	469	0
48 U.S. addressees (domicile)	659	0	190	0	0	0	469	0
49 Non-U.S. addressees (domicile)	0	0	0	0	0	0	0	0
50 Trading assets	86,890	1,070	62,338	1,070	70	0	6,811	0
51 All other assets	34,200	1,313	28,519	1,102	538	47	3,195	28
52 Customers' liabilities on acceptances outstanding	1,849	n.a.	1,421	n.a.	113	n.a.	237	n.a.
53 U.S addressees (domicile)	941	n.a.	726	n.a.	112	n.a.	83	n.a
54 Non-U.S. addressees (domicile)	908	n.a.	695	n.a.	2	n.a.	155	n.a.
55 Other assets including other claims on nonrelated parties	32,351	1,313	27,098	1,102	425	47	2,957	28
56 Net due from related depository institutions[5]	147,009	79,565	125,351	65,223	2,068	2,975	132	1,620
57 Net due from head office and other related depository institutions[5]	147,009	n.a.	125,351	n.a.	2,068	n.a.	132	n.a.
58 Net due from establishing entity, head office, and other related depository institutions[5]	n.a.	79,565	n.a	65,223	n.a.	2,975	n.a.	1,620
59 **Total liabilities[4]**	**872,356**	**171,243**	**690,293**	**141,790**	**37,775**	**6,024**	**56,630**	**6,192**
60 Liabilities to nonrelated parties	695,338	149,459	576,144	123,205	13,813	5,487	37,965	6,102

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1999[1]—Continued

Millions of dollars except as noted

Item	All states[2] Total excluding IBFs[3]	All states[2] IBFs only[3]	New York Total excluding IBFs	New York IBFs only	California Total excluding IBFs	California IBFs only	Illinois Total excluding IBFs	Illinois IBFs only
61 Total deposits and credit balances	305,919	100,194	254,442	84,659	5,941	1,415	13,582	3,962
62 Individuals, partnerships, and corporations	233,848	11,322	190,650	5,950	2,621	132	12,467	78
63 U.S. addressees (domicile)	216,591	39	180,253	10	1,015	1	12,275	28
64 Non-U.S. addressees (domicile)	17,257	11,283	10,397	5,941	1,607	131	192	50
65 Commercial banks in United States (including IBFs)	35,996	14,880	31,966	14,408	382	98	962	226
66 U.S. branches and agencies of other foreign banks	16,380	12,547	14,476	12,183	0	38	282	186
67 Other commercial banks in United States	19,616	2,332	17,490	2,225	382	60	680	40
68 Banks in foreign countries	8,051	50,541	7,588	46,034	9	296	76	1,767
69 Foreign branches of U.S. banks	1,309	1,389	1,309	1,054	0	25	0	305
70 Other banks in foreign countries	6,742	49,152	6,279	44,980	9	271	76	1,462
71 Foreign governments and official institutions (including foreign central banks)	10,827	23,343	10,360	18,173	7	875	52	1,890
72 All other deposits and credit balances	17,018	108	13,722	94	2,915	13	23	2
73 Certified and official checks	178		156		6		1	
74 Transaction accounts and credit balances (excluding IBFs)	8,817		6,594		330		499	
75 Individuals, partnerships, and corporations	6,937		5,064		308		494	
76 U.S. addressees (domicile)	4,779		3,878		158		489	
77 Non-U.S. addressees (domicile)	2,159		1,186		150		5	
78 Commercial banks in United States (including IBFs)	37		32		1		0	
79 U.S. branches and agencies of other foreign banks	16		13		0		0	
80 Other commercial banks in United States	22		19		1		0	
81 Banks in foreign countries	915		664		9		1	
82 Foreign branches of U.S. banks	1		1		0		0	
83 Other banks in foreign countries	913		663		9		1	
84 Foreign governments and official institutions (including foreign central banks)	504		444		2		2	
85 All other deposits and credit balances	245		234		4		0	
86 Certified and official checks	178		156		6		1	
87 Demand deposits (included in transaction accounts and credit balances)	8,126		6,179		234		497	
88 Individuals, partnerships, and corporations	6,568		4,953		216		492	
89 U.S. addressees (domicile)	4,706		3,833		140		487	
90 Non-U.S. addressees (domicile)	1,862		1,120		76		5	
91 Commercial banks in United States (including IBFs)	33	n.a.	28	n.a.	1	n.a.	0	n.a.
92 U.S. branches and agencies of other foreign banks	12		10		0		0	
93 Other commercial banks in United States	21		19		1		0	
94 Banks in foreign countries	765		521		9		1	
95 Foreign branches of U.S. banks	1		1		0		0	
96 Other banks in foreign countries	763		519		9		1	
97 Foreign governments and official institutions (including foreign central banks)	492		439		2		2	
98 All other deposits and credit balances	90		82		0		0	
99 Certified and official checks	178		156		6		1	
100 Nontransaction accounts (including MMDAs, excluding IBFs)	297,102		247,848		5,611		13,083	
101 Individuals, partnerships, and corporations	226,910		185,586		2,314		11,973	
102 U.S. addressees (domicile)	211,812		176,375		857		11,786	
103 Non-U.S. addressees (domicile)	15,098		9,211		1,457		187	
104 Commercial banks in United States (including IBFs)	35,959		31,934		382		962	
105 U.S. branches and agencies of other foreign banks	16,365		14,463		0		282	
106 Other commercial banks in United States	19,595		17,471		382		680	
107 Banks in foreign countries	7,137		6,924		0		75	
108 Foreign branches of U.S. banks	1,308		1,308		0		0	
109 Other banks in foreign countries	5,829		5,616		0		75	
110 Foreign governments and official institutions (including foreign central banks)	10,322		9,916		5		50	
111 All other deposits and credit balances	16,773		13,488		2,911		23	
112 IBF deposit liabilities		100,194		84,659		1,415		3,962
113 Individuals, partnerships, and corporations		11,322		5,950		132		78
114 U.S. addressees (domicile)		39		10		1		28
115 Non-U.S. addressees (domicile)		11,283		5,941		131		50
116 Commercial banks in United States (including IBFs)		14,880		14,408		98		226
117 U.S. branches and agencies of other foreign banks		12,547		12,183		38		186
118 Other commercial banks in United States	n.a.	2,332	n.a.	2,225	n.a.	60	n.a.	40
119 Banks in foreign countries		50,541		46,034		296		1,767
120 Foreign branches of U.S. banks		1,389		1,054		25		305
121 Other banks in foreign countries		49,152		44,980		271		1,462
122 Foreign governments and official institutions (including foreign central banks)		23,343		18,173		875		1,890
123 All other deposits and credit balances		108		94		13		2

