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International Activities of U.S. Banks and in U.S. Banking Markets

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The globalization of financial markets, made possible largely through market deregulation and technological gains, has been widely recognized. Increased trading and derivatives activities, in particular, are often cited as making financial markets more liquid and efficient and bringing markets throughout the world closer together. International lending by U.S. and foreign banks, along with international trade and the innovative financing necessary to support trade and economic growth, has also grown rapidly in recent decades.

Nevertheless, the extent of global markets and economies can be exaggerated, and trends can be reversed. Lenders and investors constantly reassess risks, and government actions affect the openness and attractiveness of markets to outsiders. The record of international banking, and of international trade in general, is not one of uninterrupted growth, as wars, social and political forces, and shifting economic and financial conditions of countries change markets and business patterns.

A review of data on the activities of U.S. banks abroad and foreign banks in the United States can reveal much about the progress that banks and governments are making in developing truly internationally diversified banking markets and institutions. The data can also highlight trends in international lending and in the structuring of worldwide operations by financial institutions. Walter Bagehot, the renowned nineteenth-century economist, once stated that the characteristic danger of great nations is that they may at last fail from not comprehending the great institutions they have created. It is useful, therefore, to understand the structure and evolution of the banking organizations that play vital roles in the world economy. Such background aids in evaluating events as they unfold.

HISTORICAL BACKGROUND

For U.S. banks, the 1960s and 1970s were years of rapid growth in international banking. The few truly global ones, which had long before ventured abroad, refined their networks and penetrated foreign markets more deeply. Other large regional and money center banks also expanded their operations, though they largely confined their activities to foreign financial centers and to commercial lending and wholesale financial business.

Meanwhile (mostly in the 1970s), many smaller U.S. regional institutions began to recognize the benefits of a foreign presence, principally to accommodate and retain domestic customers whose activities were beginning to extend beyond U.S. borders. Some of these banks established full-service branches, typically in European cities, but most of them sought only "shell branches" in Caribbean centers as a means of gaining access to Eurodollar markets.[1]

Consequently, the number of U.S. banks having foreign branches began to grow. In late 1965, only 13 U.S. banks had foreign branches, and most of those had only a few; the branches' assets totaled less than $10 billion. By 1970, 79 banks had foreign branches, with assets totaling $53 billion. Ten years later, 159 banks—nearly every U.S. bank having assets of more than $2 billion—had at least one foreign branch, the number of branches had grown to 787, and combined branch assets exceeded $340 billion.

Before the 1960s, few U.S. banks owned subsidiaries abroad, and total subsidiary assets in 1965 were less than $3 billion. During the 1970s, however, subsidiaries also began to grow, building assets to $39 billion by 1975 and to more than $80 billion by 1980. They typically conducted commercial or merchant banking or pursued local retail business.

1. Shell branches are so named because they are merely booking centers. Bank personnel do not conduct operations on site at these branches, but rather book balances at these offices from other locations.

By the early 1980s, strains from the rapid growth of international banking were beginning to show. Borrowers in many emerging economies were having difficulty servicing their debt, and the specter of losses loomed. By the end of the decade, despite efforts by creditor banks worldwide to postpone or avoid them, many of those losses were realized, requiring significant charge-offs and additional loss reserves. The threat of still further large losses on loans to developing countries did not disappear until the early 1990s, when improving domestic economic conditions and strong earnings enabled U.S. banks to charge off additional foreign loans and to put those problems behind them.

Banks of other countries—particularly European banks—have engaged in international banking for hundreds of years. For a time, they generally trailed the largest U.S. banks in creating worldwide branch networks. But during the late 1970s they, too, became more expansive and began to close the gap. Not surprisingly, considering the prominence of U.S. businesses and financial markets, much of the foreign bank growth was in the United States.

The resulting increase in the U.S. market share controlled by foreign banks, fueled by some notable acquisitions of U.S. banks, generated considerable political debate and in 1978 spurred the Congress to enact legislation intended to make more equitable a competitive environment seen to favor foreign banks. The legislation (the International Banking Act of 1978) was aimed at eliminating the advantages enjoyed by foreign banks and at strengthening the supervisory oversight of those banks' U.S. activities, not at barring their entry or at erecting barriers against them. Subsequently, although they had lost some advantages, the number of foreign banks operating in U.S. markets and their market share continued to grow—from 153 banks and 13 percent of U.S. domestic banking assets at the end of 1980 to 283 banks and 24 percent ten years later.

Structural Framework for International Banking

The institutional structure for international banking by U.S. banks is in large part a reflection of efforts to restrain banking power. Throughout this country's history, government policy has sought to restrain concentration in banking and other financial activities. Until 1997, for example, U.S. banks generally were not allowed to branch across state lines (although, by then, their parent holding companies could own banks in different states). For much of this century, U.S. banks have also generally been barred from underwriting corporate securities and from conducting other financial activities typically permissible for foreign banks.

Although such restrictions helped diffuse financial power, they also, some observers argued, hindered U.S. banks from providing international banking services to U.S. customers and from competing effectively in foreign markets with institutions that offered a greater range of financial services. As early as 1919 these concerns led to enactment of section 25(a) of the Federal Reserve Act (the portion known as the "Edge Act") and, through limited-purpose Edge corporations, to meaningful relief from restrictions on branching interstate and investing abroad. Although some of the structures that developed over the years to facilitate international banking by U.S. banks are unique to U.S. banking, the main types of offices used by U.S. banks and bank holding companies to engage in international banking are also used by foreign banks—namely, branches, separately incorporated subsidiaries, joint venture companies, and simple representative offices.

Foreign Offices

Foreign branch offices are the most important, and in most instances the preferred, vehicle through which U.S. banks provide international banking services, for several reasons. First, they are, legally, integral parts of the corporate bank and have the full authority to represent and commit the bank—an advantage in many commercial and interbank situations. For example, the lending limits imposed by a host country on the local branches of a foreign bank are ordinarily based on the bank's worldwide capital, not on some lower level of capital imputed from an individual branch's own balance sheet.[2] Also, the activities of branches are typically more easily integrated into the internal reporting and control procedures of the bank than are the activities of other types of offices, and branches accommodate a more streamlined organizational structure.

Many U.S. banks also find it necessary to operate abroad through separately incorporated, separately capitalized *foreign subsidiaries*. Most of the subsidiaries are wholly owned by the U.S. banking parent; all are at least majority owned and controlled by the parent. Although a subsidiary's financial strength and

2. In an exception to this general practice, Argentina imposes prudential lending limits on foreign bank branches that are based on local paid-in capital, not on the parent bank's capital.

reputation, and in many cases its operations, are closely tied to its parent's, in the legal sense a subsidiary could survive on its own. Banks (or bank holding companies) establish or acquire foreign subsidiaries for any of several reasons:[3]

- U.S. or foreign tax or banking laws favor operations through subsidiaries
- The host government does not permit foreign banks to have local branches
- The parent bank seeks consumer business in the foreign market or a local image, or it has other specialized business that is facilitated by separate incorporation
- U.S. laws prohibit branches from engaging in certain activities that subsidiaries may perform, for example, underwriting corporate debt
- Acquiring an established institution helps the purchaser gain an immediate, and perhaps sizable, presence in the market.

Limited liability is another reason for establishing separately incorporated subsidiaries. Although that is sometimes a consideration for banking organizations—for example, in the case of specialized leasing company subsidiaries—it is generally not an important factor in planning banking networks. Financial institutions depend on raising large sums daily, and they recognize that a good reputation is essential for long-term viability. The incentive to support ailing subsidiaries is strong, limited liability notwithstanding.

Banks also engage in international banking through *foreign joint ventures*. These foreign companies, in which the U.S. bank or bank holding company has a noncontrolling 20 percent to 50 percent investment, offer several advantages and serve the needs of certain banks. Investing banks can combine their expertise and resources while sharing the risks in what may be for them a relatively new business. Also, U.S. regulations allow banks to invest in a broader range of foreign activities if the investments do not represent controlling interests.

Foreign joint ventures were more popular in the 1970s, when many U.S. banks were beginning to enter international banking, than they are now. At that time the advantages of joint ventures were appealing, and banks sought partners both domestically and abroad. However, when the ventures encountered problems, as many eventually did, the U.S. banks were typically the only investors able to help. In virtually every case, they provided the assistance necessary to protect their reputations in financial markets, sometimes doing so at significant cost. Since the 1970s, joint ventures have been of little interest to U.S. banks, and they are not discussed further.

Some banks engage in international banking in some locales through simple *representative offices*. The principal role of the bank "representatives" that staff these offices is to promote the bank's interest in the local market—generating business, dealing with local authorities and customers, and providing information about local business conditions to the bank's other offices. Representative offices are not licensed or chartered and may not accept deposits or make loans. Indeed, they have no financial statements of their own, and they direct any business they generate to other offices or affiliates of the bank.

U.S. Offices

Although U.S. banking organizations conduct most of their international activities through foreign branches and subsidiaries, they also handle much international banking directly from domestic offices—the bank's head office, an Edge corporation, or an international banking facility. Banks need no foreign office to issue and process letters of credit, for example, or to purchase international loans, trade foreign exchange, take deposits from foreign sources, or place funds in foreign banks. For these transactions, banks can typically accommodate customers through their head offices and with the assistance of foreign correspondent banks.

Edge (and *agreement*) *corporations* are subsidiaries that enable banks to conduct international banking business outside their home states and to invest abroad in a wider range of activities than is otherwise permissible for U.S. banks.[4] Banking and investing functions are almost always conducted by separate Edge corporations. Banking Edges are essentially limited-purpose banks; they may accept deposits and offer a full range of banking services, but the business must be linked to a foreign or international transaction. Nonbanking (or "investment") Edge corporations are U.S. subsidiaries through which banks hold most of their foreign subsidiaries and other foreign investments.

3. James V. Houpt and Michael G. Martinson, *Foreign Subsidiaries of U.S. Banking Organizations*, Staff Studies 120 (Board of Governors of the Federal Reserve System, 1982).

4. Edge corporations take their name from Senator Walter Edge of New Jersey, who sponsored the section 25(a) amendment to the Federal Reserve Act in 1919 that gave rise to these corporations. Agreement corporations are state-chartered companies that are granted the same powers as Edge corporations.

International banking facilities (IBFs), which have existed only since 1981, have no separate organizational identity but are merely separate sets of accounts maintained by their establishing (or "host") banking offices. IBFs are attractive to banks for several reasons. First, their deposits are exempt from any reserve requirements and are not assessed for (nor are they covered by) federal deposit insurance. Also, in some states the earnings derived from balances booked in IBFs receive favorable state tax treatment. To qualify for placement in an IBF, a banking transaction must meet several tests to ensure that it is international and does not directly affect domestic financial markets. IBFs have been described as effectively being shell branches, similar to those in the Caribbean. The only difference is that IBF balances are assets or obligations of offices located in the United States rather than abroad.

U.S. Bank Involvement in International Banking Markets

The state of international banking can be examined in two ways: (1) by looking at the number and size of offices of different types—for example, the assets of foreign branches, subsidiaries, and other foreign offices and the volume of internationally related credit extended directly from the head office, and (2) by reviewing data on total credit exposure to foreign parties, by country. Each approach has merits. The former, which is based on "structure" data, provides more information about, and therefore more insights into, the operational strategies of banks and the legal and regulatory framework in which they operate. By considering activities whenever an international link exists, even if the customer is not foreign, it also produces a broader measure than the second. Such a broader measure may be more appropriate because even loans to U.S. parties that are booked abroad may be booked there because they are financed with funds raised abroad. Structure data come from numerous sources, however, and reconciling the data can be difficult and lead to unexplained differences, even when the reporting forms are designed to be compatible. The "country exposure" approach is more systematic because it relies on a single, consolidated figure that reporting institutions themselves generate to measure their foreign credit and transfer risks.

This article reports both structure and country exposure data. The former are available over a longer period, and they identify the location and size of the foreign operations. The latter show where the credit and transfer risks lie, regardless of which office generated the assets and where they are booked.

Extent of Operations

When examining the organizational structure of international banking, a question arises about which financial statistic best characterizes the role and importance of each type of office. Amount of assets is an obvious possibility, as it covers all the activities of an office and is a traditional measure of bank size. However, the assets of an individual office can include significant intracompany transactions and may reflect mostly the bank's internal funding practices. Those balances are important to understanding a particular office's specific role, but they can also mislead, and they are excluded from the consolidated financial statements that the bank presents to investors and to the public at large.

Amount of deposits is another common measure, but it, too, is limited. For example, some foreign subsidiaries are not banks and, therefore, do not have deposits. Also, data on deposits cannot convey the growing importance to banks of securities transactions and off-balance-sheet derivatives activities.

A third measure, claims on unrelated parties, excludes dealings with affiliates. The figures for these assets for each type of office can be summed to produce a total that equals (conceptually) the consolidated assets of the parent. However, this measure considers only one side of the balance sheet and therefore understates the role of offices that raise funds and then transfer those funds to other offices of the parent or to its subsidiaries.

A full range of statistics and other information is needed to fully understand the importance and role of any office in a bank's network, of course, but that approach is beyond the scope of this article. The discussion here is based on the two asset measures—total assets and claims on unrelated parties.

To place the importance of different types of offices in perspective, it helps to look at aggregate data on claims on unrelated parties. By that measure, U.S. banks and bank holding companies at the end of 1998 held an estimated \$861 billion of international banking assets through their U.S. and foreign offices (table 1). That figure represented about 15 percent of the assets of all U.S. banks and bank holding companies at the time. For some individual institutions, however, international banking accounts for most of their consolidated assets.

1. International banking assets of U.S. insured commercial banks and bank holding companies, by type of office, selected years, 1980–98

Billions of dollars except as noted

Type of office	1980	1985	1990	1995	1996	1997	1998 Amount	1998 Percent
Domestic offices of U.S. banks	61.8	142.2	78.1	65.4	75.2	89.4	80.8	9.4
IBFs[1]	...	74.8	47.9	38.1	39.3	51.3	45.8	5.3
Other[2]	61.8	67.4	30.2	27.3	35.9	38.1	35.0	4.1
Foreign branches[3,4]	292.8	243.3	217.6	360.1	405.0	462.1	430.6	49.9
Foreign subsidiaries[4,5]	64.0	88.7	136.7	223.5	254.1	264.8	338.8	39.5
Banking Edge and agreement corporations	13.6	7.9	7.1	7.9	7.7	12.0	10.5	1.2
IBFs[1]	...	2.9	3.4	3.5	3.1	3.1	3.7	.4
Other[2]	13.6	5.0	3.7	4.4	4.6	8.9	6.8	.8
Total	432.2	482.1	439.5	656.9	742.1	828.2	860.6	100.0

NOTE. Data are as of December 31 and cover only claims on unrelated parties. In this and subsequent tables, components may not sum to totals because of rounding.

1. International banking facilities (IBFs) were not authorized until December 1981.

2. Extensions of credit to foreign parties booked outside IBFs, plus the amount of international trade financing indicated by the amount of customers' liability on acceptances outstanding.

3. Covers foreign branches of only those banks that are members of the Federal Reserve System; at the end of 1998, member banks accounted for 98 percent of all foreign branch assets of U.S. banks.

4. Figures for 1995 and later years are reduced to reflect further FIN 39 netting by the head office or parent bank. See text note 5.

5. Covers foreign subsidiaries held directly by bank holding companies and those held indirectly through banks or Edge corporations.

... Not applicable.

Foreign Branches

The number and assets of foreign branches of U.S. banks grew sharply throughout the 1960s and 1970s but then stagnated and declined in the 1980s as mounting problems with loans to developing countries dampened enthusiasm for foreign lending (table 2). Regional institutions, in particular, reassessed and restructured their international presence, and many withdrew from international banking altogether. This retrenchment, together with the large number of bank mergers in the past decade, has reduced the number of U.S. banks having foreign branches nearly one-half since the mid-1980s, to eighty-two banks at the end of 1998.

With fewer internationally active U.S. banks, the number of foreign branches also declined and did not surpass the peak levels of the mid-1980s until last year. The new level (935 branches) was reached only when both Citibank and BankBoston purchased Argentine banks and converted scores of acquired offices to branches of their own banks. At the end of 1998, these branches, together with Argentine branches previously established by the two banks, accounted for nearly one-quarter of all foreign branches of U.S. banks. That large share reflects both banks' long history in commercial and retail banking in Argentina and that nation's willingness to accommodate the banks' preference for branch offices.

Although foreign branch assets also dipped in the early 1990s, that amount has grown dramatically over the long term, emphasizing the relatively modest level of international banking activity that existed only a few decades ago. From a base of $10 billion in 1965, the total assets of branches have increased more than seventyfold, reaching $705 billion at the end of 1998. Even since 1993, branch assets have nearly doubled. Unlike the growth in earlier periods,

2. Foreign branches of U.S. insured commercial banks, selected years, 1955–98

Billions of dollars except as noted

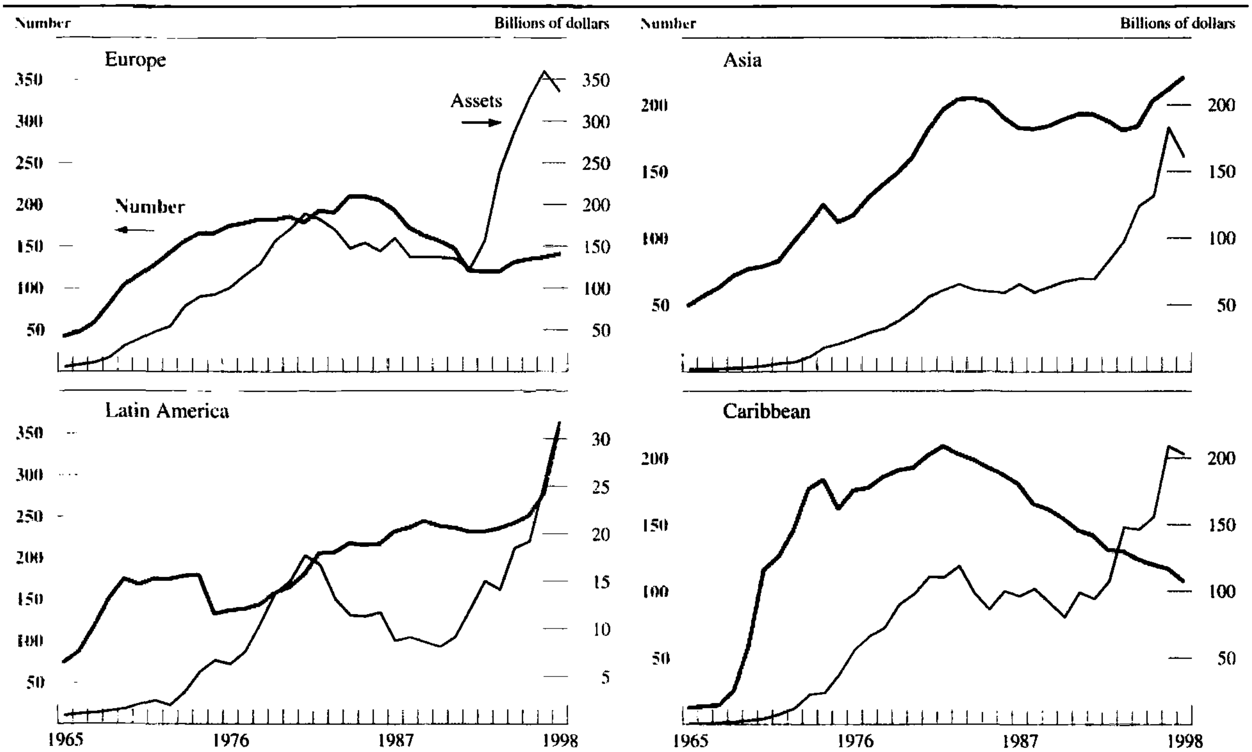
Year	Number of banks with foreign branches	Number of foreign branches	Assets of foreign branches[1]: Adjusted total assets	Assets of foreign branches[1]: Claims on unrelated parties
1955	7	115	2.0	n.a.
1960	8	131	3.5	n.a.
1965	13	211	9.8	n.a.
1970	79	532	52.6	n.a.
1975	126	762	162.7	n.a.
1980	159	787	343.5	292.8
1985	162	916	329.2	243.3
1990	122	833	304.4	217.6
1991	122	818	325.3	224.8
1992	115	787	311.0	218.8
1993	108	774	375.5	241.1
1994	106	781	506.2	316.0
1995	102	788	567.1	360.1
1996	93	820	615.4	405.0
1997	89	852	734.7	462.1
1998	82	935	704.5	430.6

NOTE. Data are as of December 31. Covers foreign branches of banks that are members of the Federal Reserve System.

1. Figures for 1994 and later years are reduced to reflect further FIN 39 netting by the head office or parent bank. For 1998, the reduction was $63 billion. See text note 5.

n.a. Not available.

1. Foreign branches of U.S. banks and foreign branch assets, by region, 1965–98



which was based in lending, much of the branch asset growth in recent years reflects trading activities and a 1994 accounting change pertaining to derivatives transactions.[5]

The growth of branch activities has varied considerably by world region (chart 1, tables A.1 and A.2). Outside the United States, the major countries of Europe (especially the United Kingdom) have had the largest, most developed, and most accessible financial markets. Mostly because of London's role in financial markets, but also because of the traditionally strong ties between Western Europe and the United States, the assets of branches in Europe far exceed those of branches in other regions.

From the late 1960s to the mid-1970s, European branches accounted for 60 percent to almost 80 percent of all foreign branch assets of U.S. banks. As branches in the Caribbean offshore centers, Singapore, and Japan began to grow, the relative importance of European branches (by that measure) declined. Since the early 1980s, the distribution of branch assets has changed little, with the European offices holding 44 percent at the end of 1998 and the Caribbean and Asian offices holding 26 percent and 21 percent respectively. Branches in Argentina and other Latin American countries accounted for most of the balance.

Foreign Subsidiaries

Although subsidiaries are generally smaller than branches in terms of assets, they are in most cases

5. In 1994, banks implemented U.S. Financial Accounting Standards Board interpretation 39 (FIN 39), which clarified the degree to which they could net counterparty claims arising from trading and derivatives activities and ended a practice known as "grand slam netting." Institutions had been effectively netting their total gains on these activities with "offsetting" losses, regardless of counterparty. FIN 39 clarified that the netting of gains and losses was permissible only by individual counterparty and required institutions to report the result for each counterparty as either an asset or a liability. The revised approach more accurately reflects the results of an institution's trading and derivatives activities and the counterparty risks the activities represent, but it also increases the amount of consolidated assets reported by the bank. Moreover, the calculations can substantially increase the assets of *individual* offices that conduct these activities (particularly offices in London) because more netting among numerous counterparties is possible on a consolidated bankwide basis than is possible for a given office. As a result of their own (limited) netting abilities, foreign branches and subsidiaries of U.S. banks reported total trading assets (including the relevant revaluation gains) of $267 billion at the end of 1998. Further netting by the head offices reduced that figure to $169 billion (as shown in table 5). The assets for 1994 and later years shown in tables 1 and 2 have also been adjusted to reflect such nettings.

integral parts of a bank's international banking network. They supplement the parent's branch activities or extend its reach into local retail banking in ways not practical through branches. Through its Regulation K (International Banking Operations), the Federal Reserve Board requires that the activities of foreign subsidiaries be financial in nature, but within that stricture it permits a broad range of activities. In practice, most subsidiary activities have involved some form of traditional banking or lending. More recently, however, as the securities and trading activities of major U.S. banks have grown, so too have these activities of their foreign subsidiaries.

Foreign subsidiaries have grown rapidly in recent years: Their assets, including claims on affiliates, climbed from $7 billion in 1970 to $81 billion by 1980, to $191 billion by 1990, and to $718 billion by the end of 1998. As has been the case for foreign branches, Europe has been the most attractive location for subsidiaries, with those in the United Kingdom overshadowing those in other countries (table 3). Also like the growth of foreign branches, the growth of subsidiaries reflects London's role in international finance (as well as the United Kingdom's openness to U.S. banks).

Total assets provide an incomplete picture of foreign subsidiaries, however, because of the recent growth of trading activities—particularly in London—and the role subsidiaries play in their parents' networks. Overall, nearly half the total assets of foreign subsidiaries involve claims on related parties. As noted, tax laws—U.S. state and local laws as well as U.S. federal laws and international tax treaties—sometimes have the effect of encouraging banks to conduct business in subsidiaries rather than branch offices. A bank's past organizational structure in a country, which itself has been influenced by past and current tax and banking laws and regulations, also affects decisions regarding where to book transactions. Once staffed and operating, subsidiaries can be costly to dismantle even when changing circumstances favor a different approach.

Foreign subsidiaries vary widely in size, depending on their role. Some approach the size of large U.S. banks, when measured by total assets (including claims on affiliates). At the end of 1998, the 23 largest foreign subsidiaries (those having assets of more than $5 billion, about 2 percent of all such subsidiaries) accounted for 68 percent of all foreign subsidiary assets. The nearly 800 subsidiaries having total assets of less than $100 million (70 percent of all foreign subsidiaries) held less than 2 percent of total foreign subsidiary assets.

3. Foreign subsidiaries of U.S. banking organizations, by location of subsidiary, year-end 1998

Billions of dollars except as noted

Location of subsidiary	Number	Percent	Claims on unrelated parties		Total assets
			Amount	Percent	
Europe	327	28.9	209.4	56.0	477.6
Belgium	8	.7	2.5	.7	2.6
Czech Republic	5	.4	1.4	.4	1.6
France	26	2.3	5.8	1.5	12.1
Germany	24	2.1	21.8	5.8	34.7
Luxembourg	19	1.7	2.1	.6	8.0
Poland	6	.5	1.8	.5	2.1
Spain	14	1.2	13.8	3.7	11.9
Switzerland	23	2.0	13.5	3.6	19.6
United Kingdom	110	9.7	136.3	36.4	358.3
Other	92	8.1	10.5	2.8	23.7
Offshore banking centers	211	18.6	25.3	6.8	66.6
Bahamas	19	1.7	3.7	1.0	5.7
Cayman Islands	106	9.4	4.1	1.1	26.5
Channel Islands	59	5.2	6.3	1.7	18.7
Singapore	27	2.4	11.2	3.0	15.7
Latin America	238	21.0	28.0	7.5	40.5
Brazil	57	5.0	12.0	3.2	19.1
Chile	29	2.6	2.9	.8	4.3
Colombia	12	1.1	1.5	.4	1.8
Mexico	32	2.8	8.1	2.2	10.6
Other	108	9.5	3.5	.9	4.7
Asia/Pacific	151	13.3	40.3	10.8	46.6
Hong Kong	64	5.6	9.0	2.4	11.6
Japan	21	1.9	24.4	6.5	26.3
Malaysia	11	1.0	4.9	1.3	5.2
Other	55	4.9	2.0	.5	3.4
Middle East	8	.7	13.3	3.6	13.4
Africa	12	1.1	.7	.2	1.0
Australia	31	2.7	21.7	5.8	25.9
Canada	36	3.2	17.3	4.6	20.9
U.S. territories and other	60	5.3	8.6	2.3	9.8
United States[1]	59	5.2	9.4	2.5	15.6
Total	**1,133**	**100.0**	**373.9**[2]	**100.0**	**717.9**

1. Covers companies that are regulated as foreign subsidiaries by the Federal Reserve even though they are domiciled in the United States. These companies are subject to the limitations and conditions of Regulation K, which requires that their activities be of a foreign or international nature. Many of them are leasing and investment companies.

2. Amount differs from the amount shown in table 1 because the latter figure was reduced by the estimated effect on subsidiaries of FIN 39.

