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Table of Contents

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Supervision of Large Complex Banking Organizations

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Over the past decade, the long-term trends of consolidation and innovation in the U.S. banking system have intensified. Today a large proportion of assets held by U.S. banking organizations is concentrated in a small number of companies, and U.S. banking organizations have integrated into their product mix activities that extend well beyond traditional deposit-taking and lending. As a result of these developments, there is a small number of banking organizations that are larger and engage in a wider array of financial activities than at any time in recent history.

Banking supervisors have responded to these changes by adapting their approaches to supervision so that they continue to be aligned with the way financial organizations structure and manage their business activities. These newer approaches—collectively referred to as risk-focused supervision—are designed to focus the greatest amount of supervisory attention on the business areas that represent the greatest risk to a banking organization's overall condition.

The Federal Reserve began to implement a structured, more formal program of risk-focused supervision in the early 1990s, and that program continues to evolve as the banking system itself continues to change. Since the mid-1990s, the Federal Reserve has devoted particular attention to developing and implementing a program for the supervision of the largest, most complex banking organizations, or LCBOs. Given the speed with which the risk profiles of these institutions can change, the LCBO supervision program incorporates both a more continuous supervision process than in the past and a greater emphasis on the evaluation of banking organizations' internal systems and controls for managing risk.

DEVELOPMENT OF THE PROGRAM FOR LCBOS

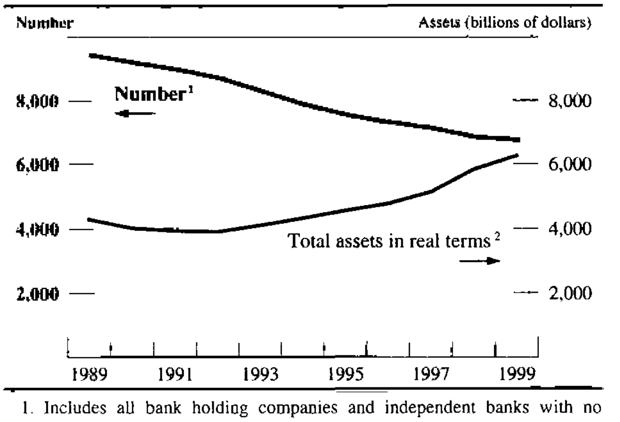
Trends in the Banking Industry

Since 1989, the U.S. banking industry has undergone both consolidation in assets and expansion in the range of financial activities conducted, an extension of long-term trends. From 1989 to 1999, the number of independent banking organizations in the United States fell from 9,500 to 6,800.[1] Over the same period, total assets held by these banking organizations rose nearly 50 percent in real terms (chart 1). A related trend is that the banking system's assets have become even more concentrated than before in the largest banking organizations. Specifically, the share of total assets held by the fifty largest U.S. banking organizations rose from 55 percent in 1989 to 74 percent in 1999; the share held by the ten largest grew from 26 percent to 49 percent (chart 2).

Expansion in the range of financial activities of U.S. banking organizations is reflected in an increase both in the notional amount of derivatives contracts and in the size of nonbank subsidiaries. A small number of institutions are responsible for the largest portion of derivatives activity of U.S. banking organi-

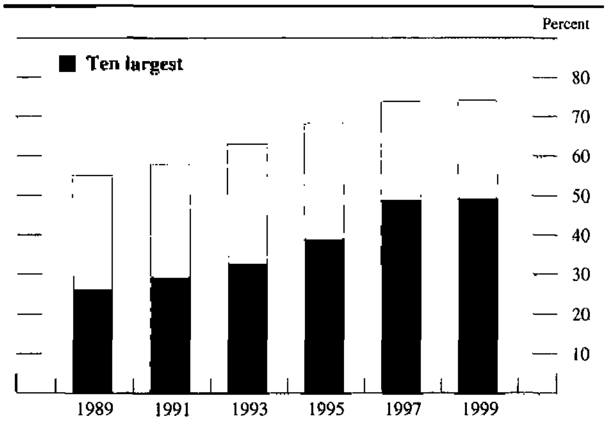
1. Included are all bank holding companies and all independent banks (with no holding company). Notably, most of the consolidation in the banking system has occurred as the result of mergers and acquisitions, but bank failures at the beginning of the period also played a role. For more detail, see Stephen A. Rhoades, *Bank Mergers and Banking Structure in the United States, 1980–98*, Staff Studies 174 (Board of Governors of the Federal Reserve System, August 2000).

1. Number and total assets of U.S. banking organizations, 1989–99



1. Includes all bank holding companies and independent banks with no holding company.
2. Adjusted by the GDP deflator (base year = 1996).

2. Share of total banking assets held by the fifty largest U.S. banking organizations, selected years, 1989–99



zations, with the ten largest institutions accounting for nearly 95 percent of the total notional amount. Growth in the assets of nonbank subsidiaries of U.S. banking organizations over the past decade reflects in large part a significant expansion in the securities activities of the largest organizations. Total assets of nonbank subsidiaries held by the largest fifty banking organizations now represent nearly a quarter of their total consolidated assets, and the largest ten companies account for the greatest proportion of these nonbank assets.[2]

Many factors account for the increase in asset concentration at the largest U.S. banking organizations as well as the broadening of the range of their financial activities during the 1990s. These factors include increased competition in financial markets, improvements in information technology, the lifting of restrictions on interstate branching, some easing of regulatory restrictions on securities activities, the globalization of economic activity, and an effort by banking organizations to diversify revenue sources to mitigate cyclical effects on core banking activities, such as lending and deposit-taking.[3]

These trends are expected to continue, particularly given recent changes in U.S. banking law. During the six decades before 1999, U.S. banking organizations were subject to the provisions of the Banking Act of 1933, commonly referred to as the Glass–Steagall Act, which prohibited U.S. banks from being affiliated with firms engaged principally in corporate securities underwriting and dealing. Thus, the banking business and the securities business were effectively separated. Starting in the mid-1980s, this separation began to diminish as some U.S. bank holding companies established securities subsidiaries, subject to revenue and other limits to prevent violation of the Glass–Steagall Act.[4] U.S. banking organizations, however, were still generally prohibited from engaging in insurance underwriting activities. The Gramm–Leach–Bliley Act of 1999 eliminated the separation of financial activities, allowing U.S. banking organizations with well-capitalized and well-managed bank subsidiaries to engage in both securities and insurance underwriting activities through separate subsidiaries. Banking organizations are now allowed to own securities and insurance companies and vice versa.

Supervisory Responses

Supervisory programs for state member banks and bank holding companies are implemented by individual Reserve Banks under policies and procedures issued by the Federal Reserve Board.[5] Historically, the Reserve Banks generally used local supervisory staff for examinations and inspections, which, for the most part, were focused on legal entities, such as banks, Edge corporations, or bank holding companies. The examinations and inspections were conducted once a year in most cases, and, subsequently, a rating was issued for the entity examined. There was usually little supervisory activity focused on the examined entity during the remainder of the year unless a crisis arose or the examination revealed material problems that required continued attention by supervisors. Ratings were arrived at using an approach that placed a great deal of emphasis on the valuation of assets, particularly the loan portfolio, while also taking into consideration assessments of other factors, including capital, earnings, liquidity, and management.

2. For a few of the fifty largest companies, data on total nonbanking assets were not available.

3. For a useful survey on this topic, see Allen N. Berger, Rebecca S. Demsetz, and Philip E. Strahan, "The Consolidation of the Financial Services Industry: Causes, Consequences, and Implications for the Future," *Journal of Banking and Finance*, vol. 23 (February 1999), pp. 135–94.

4. For example, these so-called section 20 securities subsidiaries (referring to section 20 of the Glass–Steagall Act) were allowed to have only a certain percentage of their revenue stem from securities activities normally not allowed in a commercial bank—"bank-ineligible" activities—and were also limited outright from conducting other activities.

5. The type of charter that a U.S. bank holds determines its primary supervisor. For nationally chartered banks, the primary supervisor is the Office of the Comptroller of the Currency; for state-chartered banks that are members of the Federal Reserve System, it is the Federal Reserve and the respective state; and for state-chartered banks that are not members of the Federal Reserve, it is the Federal Deposit Insurance Corporation and the respective state. The Federal Reserve also supervises bank holding companies and Edge corporations.

Key Milestones in Risk-Focused Supervision

As with most large-scale supervisory efforts, the development of risk-focused supervision and of the LCBO program has progressed in stages. The formal elements of the program's policy development include a number of supervision and regulation (SR) letters, published by the Division of Banking Supervision and Regulation at the Federal Reserve Board. In general, these SR letters provide a way for the Board to communicate supervisory policies to its supervisory personnel, to the banking industry, to other market participants, and to the general public.[1] The SR letters related to risk-focused supervision and the LCBO program include the following.

- *SR 95-22: Enhanced Framework for Supervising the U.S. Operations of Foreign Banking Organizations.* Details a risk-focused supervision program developed by the banking supervisory authorities that have supervisory and examination responsibilities for the U.S. operations of foreign banking organizations.
- *SR 95-51: Rating the Adequacy of Risk Management Processes and Internal Controls at State Member Banks and Bank Holding Companies.* Instructs examiners to shift more of their focus to risk-management processes and internal controls in recognition that new technologies, product innovation, and the size and speed of financial transactions have changed the nature of financial markets.
- *SR 96-14: Risk-Focused Safety and Soundness Examinations and Inspections.* Outlines the elements of risk-focused examinations and inspections, which focus particular attention on the most important risks facing an institution and evaluate lower-risk businesses less intensively.
- *SR 97-24: Risk-Focused Framework for Supervision of Large Complex Institutions.* Describes the framework of a risk-focused supervision program for institutions with more than $1 billion in assets. The details of the framework, including examination and inspection procedures, are contained in an attachment, "Framework for the Risk-Focused Supervision of Large Complex Organizations."

1. The SR letters are available at www.federalreserve.gov/boarddocs/srletters. The first two digits of each letter indicate the year of issuance, the second, the sequence of its issuance that year.

- *SR 98-13: Enhancements to the Interagency Program for Supervising the U.S. Operations of Foreign Banking Organizations.* Describes improvements to the interagency risk-focused supervision program for the U.S. operations of foreign banking organizations.
- *SR 98-25: Sound Credit Risk Management and the Use of Internal Credit Risk Ratings at Large Banking Organizations.* Guides supervisors in their evaluation of credit-risk-management systems and offers examples of sound practices.
- *SR 99-15: Risk-Focused Supervision of Large Complex Banking Organizations.* Applies the risk-focused supervision framework to LCBOs and emphasizes the challenges inherent in evaluating their internal control and risk-management systems.
- *SR 99-18: Assessing Capital Adequacy in Relation to Risk at Large Complex Banking Organizations and Others with Complex Risk Profiles.* Directs supervisors to evaluate banking organizations' internal capital management processes to determine whether they meaningfully tie the identification, monitoring, and evaluation of risk to the determination of the institutions' capital needs.[2]
- *SR 00-13: Framework for Financial Holding Company Supervision.* Provides guidance concerning the purpose and scope of the Federal Reserve's supervision of financial holding companies, with particular emphasis on working with other relevant supervisors and regulators.
- *SR 00-14: Enhancements to the Interagency Program for Supervising the U.S. Operations of Foreign Banking Organizations.* Discusses additional steps that are being taken to further refine the interagency risk-focused supervision program for the U.S. operations of foreign banking organizations.

The LCBO program continues to develop and to be refined in response to changes in the industry. Senior management within the Federal Reserve System meet regularly to review the LCBO program and to strengthen it, where possible.

2. For more detail, see text note 11.

Changes in the environment in which banking organizations operate have had a very substantial impact on the way they are managed and, in turn, have necessitated changes in the way they are supervised. It became clear that the traditional process of examining banking organizations once a year—focusing mostly on their stock of assets at a fixed point—would no longer be an effective way to evaluate the condition of many banking organizations. The Federal Reserve responded to this situation in the 1990s by developing a program of risk-focused supervision. Various aspects of risk-focused supervision have been communicated in a series of letters on policy guidance starting in 1995 (see box "Key Milestones in Risk-Focused Supervision"). The LCBO supervision program, which was formally established in 1999, is essentially an intensive application of risk-focused supervision to the largest, most complex banking organizations. These are the institutions in which change is most dramatic, with respect both to the impact of change and the speed with which changes in the organizations' risk profiles can occur (see box "Criteria for Inclusion in the LCBO Program"). Generally, by paying special attention to LCBOs, supervisors aim to minimize significant adverse effects on the public, on financial markets and the financial system in the United States and abroad, and on taxpayers, who provide the ultimate resources behind the bank safety net.

Criteria for Inclusion in the LCBO Program

A number of measures are employed as guidelines for determining whether a particular banking organization should be included in the LCBO supervision program. These measures take into account the size of the organization, the extent of international operations, participation in large-value payment and settlement systems, and the extent of custody operations, fiduciary activities, and trading activities. For foreign organizations with a significant U.S. presence, these measures are assessed for U.S. operations as well as for the global organization. Measures that are considered include the following:

- Total assets
- Size of off-balance-sheet exposures
- Activity in derivatives markets
- Trading assets and trading revenue
- Foreign assets and foreign deposits
- Funding from market (non-deposit) sources
- Securities borrowed and securities lent
- Income from fiduciary activity
- Mutual fund sales and mutual fund fee income
- Revenue earned in mortgage markets
- Assets under management
- Activity in payment systems
- Involvement in securities settlements
- Geographic scope of operations
- Merchant banking activities and proprietary investments.

No single factor qualifies or disqualifies an organization from being considered an LCBO. It is also important to note that the population of LCBOs is fluid and can change as a result of developments affecting a banking organization or changes in the industry as a whole. In particular, the number of LCBOs can change rather quickly as a result of mergers and acquisitions. Since the establishment of the LCBO program, the number of institutions that are considered LCBOs has been in the range of twenty-five to thirty companies. In addition, there are a number of banking organizations that do not meet enough of the criteria to be considered LCBOs but have sufficient size or complexity in some of their activities to be covered by the program to a certain extent.

Overview of the LCBO Program

The fundamental goals of the Federal Reserve's supervisory process for LCBOs are to maintain an accurate and current assessment of each banking organization's financial and managerial strength and to respond in a timely fashion to any emerging problem. There are a number of important elements that together define this program (see box "Comparison of Traditional Bank Examinations with Risk-Focused Supervision for LCBOs"):

- The program places strong emphasis on understanding and evaluating each institution's internal risk-management processes and control infrastructures.
- Each LCBO is assigned a team of Federal Reserve supervisors, who conduct an ongoing supervisory program based on the risks that have been identified in the organization's operations.
- Small teams with technical expertise on such issues as credit-risk modeling, payment systems, and information technology are available to supplement individual LCBO teams.
- The Federal Reserve's assessment of the banking organization's risk profile, as well as the corresponding plan for supervision of the institution, is updated quarterly, or more frequently as warranted, taking into account market developments
- The program stresses the development of relationships with the management of the banking organization at various levels through regular and frequent communications.
- The banking organizations that are covered by the LCBO program are viewed not just individually but also as a group to identify common or emerging weaknesses that have the potential to become more serious or to become systemic problems.

Regardless of how their business lines are managed, most LCBOs operate through a variety of legal entities that fall under the jurisdiction of different licensing and supervisory authorities, requiring a high level of information sharing and coordination among relevant supervisory agencies. For example, because a number of U.S.-headquartered LCBOs have lead banks with national bank charters, the Federal Reserve and the Office of the Comptroller of the Currency, the supervisor for national banks, cooperate closely in the supervision of these banking organizations. This collaboration among supervisory agencies both facilitates understanding the risk profile of a banking organization as a whole and

Comparison of Traditional Bank Examinations with Risk-Focused Supervision for LCBOs

Traditional Bank Examinations	Risk-Focused Supervision for LCBOs
Supervisory process is focused on a single point in time and is rarely continuous unless there is a crisis.	Supervisory process is continuous and is more tuned to market developments.
Examinations are generally staffed locally.	Institutions are assigned designated supervisory teams. The teams are supplemented with specialists, who may be drawn from across the Federal Reserve System.
Significant emphasis is placed on valuation of assets.	Focus is on risk-management processes and control systems.
Dialogue with management is mostly related to examination findings unless there is a crisis.	There is more frequent communication with senior management.
	Supervisory process includes more interaction with line management of business activities and risks.
	Program includes business line and functional reviews that incorporate identification of best practices.

reduces the burden of the supervisory process on that organization.

Basic Framework for Risk-Focused Supervision

The basic framework for risk-focused supervision—the program that the Federal Reserve applies to all complex banking organizations with more than $1 billion in assets (discussed in SR 97-24)—consists of four principal activities that are carried out in a continuous cycle.[6] These are (1) gaining an understanding of the institution through a detailed risk assessment; (2) developing the supervisory plan; (3) executing the supervisory plan and reporting the results; and (4) determining and communicating the overall condition of the banking organization and addressing supervisory concerns.

Formulating the Risk Assessment

The process of understanding an institution and assessing its risks combines a "bottom-up" analysis of significant business lines—including reviews of sampled individual credits, exposures, and transactions—with a "top-down" look at the broad policies, procedures, and controls with which the banking organization identifies and manages risks company-wide. Using both approaches, examiners evaluate six major types of risk—credit, market, liquidity, operational, legal, and reputational (see box "Major Risk Categories"). For significant business lines, examiners prepare an activity risk matrix by evaluating the inherent risk undertaken by the business line with respect to the six major risk categories and then evaluating whether that risk is low, moderate, or high. They then assess the strength of the organization's systems for managing those risks, evaluating them as strong, acceptable, or weak. Risk-management systems include oversight by the board of directors and senior management; policies, procedures, and limits; internal risk review and management information systems; and internal control processes.

The institution-wide risk assessment is also prepared along the lines of the six major types of risk and includes a composite risk assessment. Examiners judge the level of each risk—high, moderate, or low—and the direction of risk—increasing, stable, or decreasing. In arriving at these assessments, examiners incorporate their evaluations of corporate-wide processes for identifying, measuring, monitoring, and controlling the six major types of risk, as well as their assessments of the risk profiles of significant business lines.

Developing the Supervisory Plan

The completion of the institution-wide risk assessment leads to the development of a comprehensive

6. The Federal Reserve has also developed a program for risk-focused supervision of community banks. That program is discussed in SR 97-25.

Major Risk Categories

Credit risk arises from the potential that a borrower or counterparty will fail to perform on an obligation.

Market risk is the risk to a financial institution's condition resulting from adverse movements in market rates or prices, such as interest rates, foreign exchange rates, or equity prices.

Liquidity risk is the potential that an institution will be unable to meet its obligations as they come due. It may occur because an institution cannot liquidate assets or obtain adequate funding (referred to as *funding liquidity risk*) or because it cannot easily unwind or offset specific exposures without significantly lowering market prices because of inadequate market depth or market disruptions (referred to as *market liquidity risk*).

Operational risk arises from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud, or unforeseen crises will result in unexpected losses.

Legal risk arises from the potential that unenforceable contracts, lawsuits, or adverse judgments will disrupt or otherwise negatively affect the operations or condition of a banking organization.

Reputational risk is the potential that negative publicity regarding an institution's business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions.

supervisory plan for the banking organization. The supervisory plan outlines both the ongoing monitoring and examination activities that are to be carried out over the next twelve months and the resources required for these activities. The activities that make up the supervisory plan are a direct reflection of the areas of significant risk identified in the risk assessment. The risk assessment is updated whenever significant new information is obtained, and the supervisory plan, in turn, is updated to reflect any significant changes in an institution's risk assessment.

The supervisory plan is developed in close coordination with other relevant supervisors and also takes into account the findings of internal audits and independent reviews. The coordination inherent in the planning process is designed to utilize, to the extent feasible, work done by others to avoid duplication of effort and unnecessary regulatory burden on the institution.

Executing the Supervisory Plan

Executing the supervisory plan entails a combination of ongoing analysis and monitoring activities, pre-examination analysis, and examination activity, which generally includes some level of transaction testing.[7] Ongoing analysis and monitoring activities may include the review of policies and procedures, of internally generated management information reports and regulatory filings, of audit findings, and of other documents. Given the wide range in size and complexity of the institutions covered under the basic risk-focused framework, examination work can vary from an annual examination that is focused on significant risk areas to a series of reviews targeted at functional areas or business lines that are conducted throughout the year. While carrying out their work, examiners refer to supervisory manuals as well as supplemental guidance. The results of these supervisory assessment activities are detailed in various written documents, including reports, letters to the management of the institution, and, in some cases, memoranda that discuss the findings of reviews conducted at a number of institutions.

Determining and Communicating the Condition of the Institution

The final step in the ongoing process of basic risk-focused supervision is making a judgment about the overall condition of the banking organization, communicating that condition to the company's management, and addressing any supervisory concerns that have been identified. An overall assessment of the institution's condition is prepared and sent to the institution at least annually. Management is requested to respond as to how it plans to address any areas of supervisory concern that have been brought to its attention in the assessment. Any necessary supervisory measures for remedial action are also prepared at this stage.

APPLICATION OF RISK-FOCUSED SUPERVISION TO LCBOS

Increased Emphasis on Internal Systems and Controls for Managing Risk

The size, complexity, and rapidly changing risk profiles of LCBOs make evaluation of their condition as

7. Transaction testing involves the review of individual transactions, such as loans, derivatives contracts, or investments, to assess the adequacy and consistency with which the institution's policies and procedures are applied.

of a fixed point in time extremely difficult and, at the same time, less meaningful than for smaller, less complex institutions. Therefore, for LCBOs, the supervisory process places even greater emphasis on evaluating the organizations' own systems for managing risk as well as on evaluating their internal control processes.

Nevertheless, transaction testing remains an important element in the assessment of these banking organizations' risk-management systems. Examiners also evaluate the sufficiency with which banking organizations stress test their portfolios in the process of managing risk.[8] Over time, as supervisors become satisfied with individual banking organizations' systems for classifying and measuring risk, they are expected to provide bank management with suggestions for further improvements in the systems based on industry-wide best practices, consistent with minimum standards for safety and soundness.

The Gramm–Leach–Bliley Act (GLBA) authorized qualifying bank holding companies to operate as financial holding companies (FHCs) and to engage in a diverse range of financial activities. The Federal Reserve now acts as "umbrella" supervisor for FHCs. The approach used by the Federal Reserve under the LCBO program is fully consistent with the process prescribed by GLBA for supervising FHCs.[9] Umbrella supervision under GLBA reflects the reality that the risks associated with financial activities generally cut across legal entities and business lines and that, in fact, most large and sophisticated financial services companies take a consolidated, or organization-wide, approach to managing their risks. The umbrella role requires the Federal Reserve to understand FHC's corporate-wide systems and controls for managing risk and to keep primary bank supervisors and other relevant supervisors advised of any evolving problems in these areas that may affect the entities they supervise and regulate.

Assignment of a Designated Team

One of the essential elements of the supervisory program for LCBOs is the assignment of a full-time team of Federal Reserve supervisors to each banking organization. This designated team is responsible for developing and maintaining the Federal Reserve's supervisory plan for the banking organization and for coordinating all supervisory activity related to it. In its effort to accomplish this goal, the team must maintain a high level of knowledge about the banking organization and its strategies, organizational structure, risk-management systems, and control policies.

Each designated team is headed by a very senior examiner or Reserve Bank official—the "central point of contact," or CPC, for the institution. The CPC serves as the Federal Reserve's primary day-to-day contact for a particular LCBO and coordinates the development and execution of the supervisory strategy for the institution.

The designated team generally comprises four to ten seasoned examiners and analysts. Team members typically have broad-based knowledge and experience in banking and skill sets that are particularly relevant to the risk profile and major activities of the banking organization. The work of the designated team is supplemented as necessary with specialists in technical areas such as modeling credit risk and market risk, payment systems, and information technology. Staffing for the designated team is directed by the Reserve Bank that has responsibility for leading the Federal Reserve's supervisory program for the banking organization. A team may include members from more than one Reserve Bank, and specialists may also be drawn from across the System.

Maintaining Information Flows

Complex banking organizations typically measure and manage consolidated risk by individual customer; by major line of business; by category of risk, such as credit risk or market risk; by industry and geographic sector; and within distinct legal entities. The supervisory team for an LCBO looks at how the institution measures, monitors, and controls risk in each of these areas. The team is able to maintain its ongoing understanding of these risks in part through the establishment of regular information flows from a variety of sources. Included are internal management information reports from the banking organization as well as internal and external audit reports, regulatory filings, publicly available information, and information from other supervisors. Also included in the process are regular discussions with the management of the banking organization as well as discussions with other supervisory authorities responsible for that banking organization. With respect to internal management information reports, some of the largest banking organizations are increasingly providing direct on-line access to this information for the supervisory team.

8. For example, the banking organization might conduct stress tests by revaluing portions of its portfolio based on a hypothetical increase in interest rates or a hypothetical change in exchange rates.

9. SR 00-13 *Framework for Financial Holding Company Supervision* provides guidance concerning the purpose and scope of the Federal Reserve's supervision of FHCs.

The information-gathering portion of the ongoing supervision process is supported by an appropriate degree of verification through examinations or targeted reviews of specific business lines. Such activities include testing of processes, procedures, and controls, as well as a degree of transaction testing and analysis that reflects the level of risk in the area being reviewed and whether concern exists about the institution's ability to manage risk in that area. Targeted reviews of business lines are generally conducted in the following types of circumstances:

- When the supervisory team determines that a business line has high inherent risk that is not well controlled or when little information is available to the team on the operational controls
- When the business line is new, has undergone significant expansion, or is significant in terms of revenue and capital contribution but has not been reviewed for an extended period
- When the business line has experienced significant operational problems.

The objective of targeting business lines for review is to assess the adequacy of controls on activities undertaken in these business lines and to assess more fully their risk to the corporation.

Coordinating with Other Supervisors

Before the development of risk-focused supervision, the style of communication among supervisors on matters pertaining to an individual institution primarily involved ad hoc contact. Such contact included exchange of examination reports, sharing of information related to specific problem situations, and coordination when special examination work was necessary to obtain additional information regarding a problem situation. The supervisors involved in this traditional pattern of communication included the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, state banking agencies, and foreign bank supervisors.

Several authorities are usually involved in supervising various parts of the operations of LCBOs, both within the United States and abroad. As these banking organizations have evolved, ongoing contact among the supervisors of the principal affiliates within a banking organization has become particularly important. This contact is necessary not only to avoid duplicative work by supervisors and excessive burden on the institution but also to provide the respective parties with the benefit of the perspective of their counterparts.

Coordinating with Other Primary Supervisors

This need for the exchange of information is particularly important when the lead bank of an LCBO has a primary supervisor other than the Federal Reserve. The lead bank typically plays an integral role within these dynamic banking organizations. In addition, systemic risk is associated with the potential disruption of the operations of large banks. Thus, the Federal Reserve needs to know more about the activities within large insured depository institutions than can be derived from public information or from the reports of the primary bank supervisor, and it also needs to have more than ad hoc contact with the primary bank supervisor. Similarly, the primary bank supervisor needs information about the activities of a bank's parent company and its nonbank affiliates to be aware of, and address as necessary, threats to the soundness of the bank that may arise from elsewhere in the consolidated organization.

As noted earlier, the Federal Reserve cooperates routinely with primary bank supervisors in preparing supervisory plans for LCBOs. The Federal Reserve takes into account work that has been done by the primary supervisor in identifying those areas that it wants to focus on at a banking organization. In addition, there are times when examiners from both the Federal Reserve and the primary bank supervisor participate in an examination. For example, examiners from both the Federal Reserve and the OCC may participate in a review of an organization's internal audit process. Such an examination is normally under the lead of one of the agencies, and, ordinarily, only one report or memorandum is prepared.

Coordinating with Functional Regulators

Because many LCBOs have become financial holding companies, they are in a position to expand further the range of activities they engage in through nonbank subsidiaries. Therefore, functional regulators have been added to the mix of regulatory counterparts with which effective communication and cooperation needs to take place. Functional regulators include the Securities and Exchange Commission, the Commodities Futures Trading Commission, the National Association of Securities Dealers, and constituents from the National Association of Insurance Commissioners. In its role as the umbrella supervisor of financial holding companies, the Federal Reserve must coordinate its activities with these functional regulators and work with them to understand the risk profiles of the individual regulated entities and their relation and importance to an FHC's overall risk profile.

Coordinating with Foreign Supervisors

In the international sphere, the Federal Reserve has been working with its counterparts in various countries around the world to strengthen communication and cooperation in the supervision of banking organizations that operate across borders. These efforts at collaboration have intensified in recent years and now take place in a variety of international settings, as well as on a bilateral basis between supervisors with respect to individual banking organizations (see box "Special Aspects of Supervising Large Foreign Banking Organizations"). One example of a multilateral effort is the Basel Committee on Banking Supervision, in which supervisors from member countries meet to discuss important issues and formulate guidelines to improve and refine the process of banking supervision globally.

Portfolio Approach

Evaluating activities of banking organizations across institutions to identify trends and ensure consistency in supervisory treatment has long been a practice among supervisors.[10] The LCBO program builds upon this practice by emphasizing comparative analysis of LCBOs with similar business lines, characteristics, and risk profiles. This portfolio approach to supervision serves to identify "outliers" among LCBOs with respect to risk profiles and risk-management techniques. By using this approach, supervisors are able not only to continue ensuring

10. An example is the Shared National Credit program, in which the bank supervisory agencies review large syndicated loans (more than $20 million) annually to provide an efficient and consistent review and classification of any loan or loan commitment shared by three or more supervised institutions.

Special Aspects of Supervising Large Foreign Banking Organizations

Foreign banking organizations (FBOs) have a sizable presence in the United States, accounting for about 20 percent of the assets held by banking organizations located or operating in the United States.[1] Some of the largest FBOs are also among the largest participants in U.S. financial markets. Because of their size and complexity both on a global level and in terms of their U.S. operations, large FBOs account for approximately one-third of the banking organizations in the LCBO program.

U.S. bank supervisory agencies operate as "host country" supervisors for FBOs. As a result, although they have full access to information concerning the U.S. operations of FBOs, they do not have the same level of access to information on FBOs' consolidated operations and risk-management systems as the home country supervisors do. Therefore, U.S. supervisors focus particular attention on evaluating an FBO's consolidated financial condition, its capital adequacy, and its general ability to support its U.S. operations. In this regard, U.S. supervisors apply several specific criteria to assess an FBO's ability to support its U.S. operations, including measures related to financial and managerial soundness, to corporate governance, and to transparency.[2]

For FBOs that are part of the LCBO supervision program, the program's risk assessments are prepared specifically for the U.S. operations. However, U.S. supervisors need to have a sufficient understanding of an FBO's global risk-management and internal control systems in order to evaluate the manner in which those systems are applied with respect to oversight and control of its U.S. operations. U.S. supervisors are often able to obtain much of this information from FBO management based in the United States. However, in many cases the centralized nature of banking organizations' management of certain business lines or control functions may necessitate discussions with corporate management at the FBO's headquarters.

A core element of the LCBO program as applied to FBOs is communication with home country supervisors. In periodic meetings and discussions, U.S. supervisors seek the views of the home country supervisors on developments in the home country financial system generally and with respect to individual FBOs. U.S. and home country supervisors share information, as appropriate, contained in risk assessments and supervisory plans and obtained in examinations of U.S. operations of FBOs. When follow-up supervisory action is necessary, U.S. and home country supervisors work together closely in the development and implementation of the supervisory action.

1. Total assets held by foreign banking organizations include total assets of U.S. bank holding companies or financial holding companies held by those foreign institutions, as well as total assets of branches, agencies, Edge corporations, direct nonbank subsidiaries, and commercial lending companies held by them.

2. The Federal Reserve, along with other banking agencies, has in place a program for the coordinated supervision of FBOs, which outlines how these measures should be evaluated. See SR 00-14 *Enhancements to the Interagency Program for Supervising the U.S. Operations of Foreign Banking Organizations* (available at www.federalreserve.gov/boarddocs/srletters).

consistency in the supervision of institutions with similar businesses and risk profiles but also to compare risk-management practices within the industry. In a broader sense, supervisors are given an improved framework for discerning industry trends, which can be particularly useful in informing policymakers.

In the development of the LCBO program, there have been a number of structured efforts to improve portfolio analysis of LCBOs. Two of the most important have been Coordinated Supervisory Exercises (CSEs) and the establishment of competency centers and knowledge centers. Through CSEs, supervisors develop comparative analyses of risk-management processes governing specific business activities or functional areas, deepen their understanding of inherent risk in specific business activities, develop examiner expertise, and identify gaps or weaknesses in existing Federal Reserve System policies and procedures. For each CSE, a team is formed that typically has members from several Reserve Banks as well as staff from the Federal Reserve Board. CSEs can take various forms but usually involve examination work at a number of LCBOs, which are selected based on their involvement in the business activity or control function being reviewed. Once the project is completed, participants in a CSE prepare a report on the results and findings and distribute it within the community of relevant supervisors. In addition, the aggregate findings are discussed with the banking organizations that were included in the CSE.

The establishment of competency centers and knowledge centers, which are housed at designated Reserve Banks, arose out of a need to develop and maintain Federal Reserve System expertise in specific technical areas in an efficient manner. At this time, competency centers have been established for two areas—venture capital activities and capital management processes.[11] One knowledge center has been established with respect to insurance activities. These centers assist examiners and other supervisory staff in keeping abreast of the most recent developments in their respective areas. In addition, competency centers maintain teams of specialists in their respective areas that are available to participate in examinations in other Federal Reserve Districts.

Market Discipline

The idea that financial markets can provide useful discipline to U.S. banking organizations is not new. However, as non-core funding—that is, funding based on uninsured deposits—now represents a higher percentage of total funding than in the past, particularly for LCBOs, it is important that market participants play a greater role in the supervision of these banking organizations. The need for market discipline—and its prerequisite, public disclosure—is heightened because the unusual size and complexity of LCBOs requires either more burdensome and detailed supervision and regulation or incentives from other sources to ensure safe and sound banking operations. Discipline of LCBOs and other banking organizations by the market can complement supervision by reducing excessive risk-taking, by alleviating some of the moral hazard that exists with a federal safety net, and, it is hoped, by decreasing the level of supervision that would otherwise be necessary.[12]

Market discipline works through changes in access to funds and changes in risk premiums as banks take on or shed risk or engage in certain types of transactions. Market discipline can function directly, for example, if the cost of funding for a banking organization rises as its risk-taking increases; or indirectly, as market participants and bank supervisors observe prices of the company's financial instruments (including equity shares and various types of debt) to assess whether the risk profile has increased and then take appropriate action. Two particular approaches to market discipline appear to be most promising, particularly for LCBOs: increased public disclosure and issuance of subordinated debt by the companies.[13]

More transparent balance sheets and the disclosure of additional information about a banking organization's risks are beneficial to shareholders, debt holders, and the market in general. Expanding this type of disclosure is one strategy for improving market discipline. To be sure, most LCBOs already disclose a considerable volume of information to market participants, and, indeed, there is ample evidence that market discipline now plays a role in affecting their behavior. Nonetheless, the scale and clarity of disclo-

11. These processes include sophisticated techniques used to model the specific amount of capital necessary to support certain activities—often referred to as "economic" capital.

12. The term "moral hazard" applies to instances in which an economic agent's risk-taking is affected by the fact that the agent faces zero or reduced costs from a negative outcome of a risky action but receives full gains from a positive one. For example, if creditors of a banking organization know that deposit insurance will protect them from losses if it fails, then they have few incentives to protect against a deterioration in its financial condition.

13. In 1999, a Federal Reserve task force sponsored the publication of staff studies on these two subjects: Federal Reserve System Study Group on Disclosure, *Improving Public Disclosure in Banking*, Staff Studies 173 (Board of Governors of the Federal Reserve System, March 2000); and Federal Reserve System Study Group on Subordinated Notes and Debentures, *Using Subordinated Debt as an Instrument of Market Discipline*, Staff Studies 172 (Board of Governors of the Federal Reserve System, December 1999).

sures is better at some institutions than at others and, on average, could be considerably improved.

One particularly useful element of increased public disclosure is the reduced tendency for market participants to be surprised by sudden adverse news. If information is released on a more consistent basis, the reporting of unfavorable news is less likely to result in large market movements, which might have systemic implications. Supervisors are engaged in a dialogue with the banking industry to identify those areas in which expanded public disclosure would be most useful. In that regard, a private-sector working group recently issued recommendations for more frequent public disclosure of financial information by banking and securities organizations. Among its recommendations, the group said that market risk information previously disclosed annually should be disclosed quarterly; that the content of market risk disclosures should be improved; and, that additional credit risk information on wholesale credit exposures should be made available quarterly. The group also noted that public disclosures should vary among institutions to reflect legitimate differences in internal management processes and that disclosure practices should change in step with innovations in firms' risk-management and measurement practices.[14]

The second strategy that may hold considerable promise for augmenting market discipline is to require banks to issue minimum amounts of subordinated debt to unrelated parties. Subordinated debt holders have an interest in discouraging excessive risk-taking because their claims are both long-term and junior to all depositors and to any senior debt holders. Subordinated debt holders share in very limited ways in potential gains made by a company but are exposed to considerable risk if it encounters financial difficulty. In this respect, their risk preferences can resemble those of banking supervisors. By raising a company's cost of funds, subordinated debt holders can send a direct signal that excessive risk-taking is not desired. However, as documented in a recent report to the Congress by the Treasury and the Federal Reserve Board, a number of uncertainties need to be clarified before a mandatory subordinated debt policy would be judged desirable.[15] These uncertainties include how best to interpret changes in debt spreads, whether changes in other regulatory policies, such as improvements in risk-based capital rules, will make mandatory subordinated debt unnecessary, and whether the bank or its holding company parent should issue the debt.

Benefits of the LCBO Supervision Program

To date, there have been some recognizable benefits from the implementation of the LCBO program. First, supervisors are able to maintain on a more consistent basis a deeper understanding of the risk profiles, financial performance, and relative strength of the banking organizations in the program. Information exchanges—both with banking organizations and with other supervisors—are more frequent and open at all levels than in the past. As a result of ongoing monitoring and coordination efforts, the Federal Reserve becomes aware more quickly of emerging problems and is able to work with banking organizations and other supervisors, as appropriate, to take whatever steps may be necessary to address these issues. Having a more complete and continuous flow of information also helps supervisors to gauge earlier the effect of potentially adverse events on banking organizations and on the financial system in general.

An additional benefit of the program is the perspective that has been gained on risk-management practices across the industry. This perspective enables supervisors to provide recommendations to banking organizations with respect to strengthening of risk-management processes. These recommendations are based on a greater understanding of industry-wide best practices, consistent with minimum standards for safety and soundness, than was generally available to supervisors in the past. □

14. The Working Group on Public Disclosure, established in April 2000 by the Federal Reserve Board, was composed of representatives of eleven banking and securities firms. The working group's recommendations were announced in a joint press release by the Federal Reserve Board, the OCC, and the U.S. Securities and Exchange Commission, dated January 11, 2001, that is available on the Board's web site at www.federalreserve.gov/boarddocs/press/general/2001.

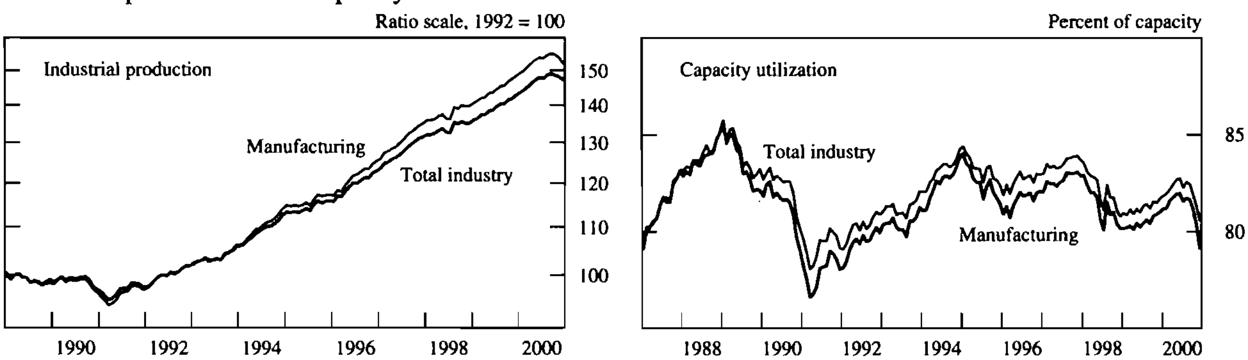
15. Under GLBA, the U.S. Treasury and the Federal Reserve Board were required to prepare a report to the Congress on the feasibility and desirability of a mandatory subordinated debt policy for certain depository institutions and their holding companies. This report, *The Feasibility and Desirability of Mandatory Subordinated Debt,* was submitted to the Congress in December 2000 and is available on the Board's web site at www.federalreserve.gov/boarddocs/RptCongress/.

Industrial Production and Capacity Utilization for December 2000

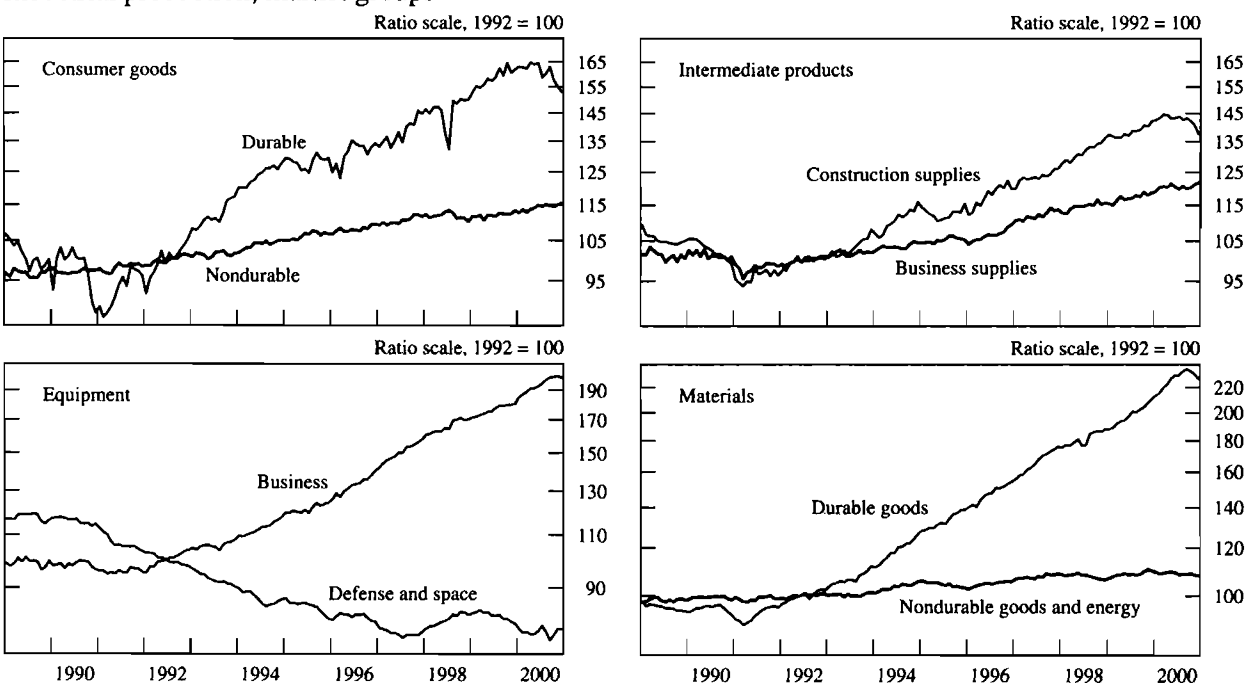
Released for publication January 17

Industrial production fell 0.6 percent in December after two months of smaller losses. After having slowed in the third quarter, industrial output contracted at an annual rate of 1.1 percent in the fourth quarter, the first negative quarterly reading since 1991. Manufacturing output declined 1.1 percent in December, with cutbacks in many industries. Output at utilities surged 6.5 percent in response to extremely cold weather, and production in mining edged up 0.3 percent. At 147.3 percent of its 1992 average, industrial production was 3.1 percent higher than in December 1999. The rate of capacity utilization for total industry fell to 80.6 percent in December, a level 1½ percentage points below its 1967–99 average.

Industrial production and capacity utilization



Industrial production, market groups



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

Industrial production and capacity utilization, December 2000

Category	Industrial production, index, 1992 = 100								
	2000				Percent change				
					2000[1]				Dec. 1999 to Dec. 2000
	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	
Total	**149.0**	**148.5**	**148.1**	**147.3**	**.2**	**–.3**	**–.3**	**–.6**	**3.1**
Previous estimate	149.1	148.9	148.6	. . .	.3	–.1	–.2	. . .	. . .
Major market groups									
Products, total[2]	136.7	136.3	136.4	136.1	.0	–.3	.1	–.2	2.6
Consumer goods	123.8	122.7	122.8	122.9	.0	–.8	.1	.0	.4
Business equipment	199.5	200.2	200.3	199.4	.9	.3	.1	–.4	10.5
Construction supplies	143.1	142.2	140.7	137.7	.3	–.7	–1.1	–2.1	–3.1
Materials	171.3	170.8	169.3	167.6	.5	–.3	–.9	–1.0	4.1
Major industry groups									
Manufacturing	155.1	154.8	153.9	152.2	.3	–.2	–.6	–1.1	2.6
Durable	198.4	197.2	196.0	193.5	.8	–.6	–.6	–1.2	6.0
Nondurable	116.0	116.4	115.8	114.7	–.3	.3	–.5	–.9	–1.6
Mining	100.4	100.4	100.3	100.6	–.6	.0	–.1	.3	1.9
Utilities	121.7	119.4	123.9	132.0	–.3	–1.9	3.8	6.5	12.4

Category	Capacity utilization, percent								MEMO Capacity, percent change, Dec. 1999 to Dec. 2000
	Average, 1967–99	Low, 1982	High, 1988–89	1999	2000				
				Dec.	Sept.[r]	Oct.[r]	Nov.[r]	Dec.[p]	
Total	**82.1**	**71.1**	**85.4**	**81.7**	**82.4**	**81.9**	**81.4**	**80.6**	**4.6**
Previous estimate	. . .	. . .	. . .	. . .	82.5	82.1	81.6	. . .	. . .
Manufacturing	81.1	69.0	85.7	81.0	81.7	81.2	80.4	79.1	5.0
Advanced processing	80.5	70.4	84.2	79.8	81.6	81.0	80.4	79.6	6.7
Primary processing	82.5	66.2	88.9	85.0	83.0	82.6	81.5	79.2	1.6
Mining	87.4	80.3	88.0	84.5	86.4	86.5	86.5	86.9	–.9
Utilities	87.5	75.9	92.6	90.0	91.0	89.0	92.1	97.9	3.3

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

MARKET GROUPS

The index for consumer goods was unchanged in December, with decreases in many categories offset by a surge in the output of consumer energy products. The production of durable consumer goods fell 1.5 percent and was pulled down for a third month by a drop in the production of automotive products. The output of other durable goods also fell for a third month and was down at an annual rate of 4.0 percent in the fourth quarter. The production of nondurable consumer goods other than energy products ticked down 0.1 percent in December.

The output of business equipment fell 0.4 percent in December but increased at an annual rate of 5.2 percent in the fourth quarter. The production of both industrial and transit equipment fell about 1½ percent in December. The output of transit equipment, particularly motor vehicles, dropped again and posted a substantial loss for the quarter. The output of computer and office equipment grew 0.6 percent in December, but growth during the quarter was noticeably slower than earlier in the year. Production of other business equipment increased 1.4 percent in December, lifted by a rebound in farm machinery.

The production of construction supplies fell sharply in December and was down at an annual rate of 8.2 percent in the fourth quarter. The output of materials contracted 1.0 percent in December following a similar decline in November. The indexes for durable and nondurable materials were down sharply and were offset only partly by an increase in the output of energy materials. Among durable materials industries, the consumer parts group was hit by another decline in the production of original equipment parts for motor vehicles. The output of semiconductors, printed circuit boards, and other electronic components increased 2.5 percent in December. Nonetheless, the fourth-quarter increase in this category was at an annual rate of 24.0 percent, a pace significantly below the average over the past two years. The 1.6 percent drop in the index for nondurable materials mainly reflected declines in the output of paper and chemicals.

INDUSTRY GROUPS

Manufacturing output dropped 1.1 percent in December, with a 1.2 percent decrease in the production of durable goods and a 0.9 percent decrease in nondurable goods. Among durable goods, the losses were widespread, with the largest declines in primary metals, fabricated metal products, and transportation equipment. The output of nondurables has declined, on balance, over the last six months, and losses in December were widespread. The petroleum products and paper and products industries suffered the largest drops.

The factory operating rate declined to 79.1 percent in December, 2½ percentage points below its September level and the lowest level since 1993. In recent months, capacity utilization has fallen significantly in the transportation equipment and primary metals industries. The operating rate at electric utilities surged to 97.8 percent in December, a level 8.2 percentage points above its 1967–99 average. The operating rate for mining was 86.9 percent, a reading at the high end of its range for the year.

REVISION OF INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

On December 5, the Federal Reserve Board published revisions to the index of industrial production (IP), to the related measures of capacity and capacity utilization, and to the index of industrial use of electric power. The updated measures reflect both the incorporation of newly available, more comprehensive source data typical of annual revisions and, for some series, the introduction of improved compilation methods. The revision also included a refinement of the method used to aggregate the individual series in the production and capacity indexes. The new source data are for recent years, primarily 1997 through 1999, and the modified methods affect data from 1992 onward.

The updating of source data for IP included annual data from the following reports of the Bureau of the Census: the 1997 Census of Manufactures, the 1998 Annual Survey of Manufactures, and selected editions of its 1998 and 1999 Current Industrial Reports. Annual data from the U.S. Geological Survey regarding metallic and nonmetallic minerals (except fuels) for 1998 and 1999 also were introduced. The updating included revisions to the monthly indicator for each industry (either physical product data, production-worker hours, or electric power usage) and revised seasonal factors.

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

Aggregate IP indexes are built as annually weighted chain-type indexes, beginning with data for 1977. Previously, the weights changed at the middle of every year; with the revision, the weights change every month beginning with data for 1992.

The revision is available on the Board's web site (www.federalreserve.gov/releases/g17). The revised data are also available through the web site of the Department of Commerce. Further information on these revisions is available from the Board's Industrial Output Section (telephone 202-452-3197).

The G.17 statistical release will be redesigned beginning with the issue covering data for January 2001. Special aggregates will be added; although some detailed industry data will no longer be listed in the regular release, these series will continue to be available on the Federal Reserve Board's public web site, along with a template of the redesigned tables. □

Announcements

FEDERAL OPEN MARKET COMMITTEE DIRECTIVE

The Federal Open Market Committee at its meeting on December 19, 2000, decided to maintain the existing stance of monetary policy, keeping its target for the federal funds rate at 6½ percent.

The drag on demand and profits from rising energy costs, as well as eroding consumer confidence, reports of substantial shortfalls in sales and earnings, and stress in some segments of the financial markets, suggest that economic growth may be slowing further. While some inflation risks persist, they are diminished by the more moderate pace of economic activity and by the absence of any indication that longer-term inflation expectations have increased. The Committee will continue to monitor closely the evolving economic situation.

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

STATEMENT ON THE NOMINATION OF PAUL O'NEILL AS SECRETARY OF THE TREASURY

Federal Reserve Board Chairman Alan Greenspan issued the following statement on December 20, 2000:

> In Paul O'Neill, the President-elect has attracted an exceptional and talented person. I look forward to again working closely with an old friend and colleague.

STATEMENT ON THE RESIGNATION OF ARTHUR LEVITT AS SEC CHAIRMAN

Federal Reserve Board Chairman Alan Greenspan issued the following statement on December 20, 2000:

> Arthur Levitt has much to be proud of in his lengthy and careful stewardship of the Securities and Exchange Commission. Our nation has benefited from his service and he will be missed by all of us who had the pleasure of working with him on a daily basis. I am, of course, hopeful that he will continue to agree to the occasional round of golf, and I wish him all good things as he ponders his next tough assignment.

APPOINTMENT OF NEW MEMBERS, PRESIDENT, AND VICE PRESIDENT TO THE THRIFT INSTITUTIONS ADVISORY COUNCIL

The Federal Reserve Board on December 22, 2000, announced the names of seven new members of its Thrift Institutions Advisory Council (TIAC) and designated a new president and vice president of the council for 2001.

The council is an advisory group made up of twelve representatives from thrift institutions. The panel was established by the Board in 1980 and includes savings and loan, savings bank, and credit union representatives. The council meets at least three times each year with the Board of Governors to discuss developments relating to thrift institutions, the housing industry, mortgage finance, and certain regulatory issues.

The new council president for 2001 is Thomas S. Johnson, Chairman and CEO, GreenPoint Bank, New York, New York. The new vice president is Mark H. Wright, President and CEO, USAA Federal Savings Bank, San Antonio, Texas.

The seven new members, named for two-year terms beginning January 1, are the following:

Ronald S. Eliason, President and CEO, Utah Community Federal Credit Union, Provo, Utah

D.R. Grimes, Vice President and CEO, NetBank, Alpharetta, Ga., and Charlotte, N.C.

Karen L. McCormick, President and CEO, First Federal Savings and Loan Association, Port Angeles, Wash.

James F. McKenna, President and CEO, North Shore Bank, FSB, Brookfield, Wis.

Charles C. Pearson, Jr., Co-Chairman and CEO, Waypoint Bank, Harrisburg, Pa.

Herbert M. Sandler, Chairman and CEO, World Savings Bank, FSB, Oakland, Calif.

Everett Stiles, President and CEO, Macon Bank, Franklin, N.C.

Other TIAC members whose terms continue through 2001 are the following:

Tom R. Dorety, President and CEO, Suncoast Schools Federal Credit Union, Tampa, Fla.

Cornelius D. Mahoney, Chairman, President, and CEO, Woronoco Savings Bank, Westfield, Mass.

Clarence Zugelter, President, CEO, and Chairman of the Board, First Federal Bank, F.S.B., Kansas City, Mo.

Adoption of an Interagency Rule on Disclosure and Reporting of CRA-Related Agreements

The federal bank regulatory agencies on December 21, 2000, approved the issuance of final regulations implementing the CRA Sunshine Requirements of the Federal Deposit Insurance Act (FDIA), which were recently enacted by the Gramm–Leach–Bliley Act.

The FDIA establishes annual reporting and public disclosure requirements for certain written agreements that are entered into between insured depository institutions or their affiliates and nongovernmental entities or persons (NGEPs) and that are made pursuant to, or in connection with, the fulfillment of the Community Reinvestment Act of 1977 (CRA). The final rule, to be published in the *Federal Register* by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision, identifies the types of agreements that are in fulfillment of the CRA and implements the requirements of the statute.

The FDIA exempts from coverage all agreements with NGEPs that have not had a communication concerning the CRA with the relevant banking organization or a banking agency. The final rule clarifies when NGEPs have had these types of communications and implements this exemption. The final rule also implements the exemptions included in the FDIA for certain types of loans and loan commitments.

Consistent with the statute, the agencies have implemented the disclosure and reporting requirements of the act in a manner that limits potential burden. For example, the final rule establishes simple disclosure and reporting procedures and allows NGEPs to use reports that they have prepared for other purposes—such as tax returns and financial statements—if these reports provide the information required by the FDIA.

The regulations, which are identical in all substantive respects, are effective April 1, 2001.

"Finder" Role Permissible Activity for Financial Holding Companies

The Federal Reserve Board on December 19, 2000, after consulting with the Secretary of the Treasury, has determined by rule that acting as a "finder" is an activity that is incidental to a financial activity and therefore a permissible activity for a financial holding company.

The Board's final rule provides that a finder may act through any means to bring together buyers and sellers of products and services for transactions that the parties themselves negotiate and consummate. Among other things, a finder may host an Internet marketplace consisting of links to the web sites of buyers and sellers. A finder also may operate a web site that allows buyers and sellers to post information concerning products and services and to enter into transactions among themselves.

The rule, approved by the Board on December 13, 2000, is effective thirty days after publication in the *Federal Register.*

Interim Rule on Definition of Financial Activities under Bank Holding Company Act

The Federal Reserve Board on December 21, 2000, approved an interim rule defining three categories of activities listed in section 4(k)(5) of the Bank Holding Company Act as financial in nature or incidental to a financial activity.

The interim rule also establishes a mechanism through which financial holding companies or other interested parties may request that the Board find, by order, that particular specific activities fall within one of the three categories.

The categories in section 4(k)(5), added to the Bank Holding Company Act by the Gramm–Leach–Bliley Act, are the following:

- Lending, exchanging, transferring, investing for others, or safeguarding financial assets other than money or securities
- Providing any device or other instrumentality for transferring money or other financial assets
- Arranging, effecting, or facilitating financial transactions for the account of third parties.

The Board is soliciting comment on the mechanism set out in the interim rule for requesting a Board finding and on what activities, if any, should be found by rule to fall within one of the three categories.

The Board plans to issue a joint notice with the Secretary of the Treasury, who is promulgating a similar interim rule implementing section 5136A(b)(3) of the Revised Statutes, which parallels section 4(k)(5).

The interim rule will become effective on January 2, 2001, and will be published in the *Federal Register.*

FINAL RULE ON PROCEDURES TO QUALIFY AS A FINANCIAL HOLDING COMPANY AND PERMISSIBLE ACTIVITIES

The Federal Reserve Board on December 21, 2000, approved a final rule setting forth procedures for domestic bank holding companies and foreign banking organizations to qualify as financial holding companies.

The rule, effective thirty days after publication in the *Federal Register,* also lists financial activities permissible for financial holding companies under the Gramm–Leach–Bliley Act.

The final rule reflects public comment submitted on the interim rule in effect since March 11, 2000.

With respect to foreign banks, the final rule does the following:

- Removes the tier 1 leverage ratio from the numerical screening test in the definition of "well capitalized" and adds the leverage ratio to the list of factors the Board may take into account in determining whether a foreign bank's capital is comparable to that required of a U.S. bank owned by a financial holding company
- Adopts specific standards with respect to consolidated home country supervision in order for a foreign bank to be treated as a financial holding company
- Clarifies the definition of "well managed" used in the assessment required of the overall operations of the foreign bank by its home country supervisor
- Revises the definition of "well managed" to require a foreign bank to have a satisfactory composite rating for its U.S. branch and agency operations, rather than requiring each office individually to have a satisfactory rating.

The Board believes that the standards and procedures for foreign banks represent a flexible approach that takes into account the statutory requirement for comparability of capital and management standards while ensuring that foreign banks operating in the United States are offered national treatment and equality of competitive opportunity.

INCREASE IN EXEMPTION THRESHOLD FOR DEPOSITORY INSTITUTIONS UNDER HMDA REPORTING REQUIREMENT

The Federal Reserve Board on December 20, 2000, announced that the exemption threshold for depository institutions that are required to report data under the Home Mortgage Disclosure Act (HMDA) is increased to $31 million. Under the revision to the Board's staff commentary to Regulation C (HMDA), depository institutions with assets totaling $31 million or less as of December 31, 2000, are not required to collect HMDA data in 2001. An institution's exemption from collecting data in 2001 does not affect its responsibility to report data it was required to collect in 2000.

The Board is required to adjust annually the asset-size exemption threshold for depository institutions based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers. The adjustment reflects changes for the twelve-month period ending in November 2000.

PROPOSED REVISIONS TO REGULATION C

The Federal Reserve Board on December 14, 2000, published proposed revisions to its Regulation C, which implements the Home Mortgage Disclosure Act (HMDA). The Board voted to request comments on the proposed revisions at its meeting on November 29, 2000. Comment is requested by March 9, 2001.

PROPOSED AMENDMENTS TO REGULATION Z REGARDING HOEPA

The Federal Reserve Board on December 13, 2000, proposed amending the provisions of the Board's Regulation Z (Truth in Lending) that implement the Home Ownership and Equity Protection Act (HOEPA) of 1994.

The Board seeks public comment on the proposed rule, which will be published in the *Federal Register.*

The amendments would broaden the scope of loans subject to HOEPA's protections by adjusting the price triggers that determine coverage under the act. The rate-based trigger would be lowered by 2 percentage points, and the fee-based trigger would be revised to include optional insurance premiums and similar credit protection products paid at closing.

Certain acts and practices in connection with home-secured loans would be prohibited, including a rule to restrict creditors from engaging in repeated refinancings of their own HOEPA loans over a short time period when the transactions are not in the borrower's interest. HOEPA's prohibition against extending credit without regard to a consumer's repayment ability would be strengthened by requiring creditors generally to document and verify income for HOEPA-covered loans. HOEPA disclosures would include the total amount of money borrowed.

HOEPA was enacted in response to anecdotal evidence of predatory lending practices in the home equity lending market. HOEPA imposes additional disclosure requirements by creditors at least three business days before the loan is closed. It also imposes substantive limitations, such as restrictions on short-term balloon notes, on certain home equity loans with rates and fees above a certain percentage or amount.

The term "predatory lending" encompasses a variety of practices. Often homeowners in certain communities—particularly, the elderly and minorities—are targeted with offers of high-cost, home-secured credit. The loans carry high up-front fees and may be based on the homeowners' equity in their homes, not their ability to make the scheduled payments. When homeowners have problems repaying the debt, they are often encouraged to refinance the loan. Frequently this leads to another high-fee loan that provides little or no economic benefit to the borrower.

HOEPA authorizes the Board to expand HOEPA's coverage and prohibit certain acts and practices in connection with mortgage lending generally. The Board held hearings this summer in Charlotte, Boston, Chicago, and San Francisco on possible ways to curb predatory lending using its regulatory authority.

Proposed Amendment to Regulation Y

The Federal Reserve Board on December 13, 2000, requested public comment on a proposal that would amend Regulation Y (Bank Holding Companies and Change in Bank Control). The proposal would permit the following:

- All bank holding companies, as an activity that is closely related to banking, to conduct a greater amount of nonfinancial data processing in connection with processing financial data
- Financial holding companies, as an activity that is complementary to financial activity, to invest in companies engaged in certain types of data storage, web hosting, and data processing advisory activities, so long as the investment was related to the provision of financial products and services.

The proposal also requests comment on whether the Board should permit financial holding companies to invest in companies that do the following:

- Develop new technologies that might support the sale and availability of financial products and services
- Provide communications links for the delivery of financial products and services
- And/or engage in the electronic sale and delivery of products and services that include, but are not limited to, financial products and services.

Comment is requested by February 16, 2001.

Proposed Revisions to Calculation Methods for Priced Services

The Federal Reserve Board on December 21, 2000, proposed revisions to the methods used for calculating the private-sector adjustment factor (PSAF) and net income on clearing balances (NICB). The Board requested comment by April 6, 2001.

The PSAF imputes the costs that would have been incurred and profits that would have been earned had the Reserve Banks' priced services been provided by a private firm.

The NICB imputes income on the investment of depository institutions' clearing balances held with the Reserve Banks, less related costs.

The Monetary Control Act of 1980 requires that the Federal Reserve set fees for its services to recover, over the long term, its actual costs of providing the services, as well as these imputed costs and profits. The Board reviews its method for calculating the PSAF periodically to assess whether it is still appropriate in light of the changing environment.

The Board's proposal would base the PSAF on a priced-services balance sheet that resembles that of a private business, using real assets and liabilities, imputing liabilities and equity only to the extent necessary, and more appropriately reflecting the risk inherent in priced-service activity.

Separately, the Board made available a related research paper proposing a new approach for calculating the cost of equity capital used in the PSAF. The paper has been posted on the Internet at: www.federalreserve.gov/press/boardacts/2000/20001221 2/researchpaper.pdf.

PROPOSAL TO ALLOW FINANCIAL HOLDING COMPANIES TO OFFER REAL ESTATE SERVICES

The Federal Reserve Board announced on December 27, 2000, that it is seeking public comment on a proposal to permit financial holding companies to act as real estate brokers and managers. Comment is due by March 2, 2001.

The rule, proposed by the Board on December 13, 2000, would determine that real estate brokerage and management services are financial in nature or incidental to financial activity and are therefore permissible for financial holding companies.

Concurrently with the Board, the Secretary of the Treasury developed a proposal that would allow financial subsidiaries of national banks to act as real estate brokers and managers.

The Board and the Secretary will jointly publish their proposed rule in the *Federal Register.*

PUBLICATION OF THE DECEMBER 2000 UPDATE TO THE *BANK HOLDING COMPANY SUPERVISION MANUAL*

The December 2000 update to the *Bank Holding Company Supervision Manual,* Supplement No. 19, has been published and is now available. The *Manual* comprises the Federal Reserve System's bank holding company (BHC) supervisory and inspection guidance. The supplement includes new or revised supervisory information and examiner guidance on the following topics:

1. *The Statutory Authority, Focus, and Scope of BHC Inspections.* The Gramm–Leach–Bliley (GLB Act), which amended section 5(c) of the BHC Act, sets forth the statutory authority, focus, and scope of BHC inspections. The GLB Act provides specific supervisory guidance pertaining to the breadth of BHC inspections, as well as inspections of their subsidiaries. The focus of inspections will be on preserving the safety and soundness of the holding company's affiliated depository institutions.

2. *The GLB Act's revisions to Section 23A of the Federal Reserve Act (transactions between affiliates).* The GLB Act expanded the coverage of section 23A by including transactions between banks and their financial subsidiaries and by providing a definition of financial subsidiary. With respect to transactions between a bank and an individual financial subsidiary of the bank, the GLB Act provides that the 10 percent limit on covered transactions does not apply. The GLB Act also created a rebuttable presumption that a company or shareholder controls another company if the company or shareholder directly or indirectly owns or controls 15 percent or more of the equity capital of the other company as a portfolio company.

3. *The Revised June 2000 Uniform Retail-Credit Classification and Account-Management Policy* (revised policy). The revised policy supersedes the February 1999 policy and provides for the following:

- Stressing the need for institutions to adopt and adhere to prudential internal standards on the number and frequency of extensions, deferrals, rewrites, and renewals of closed-end loans they grant
- Limiting re-aging of open-end accounts that participate in a debt counseling or workout program, following receipt of at least three consecutive minimum monthly payments, or an equivalent cumulative amount
- A current assessment of value to be made no later than 180 days past the contractual due date for loans secured by real estate (any loan balance exceeding the property's value, less selling costs, is to be classified as a loss and charged off)
- A clarification that collateralized loans due to be charged off under the policy can be written down to the collateral's value, less cost to sell, instead of being entirely charged off
- A clarification that payments received after the applicable charge-off threshold, but before the end of the month in which the charge-off threshold is triggered, may be considered when determining if a charge-off remains appropriate.

While the terms of the revised policy apply only to federally insured depository institutions, they are broadly applicable to BHCs, particularly their consumer finance nonbank subsidiaries and other credit-extending financial affiliates. Examiners are advised to consider the methodology used for aging retail loans. The contractual method of loan aging is emphasized as the more accurate and preferred methodology for aging retail loans. See Supervision and Regulation (SR) Letter 00–8. (SR Letters are the Federal Reserve's primary means of communicating key policy directives to its examiners, supervisory staff, and the banking industry. SR Letters can be viewed on the Board's Internet site: www.federalreserve.gov/boarddocs/srletters.)

4. *Financial Holding Companies (FHCs).* Information is provided on the focus and scope of the Federal Reserve System's supervisory framework for FHCs. Under the GLB Act, the Federal Reserve has supervisory oversight authority and responsibility for BHCs, including BHCs that operate as FHCs. The GLB Act streamlined the Federal Reserve's supervision of BHCs and provided parameters for working with primary depository institution regulators and other functional regulators (such as those responsible for supervising activities involving insurance, securities, and commodities).

The GLB Act designates the Federal Reserve as the umbrella supervisor of FHCs. In carrying out its supervisory oversight role, the Federal Reserve will maintain a supervisory focus that is concentrated on a consolidated or group-wide analysis of the organization. The Federal Reserve will thus identify and evaluate the significant risks in the diversified holding company, assessing how these risks could affect the safety and soundness and viability of its affiliated depository institutions. The Federal Reserve will also emphasize analysis of the consolidated financial condition of FHCs and the risks associated with engaging in a broad range of financial activities, since those risks can cut across the organization's legal entities and business lines. See SR Letter 00-13.

5. *Risk Assessments for Small Shell Bank Holding Companies (SSBHCs).* As announced in SR Letter 00-15, risk assessments for small SSBHCs are now due within sixty days of receipt of the lead bank's full-scope examination report, instead of forty-five days (as stated previously in SR Letter 97-27 and the Board's S-Letter 2587).

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

ENFORCEMENT ACTIONS AND TERMINATION OF PREVIOUS ACTIONS

The Federal Reserve Board on December 12, 2000, announced the issuance of several enforcement actions related to foreign banking organizations that had been involved with Operation Casablanca.

Operation Casablanca was a law enforcement undercover operation that resulted in numerous criminal money laundering convictions of drug traffickers, bankers, and two foreign banking organizations with operations in the United States—Bancomer, S.A., Mexico City, Mexico, and Banca Serfin, S.A., Lomas de Sante Fe, Mexico. The Federal Reserve provided substantial assistance to the U.S. Customs Service and the U.S. Department of Justice during the undercover operation and subsequent prosecutions.

On May 18, 1998, in response to the alleged misconduct by employees of several foreign banking organizations whose activities were identified during Operation Casablanca, the Federal Reserve Board issued temporary orders to cease and desist. The temporary orders required the banks to enhance their anti-money-laundering policies and procedures in the United States.

The Federal Reserve Board's actions included the following:

- The issuance of an order with regard to Bancomer, S.A., determining that it is not necessary to terminate the U.S. operations of the bank as a result of the bank's conviction for a money laundering offense in the United States
- The issuance of a consent cease and desist order against Bancomer, S.A., requiring continued enhancements of the bank's anti-money-laundering policies and procedures
- Because Banca Serfin, S.A. ceased all operations in the United States at the end of 1999, no further enforcement action against the bank was necessary
- The issuance of a written agreement between Banco Industrial de Venezuela and the Federal Reserve Bank of Atlanta, requiring continued enhancements of the bank's anti-money-laundering policies and procedures
- The termination of the temporary orders to cease and desist that had been issued against Bancomer, S.A., Banca Serfin, S.A., and Banco Industrial de Venezuela.

In March 2000, the Federal Reserve Board terminated temporary cease and desist orders that had been issued in 1998 against Banco Nacional de Mexico, Mexico City, Mexico; Banco Internacional, S.A., Mexico City, Mexico; and Banco Santander, Madrid, Spain.

