Volume 88 □ Number 12 □ December 2002

Federal Reserve BULLETIN

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

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 Publications Department under the direction of Lucretia M. Boyer.

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Mortgage Refinancing in 2001 and Early 2002

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In recent years, millions of homeowners in the United States have taken advantage of relatively low interest rates and rising home values to refinance the mortgages on their primary residences. In many cases, refinancing has resulted in a lower interest rate and a reduction in monthly mortgage payments, which have allowed homeowners to spend or save that portion of their incomes no longer dedicated to servicing their mortgage debt. When they have refinanced, many homeowners have liquefied some of the equity they accumulated in their homes by borrowing more than they needed to pay off their former mortgage and cover the transaction costs of the refinancing. They used the funds raised in so-called cash-out refinancings to make home improvements, to repay other debts, or to purchase goods and services or other assets.

Choosing whether, and when, to refinance a home mortgage is a decision that involves a careful balancing of costs and benefits. Some of the factors to be considered are known with certainty and are readily quantifiable; others, such as the future course of interest rates, cannot be known with certainty. A homeowner with a mortgage is more likely to consider refinancing when the current interest rate on mortgages falls below the rate on the homeowner's existing loan. At such times, the homeowner must weigh the prospective after-tax savings from lower monthly payments on a new, lower-rate loan against the after-tax costs of the refinancing transaction itself, including any mortgage fees (points) and application and appraisal fees. Because the savings from lower interest payments accumulate slowly over time as the loan is repaid, the amounts that would be saved in a refinancing must be discounted to their present value and compared with the costs of the transaction, often referred to as the closing costs.[1] If the amount saved after tax over the long run exceeds the after-tax costs of the transaction, the homeowner stands to gain from the transaction. In addition, homeowners sometimes refinance to raise cash rather than to obtain a lower interest rate or to reduce uncertainty about future payments.

This article presents estimates, based on recent survey findings, of the incidence of refinancing, the changes in terms and conditions of mortgages after refinancing, the amount of funds homeowners raised in the process, and the ways in which homeowners used the funds. It also provides comparisons with previous surveys of refinancing activity and a statistical analysis of the relative importance of different determinants of refinancing and the amount of home equity liquefied during refinancing. Finally, it gives rough estimates of the effects of recent refinancing on the U.S. economy, including the effects on aggregate consumption spending.

SURVEY FINDINGS ON REFINANCING ACTIVITY

For many years, refinancing activity has been the focus of Board-sponsored surveys of households and of articles in the *Federal Reserve Bulletin*.[2] To learn

1. The comparison is not always straightforward, as the homeowner in many instances has a choice of either paying the transaction costs as a lump sum at the time of the refinancing or adding the costs to the amount being refinanced. The cost-benefit comparison is relatively easy in the former case but is more complicated in the latter. To facilitate the comparison, the after-tax present value of the financed transaction costs must be determined. If the interest rate on the new loan is used as the discount rate in the calculation, the pre-tax present value of the financed transaction costs equals the lump-sum payment today. On an after-tax basis, however, the two amounts may differ. If the transaction costs on a refinancing are financed, the interest paid on those borrowed funds is fully tax-deductible. In contrast, if a lump sum payment of transaction costs is made, only the portion of those costs that constitutes points (prepaid interest) is tax-deductible, and it must be amortized over the life of the loan.

2. The Federal Reserve Board monitors refinancing activity as well as home equity lending, another form of borrowing used to liquefy accumulated equity in homes. Both activities can significantly affect the finances of individual homeowners as well as overall economic activity. See Glenn B. Canner, James T. Fergus, and Charles A. Luckett, "Home Equity Lines of Credit," *Federal Reserve Bulletin*, vol. 74 (June 1988), pp. 361–63; Glenn B. Canner, Charles A. Luckett, and Thomas A. Durkin, "Home Equity Lending," *Federal Reserve Bulletin*, vol. 75 (May 1989), pp. 333–44; Glenn B. Canner, Charles A. Luckett, and Thomas A. Durkin, "Mortgage Refinancing," *Federal Reserve Bulletin*, vol. 76 (August 1990), pp. 604–12; Glenn B. Canner, Charles A. Luckett, and Thomas A. Durkin, "Home Equity Lending: Evidence from Recent Surveys," *Federal Reserve Bulletin*, vol. 80 (July 1994), pp. 571–83; Glenn B. Canner, Thomas A. Durkin, and Charles A. Luckett, "Recent Developments in Home Equity Lending," *Federal Reserve Bulletin*, vol. 84 (April 1998), pp. 241–51; and Peter J. Brady, Glenn B. Canner, and Dean M. Maki, "The Effects

1. Mortgage status and refinancing activity of homeowners
Percent except as noted

Item	Distribution	Most recent mortgage				
		Mean interest rate	Mean mortgage amount (thousands of dollars)	Mean home equity (thousands of dollars)	Mean loan-to-value ratio	Share of mortgage debt[1]
Homeowners with mortgages	62.8	7.33	100.2	110.4	54.0	100.0
Never refinanced	50.9	7.55	94.8	85.1	57.6	47.0
Have refinanced	49.1	7.09	105.8	135.7	50.5	52.8
MEMO: Refinancers						
Last refinanced in 2001 or early 2002	46.6	6.82	128.8	110.7	61.6	30.8
Those who took cash out	44.8	6.85	125.9	104.8	62.9	13.6
Last refinanced at an earlier time	53.4	7.30	84.2	159.2	40.3	21.4

NOTE. All survey data in this and the following tables are based on weighted observations.

1. Percentages may not sum to 100 because of rounding and a small number of missing observations.

SOURCE. Here and in subsequent tables (except as noted), Surveys of Consumers, University of Michigan Survey Research Center, January 2002–June 2002.

more about recent refinancing activity, Fannie Mae and the Federal Reserve sponsored questions concerning mortgage refinancing in the monthly Surveys of Consumers from January through June 2002; these surveys were conducted by the Survey Research Center of the University of Michigan (for details see appendix A). The questions elicited information both on the characteristics of homeowners' current and past mortgages and on the use of funds raised in cash-out refinancings.

The Prevalence of Refinancing

As of the middle of 2002, about 63 percent of U.S. homeowners had an outstanding mortgage on their primary residence, owing on average about $100,000 (table 1). Home mortgage debt is commonly incurred for two reasons. Most homeowners need to borrow funds to finance the purchase of a home. Also, homeowners sometimes borrow against the accumulated equity in their homes to obtain funds to buy goods and services, to repay other debts, or to finance the purchase of financial or nonfinancial assets.

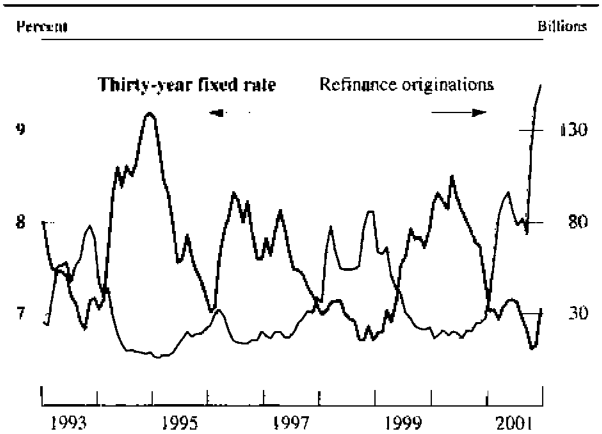
About half of the homeowners with mortgages refinanced at least once after buying their homes. Mortgage refinancing has become a widespread practice in recent years because of a combination of factors, including lower interest rates; the widespread adoption of new technologies that have reduced mortgage transaction costs; and gains in home values and equity, which have increased the opportunities to borrow additional amounts. In addition, the general disappearance of mortgage prepayment penalties during the late 1980s encouraged refinancing activity.

of Recent Mortgage Refinancing," *Federal Reserve Bulletin*, vol. 86 (July 2000), pp. 441–50.

Refinancing activity tends to move inversely with changes in interest rates (chart 1). Because interest rates have fluctuated over the past decade or so and have been low relative to the previous two decades, homeowners have had several attractive opportunities to refinance in recent years. Relatively low long-term interest rates in the second half of 2001 and the first half of 2002 stimulated the most recent refinancing boom.

The close link between mortgage interest rates and refinancing makes the time period under consideration important for estimating the amount of refinancing activity (table 2). Our survey asked detailed questions about refinancing during 2001 or the first half of 2002, a period of heavy refinancing activity. During this reference period, mortgage rates fluctuated considerably. As a consequence, the incidence of refinancing is dependent on the time frame within the

1. Refinancing activity and mortgage rates, 1993–2001



NOTE. The data are monthly and extend through December 2001.

SOURCE. Federal Home Loan Mortgage Corporation; Home Mortgage Disclosure Act data.

2. Distribution of mortgage refinancers in different periods
Percent

Period	Share of homeowners with mortgages who refinanced	Average FHLMC 30-year mortgage rate (lagged two months)
2001		
January	.69	7.75
February	.43	7.38
March	1.00	7.03
April	1.81	7.05
May	.77	6.95
June	1.48	7.08
July	1.00	7.15
August	1.26	7.16
September	1.06	7.13
October	1.95	6.95
November	2.14	6.82
December	1.93	6.62
2002[1]		
January	3.32	6.66
February	1.82	7.07
March	1.59	7.00
April	1.25	6.89
May	.86	7.01
June	.56	6.99
Memo: Share of homeowners who refinanced—		
Before 2001	26.24	...
January–December 2001	15.81[2]	7.09
January 2001–March 2002	21.46	7.05
April 2001–March 2002	19.33	6.97
January 2001–June 2002	22.87	7.04
In year preceding survey month[3]	20.20	6.99

1. Percentages reflect potential number of respondents who could report they refinanced in a given month.
2. This figure differs slightly from the sum of the percentages for the months in 2001 shown above because some respondents did not provide the month of refinancing.
3. Average mortgage rate for the months that constitute each twelve-month period.
. . . Not applicable.
Source. Federal Home Loan Mortgage Corporation.

full reference period. Between 16 percent and 23 percent of homeowners with mortgages reported refinancing since the beginning of 2001, depending on which period is considered (as shown in the memo item of the table). For the entire reference period, the 2002 survey findings suggest that an estimated 11 million homeowners refinanced their mortgages in 2001 or early 2002.

Refinancing and the Amount of Mortgage Debt

Homeowners who have refinanced their mortgages tend to have more mortgage debt than those who have not. The survey found that 49 percent of mortgage debt holders had refinanced their loan by 2001 or early 2002 but that these refinancers accounted for 53 percent of outstanding mortgage debt. Refinancers might account for a larger share of the debt because many refinancing homeowners liquefy equity, adding to their debt. Another possibility is that homeowners who have relatively large mortgage balances have a greater propensity to refinance because the potential interest savings are more likely to exceed the transaction costs associated with refinancing. Both of these possibilities are considered later in the article.

Reasons for Refinancing

As noted, homeowners have various reasons for refinancing their mortgages. These include obtaining a lower interest rate, changing the other terms of their loan (such as converting from an adjustable-rate to a fixed-rate mortgage or shortening or lengthening the repayment period), and liquefying equity. Survey responses from homeowners who refinanced in 2001 and the first half of 2002 provide an opportunity to measure the proportion of homeowners who changed their mortgage circumstances along each of these dimensions.

Because mortgage interest rates were relatively low during the reference period, 96 percent of surveyed homeowners who refinanced over this period obtained a lower rate (table 3). The average interest rate for those who refinanced declined 1.83 percentage points, from 8.65 percent to 6.82 percent. Virtually all homeowners who refinanced (over 99 percent) and *did not* liquefy equity in their homes obtained a lower mortgage rate. Among those extracting equity, about 91 percent also obtained a lower rate.

A number of refinancing homeowners shifted from adjustable-rate mortgages to fixed-rate mortgages when they refinanced (table 4). Nearly three-quarters of the 14 percent of refinancers who had an adjustable-rate mortgage before refinancing switched

3. Interest rates on refinanced loans, 2001 and 2002
Percent

Item	No equity liquefied[1]	Equity liquefied[1]	All refinancers
Mean interest rate on old mortgage	8.49	8.85	8.65
Mean interest rate on new mortgage	6.80	6.85	6.82
Difference (percentage points)	1.69	2.00	1.83
Memo			
Share of refinancers who lowered their interest rate	99.5	90.7	95.6
Mean loan-to-value ratio	60.4	62.9	61.6

1. Equity is liquefied when a homeowner refinances mortgage debt and borrows more than is necessary to repay the balance on the existing mortgage(s) plus closing costs on the new loan.

4. Type of original and refinanced loans and incidence of cash-out among 2001 and 2002 refinancers

Percent

Type of refinanced loan	Type of original loan		Total
	Adjustable rate	Fixed rate	
Adjustable rate	4	9	13
Fixed rate	10	77	87
Total	14	86	100
	Incidence of cash-out		
Adjustable rate			
Cash-out	62	55	57
No cash-out	38	45	43
Fixed rate			
Cash-out	46	44	44
No cash-out	54	56	56

5. Effects of cash-out refinancing on term to maturity and size of monthly mortgage payment, 2001 and 2002

Percent

Item	No equity liquefied[1]	Equity liquefied[1]	Total
Mortgage holders with a refinanced loan	55	45	100
Effect on maturity			
Lengthened maturity	69	80	74
Shortened maturity	20	14	17
No change	11	6	9
Total	100	100	100
Effect on monthly payment			
Higher monthly payment	12	42	26
Lower monthly payment	73	27	52
No change	15	31	22
Total	100	100	100

1. Equity is liquefied when a homeowner refinances mortgage debt and borrows more than is necessary to repay the balance on the existing mortgage(s) plus closing costs on the new loan.

to a fixed-rate loan. However, some of those who originally had a fixed-rate loan shifted to an adjustable-rate product.[3] The net result was that, after refinancing, the overall proportion of homeowners with an adjustable-rate mortgage changed little.

The propensity to liquefy equity during refinancing differed between those refinancing with a fixed-rate and those refinancing with an adjustable-rate mortgage. Among those taking out an adjustable-rate mortgage, 57 percent extracted equity, whereas of those selecting a fixed-rate mortgage, only 44 percent borrowed additional funds. Homeowners refinancing into an adjustable-rate mortgage spent a greater share of the funds for home improvement, suggesting that they chose an adjustable-rate mortgage either because they desired a lower payment in the short-term or because they might be fixing up their home in anticipation of selling.

Besides reducing their monthly debt service burdens by lowering the interest rate on their loans, refinancing households can also lower the monthly payment by lengthening the term to maturity on their debt. The survey found that most recent-refinancing homeowners lengthened the maturity of their mortgage (table 5).[4] After refinancing, about 74 percent had mortgages with a longer maturity, mainly because the refinancers chose thirty-year mortgages, and the term of their mortgage lengthened about six years on average (not in table). In contrast, 17 percent had mortgages with a shorter maturity, most of whom chose fifteen-year mortgages, and shortened their maturity by an average of 7½ years (not in table). The remainder kept their maturity roughly the same.

A significant portion (45 percent) of homeowners who refinanced in 2001 and the first half of 2002 used the opportunity to liquefy some of their home equity. By comparison, about 35 percent of refinancing homeowners in a similar survey in 1999 liquefied equity (not shown in table). The difference in the proportion of cash-out refinancings in the two surveys may have been due to differences in housing market conditions. Home prices had generally appreciated much more rapidly in the years just before the current wave of refinancings than they had in the early and mid-1990s, and thus homeowners had more equity to tap. In addition, consumer credit, particularly credit card debt, rose sharply in the period between the latest two surveys, creating an incentive to repay relatively expensive consumer debt with less costly mortgage debt.

Changes in maturity in 2001 and 2002 refinancings differed somewhat between those who took cash out and those who did not, with the former group more likely to increase the term to maturity of their loans. Of homeowners who did not liquefy equity, 69 percent lengthened the maturity of their loans, and 20 percent shortened it. Among homeowners who liquefied equity, 80 percent lengthened the maturity on their loans while 14 percent shortened it.

As a result of the changes in interest rates, loan maturities, and amounts owed, 52 percent of homeowners refinancing in 2001 and early 2002 had a lower monthly payment after obtaining the new

3. Because the interest rates on adjustable-rate mortgages typically start out lower than those on comparable term fixed-rate loans, adjustable-rate mortgages offer a particularly attractive option to those refinancers who expect to sell their home in the near or medium term or who expect interest rates either to remain stable or to decline in the future.

4. A homeowner was considered to have lengthened the maturity if the term on the new mortgage exceeded the remaining term on the former mortgage.

6. Uses of funds liquefied in 2001 and 2002 refinancings
Percent except as noted

Use	Share of loans[1]	Share of dollars	Memo: Average dollars spent
Repayment of other debts	51	26	13,388
Home improvements	43	35	20,530
Consumer expenditures[2]	25	16	17,589
Stock market or other financial investment	13	11	24,198
Real estate or business investment	7	10	34,900
Taxes	2	2	23,874

1. Percentages sum to more than 100 because multiple uses could be cited for a single loan.
2. Includes vehicle purchases, vacations, education or medical expenses, living expenses, and other consumer purchases.

7. Home equity liquefied in refinancings, 2001 and 2002

Amount liquefied (current dollars)[1]	Percent[2]
1–9,999	18
10,000–24,999	43
25,000 or more	39
Total	100
	Dollars
MEMO	
Mean	26,723
Median	18,500

1. Amount borrowed through refinancing that exceeded amount due on existing mortgage(s) plus closing costs.
2. Includes only refinancers who liquefied equity.

loan, and 26 percent had a higher payment. In part because they took on additional debt, only 27 percent of homeowners who liquefied equity had a lower monthly payment, compared with 73 percent of homeowners who did not liquefy equity.

Uses of Borrowed Funds

Equity liquefied in refinancings is used in various ways, including funding home improvements or current consumption, paying down other debts, and changing the mix of a household's assets. For homeowners in the survey who refinanced in 2001 and the first half of 2002, the most common use of funds, reported by 51 percent of those who took out cash, was to repay other debts (table 6). Paying for home improvements was cited by 43 percent of those who took out cash; and making consumer expenditures, such as vehicle purchases, vacations, education, and medical expenses, was cited by 25 percent. Stock market or other financial investment was cited by 13 percent of the group; real estate or business investment, by 7 percent; and tax payments, by 2 percent. These proportions are similar to those in the 1999 survey, although the earlier survey found that the proportion funding consumer expenditures was somewhat higher.

Looking at the uses of funds in terms of dollars rather than proportion of loans gives a somewhat different picture. Refinancers taking cash out spent 35 percent of liquefied equity on home improvements and used 26 percent to pay off other debt. They used 16 percent of the funds for consumer expenditures, 10 percent for real estate or business investments, 11 percent for stock market investments, and 2 percent for taxes. That home improvements are generally large expenditures may explain why they account for a greater share of activity when cash-out usage is measured by dollars rather than by number.

The amounts borrowed through cash-out refinancing in some cases were sizable (table 7). Nearly 40 percent of homeowners who extracted equity in 2001 and the first half of 2002 took out more than $25,000. The mean amount liquefied was about $26,700, and the median amount was $18,500. Both of these amounts are substantially larger than the corresponding figures from the 1999 survey; in that survey, the mean amount was $18,240, and the median amount was $10,000.

Although some refinancers added significantly to their mortgage debt by liquefying equity, those refinancers who borrowed extra funds ultimately owed, on average, somewhat less mortgage debt than those who did not (table 8). Those refinancers who liquefied equity owed an average of nearly $126,000, and those who did not owed roughly $133,500. Both

8. Cash-out, amount owed, and loan-to-value ratios among refinancers, 2001 and 2002
Dollars except as noted

Item	No equity liquefied[1]	Equity liquefied[1]	Total
Home value			
Mean	249,366	230,704	240,800
Median	175,000	170,000	175,000
Cash-out			
Mean	0	26,577[2]	11,801
Median	0	18,500	0
Amount owed			
Mean	133,484	125,931	130,017[2]
Median	110,000	105,000	105,000
Loan-to-value ratio			
Mean (percent)	60.4	62.9	61.6
Median (percent)	62.7	65.0	63.3

1. Equity is liquefied when a homeowner refinances mortgage debt and borrows more than is necessary to repay the balance on the existing mortgage(s) plus closing costs on the new loan.
2. These figures differ slightly from the comparable amounts shown in some other tables because the estimates in this table are based on a slightly different sample of respondents.

groups of refinancers appear similar when measured by remaining equity, as both groups had average final loan-to-value ratios near 60 percent.

An Econometric Analysis of Refinancing and Cash-out

The surveys sponsored by the Federal Reserve provide an opportunity to use econometric techniques to rank the relative importance of different factors that have influenced refinancing and cash-out activity during the refinancing waves of the past four years. The household's economic and demographic characteristics and its expectations about future interest rates and economic conditions might be important determinants of this activity.[5]

The Decision to Refinance

As noted, deciding whether and when to refinance a home mortgage requires a balancing of costs and benefits. Using survey data, one can statistically rank the relative importance of various factors that may influence a homeowner's propensity to refinance, including the household's income and mortgage status, demographic characteristics, and expectations for the future.[6] To increase the precision of the estimated models, we pooled responses from the current survey, which covered refinancings from the beginning of 2001 to the middle of June 2002, and an almost identical survey in the spring of 1999, covering refinancings from the beginning of 1998 through May 1999.

As described earlier, the primary reason that most homeowners refinance is to reduce their monthly mortgage payment. Our statistical analysis confirms the importance of interest rates in the decision to refinance, showing that the higher a homeowner's original mortgage rate, the more likely he or she was to refinance.[7]

A homeowner's income also plays a key role in the decision to refinance. In particular, homeowners with relatively low incomes were less likely to refinance, perhaps because closing costs are relatively more onerous for such households or because their credit histories are more likely to be impaired, reducing their likelihood of qualifying for a new mortgage.

The size of a homeowner's original mortgage also bears importantly on the propensity to refinance. As expected, homeowners with larger mortgages were more likely to refinance because potential interest savings were larger. According to our analysis, the effect of mortgage size is not so strong as that associated with mortgage rates or borrower income, but it is nonetheless important. Further analysis reveals that homeowners with mortgages under $50,000 were particularly less likely than others to refinance, perhaps because the transaction costs associated with refinancing a relatively small loan outweighed the potential interest savings.

Board-sponsored surveys over the years have found that, even when interest rates are stable or are rising, refinancings continue to occur, albeit at a much slower pace, and that a large proportion of homeowners who refinance during these periods do so to liquefy the accumulated equity in their homes. However, in a time of relatively low mortgage interest rates (as during the periods covered by the most recent two surveys), a homeowner's desire to cash-out may have been only one of many motivations for refinancing. We did not find the amount of available equity, holding constant the other factors (including the mortgage size), to be an important determinant of refinancing, suggesting that the homeowner's loan-to-value ratio did not influence refinancing. Other specifications of our model, including different measures of the homeowner's loan-to-value ratio, also indicated that this ratio was not an important variable. However, a related variable—whether the homeowner perceived that the house value had increased in the past year—had a positive and significant influence on the propensity to refinance.

Beyond a homeowner's current financial circumstances, his or her expectations about future interest

5. Our statistical analysis of the household's decision to refinance is based on the literature developed since the 1980s that attempts to explain the prepayment of mortgages due to refinancing using household demographic and financial characteristics in these decisions. See Wayne Archer, David Ling, and Gary McGill, "Demographic versus Option-Driven Mortgage Terminations," *Journal of Housing Economics*, vol. 6 (June 1997), pp. 137–63, and John Clapp, Gerson Goldberg, John Harding, and Michael LaCour-Little, "Movers and Shuckers: Interdependent Prepayment Decisions," *Real Estate Economics* (June 2001), pp. 411–50. Both articles include reviews of earlier literature.

6. We use a logistic regression to describe a homeowner's propensity to refinance and a "Tobit" regression to describe the amount of equity, if any, extracted by refinancers. Details can be found in appendix B.

7. A homeowner's decision to refinance is actually driven by the difference between his or her interest rate on the original mortgage and the prevailing mortgage rate. Unfortunately, for the homeowners who did not refinance, we cannot observe the mortgage rate for which they could have qualified. Thus, we rely only on the level of the interest rate on their original mortgage to approximate their potential interest savings from refinancing.

rates and the state of the economy bear on the decision to refinance. In the monthly surveys, homeowners were asked whether they believed interest rates would rise, stay the same, or fall. Those who believed that rates would rise were more likely to refinance their mortgage. Similarly, respondents who believed that it was a good time to use credit or to make a major purchase (for example, an automobile or a refrigerator) were more likely to refinance. These respondents might have seen refinancing as an opportunity to borrow additional funds to make such purchases.

When homeowners' income growth is high or their uncertainty about continued employment is low, homeowners may be less likely to refinance to obtain cash to sustain their standard of living. The 1999 survey was conducted during a robust economic period. And even though the 2002 survey was conducted during a period of reduced economic growth, a homeowner's assessment of the likelihood of losing his or her job proved not to be an important determinant for refinancing. During this period, income growth had been bolstered by large tax cuts, and the recession was considered by many to be relatively mild; a stronger link might be observed during a more severe downturn.

We also examined the influence of several other factors that have been cited as significant in a homeowner's decision to refinance. For example, older homeowners are supposedly less likely to refinance because they may have less time to recoup the transaction costs. As another example, white homeowners or those with higher education are sometimes asserted to be more aware of, or have more access to, refinancing opportunities, making them more likely to refinance. Finally, homeowners with adjustable-rate mortgages might be expected to switch to fixed-rate mortgages during times of relatively low mortgage rates. However, we could not identify a statistically important effect for any of these factors. One demographic variable that does seem to be related to refinancing is the presence of children under 18 years of age in the home. Homeowners with younger children were more likely to refinance, perhaps because they needed to obtain cash to finance home improvements or education expenses.

Some other reasons often cited for refinancing cannot be explored given the information in our survey. For example, homeowners sometimes refinance to change the period over which the mortgage is to be repaid. Some homeowners replace their current mortgage with a shorter-term loan, perhaps intending to have their loan paid off by the time they retire.[8] Other homeowners (for example, those having difficulty making mortgage or other payment obligations or those anticipating a reduction or disruption in income) may replace their current loan with a longer-term loan to reduce the size of their monthly payments; however, our efforts to proxy for this effect indicated that this reason was not important.

The Decision to Cash-Out

Many homeowners desire to raise funds by liquefying some of the equity in their homes. In some refinancings, the homeowner both extracts equity and lowers the interest rate on his or her mortgage. Like the decision to refinance, the decision to take cash out and the amount of cash to take out during refinancing can be statistically modeled. We again use the results from the two surveys to construct such a model.

Not surprisingly, a primary determinant of the likelihood that a homeowner will extract equity is the amount of equity in the home. Homeowners with low loan-to-value ratios were more likely to extract equity during a refinancing.

Beyond having equity to liquefy, a few other factors were important in determining the amount of cash to take out. Homeowners reporting that it is a good time to use credit were more likely to take cash out. White homeowners and homeowners with younger children were also more likely to take cash out. Homeowners who believed that they had a higher chance of losing their jobs were less likely to borrow additional money during the refinancing. However, other factors, such as age, education, and income, did not prove to be important in indicating which homeowners were more likely to extract equity during refinancing.

Aggregate Estimates of the Change in Mortgage Payments and the Uses of Funds

This section lays out a framework for using the responses from the 2002 survey to assess the possible effects on the macroeconomy of the recent wave of

8. Of course, a homeowner can, in most cases, repay a long-term mortgage over a period shorter than the stated term by making larger payments than are required. In such a case, however, the homeowner would not benefit from the lower interest rates typically available on shorter-term loans.

home mortgage refinancings. We consider separately the two ways in which a mortgage refinancing may affect a household's resources: first, by changing the stream of future mortgage payments and, second, by providing immediate cash if the household has chosen to liquefy some of its home equity. We also extrapolate from the survey responses on the uses of liquefied equity to gauge how much aggregate spending has been funded through this channel. However, the appropriate interpretations of such calculations are complicated by a variety of factors, as we discuss below.

The survey results provide information about the key determinants of mortgage payments, both before and after refinancing. Before refinancing, the outstanding balance on the average home mortgage that was refinanced between the beginning of 2001 and the middle of 2002 was $118,092. In addition, the average original contract interest rate of mortgages in this group, weighted by dollars of outstanding balance, was 8.1 percent, and the dollar-weighted average remaining maturity was twenty-two years.

Refinancing lowered the interest rate of these mortgages to a dollar-weighted average of 6.8 percent. If the maturity and outstanding balance of the average refinanced mortgage had not changed, the decline in the interest rate would have lowered the monthly mortgage payment for the average refinancing homeowner by $98, for an annual savings of $1,179. Multiplying this annual savings by 11.145 million (the weighted 10.4 percent of the sample that refinanced over the period multiplied by an estimated 107 million households in the United States) yields an aggregate annual decline in mortgage payments of $13.1 billion.

The maturity of the average refinanced mortgage (again weighted by dollars of outstanding balance) was twenty-nine months longer than that of the average original mortgage. All else being equal, this lengthening of the maturity also served to lower mortgage payments. Allowing for both the longer maturity and the decline in the mortgage interest rate, the implied average reduction in the mortgage payment was $135 monthly, or $1,621 annually. This figure suggests an aggregate annual decline in mortgage payments due to both factors of $18.1 billion.

Offsetting the effects of lower interest rates and longer maturities on the mortgage payments of refinancers, outstanding balances rose by a substantial amount. The average homeowner who refinanced in 2001 and 2002 (including both those who cashed out and those who did not) reported that the cash received at settlement, after closing costs were paid, was $11,754. Adding this amount to the original mortgage balance, along with an additional 2 percent of the balance to proxy for closing costs (an amount commonly cited by industry analysts), the average outstanding balance after refinancing was $132,443.[9] The combined effect of the lower interest rate, the longer remaining maturity, and the higher balance is to lower the average refinancing homeowner's mortgage payments by $35 per month, or $418 per year, and aggregate annual mortgage payments by $4.7 billion.

Incorporating the associated change in income taxes reduces the savings achieved through refinancing. The estimated $4.7 billion reduction in aggregate mortgage payments represents the combination of a $6.7 billion decline in mortgage interest payments and a $2 billion rise in mortgage principal payments. The decline in mortgage interest payments implies that refinancers who itemize deductible expenses for calculation of taxable income were eligible for appreciably smaller deductions for interest payments and therefore had higher tax liabilities. Although the Survey of Consumers does not have enough information about the tax status of its respondents to allow for a precise estimate of the increment to tax liabilities associated with refinancing, we can do a rough calculation using data from other sources. In 1999, the ratio of home mortgage interest deducted by taxpayers ($272 billion) to total mortgage interest paid by homeowners ($328 billion) was 0.83.[10] This ratio suggests that the $6.7 billion decline in mortgage interest payments was associated with a $5.6 billion reduction in home mortgage holders' annual deductions.[11] In addition, federal income tax payments in 1999 were an estimated $56.9 billion lower than they

9. This number is slightly different from the number shown in table 1 because for these estimates the survey respondent had to have provided complete information about his or her mortgage amounts and mortgage rates before and after refinancing.

Some of the refinancers who did not liquefy equity may have paid down a portion of their mortgages as part of refinancing. Because our survey results provide no information about such behavior, we assume it does not occur. As a result, our calculation may overstate the increase in the average outstanding balance.

10. The figure for home mortgage interest claimed as a deduction is from David Campbell and Michael Parisi, "Individual Income Tax Returns, 1999," *Statistics of Income Bulletin* (Fall 2001), pp. 9–47. The estimate of total mortgage interest paid was computed by multiplying the household sector's average mortgage stock of $4,388 billion from the U.S. flow of funds accounts by the Bureau of Economic Analysis's average effective interest rate on the stock of mortgage debt of 7.47 percent.

11. This figure may slightly overstate the reduction in deductions because points paid as part of the refinancing transaction can be deducted (after amortizing them over the lifetime of the loan). The survey results do not include information about points, and our calculation makes no allowance for them.

would have been in the absence of the deduction for home mortgage interest payments.[12] Dividing this amount by mortgage interest deducted implies that the average marginal federal income tax rate of taxpayers deducting such interest was 21 percent in 1999.[13] Assuming that this marginal federal income tax rate applied to homeowners who refinanced their mortgages in 2001 and the first half of 2002 and further assuming that their marginal state income tax rate was 5 percent, the increase in tax payments associated with the refinancings would be $1.5 billion annually. Taking the difference between the aggregate annual reduction in mortgage payments associated with the refinancings and this figure implies that the additional tax liabilities would offset close to one-third of refinancers' aggregate annual savings from lower mortgage interest payments, putting aggregate annual savings net of income taxes at $3.2 billion.

Turning to the immediate increase in the cash resources of the refinancers who liquefied home equity in 2001 and the first half of 2002, the average amount of equity withdrawn by these households was $26,723 (table 7). Multiplying this figure by 4.92 million (the weighted 4.6 percent of the sample that refinanced and liquefied equity over the period multiplied by an estimated 107 million households in the United States) yields an aggregate estimate of funds raised through cash-out refinancings of $131.6 billion.

As described earlier, these funds were reportedly used in different ways, and we can use the ratios reported in the second column of table 6 to estimate the aggregate counterparts of these uses.[14] For the nation as a whole, the survey results suggest that $20.7 billion of the liquefied equity was used to fund purchases that are classified in the national accounts as personal consumption expenditures (PCE), such as spending on vehicles, other consumer goods, vacations, education, and medical services. An estimated $46.3 billion was spent on home improvements; most of these expenditures probably fall in the residential investment category of the national income accounts, but the expenditures may also include items such as carpeting, draperies, or kitchen appliances that would be counted as part of PCE. Refinancers also used an estimated $28.1 billion to pay down nonmortgage debt and $5.8 billion to pay off second mortgages. Of the remaining liquefied equity, most (an estimated $27.5 billion) was invested in financial assets, real estate, or businesses.

Estimates of the change in households' mortgage payments or of the amount of housing equity liquefied, however, are only part of the information necessary to assess the effects of refinancing activity on the macroeconomy. Another consideration is the effect of refinancing on mortgage investors.[15] The reduction in mortgage interest payments leads to a decline in the amount of interest income received by these investors. As a result, the propensity to consume of the typical refinancing household must be higher than that of the typical mortgage investor for lower mortgage payments to have a positive effect on aggregate spending.

Even if one considers only the refinancers, the amount of incremental spending—that is, the amount above that which would have occurred in the absence of the refinancing—is unclear. A simple model of consumer behavior assumes that households are rational, can borrow all they want, and know their wealth and future income with certainty. Given these assumptions, refinancings generate new consumption because a reduction in the mortgage interest rate increases household wealth.[16] In particular, the increase in wealth associated with lower mortgage payments would be the present discounted value of the reduction in payments over the lifetime of the mortgage loan, holding the maturity and the outstanding balance constant and assuming the household discounts cash flows at a rate not perfectly correlated with its current mortgage rate. In addition, the ability to liquefy home equity through mortgage refinancing

12. See *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2001*, p. 109.

13. Federal income tax rates have fallen a bit since 1999, but we cannot do these calculations for a later year because information about the amount of home mortgage interest deducted is available only through 1999. However, we obtain a similar estimate for the average marginal federal income tax rate of mortgage holders if we divide the estimated cost of the deduction for 2001 (from the most recent *Budget of the United States Government*) by the product of the average mortgage interest paid for 2001 and the ratio of deductions to total mortgage interest paid in 1999.

14. As noted above, the number of respondents for each reported use of funds is quite small. As a result, the estimates in this paragraph are not precise.

15. Investors in mortgages include both individuals and institutions such as pension funds and life insurance companies. Although institutions do not consume directly, most of the income associated with the mortgages they hold ultimately passes through to the household sector through dividends and through increases in the value of the firms. The only portion of the savings of mortgage borrowers that does not have a negative effect on the wealth of U.S. mortgage investors is the small amount associated with mortgage debt that is held by foreigners either directly or indirectly through institutions.

16. The term "consumption" is used broadly in this discussion. The arguments are meant to explain not only households' behavior regarding the items included in the consumer expenditures category in table 6 but also their behavior associated with the home improvements category.

provides households with the opportunity to fund desired consumption by borrowing at the mortgage rate, which is typically lower (especially on an after-tax basis) than the rates on other types of loans. In this case, the gain in household wealth would be the difference between the cost of funding consumption by liquefying equity and the cost of an alternative source of funds.

Other assumptions are consistent with the view that refinancing spurs greater amounts of additional consumption among mortgage borrowers. For example, homeowners may be rational and unconstrained but uncertain about the value of their homes because of the costs associated with acquiring such information. The appraisal that accompanies a refinancing may raise a homeowner's own estimate of the home's value, which, in turn, raises his or her perceived wealth. The amount of home equity liquefied may reflect this apparent windfall so that the new spending funded by the equity could be substantial.

Yet another possibility is that households may be aware of increases in their home value but face self-control problems. Because capital gains on housing before a refinancing are relatively illiquid, households are unlikely to consume them. However, when the opportunity to refinance arises (because, for example, mortgage rates have declined), households can convert their gains to a liquid form. Again, in this case, a large portion of liquefied equity may go toward new consumption by refinancers.

Finally, the current consumption of some households may fall materially short of their desired consumption given their expectations of future income growth. Such a gap could arise if these households anticipate significantly higher income than they are currently receiving, if they have no liquid financial assets, and if they cannot obtain unsecured debt. After a period of rapid appreciation of house prices, cash-out refinancing transactions may allow these formerly liquidity-constrained households to gain access to their accumulated capital gains and thereby permit them to significantly increase their spending.

Distinguishing among these alternative possibilities regarding the effect of refinancing on spending is difficult. A large body of economic literature suggests that, though some consumers are rational, fully aware of their available resources, and not liquidity constrained, other consumers are different. Observing a high correlation between refinancing transactions and spending does not resolve the issue, because heightened refinancing activity may simply reflect the means by which households are choosing to finance spending that is induced by changes in other factors. For example, homeowners who receive positive news about their future income prospects may increase their consumption today and, further, may fund that spending by extracting accumulated home equity; in this case, mortgage refinancing is not the cause but only the means of higher spending.

Despite these uncertainties, we attempt to put an upper bound on the direct effect of refinancings on aggregate demand. We first note that the average respondent in our sample was surveyed at the end of March 2002 and was asked for details about refinancing activity over the preceding fifteen months (that is, since January 2001).[17] We also assume that this average refinancer experienced lower mortgage payments for half of these fifteen months; given annual aggregate mortgage payment savings (net of taxes) of \$3.2 billion, the average savings between January 2001 and March 2002 would be \$2 billion. We also assume that refinancing households used all these savings to pay for items classified as PCE in the national income accounts and that mortgage investors have no response to the reduction in interest they receive. Finally, we assume that this spending plus the \$20.7 billion of PCE funded by liquefied equity that we discussed earlier represents incremental spending.

Under these extreme assumptions, the recent wave of mortgage refinancing added \$22.7 billion to PCE between January 2001 and March 2002. On an annual basis, the increment would be \$18.1 billion. This amount represents ¼ percent of average annual PCE (\$7,024 billion) over the period.[18] Positing that half the liquefied equity that reportedly funded home improvements was spent instead on items included in PCE would raise the estimated maximum increment to PCE to ½ percent.

Our estimate of an upper bound for the percentage contribution of refinancing activity to residential investment is larger than that for PCE, mainly because residential investment spending is small relative to PCE. The estimated \$46.3 billion of liquefied equity that refinancers reported using to fund home improvements over the fifteen-month reference period corresponds to an annual figure of \$37 billion. Comparing this amount with the \$448 billion average annual level of residential investment over the period, an upper bound for the contribution of refinancing

17. The use of the end-of-March date will yield inaccuracies in our estimates to the extent that refinancing activity was not distributed evenly over the six months in which households were sampled. However, we believe that any such error would be small, and thus our calculations ignore it.

18. Calculating the contribution of refinancing activity to the *growth rate* of PCE is not possible because we do not know how much refinancing added to the level of PCE in earlier periods.

activity to the level of residential investment is 8.3 percent.

The survey results also provide evidence about the influence of refinancing activity on some key aggregate financial statistics. For example, the $132 billion of home equity liquefied in 2001 and early 2002, net of the $5.8 billion estimated to have been used to pay down second mortgages, can account for 20 percent of the $616 billion growth in the home mortgage stock between the beginning of 2001 and March 2002. Further, the actual increase in consumer (nonmortgage) credit between the beginning of 2001 and March 2002 was $131 billion, corresponding to an annual rate of increase of 6.6 percent. If households had not used an estimated $28.1 billion of liquefied equity to pay down nonmortgage debt over the period, consumer credit would have expanded at an average annual rate of 8 percent.

SUMMARY

Over the past ten years, millions of homeowners have taken advantage of lower mortgage interest rates and higher home values and have refinanced their mortgage loans. For many, the decision to refinance was motivated by a desire to reduce their monthly mortgage payments, either by obtaining a lower interest rate or by extending the maturity of their mortgage. According to the University of Michigan's Surveys of Consumers, most homeowners who refinanced their mortgages in 2001 and early 2002 did lower their mortgage rates, and a significant proportion also borrowed additional funds by taking out a new mortgage that was larger than the outstanding balance on their former mortgage plus closing costs. A large proportion of homeowners who cashed out equity from their homes used these funds for home improvement or the repayment of other debts. This boom in cash-out refinancing activity has likely boosted consumption spending materially over the period covered by the survey, though the magnitude of the effect of such transactions on consumption spending is difficult to estimate.

APPENDIX A: THE SURVEY OF CONSUMERS

To obtain information on the prevalence in the United States of residential mortgage refinancings by homeowners, the extent to which refinancings are used to liquefy accumulated equity, and the uses of the liquefied funds, the Federal Reserve Board sponsored questions that were included in the Surveys of Consumers for January 2002 through June 2002. The Survey Research Center at the University of Michigan conducted the nationwide surveys.

Interviews were conducted by telephone, with telephone numbers drawn from a cluster sample of residential numbers. The sample was chosen to be broadly representative of the four main regions of the country—Northeast, North Central, South, and West—in proportion to their populations. Alaska and Hawaii were not included. For each telephone number drawn, an adult in the family was randomly selected as the respondent. The survey defines a family as any group of persons living together who are related by marriage, blood, or adoption or any individual living alone or with a person or persons to whom the individual is not related.

Together, the six surveys sampled 3,003 families, 2,240 of whom were homeowners. Among the homeowners, 1,378 had an outstanding mortgage or land contract, and 691 of this group reported that their outstanding first mortgage was a refinanced loan. Among the homeowners who had refinanced, 305 had refinanced in 2001 or the first half of 2002. The survey data have been weighted to be representative of the population as a whole, thereby correcting for differences among families in the probability of their being selected as survey respondents. All survey data in the tables are based on weighted observations.

Estimates of population characteristics derived from samples are subject to error, with the amount of the error dependent on the extent to which the sample respondents differ from the general population. Table A.1 indicates the sampling errors for survey results derived from samples of different sizes.

A.1. Approximate sampling errors for survey results, by size of sample
Percentage points

Survey result (percent)	Size of sample				
	100	300	1,000	1,500	3,000
50	11.2	6.5	3.5	2.9	2.0
30 or 70	10.3	5.9	3.2	2.6	1.9
20 or 80	9.0	5.2	2.8	2.3	1.6
10 or 90	6.7	3.9	2.1	1.7	1.2
5 or 95	4.9	2.8	1.5	1.3	.9

NOTE. 95 percent confidence level, 1.96 standard errors.

Appendix B: Statistical Analysis of Refinancing and Cash-Out

This appendix presents the results of our estimated refinancing and cash-out regressions, used in the text for the discussion of the propensity to refinance and to extract home equity during refinancing. Table B.1 describes the logistic regression used to estimate a homeowner's probability of refinancing. Table B.2 describes the Tobit regression used to estimate the expected amount of cash extracted during refinancing. □

B.1. Logistic regression used to estimate homeowner's probability of refinancing

Variable[1]	Change in variable	Marginal effect[2] (percent)	Statistically significant
Original mortgage rate	Increase the original mortgage rate by 2.9 percentage points (one standard deviation)	23.3	yes
Original mortgage amount less than $50,000	From a mortgage greater than to a mortgage less than $50,000	−10.8	yes
Respondent from the Midwest	From not being to being from the Midwest	4.1	yes
Surveyed in 1999	From surveyed in 2002 to surveyed in 1999	−3.8	yes
Original mortgage amount	Increase original mortgage amount by $92,148 (one standard deviation)	3.5	yes
Interest rate expectations	From expecting rates to go down or stay the same to expecting them to rise	3.1	yes
Children under 18 in the home	From not having to having at least one child under 18 living at home	2.3	yes
House value change over the last year	From believing that the value of the house stayed the same or went down in the last year to believing that it went up	1.9	yes
Income greater than $40,000	From income less than to income greater than $40,000 per year	1.4	yes
Good time to buy durables	From believing it is a bad or neutral time to buy durables to believing it is a good time	1.1	yes
Respondent not white	From white to nonwhite	−4.0	no
Respondent from the West	From not being to being from the West	2.8	no
Age greater than 55	From age less than to age greater than 55	2.0	no
Original mortgage had variable rate	From not having to having a variable rate on the original mortgage	2.0	no
Loan-to-value ratio greater than 90 percent	From having ratio less than to having ratio greater than 90 percent	.7	no
Education beyond high school	From not having to having education beyond high school	−.4	no
Respondent from the Northeast	From not being to being from the Northeast	−.4	no
Equity	Increase equity by $156,400 (one standard deviation)	−.3	no
Probability of losing job in next year	Increase probability of losing job in the next year by 25 percent (one standard deviation)	−.1	no

1. Variables are first grouped by whether they are statistically significant and then ranked by the estimated size of the marginal effect.

2. The marginal effect is the difference between the average estimated probability of refinancing for all respondents in the sample if a given variable is changed and the average estimated probability of refinancing for all respondents in the sample without the change. For example, to calculate the difference in the probability of refinancing between white and nonwhite respondents, we treat all whites in the sample as if they were nonwhite, holding all other characteristics constant, and then calculate the average estimated probability of refinancing for all respondents given this change. We subtract the sample average without the change from this calculated probability of refinancing to get the result shown in the column.

B.2. Tobit regression used to estimate expected cash extracted during refinancing

Variable[1]	Change in variable	Marginal effect[2] (dollars)	Statistically significant
Respondent not white	From white to nonwhite	−5,537	yes
Surveyed in 1999	From surveyed in 2002 to surveyed in 1999	−4,426	yes
Children under 18 in the home	From not having to having at least one child under 18 living at home	4,143	yes
Good time to use credit	From believing it is a bad or neutral time to use credit to believing it is a good time	2,272	yes
Original loan-to-value ratio	Increase ratio of original mortgage by 22 percent (one standard deviation)	−265	yes
Probability of losing job in next year	Increase probability of losing job in the next year by 24 percent (one standard deviation)	−78	yes
Finances better one year from now	From believing finances will be worse or the same in a year to believing they will be better	−2,003	no
Education beyond high school	From not having to having education beyond high school	1,883	no
Income greater than $40,000	From income less than to income greater than $40,000 per year	1,847	no
Respondent from the West	From not being to being from the West	−1,557	no
House value change over the last year	From believing that the value of the house stayed the same or went down in the last year to believing that it went up	−671	no
Respondent from the Midwest	From not being to being from the Midwest	372	no
Respondent from the Northeast	From not being to being from the Northeast	−314	no
Age of respondent	Increase age of respondent by 11 years (one standard deviation)	97	no

1. Variables are first grouped by whether they are statistically significant and then ranked by the estimated size of the marginal effect.

2. The change in the expected amount of home equity extracted during refinancing assuming home equity is extracted.

Announcements

FOMC DIRECTIVE

The Federal Open Market Committee decided on November 6, 2002, to lower its target for the federal funds rate by 50 basis points to 1¼ percent. In a related action, the Board of Governors approved a 50 basis point reduction in the discount rate to ¾ percent.

The Committee continues to believe that an accommodative stance of monetary policy, coupled with still-robust underlying growth in productivity, is providing important ongoing support to economic activity. However, incoming economic data have tended to confirm that greater uncertainty, in part attributable to heightened geopolitical risks, is currently inhibiting spending, production, and employment. Inflation and inflation expectations remain well contained.

In these circumstances, the Committee believes that today's additional monetary easing should prove helpful as the economy works its way through this current soft spot. With this action, the Committee believes that, against the background of its long-run goals of price stability and sustainable economic growth and of the information currently available, the risks are balanced with respect to the prospects for both goals in the foreseeable future.

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

In taking the discount rate action, the Federal Reserve Board approved the requests submitted by the boards of directors of the Federal Reserve Banks of Dallas and New York.

Subsequently, the Federal Reserve Board approved action by the board of directors of the Federal Reserve Bank of San Francisco, decreasing the discount rate at the bank from 1¼ percent to ¾ percent, effective immediately.

The Board also approved action by the board of directors of the Federal Reserve Bank of St. Louis, decreasing the discount rate at that bank from 1¼ percent to ¾ percent, effective Thursday, November 7, 2002.

Also on Thursday, November 7, the Federal Reserve Board approved actions by the boards of directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, and Kansas City, decreasing the discount rate at the banks from 1¼ percent to ¾ percent, effective immediately.

AMENDMENT TO REGULATION A

The Board of Governors on October 31, 2002, approved a final rule that revises the Federal Reserve's discount window programs, which provide credit to help depository institutions meet temporary liquidity needs.

The rule amends the Board's Regulation A (Extensions of Credit by Federal Reserve Banks), effective January 9, 2003. It is substantially similar to a proposal that the Board published for a ninety-day public comment period on May 24, 2002.

The rule does not entail a change in the stance of monetary policy. The Federal Open Market Committee's target for the federal funds rate will not change as a result of the adoption of these programs, and the level of market interest rates more generally will be unaffected.

The rule replaces adjustment credit, which currently is extended at a below-market rate, with a new type of discount window credit called primary credit that will be broadly similar to credit programs offered by many other major central banks. Primary credit will be available for very short terms as a backup source of liquidity to depository institutions that are in generally sound financial condition in the judgment of the lending Federal Reserve Bank. The Board expects that most depository institutions will qualify for primary credit.

Reserve Banks will extend primary credit at a rate above the federal funds rate, which should eliminate the incentive for institutions to borrow for the purpose of exploiting the positive spread of money market rates over the discount rate. The Board anticipates that the primary credit rate will be set initially at 100 basis points above the FOMC's target federal funds rate.

Reserve Banks will establish the primary credit rate at least every two weeks, subject to review and determination of the Board of Governors, through the same procedure currently used to set the adjustment credit rate. The final rule includes a provision that could facilitate a reduction in the primary credit rate in a financial emergency.

By employing an above-market rate and restricting eligibility to generally sound institutions, the primary credit program should considerably reduce the need for the Federal Reserve to review the funding situations of borrowers and monitor the use of borrowed funds. This reduced administration in turn should make the discount window a more attractive funding source for depository institutions when money markets tighten.

The Board's final rule also establishes a secondary credit program that will be available in appropriate circumstances to depository institutions that do not qualify for primary credit. The Board anticipates that Reserve Banks will initially establish a secondary credit rate at a level 50 basis points above the primary credit rate.

The Board made no substantive changes to the seasonal credit program.

The Board also approved a related technical amendment to the reserve deficiency penalty provision of Regulation D (Reserve Requirements of Depository Institutions).

Issuance of Final Regulation W

The Federal Reserve Board on October 31, 2002, decided to issue a final Regulation W (Transactions between Banks and Their Affiliates) that comprehensively implements sections 23A and 23B of the Federal Reserve Act.

These statutory provisions and Regulation W restrict loans by a bank to its affiliates, asset purchases by a bank from its affiliates, and other transactions between a bank and its affiliates. The purpose of the statute and the rule is to limit a bank's risk of loss in transactions with affiliates and to limit a bank's ability to transfer to its affiliates the benefits arising from its access to the federal safety net.

Regulation W unifies in one public document the various interpretations of sections 23A and 23B that the Board and its staff have issued over the years as well as several new interpretations of the statute. The Board expects to publish the rule in the *Federal Register* shortly, with an effective date of April 1, 2003.

The Board also approved a final rule that rescinds the Board's existing interpretations of sections 23A and 23B in part 250 of title 12 of the Code of Federal Regulations (which have been incorporated into Regulation W) as of April 1, 2003.

In addition, the Board decided to seek public comment on a proposed rule that would prevent a bank from using an exemption in Regulation W for the purchase of extensions of credit from an affiliate if purchases made under the exemption exceeded 100 percent of the bank's capital.

Comment on the proposed rule is requested within thirty days of publication in the *Federal Register*, which is expected shortly.

Approval of Fee Schedules for Payment Services

The Federal Reserve Board on October 31, 2002, approved fee schedules for Federal Reserve Bank payment services, effective January 2, 2003.

Overall, the price level for Federal Reserve priced services will increase less than 1 percent in 2003 from 2002 levels. Because of fee reductions in electronic services in recent years, the overall price level has declined about 2 percent since 1996.

In 2003, the Reserve Banks will reduce fees for their Fedwire funds transfer, Fedwire securities, and FedACH automated clearinghouse (ACH) services. These reductions will result in a 5 percent decline in overall fees for the Reserve Banks' electronic payment services. The lower fees reflect continued efficiencies gained from consolidating the Federal Reserve's electronic payment operations. Since 1996, prices for all electronic payment services have declined approximately 47 percent.

Check service fees will increase, on average, approximately 3 percent compared with current fees. The check service continues to invest in automation and electronic check technologies, which will improve operating efficiencies at the Reserve Banks and result in long-run cost savings.

The 2003 fee schedule for each of the priced services except the check service is included in a *Federal Register* notice. Fee schedules for all priced services will be available on the Federal Reserve Banks' Financial Services web site at www.frbservices.org by November 5, 2002.