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1999[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
124 Federal funds purchased and securities sold under agreements to repurchase	135,865	19,615	122,277	14,760	822	246	6,218	1,304
125 U.S. branches and agencies of other foreign banks	14,771	4,629	10,534	3,398	373	193	1,962	630
126 Other commercial banks in United States	8,465	335	7,443	141	355	54	320	20
127 Other	112,629	14,651	104,300	11,221	94	0	3,937	655
128 Other borrowed money	75,830	28,172	58,360	22,434	5,223	3,793	6,265	809
129 Owed to nonrelated commercial banks in United States (including IBFs)	12,713	6,100	9,873	4,615	842	583	1,109	508
130 Owed to U.S. offices of nonrelated U.S. banks	4,354	658	3,860	551	117	76	112	0
131 Owed to U.S. branches and agencies of nonrelated foreign banks	8,358	5,443	6,013	4,064	725	507	997	508
132 Owed to nonrelated banks in foreign countries	20,174	17,645	16,061	13,720	3,092	2,992	239	237
133 Owed to foreign branches of nonrelated U.S. banks	877	781	626	545	237	237	0	0
134 Owed to foreign offices of nonrelated foreign banks	19,298	16,864	15,435	13,176	2,855	2,755	239	237
135 Owed to others	42,942	4,427	32,427	4,098	1,289	218	4,918	65
136 All other liabilities	77,530	1,478	56,405	1,351	412	33	7,938	26
137 Branch or agency liability on acceptances executed and outstanding	2,016	n.a.	1,554	n.a.	114	n.a.	249	n.a
138 Trading liabilities	51,035	77	33,928	77	79	0	6,354	0
139 Other liabilities to nonrelated parties	24,478	1,401	20,923	1,274	219	33	1,335	26
140 Net due to related depository institutions[5]	177,018	21,784	114,148	18,585	23,962	536	18,666	90
141 Net due to head office and other related depository institutions[5]	177,018	n.a.	114,148	n.a.	23,962	n.a.	18,666	n.a.
142 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	21,784	n.a.	18,585	n.a.	536	n.a.	90
MEMO								
143 Non-interest-bearing balances with commercial banks in United States	1,782	0	1,580	0	63	0	19	0
144 Holding of own acceptances included in commercial and industrial loans	2,563		1,940		386		139	
145 Commercial and industrial loans with remaining maturity of one year or less (excluding those in nonaccrual status)	123,258		73,053		13,216		17,144	
146 Predetermined interest rates	77,055		44,102		5,938		15,047	
147 Floating interest rates	46,202	n.a.	28,951	n.a.	7,278	n.a.	2,097	n.a.
148 Commercial and industrial loans with remaining maturity of more than one year (excluding those in nonaccrual status)	94,624		69,774		11,264		6,550	
149 Predetermined interest rates	23,568		19,051		2,176		1,120	
150 Floating interest rates	71,056		50,723		9,088		5,430	

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1999[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
151 Components of total nontransaction accounts, included in total deposits and credit balances (excluding IBFs)	298,136	n.a.	249,883	n.a.	5,389	n.a.	13,391	n.a.
152 Time deposits of $100,000 or more	290,514	n.a.	243,351	n.a.	5,341	n.a.	12,935	n.a.
153 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	7,621	n.a.	6,532	n.a.	48	n.a.	457	n.a.
	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
154 Immediately available funds with a maturity greater than one day included in other borrowed money	29,533	n.a.	25,163	n.a.	2,406	n.a.	1,459	n.a.
155 Number of reports filed[6]	400	0	207	0	81	0	32	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve monthly statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 monthly statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S. and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

Index to Statistical Tables

References are to pages A3–A75 although the prefix "A" is omitted in this index

Federal Reserve Board of Governors and Official Staff

ALAN GREENSPAN, *Chairman*
EDWARD W. KELLEY, JR.
LAURENCE H. MEYER
ROGER W. FERGUSON, JR.

