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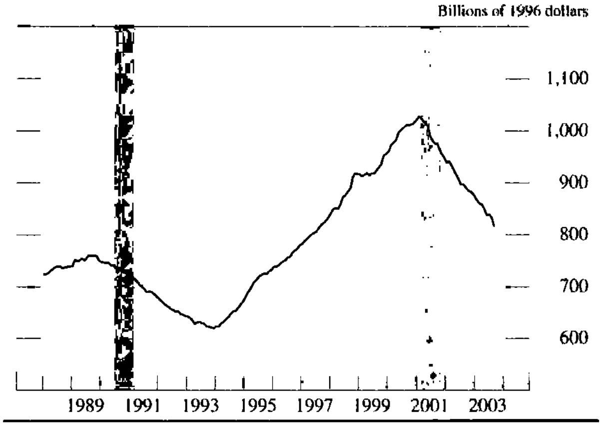
Recent Developments in Business Lending by Commercial Banks

William F. Bassett and Egon Zakrajšek, of the Board's Division of Monetary Affairs, prepared this article. Jason Grimm and Steve Piraino provided research assistance.

After growing rapidly during much of the 1990s, the inflation-adjusted value of commercial and industrial (C&I) loans at domestic commercial banks and at U.S. branches and agencies of foreign banks has fallen 19 percent since the beginning of 2001 (chart 1).[1] This striking decline in aggregate C&I loans masks important differences in lending patterns at domestically chartered institutions of different sizes and at U.S. branches and agencies of foreign banks. A drop in loans at large domestic commercial banks and at foreign institutions accounts for the entire contraction in C&I loans since January 2001.[2] In contrast, the real growth rate of business loans at small commercial banks, though it has declined appreciably, has averaged almost 4 percent annually since early 2001. The recent runoff in C&I loans contrasts sharply with that of the early 1990s: The earlier contraction in lending at large and small domestic banks was more uniform and was partly offset by a robust expansion of business loans at foreign institutions (chart 2).

Although branches and agencies of foreign banks are important participants in the C&I loan market, this article focuses on business lending at domestic institutions, for two reasons.[3] First, U.S. branches and

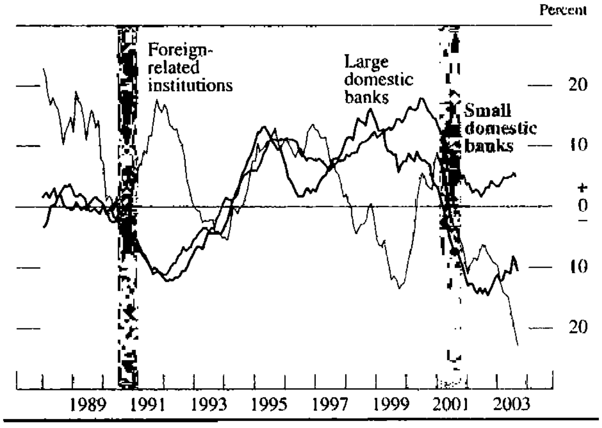
1. Real value of C&I loans at banks, 1988–2003



NOTE. The data are monthly through October 2003 and are deflated by the price deflator for business-sector output (1996 = 100). Here and in the following charts, shaded bars represent recessions as dated by the National Bureau of Economic Research. See also text note 2.

SOURCE. Federal Reserve Board, Statistical Release H.8, "Assets and Liabilities of Commercial Banks in the United States" (www.federalreserve.gov/releases/h8); Bureau of Economic Analysis.

2. Real growth rate of C&I loans, by type of bank, 1988–2003



NOTE. The data are monthly through October 2003; change is for twelve months. See also text note 2.

1. C&I loans are business loans not secured by real estate.

2. Banks consist of 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). Banks exclude international banking facilities. The category of large domestic banks in the Federal Reserve's weekly H.8 statistical release, "Assets and Liabilities of Commercial Banks in the United States," includes about forty of the largest domestic commercial banks, which together account for about 55 percent of assets held by all domestic banks. Domestic institutions not included in the large bank category compose the small bank category. 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 are also adjusted to remove the estimated effects of mergers between these two groups. For further details about the H.8 release, see www.federalreserve.gov/releases/h8.

3. For further discussion of foreign banking organizations, see Allen N. Berger and David C. Smith, "Global Integration in the Banking Industry," *Federal Reserve Bulletin*, vol. 89 (November 2003), pp. 451–60.

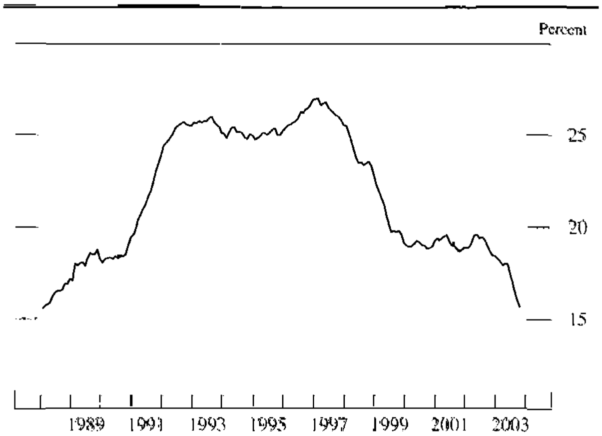
agencies compete most directly with large domestic banks for customers in the C&I loan market. Therefore, the factors that depressed lending at large domestic banks over the past three years likely exerted a similar influence on foreign institutions. Second, the analysis of business lending at branches and agencies of foreign banks is complicated by the pronounced downward trend in their share of C&I loans (chart 3). The reduced intermediation by foreign institutions since the mid-1990s has been due largely to a sharp pullback in business lending by the U.S. branches and agencies of Japanese banks, many of which are saddled with a substantial volume of nonperforming loans and face significant pressures on their capital positions.

The divergence between large and small domestic commercial banks in the growth of business loans over the past three years appears to stem from the combined effects of weakness in demand for C&I loans from larger businesses and a relatively greater tightening of supply conditions at large banks. Although sharp cutbacks in capital spending and steep inventory runoffs since early 2001 have significantly reduced demand for C&I loans from borrowers of all sizes, the decline in loan demand from larger corporate borrowers—which maintain lending relationships mainly with large banks—has been especially pronounced. The reduction in demand for business loans from larger firms has been exacerbated by an evaporation of merger and acquisition (M&A) activity and a substitution of bond finance for bank loans on firms' balance sheets. On the supply side, large commercial banks tightened their credit standards and began imposing more stringent loan terms well before the recent economic downturn. These institutions further tightened their commercial credit policies as the economy slipped into recession and as a substantial deterioration in the credit quality of their borrowers pushed delinquencies and charge-offs on C&I loans to high levels.

The move toward a more stringent lending posture by domestic commercial banks before and during the recent economic downturn, although partly cyclical, has also been influenced by a reassessment of the risk–return tradeoff inherent in C&I lending, especially relative to the lax lending atmosphere of the mid-1990s. These structural changes in the way commercial banks price and allocate certain forms of business credit likely represent the cumulative effect of significant institutional developments in the C&I loan market since the late 1980s. In large part, these developments have arisen from the increased participation of nonbank financial institutions in the syndicated loan market, which in turn has contributed importantly to the growth of the secondary loan market and of leveraged lending—that is, lending to large below-investment-grade borrowers. To the extent that these markets are almost exclusively provinces of large financial institutions, the reassessment of the attractiveness of syndicated and some forms of traditional C&I lending has disproportionately affected large commercial banks and has contributed to the divergence in business lending patterns between large and small domestic banks.

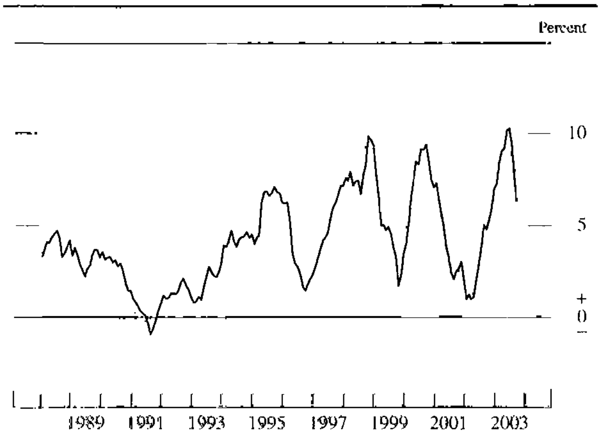
In contrast to C&I loans, other forms of credit at domestic commercial banks have flowed relatively freely during the past several years. Although the growth of real bank credit declined notably during the 2001 recession, it did not fall as low as it did in the early 1990s, and its recovery has been much

3. Share of C&I loans held by U.S. branches and agencies of foreign banks, 1988–2003



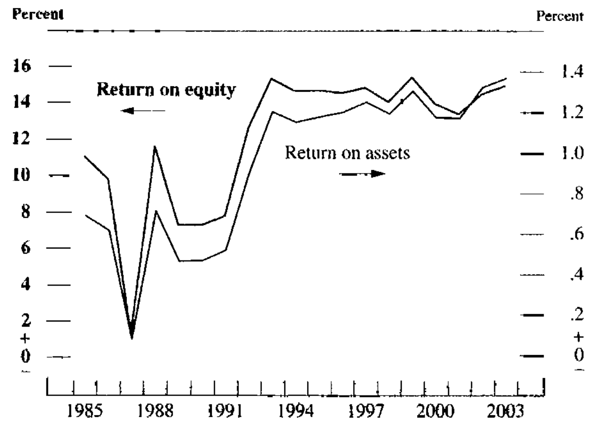
NOTE. The data are monthly through October 2003.
SOURCE. Federal Reserve Board, Statistical Release H.8.

4. Change in real value of bank credit, 1988–2003



NOTE. The data are monthly through October 2003 and are deflated by the GDP price deflator (1996 = 100); change is for twelve months.
SOURCE. Federal Reserve Board, Statistical Release H.8.

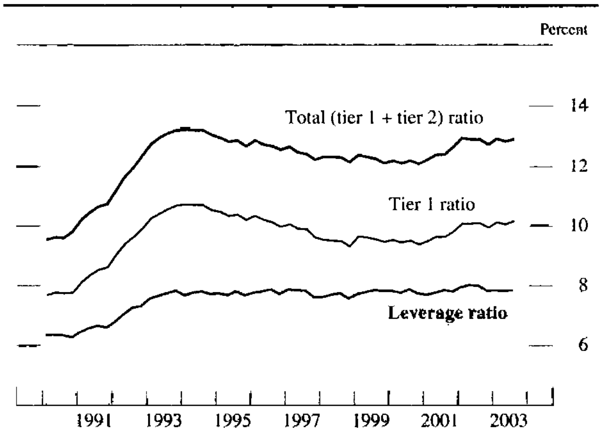
5. Measures of bank profitability, 1985–2003:Q3



NOTE. The return on equity and the return on assets are annual; for 2003, they are estimates based on seasonally adjusted data through 2003:Q3.
SOURCE. Call Report.

brisker (chart 4). In this cycle, bank credit has been buoyed by a substantial expansion of banks' real estate portfolios and holdings of mortgage-backed securities. At the same time, the growth of consumer spending has held up well, allowing commercial banks to continue increasing their holdings of credit card and other types of consumer loans. Partly as a result of the robust lending to households, a resilient commercial real estate loan market, and growth in

6. Regulatory capital ratios, 1990–2003:Q3



NOTE. Regulatory capital ratios are seasonally adjusted. Tier 1 capital consists primarily of common equity (excluding intangible assets such as goodwill and net unrealized gains on investment account securities classified as available for sale) and certain perpetual preferred stock. Tier 2 capital consists primarily of subordinated debt, preferred stock not included in tier 1 capital, and loan–loss reserves. Total capital is tier 1 plus tier 2 capital. Risk-weighted assets are calculated by multiplying the amount of assets and the credit-equivalent amount of off-balance-sheet items (an estimate of the potential credit exposure posed by the item) by the risk weight for each category. The risk weights rise from 0 to 1 as the credit risk of the assets increases. The leverage ratio is the ratio of tier 1 capital to average tangible assets. Tangible assets are equal to total assets less assets excluded from common equity in the calculation of tier 1 capital.
SOURCE. Call Report.

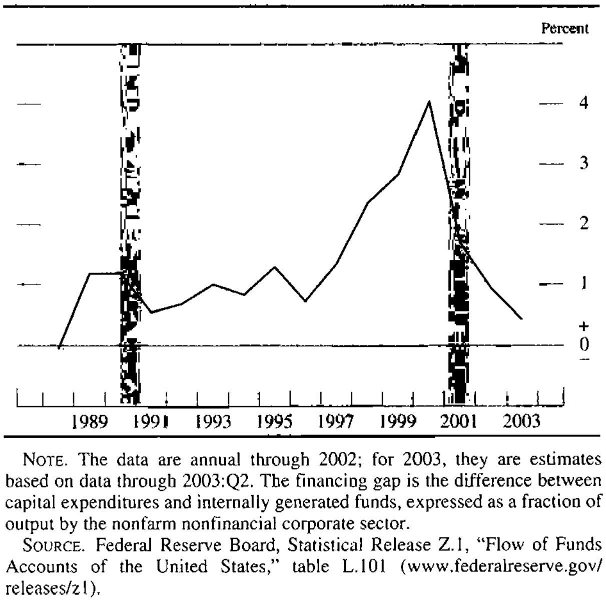
fee-generating lines of business, commercial banks have remained highly profitable despite an increase in loan losses, especially on C&I loans (chart 5). Thus, in sharp contrast to the circumstances of the early 1990s and despite some restrictions on the supply of business credit from large domestic commercial banks, the banking sector has remained well capitalized and is poised to support growth in demand for business loans (chart 6).

FACTORS AFFECTING THE DEMAND FOR C&I LOANS

Between 1997 and 2000, spending on capital equipment by businesses boomed. As a result, the gap between capital expenditures and internally generated funds for the nonfarm nonfinancial corporate sector—relative to the output of the sector—shot up from 1½ percent at the end of 1997 to more than 4 percent at its peak in 2000 (chart 7). Concomitantly, the bull market in equities supported a frenzied pace of mergers and acquisitions, for many of which commercial banks provided initial financing. Not surprisingly, the expansion of C&I loans at both large and small domestic commercial banks reached double-digit annual rates over this period.

The strong pace of corporate spending, however, proved unsustainable, and companies sharply reduced their capital expenditures as the economy entered recession in March 2001. Firms also responded quickly to falling sales by curtailing production to

7. Financing gap at nonfarm nonfinancial corporations, 1988–2003:Q2



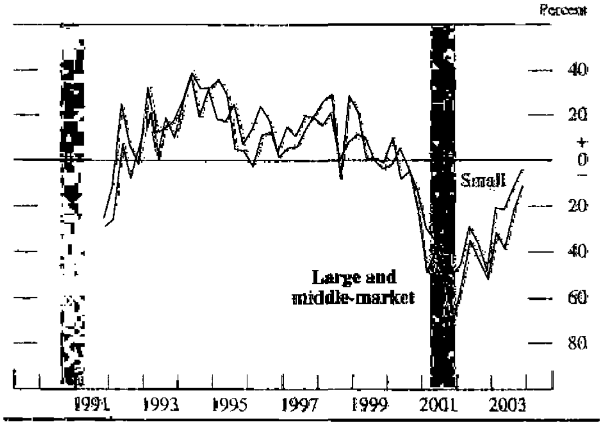
NOTE. The data are annual through 2002; for 2003, they are estimates based on data through 2003:Q2. The financing gap is the difference between capital expenditures and internally generated funds, expressed as a fraction of output by the nonfarm nonfinancial corporate sector.
SOURCE. Federal Reserve Board, Statistical Release Z.1, "Flow of Funds Accounts of the United States," table L.101 (www.federalreserve.gov/releases/z1).

avoid an accumulation of inventories and associated financing costs. Compounding the reduction in demand for business credit, especially at large banks, was the steep drop in equity prices, which largely short-circuited M&A activity. With capital spending and merger activity dropping off, extensions of loans slumped. A sluggish recovery in an uncertain economic climate did little to lift business fixed investment in 2002, and businesses lacked an incentive to rebuild depleted inventory stocks. Although capital spending has picked up in 2003, a rebound in corporate profits, partly reflecting robust gains in productivity, has limited firms' needs for external funds. As a result, the financing gap has remained at its preboom level. Credit demands to finance mergers and acquisitions have also remained weak despite a substantial rise in equity prices in 2003.

The cyclical fluctuations in demand for C&I loans are evident in the responses to the Federal Reserve's Senior Loan Officer Opinion Survey on Bank Lending Practices (informally, the bank lending practices survey, or BLPS).[4] According to the survey, the demand for C&I loans from small firms, as well as middle-market and large firms, has weakened continuously since the middle of 2000 (chart 8). Moreover, the reported weakening in demand has persisted considerably longer after the official end of the most recent recession than it did after the cyclical trough in March 1991.

4. For text of questions and tallies of responses in surveys conducted since the beginning of 1997, see www.federalreserve.gov/boarddocs/SnLoanSurvey.

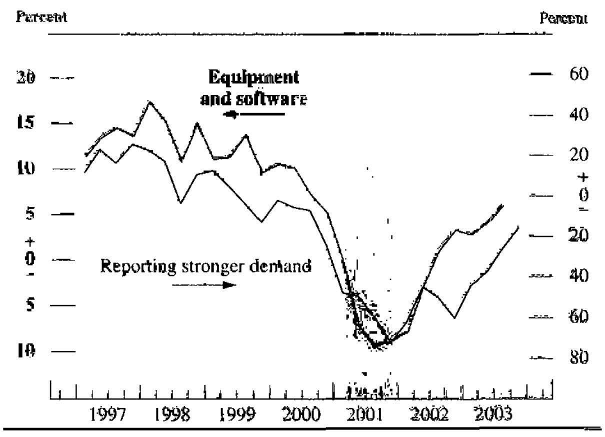
8. Net percentage of banks reporting stronger demand for C&I loans, by size of borrower, 1991:Q4–2003:Q4



NOTE. The data are quarterly. Net percentage is the percentage of banks reporting stronger demand less the percentage reporting the opposite. The definition for firm size sugggested for, and generally used by, survey repondents is that large and middle-market firms have sales of more than $50 million.

SOURCE. Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices.

9. Change in real spending on equipment and software and the net percentage of banks reporting stronger demand for C&I loans as a result of increased capital expenditures, 1997:Q1–2003:Q4

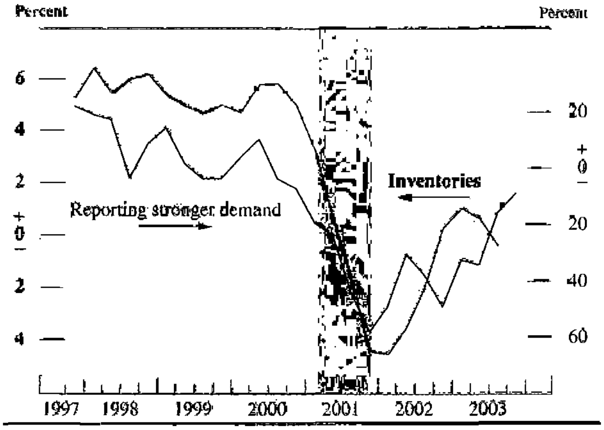


NOTE. The data are quarterly; change is for four quarters. Net percentage is the percentage of banks reporting stronger demand because of increased capital expenditures less the percentage reporting weaker demand because of reduced capital expenditures.

SOURCES. Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices; Bureau of Economic Analysis.

A detailed look at the fluctuations in demand for C&I loans is possible from 1997 onward because respondents to the BLPS have been queried regularly since then about the factors affecting demand for business loans at their banks. Consistent with the retrenchment in investment spending, the most cited reason for the reported decline in demand at respondent banks since the end of 2000 has been a decrease in their customers' capital expenditures (chart 9).

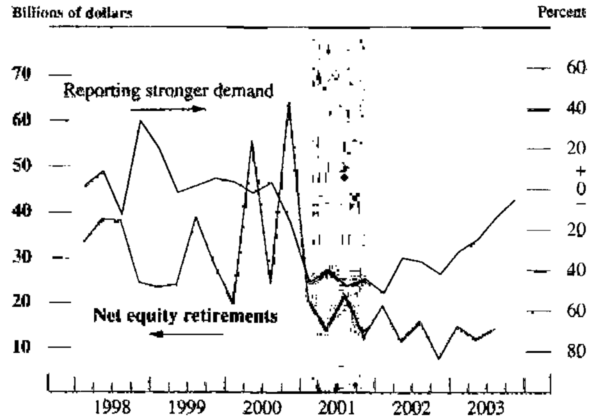
10. Change in real nonfarm inventories and the net percentage of banks reporting stronger demand for C&I loans as a result of increased inventory financing needs, 1997:Q4–2003:Q4



NOTE. The data are quarterly; change is for four quarters. Net percentage is the percentage of banks reporting stronger demand because of increased inventory financing needs less the percentage reporting weaker demand because of reduced inventory financing needs.

SOURCE. See source note to chart 9.

11. Net equity retirements by domestic corporations and the net percentage of large banks reporting stronger demand for C&I loans as a result of increased M&A financing needs, 1998:Q1–2003:Q4



NOTE. The data are quarterly; change is for four quarters. In 1998, large banks were those with assets of more than $15 billion; since 1999, large banks have been those with assets of more than $20 billion. Net percentage is the percentage of banks reporting stronger demand because of increased M&A financing needs less the percentage reporting weaker demand because of reduced M&A financing needs.

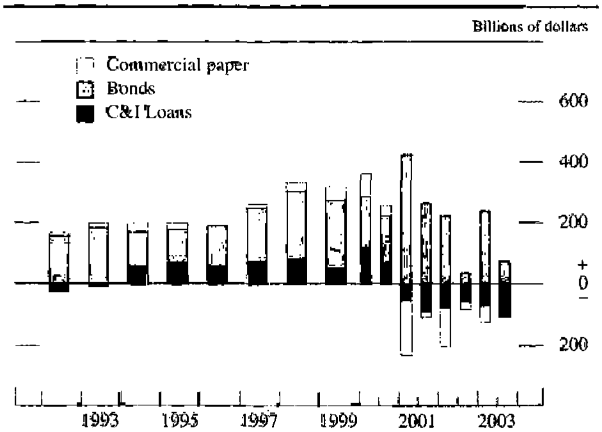
SOURCES. Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices; Securities Data Company.

Similarly, the sharp inventory runoff since early 2001 is closely correlated with the net percentage of survey respondents that reported a reduction in inventory-related financing needs (chart 10). On average, about half the largest banks on the survey panel—the institutions most likely to fund large M&A deals—indicated that their customers' needs for this type of financing had decreased over the past three years (chart 11). These responses correspond reasonably well with movements in retired equity of domestic nonfinancial corporations—a proxy for M&A activity—and support the view that large banks experienced a relatively bigger drop in C&I loan demand than did small banks.

Another factor contributing to the weakness in demand for business loans since 2001 has been heavy corporate bond issuance, as firms have substituted longer-term debt for short-term debt obligations, such as C&I loans and commercial paper (chart 12). The runoff in commercial paper significantly reduced the demand for commercial paper backup lines of credit, which are provided mainly by large commercial banks.[5] Accordingly, firms' preference for longer-term, public-market debt partly reduced the unused lines of credit at commercial banks (chart 13).

Firms' decisions to lengthen the average maturity of their outstanding debt was importantly influenced by substantial declines in longer-term interest rates in 2001 and 2002 (chart 14). In addition, ratings agencies and investors reportedly pressured some large corporations to strengthen their balance sheets by reducing their reliance on short-term debt. The restructuring of firms' balance sheets is reflected in the sharp drop in the ratio of short-term debt to total debt outstanding from almost 40 percent in 1999 to about 30 percent in the second quarter of 2003 (chart 15).

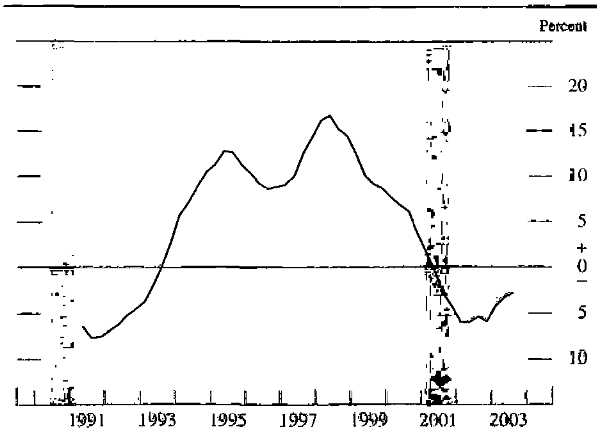
12. Major components of net business financing, 1992–2003



NOTE. Beginning in 2000, the data are semi-annual and are at seasonally adjusted annual rates. The data for 2003:H2 are projected from data through October.

5. In assigning a credit rating to an issuer of commercial paper, public rating agencies take into account the borrower's general credit quality as well as the borrower's ability to obtain from a financial institution a line of credit that can be used to retire maturing paper in the event that it cannot be rolled over. Firms have a strong incentive to issue highly rated commercial paper because money market mutual funds—the primary holders of these securities—can hold only a limited amount of lower-rated commercial paper.

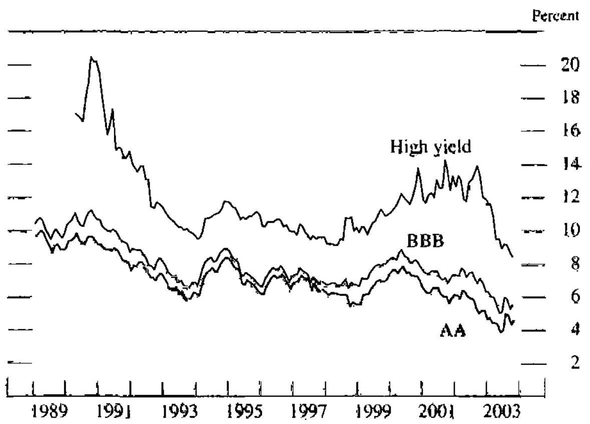
13. Change in the amount of real unused business credit lines at U.S. commercial banks, 1991:Q2–2003:Q3



NOTE. The data are quarterly and are deflated by the price deflator for business-sector output (1996 = 100); change is for four quarters.

SOURCE. Call Report.

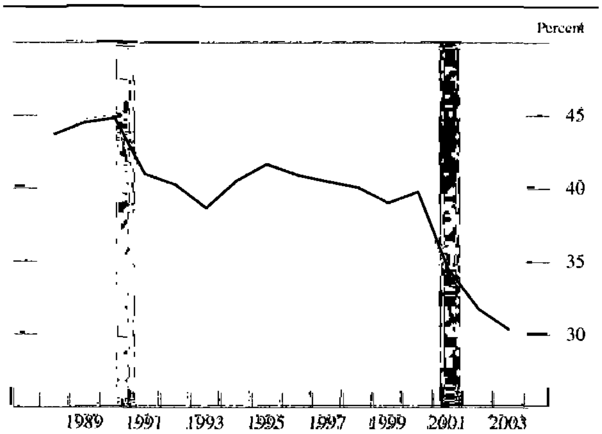
14. Corporate bond yields, by rating, 1989–2003



NOTE. The data are monthly averages through October 2003. The AA and BBB rates are calculated from bonds in the Merrill Lynch AA index and BBB index, respectively, with seven to ten years of maturity remaining. The high-yield rate is the yield on the Merrill Lynch 175 high-yield index.

Commercial real estate lending may also have helped reduce demand for C&I loans. Over the past several years, nonresidential construction activity has decelerated significantly, office vacancy rates have increased, and commercial rents have declined. Nonetheless, this type of lending has been surprisingly well maintained during the recent cycle, and delinquency and charge-off rates on commercial real estate loans have risen only moderately from very low levels. The continued growth of commercial real estate loans may be due to efforts by some firms to lock in low long-term interest rates by substituting fixed-rate loans backed by real estate for traditional business loans, which typically have shorter maturities and carry floating rates. Indeed, according to the

15. Ratio of short-term debt to total credit-market debt for nonfarm nonfinancial corporations, 1988–2003:Q2



NOTE. The data are annual through 2002; for 2003, they are estimates based on data from 2003:Q2.

SOURCE. Federal Reserve Board, Statistical Release Z.1, "Flow of Funds Accounts of the United States," table L.102 (www.federalreserve.gov/releases/z1).

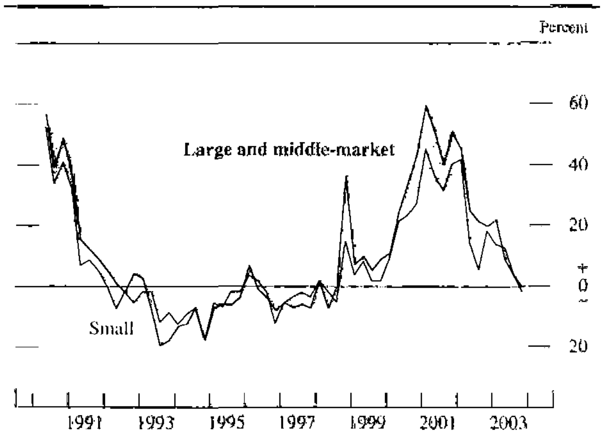
August 2002 BLPS, one-fourth of banks with assets of less than $20 billion—institutions that in recent years have experienced particularly strong growth in commercial real estate lending—reported that the volume of their commercial real estate loans that were used for commercial and industrial purposes (rather than the acquisition or improvement of real estate) had increased over the previous year. A small net percentage of those banks reported in the October 2003 BLPS that they had continued to experience an increase in demand for commercial real estate loans for which the proceeds were earmarked for commercial and industrial purposes.

Factors Affecting the Supply of C&I Loans

The recent runoff in C&I loans appears to be related not only to weaker demand but also to tighter loan supply conditions. The effects from tighter supply, however, do not seem to be as significant as they were in the early 1990s. Many large commercial banks entered the previous decade with low levels of equity capital, partly because of considerable losses stemming from the Latin American debt crisis of the mid-1980s. The collapse of the commercial real estate market in the early 1990s also impaired banks' profitability and further eroded their capital bases. At the same time, commercial banks were coming under significant pressure from bank regulators and investors to rebuild their capital, pressure that was intensified by the adoption of the Basel standards for risk-based capital. Because commercial banks are not required to hold risk-based capital against U.S. Treasury securities, the attractiveness of these investments rose relative to that of loans. Under these circumstances, commercial banks became increasingly reluctant to lend to households or businesses. The inhospitable business-borrowing environment of the early 1990s is reflected in the significant net percentages of BLPS respondents that reported a tightening of lending standards in surveys conducted during that period (chart 16). The period was also marked by weak demand for credit, as households and businesses moved to strengthen their own balance sheets after heavy borrowing during the late 1980s.

As the economy recovered from the 1990–91 recession, borrowers and banks rebuilt their balance sheets, and commercial banks expanded their lending. The industry's asset quality and profitability improved, lifting banks' regulatory capital ratios significantly above regulatory minimums. Partly because of the brighter economic outlook, higher

16. Net percentage of banks that reported tightening standards for C&I loans, by size of borrower, 1990:Q2–2003:Q4

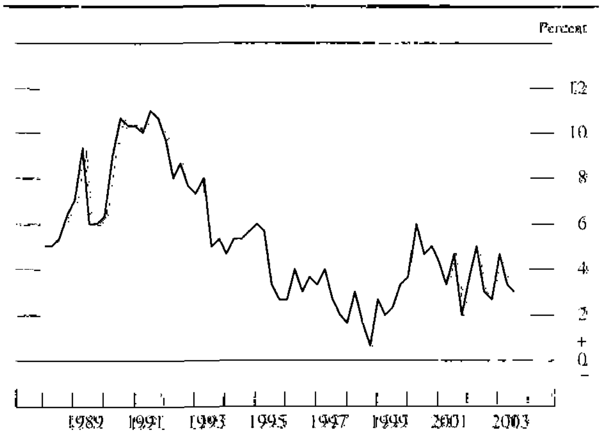


NOTE. The data are quarterly. Net percentage is the percentage of banks that reported a tightening of standards less the percentage that reported an easing. The definition for firm size suggested for, and generally used by, survey respondents is that large and middle-market firms have sales of more than $50 million.

SOURCE. Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices.

capital levels, and better asset quality, commercial banks by 1993 had begun easing their lending standards and accepting lower spreads on C&I loans and credit lines. Banks also reported easing nonprice lending terms, such as loan covenants and collateral requirements, which are designed to protect banks if a borrower becomes impaired before the loan is repaid. Over the same period, the net percentage of small firms reporting that credit was harder to obtain declined considerably, according to the Survey of Small Businesses conducted by the National Federation of Independent Business (chart 17).

17. Net percentage of small businesses that reported more difficulty in obtaining credit, 1988–2003:Q3



NOTE. The net percentage is defined as the number of borrowers that reported more difficulty in obtaining credit less the number that reported more ease in obtaining credit as a fraction of borrowers who sought credit during the previous three months.

SOURCE. National Federation of Independent Business, Survey of Small Businesses.

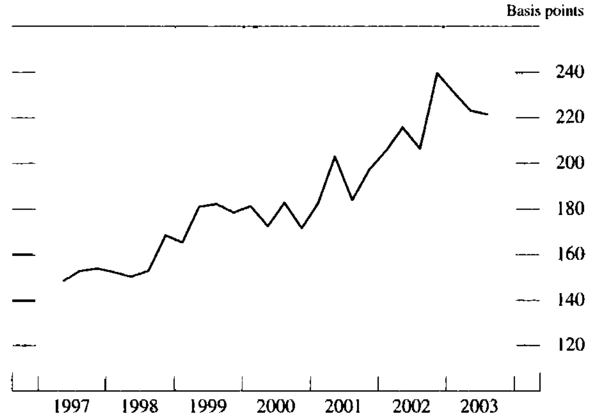
Market commentary, as well as narrow credit spreads on corporate debt instruments, also suggested that lending conditions had become very favorable for business borrowers, especially as the economy began to accelerate over the latter half of the 1990s. By the middle of 1998, bank supervisors and examiners had become increasingly concerned about banks' lending practices, as evidenced by statements from the Federal Reserve and other bank regulatory agencies. One statement urged banks to "continue to focus on the strength of the credit-risk management process, not only under favorable conditions, but also under stressful circumstances."[6]

The warnings of bank regulators took on a prophetic dimension in August 1998, when the Russian government announced a moratorium on servicing official short-term debt and devalued the ruble. The resulting shockwaves, exacerbated by difficulties at a prominent hedge fund, Long-Term Capital Management, led to turbulence in capital markets in the United States and elsewhere: Credit spreads ballooned, and liquidity deteriorated. Although the U.S. economy remained strong and the Federal Open Market Committee eased monetary policy that fall in three increments of 25 basis points each, commercial banks nevertheless seemed to respond by reassessing the riskiness of their business lending. Abruptly reversing course, nearly half the respondents to the November 1998 BLPS indicated that they had tightened business lending standards and terms over the preceding three months, the highest net percentage that had reported doing so since early 1991. In addition, banks disproportionately imposed more-stringent commercial lending standards on large and middle-market borrowers, which they had apparently started to perceive as riskier credits.

Although the net proportion of banks that reported tightening lending standards declined markedly in subsequent surveys, it remained positive, and other indicators also continued to suggest that the easy lending environment of the mid-1990s had come to an end. In late 1998, spreads on originations of new C&I loans—measured relative to estimated bank funding costs—increased significantly, as reported in the Federal Reserve's quarterly Survey of Terms of Business Lending (STBL) (chart 18). The wider spreads evident in the STBL were mirrored in a substantial jump of spreads and fees on syndicated

6. The Federal Reserve's Division of Banking Supervision and Regulation sent to the banks that it supervises a letter on lending standards for commercial loans. See letter SR 98-18, www.federalreserve.gov/boarddocs/SRLETTERS/1998/SR9818.htm.

18. Spread on C&I loans at domestic banks, 1997–2003:Q3



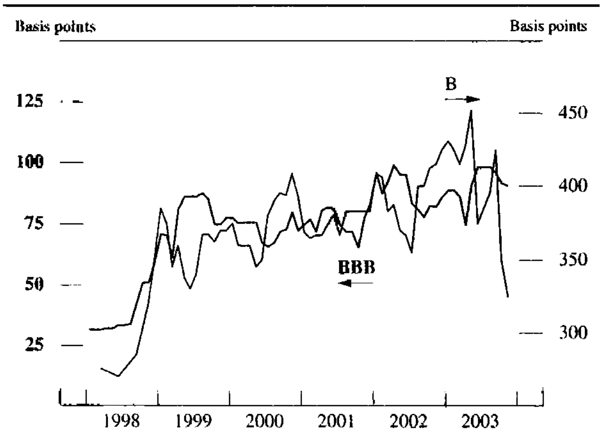
NOTE. Spread is the difference between the loan rate and the bank's funding cost, represented by a eurodollar or swap interest rate of comparable maturity.

SOURCE. Federal Reserve Board, Survey of Terms of Business Lending.

loans, particularly for weak-investment-grade and below-investment-grade borrowers, according to data collected by the Loan Pricing Corporation (LPC) (chart 19). Pricing of business loans and corporate bonds continued to hover in the new, elevated range even after the stock market resumed its upward march, the liquidity of the bond market improved, and the U.S. economy continued to perform as well as it had in decades.

Despite the tighter lending standards that banks put in place in late 1998 and the strong economic growth during 1999 and the first half of 2000, the delinquency rate on C&I loans at large banks trended higher (chart 20). According to the January 2000 BLPS, the deterioration in business loan quality since

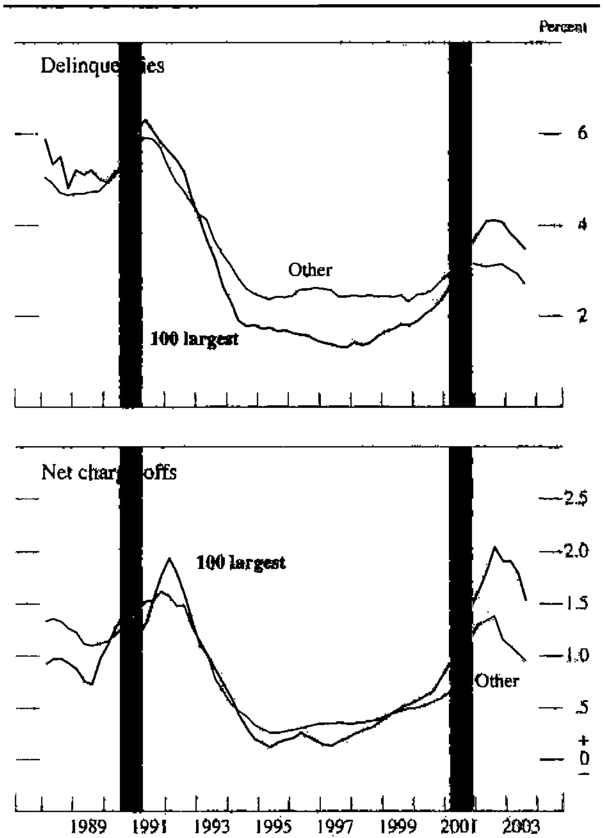
19. All-in drawn spreads on syndicated loans of maturity greater than one year, by rating of borrower, 1998–2003



NOTE. Data are monthly through October 2003. All-in drawn spreads reflect the amount a lender will earn on a facility, considering all fees (except usage fees) and the libor spread, assuming the entire credit facility is drawn down.

SOURCE. Loan Pricing Corporation.

20. Delinquency and net charge-off rates on C&I loans at banks, by size of bank, 1988–2003:Q3

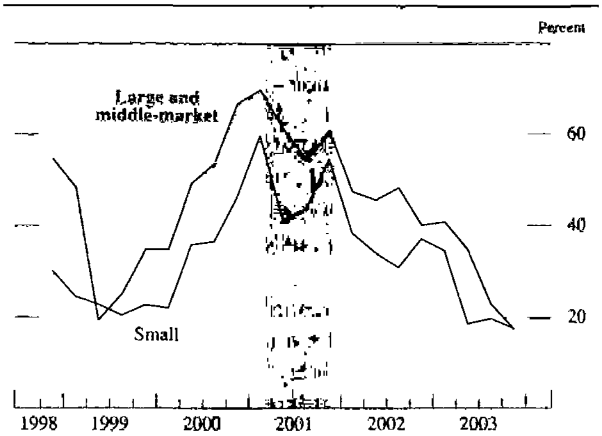


NOTE. The data are quarterly and seasonally adjusted. Delinquent loans are loans that are not accruing interest and those that are accruing interest but are more than thirty days past due. The delinquency rate is the end-of-period level of delinquent loans divided by the end-of-period level of outstanding loans. The net charge-off rate is the annualized amount of charge-offs over the period, net of recoveries, divided by the average level of outstanding loans over the period.

SOURCE. Call Reports.

1998 was due partly to the reversion of delinquency rates to a more-normal long-run level and to problems that had developed in some industries, particularly health care. But as the long bull market in stocks came to an end in spring 2000 and the economy began to show signs of slowing in the fall, delinquencies and charge-offs on C&I loans at commercial banks accelerated. In light of this further deterioration in asset quality, the November 2000 BLPS asked banks about the extent to which the rise in delinquencies on C&I loans had been in line with their expectations. Although the smaller banks indicated that they had largely anticipated the gradual increase in delinquency rates, a significant net percentage of larger banks on the survey panel reported that they were surprised by how much the quality of their C&I loan portfolios had deteriorated over the previous two years.

21. Net percentage of banks that reported higher premiums on riskier loans, by size of borrower, 1998:Q4–2003:Q4

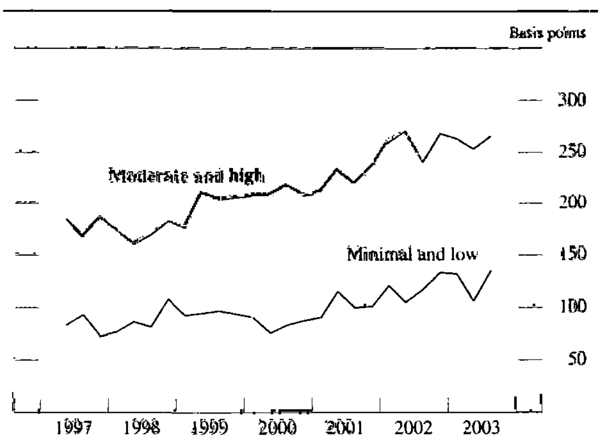


NOTE. The data are quarterly. Net percentage is the percentage of banks reporting higher premiums less the percentage reporting lower premiums. The definition for firm size suggested for, and generally used by, survey respondents is that large and middle-market firms have sales of more than $50 million.

SOURCE. Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices.

Responding to the worsening economic outlook and the deterioration in their asset quality, large net percentages of banks began reporting in late 2000 and in 2001 that they had further tightened lending standards and had imposed higher spreads and fees on C&I loans for borrowers of all sizes. According to the respondents, the shift to a more-stringent lending posture also resulted from a reduced appetite for risk at their institutions, and nearly all banks reported that they had raised premiums charged on riskier C&I loans, especially for large and middle-market firms

22. Spread on C&I loans at domestic banks, by risk category of loan, 1997–2003:Q3



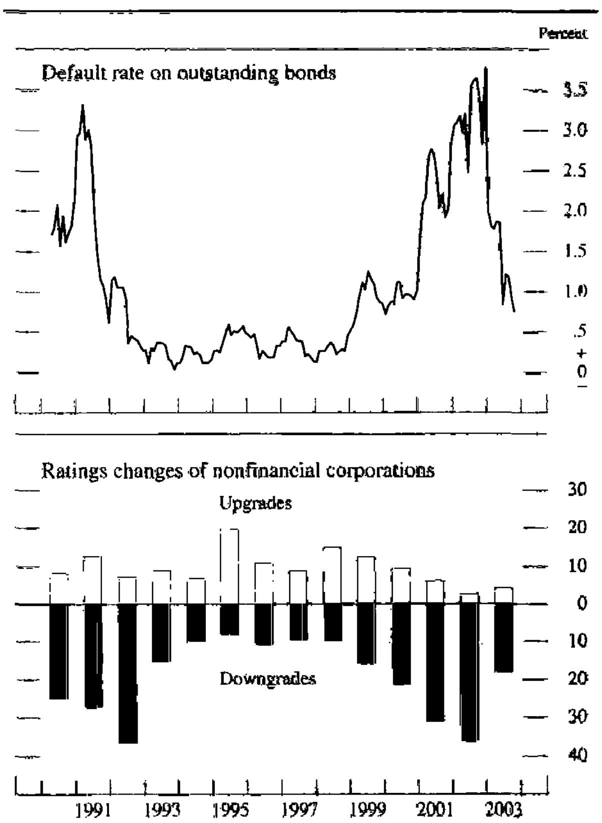
NOTE. Spread is the difference between the loan rate and the bank's funding cost, represented by a eurodollar or swap interest rate of comparable maturity. High-risk loans are those in risk categories acceptable and classified.

SOURCE. Federal Reserve Board, Survey of Terms of Business Lending.

(chart 21). Evidence from other data sources corroborated these qualitative responses from the BLPS: The spreads on loans in the riskier categories in the STBL increased steadily during 2001 and the first half of 2002, and they increased to a much greater extent than did the spreads on loans rated as having "low" or "minimal" risk (chart 22).

The terrorist attacks of September 11, 2001, dramatically raised the overall level of economic uncertainty. Corporate balance sheets had already deteriorated, and corporate profitability had declined sharply during the year, accelerating the pace of ratings downgrades and increasing defaults on corporate debt (chart 23). The collapse of Enron in early December 2001 and subsequent corporate accounting scandals cast doubt on the quality of auditing and corporate governance. And the possibility that more firms would be found to have engaged in questionable accounting practices exacerbated the general sense of

23. Indicators of the credit quality of nonfinancial corporations, 1990–2003:Q3



NOTE. The default rate is monthly and extends through October 2003. The default rate for a given month is the face value of bonds that defaulted in the six months ending in that month divided by the face value of all bonds outstanding at the end of the calendar quarter immediately preceding the six-month period. The data on ratings changes are at an annual rate; for 2003, they are the annualized values of monthly data through October. Debt upgrades and downgrades are expressed as percentages of the par values of all bonds outstanding.

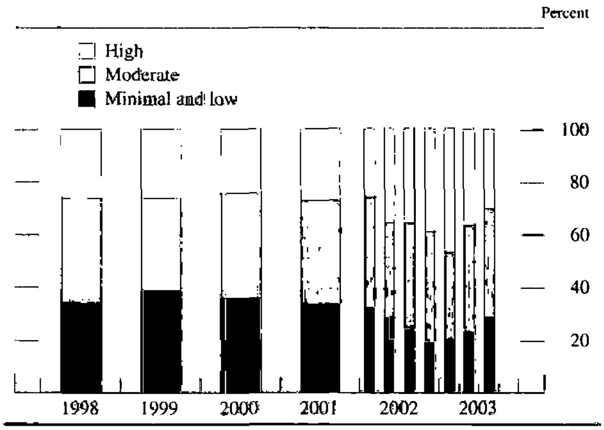
SOURCE. Moody's Investors Service.

uncertainty, especially for large business borrowers. However, small companies with straightforward business models were less likely to have used questionable accounting practices, and the NFIB's Survey of Small Businesses showed little evidence that small firms were facing significantly tighter credit conditions.

With the uncertain economic climate and corporate governance concerns, the net percentage of banks that reported tightening lending standards and terms in the BLPS remained elevated through the first half of 2002. In addition, responses to a question in the October 2001 BLPS indicated that almost one-half of banks had lowered their internal ratings on at least 5 percent of their rated C&I loans over the previous three months, and several banks had downgraded more than 20 percent of these loans. These reported downgrades showed up in the STBL as banks assigned higher risk ratings to larger shares of newly originated loans: The share of STBL loans rated as high risk rose from about 30 percent in 2001 to almost 50 percent in the first quarter of 2003 (chart 24).

As with outstanding business loans, commercial banks have also moved to limit their exposure to committed lines of credit since the middle of 1998. A large portion of these loan commitments have traditionally been extended to large, investment-grade corporate borrowers to support their commercial paper programs in the event of a temporary disruption in the market for commercial paper. Accordingly, banks typically viewed the lines as unlikely to be drawn down for purposes other than weathering a general liquidity squeeze. Nevertheless, backup lines

24. Distribution of C&I loan volume at domestic banks, by risk category of loan, 1998–2003:Q3



NOTE. The data are annual for 1998–2001 and quarterly for 2002–2003:Q3. High-risk loans are those in risk categories acceptable and classified.

SOURCE. Federal Reserve Board, Survey of Terms of Business Lending.

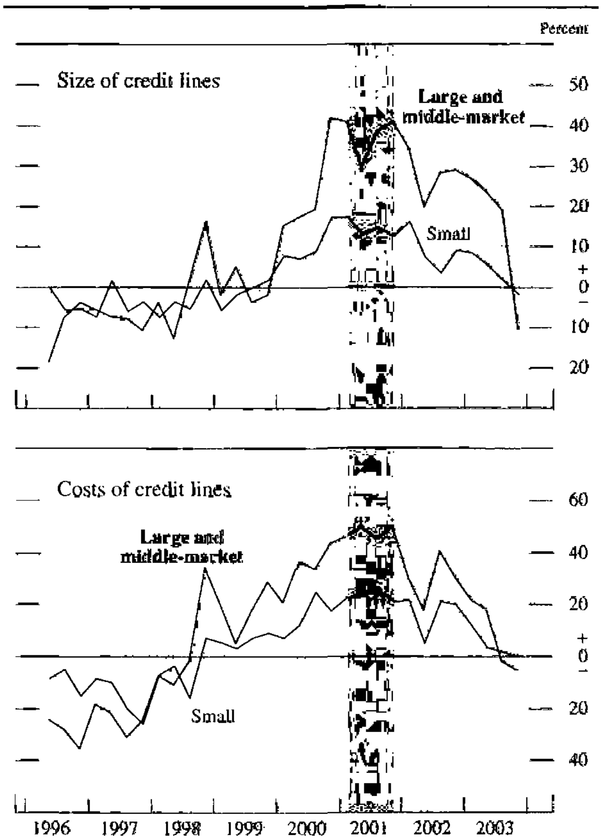
for commercial paper carry the possibility that a bank will end up as the "lender of last resort" for a company shut out of the commercial paper market because of a rapid deterioration in its own creditworthiness. To safeguard against such an occurrence, credit lines usually include covenants that, in theory, are designed to prevent a drawdown by a company that is experiencing financial distress. This possibility was generally considered remote, especially because, before the past few years, issuers on the upper rungs of the investment-grade ladder had rarely succumbed to sudden default.

Believing that commercial paper backup lines of credit were unlikely to be drawn down and that, even if drawn, they were unlikely to result in a loss, many large banks reportedly offered backup lines to some borrowers at very favorable terms. The first of these beliefs was challenged amid the financial market turmoil in the early fall of 1998, when interest rate spreads in the commercial paper markets rose substantially. Rather than issuing commercial paper in those circumstances, a few companies turned to their banks and drew down their revolving credit lines, which at the time offered significantly more-attractive terms than those available in the commercial paper market. Because of these unanticipated draws, banks reduced the size and increased the costs of the lines that they were offering to their large business customers and reassessed the conditions under which the funds could be drawn (chart 25).

The spate of defaults by highly rated corporate borrowers during the recent economic slowdown raised questions about banks' second assumption regarding the likelihood and size of potential losses in investment-grade lending.[7] Indeed, even at the time of the May 2001 BLPS, large percentages of banks reportedly had tightened their lending standards over the previous year on commercial paper backup lines, especially for firms with weaker commercial paper credit ratings. More than half the respondents indicated that they had begun charging higher up-front fees on backup lines and that they had increased the spreads that firms would pay if the lines were drawn. In addition, three-fourths of the domestic banks reported that commercial paper backup lines were unprofitable on a standalone basis but that firms used the bank to provide other services—such as cash management—that made the overall relation-

7. For example, WorldCom drew down about $2.5 billion in bank lines just before revealing in June 2002 that it had substantially overstated its earnings; the company filed for bankruptcy the next month. Banks holding these lines, however, invoked covenants in the loan agreements that prevented WorldCom from drawing down the remainder of its reported $8 billion in credit lines.

25. Net percentage of banks that reported tightening selected terms on credit lines, by size of borrower, 1996:Q2–2003:Q4



NOTE. See notes to chart 16.

ship profitable for the bank. Banks also noted that they had moved to limit their risk by reducing the size of the loan commitments they were willing to offer, especially for lower-rated issuers of commercial paper. Not surprisingly, respondents indicated that they had tightened standards and terms on credit lines because they were increasingly concerned about the possible deterioration in the credit quality of issuers and because they perceived a higher probability that the lines would be drawn.[8]

STRUCTURAL DEVELOPMENTS IN THE MARKET FOR C&I LOANS

Over the past decade, commercial banks have seen a number of changes in the structure of the market for C&I loans, and these changes have significantly affected the dynamics of demand and supply at large banks. The rapid growth of the syndicated loan market, the effects of consolidation in the banking industry, and the growing attractiveness of loan assets to institutional investors have boosted the participation of nonbank financial institutions in the market for bank loans. These trends have spawned a relatively active secondary market, in which pieces of large syndicated loans are traded at market prices. The resulting availability of informative secondary prices on an increasing number of large loans has allowed commercial banks to manage their credit risk more effectively and to price new credit extensions more efficiently. The development of credit derivatives, although used primarily by just a few of the largest banks, has given bankers another tool to manage the riskiness of their loan portfolios.

With better management information systems, banking organizations have improved their ability to evaluate and quantify their risk-adjusted returns on capital for various products. Unlike backup lines of credit, typical drawn business loans are profitable in themselves, but spreads on larger syndicated loans, especially those to investment-grade firms, tend to be quite narrow. Banks are willing to participate in these credit arrangements in part because by doing so they are more likely to establish a broader relationship with the borrower, which could allow them to sell additional fee-based services to the customer. Moreover, banks earn substantial fees for arranging and servicing these varied credit facilities for large borrowers. In essence, these banks are moving away from their previous "lend and hold" business practices toward a fee-oriented "originate and distribute" business model.

Syndicated Loan Market

In a syndicated loan, an arranger—almost exclusively a large financial institution or a small group of large institutions—acts like a bond underwriter by soliciting a wide consortium of commercial banks and institutional investors such as investment banks, insurance companies, pension funds, and mutual

8. Over the past two years, asset-backed commercial paper (ABCP) issued by ABCP conduits administered by domestic commercial banks declined, after increasing in 2000 and 2001. The decline in ABCP conduits may have reflected not only reduced issuance of ABCP because of borrowers' preference for longer-term debt but also banks' uncertainty about the accounting treatment of securitized assets. On January 17, 2003, the Financial Accounting Standards Board released Interpretation 46, "Consolidation of Variable Interest Entities" (FIN 46), a rule that stipulates the accounting treatment for certain structured finance vehicles, including ABCP conduits. FIN 46 raised the possibility that commercial banks would have to consolidate on their balance sheets the assets and liabilities of the ABCP conduits that they sponsored, an action that would require banks to set aside additional regulatory capital. FIN 46 is now slated for adoption for financial statements covering periods ending after December 15, 2003, and banks are reportedly continuing to explore ways to avoid consolidation of their ABCP conduits.

funds to hold portions of the loan for a large corporate borrower. This type of lending differs from a traditional business loan model, in which a commercial bank originates the loan and keeps the entire loan on its books until maturity. Although the arranger(s) of a syndicated loan usually have a broad relationship with the borrower, as is the case in the traditional lending model, many of the financial institutions in the syndicate are typically not relationship lenders. These financial institutions do not benefit from ancillary business, and as a result, they are especially sensitive to the pricing and risk characteristics of the loan itself. Their sensitivity, in turn, has reinforced banks' attempts to increase fees and spreads on large business loans.