The Board also approved the 2003 private-sector adjustment factor (PSAF) for Reserve Bank priced services of $171.7 million. The PSAF is an allowance for taxes and other imputed expenses that would have to be paid and return on capital that would have to be earned if the Federal Reserve's priced services were provided by a private business. The Monetary Control Act of 1980 requires the Federal Reserve to recover the costs of providing priced payment services, including the PSAF, over the long run, to promote competition between the Reserve Banks and private-sector service providers.

During the period from 1992 to 2001, the Reserve Banks recovered 99.8 percent of priced services costs, including operating costs, imputed costs, and targeted return on equity (ROE, or net income). The Reserve Banks estimate that they will recover 92.2 percent of all their priced services costs in 2002 and project that they will recover 94.4 percent of these costs in 2003. The Reserve Banks project revenues of $933.7 million and costs of $883.9 million, for a net income of $49.8 million, compared with a targeted ROE of $104.7 million.

CONFERENCE ON "BANKING OPPORTUNITIES IN INDIAN COUNTRY"

The Federal Reserve Board, along with the Federal Reserve Banks of Chicago, Minneapolis, Kansas City, and San Francisco, sponsored a conference to explore ways to encourage banking opportunities in tribal communities. "Banking Opportunities in Indian Country" was held November 18–20 in Scottsdale, Arizona. The conference focused on methods and resources for encouraging initiatives and partnerships that increase access to credit and capital and strengthen local economies.

Featured speakers included Federal Reserve Board Governor Mark Olson; Rebecca Adamson (Eastern Cherokee), founder of the First Nations Development Institute; Robert Cheadle (Chickasaw), legislative counsel for the Chickasaw Nation; J.D. Colbert (Muscogee), president of the Native American Bankers Association; Stephen Cornell, director of the Udall Center for Studies in Public Policy at the University of Arizona; Mary S. Gabler, vice president and community development manager for Wells Fargo; and Lance Morgan (Winnebago), founder of Ho-Chunk, Inc. of the Winnebago Tribe of Nebraska.

The conference was designed for bankers, tribal leaders, tribal economic and housing development specialists, attorneys, and resource staff for community development. General sessions each day addressed issues and opportunities for financial service providers, tribes, and tribal members. Breakout sessions provided specific information from experts on how to lay the groundwork for making capital and credit available in Indian Country, build relationships with key partners, leverage financial opportunities, and use financial resources for community economic development initiatives.

The conference was held at the Doubletree Paradise Valley Resort in Scottsdale, Arizona. For more information call 866-226-7167 (toll free) or see the conference web site at www.federalreserve.gov/communityaffairs/national.

ENFORCEMENT ACTIONS

The Federal Reserve Board on October 17, 2002, announced the execution of a Written Agreement by and among O.A.K. Financial Corporation, Byron Center, Michigan; the Byron Center State Bank, Byron Center, Michigan; the Federal Reserve Bank of Chicago; and the State of Michigan Office of Financial and Insurance Services.

The Federal Reserve Board on October 23, 2002, announced the issuance of an Amendment to a Cease and Desist Order against the United Central Bank, Garland, Texas.

CHANGES IN BOARD STAFF

The Board of Governors has approved the appointments of Billy Sauls as Assistant Director and Chief of Security and Donald Spicer as Assistant Director.

Mr. Sauls will have oversight responsibility for the security program for the Board's premises and personnel. He came to the Management Division in January 2002 as Chief of Security. Before coming to the Board, he spent four years as Assistant Inspector General for the U.S. Postal Service and twenty-two years with the U.S. Secret Service. Mr. Sauls holds a bachelor of arts degree from Atlantic Christian College.

Mr. Spicer will have oversight responsibility for Space Planning, Engineering and Facilities, and General Services, including the mail, postal, supply, motor transport, and cafeteria operations. Mr. Spicer came to the Board in 1987. He holds a bachelor of arts degree from the University of Virginia and an M.B.A. from the University of Maryland. □

Legal Developments

Final Rule—Amendment to Regulation D

The Board of Governors is amending 12 C.F.R. Part 204, its Regulation D (Reserve Requirements of Depository Institutions), to reflect the annual indexing of the low reserve tranche and the reserve requirement exemption for 2003, and announces the annual indexing of the deposit reporting cutoff level that will be effective beginning in September 2003. The amendments increase the amount of transaction accounts subject to a reserve requirements ratio of three percent in 2003, as required by section 19(b)(2)(C) of the Federal Reserve Act, from $41.3 million to $42.1 million of net transaction accounts. This adjustment is known as the low reserve tranche adjustment. The Board is increasing from $5.7 million to $6.0 million the amount of reservable liabilities of each depository institution that is subject to a reserve requirements of zero percent in 2003. This action is required by section 19(b)(11)(B) of the Federal Reserve Act, and the adjustment is known as the reservable liabilities exemption adjustment. The Board is also increasing the deposit cutoff level that is used in conjunction with the reservable liabilities exemption to determine the frequency of deposit reporting from $106.9 million to $112.3 million for nonexempt depository institutions. (Nonexempt institutions are those with total reservable liabilities exceeding the amount exempted from reserve requirements.) Thus, beginning in September 2003, nonexempt institutions with total deposits of $112.3 million or more will be required to report weekly while nonexempt institutions with total deposits less than $112.3 million may report quarterly, in both cases on form FR 2900. Exempt institutions with at least $6.0 million in total deposits may report annually on form FR 2910a.

For depository institutions that report weekly, the low reserve tranche adjustment and the reservable liabilities exemption adjustment will apply to the 14-day reserve computation period that begins Tuesday, November 26, 2002, and the corresponding 14-day reserve maintenance period that begins Thursday, December 25, 2002. For institutions that report quarterly, the low reserve tranche adjustment and the reservable liabilities exemption adjustment will apply to the 7-day reserve computation period that begins Tuesday, December 17, 2002, and the corresponding 7-day reserve maintenance period that begins Thursday, January 16, 2003. For all depository institutions, the deposit cutoff level will be used to screen institutions in July of 2003 to determine the reporting frequency for the 12-month period that begins in September 2003.

Effective November 7, 2002, 12 C.F.R. Part 204 is amended as follows:

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

The authority citation for Part 204 continues to read as follows:

1. *Authority*: 12 U.S.C. 248(a), 248(c), 371a, 461, 601, 611, and 3105.

2. Section 204.9 is revised to read as follows:

Section 204.9—Reserve requirement ratios.

The following reserve ratios are prescribed for all depository institutions, Edge and Agreement corporations, and United States branches and agencies of foreign banks:

Category	Reserve requirement
Net transaction accounts:	
$0 to $6.0 million	0 percent of amount.
Over $6.0 million and up to $42.1 million	3 percent of amount.
Over $42.1 million	$1,083,000 plus 10 percent of amount over $42.1 million.
Nonpersonal time deposits	0 percent.
Eurocurrency liabilities	0 percent.

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 4 of the Bank Holding Company Act

Citigroup Inc.
New York, New York

Order Approving the Acquisition of Savings Associations

Citigroup Inc. ("Citigroup"), a financial holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under sections 4(c)(8) and 4(j) of the BHC Act (12 U.S.C. §§ 1843(c)(8) and (j)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire all the voting shares of California Federal Bank ("Cal Fed"), San Francisco, California, a federally chartered savings association. Citigroup proposes to acquire Cal Fed by acquiring all the voting shares of Golden State Bancorp Inc. ("Golden State"), which controls Cal Fed,[1] and to indirectly acquire Citibank (West), FSB *(in formation)* ("Citibank (West)"), both in San Francisco, California.

The proposed transaction is primarily a merger of Cal Fed and part of the branch network of Citigroup's existing subsidiary depository institutions in California and Nevada into Citigroup's newly formed subsidiary savings association, Citibank (West). With Citibank (West) as a newly formed subsidiary savings association and surviving entity of the merger transaction, the transaction is subject to review by the Office of Thrift Supervision ("OTS") under the Home Owners' Loan Act (12 U.S.C. § 1461 *et seq.*) and the Bank Merger Act (12 U.S.C. § 1828(c)). The Board has consulted with the OTS regarding its review of Citigroup's proposal under these acts.[2]

Citigroup, with total consolidated assets of approximately $1.1 trillion and total insured domestic deposits of $143.3 billion, is the largest commercial banking organization in the United States, controlling approximately 8.5 percent of total assets of insured commercial banks and approximately 2.7 percent of total deposits of insured depository institutions in the United States ("total U.S. deposits").[3] Citigroup operates subsidiary depository institutions in California, Connecticut, Delaware, Florida, Georgia, Illinois, Maryland, Nevada, New Jersey, New York, South Dakota, Texas, Utah, Virginia, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. Citigroup is the ninth largest commercial banking organization in California, controlling deposits of $6.4 billion, representing approximately 1.3 percent of total deposits in insured depository institutions in the state ("state deposits").[4] Citigroup is the fifth largest commercial banking organization in Nevada, controlling deposits of $1.4 billion, representing approximately 6.7 percent of state deposits.

Golden State, with total consolidated assets of $52 billion, operates depository institutions in California and Nevada. Golden State is the fifth largest depository organization in California, controlling total deposits of $21.9 billion, representing approximately 4.5 percent of state deposits. In addition, Golden State is the sixth largest depository organization in Nevada, controlling deposits of $1 billion, representing 4.7 percent of state deposits.

On consummation of the proposal, Citigroup would remain the largest commercial banking organization in the United States, with total consolidated assets of approximately $1.1 trillion and total insured deposits of approximately $166.2 billion, representing approximately 3.2 percent of total U.S. deposits. Citigroup would become the third largest commercial banking organization in California, controlling deposits of $28.3 billion, representing approximately 5.8 percent of state deposits. Citigroup would become the third largest commercial banking organization in Nevada, controlling deposits of $2.4 billion, representing approximately 11.4 percent of state deposits.

The Board previously has determined by regulation that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[5] The Board requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act. Citigroup has committed to conform all the activities of Cal Fed to those permissible for a bank holding company under section 4 of the BHC Act and Regulation Y and to conform all the other activities of Golden State to those permissible for a financial holding company.

In reviewing the proposal, the Board is required by section 4(j)(2)(A) of the BHC Act to determine that the acquisition of Golden State by Citigroup "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[6] As part of its evaluation of the public interest factors, the Board reviews the financial and managerial resources of the companies involved, as well as the effect of the proposal on competition in the relevant markets.[7] In acting on notices to acquire a savings association, the Board also reviews the records of performance of the relevant insured depository institutions under the Community Reinvestment Act ("CRA") (12 U.S.C. § 2901 *et seq.*).[8]

Public Comment on the Proposal

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (67 *Federal Register* 39,988 (2002)), and the time for filing comments has expired. Because of the public interest in the proposal, Board staff also participated in a formal meeting held by the OTS on July 8, 2002, in Daly City, California, which gave commenters an opportunity to present additional oral and written testimony on the various factors that the Board must review under the BHC Act.[9] Representatives of 15 organizations testified at the formal meeting; all

1. Citigroup intends to acquire Golden State's other direct and indirect nonbanking subsidiaries, including Auto One Acceptance Corporation, Dallas, Texas ("Auto One"), and First Nationwide Mortgage Corporation, Frederick, Maryland ("First Nationwide"), pursuant to section 4(k) of the BHC Act (12 U.S.C. § 1843(k)) and the post-transaction notice procedures of section 225.87 of Regulation Y.

2. Citigroup also applied to the Federal Deposit Insurance Corporation ("FDIC") for deposit insurance for Citibank (West) pursuant to the Federal Deposit Insurance Act (12 U.S.C. § 1815(a)). The Board has consulted with the FDIC regarding its review of the proposal under this act.

3. Asset, deposit, and national ranking data are as of June 30, 2002. In this context, depository institutions include commercial banks, savings banks, and savings associations.

4. State deposit and state ranking data are as of June 30, 2001.

5. 12 C.F.R. 225.28(b)(4).

6. 12 U.S.C. § 1843(j)(2)(A).

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

8. *See, e.g., BancOne Corporation*, 83 *Federal Reserve Bulletin* 602 (1997).

9. The meeting also was conducted through videoconferencing facilities at OTS offices in Santa Ana, California; Washington, DC; and Jersey City, New Jersey.

the commenters who testified also submitted written comments.

More than 80 organizations and individuals submitted comments on the proposal, either through oral testimony or written comments. Commenters included members of the Congress, state and local government officials, community groups, nonprofit organizations, union representatives, customers of Citigroup, and other interested organizations and individuals. Comments were submitted by organizations, individuals, and representatives from several states, including California, Georgia, New York, North Carolina, and Ohio, and the District of Columbia.

Certain commenters supported the proposal and commented favorably on Citigroup's performance under the CRA. These commenters commended Citigroup for its commitment to local communities and expressed support for Citigroup's CRA-related products and services. Most commenters, however, opposed the proposal, requested that the Board approve the proposal subject to certain conditions, or expressed concerns about the CRA performance or consumer compliance records of Citigroup. As discussed in more detail below, many commenters criticized the lending and insurance sales practices of Citigroup's subprime lending subsidiaries, particularly CitiFinancial Credit Company, Inc., Baltimore, Maryland ("CitiFinancial"). Other commenters expressed concerns about Citigroup's managerial resources in light of certain lawsuits, investigations, and settlements involving Citigroup or its securities subsidiary, Salomon Smith Barney, Inc., New York, New York ("SSB").

In evaluating the statutory factors under the BHC Act, the Board carefully considered the views and information presented by the commenters at the formal meeting and in writing. The Board also considered the information presented in the notices and supplemental filings by Citigroup, various reports filed by the relevant companies, publicly available information, and other reports. In addition, the Board consulted with other relevant federal supervisory agencies, including the OTS, FDIC, Department of Justice ("DOJ"), and Securities and Exchange Commission ("SEC"), and reviewed confidential supervisory information, including supervisory reports on the holding companies and their subsidiary depository institutions and other subsidiaries, and information provided by other federal regulatory agencies and various state regulatory agencies.

Competitive Considerations

As part of its consideration of the public interest factors under section 4 of the BHC Act, the Board has considered carefully the competitive effects of the proposal in light of all the facts of record.[10] Citigroup and Golden State compete directly in the Los Angeles, San Francisco-Oakland-San Jose, and Las Vegas banking markets.[11] The Board has reviewed carefully the competitive effects of the proposal in each of these banking markets in light of all the facts of record, including the number of competitors that would remain in the markets, the relative share of total deposits in depository institutions controlled by Citigroup and Golden State in the markets ("market deposits"),[12] the concentration level of market deposits and the increase in this level as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Guidelines ("DOJ Guidelines"),[13] and other characteristics of the markets.

Consummation of the proposal would be consistent with Board precedent and the DOJ Guidelines in each relevant banking market. After consummation of the proposal, all three banking markets would remain moderately concentrated as measured by the HHI. Based on these and all other facts of record, 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 three banking markets noted above or any other relevant banking market.

Records of Performance Under the Community Reinvestment Act

As previously noted, the Board reviews the records of performance under the CRA of the relevant insured depos-

10. *See First Hawaiian, Inc.*, 79 *Federal Reserve Bulletin* 966 (1993).

11. These markets are described in Appendix A. The effects of the proposal on the concentration of banking resources in these banking markets are described in Appendix B.

12. Deposit and market share data are based on annual branch reports filed as of June 30, 2001, and on calculations in which the deposits of thrift institutions are included at 50 percent. The Board has previously 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 regularly has included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991). Citigroup's deposits in the relevant banking markets are those of its subsidiary savings association, Citibank, Federal Savings Bank, San Francisco, California ("Citibank FSB"). Because Citibank FSB is affiliated with a commercial banking organization, its deposits are included at 100 percent. *See, e.g., First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669 (1990) ("*First Banks Order*"). Furthermore, because the Board has analyzed the competitive factors in this case as if Citigroup and Golden State were a combined entity, the deposits of Cal Fed are included at 100 percent in the calculation of *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks Order*.

13. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (1984), a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI is more than 1800. The DOJ 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 DOJ has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

itory institutions when acting on notices to acquire a savings association.[14] The CRA requires the Board to assess each institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, consistent with the institution's safe and sound operation, and to take this record into account in evaluating bank holding company notices.[15] The Board has carefully considered the CRA performance records of each subsidiary insured depository institution of Golden State and Citigroup in light of all the facts of record, including public comments on the proposal.

A. Summary of Public Comments

In response to the Board's request for public comment on this proposal, two of the 85 commenters supported the proposal and praised Citigroup for the financial and technical support it provided to their community development organizations. The other 83 commenters opposed the proposal, recommended approval only if subject to conditions suggested by the commenter, or expressed concerns about the CRA performance or fair lending and other consumer law compliance records of Citigroup.[16]

Many commenters expressed concern that consummation of this proposal would result in fewer financial services choices for consumers, and that Citigroup's corporate decisions would not take into account California's diversity and community reinvestment needs.[17] Some commenters alleged that Citigroup had low levels of home mortgage lending to LMI or minority borrowers and in LMI or predominantly minority communities, particularly in California and New York City. Other commenters asserted that Citigroup had inadequate levels of community development loans, investments, and grants in California. Several commenters alleged that Citigroup's small business lending in California and Nevada was inadequate, particularly to businesses in LMI or predominantly minority communities.[18]

Many commenters alleged that Citigroup provided inadequate and costly banking services to LMI or minority individuals. Several commenters asserted that Citigroup had an insufficient number of depository institution branches in LMI communities in its California and New York City assessment areas. In addition, some commenters expressed concern that consummation of the proposal would result in branch closures in LMI or predominantly minority communities in California. Several commenters also contended that, based on data submitted under the Home Mortgage Disclosure Act ("HMDA"),[19] Citigroup engaged in disparate treatment of minority individuals in home mortgage lending. These commenters alleged that Citigroup denied loan applications from minorities more frequently than it denied applications from whites.

In addition, several commenters expressed concern about the loss of Cal Fed as an independent organization and the possible termination of its affordable mortgage loan and community development programs. On the other hand, one commenter asserted that Cal Fed was not an active participant in affordable mortgage programs for LMI borrowers.[20]

B. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the proposal in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the notice process because it represents a detailed evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisors.[21]

The subsidiary insured depository institutions of Golden State and Citigroup directly involved in the proposal received "outstanding" ratings at their most recent CRA performance evaluations. Cal Fed received an "outstanding" rating from the OTS, as of July 30, 2001 ("Cal Fed 2001 Evaluation"). Citibank FSB received an "outstanding" rating from the OTS, as of October 15, 2001 ("2001 CRA Evaluation"), and Citibank Nevada received an "outstanding" rating from the Office of the Comptroller of the Currency ("OCC"), as of March 29, 1999 ("1999 CRA Evaluation").

Citigroup's other subsidiary depository institutions received either "outstanding" or "satisfactory" ratings at

14. *See, e.g., Northfork Bancorporation, Inc.*, 86 *Federal Reserve Bulletin* 767 (2000).

15. 12 U.S.C. § 2903.

16. As previously noted, many commenters also expressed concerns about the lending and insurance sales practices of Citigroup's subprime lending affiliates. These matters are discussed later in a separate section of the order.

17. The Board considered these comments in connection with its review of the effect of the proposal on competition in the relevant banking markets and Citigroup's plan to make various banking products and services available in the communities served by Citigroup and Cal Fed as discussed in the order.

18. A number of commenters criticized the terms of Citigroup's ten-year, $120 billion community reinvestment pledge for California and Nevada as inadequate, particularly in comparison with the current community reinvestment agreement between Cal Fed and certain community organizations in California. Neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to make pledges or enter into agreements with any organization. The Board, therefore, views such pledges and their enforceability as matters outside the CRA and focuses on the existing record of a notificant and the programs that the notificant has in place to serve the credit needs of its community. *See Fifth Third Bancorp*, 80 *Federal Reserve Bulletin* 838 (1994).

19. 12 U.S.C. § 2801 *et seq.*

20. This commenter also alleged, based on HMDA data and lending testing results, that Cal Fed engaged in disparate treatment of minorities in several communities in Southern California. The commenter stated that this allegation was referred to the Department of Housing and Urban Development ("HUD"). The Board has consulted with HUD on the referral.

21. *See Interagency Questions and Answers Regarding Community Reinvestment*, 66 *Federal Register* 36,620 and 36,639 (2001).

their most recent CRA performance evaluations.[22] Citibank, N.A., New York, New York ("Citibank NA"), the lead depository institution of Citigroup, received a "satisfactory" rating from the OCC, as of October 16, 2000 ("2000 CRA Evaluation").

As discussed in more detail below, the Board has considered carefully the fair lending policies and procedures of Citigroup and its affiliates. In addition, the Board has evaluated substantial information submitted by Citigroup about the CRA performance of its principal insured depository institutions since their most recent CRA performance evaluations. The Board also has consulted with the appropriate federal supervisors of Citigroup's insured depository institutions.

C. CRA Performance of Citigroup

As noted above, Citigroup proposes to merge Cal Fed, the California retail branches of Citibank FSB, and the retail branches of Citibank Nevada into the newly formed Citibank (West), with Citibank (West) as the surviving entity. The branches and operations of Citibank (West) would be subject to Citigroup's CRA and fair lending policies, procedures, and oversight. The CRA assessment areas of Citibank (West) would be the same as Cal Fed's current assessment areas.[23] Citigroup represented that each market or major assessment area in California and Nevada would have a full-time CRA officer. In addition, Citigroup stated that the community development lending and investment in the assessment areas of Citibank (West) would be conducted by Citigroup's Center for Community Development Enterprise ("CCDE"), and that all grants to community organizations in California and Nevada would be conducted by The Citigroup Foundation ("Foundation"). The CCDE and Foundation conduct such activities for all Citigroup's subsidiary depository institutions that are subject to the CRA.

Citibank FSB

Overview. Citibank FSB, with total assets of $30.3 billion, is a savings association that would be involved in the acquisition of Cal Fed by Citigroup. In the 2001 CRA Evaluation, examiners commended Citibank FSB for demonstrating a high level of responsiveness to the credit and community needs of its combined nationwide assessment areas during the review period.[24] Citibank FSB received "outstanding" ratings in the overall lending, investment, and service performance tests.

Examiners praised the lending record of Citibank FSB, noting that it had a high volume of lending that exceeded the loan volume ratios of its peer group in almost every loan category. Citibank FSB and its affiliates originated and purchased $24 billion in total HMDA-reportable loans in the institution's combined assessment areas during the review period.[25] Examiners noted that the level of Citibank FSB's total HMDA-reportable lending to LMI borrowers during the review period was higher than that of the aggregate of lenders ("aggregate lenders") for the combined assessment areas.[26] Citibank FSB's lending to LMI borrowers increased by 48 percent in its assessment areas since the previous evaluation. Examiners indicated that the geographic distribution of Citibank FSB's HMDA-reportable loans in almost every assessment area was superior to the performance of the aggregate lenders and, in particular, showed a favorable penetration of LMI areas.

Examiners commended Citibank FSB for its innovative and flexible home mortgage loan programs designed to meet the needs of first-time homebuyers and LMI borrowers, which include the CitiAffordable Mortgage and CitiAffordable Assistance programs that provide assistance to such borrowers with down payments and closing costs. Examiners also noted favorably Citibank FSB's Special Loan Portfolio, which is composed of loans that do not fit traditional underwriting criteria but are approved during a secondary review process. In addition, examiners reported that Citibank FSB offered affordable mortgage products of the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation that featured low down payment requirements, down payment and closing cost assistance, and flexible underwriting criteria. Examiners also reported that during the review period, Citibank FSB announced a new affordable mortgage partnership between CitiMortgage and the FNMA to help provide thousands of LMI and minority families with below-market rate mortgages ("FNMA Program").[27] Under this program, Citibank FSB agreed to originate and the

22. *See* Appendix C for the CRA ratings of all Citigroup's subsidiary depository institutions.

23. The California assessment areas of Citibank FSB and the assessment areas of Citibank Nevada are included in Cal Fed's assessment areas.

24. At the time of the 2001 CRA Evaluation, Citibank FSB had 19 assessment areas in California, Illinois, Florida, Maryland, Virginia, Connecticut, New Jersey, Texas, and the District of Columbia. The review period was January 1, 1999, through June 30, 2001, which was three months longer than the previous review period.

25. Citibank FSB elected to have the OTS consider loans in certain lending categories made by affiliates in its assessment areas. The HMDA data reviewed by examiners included data reported by: CitiMortgage, Inc., St. Louis, Missouri ("CitiMortgage"); Citibank NA; Citibank Nevada; Citibank (New York State), Pittsford, New York ("Citibank NYS"); Source One Mortgage Company, Inc. (1999 only); Central Pacific Mortgage Company (1999 only); and CitiFinancial and CitiFinancial Mortgage Company, Inc., Irving, Texas ("CitiFinancial Mortgage"). Beginning in 2001, CitiFinancial and CitiFinancial Mortgage data included data from Associates First Capital Corporation ("Associates"), also in Irving, and its affiliates after the mortgage lenders merged. Examiners noted that the percentages of total number of HMDA loans to LMI borrowers and in LMI census tracts by Citibank FSB and its affiliates did not materially change by including the lending of Citibank FSB's subprime lending affiliates, including CitiFinancial and CitiFinancial Mortgage.

26. The lending data of the aggregate lenders represent the cumulative lending for all financial institutions that have reported HMDA data in a given market. In the 2001 CRA Evaluation, examiners reviewed aggregate lending data for 1999 only.

27. In this program, FNMA agreed to buy home-related loans from Citigroup to LMI or minority borrowers or to borrowers in LMI or majority-minority census tracts. "Majority-minority" census tracts

FNMA agreed to purchase $12 billion in mortgage loans over a five-year period.[28]

The 2001 CRA Evaluation commended the small business lending record of Citibank FSB and its affiliates in the combined assessments areas during the review period. Examiners reported that, based on dollar volume, Citibank FSB was the leading small business lender among savings associations in its combined assessment areas in 1999.[29] Examiners found that the geographic distribution of small business loans by Citibank FSB and its affiliates generally was lower than demographic benchmarks but was reasonably comparable with aggregate lenders in 1999.

In the 2001 CRA Evaluation, examiners also commended Citibank FSB for its strong record of community development lending, which they characterized as exhibiting an exceptional amount of innovation. Examiners reported that Citibank FSB made more than 730 community development loans totaling $674 million in its combined assessment areas during the review period. The institution's qualified community development investments totaled approximately $145 million, representing a 130 percent increase since the previous CRA performance evaluation, and its community development grants totaled more than $18 million. The institution's community development investment portfolio included low-income housing tax credits, mortgage-backed securities, equity investments in community development organizations, equity funds focused on low-income urban areas, investments in not-for-profit community development organization loan funds, and certificates of deposits in community banks and credit unions serving LMI areas.

Examiners reported that Citibank FSB's retail banking services were readily accessible to all segments of its assessment areas. Examiners found that Citibank FSB's distribution of branch offices in LMI census tracts was somewhat low in comparison to the percentage of the population living in such communities. However, they favorably noted that Citibank FSB's retail banking services also were available through its alternative delivery systems, including telephone banking, on-line computer banking, ATMs, and bank-at-work and bank-by-mail programs.

In addition, examiners strongly commended Citibank FSB for providing a superior level of community development services during the review period. Examiners reported that the number of Citibank FSB's financial literacy seminars more than doubled since its previous CRA performance evaluation. Seminar topics included first- time home buying, personal money management, and small business financing. Examiners also noted that Citibank FSB engaged in educational training efforts through individual development account programs, which establish special savings accounts with matching features to help LMI individuals accumulate funds for specific purposes such as a down payments for first-time home purchases and continuing education tuition.

California. In the 2001 CRA Evaluation, Citibank FSB received an "outstanding" rating under the lending test in its California assessment areas.[30] Examiners characterized Citibank FSB's overall loan volume as strong. During the review period, Citibank FSB and its affiliates originated and purchased $14 billion in HMDA-reportable loans in the California assessment areas. Examiners reported that the geographic distribution of Citibank FSB's HMDA-reportable loans compared favorably with the aggregate lenders' distribution. During the review period, Citibank FSB's total HMDA lending in the California assessment areas increased more than 40 percent since its previous CRA evaluation, and increased more than 133 percent in LMI geographies.

Examiners noted that Citibank FSB's managerial reports indicated almost 22 percent of its total home purchase loans were made to borrowers in LMI census tracts and more than 18 percent to LMI borrowers, which exceeded the percentage of the aggregate lenders in 1999. Examiners reported that Citibank FSB had intensified its focus on LMI mortgage lending during the review period.

Citigroup has continued to originate and purchase a significant volume of HMDA-reportable loans in California.[31] Based on information reported by Citigroup, it originated and purchased HMDA-reportable loans totaling $8.3 billion in Citibank FSB's California assessment areas in 2001.[32] Citigroup originated and purchased HMDA-reportable loans totaling $793 million to LMI borrowers in the California assessment areas in 2001, including $662 million in loans by its prime lending affiliates.[33] This lending included home purchase loans to LMI borrowers totaling $200 million, 98 percent of which were made by Citigroup's prime lending affiliates.

are those in which minorities comprise 50 percent or more of the population.

28. Citigroup stated that it originated more than $3 billion in mortgage loans nationwide under this program in 2001.

29. The small business lending performance reviewed by examiners included data of the following affiliates of Citibank FSB: Citibank NA; Citibank (South Dakota), N.A., Sioux Falls, South Dakota ("Citibank SD"); and Universal Financial Corporation, Salt Lake City, Utah. For purposes of this analysis, small business loans included business loans with an original amount of $1 million or less.

30. At the time of the 2001 CRA Evaluation, Citibank FSB's California assessment areas included the following Primary Metropolitan Statistical Areas ("PMSAs"): Los Angeles-Long Beach, San Francisco, Oakland, San Jose, Orange County, and Ventura.

31. The data provided by Citigroup included loans originated and purchased by Citibank FSB, Citibank NA, CitiMortgage, CitiFinancial Mortgage, and Citicorp Trust Bank, FSB (formerly Travelers Bank & Trust, FSB), Newark, Delaware ("Citicorp Trust"). These data excluded transactions between affiliates.

32. Some commenters criticized Citigroup's practice of purchasing rather than originating a substantial number of its prime home mortgage loans to LMI and minority borrowers. The commenters argued that Citigroup should not receive CRA credit for loan purchases and urged Citigroup to use more flexible underwriting standards to increase its loan originations to LMI and minority borrowers. The federal regulatory agencies' regulations implementing the CRA do not differentiate between loan originations and purchases for purposes of evaluating an institution's CRA lending performance. *See, e.g.,* 12 C.F.R. 228.22.

33. For purposes of these data, Citigroup's prime lending affiliates include Citibank FSB, Citibank NA, and CitiMortgage.

In the 2001 CRA Evaluation, examiners noted that the high cost of housing in most of Citibank FSB's California assessment areas presented challenges in providing home financing for LMI households. Examiners commended Citibank FSB for using a number of innovative and flexible lending programs to assist LMI families and first-time homebuyers.[34] During the 18-month review period, Citibank FSB made 578 loans totaling almost $88 million under its specialized affordable housing programs.

Since the 2001 CRA Evaluation, Citibank FSB's use of these specialized affordable housing programs has declined. In 2001, Citibank FSB made 147 loans totaling almost $26 million under these programs in California. Citigroup represented, however, that it made home mortgage loans totaling more than $1.5 billion through the FNMA Program.

In the 2001 CRA Evaluation, examiners characterized Citibank FSB as a leader in lending to small businesses in California. Examiners noted that Citibank FSB's volume of small business lending increased significantly during the review period, particularly to businesses in LMI census tracts. This increase in Citibank FSB's small business lending was due primarily to the introduction of small business credit cards by affiliates in 1999.[35] During the review period, Citibank FSB's and its affiliates' small business loans totaled more than $789 million in the California assessment areas, including $202 million in loans to business in LMI census tracts. Examiners also noted that more than 98 percent of the number of small business loans by Citibank FSB and its affiliates were in amounts of $100,000 or less, which compared favorably with the aggregate lenders. In addition, examiners noted that Citibank FSB increased its emphasis on Small Business Administration ("SBA") lending during the review period through the development of a seminar to help generate applicants for SBA loans.[36]

Citigroup stated that its small business lending in Citibank FSB's assessment areas has continued to increase significantly since the 2001 CRA Evaluation. Citigroup represented that its small business lending more than tripled in California, increasing from more than 30,000 loans to almost 92,000 loans in 2001. In addition, Citigroup stated that the percentage of its small business lending in LMI census tracts in California increased from approximately 24 percent to 29 percent in 2001.

In the 2001 CRA Evaluation, examiners reported that Citibank FSB's community development lending performance in California was very strong and exhibited an exceptional amount of innovativeness and complexity. Citibank FSB originated 94 community development loans totaling almost $122 million in the California assessment areas during the review period. Examiners indicated that the majority of Citibank FSB's community development lending supported affordable multifamily housing loans. During the review period, Citibank FSB also issued letters of credit totaling approximately $141 million to enhance bond funding of large public works projects in addition to its direct community development lending.

Citigroup represented that, in 2001, it more than doubled the dollar volume of community development lending in Citibank FSB's California assessment areas during the previous year from $153.1 million to $320.2 million. In 2001, the CCDE provided a financing package, which included a $6 million letter of credit and a $400,000 construction loan to support the purchase and rehabilitation of a 34-unit HUD Section 8 affordable apartment building for seniors in a San Francisco neighborhood. In addition, Citigroup provided an extensive financing package to California State University ("CSU") to provide 900 new affordable housing units for the faculty and staff of CSU's new Channel Islands campus in Ventura County, a high cost-of-living area of California.

Citibank FSB received an "outstanding" rating under the investment test for the California assessment areas.[37] Examiners commended Citibank FSB for its overall community development investment performance in California and for taking a leadership role in its investments. Citibank FSB made 34 qualified investments totaling almost $41 million during the review period. Examiners reported that Citibank FSB made investments totaling $13.8 million in low-income housing tax credits, $4.4 million in mortgage-backed securities, and $22.7 million in various community development organizations, credit unions, equity funds, and community development project subsidies. In addition, examiners noted that Citibank FSB donated $2.5 million to a variety of organizations that provided housing assistance or community development support in California.

Citigroup represented that it has made additional community development investments in California totaling almost $12 million since the 2001 CRA Evaluation. These investments included a $100,000 certificate of deposit in the People's Community Partnership, the only financial institution in a low-income area of Oakland, and $4 million investment in Quad Ventures, a private equity fund focused on segments of the education industry. In addition, Citigroup stated that the Foundation has awarded community development grants totaling more than $1.5 million to organizations in California to increase financial literacy, improve educational opportunities for children, and help low-income individuals develop assets.

34. Several commenters argued that Citigroup's volume of lending under its group of affordable mortgage loan products was low in California.

35. Commenters criticized small business lending through credit cards for having lower limits and being more expensive to borrowers than traditional small business loan products.

36. Commenters urged Citigroup to become an active participant in SBA loan programs. Citigroup stated that it was working to increase its SBA lending volume in California by conducting a direct marketing campaign, employing a dedicated SBA loan sales staff, and conducting SBA-related seminars and events.

37. The majority of community development investments were purchased by affiliates of Citibank FSB, and all community development grants were provided by the Foundation. Qualified investment balances are as of October 11, 2001, and grant balances are as of June 30, 2001.

In the 2001 CRA Evaluation, Citibank FSB received an "outstanding" rating under the service test in the California assessment areas.[38] Examiners reported that Citibank FSB's banking services were readily accessible to all segments of its California assessment areas.[39] Examiners noted that more than 17 percent of its branches, and almost 22 percent of its ATMs, were in LMI census tracts.[40] Examiners found that, although Citibank FSB's distribution of branch offices in low-income census tracts was reasonable in comparison to the percentage of the population in these geographies, the institution's presence in moderate-income census tracts was not significant based on local demographic characteristics. Currently, 19 percent of Citibank FSB's branch offices are in LMI census tracts.

Examiners commended Citibank FSB for its community development services during the review period, noting that the institution had held consumer education seminars for more than 20,000 individuals. Seminar topics included first-time homebuying, small business financing, consumer financial education, investments, and insurance.

Citibank Nevada. As previously noted, Citibank Nevada received an "outstanding" CRA performance rating from the OCC in the 1999 CRA Evaluation.[41] Citibank Nevada received a "high satisfactory" rating under the lending test in the 1999 CRA Evaluation.[42] Examiners reported that Citibank Nevada made home mortgage loans totaling more than $172 million, including home purchase loans totaling more than $61 million.[43] Citibank Nevada was particularly commended for its excellent distribution of home mortgage loans in LMI geographies and to LMI borrowers. Examiners considered Citibank Nevada's level of home mortgage lending in low- income census tracts and to LMI borrowers very favorably in light of demographic data, the level of comprable lending by aggregate lenders, and the bank's overall market share. For example, Citibank Nevada made 51 percent of its home purchase loans to LMI borrowers, which significantly exceeded the aggregate lenders' percentage of 29 percent.

Citigroup stated that Citibank Nevada's volume of total HMDA-reportable loans declined slightly from 2000 to 2001, but that its lending in LMI census tracts as a percentage of total HMDA lending increased during this time period. Citigroup represented that Citibank Nevada's volume of total HMDA-reportable lending to LMI households also declined slightly from 2000 to 2001, which was consistent with an overall decline in lending by other creditors because of the rising housing prices in Nevada. The volume of home refinance loans, however, increased dramatically from 2000 to 2001. Citigroup stated that the number and dollar volume of Citibank Nevada's home refinance loans in LMI census tracts tripled, and the volume of such loans to LMI borrowers doubled, in 2001.

In the 1999 CRA Evaluation, examiners found that Citibank Nevada offered a variety of proprietary home mortgage loan programs and participated in first-time home buyer programs sponsored by state and municipal agencies. These programs included a program that provided pre-approved credit and loan commitments before home selection and four special mortgage assistance programs specific to the southern Nevada area. During the two-year review period Citibank Nevada made 90 loans totaling $8 million under these special programs. Citigroup stated that Citibank Nevada made home mortgage loans totaling $295 million under its proprietary home mortgage programs in 2001.

In the 1999 CRA Evaluation, examiners determined that Citibank Nevada's small business lending compared satisfactorily with that of its competitors.[44] Examiners reported that Citibank Nevada's small business lending totaled $20.6 million and that 34 percent of its total business lending was to small businesses.[45] They also noted that the majority of the bank's small business loans were small, with an average loan amount of $82,000.

Since the 1999 CRA Evaluation, the volume of Citibank Nevada's small businesses lending has significantly increased. Citigroup represented that Citibank Nevada's small business loan volume increased from almost 1,300 loans in 2000 to 6,700 loans in 2001, primarily through the issuance of small business credit cards by affiliates. In addition, Citigroup represented that Citibank Nevada increased the percentage of its small business lending to businesses in LMI census tracts, in 2001, to a level that

38. Commenters alleged that Citigroup has not demonstrated a commitment to providing meaningful services to LMI and predominantly minority communities in California, such as free checking accounts and money transmission services.

39. One commenter expressed concern that Citigroup's subsidiary bank in Mexico was marketing loan products in the United States without being subject to the CRA. Citigroup stated that it launched that marketing program in 2002 through Banamex USA Bancorp and its subsidiary bank, California Commerce Bank ("CCB"), both in Century City, California, which is subject to the CRA. Under this program, customers of CCB could purchase consumer goods offered by an unaffiliated third party through a catalog, and the goods would be delivered in Mexico. Citigroup represented that it discontinued this program because of limited customer response.

40. Commenters criticized Citigroup's performance as the contractual provider of California's Electronic Benefits Transfer ("EBT") program for not providing a sufficient number of ATMs or other free access points in LMI communities where the majority of welfare recipients reside.

41. At the time of the 1999 CRA Evaluation, Citibank Nevada's assessment area included most of the Las Vegas MSA. The review period for the lending test was from January 1, 1997, through December 31, 1998; the review period for the service and investment tests was from May 7, 1997, through March 29, 1999.

42. Examiners noted that Citibank Nevada was a unique hybrid institution that consisted of a large credit card center and a smaller retail banking branch network.

43. In the 1999 CRA Evaluation, the review of Citibank Nevada's home mortgage lending included the lending activities of Citibank FSB and CitiMortgage in the bank's assessment area.

44. Examiners indicated that Citibank Nevada held only a small portfolio of small business loans and chose instead to focus on residential lending to alleviate unmet home mortgage lending needs in the community. During the review period, Citibank Nevada offered small business loans only as an accommodation to the bank's retail customers.

45. For purposes of this analysis, small businesses include businesses with gross annual revenues of $1 million or less.

exceeded that of the aggregate lenders' percentage. Citigroup also represented that almost all its small business loans in 2001 were in amounts of less than $100,000.

In the 1999 CRA Evaluation, examiners reported that the level of Citibank Nevada's community development lending significantly exceeded the amount of such lending by similarly situated banks in the community. Examiners reported that Citibank Nevada made community development loans totaling more than $2 million during the review period, and that these loans helped finance affordable housing developments for low-income families.

Examiners commended Citibank Nevada for establishing its Community Lending Center in North Las Vegas ("CLC") in 1998 to facilitate community development lending in LMI areas.[46] Examiners reported that the CLC, which is in a low-income community, made almost 100 loans during its first six months of operation, including loans totaling almost $2 million that promoted affordable housing development.

Citigroup stated that, during the two-year period since the 1999 CRA Evaluation, the CCDE made community development loans totaling more than $9 million in Citibank Nevada's assessment area. This community development lending included loans to several multifamily affordable housing projects.

In the 1999 CRA Evaluation, Citibank Nevada received an "outstanding" rating under the investment test. Examiners commended Citibank Nevada for an excellent level of community development investments. Examiners reported that Citibank Nevada made $41 million in qualified community development investments during the review period, mostly targeted mortgage-backed securities, Nevada housing bonds, low-income housing tax credits, and investments in community development intermediaries. In addition, examiners noted that Citibank Nevada made investments in and grants to a number of civic and community economic development organizations to benefit LMI individuals or communities.

Citigroup represented that it made more than $19 million in community development investments in Citibank Nevada's assessment area in 2000 and 2001. These included investments totaling $9.8 million in low-income housing tax credits, $6.2 million in community development intermediaries, and $500,000 in qualified equity funds. In addition, Citigroup stated that the Citigroup Foundation has awarded more than $341,000 in grants to organizations in Nevada, primarily to community development or education-related organizations to revitalize neighborhoods or increase financial literacy.

Citibank Nevada received an "outstanding" rating under the service test in its 1999 CRA Evaluation. Examiners reported that Citibank Nevada provided a retail delivery system through traditional branches and state-of-the-art technology, which was accessible to individuals of different income levels in the assessment area. During the review period, Citibank Nevada staff also offered qualified community development services through the CLC and provided financial and technical support to numerous community organizations.

Since the 1999 CRA Evaluation, Citigroup has continued to expand its community development services. Citigroup stated that it has provided community development services in Nevada in partnership with programs sponsored by its Community Development Institute, including the Community Development Capacity Building Program that provides credit training and project development assistance to nonprofit practitioners engaged in neighborhood revitalization. In addition, Citigroup represented that it participated with a local government agency in providing homebuyer education and loan applications to LMI first-time homebuyers and held a series of free seminars on various topics, including homebuying, investments, and SBA lending.

Citibank NA

New York City. As previously noted, Citibank NA received a "satisfactory" rating in its 2000 CRA performance evaluation ("2000 CRA Evaluation").[47] Citibank NA received a "high satisfactory" rating under the lending test.[48] Examiners particularly commended Citibank NA's significant level of community development lending in the New York assessment area during the review period and noted that Citibank NA extended more than 53,000 home mortgage and small business loans totaling $3.3 billion.[49] Examiners found that Citibank NA was among the leading home purchase lenders to LMI borrowers in the New York assessment area and that the bank's distribution of HMDA-reportable loans to LMI borrowers and in LMI geographies was good. In addition, examiners commended Citibank NA for the excellent geographic distribution of its home improvement loans, particularly in LMI geographies where

46. Examiners noted that the CLC's loan products were tailored to meet the needs of the surrounding community and included small personal loans, secured and unsecured home improvement loans, and special-purpose mortgage loans. They also reported that the bank's CRA officer managed the CLC and spent a substantial amount of time meeting with local community groups.

47. Citibank NA's assessment areas in New York included the New York Metropolitan Statistical Area ("MSA"), excluding Putnam County, and the Nassau-Suffolk MSA ("New York assessment area"). The evaluation period for the lending test generally was October 1, 1998, through June 30, 2000. For community development loans under the lending test, the investment test, and the service test, the evaluation period was October 27, 1998, through October 16, 2000.

48. The lending data includes HMDA-reportable loans originated and purchased by Citibank FSB, Citibank NYS, CitiMortgage, and CitiFinancial, and small business loans originated and purchased by Citibank FSB, Citibank SD, and Universal Bank, N.A., Columbus, Georgia (subsequently merged into Citibank SD).

49. Examiners noted that the New York assessment area was one of the highest cost-of-living areas in the United States and, despite the extended period of economic prosperity, income disparity had increased and LMI families had limited opportunities for home ownership because the amount of owner-occupied housing in New York City remained relatively scarce.

its market share substantially exceeded that of its overall home improvement lending in the assessment area.[50]

In the 2000 CRA Evaluation, examiners reported that Citibank NA made more than 19,000 affordable mortgage loans during the review period. Examiners particularly commended Citibank NA for its home loan product's innovation and flexibility. In 1997, Citibank NA established the Special Loan Portfolio for borrowers with credit weaknesses who would not otherwise qualify for the bank's standardized affordable mortgage products. Examiners noted that Citibank NA expanded its commitment to this Special Loan Portfolio in 1999 and that the bank made almost 340 of these loans totaling $20.5 million during the review period.

The 2001 HMDA data indicate that Citigroup has continued to provide a significant volume of HMDA-reportable lending in Citibank NA's New York assessment area. In 2001, Citigroup originated and purchased HMDA-reportable loans totaling $3.6 billion, of which more than $387 million of were in LMI census tracts, and almost $320 million were to LMI borrowers in the New York assessment area.[51]

Examiners determined that Citibank NA's community development lending volume was excellent and had a positive impact on the bank's overall lending activity. During the review period, the CCDE made community development loans totaling almost $240 million in the New York assessment area. Examiners noted that this amount included more than $110 million in community development loans for affordable housing, including $30 million in loans to two community-based corporations under New York City's Neighborhood Entrepreneur Program to provide financing for housing projects in the Bronx and Brooklyn.[52]

Citigroup represented that it had increased its community development lending since the 2000 CRA Evaluation. Citigroup stated that it made community development loans totaling more than $325 million in the New York assessment area from July 2000 through May 2002. This community development lending included $13 million in loans to a community-based organization in 2000 for the rehabilitation of affordable residential units and commercial spaces in the Bronx, and $33 million in loans in 2001 to rehabilitate an office building in Harlem that was part of an Upper Manhattan redevelopment and revitalization plan.

Citigroup NA also received an "outstanding" rating under the investment test in the 2000 CRA Evaluation. Examiners reported that Citibank NA was a leader in community development investments and effectively leveraged its investments through strategic partnerships with nonprofits and community development corporations. During the review period, Citibank NA's community development investments increased from $56 million to $121 million. Almost half the bank's qualified investments supported affordable housing, including a $40 million investment in equity partnerships whose funds were used to create affordable rental projects in the New York Metropolitan area and a $1.3 million investment in a limited partnership equity fund that acquires and develops properties in inner city and LMI areas to promote revitalization. Citibank NA's other community development investments promoted community services for LMI individuals and small business financing in LMI neighborhoods.

Since the 2000 CRA Evaluation, Citigroup has continued to increase its level of qualified investments. Citigroup represented that it made $145.5 million in community development investments from July 2000 through June 2002, to promote affordable housing, economic development, and other community development projects, such as providing computer software for large school districts.

In the 2000 CRA Evaluation, Citibank NA received a "high satisfactory" rating under the service test. Examiners reported that Citibank NA's delivery systems were accessible to individuals and geographies of different income levels in the New York assessment area.[53] In addition, examiners commended Citibank NA for its excellent level of community development services, which focused on financial literacy and increasing the access of LMI individuals to banking services, particularly credit.[54]

D. CRA Performance of Cal Fed

As previously noted, Cal Fed received an overall "outstanding" rating for CRA performance from the OTS in the Cal Fed CRA Evaluation, with "outstanding" ratings for each of the lending, investment, and service tests in California and Nevada.[55] Examiners particularly com-

50. In the 2000 CRA Evaluation, examiners noted that the preponderance of home improvement loans reflected the bank's strategy of using this product as an initial marketing method to strengthen home mortgage lending and deposit relationships with LMI customers and communities. Examiners also noted that the volume of these loans peaked in 1999, and that the bank's home purchase lending subsequently increased in 1999 and 2000, exceeding its overall market share of such loans to all borrowers.

51. These data are for Citibank NA and CitiMortgage and may include transactions with affiliates.

52. Commenters alleged that Citibank NA failed to meet the credit needs of minorities and LMI individuals in New York City. These commenters argued that Citibank NA controlled more than 25 percent of all deposits in New York City, but made less than 1 percent of all direct HMDA-reportable loans for multifamily housing in the city. As previously noted, examiners commended Citibank NA for an excellent level of community development lending in the New York assessment area and noted that almost half of its community development loans were for affordable housing.

53. Commenters alleged that Citibank NA lacked a sufficient number of branches in low-income neighborhoods in New York City.

54. Commenters expressed concern about Citigroup's role as the contractual provider of EBT services in New York because Citigroup allegedly did not have enough ATMs and other access points of services in LMI areas, which caused welfare recipients to incur fees to access their welfare benefits. In 2000, Citicorp Electronic Financial Services, Inc., the subsidiary of Citigroup that received the EBT contract, reached an agreement with the New York State Attorney General to provide 150 ATMs with no user surcharge in low-income neighborhoods in Manhattan, Queens, Brooklyn, and the Bronx.

55. The review period was July 1, 1998, through March 31, 2001. Examiners included the loans originated and purchased by Cal Fed's

mended Cal Fed for its distribution of HMDA-reportable loans among customers of different income levels and for its extensive use of innovative and flexible lending programs to help finance home purchases by LMI persons. In particular, examiners reported that Cal Fed's lending to low-income borrowers or in low-income census tracts reflected an excellent record of serving the credit needs of the most economically disadvantaged areas, individuals, and businesses. Citigroup represented that it expects to continue a number of Cal Fed's specialized mortgage lending programs designed to assist LMI individuals, small business programs, and community development lending and service programs.

Examiners commended Cal Fed for excellent responsiveness to home mortgage credit needs in its combined assessment areas. During the review period, Cal Fed funded residential mortgage loans totaling more than $34 billion in its combined assessment areas, including more than $34 billion in California and $594 million in Nevada. In the Cal Fed CRA Evaluation, examiners found that the percentages of Cal Fed's total HMDA-reportable loans in LMI census tracts and to LMI borrowers in California during the review period exceeded that of the aggregate lenders in 1999.

Examiners indicated that Cal Fed's small business lending in its combined assessment areas also reflected excellent responsiveness to area credit needs. Cal Fed made small business loans totaling more than $410 million during the review period, including $404 million in California and $7.6 million in Nevada. In the Cal Fed CRA Evaluation, examiners reported that almost 30 percent of Cal Fed's small business loans were to businesses in LMI census tracts during the review period.

Examiners characterized Cal Fed as a leader in community development lending. They noted that Cal Fed's community development lending focused on providing shelter to very low-income persons and those with special needs. During the review period, Cal Fed originated more than $62 million in community development loans, including $52.6 million in California and $7.5 million in Nevada. Examiners noted that Cal Fed's community development lending resulted in the creation or rehabilitation of more than 1,900 units of affordable housing.

In addition, examiners commended Cal Fed for its diverse community development investments.[56] Examiners reported that Cal Fed made qualified investments totaling more than $645 million, most of which were in California. They indicated that the majority of Cal Fed's community development investments were mortgage-backed securities and collateralized mortgage obligations secured by properties in its combined assessment areas.

In the Cal Fed CRA Evaluation, examiners noted that Cal Fed provided a high level of retail services through branch offices, ATMs, and telephone banking and provided customers throughout its assessment areas with an array of affordable banking products. Examiners found that its banking offices were readily accessible to all segments of the community, including LMI areas. In addition, examiners reported that Cal Fed provided a high level of community development services in its assessment areas, including a broad array of financial literacy training, homeownership counseling, and technical assistance and training for small business owners.

E. HMDA Data and Fair Lending Record

The Board also has carefully considered Citigroup's lending record in light of comments on HMDA data reported by its subsidiaries.[57] The 2001 HMDA data indicate that Citigroup's denial disparity ratios for African-American and Hispanic applicants generally were higher than the denial disparity ratios for the aggregate lenders for the total HMDA-reportable loans in the markets reviewed.[58] In addition, Citigroup's housing-related loan originations to African-American and Hispanic individuals, as a percentage of its total HMDA-reportable lending, generally were below that of the aggregate lenders in some of the markets.[59] Citigroup's percentage of housing-related loan originations to borrowers in minority census tracts, however, was comparable with or exceeded that of the aggregate lenders in a number of the markets.[60]

Although the HMDA data reflect certain disparities in the rates of loan applications, originations, and denials among members of different racial groups and persons at different income levels generally and in certain local areas, the data generally do not indicate that Citigroup is excluding any race or income segment of the population or geographic areas on a prohibited basis. The Board nevertheless is concerned when the record of an institution

two principal lending subsidiaries, First Nationwide (mortgage loans) and Auto One (auto loans).

56. Citigroup represented that, on consummation of the proposal, Cal Fed's community development investment portfolio would be managed by the CCDE, and the Foundation would evaluate Cal Fed's grants and determine whether to extend additional funds to recipients.