OFFICE OF BOARD MEMBERS

LYNN S. FOX, *Assistant to the Board*
DONALD J. WINN, *Assistant to the Board*
WINTHROP P. HAMBLEY, *Deputy Congressional Liaison*
BOB STAHLY MOORE, *Special Assistant to the Board*
DIANE E. WERNEKE, *Special Assistant to the Board*

LEGAL DIVISION

J. VIRGIL MATTINGLY, JR., *General Counsel*
SCOTT G. ALVAREZ, *Associate General Counsel*
RICHARD M. ASHTON, *Associate General Counsel*
OLIVER IRELAND, *Associate General Counsel*
KATHLEEN M. O'DAY, *Associate General Counsel*
KATHERINE H. WHEATLEY, *Assistant General Counsel*

OFFICE OF THE SECRETARY

JENNIFER J. JOHNSON, *Secretary*
ROBERT DEV. FRIERSON, *Associate Secretary*
BARBARA R. LOWREY, *Associate Secretary and Ombudsman*

DIVISION OF BANKING SUPERVISION AND REGULATION

RICHARD SPILLENKOTHEN, *Director*
STEPHEN C. SCHEMERING, *Deputy Director*
HERBERT A. BIERN, *Associate Director*
ROGER T. COLE, *Associate Director*
WILLIAM A. RYBACK, *Associate Director*
GERALD A. EDWARDS, JR., *Deputy Associate Director*
STEPHEN M. HOFFMAN, JR., *Deputy Associate Director*
JAMES V. HOUPT, *Deputy Associate Director*
JACK P. JENNINGS, *Deputy Associate Director*
MICHAEL G. MARTINSON, *Deputy Associate Director*
SIDNEY M. SUSSAN, *Deputy Associate Director*
MOLLY S. WASSOM, *Deputy Associate Director*
HOWARD A. AMER, *Assistant Director*
NORAH M. BARGER, *Assistant Director*
BETSY CROSS, *Assistant Director*
RICHARD A. SMALL, *Assistant Director*
WILLIAM C. SCHNEIDER, JR., *Project Director, National Information Center*

DIVISION OF INTERNATIONAL FINANCE

KAREN H. JOHNSON, *Director*
LEWIS S. ALEXANDER, *Deputy Director*
PETER HOOPER III, *Deputy Director*
DALE W. HENDERSON, *Associate Director*
DONALD B. ADAMS, *Senior Adviser*
DAVID H. HOWARD, *Senior Adviser*
THOMAS A. CONNORS, *Assistant Director*
RALPH W. TRYON, *Assistant Director*

DIVISION OF RESEARCH AND STATISTICS

MICHAEL J. PRELL, *Director*
EDWARD C. ETTIN, *Deputy Director*
DAVID J. STOCKTON, *Deputy Director*
WILLIAM R. JONES, *Associate Director*
MYRON L. KWAST, *Associate Director*
PATRICK M. PARKINSON, *Associate Director*
THOMAS D. SIMPSON, *Associate Director*
LAWRENCE SLIFMAN, *Associate Director*
MARTHA S. SCANLON, *Deputy Associate Director*
STEPHEN D. OLINER, *Assistant Director*
STEPHEN A. RHOADES, *Assistant Director*
JANICE SHACK-MARQUEZ, *Assistant Director*
CHARLES S. STRUCKMEYER, *Assistant Director*
ALICE PATRICIA WHITE, *Assistant Director*
JOYCE K. ZICKLER, *Assistant Director*
GLENN B. CANNER, *Senior Adviser*
DAVID S. JONES, *Senior Adviser*

DIVISION OF MONETARY AFFAIRS

DONALD L. KOHN, *Director*
DAVID E. LINDSEY, *Deputy Director*
BRIAN F. MADIGAN, *Associate Director*
RICHARD D. PORTER, *Deputy Associate Director*
VINCENT R. REINHART, *Deputy Associate Director*
WILLIAM C. WHITESELL, *Assistant Director*
NORMAND R.V. BERNARD, *Special Assistant to the Board*

DIVISION OF CONSUMER AND COMMUNITY AFFAIRS

DOLORES S. SMITH, *Director*
GLENN E. LONEY, *Deputy Director*
SANDRA F. BRAUNSTEIN, *Assistant Director*
MAUREEN P. ENGLISH, *Assistant Director*
ADRIENNE D. HURT, *Assistant Director*
IRENE SHAWN MCNULTY, *Assistant Director*

EDWARD M. GRAMLICH

OFFICE OF
STAFF DIRECTOR FOR MANAGEMENT

STEPHEN R. MALPHRUS, *Staff Director*

MANAGEMENT DIVISION

STEPHEN J. CLARK, *Associate Director, Finance Function*
DARRELL R. PAULEY, *Associate Director, Human Resources Function*
SHEILA CLARK, *EEO Programs Director*