The issuance of these enforcement actions concludes the Federal Reserve's enforcement efforts arising out of Operation Casablanca.

The Federal Reserve Board on December 12, 2000, announced the issuance of an order of prohibition against Bruce Jeffrey Kingdon, a former partner, operating committee member, managing director, employee, and institution-affiliated party of the Bankers Trust Company, New York, New York.

Mr. Kingdon, without admitting to any allegations, consented to the issuance of the order as a result of his alleged violations of law, unsafe or unsound banking practices, and breaches of his fiduciary duties to Bankers Trust and its customers.

The Federal Reserve Board on December 12, 2000, announced the execution of a written agreement by and between People's Bancshares, Inc., New Bedford, Massachusetts, and the Federal Reserve Bank of Boston.

The Federal Reserve Board announced on December 13, 2000, the issuance of a final decision and order of prohibition against Kaye G. Hill, former employee, Barnett Bank, N.A., Jacksonville, Florida. The order, the result of an action brought by the Office of the Comptroller of the Currency, prohibits Ms. Hill from participating in the conduct of the affairs of any financial institution or holding company.

CHANGES IN BOARD STAFF

The Board of Governors approved on December 20, 2000, a restructuring of the Division of Banking Supervision and Regulation. The principal objectives of the reorganization are the following:

- Focus more effectively on major supervisory risks and to provide additional emphasis on enhanced accounting, public disclosure, and market discipline as important supplements to safety and soundness supervision
- Develop a more coordinated approach to System-wide supervisory activities, including large, complex banking organizations (LCBOs) and resource allocation
- Support implementation of financial holding company umbrella supervision and other aspects of the Gramm–Leach–Bliley Act
- Address strategic organizational considerations.

As part of the reorganization, the Board is pleased to announce the following official staff promotions and appointments:

- The promotion of Herbert A. Biern, Roger T. Cole, and William A. Ryback to Senior Associate Directors
- The promotion of Gerald A. Edwards to Associate Director and Chief Supervisory Accountant
- The promotion of James V. Houpt, Stephen M. Hoffman, Jack P. Jennings, Michael G. Martinson, and Molly S. Wassom to Associate Directors
- The promotion of Sidney M. Sussan to Adviser
- The promotion of Howard A. Amer, Mary Cross Jacowski, Norah M. Barger, and Richard A. Small to Deputy Associate Directors
- The appointment of Deborah P. Bailey, Barbara J. Bouchard, Angela Desmond, James A. Embersit, Charles H. Holm, Heidi W. Richards, William G. Spaniel, and David M. Wright to the official staff as Assistant Directors.

Ms. Bailey was appointed Assistant Director responsible for LCBO supervision after having been the manager of the Global Organizations Section. She joined the Board's staff in 1997 after seventeen years with the Office of the Comptroller of the Currency as a supervisory financial analyst. She was awarded a B.B.A. from the University of Georgia and has received her commission as a National Bank Examiner.

Ms. Bouchard was appointed Assistant Director of the Supervisory and Risk Policy Function after having been the manager of the Policy Development Section. She began her career at the Board in 1992 as a senior financial analyst. She received her law degree from George Washington University's National Law Center and her B.S. from the University of Virginia.

Ms. Desmond was appointed Assistant Director for the LCBO Secretariat. She joined the Board's staff in 1993 and most recently performed the secretariat function for the LCBO Subcommittee of the System's Strategic Plan Steering Committee. She earned her B.S. from Boston State College and her J.D. from The American University Law School.

Mr. Embersit was appointed Assistant Director of the Market and Liquidity Risks Function. He began his career at the Board in 1991 as a supervisory financial analyst and was promoted to manager of the Capital Markets Program. Mr. Embersit earned his B.A. from The American University and holds master's degrees from Boston College and George Washington University.

Mr. Holm was appointed Assistant Director of the Accounting Function. He joined the Board's staff in 1988 as an accountant analyst in the Policy Development Section and became the manager of the Accounting Policy and Disclosure Section in 1998. He earned a B.S. from Villanova University, an M.B.A. from the University of Maryland, and is a certified public accountant.

Ms. Richards was appointed Assistant Director of the Operational Risk and Emerging Activities Function after having been manager of Specialized Activities. She joined the Board's staff in 1993 in the Division of Federal Reserve Bank Operations and Payment Systems as an assistant financial services analyst. She holds an A.B. from Radcliffe College and an M.P.A. from the John F. Kennedy School of Government at Harvard.

Mr. Spaniel was appointed Assistant Director of the System Planning Evaluation and Staff Development Function. He joined the Board's staff in 1990 as a senior financial analyst and in 1998 was promoted to manager, Supervisory Reviews and Evaluations. Mr. Spaniel holds a B.A. from The College of William and Mary.

Mr. Wright was appointed Assistant Director of the Credit Risk Function after having been manager of the Financial Analysis and Special Studies Function since 1998. He joined the division in 1991. He holds a B.A. from Wake Forest University and an M.B.A. from The College of William and Mary. □

Minutes of the Meeting of the Federal Open Market Committee Held on November 15, 2000

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Wednesday, November 15, 2000, at 9:00 a.m.

Present:

Mr. Greenspan, Chairman
Mr. McDonough, Vice Chairman
Mr. Broaddus
Mr. Ferguson
Mr. Gramlich
Mr. Guynn
Mr. Kelley
Mr. Meyer
Mr. Parry

Mr. Hoenig, Ms. Minehan, Messrs. Moskow and Poole, Alternate Members of the Federal Open Market Committee

Messrs. McTeer, Stern, and Santomero, Presidents of the Federal Reserve Banks of Dallas, Minneapolis, and Philadelphia respectively

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

Ms. Cumming, Messrs. Eisenbeis, Goodfriend, Howard, Lindsey, Reinhart, Simpson, and Sniderman, Associate Economists

Mr. Fisher, Manager, System Open Market Account

Mr. Winn, Assistant to the Board, Office of Board Members, Board of Governors

Mr. Ettin, Deputy Director, Division of Research and Statistics, Board of Governors

Mr. Madigan, Associate Director, Division of Monetary Affairs, Board of Governors

Messrs. Oliner, Slifman, and Struckmeyer, Associate Directors, Division of Research and Statistics, Board of Governors

Mr. Whitesell, Assistant Director, Division of Monetary Affairs, Board of Governors

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

Mr. Barron and Ms. Pianalto, First Vice Presidents, Federal Reserve Banks of Atlanta and Cleveland respectively

Messrs. Hakkio, Hunter, Ms. Mester, Messrs. Rasche, Rolnick, and Rosenblum, Senior Vice Presidents, Federal Reserve Banks of Kansas City, Chicago, Philadelphia, St. Louis, Minneapolis, and Dallas respectively

Messrs. Fuhrer, Judd, and Ms. Perelmuter, Vice Presidents, Federal Reserve Banks of Boston, San Francisco, and New York respectively

By unanimous vote, the minutes of the meeting of the Federal Open Market Committee held on October 3, 2000, were approved.

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

The Manager also reported on developments in domestic financial markets and on System open market transactions in government securities and federal agency obligations during the period October 3, 2000, through November 14, 2000. By unanimous vote, the Committee ratified these transactions.

The Committee then turned to a discussion of the economic situation and outlook and the implementation of monetary policy over the intermeeting period ahead.

The information reviewed at this meeting suggested that economic growth had slowed appreciably from the rapid pace in the first half of the year. The slowdown was most apparent in housing construction and business investment in equipment and software, while consumer spending remained on a relatively solid upward trend. With expansion of aggregate demand less robust, industrial production and employment were rising at appreciably slower rates, though unemployment remained very low. Core inflation appeared to be increasing, but very gradually and in part reflecting the indirect effects of higher energy costs.

Growth in private nonfarm payroll employment slowed in October from the moderate September rate; since midyear, employment growth had been considerably lower than earlier in the year. The falloff in growth was concentrated in the manufacturing, retail trade, and temporary help services industries. By contrast, the pace of hiring was brisk in real estate and construction and slowed only slightly in services industries other than temporary help. The civilian unemployment rate held at its current cyclical low of 3.9 percent in October.

Industrial production edged down in October, after its growth had dropped abruptly in the third quarter to a pace well below that recorded during the first half of the year. Manufacturing output was unchanged in October; a further sharp decline in production of motor vehicles followed on the heels of a third-quarter slump, and the manufacture of other durables also fell. Expansion of output of high-tech equipment, which had been extraordinarily rapid earlier in the year, slowed somewhat in October. With production unchanged in October, the rate of capacity utilization in manufacturing fell to a level slightly below its long-term average.

Nominal retail sales edged up in October after rising substantially in the third quarter. Nondurable goods stores, notably apparel, registered a sizable increase in October sales, but that gain was more than offset by declines in outlays for durable goods, particularly motor vehicles. Consumer spending for services continued to grow at a moderate rate through September (latest data). Recent consumer buying patterns seemed to reflect moderate growth of real disposable income in recent quarters and still generally buoyant consumer sentiment.

Single-family housing starts declined further in the third quarter as a whole. Nevertheless, the drop in interest rates on fixed-rate mortgages since mid-May might have sparked the slight increase, on balance, in single-family housing starts in August and September and the upturn in new home sales in the third quarter. After a strong first half, multifamily starts dropped in the third quarter despite low vacancy rates and rising apartment rents.

Business investment in durable equipment and software decelerated sharply in the third quarter. In the high-tech area, spending on computers and related equipment as well as software recorded further robust gains. However, expenditures on communications equipment declined after a half-year of very strong increases, and outlays for other types of equipment also softened; investment in aircraft, autos, trucks, and construction and mining equipment fell, while growth of spending on agricultural and industrial equipment slowed. Despite the third-quarter weakness in expenditures, recent data on orders for nondefense capital goods suggested that spending for many types of equipment remained on an upward trend. Data on construction put in place indicated that nonresidential building activity picked up considerably in the third quarter, with the institutional, industrial, and office categories recording solid gains. Market fundamentals, including rising property values and low vacancy rates, suggested that further expansion of office building was likely. Other commercial construction, by contrast, remained weak, partly reflecting the already substantial stock of large retail stores and regional malls.

The pace of inventory investment slowed considerably in the third quarter. However, for a second consecutive quarter, the book value of inventories rose faster than sales, and inventory overhangs were evident in some industries. In manufacturing, stock accumulation edged up and the aggregate stock–shipments ratio in September, though still quite low by historic norms, was just above the middle of its range over the preceding twelve months. In the wholesale sector, inventory accumulation dropped in the third quarter; however, sales declined and the aggregate inventory–sales ratio for the sector was at the top of its narrow range over the past year. Retail stockbuilding also slowed in the third quarter, with much of the drop reflecting reductions in motor vehicle inventories at auto dealers. The aggregate inventory–sales ratio for this sector edged lower and was near the middle of its range over the past year.

The U.S. trade deficit in goods and services narrowed in August after having widened considerably in July; on balance, the trade deficit increased somewhat from its second-quarter level. The value of exports grew in the July–August period at about the same strong pace as that recorded for the second quarter. The value of imports also rose briskly over the two months, but at a slightly lower rate than that of the second quarter. The available information indicated that, on average, economic expansion in the foreign industrial countries slowed appreciably in the third quarter from the elevated pace during the first half of the year and that the slowdown importantly reflected little or no growth in Japan. In addition, economic activity appeared to have decelerated in many developing countries in the third quarter but remained solid in most of those nations.

Incoming data continued to indicate that price inflation had picked up somewhat. Consumer prices, as measured by the consumer price index (CPI), rose considerably in September (latest data) after having edged down in August; a sizable step-up in energy prices and a noticeable increase in core inflation contributed about equally to the acceleration. Although the core measure of CPI prices accelerated noticeably in the twelve months ended in September compared with the previous twelve-month period, personal consumption expenditure (PCE) price inflation had been about steady. By contrast, core producer prices dropped a little in October and decelerated somewhat on a year-over-year basis, though the deceleration was more than accounted for by a surge in tobacco prices during the year ended in October 1999. With regard to labor costs, the third-quarter rise in the employment cost index (ECI) for hourly compensation of private industry workers was smaller than the elevated increase of the previous quarter. However, ECI compensation advanced considerably more during the year ended in September than in the previous year, with larger increases in benefits accounting for much of the rise. Average hourly earnings of production or nonsupervisory workers increased at a slightly higher rate in both October and the twelve months ended in October.

At its meeting on October 3, 2000, the Committee adopted a directive that called for maintaining conditions in reserve markets consistent with an unchanged federal funds rate of about 6½ percent. In taking that action, the members noted that the growth of aggregate demand had moderated appreciably, the prospects for a significant rise in inflation seemed quite limited for the near term, and previous policy tightening actions and the earlier rise in energy prices had not yet exerted their full restraining effects on demand. Nevertheless, in the context of continuing substantial pressures on labor resources and the potential effects of the previous rise in energy prices on inflation expectations, members believed it was necessary to remain on guard for signs of rising inflation over the intermediate term. As a result, they agreed that the statement accompanying the announcement of their decision should continue to indicate that the risks remained weighted mainly in the direction of rising inflation.

Open market operations were directed throughout the intermeeting period toward maintaining the federal funds rate at the Committee's targeted level of 6½ percent, and the average rate remained close to the intended level. Short- and intermediate-term market interest rates registered small mixed changes over the intermeeting interval. At longer maturities, Treasury coupon yields drifted slightly lower, and rates on high-grade corporate securities changed little. However, growing market concerns about the outlook for corporate earnings led to substantial increases in interest rates on lower-rated investment-grade and high-yield bonds, and the early November survey of senior loan officers indicated that banks had tightened further their standards and terms for business loans. The mixed reports on corporate earnings, incoming information indicating slower growth in economic activity in the United States, and wide swings in and uncertainty about the price of oil contributed to a sharp drop in broad indexes of stock market prices over the period in volatile trading.

In foreign exchange markets, the trade-weighted value of the dollar increased slightly further on balance over the intermeeting interval in terms of the currencies of a broad group of U.S. trading partners. Among the major foreign currencies, the dollar moved up against the euro and the Canadian and Australian dollars but edged down a bit in terms of the yen. The dollar rose to a record level against the euro in the weeks following the FOMC meeting, but the release of weaker-than-expected U.S. economic growth data in late October was seen as possibly marking a shift in the relative growth rates, and the dollar subsequently gave up much of its intermeeting gains in terms of the euro. The dollar also posted gains against an index of the currencies of other important trading partners, largely reflecting conditions in some emerging economies. Concerns about Argentina's recent economic and fiscal performance and its external financing situation spilled over to other Latin American countries, notably Brazil and Mexico, and political developments in Indonesia and the Philippines depressed the currencies of those countries.

The broad monetary aggregates decelerated in October. The slower growth of M2 followed strong expansion in August and September, however, and growth since midyear was at about the same pace as in the first half of the year. M3 also increased at a slower rate in October, partly reflecting weakness in bank lending and declines in bank holdings of securities. The growth of domestic nonfinancial debt picked up in September in association with an increase in the pace of private borrowing and a less rapid paydown of federal debt.

The staff forecast prepared for this meeting suggested that the economic expansion, having slowed considerably, would be sustained over the forecast horizon at a rate a little below the staff's current estimate of the economy's potential output. The forecast anticipated that the expansion of domestic final demand would be held back to some extent by the waning influence of the positive wealth effects associated with past outsized gains in equity prices but also by some firming of conditions in credit markets. As a result, growth of spending on consumer durables was expected to be appreciably below that in recent quarters and housing demand to trend slightly downward. By contrast, business fixed investment—notably, outlays for equipment and software—was projected to remain relatively robust, and brisk growth abroad would undergird the expansion of U.S. exports. Core price inflation was projected to rise a little over the forecast horizon, in part as a result of higher import prices but largely as a consequence of further increases in nominal labor compensation gains that would not be fully offset by growth in productivity.

In the Committee's discussion of current and prospective economic conditions, members commented that the information that had become available since the previous meeting had reinforced earlier indications of appreciable slowing in the expansion of economic activity. The cumulating evidence of moderating expansion seemed especially clear in the information on employment growth and manufacturing output. Aggregate demand currently appeared to be growing at a pace a little below the rate of increase in the economy's output potential, a configuration that could well persist in coming quarters. Actual and expected shortfalls in business profitability had led to tighter credit conditions for many borrowers and lower equity prices, which would continue to restrain spending; moreover, further pressure on profit margins, with adverse effects on financial markets, business investment, and consumer spending, was a distinct possibility. Members observed, however, that economic growth had rebounded sharply from temporary slowdowns previously in the current expansion, and several noted the possibility that a less restrictive fiscal policy stance would be bolstering demand in the years ahead.

Although the softening in aggregate demand moved in the direction of containing potential inflation pressures, the members continued to be concerned about the possibility that inflation would edge higher. Even with demand growth slower, labor markets were likely to remain unusually tight for some time, and in such circumstances labor costs could begin to rise increasingly in excess of even elevated gains in productivity. Some members also commented that energy prices might not trend lower as soon as, or to the extent, now expected by market analysts, and a few raised the prospect that the dollar might depreciate from its currently elevated level and add to potential upward pressures on domestic prices over the forecast horizon.

A key factor underlying the economic outlook was the emergence in recent months of less accommodative financial conditions for many businesses, including some further tightening since the meeting in early October, and decreases in the wealth of households. The slowdown in the pace of the expansion and disappointing business earnings had fostered more cautious attitudes on the part of lending institutions and investors. Anecdotal comments from around the country supported the indications from surveys of tightening terms and standards at banks for business borrowers. At the same time, spreads in securities markets had widened, most sharply on obligations of borrowers rated below investment grade, and as a result those borrowers faced higher credit costs. Lender caution and less receptive markets probably had contributed to considerable weakening recently in overall growth of credit to nonfinancial businesses. Rising interest and energy costs in conjunction with restraint on the prices of final output had depressed the earnings and stock market valuations of many firms, notably in the high-tech area, with adverse repercussions on their ability to borrow and willingness to invest and on the financial position of the households holding their equity shares.

Less hospitable conditions in financial markets for a number of borrowers and deteriorating profit margins had contributed to a substantial moderation in the growth of business fixed investment in recent months, and anecdotal reports of reductions in capital spending plans were consistent with continued more moderate expansion in such outlays. The recent deceleration was especially pronounced in expenditures for high-tech equipment and software, though such spending was still growing at a robust pace. It was suggested that the weakening expansion of expenditures in these capital goods might reflect a surfeit in capacity following a period of extraordinary growth in many industries—for example, those related to fiber optics. The available evidence did not indicate any material decrease in the optimism of equity market analysts as a group regarding the outlook for earnings over the long term. This suggested that their contacts among business executives remained fundamentally upbeat about the long-term prospects for productivity and earnings. In these circumstances, appreciable further growth in investment spending seemed to be in prospect for coming quarters, though undoubtedly at a slower pace than had been experienced on average in recent quarters.

Even limited slowing in the expansion of investment expenditures could be expected to have retarding effects on the growth of consumer income and spending. While such spending had held up well in the third quarter, the limited information available on more recent developments suggested some softening, though the data were not conclusive. Factors cited in support of a somewhat weaker trajectory in consumer spending included the impact of elevated energy costs, the high debt burdens of many households, and the ebbing of the wealth effects from strong earlier gains in stock market prices. Even so, anticipated increases in employment and income and still relatively high levels of consumer confidence were likely to support appreciable further growth in consumer spending, albeit probably at a rate somewhat below the brisk pace of the past few years.

Key indicators of housing activity had fluctuated considerably this year, but the evidence of recent months pointed on balance to a mild softening in such activity, a perception that was supported by anecdotal reports from several areas around the country. In general, housing demand was expected to edge lower in response to the same income and wealth effects that were influencing consumer durables expenditures and to the increase in mortgage interest rates that had occurred on net over the past year.

Current forecasts of appreciable growth in foreign economic activity had favorable implications for U.S. exports and the nation's trade balance, but some members expressed concern about financial and economic weakness in a number of foreign economies. Failure to remedy structural and other problems in some countries incurred the risk of economic and financial distress, with possible spillover effects on other economies and financial markets. While those risks seemed small, they might be difficult to contain. The exchange value of the dollar was another source of uncertainty for the outlook. In the view of some members, the dollar could well come under downward pressure as the nation's current account deficits continued to cumulate. A lower dollar would tend to have a favorable effect on the trade deficit but also would add to inflationary pressures in the domestic economy.

Members continued to be concerned about the outlook for inflation. Measured increases in "headline" consumer prices could be explained mostly as a result of sharp advances in energy prices, which many observers expected to be reversed at some point. However, core consumer price measures also displayed a gradual uptrend, perhaps only in part as a consequence of the pass-through effects of persistently high energy prices. Measures of labor compensation appeared to be accelerating, partly as a result of sharply rising health benefit costs. To be sure, unit labor costs in the nonfinancial corporate sector had changed little over the past year, undoubtedly reflecting impressive further gains in productivity. Even so, higher interest rates and increased energy and other input costs were adding to overall production expenses. To date, competitive pressures were continuing to inhibit the ability of many firms to pass on those costs, although a significant exception was a number of successful efforts to impose energy surcharges.

Looking to the future, however, the members generally agreed that the risks were in the direction of a heightening in inflation pressures despite their belief that growth in overall demand now seemed to have declined to a more sustainable pace and probably would continue to expand for a time at a rate below that of the economy's output potential. The members believed that growth in labor compensation was likely to remain under upward pressure from the anticipated persistence of very tight conditions in labor markets that would enable wages to catch up to earlier gains in labor productivity. Whether offsetting increases in the growth of labor productivity would materialize was open to question, in part because productivity growth might tend to level out in the context of less ebullient expansion in business investment. Another key factor in the outlook for inflation was the course of oil and other energy prices. Thus far, increases in energy costs had been reflected only marginally in core consumer prices, and while there were widespread market expectations of declining oil prices in coming quarters, a great deal of uncertainty, including the potential for more difficulties in the Middle East, surrounded the timing and extent of such an outcome. The longer relatively high energy prices persisted, of course, the greater might be their imprint on both inflation expectations and core prices. In sum, the moderation in economic expansion, the persistence of highly competitive conditions in most domestic markets, the outlook for continued robust gains in productivity, and relatively subdued inflation expectations were favorable factors in the inflation outlook, but the members continued to view the prospects as weighted on balance in the direction of a gradual uptrend in core inflation.

In the Committee's discussion of policy for the intermeeting period ahead, all the members supported a proposal to maintain an unchanged policy stance consistent with the federal funds rate continuing to average about 6½ percent. Despite clear indications of a more moderate expansion in economic activity, persisting risks of heightened inflation pressures remained a policy concern, particularly in the context of an evident, if gradual, uptrend in key measures of core inflation. Indeed, a few members commented that measures of core inflation already were near or slightly above levels that they viewed as acceptable for the longer run. Although overall financial conditions had tightened during the course of recent months and currently appeared to be holding down the growth in spending, this added restraint was likely to be necessary to contain inflation pressures. In these circumstances, all the members saw the maintenance of a steady policy as the best course at this juncture to promote the Committee's longer-run objectives of price stability and sustainable economic expansion.

Still, growth had slowed more quickly than many members had anticipated, and financial market and other developments now seemed more likely to keep pressures on resources from mounting over coming quarters. Under the circumstances, the members focused at this meeting on the potential desirability of moving from a statement of risks weighted toward rising inflation to one that indicated a balanced view of the risks to the Committee's goals of price stability and sustainable economic growth. The members agreed that a stronger case could be made for a shift to a balanced risk statement than at the previous meeting. A few indicated that the decision was a close call for them, and several commented that developments might be moving in a direction that would make a shift advisable in the relatively near future. Even so, they were unanimous in concluding that such a change would be premature at this time. Concerns about the possibility of rising inflation persisted. And while the members could see an increased risk of a marked slowing of growth relative to the rapid rate of expansion of the economy's potential, the degree to which growth in demand might remain sufficiently damped to contain and offset those inflation pressures was quite uncertain. Moreover, a shift in the Committee's published views might induce an undesirable softening in overall financial market conditions, which in itself would tend to add to inflation pressures. The members concluded that retaining a risk statement weighted toward more inflation pressures would best represent their current thinking, but they believed it was desirable to provide some recognition of the emergence of increased downside risks to the economic expansion in the statement to be released after this meeting.

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

> The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. To further its long-run objectives, the Committee in the immediate future seeks conditions in reserve markets consistent with maintaining the federal funds rate at an average of around 6½ percent.

The vote also encompassed approval of the sentence below for inclusion in the press statement to be released shortly after the meeting:

> Against the background of its long-run goals of price stability and sustainable economic growth and of the information currently available, the Committee believes that the risks are weighted mainly toward conditions that may generate heightened inflation pressures in the foreseeable future.

> Votes for this action: Messrs. Greenspan, McDonough, Broaddus, Ferguson, Gramlich, Guynn, Kelley, Meyer, Moskow, and Parry. Votes against this action: None. Mr. Moskow voted as alternate member for Mr. Jordan.

It was agreed that the next meeting of the Committee would be held on Tuesday, December 19, 2000.

The meeting adjourned at 1:00 p.m.

Donald L. Kohn
Secretary

Legal Developments

Final Rule—Amendment to Regulation C

The Board of Governors is amending 12 C.F.R. Part 203, its Regulation C (Home Mortgage Disclosure). The Board is required to adjust annually the asset-size exemption threshold for depository institutions based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers. The present adjustment reflects changes for the 12-month period ending in November 2000. During this period, the index increased by 3.4 percent; as a result, the threshold is increased to $31 million. Thus, depository institutions with assets of $31 million or less as of December 31, 2000, are exempt from data collection in 2001.

Effective January 1, 2001, 12 C.F.R. Part 203 is amended as follows:

Part 203—Home Mortgage Disclosure (Regulation C)

1. The authority citation for Part 203 continues to read as follows:

Authority: 12 U.S.C. 2801-2810.

2. In Supplement I to Part 203, under Section 203.3—Exempt Institutions, under 3(a) *Exemption based on location, asset size, or number of home-purchase loans,* paragraph 2 is revised to read as follows:

Supplement I to Part 203—Staff Commentary

* * * * *

Section 203.3—Exempt Institutions

3(a) *Exemption based on location, asset size, or number of home-purchase loans.*

* * * * *

2. *Adjustment of exemption threshold for depository institutions.* For data collection in 2001, the asset-size exemption threshold is $31 million. Depository institutions with assets at or below $31 million are exempt from collecting data for 2001.

Final Rule—Amendment to Regulation Y

The Board of Governors is amending 12 C.F.R. Part 225, its Regulation Y (Bank Holding Companies and Change in Bank Control), by adding acting as a finder to the list of activities that a financial holding company may conduct using the streamlined post-transaction notice procedure authorized by the Gramm-Leach-Bliley Act.

The final rule allows a financial holding company to bring together buyers and sellers of products and services for transactions that the buyers and sellers themselves negotiate and consummate. The rule provides examples of specific services that a financial holding company may and may not perform when acting as a finder under the rule. The rule also requires a financial holding company that acts as a finder to provide appropriate disclosures to distinguish products and services that are offered by the financial holding company from those that are offered by a third party using the financial holding company's finder service.

Effective January 22, 2001, 12 C.F.R. Part 225 is amended as follows:

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

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

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

2. Section 225.86 is amended by adding a new paragraph (d) to read as follows:

Section 225.86—What activities are permissible for financial holding companies?

* * * * *

(d) *Activities determined to be financial in nature or incidental to financial activities by the Board—*

(1) *Acting as a finder—*

Acting as a finder in bringing together one or more buyers and sellers of any product or service for transactions that the parties themselves negotiate and consummate.

(i) *What is the scope of finder activities?* Acting as a finder includes providing any or all of the following services through any means—

(A) Identifying potential parties, making inquiries as to interest, introducing and referring potential parties to each other, and arranging contacts between and meetings of interested parties;
(B) Conveying between interested parties expressions of interest, bids, offers, orders and confirmations relating to a transaction; and
(C) Transmitting information concerning products and services to potential parties in connection with the activities described in paragraphs (d)(1)(i)(A) and (B) of this section.

(ii) *What are some examples of finder services?* The following are examples of the services that may be provided by a finder when done in accordance with paragraphs (d)(1)(iii) and (iv) of this section. These examples are not exclusive.
(A) Hosting an electronic marketplace on the financial holding company's Internet web site by providing hypertext or similar links to the web sites of third party buyers or sellers.
(B) Hosting on the financial holding company's servers the Internet web site of—
(*1*) A buyer (or seller) that provides information concerning the buyer (or seller) and the products or services it seeks to buy (or sell) and allows sellers (or buyers) to submit expressions of interest, bids, offers, orders and confirmations relating to such products or services; or
(*2*) A government or government agency that provides information concerning the services or benefits made available by the government or government agency, assists persons in completing applications to receive such services or benefits from the government or agency, and allows persons to transmit their applications for services or benefits to the government or agency.
(C) Operating an Internet web site that allows multiple buyers and sellers to exchange information concerning the products and services that they are willing to purchase or sell, locate potential counterparties for transactions, aggregate orders for goods or services with those made by other parties, and enter into transactions between themselves.
(D) Operating a telephone call center that provides permissible finder services.

(iii) *What limitations are applicable to a financial holding company acting as a finder?*
(A) A finder may act only as an intermediary between a buyer and a seller.
(B) A finder may not bind any buyer or seller to the terms of a specific transaction or negotiate the terms of a specific transaction on behalf of a buyer or seller, except that a finder may—
(*1*) Arrange for buyers to receive preferred terms from sellers so long as the terms are not negotiated as part of any individual transaction, are provided generally to customers or broad categories of customers, and are made available by the seller (and not by the financial holding company); and
(*2*) Establish rules of general applicability governing the use and operation of the finder service, including rules that—
(*i*) Govern the submission of bids and offers by buyers and sellers that use the finder service and the circumstances under which the finder service will match bids and offers submitted by buyers and sellers; and
(*ii*) Govern the manner in which buyers and sellers may bind themselves to the terms of a specific transaction.
(C) A finder may not—
(*1*) Take title to or acquire or hold an ownership interest in any product or service offered or sold through the finder service;
(*2*) Provide distribution services for physical products or services offered or sold through the finder service;
(*3*) Own or operate any real or personal property that is used for the purpose of manufacturing, storing, transporting, or assembling physical products offered or sold by third parties; or
(*4*) Own or operate any real or personal property that serves as a physical location for the physical purchase, sale or distribution of products or services offered or sold by third parties.
(D) A finder may not engage in any activity that would require the company to register or obtain a license as a real estate agent or broker under applicable law.

(iv) *What disclosures are required?* A finder must distinguish the products and services offered by the financial holding company from those offered by a third party through the finder service.

(2) [Reserved]

Orders Issued Under Bank Holding Company Act

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

The Chase Manhattan Corporation
New York, New York

J.P. Morgan & Co. Incorporated
New York, New York

Order Approving the Merger of Bank Holding Companies, Merger of Banks, and Establishment of Branches

The Chase Manhattan Corporation ("Chase"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with J.P. Morgan & Co. Incorporated ("Morgan") and thereby acquire Morgan's subsidiary bank, Morgan Guaranty Trust Company of New York ("Morgan Guaranty"), New York, New York.[1] Chase's lead bank, The Chase Manhattan Bank, also in New York ("Chase Bank"), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to merge with Morgan Guaranty, with Chase Bank as the surviving institution. Chase Bank also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) to establish branches at the locations of the main office and branches of Morgan Guaranty.[2]

In addition, Chase has requested the Board's approval under sections 4(c)(8) and 4(j) of the BHC Act (12 U.S.C. §§ 1843(c)(8) and 1843(j)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire Morgan's subsidiary savings association, J.P. Morgan FSB, Palm Beach, Florida ("Morgan FSB").

Chase also has filed notices under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)), sections 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 601 *et seq.* and 611 *et seq.*), and the Board's Regulation K (12 C.F.R. 211) to acquire the Edge Act subsidiary and foreign operations of Morgan Guaranty.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 36,875 (2000)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency. 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 sections 3 and 4 of the BHC Act, the Bank Merger Act and the Federal Reserve Act.

Chase, with total consolidated assets of $396 billion, is the third largest commercial banking organization in the United States, controlling approximately 6 percent of the total assets of insured commercial banks in the United States ("total banking assets").[3] Chase is the largest banking organization in New York, controlling deposits of $98 billion, representing approximately 23.2 percent of total deposits in depository institutions in the state ("state deposits").[4] Chase also operates banks in California, Connecticut, Delaware, Florida, New Jersey, and Texas.

Morgan, with total consolidated assets of $266.3 billion, is the fifth largest commercial banking organization in the United States, controlling approximately 4 percent of total banking assets. It is the 15th largest banking organization in New York, controlling deposits of $7.9 billion, representing approximately 1.9 percent of state deposits. Morgan also operates insured depository institutions in Delaware and Florida.

After consummation of the proposal, Chase would remain the third largest commercial banking organization in the United States, with total consolidated assets of $662.3 billion, representing approximately 10 percent of total banking assets. Chase would continue to operate insured depository institutions in the states where it currently operates.

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 the bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of Chase is New York.[5] As part of the proposal, Chase proposes to acquire a bank in Delaware.[6] All the conditions for an interstate acquisition enumerated in section 3(d) are met in this case.[7] 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 Factors

The Bank Merger Act and section 3 of the BHC Act prohibit the Board from approving a proposal that would

1. On consummation of the proposal, Chase would change its name to J.P. Morgan Chase & Co. Chase and Morgan also have each requested the Board's approval to hold and exercise an option to acquire up to 19.9 percent of the other's voting shares. These options would expire on consummation of the proposal.

2. The branches would be established at: 60 Wall Street, New York, New York; 522 Fifth Avenue, New York, New York; 500 Stanton Avenue, Newark, Delaware.

3. Asset data are as of June 30, 2000. All other banking data are as of June 30, 1999, unless otherwise noted, and have been adjusted to account for mergers consummated since that date.

4. Unless otherwise noted, depository institutions include commercial banks, savings banks, and savings associations.

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

6. 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.

7. 12 U.S.C. §§ 1842(d)(1)(A) and (B) and 1842(d)(2)(A) and (B). Chase meets the capital and managerial requirements established under applicable law. On consummation, Chase 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 state deposits in Delaware. *See* 5 Del. Code Ann. tit. 5 § 795G (2000). All other requirements under section 3(d) of the BHC Act also would be met on consummation of the proposal.

result in a monopoly or be in furtherance of a monopoly. These acts also prohibit the Board from approving a proposal that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal in that banking market are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[8]

In reviewing the competitive effects of the proposal, the Board has reviewed carefully comments submitted by Inner City Press/Community on the Move, Bronx, New York ("ICP"). ICP contends that the merger would reduce competition for banking services in several product markets and result in higher fees and reduced customer convenience. ICP also challenges the Board's use of the cluster of banking services to review the competitive effects of the proposal.

To review the effect of a particular transaction on competition, it is necessary to designate the area of effective competition between the parties, which the courts have held is decided by reference to the relevant "line of commerce" or a product market and a geographic market. The Board and the courts have recognized consistently that the appropriate product market for analyzing the competitive effects of bank mergers and acquisitions is the cluster of products (various kinds of credit) and services (such as checking accounts and trust administration) offered by banking institutions.[9] According to the Supreme Court, the cluster of banking products and services facilitates convenient access to these products and services, and this convenience vests the cluster with economic significance beyond the individual products and services that constitute the cluster.[10] Several studies support the conclusion that both businesses and households continue to seek this cluster of products and services.[11] Consistent with these precedents and studies, and on the basis of all the facts of record in this case, the Board concludes that the cluster of banking products and services represents the appropriate product market for analyzing the competitive effects of the proposal.[12]

Chase and Morgan compete directly in the Metropolitan New York/New Jersey banking market ("New York banking market"); the West Palm Beach, Florida, banking market ("West Palm Beach banking market"); and the Wilmington, Delaware, banking market ("Wilmington banking market").[13] The Board has reviewed carefully the competitive effects of the proposal in each of the banking markets in light of all the facts of record, including 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 Chase and Morgan,[14] the concentration level of market deposits and the increase in this level as measured by the Herfindahl–Hirschman Index ("HHI") under the Depart-

8. *See* 12 U.S.C. §§ 1828(c)(5) and 1842(c).

9. *See Chemical Banking Corporation* 82 *Federal Reserve Bulletin* 239 (1996) and the cases and studies cited therein. The Supreme Court has emphasized that it is the cluster of products and services that, as a matter of trade reality, makes banking a distinct line of commerce. *See United States v. Philadelphia National Bank,* 374 U.S. 321, 357 (1963); *accord, United States v. Connecticut National Bank,* 418 U.S. 656 (1974); *United States v. Phillipsburg National Bank,* 399 U.S. 350 (1969) (*"Phillipsburg National"*).

10. *See Phillipsburg National* 399 U.S. at 361.

11. Elliehausen and Wolken, *Banking Markets and the Use of Financial Services by Households,* 78 *Federal Reserve Bulletin* 169 (1992); Elliehausen and Wolken, *Banking Markets and the Use of Financial Services by Small- and Medium-Sized Businesses,* 76 *Federal Reserve Bulletin* 726 (1990).

12. ICP asserts that after the enactment of the Gramm-Leach-Bliley Act (Pub. L. No. 106–102, 113 Stat. 1338 (1999)), the cluster approach no longer is appropriate, and that certain products and services provided by Morgan Guaranty, including syndicated lending, precious metal trading, debt underwriting, and foreign currency exchange, should be analyzed as separate product markets. Under the Gramm-Leach-Bliley Act, financial holding companies and financial subsidiaries of banks may, under certain circumstances, engage in a broader range of nonbanking activities than permitted previously. The passage of the act, however, does not suggest that the cluster of banking products and services no longer is the appropriate line of commerce for analyzing the competitive effect of bank affiliations. ICP also argues that the elimination of Morgan Guaranty as a counter-party or participant in the markets for specific products and services listed above would impair significantly the operations of these markets. Even if the approach advocated by ICP were adopted, the Board notes that these activities are conducted on a national or global scale, with numerous other large institutions and sophisticated participants.

13. In addition to considering the product markets affected by a banking merger, the Board also analyzes the effects in a geographic market. *See e.g., Sunwest Financial Services, Inc.,* 73 *Federal Reserve Bulletin* 463 (1987); *Pikeville National Corporation,* 71 *Federal Reserve Bulletin* 240 (1985); *Wyoming Bancorporation,* 68 *Federal Reserve Bulletin* 313 (1982), *aff'd* 729 F.2d 687 (10th Cir. 1984).

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

The West Palm Beach banking market is defined as all of Palm Beach County east of Loxahatchee and the towns of Indiantown and Hobe Sound in Martin County, all in Florida.

The Wilmington banking market is defined as New Castle County, Delaware, and Cecil County, Maryland.

14. Except as noted, market share data are as of June 30, 1999, and are based on calculations that include the deposits of thrift institutions, which include savings banks and savings associations, weighted at 50 percent. The Board has indicated previously that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See, e.g., Midwest Financial Group,* 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation,* 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board regularly has included thrift deposits in the calculation of market share on a 50-percent weighted basis. *See, e.g., First Hawaiian, Inc.,* 77 *Federal Reserve Bulletin* 52 (1991). Because the deposits of Morgan FSB are controlled by and would continue to be controlled by a bank holding company, these deposits are included at 100 percent in the calculation of Chase's market share in the West Palm Beach banking market. *See Norwest Corporation,* 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.,* 76 *Federal Reserve Bulletin* 669, 670 n.9 (1990).

ment of Justice Merger Guidelines ("DOJ Guidelines"),[15] and other characteristics and measures of the markets.

Chase operates the largest depository institution in the New York banking market, controlling deposits of $98 billion, representing approximately 22.7 percent of market deposits. Morgan controls the 12th largest depository institution in the market, with deposits of $8 billion, representing approximately 1.9 percent of market deposits. On consummation of the proposal, Chase would continue to operate the largest depository institution in the market, controlling deposits of $106 billion, representing approximately 24.6 percent of market deposits. The New York banking market would remain unconcentrated as measured by the HHI, which would increase 84 points to 886, with numerous other competitors.

Chase operates the 40th largest depository institution in the West Palm Beach banking market, controlling deposits of $20.3 million, representing less than 1 percent of market deposits. Morgan controls the 29th largest depository institution in the market, with deposits of $55.5 million, also representing less than 1 percent of market deposits. On consummation of the proposal, Chase would become the 25th largest depository institution in the West Palm Beach banking market, controlling deposits of $75.8 million, representing less than 1 percent of market deposits. The HHI would remain at 1137 points, and the market would continue to be moderately concentrated, with numerous other competitors remaining.

Chase operates the second largest depository institution in the Wilmington banking market, controlling deposits of $6.1 billion, representing approximately 12.9 percent of market deposits.[16] Morgan controls the sixth largest depository institution in the market, with deposits of $1.9 billion, representing approximately 4 percent of market deposits. On consummation of the proposal, Chase would continue to operate the second largest depository institution in the Wilmington banking market, controlling deposits of $8 billion, representing approximately 16.9 percent of market deposits. The HHI would increase 104 points to 2259, and numerous other competitors would remain in the market.

In addition, the Wilmington banking market is attractive for entry by out-of-market competitors. From 1997 to 2000, market deposits increased by 47.7 percent, compared with the national rate of increase of 34.1 percent. Per capita income in the market is $18,156, compared with the national per capita income of $15,555. From June 1998 to June 2000, five banking organizations entered the market *de novo* and two banking organizations entered the market by acquisition.

The Department of Justice also has considered the competitive effects of the proposal and has determined that it would not have a significantly adverse effect on competition in any relevant banking market. The Federal Deposit Insurance Corporation ("FDIC") and the Office of the Comptroller of the Currency ("OCC") have been afforded an opportunity to comment on the competitive aspects of the proposal and have not objected to consummation of the proposal.

Based on all the facts of record, and for the reasons discussed in the order, the Board concludes that consummation of the proposal would not be likely to result in a significantly adverse effect on competition or on the concentration of banking resources in any of the banking markets in which Chase and Morgan compete directly or in any other relevant banking market. Accordingly, the Board has determined that the competitive effects in this case are consistent with approval of the proposal.

Financial, Managerial, and Other Supervisory Factors

The Bank Merger Act and section 3 of the BHC Act also require that the Board consider the financial and managerial resources and future prospects of the organizations involved in a proposal as well as certain other supervisory factors. The Board has carefully considered the financial and managerial resources and future prospects of Chase, Morgan, and their respective subsidiary banks and other supervisory factors in light of all the facts of record, including comments received on the proposal, reports of examination and other confidential supervisory information assessing the financial and managerial resources of the organizations, and financial information provided by Chase.

In evaluating financial factors in expansion proposals by banking organizations, the Board consistently has considered capital adequacy to be especially important. The Board notes that Chase and Morgan and their subsidiary depository institutions are well capitalized, as defined in the relevant regulations of the federal banking agencies, and would remain well capitalized on consummation of the proposal.[17] The proposal is structured as a stock-for-stock

15. Under the DOJ Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market is considered unconcentrated if the post-merger HHI is below 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI is above 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.

16. Deposit data for the Wilmington banking market are as of June 30, 2000, and include preliminary summary of deposit data. ICP has asserted that Chase and Morgan manipulated their deposit data for June 30, 2000, to conceal their competitive presence in the Wilmington banking market. In reviewing competitive effects and the changes in deposit data in this market over the past year, the Board has considered the structure of market operations, types of specific institutions, and the specific business practices of Chase and Morgan and changes in the market data for other competitors in the market. Based on these considerations, the Board has concluded that the 2000 data most accurately reflect the effects of the transaction on this market.

17. ICP expresses concern about press reports of earnings volatility at a Chase subsidiary that makes venture capital investments. Chase

transaction and would not increase the debt service requirements of the combined organization. The proposal also would result in a more diversified client base and more diversified revenue sources for the combined organization. In addition, Chase expects to increase net income as a result of significant cost reductions as well as projected increases in revenue.[18]

The Board also has taken account of the managerial resources of Chase and Morgan and the federal financial supervisory agencies' examination records in supervising these organizations. All the subsidiary depository institutions of Chase and Morgan are well managed. Chase previously has integrated acquired organizations in a satisfactory manner and has remained well managed. Although Chase and Morgan continue to assess the appropriate risk management systems and procedures that would support certain individual lines of business, Chase expects to have an integrated risk management function, including credit risk management, in place and operating at the time of consummation of the proposal.[19]

ICP expresses concern about certain activities of Chase during World War II. ICP cites press reports contending that Chase allegedly collaborated with the German government to confiscate and liquidate Jewish assets and to funnel French assets to Germany. ICP has urged the Board to investigate these alleged activities and produce a full accounting of any assets Chase has retained wrongfully.[20]

Chase has provided information about its efforts to address the alleged actions of its predecessors. Chase represents that Chase Bank has conducted a three-year investigation into the World War II activities of its predecessor bank. Through this investigation, Chase has determined that during World War II, the German government appropriated certain accounts in the Paris branch of a Chase predecessor bank, and that the holders of some of those accounts have applied for restitution. Chase and the World Jewish Congress have retained jointly an independent counsel to review Chase's self-assessment.

The Board has carefully reviewed the issues presented by ICP in light of all the facts of record and taken into consideration the Board's authority under federal banking laws. The Board has taken into account, in particular, the efforts of Chase to investigate and address these matters and the ongoing efforts of current management to effect a resolution. The Board also has taken into account that many of the matters raised by ICP involve subjects of public interest that are not within the Board's limited jurisdiction to adjudicate or do not relate to the factors that the Board is required to consider when reviewing an application or notice under the BHC Act or the Bank Merger Act.[21]

Based on all the facts of record the Board concludes that considerations relating to the financial and managerial resources and future prospects of the organizations involved are consistent with approval, as are the other supervisory

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Capital Partners, New York, New York ("Chase Capital"). The Board has considered Chase Capital's activities and earnings record in evaluating Chase's financial resources.

18. ICP also contends that the combined organization would be able to exert an inappropriate level of influence on global financial markets and foreign nations thereby resulting in an institution too large for the Board and other government agencies to regulate. The Board and the other financial supervisory agencies have extensive experience supervising Chase and Morgan and their subsidiary depository institutions as well as other large banking organizations. *See, e.g., Travelers Group Inc.*, 84 *Federal Reserve Bulletin* 985 (1998); *NationsBank Corporation*, 84 *Federal Reserve Bulletin* 858 (1998). Building on this experience, the Board has developed a supervisory system that will permit the Board to monitor and supervise the organization effectively. As previously noted, section 3 of the BHC Act prohibits the Board from approving a transaction if the resulting organization would control more than 10 percent of the insured deposits in the country. After consummation, Chase would control approximately 3.7 percent of U.S. insured deposits.

19. ICP notes press reports stating that:

(i) a certain individual with alleged connections to parties involved in a suspected money laundering enterprise maintained an account at Chase Bank; and

(ii) certain Chase credit card holders were erroneously billed by a telemarketer not related to Chase. ICP has provided no facts that indicate any involvement by Chase or Chase Bank employees or management in the alleged money laundering activities or erroneous billing.

ICP has expressed concern about Chase's management on the basis of press reports that Chase held less than 5 percent of the voting shares of Nichiei Co., Tokyo, Japan ("Nichiei"), a Japanese lending company at which an employee violated Japanese criminal law by engaging in certain collection practices. Chase has stated that it has never owned any interest in Nichiei. There is no evidence that Chase controls, exercises a controlling influence over, or participates in any manner in the management of Nichiei. *See also* 12 C.F.R. 225.31(e)(1) and 225.171.

ICP also has questioned the managerial resources of Chase and Morgan on the basis of press reports that Morgan paid no federal corporate income tax in 1998, that Chase received government assistance to retain jobs in New York City but subsequently moved those positions outside the city, and that Chase and Morgan helped to finance various activities and projects worldwide that might damage the environment particularly in predominantly minority areas. ICP's contentions are unsubstantiated and contain no allegations of illegality or other action that would affect the safety and soundness of the institutions. These matters also raise issues that are outside the limited statutory factors that the Board is authorized to consider when reviewing an application under the BHC Act. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973). The Board also notes that the Department of Justice and the Environmental Protection Agency have jurisdiction, to the extent that the actions occur in the United States, to determine whether companies are in compliance with federal environmental protection statutes and regulations.

20. ICP also has expressed concern about the activities of two predecessor banks of Chase that allegedly were involved in the mid-19th century in servicing life insurance policies sold on the lives of African-American slaves in the United States. In connection with these allegations, Chase states that it has investigated its activities and has no record indicating that it had any role in providing or servicing insurance on slaves. Chase represents that it will continue to investigate the matter by researching sources external to Chase.

21. The factors that the Board considers when reviewing an application or notice under the BHC Act and the Bank Merger Act are necessarily limited by the acts. Moreover, the Board has noted previously that courts have held that the Board's limited jurisdiction to review applications and notices under the BHC Act does not authorize the Board to adjudicate disputes involving an applicant that do not arise under laws administered and enforced by the Board. *See Deutsche Bank AG*, 85 *Federal Reserve Bulletin* 509 (1999); *Union Bank of Switzerland*, 84 *Federal Reserve Bulletin* 684 (1998).

factors that the Board must consider under the Bank Merger Act and section 3 of the BHC Act.[22]

Convenience and Needs Factor

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effect of the proposal on the convenience and needs of the communities to be served. The Board has long held that consideration of the convenience and needs factor includes a review of the records of the relevant depository institutions under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). Accordingly, the Board has carefully considered the effect of the proposed merger on the convenience and needs of the communities to be served and the CRA records of performance of the institutions involved in light of all the facts of record, including comments received on the proposal.

Three parties submitted written comments on aspects of the proposal and, in particular, the effect of the proposal on the convenience and needs of the affected communities and the CRA performance records of the depository institutions involved. ICP has submitted comments opposing the proposal and generally contending that through a series of mergers over the past decade, Chase and its predecessor institutions have withdrawn from the business of retail banking and concentrated on expanding their wholesale banking services. ICP states that after consummating previous mergers, Chase closed retail branches and abandoned communities, often in low- and moderate-income ("LMI") or predominantly minority areas. ICP further alleges that Chase underserves LMI and minority mortgage borrowers and other borrowers seeking loans on properties in LMI areas. ICP also contends, based in part on its analysis of data filed under the Home Mortgage Disclosure Act (12 U.S.C. § 2801 *et seq.*) ("HMDA"), that Chase and Morgan have violated the fair lending laws. The Greater Rochester Community Reinvestment Coalition, Rochester, New York ("GRCRC") has submitted comments that commend and criticize Chase's community reinvestment performance in Rochester. The Association for Neighborhood & Housing Development, Inc., New York, New York ("ANHD"), has provided favorable comments on the community reinvestment activities of Chase and Morgan, and in particular, the institutions' community development lending, and their lending, investments, technical assistance, and other forms of support to community development and nonprofit organizations. ANHD also has expressed concern that the community reinvestment products and programs of Chase and Morgan would cease to be expanded or be reduced after consummation of the proposal.

A. CRA Performance Examinations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of examinations of the CRA performance records of the relevant depository institutions by the appropriate federal financial supervisory agency.[23] Chase's lead bank, Chase Bank, which accounts for approximately 80 percent of the total consolidated assets of Chase, received an "outstanding" rating at its most recent CRA examination by the Federal Reserve Bank of New York ("FRBNY"), as of July 1999. All Chase's other subsidiary banks also received "outstanding" or "satisfactory" ratings at the most recent examinations of their CRA performance.[24] Morgan's only subsidiary bank, Morgan Guaranty, received an "outstanding" rating from the FRBNY at its most recent examination, as of January 1999. Morgan's subsidiary thrift, Morgan FSB, received a "satisfactory" rating for CRA performance from its primary federal financial supervisory agency, the Office of Thrift Supervision ("OTS"), as of November 1998. Examiners found no evidence of prohibited discrimination or other illegal credit practices at any of the insured depository institutions involved in this proposal and found no violations of substantive provisions of the fair lending laws.

Chase has indicated that it expects to continue to expand and improve the products and services of Morgan and that the CRA-related programs and activities of the combined organization would be based on the current programs of the two individual organizations. Accordingly, the Board has considered carefully the CRA performance records of Chase and Morgan in evaluating the proposal.

B. CRA Performance Record of Chase's Subsidiaries

1. *Chase Bank*

Overview: Chase Bank received an examination rating of "outstanding" for its lending activities. Examiners commended the bank for its response to the credit needs of its

22. ICP notes that Chase and Morgan are defendants in several pending lawsuits. In one of these cases, which challenged the payment crediting practices of Chase USA, the parties recently reached a monetary settlement that also requires Chase to modify its practices. The other cases have been dismissed or are at preliminary pleading or discovery stages, and there has been no determination of liability or damages in these cases. In each of the cases, the courts appear to have adequate jurisdiction and authority to provide relief to plaintiffs, if warranted.

23. ICP has questioned the reliability of CRA examinations in measuring the performance of a depository institution in meeting the credit needs of its community. The federal financial supervisory agencies have stated that an institution's most recent CRA performance evaluation is an important and often controlling factor in the consideration of an institution's CRA record because it represents a detailed evaluation of the institution's overall record of performance under the CRA by its appropriate federal financial supervisory agency. 65 *Federal Register* 25,088 and 25,107 (2000).

24. The OCC has examined the CRA performance of the following Chase subsidiary banks: Chase Manhattan Bank and Trust Co., N.A., Los Angeles, California, rated "outstanding," as of October 1999; Chase-USA, rated "outstanding," as of May 1999; The Chase Manhattan Private Bank, N.A., Tampa, Florida, rated "outstanding," as of October 1999; and The Chase Bank of Texas - San Angelo, National Association, Texas (then named Texas Commerce Bank - San Angelo), rated "satisfactory," as of August 1996.

assessment areas and all segments of its community, including LMI geographies and borrowers. During the review period of March 1997 to March 1999, Chase Bank and its subsidiaries purchased or originated approximately 67,600 small business loans, totaling more than $5.1 billion.[25] More than 90 percent of these loans were in amounts of less than $100,000, with an average loan amount of approximately $33,000, and 21 percent by number were to businesses in LMI census tracts.[26]

During the review period, Chase Bank and its subsidiaries purchased or originated approximately 67,500 HMDA-related loans, totaling more than $11 billion.[27] Examiners also noted a significant increase in Chase Bank's HMDA-related lending. From 1996 to 1997, Chase Bank's HMDA-related and small business lending increased 25 percent by volume, and from 1997 to 1998, HMDA-related and small business lending increased an additional 62 percent and 63 percent, respectively, by volume in LMI geographies. Chase has stated that for the first half of 2000, 21.4 percent of Chase Bank's mortgage loans by volume were extended to LMI borrowers and 15.5 percent by volume were extended on properties in LMI census tracts.

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

Examiners found that Chase Bank offered a variety of loan products that featured innovative and flexible lending practices to serve the credit needs of its assessment area. During the examination period, the bank originated approximately 3,600 of these loans, totaling approximately $380 million, to assist LMI borrowers or borrowers in LMI geographies. Chase Bank was instrumental in developing and testing the "FA$TRAK" program and other loan programs designed by the Small Business Administration ("SBA") to provide loans to small businesses in amounts of less than $150,000. In 1997 and 1998, the bank originated more SBA loans than any other lender in the SBA's New York region. Chase Bank also used credit enhancements, such as guarantees provided by the SBA and other government agencies, to provide small business credit to borrowers who would not normally qualify for conventional loan products. In the area comprising New York State and the New York consolidated metropolitan statistical area ("New York CMSA"), Chase Bank originated 424 innovative or flexible small business loans during 1997 and 1998, totaling more than $56 million.

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

Chase Bank received an "outstanding" examination rating for its investment activities. Examiners commented favorably on Chase Bank's responsiveness to the primary credit and community development needs in its assessment areas. During the examination period, Chase's level of qualified investments totaled approximately $377 million. Examiners also commended Chase Bank for the level of its qualified community development investments in facilities and organizations supporting affordable housing, economic development, and community services.

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

New York CMSA: Examiners found that Chase Bank had a strong lending record in the New York CMSA, which represented 93 percent of the bank's deposit base, in view of its overall lending record and volume of community development loans. Chase Bank originated approximately 110,500 HMDA-related and small business loans, totaling approximately $12.7 billion, in the New York CMSA. The examination report stated that Chase Bank's distribution of home purchase loans reflected excellent penetration in the New York CMSA. During the examination period, examiners found that 13 percent of Chase Bank's home purchase

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

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

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

and refinance loans were in LMI geographies, where 12 percent of the housing units were owner occupied. Furthermore, the examination report observed that 21 percent of Chase Bank's small business loans were in LMI geographies, which coincided with the percentage of businesses in LMI geographies. Examiners noted a significant increase in Chase Bank's small business and HMDA-related lending. From 1996 to 1997, the number of small business loans increased 345 percent, with a 275-percent increase in small business loans in LMI geographies. Examiners also specifically noted the bank's excellent performance in LMI geographies. From 1997 to 1998, HMDA-related lending increased 63 percent overall and 68 percent in LMI geographies.

Examiners noted that Chase Bank participated in complex and innovative community development lending programs, including a loan pool established by wholesale and foreign banks in New York City. ICP contends, however, that Chase Bank's community reinvestment efforts primarily support the construction of housing that LMI persons cannot afford. In the New York CMSA, Chase Bank had approximately $520 million in outstanding community development loans during the examination period, which provided financing for more than 2,700 new housing units. Chase Bank also states that it has continued to engage in community development lending. According to Chase Bank, it closed a loan for approximately $6.9 million loan in 2000 to help finance the rehabilitation of 200 apartment units in the Bronx, the majority of whose residents received public housing assistance. Furthermore, Chase has stated that in August 1999, it provided a $1.75 million loan to rehabilitate apartment units for LMI veterans in Queens.

The examination report characterized Chase Bank's level of qualified investments in the New York CMSA as strong. Chase Bank's qualified investments totaled approximately $365 million at the time of the examination. Ninety-one percent, or $344 million, of Chase Bank's investments were directed to agencies engaged in affordable housing. Chase Bank also participated in innovative qualified investments such as Low Income Housing Tax Credits ("LIHTC"), which accounted for approximately 77 percent of total qualified investments.

Examiners determined that Chase Bank's delivery system was reasonably accessible to essentially all portions of the New York CMSA assessment area. Chase Bank operated 406 branches in the New York CMSA, including 87 branches in LMI geographies. The examination report also stated that Chase Bank employed multiple alternative delivery systems that were generally effective in its enhancing the distribution of banking services throughout the New York CMSA, including a network of 127 stand-alone ATM locations, 33 percent of which were in LMI geographies. In certain branches, Chase Bank offered payroll check cashing for non-customer employees of Chase's corporate clients. Examiners found that Chase Bank also provided community development services that included seminars designed to help build the credit skills of community development organizations. In addition, Chase Bank also operated three Business Resource Centers that provided business development, financing, and planning assistance for small business owners.

New York State: In Chase Bank's assessment areas in New York State, which excluded the New York CMSA, examiners found that Chase exhibited good responsiveness to the credit needs of its assessment area. During the examination period, Chase Bank reported 9,849 loans totaling approximately $798 million, of which 64 percent were small business loans. Furthermore, the examination report noted that small business lending significantly increased, especially in LMI geographies. From 1996 to 1997, small business lending increased 397 percent. Overall, HMDA-related lending increased 18 percent from 1996 to 1997 and 45 percent from 1997 to 1998. Examiners also characterized Chase Bank's loan activity in all portions of its assessment area, including LMI geographies, as excellent. During the examination period, Chase Bank reported 362 home purchase or refinance loans in LMI geographies. Moreover, 25 percent of Chase Bank's small business loans were in LMI geographies. Examiners also found that the distribution of loans among borrowers of different income levels was excellent. More than 23 percent of Chase Bank's home purchase and finance loans were to LMI borrowers. Chase Bank also had an excellent record of lending to businesses of different sizes. Eighty-five percent of Chase Bank's small business loans were in amounts of $100,000 or less. Furthermore, approximately 52 percent of Chase Bank's small business loans were to small businesses.

A large portion of Chase Bank's HMDA-reportable lending and small business lending in upstate New York was in the Rochester metropolitan statistical area ("Rochester MSA"). During the examination period, Chase Bank reported 1,400 home purchase and refinancing loans and 2,212 small business loans in the portion of the Rochester MSA in its assessment area. Examiners noted that Chase exhibited excellent geographic distribution of small business loans. Approximately 23 percent of Chase Bank's small business loans were in LMI geographies. This level of lending exceeded the percentage of loans in LMI geographies by small business loan reporters in the aggregate. Examiners also noted as excellent Chase Bank's performance in its distribution of small business loans by borrower income. Eighty-four percent of all Chase Bank's small business loans were in amounts of $100,000 or less, with an average total amount of approximately $33,000. Moreover, 53 percent of total small business loans were to small businesses.

GRCRC expresses concern about Chase Bank's home lending record among minority and LMI individuals and in predominantly minority and LMI census tracts in Rochester and about Chase Bank's record of attracting, counseling, and retaining potential minority and LMI applicants for home mortgages. The examination report, however, characterized Chase Bank's distribution of home purchase and refinance loans by borrower income as good. During the examination period, 29 percent of Chase Bank's home purchase and refinance loans were to LMI borrowers. Furthermore, Chase Bank also demonstrated a strong performance in home purchase and refinance lending, with 10 percent of such loans in LMI geographies. Chase represents that for the first half of 2000, its loan penetration of LMI census tracts has increased more than 5 percent compared with 1999. The Board also notes that from 1994 to 1999 loan applications to Chase Bank by minorities in the Rochester MSA increased 24 percent. During the examination period, examiners found that Chase Bank sponsored or conducted approximately 35 seminars and workshops on affordable housing with Rochester community development organizations.

Chase Bank also had a good performance record in community development lending and in innovative and flexible lending programs throughout New York State, including the Rochester MSA. During the examination period, Chase Bank reported community development loan commitments for its New York State assessment areas totaling $31 million. In the Rochester MSA, commitments for this type of lending totaled $13.5 million. Examiners noted that 79 percent of the bank's community development loan commitments in the New York State assessment area were originated since the previous examination. The examination report also observed that Chase Bank's innovative and flexible lending practices in the New York State assessment areas were comparable with Chase Bank's practices in the New York CMSA. In the Rochester MSA, Chase Bank originated mortgages under the Rochester LMI Housing Program, which was a program sponsoring 30-year mortgage loans that feature low down payment requirements of $500 from the borrower's own funds and flexible debt-to-income ratios.

In the New York State and Rochester MSA assessment areas, examiners found that Chase maintained a good level of qualified community development investments that reflected a strong responsiveness to credit and community development needs. At the time of the examination, Chase Bank's qualified investments totaled $12 million, of which approximately 83 percent were in Rochester. Examiners also noted that Chase Bank made innovative and complex investments, such as LIHTCs which comprised approximately 77 percent, or $9.2 million, of the bank's qualified investments in the New York State assessment areas. Moreover, approximately 90 percent of Chase Bank's investments were directed to agencies engaged in affordable housing.

Examiners found that Chase Bank's record of providing retail banking and community development services in its New York State assessment areas, including the Rochester MSA, was outstanding. Moreover, the examination report indicated that Chase Bank's branch delivery system was readily accessible to essentially all portions of the New York State assessment areas, including the Rochester MSA. As of July 1999, Chase Bank operated 73 retail branches in its New York State assessment areas, including 31 branches in the Rochester MSA. During the examination period, Chase Bank closed one retail branch, which was not in an LMI geography. Examiners stated that Chase Bank's record of opening and closing branches had not adversely affected the accessibility of the branch delivery system. Chase Bank also provided a high level of community development service in the New York State assessment areas, including the sponsorship of 125 seminars and workshops focusing primarily on affordable housing. Chase states that in March 2000, Chase Bank conducted a seminar in cooperation with the City of Rochester and local realtors that was designed to encourage the purchase of affordable housing in Rochester. Chase Bank personnel and lending officers also were available at the seminar to discuss the mortgage application process with attendees.

Texas: Chase Bank's operations in Texas as of the date of its most recent examination of CRA performance by the OCC (September 1996, the "1996 Examination") were conducted under the name Texas Commerce Bank, N.A., Houston ("Chase-TX").[28] The Board has considered the 1996 examination and supplemental information provided by Chase on its CRA-related activities in Texas. The Board reviewed the CRA performance of Chase Bank's operations in Texas in the context of Chase Bank's application to merge with Chase-TX. *See The Chase Manhattan Bank,* 86 *Federal Reserve Bulletin* 610 (2000). In approving the merger of Chase Bank and Chase-TX, the Board carefully reviewed the lending records of Chase Bank and Chase-TX, including their policies and programs designed to ensure compliance with the fair lending laws.

The 1996 Examination noted that Chase-TX had originated a significant volume and variety of loans in its communities. In 1995, Chase-TX originated 11,409 home improvement loans, totaling approximately $135 million. After reviewing aggregate HMDA data for all reporting lenders, examiners determined that in 1995, Chase-TX made more home improvement loans in Texas than any other lender. Furthermore, Chase-TX designed a program of affordable loans that used specialized loan products to provide credit opportunities that might not otherwise have been available. Under this program, Chase-TX originated 4,376 mortgage and home improvement loans, totaling approximately $50 million, in 1995. Examiners also found that in 1995, 90 percent of Chase-TX's lending was in its assessment areas. Furthermore, Chase-TX demonstrated strong loan penetration of LMI areas, and a high level of performance in the distribution of loans by borrower income level. According to Chase, in 1999 its bank originated over 18,485 mortgage loans in Texas, of which approximately 10 percent were in LMI census tracts and 22 percent were to LMI borrowers. During the same time period, Chase has reported that the bank originated 8,146 small business loans in Texas, of which 30.8 percent were in LMI census tracts.

The 1996 Examination noted that Chase-TX engaged in a significant amount of community development lending. In 1995, Chase-TX provided $94 million in community development loans. These loans helped finance projects by America's Preferred Homes (a 360-unit LMI apartment complex), the Las Haciendas single-family affordable

28. Chase-TX later changed its name to Chase Bank of Texas and merged with Chase Bank in August 2000.

housing development subdivision, and the Midland County Housing Authority. Chase-TX also engaged in creative and flexible financing activities, such as making a $5.4 million bridge loan for the construction of an apartment complex for senior citizens in an LMI neighborhood and developing lease-purchase mortgage products to facilitate the development of affordable housing.

According to Chase, in 1999, Chase-TX provided $10.9 million in loans and lines of credit for the acquisition and development of affordable housing subdevelopments and apartment complexes in Dallas and Houston. Furthermore, Chase states that in 2000, the Texas bank provided approximately $4.8 million in loans and credit to community organizations involved in the economic redevelopment of inner cities in Texas.

The 1996 Examination commented favorably on Chase-TX's community investment activities. During the 1996 examination period, examiners found that Chase-TX made more than $2.9 million of equity investments in Texas community development corporations. During the same period, Chase-TX also provided grants to cover the operational expenses of ACCION-San Antonio, a community organization that made loans to borrowers in LMI neighborhoods. The 1996 Examination also stated that Chase-TX officers and employees regularly provided financial and credit counseling services, often coordinated with local not-for-profit organizations, at locations throughout its community. Examiners found that the counseling services assisted LMI individuals to understand the credit decision process and allowed them to learn about the Chase-TX's bank products designed to meet their credit needs. Chase states that Chase Bank has continued its community investment activities in Texas. According to Chase, as of October 2000, Chase Bank's outstanding community investment commitments in Texas totaled $59.2 million. Chase states that from 1999 to 2000, Chase Bank has invested $12.4 million in municipal bonds for affordable housing in Texas, and invested in a community development corporation in Fort Worth that provides financing for disadvantaged local small businesses.

2. Chase-USA

Chase-USA was most recently examined for CRA-performance as of May 1999 for the examination period from January 1997 to March 1999. As part of the evaluation, examiners considered the lending records and activities of Chase-USA and its affiliates, notably the Chase Manhattan Mortgage Corporation, Edison, New Jersey ("CMMC"). Examiners rated Chase-USA as "outstanding" for overall CRA performance.

The examination report stated that Chase-USA's lending record reflected good responsiveness to the credit needs of its community. During the examination period, Chase-USA originated more than $163 million in home purchase mortgages and $86 million in home refinance mortgages.[29] Examiners found that the geographic distribution of Chase-USA's loans reflected good penetration in LMI geographies. Approximately 10 percent of Chase-USA's home mortgage and refinance loans in the Delaware portion of its assessment area were in LMI geographies. Examiners also noted good distribution of Chase-USA's loans among borrowers of different income levels. During the examination period, 47 percent of Chase-USA's home purchase mortgages, and 22 percent of its home refinance mortgages were to LMI borrowers. Chase-USA also originated 225 small business loans totaling $4.8 million. Examiners favorably noted that the geographic distribution of Chase-USA's small business loans showed improvement during the examination period. From 1997 to 1998, small-business loans in low-income geographies increased to 8 percent, while such loans in moderate-income geographies increased to 18 percent.

Examiners found that CMMC made a significant number of home purchase and refinance loans to LMI borrowers and outside Chase-USA's assessment area. During the examination period, CMMC made more than $3.9 billion in home mortgage purchase and refinance loans to LMI borrowers nationwide. In 1997, approximately 26.2 percent of CMMC's home purchase and refinance loans were to LMI borrowers.

Examiners found that Chase-USA offered flexible and innovative affordable mortgage products to help meet the needs of LMI borrowers. Chase-USA, as a participant in Federal Housing Administration and Veterans Administration programs, offered 1,231 loans through these programs during the examination period. Chase-USA also offered several proprietary affordable loan products. Examiners favorably noted that Chase-USA took a leadership role in establishing partnerships with local financial institutions to sell affordable mortgage-backed securities.

Chase-USA's community development lending reflected a good responsiveness to the credit needs of its assessment area in terms of loan volume and lending practices. During the examination period, Chase-USA and its affiliates, including CMMC, made loan commitments totaling $34.2 million primarily to finance affordable rental housing development and new small businesses. Examiners found that CMMC took a lead role in establishing a network of community development financial institutions that offered credit and financial assistance to individuals and small businesses. CMMC also provided a $12 million loan for the acquisition of a community shopping center in Philadelphia to assist in the economic revitalization of a central city community.