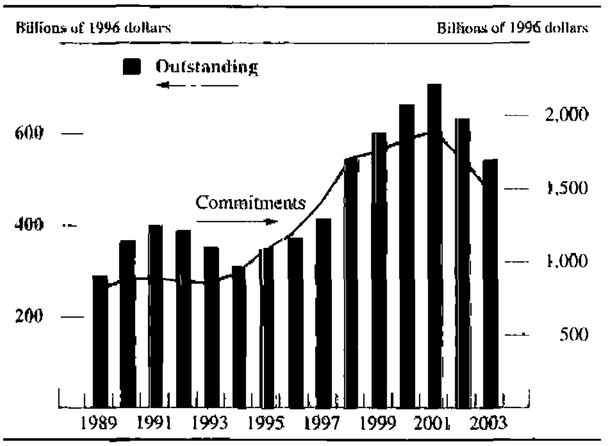
According to the results of the Shared National Credit Survey (SNC), the volume of total commitments (the sum of outstanding loans and unused loan commitments) in the U.S. syndicated loan market grew in real terms from about $900 billion in the early 1990s to almost $2 trillion at its peak in 2001; the real volume of outstanding loans also roughly doubled over the same period (chart 26).[9] In the August 2000 BLPS, most banks with assets of more than $20 billion indicated that syndicated loans composed a substantial percentage of their total C&I loans outstanding, and seven banks indicated that the portion was greater than 50 percent. According to the LPC, over the past decade, investment-grade companies have accounted for an average of about two-thirds of gross issuance in the syndicated loan market.[10] The share of gross issuance accounted for by below-investment-grade firms, however, increased somewhat over the past two years, partly reflecting the greater refinancing by such firms and an increased desire to hold these types of assets by nonbanks.

Investment banks are also major participants in the syndicated loan market. During the evolution of the market for business loans, customer demand for one-stop shopping and the entry of commercial bank affiliates into investment banking using section 20 subsidiaries blurred many of the distinctions between investment banking and commercial banking.[11] The Gramm–Leach–Bliley Act formally acknowledged these market developments and further reduced or eliminated some restrictions on the capital market activities of commercial bank affiliates. This deregulation, in turn, led investment banks to step up the underwriting of syndicated loans so that they could also offer a full range of financing options to their corporate customers. However, investment banks' relatively smaller balance sheets, higher funding costs, and different traditional business models make these institutions more reluctant than banks to retain the loans that they underwrite, especially if the loans by themselves are not profitable enough to meet the internal hurdle rates of investment banks. Investment banks are particularly averse to holding revolving lines of credit, which can result in large, unexpected demands for funds that the investment bank must finance on short notice. Partly to mitigate these problems and partly to compete better in the syndicated loan market, a few investment banks have acquired depository institutions or established them within their holding company structure.

Many other financial institutions—including insurance companies, prime rate funds, and pension funds—have reportedly participated in the syndicated loan market for more than a decade. More recently, the market is said to have piqued the interest of high-yield mutual funds and hedge funds. These institutional participants tend to be interested in term loans or facilities with high utilization, and they do

9. Each year, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency conduct the Shared National Credit Survey, in which they collect data on the credit quality and other characteristics of all C&I loans and loan commitments of more than $20 million that are held by three or more supervised financial institutions.

26. Real value of total commitments and debt outstanding on syndicated loans, 1989–2003



NOTE. Commitments are outstanding debt plus unused commitments. The data are deflated by the price deflator for business-sector output (1996 = 100).
SOURCE. Shared National Credit Survey (see text note 9).

10. Gross issuance is defined as the sum of new loans and credit lines, increases in the size of existing credit agreements, and the refinancing of existing credit facilities. The LPC only recently began reporting net issuance—new loans and increases in existing credit facilities—separately from refinanced credits.

11. In April 1987, the Board of Governors of the Federal Reserve System reinterpreted section 20 of the Glass–Steagall Act, allowing bank holding companies to establish subsidiaries to conduct certain bank-ineligible investment banking activities, such as underwriting of corporate bonds and equities.

not deal in ancillary businesses that investment and commercial banks may pursue through a relationship with a borrower (for example, cash management and bond underwriting). As a result, they are most likely to purchase only drawn loans that they view as fully priced to reflect the riskiness of the borrower, and they also prefer loans with longer maturities. Because these characteristics are attached more often to below-investment-grade loans than to the lines of credit for investment-grade firms, institutional investors hold a substantial share of riskier syndicated loans.

Other important pieces of the institutional loan market are special-purpose investment vehicles that purchase and hold loans (collateralized loan obligations, or CLOs) or, more generally, loans in combination with other debt instruments (collateralized debt obligations, or CDOs). Most CLOs and CDOs are not actively managed, partly because accounting conventions make it more likely that actively managed structures will need to be consolidated onto the balance sheet of the sponsoring institution. CLOs and CDOs fund their investments primarily by issuing debt instruments, which are structured to match the investors' risk-and-return profiles through a process called tranching.[12] Financial institutions sponsor these vehicles to profit from the fees earned for providing these products to their investment customers. Major commercial banks have also used CLOs to move distressed or otherwise unwanted loans off their balance sheets.

The decline in the volume of C&I loans at commercial banks has been partly offset by increased holdings of such loans by nonbanks, which the SNC defines as independent investment brokerages, investment vehicles (such as CLOs), and other institutional investors. The SNC data show that the share of total syndicated loan commitments held by nonbanks has increased from 8 percent in 2001 to 11 percent in 2003 (table 1). Moreover, a significant and growing portion of the holdings of nonbanks is made up of adversely rated credits, which increased to almost one-fourth of their total commitments in 2003. Nonbanks apparently stepped up the acquisition of adversely rated credits because these loans have a relatively attractive yield–risk tradeoff and their workout can often be quite profitable. Responses to

12. The highest tranche pays investors the smallest return but has the least risk by virtue of having first claim on the cash flows generated by the underlying assets in the CLO or CDO. The middle tranches pay somewhat higher rates of return in exchange for investors' willingness to bear more risk. Investors in the lowest tranche are paid only after all the higher tranches have been paid in full, thus exposing them to the first losses in the portfolio.

1. Share of holdings of syndicated and adversely rated loan commitments, by type of lender, 2001–2003

Percent

Loan commitment and holder	2001	2002	2003
Total syndicated loan commitments			
U.S. banks	46	45	45
Foreign banking organizations	46	45	44
Nonbanks[1]	8	10	11
Own loan commitments that are adversely rated[2]			
All institutions	5.7	8.4	9.3
U.S. banks	5.1	6.4	5.8
Foreign banking organizations	4.7	7.3	9.0
Nonbanks[1]	14.6	23.0	24.4

1. Nonbanks include independent investment brokerages, investment vehicles, and other institutional investors.

2. These loan commitments are classified as "substandard," "doubtful," or "loss." Substandard loans are characterized by the distinct possibility that the bank will sustain some loss if the deficiencies are not corrected. An asset classified as doubtful has all the weaknesses inherent in one classified as substandard with the added characteristic that the weaknesses make the collection or liquidation in full highly questionable and improbable. Assets classified as loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted, even though partial recovery may be effected in the future.

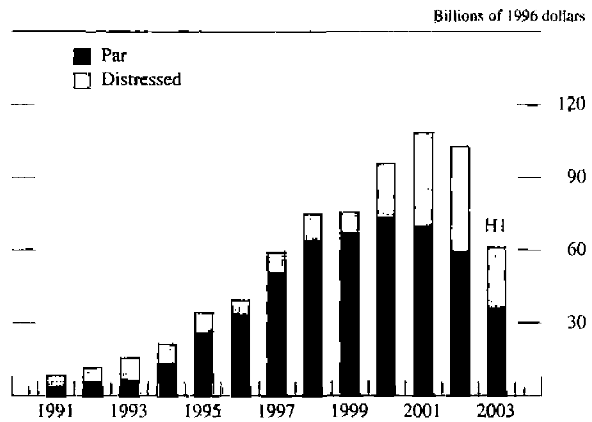
SOURCE. Shared National Credit Survey.

the October 2003 BLPS suggest that a substantial part of the increase in adversely rated credits at nonbanks may reflect purchases of distressed loans from commercial banks. The most-often-cited reasons that survey respondents gave for selling their adversely rated loans were to trim the overall credit risk of their C&I loan portfolios and to reduce exposure to particular firms.

Secondary Loan Market

The growth of the syndicated loan market and the increased participation of institutional investors helped spur the development of a secondary market for trading pieces of syndicated loans. The real volume of loan trading in the secondary market has increased fairly steadily during the past decade, from less than $20 billion a year in the early 1990s to more than $100 billion in recent years (chart 27). Trading is most active in the below-investment-grade segment of the market, according to data from the LPC, and an increased percentage of the recent activity has been in distressed assets. The higher trading volumes have made pricing somewhat more transparent for many of the largest and most-liquid loans, for which the industry has taken steps to determine and publish timely market quotes. Nonetheless, liquidity in the secondary market for C&I loans is reportedly hampered by the assignment fees that banks charge loan investors to cover the cost of transferring ownership in the pieces of loans that are traded. In addition,

27. Real value of loans traded in the U.S. secondary market, 1991–2003:H1



NOTE. The data are deflated by the price deflator for business-sector output (1996 = 100).
SOURCE. Loan Pricing Corporation.

market participants note that the documentation required to trade loans is substantial, and thus the settlement period for loan trades is considerably longer than that for bond or equity trades.

The increased depth of the secondary loan market and the availability of representative price quotes have apparently allowed banks to manage their C&I loan portfolios more actively. Indeed, during the most recent downturn, a significant number of banks sold distressed loans into the secondary market, a move that allowed them to accelerate charge-offs and thereby reduce delinquencies, as well as to reduce the riskiness of the loans on their books. The existence of representative market quotes on the prices of loans is also important for institutional participants, many of which mark their portfolios to market more regularly than do commercial banks to follow either market convention or regulatory requirements.

The increased liquidity in the secondary loan market has reportedly led to some convergence in bond and loan spreads, especially in the leveraged segment of the market. In the August 2002 BLPS, a significant percentage of larger banks indicated that they considered bond market prices to be helpful for monitoring the credit quality of their business customers. In addition, the pricing for many lines of credit is based on ratings grids, a practice that implies that the firm pays a higher spread on its draws if its credit rating is downgraded and a lower spread if its credit rating is upgraded. Most recently, a few syndicated revolving credit lines have reportedly incorporated bond-linked pricing, in which the spread charged on a draw from the credit line is determined by the prevailing spread on the company's bonds at the time of the draw.

Credit Derivatives

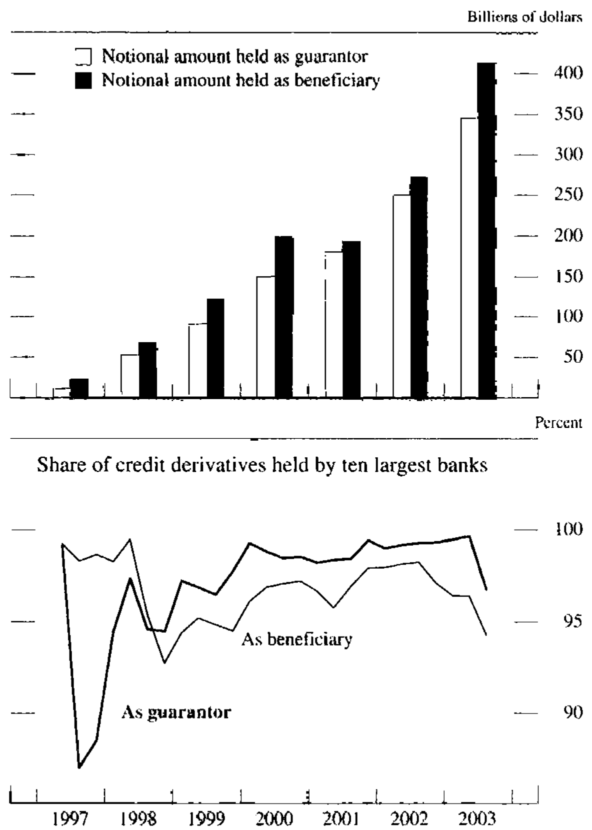
Some of the largest commercial banks are increasingly using credit derivatives to help manage the riskiness of their business loan portfolios. In one of the most common forms of credit derivative—the credit default swap (CDS)—the beneficiary, an investor that will receive a payment if the issuer defaults or experiences another pre-specified adverse outcome, contracts with a guarantor, a financial institution that will pay the losses in that event.[13] In return, the beneficiary pays the guarantor a fee equal to a specified number of basis points times the amount of credit protection that it wishes to purchase. The amount charged by the guarantor for the contract is based, of course, on the likelihood that the firm in question will experience a specified adverse credit event and on the expected value of the underlying debt instrument in such circumstances.

The value of credit derivatives purchased and sold by commercial banks has increased rapidly over the past decade (chart 28). However, the overall number of banks that transact in credit derivatives is quite small: As of the third quarter of 2003, the ten largest banks held 97 percent of the total credit derivatives for which banks act as guarantors and 94 percent of the total credit derivatives for which banks are the beneficiaries. A few of the largest banks also act as dealers in the market for credit derivatives and therefore hold substantial percentages of both the industry's beneficiary positions and its guarantor positions. Since 1997, when data on banks' holdings of credit derivatives first became available in the quarterly Reports of Condition and Income (Call Reports), the U.S. banking sector has generally maintained a small net beneficiary position in credit derivatives. However, banks' position as a net beneficiary increased considerably in the first half of 2003, perhaps because of a greater use of these instruments to hedge exposure in their C&I loan portfolios.

Like corporate bonds and syndicated loans, CDSs are actively traded. Increasingly, loan investors are presented with opportunities for arbitrage when the spreads among these three markets diverge. For example, if the CDS for a particular firm is yielding a higher return than is a loan to the same firm, a bank

13. The treatment of restructuring, in which a firm does not technically default but rather changes the terms on its debt instruments, has presented problems during the development of the CDS market. The International Swaps and Derivatives Association has issued three sets of guidelines to clarify the way in which guarantors and beneficiaries should treat restructuring, and it continues to work toward a standard definition.

28. Value of credit derivatives held by banks as guarantors and as beneficiaries, 1997–2003:Q3



NOTE. Percentages are plotted at a quarterly frequency.
SOURCE. Call Reports.

that wishes to obtain credit exposure to that firm can choose to act as the guarantor on a CDS for the firm's bonds rather than making the loan. The increasing use of CDSs in managing risk may have also resulted in a greater willingness of banks to make loans to companies for which they can purchase credit protection in the CDS market.

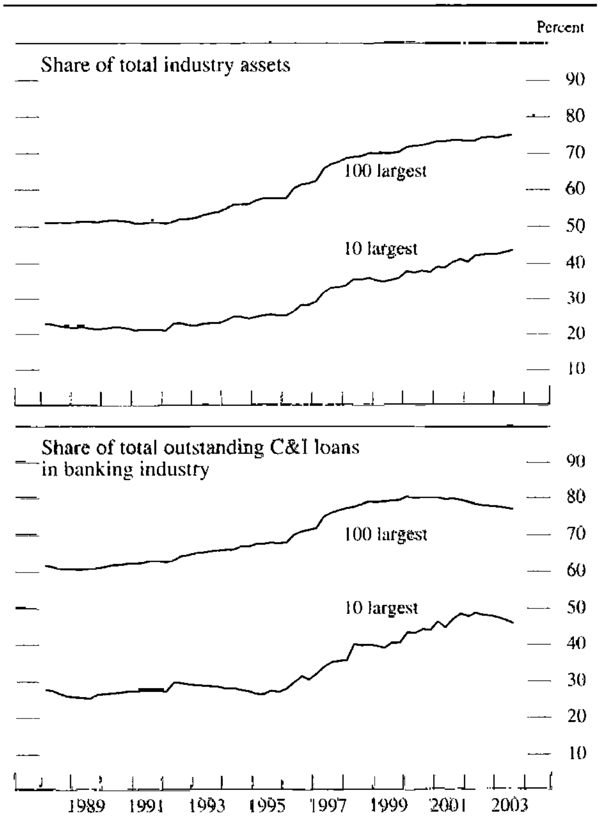
The January 2003 BLPS asked banks why they used CDSs and how their participation in that market had affected the total amount of C&I loans that they made. The reasons most often cited by banks for selling CDS protection were that it was occasionally more profitable than direct lending and that it helped them diversify credit risk. Banks that had purchased credit derivatives to protect against loan losses overwhelmingly reported that they preferred buying credit protection to selling a loan in the secondary market because the purchase of the CDS did not affect their relationship with the borrower. On net, banks reported that the development of the CDS market had a small positive effect on their supply of business loans.

Industry Consolidation

Since the passage in 1994 of the Riegle–Neal Act, which phased out many of the barriers to interstate branching by commercial banks, consolidation has accelerated. The 100 largest banks now hold almost 75 percent of total banking assets and 77 percent of outstanding C&I loans, up from 56 percent and 66 percent, respectively, in 1994 (chart 29). Similarly, the ten largest commercial banks hold 43 percent of total banking assets and 47 percent of outstanding C&I loans, compared with 25 percent and 28 percent, respectively, in 1994. These increases in industry concentration may be somewhat overstated because of mergers that have occurred among banks that were already within the same holding company; even so, a substantial number of mergers among the largest holding companies have occurred over the same period.

One effect of consolidation on the C&I loan market is that it has left fewer commercial banks to participate in the syndication process. Reportedly, a merged bank tends to offer smaller loans and credit lines in

29. Concentration in the banking industry among the 10 largest and 100 largest banks, 1988–2003:Q3



SOURCE. Call Reports.

the syndicated loan market than the combined amount that the two predecessor banks had offered before the merger. As a result, market participants have argued that consolidation has reduced the capacity of the syndicated loan market to meet the credit demands of some large corporate borrowers. On the other hand, the increased number of institutional participants in that market should have at least partially offset such a decline in lending capacity.

CONCLUSION

Despite the appreciable deterioration in asset quality and the reduced demand for credit by business borrowers over the past several years, commercial banks have remained highly profitable and well capitalized. In contrast to the 1990–91 period, when large losses held down banks' earnings and eroded their capital, during the recent recession banks were well positioned to lend to creditworthy business customers willing to pay the higher loan fees and lending spreads that banks have increasingly demanded as part of their improved risk management. The economic slowdown and the tightening of credit standards, however, sharply reduced the number of creditworthy firms. Meanwhile, the customers that remained creditworthy generally had less need for external funds.

To help determine the relative importance of the various supply and demand factors contributing to the runoff in C&I loans, the October 2002 BLPS asked banks to rank several possible reasons for the decline in business loans during the first nine months of that year. More than three-fourths of the respondents indicated that the most important factor behind the sharp contraction in C&I loans during that period was reduced demand from creditworthy borrowers. The second-most-important factor was that the deterioration in business credit quality had reduced the number of firms that banks viewed as creditworthy. Banks rated the incremental effect of their own efforts to tighten lending standards as only the third-most-important factor and stated that increases in spreads and fees on business loans had the least effect on business loan flows. In the opinion of the banks responding to the BLPS, then, the decline in business loans was clearly related more to reduced demand than to restrictions in supply.

Nonetheless, supply effects appear to have played an important role. Staff research suggests that the large banks on the survey panel that most often reported tightening credit standards from 1999 to the end of 2001 experienced the largest contraction in business lending whereas banks that reported tightening in only a few quarters or not at all had a smaller decline in outstanding C&I loans and credit lines.[14] Asked why they had tightened lending standards, however, respondents to the BLPS often mentioned industry-specific problems and the resulting decline in the creditworthiness of firms in those industries. That the industries hit hardest by the economic slowdown and other events at the beginning of this decade—telecommunications and airlines, for example—traditionally borrowed from large banks may have magnified the declines in C&I loans at those banks. □

14. See William F. Bassett and Mark Carlson, "Profits and Balance Sheet Developments at U.S. Commercial Banks in 2001," *Federal Reserve Bulletin*, vol. 88 (June 2002), pp. 259–88.

Announcements

Vice Chairman Ferguson and Governor Bernanke Take Oaths of Office

Roger W. Ferguson, Jr., on October 28, 2003, took the oath of office for a second four-year term as Vice Chairman of the Board of Governors of the Federal Reserve System. The oath was administered, in the presence of Vice Chairman Ferguson's wife, Annette L. Nazareth, by Chairman Alan Greenspan in the Chairman's office.

President Bush nominated Vice Chairman Ferguson on September 10, 2003, and the Senate confirmed him on October 24, 2003. He originally took office on November 5, 1997, as a member of the Board to fill an unexpired term. On July 26, 2001, he began a new term on the Board that expires January 31, 2014. His first term as Vice Chairman began October 5, 1999.

Ben S. Bernanke, on November 14, 2003, took the oath of office for a new term as a member of the Board of Governors of the Federal Reserve System. The oath was administered by Chairman Alan Greenspan in the Chairman's office. Governor Bernanke's wife, Anna; daughter, Alyssa; and son, Joel, were present.

President Bush announced his intention to nominate Governor Bernanke on September 9, 2003, and the Senate confirmed him on October 24, 2003. He originally took office on August 5, 2002, as a member of the Board to fill an unexpired term. The new term begins February 1, 2004, and expires January 31, 2018.

Federal Open Market Committee Statement

The Federal Open Market Committee decided on October 28, 2003, to keep its target for the federal funds rate at 1 percent.

The Committee continues to believe that an accommodative stance of monetary policy, coupled with robust underlying growth in productivity, is providing important ongoing support to economic activity. The evidence accumulated over the intermeeting period confirms that spending is firming, and the labor market appears to be stabilizing. Business pricing power and increases in core consumer prices remain muted.

The Committee perceives that the upside and downside risks to the attainment of sustainable growth for the next few quarters are roughly equal. In contrast, the probability, though minor, of an unwelcome fall in inflation exceeds that of a rise in inflation from its already low level. The Committee judges that, on balance, the risk of inflation becoming undesirably low remains the predominant concern for the foreseeable future. In these circumstances, the Committee believes that policy accommodation can be maintained for a considerable period.

Voting for the FOMC monetary policy action were: Alan Greenspan, Chairman; Ben S. Bernanke; Susan S. Bies; J. Alfred Broaddus, Jr.; Roger W. Ferguson, Jr.; Edward M. Gramlich; Jack Guynn; Donald L. Kohn; Michael H. Moskow; Mark W. Olson; Robert T. Parry; and Jamie B. Stewart, Jr.

Approval of Fee Schedules for Federal Reserve Bank Priced Services

The Federal Reserve Board, on October 22, 2003, approved fee schedules for Federal Reserve Bank priced services, effective January 2, 2004.

From 1993 to 2002, the Reserve Banks recovered 98.8 percent of priced-services costs, including operating costs, imputed costs, and targeted return on equity (ROE, or net income), which amounts to a ten-year total net income of slightly less than $500 million. The Reserve Banks' underrecovery reflects changes that are affecting the check service, which comprises about 85 percent of priced-services costs. Since the mid-1990s, there has been a national trend away from the use of checks that has affected the entire industry. This trend, which is consistent with the Federal Reserve's position of encouraging the use of more efficient electronic payment alternatives, has reduced the Reserve Banks' check volume.

The Reserve Banks have undertaken aggressive initiatives to improve operational efficiencies, to reduce their excess check processing capacity, and to reduce costs. First, the Reserve Banks will be completing a check modernization initiative later this year that will standardize the Reserve Banks' check processing operations. This initiative will enable the Reserve Banks to improve their operating efficiency and position them to reduce excess capacity. Second, the Reserve Banks have begun a check restructuring initiative that was announced earlier this year. Under this initiative, the Reserve Banks will continue to provide check services nationwide but will stop processing checks at thirteen of their forty-five check processing offices, consolidate check adjustments operations into twelve of their forty-three check adjustment offices, and consolidate their check administrative functions. Third, the Reserve Banks have aggressively reduced costs in a variety of support and overhead areas that contribute significant costs to the check service.

Overall, the price level for Federal Reserve priced services will increase about 4 percent in 2004 from 2003 levels. The increase reflects an approximately 5 percent rise in check service fees combined with a 1 percent drop in fees for the Reserve Banks' electronic payment services.

The 2004 fee schedule for each of the priced services, except the check service, is included in the attached *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.

The Board also approved, effective January 8, 2004, changing the earnings credit rate on clearing balances from the federal funds rate to 90 percent of the three-month Treasury bill rate, and increasing the frequency with which depository institutions can change contracted clearing balances.

In addition, the Board approved the 2004 private-sector adjustment factor (PSAF) for Reserve Bank priced services of $179.7 million. The PSAF is an allowance for taxes and other imputed expenses that would have to be paid and profits 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 services, including the PSAF, over the long run, to promote competition between the Reserve Banks and private-sector service providers.

The Reserve Banks estimate that they will recover 85.6 percent of all their priced services costs in 2003 and project that they will recover 93.6 percent of these costs in 2004.

Approval of Modified Method for Imputing Priced-Service Income

The Federal Reserve Board, on October 23, 2003, announced modifications to the method for imputing priced-service income from clearing balance investments. The Board approved these modifications at an open meeting on October 22, 2003. The Federal Reserve Banks impute this income when setting fees and measuring actual priced-service cost recovery each year. The Board requested comment on the changes in May 2003.

Clearing balances held at Reserve Banks are similar to compensating balances held at correspondent banks. Beginning in January 2004, Reserve Banks will impute the income from clearing balance investments on the basis of a broader portfolio of investments than the three-month Treasury bills used today, selected from instruments available to banks and subject to a risk-management framework that includes criteria consistent with those used by bank holding companies and regulators in evaluating investment risk.

The annual imputed investment return will be based on an underlying imputed investment portfolio, but will be implemented as a constant annual spread over the three-month Treasury bill rate.

Joint Agencies Announce Proposed Treatment of Expected and Unexpected Losses under the New Basel Capital Accord

The Federal Reserve Board and thrift agencies on October 30, 2003, issued a statement regarding the Basel Committee on Banking Supervision's request for comment on a modification to its proposed international capital standards.

The modification deals with the treatment of expected and unexpected losses. The Basel Committee will accept comments from all interested parties until December 31, 2003.

Release of Minutes of Board's Discount Rate Meetings

The Federal Reserve Board, on November 6, 2003, released the minutes of its discount rate meetings from September 2, 2003, through September 15, 2003.

ENFORCEMENT ACTIONS

The Federal Reserve Board, on November 4, 2003, announced the issuance of a consent order of assessment of a civil money penalty against the Gulf Bank, Miami, Florida, a state member bank. Gulf Bank, without admitting to any allegations, consented to the issuance of the order in connection with its alleged violations of the Board's Regulations implementing the National Flood Insurance Act.

The order requires Gulf Bank to pay a civil money penalty of $4,550, which will be remitted to the Federal Emergency Management Agency for deposit into the National Flood Mitigation Fund.

The Federal Reserve Board, on November 4, 2003, announced the execution of a written agreement by and among the Bank of Gassaway, Gassaway, West Virginia; the West Virginia Division of Banking, Charleston, West Virginia; and the Federal Reserve Bank of Richmond.

STAFF CHANGES

The Board of Governors has approved a restructuring of the Division of Banking Supervision and Regulation. The principal objectives of the reorganization are to:

• enhance the division's ability to oversee major supervisory risks (that is, credit, market and liquidity, operating and, or technological, and reputational) as well as financial organizations risk management processes,

• establish a new section to strengthen the anti-money laundering and Bank Secrecy Act examination and enforcement programs, and

• implement a national, coordinated approach to critical System supervisory technology initiatives.

As part of the reorganization, the Board is pleased to announce the following officer actions and appointments.

• The appointments of Steven C. Schemering and Michael G. Martinson to Senior Adviser;

• The promotion of Stephen M. Hoffman to Deputy Director;

• The promotions of Deborah P. Bailey, Norah M. Barger, Betsy Cross, and David M. Wright to Associate Director;

• The promotions of Barbara J. Bouchard, Angela Desmond, James A. Embersit, Charles H. Holm, and William G. Spaniel to Deputy Associate Director; and

• The appointments of Jon D. Greenlee, Walt Miles, and William F. Treacy to Assistant Director.

Stephen C. Schemering provides advice and guidance on the supervision operations of the division, which include risk management and supervision of large, complex banking organizations (both domestic and foreign), and regional and community banking organizations.

Michael G. Martinson provides advice and guidance to the division by identifying and analyzing risks that affect the domestic and international banking systems.

Stephen M. Hoffman has responsibility for the supervisory operations of the division, which includes risk management and supervision of large, complex banking organizations (both domestic and foreign), and regional and community banking organizations.

Deborah P. Bailey oversees and coordinates the FR System's risk-focused supervision of domestic, large, and complex banking organizations.

Norah M. Barger is responsible for the development of supervisory and risk-related regulations and policies for the supervision of U.S. banks and bank holding companies, foreign banks with operations in the United States, and for the international operations of U.S. banking organizations.

Betsy Cross is responsible for the division's financial institutions applications function.

David M. Wright is responsible for the oversight of market practices, risk exposures, and supervision of credit risk associated with the activities of banking organizations.

Barbara J. Bouchard is responsible for the development of supervisory and risk-related regulations and policies for financial institutions.

Angela Desmond is Secretariat to the Large and Complex Banking Organizations Subcommittee and represents the division on Board and interagency projects, including homeland security and protection of the critical infrastructure.

James A. Embersit is responsible for assessments of market and liquidity risks related to developments in the banking industry with attention to the capital markets and government securities.

Charles H. Holm is responsible for the supervisory accounting, disclosure, and regulatory reporting function of the division.

William G. Spaniel is responsible for the System planning and evaluation, staff development, international training and assistance, and division administration functions.

New Officers

Jon D. Greenlee is responsible for administering the System's risk-focused supervision of regional domestic banking organizations. Mr. Greenlee joined the Board in March 2001 as the manager of the Regional Banking Organizations Section. Before joining the division, he was the Central Point of Contact (CPC) for Wells Fargo and Company at the Federal Reserve Bank of San Francisco. He holds a B.S. in finance and economics from Indiana State University.

Walt Miles is responsible for the division's supervisory program for large, complex banking organizations. Mr. Miles joined the Board in 1996. He was promoted to a senior supervisory financial analyst in the Domestic, Large, and Complex Banking Organizations Section in 2000. Before joining the division, Mr. Miles served as bank examiner for the Federal Deposit Insurance Corporation. He received the Special Achievement Award in 2002 for his contributions to the large, complex, banking organizations supervisory program. Mr. Miles has a B.S. degree in finance from Oregon State University and is a chartered financial analyst and a certified public accountant.

William F. Treacy is responsible for the development and implementation of System supervisory and examination policies and procedures, evaluating Board regulations, and the analyzing financial trends. Mr. Treacy joined the Board in 1992. He was also an economist with the Federal Reserve Bank of New York. Mr. Treacy holds a B.A. in economics and international relations from Cornell University, an M.A. in economics and U.S. foreign policy from Johns Hopkins University School of Advanced International Studies, and a doctorate from George Washington University. □

Legal Developments

FINAL RULE—AMENDMENT TO REGULATION D

The Board of Governors of the Federal Reserve System (Board) 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 of the reserve requirement exemption amount for 2004. The Board is also announcing the annual indexing of the deposit cutoff level and the reduced reporting limit that will be effective beginning in September 2004. The Regulation D amendments increase the amount of net transaction accounts at each depository institution that are subject to a three percent reserve requirement in 2004 from $42.1 million to $45.4 million. This amount is known as the low reserve tranche. The Regulation D amendments also increase the amount of total reservable liabilities of each depository institution that are subject to a zero percent reserve requirement in 2004 from $6.0 million to $6.6 million. This amount is known as the reserve requirement exemption amount. The adjustments to both of these amounts are derived using statutory formulas specified in the Federal Reserve Act. The Board is also announcing increases in two other amounts, the deposit cutoff level and the reduced reporting limit, that are used to determine the frequency with which depository institutions must submit deposit reports. The deposit cutoff level is being increased from $150.0 million in 2003 to $161.2 million in 2004, and the reduced reporting limit is being increased from $1.0 billion in 2003 to $1.074 billion in 2004. These amounts are indexed annually in order to reduce reporting burden for smaller depository institutions. Thus, beginning in September 2004, depository institutions will be required to file the FR 2900 report each week under the following conditions: if they have net transaction accounts over $6.6 million *and* have total deposits of at least $161.2 million; *or* if they have net transaction accounts of $6.6 million or less but have total deposits of at least $1.074 billion. Depository institutions will be required to file the FR 2900 report each quarter if they have net transaction accounts over $6.6 million but have total deposits of less than $161.2 million. Depository institutions will be required to file the FR 2910a report annually if they have net transaction accounts of $6.6 million or less but have total deposits greater than $6.6 million but less than $1.074 billion. Depository institutions with $6.6 million or less in total deposits are not required to file a deposit report.

Effective November 6, 2003, 12 C.F.R. Part 204 is amended as follows:

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

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

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

2. Section 204.9 is revised to read as follows:

Section 204.9—Reserve requirement ratios

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

Category	Reserve Requirement
Net transaction accounts:	
$0 to $6.6 million	0 percent of amount.
Over $6.6 million and up to $45.4 million	3 percent of amount.
Over $45.4 million	$1,164,000 plus 10 percent of amount over $45.4 million.
Nonpersonal time deposits	0 percent.
Eurocurrency liabilities	0 percent.

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Wells Fargo & Company
San Francisco, California

Order Approving the Acquisition of a Bank Holding Company

Wells Fargo & Company ("Wells Fargo") has requested the Board's approval under section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842) to acquire all the voting shares of Pacific Northwest Bancorp ("Pacific Northwest") and thereby indirectly acquire Pacific Northwest Bank ("PN Bank"), both in Seattle, Washington.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (66 *Federal Register* 39,563 (2003)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

Wells Fargo, with total consolidated assets of approximately $363 billion, is the third largest commercial banking organization in the United States. Wells Fargo operates subsidiary depository institutions in Alaska, Arizona, California, Colorado, Idaho, Illinois, Iowa, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oregon, South Dakota, Texas, Utah, Washington, Wisconsin, and Wyoming. In Washington, Wells Fargo controls insured deposits of approximately $3 billion, representing approximately 4 percent of total deposits of insured depository institutions in the state ("state deposits").[1] In Oregon, Wells Fargo controls insured deposits of approximately $4 billion, representing approximately 12 percent of state deposits.

Pacific Northwest, with total consolidated assets of approximately $3.1 billion, is the 139th largest commercial banking organization in the United States. Pacific Northwest also operates subsidiary depository institutions in Washington and Oregon. In Washington, Pacific Northwest controls insured deposits of approximately $1.8 billion, representing approximately 3 percent of state deposits. In Oregon, Pacific Northwest controls insured deposits of approximately $263 million, representing less than 1 percent of state deposits. On consummation of this proposal, Wells Fargo would become the fourth largest commercial banking organization in Washington, controlling deposits of approximately $5 billion, representing approximately 7 percent of state deposits; Wells Fargo would remain the third largest commercial banking organization in Oregon controlling deposits of $4 billion, representing, approximately 13 percent of state deposits.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company if certain conditions are met.[2] For purposes of the BHC Act, the home state of Wells Fargo is Minnesota, and Pacific Northwest is located in Washington and Oregon.[3] Based on a review of all the facts of record, including relevant state statutes, the Board finds that all the conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[4] In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking in any relevant market. The BHC Act also prohibits the Board from approving a proposed bank acquisition that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[5]

Wells Fargo competes directly with Pacific Northwest in eight banking markets in Washington and Oregon.[6] 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. In particular, the Board has considered the number of competitors that would remain in the markets, the relative shares of total deposits in depository institutions in the markets ("market deposits") controlled by Wells Fargo and Pacific Northwest,[7] the concentration level of market deposits and the increase in this level as measured by the *Herfindahl–Hirschman Index,* ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines"),[8] other characteristics of the markets, and commitments made by Wells Fargo to divest one branch.

A. Banking Market With Divestiture

In the Kittitas County banking market, Wells Fargo oper-

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

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

3. For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered, headquartered, or operates a branch.

4. *See* 12 U.S.C. §§ 1842(d)(1)(A) and (B), 1842(d)(2)(A) and (B). Wells Fargo is adequately capitalized and adequately managed, as defined by applicable law. In addition, on consummation of the proposal, Wells Fargo would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total deposits of insured depository institutions in each of Oregon and Washington. Washington law prohibits the interstate acquisition of a Washington bank that has existed for fewer than 5 years. This transaction would meet the minimum age requirements imposed by Washington law. *See* Wash. Rev. Code Ann. § 30.04.232 (2003).

5. 12 U.S.C. § 1842(c)(1).

6. These banking markets, which are defined in Appendix A, are the Bremerton, Centralia, Kittitas County, Mount Vernon, Olympia, Seattle, and Yakima markets, all in Washington, and the Portland, Oregon, market.

7. Market share data are as of June 30, 2003, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See, e.g., Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 Federal Reserve Board 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. *See, e.g., First Hawaiian, Inc.,* 77 *Federal Reserve Bulletin* 52 (1991).

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

ates the sixth largest depository institution, controlling $27.5 million in deposits, representing 8.6 percent of market deposits. Pacific Northwest operates the largest depository institution in the market, controlling $72.1 million in deposits, representing 22.6 percent of market deposits. On consummation of the proposal, Wells Fargo would operate the largest depository institution in the market, controlling deposits of $99.6 million, representing approximately 31.3 percent of market deposits.

To reduce the potential for adverse effects on competition in the Kittitas County banking market, Wells Fargo has committed to divest to an out-of-market commercial banking organization one branch with a specified level of deposits sufficient to make the proposal consistent with Board precedent and with the thresholds in the DOJ Guidelines.[9] After consummation, and taking into account the proposed divestiture, the Kittitas County banking market would remain moderately concentrated. Wells Fargo would become the fourth largest depository institution in the market, controlling deposits of approximately $67.5 million, representing 21 percent of market deposits. The HHI would decrease by 36 points to 1541. In addition, at least eight competitors would remain in the banking market.

B. Banking Markets Without Divestitures

Consummation of the proposal without divestitures would be consistent with Board precedent and the DOJ Guidelines in all seven of the remaining banking markets in which Wells Fargo and Pacific Northwest compete directly.[10] After consummation of the proposal, the seven markets would remain moderately concentrated, as measured by the HHI, and changes in concentration would be modest in each of these markets. In addition, numerous competitors would remain in the markets.

C. Views of Other Agencies and Conclusion

The Department of Justice also has conducted a detailed review of the competitive effects of the proposal and has advised the Board that, in light of the proposed divestiture, consummation of the proposal would not have a significantly adverse effect on competition in any relevant banking market.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any of the banking markets in which Wells Fargo and Pacific Northwest compete or in any other relevant banking market. Accordingly, based on all the facts of record and subject to completion of the proposed divestiture, the Board has determined that competitive factors are consistent with approval of the proposal.

Financial, Managerial, and Other Supervisory Factors

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal and certain other supervisory factors. The Board has carefully considered these factors in light of all the facts of record, including reports of examination, other confidential supervisory information received from the primary federal banking agency that supervises each institution, and information provided by Wells Fargo. Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of Wells Fargo, Pacific Northwest, and PN Bank are consistent with approval, as are the other supervisory factors under the BHC Act.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effects of the proposal on the convenience and needs of the communities to be served and to take into account the records of the relevant insured depository institutions under the Community Reinvestment Act ("CRA").[11] The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account an institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals. The Board has carefully considered the convenience and needs factor and the CRA performance records of the subsidiary depository institutions of Wells Fargo and Pacific Northwest, including public comments on the effect the proposal would have on the communities to be served by the resulting organizations.

A. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institu-

9. With respect to this market, Wells Fargo will execute, before consummation of the proposal, a sales agreement for the proposed divestiture with a purchaser determined by the Board to be competitively suitable and to complete the divestiture within 180 days after consummation of the proposal. Wells Fargo also has committed that, if it is unsuccessful in completing any divestiture within 180 days after consummation, it will transfer the unsold branch to an independent trustee that is acceptable to the Board and will instruct the trustee to sell the branch promptly to one or more alternative purchasers acceptable to the Board. *See BankAmerica Corporation*, 78 *Federal Reserve Bulletin* 338 (1992); *United New Mexico Financial Corporation*, 77 *Federal Reserve Bulletin* 484 (1991).

10. These markets are the Bremerton, Centralia, Mount Vernon, Olympia, Seattle, and Yakima markets in Washington and the Portland, Oregon, market. The effects of the proposal on the concentration of banking resources in these markets are described in Appendix B.

11. 12 U.S.C. §2901 *et seq.*

tions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[12]

Wells Fargo's lead bank, Wells Fargo Bank, N.A., also in San Francisco ("WF Bank"), received an "outstanding" rating at its most recent CRA performance evaluation by the Office of the Comptroller of the Currency ("OCC"), as of October 1, 2001.[13] All other subsidiary banks of Wells Fargo received either "outstanding" or "satisfactory" ratings at their most recent CRA performance evaluations.[14] PN Bank received a "satisfactory" rating at its most recent CRA performance evaluation by the Federal Deposit Insurance Corporation ("FDIC"), as of November 23, 1999.

B. CRA Performance of WF Bank

1. *Lending Test.* In California, WF Bank received an "outstanding" rating under the lending test. Examiners noted that WF Bank's overall geographic distribution of loans was good, and they characterized the bank's lending performance in the San Francisco Metropolitan Statistical Area ("MSA") as excellent. In the assessment areas subject to a full-scope review,[15] WF Bank originated or purchased HMDA-reportable loans totaling $42.6 billion. In the San Francisco and Orange County MSAs, examiners reported that the proportion of WF Bank's home purchase loans in low-income census tracts exceeded the proportion of owner-occupied units in those areas. In the San Francisco and San Jose MSAs, the proportion of WF Bank's home purchase loans in moderate-income census tracts also exceeded the proportion of owner-occupied housing units. Examiners reported that WF Bank enhanced its efforts to meet the credit needs of its assessment areas through lending programs, such as the "Easy-To-Own No Money Down," "Easy-To-Own California 1% Down," and "Easy-To-Own 3% Down," which have flexible underwriting standards, low credit-score approvals, high loan-to-value allowances, and a variety of down payment options.

Wells Fargo has conducted a significant amount of mortgage lending since the latest CRA performance examination. In 2002, WF Bank originated and purchased HMDA-reportable loans totaling $88.6 billion, $7 billion of which were in LMI census tracts.[16] In the first six months of 2003, WF Bank originated and purchased HMDA-reportable loans totaling $57.2 billion, $4.8 billion of which were in LMI census tracts.[17]

Examiners reported that WF originated loans to small businesses in the assessment areas subject to a full-scope review totaling $6 billion during the evaluation period. Examiners described WF Bank's distribution of small loans to businesses in the Los Angeles–Long Beach, Oakland, Orange County, San Diego, and San Jose MSAs as excellent. In 2000, WF Bank had the largest market share of small loans to businesses in LMI census tracts in the assessment areas subject to a full-scope review. In the Orange County and Oakland MSAs, the portion of WF Bank's small loans to businesses in low-income tracts exceeded the proportion of all businesses in LMI tracts. In the San Francisco MSA, the portion of WF Bank's small loans to business in moderate-income census tracts also exceeded the proportion of businesses in such tracts.

Since its 2001 performance evaluation, WF Bank has offered Small Business Administration ("SBA") loans, such as SBA 7(a) and SBAExpress, that help small businesses obtain financing for which they would not otherwise qualify. WF Bank also offers "Community Express" loans through a pilot program developed by the SBA in collaboration with a national community group. To qualify for Community Express loans applicants must meet certain size standards and conduct business in specific geographic areas, usually LMI areas. In 2001, WF Bank introduced the Business Secured MasterCard. This credit card was designed to help establish credit for small businesses and has credit limits from $1,000 to $100,000 and the option to progress to a partially secured or unsecured card after a year. Since 2001, a total of 1,711 Business Secured MasterCard accounts have been opened in California.

Examiners reported that, through its community development lending, WF bank helped address a significant

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

13. The overall rating for WF Bank is a composite of its state/multistate ratings. WF Bank's performance in California was weighted more heavily than its performance in other areas in its overall rating by examiners because more than 98 percent of its deposits and more than 87 percent of its loans were in California during the evaluation period. Examiners rated WF Bank "outstanding" in California. At the time of the 2001 performance evaluation, WF Bank had 60 assessment areas in Arizona, California, Colorado, Idaho, Minnesota, Nevada, Oregon, Utah, and Washington.

14. *See* Appendix C for the CRA ratings of the other subsidiary banks of Wells Fargo. One commenter expressed concern that the performance of Wells Fargo HSBC Trade Bank, N.A., San Francisco ("Trade Bank"), was weak because its performance under the CRA was limited to qualified investments and community development services, which examiners characterized as not being "innovative or complex." As noted in Appendix C, Trade Bank received a "satisfactory" rating at its most recent CRA evaluation. As a wholesale bank, its CRA activities are limited to community development investments and services. Examiners described the community development investments and services provided by Trade Bank as being responsive to community needs.

15. In California, examiners conducted full-scope reviews for the bank's Los Angeles–Long Beach, Oakland, Orange County, San Diego, San Francisco, and San Jose MSAs assessment areas. The review period for residential mortgage lending reportable under the Home Mortgage Disclosure Act ("HMDA") (12 U.S.C. §2801 *et seq.*) and small business and small farm lending reportable under CRA was the last three quarters of 1998, calendar years 1999 and 2000, and the first three quarters of 2001.

16. One commenter recommended that Wells Fargo refer all qualified mortgage applicants from subprime affiliates to prime affiliates. Wells Fargo has a program for referring qualified borrowers from Wells Fargo Financial, Inc., Des Moines, Iowa ("WF Financial"), to Wells Fargo Home Mortgage, also in Des Moines ("WFHM").

17. Commenters alleged that Wells Fargo aggressively markets subprime loans to LMI borrowers. The Board has considered WF Bank's record of lending to borrowers in LMI areas as well as Wells Fargo's efforts to market prime and subprime loans in LMI areas.

need for affordable housing. WF Bank made 84 community development loans for affordable housing in the assessment areas subject to a full-scope review, totaling $312 million. These loans included a $20.8 million construction loan to build a 293-unit apartment complex in Anaheim, which will provide affordable housing to households earning between 45 and 50 percent of the average median income, and a $10.5 million construction loan that helped build an 80-unit multifamily housing complex for families of low-income farm workers in Half Moon Bay. WF Bank also extended loans in the amounts of $7.5 million and $1.7 million to finance the construction of 195 units of affordable housing for LMI individuals in San Jose.

WF Bank made 108 community development loans, totaling $658 million, to revitalize or stabilize LMI areas and to promote economic development. Wells Fargo has represented that, since the performance evaluation in 2001, the bank has extended 71 community development loans in California, totaling $122.2 million.

2. *Investment Test.* In California, WF Bank received an "outstanding" rating under the investment test. Examiners noted that WF Bank's investment and grant activities helped address essential identified needs in the full-scope assessment areas. Community development investments in those assessment areas subject to a full-scope review totaled $162.4 million and included a $25 million investment in limited partnerships that invest in apartment complexes in California that qualify for low-income housing tax credits, and a $9 million investment in a real estate equity fund that provides equity to underutilized industrial and retail sites in LMI communities in Los Angeles. WF Bank also provided $1.5 million in grants to The Accelerated School, a charter school in South Central Los Angeles.

Since the evaluation in 2001, WF Bank has continued to make community development investments and grants. In California in 2002, the bank's community development investments totaled $54.5 million, and its grants totaled $18 million. During the first six months of 2003, WF Bank's community development investments in California totaled $41 million, and its grants totaled $9 million.

3. *Service Test.* In California, WF Bank received an "outstanding" rating under the service test.[18] WF Bank's alternative delivery systems include ATMs, banking by phone or mail, and Internet banking. During the evaluation period, the bank operated 874 branch offices and 6,611 ATMs. In addition, the bank provides Buses, which are mobile technology centers that primarily visit LMI areas; the Wellsfargo.com Bus, which provides consumer education and travels throughout the United States; and mobile branches for use in emergencies and when traditional branches are unable to function. Examiners found that WF Bank's banking services are accessible to essentially all portions of the assessment areas. During the evaluation period, WF Bank opened 28 branches and closed 199. Examiners reported that the bank's opening and closing activity had a neutral impact on LMI areas.

As of July 31, 2003, half of WF Bank's branches in California were in or within a mile of an LMI community. In 2001, WF Bank launched the Banking on Our Future program, a computer-based financial literacy program featuring instructions for young adult and adult residents in LMI areas. In May 2002, a Spanish language version of Banking on Our Future was introduced.

C. HMDA and Fair Lending Record

The Board also has carefully considered Wells Fargo's lending record in light of comments on HMDA data reported by its subsidiaries.[19] 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 in certain local areas.[20] The 2001 and 2002 HMDA data indicate that Wells Fargo's denial disparity ratios for African-American and Hispanic applicants generally were higher than the denial disparity ratios for lenders in the aggregate for HMDA-reportable loans in the markets reviewed.[21] Wells Fargo's percentage of housing-related loan originations to

18. One commenter criticized the fees charged by Wells Fargo for cashing noncustomer checks and other services and for failing to verify whether a check is valid by telephone. Wells Fargo has represented that, along with many of its competitors, the verification of individual checks by telephone was terminated because of escalating account fraud. Although the Board has recognized that banks help serve the banking needs of their communities by making basic banking services available at a nominal or no charge, the CRA does not require that banks limit the fees charged for services.

19. Commenters criticized Wells Fargo for not differentiating between prime and subprime loans when reporting data under HMDA. HMDA reporting requirements do not, however, distinguish between prime and subprime loans. Commenters also alleged, based on comparisons with county courthouse records, that Wells Fargo underreports loans under HMDA, in part by mischaracterizing some closed-end loans as open-end loans that do not have to be reported under HMDA. Wells Fargo asserts that it reports all mortgage lending activity in accordance with HMDA regulations, which provide a consistent disclosure format for all lenders, and acknowledges that although it occasionally uses an open-end deed of trust to secure a closed-end loan, such loans are in fact treated as closed-end loans. The Board notes that courthouse records would not necessarily correspond to reported HMDA data because not all lenders that record deeds of trust are subject to HMDA's reporting requirements, and some transactions recorded in courthouse records are not subject to HMDA reporting.

20. A commenter alleged that Wells Fargo failed to make enough loans to LMI individuals and minorities in California. Another commenter alleged that, based on 2001 HMDA data, WFHM denied home mortgage applications from African Americans and Hispanics more frequently than applications from whites in the Denver, Seattle, Albuquerque, Austin, and Houston MSAs.

21. The Board analyzed 2001 and 2002 HMDA data for Wells Fargo's lending affiliates in their assessment areas in California, Colorado, New Mexico, Texas, and Washington. The Board's review included the HMDA data for WF Bank; Wells Fargo Bank West, N.A., Denver, Colorado; Wells Fargo Bank New Mexico, N.A., Albuquerque, New Mexico; Wells Fargo Bank Texas, N.A., Houston, Texas; WFHM; Wells Fargo Funding, Minneapolis, Minnesota; and WF Financial.

borrowers in minority census tracts[22] generally was less than that of lenders in the aggregate in the markets.[23]

In 2002, however, Wells Fargo's housing-related loan originations to African-American individuals, as a percentage of its total HMDA-reportable lending, were equal to or exceeded that of the aggregate of all lenders in seven of the markets reviewed. Wells Fargo's housing-related loan originations to Hispanic individuals, as a percentage of its total HMDA-reportable lending, were also equal to or exceeded that of the aggregate of all lenders in five of the markets reviewed in 2002. Moreover, the HMDA data generally do not indicate that Wells Fargo is excluding any race or income segment of the population or geographic areas on a prohibited basis.[24]

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

Because of the limitations of HMDA data, the Board has considered these data carefully in light of other information, including examination reports that provide an on-site evaluation of compliance by the subsidiary depository institutions of Wells Fargo with fair lending laws. Examiners found no evidence of prohibited discrimination or other illegal credit practices at any of the subsidiary depository institutions controlled by Wells Fargo. Examiners identified no substantive violations of applicable fair lending laws and regulations at WF Bank. Examiners also identified no substantive violations of applicable fair lending laws and regulations at the other subsidiary banks of Wells Fargo in the performance evaluations listed in Appendix C.[25]

The record also indicates that Wells Fargo has taken steps to ensure compliance with fair lending laws.[26] Wells Fargo's corporate fair lending policy includes standards relating to advertising and marketing, pricing, underwriting, compliance with fair lending laws, and customer service. The corporate fair lending policy also requires each Wells Fargo business that extends or supports the extension of credit to adopt Wells Fargo's corporate fair lending policy and implement policies and procedures consistent with the corporate fair lending policy. Policies adopted by Wells Fargo businesses include comparative file analysis, a second review process, and self-assessment audits for fair lending compliance.[27] In addition, Wells Fargo has implemented fair lending policy training for executive management, sales management, operations management, sales staff, operations staff, and consumer contact employees with loan origination responsibilities.

The Board has also considered the HMDA data in light of the programs described above and the overall performance of Wells Fargo's subsidiary banks under the CRA. These established efforts demonstrate that the banks are active in helping to meet the credit needs of their entire communities.

D. Branch Closings

One commenter expressed concern about the possible effect of branch closings resulting from this proposal and suggested that Wells Fargo refrain from closing branches in LMI census tracts or rural areas until it has discussed the proposed branch closure with local community groups. The Board has carefully considered the comment on potential branch closings in light of all the facts of record. Wells Fargo has represented that it intends to implement its

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

23. Several commenters expressed concern that low-income and minority communities have disproportionately high numbers of Wells Fargo subprime loans, but did not provide evidence to support this assertion. Commenters also alleged that the subprime lending subsidiaries of Wells Fargo, including WF Financial and Island Finance Credit Services, Inc., Des Moines, charge excessive interest rates. Commenters did not explain, however, how the rates charged by these entities are excessive or provide any evidence that rates charged by Wells Fargo do not reflect the customer's credit history, risk profile, or other appropriate factors. The Board has considered these allegations in light of Wells Fargo's policies and procedures for ensuring compliance with the fair lending laws.

24. Other commenters alleged that Wells Fargo does not explain to borrowers that credit insurance is optional. Wells Fargo stated that it does, in fact, present credit insurance to its customers as optional. One commenter expressed concern that Wells Fargo sells single-premium credit life insurance. Wells Fargo represented that it does not offer single-premium credit insurance on real-estate-secured products.