Edge Corporations

The initial purpose for banking Edge corporations was to enable banks located outside New York State to gain a banking presence in New York City—a near-necessity for conducting international banking and for trading in foreign exchange; without such subsidiaries, past restrictions on interstate branching would have prevented non–New York banks from operating an international banking business in the New York market. During the 1980s, in particular, U.S. and foreign banks also used Edge corporations to expand beyond their home states into regional financial centers such as Miami, Chicago, and San Francisco.

The recent removal of federal interstate branching restrictions would seem to undermine much of the continuing appeal of banking Edge corporations, and, indeed, their relative role in international banking has declined. Nevertheless, more than thirty corporations remain, operating mostly in New York and Miami. At the end of 1998, they held $18 billion in assets (including claims on affiliates), roughly their size throughout the 1980s. Whereas banking Edges extend the geographic reach of their parents, nonbanking, or "investment," Edges expand the kinds of companies in which their parent banks may invest. By law, U.S. banks may invest abroad only in other *banks*. By investing indirectly through Edge corporations, they may invest in virtually any type of foreign company, provided it conducts no business in the United States except that which is incidental to its foreign or international activities. (Through regulation, however, the foreign subsidiaries of a bank's Edge corporations are restricted to financial activities, as are foreign subsidiaries owned directly by bank holding companies, that is, not through a subsidiary bank.) At the end of 1998, 70 percent of the assets of all foreign subsidiaries of U.S. banking organizations were owned through Edge corporations.

International Banking Facilities

International banking facilities were popular from the time their creation was authorized in 1981, and soon 225 U.S. banking institutions had established such facilities, placing more than $60 billion in them. However, their early growth was simply the result of a transfer of eligible credits within banks. After peaking at $79 billion in 1984, the IBF balances of U.S. banks declined almost steadily, to $46 billion at the end of 1998, as regional U.S. banks withdrew from foreign lending. Because of the typically international focus of their business, U.S. branches and agencies of foreign banks (discussed later) make much greater use of these facilities, holding $169 billion in them at the end of 1998.

Country Exposure

Data on the extent and size of the international operations of U.S. banks offer one perspective on growth but provide no information on the nationality or type of foreign borrower. U.S. banks book many foreign loans in the United States, in offshore centers, and in countries different from those of the borrowers. They also extend loans denominated in currencies other than the currency of the borrower's home country. Lending to foreign parties creates "country risk" and also, depending on the currency, "transfer risk."[6]

Monitoring Country Exposure

To monitor country risk and transfer risk, U.S. banking agencies have for more than two decades collected information from internationally active banks about the domicile and nature of their foreign borrowers. The information is collected through the quarterly Country Exposure Lending Survey and is published quarterly in the E.16 statistical release of the Federal Financial Institutions Examination Council. Aggregate data from the survey, along with data from similar surveys by foreign authorities in most other major countries, are sent to the Bank for International Settlements (BIS), which then compiles data on international lending by banks worldwide. The worldwide figures indicate that U.S. banks account for about 10 percent of international lending by banks in BIS reporting countries to parties in non–BIS reporting countries.[7] That share is similar to the share held by French and Japanese banks and is materially smaller than the share held by German banks.

Until recently, the supervisory emphasis in evaluating country and transfer risks was on cross-border lending and on lending by local offices in a currency other than that of the host country. This emphasis reflected the view that credit extended in a foreign currency to local borrowers by local offices was exposed to many of the same risks as cross-border loans. Credits in local currencies funded locally were a lesser concern, as the host country could, in principle, always meet local currency demands, even if the cost was rising inflation rates.[8]

By the mid-1990s, the role of U.S. dollars in retail and business transactions abroad had become more

6. *Country risk* comprises all the risks that arise from the economic, social, legal, and political conditions of a foreign country that may have favorable or adverse consequences for loans (or investments) by foreigners to parties in that country. *Transfer risk* refers to the possibility that a country will be unable to provide local borrowers with sufficient access to foreign currencies that they can meet foreign obligations denominated in those currencies.

7. BIS reporting countries are the G-10 countries, Austria, Denmark, Finland, Ireland, Norway, and Spain; non–BIS reporting countries are essentially the nonindustrial countries.

8. However, local currency credits extended in excess of local currency liabilities, that is, funded with foreign currency or offshore borrowing, were included in measures of transfer risk.

prominent. Local dollar markets developed in some countries, and the risks associated with foreign currency credits in those countries began to resemble the risks associated with other local loans rather than those characteristic of cross-border credits. The U.S. country exposure survey was changed to take these developments into account. Rather than net local *currency* positions, the banking agencies now consider net local *country* positions, that is, the amount of credit extended to local parties relative to the amount raised from them. The change has been meaningful in certain cases, particularly in relation to Argentina, but has had little effect on reported figures overall.

Since 1997, the Federal Reserve has also monitored U.S. bank exposures to foreign counterparties arising from unrealized gains from foreign exchange transactions and derivatives products.[9] Although these exposures have always been an element of transfer risk, they have increased significantly in recent years along with the growth of the underlying activities. With the addition of this information and the reporting change described in the preceding paragraph, the supervisory measure of transfer risk has become the sum of cross-border claims, net local country claims, and claims resulting from revaluation gains.

The need to monitor exposures arising from revaluation gains was demonstrated following Indonesia's currency crisis in 1997. In lending to Indonesian borrowers, some banks had attempted to reduce or eliminate their currency exposures by hedging the risk through contracts with local institutions, which in turn committed to paying dollars in the future at a fixed rate of exchange. As the country's financial and economic problems grew, the U.S. dollar value of its currency, the rupiah, plunged, as did the dollar value of the U.S. banks' rupiah-denominated loans. However, the offsetting gains on the hedging contracts also increased the credit exposure of U.S. banks to Indonesian counterparties. Unfortunately, many of these counterparties were also weakened by financial and economic conditions in Indonesia and defaulted on their obligations to U.S. banks. The episode highlights the importance of monitoring counterparty exposures under relevant stress scenarios.

9. When trades and derivatives transactions are initiated, by definition they are done at market rates, with no economic gain or loss to either party. Immediately thereafter, however, market rates and prices begin to change, and one party benefits. As this happens, the party benefiting incurs a risk that the other party will default, causing losses just as if the underlying transaction had been a loan.

Borrower Nationality

U.S. bank claims involving transfer risk amounted to $516 billion at the end of 1998 (table 4). Over the years, claims on borrowers residing in industrial countries have been far greater than claims on borrowers in any other group of countries, mainly because of the importance of the industrial economies in global economic activity, the prominence of their financial markets (especially London), and the relatively strong credit ratings of the countries and their major banks and corporations. Claims on parties in the G-10 and other developed countries at the end of 1998, totaling $379 billion, represented nearly three-fourths of all transfer risk held by U.S. banks and have consistently accounted for roughly half or more of that risk. By the end of 1998, roughly one-third of this dollar value was related to trading and derivatives transactions.

U.S. bank transfer risk claims on borrowers in Latin American and Caribbean countries declined sharply over 1988–91 as the region's foreign debt payment problems became severe and widespread. From a peak of $91 billion in 1984, including claims on Brazil and Mexico of roughly $27 billion each, U.S. bank exposure to the region dropped as low as $38 billion in 1991 before rising to the current level ($66 billion). Relative to the total capital of the lending banks, exposure to Latin American and Caribbean countries has declined even further. For large U.S. money center banks, which hold more than 70 percent of all U.S. bank claims on the region, the amount of transfer risk exposure equals roughly one-quarter of their combined capital accounts. In the early and mid-1980s, that figure was well over 100 percent.

Transfer risk claims of U.S. banks on emerging Asian economies followed a similar track, declining from a peak of $45 billion in 1983 to a low of $22 billion in 1989. By 1993, exposures were again growing rapidly, building to a peak of $55 billion in 1997, including $11 billion of revaluation gains on foreign exchange and derivatives contracts. U.S. banks were not alone in increasing their exposures, as Japanese and European banks were particularly active in providing new financing. Most of the U.S. bank funding (like most international lending in general) was short term, however, and bank exposures fell sharply following the Asian market problems that began that year. By the end of 1998, transfer risk claims of U.S. banks on these countries had fallen to $36 billion, largely as a result of asset sales and charge-offs.

4. Country exposure of U.S. insured commercial banks, as measured by transfer risk, selected years, 1978–98
Billions of dollars

Country of borrower or guarantor	Transfer risk claims							Composition of transfer risk for 1998			
	1978	1983	1988	1993	1996	1997	1998	Cross-border exposure	Revaluation gains	Net local country claims	Total transfer risk claims
G-10 and Switzerland	100.2	183.0	169.7	155.4	174.3	263.4	318.3	203.3	94.8	20.2	318.3
Non–G-10 developed countries	20.4	45.8	27.5	29.3	43.9	62.7	60.9	35.1	15.4	10.4	60.9
Eastern Europe	5.8	4.6	3.1	1.5	7.1	9.1	4.9	4.3	.5	.1	4.9
Bulgaria	.6	.1	.1	.1	.2	.2	.1	.1	.0	.0	.1
Czech Republic	.2	.2	.0	.0	1.2	.6	.7	.5	.2	.0	.7
Hungary	.8	.9	.3	.4	.7	.5	.7	.5	.2	.0	.7
Poland	1.2	.9	.3	.4	1.0	.9	1.7	1.6	*	.1	1.7
Russia	1.2	.1	.5	.3	3.3	5.8	.9	.8	.1	*	.9
Other	1.8	2.4	1.9	.3	.7	1.1	.8	.8	.0	.0	.8
Latin America and the Caribbean	44.9	87.5	67.1	50.1	69.0	72.5	66.5	55.1	2.3	9.1	66.5
Argentina	2.6	9.1	8.2	8.7	11.8	11.6	11.0	8.5	.5	2.0	11.0
Brazil	14.2	24.1	22.0	9.9	22.8	23.2	17.6	14.1	.4	3.2	17.6
Chile	1.4	6.1	5.0	4.1	7.6	7.0	5.7	3.9	.1	1.7	5.7
Mexico	10.3	25.4	17.7	17.6	14.8	16.4	18.2	16.1	1.0	1.2	18.2
Other	16.4	22.8	14.2	9.8	12.0	14.3	14.0	12.5	.3	1.0	14.0
Asia	22.9	44.5	22.5	31.4	50.8	54.9	35.8	23.4	5.1	7.3	35.8
China, People's Republic	*	1.4	.6	.8	2.6	3.1	1.8	1.2	.4	.3	1.8
China, Taiwan	3.2	4.9	3.0	4.1	5.2	4.1	3.6	2.7	.2	.7	3.6
Korea	4.3	13.1	6.4	8.6	16.5	21.4	12.9	7.8	1.9	3.1	12.9
Malaysia	.8	2.1	.6	2.0	2.9	3.4	2.1	.7	.2	1.2	2.1
Philippines	3.0	5.9	4.1	2.1	4.3	2.5	2.2	1.6	.1	.5	2.2
Thailand	1.4	2.8	1.3	3.1	6.5	6.0	2.9	.9	.7	1.3	2.9
Other	10.2	14.3	6.5	10.7	12.8	14.4	10.3	8.5	1.6	.2	10.3
Africa	5.2	7.3	2.7	1.3	1.4	1.7	1.6	1.2	.2	.2	1.6
Offshore banking centers	7.5	15.9	7.8	14.3	23.6	31.5	23.2	18.0	3.9	1.3	23.2
International and regional organizations	.4	1.0	1.6	1.3	1.1	3.5	5.1	2.6	2.5	.0	5.1
Total	207.4	389.6	301.8	284.4	371.2	499.2	516.3	342.9	124.8	48.6	516.3

* Less than $50 million.

U.S. bank lending in Eastern Europe has increased since the removal of the Berlin Wall, but transfer risk claims remain small ($4.9 billion at the end of 1998). Claims on Russia peaked at $5.8 billion in 1997 but fell to $0.9 billion by the end of 1998 after the country announced a moratorium on public-sector debt.

Although of lesser concern to supervisors, foreign bank lending in local currencies of funds raised locally has also grown in the 1990s. Such lending totaled $314.1 billion at the end of 1998, compared with $140.2 billion at the end of 1990. (These loans are reflected only partially in table 4, under "Net local country claims.")

Concentration among U.S. Lenders

Mergers and acquisitions among large U.S. banking organizations since the mid-1980s have concentrated foreign lending among fewer U.S. banks. At the end of 1998, for example, a separately monitored group of six large money center banks held 83 percent of all transfer risk claims of U.S. banks. In 1986 that group consisted of nine banks, but it held only 58 percent of all such claims. A common statistic for measuring market concentration is the Herfindahl–Hirschman index, which does so by summing the squared market shares of participating institutions. From 1986 to 1998, according to Federal Reserve staff calculations, the index more than doubled, rising from 800 to 1623.[10]

Trading and Derivatives Activities

As noted, traditional asset-based measures can be misleading as a gauge of the scale and scope of today's large, complex banking organizations. The inadequacy of such measures is due in large part to the growing importance of securities markets and related trading and derivatives activities. Rather than extending and funding loans in traditional ways and thereby increasing their assets, many large commer-

10. For reference (though not applicable to this case), the U.S. Department of Justice defines a market as unconcentrated if the index is less than 1000 and highly concentrated if it is greater than 1800. Otherwise, the market is considered to be "moderately" concentrated.

cial banks (those in the United States, in particular) are seeking more and more to securitize and sell pools of loans to investors, and then to service the assets that they and other financial institutions have sold. Securitizing and selling loans minimizes asset growth, frees funds for additional lending, and may contribute to more efficient use of bank capital.

In the process of originating and securitizing assets, managing their own market exposures, providing financial services to customers, and pursuing market opportunities, banks are increasing their volume of off-balance-sheet transactions. Most of these activities, in turn, involve trading and derivatives activities and can also create additional needs for foreign offices.

Throughout the 1990s, trading assets increased rather steadily as a share of all U.S. commercial bank assets, rising from 2.0 percent at the end of 1990 to 5.2 percent ($285 billion) at the end of 1998. More than 60 percent of those assets were booked abroad, principally in London but also, notably, in Tokyo and Singapore. Indeed, as indicated earlier, much of the recent growth of foreign branch and subsidiary assets has been due to the higher level of trading activities.

Nearly all the derivatives transactions of U.S. banks (95 percent) are managed within the trading function, and much of the activity heavily involves overseas offices. Nearly all the transactions (97 percent) are based on interest rate and foreign exchange rate contracts, with interest rate contracts commanding a dominant and growing share.

By a common measure—notional value (the face value of financial instruments upon which counterparty payments are based)—the derivatives activities of U.S. banks have grown markedly in recent years, from $6.8 trillion at the beginning of the decade to $33.0 trillion at the end of 1998. Last year, notional values rose 32 percent because of soaring volumes in the third quarter as institutions adjusted their exposures after Russia's default and the near failure of Long-Term Capital Management, a large, highly leveraged hedge fund. In each of the following two quarters (through March 1999), however, notional values declined slightly, the first consecutive quarterly declines in this measure during the ten years for which data are available.

Notional values dramatically overstate the economic significance and risks these transactions present, however. Another measure—fair value (the estimated replacement costs of the contracts)—often serves better and is typically much smaller than the notional value of a derivatives portfolio (0.5 percent to 2.0 percent). If the amounts U.S. banks owe to or are owed by individual counterparties on derivatives transactions are netted on a bilateral basis consistent with FIN 39, the fair value of all derivatives transactions of U.S. banks totaled $173 billion at the end of 1998, or 0.5 percent of the total notional value. Trading and derivatives activities are heavily concentrated among the large money center banks, increasingly the same institutions that are most active abroad (table 5).

FOREIGN BANK PARTICIPATION IN U.S. BANKING MARKETS

The large and open economy of the United States, combined with the key role of its currency in world markets, has attracted foreign banks and investors to this country throughout its history. British merchant banks financed much of the trade with the colonies and established offices here in the mid-1700s. Other foreign banks operated formal banking agencies in New York shortly after the Civil War. Their efforts and capital were especially helpful in financing the growth of the U.S. railroads.

In recent decades, the U.S. banking assets of foreign banks have grown rapidly, climbing from $27 billion and 3.6 percent of U.S.-booked commercial banking assets in 1972 to $1.1 trillion and a 23 percent market share at the end of 1998 (table 6). Most of these assets—around 80 percent—are held in foreign bank branches and agencies located in the United States.[11]

As have U.S. bank holding companies, many foreign banks have also established or acquired U.S. nonbank financial companies, such as leasing and finance companies, and U.S. securities subsidiaries,

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11. The assets of U.S. branches and agencies of foreign banks exclude substantial other assets that are managed by these offices but are booked in the Caribbean. U.S. agencies of foreign banks are similar to branch offices, except that, unlike branches, agencies have limited or no deposit-taking powers. Rather than providing funds to borrowers by granting the borrower a deposit to draw upon, an agency issues the borrower a "credit balance." In that context, deposits and credit balances are much the same. However, branches may also issue deposits (for example, CDs) to investors and other parties with whom they have no other relationship. Generally, agencies may not do that and must rely on other types of borrowing to fund their activities. Their credit balances must be "incidental to or [arise from] the exercise of other lawful banking powers." In practice, the differences between branches and agencies are often subtle. Both types of offices are integral parts of their parents; both have lending powers that are based on the capital of the consolidated bank; and the Federal Reserve treats the credit balances of the agencies as deposits in determining reserve requirements. Branches and agencies established since 1991 have not been permitted to accept domestic retail deposits or to obtain FDIC insurance; a small number of foreign bank branches established before 1991 may accept FDIC-insured deposits.

5. Trading, derivatives, and international activities of selected U.S. insured commercial banks, year-end 1998

Billions of dollars except as noted

Bank	Trading assets: Domestic offices	Trading assets: Foreign offices	Trading assets: Total	Derivatives activities: Notional value	Revaluation gain: Domestic offices	Revaluation gain: Foreign offices	International assets as a percentage of consolidated assets
Morgan Guaranty Trust Company	37.8	53.0	90.8	8,653.6	25.5	23.6	53.6
Chase Manhattan Bank	11.2	37.7	48.9	10,261.5	7.2	25.5	36.4
Bankers Trust Company	7.7	32.3	40.0	2,524.1	3.3	14.3	62.5
Citibank NA	5.5	26.2	31.7	3,625.3	5.2	20.6	68.4
NationsBank NA[1]	21.3	.6	21.9	2,700.9	7.1	.4	4.4
Bank of America NT&SA[1]	7.6	10.5	18.1	1,870.2	5.7	3.7	24.9
First National Bank of Chicago	2.7	4.9	7.6	1,421.3	1.8	4.3	22.4
First Union NB	7.0	.0	7.0	268.9	1.7	.0	9.0
Republic NB of NY	2.7	1.5	4.2	194.9	1.9	.5	31.0
BankBoston NA	2.0	1.1	3.1	147.9	1.7	.4	30.7
State Street B&TC	1.5	.1	1.6	139.2	1.2	.0	26.3
Bank of New York	1.3	.3	1.6	274.6	1.0	.3	21.7
Subtotal	108.2	168.2	276.4	32,082.4	63.2	93.4	32.9
All other banks	8.5	.3	8.7	918.2	2.6	.3	1.6
Total	**116.7**	**168.5**	**285.1**	**33,000.6**	**65.8**	**93.7**	**12.9**[2]

1. These banks are now controlled by a single bank holding company, BankAmerica Corporation.

2. Asset-weighted average.

subject to the restrictions of section 20 of the Glass–Steagall Act.[12] At the end of 1998, these nonbank companies held assets exceeding $800 billion, with section 20 and similar U.S. securities affiliates accounting for more than $500 billion of the total.

Before the 1970s, almost all the foreign banks having offices in the United States were large banks from major industrial nations or were the largest or second-largest banks in their home countries; by the end of 1975, 20 percent of the foreign banks having U.S. banking offices were not among the world's top 500, and by 1985 that figure had increased to 34 percent. The number of foreign banks with offices in the United States also rose during the 1980s, from 153 at the beginning of the decade and to a peak of 294 at the end of 1991.

Much of the buildup to 1991 was driven by the entry of more than two dozen additional Japanese banks in the preceding four years. Those banks raised Japan's total to 55, the largest number, by far, for any nationality. Japan's economic problems in the 1990s, however, led to a significant retrenchment in the international activities of its banks and to a reversal of their earlier U.S. growth. By the end of 1998, the number of Japanese banks had dropped to 35 and their U.S. operations were much smaller than they had been ten years earlier.

The number of European banks with U.S. offices also declined during the 1990s, from a peak of 103 in 1989 to 81 at the close of 1998. However, this decline was due more to mergers and acquisitions among banks throughout the continent than to any strategic retreat from U.S. markets.

In structuring their activities, foreign banks generally have the same choices regarding the types of

6. Assets of U.S. banking offices of foreign banks, selected years, 1975–98

Billions of dollars except as noted

Year	Branches and agencies	Commercial banks chartered in the United States	Total	Foreign bank share of U.S. commercial bank assets (percent)	Memo: Number of foreign banks with U.S. banking offices
1975	38	12	50	4.6	79
1980	148	68	216	11.8	153
1985	312	111	424	14.9	244
1990	628	148	776	23.7	283
1995	763	201	964	24.1	275
1996	822	189	1,011	24.1	267
1997	927	214	1,141	25.0	264
1998	903	231	1,134	22.6	243

12. Section 20 of the Banking Act of 1933 (part of the Glass–Steagall Act) prohibits a bank from being affiliated with a company engaged "principally" in underwriting or dealing in securities. In 1989 the Federal Reserve interpreted that provision as permitting holding companies to own securities affiliates that engage in otherwise impermissible securities activities if the revenues from those activities did not account for more than 10 percent of the affiliate's total revenues. In 1997, the percentage limitation was raised to 25 percent. The securities affiliates that U.S. bank holding companies established following this interpretation are referred to as "section 20" subsidiaries. By regulation, most of their activities must involve trading and dealing in U.S. government securities and other financial instruments also permissible to U.S. banks. Foreign banks are also allowed to own such companies.

7. Assets of U.S. branches and agencies of foreign banks, by country of parent bank, selected years, 1988–98
Billions of dollars except as noted

Parent country	1988	1990	1992	1994	1996	1998	
						Amount	Percent
Europe	139.5	176.5	269.0	292.5	392.4	519.4	57.5
Austria	1.2	2.4	4.2	4.1	4.4	7.6	.8
Belgium	3.1	4.6	4.8	3.9	5.5	8.4	.9
France	25.1	32.5	73.3	90.0	127.6	132.7	14.7
Germany	13.0	16.2	30.8	43.3	78.6	139.4	15.4
Italy	39.0	47.0	39.2	34.3	29.6	33.1	3.7
Netherlands	8.5	10.7	20.4	18.4	30.7	47.5	5.3
Spain	3.8	7.6	7.8	8.6	10.8	15.2	1.7
Sweden	.3	5.3	11.8	6.9	7.5	15.0	1.7
Switzerland	23.9	25.6	44.0	47.9	53.6	60.1	6.7
United Kingdom	15.1	16.2	22.0	23.7	32.3	46.7	5.2
Other	6.5	8.4	10.7	11.3	12.0	13.7	1.5
Latin America	11.3	12.2	11.8	10.7	12.4	12.6	1.4
Argentina	.9	1.0	1.2	1.5	2.0	1.2	.1
Brazil	3.9	3.9	3.5	4.2	4.0	4.0	.4
Mexico	3.7	4.7	3.6	2.2	2.9	3.0	.3
Venezuela	1.4	1.4	1.6	1.0	1.2	1.4	.2
Other	1.4	1.4	1.9	1.8	2.3	3.0	.3
Asia and Middle East	330.6	402.8	377.8	385.8	348.8	252.9	28.0
China, People's Republic	1.0	1.4	2.4	3.1	2.4	2.6	.3
China, Taiwan	2.3	3.6	5.7	8.5	10.1	10.5	1.2
Hong Kong	2.9	3.8	4.8	5.8	5.6	2.5	.3
Israel	3.5	3.9	4.2	4.6	5.0	6.0	.7
Japan	307.8	373.0	344.3	342.3	298.7	215.4	23.9
Korea	4.1	6.4	8.5	12.5	16.6	6.1	.7
Singapore	.4	.9	1.1	1.8	2.4	2.5	.3
Other	8.8	9.9	6.7	7.3	8.0	7.3	.8
Africa	.4	.2	.1	.1	.1	.2	*
Other	33.1	36.1	53.6	52.2	68.7	117.7	13.0
Australia	3.8	6.5	7.2	5.1	7.8	9.0	1.0
Canada	28.4	28.5	45.0	47.2	60.9	108.8	12.0
Other	.9	1.1	1.4	*	*	*	*
Total	**514.9**	**627.9**	**712.4**	**741.3**	**822.4**	**902.8**	**100.0**

*Less than 0.05 percent or $50 million.

offices to open in the United States that U.S. banks have abroad, and they face similar advantages and disadvantages with each type. As with U.S. banks, foreign banks generally prefer to operate through branch offices, although subsidiaries offer some key features.

U.S. Branches and Agencies

As with U.S. banks operating abroad, foreign banks prefer to operate in the United States through branches (and agencies) because of the broad banking powers afforded such offices. Throughout the 1980s, Japanese banks heavily dominated the figures for assets of U.S. branches and agencies of foreign banks, building their share to nearly 60 percent by the end of 1990. Although they remain the largest national contingent, their assets have declined markedly, from $373 billion at year-end 1990 to $215 billion—and only a 24 percent share—at year-end 1998 (table 7).

As the assets of Japanese banks declined, those of French, German, and Canadian banks climbed, with each accounting for more than $100 billion at year-end 1998. Combined, these three nationalities now account for more than 40 percent of the assets of all U.S. branch and agency offices of foreign banks. With the addition of 5 percent to 7 percent shares each of Dutch, Swiss, and British banks, the "foreign bank share" of the U.S. banking market is much more diversified among foreign nationalities today than it was a decade ago. At the end of 1998, the Herfindahl–Hirschman index for this segment of the market was 1465, less than half the "highly concentrated" level of 3775 ten years before.

The composite balance sheet of U.S. branches and agencies has also changed notably during the past decade. In 1988, the activities of these offices were oriented more heavily toward interbank business, with more than one-half of office assets and nearly three-quarters of their funding related to affiliates and other banks; by the end of 1998, the proportions had declined to about one-third and one-half respectively.

Japanese banks are an exception to this pattern: At the end of 1998, they derived half their funding from the parent, a share typically much larger than that for the U.S. offices of banks from other developed countries. This funding pattern is due largely to the access their parents have to low-cost funding in Japan, weak loan demand in that country, and the fact that when borrowing in non-Japanese financial markets, Japanese banks must pay premium rates because of their lower credit ratings.

Foreign banks have historically considered commercial lending an important role for their U.S. offices, and they have continued to do so. U.S. branches and agencies of foreign banks held 18 percent of the U.S. commercial and industrial lending market at the beginning of the 1990s and as much as 27 percent of the market in early 1997; by the end of 1998, however, their share had declined to 23 percent. Trading activities are also important at these offices, as they are for large, internationally active banks generally. Among foreign banks, large European banks dominate the activity; for them, trading assets account for nearly 10 percent of all the assets of their U.S. branches and agencies.

At the end of 1998, nearly 80 percent of the assets of U.S. branches and agencies were booked in New York City; Chicago, at 7 percent, had the next-highest share. Los Angeles and San Francisco together hosted 19 percent of the foreign bank offices (84 of the 454) but accounted for less than 5 percent of office assets.

U.S. Subsidiaries

Much consumer business requires a subsidiary bank, often with its own branch network and local identity. Foreign investors that seek this business have two options: to establish a new bank or to buy an existing one. During the 1970s and early 1980s, foreign banks sought acquisitions to benefit from what they perceived as low-priced U.S. bank stocks and, in the case of the larger acquisitions, to gain an immediate and significant market share. Foreign private individuals also acquired U.S. banks during that time.