Examiners favorably commented on Chase-USA's significant level of qualified community development investment and responsiveness to the affordable housing and economic development needs of its community. During the

29. Examiners noted that for approximately half of the examination period, Chase-USA was restricted in its ability to solicit in-state lending business under Delaware law.

examination period, the investment commitments of Chase-USA and its affiliates in its assessment area totaled $31.6 million. Examiners noted that Chase-USA took a leadership role in working with the Delaware State Housing Authority ("DSHA") bond underwriter to restructure its bond program and thereby significantly reduced costs to the agency and home buyers. Chase-USA and CMMC purchased a total of $21.4 million in DSHA bonds. CMMC also purchased $1.5 million in LIHTC partnerships. Examiners noted that Chase-USA provided $1.83 million in qualified grants to community organizations to develop affordable housing programs, shelter and outreach services for the homeless, and a small business resource center. Chase-USA also provided more than 400 computers and printers and similar donations to community-based organizations.

C. CRA Performance Record of Morgan

Morgan Guaranty is a wholesale banking institution that provides investment management, corporate trust, financial and estate planning, fiduciary, and private banking services for institutions and high net worth individuals. Morgan Guaranty is a "wholesale bank" for CRA purposes[30] and its performance is evaluated under the "community development test."[31] Community development activities as a general matter must benefit areas in an institution's assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s).[32]

Morgan Guaranty's most recent CRA performance evaluation reviewed the institution's record of assisting to meet the credit needs of its community in 1997 and 1998. Examiners rated Morgan Guaranty's performance under the community development test "outstanding." The examination report noted that Morgan had conducted the majority of its community development lending and qualified investment activities through its affiliate, Morgan Community Development Corporation.

During the examination period, Morgan provided a significant level of community development loans, qualified investments, and community development services to help meet the credit and community development needs of its assessment areas. Examiners stated that Morgan Guaranty's community development lending totaled approximately $268.2 million, representing an increase of 112 percent since the previous examination. Consistent with Morgan Guaranty's wholesale bank operations, most lending activity was indirect, primarily financing housing and community service intermediaries that supported community development in the bank's assessment area.

Morgan Guaranty also had a significant level of qualified investments, totaling approximately $196.9 million at the time of the examination and representing an increase of 106 percent since the previous examination. Indirect investments in affordable housing initiatives totaled more than $168 million or 86 percent of Morgan Guaranty's qualified investments. Other investments included $11.6 million of grants and contributions to more than 200 nonprofit community development organizations. Projects in the bank's assessment area totaled $149.4 million or 76 percent of total investments.

Examiners noted that Morgan Guaranty provided a substantial level of community development services, including advisory services, technical assistance, and in-kind donations. Approximately 47 percent of Morgan Guaranty's community development services were for affordable housing programs for LMI individuals. Morgan Guaranty and its affiliates also donated office furniture, used computers, and other items to 87 nonprofit and public institutions.

Examiners indicated that Morgan Guaranty extensively used innovative and complex qualified investments, community development loans, and community development services. Through a partnership with a Primary Care Development Corporation ("PCDC"), Morgan Guaranty engaged in the financing of ten primary care facilities that served more than 73,000 low-income individuals in New York City. Examiners stated that Morgan Guaranty's long-term efforts with the PCDC had improved access to primary health care for LMI neighborhoods. Morgan Guaranty also structured a revolving line of credit to the New York Community Investment Company and syndicated bridge loans for several housing fund initiatives. Of Morgan Guaranty's total qualified investments, examiners found that approximately 81 percent or $158.5 million were LIHTCS and, therefore, qualified as complex investments.

The examination report indicated that Morgan Guaranty had exhibited excellent responsiveness to credit and community development needs in its assessment areas through community development lending and investments and adequate responsiveness through its community development service and practices. Affordable housing activity totaled $180.6 million or 67 percent of Morgan Guaranty's total community development lending. Morgan's lending to organizations that provide community services for LMI individuals totaled $62.1 million. Examiners also found that Morgan Guaranty provided financing to organizations such

30. A "wholesale bank" is a bank that:
(i) Is not in the business of extending home mortgage, small business, small farm or consumer loans to retail consumers; and
(ii) Has been designated as a wholesale bank by its appropriate federal banking agency. 12 C.F.R. 228.12(w).

ICP alleges that Morgan engages in the business of multifamily mortgage lending. Morgan engages in the securitization of multifamily mortgage loans, an activity that is consistent with its wholesale bank designation.

31. *See* 12 C.F.R. 228.25(a). The test evaluates a wholesale bank on its record of community development services, community development investments, and community development lending. 12 C.F.R. 228.25(c). The primary purpose of any service, investment, or loan considered under the test must be "community development," which is defined in terms of specific categories of activities that benefit LMI individuals, LMI areas, or small businesses or small farms. *See* 12 C.F.R. 228.12(h); *see, e.g., The Charles Schwab Corporation,* 86 *Federal Reserve Bulletin* 494, 496 (2000).

32. Community development activities outside an institution's assessment area(s) may also be considered if the institution has adequately addressed the needs of its assessment area(s). *See* 12 C.F.R. 228.25(e).

as the National Community Development Initiative that provided financial and technical support to nonprofit community development corporations. Qualified investments in affordable housing initiatives totaled $178.5 million or 91 percent of Morgan Guaranty's qualified investments. In Morgan Guaranty's New York assessment area, examiners found that the institution's LIHTCs supported housing initiatives that resulted in the creation or rehabilitation of approximately 5,000 units of affordable housing for LMI individuals.

D. HMDA Data

The Board also has considered the lending record of Chase and Morgan in light of comments about the HMDA data reported by the organizations' subsidiaries.[33] HMDA data from 1997 to 1999 indicate that in New York and Texas,[34] Chase was generally comparable with lenders in the aggregate in its assessment areas in terms of the percentage of housing-related loans to African Americans and Hispanics. During the same time period, Chase's rate of denying applications from African-American and Hispanic borrowers for home mortgage loans in the New York and Texas assessment areas was also comparable with lenders in the aggregate. The data further indicate that Chase's lending in minority census tracts in the New York and Texas assessment areas was comparable with, and at times, exceeded, such loans by lenders in the aggregate.[35]

The Board is concerned when an institution's record 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 banking, but also equal access to credit by creditworthy applicants regardless of their race or income level.[36]

The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because the data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.[37] HMDA data, therefore, have limitations that make the data an inadequate basis, absent other information, for concluding that an institution has not adequately assisted in meeting its community's credit needs or has engaged in illegal lending discrimination.[38]

Because of the limitations of HMDA data, the Board has carefully considered the data and comments in light of other information, including information provided by Chase and Morgan, examination reports, and confidential

33. Some commenters have criticized Chase's record of home mortgage lending in numerous markets, including Chase's assessment areas in New York and Texas. GRCRC and ICP note that in certain markets, minority applications for conventional home purchase and refinance loans were denied by Chase more frequently than by lenders in the aggregate. ICP also presents data purportedly demonstrating that Chase denies applications from minorities more frequently than it denied applications from nonminorities.

ICP contests the inclusion in Chase's HMDA data for subprime loans originated by Chase affiliates. The Board notes that Regulation C (12 C.F.R. 203 *et seq.*) requires all mortgage lending institutions and subsidiaries of financial institutions supervised by the Board, OCC, FDIC, and OTS to submit HMDA data to the appropriate federal financial supervisory agency. *See* 12 C.F.R. 203, App. A, Part I (C) & (E).

34. Mortgage loans extended by Chase and its subsidiaries in New York and Texas comprise 85 percent of Chase's total HMDA-reportable loans in states where it has been evaluated for performance under the CRA.

35. ICP has expressed concern that the HMDA data reported by Chase do not separately report subprime loans to borrowers. HMDA and Regulation C do not require separate reporting for subprime loans to borrowers.

36. ICP also generally alleges that Chase and Morgan have indirectly supported predatory and discriminatory lending through their business relationships that include warehouse finance and securitization services for several nonaffiliated nonbanking companies ("consumer lending companies").

The Board has considered the due diligence and other actions taken by Chase in connection with its relationships with consumer lending companies. For example, before obtaining Chase's warehouse financing services, consumer-lending companies must make certain written representations and warranties stating that they are in compliance with all applicable laws, including consumer protection laws. Chase also has retained an outside firm to investigate and monitor the loan production activities of its warehouse finance customers.

In addition, Chase states that in the securitization of subprime loans, it has no role in the initial funding of, and does not control the loan selection criteria for, the loans it securitizes. Chase states, however, that it conducts due diligence reviews for compliance with consumer and fair lending laws, including on-site reviews, of every subprime pool it securitizes as lead manager. Furthermore, when securitizing subprime mortgage loans, Chase reviews every loan purchased to help ensure adherence to fair lending laws.

Morgan states that it does not engage in subprime warehouse financing. Morgan also states that it does not control the origination of subprime loans from consumer lending companies that it securitizes, but that it hires third parties to conduct due diligence reviews of all consumer lending companies before it serves as lead manager. Furthermore, when securitizing mortgage-backed loans, Morgan, as lead manager, conducts on-site reviews of the consumer lending company and hires a third party to review a sample of the loan pool to be securitized.

The Board has considered all these facts of record in evaluating the managerial and convenience and needs factors in this case. Moreover, the Board notes that the Department of Housing and Urban Development, the Department of Justice, and the Federal Trade Commission have responsibility for reviewing the compliance with fair lending laws of nondepository institutions.

37. 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.

38. ICP contends that Chase Bank, Chase-USA through its subsidiary CMMC, and certain other subsidiaries engage directly and indirectly in disproportionate amounts subprime lending to LMI and minority individuals in certain metropolitan areas. ICP further contends that Chase has increased its involvement in subprime lending. Subprime lending is a permissible activity when conducted in compliance with fair lending laws. ICP has provided no information that indicates that Chase's subprime lending is illegal. Moreover, examiners found no evidence of illegal discrimination or credit practices at Chase Bank. Examiners considered CMMC's practices and record of lending when evaluating Chase-USA for CRA performance and found no evidence of illegal discrimination or credit practices. The Board notes that Chase reviews subprime mortgage applications to inform applicants if they may qualify for a prime loan.

supervisory material. As noted above, examiners found no evidence of prohibited discrimination or other illegal credit practices at the subsidiary banks of Chase and Morgan at their most recent examinations. Examiners reviewed fair lending policies and procedures of the banks and found the policies and procedures to be comprehensive and appropriate for monitoring compliance with fair lending laws. The Board has also considered the HMDA data in light of the lending records of Chase and Morgan which show that the organizations' subsidiary banks significantly help to meet the credit needs of their communities, including LMI areas.

E. Branch Closings

Commenters expressed concern that consummation of the proposal would result in branch closings and that these closings would have adverse effects on the local communities in which the branches are located.[39]

The Board has carefully considered the comments concerning branch closings in light of all the facts of record, the branch closing policies of Chase and Morgan, and the record of the two organizations in opening and closing branches. Examiners at the most recent CRA examination of Chase and Morgan reviewed the banks' records of opening and closing branches and found that the banks' branch closings had not adversely affected the accessibility of banking services in their communities.

The Board also has considered that federal banking law provides a specific mechanism for addressing branch closings. Federal law requires an insured depository institution to provide notice to the public and to the appropriate federal supervisory agency before closing a branch.[40] The law does not authorize federal regulators to prevent the closing of any branch. Branch closings resulting from the proposal also would be considered by the appropriate federal supervisor at the next CRA examination of the relevant subsidiary depository institution.[41]

F. Conclusion on the Convenience and Needs Factor

In its review of the convenience and needs factor, the Board has carefully considered the entire record, including the CRA performance examinations of each of the insured depository institutions involved in the proposal, all the information provided by the commenters,[42] Chase and Morgan, the opinion of federal and state agencies, and confidential supervisory information.[43] Based on all the facts of record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of the relevant insured depository institutions, are consistent with approval of the proposal.

Nonbanking Activities

Chase also has filed notice under section 4(j)(2) of the BHC Act to acquire Morgan FSB and thereby engage in operating a savings association. The Board has determined by regulation that the operation of a savings association is, within certain limits, closely related to banking for purposes of the BHC Act.[44] Chase has committed to conduct these nonbanking activities in accordance with the limitations set forth in Regulation Y and the Board's orders and interpretations governing the activity.

To approve a notice under section 4(c)(8) of the BHC Act, the Board also must determine that the proposed activities "can reasonably be expected to produce benefits

39. ICP expresses concern about potential branch closures by citing two lawsuits that Chase aggressively opposed involving alleged illegal discrimination in layoffs after previous Chase consolidations. The composition of an applicant's workforce by race or age is not within the statutory factors that the Board is permitted to consider under the BHC Act. The Board also notes that the Equal Employment Opportunity Commission has jurisdiction to determine whether a banking organization such as Chase is in compliance with federal equal employment opportunity statutes under the regulations of the Department of Labor. *See* 41 C.F.R. 60–1.7(a), 60–1.40.

40. 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.

ICP also expresses concern over the sale of Chase Bank's Virgin Island branches to an acquirer that might also be engaged in nonbanking and nonfinancial activities. The Board notes that any sale of branches must be in accordance with the law including any relevant application and review of CRA performance as required in accordance with those applications.

41. ICP asserts that Chase should be held accountable for the closure of branches originally sold by Chase to another banking institution. The Board notes that these closings are subject to separate review by the primary federal supervisor of the purchaser under the same policy guidelines applicable to Chase.

42. ANHD requests that Chase and Morgan answer certain questions and provide certain commitments. The Board notes that the CRA requires only that, in considering an acquisition proposal, the Board carefully review the actual performance records of the relevant depository institutions in helping to meet the credit needs of their communities. The CRA does not require depository institutions to make pledges concerning future performance under the CRA. The Board also notes that future activities of Chase's subsidiary banks will be reviewed by the appropriate federal supervisors in future performance examinations, and such CRA performance records will be considered by the Board in subsequent applications by Chase to acquire a depository institution.

43. ICP has alleged that the merger of Chase and Morgan might result in the loss of jobs. As previously noted, the factors that the Board may consider when reviewing an application or notice are limited by the applicable law. The effect of a proposed transaction on employment in a community is not among the factors included in the acts administered by the Board. Moreover, the convenience and needs factor has been consistently interpreted by the federal banking agencies, the courts, and Congress to relate to the effect of a proposal on the availability and quality of banking services in the community. *See Wells Fargo & Company,* 82 *Federal Reserve Bulletin, 455, 457 (1996).*

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

to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[45] As noted above, Morgan received a "satisfactory" rating from the OTS at its most recent CRA performance examination, as of November 1998.

As part of its evaluation of the public interest factors, the Board considers the financial condition and managerial resources of the notificant and its subsidiaries, including the companies to be acquired, and the effect of the proposed transaction on those resources. For the reasons noted above, and based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the proposal.

The Board also has considered the competitive effects of the proposed acquisition by Chase of Morgan FSB. Morgan FSB has two branches in California and Florida and competes directly with Chase in the West Palm Beach banking market. For the reasons discussed above, the Board has concluded that the acquisition of Morgan's subsidiary depository institutions, including Morgan FSB, is not likely to have any significantly adverse effects in the West Palm Beach banking market or any other relevant banking market. Based on all the facts of record, the Board concludes that it is unlikely that significantly adverse competitive effects would result from the nonbanking acquisition proposed in the transaction.

Chase has indicated that consummation of the proposal would provide current and future customers of the two organizations greater convenience. Chase also has stated that the proposal would permit the combined organization to achieve greater operational efficiencies and economies of scale, and that these improvements would strengthen Chase's ability to compete in the markets in which it operates. Morgan also would provide the combined organization with an enhanced capacity to offer wholesale banking products and services. Chase, in turn, would provide former Morgan customers with access to certain commercial and retail banking products not offered by Morgan's depository institutions, such as home mortgage loans. Furthermore, former Morgan customers would gain access to Chase's expansive branch delivery network.[46]

The Board also concludes that conducting the proposed nonbanking activity within the framework of Regulation Y and Board precedent is not likely to result in adverse effects, such as undue concentration of resources, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of the proposal, such as increased customer convenience and gains in efficiency. Accordingly, based on all the facts of record, the Board has determined that the balance of public interest factors that the Board must consider under the standard in section 4(j) of the BHC Act is consistent with approval of Chase's notice.

45. 12 U.S.C. § 1843(j)(2)(A).

46. *See, e.g., Banc One Corporation,* 84 *Federal Reserve Bulletin* 553 (1998); *First Union Corporation,* 84 *Federal Reserve Bulletin* 489 (1998).

Chase also has requested the Board's consent under section 4(c)(13) of the BHC Act and section 211.5(c) of the Board's Regulation K (12 C.F.R. 211.5(c)) to acquire certain foreign investments of Morgan.[47] In addition, Chase has provided notice under sections 25 and 25A of the Federal Reserve Act and sections 211.3, 211.4, and 211.5 of Regulation K (12 C.F.R. 211.3, 211.4, and 211.5) to acquire some of Morgan's foreign branches and Morgan Guaranty International Finance Corporation, Newark, Delaware, a company organized under section 25A of the Federal Reserve Act. The Board concludes that all the factors required to be considered under the Federal Reserve Act, the BHC Act, and the Board's Regulation K are consistent with approval of these proposals.

Chase Bank has also applied under section 9 of the Federal Reserve Act (12 U.S.C. § 322 *et seq.*) to establish branch at the offices of Morgan Guaranty. The Board has considered the factors it is required to consider when reviewing application for establishing branches pursuant to section 9 of the Federal Reserve Act (12 U.S.C. § 322) and, for the reasons discussed in this order, finds those factors to be consistent with approval.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the applications and notices should be, and hereby are, approved.[48] The Board's

47. ICP contends that some activities by ICTSI International Holdings Corp., Manila, Philippines ("ICTSI"), and Massera S.A., Buenos Aires, Argentina ("Massera"), are impermissible under section 4 of the BHC Act. Under section 4(c)(13) of the BHC Act, a bank holding company may acquire shares of a foreign organization that does no business in the United States except as incident to its international or foreign business, if the Board determines that the exemption would not be substantially at variance with the purposes of the BHC Act and would be in the public interest. *See* 12 U.S.C. § 1843(c)(13). Section 211.5(b)(1)(iii) of Regulation K generally permits investments of less than 20 percent of the voting shares (and less than 40 percent of the total equity) of foreign companies without regard to the activities of such companies. 12 C.F.R. 211.5(b)(1)(iii). Chase's investments in ICTSI and Massera would comply with these provisions.

48. Commenters have requested a public meeting or hearing on the proposal. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for the bank to be acquired makes a timely written recommendation of denial. The Board has not received such a recommendation from the appropriate supervisory authorities. The Board's regulations provide for a hearing under section 4 of the BHC Act if there are disputed issues of material fact that cannot be resolved in some other manner. *See* 12 C.F.R. 225.25(a)(2). 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 carefully considered the requests for a public meeting or hearing in light of all the facts of record. In the Board's view, commenters have had ample opportunity to submit their views and, in fact, have submitted written comments that have been carefully considered by the Board in acting on the proposal. The requests fail to identify disputed issues of fact that are material to the Board's decision and that may be clarified by a public meeting or hearing. Commenters have provided substantial written comments that have approval is specifically conditioned on compliance by Chase with all the commitments made in connection with these applications and with the conditions stated or referred to in this order. The Board's determination on the nonbanking activities also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. For purposes of this action, the commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective December 11, 2000.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

Orders Issued Under International Banking Act

Euroclear Bank
Brussels, Belgium

Order Approving Establishment of a Representative Office

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

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in New York (*The New York Post*, August 31, 2000). The time for filing comments has expired, and all comments have been considered.

Bank is a newly formed Belgian bank that was created to operate the Euroclear System (the "System"), a clearance and settlement system for international securities. The System is currently operated by the Brussels office of the Morgan Guaranty Trust Company of New York ("MGT") on behalf of Euroclear Clearance System plc ("ECS plc"), a United Kingdom company owned by a consortium of 119 financial institutions. ECS plc owns, directly or indirectly, 95 percent of the shares of Bank, and more than 1200 other participants in the System own the balance. The parent of MGT, J.P. Morgan & Co. Incorporated, entered into an agreement with ECS plc whereby MGT's role as operator of the System will cease on or about December 31, 2000. At that time, the assets and liabilities of MGT's Brussels office related to the operation of the System will be transferred to Bank, and Bank will become the System's operator. Most MGT employees who currently have duties related to the operations of the System will become employees of Bank. Bank will not engage in the full range of international banking activities, but only in the clearance and settlement of international securities transactions. Bank also intends to establish representative offices in Tokyo, Sao Paolo, Singapore, Hong Kong, and London.

The proposed representative office will engage in liaison, marketing and support activities, including the solicitation of new clients and the promotion of Bank products and services. These are the same functions currently performed by certain employees of MGT's New York office.

In acting on an application to establish a representative office, the IBA and Regulation K provide that the Board shall take into account whether the foreign bank engages directly in the business of banking outside the United States and has furnished to the Board the information it needs to assess the application adequately. The Board also shall take into account whether the foreign bank and any foreign bank parent is subject to comprehensive supervision or regulation on a consolidated basis by its home country supervisor.[1] The Board may take into account

been carefully considered by the Board, and the requests fail to show why a public meeting or hearing is necessary for the proper presentation or consideration of commenters' views. For these reasons, and based on all the facts of record, the Board has determined that a public meeting or hearing and further delay in considering the application is not required or warranted in this case. Accordingly, the requests are hereby denied.

1. *See* 12 U.S.C. § 3107(a)(2); 12 C.F.R. 211.24(d)(2). In assessing this standard, the Board considers, among other factors, the extent to which the home country supervisors:
- (i) Ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide;
- (ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;
- (iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;
- (iv) Receive from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis;

additional standards set forth in the IBA and Regulation K.[2] The Board previously has stated that the standards that apply to the establishment of a branch or agency need not in every case apply to the establishment of a representative office, because representative offices do not engage in a banking business and cannot take deposits or make loans.[3]

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

With respect to home country supervision of Bank, the Board has considered the following information. The Belgian Banking and Finance Commission ("BBFC") and the National Bank of Belgium ("NBB") are the primary supervisors of Bank.[4] The Board previously has determined, in connection with applications involving other Belgian banks, that those banks were subject to comprehensive consolidated supervision by the BBFC.[5] Although Bank is a *de novo* institution, and the BBFC has not previously had primary supervisory authority over the operations of the System, the BBFC intends to supervise Bank in substantially the same manner as the banks previously reviewed in the orders cited above. Based on all the facts of record, the Board has determined that factors relating to the supervision of Bank by its home country supervisor are consistent with approval of the proposed representative office.

The Board has taken into account the additional standards set forth in the IBA and in Regulation K.[6] The BBFC has granted Bank approval to establish the proposed office. With respect to the financial and managerial resources of Bank, taking into consideration the record of operations by Bank's predecessor in its home country, Bank's overall financial resources, and its standing with its home country supervisor, the Board has determined that financial and managerial considerations are consistent with approval. In addition, Bank appears to have the experience and capacity to support the proposed office and has established controls and procedures in the representative office to ensure compliance with applicable U.S. law, as well as controls and procedures for its worldwide operations generally.

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

On the basis of all the facts of record, and subject to the commitments made by Bank, as well as the terms and conditions set forth in this order, the Board has determined that Bank's application to establish a representative office in New York should be, and hereby is, approved. Should any restrictions on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require or recommend termination of any of Bank's direct or indirect activities in the United States. Approval of this application also is specifically conditioned on Bank's compliance with the commitments made in connection with this application and with the conditions in this order.[7] The commitments and conditions referred to above are conditions imposed in writing by the Board in connection with its decision and may be enforced in proceedings against Bank and its affiliates under applicable law.

By order of the Board of Governors, effective December 21, 2000.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

(v) Evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis.

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

2. *See* 12 U.S.C. § 3105(d)(3) and (4); 12 C.F.R. 211.24(c)(2).

3. *See* 58 *Federal Register* 6348, 6351 (1993). *See also Banco de la Ciudad de Buenos Aires,* 85 *Federal Reserve Bulletin* 647 (1999); *Agricultural Bank of China,* 83 *Federal Reserve Bulletin* 617 (1997); *Citizens National Bank,* 79 *Federal Reserve Bulletin* 805 (1993).

4. The National Bank of Belgium has primary responsibility for oversight of payment and clearing systems in Belgium. The BBFC is the primary banking regulator in Belgium, however, and would have full supervisory authority over the activities of Bank. The BBFC has indicated that it works closely with the NBB and that both entities share information with respect to supervisory matters.

5. *See Antwerpse Diamantbank, N.V.,* 85 *Federal Reserve Bulletin* 830 (1999); *KBC Bank, N.V.,* 85 *Federal Reserve Bulletin* 832 (1999).

6. *See* 12 U.S.C. § 3105(d)(3) and (4); 12 C.F.R. 211.24(c)(2).

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

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

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

Section 3

Applicant(s)	Bank(s)	Effective Date
The Chase Manhattan Corporation, New York, New York	J.P. Morgan & Co. Incorporated, New York, New York Morgan Guaranty Trust Company of New York, New York, New York J.P. Morgan FSB, West Palm Beach, Florida	December 11, 2000
Compass Bancshares, Inc., Birmingham, Alabama	FirsTier Corporation, Northglenn, Colorado FirsTier Bank, Northglenn, Colorado Firstate Bank, Kimball, Nebraska	December 13, 2000

Section 4

Applicant(s)	Bank(s)	Effective Date
City National Corporation, Beverly Hills, California	Reed, Conner & Birdwell, Inc., Los Angeles, California	December 27, 2000
Wells Fargo & Company, San Francisco, California Wells Fargo Financial Services, Inc., Des Moines, Iowa Wells Fargo Financial, Inc., Des Moines, Iowa	Conseco Finance Vendor Services Corporation, Paramus, New Jersey	December 28, 2000
Wells Fargo & Company, San Francisco, California Wells Fargo Financial Services, Inc., Des Moines, Iowa Wells Fargo Financial, Inc., Des Moines, Iowa	Flagship Credit Corporation, Philadelphia, Pennsylvania	December 6, 2000

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
1st Financial Bancshares, Inc., Shawnee Mission, Kansas	Sylvan Agency, Inc., Sylvan Grove, Kansas Centerville State Bank, Centerville, Kansas	Kansas City	December 11, 2000
Amana Bancshares, Inc., Southfield, Michigan	Amana Bank, Dearborn, Michigan	Chicago	December 22, 2000
Bank of America Corporation, Charlotte, North Carolina N B Holdings Corporation, Charlotte, North Carolina	Bank of America Georgia, National Association, Atlanta, Georgia	Richmond	December 20, 2000
Capitol Bancorp Ltd., Lansing, Michigan Sun Community Bancorp Limited, Phoenix, Arizona Sunrise Capital Corporation, Albuquerque, New Mexico	Sunrise Bank of San Diego, San Diego, California	Chicago	November 30, 2000
Capital City Bank Group, Inc., Tallahassee, Florida	First National Bankshares of West Point, Inc., West Point, Georgia First National Bank of West Point, West Point, Georgia First Peoples Bankshares, Inc., Pine Mountain, Georgia First Mortgage Company, Pine Mountain, Georgia	Atlanta	December 11, 2000
Central Financial Corporation, Hutchinson, Kansas	TTAC Corp., Manhattan, Kansas Community First National Bank, Manhattan, Kansas	Kansas City	December 22, 2000
Chemical Financial Corporation, Midland, Michigan	Shoreline Financial Corporation, Benton Harbor, Michigan Shoreline Bank, Benton Harbor, Michigan	Chicago	December 11, 2000
Citizens Bancorp of Oviedo, Oviedo, Florida	Citizens Bank of Oviedo, Oviedo, Florida	Atlanta	December 11, 2000
CNB Holdings, Inc., McConnelsville, Ohio	The Citizens National Bank of McConnelsville, McConnelsville, Ohio	Cleveland	November 24, 2000
Cooper Lake Financial Corporation, Cooper, Texas	The Delta Bank, Cooper, Texas	Dallas	December 11, 2000

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Eggemeyer Advisory Corp., Rancho Santa Fe, California WJR Corp., Rancho Santa Fe, California Castle Creek Capital, LLC, Rancho Santa Fe, California Castle Creek Capital Partners Fund I, LP, Rancho Santa Fe, California Castle Creek Capital Partners Fund IIa, Rancho Santa Fe, California Castle Creek Capital Partners Fund IIb, Rancho Santa Fe, California	First Professional Bank, S.A., Santa Monica, California	San Francisco	December 21, 2000
F&M National Corporation, Winchester, Virginia	Community Bankshares of Maryland, Bowie, Maryland	Richmond	December 20, 2000
First Bancorp of Taylorville, Inc., Taylorville, Illinois	The First National Bank of Mt. Auburn, Mt. Auburn, Illinois	Chicago	December 1, 2000
First Banks, Inc., St. Louis, Missouri First Banks America, Inc., St. Louis, Missouri	Millennium Bank, San Francisco, California	St. Louis	December 12, 2000
First Banks, Inc., St. Louis, Missouri First Banks America, Inc., St. Louis, Missouri	The San Francisco Company, San Francisco, California Bank of San Francisco, San Francisco, California	St. Louis	November 29, 2000
First Community Bancorp, Rancho Santa Fe, California	Profesional Bancorp, Inc., Santa Monica, California	San Francisco	December 21, 2000
First National Bankers Bankshares, Inc., Baton Rouge, Louisiana	Mississippi National Bankers Bank, Ridgeland, Mississippi	Atlanta	December 4, 2000
First National Johnson Bancshares, Inc., Johnson, Nebraska	Wilber Company, Wilber, Nebraska	Kansas City	November 27, 2000
F.N.B. Corporation, Hermitage, Pennsylvania	Sun Bancorp, Inc., Selinsgrove, Pennsylvania	Cleveland	November 27, 2000
Goering Financial Holding Company Partnership, L.P., Moundridge, Kansas	BON, Inc., Moundridge, Kansas	Kansas City	December 20, 2000
Goering Management Company, LLC, Moundridge, Kansas	Goering Financial Holding Company Partnership, L.P., Moundridge, Kansas	Kansas City	December 20, 2000
Heritage Group, Inc., Aurora, Nebraska	Heritage Bank, N.A., Doniphan, Nebraska	Kansas City	December 14, 2000
Innes Street Financial Corporation, Salisbury, North Carolina	Citizens Bank, Inc., Salisbury, North Carolina Citizens Bank, FSB, Salisbury, North Carolina	Richmond	December 7, 2000
Lake Bank Shares, Inc., Employee Stock Ownership Plan, Emmons, Minnesota	Lake Bank Shares, Inc., Emmons, Minnesota The First State Bank of Emmons, Emmons, Minnesota	Minneapolis	December 27, 2000

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Lenawee Bancorp, Inc., Adrian, Michigan	Bank of Washtenaw, Saline, Michigan	Chicago	December 11, 2000
Marquette Bancshares, Inc., Minneapolis, Minnesota	Commerce Bank of Santa Barbara, N.A., Santa Barbara, California	Minneapolis	December 14, 2000
Mason National Bancshares, Inc., Mason, Texas Mason National Bancshares of Nevada, Inc., Carson City, Nevada	Mason National Bank, Mason, Texas	Dallas	December 14, 2000
Meader Insurance Agency, Inc., Waverly, Kansas	1st Financial Bancshares, Inc., Shawnee Mission, Kansas	Kansas City	December 11, 2000
Merchants and Manufacturers Bancorporation, Inc., New Berlin, Wisconsin Merchants Merger Corp., New Berlin, Wisconsin	CBOC, Inc., Oconto Falls, Wisconsin Community Bank of Oconto County, Oconto Falls, Wisconsin	Chicago	November 17, 2000
Mid-Iowa Bancshares Co., Algona, Iowa	Ruthven Investment, Ltd., Ruthven, Iowa	Chicago	November 30, 2000
Mississippi Valley Bancshares, Inc., St. Louis, Missouri	Southwest Bank of Phoenix, Phoenix, Arizona	St. Louis	December 12, 2000
Mountain West Financial Corp., Helena, Montana	Bankwest Financial, Inc., Kalispell, Montana	Minneapolis	December 21, 2000
Nara Bancorp, Inc., Los Angeles, California	Nara Bank, Los Angeles, California	San Francisco	December 15, 2000
North Texas Bancshares, Inc., Dallas, Texas North Texas Bancshares of Delaware, Inc., Wilmington, Delaware	Park Cities Bank, Dallas, Texas	Dallas	November 28, 2000
Northwest Mutual Holding Company, Winsted, Connecticut Litchfield Mutual Holding Company, Litchfield, Connecticut	Northwest Community Bank, Winsted, Connecticut Litchfield Bancorp, Litchfield, Connecticut	Boston	December 15, 2000
Northwest Suburban Bancorp, Inc., Mount Prospect, Illinois	Village Bank and Trust, North Barrington, Illinois	Chicago	December 14, 2000
OSB Financial Services, Inc., Orange, Texas OSB Delaware Financial Services, Inc., Dover, Delaware	Orange Savings Bank, SSB, Orange, Texas	Dallas	November 24, 2000
PAB Bankshares, Inc., Valdosta, Georgia	FCB Interim Bank, Ocala, Florida Friendship Community Bank, Ocala, Florida	Atlanta	December 8, 2000
Pacifica Bancorp, Inc., Bellevue, Washington	Pacifica Bank, Bellevue, Washington	San Francisco	November 21, 2000
Seacoast Financial Services Corporation, New Bedford, Massachusetts	Home Port Bancorp, Inc., Nantucket, Massachusetts Nantucket Bank, Nantucket, Massachusetts	Boston	December 11, 2000

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Sooner Southwest Bankshares, Inc., Tulsa, Oklahoma	The First National Bancorporation of Heavener, Oklahoma, Inc., Heavener, Oklahoma	Kansas City	December 14, 2000
Southern Community Bancorp, Orlando, Florida	Southern Community Bank of Southwest Florida, Bonita Springs, Florida	Atlanta	November 27, 2000
Southwest Bancorporation of Texas, Inc., Houston, Texas Southwest Holding Delaware, Inc., Wilmington, Delaware	Citizens Bankers, Inc., Baytown, Texas Citizens Bankers of Delaware, Inc., Wilmington, Delaware	Dallas	November 28, 2000
Spectrum Bancorporation, Inc., Omaha, Nebraska	Great Western Securities, Inc., Omaha, Nebraska	Chicago	November 27, 2000
TTAC Corp., Manhattan, Kansas	Community First National Bank, Manhattan, Kansas	Kansas City	November 27, 2000
Whitney Holding Corporation, New Orleans, Louisiana	American Bank, Houston, Texas	Atlanta	November 29, 2000
Yankee Ridge, Inc., Allerton, Illinois	State Bank of Allerton, Allerton, Illinois Philo Exchange Bank, Philo, Illinois	Chicago	November 22, 2000

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Bank Hapoalim B.M., Tel Aviv, Israel Zohar Hashemesh Le'Hashkaot Ltd., Tel Aviv, Israel Hapoalim U.S.A. Holding Company, Inc., New York, New York Arison Holdings (1998) Ltd., Tel Aviv, Israel Israel Salt Industries Ltd., Atlit, Israel	Signature Securities Group Corporation, New York, New York	New York	December 20, 2000
Bank of Montreal, Toronto, Ontario, Canada	Moneris Solutions Corporation, Buffalo Grove, Illinois Moneris Solutions, Inc., Buffalo Grove, Illinois	Chicago	November 15, 2000
Bayerische Hypo-und Vereinsbank AG, Munich, Germany	Bank Austria AG, Vienna, Austria	New York	December 28, 2000
Chesapeake Financial Shares, Inc., Kilmarnock, Virginia	Chesapeake Trust Company, Kilmarnock, Virginia	Richmond	December 21, 2000
Citigroup, Inc., New York, New York	Geneva Group, Inc., Irvine, California	New York	December 22, 2000
Covenant Bancgroup, Inc., Leeds, Alabama	To engage *de novo* in securities brokerage services	Atlanta	November 30, 2000
Dresdner Bank Aktiengesellschaft, Frankfurt, Germany	Wasserstein Perella Group, Inc., New York, New York	New York	December 11, 2000

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Fifth Third Bancorp, Cincinnati, Ohio	Resource Management Inc., Cleveland, Ohio	Cleveland	December 8, 2000
Irwin Financial Corporation, Columbus, Indiana	Irwin Union Bank, F.S.B., Louisville, Kentucky	Chicago	December 1, 2000
Manning Financial Services, Inc., Manning, Iowa	To engage *de novo* in extending credit and servicing loans	Chicago	December 20, 2000
Mizuho Holdings, Inc., Tokyo, Japan	Dealerconx, Inc., Livingston, New Jersey	New York	December 8, 2000
The Dai-Ichi Kangyo Bank, Limited, Tokyo, Japan	The CIT Group, Inc., New York, New York		
National Australia Bank Limited, Melbourne, Australia	Charles F. Curry Company, Kansas City, Missouri	Chicago	December 27, 2000
HomeSide Lending, Inc., Jacksonville, Florida			
SSB Management L.L.C., Wilber, Nebraska	Wilber Company, Wilber, Nebraska Saline State Insurance Agency, L.L.C., Wilber, Nebraska	Kansas City	November 27, 2000
Sturm Financial Group, Inc., Denver, Colorado	Community Financial Services, Inc., Denver, Colorado	Kansas City	December 18, 2000
Westdeutsche Landesbank Girozentrale, Dusseldolf, Germany	Gulfstream Global Investors, Ltd., Addison, Texas	New York	December 8, 2000
Wilber Company, Wilber, Nebraska	Saline State Insurance Agency, L.L.C., Wilber, Nebraska	Kansas City	November 27, 2000

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

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

Applicant(s)	Bank(s)	Effective Date
The Chase Manhattan Bank, New York, New York	Morgan Guaranty Trust Company of New York, New York, New York	December 11, 2000
Compass Bank, Birmingham, Alabama	FirsTier Bank, Northglenn, Colorado Firstate Bank, Kimball, Nebraska	December 13, 2000

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
Adams Bank & Trust, Ogallala, Nebraska	Bank of Colorado-Western Slope, Grand Junction, Colorado	Kansas City	November 29, 2000
Bank of Colorado, Fort Lupton, Colorado	Bank of Colorado-Western Slope, Grand Junction, Colorado	Kansas City	November 28, 2000
Bank of Pontiac, Pontiac, Illinois	Odell State Bank, Odell, Illinois	Chicago	December 27, 2000
Bank of Tazewell County, Tazewell, Virginia	First Union National Bank, Charlotte, North Carolina	Richmond	December 21, 2000
Bank of Washtenaw, Saline, Wisconsin	Bank of Lenawee, Adrian, Michigan	Chicago	December 11, 2000
Capital City Bank, Tallahassee, Florida	First National Bank of West Point, West Point, Georgia	Atlanta	December 11, 2000
Capital City Bank, Tallahassee, Florida	First Union National Bank, Charlotte, North Carolina	Atlanta	December 1, 2000
Centennial Bank of the West, Eaton, Colorado	Farmers Bank, Ault, Colorado	Kansas City	December 5, 2000
F&M Bank-Maryland, Inc., Bethesda, Maryland	Community Bank of Maryland, Bowie, Maryland	Richmond	December 20, 2000
Friendship Community Bank, Ocala, Florida	FCB Interim Bank, Ocala, Florida	Atlanta	December 8, 2000
Harris Trust Bank of Arizona, Scottsdale, Arizona	Century Bank, Scottsdale, Arizona	Chicago	November 27, 2000
PNB Financial Bank, Lubbock, Texas	City National Bank, Austin, Texas	Dallas	December 11, 2000
Sylvan State Bank, Sylvan Grove, Kansas	Centerville State Bank, Centerville, Kansas Kendall State Bank, Valley Falls, Kansas	Kansas City	December 11, 2000

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

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

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

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

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

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

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

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

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

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

Board of Governors v. Interfinancial Services, Ltd., No. 00–5233 (D.C. Cir., filed June 27, 2000). Appeal of district court order enforcing administrative subpoena issued by the Board. On June 30, 2000, the court of appeals denied the appellant's motion for a stay of the district court order. On December 1, 2000, the court dismissed the case on appellant's motion.

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

Hunter v. Board of Governors, No. 00-CV-735 (ESH) (D.D.C., filed April 5, 2000). Action claiming retaliation for whistleblowing activity. The case was dismissed by stipulation on December 15, 2000.

Bennett v. Federal Bureau of Investigation, et al., No. H-00–0707 (S.D. Texas, filed March 1, 2000). Action alleging Board interference with a private investment. On October 20, 2000, the court dismissed the action.

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

Folstad v. Board of Governors, No. 00–1056 (6th Cir., filed January 14, 2000). Appeal of district court order granting summary judgment to the Board in a Freedom of Information Act case. On October 26, 2000, the court of appeals affirmed the district court's order.

Toland v. Internal Revenue Service, Federal Reserve System, et al., No. CV-S-99-1769-JBR-RJJ (D. Nevada, filed December 29, 1999). Challenge to income taxation and Federal Reserve notes. On May 1, 2000, the court granted the government's motion to dismiss the action.

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

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

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

Kerr v. Department of the Treasury, No. 99–16263 (9th Cir., filed April 28, 1999). Appeal of dismissal of action challenging income taxation and Federal Reserve notes. On July 13, 2000, the court of appeals affirmed the dismissal.

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

Board of Governors v. Carrasco, No. 98 Civ. 3474 (LAK) (S.D.N.Y., filed May 15, 1998). Action to freeze assets of individual pending administrative adjudication of civil money penalty assessment by the Board. On May 26, 1998, the court issued a preliminary injunction restraining the transfer or disposition of the individual's assets and appointing the Federal Reserve Bank of New York as receiver for those assets. Following entry of the Board's order requiring restitution, 85 *Federal Reserve Bulletin* 142 (1998), the court granted the Board's motion for judgment in the asset freeze action and authorized a judicial sale of the seized property.

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

FINAL ENFORCEMENT DECISION ISSUED BY THE BOARD OF GOVERNORS

In the Matter of a Notice to
Prohibit Further Participation
Against Kaye G. Hill,
Former Employee,

Barnett Bank, N.A.
Jacksonville, Florida

Docket No. 0CC-AA-EC-00–24

Final Decision

This is an administrative proceeding pursuant to the Federal Deposit Insurance Act ("FDI Act") in which the Office of the Comptroller of the Currency of the United States of America ("OCC") seeks to prohibit the Respondent, Kaye G. Hill ("Respondent"), from further participation in the affairs of any financial institution because of her conduct as an employee of Barnett Bank, N.A., Jacksonville, Florida (the "Bank"). Under the FDI Act, the OCC may initiate a prohibition proceeding against a former employee of a national bank, but the Board must make the final determination whether to issue an order of prohibition.

Upon review of the administrative record, the Board issues this Final Decision adopting the Recommended Decision ("RD") of Administrative Law Judge Ann Z. Cook (the "ALJ"), and orders the issuance of the attached Order of Prohibition.

I. Statement of the Case

A. Statutory and Regulatory Framework

Under the FDI Act and the Board's regulations, the ALJ is responsible for conducting proceedings on a notice of charges. 12 U.S.C. § 1818(e)(4). The ALJ issues a recommended decision that is referred to the deciding agency together with any exceptions to those recommendations filed by the parties. The Board makes the final findings of fact, conclusions of law, and determination whether to issue an order of prohibition in the case of prohibition orders sought by the OCC. *Id.*; 12 C.F.R. 263.40.

The FDI Act sets forth the substantive basis upon which a federal banking agency may issue against a bank official or employee an order of prohibition from further participation in banking. To issue such an order, the Board must make each of three findings:

(1) That the respondent engaged in identified *misconduct*, including a violation of law or regulation, an unsafe or unsound practice or a breach of fiduciary duty;
(2) That the conduct had a specified *effect*, including financial loss to the institution or gain to the respondent; and
(3) That the respondent's conduct involved either personal dishonesty or a willful or continuing disregard for the safety or soundness of the institution. 12 U.S.C. § 1818(e)(1)(A)-(C).

An enforcement proceeding is initiated by the filing of a notice of charges which is served on the respondent. Under the OCC's and the Board's regulations, the respondent must file an answer within 20 days of service of the notice. 12 C.F.R. 19.19(a) and 263.19(a). Failure to file an answer constitutes a waiver of the respondent's right to contest the allegations in the notice, and a final order may be entered unless good cause is shown for failure to file a timely answer. 12 C.F.R. 19.19(c)(1) and 263.19(c)(1).

B. Procedural History

On April 6, 2000, the OCC issued a Notice initiating an enforcement action that sought an order of prohibition due to Respondent's actions in taking $5000 from two customer accounts at the Bank. The Notice directed Respondent to file an answer within 20 days, and warned that failure to do so would constitute a waiver of her right to appear and contest the allegations. The record shows that the Respondent received a copy of the Notice by certified mail. Nonetheless, Respondent filed to file an answer within the 20-day period. Consequently, on May 22, 2000, the ALJ issued an Order directing Respondent to show cause for her failure to file an answer. Respondent did not respond to the Order.

On November 30, 2000, the ALJ issued a Recommended Decision finding Respondent in default and adopting as her factual findings the allegations in the Notice. On the basis of those findings, the ALJ recommended that an order of prohibition be entered against the Respondent.

II. Discussion

The OCC's Rules of Practice and Procedure set forth the requirements of an answer and the consequences of a failure to file an answer to a Notice. Under the Rules, failure to file a timely answer "constitutes a waiver of [a respondent's] right to appear and contest the allegations in the Notice." 12 C.F.R. 19.19(c). If the ALJ finds that no good cause has been shown for the failure to file, the judge "shall file . . . a recommended decision containing the findings and the relief sought in the notice." Id. An order based on a failure to file a timely answer is deemed to be issued by consent. *Id.*

In this case, Respondent failed to file an answer despite notice to her of the consequences of such failure, and also failed to respond to the ALJ's Order to show cause. Respondent's failure to file an answer constitutes a default.

Respondent's default requires the Board to consider the allegations in the Notice as uncontested. The Notice alleges, and the Board finds, that Respondent made an unauthorized withdrawal of $3000 from one customer account, and closed another, reopening it the same day with $2000 less in the reopened account. This conduct meets all the criteria for entry of an order of prohibition under 12 U.S.C. § 1818(e). It is a violation of law and an unsafe or unsound practice for a bank employee to embezzle customer funds. Respondent's actions caused gain to herself as well as loss to the Bank. Finally, Respondent's actions involved personal dishonesty in taking property not her own. The requirements for an order of prohibition having been met, the Board has determined that such an order will issue.

Conclusion

For these reasons, the Board orders the issuance of the attached Order of Prohibition.

By Order of the Board of Governors, this 13th day of December, 2000.

Board of Governors of the
Federal Reserve System

JENNIFER J. JOHNSON
Secretary of the Board

Order of Prohibition

WHEREAS, pursuant to section 8(e) of the Federal Deposit Insurance Act, as amended, (the "Act") (12 U.S.C. § 1818(e)), the Board of Governors of the Federal Reserve System ("the Board") is of the opinion, for the reasons set forth in the accompanying Final Decision, that a final Order of Prohibition should issue against KAYE G. HILL ("HILL"),

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to section 8(e) of the Federal Deposit Insurance Act, as amended, (12 U.S.C. § 1818(e)), that:

1. In the absence of prior written approval by the Board, and by any other Federal financial institution regulatory agency where necessary pursuant to section 8(e)(7)(B) of the Act (12 U.S.C. § 1818(e)(7)(B)), Hill is hereby prohibited:
   (a) From participating in the conduct of the affairs of any bank holding company, any insured depository

institution or any other institution specified in subsection 8(e)(7)(A) of the Act (12 U.S.C. § 1818(e)(7)(A));

(b) From soliciting, procuring, transferring, attempting to transfer, voting or attempting to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in subsection 8(e)(7)(A) of the Act (12 U.S.C. § 1818(e)(7)(A));

(c) From violating any voting agreement previously approved by the appropriate Federal banking agency; or

(d) From voting for a director, or from serving or acting as an institution-affiliated party as defined in section 3(u) of the Act, (12 U.S.C. § 1813(u)), such as an officer, director, or employee.

2. This Order, and each provision hereof, is and shall remain fully effective and enforceable until expressly stayed, modified, terminated or suspended in writing by the Board.

This Order shall become effective at the expiration of thirty days after service is made.

By Order of the Board of Governors, this 13th day of December, 2000.

Board of Governors of the
Federal Reserve System

JENNIFER J. JOHNSON
Secretary of the Board

FINAL ENFORCEMENT ORDERS ISSUED BY THE BOARD OF GOVERNORS

Bruce Jeffrey Kingdon
New York, New York

The Federal Reserve Board announced on December 12, 2000, the issuance of an Order of Prohibition against Bruce Jeffrey Kingdon, a former partner, operating committee member, managing director, employee, and institution-affiliated party of the Bankers Trust Company, New York, New York.

DETERMINATION NOT TO CONDUCT A TERMINATION PROCEEDING

Bancomer, S.A.
Mexico City, Mexico

The Federal Reserve Board announced on December 12, 2000, pursuant to section 7(i) of the International Banking Act ("IBA"), the Board of Governors has determined that it is not necessary to conduct a proceeding to determine if the United States operations of Bancomer, S.A., Mexico City, Mexico ("Bancomer"), and Banca Serfin, S.A., Lomas de Santa Fe, Mexico ("Serfin"), foreign banks within the meaning of the IBA, should be terminated as a result of Bancomer and Serfin each having been found guilty of a money laundering offense in the United States.

WRITTEN AGREEMENTS APPROVED BY FEDERAL RESERVE BANKS

People's Bancshares, Inc.
New Bedford, Massachusetts

The Federal Reserve Board announced on December 12, 2000, the execution of a Written Agreement by and between People's Bancshares, Inc., New Bedford, Massachusetts, and the Federal Reserve Bank of Boston.

Caisse Nationale de Credit Agricole
Paris, France

The Federal Reserve Board announced on December 1, 2000, the execution of a Written Agreement by and among Caisse Nationale de Credit Agricole, Paris, France; Credit Agricole Indosuez, Paris, France; Credit Agricole Indosuez, New York Branch, New York, New York; the Federal Reserve Bank of New York; and the New York State Banking Department.

Financial and Business Statistics

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

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

GENERAL INFORMATION

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

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

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

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

1.10 RESERVES, MONEY STOCK, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1999	2000			2000				
	Q4	Q1	Q2	Q3[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov
Reserves of depository institutions[2]									
1 Total	−3.4	1.8	−9.5	−7.1	9.0	−9.4	−2.5	−9.7	−2.9
2 Required	−4.5	.1	−5.9	−7.4	9.1	−8.0	−5.3	−10.8	−5.2
3 Nonborrowed	−3.0	2.4	−11.1	−8.8	6.4	−9.8	6	−8.0	1.2
4 Monetary base[3]	20.4	4.3	−3.2	2.6	3.7	.6	3.2	3.5	−1.9
Concepts of money and debt[4]									
5 M1	4.8	.0	−1.0[r]	−2.7	.2	−3.7	−5.2	4.6	−10.7
6 M2	5.2[r]	6.3	6.5[r]	4.8	3.6	7.6	9.0	4.6	2.7
7 M3	10.6[r]	11.3	8.6	8.3	8.8	9.9	8.8	4.0	3.2
8 Debt	6.3	5.6	6.2	4.7	4.3	4.0	5.0	2.7	n.a.
Nontransaction components									
9 In M2[5]	5.4[r]	8.3	8.8	7.0	4.6	11.0	13.2	4.6	6.6
10 In M3 only[6]	25.0[r]	24.3	13.8[r]	17.1	21.4	15.3	8.2	2.6	4.4
Time and savings deposits									
Commercial banks									
11 Savings, including MMDAs	4.2	3.7[r]	8.1	10.7	10.4	14.8	22.3	1.5	10.5
12 Small time[7]	6.9[r]	9.3	13.7	10.9	9.1	9.9	4.2	1.4	5.9
13 Large time[8,9]	38.6[r]	22.0[r]	17.3[r]	9.9	11.2	17.6	−18.1	−9.3	13.9
Thrift institutions									
14 Savings, including MMDAs	−3.3	−1.7	2.0[r]	2.0	−1.3	5.8	2.6	.5	−2.1
15 Small time[7]	5.1	7.2	3.8[r]	11.6	12.4	15.8	8.9	8.5	8.8
16 Large time[8]	6.0	18.5[r]	−.6[r]	16.7	22.6	20.9	6.1	21.7	20.1
Money market mutual funds									
17 Retail	11.0[r]	20.8[r]	11.7	−.6	−7.3	6.8	13.5	12.4	5.1
18 Institution-only	22.4[r]	23.7[r]	13.9[r]	32.9	51.3	27.2	32.3	6.6	11.1
Repurchase agreements and eurodollars									
19 Repurchase agreements[10]	19.5	22.5	10.8	7.3	5.2	−17.9	−3.6	.0	−25.2
20 Eurodollars[10]	10.0	41.1	15.4	4.8	−19.8	24.7	33.1	22.3	−6.7
Debt components[4]									
21 Federal	−4.4	−4.8	−7.5	−7.2	−3.7	−7.3	−4.8	−10.0	n.a.
22 Nonfederal	9.2[r]	8.4	9.7	7.6	6.3	6.7	7.4	5.7	n.a.

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Includes both overnight and term.

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	2000			2000						
	Sept.	Oct.	Nov.	Oct 18	Oct 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	561,086	561,406	568,061	561,883	559,392	563,827	562,324	566,709	568,001	573,552
U.S. government securities[2]										
2 Bought outright—System account[3]	510,925	510,713	512,368	509,485	510,464	510,299	510,724	512,336	513,025	513,689
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	133	130	130	130	130	130	130	130	130	130
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	14,427	12,875	19,549	14,330	11,689	16,005	14,558	17,427	19,618	24,720
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	52	120	121	299	175	18	13	38	416	48
9 Seasonal credit	424	298	157	301	277	240	175	155	148	148
10 Special Liquidity Facility credit	0	0	0	0	0	0	0	0	0	0
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	776	1,192	963	1,181	267	553	1,145	1,071	952	650
13 Other Federal Reserve assets	34,349	36,078	34,774	36,157	36,391	36,582	35,579	35,552	33,712	34,166
14 Gold stock	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
15 Special drawing rights certificate account	3,667	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
16 Treasury currency outstanding	30,687	30,975	31,128	30,972	31,033	31,093	31,107	31,121	31,135	31,149
ABSORBING RESERVE FUNDS										
17 Currency in circulation	570,465	571,604	575,849	572,442	570,968	571,054	572,602	574,058	576,375	580,283
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	170	248	289	256	287	286	271	274	289	315
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	6,695	5,338	5,093	5,170	5,278	5,171	5,073	5,279	5,175	4,940
21 Foreign	84	95	86	108	91	81	96	79	92	74
22 Service-related balances and adjustments	6,703	6,733	6,767	6,614	6,697[r]	6,829	6,776	6,947	6,600	6,758
23 Other	227	251	234	250	241	256	257	200	238	229
24 Other Federal Reserve liabilities and capital	15,260	15,717	17,529	15,427	16,066	16,562	16,865	17,528	17,755	18,027
25 Reserve balances with Federal Reserve Banks[5]	6,882	6,640[r]	7,589	6,834	5,042[r]	8,926	5,736	7,709	6,859	8,320

Factor	End-of-month figures			Wednesday figures						
	Sept.	Oct.	Nov.	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	565,382	566,215	575,908	565,656	559,965	571,828	564,903	570,798	573,538	574,811
U.S. government securities[2]										
2 Bought outright—System account[3]	511,413	508,961	512,327	510,168	511,038	510,302	514,015	511,748	513,813	514,308
3 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
Federal agency obligations										
4 Bought outright	130	130	130	130	130	130	130	130	130	130
5 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
6 Repurchase agreements—triparty[4]	17,320	19,440	27,270	18,843	9,995	24,940	11,975	25,795	24,615	25,630
7 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
8 Adjustment credit	4	29	6	12	13	3	1	251	1	286
9 Seasonal credit	368	219	130	290	270	201	159	156	145	152
10 Special Liquidity Facility credit	0	0	0	0	0	0	0	0	0	0
11 Extended credit	0	0	0	0	0	0	0	0	0	0
12 Float	372	1,438	2,096	−143	1,903	42	2,773	95	874	−136
13 Other Federal Reserve assets	35,774	35,999	33,949	36,355	36,616	36,211	35,850	32,622	33,959	34,440
14 Gold stock	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
15 Special drawing rights certificate account	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
16 Treasury currency outstanding	30,811	31,093	31,163	30,972	31,033	31,093	31,107	31,121	31,135	31,149
ABSORBING RESERVE FUNDS										
17 Currency in circulation	568,612	572,397	579,545	572,499	571,775	572,693	574,396	575,739	580,111	580,871
18 Reverse repurchase agreements—triparty[4]	0	0	0	0	0	0	0	0	0	0
19 Treasury cash holdings	184	289	344	289	276	271	272	285	311	344
Deposits, other than reserve balances, with Federal Reserve Banks										
20 Treasury	8,459	5,360	4,382	5,149	4,207	5,149	5,459	4,850	4,413	5,056
21 Foreign	139	115	104	87	71	75	72	90	71	73
22 Service-related balances and adjustments	6,894	6,829[r]	6,606	6,614	6,697[r]	6,829	6,776	6,947	6,600	6,758
23 Other	177	245	276	269	241	278	229	266	233	227
24 Other Federal Reserve liabilities and capital	15,243	16,416	18,199	15,652	16,254	16,449	17,053	17,318	17,669	17,913
25 Reserve balances with Federal Reserve Banks[5]	10,731	9,903	11,861	10,315	5,722[r]	15,423	5,998	10,670	9,511	8,963

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	1997 Dec.	1998 Dec.	1999 Dec.	2000 May	2000 June	2000 July	2000 Aug.	2000 Sept.	2000 Oct.[r]	2000 Nov.
	Prorated monthly averages of biweekly averages									
1 Reserve balances with Reserve Banks[2]	10,664	9,026	5,263	7,661	6,460	6,582	6,875	6,829	6,782	7,157
2 Total vault cash[3]	44,742	44,294	60,619[r]	44,643	44,560	45,473[r]	45,319[r]	44,807[r]	45,178	44,544
3 Applied vault cash[4]	37,255	36,183	36,392	33,898	32,757	33,086	32,611	32,429	32,072	31,635
4 Surplus vault cash[5]	7,486	8,111	24,227[r]	10,745	11,802	12,387[r]	12,708[r]	12,378[r]	13,105	12,909
5 Total reserves[6]	47,919	45,209	41,655	41,558	39,217	39,668	39,486	39,257	38,854	38,792
6 Required reserves	46,235	43,695	40,348	40,616	38,153	38,600	38,471	38,155	37,725	37,590
7 Excess reserve balances at Reserve Banks[7]	1,685	1,514	1,307	943	1,064	1,068	1,014	1,102	1,129	1,202
8 Total borrowing at Reserve Banks	324	117	320	362	479	570	579	477	418	283
9 Adjustment	245	101	179	86	90	60	25	50	119	124
10 Seasonal	79	15	67	276	389	510	554	427	299	159
11 Special Liquidity Facility[8]	0	0	74	0	0	0	0	0	0	0
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

Reserve classification	2000 Aug. 9	Aug. 23	Sept. 6	Sept. 20	Oct. 4	Oct. 18	Nov. 1[r]	Nov. 15	Nov. 29	Dec. 13
	Biweekly averages of daily figures for two-week periods ending on dates indicated									
1 Reserve balances with Reserve Banks[2]	7,267	6,603	6,911	6,578	7,131	6,502	6,976	6,709	7,621	7,142
2 Total vault cash[3]	46,287[r]	45,395[r]	44,097[r]	44,823[r]	45,210[r]	45,778[r]	44,521	44,631	44,537	43,450
3 Applied vault cash[4]	33,638	32,195	32,184	32,077	33,068	31,601	32,274	31,056	32,262	30,319
4 Surplus vault cash[5]	12,649[r]	13,201[r]	11,913[r]	12,746[r]	12,142[r]	14,177[r]	12,247	13,575	12,275	13,131
5 Total reserves[6]	40,904	38,797	39,095	38,655	40,198	38,103	39,250	37,765	39,883	37,461
6 Required reserves	39,802	37,818	38,118	37,612	38,938	37,073	38,056	36,762	38,477	36,317
7 Excess reserve balances at Reserve Banks[7]	1,102	979	977	1,043	1,260	1,030	1,194	1,003	1,406	1,144
8 Total borrowing at Reserve Banks	581	564	604	473	409	480	355	190	380	159
9 Adjustment	27	12	45	70	26	167	97	25	232	37
10 Seasonal	555	552	559	403	383	313	259	165	148	123
11 Special Liquidity Facility[8]	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .
12 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

1. Data in this table also appear in the Board's H.3 (502) weekly statistical release. For ordering address, see inside front cover. Data are not break-adjusted or seasonally adjusted.

2. Excludes required clearing balances and adjustments to compensate for float and includes other off-balance-sheet "as-of" adjustments.

3. Vault cash eligible to satisfy reserve requirements. It includes only vault cash held by those banks and thrift institutions that are not exempt from reserve requirements. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements.

4. All vault cash held during the lagged computation period by "bound" institutions (that is, those whose required reserves exceed their vault cash) plus the amount of vault cash applied during the maintenance period by "nonbound" institutions (that is, those whose vault cash exceeds their required reserves) to satisfy current reserve requirements.

5. Total vault cash (line 2) less applied vault cash (line 3).

6. Reserve balances with Federal Reserve Banks (line 1) plus applied vault cash (line 3).

7. Total reserves (line 5) less required reserves (line 6)

8. Borrowing at the discount window under the terms and conditions established for the Century Date Change Special Liquidity Facility in effect from October 1, 1999, through April 7, 2000.