57. Several commenters alleged that Citigroup's 2000 or 2001 HMDA data in various MSAs indicated that Citigroup is proportionately denied African-American and Hispanic applicants for home purchase or home refinance loans. The commenters noted that Citigroup's denial ratios for minority applicants were higher than the denial ratios for nonminority applicants and that these denial disparity ratios compared unfavorably with those of the aggregate lenders in the MSAs. The denial disparity ratio compares the denial rate for minority loan applicants with that for nonminority applicants. A commenter also alleged that the percentages of Citigroup's home purchase and refinance loans to African-American and Hispanic borrowers in several MSAs compared unfavorably with the percentages for the aggregate lenders.

58. The Board analyzed 2000 and 2001 HMDA data for Citigroup's lending affiliates in their assessment areas in California, New York, and other assessment areas discussed by commenters. The Board's review included the HMDA data for Citibank FSB, Citibank NA, Citibank NYS, and CitiMortgage.

59. In addition to loan originations, Citigroup purchases a substantial volume of HMDA-reportable loans. Combining Citigroup's originations and purchases in the markets reviewed generally results in higher percentages of Citigroup's HMDA-reportable loans in minority census tracts and to minority borrowers.

60. For purposes of this HMDA analysis, minority census tract means a census tract with a minority population of 80 percent or more.

indicates disparities in lending and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of their race, gender, or national origin. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.[61] HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has not assisted adequately in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including examination reports that provide an on-site evaluation of compliance with fair lending laws by Citigroup's subsidiary depository institutions. Examiners found no evidence of prohibited discrimination or other illegal credit practices or any substantive violations of fair lending laws at any of the current depository institutions controlled by Citigroup.[62]

The record also indicates that Citigroup has taken a number of affirmative steps to ensure compliance with fair lending laws. Citigroup has instituted corporatewide compliance policies and procedures to help ensure compliance with all fair lending and other consumer protection laws and regulations, employed compliance officers and staff responsible for monitoring compliance, and conducted regular audits of compliance. Citigroup's subsidiary depository institutions have established detailed fair lending procedures in addition to Citigroup's corporate policies and procedures, including extensive fair lending training programs for employees and fair lending self-assessments using matched-pair testing and statistical analyses. In addition, all declined applications are independently reviewed by two underwriters, the second of whom must be a Senior Underwriter or Risk Management Expert. Declined applications go through a third level of review if the applicant is a LMI borrower, is applying for a community lending product, or lives in a minority or LMI census tract.[63] The Board also has considered the HMDA data in light of Citigroup's overall lending and community development activities discussed above, which show that Citigroup's subsidiary depository institutions significantly assist in helping to meet the credit needs of their entire communities, including LMI areas. The Board believes that, viewed in light of the entire record, the HMDA data indicate that Citigroup's record of performance in helping to serve the needs of its communities is consistent with approval of the proposal.

F. Branch Closings

Several commenters expressed concern about the possible effect of branch closings in the California assessment areas of Citibank FSB and Cal Fed that might result from this proposal. The Board has carefully considered the comments on potential branch closings in light of all the facts of record. The Board has reviewed Citigroup's branch closing policies, preliminary review of potential closures and consolidations, and record of opening and closing depository institution branches.[64]

Citigroup has represented that it would follow its existing branch closure policy before closing or consolidating any branches. Under this policy, Citibank must review a number of factors before closing or consolidating a branch, including a profile of the branch, the marketplace demographics, a profile of the community where the branch is located, and the effect on customers. The most recent CRA examinations of Citigroup's subsidiary depository institutions indicated that they had satisfactory records of opening and closing branches.

The Board also has considered that federal banking law provides a specific mechanism for addressing branch closings.[65] Federal law requires an insured depository institution to provide notice to the public and to the appropriate

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

62. In connection with the 2001 CRA Evaluation, OTS and OCC examiners conducted a joint fair lending review of Citibank FSB, CitiMortgage, and Citibank NA. During this review, examiners evaluated the denied and approved home purchase applications from minorities and nonminorities, and no violations of the substantive provisions of the antidiscrimination laws or regulations were identified.

63. Some commenters alleged that Citigroup provides minority homebuyers with a disproportionate number of mortgage loans sponsored by the Federal Housing Administration and the Department of Veterans' Affairs compared with the number of such loans it provides to nonminority homebuyers. The Board notes that such mortgage loan products provide many homebuyers with lower lending-cost opportunities and that the CRA does not require banks to provide any particular types of loan products or programs to meet the credit needs of their communities. As previously noted, examiners found no evidence of prohibited discrimination or other illegal credit practices at any of Citigroup's subsidiary depository institutions or any violations of substantive provisions of the fair lending laws.

64. One commenter alleged that Citigroup has closed branches in LMI and predominantly minority communities in the past. The Board considered substantially identical comments when it approved the acquisition of European American Bank by Citigroup in 2001 and the acquisition of Citicorp by Travelers Group Inc. in 1998. *See Citigroup Inc.*, 87 *Federal Reserve Bulletin* 600, 611 (2001) ("*Citigroup/EAB Order*"); *Travelers Group Inc.*, 84 *Federal Reserve Bulletin* 985, 999 (1998).

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

federal supervisory agency before closing a branch. In addition, the Board notes that the OTS, as the appropriate federal supervisor of Citibank FSB, will continue to review Citibank FSB's branch closing record in the course of conducting CRA performance examinations.

G. Conclusion on CRA Performance Records

The Board has carefully considered all the facts of record, including reports of examination of CRA records of the institutions involved, information provided by Citigroup, all comments received and responses to the comments, and confidential supervisory information. Based on a review of the entire record, and for the reasons discussed above, the Board concludes that the CRA performance records of the institutions involved are consistent with approval.

Subprime Lending of Citigroup

In its order approving the acquisition by Citigroup of EAB, the Board announced that it would conduct a thorough examination to assess Citigroup's effectiveness in implementing various initiatives proposed by Citigroup ("Initiatives") to help ensure compliance with the fair lending laws and to prevent abusive lending practices by Citigroup's subprime lending subsidiaries, CitiFinancial and CitiFinancial Mortgage.[66] The Board explained in the order that, in addition to monitoring implementation of the Initiatives, the Board had broad supervisory authority under the banking laws to require Citigroup to take any other steps necessary to address deficiencies that might be identified in the examination. The Board also indicated that it would consider the information gathered in its examination and supervisory reports in reviewing future proposals by Citigroup as relevant and appropriate.

The Board is in the midst of conducting its examination of CitiFinancial and CitiFinancial Mortgage. The examination is being conducted jointly by the Board and the Federal Reserve Bank of New York, in close cooperation with the NYSBD. Because of the number and scope of the offices and activities of CitiFinancial and CitiFinancial Mortgage, the examination is not yet complete. Moreover, the Board has determined to expand the scope of the examination to encompass the insurance sales activities of CitiFinancial.

Some commenters have taken the opportunity provided by this notice to give the Board information and comments about the subprime lending and insurance sales activities of Citigroup's subprime lending affiliates. A number of commenters asserted or expressed concern that Citigroup's nondepository subprime lending affiliates engage in various lending practices that the commenters argue are abusive, unfair, or deceptive, particularly in connection with the subprime lending and related insurance sales practices of CitiFinancial involving LMI and minority borrowers.[67] For example, several commenters expressed concern that CitiFinancial prices its loans without considering a customer's credit risk profile, does not provide customers that have excellent credit ratings with access to Citigroup's prime rate products, and engages in aggressive loan collection and foreclosure practices.[68] In addition, several commenters alleged that Citigroup has indirectly supported predatory lending through its business relationships with unaffiliated third parties engaged in subprime lending.[69] Commenters also argued that the Board should deny this notice or impose conditions requested by the commenters in light of the concerns expressed about Citigroup's subprime lending and related activities.

Several commenters challenged the adequacy of the Initiatives, including those designed to address fair lending compliance, and asserted that Citigroup had not implemented them effectively.[70] In particular, a number of commenters questioned the effectiveness and implementation of the programs to refer qualified customers of Citigroup's

66. *Citigroup/EAB Order* at 609. Citigroup proposed the Initiatives to the OCC, FDIC, and New York State Banking Department ("NYSBD"), and adopted them in connection with its acquisition of Associates in November 2000.

67. Several commenters also expressed concerns about the sale by a Citigroup affiliate, Primerica Financial Services (and its agents), of loan products of Citicorp Trust (previously called Travelers Bank and Trust, FSB) and insurance products of other affiliates. The Board has consulted with the OTS, the appropriate federal supervisor of Citicorp Trust, and relevant state regulatory agencies and forwarded the comments to those agencies.

68. Some commenters also contended, based in part on HMDA data, that Citigroup engages in violations of the fair lending laws, and improperly markets higher-cost subprime loan products to minority, LMI, and rural communities while it markets lower-cost prime loan products to nonminority and more affluent communities. As noted above, the Board recognizes, as with disparities in denial ratios, that HMDA data alone provide an incomplete measure of an institution's lending in its community. Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including examination reports and other confidential supervisory material.

69. Several commenters alleged that Citigroup has indirectly supported predatory lending by unaffiliated consumer lenders through the warehouse lending and securitization activities of its subsidiary, SSB. Citigroup indicated that SSB engages in underwriting securities backed by subprime mortgage loans and provides warehouse loans to some mortgage banking customers for which it underwrites securities. Citigroup stated that SSB does not control the origination of subprime loans from its unaffiliated mortgage banking customers, but that it reviews each lender's policies and procedures and sets eligibility criteria for the loans it will finance through its warehouse lending and securitization arrangements. In addition, SSB, or an outside firm hired and supervised by SSB, reviews a sample of any loan pool to be securitized for compliance with consumer protection laws and its loan eligibility criteria before making any warehouse loan advance. Moreover, the Board notes that the Federal Trade Commission ("FTC"), HUD, and DOJ have responsibility for enforcing the compliance with fair lending laws by nondepository institutions.

70. For example, several commenters alleged that Citigroup undermined the effectiveness of the "mystery shopper" program (whereby minority and nonminority individuals pose as CitiFinancial customers to evaluate branch compliance practices) by providing advance notice of the tests to certain CitiFinancial districts and branches. Although Citigroup noted that some CitiFinancial offices were notified of the approximate dates of the initial "mystery shopper" test to encourage compliance efforts, it stated that CitiFinancial offices were not notified of the subsequent tests.

subprime lenders to its prime mortgage lenders (the "Referral Programs").[71]

The Board continues to expect all bank holding companies and their affiliates to conduct their subprime lending operations free of any abusive lending practices and in compliance with the fair lending laws. Subprime lending is a permissible activity and provides needed credit to consumers who have difficulty meeting conventional underwriting criteria. On the other hand, the Board recognizes that the development of the subprime market has been marred with reports of abusive and deceptive practices that can deny the market's beneficial aspects to borrowers. Borrowers do not benefit from expanded access to credit if the credit involves abusive lending practices. The Board believes that bank holding companies should be conscious of and avoid abusive or deceptive lending practices.

The Board has carefully considered all the comments submitted on these matters, many of which concerned the effectiveness of the Initiatives or their implementation. The Board has considered Citigroup's implementation of the Initiatives in light of the entire record. These matters are the subject of the ongoing examination, and the Board believes that effective implementation of these Initiatives and the related comments can best be addressed through the examination of CitiFinancial and CitiFinancial Mortgage. The Board will review the information made available by commenters in its examination as relevant and appropriate.

Based on the reports and information gathered to date in the examination process, the Board believes that, although the Initiatives have not yet fully achieved the goals expected, Citigroup has made substantial progress in implementing the Initiatives and continues its efforts to implement them. Importantly, Citigroup has also begun implementing a variety of changes designed to improve the effectiveness of the Initiatives. For example, Citigroup has committed to revise the Initiatives, particularly the Referral Programs, because experience in implementing the Initiatives has indicated weaknesses in the original plan.[72] In addition, Citigroup has committed to make comprehensive changes in its insurance sales practices (the "Enhancements") to address concerns regarding the completeness of its disclosures and the potential for coercive sales practices.[73] Under the Enhancements, CitiFinancial will inform its customers that the purchase of insurance and related products is entirely optional, and that the purchase of such products has no bearing on the approval, amount, or terms of the loan requested. CitiFinancial also will provide further oral and written disclosures to purchasers of insurance and related products about the cost, coverage, terms, and cancellation policies of the insurance products offered.[74] Moreover, as part of the Enhancements, Citigroup also is reviewing and will make revisions to the compensation system of CitiFinancial, as necessary to help ensure the effective implementation of these changes to the insurance sales practices and the Initiatives.

The Board will thoroughly examine and monitor the implementation by Citigroup of its proposed revisions to the Initiatives and all aspects of the Enhancements. In addition, the Board will carefully review CitiFinancial's compliance system, including changes to the system, as part of the compliance portion of the Board's ongoing examinations of Citigroup. The Board also will take any necessary supervisory action, including requiring Citigroup to take appropriate additional steps, if the Initiatives and Enhancements are not implemented effectively or the compliance systems are not adequate.

Other commenters criticized specific practices that were not addressed directly by the Initiatives, such as certain aspects of the insurance sales practices. Although these comments expressed strong concerns, they generally provided little direct information or provided anecdotal information concerning isolated situations among the numerous transactions conducted by Citigroup. Some of the comments require additional investigation. The application process is not well suited for this type of investigation, and the provisions of the BHC Act do not anticipate this type of investigation in the applications process. Instead, the examination process and the related supervisory authority conferred on the Board provide the most effective and appropriate methods for investigating and resolving these issues. As noted above, the Board has determined to expand the examination process to review in particular the insurance sales practices of CitiFinancial.

71. Some commenters expressed concern that, in California and North Carolina, Citigroup disproportionately located offices of its subprime lending subsidiaries in minority areas. The Board's review of the locations of CitiFinancial's branch offices does not support these allegations.

72. For example, Citigroup has implemented and will continue to implement certain changes and adjustments to the Referral Programs. Citigroup has hired full-time program managers and assigned specialized Citibank staff to administer and process the Referral Programs. In addition, Citigroup has expanded its customer service efforts to reach Referral Programs candidates by extending loan application hours and increasing the number of times CitiFinancial employees call those candidates to inform them about the program. Citigroup also has changed certain criteria for the Referral Programs to better match criteria used at Citigroup's prime lenders.

73. Some commenters expressed concerns about the adequacy of the Enhancements.

74. After a customer has been approved for a loan, CitiFinancial will initially present the costs and terms of the requested loan without any optional insurance or similar products. CitiFinancial will then provide the customer with written materials on insurance and optional products and review such products with the customer. CitiFinancial also will prepare and review with a customer pre- closing documents that inform the customer of the price and terms of the loan and monthly payments both without and with the purchase of insurance and optional products. Under the Enhancements, CitiFinancial will not prepare or present final loan documents and insurance or optional products documents until the customer affirmatively states a desire to purchase or decline the insurance and optional products. After the loan has been closed, CitiFinancial will provide customers with additional materials instructing them on how to cancel their purchase of the insurance and other optional products. Citigroup has committed to implement the Enhancements by the end of 2003.

A number of comments also urged that the Board delay action until the completion of the examination. The Board believes that a completed examination is a particularly important consideration because it represents a detailed evaluation of an institution's actual performance. As a matter of practice and policy, the Board has not, however, tied consideration of an application or notice to the scheduling or completion of an examination if the applicant has an overall satisfactory record of performance and the issues being examined may be resolved in the examination and supervisory process.[75] Importantly, this policy maintains the integrity of the examination process by allowing examiners to complete their examination without regard to the statutory and regulatory time limits imposed on the application process. To be effective and useful, an examination that is underway during the application process must be allowed to proceed at the pace required to complete an informed review of all issues encountered in the process. In addition, the scheduling, conduct, and completion of an examination is determined by the availability of resources of the banking agencies and is not related to the timing of acquisition proposals.

As the Board has indicated previously, it has broad supervisory authority under the banking laws to address matters that are found in the examination process, including authority to enforce compliance with the fair lending and other applicable laws. Moreover, many issues are more appropriately and adequately addressed in the examination process, where particular matters and violations of law may be identified and addressed specifically, than in the application process, which requires a weighing of the overall record of the companies involved.

In reviewing this proposal, the Board has assembled and considered a broad and detailed record. The record includes substantial confidential and public information provided by Citigroup and the commenters. It also includes the results of completed examinations of the institutions involved; information from the current examinations underway; consultations with other federal and state banking authorities; and consultations with the FTC, DOJ, HUD, and other relevant regulators. Based on a careful review of this record, the Board believes that Citigroup has, on balance, a satisfactory overall record of compliance.

The Board notes the recent settlement agreement between Citigroup and the FTC in connection with the lawsuit filed by the FTC against Associates and Citigroup as the successor owner of Associates.[76] The Board also has taken into account that Citigroup has shown a willingness to address issues regarding its subprime lending activities. For example, Citigroup has committed to make comprehensive enhancements to its insurance sales practices, as noted above.

In addition, the Board has considered the nature of the proposal in relation to Citigroup's subprime lending activities. In particular, the Board has taken into account the fact that the current proposed acquisition of Golden State and its subsidiaries, including Cal Fed, would not result in a significant expansion of Citigroup's subprime lending activities.[77]

For all the foregoing reasons, the Board does not believe that the Board's examination of the subprime lending activities of Citigroup warrants further delay or denial of this proposal. The Board continues to believe that the effective implementation of the Initiatives, the Enhancements, and other consumer protection measures proposed or adopted by Citigroup are particularly important for addressing subprime lending concerns. The Board expects Citigroup to continue enhancing its implementation of these measures, including those related to insurance sales practices and to providing creditworthy borrowers with access to prime rate loan products, as methods for helping to ensure the success of Citigroup's original Initiatives and protecting against abusive lending practices.

As noted in this order, the Board will continue to examine the activities of CitiFinancial and CitiFinancial Mortgage and Citigroup's implementation of the Initiatives and Enhancements, including CitiFinancial's compensation and compliance systems. To assist the Board in monitoring and reviewing these matters, Citigroup must submit to the Board quarterly reports on the status and effectiveness of its efforts to successfully complete implementation of the Initiatives and Enhancements. Beginning January 1, 2003, Citigroup must submit these quarterly reports for two years, or such longer time period as the Board, in its discretion, determines is necessary. The Board will take appropriate supervisory action, if any, that is necessary to address deficiencies identified in the examinations and reports, including requiring additional revisions to the Initiatives and Enhancements if warranted.

Financial, Managerial, and Other Supervisory Factors

In connection with its review of the public interest factors under section 4 of the BHC Act, the Board has carefully considered the financial and managerial resources of Citi-

75. As the Board has previously noted, "the application/notice process should focus on an analysis of the effects of the specific proposal and should not become a vehicle for comprehensively evaluating and addressing supervisory and compliance issues that can more effectively be addressed in the supervisory process." *See* 62 *Federal Register* 9290 (1997) (Preamble to the Board's Regulation Y).

76. The consumer protection claims in the FTC's lawsuit alleged that Associates, before its acquisition by Citigroup, engaged in abusive lending and insurance sales practices and lending law violations. Under the terms of the settlement, Citigroup will provide $215 million to consumers who bought credit insurance in connection with loans made by Associates between December 1995 and November 2000. In a related matter, Citigroup has agreed to proved an additional $25 million to settle claims of certain refinance customers of Associates brought in a separate class action suit. There has been no adjudication of wrongdoing or injunctive action taken against Citigroup or any of its affiliates in connection with the FTC settlement or the class action settlement. Some commenters expressed concerns about these settlements. The Board has forwarded these comments to the FTC.

77. Several commenters expressed concern that consummation of this proposal would expand Citigroup's subprime lending activities in LMI and minority communities in California. Cal Fed does not engage in subprime lending other than a limited amount of subprime auto lending.

group and Golden State and their respective subsidiaries. The Board also has reviewed the effect the transaction would have on those resources in light of all the facts of record.[78]

In reviewing these factors, the Board has considered, among other things, confidential reports of examination and other supervisory information received from the primary federal supervisors of the organizations involved and the Federal Reserve System's confidential supervisory information. In addition, the Board has consulted with the relevant supervisory agencies, including the OCC, OTS, FDIC, FTC, and SEC. The Board also has considered publicly available financial and other information on the organizations and their subsidiaries, all the information submitted on the financial and managerial aspects of the proposal by Citigroup, and information provided by commenters about the financial and managerial resources of Citigroup.[79]

In evaluating financial factors in expansion proposals by banking organizations, the Board consistently has considered capital adequacy to be especially important. The proposed acquisition is structured as a partial cash purchase and partial stock exchange of Golden State's common stock. Citigroup would not directly or indirectly incur any debt to finance the proposed transaction. The Board notes that Citigroup and its subsidiary depository institutions and Cal Fed are well capitalized and would remain well capitalized on consummation of the proposal.[80]

The Board also has considered the managerial resources of Citigroup and Golden State. In this regard, the Board has considered the supervisory experience and assessments of management by the various bank supervisory agencies and the organizations' records of compliance with applicable banking law. The Board has carefully reviewed the examination records of Citigroup and its subsidiary depository institutions, including assessments of their risk management systems and other policies. The Board also has considered Citigroup's plans to implement the proposed acquisition, including its available managerial resources, and Citigroup's record of successfully integrating recently acquired institutions into its existing operations.

The Board received several comments on the proposal criticizing the managerial resources of Citigroup and its subsidiaries.[81] Several commenters asserted that Citigroup's management has failed to implement effective policies and programs to address allegations of abusive sales and lending practices of Citigroup's subsidiaries, including those engaged in subprime lending and related insurance activities.[82] As previously discussed, the Board is conducting a thorough examination of Citigroup's subprime lending activities at CitiFinancial and CitiFinancial Mortgage. In addition, some commenters asserted that the Board should postpone consideration of the proposal in light of investigations by Congress, federal and state agencies, and self- regulatory organizations into certain investment banking, investment advisory, foreign asset control, currency trading, and corporate finance practices of Citigroup and its affiliates, and conduct its own inquiry into these matters.[83]

In addition, the Board has reviewed carefully Citigroup's role in the development of allegedly deceptive

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

79. The Board received a comment criticizing the adequacy of Citigroup's management based on the manner in which its subsidiaries handled loan or financial service transactions in individual cases. The Board also has considered these comments in reviewing Citigroup's CRA performance record in this case.

80. Several commenters alleged that Citigroup underreports delinquencies in its subprime loan portfolio and urged the Board to require an independent audit of Citigroup's subprime loan portfolio as a condition of approval of this transaction. The Board has reviewed Citigroup's policies and procedures on reporting delinquencies and losses in its subprime lending portfolios, Citigroup's related credit procedures, and data on these portfolios and will continue to review such data in connection with its supervisory examinations of Citigroup.

81. Some commenters cited press reports about the structured financing transactions and other securities-related matters. The Board also received comments asserting that Citibank NA and other subsidiaries of Citigroup lack sufficient policies and procedures and other resources to protect against money laundering. The Board has reviewed confidential supervisory information on the policies, procedures, and practices of Citigroup to comply with the Bank Secrecy Act and has consulted with the OCC, the appropriate federal financial supervisory agency of Citibank NA.

82. Some commenters asserted that adverse managerial resources considerations are evidenced by the pending FTC lawsuit against Associates and Citigroup, as its successor owner. As discussed above, Citigroup has entered into a settlement agreement with the FTC to resolve the FTC's lawsuit and announced important changes to CitiFinancial's insurance sales practices.

83. Commenters also expressed concern about the following matters:

(1) Allegations of gender discrimination at Citigroup's securities affiliates,

(2) The number of minorities represented in Citigroup's senior management,

(3) Allegations of wrongful termination of CitiFinancial employees,

(4) Citigroup's financing of various activities and projects worldwide that might damage the environment or cause other social harm, and

(5) Citigroup's alleged opposition to legislation addressing credit card disclosures and predatory lending.

These contentions and concerns are outside the limited statutory factors that the Board is authorized to consider when reviewing a notice under the BHC Act. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973). The Board also notes that the Equal Employment Opportunity Commission has jurisdiction to determine whether banking organizations like Citigroup are in compliance with federal equal employment opportunity statutes under the regulations of the Department of Labor. In addition, matters related to private employment are governed by state law. Moreover, the contentions about alleged environmental or social harm resulting from projects financed by Citigroup and Citigroup's opposition to new legislation contain no allegations of illegality or actions that would affect the safety and soundness of the institutions involved in the proposal.

A commenter also cited press reports that numerous financial institutions, including Citigroup, had settled claims alleging violations of consumer protection laws related to their arrangements with telemarketing organizations for marketing nonfinancial products to consumers, including a claim brought by the California Attorney General. Citigroup has settled the various lawsuits, and there has been no adjudication of any violation of law by Citigroup in connection with these consumer law claims. Moreover, Citigroup has discontinued or altered the marketing arrangements at issue and implemented various changes in its consumer banking practices.

structured finance facilities. The Board also has reviewed the alleged securities law violations stemming from potential conflicts of interests that could arise from the activities of Citigroup and its subsidiaries as investment banker, equity researcher, and investment advisor. Moreover, the Board has considered Citigroup's efforts to address these matters as they relate to the operation and management of the organization.

The Board is monitoring the various federal and state investigations of Citigroup's securities-related activities that are being conducted by agencies and other authorities with jurisdiction over these matters and is consulting with the SEC and other relevant authorities. The Board notes that Citigroup has demonstrated a willingness and ability to take actions to address concerns raised in these investigations, including increasing corporate governance capabilities, restructuring its investment banking operations, and providing more stringent disclosure requirements for structured finance clients.

The Board has broad supervisory authority under the banking laws to require Citigroup to take steps necessary to address deficiencies identified in these investigations and examinations of Citigroup's securities-related and other activities after these reviews have been completed.[84] Based on these and all the facts of record, the Board concludes that the financial and managerial resources of the organizations involved in the proposal are consistent with approval under section 4 of the BHC Act.

Other Considerations

As part of its evaluation of the public interest factors, the Board also has carefully reviewed the other public benefits and possible adverse effects of the proposal.[85] The record indicates that consummation of the proposal would result in benefits to consumers and businesses. The proposal would enable Citigroup to provide customers of Golden State with access to a broader array of products and services, including commercial and investment banking products, in an expanded service area. Among the Citigroup products that would become available to customers of Cal Fed are products specifically designed for small- and medium-sized businesses, trust and asset management services, and programs tailored to the Hispanic community, including additional international wire transfer and money remittance services. Customers of Cal Fed would have access to an expanded branch and global ATM network and internet banking services, including branches in numerous states where Cal Fed has no branches. Citigroup customers, in turn, would be able to take advantage of Cal Fed's extensive branch network in Southern California, where Citigroup has a limited number of branches. Based on 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 likely adverse effects under the standard of section 4(j)(2) of the BHC Act.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the notice should be, and hereby is, approved.[86]

In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes.[87] The Board's approval is specifically conditioned on compliance by Citigroup with all the commitments made in connection with the notice and all the conditions in this

84. A commenter asserted that, in light of allegations about the subprime lending activities, securities-related activities, and other banking services, the Board should find that Citigroup is not in compliance with the BHC Act's requirements for financial holding companies. The Board notes that the requirements for financial holding company status are prescribed by statute and are met in this case. *See* 12 U.S.C. § 1843(l)(1)(B).

85. A commenter claimed that, in light of allegations about Citigroup's financial and managerial resources and the CRA performance records of Citigroup's affiliates, the Board should deny Citigroup's proposal because the proposed transaction cannot reasonably be expected to produce public benefits that would outweigh any likely adverse effects.

86. Several commenters requested that the Board hold public meetings or hearings on the proposal. Section 4 of the BHC Act and the Board's rules thereunder provide for a hearing on a notice to acquire nonbanking companies if there are disputed issues of material fact that cannot be resolved in some other manner. 12 C.F.R. 225.25(a)(2). Under its rules, the Board also may, in its discretion, hold a public meeting or hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present the persons' views. The Board has considered carefully these commenters' requests in light of all the facts of record. As explained above, Board staff attended a formal meeting held by the OTS to clarify issues related to the notice and to provide the public an opportunity to testify. Fifteen commenters appeared and provided oral testimony at the formal meeting, including elected representatives, municipal agencies, and members of community groups from California, New York, and North Carolina. In addition, the public comment period provided more than 45 days for interested persons to submit written comments on the proposal, and the Board received and considered written comments from approximately 70 persons who did not testify at the formal meeting. In the Board's view, the public has had ample opportunity to submit comments on the proposal and, in fact, the commenters have submitted extensive written comments and testimony that the Board has considered carefully in acting on the proposal. Commenters requesting public meetings failed to identify disputed issues of fact that are material to the Board's decision that would be clarified by a public meeting or hearing. In addition, commenters failed to demonstrate why their written comments did not adequately present their views, evidence, and allegations. They also have not shown why the formal meeting and 45-day public comment period did not provide an adequate opportunity for all interested parties to present their views and concerns. For these reasons and based on all the facts of record, the Board has determined that a public meeting or hearing is not required or warranted in this case. Accordingly, the requests for public meetings or hearings on the proposal are denied.

87. A number of commenters requested that the Board delay action or extend the comment period on the proposal. Moreover, several commenters who participated at the meeting requested that the Board extend the public comment period on the proposal until after certain requested documents were publicly released. Several commenters also requested the Board to reconsider the decision by the Secretary of the Board, acting under delegated authority, not to extend the comment period.

order. The Board's determination also is subject to all the 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 such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. For purposes of this action, 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 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 October 28, 2002.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

Appendix A
Banking Markets in which Citigroup Competes Directly with Golden State

California Banking Markets	
Los Angeles	Los Angeles Ranally Metro Area ("RMA") and the towns of Acton, Rancho Santa Margarita, and Rosamond.
San Francisco-Oakland-San Jose	San Francisco-Oakland-San Jose RMA and the towns of Byron, Hollister, San Juan Bautista, Pescadero, and Point Reyes Station.
Nevada Banking Markets	
Las Vegas	Las Vegas RMA.

The Board has accumulated a significant record in this case, including reports of examination, confidential supervisory information, public reports and information, and considerable public comment. As noted above, Board staff participated in a formal meeting on July 8 and extended the initial 30-day comment period to 45 days for participants at the meeting. During this comment period, a substantial number of commenters provided timely information and views to the Board. In the Board's view, for the reasons discussed above, commenters have had ample opportunity to submit their views and, in fact, have provided substantial written submissions that the Board has considered carefully in acting on the proposal. Moreover, the BHC Act and Regulation Y require the Board to act on proposals submitted under their provisions within certain time periods. Based on a review of all the facts of record, the Board has concluded that the record in this case is sufficient to warrant action at this time, and that a further delay in considering the proposal, a further extension of the comment period, or a denial of the proposal on the grounds discussed above or on the basis of informational insufficiency is not warranted.

Appendix B
Market Data

California	
Los Angeles	Citigroup operates the tenth largest depository institution in the market, controlling deposits of approximately $3 billion, representing approximately 1.9 percent of market deposits. Golden State operates the eighth largest depository institution in the market, controlling deposits of approximately $9.7 billion, representing approximately 3 percent of market deposits. On consummation of the proposal, Citigroup would operate the fourth largest depository institution in the market, controlling deposits of $12.8 billion, representing approximately 7.6 percent of market deposits. One-hundred and forty-one depository institutions would remain in the market. The HHI would not increase.
San Francisco-Oakland-San Jose	Citigroup operates the sixth largest depository institution in the market, controlling deposits of approximately $4.7 billion, representing approximately 3.5 percent of market deposits. Golden State operates the twelfth largest depository institution in the market, controlling deposits of approximately $6.3 billion, representing approximately 2.3 percent of market deposits. On consummation, Citigroup would operate the third largest depository institution in the market, controlling deposits of $10.9 billion, representing approximately 7.9 percent of the market deposits. Ninety depository institutions would remain in the banking market. The HHI would not increase.
Nevada	
Las Vegas	Citigroup operates the third largest depository institution in the market, controlling deposits of approximately $1.4 billion, representing approximately 9.8 percent of market deposits. Golden State operates the tenth largest depository institution in the market, controlling deposits of approximately $504.6 million, representing approximately 1.8 percent of market deposits. On consummation of the proposal, Citigroup would continue to operate the third largest depository institution in the market, controlling deposits of approximately $1.9 billion, representing approximately 13.1 percent of market deposits. Thirty-four depository institutions would remain in market. The HHI would increase by 23 points to 1548.

Appendix C
CRA Performance Evaluations of Citigroup

Subsidiary Depository Institution	CRA Rating	Date	Agency
1. Citibank Federal Savings Bank, San Francisco, California	Outstanding	October 15, 2001	OTS
2. Citicorp Trust Bank, FSB (formerly Travelers Bank & Trust, FSB), Newark, Delaware	Outstanding	February 5, 2001	OTS
3. Citibank, N.A., New York, New York	Satisfactory	October 16, 2000	OCC
4. Citibank Delaware, New Castle, Delaware	Satisfactory	May 15, 2000	FDIC
5. Citibank (New York State), Pittsford, New York	Outstanding	March 6, 2000	FDIC
6. California Commerce Bank, Century City, California	Outstanding	May 15, 2002	FDIC
7. Associates Capital Bank Inc., Salt Lake City, Utah	Outstanding	September 27, 1999	FDIC
8. Citibank (South Dakota), N.A., Sioux Falls, South Dakota	Outstanding	May 24, 1999	OCC
9. Citibank USA, N.A. (formerly Hurley State Bank), Sioux Falls, South Dakota	Satisfactory	April 19, 2002	FDIC
10. Universal Financial Corporation, Salt Lake City, Utah	Outstanding	July 2, 2002	FDIC
11. Citibank (Nevada), N.A., Las Vegas, Nevada	Outstanding	March 29, 1999	OCC

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

China Merchants Bank
Shenzhen, People's Republic of China

Order Approving Establishment of a Representative Office

China Merchants Bank ("Bank"), Shenzhen, People's Republic of China, 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 New York Post*, August 16, 2002). The time for filing comments has expired, and all comments have been considered.

Bank, with total consolidated assets of approximately $38.1 billion,[1] is a commercial bank offering retail and wholesale banking services throughout China. China Steam Navigation Co., Ltd., Beijing, People's Republic of China, which owns approximately 23.7 percent of Bank, is Bank's largest shareholder. No other shareholder directly or indirectly owns 10 percent or more of Bank's shares. Bank currently conducts no activities in the United States.

The proposed representative office is intended to promote Bank's products and services to existing and potential customers in the United States. It would conduct research, act as a liaison with customers and correspondents of Bank, solicit loans, execute loan documents, and solicit purchasers of loans and parties to contract for the servicing of loans. All decisions on credit extended by Bank would be made at the 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 of the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor (12 U.S.C. § 3107(a)(2)).[2] In this regard, in the case of an application to establish a representative office, the standard with respect to home country supervision would be met if the applicant bank is subject to a supervisory framework that is consistent with the activities of the proposed office, taking into account the nature of the activities and the operating record of the applicant. (12 C.F.R. 211.24(d)(2)). 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 supervision by home country authorities, the Board has considered the following information. The People's Bank of China ("PBOC") is the licensing, regulatory, and supervisory authority for banks and all other financial institutions in China, and, as such, is the home country supervisor of Bank. The PBOC has pursued a program of reforms intended to enhance bank supervision, strengthen management of banks, reduce accumulation of nonperforming loans, further tighten risk management, and promote use of international accounting standards. The PBOC authorizes the establishment of offices of banks outside China, regulates these offices, and has taken steps to implement annual on-site examinations of all foreign offices of Chinese banks.

The Board previously has determined, in connection with applications involving other banks from China, that those banks were subject to a significant degree of supervision by the PBOC.[3] Bank is supervised by the PBOC on substantially the same terms and conditions as those other Chinese banks. Based on all the facts of record, it has been determined that factors relating to the supervision of Bank by its home country supervisor are consistent with approval of the proposed representative office.

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)) have also been taken into account. The PBOC 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 operations in its home country, its overall financial resources, and its standing with its home country supervisor, financial and managerial factors are consistent with approval of the

1. Unless otherwise indicated, data are as of June 30, 2002.

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 Agricultural Bank of China*, 83 *Federal Reserve Bulletin* 617 (1997); *Industrial and Commercial Bank of China*, 83 *Federal Reserve Bulletin* 212 (1997).

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.

Money laundering is a criminal offense in China and banks are required to establish internal policies and procedures for the detection and prevention of money laundering. PBOC regulations require banks to adopt know-your-customer policies, report suspicious transactions, and maintain an effective recordkeeping system. Additionally, the PBOC has established an Anti-Money Laundering Office, which is responsible for coordinating the anti-money laundering efforts of banks and law enforcement. This office may also coordinate and communicate with foreign agencies established to prevent money laundering.

With respect to access to information on Bank's operations, the restrictions on disclosure in relevant jurisdictions in which Bank operates have been reviewed and relevant government authorities have been communicated with regarding access to information. Bank has committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, 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 PBOC 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, it has been determined that Bank has provided adequate assurances of access to any necessary information that the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank and the terms and conditions set forth in this order, Bank's application to establish the representative office is hereby approved.[4] Should any restrictions on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require or recommend termination of any of Bank's direct and 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.[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 against Bank and its affiliates under 12 U.S.C. § 1818.

By order, approved pursuant to authority delegated by the Board, effective October 22, 2002.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

4. Approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board. *See* 12 C.F.R. 265.7(d)(12).

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 or its agent, 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.

Eurohypo Aktiengesellschaft Frankfurt, Germany

Order Approving Establishment of a Branch and Representative Offices

Eurohypo Aktiengesellschaft ("Bank"), Frankfurt, Germany, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under sections 7(d) and 10(a) of the IBA (respectively, 12 U.S.C. §§ 3105(d) and 3107(a)) to establish a branch in New York, New York, and representative offices in Chicago, Illinois, and Los Angeles, California. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch or representative office in the United States.

Notice of the application, affording interested persons an opportunity to submit comments, has been published in newspapers of general circulation in New York, New York (*New York Times*, July 1, 2002); Chicago, Illinois (*Chicago Tribune*, July 1, 2002); and Los Angeles, California (*Los Angeles Times*, July 1, 2002). The time for filing comments has expired, and all comments have been considered.

Bank, with total consolidated assets of approximately $242 billion,[1] is the largest mortgage bank and the ninth largest bank in Germany.[2] Bank primarily engages in real estate and public sector financing activities. It also offers a range of commercial banking services. Bank operates ten offices in Germany, as well as offices in other countries in Europe. On establishment of the proposed branch, Bank would be a qualifying foreign banking organization within the meaning of Regulation K (12 C.F.R. 211.23(b)).

The proposed branch would offer a range of real estate finance products and advice. The proposed representative offices would market the products and services of the proposed branch and otherwise support its activities.

In order to approve an application by a foreign bank to establish a branch or representative office in the United

1. Unless otherwise indicated, data are as of June 30, 2002.

2. Bank was formed in mid-2002 through the merger of the German mortgage bank subsidiaries of Deutsche Bank AG, Dresdner Bank AG, and Commerzbank AG, all foreign banks with significant U.S. operations. Deutsche Bank, Dresdner Bank, and Commerzbank respectively own 35.9, 29.1, and 35 percent of Bank's voting shares.

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

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

With respect to supervision by home country authorities, the Board previously has determined, in connection with applications involving other German banks, including Deutsche Hyp (one of Bank's predecessors), Deutsche Bank, Dresdner Bank, and Commerzbank, that those banks were subject to home country supervision on a consolidated basis.[4] Bank is supervised by the German Financial Supervisory Agency on substantially the same terms and conditions as those other German banks.[5] Based on all the facts of record, it has been determined that Bank is, and Bank's foreign bank parents continue to be, subject to comprehensive supervision and regulation on a consolidated basis by their home country supervisor.

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)) have also been taken into account. The German Financial Supervisory Agency has no objection to the establishment of the proposed offices.

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

Germany is a member of the Financial Action Task Force and subscribes to its recommendations regarding measures to combat money laundering. In accordance with these recommendations, Germany has enacted laws and created legislative and regulatory standards to deter money laundering. Money laundering is a criminal offense in Germany, and credit institutions are required to establish internal policies and procedures for the detection and prevention of money laundering. Bank has established policies and procedures to ensure compliance with these requirements.

With respect to access to information on Bank's operations, the restrictions on disclosure in relevant jurisdictions in which Bank operates have been reviewed and relevant government authorities have been communicated with 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 their affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act of 1956, as amended, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, 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 Financial Supervisory Agency 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, it has been determined that Bank has provided adequate assurances of access to any necessary information that the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank and its parents, and the terms and conditions set forth in this order, Bank's application to establish the branch and representative offices is hereby approved.[6] If any restrictions on access to information on the operations or activities of Bank or any of its affiliates

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 Landesbank Schleswig-Holstein Girozentrale*, 88 *Federal Reserve Bulletin* 399 (2002); *Hamburgische Landesbank Girozentrale*, 88 *Federal Reserve Bulletin* 397 (2002); *Allgemeine HypothekenBank Rheinboden AG*, 88 *Federal Reserve Bulletin* 196 (2002); *DePfa Bank AG*, 87 *Federal Reserve Bulletin* 710 (2001); *RHEINHYP Rheinische Hypothekenbank AG*, 87 *Federal Reserve Bulletin* 558 (2001); *Deutsche Hyp Deutsche Hypothekenbank*, 86 *Federal Reserve Bulletin* 658 (2000); *Deutsche Bank AG*, 85 *Federal Reserve Bulletin* 509 (1999); *Westdeutsche ImmobilienBank*, 85 *Federal Reserve Bulletin* 346 (1999); *Commerzbank AG*, 85 *Federal Reserve Bulletin* 336 (1999); *West Merchant Bank Limited*, 81 *Federal Reserve Bulletin* 519 (1995).

5. On May 1, 2002, the German Federal Banking Supervisory Office merged with the Federal Insurance Supervisory Office and the Securities Supervisory Office to create a single cross-sector structure for financial supervision.

6. Approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board. *See* 12 C.F.R. 265.7(d)(12).

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 or recommend termination of any of Bank's direct and 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.[7] 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 against Bank and its affiliates under 12 U.S.C. § 1818.

By order, approved pursuant to authority delegated by the Board, effective October 8, 2002.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

Fortis Bank S.A./N.V.
Brussels, Belgium

Order Approving Establishment of Branches

Fortis Bank S.A./N.V. ("Bank"), Brussels, Belgium, a foreign bank within the meaning of the International Banking Act ("IBA"), has applied under section 7(d) of the IBA (12 U.S.C. § 3105(d)) to establish branches in New York, New York, and Stamford, Connecticut. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in newspapers of general circulation in New York, New York (*Daily News*, April 24, 2002), and Stamford, Connecticut (*The Advocate*, April 24, 2002). The time for filing comments has expired, and all comments have been considered.

Bank, with total assets of $329 billion, is the largest bank in Belgium.[1] Bank is a subsidiary of Fortis Brussels S.A./N.V. ("Fortis Brussels"), Brussels, Belgium, which holds 99.7 percent of Bank's shares. Fortis Brussels is 50-percent-owned by Fortis S.A./N.V., Brussels, Belgium, and 50-percent-owned by Fortis N.V., Utrecht, Netherlands. The Fortis Group, which consists of Fortis S.A./N.V. and Fortis N.V. and the group of companies owned and/or controlled by them, is primarily engaged in banking, insurance, and investment and has operations throughout the world. Virtually all of the banking operations of the group are conducted by Bank and its direct and indirect subsidiaries. Bank provides a wide range of financial products and services, including retail, merchant, and private banking as well as asset management.

The Fortis Group currently has no banking operations in the United States, but engages through nonbank subsidiaries in a broad range of financial activities, including insurance activities.[2]

The proposed New York branch would engage in deposit taking, lending, foreign exchange activities, certain derivatives transactions, and securities investment activities. The proposed Connecticut branch would engage in lending and other financing activities and would not take any deposits other than those permitted for a corporation organized under section 25A of the Federal Reserve Act.

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

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

With respect to supervision by home country authorities, the Board previously has determined, in connection with applications involving other banks in Belgium, that those banks were subject to home country supervision on a consolidated basis.[4] Bank is supervised by the Belgian

7. The authority to approve the establishment of the branch and representative offices parallels the authority of the States of New York, Illinois, and California to license offices of a foreign bank. The approval of this application does not supplant the authority of those states or their agents to license the offices of Bank in accordance with any terms or conditions that they may impose.

1. Asset data are as of December 31, 2001.

2. Bank and its parent companies have elected to be treated as financial holding companies by filing a declaration in connection with Bank's application to establish banking offices in the United States.

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 Artesia Banking Corporation*, 88 *Federal Reserve Bulletin* 253 (2002); *Dexia Project and Public Finance International Bank*, 86 *Federal Reserve Bulletin* 289 (2000); *KBC Bank, N.V.*, 85 *Federal Reserve Bulletin* 832 (1999); *Credit Communal de Belgique*, 82 *Federal Reserve Bulletin* 104 (1996). *See also* footnote 5.

Banking and Finance Commission on substantially the same terms and conditions as those other banks. Based on all the facts of record, it has been determined that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor.[5]

The Board has also 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)-(3)). The Belgian Banking and Finance Commission has no objection to the establishment of the proposed branches.

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

Belgium is a member of the Financial Action Task Force and subscribes to its recommendations on measures to combat money laundering. In accordance with these recommendations, Belgium has enacted laws and created legislative and regulatory standards to deter money laundering. Money laundering is a criminal offense in Belgium, and financial institutions are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering throughout their worldwide operations. Bank has policies and procedures to comply with these laws and regulations. Bank's compliance with applicable laws and regulations is monitored by the Belgian Banking and Finance Commission and Bank's internal and external auditors.

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 ultimate 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, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Bank and its ultimate 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 Belgian Banking and Finance Commission 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, it has been determined that Bank has provided adequate assurances of access to any necessary information that the Board may request.

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, Bank's application to establish branches is hereby approved.[6] 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 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.[7] 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, approved pursuant to authority delegated by the Board, effective October 8, 2002.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

5. In reaching this view, the oversight of the Fortis Group as a whole has been considered. Under an agreement to coordinate the exercise of their respective supervisory powers, the banking and insurance supervisory authorities in Belgium and the Netherlands have designated the Belgian Banking and Finance Commission as the supervisory coordination authority for the entire Fortis Group. The banking regulators in Belgium, the Netherlands, and Luxembourg have also entered into a memorandum of understanding to cooperate with each other in the consolidated supervision of the banking activities of the Fortis Group.

6. Approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board.

7. The Board's authority to approve the establishment of the proposed branches parallels the continuing authority of the States of Connecticut and 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 Connecticut Department of Banking and the New York State Banking Department to license the proposed offices of Bank in accordance with any terms or conditions that they may impose.

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT
By Federal Reserve Banks

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

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Allegheny Bancshares, Inc., Franklin, West Virginia	Pendleton County Bank, Franklin, West Virginia	Richmond	October 10, 2002
Banknorth Group, Inc., Portland, Maine	Warren Bancorp, Inc., Warren Five Cents Savings Bank, Peabody, Massachusetts	Boston	September 19, 2002
Beltline Bancshares, Inc., Garland, Texas Security Bank Holding Company, Wilmington, Delaware	Security Bank, National Association, Garland, Texas	Dallas	October 22, 2002
Capital Bank Corporation, Raleigh, North Carolina	High Street Corporation, Asheville, North Carolina	Richmond	September 27, 2002
Commerce Bancshares, Inc., White Castle, Louisiana	The Bank of Commerce, White Castle, Louisiana	Atlanta	October 21, 2002
Commerce Holding Corporation, Corinth, Mississippi	Commerce National Bank, Corinth, Mississippi	St. Louis	October 25, 2002
Cypress Bankshares, Inc., Palm Coast, Florida	Cypress Bank, Palm Coast, Florida	Atlanta	October 3, 2002
Fidelity Company, Dyersville, Iowa	Worthington Bancorporation, Worthington, Iowa State Bank, Worthington, Iowa	Chicago	October 22, 2002
Financial Corporation of Louisiana, Crowley, Louisiana	Security Acadia Bancshares, Inc., Rayne, Louisiana Rayne State Bank and Trust Company, Rayne, Louisiana	Atlanta	October 11, 2002
Franklin Bancorp, Inc., Southfield, Michigan	Franklin Bank, National Association, Southfield, Michigan	Chicago	October 8, 2002
Greater Sacramento Bancorp, Sacramento, California	Bank of Sacramento, Sacramento, California	San Francisco	October 10, 2002
IB Bancshares, Inc., McKinney, Texas VB Bancshares, Inc., Wilmington, Delaware	Independent Bank, McKinney, Texas	Dallas	October 29, 2002
JCO Ventures, LLC, Union, South Carolina JCO Partners, L.P., Union, South Carolina JCO Partners II, L.P., Union, South Carolina HAO Partners, L.P., Union, South Carolina HAO Partners II, L.P., Union, South Carolina HAO Management Company, LLC, Union, South Carolina FOJ Partners, L.P., Union, South Carolina FOJ Partners, II, L.P., Union, South Carolina		Richmond	October 22, 2002

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
FOJ Management Company, LLC, Union, South Carolina Frances W. Arthur Irrevocable Trust No. 2 for the Benefit of Frances Oxner Jorgenson, Union, South Carolina Arthur State Bancshares, Inc., Union, South Carolina Chesnee State Bancshares, Inc., Chesnee, South Carolina Woodruff State Bancshares, Inc., Woodruff, South Carolina			
Kilmichael Bancorp., Inc., Kilmichael, Mississippi	Bank of Kilmichael, Kilmichael, Mississippi	St. Louis	October 8, 2002
Linn Holding Company, Linn, Missouri	South Gasconade Investment Corporation, Owensville, Missouri Chester 1 Bank, Owensville, Missouri	St. Louis	September 27, 2002
Local Financial Corporation, Oklahoma City, Oklahoma Local Oklahoma Bank, N.A., Oklahoma City, Oklahoma	Citizens Financial Corp., Midwest City, Oklahoma U.S. National Bank, Midwest City, Oklahoma	Kansas City	October 25, 2002
Marquette Financial Companies, Minneapolis, Minnesota	CBA Bancshares, Inc., Minneapolis, Minnesota Community Bank of Arizona, N.A., Wickenburg, Arizona	Minneapolis	September 26, 2002
Merchants and Manufacturers Bancorporation Inc., New Berlin, Wisconsin Merchants Merger Corp., New Berlin, Wisconsin	Fortress Bancshares, Inc., Westby, Wisconsin Fortress Holdings, Inc., Westby, Wisconsin Fortress Bank of Westby, Westby, Wisconsin Fortress Bank of Cresco, Cresco, Iowa Fortress, Bank, NA, Houston, Minnesota	Chicago	October 7, 2002
Putnam-Greene Financial Corporation, Eatonton, Georgia	The Citizens Bank of Cochran, Cochran, Georgia	Atlanta	October 28, 2002
Resource Bankshares, Inc., Mandeville, Louisiana	Resource Bank, Mandeville, Louisiana	Atlanta	September 30, 2002
SCB Bancorp, Inc., East Lansing, Michigan	Summit Community Bank, East Lansing, Michigan	Chicago	October 18, 2002
Summit Bancshares, Inc., Prescott, Arizona	Summit Bank, Prescott, Arizona	Kansas City	October 11, 2002
Texas Regional Bancshares, Inc., McAllen, Texas Texas Regional Delaware, Inc., Wilmington, Delaware	San Juan Bancshares, Inc., San Juan, Texas San Juan Delaware Financial Corporation, Dover, Delaware Texas Country Bank, San Juan, Texas	Dallas	October 10, 2002

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Valley Commerce Bancorp, Visalia, California	Bank of Visalia, Visalia, California	San Francisco	September 30, 2002

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
CIB Marine Bancshares, Inc., Pewaukee, Wisconsin	ComCor Mortgage Corporation, Waukesha, Wisconsin Mortgage Services, Inc., Bloomington, Illinois	Chicago	October 30, 2002
Crystal Valley Financial Corporation, Middlebury, Indiana	Pedcor Investments-2001-L1 L.P., Middlebury, Indiana	Chicago	October 30, 2002
First Banks, Inc., St. Louis, Missouri	Allegiant Bancorp, Inc., St. Louis, Missouri	St. Louis	October 22, 2002
Four Oaks Fincorp, Inc., Four Oaks, North Carolina	Four Oaks Mortgage Services, L.L.C., Four Oaks, North Carolina	Richmond	October 30, 2002
Gold Banc Corporation, Inc., Leawood, Kansas	George K. Baum Trust Company, Kansas City, Missouri	Kansas City	October 22, 2002
Salin Bancshares, Inc., Indianapolis, Indiana	Blue River Federal Savings Bank, Edinburgh, Indiana	Chicago	October 18, 2002

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Sumitomo Mitsui Financial Group, Inc., Tokyo, Japan	Sumitomo Mitsui Banking Corporation, Tokyo, Japan Manufacturers Bank, Los Angeles, California	San Francisco	October 9, 2002

APPLICATIONS APPROVED UNDER BANK MERGER ACT
By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Blue River Federal Savings Bank, Edinburgh, Indiana	Salin Bank and Trust Company, Indianapolis, Indiana	Chicago	October 18, 2002
CornerStone State Bank, Le Sueur, Minnesota	First National Bank of the North, Sandstone, Minnesota	Minneapolis	September 30, 2002
First Bank of Medicine Lodge, Medicine Lodge, Kansas	INTRUST Bank, NA, Wichita, Kansas	Kansas City	September 27, 2002
The Fuji Bank and Trust Company, New York, New York	Industrial Bank of Japan Trust Company, New York, New York	New York	October 11, 2002
Heritage Bank of Commerce, San Jose, California	Bank of Los Altos, Los Altos, California	San Francisco	October 7, 2002

Applications Approved Under Bank Merger Act—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Heritage Bank of Commerce, San Jose, California	Heritage Bank East Bay, Fremont, California	San Francisco	October 3, 2002
Sand Ridge Bank, Highland, Indiana	The Bright National Bank, Flora, Indiana	Cleveland	October 22, 2002
Sand Ridge Bank, Highland, Indiana	The National Bank of Hastings, Hastings, Michigan	Cleveland	October 22, 2002
Texas State Bank, McAllen, Texas	Texas Country Bank, San Juan, Texas	Dallas	October 10, 2002

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

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

Sedgwick v. United States, No. 02–1083 (ESH) (D.D.C., filed June 4, 2002). Complaint for declaratory judgment under the Federal Tort Claims Act and the constitution. On October 15, 2002, the district court dismissed the action.