25. One commenter criticized the business relationship between Wells Fargo Bank Minnesota, N.A., Minneapolis, Minnesota ("WF Minnesota"), and Delta Funding Corp. ("Delta"), Woodbury, New York, a subprime lender that was subject to government actions regarding its consumer lending practices. Wells Fargo stated that with respect to Delta Funding, WF Minnesota's role is limited to that of a trustee on bond issues secured by pools of mortgage loans that Delta originated. Wells Fargo represented that WF Minnesota has no role in the initial funding of the loans that are included in the mortgage pools or in the establishment of Delta's business practices.

26. A commenter alleged that Wells Fargo does not accurately report information about borrowers to credit bureaus. Wells Fargo has represented that it has policies in place to ensure proper reporting to credit bureaus. In addition, in instances where an error occurs, Wells Fargo tries to work with the customer to rectify the error as quickly as possible and send correct information to the credit reporting agency.

27. Some commenters have alleged that Wells Fargo uses deceptive marketing tactics, such as misleading monthly payment comparisons that do not include the costs of taxes and insurance. Commenters also alleged that Wells Fargo's practice of mailing unsolicited loan drafts is an abusive marketing tactic. Wells Fargo is required by the Federal Trade Commission Act (15 U.S.C. §41 *et seq.*) to market products in a manner that is not unfair and deceptive. The Board has considered Wells Fargo's policies and procedures for ensuring that their marketing efforts are consistent with the law.

current branch activity policy at Bank. The policy includes a review of branches proposed for relocation, closure, or consolidation in low-income communities or where the distance exceeds two miles to the nearest Wells Fargo branch.

The Board also has considered that federal banking law provides a specific mechanism for addressing branch closings.[28] Federal law requires an insured depository institution to provide notice to the public and the appropriate federal supervisory agency before closing a branch. In addition, the Board notes that the OCC and FDIC, as the appropriate federal supervisors of Wells Fargo's subsidiary banks, will continue to review the branch closing records of the banks in the course of conducting CRA performance examinations.

E. Conclusion on Convenience and Needs Considerations

In reviewing the effect of the proposal on the convenience and needs of the communities to be served, the Board has carefully considered the entire record, including comments received and responses to the comments, evaluations of the performance of the insured depository institution subsidiaries of Wells Fargo and Pacific Northwest under the CRA, and confidential supervisory information.[29] The Board also considered information submitted by Wells Fargo concerning WF Bank's performance under the CRA and its compliance with fair lending laws since its last CRA performance evaluation and the compliance of other Wells Fargo lending subsidiaries with fair lending, HMDA, and other applicable laws.

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

Conclusion

Based on the foregoing and in light of all the facts of record, the Board has determined that the application should be, and hereby is, approved.[30] In reaching this 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. The Board's approval is specifically conditioned on compliance by Wells Fargo with all the representations and commitments made in connection with the application, commitments referred to in this order, and the receipt of all other regulatory approvals. These representations, commitments, and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective October 16, 2003.

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 Wells Fargo and Pacific Northwest Compete Directly

Washington Banking Markets

Bremerton

The Bremerton Ranally Metropolitan Area ("RMA"), Poulsbo, and Kingston.

28. 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.

29. Commenters criticized Wells Fargo for funding unaffiliated payday lenders. Wells Fargo stated that its affiliates have provided credit facilities to payday lenders, often in conjunction with other major commercial lenders, and such lending represents an insignificant percentage of its commercial lending portfolio. Wells Fargo represented that it does not participate in the lending practices or credit review processes of payday lenders to which it extends credit. The Board notes that the OCC, as the primary federal supervisor of the subsidiary national banks of Wells Fargo engaged in providing credit to payday lenders, will continue to review the banks' lending activities in the course of conducting examinations.

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

Centralia

Western Lewis County, including Centralia, Chehalis, Morton, Pe Ell, Toledo, and Winlock.

Kittitas County

Kittitas County, including Cle Elum, Ellensburg, and Roslyn.

Mount Vernon

Skagit County and northern Whidbey Island, including Anacortes, Burlington, Concrete, Coupeville, La Conner, Mount Vernon, Oak Harbor, and Sedro Woolley.

Olympia

The Olympia RMA and Hoodsport.

Seattle

The Seattle RMA, Camano City, and Eatonville.

Yakima

The Yakima RMA.

Oregon Banking Market

Portland

The Portland RMA, Banks, Molalla, Mount Angel, Saint Helens, Scappoose, Vernonia, and Woodburn, Oregon; and Yacolt, Washington.

Appendix B

Certain Banking Markets Without Divestitures

Bremerton, Washington

Wells Fargo operates the eighth largest depository institution in the Bremerton banking market, controlling $55.5 million in deposits, representing 4.4 percent of market deposits. Pacific Northwest operates the sixth largest depository institution in the market, controlling $71.9 million in deposits, representing 5.7 percent of market deposits. On consummation of the proposal, Wells Fargo would operate the fourth largest depository institution in the market, controlling deposits of $127.4 million, representing approximately 10 percent of market deposits. The HHI would increase 49 points to 1476. Fourteen competitors would remain in the market.

Centralia, Washington

Wells Fargo operates the seventh largest depository institution in the Centralia banking market, controlling $33 million in deposits, representing 5.7 percent of market deposits. Pacific Northwest operates the twelfth largest depository institution in the market, controlling $4.7 million in deposits, representing less than 1 percent of market deposits. On consummation of the proposal, Wells Fargo would operate the seventh largest depository institution in the market, controlling deposits of $37.7 million, representing 6.6 percent of market deposits. The HHI would increase 9 points to 1732. Eleven competitors would remain in the market.

Mount Vernon, Washington

Wells Fargo operates the ninth largest depository institution in the Mount Vernon banking market, controlling $53.4 million in deposits, representing 3.2 percent of market deposits. Pacific Northwest operates the second largest depository institution in the market, controlling $313.2 million in deposits, representing 18.5 percent of market deposits. On consummation of the proposal, Wells Fargo would operate the largest depository institution in the market, controlling deposits of $366.6 million, representing approximately 21.6 percent of market deposits. The HHI would increase 116 points to 1326. Twelve competitors would remain in the market.

Olympia, Washington

Wells Fargo operates the tenth largest depository institution in the Olympia banking market, controlling $49.2 million in deposits, representing 3 percent of market deposits. Pacific Northwest is the seventeenth largest depository institution in the market, controlling $6.9 million in deposits, representing less than 1 percent of market deposits. On consummation of the proposal, Wells Fargo would operate the ninth largest depository institution in the market, controlling deposits of $56.1 million, representing approximately 3.4 percent of market deposits. The HHI would increase 2 points to 1042. Seventeen competitors would remain in the market.

Yakima, Washington

Wells Fargo operates the eighth largest depository institution in the Yakima banking market, controlling $52.1 million in deposits, representing 4.6 percent of market deposits. Pacific Northwest operates the seventh largest depository institution in the market, controlling $54.3 million in deposits, representing 4.8 percent of market deposits. On consummation of the proposal, Wells Fargo would operate the fifth largest depository institution in the market, controlling deposits of $106.4 million, representing approximately 9.5 percent of market deposits. The HHI would increase 45 points to 1279. Eleven competitors would remain in the market.

Seattle, Washington

Wells Fargo operates the fifth largest depository institution in the Seattle banking market, controlling $2.4 billion in deposits, representing 6.3 percent of market deposits. Pacific Northwest operates the eighth largest depository institution in the market, controlling $784.7 million in deposits, representing 2.1 percent of market deposits. On consummation of the proposal, Wells Fargo would operate the fourth largest depository institution in the market, controlling deposits of $3.2 billion, representing approximately 8.4 percent of market deposits. The HHI would increase 26 points to 1468. Sixty-seven competitors would remain in the market.

Portland, Oregon

Wells Fargo operates the third largest depository institution in the Portland banking market, controlling $2.5 billion in deposits, representing 14.6 percent of market deposits. Pacific Northwest operates the tenth largest depository institution in the market, controlling $262.8 million in deposits, representing 1.5 percent of market deposits. On consummation of the proposal, Wells Fargo would remain the third largest depository institution in the market, controlling deposits of $2.8 billion, representing approximately 16.2 percent of market deposits. The HHI would increase 45 points to 1759. Thirty-two competitors would remain in the market.

Appendix C

CRA Performance Evaluations of Wells Fargo's Subsidiary Banks

Subsidiary Bank	CRA Rating	Date	Agency
Wells Fargo Bank Alaska, N.A., Anchorage, Alaska	Outstanding	March 8, 1999	OCC
Wells Fargo Bank Arizona, N.A., Phoenix, Arizona	Satisfactory	August 2, 1999	OCC
Wells Fargo Bank Illinois, N.A., Galesburg, Illinois	Satisfactory	June 12, 2000	OCC
Wells Fargo Bank Indiana, N.A., Fort Wayne, Indiana	Outstanding	June 12, 2000	OCC
Wells Fargo Bank Iowa, N.A., Des Moines, Iowa	Satisfactory	June 12, 2000	OCC
Wells Fargo Bank Michigan, N.A., Marquette, Michigan	Outstanding	April 19, 1999	OCC
Wells Fargo Bank Minnesota, N.A., Minneapolis, Minnesota	Outstanding	Feb. 1, 2000	OCC
Wells Fargo Bank Montana, N.A., Billings, Montana	Satisfactory	March 13, 2000	OCC
Wells Fargo Bank Nebraska, N.A., Omaha, Nebraska	Satisfactory	June 12, 2000	OCC
Wells Fargo Bank Nevada, N.A., Las Vegas, Nevada	Satisfactory	August 2, 1999	OCC
Wells Fargo Bank New Mexico, N.A., Albuquerque, New Mexico	Satisfactory	March 13, 2000	OCC
Wells Fargo Bank North Dakota, N.A., Fargo, North Dakota	Satisfactory	March 13, 2000	OCC
Wells Fargo Bank Northwest, N.A., Salt Lake City, Utah	Outstanding	May 3, 1999	OCC
Wells Fargo Bank Ohio, N.A., Van Wert, Ohio	Outstanding	May 7, 2001	OCC
Wells Fargo Bank South Dakota, N.A., Sioux Falls, South Dakota	Outstanding	March 13, 2000	OCC
Wells Fargo Bank Texas, N.A., San Antonio, Texas	Satisfactory	Nov. 1, 1999	OCC
Wells Fargo Bank West, N.A., Denver, Colorado	Satisfactory	Nov. 1, 1999	OCC
Wells Fargo Bank Wisconsin, N.A., Milwaukee, Wisconsin	Satisfactory	June 12, 2000	OCC
Wells Fargo Bank Wyoming, N.A., Casper, Wyoming	Satisfactory	March 13, 2000	OCC

CRA Performance Evaluations of Wells Fargo's Subsidiary Banks—Continued

Subsidiary Bank	CRA Rating	Date	Agency
Wells Fargo Financial Bank, Sioux Falls, South Dakota	Outstanding	Nov. 28, 2001	FDIC
Wells Fargo Financial National Bank, Des Moines, Iowa (previously, Dial National Bank, Des Moines, Iowa)	Outstanding	March 21, 1997	OCC
Wells Fargo HSBC Trade Bank, N.A., San Francisco, California	Satisfactory	August 7, 2000	OCC

Wells Fargo & Company
San Francisco, California

Order Approving the Acquisition of a Bank Holding Company

Wells Fargo & Company ("Wells Fargo") has requested the Board's approval under section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. §1842) to acquire all the voting shares of Two Rivers Corporation ("Two Rivers"), and thereby indirectly acquire Bank of Grand Junction ("GJ Bank"), both in Grand Junction, Colorado.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (66 *Federal Register* 38,340 (2003)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

Wells Fargo, with total consolidated assets of approximately $363 billion and total insured domestic deposits of $210 billion, is the third largest commercial banking organization in the United States. Wells Fargo operates subsidiary depository institutions in Alaska, Arizona, California, Colorado, Idaho, Illinois, Iowa, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oregon, South Dakota, Texas, Utah, Washington, Wisconsin, and Wyoming. Wells Fargo controls approximately 5.9 percent of total assets of insured commercial banks and approximately 4.4 percent of total deposits of insured depository institutions in the United States.[1] Wells Fargo is the largest commercial banking organization in Colorado, controlling deposits of $9.9 billion, representing approximately 18 percent of total deposits in insured depository institutions in the state ("state deposits").[2]

Two Rivers, with total consolidated assets of $72 million operates one depository institution in Colorado. Two Rivers is the 97th largest depository organization in Colorado, controlling total deposits of $57.6 million, representing less than 1 percent of state deposits. On consummation of the proposal, Wells Fargo would remain the third largest commercial banking organization in the United States and the largest commercial banking organization in Colorado.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company if certain conditions are met.[3] For purposes of the BHC Act, the home state of Wells Fargo is Minnesota, and Wells Fargo proposes to acquire a depository institution in Colorado. Based on a review of all the facts of record, including a review of relevant state statutes, the Board finds that all the conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[4] In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking in any relevant market. The BHC Act also prohibits the Board from approving a proposed bank acquisition that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[5]

1. Asset, deposit, and national ranking data are as of December 31, 2002. In this context, depository institutions include commercial banks, savings banks, and savings associations.

2. State deposit and state ranking data are as of June 30, 2002.

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

4. *See* 12 U.S.C. §§1842(d)(1)(A) and (B), 1842(d)(2)(A) and (B). Wells Fargo is adequately capitalized and adequately managed, as defined by applicable law. In addition, on consummation of the proposal, Wells Fargo would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total deposits of insured depository institutions in Colorado. Colorado law prohibits the interstate acquisition of a Colorado bank that has existed for fewer than than 5 years. This transaction would meet the minimum age requirements imposed by Colorado law. *See* Colo. Rev. Stat. §11-6.4-103 (2003).

5. 12 U.S.C. §1842(c)(1).

The subsidiary depository institutions of Wells Fargo and Two Rivers currently compete in the Grand Junction, Colorado, banking market.[6] Consummation of the proposal would be consistent with the Department of Justice Merger Guidelines ("DOJ Guidelines") and Board precedent.[7] After consummation of the proposal, the market would remain moderately concentrated, as measured by the HHI, and numerous competitors would remain in the market.[8] The Department of Justice also has advised the Board that it believes that consummation of the proposal is not likely to have a significantly adverse effect on competition in any relevant banking market. Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market, and that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Factors

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal and certain other supervisory factors. The Board has carefully considered these factors in light of all the facts of record, including reports of examination, other confidential supervisory information received from the primary federal banking agency that supervises each institution, and information provided by Wells Fargo. Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of Wells Fargo, Two Rivers, and GJ Bank are consistent with approval, as are the other supervisory factors under the BHC Act.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effects of the proposal on the convenience and needs of the communities to be served and to take into account the records of the relevant insured depository institutions under the Community Reinvestment Act ("CRA").[9] The Board has carefully considered the convenience and needs factor and the CRA performance records of the subsidiary banks of Wells Fargo and Two Rivers in light of all the facts of record. Wells Fargo's lead bank, Wells Fargo Bank, N.A., San Francisco, California ("WF Bank"), received an "outstanding" rating at its most recent CRA performance evaluation by the Office of the Comptroller of the Currency ("OCC"), as of October 1, 2001. All other Wells Fargo subsidiary depository institutions received "outstanding" or "satisfactory" CRA ratings at their most recent CRA performance evaluations.[10] As discussed in the Board's companion order of October 16, 2003, approving the application by Wells Fargo to acquire Pacific Northwest Bancorp, Inc., Seattle, Washington, Wells Fargo has implemented many programs to help meet the convenience and needs of the communities it serves and has taken steps to ensure compliance with fair lending laws.[11] GJ Bank received a "satisfactory" rating at its most recent CRA performance evaluation by the Federal Deposit Insurance Corporation ("FDIC"), as of August 12, 2002.

One commenter expressed concern about the effect of a branch closing that may result from this proposal. The Board has carefully considered the comment on potential branch closings in light of all the facts of record. Wells Fargo has represented that the branch in question is in a middle-income census tract and next door to a Wells Fargo branch that is less than a mile from Wells Fargo's main office in Grand Junction.

The Board also has considered that federal banking law provides a specific mechanism for addressing closings of branches of insured depository institutions.[12] Federal law requires an insured depository institution to provide notice to the public and the appropriate federal supervisory agency before closing a branch. In addition, the Board notes that the OCC and FDIC, as the appropriate fed-

6. The Grand Junction banking market is defined as Mesa County, Colorado.

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

8. On consummation of the proposal, Wells Fargo would remain the largest depository institution in the Grand Junction banking market, controlling deposits of $363.9 million, representing approximately 31.3 percent of total deposits in insured depository institutions in the market. The HHI would increase 261 points to 1556, and the market would remain moderately concentrated. These calculations use deposit and market share data as of June 30, 2003, and include the deposits of thrift institutions at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984); and *First Hawaiian, Inc.*, 77 *Federal Reserve Bulletin* 52 (1991).

9. 12 U.S.C. § 2901 *et seq.*

10. The Interagency Questions and Answers Regarding Community Reinvestment provides that an institution's most recent CRA performance evaluation is an important consideration in the application process because it represents a detailed on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor. 66 *Federal Register* 36,620 and 36,639 (2001).

11. *See Wells Fargo & Company*, 89 *Federal Reserve Bulletin* 497 (2003) (Order dated October 16, 2003) ("Pacific Northwest Order"). The CRA ratings of Wells Fargo's other subsidiary banks are listed in Appendix C of that order. The record of that application and the findings in the Pacific Northwest Order are incorporated into and made part of this order.

12. 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.

eral supervisors of Wells Fargo's subsidiary banks, will continue to review the branch closing records of the banks in the course of conducting CRA performance examinations.[13]

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

Conclusion

Based on the foregoing and in light of all the facts of record, the Board has determined that the application should be, and hereby is, approved. In reaching this 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. The Board's approval is specifically conditioned on compliance by Wells Fargo with all the representations and commitments made in connection with the application and the receipt of all other regulatory approvals. These representations, commitments, and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective October 16, 2003.

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

Orders Issued Under Section 4 of the Bank Holding Company Act

Citigroup Inc.
New York, New York

Order Approving Notice to Engage in Activities Complementary to a Financial Activity

Citigroup Inc. ("Citigroup"), a financial holding company ("FHC") within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4 of the BHC Act (12 U.S.C. § 1843) and the Board's Regulation Y (12 C.F.R. Part 225) to retain all the voting shares of Phibro, Inc., New York, New York ("Phibro"). Phibro engages in a variety of commodity-related activities, including trading in physical commodities, an activity that the Board has not previously approved under the BHC Act. Citigroup currently owns Phibro pursuant to the temporary grandfather authority provided by section 4(a)(2) of the BHC Act.[1]

Regulation Y currently authorizes bank holding companies ("BHCs") to engage as principal in forward contracts, options, futures, options on futures, swaps, and similar contracts, whether traded on exchanges or not, based on a rate, price, financial asset, nonfinancial asset, or group of assets (other than a bank-ineligible security) ("Commodity Derivatives"). Under Regulation Y, a BHC may conduct Commodity Derivatives activities subject to certain restrictions that are designed to limit the BHC's activity to trading and investing in financial instruments rather than dealing directly in physical commodities. Under these restrictions, a BHC may take and make delivery of physically settled derivatives involving commodities that a state member bank is permitted to own.[2] For all other types of physically settled derivatives,[3] a BHC must make reasonable efforts to avoid delivery on such derivatives or must take and make delivery only on an instantaneous, pass-through basis. Other than in the limited circumstances described above in connection with Commodity Derivatives, Regulation Y generally does not permit BHCs to take or make delivery of nonfinancial commodities.

The BHC Act, as amended by the Gramm–Leach–Bliley Act ("GLB Act"), permits a BHC to engage in activities that the Board had determined were closely related to banking, by regulation or order, prior to November 12, 1999.[4] The BHC Act permits a FHC to engage in a broad range of activities that are defined in the statute to be financial in nature.[5] Moreover, the BHC Act allows FHCs to engage in any activity that the Board determines, in consultation with the Secretary of the Treasury, to be financial in nature or incidental to a financial activity.[6]

13. The commenter also complained that some Wells Fargo customers were required to travel to Queens, New York, after Wells Fargo closed an office of its nonbank subsidiary, Island Finance Credit Services, Inc. ("Island Finance"), a consumer finance company located in Bronx, New York. Island Finance has since ceased operations in the continental United States, Alaska, and Hawaii. However, Wells Fargo continues to offer credit products in New York City, including the Bronx, through offices of its subsidiary, Wells Fargo Home Mortgage, Inc., Des Moines, Iowa. The commenter raised other concerns about Wells Fargo that have been addressed in the Pacific Northwest Order.

1. Citigroup's grandfather rights expire on October 8, 2003. Citigroup originally acquired its interest in Phibro in October 1998 in connection with the merger between Travelers and Citicorp. *See Travelers Group Inc.*, 84 *Federal Reserve Bulletin* 985 (1998).

2. State member banks may own, for example, investment-grade corporate debt securities, U.S. government and municipal securities, foreign exchange, and certain precious metals.

3. These derivative contracts would include instruments based on, for example, energy-related and agricultural commodities.

4. 12 U.S.C. § 1843(c)(8).

5. The Board determined by regulation before November 12, 1999, that engaging as principal in Commodity Derivatives, subject to certain restrictions, was closely related to banking. Accordingly, engaging as principal in BHC-permissible Commodity Derivatives is a financial activity for purposes of the BHC Act. *See* 12 U.S.C. § 1843(k)(4)(F).

6. 12 U.S.C. § 1843(k)(1)(A).

In addition to these provisions, the BHC Act permits FHCs to engage in any activity that the Board (in its sole discretion) determines is complementary to a financial activity and does not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally.[7] This authority is intended to allow the Board to permit FHCs to engage on a limited basis in an activity that appears to be commercial rather than financial in nature, but that is meaningfully connected to a financial activity such that it complements the financial activity.[8]

The only limitations on this complementary authority are that, in addition to finding a connection between the nonfinancial activity and a financial activity conducted by the FHC, the Board must determine that the nonfinancial activity does not pose unacceptable risks to the safety and soundness of the FHC, its subsidiary depository institutions, or the U.S. financial system. The safety and soundness requirement was added as part of a compromise in which Congress rejected requests to allow unrestricted affiliations between depository institutions and nonfinancial companies. Moreover, the BHC Act provides that any FHC seeking to engage in a complementary activity must obtain the Board's prior approval under section 4(j) of the BHC Act. In reviewing such a proposal, the BHC Act requires the Board to consider whether performance of the activity by the FHC can reasonably be expected to produce public benefits that outweigh possible adverse effects.[9]

As noted above, Citigroup has requested that the Board expand the authority of FHCs to purchase and sell commodities in the spot market and to take and make delivery of physical commodities to settle Commodity Derivatives ("Commodity Trading Activities"). Commodity Trading Activities substantially involve the commercial activities of physically owning and disposing of assets such as oil, natural gas, agricultural products, and other nonfinancial commodities. Moreover, the risks associated with conducting these activities are commercial risks not traditionally incurred or managed to a material extent by banking organizations. Accordingly, the Board does not believe that Commodity Trading Activities may be construed at this time as incidental to a financial activity within the meaning of the GLB Act. The Board concludes, however, for the reasons set forth below, that there is a reasonable basis for construing these activities as complementary to a financial activity within the meaning of the GLB Act.

A number of considerations support a Board determination that Commodity Trading Activities are complementary to a financial activity. First, Commodity Trading Activities flow from the existing financial activities of FHCs. In particular, Commodity Trading Activities would provide FHCs with an alternative method of fulfilling their obligations under otherwise BHC-permissible Commodity Derivatives. For example, if warranted by market conditions, a FHC would be able to use Commodity Trading Activity authority to take a Commodity Derivative to physical settlement rather than terminating, assigning, offsetting, or otherwise cash-settling the contract.

The Board also notes that Citigroup contends that the existing restrictions of Regulation Y place FHCs at a significant bargaining disadvantage when operating in physically settled over-the-counter ("OTC") derivatives markets. According to Citigroup, counterparties to FHCs in these markets are aware of the regulatory impediments that inhibit FHCs from taking derivative contracts to physical settlement. As a consequence, FHCs that participate in these markets can be forced to terminate or offset their derivative contracts on uneconomic terms. In Citigroup's view, allowing FHCs to engage in Commodity Trading Activities would permit FHCs to compete in physically settled OTC derivatives markets more economically.

Moreover, authorizing Commodity Trading Activities would enhance the ability of FHCs to efficiently provide a full range of commodity-related services to their customers. Granting FHCs increased flexibility to buy and sell commodities in the spot market and to physically settle Commodity Derivatives likely would benefit customers by enabling FHCs to transact more efficiently with customers in a wider variety of commodity markets and transaction formats. Approving Commodity Trading Activities as a complementary activity also would enable FHCs to acquire more experience in the markets for physical commodities and thereby improve their understanding of commodity derivatives markets and the profitability of their existing BHC-permissible commodity derivatives businesses.

It is also important to note that a number of non-BHC participants in the commodity derivatives markets, including diversified financial companies, conduct Commodity Trading Activities in connection with their commodity derivatives business. These companies can, and regularly do, buy and sell commodities in the spot market and physically settle commodity derivative contracts. Permitting FHCs to engage in Commodity Trading Activities in connection with their commodity derivatives business would, therefore, enable FHCs to offer services that are provided by a number of other financial intermediaries.

Based on the foregoing and all other facts of record, the Board concludes that Commodity Trading Activities involving a particular commodity complement the financial activity of engaging regularly as principal in BHC-permissible Commodity Derivatives based on that commodity.[10]

As noted above, in order to authorize Citigroup to engage in Commodity Trading Activities as a complementary activity under the GLB Act, the Board also must determine that the activities do not pose a substantial risk to the safety or soundness of depository institutions or the U.S. financial system generally.[11] In addition, the Board

7. 12 U.S.C. § 1843(k)(1)(B).

8. *See* 145 Cong. Rec. H11529 (daily ed. Nov. 4,1999) (Statement of Chairman Leach) ("It is expected that complementary activities would not be significant relative to the overall financial activities of the organization.").

9. 12 U.S.C. § 1843(j)(2)(A).

10. For example, Commodity Trading Activities involving all types of crude oil would be complementary to engaging regularly as principal in BHC-permissible Commodity Derivatives based on Brent crude oil.

11. 12 U.S.C. § 1843(k)(1)(B).

must determine that the performance of Commodity Trading Activities by Citigroup "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." [12]

In order to limit the potential safety and soundness risks of Commodity Trading Activities, Citigroup has proposed to engage in only a limited amount of Commodity Trading Activities. As a condition of this order, the market value of commodities held by Citigroup as a result of Commodity Trading Activities must not exceed 5 percent of Citigroup's consolidated tier 1 capital.[13] Citigroup also must notify the Federal Reserve Bank of New York if the market value of commodities held by Citigroup as a result of its Commodity Trading Activities exceeds 4 percent of its tier 1 capital.

In addition, Citigroup may take and make delivery only of physical commodities for which derivative contracts have been approved for trading on a U.S. futures exchange by the Commodity Futures Trading Commission ("CFTC") (unless specifically excluded by the Board) or which have been specifically approved by the Board.[14] This requirement is designed to prevent Citigroup from becoming involved in dealing in finished goods and other items, such as real estate, that lack the fungibility and liquidity of exchange-traded commodities.

Permitting Citigroup to engage in the limited amount and types of Commodity Trading Activities described above does not appear to pose a substantial risk to Citigroup, its subsidiary depository institutions, or the U.S. financial system generally. Through its existing authority to engage in Commodity Derivatives, Citigroup already may incur market risk associated with commodities. Permitting Citigroup to buy and sell commodities in the spot market or physically settle Commodity Derivatives would not appear to increase significantly the organization's potential exposure to commodity price risk.

Adding Commodity Trading Activities would, however, expose Citigroup to additional risks, including, but not limited to, storage risk, transportation risk, and legal and environmental risks. To minimize these risks, Citigroup would not be authorized to

(i) Own, operate, or invest in facilities for the extraction, transportation, storage, or distribution of commodities; or
(ii) Process, refine, or otherwise alter commodities. In conducting its Commodity Trading Activities, Citigroup will be expected to use appropriate storage and transportation facilities owned and operated by third parties.[15]

Citigroup has indicated that it will mandate that commodity storage facilities used by Citigroup have all required governmental permits and provide to Citigroup a certificate to that effect. Citigroup has further stated that all commodity storage facilities will be inspected by or on behalf of Citigroup before use and that Citigroup will physically inspect any commodity in storage every six months.

In addition, Citigroup has indicated that it will adopt additional standards for Commodity Trading Activities that involve environmentally sensitive products, such as oil or natural gas. For example, Citigroup will require that the owner of every vessel that carries oil on behalf of Citigroup be a member of a protection and indemnity club and carry the maximum insurance for oil pollution available from the club. Citigroup also will require every such vessel to carry substantial amounts of additional oil pollution insurance from creditworthy insurance companies. Furthermore, Citigroup will place age limitations on vessels and will require vessels to be approved by a major international oil company and have appropriate oil spill response plans and equipment. Moreover, Citigroup will have a comprehensive backup plan in the event any vessel owner fails to respond adequately to an oil spill and will hire inspectors to monitor the loading and discharging of vessels.

Citigroup also has represented that it will have in place specific policies and procedures for the storage of oil. In addition to the general policies set forth above, Citigroup will require all oil storage facilities it uses to carry a significant amount of oil pollution insurance from a creditworthy insurance company and to have appropriate spill response plans and equipment. Citigroup also will have a comprehensive backup plan in the event the storage facility owner fails to respond adequately to an oil spill.

Finally, Citigroup and its Commodity Trading Activities will remain subject to the general securities, commodities, and energy laws and the rules and regulations (including the antifraud and antimanipulation rules and regulations) of the Securities and Exchange Commission, the CFTC, and the Federal Energy Regulatory Commission.

The Board believes that Citigroup has the managerial expertise and internal control framework to manage the risks of taking and making delivery of physical commodi-

12. 12 U.S.C. § 1843(j).

13. Citigroup would be required to include in this 5 percent limit the market value of any commodities held by Citigroup as a result of a failure of its reasonable efforts to avoid taking delivery under section 225.28(b)(8)(ii)(B) of Regulation Y. In the past, the market value of commodities held by BHCs as a result of an inability to avoid delivery on Commodity Derivatives has not been material.

14. The particular commodity derivative contract that Citigroup takes to physical settlement need not be exchange-traded, but (in the absence of specific Board approval) futures or options on futures on the commodity underlying the derivative contract must have been approved for exchange trading by the CFTC.

The CFTC publishes annually a list of the CFTC-approved commodity contracts. *See* Commodity Futures Trading Commission, *FY 2002 Annual Report to Congress* 124. With respect to granularity, the Board intends this requirement to permit Commodity Trading Activities involving all types of a listed commodity. For example, Commodity Trading Activities involving any type of coal or coal derivative contract would be permitted, even though the CFTC list specifically approves only Central Appalachian coal.

15. Approving Commodity Trading Activities as a complementary activity, subject to limits and conditions, would not in any way restrict the existing authority of Citigroup to deal in foreign exchange, precious metals, or any other bank-eligible commodity.

ties. In addition, Citigroup has the expertise and internal controls to integrate effectively the risk management of Commodity Trading Activities into Citigroup's overall risk management framework, including managing on a consolidated basis Citigroup's overall exposure arising from commodity-related activities.

Approval of the proposal likely would benefit Citigroup's customers by enhancing the ability of Citigroup to provide efficiently a full range of commodity-related services. Approving Commodity Trading Activities for Citigroup also would enable the company to improve its understanding of physical commodity and commodity derivatives markets and its ability to serve as an effective competitor in physical commodity and commodity derivatives markets.

For these reasons, and based on Citigroup's policies and procedures for monitoring and controlling the risks of Commodity Trading Activities, the Board concludes that consummation of the proposal does not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally and can reasonably be expected to produce benefits to the public that outweigh any potential adverse effects.

Based on all the facts of record, including the representations and commitments made by Citigroup in connection with the notice, and subject to the terms and conditions set forth in this order, the Board has determined that the notice should be, and hereby is, approved. The Board's determination is subject to all the conditions set forth in Regulation Y, including those in section 225.7 (12 C.F.R. 225.7), and to the Board's authority to require modification or termination of the activities of a BHC or any of its subsidiaries as the Board finds necessary to ensure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in connection with the notice, including the commitments and conditions discussed in this order. The commitments and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

By order of the Board of Governors, effective October 2, 2003.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, and Bernanke. Absent and not voting: Governor Kohn.

ROBERT DEV. FRIERSON
Deputy Secretary of the Board

ORDERS ISSUED UNDER BANK MERGER ACT

JP Morgan Chase Bank
New York, New York

Order Approving Acquisition of Trust Deposits

JPMorgan Chase Bank ("JPMCB"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) ("Bank Merger Act") to acquire certain trust deposits from Bank One, National Association (Ohio), Bank One Trust Company, National Association, both in Columbus, Ohio, and Bank One, National Association (Chicago), Chicago, Illinois (the "Bank One Banks").[1]

Notice of the transaction, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. 262.3(b)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in the Bank Merger Act.

JPMCB, with total assets of $662 billion, is a wholly owned subsidiary of J.P. Morgan Chase & Co., New York, New York, the second largest banking organization in the United States, with total assets of $803 billion. The Bank One Banks are subsidiaries of the Bank One Corporation, also in Chicago, the sixth largest banking organization in the United States, with total assets of $299 billion. JPMCB proposes to acquire certain trust relationships and related trust deposits from the Bank One Banks.

Competitive Considerations

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

The Board has reviewed the competitive effects of the proposal in the relevant markets in light of all the facts of record, including the number of competitors that would remain in the markets, the relative market shares of JPMCB and the Bank One Banks, and other characteristics of the markets. The proposed acquisition would have no adverse effect on the concentration of banking resources in any relevant banking market. Moreover, the Board has received no objections to the proposal from the Department of Justice or the other federal banking agencies. In light of all the facts of record, the Board concludes that consummation of the proposed transaction would not result in a significantly adverse effect on competition or on the

1. The proposal is part of a larger transaction that also involves the acquisition of trust appointments from the Bank One Banks by J.P. Morgan Trust Company, National Association, Los Angeles, California ("JPMTC"). JPMTC has applied to the Office of the Comptroller of the Currency ("OCC") for prior approval of that portion of the transaction.
2. 12 U.S.C. § 1828(c)(5)(A).
3. 12 U.S.C. § 1828(c)(5)(B).

concentration of banking resources in any relevant banking market, and that competitive factors are consistent with approval.

Financial and Managerial Factors

The Bank Merger Act requires the Board to consider the financial and managerial resources and future prospects of the institutions involved in this proposal. The Board has reviewed these factors in light of all the facts of record, including supervisory reports of examination assessing the financial and managerial resources of JPMCB, information provided by JPMCB, and public comments on the proposal.[4] In light of the managerial record of JPMCB and the small size of the transaction relative to JPMCB's total deposits and assets, and based on all the facts of record, the Board concludes that the financial and managerial resources and future prospects of the institutions involved are consistent with approval of the proposal.

Convenience and Needs Considerations

In acting on a proposal under the Bank Merger Act, the Board is required to consider the effects of the proposal on the convenience and needs of the communities to be served.[5] The Community Reinvestment Act ("CRA") requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of local communities in which they operate, consistent with safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account an institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating a proposal under the Bank Merger Act.[6]

The Board has carefully considered the convenience and needs factor and the CRA performance records of JPMCB in light of all the facts of record, including public comments on the proposal. A commenter opposing the proposal has alleged, based on data submitted under the Home Mortgage Disclosure Act ("HMDA"),[7] that CMMC, a subsidiary of JPMCB,[8] denied home mortgage loan applications from minorities more frequently than it denied applications from nonminorities in certain Metropolitan Statistical Areas ("MSAs").[9]

A. Record of Performance under the CRA

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[10]

JPMCB received an "Outstanding" rating at its most recent examination for CRA performance by the Federal Reserve Bank of New York, as of July 9, 2001.[11] Examiners noted that JPMCB had excellent levels of community development lending and qualified investments and was considered a leader in providing community development services.

B. HMDA Data and Fair Lending Record

The Board has carefully considered the lending records of, and HMDA data reported by, JPMCB, CMMC, and Chase USA in light of the comments received.[12] The commenter alleged, based on 2002 HMDA data, that CMMC disproportionately excluded or denied African-American and Hispanic applicants for home mortgage loans in the Benton Harbor MI; Boston, MA; Dallas, TX; Detroit, MI; Raleigh, NC; Richmond, VA; San Francisco, CA; St. Louis, MO; and Washington, DC MSAs.[13] The commenter asserted

4. A commenter opposing the proposal cited press reports of J.P. Morgan Chase & Co.'s connection to investigations, lawsuits, and settlements relating to Enron Corp., and asserted that these issues reflected unfavorably on the managerial resources of JPMCB. The Board has considered this comment in light of the measures that J.P. Morgan Chase & Co. has taken and is continuing to take to address these matters and strengthen the financial holding company's risk-management practices.

The commenter also provided press reports of litigation arising from the acquisition of a small number of mortgage loans from a mortgage broker by Chase Manhattan Mortgage Corporation, Edison, New Jersey ("CMMC"), a subsidiary of JPMCB, and asserted that JPMCB and CMMC lacked adequate policies and procedures for monitoring the acquisition of loans on the secondary market. The Board has considered this information in light of the number of loans involved; the information available to the management of JPMCB and CMMC at the time; the experience, policies, and procedures of the management of JPMCB and CMMC; and confidential supervisory information.

5. 12 U.S.C. § 1828(c)(5).

6. 12 U.S.C. § 2901 *et seq.*

7. 12 U.S.C. § 2801 *et seq.*

8. CMMC became a subsidiary of JPMCB in March, 2002. Before that time, CMMC was a subsidiary of Chase Manhattan Bank USA, N.A., Newark, Delaware ("Chase USA"), an affiliate of JPMCB.

9. The commenter also alleged that CMMC's purchase of certain mortgage loans on the secondary market enabled predatory lending by an unaffiliated consumer lender. The Board notes that on discovering that a small number of home mortgage loans acquired by CMMC presented appraisal and valuation problems, which caused borrowers to hold mortgages with balances greater than the value of their homes, CMMC took remedial steps, including discontinuing its relationship with the originator of those loans and offering to assist the affected homeowners by reducing interest rates and principal balances.

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

11. In addition, Chase USA received an "Outstanding" rating from the OCC, as of March 3, 2003. Examiners commended Chase USA's community development lending and flexible loan programs and noted that Chase USA's responsiveness to the credit and community development needs of its assessment area, through high levels of qualified investments and grants, was excellent.

12. The Board included data submitted by Chase USA in its review because, as noted above, Chase USA was the parent of CMMC until March 2002.

13. In response, JPMCB noted that the commenter's analysis was based on data from only a few MSAs and included only conventional

that CMMC's denial ratios for minority applicants were higher than for nonminority applicants, and that those denial disparity ratios compared unfavorably with that of the aggregate of lenders in the MSAs.[14]

The Board has reviewed data reported by JPMCB, CMMC, and Chase USA for all HMDA loans for the two-year period beginning January 1, 2001. The denial disparity ratios reflected in the HMDA data reported by JPMCB, CMMC, and Chase USA in 2002 generally were more favorable than, or comparable with, the ratios reported by the aggregate of lenders in nine of the ten markets reviewed. The ratio approximated, but was somewhat less favorable than, that of the aggregate in the Boston MSA.

The HMDA data do not indicate that JPMCB, CMMC, or Chase USA has excluded any segment of the population or any geographic area on a prohibited basis. The Board, nevertheless, is concerned when the record of an institution indicates disparities in lending and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending, but also equal access to credit by creditworthy applicants regardless of race or income level. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because these data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about covered loans.[15] 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 on-site evaluations of compliance with fair lending laws by JPMCB and its predecessor bank, Chase Manhattan Bank.[16] Examiners found no evidence of prohibited discrimination or other illegal credit practices at JPMCB, Chase Manhattan Bank, Chase USA, or CMMC.

The record also indicates that JPMCB and CMMC have taken several affirmative steps to ensure compliance with fair lending laws. Management at JPMCB and CMMC conduct comparative file reviews for most of their loan products. JPMCB and CMMC have a secondary review process that includes regression analysis of all applications to identify possible instances or indications of disparate treatment, and JPMCB indicates that when inappropriate underwriting decisions are identified, it takes prompt corrective action, including sending offers of credit to individuals whose applications were denied in error. In addition, an independent review team, under the direction of the fair lending unit, reviews applications identified by the regression analysis and reports its findings to the audit department quarterly.

The Board also has considered the HMDA data in light of other information, including the CRA performance records of JPMCB, Chase Manhattan Bank, and Chase USA. The Board concludes that, in light of the entire record, JPMCB's record of performance in helping to serve the credit needs of its community is consistent with approval of the proposal.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved. Approval of the application is specifically conditioned on receipt of all required regulatory approvals. For purposes of this action, the commitments and conditions relied on in reaching this decision are conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective October 30, 2003.

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

JENNIFER J. JOHNSON
Secretary of the Board

home purchase loans originated by CMMC in 2002, and that the sample, therefore, was too small to represent JPMCB's overall mortgage lending performance.

14. The denial disparity ratio equals the denial rate for a particular racial category (for example, African American) divided by the denial rate for whites.

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

16. JP Morgan Chase Bank was formed after the merger of Chase Manhattan Bank and Morgan Guaranty Trust Company in the fourth quarter of 2001.

Applications Approved Under Bank Holding Company Act By Federal Reserve Banks

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

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
1867 Western Financial Corporation, Stockton, California	Central Valley Bancorp, Modesto, California Modesto Commerce Bank, Modesto, California	San Francisco	October 14, 2003
Bancsouth Financial Corporation, Crystal Springs, Mississippi	The Bank of the South, Crystal Springs, Mississippi	Atlanta	October 10, 2003
Clinton Financial Services, MHC, Clinton, Massachusetts Wachusett Financial Services, Inc., Clinton, Massachuset	Clinton Savings Bank, Clinton, Massachusetts	Boston	October 10, 2003
Community Banks of Georgia, Inc., Jasper, Georgia	Community Bank of Pickens County, Jasper, Georgia	Atlanta	October 23, 2003
Covenant Financial Corporation, Clarksdale, Mississippi	Covenant Bank, Clarksdale, Mississippi	St. Louis	October 23, 2003
Sky Financial Group, Inc., Bowling Green, Ohio	GLB Bancorp, Inc., Mentor, Ohio Great Lakes Bank, Mentor, Ohio	Cleveland	October 3, 2003
Tomah Bancshares, Inc., Tomah, Wisconsin	Wabeno Bancorporation, Inc., Venice, Florida Timberwood Bank, Wabeno, Wisconsin	Minneapolis	October 3, 2003
Trustcompany Bancorp, Jersey City, New Jersey	The Trust Company of New Jersey, Jersey City, New Jersey	New York	October 1, 2003

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Cedar Investment Company, Waverly, Iowa	To engage, *de novo*, in the permissible nonbanking activity of extending credit and servicing loans	Chicago	October 23, 2003
Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, München, Germany	Hypo Real Estate Holding AG, Munich, Germany HVB Real Estate Capital Corporation, New York, New York	New York	September 29, 2003

APPLICATIONS APPROVED UNDER BANK MERGER ACT By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
The Farmers & Merchants Bank, Stuttgart, Arkansas	Union Planters Bank, National Association, Memphis, Tennessee	St. Louis	October 1, 2003
Fifth Third Bank, Grand Rapids, Michigan	Fifth Third Bank, Florida, Naples, Florida Fifth Third Bank, Indiana Indianapolis, Indiana Fifth Third Bank, Kentucky, Louisville, Kentucky Fifth Third Bank, Northern Kentucky, Covington, Kentucky	Cleveland	October 3, 2003
Lafayette Ambassador Bank, Easton, Pennsylvania	Premier Bank, Doylestown, Pennsylvania	Philadelphia	October 3, 2003
Regions Bank, Birmingham, Alabama	Inter Savings Bank, FSB, Edina, Minnesota	Atlanta	October 9, 2003

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.

Diehl McCarthy v. Board of Governors, No. 03-73997 (9th Cir., filed October 28, 2003). Petition for review of an order of prohibition issued by the Board on October 15, 2003.

Ulrich v. Board of Governors, No. 03-73854 (9th Cir., filed October 24, 2003). Petition for review of an order of prohibition issued by the Board on October 15, 2003.

Tavera v. Von Nothaus, et al., No. 03-763 (D. Oregon, filed June 5, 2003). Civil rights action for violation of rights in connection with the plaintiff's prosecution for passing "Liberty dollar coins" as lawful money.

Carter v. Greenspan, No. 03-CV-1026 (D.D.C., filed May 9, 2003). Employment discrimination action.

Apffel v. Board of Governors, No. 03-343 (S. D. Texas, filed May 20, 2003). Freedom of Information Act case.

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.

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

Artis v. Greenspan, No. 01-CV-0400 (EGS) (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 regulation on labor–management relations at Reserve Banks.

To Readers of the Legal Developments Section of the *Bulletin*

The materials currently contained in the Legal Developments section of the *Federal Reserve Bulletin* are also available in various publications, in press releases, and on the Board's web site. The Board's Legal Developments web site, launched in September 2002, provides a convenient way of gaining access to material that has been published in the *Bulletin* for many years. The site is updated as orders and actions are finalized.

- Selected rulemaking actions (proposed and final) are first issued as press releases, which are available on the Board's web site at www.federalreserve.gov/boarddocs/press/bcreg/2003/. They are then published in the *Federal Register* (www.gpoaccess.gov/fr/index.html). On the Board's site, they can also be found in the Legal Developments section of the Banking Information and Regulation page at www.federalreserve.gov/boarddocs/legaldevelopments/rulemaking/. Interested persons may view proposals published for comment and comments received at www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm. Comments on proposals may also be submitted through this web site, by electronic mail, or in writing.
- Board orders issued under the Bank Holding Company Act, the Bank Merger Act, the Federal Reserve Act, and the International Banking Act are issued as attachments to press releases, which are available from 1996 on the Board's web site at www.federalreserve.gov/boarddocs/press/orders/2003/. Board orders issued under the Bank Holding Company Act can also be found at www.federalreserve.gov/boarddocs/legaldevelopments/ordersbhc/. Board orders issued under the Bank Merger Act, the Federal Reserve Act, and the International Banking Act, can also be found at www.federalreserve.gov/boarddocs/legaldevelopments/ordersother/.
- Applications approved under the Bank Holding Company Act, the Bank Merger Act, the Federal Reserve Act, and the International Banking Act are listed in the Board's weekly H.2 release "Actions of the Board, Its Staff, and the Federal Reserve Banks; Applications and Reports Received," which is available in paper copies by subscription from Publications Fulfillment and on the Board's web site at www.federalreserve.gov/releases/h2.
- Enforcement actions are issued as press releases. Actions since 1997 are available at www.federalreserve.gov/boarddocs/press/enforcement/2003/; actions since 1989 can be located by going to "Enforcement Actions" from the Banking and Information and Regulation page at www.federalreserve.gov/boarddocs/enforcement/.

Paper copies of these documents are also available upon request from the Board's Freedom of Information Office. Requests may be submitted by facsimile (202-872-7565); online at www.federalreserve.gov/generalinfo/foia/request.cfm; or by mail to the Secretary, Board of Governors of the Federal Reserve System, Freedom of Information Office, Washington, DC 20551.

Pending cases are listed in the Board's *Annual Report* in the "Litigation" chapter and on the web site at www.federalreserve.gov/boarddocs/legaldevelopments/cases.htm.

Because it is available elsewhere in a more timely fashion, much of the material currently being published in the Legal Developments section of the *Bulletin* will no longer be included in the *Bulletin* when it becomes a quarterly. Only Board orders will be included.

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

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 Agricultural Mortgage Corporation
FFB	Federal Financing Bank
FFIEC	Federal Financial Institutions Examination Council
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	2002	2003			2003				
	Q4	Q1	Q2	Q3	May	June	July[r]	Aug.[r]	Sept.
Reserves of depository institutions[2]									
1 Total	1.0	11.3	6.7	34.0	5.3	53.0	31.7	64.3	-34.2
2 Required	-1.4	11.4	8.1	28.1	2.8	48.0	31.1	14.7	26.5
3 Nonborrowed	1.9	12.8	6.2	32.8	4.5	49.9	32.7	59.1	-30.6
4 Monetary base[3]	5.1	7.6	5.9	4.1	5.1	3.4	.6	9.7	3.4
Concepts of money[4]									
5 M1	4.9	7.5	9.2	8.9	20.3	13.3	5.5	7.3	2.0
6 M2	7.0	6.4	8.5[r]	9.0	18.1[r]	9.7[r]	10.1	8.4	-4.4
7 M3	7.8	5.6	6.4[r]	9.9	13.1[r]	9.3[r]	17.8	3.4	-2.9
Nontransaction components									
8 In M2[5]	7.6	6.0	8.4[r]	9.0	17.5[r]	8.8[r]	11.3	8.8	-6.1
9 In M3 only[6]	9.5	3.9	1.8	12.0	2.2	8.2	34.9	-7.6	.2
Time and savings deposits									
Commercial banks									
10 Savings, including MMDAs	16.8	13.6	16.5	20.5	23.5	21.5	28.3	19.1	-7.3
11 Small time[7]	-7.4	-7.1	-8.6	-14.8	-10.2	-10.9	-19.1	-16.6	-12.7
12 Large time[8,9]	-5.6	-4.5	2.1	30.2	7.0	-6.6	96.4	-3.9	-2.3
Thrift institutions									
13 Savings, including MMDAs	20.0	21.9	24.6	21.0	40.5	13.2	21.5	22.2	10.5
14 Small time[7]	-6.0	-6.6	-9.0	-14.0	-11.8	-13.2	-14.6	-16.8	-12.0
15 Large time[8]	11.9	8.9	-2.1	16.4	-10.2	11.3	34.6	16.8	-2.9
Money market mutual funds									
16 Retail	-6.3	-9.9[r]	-7.2[r]	-7.1	10.7[r]	-6.2[r]	-12.5	-6.3	-12.2
17 Institution-only	2.1	-4.9	-14.7	12.5	-20.1	20.3	42.1	-19.6	6.1
Repurchase agreements and eurodollars									
18 Repurchase agreements[10]	47.7	31.4	27.8	-17.2	19.3	6.3	-57.9	-8.5	4.9
19 Eurodollars[10]	28.9	19.2	32.0[r]	18.5	62.8[r]	-1.8	26.9	26.7	-26.1

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 RESERVE BALANCES OF DEPOSITORY INSTITUTIONS[1]

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	2003			2003						
	July	Aug.	Sept.	Aug. 13	Aug. 20	Aug. 27	Sept. 3	Sept. 10	Sept. 17	Sept. 24
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	716,576	718,212	720,656	711,824	726,539	715,403	725,308	715,281	721,655	717,606
2 Securities held outright	652,630	653,374	655,412	653,072	653,446	653,644	653,881	654,525	655,767	655,990
3 U.S. Treasury[2]	652,620	653,364	655,402	653,062	653,436	653,634	653,871	654,515	655,757	655,980
4 Bills[3]	239,480	240,227	241,209	239,927	240,298	240,492	240,726	240,969	241,183	241,402
5 Notes and bonds, nominal[3]	398,853	398,853	399,372	398,853	398,853	398,853	398,853	398,959	399,595	399,595
6 Notes and bonds, inflation-indexed[3]	12,814	12,814	13,305	12,814	12,814	12,814	12,814	13,089	13,454	13,454
7 Inflation compensation[4]	1,473	1,470	1,516	1,467	1,471	1,474	1,478	1,499	1,525	1,529
8 Federal agency[3]	10	10	10	10	10	10	10	10	10	10
9 Repurchase agreements[5]	24,153	25,774	26,800	17,679	34,071	24,607	34,429	22,821	27,893	22,286
10 Loans to depository institutions	114	330	184	145	937	157	166	158	162	236
11 Primary credit	5	168	25	7	719	1	9	3	4	73
12 Secondary credit	0	15	0	0	66	0	0	0	0	0
13 Seasonal credit	109	147	159	138	152	156	157	155	158	163
14 Float	147	346	-13	595	842	160	-490	308	-233	286
15 Other Federal Reserve assets	39,532	38,387	38,273	40,334	37,243	36,834	37,323	37,468	38,066	38,809
16 Gold stock	11,044	11,043	11,043	11,043	11,043	11,043	11,043	11,043	11,043	11,043
17 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
18 Treasury currency outstanding	35,104	35,188r	35,268	35,168r	35,191r	35,214r	35,237	35,251	35,265	35,279
ABSORBING RESERVE FUNDS										
19 Currency in circulation	694,590	695,356r	697,197	694,989r	694,728r	694,765r	700,111	698,503	696,235	695,980
20 Reverse repurchase agreements[6]	20,180	19,541	20,312	19,563	20,106	19,223	20,022	19,345	20,445	20,545
21 Foreign official and international accounts	20,180	19,541	20,312	19,563	20,106	19,223	20,022	19,345	20,445	20,545
22 Dealers	0	0	0	0	0	0	0	0	0	0
23 Treasury cash holdings	334	354	337	369	355	338	335	337	333	336
24 Deposits with Federal Reserve Banks, other than reserve balances	17,943	17,322	18,206	17,205	17,518	17,612	16,790	16,676	18,064	19,405
25 U.S. Treasury, general account	6,213	5,599	6,206	5,611	5,644	5,974	4,843	4,745	6,084	7,540
26 Foreign official	224	151	272	149	238	86	248	261	229	102
27 Service-related	11,192	11,280	11,467	11,157	11,331	11,246	11,455	11,392	11,481	11,494
28 Required clearing balances	10,864	10,909	11,191	10,912	10,912	10,910	10,912	11,219	11,219	11,226
29 Adjustments to compensate for float	327	372	276	245	419	337	543	173	262	268
30 Other	315	292	261	287	304	306	244	279	269	270
31 Other liabilities and capital	19,956	20,112	20,639	20,190	20,304	19,997	20,194	20,451	20,588	20,755
32 Reserve balances with Federal Reserve Banks[7]	11,921	13,958	12,477	7,919	21,963	11,924	16,336	8,463	14,498	9,107

Factor	End-of-month figures			Wednesday figures						
	July	Aug.	Sept.	Aug. 13	Aug. 20	Aug. 27	Sept. 3	Sept. 10	Sept. 17	Sept. 24
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	721,467	726,172	732,550	715,472	730,576	718,942	726,556	716,178	722,549	720,499
2 Securities held outright	652,913	653,909	656,126	653,288	653,526	653,681	653,941	655,602	655,953	656,003
3 U.S. Treasury[2]	652,903	653,899	656,116	653,278	653,516	653,671	653,931	655,592	655,943	655,993
4 Bills[3]	239,773	240,754	241,533	240,142	240,376	240,528	240,785	241,020	241,367	241,414
5 Notes and bonds, nominal[3]	398,853	398,853	399,595	398,853	398,853	398,853	398,853	399,595	399,595	399,595
6 Notes and bonds, inflation-indexed[3]	12,814	12,814	13,454	12,814	12,814	12,814	12,814	13,454	13,454	13,454
7 Inflation compensation[4]	1,462	1,478	1,533	1,469	1,472	1,476	1,479	1,523	1,526	1,530
8 Federal agency[3]	10	10	10	10	10	10	10	10	10	10
9 Repurchase agreements[5]	29,000	35,000	37,500	19,000	39,500	29,000	33,250	22,500	29,250	26,000
10 Loans to depository institutions	145	158	174	164	262	161	180	155	165	341
11 Primary credit	11	0	21	16	105	2	27	0	2	172
12 Secondary credit	0	0	0	0	0	0	0	0	0	0
13 Seasonal credit	133	158	154	148	157	159	153	154	162	170
14 Float	-195	-265	-496	2,583	499	-458	1,995	134	-1,048	-974
15 Other Federal Reserve assets	39,605	37,371	39,246	40,438	36,789	36,558	37,189	37,788	38,229	39,128
16 Gold stock	11,043	11,043	11,043	11,043	11,043	11,043	11,043	11,043	11,043	11,043
17 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
18 Treasury currency outstanding	35,145	35,237r	35,293	35,168r	35,191r	35,214r	35,237	35,251	35,265	35,279
ABSORBING RESERVE FUNDS										
19 Currency in circulation	694,073	700,139r	698,144	695,939r	695,686r	697,414r	701,257	698,130	697,013	697,408
20 Reverse repurchase agreements[6]	19,827	20,190	24,983	19,138	20,344	19,119	18,757	19,719	18,972	18,801
21 Foreign official and international accounts	19,827	20,190	24,983	19,138	20,344	19,119	18,757	19,719	18,972	18,801
22 Dealers	0	0	0	0	0	0	0	0	0	0
23 Treasury cash holdings	364	335	341	358	338	335	338	333	335	341
24 Deposits with Federal Reserve Banks, other than reserve balances	18,219	16,350	19,046	17,683	18,246	17,050	16,906	16,798	19,270	18,674
25 U.S. Treasury, general account	6,356	4,589	7,224	5,720	6,533	5,441	4,525	5,039	7,247	6,837
26 Foreign official	318	81	82	525	81	81	686	80	270	82
27 Service-related	11,288	11,455	11,515	11,157	11,331	11,246	11,455	11,392	11,481	11,494
28 Required clearing balances	10,898	10,912	11,225	10,912	10,912	10,910	10,912	11,219	11,219	11,226
29 Adjustments to compensate for float	390	543	290	245	419	337	543	173	262	268
30 Other	258	225	224	281	301	282	240	287	272	262
31 Other liabilities and capital	19,674	20,251	21,164	20,043	19,884	19,912	20,080	20,347	20,225	20,648
32 Reserve balances with Federal Reserve Banks[7]	17,696	17,387	17,409	10,722	24,511	13,570	17,697	9,345	15,242	13,149

1. Amounts of vault cash held as reserves are shown in table 1.12, line 2.
2. Includes securities lent to dealers, which are fully collateralized by other U.S. Treasury securities.
3. Face value of the securities.
4. Compensation that adjusts for the effect of inflation on the original face value of inflation-indexed securities.
5. Cash value of agreements, which are fully collateralized by U.S. Treasury and federal agency securities.
6. Cash value of agreements, which are fully collateralized by U.S. Treasury securities.
7. Excludes required clearing balances and adjustments to compensate for float.