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 1/5/01	Effective date	Previous rate	On 1/5/01	Effective date	Previous rate	On 1/5/01	Effective date	Previous rate
Boston	5.50	1/4/01	6.00	6.45	12/28/00	6.55	6.95	12/28/00	7.05
New York		1/4/01	5.75						
Philadelphia		1/4/01	6.00						
Cleveland		1/4/01	5.75						
Richmond		1/4/01	6.00						
Atlanta		1/4/01	5.75						
Chicago		1/4/01	6.00						
St. Louis		1/5/01	5.75						
Minneapolis		1/4/01	6.00						
Kansas City		1/4/01	5.75						
Dallas		1/4/01	5.75						
San Francisco	5.50	1/4/01	5.75	6.45	12/28/00	6.55	6.95	12/28/00	7.05

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

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

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

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

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

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

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

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

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

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

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1997	1998	1999	2000 Apr.	May	June	July	Aug.	Sept.	Oct.
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	9,147	3,550	0	2,294	0	0	1,825	531	231	779
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	435,907	450,835	464,218	37,141	36,386	44,008	33,718	42,797	37,006	38,142
4 For new bills	435,907	450,835	464,218	37,141	36,386	44,008	33,718	42,797	37,006	38,142
5 Redemptions	0	2,000	0	779	2,297	4,188	4,902	3,438	3,898	2,656
Others within one year										
6 Gross purchases	5,549	6,297	11,895	0	164	1,875	1,284	2,770	716	0
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	41,716	46,062	50,590	0	13,063	4,672	5,152	7,040	0	8,663
9 Exchanges	−27,499	−49,434	−53,315	0	−12,633	−3,109	−3,333	−7,396	0	−6,608
10 Redemptions	1,996	2,676	1,429	568	0	0	367	887	0	787
One to five years										
11 Gross purchases	20,080	12,901	19,731	1,723	890	706	2,259	2,508	2,385	734
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−37,987	−37,777	−44,032	0	−10,334	−4,672	−5,152	−3,439	0	−8,663
14 Exchanges	20,274	37,154	42,604	0	10,063	3,109	3,333	5,418	0	6,608
Five to ten years										
15 Gross purchases	3,449	2,294	4,303	930	0	0	0	1,914	448	0
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−1,954	−5,908	−5,841	0	−1,552	0	0	−3,601	0	0
18 Exchanges	5,215	7,439	7,583	0	2,570	0	0	1,254	0	0
More than ten years										
19 Gross purchases	5,897	4,884	9,428	0	528	1,151	500	727	547	982
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−1,775	−2,377	−717	0	−1,177	0	0	0	0	0
22 Exchanges	2,360	4,842	3,139	0	0	0	0	724	0	0
All maturities										
23 Gross purchases	44,122	29,926	45,357	4,947	1,582	3,732	5,868	8,450	4,326	2,495
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	1,996	4,676	1,429	1,347	2,297	4,188	5,269	4,325	3,898	3,443
Matched transactions										
26 Gross purchases	3,591,210	4,430,457	4,413,430	336,103	357,355	368,396	344,935	381,349	335,321	344,920
27 Gross sales	3,593,530	4,434,358	4,431,685	334,751	356,640	369,739	344,384	381,475	334,530	346,428
Repurchase agreements										
28 Gross purchases	810,485	512,671	281,599	0	0	0	0	0	0	0
29 Gross sales	809,268	514,186	301,273	0	0	0	0	0	0	0
30 Net change in U.S. Treasury securities	41,022	19,835	5,999	4,952	−1	−1,800	1,150	3,999	1,219	−2,457
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	25	0	0	0	0	0	0	0	0
33 Redemptions	1,540	322	157	10	0	0	0	0	10	0
Repurchase agreements										
34 Gross purchases	160,409	284,316	360,069	0	0	0	0	0	0	0
35 Gross sales	159,369	276,266	370,772	0	0	0	0	0	0	0
36 Net change in federal agency obligations	−500	7,703	−10,859	−10	0	0	0	0	−10	0
Reverse repurchase agreements										
37 Gross purchases	0	0	0	0	0	0	0	0	0	0
38 Gross sales	0	0	0	0	0	0	0	0	0	0
Repurchase agreements										
39 Gross purchases	0	0	304,989	79,585	107,375	70,850	66,485	47,265	66,080	64,428
40 Gross sales	0	0	164,349	78,425	105,885	70,315	75,925	46,230	67,285	62,308
41 Net change in triparty obligations	0	0	140,640	1,160	1,490	535	−9,440	1,035	−1,205	2,120
42 Total net change in System Open Market Account	**40,522**	**27,538**	**135,780**	**6,102**	**1,489**	**−1,265**	**−8,290**	**5,034**	**4**	**−337**

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

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

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

Millions of dollars

Account	Wednesday					End of month		
	2000					2000		
	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Sept. 30	Oct. 31	Nov. 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
2 Special drawing rights certificate account	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
3 Coin	886	906	909	905	892	831	887	901
Loans								
4 To depository institutions	203	159	407	146	438	372	248	136
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Triparty Obligations								
7 Repurchase agreements—triparty[2]	24,940	11,975	25,795	24,615	25,630	17,320	19,440	27,270
Federal agency obligations[3]								
8 Bought outright	130	130	130	130	130	130	130	130
9 Held under repurchase agreements	0	0	0	0	0	0	0	0
10 **Total U.S. Treasury securities**[3]	**510,302**	**514,015**	**511,748**	**513,813**	**514,308**	**511,413**	**508,961**	**512,327**
11 Bought outright[4]	510,302	514,015	511,748	513,813	514,308	511,413	508,961	512,327
12 Bills	182,312	185,320	183,044	183,883	183,817	184,356	180,971	182,615
13 Notes	235,603	236,014	236,021	237,245	237,804	235,725	235,603	237,025
14 Bonds	92,387	92,680	92,682	92,685	92,687	91,332	92,387	92,687
15 Held under repurchase agreements	0	0	0	0	0	0	0	0
16 **Total loans and securities**	**535,575**	**526,279**	**538,080**	**538,704**	**540,506**	**529,235**	**528,779**	**539,863**
17 Items in process of collection	8,834	10,238	7,922	8,472	7,198	5,424	10,945	5,237
18 Bank premises	1,434	1,435	1,442	1,443	1,441	1,430	1,433	1,440
Other assets								
19 Denominated in foreign currencies[5]	15,298	15,304	15,310	15,316	15,323	15,642	15,297	15,348
20 All other[6]	19,454	19,959	16,761	17,206	17,677	18,817	19,616	17,083
21 **Total assets**	**595,727**	**588,367**	**594,669**	**596,293**	**597,282**	**585,625**	**591,203**	**594,118**
LIABILITIES								
22 Federal Reserve notes	542,757	544,466	545,812	550,192	550,957	538,816	542,479	549,627
23 Reverse repurchase agreements—triparty[2]	0	0	0	0	0	0	0	0
24 **Total deposits**	**27,995**	**19,098**	**24,183**	**20,987**	**21,718**	**26,399**	**22,793**	**20,621**
25 Depository institutions	22,494	13,338	18,978	16,270	16,362	17,624	17,074	15,858
26 U.S. Treasury—General account	5,149	5,459	4,850	4,413	5,056	8,459	5,360	4,382
27 Foreign—Official accounts	75	72	90	71	73	139	115	104
28 Other	278	229	266	233	227	177	245	276
29 Deferred credit items	8,526	7,749	7,356	7,445	6,694	5,168	9,514	5,672
30 Other liabilities and accrued dividends[7]	4,296	4,272	4,364	4,368	4,409	4,447	4,325	4,590
31 **Total liabilities**	**583,574**	**575,585**	**581,716**	**582,992**	**583,778**	**574,830**	**579,111**	**580,510**
CAPITAL ACCOUNTS								
32 Capital paid in	6,987	6,988	6,988	7,030	7,071	6,933	6,986	7,076
33 Surplus	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679
34 Other capital accounts	2,487	3,115	3,287	3,592	3,754	1,184	2,426	3,853
35 **Total liabilities and capital accounts**	**595,727**	**588,367**	**594,669**	**596,293**	**597,282**	**585,625**	**591,203**	**594,118**
MEMO								
36 Marketable U.S. Treasury securities held in custody for foreign and international accounts	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Federal Reserve note statement							
37 Federal Reserve notes outstanding (issued to Banks)	759,820	759,105	758,530	757,512	756,715	764,756	760,004	756,527
38 LESS: Held by Federal Reserve Banks	217,063	214,638	212,718	207,320	205,757	225,940	217,525	206,900
39 Federal Reserve notes, net	542,757	544,466	545,812	550,192	550,957	538,816	542,479	549,627
Collateral held against notes, net								
40 Gold certificate account	11,046	11,046	11,046	11,046	11,046	11,046	11,046	11,046
41 Special drawing rights certificate account	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
42 Other eligible assets	0	4,104	0	0	0	0	0	0
43 U.S. Treasury and agency securities	528,511	526,120	531,566	535,946	536,712	524,570	528,233	535,381
44 **Total collateral**	**542,757**	**544,466**	**545,812**	**550,192**	**550,957**	**538,816**	**542,479**	**549,627**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	2000					2000		
	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Sept. 30	Oct. 31	Nov. 30
1 **Total loans**	**203**	**159**	**407**	**146**	**438**	**372**	**248**	**136**
2 Within fifteen days[1]	180	111	336	125	421	221	152	86
3. Sixteen days to ninety days	23	48	71	21	18	151	96	50
4. 91 days to 1 year	0	0	0	0	0	0	0	0
5 **Total U.S. Treasury securities**[2]	**510,302**	**514,015**	**511,748**	**513,813**	**514,308**	**511,413**	**508,961**	**512,327**
6 Within fifteen days[1]	17,950	17,053	17,502	17,639	15,478	8,978	12,494	4,706
7 Sixteen days to ninety days	105,007	116,675	108,823	112,587	114,311	116,776	109,123	119,433
8 Ninety-one days to one year	131,002	123,240	128,476	125,994	126,364	128,981	131,002	130,868
9 One year to five years	130,667	131,364	131,941	132,580	132,581	131,987	130,667	131,745
10 Five years to ten years	53,530	53,536	54,117	54,123	54,681	53,527	53,530	54,682
11 More than ten years	72,145	72,147	70,889	70,891	70,893	71,162	72,145	70,893
12 **Total federal agency obligations**	**130**	**130**	**130**	**130**	**130**	**130**	**130**	**130**
13 Within fifteen days[1]	0	0	0	0	0	0	0	0
14 Sixteen days to ninety days	0	0	0	0	0	0	0	0
15 Ninety-one days to one year	0	0	0	0	0	0	0	0
16 One year to five years	30	30	30	30	30	30	30	30
17 Five years to ten years	100	100	100	100	100	100	100	100
18 More than ten years	0	0	0	0	0	0	0	0

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

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

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

Billions of dollars, averages of daily figures

Item	1996 Dec.	1997 Dec.	1998 Dec.	1999 Dec.	2000 Apr.	2000 May	2000 June	2000 July	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 Total reserves[3]	50.17	46.87	45.19	41.74	40.93	41.36	39.96	40.26	39.94	39.86	39.54	39.45
2 Nonborrowed reserves[4]	50.02	46.54	45.07	41.42	40.63	41.00	39.48	39.69	39.37	39.38	39.12r	39.16
3 Nonborrowed reserves plus extended credit[5]	50.02	46.54	45.07	41.42	40.63	41.00	39.48	39.69	39.37	39.38	39.12r	39.16
4 Required reserves	48.76	45.18	43.68	40.44	39.78	40.41	38.89	39.19	38.93	38.76	38.41	38.24
5 Monetary base[6]	451.62	479.17	512.75	591.18	573.08	574.29	575.63	577.41	577.69r	579.26r	580.94r	580.04
	Not seasonally adjusted											
6 Total reserves[7]	51.45	48.01	45.31	41.89	40.61	41.58	39.24	39.70	39.52	39.29	38.90	38.84
7 Nonborrowed reserves	51.30	47.69	45.19	41.57	40.31	41.22	38.76	39.13	38.94	38.82	38.48	38.55
8 Nonborrowed reserves plus extended credit[5]	51.30	47.69	45.19	41.57	40.31	41.22	38.76	39.13	38.94	38.82	38.48	38.55
9 Required reserves[8]	50.04	46.33	43.80	40.58	39.47	40.64	38.18	38.63	38.50	38.19	37.77	37.63
10 Monetary base[9]	456.63	484.98	518.27	600.63	571.51	573.26	574.55	577.19	576.60	576.79r	578.34r	582.21
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	51.17	47.92	45.21	41.66	40.59	41.56	39.22	39.67	39.49	39.26	38.85r	38.79
12 Nonborrowed reserves	51.02	47.60	45.09	41.33	40.29	41.20	38.74	39.10	38.91	38.78	38.44	38.51
13 Nonborrowed reserves plus extended credit[5]	51.02	47.60	45.09	41.33	40.29	41.20	38.74	39.10	38.91	38.78	38.44	38.51
14 Required reserves	49.76	46.24	43.70	40.35	39.45	40.62	38.15	38.60	38.47	38.16	37.73	37.59
15 Monetary base[12]	463.40	491.79	525.06	607.94	578.33	580.09	581.44	583.99	583.34	583.48r	585.07r	588.98
16 Excess reserves[13]	1.42	1.69	1.51	1.31	1.15	.94	1.06	1.07	1.01	1.10	1.13	1.20
17 Borrowings from the Federal Reserve	.16	.32	.12	.32	.30	.36	.48	.57	.58	.48	.42	.28

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

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

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

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

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

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

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

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

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

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

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

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

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

1.21 MONEY STOCK AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item	1996 Dec.	1997 Dec.	1998 Dec.	1999 Dec.	2000 Aug.[r]	2000 Sept.[r]	2000 Oct.[r]	2000 Nov.
	Seasonally adjusted							
Measures[2]								
1 M1	1,081.1	1,073.9	1,097.4	1,123.0	1,101.5	1,096.7	1,100.9	1,091.1
2 M2	3,813.3[r]	4,028.9[r]	4,380.6[r]	4,643.7	4,821.3	4,857.5	4,876.0	4,887.1
3 M3	4,949.4[r]	5,400.2[r]	5,994.0[r]	6,489.8	6,863.3	6,913.4	6,936.3	6,955.0
4 Debt	14,430.8	15,223.1	16,276.0[r]	17,376.7	17,999.1	18,074.5	18,115.0	n.a.
M1 components								
5 Currency[3]	394.3	424.8	459.5	515.5	523.0	524.0	525.9	526.5
6 Travelers checks[4]	8.3	8.1	8.2	8.3	9.2	8.8	8.4	8.0
7 Demand deposits[5]	402.3	395.3	379.3	355.2	328.3	324.9	325.7	317.3
8 Other checkable deposits[6]	276.1	245.8	250.3	244.0	241.0	239.0	240.9	239.2
Nontransaction components								
9 In M2[7]	2,732.3[r]	2,955.0[r]	3,283.2[r]	3,520.7	3,719.8	3,760.8	3,775.1	3,796.0
10 In M3 only[8]	1,136.1[r]	1,371.3[r]	1,613.5[r]	1,846.1	2,042.0	2,055.9	2,060.3	2,067.9
Commercial banks								
11 Savings deposits, including MMDAs	904.0	1,020.5	1,184.8	1,285.7	1,358.9	1,384.1	1,385.8	1,397.9
12 Small time deposits[9]	593.3	625.4	626.1	634.6	686.2	688.6	689.4	692.8
13 Large time deposits[10, 11]	413.9	488.1[r]	539.1[r]	614.0	670.5	660.4	655.3	662.9
Thrift institutions								
14 Savings deposits, including MMDAs	366.6	376.6	413.8	448.8	454.3	455.3	455.5	454.7
15 Small time deposits[9]	353.6	342.8	325.6	320.6	337.6	340.1	342.5	345.0
16 Large time deposits[10]	78.3	85.6	88.9	91.5	99.1	99.6	101.4	103.1
Money market mutual funds								
17 Retail	514.8[r]	589.8[r]	733.0[r]	831.0	882.8	892.7	901.9	905.7
18 Institution-only	318.6[r]	390.9[r]	532.1[r]	625.0	721.0	740.4	744.5	751.4
Repurchase agreements and eurodollars								
19 Repurchase agreements[12]	210.7	256.0	300.8	344.3	363.1	362.0	362.0	354.4
20 Eurodollars[12]	114.6	150.7	152.6	171.3	188.3	193.5	197.1	196.0
Debt components								
21 Federal debt	3,781.3	3,800.6	3,751.2	3,660.2	3,488.9	3,475.0	3,445.9	n.a.
22 Nonfederal debt	10,649.5	11,422.5	12,524.7[r]	13,716.5	14,510.2	14,599.5	14,669.2	n.a.
	Not seasonally adjusted							
Measures[2]								
23 M1	1,105.1	1,097.7	1,121.3	1,147.4	1,095.3	1,089.3	1,092.8	1,094.3
24 M2	3,835.6[r]	4,052.1[r]	4,405.8[r]	4,671.9	4,808.0	4,843.4	4,857.8	4,889.5
25 M3	4,970.5[r]	5,424.4[r]	6,023.9[r]	6,525.0	6,834.9	6,881.0	6,907.8	6,969.3
26 Debt	14,428.4	15,218.5	16,271.3[r]	17,372.0	17,935.7	18,015.7	18,064.7	n.a.
M1 components								
27 Currency[3]	397.9	428.9	464.1	521.2	521.6	522.4	524.2	527.5
28 Travelers checks[4]	8.6	8.3	8.4	8.4	8.9	8.7	8.4	8.2
29 Demand deposits[5]	419.9	412.4	395.9	371.2	326.3	321.7	322.1	320.3
30 Other checkable deposits[6]	278.8	248.2	252.8	246.6	238.4	236.4	238.2	238.3
Nontransaction components								
31 In M2[7]	2,730.5[r]	2,954.4[r]	3,284.5[r]	3,524.5	3,712.7	3,754.1	3,765.0	3,795.1
32 In M3 only[8]	1,134.9[r]	1,372.3[r]	1,618.1[r]	1,853.1	2,027.0	2,037.6	2,050.0	2,079.9
Commercial banks								
33 Savings deposits, including MMDAs	903.3	1,020.4	1,186.0	1,288.5	1,356.5	1,381.1	1,380.0	1,397.4
34 Small time deposits[9]	592.7	625.3	626.5	635.4	684.2	687.9	690.7	694.8
35 Large time deposits[10, 11]	413.2	487.1[r]	537.6[r]	612.1	668.6	663.3	659.8	666.2
Thrift institutions								
36 Savings deposits, including MMDAs	366.3	376.5	414.2	449.8	453.5	454.3	453.6	454.5
37 Small time deposits[9]	353.2	342.8	325.8	321.0	336.6	339.8	343.2	346.0
38 Large time deposits[10]	78.1	85.4	88.6	91.2	98.8	100.1	102.1	103.6
Money market mutual funds								
39 Retail	514.8[r]	589.4[r]	731.9[r]	829.7	881.9	890.9	897.5	902.4
40 Institution-only	322.2[r]	397.0[r]	541.9[r]	636.9	709.5	721.5	734.7	755.9
Repurchase agreements and eurodollars								
41 Repurchase agreements[12]	205.7	250.5	295.4	339.5	362.8	360.9	358.3	357.6
42 Eurodollars[12]	115.7	152.3	154.5	173.4	187.3	191.8	195.1	196.6
Debt components								
43 Federal debt	3,787.9	3,805.8	3,754.9	3,663.1	3,437.7	3,426.5	3,395.5	n.a.
44 Nonfederal debt	10,640.4	11,412.7	12,516.3	13,709.0	14,498.1	14,589.2	14,669.2	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12. Includes both overnight and term.

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

A. All commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Nov.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.	Nov. 8	Nov. 15	Nov. 22	Nov. 29
	Seasonally adjusted											
Assets												
1 Bank credit	4,694.0	5,005.5	5,041.8	5,079.7	5,121.9	5,170.3	5,145.0	5,157.3	5,138.0	5,141.7	5,167.8	5,177.8
2 Securities in bank credit	1,249.5	1,313.8	1,313.5	1,318.5	1,321.9	1,332.5	1,310.4	1,302.5	1,297.2	1,297.6	1,307.5	1,306.6
3 U.S. government securities	801.9	815.4	818.5	820.7	813.8	808.2	793.2	782.7	784.6	782.9	782.7	780.1
4 Other securities	447.6	498.4	494.9	497.8	508.1	524.3	517.2	519.8	512.7	514.7	524.7	526.5
5 Loans and leases in bank credit[2]	3,444.5	3,691.7	3,728.3	3,761.2	3,800.0	3,837.8	3,834.6	3,854.8	3,840.8	3,844.2	3,860.3	3,871.2
6 Commercial and industrial	996.0	1,058.1	1,066.6	1,072.1	1,079.9	1,079.9	1,079.0	1,080.2	1,074.7	1,081.7	1,082.5	1,081.6
7 Real estate	1,436.9	1,580.3	1,598.4	1,614.5	1,624.5	1,634.9	1,632.5	1,643.9	1,639.8	1,641.1	1,645.7	1,647.9
8 Revolving home equity	100.8	114.7	115.7	117.1	118.3	120.2	123.4	125.1	124.7	124.9	125.1	125.4
9 Other	1,336.1	1,465.6	1,482.7	1,497.4	1,506.2	1,514.7	1,509.0	1,518.8	1,515.1	1,516.2	1,520.6	1,522.5
10 Consumer	482.7	509.3	516.0	519.6	528.1	531.4	531.3	535.0	529.9	535.7	537.5	537.4
11 Security[3]	133.7	144.8	149.4	151.5	158.3	179.4	177.7	179.3	177.3	171.5	177.9	188.2
12 Other loans and leases	395.2	399.2	397.8	403.5	409.3	412.1	414.2	416.4	418.9	414.1	416.7	416.0
13 Interbank loans	224.2	226.7	227.1	240.4	247.1	240.1	250.6	250.1	253.2	252.3	244.5	249.7
14 Cash assets[4]	274.5	275.1	270.6	271.1	271.5	269.1	267.4	255.0	255.6	252.8	270.0	238.7
15 Other assets[5]	367.6	375.9	377.7	396.0	397.1	396.2	409.6	400.0	401.3	397.7	402.1	397.9
16 **Total assets**[6]	**5,501.0**	**5,823.4**	**5,857.1**	**5,926.0**	**5,975.5**	**6,013.2**	**6,010.5**	**5,999.9**	**5,986.0**	**5,982.3**	**6,022.2**	**6,001.0**
Liabilities												
17 Deposits	3,485.9	3,633.7	3,667.0	3,725.8	3,753.5	3,771.4	3,786.9	3,774.6	3,768.0	3,782.5	3,794.0	3,744.9
18 Transaction	626.4	629.2	617.0	612.1	618.0	610.6	614.4	599.7	582.9	596.9	624.7	596.4
19 Nontransaction	2,859.5	3,004.5	3,050.0	3,113.7	3,135.5	3,160.8	3,172.4	3,174.9	3,185.1	3,185.5	3,169.3	3,148.6
20 Large time	805.1	879.9	899.0	921.3	930.9	920.4	915.2	912.3	913.8	913.1	912.1	908.6
21 Other	2,054.4	2,124.6	2,151.0	2,192.4	2,204.7	2,240.4	2,257.3	2,262.6	2,271.3	2,272.5	2,257.2	2,240.0
22 Borrowings	1,060.1	1,201.3	1,203.8	1,221.9	1,227.9	1,219.9	1,210.4	1,206.5	1,214.1	1,188.0	1,195.1	1,222.8
23 From banks in the U.S.	350.3	385.0	378.4	390.1	389.3	373.4	369.2	365.1	372.4	367.5	353.4	362.9
24 From others	709.8	816.2	825.4	831.8	838.6	846.4	841.2	841.4	841.7	820.4	841.7	859.8
25 Net due to related foreign offices	224.0	254.4	263.5	261.9	269.7	269.1	251.7	241.3	230.4	243.0	245.3	251.0
26 Other liabilities	294.7	310.4	300.6	296.5	312.6	331.6	338.9	339.4	340.1	339.5	341.2	336.0
27 **Total liabilities**	**5,064.7**	**5,399.7**	**5,434.8**	**5,506.1**	**5,563.7**	**5,592.0**	**5,587.8**	**5,561.7**	**5,552.6**	**5,552.9**	**5,575.6**	**5,554.7**
28 Residual (assets less liabilities)[7]	436.3	423.7	422.4	419.9	411.8	421.3	422.7	438.2	433.3	429.4	446.5	446.3
	Not seasonally adjusted											
Assets												
29 Bank credit	4,721.9	4,997.0	5,024.5	5,048.1	5,093.1	5,157.0	5,158.7	5,188.2	5,171.9	5,173.0	5,193.4	5,210.6
30 Securities in bank credit	1,263.8	1,311.1	1,302.7	1,301.0	1,309.2	1,327.3	1,314.8	1,317.5	1,312.1	1,312.5	1,321.6	1,322.4
31 U.S. government securities	804.7	820.8	817.8	812.2	804.9	800.2	788.1	785.3	787.4	785.3	783.7	783.9
32 Other securities	459.1	490.4	485.0	488.8	504.3	527.1	526.7	532.2	524.7	527.3	537.9	538.5
33 Loans and leases in bank credit[2]	3,458.1	3,685.9	3,721.7	3,747.1	3,783.9	3,829.7	3,843.9	3,870.7	3,859.8	3,860.5	3,871.9	3,888.2
34 Commercial and industrial	999.8	1,061.0	1,066.0	1,067.3	1,069.5	1,075.8	1,079.8	1,084.4	1,079.3	1,086.0	1,086.7	1,085.6
35 Real estate	1,443.4	1,577.7	1,595.0	1,610.7	1,624.6	1,635.3	1,638.2	1,651.8	1,651.6	1,650.0	1,651.1	1,654.1
36 Revolving home equity	101.2	114.3	115.8	117.1	118.5	121.0	124.0	125.6	125.2	125.5	125.6	125.9
37 Other	1,342.2	1,463.4	1,479.3	1,493.6	1,506.1	1,514.4	1,514.2	1,526.3	1,526.4	1,524.5	1,525.5	1,528.2
38 Consumer	481.4	508.9	514.1	516.1	526.9	532.1	529.0	534.1	527.6	534.1	537.0	537.9
39 Credit cards and related plans	n.a.	n.a.	n.a.	195.2	202.8	206.0	202.9	206.8	200.7	207.2	209.8	210.0
40 Other	n.a.	n.a.	n.a.	320.9	324.2	326.2	326.1	327.2	326.9	326.9	327.2	328.0
41 Security[3]	135.8	143.3	149.3	148.6	153.2	172.5	181.5	181.6	181.3	173.1	179.5	190.0
42 Other loans and leases	397.7	395.0	397.4	404.4	409.7	413.8	415.4	418.8	420.0	417.3	417.6	420.6
43 Interbank loans	228.1	226.6	226.8	236.4	237.1	233.8	244.4	255.2	258.0	259.9	246.1	255.8
44 Cash assets[4]	283.4	272.9	266.7	261.8	259.2	264.8	268.4	262.9	252.1	270.8	268.8	258.3
45 Other assets[5]	364.6	379.0	379.2	395.4	395.4	394.6	402.4	397.0	400.1	395.6	392.9	398.0
46 **Total assets**[6]	**5,538.4**	**5,815.6**	**5,837.0**	**5,880.5**	**5,922.5**	**5,987.5**	**6,012.0**	**6,040.7**	**6,019.9**	**6,036.9**	**6,038.7**	**6,059.4**
Liabilities												
47 Deposits	3,513.7	3,619.1	3,655.0	3,701.1	3,721.2	3,755.3	3,779.9	3,804.0	3,794.9	3,822.8	3,807.1	3,784.0
48 Transaction	634.6	619.9	615.9	605.6	602.3	604.2	606.3	607.3	580.0	613.1	621.4	617.5
49 Nontransaction	2,879.1	2,999.2	3,039.1	3,095.5	3,118.9	3,151.0	3,173.5	3,196.7	3,215.0	3,209.7	3,185.7	3,166.5
50 Large time	815.2	876.1	888.1	904.6	913.9	909.5	912.4	923.0	921.9	921.9	923.9	923.3
51 Other	2,063.9	2,123.1	2,151.0	2,191.0	2,205.0	2,241.5	2,261.1	2,273.7	2,293.1	2,287.8	2,261.8	2,243.2
52 Borrowings	1,068.1	1,210.7	1,207.2	1,209.4	1,200.6	1,215.5	1,212.1	1,215.5	1,217.5	1,199.2	1,200.3	1,239.5
53 From banks in the U.S.	353.7	385.7	379.4	387.3	384.9	373.0	368.2	368.6	373.4	371.4	356.0	369.6
54 From others	714.4	825.0	827.8	822.1	815.7	842.4	843.8	846.9	844.1	827.8	844.3	869.9
55 Net due to related foreign offices	228.1	254.9	253.9	253.4	267.0	264.1	252.9	246.5	231.4	241.2	253.7	264.9
56 Other liabilities	295.7	308.8	298.9	294.2	312.2	331.0	338.0	340.4	340.4	340.4	342.2	337.7
57 **Total liabilities**	**5,105.6**	**5,393.5**	**5,414.9**	**5,458.1**	**5,501.0**	**5,565.8**	**5,582.8**	**5,606.4**	**5,584.2**	**5,603.6**	**5,603.3**	**5,626.2**
58 Residual (assets less liabilities)[7]	432.8	422.1	422.1	422.4	421.6	421.7	429.1	434.2	435.7	433.2	435.4	433.2

Footnotes appear on p. A21.

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

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Nov.	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.	Nov. 8	Nov. 15	Nov. 22	Nov. 29
	Seasonally adjusted											
Assets												
1 Bank credit	4,152.2	4,417.1	4,460.4	4,497.7	4,535.4	4,576.4	4,564.6	4,582.4	4,563.4	4,575.6	4,591.1	4,599.1
2 Securities in bank credit	1,052.5	1,099.0	1,103.5	1,108.8	1,111.6	1,124.1	1,118.7	1,119.0	1,113.0	1,116.7	1,122.0	1,125.2
3 U.S. government securities	722.2	736.0	740.1	741.6	734.6	731.4	724.1	717.2	717.6	717.3	717.4	716.2
4 Other securities	330.3	363.0	363.4	367.2	377.0	392.7	394.6	401.8	395.4	399.4	404.6	408.9
5 Loans and leases in bank credit[2]	3,099.7	3,318.1	3,356.8	3,389.0	3,423.8	3,452.4	3,445.9	3,463.3	3,450.4	3,458.9	3,469.2	3,473.9
6 Commercial and industrial	799.9[r]	851.8	859.9	867.2	873.3	875.5	877.2	878.4	873.1	879.8	881.1	879.3
7 Real estate	1,419.4[r]	1,562.0	1,579.8	1,595.7	1,605.7	1,615.5	1,613.7	1,624.5	1,620.6	1,621.7	1,626.2	1,628.5
8 Revolving home equity	100.8	114.7	115.7	117.1	118.3	120.2	123.4	125.1	124.7	124.9	125.1	125.4
9 Other	1,318.6[r]	1,447.3	1,464.0	1,478.7	1,487.4	1,495.3	1,490.3	1,499.4	1,495.9	1,496.8	1,501.1	1,503.1
10 Consumer	482.7	509.3	516.0	519.6	528.1	531.4	531.3	535.0	529.9	535.7	537.5	537.4
11 Security[3]	68.3	64.0	68.6	70.0	76.6	85.1	75.6	76.0	74.3	73.5	75.7	80.0
12 Other loans and leases	329.5	331.1	332.5	336.5	340.3	344.9	348.1	349.4	352.5	348.2	348.8	348.6
13 Interbank loans	200.1	196.3	200.8	216.9	224.6	215.9	222.9	222.4	226.2	225.8	219.2	218.3
14 Cash assets[4]	226.0	230.6	225.1	225.3	226.3	223.6	224.4	215.5	215.8	212.1	231.0	200.3
15 Other assets[5]	333.3	335.6	335.2	354.1	356.2	356.8	373.5	365.4	365.9	364.1	368.1	362.3
16 **Total assets**[6]	**4,852.6**	**5,120.2**	**5,161.8**	**5,233.1**	**5,280.7**	**5,310.7**	**5,323.6**	**5,323.6**	**5,309.6**	**5,315.8**	**5,347.6**	**5,317.2**
Liabilities												
17 Deposits	3,128.4	3,250.1	3,281.8	3,335.4	3,358.0	3,383.1	3,402.5	3,391.7	3,383.9	3,399.5	3,409.9	3,365.0
18 Transaction	615.8	618.1	605.6	600.8	607.2	600.9	604.0	589.2	572.2	586.6	614.2	586.1
19 Nontransaction	2,512.6	2,632.0	2,676.2	2,734.6	2,750.8	2,782.2	2,798.5	2,802.5	2,811.7	2,812.9	2,795.7	2,779.0
20 Large time	460.9[r]	510.0	526.0	544.6	548.6	544.4	543.9	542.6	542.4	542.7	541.0	542.7
21 Other	2,051.7[r]	2,122.1	2,150.1	2,190.1	2,202.2	2,237.8	2,254.6	2,260.0	2,269.3	2,270.2	2,254.7	2,236.3
22 Borrowings	877.0	998.4	1,001.2	1,019.4	1,029.0	1,005.6	991.8	984.5	987.8	973.5	978.7	996.1
23 From banks in the U.S.	325.3	367.0	359.2	369.2	372.3	354.1	350.3	345.6	348.1	348.0	338.7	344.6
24 From others	551.7	631.4	642.0	650.2	656.7	651.5	641.5	639.0	639.7	625.5	640.1	651.6
25 Net due to related foreign offices	178.9	232.5	243.3	243.7	246.3	244.8	235.0	235.2	226.2	235.0	240.5	243.2
26 Other liabilities	229.9[r]	231.7	228.6	222.8	239.6	255.1	263.1	269.1	268.6	271.3	269.8	266.9
27 **Total liabilities**	**4,414.3**	**4,712.7**	**4,754.9**	**4,821.2**	**4,872.9**	**4,888.5**	**4,892.4**	**4,880.6**	**4,866.6**	**4,879.4**	**4,898.9**	**4,871.2**
28 Residual (assets less liabilities)[7]	438.3	407.5	407.0	411.9	407.8	422.2	431.2	443.0	443.0	436.4	448.7	446.0
	Not seasonally adjusted											
Assets												
29 Bank credit	4,167.1	4,417.3	4,453.1	4,477.0	4,516.4	4,563.9	4,569.4	4,599.1	4,582.6	4,592.4	4,603.2	4,618.0
30 Securities in bank credit	1,056.9	1,099.6	1,099.1	1,098.3	1,104.6	1,118.7	1,115.6	1,123.2	1,116.4	1,120.1	1,125.6	1,131.3
31 U.S. government securities	723.5	740.4	739.3	734.2	727.3	725.5	719.4	718.4	718.7	718.3	717.7	718.6
32 Other securities	333.4	359.2	359.7	364.2	377.3	393.2	396.2	404.8	397.8	401.8	407.9	412.7
33 Loans and leases in bank credit[2]	3,110.2	3,317.7	3,354.0	3,378.7	3,411.8	3,445.2	3,453.8	3,475.9	3,466.1	3,472.2	3,477.6	3,486.7
34 Commercial and industrial	800.7[r]	858.9	862.6	864.9	865.6	871.4	876.6	879.2	874.6	880.8	881.8	879.8
35 Real estate	1,425.8[r]	1,559.5	1,576.5	1,592.2	1,605.9	1,616.2	1,619.1	1,632.4	1,632.1	1,630.6	1,631.6	1,634.7
36 Revolving home equity	101.2	114.3	115.8	117.1	118.5	121.0	124.0	125.6	125.2	125.5	125.6	125.9
37 Other	1,324.6[r]	1,445.1	1,460.8	1,475.0	1,487.4	1,495.2	1,495.1	1,506.9	1,506.9	1,505.1	1,506.0	1,508.8
38 Consumer	481.4	508.9	514.1	516.1	526.9	532.1	529.0	534.1	527.6	534.1	537.0	537.9
39 Credit cards and related plans	n.a.	n.a.	n.a.	195.2	202.8	206.0	202.9	206.8	200.7	207.2	209.8	210.0
40 Other	n.a.	n.a.	n.a.	320.9	324.2	326.2	326.1	327.2	326.9	326.9	327.2	328.0
41 Security[3]	71.0	62.6	68.1	67.3	71.2	78.4	80.1	79.2	78.8	76.3	78.2	82.1
42 Other loans and leases	331.4	327.8	332.6	338.3	342.1	347.1	349.0	351.1	353.0	350.5	349.1	352.2
43 Interbank loans	204.0	196.2	200.5	212.9	214.6	209.6	216.7	227.6	231.0	233.3	220.8	224.3
44 Cash assets[4]	232.0	229.6	222.0	217.6	215.4	220.2	224.5	221.0	210.6	227.4	227.6	216.8
45 Other assets[5]	330.2	339.3	338.9	355.4	355.2	355.9	367.1	362.3	365.0	362.5	358.8	361.8
46 **Total assets**[6]	**4,874.1**	**5,122.8**	**5,154.6**	**5,202.1**	**5,239.9**	**5,287.2**	**5,316.0**	**5,347.8**	**5,327.1**	**5,353.4**	**5,348.3**	**5,358.0**
Liabilities												
47 Deposits	3,153.5	3,234.6	3,274.2	3,319.6	3,337.6	3,373.3	3,400.0	3,418.0	3,409.4	3,437.5	3,419.0	3,398.4
48 Transaction	623.9	609.2	605.0	594.4	591.6	594.1	595.8	596.7	569.4	602.5	610.8	606.9
49 Nontransaction	2,529.7	2,625.4	2,669.3	2,725.2	2,746.0	2,779.3	2,804.2	2,821.3	2,840.0	2,834.9	2,808.2	2,791.6
50 Large time	468.2[r]	504.7	520.6	536.4	543.2	540.0	545.3	549.8	549.2	549.4	548.7	550.6
51 Other	2,061.5[r]	2,120.7	2,148.7	2,188.7	2,202.8	2,239.3	2,258.8	2,271.4	2,290.8	2,285.5	2,259.5	2,241.0
52 Borrowings	885.0	1,007.9	1,004.6	1,006.9	1,001.7	1,001.2	993.5	993.5	991.2	984.7	983.9	1,012.8
53 From banks in the U.S.	328.8	367.6	360.2	366.3	367.9	353.7	349.3	349.1	349.1	351.9	341.3	351.2
54 From others	556.3	640.3	644.4	640.6	633.8	647.5	644.2	644.5	642.1	632.8	642.7	661.6
55 Net due to related foreign offices	181.2	237.2	235.1	236.1	243.8	240.4	236.1	238.8	227.8	232.3	246.5	252.9
56 Other liabilities	229.9	231.7	228.4	222.1	239.6	254.8	262.7	269.1	268.6	271.4	269.6	267.0
57 **Total liabilities**	**4,449.7**	**4,711.4**	**4,742.3**	**4,784.6**	**4,822.6**	**4,869.8**	**4,892.3**	**4,919.5**	**4,897.1**	**4,925.9**	**4,919.0**	**4,931.1**
58 Residual (assets less liabilities)[7]	424.4[r]	411.5	412.4	417.5	417.2	417.4	423.8	428.3	430.0	427.5	429.3	426.9

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Nov.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.	Nov. 8	Nov. 15	Nov. 22	Nov. 29
	Seasonally adjusted											
Assets												
1 Bank credit	2,333.2	2,484.5	2,500.2	2,510.2	2,528.1	2,551.6	2,527.8	2,527.2	2,520.7	2,521.8	2,530.7	2,536.2
2 Securities in bank credit	544.3	579.9	581.3	578.8	577.0	585.1	576.1	572.0	568.3	571.2	574.4	575.5
3 U.S. government securities	352.9	359.8	362.7	363.5	359.4	357.5	351.2	344.6	344.7	345.0	344.7	344.1
4 Trading account	18.2	23.5	22.7	24.3	23.7	23.2	21.1	20.5	19.9	20.1	20.9	20.7
5 Investment account	334.7	336.3	339.9	339.2	335.7	334.3	330.1	324.2	324.7	324.9	323.8	323.4
6 Other securities	191.4	220.1	218.7	215.3	217.6	227.6	224.9	227.4	223.6	226.2	229.6	231.3
7 Trading account	82.1	101.2	100.2	97.2	102.5	114.5	112.7	116.0	111.9	114.4	118.9	119.9
8 Investment account	109.4	118.9	118.5	118.1	115.0	113.2	112.2	111.4	111.7	111.8	110.7	111.5
9 State and local government	24.0	25.4	25.6	26.1	25.9	25.8	26.1	26.3	26.1	26.4	26.5	26.5
10 Other	85.4	93.5	92.9	92.0	89.1	87.4	86.1	85.1	85.7	85.5	84.2	85.0
11 Loans and leases in bank credit[2]	1,788.9	1,904.6	1,918.8	1,931.3	1,951.2	1,966.5	1,951.7	1,955.2	1,952.4	1,950.6	1,956.3	1,960.8
12 Commercial and industrial	548.5	579.5	582.9	583.4	586.5	586.7	586.0	584.2	580.2	585.5	586.1	584.5
13 Bankers acceptances	1.1	1.1	1.0	1.0	.9	.9	.8	.9	.8	.9	.9	.8
14 Other	547.4	578.4	581.8	582.4	585.5	585.9	585.2	583.3	579.4	584.6	585.2	583.7
15 Real estate	717.2	797.2	803.5	812.1	817.8	818.9	810.9	813.8	814.3	812.3	814.0	814.0
16 Revolving home equity	64.7	74.2	74.5	75.4	76.3	75.2	77.1	78.3	78.1	78.1	78.3	78.5
17 Other	652.5	723.1	729.0	736.7	741.5	743.7	733.8	735.5	736.2	734.1	735.7	735.5
18 Consumer	217.7	227.0	227.8	229.0	231.2	232.1	233.3	234.9	234.2	234.2	234.5	236.6
19 Security[3]	61.6	57.8	62.1	63.1	69.3	77.9	68.1	68.5	66.6	65.8	68.3	72.7
20 Federal funds sold to and repurchase agreements with broker–dealers	43.9	38.9	43.9	44.6	50.7	58.6	49.6	50.6	47.6	46.6	51.4	56.0
21 Other	17.6	18.9	18.2	18.6	18.6	19.3	18.5	17.9	18.9	19.2	17.0	16.7
22 State and local government	11.8	12.4	12.3	12.2	12.3	12.4	12.4	12.4	12.4	12.4	12.4	12.3
23 Agricultural	8.9	9.6	9.6	9.5	9.5	9.4	9.4	9.5	9.4	9.4	9.5	9.6
24 Federal funds sold to and repurchase agreements with others	12.2	13.2	13.5	12.8	14.4	17.0	17.7	20.2	20.1	20.0	20.7	21.1
25 All other loans	92.6	87.7	84.7	84.2	84.1	85.4	85.3	82.8	86.3	82.2	81.8	80.9
26 Lease-financing receivables	118.5	120.3	122.5	125.0	126.1	126.7	128.6	129.0	128.9	128.8	129.1	129.1
27 Interbank loans	134.5	130.7	133.6	141.5	140.1	130.6	136.2	139.9	141.3	141.5	138.2	138.9
28 Federal funds sold to and repurchase agreements with commercial banks	61.0	66.8	67.8	73.6	66.0	56.4	57.5	60.6	58.5	63.1	60.3	60.8
29 Other	73.4	63.9	65.8	67.9	74.1	74.3	78.7	79.3	82.8	78.4	77.9	78.1
30 Cash assets[4]	144.2	149.8	146.0	143.9	144.6	141.5	141.9	136.8	139.5	134.5	147.3	124.2
31 Other assets[5]	234.3	222.7	223.3	243.3	246.0	247.9	261.3	257.6	258.5	258.5	256.3	256.6
32 **Total assets**[6]	**2,810.8**	**2,952.9**	**2,968.5**	**3,003.8**	**3,023.4**	**3,036.0**	**3,032.0**	**3,026.1**	**3,024.7**	**3,021.1**	**3,037.4**	**3,020.0**
Liabilities												
33 Deposits	1,597.2	1,644.9	1,638.4	1,638.9	1,634.5	1,634.1	1,637.1	1,620.8	1,623.9	1,628.4	1,630.0	1,596.0
34 Transaction	318.2	316.6	309.4	302.9	305.4	301.5	303.8	293.5	286.2	292.7	309.1	287.4
35 Nontransaction	1,279.0	1,328.2	1,329.0	1,336.0	1,329.1	1,332.6	1,333.3	1,327.3	1,337.7	1,335.7	1,321.0	1,308.6
36 Large time	224.6	251.8	258.6	266.8	265.2	257.2	254.0	249.9	250.9	250.5	247.5	249.3
37 Other	1,054.4	1,076.4	1,070.3	1,069.1	1,063.9	1,075.4	1,079.3	1,077.4	1,086.8	1,085.2	1,073.5	1,059.3
38 Borrowings	581.7	652.2	656.6	678.7	689.3	671.4	664.2	661.2	662.7	650.9	657.5	672.6
39 From banks in the U.S.	178.6	203.3	197.0	205.1	207.5	192.2	196.4	193.7	195.7	195.5	188.9	192.4
40 From others	403.1	448.9	459.6	473.6	481.8	479.2	467.8	467.5	467.0	455.3	468.6	480.1
41 Net due to related foreign offices	174.4	226.5	234.2	221.3	222.7	224.4	211.7	211.7	204.5	211.8	215.2	218.6
42 Other liabilities	169.9	172.8	173.8	177.3	193.3	207.4	213.9	218.7	218.5	221.4	218.5	216.2
43 **Total liabilities**	**2,523.2**	**2,696.3**	**2,702.9**	**2,716.1**	**2,739.8**	**2,737.3**	**2,726.9**	**2,712.3**	**2,709.6**	**2,712.5**	**2,721.2**	**2,703.4**
44 Residual (assets less liabilities)[7]	287.6	256.6	265.6	287.6	283.6	298.8	305.0	313.8	315.1	308.5	316.2	316.6

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Nov.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.	Nov. 8	Nov. 15	Nov. 22	Nov. 29
	Not seasonally adjusted											
Assets												
45 Bank credit	2,348.4	2,477.8	2,487.5	2,488.7	2,505.8	2,534.7	2,530.6	2,543.5	2,537.8	2,538.3	2,542.7	2,554.9
46 Securities in bank credit	550.4	576.7	575.0	569.3	570.5	581.1	575.6	577.8	573.1	576.6	579.5	582.7
47 U.S. government securities	355.9	360.8	359.6	356.3	352.8	352.4	349.1	347.6	347.4	348.1	346.7	347.9
48 Trading account	19.4	22.0	22.5	22.6	23.0	22.5	21.0	21.7	20.8	21.5	22.0	22.0
49 Investment account	336.5	338.8	337.1	333.7	329.8	330.0	328.1	325.9	326.6	326.6	324.7	325.9
50 Mortgage-backed securities	218.5	219.0	217.6	212.1	207.8	208.1	210.2	210.5	210.4	210.7	210.2	210.6
51 Other	118.0	119.8	119.5	121.5	122.0	121.8	117.9	115.5	116.2	115.9	114.5	115.4
52 One year or less	21.8	31.0	30.8	30.8	31.8	32.6	31.3	31.9	32.2	32.3	31.0	32.2
53 One to five years	57.6	52.4	53.2	54.0	53.0	52.6	50.4	48.8	49.5	49.3	48.0	48.6
54 More than five years	38.6	36.4	35.5	36.7	37.1	36.7	36.2	34.8	34.5	34.3	35.5	34.6
55 Other securities	194.5	215.9	215.4	213.1	217.7	228.7	226.6	230.2	225.7	228.5	232.8	234.8
56 Trading account	82.1	101.2	100.2	97.2	102.5	114.5	112.7	116.0	111.9	114.4	118.9	119.9
57 Investment account	112.4	114.7	115.2	115.8	115.2	114.2	113.9	114.2	113.8	114.1	113.9	114.9
58 State and local government	24.3	25.3	25.5	25.6	25.6	25.7	26.1	26.6	26.3	26.6	26.9	26.9
59 Other	88.1	89.3	89.7	90.3	89.6	88.5	87.8	87.6	87.6	87.5	87.0	88.1
60 Loans and leases in bank credit[2]	1,798.0	1,901.1	1,912.5	1,919.4	1,935.3	1,953.5	1,954.9	1,965.7	1,964.7	1,961.7	1,963.2	1,972.3
61 Commercial and industrial	550.4	583.9	583.5	581.0	580.7	584.3	585.8	586.4	582.6	588.1	588.6	586.5
62 Bankers acceptances	1.1	1.1	1.0	1.0	.9	.9	.8	.9	.8	.9	.9	.8
63 Other	549.3	582.9	582.4	580.0	579.8	583.5	584.9	585.6	581.8	587.2	587.8	585.7
64 Real estate	721.7	794.4	799.2	807.5	815.3	816.5	812.9	819.0	821.7	817.9	817.0	818.6
65 Revolving home equity	64.9	73.8	74.6	75.7	76.6	75.5	77.3	78.4	78.1	78.3	78.4	78.6
66 Other	395.3	440.2	444.2	452.1	457.3	459.8	453.8	457.1	460.8	456.0	454.9	456.0
67 Commercial	261.5	280.4	280.4	279.7	281.4	281.2	281.8	283.6	282.7	283.6	283.7	284.0
68 Consumer	215.8	226.5	226.3	226.5	229.3	231.1	231.2	233.3	232.3	232.4	232.8	235.6
69 Credit cards and related plans	n.a.	n.a.	n.a.	72.0	73.1	74.2	74.2	75.7	74.9	75.1	75.4	77.6
70 Other	n.a.	n.a.	n.a.	154.5	156.2	157.0	157.0	157.6	157.4	157.3	157.4	158.0
71 Security[3]	64.3	56.4	61.6	60.5	64.0	71.1	72.6	71.6	71.1	68.6	70.8	74.9
72 Federal funds sold to and repurchase agreements with broker–dealers	47.1	36.8	42.5	41.8	45.8	52.2	54.3	54.2	53.2	50.2	53.9	58.0
73 Other	17.2	19.6	19.1	18.6	18.3	18.9	18.3	17.4	17.9	18.3	16.9	16.8
74 State and local government	11.9	12.3	12.1	12.2	12.5	12.6	12.6	12.5	12.5	12.5	12.5	12.4
75 Agricultural	9.0	9.4	9.5	9.6	9.6	9.6	9.5	9.6	9.5	9.5	9.6	9.6
76 Federal funds sold to and repurchase agreements with others	12.2	13.2	13.5	12.8	14.4	17.0	17.7	20.2	20.1	20.0	20.7	21.1
77 All other loans	95.5	84.6	84.3	85.0	84.3	86.2	85.2	85.4	87.1	85.2	83.5	85.7
78 Lease-financing receivables	117.2	120.4	122.4	124.3	125.1	125.1	127.4	127.7	127.8	127.5	127.7	127.8
79 Interbank loans	133.4	134.2	136.6	141.6	134.1	127.1	130.3	138.2	137.0	141.8	135.0	139.8
80 Federal funds sold to and repurchase agreements with commercial banks	62.1	67.4	68.4	72.9	62.2	54.6	55.6	61.2	58.2	65.0	58.6	63.5
81 Other	71.4	66.9	68.2	68.7	72.0	72.5	74.6	77.0	78.9	76.8	76.3	76.2
82 Cash assets[4]	147.3	149.0	143.5	137.7	136.5	138.4	142.3	139.2	133.9	144.3	142.9	134.1
83 Other assets[5]	230.0	227.2	227.1	242.7	243.3	247.4	255.0	253.1	254.5	254.5	248.7	253.9
84 **Total assets**[6]	**2,823.5**	**2,953.4**	**2,960.0**	**2,975.6**	**2,984.2**	**3,011.9**	**3,023.0**	**3,038.4**	**3,027.8**	**3,043.3**	**3,033.9**	**3,046.6**
Liabilities												
85 Deposits	1,611.3	1,630.1	1,633.5	1,628.4	1,618.8	1,626.4	1,631.6	1,634.1	1,632.1	1,649.8	1,633.0	1,617.1
86 Transaction	322.7	310.2	308.2	299.1	294.3	296.9	297.9	297.3	280.8	302.9	306.2	301.1
87 Nontransaction	1,288.6	1,319.8	1,325.3	1,329.2	1,324.5	1,329.5	1,333.8	1,336.8	1,351.3	1,346.8	1,326.8	1,316.0
88 Large time	231.8	246.5	253.2	258.7	259.8	252.7	255.5	257.2	257.7	257.3	255.1	257.2
89 Other	1,056.8	1,073.3	1,072.1	1,070.5	1,064.7	1,076.8	1,078.2	1,079.6	1,093.6	1,089.6	1,071.7	1,058.7
90 Borrowings	588.4	660.3	658.1	663.8	658.9	661.2	663.0	668.1	667.9	660.8	659.3	683.6
91 From banks in the U.S.	181.6	204.5	196.3	199.8	200.2	188.2	192.9	196.2	197.4	198.9	190.0	196.5
92 From nonbanks in the U.S.	406.8	455.8	461.8	464.0	458.7	473.0	470.2	471.9	470.5	461.9	469.3	487.1
93 Net due to related foreign offices	176.7	231.2	225.9	213.7	220.1	220.0	212.8	215.3	206.1	209.1	221.2	228.3
94 Other liabilities	169.9	172.8	173.8	177.3	193.3	207.4	213.9	218.7	218.5	221.4	218.5	216.2
95 **Total liabilities**	**2,546.3**	**2,694.3**	**2,691.4**	**2,683.1**	**2,691.1**	**2,715.0**	**2,721.4**	**2,736.1**	**2,724.6**	**2,741.2**	**2,732.0**	**2,745.2**
96 Residual (assets less liabilities)[7]	277.2	259.1	268.6	292.5	293.1	296.8	301.6	302.2	303.3	302.2	302.0	301.4

Footnotes appear on p. A21.

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

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Nov.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.	Nov. 8	Nov. 15	Nov. 22	Nov. 29
	Seasonally adjusted											
Assets												
1 Bank credit	1,819.0	1,932.6	1,960.2	1,987.5	2,007.3	2,024.8	2,036.8	2,055.2	2,042.8	2,053.8	2,060.5	2,062.8
2 Securities in bank credit	508.1	519.1	522.2	529.9	534.6	538.9	542.6	547.0	544.8	545.5	547.6	549.7
3 U.S. government securities	369.3	376.3	377.5	378.1	375.2	373.9	372.9	372.5	372.9	372.3	372.6	372.1
4 Other securities	138.9	142.8	144.7	151.8	159.4	165.0	169.7	174.5	171.9	173.2	175.0	177.6
5 Loans and leases in bank credit[2]	1,310.8	1,413.5	1,438.0	1,457.6	1,472.6	1,485.9	1,494.2	1,508.2	1,498.0	1,508.3	1,512.9	1,513.1
6 Commercial and industrial	251.4	272.3	277.1	283.8	286.8	288.8	291.2	294.2	292.8	294.4	295.0	294.8
7 Real estate	702.2	764.8	776.3	783.6	787.8	796.6	802.8	810.7	806.3	809.5	812.2	814.5
8 Revolving home equity	36.1	40.6	41.2	41.6	42.0	45.0	46.4	46.8	46.6	46.8	46.8	46.9
9 Other	666.2	724.2	735.1	741.9	745.8	751.6	756.4	763.9	759.7	762.7	765.4	767.5
10 Consumer	265.1	282.3	288.2	290.6	296.9	299.3	298.0	300.2	295.7	301.5	303.0	300.9
11 Security[3]	6.7	6.2	6.5	6.8	7.2	7.2	7.5	7.5	7.7	7.7	7.3	7.3
12 Other loans and leases	85.5	87.9	89.9	92.8	93.9	94.0	94.7	95.5	95.4	95.3	95.3	95.7
13 Interbank loans	65.7	65.6	67.2	75.4	84.5	85.3	86.7	82.6	84.9	84.3	81.0	79.3
14 Cash assets[4]	81.7	80.8	79.1	81.3	81.7	82.2	82.5	78.7	76.3	77.6	83.7	76.1
15 Other assets[5]	98.9	112.9	111.9	110.9	110.2	108.9	112.2	107.8	107.4	105.6	111.8	105.7
16 **Total assets[6]**	**2,041.8**	**2,167.2**	**2,193.3**	**2,229.3**	**2,257.4**	**2,274.6**	**2,291.6**	**2,297.5**	**2,284.9**	**2,294.7**	**2,310.2**	**2,297.2**
Liabilities												
17 Deposits	1,531.2	1,605.3	1,643.4	1,696.5	1,723.5	1,749.0	1,765.4	1,770.9	1,760.0	1,771.1	1,779.8	1,769.0
18 Transaction	297.6	301.4	296.2	297.9	301.8	299.4	300.2	295.7	286.0	293.9	305.1	298.6
19 Nontransaction	1,233.6	1,303.8	1,347.2	1,398.7	1,421.7	1,449.6	1,465.2	1,475.2	1,474.0	1,477.2	1,474.7	1,470.3
20 Large time	236.3	258.2	267.4	277.7	283.4	287.3	289.8	292.7	291.5	292.1	293.6	293.4
21 Other	997.3	1,045.7	1,079.8	1,120.9	1,138.3	1,162.3	1,175.4	1,182.6	1,182.5	1,185.0	1,181.2	1,177.0
22 Borrowings	295.3	346.3	344.6	340.7	339.7	334.2	327.6	323.4	325.1	322.6	321.3	323.5
23 From banks in the U.S.	146.7	163.7	162.2	164.1	164.8	161.9	153.9	151.9	152.4	152.5	149.8	152.1
24 From others	148.6	182.5	182.4	176.6	174.9	172.3	173.7	171.5	172.7	170.1	171.5	171.4
25 Net due to related foreign offices	4.5	6.0	9.1	22.4	23.7	20.4	23.3	23.5	21.8	23.2	25.3	24.7
26 Other liabilities	60.0	58.9	54.8	45.5	46.3	47.7	49.2	50.5	50.1	49.9	51.3	50.7
27 **Total liabilities**	**1,891.1**	**2,016.4**	**2,051.9**	**2,105.1**	**2,133.1**	**2,151.2**	**2,165.4**	**2,168.3**	**2,157.0**	**2,166.8**	**2,177.6**	**2,167.9**
28 Residual (assets less liabilities)[7]	150.7	150.9	141.4	124.2	124.2	123.4	126.2	129.2	127.9	127.9	132.5	129.4
	Not seasonally adjusted											
Assets												
29 Bank credit	1,818.7	1,939.4	1,965.6	1,988.3	2,010.7	2,029.2	2,038.8	2,055.6	2,044.7	2,054.0	2,060.5	2,063.1
30 Securities in bank credit	506.5	522.9	524.1	529.0	534.2	537.6	540.0	545.4	543.3	543.5	546.1	548.6
31 U.S. government securities	367.5	379.5	379.7	377.9	374.6	373.0	370.3	370.8	371.2	370.2	370.9	370.7
32 Other securities	138.9	143.3	144.4	151.1	159.6	164.5	169.7	174.6	172.1	173.3	175.1	177.9
33 Loans and leases in bank credit[2]	1,312.2	1,416.6	1,441.5	1,459.3	1,476.5	1,491.7	1,498.8	1,510.2	1,501.4	1,510.5	1,514.4	1,514.5
34 Commercial and industrial	250.4	274.9	279.1	283.9	284.9	287.1	290.9	292.7	292.0	292.7	293.2	293.3
35 Real estate	704.1	765.1	777.3	784.6	790.6	799.7	806.2	813.4	810.5	812.7	814.5	816.0
36 Revolving home equity	36.3	40.5	41.1	41.4	41.9	45.5	46.7	47.2	47.1	47.2	47.2	47.3
37 Other	667.8	724.6	736.2	743.2	748.7	754.2	759.5	766.2	763.4	765.5	767.3	768.8
38 Consumer	265.5	282.4	287.9	289.6	297.6	301.0	297.7	300.8	295.3	301.7	304.2	302.3
39 Credit cards and related plans	n.a.	n.a.	n.a.	123.1	129.6	131.8	128.6	131.1	125.8	132.1	134.4	132.4
40 Other	n.a.	n.a.	n.a.	166.5	168.0	169.2	169.1	169.7	169.5	169.6	169.8	169.9
41 Security[3]	6.7	6.2	6.5	6.8	7.2	7.2	7.5	7.5	7.7	7.7	7.3	7.3
42 Other loans and leases	85.6	87.9	90.7	94.4	96.2	96.6	96.6	95.7	95.9	95.7	95.2	95.6
43 Interbank loans	70.5	62.0	63.9	71.3	80.4	82.5	86.4	89.3	93.9	91.6	85.8	84.5
44 Cash assets[4]	84.7	80.6	78.5	80.0	78.9	81.8	82.2	81.9	76.6	83.1	84.7	82.7
45 Other assets[5]	100.1	112.0	111.7	112.8	111.9	108.5	112.1	109.2	110.4	108.0	110.1	107.8
46 **Total assets[6]**	**2,050.6**	**2,169.4**	**2,194.6**	**2,226.5**	**2,255.7**	**2,275.4**	**2,293.0**	**2,309.4**	**2,299.3**	**2,310.1**	**2,314.4**	**2,311.4**
Liabilities												
47 Deposits	1,542.2	1,604.5	1,640.7	1,691.2	1,718.8	1,746.9	1,768.3	1,783.9	1,777.3	1,787.7	1,786.0	1,781.3
48 Transaction	301.2	299.0	296.7	295.3	297.3	297.2	297.9	299.4	288.6	299.6	304.5	305.7
49 Nontransaction	1,241.0	1,305.6	1,344.0	1,396.0	1,421.5	1,449.8	1,470.4	1,484.5	1,488.7	1,488.1	1,481.4	1,475.6
50 Large time	236.3	258.2	267.4	277.7	283.4	287.3	289.8	292.7	291.5	292.1	293.6	293.4
51 Other	1,004.7	1,047.4	1,076.6	1,118.2	1,138.1	1,162.5	1,180.6	1,191.8	1,197.2	1,196.0	1,187.9	1,182.2
52 Borrowings	296.6	347.6	346.5	343.1	342.8	340.0	330.5	325.5	323.4	323.9	324.6	329.2
53 From banks in the U.S.	147.2	163.1	163.9	166.5	167.7	165.5	156.5	152.9	151.7	153.0	151.3	154.7
54 From others	149.5	184.5	182.6	176.6	175.1	174.5	174.0	172.6	171.6	170.9	173.4	174.4
55 Net due to related foreign offices	4.5	6.0	9.1	22.4	23.7	20.4	23.3	23.5	21.8	23.2	25.3	24.7
56 Other liabilities	60.0	58.9	54.5	44.8	46.2	47.4	48.8	50.5	50.1	50.0	51.1	50.8
57 **Total liabilities**	**1,903.4**	**2,017.0**	**2,050.9**	**2,101.5**	**2,131.6**	**2,154.8**	**2,170.9**	**2,183.3**	**2,172.5**	**2,184.7**	**2,187.0**	**2,185.9**
58 Residual (assets less liabilities)[7]	147.2	152.4	143.7	125.0	124.1	120.6	122.1	126.1	126.8	125.4	127.4	125.5

Footnotes appear on p. A21.

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

E. Foreign-related institutions

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Nov.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.	Nov. 8	Nov. 15	Nov. 22	Nov. 29
	Seasonally adjusted											
Assets												
1 Bank credit	541.8	588.4	581.4	582.0	586.5	593.8	580.4	574.9	574.6	566.1	576.7	578.7
2 Securities in bank credit	197.0	214.8	209.9	209.8	210.3	208.4	191.7	183.5	184.2	180.9	185.5	181.4
3 U.S. government securities	79.7	79.4	78.4	79.1	79.2	76.8	69.1	65.6	67.0	65.6	65.4	63.8
4 Other securities	117.3	135.4	131.5	130.7	131.1	131.7	122.6	117.9	117.2	115.3	120.1	117.6
5 Loans and leases in bank credit[2]	344.8	373.6	371.4	372.2	376.2	385.4	388.8	391.4	390.4	385.2	391.2	397.3
6 Commercial and industrial	196.2	206.4	206.7	205.0	206.6	204.4	201.8	201.9	201.7	201.9	201.4	202.3
7 Real estate	17.5	18.3	18.6	18.7	18.9	19.4	18.8	19.4	19.3	19.4	19.5	19.4
8 Security[3]	65.4	80.8	80.8	81.5	81.8	94.3	102.1	103.2	103.1	98.0	102.2	108.2
9 Other loans and leases	65.7	68.1	65.3	67.0	69.0	67.3	66.1	67.0	66.4	66.0	68.0	67.3
10 Interbank loans	24.1	30.4	26.3	23.5	22.5	24.2	27.8	27.7	27.1	26.5	25.3	31.5
11 Cash assets[4]	48.5	44.4	45.4	45.9	45.2	45.5	43.0	39.5	39.7	40.6	39.0	38.4
12 Other assets[5]	34.3	40.3	42.6	41.8	40.9	39.4	36.0	34.6	35.3	33.6	34.0	35.6
13 **Total assets**[6]	**648.4**	**703.2**	**695.3**	**692.9**	**694.7**	**702.6**	**686.9**	**676.3**	**676.4**	**666.5**	**674.6**	**683.8**
Liabilities												
14 Deposits	357.5	383.6	385.1	390.3	395.6	388.3	384.4	382.8	384.1	383.0	384.2	379.9
15 Transaction	10.6	11.1	11.3	11.3	10.8	9.7	10.4	10.5	10.7	10.3	10.6	10.3
16 Nontransaction	346.9	372.5	373.8	379.1	384.8	378.6	374.0	372.4	373.5	372.7	373.6	369.6
17 Borrowings	183.1	202.8	202.6	202.5	198.9	214.3	218.6	222.0	226.2	214.5	216.4	226.7
18 From banks in the U.S.	25.0	18.1	19.2	21.0	17.0	19.3	18.9	19.5	24.2	19.5	14.7	18.4
19 From others	158.1	184.8	183.4	181.5	181.9	194.9	199.7	202.5	202.0	195.0	201.7	208.3
20 Net due to related foreign offices	45.1	21.9	20.2	18.2	23.4	24.3	16.7	6.1	4.2	8.0	4.8	7.7
21 Other liabilities	64.8	78.7	72.0	73.7	73.0	76.6	75.8	70.2	71.4	68.1	71.4	69.1
22 **Total liabilities**	**650.4**	**687.0**	**679.9**	**684.8**	**690.8**	**703.4**	**695.4**	**681.1**	**686.0**	**673.6**	**676.8**	**683.4**
23 Residual (assets less liabilities)[7]	−2.0	16.2	15.4	8.1	3.9	−.9	−8.5	−4.8	−9.6	−7.0	−2.2	.3
	Not seasonally adjusted											
Assets												
24 Bank credit	554.8	579.7	571.4	571.1	576.7	593.1	589.3	589.0	589.3	580.6	590.3	592.6
25 Securities in bank credit	206.9	211.5	203.7	202.7	204.5	208.6	199.2	194.2	195.7	192.4	196.0	191.1
26 U.S. government securities	81.2	80.4	78.5	78.1	77.6	74.7	68.7	66.9	68.7	67.0	66.0	65.3
27 Trading account	8.5	12.4	12.0	12.0	13.9	14.2	11.9	11.0	12.1	11.1	10.1	10.1
28 Investment account	72.8	68.0	66.5	66.1	63.7	60.4	56.9	55.9	56.6	55.9	55.9	55.2
29 Other securities	125.6	131.1	125.2	124.6	126.9	133.9	130.5	127.3	126.9	125.4	130.0	125.8
30 Trading account	84.4	86.9	81.4	80.7	82.4	91.0	89.9	87.3	86.3	85.2	90.7	85.9
31 Investment account	41.3	44.2	43.8	43.9	44.6	42.9	40.6	40.0	40.7	40.2	39.2	39.9
32 Loans and leases in bank credit[2]	347.9	368.2	367.8	368.4	372.1	384.5	390.1	394.8	393.6	388.3	394.3	401.5
33 Commercial and industrial	199.1	202.1	203.4	202.5	203.9	204.4	203.2	205.2	204.7	205.2	204.9	205.9
34 Real estate	17.6	18.2	18.5	18.5	18.7	19.2	19.1	19.4	19.5	19.4	19.5	19.4
35 Security[3]	64.8	80.7	81.1	81.3	81.9	94.2	101.4	102.5	102.5	96.9	101.4	107.9
36 Other loans and leases	66.3	67.2	64.8	66.2	67.6	66.7	66.3	67.7	67.0	66.8	68.5	68.4
37 Interbank loans	24.1	30.4	26.3	23.5	22.5	24.2	27.8	27.7	27.1	26.5	25.3	31.5
38 Cash assets[4]	51.4	43.3	44.7	44.2	43.7	44.6	43.9	41.9	41.5	43.5	41.1	41.4
39 Other assets[5]	34.4	39.7	40.4	39.9	40.2	38.7	35.3	34.7	35.2	33.1	34.1	36.2
40 **Total assets**[6]	**664.3**	**692.8**	**682.4**	**678.4**	**682.7**	**700.2**	**695.9**	**692.9**	**692.8**	**683.4**	**690.4**	**701.3**
Liabilities												
41 Deposits	360.2	384.4	380.8	381.5	383.6	381.9	379.9	386.1	385.5	385.4	388.1	385.6
42 Transaction	10.7	10.7	11.0	11.2	10.7	10.2	10.6	10.6	10.6	10.6	10.6	10.6
43 Nontransaction	349.4	373.8	369.8	370.4	372.9	371.8	369.4	375.5	374.9	374.8	377.5	375.0
44 Borrowings	183.1	202.8	202.6	202.5	198.9	214.3	218.6	222.0	226.2	214.5	216.4	226.7
45 From banks in the U.S.	25.0	18.1	19.2	21.0	17.0	19.3	18.9	19.5	24.2	19.5	14.7	18.4
46 From others	158.1	184.8	183.4	181.5	181.9	194.9	199.7	202.5	202.0	195.0	201.7	208.3
47 Net due to related foreign offices	46.9	17.7	18.8	17.3	23.2	23.6	16.9	7.7	3.6	8.8	7.3	12.0
48 Other liabilities	65.8	77.2	70.5	72.1	72.6	76.2	75.2	71.2	71.7	69.0	72.6	70.8
49 **Total liabilities**	**655.9**	**682.2**	**672.6**	**673.5**	**678.3**	**696.0**	**690.6**	**687.0**	**687.1**	**677.7**	**684.4**	**695.1**
50 Residual (assets less liabilities)[7]	8.4	10.6	9.7	4.9	4.3	4.3	5.3	5.9	5.6	5.7	6.0	6.3

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

E. Foreign-related institutions—Continued

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1999	2000							2000			
	Nov.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.[r]	Nov.	Nov. 8	Nov. 15	Nov. 22	Nov. 29
	Not seasonally adjusted											
MEMO												
Large domestically chartered banks, adjusted for mergers												
51 Revaluation gains on off-balance-sheet items[8]	59.6	72.4	68.3	63.1	66.5	74.4	70.9	68.0	67.7	66.6	68.4	69.1
52 Revaluation losses on off-balance-sheet items[8]	59.7	72.9	68.5	62.9	67.3	73.9	72.8	72.6	72.0	71.1	73.4	73.4
53 Mortage-backed securities[9]	251.0	252.6	250.0	242.2	237.8	238.0	239.4	239.6	239.6	239.5	239.1	240.1
54 Pass-through	173.0	178.0	177.7	173.0	169.8	170.3	173.2	173.6	173.0	173.7	173.5	174.3
55 CMO, REMIC, and other	78.0	74.6	72.2	69.2	68.1	67.6	66.2	65.9	66.5	65.8	65.6	65.8
56 Net unrealized gains (losses) on available-for-sale securities[10]	−11.0	−10.3	−8.7	−11.5	−10.8	−9.7	−8.7	−8.0	−8.3	−8.1	−8.1	−7.8
57 Off-shore credit to U.S. residents[11]	24.8	23.5	22.4	22.2	22.1	22.1	22.3	23.1	23.0	23.6	23.0	23.0
58 Securitized consumers loans[12]	n.a.	n.a.	n.a.	87.4	86.6	85.9	80.8	80.5	80.4	80.1	80.6	80.6
59 Credit cards and related plans	n.a.	n.a.	n.a.	72.4	72.0	71.8	67.2	67.3	67.1	66.9	67.5	67.5
60 Other	n.a.	n.a.	n.a.	15.0	14.6	14.1	13.6	13.2	13.4	13.2	13.1	13.1
61 Securitized business loans[12]	n.a.	n.a.	n.a.	17.0	16.2	15.3	15.2	17.8	17.6	17.6	17.5	18.6
Small domestically chartered commercial banks, adjusted for mergers												
62 Mortgage-backed securities[9]	197.1	206.8	207.7	207.7	210.4	212.0	213.2	214.4	214.0	213.8	215.9	213.9
63 Securitized consumer loans[12]	n.a.	n.a.	n.a.	220.5	220.8	221.5	223.7	224.6	226.4	223.1	223.5	225.3
64 Credit cards and related plans	n.a.	n.a	n.a.	211.5	212.0	212.9	214.0	214.7	216.5	213.2	213.6	215.5
65 Other	n.a	n.a.	n.a.	9.0	8.8	8.6	9.7	9.9	9.9	9.9	9.9	9.8
Foreign-related institutions												
66 Revaluation gains on off-balance-sheet items[8]	44.8	51.2	44.7	41.4	43.0	48.6	47.5	44.8	45.3	44.0	46.3	43.2
67 Revaluation losses on off-balance-sheet items[8]	42.9	47.7	40.7	38.2	40.1	45.3	44.6	40.8	41.2	40.1	42.2	39.2
68 Securitized business loans[12]	n.a.	n.a	n.a.	23.9	23.7	23.1	23.0	22.8	22.8	22.8	23.0	22.4

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12. Total amount outstanding.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

A. Commercial Paper

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					2000					
	1995	1996	1997	1998	1999	May	June	July	Aug.	Sept.	Oct.
1 **All issuers**	**674,904**	**775,371**	**966,699**	**1,163,303**	**1,403,023**	**1,497,712**	**1,516,205**	**1,551,668**	**1,559,054**	**1,557,700**	**1,587,591**
Financial companies[1]											
2 Dealer-placed paper, total[2]	275,815	361,147	513,307	614,142	786,643	884,299	884,578	900,651	905,634	899,853	912,739
3 Directly placed paper, total[3]	210,829	229,662	252,536	322,030	337,240	302,305	300,718	309,076	303,307	315,039	328,049
4 Nonfinancial companies[4]	188,260	184,563	200,857	227,132	279,140	311,109	330,909	341,941	350,113	342,809	346,803

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

B. Bankers Dollar Acceptances[1]

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

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

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

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

Percent per year

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

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

1.35 INTEREST RATES Money and Capital Markets

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

Item	1997	1998	1999	2000				2000, week ending				
				Aug.	Sept.	Oct.	Nov.	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.46	5.35	4.97	6.50	6.52	6.51	6.51	6.51	6.55	6.49	6.52	6.51
2 Discount window borrowing[2,4]	5.00	4.92	4.62	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	5.57	5.40	5.09	6.47	6.48	6.48	6.49	6.47	6.50	6.47	6.49	6.50
4 2-month	5.57	5.38	5.14	6.48	6.47	6.48	6.52	6.48	6.48	6.51	6.52	6.52
5 3-month	5.56	5.34	5.18	6.49	6.47	6.51	6.50	6.50	6.50	6.49	6.51	6.48
Financial												
6 1-month	5.59	5.42	5.11	6.49	6.49	6.48	6.49	6.48	6.49	6.48	6.49	6.49
7 2-month	5.59	5.40	5.16	6.49	6.48	6.47	6.54	6.46	6.49	6.52	6.54	6.57
8 3-month	5.60	5.37	5.22	6.49	6.47	6.52	6.52	6.52	6.52	6.51	6.52	6.53
Commercial paper (historical)[3,5,7]												
9 1-month	5.54	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 3-month	5.58	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 6-month	5.62	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Finance paper, directly placed (historical)[3,5,8]												
12 1-month	5.44	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 3-month	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 6-month	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bankers acceptances[3,5,9]												
15 3-month	5.54	5.39	5.24	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 6-month	5.57	5.30	5.30	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Certificates of deposit, secondary market[3,10]												
17 1-month	5.54	5.49	5.19	6.55	6.56	6.55	6.56	6.55	6.55	6.55	6.55	6.56
18 3-month	5.62	5.47	5.33	6.61	6.60	6.67	6.65	6.65	6.66	6.65	6.64	6.65
19 6-month	5.73	5.44	5.46	6.76	6.68	6.65	6.63	6.64	6.65	6.65	6.62	6.61
20 Eurodollar deposits, 3-month[3,11]	5.61	5.45	5.31	6.61	6.59	6.66	6.64	6.65	6.63	6.65	6.64	6.64
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	5.06	4.78	4.64	6.09	6.00	6.11	6.17	6.18	6.19	6.22	6.18	6.18
22 6-month	5.18	4.83	4.75	6.07	5.98	6.04	6.06	6.08	6.09	6.10	6.07	6.06
23 1-year	5.32	4.80	4.81	5.87	5.79	5.72	5.84	5.74	5.86	5.89	5.86	5.87
Auction high[3,5,12]												
24 3-month	5.07	4.81	4.66	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
25 6-month	5.18	4.85	4.76	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
26 1-year	5.36	4.85	4.78	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.63	5.05	5.08	6.18	6.13	6.01	6.09	6.01	6.11	6.14	6.09	6.09
28 2-year	5.99	5.13	5.43	6.23	6.08	5.91	5.88	5.88	5.92	5.97	5.89	5.86
29 3-year	6.10	5.14	5.49	6.17	6.02	5.85	5.79	5.80	5.86	5.90	5.80	5.75
30 5-year	6.22	5.15	5.55	6.06	5.93	5.78	5.70	5.73	5.82	5.82	5.69	5.63
31 7-year	6.33	5.28	5.79	6.05	5.98	5.84	5.78	5.75	5.85	5.93	5.79	5.71
32 10-year	6.35	5.26	5.65	5.83	5.80	5.74	5.72	5.66	5.76	5.85	5.73	5.65
33 20-year	6.69	5.72	6.20	6.02	6.09	6.04	5.98	5.94	6.02	6.09	5.99	5.91
34 30-year	6.61	5.58	5.87	5.72	5.83	5.80	5.78	5.72	5.80	5.88	5.79	5.71
Composite												
35 More than 10 years (long-term)	6.67	5.69	6.14	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a	n.a.
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	5.32	4.93	5.28	5.43	5.40	5.46	5.38	5.42	5.35	5.32	5.44	5.44
37 Baa	5.50	5.14	5.70	6.01	6.12	6.22	6.17	6.18	6.15	6.15	6.20	6.21
38 *Bond Buyer* series[15]	5.52	5.09	5.43	5.51	5.56	5.59	5.54	5.53	5.54	5.60	5.57	5.55
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	7.54	6.87	7.45	7.88	7.98	7.95	7.90	7.89	7.93	7.98	7.89	7.86
Rating group												
40 Aaa	7.27	6.53	7.05	7.55	7.62	7.55	7.45	7.45	7.49	7.53	7.45	7.41
41 Aa	7.48	6.80	7.36	7.70	7.83	7.81	7.75	7.75	7.79	7.84	7.75	7.71
42 A	7.54	6.93	7.53	8.02	8.13	8.11	8.09	8.06	8.11	8.17	8.09	8.05
43 Baa	7.87	7.22	7.88	8.26	8.35	8.34	8.28	8.29	8.31	8.35	8.26	8.27
MEMO												
Dividend–price ratio[17]												
44 Common stocks	1.77	1.49	1.25	1.09	1.10	1.15	1.16	1.16	1.12	1.13	1.15	1.20