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

Community Bank & Trust v. United States, No. 01–571C (Ct. Fed. Cl., filed October 3, 2001). Action challenging on constitutional grounds the failure to pay interest on reserve accounts held at Federal Reserve Banks.

Radfar v. United States, No. 1:01CV1292 (PLF) (D.D.C., complaint filed June 11, 2001). Action under the Federal Tort Claims Act for injury on Board premises. On October 3, 2002, the parties dismissed the action by stipulation.

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

Fraternal Order of Police v. Board of Governors, No. 1:98CV03116 (WBB)(D.D.C., filed December 22, 1998). Declaratory judgment action challenging Board labor practices.

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

Discontinuation of Certain Statistical Tables in the *Federal Reserve Bulletin*

The following ten tables have been discontinued in the Financial and Business Statistics section of the *Federal Reserve Bulletin*. Information on the sources of data in these tables appears in the Announcements section of the June 2002 issue of the *Bulletin*, page 290.

Discontinued tables:

1.38	1.39	1.48	2.10	2.11
2.14	2.15	2.16	2.17	3.11

Page numbers of the tables in the Financial and Business Statistics section have been revised.

Guide to Tables

SYMBOLS AND ABBREVIATIONS

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

GENERAL INFORMATION

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

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

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

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

1.10 RESERVES AND MONEY STOCK MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	2001	2002			2002				
	Q4	Q1	Q2	Q3	May	June	July	Aug.	Sept.
Reserves of depository institutions[2]									
1 Total	–31.2	–9.7	–16.3	–.4	–48.4	4.6	12.0	12.1r	–23.1
2 Required	22.1	–9.3	–15.4	–3.1	–51.9	5.7	8.3	4.2	–19.1
3 Nonborrowed	–21.4	–9.4	–16.9	–1.9	–49.8	3.7	10.6	7.8	–20.1
4 Monetary base[3]	6.4	9.1	8.1	7.1	7.3	11.2	8.5	4.1	.6
Concepts of money[4]									
5 M1	2.1	5.8	–.6	2.8	6.6	7.2	8.0	–13.8	8.4
6 M2	9.5	5.8	3.4	10.2	14.1	7.4	12.8	9.4	5.1
7 M3	12.3	5.0	3.3r	8.3	11.8r	5.9r	8.3	10.7r	3.9
Nontransaction components									
8 In M2[5]	11.5	5.8	4.5	12.2	16.1	7.4	14.2	15.7	4.2
9 In M3 only[6]	18.5	3.5	3.3r	4.1	6.9r	2.8r	–1.3	13.5r	1.2
Time and savings deposits									
Commercial banks									
10 Savings, including MMDAs	23.2	20.4	13.3	21.0	25.6	13.6r	17.0	32.6	16.9
11 Small time[7]	–12.1	–15.3	–4.9	–5.7	9.0	–.6	–8.0	–10.8r	–14.0
12 Large time[8,9]	–9.3	4.8	11.3	4.5	19.5	–3.1	7.5r	2.9r	–1.4
Thrift institutions									
13 Savings, including MMDAs	27.3	25.6	22.1	21.0	14.9r	16.2r	22.7r	24.5r	21.3
14 Small time[7]	–11.0	–15.7	–14.8r	–8.4	–29.0r	–10.8	–4.3r	–3.1r	–6.3
15 Large time[8]	2.6	–.8	–8.4	–2.3	–29.3	–16.1	1.1	16.3	6.4
Money market mutual funds									
16 Retail	7.9	–9.4	–10.1	7.7	18.6	.9	23.1	–.7	–18.6
17 Institution-only	49.5	–.3	2.8	.1	10.6	10.7	–4.8	–1.5	–13.8
Repurchase agreements and eurodollars									
18 Repurchase agreements[10]	.7	9.6	–5.6	24.7	.0	5.8	–3.5	80.2	57.4
19 Eurodollars[10]	–4.8	12.1r	2.5r	–7.0	–21.1r	–17.1r	–7.8r	14.6r	–13.3

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

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

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

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

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

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

Seasonally adjusted M2 is calculated by summing savings deposits, small-denomination time deposits, and retail money fund balances, each seasonally adjusted separately, and adding this result to seasonally adjusted M1.

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

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

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

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

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

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

10. Includes both overnight and term.

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	2002			2002						
	July	Aug.	Sept.	Aug. 14	Aug. 21	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	657,336	656,967	659,221	653,460	658,633	655,623	665,111	658,197	657,910	655,922
U.S. government securities[2]										
2 Bought outright—System account[3]	595,271	601,681	604,667	600,217	602,139	603,770	603,083	604,092	605,114	605,242
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	10	10	10	10	10	10	10	10	10	10
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	22,363	16,532	16,617	13,321	19,500	13,464	23,821	16,857	15,500	12,214
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	19	191	14	15	2	783	93	1	7	1
9 Seasonal credit	176	187	168	181	191	198	177	164	162	168
10 Special Liquidity Facility credit	0	0	0	0	0	0	0	0	0	0
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	–171	–311	–262	–714	–308	–48	111	–643	–762	47
13 Other Federal Reserve assets	39,668	38,676	38,008	40,429	37,099	37,447	37,816	37,717	37,880	38,239
14 Gold stock	11,044	11,042	11,042	11,042	11,042	11,042	11,042	11,042	11,042	11,042
15 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
16 Treasury currency outstanding	33,996	34,134[r]	34,276	34,096[r]	34,147[r]	34,197[r]	34,247	34,261	34,275	34,289
ABSORBING RESERVE FUNDS										
17 Currency in circulation	661,356	660,865[r]	661,577	660,893[r]	660,401[r]	660,018[r]	664,329	663,557	661,147	659,704
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	385	373	367	381	371	369	361	361	364	372
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	5,279	5,068	5,838	4,896	4,387	6,013	4,795	5,009	5,773	6,832
21 Foreign	91	95	101	76	129	78	94	130	106	80
22 Service-related balances and adjustments	10,171	10,168	10,178	10,155	10,161	10,144	10,184	10,177	10,117	10,245
23 Other	229	210	221	201	211	203	205	223	218	234
24 Other Federal Reserve liabilities and capital	19,645	19,428	19,399	19,472	19,701	19,294	19,557	19,437	19,174	19,423
25 Reserve balances with Federal Reserve Banks[5]	7,419	8,135	9,056	4,725	10,661	6,943	13,076	6,806	8,529	6,563

Factor	End-of-month figures			Wednesday figures						
	July	Aug.	Sept.	Aug. 14	Aug. 21	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	659,024	663,956	664,726	656,604	665,411	657,472	668,040	659,916	660,975	660,189
U.S. government securities[2]										
2 Bought outright—System account[3]	600,455	602,825	604,191	600,372	602,919	604,401	603,687	604,520	606,272	606,248
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	10	10	10	10	10	10	10	10	10	10
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	19,500	23,000	21,750	16,000	25,250	16,000	25,000	18,000	16,750	15,500
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	4	150	1	93	2	0	45	1	0	2
9 Seasonal credit	182	179	176	192	202	189	166	161	167	174
10 Special Liquidity Facility credit	0	0	0	0	0	0	0	0	0	0
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	–953	–92	396	–1,001	–303	–906	1,475	–506	–372	–185
13 Other Federal Reserve assets	39,826	37,882	38,202	40,939	37,330	37,778	37,657	37,730	38,148	38,441
14 Gold stock	11,042	11,042	11,042	11,042	11,042	11,042	11,042	11,042	11,042	11,042
15 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
16 Treasury currency outstanding	33,995	34,247[r]	34,303	34,096[r]	34,147[r]	34,197[r]	34,247	34,261	34,275	34,289
ABSORBING RESERVE FUNDS										
17 Currency in circulation	661,144	664,116[r]	660,071	661,832[r]	660,951[r]	662,551[r]	665,859	663,837	661,603	660,751
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	377	361	380	371	370	361	360	362	370	380
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	6,242	4,874	7,879	5,191	4,629	5,091	4,601	4,516	7,175	7,209
21 Foreign	164	86	150	79	89	77	128	75	139	75
22 Service-related balances and adjustments	10,220	10,184	10,170	10,155	10,161	10,144	10,184	10,177	10,117	10,245
23 Other	236	194	221	192	202	199	223	215	215	232
24 Other Federal Reserve liabilities and capital	18,940	19,526	19,719	19,710	19,205	19,365	19,378	19,018	19,260	19,276
25 Reserve balances with Federal Reserve Banks[5]	8,940	12,104	13,682	6,413	17,193	7,123	14,796	9,219	9,614	9,552

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1999	2000	2001	2002						
	Dec.	Dec.	Dec.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.
1 Reserve balances with Reserve Banks[2]	5,262	7,022	9,054	9,146	9,740	9,209	7,929	8,096	8,520	8,736
2 Total vault cash[3]	60,620	45,245	43,935	42,631	42,013	41,819	41,662	42,723	42,886	42,227
3 Applied vault cash[4]	36,392	31,451	32,024	31,151	31,156	31,033	30,642	31,296	31,338	30,185
4 Surplus vault cash[5]	24,228	13,794	11,911	11,480	10,857	10,786	11,021	11,427	11,547	12,042
5 Total reserves[6]	41,654	38,473	41,077	40,297	40,896	40,242	38,571	39,392	39,859	38,922
6 Required reserves	40,357	37,046	39,433	38,883	39,688	38,969	37,329	38,020	38,220	37,441
7 Excess reserve balances at Reserve Banks[7]	1,297	1,427	1,645	1,414	1,208	1,273	1,242	1,373	1,638	1,481
8 Total borrowing at Reserve Banks	320	210	67	79	71	112	142	191	333	229
9 Adjustment	179	99	34	59	21	7	6	16	148	60
10 Seasonal	67	111	33	20	50	105	136	176	185	169
11 Special Liquidity Facility[8]	74	0	...	...	...	...	...	...	...	...
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

Reserve classification	Biweekly averages of daily figures for two-week periods ending on dates indicated									
	2002									
	May 29	June 12	June 26	July 10	July 24	Aug. 7	Aug. 21	Sept. 4[r]	Sept. 18	Oct. 2
1 Reserve balances with Reserve Banks[2]	10,011	7,878	7,979	7,909	8,266	8,024	7,697[r]	10,021	7,668	9,555
2 Total vault cash[3]	41,954	40,682	42,130	42,968	42,170	43,479	43,488	41,628	41,577	43,186
3 Applied vault cash[4]	31,858	29,441	31,444	31,438	30,738	32,213	31,351[r]	30,709	28,538	31,933
4 Surplus vault cash[5]	10,096	11,241	10,686	11,531	11,433	11,266	12,137[r]	10,919	13,039	11,252
5 Total reserves[6]	41,869	37,319	39,423	39,347	39,004	40,236	39,048	40,730	36,206	41,488
6 Required reserves	40,491	36,174	38,177	37,828	37,709	38,916	37,712[r]	38,446	35,233	39,682
7 Excess reserve balances at Reserve Banks[7]	1,378	1,145	1,246	1,518	1,294	1,320	1,336[r]	2,284	972	1,806
8 Total borrowing at Reserve Banks	127	116	151	194	189	194	195	626	167	170
9 Adjustment	10	3	4	27	9	14	9	438	4	1
10 Seasonal	117	113	147	168	180	180	186	188	163	170
11 Special Liquidity Facility[8]	...	...	...	...	...	...	...	...	...	...
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 11/15/02	Effective date	Previous rate	On 11/15/02	Effective date	Previous rate	On 11/15/02	Effective date	Previous rate
Boston	0.75	11/7/02	1.25	1.45	11/14/02	1.75	1.95	11/14/02	2.25
New York		11/6/02							
Philadelphia		11/7/02							
Cleveland		11/7/02							
Richmond		11/7/02							
Atlanta		11/7/02							
Chicago		11/7/02							
St. Louis		11/7/02							
Minneapolis		11/7/02							
Kansas City		11/7/02							
Dallas		11/6/02							
San Francisco	0.75	11/6/02	1.25	1.45	11/14/02	1.75	1.95	11/14/02	2.25

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

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

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*, and *1980–1989*; and *Statistical Digest, 1996–2000*. See also the Board's Statistics: Releases and Historical Data web pages (http://www.federalreserve.gov/releases/H15/data.htm).

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[2]		
1 $0 million–$42.1 million[3]	3	12/26/02
2 More than $42.1 million[4]	10	12/26/02
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

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

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

3. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective with the reserve maintenance period beginning December 26, 2002, for depository institutions that report weekly, and with the period beginning January 16, 2003, for institutions that report quarterly, the amount was increased from $41.3 million to $42.1 million.

Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning December 26, 2002, for depository institutions that report weekly, and with the period beginning January 16, 2003, for institutions that report quarterly, the exemption was raised from $5.7 million to $6.0 million.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1999	2000	2001	2002 Feb.	Mar.	Apr.	May	June	July	Aug.
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	0	8,676	15,503	1,042	3,013	1,047	3,524	3,656	4,838	529
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	464,218	477,904	542,736	54,619	48,483	45,376	70,978	53,015	45,828	63,083
4 For new bills	464,218	477,904	542,736	54,619	48,483	45,376	70,978	53,015	45,828	63,083
5 Redemptions	0	24,522	10,095	0	0	0	0	0	0	0
Others within one year										
6 Gross purchases	11,895	8,809	15,663	2,894	1,455	2,709	2,826	0	1,104	445
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	50,590	62,025	70,336	7,537	0	14,515	6,714	0	11,052	8,987
9 Exchanges	−53,315	−54,656	−72,004	−8,432	0	−15,522	−9,031	0	−14,183	−5,040
10 Redemptions	1,429	3,779	16,802	0	0	0	0	0	0	0
One to five years										
11 Gross purchases	19,731	14,482	22,814	1,101	2,181	1,142	1,439	0	1,755	1,921
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−44,032	−52,068	−45,211	−6,283	0	−14,515	−1,620	0	−11,052	−629
14 Exchanges	42,604	46,177	64,519	7,679	0	15,522	8,639	0	13,283	3,396
Five to ten years										
15 Gross purchases	4,303	5,871	6,003	334	637	1,670	259	542	577	690
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−5,841	−6,801	−21,063	−501	0	0	−5,094	0	0	−6,714
18 Exchanges	7,578	6,585	6,063	753	0	0	391	0	900	1,645
More than ten years										
19 Gross purchases	9,428	5,833	8,531	1,054	291	210	0	0	63	80
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−717	−3,155	−4,062	−753	0	0	0	0	0	−1,645
22 Exchanges	3,133	1,894	1,423	0	0	0	0	0	0	0
All maturities										
23 Gross purchases	45,357	43,670	68,513	6,425	7,577	6,777	8,048	4,198	8,336	3,665
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	1,429	28,301	26,897	0	0	0	0	0	0	0
Matched transactions										
26 Gross purchases	4,413,430	4,415,905	4,722,667	367,906	393,273	436,936	466,807	447,555	513,400	495,729
27 Gross sales	4,431,685	4,397,835	4,724,743	368,060	393,151	437,881	469,046	448,330	511,902	497,031
Repurchase agreements										
28 Gross purchases	281,599	0	0	0	0	0	0	0	0	0
29 Gross sales	301,273	0	0	0	0	0	0	0	0	0
30 Net change in U.S. Treasury securities	5,999	33,439	39,540	6,271	7,699	5,833	5,810	3,423	9,834	2,363
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	0	0	0	0	0	0	0	0	0
33 Redemptions	157	51	120	0	0	0	0	0	0	0
Repurchase agreements										
34 Gross purchases	360,069	0	0	0	0	0	0	0	0	0
35 Gross sales	370,772	0	0	0	0	0	0	0	0	0
36 Net change in federal agency obligations	−10,859	−51	−120	0	0	0	0	0	0	0
Reverse repurchase agreements										
37 Gross purchases	0	0	0	0	0	0	0	0	0	0
38 Gross sales	0	0	0	0	0	0	0	0	0	0
Repurchase agreements										
39 Gross purchases	304,989	890,236	1,497,713	101,749	70,850	102,200	106,426	98,850	68,750	84,000
40 Gross sales	164,349	987,501	1,490,838	104,750	75,849	100,200	109,926	94,850	81,250	80,500
41 Net change in triparty obligations	140,640	−97,265	6,875	−3,001	−4,999	2,000	−3,500	4,000	−12,500	3,500
42 Total net change in System Open Market Account	**135,780**	**−63,877**	**46,295**	**3,270**	**2,700**	**7,833**	**2,310**	**7,423**	**−2,666**	**5,863**

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

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

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

Millions of dollars

Account	Wednesday 2002 Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25	End of month 2002 July	Aug.	Sept.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,038	11,038	11,038	11,038	11,038	11,038	11,038	11,038
2 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
3 Coin	1,021	1,020	1,028	1,052	1.066	947	1,031	1,085
Loans								
4 To depository institutions	189	211	162	168	175	186	330	177
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Triparty obligations								
7 Repurchase agreements—triparty[2]	16.000	25,000	18,000	16,750	15,500	19,500	23,000	21,750
Federal agency obligations[3]								
8 Bought outright	10	10	10	10	10	10	10	10
9 Held under repurchase agreements	0	0	0	0	0	0	0	0
10 **Total U.S. Treasury securities**[3]	**604,401**	**603,687**	**604,520**	**606,272**	**606,248**	**600,455**	**602,825**	**604,191**
11 Bought outright[4]	604,401	603,687	604,520	606,272	606,248	600,455	602,825	604,191
12 Bills	203,772	203,055	203,886	204,297	204,269	202,969	202,196	202,210
13 Notes	294,640	294,641	294,643	295,879	295,881	291,777	294,640	295,882
14 Bonds	105,989	105,990	105,991	106,097	106,098	105,709	105,989	106,099
15 Held under repurchase agreements	0	0	0	0	0	0	0	0
16 **Total loans and securities**	**620,600**	**628,908**	**622,692**	**623,200**	**621,933**	**620,151**	**626,165**	**626,129**
17 Items in process of collection	6,626	13,213	7,258	7,351	6,858	6,498	5,419	2,116
18 Bank premises	1,522	1,520	1,520	1,523	1,522	1,519	1,520	1,519
Other assets								
19 Denominated in foreign currencies[5]	16,279	16,392	16,055	16,061	15,995	16,140	16,240	16,130
20 All other[6]	19,977	19,738	20,149	20.615	20,967	22,053	20,127	20.597
21 **Total assets**	**679,263**	**694,029**	**681,940**	**683,040**	**681,578**	**680,546**	**683,739**	**680,813**
LIABILITIES								
22 Federal Reserve notes	629,732	632.988	630,961	628,745	627,903	628,468	631,256	627,228
23 Reverse repurchase agreements—triparty[2]	0	0	0	0	0	0	0	0
24 **Total deposits**	**23,216**	**30,622**	**24,419**	**27,578**	**27,471**	**25,825**	**27,570**	**31,418**
25 Depository institutions	17,849	25,668	19,612	20,049	19,955	19,183	22,415	23,168
26 U.S. Treasury—General account	5,091	4,601	4,516	7,175	7,209	6,242	4,874	7,879
27 Foreign—Official accounts	77	128	75	139	75	164	86	150
28 Other	199	223	215	215	232	236	194	221
29 Deferred credit items	6,950	11,042	7,541	7,456	6,927	7,313	5,388	2,448
30 Other liabilities and accrued dividends[7]	2,392	2,405	2,425	2,392	2,432	2,363	2,412	2,422
31 **Total liabilities**	**662,290**	**677,057**	**665,347**	**666,172**	**664,735**	**663,969**	**666,625**	**663,516**
CAPITAL ACCOUNTS								
32 Capital paid in	8,248	8,248	8,253	8,252	8,254	8,266	8,248	8,264
33 Surplus	7,312	7,312	7,312	7,312	7,312	7,312	7,312	7,312
34 Other capital accounts	1,413	1,413	1,028	1.304	1,278	999	1,554	1,722
35 **Total liabilities and capital accounts**	**679,263**	**694,029**	**681,940**	**683,040**	**681,578**	**680,546**	**683,739**	**680,813**
MEMO								
36 Marketable U.S. government and federal agency securities held in custody for foreign official and international accounts	801,734	805,544	808,955	808,725	804,435	798,001	803,479	813,094
	Federal Reserve note statement							
37 Federal Reserve notes outstanding (issued to Banks)	747,489	747,342	748,071	749,620	751,047	748,243	747,686	751,190
38 LESS: Held by Federal Reserve Banks	117,757	114,354	117,110	120,875	123,143	119,775	116,430	123,962
39 Federal Reserve notes, net	629,732	632,988	630,961	628,745	627,903	628,468	631,256	627.228
Collateral held against notes, net								
40 Gold certificate account	11,038	11,038	11,038	11,038	11,038	11,038	11,038	11,038
41 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
42 Other eligible assets	0	0	0	0	0	0	0	0
43 U.S. Treasury and agency securities	616,494	619,750	617,723	615,508	614,666	615,230	618,018	613,990
44 **Total collateral**	**629,732**	**632,988**	**630,961**	**628,745**	**627,903**	**628,468**	**631,256**	**627,228**

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.
2. Cash value of agreements arranged through third-party custodial banks.
3. Face value of the securities.
4. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and includes compensation that adjusts for the effects of inflation on the principal of inflation-indexed securities. Excludes securities sold and scheduled to be bought back under matched sale–purchase transactions.
5. Valued monthly at market exchange rates.
6. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.
7. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign exchange commitments.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	2002					2002		
	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25	July	Aug.	Sept.
1 **Total loans**	**189**	**211**	**162**	**168**	**175**	**186**	**330**	**177**
2 Within fifteen days[1]	178	74	50	157	152	151	293	131
3 Sixteen days to ninety days	11	137	111	11	24	35	37	47
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 **Total U.S. Treasury securities**[2]	**604,401**	**603,687**	**604,520**	**606,272**	**606,248**	**600,455**	**602,825**	**604,191**
6 Within fifteen days[1]	25,257	16,947	18,171	26,020	24,435	21,605	12,470	13,316
7 Sixteen days to ninety days	123,556	129,569	129,519	123,579	125,775	124,250	123,482	128,403
8 Ninety-one days to one year	149,625	148,420	148,076	147,865	147,227	147,388	160,910	152,429
9 One year to five years	172,868	175,653	175,654	175,654	175,654	171,575	172,868	176,885
10 Five years to ten years	51,380	51,381	51,383	51,436	51,437	54,005	51,381	51,438
11 More than ten years	81,715	81,716	81,717	81,718	81,720	81,632	81,715	81,721
12 **Total federal agency obligations**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
13 Within fifteen days[1]	0	0	0	0	0	0	0	0
14 Sixteen days to ninety days	0	0	0	0	0	0	0	0
15 Ninety-one days to one year	0	0	0	0	0	0	0	0
16 One year to five years	10	10	10	10	10	10	10	10
17 Five years to ten years	0	0	0	0	0	0	0	0
18 More than ten years	0	0	0	0	0	0	0	0

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

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

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

Billions of dollars, averages of daily figures

Item	1998 Dec.	1999 Dec.	2000 Dec.	2001 Dec.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July	2002 Aug.	2002 Sept.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	45.14	41.82	38.54	41.22	41.45	41.01	40.76	39.12	39.27	39.66	40.06	39.29
2 Nonborrowed reserves[4]	45.02	41.50	38.33	41.15	41.42	40.94	40.69	39.00	39.12	39.47	39.73[r]	39.06
3 Nonborrowed reserves plus extended credit[5]	45.02	41.50	38.33	41.15	41.42	40.94	40.69	39.00	39.12	39.47	39.73[r]	39.06
4 Required reserves	43.62	40.53	37.11	39.58	40.08	39.60	39.55	37.84	38.02	38.29	38.42	37.81
5 Monetary base[6]	513.55	593.12	584.04	634.41	646.18	649.65	653.95	657.91	664.07	668.75	671.06	671.39
	Not seasonally adjusted											
6 Total reserves[7]	45.31	41.89	38.53	41.20	42.47	40.27	40.85	40.18	38.49	39.30	39.75[r]	38.80
7 Nonborrowed reserves	45.19	41.57	38.32	41.13	42.44	40.19	40.78	40.06	38.35	39.11	39.41	38.57
8 Nonborrowed reserves plus extended credit[5]	45.19	41.57	38.32	41.13	42.44	40.19	40.78	40.06	38.35	39.11	39.41	38.57
9 Required reserves[8]	43.80	40.59	37.10	39.55	41.11	38.85	39.64	38.90	37.25	37.93	38.11	37.32
10 Monetary base[9]	518.27	600.72	590.06	639.91	645.71	649.23	653.29	658.00	662.84	668.76	669.23	669.54
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	45.21	41.65	38.47	41.08	42.49	40.30	40.90	40.24	38.57	39.39	39.86	38.92
12 Nonborrowed reserves	45.09	41.33	38.26	41.01	42.46	40.22	40.83	40.13	38.43	39.20	39.53[r]	38.69
13 Nonborrowed reserves plus extended credit[5]	45.09	41.33	38.26	41.01	42.46	40.22	40.83	40.13	38.43	39.20	39.53[r]	38.69
14 Required reserves	43.70	40.36	37.05	39.43	41.12	38.88	39.69	38.97	37.33	38.02	38.22	37.44
15 Monetary base[12]	525.06	608.02	596.98	648.74	654.93	658.78	663.37	668.14	672.98	678.98	679.46	679.78
16 Excess reserves[13]	1.51	1.30	1.43	1.65	1.37	1.41	1.21	1.27	1.24	1.37	1.64	1.48
17 Borrowings from the Federal Reserve	.12	.32	.21	.07	.03	.08	.07	.11	.14	.19	.33	.23

1. Latest monthly and biweekly figures are available from the Board's H.3 (502) weekly statistical release. Historical data starting in 1959 and estimates of the effect on required reserves of changes in reserve requirements are available from the Money and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551.
2. Figures reflect adjustments for discontinuities, or "breaks," associated with regulatory changes in reserve requirements. (See also table 1.10.)
3. Seasonally adjusted, break-adjusted total reserves equal seasonally adjusted, break-adjusted required reserves (line 4) plus excess reserves (line 16).
4. Seasonally adjusted, break-adjusted nonborrowed reserves equal seasonally adjusted, break-adjusted total reserves (line 1) less total borrowings of depository institutions from the Federal Reserve (line 17).
5. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as with traditional short-term adjustment credit, the money market effect of extended credit is similar to that of nonborrowed reserves.
6. The seasonally adjusted, break-adjusted monetary base consists of (1) seasonally adjusted, break-adjusted total reserves (line 1), plus (2) the seasonally adjusted currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the seasonally adjusted, break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.
7. Break-adjusted total reserves equal break-adjusted required reserves (line 9) plus excess reserves (line 16).
8. To adjust required reserves for discontinuities that are due to regulatory changes in reserve requirements, a multiplicative procedure is used to estimate what required reserves would have been in past periods had current reserve requirements been in effect. Break-adjusted required reserves include required reserves against transactions deposits and nonpersonal time and savings deposits (but not reservable nondeposit liabilities).
9. The break-adjusted monetary base equals (1) break-adjusted total reserves (line 6), plus (2) the (unadjusted) currency component of the money stock, plus (3) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the break-adjusted difference between current vault cash and the amount applied to satisfy current reserve requirements.
10. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with regulatory changes in reserve requirements.
11. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements.
12. The monetary base, not break-adjusted and not seasonally adjusted, consists of (1) total reserves (line 11), plus (2) required clearing balances and adjustments to compensate for float at Federal Reserve Banks, plus (3) the currency component of the money stock, plus (4) (for all quarterly reporters on the "Report of Transaction Accounts, Other Deposits and Vault Cash" and for all those weekly reporters whose vault cash exceeds their required reserves) the difference between current vault cash and the amount applied to satisfy current reserve requirements. Since February 1984, currency and vault cash figures have been measured over the computation periods ending on Mondays.
13. Unadjusted total reserves (line 11) less unadjusted required reserves (line 14).

1.21 MONEY STOCK MEASURES[1]

Billions of dollars, averages of daily figures

Item	1998 Dec.	1999 Dec.	2000 Dec.	2001 Dec.	2002 June	2002 July	2002 Aug.	2002 Sept.
	Seasonally adjusted							
Measures[2]								
1 M1	1,096.5	1,124.4	1,088.9	1,179.3	1,189.9	1,197.8	1,184.0	1,192.3
2 M2	4,383.9	4,654.2	4,938.5	5,457.9	5,581.5[r]	5,641.2[r]	5,685.5	5,709.5
3 M3	6,041.3	6,544.5	7,115.1	8,033.2	8,175.8[r]	8,232.6[r]	8,306.2[r]	8,332.9
M1 components								
4 Currency[3]	459.3	516.9	530.1	579.9	611.1	615.1	617.1	617.8
5 Travelers checks[4]	8.2	8.3	8.0	7.8	8.2	8.6	8.4	8.0
6 Demand deposits[5]	378.4	354.5	309.9	330.4	305.1	303.8	288.9	293.1
7 Other checkable deposits[6]	250.5	244.7	240.9	261.2	265.5	270.3	269.7[r]	273.5
Nontransaction components								
8 In M2[7]	3,287.4	3,529.8	3,849.7	4,278.7	4,391.6	4,443.4	4,501.5	4,517.2
9 In M3 only[8]	1,657.4	1,890.3	2,176.5	2,575.2	2,594.3[r]	2,591.5[r]	2,620.7[r]	2,623.4
Commercial banks								
10 Savings deposits, including MMDAs	1,187.5	1,289.1	1,423.7	1,745.8	1,884.8[r]	1,911.5[r]	1,963.4	1,991.1
11 Small time deposits[9]	626.1	635.0	699.1	638.9	617.5	613.4	607.9[r]	600.8
12 Large time deposits[10,11]	582.8	651.3	717.2	670.0	699.4	703.8[r]	705.5[r]	704.7
Thrift institutions								
13 Savings deposits, including MMDAs	414.7	449.7	452.1	561.8	629.4	641.3[r]	654.4	666.0
14 Small time deposits[9]	325.6	320.4	344.5	334.4	308.5[r]	307.4	306.6[r]	305.0
15 Large time deposits[10]	88.6	91.1	102.9	114.0	110.2	110.3	111.8	112.4
Money market mutual funds								
16 Retail	733.6	835.7	930.2	997.7	951.5	969.8	969.2	954.2
17 Institution-only	540.1	638.6	796.6	1,206.5	1,196.4	1,191.6	1,190.1	1,176.4
Repurchase agreements and eurodollars								
18 Repurchase agreements[12]	293.4	335.9	364.0	375.7	373.7	372.6	397.5	416.5
19 Eurodollars[12]	152.5	173.4	195.9	209.0	214.6[r]	213.2[r]	215.8[r]	213.4
	Not seasonally adjusted							
Measures[2]								
20 M1	1,120.4	1,148.3	1,112.3	1,203.5	1,187.5	1,195.4[r]	1,179.2	1,183.6
21 M2	4,404.0	4,675.0	4,962.2	5,482.9	5,570.4[r]	5,614.9[r]	5,660.1[r]	5,685.4
22 M3	6,070.1	6,576.2	7,150.3	8,071.4	8,161.6[r]	8,183.0[r]	8,254.2[r]	8,264.8
M1 components								
23 Currency[3]	463.3	521.5	535.2	584.9	610.4	615.3	616.2	615.8
24 Travelers checks[4]	8.4	8.4	8.1	7.9	8.0	8.2	8.1	7.8
25 Demand deposits[5]	395.9	371.8	326.5	348.2	302.2	304.0	287.7	290.0
26 Other checkable deposits[6]	252.8	246.6	242.5	262.5	266.9	267.9[r]	267.3	269.9
Nontransaction components								
27 In M2[7]	3,283.6	3,526.7	3,849.9	4,279.4	4,382.9[r]	4,419.5	4,480.8	4,501.8
28 In M3 only[8]	1,666.1	1,901.2	2,188.0	2,588.5	2,591.2[r]	2,568.1[r]	2,594.2[r]	2,579.4
Commercial banks								
29 Savings deposits, including MMDAs	1,186.0	1,288.8	1,426.9	1,750.2	1,889.6	1,907.6[r]	1,956.9[r]	1,986.9
30 Small time deposits[9]	626.5	635.7	700.0	639.6	614.5	611.4[r]	607.1[r]	601.3
31 Large time deposits[10,11]	583.1	651.7	717.6	670.1	704.6	703.5[r]	702.9[r]	702.3
Thrift institutions								
32 Savings deposits, including MMDAs	414.2	449.6	453.1	563.2	631.0	640.0[r]	652.2	664.6
33 Small time deposits[9]	325.8	320.8	345.0	334.8	307.0[r]	306.4	306.2[r]	305.3
34 Large time deposits[10]	88.6	91.2	103.0	114.0	111.0	110.3	111.4	112.0
Money market mutual funds								
35 Retail	731.1	831.9	924.9	991.6	940.7	954.1	958.5	943.7
36 Institution-only	549.5	648.2	805.6	1,217.7	1,182.2	1,169.2	1,170.0	1,143.9
Repurchase agreements and eurodollars								
37 Repurchase agreements[12]	290.4	334.7	364.2	376.5	378.8	373.8	396.7	410.0
38 Eurodollars[12]	154.5	175.4	197.6	210.2	214.6[r]	211.4[r]	213.2[r]	211.2

Footnotes appear on following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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			
	2001	2002							2002			
	Sept.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Sept. 4	Sept. 11	Sept. 18	Sept. 25
	Seasonally adjusted											
Assets												
1 Bank credit	5,425.4	5,430.8	5,449.3	5,507.6	5,553.5	5,600.5	5,683.6	5,740.9	5,748.8	5,720.9	5,744.9	5,751.9
2 Securities in bank credit	1,437.7	1,482.3	1,501.7	1,536.9	1,565.8	1,597.1	1,636.1	1,646.6	1,675.0	1,636.5	1,633.2	1,647.0
3 U.S. government securities	803.3	847.1	868.1	893.6	910.6	920.7	949.1	966.1	978.3	964.4	958.2	964.3
4 Other securities	634.4	635.1	633.6	643.4	655.2	676.4	687.0	680.5	696.8	672.1	675.0	682.7
5 Loans and leases in bank credit[2]	3,987.7	3,948.5	3,947.7	3,970.7	3,987.7	4,003.4	4,047.5	4,094.3	4,073.8	4,084.5	4,111.7	4,104.9
6 Commercial and industrial	1,066.0	1,025.4	1,009.3	1,004.7	997.7	985.2	985.5	978.8	984.5	980.6	978.5	979.8
7 Real estate	1,730.0	1,793.0	1,797.4	1,820.9	1,844.4	1,875.6	1,906.7	1,941.2	1,925.8	1,942.9	1,947.3	1,937.4
8 Revolving home equity	144.6	167.6	172.1	179.7	186.4	193.2	197.9	200.7	199.1	200.1	200.8	202.3
9 Other	1,585.4	1,625.4	1,625.3	1,641.2	1,658.1	1,682.4	1,708.8	1,740.5	1,726.7	1,742.8	1,746.6	1,735.1
10 Consumer	552.3	562.7	567.6	570.8	570.4	566.8	577.0	585.1	582.7	583.0	586.6	586.4
11 Security[3]	176.8	160.1	166.8	168.6	168.8	175.2	174.6	179.6	175.2	173.8	189.0	186.5
12 Other loans and leases	462.6	407.3	406.6	405.8	406.4	400.6	403.8	409.6	405.6	404.2	410.2	414.7
13 Interbank loans	346.2	269.8	270.7	288.4	282.4	287.8	303.5	314.9	313.8	305.9	316.4	318.2
14 Cash assets[4]	329.1	300.4	300.3	302.2	307.4	308.7	315.4	312.6	331.2	296.3	308.9	312.5
15 Other assets[5]	478.1	470.6	482.1	488.0	483.5	490.6	505.4	501.9	503.6	508.9	499.2	497.7
16 **Total assets**[6]	**6,510.8**	**6,395.8**	**6,427.0**	**6,510.6**	**6,551.1**	**6,612.1**	**6,732.6**	**6,794.8**	**6,821.7**	**6,756.7**	**6,793.8**	**6,804.7**
Liabilities												
17 Deposits	4,220.3	4,311.4	4,334.2	4,368.6	4,392.8	4,433.0	4,475.7	4,485.7	4,527.1	4,475.3	4,469.5	4,472.7
18 Transaction	690.9	620.9	602.0	609.5	598.7	613.9	600.3	585.0	581.7	554.6	584.3	624.5
19 Nontransaction	3,529.4	3,690.5	3,732.3	3,759.1	3,794.1	3,819.1	3,875.4	3,900.7	3,945.4	3,920.7	3,885.2	3,848.1
20 Large time	966.3	1,026.1	1,042.9	1,046.2	1,039.3	1,048.8	1,048.4	1,042.7	1,048.4	1,044.7	1,044.3	1,037.6
21 Other	2,563.1	2,664.3	2,689.3	2,712.9	2,754.8	2,770.3	2,827.1	2,858.0	2,897.0	2,876.0	2,840.9	2,810.5
22 Borrowings	1,286.0	1,206.0	1,219.9	1,245.4	1,241.2	1,241.1	1,301.7	1,322.9	1,322.1	1,309.5	1,326.3	1,331.2
23 From banks in the U.S.	436.3	381.2	381.4	384.0	379.3	385.5	404.4	415.8	419.3	420.7	416.1	408.4
24 From others	849.7	824.8	838.5	861.4	861.9	855.6	897.3	907.1	902.8	888.7	910.2	922.8
25 Net due to related foreign offices	173.0	109.4	103.7	92.2	90.9	90.8	91.1	99.6	96.3	102.3	116.6	92.8
26 Other liabilities	403.9	309.7	320.7	336.7	368.6	396.9	416.2	424.9	426.1	418.1	418.8	429.2
27 **Total liabilities**	**6,083.1**	**5,936.5**	**5,978.5**	**6,042.9**	**6,093.5**	**6,161.8**	**6,284.7**	**6,333.1**	**6,371.6**	**6,305.2**	**6,331.2**	**6,325.8**
28 Residual (assets less liabilities)[7]	427.7	459.3	448.6	467.6	457.6	450.3	447.8	461.7	450.1	451.5	462.6	478.9
	Not seasonally adjusted											
Assets												
29 Bank credit	5,420.1	5,424.9	5,446.1	5,501.5	5,548.0	5,573.9	5,661.1	5,734.1	5,735.5	5,709.9	5,746.8	5,740.5
30 Securities in bank credit	1,434.5	1,488.0	1,501.1	1,534.2	1,561.7	1,582.9	1,627.4	1,642.9	1,673.9	1,633.6	1,628.7	1,640.6
31 U.S. government securities	800.4	853.4	869.8	891.2	907.9	912.4	942.8	962.6	976.9	962.4	954.1	959.0
32 Other securities	634.2	634.6	631.2	642.9	653.8	670.5	684.6	680.2	697.0	671.3	674.6	681.6
33 Loans and leases in bank credit[2]	3,985.6	3,936.9	3,945.1	3,967.3	3,986.3	3,990.9	4,033.7	4,091.2	4,061.6	4,076.3	4,118.1	4,099.9
34 Commercial and industrial	1,063.8	1,026.9	1,013.4	1,008.2	999.9	984.1	980.0	976.7	979.1	974.4	978.1	978.7
35 Real estate	1,731.7	1,785.4	1,794.1	1,823.5	1,845.4	1,875.0	1,907.8	1,943.3	1,926.4	1,945.7	1,950.5	1,939.0
36 Revolving home equity	145.3	166.0	171.5	180.1	186.5	193.0	198.0	201.7	199.7	201.1	202.1	203.5
37 Other	1,586.4	1,619.4	1,622.6	1,643.4	1,658.8	1,682.0	1,709.8	1,741.6	1,726.7	1,744.6	1,748.4	1,735.6
38 Consumer	551.6	560.0	564.2	569.0	566.2	560.9	573.5	584.7	580.9	581.3	587.3	587.2
39 Credit cards and related plans	217.0	220.0	223.5	222.8	221.0	215.4	224.5	231.4	229.6	228.6	233.7	233.2
40 Other	334.6	339.9	340.6	346.2	345.2	345.5	349.0	353.3	351.3	352.8	353.6	354.0
41 Security[3]	175.6	157.7	165.9	162.1	167.8	170.6	170.2	177.8	168.1	170.2	193.2	184.5
42 Other loans and leases	462.9	407.0	407.5	404.4	407.0	400.3	402.3	408.8	407.1	404.7	409.0	410.5
43 Interbank loans	338.3	274.7	280.6	285.0	284.5	282.0	297.1	307.2	316.4	306.0	308.5	294.9
44 Cash assets[4]	325.7	290.6	299.3	299.5	299.7	299.6	301.1	309.4	346.8	298.9	300.9	298.9
45 Other assets[5]	480.7	470.1	482.6	487.7	481.6	489.2	502.7	504.5	506.4	512.4	500.1	497.2
46 **Total assets**[6]	**6,496.6**	**6,384.4**	**6,433.5**	**6,497.9**	**6,538.0**	**6,569.3**	**6,686.7**	**6,779.5**	**6,829.0**	**6,751.4**	**6,780.4**	**6,756.0**
Liabilities												
47 Deposits	4,190.6	4,316.7	4,358.4	4,361.6	4,380.6	4,403.7	4,428.7	4,453.6	4,519.8	4,464.6	4,428.8	4,402.8
48 Transaction	683.8	616.0	610.4	601.5	595.7	606.4	584.9	578.8	593.0	558.6	574.2	598.5
49 Nontransaction	3,506.8	3,700.8	3,748.0	3,760.1	3,784.9	3,797.2	3,843.8	3,874.8	3,926.8	3,906.0	3,854.6	3,804.4
50 Large time	953.8	1,027.0	1,045.5	1,049.8	1,037.0	1,037.7	1,032.7	1,028.2	1,031.8	1,029.0	1,027.7	1,024.5
51 Other	2,553.0	2,673.8	2,702.5	2,710.3	2,747.9	2,759.5	2,811.1	2,846.6	2,895.1	2,877.0	2,827.0	2,779.9
52 Borrowings	1,281.7	1,204.0	1,226.0	1,251.9	1,240.2	1,231.0	1,281.4	1,320.3	1,310.6	1,295.0	1,331.0	1,335.9
53 From banks in the U.S.	427.9	385.4	386.4	385.2	376.8	381.4	399.2	409.0	413.4	411.8	410.2	401.3
54 From others	853.8	818.6	839.7	866.6	863.4	849.5	882.1	911.3	897.2	883.2	920.7	934.6
55 Net due to related foreign offices	173.6	111.1	95.1	91.7	87.0	81.7	88.2	100.1	94.3	101.1	115.8	98.7
56 Other liabilities	404.0	309.5	313.3	336.2	365.8	388.4	413.6	425.0	424.4	417.0	417.5	434.0
57 **Total liabilities**	**6,049.9**	**5,941.4**	**5,992.9**	**6,041.4**	**6,073.5**	**6,104.7**	**6,211.8**	**6,299.1**	**6,349.1**	**6,277.7**	**6,293.1**	**6,271.4**
58 Residual (assets less liabilities)[7]	446.7	443.0	440.6	456.6	464.4	464.5	474.9	480.4	479.8	473.7	487.3	484.6

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			
	2001	2002							2002			
	Sept.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Sept. 4	Sept. 11	Sept. 18	Sept. 25
	Seasonally adjusted											
Assets												
1 Bank credit	4,833.5	4,833.2	4,851.4	4,910.6	4,948.1	4,991.7	5,066.0	5,125.0	5,126.1	5,105.9	5,122.3	5,138.1
2 Securities in bank credit	1,214.6	1,254.1	1,276.3	1,308.5	1,330.9	1,360.9	1,390.0	1,402.8	1,426.2	1,394.3	1,390.5	1,404.0
3 U.S. government securities	732.9	778.5	798.6	822.7	837.2	847.2	869.1	881.0	894.5	880.6	873.1	877.8
4 Other securities	481.7	475.6	477.7	485.9	493.7	513.7	520.9	521.8	531.7	513.7	517.4	526.2
5 Loans and leases in bank credit[2]	3,618.9	3,579.0	3,575.2	3,602.1	3,617.1	3,630.7	3,676.0	3,722.2	3,699.9	3,711.6	3,731.8	3,734.1
6 Commercial and industrial	864.8	823.8	811.3	806.0	802.9	793.6	795.2	793.1	795.9	792.9	791.5	794.4
7 Real estate	1,711.4	1,773.7	1,778.0	1,801.6	1,824.8	1,855.9	1,886.9	1,921.3	1,906.0	1,923.0	1,927.3	1,917.4
8 Revolving home equity	144.6	167.6	172.1	179.7	186.4	193.2	197.9	200.7	199.1	200.1	200.8	202.3
9 Other	1,566.8	1,606.2	1,605.9	1,621.8	1,638.5	1,662.7	1,689.0	1,720.5	1,706.9	1,723.0	1,726.6	1,715.1
10 Consumer	552.3	562.7	567.6	570.8	570.4	566.8	577.0	585.1	582.7	583.0	586.6	586.4
11 Security[3]	96.9	81.4	82.9	88.8	84.1	86.6	85.6	86.0	81.9	81.1	89.1	95.1
12 Other loans and leases	393.5	337.3	335.4	334.9	334.9	327.9	331.3	336.6	333.4	331.5	337.3	340.7
13 Interbank loans	320.5	249.1	248.8	265.0	262.2	270.5	285.4	293.8	292.1	283.1	295.7	297.7
14 Cash assets[4]	285.4	256.1	253.6	256.9	261.9	263.6	270.5	268.9	285.6	253.7	264.5	268.7
15 Other assets[5]	444.6	440.5	451.3	457.4	450.7	456.9	471.6	469.5	469.7	476.6	467.2	465.8
16 **Total assets[6]**	**5,816.2**	**5,703.5**	**5,730.0**	**5,814.6**	**5,847.5**	**5,907.5**	**6,018.6**	**6,082.0**	**6,098.3**	**6,044.2**	**6,074.5**	**6,095.1**
Liabilities												
17 Deposits	3,809.4	3,823.4	3,827.4	3,861.0	3,884.6	3,929.3	3,978.7	4,000.2	4,030.4	3,981.0	3,979.0	3,994.0
18 Transaction	678.4	610.8	591.4	598.6	587.8	603.3	589.4	574.0	570.0	543.8	574.0	613.5
19 Nontransaction	3,131.1	3,212.6	3,236.0	3,262.4	3,296.8	3,326.0	3,389.3	3,426.1	3,460.4	3,437.2	3,405.0	3,380.5
20 Large time	570.4	552.8	548.9	550.7	544.7	563.2	570.5	574.7	574.3	569.7	571.2	574.2
21 Other	2,560.7	2,659.8	2,687.1	2,711.7	2,752.0	2,762.8	2,818.7	2,851.5	2,886.1	2,867.6	2,833.8	2,806.3
22 Borrowings	1,068.5	1,017.2	1,029.3	1,055.3	1,047.4	1,038.0	1,087.0	1,099.3	1,094.9	1,090.5	1,104.2	1,106.1
23 From banks in the U.S.	406.4	360.2	359.1	362.9	357.9	364.3	382.0	392.0	392.3	397.9	396.2	384.0
24 From others	662.1	657.0	670.2	692.4	689.5	673.7	705.0	707.3	702.6	692.6	708.0	722.0
25 Net due to related foreign offices	189.3	172.4	177.3	179.8	175.5	181.3	179.9	184.1	188.4	186.8	192.2	180.2
26 Other liabilities	319.4	241.1	252.7	264.2	286.9	309.5	322.7	335.0	333.5	331.2	330.4	338.8
27 **Total liabilities**	**5,386.7**	**5,254.2**	**5,286.7**	**5,360.2**	**5,394.4**	**5,458.0**	**5,568.3**	**5,618.6**	**5,647.3**	**5,589.5**	**5,605.8**	**5,619.1**
28 Residual (assets less liabilities)[7]	429.5	449.4	443.3	454.4	453.1	449.5	450.3	463.4	451.0	454.8	468.7	476.0
	Not seasonally adjusted											
Assets												
29 Bank credit	4,831.2	4,827.3	4,848.2	4,908.4	4,945.6	4,971.0	5,049.7	5,121.4	5,122.0	5,100.8	5,125.1	5,127.7
30 Securities in bank credit	1,211.4	1,259.8	1,275.7	1,305.8	1,326.8	1,346.8	1,381.3	1,399.0	1,425.1	1,391.5	1,385.9	1,397.5
31 U.S. government securities	729.9	784.8	800.4	820.3	834.5	838.9	862.8	877.5	893.2	878.6	869.0	872.5
32 Other securities	481.4	475.0	475.3	485.4	492.3	507.9	518.5	521.6	532.0	512.9	517.0	525.0
33 Loans and leases in bank credit[2]	3,619.8	3,567.5	3,572.5	3,602.7	3,618.8	3,624.3	3,668.4	3,722.4	3,696.8	3,709.3	3,739.1	3,730.1
34 Commercial and industrial	862.7	823.9	816.6	811.8	806.2	793.9	791.3	791.0	792.1	787.9	791.0	792.6
35 Real estate	1,713.0	1,766.2	1,774.7	1,804.2	1,825.8	1,855.2	1,888.0	1,923.4	1,906.6	1,925.8	1,930.5	1,919.0
36 Revolving home equity	145.3	166.0	171.5	180.1	186.5	193.0	198.0	201.7	199.7	201.1	202.1	203.5
37 Other	1,567.7	1,600.1	1,603.2	1,624.1	1,639.2	1,662.2	1,690.0	1,721.7	1,706.9	1,724.8	1,728.4	1,715.6
38 Consumer	551.6	560.0	564.2	569.0	566.2	560.9	573.5	584.7	580.9	581.3	587.3	587.2
39 Credit cards and related plans	217.0	220.0	223.5	222.8	221.0	215.4	224.5	231.4	229.6	228.6	233.7	233.2
40 Other	334.6	339.9	340.6	346.2	345.2	345.5	349.0	353.3	351.3	352.8	353.6	354.0
41 Security[3]	98.2	81.4	81.4	83.6	84.7	85.3	84.4	87.0	81.8	81.7	93.7	94.2
42 Other loans and leases	394.2	336.2	335.7	334.1	335.8	328.9	331.2	336.3	335.3	332.5	336.6	337.1
43 Interbank loans	312.5	254.1	258.7	261.6	264.3	264.7	279.1	286.1	294.7	283.2	287.9	274.3
44 Cash assets[4]	282.0	247.4	254.6	255.6	256.2	256.3	257.6	265.7	302.4	256.7	256.8	254.3
45 Other assets[5]	446.6	439.1	451.9	457.0	450.2	456.8	469.4	471.4	471.9	479.1	467.5	464.8
46 **Total assets[6]**	**5,804.4**	**5,692.4**	**5,738.6**	**5,807.3**	**5,840.8**	**5,873.8**	**5,980.7**	**6,069.3**	**6,115.1**	**6,044.4**	**6,061.7**	**6,045.9**
Liabilities												
47 Deposits	3,789.7	3,826.6	3,847.8	3,848.9	3,874.2	3,909.0	3,946.1	3,980.1	4,039.4	3,985.7	3,952.7	3,931.3
48 Transaction	671.1	606.1	600.4	591.0	585.1	595.9	574.3	567.7	581.4	547.8	563.9	586.9
49 Nontransaction	3,118.6	3,220.5	3,247.4	3,257.9	3,289.1	3,313.2	3,371.8	3,412.4	3,458.0	3,438.0	3,388.8	3,344.5
50 Large time	567.9	551.3	547.2	548.9	544.0	561.1	568.9	572.1	573.5	569.2	568.8	568.7
51 Other	2,550.7	2,669.2	2,700.2	2,709.0	2,745.1	2,752.1	2,803.0	2,840.3	2,884.5	2,868.8	2,820.0	2,775.7
52 Borrowings	1,064.1	1,015.3	1,035.4	1,061.7	1,046.4	1,027.9	1,066.7	1,096.7	1,083.5	1,076.1	1,108.8	1,110.7
53 From banks in the U.S.	398.0	364.4	364.0	364.1	355.4	360.2	376.8	385.2	386.4	389.0	390.4	377.0
54 From others	666.1	650.9	671.4	697.6	691.0	667.6	689.8	711.5	697.1	687.1	718.4	733.8
55 Net due to related foreign offices	188.8	171.0	170.6	179.4	174.3	176.1	179.0	183.6	187.4	185.8	190.9	182.1
56 Other liabilities	319.0	239.7	246.0	263.7	285.4	303.0	321.2	334.5	332.3	330.1	328.8	341.3
57 **Total liabilities**	**5,361.7**	**5,252.6**	**5,299.8**	**5,353.7**	**5,380.3**	**5,416.1**	**5,512.9**	**5,594.9**	**5,642.6**	**5,577.7**	**5,581.2**	**5,565.5**
58 Residual (assets less liabilities)[7]	442.7	439.8	438.8	453.7	460.5	457.7	467.7	474.4	472.5	466.7	480.5	480.5