DIVISION OF SUPPORT SERVICES

ROBERT E. FRAZIER, *Director*
GEORGE M. LOPEZ, *Assistant Director*
DAVID L. WILLIAMS, *Assistant Director*

DIVISION OF INFORMATION TECHNOLOGY

RICHARD C. STEVENS, *Director*
MARIANNE M. EMERSON, *Deputy Director*
TILLENA G. CLARK, *Assistant Director*
MAUREEN HANNAN, *Assistant Director*
PO KYUNG KIM, *Assistant Director*
RAYMOND H. MASSEY, *Assistant Director*
EDWARD T. MULRENIN, *Assistant Director*
DAY W. RADEBAUGH, JR., *Assistant Director*

DIVISION OF RESERVE BANK OPERATIONS
AND PAYMENT SYSTEMS

LOUISE L. ROSEMAN, *Director*
PAUL W. BETTGE, *Assistant Director*
KENNETH D. BUCKLEY, *Assistant Director*
JACK DENNIS, JR., *Assistant Director*
JOSEPH H. HAYES, JR., *Assistant Director*
JEFFREY C. MARQUARDT, *Assistant Director*
MARSHA REIDHILL, *Assistant Director*
JEFF STEHM, *Assistant Director*

OFFICE OF THE INSPECTOR GENERAL

BARRY R. SNYDER, *Inspector General*
DONALD L. ROBINSON, *Assistant Inspector General*

Federal Open Market Committee and Advisory Councils

FEDERAL OPEN MARKET COMMITTEE

MEMBERS

ALAN GREENSPAN, *Chairman*

WILLIAM J. MCDONOUGH, *Vice Chairman*

EDWARD G. BOEHNE
ROGER W. FERGUSON, JR.
EDWARD M. GRAMLICH
EDWARD W. KELLEY, JR.
LAURENCE H. MEYER
ROBERT D. MCTEER, JR.
MICHAEL H. MOSKOW
GARY H. STERN

ALTERNATE MEMBERS

J. ALFRED BROADDUS, JR.
JACK GUYNN
JERRY L. JORDAN
ROBERT T. PARRY
JAMIE B. STEWART, JR.

STAFF

DONALD L. KOHN, *Secretary and Economist*
NORMAND R.V. BERNARD, *Deputy Secretary*
LYNN S. FOX, *Assistant Secretary*
GARY P. GILLUM, *Assistant Secretary*
J. VIRGIL MATTINGLY, JR., *General Counsel*
THOMAS C. BAXTER, JR., *Deputy General Counsel*
MICHAEL J. PRELL, *Economist*
KAREN H. JOHNSON, *Economist*
LEWIS S. ALEXANDER, *Associate Economist*
PETER HOOPER III, *Associate Economist*
WILLIAM C. HUNTER, *Associate Economist*
RICHARD W. LANG, *Associate Economist*
DAVID E. LINDSEY, *Associate Economist*
ARTHUR J. ROLNICK, *Associate Economist*
HARVEY ROSENBLUM, *Associate Economist*
LAWRENCE SLIFMAN, *Associate Economist*
DAVID J. STOCKTON, *Associate Economist*

PETER R. FISHER, *Manager, System Open Market Account*

FEDERAL ADVISORY COUNCIL

ROBERT W. GILLESPIE, *President*
KENNETH D. LEWIS, *Vice President*

LAWRENCE K. FISH, First District
DOUGLAS A. WARNER III, Second District
RONALD L. HANKEY, Third District
ROBERT W. GILLESPIE, Fourth District
KENNETH D. LEWIS, Fifth District
STEPHEN A. HANSEL, Sixth District
NORMAN R. BOBINS, Seventh District
KATIE S. WINCHESTER, Eighth District
RICHARD A. ZONA, Ninth District
C. Q. CHANDLER, Tenth District
RICHARD W. EVANS, JR., Eleventh District
WALTER A. DODS, JR., Twelfth District

JAMES ANNABLE, *Co-Secretary*
WILLIAM J. KORSVIK, *Co-Secretary*

CONSUMER ADVISORY COUNCIL

YVONNE S. SPARKS STRAUTHER, St. Louis, Missouri, *Chairman*
DWIGHT GOLANN, Boston, Massachusetts, *Vice Chairman*