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	2000	2001	2002	2003						
	Prorated monthly averages of biweekly averages									
	Dec.	Dec.	Dec.	Mar.	Apr.	May	June	July	Aug.	Sept.
1 Reserve balances with Reserve Banks[2]	7,022	9,053	9,926	9,840	10,598	11,405	11,297	12,157	14,107	12,470
2 Total vault cash[3]	45,246	43,918	43,368	43,088	41,991	41,636	41,961	42,657	43,034	43,079
3 Applied vault cash[4]	31,451	32,024	30,347	30,757	30,574	30,395	30,574	31,437	31,978[r]	31,940
4 Surplus vault cash[5]	13,795	11,894	13,021	12,331	11,417	11,241	11,386	11,220	11,056[r]	11,138
5 Total reserves[6]	38,473	41,077	40,274	40,597	41,172	41,801	41,872	43,594	46,084[r]	44,410
6 Required reserves	37,046	39,428	38,264	38,961	39,640	40,182	40,018	41,671	42,321[r]	42,905
7 Excess reserve balances at Reserve Banks[7]	1,427	1,649	2,009	1,636	1,532	1,619	1,854	1,924	3,763[r]	1,505
8 Total borrowing at Reserve Banks	210	67	80	22	29	55	161	130	329	181
9 Primary				14	8	3	87	21	168	23
10 Secondary		.		0	0	0	0	0	15	0
11 Seasonal	111	33	45	8	21	53	74	110	146	158
12 Adjustment	99	34	35			.		..	.	

Reserve classification	2003									
	Biweekly averages of daily figures for two-week periods ending on dates indicated									
	May 28	June 11	June 25	July 9	July 23	Aug. 6	Aug. 20	Sept. 3[r]	Sept. 17	Oct. 1
1 Reserve balances with Reserve Banks[2]	13,116	11,050	11,437	11,453	12,644	12,099	14,940	14,141	11,506	13,122
2 Total vault cash[3]	41,968	41,040	42,303	43,030	41,789	43,758	43,490	42,060	42,327	44,125
3 Applied vault cash[4]	31,211	29,854	30,798	31,534	30,545	32,890	31,551[r]	32,024	30,948	32,990
4 Surplus vault cash[5]	10,758	11,186	11,505	11,497	11,244	10,869	11,939[r]	10,036	11,379	11,135
5 Total reserves[6]	44,326	40,904	42,235	42,986	43,189	44,988	46,491[r]	46,165	42,454	46,112
6 Required reserves	42,712	38,909	40,631	40,744	41,601	42,836	40,805[r]	43,971	41,541	44,129
7 Excess reserve balances at Reserve Banks[7]	1,614	1,994	1,604	2,242	1,588	2,152	5,686[r]	2,194	913	1,983
8 Total borrowing at Reserve Banks	58	69	241	144	117	140	541	162	160	207
9 Primary	2	7	163	54	5	11	363	5	4	48
10 Secondary	0	0	0	0	1	0	33	0	0	0
11 Seasonal	56	63	78	90	111	129	145	157	157	159
12 Adjustment	.						.		.	.

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).

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Primary credit[1]			Secondary credit[2]			Seasonal credit[3]		
	On 11/14/03	Effective date	Previous rate	On 11/14/03	Effective date	Previous rate	On 11/14/03	Effective date	Previous rate
Boston	2.00	6/25/03	2.25	2.50	6/25/03	2.75	1.05	9/4/03	1.10
New York		6/25/03			6/25/03				
Philadelphia		6/26/03			6/26/03				
Cleveland		6/26/03			6/26/03				
Richmond		6/26/03			6/26/03				
Atlanta		6/26/03			6/26/03				
Chicago		6/26/03			6/26/03				
St. Louis		6/26/03			6/26/03				
Minneapolis		6/26/03			6/26/03				
Kansas City		6/25/03			6/25/03				
Dallas		6/26/03			6/26/03				
San Francisco	2.00	6/25/03	2.25	2.50	6/25/03	2.75	1.05	9/4/03	1.10

Range of rates for primary credit

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Jan. 9, 2003 (beginning of program)	2.25	2.25						
2003—June 25	2.00–2.25	2.00						
26	2.00	2.00						
In effect November 14, 2003	2.00	2.00						

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.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1995	5.25	5.25	2000—Feb. 2	5.00–5.25	5.25	2001—June 27	3.25–3.50	3.25
			4	5.25	5.25	29	3.25	3.25
1996—Jan. 31	5.00–5.25	5.00	Mar. 21	5.25–5.50	5.50	Aug. 21	3.00–3.25	3.00
Feb. 3	5.00	5.00	23	5.50	5.50	23	3.00	3.00
			May 16	5.50–6.00	5.50	Sept. 17	2.50–3.00	2.50
1998—Oct. 15	4.75–5.00	4.75	19	6.00	6.00	18	2.50	2.50
16	4.75	4.75				Oct. 2	2.00–2.50	2.00
Nov. 17	4.50–4.75	4.50	2001—Jan. 3	5.75–6.00	5.75	4	2.00	2.00
19	4.50	4.50	4	5.50–5.75	5.50	Nov. 6	1.50–2.00	1.50
			5	5.50	5.50	8	1.50	1.50
1999—Aug. 24	4.50–4.75	4.75	31	5.00–5.50	5.00	Dec. 11	1.25–1.50	1.25
26	4.75	4.75	Feb. 1	5.00	5.00	13	1.25	1.25
Nov. 16	4.75–5.00	4.75	Mar. 20	4.50–5.00	4.50			
18	5.00	5.00	21	4.50	4.50	2002—Nov. 6	0.75–1.25	0.75
			Apr. 18	4.00–4.50	4.00	7	0.75	0.75
			20	4.00	4.00			
			2001—May 15	3.50–4.00	3.50	In effect Jan. 8, 2003 (end of program)	0.75	0.75
			17	3.50	3.50			

1. 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.

2. Available in appropriate circumstances to depository institutions that do not qualify for primary credit

3. 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.

4. Was available until January 8, 2003, to help depository institutions meet temporary needs for funds that could not be met through reasonable alternative sources. For earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941,* and *1941–1970*; and the *Statistical Digest, 1970–1979, 1980–1989,* and *1990–1995.* 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–$6.6 million[3]	0	12/25/03
2 More than $6.6 million–$45.4 million[4]	3	12/25/03
3 More than $45.4 million[5]	10	12/25/03
4 Nonpersonal time deposits[6]	0	12/27/90
5 Eurocurrency liabilities[7]	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. 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 25, 2003, for depository institutions that report weekly, and with the period beginning January 15, 2004, for institutions that report quarterly, the exemption was raised from $6.0 million to $6.6 million.

4. 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 25, 2003, for depository institutions that report weekly, and with the period beginning January 15, 2004, for institutions that report quarterly, the amount was increased from $42.1 million to $45.4 million.

5. 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.

6. 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.

7. 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	2000	2001	2002	2003						
				Feb.	Mar.	Apr.	May	June	July	Aug.
U.S. TREASURY SECURITIES[2]										
Outright transactions										
Treasury bills										
1 Gross purchases	8,676	15,503	21,421	4,161	1,863	3,543	1,684	1,032	808	981
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	477,904	542,736	657,931	53,860	47,424	51,834	76,354	60,706	68,544	56,098
4 For new bills	477,904	542,736	657,931	53,860	47,424	51,834	76,354	60,706	68,544	56,098
5 Redemptions	24,522	10,095	0	0	0	0	0	0	0	0
Others within one year										
6 Gross purchases	8,809	15,663	12,720	478	1,318	1,422	786	0	0	0
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	62,025	70,336	89,108	3,214	8,334	8,333	7,228	7,531	6,662	4,915
9 Exchanges	−54,656	−72,004	−92,075	−13,313	−8,211	−7,293	−6,999	−6,700	−4,996	−9,776
10 Redemptions	3,779	16,802	0	0	0	0	0	0	0	0
One to five years										
11 Gross purchases	14,482	22,814	12,748	2,127	710	733	1,057	0	0	0
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−52,068	−45,211	−73,093	2,160	−8,334	−8,333	−1,513	−7,531	−6,662	−1,561
14 Exchanges	46,177	64,519	88,276	11,817	8,211	7,293	6,747	6,700	4,996	7,261
Five to ten years										
15 Gross purchases	5,871	6,003	5,074	769	522	0	234	0	0	0
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−6,801	−21,063	−11,588	−3,877	0	0	−5,463	0	0	2,202
18 Exchanges	6,585	6,063	3,800	1,497	0	0	252	0	0	2,515
More than ten years										
19 Gross purchases	5,833	8,531	2,280	0	50	0	0	0	0	0
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−3,155	−4,062	−4,427	−1,497	0	0	−252	0	0	−5,556
22 Exchanges	1,894	1,423	0	0	0	0	0	0	0	0
All maturities										
23 Gross purchases	43,670	68,513	54,242	7,534	4,463	5,699	3,761	1,032	808	981
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	28,301	26,897	0	0	0	0	0	0	0	0
26 Net change in U.S. Treasury securities	15,369	41,616	54,242	7,534	4,463	5,699	3,761	1,032	808	981
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
27 Gross purchases	0	0	0	0	0	0	0	0	0	0
28 Gross sales	0	0	0	0	0	0	0	0	0	0
29 Redemptions	51	120	0	0	0	0	0	0	0	0
30 Net change in federal agency obligations	−51	−120	0	0	0	0	0	0	0	0
TEMPORARY TRANSACTIONS										
Repurchase agreements[3]										
31 Gross purchases	890,236	1,497,713	1,143,126	121,896	95,001	112,251	124,741	90,500	145,750	156,250
32 Gross sales	987,501	1,490,838	1,153,876	119,746	90,151	106,500	132,002	88,990	148,500	150,250
Matched sale–purchase agreements										
33 Gross purchases	4,415,905	4,722,667	4,981,624	0	0	0	0	0	0	0
34 Gross sales	4,397,835	4,724,743	4,958,437	0	0	0	0	0	0	0
Reverse repurchase agreements[4]										
35 Gross purchases	0	0	231,272	343,748	388,069	451,149	441,555	456,652	445,346	410,913
36 Gross sales	0	0	252,363	343,395	389,469	452,545	443,025	456,447	443,093	411,276
37 Net change in temporary transactions	−79,195	4,800	−8,653	2	2,200	2,104	−8,731	−6,535	−497	5,637
38 Total net change in System Open Market Account	**−63,877**	**46,295**	**45,589**	**7,537**	**6,664**	**7,803**	**−4,971**	**−5,504**	**311**	**6,617**

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.
3. Cash value of agreements, which are collateralized by U.S. government and federal agency obligations.
4. Cash value of agreements, which are collateralized by U.S. Treasury securities.

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

Millions of dollars

Account	Wednesday, 2003					End of month, 2003		
	Aug. 27	Sept. 3	Sept. 10	Sept. 17	Sept. 24	July	Aug.	Sept.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039
2 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
3 Coin	887	858	850	848	849	878	881	847
4 Securities, repurchase agreements, and loans	682,842	687,371	678,256	685,367	682,345	682,057	689,066	693,800
5 Securities held outright	653,681	653,941	655,602	655,953	656,003	652,913	653,909	656,126
6 U.S. Treasury[2]	653,671	653,931	655,592	655,943	655,993	652,903	653,899	656,116
7 Bills[3]	240,528	240,785	241,020	241,367	241,414	239,773	240,754	241,533
8 Notes and bonds, nominal[3]	398,853	398,853	399,595	399,595	399,595	398,853	398,853	399,595
9 Notes and bonds, inflation-indexed[3]	12,814	12,814	13,454	13,454	13,454	12,814	12,814	13,454
10 Inflation compensation[4]	1,476	1,479	1,523	1,526	1,530	1,462	1,478	1,533
11 Federal agency[3]	10	10	10	10	10	10	10	10
12 Repurchase agreements[5]	29,000	33,250	22,500	29,250	26,000	29,000	35,000	37,500
13 Loans	161	180	155	165	341	145	158	174
14 Items in process of collection	7,586	12,854	8,013	7,157	6,535	6,558	5,997	9,071
15 Bank premises	1,590	1,589	1,590	1,591	1,595	1,586	1,590	1,597
16 Other assets	35,389	35,449	36,186	36,633	37,521	38,004	35,729	37,636
17 Denominated in foreign currencies[6]	17,511	17,580	17,813	17,935	18,456	17,598	17,654	18,636
18 All other[7]	17,878	17,869	18,373	18,697	19,065	20,406	18,075	19,000
19 **Total assets**	**741,534**	**751,360**	**738,134**	**744,835**	**742,084**	**742,321**	**746,503**	**756,190**
LIABILITIES								
20 Federal Reserve notes, net of F.R. Bank holdings	663,418	667,212	664,058	662,927	663,314	660,167	666,113	664,034
21 Reverse repurchase agreements[8]	19,119	18,757	19,719	18,972	18,801	19,827	20,190	24,983
22 Deposits	31,731	34,317	26,161	34,823	32,208	35,972	33,793	36,671
23 Depository institutions	25,927	28,866	20,755	27,034	25,027	29,041	28,898	29,141
24 U.S. Treasury, general account	5,441	4,525	5,039	7,247	6,837	6,356	4,589	7,224
25 Foreign official	81	686	80	270	82	318	81	82
26 Other	282	240	287	272	262	258	225	224
27 Deferred availability cash items	7,355	10,994	7,849	7,889	7,112	6,681	6,155	9,337
28 Other liabilities and accrued dividends[9]	2,204	2,195	2,215	2,204	2,245	2,143	2,195	2,227
29 **Total liabilities**	**723,825**	**733,475**	**720,003**	**726,815**	**723,681**	**724,789**	**728,446**	**737,252**
CAPITAL ACCOUNTS								
30 Capital paid in	8,748	8,752	8,755	8,755	8,758	8,719	8,750	8,746
31 Surplus	8,380	8,380	8,380	8,380	8,380	8,327	8,380	8,380
32 Other capital accounts	580	752	996	885	1,265	486	927	1,811
33 **Total capital**	**17,708**	**17,885**	**18,131**	**18,021**	**18,403**	**17,532**	**18,057**	**18,938**
MEMO								
34 Marketable securities held in custody for foreign official and international accounts[3,10]	949,401	961,027	964,040	959,339	968,067	936,251	951,036	982,329
35 U.S. Treasury	761,587	772,567	777,059	772,230	775,698	754,101	765,022	787,003
36 Federal agency	187,814	188,460	186,981	187,110	192,369	182,150	186,013	195,326
37 Securities lent to dealers	2,346	2,201	1,395	586	809	2,390	2,631	3,088
	Federal Reserve notes and collateral statement							
38 Federal Reserve notes outstanding	780,878	781,724	783,777	785,485	787,589	774,672	780,991	789,185
39 Less: Notes held by F.R. Banks not subject to collateralization	112,697	109,755	115,128	117,643	119,527	109,856	110,234	119,804
40 Federal Reserve notes to be collateralized	668,181	671,969	668,649	667,842	668,062	664,816	670,757	669,381
41 Collateral held against Federal Reserve notes	668,181	671,969	668,649	667,842	668,062	664,816	670,757	669,381
42 Gold certificate account	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039
43 Special drawing rights certificate account	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
44 U.S. Treasury and agency securities pledged[11]	654,942	658,730	655,411	654,603	654,823	651,577	657,518	656,142
45 Other eligible assets	0	0	0	0	0	0	0	0
MEMO								
46 Total U.S. Treasury and agency securities[11]	682,681	687,191	678,102	685,203	682,003	681,913	688,909	693,626
47 Less: face value of securities under reverse repurchase agreements[12]	19,124	18,762	19,724	18,976	18,805	19,831	20,198	24,989
48 U.S. Treasury and agency securities eligible to be pledged	663,558	668,429	658,377	666,226	663,198	662,081	668,711	668,637

1. Some of the data in this table also appear in the Board's H.4.1 (503) weekly statistical release. For ordering address, see inside front cover.
2. Includes securities lent to dealers, which are fully collateralized by other U.S. Treasury securities.
3. Face value of the securities.
4. Compensation that adjusts for the effect of inflation on the original face value of inflation-indexed securities.
5. Cash value of agreements, which are fully collateralized by U.S. Treasury and federal agency securities.
6. Valued daily at market exchange rates.
7. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within ninety days.
8. Cash value of agreements, which are fully collateralized by U.S. Treasury securities.
9. Includes exchange-translation account reflecting the daily revaluation at market exchange rates of foreign exchange commitments.
10. Includes U.S. Treasury STRIPS and other zero coupon bonds at face value.
11. Includes face value of U.S. Treasury and agency securities held outright, compensation to adjust for the effect of inflation on the original face value of inflation-indexed securities, and cash value of repurchase agreements.
12. Face value of agreements, which are fully collateralized by U.S. Treasury securities.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loans and Securities

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	2003					2003		
	Aug. 27	Sept. 3	Sept. 10	Sept. 17	Sept. 24	July	Aug.	Sept.
1 **Total loans**	**161**	**180**	**155**	**165**	**341**	**145**	**158**	**174**
2 Within 15 days	138	35	30	163	311	99	109	126
3 16 days to 90 days	23	145	125	2	30	45	48	49
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 **Total U.S. Treasury securities**[1]	**653,671**	**653,931**	**655,592**	**655,943**	**655,993**	**652,903**	**653,899**	**656,116**
6 Within 15 days	50,191	45,481	45,911	52,664	52,428	36,979	35,599	30,538
7 16 days to 90 days	135,304	140,939	141,474	135,948	137,309	134,047	138,773	153,565
8 91 days to 1 year	160,830	162,179	161,449	160,569	159,492	172,745	172,179	158,709
9 Over 1 year to 5 years	180,033	178,017	178,018	178,019	178,020	184,345	180,033	184,556
10 Over 5 years to 10 years	50,384	50,385	51,655	51,656	51,658	44,823	50,384	51,659
11 Over 10 years	76,929	76,931	77,085	77,086	77,088	79,965	76,930	77,089
12 **Total federal agency securities**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
13 Within 15 days	0	0	0	0	0	0	0	0
14 16 days to 90 days	0	0	0	10	10	0	0	10
15 91 days to 1 year	10	10	10	0	0	10	10	0
16 Over 1 year to 5 years	0	0	0	0	0	0	0	0
17 Over 5 years to 10 years	0	0	0	0	0	0	0	0
18 Over 10 years	0	0	0	0	0	0	0	0
19 **Total repurchase agreements**[2]	**29,000**	**33,250**	**22,500**	**29,250**	**26,000**	**29,000**	**35,000**	**37,500**
20 Within 15 days	24,000	29,250	18,500	24,250	26,000	24,000	26,000	37,500
21 16 days to 90 days	5,000	4,000	4,000	5,000	0	5,000	9,000	0
22 **Total reverse repurchase agreements**[2]	**19,119**	**18,757**	**19,719**	**18,972**	**18,801**	**19,827**	**20,190**	**24,983**
23 Within 15 days	19,119	18,757	19,719	18,972	18,801	19,827	20,190	24,983
24 16 days to 90 days	0	0	0	0	0	0	0	0

Note. Components may not sum to totals because of rounding.

1 Includes the original face value of inflation-indexed securities and compensation that adjusts for the effect of inflation on the original face value of such securities.

2. Cash value of agreements classified by remaining maturity of the agreements.

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

Billions of dollars, averages of daily figures

Item	1999 Dec.	2000 Dec.	2001 Dec.	2002 Dec.	2003 Feb.	2003 Mar.	2003 Apr.	2003 May	2003 June	2003 July	2003 Aug.[r]	2003 Sept.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]												
1 Total reserves[3]	41.81	38.54	41.24	40.22	40.82	40.97	40.81	40.99	42.80	43.93	46.28	44.96
2 Nonborrowed reserves[4]	41.49	38.33	41.18	40.14	40.80	40.95	40.78	40.93	42.63	43.80	45.95	44.78
3 Required reserves	40.51	37.11	39.60	38.21	38.86	39.34	39.27	39.37	40.94	42.00	42.52	43.46
4 Monetary base[5]	593.16	584.77	635.62	681.90	691.31	695.14	698.23	701.18	703.17	703.53	709.22	711.20
	Not seasonally adjusted											
5 Total reserves[6]	41.89	38.53	41.20	40.13	41.94	40.60	41.16	41.79	41.86	43.58	46.06	44.38
6 Nonborrowed reserves	41.57	38.32	41.13	40.05	41.91	40.57	41.14	41.73	41.70	43.44	45.73	44.20
7 Required reserves[7]	40.59	37.10	39.55	38.12	39.97	38.96	39.63	40.17	40.00	41.65	42.30	42.88
8 Monetary base[8]	600.72	590.06	639.91	686.23	690.25	693.91	697.83	701.58	703.33	705.80	709.18	709.20
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[9]												
9 Total reserves[10]	41.65	38.47	41.08	40.27	41.94	40.60	41.17	41.80	41.87	43.59	46.08	44.41
10 Nonborrowed reserves	41.33	38.26	41.01	40.19	41.91	40.58	41.14	41.75	41.71	43.46	45.76	44.23
11 Required reserves	40.36	37.05	39.43	38.26	39.97	38.96	39.64	40.18	40.02	41.67	42.32	42.91
12 Monetary base[11]	608.02	596.98	648.74	697.15	701.04	705.04	709.10	712.76	714.36	717.02[r]	720.49	720.68
13 Excess reserves[12]	1.30	1.43	1.65	2.01	1.97	1.64	1.53	1.62	1.85	1.92	3.76	1.51
14 Borrowings from the Federal Reserve	.32	.21	.07	.08	.03	.02	.03	.06	.16	.13	.33	.18

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. 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.

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

7. 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).

8. 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.

9. 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.

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

11. 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.

12. 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	1999 Dec.	2000 Dec.	2001 Dec.	2002 Dec.	2003 June	2003 July[r]	2003 Aug.[r]	2003 Sept.
	Seasonally adjusted							
Measures[2]								
1 M1	1,121.4	1,084.7	1,172.9	1,210.4	1,272.2	1,278.0	1,285.8	1,287.9
2 M2	4,649.9[r]	4,931.5	5,444.4[r]	5,791.6[r]	6,046.9[r]	6,097.8	6,140.7	6,118.4
3 M3	6,535.0[r]	7,099.4	8,004.3[r]	8,522.6[r]	8,775.4[r]	8,905.6	8,930.8	8,908.9
M1 components								
4 Currency[3]	517.7	531.5	581.9	627.3	646.5	646.2	649.2	653.0
5 Travelers checks[4]	8.3	8.0	7.8	7.5	7.9	8.2	8.0	7.8
6 Demand deposits[5]	352.1	306.9	326.1	297.1	322.5	322.6	322.2	316.9
7 Other checkable deposits[6]	243.4	238.2	257.2	278.5	295.3	301.0	306.3	310.2
Nontransaction components								
8 In M2[7]	3,528.5[r]	3,846.8	4,271.5[r]	4,581.3[r]	4,774.7[r]	4,819.8	4,855.0	4,830.5
9 In M3 only[8]	1,885.1	2,167.9	2,559.9	2,730.9	2,728.5	2,807.8	2,790.1	2,790.5
Commercial banks								
10 Savings deposits, including MMDAs	1,288.8	1,422.9	1,734.6	2,047.9	2,227.6	2,280.1	2,316.4	2,302.3
11 Small time deposits[9]	634.6	699.5	634.2	591.0	566.4	557.4	549.7	543.9
12 Large time deposits[10,11]	652.2	718.3	671.1	676.6	687.3	742.5	740.1	738.7
Thrift institutions								
13 Savings deposits, including MMDAs	452.0	454.3	572.4	714.5	802.0	816.4	831.5	838.8
14 Small time deposits[9]	319.5	344.8	339.1	302.2	288.5	285.0	281.0	278.2
15 Large time deposits[10]	91.9	103.0	114.9	117.3	118.0	121.4	123.1	122.8
Money market mutual funds								
16 Retail	833.6[r]	925.4	991.3[r]	925.8[r]	890.2[r]	880.9	876.3	867.4
17 Institution-only	634.8	788.8	1,190.3	1,234.5	1,143.8	1,183.9	1,164.6	1,170.5
Repurchase agreements and eurodollars								
18 Repurchase agreements[12]	335.7	363.5	375.0	474.6	520.2	495.1	491.6	493.6
19 Eurodollars[12]	170.5	194.3	208.6	227.9	259.1	264.9	270.8	264.9
	Not seasonally adjusted							
Measures[2]								
20 M1	1,147.8	1,112.1	1,202.9	1,240.3	1,269.4	1,274.4	1,279.6	1,275.5
21 M2	4,676.9[r]	4,966.9	5,487.4[r]	5,841.0[r]	6,015.9[r]	6,063.7	6,119.9	6,092.9
22 M3	6,577.6[r]	7,154.0	8,076.1[r]	8,600.2[r]	8,744.4[r]	8,846.9	8,880.8	8,830.4
M1 components								
23 Currency[3]	521.7	535.6	585.4	630.6	647.7	648.7	650.4	651.0
24 Travelers checks[4]	8.4	8.1	7.9	7.7	7.7	7.8	7.8	7.7
25 Demand deposits[5]	371.7	326.7	348.1	317.5	318.8	320.1	321.2	312.7
26 Other checkable deposits[6]	246.0	241.6	261.5	284.5	295.2	297.8	300.2	304.1
Nontransaction components								
27 In M2[7]	3,529.1[r]	3,854.8	4,284.4[r]	4,600.7[r]	4,746.5[r]	4,789.2	4,840.3	4,817.4
28 In M3 only[8]	1,900.7	2,187.1	2,588.7	2,759.2	2,728.5	2,783.2	2,760.9	2,737.5
Commercial banks								
29 Savings deposits, including MMDAs	1,288.7	1,427.5	1,742.4	2,060.4	2,217.5	2,264.2	2,307.9	2,297.6
30 Small time deposits[9]	635.6	700.6	635.1	591.7	565.7[r]	557.2	550.1	544.4
31 Large time deposits[10,11]	653.6	718.5	670.0	675.0	691.8	742.4	739.0	739.8
Thrift institutions								
32 Savings deposits, including MMDAs	451.9	455.8	575.0	718.9	798.3	810.7	828.4	837.1
33 Small time deposits[9]	320.0	345.4	339.6	302.5	288.1	284.9	281.2	278.4
34 Large time deposits[10]	92.1	103.0	114.7	117.0	118.8	121.4	122.9	123.0
Money market mutual funds								
35 Retail	832.9[r]	925.5	992.3[r]	927.3[r]	876.8[r]	872.2	872.7	859.8
36 Institution-only	648.6	806.1	1,218.3	1,262.3	1,131.0	1,161.6	1,144.1	1,133.2
Repurchase agreements and eurodollars								
37 Repurchase agreements[12]	334.7	364.2	376.5	476.4	529.5	496.6	488.1	479.3
38 Eurodollars[12]	171.7	195.2	209.1	228.5	257.4	261.3	266.8	262.3

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			
	2002	2003							2003			
	Sept	Mar.	Apr	May	June[r]	July[r]	Aug.[r]	Sept.	Sept. 3	Sept. 10	Sept. 17	Sept. 24
	Seasonally adjusted											
Assets												
1 Bank credit	5,721.1[r]	5,992.0[r]	6,026.5[r]	6,133.6[r]	6,189.8	6,201.7	6,188.9	6,194.4	6,203.7	6,230.3	6,190.7	6,157.0
2 Securities in bank credit	1,642.6	1,766.1	1,778.7	1,837.4	1,862.0	1,815.3	1,773.9	1,778.9	1,781.0	1,788.8	1,764.1	1,765.3
3 U.S. government securities	962.7	1,072.2	1,104.4	1,135.2	1,151.6	1,115.7	1,077.2	1,060.6	1,081.1	1,078.5	1,052.5	1,046.5
4 Other securities	679.9	693.9	674.3	702.2	710.4	699.6	696.7	718.3	699.9	710.3	711.5	718.7
5 Loans and leases in bank credit[2]	4,078.5[r]	4,225.9[r]	4,247.8[r]	4,296.2[r]	4,327.8	4,386.4	4,415.0	4,415.5	4,422.7	4,441.5	4,426.6	4,391.8
6 Commercial and industrial	972.8[r]	947.7[r]	946.8[r]	938.5[r]	926.6	929.7	921.8	910.6	919.8	915.7	911.5	908.0
7 Real estate	1,937.4	2,095.1[r]	2,111.3[r]	2,134.2[r]	2,157.1	2,195.0	2,240.0	2,255.4	2,258.8	2,278.1	2,266.0	2,234.9
8 Revolving home equity	200.8	230.5	234.8[r]	238.4[r]	244.8	248.9	253.2	258.4	255.2	256.9	258.2	259.6
9 Other	1,736.7[r]	1,864.6[r]	1,876.5[r]	1,895.8[r]	1,912.3	1,946.1	1,986.8	1,997.0	2,003.7	2,021.2	2,007.8	1,975.2
10 Consumer	582.9	586.9	584.6	589.9	595.8	596.3	597.0	602.0	599.8	601.0	605.5	603.7
11 Security[3]	*180.9*	*193.6*	*190.6*	*210.3*	*212.2*	*214.8*	*207.0*	*202.2*	*199.2*	*201.5*	*197.5*	*198.6*
12 Other loans and leases	404.4[r]	402.6[r]	414.5[r]	423.2[r]	436.1	450.7	449.3	445.3	445.1	445.2	446.1	446.6
13 Interbank loans	317.2	313.4[r]	304.9[r]	316.8[r]	320.2	321.7	327.0	308.0	307.7	300.6	302.7	308.6
14 Cash assets[4]	318.1	323.6	319.7	318.3	331.5	336.4	343.7	331.0	353.8	316.2	334.0	319.8
15 Other assets[5]	501.0	525.0	528.7	546.1	549.8	555.5	566.6	552.9	575.0	566.3	534.6	541.5
16 Total assets[6]	**6,782.0[r]**	**7,077.5[r]**	**7,104.6**	**7,239.4**	**7,315.8**	**7,340.1**	**7,350.2**	**7,310.4**	**7,363.9**	**7,337.5**	**7,285.9**	**7,250.7**
Liabilities												
17 Deposits	4,478.4	4,585.6	4,612.6	4,643.4	4,702.4	4,748.2	4,799.7	4,775.7	4,816.3	4,766.2	4,773.6	4,766.0
18 Transaction	582.7	619.4	632.4	634.1	639.3	655.3	655.1	634.8	623.7	602.5	642.0	672.8
19 Nontransaction	3,895.7	3,966.3	3,980.2	4,009.3	4,063.1	4,092.9	4,144.6	4,140.9	4,192.6	4,163.7	4,131.6	4,093.2
20 Large time	1,044.0	1,001.6	985.5	999.2	1,003.3	1,021.2	1,031.8	1,041.6	1,033.2	1,047.9	1,037.2	1,046.8
21 Other	2,851.7	2,964.7	2,994.7	3,010.2	3,059.8	3,071.6	3,112.8	3,099.3	3,159.4	3,115.8	3,094.5	3,046.4
22 Borrowings	1,325.8	1,389.8	1,396.7	1,438.2	1,478.1	1,515.1	1,518.1	1,481.2	1,496.4	1,507.0	1,483.0	1,456.5
23 From banks in the U.S.	415.9	397.3	397.1	389.8	408.5	410.6	416.0	403.2	403.9	395.7	411.8	404.5
24 From others	909.9	992.6	999.6	1,048.4	1,069.6	1,104.4	1,102.0	1,078.1	1,092.4	1,111.3	1,071.2	1,052.0
25 Net due to related foreign offices	92.7	135.8	139.3	146.5	126.4	143.0	126.8	130.7	124.9	135.6	130.7	113.4
26 Other liabilities	431.2	430.0[r]	434.7[r]	459.6[r]	469.9	438.7	428.5	439.2	454.6	446.7	426.2	425.5
27 Total liabilities	**6,328.1[r]**	**6,541.2[r]**	**6,583.2[r]**	**6,687.7[r]**	**6,776.9**	**6,844.9**	**6,873.0**	**6,826.8**	**6,892.2**	**6,855.5**	**6,813.6**	**6,761.4**
28 Residual (assets less liabilities)[7]	453.9[r]	536.3[r]	521.4[r]	551.7[r]	538.9	495.2	477.1	483.6	471.8	481.9	472.3	489.4
	Not seasonally adjusted											
Assets												
29 Bank credit	5,717.8[r]	5,980.8[r]	6,021.0[r]	6,128.2[r]	6,185.9	6,176.1	6,168.9	6,190.5	6,196.6	6,219.2	6,197.1	6,149.4
30 Securities in bank credit	1,641.4	1,771.1	1,776.5	1,835.1	1,855.9	1,800.1	1,766.6	1,777.6	1,782.5	1,789.9	1,762.9	1,761.2
31 U.S. government securities	962.5	1,077.2	1,104.3	1,133.2	1,146.9	1,107.5	1,073.2	1,060.5	1,083.0	1,081.2	1,052.6	1,044.6
32 Other securities	678.9	693.9	672.2	702.0	709.0	692.5	693.4	717.2	699.4	708.8	710.3	716.6
33 Loans and leases in bank credit[2]	4,076.4[r]	4,209.7[r]	4,244.5[r]	4,293.1[r]	4,330.1	4,376.0	4,402.2	4,412.8	4,414.2	4,429.2	4,434.2	4,388.2
34 Commercial and industrial	971.2[r]	949.1[r]	950.6[r]	942.3[r]	930.7	930.8	918.0	908.9	915.8	910.3	911.1	907.2
35 Real estate	1,939.1[r]	2,086.1[r]	2,107.6[r]	2,138.0[r]	2,158.3	2,193.4	2,240.1	2,257.4	2,259.2	2,280.6	2,269.9	2,236.3
36 Revolving home equity	201.4	228.4	234.5[r]	239.6[r]	245.6	249.0	253.3	259.3	255.6	257.6	259.3	260.5
37 Other	1,737.7[r]	1,857.6	1,873.2[r]	1,898.4[r]	1,912.7	1,944.4	1,986.8	1,998.1	2,003.5	2,023.0	2,010.6	1,975.8
38 Consumer	581.9	584.7	581.8	588.7	592.4	590.7	593.2	600.0	597.3	597.8	604.3	602.7
39 Credit cards and related plans	230.9	219.6	215.6	221.5	223.2	219.9	219.9	222.8	223.0	221.3	226.5	224.7
40 Other	351.0	365.0	366.2	367.2	369.3	370.8	373.3	377.2	374.3	376.6	377.8	378.0
41 Security[3]	179.4	189.2	189.8	202.6	210.8	208.7	201.7	200.0	192.3	194.2	201.5	198.0
42 Other loans and leases	404.8[r]	400.7[r]	414.7[r]	421.6[r]	437.9	452.4	449.2	446.5	449.6	446.4	447.4	444.0
43 Interbank loans	309.6[r]	319.9[r]	316.0[r]	312.6[r]	321.4	317.1	321.1	301.1	311.4	300.3	298.6	289.1
44 Cash assets[4]	314.3	312.8	318.0	314.7	322.3	325.7	327.1	327.2	367.5	317.9	326.8	306.2
45 Other assets[5]	504.6	524.1	528.1	544.0	544.3	553.7	563.1	556.9	577.7	570.9	537.9	541.5
46 Total assets[6]	**6,770.8[r]**	**7,060.8[r]**	**7,108.0**	**7,223.8[r]**	**7,298.3**	**7,297.7**	**7,303.9**	**7,299.7**	**7,376.6**	**7,331.9**	**7,284.1**	**7,210.2**
Liabilities												
47 Deposits	4,441.7	4,592.8	4,637.7	4,636.4	4,691.5	4,718.8	4,749.8	4,739.4	4,805.5	4,751.0	4,735.5	4,690.3
48 Transaction	577.8	611.0	638.3	623.9	633.9	646.7	638.8	629.4	636.6	605.0	636.3	646.7
49 Nontransaction	3,863.9	3,981.8	3,999.4	4,012.5	4,057.6	4,072.1	4,111.0	4,110.0	4,168.9	4,145.9	4,099.1	4,043.6
50 Large time	1,023.5	1,004.3	989.9	1,002.8	1,001.4	1,010.1	1,015.6	1,022.5	1,014.4	1,028.5	1,016.0	1,027.3
51 Other	2,840.4	2,977.4	3,009.5	3,009.6	3,056.2	3,062.0	3,095.4	3,087.5	3,154.5	3,117.4	3,083.2	3,016.3
52 Borrowings	1,323.5	1,386.2	1,400.8	1,443.9	1,477.2	1,508.0	1,498.1	1,479.4	1,484.9	1,489.9	1,486.3	1,464.6
53 From banks in the U.S.	409.1	400.7	401.2	392.2	406.7	407.3	411.5	396.4	398.9	386.2	405.5	398.5
54 From others	914.4	985.5	999.6	1,051.8	1,070.5	1,100.8	1,086.6	1,083.0	1,086.0	1,103.7	1,080.9	1,066.1
55 Net due to related foreign offices	95.1[r]	133.9	130.2	146.0	123.5	133.6	125.1	133.0	125.1	135.5	131.1	120.0
56 Other liabilities	433.5	426.6[r]	423.1[r]	458.8[r]	466.8	429.3	426.8	441.6	454.9	446.7	426.5	432.0
57 Total liabilities	**6,293.8[r]**	**6,539.5[r]**	**6,591.8[r]**	**6,685.1[r]**	**6,759.0**	**6,789.8**	**6,799.7**	**6,793.4**	**6,870.5**	**6,823.0**	**6,779.4**	**6,706.9**
58 Residual (assets less liabilities)[7]	477.0[r]	521.3[r]	516.2[r]	538.7[r]	539.3	507.9	504.2	506.4	506.1	508.9	504.6	503.3

Footnotes appear on p. A21.

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

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages 2002 Sept.	2003 Mar.	2003 Apr.	2003 May	2003 June[r]	2003 July[r]	2003 Aug.[r]	2003 Sept.	Wednesday figures 2003 Sept. 3	Sept. 10	Sept. 17	Sept 24
	Seasonally adjusted											
Assets												
1 Bank credit	5,099.0[r]	5,328.5[r]	5,371.5[r]	5,464.0[r]	5,517.5	5,551.8	5,558.3	5,564.5	5,574.2	5,592.1	5,563.3	5,531.1
2 Securities in bank credit	1,392.7	1,482.3	1,501.4	1,548.8	1,573.6	1,547.6	1,506.4	1,505.5	1,508.7	1,515.3	1,496.0	1,494.1
3 U.S. government securities	873.1[r]	949.7	980.2	1,007.8	1,027.4	1,001.8	970.6	953.2	974.0	969.1	946.2	939.7
4 Other securities	519.6	532.6	521.1	541.0	546.2	545.8	535.7	552.3	534.7	546.2	549.8	554.3
5 Loans and leases in bank credit[2]	3,706.3[r]	3,846.2[r]	3,870.1[r]	3,915.2[r]	3,943.9	4,004.2	4,052.0	4,059.0	4,065.5	4,076.8	4,067.2	4,037.0
6 Commercial and industrial	787.8[r]	776.0[r]	774.6[r]	768.1[r]	763.3	767.1	765.7	759.4	765.6	762.5	758.9	757.7
7 Real estate	1,918.4[r]	2,075.2[r]	2,092.3[r]	2,114.9[r]	2,137.6	2,175.6	2,220.9	2,236.5	2,239.9	2,259.2	2,247.1	2,216.1
8 Revolving home equity	200.8	230.5	234.8[r]	238.4[r]	244.8	248.9	253.2	258.4	255.2	256.9	258.2	259.6
9 Other	1,717.7[r]	1,844.7[r]	1,857.5[r]	1,876.5[r]	1,892.9	1,926.7	1,967.8	1,978.1	1,984.8	2,002.2	1,989.0	1,956.4
10 Consumer	582.9	586.9	584.6	589.9	595.8	596.3	597.0	602.0	599.8	601.0	605.5	603.7
11 Security[3]	85.7	72.2	72.4	91.4	90.3	95.9	95.4	88.9	88.6	83.4	84.1	85.7
12 Other loans and leases	331.4[r]	335.8[r]	346.2[r]	350.8[r]	356.8	369.3	373.0	372.2	371.6	370.8	371.6	373.9
13 Interbank loans	296.0	286.2[r]	282.5[r]	292.3[r]	289.5	288.5	294.6	277.4	274.2	267.4	273.3	278.3
14 Cash assets[4]	271.5	279.7	270.0	267.3	277.1	282.4	289.4	277.9	298.3	262.8	277.4	269.9
15 Other assets[5]	474.2	495.0	496.2	509.5	513.0	522.3	530.3	522.9	544.5	536.5	508.6	511.2
16 **Total assets**[6]	**6,065.7**[r]	**6,313.4**[r]	**6,345.4**	**6,458.0**	**6,522.2**	**6,570.4**	**6,597.0**	**6,567.2**	**6,615.3**	**6,583.3**	**6,546.9**	**6,514.8**
Liabilities												
17 Deposits	3,986.1	4,137.2	4,178.0	4,210.0	4,259.8	4,294.8	4,344.5	4,324.7	4,367.5	4,311.2	4,323.9	4,312.1
18 Transaction	572.6	607.9	621.2	623.3	627.9	643.9	643.3	623.9	612.4	591.1	631.3	662.4
19 Nontransaction	3,413.4	3,529.4	3,556.8	3,586.7	3,631.9	3,650.9	3,701.2	3,700.8	3,755.2	3,720.1	3,692.6	3,649.7
20 Large time	568.1	583.6	582.2	595.7	590.4	586.2	600.2	604.9	604.9	607.4	600.3	607.0
21 Other	2,845.3	2,945.8	2,974.5	2,991.0	3,041.5	3,064.7	3,101.0	3,095.9	3,150.2	3,112.8	3,092.3	3,042.7
22 Borrowings	1,098.7	1,096.7	1,098.9	1,133.1	1,162.3	1,218.0	1,224.4	1,191.0	1,204.5	1,213.2	1,191.2	1,175.3
23 From banks in the U.S.	393.3	363.6	369.7	358.5	373.8	373.9	382.2	369.5	368.6	366.2	376.4	372.6
24 From others	705.4	733.1	729.2	774.6	788.5	844.2	842.3	821.4	835.9	847.0	814.8	802.7
25 Net due to related foreign offices	177.4	219.6	212.2	224.3	208.3	229.0	230.3	230.2	225.6	235.6	224.9	213.5
26 Other liabilities	339.5[r]	335.3[r]	344.2[r]	352.8[r]	356.4	329.8	312.4	328.7	339.2	332.3	319.7	319.0
27 **Total liabilities**	**5,601.7**[r]	**5,788.7**[r]	**5,833.2**[r]	**5,920.2**[r]	**5,986.9**	**6,071.7**	**6,111.7**	**6,074.6**	**6,136.7**	**6,092.3**	**6,059.6**	**6,020.0**
28 Residual (assets less liabilities)[7]	464.0[r]	524.7[r]	512.2[r]	537.8[r]	535.4	498.8	485.3	492.6	478.6	491.0	487.3	494.8
	Not seasonally adjusted											
Assets												
29 Bank credit	5,099.3[r]	5,319.1[r]	5,366.2[r]	5,463.4[r]	5,517.1	5,533.6	5,544.8	5,564.7	5,576.6	5,589.3	5,571.0	5,525.4
30 Securities in bank credit	1,391.5	1,487.3	1,499.2	1,546.6	1,567.5	1,532.4	1,499.1	1,504.3	1,510.1	1,516.4	1,494.9	1,490.0
31 U.S. government securities	873.0	954.7	980.1	1,005.8	1,022.7	993.7	966.7	953.1	976.0	971.7	946.3	937.8
32 Other securities	518.6	532.6	519.1	540.8	544.8	538.7	532.4	551.2	534.2	544.7	548.6	552.2
33 Loans and leases in bank credit[2]	3,707.7[r]	3,831.8[r]	3,867.0[r]	3,916.8[r]	3,949.6	4,001.3	4,045.7	4,060.4	4,066.5	4,072.9	4,076.1	4,035.4
34 Commercial and industrial	786.3[r]	775.9[r]	779.3[r]	773.7[r]	767.9	769.2	763.1	757.8	762.8	758.1	758.5	756.5
35 Real estate	1,920.0[r]	2,066.2[r]	2,088.6[r]	2,118.7[r]	2,138.9	2,174.0	2,221.0	2,238.5	2,240.3	2,261.6	2,251.0	2,217.5
36 Revolving home equity	201.4	228.4	234.5[r]	239.6[r]	245.6	249.0	253.3	259.3	255.6	257.6	259.3	260.5
37 Other	1,718.6[r]	1,837.8[r]	1,854.1[r]	1,879.1[r]	1,893.3	1,925.0	1,967.7	1,979.3	1,984.6	2,004.0	1,991.7	1,957.0
38 Consumer	581.9	584.7	581.8	588.7	592.4	590.7	593.2	600.0	597.3	597.8	604.3	602.7
39 Credit cards and related plans	230.9	219.6	215.6	221.5	223.2	219.9	219.9	222.8	223.0	221.3	226.5	224.7
40 Other	351.0	365.0	366.2	367.2	369.3	370.8	373.3	377.2	374.3	376.6	377.8	378.0
41 Security[3]	87.1	71.9	71.3	86.0	91.4	94.6	94.2	90.1	89.5	82.6	88.7	86.5
42 Other loans and leases	332.5[r]	333.1[r]	345.9[r]	349.7[r]	359.0	372.7	374.2	374.0	376.5	372.7	373.6	372.2
43 Interbank loans	288.4	292.6[r]	293.6[r]	288.0[r]	290.8	284.0	288.7	270.5	277.8	267.1	269.2	258.7
44 Cash assets[4]	268.0	270.1	270.4	265.3	270.5	274.7	275.0	274.5	313.8	266.1	271.3	255.7
45 Other assets[5]	477.8	493.4	495.8	507.3	509.1	521.6	527.3	527.0	547.1	540.9	511.9	511.4
46 **Total assets**[6]	**6,058.4**[r]	**6,299.0**[r]	**6,351.3**	**6,448.7**[r]	**6,512.3**	**6,539.4**	**6,560.0**	**6,561.1**	**6,639.2**	**6,587.5**	**6,547.4**	**6,475.7**
Liabilities												
47 Deposits	3,967.6	4,140.3	4,197.1	4,197.6	4,250.7	4,275.1	4,310.0	4,304.9	4,375.0	4,315.4	4,305.1	4,250.3
48 Transaction	567.5	599.8	627.7	613.5	622.9	635.3	627.3	618.3	625.3	593.8	625.6	635.9
49 Nontransaction	3,400.1	3,540.5	3,569.4	3,584.1	3,627.9	3,639.8	3,682.7	3,686.6	3,749.7	3,721.6	3,679.4	3,614.4
50 Large time	565.7	582.1	580.4	593.9	589.9	584.6	598.8	602.3	604.0	607.2	598.4	601.7
51 Other	2,834.4	2,958.4	2,989.1	2,990.2	3,037.9	3,055.2	3,084.0	3,084.2	3,145.6	3,114.5	3,081.1	3,012.7
52 Borrowings	1,096.4	1,093.0	1,103.1	1,138.9	1,161.4	1,211.0	1,204.5	1,189.1	1,193.0	1,196.1	1,194.5	1,183.4
53 From banks in the U.S.	386.5	367.0	373.8	360.8	372.0	370.5	377.6	362.8	363.6	356.8	370.1	366.7
54 From others	709.9	726.0	729.3	778.0	789.4	840.5	826.8	826.3	829.5	839.3	824.4	816.8
55 Net due to related foreign offices	178.2	215.5	203.5	223.5	207.3	222.9	230.0	231.3	226.0	235.4	224.5	216.7
56 Other liabilities	340.9[r]	330.4[r]	332.8[r]	351.7[r]	354.9	323.1	311.9	330.0	339.7	332.2	319.3	322.6
57 **Total liabilities**	**5,583.1**[r]	**5,779.2**[r]	**5,836.5**[r]	**5,911.7**[r]	**5,974.3**	**6,032.1**	**6,056.5**	**6,055.3**	**6,133.7**	**6,079.2**	**6,043.4**	**5,973.0**
58 Residual (assets less liabilities)[7]	475.3[r]	519.8[r]	514.7[r]	537.0[r]	538.0	507.3	503.6	505.8	505.5	508.3	504.0	502.7

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			
	2002	2003							2003			
	Sept.r	Mar.r	Apr.r	May r	June r	July r	Aug.r	Sept.	Sept. 3	Sept. 10	Sept. 17	Sept. 24
	Seasonally adjusted											
Assets												
1 Bank credit	2,800.6	2,930.1	2,950.2	3,025.3	3,054.9	3,062.1	3,049.8	3,057.4	3,064.2	3,076.6	3,055.5	3,031.5
2 Securities in bank credit	745.5	803.7	810.6	857.1	880.8	845.7	801.2	804.7	805.3	809.4	797.3	796.5
3 U.S. government securities	432.7	477.1	493.8	520.5	536.7	504.4	469.4	456.9	473.7	467.5	451.5	446.5
4 Trading account	42.4	41.8	40.7	43.6	38.8	38.5	34.7	38.1	43.6	44.7	39.1	29.8
5 Investment account	390.3	435.3	453.1	476.9	497.9	465.9	434.7	418.8	430.1	422.8	412.4	416.7
6 Other securities	312.8	326.6	316.8	336.6	344.0	341.3	331.8	347.8	331.6	341.9	345.8	350.0
7 Trading account	171.3	171.6	161.5	183.4	187.9	172.6	162.3	178.3	163.3	173.5	176.7	180.7
8 Investment account	141.5	155.0	155.3	153.2	156.1	168.8	169.6	169.5	168.3	168.4	169.1	169.3
9 State and local government	28.4	30.1	30.9	31.3	32.2	32.3	31.4	31.5	31.2	31.4	31.4	31.6
10 Other	113.1	124.9	124.4	121.9	123.9	136.5	138.2	138.1	137.1	137.1	137.7	137.6
11 Loans and leases in bank credit[2]	2,055.1	2,126.3	2,139.6	2,168.2	2,174.2	2,216.4	2,248.6	2,252.8	2,258.9	2,267.2	2,258.2	2,235.0
12 Commercial and industrial	496.8	478.2	476.0	468.1	461.5	463.9	458.6	450.4	457.6	453.3	449.8	448.8
13 Bankers acceptances	.0	.0	.0	.0	.0	.0	.0	.0	n.a.	n.a.	n.a.	n.a.
14 Other	496.8	478.2	476.0	468.1	461.5	463.9	458.6	450.4	457.6	453.3	449.8	448.8
15 Real estate	929.5	1,038.3	1,044.0	1,058.8	1,066.5	1,090.5	1,123.8	1,139.5	1,141.4	1,157.0	1,148.9	1,123.1
16 Revolving home equity	127.6	147.8	150.4	152.9	156.4	160.1	163.7	168.1	165.4	166.9	167.8	169.4
17 Other	801.9	890.5	893.6	906.0	910.1	930.4	960.1	971.3	976.0	990.1	981.0	953.8
18 Consumer	319.5	314.2	312.8	313.0	314.6	312.1	313.2	316.5	314.6	316.6	318.3	318.2
19 Security[3]	78.6	64.1	64.3	82.6	80.9	86.6	86.0	79.6	79.3	74.3	74.9	76.4
20 Federal funds sold to and repurchase agreements with broker–dealers	68.6	52.6	52.4	63.0	63.5	68.7	66.8	62.1	61.7	56.7	58.7	58.4
21 Other	9.9	11.4	11.8	19.5	17.4	17.9	19.2	17.6	17.6	17.7	16.2	18.0
22 State and local government	13.1	12.5	12.4	12.4	12.7	13.0	13.3	13.4	13.3	13.3	13.3	13.5
23 Agricultural	8.3	7.9	7.7	7.5	7.4	7.3	7.4	7.5	7.5	7.5	7.5	7.4
24 Federal funds sold to and repurchase agreements with others	20.5	23.6	24.7	26.5	28.0	25.9	24.3	26.6	25.1	24.7	26.1	28.5
25 All other loans	68.9	77.1	88.2	89.5	91.8	107.2	112.6	110.1	110.6	111.0	110.1	109.9
26 Lease-financing receivables	120.0	110.5	109.4	109.8	110.7	109.9	109.4	109.3	109.5	109.5	109.4	109.2
27 Interbank loans	197.4	171.9	171.2	171.1	165.2	168.9	178.5	164.4	160.3	159.7	159.8	163.1
28 Federal funds sold to and repurchase agreements with commercial banks	101.8	100.4	99.2	100.8	97.8	97.8	99.0	95.6	94.2	90.6	94.9	97.4
29 Other	95.6	71.5	72.0	70.2	67.4	71.1	79.5	68.8	66.1	69.1	64.9	65.7
30 Cash assets[4]	148.6	148.4	135.9	132.9	140.4	142.1	146.8	139.4	157.5	130.7	139.0	131.0
31 Other assets[5]	329.2	347.6	347.3	356.6	359.3	364.2	367.6	358.3	376.0	375.6	345.9	347.2
32 **Total assets**[6]	**3,431.9**	**3,553.0**	**3,560.5**	**3,641.6**	**3,675.6**	**3,693.7**	**3,698.6**	**3,675.7**	**3,713.8**	**3,698.9**	**3,656.4**	**3,628.6**
Liabilities												
33 Deposits	1,932.1	2,016.6	2,041.2	2,047.9	2,077.3	2,095.0	2,129.4	2,114.8	2,144.3	2,107.5	2,113.7	2,107.8
34 Transaction	274.5	291.2	296.4	297.5	300.4	307.4	304.3	291.0	284.6	273.1	297.3	312.9
35 Nontransaction	1,657.6	1,725.5	1,744.8	1,750.4	1,776.9	1,787.7	1,825.1	1,823.8	1,859.7	1,834.4	1,816.4	1,794.9
36 Large time	267.8	269.1	267.2	279.2	271.1	269.0	283.3	286.4	288.1	288.0	281.9	289.0
37 Other	1,389.8	1,456.3	1,477.5	1,471.3	1,505.8	1,518.7	1,541.9	1,537.4	1,571.6	1,546.4	1,534.5	1,505.8
38 Borrowings	744.8	699.8	697.5	723.0	746.8	794.4	786.2	751.1	772.8	773.4	749.1	728.5
39 From banks in the U.S.	269.4	208.1	212.4	203.6	216.7	213.9	213.4	204.7	212.9	210.3	208.0	201.0
40 From others	475.4	491.7	485.2	519.4	530.1	580.5	572.8	546.4	559.9	563.1	541.1	527.5
41 Net due to related foreign offices	168.8	208.9	199.3	211.9	196.3	217.2	218.3	216.2	211.9	221.5	209.7	200.5
42 Other liabilities	273.2	255.6	264.7	272.7	277.0	249.2	231.7	248.7	257.5	252.4	240.7	239.7
43 **Total liabilities**	**3,118.9**	**3,180.9**	**3,202.7**	**3,255.6**	**3,297.4**	**3,355.8**	**3,365.6**	**3,330.7**	**3,386.4**	**3,354.8**	**3,313.2**	**3,276.5**
44 Residual (assets less liabilities)[7]	313.0	372.0	357.8	386.1	378.3	337.9	333.0	344.9	327.4	344.0	343.2	352.1