Even banks pursuing wholesale business can find purchasing another bank the most efficient way to acquire necessary talent and market share, as indicated by Deutsche Bank's recent acquisition of Bankers Trust Company of New York. Other notable U.S. banks that are owned by foreign banks include Marine Midland Bank (owned by Hong Kong and Shanghai Banking Corporation), Union Bank of California (Bank of Tokyo-Mitsubishi), Harris Trust (Bank of Montreal), and LaSalle Bank (ABN Amro, of the Netherlands).

Such acquisitions can provide investors with key elements of an international or global banking network and can create synergies with their other operations. Like any venture, they also carry risks and do not always succeed as planned. In addition to the difficulties that geographic distance can create in communicating and in coordinating actions, foreign acquisitions also introduce cultural differences and can pose further problems if acquirers do not adequately understand local banking markets and practices. The loss of key personnel, for whatever reason, can quickly undermine the business if activities are not managed and coordinated well.

Such mishaps have also occurred in the other direction. Particularly in the mid-1980s, U.S. banks acquired several British securities firms after the United Kingdom reduced regulations governing much of its financial system. Using new opportunities to enter the market, many U.S. and foreign banks paid large premiums to acquire British broker–dealers in order to expand their own securities activities and to gain footholds in debt and equity markets that were expected to enjoy rapid growth. Cultural differences (mostly between banking and securities firms) combined with the initial excessive euphoria to produce unsatisfactory results. Revenues frequently fell short of targets, or sometimes even of operating costs. After a few years, many of the new entrants sold or closed their acquired operations, and the local industry shrank to a more sustainable size.

CONCLUSION

The continuing growth of international banking and the strengthening of links between banking and securities markets have produced larger, more diversified financial institutions and further concentration of international activities among fewer U.S. banks. These trends are not unique to U.S. banking but apply to financial markets broadly. They are likely to continue as industry consolidation moves worldwide; the recently completed or proposed acquisitions by foreign banks of two large U.S. commercial banks, Bankers Trust and Republic National Bank of New York, support that point.

To central bankers and bank supervisors, consolidation in banking (whether domestic or international) brings both comfort and concern. On the one hand, consolidation should offer surviving institutions

Guidelines for International Banking: The Basel Committee on Bank Supervision

The presence of foreign banks in local economies and their effects on national and global financial markets have long made it necessary for national authorities to communicate with their counterparts abroad. As the volume of international banking has increased in recent decades, so too has the need for bank supervisors and regulators to coordinate their efforts.

Since the mid-1970s, the Bank for International Settlements (BIS) in Basel, Switzerland, has performed an important role in facilitating the development and coordination of international bank supervisory policies, principally through its support of the Basel Committee on Bank Supervision. The committee, which includes the heads of supervision of the banking agencies of each of the G-10 countries and Switzerland, set forth fundamental principles for allocating supervisory responsibilities between home and host country authorities when it adopted the 1975 "Concordat." Since then the committee has produced the industry's current capital standard (the 1988 Basel Capital Accord) and has provided leadership in many other international bank supervisory matters.

Recent initiatives include, most notably, a 1997 amendment to the Accord addressing market risks that establishes new capital requirements for bank trading activities—requirements determined on the basis of "value at risk" calculations derived from banks' own internal models. Such an approach represents a new paradigm for bank regulation, one that is also being evaluated for credit risk. The committee has also produced guidance on sound risk-management practices for credit risk, for the management of derivatives activities and interest rate risk, and for other important bank operating and disclosure practices.

Although the committee is composed of officials of only major industrialized countries, its policies and standards have been adopted throughout the world. More than one hundred countries implement the 1988 Capital Accord, for example, and many of them also urge their banks to adopt other sound banking practices identified by the committee.

To foster stronger bank supervision worldwide, the committee in 1992 adopted minimum standards for consolidated supervision and in 1997 identified core principles of supervision—twenty-five elements of the supervisory process that the committee believes are necessary for an effective bank supervisory program. Bank supervisory agencies worldwide are encouraged to adhere to these principles and to evaluate their own practices periodically. The full document describing the core principles and other statements issued by the committee are available on the BIS web site: www.bis.org.

greater financial strength and diversification of risks along with larger asset size and equity base. On the other hand, greater concentration of decisionmaking within the industry can lead to larger problems when they occur. Large problems, in turn, raise the specter of systemic risks.

Events of the past several years also provide evidence of the increased speed with which financial problems move around the globe and serve to validate concerns that central bankers have expressed for some time about the effects of technology and financial innovation. Although Russia's debt moratorium was a relatively small event in terms of international banking and capital market flows, it caused investors throughout the world to reassess their risks. For some countries and institutions, the consequences in reduced liquidity were immediate and widespread.

As nonbank investors play an ever-more-important role in financing economic growth, financial information about major borrowers is likely to become more available. Investor demands for greater transparency about risks would complement efforts by international bank supervisors and the International Monetary Fund to promote greater disclosure and should help bring about still broader, more efficient financial markets.

International banking has long provided attractive opportunities to U.S. and foreign banks and will clearly do so in the years ahead. The key to taking advantage of the opportunities, as always, is understanding the risks and potential returns. Further gains by banks and other financial institutions in measuring and managing risks will enhance this understanding.

As the links among banking and financial markets multiply and more events have sudden worldwide effects, supervisory agencies throughout the world will also need to continue—indeed, to strengthen—their efforts to coordinate the regulation and oversight of large banks and other financial institutions. Through the Bank for International Settlements, a substantial framework for conducting this work is already in place (see box). By developing their rules in ways compatible with sound market practice, supervisors can contribute most to a healthy and responsive international banking system for the new millennium. □

A.1 Number of foreign branches of Federal Reserve member banks, by location, selected years, 1965–98

Location	1965	1970	1975	1980	1985	1990	1995	1998
Europe	43	116	166	186	210	157	131	141
Belgium	4	10	10	8	9	5	5	5
France	4	12	19	15	12	11	9	8
Germany	6	21	27	27	18	15	8	10
Greece	1	9	17	16	21	22	26	32
Italy	1	4	9	15	22	12	11	11
Luxembourg	0	1	5	4	3	1	1	1
Netherlands	3	7	6	6	3	2	2	3
Spain	0	0	0	8	15	13	11	9
Switzerland	1	7	9	9	12	11	7	7
United Kingdom	21	44	49	53	68	42	30	30
Other	2	1	15	25	27	23	21	25
Latin America	75	168	133	165	216	239	242	354
Argentina	17	38	32	45	63	81	94	216
Brazil	15	16	18	19	19	44	50	13
Chile	3	17	1	6	30	40	39	44
Colombia	6	26	0	0	0	0	0	0
Panama	12	29	30	32	28	20	18	22
Other	22	42	52	63	76	54	41	59
Caribbean	13	116	162	193	193	155	124	108
Bahamas	3	61	73	75	74	52	39	27
Cayman Islands	0	0	47	79	91	80	70	67
Other	10	55	42	39	28	23	15	14
Asia	50	79	112	161	202	189	184	220
Hong Kong	6	13	23	43	73	57	43	52
India	6	11	9	10	10	11	12	15
Indonesia	0	6	5	5	5	6	7	8
Japan	14	15	31	29	30	33	36	37
Korea	0	3	3	12	19	24	22	23
Philippines	5	4	4	14	15	13	10	12
Singapore	8	11	20	26	25	20	16	19
Other	11	16	17	22	25	25	38	54
Africa	2	2	8	19	22	14	17	20
Middle East	5	12	20	31	31	22	22	23
U.S. territories	23	43	65	53	46	49	29	35
Other	0	0	0	0	0	1	11	15
Total	**211**	**536**	**666**	**808**	**920**	**826**	**760**	**916**

A.2 Assets of foreign branches of Federal Reserve member banks, by location, selected years, 1965–98
Billions of dollars

Location	1965	1970	1975	1980	1985	1990	1995	1998
Europe	5.6	39.2	92.0	170.3	154.0	137.0	287.3	336.4
Belgium			4.0	6.8	7.4	8.0	10.7	11.9
France			7.4	12.1	10.3	7.0	10.6	5.0
Germany			6.3	5.9	6.2	4.2	6.1	5.5
Greece			1.0	2.2	2.3	2.4	4.3	4.8
Italy			2.0	4.3	4.5	2.8	12.7	5.0
Netherlands			1.0	1.6	1.0	1.7	2.0	2.4
Spain			.0	1.5	3.9	7.2	8.6	2.9
Switzerland			1.0	2.2	2.8	2.7	1.5	.8
United Kingdom	4.3	29.7	67.6	129.5	112.0	92.8	220.8	284.8
Other			1.7	4.2	3.6	8.2	10.0	13.3
Latin America	.9	2.1	6.7	15.0	11.3	8.1	18.5	31.7
Argentina			.2	2.4	1.4	1.6	7.5	16.3
Brazil			.7	2.2	3.4	2.9	5.0	4.6
Chile			*	.3	1.1	1.7	3.0	4.7
Panama			4.8	8.0	4.2	.8	1.4	2.0
Other			.9	2.1	1.2	1.1	1.6	4.1
Caribbean	.9	4.4	37.7	97.8	86.0	80.5	146.3	203.2
Bahamas			30.9	68.9	47.9	43.1	75.6	73.3
Cayman Islands			5.9	26.9	37.0	36.7	70.1	128.9
Other			.9	2.0	1.1	.7	.6	1.0
Asia	1.7	4.4	21.0	46.2	59.7	67.4	123.7	161.4
Hong Kong			2.6	7.7	11.3	16.2	28.7	38.2
India			.2	.4	.9	3.1	3.5	5.2
Indonesia			.3	.5	1.0	1.4	2.3	2.3
Japan			10.2	18.9	18.0	15.9	31.2	38.4
Korea			.3	1.8	3.4	4.8	8.5	9.8
Philippines			.5	3.1	3.5	2.2	2.9	3.3
Singapore			5.7	11.2	16.1	16.0	27.7	42.4
Other			1.2	2.6	5.5	7.8	18.9	21.8
Africa	*	*	.1	1.0	1.0	1.1	1.8	4.0
Middle East	.1	.3	2.1	7.0	5.4	3.8	8.4	8.2
U.S. territories	.6	2.2	3.1	6.0	12.0	5.9	6.9	11.1
Other	...	...	...	...	...	.6	6.5	11.5
Total	**9.8**	**52.6**	**162.7**	**343.5**	**329.2**	**304.4**	**599.4**	**767.5**

NOTE. Gross assets, including claims on affiliates. For 1965 and 1970, further details by country are not available. Assets are not adjusted to reflect further FIN 39 netting by the head offices of banks.

. . Not applicable.
* Less than $50 million.

Treasury and Federal Reserve Foreign Exchange Operations

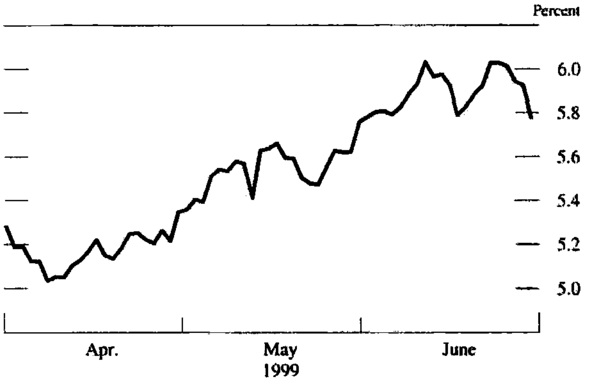
This report, presented by Peter R. Fisher, Executive Vice President, Federal Reserve Bank of New York, and Manager, System Open Market Account, describes the foreign exchange operations of the U.S. Department of the Treasury and the Federal Reserve System for the period from April through June 1999. Laura F. Ambroseno was primarily responsible for preparation of the report.

During the second quarter of 1999, the dollar appreciated 4.0 percent against the euro and was largely unchanged against the yen. Movements in the major currency pairs were influenced by shifts in growth outlooks for the United States, Japan, and Europe. The dollar benefited from the continued robust expansion of the U.S. economy, while the yen strengthened as prospects emerged for an economic recovery in Japan. The dollar received some support against the euro during much of the quarter from a widening differential between U.S. and European interest rates. Yield differentials, however, narrowed sharply toward the end of the quarter, helping to slow the rate of decline of the euro's exchange value. The U.S. monetary authorities did not intervene in the foreign exchange markets during the quarter.

Markets React to Global Economic Growth Trends

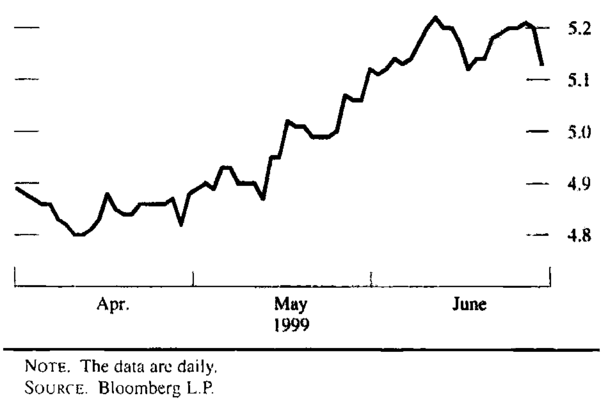
The U.S. economy continued to grow at a solid pace in the second quarter, negating earlier expectations of a moderation in growth and leading to heightened anticipation of a modest tightening of U.S. monetary policy. After the release of higher-than-expected consumer inflation data on May 13 and the announcement by the Federal Open Market Committee (FOMC) of a tightening bias on May 18, concern emerged that the FOMC might embark on an aggressive course of tightening. The yield on the ten-year U.S. Treasury bond reached a high of 6.03 percent on June 11, which was nearly 100 basis points above the low point for the quarter. The implied yield on the September federal funds futures contract also rose to a period high of 5.22 percent on June 11 but stabilized somewhat after Chairman Greenspan indicated on June 19 that the FOMC should employ "modest preemptive action." On June 30, the FOMC increased the federal funds target 25 basis points, to 5.00 percent, and adopted "a directive that includes no predilection about near-term policy." Treasury yields marginally retraced their increases, and the implied yield on the September federal funds futures contract fell to 5.13 percent as market participants interpreted the removal of the tightening bias as an indication that further rate hikes might not be imminent.

1. Ten-year Treasury yield, 1999:Q2



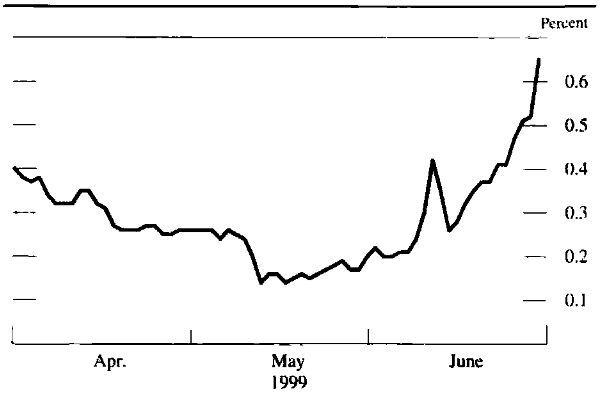
NOTE. The data are daily.
SOURCE. Bloomberg L.P.

2. Implied yield on September 1999 federal funds futures contract, 1999:Q2



NOTE. The data are daily.
SOURCE. Bloomberg L.P.

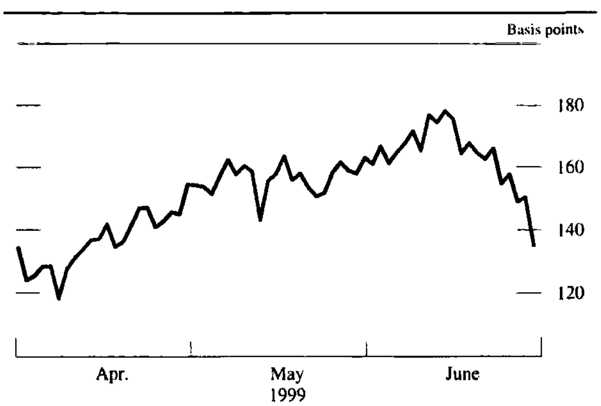
3. Three-month implied yield on March 2000 euroyen futures contract, 1999:Q2



NOTE. The data are daily.
SOURCE. Bloomberg L.P.

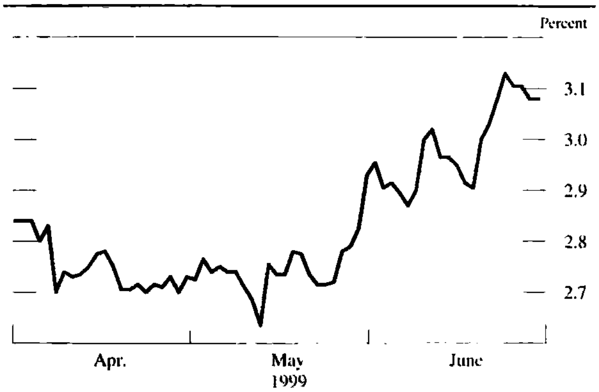
In Japan, the surprisingly strong first-quarter figure for gross domestic product released on June 10 prompted market participants to reevaluate the time frame for possible economic recovery. Japanese yields were pressured higher by the prospect of economic growth and by bond supply concerns given renewed discussion of additional stimulus measures and tax cuts. The yield on the ten-year Japanese government benchmark bond rose from a low of 1.23 percent on May 17 to a high of 1.84 percent by quarter-end. Japanese equities also reacted to the economic data and to further evidence of corporate restructuring, with the Nikkei index rising 10.7 percent over the quarter. Foreign investors were noteworthy buyers of Japanese equities, thereby continuing to increase the weight of Japanese assets in their portfolios. The three-month implied yield of the March 2000 euroyen futures contract rose 25 basis points over the quarter, to a level of 65 basis points,

4. Spread between ten-year U.S. and German government bond yields, 1999:Q2



NOTE. The data are daily and are the ten-year U.S. yield minus the ten-year German yield.
SOURCE. Bloomberg L.P.

5. Three-month implied yield on March 2000 euribor futures contract, 1999:Q2

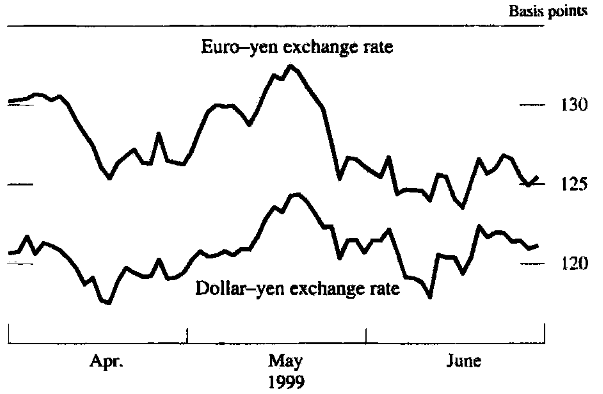


NOTE. The data are daily. The euribor rate is the European interbank offered rate for euro deposits.
SOURCE. Bloomberg L.P.

as speculation mounted that the Bank of Japan might abandon its zero-interest-rate policy earlier than expected.

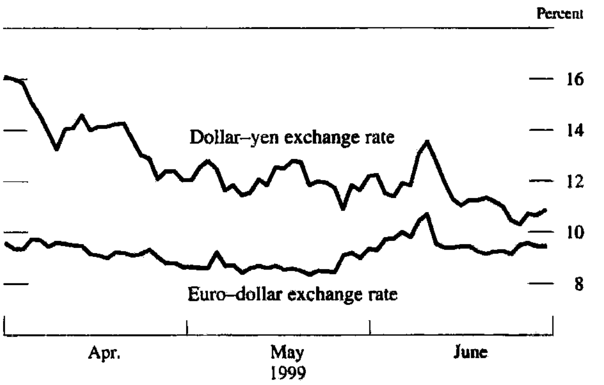
The Governing Council of the European Central Bank (ECB) cut the interest rate on its main refinancing operations 50 basis points on April 8, to 2.50 percent, a move that was perceived as positive for future growth prospects in Europe. However, evidence of a near-term pickup in economic activity remained scant for most of the quarter. European bonds outperformed U.S. Treasuries, with the spread between ten-year U.S. and ten-year German government bond yields reaching a high of 178 basis points on June 15. Late in the quarter, better-than-expected business confidence and German GDP data led to a marginal shift in sentiment toward the European economy. Following the June 17 release of a May business sentiment survey in Germany, which showed a sharp improvement in business expectations, the yield on the ten-year benchmark German bund rose 25 basis points, to 4.51 percent, and the ten-year U.S.–German bond yield spread narrowed to 135 basis points by quarter-end. The rise in bund yields was attributed, in part, to developments in the U.S. Treasury market, but fiscal policy concerns in the euro area and a surge in euro-denominated bond issuance were also cited as contributing factors. Although a pickup in European growth was widely discussed, many market participants remained cautious about growth prospects in the euro area. Nonetheless, by the end of the period, the three-month implied yield on the March 2000 euribor futures contract had risen 44 basis points, from a period low of 2.64 percent, as market participants anticipated a possible shift by the ECB toward a tighter interest rate policy.

6. The yen against the dollar and the euro, 1999:Q2



NOTE. The data are daily.
SOURCE. Reuters.

7. One-month implied volatilities, 1999:Q2



NOTE. The data are daily.
SOURCE. Reuters.

CURRENCY MOVEMENTS REFLECT CHANGING GROWTH PROSPECTS

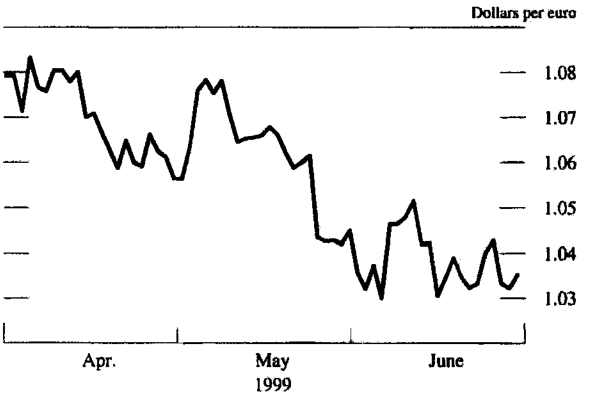
In Japan, the surprisingly strong first-quarter figure A strong correlation between the dollar–yen and euro–yen exchange rates suggested that the yen continued to dominate movements in the major currency pairs this quarter. Against the dollar, the yen depreciated to ¥124.32 in the first half of the quarter as expectations for the economic outlook in Japan remained unchanged and bond supply concerns waned. The yen's decline reflected the 90-basis-point widening of the long-term U.S.–Japanese interest rate differential from the start of the quarter to May 17. During this time, demand for dollars was encouraged by sustained U.S. economic growth, higher U.S. interest rates, and the perception that the FOMC would remain vigilant against inflation.

The upward trend in the dollar–yen exchange rate reversed sharply after the FOMC's shift toward a tightening bias on May 18, and renewed speculation of an additional stimulus package in Japan. The yen's appreciation gained momentum after Japan's first-quarter GDP release and mirrored the narrowing of the long-term U.S.–Japanese interest rate differential by 47 basis points, to a level of 393 basis points, from May 17 to quarter-end. The yen was further supported as both domestic and foreign investors purchased Japanese equities in anticipation of an economic recovery. In addition, the persistent depreciation of the euro reportedly prompted Japanese institutional investors to sell euros against the yen to hedge euro-denominated debt holdings.

Treasury Secretary-designate Summers, in his confirmation hearing on June 17, said that "a strong currency is very much in our national interest. That has been our policy and will continue to be our policy if I am confirmed as secretary." Also during June, Japanese government officials repeatedly warned against any "premature" strengthening of the yen.

The yen's upward momentum was interrupted by reports of intervention operations late in the quarter involving purchases of dollars and euros by the Bank of Japan. The ECB confirmed that it operated as agent for the Bank of Japan on one occasion. Some market participants interpreted the estimated scale of the operations as indicative of the Japanese authorities' determination to resist yen appreciation. However, there was also a substantial body of opinion in the market that the main effect of the reported intervention operations was to provide more attractive levels for Japanese investors to hedge exposure to the euro. In the options market, one-month implied volatility for the dollar–yen exchange rate collapsed from more than 16 percent to less than 11 percent over the quarter, reflecting market expectations for dollar–yen exchanges to trade in a relatively narrow range.

8. The euro against the dollar, 1999:Q2



NOTE. The data are daily.
SOURCE. Reuters.

The euro depreciated on balance against both the dollar and the yen, as the marginal improvement in euro-area growth prospects lagged the shift in sentiment toward Japan and the surprising resilience of U.S. economic performance. The euro was also pressured lower by market perceptions that the European Monetary Union (EMU) monetary authorities placed a higher priority on internal price stability in the euro area than on the euro's exchange rate. The euro registered a particularly sharp depreciation toward the end of May, when the European Union finance ministers agreed to relax Italy's budget deficit target to 2.4 percent of GDP from 2.0 percent. In the final weeks of the quarter, the euro was supported, in part, by the narrowing of spreads between U.S. and European interest rates and stabilized within a lower trading range.

Treasury and Federal Reserve Foreign Exchange Reserves

The U.S. monetary authorities did not undertake any intervention operations during the quarter. At the end of the quarter, the current values of euro and Japanese yen reserve holdings totaled $14.7 billion for the Federal Reserve System and $14.7 billion for the Exchange Stabilization Fund (ESF). The U.S. monetary authorities invest all of their foreign currency balances in a variety of instruments that yield market-related rates of return and have a high degree of liquidity and credit quality. A significant portion of these balances is invested in German and Japanese government securities held directly or under repurchase agreement. As of June 30, U.S. monetary authorities had $8.1 billion in outright holdings of foreign government securities.

Japanese and German government securities held under repurchase agreement are arranged either through transactions executed directly in the market or through agreements with official institutions. Foreign government securities held under repurchase agreement by the U.S. monetary authorities totaled $12.1 billion at the end of the quarter. Foreign currency reserves are also invested in deposits at the Bank for International Settlements and in facilities at other official institutions.

On April 9, the ESF placed $1,697.4 million at the disposal of the Federal Reserve Bank of New York to put into effect the ESF share of the multilateral guarantee of Brazil's second drawing on its credit facility with the Bank for International Settlements (BIS). On June 18, Brazil made a partial repayment of its December 18, 1998, drawing on the BIS facility. The ESF share of the guarantee of that drawing was reduced by $467.7 million. An amount of $1,097.0 million remained at the FRBNY's disposal in connection with the guarantee of the portion of the December 18 drawing that was rolled over. The ESF received a commission of $35.5 million at the time of this partial repayment. □

The tables appear on page 620.

1. Foreign currency holdings of U.S. monetary authorities based on current exchange rates, 1999:Q2

Millions of dollars

Item	Balance, Mar. 31, 1999	Quarterly changes in balances, by source					Balance, June 30, 1999
		Net purchases and sales[1]	Effect of sales[2]	Investment income	Currency valuation adjustments[3]	Interest accrual (net) and other	
FEDERAL RESERVE SYSTEM OPEN MARKET ACCOUNT (SOMA)							
EMU euro	7,227.6	0.0	0.0	50.6	−334.5	0.0	6,943.7
Japanese yen	7,950.1	0.0	0.0	1.6	−164.8	0.0	7,786.9
Total	15,177.7	0.0	0.0	52.2	−499.3	0.0	14,730.6
Interest receivables[4]	53.7	...	...	...	...	14.7	68.4
Other cash flow from investments[5]	13.9	...	...	...	...	−13.9	0.0
Total	**15,245.3**	**0.0**	**0.0**	**52.2**	**−499.3**	**.8**	**14,799.0**
U.S. TREASURY EXCHANGE STABILIZATION FUND (ESF)							
EMU euro	7,236.6	0.0	0.0	42.5	−334.5	0.0	6,944.6
Japanese yen	7,950.1	0.0	0.0	1.7	−164.8	0.0	7,787.0
Total	15,186.7	0.0	0.0	44.2	−499.3	0.0	14,731.6
Interest receivables[4]	35.8	...	...	...	...	−9.7	45.5
Other cash flow from investments[5]	18.4	...	...	...	...	−18.4	0.0
Total	**15,240.9**	**0.0**	**0.0**	**44.2**	**−499.3**	**−8.7**	**14,777.1**

NOTE. In this and subsequent tables, components may not sum to totals because of rounding.