LAUREN ANDERSON, New Orleans, Louisiana
WALTER J. BOYER, Garland, Texas
WAYNE-KENT A. BRADSHAW, Los Angeles, California
MALCOLM M. BUSH, Chicago, Illinois
MARY ELLEN DOMEIER, New Ulm, Minnesota
JEREMY D. EISLER, Biloxi, Mississippi
ROBERT F. ELLIOT, Prospect Heights, Illinois
JOHN C. GAMBOA, San Francisco, California
ROSE M. GARCIA, Las Cruzes, New Mexico
VINCENT J. GIBLIN, West Caldwell, New Jersey
KARLA S. IRVINE, Cincinnati, Ohio
WILLIE M. JONES, Boston, Massachusetts
JANET C. KOEHLER, Ponte Vedra, Florida
GWENN S. KYZER, Allen, Texas
JOHN C. LAMB, Sacramento, California
ANNE S. LI, Trenton, New Jersey
MARTHA W. MILLER, Greensboro, North Carolina
DANIEL W. MORTON, Columbus, Ohio
CAROL J. PARRY, New York, New York
PHILIP PRICE, JR., Philadelphia, Pennsylvania
MARTA RAMOS, San Juan, Puerto Rico
DAVID L. RAMP, St. Paul, Minnesota
MARILYN ROSS, Omaha, Nebraska
ROBERT G. SCHWEMM, Lexington, Kentucky
DAVID J. SHIRK, Eugene, Oregon
GAIL M. SMALL, Lame Deer, Montana
GARY S. WASHINGTON, Chicago, Illinois
ROBERT L. WYNN, II, Madison, Wisconsin

THRIFT INSTITUTIONS ADVISORY COUNCIL

WILLIAM A. FITZGERALD, Omaha, Nebraska, *President*
F. WELLER MEYER, Falls Church, Virginia, *Vice President*

GAROLD R. BASE, Plano, Texas
JAMES C. BLAINE, Raleigh, North Carolina
DAVID A. BOCHNOWSKI, Munster, Indiana
LAWRENCE L. BOUDREAUX III, New Orleans, Louisiana
RICHARD P. COUGHLIN, Stoneham, Massachusetts
BABETTE E. HEIMBUCH, Santa Monica, California
THOMAS S. JOHNSON, New York, New York
WILLIAM A. LONGBRAKE, Seattle, Washington
KATHLEEN E. MARINANGEL, McHenry, Illinois
ANTHONY J. POPP, Marietta, Ohio

Federal Reserve Board Publications

For ordering assistance, write PUBLICATIONS SERVICES, MS-127, Board of Governors of the Federal Reserve System, Washington, DC 20551, or telephone (202) 452-3244, or FAX (202) 728-5886. *You may also use the publications order form available on the Board's World Wide Web site* (http://www.federalreserve.gov). *When a charge is indicated, payment should accompany request and be made payable to the Board of Governors of the Federal Reserve System or may be ordered via Mastercard, Visa, or American Express. Payment from foreign residents should be drawn on a U.S. bank.*

BOOKS AND MISCELLANEOUS PUBLICATIONS

THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1994. 157 pp.

ANNUAL REPORT, 1998.

ANNUAL REPORT: BUDGET REVIEW, 1999.

FEDERAL RESERVE BULLETIN. Monthly. $25.00 per year or $2.50 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $35.00 per year or $3.00 each.

ANNUAL STATISTICAL DIGEST: period covered, release date, number of pages, and price.

1981	October 1982	239 pp.	$ 6.50
1982	December 1983	266 pp.	$ 7.50
1983	October 1984	264 pp.	$11.50
1984	October 1985	254 pp.	$12.50
1985	October 1986	231 pp.	$15.00
1986	November 1987	288 pp.	$15.00
1987	October 1988	272 pp.	$15.00
1988	November 1989	256 pp.	$25.00
1980–89	March 1991	712 pp.	$25.00
1990	November 1991	185 pp.	$25.00
1991	November 1992	215 pp.	$25.00
1992	December 1993	215 pp.	$25.00
1993	December 1994	281 pp.	$25.00
1994	December 1995	190 pp.	$25.00
1990–95	November 1996	404 pp.	$25.00

SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. $30.00 per year or $.70 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $35.00 per year or $.80 each.

REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

ANNUAL PERCENTAGE RATE TABLES (Truth in Lending—Regulation Z) *Vol. I* (Regular Transactions). 1969. 100 pp. *Vol. II* (Irregular Transactions). 1969. 116 pp. Each volume $5.00.

GUIDE TO THE FLOW OF FUNDS ACCOUNTS. 672 pp. $8.50 each.

FEDERAL RESERVE REGULATORY SERVICE. Loose-leaf; updated monthly. (Requests must be prepaid.)
- Consumer and Community Affairs Handbook. $75.00 per year.
- Monetary Policy and Reserve Requirements Handbook. $75.00 per year.
- Securities Credit Transactions Handbook. $75.00 per year.
- The Payment System Handbook. $75.00 per year.
- Federal Reserve Regulatory Service. Four vols. (Contains all four Handbooks plus substantial additional material.) $200.00 per year.

Rates for subscribers outside the United States are as follows and include additional air mail costs:
- Federal Reserve Regulatory Service, $250.00 per year.
- Each Handbook, $90.00 per year.

FEDERAL RESERVE REGULATORY SERVICE FOR PERSONAL COMPUTERS. CD-ROM; updated monthly.
- Standalone PC. $300 per year.
- Network, maximum 1 concurrent user. $300 per year.
- Network, maximum 10 concurrent users. $750 per year.
- Network, maximum 50 concurrent users. $2,000 per year.
- Network, maximum 100 concurrent users. $3,000 per year.

Subscribers outside the United States should add $50 to cover additional airmail costs.