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2002	2003							2003			
	Sept.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Sept. 3	Sept. 10	Sept. 17	Sept. 24
	Not seasonally adjusted											
Assets												
45 Bank credit	2,798.5	2,923.9	2,946.7	3,026.3	3,056.8	3,049.0	3,039.5	3,055.6	3,067.3	3,073.5	3,059.5	3,020.8
46 Securities in bank credit	744.2	806.1	807.0	855.6	875.1	832.4	795.7	803.3	807.7	810.2	795.8	790.9
47 U.S. government securities	432.5	479.4	492.2	519.3	532.5	498.1	467.2	456.6	476.6	469.9	451.1	443.0
48 Trading account	42.4	42.1	40.6	43.5	38.5	38.0	34.6	38.1	43.9	44.9	39.1	29.6
49 Investment account	390.1	437.3	451.6	475.8	493.9	460.1	432.6	418.6	432.7	425.0	412.0	413.4
50 Mortgage-backed securities	310.2	334.8	354.4	380.3	389.5	364.2	335.5	320.8	334.2	327.7	316.9	314.8
51 Other	79.8	102.5	97.2	95.5	104.4	95.9	97.1	97.7	98.5	97.3	95.2	98.6
52 One year or less	20.0	24.5	24.7	23.3	24.4	24.2	24.5	24.1	24.6	25.0	24.0	23.6
53 One to five years	46.8	57.6	55.5	55.4	57.6	51.5	52.8	53.1	54.4	52.4	52.1	53.3
54 More than five years	13.0	20.4	17.0	16.7	22.4	20.2	19.8	20.5	19.6	19.9	19.0	21.7
55 Other securities	311.7	326.7	314.7	336.3	342.6	334.3	328.5	346.7	331.1	340.3	344.6	347.8
56 Trading account	170.7	171.7	160.5	183.2	187.2	169.0	160.6	177.7	163.1	172.7	176.1	179.6
57 Investment account	141.0	155.0	154.3	153.1	155.4	165.3	167.9	169.0	168.0	167.7	168.5	168.2
58 State and local government	28.4	30.1	30.7	31.3	32.1	31.6	31.1	31.4	31.1	31.2	31.3	31.4
59 Other	112.7	124.9	123.6	121.8	123.4	133.7	136.8	137.6	136.9	136.4	137.2	136.8
60 Loans and leases in bank credit[2]	2,054.3	2,117.9	2,139.7	2,170.7	2,181.8	2,216.7	2,243.7	2,252.2	2,259.6	2,263.2	2,263.8	2,229.9
61 Commercial and industrial	497.0	478.2	478.6	471.1	463.8	465.1	457.3	450.6	456.8	451.7	451.1	448.7
62 Bankers acceptances	.0	.0	.0	.0	.0	.0	.0	.0	n.a.	n.a.	n.a.	n.a.
63 Other	497.0	478.2	478.6	471.1	463.8	465.1	457.3	450.6	456.8	451.7	451.1	448.7
64 Real estate	930.5	1,031.5	1,042.2	1,063.2	1,069.0	1,090.6	1,124.7	1,140.8	1,142.8	1,160.0	1,151.7	1,122.4
65 Revolving home equity	128.0	146.2	150.4	154.0	157.4	160.6	164.2	168.7	166.2	167.5	168.5	169.6
66 Other	483.4	561.3	570.0	588.5	591.7	613.2	643.5	654.7	660.1	675.5	665.5	634.6
67 Commercial	319.1	323.9	321.8	320.7	319.9	316.8	316.9	317.5	316.5	317.0	317.7	318.1
68 Consumer	316.5	314.8	313.4	313.9	314.8	310.2	310.6	312.8	311.8	312.8	314.7	314.4
69 Credit cards and related plans	118.6	105.9	103.6	103.9	104.9	100.0	99.7	99.2	100.1	99.5	100.8	100.4
70 Other	197.9	208.9	209.8	210.0	209.9	210.3	210.9	213.6	211.7	213.3	213.9	214.0
71 Security[3]	80.0	63.5	62.9	77.3	82.1	85.4	84.8	81.0	79.9	73.2	79.5	77.8
72 Federal funds sold to and repurchase agreements with broker–dealers	69.9	52.2	51.4	59.0	64.5	67.8	65.9	63.1	62.2	55.8	62.3	59.5
73 Other	10.1	11.3	11.6	18.3	17.6	17.6	18.9	17.9	17.7	17.4	17.2	18.3
74 State and local government	13.1	12.5	12.4	12.4	12.7	13.0	13.3	13.4	13.3	13.3	13.3	13.5
75 Agricultural	8.3	7.8	7.7	7.6	7.5	7.4	7.5	7.4	7.5	7.5	7.4	7.4
76 Federal funds sold to and repurchase agreements with others	20.5	23.6	24.7	26.5	28.0	25.9	24.3	26.6	25.1	24.7	26.1	28.5
77 All other loans	70.0	74.9	88.0	88.9	93.6	109.7	112.9	111.8	114.2	112.1	112.2	109.8
78 Lease-financing receivables	118.5	111.2	109.8	109.8	110.3	109.4	108.4	107.8	108.3	107.9	107.8	107.5
79 Interbank loans	191.5	171.9	174.5	171.8	169.4	169.0	173.4	159.0	158.4	151.6	157.3	155.4
80 Federal funds sold to and repurchase agreements with commercial banks	99.0	100.4	101.0	101.3	100.3	97.9	96.3	92.4	93.1	86.0	93.4	92.8
81 Other	92.5	71.5	73.4	70.5	69.1	71.1	77.1	66.5	65.3	65.6	63.9	62.6
82 Cash assets[4]	145.5	143.4	138.6	132.0	136.0	136.7	137.1	136.5	163.5	129.9	136.0	122.7
83 Other assets[5]	332.8	346.0	346.8	354.4	355.3	363.6	364.6	362.3	378.6	380.1	349.2	347.3
84 **Total assets**[6]	**3,424.4**	**3,540.0**	**3,562.6**	**3,640.1**	**3,673.2**	**3,674.8**	**3,670.3**	**3,669.4**	**3,723.3**	**3,690.8**	**3,657.8**	**3,602.2**
Liabilities												
85 Deposits	1,924.5	2,014.7	2,048.6	2,043.6	2,077.7	2,089.1	2,113.0	2,106.3	2,152.6	2,111.1	2,107.8	2,073.0
86 Transaction	270.1	286.8	302.5	293.2	297.6	301.4	292.1	286.2	288.7	270.0	293.9	296.9
87 Nontransaction	1,654.4	1,727.9	1,746.1	1,750.4	1,780.2	1,787.6	1,820.9	1,820.1	1,863.9	1,841.1	1,813.8	1,776.2
88 Large time	265.4	267.7	265.4	277.3	270.7	267.4	281.8	283.8	287.2	287.8	279.9	283.7
89 Other	1,388.9	1,460.2	1,480.7	1,473.1	1,509.5	1,520.3	1,539.1	1,536.3	1,576.6	1,553.3	1,533.9	1,492.5
90 Borrowings	742.5	696.1	701.7	728.8	745.9	787.3	766.2	749.3	761.4	756.3	752.4	736.6
91 From banks in the U.S.	262.6	211.5	216.5	205.9	214.8	210.5	208.9	197.9	207.9	200.8	201.6	195.0
92 From nonbanks in the U.S.	479.9	484.6	485.2	522.8	531.0	576.8	557.4	551.4	553.5	555.5	550.8	541.5
93 Net due to related foreign offices	169.6	204.8	190.7	211.0	195.2	211.1	218.0	217.3	212.2	221.3	209.3	203.7
94 Other liabilities	274.6	250.7	253.3	271.7	275.5	242.4	231.2	250.0	258.0	252.4	240.4	243.3
95 **Total liabilities**	**3,111.1**	**3,166.4**	**3,194.3**	**3,255.1**	**3,294.4**	**3,330.0**	**3,328.4**	**3,322.8**	**3,384.1**	**3,341.2**	**3,309.9**	**3,256.6**
96 Residual (assets less liabilities)[7]	313.2	373.6	368.3	385.0	378.8	344.9	341.8	346.7	339.2	349.6	347.9	345.6

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			
	2002	2003							2003			
	Sept.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Sept. 3	Sept. 10	Sept. 17	Sept. 24
	Seasonally adjusted											
Assets												
1 Bank credit	2,298.4	2,398.4	2,421.3	2,438.7	2,462.6	2,489.7	2,508.5	2,507.1	2,510.0	2,515.5	2,507.8	2,499.6
2 Securities in bank credit	647.2	678.5	690.7	691.7	692.8	701.9	705.2	700.8	703.4	705.9	698.7	697.6
3 U.S. government securities	440.4	472.6	486.4	487.3	490.7	497.4	501.2	496.3	500.3	501.6	494.7	493.2
4 Other securities	206.8	206.0	204.3	204.4	202.2	204.4	203.9	204.5	203.1	204.4	204.0	204.4
5 Loans and leases in bank credit[2]	1,651.2	1,719.9	1,730.5	1,747.0	1,769.7	1,787.9	1,803.3	1,806.2	1,806.6	1,809.6	1,809.1	1,802.0
6 Commercial and industrial	291.0	297.8	298.5	300.0	301.9	303.2	307.1	309.0	307.9	309.1	309.2	308.8
7 Real estate	989.0	1,036.9	1,048.2	1,056.0	1,071.1	1,085.1	1,097.1	1,097.1	1,098.5	1,102.2	1,098.3	1,093.0
8 Revolving home equity	73.2	82.6	84.3	85.5	88.3	88.9	89.4	90.3	89.8	90.1	90.4	90.3
9 Other	915.8	954.3	963.9	970.5	982.8	996.2	1,007.7	1,006.8	1,008.7	1,012.1	1,007.9	1,002.7
10 Consumer	263.4	272.7	271.8	276.9	281.2	284.2	283.8	285.5	285.2	284.4	287.2	285.5
11 Security[3]	7.2	8.1	8.2	8.9	9.4	9.3	9.4	9.2	9.3	9.0	9.3	9.3
12 Other loans and leases	100.6	104.3	103.8	105.1	106.1	106.1	106.0	105.4	105.6	104.8	105.2	105.4
13 Interbank loans	98.6	114.3	111.3	121.2	124.3	119.6	116.0	113.0	113.9	107.7	113.5	115.2
14 Cash assets[4]	122.9	131.4	134.1	134.3	136.7	140.3	142.6	138.4	140.8	132.1	138.4	138.9
15 Other assets[5]	145.0	147.4	149.0	152.9	153.8	158.1	162.7	164.7	168.5	160.8	162.7	164.1
16 **Total assets**[6]	**2,633.9**	**2,760.5**	**2,784.9**	**2,816.4**	**2,846.6**	**2,876.7**	**2,898.4**	**2,891.6**	**2,901.5**	**2,884.5**	**2,890.6**	**2,886.2**
Liabilities												
17 Deposits	2,053.9	2,120.6	2,136.8	2,162.1	2,182.6	2,199.8	2,215.1	2,209.9	2,223.2	2,203.7	2,210.2	2,204.4
18 Transaction	298.1	316.7	324.8	325.8	327.6	336.5	339.0	332.9	327.8	318.0	334.0	349.5
19 Nontransaction	1,755.8	1,803.9	1,812.0	1,836.3	1,855.0	1,863.2	1,876.1	1,877.0	1,895.4	1,885.7	1,876.2	1,854.9
20 Large time	300.3	314.4	315.0	316.6	319.3	317.2	316.9	318.5	316.8	319.4	318.4	318.0
21 Other	1,455.5	1,489.5	1,497.0	1,519.7	1,535.7	1,546.0	1,559.1	1,558.5	1,578.6	1,566.3	1,557.8	1,536.9
22 Borrowings	353.9	396.9	401.4	410.1	415.5	423.7	438.3	439.9	431.7	439.8	442.1	446.9
23 From banks in the U.S.	123.9	155.5	157.3	154.9	157.2	160.0	168.8	164.9	155.7	156.0	168.4	171.6
24 From others	230.0	241.4	244.1	255.2	258.4	263.7	269.5	275.0	276.0	283.8	273.7	275.2
25 Net due to related foreign offices	8.6	10.7	12.8	12.4	12.0	11.8	12.0	14.1	13.7	14.1	15.2	13.0
26 Other liabilities	66.3	79.6	79.5	80.0	79.4	80.6	80.7	80.0	81.7	79.8	78.9	79.3
27 **Total liabilities**	**2,482.8**	**2,607.8**	**2,630.5**	**2,664.7**	**2,689.5**	**2,715.8**	**2,746.1**	**2,743.9**	**2,750.3**	**2,737.4**	**2,746.4**	**2,743.5**
28 Residual (assets less liabilities)[7]	151.1	152.7	154.4	151.7	157.1	160.9	152.3	147.7	151.2	147.0	144.1	142.7
	Not seasonally adjusted											
Assets												
29 Bank credit	2,300.8	2,395.2	2,419.5	2,437.1	2,460.3	2,484.6	2,505.3	2,509.2	2,509.3	2,515.8	2,511.5	2,504.6
30 Securities in bank credit	647.3	681.2	692.2	690.9	692.4	700.0	703.4	701.0	702.5	706.2	699.1	699.1
31 U.S. government securities	440.5	475.3	487.9	486.5	490.2	495.6	499.5	496.4	499.4	501.8	495.2	494.8
32 Other securities	206.8	206.0	204.3	204.4	202.2	204.4	203.9	204.5	203.1	204.4	204.0	204.4
33 Loans and leases in bank credit[2]	1,653.4	1,713.9	1,727.3	1,746.2	1,767.9	1,784.6	1,801.9	1,808.2	1,806.9	1,809.7	1,812.3	1,805.5
34 Commercial and industrial	289.3	297.7	300.7	302.6	304.1	304.1	305.8	307.3	306.1	306.4	307.5	307.7
35 Real estate	989.5	1,034.8	1,046.4	1,055.5	1,070.0	1,083.4	1,096.3	1,097.7	1,097.5	1,101.6	1,099.3	1,095.1
36 Revolving home equity	73.4	82.3	84.1	85.5	88.3	88.4	89.1	90.6	89.4	90.1	90.8	90.9
37 Other	916.1	952.5	962.3	969.9	981.7	995.0	1,007.3	1,007.1	1,008.1	1,011.5	1,008.5	1,004.2
38 Consumer	265.4	269.9	268.4	274.8	277.7	280.5	282.6	287.2	285.5	285.1	289.6	288.3
39 Credit cards and related plans	112.3	113.7	112.1	117.7	118.3	120.0	120.3	123.6	122.9	121.8	125.7	124.3
40 Other	153.1	156.2	156.3	157.2	159.4	160.5	162.4	163.6	162.7	163.3	163.9	164.0
41 Security[3]	7.1	8.4	8.4	8.7	9.3	9.2	9.4	9.1	9.7	9.4	9.2	8.7
42 Other loans and leases	102.1	103.2	103.3	104.6	106.8	107.4	107.8	106.9	108.1	107.2	106.8	105.7
43 Interbank loans	96.9	120.7	119.1	116.2	121.4	115.0	115.3	111.6	119.4	115.5	111.9	103.3
44 Cash assets[4]	122.5	126.7	131.8	133.2	134.4	138.0	137.9	137.9	150.2	136.2	135.3	133.0
45 Other assets[5]	145.0	147.4	149.0	152.9	153.8	158.1	162.7	164.7	168.5	160.8	162.7	164.1
46 **Total assets**[6]	**2,634.0**	**2,759.0**	**2,788.7**	**2,808.7**	**2,839.1**	**2,864.6**	**2,889.8**	**2,891.7**	**2,915.9**	**2,896.7**	**2,889.6**	**2,873.5**
Liabilities												
47 Deposits	2,043.1	2,125.6	2,148.5	2,154.0	2,173.0	2,186.1	2,197.0	2,198.6	2,222.4	2,204.3	2,197.3	2,177.2
48 Transaction	297.4	313.1	325.1	320.3	325.3	333.9	335.2	332.1	336.6	323.7	331.7	339.0
49 Nontransaction	1,745.7	1,812.6	1,823.4	1,833.7	1,847.7	1,852.2	1,861.8	1,866.5	1,885.8	1,880.5	1,865.6	1,838.2
50 Large time	300.3	314.4	315.0	316.6	319.3	317.2	316.9	318.5	316.8	319.4	318.4	318.0
51 Other	1,445.4	1,498.1	1,508.4	1,517.1	1,528.4	1,535.0	1,544.9	1,548.0	1,569.0	1,561.2	1,547.2	1,520.2
52 Borrowings	353.9	396.9	401.4	410.1	415.5	423.7	438.3	439.9	431.7	439.8	442.1	446.9
53 From banks in the U.S.	123.9	155.5	157.3	154.9	157.2	160.0	168.8	164.9	155.7	156.0	168.4	171.6
54 From others	230.0	241.4	244.1	255.2	258.4	263.7	269.5	275.0	276.0	283.8	273.7	275.2
55 Net due to related foreign offices	8.6	10.7	12.8	12.4	12.0	11.8	12.0	14.1	13.7	14.1	15.2	13.0
56 Other liabilities	66.3	79.6	79.5	80.0	79.4	80.6	80.7	80.0	81.7	79.8	78.9	79.3
57 **Total liabilities**	**2,471.9**	**2,612.8**	**2,642.2**	**2,656.6**	**2,679.9**	**2,702.2**	**2,728.0**	**2,732.6**	**2,749.6**	**2,738.0**	**2,733.6**	**2,716.4**
58 Residual (assets less liabilities)[7]	162.1	146.2	146.4	152.1	159.2	162.5	161.8	159.1	166.3	158.7	156.1	157.1

Footnotes appear on p. A21.

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

E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	2002	2003							2003			
	Sept.	Mar.	Apr.	May	June	July	Aug.	Sept.	Sept. 3	Sept. 10	Sept. 17	Sept. 24
	Seasonally adjusted											
Assets												
1 Bank credit	622.1	663.5	655.0	669.6	672.3	649.9	630.6	629.9	629.5	638.2	627.4	625.9
2 Securities in bank credit	249.8	283.8	277.3	288.5	288.4	267.7	267.5	273.4	272.3	273.5	268.0	271.2
3 U.S. government securities	89.5	122.5	124.2	127.4	124.2[r]	113.9[r]	106.5[r]	107.4	107.1	109.4	106.3	106.8
4 Other securities	160.3	161.3	153.1	161.2	164.2[r]	153.8[r]	161.0[r]	166.0	165.2	164.1	161.7	164.4
5 Loans and leases in bank credit[2]	372.2	379.7	377.7	381.0	383.9	382.2	363.1	356.6	357.2	364.7	359.4	354.7
6 Commercial and industrial	185.0	171.7	172.2	170.4	163.3	162.6[r]	156.1[r]	151.2	154.2	153.2	152.6	150.3
7 Real estate	19.0	19.8	19.0	19.3	19.4	19.4	19.1	18.8	18.9	18.9	18.9	18.8
8 Security[3]	95.2	121.4	118.1	118.9	121.8	118.9	111.6	113.4	110.5	118.1	113.4	112.8
9 Other loans and leases	73.0	66.7	68.3	72.4	79.3	81.3[r]	76.3[r]	73.2	73.5	74.4	74.5	72.8
10 Interbank loans	21.2	27.2	22.4	24.6	30.7	33.1	32.4	30.6	33.6	33.2	29.4	30.4
11 Cash assets[4]	46.6	43.9	49.7	51.1	54.3	54.0	54.3	53.2	55.5	53.4	56.6	49.9
12 Other assets[5]	26.8	30.0	32.5	36.6	36.7	33.2	36.3	29.9	30.5	29.8	26.0	30.2
13 **Total assets[6]**	**716.3**	**764.1**	**759.2**	**781.4**	**793.5**	**769.7**	**753.2**	**743.1**	**748.6**	**754.2**	**739.0**	**735.9**
Liabilities												
14 Deposits	492.3	448.4	434.6	433.4	442.6	453.4	455.2	451.0	448.8	455.0	449.7	453.8
15 Transaction	10.1	11.5	11.2	10.8	11.4	11.4	11.8	10.9	11.3	11.4	10.7	10.3
16 Nontransaction	482.2	436.9	423.4	422.6	431.2	442.0	443.4	440.1	437.5	443.6	439.0	443.5
17 Borrowings	227.1	293.2	297.7	305.1	315.8	297.0	293.6	290.3	291.9	293.8	291.8	281.2
18 From banks in the U.S.	22.6	33.7	27.4	31.3	34.7	36.8	33.8	33.6	35.3	29.5	35.4	31.9
19 From others	204.5	259.5	270.3	273.7	281.1	260.3	259.8	256.7	256.6	264.3	256.4	249.3
20 Net due to related foreign offices	−84.7	−83.8	−72.9	−77.9	−81.9	−86.0	−103.5	−99.6	−100.7	−100.0	−94.2	−100.1
21 Other liabilities	91.7	94.7	90.6	106.8	113.5	108.9	116.1	110.5	115.4	114.4	106.5	106.5
22 **Total liabilities**	**726.4**	**752.5**	**750.0**	**767.4**	**790.0**	**773.3**	**761.4**	**752.2**	**755.4**	**763.2**	**753.9**	**741.4**
23 Residual (assets less liabilities)[7]	−10.1	11.6	9.2	13.9	3.5	−3.6	−8.2	−9.0	−6.8	−9.1	−15.0	−5.4
	Not seasonally adjusted											
Assets												
24 Bank credit	618.5	661.7	654.9	664.8	668.8	642.4	624.1[r]	625.8	620.0	629.9	626.1	624.0
25 Securities in bank credit	249.8	283.8	277.3	288.5	288.4	267.7	267.5	273.4	272.3	273.5	268.0	271.2
26 U.S. government securities	89.5	122.5	124.2	127.4	124.2[r]	113.9[r]	106.5[r]	107.4	107.1	109.4	106.3	106.8
27 Trading account	16.1	37.2	39.8	43.1	43.1[r]	39.9[r]	38.7[r]	39.6	40.2	39.9	38.2	39.2
28 Investment account	73.4	85.4	84.4	84.3	81.1	74.0	67.9	67.8	66.9	69.5	68.1	67.5
29 Other securities	160.3	161.3	153.1	161.2	164.2[r]	153.8[r]	161.0[r]	166.0	165.2	164.1	161.7	164.4
30 Trading account	105.1	101.6	97.9	105.2	105.9[r]	96.5[r]	100.7[r]	103.6	104.5	103.6	101.4	104.0
31 Investment account	55.2	59.7	55.2	56.0	58.3	57.3	60.3[r]	62.3	60.7	60.5	60.4	60.4
32 Loans and leases in bank credit[2]	368.7	377.9	377.6	376.3	380.4	374.8	356.6	352.4	347.7	356.4	358.1	352.8
33 Commercial and industrial	184.9	173.2	171.3	168.6	162.8	161.6[r]	154.9[r]	151.1	152.9	152.2	152.6	150.7
34 Real estate	19.0	19.8	19.0	19.3	19.4	19.4	19.1	18.8	18.9	18.9	18.9	18.8
35 Security[3]	92.3	117.3	118.5	116.6	119.3	114.1	107.5	109.9	102.7	111.6	112.9	111.4
36 Other loans and leases	72.4	67.6	68.8	71.8	78.9	79.7[r]	75.1[r]	72.5	73.1	73.7	73.8	71.8
37 Interbank loans	21.2	27.2	22.4	24.6	30.7	33.1	32.4	30.6	33.6	33.2	29.4	30.4
38 Cash assets[4]	46.3	42.7	47.5	49.4	51.8	51.1	52.1	52.8	53.7	51.8	55.6	50.5
39 Other assets[5]	26.8	30.7	32.4	36.7	35.3	32.1	35.8	29.9	30.6	30.0	26.0	30.1
40 **Total assets[6]**	**712.4**	**761.8**	**756.7**	**775.1**	**786.1**	**758.2**	**743.9**	**738.6**	**737.4**	**744.4**	**736.6**	**734.5**
Liabilities												
41 Deposits	474.1	452.4	440.6	438.8	440.8	443.7	439.7	434.5	430.5	435.5	430.4	440.0
42 Transaction	10.3	11.1	10.6	10.4	11.0	11.4	11.5	11.1	11.2	11.3	10.7	10.8
43 Nontransaction	463.9	441.3	430.0	428.4	429.7	432.3	428.3	423.4	419.2	424.3	419.7	429.2
44 Borrowings	227.1	293.2	297.7	305.1	315.8	297.0	293.6	290.3	291.9	293.8	291.8	281.2
45 From banks in the U.S.	22.6	33.7	27.4	31.3	34.7	36.8	33.8	33.6	35.3	29.5	35.4	31.9
46 From others	204.5	259.5	270.3	273.7	281.1	260.3	259.8	256.7	256.6	264.3	256.4	249.3
47 Net due to related foreign offices	−83.1	−81.6	−73.3	−77.5	−83.7	−89.3	−104.9	−98.3	−100.8	−100.0	−93.4	−96.7
48 Other liabilities	92.6	96.3	90.3	107.1	111.9	106.3	114.9	111.6	115.3	114.5	107.2	109.4
49 **Total liabilities**	**710.7**	**760.3**	**755.3**	**773.5**	**784.8**	**757.6**	**743.3**	**738.0**	**736.8**	**743.9**	**736.0**	**733.9**
50 Residual (assets less liabilities)[7]	1.7	1.5	1.5	1.6	1.3	.6	.6	.6	.6	.6	.6	.6

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			
	2002	2003							2003			
	Sept.	Mar.	Apr.	May	June	July	Aug.	Sept.	Sept. 3	Sept. 10	Sept. 17	Sept. 24
	Not seasonally adjusted											
MEMO												
Large domestically chartered banks, adjusted for mergers												
1 Revaluation gains on off-balance-sheet items[8]	117.2	115.1	105.7	128.1	135.0	111.7[r]	95.2[r]	114.9	100.1	111.1	114.8	116.6
2 Revaluation losses on off-balance-sheet items[8]	98.6	91.3	81.4	105.1	110.0	85.4[r]	79.4	96.0	79.7	92.6	96.0	97.6
3 Mortgage-backed securities[9]	345.9	381.4	400.8	427.2[r]	436.8[r]	412.7	387.6	373.3	387.7	380.4	369.1	367.1
4 Pass-through	255.5[r]	276.3[r]	288.6	314.3	324.8	301.6[r]	274.1	262.6	274.2	268.3	259.6	256.9
5 CMO, REMIC, and other	90.4	105.2[r]	112.2	112.9	112.0[r]	111.1	113.5	110.7	113.5	112.1	109.4	110.2
6 Net unrealized gains (losses) on available-for-sale securities[10]	11.3[r]	11.7	10.1	11.3[r]	13.0[r]	6.7[r]	–.1[r]	2.5	–2.5	1.8	3.0	3.1
7 Off-shore credit to U.S. residents[11]	19.0	18.2	17.5	17.3	16.6	15.5	14.7	14.3	13.9	14.6	14.6	14.3
8 Securitized consumer loans[12]	142.3	152.9	154.6	155.3	157.3	161.6	162.5	160.8	162.1	160.9	159.7	160.1
9 Credit cards and related plans	125.0	136.7	138.7	139.4	140.6	144.0	144.5	144.3	144.4	144.3	143.3	143.8
10 Other	17.3	16.1	15.9	15.9	16.6	17.5	18.0	16.5	17.8	16.6	16.4	16.3
11 Securitized business loans[12]	17.8	15.8	10.0	10.2	9.9	8.4	7.2	7.9	6.8	8.1	8.1	8.0
Small domestically chartered commercial banks, adjusted for mergers												
12 Mortgage-backed securities[9]	301 9[r]	325.4[r]	336.1	337.1	336.7[r]	331.8[r]	330.1[r]	328.2	330.7	330.5	325.1	329.2
13 Securitized consumer loans[12]	199.5	202.4	204.6	204.3	204.0	200.6	201.8	202.9	202.7	202.7	201.9	203.2
14 Credit cards and related plans	195.9	194.3	196.7	196.5	196.3	193.0	194.2	195.3	195.1	195.1	194.3	195.7
15 Other	3.6	8.1	7.9	7.8	7.7	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Foreign-related institutions												
16 Revaluation gains on off-balance-sheet items[8]	63.0	65.4	64.9	73.6	72.6	65.3	65.9	67.8	68.0	67.1	64.9	68.8
17 Revaluation losses on off-balance-sheet items[8]	61.7	63.6	62.4	72.6	72.6	64.9	64.9	66.9	67.0	66.3	64.0	67.8
18 Securitized business loans[12]	8.1	4.1	3.3	3.0	2.5	1.5	1.4	1.3	1.3	1.3	1.3	1.3

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					2003					
	1998	1999	2000	2001	2002	Mar.	Apr.	May	June	July	Aug.
1 **All issuers**	**1,163,303**	**1,403,023**	**1,619,274**	**1,458,870**	**1,347,997**	**1,341,270**	**1,342,147**	**1,365,704**	**1,324,911**	**1,347,286**	**1,336,910**
Financial companies[1]											
2 Dealer-placed paper, total[2]	614,142	786,643	963,070	967,748	976,163	946,773	961,002	1,003,088	974,116	994,384	976,065
3 Directly placed paper, total[3]	322,030	337,240	312,771	266,276	217,787	244,504	232,879	222,597	219,960	218,311	227,418
4 Nonfinancial companies[4]	227,132	279,140	343,433	224,847	154,047	149,993	148,266	140,020	130,835	134,591	133,427

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
2000—Jan. 1	8.50	2000	9.23	2001—Jan.	9.05	2002—Jan.	4.75
Feb. 3	8.75	2001	6.91	Feb.	8.50	Feb.	4.75
Mar. 22	9.00	2002	4.67	Mar.	8.32	Mar.	4.75
May 17	9.50			Apr.	7.80	Apr.	4.75
		2000—Jan.	8.50	May	7.24	May	4.75
2001—Jan. 4	9.00	Feb.	8.73	June	6.98	June	4.75
Feb. 1	8.50	Mar.	8.83	July	6.75	July	4.75
Mar. 21	8.00	Apr.	9.00	Aug.	6.67	Aug.	4.75
Apr. 19	7.50	May	9.24	Sept.	6.28	Sept.	4.75
May 16	7.00	June	9.50	Oct.	5.53	Oct.	4.75
June 28	6.75	July	9.50	Nov.	5.10	Nov.	4.35
Aug. 22	6.50	Aug.	9.50	Dec.	4.84	Dec.	4.25
Sept. 18	6.00	Sept.	9.50				
Oct. 3	5.50	Oct.	9.50			2003—Jan.	4.25
Nov. 7	5.00	Nov.	9.50			Feb.	4.25
Dec. 12	4.75	Dec.	9.50			Mar.	4.25
						Apr.	4.25
2002—Nov. 7	4.25					May	4.25
						June	4.22
2003—June 27	4.00					July	4.00
						Aug.	4.00
						Sept.	4.00
						Oct.	4.00

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	2000	2001	2002	2003				2003, week ending				
				June	July	Aug.	Sept.	Aug. 29	Sept. 5	Sept. 12	Sept. 19	Sept. 26
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	6.24	3.88	1.67	1.22	1.01	1.03	1.01	1.00	1.01	0.96	1.02	1.00
2 Discount window primary credit[2,4]	n.a.	n.a.	n.a.	2.20	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	6.27	3.78	1.67	1.06	1.01	1.03	1.02	1.02	1.04	1.01	1.02	1.01
4 2-month	6.29	3.68	1.67	1.03	1.02	1.03	1.03	1.03	1.04	1.03	1.02	1.02
5 3-month	6.31	3.65	1.69	1.01	1.01	1.04	1.04	1.04	1.05	1.04	1.04	1.04
Financial												
6 1-month	6.28	3.80	1.68	1.08	1.02	1.04	1.04	1.04	1.05	1.04	1.04	1.03
7 2-month	6.30	3.71	1.69	1.04	1.03	1.05	1.05	1.05	1.06	1.05	1.05	1.05
8 3-month	6.33	3.65	1.70	1.02	1.03	1.06	1.06	1.07	1.07	1.06	1.05	1.05
Certificates of deposit, secondary market[3,7]												
9 1-month	6.35	3.84	1.72	1.10	1.05	1.07	1.07	1.07	1.08	1.07	1.07	1.07
10 3-month	6.46	3.71	1.73	1.04	1.05	1.08	1.08	1.09	1.10	1.08	1.08	1.07
11 6-month	6.59	3.66	1.81	1.02	1.06	1.13	1.13	1.14	1.16	1.12	1.12	1.12
12 Eurodollar deposits, 3-month[3,8]	6.45	3.70	1.73	1.03	1.04	1.07	1.08	1.07	1.09	1.07	1.10	1.07
U.S. Treasury bills												
Secondary market[3,5]												
13 4-week	n.a.	2.43	1.60	0.96	0.88	0.93	0.89	0.97	0.95	0.92	0.88	0.86
14 3-month	5.82	3.40	1.61	0.92	0.90	0.95	0.94	0.98	0.95	0.94	0.93	0.93
15 6-month	5.90	3.34	1.68	0.92	0.95	1.03	1.01	1.04	1.03	1.01	1.00	1.01
U.S. TREASURY NOTES AND BONDS												
Constant maturities[9]												
16 1-year	6.11	3.49	2.00	1.01	1.12	1.31	1.24	1.35	1.33	1.22	1.21	1.22
17 2-year	6.26	3.83	2.64	1.23	1.47	1.86	1.71	1.98	1.92	1.69	1.65	1.66
18 3-year	6.22	4.09	3.10	1.51	1.93	2.44	2.23	2.55	2.51	2.25	2.16	2.15
19 5-year	6.16	4.56	3.82	2.27	2.87	3.37	3.18	3.49	3.51	3.23	3.10	3.07
20 7-year	6.20	4.88	4.30	2.84	3.45	3.96	3.74	4.04	4.05	3.79	3.68	3.63
21 10-year	6.03	5.02	4.61	3.33	3.98	4.45	4.27	4.49	4.52	4.34	4.23	4.16
22 20-year	6.23	5.63	5.43	4.34	4.92	5.39	5.21	5.38	5.42	5.27	5.18	5.09
Treasury long-term average[10,11]												
23 25 years and above	n.a.	n.a.	5.41	4.45	5.00	5.41	5.23	5.37	5.41	5.30	5.22	5.13
STATE AND LOCAL NOTES AND BONDS												
Moody's series[12]												
24 Aaa	5.58	5.01	4.87	4.07	4.59	4.82	4.63	4.80	4.84	4.73	4.44	4.50
25 Baa	6.19	5.75	5.64	4.68	5.17	5.42	5.23	5.40	5.44	5.33	5.04	5.10
26 *Bond Buyer* series[13]	5.71	5.15	5.04	4.33	4.74	5.10	4.92	5.07	5.07	4.94	4.84	4.81
CORPORATE BONDS												
27 Seasoned issues, all industries[14]	7.98	7.49	7.10	5.70	6.13	6.46	6.26	6.43	6.45	6.33	6.25	6.14
Rating group												
28 Aaa[15]	7.62	7.08	6.49	4.97	5.49	5.88	5.72	5.87	5.90	5.78	5.72	5.59
29 Aa	7.83	7.26	6.93	5.72	6.07	6.31	6.13	6.28	6.31	6.20	6.12	6.01
30 A	8.11	7.67	7.18	5.92	6.35	6.64	6.42	6.61	6.63	6.50	6.40	6.29
31 Baa	8.37	7.95	7.80	6.19	6.62	7.01	6.79	6.97	6.96	6.86	6.77	6.68
MEMO												
Dividend–price ratio[16]												
32 Common stocks	1.15	1.32	1.61	1.64	1.64	1.67	1.63	1.65	1.62	1.62	1.61	1.66

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. The rate charged for discounts made and advances extended under the Federal Reserve's primary credit discount window program, which became effective January 9, 2003. This rate replaces that for adjustment credit, which was discontinued after January 8, 2003. For further information, see http://www.federalreserve.gov/boarddocs/press/bcreg/2002/20021031 2/default.htm. The rate reported is that for the Federal Reserve Bank of New York. Historical series for the rate on adjustment credit is available at: http://www.federalreserve.gov/releases/h15/data.htm.
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.
10. Based on the unweighted average of the bid yields for all Treasury fixed-coupon securities with remaining terms to maturity of 25 years and over.
11. A factor for adjusting the daily long-term average in order to estimate a 30-year rate can be found at http://www.treas.gov/offices/domestic-finance/debt-management/interest-rate/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 Moody's A1 rating. Based on Thursday figures.
14. Daily figures are averages of Aaa, Aa, A, and Baa yields from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
15. Effective December 7, 2001, the Moody's Aaa yield includes yields only for industrial firms. Prior to December 7, 2001, the Aaa yield represented both utilities and industrial.
16. Standard & Poor's corporate series. Common stock ratio is based on the 500 stocks in the price index.

SOURCE: U.S. Department of the Treasury.

1.36 STOCK MARKET Selected Statistics

Indicator	2000	2001	2002	2003								
				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)	6,806.46	6,407.95	5,571.46	5,055.78	4,738.56	4,724.22	4,977.45	5,269.96	5,583.60	5,567.94	5,580.87	5,748.80
2 Industrial	809.40	749.46	656.44	587.78	553.90	558.10	583.74	613.26	649.25	648.00	651.19	670.18
3 Transportation	414.73	444.45	430.63	394.60	367.55	366.90	395.85	425.12	441.81	445.29	451.31	464.61
4 Utility	478.99	377.72	260.50	236.42	214.64	211.45	221.06	238.33	254.16	244.67	238.06	243.37
5 Finance	552.48	596.61	554.88	522.51	485.72	486.71	522.05	549.91	579.48	588.81	582.20	593.10
6 Standard & Poor's Corporation (1941–43 = 10)[1]	1,427.22	1,194.18	993.94	895.84	837.62	846.62	890.03	935.96	988.00	992.54	989.53	1,019.44
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	922.22	879.08	860.11	824.64	818.84	822.34	837.92	894.74	962.46	959.26	960.50	990.40
Volume of trading (thousands of shares)												
8 New York Stock Exchange	1,026,867	1,216,529	1,411,689	1,441,846	1,302,011	1,403,742	1,381,580	1,455,858	1,472,560	1,412,818	1,175,615	1,397,876
9 American Stock Exchange	51,437	68,074	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**198,790**	**150,450**	**134,380**	**134,910**	**134,030**	**135,910**	**140,450**	**146,380**	**148,550**	**148,450**	**149,660**	**155,870**
Free credit balances at brokers[4]												
11 Margin accounts[5]	100,680	101,640	95,690	96,430	95,400	90,830	88,770	88,540	87,920	91,210	88,040	88,620
12 Cash accounts	84,400	78,040	73,340	66,200	67,260	68,860	70,080	71,270	74,350	76,170	72,000	74,760
	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	2001		2002				2003		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**5,834.5**	**5,970.3**	**6,032.4**	**6,153.3**	**6,255.4**	**6,433.0**	**6,487.7**	**6,697.1**	**6,810.3**[r]
2 Public debt securities	5,807.5	5,943.4	6,006.0	6,126.5	6,228.2	6,405.7	6,460.8	6,670.1	6,783.2[r]
3 Held by public	3,338.7	3,393.8	3,443.7	3,463.5	3,552.6	3,647.4	3,710.8	3,816.3	3,923.9[r]
4 Held by agencies	2,468.8	2,549.7	2,562.4	2,662.9	2,675.6	2,758.3	2,750.0	2,853.8	2,859.4[r]
5 Agency securities	27.0	26.8	26.4	26.8	27.2	27.3	26.9	27.0	27.0[r]
6 Held by public	27.0	26.8	26.4	26.8	27.2	27.3	26.9	27.0	27.0[r]
7 Held by agencies	.0	.0	.0	.0	.0	.0	.0	0	.0[r]
8 **Debt subject to statutory limit**	**5,732.6**	**5,871.4**	**5,935.1**	**6,058.3**	**6,161.4**	**6,359.4**	**6,400.0**	**6,625.5**	**6,737.6**[r]
9 Public debt securities	5,732.4	5,871.2	5,935.0	6,058.1	6,161.1	6,359.1	6,399.8	6,625.3	6,736.3[r]
10 Other debt[1]	.2	.3	.2	.2	.3	.3	2	.2	3[r]
MEMO									
11 Statutory debt limit	5,950.0	5,950.0	5,950.0	6,400.0	6,400.0	6,400.0	6,400.0	7,384.0	7,384.0[r]

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	1999	2000	2001	2002	2002	2003		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**5,776.1**	**5,662.2**	**5,943.4**	**6,405.7**	**6,405.7**	**6,460.8**	**6,670.1**	**6,783.2**
By type								
2 Interest-bearing	5,766.1	5,618.1	5,930.8	6,391.4	6,391.4	6,474.0	6,656.5	6,754.8
3 Marketable	3,281.0	2,966.9	2,982.9	3,205.1	3,205.1	3,331.8	3,379.0	3,460.6
4 Bills	737.1	646.9	811.3	888.8	888.8	955.0	927.8	918.2
5 Notes	1,784.5	1,557.3	1,413.9	1,580.8	1,580.8	1,622.9	1,713.7	1,799.4
6 Bonds	643.7	626.5	602.7	588.7	588.7	585.7	582.4	576.8
7 Inflation-indexed notes and bonds[1]	100.7	121.2	140.1	146.9	146.9	153.2	155.0	166.1
8 Nonmarketable[2]	2,485.1	2,651.2	2,947.9	3,186.3	3,186.3	3,142.2	3,277.6	3,294.2
9 State and local government series	165.7	151.0	146.3	153.4	153.4	148.8	140.5	148.4
10 Foreign issues[3]	31.3	27.2	15.4	11.2	11.2	12.2	11.7	11.0
11 Government	31.3	27.2	15.4	11.2	11.2	12.2	11.7	11.0
12 Public	.0	.0	.0	.0	.0	.0	0	.0
13 Savings bonds and notes	179.4	176.9	181.5	184.8	184.8	187.3	189.9	192.6
14 Government account series[4]	2,078.7	2,266.1	2,574.8	2,806.9	2,806.9	2,763.8	2,905.5	2,912.2
15 Non-interest-bearing	10.0	44.2	12.7	14.3	14.3	13.8	13.6	13.4
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	2,064.2	2,270.1	2,572.2	2,757.8	2,757.8	2,763.3	2,853.3	n.a.
17 Federal Reserve Banks[6]	478.0	511.7	551.7	629.4	629.4	641.5	652.1	656.1
18 Private investors	3,233.9	2,880.4	2,819.5	3,018.5	3,018.5	3,056.0	3,164.7	n.a.
19 Depository institutions	248.7	201.5	181.5	222.6	222.6	153.1	144.8	n.a.
20 Mutual funds	228.6	220.8	257.5	279.0	279.0	296.3	298.5	n.a.
21 Insurance companies	123.4	110.2	105.7	133.9	133.9	151.2	161.7	n.a.
22 State and local treasuries[7]	266.8	236.2	256.5	274.2	274.2	306.2	318.5	n.a.
Individuals								
23 Savings bonds	186.4	184.8	190.3	194.9	194.9	196.9	199.1	n.a.
24 Pension funds	321.0	304.1	281.6	289.9	289.9	244.2	254.5	n.a.
25 Private	109.8	108.4	104.2	113.6	113.6	66.9	69.1	n.a.
26 State and Local	211.2	195.7	177.4	176.3	176.3	177.2	185.4	n.a.
27 Foreign and international[8]	1,268.7	1,034.2	1,053.1	1,212.7	1,212.7	1,254.6	1,355.3	n.a.
28 Other miscellaneous investors[7,9]	590.3	588.7	493.3	433.8	433.8	443.4	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	2003			2003, week ending								
	June	July	Aug.	July 30	Aug. 6	Aug. 13	Aug. 20	Aug. 27	Sept. 3	Sept. 10	Sept. 17	Sept. 24
By type of security												
1 U.S. Treasury bills	50,058	38,948	39,860	40,126	40,435	34,249	34,815	44,759	53,104	41,609	34,290	32,770
Treasury coupon securities by maturity												
2 Three years or less	152,654	143,806	140,206	164,430	207,652	137,279	105,718	130,553	122,982	147,173	142,976	162,411
3 More than three but less than or equal to six years	131,546	137,381	130,035	155,688	195,179	140,241	92,726	114,815	105,559	161,479	159,283	125,444
4 More than six but less than or equal to eleven years	106,432	131,663	124,686	152,760	183,990	156,274	94,188	93,774	80,634	113,108	116,465	125,122
5 More than eleven	31,439	31,296	28,018	36,986	47,739	28,541	22,577	20,017	20,878	26,733	23,054	23,571
6 Inflation-indexed[2]	2,949	6,157	3,269	3,707	4,420	3,029	3,318	2,843	2,507	2,930	3,054	2,919
Federal agency and government-sponsored enterprises												
7 Discount notes	62,416	52,616	56,242	52,289	62,536	60,422	56,696	47,979	52,731	54,862	55,197	51,199
Coupon securities by maturity												
8 Three years or less	13,029	11,854	11,450	13,121	13,116	11,799	11,489	11,299	7,521	12,588	9,160	10,934
9 More than three years but less than or equal to six years	10,171	8,078	4,614	7,761	6,465	5,548	3,768	3,642	3,118	8,657	7,463	6,569
10 More than six years but less than or equal to eleven years	9,211	6,822	5,213	6,657	8,628	6,174	3,564	4,190	2,663	4,188	6,996	10,417
11 More than eleven years	1,486	1,048	808	1,039	1,478	897	625	469	546	653	927	1,057
12 Mortgage-backed	228,360	242,916	195,712	199,351	239,283	311,505	167,495	104,888	116,685	278,078	229,370	131,204
Corporate securities												
13 One year or less	140,708	129,914	134,241	118,830	127,184	130,215	148,655	129,006	135,471	140,254	124,492	130,534
14 More than one year	21,940	20,616	15,874	20,597	19,707	16,832	15,134	14,020	12,296	20,419	24,220	27,170
By type of counterparty												
With interdealer broker												
15 U.S. Treasury	219,499	222,140	211,840	251,770	302,845	227,331	162,456	186,503	177,908	234,443	225,718	228,500
16 Federal agency and government-sponsored enterprises	11,148	8,211	6,959	8,357	9,182	7,809	6,301	5,980	4,484	8,260	8,848	11,649
17 Mortgage-backed	62,176	64,153	51,205	55,577	57,774	75,236	51,455	27,525	36,569	64,171	60,806	38,334
18 Corporate	581	587	568	776	676	592	601	466	469	581	770	655
With other												
19 U.S. Treasury	255,580	267,111	254,234	301,927	376,570	272,282	190,886	220,258	207,756	258,588	253,404	243,737
20 Federal agency and government-sponsored enterprises	85,166	72,207	71,367	72,511	83,039	77,031	69,841	61,598	62,096	72,689	70,896	68,526
21 Mortgage-backed	166,185	178,763	144,506	143,774	181,508	236,269	116,041	77,363	80,116	213,906	168,564	92,870
22 Corporate	162,067	149,944	149,546	138,652	146,214	146,455	163,188	142,561	147,298	160,092	147,942	157,050

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. 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.

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

Millions of dollars

Item, by type of security	2003			2003, week ending							
	June	July	Aug.	July 30	Aug. 6	Aug. 13	Aug. 20	Aug. 27	Sept. 3	Sept. 10	Sept. 17
	Net outright positions[2]										
1 U.S. Treasury bills	9,882	10,596	20,019	11,936	19,935	21,752	21,314	12,316	28,330	26,500	6,328
Treasury coupon securities by maturity											
2 Three years or less	−11,958	−18,548	−11,040	−17,454	−2,969	−9,011	−12,258	−13,423	−20,399	−20,614	−5,595
3 More than three years but less than or equal to six years	−45,702	−54,366	−41,247	−56,769	−44,503	−39,039	−42,893	−41,277	−37,292	−33,677	−30,494
4 More than six but less than or equal to eleven years	−11,295	−18,655	−12,959	−17,893	−16,455	−13,698	−10,152	−11,456	−13,963	−8,688	−2,718
5 More than eleven	680	4,869	2,871	6,455	2,835	1,742	3,593	3,448	2,631	927	−490
6 Inflation-indexed	854	911	709	1,085	988	622	−30	1,137	986	1,476	1,815
Federal agency and government-sponsored enterprises											
7 Discount notes	61,088	59,856	43,786	49,592	41,628	53,754	42,795	37,515	42,287	50,206	48,716
Coupon securities, by maturity											
8 Three years or less	17,246	15,782	13,291	15,413	10,228	12,736	14,789	14,235	14,587	14,410	11,414
9 More than three years but less than or equal to six years	2,400	4,399	681	5,704	1,714	806	588	176	−37	1,933	22
10 More than six but less than or equal to eleven years	4,057	5,336	2,787	4,137	3,262	3,304	2,470	2,709	1,858	3,609	3,081
11 More than eleven	2,748	2,204	1,476	1,771	1,569	1,635	1,545	1,363	1,137	1,174	1,528
12 Mortgage-backed	55,930	57,244	20,020	45,610	22,725	19,517	19,391	20,432	17,225	8,864	10,705
Corporate securities											
13 One year or less	33,054	32,644	31,645	32,083	33,190	40,351	29,484	24,991	29,517	31,462	33,417
14 More than one year	58,821	65,577	80,204	79,440	80,653	81,434	80,703	78,508	79,473	80,780	86,674
	Financing[3]										
Securities in, U.S. Treasury											
15 Overnight and continuing	739,231	726,387	726,152	714,798	756,459	688,920	724,763	723,335	753,204	759,982	744,634
16 Term	944,185	937,832	928,602	997,897	1,017,424	1,021,876	849,260	873,617	867,209	935,107	983,104
Federal agency and government-sponsored enterprises											
17 Overnight and continuing	151,751	147,727	161,323	140,723	154,493	162,483	158,073	166,970	165,344	176,133	160,763
18 Term	254,853	245,668	233,519	244,102	240,508	244,190	230,255	227,890	219,924	222,302	223,068
Mortgage-backed securities											
19 Overnight and continuing	36,223	37,704	37,545	37,599	34,959	41,193	44,250	32,481	32,165	36,958	33,998
20 Term	249,278	253,576	247,185	256,505	256,354	250,742	242,453	246,566	236,573	239,084	236,000
Corporate securities											
21 Overnight and continuing	71,329	76,154	76,406	76,580	77,312	76,186	75,442	76,512	76,930	79,705	80,912
22 Term	28,474	30,092	30,044	29,804	29,791	29,847	30,339	29,529	31,154	31,014	31,149
MEMO											
Reverse repurchase agreements											
23 Overnight and continuing	510,880	472,181	473,738	465,221	491,999	448,293	471,250	473,573	495,517	506,823	478,313
24 Term	1,297,890	1,288,014	1,264,124	1,343,545	1,359,981	1,364,600	1,179,112	1,209,353	1,189,124	1,253,067	1,295,598
Securities out, U.S. Treasury											
25 Overnight and continuing	711,222	686,520	678,081	683,907	707,630	647,169	685,678	664,142	698,951	704,956	687,425
26 Term	849,957	832,743	848,932	889,446	935,844	939,314	762,225	802,880	792,725	854,923	907,685
Federal agency and government-sponsored enterprises											
27 Overnight and continuing	295,952	286,946	278,201	277,779	270,689	285,503	273,716	285,717	271,384	294,768	287,945
28 Term	195,981	190,018	179,519	184,957	183,815	190,915	178,610	171,018	169,600	172,032	171,935
Mortgage-backed securities											
29 Overnight and continuing	356,571	372,739	358,960	368,093	359,630	382,491	360,126	355,273	321,189	313,464	348,854
30 Term	141,975	160,896	162,755	171,387	161,045	171,184	175,097	153,065	145,930	154,472	149,538
Corporate securities											
31 Overnight and continuing	156,474	159,712	153,915	160,971	158,525	163,204	152,417	143,717	151,213	143,654	157,240
32 Term	26,437	27,191	31,618	27,500	32,432	31,792	31,862	32,042	28,927	29,719	27,748
MEMO											
Repurchase agreements											
33 Overnight and continuing	1,305,120	1,276,928	1,235,582	1,257,702	1,261,321	1,248,439	1,237,390	1,216,190	1,205,246	1,224,407	1,250,787
34 Term	1,163,284	1,164,237	1,178,163	1,226,689	1,264,172	1,282,554	1,104,971	1,118,035	1,099,772	1,167,228	1,214,144

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. 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).