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

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

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

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

5. Values for cash flow differences from payment and collection of funds between quarters.

... Not applicable.

2. Net profits or losses (−) on U.S. Treasury and Federal Reserve foreign exchange operations, based on historical cost-of-acquisition exchange rates, 1999:Q2

Millions of dollars

Period and item	Federal Reserve System Open Market Account	U.S. Treasury Exchange Stabilization Fund
Valuation profits and losses on outstanding assets and liabilities, Mar. 31, 1999		
EMU euro	−10.6	−227.5
Japanese yen	911.2	1,123.3
Total	**900.6**	**895.8**
Realized profits and losses from foreign currency sales, Apr. 1, 1999–June 30, 1999[1]		
EMU euro	0.0	0.0
Japanese yen	0.0	0.0
Total	**0.0**	**0.0**
Valuation profits and losses on outstanding assets and liabilities, June 30, 1999		
EMU euro	−345.0	−562.0
Japanese yen	746.3	958.5
Total	**401.3**	**396.5**

3. Currency arrangements, June 30, 1999

Millions of dollars

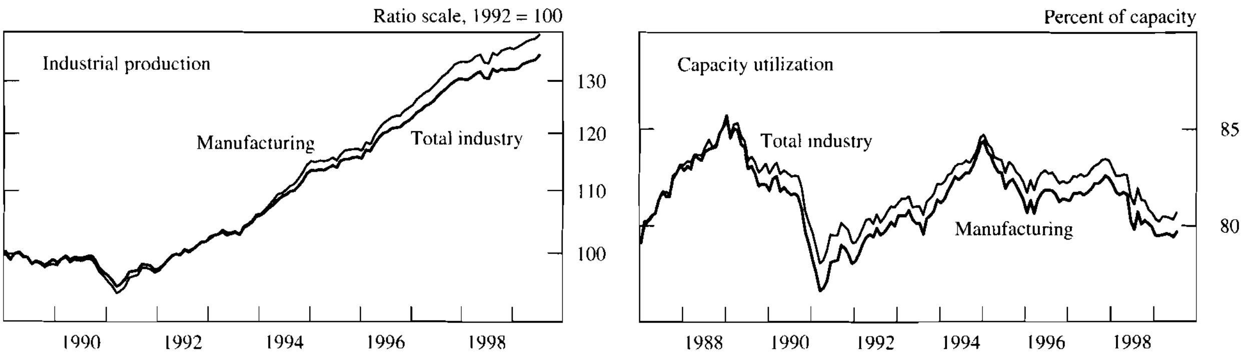
Institution	Amount of facility	Outstanding, June 30, 1999
	Federal Reserve reciprocal currency arrangements	
Bank of Canada	2,000	0.0
Bank of Mexico	3,000	0.0
Total	**5,000**	**0.0**
	U.S. Treasury Exchange Stabilization Fund currency arrangements	
Bank of Mexico	3,000	0.0
Total	**3,000**	**0.0**

Industrial Production and Capacity Utilization for July 1999

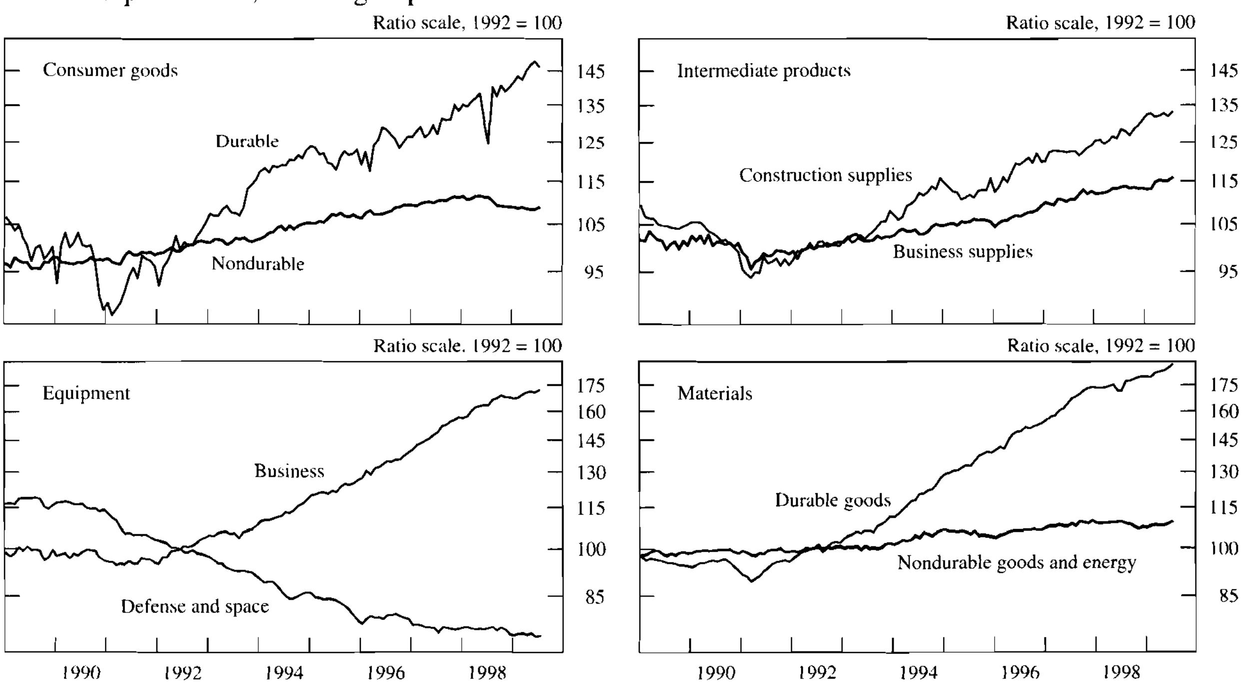
Released for publication August 17

Industrial production, which had risen only 0.2 percent in May and 0.1 percent in June, increased 0.7 percent in July. Because of high temperatures and the heavy use of air conditioning, electric utility output rose more than 3 percent; manufacturing output increased 0.6 percent, and mining output, 0.8 percent. At 135.1 percent of its 1992 average, industrial production in July was 3.6 percent higher than in July 1998. The rate of capacity utilization for total industry rose 0.4 percentage point, to 80.7 percent, 1.4 percentage points below its 1967–98 average.

Industrial production and capacity utilization



Industrial production, market groups



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

Industrial production and capacity utilization, July 1999

Category	Industrial production, index, 1992 = 100								
	1999				Percentage change				
					1999[1]				July 1998 to July 1999
	Apr.[r]	May[r]	June[r]	July[p]	Apr.[r]	May[r]	June[r]	July[p]	
Total	**133.7**	**134.0**	**134.2**	**135.1**	**.3**	**.2**	**.1**	**.7**	**3.6**
Previous estimate	133.7	134.0	134.2	. . .	.3	.2	.2	. . .	. . .
Major market groups									
Products, total[2]	125.6	125.8	125.7	126.2	.3	.2	−.1	.4	2.3
Consumer goods	115.5	115.7	115.9	115.9	.2	.1	.1	.1	1.7
Business equipment	170.6	171.3	170.5	171.9	.8	.4	−.5	.8	5.2
Construction supplies	132.0	132.7	131.9	133.1	.3	.5	−.6	.9	3.6
Materials	146.9	147.3	148.2	149.9	.2	.2	.6	1.1	5.6
Major industry groups									
Manufacturing	138.0	138.4	138.6	139.4	.4	.3	.1	.6	4.3
Durable	164.1	165.0	165.4	166.6	.6	.5	.3	.8	7.9
Nondurable	111.8	111.7	111.7	112.1	.1	−.1	.0	.3	.0
Mining	98.3	98.4	98.3	99.0	−.7	.1	−.1	.8	−5.4
Utilities	115.8	115.4	115.8	118.7	−.8	−.4	.4	2.5	.3

Category	Capacity utilization, percent								MEMO Capacity, percentage change, July 1998 to July 1999
	Average, 1967–98	Low, 1982	High, 1988–89	1998	1999				
				July	Apr.[r]	May[r]	June[r]	July[p]	
Total	**82.1**	**71.1**	**85.4**	**81.1**	**80.4**	**80.4**	**80.3**	**80.7**	**4.1**
Previous estimate	. . .	. . .	. . .	. .	80.5	80.4	80.3	. . .	. . .
Manufacturing	81.1	69.0	85.7	79.8	79.6	79.5	79.4	79.7	4.5
Advanced processing	80.5	70.4	84.2	78.5	78.6	78.6	78.4	78.6	5.4
Primary processing	82.4	66.2	88.9	83.4	82.5	82.4	82.5	83.0	2.4
Mining	87.5	80.3	88.0	87.2	81.1	81.2	81.1	81.6	1.1
Utilities	87.4	75.9	92.6	93.7	91.1	90.8	91.1	93.3	.7

NOTE. Data seasonally adjusted or calculated from seasonally adjusted monthly data.

1. Change from preceding month.

2. Contains components in addition to those shown.

r Revised.

p Preliminary.

MARKET GROUPS

The output of consumer goods edged up 0.1 percent for a third consecutive month. Because of a dip in motor vehicle assemblies, the output of consumer durable goods fell 1.1 percent in July after solid increases earlier. The production of automotive products dropped 4.3 percent; it had increased more than 6 percent from March to June. The production of other durable consumer goods advanced 1.6 percent after having changed little in both May and June; a rebound in the output of appliances along with further strength in home computing equipment and room air conditioners accounted for the gain. The production of nondurable consumer goods, which had been weak in earlier months, rose 0.4 percent. A small increase in the production of non-energy products was accompanied by a rebound in the production of energy goods as residential sales of electricity jumped. Although the output of consumer nondurable goods increased, it remained 2.2 percent below its level of July 1998.

After having eased 0.5 percent in June, the output of business equipment rebounded 0.8 percent in July. The output of industrial equipment was up noticeably, reversing part of the cumulative losses over the preceding two months. The production of information processing equipment, which advanced 2.1 percent in July, has risen 16.2 percent over the past twelve months. The output of transit equipment and of other equipment declined again. Within these groups, the production of farm machinery and commercial aircraft weakened further; assemblies of light business vehicles fell back, but assemblies of medium and heavy trucks advanced more than 1 percent. The output of defense and space equipment, which had fallen 1 percent in June, edged up 0.2 percent.

The production of construction supplies, which dipped in June, bounced back in July, continuing the strong performance that has been evident since late 1997. The output of materials increased 1.1 percent. The output of durable goods materials, which accounts for more than half of total materials in terms of value added, rose 1.3 percent, nearly double the increase in June; all the major groups within this category posted sizable gains. The output of energy materials rose 1.9 percent, while the production of nondurable goods materials edged down.

INDUSTRY GROUPS

Manufacturing output advanced 0.6 percent in July after it had edged up 0.1 percent in June. Excluding motor vehicles and parts, the gain in July was 0.8 percent. Production of both durables and nondurables picked up. The 0.8 percent gain in the output of durables once again was led by significant advances at makers of high-technology equipment and parts; however, the production of motor vehicles and parts fell 2 percent, reversing its increase in June. The production indexes for furniture and fixtures; for stone, clay, and glass products; and for fabricated metal products all increased 1 percent in July. Among nondurables, rebounds in the production of petroleum products, rubber and plastics products, and apparel products were partly offset by declines in the leather, paper, and foods industries.

The factory operating rate rose 0.3 percentage point in July, to 79.7 percent, with increases in both advanced- and primary-processing industries. Capacity utilization in primary-processing industries rose 0.5 percentage point, to 83.0 percent, its highest level since January, while utilization in advanced-processing industries rose 0.2 percentage point, to 78.6 percent.

The operating rate at electric utilities, which rose 3 percentage points, to 97.6 percent, reflected both the higher use of air conditioning during the heat wave and the reluctance of some utilities in recent years to add capacity in a more competitive environment. The operating rate for mining rose 0.5 percentage point, to 81.6 percent, a level well below its long-run average. Some recovery in oil and gas well drilling and an increase in coal mining contributed to the increase.

REVISION OF INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

In November the Federal Reserve will publish revisions to its measures of industrial production (IP), capacity, capacity utilization, and industrial use of electric power. The revisions will begin with 1992 and will incorporate updated source data for more recent years.

This regular updating of source data for IP will include some annual data from the Bureau of the Census's *1997 Census of Manufactures* and from selected editions of its *1998 Current Industrial Reports.* Annual data from the U. S. Geological Survey on metallic and nonmetallic minerals (except fuels) for 1997 and 1998 will also be introduced. The updating will also include revisions to the monthly indicator for each industry (either physical product data, production-worker hours, or electric power usage) and revised seasonal factors. In addition, the revision will introduce improved measures of production for selected series.

Capacity and capacity utilization will be revised to incorporate preliminary data from the *1998 Survey of Plant Capacity* of the Bureau of the Census. The statistics on the industrial use of electric power will incorporate additional information received from utilities for the past few years and may include some data from the *1997 Census of Manufactures.*

Once the revision is published, it will also be made available on the Board's web site, http://www.federalreserve.gov/releases/g17, and on diskettes from Publications Services (telephone 202-452-3245). The revised data will also be available through the web site and the Economic Bulletin Board of the Department of Commerce. Further information on these revisions is available from the Board's Industrial Output Section (telephone 202-452-3197). □

Statements to the Congress

Statement by Edward M. Gramlich, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions and Consumer Credit of the Committee on Banking and Financial Services, U.S. House of Representatives, July 21, 1999

Thank you, Madame Chairwoman. You and the subcommittee are to be commended for efforts to resolve the issue of customer financial privacy. This is a vitally important issue in our increasingly information-dependent economy.

Information about individuals' needs and preferences is the cornerstone of any system that allocates goods and services within an economy. The more information about needs and preferences that is available, the more accurately and efficiently will the economy meet these needs and preferences. But though the availability of information promotes economic efficiency, there is also a long-recognized value in permitting individuals to maintain a zone of privacy. This value must be weighed against the benefits of economic efficiency that accrue from a broad dissemination of information.

To date, this issue has been largely handled in the marketplace, where the competitive value to companies of the use of customer information has been traded off against the competitive value of providing customer privacy, but there could be a public dimension as well. The growth of information-sharing technology has raised some important public policy issues that must be dealt with by the Congress.

The collision between economic interests in the value of customer information and individual privacy interests is an inevitable consequence of the growth in information technology. As information technology increases the flexibility of production processes to meet changes in product demands, the value of information about existing and probable demands also increases. Increases in productivity will contribute most efficiently to increases in standards of living when that productivity is focused on the goods and services consumers desire most. In order to identify existing customers' preferences, as well as potential customers and their preferences, firms will seek information about the tastes of their own customers.

The current debate over the privacy of customer financial information concerns information that banking and other financial institutions derive from their relationships with their customers. This information may include information submitted by a customer to a bank in order to obtain a loan or deposit service; information concerning transactions between a customer and a bank, such as individual deposits, check payments, or payments on loans; as well as information obtained by the bank from third parties, such as information from a credit report. The economic value of this customer financial information to the bank in unquestionable. It is necessary to the conduct of transactions and also helps the bank evaluate the credit risk of its customers. This information also has value to others who may wish to sell goods or services to the bank's customers and therefore has value to the bank as a marketable asset.

In the area of financial information, however, it is clear that many consumers believe that an implicit contract exists between the financial institution and the customer that requires the financial institution to keep certain transactional information confidential. Control of information about ourselves is one of the fundamental means by which we, as individuals, manage our relationships with each other. The feeling that financial information should be private has deep historic roots, and bankers and bank customers have long viewed their business relationship as involving a high degree of trust. The maintenance of this trust is essential to ensuring the confidence in our financial institutions that is so essential to their operations.

As market processes evolve, there is evidence that consumers have come to value both economic efficiency and privacy. On one side, individual consumers often overcome their reluctance to share particular items of information with third parties if they benefit from the sharing of that information. Many consumers participate in programs that assist retailers in collecting detailed information about their own purchases in exchange for modest price discounts. Similarly, the sharing of credit histories for certain purposes is so widely accepted that sometimes creditors have been criticized by customers for failing to share information that would help these customers improve their credit histories.

At the same time, proposals or programs for using information about individuals have been abruptly dropped because of public responses. In Washington, D.C., two sellers of prescription medications stopped sharing prescription data with a third party. Several states backed away from programs of sharing driver's license photographs with a private company. Federal banking regulators dropped a proposal to require banks to establish "Know Your Customer" programs. In each of these cases, the strength of individual privacy preferences was underestimated, and public reaction forced a response more consistent with these preferences.

It is also possible that the increased ease of collecting and sharing information is allowing the practices of information users to evolve more rapidly than individuals' ability to respond. Given the rapid evolution of current market practices and the paucity of public information about these practices, the ability of individual bank customers to influence these developments through their market choices may not be adequate.

Already our judicial system is reaching for the appropriate balance between the economic value of customer financial information and the customer's privacy interest. The judicial system has long recognized the value of customer information: The courts have considered customer lists to be intellectual property protectable as trade secrets for most of this century. This suggests that customer account information may also be considered to be the intellectual property of the bank. In a related context, the Supreme Court has flatly characterized documents relating to a customer's account as "the business records of banks" to which the customer "can assert neither ownership nor possession." Although ownership of property, including intellectual property, ordinarily includes the power to use or transfer the property, a number of state courts have limited banks' ownership rights in customer information, recognizing the value of the privacy of financial transactions to individuals. Despite the fact that most banking relationships are based on a debtor–creditor relationship, which entails considerably less responsibility for the counterparty's interests than a fiduciary relationship, these courts have found an implied contractual duty on the part of banks to maintain the confidentiality of customer information.

This environment presents the Congress with a series of important questions. Are banking practices involving customer information developing so quickly that customers will be unable to respond to those practices effectively? If so, can market processes be made more efficient without materially lessening privacy protections? If not, must the Congress itself strike the appropriate balance between these competing interests?

The Congress has already deemed it necessary to address specifically the uses of consumer financial information in the Fair Credit Reporting Act (FCRA). This act governs the exchange of customer data by and with consumer reporting agencies. In connection with the enactment and amendment of the FCRA, the Congress grappled with some of the issues related to sharing customer information between affiliates. After significant debate, the Congress balanced the issues of consumer privacy and economic efficiency by allowing institutions to share information related solely to the institution's transactions or experiences with the customer but to require that each customer be provided with the right to opt out of sharing between affiliates of any other type of customer information. In addition, the Electronic Fund Transfer Act requires a financial institution holding certain accounts to inform consumers of the circumstances under which information will be made available to affiliates and third parties. Similarly, several states have construed constitutional provisions or enacted general or industry-specific statutes to establish financial privacy rights.

Moreover, the Congress has given the banking agencies powers that may be exercised to address abuses in this area. These include the banking agencies' general enforcement powers over unsafe and unsound practices under the Federal Deposit Insurance Act and the Federal Reserve's ability to adopt rules addressing unfair or deceptive acts or practices under the Federal Trade Commission Improvement Act. Although we believe that information sharing between banks and third parties is fairly common, to date we have received relatively few complaints and have not found the need to institute any enforcement actions on privacy grounds.

The Congress is now considering whether to place additional limitations on banks and other financial institutions' disclosures of customer information, as would be done by the privacy provisions of H.R. 10. By adding these additional limitations—such as providing customers the right to opt out and thereby limiting the sharing of the institution's own experiences and other transactional information with third parties—it would be placing an increased value on privacy protections for bank customers. In making this decision, it is important that the tradeoff between economic efficiency and privacy be addressed with the fullest possible understanding of the competing interests. In particular, there should be recognition of the importance of consistency across markets—to ensure that any limitations imposed on one industry, such as financial services, do not place that industry at a competitive disadvantage.

If the Congress were to enact the privacy provisions of sections 501 through 510 of H.R. 10 as drafted, we believe that the exceptions would permit routine payment transactions and supervisory activities to continue. However, the committee may wish to consult others as to the efficacy of other exceptions to the disclosure limitations. There may be some room to clarify the drafting, and we would be happy to offer suggestions to that end. In addition, the time period for adopting or implementing regulations is ambitious. Thought might be given to extending the implementation period to at least a year.

Finally, your letter of invitation raised issues with respect to the Board's own privacy policy and to our experience with the Right to Financial Privacy Act and the Privacy Act. Significantly, these questions relate to governmental, as opposed to private, access to data about individuals. The Board's privacy policy statement was adopted in June and can be accessed from the Board's home page and several other locations on the Board's web site (www.federalreserve.gov). At its web site, the Board collects information concerning the frequency and volume of visits to the site. It does not collect information that identifies individuals, nor does it use "cookies" (that is, entries placed in the individual's computer to allow monitoring of the individual's use of a web site). The Board does not see an obvious need to revise the Right to Financial Privacy Act at this time, though there is a need for its continued review. We would want to make a more thorough study of the issue before recommending any specific changes.

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking and Financial Services, U.S. House of Representatives, July 22, 1999 (Chairman Greenspan presented identical testimony before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, July 28, 1999.)

Thank you, Mr. Chairman and other members of the committee, for this opportunity to present the Federal Reserve's semiannual report on monetary policy.[1]

To date, 1999 has been an exceptional year for the American economy but a challenging one for American monetary policy. Through the first six months of this year, the U.S. economy has further extended its remarkable performance: Almost 1¼ million jobs were added to payrolls on net, and gross domestic product apparently expanded at a brisk pace, perhaps near that of the prior three years.

At the root of this impressive expansion of economic activity has been a marked acceleration in the productivity of our nation's workforce. This productivity growth has allowed further healthy advances in real wages and has permitted activity to expand at a robust clip while helping to foster price stability.

Last fall, the Federal Open Market Committee (FOMC) eased monetary policy to counter a seizing-up of financial markets that threatened to disrupt economic activity significantly. As those markets recovered, the FOMC had to assess whether that policy stance remained appropriate. By late last month, when it became apparent that much of the financial strain of last fall had eased, that foreign economies were firming, and that demand in the United States was growing at an unsustainable pace, the FOMC raised its intended federal funds rate ¼ percentage point, to 5 percent. To have refrained from doing so in our judgment would have put the U.S. economy's expansion at risk.

If nothing else, the experience of the last decade has reinforced earlier evidence that a necessary condition for maximum sustainable economic growth is price stability. While product prices have remained remarkably restrained in the face of exceptionally strong demand and expanding potential supply, it is imperative that we do not become complacent.

The already shrunken pool of job seekers and considerable strength of aggregate demand suggest that the Federal Reserve will need to be especially alert to inflation risks. Should productivity fail to continue to accelerate and demand growth persist or strengthen, the economy could overheat. That would engender inflationary pressures and put the sustainability of this unprecedented period of remarkable growth in jeopardy. One indication that inflation risks were rising would be a tendency for labor markets to tighten further. But the FOMC also needs to continue to assess whether the existing degree of pressure in these markets is consistent with sustaining our low-inflation environment. If new data suggest it is likely that the pace of cost and price increases will be picking up, the Federal Reserve will have to act promptly and forcefully to preclude imbalances from arising that would only require a more disruptive

1. See "Monetary Policy Report to the Congress," *Federal Reserve Bulletin*, vol. 85 (August 1999), pp. 529–52.

adjustment later—one that could impair the expansion and bring into question whether the many gains already made can be sustained.

Recent Developments

A number of important forces have been shaping recent developments in the U.S. economy. One has been a recovery of financial markets from the disruptions of last fall. By the end of 1998, the extreme withdrawal from risk-taking and consequent seizing-up of markets had largely dissipated. This year, risk spreads have narrowed further—though generally not to the unrealistically low levels of a year ago—and a heavy volume of issuance in credit markets has signaled a return to their more normal functioning. Equity prices have risen to new highs and, in the process, have elevated price–earnings ratios to historic levels.

Abroad, many financial markets and economies also have improved. Brazil weathered a depreciation of its currency with limited fallout on its neighbors. In Asia, a number of the emerging market economies seemed to be reviving after the trying adjustments of the previous year or so. Progress has not been universal, and in many economies prospects remain clouded, depending importantly on the persistence of efforts to make fundamental reforms whose necessity had been made so painfully obvious in the crises those economies endured. Nonetheless, the risks of further major disruptions to financial and trade flows that had concerned the FOMC when it eased policy last fall have clearly diminished. Improving global prospects also mean that the U.S. economy will no longer be experiencing declines in basic commodity and import prices that held down inflation in recent years.

In the domestic economy, data becoming available this year have tended to confirm that productivity growth has stepped up. It is this acceleration of productivity over recent years that has explained much of the surprising combination of a slowing in inflation and sustained rapid real growth. Increased labor productivity has directly limited the rise of unit labor costs and accordingly damped pressures on prices. This good inflation performance, reinforced also by falling import prices, in turn has fostered further declines in inflation expectations over recent years that bode well for pressures on costs and prices going forward.

In testimony before this committee several years ago, I raised the possibility that we were entering a period of technological innovation that occurs perhaps once every fifty or one hundred years. The evidence then was only marginal and inconclusive. Of course, tremendous advances in computing and telecommunications were apparent, but their translations into improved overall economic efficiency and rising national productivity were conjectural at best. While the growth of output per hour had shown some signs of quickening, the normal variations exhibited by such data in the past were quite large. More intriguing was the remarkable surge in capital investment after 1993, especially in high-tech goods, a full two years after a general recovery was under way. This suggested a marked increase in the perceived prospective rates of return on the newer technologies.

That American productivity growth has picked up over the past five years or so has become increasingly evident. Nonfarm business productivity (on a methodologically consistent basis) grew at an average rate of a bit more than 1 percent per year in the 1980s. In recent years, productivity growth has picked up to more than 2 percent, with the past year averaging about 2½ percent.

To gauge the potential for similar, if not larger, gains in productivity going forward, we need to attempt to arrive at some understanding of what has occurred to date. A good deal of the acceleration in output per hour has reflected the sizable increase in the stock of labor-saving equipment. But that is not the whole story. Output has grown beyond what normally would have been expected from increased inputs of labor and capital alone. Business restructuring and the synergies of the new technologies have enhanced productive efficiencies. American industry quite generally has shared an improved level of efficiency and cost containment through high-tech capital investment, not solely newer industries at the cutting edge of innovation. Our century-old motor vehicle industry, for example, has raised output per hour by a dramatic 4½ percent annually on average in the past two years, compared with a lackluster 1¼ percent on average earlier this decade. Much the same is true of many other mature industries, such as steel, textiles, and other stalwarts of an earlier age. This has confirmed the earlier indications of an underlying improvement in rates of return on the newer technologies and their profitable synergies with the existing capital stock.

These developments have created a broad range of potential innovations that have granted firms greater ability to profitably displace costly factors of production whenever profit margins have been threatened. Moreover, the accelerating use of newer technologies has markedly enhanced the flexibility of our productive facilities. It has dramatically reduced the lead times on the acquisition of new equipment and enabled firms to adjust quickly to changing market demands. This has indirectly increased productive capacity and effectively, at least for now, eliminated production bottlenecks and the shortages and price pressures they inevitably breed.