THE FEDERAL RESERVE ACT AND OTHER STATUTORY PROVISIONS AFFECTING THE FEDERAL RESERVE SYSTEM, as amended through October 1998. 723 pp. $20.00 each.

THE U.S. ECONOMY IN AN INTERDEPENDENT WORLD: A MULTI-COUNTRY MODEL, May 1984. 590 pp. $14.50 each.

INDUSTRIAL PRODUCTION—1986 EDITION. December 1986. 440 pp. $9.00 each.

FINANCIAL FUTURES AND OPTIONS IN THE U.S. ECONOMY. December 1986. 264 pp. $10.00 each.

FINANCIAL SECTORS IN OPEN ECONOMIES: EMPIRICAL ANALYSIS AND POLICY ISSUES. August 1990. 608 pp. $25.00 each.

RISK MEASUREMENT AND SYSTEMIC RISK: PROCEEDINGS OF A JOINT CENTRAL BANK RESEARCH CONFERENCE. 1996. 578 pp. $25.00 each.

EDUCATION PAMPHLETS

Short pamphlets suitable for classroom use. Multiple copies are available without charge.

Consumer Handbook on Adjustable Rate Mortgages
Consumer Handbook to Credit Protection Laws
A Guide to Business Credit for Women, Minorities, and Small Businesses
Series on the Structure of the Federal Reserve System
- The Board of Governors of the Federal Reserve System
- The Federal Open Market Committee
- Federal Reserve Bank Board of Directors
- Federal Reserve Banks

A Consumer's Guide to Mortgage Lock-Ins
A Consumer's Guide to Mortgage Settlement Costs
A Consumer's Guide to Mortgage Refinancings
Home Mortgages: Understanding the Process and Your Right to Fair Lending
How to File a Consumer Complaint
Making Sense of Savings
SHOP: The Card You Pick Can Save You Money
Welcome to the Federal Reserve
When Your Home is on the Line: What You Should Know About Home Equity Lines of Credit
Keys to Vehicle Leasing
Looking for the Best Mortgage

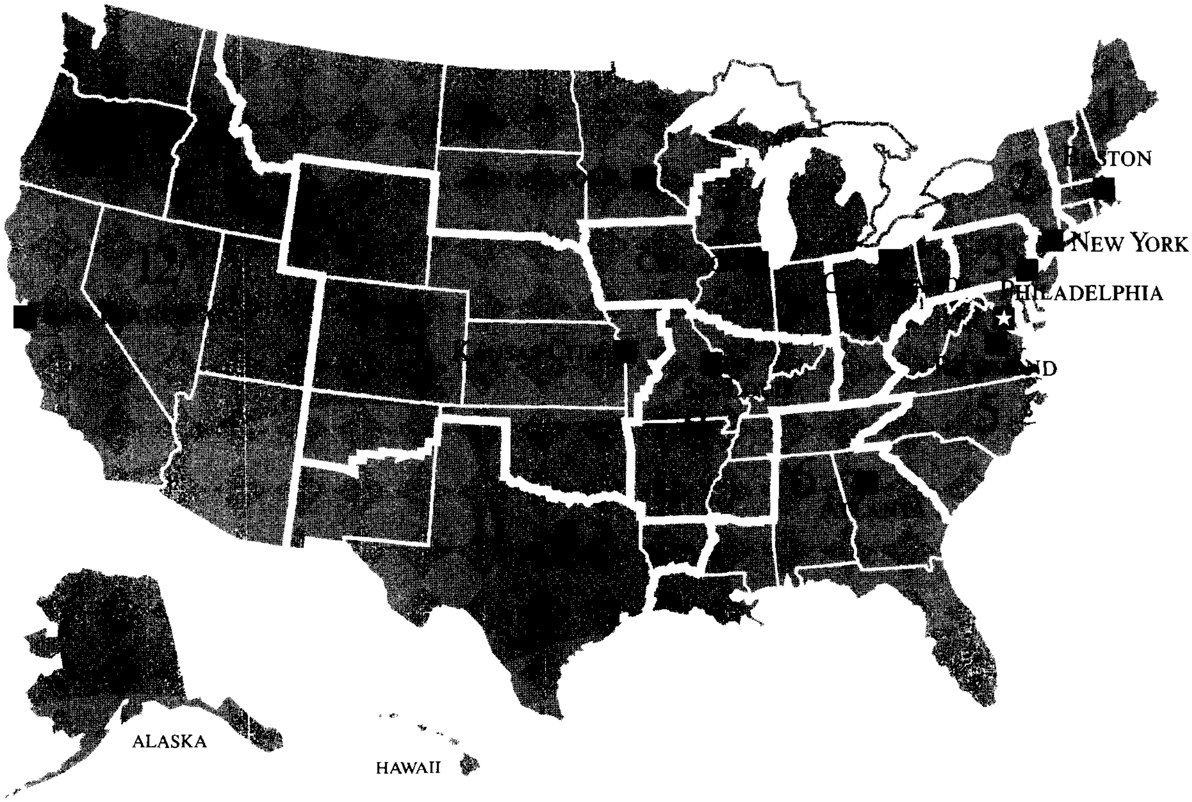
STAFF STUDIES: Only Summaries Printed in the BULLETIN

Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

Staff Studies 1–158, 161, 163, 165, 166, and 168–169 are out of print.