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2001	2002							2002			
	Sept.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Sept. 4	Sept. 11	Sept. 18	Sept. 25
	Seasonally adjusted											
Assets												
1 Bank credit	2,699.8	2,560.2	2,561.7	2,577.4	2,597.0	2,630.7	2,678.6	2,715.3	2,721.5	2,696.2	2,714.5	2,730.8
2 Securities in bank credit	640.0	629.7	645.2	663.9	683.4	713.0	736.4	745.2	766.2	734.5	737.4	748.9
3 U.S. government securities	368.0	369.7	383.4	390.3	399.9	410.7	427.3	431.7	443.9	430.0	428.1	430.0
4 Trading account	37.9	32.7	38.1	43.0	42.4	43.1	48.0	42.6	55.2	43.2	44.4	37.4
5 Investment account	330.1	337.0	345.3	347.3	357.6	367.6	379.3	389.1	388.8	386.9	383.7	392.6
6 Other securities	272.0	260.0	261.8	273.6	283.5	302.3	309.1	313.5	322.3	304.5	309.3	318.9
7 Trading account	160.8	122.5	128.2	140.5	148.3	168.8	174.5	172.7	184.4	165.9	170.6	176.7
8 Investment account	111.2	137.5	133.6	133.1	135.2	133.5	134.6	140.8	137.9	138.5	138.7	142.3
9 State and local government	27.4	27.7	27.2	26.9	27.3	28.3	28.0	28.4	28.1	28.3	28.3	28.6
10 Other	83.8	109.9	106.4	106.2	107.8	105.3	106.5	112.4	109.8	110.3	110.3	113.7
11 Loans and leases in bank credit[2]	2,059.8	1,930.5	1,916.4	1,913.5	1,913.5	1,917.7	1,942.3	1,970.1	1,955.2	1,961.7	1,977.1	1,981.9
12 Commercial and industrial	564.9	521.9	510.8	503.7	499.6	488.3	487.5	484.0	487.6	484.1	482.8	485.1
13 Bankers acceptances	.0	.0	.0	.0	.0	.0	.0	.0	n.a.	n.a.	n.a.	n.a.
14 Other	564.9	521.9	510.8	503.7	499.6	488.3	487.5	484.0	487.6	484.1	482.8	485.1
15 Real estate	853.5	847.6	845.6	847.2	861.1	881.2	900.2	921.0	911.1	921.9	925.5	918.4
16 Revolving home equity	92.4	105.3	108.5	112.1	116.5	121.3	124.2	126.0	124.5	125.7	126.3	127.5
17 Other	761.1	742.3	737.1	735.1	744.6	759.9	776.0	795.0	786.6	796.2	799.2	790.9
18 Consumer	256.9	247.1	245.5	245.4	241.2	241.8	247.3	252.8	250.7	252.1	253.1	254.2
19 Security[3]	88.4	73.8	75.7	81.5	76.5	78.7	77.5	77.8	73.9	73.2	80.8	86.5
20 Federal funds sold to and repurchase agreements with broker–dealers	61.8	61.2	63.3	69.2	64.5	66.2	66.1	67.8	63.7	63.2	71.2	76.0
21 Other	26.6	12.5	12.3	12.3	12.0	12.5	11.3	10.0	10.2	10.0	9.5	10.5
22 State and local government	14.9	13.3	13.1	13.0	13.0	12.8	12.9	13.0	12.9	12.9	12.9	13.0
23 Agricultural	9.9	9.4	9.2	9.2	9.1	9.0	8.2	8.2	8.1	8.2	8.2	8.2
24 Federal funds sold to and repurchase agreements with others	32.2	21.2	22.2	18.9	17.3	13.5	16.4	19.5	17.5	18.9	20.1	20.9
25 All other loans	107.2	65.8	65.2	67.0	69.0	66.0	66.4	68.0	67.2	64.2	67.9	69.8
26 Lease-financing receivables	131.9	130.4	129.2	127.7	126.8	126.3	126.1	125.8	126.2	126.1	125.8	125.8
27 Interbank loans	204.2	149.6	158.9	169.0	161.2	162.8	174.1	179.5	181.9	176.2	180.5	175.5
28 Federal funds sold to and repurchase agreements with commercial banks	129.4	78.3	85.7	84.7	75.0	75.1	84.4	86.7	92.7	85.9	90.6	77.5
29 Other	74.7	71.3	73.3	84.2	86.2	87.7	89.7	92.8	89.2	90.3	89.9	97.9
30 Cash assets[4]	176.6	142.3	139.3	140.8	142.6	142.0	146.4	143.8	158.0	134.2	140.1	142.9
31 Other assets[5]	318.3	293.3	302.6	308.2	303.0	309.3	317.7	312.4	313.2	316.8	309.7	313.3
32 **Total assets**[6]	**3,360.4**	**3,100.6**	**3,118.4**	**3,151.2**	**3,159.7**	**3,200.7**	**3,273.5**	**3,308.2**	**3,331.2**	**3,280.5**	**3,302.0**	**3,319.6**
Liabilities												
33 Deposits	1,869.9	1,810.3	1,814.7	1,810.0	1,812.7	1,841.9	1,867.4	1,878.0	1,898.7	1,867.3	1,861.9	1,872.5
34 Transaction	378.4	305.7	288.9	290.5	286.1	291.5	281.5	267.4	270.3	250.9	265.8	288.3
35 Nontransaction	1,491.5	1,504.6	1,525.7	1,519.5	1,526.6	1,550.4	1,585.9	1,610.5	1,628.5	1,616.4	1,596.1	1,584.2
36 Large time	266.2	250.5	247.0	248.5	243.6	260.8	267.6	271.1	270.7	266.4	268.3	270.7
37 Other	1,225.3	1,254.1	1,278.7	1,271.0	1,283.0	1,289.6	1,318.3	1,339.4	1,357.8	1,350.0	1,327.8	1,313.5
38 Borrowings	714.5	636.8	646.6	665.3	655.5	642.0	676.2	671.5	676.5	669.5	677.1	671.6
39 From banks in the U.S.	251.0	191.5	192.6	193.6	187.5	190.7	200.4	206.0	209.2	212.7	208.4	195.6
40 From others	463.5	445.4	453.9	471.7	468.0	451.4	475.8	465.5	467.3	456.8	468.7	476.0
41 Net due to related foreign offices	178.7	163.4	167.6	168.1	163.9	171.6	171.5	175.5	180.4	175.8	182.5	173.2
42 Other liabilities	257.4	169.8	180.9	188.9	210.2	232.9	243.3	254.2	253.9	249.9	248.4	258.1
43 **Total liabilities**	**3,020.5**	**2,780.3**	**2,809.7**	**2,832.3**	**2,842.3**	**2,888.4**	**2,958.4**	**2,979.1**	**3,009.6**	**2,962.6**	**2,969.8**	**2,975.3**
44 Residual (assets less liabilities)[7]	340.0	320.3	308.7	318.9	317.4	312.4	315.2	329.1	321.6	317.9	332.2	344.3

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2001	2002							2002			
	Sept.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Sept. 4	Sept. 11	Sept. 18	Sept. 25
	Not seasonally adjusted											
Assets												
45 Bank credit	2,695.8	2,559.1	2,561.3	2,577.3	2,597.1	2,615.4	2,665.3	2,709.8	2,718.9	2,691.4	2,713.9	2,715.4
46 Securities in bank credit	637.7	633.2	643.3	661.9	679.8	701.0	730.0	742.5	767.4	732.9	733.9	742.2
47 U.S. government securities	365.9	373.7	383.9	388.8	397.7	404.5	423.3	429.3	444.9	429.3	425.0	424.4
48 Trading account	37.7	33.1	38.2	42.8	42.2	42.4	47.6	42.4	55.3	43.1	44.1	36.9
49 Investment account	328.3	340.6	345.8	346.0	355.5	362.1	375.8	386.9	389.6	386.2	380.9	387.5
50 Mortgage-backed securities	251.1	263.2	268.0	271.9	277.4	287.2	304.4	307.9	314.7	310.4	301.8	304.8
51 Other	77.2	77.5	77.7	74.0	78.1	74.9	71.4	79.0	74.9	75.8	79.1	82.7
52 One year or less	20.2	20.0	18.4	16.1	14.9	18.6	17.4	19.9	18.8	19.2	20.0	20.2
53 One to five years	34.7	45.3	46.4	45.1	49.9	43.6	42.2	46.3	44.1	44.2	45.9	48.1
54 More than five years	22.3	12.2	12.9	12.9	13.3	12.7	11.8	12.9	12.0	12.5	13.2	14.3
55 Other securities	271.8	259.4	259.4	273.1	282.1	296.5	306.7	313.3	322.5	303.7	308.9	317.8
56 Trading account	160.6	122.2	127.0	140.2	147.5	165.5	173.1	172.6	184.5	165.5	170.4	176.0
57 Investment account	111.1	137.2	132.4	132.9	134.5	131.0	133.6	140.7	138.0	138.2	138.5	141.7
58 State and local government	27.4	27.6	27.0	26.9	27.2	27.7	27.8	28.4	28.1	28.2	28.3	28.5
59 Other	83.7	109.6	105.4	106.0	107.3	103.3	105.7	112.3	109.9	110.0	110.2	113.3
60 Loans and leases in bank credit[2]	2,058.1	1,926.0	1,917.9	1,915.4	1,917.4	1,914.4	1,935.3	1,967.2	1,951.5	1,958.4	1,980.0	1,973.2
61 Commercial and industrial	564.5	522.3	514.2	507.2	500.8	488.0	485.1	483.7	485.9	481.9	483.7	484.4
62 Bankers acceptances	.0	.0	.0	.0	0	.0	.0	.0	n.a.	n.a.	n.a.	n.a
63 Other	564.5	522.3	514.2	507.2	500.8	488.0	485.1	483.7	485.9	481.9	483.7	484.4
64 Real estate	853.8	843.0	844.3	850.6	863.0	881.4	900.6	921.4	911.9	924.1	926.8	916.7
65 Revolving home equity	92.8	104.3	108.1	112.6	117.0	121.5	124.6	126.5	125.3	126.4	127.0	127.8
66 Other	450.8	429.6	426.5	427.0	436.1	449.7	465.4	483.5	476.6	487.4	488.9	476.2
67 Commercial	310.2	309.0	309.7	311.0	310.0	310.2	310.7	311.4	310.1	310.3	311.0	312.7
68 Consumer	254.4	247.2	245.9	246.0	241.0	240.0	245.1	250.3	248.6	249.5	250.7	251.7
69 Credit cards and related plans	85.5	75.3	73.4	73.4	71.0	69.9	72.5	74.8	74.5	74.5	75.1	75.8
70 Other	168.9	171.9	172.6	172.6	170.0	170.1	172.6	175.4	174.1	175.0	175.7	175.9
71 Security[3]	89.8	73.5	74.0	76.4	77.2	77.7	76.4	78.9	73.5	73.6	85.7	86.3
72 Federal funds sold to and repurchase agreements with broker–dealers	62.7	61.0	61.9	64.9	65.1	65.4	65.2	68.8	63.4	63.5	75.6	75.9
73 Other	27.1	12.5	12.1	11.5	12.1	12.3	11.2	10.1	10.1	10.1	10.1	10.5
74 State and local government	14.9	13.3	13.1	13.0	13.0	12.8	12.9	13.0	12.9	12.9	12.9	13.0
75 Agricultural	9.9	9.3	9.2	9.3	9.2	9.2	8.2	8.1	8.1	8.2	8.2	8.2
76 Federal funds sold to and repurchase agreements with others	33.1	21.2	22.2	18.9	17.3	13.5	16.4	19.5	17.5	18.9	20.1	20.9
77 All other loans	107.7	65.0	65.2	66.4	69.4	66.3	65.9	68.3	68.4	65.2	68.3	68.3
78 Lease-financing receivables	130.0	131.3	129.7	127.8	126.3	125.5	124.8	124.0	124.6	124.2	123.7	123.6
79 Interbank loans	198.7	149.8	162.8	170.2	166.2	161.8	169.5	174.5	178.8	171.3	177.4	166.2
80 Federal funds sold to and repurchase agreements with commercial banks	126.1	78.4	87.8	85.3	77.3	74.6	82.2	84.4	91.1	83.5	89.0	73.5
81 Other	72.6	71.4	75.0	84.8	88.9	87.2	87.3	90.2	87.6	87.8	88.4	92.8
82 Cash assets[4]	173.5	137.4	141.9	140.2	138.6	136.6	137.3	141.0	165.0	134.7	136.0	133.6
83 Other assets[5]	320.3	291.9	303.2	307.8	302.5	309.1	315.5	314.3	315.4	319.3	310.1	312.2
84 Total assets[6]	**3,349.7**	**3,093.4**	**3,125.3**	**3,151.4**	**3,160.2**	**3,179.1**	**3,244.3**	**3,296.6**	**3,334.2**	**3,273.3**	**3,294.2**	**3,284.6**
Liabilities												
85 Deposits	1,860.5	1,808.9	1,822.1	1,804.5	1,811.2	1,833.8	1,851.0	1,869.2	1,905.5	1,873.6	1,850.9	1,837.0
86 Transaction	373.0	302.7	296.2	287.6	284.6	286.5	270.1	263.0	273.3	251.7	260.7	272.5
87 Nontransaction	1,487.6	1,506.2	1,525.9	1,516.9	1,526.7	1,547.3	1,580.9	1,606.2	1,632.3	1,621.9	1,590.2	1,564.5
88 Large time	263.7	249.0	245.3	246.7	242.8	258.6	265.9	268.5	269.9	265.9	265.9	265.2
89 Other	1,223.8	1,257.2	1,280.6	1,270.2	1,283.8	1,288.7	1,315.0	1,337.7	1,362.4	1,356.0	1,324.3	1,299.3
90 Borrowings	710.1	634.9	652.7	671.7	654.5	631.9	655.9	668.9	665.0	655.1	681.7	676.2
91 From banks in the U.S.	242.6	195.7	197.6	194.8	184.9	186.6	195.2	199.2	203.2	203.8	202.5	188.5
92 From nonbanks in the U.S.	467.6	439.2	455.1	476.9	469.6	445.3	460.7	469.7	461.7	451.3	479.2	487.7
93 Net due to related foreign offices	178.2	162.0	160.8	167.8	162.6	166.4	170.5	175.0	179.4	174.8	181.2	175.0
94 Other liabilities	257.0	168.4	174.1	188.4	208.7	226.5	241.8	253.7	252.8	248.9	246.7	260.6
95 Total liabilities	**3,005.8**	**2,774.1**	**2,809.8**	**2,832.4**	**2,837.1**	**2,858.6**	**2,919.1**	**2,966.8**	**3,002.7**	**2,952.4**	**2,960.5**	**2,948.8**
96 Residual (assets less liabilities)[7]	343.9	319.3	315.5	319.0	323.1	320.5	325.2	329.8	331.4	320.9	333.7	335.8

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			
	2001	2002							2002			
	Sept.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Sept. 4	Sept. 11	Sept. 18	Sept. 25
	Seasonally adjusted											
Assets												
1 Bank credit	2,133.6	2,273.0	2,289.8	2,333.2	2,351.1	2,360.9	2,387.3	2,409.6	2,404.7	2,409.6	2,407.8	2,407.2
2 Securities in bank credit	574.6	624.4	631.1	644.6	647.5	647.9	653.6	657.6	660.0	659.8	653.1	655.1
3 U.S. government securities	364.9	408.8	415.2	432.3	437.3	436.5	441.8	449.3	450.5	450.6	445.0	447.8
4 Other securities	209.7	215.6	215.9	212.3	210.2	211.4	211.8	208.3	209.5	209.2	208.0	207.2
5 Loans and leases in bank credit[2]	1,559.0	1,648.6	1,658.7	1,688.6	1,703.6	1,713.0	1,733.7	1,752.0	1,744.7	1,749.8	1,754.7	1,752.2
6 Commercial and industrial	299.9	301.9	300.5	302.2	303.3	305.2	307.7	309.0	308.4	308.8	308.7	309.3
7 Real estate	857.8	926.2	932.4	954.4	963.7	974.7	986.7	1,000.3	994.9	1,001.2	1,001.8	999.0
8 Revolving home equity	52.2	62.3	63.6	67.7	69.8	71.9	73.7	74.7	74.6	74.4	74.5	74.8
9 Other	805.6	863.9	868.8	886.7	893.9	902.8	913.0	925.6	920.3	926.8	927.3	924.2
10 Consumer	295.4	315.6	322.1	325.5	329.2	325.0	329.7	332.3	331.9	330.9	333.5	332.3
11 Security[3]	8.5	7.6	7.2	7.3	7.6	7.9	8.1	8.3	8.0	7.9	8.3	8.6
12 Other loans and leases	97.4	97.3	96.5	99.2	99.8	100.3	101.5	102.1	101.4	101.1	102.4	103.0
13 Interbank loans	116.3	99.5	89.9	96.0	101.0	107.8	111.4	114.3	110.2	106.9	115.2	122.2
14 Cash assets[4]	108.8	113.8	114.2	116.1	119.3	121.6	124.1	125.1	127.6	119.5	124.4	125.8
15 Other assets[5]	126.3	147.2	148.7	149.2	147.7	147.6	153.9	157.1	156.5	159.9	157.5	152.5
16 **Total assets**[6]	**2,455.8**	**2,602.9**	**2,611.7**	**2,663.4**	**2,687.8**	**2,706.8**	**2,745.0**	**2,773.8**	**2,767.1**	**2,763.8**	**2,772.5**	**2,775.5**
Liabilities												
17 Deposits	1,939.6	2,013.1	2,012.7	2,051.0	2,071.8	2,087.4	2,111.3	2,122.2	2,131.7	2,113.7	2,117.1	2,121.5
18 Transaction	300.0	305.1	302.5	308.1	301.7	311.8	307.9	306.6	299.7	292.9	308.2	325.2
19 Nontransaction	1,639.6	1,708.0	1,710.3	1,742.9	1,770.1	1,775.6	1,803.4	1,815.6	1,832.0	1,820.8	1,808.9	1,796.3
20 Large time	304.2	302.3	301.8	302.2	301.1	302.4	303.0	303.6	303.6	303.3	302.9	303.5
21 Other	1,335.4	1,405.7	1,408.4	1,440.7	1,469.0	1,473.2	1,500.4	1,512.0	1,528.3	1,517.6	1,506.0	1,492.8
22 Borrowings	354.0	380.4	382.7	390.0	391.9	395.9	410.8	427.8	418.5	421.0	427.1	434.5
23 From banks in the U.S.	155.4	168.8	166.4	169.3	170.4	173.6	181.7	186.0	183.1	185.2	187.8	188.5
24 From others	198.6	211.6	216.3	220.7	221.5	222.4	229.1	241.8	235.4	235.8	239.2	246.0
25 Net due to related foreign offices	10.7	9.0	9.7	11.6	11.7	9.8	8.5	8.6	8.0	11.0	9.7	7.1
26 Other liabilities	62.0	71.3	71.9	75.3	76.7	76.6	79.4	80.8	79.5	81.3	82.0	80.7
27 **Total liabilities**	**2,366.2**	**2,473.9**	**2,477.0**	**2,527.9**	**2,552.1**	**2,569.7**	**2,609.9**	**2,639.5**	**2,637.7**	**2,626.9**	**2,636.0**	**2,643.8**
28 Residual (assets less liabilities)[7]	89.5	129.0	134.6	135.4	135.7	137.1	135.1	134.4	129.4	136.9	136.5	131.8
	Not seasonally adjusted											
Assets												
29 Bank credit	2,135.4	2,268.2	2,286.9	2,331.1	2,348.4	2,355.6	2,384.3	2,411.6	2,403.1	2,409.4	2,411.2	2,412.3
30 Securities in bank credit	573.7	626.7	632.3	643.9	647.0	645.8	651.3	656.5	657.7	658.5	652.1	655.4
31 U.S. government securities	364.0	411.1	416.4	431.5	436.8	434.3	439.5	448.2	448.2	449.3	444.0	448.1
32 Other securities	209.7	215.6	215.9	212.3	210.2	211.4	211.8	208.3	209.5	209.2	208.0	207.2
33 Loans and leases in bank credit[2]	1,561.7	1,641.5	1,654.6	1,687.2	1,701.4	1,709.8	1,733.1	1,755.1	1,745.4	1,750.8	1,759.1	1,756.9
34 Commercial and industrial	298.2	301.6	302.4	304.6	305.4	305.8	306.2	307.3	306.2	306.0	307.3	308.2
35 Real estate	859.2	923.2	930.3	953.6	962.8	973.8	987.4	1,002.0	994.7	1,001.8	1,003.7	1,002.3
36 Revolving home equity	52.5	61.7	63.3	67.5	69.6	71.5	73.5	75.2	74.4	74.7	75.1	75.7
37 Other	806.7	861.5	867.0	886.0	893.2	902.3	913.9	926.8	920.3	927.1	928.6	926.6
38 Consumer	297.2	312.7	318.3	323.1	325.2	320.9	328.4	334.4	332.3	331.8	336.6	335.6
39 Credit cards and related plans	131.5	144.7	150.2	149.5	150.0	145.5	152.0	156.5	155.1	154.1	158.6	157.4
40 Other	165.7	168.0	168.1	173.6	175.2	175.4	176.4	177.9	177.2	177.7	178.0	178.1
41 Security[3]	8.4	7.9	7.4	7.2	7.5	7.7	8.0	8.1	8.3	8.1	8.0	7.9
42 Other loans and leases	98.7	96.1	96.2	98.8	100.5	101.6	103.1	103.4	103.8	103.1	103.5	103.0
43 Interbank loans	113.8	104.2	95.9	91.4	98.1	102.9	109.5	111.5	116.0	111.9	110.5	108.1
44 Cash assets[4]	108.4	110.0	112.6	115.4	117.7	119.7	120.3	124.7	137.4	122.0	120.7	120.7
45 Other assets[5]	126.3	147.2	148.7	149.2	147.7	147.6	153.9	157.1	156.5	159.9	157.5	152.5
46 **Total assets**[6]	**2,454.7**	**2,599.0**	**2,613.2**	**2,655.9**	**2,680.6**	**2,694.7**	**2,736.4**	**2,772.7**	**2,781.0**	**2,771.1**	**2,767.5**	**2,761.4**
Liabilities												
47 Deposits	1,929.2	2,017.7	2,025.6	2,044.3	2,062.9	2,075.2	2,095.2	2,110.8	2,133.9	2,112.1	2,101.9	2,094.4
48 Transaction	298.2	303.4	304.1	303.3	300.5	309.3	304.2	304.7	308.1	296.0	303.2	314.4
49 Nontransaction	1,631.0	1,714.3	1,721.5	1,741.0	1,762.4	1,765.9	1,790.9	1,806.2	1,825.8	1,816.1	1,798.7	1,780.0
50 Large time	304.2	302.3	301.8	302.2	301.1	302.4	303.0	303.6	303.6	303.3	302.9	303.5
51 Other	1,326.8	1,412.0	1,419.7	1,438.8	1,461.3	1,463.4	1,487.9	1,502.6	1,522.1	1,512.8	1,495.7	1,476.5
52 Borrowings	354.0	380.4	382.7	390.0	391.9	395.9	410.8	427.8	418.5	421.0	427.1	434.5
53 From banks in the U.S.	155.4	168.8	166.4	169.3	170.4	173.6	181.7	186.0	183.1	185.2	187.8	188.5
54 From others	198.6	211.6	216.3	220.7	221.5	222.4	229.1	241.8	235.4	235.8	239.2	246.0
55 Net due to related foreign offices	10.7	9.0	9.7	11.6	11.7	9.8	8.5	8.6	8.0	11.0	9.7	7.1
56 Other liabilities	62.0	71.3	71.9	75.3	76.7	76.6	79.4	80.8	79.5	81.3	82.0	80.7
57 **Total liabilities**	**2,355.9**	**2,478.5**	**2,490.0**	**2,521.2**	**2,543.2**	**2,557.5**	**2,593.8**	**2,628.1**	**2,639.9**	**2,625.3**	**2,620.7**	**2,616.6**
58 Residual (assets less liabilities)[7]	98.8	120.6	123.2	134.7	137.4	137.2	142.6	144.6	141.1	145.8	146.8	144.7

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			
	2001	2002							2002			
	Sept.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Sept. 4	Sept. 11	Sept. 18	Sept. 25
	Seasonally adjusted											
Assets												
1 Bank credit	591.9	597.6	597.9	597.0	605.5	608.8	617.6	615.9	622.6	615.1	622.6	613.8
2 Securities in bank credit	223.1	228.1	225.4	228.4	234.9	236.2	246.1	243.8	248.8	242.2	242.7	243.0
3 U.S. government securities	70.4	68.6	69.5	70.9	73.4	73.5	80.0	85.2	83.8	83.8	85.1	86.5
4 Other securities	152.7	159.6	155.9	157.5	161.5	162.6	166.1	158.7	165.0	158.4	157.7	156.5
5 Loans and leases in bank credit[2]	368.8	369.5	372.5	368.6	370.6	372.7	371.5	372.1	373.9	372.9	379.9	370.8
6 Commercial and industrial	201.2	201.6	198.0	198.7	194.8	191.6	190.3	185.7	188.6	187.7	187.0	185.4
7 Real estate	18.7	19.3	19.4	19.4	19.6	19.8	19.8	19.9	19.8	19.8	20.0	20.0
8 Security[3]	79.9	78.7	83.9	79.7	84.7	88.6	89.1	93.5	93.3	92.7	99.9	91.4
9 Other loans and leases	69.1	70.0	71.2	70.8	71.5	72.7	72.4	72.9	72.2	72.7	73.0	73.9
10 Interbank loans	25.7	20.6	21.9	23.4	20.2	17.3	18.1	21.1	21.7	22.8	20.6	20.6
11 Cash assets[4]	43.8	44.3	46.7	45.3	45.5	45.1	44.9	43.7	45.6	42.6	44.5	43.7
12 Other assets[5]	33.6	30.1	30.9	30.6	32.8	33.7	33.8	32.4	33.9	32.3	32.0	31.9
13 **Total assets**[6]	**694.6**	**692.3**	**697.0**	**696.0**	**703.6**	**704.6**	**714.0**	**712.9**	**723.4**	**712.4**	**719.3**	**709.6**
Liabilities												
14 Deposits	410.8	488.0	506.9	507.6	508.3	503.7	497.1	485.5	496.6	494.3	490.4	478.7
15 Transaction	12.5	10.1	10.6	10.9	10.9	10.6	10.9	11.0	11.6	10.8	10.3	11.0
16 Nontransaction	398.3	477.9	496.3	496.7	497.3	493.1	486.2	474.6	485.0	483.4	480.2	467.7
17 Borrowings	217.6	188.7	190.6	190.1	193.8	203.1	214.7	223.6	227.2	219.0	222.2	225.1
18 From banks in the U.S.	29.9	21.0	22.3	21.1	21.4	21.2	22.4	23.8	27.0	22.8	19.9	24.4
19 From others	187.7	167.8	168.3	169.1	172.4	181.9	192.3	199.8	200.1	196.1	202.3	200.8
20 Net due to related foreign offices	−16.4	−63.0	−73.6	−87.6	−84.7	−90.5	−88.9	−84.5	−92.2	−84.5	−75.6	−87.4
21 Other liabilities	84.4	68.6	68.0	72.6	81.7	87.5	93.5	89.9	92.7	86.9	88.4	90.3
22 **Total liabilities**	**696.4**	**682.3**	**691.8**	**682.7**	**699.1**	**703.7**	**716.4**	**714.6**	**724.3**	**715.7**	**725.4**	**706.8**
23 Residual (assets less liabilities)[7]	−1.8	10.0	5.2	13.3	4.5	.9	−2.4	−1.7	−.9	−3.3	−6.1	2.9
	Not seasonally adjusted											
Assets												
24 Bank credit	589.0	597.6	597.9	593.1	602.4	602.8	611.5	612.6	613.6	609.2	621.7	612.8
25 Securities in bank credit	223.1	228.1	225.4	228.4	234.9	236.2	246.1	243.8	248.8	242.2	242.7	243.0
26 U.S. government securities	70.4	68.6	69.5	70.9	73.4	73.5	80.0	85.2	83.8	83.8	85.1	86.5
27 Trading account	12.7	9.1	9.3	10.0	10.4	10.5	12.8	14.3	14.3	14.4	14.2	14.3
28 Investment account	57.7	59.5	60.2	60.9	63.0	63.0	67.2	70.8	69.5	69.4	70.9	72.2
29 Other securities	152.7	159.6	155.9	157.5	161.5	162.6	166.1	158.7	165.0	158.4	157.7	156.5
30 Trading account	105.1	98.7	96.3	98.5	102.7	106.8	108.6	102.8	107.1	102.1	101.6	102.0
31 Investment account	47.6	60.8	59.6	59.0	58.7	55.8	57.5	55.9	57.9	56.3	56.0	54.6
32 Loans and leases in bank credit[2]	365.9	369.4	372.5	364.7	367.5	366.7	365.4	368.8	364.8	367.0	379.0	369.8
33 Commercial and industrial	201.1	203.0	196.8	196.4	193.6	190.3	188.7	185.6	187.0	186.5	187.1	186.1
34 Real estate	18.7	19.3	19.4	19.4	19.6	19.8	19.8	19.9	19.8	19.8	20.0	20.0
35 Security[3]	77.4	76.4	84.5	78.5	83.1	85.3	85.8	90.7	86.3	88.5	99.5	90.3
36 Other loans and leases	68.6	70.8	71.9	70.4	71.2	71.4	71.1	72.5	71.8	72.2	72.4	73.4
37 Interbank loans	25.7	20.6	21.9	23.4	20.2	17.3	18.1	21.1	21.7	22.8	20.6	20.6
38 Cash assets[4]	43.8	43.2	44.8	43.8	43.5	43.3	43.5	43.7	44.4	42.2	44.1	44.6
39 Other assets[5]	34.2	31.0	30.7	30.7	31.4	32.4	33.3	33.1	34.5	33.2	32.6	32.4
40 **Total assets**[6]	**692.3**	**691.9**	**694.9**	**690.6**	**697.2**	**695.4**	**706.0**	**710.2**	**713.8**	**707.0**	**718.7**	**710.0**
Liabilities												
41 Deposits	400.9	490.2	510.7	512.7	506.4	494.6	482.6	473.6	480.4	478.8	476.1	471.5
42 Transaction	12.7	9.9	10.1	10.5	10.6	10.6	10.6	11.1	11.6	10.8	10.3	11.6
43 Nontransaction	388.2	480.2	500.6	502.2	495.8	484.1	472.0	462.4	468.8	468.0	465.8	459.9
44 Borrowings	217.6	188.7	190.6	190.1	193.8	203.1	214.7	223.6	227.2	219.0	222.2	225.1
45 From banks in the U.S.	29.9	21.0	22.3	21.1	21.4	21.2	22.4	23.8	27.0	22.8	19.9	24.4
46 From others	187.7	167.8	168.3	169.1	172.4	181.9	192.3	199.8	200.1	196.1	202.3	200.8
47 Net due to related foreign offices	−15.2	−59.9	−75.5	−87.7	−87.3	−94.4	−90.8	−83.5	−93.1	−84.6	−75.1	−83.4
48 Other liabilities	85.0	69.8	67.3	72.5	80.4	85.3	92.4	90.5	92.1	86.9	88.7	92.7
49 **Total liabilities**	**688.2**	**688.8**	**693.1**	**687.7**	**693.3**	**688.6**	**698.9**	**704.2**	**706.5**	**700.0**	**711.9**	**705.9**
50 Residual (assets less liabilities)[7]	4.1	3.1	1.9	2.9	3.9	6.8	7.1	6.0	7.3	7.0	6.8	4.1

Footnotes appear on p. A21.

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

F. Memo items

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2001	2002							2002			
	Sept.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Sept. 4	Sept. 11	Sept. 18	Sept. 25
	Not seasonally adjusted											
MEMO												
Large domestically chartered banks, adjusted for mergers												
1 Revaluation gains on off-balance-sheet items[8]	100.4	73.2	73.3	80.8	92.9	105.8	112.3	119.1	125.2	107.7	118.7	123.6
2 Revaluation losses on off-balance-sheet items[8]	84.9	52.5	57.5	61.7	75.2	89.2	93.7	100.0	105.7	89.7	99.8	104.6
3 Mortgage-backed securities[9]	273.7	299.2	302.0	306.1	312.5	319.9	338.0	343.4	348.6	343.8	335.1	342.1
4 Pass-through	210.4	201.3	203.2	210.4	224.6	236.3	253.3	254.6	260.7	256.2	249.0	252.9
5 CMO, REMIC, and other	63.4	98.0	98.8	95.7	88.0	83.6	84.7	88.8	87.9	87.7	86.1	89.2
6 Net unrealized gains (losses) on *available-for-sale securities*[10]	7.1	3.2	1.4	4.3	6.6	8.6	9.7	12.4	12.6	11.5	12.4	12.3
7 Off-shore credit to U.S. residents[11]	20.3	19.8	19.7	19.6	19.6	19.1	19.0	19.0	19.0	19.0	19.2	19.0
8 Securitized consumer loans[12]	98.9	95.9	96.2	96.4	100.3	104.1	102.3	101.5	101.3	101.4	101.3	101.2
9 Credit cards and related plans	88.3	83.6	84.3	84.9	88.1	89.0	87.2	86.8	86.3	86.5	86.5	86.8
10 Other	10.5	12.3	11.9	11.5	12.2	15.1	15.1	14.7	15.0	14.9	14.8	14.4
11 Securitized business loans[12]	20.0	17.7	17.1	16.7	16.6	17.0	17.7	17.6	17.7	17.7	17.8	17.2
Small domestically chartered commercial banks, adjusted for mergers												
12 Mortgage-backed securities[9]	247.4	283.9	288.1	302.6	305.5	305.1	307.0	312.8	313.0	314.0	310.6	312.3
13 Securitized consumer loans[12]	236.9	247.1	246.1	246.8	246.7	242.1	240.4	238.1	239.7	239.8	235.9	237.9
14 Credit cards and related plans	228.6	239.4	238.2	239.2	239.7	238.5	237.3	235.1	236.7	236.8	232.9	234.9
15 Other	8.3	7.7	7.9	7.6	7.0	3.6	3.1	3.0	3.1	3.0	3.0	3.0
Foreign-related institutions												
16 Revaluation gains on off-balance-sheet items[8]	60.7	47.0	46.3	49.8	54.8	60.7	64.7	62.1	64.8	60.9	61.0	62.1
17 Revaluation losses on off-balance-sheet items[8]	56.1	40.6	39.9	42.8	49.3	57.6	65.1	61.8	64.8	60.7	60.8	61.5
18 Securitized business loans[12]	13.2	12.4	11.3	10.5	9.9	9.4	9.1	8.1	8.9	8.0	8.2	7.9

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12. Total amount outstanding.

1.32 COMMERCIAL PAPER OUTSTANDING

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					2002					
	1997	1998	1999	2000	2001	Mar.	Apr.	May	June	July	Aug.
1 **All issuers**	**966,699**	**1,163,303**	**1,403,023**	**1,615,341**	**1,438,764**	**1,358,114**	**1,351,516**	**1,366,259**	**1,327,569**	**1,345,922**	**1,375,414**
Financial companies[1]											
2 Dealer-placed paper, total[2]	513,307	614,142	786,643	973,060	989,364	964,070	972,268	989,957	986,489	959,798	863,215
3 Directly placed paper, total[3]	252,536	322,030	337,240	298,848	224,553	205,292	196,056	199,572	169,193	206,942	343,733
4 Nonfinancial companies[4]	200,857	227,132	279,140	343,433	224,847	188,753	183,192	176,730	171,887	179,182	168,466

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

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

Percent per year

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

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	1999	2000	2001	2002				2002, week ending				
				June	July	Aug.	Sept.	Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	4.97	6.24	3.88	1.75	1.73	1.74	1.75	1.76	1.81	1.73	1.73	1.72
2 Discount window borrowing[2,4]	4.62	5.73	3.40	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	5.09	6.27	3.78	1.74	1.74	1.72	1.73	1.72	1.72	1.73	1.72	1.73
4 2-month	5.14	6.29	3.68	1.74	1.74	1.70	1.72	1.72	1.72	1.72	1.73	1.71
5 3-month	5.18	6.31	3.65	1.76	1.75	1.70	1.72	1.72	1.71	1.72	1.73	1.72
Financial												
6 1-month	5.11	6.28	3.80	1.75	1.74	1.72	1.74	1.75	1.74	1.74	1.74	1.75
7 2-month	5.16	6.30	3.71	1.77	1.75	1.72	1.74	1.74	1.74	1.74	1.75	1.74
8 3-month	5.22	6.33	3.65	1.78	1.76	1.71	1.74	1.75	1.73	1.74	1.75	1.73
Certificates of deposit, secondary market[3,7]												
9 1-month	5.19	6.35	3.84	1.80	1.78	1.76	1.78	1.78	1.77	1.78	1.78	1.78
10 3-month	5.33	6.46	3.71	1.81	1.79	1.73	1.76	1.76	1.75	1.77	1.77	1.75
11 6-month	5.46	6.59	3.66	1.92	1.84	1.72	1.74	1.76	1.73	1.76	1.77	1.72
12 Eurodollar deposits, 3-month[3,8]	5.31	6.45	3.70	1.81	1.78	1.72	1.75	1.76	1.74	1.75	1.76	1.74
U.S. Treasury bills												
Secondary market[3,5]												
13 4-week	n.a.	n.a.	2.43	1.69	1.69	1.66	1.65	1.68	1.66	1.67	1.64	1.64
14 3-month	4.64	5.82	3.40	1.70	1.68	1.62	1.63	1.65	1.61	1.66	1.65	1.62
15 6-month	4.75	5.90	3.34	1.79	1.70	1.60	1.60	1.64	1.58	1.64	1.63	1.58
U.S. TREASURY NOTES AND BONDS												
Constant maturities[9]												
16 1-year	5.08	6.11	3.49	2.20	1.96	1.76	1.72	1.80	1.70	1.78	1.73	1.68
17 2-year	5.43	6.26	3.83	2.99	2.56	2.13	2.00	2.19	2.02	2.12	2.01	1.93
18 3-year	5.49	6.22	4.09	3.49	3.01	2.52	2.32	2.56	2.36	2.45	2.32	2.22
19 5-year	5.55	6.16	4.56	4.19	3.81	3.29	2.94	3.29	3.03	3.08	2.93	2.79
20 7-year	5.79	6.20	4.88	4.60	4.30	3.88	3.50	3.84	3.60	3.63	3.47	3.35
21 10-year	5.65	6.03	5.02	4.93	4.65	4.26	3.87	4.21	3.98	4.00	3.84	3.73
22 20-year	6.20	6.23	5.63	5.65	5.51	5.19	4.87	5.12	4.93	4.95	4.83	4.79
Treasury long-term average[10,11]												
23 25 years and above	n.a.	n.a.	n.a	5.66	5.54	5.23	4.90	5.15	4.96	4.98	4.87	4.83
STATE AND LOCAL NOTES AND BONDS												
Moody's series[12]												
24 Aaa	5.28	5.58	4.99	4.92	4.81	4.78	4.58	4.71	4.62	4.57	4.57	4.54
25 Baa	5.70	6.19	5.75	5.70	5.55	5.53	5.31	5.49	5.39	5.30	5.30	5.26
26 *Bond Buyer* series[13]	5.43	5.71	5.15	5.09	5.02	4.95	4.74	4.91	4.78	4.77	4.69	4.71
CORPORATE BONDS												
27 Seasoned issues, all industries[14]	7.45	7.98	7.49	7.22	7.14	6.93	6.73	6.90	6.77	6.79	6.71	6.69
Rating group												
28 Aaa[15]	7.05	7.62	7.08	6.63	6.53	6.37	6.15	6.33	6.21	6.21	6.12	6.10
29 Aa	7.36	7.83	7.26	7.07	6.98	6.84	6.63	6.84	6.70	6.69	6.60	6.56
30 A	7.53	8.11	7.67	7.24	7.15	6.95	6.76	6.94	6.79	6.81	6.73	6.71
31 Baa	7.88	8.37	7.95	7.95	7.90	7.58	7.40	7.51	7.40	7.43	7.37	7.39
MEMO												
Dividend-price ratio[16]												
32 Common stocks	1.25	1.15	1.32	1.58	1.76	1.72	1.80	1.71	1.77	1.73	1.82	1.89

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

1. The daily effective federal funds rate is a weighted average of rates on trades through New York brokers.
2. Weekly figures are averages of seven calendar days, ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year or bank interest.
4. Rate for the Federal Reserve Bank of New York.
5. Quoted on a discount basis.
6. Interest rates interpolated from data on certain commercial paper trades settled by the Depository Trust Company. The trades represent sales of commercial paper by dealers or direct issuers to investors (that is, the offer side). See the Board's Commercial Paper web pages (http://www.federalreserve.gov/releases/cp) for more information.
7. An average of dealer offering rates on nationally traded certificates of deposit.
8. Bid rates for eurodollar deposits collected around 9:30 a.m. Eastern time. Data are for indication purposes only.
9. Yields on actively traded issues adjusted to constant maturities.

SOURCE: U.S. Department of the Treasury.

10. Based on the unweighted average of the bid yields for all Treasury fixed-coupon securities with remaining terms to maturity of 25 years and over.
11. A factor for adjusting the daily long-term average in order to estaimate a 30-year rate can be found at http://www.treas.gov/offices/domestic-finance/debt-management/interest-rate/ltcompositeindex.html.
12. General obligation bonds based on Thursday figures; Moody's Investors Service.
13. State and local government general obligation bonds maturing in twenty years are used in compiling this index. The twenty-bond index has a rating roughly equivalent to Moodys' A1 rating. Based on Thursday figures.
14. Daily figures are averages of Aaa, Aa, A, and Baa yields from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
15. Effective December 7, 2001, the Moody's Aaa yield includes yields only for industrial firms. Prior to December 7, 2001, the Aaa yield represented both utilities and industrial.
16. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

1.36 STOCK MARKET Selected Statistics

Indicator	1999	2000	2001	2002								
				Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	619.52	643.71	606.03	581.74	569.55	600.74	587.58	575.75	544.36	486.11	491.84	471.04
2 Industrial	775.29	809.40	749.46	723.56	715.80	751.79	732.71	718.12	677.58	603.04	611.34	589.14
3 Transportation	491.62	414.73	444.45	446.13	453.51	490.51	470.00	459.55	449.42	416.07	409.96	388.19
4 Utility	284.82	478.99	377.72	322.92	301.32	316.25	300.57	287.10	265.21	230.21	225.52	210.76
5 Finance	530.97	552.48	596.61	591.94	570.18	609.72	610.24	603.15	577.05	524.01	533.60	506.05
6 Standard & Poor's Corporation (1941–43 = 10)[1]	1,327.33	1,427.22	1,194.18	1,140.21	1,100.67	1,153.79	1,112.03	1,079.27	1,014.05	903.59	912.55	867.81
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	770.90	922.22	879.08	835.02	845.81	891.08	915.09	935.10	911.59	840.76	843.89	852.03
Volume of trading (thousands of shares)												
8 New York Stock Exchange	799,554	1,026,867	1,216,529	1,401,913	1,362,830	1,321,351	1,280,714	1,215,786	1,539,282	1,848,962	1,317,105	1,370,143
9 American Stock Exchange	32,629	51,437	68,074	55,151	55,657	56,375	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**228,530**	**198,790**	**150,450**	**150,390**	**147,030**	**149,370**	**150,940**	**150,860**	**146,270**	**136,160**	**132,800**	**130,210**
Free credit balances at brokers[4]												
11 Margin accounts[5]	55,130	100,680	101,640	97,330	99,350	93,700	92,140	92,950	95,830	98,080	95,400	98,630
12 Cash accounts	79,070	84,400	78,040	75,110	72,730	69,790	68,540	66,120	68,280	68,860	63,700	67,550
	Margin requirements (percent of market value and effective date)[6]											
	Mar. 11, 1968		June 8, 1968		May 6, 1970		Dec. 6, 1971		Nov. 24, 1972		Jan. 3, 1974	
13 Margin stocks	70		80		65		55		65		50	
14 Convertible bonds	50		60		50		50		50		50	
15 Short sales	70		80		65		55		65		50	

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

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

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

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

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

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

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

Billions of dollars, end of period

Type and holder	1998	1999	2000	2001	2001	2002		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**5,614.2**	**5,776.1**	**5,662.2**	**5,943.4**	**5,943.4**	**6,006.0**	**6,126.5**	**6,228.2**
By type								
2 Interest-bearing	5,605.4	5,766.1	5,618.1	5,930.8	5,930.8	5,962.2	6,087.0	6,216.3
3 Marketable	3,355.5	3,281.0	2,966.9	2,982.9	2,982.9	3,003.3	3,024.8	3,136.6
4 Bills	691.0	737.1	646.9	811.3	811.3	834.4	822.5	868.3
5 Notes	1,960.7	1,784.5	1,557.3	1,413.9	1,413.9	1,411.7	1,446.9	1,521.5
6 Bonds	621.2	643.7	626.5	602.7	602.7	596.7	592.9	592.9
7 Inflation-indexed notes and bonds[1]	67.6	100.7	121.2	140.1	140.1	145.6	147.5	138.9
8 Nonmarketable[2]	2,249.9	2,485.1	2,651.2	2,947.9	2,947.9	2,958.9	3,062.2	3,079.6
9 State and local government series	165.3	165.7	151.0	146.3	146.3	141.1	142.8	144.3
10 Foreign issues[3]	34.3	31.3	27.2	15.4	15.4	14.6	13.3	12.5
11 Government	34.3	31.3	27.2	15.4	15.4	14.6	13.3	12.5
12 Public	.0	.0	0	.0	.0	.0	.0	.0
13 Savings bonds and notes	180.3	179.4	176.9	181.5	181.5	183.6	184.8	185.6
14 Government account series[4]	1,840.0	2,078.7	2,266.1	2,574.8	2,574.8	2,589.7	2,691.4	2,707.3
15 Non-interest-bearing	8.8	10.0	44.2	12.7	12.7	43.8	39.5	12.0
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,828.1	2,064.2	2,270.1	2,572.2	2,572.2	2,581.4[r]	2,686.0	n.a.
17 Federal Reserve Banks[6]	452.1	.0[r]	511.7	551.7	551.7	575.4	590.7	604.2
18 Private investors	3,334.0	3,233.9	2,880.4	2,819.5	2,819.5	2,849.2	2,849.8	n.a.
19 Depository institutions	237.4	248.7	201.5	181.7	181.7	187.6	204.4	n.a.
20 Mutual funds	253.9	229.1	221.8	256.8	256.8	263.4	251.8	n.a.
21 Insurance companies	141.7	123.4	110.2	82.4	82.4	108.4	110.2	n.a.
22 State and local treasuries[7]	269.3	266.8	236.2	209.0	209.0	261.2	270.0	n.a.
Individuals								
23 Savings bonds	186.6	186.4	184.8	190.3	190.3	191.9	192.7	n.a.
24 Pension funds	330.2	321.0	304.1	289.3	289.3	293.3	297.5	n.a.
25 Private	112.5	109.8	108.4	103.3	103.3	106.3	107.5	n.a.
26 State and Local	217.7	211.2	195.7	186.0	186.0	187.0	190.0	n.a.
27 Foreign and international[8]	1,278.7	1,268.7	1,034.2	1,218.1	1,218.1	1,047.5	1,072.4	n.a.
28 Other miscellaneous investors[7,9]	636.3	591.5	588.3	390.8	390.8	560.7	n.a.	n.a.