This greater ability to pare costs, increase production flexibility, and expand capacity are arguably the major reasons why inflationary pressures have been held in check in recent years. Others have included the one-time fall in the prices of oil, other commodities, and imports more generally. In addition, a breaking down of barriers to cross-border trade, owing both to the new technologies and to the reduction of government restrictions on trade, has intensified the pressures of competition, helping to contain prices. Coupled with the decline in military spending worldwide, this has freed up resources for more productive endeavors, especially in a number of previously nonmarket economies.

More generally, the consequent erosion of pricing power has imparted an important imperative to hold down costs. The availability of new technology to each company and its rivals affords both the opportunity and the competitive necessity of taking steps to reduce costs, which translates on a consolidated basis into increased national productivity.

The acceleration in productivity owes importantly to new information technologies. Before this information technology revolution, most of twentieth-century business decisionmaking had been hampered by limited information. Owing to the paucity of timely knowledge of customers' needs, the location of inventories, and the status of material flows throughout complex production systems, businesses built in substantial redundancies.

Doubling up on materials and staffing was essential as a cushion against the inevitable misjudgments made in real time when decisions were based on information that was hours, days, or even weeks old. While business people must still operate in an uncertain world, the recent years' remarkable surge in the availability of real-time information has enabled them to remove large swaths of inventory safety stocks, redundant capital equipment, and layers of workers, while arming them with detailed data to fine-tune specifications to most individual customer needs.

Despite the remarkable progress witnessed to date, history counsels us to be quite modest about our ability to project the future path and pace of technology and its implications for productivity and economic growth. We must remember that the pickup in productivity is relatively recent, and a key question is whether that growth will persist at a high rate, drop back toward the slower standard of much of the last twenty-five years, or climb even more. By the last I do not just mean that productivity will continue to grow but that it will grow at an increasingly faster pace through a continuation of the process that has so successfully contained inflation and supported economic growth in recent years.

The business and financial community does not as yet appear to sense a pending flattening in this process of increasing productivity *growth*. This is certainly the widespread impression imparted by corporate executives. And it is further evidenced by the earnings forecasts of more than a thousand securities analysts who regularly follow S&P 500 companies on a firm-by-firm basis, which presumably embody what corporate executives are telling them. While the level of these estimates is no doubt upwardly biased, unless these biases have significantly changed over time, the revisions of these estimates should be suggestive of changes in underlying economic forces. Except for a short hiatus in the latter part of 1998, analysts' expectations of five-year earnings growth have been revised up continually since early 1995. If anything, the pace of those upward revisions has quickened of late. True, some of that may reflect a pickup in expected earnings of foreign affiliates, especially in Europe, Japan, and the rest of Asia. But most of this year's increase almost surely owes to domestic influences.

There are only a limited number of ways that the expected long-term growth of domestic profits can increase, and some we can reasonably rule out. There is little evidence that company executives or security analysts have significantly changed their views in recent months of the longer-term outlook for continued price containment, the share of profits relative to wages, or anticipated growth of hours worked. Rather, analysts and the company executives they talk to appear to be expecting that unit costs will be held in check, or even lowered, as sales expand. Hence, implicit in upward revisions of their forecasts, when consolidated, is higher expected national productivity growth.

Independent data on costs and prices in recent years tend to confirm what aggregate data on output and hours worked indicate: that productivity growth has risen. With price inflation stable and domestic operating profit margins rising, the rate of increase in total consolidated unit costs must have been falling.

Even taking into account the evidence of declining unit interest costs of nonfinancial corporations, unit labor cost increases (which constitute three-quarters of total unit costs) must also be slowing. Because until very recently growth of compensation per hour has been rising, albeit modestly, it follows that productivity *growth* must have been rising these past five years as well. Accelerating productivity is thus evident in underlying consolidated income statements of nonfinancial corporations, as well as in our more direct, though doubtless partly flawed, measures of output and input.

That said, we must also understand the limits to this process of productivity-driven growth. To be sure, the recent acceleration in productivity has provided an offset to our taut labor markets by holding unit costs in check and by adding to the competitive pressures that have contained prices. But once growth in output per hour stabilizes, even if at a higher rate, any pickup in the growth of nominal compensation per hour will translate directly into a more rapid rate of increase in unit labor costs, heightening the pressure on firms to raise the prices of the goods and services they sell. Thus, should the increments of gains in technology that have fostered productivity slow, any extant pressures in the labor market should ultimately show through to product prices.

Meanwhile, though, the impressive productivity growth of recent years has also had important implications for the growth of aggregate demand. If productivity is driving up real incomes and profits—and, hence, gross domestic *income*—then gross domestic product must mirror this rise with some combination of higher sales of motor vehicles, other consumer goods, new homes, capital equipment, and net exports. By themselves, surges in economic growth are not necessarily unsustainable—provided they do not exceed the sum of the rate of growth in the labor force and productivity for a protracted period. However, when productivity is accelerating, it is very difficult to gauge when an economy is in the process of overheating.

In such circumstances, assessing conditions in the labor market can be helpful in forming those judgments. Employment growth has exceeded the growth in working-age population this past year by almost ½ percentage point. While somewhat less than the spread between these growth rates over much of the past few years, this excess is still large enough to continue the further tightening of labor markets. It implies that real gross domestic product is growing faster than its potential. To an important extent, this excess of the growth of demand over supply owes to the wealth effect as consumers increasingly perceive their capital gains in the stock and housing markets as permanent and, evidently as a consequence, spend part of them, an issue to which I shall return shortly.

There can be little doubt that, if the pool of job seekers shrinks sufficiently, upward pressures on wage costs are inevitable, short—as I have put it previously—of a repeal of the law of supply and demand. Such cost increases have invariably presaged rising inflation in the past, and presumably would in the future, which would threaten the economic expansion.

By themselves, neither rising wages nor swelling employment rolls pose a risk to sustained economic growth. Indeed, the Federal Reserve welcomes such developments and has attempted to gauge its policy in recent years to allow the economy to realize its full, enhanced potential. In doing so, we must remain concerned with evolving shorter-run imbalances that can constrain long-run economic expansion and job growth.

With productivity growth boosting both aggregate demand and aggregate supply, the implications for the real market interest rates that are consistent with sustainable economic growth are not obvious. In fact, current real rates, although somewhat high by historical standards, have been consistent with continuing rapid growth in an environment where, as a consequence of greater productivity growth, capital gains and high returns on investment give both households and businesses enhanced incentives to spend.

Other Considerations

Even if labor supply and demand were in balance, however, other aspects of the economic environment may exhibit imbalances that could have important implications for future developments. For example, in recent years, as a number of analysts have pointed out, a significant shortfall has emerged in the private saving with which to finance domestic investment in plant and equipment and houses.

One offset to the decline in household saving out of income has been a major shift of the federal budget to surplus. Of course, an important part of that budgetary improvement, in turn, owes to augmented revenues from capital gains and other taxes that have flowed from the rising market value of assets. Still, the budget surpluses have helped to hold down interest rates and facilitate private spending.

The remaining gap between private saving and domestic investment has been filled by a sizable increase in saving invested from abroad, largely a consequence of the technologically driven marked increase in rates of return on U.S. investments. Moreover, in recent years, with many foreign economies faltering, U.S. investments have looked particularly attractive. As U.S. international indebtedness mounts, however, and foreign economies revive, capital inflows from abroad that enable domestic investment to exceed domestic saving may be difficult to sustain. Any resulting decline in demand for dollar assets could well be associated with higher market interest rates, unless domestic saving rebounds.

NEAR-TERM OUTLOOK

Going forward, the members of the Federal Reserve Board and presidents of the Federal Reserve Banks believe there are mechanisms in place that should help to slow the growth of spending to a pace more consistent with that of potential output growth. Consumption growth should slow some, if, as seems most likely, outsized gains in share values are not repeated. In that event, businesses may trim their capital spending plans, a tendency that would be reinforced by the higher level of market interest rates that borrowers now face. But with large unexploited long-term profit opportunities stemming from still-burgeoning innovations and falling prices of many capital goods, the typical cyclical retrenchment could be muted.

Working to offset somewhat this anticipated slowing of the growth of domestic demand, our export markets can be expected to be more buoyant because of the revival in growth in many of our important trading partners.

After considering the various forces at work in the near term, most of the Federal Reserve governors and Bank presidents expect the growth rate of real GDP to be between 3½ percent and 3¾ percent over the four quarters of 1999 and 2½ percent to 3 percent in 2000. The unemployment rate is expected to remain in the range of the past eighteen months.

Inflation, as measured by the four-quarter percent change in the consumer price index, is expected to be 2¼ percent to 2½ percent over the four quarters of this year. Increases in the consumer price index thus far in 1999 have been greater than the average in 1998, but the governors and Bank presidents do not anticipate a further pickup in inflation going forward. An abatement of the recent run-up in energy prices would contribute to such a pattern, but policymakers' forecasts also reflect their determination to hold the line on inflation, through policy actions if necessary. The central tendency of their CPI inflation forecasts for 2000 is 2 percent to 2½ percent.

PREEMPTIVE POLICYMAKING

In its deliberations this year, the FOMC has had to wrestle with the issue of what policy setting has the capacity to sustain this remarkable expansion, now in its ninth year. For monetary policy to foster maximum sustainable economic growth, it is useful to preempt forces of imbalance before they threaten economic stability. But this may not always be possible—the future at times can be too opaque to penetrate. When we can be preemptive, we should be, because modest preemptive actions can obviate more drastic actions at a later date that could destabilize the economy.

I should emphasize that preemptive policymaking is equally applicable in both directions, as has been evident over the years both in our inclination to raise interest rates when the potential for inflationary pressures emerged, as in the spring of 1994, or to lower rates when the more palpable risk was economic weakness, as in the fall of last year. This evenhandedness is necessary because emerging adverse trends may fall on either side of our long-run objective of price stability. Stable prices allow households and firms to concentrate their efforts on what they do best: consuming, producing, saving, and investing. A rapidly rising or a falling general price level would confound market signals and place strains on the system that ultimately may throttle economic expansion.

In the face of uncertainty, the Federal Reserve at times has been willing to move policy based on an assessment that risks to the outlook were disproportionately skewed in one direction or the other, rather than on a firm conviction that, absent action, the economy would develop imbalances. For instance, both the modest policy tightening of the spring of 1997 and some portion of the easing of last fall could be viewed as insurance against potential adverse economic outcomes.

As I have already indicated, by its June meeting the FOMC was of the view that the full extent of this insurance was no longer needed. It also did not believe that its recent modest tightening would put the risks of inflation going forward completely into balance. However, given the many uncertainties surrounding developments on both the supply and demand side of the economy, the FOMC did not want to foster the impression that it was committed in short order to tighten further. Rather, it judged that it would need to evaluate the incoming data for more signs that further imbalances were likely to develop.

Preemptive policymaking requires that the Federal Reserve continually monitor economic conditions, update forecasts, and appraise the setting of its policy instrument. Equity prices figure importantly in that forecasting process because they influence aggregate demand. As I testified last month, the central bank cannot effectively directly target stock or other asset prices. Should an asset bubble arise, or even if one is already in train, monetary policy properly calibrated can doubtless mitigate at least part of the impact on the economy. And, obviously, if we could find a way to prevent or deflate emerging bubbles, we would be better off. But identifying a bubble in the process of inflating may be among the most formidable challenges confronting a central bank, pitting its own assessment of fundamentals against the combined judgment of millions of investors.

By itself, the interpretation that we are currently enjoying productivity acceleration does not ensure that equity prices are not overextended. There can be little doubt that if the nation's productivity growth has stepped up, the level of profits and their future potential would be elevated. That prospect has supported higher stock prices. The danger is that in these circumstances, an unwarranted, perhaps euphoric, extension of recent developments can drive equity prices to levels that are unsupportable even if risks in the future become relatively small. Such straying above fundamentals could create problems for our economy when the inevitable adjustment occurs. It is the job of economic policymakers to mitigate the fallout when it occurs and, hopefully, ease the transition to the next expansion.

Century Date Change Preparations

I would be remiss in this overview of near-term economic developments if I did not relay the ongoing efforts of the Federal Reserve, other financial regulators, and the private sector to come to grips with the rollover of their computer systems at the start of the upcoming century. While I have been in this business too long to promise that 2000 will open on an entirely trouble-free note, the efforts to address potential problems in the banking and financial system have been exhaustive. For our part, the Federal Reserve System has now completed remediation and testing of all its mission-critical applications, including testing its securities and funds-transfer systems with our thousands of financial institution customers.

As we have said previously, while we do not believe consumers need to hold excess cash because we expect the full array of payment options to work, we have taken precautions to ensure that ample currency is available. Further, the Federal Reserve established a special liquidity facility at which sound depository institutions with good collateral can readily borrow at a slight penalty rate in the months surrounding the rollover. The availability of this backstop funding should make depository institutions more willing to provide loans and lines of credit to other financial institutions and businesses and to meet any deposit withdrawals as this century closes.

The banking industry is also working hard, and with evident success, to prepare for the event. By the end of May, 98 percent of the nation's depository institutions examined by Federal Financial Institutions Examination Council agencies were making satisfactory progress on their Year 2000 preparations. The agencies are now in the process of examining supervised institutions for compliance with the June 30 milestone date for completing testing and implementation of remediated mission-critical systems. Supervisors also expect institutions to prepare business resumption contingency plans and to maintain open lines of communication with customers and counterparties about their own readiness. The few remaining laggards among financial institutions in Year 2000 preparedness have been targeted for additional follow-up and, as necessary, will be subject to formal enforcement actions.

Conclusion

As a result of our nation's ongoing favorable economic performance, not only has the broad majority of our people moved to a higher standard of living, but a strong economy also has managed to bring into the productive workforce many who had for too long been at its periphery. The unemployment rate for those with less than a high school education has declined from 10¾ percent in early 1994 to 6¾ percent today, twice the percentage point decline in the overall unemployment rate. These gains have enabled large segments of our society to obtain skills on the job and the self-esteem associated with work.

The questions before us today are what macroeconomic policy settings can best extend this favorable performance. No doubt, a monetary policy focused on promoting price stability over the long run and a fiscal policy focused on enhancing national saving by accumulating budget surpluses have been key elements in creating an environment fostering the capital investment that has driven the gains to productivity and living standards. I am confident that by maintaining this discipline, policymakers in the Congress, in the executive branch, and at the Federal Reserve will give our vital U.S. economy its best chance of continuing its remarkable progress. □

Announcements

Establishment of a Century Date Change Special Liquidity Facility

The Federal Reserve Board on July 20, 1999, voted to establish a Century Date Change Special Liquidity Facility, a program for lending to depository institutions from October 1, 1999, through April 7, 2000.

The facility will help ensure that depository institutions have adequate liquidity to meet any unusual demands in the period around the century date change. Among other things, it should help enable institutions to more confidently commit to supplying loans to other financial institutions and businesses through the rollover period.

The interest rate charged on loans from the special facility will be 150 basis points higher than the Federal Open Market Committee's intended federal funds rate. Although the collateral requirements will be the same as for regular discount window loans, there will be no restrictions on the use and duration of loans from the special facility while it is in operation. Moreover, borrowers will not be required to seek funds elsewhere first.

The Board proposed the special facility on May 21, 1999, and received ninety-three comments. All but three favored its establishment. Commenters frequently noted that even though the financial services industry was well prepared for the Year 2000, the facility would increase certainty that funds would be available to meet liquidity needs around the end of the year. In response to comments, the Board set an earlier start date for the special facility than it had first proposed—October 1 rather than November 1.

It also decided not to automatically tie eligibility for borrowing from the special facility to meeting minimum capital requirements. Lending Reserve Banks will evaluate the eligibility of borrowers who had been adequately capitalized and in sound financial condition but whose capital ratios have temporarily fallen below minimum requirements as a result of developments related to the century date change.

Many commenters had suggested a lower interest rate on loans from the special facility. But the Board set the rate at 150 basis points above the federal funds rate target, as it had first proposed. That spread was judged to be high enough to ensure that depository institutions would still have incentives to seek funds in the private sector, but low enough to provide a reasonable backstop should strains develop in funding and credit markets.

Cancellation of Proposed Changes to Regulation CC

The Federal Reserve on July 8, 1999, decided not to propose specific changes to Regulation CC (Availability of Funds and Collection of Checks) at this time to reduce the maximum holds banks may place on nonlocal checks.

The Board concluded that return times do not support shortening the permissible holds on nonlocal checks and that the costs and potential risks of shortening holds on all or some nonlocal checks would outweigh the likely benefits.

This decision was based on an analysis of issues raised by commenters in response to an advance notice of proposed rulemaking issued in December 1998 that requested comment on the potential benefits and drawbacks of shortening the maximum hold for nonlocal checks.

Issuance of a Supervisory Letter on Capital Adequacy of Large and Complex Banking Organizations

The Federal Reserve on July 1, 1999, issued a supervisory letter that emphasizes the growing need for large and complex banking organizations to maintain strong internal processes to ensure that their capital is fully sufficient to support the underlying risks they face as well as to meet minimum regulatory standards.

Capital adequacy is a critical element of a bank's safety and soundness. With the growing scope and complexity of business activities and ongoing financial innovation, simple ratios—including risk-based capital ratios—and traditional rules of thumb no longer suffice in assessing the overall capital adequacy of many banking organizations.

The supervisory letter directs examiners to evaluate internal capital management processes to judge whether they meaningfully tie the identification, monitoring, and evaluation of risk to the determination of the institution's capital needs. To support that evaluation, this letter describes the fundamental elements of a sound and comprehensive internal capital adequacy analysis and the key areas of risk it should encompass.

This letter grew, in part, out of a recent supervisory review of internal capital management processes at several large, complex banking organizations. This review suggests that these processes could be significantly improved, in particular to become better integrated with internal risk measurement and analysis.

In providing guidance to examiners and supervisors, this supervisory letter is also intended to encourage such banking organizations to strengthen their risk measurement capabilities as well as to integrate these capabilities more fully in evaluating their own capital adequacy.

The practices described in this letter extend in some cases beyond those currently followed by most large banking organizations. Examiners should generally expect these institutions to make steady and meaningful progress toward implementation of a comprehensive internal process for assessing capital adequacy in relation to risk, rather than immediate and full implementation. However, examiners should expect those banking organizations actively involved in complex securitizations or other similar transfers of risk to have in place or immediately implement a comprehensive internal capital analysis that fully reflects all risks.

Supervisory letters are the primary means by which the Federal Reserve communicates key policy directives to its examiners, supervisory staff, and the banking industry. The long-term goal of this supervisory letter is to encourage broader adoption of sound practices in internal analysis of capital adequacy, to promote further innovation and enhancements by the industry in this area, and to better integrate such internal analysis into the supervisory process.

Freeze on Changes to the Deposit-Reporting Schedule

Because of the approaching century date change, the Federal Reserve Board announced on July 15, 1999, that this year it would not require some depository institutions to shift to more frequent and detailed reporting of their deposits in September.

Normally, institutions may be required to switch to a new reporting category each September, depending on growth in their level of deposits and reservable liabilities. The Federal Reserve collects deposit data—either weekly, quarterly, or annually—in order to administer reserve requirements and measure the money supply. In general, the larger the institution, the more detailed and more frequent is its reporting.

This year, in effect, deposit-reporting requirements for most institutions will be frozen, thus reducing the need for depository institutions to modify their data processing systems as the century change approaches. The Board and other supervisory agencies required institutions to have their data processing systems ready for the century change by June 30 and to manage any subsequent changes in their systems with great care.

One exception to the freeze on changes to the deposit-reporting schedule applies to institutions that will become subject to reserve requirements this year because of growth in their reservable liabilities. Those institutions will be required to report quarterly on form FR 2900. (For some of these institutions, deposit growth normally would require weekly reporting.) This exception is necessary because of the Board's responsibility to administer reserve requirements.

In addition, institutions that usually would have been required to shift from annual to quarterly reporting (for institutions exempt from reserve requirements) and from quarterly to weekly reporting (for institutions subject to reserve requirements) can instead remain in the less-frequent reporting category for the coming year. Finally, depository institutions that qualify to shift to a less burdensome reporting category may do so. Such downshifts are never compulsory.

In September 2000, the procedures for adjusting institutions' deposit-reporting schedules will revert to the usual practice. Affected depository institutions will be notified by their Federal Reserve Bank.

Issuance of a Joint Policy Statement on Branch Closings by Insured Depository Institutions

The Federal Reserve Board, along with the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision on July 7, 1999, issued a joint policy statement regarding branch closings by insured depository institutions. The joint policy statement is effective immediately.

The policy statement clarifies additional statutory steps regarding notice and consultation for proposed branch closings by interstate banks in low- or moderate-income areas and makes certain other clarifying changes.

JOINT ISSUANCE OF A LETTER BY THE FEDERAL BANK REGULATORY AUTHORITIES ON THE ALLOWANCE FOR LOAN LOSSES

The Securities and Exchange Commission, Federal Deposit Insurance Corporation, Federal Reserve Board, Office of the Comptroller of the Currency, and Office of Thrift Supervision have jointly issued to financial institutions the following letter on the allowance for loan losses.

Joint Interagency Letter to Financial Institutions

July 12, 1999

Over the past several months, the banking regulators and the Securities and Exchange Commission ("SEC") (jointly as the "Agencies") have worked together to provide a consistent message on the allowance for loan losses. In a March 10, 1999 Joint Interagency Letter to Financial Institutions, the Agencies stated, "We recognize that today instability in certain global markets, for example, is likely to increase loss inherent in affected institutions' portfolios and consequently require higher allowances for credit losses than were appropriate in more stable times." On May 19, 1999, SEC Chairman Arthur Levitt reiterated this message and added, "Some have interpreted our efforts on bank reserves to suggest that the SEC thinks reserves are too high and should be lowered. That couldn't be further from the truth. . . . I want to emphasize—it is not our policy that institutions artificially lower reserves or ever have inadequate reserves."

As announced in the March 10, 1999 joint letter, efforts are ongoing to provide the banking industry and accounting profession with enhanced guidance on appropriate methodologies, disclosures, and supporting documentation for loan loss allowances. The Agencies have agreed to support and encourage the FASB process and the AICPA Allowance for Loan Losses Task Force in clarifying certain aspects of generally accepted accounting principles ("GAAP") related to loan loss allowances. In this regard, FASB Emerging Issues Task Force Topic D-80 includes guidance on certain loan loss accounting issues. In addition, the Joint Working Group of the Agencies (as described in the March 10, 1999 joint letter) is seeking input and guidance from the banking industry and accounting profession in providing additional disclosure and documentation guidance. This interagency letter, building on the prior interagency joint statements, is intended to reaffirm fundamental principles concerning the loan loss allowance and to highlight the future work of the Agencies in this area. The Agencies have agreed on the following important aspects of loan loss allowance practices:

- Arriving at an appropriate allowance involves a high degree of management judgment and results in a range of estimated losses;
- Prudent, conservative, but not excessive, loan loss allowances that fall within an acceptable range of estimated losses are appropriate. In accordance with GAAP, an institution should record its best estimate within the range of credit losses, including when management's best estimate is at the high end of the range;
- Determining the allowance for loan losses is inevitably imprecise, and an appropriate allowance falls within a range of estimated losses;
- An "unallocated" loan loss allowance is appropriate when it reflects an estimate of probable losses, determined in accordance with GAAP, and is properly supported;
- Allowance estimates should be based on a comprehensive, well-documented, and consistently applied analysis of the loan portfolio; and
- The loan loss allowance should take into consideration all available information existing as of the financial statement date, including environmental factors such as industry, geographical, economic, and political factors.

The Agencies will continue to cooperate and communicate with respect to significant issues of policy through their Chief Accountants' meetings. In addition, the SEC staff will consult with the appropriate banking regulators as part of the SEC's process in determining whether to take a significant action in their review of the accounting for a financial institution's loan loss allowance.

As set forth in the March 10, 1999 joint letter, the Agencies agreed to provide by March 2000 additional guidance regarding documentation and disclosure issues. In addition, as indicated in that joint letter, certain other accounting issues will be addressed over the next two years through the efforts of the AICPA Allowance for Loan Losses Task Force. While this guidance is under development, financial institutions should follow GAAP, including the concepts set forth herein and the guidance included with Topic D-80, as they establish their loan loss allowances for financial reporting purposes.

FORMATION OF THE PAYMENTS SYSTEM DEVELOPMENT COMMITTEE

The Board of Governors of the Federal Reserve System on July 20, 1999, announced the formation of the Payments System Development Committee. It will advise the Board and System officials on medium- and long-term public policy issues surrounding developments in the retail payments system. This committee will follow up on the work of the Committee on the Federal Reserve in the Payments Mechanism, which was chaired by Board Vice Chair Alice Rivlin.

Governor Roger W. Ferguson Jr. and President Cathy E. Minehan of the Federal Reserve Bank of Boston will co-chair the committee. The other members of the committee will be Governor Edward W. Kelley Jr. and First Vice President Jamie B. Stewart Jr. of the Federal Reserve Bank of New York. The committee will also work with officials throughout the Federal Reserve System, particularly the

System's Retail Product Office located at the Federal Reserve Bank of Atlanta.

The committee will focus on key issues involving the future development of payment systems that facilitate consumer, government, and low-value corporate transactions. It will serve as a forum for the analysis of technological and market trends, provide a mechanism for consulting with payments system providers and users, and advise the Board and System officials on the need for action by the Federal Reserve System on payment system topics. This committee will play an active role, working collaboratively with the private sector, to identify strategies to enhance the long-term efficiency of check and automated clearinghouse services and to move to the next generation of payment systems.

LAUNCH OF THE 1998 SURVEY OF SMALL BUSINESS FINANCES

The Federal Reserve Board has begun the 1998 Survey of Small Business Finances in an effort to better understand how economic and regulatory changes have affected small firms' access to credit.

From July 1, 1999, through the end of 1999, the National Opinion Research Center at the University of Chicago, on behalf of the Board, will interview, by telephone, 6,000 executives at businesses with fewer than 500 employees.

Participants were randomly selected from all fifty states and the District of Columbia using scientific sampling methods. They will be asked about their use of credit and other financial services and their experience in obtaining credit during 1998. Information will be collected about firms' assets, liabilities, income, and expenses.

The names and addresses of participants and any other identifying information will be held in the strictest confidence. Participation is voluntary, but a broad sample will help policymakers more clearly understand the effects of their actions on small businesses.

"The Federal Reserve is concerned with how economic and regulatory changes affect small businesses," Federal Reserve Chairman Alan Greenspan said. "Such changes can, in turn, have important implications for economic policy making."

This is the third time the survey has been conducted since 1988. The last survey examined small business finances in 1993. The Board will publish the new study after all the data have been collected and analyzed.

More information is available on the Federal Reserve's web site at http://www.federalreserve.gov/ssbf/ or at the National Opinion Research Center's site at http://norc.uchicago.edu/ssbf/

ISSUANCE BY THE BASEL COMMITTEE OF PAPERS PROVIDING GUIDANCE ON CREDIT RISK IN BANKING

The Basel Committee on Banking Supervision has issued four papers providing guidance to banks and banking supervisors on various aspects of credit risk in banking. These papers form part of an ongoing effort by the committee to strengthen procedures for risk management in banks. They may be obtained from the BIS Web site at http://www.bis.org The four papers are the following:

- *Sound Practices for Loan Accounting and Disclosure*
- *Principles for the Management of Credit Risk*
- *Best Practices for Credit Risk Disclosure*
- *Supervisory Guidance for Managing Settlement Risk in Foreign Exchange Transactions*

Sound Practices for Loan Accounting and Disclosure is final. The paper addresses issues facing banks and bank supervisors in accounting for loans and loan losses. It is a revised version of a consultative paper issued in October 1998.