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1999	2000	2001	2002	2003				
					Mar.	Apr.	May	June	July
1 **Federal and federally sponsored agencies**	**1,296,477**	**1,616,492**	**1,851,632**	**2,121,057**	n.a.	n.a.	n.a.	n.a.	n.a.
2 Federal agencies	26,502	26,376	25,666	276	26,886	26,450	26,500	27,015	26,992
3 Defense Department[1]	6	6	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	n.a.	n.a.	n.a	n.a.	n.a	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration[4]	205	126	255	26,828	166	195	218	227	247
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.
7 Postal Service[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	26,496	26,370	25,660	270	26,880	26,444	26,494	27,009	26,986
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	1,269,975	1,590,116	1,825,966	2,120,781	n.a.	n.a.	n.a.	n.a.	n.a.
11 Federal Home Loan Banks	382,131	529,005	594,404	623,740	687,573	706,215	717,900	712,447	704,276
12 Federal Home Loan Mortgage Corporation	287,396	360,711	426,899	565,071	n.a.	n.a.	n.a.	n.a.	n.a
13 Federal National Mortgage Association	460,291	547,619	642,700	763,500	873,900	871,500	876,200	884,100	894,855
14 Farm Credit Banks[8]	63,488	68,883	74,181	76,673	86,802	87,591	89,007	89,130	90,020
15 Student Loan Marketing Association[9]	35,399	41,988	45,375	48,350	49,100	51,200	54,200	52,700	55,100
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]	**44,129**	**42,152**	**40,575**	**39,096**	**35,780**	**35,808**	**36,383**	**36,361**	**36,522**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Postal Service[6]	n.a.	n.a	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a.
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a	n.a.
23 Tennessee Valley Authority	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other lending[14]									
25 Farmers Home Administration	9,500	6,665	5,275	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
26 Rural Electrification Administration	14,091	14,085	13,126	13,876	14,750	14,760	14,793	15,383	15,419
27 Other	20,538	21,402	22,174	25,220	21,030	21,048	21,590	20,978	21,103

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 State and Local Governments

Millions of dollars

Type of issue or issuer, or use	2000	2001	2002	2003							
				Feb	Mar.	Apr.	May[r]	June[r]	July[r]	Aug.[r]	Sept.
1 **All issues, new and refunding**[1]	**180,403**	**292,027**	**364,073**	**30,171**	**28,268[r]**	**34,917[r]**	**36,052**	**48,346**	**33,139**	**26,076**	**25,621**
By type of issue											
2 General obligation	64,475	118,554	145,323	12,772	9,794	14,815	13,067	23,690	12,626	7,151	6,688
3 Revenue	115,928	170,047	214,788	17,399	18,475[r]	20,101[r]	22,985	24,656	20,513	18,925	18,934
By type of issuer											
4 State	19,944	30,099	33,931	3,604	1,277	5,521	2,808	14,411	2,924	2,197	555
5 Special district or statutory authority[2]	121,185	197,462	259,070	20,893	19,777	23,917[r]	22,907	26,369	22,061	17,425	20,596
6 Municipality, county, or township	39,273	61,040	67,121	5,674	7,214[r]	5,478	10,337	7,567	8,154	6,453	4,470
7 **Issues for new capital**	**154,257**	**200,363**	**243,181[r]**	**20,339**	**16,116[r]**	**24,714[r]**	**21,273**	**35,927**	**21,906**	**18,704**	**20,035**
By use of proceeds											
8 Education	38,665	50,054	57,894	7,067	5,354	7,591	7,109	6,128	4,951	6,992	4,764
9 Transportation	19,730	21,411	22,093	1,625	1,233	3,479	1,891	2,049	2,656	3,089	1,624
10 Utilities and conservation	11,917	21,917	33,404	183	599	842	1,008	2,016	446	746	207
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	7,122	6,607	7,227	1,076[r]	1,602	1,828	3,209	1,655	2,317	1,714	2,272
13 Other purposes	47,309	55,733	73,033	7,232[r]	3,724	8,396	5,603	19,878	6,685	3,734	8,352

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	2000	2001	2002	2003							
				Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 **All issues**[r]	**1,079,727**	**1,541,821**	**1,429,298**	**127,304**	**134,957**	**155,821**	**125,223**	**170,003**	**179,615**	**126,114**	**119,840**
2 **Bonds**[2]	**944,810**	**1,413,267**	**1,318,863**	**120,177**	**127,818**	**149,928**	**116,861**	**161,265**	**163,726**	**116,806**	**110,158**
By type of offering											
3 Sold in the United States	822,012	1,356,879	1,232,618	113,951	118,567	144,315	114,277	149,437	147,835	104,875	103,683
4 Sold abroad	122,798	56,389	86,246	6,226	9,250	5,613	2,585	11,828	15,890	11,931	6,475
MEMO											
5 Private placements, domestic	19,442	24,415	18,870	4,553	1,087	1,760	1,189	1,804	4,140	n.a.	n.a.
By industry group											
6 Nonfinancial	258,804	459,560	282,484	28,461	26,991	27,514	22,153	48,353	52,139	28,425	17,556
7 Financial	686,006	953,707	1,036,379	91,716	100,826	122,414	94,708	112,912	111,587	88,381	92,603
8 **Stocks**[3]	**311,941**	**230,049[r]**	**170,794[r]**	**7,127**	**7,139**	**5,893**	**8,362**	**8,738**	**15,889**	**9,308**	**9,682**
By type of offering											
9 Public	134,917	128,554	110,435	7,127	7,139	5,893	8,362	8,738	15,889	9,308	9,682
10 Private placement[4]	177,024	101,495[r]	60,359[r]	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	118,369	77,577	62,115	3,793	2,679	1,053	1,592	3,075	4,727	3,333	1,988
12 Financial	16,548	50,977	48,320	3,334	4,460	4,840	6,770	5,663	11,162	5,975	7,694

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, Yankee bonds, and private placements listed. 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	2001	2002[r]	2003 Feb.	2003 Mar.	2003 Apr.	2003 May	2003 June	2003 July	2003 Aug.[r]	2003 Sept.
1 **Sales of own shares**[2]	**1,806,474**	**1,825,732**	**122,321**	**140,643**	**141,465**	**142,688**	**157,773**	**153,832**	**139,162**	**142,332**
2 Redemptions of own shares	1,677,266	1,702,677	113,643	129,337	112,109	118,794	130,024	139,690	125,013	127,100
3 Net sales[3]	129,208	123,055	8,678	11,306	29,356	23,894	27,749	14,142	14,149	15,232
4 **Assets**[4]	**4,689,624**	**4,119,322**	**4,031,818**	**4,059,934**	**4,327,560**	**4,563,023**	**4,653,085**	**4,714,516**	**4,830,159**	**4,848,827**
5 Cash[5]	219,620	208,479	199,546	214,146	230,032	232,836	236,547	220,372	226,089	231,898
6 Other	4,470,004	3,910,843	3,832,272	3,845,788	4,097,528	4,330,187	4,416,538	4,494,144	4,604,070	4,616,929

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	2000	2001	2002	2002 Q1	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3
ASSETS										
1 Accounts receivable, gross[2]	958.7	948.3	945.4	930.0	941.9	945.6	945.4	934.9	947.9	n.a.
2 Consumer	328.0	340.1	315.6	329.8	332.0	334.5	315.6	307.1	308.6	n.a.
3 Business	458.4	447.0	455.3	443.0	449.4	445.5	455.3	453.9	455.8	n.a.
4 Real estate	172.3	161.3	174.5	157.2	160.5	165.5	174.5	173.9	183.4	n.a.
5 LESS: Reserves for unearned income	69.7	60.6	57.0	59.5	58.5	58.0	57.0	54.2	53.8	n.a.
6 Reserves for losses	16.7	21.0	23.8	21.5	21.6	22.0	23.8	24.0	24.5	n.a.
7 Accounts receivable, net	872.3	866.7	864.5	849.0	861.9	865.6	864.5	856.7	869.6	n.a.
8 All other	461.5	523.4	584.7	515.2	530.6	558.0	584.7	610.9	655.9	n.a.
9 **Total assets**	**1,333.7**	**1,390.1**	**1,449.3**	**1,364.2**	**1,392.5**	**1,423.6**	**1,449.3**	**1,467.7**	**1,525.5**	n.a.
LIABILITIES AND CAPITAL										
10 Bank loans	35.9	50.8	48.0	49.4	56.9	74.9	48.0	47.3	53.2	n.a.
11 Commercial paper	238.8	158.6	141.5	137.0	130.8	143.1	141.5	127.3	145.3	n.a
Debt										
12 Owed to parent	102.5	99.2	88.2	82.6	83.3	82.9	88.2	87.7	96.6	n.a.
13 Not elsewhere classified	502.2	567.4	624.9	574.4	597.2	584.9	624.9	639.1	657.9	n.a.
14 All other liabilities	301.8	325.5	339.0	329.1	331.5	343.4	339.0	344.4	359.1	n.a.
15 Capital, surplus, and undivided profits	152.5	188.6	207.6	191.7	192.9	194.5	207.6	221.9	213.5	n.a.
16 **Total liabilities and capital**	**1,333.7**	**1,390.1**	**1,449.3**	**1,364.2**	**1,392.5**	**1,423.6**	**1,449.3**	**1,467.7**	**1,525.5**	n.a.

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	2000	2001	2002	2003 Mar.	2003 Apr.	2003 May	2003 June	2003 July	2003 Aug.
	Seasonally adjusted								
1 **Total**	**1,186.3**	**1,248.1**	**1,275.9**	**1,283.1**	**1,290.3**	**1,297.1**	**1,286.0**	**1,291.5**	**1,301.5**
2 Consumer	465.0	514.8	518.6	521.7	525.3	523.6	516.8	516.2	520.8
3 Real estate	198.9	207.7	216.5	215.4	220.4	224.6	224.1	231.9	232.9
4 Business	522.3	525.6	540.9	546.0	544.6	548.9	545.1	543.5	547.7
	Not seasonally adjusted								
5 **Total**	**1,192.8**	**1,255.3**	**1,283.4**	**1,286.3**	**1,293.4**	**1,297.4**	**1,293.1**	**1,288.0**	**1,292.4**
6 Consumer	469.0	519.7	523.9	518.2	521.7	519.1	516.2	516.2	521.2
7 Motor vehicle loans	141.6	173.9	160.2	156.2	160.9	162.8	166.6	172.7	178.0
8 Motor vehicle leases	108.2	103.5	83.3	81.8	81.2	79.0	76.7	74.8	73.2
9 Revolving[2]	37.6	31.5	38.9	36.3	37.6	34.5	34.6	35.0	36.6
10 Other[3]	41.3	32.7	38.7	40.9	42.4	42.5	43.1	42.0	44.4
Securitized assets[4]									
11 Motor vehicle loans	97.1	131.9	151.9	152.1	149.4	150.3	146.5	143.6	141.8
12 Motor vehicle leases	6.6	6.8	5.7	6.2	6.1	6.0	6.0	5.9	5.8
13 Revolving	19.6	25.0	31.1	30.7	30.6	30.7	29.5	29.2	28.8
14 Other	17.1	14.3	14.0	13.9	13.6	13.2	13.2	12.9	12.5
15 Real estate	198.9	207.7	216.5	215.4	220.4	224.6	224.1	231.9	232.9
16 One- to four-family	130.6	120.1	135.0	133.9	138.8	143.0	142.5	150.7	152.0
17 Other	41.7	41.2	39.5	40.1	40.4	40.7	40.9	40.8	40.8
Securitized real estate assets[4]									
18 One- to four-family	24.7	40.7	39.7	39.2	38.9	38.6	38.4	38.1	37.8
19 Other	1.9	5.7	2.2	2.2	2.2	2.2	2.2	2.2	2.2
20 Business	525.0	527.9	543.0	552.8	551.4	553.7	552.9	539.9	538.3
21 Motor vehicles	75.5	54.0	60.7	65.3	64.1	68.0	69.9	61.9	60.9
22 Retail loans	18.3	16.1	15.4	16.3	16.8	17.1	17.2	17.7	17.6
23 Wholesale loans[5]	39.7	20.3	29.3	34.0	34.5	36.1	38.4	30.0	29.1
24 Leases	17.6	17.6	16.0	15.0	12.8	14.8	14.2	14.2	14.2
25 Equipment	283.5	289.4	292.1	287.5	286.0	284.5	283.4	281.0	281.1
26 Loans	70.2	77.8	83.3	78.0	79.0	77.6	77.5	76.3	76.7
27 Leases	213.3	211.6	208.8	209.5	207.0	207.0	205.9	204.7	204.4
28 Other business receivables[6]	99.4	103.5	102.5	101.1	103.0	103.1	102.6	102.9	102.0
Securitized assets[4]									
29 Motor vehicles	37.8	50.1	50.2	53.1	53.1	52.2	50.0	46.7	47.0
30 Retail loans	3.2	5.1	2.4	2.2	2.2	2.2	2.2	2.2	2.2
31 Wholesale loans	32.5	42.5	45.9	48.6	48.6	47.8	45.6	42.3	42.7
32 Leases	2.2	2.5	1.9	2.2	2.2	2.2	2.1	2.1	2.1
33 Equipment	23.1	23.2	20.2	21.9	21.4	21.6	23.5	23.7	23.4
34 Loans	15.5	16.4	13.0	12.2	11.8	12.0	12.9	13.1	12.8
35 Leases	7.6	6.8	7.2	9.7	9.6	9.6	10.6	10.6	10.6
36 Other business receivables[6]	5.6	7.7	17.4	23.9	23.9	24.2	23.6	23.8	23.8

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

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

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

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

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

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

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

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

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	2000	2001	2002	2003 Mar.	2003 Apr.	2003 May	2003 June	2003 July	2003 Aug.	2003 Sept.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	234.5	245.0	261.1	252.9	266.0	275.3	283.3	283.4	280.1	275.6
2 Amount of loan (thousands of dollars)	177.0	184.2	197.0	184.2	205.0	210.7	213.7	214.4	212.1	208.1
3 Loan-to-price ratio (percent)	77.4	77.3	77.8	76.2	78.8	78.7	78.0	78.2	78.0	77.8
4 Maturity (years)	29.2	28.8	28.9	28.2	29.0	28.8	28.8	28.7	28.5	28.8
5 Fees and charges (percent of loan amount)[2]	.70	.67	.62	.40	.62	.61	.64	.62	.66	.68
Yield (percent per year)										
6 Contract rate[1]	7.41	6.90	6.35	5.69	5.83	5.66	5.42	5.44	5.68	5.87
7 Effective rate[1,3]	7.52	7.00	6.44	5.75	5.92	5.75	5.51	5.53	5.77	5.97
8 Contract rate (HUD series)[4]	n.a.	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]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 GNMA securities[6]	7.57	6.36	5.81	4.94	4.97	4.55	4.27	5.02	5.48	5.27
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	610,122	707,015	790,800	815,964	817,894	815,560	812,467	836,104	863,170	917,123
12 FHA/VA insured	61,539	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Conventional	548,583	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Mortgage transactions purchased (during period)	154,231	270,384	370,641	34,304	43.028	43,749	41,182	72,447	82,656	98,804
Mortgage commitments (during period)										
15 Issued[7]	163,689	304,084	400,327	42,005	42,906	75,569	79,172	n.a.	n.a.	n.a.
16 To sell[8]	11,786	7,586	12,268	2,457	1,479	1,785	3,657	n.a.	n.a.	n.a.
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	385,693	491,719	568,173	569,522	568,975	572,801	586,361	595,202	615,986	641,940
18 FHA/VA insured	3,332	3,506	4,573	3,540	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
19 Conventional	382,361	488,213	563,600	565,982	n.a.	n.a.	n.a	n.a.	n.a.	n.a.
Mortgage transactions (during period)										
20 Purchases	174,043	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 Sales	166,901	389,611	547,046	59,065	51,737	66,175	58,124	70,269	91,198	83,982
22 Mortgage commitments contracted (during period)[9]	169,231	417,434	620,981	69,200	n.a.	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	1999	2000	2001	2002			2003	
				Q2	Q3	Q4	Q1	Q2[p]
1 **All holders**	**6,315,447**	**6,884,942**	**7,585,319**	**7,967,494**	**8,201,739**	**8,459,605**	**8,671,432**	**8,966,656**
By type of property								
2 One- to four-family residences	4,787,225	5,205,428	5,738,111	6,049,571	6,247,731	6,459,308	6,641,409	6,888,328
3 Multifamily residences	368,742	403,724	449,704	468,374	476,708	488,428	496,475	509,340
4 Nonfarm, nonresidential	1,056,516	1,166,933	1,281,168	1,329,097	1,353,685	1,387,110	1,407,138	1,439,720
5 Farm	102,964	108,858	116,336	120,452	123,614	124,759	126,410	129,268
By type of holder								
6 Major financial institutions	2,394,271	2,618,969	2,791,076	2,861,224	2,981,790	3,089,824	3,166,701	3,279,551
7 Commercial banks[2]	1,495,420	1,660,054	1,789,819	1,873,362	1,962,198	2,058,426	2,099,352	2,192,983
8 One- to four-family	879,576	965,635	1,023,851	1,070,513	1,143,985	1,222,056	1,244,823	1,320,685
9 Multifamily	67,665	77,803	84,851	90,745	90,930	94,178	96,830	100,130
10 Nonfarm, nonresidential	516,333	582,577	645,619	675,119	689,481	704,167	718,996	732,508
11 Farm	31,846	34,039	35,498	36,985	37,802	38,025	38,704	39,660
12 Savings institutions[3]	668,064	722,974	758,236	742,744	773,652	781,378	815,873	833,625
13 One- to four-family	548,222	594,221	620,579	599,377	625,402	631,392	662,858	676,168
14 Multifamily	59,309	61,258	64,592	66,016	68,668	68,679	69,757	72,712
15 Nonfarm, nonresidential	60,063	66,965	72,534	76,799	79,022	80,730	82,669	84,150
16 Farm	470	529	531	552	560	577	589	595
17 Life insurance companies	230,787	235,941	243,021	245,118	245,939	250,019	251,476	252,943
18 One- to four-family	5,934	4,903	4,931	5,162	5,176	4,657	4,684	4,710
19 Multifamily	32,818	33,681	35,631	35,818	35,921	36,816	36,975	37,191
20 Nonfarm, nonresidential	179,048	183,757	188,376	190,050	190,698	195,040	196,232	197,377
21 Farm	12,987	13,600	14,083	14,088	14,144	13,506	13,585	13,665
22 Federal and related agencies	320,054	344,225	376,999	396,091	412,014	432,790	455,606	489,676
23 Government National Mortgage Association	7	6	8	8	8	5	6	7
24 One- to four-family	7	6	8	8	8	5	6	7
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	73,871	73,323	72,452	71,970	72,030	72,377	69,988	69,930
27 One- to four-family	16,506	16,372	15,824	15,273	15,139	14,908	14,652	14,413
28 Multifamily	11,741	11,733	11,712	11,692	11,686	11,669	11,654	11,641
29 Nonfarm, nonresidential	41,355	41,070	40,965	41,188	41,439	42,101	40,093	40,352
30 Farm	4,268	4,148	3,952	3,817	3,766	3,700	3,590	3,525
31 Federal Housing Admin and Dept. of Veterans Affairs	3,712	3,507	3,290	3,473	2,973	3,854	3,824	4,006
32 One- to four-family	1,851	1,308	1,260	1,254	1,252	1,262	1,255	1,247
33 Multifamily	1,861	2,199	2,031	2,218	1,721	2,592	2,569	2,760
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	152	45	13	22	13	46	118	47
40 One- to four-family	25	7	2	4	2	7	19	8
41 Multifamily	29	9	3	4	2	9	23	9
42 Nonfarm, nonresidential	98	29	8	14	8	30	76	30
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	149,422	155,626	169,908	180,491	184,191	185,797	195,633	211,146
45 One- to four-family	141,195	144,150	155,060	164,038	167,006	172,226	180,829	195,079
46 Multifamily	8,227	11,476	14,848	16,453	17,185	13,571	14,804	16,067
47 Federal Land Banks	34,187	36,326	40,885	42,951	44,782	46,257	46,974	48,490
48 One- to four-family	2,012	2,137	2,406	2,527	2,635	2,722	2,764	2,853
49 Farm	32,175	34,189	38,479	40,424	42,147	43,535	44,210	45,637
50 Federal Home Loan Mortgage Corporation	56,676	59,240	62,792	58,872	60,934	63,887	64,388	65,672
51 One- to four-family	44,321	42,871	40,309	34,062	34,616	35,851	35,880	36,941
52 Multifamily	12,355	16,369	22,483	24,810	26,318	28,036	28,508	28,732
53 Mortgage pools or trusts[5]	2,946,546	3,226,058	3,700,582	3,971,458	4,052,418	4,161,020	4,265,292	4,386,908
54 Government National Mortgage Association	582,263	611,553	591,368	583,745	567,386	537,888	515,822	487,929
55 One- to four-family	565,189	592,624	569,460	559,549	542,208	512,098	489,063	460,430
56 Multifamily	17,074	18,929	21,908	24,196	25,178	25,790	26,759	27,499
57 Federal Home Loan Mortgage Corporation	749,081	822,310	948,409	1,053,261	1,058,176	1,082,062	1,073,016	1,051,141
58 One- to four-family	744,619	816,602	940,933	1,045,981	1,050,899	1,072,990	1,064,114	1,042,417
59 Multifamily	4,462	5,708	7,476	7,280	7,277	9,072	8,902	8,724
60 Federal National Mortgage Association	960,883	1,057,750	1,290,351	1,404,594	1,458,945	1,538,287	1,637,474	1,749,896
61 One- to four-family	924,941	1,016,398	1,238,125	1,349,442	1,402,929	1,478,610	1,576,495	1,687,263
62 Multifamily	35,942	41,352	52,226	55,152	56,016	59,677	60,979	62,633
63 Farmers Home Administration[4]	0	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	0	0	0	0	0	0	0	0
68 Private mortgage conduits	654,319	734,445	870,454	929,858	967,911	1,002,783	1,038,980	1,097,942
69 One- to four-family[6]	455,021	499,834	591,200	638,300	669,300	691,600	725,100	767,800
70 Multifamily	41,952	47,529	53,537	55,234	56,582	59,034	59,169	61,448
71 Nonfarm, nonresidential	157,346	187,082	225,717	236,324	242,029	252,149	254,711	268,694
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	654,576	695,691	716,662	738,721	755,517	775,971	783,833	810,522
74 One- to four-family	456,009	492,429	506,669	525,893	540,187	558,434	564,262	587,991
75 Multifamily	75,076	75,457	78,252	78,639	79,127	79,228	79,478	79,735
76 Nonfarm, nonresidential	102,274	105,453	107,949	109,604	111,008	112,894	114,361	116,609
77 Farm	21,217	22,352	23,792	24,585	25,194	25,415	25,733	26,187

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	2000	2001	2002	2003 Mar.r	2003 Apr.r	2003 Mayr	2003 Juner	2003 Julyr	2003 Aug.
	Seasonally adjusted								
1 **Total**	**1,692,892r**	**1,817,229r**	**1,895,372r**	**1,919,005**	**1,930,277**	**1,941,278**	**1,941,740**	**1,947,825**	**1,957,239**
2 Revolving	667,395	701,285	712,002	720,586	723,018	727,411	725,925	726,379	728,116
3 Nonrevolving[2]	1,025,498r	1,115,944r	1,183,370r	1,198,419	1,207,259	1,213,867	1,215,815	1,221,446	1,229,123
	Not seasonally adjusted								
4 **Total**	**1,727,666r**	**1,853,675r**	**1,932,865r**	**1,908,216**	**1,917,514**	**1,928,137**	**1,931,626**	**1,935,577**	**1,956,014**
By major holder									
5 Commercial banks	541,470	558,421	587,165	575,275	576,936	582,413	584,294	582,490	588,262
6 Finance companies	220,503r	238,133r	237,790r	233,485	240,841	239,792	244,251	249,731	259,083
7 Credit unions	184,434	189,570	195,744	193,876	195,613	196,837	198,598	201,386	204,367
8 Savings institutions	64,557	69,070	68,494	68,418	70,116	71,871	73,570	73,452	73,335
9 Nonfinancial business	82,662	67,955	56,894	48,479	47,715	48,132	47,615	47,181	47,962
10 Pools of securitized assets[3]	530,013r	611,006r	657,202r	662,832	662,231	667,057	662,924	661,242	661,748
By major type of credit[4]									
11 Revolving	693,020	727,297	737,993	713,458	719,216	722,972	722,771	720,543	725,838
12 Commercial banks	218,063	224,878	230,990	212,452	213,069	217,685	217,453	214,854	216,424
13 Finance companies	37,627	31,538	38,948	36,334	37,609	34,498	34,608	35,047	36,623
14 Credit unions	22,226	22,265	22,228	20,722	20,883	20,964	21,076	21,200	21,264
15 Savings institutions	16,560	17,767	16,225	15,980	17,022	18,099	19,141	18,919	18,697
16 Nonfinancial business	42,430	29,790	19,221	13,666	13,112	13,293	12,912	12,678	13,208
17 Pools of securitized assets[3]	356,114	401,059	410,381	414,304	417,520	418,432	417,581	417,844	419,622
18 Nonrevolving	1,034,646r	1,126,378r	1,194,871r	1,194,758	1,198,298	1,205,165	1,208,855	1,215,034	1,230,176
19 Commercial banks	323,407	333,543	356,175	362,823	363,866	364,728	366,841	367,635	371,838
20 Finance companies	182,876r	206,595r	198,842r	197,151	203,232	205,294	209,643	214,684	222,460
21 Credit unions	162,208	167,305	173,516	173,154	174,730	175,873	177,522	180,186	183,103
22 Savings institutions	47,997	51,303	52,269	52,438	53,094	53,773	54,429	54,533	54,638
23 Nonfinancial business	40,232	38,165	37,673	34,813	34,603	34,839	34,703	34,503	34,753
24 Pools of securitized assets[3]	173,899r	209,947r	246,821r	248,528	244,711	248,625	245,343	243,398	242,127

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	2000	2001	2002	2003 Feb.	2003 Mar.	2003 Apr.	2003 May	2003 June	2003 July	2003 Aug.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.34	8.50	7.62r	7.11	n.a.	n.a	7.05	n.a.	n.a	6.77
2 24-month personal	13.90	13.22	12.54r	11.70	n.a.	n.a.	12.19	n.a.	n.a.	11.94
Credit card plan										
3 All accounts	15.71	14.89	13.42	13.20	n.a.	n.a.	12.90	n.a.	n.a.	12.49
4 Accounts assessed interest	14.91	14.44	13.09	12.85	n.a.	n.a.	12.82	n.a.	n.a.	13.11
Auto finance companies										
5 New car	6.61	5.65	4.29	3.99	3.83	2.51	2.40	2.93	3.28	3.56
6 Used car	13.55	12.18	10.74	10.43	10.16	9.91	9.82	9.81	9.77	9.57
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.9	55.1	56.8	59.2	59.5	60.1	60.7	62.4	62.7	63.0
8 Used car	57.0	57.5	57.5	57.7	57.8	57.7	57.7	57.8	57.8	57.9
Loan-to-value ratio										
9 New car	92	91	94	97	96	97	97	97	95	93
10 Used car	99	100	100	99	99	99	99	100	100	100
Amount financed (dollars)										
11 New car	20,923	22,822	24,747	24,864	25,152	27,540	27,920	26,945	26,129	25,407
12 Used car	14,058	14,416	14,532	14,231	14,253	14,475	14,568	14,567	14,632	14,623

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	1997	1998	1999	2000	2001	2001	2002				2003	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**788.1**	**1,041.9**	**1,030.9**	**853.5**	**1,114.4**	**1,163.5**	**992.5**	**1,628.8**	**1,338.3**	**1,539.0**	**1,243.4**	**2,523.8**
By sector and instrument												
2 Federal government	23.1	–52.6	–71.2	–295.9	–5.6	43.4	39.8	526.0	265.7	198.5	79.9	888.2
3 Treasury securities	23.2	–54.6	–71.0	–294.9	–5.0	44.2	41.6	524.2	264.2	198.1	81.5	887.7
4 Budget agency securities and mortgages	–.1	2.0	–.2	–1.0	–.5	–.7	–1.8	1.8	1.6	.4	–1.6	.5
5 Nonfederal	765.0	1,094.5	1,102.1	1,149.3	1,120.0	1,120.1	952.6	1,102.8	1,072.5	1,340.5	1,163.5	1,635.6
By instrument												
6 Commercial paper	13.7	24.4	37.4	48.1	–88.3	45.5	–144.4	–81.7	–17.4	–13.2	–15.2	–87.3
7 Municipal securities and loans	56.9	84.2	54.4	23.6	122.9	174.6	76.8	196.1	154.2	216.1	90.3	189.4
8 Corporate bonds	150.5	235.2	217.8	161.3	340.5	325.0	253.6	191.4	–29.0	114.4	178.6	309.6
9 Bank loans n.e.c.	106.4	109.8	82.9	101.8	–82.0	–165.5	–16.4	–192.1	–124.5	–15.3	–55.3	–63.9
10 Other loans and advances	43.1	68.5	26.1	84.5	1.8	–119.7	–38.0	65.1	61.2	–.3	–14.5	80.7
11 Mortgages	322.4	485.8	563.3	563.9	699.1	725.7	702.8	825.8	920.4	1,045.9	886.7	1,141.0
12 Home	258.3	384.6	424.4	418.2	532.7	533.1	602.4	658.6	780.4	843.5	763.8	951.4
13 Multifamily residential	7.2	23.3	35.2	32.9	45.6	54.3	28.5	41.7	31.7	67.1	33.3	50.5
14 Commercial	53.8	71.3	98.0	106.2	113.4	131.6	65.0	116.5	95.2	130.8	83.2	127.8
15 Farm	3.1	6.5	5.8	6.5	7.5	6.8	6.9	9.1	13.1	4.6	6.4	11.3
16 Consumer credit	72.0	86.7	120.2	166.2	126.0	134.5	118.1	98.2	107.6	–7.1	93.0	66.2
By borrowing sector												
17 Household	330.8	450.8	498.6	558.8	614.6	596.7	720.9	689.7	791.0	885.6	837.2	1,000.2
18 Nonfinancial business	392.7	576.1	565.0	575.1	399.6	381.2	162.9	229.7	140.2	267.2	252.1	460.3
19 Corporate	291.8	408.4	377.2	380.1	235.3	231.8	47.3	88.5	–2.9	107.6	134.2	311.5
20 Nonfarm noncorporate	94.7	159.7	182.4	184.1	156.8	141.1	110.3	132.7	128.8	156.3	113.4	146.0
21 Farm	6.2	8.0	5.5	10.9	7.5	8.3	5.3	8.5	14.2	3.4	4.6	2.8
22 State and local government	41.5	67.7	38.5	15.5	105.8	142.1	68.9	183.4	141.3	187.7	74.2	175.1
23 Foreign net borrowing in United States	71.8	31.2	13.0	57.0	–49.7	3.3	65.1	2.1	–44.0	1.1	18.4	–48.4
24 Commercial paper	3.7	7.8	16.3	31.7	–14.2	5.9	66.8	36.5	3.9	37.3	52.6	73.5
25 Bonds	61.4	22.8	1.9	15.2	–24.5	17.0	–14.5	–54.0	–35.3	–30.1	–29.4	–93.5
26 Bank loans n.e.c.	8.5	6.6	.5	11.4	–7.3	–16.3	13.9	22.0	–11.7	–2.9	–4.0	–31.4
27 Other loans and advances	–1.8	–6.0	–5.7	–1.3	–3.7	–3.3	–1.2	–2.4	–1.0	–3.2	–.8	3.0
28 **Total domestic plus foreign**	**859.9**	**1,073.1**	**1,043.9**	**910.5**	**1,064.6**	**1,166.9**	**1,057.5**	**1,630.9**	**1,294.2**	**1,540.0**	**1,261.8**	**2,475.4**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**662.2**	**1,085.6**	**1,073.5**	**821.8**	**934.0**	**964.4**	**866.1**	**867.2**	**858.5**	**1,102.7**	**1,002.6**	**871.8**
By instrument												
30 Federal government-related	212.9	470.9	592.0	433.5	629.3	591.8	691.1	487.8	420.8	616.4	452.0	460.4
31 Government-sponsored enterprise securities	98.4	278.3	318.2	234.1	290.8	306.5	191.3	141.7	249.1	321.5	179.7	209.8
32 Mortgage pool securities	114.6	192.6	273.8	199.4	338.5	285.3	499.8	346.1	171.6	294.9	272.3	250.6
33 Loans from U.S. government	.0	.0	.0	0	.0	.0	.0	.0	.0	.0	.0	0
34 Private	449.3	614.7	481.6	388.3	304.7	372.6	175.0	379.4	437.7	486.4	550.6	411.4
35 Open market paper	166.7	161.0	176.2	127.7	–61.9	–13.6	–178.3	–109.1	84.3	–77.3	58.8	–93.6
36 Corporate bonds	218.9	310.2	207.5	212.3	317.3	361.1	351.1	434.6	194.4	684.4	432.5	497.7
37 Bank loans n.e.c.	13.3	28.5	–14.4	–.4	13.1	17.7	–.6	31.2	81.9	–107.9	–42.7	21.0
38 Other loans and advances	35.6	90.2	107.1	42.5	34.9	8.9	–3.8	15.8	71.9	–17.4	105.5	–17.0
39 Mortgages	14.9	24.8	5.1	6.2	1.3	–1.6	6.6	7.0	5.3	4.7	–3.5	3.3
By borrowing sector												
40 Commercial banking	46.1	72.9	67.2	60.0	52.9	44.1	24.4	12.6	62.3	100.3	76.1	85.1
41 Savings institutions	19.7	52.2	48.0	27.3	7.4	–68.6	–33.1	–12.2	37.1	–46.7	48.2	–30.3
42 Credit unions	.1	.6	2.2	0	1.5	4.4	2.4	2.0	3.1	.4	2.8	1.6
43 Life insurance companies	.2	.7	.7	–.7	.6	1.4	2.4	1.2	2.0	2.5	4.4	1.5
44 Government-sponsored enterprises	98.4	278.3	318.2	234.1	290.8	306.5	191.3	141.7	249.1	321.5	179.7	209.8
45 Federally related mortgage pools	114.6	192.6	273.8	199.4	338.5	285.3	499.8	346.1	171.6	294.9	272.3	250.6
46 Issuers of asset-backed securities (ABSs)	202.2	321.4	212.3	201.9	292.3	416.8	258.3	230.6	195.8	389.9	315.2	286.7
47 Finance companies	57.8	57.1	70.7	81.9	1.3	–23.6	–28.9	83.9	110.9	7.4	–.2	153.8
48 Mortgage companies	–4.6	.0	.0	.0	.0	.0	.0	.0	.0	.0	0	.0
49 Real estate investment trusts (REITs)	39.6	62.7	6.3	2.7	2.5	7.8	7.4	25.3	27.7	18.6	17.5	12.9
50 Brokers and dealers	8.1	7.2	–17.2	15.6	1.4	–18.9	–15.7	17.5	15.2	–24.0	38.4	–16.2
51 Funding corporations	79.9	40.0	91.5	–.4	–55.2	9.1	–42.2	18.5	–16.4	37.8	48.0	–83.6

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	1997	1998	1999	2000	2001	2001	2002				2003	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
	All sectors											
52 **Total net borrowing, all sectors**	**1,522.2**	**2,158.7**	**2,117.4**	**1,732.3**	**1,998.7**	**2,131.2**	**1,923.6**	**2,498.1**	**2,152.7**	**2,642.7**	**2,264.4**	**3,347.2**
53 Open market paper	184.1	193.1	229.9	207.6	−164.4	37.8	−255.9	−154.3	70.8	−53.3	96.3	−107.5
54 U.S. government securities	236.0	418.3	520.7	137.6	623.8	635.2	730.9	1,013.8	686.5	814.9	531.9	1,348.6
55 Municipal securities	56.9	84.2	54.4	23.6	122.9	174.6	76.8	196.1	154.2	216.1	90.3	189.4
56 Corporate and foreign bonds	430.8	568.2	427.3	388.7	633.3	703.2	590.2	572.0	130.0	768.6	581 7	713.7
57 Bank loans n.e.c.	128.2	145.0	69.0	112.8	−76.2	−164.0	−3.0	−139.0	−54.4	−126.1	−102.0	−74.3
58 Other loans and advances	76.9	152.7	127.5	125.6	32.9	−114.2	−43.0	78.6	132.2	−20.9	90.1	66.7
59 Mortgages	337.3	510.6	568.5	570.1	700.4	724.1	709.4	832.8	925.7	1,050.6	883.2	1,144.3
60 Consumer credit	72.0	86.7	120.2	166.2	126.0	134.5	118.1	98.2	107.6	−7.1	93.0	66.2
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**218.7**	**166.1**	**191.5**	**238.4**	**305.0**	**406.4**	**437.0**	**276.5**	**−83.6**	**291.0**	**288.7**	**400.4**
62 Corporate equities	−46.5	−113.4	.2	3.4	103.6	150.5	50.1	176.5	−120.7	84.1	99.6	52.0
63 Nonfinancial corporations	−77.4	−215.5	−110.4	−118.2	−47.4	−4.2	−11.0	15.5	−141.2	−30.9	−80.1	−57.6
64 Foreign shares purchased by U.S. residents	57.6	101.4	114.3	106.7	109.1	83.9	−7.0	77.4	−51.3	51.6	132.5	56.0
65 Financial corporations	−26.7	.8	−3.7	14.9	41.9	70.9	68.1	83.6	71.8	63.4	47.2	53.6
66 Mutual fund shares	265.1	279.5	191.2	235.0	201.4	255.9	386.9	100.0	37.1	206.9	189.1	348.4

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	1997	1998	1999	2000	2001	2001	2002				2003	
						Q4	Q1	Q2	Q3	Q4	Q1	Q2
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**1,522.2**	**2,158.7**	**2,117.4**	**1,732.3**	**1,998.7**	**2,131.2**	**1,923.6**	**2,498.1**	**2,152.7**	**2,642.7**	**2,264.4**	**3,347.2**
2 Domestic nonfederal nonfinancial sectors	15.5	250.9	257.1	−13.7	27.1	172.6	100.4	292.0	−116.4	132.6	−353.9	20.1
3 Household	25.5	119.1	247.1	−33.6	−.7	145.3	48.9	257.6	−170.5	127.2	−326.4	−67.5
4 Nonfinancial corporate business	−12.7	−16.0	−15.6	19.4	−12.4	−17.1	69.3	−11.4	33.5	−42.4	54.9	34.4
5 Nonfarm noncorporate business	2.6	13.3	−2.9	1.3	2.0	2.0	3.3	3.3	2.8	4.0	−.2	4.1
6 State and local governments	.1	134.5	28.4	−.8	38.1	42.4	−21.1	42.5	17.8	43.8	−82.1	49.1
7 Federal government	3.2	11.7	6.5	11.6	6.0	−1.5	9.3	−3.7	31.1	3.1	−18.3	−1.4
8 Rest of the world	259.6	167.7	96.6	129.5	234.6	274.7	248.0	458.0	393.9	351.0	359.5	1,055.8
9 Financial sectors	1,243.9	1,728.4	1,757.3	1,604.8	1,731.0	1,685.4	1,565.9	1,751.8	1,844.1	2,156.0	2,277.1	2,272.7
10 Monetary authority	38.3	21.1	25.7	33.7	39.9	85.1	81.6	43.4	67.3	118.7	32.3	25.0
11 Commercial banking	324.3	305.6	312.2	357.9	205.2	314.6	188.9	384.3	624.0	420.4	349.0	616.3
12 U.S.-chartered banks	274.9	312.1	318.6	339.5	191.6	275.0	168.2	343.8	599.9	463.3	305.6	547.7
13 Foreign banking offices in United States	40.2	−11.6	−17.0	23.9	−.6	−7.8	2.1	33.7	21.8	−32.8	23.3	12.2
14 Bank holding companies	5.4	−.9	6.2	−12.2	4.2	13.6	12.0	1.9	−1.6	.2	20.8	39.7
15 Banks in U.S.-affiliated areas	3.7	6.0	4.4	6.7	10.0	33.9	6.6	4.9	4.0	−10.2	−.7	16.8
16 Savings institutions	−4.7	36.2	67.7	56.2	42.8	73.1	12.3	−23.5	80.3	72.5	189.4	88.0
17 Credit unions	16.8	18.9	27.5	28.0	41.5	60.5	58.3	61.8	6.1	44.4	43.5	71.2
18 Bank personal trusts and estates	−25.0	−12.8	27.8	.8	−28.1	−28.1	1.0	.9	.8	.8	−19.3	−17.6
19 Life insurance companies	104.8	76.9	53.5	57.9	130.9	81.3	278.1	206.6	279.0	168.2	276.0	216.0
20 Other insurance companies	25.2	5.8	−3.0	−8.7	9.0	28.5	36.7	35.4	21.7	65.6	57.7	42.9
21 Private pension funds	45.7	−26.1	14.1	31.3	6.7	−20.9	47.1	22.1	40.2	.2	7.3	39.5
22 State and local government retirement funds	67.1	72.1	46.9	54.6	−17.7	−2.7	70.5	−54.5	−10.4	60.7	.1	62.7
23 Money market mutual funds	87.5	244.0	182.0	143.0	246.0	49.1	−239.1	−87.5	−75.7	301.2	−187.0	214.0
24 Mutual funds	80.9	127.3	48.4	21.0	126.0	139.3	243.3	41.9	162.7	118.4	220.2	213.0
25 Closed-end funds	−2.9	5.2	8.5	−6.3	6.9	16.3	24.4	−2.6	−1.7	17.0	31.1	24.1
26 Government-sponsored enterprises	106.3	314.0	291.3	256.4	309.0	335.3	236.7	130.1	203.5	277.8	302.7	112.6
27 Federally related mortgage pools	114.6	192.6	273.8	199.4	338.5	285.3	499.8	346.1	171.6	294.9	272.3	250.6
28 Asset-backed securities issuers (ABSs)	163.8	281.7	194.1	172.1	266.2	394.1	234.1	208.4	173.2	368.1	291.4	266.1
29 Finance companies	23.1	77.3	97.1	108.6	−4.8	−99.6	−26.5	42.2	83.9	−14.8	−2.4	56.6
30 Mortgage companies	−9.1	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
31 Real estate investment trusts (REITs)	20.2	−5.1	−2.6	−7.1	6.7	14.0	26.3	31.8	27.7	6.7	−8.6	31.0
32 Brokers and dealers	14.9	6.8	−34.7	68.9	92.4	−110.5	−219.5	402.8	−208.6	138.8	19.6	1.3
33 Funding corporations	50.4	−15.8	124.0	35.0	−95.8	60.4	6.1	−45.0	165.2	−324.3	374.5	−43.3
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**1,522.2**	**2,158.7**	**2,117.4**	**1,732.3**	**1,998.7**	**2,131.2**	**1,923.6**	**2,498.1**	**2,152.7**	**2,642.7**	**2,264.4**	**3,347.2**
Other financial sources												
35 Official foreign exchange	.7	6.6	−8.7	−.4	4.3	.2	−3.0	12.9	24.6	4.9	4.9	.6
36 Special drawing rights certificates	−.5	.0	−3.0	−4.0	.0	.0	.0	.0	.0	.0	.0	0
37 Treasury currency	.5	.6	1.0	2.4	1.3	.0	.9	.6	2.4	.0	.6	1.6
38 Foreign deposits	107.7	6.5	61.1	134.2	30.7	9.6	−43.8	66.1	53.0	20.3	−73.7	78.6
39 Net interbank transactions	−19.7	−31.8	15.0	15.1	−28.0	24.5	3.3	−166.5	62.4	170.0	−4.1	−123.5
40 Checkable deposits and currency	41.2	47.3	151.2	−71.4	204.3	278.1	−200.5	210.2	208.0	−43.7	271.3	94.2
41 Small time and savings deposits	97.1	152.4	45.1	188.8	267.2	329.7	288.3	215.6	323.4	257.2	261.6	437.6
42 Large time deposits	122.5	91.8	131.1	116.2	68.6	77.8	270.0	34.8	36.8	−140.2	191.6	43.4
43 Money market fund shares	155.9	287.2	249.1	233.3	428.6	379.8	−312.5	104.2	−196.6	337.6	−441.4	186.0
44 Security repurchase agreements	120.9	91.3	169.8	113.2	22.3	−138.3	119.4	362.4	−91.1	29.2	−50.4	564.3
45 Corporate equities	−46.5	−113.4	.2	3.4	103.6	150.5	50.1	176.5	−120.7	84.1	99.6	52.0
46 Mutual fund shares	265.1	279.5	191.2	235.0	201.4	255.9	386.9	100.0	37.1	206.9	189.1	348.4
47 Trade payables	139.8	106.4	268.5	419.5	−73.4	−126.1	194.8	48.9	126.2	157.1	141.4	202.4
48 Security credit	111.0	103.2	104.4	146.1	3.1	−383.7	−190.7	−131.9	−69.6	44.1	229.8	641.8
49 Life insurance reserves	59.3	48.0	50.8	50.2	77.2	119.6	54.0	71.4	60.8	54.2	94.0	70.0
50 Pension fund reserves	201.4	217.4	181.8	209.0	210.8	158.0	148.8	191.7	287.2	232.7	269.5	245.5
51 Taxes payable	22.3	19.6	30.7	32.8	17.4	−55.2	7.2	40.5	53.8	7.2	55.2	45.1
52 Investment in bank personal trusts	−53.0	−46.1	−8.1	56.6	−59.9	−57.7	−3.7	−2.4	−2.1	−1.3	−79.9	−43.7
53 Noncorporate proprietors' equity	−40.7	−57.8	−62.4	−11.5	−18.6	8.4	1.5	−32.9	−83.9	−40.9	−22.1	8.0
54 Miscellaneous	496.9	953.3	1,125.5	1,371.8	683.1	200.5	120.3	641.9	876.1	160.6	789.2	908.8
55 **Total financial sources**	**3,304.2**	**4,320.6**	**4,811.9**	**4,972.6**	**4,142.8**	**3,362.7**	**2,815.1**	**4,442.2**	**3,740.4**	**4,182.8**	**4,190.5**	**7,108.5**
Liabilities not identified as assets (−)												
56 Treasury currency	−.2	−.1	−.7	−1.2	−.1	.0	−1.5	−.9	1.1	−1.1	−.2	.5
57 Foreign deposits	106.2	−8.5	42.8	78.5	11.1	−46.9	−87.1	99.1	23.9	36.7	−70.4	112.7
58 Net interbank liabilities	−19.9	3.8	.1	20.4	17.2	22.6	39.8	−13.0	16.7	−15.1	6.1	−42.2
59 Security repurchase agreements	63.2	57.7	35.7	122.6	−53.9	−166.2	156.9	227.6	−291.8	−62.0	112.2	292.4
60 Taxes payable	28.0	19.7	11.7	26.2	22.0	34.6	17.9	−52.2	21.5	−55.6	−20.2	−12.4
61 Miscellaneous	−285.5	−208.5	−279.7	−527.2	−341.2	−278.7	−336.8	15.2	98.9	75.3	−329.2	129.1
Floats not included in assets (−)												
62 Federal government checkable deposits	−2.7	2.6	−7.4	9.0	5.7	−91.8	15.1	77.1	−40.3	−51.7	153.1	−104.9
63 Other checkable deposits	−3.9	−3.1	−.8	1.7	4.5	5.7	6.1	7.1	7.6	8.4	9.0	9.7
64 Trade credit	−25.5	−43.3	6.8	22.4	−6.5	73.6	−26.6	−53.6	−14.8	18.5	−3.8	24.3
65 **Total identified to sectors as assets**	**3,397.9**	**4,452.4**	**4,955.0**	**5,192.2**	**4,414.1**	**3,749.3**	**2,987.9**	**4,097.1**	**3,865.4**	**4,181.8**	**4,291.9**	**6,649.1**

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	1998	1999	2000	2001	2001 Q4	2002 Q1	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2
					Nonfinancial sectors						
1 **Total credit market debt owed by domestic nonfinancial sectors**	**16,240.8**	**17,306.5**	**18,171.0**	**19,286.0**	**19,286.0**	**19,530.4**	**19,842.6**	**20,182.9**	**20,655.2**	**20,953.2**	**21,486.6**
By sector and instrument											
2 Federal government	3,752.2	3,681.0	3,385.1	3,379.5	3,379.5	3,430.3	3,451.4	3,540.8	3,637.0	3,700.6	3,806.9
3 Treasury securities	3,723.7	3,652.7	3,357.8	3,352.7	3,352.7	3,404.0	3,424.6	3,513.6	3,609.8	3,673.7	3,779.9
4 Budget agency securities and mortgages	28.5	28.3	27.3	26.8	26.8	26.3	26.8	27.2	27.3	26.9	27.0
5 Nonfederal	12,488.7	13,625.5	14,785.9	15,906.5	15,906.5	16,100.1	16,391.2	16,642.1	17,018.1	17,252.7	17,679.7
By instrument											
6 Commercial paper	193.0	230.3	278.4	190.1	190.1	167.5	148.4	142.2	126.0	127.1	107.5
7 Municipal securities and loans	1,402.9	1,457.2	1,480.9	1,603.7	1,603.7	1,627.5	1,682.0	1,707.9	1,764.5	1,791.8	1,844.9
8 Corporate bonds	1,846.0	2,063.9	2,225.1	2,565.6	2,565.6	2,629.0	2,676.9	2,669.6	2,698.2	2,742.9	2,820.3
9 Bank loans n.e.c.	1,150.2	1,233.2	1,335.0	1,253.5	1,253.5	1,240.1	1,195.0	1,162.2	1,166.5	1,141.8	1,129.5
10 Other loans and advances	826.1	852.4	936.9	938.7	938.7	934.7	948.1	955.0	960.7	962.3	979.8
11 Mortgages	5,640.4	6,238.1	6,802.0	7,501.1	7,501.1	7,665.4	7,879.6	8,112.8	8,369.4	8,578.9	8,872.6
12 Home	4,362.9	4,787.2	5,205.4	5,738.1	5,738.1	5,877.2	6,049.6	6,247.9	6,459.3	6,638.0	6,884.2
13 Multifamily residential	307.9	343.4	376.4	421.9	421.9	429.1	439.5	447.4	458.7	467.1	479.7
14 Commercial	873.0	1,005.1	1,111.4	1,224.7	1,224.7	1,241.0	1,270.1	1,293.9	1,326.6	1,347.4	1,379.4
15 Farm	96.6	102.3	108.9	116.3	116.3	118.1	120.4	123.6	124.8	126.4	129.3
16 Consumer credit	1,430.1	1,550.4	1,727.7	1,853.7	1,853.7	1,835.8	1,861.1	1,892.5	1,932.9	1,907.8	1,925.1
By borrowing sector											
17 Households	6,012.0	6,511.0	7,080.8	7,695.4	7,695.4	7,812.5	7,996.6	8,200.1	8,467.2	8,610.8	8,874.2
18 Nonfinancial business	5,338.3	5,937.7	6,512.8	6,913.0	6,913.0	6,967.6	7,024.0	7,048.0	7,107.5	7,175.0	7,289.8
19 Corporate	3,790.7	4,202.2	4,582.4	4,818.3	4,818.3	4,845.7	4,864.2	4,854.1	4,872.9	4,912.5	4,987.7
20 Nonfarm noncorporate	1,383.7	1,566.1	1,750.2	1,907.0	1,907.0	1,934.7	1,968.0	1,999.0	2,039.0	2,067.5	2,104.1
21 Farm	163.9	169.4	180.2	187.7	187.7	187.1	191.8	194.9	195.6	194.9	198.1
22 State and local government	1,138.3	1,176.9	1,192.3	1,298.1	1,298.1	1,320.0	1,370.6	1,394.0	1,443.4	1,466.9	1,515.7
23 **Foreign credit market debt held in United States**	**639.3**	**652.5**	**709.5**	**659.7**	**659.7**	**675.9**	**674.1**	**665.7**	**665.8**	**669.8**	**656.9**
24 Commercial paper	72.9	89.2	120.9	106.7	106.7	123.6	130.2	134.0	142.8	155.7	173.1
25 Bonds	450.6	452.5	467.7	443.2	443.2	439.6	426.1	417.3	409.8	402.4	379.0
26 Bank loans n.e.c.	58.7	59.2	70.5	63.2	63.2	66.7	72.2	69.3	68.6	67.6	59.7
27 Other loans and advances	57.1	51.6	50.3	46.6	46.6	46.0	45.5	45.1	44.6	44.1	45.0
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**16,880.1**	**17,958.9**	**18,880.5**	**19,945.7**	**19,945.7**	**20,206.3**	**20,516.6**	**20,848.6**	**21,320.9**	**21,623.0**	**22,143.5**
					Financial sectors						
29 **Total credit market debt owed by financial sectors**	**6,543.6**	**7,617.2**	**8,439.0**	**9,370.3**	**9,370.3**	**9,565.8**	**9,778.0**	**9,982.6**	**10,293.9**	**10,520.9**	**10,734.1**
By instrument											
30 Federal government-related	3,292.0	3,884.0	4,317.4	4,944.1	4,944.1	5,116.9	5,238.8	5,344.0	5,498.1	5,611.1	5,726.2
31 Government-sponsored enterprise securities	1,273.6	1,591.7	1,825.8	2,114.0	2,114.0	2,161.8	2,197.2	2,259.5	2,339.9	2,384.8	2,437.2
32 Mortgage pool securities	2,018.4	2,292.2	2,491.6	2,830.1	2,830.1	2,955.1	3,041.6	3,084.5	3,158.2	3,226.3	3,289.0
33 Loans from U.S. government	.0	0	.0	.0	.0	.0	.0	.0	.0	.0	0
34 Private	3,251.6	3,733.2	4,121.5	4,426.2	4,426.2	4,448.9	4,539.2	4,638.6	4,795.8	4,909.8	5,007.8
35 Open market paper	906.7	1,082.9	1,210.7	1,148.8	1,148.8	1,090.9	1,046.9	1,049.5	1,078.7	1,076.5	1,036.5
36 Corporate bonds	1,878.7	2,086.3	2,298.5	2,615.8	2,615.8	2,707.4	2,823.6	2,878.9	3,031.9	3,144.7	3,276.2
37 Bank loans n.e.c.	105.8	91.5	91.1	104.2	104.2	102.3	110.6	130.3	105.3	92.9	98.7
38 Other loans and advances	288.7	395.8	438.3	473.2	473.2	462.4	470.6	491.0	489.8	506.5	506.5
39 Mortgages	71.6	76.7	82.9	84.2	84.2	85.9	87.6	88.9	90.1	89.2	90.1
By borrowing sector											
40 Commercial banks	188.6	230.0	266.7	296.0	296.0	295.8	310.2	318.7	325.6	324.8	336.7
41 Bank holding companies	193.5	219.3	242.5	266.1	266.1	269.0	264.2	271.8	286.4	302.8	319.0
42 Savings institutions	212.4	260.4	287.7	295.1	295.1	280.5	275.3	286.3	281.4	287.2	277.1
43 Credit unions	1.1	3.4	3.4	4.9	4.9	5.5	6.0	6.8	6.9	7.6	8.0
44 Life insurance companies	2.5	3.2	2.5	3.1	3.1	3.7	4.0	4.5	5.1	6.3	6.6
45 Government-sponsored enterprises	1,273.6	1,591.7	1,825.8	2,114.0	2,114.0	2,161.8	2,197.2	2,259.5	2,339.9	2,384.8	2,437.2
46 Federally related mortgage pools	2,018.4	2,292.2	2,491.6	2,830.1	2,830.1	2,955.1	3,041.6	3,084.5	3,158.2	3,226.3	3,289.0
47 Issuers of asset-backed securities (ABSs)	1,398.0	1,610.3	1,812.3	2,104.6	2,104.6	2,161.4	2,220.6	2,272.8	2,373.2	2,444.1	2,517.5
48 Brokers and dealers	42.5	25.3	40.9	42.3	42.3	38.4	42.8	46.6	40.6	50.2	46.2
49 Finance companies	625.5	696.1	778.0	779.2	779.2	763.8	788.9	808.0	822.6	813.6	856.3
50 Mortgage companies	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
51 Real estate investment trusts (REITs)	158.8	165.1	167.8	170.2	170.2	172.1	178.4	185.3	190.0	194.4	197.6
52 Funding corporations	412.6	504.0	503.7	448.4	448.4	442.6	432.8	421.5	447.9	462.7	426.8
					All sectors						
53 **Total credit market debt, domestic and foreign**	**23,423.8**	**25,576.1**	**27,319.4**	**29,316.0**	**29,316.0**	**29,772.1**	**30,294.7**	**30,831.2**	**31,614.9**	**32,143.9**	**32,877.5**
54 Open market paper	1,172.6	1,402.4	1,610.0	1,445.6	1,445.6	1,382.0	1,325.5	1,325.7	1,347.5	1,359.2	1,317.1
55 U.S. government securities	7,044.2	7,564.9	7,702.5	8,323.6	8,323.6	8,547.2	8,690.2	8,884.8	9,135.1	9,311.7	9,533.1
56 Municipal securities	1,402.9	1,457.2	1,480.9	1,603.7	1,603.7	1,627.5	1,682.0	1,707.9	1,764.5	1,791.8	1,844.9
57 Corporate and foreign bonds	4,175.4	4,602.6	4,991.4	5,624.7	5,624.7	5,776.1	5,926.6	5,965.8	6,139.9	6,290.0	6,475.5
58 Bank loans n.e.c.	1,314.8	1,383.8	1,496.6	1,421.0	1,421.0	1,409.1	1,377.8	1,361.7	1,340.4	1,302.3	1,287.9
59 Other loans and advances	1,171.9	1,299.9	1,425.5	1,458.4	1,458.4	1,443.1	1,464.3	1,491.1	1,495.1	1,512.9	1,531.3
60 Mortgages	5,712.0	6,314.8	6,884.9	7,585.3	7,585.3	7,751.3	7,967.2	8,201.7	8,459.5	8,668.2	8,962.6
61 Consumer credit	1,430.1	1,550.4	1,727.7	1,853.7	1,853.7	1,835.8	1,861.1	1,892.5	1,932.9	1,907.8	1,925.1