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

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

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

Millions of dollars, daily averages

Item	2002			2002, week ending								
	June	July	Aug.	July 31	Aug. 7	Aug. 14	Aug. 21	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25
By type of security												
1 U.S. Treasury bills	42,869	42,178	42,257	48,688	36.025	47,719	44,464	37.804	49,793	44,674	48,206	45,376
Treasury coupon securities by maturity												
2 Three years or less	123,577	135,856	130,594	141,638	118,681	138,667	116,346	143,589	143,322	118,131	107,754	172,167
3 More than three but less than or equal to six years	92,356	107,925	109,759	126,178	139,409	116,080	100,084	82,617	111,873	100,290	109,231	99,418
4 More than six but less than or equal to eleven years	77,695	80,832	89,647	87,212	90,304	106,144	93,992	70,579	83,573	74,353	83,124	85,916
5 More than eleven	19,744	20,675	19,554	24,319	17,067	25,060	22,049	14,546	18,288	14,290	26,841	25,918
6 Inflation-indexed[2]	2,460	3,994	2,042	2,543	2,089	2,456	2,111	1,367	2,408	2,104	2,796	2,408
Federal agency and government-sponsored enterprises												
7 Discount notes	52,908	55,917	50,486	58,870	52,940	48,736	46,327	50.022	60,279	40,553	49,186	50,967
Coupon securities by maturity												
8 Three years or less	12,688	12,527	12,894	10,277	14,379	14,713	10,639	13.468	8,839	10.486	11.204	14,618
9 More than three years but less than or equal to six years	9,209	10,845	8,920	11,561	8,755	11,129	8,056	8,181	7,822	6,908	12.683	11,624
10 More than six years but less than or equal to eleven years	8,080	9,263	7,018	9,260	7,408	7,048	8,987	5,324	5,285	5,306	4,819	11,987
11 More than eleven years	993	966	1,081	857	717	1,085	1.523	1,108	812	1,171	1,022	1,198
12 Mortgage-backed	153,644	162,421	158,250	140,610	179,875	203,676	136,392	118,977	143,453	228,001	192,966	148,920
Corporate securities												
13 One year or less	98,759	90,211	105,549	83.177	91,629	105,965	121,819	102,695	105,771	95,294	118,493	108,092
14 More than one year	18,584	15,545	15,327	16,710	15.005	14,518	15,718	17,171	12,568	15,135	20,906	21,826
By type of counterparty												
With interdealer broker												
15 U.S. Treasury	169.496	185,034	181,302	200,437	187,263	200.780	178,072	157,783	184,572	163,619	180,012	205,152
16 Federal agency and government-sponsored enterprises	11,753	12,940	10,840	14,162	13,188	12,514	9,739	9,004	8,131	7,697	9,342	14,221
17 Mortgage-backed	43,341	44,182	48,029	39,445	54,652	60,798	40,083	37,085	46,777	67,567	59,950	51,364
18 Corporate	353	321	308	308	294	297	330	339	240	324	346	463
With other												
19 U.S. Treasury	189,206	206,426	212,551	230,140	216,311	235,347	200,975	192.719	224.685	190,223	197,941	226,051
20 Federal agency and government-sponsored enterprises	72,124	76,577	69,560	76,663	71,011	70,198	65,793	69,099	74,906	56,728	69,572	76,175
21 Mortgage-backed	110,302	118,239	110,221	101,165	125,224	142,878	96,309	81,892	96,676	160,435	133,015	97,557
22 Corporate	116,990	105,436	120,568	99,579	106,340	120,186	137,207	119,528	118,098	110,105	139,052	129,455

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

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

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

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

Millions of dollars

Item, by type of security	2002			2002, week ending							
	June	July	Aug.	July 31	Aug. 7	Aug. 14	Aug. 21	Aug. 28	Sept. 4	Sept. 11	Sept. 18
	Net outright positions[2]										
1 U.S. Treasury bills	13,975	18,313	11,225	19,575	21,804	10,124	4,213	7,508	14,143	13,828	6,768
Treasury coupon securities by maturity											
2 Three years or less	−21,351	−21,724	−22,358	−21,290	−18,298	−23,284	−27,236	−23,172	−16,391	−16,805	−15,484
3 More than three years but less than or equal to six years	−24,943	−27,887	−31,298	−33,519	−34,974	−31,241	−27,298	−29,855	−35,557	−34,322	−38,199
4 More than six but less than or equal to eleven years	−19,472	−18,793	−10,829	−17,054	−10,130	−9,182	−10,234	−12,894	−12,873	−15,220	−17,548
5 More than eleven	6,658	9,643	9,542	11,101	9,739	10,112	9,266	9,445	8,621	10,336	8,210
6 Inflation-indexed	3,518	2,095	1,615	1,872	427	1,711	1,980	2,503	1,243	1,401	1,552
Federal agency and government-sponsored enterprises											
7 Discount notes	44,125	43,513	49,090	41,320	45,472	50,153	50,376	48,817	52,688	45,130	45,651
Coupon securities, by maturity											
8 Three years or less	12,609	13,689	14,220	13,994	13,339	16,620	12,840	13,243	16,180	14,166	13,262
9 More than three years but less than or equal to six years	2,630	2,940	3,172	2,165	2,684	4,583	4,032	1,866	2,061	1,124	3,037
10 More than six but less than or equal to eleven years	2,511	2,518	2,805	3,830	3,695	3,035	1,957	2,568	2,719	2,232	2,577
11 More than eleven	2,584	1,843	2,197	1,803	1,629	2,947	2,002	2,160	2,314	2,164	2,295
12 Mortgage-backed	19,395	27,103	19,408	27,681	24,872	22,143	16,190	15,121	17,788	16,350	17,696
Corporate securities											
13 One year or less	30,969	26,671	25,138	23,446	23,171	29,677	26,343	21,913	23,845	24,123	24,064
14 More than one year	45,463	50,029	47,631	46,617	49,486	48,898	46,666	45,620	47,294	45,056	46,976
	Financing[3]										
Securities in, U.S. Treasury											
15 Overnight and continuing	566,475	597,214	621,725	602,249	627,604	631,026	625,728	597,235	634,109	612,503	622,927
16 Term	769,738	783,021	851,220	852,442	892,391	908,520	787,326	827,454	825,997	891,493	935,987
Federal agency and government-sponsored enterprises											
17 Overnight and continuing	149,080	148,869	152,003	147,273	151,416	153,828	148,786	149,875	161,585	153,590	155,997
18 Term	266,594	286,823	297,317	286,177	290,934	305,585	294,282	300,758	291,973	308,592	305,214
Mortgage-backed securities											
19 Overnight and continuing	35,635	36,290	43,387	36,506	36,092	40,775	42,019	50,438	53,245	49,137	47,826
20 Term	254,824	265,468	272,722	266,246	275,831	283,351	269,615	266,519	262,391	281,581	281,670
Corporate securities											
21 Overnight and continuing	49,156	49,918	51,730	49,970	50,259	51,977	52,702	51,805	52,142	51,613	50,540
22 Term	23,012	21,166	23,156	21,711	22,798	22,740	22,913	23,367	25,040	25,570	25,875
MEMO											
Reverse repurchase agreements											
23 Overnight and continuing	396,527	423,236	461,682	450,997	451,401	460,869	456,568	460,442	502,394	460,847	472,576
24 Term	1,173,796	1,208,829	1,296,922	1,261,119	1,335,463	1,373,965	1,227,783	1,268,169	1,255,637	1,356,560	1,398,606
Securities out, U.S. Treasury											
25 Overnight and continuing	522,398	544,079	584,373	552,316	576,449	592,700	589,659	568,356	608,472	599,755	589,210
26 Term	721,751	741,879	791,145	801,354	846,923	861,847	724,309	750,927	745,822	812,927	861,050
Federal agency and government-sponsored enterprises											
27 Overnight and continuing	260,537	269,456	279,430	268,788	270,219	297,144	274,500	276,594	277,706	272,784	277,245
28 Term	205,253	214,229	225,030	203,265	220,026	227,274	221,624	230,341	227,020	242,059	239,226
Mortgage-backed securities											
29 Overnight and continuing	287,396	306,489	314,045	289,367	295,699	330,789	318,907	320,480	291,424	288,941	318,178
30 Term	184,380	176,112	171,418	164,965	168,548	168,327	177,169	171,189	172,445	192,671	175,240
Corporate securities											
31 Overnight and continuing	128,188	129,395	131,536	128,788	129,994	139,215	131,917	126,731	127,535	127,520	127,636
32 Term	17,131	16,983	18,074	17,344	18,816	17,765	18,123	17,291	18,773	20,515	20,281
MEMO											
Repurchase agreements											
33 Overnight and continuing	1,035,629	1,079,724	1,148,724	1,076,329	1,106,192	1,188,133	1,157,495	1,139,562	1,156,919	1,129,897	1,153,515
34 Term	1,102,716	1,122,435	1,176,213	1,158,587	1,223,800	1,246,563	1,110,449	1,141,829	1,134,701	1,237,932	1,267,030

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1998	1999	2000	2001	2002				
					Mar.	Apr.	May	June	July
1 **Federal and federally sponsored agencies**	**1,022,609**	**1,296,477**	**1,616,492**	**1,851,632**	**2,169,030**	**2,144,106**	**2,150,724**	**2,161,580**	n.a.
2 Federal agencies	27,792	26,502	26,376	25,666	172	188	208	223	223
3 Defense Department[1]	6	6	6	6	6	6	6	6	6
4 Export–Import Bank[2,3]	552	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration[4]	102	205	126	255	26,379	26,331	26.450	26,826	26,541
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service[6]	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	27,786	26,496	26,370	25,660	166	182	202	217	217
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]	994,817	1,269.975	1,590,116	1,825,966	2,168,858	2,143,918	2,150,516	2,161,357	n.a.
11 Federal Home Loan Banks	313,919	382,131	529,005	594,404	625,849	637,963	640,222	643,102	651,253
12 Federal Home Loan Mortgage Corporation	169,200	287,396	360,711	426,899	603,447	596,800	601,037	601,363	604,853
13 Federal National Mortgage Association	369,774	460,291	547,619	642,700	769,800	783,100	782,000	789,000	784,020
14 Farm Credit Banks[8]	63,517	63,488	68,883	74,181	79,002	79,186	80.258	80,951	81,265
15 Student Loan Marketing Association[9]	37,717	35,399	41,988	45,375	48,200	49,500	48,900	49,600	48,500
16 Financing Corporation[10]	8,170	8,170	8.170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29.996	29,996	29.996
MEMO									
19 **Federal Financing Bank debt**[13]	**49,090**	**44,129**	**42,152**	**40,575**	**38,027**	**37,639**	**37,175**	**37,091**	**37,830**
Lending to federal and federally sponsored agencies									
20 Export–Import Bank[3]	552	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Postal Service[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other lending[14]									
25 Farmers Home Administration	13,530	9,500	6,665	5,275	n.a.	n.a.	n.a.	n.a.	n.a.
26 Rural Electrification Administration	14,898	14,091	14,085	13,126	14,055	14,053	14,184	14,301	14,338
27 Other	20,110	20.538	21,402	22,174	23,972	23,586	22,991	22,790	23,492

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

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1999	2000	2001	2002 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
1 **All issues, new and refunding**[1]	**215,427**	**180,403**	**270,566**	**20,175**	**23,842**	**23,261**	**32,858**	**36,315**	**25,771**	**28,918**	**27,313**
By type of issue											
2 General obligation	73,308	64,475	100,519	8,652	10,269	8,559	10,446	16,166	10,130	10,226	9,562
3 Revenue	142,120	115,928	170,047	11,523	13,574	14,702	22,413	20,149	15,642	18,692	17,751
By type of issuer											
4 State	16,376	19,944	30,099	3,238	3,265	3,057	1,531	3,718	3,404	3,472	2,442
5 Special district or statutory authority[2]	152,418	111,695	179,427	11,950	15,479	15,520	23,866	27,283	16,007	20,144	19,105
6 Municipality, county, or township	46,634	39,273	61,040	4,987	5,098	4,683	7,461	5,315	6,361	5,302	5,767
7 **Issues for new capital**	**161,065**	**154,257**	**192,161**	**13,248**	**16,856**	**17,115**	**20,663**	**23,727**	**19,189**	**19,392**	**15,022**
By use of proceeds											
8 Education	36,563	38,665	50,054	3,961	5,484	5,279	6,027	7,060	4,205	3,968	3,529
9 Transportation	17,394	19,730	21,411	613	1,633	773	1,795	3,351	3,251	4,413	1,398
10 Utilities and conservation	15,098	11,917	21,917	1,606	1,290	2,091	1,785	1,087	1,660	2,806	2,038
11 Social welfare	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	9,099	7,122	6,607	125	515	344	614	631	760	283	574
13 Other purposes	47,896	47,309	55,733	4,897	4,894	6,784	6,962	7,653	5,893	6,537	5,597

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

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1999	2000	2001	2002 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 **All issues**[1]	**1,072,866**	**942,198**	**1,382,003**	**102,688**	**86,090**	**158,904**	**103,575**	**112,103**	**136,623**	**59,058**	**88,222**
2 **Bonds**[2]	**941,298**	**807,281**	**1,253,449**	**88,241**	**79,515**	**145,984**	**93,039**	**103,141**	**120,087**	**54,544**	**84,216**
By type of offering											
3 Sold in the United States	818,683	684,484	1,197,060	79,472	73,474	128,026	88,051	93,279	108,362	51,182	80,772
4 Sold abroad	122,615	122,798	56,389	8,770	6,041	17,958	4,989	9,862	11,725	3,362	3,444
MEMO											
5 Private placements, domestic	24,703	18,370	8,734	0	0	0	0	4,506	3,068	0	0
By industry group											
6 Nonfinancial	293,963	242,207	445,930	18,894	30,770	43,231	34,803	19,157	26,696	7,432	14,407
7 Financial	647,335	565,074	807,519	69,348	48,746	102,753	58,237	83,984	93,392	47,112	69,809
8 **Stocks**[3]	**242,941**r	**312,689**r	**231,288**r	**14,447**	**6,575**	**12,920**	**10,536**	**8,962**	**16,536**	**4,514**	**4,006**
By type of offering											
9 Public	131,568	134,917	128,554	14,447	6,575	12,920	10,536	8,962	16,536	4,514	4,006
10 Private placement[4]	111,373r	177,772r	102,734r	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	110,284	118,369	77,577	9,579	4,024	4,893	7,834	6,633	11,608	1,833	539
12 Financial	21,284	16,548	50,977	4,868	2,551	8,027	2,702	2,329	4,928	2,681	3,467

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

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

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

Millions of dollars

Item	2000	2001	2002							
			Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.
1 **Sales of own shares**[2]	**2,279,315**	**1,806,474**	**141,463**	**170,326**	**164,504**	**154,987**	**138,520**	**170,946**	**151,136**	**125,942**
2 Redemptions of own shares	2,057,277	1,677,266	123,013	130,661	140,524	138,052	144,153	200,148	136,210	126,762
3 Net sales[3]	222,038	129,208	18,450	39,665	23,980	16,935	−5,633	−29,202	14,926	−820
4 **Assets**[4]	**5,123,747**	**4,689,624**	**4,623,041**	**4,814,961**	**4,704,886**	**4,693,928**	**4,434,603**	**4,124,186**	**4,170,641**	**3,901,609**
5 Cash[5]	277,386	219,620	234,510	241,078	249,078	243,755	208,390	199,586	220,425	199,835
6 Other	4,846,361	4,470,004	4,388,531	4,573,883	4,455,808	4,450,173	4,226,213	3,924,600	3,950,216	3,701,774

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

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

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

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

	Type of credit	1999	2000	2001	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July	2002 Aug.
		Seasonally adjusted								
1	**Total**	**1,031.2**	**1,187.0**	**1,248.5**	**1,241.0**	**1,238.4**	**1,245.4**	**1,261.0[r]**	**1,271.1[r]**	**1,270.5**
2	Consumer	410.2	465.2	514.6	520.0	521.0	521.8	527.7[r]	530.9[r]	525.5
3	Real estate	174.0	198.9	207.7	198.3	196.2	200.8	203.1	206.7	209.6
4	Business	446.9	522.8	526.2	522.7	521.1	522.8	530.2	533.5	535.4
		Not seasonally adjusted								
5	**Total**	**1,036.4**	**1,192.2**	**1,253.7**	**1,245.8**	**1,243.8**	**1,248.5**	**1,267.2[r]**	**1,266.4[r]**	**1,262.5**
6	Consumer	412.7	468.3	518.1	515.6	517.1	517.9	527.6[r]	531.3[r]	527.7
7	Motor vehicle loans	129.2	141.6	173.9	172.0[r]	168.9[r]	168.9[r]	170.5[r]	172.8[r]	169.4
8	Motor vehicle leases	102.9	108.2	103.5	97.5	96.8	96.1	96.4[r]	94.9[r]	90.5
9	Revolving[2]	32.5	37.6	31.5	28.0	29.7	30.1	32.1	36.1[r]	35.6
10	Other[3]	39.8	40.7	31.1	32.4	32.5	33.3	33.2	33.0	32.9
	Securitized assets[4]									
11	Motor vehicle loans	73.1	97.1	131.9	137.7[r]	142.2[r]	143.2[r]	145.0[r]	144.8[r]	149.0
12	Motor vehicle leases	9.7	6.6	6.8	6.5	6.3	6.3	6.2	6.1	6.0
13	Revolving	6.7	19.6	25.0	26.5	26.2	25.8	29.2	28.9	29.9
14	Other	18.8	17.1	14.3	15.1	14.4	14.3	15.0	14.7	14.4
15	Real estate	174.0	198.9	207.7	198.3	196.2	200.8	203.1	206.7	209.6
16	One- to four-family	108.2	130.6	120.1	120.4	116.9	120.4	121.8	125.7	128.7
17	Other	37.6	41.7	41.2	36.8	37.2	38.1	38.7	38.8	38.9
	Securitized real estate assets[4]									
18	One- to four-family	28.0	24.7	40.7	39.7	40.8	40.9	40.9	40.6	40.4
19	Other	.2	1.9	5.7	1.4	1.4	1.4	1.7	1.7	1.7
20	Business	449.6	525.0	527.9	531.9	530.6	529.8	536.5	528.3	525.2
21	Motor vehicles	69.4	75.5	54.0	58.0	57.0	61.1	59.9	56.6	55.8
22	Retail loans	21.1	18.3	16.1	17.1	16.0	16.4	17.0	17.4	17.0
23	Wholesale loans[5]	34.8	39.7	20.3	22.8	23.0	26.9	25.8	22.3	22.2
24	Leases	13.6	17.6	17.6	18.0	18.0	17.8	17.1	16.9	16.6
25	Equipment	238.7	283.5	289.4	284.2	284.6	281.8	288.0	285.7	286.8
26	Loans	64.5	70.2	77.8	81.5	81.2	79.2	78.9	79.5	80.5
27	Leases	174.2	213.3	211.6	202.7	203.4	202.6	209.2	206.1	206.3
28	Other business receivables[6]	87.0	99.4	103.5	100.8	104.2	103.0	101.5	102.6	99.4
	Securitized assets[4]									
29	Motor vehicles	31.5	37.8	50.1	44.0	44.3	42.4	45.5	41.5	41.0
30	Retail loans	2.9	3.2	5.1	2.3	2.6	2.6	2.4	2.3	2.2
31	Wholesale loans	26.4	32.5	42.5	39.0	39.0	37.1	40.8	36.9	36.5
32	Leases	2.1	2.2	2.5	2.7	2.7	2.7	2.3	2.3	2.3
33	Equipment	14.6	23.1	23.2	25.4	20.8	21.9	21.7	21.6	22.0
34	Loans	7.9	15.5	16.4	18.5	14.2	15.2	15.0	15.0	15.4
35	Leases	6.7	7.6	6.8	6.9	6.7	6.6	6.7	6.7	6.6
36	Other business receivables[6]	8.4	5.6	7.7	19.5	19.6	19.6	19.9	20.3	20.1

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

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

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

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

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

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

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

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

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1999	2000	2001	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July	2002 Aug.	2002 Sept.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	210.7	234.5	245.0	255.6	262.9	265.0	268.2	268.2	267.5	266.7
2 Amount of loan (thousands of dollars)	161.7	177.0	184.2	193.3	198.9	199.1	201.1	201.6	199.1	201.1
3 Loan-to-price ratio (percent)	78.7	77.4	77.3	78.2	77.7	77.2	77.1	77.5	77.3	77.6
4 Maturity (years)	28.8	29.2	28.8	29.1	28.8	29.0	29.0	29.1	29.0	29.1
5 Fees and charges (percent of loan amount)[2]	.77	.70	.67	.62	.64	.59	.56	.62	.59	.60
Yield (percent per year)										
6 Contract rate[1]	6.94	7.41	6.90	6.66	6.65	6.51	6.38	6.28	6.17	6.09
7 Effective rate[1,3]	7.06	7.52	7.00	6.76	6.74	6.59	6.47	6.37	6.26	6.17
8 Contract rate (HUD series)[4]	7.45	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (section 203)[5]	7.74	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 GNMA securities[6]	7.03	7.57	6.36	6.50	6.33	6.21	6.03	5.82	5.53	5.15
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	523,941	610,122	707,015	733,894	739,277	741,084	740,744	743,025	746,101	751,423
12 FHA/VA insured	55,318	61,539	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Conventional	468,623	548,583	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Mortgage transactions purchased (during period)	195,210	154,231	270,384	21,305	23,175	17,432	16,310	17,586	23,123	33,518
Mortgage commitments (during period)										
15 Issued[7]	187,948	163,689	304,084	13,340	20,203	18,305	24,700	n.a.	n.a.	n.a.
16 To sell[8]	5,900	11,786	7,586	1,748	621	124	2,535	n.a.	n.a.	n.a.
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	324,443	385,693	491,719	526,107	521,611	515,732	518,816	521,137	525,795	530,694
18 FHA/VA insured	1,836	3,332	3,506	3,332	3,298	2,571	3,649	n.a.	n.a.	n.a.
19 Conventional	322,607	382,361	488,213	522,775	518,313	513,161	515,167	n.a.	n.a.	n.a.
Mortgage transactions (during period)										
20 Purchases	239,793	174,043	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Sales	233,031	166,901	389,611	42,545	40,704	29,831	30,767	29,335	34,937	46,369
22 Mortgage commitments contracted (during period)[9]	228,432	169,231	417,434	41,561	36,368	n.a.	n.a.	n.a.	n.a.	n.a.

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

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1998	1999	2000	2001			2002	
				Q2	Q3	Q4	Q1	Q2p
1 **All holders**	**5,715,556**	**6,320,508**	**6,885,322**	**7,211,919**	**7,407,178**	**7,589,577**	**7,753,640**	**7,965,275**
By type of property								
2 One- to four-family residences	4,365,968	4,790,601	5,203,674	5,457,068	5,600,299	5,732,523	5,871,131	6,040,743
3 Multifamily residences	331,602	369,251	406,530	426,806	440,753	454,715	462,579	473,950
4 Nonfarm, nonresidential	921,482	1,057,692	1,166,261	1,215,062	1,251,517	1,286,011	1,301,859	1,330,409
5 Farm	96,504	102,964	108,858	112,983	114,610	116,329	118,071	120,173
By type of holder								
6 Major financial institutions	2,194,591	2,394,271	2,618,969	2,711,268	2,734,217	2,791,076	2,789,654	2,860,812
7 Commercial banks[2]	1,336,996	1,495,420	1,660,054	1,722,376	1,736,631	1,789,819	1,800,362	1,875,360
8 One- to four-family	797,004	879,576	965,635	997,206	987,682	1,023,851	1,018,478	1,072,111
9 Multifamily	54,632	67,665	77,803	80,315	83,949	84,851	86,719	90,759
10 Nonfarm, nonresidential	456,323	516,333	582,577	609,750	629,624	645,619	659,187	675,530
11 Farm	29,037	31,846	34,039	35,104	35,375	35,498	35,978	36,960
12 Savings institutions[3]	643,955	668,064	722,974	751,646	758,344	758,236	745,998	740,288
13 One- to four-family	533,501	548,222	594,221	616,004	620,392	620,579	605,171	597,803
14 Multifamily	57,037	59,309	61,258	63,399	64,405	64,592	65,199	65,985
15 Nonfarm, nonresidential	53,002	60,063	66,965	71,664	72,977	72,534	75,077	75,949
16 Farm	414	470	529	578	569	531	551	551
17 Life insurance companies	213,640	230,787	235,941	237,246	239,243	243,021	243,293	245,165
18 One- to four-family	6,590	5,934	4,903	5,005	5,091	4,931	4,938	4,838
19 Multifamily	31,522	32,818	33,681	33,856	33,885	35,631	35,671	35,943
20 Nonfarm, nonresidential	164,004	179,048	183,757	184,713	186,469	188,376	188,599	190,499
21 Farm	11,524	12,987	13,600	13,672	13,798	14,083	14,085	13,885
22 Federal and related agencies	291,961	320,054	344,225	356,817	363,001	376,999	385,027	396,091
23 Government National Mortgage Association	7	7	6	6	9	8	8	8
24 One- to four-family	7	7	6	6	9	8	8	8
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	40,851	73,871	73,323	73,206	72,118	72,452	72,362	71,970
27 One- to four-family	16,895	16,506	16,372	16,153	15,916	15,824	15,665	15,273
28 Multifamily	11,739	11,741	11,733	11,720	11,710	11,712	11,707	11,692
29 Nonfarm, nonresidential	7,705	41,355	41,070	41,262	40,470	40,965	41,134	41,188
30 Farm	4,513	4,268	4,148	4,072	4,023	3,952	3,855	3,817
31 Federal Housing Admin. and Dept. of Veterans Affairs	3,674	3,712	3,507	2,918	3,155	3,290	3,361	3,473
32 One- to four-family	1,849	1,851	1,308	1,267	1,251	1,260	1,255	1,254
33 Multifamily	1,825	1,861	2,199	1,651	1,904	2,031	2,105	2,218
34 Resolution Trust Corporation	0	0	0	0	0	0	0	0
35 One- to four-family	0	0	0	0	0	0	0	0
36 Multifamily	0	0	0	0	0	0	0	0
37 Nonfarm, nonresidential	0	0	0	0	0	0	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	361	152	45	24	26	13	7	22
40 One- to four-family	58	25	7	4	4	2	1	4
41 Multifamily	70	29	9	5	5	3	1	4
42 Nonfarm, nonresidential	233	98	29	15	17	8	4	14
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	156,023	149,422	155,626	160,820	165,687	169,908	176,051	180,491
45 One- to four-family	147,594	141,195	144,150	147,730	151,786	155,060	160,300	164,038
46 Multifamily	8,429	8,227	11,476	13,090	13,901	14,848	15,751	16,453
47 Federal Land Banks	32,983	34,187	36,326	38,686	39,722	40,885	41,981	42,951
48 One- to four-family	1,941	2,012	2,137	2,276	2,337	2,406	2,470	2,527
49 Farm	31,042	32,175	34,189	36,410	37,385	38,479	39,511	40,424
50 Federal Home Loan Mortgage Corporation	57,085	56,676	59,240	61,542	59,638	62,792	59,624	58,872
51 One- to four-family	49,106	44,321	42,871	42,537	39,217	40,309	35,955	34,062
52 Multifamily	7,979	12,355	16,369	19,005	20,421	22,483	23,669	24,810
53 Mortgage pools or trusts[5]	2,581,297	2,948,245	3,231,415	3,432,654	3,583,240	3,715,692	3,869,212	3,986,440
54 Government National Mortgage Association	537,446	582,263	611,553	598,019	603,186	591,368	587,423	583,950
55 One- to four-family	522,498	565,189	592,624	577,228	581,796	569,460	564,327	559,754
56 Multifamily	14,948	17,074	18,929	20,792	21,391	21,908	23,096	24,196
57 Federal Home Loan Mortgage Corporation	646,459	749,081	822,310	873,750	927,490	948,409	1,012,478	1,053,261
58 One- to four-family	643,465	744,619	816,602	867,924	921,709	940,933	1,005,136	1,045,981
59 Multifamily	2,994	4,462	5,708	5,826	5,781	7,476	7,342	7,280
60 Federal National Mortgage Association	834,517	960,883	1,057,750	1,163,978	1,228,131	1,290,351	1,355,404	1,404,594
61 One- to four-family	804,204	924,941	1,016,398	1,116,534	1,177,995	1,238,125	1,301,374	1,349,442
62 Multifamily	30,313	35,942	41,352	47,444	50,136	52,226	54,030	55,152
63 Farmers Home Administration[4]	1	0	0	0	0	0	0	0
64 One- to four-family	0	0	0	0	0	0	0	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	0	0	0	0	0	0	0	0
67 Farm	1	0	0	0	0	0	0	0
68 Private mortgage conduits	562,874	656,018	739,802	796,907	824,433	885,564	913,907	944,635
69 One- to four-family[6]	405,153	455,021	499,834	539,200	550,200	591,200	616,300	637,200
70 Multifamily	33,784	42,293	48,786	50,836	53,627	57,009	57,535	59,180
71 Nonfarm, nonresidential	123,937	158,704	191,182	206,871	220,606	237,355	240,072	248,255
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	647,708	657,938	690,714	711,181	726,719	705,811	709,748	721,932
74 One- to four-family	435,137	459,385	490,675	508,569	522,441	501,081	508,260	518,269
75 Multifamily	76,320	75,244	77,006	78,680	79,464	79,791	79,612	80,153
76 Nonfarm, nonresidential	116,277	102,092	100,681	100,786	101,354	101,154	97,786	98,974
77 Farm	19,974	21,217	22,352	23,147	23,460	23,786	24,091	24,536

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

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

1.55 CONSUMER CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1999	2000	2001	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July	2002 Aug.
	Seasonally adjusted								
1 **Total**	**1,416,316**	**1,560,634**	**1,667,928**	**1,689,131**	**1,697,386**	**1,706,722**	**1,713,492**	**1,726,044**	**1,730,216**
2 Revolving	597,669	666,607	699,875	703,861	709,089	712,085	715,624	721,966	725,895
3 Nonrevolving[2]	818,647	894,027	968,053	985,270	988,297	994,637	997,868	1,004,078	1,004,321
	Not seasonally adjusted								
4 **Total**	**1,446,127**	**1,593,116**	**1,701,856**	**1,677,964**	**1,684,724**	**1,694,140**	**1,706,298**	**1,716,765**	**1,731,996**
By major holder									
5 Commercial banks	499,758	541,470	558,421	550,709	556,033	557,521	557,317	558,187	574,164
6 Finance companies	201,549	219,848	236,559	232,365	231,162	232,269	235,832	241,849	237,969
7 Credit unions	167,921	184,434	189,570	187,717	188,885	190,672	192,305	194,754	196,206
8 Savings institutions	61,527	64,557	69,070	68,598	67,742	66,858	66,002	69,284	69,971
9 Nonfinancial business	80,311	82,662	67,955	58,095	56,922	55,804	53,013	51,332	52,170
10 Pools of securitized assets[3]	435,061	500,145	580,281	580,480	583,981	591,016	601,829	601,359	601,517
By major type of credit[4]									
11 Revolving	621,914	693,020	727,297	697,663	704,414	707,201	712,954	715,130	722,617
12 Commercial banks	189,352	218,063	224,878	216,126	221,261	218,368	215,852	214,994	226,416
13 Finance companies	32,483	37,627	31,538	27,967	29,686	30,073	32,131	36,113	35,614
14 Credit unions	20,641	22,226	22,265	20,813	20,852	20,878	20,984	21,233	21,233
15 Savings institutions	15,838	16,560	17,767	16,988	17,216	17,452	17,680	17,426	17,864
16 Nonfinancial business	42,783	42,430	29,790	22,402	21,357	20,359	17,859	16,467	16,747
17 Pools of securitized assets[3]	320,817	356,114	401,059	393,367	394,043	400,071	408,448	408,897	404,743
18 Nonrevolving	824,213	900,095	974,559	980,300	980,310	986,939	993,345	1,001,635	1,009,379
19 Commercial banks	310,406	323,407	333,543	334,583	334,772	339,153	341,465	343,193	347,748
20 Finance companies	169,066	182,221	205,021	204,398	201,476	202,196	203,701	205,736	202,354
21 Credit unions	147,280	162,208	167,305	166,904	168,033	169,794	171,321	173,521	174,973
22 Savings institutions	45,689	47,997	51,303	51,610	50,526	49,406	48,322	51,858	52,107
23 Nonfinancial business	37,528	40,232	38,165	35,693	35,565	35,445	35,154	34,866	35,423
24 Pools of securitized assets[3]	114,244	144,031	179,222	187,113	189,938	190,945	193,382	192,462	196,774

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

1.56 TERMS OF CONSUMER CREDIT[1]

Percent per year except as noted

Item	1999	2000	2001	2002 Feb.	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July	2002 Aug
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	8.44	9.34	8.50	7.50	n.a.	n.a.	7.74	n.a.	n.a.	5.95
2 24-month personal	13.39	13.90	13.22	11.72	n.a.	n.a.	12.57	n.a.	n.a.	11.28
Credit card plan										
3 All accounts	15.21	15.71	14.89	13.65	n.a.	n.a.	13.55	n.a.	n.a.	13.37
4 Accounts assessed interest	14.81	14.91	14.44	12.98	n.a.	n.a.	13.34	n.a.	n.a.	13.26
Auto finance companies										
5 New car	6.66	6.61	5.65	6.07	5.87	5.51	6.15	6.29	3.50	2.23
6 Used car	12.60	13.55	12.18	11.10	11.14	10.94	10.90	10.77	10.62	10.50
OTHER TERMS[3]										
Maturity (months)										
7 New car	52.7	54.9	55.1	56.4	56.4	55.9	57.3	58.6	59.1	59.4
8 Used car	55.9	57.0	57.5	57.8	57.7	57.7	57.8	57.7	57.7	57.6
Loan-to-value ratio										
9 New car	92	92	91	89	90	93	92	92	95	96
10 Used car	99	99	100	100	100	101	101	100	100	100
Amount financed (dollars)										
11 New car	19,880	20,923	22,822	22,741	23,065	23,535	23,324	23,115	24,802	26,208
12 Used car	13,642	14,058	14,416	14,049	14,149	14,363	14,700	14,787	14,843	14,815

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	1996	1997	1998	1999	2000	2000	2001				2002	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
						Nonfinancial sectors						
1 **Total net borrowing by domestic nonfinancial sectors**	**733.3**	**804.4**	**1,042.4**	**1,068.5**	**860.2**	**822.0**	**917.1**	**1,022.0**	**1,275.4**	**1,216.6**	**937.5**	**1,531.5**
By sector and instrument												
2 Federal government	144.9	23.1	−52.6	−71.2	−295.9	−306.1	−59.3	−215.8	209.3	43.4	39.8	451.3
3 Treasury securities	146.6	23.2	−54.6	−71.0	−294.9	−304.9	−57.0	−216.9	209.7	44.2	41.6	449.5
4 Budget agency securities and mortgages	−1.6	−.1	2.0	−.2	−1.0	−1.2	−2.2	1.1	−.4	−.7	−1.8	1.8
5 Nonfederal	588.3	781.3	1,095.0	1,139.7	1,156.1	1,128.1	976.4	1,237.8	1,066.1	1,173.2	897.7	1,080.2
By instrument												
6 Commercial paper	−.9	13.7	24.4	37.4	48.1	−4.0	−199.2	−133.4	−66.1	45.5	−155.7	−93.0
7 Municipal securities and loans	2.6	71.4	96.8	68.2	35.3	62.0	102.9	107.3	70.0	190.1	70.3	186.4
8 Corporate bonds	116.3	150.5	218.7	229.9	171.1	175.6	399.5	419.5	187.9	323.5	233.8	207.0
9 Bank loans n.e.c.	70.4	106.4	108.2	82.8	101.7	75.1	−19.5	−121.0	−24.4	−164.5	−18.8	−183.2
10 Other loans and advances	28.7	59.5	82.1	57.1	101.5	127.8	.7	122.1	58.3	−104.2	−10.8	51.2
11 Mortgages	280.1	322.3	489.8	564.9	559.4	561.0	547.5	767.3	769.8	732.8	697.4	810.0
12 Home	241.7	258.3	387.7	424.6	413.5	399.9	423.2	607.6	559.2	530.5	601.8	648.8
13 Multifamily residential	9.8	7.3	23.4	35.7	35.2	42.2	37.6	40.8	56.5	56.5	29.2	43.5
14 Commercial	25.8	53.5	72.2	98.8	104.2	116.8	82.3	107.0	147.1	139.0	59.6	109.4
15 Farm	2.7	3.1	6.5	5.8	6.5	2.1	4.3	11.9	7.0	6.7	6.7	8.3
16 Consumer credit	91.3	57.5	75.0	99.5	139.0	130.7	144.5	76.0	70.6	149.9	81.4	101.9
By borrowing sector												
17 Household	339.8	332.7	454.8	498.0	541.0	515.1	506.3	650.4	661.2	623.2	703.0	705.5
18 Nonfinancial business	255.3	392.5	559.9	589.4	587.9	556.5	373.8	484.8	348.4	392.2	132.4	201.1
19 Corporate	183.1	291.6	392.1	401.6	406.3	386.4	205.9	303.3	190.2	242.8	16.9	78.6
20 Nonfarm noncorporate	67.3	94.7	159.7	182.4	170.7	159.4	162.2	170.1	153.8	141.1	110.3	114.8
21 Farm	4.9	6.2	8.0	5.5	10.9	10.8	5.7	11.5	4.4	8.3	5.1	7.7
22 State and local government	−6.8	56.1	80.3	52.3	27.2	56.5	96.3	102.5	56.6	157.7	62.3	173.6
23 Foreign net borrowing in United States	88.4	71.8	43.2	25.2	65.7	65.1	−8.5	−50.5	−106.7	16.0	75.3	13.6
24 Commercial paper	11.3	3.7	7.8	16.3	31.7	48.9	−33.8	−3.8	−25.2	5.9	64.8	34.8
25 Bonds	67.0	61.4	34.9	14.1	23.9	9.1	21.4	−15.8	−83.9	29.7	−2.3	−41.0
26 Bank loans n.e.c.	9.1	8.5	6.6	.5	11.4	12.0	14.3	−31.4	4.2	−16.3	13.9	22.1
27 Other loans and advances	1.0	−1.8	−6.0	−5.7	−1.3	−4.9	−10.4	.5	−1.8	−3.3	−1.2	−2.3
28 **Total domestic plus foreign**	**821.7**	**876.2**	**1,085.6**	**1,093.7**	**925.9**	**887.0**	**908.6**	**971.5**	**1,168.8**	**1,232.5**	**1,012.8**	**1,545.1**
						Financial sectors						
29 **Total net borrowing by financial sectors**	**550.1**	**662.2**	**1,087.2**	**1,084.4**	**815.4**	**918.9**	**884.0**	**818.0**	**1,117.4**	**982.1**	**874.7**	**916.3**
By instrument												
30 Federal government-related	231.4	212.9	470.9	592.0	433.5	613.6	432.6	674.6	818.4	591.8	692.0	497.1
31 Government-sponsored enterprise securities	90.4	98.4	278.3	318.2	234.1	304.5	262.3	268.3	326.2	306.5	191.3	151.1
32 Mortgage pool securities	141.0	114.6	192.6	273.8	199.4	309.1	170.3	406.2	492.2	285.3	500.7	346.0
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	318.7	449.3	616.3	492.4	382.0	305.3	451.4	143.4	299.0	390.3	182.7	419.1
35 Open market paper	92.2	166.7	161.0	176.2	127.7	84.6	−83.8	−77.9	−72.2	−13.6	−178.3	−109.1
36 Corporate bonds	178.1	218.9	310.2	218.2	205.8	210.1	427.8	212.9	312.7	378.3	358.1	472.7
37 Bank loans n.e.c.	12.6	13.3	30.1	−14.2	−.2	−6.7	24.3	10.8	1.6	18.3	.2	31.9
38 Other loans and advances	27.9	35.6	90.2	107.1	42.5	15.5	90.6	−18.7	58.8	8.9	−3.9	16.7
39 Mortgages	7.9	14.9	24.8	5.1	6.2	1.8	−7.5	16.2	−1.9	−1.6	6.6	7.0
By borrowing sector												
40 Commercial banking	13.0	46.1	72.9	67.2	60.0	39.0	138.1	−10.5	39.7	44.1	24.3	13.3
41 Savings institutions	25.5	19.7	52.2	48.0	27.3	20.1	55.5	3.4	39.4	−68.6	−33.1	−12.0
42 Credit unions	.1	.1	.6	2.2	.0	1.0	−.6	.8	1.5	4.4	2.4	2.0
43 Life insurance companies	1.1	.2	.7	.7	−.7	−.7	−2.4	.1	3.5	1.4	2.4	1.2
44 Government-sponsored enterprises	90.4	98.4	278.3	318.2	234.1	304.5	262.3	268.3	326.2	306.5	191.3	151.1
45 Federally related mortgage pools	141.0	114.6	192.6	273.8	199.4	309.1	170.3	406.2	492.2	285.3	500.7	346.0
46 Issuers of asset-backed securities (ABSs)	150.8	202.2	321.4	223.4	196.2	305.2	288.7	195.6	317.7	435.7	267.6	273.4
47 Finance companies	50.6	57.8	57.1	70.3	81.2	15.6	−54.0	36.8	41.8	−25.3	−31.2	79.5
48 Mortgage companies	4.1	−4.6	1.6	.2	.1	1.0	.7	.6	.8	.6	.8	.7
49 Real estate investment trusts (REITs)	11.9	39.6	62.7	6.3	2.7	−8.1	−6.1	10.5	−2.4	7.8	7.4	25.3
50 Brokers and dealers	−2.0	8.1	7.2	−17.2	15.6	−6.6	−23.7	35.6	12.6	−18.9	−15.7	17.5
51 Funding corporations	63.8	79.9	40.0	91.5	−.4	−61.2	55.3	−129.6	−155.7	9.1	−42.2	18.2

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1996	1997	1998	1999	2000	2000	2001				2002	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
	All sectors											
52 **Total net borrowing, all sectors**	**1,371.7**	**1,538.5**	**2,172.8**	**2,178.0**	**1,741.3**	**1,805.9**	**1,792.5**	**1,789.5**	**2,286.2**	**2,214.7**	**1,887.5**	**2,461.3**
53 Open market paper	102.6	184.1	193.1	229.9	207.6	129.5	−316.8	−215.1	−163.5	37.8	−269.2	−167.3
54 U.S. government securities	376.3	236.0	418.3	520.7	137.6	307.5	373.3	458.8	1,027.8	635.2	731.8	948.4
55 Municipal securities	2.6	71.4	96.8	68.2	35.3	62.0	102.9	107.3	70.0	190.1	70.3	186.4
56 Corporate and foreign bonds	361.3	430.8	563.7	462.2	400.8	394.8	848.8	616.6	416.7	731.5	589.6	638.7
57 Bank loans n.e.c.	92.1	128.2	145.0	69.0	112.8	80.4	19.2	−141.6	−18.6	−162.4	−4.6	−129.3
58 Other loans and advances	57.7	93.2	166.3	158.5	142.7	138.3	80.8	103.9	115.3	−98.7	−15.8	65.6
59 Mortgages	287.9	337.2	514.6	570.0	565.6	562.8	540.0	783.5	767.9	731.2	704.0	817.0
60 Consumer credit	91.3	57.5	75.0	99.5	139.0	130.7	144.5	76.0	70.6	149.9	81.4	101.9
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**232.9**	**185.3**	**113.7**	**156.9**	**197.2**	**−37.3**	**236.3**	**412.3**	**99.2**	**360.1**	**414.8**	**313.5**
62 Corporate equities	−4.7	−79.9	−165.8	−34.3	−37.8	−177.5	120.3	138.8	−61.2	104.2	28.0	206.2
63 Nonfinancial corporations	−69.5	−114.4	−267.0	−143.5	−159.7	−367.5	−25.0	−70.7	−126.6	−25.0	−3.7	62.5
64 Foreign shares purchased by U.S. residents	82.8	57.6	101.3	114.3	103.6	96.6	86.1	222.9	43.5	74.7	−5.9	80.9
65 Financial corporations	−18.1	−23.0	−.1	−5.1	18.3	93.5	59.1	−13.4	21.8	54.5	37.6	62.8
66 Mutual fund shares	237.6	265.1	279.5	191.2	235.0	140.2	116.0	273.5	160.4	255.9	386.8	107.2

1. Data in this table also appear in the Board's Z.1 (780) quarterly statistical release, tables F.2 through F4. 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	1996	1997	1998	1999	2000	2000	2001				2002	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**1,371.7**	**1,538.5**	**2,172.8**	**2,178.0**	**1,741.3**	**1,805.9**	**1,792.5**	**1,789.5**	**2,286.2**	**2,214.7**	**1,887.5**	**2,461.3**
2 Domestic nonfederal nonfinancial sectors	108.8	29.5	255.0	265.1	−108.7	−292.4	−160.9	−188.9	30.1	21.9	207.5	172.5
3 Household	148.7	39.4	123.2	255.3	−111.7	−211.5	−180.5	−198.1	23.4	−28.4	154.0	118.8
4 Nonfinancial corporate business	−10.2	−12.7	−16.0	−15.6	5.0	−84.2	−22.5	−24.6	−34.1	5.8	51.3	14.7
5 Nonfarm noncorporate business	4.0	2.6	13.3	−3.0	−1.2	−.2	3.2	.3	3.3	2.0	3.3	3.3
6 State and local governments	−33.7	.1	134.5	28.4	−.8	3.5	38.9	33.5	37.4	42.4	−1.1	35.7
7 Federal government	−7.2	5.1	13.5	5.8	7.3	10.6	4.4	9.4	3.3	7.0	4.7	8.8
8 Rest of the world	379.6	259.6	172.5	139.7	225.9	332.2	325.7	254.9	269.2	432.5	171.8	566.1
9 Financial sectors	890.6	1,244.3	1,731.9	1,767.5	1,616.8	1,755.5	1,623.3	1,714.0	1,983.6	1,753.3	1,503.4	1,713.9
10 Monetary authority	12.3	38.3	21.1	25.7	33.7	13.8	39.0	26.9	8.4	85.1	81.6	43.4
11 Commercial banking	187.5	324.3	305.6	312.2	357.9	184.6	130.4	107.8	267.9	314.6	188.9	444.0
12 U.S.-chartered banks	119.6	274.9	312.1	318.6	339.5	95.3	92.3	156.5	242.5	275.0	168.2	403.6
13 Foreign banking offices in United States	63.3	40.2	−11.6	−17.0	23.9	88.7	34.5	−50.1	21.1	−7.8	2.1	33.6
14 Bank holding companies	3.9	5.4	−.9	6.2	−12.2	−3.2	7.3	−2.8	−1.4	13.6	12.0	1.9
15 Banks in U.S.-affiliated areas	.7	3.7	6.0	4.4	6.7	3.8	−3.6	4.2	5.7	33.9	6.6	4.9
16 Savings institutions	19.9	−4.7	36.2	67.7	56.2	54.7	46.8	55.8	−4.7	73.1	12.3	−83.1
17 Credit unions	25.5	16.8	18.9	27.5	28.0	28.6	34.9	9.6	61.1	60.5	53.2	35.8
18 Bank personal trusts and estates	−7.7	−25.0	−12.8	27.8	17.1	18.1	10.7	13.4	8.8	8.6	6.1	4.6
19 Life insurance companies	69.6	104.8	76.9	53.5	57.9	37.3	111.8	143.6	186.9	81.3	260.6	185.7
20 Other insurance companies	22.5	25.2	5.8	−3.0	−8.7	−11.7	2.1	.1	5.1	28.5	36.7	28.9
21 Private pension funds	−4.1	47.6	−23.4	17.0	33.4	30.0	20.7	44.7	10.4	5.3	27.4	37.6
22 State and local government retirement funds	35.8	67.1	72.1	46.9	54.6	86.1	−70.7	77.0	−74.2	−2.7	70.5	5.3
23 Money market mutual funds	88.8	87.5	244.0	182.0	143.0	256.9	326.4	210.0	351.7	96.1	−296.8	−122.3
24 Mutual funds	48.9	80.9	127.3	48.4	21.0	40.4	93.0	169.1	102.7	139.3	243.1	56.6
25 Closed-end funds	4.6	−2.5	5.5	7.4	−4.7	−4.7	−1.7	−1.7	−1.7	−1.7	−1.7	−1.7
26 Government-sponsored enterprises	97.1	106.3	314.0	291.3	256.4	353.4	329.2	297.2	274.3	335.3	236.7	125.3
27 Federally related mortgage pools	141.0	114.6	192.6	273.8	199.4	309.1	170.3	406.2	492.2	285.3	500.7	346.0
28 Asset-backed securities issuers (ABSs)	120.5	163.8	281.7	205.2	166.4	276.3	260.7	167.3	292.2	412.9	243.4	251.2
29 Finance companies	18.9	23.1	77.3	97.0	108.0	39.4	8.9	112.1	−43.1	−100.5	−28.3	−4.4
30 Mortgage companies	8.2	−9.1	3.2	.3	.2	2.0	1.4	1.1	1.7	1.2	1.6	1.4
31 Real estate investment trusts (REITs)	4.4	20.2	−5.1	−2.6	−6.3	−2.8	4.0	1.1	7.8	14.0	26.3	31.8
32 Brokers and dealers	−15.7	14.9	6.8	−34.7	68.9	6.5	242.1	53.6	183.8	−109.8	−219.5	420.3
33 Funding corporations	12.6	50.4	−15.8	124.0	34.4	37.6	−136.7	−181.0	−147.8	27.0	60.2	−92.4
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**1,371.7**	**1,538.5**	**2,172.8**	**2,178.0**	**1,741.3**	**1,805.9**	**1,792.5**	**1,789.5**	**2,286.2**	**2,214.7**	**1,887.5**	**2,461.3**
Other financial sources												
35 Official foreign exchange	−6.3	.7	6.6	−8.7	−.4	4.9	−1.5	4.7	13.7	.2	−3.0	12.9
36 Special drawing rights certificates	−.5	−.5	.0	−3.0	−4.0	−4.0	.0	.0	.0	.0	.0	.0
37 Treasury currency	.5	.5	.6	1.0	2.4	.0	−1.1	1.1	.0	.0	.0	.0
38 Foreign deposits	85.9	107.7	6.5	61.0	135.1	266.7	228.3	−175.9	41.5	17.9	−59.1	89.3
39 Net interbank transactions	−51.6	−19.7	−31.8	15.0	15.1	22.1	−141.8	−25.4	−1.1	41.5	−1.2	−204.4
40 Checkable deposits and currency	15.7	41.2	47.3	151.2	−71.4	−40.7	164.1	155.2	212.1	278.9	3.2	287.9
41 Small time and savings deposits	97.2	97.1	152.4	45.1	188.8	289.0	266.9	242.1	230.3	329.7	259.7	247.1
42 Large time deposits	114.0	122.5	91.8	131.1	116.2	75.0	133.9	43.0	19.5	77.8	270.0	34.7
43 Money market fund shares	145.4	155.9	287.2	249.1	233.3	343.8	578.4	370.0	388.6	377.3	−315.7	103.4
44 Security repurchase agreements	41.4	120.9	91.3	169.8	113.2	−222.2	−94.3	114.0	221.0	−144.5	−53.6	255.3
45 Corporate equities	−4.7	−79.9	−165.8	−34.3	−37.8	−177.5	120.3	138.8	−61.2	104.2	28.0	206.2
46 Mutual fund shares	237.6	265.1	279.5	191.2	235.0	140.2	116.0	273.5	160.4	255.9	386.8	107.2
47 Trade payables	123.3	139.8	106.4	268.6	170.2	123.4	186.4	−119.6	−47.3	−96.5	217.9	65.9
48 Security credit	52.4	111.0	103.2	104.4	146.1	58.9	−91.1	−73.9	530.2	−352.6	−203.7	−178.8
49 Life insurance reserves	44.5	59.3	48.0	50.8	50.2	47.3	62.3	52.2	74.7	119.6	93.9	83.4
50 Pension fund reserves	148.3	201.4	217.4	181.8	209.0	149.2	295.9	209.1	180.3	150.8	133.7	146.7
51 Taxes payable	19.5	22.3	19.6	23.2	21.7	25.3	4.3	14.8	104.9	−67.0	20.4	62.1
52 Investment in bank personal trusts	−5.3	−49.9	−41.8	−6.5	−29.7	−28.0	−26.1	−22.7	−28.2	−28.2	−31.0	−32.7
53 Noncorporate proprietors' equity	5.5	−40.7	−57.8	−38.7	−10.2	−10.9	−19.7	−26.4	−45.3	−1.1	−12.4	−36.2
54 Miscellaneous	522.4	493.8	956.9	1,042.7	1,155.4	813.9	791.8	888.0	846.8	201.6	124.7	494.2
55 **Total financial sources**	**2,957.1**	**3,287.1**	**4,290.1**	**4,772.9**	**4,379.6**	**3,682.5**	**4,365.6**	**3,852.1**	**5,127.1**	**3,480.2**	**2,746.2**	**4,205.8**
Liabilities not identified as assets (−)												
56 Treasury currency	−.4	−.2	−.1	−.7	−1.2	−3.3	−3.6	−.5	−1.4	.0	−2.4	−.7
57 Foreign deposits	59.4	106.2	−8.5	42.6	55.9	215.2	182.1	−166.8	54.5	−28.8	−36.6	130.9
58 Net interbank liabilities	−3.3	−19.9	3.8	.1	20.4	52.9	21.8	17.0	7.4	22.6	39.4	−11.2
59 Security repurchase agreements	2.4	63.2	57.7	35.7	118.6	−222.3	−277.2	124.6	124.8	−181.1	−9.7	85.8
60 Taxes payable	23.1	28.0	19.7	11.7	26.2	46.6	24.9	3.1	25.4	22.9	31.1	−29.0
61 Miscellaneous	−177.4	−248.3	−158.9	−301.4	−404.9	−478.4	−209.3	−517.1	78.3	−188.6	−416.3	−77.5
Floats not included in assets (−)												
62 Federal government checkable deposits	.5	−2.7	2.6	−7.4	9.0	−.7	64.9	64.7	−23.0	−91.1	190.3	185.7
63 Other checkable deposits	−4.0	−3.9	−3.1	−.8	1.7	2.5	3.6	3.9	5.0	5.7	6.1	7.1
64 Trade credit	−25.7	−25.5	−43.3	2.8	26.1	120.7	48.1	28.6	−49.4	37.9	4.7	−86.1
65 **Total identified to sectors as assets**	**3,082.7**	**3,390.1**	**4,420.3**	**4,990.3**	**4,527.9**	**3,949.4**	**4,510.2**	**4,294.5**	**4,905.5**	**3,880.8**	**2,939.5**	**4,000.8**

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	1997	1998	1999	2000	2000	2001				2002	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**15,243.1**	**16,285.5**	**17,388.7**	**18,267.9**	**18,267.9**	**18,508.1**	**18,680.0**	**18,995.3**	**19,376.3**	**19,610.2**	**19,904.1**
By sector and instrument											
2 Federal government	3,804.8	3,752.2	3,681.0	3,385.1	3,385.1	3,408.8	3,251.4	3,320.0	3,379.5	3,430.3	3,432.7
3 Treasury securities	3,778.3	3,723.7	3,652.7	3,357.8	3,357.8	3,382.0	3,224.3	3,293.0	3,352.7	3,404.0	3,405.9
4 Budget agency securities and mortgages	26.5	28.5	28.3	27.3	27.3	26.8	27.0	27.0	26.8	26.3	26.8
5 Nonfederal	11,438.3	12,533.3	13,707.7	14,882.8	14,882.8	15,099.4	15,428.7	15,675.3	15,996.8	16,180.0	16,471.4
By instrument											
6 Commercial paper	168.6	193.0	230.3	278.4	278.4	253.2	223.3	201.3	190.1	167.5	148.4
7 Municipal securities and loans	1,367.5	1,464.3	1,532.5	1,567.8	1,567.8	1,597.5	1,629.8	1,635.3	1,685.4	1,707.5	1,759.5
8 Corporate bonds	1,610.9	1,829.6	2,059.5	2,230.6	2,230.6	2,330.4	2,435.3	2,482.3	2,563.2	2,621.6	2,673.4
9 Bank loans n.e.c.	1,040.4	1,148.6	1,231.4	1,333.1	1,333.1	1,320.7	1,293.6	1,285.1	1,251.4	1,237.3	1,194.5
10 Other loans and advances	825.1	907.2	964.5	1,077.1	1,077.1	1,083.2	1,110.6	1,116.8	1,096.3	1,099.2	1,109.1
11 Mortgages	5,154.3	5,644.1	6,243.4	6,802.8	6,802.8	6,929.0	7,127.9	7,324.1	7,507.2	7,670.1	7,880.3
12 Home	3,978.3	4,366.0	4,790.6	5,204.1	5,204.1	5,299.1	5,458.1	5,601.7	5,734.2	5,873.2	6,043.1
13 Multifamily residential	284.6	308.0	343.9	379.2	379.2	388.6	398.8	412.9	427.0	434.3	445.2
14 Commercial	801.4	873.6	1,006.5	1,110.7	1,110.7	1,131.3	1,158.0	1,194.8	1,229.6	1,244.5	1,271.8
15 Farm	90.0	96.6	102.3	108.9	108.9	110.0	113.0	114.6	116.3	118.1	120.2
16 Consumer credit	1,271.6	1,346.6	1,446.1	1,593.1	1,593.1	1,585.3	1,608.1	1,630.5	1,703.3	1,676.7	1,706.2
By borrowing sector											
17 Households	5,556.9	6,011.8	6,510.0	7,070.1	7,070.1	7,139.0	7,314.8	7,486.6	7,680.4	7,793.5	7,984.7
18 Nonfinancial business	4,761.9	5,321.7	5,945.5	6,533.4	6,533.4	6,652.9	6,776.0	6,848.1	6,933.8	6,983.6	7,035.8
19 Corporate	3,382.0	3,774.1	4,210.1	4,616.4	4,616.4	4,695.7	4,770.7	4,804.8	4,852.5	4,875.2	4,894.0
20 Nonfarm noncorporate	1,224.0	1,383.7	1,566.1	1,736.8	1,736.8	1,777.5	1,820.1	1,857.4	1,893.6	1,921.3	1,950.1
21 Farm	155.9	163.9	169.4	180.2	180.2	179.7	185.2	185.9	187.7	187.1	191.6
22 State and local government	1,119.5	1,199.8	1,252.1	1,279.3	1,279.3	1,307.5	1,337.8	1,340.6	1,382.5	1,402.8	1,450.9
23 **Foreign credit market debt held in United States**	**607.9**	**651.3**	**676.7**	**742.3**	**742.3**	**740.4**	**726.1**	**701.7**	**704.9**	**724.2**	**725.6**
24 Commercial paper	65.1	72.9	89.2	120.9	120.9	112.8	110.1	106.3	106.7	123.6	130.2
25 Bonds	427.7	462.6	476.7	500.6	500.6	505.9	502.0	481.0	488.4	487.9	477.6
26 Bank loans n.e.c.	52.1	58.7	59.2	70.5	70.5	74.1	66.2	67.3	63.2	66.7	72.2
27 Other loans and advances	63.0	57.1	51.6	50.3	50.3	47.5	47.7	47.0	46.6	46.0	45.5
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**15,851.0**	**16,936.8**	**18,065.4**	**19,010.3**	**19,010.3**	**19,248.5**	**19,406.1**	**19,697.0**	**20,081.2**	**20,334.4**	**20,629.7**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**5,458.0**	**6,545.2**	**7,629.6**	**8,457.0**	**8,457.0**	**8,657.3**	**8,858.0**	**9,128.0**	**9,404.7**	**9,602.3**	**9,826.8**
By instrument											
30 Federal government-related	2,821.1	3,292.0	3,884.0	4,317.4	4,317.4	4,422.9	4,591.6	4,796.2	4,944.1	5,117.1	5,241.4
31 Government-sponsored enterprise securities	995.3	1,273.6	1,591.7	1,825.8	1,825.8	1,888.7	1,955.8	2,037.4	2,114.0	2,161.8	2,199.6
32 Mortgage pool securities	1,825.8	2,018.4	2,292.2	2,491.6	2,491.6	2,534.2	2,635.7	2,758.8	2,830.1	2,955.3	3,041.8
33 Loans from U.S. government	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 Private	2,636.9	3,253.2	3,745.6	4,139.6	4,139.6	4,234.4	4,266.4	4,331.9	4,460.6	4,485.2	4,585.4
35 Open market paper	745.7	906.7	1,082.9	1,210.7	1,210.7	1,180.8	1,144.5	1,110.2	1,148.8	1,090.9	1,046.9
36 Corporate bonds	1,568.6	1,878.7	2,096.9	2,314.7	2,314.7	2,424.3	2,485.7	2,569.6	2,647.6	2,741.0	2,866.7
37 Bank loans n.e.c.	77.3	107.5	93.2	93.0	93.0	97.3	100.4	100.2	106.8	105.1	113.5
38 Other loans and advances	198.5	288.7	395.8	438.3	438.3	450.9	450.7	467.2	473.2	462.4	470.8
39 Mortgages	46.8	71.6	76.7	82.9	82.9	81.1	85.1	84.6	84.2	85.9	87.6
By borrowing sector											
40 Commercial banks	140.6	188.6	230.0	266.7	266.7	273.8	274.7	281.4	296.0	295.8	310.4
41 Bank holding companies	168.6	193.5	219.3	242.5	242.5	266.5	269.0	272.7	266.1	269.0	264.2
42 Savings institutions	160.3	212.4	260.4	287.7	287.7	295.1	294.4	305.6	295.1	280.5	275.3
43 Credit unions	.6	1.1	3.4	3.4	3.4	3.2	3.5	3.8	4.9	5.5	6.0
44 Life insurance companies	1.8	2.5	3.2	2.5	2.5	1.9	1.9	2.8	3.1	3.7	4.0
45 Government-sponsored enterprises	995.3	1,273.6	1,591.7	1,825.8	1,825.8	1,888.7	1,955.8	2,037.4	2,114.0	2,161.8	2,199.6
46 Federally related mortgage pools	1,825.8	2,018.4	2,292.2	2,491.6	2,491.6	2,534.2	2,635.7	2,758.8	2,830.1	2,955.3	3,041.8
47 Issuers of asset-backed securities (ABSs)	1,076.6	1,398.0	1,621.4	1,829.5	1,829.5	1,894.1	1,944.3	2,027.0	2,138.9	2,198.0	2,267.9
48 Brokers and dealers	35.3	42.5	25.3	40.9	40.9	35.0	43.9	47.1	42.3	38.4	42.8
49 Finance companies	568.3	625.5	695.7	776.9	776.9	756.2	769.0	771.2	776.7	760.8	784.7
50 Mortgage companies	16.0	17.7	17.8	17.9	17.9	18.1	18.2	18.5	18.6	18.8	19.0
51 Real estate investment trusts (REITs)	96.1	158.8	165.1	167.8	167.8	166.2	168.9	168.3	170.2	172.1	178.4
52 Funding corporations	372.6	412.6	504.0	503.7	503.7	524.3	478.6	433.6	448.4	442.6	432.8
	All sectors										
53 **Total credit market debt, domestic and foreign**	**21,309.1**	**23,482.0**	**25,694.9**	**27,467.3**	**27,467.3**	**27,905.8**	**28,264.1**	**28,825.0**	**29,485.9**	**29,936.8**	**30,456.5**
54 Open market paper	979.4	1,172.6	1,402.4	1,610.0	1,610.0	1,546.8	1,477.9	1,417.8	1,445.6	1,382.0	1,325.5
55 U.S. government securities	6,625.9	7,044.2	7,564.9	7,702.5	7,702.5	7,831.7	7,842.9	8,116.2	8,323.6	8,547.4	8,674.1
56 Municipal securities	1,367.5	1,464.3	1,532.5	1,567.8	1,567.8	1,597.5	1,629.8	1,635.3	1,685.4	1,707.5	1,759.5
57 Corporate and foreign bonds	3,607.2	4,170.9	4,633.1	5,045.8	5,045.8	5,260.7	5,423.0	5,532.9	5,699.2	5,850.5	6,017.6
58 Bank loans n.e.c.	1,169.8	1,314.8	1,383.8	1,496.6	1,496.6	1,492.1	1,460.2	1,452.6	1,421.4	1,409.1	1,380.2
59 Other loans and advances	1,086.5	1,253.0	1,412.0	1,565.7	1,565.7	1,581.6	1,609.0	1,631.1	1,616.0	1,607.6	1,625.4
60 Mortgages	5,201.1	5,715.7	6,320.1	6,885.7	6,885.7	7,010.0	7,213.0	7,408.7	7,591.4	7,756.0	7,967.9
61 Consumer credit	1,271.6	1,346.6	1,446.1	1,593.1	1,593.1	1,585.3	1,608.1	1,630.5	1,703.3	1,676.7	1,706.2