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

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

1.36 STOCK MARKET Selected Statistics

Indicator	1997	1998	1999	2000 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	Prices and trading volume (averages of daily figures)											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	456.99	550.65	619.52	622.28	646.82	640.07	649.61	653.27	666.14	667.05	646.53	646.64
2 Industrial	574.97	684.35	775.29	790.35	822.76	814.75	819.54	825.28	837.23	829.99	797.00	800.88
3 Transportation	415.08	468.61	491.62	384.39	406.14	411.50	395.09	410.67	419.84	404.23	403.20	434.92
4 Utility	143.87	190.52	284.82	509.59	502.78	487.17	501.93	484.19	459.91	463.76	469.16	455.66
5 Finance	424.84	516.65	530.97	491.29	524.05	523.22	544.51	556.32	597.17	616.89	587.76	600.45
6 Standard & Poor's Corporation (1941–43 = 10)[1]	873.43	1,085.50	1,327.33	1,442.21	1,461.36	1,418.48	1,461.96	1,473.00	1,485.46	1,468.06	1,390.14	1,375.04
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	628.34	682.69	770.90	1,014.03	918.77	917.76	934.90	930.66	920.54	952.74	913.64	892.60
Volume of trading (thousands of shares)												
8 New York Stock Exchange	523,254	666,534	799,554	1,124,097	1,047,960	893,896	971,137	941,694	875,087	1,026,597	1,167,025	1,015,606
9 American Stock Exchange	24,390	28,870	32,629	59,449	63,054	44,146	42,490	36,486	35,695	47,047	57,915	58,541
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[3]	**1,361,600**	**1,685,820**	**2,130,152**	**278,530**	**251,700**	**240,660**	**247,200**	**244,970**	**247,560**	**250,780**	**233,376**	**219,110**
Free credit balances at brokers[4]												
11 Margin accounts[5]	293,000	405,180	532,500	65,020	65,930	66,170	64,970	71,730	68,020	70,959	83,131	96,730
12 Cash accounts	517,030	633,725	757,345	85,530	76,190	73,500	74,140	74,970	72,640	74,766	73,271	74,050

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

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				2000					
	1998	1999	2000	June	July	Aug.	Sept.	Oct	Nov.
U.S. budget[1]									
1 Receipts, total	1,721,798	1,827,454	2,025,038	214,875	134,074	138,128	219,471	135,111	125,666
2 On-budget	1,305,999	1,382,986	1,544,455	168,319	97,681	101,429	176,692	101,121	89,216
3 Off-budget	415,799	444,468	480,583	46,556	36,393	36,699	42,779	33,990	36,450
4 Outlays, total	1,652,224	1,702,942	1,788,140	158,987	129,013	148,555	153,744	146,431	149,356
5 On-budget	1,335,948	1,382,262	1,457,376	152,308	99,404	115,539	114,748	115,840	116,737
6 Off-budget	316,604	320,778	330,765	6,679	29,609	33,016	38,901	30,592	32,619
7 Surplus or deficit (−), total	69,246	124,414	236,897	55,888	5,061	−10,427	65,727	−11,321	−23,690
8 On-budget	−29,949	724	87,079	16,011	−1,723	−14,110	61,944	−14,719	−27,521
9 Off-budget	99,195	123,690	149,818	39,877	6,784	3,683	3,878	3,398	3,831
Source of financing (total)									
10 Borrowing from the public	−51,211	−88,674	−222,672	−23,131	−31,307	9,995	−32,334	−29,666	41,325
11 Operating cash (decrease, or increase (−))	4,743	−17,580	3,799	−34,350	23,384	20,873	−39,479	42,653	−1,431
12 Other[2]	−22,778	−18,160	−18,024	1,593	2,862	−20,441	6,086	−1,666	−16,204
MEMO									
13 Treasury operating balance (level, end of period)	38,878	56,458	52,659	57,437	34,053	13,180	52,659	10,006	11,437
14 Federal Reserve Banks	4,952	6,641	8,459	6,208	5,392	5,961	8,459	5,360	4,382
15 Tax and loan accounts	33,926	49,817	44,199	51,229	28,661	7,218	44,199	4,646	7,055

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

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

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

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1999	2000	1998	1999		2000	2000		
			H2	H1	H2	H1	Sept.	Oct.	Nov.
RECEIPTS									
1 **All sources**	**1,827,454**	**2,025,038**	**825,057**	**966,045**	**892,266**	**1,089,760**	**219,471**	**135,111**	**125,666**
2 Individual income taxes, net	879,480	1,004,461	392,332	481,907	425,451	550,208	104,402	75,969	60,489
3 Withheld	693,940	780,397	339,144	351,068	372,012	388,526	59,766	68,287	62,855
4 Nonwithheld	308,185	358,049	65,204	240,278	68,302	281,103	48,229	8,799	2,320
5 Refunds	122,706	134,046	12,032	109,467	14,841	119,477	3,593	1,118	4,686
Corporation income taxes									
6 Gross receipts	216,324	235,655	104,163	106,861	110,111	119,166	46,183	7,113	4,292
7 Refunds	31,645	28,367	14,250	17,092	13,996	13,781	2,746	5,404	2,245
8 Social insurance taxes and contributions, net	611,833	652,851	268,466	324,831	292,551	353,514	56,293	47,155	51,383
9 Employment taxes and contributions[2]	580,880	620,447	256,142	306,235	280,059	333,584	55,682	45,247	48,536
10 Unemployment insurance	26,480	27,641	10,121	16,378	10,173	17,562	168	1,509	2,431
11 Other net receipts[3]	4,473	4,763	2,202	2,216	2,319	2,368	443	399	416
12 Excise taxes	70,414	68,866	33,366	31,015	34,262	33,532	7,769	4,235	6,030
13 Customs deposits	18,336	19,913	9,838	8,440	10,287	9,218	1,823	1,900	1,640
14 Estate and gift taxes	27,782	29,010	12,359	14,915	14,001	15,073	2,168	2,868	2,141
15 Miscellaneous receipts[4]	34,929	42,647	18,735	15,140	19,569	22,831	3,579	1,275	1,935
OUTLAYS									
16 **All types**	**1,702,942**[r]	**1,788,140**[r]	**877,414**	**817,227**	**882,465**	**892,947**	**153,744**[r]	**146,431**	**149,356**
17 National defense	274,873	293,856	140,196	134,414	149,573	143,476	28,243	21,478	24,445
18 International affairs	15,243	17,252	8,297	6,879	8,530	7,250	1,553	1,795	1,326
19 General science, space, and technology	18,125	19,707	10,142	9,319	10,089	9,601	1,716	1,676	1,776
20 Energy	912	−1,020	699	797	−90	−893	530	−1,200	74
21 Natural resources and environment	23,970	23,295	12,671	10,351	12,100	10,814	2,542	2,132	2,100
22 Agriculture	23,011	38,472	16,757	9,803	20,887	11,164	6,842	5,025	3,547
23 Commerce and housing credit	2,649	3,321	4,046	−1,629	7,353	−2,497	4,591	843	−709
24 Transportation	42,531	46,211	20,836	17,082	23,199	21,054	4,209	4,729	4,221
25 Community and regional development	11,870	11,687	6,972	5,368	6,806	5,050	975	1,211	1,133
26 Education, training, employment, and social services	56,402	58,364	27,762	29,003	27,532	31,234	3,616	5,061	5,014
27 Health	141,079	154,215	67,838	69,320	74,490	75,871	13,566	14,799	13,111
28 Social security and Medicare	580,488	606,552	316,809	261,146	295,030	306,966	50,381	51,766	51,481
29 Income security	237,707	247,380	109,481	126,552	113,504	133,915	20,031	16,485	18,950
30 Veterans benefits and services	43,212	47,084	22,750	20,105	23,412	23,174	5,619	2,222	3,644
31 Administration of justice	25,924	27,704	12,041	13,149	13,459	13,981	2,398	2,545	2,741
32 General government	15,771	13,721	9,136	6,641	7,010	6,198	1,017	1,239	1,134
33 Net interest[5]	229,735	222,825	116,954	116,655	112,420	115,545	12,584	18,399	18,916
34 Undistributed offsetting receipts[6]	−40,445	−42,581	−25,793	−17,724	−22,850	−19,346	−6,766	−3,775	−3,547

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

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

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1998		1999				2000		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**5,556**	**5,643**	**5,681**	**5,668**	**5,685**	**5,805**	**5,802**	**5,714**	**5,702**
2 Public debt securities	5,526	5,614	5,652	5,639	5,656	5,776	5,773	5,686	5,674
3 Held by public	3,761	3,787	3,795	3,685	3,667	3,716	3,688	3,496	n.a.
4 Held by agencies	1,766	1,827	1,857	1,954	1,989	2,061	2,085	2,190	n.a.
5 Agency securities	29	29	29	29	29	29	28	28	28
6 Held by public	26	29	28	28	28	28	28	28	n.a.
7 Held by agencies	4	1	1	1	1	1	0	0	n.a.
8 **Debt subject to statutory limit**	**5,440**	**5,530**	**5,566**	**5,552**	**5,568**	**5,687**	**5,687**	**5,601**	**5,592**
9 Public debt securities	5,439	5,530	5,566	5,552	5,568	5,687	5,686	5,601	5,591
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	5,950	5,950	5,950	5,950	5,950	5,950	5,950	5,950	5,950

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

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

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

Billions of dollars, end of period

Type and holder	1996	1997	1998	1999	1999	2000		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**5,323.2**	**5,502.4**	**5,614.2**	**5,776.1**	**5,776.1**	**5,773.4**	**5,685.9**	**5,674.2**
By type								
2 Interest-bearing	5,317.2	5,494.9	5,605.4	5,766.1	5,766.1	5,763.8	5,675.9	5,622.1
3 Marketable	3,459.7	3,456.8	3,355.5	3,281.0	3,281.0	3,261.2	3,070.7	2,992.8
4 Bills	777.4	715.4	691.0	737.1	737.1	753.3	629.9	616.2
5 Notes	2,112.3	2,106.1	1,960.7	1,784.5	1,784.5	1,732.6	1,679.1	1,611.3
6 Bonds	555.0	587.3	621.2	643.7	643.7	653.0	637.7	635.3
7 Inflation-indexed notes and bonds[1]	n.a.	33.0	67.6	100.7	100.7	107.4	109.0	115.0
8 Nonmarketable[2]	1,857.5	2,038.1	2,249.9	2,485.1	2,485.1	2,502.6	2,605.2	2,629.3
9 State and local government series	101.3	124.1	165.3	165.7	165.7	161.9	160.4	153.3
10 Foreign issues[3]	37.4	36.2	34.3	31.3	31.3	28.8	27.7	25.4
11 Government	47.4	36.2	34.3	31.3	31.3	28.8	27.7	25.4
12 Public	.0	.0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	182.4	181.2	180.3	179.4	179.4	178.6	177.7	177.7
14 Government account series[4]	1,505.9	1,666.7	1,840.0	2,078.7	2,078.7	2,103.3	2,209.4	2,242.9
15 Non-interest-bearing	6.0	7.5	8.8	10.0	10.0	9.6	10.1	52.1
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,497.2	1,655.7	1,826.8	2,060.6	2,060.6	2,085.4	2,190.2	2,235.7
17 Federal Reserve Banks	410.9	451.9	471.7	477.7	477.7	501.7	505.0	511.4
18 Private investors	3,431.2	3,414.6	3,334.0	3,233.9	3,233.9	3,182.8	2,987.4	2,936.2
19 Depository institutions	296.6	300.3	237.3	246.3	246.3[r]	235.1	219.7	n.a.
20 Mutual funds	315.8	321.5	343.2	348.6[r]	348.6[r]	338.9[r]	318.6	n.a.
21 Insurance companies	214.1	176.6	144.5	125.3[r]	125.3[r]	124.0[r]	120.9	n.a.
22 State and local treasuries[6]	257.0	239.3	269.3	266.8	266.8	257.2	256.4	n.a.
Individuals								
23 Savings bonds	187.0	186.5	186.7	186.5	186.5[r]	185.3	184.6[r]	184.7
24 Pension funds	342.8	359.4	374.4	384.5	384.5	385.9	384.5	n.a.
25 Private	139.3	142.5	157.8	171.3	171.3	174.8	175.5	n.a.
26 State and Local	203.5	216.9	216.6	213.2	213.2	211.1[r]	209.0	n.a.
27 Foreign and international[7]	1,102.1	1,241.6	1,278.7	1,268.8	1,268.8	1,273.9	1,248.9	1,225.2
28 Other miscellaneous investors[6,8]	715.8	589.5	498.8	407.1	407.1	382.5	253.8	n.a.

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

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

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

Millions of dollars, daily averages

Item	2000			2000, week ending								
	Aug.	Sept.	Oct.	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	21,487	24,438	26,999	26,749	25,644	24,964	21,269	38,246	38,933	32,325	22,990	35,664
Coupon securities, by maturity												
2 Five years or less	84,941	117,915	139,243	121,841	142,852	146,449	141,987	136,248	123,038	114,912	86,544	120,857
3 More than five years	62,777	69,458	67,524	67,886	62,610	68,600	67,826	70,445	68,022	62,882	49,039	59,954
4 Inflation-indexed	1,185	1,490	1,987	1,000	4,070	2,150	1,675	831	938	643	1,071	1,446
Federal agency												
5 Discount notes	53,668	50,165	51,052	54,014	50,581	51,999	47,189	52,948	46,558	46,902	56,595	57,434
Coupon securities, by maturity												
6 One year or less	1,314	1,160	1,082	1,058	730	1,107	1,164	1,317	1,324	1,024	974	749
7 More than one year, but less than or equal to five years	8,879	9,860	12,597	9,922	15,099	10,935	16,278	9,580	10,633	11,754	6,812	9,376
8 More than five years	7,002	9,925	11,659	8,365	11,972	8,979	12,925	15,584	7,445	6,924	5,193	7,128
9 Mortgage-backed	67,487[r]	76,954[r]	80,367[r]	60,673[r]	109,182[r]	112,689	51,511	61,990	115,204	99,137	38,129	71,318
By type of counterparty												
With interdealer broker												
10 U.S. Treasury	81,566	101,973	102,544	103,159	102,320	105,704	99,613	102,022	98,148	89,680	71,765	96,092
11 Federal agency	8,089	9,811	10,680	8,589	10,182	9,385	14,588	9,482	8,447	9,271	7,446	8,418
12 Mortgage-backed	25,460	28,514[r]	26,882	19,705	34,264	33,514	20,349	24,761	32,315	24,834	14,081	22,691
With other												
13 U.S. Treasury	88,823	111,328	133,209	114,317	132,855	136,460	133,144	143,747	132,782	121,081	87,878	121,829
14 Federal agency	62,774	61,299	65,710	64,770	68,199	63,635	62,968	69,946	57,513	57,333	62,127	66,269
15 Mortgage-backed	42,027[r]	48,440[r]	53,485[r]	40,968[r]	74,918[r]	79,175	31,162	37,229	82,889	74,302	24,048	48,627
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
16 U.S. Treasury bills	n.a.	0	0	0	0	n.a.	0	0	0	n.a.	n.a.	n.a.
Coupon securities, by maturity												
17 Five years or less	3,467	3,119	2,497	1,678	2,547	2,534	3,263	2,058	1,965	2,663	2,849	6,098
18 More than five years	10,960	11,756	10,472	10,390	9,507	10,129	10,740	11,590	11,889	10,599	10,120	19,774
19 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
20 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
21 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
22 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0	0
23 More than five years	109	165	86	n.a.	131	57	106	52	34	60	67	46
24 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
25 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
26 Five years or less	1,149	1,350	1,217	751	970	1,799	956	1,412	2,012	1,285	1,879	900
27 More than five years	2,821	3,382	3,829	3,640	3,835	4,313	3,367	3,939	4,820	3,605	2,926	3,048
28 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
29 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
30 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
31 More than one year, but less than or equal to five years	34	38	0	0	0	0	0	0	0	0	0	0
32 More than five years	2	6	102	n.a.	n.a.	102	n.a	n.a.	0	320	n.a.	104
33 Mortgage-backed	1,145	1,097	1,189	1,578	1,719	874	1,287	638	2,510	703	1,353	360

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

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

Millions of dollars

Item	2000			2000, week ending							
	Aug.	Sept.	Oct.	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	2,426	9,758	4,172	2,049	3,151	1,661	3,095	10,965	4,413	8,272	3,785
Coupon securities, by maturity											
2 Five years or less	−29,287	−29,392	−30,472	−31,857	−34,212	−27,319	−27,018	−32,896	−28,111	−29,549	−28,265
3 More than five years	−18,943	−17,375	−17,380	−20,181	−19,684	−14,297	−13,550	−20,889	−10,054	−13,323	−10,171
4 Inflation-indexed	2,711	2,452	3,125	2,264	2,882	3,251	3,390	3,526	3,084	3,334	3,410
Federal agency											
5 Discount notes	31,912	37,057	33,428	37,785	34,342	30,297	35,388	30,822	29,824	30,166	29,728
Coupon securities, by maturity											
6 One year or less	13,638	13,999	13,990	13,751	13,882	14,277	13,787	14,176	14,896	17,318	16,125
7 More than one year, but less than or equal to five years	5,089	4,628	5,672	3,926	6,032	4,333	8,296	4,918	9,516	7,014	6,217
8 More than five years	1,281	1,696	1,978	3,748	3,239	1,951	350	1,257	3,579	4,490	4,667
9 Mortgage-backed	18,646[r]	14,544[r]	14,541	15,420	10,702	12,563	22,545	11,406	13,852	11,158	11,308
NET FUTURES POSITIONS[4]											
By type of deliverable security											
10 U.S. Treasury bills	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Coupon securities, by maturity											
11 Five years or less	11,726	4,480	1,995	1,891	1,919	921	2,083	3,304	3,902	1,220	2,458
12 More than five years	−329	1,600	1,365	3,790	2,454	186	−64	1,521	−515	−1,414	−3,844
13 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
14 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
15 One year or less	0	0	0	0	0	0	0	0	0	0	0
16 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0
17 More than five years	−582	−737	−1,232	−832	−1,320	−1,345	−1,309	−1,175	−1,186	−1,356	−1,450
18 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
NET OPTIONS POSITIONS											
By type of deliverable security											
19 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
20 Five years or less	1,723	2,489	1,541	2,046	1,789	1,755	1,298	949	−1,601	−1,587	−2,132
21 More than five years	1,324	1,242	771	−844	651	949	1,470	967	−13	323	54
22 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
23 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
24 One year or less	0	0	0	0	0	0	0	0	0	0	0
25 More than one year, but less than or equal to five years	208	88	41	63	28	73	25	24	−1	−304	−309
26 More than five years	181	33	208	104	95	277	311	207	n.a.	248	206
27 Mortgage-backed	5,009	4,328	3,895	4,065	3,615	3,470	4,090	4,377	2,118	1,661	4,107
	Financing[5]										
Reverse repurchase agreements											
28 Overnight and continuing	283,661	282,991	289,809	293,759	279,418	294,586	272,423	314,011	300,565	326,471	279,769
29 Term	782,717	777,783	832,733	778,462	801,856	821,856	873,787	869,730	909,956	758,572	825,576
Securities borrowed											
30 Overnight and continuing	285,382	283,528	289,467	285,566	292,300	296,145	289,248	281,225	283,982	279,538	263,438
31 Term	114,470	114,413	117,801	119,912	118,622	116,806	117,024	117,503	120,515	120,590	127,509
Securities received as pledge											
32 Overnight and continuing	2,367	2,232	2,228	2,169	2,184	2,259	2,287	2,214	2,527	2,599	2,909
33 Term	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Repurchase agreements											
34 Overnight and continuing	748,503	738,371	729,081	732,321	719,909	734,958	723,178	737,650	743,744	757,881	642,402
35 Term	689,557	707,207	772,976	714,107	732,376	775,093	806,465	818,047	860,069	717,776	848,419
Securities loaned											
36 Overnight and continuing	7,705	6,935	7,252	6,976	7,214	7,233	7,344	7,396	8,400	8,446	7,995
37 Term	4,295	6,189	5,314	5,682	5,429	5,427	5,160	4,984	4,498	4,410	4,418
Securities pledged											
38 Overnight and continuing	60,868	61,552	60,045	62,526	60,986	60,206	58,688	58,686	59,855	56,556	54,741
39 Term	4,203	4,432	4,689	4,771	4,806	4,703	4,617	4,564	4,560	4,162	3,345
Collateralized loans											
40 Total	23,695	22,972	27,796	26,125	27,168	28,677	29,648	26,455	26,942	27,820	28,222

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

2. Securities positions are reported at market value.

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1996	1997	1998	1999	2000				
					May	June	July	Aug.	Sept.
1 **Federal and federally sponsored agencies**	**925,823**	**1,022,609**	**1,296,477**	**1,616,492**	**193,776**	**1,706,709**	**1,726,016**	**1,763,089**	**1,776,334**
2 Federal agencies	29,380	27,792	26,502	26,376	26,052	26,669	26,094	25,892	25,993
3 Defense Department[1]	6	6	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	1,447	552	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a
5 Federal Housing Administration[4]	84	102	205	126	184	185	205	210	227
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	27,853	27,786	26,496	26,370	26,046	26,663	26,088	25,886	25,987
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	896,443	994,817	1,269,975	1,590,116	1,677,265	1,680,040	1,699,922	1,737,197	1,750,341
11 Federal Home Loan Banks	263,404	313,919	382,131	529,005	557,506	568,438	565,037	572,836	580,579
12 Federal Home Loan Mortgage Corporation	156,980	169,200	287,396	360,711	392,555	384,286	399,370	412,656	406,936
13 Federal National Mortgage Association	331,270	369,774	460,291	547,619	571,800	578,500	579,448	595,117	607,000
14 Farm Credit Banks[8]	60,053	63,517	63,488	68,883	70,036	69,541	69,757	70,139	71,055
15 Student Loan Marketing Association[9]	44,763	37,717	35,399	41,988	43,144	37,263	44,223	44,113	42,423
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**58,172**	**49,090**	**44,129**	**42,152**	**39,102**	**38,513**	**38,143**	**38,040**	**42,837**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	1,431	552	↑	↑	↑	↑	↑	↑	↑
21 Postal Service[6]	n.a.	n.a							
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	n.a.	n.a.							
24 United States Railway Association[6]	n.a.	n.a.	↓	↓	↓	↓	↓	↓	↓
Other lending[14]									
25 Farmers Home Administration	18,325	13,530	9,500	6,665	6,140	6,040	5,760	5,660	5,540
26 Rural Electrification Administration	16,702	14,898	14,091	14,085	13,221	13,121	13,165	13,238	12,989
27 Other	21,714	20,110	20,538	21,402	19,741	19,352	19,218	19,142	24,308

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

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1997	1998	1999	2000 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 **All issues, new and refunding**[1]	**214,694**	**262,342**	**215,427**	**14,233**	**14,136**	**20,208**	**12,827**	**15,284**	**15,598**	**18,035**	**18,079**
By type of issue											
2 General obligation	69,934	87,015	73,308	4,598	6,051	8,581	4,256	5,194	6,888	5,871	5,044
3 Revenue	134,989	175,327	142,120	9,635	8,086	11,628	8,572	10,090	8,710	12,163	13,036
By type of issuer											
4 State	18,237	23,506	16,376	1,371	1,102	2,907	783	1,011	2,022	3,005	1,942
5 Special district or statutory authority[2]	134,919	178,421	152,418	10,229	9,639	13,520	8,545	10,728	10,152	11,224	12,311
6 Municipality, county, or township	70,558	60,173	46,634	2,633	3,396	3,782	3,500	3,545	3,424	3,806	3,827
7 **Issues for new capital**	**135,519**	**160,568**	**161,065**	**12,029**	**12,481**	**16,987**	**11,297**	**12,402**	**13,968**	**16,387**	**14,520**
By use of proceeds											
8 Education	31,860	36,904	36,563	2,484	3,662	4,465	3,185	3,630	3,210	3,492	3,446
9 Transportation	13,951	19,926	17,394	768	1,778	1,093	1,947	1,979	1,574	2,575	2,124
10 Utilities and conservation	12,219	21,037	15,098	729	537	1,141	353	1,409	1,408	1,272	1,973
11 Social welfare	27,794	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	6,667	8,594	9,099	762	585	1,150	632	281	387	730	500
13 Other purposes	35,095	42,450	47,896	3,903	3,557	5,776	2,543	3,564	5,243	6,558	3,787

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

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1997	1998	1999	2000 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
1 **All issues**[1]	**929,256**	**1,128,491**	**1,072,866**	**113,093**	**61,963**	**62,939**	**100,615**	**65,511**	**82,752**	**94,492**[r]	**59,114**
2 **Bonds**[2]	**811,376**	**1,001,736**	**941,298**	**96,148**	**40,941**	**58,233**	**92,742**	**57,476**	**69,875**	**88,102**	**53,345**
By type of offering											
3 Sold in the United States	708,188	923,771	818,683	87,603	36,724	45,986	75,271	40,753	56,133	73,516	47,415
4 Sold abroad	103,188	77,965	122,615	8,545	4,217	12,247	17,471	16,723	13,742	14,586[r]	5,930
MEMO											
5 Private placements, domestic	n.a.	n.a.	n.a.	0	228	2,694	3,391	1,038	241	376	126.8
By industry group											
6 Nonfinancial	222,603	307,935	293,963	28,086	8,060	20,832	29,412	15,885	17,947	24,483	12,547
7 Financial	588,773	693,801	647,335	68,062	32,881	37,401	63,331	41,592	51,928	63,619	40,799
8 **Stocks**[3]	**173,330**	**205,605**	**217,868**	**16,945**	**21,022**	**4,706**	**7,873**	**8,035**	**12,877**	**6,390**[r]	**9,121**
By type of offering											
9 Public	117,880	126,755	131,568	16,945	21,022	4,706	7,873	8,035	12,877	6,390[r]	9,121
10 Private placement[4]	55,450	78,850	86,300	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	60,386	74,113	110,284	15,679	16,763	4,522	6,521	7,773	8,645	6,205[r]	8,278
12 Financial	57,494	52,642	21,284	1,266	4,259	184	1,352	262	4,232	185	843

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

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

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

Millions of dollars

Item	1998	1999	2000 Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.
1 **Sales of own shares**[2]	**1,461,430**	**1,791,894**	**202,248**	**172,718**	**181,866**	**166,815**	**179,890**	**159,809**	**169,071**	**147,268**
2 Redemptions of own shares	1,217,022	1,621,987	176,671	162,984	161,462	151,717	159,027	147,644	153,067	139,300
3 Net sales[3]	244,408	169,906	25,577	9,735	20,404	15,098	20,864	12,166	16,004	7,968
4 **Assets**[4]	**4,173,531**	**5,233,191**	**5,391,187**	**5,232,319**	**5,458,914**	**5,392,308**	**5,745,264**	**5,550,176**	**5,442,937**	**5,004,095**
5 Cash[5]	191,393	219,189	254,819	260,426	259,241	258,472	261,967	280,192	302,682	304,462
6 Other	3,982,138	5,014,002	5,136,368	4,971,892	5,199,673	5,133,836	5,483,298	5,269,984	5,140,255	4,699,633

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

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

Account	1997	1998	1999	1998 Q4	1999 Q1	1999 Q2	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3[1]
1 Profits with inventory valuation and capital consumption adjustment	833.8	815.0	856.0	803.4	852.0	836.8	842.0	893.2	936.3	963.6	970.3
2 Profits before taxes	792.4	758.2	823.0	742.3	797.6	804.5	819.0	870.7	920.7	942.5	945.1
3 Profits-tax liability	237.2	244.6	255.9	239.4	247.8	250.8	254.2	270.8	286.3	292.0	290.6
4 Profits after taxes	555.2	513.6	567.1	502.9	549.9	553.7	564.8	599.9	634.4	650.4	654.4
5 Dividends	335.2	351.5	370.7	356.1	361.1	367.2	373.9	380.6	387.3	393.0	400.1
6 Undistributed profits	220.0	162.1	196.4	146.9	188.7	186.5	190.9	219.3	247.1	257.4	254.4
7 Inventory valuation	8.4	17.0	−9.1	19.9	11.4	−8.9	−19.7	−19.2	−25.0	−13.6	−4.5
8 Capital consumption adjustment	32.9	39.9	42.1	41.2	42.9	41.2	42.7	41.6	40.6	34.7	29.7

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

Account	1997	1998	1999	1999 Q1	1999 Q2	1999 Q3	1999 Q4	2000 Q1	2000 Q2[r]	2000 Q3
ASSETS										
1 Accounts receivable, gross[2]	663.3	711.7	811.5	733.8	756.5	776.3	811.5	848.7	884.4	900.1
2 Consumer	256.8	261.8	279.8	261.7	269.2	271.0	279.8	285.4	294.1	301.9
3 Business	318.5	347.5	405.2	362.8	373.7	383.0	405.2	434.6	454.1	455.7
4 Real estate	87.9	102.3	126.5	109.2	113.5	122.3	126.5	128.8	136.2	142.4
5 LESS: Reserves for unearned income	52.7	56.3	53.5	52.9	53.4	54.0	53.5	54.0	57.1	58.8
6 Reserves for losses	13.0	13.8	13.5	13.4	13.4	13.6	13.5	14.0	14.4	14.2
7 Accounts receivable, net	597.6	641.6	744.6	667.6	689.7	708.6	744.6	780.7	813.0	827.1
8 All other	312.4	337.9	406.3	363.3	373.2	368.5	406.3	412.7	418.3	441.4
9 **Total assets**	**910.0**	**979.5**	**1,150.9**	**1,030.8**	**1,062.9**	**1,077.2**	**1,150.9**	**1,193.4**	**1,231.3**	**1,268.4**
LIABILITIES AND CAPITAL										
10 Bank loans	24.1	26.3	35.1	24.8	25.1	27.0	35.1	28.5	32.5	35.4
11 Commercial paper	201.5	231.5	227.9	222.9	231.0	205.3	227.9	230.2	221.3	215.6
Debt										
12 Owed to parent	64.7	61.8	123.8	64.6	65.4	84.5	123.8	145.1	137.1	144.3
13 Not elsewhere classified	328.8	339.7	397.0	366.7	383.1	396.2	397.0	412.0	445.4	465.5
14 All other liabilities	189.6	203.2	222.7	220.3	226.1	216.0	222.7	247.6	259.3	269.2
15 Capital, surplus, and undivided profits	101.3	117.0	144.5	131.5	132.2	148.2	144.5	130.1	135.6	138.3
16 **Total liabilities and capital**	**910.0**	**979.5**	**1,150.9**	**1,030.8**	**1,062.9**	**1,077.2**	**1,150.9**	**1,193.4**	**1,231.3**	**1,268.4**

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

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

Type of credit	1997	1998	1999	2000					
				May	June	July	Aug.	Sept.	Oct.
	Seasonally adjusted								
1 **Total**	**810.5**	**875.8**	**993.9**	**1,074.9**	**1,076.9**	**1,089.1**	**1,094.1**	**1,110.0[r]**	**1,129.8**
2 Consumer	327.9	352.8	385.3	400.7	401.4	405.9	411.1	419.7[r]	437.8
3 Real estate	121.1	131.4	154.7	164.7	163.7	167.5	169.0	170.9	174.1
4 Business	361.5	391.6	453.9	509.5	511 7	515.8	514.1	519.5[r]	517.8
	Not seasonally adjusted								
5 **Total**	**818.1**	**884.0**	**1,003.2**	**1,074.8**	**1,082.3**	**1,082.2**	**1,087.9**	**1,104.8[r]**	**1,127.8**
6 Consumer	330.9	356.1	388.8	399.4	403.9	408.3	412.3	421.0[r]	438.4
7 Motor vehicles loans	87.0	103.1	114.7	124.1	126.5	129.4	130.7	130.1	131.8
8 Motor vehicle leases	96.8	93.3	98.3	104.1	103.9	104.4	105 4	104.6	104.3
9 Revolving[2]	38.6	32.3	33.8	31.6	33.1	33.6	33.6	35.4	37.1
10 Other[3]	34.4	33.1	33.1	31.9	30.7	31.5	32.3	31.7[r]	31.8
Securitized assets[4]									
11 Motor vehicle loans	44.3	54.8	71.1	71.9	74.1	74.5	76.2	78.8	84.3
12 Motor vehicle leases	10.8	12.7	9.7	8.2	7.9	7.6	7.4	7.2	7.0
13 Revolving	.0	8.7	10.5	11.1	11.1	10.9	10.7	17.2	26.3
14 Other	19.0	18.1	17.7	16.5	16.6	16.4	16.2	16.0	15.7
15 Real estate	121.1	131.4	154.7	164.7	163.7	167.5	169.0	170.9	174.1
16 One- to four-family	59.0	75.7	88.3	97.3	96.6	100.5	101.7	100.9	104.5
17 Other	28.9	26.6	38.3	39.4	39.6	39.7	40.2	41.5	41.4
Securitized real estate assets[4]									
18 One- to four-family	33.0	29.0	28.0	27.7	27.4	27.1	26.8	26.5	26.3
19 Other	.2	.1	.2	.2	.2	.2	2	1.9	1.9
20 Business	366.1	396.5	459.6	510.7	514.7	506.4	506.7	512.9[r]	515.3
21 Motor vehicles	63.5	79.6	87.8	94.8	94.5	89.4	89.6	94.1	96.0
22 Retail loans	25.6	28.1	33.2	33.3	33.8	34.1	34.3	34.8	34.7
23 Wholesale loans[5]	27.7	32.8	34.7	39.5	38.4	32.9	32.6	35.5	37.5
24 Leases	10.2	18.7	19.9	22.0	22.3	22.3	22.7	23.7	23.8
25 Equipment	203.9	198.0	221.9	247.3	250.0	248.6	250.0	256.7	257.3
26 Loans	51.5	50.4	52.2	55.9	56.7	54.8	54.3	55.8	55.7
27 Leases	152.3	147.6	169.7	191.5	193.3	193.9	195.8	200.9	201.6
28 Other business receivables[6]	51.1	69.9	95.5	106.6	109.7	109.4	108.3	104.9	104.3
Securitized assets[4]									
29 Motor vehicles	33.0	29.2	31.5	32.0	31.7	29.8	29.6	29.9[r]	30.1
30 Retail loans	2.4	2.6	2.9	3.0	2.9	2.8	2.7	2.4	2.3
31 Wholesale loans	30.5	24.7	26.4	26.7	26.4	24.6	24.5	25.1[r]	25.4
32 Leases	.0	1.9	2.1	2.4	2.4	2.4	2.4	2.4	2.4
33 Equipment	10.7	13.0	14.6	21.5	22.3	22.5	22.4	21.4	21.7
34 Loans	4.2	6.6	7.9	15.0	15.8	16.0	15.9	15.1	14.9
35 Leases	6.5	6.4	6.7	6.5	6.4	6.5	6.5	6.4	6.7
36 Other business receivables[6]	4.0	6.8	8.4	8.4	6.6	6.8	6.8	5.8	5.8

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

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

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

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

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

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

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

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

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1997	1998	1999	2000 May	June	July	Aug.	Sept.	Oct.	Nov.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	180.1	195.2	210.7	232.2	238.6	235.8	237.0	241.9	240.2	247.2
2 Amount of loan (thousands of dollars)	140.3	151.1	161.7	176.3	178.3	178.3	179.7	182.5	180.4	184.2
3 Loan-to-price ratio (percent)	80.4	80.0	78.7	78.0	76.9	77.7	77.7	77.1	77.2	76.2
4 Maturity (years)	28.2	28.4	28.8	29.2	29.2	29.3	29.3	29.2	29.2	29.2
5 Fees and charges (percent of loan amount)[2]	1.02	.89	.77	.71	.69	.66	.68	.70	.69	.69
Yield (percent per year)										
6 Contract rate[1]	7.57	6.95	6.94	7.44	7.40	7.41	7.44	7.41	7.43	7.36
7 Effective rate[1,3]	7.73	7.08	7.06	7.55	7.50	7.51	7.54	7.52	7.53	7.47
8 Contract rate (HUD series)[4]	7.76	7.00	7.45	8.26	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	7.89	7.04	7.74	8.58	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 GNMA securities[6]	7.26	6.43	7.03	8.06	7.69	7.59	7.44	7.43	7.30	7.22
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	316,678	414,515	523,941	545,803	552,166	561,045	568,187	574,087	586,756	598,951
12 FHA/VA insured	31,925	33,770	55,318	59,140	59,703	60,397	60,150	59,961	60,329	n.a.
13 Conventional	284,753	380,745	468,623	486,663	492,463	500,648	508,037	514,126	526,427	n.a.
14 Mortgage transactions purchased (during period)	70,465	188,448	195,210	12,872	12,842	15,128	13,352	11,501	18,444	17,322
Mortgage commitments (during period)										
15 Issued[7]	69,965	193,795	187,948	10,450	11,825	16,660	14,253	16,143	17,435	15,287
16 To sell[8]	1,298	1,880	5,900	1,594	1,254	436	236	693	268	676
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	164,421	255,010	324,443	347,370	350,836	354,020	357,002	361,624	365,198	372,819
18 FHA/VA insured	177	785	1,836	3,116	2,892	2,858	2,903	3,517	3,530	3,321
19 Conventional	164,244	254,225	322,607	344,254	347,944	351,162	354,099	358,107	361,668	369,498
Mortgage transactions (during period)										
20 Purchases	117,401	267,402	239,793	15,741	12,271	10,912	16,056	21,748	16,195	19,402
21 Sales	114,258	250,565	233,031	15,261	11,806	10,539	15,558	21,189	15,614	18,823
22 Mortgage commitments contracted (during period)[9]	120,089	281,899	228,432	13,807	13,596	10,803	17,468	19,481	17,915	20,012

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

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder and property	1996	1997	1998	1999			2000	
				Q2	Q3	Q4	Q1	Q2
1 **All holders**	**4,865,412**	**5,197,838**	**5,722,645**	**6,015,365**	**6,224,771**	**6,375,447**	**6,489,770**	**6,659,097**
By type of property								
2 One- to four-family residences	3,716,055	3,967,842	4,353,048	4,559,021	4,690,310	4,786,609	4,862,747	4,982,853
3 Multifamily residences	288,579	301,838	329,813	348,658	359,323	373,189	381,699	392,919
4 Nonfarm, nonresidential	773,643	837,859	943,278	1,008,048	1,073,743	1,112,686	1,141,577	1,175,641
5 Farm	87,134	90,299	96,506	99,638	101,395	102,962	103,748	107,685
By type of holder								
6 Major financial institutions	1,981,886	2,083,881	2,194,813	2,242,431	2,321,356	2,394,923	2,456,786	2,551,751
7 Commercial banks[2]	1,145,389	1,245,315	1,337,217	1,361,365	1,418,819	1,495,502	1,546,816	1,614,307
8 One- to four-family	677,603	745,510	797,492	790,372	827,291	879,552	904,581	948,496
9 Multifamily	45,451	49,670	54,116	60,529	63,964	67,591	72,431	75,713
10 Nonfarm, nonresidential	397,452	423,148	456,574	479,930	496,246	516,520	537,131	556,382
11 Farm	24,883	26,986	29,035	30,536	31,320	31,839	32,673	33,717
12 Savings institutions[3]	628,335	631,726	643,957	656,518	676,346	668,634	680,745	701,992
13 One- to four-family	513,712	520,682	533,918	544,962	560,622	549,072	560,046	578,641
14 Multifamily	61,570	59,540	56,821	55,016	57,282	59,138	57,759	59,142
15 Nonfarm, nonresidential	52,723	51,150	52,801	56,096	57,983	59,948	62,447	63,691
16 Farm	331	354	417	443	459	475	493	518
17 Life insurance companies	208,162	206,840	213,640	224,548	226,190	230,787	229,225	235,452
18 One- to four-family	6,977	7,187	6,590	7,292	7,432	5,934	5,874	4,826
19 Multifamily	30,750	30,402	31,522	31,800	31,998	32,818	32,602	33,669
20 Nonfarm, nonresidential	160,315	158,779	164,004	173,495	174,571	179,048	177,870	182,514
21 Farm	10,120	10,472	11,524	11,961	12,189	12,987	12,879	14,444
22 Federal and related agencies	295,192	286,194	293,613	289,519	322,572	322,352	323,145	334,715
23 Government National Mortgage Association	2	8	7	8	8	7	7	7
24 One- to four-family	2	8	7	8	8	7	7	7
25 Multifamily	0	0	0	0	0	0	0	0
26 Farmers Home Administration[4]	41,596	41,195	40,851	40,766	73,705	73,871	72,899	72,896
27 One- to four-family	17,303	17,253	16,895	16,653	16,583	16,506	16,456	16,435
28 Multifamily	11,685	11,720	11,739	11,735	11,745	11,741	11,732	11,729
29 Nonfarm, nonresidential	6,841	7,370	7,705	7,943	41,068	41,355	40,509	40,554
30 Farm	5,768	4,852	4,513	4,435	4,308	4,268	4,202	4,179
31 Federal Housing and Veterans' Administrations	6,244	3,811	3,674	3,490	3,889	3,712	3,794	3,845
32 One- to four-family	3,524	1,767	1,849	1,623	2,013	1,851	1,847	1,832
33 Multifamily	2,719	2,044	1,825	1,867	1,876	1,861	1,947	2,013
34 Resolution Trust Corporation	0	0	0	0	0	0	0	0
35 One- to four-family	0	0	0	0	0	0	0	0
36 Multifamily	0	0	0	0	0	0	0	0
37 Nonfarm, nonresidential	0	0	0	0	0	0	0	0
38 Farm	0	0	0	0	0	0	0	0
39 Federal Deposit Insurance Corporation	2,431	724	361	189	163	152	98	72
40 One- to four-family	365	109	54	28	24	23	15	11
41 Multifamily	413	123	61	32	28	26	17	12
42 Nonfarm, nonresidential	1,653	492	245	129	111	103	67	49
43 Farm	0	0	0	0	0	0	0	0
44 Federal National Mortgage Association	168,813	161,308	157,675	155,637	153,172	151,500	150,312	155,364
45 One- to four-family	155,008	149,831	147,594	145,033	142,982	141,195	139,986	144,335
46 Multifamily	13,805	11,477	10,081	10,604	10,190	10,305	10,326	11,029
47 Federal Land Banks	29,602	30,657	32,983	33,666	34,217	34,187	34,142	34,820
48 One- to four-family	1,742	1,804	1,941	1,981	2,013	2,012	2,009	2,039
49 Farm	0	0	0	0	0	0	0	0
50 Federal Home Loan Mortgage Corporation	46,504	48,454	57,085	54,282	55,695	56,676	57,009	56,972
51 One- to four-family	41,758	42,629	49,106	43,574	44,010	44,321	43,384	42,892
52 Multifamily	4,746	5,825	7,979	10,708	11,685	12,355	13,625	14,080
53 Mortgage pools or trusts[5]	4,865,412	5,197,838	5,722,645	6,015,365	6,224,771	6,375,447	6,489,770	6,659,097
54 Government National Mortgage Association	506,246	536,879	537,446	553,196	569,038	582,263	589,203	590,903
55 One- to four-family	494,064	523,225	522,498	537,287	552,670	565,189	571,517	572,856
56 Multifamily	12,182	13,654	14,948	15,909	16,368	17,074	17,686	18,047
57 Federal Home Loan Mortgage Corporation	554,260	579,385	646,459	718,085	738,581	749,081	757,106	768,641
58 One- to four-family	551,513	576,846	643,465	714,844	735,088	744,619	752,607	763,890
59 Multifamily	2,747	2,539	2,994	3,241	3,493	4,462	4,499	4,751
60 Federal National Mortgage Association	650,779	709,582	834,517	911,435	938,484	960,883	975,815	995,815
61 One- to four-family	633,209	687,981	804,204	877,863	903,531	924,941	938,898	957,584
62 Multifamily	17,570	21,601	30,313	33,572	34,953	35,942	36,917	38,231
63 Farmers Home Administration[4]	3	2	1	1	0	0	0	0
64 One- to four-family	0	0	0	0	0	0	0	0
65 Multifamily	0	0	0	0	0	0	0	0
66 Nonfarm, nonresidential	0	0	0	0	0	0	0	0
67 Farm	3	2	1	1	0	0	0	0
68 Private mortgage conduits	329,559	413,502	571,340	627,402	645,084	662,565	678,156	686,037
69 One- to four-family[6]	258,800	316,400	412,700	447,938	455,276	462,600	471,390	471,000
70 Multifamily	16,369	21,591	34,323	39,435	40,936	42,628	43,835	44,931
71 Nonfarm, nonresidential	54,390	75,511	124,317	140,029	148,873	157,337	162,930	170,106
72 Farm	0	0	0	0	0	0	0	0
73 Individuals and others[7]	547,486	588,413	644,456	673,297	689,656	703,379	709,560	731,235
74 One- to four-family	360,476	376,574	413,770	428,202	439,219	446,771	449,496	467,572
75 Multifamily	68,572	71,651	73,081	74,090	74,629	77,016	78,074	79,272
76 Nonfarm, nonresidential	100,269	121,409	137,632	150,428	154,892	158,375	160,622	162,345
77 Farm	18,169	18,779	19,974	20,577	20,916	21,217	21,368	22,046

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

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

1.55 CONSUMER CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1997	1998	1999	2000 May	2000 June	2000 July	2000 Aug.	2000 Sept.	2000 Oct.
	Seasonally adjusted								
1 **Total**	**1,234,461**	**1,301,023**	**1,393,657**	**1,447,368**	**1,462,821**	**1,470,768**	**1,484,081**	**1,492,934**	**1,509,568**
2 Revolving	531,163	560,504	595,610	628,764	634,652	638,406	645,121	649,297	656,666
3 Nonrevolving[2]	703,297	740,519	798,047	818,604	828,170	832,363	838,961	843,637	852,902
	Not seasonally adjusted								
4 **Total**	**1,264,103**	**1,331,742**	**1,426,151**	**1,434,251**	**1,454,035**	**1,463,292**	**1,486,048**	**1,495,627**	**1,513,688**
By major holder									
5 Commercial banks	512,563	508,932	499,758	502,030	506,245	506,254	520,431	521,767	521,515
6 Finance companies	160,022	168,491	181,573	187,610	190,268	194,438	196,555	197,276	200,815
7 Credit unions	152,362	155,406	167,921	173,471	176,030	178,034	180,679	181,597	183,010
8 Savings institutions	47,172	51,611	61,527	60,289	60,951	61,493	62,037	62,580	62,815
9 Nonfinancial business	78,927	74,877	80,311	73,523	73,500	71,956	73,030	72,091	70,842
10 Pools of securitized assets[3]	313,057	372,425	435,061	437,328	447,041	451,117	453,316	460,316	474,691
By major type of credit[4]									
11 Revolving	555,858	586,528	623,245	621,127	627,909	630,633	641,298	645,820	654,678
12 Commercial banks	219,826	210,346	189,352	192,352	194,793	194,496	204,016	202,362	201,874
13 Finance companies	38,608	32,309	33,814	31,628	33,063	33,565	33,558	35,405	37,147
14 Credit unions	19,552	19,930	20,641	19,930	20,172	20,476	20,796	20,783	20,824
15 Savings institutions	11,441	12,450	15,838	15,295	15,455	15,745	16,036	16,327	16,505
16 Nonfinancial business	44,966	39,166	42,783	37,766	37,098	36,078	36,669	35,817	34,495
17 Pools of securitized assets[3]	221,465	272,327	320,817	324,156	327,328	330,273	330,223	335,126	343,833
18 Nonrevolving	708,245	745,214	802,906	813,124	826,126	832,659	844,750	849,807	859,010
19 Commercial banks	292,737	298,586	310,406	309,678	311,452	311,758	316,415	319,405	319,641
20 Finance companies	121,414	136,182	147,759	155,982	157,205	160,873	162,997	161,871	163,668
21 Credit unions	132,810	135,476	147,280	153,541	155,858	157,558	159,883	160,814	162,186
22 Savings institutions	35,731	39,161	45,689	44,994	45,496	45,748	46,001	46,253	46,310
23 Nonfinancial business	33,961	35,711	37,528	35,757	36,402	35,878	36,361	36,274	36,347
24 Pools of securitized assets[3]	91,592	100,098	114,244	113,172	119,713	120,844	123,093	125,190	130,858

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

1.56 TERMS OF CONSUMER CREDIT[1]

Percent per year except as noted

Item	1997	1998	1999	2000 Apr.	2000 May	2000 June	2000 July	2000 Aug.	2000 Sept.	2000 Oct.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.02	8.72	8.44	n.a.	9.21	n.a.	n.a.	9.62	n.a.	n.a.
2 24-month personal	13.90	13.74	13.39	n.a.	13.88	n.a.	n.a.	13.85	n.a.	n.a.
Credit card plan										
3 All accounts	15.77	15.71	15.21	n.a.	15.39	n.a.	n.a.	15.98	n.a.	n.a.
4 Accounts assessed interest	15.57	15.59	14.81	n.a.	14.74	n.a.	n.a.	15.35	n.a.	n.a.
Auto finance companies										
5 New car	7.12	6.30	6.66	6.38	6.51	6.40	6.55	7.46	7.16	4.74
6 Used car	13.27	12.64	12.60	13.52	13.47	13.58	13.64	13.70	13.91	13.87
OTHER TERMS[3]										
Maturity (months)										
7 New car	54.1	52.1	52.7	53.8	53.5	55.6	55.6	55.7	55.9	57.6
8 Used car	51.0	53.5	55.9	57.1	57.1	57.3	57.2	57.2	57.0	57.0
Loan-to-value ratio										
9 New car	92	92	92	93	93	92	92	92	91	93
10 Used car	99	99	99	98	99	99	100	100	100	100
Amount financed (dollars)										
11 New car	18,077	19,083	19,880	20,542	20,621	20,349	20,406	20,664	21,010	22,069
12 Used car	12,281	12,691	13,642	13,871	14,132	14,245	14,269	14,166	13,950	13,978

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	1994	1995	1996	1997	1998	1999				2000		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**559.3**	**711.3**	**731.4**	**804.3**	**1,042.9**	**1,277.7**	**938.8**	**1,170.1**	**1,094.8**	**940.7**	**958.3**	**758.5**
By sector and instrument												
2 Federal government	155.9	144.4	145.0	23.1	−52.6	−83.4	−98.5	−71.4	−31.5	−215.5	−414.0	−219.0
3 Treasury securities	155.7	142.9	146.6	23.2	−54.6	−81.9	−99.1	−71.5	−31.5	−213.5	−415.8	−216.6
4 Budget agency securities and mortgages	2	1.5	−1.6	−1	2.0	−1.5	.6	.0	.0	−2.1	1.8	−2.4
5 Nonfederal	403.4	566.9	586.3	781.2	1,095.5	1,361.2	1,037.3	1,241.6	1,126.3	1,156.3	1,372.3	977.5
By instrument												
6 Commercial paper	21.4	18.1	−.9	13.7	24.4	58.3	−2.6	49.8	44.0	36.2	116.9	62.5
7 Municipal securities and loans	−35.9	−48.2	2.6	71.4	96.8	92.1	56.8	71.3	52.5	8.9	34.0	29.8
8 Corporate bonds	23.3	91.1	116.3	150.5	218.7	274.0	287.6	202.8	155.2	186.2	153.8	184.4
9 Bank loans n.e.c.	75.2	103.7	70.5	106.5	108.2	86.0	24.0	112.3	108.6	131.9	163.1	32.0
10 Other loans and advances	34.0	67.2	33.5	69.1	74.3	148.0	2.3	79.2	55.4	162.1	104.3	−17.3
11 Mortgages	160.5	196.0	275.7	317.5	505.5	572.2	607.8	650.0	601.1	488.9	665.7	565.7
12 Home	183.2	180.7	242.5	252.3	386.9	411.2	440.1	479.4	398.3	343.9	496.6	443.4
13 Multifamily residential	−3.6	5.8	9.4	8.3	20.3	35.5	33.1	44.2	47.9	32.3	43.9	23.6
14 Commercial	−21.3	7.9	21.3	53.7	92.0	122.0	125.6	119.4	152.4	105.8	116.3	90.8
15 Farm	2.2	1.6	2.6	3.2	6.2	3.6	9.0	7.0	2.5	6.9	8.9	7.9
16 Consumer credit	124.9	138.9	88.8	52.5	67.6	130.5	61.4	76.2	109.5	142.0	134.6	120.4
By borrowing sector												
17 Household	318.5	363.2	358.1	345.8	488.1	562.7	526.4	589.5	513.6	534.7	650.4	564.8
18 Nonfinancial business	131.2	255.1	235.0	379.3	527.1	718.8	467.2	599.6	579.1	617.8	701.1	387.5
19 Corporate	123.7	228.0	148.8	266.1	416.3	625.2	371.6	468.2	456.1	500.5	581.4	292.7
20 Nonfarm noncorporate	3.1	24.3	81.4	107.0	103.2	88.6	93.9	122.9	117.4	102.5	111.4	87.2
21 Farm	4.4	2.9	4.8	6.2	7.7	4.9	1.7	8.5	5.6	14.7	8.3	7.6
22 State and local government	−46.2	−51.5	−6.8	56.1	80.3	79.8	43.6	52.5	33.6	3.8	20.8	25.2
23 Foreign net borrowing in United States	−13.9	78.5	88.4	71.8	43.3	30.7	−24.5	77.3	17.6	116.9	−10.9	61.6
24 Commercial paper	−26.1	13.5	11.3	3.7	7.8	18.0	−27.5	41.1	33.6	56.7	10.9	5.9
25 Bonds	12.2	57.1	67.0	61.4	34.8	15.4	.2	44.0	−2.7	45.7	−29.6	36.0
26 Bank loans n.e.c.	1.4	8.5	9.1	8.5	6.7	.9	5.6	−6.6	2.3	15.4	5.7	11.8
27 Other loans and advances	−1.4	−.5	1.0	−1.8	−6.0	−3.5	−2.8	−1.1	−15.5	−.9	2.0	7.8
28 **Total domestic plus foreign**	**545.3**	**789.8**	**819.8**	**876.1**	**1,086.2**	**1,308.5**	**914.3**	**1,247.5**	**1,112.4**	**1,057.6**	**947.4**	**820.1**
	Financial sectors											
29 **Total net borrowing by financial sectors**	**468.4**	**453.9**	**545.8**	**653.7**	**1,073.9**	**1,228.8**	**995.3**	**1,064.2**	**1,063.4**	**618.3**	**817.0**	**715.4**
By instrument												
30 Federal government-related	287.5	204.1	231.5	212.8	470.9	589.5	576.6	651.6	550.3	249.2	370.4	504.4
31 Government-sponsored enterprise securities	176.9	105.9	90.4	98.4	278.3	193.0	304.7	407.1	367.9	104.9	248.9	279.3
32 Mortgage pool securities	115.4	98.2	141.1	114.5	192.6	396.6	271.9	244.5	182.4	144.3	121.6	225.1
33 Loans from U.S. government	−4.8	.0	0	.0	0	.0	0	.0	.0	.0	0	.0
34 Private	180.9	249.8	314.4	440.9	603.0	639.2	418.8	412.6	513.0	369.2	446.6	211.0
35 Open market paper	40.5	42.7	92.2	166.7	161.0	78.7	57.3	89.9	479.0	130.9	77.4	65.2
36 Corporate bonds	121.8	195.9	173.8	210.5	296.9	473.8	254.8	179.5	−21.0	166.5	230.7	177.2
37 Bank loans n.e.c.	−13.7	2.5	12.6	13.2	30.1	−6.7	11.0	−5.9	−55.6	.3	5.4	−.7
38 Other loans and advances	22.6	3.4	27.9	35.6	90.2	73.3	107.9	139.8	107.5	64.4	123.1	−36.7
39 Mortgages	9.8	5.3	7.9	14.9	24.8	20.1	−12.3	9.4	3.2	7.0	10.0	6.0
By borrowing sector												
40 Commercial banking	20.1	22.5	13.0	46.1	72.9	46.1	61.5	107.0	54.1	72.4	113.2	17.4
41 Savings institutions	12.8	2.6	25.5	19.7	52.2	75.2	59.2	51.9	5.8	40.6	59.1	−17.2
42 Credit unions	.2	−.1	.1	1	.6	1.5	1.4	2.8	3.3	−2.9	.9	1.1
43 Life insurance companies	.3	−.1	1.1	2	.7	3.3	3.0	1.1	−4.4	−.7	−1.1	−.3
44 Government-sponsored enterprises	172.1	105.9	90.4	98.4	278.3	193.0	304.7	407.1	367.9	104.9	248.9	279.3
45 Federally related mortgage pools	115.4	98.2	141.1	114.5	192.6	396.6	271.9	244.5	182.4	144.3	121.6	225.1
46 Issuers of asset-backed securities (ABSs)	76.5	142.4	150.8	202.2	321.4	289.7	301.5	220.5	124.2	166.0	154.8	136.8
47 Finance companies	48.6	50.2	45.9	48.7	43.0	77.0	90.5	−17.2	99.2	52.3	103.9	96.9
48 Mortgage companies	−11.5	−2.2	4.1	−4.6	1.6	−4.6	5.1	−6.1	6.2	−3.0	2.7	−.3
49 Real estate investment trusts (REITs)	10.2	4.5	11.9	39.6	62.7	25.6	−19.7	7.9	11.3	11.5	9.8	−2.4
50 Brokers and dealers	5	−5.0	−2.0	8.1	7.2	−31.1	−17.4	16.9	−37.3	44.4	−.7	25.2
51 Funding corporations	23.1	34.9	64.1	80.7	40.7	156.5	−66.2	27.9	250.6	−11.4	4.0	−46.2

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

Transaction category or sector	1994	1995	1996	1997	1998	1999				2000		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	All sectors											
52 **Total net borrowing, all sectors**	**1,013.8**	**1,243.8**	**1,365.6**	**1,529.8**	**2,160.1**	**2,537.2**	**1,909.6**	**2,311.7**	**2,175.8**	**1,676.0**	**1,764.4**	**1,535.5**
53 Open market paper	35.7	74.3	102.6	184.1	193.1	155.1	27.2	180.7	556.6	223.7	205.1	133.6
54 U.S. government securities	448.1	348.5	376.5	235.9	418.3	506.1	478.1	580.1	518.9	33.6	−43.5	285.4
55 Municipal securities	−35.9	−48.2	2.6	71.4	96.8	92.1	56.8	71.3	52.5	8.9	34.0	29.8
56 Corporate and foreign bonds	157.3	344.1	357.0	422.4	550.4	763.1	542.6	426.3	131.5	398.4	355.0	397.7
57 Bank loans n.e.c.	62.9	114.7	92.1	128.2	145.0	80.1	40.6	99.8	55.2	147.7	174.2	43.1
58 Other loans and advances	50.4	70.1	62.5	102.8	158.5	217.8	107.5	217.9	147.3	225.7	229.4	−46.2
59 Mortgages	170.3	201.3	283.6	332.4	530.3	592.4	595.6	659.4	604.3	496.0	675.6	571.7
60 Consumer credit	124.9	138.9	88.8	52.5	67.6	130.5	61.4	76.2	109.5	142.0	134.6	120.4
	Funds raised through mutual funds and corporate equities											
61 **Total net issues**	**113.4**	**131.5**	**231.9**	**181.2**	**100.0**	**154.2**	**178.5**	**120.4**	**172.8**	**409.3**	**115.0**	**150.0**
62 Corporate equities	12.8	−16.0	−5.7	−83.9	−174.6	−86.4	−33.9	−7.0	.0	103.2	−122.6	−111.5
63 Nonfinancial corporations	−44.9	−58.3	−69.5	−114.4	−267.0	−52.1	−338.4	−128.4	−55.0	60.8	−248.8	−87.6
64 Foreign shares purchased by U.S. residents	48.1	50.4	82.8	57.6	101.2	−19.8	284.4	121.7	71.3	63.3	135.0	13.0
65 Financial corporations	9.6	−8.1	−19.0	−27.1	−8.9	−14.5	20.2	−.3	−16.3	−20.8	−8.8	−36.9
66 Mutual fund shares	100.6	147.4	237.6	265.1	274.6	240.6	212.4	127.5	172.8	306.1	237.6	261.5

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

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1994	1995	1996	1997	1998	1999				2000		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**1,013.8**	**1,243.8**	**1,365.6**	**1,529.8**	**2,160.1**	**2,537.2**	**1,909.6**	**2,311.7**	**2,175.8**	**1,676.0**	**1,764.4**	**1,535.5**
2 Domestic nonfederal nonfinancial sectors	210.0	−61.3	80.5	17.1	131.8	472.8	328.4	230.0	−6.4	−143.9	137.1	−323.2
3 Household	246.8	34.1	128.7	31.8	−16.7	270.5	247.7	221.8	8.1	−239.1	88.6	−299.2
4 Nonfinancial corporate business	17.7	−8.8	−10.2	−12.7	14.0	67.0	−1.4	49.8	−18.3	90.4	4.3	−9.0
5 Nonfarm noncorporate business	.6	4.7	−4.3	−2.1	.1	2.8	1.2	.8	1.4	2.6	2.8	3.8
6 State and local governments	−55.0	−91.4	−33.7	.1	134.5	132.5	81.0	−42.4	2.4	2.3	41.4	−19.0
7 Federal government	−27.4	−.2	−7.4	5.1	13.5	17.0	6.7	11.2	−11.8	6.2	7.8	15.6
8 Rest of the world	132.3	273.9	414.4	311.3	254.2	256.9	61.6	385.3	138.7	334.9	185.6	199.4
9 Financial sectors	698.8	1,031.4	878.1	1,196.3	1,760.6	1,790.6	1,512.8	1,685.2	2,055.3	1,478.7	1,433.9	1,643.8
10 Monetary authority	31.5	12.7	12.3	38.3	21.1	64.5	59.8	20.6	−42.2	103.4	−3.9	27.3
11 Commercial banking	163.4	265.9	187.5	324.3	305.2	68.1	166.6	449.4	548.7	377.1	484.6	370.2
12 U.S.-chartered banks	148.1	186.5	119.6	274.9	312.0	131.5	259.4	421.9	457.7	409.2	505.6	333.1
13 Foreign banking offices in United States	11.2	75.4	63.3	40.2	−11.9	−53.1	−102.5	33.2	42.0	4.8	−29.9	31.5
14 Bank holding companies	.9	−.3	3.9	5.4	−.9	−6.0	.4	−12.4	42.6	−42.2	3.5	−6.7
15 Banks in U.S.-affiliated areas	3.3	4.2	.7	3.7	6.0	−4.4	9.2	6.6	6.3	5.4	5.4	12.3
16 Savings institutions	6.7	−7.6	19.9	−4.7	36.3	111.0	85.3	58.1	20.2	50.2	73.0	56.5
17 Credit unions	28.1	16.2	25.5	16.8	19.0	30.9	32.7	27.5	18.8	35.6	36.6	41.8
18 Bank personal trusts and estates	7.1	−8.3	−7.7	−25.0	−12.8	27.8	27.8	27.8	27.8	21.9	16.8	20.6
19 Life insurance companies	72.0	100.0	69.6	104.8	76.9	78.4	68.2	36.8	30.7	57.2	52.0	51.4
20 Other insurance companies	24.9	21.5	22.5	25.2	20.4	−19.7	26.7	−14.4	−9.4	−14.0	−18.1	8.7
21 Private pension funds	45.0	20.2	−5.8	19.5	57.8	57.5	86.6	32.0	54.0	46.1	22.8	55.5
22 State and local government retirement funds	30.9	33.6	37.3	63.8	71.5	76.0	25.1	40.0	58.2	55.3	20.7	35.4
23 Money market mutual funds	30.0	86.5	88.8	87.5	244.0	215.7	−67.0	224.8	354.5	208.8	−156.2	244.9
24 Mutual funds	−7.1	52.5	48.9	80.9	124.8	97.4	117.2	−13.0	−12.7	−77.8	63.7	56.5
25 Closed-end funds	−3.7	10.5	4.7	−2.9	4.5	3.1	3.1	3.1	3.1	3.1	3.1	3.1
26 Government-sponsored enterprises	117.8	86.7	84.2	94.3	261.7	189.1	251.5	280.7	221.0	138.2	229.7	208.3
27 Federally related mortgage pools	115.4	98.2	141.1	114.5	192.6	396.6	271.9	244.5	182.4	144.3	121.6	225.1
28 Asset-backed securities issuers (ABSs)	69.4	120.6	120.5	163.8	281.7	272.1	284.8	212.0	94.4	145.3	120.3	101.6
29 Finance companies	48.3	49.9	18.4	21.9	51.9	85.3	88.1	91.7	114.4	132.9	138.9	81.4
30 Mortgage companies	−24.0	−3.4	8.2	−9.1	3.2	−9.1	10.2	−12.1	12.3	−6.0	5.5	−.5
31 Real estate investment trusts (REITs)	−.7	1.4	4.4	20.2	−5.1	1.7	−2.2	−2.7	−7.0	−16.3	−2.5	−3.6
32 Brokers and dealers	−44.2	90.1	−15.7	14.9	6.8	34.6	−119.7	−22.2	−15.9	106.9	38.0	183.5
33 Funding corporations	−12.1	−15.7	13.6	47.4	−1.0	9.5	96.2	.6	401.9	−33.5	187.5	−124.1
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**1,013.8**	**1,243.8**	**1,365.6**	**1,529.8**	**2,160.1**	**2,537.2**	**1,909.6**	**2,311.7**	**2,175.8**	**1,676.0**	**1,764.4**	**1,535.5**
Other financial sources												
35 Official foreign exchange	−5.8	8.8	−6.3	.7	6.6	−14.0	−5.4	−8.5	−7.0	1.5	−10.2	−.9
36 Special drawing rights certificates	.0	2.2	−.5	−.5	.0	−4.0	.0	−4.0	−4.0	.0	−8.0	−4.0
37 Treasury currency	.7	.7	−.6	−.7	−.8	.0	−2.1	−4.1	.0	−2.2	−2.3	−4.2
38 Foreign deposits	52.9	35.3	85.9	108.9	2.0	113.7	110.1	69.4	52.7	258.5	−1.1	51.4
39 Net interbank transactions	89.8	10.0	−51.6	−19.7	−32.3	48.3	93.4	−30.8	−40.7	−71.1	177.7	−61.8
40 Checkable deposits and currency	−9.7	−12.8	15.7	41.2	47.4	63.6	37.5	139.3	365.2	−219.1	−65.0	49.0
41 Small time and savings deposits	−39.9	96.6	97.2	97.1	152.4	−74.8	106.6	119.1	28.0	104.3	130.3	235.7
42 Large time deposits	19.6	65.6	114.0	122.5	92.1	18.0	42.4	102.7	359.4	149.2	108.4	145.3
43 Money market fund shares	40.5	141.2	145.4	155.9	287.2	221.3	115.3	174.3	485.5	241.0	48.2	241.9
44 Security repurchase agreements	78.2	110.5	41.4	120.9	91.3	258.0	−26.1	135.9	319.0	276.1	130.4	240.5
45 Corporate equities	12.8	−16.0	−5.7	−83.9	−174.6	−86.4	−33.9	−7.0	.0	103.2	−122.6	−111.5
46 Mutual fund shares	100.6	147.4	237.6	265.1	274.6	240.6	212.4	127.5	172.8	306.1	237.6	261.5
47 Trade payables	120.0	128.9	114.1	131.2	27.0	121.7	225.3	231.5	160.1	244.3	114.7	160.2
48 Security credit	−.1	26.7	52.4	111.0	103.3	−62.2	139.7	18.9	277.8	566.3	−99.8	58.9
49 Life insurance reserves	35.5	45.8	44.5	59.3	48.0	55.4	42.1	48.1	57.6	49.8	59.7	47.0
50 Pension fund reserves	257.4	171.0	163.0	278.8	248.7	204.5	248.8	266.7	294.6	266.1	280.7	228.1
51 Taxes payable	2.6	6.2	16.2	15.7	12.0	−1.8	47.3	.1	18.2	28.2	22.9	.7
52 Investment in bank personal trusts	17.8	6.4	−5.3	−49.9	−42.5	−7.2	−7.1	−7.2	−6.9	−2.9	−7.6	−3.6
53 Noncorporate proprietors' equity	43.1	34.6	−3.4	−46.0	−41.4	−8.3	21.4	−56.0	12.3	−15.5	−2.9	28.9
54 Miscellaneous	278.3	503.8	537.4	512.5	844.4	406.7	1,454.9	507.0	596.3	870.3	1,120.2	1,242.4
55 **Total financial sources**	**2,108.0**	**2,756.6**	**2,957.0**	**3,350.0**	**4,105.4**	**4,030.3**	**4,732.2**	**4,134.6**	**5,316.7**	**4,830.2**	**3,875.7**	**4,341.1**
Liabilities not identified as assets (−)												
56 Treasury currency	−.2	−.3	−1.6	−1.4	−1.4	−1.5	−3.5	−5.9	−2.2	−6.1	−6.2	−6.7
57 Foreign deposits	43.0	25.1	59.6	107.4	−6.4	49.3	96.8	27.4	92.5	189.4	−62.6	21.0
58 Net interbank liabilities	−2.7	−3.1	−3.3	−19.9	3.4	49.7	−4.8	−7.0	−23.7	24.4	−4.3	−18.8
59 Security repurchase agreements	73.5	25.7	4.1	64.3	61.4	213.5	54.3	77.8	−217.4	553.2	5.4	128.8
60 Taxes payable	16.6	21.1	23.1	28.0	13.9	−8.8	25.0	2.7	−5.1	13.4	−1.3	−10.0
61 Miscellaneous	−114.0	−166.5	−76.4	−69.1	−46.1	−522.5	−131.8	−454.8	−132.1	−342.9	−196.1	−83.9
Floats not included in assets (−)												
62 Federal government checkable deposits	−4.8	−6.0	.5	−2.7	2.6	−2.1	−27.0	8.6	−9.2	28.7	−3.4	−2.7
63 Other checkable deposits	−2.8	−3.8	−4.0	−3.9	−3.1	−2.1	−.9	−.3	.0	.6	1.5	1.9
64 Trade credit	27.4	15.6	−21.2	−29.4	−42.1	45.6	−63.7	75.3	119.3	24.5	−74.8	−68.6
65 **Total identified to sectors as assets**	**2,072.1**	**2,849.0**	**2,976.4**	**3,276.5**	**4,123.3**	**4,209.1**	**4,787.8**	**4,410.7**	**5,494.7**	**4,345.0**	**4,217.6**	**4,380.2**