159. NEW DATA ON THE PERFORMANCE OF NONBANK SUBSIDIARIES OF BANK HOLDING COMPANIES, by Nellie Liang and Donald Savage. February 1990. 12 pp.
160. BANKING MARKETS AND THE USE OF FINANCIAL SERVICES BY SMALL AND MEDIUM-SIZED BUSINESSES, by Gregory E. Elliehausen and John D. Wolken. September 1990. 35 pp.
162. EVIDENCE ON THE SIZE OF BANKING MARKETS FROM MORTGAGE LOAN RATES IN TWENTY CITIES, by Stephen A. Rhoades. February 1992. 11 pp.
164. THE 1989–92 CREDIT CRUNCH FOR REAL ESTATE, BY JAMES T. FERGUS AND JOHN L. GOODMAN, JR. JULY 1993. 20 PP.
167. A SUMMARY OF MERGER PERFORMANCE STUDIES IN BANKING, 1980–93, AND AN ASSESSMENT OF THE "OPERATING PERFORMANCE" AND "EVENT STUDY" METHODOLOGIES, by Stephen A. Rhoades. July 1994. 37 pp.
170. THE COST OF IMPLEMENTING CONSUMER FINANCIAL REGULATIONS: AN ANALYSIS OF EXPERIENCE WITH THE TRUTH IN SAVINGS ACT, by Gregory Elliehausen and Barbara R. Lowrey, December 1997. 17 pp.
171. THE COST OF BANK REGULATION: A REVIEW OF THE EVIDENCE, by Gregory Elliehausen, April 1998. 35 pp.