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	1998	1999	2000	2001	2001	2002				2003	
					Q4	Q1	Q2	Q3	Q4	Q1	Q2
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**23,423.8**	**25,576.1**	**27,319.4**	**29,316.0**	**29,316.0**	**29,772.1**	**30,294.7**	**30,831.2**	**31,614.9**	**32,143.9**	**32,877.5**
2 Domestic nonfederal nonfinancial sectors	3,304.8	3,622.8	3,572.5	3,585.9	3,585.9	3,594.8	3,652.9	3,601.4	3,644.0	3,539.0	3,528.7
3 Household	2,256.3	2,564.4	2,490.1	2,475.8	2,475.8	2,493.8	2,539.0	2,477.1	2,497.6	2,422.1	2,384.9
4 Nonfinancial corporate business	241.5	226.0	249.4	237.1	237.1	231.6	229.5	238.9	249.3	239.5	249.4
5 Nonfarm noncorporate business	67.5	64.6	65.9	67.9	67.9	68.7	69.6	70.3	71.3	71.2	72.2
6 State and local governments	739.4	767.8	767.0	805.1	805.1	800.6	814.7	815.1	825.9	806.2	822.2
7 Federal government	221.5	261.1	272.7	278.7	278.7	281.0	280.1	287.9	288.7	284.1	283.7
8 Rest of the world	2,273.5	2,306.8	2,476.9	2,724.3	2,724.3	2,789.5	2,900.9	3,003.2	3,131.0	3,223.9	3,484.7
9 Financial sectors	17,624.1	19,385.4	20,997.4	22,727.1	22,727.1	23,106.8	23,460.8	23,938.7	24,551.1	25,096.9	25,580.3
10 Monetary authority	452.5	478.1	511.8	551.7	551.7	575.4	590.7	604.2	629.4	641.5	652.1
11 Commercial banking	4,336.1	4,648.3	5,006.3	5,210.5	5,210.5	5,231.3	5,328.3	5,476.2	5,614.9	5,673.6	5,829.1
12 U.S.-chartered banks	3,761.4	4,080.0	4,419.5	4,610.1	4,610.1	4,629.3	4,719.7	4,858.4	5,003.9	5,055.6	5,198.1
13 Foreign banking offices in United States	504.5	487.4	511.3	510.7	510.7	507.7	512.6	521.2	516.9	519.0	517.9
14 Bank holding companies	26.5	32.7	20.5	24.7	24.7	27.7	28.1	27.7	27.8	33.0	42.9
15 Banks in U.S.-affiliated areas	43.8	48.3	55.0	65.0	65.0	66.6	67.9	68.8	66.3	66.1	70.3
16 Savings institutions	964.7	1,032.4	1,088.6	1,131.4	1,131.4	1,134.7	1,130.9	1,153.8	1,166.8	1,214.4	1,238.8
17 Credit unions	324.2	351.7	379.7	421.2	421.2	434.3	452.9	455.3	463.9	473.2	494.2
18 Bank personal trusts and estates	194.1	222.0	222.8	194.7	194.7	195.0	195.2	195.4	195.6	190.8	186.4
19 Life insurance companies	1,828.0	1,886.0	1,943.9	2,074.8	2,074.8	2,141.2	2,192.3	2,265.7	2,307.8	2,373.0	2,426.7
20 Other insurance companies	521.1	518.2	509.4	518.4	518.4	527.6	536.4	541.9	558.3	572.7	583.4
21 Private pension funds	621.1	635.2	666.5	673.1	673.1	684.9	690.4	700.5	700.5	702.3	712.2
22 State and local government retirement funds	704.6	751.4	806.0	788.4	788.4	806.0	792.4	789.8	804.9	805.0	820.6
23 Money market mutual funds	965.9	1,147.8	1,290.9	1,536.9	1,536.9	1,496.9	1,419.6	1,405.7	1,511.6	1,485.5	1,480.3
24 Mutual funds	1,028.4	1,076.8	1,097.8	1,223.8	1,223.8	1,276.8	1,291.6	1,334.5	1,365.4	1,412.0	1,469.8
25 Closed-end funds	98.4	106.9	100.6	107.4	107.4	113.5	112.9	112.4	116.7	124.5	130.5
26 Government-sponsored enterprises	1,252.3	1,543.5	1,807.1	2,114.3	2,114.3	2,163.8	2,200.2	2,253.0	2,320.9	2,387.0	2,419.0
27 Federally related mortgage pools	2,018.4	2,292.2	2,491.6	2,830.1	2,830.1	2,955.1	3,041.6	3,084.5	3,158.2	3,226.3	3,289.0
28 Asset-backed securities (ABSs) issuers	1,219.4	1,413.6	1,585.7	1,851.9	1,851.9	1,902.6	1,956.2	2,002.9	2,097.8	2,162.8	2,231.0
29 Finance companies	645.5	742.6	851.2	846.4	846.4	834.4	848.2	860.8	867.6	861.1	879.2
30 Mortgage companies	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1
31 Real estate investment trusts (REITs)	45.5	42.9	35.8	42.5	42.5	49.1	57.0	63.9	65.6	63.5	71.2
32 Brokers and dealers	189.4	154.7	223.6	316.0	316.0	299.6	352.6	335.2	344.4	390.9	340.2
33 Funding corporations	152.3	276.0	311.0	216.7	216.7	206.3	191.2	214.6	167.2	236.2	225.5
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**23,423.8**	**25,576.1**	**27,319.4**	**29,316.0**	**29,316.0**	**29,772.1**	**30,294.7**	**30,831.2**	**31,614.9**	**32,143.9**	**32,877.5**
Other liabilities											
35 Official foreign exchange	60.1	50.1	46.1	46.8	46.8	45.7	47.2	53.1	55.8	57.6	58.9
36 Special drawing rights certificates	9.2	6.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
37 Treasury currency	19.9	20.9	23.2	24.5	24.5	24.7	24.8	25.5	25.5	25.6	26.0
38 Foreign deposits	624.9	686.1	820.3	851.0	851.0	840.1	856.6	869.8	874.9	856.5	876.1
39 Net interbank liabilities	189.4	202.4	221.2	191.4	191.4	162.4	131.4	150.7	205.9	175.5	155.6
40 Checkable deposits and currency	1,333.3	1,484.5	1,413.1	1,603.2	1,603.2	1,518.1	1,571.9	1,610.7	1,646.7	1,680.4	1,703.5
41 Small time and savings deposits	2,626.5	2,671.6	2,860.4	3,127.6	3,127.6	3,236.7	3,256.4	3,336.8	3,398.7	3,502.5	3,575.0
42 Large time deposits	805.3	936.4	1,052.6	1,121.1	1,121.1	1,178.9	1,188.7	1,199.9	1,171.5	1,209.1	1,222.4
43 Money market fund shares	1,329.7	1,578.8	1,812.1	2,240.7	2,240.7	2,203.3	2,151.2	2,105.9	2,223.9	2,156.2	2,120.8
44 Security repurchase agreements	913.8	1,083.6	1,196.8	1,231.8	1,231.8	1,262.4	1,343.1	1,313.7	1,336.8	1,323.1	1,453.5
45 Mutual fund shares	3,613.1	4,538.5	4,434.6	4,135.5	4,135.5	4,247.0	3,926.6	3,452.3	3,639.4	3,591.0	4,072.6
46 Security credit	572.2	676.6	822.7	825.9	825.9	778.0	745.6	726.3	738.8	796.6	957.4
47 Life insurance reserves	718.3	783.9	819.1	880.0	880.0	894.2	901.2	902.9	920.9	941.2	975.2
48 Pension fund reserves	8,210.5	9,067.6	9,070.9	8,681.1	8,681.1	8,812.9	8,329.4	7,725.4	8,005.7	7,923.8	8,562.9
49 Trade payables	2,073.8	2,342.3	2,761.8	2,688.4	2,688.4	2,715.3	2,717.9	2,767.1	2,820.1	2,834.2	2,874.4
50 Taxes payable	170.7	201.4	234.2	251.6	251.6	259.7	265.8	281.7	278.8	298.6	306.4
51 Investment in bank personal trusts	1,001.0	1,130.4	1,095.8	960.7	960.7	963.2	893.5	811.6	840.9	806.3	858.4
52 Miscellaneous	8,298.5	9,294.9	10,470.7	11,177.0	11,177.0	11,267.0	11,556.2	12,003.5	11,704.3	11,952.4	11,837.6
53 **Total liabilities**	**55,993.9**	**62,332.2**	**66,477.2**	**69,356.5**	**69,356.5**	**70,183.9**	**70,204.6**	**70,170.3**	**71,505.6**	**72,276.6**	**74,516.6**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.6	21.4	21.6	21.8	21.8	21.9	22.3	22.8	23.2	22.4	22.8
55 Corporate equities	15,547.3	19,522.8	17,627.0	15,316.0	15,316.0	15,243.6	13,344.2	10,951.6	11,875.2	11,422.2	13,253.6
56 Household equity in noncorporate business	4,279.4	4,510.0	4,743.3	4,824.6	4,824.6	4,848.0	4,912.8	4,974.3	5,020.1	5,069.5	5,105.0
Liabilities not identified as assets (−)											
57 Treasury currency	−6.4	−7.1	−8.5	−8.6	−8.6	−8.9	−9.1	−8.9	−9.1	−9.2	−9.1
58 Foreign deposits	525.5	568.2	646.6	657.7	657.7	636.0	660.7	666.7	675.9	658.3	686.5
59 Net interbank transactions	−26.5	−28.5	−4.3	11.1	11.1	21.9	17.5	16.5	15.3	19.3	6.9
60 Security repurchase agreements	230.6	266.4	388.9	348.6	348.6	401.4	463.9	380.7	356.2	397.6	477.1
61 Taxes payable	121.2	129.4	146.3	121.7	121.7	110.7	163.6	155.0	154.9	144.8	152.4
62 Miscellaneous	−1,934.5	−2,331.6	−3,422.0	−3,594.1	−3,594.1	−3,472.3	−3,502.4	−3,396.0	−3,504.0	−3,520.5	−3,787.7
Floats not included in assets (−)											
63 Federal government checkable deposits	−3.9	−9.8	−2.3	−12.3	−12.3	−9.6	−9.3	−14.8	−11.7	27.4	−17.1
64 Other checkable deposits	23.1	22.3	24.0	28.6	28.6	26.3	31.4	25.8	35.9	34.2	40.1
65 Trade credit	84.8	95.6	122.0	115.5	115.5	61.0	15.0	9.8	96.4	47.1	19.7
66 **Totals identified to sectors as assets**	**76,110.3**	**86,905.3**	**90,179.0**	**90,988.8**	**90,988.8**	**91,677.9**	**89,795.0**	**87,418.1**	**89,717.7**	**90,106.5**	**94,422.0**

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	2002	2003			2002	2003			2002	2003		
	Q4[r]	Q1[r]	Q2[r]	Q3	Q4[r]	Q1[r]	Q2[r]	Q3	Q4[r]	Q1[r]	Q2[r]	Q3
	Output (1997=100)				Capacity (percent of 1997 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**110.9**	**111.2**	**110.0**	**111.1**	**147.5**	**148.0**	**148.4**	**148.8**	**75.2**	**75.1**	**74.1**	**74.7**
2 Manufacturing	111.7	112.0	111.1	112.0	152.0	152.4	152.8	153.2	73.5	73.5	72.7	73.2
3 Manufacturing (NAICS)	112.3	112.3	111.3	112.5	153.5	154.0	154.5	154.9	73.2	72.9	72.0	72.6
4 Durable manufacturing	123.9	124.3	123.1	125.5	175.7	176.9	178.0	179.1	70.5	70.3	69.1	70.1
5 Primary metal	87.0	86.6	82.9	83.1	112.8	112.8	112.9	113.0	77.1	76.8	73.4	73.5
6 Fabricated metal products	96.9	95.6	93.5	93.8	139.0	139.1	139.3	139.5	69.7	68.8	67.2	67.3
7 Machinery	86.1	86.0	86.0	86.5	129.0	128.7	128.3	128.0	66.7	66.8	67.0	67.6
8 Computer and electronic products	245.9	253.1	257.7	271.1	390.0	400.5	409.7	417.9	63.1	63.2	62.9	64.9
9 Electrical equipment, appliances, and components	94.6	93.7	92.9	93.2	127.7	127.4	127.1	126.8	74.1	73.5	73.1	73.5
10 Motor vehicles and parts	116.2	116.4	113.0	118.0	143.0	143.9	145.0	146.2	81.3	80.9	77.9	80.7
11 Aerospace and miscellaneous transportation equipment	95.1	94.4	94.0	94.2	147.8	147.8	147.8	147.8	64.3	63.8	63.6	63.8
12 Nondurable manufacturing	97.9	97.5	96.7	96.6	127.6	127.4	127.1	126.9	76.7	76.5	76.1	76.2
13 Food, beverage, and tobacco products	98.4	98.3	98.0	97.6	127.2	127.0	126.7	126.4	77.3	77.4	77.3	77.2
14 Textile and product mills	82.6	80.1	77.8	75.8	110.2	109.5	108.6	107.7	74.9	73.2	71.7	70.4
15 Paper	94.6	92.8	92.7	91.9	111.4	111.0	110.6	110.3	84.9	83.6	83.8	83.3
16 Petroleum and coal products	100.5	101.1	100.4	101.1	114.1	114.3	114.7	115.1	88.1	88.4	87.6	87.8
17 Chemical	104.4	104.9	104.5	105.5	143.2	143.6	144.0	144.4	72.9	73.1	72.6	73.0
18 Plastics and rubber products	104.0	103.7	102.6	103.2	130.7	130.3	129.6	128.9	79.5	79.6	79.1	80.1
19 Other manufacturing (non-NAICS)	101.6	105.6	106.4	104.9	128.9	128.3	127.8	127.4	78.9	82.3	83.2	82.3
20 Mining	93.3	93.3	93.1	93.5	110.3	110.1	110.0	109.8	84.6	84.7	84.7	85.1
21 Electric and gas utilities	113.0	113.1	109.2	111.9	129.5	131.2	132.6	133.9	87.2	86.3	82.4	83.5
MEMOS												
22 Computers, communications equipment, and semiconductors	331.0	341.9	353.6	377.5	536.2	554.2	570.2	584.8	61.7	61.7	62.0	64.5
23 Total excluding computers, communications equipment, and semiconductors	100.1	100.2	98.9	99.6	131.3	131.3	131.4	131.4	76.3	76.3	75.3	75.7
24 Manufacturing excluding computers, communications equipment, and semiconductors	99.1	99.1	98.0	98.5	132.8	132.8	132.7	132.6	74.6	74.7	73.9	74.3

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

Seasonally adjusted

Series	1973	1975	Previous cycle[3]		Latest cycle[4]		2002	2003					
	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**	**88.8**	**74.0**	**86.6**	**70.9**	**85.2**	**78.6**	**75.7**	**74.2[r]**	**74.1[r]**	**74.0**	**74.5**	**74.6**	**74.9**
2 Manufacturing	88.1	71.5	86.3	68.7	85.6	77.2	74.2	72.7[r]	72.6[r]	72.7	73.0	73.0	73.5
3 Manufacturing (NAICS)	88.1	71.3	86.3	68.0	85.5	77.0	73.9	72.1[r]	72.0[r]	72.0	72.5	72.4	73.0
4 Durable manufacturing	89.0	69.6	86.9	63.2	84.5	73.4	70.8	69.1[r]	69.0[r]	69.3	69.8	69.8	70.7
5 Primary metal	100.8	69.0	91.1	47.2	95.3	75.2	76.9	74.2[r]	72.8[r]	73.3	73.4	73.0	74.2
6 Fabricated metal products	91.8	70.3	83.3	62.0	80.3	71.1	70.1	67.5[r]	67.0[r]	67.0	67.6	66.8	67.4
7 Machinery	94.3	74.4	93.1	58.4	84.6	72.8	67.2	66.5[r]	67.2[r]	67.3	67.0	67.6	68.1
8 Computer and electronic products	86.9	66.7	89.5	77.3	81.1	76.3	63.1	62.6[r]	63.0[r]	63.1	64.2	65.2	65.2
9 Electrical equipment, appliances, and components	99.2	68.5	91.9	64.5	87.4	75.0	73.3	73.0[r]	72.7[r]	73.7	73.2	73.4	74.0
10 Motor vehicles and parts	95.7	55.6	96.3	45.3	89.7	56.5	82.1	78.2[r]	77.2[r]	78.3	80.0	78.6	83.5
11 Aerospace and miscellaneous transportation equipment	74.9	65.9	84.2	69.6	88.9	81.9	65.2	63.4[r]	63.8[r]	63.6	63.4	64.0	63.9
12 Nondurable manufacturing	87.5	72.4	85.7	75.6	87.0	81.8	77.9	76.2[r]	76.1[r]	75.8	76.2	76.1	76.2
13 Food, beverage, and tobacco products	85.9	77.9	84.3	80.4	85.5	81.3	79.8	77.2[r]	77.3[r]	77.4	77.7	77.0	76.8
14 Textile and product mills	89.8	62.7	90.2	72.4	91.4	77.2	75.1	72.1[r]	71.6[r]	71.3	71.1	70.5	69.7
15 Paper	97.3	74.4	95.4	81.3	93.7	85.2	84.7	83.2[r]	83.8[r]	84.3	84.3	82.9	82.6
16 Petroleum and coal products	93.2	81.0	92.3	71.2	88.9	82.5	87.0	87.8[r]	88.6[r]	86.3	87.0	88.4	87.9
17 Chemical	84.8	68.8	83.1	68.1	85.6	80.8	74.2	73.4[r]	72.5[r]	71.8	72.4	73.2	73.5
18 Plastics and rubber products	96.4	61.6	89.9	70.5	91.3	77.2	80.2	78.7[r]	79.4[r]	79.2	79.6	80.1	80.5
19 Other manufacturing (non-NAICS)	85.5	75.0	88.2	85.7	90.7	79.1	79.3	82.8[r]	83.0[r]	83.8	82.3	82.5	82.2
20 Mining	93.6	87.6	94.2	78.6	85.6	83.4	82.7	84.9[r]	84.3[r]	84.8	85.0	84.7	85.6
21 Electric and gas utilities	96.3	82.7	88.1	77.6	92.8	84.1	86.9	82.8[r]	83.1[r]	81.1	83.4	84.6	82.7
MEMOS													
22 Computers, communications equipment, and semiconductors	84.4	63.1	89.4	75.4	79.9	74.5	61.8	61.6[r]	61.9[r]	62.5	63.6	65.0	65.0
23 Total excluding computers, communications equipment, and semiconductors	89.1	74.3	86.7	70.7	85.6	78.8	76.7	75.4[r]	75.3[r]	75.1	75.6	75.6	76.0
24 Manufacturing excluding computers communications equipment, and semiconductors	88.4	71.8	86.3	68.2	86.1	77.3	75.3	73.9	73.8[r]	73.9	74.2	74.0	74.6

Note. The statistics in the G.17 release cover output, capacity, and capacity utilization in the industrial sector, which the Federal Reserve defines are manufacturing, mining, and electric and gas utilities. Manufacturing consists of those industries included in the North American Industry Classification System, or NAICS, manufacturing plus those industries—logging and newspaper, periodical, book, and directory publishing—that have traditionally been considered manufacturing and included in the industrial sector.

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 2003. The recent annual revision will be described in an upcoming issue of the *Bulletin*.

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	2002 proportion	2002 avg.	2002 Sept.r	2002 Oct.r	2002 Nov.r	2002 Dec.r	2003 Jan.r	2003 Feb.r	2003 Mar.r	2003 Apr.r	2003 Mayr	2003 Juner	2003 Julyr	2003 Aug.r	2003 Sept.p
			Index (1997=100)												
MAJOR MARKETS															
1 **Total IP**	**100.0**	**110.9**	**111.3**	**111.0**	**111.2**	**110.6**	**111.2**	**111.6**	**110.8**	**110.1**	**110.0**	**110.0**	**110.8**	**111.0**	**111.5**
Market groups															
2 Final products and nonindustrial supplies	58.9	107.9	108.2	108.0	107.8	107.3	108.1	108.6	107.9	106.9	107.1	106.8	107.5	107.8	108.1
3 Consumer goods	31.1	106.8	107.3	106.7	106.6	105.6	106.6	107.0	106.3	105.3	105.5	105.0	105.8	105.9	106.2
4 Durable	8.1	115.7	117.0	115.9	118.8	116.8	119.4	117.2	116.4	115.5	115.3	116.2	118.2	117.3	120.6
5 Automotive products	4.0	124.1	127.1	124.9	129.5	124.9	129.5	127.1	125.7	124.4	123.5	125.7	129.1	127.3	135.1
6 Home electronics	0.3	148.4	150.6	151.2	163.9	166.2	184.7	167.2	170.8	172.7	168.8	169.4	170.7	176.6	176.4
7 Appliances, furniture, carpeting	1.4	110.8	109.7	109.0	110.8	111.1	111.0	110.4	109.8	110.0	111.7	110.8	112.2	111.9	110.6
8 Miscellaneous goods	2.3	100.3	100.6	100.7	100.8	100.9	100.3	99.2	98.6	97.5	97.5	97.7	97.8	97.5	97.1
9 Nondurable	23.0	103.4	103.6	103.2	102.1	101.5	101.9	103.2	102.6	101.4	101.8	100.9	101.3	101.7	101.1
10 Non-energy	18.6	102.0	102.6	101.6	99.7	98.8	100.1	100.2	100.6	100.1	100.0	99.8	99.6	99.4	99.1
11 Foods and tobacco	10.4	100.7	101.2	99.8	96.9	96.0	97.6	97.1	97.6	96.9	97.1	97.1	97.3	96.3	95.8
12 Clothing	1.0	70.9	72.1	70.3	71.1	69.4	68.0	66.6	65.7	64.0	64.1	62.2	61.6	59.7	59.7
13 Chemical products	4.6	115.6	116.3	115.5	114.7	113.9	114.6	115.3	115.7	116.3	115.6	114.4	114.4	116.6	116.5
14 Paper products	2.1	103.9	104.7	105.5	104.6	102.8	106.3	108.5	109.6	108.6	109.0	110.2	108.4	108.8	108.4
15 Energy	4.4	110.0	108.6	110.8	113.5	114.3	110.7	117.6	112.1	108.5	110.4	107.1	109.8	112.3	110.5
16 Business equipment	10.0	109.5	109.3	108.8	109.6	109.2	109.8	110.6	110.0	108.7	108.6	109.0	109.3	110.0	110.8
17 Transit	1.8	84.5	82.1	80.4	80.1	77.9	78.1	76.7	76.2	75.0	74.3	74.0	73.9	74.0	75.9
18 Information processing	3.2	159.6	160.7	161.5	164.3	167.0	169.0	172.1	172.3	170.0	170.8	170.9	172.5	174.8	175.1
19 Industrial and other	5.1	90.5	90.6	90.2	90.5	89.7	89.8	90.6	89.8	88.9	88.8	89.4	89.5	89.8	90.2
20 Defense and space equipment	1.9	105.7	107.2	107.9	107.1	109.7	110.3	111.0	111.0	110.3	111.8	111.8	112.1	112.8	113.3
21 Construction supplies	4.3	103.1	103.4	103.2	102.8	102.1	102.7	101.9	101.2	100.6	100.8	100.8	101.5	101.9	102.2
22 Business supplies	11.2	110.7	111.1	111.7	111.0	110.9	111.8	112.6	111.9	111.1	111.0	110.6	111.5	111.8	111.5
23 Materials	41.1	115.1	115.7	115.3	115.9	115.3	115.5	115.8	114.7	114.5	114.1	114.4	115.4	115.5	116.5
24 Non-energy	30.5	118.9	120.0	119.5	119.8	119.0	119.4	119.3	118.7	118.3	117.9	118.3	119.2	119.3	120.6
25 Durable	19.2	132.5	134.1	134.0	134.3	133.0	134.0	133.7	132.7	132.2	132.1	133.1	134.6	134.9	136.8
26 Consumer parts	4.0	105.9	106.7	106.3	108.8	106.1	108.8	107.1	106.0	104.8	103.9	105.0	105.9	105.1	109.4
27 Equipment parts	6.8	199.4	203.8	203.2	203.5	203.0	203.9	205.2	205.1	206.0	207.9	210.5	214.2	217.1	219.4
28 Other	8.4	96.9	97.5	97.7	96.9	96.1	96.3	96.0	94.9	94.1	93.8	94.0	94.6	94.3	94.8
29 Nondurable	11.3	96.6	96.9	96.0	96.3	96.2	95.7	96.0	95.9	95.5	94.8	94.5	94.8	94.5	95.1
30 Textile	0.8	78.2	77.8	77.0	77.4	75.7	74.4	74.3	73.2	71.8	70.4	69.9	67.8	67.0	67.4
31 Paper	2.7	92.7	93.3	93.1	93.8	93.1	91.5	91.3	91.8	90.6	90.5	90.7	90.9	89.2	89.6
32 Chemical	4.2	100.1	100.5	98.9	99.2	99.6	99.5	100.1	99.6	100.2	98.1	97.0	98.5	99.3	100.7
33 Energy	10.6	100.5	99.7	99.8	100.9	101.0	100.6	101.7	99.8	100.2	99.6	99.6	100.9	101.0	101.1
SPECIAL AGGREGATES															
34 Total excluding computers, communication equipment, and semiconductors	94.8	100.5	100.7	100.3	100.3	99.8	100.3	100.5	99.7	99.0	98.9	98.7	99.4	99.4	99.9
35 Total excluding motor vehicles and parts	93.3	110.6	110.9	110.8	110.6	110.3	110.6	111.3	110.5	109.9	109.9	109.7	110.4	110.7	110.8
			Gross value (billions of 1996 dollars, annual rates)												
36 **Final products and nonindustrial supplies**	**58.9**	**2,726.7**	**2,738.9**	**2,728.0**	**2,741.3**	**2,723.8**	**2,742.2**	**2,749.6**	**2,730.1**	**2,704.8**	**2,708.8**	**2,700.9**	**2,729.6**	**2,734.4**	**2,752.1**
37 Final products	43.4	2,054.0	2,064.4	2,050.9	2,068.2	2,053.0	2,066.7	2,072.7	2,058.7	2,038.0	2,041.0	2,037.6	2,059.6	2,061.1	2,080.3
38 Consumer goods	31.1	1,398.9	1,406.1	1,396.4	1,409.5	1,397.2	1,407.8	1,410.6	1,400.6	1,386.5	1,388.5	1,383.9	1,401.2	1,399.2	1,411.4
39 Equipment total	12.3	649.4	652.5	648.8	652.5	650.2	652.9	656.7	652.8	646.3	647.4	649.6	653.2	657.9	665.4
40 Nonindustrial supplies	15.5	672.6	674.4	677.0	673.0	670.8	675.4	676.8	671.3	666.8	667.7	663.3	669.9	673.3	671.7

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

Monthly data seasonally adjusted

Group	NAICS code[2]	2002 proportion	2002 avg.	2002 Sept.[r]	2002 Oct.[r]	2002 Nov.[r]	2002 Dec.[r]	2003 Jan.[r]	2003 Feb.[r]	2003 Mar.[r]	2003 Apr.[r]	2003 May[r]	2003 June[r]	2003 July[r]	2003 Aug.[r]	2003 Sept[p]
				Index (1997=100)												
INDUSTRY GROUPS																
41 Manufacturing		83.5	111.8	112.5	111.9	111.9	111.3	112.0	112.1	111.8	111.1	111.0	111.2	111.8	111.8	112.6
42 *Manufacturing (NAICS)*		78.4	112.5	113.1	112.4	112.6	111.9	112.6	112.4	112.0	111.3	111.2	111.4	112.2	112.2	113.1
43 Durable manufacturing	.	42.6	122.9	123.8	123.5	124.5	123.6	124.8	124.5	123.6	122.8	122.8	123.6	124.8	124.9	126.8
44 Wood products	321	1.4	100.6	99.5	100.1	98.4	97.5	98.5	98.4	97.0	97.1	97.0	97.7	99.6	99.3	99.0
45 Nonmetallic mineral products	327	2.3	99.9	101.4	101.1	100.9	101.2	101.4	99.8	100.3	99.9	99.3	100.0	100.8	101.2	100.9
46 Primary metal	331	2.2	86.5	86.7	87.9	88.8	84.3	88.3	88.0	83.5	83.8	82.2	82.7	82.9	82.5	83.9
47 Fabricated metal products	332	5.9	97.4	97.4	97.7	96.5	96.6	96.2	95.7	95.0	94.0	93.2	93.3	94.2	93.2	94.1
48 Machinery	333	5.2	86.8	86.8	86.1	86.5	85.6	85.2	86.5	86.3	85.4	86.2	86.3	85.9	86.5	87.1
49 Computer and electronic products	334	8.1	234.7	241.2	242.4	246.5	248.9	251.1	253.6	254.6	254.6	258.0	260.5	266.7	272.4	274.2
50 Electrical equipment, appliances, and components	335	2.3	96.4	93.8	94.1	94.8	94.8	93.5	94.6	93.0	92.8	92.4	93.6	92.9	93.1	93.7
51 Motor vehicles and parts	3361–3	6.7	114.5	117.0	115.1	118.9	114.6	118.7	116.0	114.4	113.0	112.0	113.8	116.6	115.0	122.5
52 Aerospace and miscellaneous transportation equipment	3364–9	3.6	97.5	96.4	95.7	94.6	94.8	94.7	94.1	94.3	93.7	94.2	94.0	93.8	94.5	94.4
53 Furniture and related products	337	1.7	103.4	104.1	103.1	103.8	102.0	103.9	103.1	101.5	101.0	100.8	100.3	101.2	100.6	100.5
54 Miscellaneous	339	3.2	116.0	115.9	116.0	116.8	119.0	119.1	118.9	118.8	117.1	116.6	117.2	116.6	115.5	115.8
55 Nondurable manufacturing		35.8	99.2	99.5	98.5	97.8	97.4	97.5	97.5	97.5	97.0	96.8	96.3	96.7	96.6	96.6
56 Food, beverage, and tobacco products	311,2	11.9	101.3	101.7	100.4	97.7	97.1	98.4	98.0	98.4	97.8	98.0	98.0	98.3	97.3	97.0
57 Textile and product mills	313,4	1.3	83.9	83.2	82.3	83.2	82.3	79.8	80.4	80.1	78.5	77.7	77.2	76.7	75.9	74.9
58 Apparel and leather	315,6	1.1	70.8	71.9	70.3	71.1	69.4	68.1	66.7	65.9	64.2	64.2	62.5	62.0	60.2	60.2
59 Paper	322	3.1	93.5	94.7	94.2	95.3	94.2	92.4	92.5	93.4	92.2	92.7	93.1	93.0	91.5	91.1
60 Printing and support	323	2.5	93.7	92.9	92.6	92.7	93.0	92.7	92.3	90.3	90.3	88.8	88.8	89.0	88.7	89.5
61 Petroleum and coal products	324	2.2	100.6	99.3	97.1	101.3	103.0	100.8	100.4	102.1	100.5	101.6	99.1	100.0	101.8	101.4
62 Chemical	325	10.0	105.3	105.9	104.7	104.3	104.0	104.5	105.3	105.0	105.6	104.4	103.5	104.5	105.6	106.3
63 Plastics and rubber products	326	3.8	104.3	105.1	104.7	103.9	103.4	103.4	103.8	103.9	102.2	103.0	102.5	102.8	103.2	103.5
64 Other manufacturing (non-NAICS)	1133,5111	5.1	102.0	102.5	102.8	101.6	100.5	103.7	106.0	107.0	106.0	106.1	107.0	105.0	105.1	104.6
65 Mining	21	6.8	93.0	91.3	91.8	93.8	94.2	93.4	93.3	93.1	93.4	92.7	93.2	93.4	93.0	94.0
66 Utilities	2211,2	9.8	111.3	111.6	113.4	112.8	112.8	112.3	116.4	110.8	109.4	110.2	107.9	111.3	113.3	111.0
67 Electric	2211	8.3	113.3	114.3	115.5	113.8	114.0	113.9	117.2	112.9	111.9	112.4	109.8	114.1	116.4	113.7
68 Natural gas	2212	1.5	99.9	96.3	101.5	106.5	105.2	102.6	110.8	99.4	96.5	98.0	97.5	96.7	97.6	97.0
69 Manufacturing excluding computers, communications equipment, and semiconductors		78.2	99.7	100.0	99.4	99.3	98.6	99.3	99.2	98.8	98.1	97.9	98.0	98.4	98.2	98.9
70 Manufacturing excluding motor vehicles and parts	. .	76.8	111.6	112.1	111.6	111.3	111.0	111.5	111.8	111.6	110.9	110.9	110.9	111.4	111.5	111.8

Note. The statistics in the G.17 release cover output, capacity, and capacity utilization in the industrial sector, which the Federal Reserve defines are manufacturing, mining, and electric and gas utilities. Manufacturing consists of those industries included in the North American Industry Classification System, or NAICS, manufacturing plus those industries—logging and newspaper, periodical, book, and directory publishing—that have traditionally been considered manufacturing and included in the industrial sector.

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 2003. The recent annual revision will be described in an upcoming issue of the *Bulletin*.

2. North American Industry Classification System.

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	2000	2001	2002	2002			2003	
				Q2	Q3	Q4	Q1	Q2[p]
1 Balance on current account	−411,458	−393,745	−480,861	−122,827	−122,724	−128,586	−138,707	−138,671
2 Balance on goods and services	−375,384	−357,819	−418,038	−104,888	−106,980	−116,116	−121,629	−123,408
3 Exports	1,070,054	1,007,580	974,107	243,696	247,815	246,151	247,377	247,991
4 Imports	−1,445,438	−1,365,399	−1,392,145	−348,584	−354,795	−362,267	−369,006	−371,399
5 Income, net	19,605	10,689	−3,970	−4,458	−1,747	2,966	191	1,679
6 Investment, net	24,191	15,701	1,271	−3,106	−481	4,306	1,567	2,984
7 Direct	94,929	106,485	93,475	21,410	21,914	26,225	22,077	22,823
8 Portfolio	−70,738	−90,784	−92,204	−24,516	−22,395	−21,919	−20,510	−19,839
9 Compensation of employees	−4,586	−5,012	−5,241	−1,352	−1,266	−1,340	−1,376	−1,305
10 Unilateral current transfers, net	−55,679	−46,615	−58,853	−13,481	−13,997	−15,436	−17,269	−16,942
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−941	−486	−32	42	−27	−180	−70	−323
12 Change in U.S. official reserve assets (increase, −)	−290	−4,911	−3,681	−1,843	−1,416	−812	83	−170
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−722	−630	−475	−107	−132	−127	897	−102
15 Reserve position in International Monetary Fund	2,308	−3,600	−2,632	−1,607	−1,136	−541	−644	86
16 Foreign currencies	−1,876	−681	−574	−129	−148	−144	−170	−154
17 Change in U.S. private assets abroad (increase, −)	−568,567	−344,542	−175,272	−126,766	31,155	−43,910	−101,344	−106,172
18 Bank-reported claims[2]	−148,657	−134,945	−21,357	−69,254	52,999	−4,954	−27,795	−60,603
19 Nonbank-reported claims	−138,790	−4,997	−31,880	−16,210	−11,862	−1,922	−11,998	−22,789
20 U.S. purchase of foreign securities, net	−121,908	−84,637	15,801	−5,843	21,641	−5,364	−27,146	9,240
21 U.S. direct investments abroad, net	−159,212	−119,963	−137,836	−35,459	−31,623	−31,670	−34,405	−32,020
22 Change in foreign official assets in United States (increase, +)	37,724	5,104	94,860	47,552	8,992	32,210	40,978	57,580
23 U.S. Treasury securities	−10,233	10,745	43,144	15,138	1,415	27,630	22,288	33,232
24 Other U.S. government obligations	40,909	20,920	30,377	6,568	10,885	5,628	9,480	3,290
25 Other U.S. government liabilities[2]	−1,825	−2,309	137	365	464	−95	−437	−32
26 Other U.S. liabilities reported by U.S. banks[2]	5,746	−29,978	17,594	24,575	−4,607	−2,094	8,321	20,385
27 Other foreign official assets[3]	3,127	5,726	3,608	906	835	1,141	1,326	705
28 Change in foreign private assets in United States (increase, +)	988,415	760,427	612,123	173,690	132,486	165,238	201,026	197,693
29 U.S. bank-reported liabilities[4]	116,971	118,379	91,126	23,948	20,448	54,176	16,723	33,245
30 U.S. nonbank-reported liabilities	170,672	67,489	72,142	24,610	−8,102	8,863	74,848	3,189
31 Foreign private purchases of U.S. Treasury securities, net	−76,949	−7,438	96,217	14,218	57,505	12,705	14,568	61,139
32 U.S. currency flows	1,129	23,783	21,513	7,183	2,556	7,249	4,927	1,458
33 Foreign purchases of other U.S. securities, net	455,318	406,633	291,492	104,187	45,880	66,964	55,574	86,525
34 Foreign direct investments in United States, net	321,274	151,581	39,633	−456	14,199	15,281	34,386	12,137
35 Capital account transactions, net[5]	−799	−1,062	−1,285	−286	−364	−358	−388	−325
36 Discrepancy	−44,084	−20,785	−45,852	30,438	−48,102	−23,602	−1,578	−9,612
37 Due to seasonal adjustment	...	...	...	2,091	−12,409	1,744	9,479	702
38 Before seasonal adjustment	−44,084	−20,785	−45,852	28,347	−35,693	−25,346	−11,057	−10,314
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	−290	−4,911	−3,681	−1,843	−1,416	−812	83	−170
40 Foreign official assets in United States, excluding line 25 (increase, +)	39,549	7,413	94,723	47,187	8,528	32,305	41,415	57,612
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	12,000	−1,725	−8,132	838	−1,289	851	...	...

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	2000	2001	2002	2003							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total**	**67,647**	**68,654**	**79,006**	**80,049**	**80,405**	**82,287**	**81,660**	**80,620**	**80,422**	**84,431**	**84,150**
2 Gold stock[1]	11,046	11,045	11,043	11,043	11,043	11,044	11,044	11,043	11,043	11,043	11,043
3 Special drawing rights[2,3]	10,539	10,774	12,166	11,392	11,476	11,880	11,720	11,646	11,619	12,062	12,079
4 Reserve position in International Monetary Fund[2]	14,824	17,854	21,979	22,858	22,738	23,214	23,210	22,746	22,463	24,067	23,595
5 Foreign currencies[4]	31,238	28,981	33,818	34,756	35,148	36,149	35,686	35,185	35,297	37,259	37,433

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	2000	2001	2002	2003							
				Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.[p]
1 **Deposits**	**215**	**61**	**136**	**254**	**313**	**79**	**898**	**318**	**81**	**82[r]**	**155**
Held in custody											
2 U.S. Treasury securities[2]	594,094	592,630	678,106	710,955	702,041	727,142	747,089	743,308	754,469	772,222[r]	788,734
3 Earmarked gold[3]	9,451	9,099	9,045	9,045	9,040	9,031	9,004	9,004	8,977	8,971	8,971

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	2001	2002[r]	2003						
			Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[p]
1 **Total**[1]	**984,713**	**1,078,908**	**1,108,621**	**1,117,862**	**1,116,151**	**1,167,826**	**1,172,851**	**1,181,513**	**1,190,755**
By type									
2 Liabilities reported by banks in the United States[2]	120,571	144,478	152,065	149,795	150,983	175,052	167,423	167,540	168,089
3 U.S. Treasury bills and certificates[3]	161,719	190,372	196,368	206,043	200,352	210,065	209,957	205,807	214,185
U.S. Treasury bonds and notes									
4 Marketable	454,306	464,415	469,440	471,451	471,085	486,334	500,804	513,142	512,095
5 Nonmarketable[4]	3,411	2,769	2,803	2,821	2,839	2,857	2,876	2,894	2,913
6 U.S. securities other than U.S. Treasury securities[5]	244,706	276,874	287,945	287,752	290,892	293,518	291,791	292,130	293,473
By area									
7 Europe[1]	243,307	271,168	281,418	278,555	275,313	290,588	279,053	279,875	277,132
8 Canada	13,440	11,120	9,837	10,154	9,746	9,942	9,998	9,791	10,412
9 Latin America and Caribbean	71,103	63,321	63,237	62,988	62,859	65,311	71,055	72,976	72,989
10 Asia	632,466	704,598	725,568	740,110	739,764	774,704	781,904	789,049	800,776
11 Africa	15,167	15,338	15,939	15,215	15,834	15,656	15,829	15,788	15,712
12 Other countries	9,228	13,361	12,620	10,838	12,633	11,623	15,010	14,032	13,732

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.

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	1999	2000	2001	2002		2003	
				Sept.	Dec.	Mar.	June
1 Banks' own liabilities	88,537	77,779	79,363	81,719	80,543	88,566	74,441
2 Deposits	n.a.	n.a.	n.a.	n.a.	n.a.	50,582	43,505
3 Other liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	37,984	30,936
4 Banks' own claims	67,365	56,912	74,640	82,647	71,724	81,239	90,927
5 Deposits	34,426	23,315	44,094	47,779	34,287	36,710	42,129
6 Other claims	32,939	33,597	30,546	34,868	37,437	44,529	48,798
7 Claims of banks' domestic customers[2]	20,826	24,411	17,631	20,475	35,923	27,706	33,984
8 Deposits	n.a.	n.a.	n.a.	n.a.	n.a.	5,065	4,742
9 Other claims	n.a.	n.a.	n.a.	n.a.	n.a.	22,641	29,242

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	2000	2001	2002[r]	2003						
				Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,511,410**	**1,630,417**	**1,975,993**	**2,073,501**	**2,138,944**	**2,194,839**	**2,215,245**	**2,208,494**	**2,273,809**	**2,251,386**
2 Banks' own liabilities	1,077,636	1,174,976	1,400,467	1,491,269	1,558,708	1,613,567	1,613,181	1,600,569	1,679,131	1,647,633
By type of liability										
3 Deposits[2]	221,248	188,005	175,231	793,940	813,917	829,641	812,890	853,304	867,154	833,339
4 Other	171,401	194,680	246,623	697,329	744,791	783,926	800,291	747,265	811,977	814,294
5 Of which: repurchase agreements[3]	0	151,071	190,134	306,051	339,673	378,842	390,974	361,754	410,221	412,308
6 Banks' custody liabilities[4]	433,774	455,441	575,526	582,232	580,236	581,272	602,064	607,925	594,678	603,753
By type of liability										
7 U.S. Treasury bills and certificates[5]	177,846	186,115	235,316	238,514	249,925	244,246	252,646	251,684	249,145	257,395
8 Other negotiable and readily transferable instruments[6]	145,840	139,807	189,382	194,437	190,523	193,306	207,493	209,033	204,911	203,057
9 Of which: negotiable time certificates of deposit held in custody for foreigners	34,217	20,440	37,701	41,118	40,235	40,918	44,007	43,221	43,784	43,455
10 Of which: short-term agency securities[7]	0	59,781	74,417	76,846	75,863	76,645	84,830	83,423	80,667	80,943
11 Other	110,088	129,519	150,828	149,281	139,788	143,720	141,925	147,208	140,622	143,301
12 Nonmonetary international and regional organizations[8]	12,543	10,830	13,467	12,485	10,311	10,587	9,666	11,961	15,127	11,513
13 Banks' own liabilities	12,140	10,169	12,362	11,839	10,265	10,534	9,650	11,858	15,079	11,434
14 Deposits[2]	6,287	3,791	5,769	4,244	3,574	4,670	3,901	4,704	4,778	4,690
15 Other	5,853	6,378	6,593	7,595	6,691	5,864	5,749	7,154	10,301	6,744
16 Banks' custody liabilities[4]	403	661	1,105	646	46	53	16	103	48	79
17 U.S. Treasury bills and certificates[5]	252	600	1,089	621	4	33	3	13	13	11
18 Other negotiable and readily transferable instruments[6]	149	61	16	25	30	20	13	70	35	68
19 Other	2	0	0	0	12	0	0	20	0	0
20 Official institutions[9]	297,603	282,290	334,850	348,433	355,838	351,335	385,117	377,380	373,347	382,274
21 Banks' own liabilities	96,989	80,970	93,884	100,285	95,918	95,449	111,092	105,022	109,868	108,537
22 Deposits[2]	39,525	21,987	20,733	25,762	22,532	24,026	22,586	23,046	22,190	21,366
23 Other	57,464	58,983	73,151	74,523	73,386	71,423	88,506	81,976	87,678	87,171
24 Banks' custody liabilities[4]	200,614	201,320	240,966	248,148	259,920	255,886	274,025	272,358	263,479	273,737
25 U.S. Treasury bills and certificates[5]	153,010	161,719	190,372	196,368	206,043	200,352	210,065	209,957	205,807	214,185
26 Other negotiable and readily transferable instruments[6]	47,366	38,531	50,530	51,258	52,992	55,380	63,296	57,321	55,456	56,905
27 Other	238	1,070	64	522	885	154	664	5,080	2,216	2,647
28 Banks[10]	972,932	1,052,626	1,302,447	1,253,696	1,288,406	1,330,054	1,320,142	1,331,776	1,374,806	1,333,574
29 Banks' own liabilities	821,306	914,034	1,093,055	1,048,089	1,094,707	1,131,109	1,119,846	1,125,280	1,170,282	1,127,908
30 Deposits[2]	82,426	68,218	56,020	654,965	678,722	690,506	677,685	712,723	726,959	688,907
31 Other	53,893	53,525	58,422	393,124	415,985	440,603	442,161	412,557	443,323	439,001
32 Banks' custody liabilities[4]	151,626	138,592	209,392	205,607	193,699	198,945	200,296	206,496	204,524	205,666
33 U.S. Treasury bills and certificates[5]	16,023	11,541	25,031	21,278	23,535	23,103	20,509	20,295	22,486	23,469
34 Other negotiable and readily transferable instruments[6]	36,036	24,059	57,562	60,927	56,917	58,086	64,234	68,907	68,296	66,432
35 Other	99,567	102,992	126,799	123,402	113,247	117,756	115,553	117,294	113,742	115,765
36 Other foreigners[11]	228,332	284,671	325,229	458,887	484,389	502,863	500,320	487,377	510,529	524,025
37 Banks' own liabilities	147,201	169,803	201,166	331,056	357,818	376,475	372,593	358,409	383,902	399,754
38 Deposits[2]	93,010	94,009	92,709	108,969	109,089	110,439	108,718	112,831	113,227	118,376
39 Other	54,191	75,794	108,457	222,087	248,729	266,036	263,875	245,578	270,675	281,378
40 Banks' custodial liabilities	81,131	114,868	124,063	127,831	126,571	126,388	127,727	128,968	126,627	124,271
41 U.S. Treasury bills and certificates[5]	8,561	12,255	18,824	20,247	20,343	20,758	22,069	21,419	20,839	19,730
42 Other negotiable and readily transferable instruments[6]	62,289	77,156	81,274	82,227	80,584	79,820	79,950	82,735	81,124	79,652
43 Other	10,281	25,457	23,965	25,357	25,644	25,810	25,708	24,814	24,664	24,889
MEMO										
44 Own foreign offices[12]	684,987	792,291	978,613	1,010,971	1,050,165	1,106,721	1,096,575	1,095,521	1,156,282	1,123,504

1. Reporting banks include all types of depository institutions as well as some banks/financial holding companies and brokers and dealers. Excludes bonds and notes of maturities longer than one year. Effective February 2003, coverage is expanded to include liabilities of brokers and dealers to affiliated foreign offices.
2. Non-negotiable deposits and brokerage balances.
3. Data available beginning January 2001.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks for foreign customers. Effective February 2003, also includes loans to U.S. residents in managed foreign offices of U.S. reporting institutions.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, negotiable time certificates of deposit, and short-term agency securities.
7. Data available beginning January 2001.
8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions." Includes positions with affiliated banking offices also included in memo line (44) below.
11. As of February 2003, includes positions with affiliated non-banking offices also included in memo line (44) below.
12. For U.S banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in the 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 office, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank. Effective February 2003, includes amounts owed to affiliated foreign offices of U.S. brokers and dealers.