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

Transaction category or sector	1995	1996	1997	1998	1999 Q1	1999 Q2	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**13,712.9**	**14,444.2**	**15,247.0**	**16,289.9**	**16,605.4**	**16,784.8**	**17,105.1**	**17,445.0**	**17,677.8**	**17,853.8**	**18,054.1**
By sector and instrument											
2 Federal government	3,636.7	3,781.8	3,804.9	3,752.2	3,759.7	3,651.7	3,632.7	3,681.0	3,653.5	3,464.0	3,410.3
3 Treasury securities	3,608.5	3,755.1	3,778.3	3,723.7	3,731.6	3,623.4	3,604.5	3,652.8	3,625.8	3,435.7	3,382.7
4 Budget agency securities and mortgages	28.2	26.6	26.5	28.5	28.1	28.3	28.3	28.3	27.8	28.2	27.6
5 Nonfederal	10,076.1	10,662.5	11,442.1	12,537.7	12,845.7	13,133.1	13,472.4	13,763.9	14,024.3	14,389.9	14,643.8
By instrument											
6 Commercial paper	157.4	156.4	168.6	193.0	223.9	232.4	239.3	230.3	260.8	296.8	307.0
7 Municipal securities and loans	1,293.5	1,296.0	1,367.5	1,464.3	1,491.0	1,510.0	1,518.6	1,532.5	1,539.2	1,551.6	1,550.3
8 Corporate bonds	1,344.1	1,460.4	1,610.9	1,829.6	1,898.1	1,970.0	2,020.7	2,059.5	2,106.0	2,144.5	2,190.6
9 Bank loans n.e.c.	863.6	934.1	1,040.5	1,148.8	1,165.2	1,178.5	1,202.9	1,231.5	1,259.1	1,307.2	1,311.7
10 Other loans and advances	736.9	770.4	839.5	913.8	957.4	956.0	969.8	985.3	1,032.4	1,056.2	1,057.1
11 Mortgages	4,557.9	4,833.6	5,151.1	5,656.6	5,790.9	5,945.9	6,151.0	6,298.7	6,410.8	6,579.6	6,731.6
12 Home	3,510.5	3,719.2	3,971.5	4,358.4	4,451.1	4,564.1	4,693.6	4,790.7	4,866.5	4,993.0	5,114.4
13 Multifamily residential	265.5	278.6	286.9	307.3	316.4	324.6	335.7	347.7	355.7	366.7	372.6
14 Commercial	697.3	748.7	802.3	894.4	926.1	957.5	1,020.3	1,058.4	1,084.8	1,113.9	1,136.6
15 Farm	84.6	87.1	90.3	96.5	97.4	99.6	101.4	102.0	103.7	106.0	107.9
16 Consumer credit	1,122.8	1,211.6	1,264.1	1,331.7	1,319.3	1,340.4	1,370.1	1,426.2	1,416.0	1,454.0	1,495.6
By borrowing sector											
17 Household	4,898.2	5,222.7	5,568.8	6,056.9	6,138.8	6,282.3	6,448.5	6,605.2	6,678.8	6,851.5	7,024.3
18 Nonfinancial business	4,107.7	4,376.4	4,753.9	5,281.0	5,483.8	5,612.6	5,781.5	5,906.6	6,088.3	6,272.7	6,356.1
19 Corporate	2,913.1	3,095.6	3,359.8	3,776.1	3,957.9	4,059.5	4,195.9	4,290.7	4,445.5	4,596.8	4,656.9
20 Nonfarm noncorporate	1,049.5	1,130.9	1,237.9	1,341.1	1,363.5	1,387.0	1,417.0	1,446.8	1,472.7	1,500.6	1,521.7
21 Farm	145.1	149.9	156.1	163.8	162.4	166.1	168.6	169.0	170.1	175.3	177.5
22 State and local government	1,070.2	1,063.4	1,119.5	1,199.8	1,223.2	1,238.2	1,242.4	1,252.1	1,257.3	1,265.7	1,263.5
23 **Foreign credit market debt held in United States**	**453.7**	**542.2**	**608.0**	**651.4**	**659.2**	**652.7**	**672.9**	**676.9**	**704.6**	**698.8**	**720.7**
24 Commercial paper	56.2	67.5	65.1	72.9	77.2	70.1	81.8	89.2	101.6	101.2	109.8
25 Bonds	299.4	366.3	427.7	462.5	466.3	466.4	477.4	476.7	488.1	480.7	489.7
26 Bank loans n.e.c.	34.6	43.7	52.1	58.9	59.1	60.5	58.8	59.4	63.3	64.7	67.6
27 Other loans and advances	63.6	64.7	63.0	57.2	56.5	55.8	55.0	51.7	51.7	52.1	53.5
28 **Total credit market debt owed by nonfinancial sectors, domestic and foreign**	**14,166.5**	**14,986.4**	**15,855.0**	**16,941.3**	**17,264.6**	**17,437.5**	**17,778.0**	**18,121.9**	**18,382.5**	**18,552.6**	**18,774.8**
	Financial sectors										
29 **Total credit market debt owed by financial sectors**	**4,278.8**	**4,824.6**	**5,445.2**	**6,519.1**	**6,809.0**	**7,073.3**	**7,346.8**	**7,607.0**	**7,744.5**	**7,964.5**	**8,155.8**
By instrument											
30 Federal government-related	2,376.8	2,608.3	2,821.1	3,292.0	3,434.1	3,580.7	3,745.9	3,884.0	3,940.3	4,035.5	4,164.5
31 Government-sponsored enterprise securities	806.5	896.9	995.3	1,273.6	1,321.8	1,398.0	1,499.8	1,591.7	1,618.0	1,680.2	1,750.0
32 Mortgage pool securities	1,570.3	1,711.4	1,825.8	2,018.4	2,112.3	2,182.7	2,246.1	2,292.3	2,322.3	2,355.4	2,414.5
33 Loans from U.S. government	0	0	0	0	.0	.0	.0	0	.0	.0	0
34 Private	1,901.9	2,216.3	2,624.1	3,227.1	3,374.9	3,492.6	3,601.0	3,723.0	3,804.2	3,928.9	3,991.3
35 Open market paper	486.9	579.1	745.7	906.7	926.4	940.9	963.4	1,082.9	1,115.7	1,135.2	1,151.6
36 Corporate bonds	1,204.7	1,378.4	1,555.9	1,852.8	1,968.6	2,042.8	2,091.1	2,074.6	2,114.2	2,183.2	2,234.6
37 Bank loans n.e.c.	51.4	64.0	77.2	107.2	104.1	106.8	105.2	92.9	91.4	92.7	92.5
38 Other loans and advances	135.0	162.9	198.5	288.7	299.1	328.6	365.4	395.8	404.4	436.9	430.2
39 Mortgages	24.1	31.9	46.8	71.6	76.6	73.6	75.9	76.7	78.5	81.0	82.5
By borrowing sector											
40 Commercial banks	102.6	113.6	140.6	188.6	187.5	202.7	224.2	230.0	242.2	265.4	263.6
41 Bank holding companies	148.0	150.0	168.6	193.5	202.6	205.5	211.8	219.3	221.4	229.3	236.9
42 Savings institutions	115.0	140.5	160.3	212.4	226.9	241.6	255.4	260.4	266.9	280.7	277.5
43 Credit unions	.4	.4	.6	1.1	1.5	1.8	2.5	3.4	2.6	2.9	3.1
44 Life insurance companies	.5	1.6	1.8	2.5	3.3	4.0	4.3	3.2	3.0	2.7	2.7
45 Government-sponsored enterprises	806.5	896.9	995.3	1,273.6	1,321.8	1,398.0	1,499.8	1,591.7	1,618.0	1,680.2	1,750.0
46 Federally related mortgage pools	1,570.3	1,711.4	1,825.8	2,018.4	2,112.3	2,182.7	2,246.1	2,292.3	2,322.3	2,355.4	2,414.5
47 Issuers of asset-backed securities (ABSs)	712.5	863.3	1,076.6	1,398.0	1,463.1	1,539.9	1,599.1	1,632.0	1,665.8	1,706.4	1,749.0
48 Brokers and dealers	29.3	27.3	35.3	42.5	34.8	30.4	34.6	25.3	36.4	36.2	42.5
49 Finance companies	483.9	529.8	554.5	597.5	614.4	639.2	628.5	659.9	670.7	699.2	716.5
50 Mortgage companies	16.5	20.6	16.0	17.7	16.5	17.8	16.3	17.8	17.1	17.8	17.7
51 Real estate investment trusts (REITs)	44.6	56.5	96.1	158.8	165.2	160.3	162.2	165.1	167.9	170.4	169.8
52 Funding corporations	248.6	312.7	373.7	414.4	459.1	449.5	462.0	506.6	510.1	517.9	512.0
	All sectors										
53 **Total credit market debt, domestic and foreign**	**18,445.3**	**19,811.0**	**21,300.2**	**23,460.4**	**24,073.5**	**24,510.8**	**25,124.9**	**25,728.9**	**26,126.9**	**26,517.1**	**26,930.6**
54 Open market paper	700.4	803.0	979.4	1,172.6	1,227.6	1,243.3	1,284.5	1,402.4	1,478.1	1,533.3	1,568.3
55 U.S. government securities	6,013.6	6,390.0	6,626.0	7,044.3	7,193.8	7,232.4	7,378.6	7,565.0	7,593.8	7,499.5	7,574.8
56 Municipal securities	1,293.5	1,296.0	1,367.5	1,464.3	1,491.0	1,510.0	1,518.6	1,532.5	1,539.2	1,551.6	1,550.3
57 Corporate and foreign bonds	2,848.1	3,205.1	3,594.5	4,144.9	4,333.0	4,479.2	4,589.1	4,610.8	4,708.3	4,808.3	4,914.9
58 Bank loans n.e.c.	949.6	1,041.7	1,169.8	1,314.9	1,328.3	1,345.7	1,366.9	1,383.8	1,413.7	1,464.6	1,471.7
59 Other loans and advances	935.4	998.0	1,101.0	1,259.6	1,313.0	1,340.3	1,390.1	1,432.7	1,488.5	1,545.2	1,540.8
60 Mortgages	4,581.9	4,865.5	5,197.9	5,728.2	5,867.6	6,019.5	6,226.9	6,375.5	6,489.3	6,660.6	6,814.1
61 Consumer credit	1,122.8	1,211.6	1,264.1	1,331.7	1,319.3	1,340.4	1,370.1	1,426.2	1,416.0	1,454.0	1,495.6

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

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1995	1996	1997	1998	1999				2000		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**18,445.3**	**19,811.0**	**21,300.2**	**23,460.4**	**24,073.5**	**24,510.8**	**25,124.9**	**25,728.9**	**26,126.9**	**26,517.1**	**26,930.6**
2 Domestic nonfederal nonfinancial sectors	2,905.5	3,031.3	3,004.7	3,108.2	3,199.5	3,255.5	3,311.9	3,434.5	3,368.4	3,377.1	3,303.4
3 Household	1,944.3	2,118.3	2,106.4	2,061.4	2,124.7	2,155.3	2,208.2	2,318.5	2,252.7	2,244.2	2,174.1
4 Nonfinancial corporate business	280.4	270.2	257.5	271.5	266.1	268.5	284.7	295.7	294.7	298.3	300.8
5 Nonfarm noncorporate business	42.3	38.0	35.9	35.9	36.6	36.9	37.1	37.5	38.1	38.8	39.8
6 State and local governments	638.6	604.8	605.0	739.4	772.1	794.8	781.9	782.8	782.9	795.8	788.7
7 Federal government	207.5	200.2	205.5	219.1	223.3	225.0	260.7	258.0	259.6	261.5	265.4
8 Rest of the world	1,531.1	1,926.6	2,257.3	2,539.8	2,608.3	2,621.3	2,718.1	2,678.0	2,765.9	2,809.7	2,860.0
9 Financial sectors	13,801.1	14,652.9	15,832.7	17,593.3	18,042.4	18,409.0	18,834.0	19,358.4	19,733.1	20,068.7	20,501.8
10 Monetary authority	380.8	393.1	431.4	452.5	466.0	485.1	489.3	478.1	501.9	505.1	511.5
11 Commercial banking	3,520.1	3,707.7	4,031.9	4,335.7	4,338.4	4,383.4	4,488.3	4,643.9	4,725.0	4,847.4	4,931.2
12 U.S.-chartered banks	3,056.1	3,175.8	3,450.7	3,761.2	3,782.9	3,847.6	3,944.3	4,078.9	4,171.3	4,295.4	4,368.3
13 Foreign banking offices in United States	412.6	475.8	516.1	504.2	487.8	465.7	475.3	484.1	482.0	478.1	487.6
14 Bank holding companies	18.0	22.0	27.4	26.5	25.0	25.1	22.0	32.7	22.1	23.0	21.3
15 Banks in U.S.-affiliated areas	33.4	34.1	37.8	43.8	42.7	45.0	46.7	48.3	49.6	51.0	54.0
16 Savings institutions	913.3	933.2	928.5	964.8	990.8	1,011.4	1,030.8	1,033.4	1,044.5	1,061.7	1,080.9
17 Credit unions	263.0	288.5	305.3	324.2	330.2	341.0	348.5	351.7	359.0	370.8	381.9
18 Bank personal trusts and estates	239.7	232.0	207.0	194.1	201.1	208.0	215.0	222.0	227.4	231.7	236.8
19 Life insurance companies	1,587.5	1,657.0	1,751.1	1,828.0	1,853.5	1,869.6	1,880.4	1,886.0	1,901.5	1,913.4	1,927.9
20 Other insurance companies	468.7	491.2	515.3	535.7	530.8	537.5	533.9	531.6	528.0	523.5	525.7
21 Private pension funds	633.1	627.3	646.8	704.7	719.0	740.7	748.7	762.2	773.7	779.4	793.3
22 State and local government retirement funds	531.0	568.2	632.0	703.6	722.6	728.9	738.9	753.4	767.2	772.4	781.3
23 Money market mutual funds	545.5	634.3	721.9	965.9	1,036.2	1,001.8	1,049.7	1,147.8	1,217.1	1,159.4	1,212.5
24 Mutual funds	771.3	820.2	901.1	1,025.9	1,050.8	1,083.7	1,083.0	1,073.1	1,053.7	1,073.9	1,090.6
25 Closed-end funds	96.4	101.1	98.3	102.8	103.6	104.3	105.1	105.9	106.7	107.4	108.2
26 Government-sponsored enterprises	750.0	807.9	902.2	1,163.9	1,203.1	1,268.4	1,340.2	1,399.5	1,426.4	1,485.3	1,546.7
27 Federally related mortgage pools	1,570.3	1,711.4	1,825.8	2,018.4	2,112.3	2,182.7	2,246.1	2,292.3	2,322.3	2,355.4	2,414.5
28 Asset-backed securities issuers (ABSs)	653.4	773.9	937.7	1,219.4	1,280.1	1,352.7	1,409.8	1,435.3	1,463.9	1,495.8	1,529.6
29 Finance companies	526.2	544.5	566.4	618.4	639.9	660.9	678.2	713.3	747.0	780.6	795.5
30 Mortgage companies	33.0	41.2	32.1	35.3	33.0	35.6	32.5	35.6	34.1	35.5	35.4
31 Real estate investment trusts (REITs)	26.0	30.4	50.6	45.5	45.9	45.3	44.7	42.9	38.8	38.2	37.3
32 Brokers and dealers	183.4	167.7	182.6	189.4	211.4	162.9	167.0	158.6	201.1	189.3	245.2
33 Funding corporations	108.4	122.0	164.7	165.2	173.8	204.9	204.0	291.9	293.8	342.7	315.8
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**18,445.3**	**19,811.0**	**21,300.2**	**23,460.4**	**24,073.5**	**24,510.8**	**25,124.9**	**25,728.9**	**26,126.9**	**26,517.1**	**26,930.6**
Other liabilities											
35 Official foreign exchange	63.7	53.7	48.9	60.1	53.6	50.9	52.1	50.1	49.4	46.5	44.9
36 Special drawing rights certificates	10.2	9.7	9.2	9.2	8.2	8.2	7.2	6.2	6.2	4.2	3.2
37 Treasury currency	18.3	17.7	17.0	16.2	16.2	15.7	14.6	14.6	14.1	13.4	12.4
38 Foreign deposits	418.8	521.7	619.7	639.0	667.4	694.9	712.3	725.8	790.4	790.2	803.0
39 Net interbank liabilities	290.7	240.8	219.4	189.0	182.0	207.1	199.6	204.5	168.1	215.9	200.2
40 Checkable deposits and currency	1,229.1	1,244.8	1,286.1	1,333.4	1,310.5	1,353.1	1,353.8	1,484.8	1,392.9	1,409.7	1,385.7
41 Small time and savings deposits	2,279.7	2,377.0	2,474.1	2,626.5	2,637.6	2,644.6	2,665.9	2,671.2	2,728.0	2,738.8	2,790.2
42 Large time deposits	476.9	590.9	713.4	805.5	804.3	809.0	837.5	936.1	966.5	987.4	1,026.8
43 Money market fund shares	741.3	886.7	1,042.5	1,329.7	1,411.7	1,393.5	1,444.9	1,578.8	1,666.0	1,627.1	1,697.8
44 Security repurchase agreements	660.0	701.5	822.4	913.7	980.3	970.8	999.3	1,085.4	1,155.8	1,185.1	1,239.2
45 Mutual fund shares	1,852.8	2,342.4	2,989.4	3,610.5	3,758.1	4,049.1	3,931.5	4,553.4	4,863.3	4,759.6	4,816.4
46 Security credit	305.7	358.1	469.1	572.3	552.7	589.3	593.2	665.9	803.7	780.5	794.5
47 Life insurance reserves	566.2	610.6	665.0	718.3	735.9	749.8	756.2	783.9	799.9	809.4	821.2
48 Pension fund reserves	5,812.8	6,548.6	7,817.4	8,913.1	9,065.3	9,480.0	9,151.1	10,000.0	10,230.0	10,155.0	10,348.6
49 Trade payables	1,698.0	1,812.1	1,943.3	1,970.3	1,973.9	2,031.1	2,095.1	2,155.0	2,189.6	2,218.8	2,265.7
50 Taxes payable	107.6	123.8	139.5	151.5	158.8	162.4	167.5	167.5	182.3	179.5	185.3
51 Investment in bank personal trusts	803.0	871.3	942.5	1,001.0	1,016.5	1,061.0	1,019.0	1,130.4	1,163.8	1,125.6	1,124.5
52 Miscellaneous	5,953.4	6,349.8	6,699.6	7,268.4	7,267.8	7,459.1	7,468.8	7,812.0	7,984.0	8,235.4	8,696.4
53 **Total liabilities**	**41,733.4**	**45,472.1**	**50,218.5**	**55,588.1**	**56,674.4**	**58,240.5**	**58,594.5**	**61,754.5**	**63,280.9**	**63,799.2**	**65,186.6**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	22.1	21.4	21.1	21.6	20.7	20.8	21.3	21.4	21.4	21.5	21.4
55 Corporate equities	8,495.7	10,255.8	13,201.3	15,427.8	15,919.1	17,060.4	16,214.9	19,576.3	20,232.0	19,246.8	19,047.1
56 Household equity in noncorporate business	3,683.6	3,889.2	4,164.4	4,414.7	4,487.4	4,548.8	4,623.1	4,704.5	4,732.2	4,779.1	4,848.4
Liabilities not identified as assets (−)											
57 Treasury currency	−5.7	−7.3	−8.6	−10.1	−10.5	−11.3	−12.8	−13.4	−14.9	−16.6	−18.2
58 Foreign deposits	360.2	437.0	538.3	548.2	560.5	584.7	591.5	615.0	662.4	646.7	652.0
59 Net interbank transactions	−9.0	−10.6	−32.2	−27.0	−11.3	−10.6	−13.2	−25.5	−13.9	−11.6	−17.7
60 Security repurchase agreements	107.4	111.5	175.8	237.2	296.7	308.2	327.7	269.3	414.2	413.9	445.0
61 Taxes payable	62.4	76.9	92.6	102.0	89.8	112.2	96.4	95.5	90.8	102.5	94.9
62 Miscellaneous	−1,052.2	−1,512.3	−1,868.4	−2,404.7	−2,618.2	−2,651.5	−2,957.4	−2,847.2	−2,992.2	−2,980.4	−2,787.4
Floats not included in assets (−)											
63 Federal government checkable deposits	3.1	−1.6	−8.1	−3.9	−7.2	−12.4	−10.2	−9.9	−6.5	−5.2	−7.8
64 Other checkable deposits	34.2	30.1	26.2	23.1	18.9	22.1	14.5	22.3	18.7	22.5	15.5
65 Trade credit	196.8	174.6	135.5	94.5	56.3	19.4	37.0	136.1	92.3	51.4	34.5
66 **Total identified to sectors as assets**	**54,237.8**	**60,340.1**	**68,554.3**	**76,892.9**	**78,726.6**	**81,509.7**	**81,380.2**	**87,814.5**	**90,015.5**	**89,623.3**	**90,692.7**

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

Monthly data seasonally adjusted, and indexes 1992=100, except as noted

Measure	1997	1998	1999	2000								
				Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
1 **Industrial production**[1]	**127.7[r]**	**134.0[r]**	**139.6[r]**	**145.2[r]**	**146.3[r]**	**147.2[r]**	**147.9[r]**	**147.6**	**148.6**	**149.1**	**148.9**	**148.6**
Market groupings												
2 Products, total	121.5[r]	127.2[r]	131.2[r]	134.4[r]	135.3[r]	135.5[r]	136.0[r]	135.8	136.6	136.9	136.4	136.4
3 Final, total	123.2[r]	129.3[r]	133.3[r]	136.0[r]	137.2[r]	137.5[r]	138.3[r]	138.1	139.2	139.4	138.8	139.0
4 Consumer goods	115.9[r]	118.4[r]	120.8[r]	122.2[r]	123.2[r]	123.5[r]	124.2[r]	122.9	123.8	124.1	123.0	123.2
5 Equipment	135.4[r]	147.1[r]	153.8[r]	161.3[r]	162.8[r]	163.1[r]	164.3[r]	166.3	167.9	167.9	168.4	168.7
6 Intermediate	116.3[r]	121.0[r]	125.1[r]	129.5[r]	129.3[r]	129.4[r]	129.0[r]	128.7	128.8	129.1	129.2	128.3
7 Materials	138.0[r]	145.7[r]	154.5[r]	164.7[r]	166.1[r]	168.4[r]	169.4[r]	169.0	170.5	171.5	171.7	170.8
Industry groupings												
8 Manufacturing	130.8[r]	138.2[r]	144.8[r]	151.3[r]	152.2[r]	153.1[r]	153.8[r]	153.7	154.6	155.2	155.1	154.4
9 Capacity utilization, manufacturing (percent)[2]	82.7[r]	81.3[r]	80.5[r]	81.6[r]	81.8[r]	81.9[r]	82.0[r]	81.6	81.7	81.7	81.4	80.6
10 Construction contracts[3]	144.2	161.2	177.5	195.0	186.0	179.0	188.0	178.0	175.0	182.0	187.0	n.a.
11 Nonagricultural employment, total[4]	120.3	123.4	126.2	128.5	128.9	129.1	129.1	129.1	129.0	129.2	129.3	129.4
12 Goods-producing, total	101.2	102.7	102.3	104.3	104.3	104.1	104.2	104.4	103.9	103.9	104.0	104.0
13 Manufacturing, total	98.3	98.8	97.0	97.3	97.3	97.3	97.3	97.6	97.0	96.7	96.7	96.7
14 Manufacturing, production workers	99.6	99.8	97.8	97.9	98.0	97.9	97.9	98.4	97.5	97.2	97.1	97.1
15 Service-producing	126.5	130.0	133.8	136.2	136.8	137.0	137.1	137.0	137.0	137.3	137.3	137.5
16 Personal income, total	175.1	186.5	196.6	206.0	207.2	207.9	208.9	209.5	210.1	212.5	212.2	213.0
17 Wages and salary disbursements	171.3	184.6	196.9	206.4	208.2	208.4	209.8	211.0	211.3	212.7	214.1	214.9
18 Manufacturing	144.6	152.3	157.4	162.0	163.6	162.9	164.3	165.8	164.9	165.1	166.5	167.2
19 Disposable personal income[5]	172.5	182.7	191.9	199.8	200.6	201.3	202.1	202.5	202.9	205.2	204.5	205.1
20 Retail sales[5]	169.8	178.4	194.6	209.3	208.3	208.5	209.3	211.1	211.0	212.7	212.7	211.9
Prices[6]												
21 Consumer (1982–84=100)	160.5	163.0	166.6	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1
22 Producer finished goods (1982=100)	131.8	130.7	133.0	136.8	136.7	137.3	138.6	138.6	138.1	139.2	140.0	139.9

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

2. Ratio of index of production to index of capacity. Based on data from the Federal Reserve, U.S. Department of Commerce, and other sources.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F.W. Dodge Division.

4. Based on data from the U.S. Department of Labor, *Employment and Earnings*. Series covers employees only, excluding personnel in the armed forces.

5. Based on data from U.S. Department of Commerce, *Survey of Current Business*.

6. Based on data not seasonally adjusted. Seasonally adjusted data for changes in the price indexes can be obtained from the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

NOTE. Basic data (not indexes) for series mentioned in notes 4 and 5, and indexes for series mentioned in notes 3 and 6, can also be found in the *Survey of Current Business*.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1997	1998	1999	2000							
				Apr.	May	June	July	Aug.	Sept.[r]	Oct.	Nov.[p]
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	136,297	137,673	139,368	141,230	140,489	140,762	140,399	140,742	140,639	140,918	141,052
Employment											
2 Nonagricultural industries[3]	126,159	128,085	130,207	132,351	131,417	131,858	131,450	131,569	131,821	132,188	132,219
3 Agriculture	3,399	3,378	3,281	3,355	3,298	3,321	3,299	3,344	3,340	3,233	3,154
Unemployment											
4 Number	6,739	6,210	5,880	5,524	5,774	5,583	5,650	5,829	5,477	5,496	5,679
5 Rate (percent of civilian labor force)	4.9	4.5	4.2	3.9	4.1	4.0	4.0	4.1	3.9	3.9	4.0
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**122,690**	**125,826**	**128,616**	**131,419**	**131,590**	**131,647**	**131,607**	**131,528**	**131,723**	**131,800**	**131,894**
7 Manufacturing	18,675	18,772	18,431	18,492	18,479	18,493	18,548	18,432	18,380	18,377	18,378
8 Mining	596	590	535	539	539	539	538	537	539	541	542
9 Contract construction	5,691	5,985	6,273	6,694	6,666	6,668	6,670	6,675	6,720	6,742	6,736
10 Transportation and public utilities	6,408	6,600	6,792	6,970	6,962	6,985	7,010	6,941	7,037	7,046	7,062
11 Trade	28,614	29,127	29,792	30,252	30,112	30,171	30,246	30,253	30,249	30,278	30,338
12 Finance	7,109	7,407	7,632	7,610	7,600	7,588	7,586	7,608	7,622	7,637	7,648
13 Service	36,040	37,526	39,000	40,195	40,220	40,401	40,403	40,572	40,685	40,685	40,750
14 Government	19,557	19,819	20,161	20,667	21,012	20,802	20,606	20,510	20,491	20,494	20,440

1. Beginning January 1994, reflects redesign of current population survey and population controls from the 1990 census.

2. Persons sixteen years of age and older, including Resident Armed Forces. Monthly figures are based on sample data collected during the calendar week that contains the twelfth day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures.

3. Includes self-employed, unpaid family, and domestic service workers.

4. Includes all full- and part-time employees who worked during, or received pay for, the pay period that includes the twelfth day of the month; excludes proprietors, self-employed persons, household and unpaid family workers, and members of the armed forces. Data are adjusted to the March 1992 benchmark, and only seasonally adjusted data are available at this time.

SOURCE. Based on data from U.S. Department of Labor, *Employment and Earnings*.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1999	2000			1999	2000			1999	2000		
	Q4	Q1	Q2	Q3[r]	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**142.1**	**144.4**	**147.1**	**148.5**	**174.1**	**176.1**	**178.1**	**180.1**	**81.6**	**82.0**	**82.6**	**82.5**
2 Manufacturing	147.6	150.1	153.0	154.5	182.4	184.6	186.9	189.2	80.9	81.3	81.9	81.7
3 Primary processing[3]	169.2	173.5	178.6	180.3	200.0	203.0	206.9	211.2	84.6	85.4	86.4	85.4
4 Advanced processing[4]	135.6	137.3	139.0	140.3	171.2	172.7	174.1	175.2	79.2	79.5	79.8	80.1
5 Durable goods	181.2	186.7	192.9	196.6	223.9	228.5	233.3	238.3	81.0	81.7	82.7	82.5
6 Lumber and products	122.1	122.4	120.3	117.0	146.6	147.0	147.5	147.9	83.3	83.3	81.6	79.1
7 Primary metals	135.2	136.1	137.0	133.4	152.6	153.0	153.3	153.4	88.6	88.9	89.4	87.0
8 Iron and steel	132.8	135.0	136.1	130.6	152.3	152.8	153.1	153.4	87.2	88.4	88.9	85.2
9 Nonferrous	138.1	137.4	138.2	136.8	152.7	153.2	153.4	153.4	90.4	89.7	90.1	89.2
10 Industrial machinery and equipment	228.9	242.2	249.4	257.2	286.8	296.3	304.5	311.1	79.8	81.7	81.9	82.7
11 Electrical machinery	434.5	476.7	535.1	581.1	520.7	552.1	591.7	639.1	83.4	86.3	90.4	90.9
12 Motor vehicles and parts	170.6	171.8	175.9	170.7	205.8	207.0	208.2	209.2	82.9	83.0	84.5	81.6
13 Aerospace and miscellaneous transportation equipment	95.1	93.7	92.9	93.5	130.6	130.7	130.7	130.4	72.8	71.7	71.1	71.7
14 Nondurable goods	116.2	116.3	116.7	116.3	143.4	143.8	144.1	144.4	81.0	80.9	80.9	80.5
15 Textile mill products	102.8	104.0	103.3	100.1	124.8	124.4	123.9	123.3	82.4	83.6	83.4	81.1
16 Paper and products	118.6	117.6	117.9	114.0	136.8	136.9	137.2	137.5	86.7	85.8	85.9	82.9
17 Chemicals and products	126.2	124.8	125.8	125.7	160.9	161.9	163.0	164.1	78.4	77.1	77.2	76.6
18 Plastics materials	142.5	141.6	140.9	137.6	151.5	151.5	151.6	151.9	94.0	93.5	93.0	90.5
19 Petroleum products	114.6	116.0	118.3	117.4	123.1	123.2	123.2	123.2	93.2	94.1	96.0	95.3
20 Mining	98.9	99.4	100.0	100.6	116.8	116.7	116.5	116.3	84.7	85.2	85.8	86.5
21 Utilities	116.1	117.4	120.7	121.5	130.1	131.2	132.3	133.4	89.2	89.5	91.2	91.1
22 Electric	120.0	120.5	124.3	124.7	128.2	129.5	130.9	132.3	93.6	93.1	94.9	94.2

Series	1973	1975	Previous cycle[5]		Latest cycle[6]		1999	2000					
	High	Low	High	Low	High	Low	Nov.	June	July	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**81.5**	**82.7**	**82.3**	**82.6**	**82.5**	**82.1**	**81.6**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	80.9	82.0	81.6	81.7	81.7	81.4	80.6
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	84.7	86.5	85.6	85.4	85.2	84.8	83.3
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	79.1	79.9	79.8	80.2	80.2	79.9	79.7
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	80.9	82.8	82.3	82.6	82.6	81.8	80.8
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	83.0	80.4	80.3	78.1	79.0	78.1	76.9
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	88.5	89.0	87.3	86.3	87.3	85.2	83.4
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	87.9	88.5	84.8	84.5	86.2	83.4	79.7
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	89.4	89.7	90.5	88.5	88.7	87.5	87.9
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	79.6	81.7	82.1	82.9	83.0	83.5	82.7
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	82.9	91.5	91.8	90.8	90.2	88.3	86.6
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	83.2	84.5	78.1	83.1	83.6	80.5	78.1
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	72.9	71.6	72.7	71.7	70.6	71.8	73.4
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	81.1	80.9	80.6	80.5	80.4	80.6	80.1
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	81.5	83.3	82.1	80.6	80.7	80.4	79.2
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	86.6	86.5	83.6	82.3	82.6	85.0	83.6
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	79.1	77.1	76.2	76.7	76.9	77.0	76.9
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	94.8	93.5	92.8	89.1	89.8	89.2	87.9
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	92.4	96.4	95.0	95.5	95.4	95.5	95.5
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	85.1	86.2	86.3	86.9	86.3	86.3	86.5
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	87.2	91.7	89.5	91.5	92.2	90.2	93.2
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	93.4	95.0	91.8	95.3	95.6	93.3	95.7

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

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

3. Primary processing includes textiles; lumber; paper; industrial chemicals; synthetic materials; fertilizer materials; petroleum products; rubber and plastics, stone, clay, and glass; primary metals, and fabricated metals.

4. Advanced processing includes foods; tobacco; apparel; furniture and fixtures; printing and publishing, chemical products such as drugs and toiletries, agricultural chemicals; leather and products, machinery; transportation equipment; instruments, and miscellaneous manufactures.

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	1999 avg.	1999 Nov.	1999 Dec.	2000 Jan.	2000 Feb.	2000 Mar.	2000 Apr.	2000 May	2000 June	2000 July	2000 Aug.[r]	2000 Sept.[r]	2000 Oct.	2000 Nov.[p]
			Index (1992 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**139.6**	**141.9**	**142.8**	**143.6**	**144.3**	**145.2**	**146.3**	**147.2**	**147.9**	**147.6**	**148.6**	**149.1**	**148.9**	**148.6**
2 Products	60.5	131.2	131.8	132.7	133.3	134.2	134.4	135.3	135.5	136.0	135.8	136.6	136.9	136.4	136.4
3 Final products	46.3	133.3	133.6	134.4	135.1	135.9	136.0	137.2	137.5	138.3	138.1	139.2	139.4	138.8	139.0
4 Consumer goods, total	29.1	120.8	121.5	122.4	122.1	122.8	122.2	123.2	123.5	124.2	122.9	123.8	124.1	123.0	123.2
5 Durable consumer goods	6.1	158.3	160.4	161.6	162.9	162.6	162.1	164.7	163.8	164.4	158.7	160.0	162.3	157.1	156.0
6 Automotive products	2.6	152.6	155.0	153.3	156.9	154.8	155.3	157.6	157.9	157.8	149.4	153.8	156.2	147.8	146.0
7 Autos and trucks	1.7	167.9	171.1	166.2	171.4	169.0	170.3	173.7	175.7	174.8	160.5	169.8	172.7	159.4	156.1
8 Autos, consumer	.9	113.6	117.7	112.0	116.5	116.3	115.1	118.5	119.7	118.1	113.6	120.3	120.5	107.7	103.7
9 Trucks, consumer	.7	223.9	226.3	222.1	228.2	223.7	227.3	230.7	233.7	233.2	209.8	221.8	227.1	212.7	209.7
10 Auto parts and allied goods	.9	129.1	130.2	132.8	134.3	132.5	131.9	132.7	130.6	131.6	131.6	129.1	130.7	129.3	129.8
11 Other	3.5	162.9	164.6	168.7	167.6	169.1	167.7	170.6	168.5	169.8	166.7	165.2	167.3	165.2	164.7
12 Appliances, televisions, and air conditioners	1.0	309.8	326.3	336.5	328.3	336.1	332.3	341.1	334.6	348.2	322.3	325.0	340.5	333.2	338.0
13 Carpeting and furniture	.8	127.3	123.2	128.2	129.2	129.7	128.3	131.8	130.8	130.1	131.5	128.6	130.7	129.3	127.2
14 Miscellaneous home goods	1.6	121.0	121.5	122.8	122.7	122.7	122.1	122.7	121.6	120.5	121.3	119.7	118.1	117.3	116.4
15 Nondurable consumer goods	23.0	112.0	112.4	113.3	112.7	113.5	112.9	113.6	114.1	114.8	114.5	115.2	115.2	114.9	115.3
16 Foods and tobacco	10.3	109.2	109.6	109.7	110.3	110.6	110.8	110.9	110.3	110.8	111.0	111.4	110.4	110.4	110.0
17 Clothing	2.4	87.8	86.9	86.8	86.3	87.5	87.2	87.5	86.8	85.1	85.6	84.2	83.3	82.6	82.0
18 Chemical products	4.5	132.7	136.5	137.3	132.9	133.5	134.9	136.5	138.5	139.3	137.4	139.4	140.3	140.4	141.7
19 Paper products	2.9	106.7	109.3	108.5	109.1	109.6	108.3	108.2	109.0	111.6	112.4	112.4	112.4	113.2	111.3
20 Energy	2.9	114.0	108.3	113.8	113.1	116.2	110.7	113.6	116.0	117.0	114.9	117.1	119.3	117.1	121.7
21 Fuels	.8	111.4	110.7	112.1	108.4	111.0	114.9	112.1	113.1	113.4	112.6	113.1	115.8	114.1	116.5
22 Residential utilities	2.1	114.7	106.4	114.0	115.1	118.5	107.4	113.8	117.1	118.5	115.6	119.0	120.7	118.2	124.2
23 Equipment	17.2	153.8	155.3	155.7	158.7	159.8	161.3	162.8	163.1	164.3	166.3	167.9	167.9	168.4	168.7
24 Business equipment	13.2	176.4	179.8	180.6	185.2	187.0	188.9	191.1	191.6	192.8	195.0	197.8	198.9	199.2	199.1
25 Information processing and related	5.4	257.6	270.8	274.9	284.8	289.2	293.5	298.8	302.5	307.0	313.9	322.1	326.4	330.8	334.1
26 Computer and office equipment	1.1	791.2	890.2	930.2	979.1	1,019.5	1,044.0	1,062.0	1,087.8	1,130.8	1,182.8	1,229.0	1,264.1	1,295.8	1,321.2
27 Industrial	4.0	135.6	136.4	137.3	140.4	142.1	142.2	142.9	143.4	143.8	144.4	147.7	145.7	146.8	145.5
28 Transit	2.5	134.8	132.5	128.8	130.9	130.6	131.5	131.3	129.0	130.1	127.6	126.8	127.2	121.4	122.2
29 Autos and trucks	1.2	148.3	151.7	147.1	153.8	154.2	154.0	156.5	153.9	152.9	141.5	142.8	144.0	130.6	129.7
30 Other	1.3	137.1	136.0	137.7	138.6	138.5	142.9	146.7	145.8	142.8	148.1	144.8	149.4	151.5	146.9
31 Defense and space equipment	3.3	80.8	79.1	78.5	77.1	75.9	76.0	75.5	75.5	76.3	77.9	76.1	73.7	75.2	77.0
32 Oil and gas well drilling	.6	103.3	116.5	120.1	121.1	124.6	126.7	126.7	130.3	130.8	136.2	137.1	132.8	136.5	137.0
33 Manufactured homes	.2	159.6	144.1	142.0	138.5	133.8	131.7	127.2	122.9	121.9	116.8	115.5	109.3	96.8	93.2
34 Intermediate products, total	14.2	125.1	126.3	127.4	127.8	128.9	129.5	129.3	129.4	129.0	128.7	128.8	129.1	129.2	128.3
35 Construction supplies	5.3	138.5	140.4	142.2	142.6	143.4	144.6	144.4	143.1	143.4	143.8	142.7	143.2	143.0	141.6
36 Business supplies	8.9	117.2	118.0	118.7	119.0	120.3	120.6	120.4	121.3	120.5	119.8	120.6	120.7	121.1	120.4
37 Materials	39.5	154.5	160.0	161.0	162.0	162.4	164.7	166.1	168.4	169.4	169.0	170.5	171.5	171.7	170.8
38 Durable goods materials	20.8	198.5	207.8	210.6	213.4	215.4	220.0	222.7	227.6	230.3	230.5	233.8	235.9	235.9	233.9
39 Durable consumer parts	4.0	156.9	162.5	163.8	164.3	163.2	164.9	162.2	169.9	165.7	158.3	168.3	169.4	171.0	166.2
40 Equipment parts	7.6	353.0	381.7	392.6	404.2	416.6	434.2	451.9	466.8	486.2	499.9	505.7	513.1	515.7	519.3
41 Other	9.2	131.7	134.4	134.8	135.3	134.8	135.9	135.7	135.9	135.9	135.3	134.7	135.3	134.1	132.2
42 Basic metal materials	3.1	125.9	130.1	131.0	130.7	128.8	131.1	131.9	130.8	130.7	128.5	127.5	128.8	126.6	124.4
43 Nondurable goods materials	8.9	114.3	117.6	116.8	116.2	115.3	115.6	115.2	115.7	115.2	113.9	112.8	112.8	113.8	112.8
44 Textile materials	1.1	100.9	102.0	100.7	100.4	101.9	102.2	101.1	100.9	101.7	97.9	99.3	97.4	97.8	96.5
45 Paper materials	1.8	117.0	119.0	118.4	118.2	116.7	118.1	118.7	117.5	118.1	114.9	112.8	113.8	117.3	115.3
46 Chemical materials	3.9	116.5	121.9	120.1	119.7	118.6	118.6	118.1	119.8	118.4	117.0	116.8	116.2	116.1	115.4
47 Other	2.1	113.7	114.3	116.1	114.6	113.0	113.5	112.6	112.4	112.3	113.7	110.2	111.8	113.5	112.5
48 Energy materials	9.7	103.1	103.3	103.1	102.6	102.1	102.5	103.5	103.3	103.1	102.9	104.2	104.4	103.9	104.9
49 Primary energy	6.3	98.9	99.4	98.5	97.2	96.2	97.7	98.8	98.3	98.4	98.7	98.9	98.7	98.2	98.8
50 Converted fuel materials	3.3	111.4	111.1	112.5	113.9	114.6	112.3	113.0	113.7	112.4	110.8	115.1	116.7	116.3	118.5
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	139.0	141.3	142.4	143.0	143.8	144.8	145.7	146.7	147.5	147.5	148.4	148.9	149.1	148.8
52 Total excluding motor vehicles and parts	95.1	138.3	140.5	141.5	142.2	143.0	143.9	144.9	145.8	146.5	146.9	147.4	147.9	148.0	147.9
53 Total excluding computer and office equipment	98.2	134.1	135.9	136.7	137.2	137.8	138.6	139.6	140.4	141.0	140.5	141.4	141.8	141.5	141.1
54 Consumer goods excluding autos and trucks	27.4	118.3	118.8	120.0	119.5	120.3	119.6	120.5	120.7	121.5	120.9	121.3	121.5	121.0	121.4
55 Consumer goods excluding energy	26.2	121.6	123.1	123.5	123.2	123.5	123.6	124.4	124.4	125.0	123.9	124.5	124.6	123.7	123.2
56 Business equipment excluding autos and trucks	12.0	179.7	183.1	184.5	188.9	190.8	193.1	195.2	196.1	197.6	201.5	204.5	205.6	207.7	207.7
57 Business equipment excluding computer and office equipment	12.1	149.8	150.5	150.3	153.6	154.4	155.7	157.4	157.3	157.6	158.6	160.3	160.6	160.3	159.7
58 Materials excluding energy	29.8	170.6	177.8	179.3	180.8	181.5	184.6	186.0	189.3	190.7	190.3	191.8	193.1	193.6	191.9

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

Monthly data seasonally adjusted

Group	SIC[2] code	1992 proportion	1999 avg.	1999 Nov.	1999 Dec.	2000 Jan.	2000 Feb.	2000 Mar.	2000 Apr.	2000 May	2000 June	2000 July	2000 Aug.[r]	2000 Sept.[r]	2000 Oct.	2000 Nov.[p]
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	.	**100.0**	**139.6**	**141.9**	**142.8**	**143.6**	**144.3**	**145.2**	**146.3**	**147.2**	**147.9**	**147.6**	**148.6**	**149.1**	**148.9**	**148.6**
60 Manufacturing	.	85.4	144.8	147.5	148.4	149.2	149.9	151.3	152.2	153.1	153.8	153.7	154.6	155.2	155.1	154.4
61 Primary processing	..	26.5	163.3	169.4	170.9	171.9	173.0	175.5	177.1	178.7	180.1	179.4	180.3	181.3	181.7	179.8
62 Advanced processing	..	58.9	133.6	135.5	135.9	136.8	137.1	137.9	138.5	139.1	139.4	139.5	140.5	140.8	140.6	140.4
63 Durable goods	.	45.0	175.6	181.0	182.6	185.1	186.3	188.9	191.0	193.0	194.6	194.7	196.9	198.3	197.7	196.9
64 Lumber and products	24	2.0	122.4	121.7	122.8	122.9	122.3	121.9	121.6	120.5	118.7	118.6	115.5	117.0	115.7	114.1
65 Furniture and fixtures	25	1.4	137.0	137.5	138.9	138.9	140.7	139.3	140.7	143.0	141.9	142.6	143.8	145.9	144.3	143.6
66 Stone, clay, and glass products	32	2.1	131.6	134.2	133.4	132.8	133.6	134.4	132.9	134.2	134.6	136.3	136.1	136.5	136.1	134.4
67 Primary metals	33	3.1	130.4	135.0	136.6	136.3	134.7	137.1	137.8	136.7	136.4	133.9	132.4	134.0	130.8	128.1
68 Iron and steel	331,2	1.7	126.7	133.9	135.4	134.8	133.5	136.9	136.8	135.9	135.5	129.9	129.7	132.3	128.0	122.4
69 Raw steel	331PT	.1	116.5	126.4	127.4	126.4	121.7	125.8	127.3	127.1	128.2	126.4	123.9	117.7	115.6	111.0
70 Nonferrous	333–6,9	1.4	135.0	136.5	138.3	138.3	136.4	137.6	139.1	137.9	137.6	138.8	135.7	136.1	134.3	134.9
71 Fabricated metal products	34	5.0	131.9	133.6	133.3	134.9	135.8	135.6	135.9	136.2	135.7	136.1	136.3	136.0	135.7	134.6
72 Industrial machinery and equipment	35	8.0	219.0	228.3	232.8	238.7	242.1	245.8	247.2	249.9	250.9	253.9	257.9	259.9	263.2	262.2
73 Computer and office equipment	357	1.8	936.6	1,049.0	1,094.0	1,149.5	1,195.9	1,224.7	1,245.1	1,272.3	1,316.2	1,370.4	1,421.6	1,464.2	1,498.8	1,526.2
74 Electrical machinery	36	7.3	399.4	431.7	445.5	460.2	474.8	495.2	516.5	533.8	555.0	571.2	580.0	591.9	595.5	600.9
75 Transportation equipment	37	9.5	131.4	132.0	130.7	132.0	130.7	131.9	132.1	133.6	133.5	128.0	132.4	132.2	130.0	128.8
76 Motor vehicles and parts	371	4.9	165.8	171.1	169.4	172.7	170.3	172.5	174.1	177.6	176.1	163.1	173.9	175.2	168.9	164.1
77 Autos and light trucks	371PT	2.6	153.8	157.0	152.2	157.1	155.1	156.0	159.2	161.1	160.1	147.8	156.4	158.8	146.1	142.7
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	98.9	95.2	94.2	93.8	93.5	93.7	92.7	92.3	93.6	94.9	93.5	92.0	93.5	95.5
79 Instruments	38	5.4	119.7	121.3	120.8	120.6	119.7	120.2	121.5	121.3	122.2	122.6	123.3	123.3	122.6	122.8
80 Miscellaneous	39	1.3	127.4	129.8	130.9	131.6	130.9	130.6	130.9	130.7	130.5	132.1	130.8	130.9	131.0	129.8
81 Nondurable goods	..	40.4	115.4	116.3	116.5	116.0	116.3	116.6	116.7	116.7	116.7	116.3	116.3	116.2	116.6	115.9
82 Foods	20	9.4	112.5	113.2	113.0	113.3	114.1	114.9	114.7	114.2	114.9	115.0	115.1	114.6	114.9	114.6
83 Tobacco products	21	1.6	97.1	96.1	97.8	99.8	97.4	94.3	95.6	95.3	93.8	95.8	96.6	94.5	93.3	91.7
84 Textile mill products	22	1.8	104.0	101.7	103.4	103.6	103.8	104.4	104.4	102.6	103.1	101.4	99.4	99.4	98.9	97.3
85 Apparel products	23	2.2	94.8	94.0	94.0	93.4	94.3	94.1	94.6	93.0	91.2	92.0	90.7	89.7	89.0	88.4
86 Paper and products	26	3.6	117.2	118.4	118.8	117.5	117.4	117.8	118.4	116.5	118.8	114.9	113.3	113.7	117.1	115.3
87 Printing and publishing	27	6.7	106.8	108.8	108.6	108.9	108.9	109.7	109.1	109.9	109.1	110.0	110.4	110.8	111.3	110.1
88 Chemicals and products	28	9.9	126.1	127.3	127.0	124.8	124.9	124.9	125.2	126.3	125.9	124.8	125.9	126.4	126.7	126.8
89 Petroleum products	29	1.4	115.3	113.7	115.4	113.7	115.5	118.9	117.2	118.9	118.8	117.0	117.6	117.5	117.6	117.6
90 Rubber and plastic products	30	3.5	139.7	141.4	142.7	143.2	143.2	143.0	143.5	142.6	143.5	144.4	142.1	141.6	141.2	139.5
91 Leather and products	31	.3	72.9	71.0	70.5	72.1	71.4	70.6	70.0	70.5	69.3	70.0	68.8	69.6	68.2	69.0
92 Mining	.	6.9	98.0	99.4	98.7	98.6	99.1	100.4	99.9	99.6	100.4	100.5	101.0	100.3	100.2	100.3
93 Metal	10	.5	99.9	98.7	98.6	101.3	99.1	99.7	98.8	95.7	97.5	92.9	95.8	95.2	95.3	93.6
94 Coal	12	1.0	107.8	108.7	108.2	106.8	102.6	110.1	112.6	112.2	113.6	110.3	109.3	107.0	110.2	108.6
95 Oil and gas extraction	13	4.8	92.5	94.2	93.4	93.5	94.0	94.6	94.0	94.3	94.8	95.7	96.3	95.7	95.3	95.7
96 Stone and earth minerals	14	.6	124.9	126.4	126.3	124.9	131.7	133.4	130.4	123.9	127.7	124.4	125.0	124.1	124.1	122.7
97 Utilities	...	7.7	117.1	113.5	117.4	117.8	119.5	114.7	118.7	121.6	121.7	119.1	122.1	123.4	120.9	125.3
98 Electric	491,493PT	6.2	120.2	119.7	121.2	120.8	121.0	119.7	122.8	125.2	124.8	121.1	126.1	127.0	124.3	128.1
99 Gas	492,493PT	1.6	106.1	92.8	104.1	106.8	113.1	98.3	104.4	108.7	110.5	111.0	108.4	110.6	108.8	114.5
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	..	80.5	143.6	146.2	147.2	147.9	148.7	150.1	151.0	151.7	152.6	153.2	153.5	154.1	154.4	153.9
101 Manufacturing excluding computer and office equipment	.	83.6	138.4	140.6	141.2	141.9	142.3	143.6	144.4	145.2	145.8	145.4	146.2	146.6	146.5	145.6
102 Computers, communications equipment, and semiconductors	.	5.9	777.6	869.9	905.9	955.1	999.4	1,048.5	1,097.8	1,140.2	1,193.1	1,248.0	1,281.6	1,311.9	1,334.0	1,353.6
103 Manufacturing excluding computers and semiconductors	.	81.1	125.5	126.6	126.9	127.1	127.1	127.8	128.0	128.4	128.4	127.7	128.2	128.4	128.2	127.4
104 Manufacturing excluding computers, communications equipment, and semiconductors	.	79.5	123.0	124.1	124.3	124.3	124.3	124.9	125.1	125.4	125.3	124.5	124.9	125.1	124.8	123.9
		Gross value (billions of 1992 dollars, annual rates)														
Major Markets																
105 **Products, total**	.	**2,001.9**	**2,784.6**	**2,795.0**	**2,812.2**	**2,828.5**	**2,846.9**	**2,853.1**	**2,868.9**	**2,872.7**	**2,883.5**	**2,865.7**	**2,882.9**	**2,892.7**	**2,872.3**	**2,870.3**
106 Final	..	1,552.1	2,142.0	2,146.0	2,156.4	2,170.2	2,183.5	2,186.3	2,202.8	2,205.6	2,218.6	2,202.8	2,220.5	2,228.6	2,206.6	2,211.0
107 Consumer goods	.	1,049.6	1,322.9	1,328.0	1,337.2	1,334.8	1,342.3	1,338.5	1,347.2	1,349.8	1,357.8	1,338.7	1,348.7	1,356.2	1,338.3	1,342.0
108 Equipment	.	502.5	813.1	821.3	822.1	840.3	846.2	854.0	862.2	862.2	867.3	872.8	880.8	880.8	877.8	878.2
109 Intermediate	.	449.9	642.5	648.1	654.7	657.2	662.3	665.6	665.0	666.0	663.9	661.8	661.5	663.2	664.6	658.5

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

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1997	1998	1999	2000 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Private residential real estate activity (thousands of units except as noted)												
New Units													
1 Permits authorized	1,441	1,612	1,664	1,762	1,661	1,597	1,559	1,511	1,528	1,511	1,486	1,518	1,546
2 One-family	1,062	1,188	1,247	1,317	1,223	1,238	1,164	1,150	1,127	1,117	1,140	1,157	1,191
3 Two-family or more	379	425	417	445	438	359	395	361	401	394	346	361	355
4 Started	1,474	1,617	1,667	1,744	1,822	1,630	1,652	1,591	1,571	1,527	1,519	1,537	1,528
5 One-family	1,134	1,271	1,335	1,361	1,324	1,327	1,310	1,258	1,227	1,201	1,229	1,226	1,225
6 Two-family or more	340	346	332	383	498	303	342	333	344	326	290	311	303
7 Under construction at end of period[1]	847	971	993	1,033	1,041	1,031	1,029	1,023	1,024	1,020	1,016	1,011	1,009
8 One-family	555	659	679	712	712	706	703	697	696	691	692	690	693
9 Two-family or more	292	312	314	321	329	325	326	326	328	329	324[r]	321	316
10 Completed	1,400	1,474	1,636	1,599	1,732	1,728	1,660	1,705	1,545	1,531	1,612	1,569	1,555
11 One-family	1,116	1,160	1,307	1,296	1,382	1,375	1,354	1,377	1,222	1,216	1,266	1,225	1,208
12 Two-family or more	284	315	329	303	350	353	306	328	323	315	346	344	347[r]
13 Mobile homes shipped	354	374	348	307	291	287	271	265	262	251	249	231	213
Merchant builder activity in one-family units													
14 Number sold	804	886	907	927	905	947	865	875	827	914	852	953	928
15 Number for sale at end of period[1]	287	300	326	321	309	321	305	308	312	311	313	311	317
Price of units sold (thousands of dollars)[2]													
16 Median	146.0	152.5	160.0	163.0	162.3	165.7	163.1	165.0	159.9	168.6	165.0	169.9	174.9
17 Average	176.2	181.9	195.8	200.1	199.6	205.3	207.5	200.1	197.7	202.4	199.3	204.3	218.4
Existing Units (one-family)													
18 Number sold	4,382	4,970	5,197	4,450	4,760	5,200	4,880	5,090	5,310	4,820	5,280	5,160	4,960
Price of units sold (thousands of dollars)[2]													
19 Median	121.8	128.4	133.3	132.2	133.7	134.7	136.1	137.6	140.2	143.3	143.2	141.6	138.2
20 Average	150.5	159.1	168.3	168.9	168.1	171.5	173.3	176.0	178.9	177.7	183.0	178.6	177.8
	Value of new construction (millions of dollars)[3]												
Construction													
21 **Total put in place**	**656,084**	**710,104**	**765,719**	**806,099**	**816,012**	**829,517**	**816,156**	**811,816**	**798,860**	**786,390**	**802,723**	**818,021**	**824,960**
22 Private	501,426	550,983	592,037	614,584	629,590	637,743	629,491	629,820	624,383	612,031	617,988	630,529	639,183
23 Residential	289,101	314,058	348,584	365,149	368,745	372,118	368,948	367,653	363,756	347,488	350,489	353,003	360,537
24 Nonresidential	212,325	236,925	243,454	249,435	260,845	265,625	260,543	262,167	260,627	264,543	267,499	277,526	278,646
25 Industrial buildings	36,696	40,464	35,016	33,947	38,538	39,030	38,670	39,814	39,951	42,165	41,552	42,378	44,579
26 Commercial buildings	86,151	95,753	103,759	107,961	115,440	116,030	115,042	113,381	112,834	112,167	115,497	118,807	120,001
27 Other buildings	37,193	39,607	41,279	43,350	45,553	45,808	44,136	45,540	44,559	45,772	46,765	47,458	47,449
28 Public utilities and other	52,287	61,101	63,400	64,177	61,314	64,757	62,695	63,432	63,283	64,439	63,685	68,883	66,617
29 Public	154,657	159,121	173,682	191,515	186,422	191,774	186,665	181,995	174,477	174,359	184,735	187,492	185,777
30 Military	2,561	2,538	2,122	1,782	3,011	2,249	2,180	2,246	2,157	2,102	2,318	2,420	1,873
31 Highway	43,886	48,339	54,447	63,368	53,145	59,007	55,923	51,966	48,148	49,664	52,658	52,874	47,353
32 Conservation and development	5,708	5,421	6,002	6,223	6,975	6,494	5,840	5,363	5,832	4,864	5,614	5,972	6,792
33 Other	102,502	102,823	111,110	120,142	123,291	124,024	122,722	122,420	118,340	117,729	124,145	126,226	129,759

1. Not at annual rates.
2. Not seasonally adjusted.
3. Recent data on value of new construction may not be strictly comparable with data for previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes, see *Construction Reports* (C-30-76-5), issued by the Census Bureau in July 1976.

SOURCE. Bureau of the Census estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 19,000 jurisdictions beginning in 1994.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, Nov. 2000[1]
	1999 Nov.	2000 Nov.	1999	2000			2000					
			Dec.	Mar.	June	Sept.	July	Aug.	Sept.	Oct.	Nov.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**2.6**	**3.4**	**2.4**	**6.1**	**2.6**	**2.8**	**.2**	**−.1**	**.5**	**.2**	**.2**	**174.1**
2 Food	1.9	2.2	2.2	1.7	2.7	3.9	.5	.2	.2	.1	.0	168.9
3 Energy items	10.6	16.0	7.8	50.5	6.6	3.5	.1	−2.9	3.8	.2	.1	129.0
4 All items less food and energy	2.1	2.6	1.8	3.4	2.2	2.7	.2	.2	.3	.2	.3	183.0
5 Commodities	.8	.7	−.6	.3	.0	1.7	.0	−.1	.5	−.1	.3	146.0
6 Services	2.7	3.4	3.1	4.7	3.0	3.0	.3	.3	.1	.2	.3	204.2
PRODUCER PRICES (1982=100)												
7 Finished goods	3.1	3.7	.9	7.9	2.3	2.0	.1[r]	−.4[r]	.9	.4	.1	139.9
8 Consumer foods	.4	2.0	−2.0	3.6	2.7	−2.3	−.1[r]	−.8[r]	.4	.8	.2	138.1
9 Consumer energy	14.8	18.8	5.9	51.8	8.3	8.6	−.2[r]	−1.4[r]	3.7	1.4	.4	99.3
10 Other consumer goods	2.9	1.0	1.1	.8	1.0	2.1	.1	.1	.4	.0	−.1	155.0
11 Capital equipment	.1	1.1	1.2	.9	1.2	1.7	.1[r]	.1[r]	.2	.0	.0	139.8
Intermediate materials												
12 Excluding foods and feeds	3.1	4.4	3.6	9.5	3.1	3.1	.4[r]	−.3[r]	.7	.2	−.2	131.5
13 Excluding energy	1.5	1.7	2.1	4.2	2.7	.3	.2	−.1	.0	.0	−.1	136.7
Crude materials												
14 Foods	−2.8	1.0	−3.6	21.5	−10.4	−14.0	−2.9	−4.5	3.9	3.5	1.3	100.5
15 Energy	47.8	36.3	−27.9	84.9	163.6	11.8	−2.3[r]	−2.7[r]	8.1	4.6	−4.1	134.8
16 Other	9.5	−3.4	26.2	9.9	−10.7	−10.5	−1.6[r]	−1.4[r]	.3	−.6	−2.3	137.7

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

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

2.16 GROSS DOMESTIC PRODUCT AND INCOME

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

Account	1997	1998	1999	1999		2000		
				Q3	Q4	Q1	Q2	Q3[r]
GROSS DOMESTIC PRODUCT								
1 **Total**	**8,318.4**	**8,790.2**	**9,299.2**	**9,340.9**	**9,559.7**	**9,752.7**	**9,945.7**	**10,039.4**
By source								
2 Personal consumption expenditures	5,529.3	5,850.9	6,268.7	6,319.9	6,446.2	6,621.7	6,706.3	6,810.8
3 Durable goods	642.5	693.9	761.3	767.2	787.6	826.3	814.3	824.7
4 Nondurable goods	1,641.6	1,707.6	1,845.5	1,860.0	1,910.2	1,963.9	1,997.6	2,031.5
5 Services	3,245.2	3,449.3	3,661.9	3,692.7	3,748.5	3,831.6	3,894.4	3,954.6
6 Gross private domestic investment	1,390.5	1,549.9	1,650.1	1,659.1	1,723.7	1,755.7	1,852.6	1,869.3
7 Fixed investment	1,327.7	1,472.9	1,606.8	1,622.4	1,651.0	1,725.8	1,780.5	1,803.0
8 Nonresidential	999.4	1,107.5	1,203.1	1,216.8	1,242.2	1,308.5	1,359.2	1,390.6
9 Structures	255.8	283.2	285.6	281.2	290.4	308.9	315.1	330.1
10 Producers' durable equipment	743.6	824.3	917.4	935.6	951.8	999.6	1,044.1	1,060.5
11 Residential structures	328.2	365.4	403.8	405.6	408.8	417.3	421.3	412.4
12 Change in business inventories	62.9	77.0	43.3	36.7	72.7	29.9	72.0	66.4
13 Nonfarm	60.0	76.4	43.6	42.0	71.8	32.4	72.2	67.5
14 Net exports of goods and services	−89.3	−151.5	−254.0	−280.5	−299.1	−335.2	−355.4	−389.5
15 Exports	966.4	966.0	990.2	999.5	1,031.0	1,051.9	1,092.9	1,130.8
16 Imports	1,055.8	1,117.5	1,244.2	1,280.0	1,330.1	1,387.1	1,448.3	1,520.3
17 Government consumption expenditures and gross investment	1,487.9	1,540.9	1,634.4	1,642.4	1,688.8	1,710.4	1,742.2	1,748.8
18 Federal	538.2	540.6	568.6	570.4	591.6	580.1	604.5	594.2
19 State and local	949.7	1,000.3	1,065.8	1,072.1	1,097.3	1,130.4	1,137.7	1,154.6
By major type of product								
20 Final sales, total	8,255.5	8,713.2	9,255.9	9,304.2	9,486.9	9,722.8	9,873.7	9,973.1
21 Goods	3,082.5	3,239.3	3,467.0	3,490.6	3,566.0	3,680.3	3,734.1	3,776.5
22 Durable	1,436.2	1,532.3	1,651.1	1,669.4	1,701.8	1,773.7	1,809.6	1,830.6
23 Nondurable	1,646.4	1,707.1	1,815.8	1,821.1	1,864.1	1,906.6	1,924.5	1,945.9
24 Services	4,442.1	4,673.0	4,934.6	4,965.2	5,050.3	5,135.2	5,231.4	5,281.6
25 Structures	730.9	800.9	854.3	848.5	870.7	907.4	908.2	915.0
26 Change in business inventories	62.9	77.0	43.3	36.7	72.7	29.9	72.0	66.4
27 Durable goods	33.1	45.8	27.2	27.6	47.5	20.7	48.3	39.2
28 Nondurable goods	29.8	31.2	16.1	9.1	25.2	9.2	23.7	27.2
MEMO								
29 **Total GDP in chained 1996 dollars**	**8,159.5**	**8,515.7**	**8,875.8**	**8,905.8**	**9,084.1**	**9,191.8**	**9,318.9**	**9,369.5**
NATIONAL INCOME								
30 **Total**	**6,618.4**	**7,038.1**	**7,469.7**	**7,493.1**	**7,680.7**	**7,833.5**	**7,983.2**	**8,088.5**
31 Compensation of employees	4,651.3	4,984.2	5,299.8	5,340.9	5,421.1	5,512.2	5,603.5	5,679.6
32 Wages and salaries	3,886.0	4,192.8	4,475.1	4,512.2	4,583.5	4,660.4	4,740.1	4,804.9
33 Government and government enterprises	664.3	692.7	724.4	727.5	734.5	749.9	760.2	765.4
34 Other	3,221.7	3,500.1	3,750.7	3,784.7	3,849.0	3,910.5	3,980.0	4,039.5
35 Supplement to wages and salaries	765.3	791.4	824.6	828.7	837.7	851.8	863.3	874.7
36 Employer contributions for social insurance	289.9	305.9	323.6	325.9	330.3	337.8	342.9	347.1
37 Other labor income	475.4	485.5	501.0	502.8	507.4	514.0	520.5	527.6
38 Proprietors' income[1]	581.2	620.7	663.5	659.7	689.6	693.9	709.5	724.8
39 Business and professional[1]	551.5	595.2	638.2	644.2	657.9	674.8	688.1	693.1
40 Farm[1]	29.7	25.4	25.3	15.5	31.7	19.1	21.5	31.7
41 Rental income of persons[2]	128.3	135.4	143.4	136.6	146.2	145.6	140.8	138.1
42 Corporate profits[1]	833.8	815.0	856.0	842.0	893.2	936.3	963.6	970.3
43 Profits before tax[3]	792.4	758.2	823.0	819.0	870.7	920.7	942.5	945.1
44 Inventory valuation adjustment	8.4	17.0	−9.1	−19.7	−19.2	−25.0	−13.6	−4.5
45 Capital consumption adjustment	32.9	39.9	42.1	42.7	41.6	40.6	34.7	29.7
46 Net interest	423.9	482.7	507.1	513.8	530.6	545.4	565.9	575.7

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

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1997	1998	1999	1999		2000		
				Q3	Q4	Q1	Q2	Q3[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**6,937.0**	**7,391.0**	**7,789.6**	**7,828.5**	**7,972.3**	**8,105.8**	**8,242.1**	**8,349.0**
2 Wage and salary disbursements	3,888.9	4,190.7	4,470.0	4,507.0	4,578.3	4,660.4	4,740.1	4,804.9
3 Commodity-producing industries	975.1	1,038.6	1,089.2	1,097.8	1,111.2	1,130.9	1,147.1	1,161.4
4 Manufacturing	718.4	756.6	782.4	789.0	795.1	802.8	813.1	821.4
5 Distributive industries	879.6	949.1	1,020.3	1,029.9	1,049.4	1,070.9	1,095.7	1,118.1
6 Service industries	1,369.9	1,510.3	1,636.0	1,651.8	1,683.2	1,708.6	1,737.2	1,760.1
7 Government and government enterprises	664.3	692.7	724.4	727.5	734.5	749.9	760.2	765.4
8 Other labor income	475.4	485.5	501.0	502.8	507.4	514.0	520.5	527.6
9 Proprietors' income[1]	581.2	620.7	663.5	659.7	689.6	693.9	709.5	724.8
10 Business and professional[1]	551.5	595.2	638.2	644.2	657.9	674.8	688.1	693.1
11 Farm[1]	29.7	25.4	25.3	15.5	31.7	19.1	21.5	31.7
12 Rental income of persons[2]	128.3	135.4	143.4	136.6	146.2	145.6	140.8	138.1
13 Dividends	334.9	351.1	370.3	373.5	380.2	386.9	392.6	399.7
14 Personal interest income	864.0	940.8	963.7	969.4	989.0	1,011.6	1,031.3	1,042.9
15 Transfer payments	962.2	983.0	1,016.2	1,020.3	1,027.4	1,046.9	1,066.1	1,074.2
16 Old-age survivors, disability, and health insurance benefits	565.8	578.0	588.0	589.7	592.8	607.9	624.3	627.2
17 LESS: Personal contributions for social insurance	297.9	316.2	338.5	341.0	345.9	353.4	358.8	363.1
18 EQUALS: Personal income	6,937.0	7,391.0	7,789.6	7,828.5	7,972.3	8,105.8	8,242.1	8,349.0
19 LESS: Personal tax and nontax payments	968.8	1,070.9	1,152.0	1,164.0	1,197.3	1,239.3	1,277.2	1,308.1
20 EQUALS: Disposable personal income	5,968.2	6,320.0	6,637.7	6,664.5	6,775.0	6,866.5	6,964.9	7,040.9
21 LESS: Personal outlays	5,715.3	6,054.7	6,490.1	6,543.3	6,674.1	6,855.6	6,944.3	7,054.7
22 EQUALS: Personal saving	252.9	265.4	147.6	121.1	101.0	11.0	20.6	−13.8
MEMO								
Per capita (chained 1996 dollars)								
23 Gross domestic product	30,434.4	31,474.2	32,512.4	32,586.0[r]	33,153.5[r]	33,485.6	33,874.7[r]	33,984.3
24 Personal consumption expenditures	20,230.9	20,988.5	21,900.7	22,004.4	22,266.4	22,635.5[r]	22,757.7[r]	22,959.1
25 Disposable personal income	21,838.0	22,672.0	23,191.0	23,203.0	23,404.0	23,472.0	23,639.0	23,732.0
26 Saving rate (percent)	4.2	4.2	2.2	1.8	1.5	.2	.3	−.2
GROSS SAVING								
27 **Gross saving**	**1,502.3**	**1,654.4**	**1,717.6**	**1,716.8**	**1,746.3**	**1,777.0**	**1,844.5**	**1,854.7**
28 Gross private saving	1,343.7	1,375.7	1,343.5	1,321.1	1,331.4	1,279.2	1,328.8	1,319.2
29 Personal saving	252.9	265.4	147.6	121.1	101.0	11.0	20.6	−13.8
30 Undistributed corporate profits[1]	261.3	218.9	229.4	214.0	241.7	262.7	278.5	279.6
31 Corporate inventory valuation adjustment	8.4	17.0	−9.1	−19.7	−19.2	−25.0	−13.6	−4.5
Capital consumption allowances								
32 Corporate	581.5	624.3	676.9	687.7	694.8	711.5	731.1	750.0
33 Noncorporate	250.9	265.1	284.5	293.1	288.7	294.1	298.7	303.3
34 Gross government saving	158.6	278.7	374.1	395.7	414.9	497.7	515.7	535.5
35 Federal	33.4	137.4	217.3	240.6	238.4	333.0	339.9	354.1
36 Consumption of fixed capital	86.8	88.4	92.8	93.4	95.0	97.2	98.9	100.8
37 Current surplus or deficit (−), national accounts	−53.3	49.0	124.4	147.3	143.3	235.8	240.9	253.3
38 State and local	125.2	141.3	156.8	155.1	176.6	164.7	175.8	181.4
39 Consumption of fixed capital	94.2	99.5	106.8	107.7	109.9	112.7	115.6	118.2
40 Current surplus or deficit (−), national accounts	31.0	41.7	50.0	47.4	66.6	52.0	60.1	63.2
41 **Gross investment**	**1,532.1**	**1,629.6**	**1,645.6**	**1,627.3**	**1,678.5**	**1,699.3**	**1,771.9**	**1,752.8**
42 Gross private domestic investment	1,390.5	1,549.9	1,650.1	1,659.1	1,723.7	1,755.7	1,852.6	1,869.3
43 Gross government investment	264.6	278.8	308.7	308.0	324.4	334.2	331.9	333.6
44 Net foreign investment	−123.1	−199.1	−313.2	−339.8	−369.6	−390.7	−412.5	−450.1
45 **Statistical discrepancy**	**29.7**	**−24.8**	**−71.9**	**−89.5**	**−67.8**	**−77.7**	**−72.5**	**−101.8**