The Basel Committee invites comments, by November 30, 1999, on the other three papers from all interested parties, including bankers, rating agencies, analysts, industry groups, standard-setters, and supervisors. They may be submitted to the committee's web site or mailed to the following address:

Basel Committee on Banking Supervision
Attention: Mr. William Coen
Bank for International Settlements
CH-4002 Basel, Switzerland

Principles for the Management of Credit Risk encourages banking supervisors globally to promote sound practices for managing credit risk. The paper identifies sound practices that banks should use in managing the credit risk in all of their activities, both banking and trading.

Best Practices for Credit Risk Disclosure identifies the credit-risk information that market participants and supervisors need to make a meaningful assessment of banking organizations. It encourages such institutions in all countries to provide that information to the public.

Supervisory Guidance for Managing Settlement Risk in Foreign Exchange Transactions is being issued as part of the credit package because settlement risk clearly has a credit-risk dimension. The guidance builds on previous work by the Committee on Payment and Settlement Systems of the Bank for International Settlements.

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

ENFORCEMENT ACTIONS

The Federal Reserve Board on July 7, 1999, announced the issuance of a combined order to cease and desist and order of assessment of a civil money penalty against John Riesmeyer, a former foreign exchange trader and institution-affiliated party of the New York Branch of Barclays Bank PLC, London, England.

Mr. Riesmeyer, without admitting to any allegations, consented to the issuance of the order based on his alleged falsification of trading records of the New York Branch of Barclays Bank PLC. Mr. Riesmeyer paid a fine of $15,000.

The Federal Reserve Board on July 19, 1999, announced the issuance of a notice of intent to prohibit against Bruce Jeffrey Kingdon, Kenneth Goglia, and Harvey Plante, former officers of the Bankers Trust Company, New York, New York. The notice seeks the issuance of orders permanently barring Messrs. Kingdon, Goglia, and Plante from participating in the banking industry.

The notice alleges that Messrs. Kingdon, Goglia, and Plante engaged in violations of law, unsafe and unsound banking practices, and acts that constitute breaches of their fiduciary duties in connection with Bankers Trust's Client Processing Services Business between late 1993 and March 1996. It is further alleged that Messrs. Kingdon, Goglia, and Plante transferred funds to Bankers Trust that were the property of the bank's customers or their beneficiaries or that were subject to escheatment to state authorities to fraudulently enhance revenues and offset expenses incurred by Bankers Trust's Client Processing Services Business. The notice alleges that in carrying out these activities, Messrs. Kingdon, Goglia, and Plante caused false entries to be made in the books and records of the bank.

The Board's actions against Messrs. Kingdon, Goglia, and Plante have been coordinated with the U.S. Attorney's Office for the Southern District of New York, which on July 19, 1999, announced criminal indictments against the three individuals.

In March 1999, Bankers Trust pled guilty to three felony counts and agreed to pay a $60 million fine to the United States in connection with the operations of the bank's Client Processing Services Business.

The Federal Reserve Board on July 20, 1999, announced the execution of a written agreement by and between Grimes County Capital Corporation, Houston, Texas, and the Federal Reserve Bank of Dallas.

The Federal Reserve Board on July 30, 1999, announced the issuance of a notice of suspension against Joseph C. Liu, the President, Chief Executive Officer, and a director of the Great Eastern Bank, Flushing, New York.

Mr. Liu is being suspended from his positions at the Great Eastern Bank on account of his indictment and arrest today on charges of conspiracy, the misapplication of bank funds, and the making of false entries in the bank's books and records.

The suspension is effective pending the resolution of the criminal charges against Mr. Liu, or until the Board terminates the notice of suspension.

The Board's action against Mr. Liu has been coordinated with the U.S. Attorney's Office for the Eastern District of New York. The board of directors of the Great Eastern Bank will be appointing William J. Laraia, the former President of The Apple Bank, New York, as the new president of the bank.

CHANGES IN BOARD STAFF

The Board of Governors has approved the promotion of David H. Howard to Deputy Director and Thomas A. Connors to Deputy Associate Director, and the appointment to the official staff of Richard T. Freeman, William L. Helkie, and Steven B. Kamin as Assistant Directors, all in the Division of International Finance.

Mr. Freeman will have direct responsibility for the International Banking and Financial Markets Sections. He has served on the Board's staff since 1977 and as chief of the World Payments and Economic Activity Section since 1988. Mr. Freeman has a Ph.D. in economics from Stanford University.

Mr. Helkie will have direct responsibility for the U.S. International Transactions Section. He joined the Board's staff in 1982 and has served as section chief of the U.S. International Transactions Section since 1992. He has a Ph.D. in economics from Purdue University.

Mr. Kamin will have direct responsibility for the International Development and World Payments and Economic Activity Sections. Mr. Kamin joined the Board's staff in 1987 and was named chief of the International Development Section in 1997. Mr. Kamin holds a Ph.D. in economics from the Massachusetts Institute of Technology.

On August 5, 1999, the Board of Governors announced the promotion of Donald L. Robinson from Assistant Inspector General for Investigations to Deputy Inspector General, effective August 1, 1999. □

Legal Developments

FINAL RULE-AMENDMENT TO REGULATION A

The Board of Governors is amending 12 C.F.R. Part 201, its Regulation A (Extensions of Credit by Federal Reserve Banks), to establish a special lending program under which Federal Reserve Banks will extend credit at a rate 150 basis points above the Federal Open Market Committee's targeted federal funds rate to eligible institutions to accommodate liquidity needs during the century date change period. Unlike adjustment credit, borrowers will not be required to seek credit elsewhere first, uses of funds will not be limited, and the loans may be outstanding for any period while the facility is open.

Effective October 1, 1999, 12 C.F.R. Part 201 is amended as follows:

Part 201—Extensions of Credit by Federal Reserve Banks (Regulation A)

1. The authority citation for 12 C.F.R. Part 201 continues to read as follows:

Authority: 12 U.S.C. 343 *et seq.*, 347a, 347b, 347c, 347d, 348 *et seq.*, 357, 374, 374a and 461.

2. In section 201.2, new paragraphs (j) and (k) are added to read as follows:

Section 201.2—Definitions.

* * * * *

(j) *Eligible institution* means a depository institution that is in sound financial condition in the judgment of the lending Federal Reserve Bank.
(k) *Targeted federal funds rate* means the federal funds rate targeted by the Federal Open Market Committee.

3. In section 201.3, new paragraph (e) is added to read as follows:

Section 201.3—Availability and terms.

* * * * *

(e) *Special liquidity facility for century date change.* Federal Reserve Banks may extend credit between and including October 1, 1999, and April 7, 2000, or such later date as determined by the Board, under a special liquidity facility to ease liquidity pressures during the century date change period. This type of credit is available only to eligible institutions. This type of credit is granted at a special rate above the basic discount rate and other market rates for funds, is available for the entire length of the period, and is not subject to the conditions regarding specific use or exhaustion of other liquidity sources as is adjustment credit under paragraph (a) of this section.

4. In section 201.6, paragraph (d) is revised to read as follows:

Section 201.6—General requirements.

* * * * *

(d) *Indirect credit for others.* Except for depository institutions that receive credit under the Special Liquidity Facility described in section 201.3(e), no depository institution shall act as the medium or agent of another depository institution in receiving Federal Reserve credit except with the permission of the Federal Reserve bank extending credit.

5. In section 201.7, the introductory text is designated as paragraph (a), and a new paragraph (b) is added to read as follows:

Section 201.7— Branches and agencies.

* * * * *

(b) This part applies to a United States branch or agency of a foreign bank in the same manner and to the same extent as an eligible institution if the foreign bank is in sound financial condition in the judgment of the lending Federal Reserve Bank.

6. In section 201.52, the heading is revised and a new paragraph (c) is added to read as follows:

Section 201.52—Other credit for depository institutions.

* * * * *

(c) *Special liquidity facility.* The rate for credit extended to eligible institutions under the special liquidity facility provisions in section 201.3(e) is equal to the targeted federal funds rate plus 1.5 percentage points on each day the credit is outstanding.

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Security Pecos Bancshares, Inc.
Pecos, Texas

Security Delaware Pecos Bancshares, Inc.
Dover, Delaware

Order Approving the Formation of Bank Holding Companies

Security Pecos Bancshares, Inc. ("Security Pecos") and Security Delaware Pecos Bancshares, Inc. ("Security Delaware") (collectively, "Applicants") have requested the Board's approval under section 3 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842) to become bank holding companies by acquiring up to 100 percent of the outstanding voting shares of Security State Bank of Pecos, Pecos, Texas ("Bank").[1]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 9512 (1999)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

Applicants are nonoperating companies formed to acquire Bank. Bank is the 382d largest depository institution in Texas, controlling $59.5 million in deposits, representing less than 1 percent of total deposits in depository institutions in the state.[2] The proposal would not result in the acquisition of any additional banking assets. Based on all the facts of record, the Board concludes that the proposal would not have any significantly adverse effects on competition or on the concentration of banking resources in any relevant banking market.

The BHC Act also requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in a proposal, the convenience and needs of the community to be served, and certain other supervisory factors. The Board has carefully considered these factors in light of all the facts of record, including comments from a bank holding company that objects to the proposal ("Protestant").

Protestant contends that Applicants have significantly underestimated the probable cost of acquiring Bank and, consequently, the financial resources needed to acquire and support Bank. Protestant argues that Applicants have failed to demonstrate that they possess adequate financial resources to consummate the proposal.

The Board has carefully reviewed all the financial and managerial information provided by Applicants and Protestant regarding the proposal and the assessment of the financial resources of Bank made in confidential reports of examination by the Federal Reserve Bank of Dallas. The Board notes that Bank currently is well capitalized. In addition, under the proposal submitted by Applicants, the projected financial condition of Applicants and Bank and the projected debt-service obligation of Applicants are reasonable and consistent with the Board's guidelines. The Board also has considered several commitments made by Applicants, including a commitment not to incur or assume any indebtedness in connection with the proposal if, immediately thereafter, Bank would be less than well capitalized.[3]

The Board also has reviewed relevant reports of examination of Bank, and the managerial resources of Applicants' organizers, all of whom currently are officers and directors of Bank. Based on these and all the other facts of record, including the commitments made by Applicants, the Board concludes that financial and managerial considerations as well as the future prospects of Applicants and Bank are consistent with approval.[4]

Considerations relating to the convenience and needs of the community, including the performance record of Bank under the Community Reinvestment Act, and other supervisory factors also are consistent with approval.[5]

1. Applicants also would acquire all the voting shares of Security Safety Deposit Box Corporation, Pecos, Texas ("Security Box"), which provides safe deposit box services to customers of Bank. Shares of Security Box are held in trust for the benefit of shareholders of Bank on a *pro rata* basis and are only transferrable with Bank shares. Under section 225.22(c) of the Board's Regulation Y (12 C.F.R. 225.22(c)), Applicants may acquire Security Box without the Board's prior approval.

2. Deposit data are as of December 31, 1998. In this context, depository institutions include commercial banks, savings associations, and savings banks.

3. Protestant also contends that the debt that Security Pecos would assume from its organizers would unfairly burden minority shareholders of Security Pecos, who would not contribute any debt. The Board notes that the courts have concluded that the Board's limited jurisdiction to review applications under the BHC Act does not authorize it to consider matters relating only to shareholder relations and their proper compensation. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973). These are matters of state corporate law and may be raised before a court with the authority to provide Protestant with adequate relief, if deemed appropriate.

4. Protestant maintains that actions by Applicants in connection with the presentation of the proposal to the Board raise adverse managerial considerations. For example, Protestant alleges that Applicants did not disclose to the Board the appointment by Bank's board of directors of an independent committee to evaluate offers to acquire Bank, the independent committee's recommendation to Bank's shareholders, and the fact that Applicants' organizers raised their tender offer price after Applicants filed their application. In response, Applicants assert that the application has been amended to describe fully Applicants' current tender offer, and the record of the application includes substantially all facts regarding Protestant's dispute with Applicants and the role of the independent committee. Moreover, as noted above, all of Applicants' organizers are officers or directors of Bank, and the Board has considered Protestant's allegations in light of the most recent examination report and other supervisory information concerning the managerial resources of Bank.

5. The Board also received a comment from an individual objecting that the proposed ownership of Bank by Security Delaware, a Delaware chartered company, is intended solely to authorize Bank to

Protestant also contends that Applicants are effectively prohibited from acquiring Security Pecos under the Texas Business Combination Law ("Combination Law"), which is designed to impede hostile takeovers of Texas companies.[6] Protestant argues that it is unlikely that Applicants will obtain approval of the share exchange agreement by two-thirds of all shareholders eligible to vote on the proposal, as required by Texas law.

The Board may not approve the acquisition of a bank by a bank holding company if the acquisition is prohibited by state law.[7] The Texas Banking Commissioner has reviewed the proposal and indicated that the Combination Law applies to the proposal as structured because it includes an exchange agreement between Bank and Applicants.

Applicants intend to proceed with the proposed transaction and to comply with the requirements of the Combination Law. However, to address the possibility that Applicants may not be able to obtain the required shareholder approval under the Combination Law, Applicants have proposed alternative methods to acquire Bank that, Applicants assert, would not be subject to the Combination Law.[8]

Applicants have determined not to proceed with the transaction unless they obtain at least 85 percent of Bank's voting shares. Applicants also have made several financial commitments intended to ensure that Applicants' financial resources and condition would not be impaired by a voluntary exchange and that Applicants' organizational structure would be substantially identical whether the proposal was consummated under an exchange agreement or on a voluntary basis.

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance by Applicants with all the commitments made in connection with the application. For the 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 proposed acquisition shall not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Dallas, acting pursuant to delegated authority.

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

This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 C.F.R. 265.4(b)(1)) by a committee of Board members. Voting for this action: Chairman Greenspan and Governors Kelley and Ferguson. Absent and not voting: Governors Meyer and Gramlich.

ROBERT DEV. FRIERSON
Associate Secretary of the Board

engage in transactions not otherwise permitted in Texas. The proposal would not have this effect.

6. Tex. Bus. Corp. Act Ann. art. 13.01 *et seq.* (West 1999). Protestant argues that, under the Combination Law, Applicants' organizers are "affiliated shareholders" of Bank, and, as affiliated shareholders, the organizers may not cause Bank and Security Pecos to enter into an exchange agreement unless the proposal either has been approved by a majority of the board of directors of Bank before the organizers became affiliated shareholders or is subsequently ratified by two-thirds of the shareholders of Bank (other than the organizers). An affiliated shareholder is any shareholder or group of shareholders that controls more than 20 percent of the shares of a Texas company.

7. *See Whitney National Bank of Jefferson Parish v. Bank of New Orleans and Trust Company*, 379 U.S. 411 (1965).

8. Under one alternative, Applicants' organizers and any other willing shareholders of Bank would make a voluntary exchange of Bank shares for shares to be issued by Security Pecos. By making the exchange voluntarily, an exchange agreement involving Bank would not be required, and the proposed acquisition could proceed without a "business combination" as defined in the Combination Law. Based on a review of the relevant provisions of state law, and after consultation with the Texas Banking Commissioner, it appears that this alternative would comply with applicable state law.

Stockman Financial Corporation
Miles City, Montana

Order Approving the Acquisition of a Bank Holding Company

Stockman Financial Corporation ("Stockman Financial"), 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 acquire all the voting shares of Terry Bancshares, Inc. ("Terry Bancshares"), and thereby acquire its subsidiary bank, State Bank of Terry, both of Terry, Montana.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 25,042 (1999)). The time for filing comments has expired, and the Board has considered the proposal in light of the factors set forth in section 3 of the BHC Act.

Stockman Financial is the sixth largest depository institution in Montana, controlling $302.8 million in deposits, representing 3.4 percent of total deposits in depository institutions in the state.[1] Terry Bancshares is the 49th largest depository institution in Montana, controlling $31.8 million in deposits, representing less than 1 percent of the total deposits in depository institutions in the state. On consummation of this proposal, Stockman Financial would remain the sixth largest depository institution in Montana, controlling deposits of $334.6 million, representing 3.8 percent of the total deposits in depository institutions in the state.

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

Competitive Considerations

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

Stockman Financial and Terry Bancshares compete directly in the Miles City, Montana, banking market.[3] Stockman Financial is the largest depository institution in the Miles City banking market, controlling deposits of $117.1 million, representing 27.5 percent of the total deposits in depository institutions in the market ("market deposits").[4] Terry Bancshares is the fifth largest depository institution in the market, controlling market deposits of $31.8 million, representing 7.5 percent of market deposits. On consummation of this proposal, Stockman Financial would control market deposits of $148.9 million, representing 35 percent of market deposits. Concentration in the market, as measured by the Herfindahl–Hirschman Index ("HHI"), would increase by 411 points to 1808.[5]

In evaluating the competitive effects of the proposal in the Miles City banking market, the Board has considered several factors. The Miles City banking market is a relatively small rural market in southeastern Montana and ten competitors of Stockman Financial would remain in the market after consummation of the proposal, including three large multistate bank holding companies. Five of the ten depository institutions that would compete with Stockman Financial after consummation would each have a market share of more than 5 percent. The Department of Justice has reviewed the proposal and advised the Board that consummation of the proposal would not likely have any significantly adverse competitive effects in the Miles City banking market or any other relevant banking market.

Based on all the facts of record, the Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or on the concentration of banking resources in the Miles City banking market or any other relevant market.

Other Factors

The BHC Act also requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal, the convenience and needs of the communities to be served, and certain supervisory factors. The facts of record include supervisory reports of examination assessing the financial information provided by Stockman Financial. Based on all the facts of record, the Board concludes that the financial and managerial resources and the future prospects of Stockman Financial, Terry Bancshares, and their respective subsidiary banks, are consistent with approval, as are the other supervisory factors the Board must consider under section 3 of the BHC Act. In addition, considerations relating to the convenience and needs of the communities to be served, including the records of performance of the institutions involved under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*), are consistent with approval of the application.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board's approval is specifically conditioned on compliance by Stockman Financial with all the commitments made in connection with this application. 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 Terry Bancshares shall not be consummated before the fifteenth calendar day following the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 2, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

2. 12 U.S.C. § 1842(c)(1).

3. The Miles City banking market is defined as Carter, Custer, Fallon, Garfield, Powder River, Prairie, and Rosebud Counties, all in Montana.

4. Market share data are as of June 30, 1998. Market share data are based on calculations that include the deposits of thrift institutions weighted at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See, e.g., Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Thus, the Board 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).

5. Under the Merger Guidelines of the Department of Justice, 49 *Federal Register* 26,923 (June 29, 1984), a market in which the post-merger HHI is more than 1800 is considered to be highly concentrated. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department of Justice has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

Orders Issued Under Section 4 of the Bank Holding Company Act

The Fuji Bank, Limited
Tokyo, Japan

Order Approving Notice to Engage in Nonbanking Activities

The Fuji Bank, Limited ("Fuji"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to acquire through its subsidiary, Heller Financial, Inc., Chicago, Illinois ("Heller"), all the outstanding voting shares of HealthCare Financial Partners, Inc., Chevy Chase, Maryland ("HealthCare"), and thereby engage in the following activities:

(1) Extending credit and servicing loans and activities related to extending credit pursuant to section 225.28(b)(1) and (b)(2) of Regulation Y (12 C.F.R. 225.28(b)(1) & (b)(2));
(2) Leasing personal and real property pursuant to section 225.28(b)(3) of Regulation Y (12 C.F.R. 225.28(b)(3));
(3) Providing financial and investment advisory services pursuant to section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6)); and
(4) Providing management consulting services pursuant to section 225.28(b)(9) of Regulation Y (12 C.F.R. 225.28(b)(9)).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 33,081 (1999)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Fuji, with total consolidated assets of approximately $486 billion, is the fifth largest banking organization in Japan and the twelfth largest banking organization in the world.[1] In the United States, Fuji controls Fuji Bank and Trust Company and 16.8 percent of the voting shares of Yasuda Bank and Trust Company, both in New York, New York. Fuji also operates branches in New York, New York; and Chicago, Illinois; and agencies in Los Angeles, California; Atlanta, Georgia; Houston, Texas; and San Francisco, California.

The Board previously has determined by regulation that extending credit and engaging in activities related to extending credit, leasing, and providing financial and investment advisory and management consulting services are closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act. Notificant has committed that it will conduct these activities in accordance with the limitations set forth in Regulation Y and the Board's orders and interpretations relating to each of these activities.[2]

In order to approve the proposal, the Board also must determine that performance of the proposed activities is a proper incident to banking, that is, that the performance of the proposed activities by Fuji "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

As part of its evaluation of these factors, the Board considers the financial and managerial resources of the notificant and the effect of the transaction on those resources.[3] In this case, the acquisition of HealthCare would be made and funded by Heller, and therefore would not require additional financial or managerial resources from Fuji. The proposed transaction would not involve significant risk, and would not represent a significant expansion of Fuji's U.S. operations, but rather a further development of existing business lines by Heller, which has a record of successfully managing similar activities. The most recently reported capital ratios of Fuji exceed the relevant risk-based capital standards established under the Basle Accord, and the proposed transaction is not expected to have a material effect on the capital of the consolidated organization. The Board has also considered recent financial statements, including *pro forma* financial statements and other available information, and the condition of the U.S. operations of Fuji. Based on these and other facts of record, including information regarding Heller's financial condition and managerial resources and relevant supervisory information, the Board has determined that financial and managerial considerations are consistent with approval.

The Board also has carefully considered the competitive effects of the proposed acquisition of HealthCare. Heller currently engages in most of the activities conducted by HealthCare. The Board notes that the markets for lending and leasing and other specialty financial services are unconcentrated and that there are numerous providers of these services. There is also a high level of competition in the markets for the financial advisory and management consulting services that HealthCare provides through its subsidiaries. Consummation of the proposal would have a *de minimis* effect on competition, and the Board has determined that the proposal would not have a significantly adverse effect on competition in any relevant market.

1. Asset data are as of March 31, 1999. Foreign ranking data are as of December 31, 1997, adjusted to date for significant mergers and acquisitions.

2. HealthCare also engages in certain real estate investment activities that are not permissible for a bank holding company under section 4 of the BHC Act. Fuji has committed that it will conform the real estate activities of HealthCare to the requirements of section 4 of the BHC Act within two years after consummation of the proposal, and will cease making any impermissible real estate investments within six months of consummation of the proposal.

3. *See* 12 C.F.R. 225.26; *The Fuji Bank, Limited*, 75 *Federal Reserve Bulletin* 94 (1989); *Bayerishe Vereinbank AG*, 73 *Federal Reserve Bulletin* 155 (1987).

The Board expects that the proposed transaction would give Fuji an increased ability to serve the needs of its customers and would allow Fuji to provide existing and new customers with a broader range of products and services at lower costs. The Board also expects that combining the expertise of Heller and HealthCare would allow Heller to be a more effective competitor in the health care financing industry. In addition, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies can make potentially profitable investments in nonbanking companies and from permitting banking organizations to allocate their resources in the manner they consider to be most efficient when such investments are consistent, as in this case, with the relevant considerations under the BHC Act.

Based on the foregoing and all the other facts of record, including the commitments made by Fuji, the Board has determined that the performance of the proposed activities by Fuji can reasonably be expected to produce benefits to the public that would outweigh any possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Conclusion

Based on all the facts of record, including all the commitments and representations made by the notificant, and subject to all the terms and conditions set forth in this order, the Board has determined that the notice should be, and hereby is, approved. This determination is subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in the notice, including the commitments and conditions discussed in this order. The commitments and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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

By order of the Board of Governors, effective July 20, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

The Sumitomo Bank, Limited
Osaka, Japan

Order Approving Notice to Engage in Nonbanking Activities

The Sumitomo Bank, Limited ("Bank"), a foreign banking organization subject to the provisions of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.24 of the Board's Regulation Y (12 C.F.R. 225.24) to retain its indirect interest in Daiwa SB Investments (USA) Ltd., New York, New York ("Company"), and thereby engage in financial and investment advisory activities pursuant to section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6)).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (64 *Federal Register* 29,646 (1999)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

Bank, with total consolidated assets of approximately $456 billion, is the third largest banking organization in Japan.[1] In the United States, Bank operates branches in New York, New York; San Francisco and Los Angeles, California; and Chicago, Illinois. Company has under management approximately $1.1 billion in assets.

Bank acquired an indirect interest in Company in connection with the reorganization of Daiwa Securities Co., Ltd., Tokyo, Japan, ("Daiwa Securities"). As a result of this transaction, Bank and its affiliates received a 44 percent interest in Daiwa Securities' Japanese investment management subsidiary, Daiwa International Capital Management Co., Ltd. ("DICAM"), while Daiwa Securities retained a 44 percent interest. DICAM was renamed Daiwa SB Investments Ltd., and Company was formed by renaming DICAM's wholly owned U.S. investment management subsidiary, Daiwa International Capital Management Corp. (USA), a registered investment advisor.

Company continues to be an investment advisor registered with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940 ("1940 Act") (15 U.S.C. § 80b-1 *et seq.*). Accordingly, Company is, and will remain, subject to the recordkeeping and reporting obligations, fiduciary standards, and other requirements of the 1940 Act and the SEC.

The Board previously has determined by regulation that financial and investment advisory activities are closely related to banking within the meaning of section 4(c)(8) of the BHC Act.[2] Bank has committed that it will conduct the activities of Company in accordance with the limitations set forth in Regulation Y and the Board's orders and interpretations relating to the activities.

1. Asset and ranking data are as of March 31, 1999, and use exchange rates then in effect.
2. *See* 12 C.F.R. 225.28(b)(6).

In order to approve the proposal, the Board also must determine that the proposed activity is a proper incident to banking, that is, that the proposed transaction "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."[3] As a part of its evaluation of these factors, the Board considers the financial condition and managerial resources of the notificant and its subsidiaries and the effect the transaction would have on those resources.[4]

The retention of Company would not require additional financial or managerial resources from Bank. The nature and size of Company's activities would not involve significant risk, nor would the proposal represent a significant expansion of Bank's U.S. operations. The most recently reported capital ratios of Bank exceed the relevant risk-based capital standards established under the Basle Accord, and the inclusion of Company would have no material effect on the capital ratios. The Board has also considered recent financial statements, including pro forma financial statements and other available information, and the condition of the U.S. operations of Bank. Based on these and other facts of record, including relevant supervisory information, the Board has determined that financial and managerial considerations are consistent with approval.

There is no evidence in the record indicating that consummation of this proposal is likely to result in significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. There are numerous existing and potential competitors in the market for investment advisory services. This acquisition, therefore, would have a *de minimis* effect on competition in the market for these services. The Board expects that the acquisition would provide public benefits by giving Company access to the resources and experience of Bank and its affiliates. In addition, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies can make potentially profitable investments in nonbanking companies and from permitting banking organizations to allocate their resources in the manner they consider to be most efficient when such investments are consistent, as in this case, with the relevant considerations under the BHC Act. The Board has determined, therefore, that the performance of the proposed activities by Company can reasonably be expected to produce public benefits that outweigh possible adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on the foregoing and all the facts of record, including the commitments made by Bank in connection with the notice, and subject to the terms and conditions set forth in this order, the Board has determined that the notice should be, and hereby is, approved. The Board's determination is subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in the notice, including the commitments and conditions discussed in this order. The commitments and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

By order of the Board of Governors, effective July 20, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

3. *See* 12 U.S.C. § 1843(c)(8).
4. *See* 12 C.F.R. 225.26.

ORDERS ISSUED UNDER BANK MERGER ACT

Civitas Bank
St. Joseph, Michigan

Order Approving Acquisition and Establishment of Branches

Civitas Bank ("Civitas"), a state member bank,[1] has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)) (the "Bank Merger Act") to acquire the deposits and certain assets of five Indiana branches of First Indiana Bank, a federal savings bank, Indianapolis, Indiana ("First Indiana").[2] Civitas also has applied under section 9 of the Federal Reserve Act (12 U.S.C. § 321) ("FRA") to establish branches at the locations of the branches to be acquired, as described in the Appendix.