1. Data in this table 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	1997	1998	1999	2000	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**21,309.1**	**23,482.0**	**25,694.9**	**27,467.3**	**27,467.3**	**27,905.8**	**28,264.1**	**28,825.0**	**29,485.9**	**29,936.8**	**30,456.5**
2 Domestic nonfederal nonfinancial sectors	3,105.2	3,352.1	3,678.1	3,540.8	3,540.8	3,474.9	3,407.5	3,397.3	3,452.7	3,475.0	3,497.4
3 Household	2,188.5	2,303.7	2,619.9	2,479.6	2,479.6	2,427.3	2,351.3	2,342.7	2,370.0	2,400.4	2,402.0
4 Nonfinancial corporate business	257.5	241.5	226.0	231.0	231.0	206.2	203.0	195.0	212.2	202.7	210.3
5 Nonfarm noncorporate business	54.2	67.5	64.4	63.2	63.2	64.0	64.1	64.9	65.4	66.2	67.1
6 State and local governments	605.0	739.4	767.8	767.0	767.0	777.4	789.1	794.6	805.1	805.6	818.0
7 Federal government	205.4	219.0	258.0	265.3	265.3	266.4	268.7	269.6	271.3	272.5	274.7
8 Rest of the world	2,097.7	2,278.2	2,354.6	2,621.1	2,621.1	2,706.0	2,766.8	2,837.5	2,954.4	3,000.6	3,139.1
9 Financial sectors	15,900.8	17,632.7	19,404.2	21,040.1	21,040.1	21,458.5	21,821.0	22,320.6	22,807.4	23,188.7	23,545.4
10 Monetary authority	431.4	452.5	478.1	511.8	511.8	523.9	535.1	534.1	551.7	575.4	590.7
11 Commercial banking	4,031.9	4,336.1	4,648.3	5,006.3	5,006.3	5,013.8	5,041.5	5,100.6	5,210.5	5,231.3	5,343.2
12 U.S.-chartered banks	3,450.7	3,761.4	4,080.0	4,419.5	4,419.5	4,420.8	4,463.5	4,513.5	4,610.1	4,629.3	4,734.6
13 Foreign banking offices in United States	516.1	504.5	487.4	511.3	511.3	516.6	501.3	509.3	510.7	507.7	512.6
14 Bank holding companies	27.4	26.5	32.7	20.5	20.5	22.3	21.6	21.3	24.7	27.7	28.1
15 Banks in U.S.-affiliated areas	37.8	43.8	48.3	55.0	55.0	54.1	55.1	56.5	65.0	66.6	67.9
16 Savings institutions	928.5	964.7	1,032.4	1,088.6	1,088.6	1,100.5	1,116.1	1,118.1	1,131.4	1,134.7	1,116.0
17 Credit unions	305.3	324.2	351.7	379.7	379.7	387.0	392.4	408.4	421.2	433.1	445.1
18 Bank personal trusts and estates	207.0	194.1	222.0	239.1	239.1	241.8	245.1	247.3	249.5	251.0	252.1
19 Life insurance companies	1,751.1	1,828.0	1,886.0	1,943.9	1,943.9	1,969.6	2,004.8	2,054.8	2,074.8	2,136.9	2,182.8
20 Other insurance companies	515.3	521.1	518.2	509.4	509.4	510.0	510.0	511.3	518.4	527.6	534.8
21 Private pension funds	674.6	651.2	668.2	701.6	701.6	706.8	718.0	720.6	721.9	728.7	738.1
22 State and local government retirement funds	632.5	704.6	751.4	806.0	806.0	788.3	807.6	789.0	788.4	806.0	807.3
23 Money market mutual funds	721.9	965.9	1,147.8	1,290.9	1,290.9	1,404.2	1,414.3	1,498.0	1,536.9	1,496.4	1,419.3
24 Mutual funds	901.1	1,028.4	1,076.8	1,097.8	1,097.8	1,113.9	1,160.3	1,188.2	1,223.8	1,276.8	1,295.3
25 Closed-end funds	98.3	103.8	111.2	106.4	106.4	106.0	105.6	105.2	104.7	104.3	103.9
26 Government-sponsored enterprises	938.3	1,252.3	1,543.5	1,807.1	1,807.1	1,877.7	1,956.1	2,026.1	2,114.3	2,163.8	2,199.0
27 Federally related mortgage pools	1,825.8	2,018.4	2,292.2	2,491.6	2,491.6	2,534.2	2,635.7	2,758.8	2,830.1	2,955.3	3,041.8
28 Asset-backed securities (ABSs) issuers	937.7	1,219.4	1,424.6	1,602.9	1,602.9	1,660.5	1,703.7	1,780.0	1,886.2	1,939.3	2,003.6
29 Finance companies	568.2	645.5	742.5	850.5	850.5	848.0	878.5	859.5	844.8	832.4	834.6
30 Mortgage companies	32.1	35.3	35.6	35.9	35.9	36.2	36.5	36.9	37.2	37.6	38.0
31 Real estate investment trusts (REITs)	50.6	45.5	42.9	36.6	36.6	37.6	37.9	39.8	43.3	49.9	57.9
32 Brokers and dealers	182.6	189.4	154.7	223.6	223.6	317.7	288.4	366.2	316.1	299.6	357.0
33 Funding corporations	166.7	152.3	276.0	310.4	310.4	281.0	233.5	177.7	202.3	208.7	185.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**21,309.1**	**23,482.0**	**25,694.9**	**27,467.3**	**27,467.3**	**27,905.8**	**28,264.1**	**28,825.0**	**29,485.9**	**29,936.8**	**30,456.5**
Other liabilities											
35 Official foreign exchange	48.9	60.1	50.1	46.1	46.1	42.8	43.4	49.0	46.8	45.7	52.0
36 Special drawing rights certificates	9.2	9.2	6.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
37 Treasury currency	19.3	19.9	20.9	23.2	23.2	22.9	23.2	23.2	23.2	23.2	23.2
38 Foreign deposits	618.5	642.3	703.6	824.5	824.5	881.6	837.6	848.0	908.9	894.1	916.5
39 Net interbank liabilities	219.4	189.4	202.4	221.2	221.2	156.7	158.7	166.5	187.7	157.6	117.3
40 Checkable deposits and currency	1,286.1	1,333.3	1,484.5	1,413.1	1,413.1	1,404.9	1,448.4	1,485.1	1,601.4	1,567.2	1,640.5
41 Small time and savings deposits	2,474.1	2,626.5	2,671.5	2,860.3	2,860.3	2,962.6	2,992.3	3,047.5	3,127.5	3,229.5	3,257.1
42 Large time deposits	713.4	805.3	936.4	1,052.6	1,052.6	1,077.0	1,087.3	1,094.2	1,121.1	1,178.9	1,188.7
43 Money market fund shares	1,042.5	1,329.7	1,578.8	1,812.1	1,812.1	1,994.7	2,014.7	2,116.1	2,240.7	2,202.6	2,150.3
44 Security repurchase agreements	822.4	913.8	1,083.6	1,196.8	1,196.8	1,187.4	1,206.6	1,255.2	1,233.6	1,220.9	1,274.9
45 Mutual fund shares	2,989.4	3,613.1	4,538.5	4,434.6	4,434.6	3,990.4	4,259.5	3,753.1	4,135.5	4,246.9	3,908.8
46 Security credit	469.1	572.2	676.6	822.7	822.7	799.3	781.5	912.1	825.9	774.8	730.6
47 Life insurance reserves	665.0	718.3	783.9	819.1	819.1	823.0	840.3	844.0	880.0	904.2	914.5
48 Pension fund reserves	7,323.4	8,208.4	9,065.3	9,069.0	9,069.0	8,584.0	8,862.6	8,281.0	8,694.0	8,817.8	8,348.6
49 Trade payables	1,967.4	2,073.8	2,342.4	2,512.6	2,512.6	2,536.4	2,498.4	2,502.4	2,493.4	2,526.0	2,532.9
50 Taxes payable	151.1	170.7	193.9	215.6	215.6	223.3	222.5	251.4	229.9	241.3	252.8
51 Investment in bank personal trusts	942.5	1,001.0	1,130.4	1,019.4	1,019.4	929.1	964.4	859.6	912.0	907.8	842.0
52 Miscellaneous	6,733.2	7,633.8	8,489.4	9,387.4	9,387.4	9,838.8	10,118.2	10,496.0	10,083.1	10,106.0	10,346.8
53 **Total liabilities**	**49,803.8**	**55,402.6**	**61,653.3**	**65,199.9**	**65,199.9**	**65,362.9**	**66,625.8**	**66,811.6**	**68,232.9**	**68,983.4**	**68,956.2**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.1	21.6	21.4	21.6	21.6	21.4	21.5	22.0	21.8	21.9	22.7
55 Corporate equities	13,301.7	15,577.3	19,581.2	17,611.9	17,611.9	15,323.0	16,254.3	13,645.0	15,209.3	15,228.5	13,339.3
56 Household equity in noncorporate business	4,052.7	4,285.7	4,544.3	4,797.8	4,797.8	4,852.0	4,874.6	4,919.4	4,877.1	4,908.4	4,971.8
Liabilities not identified as assets (−)											
57 Treasury currency	−6.3	−6.4	−7.1	−8.5	−8.5	−9.4	−9.5	−9.8	−9.8	−10.4	−10.6
58 Foreign deposits	535.0	542.8	585.7	627.4	627.4	673.0	631.3	644.9	694.1	685.0	717.7
59 Net interbank transactions	−32.2	−26.5	−28.5	−4.3	−4.3	1.1	3.8	4.5	11.1	21.8	18.0
60 Security repurchase agreements	172.9	230.6	266.4	385.0	385.0	341.4	376.2	400.2	346.3	357.5	384.5
61 Taxes payable	104.2	121.2	121.9	127.7	127.7	111.9	131.7	148.6	100.0	92.3	150.6
62 Miscellaneous	−1,376.6	−1,956.1	−2,447.0	−3,006.7	−3,006.7	−2,940.6	−2,881.4	−2,738.3	−3,207.4	−3,176.8	−3,235.6
Floats not included in assets (−)											
63 Federal government checkable deposits	−8.1	−3.9	−9.8	−2.3	−2.3	−2.8	−4.8	−5.9	−14.1	32.4	61.3
64 Other checkable deposits	26.2	23.1	22.3	24.0	24.0	21.1	25.5	19.2	28.6	26.3	31.4
65 Trade credit	128.1	84.8	91.7	117.7	117.7	84.6	63.8	48.7	134.0	87.8	36.9
66 **Totals identified to sectors as assets**	**67,636.0**	**76,277.6**	**87,204.5**	**89,370.9**	**89,370.9**	**87,279.0**	**89,439.6**	**86,885.9**	**90,258.5**	**91,026.4**	**89,135.7**

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

2. Excludes corporate equities and mutual fund shares.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
	2001	2002			2001	2002			2001	2002		
	Q4	Q1	Q2[r]	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2[r]	Q3
1 **Total industry**	**137.2**	**138.1**	**139.5**	**140.7**	**183.6**	**184.1**	**184.5**	**185.0**	**74.7**	**75.0**	**75.6**	**76.1**
2 Manufacturing	141.9	142.9	144.2	145.4	194.0	194.4	194.9	195.5	73.1	73.5	74.0	74.4
3 Primary processing[3]	164.5	168.0	172.4	175.0	224.5	225.3	226.2	227.2	73.3	74.6	76.2	77.0
4 Advanced processing[4]	129.3	129.2	129.0	129.4	177.2	177.4	177.7	177.9	73.0	72.8	72.6	72.7
5 Durable goods	174.1	176.1	178.4	180.4	248.5	249.4	250.4	251.5	70.1	70.6	71.3	71.7
6 Lumber and products	112.7	112.3	112.3	113.0	149.1	149.3	149.6	149.8	75.6	75.2	75.1	75.4
7 Primary metals	109.1	112.1	114.5	116.5	150.4	149.4	147.8	145.8	72.6	75.0	77.5	79.9
8 Iron and steel	104.0	109.3	114.8	118.2	146.2	144.4	141.5	137.9	71.2	75.7	81.2	85.7
9 Nonferrous	115.3	115.6	114.5	115.0	155.8	155.9	155.9	155.7	74.0	74.1	73.5	73.8
10 Industrial machinery and equipment	202.2	205.7	207.8	208.8	299.8	300.4	301.1	301.6	67.5	68.5	69.0	69.2
11 Electrical machinery	485.7	499.3	516.0	519.9	752.5	762.1	774.4	789.1	64.6	65.5	66.6	65.9
12 Motor vehicles and parts	165.1	173.7	181.2	190.3	222.9	224.2	225.4	226.7	74.1	77.5	80.4	83.9
13 Aerospace and miscellaneous transportation equipment	91.2	86.2	82.5	80.6	135.1	135.1	134.8	134.6	67.5	63.8	61.2	59.9
14 Nondurable goods	110.2	110.6	111.0	111.5	142.9	142.9	143.0	143.1	77.1	77.4	77.6	77.9
15 Textile mill products	82.4	84.9	86.5	86.4	115.4	114.4	113.4	112.5	71.5	74.3	76.2	76.8
16 Paper and products	105.8	104.4	106.9	109.1	139.0	139.0	138.8	138.5	76.1	75.1	77.0	78.8
17 Chemicals and products	122.4	122.9	123.3	125.8	158.6	158.9	159.7	160.7	77.2	77.4	77.2	78.2
18 Plastics materials	115.6	119.9	128.3	129.0	153.4	153.8	154.1	154.4	75.4	77.9	83.2	83.6
19 Petroleum products	113.7	116.2	116.0	114.7	122.7	122.9	123.0	123.2	92.7	94.6	94.3	93.1
20 Mining	98.6	96.3	95.5	95.8	112.6	112.9	112.9	112.9	87.6	85.3	84.6	84.8
21 Utilities	116.9	119.3	124.1	126.6	139.9	141.6	143.0	144.2	83.6	84.3	86.8	87.8
22 Electric	121.1	122.1	126.1	129.6	139.8	141.9	143.7	145.3	86.7	86.0	87.8	89.2

Footnotes appear on page A41.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]—Continued

Seasonally adjusted

Series	1973	1975	Previous cycle[5]		Latest cycle[6]		2001	2002					
	High	Low	High	Low	High	Low	Sept.	Apr.	May	June[r]	July[r]	Aug.[r]	Sept.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**75.5**	**75.3**	**75.6**	**76.0**	**76.3**	**76.0**	**75.9**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	73.7	73.6	74.0	74.3	74.6	74.4	74.2
3 Primary processing[3]	91.8	67.3	88.6	65.7	88.3	76.7	74.4	75.4	76.4	76.7	77.0	77.0	77.1
4 Advanced processing[4]	86.5	72.5	86.3	71.0	84.2	76.6	73.3	72.5	72.4	72.8	73.1	72.7	72.3
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	71.0	70.8	71.2	71.7	71.8	71.9	71.5
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	78.2	74.7	74.8	75.9	75.6	75.1	75.5
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	77.4	75.6	77.9	78.9	77.6	80.8	81.4
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	76.9	77.7	83.1	82.8	81.2	86.7	89.1
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	77.8	73.2	72.4	74.8	73.6	74.5	73.3
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	68.6	68.7	69.2	69.2	68.7	70.0	69.0
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	64.8	66.0	67.2	66.8	66.1	65.8	65.8
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	74.0	79.7	79.3	82.1	84.8	84.3	82.8
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	70.3	61.8	61.0	60.8	60.2	60.0	59.6
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	77.3	77.3	77.6	77.9	78.3	77.8	77.7
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	74.1	76.3	76.6	75.9	78.1	76.3	76.0
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	78.9	75.8	78.0	77.2	78.4	78.5	79.4
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	76.3	76.7	77.2	77.6	78.5	78.0	78.1
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	75.8	80.4	85.2	84.2	82.5	83.8	84.4
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	91.5	95.0	94.3	93.6	93.4	93.2	92.8
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	90.9	84.4	84.2	85.1	84.8	85.3	84.4
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	85.1	87.0	86.3	87.1	88.8	86.4	88.2
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	87.5	88.4	86.6	88.4	90.4	87.4	89.8

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

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

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

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

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	2001 avg.	2001 Sept.	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May	2002 June[r]	2002 July[r]	2002 Aug.[r]	2002 Sept.[p]
			Index (1992=100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**140.1**	**138.5**	**137.7**	**137.2**	**136.7**	**137.6**	**138.1**	**138.6**	**138.8**	**139.4**	**140.3**	**141.1**	**140.6**	**140.5**
2 Products	60.8	129.4	127.7	126.8	126.7	126.5	126.7	126.9	127.4	127.0	127.3	128.0	128.5	127.9	127.6
3 Final products	46.3	132.0	130.0	129.2	129.4	129.1	129.3	129.4	129.6	129.2	129.3	130.2	130.9	130.1	129.5
4 Consumer goods, total	29.0	120.7	119.9	119.6	120.0	120.6	120.6	121.2	121.7	121.4	121.4	122.3	123.2	121.8	121.7
5 Durable consumer goods	5.8	151.3	151.8	146.2	152.1	156.2	154.5	155.4	156.8	157.9	159.0	161.1	164.3	162.3	160.8
6 Automotive products	2.5	149.9	152.5	145.4	155.4	160.7	158.3	158.1	159.6	162.4	162.7	169.0	174.6	173.8	172.2
7 Autos and trucks	1.6	160.5	163.9	154.5	170.7	177.8	175.0	173.4	173.7	179.0	178.2	185.8	197.1	195.1	192.9
8 Autos, consumer	0.9	94.0	92.7	86.9	94.8	101.1	101.2	110.5	102.5	104.1	102.3	104.5	107.2	102.0	95.5
9 Trucks, consumer	0.7	231.4	239.8	226.5	251.5	259.5	253.6	240.6	249.7	258.9	259.1	272.4	292.7	294.0	296.0
10 Auto parts and allied goods	0.9	133.5	134.8	131.3	131.3	133.6	132.0	134.0	137.4	136.2	138.3	142.3	138.7	139.8	139.5
11 Other	3.3	151.5	149.8	145.9	146.9	149.7	148.7	151.1	152.2	151.3	153.3	150.6	150.8	147.3	145.9
12 Appliances, televisions, and air conditioners	0.9	283.2	288.2	271.9	280.1	297.9	295.1	304.8	308.6	299.9	312.8	295.7	290.9	289.2	290.3
13 Carpeting and furniture	0.8	119.1	118.5	116.4	119.2	118.8	117.2	118.8	118.3	119.4	119.1	116.0	116.4	112.9	111.7
14 Miscellaneous home goods	1.6	114.2	110.5	109.2	107.5	108.0	108.0	108.7	110.0	109.8	110.4	111.5	112.6	109.3	107.6
15 Nondurable consumer goods	23.2	113.3	112.3	113.1	112.3	112.2	112.6	113.1	113.4	112.8	112.6	113.2	113.6	112.5	112.6
16 Foods and tobacco	10.4	108.8	107.7	108.2	108.6	109.0	109.2	109.7	110.4	109.9	109.3	109.7	109.4	108.0	107.7
17 Clothing	2.4	78.3	74.8	74.4	73.2	74.7	75.4	74.9	75.7	74.6	74.5	74.5	74.9	72.4	73.7
18 Chemical products	4.6	145.0	145.9	148.5	148.0	148.5	149.4	147.6	146.7	144.7	144.0	146.4	147.9	146.8	147.6
19 Paper products	2.9	105.5	105.1	103.9	102.1	100.2	98.8	98.1	98.5	96.7	97.7	98.9	99.1	100.2	99.8
20 Energy	3.0	117.4	114.8	116.9	113.4	111.6	113.5	118.3	118.4	120.8	121.6	120.7	122.4	120.4	121.7
21 Fuels	0.8	114.2	113.9	116.1	115.2	112.6	117.4	116.5	115.4	117.7	115.6	114.5	114.2	114.7	113.0
22 Residential utilities	2.1	119.2	115.0	117.0	112.0	110.7	111.1	118.9	119.7	122.1	124.4	123.7	126.3	123.1	125.9
23 Equipment	17.3	152.3	147.1	145.4	145.0	142.7	143.3	142.2	141.7	141.3	141.6	142.3	142.5	143.0	141.3
24 Business equipment	13.2	175.9	168.4	166.9	167.2	164.3	165.3	164.0	163.5	162.9	163.2	163.8	163.9	164.0	161.2
25 Information processing	5.4	279.5	266.0	267.9	269.1	265.5	268.2	267.9	269.1	266.6	265.1	265.1	264.5	263.8	264.5
26 Computer and office equipment	1.1	948.2	903.0	913.2	927.8	941.2	969.2	998.7	1,020.7	1,012.6	1,001.1	995.0	1,005.3	1,016.6	1,028.2
27 Industrial	4.0	125.1	119.6	119.4	118.3	114.5	116.1	113.5	113.6	113.3	116.5	116.0	115.5	117.3	115.1
28 Transit	2.5	127.6	124.6	119.2	118.6	118.7	116.4	116.8	114.1	113.8	111.9	113.2	114.9	111.5	107.5
29 Autos and trucks	1.2	145.8	143.6	136.2	143.6	151.4	150.5	155.7	154.6	158.6	159.2	165.4	171.3	166.9	160.2
30 Other	1.3	139.1	131.7	129.2	134.2	130.2	133.1	130.5	131.2	132.5	132.1	135.1	134.5	138.5	133.4
31 Defense and space equipment	3.4	74.0	73.8	74.2	74.3	74.7	74.9	74.9	74.9	75.3	75.7	76.1	76.7	78.0	79.2
32 Oil and gas well drilling	0.6	140.2	140.4	127.2	114.4	107.8	107.3	105.3	104.5	102.0	101.4	104.4	104.1	105.4	105.2
33 Manufactured homes	0.2	93.7	102.9	100.2	99.5	97.7	93.1	89.1	81.5	82.4	84.8	84.3	84.4	84.0	83.5
34 Intermediate products, total	14.5	121.4	120.7	119.6	118.9	118.6	118.9	119.4	120.8	120.3	120.9	121.5	121.4	121.3	121.8
35 Construction supplies	5.4	137.6	138.1	134.6	134.0	135.6	136.3	136.8	139.7	138.3	139.6	140.5	138.3	139.6	140.0
36 Business supplies	9.1	111.9	110.4	110.7	109.8	108.6	108.5	109.1	109.6	109.6	109.9	110.2	111.3	110.4	111.0
37 Materials	39.2	158.0	156.5	155.9	154.8	153.6	155.8	157.1	157.4	158.8	160.2	161.3	162.6	162.6	162.8
38 Durable goods materials	20.7	212.7	209.4	207.9	206.5	206.0	209.4	211.6	212.1	214.2	216.2	218.0	219.1	219.9	219.8
39 Durable consumer parts	4.0	155.8	155.3	152.3	155.0	157.5	161.4	162.9	163.4	165.8	166.0	167.5	171.7	171.3	169.7
40 Equipment parts	7.5	441.8	430.4	431.7	427.9	426.7	434.0	439.7	440.8	444.9	452.7	456.9	456.2	461.0	461.8
41 Other	9.2	125.2	123.8	122.5	120.5	119.0	120.5	121.5	121.8	122.7	123.6	124.5	124.4	124.7	124.9
42 Basic metal materials	3.1	113.7	113.3	111.0	106.7	101.9	106.9	107.9	109.0	108.1	109.9	111.2	109.4	112.8	112.8
43 Nondurable goods materials	8.9	104.2	104.2	104.7	103.1	101.1	103.3	103.4	104.1	104.8	107.1	107.1	107.9	108.1	108.3
44 Textile materials	1.1	90.8	89.0	87.2	84.7	84.5	84.9	87.4	90.3	88.8	89.7	87.9	91.7	88.8	88.5
45 Paper materials	1.8	108.6	110.5	112.4	106.9	103.1	106.9	103.3	103.2	105.8	109.1	106.4	109.1	109.9	110.3
46 Chemical materials	4.0	102.8	102.1	103.5	102.2	99.3	102.8	104.1	105.4	105.9	108.6	108.9	109.5	110.1	110.5
47 Other	2.1	109.8	110.2	108.8	110.4	111.2	110.4	110.0	108.9	109.5	110.9	113.2	111.3	111.7	112.0
48 Energy materials	9.6	103.3	103.1	102.6	102.6	101.6	101.6	102.6	102.1	103.0	102.4	103.3	105.2	103.8	104.2
49 Primary energy	6.2	98.8	99.4	98.2	98.8	97.9	97.6	97.7	96.9	97.6	96.5	97.8	98.6	98.1	97.9
50 Converted fuel materials	3.4	111.7	109.3	110.9	109.1	107.9	108.6	111.6	112.0	113.3	113.4	113.8	117.8	114.6	116.3
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.3	139.8	138.0	137.5	136.6	135.8	136.7	137.3	137.8	137.8	138.5	139.2	139.6	139.3	139.3
52 Total excluding motor vehicles and parts	95.3	139.0	137.2	136.8	135.8	134.9	135.8	136.3	136.7	136.7	137.4	137.9	138.4	138.0	138.0
53 Total excluding computer and office equipment	98.4	134.2	132.8	132.0	131.5	130.9	131.7	132.2	132.6	132.8	133.4	134.3	135.0	134.6	134.4
54 Consumer goods excluding autos and trucks	27.5	118.5	117.6	117.8	117.2	117.4	117.6	118.3	118.8	118.2	118.2	118.7	119.0	117.7	117.7
55 Consumer goods excluding energy	26.1	121.1	120.6	119.9	120.8	121.7	121.5	121.5	122.1	121.4	121.4	122.5	123.3	122.0	121.7
56 Business equipment excluding autos and trucks	12.0	179.7	171.5	170.8	170.1	165.7	167.0	164.7	164.4	163.1	163.3	163.1	162.4	163.1	160.9
57 Business equipment excluding computer and office equipment	12.0	146.8	140.6	139.0	139.1	136.3	136.8	135.2	134.5	134.0	134.4	135.1	135.0	135.0	132.4
58 Materials excluding energy	29.6	175.7	173.7	173.0	171.5	170.3	173.4	174.7	175.3	176.9	179.1	180.3	181.2	181.8	181.9

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

Monthly data seasonally adjusted

Group	SIC code[2]	1992 proportion	2001 avg.	2001 Sept.	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May	2002 June[r]	2002 July[r]	2002 Aug.[r]	2002 Sept.[p]
				Index (1992=100)												
MAJOR INDUSTRIES																
59 **Total index**	...	**100.0**	**140.1**	**138.5**	**137.7**	**137.2**	**136.7**	**137.6**	**138.1**	**138.6**	**138.8**	**139.4**	**140.3**	**141.1**	**140.6**	**140.5**
60 Manufacturing	.	85.4	144.8	142.9	142.1	142.0	141.6	142.6	142.9	143.4	143.4	144.2	145.0	145.7	145.4	145.1
61 Primary processing	.	31.0	167.9	166.6	165.6	164.4	163.5	166.6	168.0	169.4	170.3	172.9	173.8	174.7	175.1	175.3
62 Advanced processing	.	54.4	132.0	129.8	129.1	129.5	129.3	129.3	129.0	129.1	128.7	128.7	129.5	130.0	129.4	128.8
63 Durable goods	. .	44.8	179.3	176.1	173.9	174.3	174.1	175.7	176.0	176.6	177.2	178.4	179.7	180.4	180.8	180.0
64 Lumber and products	24	2.1	113.0	116.4	112.8	112.4	113.0	112.9	111.0	112.9	111.6	111.8	113.5	113.2	112.5	113.2
65 Furniture and fixtures	25	1.4	138.7	135.1	133.5	134.8	135.4	133.6	135.0	134.8	134.8	134.7	132.5	134.0	133.1	131.6
66 Stone, clay, and glass products	32	2.1	130.8	129.9	130.3	128.8	126.3	127.7	127.8	127.7	129.6	130.0	129.9	130.0	129.6	130.2
67 Primary metals	33	3.1	116.9	116.4	113.6	110.2	103.6	111.3	111.8	113.1	112.1	115.2	116.2	113.6	117.8	118.1
68 Iron and steel	331,2	1.8	112.6	112.7	110.4	107.1	94.6	107.1	110.6	110.2	110.7	117.5	116.2	113.0	119.6	121.9
69 Raw steel	331PT	0.1	102.8	105.8	99.5	95.1	85.5	100.0	101.3	101.2	101.2	100.9	108.4	108.5	113.2	119.0
70 Nonferrous	333–6,9	1.4	122.3	121.2	117.6	114.1	114.2	116.5	113.5	116.8	114.1	112.9	116.5	114.7	116.1	114.1
71 Fabricated metal products	34	5.0	130.4	128.7	127.5	127.2	129.1	128.7	127.7	127.9	128.2	130.0	130.6	131.5	130.8	129.7
72 Industrial machinery and equipment	35	7.8	213.3	205.1	202.8	203.4	200.4	204.5	205.3	207.1	206.8	208.3	208.4	207.1	211.0	208.1
73 Computer and office equipment	357	1.6	1,088.0	1,035.7	1,049.1	1,067.2	1,087.0	1,118.5	1,155.8	1,185.5	1,177.6	1,165.2	1,158.6	1,170.1	1,183.2	1,196.8
74 Electrical machinery	36	7.1	504.2	484.6	484.8	485.1	487.3	494.0	500.8	503.1	507.9	520.1	520.1	518.3	519.3	522.1
75 Transportation equipment	37	9.4	128.5	128.5	124.6	127.2	129.1	128.2	128.9	128.2	129.6	128.8	131.8	134.4	133.9	132.1
76 Motor vehicles and parts	371	4.7	162.9	164.2	157.3	165.9	172.1	171.8	174.5	174.9	179.3	178.8	185.5	191.9	191.1	188.1
77 Autos and light trucks	371PT	2.5	154.1	156.6	147.4	162.7	169.6	167.1	166.9	166.2	171.1	170.3	177.4	187.9	185.8	183.2
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.7	96.3	95.0	93.8	91.0	88.9	87.4	86.4	84.7	83.3	82.3	82.0	81.0	80.7	80.1
79 Instruments	38	5.4	115.3	112.8	113.6	113.7	112.8	113.8	112.4	112.8	112.2	111.6	111.8	112.7	112.4	113.0
80 Miscellaneous	39	1.3	117.5	114.5	113.6	110.7	114.1	114.6	114.6	116.4	115.8	117.8	119.8	119.5	118.6	117.7
81 Nondurable goods	. .	40.6	111.4	110.5	110.8	110.2	109.7	110.3	110.5	110.9	110.5	111.0	111.4	112.0	111.3	111.3
82 Foods	20	9.6	112.9	111.7	112.2	113.0	114.0	113.5	113.7	114.4	114.0	113.2	113.6	113.4	112.4	112.2
83 Tobacco products	21	1.6	93.8	92.7	92.8	92.7	90.8	93.1	95.0	95.3	94.4	94.5	95.1	94.5	92.2	90.7
84 Textile mill products	22	1.8	86.7	85.9	83.0	81.9	82.5	82.5	85.1	87.2	86.7	86.8	85.8	88.1	85.9	85.3
85 Apparel products	23	2.2	93.1	89.4	87.8	87.3	88.8	88.4	88.4	89.5	88.3	88.7	88.7	89.3	86.9	87.0
86 Paper and products	26	3.5	108.1	109.7	108.1	106.2	103.1	105.1	103.5	104.5	105.3	108.3	107.1	108.7	108.7	109.9
87 Printing and publishing	27	6.8	101.6	99.7	99.8	98.9	97.3	96.6	96.0	95.4	94.9	95.3	96.0	96.2	96.4	96.2
88 Chemicals and products	28	10.0	121.1	121.0	123.2	122.4	121.4	123.0	122.9	122.8	122.2	123.3	124.2	126.0	125.4	125.9
89 Petroleum products	29	1.4	114.3	112.1	114.9	114.0	112.2	114.8	117.2	116.7	116.9	116.0	115.2	115.0	114.9	114.4
90 Rubber and plastics	30	3.5	136.8	136.5	134.4	133.4	134.8	134.7	136.6	139.1	139.2	140.2	142.1	141.9	141.7	141.6
91 Leather and products	31	0.3	63.1	61.4	60.0	59.2	58.4	60.3	60.1	60.0	59.5	59.2	59.5	61.1	59.1	61.0
92 Mining	...	6.8	101.3	102.1	99.5	99.0	97.4	97.0	96.6	95.4	95.3	95.1	96.0	95.7	96.3	95.3
93 Metal	10	0.4	88.4	91.2	85.6	80.0	80.1	75.2	78.2	80.0	75.3	77.3	79.0	75.6	76.4	77.0
94 Coal	12	1.0	111.7	111.7	106.5	106.6	105.8	104.5	107.0	99.0	101.8	101.7	103.3	101.6	103.1	108.5
95 Oil and gas extraction	13	4.8	96.1	97.0	94.8	94.5	92.6	92.0	91.2	90.6	90.3	89.7	90.3	90.6	91.0	88.4
96 Stone and earth minerals	14	0.6	132.6	131.2	129.6	129.5	129.8	133.7	132.5	132.2	132.5	134.7	136.2	135.4	136.1	136.4
97 Utilities	...	7.8	119.8	118.1	119.4	116.2	115.2	115.7	120.3	121.8	123.9	123.3	124.9	127.8	124.6	127.6
98 Electric	491,3PT	6.2	123.1	121.0	122.3	121.8	119.3	119.8	121.9	124.6	126.6	124.4	127.5	130.9	126.9	131.0
99 Gas	492,3PT	1.6	109.1	106.9	108.0	96.2	100.5	101.0	113.7	111.4	113.9	119.1	114.9	115.6	115.3	114.2
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	. .	80.7	143.9	141.7	141.3	140.6	139.7	140.8	140.9	141.5	141.2	142.1	142.5	142.7	142.5	142.3
101 Manufacturing excluding computers and office equipment	...	83.8	138.0	136.2	135.4	135.3	134.8	135.8	135.9	136.4	136.4	137.2	138.0	138.6	138.4	138.0
102 Computers, communications equipment, and semiconductors	...	5.6	1,048.5	994.8	1,002.4	1,002.5	1,006.0	1,032.2	1,065.5	1,077.4	1,088.0	1,107.5	1,117.7	1,116.5	1,122.9	1,135.6
103 Manufacturing excluding computers and semiconductors	...	81.3	121.2	119.9	119.1	118.9	118.4	119.1	119.0	119.3	119.2	119.8	120.5	120.9	120.7	120.2
104 Manufacturing excluding computers, communications equipment, and semiconductors	...	79.8	118.2	117.0	116.3	116.1	115.7	116.4	116.4	116.7	116.6	117.2	117.8	118.4	118.1	117.7
				Gross value (billions of 1996 dollars, annual rates)												
MAJOR MARKETS																
105 **Products, total**		**100.0**	**2,720.1**	**2,694.5**	**2,669.6**	**2,679.2**	**2,683.2**	**2,686.4**	**2,694.3**	**2,707.4**	**2,704.2**	**2,710.7**	**2,731.7**	**2,744.9**	**2,732.6**	**2,720.5**
106 Final	. .	77.2	2,101.5	2,075.1	2,056.7	2,070.6	2,075.1	2,076.9	2,080.4	2,084.4	2,085.6	2,088.7	2,106.2	2,121.4	2,108.9	2,094.0
107 Consumer goods	...	51.9	1,303.7	1,298.5	1,291.1	1,301.9	1,313.7	1,312.6	1,318.7	1,324.4	1,325.9	1,326.5	1,337.6	1,349.4	1,336.9	1,333.1
108 Equipment	...	25.3	797.4	773.1	761.0	763.5	753.5	757.1	753.3	750.5	750.1	752.9	759.2	761.8	763.4	750.5
109 Intermediate	...	22.8	618.9	619.4	612.9	608.8	608.3	609.7	614.0	623.0	618.6	622.0	625.6	623.7	623.8	626.5

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

2. Standard Industrial Classification.

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

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

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

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1999	2000	2001	2002							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total**	**71,516**	**67,647**	**68,654**	**67,574**	**67,844**	**69,579**	**74,696**	**74,751**	**75,307**	**75,860**	**75,499**
2 Gold stock[1]	11,048	11,046	11,045	11,044	11,044	11,044	11,044	11,042	11,042	11,042	11,042
3 Special drawing rights[2,3]	10,336	10,539	10,774	10,809	10,988	11,297	11,645	11,575	11,752	11,710	11,700
4 Reserve position in International Monetary Fund[2]	17,950	14,824	17,854	17,078	16,184	16,498	19,841	19,863	20,043	20,857	20,586
5 Foreign currencies[4]	32,182	31,238	28,981	28,643	29,628	30,740	32,166	32,271	32,470	32,251	32,171

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	1999	2000	2001	2002							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Deposits**	**71**	**215**	**61**	**256**	**111**	**127**	**90**	**164**	**86**	**150**	**89**
Held in custody											
2 U.S. Treasury securities[2]	632,482	594,094	592,630	593,865	589,531	605,501	619,226	635,036	638,003	644,381	647,165
3 Earmarked gold[3]	9,933	9,451	9,099	9,098	9,091	9,084	9,077	9,071	9,064	9,057	9,050

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations
2. Marketable U.S. Treasury bills, notes, and bonds and nonmarketable U.S. Treasury securities, in each case measured at face (not market) value.
3. Held in foreign and international accounts and valued at $42.22 per fine troy ounce; not included in the gold stock of the United States.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1999	2000	2000		2001	2002			
		Mar.[6]	Mar.[6]	Dec.	Dec.	May[r]	June	July	Aug.[p]
1 **Total**[1]	**806,318**	**829,290**	**958,725**	**975,304**	**987,572**	**1,013,855**	**1,043,292**	**1,048,087**	**1,048,433**
By type									
2 Liabilities reported by banks in the United States[2]	138,847	136,577	136,577	144,593	123,429	139,036	148,908	143,142	137,229
3 U.S. Treasury bills and certificates[3]	156,177	164,781	164,781	153,010	161,719	162,516	176,178	188,486	189,301
U.S. Treasury bonds and notes									
4 Marketable	422,266	430,243	465,111	450,832	454,306	452,842	455,003	449,735	450,370
5 Nonmarketable[4]	6,111	5,734	5,734	5,348	3,411	3,199	3,000	3,020	3,040
6 U.S. securities other than U.S. Treasury securities[5]	82,917	91,955	186,522	221,521	244,707	256,262	260,203	263,704	268,493
By area									
7 Europe[1]	244,805	251,815	238,548	240,325	243,452	248,007	253,985	256,539	255,243
8 Canada	12,503	13,683	15,016	13,727	13,440	11,947	11,095	10,682	10,886
9 Latin America and Caribbean	73,518	77,195	70,884	70,442	71,103	65,321	64,378	62,709	61,887
10 Asia	463,703	474,269	612,116	626,017	635,180	664,074	687,645	692,309	693,326
11 Africa	7,523	7,979	13,504	14,690	15,167	14,850	15,102	15,233	15,257
12 Other countries	4,266	4,349	8,655	10,101	9,228	9,654	11,085	10,613	11,832

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes current value of zero-coupon Treasury bond issues to foreign governments as follows: Mexico, beginning March 1990, 30-year maturity issue; Venezuela, beginning December 1990, 30-year maturity issue; Argentina, beginning April 1993, 30-year maturity issue.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Data in the two columns shown for this date reflect different benchmark bases for foreigners' holdings of selected U.S. long-term securities. Figures in the first column are comparable to those for earlier dates; figures in the second column are based in part on a benchmark survey as of end-March 2000 and are comparable to those shown for following dates.

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

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

Payable in Foreign Currencies

Millions of dollars, end of period

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

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

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

Payable in U.S. dollars

Millions of dollars, end of period

	Item	1999	2000	2001	2002						
					Feb.^{r}	Mar.	Apr.	May	June	July^{r}	Aug.^{p}
	BY HOLDER AND TYPE OF LIABILITY										
1	**Total, all foreigners**	**1,408,740**	**1,511,410**	**1,655,381^{r}**	**1,623,270**	**1,660,955^{r}**	**1,690,356^{r}**	**1,714,564^{r}**	**1,731,188^{r}**	**1,708,927**	**1,765,240**
2	Banks' own liabilities	971,536	1,077,636	1,180,417^{r}	1,132,871	1,168,062^{r}	1,208,236^{r}	1,218,557^{r}	1,198,097^{r}	1,178,287	1,224,600
3	Demand deposits	42,884	33,365	33,603^{r}	30,888	36,471^{r}	31,392^{r}	32,060^{r}	34,600	32,558	31,428
4	Time deposits[2]	163,620	187,883	155,466^{r}	143,881	141,730^{r}	139,284^{r}	136,391^{r}	130,408^{r}	123,892	124,988
5	Other[3]	155,853	171,401	199,727^{r}	216,362	209,517^{r}	224,885^{r}	235,758^{r}	237,427^{r}	257,083	261,930
6	Own foreign offices[4]	609,179	684,987	791,621^{r}	741,740	780,344^{r}	812,675^{r}	814,348^{r}	795,662^{r}	764,754	806,254
7	Banks' custodial liabilities[5]	437,204	433,774	474,964	490,399	492,893	482,120	496,007	533,091	530,640	540,640
8	U.S. Treasury bills and certificates[6]	185,676	177,846	188,028	187,862	189,640	183,012	191,266	208,279	222,361	225,605
9	Short-term agency securities[7]	n.a.	n.a.	65,534	67,736	68,670	69,525	75,157	83,613	67,985	68,968
10	Other negotiable and readily transferable instruments[8]	132,617	145,840	91,147	92,425	93,771	95,378	94,061	96,154	102,502	105,265
11	Other	118,911	110,088	130,255	142,376	140,812	134,205	135,523	145,045	137,792	140,802
12	Nonmonetary international and regional organizations[9]	15,276	12,542	10,807^{r}	15,454	12,127^{r}	14,441^{r}	12,129	11,568	11,495	10,540
13	Banks' own liabilities	14,357	12,140	10,169^{r}	14,554	10,935^{r}	13,427^{r}	11,756	11,138	10,993	9,986
14	Demand deposits	98	41	35	31	22	19	14	32	15	34
15	Time deposits[2]	10,349	6,246	3,756^{r}	5,483	7,024^{r}	6,194^{r}	6,730	6,401	7,394	6,294
16	Other[3]	3,910	5,853	6,378	9,040	3,889	7,214	5,012	4,705	3,584	3,658
17	Banks' custodial liabilities[5]	919	402	638	900	1,192	1,014	373	430	502	554
18	U.S. Treasury bills and certificates[6]	680	252	577	859	1,105	970	328	407	481	532
19	Short-term agency securities[7]	n.a.	n.a.	40	24	21	21	18	0	0	0
20	Other negotiable and readily transferable instruments[8]	233	149	21	17	21	21	27	23	21	22
21	Other	6	1	0	0	45	2	0	0	0	0
22	Official institutions[10]	295,024	297,603	285,148^{r}	296,663	285,689^{r}	288,927^{r}	301,552^{r}	325,086	331,628	326,530
23	Banks' own liabilities	97,615	96,989	83,828^{r}	84,175	79,553^{r}	83,948^{r}	86,402^{r}	92,972	93,555	86,992
24	Demand deposits	3,341	3,952	2,988	1,513	2,651	1,827	2,002	1,707	2,146	1,946
25	Time deposits[2]	28,942	35,573	19,467^{r}	16,182	14,197^{r}	15,331^{r}	15,514^{r}	14,551^{r}	13,458	14,381
26	Other[3]	65,332	57,464	61,373^{r}	66,480	62,705^{r}	66,790^{r}	68,886^{r}	76,714^{r}	77,951	70,665
27	Banks' custodial liabilities[5]	197,409	200,614	201,320	212,488	206,136	204,979	215,150	232,114	238,073	239,538
28	U.S. Treasury bills and certificates[6]	156,177	153,010	161,719	164,076	161,312	155,770	162,516	176,178	188,486	189,301
29	Short-term agency securities[7]	n.a.	n.a.	36,351	45,085	40,826	45,910	49,374	51,634	45,257	45,208
30	Other negotiable and readily transferable instruments[8]	41,182	47,366	2,180	2,307	2,785	2,702	2,455	3,280	3,496	3,834
31	Other	50	238	1,070	1,020	1,213	597	805	1,022	834	1,195
32	Banks[11]	900,379	972,932	1,071,951^{r}	1,029,116	1,082,790^{r}	1,103,022^{r}	1,113,832^{r}	1,102,180^{r}	1,054,781	1,098,293
33	Banks' own liabilities	728,492	821,306	913,813^{r}	866,845	907,999^{r}	936,200^{r}	940,930^{r}	913,776^{r}	875,061	914,010
34	Unaffiliated foreign banks	119,313	136,319	122,192^{r}	125,105	127,655^{r}	123,525^{r}	126,582^{r}	118,114^{r}	110,307	107,756
35	Demand deposits	17,583	15,522	13,091^{r}	12,785	16,361^{r}	12,185^{r}	12,875	14,620	12,790	11,804
36	Time deposits[2]	48,140	66,904	53,105^{r}	45,945	45,304^{r}	43,727^{r}	41,364^{r}	37,094	31,780	33,899
37	Other[3]	53,590	53,893	55,996^{r}	66,375	65,990^{r}	67,613^{r}	72,343^{r}	66,400^{r}	65,737	62,053
38	Own foreign offices[4]	609,179	684,987	791,621^{r}	741,740	780,344^{r}	812,675^{r}	814,348^{r}	795,662^{r}	764,754	806,254
39	Banks' custodial liabilities[5]	171,887	151,626	158,138	162,271	174,791	166,822	172,902	188,404	179,720	184,283
40	U.S. Treasury bills and certificates[6]	16,796	16,023	13,477	10,378	11,374	13,016	14,442	16,110	17,497	17,737
41	Short-term agency securities[7]	n.a.	n.a.	7,831	3,596	7,399	3,456	6,924	12,439	2,876	2,975
42	Other negotiable and readily transferable instruments[8]	45,695	36,036	33,102	34,325	36,832	37,267	37,377	36,557	43,450	45,103
43	Other	109,396	99,567	103,728	113,972	119,186	113,083	114,159	123,298	115,897	118,468
44	Other foreigners	198,061	228,333	287,475^{r}	282,037	280,349^{r}	283,966^{r}	287,051^{r}	292,354^{r}	311,023	329,877
45	Banks' own liabilities	131,072	147,201	172,607^{r}	167,297	169,575^{r}	174,661^{r}	179,469^{r}	180,211^{r}	198,678	213,612
46	Demand deposits	21,862	13,850	17,489	16,559	17,437^{r}	17,361^{r}	17,169^{r}	18,241	17,607	17,644
47	Time deposits[2]	76,189	79,160	79,138^{r}	76,271	75,205^{r}	74,032^{r}	72,783^{r}	72,362	71,260	70,414
48	Other[3]	33,021	54,191	75,980^{r}	74,467	76,933^{r}	83,268^{r}	89,517^{r}	89,608^{r}	109,811	125,554
49	Banks' custodial liabilities[5]	66,989	81,132	114,868	114,740	110,774	109,305	107,582	112,143	112,345	116,265
50	U.S. Treasury bills and certificates[6]	12,023	8,561	12,255	12,549	15,849	13,256	13,980	15,584	15,897	18,035
51	Short-term agency securities[7]	n.a.	n.a.	21,312	19,031	20,424	20,138	18,841	19,540	19,852	20,785
52	Other negotiable and readily transferable instruments[8]	45,507	62,289	55,844	55,776	54,133	55,388	54,202	56,294	55,535	56,306
53	Other	9,459	10,282	25,457	27,384	20,368	20,523	20,559	20,725	21,061	21,139
	MEMO										
54	Negotiable time certificates of deposits in custody for foreigners	30,345	34,217	20,440	22,831	21,498	24,061	22,587	27,490	28,011	28,149
55	Repurchase agreements[7]	n.a.	n.a.	150,806^{r}	132,738	128,168^{r}	141,443^{r}	154,803^{r}	159,627^{r}	180,775	192,269