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1997	1998	1999	1999		2000		
				Q3	Q4	Q1	Q2[r]	Q3[p]
1 Balance on current account	−140,540	−217,138	−331,479	−89,649	−96,223	−101,505	−104,971	−113,773
2 Balance on goods and services	−105,932	−166,898	−264,971	−72,718	−76,280	−85,117	−88,598	−96,503
3 Exports	936,937	932,977	956,242	241,969	249,653	255,977	265,969	274,657
4 Imports	−1,042,869	−1,099,875	−1,221,213	−314,687	−325,933	−341,094	−354,567	−371,160
5 Income, net	6,186	−6,211	−18,483	−5,535	−5,683	−4,364	−4,103	−4,518
6 Investment, net	11,050	−1,036	−13,102	−4,193	−4,319	−2,987	−2,706	−3,172
7 Direct	71,935	67,728	62,704	15,701	16,275	17,068	19,015	21,558
8 Portfolio	−60,885	−68,764	−75,806	−19,894	−20,594	−20,055	−21,721	−24,730
9 Compensation of employees	−4,864	−5,175	−5,381	−1,342	−1,364	−1,377	−1,397	−1,346
10 Unilateral current transfers, net	−40,794	−44,029	−48,025	−11,396	−14,260	−12,024	−12,270	−12,752
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	68	−422	2,751	−686	3,711	−131	−574	110
12 Change in U.S. official reserve assets (increase, −)	−1,010	−6,783	8,747	1,951	1,569	−554	2,020	−346
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−350	−147	10	−184	−178	−180	−180	−182
15 Reserve position in International Monetary Fund	−3,575	−5,119	5,484	2,268	1,800	−237	2,328	1,300
16 Foreign currencies	2,915	−1,517	3,253	−133	−53	−137	−128	−1,464
17 Change in U.S. private assets abroad (increase, −)	−487,998	−328,231	−441,685	−124,174	−120,162	−178,273	−93,870	−76,968
18 Bank-reported claims[3]	−141,118	−35,572	−69,862	−11,259	−45,304	−55,511	18,320	−11,383
19 Nonbank-reported claims	−122,888	−10,612	−92,328	−27,943	−24,428	−52,563	−36,507	931
20 U.S. purchases of foreign securities, net	−118,976	−135,995	−128,594	−41,420	−17,150	−27,236	−38,196	−30,428
21 U.S. direct investments abroad, net	−105,016	−146,052	−150,901	−43,552	−33,280	−42,963	−37,487	−36,088
22 Change in foreign official assets in United States (increase, +)	18,876	−20,127	42,864	12,191	27,495	22,015	6,346	11,625
23 U.S. Treasury securities	−6,690	−9,921	12,177	12,963	5,122	16,198	−4,000	−9,001
24 Other U.S. government obligations	4,529	6,332	20,350	1,835	6,730	8,107	10,334	14,272
25 Other U.S. government liabilities[3]	−1,041	−3,550	−3,255	−760	89	−644	−781	−620
26 Other U.S. liabilities reported by U.S. banks[3]	22,286	−9,501	12,692	−2,032	14,427	−2,577	−111	6,339
27 Other foreign official assets[4]	−208	−3,487	900	185	1,127	931	904	635
28 Change in foreign private assets in United States (increase, +)	738,086	502,362	710,700	182,019	157,072	214,520	238,803	188,544
29 U.S. bank-reported liabilities[2]	149,026	39,769	67,403	24,585	19,618	−8,824	46,943	13,981
30 U.S. nonbank-reported liabilities	113,921	−7,001	34,298	−8,085	792	58,061	24,038	2,633
31 Foreign private purchases of U.S. Treasury securities, net	146,433	48,581	−20,464	9,639	−17,191	−9,248	−20,597	−12,642
32 U.S. currency flows	24,782	16,622	22,407	4,697	12,213	−6,847	989	757
33 Foreign purchases of other U.S. securities, net	197,892	218,075	331,523	95,620	92,250	132,416	87,107	118,882
34 Foreign direct investments in United States, net	106,032	186,316	275,533	55,563	49,390	48,962	100,323	64,933
35 Capital account transactions, net[5]	350	637	−3,500	171	−3,993	166	170	165
36 Discrepancy	−127,832	69,702	11,602	18,177	30,531	43,762	−47,924	−9,357
37 Due to seasonal adjustment	...	...	...	−9,739	5,738	5,724	−2,515	−9,691
38 Before seasonal adjustment	−127,832	69,702	11,602	27,916	24,793	38,038	−45,409	334
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	−1,010	−6,783	8,747	1,951	1,569	−554	2,020	−346
40 Foreign official assets in United States, excluding line 25 (increase, +)	19,917	−16,577	46,119	12,951	27,406	22,659	7,127	12,245
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	12,124	−11,531	1,331	−783	−1,673	6,109	1,913	3,450

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

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

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data seasonally adjusted

Item	1997	1998	1999	2000						
				Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Oct.[p]
1 Goods and services, balance	−105,932	−166,898	−264,971	−29,171	−29,604	−29,826	−31,824	−30,059	−33,741	−33,184
2 Merchandise	−196,665	−246,854	−345,559	−36,894	−36,475	−36,862	−38,524	−36,684	−39,329	−39,488
3 Services	90,733	79,956	80,588	7,723	6,871	7,036	6,700	6,625	5,588	6,304
4 Goods and services, exports	936,937	932,977	956,242	87,606	87,074	91,288	89,655	92,868	92,654	91,231
5 Merchandise	679,702	670,324	684,358	62,566	62,749	66,468	65,096	67,973	67,836	66,431
6 Services	257,235	262,653	271,884	25,040	24,325	24,820	24,559	24,895	24,818	24,800
7 Goods and services, imports	1,042,869	1,099,875	1,221,213	−116,777	−116,678	−121,114	−121,479	−122,927	−126,395	−124,415
8 Merchandise	876,367	917,178	1,029,917	−99,460	−99,224	−103,330	−103,620	−104,657	−107,165	−105,919
9 Services	166,502	182,697	191,296	−17,317	−17,454	−17,784	−17,859	−18,270	−19,230	−18,496

1. Data show monthly values consistent with quarterly figures in the U.S. balance of payments accounts.

SOURCE. *FT900*, U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1997	1998	1999	2000							
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Total**	**69,954**	**81,761[c]**	**71,516**	**67,160**	**67,955[c]**	**66,516**	**65,333**	**66,256**	**65,257**	**65,523**	**67,647**
2 Gold stock[1]	11,047[c]	11,046[c]	11,048[c]	11,048	11,046[c]	11,046	11,046	11,046	11,046	11,046	11,046
3 Special drawing rights[2,3]	10,027	10,603	10,336	10,310	10,444	10,257	10,371	10,316	10,169	10,369	10,539
4 Reserve position in International Monetary Fund[2]	18,071	24,111	17,950	15,373	15,428	15,083	13,798	13,685	13,528	13,491	14,824
5 Foreign currencies[4]	30,809	36,001	32,182	30,429	31,037	30,130	30,118	31,209	30,514	30,617	31,238

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.
2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.
3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Asset	1997	1998	1999	2000							
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Deposits**	**457**	**167**	**71**	**110**	**104**	**76**	**78**	**139**	**115**	**104**	**215**
Held in custody											
2 U.S. Treasury securities[2]	620,885	607,574	632,482	623,553	627,081	624,177	628,001	611,641	595,591	591,071	594,094
3 Earmarked gold[3]	10,763	10,343	9,933	9,711	9,688	9,688	9,674	9,620	9,565	9,505	9,451

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

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1998	1999	2000 Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.	Oct.[p]
1 **Total**[1]	**759,928**	**806,288**	**834,154**	**826,302**	**836,075**	**846,739**	**849,469**	**848,840**	**849,860**
By type									
2 Liabilities reported by banks in the United States[2]	125,883	138,817	137,724	135,802	136,129	139,627	136,989	143,010	145,902
3 U.S. Treasury bills and certificates[3]	134,177	156,177	157,607	148,820	157,190	160,093	159,781	155,498	155,101
U.S. Treasury bonds and notes									
4 Marketable	432,127	422,266	436,640	435,235	433,823	433,184	433,633	427,007	419,857
5 Nonmarketable[4]	6,074	6,111	5,770	5,808	5,740	5,180	5,213	5,247	5,280
6 U.S. securities other than U.S. Treasury securities[5]	61,667	82,917	96,413	100,637	103,193	108,655	113,853	118,078	123,720
By area									
7 Europe[1]	256,026	244,805	249,685	250,306	253,416	257,712	255,635	257,498	263,601
8 Canada	10,552	12,503	13,338	13,027	13,542	13,728	12,992	13,121	12,932
9 Latin America and Caribbean	79,503	73,518	72,407	69,508	71,220	73,344	76,347	77,542	77,500
10 Asia	400,631	463,673	486,133	482,134	485,424	487,417	490,110	486,890	481,344
11 Africa	10,059	7,523	8,024	7,709	7,849	8,656	8,707	8,466	8,323
12 Other countries	3,157	4,266	4,567	3,618	4,624	5,882	5,678	5,323	6,160

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

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

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

Millions of dollars, end of period

Item	1996	1997	1998	1999 Dec.	2000 Mar.	June[r]	Sept.
1 Banks' liabilities	103,383	117,524	101,125	88,537	85,649	85,842	78,872
2 Banks' claims	66,018	83,038	78,162	67,365	63,492	67,862	60,355
3 Deposits	22,467	28,661	45,985	34,426	32,967	31,224	25,847
4 Other claims	43,551	54,377	32,177	32,939	30,525	36,638	34,508
5 Claims of banks' domestic customers[2]	10,978	8,191	20,718	20,826	21,753	18,802	19,123

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

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

Millions of dollars, end of period

Item	1997	1998	1999	2000						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,283,027**	**1,347,837**	**1,413,622**	**1,408,223**	**1,457,629**	**1,456,560**	**1,486,568**	**1,449,693[r]**	**1,453,644**	**1,502,805**
2 Banks' own liabilities	882,980	884,939	976,400	976,662	1,036,677	1,017,559	1,056,717	1,018,631[r]	1,027,139	1,073,381
3 Demand deposits	31,344	29,558	42,884	30,202	29,097	30,719	34,914	30,101	31,964	29,500
4 Time deposits[2]	198,546	151,761	163,595	182,657	176,927	182,787	186,483	184,820	184,822	185,520
5 Other[3]	168,011	140,752	162,749	165,626	179,090	175,905	178,711	179,177	174,458	194,516
6 Own foreign offices[4]	485,079	562,868	607,172	598,177	651,563	628,148	656,609	624,533[r]	635,895	663,845
7 Banks' custodial liabilities[5]	400,047	462,898	437,222	431,561	420,952	439,001	429,851	431,062	426,505	429,424
8 U.S. Treasury bills and certificates[6]	193,239	183,494	185,736	184,159	174,310	180,951	182,699	180,925	174,604	173,984
9 Other negotiable and readily transferable instruments[7]	93,641	141,699	132,575	124,207	123,580	124,670	120,624	119,212	120,296	122,525
10 Other	113,167	137,705	118,911	123,195	123,062	133,380	126,528	130,925	131,605	132,915
11 Nonmonetary international and regional organizations[8]	11,690	11,883	15,276	20,590	22,807	21,366	16,689	14,630	15,658	17,104
12 Banks' own liabilities	11,486	10,850	14,357	19,800	22,109	20,924	16,294	14,377	15,404	16,751
13 Demand deposits	16	172	98	58	36	34	30	26	19	48
14 Time deposits[2]	5,466	5,793	10,349	11,338	11,393	12,545	10,305	9,062	7,627	5,925
15 Other[3]	6,004	4,885	3,910	8,404	10,680	8,345	5,959	5,289	7,758	10,778
16 Banks' custodial liabilities[5]	204	1,033	919	790	698	442	395	253	254	353
17 U.S. Treasury bills and certificates[6]	69	636	680	623	582	432	371	217	223	215
18 Other negotiable and readily transferable instruments[7]	133	397	233	77	113	10	21	26	26	138
19 Other	2	0	6	90	3	0	3	10	5	0
20 Official institutions[9]	283,685	260,060	294,994	295,331	284,622	293,319	299,720	296,770	298,508	301,003
21 Banks' own liabilities	102,028	80,256	97,615	87,379	87,931	88,449	92,739	90,985	95,049	102,104
22 Demand deposits	2,314	3,003	3,341	2,620	2,781	2,887	4,063	4,573	5,213	4,361
23 Time deposits[2]	41,396	29,506	28,942	36,587	31,645	33,520	34,641	32,009	36,679	34,015
24 Other[3]	58,318	47,747	65,332	48,172	53,505	52,042	54,035	54,403	53,157	63,728
25 Banks' custodial liabilities[5]	181,657	179,804	197,379	207,952	196,691	204,870	206,981	205,785	203,459	198,899
26 U.S. Treasury bills and certificates[6]	148,301	134,177	156,177	157,607	148,820	157,190	160,093	159,781	155,498	155,101
27 Other negotiable and readily transferable instruments[7]	33,151	44,953	41,152	50,118	47,734	47,611	46,363	45,644	47,660	43,753
28 Other	205	674	50	227	137	69	525	360	301	45
29 Banks[10]	815,247	885,336	905,347	892,804	941,920	930,663	961,456	926,392[r]	927,116	963,227
30 Banks' own liabilities	641,447	676,057	733,381	732,303	781,795	759,887	798,322	759,304[r]	762,409	796,950
31 Unaffiliated foreign banks	156,368	113,189	126,209	134,126	130,232	131,739	141,713	134,771	126,514	133,105
32 Demand deposits	16,767	14,071	17,583	14,404	13,254	14,543	17,508	11,959	12,918	12,160
33 Time deposits[2]	83,433	45,904	48,140	57,240	55,167	58,095	60,703	62,841	59,958	64,467
34 Other[3]	56,168	53,214	60,486	62,482	61,811	59,101	63,502	59,971	53,638	56,478
35 Own foreign offices[4]	485,079	562,868	607,172	598,177	651,563	628,148	656,609	624,533[r]	635,895	663,845
36 Banks' custodial liabilities[5]	173,800	209,279	171,966	160,501	160,125	170,776	163,134	167,088	164,707	166,277
37 U.S. Treasury bills and certificates[6]	31,915	35,359	16,875	13,931	14,179	13,239	12,657	12,251	10,667	9,972
38 Other negotiable and readily transferable instruments[7]	35,393	45,332	45,695	33,790	33,667	34,657	34,018	33,893	32,679	34,232
39 Other	106,492	128,588	109,396	112,780	112,279	122,880	116,459	120,944	121,361	122,073
40 Other foreigners	172,405	190,558	198,005	199,498	208,280	211,212	208,743	211,901	212,362	221,471
41 Banks' own liabilities	128,019	117,776	131,047	137,180	144,842	148,299	149,362	153,965	154,277	157,576
42 Demand deposits	12,247	12,312	21,862	13,120	13,026	13,255	13,313	13,543	13,814	12,931
43 Time deposits[2]	68,251	70,558	76,164	77,492	78,722	78,627	80,834	80,908	80,558	81,113
44 Other[3]	47,521	34,906	33,021	46,568	53,094	56,417	55,215	59,514	59,905	63,532
45 Banks' custodial liabilities[5]	44,386	72,782	66,958	62,318	63,438	62,913	59,381	57,936	58,085	63,895
46 U.S. Treasury bills and certificates[6]	12,954	13,322	12,004	11,998	10,729	10,090	9,579	8,676	8,216	8,696
47 Other negotiable and readily transferable instruments[7]	24,964	51,017	45,495	40,222	42,066	42,392	40,261	39,649	39,931	44,402
48 Other	6,468	8,443	9,459	10,098	10,643	10,431	9,541	9,611	9,938	10,797
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	16,083	27,026	30,345	26,087	27,238	26,571	26,186	25,911	25,991	27,164

1. Reporting banks include all types of depository institutions as well as some brokers and dealers. Excludes bonds and notes of maturities longer than one year.

2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."

3. Includes borrowing under repurchase agreements.

4. For U.S. banks, includes amounts owed to own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts owed to the head office or parent foreign bank, and to foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks for foreign customers.

6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

8. Principally the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank. Excludes "holdings of dollars" of the International Monetary Fund.

9. Foreign central banks, foreign central governments, and the Bank for International Settlements.

10. Excludes central banks, which are included in "Official institutions."

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

Millions of dollars, end of period

Item	1997	1998	1999	2000						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
AREA										
50 **Total, all foreigners**	**1,283,027**	**1,347,837**	**1,413,622**	**1,408,223**	**1,457,629**	**1,456,560**	**1,486,568**	**1,449,693[r]**	**1,453,644**	**1,502,805**
51 **Foreign countries**	**1,271,337**	**1,335,954**	**1,398,346**	**1,387,633**	**1,434,822**	**1,435,194**	**1,469,919**	**1,435,063[r]**	**1,437,986**	**1,485,701**
52 Europe	419,672	427,375	448,070	433,782	435,694	448,745	481,802	455,479[r]	459,595	479,894
53 Austria	2,717	3,178	2,789	2,302	2,468	2,697	3,239	2,783	2,541	2,037
54 Belgium and Luxembourg	41,007	42,818	44,692	33,100	31,656	31,246	33,282	31,281	29,828	29,438
55 Denmark	1,514	1,437	2,196	2,601	3,629	3,444	3,521	3,689	3,429	3,001
56 Finland	2,246	1,862	1,658	1,744	1,529	1,380	1,751	1,618	1,512	1,418
57 France	46,607	44,616	49,790	45,324	43,577	42,105	42,379	42,723	39,693	41,065
58 Germany	23,737	21,357	24,748	23,710	24,875	28,943	26,484	25,893	26,212	28,658
59 Greece	1,552	2,066	3,748	3,188	3,030	2,765	2,917	3,455	3,331	3,420
60 Italy	11,378	7,103	6,775	4,788	7,142	6,676	5,700	5,566	5,959	5,700
61 Netherlands	7,385	10,793	8,310	7,277	6,823	8,728	12,313	13,087	10,311	14,253
62 Norway	317	710	1,327	1,197	963	2,189	2,337	1,636	3,501	4,101
63 Portugal	2,262	3,236	2,228	1,913	1,964	2,373	2,169	2,144	2,244	2,261
64 Russia	7,968	2,439	5,475	10,065	11,716	11,884	14,960	14,252	15,970	17,230
65 Spain	18,989	15,781	10,426	11,208	10,796	9,999	8,829	8,791	8,410	9,270
66 Sweden	1,628	3,027	4,652	5,165	4,390	5,434	5,100	5,992	6,220	6,247
67 Switzerland	39,023	50,654	65,985	69,208	63,700	59,561	78,195	77,578	88,276	97,099
68 Turkey	4,054	4,286	7,842	8,016	7,501	8,472	8,341	7,999	8,173	8,492
69 United Kingdom	181,904	181,554	176,234	169,221	176,824	187,806	197,309	174,653[r]	171,867	170,376
70 Yugoslavia[11]	239	233	286	265	275	276	277	277	275	271
71 Other Europe and other former U.S.S.R.[12]	25,145	30,225	28,909	33,490	32,836	32,767	32,699	32,062	31,843	35,557
72 Canada	28,341	30,212	34,119	40,562	36,229	37,256	37,231	33,722	33,881	27,198
73 Latin America and Caribbean	536,393	554,866	577,737	606,768	663,827	641,087	644,766	634,413	637,604	658,168
74 Argentina	20,199	19,014	18,633	18,487	16,496	16,540	19,092	17,552	18,560	18,746
75 Bahamas	112,217	118,085	134,407	159,115	173,589	181,673	170,535	176,109	171,457	180,951
76 Bermuda	6,911	6,846	7,877	9,710	8,713	8,021	7,074	8,157	8,100	8,730
77 Brazil	31,037	15,815	12,860	10,305	9,945	10,905	11,950	12,351	11,537	10,204
78 British West Indies	276,418	302,486	312,779	317,044	360,314	325,537	340,713	322,831	331,097	340,895
79 Chile	4,072	5,015	7,008	5,933	6,095	6,192	5,440	5,296	5,346	5,105
80 Colombia	3,652	4,624	5,669	4,243	4,237	4,360	4,627	4,735	4,658	4,945
81 Cuba	66	62	75	77	77	85	122	91	88	93
82 Ecuador	2,078	1,572	1,956	2,193	2,274	2,272	2,219	2,082	2,074	2,084
83 Guatemala	1,494	1,336	1,626	1,628	1,669	1,649	1,730	1,659	1,671	1,667
84 Jamaica	450	577	520	670	706	674	725	915	830	680
85 Mexico	33,972	37,157	30,717	32,832	33,915	33,937	33,379	33,291	33,878	36,054
86 Netherlands Antilles	5,085	5,010	3,997	5,108	6,561	7,885	7,164	6,373	5,159	4,614
87 Panama	4,241	3,864	4,415	3,788	3,764	3,822	3,353	3,561	3,661	3,788
88 Peru	893	840	1,142	1,021	1,100	1,125	1,097	1,065	1,091	1,153
89 Uruguay	2,382	2,486	2,386	2,431	2,520	2,680	2,179	2,541	2,567	2,512
90 Venezuela	21,601	19,894	20,189	21,140	20,469	22,263	21,462	23,909	23,997	24,283
91 Other	9,625	10,183	11,481	11,043	11,383	11,467	11,905	11,895	11,833	11,664
92 Asia	269,379	307,960	319,302	288,739	282,325	290,016	285,018	291,017	286,551	299,145
China										
93 Mainland	18,252	13,441	12,325	8,529	7,824	9,930	9,385	11,769	11,830	13,719
94 Taiwan	11,840	12,708	13,600	14,483	14,113	13,584	13,156	14,675	15,140	18,289
95 Hong Kong	17,722	20,900	27,697	22,873	23,951	23,952	25,675	26,749	26,583	25,784
96 India	4,567	5,250	7,367	5,586	5,703	5,558	5,712	5,547	5,838	5,548
97 Indonesia	3,554	8,282	6,567	7,275	7,064	7,400	7,342	7,318	7,310	7,589
98 Israel	6,281	7,749	7,488	7,058	5,541	6,123	5,794	5,951	7,132	6,668
99 Japan	143,401	168,563	159,075	147,409	148,668	153,662	147,549	146,382	142,782	150,196
100 Korea (South)	13,060	12,524	12,853	16,820	12,941	10,324	8,618	8,819	9,043	6,684
101 Philippines	3,250	3,324	3,253	2,290	1,750	1,999	1,649	1,679	1,822	1,676
102 Thailand	6,501	7,359	6,050	3,628	3,428	3,529	3,900	3,504	3,330	3,178
103 Middle Eastern oil-exporting countries[13]	14,959	15,609	21,284	19,005	18,647	18,538	22,195	21,968	21,851	23,852
104 Other	25,992	32,251	41,743	33,783	32,695	35,417	34,043	36,656	33,890	35,962
105 Africa	10,347	8,905	9,468	8,576	8,437	8,718	9,739	9,607	9,821	9,625
106 Egypt	1,663	1,339	2,022	1,663	1,722	1,962	1,780	1,615	1,544	1,546
107 Morocco	138	97	179	106	122	149	118	109	112	121
108 South Africa	2,158	1,522	1,495	687	662	595	792	708	842	767
109 Zaire	10	5	14	7	13	6	5	7	5	4
110 Oil-exporting countries[14]	3,060	3,088	2,914	3,558	3,298	3,405	4,258	4,470	4,499	4,406
111 Other	3,318	2,854	2,844	2,555	2,620	2,601	2,786	2,698	2,819	2,781
112 Other	7,205	6,636	9,650	9,206	8,310	9,372	11,363	10,825	10,534	11,671
113 Australia	6,304	5,495	8,377	8,413	7,586	8,564	10,346	9,825	9,507	10,562
114 Other	901	1,141	1,273	793	724	808	1,017	1,000	1,027	1,109
115 Nonmonetary international and regional organizations	11,690	11,883	15,276	20,590	22,807	21,366	16,689	14,630	15,658	17,104
116 International[15]	10,517	10,221	12,876	19,207	21,375	20,106	15,295	13,118	14,387	16,126
117 Latin American regional[16]	424	594	1,150	518	624	768	786	1,146	888	589
118 Other regional[17]	749	1,068	1,250	865	808	492	608	366	383	389

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

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

Millions of dollars, end of period

Area or country	1997	1998	1999	2000						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total, all foreigners**	**708,225**	**734,995**	**795,377**	**815,083**	**820,782**	**825,898**	**833,459**	**800,472**	**840,425**	**856,474**
2 **Foreign countries**	**705,762**	**731,378**	**790,814**	**810,081**	**816,439**	**820,887**	**829,573**	**796,695**	**835,560**	**851,251**
3 Europe	199,880	233,321	315,905	350,067	359,895	357,243	361,594	331,384	359,865	359,753
4 Austria	1,354	1,043	2,643	2,429	2,242	2,148	2,617	1,956	2,584	2,820
5 Belgium and Luxembourg	6,641	7,187	10,193	7,939	5,959	6,393	6,302	5,819	6,344	6,009
6 Denmark	980	2,383	1,669	1,940	2,001	3,440	3,349	3,278	3,403	3,093
7 Finland	1,233	1,070	2,020	2,087	2,414	2,650	2,897	2,701	3,561	4,927
8 France	16,239	15,251	29,142	30,958	35,217	28,633	25,845	23,229	27,062	29,093
9 Germany	12,676	15,923	29,205	33,991	31,521	33,585	30,452	31,804	33,229	33,017
10 Greece	402	575	806	864	828	837	754	557	516	526
11 Italy	6,230	7,284	8,496	7,034	6,565	7,724	6,447	7,358	6,215	6,482
12 Netherlands	6,141	5,697	11,810	13,932	14,377	15,668	13,159	14,999	15,507	16,226
13 Norway	555	827	1,000	1,499	1,832	1,935	2,401	1,448	4,474	4,655
14 Portugal	777	669	1,571	1,085	1,268	1,424	1,454	1,273	1,480	1,574
15 Russia	1,248	789	713	709	715	744	718	666	643	647
16 Spain	2,942	5,735	3,796	3,217	3,126	3,844	4,767	3,566	3,208	3,360
17 Sweden	1,854	4,223	3,264	8,100	7,112	8,744	8,404	8,761	8,501	8,504
18 Switzerland	28,846	46,874	79,158	97,688	105,573	86,284	94,550	87,172	100,345	103,724
19 Turkey	1,558	1,982	2,617	3,148	3,269	3,189	2,735	2,855	2,821	3,065
20 United Kingdom	103,143	106,349	120,190	125,935	128,259	141,769	147,073	127,335	132,503	121,921
21 Yugoslavia[2]	52	53	50	51	49	49	49	49	49	49
22 Other Europe and other former U.S.S.R.[3]	7,009	9,407	7,562	7,461	7,568	8,183	7,621	6,558	7,420	10,061
23 Canada	27,189	47,037	37,206	43,300	45,481	42,591	40,420	37,934	37,610	38,647
24 Latin America and Caribbean	343,730	342,654	353,416	328,769	321,219	328,629	334,855	338,764	347,550	357,575
25 Argentina	8,924	9,552	10,167	9,732	9,507	9,386	10,630	10,597[r]	10,840	11,166
26 Bahamas	89,379	96,455	99,324	72,312	71,459	80,393	76,477	78,896	83,126	83,525
27 Bermuda	8,782	5,011	8,007	5,685	6,478	6,285	6,906	4,684	6,265	8,426
28 Brazil	21,696	16,184	15,706	16,210	16,376	16,544	18,199	18,555	19,061	20,197
29 British West Indies	145,471	153,749	167,189	173,907	165,920	164,969	172,262	175,936[r]	178,744	184,796
30 Chile	7,913	8,250	6,607	6,447	6,399	6,213	6,070	5,985	5,954	5,755
31 Colombia	6,945	6,507	4,524	3,907	4,032	3,796	3,909	3,953	3,850	3,846
32 Cuba	0	0	0	0	0	0	0	3	0	0
33 Ecuador	1,311	1,400	760	662	640	613	610	607	623	639
34 Guatemala	886	1,127	1,135	1,252	1,245	1,235	1,215	1,277	1,226	1,245
35 Jamaica	424	239	295	316	300	291	299	305	337	379
36 Mexico	19,428	21,212	17,899	16,944	16,771	17,066	16,426	16,840	16,849	16,737
37 Netherlands Antilles	17,838	6,779	5,982	6,388	6,579	6,502	6,652	5,804	5,770	6,158
38 Panama	4,364	3,584	3,387	2,844	2,984	3,063	2,981	2,882	2,781	2,674
39 Peru	3,491	3,275	2,529	2,356	2,515	2,458	2,488	2,487	2,697	2,670
40 Uruguay	629	1,126	801	714	708	620	649	777	728	663
41 Venezuela	2,129	3,089	3,494	3,474	3,595	3,471	3,357	3,410	3,390	3,321
42 Other	4,120	5,115	5,610	5,619	5,711	5,724	5,725	5,766	5,309	5,378
43 Asia	125,092	98,607	74,914	78,257	80,221	82,415	83,127	79,022	81,655	87,465
China										
44 Mainland	1,579	1,261	2,090	4,532	2,611	1,688	1,822	1,601	1,519	1,912
45 Taiwan	922	1,041	1,390	1,080	1,732	1,339	922	790	2,475	3,691
46 Hong Kong	13,991	9,080	5,893	4,546	4,573	4,266	5,777	5,403	6,014	6,540
47 India	2,200	1,440	1,738	1,786	1,941	1,905	2,013	2,037	2,006	1,787
48 Indonesia	2,651	1,942	1,776	1,821	1,819	1,856	1,940	1,880	1,982	2,009
49 Israel	768	1,166	1,875	3,293	2,857	1,610	1,982	2,281	1,116	1,551
50 Japan	59,549	46,713	28,636	30,381	31,689	33,256	31,209	32,494	35,234	35,775
51 Korea (South)	18,162	8,289	9,262	12,209	14,018	15,866	18,915	16,924	14,457	18,587
52 Philippines	1,689	1,465	1,410	1,714	1,884	1,865	1,802	1,483	1,495	1,473
53 Thailand	2,259	1,807	1,515	1,081	1,137	1,255	1,051	1,059	1,071	1,046
54 Middle Eastern oil-exporting countries[4]	10,790	16,130	14,252	10,765	11,666	12,128	10,367	10,006	9,961	9,650
55 Other	10,532	8,273	5,077	5,049	4,294	5,381	5,327	3,064	4,325	3,444
56 Africa	3,530	3,122	2,268	2,054	2,109	2,494	2,505	2,215	2,597	2,235
57 Egypt	247	257	258	206	218	230	217	186	176	201
58 Morocco	511	372	352	300	271	259	272	247	254	252
59 South Africa	805	643	622	360	341	772	411	358	372	322
60 Zaire	0	0	24	0	0	0	0	0	0	0
61 Oil-exporting countries[5]	1,212	936	276	394	508	430	751	616	913	656
62 Other	755	914	736	794	771	803	854	808	882	804
63 Other	6,341	6,637	7,105	7,634	7,514	7,515	7,072	7,376	6,283	5,576
64 Australia	5,300	6,173	6,824	7,225	7,139	7,240	6,891	7,036	6,036	5,238
65 Other	1,041	464	281	409	375	275	181	340	247	338
66 Nonmonetary international and regional organizations[6]	2,463	3,617	4,563	5,002	4,343	5,011	3,886	3,777	4,865	5,223

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

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

Millions of dollars, end of period

Type of claim	1997	1998	1999	2000						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total**	**852,852**	**875,891**	**947,175[r]**	.	.	**1,010,005**	.	..	**1,009,934**	...
2 Banks' claims	708,225	734,995	795,377	815,083	820,782	825,898	833,459	800,472	840,425	856,474
3 Foreign public borrowers	20,581	23,542	35,090	37,300	43,092	41,461	48,424	41,459[r]	40,436	49,691
4 Own foreign offices[2]	431,685	484,535	528,397	557,339	549,165	553,262	557,557	544,142	576,452	581,277
5 Unaffiliated foreign banks	109,230	106,206	101,227	91,849	92,280	92,911	89,352	82,536	87,276	82,250
6 Deposits	30,995	27,230	34,360	22,399	24,769	22,373	21,856	21,822	23,765	22,830
7 Other	78,235	78,976	66,867	69,450	67,511	70,538	67,496	60,714	63,511	59,420
8 All other foreigners	146,729	120,712	130,663	128,595	136,245	138,264	138,126	132,335[r]	136,261	143,256
9 Claims of banks' domestic customers[3]	144,627	140,896	151,798[r]	..	..	184,107	...	.	169,509	.
10 Deposits	73,110	79,363	88,006	...	..	106,055	.	.	87,340	.
11 Negotiable and readily transferable instruments[4]	53,967	47,914	51,161	.	...	62,975	.	.	70,334	.
12 Outstanding collections and other claims	17,550	13,619	12,631[r]	.	.	15,077	.	.	11,835	...
MEMO										
13 Customer liability on acceptances	9,624	4,520	4,553	..	...	5,056[r]	.	.	4,827	.
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	33,816	39,978	31,125	45,383	45,468	44,139	46,337	55,293	57,784	53,848

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

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

Millions of dollars, end of period

Maturity, by borrower and area[2]	1996	1997	1998	1999	2000		
				Dec.	Mar.	June[r]	Sept.[p]
1 **Total**	**258,106**	**276,550**	**250,418**	**267,082[r]**	**262,173[r]**	**273,139**	**263,500**
By borrower							
2 Maturity of one year or less	211,859	205,781	186,526	187,894[r]	181,050[r]	185,927	174,809
3 Foreign public borrowers	15,411	12,081	13,671	22,811	23,436	24,850	23,647
4 All other foreigners	196,448	193,700	172,855	165,083[r]	157,614[r]	161,077	151,162
5 Maturity of more than one year	46,247	70,769	63,892	79,188[r]	81,123[r]	87,212	88,691
6 Foreign public borrowers	6,790	8,499	9,839	12,013	12,852[r]	15,905	16,236
7 All other foreigners	39,457	62,270	54,053	67,175[r]	68,271[r]	71,307	72,455
By area							
Maturity of one year or less							
8 Europe	55,690	58,294	68,679	80,842	79,638[r]	75,561	69,486
9 Canada	8,339	9,917	10,968	7,859	8,408	7,344	8,225
10 Latin America and Caribbean	103,254	97,207	81,766	69,498[r]	62,923[r]	66,140	65,918
11 Asia	38,078	33,964	18,007	21,802	23,002	29,091	23,874
12 Africa	1,316	2,211	1,835	1,122	957	1,520	1,594
13 All other[3]	5,182	4,188	5,271	6,771	6,122	6,271	5,712
Maturity of more than one year							
14 Europe	6,965	13,240	14,923	22,951	23,951	25,404	27,550
15 Canada	2,645	2,525	3,140	3,192	3,127	3,323	3,261
16 Latin America and Caribbean	24,943	42,049	33,442	39,051[r]	39,714[r]	42,427	41,166
17 Asia	9,392	10,235	10,018	11,257	11,612	12,549	13,131
18 Africa	1,361	1,236	1,232	1,065	965	924	895
19 All other[3]	941	1,484	1,137	1,672	1,754	2,585	2,688

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

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

Billions of dollars, end of period

Area or country	1996	1997	1998		1999				2000		
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.[p]
1 **Total**	**645.8**	**721.8**	**1071.9**	**1051.6**	**992.8**	**939.4**	**936.8**	**936.7**	**952.7**	**991.5[r]**	**952.4**
2 G-10 countries and Switzerland	228.3	242.8	240.0	217.7	208.7	223.1	206.4	236.5	284.1	324.2[r]	286.9
3 Belgium and Luxembourg	11.7	11.0	11.7	10.7	15.6	16.1	15.7	14.3	14.2	13.8	13.0
4 France	16.6	15.4	20.3	18.4	21.6	20.4	19.9	29.0	27.1	32.6	29.1
5 Germany	29.8	28.6	31.4	30.9	34.7	32.1	37.4	38.7	37.3	31.5	37.8
6 Italy	16.0	15.5	18.5	11.5	17.8	16.4	15.0	18.1	20.0	20.8[r]	18.8
7 Netherlands	4.0	6.2	8.4	7.8	10.7	13.3	10.6	12.3	17.1	16.1	17.6
8 Sweden	2.6	3.3	2.1	2.3	4.0	2.6	3.6	3.0	3.9	3.5	4.3
9 Switzerland	5.3	7.2	7.6	8.5	7.8	8.2	8.8	10.3	10.1	13.8	10.9
10 United Kingdom	104.7	113.4	100.1	85.4	56.1	74.3	51.9	72.4	113.5	148.3	118.7
11 Canada	14.0	13.7	15.9	16.8	15.9	17.1	17.9	16.3	17.5	18.2	18.7
12 Japan	23.7	28.6	23.9	25.4	24.6	22.6	25.6	22.0	23.5	25.4	18.1
13 Other industrialized countries	66.1	65.5	78.5	69.0	80.1	79.7	71.7	68.4	62.8	75.3[r]	72.5
14 Austria	1.1	1.5	2.1	1.4	2.8	2.8	3.0	3.5	2.6	2.8	3.5
15 Denmark	1.5	2.4	3.0	2.2	3.4	2.9	2.1	2.6	1.5	1.2	1.8
16 Finland	.8	1.3	1.6	1.4	1.5	9	.9	.9	.8	1.3	2.8
17 Greece	6.7	5.1	5.8	5.9	6.5	5.9	6.6	6.0	5.7	6.8	6.4
18 Norway	8.0	3.6	3.2	3.2	3.1	3.0	3.8	3.3	3.0	4.6	8.5
19 Portugal	.9	.9	1.1	1.4	1.4	1.2	1.2	1.0	1.0	2.0	1.5
20 Spain	13.3	12.6	19.5	13.7	15.7	16.6	15.1	12.1	11.3	12.2	10.5
21 Turkey	2.7	4.5	5.2	4.8	5.2	4.9	4.7	4.8	5.1	5.6	5.6
22 Other Western Europe	4.9	8.3	10.4	10.4	10.2	10.2	9.2	6.8	8.3	7.9[r]	8.4
23 South Africa	2.0	2.2	5.4	4.4	4.8	4.7	4.0	3.8	4.8	4.6	2.9
24 Australia	24.0	23.1	21.4	20.3	25.4	26.6	21.1	23.5	18.6	26.3	20.5
25 OPEC[2]	19.8	26.0	26.0	27.1	26.2	26.1	30.1	31.4	28.9	32.3	31.8
26 Ecuador	1.1	1.3	1.2	1.3	1.2	1.1	.9	.8	.7	.7	.6
27 Venezuela	2.4	2.5	3.1	3.2	3.5	3.2	3.0	2.8	3.0	2.9	2.9
28 Indonesia	5.2	6.7	4.7	4.7	4.5	5.0	4.4	4.2	3.9	4.1	4.4
29 Middle East countries	10.7	14.4	16.1	17.0	16.7	16.5	21.4	23.0	21.1	24.0	22.7
30 African countries	.4	1.2	.8	1.0	.4	.4	.5	.5	.2	.7	1.2
31 Non-OPEC developing countries	130.3	139.2	140.4	143.4	146.7	148.6	142.5	147.3	152.5	155.6	150.5
Latin America											
32 Argentina	14.3	18.4	22.9	23.1	24.3	22.8	22.1	22.4	21.3	20.3	21.4
33 Brazil	20.7	28.6	24.0	24.7	24.2	25.1	22.1	26.4	26.9	27.0	28.5
34 Chile	7.0	8.7	8.5	8.3	8.6	8.2	7.7	7.4	8.2	8.1	7.4
35 Colombia	4.1	3.4	3.4	3.2	3.3	3.1	2.7	2.5	2.5	2.4	2.4
36 Mexico	16.2	17.4	18.7	18.9	19.7	18.5	19.4	18.7	18.3	20.5	17.5
37 Peru	1.6	2.0	2.2	2.2	2.2	2.1	1.8	1.7	1.9	2.1	2.1
38 Other	3.3	4.1	4.6	5.4	5.3	5.5	5.5	5.9	6.5	6.7	6.3
Asia											
China											
39 Mainland	2.5	3.2	2.8	3.0	5.0	5.3	3.3	3.6	4.6	3.8	3.4
40 Taiwan	10.3	9.5	12.5	13.3	11.8	12.6	12.3	12.0	12.6	12.6	12.8
41 India	4.3	4.9	5.3	5.5	5.5	6.7	7.0	7.7	7.9	8.2	5.8
42 Israel	.5	.7	.9	1.1	1.1	2.0	1.0	1.8	3.3	1.5	1.1
43 Korea (South)	21.5	15.6	13.1	13.7	13.7	15.3	16.0	15.1	17.4	21.2	21.0
44 Malaysia	6.0	5.1	5.0	5.6	5.9	6.0	6.1	6.1	6.5	6.8	6.4
45 Philippines	5.8	5.7	4.7	5.1	5.4	5.7	5.8	6.2	5.3	5.3	4.7
46 Thailand	5.7	5.4	5.3	4.7	4.5	4.2	4.0	4.1	4.3	4.0	3.9
47 Other Asia	4.1	4.3	3.1	2.9	3.0	2.8	2.8	2.9	2.6	2.5	2.3
Africa											
48 Egypt	.7	.9	1.7	1.3	1.4	1.4	1.3	1 4	1.4	1.3	1.1
49 Morocco	.7	.6	.5	.5	.5	.5	.5	4	.3	.3	.4
50 Zaire	.1	.0	0	.0	.0	.0	.0	.0	.0	.0	.0
51 Other Africa[3]	.9	.8	1.1	1.0	1.2	1.0	1.0	1.0	.9	.9	2.1
52 Eastern Europe	6.9	9.1	6.3	5.5	7.1	5.8	5.4	5.2	6.3	9.4	9 1
53 Russia[4]	3.7	5.1	2.8	2.2	2.3	2.1	2.0	1.6	1.7	1.5	1.4
54 Other	3.2	4.0	3.5	3.3	4.8	3.7	3.4	3.6	4.7	7.9	7.6
55 Offshore banking centers	135.1	140.2	121.0	93.9	93.6	75.9	89.4	60.1	42.0	52.4	50.6
56 Bahamas	20.5	24.2	30.7	35.4	32.6	20.4	28.6	13.9	2.4	.5	.6
57 Bermuda	4.5	9.8	10.4	4.6	3.9	5.7	8.2	8.0	7.3	6.3	6.3
58 Cayman Islands and other British West Indies	37.2	43.4	27.8	12.8	13.9	7.2	6.3	1.3	.0	5.1	5.9
59 Netherlands Antilles	26.1	14.6	6.0	2.6	2.7	1.3	9.1	1.7	2.5	2.6	1.9
60 Panama[5]	2.0	3.1	4.0	3.9	3.9	3.9	3.9	3.9	3.4	3.3	2.5
61 Lebanon	1	.1	.2	.1	1	1	.2	.1	.1	.1	1
62 Hong Kong, China	27.9	32.2	30.6	23.3	22.8	22.0	22.4	21.0	22.2	20.7	20.5
63 Singapore	16.7	12.7	11.1	11.1	13.5	15.2	10.6	10.1	4.1	13.6	12.7
64 Other[6]	.1	.1	.2	.2	.2	.1	.2	.1	.1	.1	.1
65 Miscellaneous and unallocated[7]	59.6	99.1	459.9	495.1	430.4	380.2	391.2	387.9	376.1	342.4[r]	351.1

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

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

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

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

Millions of dollars, end of period

	Type of liability, and area or country	1996	1997	1998	1999				2000	
					Mar.	June	Sept.	Dec.	Mar.	June
1	**Total**	**61,782**	**57,382**	**46,570**	**46,663**	**49,337**	**52,979**	**53,044**	**53,489[r]**	**70,534**
2	Payable in dollars	39,542	41,543	36,668	34,030	36,032	36,296	37,605	35,614[r]	47,864
3	Payable in foreign currencies	22,240	15,839	9,902	12,633	13,305	16,683	15,415	17,875	22,670
	By type									
4	Financial liabilities	33,049	26,877	19,255	22,458	25,058	27,422	27,980	29,180[r]	44,068
5	Payable in dollars	11,913	12,630	10,371	11,225	13,205	12,231	13,883	12,858[r]	22,803
6	Payable in foreign currencies	21,136	14,247	8,884	11,233	11,853	15,191	14,097	16,322	21,265
7	Commercial liabilities	28,733	30,505	27,315	24,205	24,279	25,557	25,064	24,309	26,466
8	Trade payables	12,720	10,904	10,978	9,999	10,935	12,651	12,857	12,401	13,764
9	Advance receipts and other liabilities	16,013	19,601	16,337	14,206	13,344	12,906	12,207	11,908	12,702
10	Payable in dollars	27,629	28,913	26,297	22,805	22,827	24,065	23,722	22,756	25,061
11	Payable in foreign currencies	1,104	1,592	1,018	1,400	1,452	1,492	1,318	1,553	1,405
	By area or country									
	Financial liabilities									
12	Europe	23,179	18,027	12,589	16,098	19,578	21,695	23,241	24,050[r]	30,332
13	Belgium and Luxembourg	632	186	79	50	70	50	31	4	163
14	France	1,091	1,425	1,097	1,178	1,287	1,675	1,659	1,849[r]	1,702
15	Germany	1,834	1,958	2,063	1,906	1,959	1,712	1,974	1,880[r]	1,671
16	Netherlands	556	494	1,406	1,337	2,104	2,066	1,996	1,970	2,035
17	Switzerland	699	561	155	141	143	133	147	97	137
18	United Kingdom	17,161	11,667	5,980	9,729	13,097	15,096	16,521	16,579	21,463
19	Canada	1,401	2,374	693	781	320	344	284	313	714
20	Latin America and Caribbean	1,668	1,386	1,495	1,528	1,369	1,180	892	846	2,874
21	Bahamas	236	141	7	1	1	1	1	1	78
22	Bermuda	50	229	101	78	52	26	5	1	1,016
23	Brazil	78	143	152	137	131	122	126	128	146
24	British West Indies	1,030	604	957	1,064	944	786	492	489	463
25	Mexico	17	26	59	22	19	28	25	22	26
26	Venezuela	1	1	2	2	1	0	0	0	0
27	Asia	6,423	4,387	3,785	3,475	3,217	3,622	3,437	3,275	9,453
28	Japan	5,869	4,102	3,612	3,337	3,035	3,384	3,142	2,985	6,024
29	Middle Eastern oil-exporting countries[1]	25	27	0	1	2	3	3	4	5
30	Africa	38	60	28	31	29	31	28	28	33
31	Oil-exporting countries[2]	0	0	0	2	0	0	0	0	0
32	All other[3]	340	643	665	545	545	550	98	668	662
	Commercial liabilities									
33	Europe	9,767	10,228	10,030	8,580	8,718	9,265	9,262	8,646	9,293
34	Belgium and Luxembourg	479	666	278	229	189	128	140	78	178
35	France	680	764	920	654	656	620	672	539	711
36	Germany	1,002	1,274	1,392	1,088	1,143	1,201	1,131	914	948
37	Netherlands	766	439	429	361	432	535	507	648	562
38	Switzerland	624	375	499	535	497	593	626	536	565
39	United Kingdom	4,303	4,086	3,697	3,008	2,959	3,175	3,071	2,661	2,982
40	Canada	1,090	1,175	1,390	1,597	1,670	1,753	1,775	2,024	2,053
41	Latin America and Caribbean	2,574	2,176	1,618	1,612	1,674	1,957	2,310	2,286	2,607
42	Bahamas	63	16	14	11	19	24	22	9	10
43	Bermuda	297	203	198	225	180	178	152	287	300
44	Brazil	196	220	152	107	112	120	145	115	119
45	British West Indies	14	12	10	7	5	39	48	23	22
46	Mexico	665	565	347	437	490	704	887	805	1,073
47	Venezuela	328	261	202	155	149	182	305	193	239
48	Asia	13,422	14,966	12,342	10,428	10,039	10,428	9,886	9,681	10,965
49	Japan	4,614	4,500	3,827	2,715	2,753	2,689	2,609	2,274	2,200
50	Middle Eastern oil-exporting countries[1]	2,168	3,111	2,852	2,479	2,209	2,618	2,551	2,308	3,489
51	Africa	1,040	874	794	727	832	959	950	943	950
52	Oil-exporting countries[2]	532	408	393	377	392	584	499	536	575
53	Other[3]	840	1,086	1,141	1,261	1,346	1,195	881	729	598

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

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

3. Includes nonmonetary international and regional organizations.

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

Millions of dollars, end of period

	Type of claim, and area or country	1996	1997	1998	1999				2000	
					Mar.	June	Sept.	Dec.	Mar.	June
1	**Total**	**65,897**	**68,128**	**77,462**	**69,054**	**63,884**	**67,566**	**76,669**	**84,266**	**80,725^{r}**
2	Payable in dollars	59,156	62,173	72,171	64,026	57,006	60,456	69,170	74,331	72,294^{r}
3	Payable in foreign currencies	6,741	5,955	5,291	5,028	6,878	7,110	7,472	9,935	8,431
	By type									
4	Financial claims	37,523	36,959	46,260	38,217	31,957	33,877	40,231	47,798	44,303
5	Deposits	21,624	22,909	30,199	18,686	13,350	15,192	18,566	23,316	17,462
6	Payable in dollars	20,852	21,060	28,549	17,101	11,636	13,240	16,373	21,442	15,361
7	Payable in foreign currencies	772	1,849	1,650	1,585	1,714	1,952	2,193	1,874	2,101
8	Other financial claims	15,899	14,050	16,061	19,531	18,607	18,685	21,665	24,482	26,841
9	Payable in dollars	12,374	11,806	14,049	17,457	14,800	15,718	18,593	19,659	22,384
10	Payable in foreign currencies	3,525	2,244	2,012	2,074	3,807	2,967	3,072	4,823	4,457
11	Commercial claims	28,374	31,169	31,202	30,837	31,927	33,689	36,438	36,468	36,422^{r}
12	Trade receivables	25,751	27,536	27,202	26,724	27,791	29,397	32,629	31,443	31,277^{r}
13	Advance payments and other claims	2,623	3,633	4,000	4,113	4,136	4,292	3,809	5,025	5,145
14	Payable in dollars	25,930	29,307	29,573	29,468	30,570	31,498	34,204	33,230	34,549^{r}
15	Payable in foreign currencies	2,444	1,862	1,629	1,369	1,357	2,191	2,207	3,238	1,873
	By area or country									
	Financial claims									
16	Europe	11,085	14,999	12,294	12,881	13,978	13,878	13,023	16,789	18,254
17	Belgium and Luxembourg	185	406	661	469	457	574	529	540	317
18	France	694	1,015	864	913	1,368	1,212	967	1,835	1,292
19	Germany	276	427	304	302	367	549	504	669	576
20	Netherlands	493	677	875	993	997	1,067	1,229	1,981	1,984
21	Switzerland	474	434	414	530	504	559	643	612	624
22	United Kingdom	7,922	10,337	7,766	8,400	8,631	8,157	7,561	9,044	11,668
23	Canada	3,442	3,313	2,503	3,111	2,828	3,172	2,553	3,175	5,799
24	Latin America and Caribbean	20,032	15,543	27,714	18,825	11,486	12,749	18,206	21,945	14,874
25	Bahamas	1,553	2,308	403	666	467	755	1,593	1,299	655
26	Bermuda	140	108	39	41	39	524	11	11	34
27	Brazil	1,468	1,313	835	1,112	1,102	1,265	1,476	1,646	1,666
28	British West Indies	15,536	10,462	24,388	14,621	7,393	7,263	12,099	15,814	7,751
29	Mexico	457	537	1,245	1,583	1,702	1,791	1,798	1,979	2,048
30	Venezuela	31	36	55	72	71	47	48	65	78
31	Asia	2,221	2,133	3,027	2,648	2,801	3,205	5,457	4,430	3,923
32	Japan	1,035	823	1,194	942	949	1,250	3,262	2,021	1,410
33	Middle Eastern oil-exporting countries[1]	22	11	9	8	5	5	21	29	42
34	Africa	174	319	159	174	228	251	286	232	320
35	Oil-exporting countries[2]	14	15	16	26	5	12	15	15	39
36	All other[3]	569	652	563	578	636	622	706	1,227	1,133
	Commercial claims									
37	Europe	10,443	12,120	13,246	12,782	12,961	14,367	16,389	16,118	15,928^{r}
38	Belgium and Luxembourg	226	328	238	281	286	289	316	271	425
39	France	1,644	1,796	2,171	2,173	2,094	2,375	2,236	2,520	2,692^{r}
40	Germany	1,337	1,614	1,822	1,599	1,660	1,944	1,960	2,034	1,906^{r}
41	Netherlands	562	597	467	415	389	617	1,429	1,337	1,242^{r}
42	Switzerland	642	554	483	367	385	714	610	611	563
43	United Kingdom	2,946	3,660	4,769	4,529	4,615	4,789	5,827	5,354	4,929^{r}
44	Canada	2,165	2,660	2,617	2,983	2,855	2,638	2,757	3,088	3,250^{r}
45	Latin America and Caribbean	5,276	5,750	6,296	5,930	6,278	5,879	5,959	5,899	5,792^{r}
46	Bahamas	35	27	24	10	21	29	20	15	48
47	Bermuda	275	244	536	500	583	549	390	404	381^{r}
48	Brazil	1,303	1,162	1,024	936	887	763	905	849	894
49	British West Indies	190	109	104	117	127	157	181	95	51
50	Mexico	1,128	1,392	1,545	1,431	1,478	1,613	1,678	1,529	1,565^{r}
51	Venezuela	357	576	401	361	384	365	439	435	466^{r}
52	Asia	8,376	8,713	7,192	7,080	7,690	8,579	9,165	9,101	9,173^{r}
53	Japan	2,003	1,976	1,681	1,486	1,511	1,823	2,074	2,082	1,882^{r}
54	Middle Eastern oil-exporting countries[1]	971	1,107	1,135	1,286	1,465	1,479	1,625	1,533	1,241
55	Africa	746	680	711	685	738	682	631	716	766^{r}
56	Oil-exporting countries[2]	166	119	165	116	202	221	171	82	160
57	Other[3]	1,368	1,246	1,140	1,377	1,405	1,544	1,537	1,546	1,513^{r}

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

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1998	1999	2000 Jan.–Oct	2000 Apr.	May	June	July	Aug.	Sept.	Oct.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	1,574,192	2,340,659	3,034,215	309,778	268,454	300,356	271,145	286,819	297,626	340,608
2 Foreign sales	1,524,203	2,233,137	2,880,106	306,474	262,142	282,563	255,999	262,775	289,067	324,215
3 **Net purchases, or sales (−)**	**49,989**	**107,522**	**154,109**	**3,304**	**6,312**	**17,793**	**15,146**	**24,044**	**8,559**	**16,393**
4 **Foreign countries**	**50,369**	**107,578**	**154,090**	**3,243**	**6,291**	**17,823**	**15,136**	**24,020**	**8,603**	**16,395**
5 Europe	68,124	98,060	145,957	12,289	7,496	14,853	12,922	15,678	10,014	14,032
6 France	5,672	3,813	5,279	1,341	−588	−653	1,292	575	−565	1,757
7 Germany	9,195	13,410	29,998	3,431	3,355	2,544	371	2,670	643	1,394
8 Netherlands	8,249	8,083	2,869	113	−113	584	554	594	792	−167
9 Switzerland	5,001	5,650	13,245	1,689	585	67	1,702	1,114	780	491
10 United Kingdom	23,952	42,902	47,355	558	1,440	7,026	6,033	7,098	5,163	6,312
11 Canada	−4,689	−335	2,845	9	834	−46	−166	1,038	−922	256
12 Latin America and Caribbean	757	5,187	−12,075	−11,441	−2,633	1,898	1,363	4,907	−3,405	−4,403
13 Middle East[1]	−1,449	−1,066	8,572	2,071	705	4	98	908	52	754
14 Other Asia	−12,351	4,445	7,736	52	−121	870	815	1,789	2,704	5,848
15 Japan	−1,171	5,723	−196	−446	−1,045	439	492	568	2,467	2,651
16 Africa	639	372	379	228	−50	54	−124	2	−56	−28
17 Other countries	−662	915	676	35	60	190	228	−302	216	−64
18 **Nonmonetary international and regional organizations**	**−380**	**−56**	**21**	**61**	**21**	**−30**	**10**	**24**	**−42**	**−2**
BONDS[2]										
19 Foreign purchases	905,782	854,692	973,700	88,555	89,760	107,281	87,580	107,808	106,384	102,981
20 Foreign sales	727,044	602,100	703,575	70,851	68,212	75,117	67,010	69,514	76,225	71,612
21 **Net purchases, or sales (−)**	**178,738**	**252,592**	**270,125**	**17,704**	**21,548**	**32,164**	**20,570**	**38,294**	**30,159**	**31,369**
22 **Foreign countries**	**179,081**	**252,994**	**270,093**	**17,709**	**21,490**	**32,215**	**20,482**	**38,215**	**30,161**	**31,382**
23 Europe	130,057	140,674	146,547	7,640	9,475	19,378	7,789	21,618	17,058	16,989
24 France	3,386	1,870	1,806	−34	104	159	85	334	−819	347
25 Germany	4,369	7,723	3,611	288	175	897	154	1,185	44	436
26 Netherlands	3,443	2,446	672	279	283	−169	−575	850	−818	848
27 Switzerland	4,826	4,553	3,438	−18	9	324	1,003	757	333	349
28 United Kingdom	99,637	106,344	114,380	4,274	6,237	16,218	4,003	15,909	15,950	12,508
29 Canada	6,121	6,043	11,694	764	1,076	1,092	943	1,965	811	897
30 Latin America and Caribbean	23,938	58,783	48,720	4,823	2,786	4,390	4,743	3,829	6,338	5,021
31 Middle East[1]	4,997	1,979	368	347	−47	99	264	54	−702	−54
32 Other Asia	12,662	42,817	60,902	4,103	7,996	7,059	6,601	10,562	6,777	8,214
33 Japan	8,384	17,541	28,475	580	3,491	3,945	3,320	5,664	3,573	3,690
34 Africa	190	1,411	837	35	40	72	10	37	49	58
35 Other countries	1,116	1,287	1,025	−3	164	125	132	150	−170	257
36 **Nonmonetary international and regional organizations**	**−343**	**−402**	**63**	**−5**	**58**	**−51**	**88**	**110**	**−2**	**−13**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	6,227	15,640	−9,821	576	8,334	−2,046	−14,973	602	10,479	3,152
38 Foreign purchases	929,923	1,177,303	1,524,145	154,322	144,592	152,149	133,902	143,618	149,696	155,705
39 Foreign sales	923,696	1,161,663	1,533,966	153,746	136,258	154,195	148,875	143,016	139,217	152,553
40 Bonds, net purchases, or sales (−)	−17,350	−5,676	−10,613	798	4,263	5,770	−6,484	−2,811	267	−3,157
41 Foreign purchases	1,328,281	798,267	781,465	63,916	79,534	82,951	68,420	74,803	92,182	99,255
42 Foreign sales	1,345,631	803,943	792,078	63,118	75,271	77,181	74,904	77,614	91,915	102,412
43 **Net purchases, or sales (−), of stocks and bonds**	**−11,123**	**9,964**	**−20,434**	**1,374**	**12,597**	**3,724**	**−21,457**	**−2,209**	**10,746**	**−5**
44 **Foreign countries**	**−10,778**	**9,679**	**−20,761**	**1,209**	**12,521**	**3,874**	**−21,216**	**−2,055**	**10,570**	**−172**
45 Europe	12,632	59,247	−27,183	1,535	10,113	−1,434	−23,856	−6,190	6,530	−3,748
46 Canada	−1,901	−999	−2,166	−422	−1,234	1,399	279	916	−1,142	1,774
47 Latin America and Caribbean	−13,798	−4,726	−13,601	−5,155	−845	1,981	−715	−562	665	1,195
48 Asia	−3,992	−42,961	19,697	5,641	4,770	1,878	3,145	3,160	3,867	80
49 Japan	−1,742	−43,637	18,581	4,688	5,777	3,243	3,904	1,478	2,082	−1,105
50 Africa	−1,225	710	983	−143	−51	−33	532	−50	49	12
51 Other countries	−2,494	−1,592	1,509	−247	−232	83	−601	671	601	515
52 **Nonmonetary international and regional organizations**	**−345**	**285**	**331**	**165**	**76**	**−150**	**−241**	**−154**	**180**	**167**

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

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

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

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

Area or country	1998	1999	2000	2000						
			Jan.–Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.p
1 **Total estimated**	**49,039**	**−9,953**	**−29,830**	**14,520**	**−7,018**	**−17,932**	**−6,061**	**−114**	**−8,516**	**−2,944**
2 Foreign countries	46,570	−10,518	−29,410	14,484	−6,820	−17,597	−5,746	−117	−8,741	−3,129
3 Europe	23,797	−38,228	−32,727	−632	−2,526	−9,935	−6,351	3,707	−1,284	−3,506
4 Belgium and Luxembourg	3,805	−81	116	−498	−743	252	−138	138	−127	320
5 Germany	144	2,285	−4,054	−1,676	74	609	−2,199	−36	−1,738	1,424
6 Netherlands	−5,533	2,122	3,498	700	−1,159	−389	−584	91	836	183
7 Sweden	1,486	1,699	858	−289	266	−47	114	56	214	−118
8 Switzerland	5,240	−1,761	−10,090	−288	−337	−1,928	−1,398	−338	−959	−58
9 United Kingdom	14,384	−20,232	−23,227	−533	178	−9,243	−4,372	3,054	−1,865	−3,585
10 Other Europe and former U.S.S.R.	4,271	−22,260	172	1,952	−805	811	2,226	742	2,355	−1,672
11 Canada	615	7,348	2,357	1,819	−681	226	−872	222	1,417	160
12 Latin America and Caribbean	−3,662	−7,523	−4,238	2,509	−3,122	−3,839	1,415	245	−4,979	3,887
13 Venezuela	59	362	737	26	4	16	89	45	314	152
14 Other Latin America and Caribbean	9,523	1,661	−8,649	258	−548	−4,748	1,261	61	−4,936	2,954
15 Netherlands Antilles	−13,244	−9,546	3,674	2,225	−2,578	893	65	139	−357	781
16 Asia	27,433	29,359	3,350	11,166	−908	−3,988	−488	−4,918	−3,319	−4,719
17 Japan	13,048	20,102	9,959	10,855	−2,486	−2,660	672	367	1,717	1,577
18 Africa	751	−3,021	−354	4	−114	−130	4	9	−139	−6
19 Other	−2,364	1,547	2,202	−382	531	69	546	618	−437	1,055
20 Nonmonetary international and regional organizations	2,469	565	−420	36	−198	−335	−315	3	225	185
21 International	1,502	190	−352	30	−158	−286	−333	15	391	39
22 Latin American regional	199	666	71	6	−14	−9	−1	−10	1	28
MEMO										
23 Foreign countries	46,570	−10,518	−29,410	14,484	−6,820	−17,597	−5,746	−117	−8,741	−3,129
24 Official institutions	4,123	−9,861	−2,409	6,403	−1,405	−1,412	−639	449	−6,626	−7,150
25 Other foreign	42,447	−657	−27,001	8,081	−5,415	−16,185	−5,107	−566	−2,115	4,021
Oil-exporting countries										
26 Middle East[2]	−16,554	2,207	4,338	811	572	859	267	217	−1,030	−724
27 Africa[3]	2	0	0	0	0	0	0	0	0	0

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

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

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

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

Currency units per U.S. dollar except as noted

Item	1998	1999	2000	2000 July	2000 Aug.	2000 Sept.	2000 Oct.	2000 Nov.	2000 Dec.
	Exchange Rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	62.91	64.54	58.15	58.70	58.08	55.21	52.80	52.18	54.66
2 Austria/schilling	12.379	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3 Belgium/franc	36.31	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4 Brazil/real	1.1605	1.8207	1.8301	1.7982	1.8091	1.8397	1.8813	1.9483	1.9632
5 Canada/dollar	1.4836	1.4858	1.4855	1.4778	1.4828	1.4864	1.5125	1.5426	1.5219
6 China, P.R./yuan	8.3008	8.2783	8.2784	8.2794	8.2796	8.2785	8.2785	8.2774	8.2771
7 Denmark/krone	6.7030	6.9900	8.0953	7.9471	8.2459	8.5849	8.7276	8.6992	8.3059
8 European Monetary Union/euro[3]	n.a.	1.0653	0.9232	0.9386	0.9045	0.8695	0.8525	0.8552	0.8983
9 Finland/markka	5.3473	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 France/franc	5.8995	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 Germany/deutsche mark	1.7597	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a
12 Greece/drachma	295.70	306.30	365.92	359.04	372.97	389.67	398.29	397.94	379.58
13 Hong Kong/dollar	7.7467	7.7594	7.7924	7.7969	7.7995	7.7985	7.7977	7.7991	7.7991
14 India/rupee	41.36	43.13	45.00	44.84	45.77	45.97	46.43	46.82	46.78
15 Ireland/pound[2]	142.48	n.a.	n.a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1,736.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
17 Japan/yen	130.99	113.73	107.80	108.21	108.08	106.84	108.44	109.01	112.21
18 Malaysia/ringgit	3.9254	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
19 Mexico/peso	9.152	9.553	9.459	9.419	9.272	9.362	9.537	9.508	9.467
20 Netherlands/guilder	1.9837	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 New Zealand/dollar[2]	53.61	52.94	45.68	45.97	44.52	41.71	40.01	39.90	42.97
22 Norway/krone	7.5521	7.8071	8.8131	8.7185	8.9526	9.2331	9.3794	9.3524	9.0616
23 Portugal/escudo	180.25	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Singapore/dollar	1.6722	1.6951	1.7250	1.7414	1.7206	1.7406	1.7525	1.7478	1.7361
25 South Africa/rand	5.5417	6.1191	6.9468	6.8971	6.9570	7.1805	7.4902	7.6889	7.6439
26 South Korea/won	1,400.40	1,189.84	1,130.90	1,115.08	1,114.47	1,117.57	1,131.10	1,156.54	1,216.94
27 Spain/peseta	149.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a
28 Sri Lanka/rupee	65.006	70.868	76.964	78.852	78.283	78.731	79.291	80.381	82.030
29 Sweden/krona	7.9522	8.2740	9.1735	8.9640	9.2771	9.6853	9.9930	10.0965	9.6604
30 Switzerland/franc	1.4506	1.5045	1.6904	1.6519	1.7149	1.7586	1.7745	1.7779	1.6855
31 Taiwan/dollar	33.547	32.322	31.260	30.984	31.106	31.198	31.846	32.433	33.123
32 Thailand/baht	41.262	37.887	40.210	40.318	40.889	41.992	43.334	43.791	43.246
33 United Kingdom/pound[2]	165.73	161.72	151.56	150.76	148.89	143.36	145.06	142.58	146.29
34 Venezuela/bolivar	548.39	606.82	680.52	685.86	689.17	690.39	692.86	695.77	698.85
	Indexes[4]								
NOMINAL									
35 Broad (January 1997=100)[5]	116.48[r]	116.87[r]	119.93[r]	119.35[r]	120.13[r]	121.54[r]	123.28[r]	124.22[r]	123.29[r]
36 Major currencies (March 1973=100)[6]	95.79[r]	94.06[r]	98.34[r]	97.52[r]	98.99[r]	100.57[r]	102.15[r]	103.00[r]	101.18[r]
37 Other important trading partners (January 1997=100)[7]	126.03[r]	129.94[r]	130.26[r]	129.80[r]	129.24[r]	130.09[r]	131.71[r]	132.60[r]	133.33[r]
REAL									
38 Broad (March 1973=100)[5]	99.21[r]	98.53[r]	102.19[r]	102.23[r]	102.74[r]	103.82[r]	105.22[r]	105.71[r]	104.89[r]
39 Major currencies (March 1973=100)[6]	97.24[r]	96.68[r]	102.86[r]	102.29[r]	103.88[r]	105.54[r]	107.29[r]	108.08[r]	106.17[r]
40 Other important trading partners (March 1973=100)[7]	108.10[r]	107.22[r]	107.67[r]	108.53[r]	107.64[r]	108.01[r]	109.05[r]	109.18[r]	109.72[r]

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

Euro equals

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

4. The February 2001 *Bulletin* will contain revised index values resulting from the annual revision of data that underlie the calculated trade weights. For more information on the indexes of foreign exchange value of the dollar, see *Federal Reserve Bulletin*, vol 84 (October 1998), pp. 811–818.

5. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of U.S. trading partners. The weight for each currency is computed as an average of U.S. bilateral import shares from and export shares to the issuing country and of a measure of the importance to U.S. exporters of that country's trade in third country markets.

6. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

7. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that do not circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

	Issue	Page
Anticipated schedule of release dates for periodic releases	December 2000	A72

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

Title and Date	*Issue*	*Page*
Assets and liabilities of commercial banks		
December 31, 1999	May 2000	A64
March 31, 2000	August 2000	A64
June 30, 2000	November 2000	A64
September 30, 2000	February 2001	A64
Terms of lending at commercial banks		
February 2000	May 2000	A66
May 2000	August 2000	A66
August 2000	November 2000	A66
November 2000	February 2001	A66
Assets and liabilities of U.S. branches and agencies of foreign banks		
December 31, 1999	May 2000	A72
March 31, 2000	August 2000	A72
June 30, 2000	November 2000	A72
September 30, 2000	February 2001	A72
Pro forma balance sheet and income statements for priced service operations		
March 31, 2000	August 2000	A76
June 30, 2000	November 2000	A76
September 30, 2000	February 2001	A76
Residential lending reported under the Home Mortgage Disclosure Act		
1998	September 1999	A64
1999	September 2000	A64
Disposition of applications for private mortgage insurance		
1998	September 1999	A73
1999	September 2000	A73
Small loans to businesses and farms		
1998	September 1999	A76
1999	September 2000	A76
Community development lending reported under the Community Reinvestment Act		
1998	September 1999	A79
1999	September 2000	A79

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities
Consolidated Report of Condition, September 30, 2000

Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]	
			Total	Domestic	Over 100	Under 100
1 **Total assets**[3]	**5,991,548**	**5,288,698**	**4,167,981**	**3,465,131**	**1,556,846**	**266,721**
2 Cash and balances due from depository institutions	327,364	234,607	257,843	165,087	57,626	11,894
3 Cash items in process of collection, unposted debits, and currency and coin			119,249	115,946	29,339	
4 Cash items in process of collection and unposted debits			n.a.	92,949	19,221	
5 Currency and coin	n.a.	n.a.	n.a.	22,997	10,118	n.a
6 Balances due from depository institutions in the United States			39,569	29,181	19,511	
7 Balances due from banks in foreign countries and foreign central banks			86,109	7,135	1,008	
8 Balances due from Federal Reserve Banks			12,916	12,824	7,769	
MEMO						
9 Non-interest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)	n.a.	38,411	n.a.	19,009	14,936	4,466
10 Total securities, held-to-maturity (amortized cost) and available-for-sale (fair value)	1,042,258		595,992		379,692	66,574
11 U.S. Treasury securities	92,355		63,503		23,716	5,135
12 U.S. government agency and corporation obligations (excludes mortgage-backed securities)	223,907		82,806		106,231	34,870
13 Issued by U.S. government agencies	4,969		2,466		1,862	640
14 Issued by U.S. government-sponsored agencies	218,938		80,340		104,368	34,230
15 Securities issued by states and political subdivisions in the United States	89,922		30,316		48,283	11,323
16 General obligations	64,748		20,205		36,435	8,108
17 Revenue obligations	24,553		9,721		11,660	3,172
18 Industrial development and similar obligations	621		389		187	44
19 Mortgage-backed securities (MBS)	442,916		286,928		144,039	11,949
20 Pass-through securities	280,165		191,994		80,099	8,072
21 Guaranteed by GNMA	70,248	n.a.	40,639	n.a.	26,570	3,039
22 Issued by FNMA and FHLMC	207,585		149,791		52,801	4,993
23 Privately issued	2,332		1,563		728	41
24 Other mortgage-backed securities (includes CMOs, REMICs, and stripped MBS)	162,752		94,935		63,940	3,877
25 Issued or guaranteed by FNMA, FHLMC, or GNMA	106,355		63,892		38,904	3,558
26 Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA	4,258		3,418		739	101
27 All other mortgage-backed securities	52,139		27,625		24,296	218
28 Other debt securities	153,873		105,443		46,461	1,968
29 Other domestic debt securities	n.a.		51,361		42,102	n.a
30 Foreign debt securities	n.a.		54,082		4,359	n.a
31 Equity securities	39,285		26,995		10,963	1,327
32 Investments in mutual funds and other equity securities with readily determinable fair value	12,384		9,517		2,552	315
33 All other equity securities	26,901		17,478		8,410	1,012
34 Federal funds sold and securities purchased under agreements to resell	223,594	178,110	176,735	131,250	35,941	10,918
35 Total loans and lease-financing receivables, gross	3,737,074	3,444,328	2,551,833	2,259,087	1,017,042	168,199
36 LESS: Unearned income on loans	2,940	2,385	1,486	932	1,188	265
37 Total loans and leases (net of unearned income)	3,734,134	3,441,943	2,550,347	2,258,155	1,015,854	167,934
38 LESS: Allowance for loan and lease losses	61,319	n.a.	42,605	n.a.	16,443	2,270
39 LESS: Allocated transfer risk reserves	123	n.a.	121	n.a.	1	1
40 EQUALS: Total loans and leases, net	3,672,693	n.a	2,507,620	n.a.	999,410	165,663
Total loans and leases, gross, by category						
41 Loans secured by real estate	1,646,072	1,614,630	975,871	944,429	572,157	98,043
42 Construction and land development		155,590		83,958	62,526	9,106
43 Farmland		33,919		6,664	15,872	11,383
44 One- to four-family residential properties		912,161		593,813	271,706	46,642
45 Revolving, open-end loans, extended under lines of credit	n.a.	122,853	n.a.	89,217	31,056	2,580
46 All other loans		789,307		504,595	240,650	44,062
47 Multifamily (five or more) residential properties		59,903		33,385	24,297	2,221
48 Nonfarm nonresidential properties		453,058		226,610	197,756	28,691
49 Loans to depository institutions	121,840	105,012	108,989	92,161	12,754	97
50 Commercial banks in the United States	n.a.	n.a	74,487	73,624	12,485	n.a.
51 Other depository institutions in the United States	n.a.	n.a.	11,650	11,629	174	n.a.
52 Banks in foreign countries	n.a.	n.a.	22,852	6,909	95	n.a.
53 Loans to finance agricultural production and other loans to farmers	47,094	46,204	12,510	11,620	18,299	16,286
54 Commercial and industrial loans	1,037,675	872,892	834,855	670,072	173,484	29,336
55 U.S. addressees (domicile)	n.a.	n.a.	682,661	659,947	172,699	n.a.
56 Non-U.S. addressees (domicile)	n.a.	n.a.	152,194	10,125	785	n.a.
57 Acceptances of other banks	1,316	645	1,243	572	68	5
58 U.S. banks	n.a.	n.a.	315	268	n.a.	n.a
59 Foreign banks	n.a.	n.a	929	305	n.a.	n.a
60 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	565,100	521,737	327,109	283,747	215,784	22,207
61 Credit cards and related plans	214,559	n.a.	119,478	n.a.	94,157	925
62 Other (includes single payment and installment)	350,541	n.a.	207,632	n.a.	121,627	21,282
63 Obligations (other than securities) of states and political subdivisions in the United States (includes nonrated industrial development obligations)	20,975	20,960	13,987	13,972	6,223	765
64 All other loans	135,918	107,129	127,653	98,865	7,484	780
65 Loans to foreign governments and official institutions	n.a.	n.a.	6,811	1,957	9	n.a.
66 Other loans	n.a.	n.a.	120,842	96,908	7,475	n.a.
67 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	21,057	1,518	n.a.
68 All other loans (excludes consumer loans)	n.a.	n.a	n.a.	75,851	5,957	n.a
69 Lease-financing receivables	161,085	155,119	149,615	143,649	10,790	680
70 Assets held in trading accounts	279,519		278,703		811	1
71 Premises and fixed assets (including capitalized leases)	73,771		45,828		22,677	5,266
72 Other real estate owned	3,105	n.a.	1,652	n.a.	1,154	299
73 Investments in unconsolidated subsidiaries and associated companies	9,371		8,919		403	50
74 Customers' liability on acceptances outstanding	9,292		9,076		214	2
75 Net due from own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	19,458	n.a.	19,458	n.a.	n.a.
76 Intangible assets	101,515	n.a.	87,232	n.a.	13,413	870
77 All other assets	249,066	n.a.	198,380	n.a.	45,506	5,180

4.20 DOMESTIC AND FOREIGN OFFICES Insured Commercial Bank Assets and Liabilities—Continued
Consolidated Report of Condition, September 30, 2000
Millions of dollars except as noted

Item	Total	Domestic total	Banks with foreign offices[1]		Banks with domestic offices only[2]	
			Total	Domestic	Over 100	Under 100
78 **Total liabilities, limited-life preferred stock, and equity capital**	**5,991,546**	n.a.	**4,167,981**	n.a.	**1,556,844**	**266,721**
79 **Total liabilities**	**5,480,528**	**4,777,677**	**3,827,322**	**3,124,472**	**1,414,916**	**238,289**
80 Total deposits	3,990,401	3,296,441	2,639,176	1,945,215	1,126,624	224,602
81 Individuals, partnerships, and corporations	3,555,181	3,069,559	2,309,114	1,823,492	1,043,541	202,527
82 U.S. government	n.a.	7,737	n.a.	6,728	872	137
83 States and political subdivisions in the United States	n.a.	150,981	n.a.	68,561	64,358	18,063
84 Commercial banks in the United States	100,601	33,820	91,848	25,068	7,748	1,004
85 Other depository institutions in the United States	n.a.	8,142	n.a.	3,402	3,341	1,399
86 Foreign banks, governments, and official institutions	141,849	9,602	141,312	9,065	525	11
87 Banks	n.a.	n.a.	103,410	8,038	521	n.a
88 Governments and official institutions	n.a.	n.a.	37,902	1,027	4	n.a.
89 Certified and official checks	17,825	16,599	10,126	8,900	6,239	1,461
90 Total transaction accounts		621,916		353,094	207,182	61,640
91 Individuals, partnerships, and corporations		526,894		294,175	178,901	53,818
92 U.S. government		1,489		1,114	322	53
93 States and political subdivisions in the United States		43,108		20,242	16,870	5,996
94 Commercial banks in the United States		24,370		20,221	3,923	226
95 Other depository institutions in the United States		2,711		1,967	668	75
96 Foreign banks, governments, and official institutions		6,745		6,475	259	11
97 Banks		n.a.		5,938	255	n.a.
98 Governments and official institutions		n.a.		537	4	n.a
99 Certified and official checks		16,599		8,900	6,239	1,461
100 Demand deposits (included in total transaction accounts)		484,062		314,282	136,615	33,165
101 Individuals, partnerships, and corporations		414,199		263,835	120,175	30,189
102 U.S. government		1,368		1,070	255	43
103 States and political subdivisions in the United States		18,095		11,818	5,115	1,162
104 Commercial banks in the United States	n.a.	24,363	n.a.	20,220	3,918	226
105 Other depository institutions in the United States		2,695		1,967	654	74
106 Foreign banks, governments, and official institutions		6,743		6,473	259	11
107 Banks		n.a.		5,938	255	n.a
108 Governments and official institutions		n.a.		536	4	n.a.
109 Certified and official checks		16,599		8,900	6,239	1,461
110 Total nontransaction accounts		2,674,525		1,592,122	919,442	162,961
111 Individuals, partnerships, and corporations		2,542,666		1,529,318	864,639	148,709
112 U.S. government		6,248		5,614	550	84
113 States and political subdivisions in the United States		107,873		48,319	47,488	12,066
114 Commercial banks in the United States		9,449		4,846	3,826	778
115 Other depository institutions in the United States		5,431		1,435	2,673	1,324
116 Foreign banks, governments, and official institutions		2,857		2,591	266	1
117 Banks		n.a.		2,101	266	n.a
118 Governments and official institutions		n.a.		490	0	n.a.
119 Federal funds purchased and securities sold under agreements to repurchase	457,647	426,278	369,047	337,678	85,125	3,475
120 Demand notes issued to the U.S. Treasury	37,835	37,835	34,985	34,985	2,758	91
121 Trading liabilities	195,336	n.a.	195,271	n.a.	64	0
122 Other borrowed money	537,689	492,579	362,272	317,162	167,602	7,815
123 Banks' liability on acceptances executed and outstanding	9,346	6,784	9,130	6,568	214	2
124 Notes and debentures subordinated to deposits	83,863	n.a.	79,674	n.a.	4,169	19
125 Net due to own foreign offices, Edge Act and agreement subsidiaries, and IBFs	n.a.	201,572	n.a.	201,572	n.a.	n.a.
126 All other liabilities	168,412	n.a.	137,768	n.a.	28,360	2,284
127 **Total equity capital**	**511,019**	n.a.	**340,659**	n.a	**141,928**	**28,432**
MEMO						
128 Trading assets at large banks[4]	279,248	132,420	278,683	131,854	565	
129 U.S. Treasury securities (domestic offices)		15,932		15,919	13	
130 U.S. government agency corporation obligations		5,816		5,714	102	
131 Securities issued by states and political subdivisions in the United States	n.a.	1,852	n.a.	1,670	181	n.a.
132 Mortgage-backed securities		5,622		5,526	97	
133 Other debt securities		24,428		24,417	11	
134 Other trading assets		13,222		13,152	70	
135 Trading assets in foreign banks	146,828	0	146,828	0	0	
136 Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts	65,548	65,548	65,457	65,457	91	n.a.
137 Total individual retirement (IRA) and Keogh plan accounts		156,092		81,421	63,536	11,135
138 Total brokered deposits		160,274		76,148	81,807	2,318
139 Fully insured brokered deposits		115,581		43,116	70,378	2,087
140 Issued in denominations of less than $100,000		20,434		4,694	14,614	1,125
141 Issued in denominations of $100,000, or in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	n.a.	95,147	n.a.	38,421	55,764	962
142 Money market deposit accounts (MMDAs)		933,241		637,835	269,294	26,112
143 Other savings deposits (excluding MMDAs)		419,155		262,802	136,885	19,468
144 Total time deposits of less than $100,000		782,658		378,205	322,393	82,060
145 Total time deposits of $100,000 or more		539,471		313,279	190,870	35,322
146 All negotiable order of withdrawal (NOW) accounts		135,992		38,787	69,319	27,887
147 Number of banks	8,350	8,350	159	n.a.	3,013	5,178

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

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

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

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

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

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

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 6–10, 2000

A. Commercial and industrial loans made by all commercial banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	8.15	118,805	765	374	41.0	8.9	24 9	71.7	Foreign
2 Minimal risk	7.54	6,845	1,103	390	49.3	14.9	62.4	90.3	Fed funds
3 Low risk	7.55	21,357	1,391	306	22.7	17.8	42.0	67.8	Fed funds
4 Moderate risk	8.33	36,786	663	447	37.2	8.0	26.6	78.9	Foreign
5 Other	8.85	22,404	524	309	37.3	5.1	12.7	73.1	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	9.39	18,618	425	468	58.2	12.8	4.1	55.6	Prime
7 Minimal risk	9.81	439	343	896	77.2	44.3	23.0	82.7	Prime
8 Low risk	7.97	2,189	705	535	68.9	50.0	8.3	48.3	Fed funds
9 Moderate risk	9.39	5,725	313	509	68.6	12.5	7.0	97.6	Prime
10 Other	10.34	2,979	212	631	69.8	7.5	2.3	96.3	Prime
11 Daily	7.84	50,383	1,031	207	32.7	10.1	26.8	62.8	Fed funds
12 Minimal risk	7.23	3,823	5,897	301	71.2	9.6	85.7	99.5	Fed funds
13 Low risk	7.51	10,527	3,306	271	15.8	17.6	37.2	52.8	Fed funds
14 Moderate risk	8.02	14,489	893	243	23.2	10.1	27.3	64.9	Fed funds
15 Other	8.38	9,226	627	153	25.5	6.3	3.6	52.6	Fed funds
16 2 to 30 days	7.99	27,080	1,464	329	27.7	4.7	44.5	85.8	Foreign
17 Minimal risk	7.12	1,486	2,562	459	9.0	6.9	56.9	86.1	Foreign
18 Low risk	7.39	5,900	3,778	281	11.1	8.2	69.2	92.7	Foreign
19 Moderate risk	8.04	10,025	1,345	391	24.3	3.5	39.4	87.2	Foreign
20 Other	8.90	5,734	936	313	39.8	2.1	28.4	82.5	Foreign
21 31 to 365 days	7.93	17,383	624	382	54.9	3.5	18.7	89.9	Foreign
22 Minimal risk	7.82	770	240	251	21.7	5.0	6.3	53.3	Other
23 Low risk	7.66	2,501	416	254	34.2	12.9	31.0	88.6	Foreign
24 Moderate risk	8.35	4,878	598	750	52.0	3.1	28.7	90.8	Foreign
25 Other	8.65	3,926	917	339	31.1	1.2	20.1	87.6	Foreign
				Months					
26 More than 365 days	7.97	4,502	347	67	83.0	11.3	2.1	77.5	Other
27 Minimal risk	9.25	324	721	25	2.5	97.9	6	98.9	Domestic
28 Low risk	8.36	203	149	67	69.5	2.2	4.8	65.1	Other
29 Moderate risk	9.05	1,447	345	52	87.2	7.0	3.7	44.7	Prime
30 Other	9.13	287	122	61	68.5	3.9	5.8	87.0	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	10.32	2,635	3.2	140	83.1	27.5	2.2	77.9	Prime
32 100–999	9.65	10,346	3.2	107	69.7	17.0	6.9	84.9	Prime
33 1,000–9,999	8.48	34,445	3 0	63	42.5	7.3	22.8	78.3	Foreign
34 10,000 or more	7.69	71,379	2.8	103	34.6	7.7	29.4	66.3	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	10.12	20,739	3.3	83	70.1	17.7	3.7	75.3	210
36 Fed funds	7.43	30,753	2.8	11	35.6	7.9	16.0	47.4	7,819
37 Other domestic	7.61	14,503	2.4	31	12.3	20.3	69.3	72.9	3,002
38 Foreign	7.97	31,403	2.9	40	29.8	2.9	39.9	82.2	2,798
39 Other	7.88	21,407	3.1	343	56.5	2.6	6.3	86.8	589

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 6–10, 2000

B. Commercial and industrial loans made by all domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent): Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	Most common base pricing rate[4]
				Days					
LOAN RISK[5]									
1 All commercial and industrial loans	8.50	72,874	496	475	43.5	12.9	24.3	75.5	Foreign
2 Minimal risk	7.58	5,985	1,004	416	56.0	17.0	66.2	88.9	Fed funds
3 Low risk	7.57	14,387	1,005	372	30.3	24.9	47.4	76.4	Foreign
4 Moderate risk	8.55	26,200	490	569	43.7	9.8	22.6	89.2	Prime
5 Other	9.69	10,890	277	522	63.0	7.8	8.5	87.4	Prime
By maturity/repricing interval[6]									
6 Zero interval	9.37	18,216	422	457	57.5	13.0	2.8	54.6	Prime
7 Minimal risk	9.81	432	340	909	76.8	45.1	23.4	82.4	Prime
8 Low risk	7.97	2,187	708	535	68.9	49.9	8.3	48.3	Fed funds
9 Moderate risk	9.36	5,440	300	486	67.1	13.1	2.8	97.5	Prime
10 Other	10.32	2,872	210	615	70.1	7.7	2.3	96.3	Prime
11 Daily	8.03	27,728	594	317	38.7	15.8	33.0	77.1	Domestic
12 Minimal risk	7.23	3,627	5,977	313	75.1	10.1	88.5	99.5	Fed funds
13 Low risk	7.35	6,090	2,070	380	27.0	29.1	54.3	72.7	Domestic
14 Moderate risk	8.20	8,776	562	312	31.8	12.5	29.2	85.7	Domestic
15 Other	9.38	3,721	266	279	53.5	9.5	1.4	73.7	Prime
16 2 to 30 days	8.15	17,110	1,048	431	28.7	7.4	41.5	93.8	Foreign
17 Minimal risk	7.10	1,088	2,211	509	10.9	9.4	55.6	81.0	Foreign
18 Low risk	7.47	4,676	3,471	291	11.3	10.4	67.7	91.9	Foreign
19 Moderate risk	8.19	7,268	1,064	495	26.9	4.8	38.3	96.4	Foreign
20 Other	9.65	2,790	531	490	68.6	4.2	19.5	97.2	Foreign
21 31 to 365 days	8.65	6,559	263	782	49.8	7.3	13.2	82.9	Foreign
22 Minimal risk	8.11	513	165	313	32.6	7.4	9.1	29.9	Other
23 Low risk	8.11	1,194	219	220	42.7	15.9	12.6	87.9	Foreign
24 Moderate risk	8.75	3,055	405	1,128	54.3	4.8	11.7	88.1	Foreign
25 Other	9.28	1,054	335	834	55.7	4.4	23.1	84.6	Foreign
				Months					
26 More than 365 days	9.05	2,699	210	52	71.7	18.8	3.3	62.5	Other
27 Minimal risk	9.25	323	736	25	2.5	98.1	.3	98.9	Domestic
28 Low risk	8.36	203	149	67	69.5	2.2	4.8	65.1	Other
29 Moderate risk	9.05	1,446	345	52	87.2	7.0	3.7	44.7	Prime
30 Other	9.14	284	121	61	68.2	3.3	5.7	86.9	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	10.34	2,585	3.2	142	83.9	27.6	1.9	77.8	Prime
32 100–999	9.77	9,165	3.2	112	73.4	17.3	4.1	84.7	Prime
33 1,000–9,999	8.80	22,750	3.0	69	46.0	8.4	16.1	77.5	Prime
34 10,000 or more	7.89	38,375	2.5	56	32.1	13.6	35.5	72.0	Foreign
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	10.13	18,777	3.3	88	71.9	14.5	1.4	74.2	194
36 Fed funds	7.31	9,886	2.3	15	56.3	24.6	32.1	55.6	5,326
37 Other domestic	7.52	10,560	2.3	40	14.9	27.8	58.2	88.6	2,457
38 Foreign	8.14	20,273	2.8	37	30.7	3.8	33.8	73.8	2,446
39 Other	8.40	13,379	3.0	160	36.0	4.1	9.6	84.5	376

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 6–10, 2000

C. Commercial and industrial loans made by large domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
Loan risk[5]									
1 All commercial and industrial loans	8.40	66,315	880	454	40.9	12.6	26.3	75.5	Foreign
2 Minimal risk	7.49	5,173	4,460	421	58.2	18.3	75.6	99.2	Fed funds
3 Low risk	7.43	13,210	3,278	352	27.6	26.6	51.6	76.2	Domestic
4 Moderate risk	8.46	24,309	864	553	41.3	8.8	23.7	89.7	Foreign
5 Other	9.63	9,478	407	487	59.8	6.9	9.3	87.5	Prime
By maturity/repricing interval[6]									
6 Zero interval	9.30	15,854	714	448	54.2	11.5	2.7	49.7	Prime
7 Minimal risk	9.91	283	1,070	815	67.7	65.8	17.0	99.1	Prime
8 Low risk	7.67	1,740	1,957	539	75.4	61.3	10.2	39.4	Fed funds
9 Moderate risk	9.28	4,730	441	479	64.2	9.9	3.0	98.5	Prime
10 Other	10.35	2,247	307	651	63.7	4.9	2.7	97.9	Prime
11 Daily	7.95	26,556	757	309	37.1	15.7	34.3	76.5	Domestic
12 Minimal risk	7.23	3,619	9,799	313	75.2	10.0	88.7	99.5	Fed funds
13 Low risk	7.31	5,868	3,441	376	26.1	29.8	56.4	72.1	Domestic
14 Moderate risk	8.08	8,329	767	300	29.2	11.9	30.3	85.5	Domestic
15 Other	9.27	3,409	336	258	50.8	9.1	1.4	72.3	Prime
16 2 to 30 days	8.15	16,147	1,506	446	27.8	7.5	43.5	95.1	Foreign
17 Minimal risk	7.18	861	3,825	622	7.7	9.4	70.2	97.9	Foreign
18 Low risk	7.47	4,542	4,952	289	10.0	10.7	69.7	91.7	Foreign
19 Moderate risk	8.17	7,004	1,827	505	26.2	4.8	38.6	96.8	Foreign
20 Other	9.65	2,653	699	501	67.6	4.1	20.5	97.7	Foreign
21 31 to 365 days	8.51	5,310	1,672	879	47.1	6.6	15.8	90.9	Foreign
22 Minimal risk	7.29	92	462	438	33.3	.6	50.4	100.0	Foreign
23 Low risk	7.55	896	2,880	244	28.6	19.5	16.8	91.2	Foreign
24 Moderate risk	8.65	2,875	2,628	1,159	52.5	4.8	11.9	90.4	Foreign
25 Other	9.26	912	1,208	827	54.2	2.3	25.2	87.3	Foreign
				Months					
26 More than 365 days	8.82	1,911	1,227	40	70.6	18.6	3.6	62.1	Other
27 Minimal risk	9.23	316	4,732	25	.4	99.3	.3	100.0	Domestic
28 Low risk	7.66	128	1,435	45	56.2	3.5	7.6	97.9	Other
29 Moderate risk	8.96	1,166	2,058	46	93.3	2.8	4.2	39.9	Prime
30 Other	8.47	90	288	48	67.3	.5	4.6	93.1	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
Size of loan (thousands of dollars)									
31 1–99	10.16	1,347	3.4	39	83.4	30.3	1.9	87.8	Prime
32 100–999	9.70	6,823	3.3	43	69.6	16.2	3.6	87.2	Prime
33 1,000–9,999	8.82	20,192	3.1	40	45.3	8.0	18.0	77.8	Prime
34 10,000 or more	7.88	37,952	2.5	56	31.9	13.7	35.7	71.8	Foreign
									Average size (thousands of dollars)
Base rate of loan[4]									
35 Prime[7]	10.08	15,485	3.3	72	69.7	12.7	1.2	71.6	278
36 Fed funds	7.29	9,705	2.3	3	55.8	25.0	32.6	55.5	9,731
37 Other domestic	7.49	10,312	2.3	32	13.1	27.7	59.5	89.3	6,603
38 Foreign	8.13	19,343	2.8	28	30.1	3.9	34.8	72.9	2,661
39 Other	8.34	11,470	3.1	112	32.7	2.9	10.8	89.7	1,169

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 6–10, 2000

D. Commercial and industrial loans made by small domestic banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	9.48	6,560	92	684	69.4	16.6	3.9	75.6	Prime
2 Minimal risk	8.14	812	169	383	41.7	9.1	6.5	23.0	Other
3 Low risk	9.05	1,177	114	570	60.0	5.8	.3	79.5	Prime
4 Moderate risk	9.80	1,891	75	782	75.6	23.9	8.2	82.4	Prime
5 Other	10.05	1,412	88	752	84.5	14.0	2.5	86.5	Prime
By maturity/repricing interval[6]									
6 Zero interval	9.84	2,362	112	511	79.9	23.0	3.1	87.8	Prime
7 Minimal risk	9.61	149	148	1,090	93.9	5.8	35.6	50.8	Domestic
8 Low risk	9.14	447	203	529	43.5	5.8	.6	83.0	Prime
9 Moderate risk	9.87	709	96	530	86.3	34.7	1.7	91.1	Prime
10 Other	10.23	625	99	498	93.3	18.0	.9	90.6	Prime
11 Daily	9.98	1,171	101	516	75.3	16.6	4.0	90.0	Prime
12 Minimal risk	8.81	8	35	334	42.6	30.2	*	100.0	Other
13 Low risk	8.63	222	179	463	51.2	11.7	.5	87.7	Prime
14 Moderate risk	10.36	447	94	547	81.5	24.4	9.2	89.2	Prime
15 Other	10.49	312	81	521	83.3	13.4	1.4	88.4	Prime
16 2 to 30 days	8.21	963	172	178	42.9	5.1	8.5	72.8	Foreign
17 Minimal risk	6.81	227	850	38	22.9	9.5	*	17.0	Other
18 Low risk	7.49	134	313	354	55.3	.2	*	96.5	Foreign
19 Moderate risk	8.77	264	88	233	45.6	4.7	31.2	87.0	Foreign
20 Other	9.72	138	94	278	89.6	6.2	.0	87.2	Prime
21 31 to 365 days	9.25	1,249	57	372	61.5	9.9	2.4	49.2	Other
22 Minimal risk	8.28	421	144	286	32.4	8.9	.0	14.6	Other
23 Low risk	9.80	298	58	149	85.0	5.2	*	77.8	Prime
24 Moderate risk	10.30	179	28	639	83.5	3.6	8.3	52.0	Other
25 Other	9.43	142	59	874	64.9	17.8	9.8	67.5	Other
				Months					
26 More than 365 days	9.60	788	70	81	74.3	19.4	2.7	63.6	Other
27 Minimal risk	*	*		*		*	*	*	*
28 Low risk	9.54	75	59	103	92.1	*	.1	9.6	Prime
29 Moderate risk	9.40	281	77	74	61.5	24.4	1.7	64.7	Other
30 Other	9.44	194	96	68	68.6	4.7	6.1	84.0	Other
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	10.53	1,238	3.0	248	84.4	24.7	1.9	66.9	Prime
32 100–999	9.96	2,341	2.9	309	84.3	20.5	5.4	77.2	Prime
33 1,000–9,999	8.64	2,558	2.6	299	51.4	12.0	1.6	75.3	Other
34 10,000 or more	8.87	423	2.9	3	51.3	*	15.0	94.6	Prime
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	10.36	3,292	3.1	167	82.2	23.0	2.5	86.0	80
36 Fed funds	8.42	181	2.6	612	80.7	6.2	2.0	59.2	211
37 Other domestic	9.10	248	2.1	363	89.2	32.9	3.2	58.7	91
38 Foreign	8.17	930	2.9	213	43.8	1.9	11.9	92.7	912
39 Other	8.76	1,909	2.3	448	56.1	11.7	2.7	53.2	74

Footnotes appear at end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 6–10, 2000

E. Commercial and industrial loans made by U.S. branches and agencies of foreign banks[1]

Item	Weighted-average effective loan rate (percent)[2]	Amount of loans (millions of dollars)	Average loan size (thousands of dollars)	Weighted-average maturity[3]	Amount of loans (percent)				Most common base pricing rate[4]
				Days	Secured by collateral	Callable	Subject to prepayment penalty	Made under commitment	
LOAN RISK[5]									
1 All commercial and industrial loans	7.59	45,930	5,445	223	37.0	2.4	25.9	65.6	Fed funds
2 Minimal risk	7.24	860	3,529	211	2.8	*	36.0	100.0	Foreign
3 Low risk	7.53	6,970	6,711	191	7.0	3.0	30.8	49.9	Fed funds
4 Moderate risk	7.77	10,587	5,245	151	20.9	3.5	36.4	53.3	Fed funds
5 Other	8.06	11,514	3,413	122	13.1	2.5	16.7	59.6	Fed funds
By maturity/repricing interval[6]									
6 Zero interval	10.32	403	706	930	87.6	1.8	62.7	98.3	Prime
7 Minimal risk	*	*		*		*	*	*	*
8 Low risk	*	*		*		*	*	*	*
9 Moderate risk	10.12	285	1,836	935	96.9	1.9	88.2	99.1	Prime
10 Other	10.88	108	277	993	61.9	*	.6	97.5	Prime
11 Daily	7.61	22,655	10,148	81	25.3	3.1	19.1	45.4	Fed funds
12 Minimal risk	*	*		*		*	*	*	*
13 Low risk	7.73	4,437	18,341	147	.4	1.8	13.7	25.6	Fed funds
14 Moderate risk	7.74	5,714	9,262	137	9.9	6.3	24.5	33.0	Fed funds
15 Other	7.70	5,505	7,640	71	6.6	4.1	5.1	38.3	Fed funds
16 2 to 30 days	7.71	9,970	4,583	158	25.9	.1	49.5	72.0	Foreign
17 Minimal risk	7.18	398	4,522	323	4.1	*	60.6	100.0	Foreign
18 Low risk	7.07	1,224	5,710	247	10.2	*	74.7	95.8	Foreign
19 Moderate risk	7.63	2,758	4,397	118	17.6	*	42.3	63.1	Foreign
20 Other	8.20	2,944	3,374	153	12.5	.2	36.9	68.6	Foreign
21 31 to 365 days	7.49	10,824	3,709	141	58.0	1.3	22.1	94.1	Foreign
22 Minimal risk	7.24	256	2,749	126	*	*	.7	100.0	Foreign
23 Low risk	7.25	1,307	2,306	285	26.5	10.1	47.8	89.3	Foreign
24 Moderate risk	7.68	1,823	2,997	128	48.1	.4	57.1	95.2	Foreign
25 Other	8.42	2,871	2,537	154	22.1	*	19.0	88.7	Foreign
				Months					
26 More than 365 days	6.36	1,803	15,120	88	100.0	.1	.1	100.0	Other
27 Minimal risk	*	*		*		*	*	*	*
28 Low risk	*	*		*		*	*	*	*
29 Moderate risk	*	*		*		*	*	*	*
30 Other	*	*		*		*	*	*	*
			Weighted-average risk rating[5]	Weighted-average maturity/repricing interval[6]					
				Days					
SIZE OF LOAN (thousands of dollars)									
31 1–99	9.34	50	3.5	49	41.7	21.0	19.9	85.6	Prime
32 100–999	8.71	1,181	3.6	64	41.6	14.5	29.0	87.2	Foreign
33 1,000–9,999	7.85	11,695	3.1	49	35.6	5.2	35.8	79.9	Foreign
34 10,000 or more	7.46	33,004	3.2	159	37.4	.9	22.3	59.7	Fed funds
									Average size (thousands of dollars)
BASE RATE OF LOAN[4]									
35 Prime[7]	10.05	1,962	3.5	20	52.4	48.1	24.9	86.1	937
36 Fed funds	7.50	20,867	3.1	9	25.8	*	8.4	43.6	10,046
37 Other domestic	7.83	3,943	2.7	6	5.4	.0	99.1	30.7	7,385
38 Foreign	7.68	11,130	3.1	45	28.1	1.3	51.1	97.5	3,796
39 Other	7.01	8,028	4.8	641	90.5	*	9	90.6	10,056

Footnotes appear at end of table.

NOTES TO TABLE 4.23

NOTE. The Survey of Terms of Business Lending collects data on gross loan extensions made during the first full business week in the mid-month of each quarter. The authorized panel size for the survey is 348 domestically chartered commercial banks and 50 U.S. branches and agencies of foreign banks. The sample data are used to estimate the terms of loans extended during that week at all domestic commercial banks and all U.S. branches and agencies of foreign banks. Note that the terms on loans extended during the survey week may differ from those extended during other weeks of the quarter. The estimates reported here are not intended to measure the average terms on all business loans in bank portfolios.

1. As of December 31, 1996, assets of most of the large banks were at least $7.0 billion. Median total assets for all insured banks were roughly $62 million. Assets at all U.S. branches and agencies averaged 1.3 billion.

2. Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loans and weighted by loan amount. The standard error of the loan rate for all commercial and industrial loans in the current survey (line 1, column 1) is 0.21 percentage point. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of the universe of all banks.

3. Average maturities are weighted by loan amount and exclude loans with no stated maturities.

4. The most common base pricing rate is that used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "base" or "reference" rate); the federal funds rate; domestic money market rates other than the prime rate and the federal funds rate; foreign money market rates; and other base rates not included in the foregoing classifications.

5. A complete description of these risk categories is available from the Banking Analysis Section, Mail Stop 81, Board of Governors of the Federal Reserve System, Washington, DC 20551. The category "Moderate risk" includes the average loan, under average economic conditions, at the typical lender. The category "Other" includes loans rated "acceptable" as well as special mention or classified loans. The weighted-average risk ratings published for loans in rows 31–39 are calculated by assigning a value of "1" to minimal risk loans; "2" to low risk loans; "3" to moderate risk loans, "4" to acceptable risk loans; and "5" to special mention and classified loans. These values are weighted by loan amount and exclude loans with no risk rating. Some of the loans in lines 1, 6, 11, 16, 21, 26, and 31–39 are not rated for risk.

6. The maturity/repricing interval measures the period from the date the loan is made until it first may reprice or it matures. For floating-rate loans that are subject to repricing at any time—such as many prime-based loans—the maturity/repricing interval is zero. For floating-rate loans that have a scheduled repricing interval, the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it is next scheduled to reprice. For loans having rates that remain fixed until the loan matures (fixed-rate loans), the maturity/repricing interval measures the number of days between the date the loan is made and the date on which it matures. Loans that reprice daily mature or reprice on the business day after they are made. Owing to weekends and holidays, such loans may have maturity/repricing intervals in excess of one day; such loans are not included in the "2 to 30 day" category.

7. For the current survey, the average reported prime rate, weighted by the amount of loans priced relative to a prime base rate, was 9.51 percent for all banks; 9.50 percent for large domestic banks, 9.56 percent for small domestic banks; and 9.50 percent for U.S. branches and agencies of foreign banks.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 2000[1]

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
1 **Total assets**[4]	**941,110**	**183,880**	**776,872**	**154,401**	**25,985**	**6,445**	**45,990**	**4,969**
2 Claims on nonrelated parties	751,152	77,500	609,470	67,217	25,371	1,796	45,969	2,811
3 Cash and balances due from depository institutions	78,279	36,171	72,521	32,855	905	262	3,312	2,729
4 Cash items in process of collection and unposted debits	2,534	0	2,477	0	3	0	28	0
5 Currency and coin (U.S. and foreign)	16	n.a.	11	n.a.	1	n.a.	0	n.a.
6 Balances with depository institutions in United States	51,207	14,744	48,283	13,940	695	85	832	423
7 U.S. branches and agencies of other foreign banks (including IBFs)	44,731	14,059	42,341	13,370	542	85	722	333
8 Other depository institutions in United States (including IBFs)	6,475	685	5,942	570	153	0	110	90
9 Balances with banks in foreign countries and with foreign central banks	24,194	21,427	21,512	18,915	180	177	2,441	2,306
10 Foreign branches of U.S. banks	836	764	814	743	0	0	18	18
11 Banks in home country and home-country central banks	6,739	6,122	6,650	6,044	38	38	35	35
12 All other banks in foreign countries and foreign central banks	16,619	14,540	14,048	12,127	141	139	2,388	2,254
13 Balances with Federal Reserve Banks	329	n.a.	237	n.a.	27	n.a.	11	n.a.
14 **Total securities and loans**	**431,156**	**33,907**	**338,569**	**27,258**	**23,637**	**1,462**	**31,555**	**26**
15 Total securities, book value	104,740	3,995	96,418	3,494	1,184	453	5,589	11
16 U.S. Treasury	12,613	n.a.	11,810	n.a.	59	n.a.	728	n.a.
17 Obligations of U.S. government agencies and corporations	44,512	n.a.	42,071	n.a.	174	n.a.	2,064	n.a.
18 Other bonds, notes, debentures, and corporate stock (including state and local securities)	47,615	3,995	42,537	3,494	952	453	2,797	11
19 Securities of foreign governmental units	9,858	1,982	9,530	1,891	175	78	11	11
20 All Other	37,757	2,013	33,008	1,603	777	375	2,785	0
21 Federal funds sold and securities purchased under agreements to resell	105,167	5,397	101,699	5,297	302	33	2,435	0
22 U.S. branches and agencies of other foreign banks	10,692	3,020	9,907	2,946	159	8	251	0
23 Commercial banks in United States	13,287	60	12,409	34	89	25	434	0
24 Other	81,188	2,317	79,383	2,317	55	0	1,750	0
25 Total loans, gross	326,783	29,956	242,425	23,802	22,494	1,010	25,984	15
26 LESS: Unearned income on loans	367	45	274	38	41	1	18	0
27 EQUALS: Loans, net	326,416	29,912	242,151	23,764	22,453	1,009	25,966	15
Total loans, gross, by category								
28 Real estate loans	17,399	90	12,478	90	3,075	0	134	0
29 Loans to depository institutions	22,541	13,960	15,931	9,850	1,393	807	164	11
30 Commercial banks in United States (including IBFs)	5,809	2,442	4,123	1,769	1,169	611	1	0
31 U.S. branches and agencies of other foreign banks	3,730	2,142	2,293	1,470	1,107	611	0	0
32 Other commercial banks in United States	2,079	299	1,831	299	62	0	1	0
33 Other depository institutions in United States (including IBFs)	15	0	0	0	0	0	0	0
34 Banks in foreign countries	16,717	11,518	11,807	8,081	225	196	164	11
35 Foreign branches of U.S. banks	939	617	900	582	0	0	0	0
36 Other banks in foreign countries	15,779	10,901	10,908	7,499	225	196	164	11
37 Loans to other financial institutions	49,069	1,807	38,036	1,565	1,253	0	5,285	0
38 Commercial and industrial loans	211,915	11,956	153,356	10,330	16,152	180	18,782	0
39 U.S. addressees (domicile)	173,924	31	126,257	31	14,772	0	16,531	0
40 Non-U.S. addressees (domicile)	37,991	11,925	27,099	10,299	1,380	180	2,251	0
41 Acceptances of other banks	686	12	150	12	33	0	501	0
42 U.S. banks	8	0	3	0	3	0	0	0
43 Foreign banks	678	12	147	12	30	0	501	0
44 Loans to foreign governments and official institutions (including foreign central banks)	3,620	2,014	3,041	1,864	139	23	237	3
45 Loans for purchasing or carrying securities (secured and unsecured)	12,596	12	12,246	12	0	0	0	0
46 All other loans	8,088	105	6,949	78	449	0	250	0
47 Lease financing receivables (net of unearned income)	868	0	238	0	0	0	630	0
48 U.S. addressees (domicile)	868	0	238	0	0	0	630	0
49 Non-U.S. addressees (domicile)	0	0	0	0	0	0	0	0
50 Trading assets	102,510	625	66,556	625	43	0	6,782	0
51 All other assets	34,040	1,400	30,126	1,182	484	39	1,885	56
52 Customers' liabilities on acceptances outstanding	1,406	n.a.	995	n.a.	147	n.a.	228	n.a.
53 U.S. addressees (domicile)	723	n.a.	566	n.a.	144	n.a.	12	n.a.
54 Non-U.S. addressees (domicile)	683	n.a.	429	n.a.	3	n.a.	216	n.a.
55 Other assets including other claims on nonrelated parties	32,634	1,400	29,131	1,182	336	39	1,657	56
56 Net due from related depository institutions[5]	189,958	106,380	167,402	87,184	613	4,649	20	2,158
57 Net due from head office and other related depository institutions[5]	189,958	n.a.	167,402	n.a.	613	n.a.	20	n.a.
58 Net due from establishing entity, head office, and other related depository institutions[5]	n.a.	106,380	n.a.	87,184	n.a.	4,649	n.a.	2,158
59 **Total liabilities**[4]	**941,110**	**183,880**	**776,872**	**154,401**	**25,985**	**6,445**	**45,990**	**4,969**
60 Liabilities to nonrelated parties	823,043	164,220	704,302	137,701	10,416	6,310	34,544	3,309

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 2000[1]—Continued

Millions of dollars except as noted

Item	All states[2] Total excluding IBFs[3]	All states[2] IBFs only[3]	New York Total excluding IBFs	New York IBFs only	California Total excluding IBFs	California IBFs only	Illinois Total excluding IBFs	Illinois IBFs only
61 Total deposits and credit balances	376,632	121,299	319,971	106,288	3,012	1,072	11,753	2,142
62 Individuals, partnerships, and corporations	286,493	10,648	237,872	5,356	2,542	181	9,498	28
63 U.S. addressees (domicile)	270,860	1	228,877	0	1,008	0	9,418	0
64 Non-U.S. addressees (domicile)	15,633	10,647	8,995	5,356	1,534	181	80	28
65 Commercial banks in United States (including IBFs)	43,443	15,813	38,633	14,972	325	87	721	168
66 U.S. branches and agencies of other foreign banks	19,590	14,130	16,010	13,366	0	87	295	163
67 Other commercial banks in United States	23,853	1,683	22,623	1,606	325	0	426	5
68 Banks in foreign countries	6,363	67,898	6,085	65,726	10	78	150	439
69 Foreign branches of U.S. banks	1,434	4,619	1,433	4,532	0	0	0	87
70 Other banks in foreign countries	4,930	63,278	4,652	61,193	10	78	150	352
71 Foreign governments and official institutions (including foreign central banks)	20,795	26,903	18,952	20,196	9	726	1,382	1,507
72 All other deposits and credit balances	19,054	37	17,967	37	120	0	0	0
73 Certified and official checks	484		462		6		1	
74 Transaction accounts and credit balances (excluding IBFs)	8,524		6,805		349		208	
75 Individuals, partnerships, and corporations	6,912		5,413		331		206	
76 U.S. addressees (domicile)	4,807		4,223		222		188	
77 Non-U.S. addressees (domicile)	2,105		1,190		109		18	
78 Commercial banks in United States (including IBFs)	40		36		0		0	
79 U.S. branches and agencies of other foreign banks	3		3		0		0	
80 Other commercial banks in United States	37		33		0		0	
81 Banks in foreign countries	577		467		10		0	
82 Foreign branches of U.S. banks	2		1		0		0	
83 Other banks in foreign countries	576		466		10		0	
84 Foreign governments and official institutions (including foreign central banks)	362		319		1		1	
85 All other deposits and credit balances	149		108		1		0	
86 Certified and official checks	484		462		6		1	
87 Demand deposits (included in transaction accounts and credit balances)	7,965		6,506		279		205	
88 Individuals, partnerships, and corporations	6,442		5,200		261		203	
89 U.S. addressees (domicile)	4,617		4,139		195		185	
90 Non-U.S. addressees (domicile)	1,824		1,061		66		18	
91 Commercial banks in United States (including IBFs)	35	n.a.	31	n.a.	0	n.a.	0	n.a.
92 U.S. branches and agencies of other foreign banks	2		1		0		0	
93 Other commercial banks in United States	33		30		0		0	
94 Banks in foreign countries	564		454		10		0	
95 Foreign branches of U.S. banks	1		0		0		0	
96 Other banks in foreign countries	563		454		10		0	
97 Foreign governments and official institutions (including foreign central banks)	357		314		1		1	
98 All other deposits and credit balances	85		46		0		0	
99 Certified and official checks	484		462		6		1	
100 Nontransaction accounts (including MMDAs, excluding IBFs)	368,108		313,166		2,662		11,544	
101 Individuals, partnerships, and corporations	279,581		232,459		2,211		9,292	
102 U.S. addressees (domicile)	266,052		224,654		786		9,230	
103 Non-U.S. addressees (domicile)	13,528		7,805		1,425		62	
104 Commercial banks in United States (including IBFs)	43,403		38,597		325		721	
105 U.S. branches and agencies of other foreign banks	19,586		16,007		0		295	
106 Other commercial banks in United States	23,816		22,589		325		426	
107 Banks in foreign countries	5,786		5,618		0		150	
108 Foreign branches of U.S. banks	1,432		1,432		0		0	
109 Other banks in foreign countries	4,354		4,186		0		150	
110 Foreign governments and official institutions (including foreign central banks)	20,434		18,633		9		1,381	
111 All other deposits and credit balances	18,905		17,859		119		0	
112 IBF deposit liabilities		121,299		106,288		1,072		2,142
113 Individuals, partnerships, and corporations		10,648		5,356		181		28
114 U.S. addressees (domicile)		1		0		0		0
115 Non-U.S. addressees (domicile)		10,647		5,356		181		28
116 Commercial banks in United States (including IBFs)		15,813		14,972		87		168
117 U.S. branches and agencies of other foreign banks		14,130		13,366		87		163
118 Other commercial banks in United States	n.a.	1,683	n.a.	1,606	n.a.	0	n.a.	5
119 Banks in foreign countries		67,898		65,726		78		439
120 Foreign branches of U.S. banks		4,619		4,532		0		87
121 Other banks in foreign countries		63,278		61,193		78		352
122 Foreign governments and official institutions (including foreign central banks)		26,903		20,196		726		1,507
123 All other deposits and credit balances		37		37		0		0

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 2000[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total including IBFs[3]	IBFs only[3]	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
124 Federal funds purchased and securities sold under agreements to repurchase	153,661	17,238	144,256	12,105	978	567	3,361	983
125 U.S. branches and agencies of other foreign banks	9,448	2,295	8,065	1,710	329	250	858	271
126 Other commercial banks in United States	8,756	422	7,768	191	291	48	168	83
127 Other	135,457	14,521	128,423	10,203	358	269	2,335	629
128 Other borrowed money	74,032	23,968	57,783	17,746	4,998	4,630	4,940	169
129 Owed to nonrelated commercial banks in United States (including IBFs)	11,546	4,470	9,633	3,385	1,131	952	253	10
130 Owed to U.S. offices of nonrelated U.S. banks	5,009	777	4,377	516	346	257	72	0
131 Owed to U.S. branches and agencies of nonrelated foreign banks	6,537	3,693	5,256	2,870	785	696	182	10
132 Owed to nonrelated banks in foreign countries	15,975	13,536	11,530	9,315	3,011	2,991	270	159
133 Owed to foreign branches of nonrelated U.S. banks	1,274	1,122	937	798	315	315	0	0
134 Owed to foreign offices of nonrelated foreign banks	14,701	12,414	10,592	8,518	2,696	2,677	270	159
135 Owed to others	46,511	5,962	36,621	5,046	856	686	4,418	0
136 All other liabilities	97,420	1,715	76,004	1,562	356	42	12,348	14
137 Branch or agency liability on acceptances executed and outstanding	1,743	n.a.	1,143	n.a.	148	n.a.	402	n.a.
138 Trading liabilities	68,049	39	51,475	39	41	0	10,676	0
139 Other liabilities to nonrelated parties	27,628	1,676	23,386	1,523	167	42	1,271	14
140 Net due to related depository institutions[5]	118,067	19,659	72,570	16,700	15,568	135	11,446	1,660
141 Net due to head office and other related depository institutions[5]	118,067	n.a.	72,570	n.a.	15,568	n.a.	11,446	n.a.
142 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	19,659	n.a.	16,700	n.a.	135	n.a.	1,660
MEMO								
143 Non-interest-bearing balances with commercial banks in United States	934	0	801	0	32	0	9	0
144 Holding of own acceptances included in commercial and industrial loans	1,687		1,217		133		231	
145 Commercial and industrial loans with remaining maturity of one year or less (excluding those in nonaccrual status)	99,896		68,237		8,187		9,053	
146 Predetermined interest rates	56,324	n.a.	36,799	n.a.	4,082	n.a.	6,770	n.a.
147 Floating interest rates	43,571		31,438		4,106		2,283	
148 Commercial and industrial loans with remaining maturity of more than one year (excluding those in nonaccrual status)	109,782		83,616		7,584		9,609	
149 Predetermined interest rates	29,521		20,103		976		6,636	
150 Floating interest rates	80,261		63,513		6,609		2,973	

Footnotes appear at end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 2000[1]—Continued

Millions of dollars except as noted

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs[3]	IBFs only[3]	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only	Total excluding IBFs	IBFs only
151 Components of total nontransaction accounts, included in total deposits and credit balances (excluding IBFs)	370,830	n.a.	317,076	n.a.	2,504	n.a.	11,487	n.a.
152 Time deposits of $100,000 or more	364,354	n.a.	310,663	n.a.	2,479	n.a.	11,485	n.a.
153 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	6,477	n.a.	6,413	n.a.	24	n.a.	2	n.a.
	All states[2]		**New York**		**California**		**Illinois**	
	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only	Total including IBFs	IBFs only
154 Immediately available funds with a maturity greater than one day included in other borrowed money	27,185	n.a.	24,082	n.a.	2,156	n.a.	292	n.a.
155 Number of reports filed[6]	344	0	180	0	70	0	28	0

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." The form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve monthly statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items

2. Includes the District of Columbia.

3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate international banking facilities (IBFs). Since December 31, 1985, data for IBFs have been reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings The notation "n.a." indicates that no IBF data have been reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. Total assets and total liabilities include *net* balances, if any, due from or owed to related banking institutions in the United States and in foreign countries (see note 5). On the former monthly branch and agency report, available through the G.11 monthly statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

5. Related depository institutions includes the foreign head office and other U.S and foreign branches and agencies of a bank, a bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

6. In some cases, two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

4.31 PRO FORMA FINANCIAL STATEMENTS FOR FEDERAL RESERVE PRICED SERVICES

A. Pro forma balance sheet

Millions of dollars

Item	Sept. 30, 2000		Sept. 30, 1999	
Short-term assets (Note 1)				
Imputed reserve requirement on clearing balances	603.4		680.5	
Investment in marketable securities	5,430.6		6,124.5	
Receivables	71.8		70.7	
Materials and supplies	3.2		4.3	
Prepaid expenses	22.9		21.0	
Items in process of collection	3,152.5		3,532.6	
Total short-term assets		9,284.4		10,433.7
Long-term assets (Note 2)				
Premises	459.9		418.8	
Furniture and equipment	163.2		145.7	
Leases and leasehold improvements	46.1		40.9	
Prepaid pension costs	629.4		516.4	
Total long-term assets		1,298.5		1,121.8
Total assets		**10,582.9**		**11,555.5**
Short-term liabilities				
Clearing balances and balances arising from early credit of uncollected items	5,718.1		7,076.8	
Deferred-availability items	3,468.4		3,260.9	
Short-term debt	97.9		96.0	
Total short-term liabilities		9,284.4		10,433.7
Long-term liabilities				
Obligations under capital leases	0.0		0.0	
Long-term debt	417.3		225.2	
Postretirement/postemployment benefits obligation	239.5		215.9	
Total long-term liabilities		656.7		441.1
Total liabilities		**9,941.1**		**10,874.7**
Equity		641.8		680.7
Total liabilities and equity (Note 3)		**10,582.9**		**11,555.5**

NOTE. Components may not sum to totals because of rounding. The priced services financial statements consist of these tables and the accompanying notes.

(1) SHORT-TERM ASSETS

The imputed reserve requirement on clearing balances held at Reserve Banks by depository institutions reflects a treatment comparable to that of compensating balances held at correspondent banks by respondent institutions. The reserve requirement imposed on respondent balances must be held as vault cash or as nonearning balances maintained at a Reserve Bank; thus, a portion of priced services clearing balances held with the Federal Reserve is shown as required reserves on the asset side of the balance sheet. The remainder of clearing balances is assumed to be invested in three-month Treasury bills, shown as investment in marketable securities.

Receivables are (1) amounts due the Reserve Banks for priced services and (2) the share of suspense-account and difference-account balances related to priced services.

Materials and supplies are the inventory value of short-term assets.

Prepaid expenses include salary advances and travel advances for priced-service personnel.

Items in process of collection is gross Federal Reserve cash items in process of collection (CIPC) stated on a basis comparable to that of a commercial bank. It reflects adjustments for intra-System items that would otherwise be double-counted on a consolidated Federal Reserve balance sheet; adjustments for items associated with non-priced items, such as those collected for government agencies; and adjustments for items associated with providing fixed availability or credit before items are received and processed. Among the costs to be recovered under the Monetary Control Act is the cost of float, or net CIPC during the period (the difference between gross CIPC and deferred-availability items which is the portion of gross CIPC that involves a financing cost), valued at the federal funds rate.

(2) LONG-TERM ASSETS

Consists of long-term assets used solely in priced services, the priced-services portion of long-term assets shared with nonpriced services, and an estimate of the assets of the Board of Governors used in the development of priced services. Effective Jan. 1, 1987, the Reserve Banks implemented the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 87, *Employers' Accounting for Pensions* (SFAS 87). Accordingly, the Federal Reserve Banks recognized credits to expenses of $24.9 million in the third quarter of 1999, $54.2 million in the second quarter of 1999, $21.9 million in the first quarter of 1999, $86.6 million in the third quarter of 2000, $57.7 million in the second quarter of 2000, and $28.9 million in the first quarter of 2000, and corresponding increases in this asset account.

(3) LIABILITIES AND EQUITY

Under the matched-book capital structure for assets that are not "self-financing," short-term assets are financed with short-term debt. Long-term assets are financed with long-term debt and equity in a proportion equal to the ratio of long-term debt to equity for the fifty largest bank holding companies, which are used in the model for the private-sector adjustment factor (PSAF). The PSAF consists of the taxes that would have been paid and the return on capital that would have been provided had priced services been furnished by a private-sector firm. Other short-term liabilities include clearing balances maintained at Reserve Banks and deposit balances arising from float. Other long-term liabilities consist of obligations on capital leases.

4.31 PRO FORMA FINANCIAL STATEMENTS FOR FEDERAL RESERVE PRICED SERVICES

B. Pro forma income statement

Millions of dollars

Item	Quarter ending Sept. 30, 2000		Quarter ending Sept. 30, 1999	
Revenue from services provided to depository institutions (Note 4)		221.5		210.9
Operating expenses (Note 5)		173.3		173.6
Income from operations		48.2		37.3
Imputed costs (Note 6)				
Interest on float	2.5		1.0	
Interest on debt	7.8		4.6	
Sales taxes	1.9		2.3	
FDIC insurance	0.0	12.2	0.9	8.8
Income from operations after imputed costs		36.0		28.5
Other income and expenses (Note 7)				
Investment income on clearing balances	102.5		84.6	
Earnings credits	94.0	8.5	(79.2)	5.4
Income before income taxes		44.5		33.9
Inputed income taxes (Note 8)		14.0		10.9
Net income		**30.5**		**23.1**
MEMO				
Targeted return on equity (Note 9)		24.6		14.3

	Nine months ending Sept. 30, 2000		Nine months ending Sept. 30, 1999	
Revenue from services provided to depository institutions (Note 4)		654.9		619.3
Operating expenses (Note 5)		519.7		508.5
Income from operations		135.2		110.8
Imputed costs (Note 6)				
Interest on float	5.7		6.9	
Interest on debt	23.6		13.8	
Sales taxes	6.1		6.9	
FDIC insurance	0.0	35.4	2.5	30.2
Income from operations after imputed costs		99.8		80.7
Other income and expenses (Note 7)				
Investment income on clearing balances	306.2		243.8	
Earnings credits	(275.8)	30.5	(220.2)	23.6
Income before income taxes		130.2		104.3
Imputed income taxes (Note 8)		41.0		33.4
Net income		**89.2**		**70.9**
MEMO				
Targeted return on equity (Note 9)		73.8		45.8

NOTE. Components may not sum to totals because of rounding. The priced services financial statements consist of these tables and the accompanying notes.

(4) REVENUE

Revenue represents charges to depository institutions for priced services and is realized from each institution through one of two methods: direct charges to an institution's account or charges against its accumulated earnings credits.

(5) OPERATING EXPENSES

Operating expenses consist of the direct, indirect, and other general administrative expenses of the Reserve Banks for priced services plus the expenses for staff members of the Board of Governors working directly on the development of priced services. The expenses for Board staff members totaled $3.15 million for the first, second, and third quarters of 2000 and $.85 million for the first, second, and third quarters of 1999. The credit to expenses under SFAS 87 (see note 2) is reflected in operating expenses.

(6) IMPUTED COSTS

Imputed costs consist of interest on float, interest on debt, sales taxes, and the FDIC assessment. Interest on float is derived from the value of float to be recovered, either explicitly or through per-item fees, during the period. Float costs include costs for checks, book-entry securities, noncash collection, ACH, and funds transfers.

Interest is imputed on the debt assumed necessary to finance priced-service assets. The sales taxes and FDIC assessment that the Federal Reserve would have paid had it been a private-sector firm are among the components of the PSAF (see note 3).

Float costs are based on the actual float incurred for each priced service, multiplied by the appropriate federal funds rate. Other imputed costs are allocated among priced services according to the ratio of operating expenses less shipping expenses for each service to the total expenses for all services less the total shipping expenses for all services.

The following list shows the daily average recovery of float (before converting to float costs) by the Reserve Banks for the third quarter of 2000 and 1999 in millions of dollars:

	2000	1999
Total float	725.4	437.1
Unrecovered float	145.6	(148.5)
Float subject to recovery	579.8	585.6
Sources of float recovery		
Income on clearing balances	58.0	44.3
As-of adjustments	430.8	352.0
Direct charges	314.2	100.2
Per-item fees	(223.2)	89.0

Unrecovered float includes float generated by services to government agencies and by other central bank services. Float recovered through income on clearing balances is the result of the increase in investable clearing balances; the increase is produced by a deduction for float for cash items in process of collection, which reduces imputed reserve requirements. The income on clearing balances reduces the float to be recovered through other means. As-of adjustments are memorandum adjustments to an institution's reserve or clearing position to recover float incurred by the institution. Direct charges are billed to the institution for float incurred when an institution chooses to close on a normal business day and for float incurred on interterritory check transportation. Float recovered through direct charges is valued at cost using the federal funds rate and charged directly to an institution's account. Float recovered through per-item fees is valued at the federal funds rate and has been added to the cost base subject to recovery in the third quarters of 2000 and 1999.

(7) OTHER INCOME AND EXPENSES

Consists of imputed investment income on clearing balances and the actual cost of earnings credits. Investment income on clearing balances represents the average coupon-equivalent yield on three-month Treasury bills applied to the *total* clearing balance maintained, adjusted for the effect of reserve requirements on clearing balances. Expenses for earnings credits granted to depository institutions on their clearing balances are derived by applying the average federal funds rate to the *required* portion of the clearing balances, adjusted for the net effect of reserve requirements on clearing balances.

(8) INCOME TAXES

Imputed income taxes are calculated at the effective tax rate derived from the PSAF model (see note 3).

(9) RETURN ON EQUITY

Represents the after-tax rate of return on equity that the Federal Reserve would have earned had it been a private business firm, as derived from the PSAF model (see note 3). This amount is adjusted to reflect the recovery of automation consolidation costs of $0.0 million for the first, second, and third quarters of 2000, $0.3 million for the third quarter of 1999, $3.5 million for the second quarter of 1999, and $3.3 million for the first quarter of 1999. The Reserve Banks recovered these amounts, along with a finance charge, by the end of 1999.

Index to Statistical Tables

References are to pages A3–A77, although the prefix "A" is omitted in this index.

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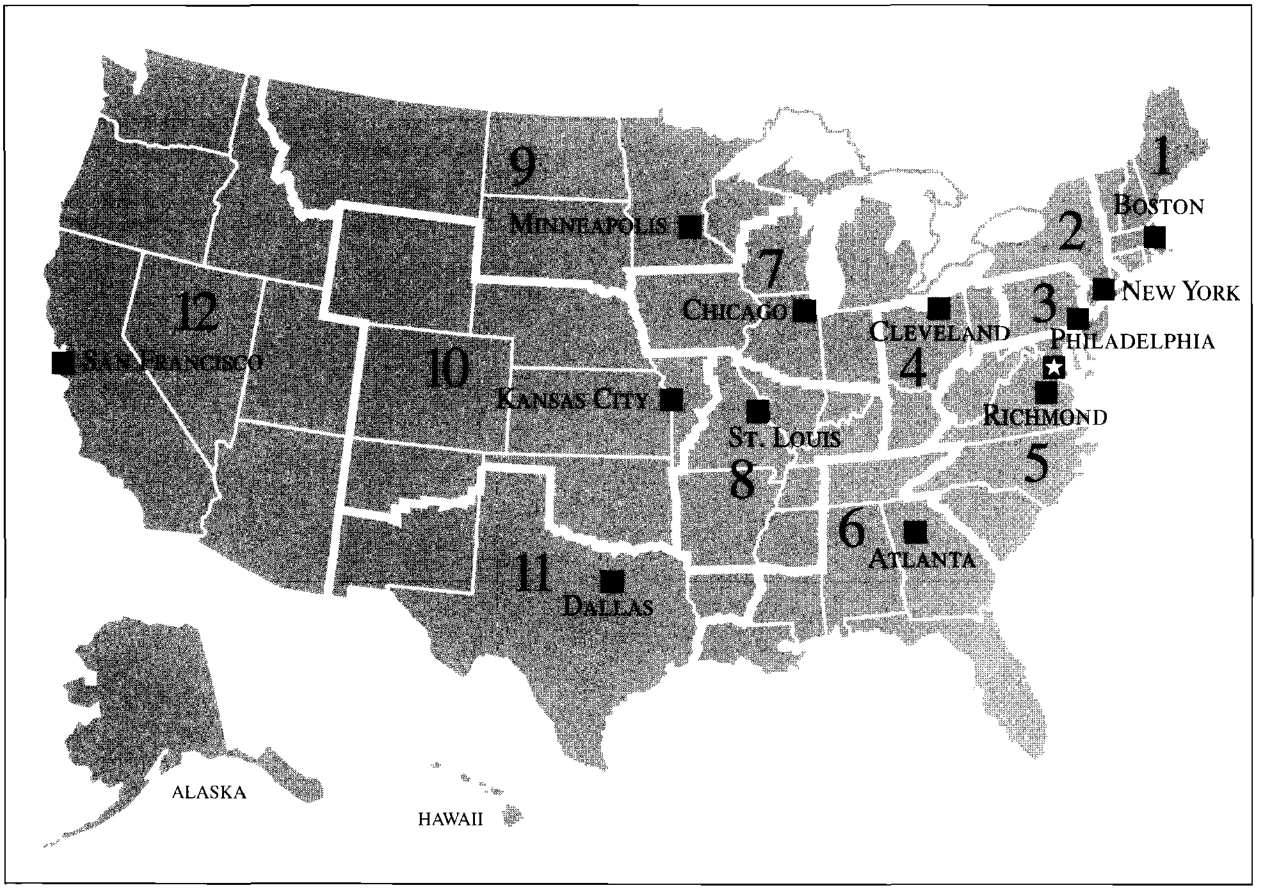


LEGEND

Both pages

■ Federal Reserve Bank city

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

Facing page

• Federal Reserve Branch city

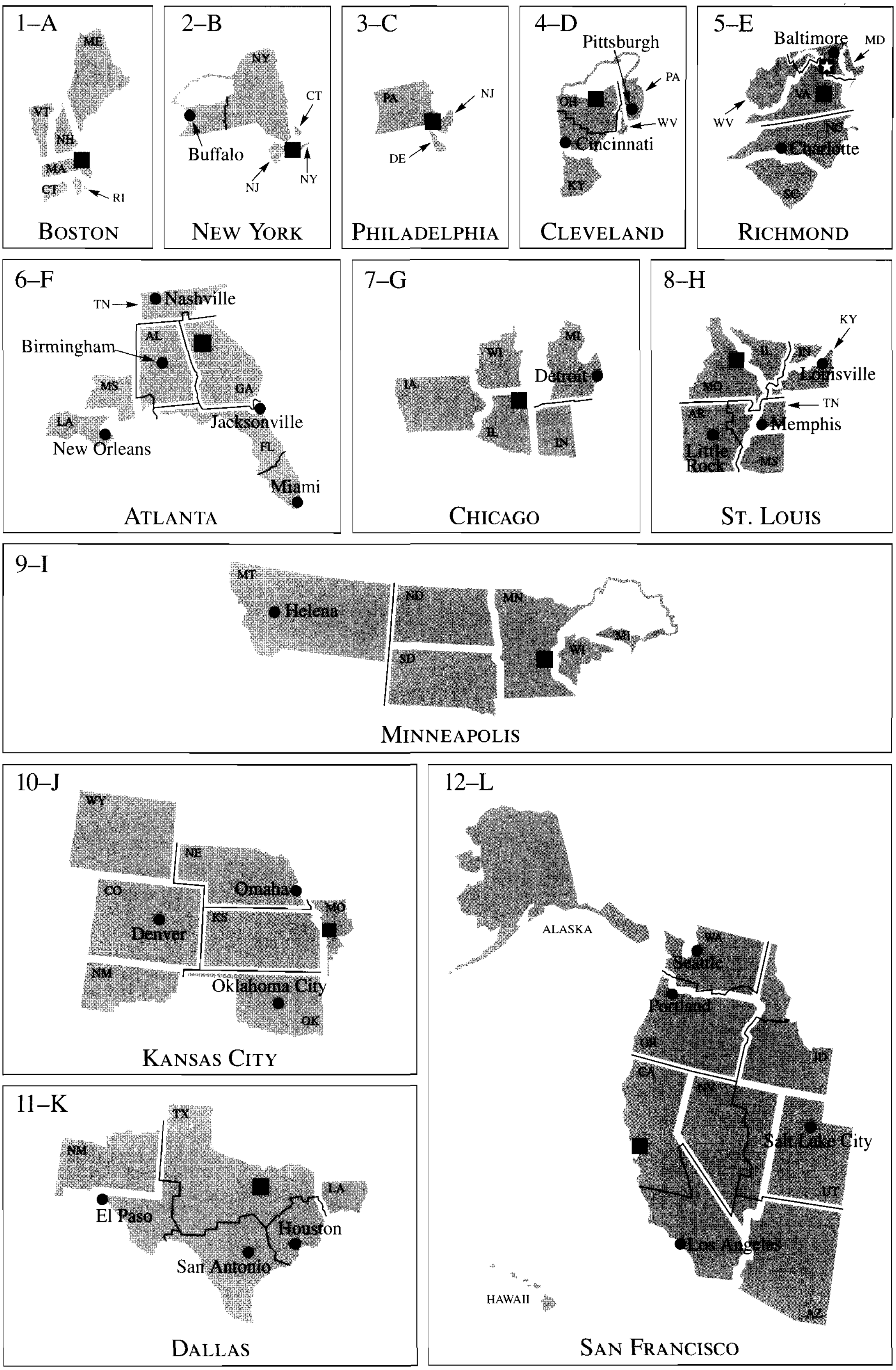
— Branch boundary

NOTE

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

In the 12th District, the Seattle Branch serves Alaska, and the San Francisco Bank serves Hawaii.

The System serves commonwealths and territories as follows: the New York Bank serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands; the San Francisco Bank serves American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The Board of Governors revised the branch boundaries of the System most recently in February 1996.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