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

1. Civitas changed its name from Citizens Bank of Mid-America in April 1999.
2. With the exception of overdraft lines of credit and loans secured by certain deposits, Civitas would not acquire the loans associated with these branches.

has considered the applications and all facts of record in light of the factors set forth in the Bank Merger Act and section 9 of the FRA.

Civitas is a subsidiary of CNB Bancshares, Inc., Evansville, Indiana, the third largest commercial banking organization in Indiana, which controls total deposits of $3.5 billion, representing 5.1 percent of total deposits in commercial banking organizations in the state.[3] The five branches of First Indiana to be acquired control deposits of $136.7 million, representing less than 1 percent of deposits in the state. On consummation, Civitas would control approximately $3.6 billion in deposits, representing 5.3 percent of total deposits in commercial banking organizations in Indiana.

Competitive Considerations

The Bank Merger Act prohibits the Board from approving an application if the proposal would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking.[4] The Bank Merger Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any relevant market, unless the Board finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effects of the transaction in meeting the convenience and needs of the community to be served.[5]

Civitas and the branches of First Indiana to be acquired compete with each other in the Evansville, Indiana, banking market. In evaluating the competitive issues raised by this proposal the Board has considered the contention by Civitas that the principal relevant banking market in this case, the Evansville banking market, should be expanded to reflect the position of Evansville as an economic center based on commuting patterns and advertising markets.

The Board believes that the relevant banking market must reflect commercial and banking realities and should consist of the localized area where the banks involved offer their services and where local customers can practicably turn for alternatives; the key question to be considered in making this selection "is not where the parties . . . do business or even where they compete, but where, within the area of competitive overlap, the effect of the merger on competition will be direct and immediate."[6]

Applying these principles to the facts of this case, the Board concludes that the definition of the Evansville banking market should be expanded to include not only the eastern half but all of Posey County, Indiana, one of four counties comprising the Evansville Metropolitan Statistical Area ("MSA").[7] There are high levels of commuting to Evansville and high daily and Sunday subscription rates for the Evansville newspaper among households in Posey County. In particular, there is substantial commuting between the county seat, Mt. Vernon, in the western half of Posey County, and Evansville. The Board also considered the proximity of Mt. Vernon to Evansville, the ease of travel from Mt. Vernon to Evansville, and the extensive exposure of all of Posey County to Evansville advertising media.

The Board has carefully reviewed the competitive effects of the proposal in the Evansville banking market in light of all the facts of record, including the characteristics of the market and the projected increase in the concentration of total deposits in depository institutions[8] in this market ("market deposits"), as measured by the Herfindahl–Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines"). The Board has also carefully considered the number of competitors that would remain in the market after consummation of the proposal.

Civitas is the second largest depository institution in the Evansville banking market, controlling $1.4 billion in deposits, representing 35.2 percent of market deposits.[9] The five First Indiana branches to be acquired control total deposits of $136.7 million, representing 1.7 percent of market deposits. On consummation of the proposal, Civitas would control 38 percent of market deposits, and the HHI would increase 152 points to 2871.[10]

The Board believes that several characteristics of the Evansville banking market mitigate the potential anticompetitive effects of this proposal. Eighteen bank and thrift

3. Deposit data are those reported as of June 30, 1998.

4. 12 U.S.C. § 1828(c)(5)(A).

5. 12 U.S.C. § 1828(c)(5)(B).

6. *St. Joseph Valley Bank*, 68 *Federal Reserve Bulletin* 673 (1982) (quoting *United States* v. *Philadelphia National Bank*, 374 U.S. 321, 357 (1963)).

7. The Board had previously determined that the Evansville banking market included three counties of the Evansville MSA (Vanderburgh and Warrick Counties in Indiana and Henderson County in Kentucky), the eastern half of Posey County, Indiana, and substantial portions of Spencer and Gibson Counties in Indiana, which are located outside the Evansville MSA.

8. In this context, depository institutions include commercial banks, savings banks, and savings associations.

9. Market share data are reported as of June 30, 1998, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. *See Midwest Financial Group*, 75 *Federal Reserve Bulletin* 386 (1989); *National City Corporation*, 70 *Federal Reserve Bulletin* 743 (1984). Because the deposits of the First Indiana branches would be acquired by a commercial banking organization, those deposits are included at 100 percent in the calculation of *pro forma* market share. *See Norwest Corporation*, 78 *Federal Reserve Bulletin* 452 (1992); *First Banks, Inc.*, 76 *Federal Reserve Bulletin* 669 (1990).

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

institutions, including Civitas, would compete in the market after consummation of the proposal. The Evansville banking market is also attractive for entry. Data for the year ending June 30, 1998, show that the Evansville MSA has had larger increases in total deposits, deposits per banking office, and per capita income than the increases on average in these statistics for other MSAs in Indiana. The market has experienced two *de novo* entries since 1995. Indiana, moreover, permits unrestricted intrastate branching.[11]

The Department of Justice has advised the Board that consummation of the proposal would not likely have a significant adverse effect on competition in any relevant banking market. The other federal banking agencies also have been afforded an opportunity to comment and have not objected to consummation of the proposal.

After carefully reviewing these and all other facts of record, the Board concludes that consummation of the proposed transaction would not be likely to result in a significantly adverse effect on competition or on the concentration of banking resources in the Evansville banking market or any other relevant banking market. Accordingly, the Board has determined that competitive factors are consistent with approval.

In reviewing this proposal under the Bank Merger Act and section 9 of the FRA, the Board has considered the financial and managerial resources and future prospects of the existing and proposed institutions. The Board has reviewed these factors in light of all the facts of record, including supervisory reports of examination assessing the financial and managerial resources of Civitas. The Board notes that Civitas would remain well capitalized on consummation of the proposal. Based on all the facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the institutions involved are consistent with approval. In addition, the Board has considered the effects of the proposed acquisition on the convenience and needs of the communities to be served in light of all the facts of record and concludes that convenience and needs considerations, including the performance records of the institutions involved under the Community Reinvestment Act, are consistent with approval. The Board also concludes that the proposal is consistent with approval under the considerations in the FRA.

Based on the foregoing and all the facts of record, the Board approves these applications. For purposes of this action, the commitments and conditions relied on in reaching this decision are conditions imposed in writing by the Board and, as such, may be enforced in proceedings under applicable law.

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

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

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

11. Ind. Code Ann. §§ 28-2-13-19 & 12-2-16-15 (West 1998).

Appendix

Branches of First Indiana to be Established by Civitas Bank (All in Indiana)

1. 8388 Bell Oaks Drive, Newburgh.
2. 4720 Lincoln Avenue, Evansville.
3. 123 Main Street, Evansville.
4. 405 E. Fourth Street, Mt. Vernon.
5. 3540 First Avenue, Evansville.

ORDERS ISSUED UNDER INTERNATIONAL BANKING ACT

Banco de la Ciudad de Buenos Aires Buenos Aires, Argentina

Order Approving Establishment of a Representative Office

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

Notice of the application, affording interested persons an opportunity to submit comments, has been published in a newspaper of general circulation in New York, New York (*The Daily News,* February 8, 1999). The time for filing comments has expired, and the Board has considered the application and all comments received.

Bank, with total consolidated assets of approximately $3.1 billion,[1] ranks among the 15 largest banks in Argentina. Bank has 35 offices in Argentina and no offices outside Argentina.[2]

Bank is wholly owned by the city of Buenos Aires, and, with the exception of the *Fundacion del Banco de la Ciudad de Buenos Aires* (the "Foundation"), has no affili-

1. Data are as of fiscal year ending October 31, 1998.
2. Bank's Los Angeles representative office was closed in 1989 to reduce costs.

ated entities.[3] Bank provides a full range of banking-related financial services to individuals, small and medium-sized businesses, and large domestic and multinational corporate clients. Bank and another Argentine bank serve as the official court depositary for required court deposits relating to all proceedings pending before federal and local courts in Buenos Aires.

The proposed representative office would solicit loans and, in connection with such loan solicitation, prepare applications, execute documents on Bank's behalf pursuant to powers of attorney, assemble credit information, and make property inspections and appraisals. The office would also solicit other banking business on behalf of Bank, conduct research, and act as liaison with correspondents of Bank.

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 (12 U.S.C. § 3107(a)(2); 12 C.F.R. 211.24(d)(2)).[4] In addition, the Board may take into account additional standards set forth in the IBA and Regulation K (12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). The Board has previously 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.[5]

With respect to home country supervision of Bank, the Board has considered the following information. Bank is subject to the regulatory and supervisory authority of the Central Bank of the Republic of Argentina ("Central Bank"), which regulates and supervises the entire banking system in Argentina. The Central Bank has no objection to Bank's establishment of the proposed representative office. The Board has previously determined that factors relating to the supervision of two other Argentine banks, both of which also proposed to establish representative offices in the United States, were consistent with approval.[6] The Board has determined that Bank is supervised by the Central Bank on substantially the same terms and conditions as the two other Argentine banks.

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 also determined that for purposes of the IBA and Regulation K, Bank engages directly in the business of banking outside of the United States. Bank has provided the Board with information necessary to assess the application through submissions that address the relevant issues.

The Board also has taken into account the additional standards set forth in section 7 of the IBA and Regulation K (*see* 12 U.S.C. § 3105(d)(3)-(4); 12 C.F.R. 211.24(c)(2)). As noted above, the Central Bank has no objection to the establishment of the proposed representative office. The Board also has determined that financial and managerial factors are consistent with approval of the proposed representative office. Bank appears to have the experience and capacity to support the proposed office and has established controls and procedures for the proposed representative office to ensure compliance with U.S. law.

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

On the basis of all the facts of record, and subject to the commitments made by Bank, and the terms and conditions

3. The Foundation, a subsidiary of Bank, is an autonomous legal entity that undertakes activities in furtherance of the humanitarian needs of the Buenos Aires community.

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

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

(ii) Obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise;

(iii) Obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic;

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

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

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

5. *See* 58 *Federal Register* 6348, 6351 (1993). *See also Citizens National Bank*, 79 *Federal Reserve Bulletin* 805 (1993); *Agricultural Bank of China*, 83 *Federal Reserve Bulletin* 617 (1997).

6. *See Banco Roberts, S.A.*, 81 *Federal Reserve Bulletin* 202 (1995); *Banco Francés del Río de la Plata S.A.*, 81 *Federal Reserve Bulletin* 618 (1995).

set forth in this order, the Board has determined that Bank's application to establish a representative office should be, and hereby is, approved. If any restrictions on access to information on the operations or activities of Bank or any of its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes, the Board may require termination of any of Bank's direct or indirect activities in the United States. Approval of this application is also 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 under 12 U.S.C. § 1818 against Bank and its affiliates.

By order of the Board of Governors, effective May 5, 1999.

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

ROBERT DEV. FRIERSON
Associate Secretary of the Board

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 and its agent, the New York State Banking Department ("Department"), to license the proposed representative office of Bank in accordance with any terms or conditions that the Department may impose.

Applications Approved Under Bank Holding Company Act
By the Secretary of the Board

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

Section 4

Applicant(s)	Bank(s)	Effective Date
HSBC Holdings plc, London, England; HSBC Finance (Netherlands), London, England; HSBC Holdings B.V., Amsterdam, The Netherlands	HSBC Asset Management Americas Inc., New York, New York	July 22, 1999
Popular, Inc., Hato Rey, Puerto Rico; Popular Cash Express, Inc., Oak Park, Illinois	CheckChangers D.C., Inc., Washington, D.C.; LMBC Corp., Hialeah, Florida; Money Transfer Center, Inc., North Miami, Florida; Metro CheckCashers, Ltd., Inc., Miami, Florida; Florida Check Cashers #1, Ltd., Opa Locka, Florida	July 30, 1999

By Federal Reserve Banks

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

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Apex Mortgage Company, Edmond, Oklahoma	Edmond Bank and Trust, Edmond, Oklahoma	Kansas City	June 30, 1999
Associated Banc-Corp, Green Bay, Wisconsin	Riverside Acquisition Corp., Minneapolis, Minnesota Riverside Bancshares Corporation, Minneapolis, Minnesota	Chicago	July 2, 1999
Belvedere Capital Partners LLC, San Francisco, California California Community Financial Institutions Fund Limited Partnership, San Francisco, California Placer Capital Co., San Francisco, California	Placer Savings Bank, Auburn, California	San Francisco	July 14, 1999
Cardinal Financial Corporation, Fairfax, Virginia	Cardinal Bank-Manassas/Prince William, N.A., Manassas, Virginia Cardinal Bank-Dulles, N.A., Reston, Virginia	Richmond	July 9, 1999
Castle Creek Capital Partners Fund IIa, L.P., Rancho Santa Fe, California Castle Creek Capital Partners Fund IIb, L.P., Rancho Santa Fe, California	State National Bancshares, Inc., Lubbock, Texas	San Francisco	July 1, 1999
Coconut Grove Bankshares, Inc., Coconut Grove, Florida	Coconut Grove Bank, Coconut Grove, Florida	Atlanta	July 8, 1999
Community Banks of the South, Inc., Orlando, Florida	Southern Community Bank, Orlando, Florida	Atlanta	July 1, 1999
Community First Bancshares, Inc., Fargo, North Dakota	Valley National Corporation, El Cajon, California Valle de Oro Bank, National Association, Spring Valley, California	Minneapolis	July 8, 1999
Eggemeyer Advisory Corp., Rancho Santa Fe, California WJR Corp., Rancho Santa Fe, California Castle Creek Capital L.L.C., Rancho Santa Fe, California	State National Bancshares, Inc., Lubbock, Texas Castle Creek Partners Fund I, L.P., Rancho Santa Fe, California Castle Creek Capital Partners Fund IIa, L.P., Rancho Santa Fe, California Castle Creek Capital Partners Fund IIb, L.P., Rancho Santa Fe, California	San Francisco	July 1, 1999
First Bancshares Corporation, Gladstone, Michigan	Baybank Corporation, Gladstone, Michigan	Minneapolis	July 14, 1999
First Banks, Inc., Creve Coeur, Missouri	Century Bank, Beverly Hills, California	St. Louis	July 12, 1999

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
First National Corporation, Orangeburg, South Carolina	FirstBancorporation, Inc., Beaufort, South Carolina	Richmond	June 28, 1999
HaleCo Bancshares, Inc., Plainview, Texas Commerce Bancshares, Inc., Dover, Delaware	La Plata Bancshares, Inc., Hereford, Texas La Plata Bancshares Delaware, Inc., Dover, Delaware The First National Bank of Hereford, Hereford, Texas	Dallas	July 15, 1999
HCNB Bancorp, Inc., Rockville, Maryland	Harbor Capital National Bank, Rockville, Maryland	Richmond	July 8, 1999
Jamesmark Bancshares, Inc., Springfield, Missouri	Old Missouri National Bank, Springfield, Missouri	St. Louis	June 30, 1999
James River Bankshares, Inc., Suffolk, Virginia	State Bank of Remington, Inc., Remington, Virginia	Richmond	July 7, 1999
J. R. Montgomery Bancorporation, Lawton, Oklahoma	Fort Sill National Bank, Fort Sill, Oklahoma	Kansas City	June 25, 1999
La Plata Bancshares, Inc., Hereford, Texas La Plata Bancshares Delaware, Inc., Dover, Delaware	The First National Bank of Hereford, Hereford, Texas	Dallas	July 15, 1999
Merchants & Manufacturers Bancorp, New Berlin, Wisconsin	Pyramid Bancorp, Inc., Grafton, Wisconsin Grafton State Bank, Grafton, Wisconsin	Chicago	June 30, 1999
National Commerce Bancorporation, Memphis, Tennessee	First Financial Corporation, Mount Juliet, Tennessee First Bank & Trust, Mount Juliet, Tennessee	St. Louis	June 24, 1999
Pembina County Bankshares, Ltd., Cavalier, North Dakota	Stephen Bancshares, Inc., Stephen, Minnesota Farmers State Bank of Stephen, Stephen, Minnesota	Minneapolis	June 30, 1999
Peoples Bancorp, Inc., Arlington Heights, Illinois	The Peoples' Bank of Arlington Heights, Arlington Heights, Illinois	Chicago	July 2, 1999
Peoples Bancorp of North Carolina, Inc., Newton, North Carolina	Peoples Bank, Newton, North Carolina	Richmond	July 21, 1999
Premier Bancshares, Inc., Atlanta, Georgia	North Fulton Bancshares, Inc., Roswell, Georgia Milton National Bank, Roswell, Georgia	Atlanta	July 15, 1999
Quincy Bancshares, Inc., Quincy, Illinois	Bank of Quincy, Quincy, Illinois	St. Louis	July 16, 1999
Third Street Bancshares, Inc., Marietta, Ohio	Settlers Bank, Marietta, Ohio	Cleveland	July 14, 1999
Tonti Financial Corporation, Columbus, Ohio	Greater Ohio River Corporation, Columbus, Ohio	Cleveland	July 8, 1999
Union Bankshares, Inc., Morrisville, Vermont	Citizens Savings Bank & Trust Company, St. Johnsbury, Vermont	Boston	July 9, 1999
United Americas Bancshares, Inc., Atlanta, Georgia	United Americas Bank, Atlanta, Georgia	Atlanta	July 1, 1999

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
United Financial Corp., Great Falls, Montana	Valley Bancorp., Phoenix, Arizona	Minneapolis	July 15, 1999

Section 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Bank of Montreal, Toronto, Canada Bankmont Financial Corporation, Chicago, Illinois	EFS, Inc., Chicago, Illinois BankBoston (NH), N.A., Nashua, New Hampshire	Chicago	July 20, 1999
Central Bancompany, Jefferson City, Missouri	Fulton Bancorp, Inc., Fulton, Missouri Fulton Savings Bank, FSB, Fulton, Missouri	St. Louis	July 12, 1999
Cowlitz Bancorporation, Longview, Washington	Independent Financial Network, Inc., Bellevue, Washington	San Francisco	June 29, 1999
Credit Suisse Group, Zurich, Switzerland Credit Suisse First Boston, Zurich, Switzerland	Warburg, Pincus Asset Management Holdings, Inc., New York, New York Credit Suisse Asset Management, New York, New York E.M. Warburg, Pincus & Co., LLC, New York, New York Warburg, Pincus & Co., New York, New York	New York	June 30, 1999
Farmers State Corporation, Mankato, Minnesota	Southwest State Agency, Springfield, Minnesota	Minneapolis	July 9, 1999
Fifth Third Bancorp, Cincinnati, Ohio Fifth Third Bank Cincinnati, Cincinnati, Ohio	Vanguard Financial Company, Cincinnati, Ohio	Cleveland	June 23, 1999
First Western Bancorp, Inc., Huron, South Dakota	Vollmer Insurance, Newell, South Dakota	Minneapolis	July 14, 1999
Mahaska Investment Company, Oskaloosa, Iowa	Midwest Bancshares, Inc., Burlington, Iowa Midwest Federal Savings and Loan Association of Eastern Iowa, Burlington, Iowa	Chicago	July 22, 1999
Northern Star Financial, Inc., Mankato, Minnesota	Homeland Mortgage LLC, Morris, Minnesota	Minneapolis	July 2, 1999
Northwest Financial Corp., Spencer, Iowa	Gateway Savings Bank, Ankeny, Iowa	Chicago	July 14, 1999
South Holland Bancorp, Inc., South Holland, Illinois South Holland Trust and Savings Bank, South Holland, Illinois	South Holland Mortgage, LLC, South Holland, Illinois Mortgage Bank Services, LLC, South Holland, Illinois	Chicago	July 8, 1999
Wells Fargo & Company, San Francisco, California Norwest Insurance, Inc., Minneapolis, Minnesota	Goodson Insurance Agency, Inc., Greenwood, Colorado	San Francisco	July 12, 1999

Section 4—Continued

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
Westdeutsche Landesbank Girozentrale, Dusseldorf, Germany Criterion Investment Management, LLC, Houston, Texas	Fixed-Income Investment Management Division of Nicholas-Applegate Capital Management, Houston, Texas	New York	July 15, 1999
Western State Agency, Inc., Devils Lake, North Dakota	Towner Insurance Agency, Towner, North Dakota	Minneapolis	July 21, 1999

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective Date
BB&T Corporation, Winston-Salem, North Carolina	Matewan Bancshares, Inc., Williamson, West Virginia	Richmond	July 15, 1999

Applications Approved Under Bank Merger Act By Federal Reserve Banks

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

Applicant(s)	Bank(s)	Reserve Bank	Effective Date
Bank of Utah, Ogden, Utah	FCB Acquisition Corporation, Ogden, Utah First Bancorp, Inc., Logan, Utah First Commerce Bank, Logan, Utah	San Francisco	July 16, 1999
County Bank, Merced, California	Town and Country Finance and Thrift, Turlock, California	San Francisco	July 16, 1999
F&M Bank-Winchester, Winchester, Virginia	Wachovia Bank, National Association, Winston-Salem, North Carolina	Richmond	June 28, 1999
JRB Acquisition Bank, Inc., Suffolk, Virginia	State Bank of Remington, Inc., Remington, Virginia	Richmond	July 7, 1999
WestStar Bank, Vail, Colorado	Western Colorado Bank, Montrose, Colorado Bank of Telluride, Telluride, Colorado	Kansas City	July 15, 1999

Pending Cases Involving the Board of Governors

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

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

Hunter v. Board of Governors, No. 1:98CV02994 (TFH) (D.D.C., filed December 9, 1998). Action under the Freedom of Information Act and the Privacy Act. The Board filed a motion to dismiss or for summary judgment on July 22, 1999.

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

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

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

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

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

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

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

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

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

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

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

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

Final Enforcement Orders Issued by the Board of Governors

Bruce Jeffrey Kingdon, Kenneth Goglia, and Harvey Plante

Bankers Trust Company
New York, New York

The Federal Reserve Board announced on July 19, 1999, the issuance of a Notice of Intent to Prohibit against Bruce Jeffrey Kingdon, Kenneth Goglia and Harvey Plante, former officers of the Bankers Trust Company, New York, New York. The Notice seeks the issuance of orders permanently barring Messrs. Kingdon, Goglia and Plante from participating in the banking industry.

Joseph C. Liu

Great Eastern Bank
Flushing, New York

The Federal Reserve Board announced on July 30, 1999, the issuance of a Notice of Suspension against Joseph C. Liu, the President, Chief Executive Officer and a director of the Great Eastern Bank, Flushing, New York.

John Riesmeyer

Barclays Bank PLC
London, England

The Federal Reserve Board announced on July 7, 1999, the issuance of a Combined Order to Cease and Desist and Order of Assessment of a Civil Money Penalty against John Riesmeyer, a former foreign exchange trader and institution-affiliated party of the New York Branch of Barclays Bank PLC, London, England.

Written Agreement Approved by Federal Reserve Banks

Grimes County Capital Corporation
Houston, Texas

The Federal Reserve Board announced on July 20, 1999, the execution of a Written Agreement by and between Grimes County Capital Corporation, Houston, Texas, and the Federal Reserve Bank of Dallas.

Financial and Business Statistics

INTERNATIONAL STATISTICS

Summary Statistics

Reported by Banks in the United States

Reported by Nonbanking Business Enterprises in the United States

Securities Holdings and Transactions

Interest and Exchange Rates

SPECIAL TABLES

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

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

GENERAL INFORMATION

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

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

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

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

1.10 RESERVES, MONEY STOCK, AND DEBT MEASURES

Percent annual rate of change, seasonally adjusted[1]

Monetary or credit aggregate	1998		1999		1999				
	Q3	Q4	Q1[r]	Q2	Feb.[r]	Mar.[r]	Apr.	May	June
Reserves of depository institutions[2]									
1 Total	−7.7	−1.8	−1.2	−6.5	−15.3	−22.5	7.2	10.4	−40.3
2 Required	−8.9	−2.5	1.0	−5.6	−7.0	−25.6	11.5	8.0	−41.7
3 Nonborrowed	−8.6	−.6	−1.3	−6.7	−13.0	−21.1	4.4[r]	11.5	−40.9
4 Monetary base[3]	6.9	8.7	9.1	10.1	9.4	7.8	10.3	13.9	6.1
Concepts of money and debt[4]									
5 M1	−2.0	5.0	2.8	3.4	1.8	10.3	6.9	−4.0	−4.1
6 M2	6.9	11.0	7.2	5.7	5.7	2.7	8.8	4.6	4.2
7 M3	8.6	12.8[r]	7.5	5.2	9.4	−1.2	8.2[r]	5.0	5.3
8 Debt	5.8[r]	6.3[r]	5.9	n.a.	4.9	7.0	6.9	5.2	n.a.
Nontransaction components									
9 In M2[5]	9.9	13.0	8.7	6.4	6.9	.3	9.4	7.4	6.9
10 In M3 only[6]	13.4[r]	17.9[r]	8.2	4.0	19.8	−12.1	6.7[r]	6.1	8.5
Time and savings deposits									
Commercial banks									
11 Savings, including MMDAs	15.8	17.6	11.6	9.6	5.4	.2	17.5	7.8	11.8
12 Small time[7]	.1	.3[r]	−5.4	−3.7	−7.7	−3.7	−3.5[r]	−2.3	−2.7
13 Large time[8,9]	3.5	3.8[r]	−.1	−3.9	−22.4	−18.6	12.7[r]	−2.0	−9.2
Thrift institutions									
14 Savings, including MMDAs	9.0	10.1	12.8	14.8	14.3	7.6	9.5	27.3	18.8
15 Small time[7]	−7.3	−6.7	−6.3	−6.7	−6.3	−7.8	−4.1	−7.1	−11.7
16 Large time[8]	.5	10.4	7.6	−7.0	−14.5	−14.7	4.1	−14.8	−1.4
Money market mutual funds									
17 Retail	19.0	28.4	20.5	10.3	22.6	3.1	12.6	9.1	7.8
18 Institution-only	26.6	41.8	17.9	14.5	34.7	−1.8	21.1	13.8	7.7
Repurchase agreements and Eurodollars									
19 Repurchase agreements[10]	11.5[r]	16.5[r]	11.7	−6.8	69.7	−48.7	−37.0[r]	17.6	48.3
20 Eurodollars[10]	21.7	3.2[r]	−.8	23.8	47.3	49.4	22.6[r]	−2.2	4.4
Debt components[4]									
21 Federal	−1.5	−2.0	−2.6	n.a.	−7.3	−1.1	−2.4	−5.3	n.a.
22 Nonfederal	8.2[r]	8.9[r]	8.5	n.a.	8.7	9.4	9.6	8.2	n.a.

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Includes both overnight and term.