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

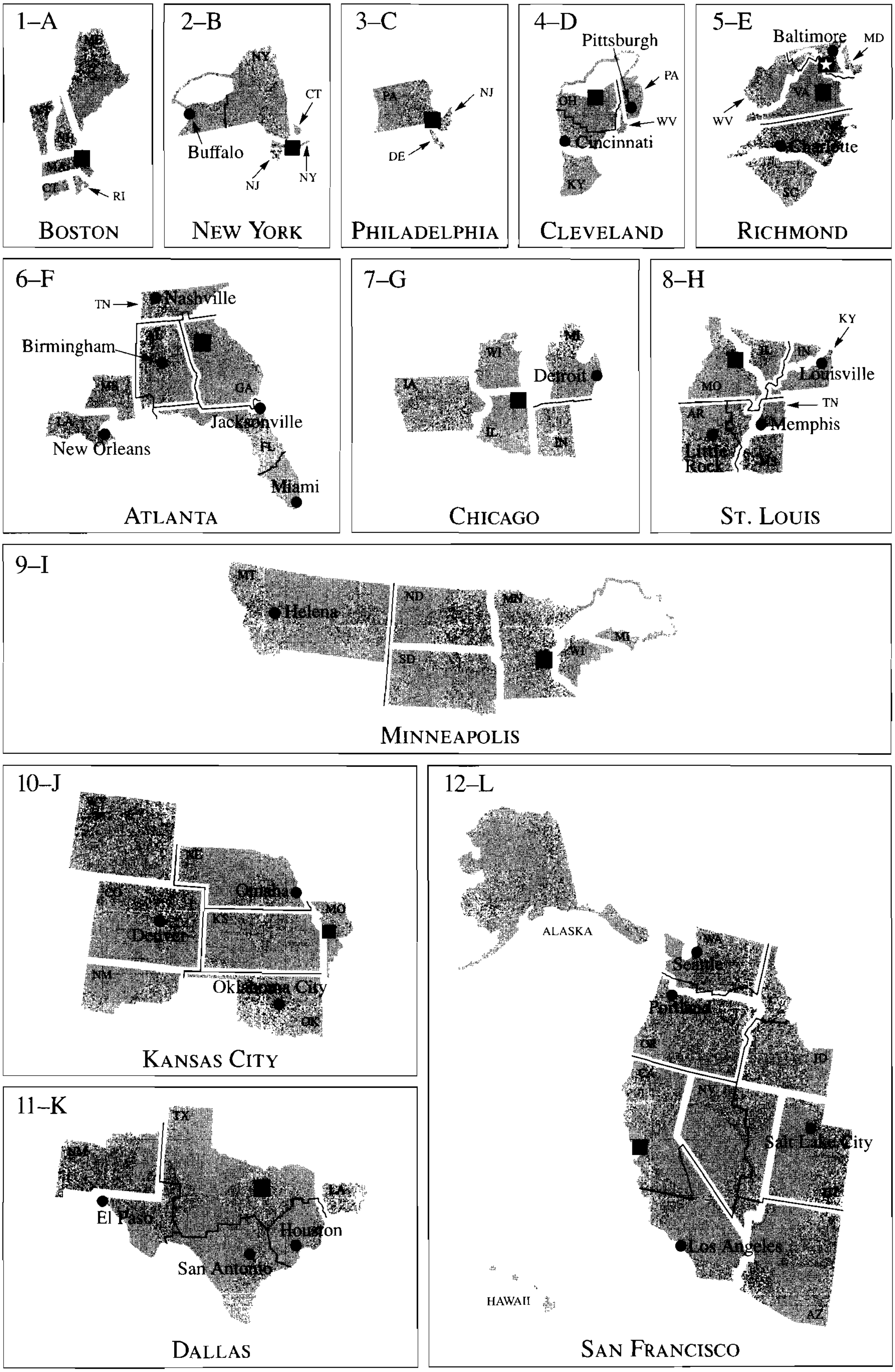
— Branch boundary

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
ME
NH
MA
CT
RI
BOSTON
2–B
NY
CT
Buffalo
NJ
NY
NEW YORK
3–C
PA
NJ
DE
PHILADELPHIA
4–D
Pittsburgh
PA
OH
WV
Cincinnati
KY
CLEVELAND
5–E
Baltimore
MD
WV
VA
Charlotte
SC
RICHMOND
6–F
TN
Nashville
Birmingham
MS
GA
LA
Jacksonville
New Orleans
FL
Miami
ATLANTA
7–G
WI
MI
Detroit
IA
IL
IN
CHICAGO
8–H
KY
IL
IN
MO
Louisville
AR
TN
Memphis
Little Rock
MS
ST. LOUIS
9–I
MT
Helena
ND
MN
SD
WI
MI
MINNEAPOLIS
10–J
NE
Omaha
CO
MO
KS
Denver
NM
Oklahoma City
OK
KANSAS CITY
11–K
TX
NM
LA
El Paso
Houston
San Antonio
DALLAS
12–L
ALASKA
WA
Seattle
Portland
OR
ID
CA
NV
Salt Lake City
UT
Los Angeles
HAWAII
AZ
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	John C. Whitehead Peter G. Peterson	William J. McDonough Jamie B. Stewart, Jr.	
Buffalo	14240	Bal Dixit		Carl W. Turnipseed[1]
PHILADELPHIA	19105	Joan Carter Charisse R. Lillie	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*	44101	G. Watts Humphrey, Jr. David H. Hoag	Jerry L. Jordan Sandra Pianalto	
Cincinnati	45201	George C. Juilfs		Barbara B.Henshaw
Pittsburgh	15230	John T. Ryan, III		Robert B. Schaub
RICHMOND*	23219	Claudine B. Malone Jeremiah J. Sheehan	J. Alfred Broaddus, Jr. Walter A. Varvel	
Baltimore	21203	Daniel R. Baker		William J. Tignanelli[1]
Charlotte	28230	Joan H. Zimmerman		Dan M. Bechter[1]
ATLANTA	30303	John F. Wieland Paula Lovell	Jack Guynn Patrick K. Barron	James M. McKee
Birmingham	35283	V. Larkin Martin		Fred R. Herr[1]
Jacksonville	32231	Marsha G. Rydberg		James D. Hawkins[1]
Miami	33152	Mark T. Sodders		James T. Curry III
Nashville	37203	N. Whitney Johns		Melvyn K. Purcell[1]
New Orleans	70161	R. Glenn Pumpelly		Robert J. Musso[1]
CHICAGO*	60690	Lester H. McKeever, Jr. Arthur C. Martinez	Michael H. Moskow William C. Conrad	
Detroit	48231	Florine Mark		David R. Allardice[1]
ST. LOUIS	63166	Susan S. Elliott Charles W. Mueller	William Poole W. LeGrande Rives	
Little Rock	72203	Diana T. Hueter		Robert A. Hopkins
Louisville	40232	Roger Reynolds		Thomas A. Boone
Memphis	38101	Mike P. Sturdivant, Jr.		Martha Perine Beard
MINNEAPOLIS	55480	David A. Koch James J. Howard	Gary H. Stern Colleen K. Strand	
Helena	59601	Thomas O. Markle		Samuel H. Gane
KANSAS CITY	64198	Jo Marie Dancik Terrence P. Dunn	Thomas M. Hoenig Richard K. Rasdall	
Denver	80217	Kathryn A. Paul		Carl M. Gambs[1]
Oklahoma City	73125	Larry W. Brummett		Kelly J. Dubbert
Omaha	68102	Gladys Styles Johnston		Steven D. Evans
DALLAS	75201	Roger R. Hemminghaus James A. Martin	Robert D. McTeer, Jr. Helen E. Holcomb	
El Paso	79999	Patricia Z. Holland-Branch		Sammie C. Clay
Houston	77252	Edward O. Gaylord		Robert Smith, III[1]
San Antonio	78295	Vacancy		James L. Stull[1]
SAN FRANCISCO	94120	Gary G. Michael Nelson C. Rising	Robert T. Parry John F. Moore	
Los Angeles	90051	Lonnie Kane		Mark L. Mullinix[1]
Portland	97208	Nancy Wilgenbusch		Raymond H. Laurence[1]
Salt Lake City	84125	Barbara L. Wilson		Andrea P. Wolcott
Seattle	98124	Richard R. Sonstelie		Gordon R. G. Werkema[2]

*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.

1. Senior Vice President.
2. Executive Vice President