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	2000	2001	2002[r]	2003						
				Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June	July[r]	Aug.[p]
AREA OR COUNTRY										
45 **Total, all foreigners**	**1,511,410**	**1,630,417**	**1,975,993**	**2,073,501**	**2,138,944**	**2,194,839**	**2,215,245**	**2,208,494[r]**	**2,273,809**	**2,251,386**
46 **Foreign countries**	**1,498,867**	**1,619,587**	**1,962,526**	**4,122,032**	**4,257,266**	**4,368,504**	**4,411,158**	**4,393,066[r]**	**4,517,364**	**4,479,746**
47 Europe	446,788	520,438	653,512	728,613	749,307	732,663	771,746	734,382[r]	785,337	761,210
48 Austria	2,692	2,922	2,818	2,975	3,074	3,079	3,691	4,427	4,330	5,023
49 Belgium[13]	33,399	6,546	9,536	6,925	8,817	8,290	5,974	4,572[r]	5,402	6,519
50 Denmark	3,000	3,618	5,037	6,684	6,840	5,172	7,302	5,040	2,595	1,418
51 Finland	1,411	1,446	1,693	1,861	845	1,007	2,291	2,159	3,315	3,641
52 France	37,833	49,056	40,399	38,849	40,489	41,668	46,808	44,936[r]	45,147	48,421
53 Germany	35,519	22,318	34,650	39,683	43,682	42,616	44,146	45,255[r]	51,707	50,572
54 Greece	2,011	2,307	2,975	2,925	2,019	1,397	1,634	2,096	1,965	1,740
55 Italy	5,072	6,215	5,568	5,409	5,761	6,775	6,275	6,760[r]	6,896	5,840
56 Luxembourg[13]	0	16,667	31,825	39,372	36,334	37,040	38,649	37,699[r]	37,868	37,377
57 Netherlands	7,047	12,363	10,839	16,398	13,734	15,235	16,086	15,529[r]	13,242	13,306
58 Norway	2,305	3,727	18,879	10,941	14,168	13,866	15,479	14,987[r]	20,945	17,884
59 Portugal	2,403	4,033	3,574	2,901	2,802	2,906	2,736	2,168	2,145	1,834
60 Russia	19,018	20,800	23,146	27,643	28,901	30,641	35,048	34,316	33,505	31,282
61 Spain	7,787	8,811	14,038	15,900	13,821	14,012	15,786	11,973	8,878	8,634
62 Sweden	6,497	3,375	4,647	4,004	4,611	6,811	6,309	5,736[r]	4,088	5,120
63 Switzerland	74,635	66,382	132,700	118,907	114,833	99,747	112,824	119,604[r]	134,124	118,494
64 Turkey	7,548	7,474	12,131	11,973	10,996	11,214	12,253	12,540	13,937	15,598
65 United Kingdom	167,757	204,107	185,970	280,855	305,481	305,906	310,539	275,581[r]	316,114	302,302
66 Channel Islands and Isle of Man[14]	0	36,024	47,539	24,741	24,235	21,528	23,864	21,740	21,640	23,334
67 Yugoslavia[15]	276	309	301	337	332	237	183	183	157	182
68 Other Europe and other former U.S.S.R.[16]	30,578	41,938	65,247	69,330	67,532	63,516	63,869	67,081[r]	57,337	62,689
69 Canada	30,982	27,240	27,323	30,046	32,318	30,839	33,397	37,456[r]	38,338	35,224
70 Latin America	120,041	118,025	107,051	104,504	105,266	106,979	105,816	107,766[r]	106,750	105,700
71 Argentina	19,451	10,704	10,874	10,611	10,711	10,002	9,769	9,884	10,473	9,888
72 Brazil	10,852	14,169	10,040	10,977	12,152	11,261	12,693	16,251[r]	15,599	19,966
73 Chile	5,892	4,939	6,064	5,808	5,749	5,098	5,535	4,725	4,589	4,754
74 Colombia	4,542	4,695	4,158	4,897	4,458	4,726	4,653	4,617	4,539	4,424
75 Ecuador	2,112	2,390	2,299	2,247	2,377	2,256	2,296	2,217	2,379	2,393
76 Guatemala	1,601	1,882	1,379	1,475	1,400	1,530	1,498	1,546	1,399	1,499
77 Mexico	32,166	39,871	36,109	34,823	36,172	38,594	34,972	33,732[r]	32,751	28,904
78 Panama	4,240	3,610	3,864	4,172	3,768	3,741	3,725	4,283[r]	4,152	3,954
79 Peru	1,427	1,359	1,363	1,368	1,340	1,382	1,619	1,512	1,533	1,432
80 Uruguay	3,003	3,172	2,807	2,460	2,752	2,880	2,885	3,136[r]	3,226	3,051
81 Venezuela	24,730	24,974	21,939	19,702	18,295	19,160	20,153	19,778[r]	20,448	19,902
82 Other Latin America[17]	10,025	6,260	6,155	5,964	6,092	6,349	6,018	6,085	5,662	5,533
83 Caribbean	573,337	194,744	195,115	211,440	223,892	212,423	222,685	228,704[r]	210,510	205,564
84 Bahamas	189,298	178,472	163,120	165,881	175,743	161,247	169,524	174,221[r]	156,239	155,949
85 Bermuda	9,636	10,469	24,666	38,572	41,253	44,230	45,958	43,887[r]	43,569	39,531
86 British West Indies[18]	367,197	0	0	0	0	0	0	0	0	0
87 Cayman Islands[18]	0	439,190	622,244	624,922	654,114	741,310	689,266	703,750[r]	738,598	743,399
88 Cuba	90	88	91	207	91	91	92	93	93	94
89 Jamaica	794	1,182	829	855	1,000	929	837	790	707	680
90 Netherlands Antilles	5,428	3,264	5,004	4,541	4,432	4,606	5,071	8,309[r]	8,941	8,115
91 Trinidad and Tobago	894	1,269	1,405	1,384	1,373	1,320	1,203	1,404	961	1,195
92 Other Caribbean[17]	0	12,113	11,674	12,187	12,218	12,423	13,162	15,799[r]	16,614	16,002
93 Asia	305,554	290,923	319,307	321,223	326,620	319,474	342,108	337,839[r]	333,934	343,107
China										
94 Mainland	16,531	10,486	15,483	13,698	17,616	14,968	15,609	17,511[r]	19,287	20,879
95 Taiwan	17,352	17,561	18,693	24,147	20,203	21,392	23,500	20,784[r]	20,839	21,311
96 Hong Kong	26,462	26,003	33,066	35,796	32,971	34,479	33,705	35,193	35,799	39,543
97 India	4,530	3,676	7,951	8,844	8,683	9,279	9,394	7,942	8,347	10,773
98 Indonesia	8,514	12,383	14,123	12,419	11,938	12,029	11,891	10,478	8,857	9,647
99 Israel	8,053	7,870	7,477	10,496	12,076	10,892	10,282	9,706	10,030	10,122
100 Japan	150,415	154,887	161,487	166,524	175,184	165,973	179,813	175,754[r]	174,496	173,360
101 Korea (South)	7,955	8,997	8,940	7,065	6,953	6,873	7,878	9,152	9,394	12,811
102 Philippines	2,316	1,772	1,811	1,596	1,789	1,560	1,878	1,575	1,980	1,491
103 Thailand	3,117	4,743	7,605	5,035	5,289	5,741	5,293	5,534	4,729	4,575
104 Middle Eastern oil-exporting countries[19]	23,763	18,095	16,365	12,204	9,864	10,511	14,447	15,784	13,763	13,779
105 Other	36,546	24,450	26,306	23,399	24,054	25,777	28,418	28,426[r]	26,413	24,816
106 Africa	10,824	11,233	12,251	14,410	12,998	13,603	13,191	13,063	12,849	12,853
107 Egypt	2,621	2,778	2,655	3,624	3,549	3,607	3,536	3,295	2,966	2,966
108 Morocco	139	274	306	346	283	210	281	234	350	305
109 South Africa	1,010	711	1,114	2,405	1,806	2,018	2,172	2,028	2,067	2,178
110 Congo (formerly Zaire)	4	4	2	5	3	4	4	6	7	5
111 Oil-exporting countries[20]	4,052	4,377	4,370	4,552	3,987	4,146	3,701	3,581	3,577	3,362
112 Other	2,998	3,089	3,804	3,478	3,370	3,618	3,497	3,919	3,882	4,037
113 Other countries	11,341	5,681	14,049	13,671	11,900	14,538	14,208	17,774	15,752	16,814
114 Australia	10,070	5,037	11,991	11,254	9,165	11,917	11,603	14,351	13,199	14,631
115 New Zealand[21]	0	232	1,796	1,940	2,175	2,123	2,039	2,959	2,252	1,889
116 All other	1,271	412	262	477	560	498	566	464	301	294
117 Nonmonetary international and regional organizations	12,543	10,830	13,467	12,485	10,311	10,587	9,666	11,961[r]	15,127	11,513
118 International[22]	11,270	9,331	11,282	10,617	8,889	9,503	8,486	10,906[r]	12,908	10,005
119 Latin American regional[23]	740	480	507	547	686	296	339	373	1,616	538
120 Other regional[24]	533	935	1,611	1,216	633	614	693	621	553	836

13. Before January 2001, data for Belgium–Luxembourg were combined.
14. Before January 2001, these data were included in data reported for the United Kingdom.
15. In February 2003, Yugoslavia changed its name to Serbia and Montenegro. Data for other entities of the former Yugoslavia recognized as independent states by the United States are reported under "Other Europe."
16. Includes the Bank for International Settlements and the European Central Bank.
17. Before January 2001, data for "Other Latin America" and "Other Caribbean" were combined in "Other Latin America and Caribbean."
18. Beginning January 2001, data for the Cayman Islands replaced data for the British West Indies.
19. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
20. Comprises Algeria, Gabon, Libya, and Nigeria.
21. Before January 2001, these data were included in "All other."
22. Principally the International Bank for Reconstruction and Development. Excludes "holdings of dollars" of the International Monetary Fund.
23. Principally the Inter-American Development Bank.
24. 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	2000	2001	2002	2003						
				Feb.	Mar.	Apr.	May	June[r]	July[r]	Aug.[p]
1 **Total, all foreigners**	**904,642**	**1,052,066**	**1,185,445[r]**	**1,226,096[r]**	**1,307,168[r]**	**1,332,089[r]**	**1,328,450[r]**	**1,359,858**	**1,380,877**	**1,339,061**
2 **Foreign countries**	**899,956**	**1,047,120**	**1,181,768[r]**	**2,445,470[r]**	**2,606,276[r]**	**2,654,926[r]**	**2,649,540[r]**	**2,708,854**	**2,754,714**	**2,672,012**
3 Europe	378,115	462,418	487,004[r]	522,032[r]	542,168[r]	540,057[r]	570,453[r]	588,933	611,942	609,875
4 Austria	2,926	5,280	3,603	4,142	4,538	4,875	4,165	4,339	5,898	6,221
5 Belgium[2]	5,399	6,491	6,044	6,286	7,653	8,120	4,722	6,741	6,987	7,399
6 Denmark	3,272	1,105	1,109	428	748	648	495	1,737	1,314	1,993
7 Finland	7,382	10,350	8,518	9,191	9,462	11,893	8,130	9,191	7,447	7,136
8 France	40,035	60,866	47,705	48,395	46,458	54,726	52,852	55,435	56,055	58,406
9 Germany	36,834	30,044	22,481	22,526	22,260	19,908	20,453	22,985	27,264	28,401
10 Greece	646	367	477	295	314	234	214	207	190	214
11 Italy	7,629	4,205	3,753	3,011	4,022	4,536	4,133	6,251	6,101	6,199
12 Luxembourg[2]	0	1,323	3,407	4,360	3,149	4,472	6,436	6,214	6,132	5,801
13 Netherlands	17,043	16,039	23,133	16,031	21,169	18,128	19,769	18,731	20,556	22,903
14 Norway	5,012	6,236	13,885	9,809	11,091	11,672	11,039	15,866	21,058	8,716
15 Portugal	1,382	1,603	2,226	2,342	1,929	2,260	2,457	2,406	2,331	2,150
16 Russia	517	594	877	729	1,107	699	755	815	863	829
17 Spain	2,603	3,260	5,371	3,258	2,485	2,916	2,374	2,117	1,626	1,884
18 Sweden	9,226	12,756	15,889	15,458	16,310	16,860	16,184	15,615	14,721	18,753
19 Switzerland	82,085	87,350	126,958	100,799[r]	106,937	80,950[r]	97,913[r]	103,025	102,683	91,470
20 Turkey	3,059	2,124	2,112	2,069	2,280	2,441	2,531	2,196	2,379	3,085
21 United Kingdom	144,938	201,185	176,953[r]	238,646[r]	238,433[r]	247,491[r]	262,411[r]	262,939	274,601	278,546
22 Channel Islands and Isle of Man[3]	0	4,478	17,457	27,785	35,018	38,641	44,454	44,692	45,857	47,778
23 Yugoslavia[4]	50	0	0	0	0	0	0	0	0	0
24 Other Europe and other former U.S.S.R.[5]	8,077	6,762	5,046	6,472[r]	6,805	8,586[r]	8,966[r]	7,431	7,879	11,991
25 Canada	39,837	54,421	60,521	65,990	57,348	58,995	53,892	50,109	53,733	51,466
26 Latin America	76,561	69,762	56,642	55,547	56,091[r]	54,765	56,185[r]	55,632	54,815	55,654
27 Argentina	11,519	10,763	6,783	6,625	6,153[r]	6,082[r]	5,924[r]	6,005	5,493	5,341
28 Brazil	20,567	19,434	15,419	15,358	15,922[r]	15,341	16,393[r]	16,547	16,620	17,387
29 Chile	5,815	5,317	5,250	5,290	5,299	5,342	5,301	5,276	5,751	5,844
30 Colombia	4,370	3,602	2,614	2,712	2,650	2,586[r]	2,484[r]	2,421	2,309	2,409
31 Ecuador	635	495	457	434	491	482	485	479	441	434
32 Guatemala	1,244	1,495	892	831	970	841	799	773	770	781
33 Mexico	17,415	16,522	15,658	14,994	14,792	14,629	15,416	14,640	14,331	14,269
34 Panama	2,933	3,061	1,915	1,861	1,887	1,964	1,903	1,986	1,696	1,793
35 Peru	2,807	2,185	1,411	1,438	1,400	1,448	1,493	1,541	1,479	1,447
36 Uruguay	673	447	255	308	324	321[r]	313	335	328	416
37 Venezuela	3,518	3,077	3,254	3,175	3,301	3,196	3,127	3,201	3,052	3,045
38 Other Latin America[6]	5,065	3,364	2,734	2,521	2,902	2,533	2,547	2,428	2,545	2,488
39 Caribbean	319,403	366,319	475,896[r]	470,012	524,385	547,903[r]	521,751	541,028	537,759	498,537
40 Bahamas	114,090	101,034	95,584	86,312	92,186	86,032[r]	91,506	96,660	89,217	74,036
41 Bermuda	9,260	7,900	9,902	17,034	23,343	21,351	21,552	21,734	23,973	20,649
42 British West Indies[7]	189,289	0	0	0	0	0	0	0	0	0
43 Cayman Islands[7]	0	245,750	359,259[r]	354,238	397,575	429,181	396,974	409,954	411,299	391,895
44 Cuba	0	0	0	0	0	0	0	0	0	0
45 Jamaica	355	418	321	349	381	376	309	327	377	380
46 Netherlands Antilles	5,801	6,729	6,690	7,658	6,751	7,009	7,104	7,134	6,736	7,204
47 Trinidad and Tobago	608	931	889	966	884	848	852	837	796	772
48 Other Caribbean[6]	0	3,557	3,251	3,455	3,265	3,106	3,454	4,382	5,361	3,596
49 Asia	77,829	85,990	93,551[r]	101,607	114,350	117,240	115,304	109,509	110,761	111,357
China										
50 Mainland	1,606	2,073	1,057	1,884	9,419	7,819	4,731	6,988	10,860	11,635
51 Taiwan	2,247	4,433	3,766[r]	5,703	8,272	5,349	5,689	5,395	6,452	6,150
52 Hong Kong	6,669	10,035	7,258	5,683	5,020	4,788	5,549	7,056	5,070	6,505
53 India	2,178	1,348	1,235	1,194	974	1,077	1,187	1,375	1,432	1,410
54 Indonesia	1,914	1,752	1,270	1,064	1,028	997	993	935	970	909
55 Israel	2,729	4,396	4,660	3,328	3,110	4,014	3,971	4,333	4,722	4,604
56 Japan	34,974	34,136	47,600	56,269	58,395	63,247	62,399	62,048	54,784	51,966
57 Korea (South)	7,776	10,653	11,118	13,938	13,047	14,841	13,237	7,058	12,988	12,437
58 Philippines	1,784	2,587	2,137	1,536	2,040	1,862	1,651	1,502	1,343	1,296
59 Thailand	1,381	2,499	1,167	707	1,393	1,263	1,658	1,222	1,317	1,601
60 Middle Eastern oil-exporting countries[8]	9,346	7,882	7,952	6,405	7,110	6,871	7,271	6,019	5,551	6,709
61 Other	5,225	4,196	4,331[r]	3,896	4,542	5,112	6,968	5,578	5,272	6,135
62 Africa	2,094	2,146	1,977	1,992	2,051	1,850	1,777	1,743	1,565	1,688
63 Egypt	201	416	487	544	558	551	446	412	411	369
64 Morocco	204	106	53	45	49	42	41	43	43	37
65 South Africa	309	761	617	577	565	471[r]	546	526	381	534
66 Congo (formerly Zaire)	0	0	0	0	0	0	0	0	0	0
67 Oil-exporting countries[9]	471	167	222	224	257	215	129	218	182	170
68 Other	909	696	598	602	622	571[r]	558	544	548	578
69 Other countries	6,117	6,064	6,177	5,555	6,745	6,653	5,408	7,473	6,782	7,429
70 Australia	5,868	5,677	5,566	5,033	5,944	5,892	4,594	6,583	6,023	6,740
71 New Zealand[10]	0	349	569	507	705	640	668	794	641	587
72 All other	249	38	42	15	96	121	146	96	118	102
73 Nonmonetary international and regional organizations[11]	4,686	4,946	3,677	3,361	4,030	4,626	3,680	5,431	3,520	3,055

1. Reporting banks include all types of depository institutions as well as bank/financial holding companies and brokers and dealers. Effective February 2003, coverage is expanded to include claims of brokers and dealers on affiliated foreign offices and cross-border brokerage balances.
2. Before January 2001, combined data reported for Belgium–Luxembourg.
3. Before January 2001, data included in United Kingdom.
4. In February 2003, Yugoslavia changed its name to Serbia and Montenegro. Data for other entities of the former Yugoslavia recognized as independent states by the United States are reported under "Other Europe."
5. Includes the Bank for International Settlements and the European Central Bank.
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	2000	2001	2002	2003						
				Feb.	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[p]
1 **Total claims reported by banks**	**1,095,869**	**1,259,328**	**1,403,586[r]**	. . .	**1,575,053**	. . .	. .	**1,656,867**	.	. . .
2 Banks' own claims on foreigners	904,642	1,052,066	1,185,445[r]	1,226,096[r]	1,307,168	1,332,089	1,328,450	1,359,858	1,380,877	1,339,061
3 Foreign official institutions[2]	37,907	50,618	52,198	39,636[r]	48,472	47,722	49,048	43,233	55,365	57,353
4 Foreign banks[3]	725,380	844,865	970,357[r]	923,512[r]	964,810	987,415	977,873	1,005,884	1,020,658	959,471
5 Other foreigners[4]	141,355	156,583	162,890	262,948[r]	293,886	296,952	301,529	310,741	304,854	322,237
6 Claims on banks' domestic customers[5]	191,227	207,262	218,141	.	267,885	.	.	297,009	. . .	.
7 Non-negotiable deposits	100,352	82,566	80,269	.	107,789	.	. . .	121,784	.	.
8 Negotiable CDs	. . .	. .	. .	. .	83,845	. .		88,511	. .	.
9 Other short-term negotiable instruments[6]	78,147	114,287	131,780	.	58,025	.	. . .	71,454	. .	. .
10 Other claims	12,728	10,409	6,092	.	18,226	. .	. . .	15,260		. .
MEMO										
11 Non-negotiable deposits[7]	. .	. . .	. . .	447,839[r]	466,014	497,269	463,085	476,342	481,820	466,628
12 Negotiable CDs[7]	.	. .	. . .	2,221	2,621	1,741	2,198	771	1,456	1,368
13 Other short-term negotiable instruments[7]	. .		. . .	9,810[r]	13,513	13,853	13,210	15,562	11,493	12,282
14 Other claims[7]	n.a.	n.a.	n.a.	766,226[r]	825,020	819,226	849,957	867,183	886,108	858,783
15 Own foreign offices[8]	630,137	744,498	892,340[r]	898,051	940,502	956,930	951,671	973,628	976,926	941,120
16 Loans collateralized by repurchase agreements[9]	.	137,979	161,585	245,798	287,043	311,728	319,597	310,325	345,043	359,671

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

Reporting banks include all types of depository institutions as well as banks/financial holding companies and brokers and dealers. Effective February 2003, coverage is expanded to include claims of brokers and dealers on affiliated foreign offices and cross-border balances. dealers.

2. Prior to February 2003, reflects claims on all foreign public borrowers.

3. Includes positions with affiliated banking offices also included in memo line (15) below.

4. As of February 2003, includes positions with affiliated non-banking offices also included in memo line (15) below.

5. Assets held by reporting banks in the accounts of their domestic customers. Effective March 2003, includes balances in off-shore sweep accounts.

6. Primarily bankers acceptances and commercial paper. Prior to February 2003, also includes negotiable certificates of deposit.

7. Data available beginning February 2003.

8. 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 minority-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. Effective February 2003, includes amounts due from affiliated foreign offices of U.S. brokers and dealers.

9. Data available beginning January 2001.

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	1999	2000	2001	2002				2003	
					Mar.	June	Sept.	Dec.	Mar.	June[p]
1	**Total**	**53,020**	**73,904**	**66,679**	**74,887**	**70,431**	**68,225**	**67,664**	**73,828[r]**	**70,700**
	By type									
2	Financial liabilities	27,980	47,419	41,034	46,408	42,826	41,311	39,561	45,455[r]	42,251
3	Short-term negotiable securities[1]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	21,428[r]	18,242
4	Other liabilities[1]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	24,027[r]	24,009
	Of which:									
5	Borrowings[1]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5,502[r]	3,287
6	Repurchase agreements[1]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	23,276[r]	22,397
	By currency									
7	U.S. dollars	n.a.	25,246	18,763	20,454	22,050	18,913	18,844	18,698[r]	17,510
8	Foreign currency[2]	n.a.	22,173	22,271	25,954	20,776	22,398	20,717	26,757[r]	24,741
9	Canadian dollars	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	527	738
10	Euros	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12,337[r]	10,019
11	United Kingdom pounds sterling	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7,209	6,919
12	Japanese yen	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2,880	2,745
13	All other currencies	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3,804	4,320
	By area or country									
	Financial liabilities									
14	Europe	23,241	34,172	31,806	39,379	35,004	34,809	34,335	36,138[r]	32,639
15	Belgium–Luxembourg	31	147	154	119	120	232	144	1,164	410
16	France	1,659	1,480	2,841	3,531	4,071	3,517	5,243	2,782	3,376
17	Germany	1,974	2,168	2,344	2,982	2,622	2,865	2,923	3,343	2,901
18	Netherlands	1,996	2,016	1,954	1,946	1,935	1,915	1,825	1,797	1,790
19	Switerzerland	147	104	94	84	61	61	61	19	167
20	United Kingdom	16,521	26,362	22,852	28,694	24,338	24,303	22,531	25,878[r]	22,903
	MEMO:									
21	Euro area[3]	n.a.	7,587	8,798	9,991	10,107	10,369	11,211	10,100	9,485
22	Canada	284	411	955	1,067	1,078	583	591	493[r]	1,012
23	Latin America and Caribbean	892	4,125	2,858	1,547	1,832	1,088	1,504	3,816	4,495
24	Bahamas	1	6	157	5	5	0	23	334	4
25	Bermuda	5	1,739	960	836	626	588	990	3,046	4,244
26	Brazil	126	148	35	35	38	65	65	127	129
27	British West Indies[4]	492	406	1,627	612	1,000	377	365	n.a.	n.a.
28	Cayman Islands	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25	37
29	Mexico	25	26	36	27	25	26	31	29	27
30	Venezuela	0	2	2	1	5	1	1	0	0
31	Asia	3,437	7,965	5,042	4,020	4,498	4,450	2,932	4,302[r]	3,412
32	Japan	3,142	6,216	3,269	3,299	2,387	2,447	1,832	2,043	1,909
33	Middle Eastern oil-exporting countries[5]	4	12	10	15	14	16	14	17	32
34	Africa	28	52	53	122	120	128	131	114[r]	112
35	Oil-exporting countries[6]	0	0	5	91	91	91	91	91	91
36	All other[7]	98	694	320	273	294	253	68	592	581

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

Millions of dollars, end of period

Type of liability, and area or country	1999	2000	2001	2002				2003	
				Mar.	June	Sept.	Dec.	Mar.	June[p]
37 Commercial liabilities	25,040	26,485	25,645	28,479	27,605	26,914	28,103	28,373[r]	28,449
38 Trade payables	12,834	14,293	11,781	15,119	14,205	13,819	14,699	15	15
39 Advance payments and other liabilities	n.a.	12,192	13,864	13,360	13,400	13,095	13,404	14	13
By currency									
40 Payable in U.S. dollars	23,722	23,685	24,162	26,715	26,004	25,621	26,243	24,813[r]	25,190
41 Payable in foreign currencies[2]	1,318	2,800	1,483	1,764	1,601	1,293	1,860	3,560	3,259
42 Canadian dollars	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	114	146
43 Euros	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,074	940
44 United Kingdom pounds sterling	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	661	668
45 Japanese yen	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	242	154
46 All other currencies	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,469	1,351
By area or country									
Commercial liabilities									
47 Europe	9,262	9,629	9,219	8,168	8,015	8,065	8,257	8,773[r]	9,853
48 Belgium–Luxembourg	140	293	99	105	94	134	141	186	202
49 France	672	979	734	713	827	718	765	873[r]	1,027
50 Germany	1,131	1,047	905	584	570	855	807	n.a.	n.a
51 Netherlands	507	300	1,163	236	312	506	590	729[r]	1,317
52 Switzerland	626	502	790	648	749	592	433	521[r]	464
53 United Kingdom	3,071	2,847	2,279	2,747	2,551	2,317	2,649	2,892[r]	3,304
MEMO									
54 Euro area[3]	n.a.	4,518	5,141	3,673	3,718	4,258	4,200	4,359[r]	5,018
55 Canada	1,775	1,933	1,622	1,802	2,027	1,570	1,588	1,721[r]	1,749
56 Latin America and Caribbean	2,310	2,381	2,727	3,515	2,817	2,923	3,073	3,046[r]	3,249
57 Bahamas	22	31	52	23	12	14	51	59	11
58 Bermuda	152	281	591	433	422	468	538	525[r]	559
59 Brazil	145	114	290	277	320	290	253	246	267
60 British West Indies[4]	48	76	45	67	46	47	36	n.a.	n.a.
61 Cayman Islands	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	80	20
62 Mexico	887	841	899	1,518	1,015	1,070	1,170	1,095[r]	906
63 Venezuela	305	284	166	281	204	327	177	143	456
64 Asia	9,886	10,983	10,517	13,116	12,866	12,462	13,382	13,119[r]	12,321
65 Japan	2,609	2,757	2,581	4,281	4,143	4,031	4,292	4,137	3,954
66 Middle Eastern oil-exporting countries[5]	2,493	2,832	2,639	3,289	3,432	3,857	3,979	3,546	3,062
67 Africa	950	948	836	1,000	916	876	827	927	631
68 Oil-exporting countries[6]	499	483	436	454	349	445	405	423	184
69 All other[7]	881	611	724	878	964	1,018	976	787[r]	646
MEMO									
70 Financial liabilities to foreign affiliates[8]	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	11,598[r]	11,428

1. Data available beginning March 2003.
2. Foreign currency detail available beginning March 2003.
3. Comprises Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, and Spain. As of December 2001, also includes Greece.
4. Beginning March 2003, data for the Cayman Islands replaced data for the British West Indies.
5. Comprises Bahrain, Iran, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
6. Comprises Algeria, Gabon, Libya, and Nigeria.
7. Includes nonmonetary international and regional organizations.
8. Data available beginning March 2003. Includes financial liabilities to foreign affiliates of insurance underwriting subsidiaries of Bank/Financial Holding Companies and other financial intermediaries. These data are not included in lines 1–6 above.

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	1999	2000	2001	2002				2003	
				Mar.	June	Sept.	Dec.	Mar.[r]	June[p]
1 **Total**	**76,642**	**90,157**	**113,082**	**115,969**	**116,608**	**112,784**	**102,566**	**112,472**	**115,521**
By type									
2 Financial claims	40,231	53,031	81,287	85,359	87,331	84,038	71,389	83,023	83,464
3 Non-negotiable deposits	n.a.	23,374	29,801	41,813	42,136	38,074	27,064	45,828	49,490
4 Negotiable securities	n.a.	29,657	51,486	43,546	45,195	45,964	44,325	3,767	3,197
Of which:									
5 Negotiable CDs[1]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	241	133
6 Other claims	21,665	29,657	51,486	43,568	45,188	45,959	44,064	33,428	30,777
Of which:									
7 Loans[1]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12,674	15,638
8 Repurchase agreements[1]	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	6,599	3,010
By currency									
9 U.S. dollars	n.a.	46,157	74,471	79,722	82,353	79,307	65,070	75,944	71,755
10 Foreign currency[2]	n.a.	6,874	6,816	5,637	4,978	4,731	6,319	7,079	11,709
11 Canadian dollars	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	605	597
12 Euros	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3,054	2,383
13 United Kingdom pounds sterling	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2,083	2,560
14 Japanese yen	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	880	875
15 All other currencies	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	457	5,294
By area or country									
Financial claims									
16 Europe	13,023	23,136	26,118	36,032	37,003	32,139	29,018	34,749	33,386
17 Belgium-Luxembourg	529	296	625	751	797	656	722	1,494	352
18 France	967	1,206	1,450	3,489	3,921	3,854	3,247	3,402	4,445
19 Germany	504	848	1,068	4,114	3,972	4,292	4,245	6,240	4,425
20 Netherlands	1,229	1,396	2,138	3,253	3,995	4,024	3,648	4,355	3,655
21 Switerzerland	643	699	589	308	1,010	1,135	383	1,497	1,178
22 United Kingdom	7,561	15,900	16,510	17,982	16,133	11,454	10,663	11,204	13,437
MEMO:									
23 Euro area[3]	n.a	5,580	8,626	16,903	18,689	18,542	17,281	20,494	17,301
24 Canada	2,553	4,576	6,193	5,471	5,537	5,485	5,013	5,643	5,879
25 Latin America and Caribbean	18,206	19,317	41,201	34,979	37,489	38,800	29,612	32,405	37,340
26 Bahamas	1,593	1,353	976	1,197	1,332	715	1,038	757	598
27 Bermuda	11	19	918	611	704	1,157	724	387	699
28 Brazil	1,476	1,827	2,127	1,892	2,036	2,226	2,286	2,324	2,104
29 British West Indies[4]	12,099	12,596	32,965	27,328	29,569	30,837	21,528	n.a	n.a.
30 Cayman Islands	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25,848	30,734
31 Mexico	1,798	2,448	3,075	2,777	2,823	2,871	2,921	1,780	1,906
32 Venezuela	48	87	83	79	60	71	104	161	169
33 Asia	5,457	4,697	6,430	6,414	5,754	6,041	5,358	7,596	5,361
34 Japan	3,262	1,631	1,604	2,051	1,146	1,481	1,277	1,226	1,246
35 Middle Eastern oil-exporting countries[5]	23	80	135	79	78	88	79	68	166
36 Africa	286	411	414	390	431	379	395	358	486
37 Oil-exporting countries[6]	15	57	49	51	64	29	25	26	35
38 All other[7]	706	894	931	2,073	1,117	1,194	1,993	2,272	1,012

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

Millions of dollars, end of period

Type of claim, and area or country	1999	2000	2001	2002				2003	
				Mar.	June	Sept.	Dec.	Mar.[r]	June[p]
39 Commercial claims	36,411	37,126	31,795	30,610	29,277	28,746	31,177	29,449	32,057
40 Trade receivables	32,602	33,104	27,513	25,845	24,716	24,171	26,385	24,740	25,824
41 Advance payments and other claims	3,809	4,022	4,282	4,765	4,561	4,575	4,792	4,709	6,233
By currency									
42 Payable in U.S. dollars	34,204	33,401	29,393	26,864	25,361	25,441	26,481	19,806	21,885
43 Payable in foreign currencies[2]	2,207	3,725	2,402	3,746	3,916	3,305	4,696	9,643	10,172
44 Canadian dollars	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,351	1,279
45 Euros	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,803	1,753
46 United Kingdom pounds sterling	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,451	1,549
47 Japanese yen	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	545	537
48 All other currencies	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4,493	5,054
By area or country									
Commercial claims									
49 Europe	16,389	15,938	14,022	12,935	12,314	12,680	14,187	13,314	15,229
50 Belgium–Luxembourg	316	452	268	272	207	254	269	228	240
51 France	2,236	3,095	2,921	2,883	2,828	2,972	3,164	2,804	3,065
52 Germany	1,960	1,982	1,658	1,198	1,163	1,158	1,202	1,300	1,185
53 Netherlands	1,429	1,729	529	642	832	1,089	1,490	1,135	1,376
54 Switzerland	610	763	611	436	472	404	503	448	530
55 United Kingdom	5,827	4,502	3,833	3,579	3,387	3,236	3,727	3,718	4,480
MEMO									
56 Euro area[3]	n.a.	8,819	7,961	7,237	7,106	7,707	8,580	8,105	8,988
57 Canada	2,757	3,502	2,818	2,760	2,752	2,623	2,790	2,564	2,913
58 Latin America and Caribbean	5,959	5,851	4,859	4,912	4,530	4,324	4,346	4,794	4,619
59 Bahamas	20	37	42	42	28	35	31	61	28
60 Bermuda	390	376	369	422	214	270	287	551	461
61 Brazil	905	957	954	837	829	862	750	734	781
62 British West Indies[4]	181	137	95	73	26	12	19	n.a.	n.a.
63 Cayman Islands	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	59	16
64 Mexico	1,678	1,507	1,391	1,225	1,283	1,184	1,259	1,095	1,093
65 Venezuela	439	328	288	312	316	340	288	232	238
66 Asia	9,165	9,630	7,849	7,513	7,309	6,778	7,324	5,996	6,349
67 Japan	2,074	2,796	2,006	1,975	2,064	2,083	2,341	1,436	1,717
68 Middle Eastern oil-exporting countries[5]	1,573	1,024	850	657	889	819	818	617	742
69 Africa	631	672	645	630	605	637	584	636	432
70 Oil-exporting countries[6]	171	180	88	109	94	107	95	139	97
71 All other[7]	1,537	1,533	1,602	1,860	1,767	1,704	1,946	2,145	2,515
MEMO									
72 Financial claims on foreign affiliates[8]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11,915	14,033

1. Data available beginning March 2003.
2. Foreign currency detail available beginning March 2003.
3. Comprises Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, and Spain. As of December 2001, also includes Greece.
4. Beginning March 2003, data for the Cayman Islands replaced data for the British West Indies.
5. Comprises Bahrain, Iran, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
6. Comprises Algeria, Gabon, Libya, and Nigeria.
7. Includes nonmonetary international and regional organizations.
8. Data available beginning March 2003. Includes financial liabilities to foreign affiliates of insurance underwriting subsidiaries of Bank/Financial Holding Companies and other financial intermediaries. These data are not included in lines 1–8 above.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	2001	2002[r]	2003 Jan.–Aug.	2003 Feb.	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	3,051,332	3,209,760	1,993,451	201,408	236,668	233,275	273,263	311,954	267,033	253,119
2 Foreign sales	2,934,942	3,159,571	1,970,497	203,486	233,828	228,918	266,670	301,646	274,888	241,534
3 **Net purchases, or sales (–)**	**116,390**	**50,189**	**22,954**	**–2,078**	**2,840**	**4,357**	**6,593**	**10,308**	**–7,855**	**11,585**
4 **Foreign countries**	**116,187**	**50,253**	**23,004**	**–2,080**	**2,860**	**4,360**	**6,597**	**10,325**	**–7,865**	**11,580**
5 Europe	88,099	32,909	14,885	1,900	1,360	250	1,526	8,129	–5,502	9,408
6 France	5,914	2,127	4,006	270	1,816	–1,647	642	–882	1,555	2,046
7 Germany	8,415	–129	1,540	–65	–780	–118	–260	4,452	–830	–796
8 Netherlands	10,919	4,307	774	–75	651	–1,090	262	921	–31	–230
9 Switzerland	3,456	2,787	–2,733	–990	–22	98	–901	–562	238	130
10 United Kingdom	38,493	15,172	–2,483	1,938	–258	777	–1,181	1,928	–7,864	4,938
11 Channel Islands and Isle of Man[1]	–698	–255	–27	–17	–42	46	–30	–65	–35	118
12 Canada	10,984	8,207	4,505	–1,594	2,376	2,540	–435	2,385	–4,440	2,192
13 Latin America and Caribbean	–5,154	–15,419	–807	–2,253	–1,538	1,230	4,575	–1,198	870	611
14 Middle East[2]	1,789	–1,309	–450	–21	–51	–7	29	–68	–150	–110
15 Other Asia	20,726	22,676	6,101	2,774	478	–73	612	770	801	–548
16 Japan	6,788	12,336	–1,638	1,008	–60	–1,093	–677	–597	228	–1,008
17 Africa	–366	–72	114	–9	–29	68	–37	101	–35	17
18 Other countries	109	3,261	–1,344	–2,877	264	352	327	206	591	10
19 **Nonmonetary international and regional organizations**	**203**	**–64**	**–50**	**2**	**–20**	**–3**	**–4**	**–17**	**10**	**5**
BONDS[3]										
20 Foreign purchases	1,942,690	2,548,697	2,404,550	206,552[r]	306,789	305,997	381,880	351,934	323,913	299,675
21 Foreign sales	1,556,745	2,171,260	2,092,775	183,904[r]	262,898	264,263	322,432	322,061	285,661	271,168
22 **Net purchases, or sales (–)**	**385,945**	**377,437**	**311,775**	**22,648[r]**	**43,891**	**41,734**	**59,448**	**29,873**	**38,252**	**28,507**
23 **Foreign countries**	**385,379**	**377,174**	**312,229**	**22,813[r]**	**43,960**	**41,324**	**59,684**	**30,368**	**37,988**	**28,526**
24 Europe	195,412	167,168	142,644	16,235[r]	20,539	25,438	21,452	4,897	16,969	9,396
25 France	5,028	3,762	1,314	63	153	116	112	–77	306	–437
26 Germany	12,362	5,125	1,095	930[r]	–233	–68	143	–726	263	244
27 Netherlands	1,538	–421	1,585	610[r]	–3	–614	317	74	1,133	–45
28 Switzerland	5,721	8,621	6,672	800[r]	1,034	1,263	366	346	802	907
29 United Kingdom	152,772	109,913	88,208	6,820[r]	14,772	16,951	13,911	4,991	10,988	3,815
30 Channel Islands and Isle of Man[1]	2,000	11,173	19,646	1,533	4,138	3,091	3,320	9	884	1,251
31 Canada	4,595	–1,040	2,029	193	1,169	–894	1,428	–236	344	878
32 Latin America and Caribbean	77,019	82,985	80,254	–6,445[r]	10,227	1,725	25,924	12,430	16,864	12,910
33 Middle East[2]	2,337	2,263	1,336	36[r]	–23	29	–277	170	510	289
34 Other Asia	106,400	121,440	82,958	12,669[r]	10,841	15,497	10,929	12,311	3,441	3,832
35 Japan	33,687	48,578	22,806	4,499[r]	1,364	8,540	3,885	4,712	–1,268	–2,844
36 Africa	760	860	1,855	80	779	147	110	241	143	302
37 Other countries	–1,144	3,498	1,153	45	428	–618	118	555	–283	919
38 **Nonmonetary international and regional organizations**	**566**	**263**	**–454**	**–165**	**–69**	**410**	**–236**	**–495**	**264**	**–19**
	Foreign securities									
39 Stocks, net purchases, or sales (–)	–50,113	–1,512	–48,811	–4,474	–5,363	2,073	–10,800	–5,231	–4,721	–13,402
40 Foreign purchases	1,397,664	1,267,633	828,256	83,683	91,096	100,054	99,777	116,975	129,487	112,562
41 Foreign sales	1,447,777	1,269,145	877,067	88,157	96,459	97,981	110,577	122,206	134,208	125,964
42 Bonds, net purchases, or sales (–)	30,502	28,446	37,023	4,297[r]	7,332	–2,416	14,049	11,738	3,006	1,021
43 Foreign purchases	1,160,102	1,372,042	1,359,556	118,683[r]	162,101	135,970	230,256	209,730	207,675	159,275
44 Foreign sales	1,129,600	1,343,596	1,322,533	114,386[r]	154,769	138,386	216,207	197,992	204,669	158,254
45 **Net purchases, or sales (–), of stocks and bonds**	**–19,611**	**26,934**	**–11,788**	**–177[r]**	**1,969**	**–343**	**3,249**	**6,507**	**–1,715**	**–12,381**
46 **Foreign countries**	**–19,024**	**26,964**	**–11,744**	**–273[r]**	**1,988**	**–256**	**3,270**	**6,485**	**–1,679**	**–12,361**
47 Europe	–12,108	14,592	–1,259	–1,650[r]	6,259	4,409	1,593	3,575	–4,379	–5,977
48 Canada	2,943	4,854	10,384	603	–302	–600	2,106	651	3,319	717
49 Latin America and Caribbean	4,315	4,484	–13,110	724[r]	–3,353	–7,450	1,289	4,438	–4,767	3,985
50 Asia	–11,869	2,631	–7,215	194	–971	3,456	–649	–1,456	3,298	–10,826
51 Japan	–20,116	–10,060	–9,093	–1,447	1,557	2,218	1,509	–4,009	–2,776	–4,912
52 Africa	–558	–377	152	–34	27	–11	5	139	153	–72
53 Other countries	–1,747	780	–696	–110	328	–60	–1,074	–862	697	–188
54 **Nonmonetary international and regional organizations**	**–587**	**–30**	**–44**	**96**	**–19**	**–87**	**–21**	**22**	**–36**	**–20**

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	2001	2002[r]	2003 Jan.–Aug.	2003 Feb.	Mar.[r]	Apr.[r]	May[r]	June[r]	July[r]	Aug.[p]
1 **Total estimated**	**18,514**	**119,918**	**192,320**	**–957[r]**	**26,949**	**9,792**	**41,109**	**44,027**	**44,686**	**25,246**
2 Foreign countries	19,200	117,907	192,608	–713[r]	27,000	9,844	40,793	44,124	45,626	24,849
3 Europe	–20,604	43,678	69,429	–4,914[r]	253	7,739	6,132	20,629	21,886	15,954
4 Belgium[2]	–598	2,046	1,299	–1,379	–2,722	218	77	–82	267	1,549
5 Germany	–1,668	–3,931	9,199	–211[r]	–268	1,148	3,449	874	3,124	2,258
6 Luxembourg[2]	462	–1,609	1,524	358	83	33	–2	127	482	368
7 Netherlands	–6,728	–17,020	5,424	1,360	959	4,425	2,216	659	364	–474
8 Sweden	–1,190	2,923	2,214	190	522	–240	482	608	–163	393
9 Switzerland	1,412	–448	4,581	–1,050	1,067	–784	749	1,700	1,382	1,603
10 United Kingdom	–7,279	61,606	37,709	–2,631[r]	2,845	571	–523	8,439	19,554	8,358
11 Channel Islands and Isle of Man[3]	–179	724	1,888	6[r]	37	140	550	973	124	69
12 Other Europe and former U.S.S.R.	–4,836	–613	5,591	–1,557	–2,270	2,228	–866	7,331	–3,248	1,830
13 Canada	–1,634	–5,197	8,056	–1,871	1,782	820	–1,317	4,102	4,011	1,227
14 Latin America and Caribbean	4,272	20,020	25,423	4,680[r]	12,476	–6,109	10,705	–1,690	7,971	157
15 Venezuela	290	–59	242	97	23	13	37	9	34	9
16 Other Latin America and Caribbean	14,726	20,859	23,664	3,619[r]	9,847	–4,809	7,234	1,219	6,011	–1,257
17 Netherlands Antilles	–10,744	–780	1,517	964	2,606	–1,313	3,434	–2,918	1,926	1,405
18 Asia	36,332	55,656	85,028	2,131[r]	11,904	7,178	25,236	18,693	9,590	7,931
19 Japan	16,114	30,498	60,820	5,425[r]	–1,322	5,532	25,097	11,698	1,444	9,667
20 Africa	–880	841	212	–43	–16	127	–59	86	80	–47
21 Other	1,714	2,909	4,462	–696	601	89	96	2,304	2,088	–373
22 Nonmonetary international and regional organizations	–686	2,011	–288	–244	–51	–52	316	–97	–940	397
23 International	–290	1,642	–174	–130	–109	85	381	177	–1,128	380
24 Latin American Caribbean regional	41	–3	–107	–38	–28	–37	–6	–3	4	16
MEMO										
25 Foreign countries	19,200	117,907	192,608	–713[r]	27,000	9,844	40,793	44,124	45,626	24,849
26 Official institutions	3,474	10,109	47,680	4,832[r]	2,011	–366	15,249	14,470	12,338	–1,047
27 Other foreign	15,726	107,798	144,928	–5,545[r]	24,989	10,210	25,544	29,654	33,288	25,896
Oil-exporting countries										
28 Middle East[4]	865	–3,880	–6,960	–4,253[r]	–113	–2,772	–1,018	55	395	271
29 Africa[5]	–2	29	52	0	0	0	0	1	0	51

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	2000	2001	2002	2003 May	2003 June	2003 July	2003 Aug.	2003 Sept.	2003 Oct.
	Exchange rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	58.15	51.69	54.37	64.68	66.52	66.07	65.18	66.35	69.48
2 Brazil/real	1.8301	2.3527	2.9213	2.9517	2.8887	2.8833	3.0053	2.9204	2.8628
3 Canada/dollar	1.4855	1.5487	1.5704	1.3840	1.3525	1.3821	1.3963	1.3634	1.3221
4 China, P.R./yuan	8.2784	8.2770	8.2770	8.2769	8.2771	8.2773	8.2770	8.2772	8.2768
5 Denmark/krone	8.0953	8.3323	7.8862	6.4268	6.3620	6.5425	6.6653	6.5953	6.3449
6 European Monetary Union/euro[3]	0.9232	0.8952	0.9454	1.1556	1.1674	1.1365	1.1155	1.1267	1.1714
7 Greece/drachma	365.92	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Hong Kong/dollar	7.7924	7.7997	7.7997	7.7991	7.7988	7.7990	7.7990	7.7850	7.7427
9 India/rupee	45.00	47.22	48.63	47.11	46.70	46.22	45.96	45.85	45.40
10 Japan/yen	107.80	121.57	125.22	117.37	118.33	118.70	118.66	114.80	109.50
11 Malaysia/ringgit	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
12 Mexico/peso	9.459	9.337	9.663	10.253	10.503	10.458	10.783	10.923	11.180
13 New Zealand/dollar[2]	45.68	42.02	46.45	57.56	58.15	58.64	58.29	58.43	60.20
14 Norway/krone	8.8131	8.9964	7.9839	6.8145	7.0093	7.2924	7.4096	7.2782	7.0331
15 Singapore/dollar	1.7250	1.7930	1.7908	1.7357	1.7351	1.7551	1.7533	1.7466	1.7345
16 South Africa/rand	6.9468	8.6093	10.5176	7.6604	7.8588	7.5458	7.3945	7.3060	6.9644
17 South Korea/won	1,130.90	1,292.01	1,250.31	1,201.23	1,194.14	1,181.16	1,178.60	1,165.40	1,169.34
18 Sri Lanka/rupee	76.964	89.602	95.773	97.231	97.236	97.153	96.975	95.284	94.560
19 Sweden/krona	9.1735	10.3425	9.7233	7.9213	7.8116	8.0929	8.2821	8.0426	7.6957
20 Switzerland/franc	1.6904	1.6891	1.5567	1.3111	1.3196	1.3611	1.3811	1.3743	1.3222
21 Taiwan/dollar	31.260	33.824	34.536	34.697	34.633	34.396	34.318	33.995	33.875
21 Thailand/baht	40.210	44.532	43.019	42.217	41.675	41.808	41.656	40.483	39.761
23 United Kingdom/pound[2]	151.56	143.96	150.25	162.24	166.09	162.21	159.39	161.55	167.92
24 Venezuela/bolivar	680.52	724.10	1,161.19	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00
	Indexes[4]								
NOMINAL									
25 Broad (January 1997=100)[5]	119.68	126.08	127.19	118.54	117.93	119.11	120.43	119.03	116.66
26 Major currencies (March 1973=100)[6]	98.31	104.28	102.85	89.67	88.68	90.42	91.48	89.68	86.29
27 Other important trading partners (January 1997=100)[7]	130.34	136.36	141.42	142.75	143.07	142.84	144.32	144.06	144.35
REAL									
28 Broad (March 1973=100)[5]	104.47[r]	110.50[r]	110.88[r]	103.11[r]	102.83[r]	104.05[r]	105.35[r]	104.11[r]	101.86
29 Major currencies (March 1973=100)[6]	103.29	110.73	109.36	95.60[r]	94.63[r]	96.73[r]	98.01[r]	96.21[r]	92.54
30 Other important trading partners (March 1973=100)[7]	114.81[r]	119.47[r]	122.29[r]	122.43[r]	123.21[r]	123.16[r]	124.58[r]	124.10[r]	123.96

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 March 2003 *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.

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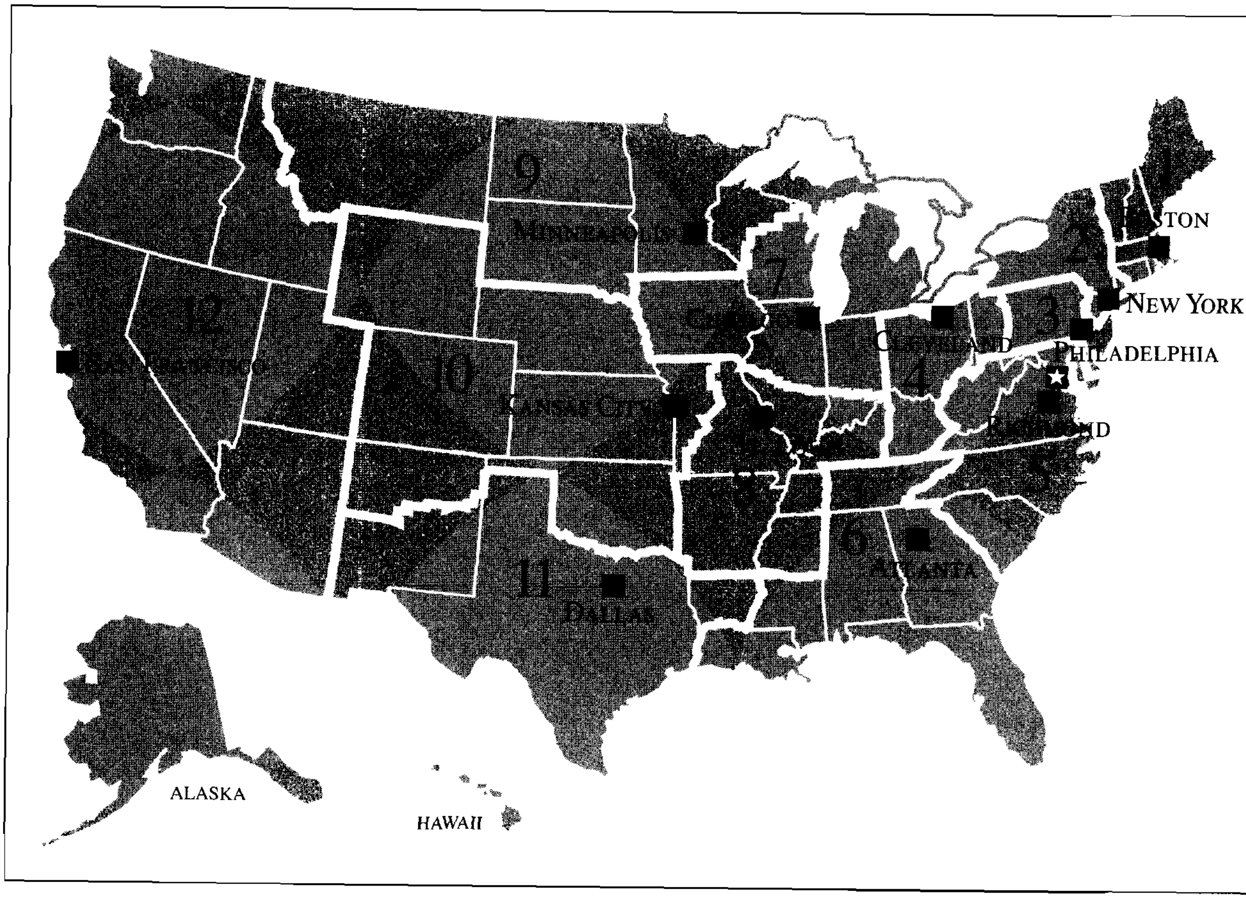

LEGEND

Both pages

■ Federal Reserve Bank city

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

Facing page

- Federal Reserve Branch city

— Branch boundary

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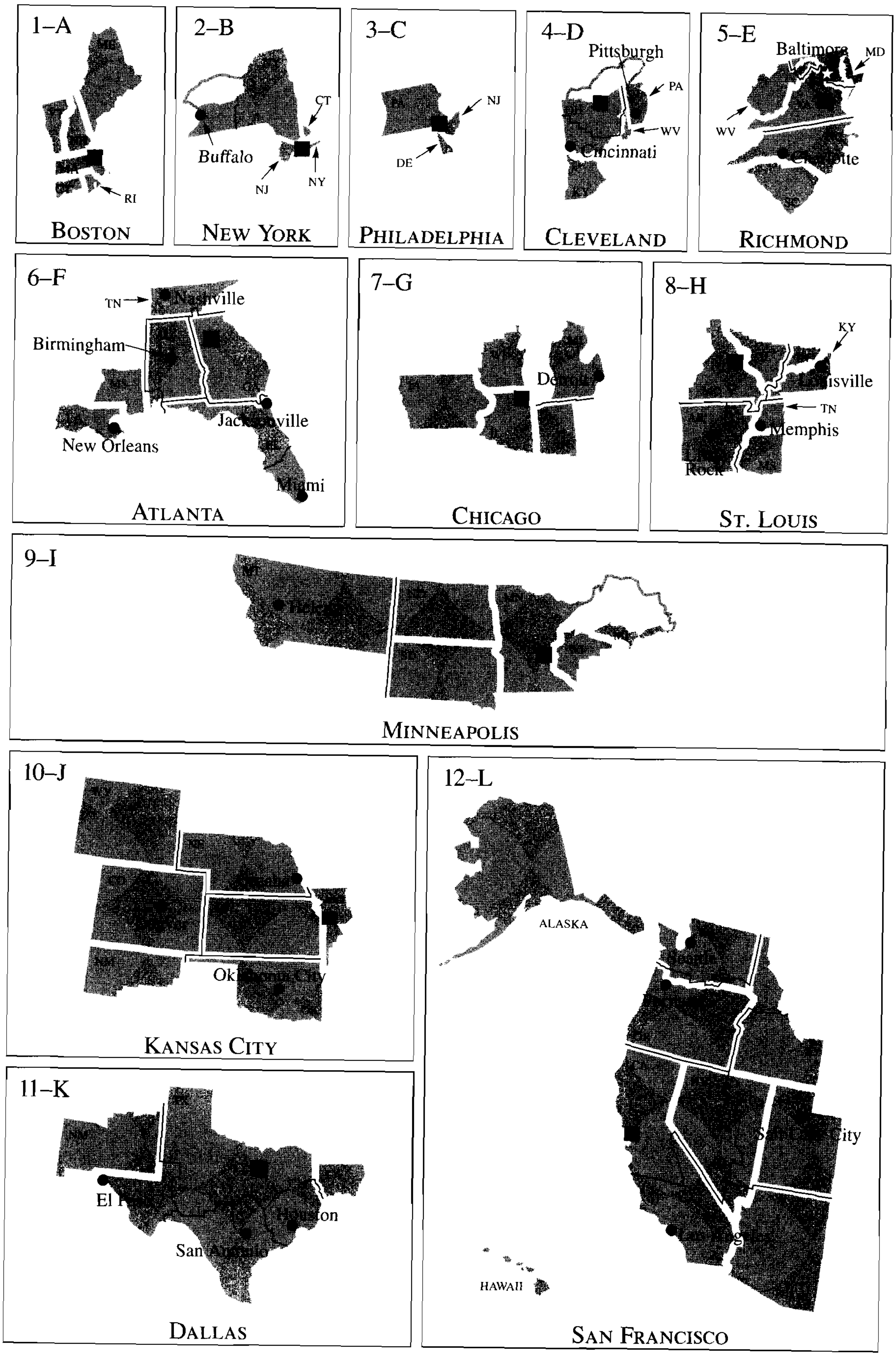
The Federal Reserve officially identifies Districts by number and Reserve Bank city (shown on both pages) and by letter (shown on the facing page).

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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BOSTON
2–B
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Buffalo
NJ
NY
NEW YORK
3–C
NJ
DE
PHILADELPHIA
4–D
Pittsburgh
PA
WV
CLEVELAND
5–E
MD
WV
RICHMOND
6–F
TN
Birmingham
New Orleans
Miami
ATLANTA
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CHICAGO
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KY
TN
Memphis
ST. LOUIS
9–I
MINNEAPOLIS
10–J
KANSAS CITY
11–K
DALLAS
12–L
ALASKA
HAWAII
SAN FRANCISCO

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