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

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

Payable in U.S. dollars

Millions of dollars, end of period

Item	1999	2000	2001r	2002						
				Feb.	Mar.	Apr.	May	June	July	Aug.p
AREA OR COUNTRY										
56 **Total, all foreigners**	**1,408,740**	**1,511,410**	**1,655,381**	**1,623,270r**	**1,660,955r**	**1,690,356r**	**1,714,564r**	**1,731,188r**	**1,708,927r**	**1,765,240**
57 **Foreign countries**	**1,393,464**	**1,498,867**	**1,644,574**	**1,607,816r**	**1,648,828r**	**1,675,916r**	**1,702,435r**	**1,719,620r**	**1,697,432r**	**1,754,698**
58 Europe	441,810	446,788	521,331	518,252r	520,279r	541,083r	539,824r	529,742r	525,065r	547,331
59 Austria	2,789	2,692	2,922	3,053	3,144	3,363	3,096	3,563	2,862	3,537
60 Belgium[12]	44,692	33,399	6,557	6,574r	7,921	6,607	6,723	6,066r	6,462	6,272
61 Denmark	2,196	3,000	3,626	2,944	2,852	2,801	3,455	3,416	3,507r	4,090
62 Finland	1,658	1,411	1,446	1,159	1,682	1,239	1,198	1,197	3,503	1,498
63 France	49,790	37,833	49,056	41,324r	35,160r	36,396r	36,174	35,390	39,809	35,447
64 Germany	24,753	35,519	22,375	23,298	25,664	25,584r	26,643r	25,188	27,754r	27,046
65 Greece	3,748	2,011	2,307	2,856	2,560	2,285	2,700	3,570	2,815	2,677
66 Italy	6,775	5,072	6,354	4,917	5,356	4,948	4,620r	4,694r	3,914r	3,440
67 Luxembourg[12]	n.a.	n.a.	16,894	14,427	14,005	13,967	14,893	15,469	15,237r	15,680
68 Netherlands	8,143	7,047	12,411	13,779	13,729r	11,030	12,045	10,439	9,568r	11,522
69 Norway	1,327	2,305	3,727	4,871	7,703	6,470	7,681	11,164	14,540	10,047
70 Portugal	2,228	2,403	4,033	4,799	5,416	5,051	4,905	4,616	3,496	3,055
71 Russia	5,475	19,018	20,800	20,841	21,423	22,113	24,211	25,060	24,189	24,195
72 Spain	10,426	7,787	8,811	10,233	9,406	10,737	9,764	11,032	10,394r	12,423
73 Sweden	4,652	6,497	3,375	3,700	3,412	2,495	5,677	4,176	4,815r	5,709
74 Switzerland	63,485	74,635	66,403	94,661	107,645	129,007	114,220	99,588	85,247	101,660
75 Turkey	7,842	7,548	7,474	11,518	11,515	11,671	11,216	9,908	10,701	12,393
76 United Kingdom	172,687	167,757	204,396	171,553r	162,629r	164,217r	172,034r	175,785r	175,246r	183,099
77 Channel Islands and Isle of Man[13]	n.a.	n.a.	36,059	37,198	38,013	38,070	38,602	38,735	39,286r	38,069
78 Yugoslavia[14]	286	276	309	317	296	265	273	267	279	276
79 Other Europe and other former U.S.S.R.[15]	28,858	30,578	41,996	44,230	40,748	42,767	39,694	40,419	41,441r	45,196
80 Canada	34,214	30,982	27,247	27,416	28,251r	26,228r	24,434r	24,075r	26,355r	24,604
81 Latin America	117,495	120,041	118,016	115,020r	112,933	111,661	110,009	105,982	105,695r	106,415
82 Argentina	18,633	19,451	10,704	10,371r	11,622	11,795	11,653	11,356	11,297r	11,432
83 Brazil	12,865	10,852	14,169	12,874r	14,628	14,076	12,892	12,968	12,537	12,051
84 Chile	7,008	5,892	4,939	5,140r	5,299	6,326	6,643	6,121	6,396	5,798
85 Colombia	5,669	4,542	4,695	4,587	4,159	4,226	4,273	4,010	3,872	3,718
86 Ecuador	1,956	2,112	2,390	2,363	2,269	2,342	2,294	2,259	2,324	2,266
87 Guatemala	1,626	1,601	1,882	1,821	1,812	1,782	1,335	1,319	1,323	1,384
88 Mexico	30,717	32,166	39,870	40,809r	35,700	34,879	35,250	32,440	33,297r	34,915
89 Panama	4,415	4,240	3,610	3,604	3,350	3,336	3,273	3,894	3,143	3,154
90 Peru	1,142	1,427	1,359	1,347	1,548	1,225	1,270	1,417	1,502	1,353
91 Uruguay	2,386	3,003	3,164	2,537r	2,913	2,648	2,410	2,373	1,885	2,614
92 Venezuela	20,192	24,730	24,974	22,952	22,937	22,380	22,333	21,738	21,771	21,547
93 Other Latin America[16]	10,886	10,025	6,260	6,615	6,696	6,646	6,383	6,087	6,348	6,183
94 Caribbean	461,200	573,337	665,866	633,338r	663,045r	673,108r	698,131r	704,615r	695,359r	733,907
95 Bahamas	135,811	189,298	179,208	147,795r	171,415r	164,499	172,604	179,725	160,784r	172,812
96 Bermuda	7,874	9,636	10,539	11,181	10,238	11,096	13,419	15,646	18,372r	21,962
97 British West Indies[17]	312,278	367,197	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
98 Cayman Islands[17]	n.a.	n.a.	458,268	458,464r	464,461r	478,218r	493,272r	488,069r	493,704r	510,913
99 Cuba	75	90	88	89	89	90	93	96	92	99
100 Jamaica	520	794	1,182	1,103	1,115	1,047	996	924	931	948
101 Netherlands Antilles	4,047	5,428	3,264	3,152	3,800	5,745	3,312	3,757	3,950r	10,548
102 Trinidad and Tobago	595	894	1,269	1,547	1,406	1,791	1,634	1,593	1,691	1,803
103 Other Caribbean[16]	n.a.	n.a.	12,048	10,007r	10,521r	10,622r	12,801r	14,805	15,835r	14,822
104 Asia	319,489	305,554	294,496	295,443r	303,928r	306,459	312,668	336,488	326,463r	322,781
China										
105 Mainland	12,325	16,531	10,498	21,165	16,723	22,336	22,410	20,779	18,102	18,808
106 Taiwan	13,603	17,352	17,633	21,422	20,352	24,371	21,733	23,480	19,068r	20,103
107 Hong Kong	27,701	26,462	26,494	23,109	22,307r	24,613	27,275	29,018	30,713r	26,971
108 India	7,367	4,530	3,708	4,133	4,478	4,045	4,980	7,061	7,369	7,234
109 Indonesia	6,567	8,514	12,383	11,441	11,220	11,875	12,623	13,871	13,589	13,805
110 Israel	7,488	8,053	7,870	9,433	9,600	9,541	8,965	8,954	9,757	7,952
111 Japan	159,075	150,415	155,314	151,010r	166,222r	157,689	161,589	179,654	176,445r	174,319
112 Korea (South)	12,988	7,955	9,019	6,500	5,568	5,972	6,592	6,826	7,038	6,845
113 Philippines	3,268	2,316	1,772	1,429	1,530	1,671	1,544	1,754	2,080	1,572
114 Thailand	6,050	3,117	4,743	5,035	5,432	4,940	5,060	5,966	4,591	5,113
115 Middle Eastern oil-exporting countries[18]	21,314	23,763	20,035	14,938	16,693	15,453	18,128	16,582	15,467r	16,668
116 Other	41,743	36,546	25,027	25,828r	23,803	23,953	21,769	22,543	22,244r	23,391
117 Africa	9,468	10,824	11,365	11,722	11,762	11,645	11,664r	11,830	12,103r	12,128
118 Egypt	2,022	2,621	2,778	3,961	3,857	3,606	3,605	3,672	3,411	3,179
119 Morocco	179	139	274	197	127	234	230	307	265	307
120 South Africa	1,495	1,010	839	668	800	636	683	685	724r	777
121 Congo (formerly Zaire)	14	4	4	2	1	6	7	n.a.	1	n.a.
122 Oil-exporting countries[19]	2,914	4,052	4,377	3,763	3,911	3,828	3,561r	3,522	3,757	3,940
123 Other	2,844	2,998	3,093	3,131	3,066	3,335	3,578	3,644	3,945	3,925
124 Other countries	9,788	11,341	6,253	6,625	8,630	5,732	5,705	6,888	6,392r	7,532
125 Australia	8,377	10,070	5,599	5,811	7,632	4,801	4,706	6,031	5,422r	6,473
126 New Zealand[20]	n.a.	n.a.	242	407	443	533	510	494	613r	644
127 All other	1,411	1,271	412	407	555	398	489	363	357	415
128 Nonmonetary international and regional organizations	15,276	12,543	10,807	15,454r	12,127r	14,441r	12,129	11,568	11,495	10,542
129 International[21]	12,876	11,270	9,308	13,715r	9,874r	12,262r	10,851	10,490	10,097	9,422
130 Latin American regional[22]	1,150	740	480	520	731	954	644	342	386	402
131 Other regional[23]	1,250	533	935	1,140	1,441	1,158	550	645	894	643

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

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

Millions of dollars, end of period

Area or country	1999	2000	2001	2002 Feb.	2002 Mar.	2002 Apr.[r]	2002 May[r]	2002 June[r]	2002 July[r]	2002 Aug.[p]
1 **Total, all foreigners**	**793,139**	**904,642**	**1,055,169[r]**	**1,014,828[r]**	**1,062,040[r]**	**1,103,935**	**1,089,474**	**1,110,469**	**1,048,126**	**1,086,289**
2 **Foreign countries**	**788,576**	**899,956**	**1,050,223[r]**	**1,011,001[r]**	**1,056,527[r]**	**1,099,790**	**1,084,700**	**1,106,223**	**1,043,490**	**1,082,042**
3 Europe	311,686	378,115	461,276[r]	470,718[r]	490,587[r]	527,756	511,409	504,174	464,552	483,076
4 Austria	2,643	2,926	5,006	3,903	4,199	3,431	3,558	3,963	4,046	4,597
5 Belgium[2]	10,193	5,399	6,366[r]	5,777[r]	4,849	4,387	4,019	5,197	7,126	4,840
6 Denmark	1,669	3,272	1,105	1,024	1,545	1,122	1,062	1,248	856	1,546
7 Finland	2,020	7,382	10,350	14,410	14,469	13,092	14,279	16,517	13,718	16,230
8 France	29,142	40,035	60,670	54,766[r]	55,184	58,004	58,207	58,766	59,104	51,798
9 Germany	29,205	36,834	29,902	29,275	33,395	34,281	29,033	28,891	26,156	26,072
10 Greece	806	646	330	385	357	364	354	330	393	438
11 Italy	8,496	7,629	4,205	4,329	5,101	5,036	4,050	4,378	5,568	4,442
12 Luxembourg[2]	n.a.	n.a.	1,267	2,954	3,414	3,453	3,552	3,547	3,526	3,067
13 Netherlands	11,810	17,043	15,927	15,278	15,498	16,892	16,294	16,440	13,679	18,232
14 Norway	1,000	5,012	6,249	4,435	7,026	6,572	8,301	8,526	9,433	10,578
15 Portugal	1,571	1,382	1,603	1,998	1,795	2,083	1,594	1,780	1,995	1,823
16 Russia	713	517	594	612	1,659	951	826	1,145	867	842
17 Spain	3,796	2,603	3,260[r]	4,987	4,847	3,484	3,130	3,081	3,336	3,589
18 Sweden	3,264	9,226	12,544	13,474	12,008	11,589	13,348	13,814	14,932	14,618
19 Switzerland	79,158	82,085	87,333	114,402	115,388	150,258	137,532	119,244	87,969	106,281
20 Turkey	2,617	3,059	2,124	3,163	3,154	3,012	2,953	2,662	2,410	2,515
21 United Kingdom	115,971	144,938	201,201[r]	184,126[r]	196,007[r]	198,660	198,194	203,627	198,151	202,178
22 Channel Islands and Isle of Man[3]	n.a.	n.a.	4,478	3,955	3,836	3,755	3,835	4,246	4,962	5,076
23 Yugoslavia[4]	50	50	n.a.	n.a.	n.a.	2	1	n.a.	n.a.	n.a.
24 Other Europe and other former U.S.S.R.[5]	7,562	8,077	6,762	7,465	6,856	7,328	7,287	6,772	6,325	4,314
25 Canada	37,206	39,837	54,421	52,876[r]	56,897[r]	57,078	57,451	60,593	63,237	60,310
26 Latin America	74,040	76,561	69,762	68,782[r]	69,505[r]	69,524	65,502	66,851	63,194	62,214
27 Argentina	10,894	11,519	10,763	10,334	9,892	9,722	9,235	11,019	8,202	8,090
28 Brazil	16,987	20,567	19,434	19,352	19,837	20,138	18,797	19,019	18,512	17,945
29 Chile	6,607	5,815	5,317	5,166	5,399	5,226	4,950	4,874	4,949	4,960
30 Colombia	4,524	4,370	3,602	3,547	3,711	3,643	3,516	3,266	3,216	3,158
31 Ecuador	760	635	495	491	478	495	519	500	462	479
32 Guatemala	1,135	1,244	1,495	1,651	1,413	1,329	905	882	871	861
33 Mexico	17,899	17,415	16,522	16,561	17,081	17,356	16,448	16,266	16,349	16,015
34 Panama	3,387	2,933	3,061[r]	2,783[r]	2,799[r]	2,764	2,751	2,599	2,466	2,433
35 Peru	2,529	2,807	2,185	2,090	2,048	2,019	1,923	1,833	1,748	1,649
36 Uruguay	801	673	447	444	503	477	357	324	314	527
37 Venezuela	3,494	3,518	3,077	3,315	3,463	3,472	3,353	3,337	3,306	3,291
38 Other Latin America[6]	5,023	5,065	3,364[r]	3,048[r]	2,881[r]	2,883	2,748	2,932	2,799	2,806
39 Caribbean	281,128	319,403	370,945[r]	331,468[r]	348,912[r]	345,459	360,258	374,459	345,580	367,915
40 Bahamas	99,066	114,090	101,034	87,303	98,079	94,279	107,269	108,369	96,886	95,704
41 Bermuda	8,007	9,260	7,900	5,628	7,770	9,722	8,380	11,088	11,723	11,847
42 British West Indies[7]	167,189	189,289	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
43 Cayman Islands[7]	n.a.	n.a.	250,376[r]	228,089[r]	231,341[r]	231,683	234,758	243,369	225,681	248,107
44 Cuba	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
45 Jamaica	295	355	418	384	418	413	408	361	350	353
46 Netherlands Antilles	5,982	5,801	6,729	6,050	7,137	5,390	5,578	6,859	6,387	7,334
47 Trinidad and Tobago	589	608	931	955	971	935	834	862	881	877
48 Other Caribbean[6]	n.a.	n.a.	3,557	3,059[r]	3,196[r]	3,037	3,031	3,551	3,672	3,693
49 Asia	75,143	77,829	85,882	79,010	82,774[r]	91,687	83,143	92,344	99,269	100,476
China										
50 Mainland	2,110	1,606	2,073	2,418	4,161	6,044	4,857	6,047	7,832	5,904
51 Taiwan	1,390	2,247	4,407	4,128	4,531	3,349	3,261	6,520	6,863	7,443
52 Hong Kong	5,903	6,669	9,995	7,359	6,499	6,457	5,350	5,596	6,606	6,531
53 India	1,738	2,178	1,348	1,217	1,225	1,276	1,414	1,462	1,083	1,293
54 Indonesia	1,776	1,914	1,752	1,644	1,701	1,677	1,564	1,571	1,553	1,457
55 Israel	1,875	2,729	4,396	4,195	2,875	4,413	3,747	3,411	4,647	4,952
56 Japan	28,641	34,974	34,125	30,732	31,333[r]	37,787	32,937	36,394	35,926	37,559
57 Korea (South)	9,426	7,776	10,622	12,776	13,865[r]	15,020	13,326	14,856	17,903	18,953
58 Philippines	1,410	1,784	2,587	1,681	2,065	1,718	1,332	1,995	1,857	1,593
59 Thailand	1,515	1,381	2,499	745	1,467	752	716	730	1,160	1,175
60 Middle Eastern oil-exporting countries[8]	14,267	9,346	7,882	7,341	9,239	9,143	9,555	9,061	8,960	8,975
61 Other	5,092	5,225	4,196	4,774	3,813	4,051	5,084	4,701	4,879	4,641
62 Africa	2,268	2,094	2,095	1,966	2,108	1,967	1,877	2,069	1,914	1,887
63 Egypt	258	201	416	331	358	333	337	418	405	324
64 Morocco	352	204	106	97	88	85	85	79	77	72
65 South Africa	622	309	710	692	786	672	559	649	545	601
66 Congo (formerly Zaire)	24	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
67 Oil-exporting countries[9]	276	471	167	201	211	234	247	232	227	247
68 Other	736	909	696	645	665	643	649	691	660	643
69 Other countries	7,105	6,117	5,842	6,181	5,744	6,319	5,060	5,733	5,744	6,164
70 Australia	6,824	5,868	5,455	5,430	4,972	5,692	4,633	5,272	5,345	5,616
71 New Zealand[10]	n.a.	n.a.	349	732	762	586	406	455	392	541
72 All other	281	249	38	19	10	41	21	6	7	7
73 Nonmonetary international and regional organizations[11]	4,563	4,686	4,946	3,827	5,513	4,147	4,774	4,246	4,636	4,247

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

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

Payable in U.S. dollars

Millions of dollars, end of period

Type of claim	1999	2000	2001[r]	2002						
				Feb.	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[p]
1 **Total**	**944,937**	**1,095,869**	**1,257,548**	...	**1,262,395**	...	...	**1,317,275**	...	...
2 Banks' claims	793,139	904,642	1,055,169	1,014,828[r]	1,062,040	1,103,935	1,089,474	1,110,469	1,048,126	1,086,289
3 Foreign public borrowers	35,090	37,907	49,486	50,034	55,562	52,772	49,524	51,042	61,151	61,541
4 Own foreign offices[2]	529,682	630,137	749,124	720,569[r]	754,029	787,312	782,182	793,226	719,970	758,165
5 Unaffilliated foreign banks	97,186	95,243	100,367	92,209[r]	95,127	95,081	89,279	92,444	91,946	86,225
6 Deposits	34,538	23,886	26,189	25,978	26,306	22,778	21,598	24,012	24,449	19,051
7 Other	62,648	71,357	74,178	66,231[r]	68,821	72,303	67,681	68,432	67,497	67,174
8 All other foreigners	131,181	141,355	156,192	152,016[r]	157,322	168,770	168,489	173,757	175,059	180,358
9 Claims of banks' domestic customers[3]	151,798	191,227	202,379	...	200,355	...	...	206,806	...	...
10 Deposits	88,006	100,352	92,546	...	87,634	...	...	86,353	...	...
11 Negotiable and readily transferable instruments[4]	51,161	78,147	94,016	...	98,050	...	...	106,740	...	...
12 Outstanding collections and other claims	12,631	12,728	15,817	...	14,671	...	...	13,713	...	...
MEMO										
13 Customer liability on acceptances	4,553	4,257	2,588	...	2,139	...	...	2,353	...	...
14 Banks' loans under resale agreements[5]	n.a.	n.a.	137,655	125,625[r]	117,383	137,154	134,901	152,383	162,975	164,355
15 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[6]	31,125	53,153	60,711	55,177	61,417	57,884	48,488	62,161	57,552	52,982

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

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1]

Payable in U.S. dollars

Millions of dollars, end of period

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

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

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

Billions of dollars, end of period

Area or country	1998	1999	2000			2001				2002	
			June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
1 **Total**	**1,051.6**	**945.5**	**991.0**	**954.4**	**1,027.3**	**1,141.1**	**1,137.0**	**1,282.1[r]**	**913.0[r]**	**798.5[r]**	**865.5**
2 G-10 countries and Switzerland	217.7	243.4	313.6	280.3	300.7	334.6	336.3	291.8	406.4[r]	324.6[r]	348.2
3 Belgium and Luxembourg	10.7	14.3	13.9	13.0	14.2	15.2	13.0	14.3	19.1	16.4	17.0
4 France	18.4	29.0	32.6	29.0	29.6	30.0	35.8	34.4	39.1	33.4	42.3
5 Germany	30.9	38.7	31.5	37.6	45.1	45.0	51.4	40.9	42.9	49.2	52.0
6 Italy	11.5	18.1	20.5	18.6	21.3	20.3	23.6	22.6	20.9	19.0	20.3
7 Netherlands	7.8	12.3	16.0	17.5	18.4	22.1	18.6	20.7	19.3	23.7	20.9
8 Sweden	2.3	3.0	3.5	4.3	3.6	4.7	4.7	5.1	5.3	5.5	6.2
9 Switzerland	8.5	10.3	13.8	10.9	13.2	13.7	13.3	12.8	12.4	13.5	14.0
10 United Kingdom	85.4	79.3	138.2	112.8	115.6	140.2	126.2	93.8	195.2[r]	111.8[r]	120.5
11 Canada	16.8	16.3	18.2	18.5	16.7	15.4	21.3	20.3	19.1	16.9[r]	18.3
12 Japan	25.4	22.1	25.4	18.1	23.0	28.0	28.3	26.8	33.1	35.3	36.7
13 Other industrialized countries	69.0	68.4	75.3	73.7	74.5	75.2	70.0	70.6	70.5[r]	69.9	78.4
14 Austria	1.4	3.5	2.8	3.5	4.1	3.8	3.6	4.4	4.8	5.1	5.7
15 Denmark	2.2	2.6	1.2	1.8	1.9	3.1	2.7	2.7	2.6	3.5	2.9
16 Finland	1.4	.9	1.2	2.8	1.5	1.4	1.2	1.3	1.1	2.1	1.5
17 Greece	5.9	6.0	6.7	6.4	8.3	4.1	3.6	3.6	3.2	3.3	3.7
18 Norway	3.2	3.3	4.6	8.5	8.3	10.2	7.9	6.2	8.1	9.0	10.6
19 Portugal	1.4	1.0	2.0	1.5	2.0	1.9	1.4	1.4	1.6	1.8	1.8
20 Spain	13.7	12.1	12.2	10.5	10.3	12.4	12.4	13.7	12.1	12.1	13.3
21 Turkey	4.8	4.8	5.6	5.6	5.9	5.0	4.5	4.1	3.9	5.3	4.3
22 Other Western Europe	10.4	6.8	7.9	8.3	6.5	7.1	6.9	7.2	8.3	8.4	9.0
23 South Africa	4.4	3.8	4.6	4.2	3.6	4.1	3.8	4.4	4.1	3.3	3.5
24 Australia	20.3	23.5	26.3	20.5	22.1	21.9	22.1	21.6	20.6	15.9	22.2
25 OPEC[2]	27.1	31.4	32.1	31.4	28.9	27.9	27.1	27.4	27.3	27.5	26.7
26 Ecuador	1.3	.8	.7	.6	.6	.6	.6	.6	.6	.6	.6
27 Venezuela	3.2	2.8	2.9	2.9	2.5	2.7	2.6	2.6	2.4	2.4	2.2
28 Indonesia	4.7	4.2	4.1	4.4	4.6	4.4	4.2	4.0	3.7	3.6	3.3
29 Middle East countries	17.0	23.1	23.8	22.4	20.3	19.7	19.3	19.9	20.3	20.6	20.2
30 African countries	1.0	.5	.7	1.2	.8	.5	.4	.4	.3	.3	.4
31 Non-OPEC developing countries	143.4	149.4	158.1	149.5	145.5	150.1	157.6	201.6	203.3	195.9	196.0
Latin America											
32 Argentina	23.1	23.2	21.6	21.4	21.4	20.9	19.8	19.2	19.2	12.8	12.3
33 Brazil	24.7	27.7	28.3	28.5	28.8	29.4	30.9	30.9	28.0	26.6	24.8
34 Chile	8.3	7.4	8.1	7.3	7.6	7.3	7.0	6.4	7.0	7.1	7.1
35 Colombia	3.2	2.5	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.4	2.4
36 Mexico	18.9	18.7	20.4	17.5	15.7	16.7	16.3	60.0	68.2	67.1	63.5
37 Peru	2.2	1.7	2.1	2.1	2.0	2.0	2.0	1.9	1.8	1.5	1.5
38 Other	5.4	5.9	6.7	6.2	6.3	8.6	8.3	8.1	8.9	7.9	7.4
Asia											
China											
39 Mainland	3.0	3.6	3.8	3.4	2.9	3.2	6.7	5.9	5.0	7.0	8.6
40 Taiwan	13.3	12.0	12.6	12.8	10.8	11.2	10.7	10.8	12.2	12.6	16.1
41 India	5.5	7.7	8.2	5.8	9.1	6.5	11.8	14.1	6.9	6.3	5.9
42 Israel	1.1	1.8	1.5	1.1	2.7	2.2	2.0	3.2	3.7	2.4	2.4
43 Korea (South)	13.7	15.2	21.7	21.4	15.5	19.9	19.3	19.3	18.5	22.4	24.4
44 Malaysia	5.6	6.1	6.8	6.9	7.1	6.5	6.7[r]	6.1	6.7	6.4	6.3
45 Philippines	5.1	6.2	5.3	4.7	5.1	5.2	5.4	5.2	5.6	5.4	5.3
46 Thailand	4.7	4.1	4.0	3.9	4.0	4.2	4.2	3.9	5.1	4.0	3.5
47 Other Asia	2.9	2.9	1.9	1.7	1.9	1.7	1.8	1.6	1.9	1.9	2.0
Africa											
48 Egypt	1.3	1.4	1.3	1.1	1.1	1.2	1.2	1.4	1.2	1.3	1.5
49 Morocco	.5	.4	.3	.4	.3	.3	.3	.3	.1	.1	.1
50 Zaire	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	1.0	1.0	.9	.8	.7	.7	.7	.8	.7	.7	.8
52 Eastern Europe	5.5	5.2	9.4	9.0	10.1	9.5	9.5	10.2	10.1	10.6	12.8
53 Russia[4]	2.2	1.6	1.5	1.4	1.0	1.5	1.5	1.6	1.6	2.8	2.8
54 Other	3.3	3.6	7.9	7.6	9.1	8.0	8.0	8.5	8.5	7.9	10.0
55 Offshore banking centers	93.9	59.9	60.6	59.4	76.3	71.4	58.1	73.1[r]	72.0	56.6	90.6
56 Bahamas	35.4	13.7	8.8	9.3	13.5	7.0	.0	1.1	7.5	7.5	10.9
57 Bermuda	4.6	8.0	6.3	6.3	9.0	7.9	5.7	7.6	7.6	8.1	12.7
58 Cayman Islands and other British West Indies	12.8	1.3	5.1	5.9	14.6	13.6	11.9	21.8[r]	16.4	5.0	27.8
59 Netherlands Antilles	2.6	1.7	2.6	1.9	1.9	2.9	1.7	5.8	2.8	3.3	2.8
60 Panama[5]	3.9	3.9	3.3	2.5	3.2	3.8	3.4	3.5	3.2	3.3	3.2
61 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.2
62 Hong Kong, China	23.3	21.0	20.7	20.6	18.7	21.5	22.3	17.9	18.9	15.7	16.5
63 Singapore	11.1	10.1	13.6	12.6	15.2	14.6	12.9	15.2	15.5	13.5	16.6
64 Other[6]	.2	.1	.1	.1	.2	.1	.1	.0	.1	.0	.0
65 Miscellaneous and unallocated[7]	495.1	387.9	342.1	351.1	391.2	472.4	478.6	607.6	123.4	113.4	112.9

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

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

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

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

Millions of dollars, end of period

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

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

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

3. Includes nonmonetary international and regional organizations.

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

Millions of dollars, end of period

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

1. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
2. Comprises Algeria, Gabon, Libya, and Nigeria.
3. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	2000	2001	2002 Jan.–Aug.	2002 Feb.	Mar.	Apr.[r]	May[r]	June[r]	July[r]	Aug.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	3,605,196	3,051,332[r]	2,172,916	259,946	286,549[r]	272,125	274,543	248,562	318,210	257,264
2 Foreign sales	3,430,306	2,934,942[r]	2,129,520	257,845	279,632[r]	264,298	274,889	244,549	308,555	252,651
3 Net purchases, or sales (–)	**174,890**	**116,390[r]**	**43,396**	**2,101**	**6,917**	**7,827**	**–346**	**4,013**	**9,655**	**4,613**
4 Foreign countries	**174,903**	**116,187[r]**	**43,464**	**2,104**	**6,932**	**7,834**	**–324**	**3,997**	**9,582**	**4,602**
5 Europe	164,656	88,099[r]	26,407	4,442	6,810	2,591	–2,548	–653	3,205	3,830
6 France	5,727	5,914	1,674	304	405	1,202	–1,270	–1,249	38	942
7 Germany	31,752	8,415	194	429	332	56	–48	–131	–595	–328
8 Netherlands	4,915	10,919	2,452	100	192	–663	41	36	1,440	900
9 Switzerland	11,960	3,456	1,151	566	569	814	89	–710	–341	–306
10 United Kingdom	58,736	38,493[r]	11,999	1,323	3,110	–324	–1,829	1,117	1,829	2,801
11 Channel Islands and Isle of Man[1]	n.a.	–698	–339	–103	–113	–63	–3	–2	73	–47
12 Canada	5,956	10,984	7,102	457	598	1,262	546	373	1,939	1,336
13 Latin America and Caribbean	–17,812	–5,154[r]	–10,195	–4,495	302	1,989	–703	–673	–1,318	–3,850
14 Middle East[2]	9,189	1,789	–1,090	–165	–901	–273	–30	198	43	–58
15 Other Asia	12,494	20,726[r]	18,818	1,634	245	2,143	2,253	3,986	4,755	3,231
16 Japan	2,070	6,788	14,449	194	1,002	1,244	3,116	3,193	3,660	2,249
17 Africa	415	–366	–53	5	–26	–41	9	–1	3	–34
18 Other countries	5	109	2,475	226	–96	163	149	767	955	147
19 Nonmonetary international and regional organizations	**–11**	**203**	**–67**	**–2**	**–15**	**–7**	**–22**	**16**	**73**	**11**
BONDS[3]										
20 Foreign purchases	1,208,386	1,942,690[r]	1,654,252	168,724	219,825[r]	217,286	219,553	204,684	221,223	221,413
21 Foreign sales	871,416	1,556,745[r]	1,407,347	155,237	173,729[r]	175,072	174,562	171,729	205,574	189,475
22 Net purchases, or sales (–)	**336,970**	**385,945[r]**	**246,905**	**13,487**	**46,096[r]**	**42,214**	**44,991**	**32,955**	**15,649**	**31,938**
23 Foreign countries	**337,074**	**385,380[r]**	**247,190**	**13,217**	**46,275[r]**	**42,229**	**45,121**	**32,806**	**15,970**	**31,907**
24 Europe	180,917	195,412[r]	108,013	4,619	21,125[r]	20,875	19,149	20,019	3,152	10,927
25 France	2,216	5,028	2,531	14	578	380	350	462	192	487
26 Germany	4,067	12,362	3,633	–253	1,545	385	132	681	680	370
27 Netherlands	1,130	1,538	–505	550	–173	732	–49	–518	393	55
28 Switzerland	3,973	5,721	6,866	826	–102	247	1,412	1,109	1,406	1,825
29 United Kingdom	141,223	152,772[r]	73,256	1,740	16,381[r]	15,540	15,309	13,022	–330	3,718
30 Channel Islands and Isle of Man[1]	n.a.	2,000	1,734	14	309	20	92	–14	–20	1,203
31 Canada	13,287	4,595	1,633	–243	869	385	–193	923	–611	165
32 Latin America and Caribbean	59,444	77,019[r]	62,241	6,077	13,133[r]	8,487	15,618	2,936	1,840	9,707
33 Middle East[1]	2,076	2,338	1,703	342	377	9	–172	24	125	578
34 Other Asia	78,794	106,400[r]	70,142	2,094	10,321	12,438	10,608	8,521	10,336	9,026
35 Japan	39,356	33,687[r]	21,430	–957	–466	8,509	5,046	3,290	4,754	1,975
36 Africa	938	760	653	22	34	95	13	330	112	77
37 Other countries	1,618	–1,144	2,805	306	416	–60	98	53	1,016	1,427
38 Nonmonetary international and regional organizations	**–70**	**566**	**–285**	**270**	**–179**	**–15**	**–130**	**149**	**–321**	**31**
	Foreign securities									
39 Stocks, net purchases, or sales (–)	–13,088	–50,113	6,465	–2,723	5,503[r]	–3,561	–7,927	–4,983	13,285	3,049
40 Foreign purchases	1,802,185	1,397,664	887,683	95,364	116,435[r]	114,999	113,418	111,699	139,500	92,879
41 Foreign sales	1,815,273	1,447,777	881,218	98,087	110,932[r]	118,560	121,345	116,682	126,215	89,830
42 Bonds, net purchases, or sales (–)	–4,054	30,423	23,206	2,245	7,333	461	6,871	5,730	7,707	–1,583
43 Foreign purchases	958,932	1,159,185	865,865	89,172	109,465	99,383	124,357	118,365	120,212	111,361
44 Foreign sales	962,986	1,128,762	842,659	86,927	102,132	98,922	117,486	112,635	112,505	112,944
45 Net purchases, or sales (–), of stocks and bonds	**–17,142**	**–19,690**	**29,671**	**–478**	**12,836[r]**	**–3,100**	**–1,056**	**747**	**20,992**	**1,466**
46 Foreign countries	**–17,278**	**–19,102**	**29,739**	**–467**	**12,931[r]**	**–3,204**	**–1,105**	**781**	**21,082**	**1,441**
47 Europe	–25,386	–12,117	14,964	588	13,620[r]	–4,805	647	–4,639	11,407	563
48 Canada	–3,888	2,943	6,115	–289	–764	1,565	56	2,240	1,918	8
49 Latin America and Caribbean	–15,688	4,245	3,847	–1,469	1,353	–1,106	–1,699	2,785	1,939	–600
50 Asia	24,488	–11,869	5,148	614	–949	2,220	381	342	4,990	1,028
51 Japan	20,970	–20,116	392	–660	–2,789	998	–518	–871	3,453	379
52 Africa	943	–557	–591	62	–72	–1,141	–118	8	205	393
53 Other countries	2,253	–1,747	258	29	–257	63	–372	45	623	49
54 Nonmonetary international and regional organizations	**150**	**–587**	**–70**	**–13**	**–95**	**104**	**49**	**–34**	**–90**	**25**

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

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

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

Area or country	2000	2001	2002	2002						
			Jan.–Aug.	Feb.	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[p]
1 **Total estimated**	**–54,032**	**18,514[r]**	**22,391**	**3,107[r]**	**15,518**	**–12,528**	**–539**	**10,896**	**21,023**	**1,120**
2 Foreign countries	–53,571	19,200[r]	21,399	2,783[r]	15,369	–12,838	–39	10,773	21,117	705
3 Europe	–50,704	–20,604[r]	–10,588	377[r]	8,194	–8,844	–6,274	–371	4,533	–1,811
4 Belgium[2]	73	–598	1,875	–263	410	–71	8	292	274	1,333
5 Germany	–7,304	–1,668	–7,008	–277	1,759	–115	649	–587	–2,930	–2,041
6 Luxembourg[2]	n.a.	462	–1,065	–126	79	–325	–166	85	–84	–14
7 Netherlands	2,140	–6,728	–21,579	812	–3,891	–3,295	–9,328	–2,487	147	–1,439
8 Sweden	1,082	–1,190	354	–230	269	103	55	192	–169	471
9 Switzerland	–10,326	1,412	150	–115	973	–1,262	341	359	246	–705
10 United Kingdom	–33,669	–7,279[r]	19,632	2,394[r]	8,236	–5,996	2,312	1,820	10,278	378
11 Channel Islands and Isle of Man[3]	n.a.	–179	1,256	47	–251	–35	84	793	177	444
12 Other Europe and former U.S.S.R.	–2,700	–4,836	–4,203	–1,865	610	2,152	–229	–838	–3,406	–238
13 Canada	–550	–1,634[r]	–6,521	1,204	1,753	–1,223	454	–1,634	–2,011	–1,671
14 Latin America and Caribbean	–4,914	4,272[r]	5,643	–2,954[r]	–460	–1,500	7,939	6,382	4,602	–11,831
15 Venezuela	1,288	290	89	–12	–7	–18	6	160	–58	–15
16 Other Latin America and Caribbean	–11,581	14,726[r]	11,082	168[r]	8,802	–1,918	1,933	3,298	3,736	–7,434
17 Netherlands Antilles	5,379	–10,744	–5,528	–3,110	–9,255	436	6,000	2,924	924	–4,382
18 Asia	1,639	36,332[r]	29,714	3,442[r]	6,107	–1,543	–2,826	5,838	12,931	15,668
19 Japan	10,580	16,114[r]	12,742	2,036[r]	–1,855	3,019	195	2,454	7,651	6,573
20 Africa	–414	–880	831	134	70	–176	–38	299	112	495
21 Other	1,372	1,714[r]	2,320	580	–295	448	706	259	950	–145
22 Nonmonetary international and regional organizations	–461	–686	992	324	149	310	–500	123	–94	415
23 International	–483	–290	880	52	199	398	–240	–21	–64	418
24 Latin American Caribbean regional	76	41	–17	15	–5	–47	–14	28	11	–4
MEMO										
25 Foreign countries	–53,571	19,200[r]	21,399	2,783[r]	15,369	–12,838	–39	10,773	21,117	705
26 Official institutions	–6,302	3,474	–3,936	–2,177	5,233	–1,451	–69	2,161	–5,268	635
27 Other foreign	–47,269	15,726[r]	25,335	4,960[r]	10,136	–11,387	30	8,612	26,385	70
Oil-exporting countries										
28 Middle East[4]	3,483	865	–997	50	137	1,382	–753	–249	–1,338	–1,010
29 Africa[5]	0	–2	–26	–1	2	–25	0	0	0	–2

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

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

Currency units per U.S. dollar except as noted

Item	1999	2000	2001	2002 May	2002 June	2002 July	2002 Aug.	2002 Sept.	2002 Oct.
	Exchange rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	64.54	58.15	51.69	54.98	56.82	55.38	54.13	54.65	55.02
2 Brazil/real	1.8207	1.8301	2.3527	2.4753	2.7144	2.9414	3.1082	3.3548	3.7966
3 Canada/dollar	1.4858	1.4855	1.5487	1.5502	1.5318	1.5456	1.5694	1.5761	1.5780
4 China, P.R./yuan	8.2783	8.2784	8.2770	8.2770	8.2767	8.2768	8.2767	8.2760	8.2772
5 Denmark/krone	6.9900	8.0953	8.3323	8.1098	7.7775	7.4807	7.5948	7.5752	7.5732
6 European Monetary Union/euro[3]	1.0653	0.9232	0.8952	0.9170	0.9561	0.9935	0.9781	0.9806	0.9812
7 Greece/drachma	306.30	365.92	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Hong Kong/dollar	7.7594	7.7924	7.7997	7.7994	7.8000	7.8000	7.8008	7.7999	7.7995
9 India/rupee	43.13	45.00	47.22	49.02	48.98	48.79	48.62	48.46	48.39
10 Japan/yen	113.73	107.80	121.57	126.38	123.29	117.90	118.99	121.08	123.91
11 Malaysia/ringgit	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
12 Mexico/peso	9.553	9.459	9.337	9.510	9.767	9.779	9.839	10.071	10.094
13 New Zealand/dollar[2]	52.94	45.68	42.02	46.10	48.86	48.09	46.35	47.02	48.18
14 Norway/krone	7.8071	8.8131	8.9964	8.2050	7.7533	7.4694	7.6042	7.5018	7.4873
15 Singapore/dollar	1.6951	1.7250	1.7930	1.8004	1.7831	1.7524	1.7553	1.7682	1.7843
16 South Africa/rand	6.1191	6.9468	8.6093	10.1615	10.1841	10.1032	10.5878	10.5967	10.3058
17 South Korea/won	1,189.84	1,130.90	1,292.01	1,262.20	1,219.70	1,179.99	1,197.51	1,211.61	1,240.19
18 Sri Lanka/rupee	70.868	76.964	89.602	96.318	96.408	96.266	96.281	96.207	96.402
19 Sweden/krona	8.2740	9.1735	10.3425	10.0642	9.5376	9.3474	9.4610	9.3400	9.2846
20 Switzerland/franc	1.5045	1.6904	1.6891	1.5889	1.5399	1.4718	1.4972	1.4931	1.4932
21 Taiwan/dollar	32.322	31.260	33.824	34.454	33.889	33.272	33.884	34.573	34.947
21 Thailand/baht	37.887	40.210	44.532	42.817	42.160	41.257	42.193	42.893	43.641
23 United Kingdom/pound[2]	161.72	151.56	143.96	145.98	148.37	155.65	153.68	155.63	155.75
24 Venezuela/bolivar	606.82	680.52	724.10	985.80	1,212.07	1,317.38	1,379.73	1,458.39	1,440.50
	Indexes[4]								
NOMINAL									
25 Broad (January 1997=100)[5]	116.87	119.67	126.09	127.35	125.96	124.20	125.64	126.67	127.69
26 Major currencies (March 1973=100)[6]	94.07	98.32	104.32	104.09	101.42	98.97	100.35	100.68	101.24
27 Other important trading partners (January 1997=100)[7]	129.94	130.33	136.34	139.71	140.70	140.47	141.69	143.71	145.28
REAL									
28 Broad (March 1973=100)[5]	100.78	104.32	110.42	111.16[r]	109.91[r]	108.38[r]	109.73[r]	110.51[r]	111.25
29 Major currencies (March 1973=100)[6]	97.06	103.17	110.73	110.63[r]	107.80[r]	105.27[r]	106.80[r]	107.20[r]	108.19
30 Other important trading partners (March 1973=100)[7]	114.26	114.53	119.21	121.10[r]	121.86[r]	121.57[r]	122.78[r]	124.16[r]	124.60

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.
2. U.S. cents per currency unit.
3. The euro is reported in place of the individual euro area currencies. By convention, the rate is reported in U.S. dollars per euro. The bilateral currency rates can be derived from the euro rate by using the fixed conversion rates (in currencies per euro) as shown below:

Euro equals

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

4. Starting with the February 2002 *Bulletin*, revised index values resulting from the periodic revision of data that underlie the calculated trade weights are reported. For more information on the indexes of the foreign exchange value of the dollar, see *Federal Reserve Bulletin*, vol. 84 (October 1998), pp. 811–818.
5. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of U.S. trading partners. The weight for each currency is computed as an average of U.S. bilateral import shares from and export shares to the issuing country and of a measure of the importance to U.S. exporters of that country's trade in third country markets.
6. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.
7. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that do not circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

Guide to Special Tables and Statistical Releases

SPECIAL TABLES—Data Published Irregularly, with Latest Bulletin *Reference*

STATISTICAL RELEASES—A List of Statistical Releases Published by the Federal Reserve is Printed Semiannually in the Bulletin

NOTE. The pro forma financial statements for Federal Reserve priced services were discontinued in the *Bulletin* after the January 2002 issue. Year-end figures for 2001 are available in the Board's *88th Annual Report, 2001* (http://www.federalreserve.gov/boarddocs/rptcongress).

Index to Statistical Tables

References are to pages A3–A56, although the prefix "A" is omitted in this index.

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ANNUAL REPORT, 2001.

ANNUAL REPORT: BUDGET REVIEW, 2001.

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STAFF STUDIES: Only Summaries Printed in the BULLETIN

Studies and papers on economic and financial subjects that are of general interest. Staff Studies 1–158, 161, 163, 165, 166, 168, and 169 are out of print, but photocopies of them are available. Staff Studies 165–174 are available on line at www.federalreserve.gov/pubs/staffstudies. Requests to obtain single copies of any paper or to be added to the mailing list for the series may be sent to Publications.

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.
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174. BANK MERGERS AND BANKING STRUCTURE IN THE UNITED STATES, 1980–98, by Stephen Rhoades. August 2000. 33 pp.

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Weekly Releases					
H.2. Actions of the Board: Applications and Reports Received	$55.00	n.a.	Friday	Week ended previous Saturday	. . .
H.3. Aggregate Reserves of Depository Institutions and the Monetary Base[3]	$20.00	n.a.	Thursday	Week ended previous Wednesday	1.20
H.4.1. Factors Affecting Reserve Balances of Depository Institutions and Condition Statement of Federal Reserve Banks[3]	$20.00	n.a.	Thursday	Week ended previous Wednesday	1.11, 1.18
H.6. Money Stock Measures[3]	$35.00	n.a.	Thursday	Week ended Monday of previous week	1.21
H.8. Assets and Liabilities of Commercial Banks in the United States[3]	$30.00	n.a.	Friday	Week ended previous Wednesday	1.26A–F
H.10. Foreign Exchange Rates[3]	$20.00	$20.00	Monday	Week ended previous Friday	3.28
H.15. Selected Interest Rates[3]	$20.00	$20.00	Monday	Week ended previous Friday	1.35
Monthly Releases					
G.5. Foreign Exchange Rates[3]	$ 5.00	$ 5.00	First of month	Previous month	3.28
G.15. Research Library—Recent Acquisitions	No charge	N/A	First of month	Previous month	. . .
G.17. Industrial Production and Capacity Utilization[3]	$15.00	n.a.	Midmonth	Previous month	2.12, 2.13
G.19. Consumer Credit[3]	$ 5.00	$ 5.00	Fifth working day of month	Second month previous	1.55, 1.56
G.20. Finance Companies[3]	$ 5.00	n.a.	End of month	Second month previous	1.51, 1.52

Release number and title	Annual mail rate	Annual fax rate	Approximate release days[1]	Period or date to which data refer	Corresponding *Bulletin* table numbers[2]
Quarterly Releases					
E.2. Survey of Terms of Business Lending[3]	$ 5.00	n.a.	Midmonth of March, June, September, and December	February, May, August, and November	4.23
E.7. List of Foreign Margin Stocks	No charge	n.a.	March and September	March and September	. . .
E.11. Geographical Distribution of Assets and Liabilities of Major Foreign Branches of U.S. Banks	$ 5.00	n.a.	15th of March, June, September, and December	Previous quarter	. . .
E.15. Agricultural Finance Databook	$ 5.00	n.a.	End of March, June, September, and December	January, April, July, and October	. . .
E.16. Country Exposure Lending Survey[3]	$ 5.00	n.a.	January, April, July, and October	Previous quarter	. . .
Z.1. Flow of Funds Accounts of the United States: Flows and Outstandings[3]	$25.00	n.a.	Second week of March, June, September, and December	Previous quarter	1.57, 1.58, 1.59, 1.60

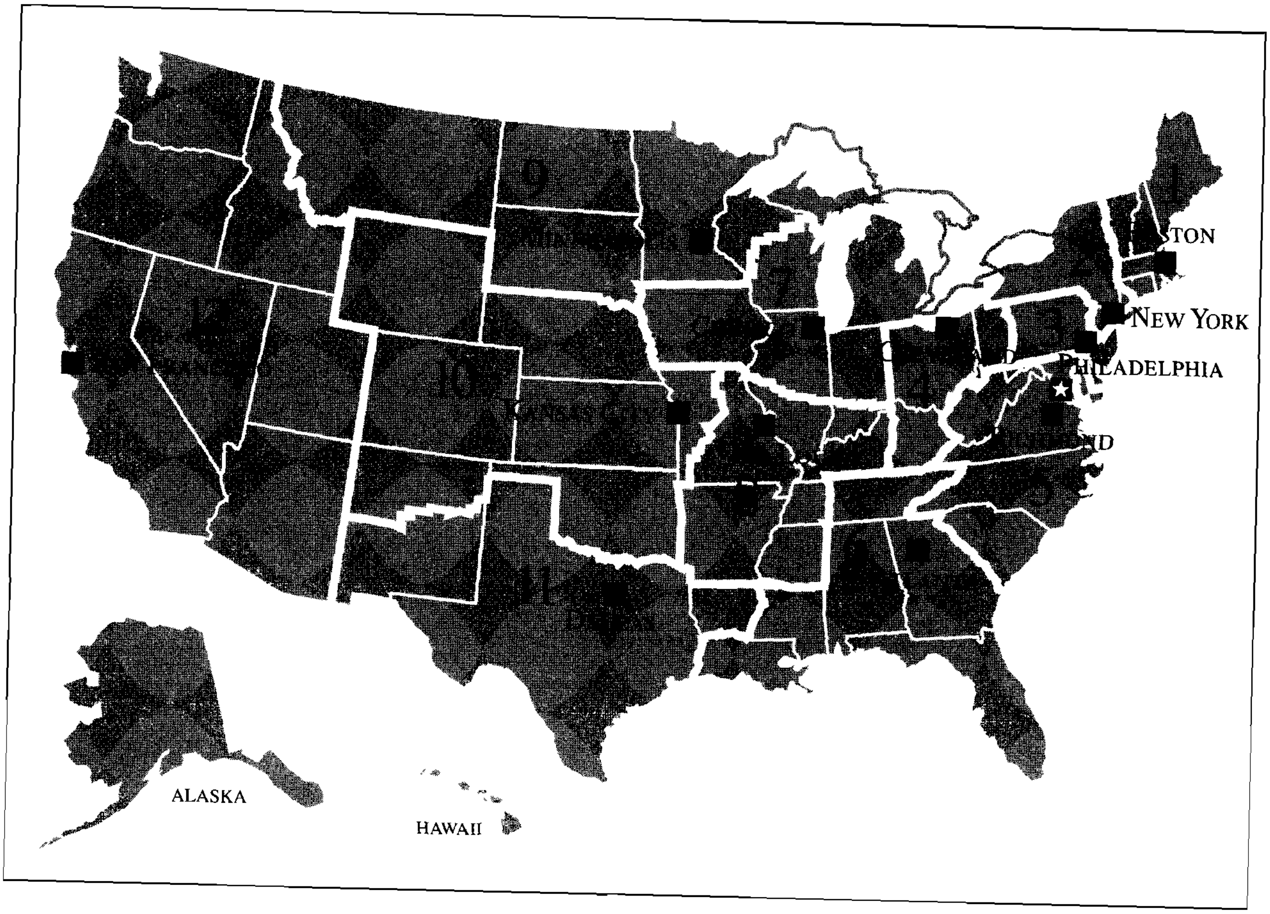
1. Please note that for some releases, there is normally a certain variability in the release date because of reporting or processing procedures. Moreover, for all series unusual circumstances may, from time to time, result in a release date being later than anticipated.

2. The data in some releases are also reported in the *Bulletin* statistical appendix.

3. These releases are also available on the Board's web site, www.federalreserve.gov/releases.

n.a. Not available.

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

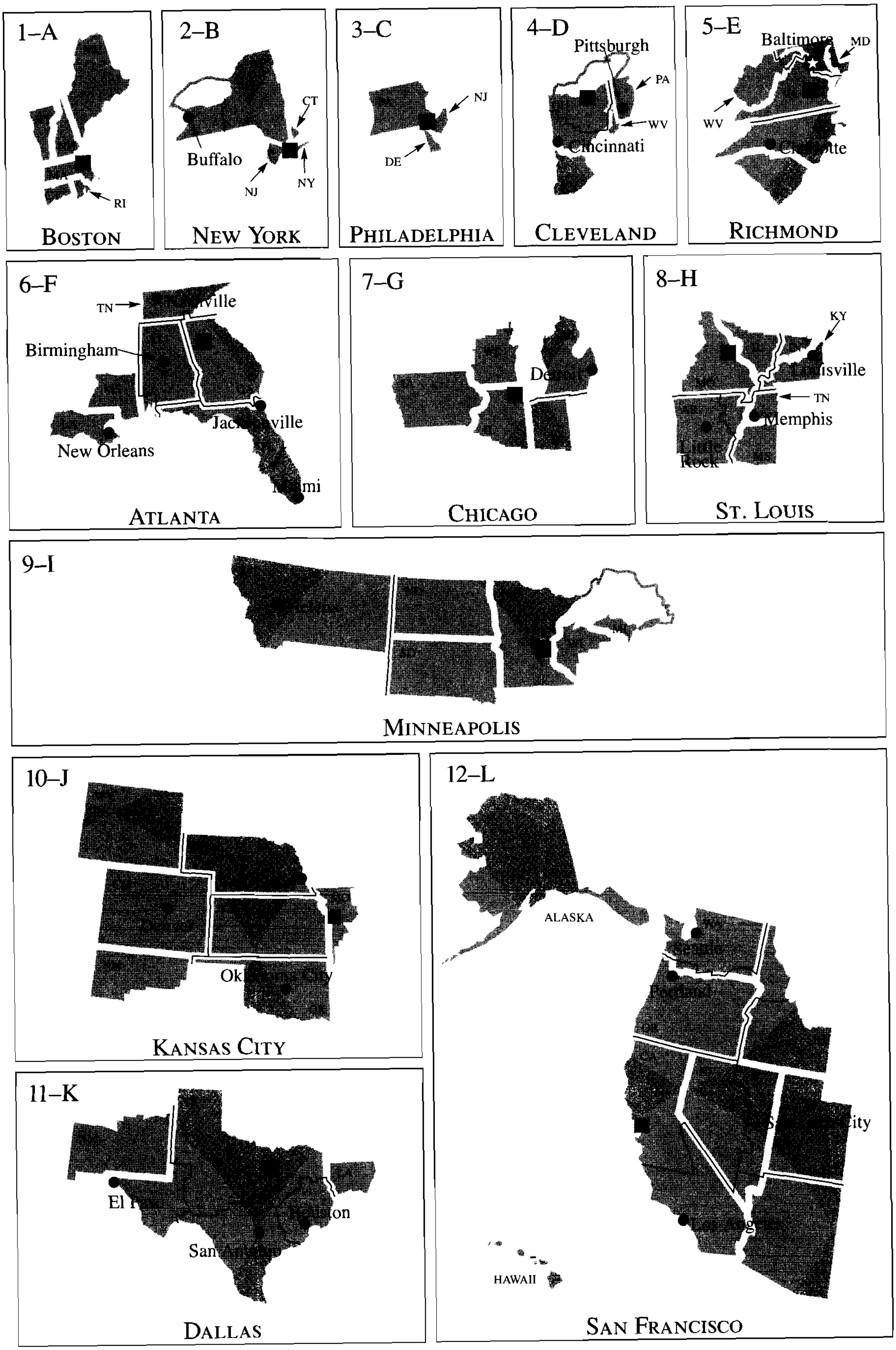
— Branch boundary

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.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DALLAS
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ALASKA
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