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

Millions of dollars

Factor	Average of daily figures			Average of daily figures for week ending on date indicated						
	1999			1999						
	Apr.	May	June	May 19	May 26	June 2	June 9	June 16	June 23	June 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	512,869	518,390	522,071	518,944	515,171	524,639	519,661	522,522	519,161	526,608
U.S. government securities[2]										
2 Bought outright—System account[3]	469,926	477,296	484,748	476,179	480,308	482,393	483,903	484,684	485,298	485,755
3 Held under repurchase agreements	6,691	3,974	2,017	4,079	845	5,556	1,079	1,851	44	4,259
Federal agency obligations										
4 Bought outright	311	311	276	311	311	311	311	263	263	260
5 Held under repurchase agreements	2,110	3,492	2,514	5,160	1,789	4,139	2,407	2,988	837	3,331
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	167	14	18	33	8	13	4	24	26	20
8 Seasonal credit	38	91	126	87	106	105	88	111	142	173
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	297	512	281	301	395	−16	364	695	350	−29
11 Other Federal Reserve assets	33,330	32,700	32,090	32,794	31,409	32,138	31,506	31,906	32,202	32,841
12 Gold stock	11,050	11,049	11,047	11,049	11,048	11,048	11,047	11,047	11,047	11,046
13 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
14 Treasury currency outstanding	26,702r	26,816	26,907	26,816	26,845	26,874	26,888	26,902	26,916	26,930
ABSORBING RESERVE FUNDS										
15 Currency in circulation	519,381r	523,518	528,576	523,123	523,790	528,315	528,969	528,215	527,891	528,960
16 Treasury cash holdings	144	148	108	147	142	144	136	109	89	90
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,379	5,421	5,929	5,157	4,888	4,897	4,855	5,449	7,023	6,823
18 Foreign	208	200	214	195	251	185	165	247	211	223
19 Service-related balances and adjustments	6,715r	6,889	6,962	6,779	6,954	6,882	6,900	6,727	7,026	7,220
20 Other	283	273	232	293	269	233	262	245	212	202
21 Other Federal Reserve liabilities and capital	17,275	17,361	17,638	17,471	17,353	17,526	17,430	17,656	17,569	17,960
22 Reserve balances with Federal Reserve Banks[4]	8,435	10,644	8,565	11,843	7,617	12,579	7,080	10,022	5,304	11,305

Factor	End-of-month figures			Wednesday figures						
	Apr.	May	June	May 19	May 26	June 2	June 9	June 16	June 23	June 30
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	519,959	526,186	532,865	520,114	518,976	517,468	520,400	520,219	519,623	532,865
U.S. government securities[2]										
2 Bought outright—System account[3]	473,573	482,531	484,866	477,335	480,718	481,204	484,706	484,812	485,243	484,866
3 Held under repurchase agreements	8,930	6,004	9,100	4,785	2,476	2,634	425	1,430	50	9,100
Federal agency obligations										
4 Bought outright	311	311	259	311	311	311	311	263	263	259
5 Held under repurchase agreements	3,292	4,497	5,179	5,648	3,522	2,867	3,106	1,457	1,107	5,179
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions										
7 Adjustment credit	2	14	56	6	8	13	7	7	125	56
8 Seasonal credit	65	107	164	95	110	97	93	128	169	164
9 Extended credit	0	0	0	0	0	0	0	0	0	0
10 Float	36	373	272	677	9	−1,236	89	72	279	272
11 Other Federal Reserve assets	33,749	32,350	32,968	31,258	31,821	31,578	31,664	32,051	32,386	32,968
12 Gold stock	11,050	11,048	11,046	11,048	11,048	11,048	11,047	11,047	11,046	11,046
13 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
14 Treasury currency outstanding	26,757r	26,874	26,930	26,816	26,845	26,874	26,888	26,902	26,916	26,930
ABSORBING RESERVE FUNDS										
15 Currency in circulation	519,751r	528,042	531,952	524,132	526,448	529,987	529,545	528,984	528,946	531,952
16 Treasury cash holdings	167	145	90	141	145	140	112	89	90	90
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	10,040	5,056	6,720	4,783	5,101	4,979	4,683	4,709	6,885	6,720
18 Foreign	260	157	410	188	211	270	166	195	174	410
19 Service-related balances and adjustments	6,786r	6,882	7,220	6,779	6,954	6,882	6,900	6,727	7,026	7,220
20 Other	263	223	241	305	235	266	253	251	199	241
21 Other Federal Reserve liabilities and capital	17,214	17,575	17,662	17,244	17,121	17,110	17,362	17,368	17,294	17,662
22 Reserve balances with Federal Reserve Banks[4]	11,486r	14,226	14,745	12,604	8,855	3,954	7,513	8,046	5,171	14,745

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

1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Prorated monthly averages of biweekly averages									
	1996	1997	1998	1998	1999					
	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May	June
1 Reserve balances with Reserve Banks[2]	13,330	10,664	9,021	9,021	9,658	8,578	8,851	9,238	10,070	8,541
2 Total vault cash[3]	44,525	44,740	44,305	44,305	45,499	46,468	42,898	42,163	42,458	42,631
3 Applied vault cash[4]	37,844	37,255	35,997	35,997	36,687	36,660	34,270	34,407	34,805	33,856
4 Surplus vault cash[5]	6,681	7,485	8,308	8,308	8,812	9,809	8,628	7,757	7,653	8,775
5 Total reserves[6]	51,174	47,920	45,018	45,018	46,345	45,237	43,121	43,645	44,875	42,397
6 Required reserves	49,758	46,235	43,435	43,435	44,811	44,022	41,816	42,486	43,619	41,133
7 Excess reserve balances at Reserve Banks[7]	1,416	1,685	1,583	1,583	1,534	1,215	1,305	1,159	1,256	1,264
8 Total borrowings at Reserve Banks[8]	155	324	117	117	206	116	65	166	127	145
9 Seasonal borrowings	68	79	15	15	7	9	18	39	89	127
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0
	Biweekly averages of daily figures for two week periods ending on dates indicated									
	1999									
	Feb. 24	Mar. 10	Mar. 24	Apr. 7	Apr. 21	May 5[r]	May 19	June 2	June 16	June 30
1 Reserve balances with Reserve Banks[2]	8,233	9,356	8,309	9,213	8,409	10,547	9,878	10,096	8,546	8,315
2 Total vault cash[3]	45,597	42,284	43,524	42,525	42,349[r]	41,594	42,562	42,696	41,828	43,425
3 Applied vault cash[4]	35,997	34,007	34,521	34,147	34,422	34,586	34,749	34,962	33,492	34,062
4 Surplus vault cash[5]	9,600	8,277	9,004	8,378	7,927[r]	7,009	7,813	7,735	8,336	9,364
5 Total reserves[6]	44,230	43,362	42,830	43,360	42,831	45,133	44,626	45,058	42,037	42,377
6 Required reserves	43,041	42,062	41,613	41,872	41,915	43,852	43,533	43,623	40,883	41,028
7 Excess reserve balances at Reserve Banks[7]	1,189	1,300	1,217	1,487	916	1,281	1,093	1,434	1,154	1,348
8 Total borrowings at Reserve Banks[8]	112	22	63	130	149	223	103	117	114	180
9 Seasonal borrowings	9	14	18	24	33	59	85	106	100	158
10 Extended credit[9]	0	0	0	0	0	0	0	0	0	0

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit[1]			Seasonal credit[2]			Extended credit[3]		
	On 8/6/99	Effective date	Previous rate	On 8/6/99	Effective date	Previous rate	On 8/6/99	Effective date	Previous rate
Boston	4.50	11/18/98	4.75	5.10	7/15/99	5.00	5.60	7/15/99	5.50
New York		11/17/98							
Philadelphia		11/17/98							
Cleveland		11/19/98							
Richmond		11/18/98							
Atlanta		11/18/98							
Chicago		11/19/98							
St. Louis		11/19/98							
Minneapolis		11/19/98							
Kansas City		11/18/98							
Dallas		11/17/98							
San Francisco	4.50	11/17/98	4.75	5.10	7/15/99	5.00	5.60	7/15/99	5.50

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

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1982—July 20	11.5–12	11.5
23	11.5	11.5
Aug. 2	11–11.5	11
3	11	11
16	10.5	10.5
27	10–10.5	10
30	10	10
Oct. 12	9.5–10	9.5
13	9.5	9.5
Nov. 22	9–9.5	9
26	9	9
Dec. 14	8.5–9	9
15	8.5–9	8.5
17	8.5	8.5
1984—Apr. 9	8.5–9	9
13	9	9
Nov. 21	8.5–9	8.5
26	8.5	8.5
Dec. 24	8	8
1985—May 20	7.5–8	7.5
24	7.5	7.5
1986—Mar. 7	7–7.5	7
10	7	7
Apr. 21	6.5–7	6.5
23	6.5	6.5
July 11	6	6
Aug. 21	5.5–6	5.5
22	5.5	5.5
1987—Sept. 4	5.5–6	6
11	6	6
1988—Aug. 9	6–6.5	6.5
11	6.5	6.5
1989—Feb. 24	6.5–7	7
27	7	7

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

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Type of deposit	Requirement	
	Percentage of deposits	Effective date
Net transaction accounts[2]		
1 $0 million–$46.5 million[3]	3	12/31/98
2 More than $46.5 million[4]	10	12/31/98
3 Nonpersonal time deposits[5]	0	12/27/90
4 Eurocurrency liabilities[6]	0	12/27/90

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

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

3. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage change in transaction accounts held by all depository institutions, determined as of June 30 of each year. Effective with the reserve maintenance period beginning December 31, 1998, for depository institutions that report weekly, and with the period beginning January 14, 1999, for institutions that report quarterly, the amount was decreased from $47.8 million to $46.5 million.

Under the Garn–St Germain Depository Institutions Act of 1982, the Board adjusts the amount of reservable liabilities subject to a zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is made in the event of a decrease. The exemption applies only to accounts that would be subject to a 3 percent reserve requirement. Effective with the reserve maintenance period beginning December 31, 1998, for depository institutions that report weekly, and with the period beginning January 14, 1999, for institutions that report quarterly, the exemption was raised from $4.7 million to $4.9 million.

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction and maturity	1996	1997	1998	1998		1999				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
U.S. TREASURY SECURITIES[2]										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	9,901	9,147	3,550	0	0	0	0	0	0	0
2 Gross sales	0	0	0	0	0	0	0	0	0	0
3 Exchanges	426,928	436,257	450,835	34,957	41,393	35,069	36,862	35,065	48,142	37,107
4 For new bills	426,928	435,907	450,835	34,957	41,393	35,069	36.862	35,065	48,142	37,107
5 Redemptions	0	0	2,000	0	0	0	0	0	0	0
Others within one year										
6 Gross purchases	524	5,549	6,297	662	0	0	2,103	1,060	1,677	1,421
7 Gross sales	0	0	0	0	0	0	0	0	0	0
8 Maturity shifts	30,512	41,716	46,062	5,444	2,539	2,865	5,578	3.015	3,768	3,768
9 Exchanges	−41,394	−27,499	−49,434	−8,093	−2.555	−400	−7,458	−5.956	−3,370	−4,607
10 Redemptions	2,015	1.996	2,676	0	0	492	0	0	726	0
One to five years										
11 Gross purchases	3,898	19,680	12,901	2,397	0	0	2,752	2,428	3,362	4,442
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Maturity shifts	−25,022	−37,987	−37,777	−4,574	−2,539	−2,865	−4,928	−3,015	−3,768	−3.768
14 Exchanges	31.459	20,274	37,154	6,013	2,555	0	4,778	5.956	3,020	2,562
Five to ten years										
15 Gross purchases	1,116	3.849	2,294	862	0	0	335	346	945	1,584
16 Gross sales	0	0	0	0	0	0	0	0	0	0
17 Maturity shifts	−5,469	−1,954	−5,908	718	0	0	−650	0	0	0
18 Exchanges	6,666	5,215	7,439	1,135	0	400	1,340	0	0	2,045
More than ten years										
19 Gross purchases	1,655	5,897	4,884	698	0	615	0	2,404	262	2,890
20 Gross sales	0	0	0	0	0	0	0	0	0	0
21 Maturity shifts	−20	−1,775	−2,377	−1,589	0	0	0	0	0	0
22 Exchanges	3,270	2,360	4,842	945	0	0	1,340	0	350	0
All maturities										
23 Gross purchases	17,094	44,122	29,926	4,619	0	615	5,190	6,238	6,246	10,337
24 Gross sales	0	0	0	0	0	0	0	0	0	0
25 Redemptions	2,015	1,996	4,676	0	0	492	0	0	726	0
Matched transactions										
26 Gross purchases	3,092,399	3,577,954	4,395,430	358.438	418,538	365,779	324,078	393.267	366,838	356,960
27 Gross sales	3.094,769	3,580,274	4,399,330	359,256	420,397	363.604	322,669	394,865	364,476	358,362
Repurchase agreements										
28 Gross purchases	457,568	810,485	512,671	23,884	49,296	21,968	26,098	62,878	45,067	27,605
29 Gross sales	450,359	809.268	514,186	19,200	38,592	37,157	27,025	53,706	48,867	30,531
30 Net change in U.S. Treasury securities	19,919	41,022	19,835	8,484	8,845	−12,891	5,672	13,812	4,082	6,008
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
31 Gross purchases	0	0	0	0	0	0	0	0	0	0
32 Gross sales	0	0	25	0	0	0	0	0	0	0
33 Redemptions	409	1,540	322	20	30	2	0	25	0	0
Repurchase agreements										
34 Gross purchases	75,354	160,409	284,316	51,419	48,815	23,577	37,416	35,731	20,623	38,167
35 Gross sales	74,842	159,369	276,266	48,785	44,285	31,744	36,067	34,009	22,937	36,962
36 Net change in federal agency obligations	103	−500	7,703	2,614	4,500	−8,169	1,349	1,697	−2,314	1,205
37 **Total net change in System Open Market Account**	**20,021**	**40,522**	**27,538**	**11,098**	**13,345**	**−21,060**	**7,021**	**15,509**	**1,768**	**7,213**

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 1999					End of month 1999		
	June 2	June 9	June 16	June 23	June 30	Apr. 30	May 31	June 30
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,048	11,047	11,047	11,046	11,046	11,050	11,048	11,046
2 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
3 Coin	348	345	342	337	311	430	372	311
Loans								
4 To depository institutions	110	100	135	294	220	68	121	220
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	311	311	263	263	259	311	311	259
8 Held under repurchase agreements	2,867	3,106	1,457	1,107	5,179	3,292	4,497	5,179
9 **Total U.S. Treasury securities**	**483,838**	**485,131**	**486,242**	**485,293**	**493,966**	**482,503**	**488,535**	**493,966**
10 Bought outright[2]	481,204	484,706	484,812	485,243	484,866	473,573	482,531	484,866
11 Bills	196,390	199,004	198,089	198,512	198,127	199,121	197,719	198,127
12 Notes	207,109	207,995	208,843	208,849	208,855	199,721	207,108	208,855
13 Bonds	77,704	77,706	77,880	77,882	77,884	74,731	77,704	77,884
14 Held under repurchase agreements	2,634	425	1,430	50	9,100	8,930	6,004	9,100
15 **Total loans and securities**	**487,126**	**488,648**	**488,096**	**486,957**	**499,624**	**486,174**	**493,463**	**499,624**
16 Items in process of collection	13,053	7,833	7,625	6,912	7,765	5,248	5,658	7,765
17 Bank premises	1,315	1,316	1,316	1,320	1,321	1,310	1,315	1,321
Other assets								
18 Denominated in foreign currencies[3]	14,863	14,867	14,871	14,874	14,799	15,034	14,860	14,799
19 All other[4]	15,443	15,499	15,920	16,205	16,898	17,336	16,164	16,898
20 **Total assets**	**551,395**	**547,754**	**547,418**	**545,850**	**559,964**	**544,782**	**551,080**	**559,964**
LIABILITIES								
21 Federal Reserve notes	503,601	503,115	502,513	502,457	505,423	493,590	501,685	505,423
22 **Total deposits**	**20,064**	**19,906**	**20,073**	**19,282**	**29,527**	**28,623**	**26,577**	**29,527**
23 Depository institutions	14,549	14,804	14,918	12,024	22,156	18,061	21,140	22,156
24 U.S. Treasury—General account	4,979	4,683	4,709	6,885	6,720	10,040	5,056	6,720
25 Foreign—Official accounts	270	166	195	174	410	260	157	410
26 Other	266	253	251	199	241	263	223	241
27 Deferred credit items	10,619	7,371	7,465	6,818	7,352	5,354	5,243	7,352
28 Other liabilities and accrued dividends[5]	4,333	4,334	4,272	4,202	4,654	4,493	4,474	4,654
29 **Total liabilities**	**538,617**	**534,726**	**534,322**	**532,759**	**546,956**	**532,062**	**537,979**	**546,956**
CAPITAL ACCOUNTS								
30 Capital paid in	6,247	6,264	6,286	6,291	6,282	6,182	6,239	6,282
31 Surplus	5,952	5,952	5,952	5,952	5,952	5,952	5,952	5,952
32 Other capital accounts	579	811	858	849	775	586	911	775
33 **Total liabilities and capital accounts**	**551,395**	**547,754**	**547,418**	**545,850**	**559,964**	**544,782**	**551,080**	**559,964**
MEMO								
34 Marketable U.S. Treasury securities held in custody for foreign and international accounts	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to Banks)	713,123	716,340	719,743	723,418	726,892	687,900	710,687	726,892
36 LESS: Held by Federal Reserve Banks	209,521	213,225	217,230	220,961	221,469	194,309	209,002	221,469
37 Federal Reserve notes, net	503,601	503,115	502,513	502,457	505,423	493,590	501,685	505,423
Collateral held against notes, net								
38 Gold certificate account	11,048	11,047	11,047	11,046	11,046	11,050	11,048	11,046
39 Special drawing rights certificate account	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	484,354	483,868	483,266	483,211	486,177	474,340	482,437	486,177
42 **Total collateral**	**503,601**	**503,115**	**502,513**	**502,457**	**505,423**	**493,590**	**501,685**	**505,423**

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holding

Millions of dollars

Type of holding and maturity	Wednesday					End of month		
	1999					1999		
	June 2	June 9	June 16	June 23	June 30	Apr. 30	May 31	June 30
1 **Total loans**	**110**	**100**	**135**	**294**	**220**	**65**	**68**	**193**
2 Within fifteen days[1]	37	24	126	272	149	64	40	159
3. Sixteen days to ninety days	73	76	9	22	71	1	28	34
4 **Total U.S. Treasury securities**[2]	**483,838**	**485,132**	**486,242**	**485,293**	**493,966**	**478,416**	**482,503**	**493,966**
5 Within fifteen days[1]	17,182	10,760	12,685	13,995	24,353	26,785	13,804	24,353
6 Sixteen days to ninety days	93,767	100,529	98,509	101,142	92,490	98,303	103,293	92,490
7 Ninety-one days to one year	139,774	140,719	140,904	136,004	142,621	134,439	142,071	142,621
8 One year to five years	121,096	121,098	122,047	122,048	122,393	112,263	115,147	122,393
9 Five years to ten years	49,404	49,408	49,478	49,483	49,487	46,598	47,546	49,487
10 More than ten years	62,615	62,617	62,619	62,621	62,623	60,029	60,642	62,623
11 **Total federal agency obligations**	**3,176**	**3,417**	**1,720**	**1,370**	**5,438**	**5,917**	**3,603**	**5,438**
12 Within fifteen days[1]	2,915	3,152	1,461	1,111	5,184	5,606	3,292	5,184
13 Sixteen days to ninety days	25	25	21	21	16	27	37	16
14 Ninety-one days to one year	68	68	68	68	68	79	79	68
15 One year to five years	20	20	20	20	20	30	20	20
16 Five years to ten years	150	150	150	150	150	175	175	150
17 More than ten years	0	0	0	0	0	0	0	0

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

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

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

Billions of dollars, averages of daily figures

Item	1995 Dec.	1996 Dec.	1997 Dec.	1998 Dec.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May	1999 June
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 Total reserves[3]	56.45	50.16	46.86	44.90	44.50	44.90	45.13	44.55	43.72	43.98	44.36	42.87
2 Nonborrowed reserves[4]	56.20	50.01	46.54	44.79	44.41	44.79	44.92	44.44	43.65	43.81[r]	44.23	42.73
3 Nonborrowed reserves plus extended credit[5]	56.20	50.01	46.54	44.79	44.41	44.79	44.92	44.44	43.65	43.81[r]	44.23	42.73
4 Required reserves	55.16	48.75	45.18	43.32	42.87	43.32	43.59	43.34	42.41	42.82	43.11	41.61
5 Monetary base[6]	434.10	451.37	478.88	512.32	509.14	512.32	516.81	520.84	524.23	528.74[r]	534.86	537.59
	Not seasonally adjusted											
6 Total reserves[7]	58.02	51.45	48.01	45.12	44.24	45.12	46.34	45.25	43.14	43.67	44.91	42.44
7 Nonborrowed reserves	57.76	51.30	47.69	45.00	44.16	45.00	46.14	45.13	43.08	43.50[r]	44.78	42.29
8 Nonborrowed reserves plus extended credit[5]	57.76	51.30	47.69	45.00	44.16	45.00	46.14	45.13	43.08	43.50[r]	44.78	42.29
9 Required reserves[8]	56.73	50.04	46.33	43.54	42.62	43.54	44.81	44.03	41.84	42.51	43.65	41.17
10 Monetary base[9]	439.03	456.63	484.98	518.28	510.14	518.28	520.01	519.70	523.35	526.77[r]	533.12	535.85
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[10]												
11 Total reserves[11]	57.90	51.17	47.92	45.02	44.15	45.02	46.35	45.24	43.12	43.65	44.88	42.40
12 Nonborrowed reserves	57.64	51.02	47.60	44.90	44.07	44.90	46.14	45.12	43.06	43.48	44.75	42.25
13 Nonborrowed reserves plus extended credit[5]	57.64	51.02	47.60	44.90	44.07	44.90	46.14	45.12	43.06	43.48	44.75	42.25
14 Required reserves	56.61	49.76	46.24	43.44	42.53	43.44	44.81	44.02	41.82	42.49[r]	43.62	41.13
15 Monetary base[12]	444.45	463.40	491.79	525.06	516.96	525.06	527.59	526.85	530.30	533.49[r]	539.98	542.78
16 Excess reserves[13]	1.29	1.42	1.69	1.58	1.62	1.58	1.53	1.22	1.31	1.16	1.26	1.26
17 Borrowings from the Federal Reserve	.26	.16	.32	.12	.08	.12	.21	.12	.07	.17	.13	.15

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

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

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

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

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

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

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

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

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

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

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

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

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

1.21 MONEY STOCK AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item	1995 Dec.	1996 Dec.	1997 Dec.	1998 Dec.	1999 Mar.[r]	1999 Apr.[r]	1999 May	1999 June
				Seasonally adjusted				
Measures[2]								
1 M1	1,126.7	1,081.3	1,074.9	1,093.4	1,102.0	1,108.3	1,104.6	1,100.8
2 M2	3,649.1	3,823.9	4,046.6	4,402.0[r]	4,457.1	4,489.7	4,506.8	4,522.7
3 M3	4,618.5	4,955.6	5,404.7	5,996.2[r]	6,058.2	6,099.8	6,125.1	6,152.4
4 Debt	13,697.7[r]	14,392.8[r]	15,094.9[r]	16,026.1[r]	16,259.7	16,353.0	16,423.5	n.a.
M1 components								
5 Currency[3]	372.3	394.1	424.5	459.2	472.0	476.5	481.0	484.1
6 Travelers checks[4]	8.3	8.0	7.7	7.8	7.8	7.8	7.8	8.2
7 Demand deposits[5]	389.4	403.0	396.5	377.5	374.1	373.9	369.1	362.3
8 Other checkable deposits[6]	356.7	276.2	246.2	248.8	248.1	250.2	246.7	246.2
Nontransaction components								
9 In M2[7]	2,522.4	2,742.6	2,971.8	3,308.7	3,355.1	3,381.4	3,402.2	3,421.9
10 In M3 only[8]	969.4	1,131.7	1,358.1[r]	1,594.1[r]	1,601.1	1,610.1	1,618.3	1,629.7
Commercial banks								
11 Savings deposits, including MMDAs	775.3	905.2	1,022.9	1,189.8	1,207.9	1,225.5	1,233.5	1,245.6
12 Small time deposits[9]	575.0	593.7	626.1	626.0[r]	616.1	614.3	613.1	611.7
13 Large time deposits[10, 11]	346.6	414.8	490.2	541.0[r]	528.4	534.0	533.1	529.0
Thrift institutions								
14 Savings deposits, including MMDAs	359.8	367.1	377.3	415.2	428.1	431.5	441.3	448.2
15 Small time deposits[9]	356.7	353.8	343.2	325.9	320.8	319.7	317.8	314.7
16 Large time deposits[10]	74.5	78.4	85.9	89.1	88.8	89.1	88.0	87.9
Money market mutual funds								
17 Retail	455.5	522.8	602.3	751.7	782.3	790.5	796.5	801.7
18 Institution-only	255.9	313.3	379.9	516.2	529.1	538.4	544.6	548.1
Repurchase agreements and Eurodollars								
19 Repurchase agreements[12]	198.7	211.3	252.8	297.1[r]	295.3	286.2	290.4	302.1
20 Eurodollars[12]	93.7	113.9	149.3[r]	150.7[r]	159.4	162.4	162.1	162.7
Debt components								
21 Federal debt	3,638.9	3,780.6	3,798.4	3,747.4	3,714.7	3,707.2	3,690.8	n.a.
22 Nonfederal debt	10,058.8[r]	10,612.3[r]	11,296.5[r]	12,278.7[r]	12,545.0	12,645.7	12,732.6	n.a.
				Not seasonally adjusted				
Measures[2]								
23 M1	1,152.4	1,104.9	1,097.4	1,115.3	1,097.2	1,113.7	1,096.6	1,098.1
24 M2	3,671.7	3,843.7	4,064.8	4,418.8[r]	4,480.6	4,527.3	4,486.2	4,510.6
25 M3	4,638.0	4,972.5	5,420.9[r]	6,012.3[r]	6,097.3	6,136.9	6,110.2	6,135.8
26 Debt	13,699.2[r]	14,392.9[r]	15,094.4[r]	16,026.5[r]	16,252.6	16,339.0	16,387.9	n.a.
M1 components								
27 Currency[3]	376.2	397.9	428.9	464.2	471.3	476.0	479.9	483.2
28 Travelers checks[4]	8.5	8.3	7.9	8.0	7.9	7.9	7.9	8.1
29 Demand deposits[5]	407.2	419.9	412.3	392.4	368.9	374.0	363.3	360.8
30 Other checkable deposits[6]	360.5	278.8	248.3	250.7	249.0	255.8	245.5	246.0
Nontransaction components								
31 In M2[7]	2,519.3	2,738.9	2,967.4	3,303.6	3,383.5	3,413.6	3,389.6	3,412.5
32 In M3 only[8]	966.4	1,128.8	1,356.0	1,593.4[r]	1,616.6	1,609.6	1,624.0	1,625.2
Commercial banks								
33 Savings deposits, including MMDAs	774.1	903.3	1,020.4	1,186.8	1,217.6	1,241.3	1,234.8	1,249.1
34 Small time deposits[9]	573.8	592.7	625.3	625.4	616.9	614.4	611.8	610.3
35 Large time deposits[10, 11]	345.8	413.3	487.7	537.4[r]	532.9	534.7	539.0	534.5
Thrift institutions								
36 Savings deposits, including MMDAs	359.2	366.3	376.4	414.1	431.5	437.0	441.8	449.5
37 Small time deposits[9]	355.9	353.2	342.8	325.6	321.2	319.7	317.2	314.0
38 Large time deposits[10]	74.3	78.1	85.4	88.5	89.5	89.2	89.0	88.8
Money market mutual funds								
39 Retail	456.1	523.2	602.5	751.7	796.2	801.1	784.0	789.6
40 Institution-only	257.7	316.0	384.5	523.3	537.9	536.7	538.3	540.6
Repurchase agreements and Eurodollars								
41 Repurchase agreements[12]	193.8	205.7	246.1	289.8[r]	297.9	288.9	296.8	301.9
42 Eurodollars[12]	94.9	115.7	152.3	154.5[r]	158.4	160.1	161.0	159.5
Debt components								
43 Federal debt	3,645.9	3,787.9	3,805.8	3,754.9	3,741.2	3,717.1	3,674.2	n.a.
44 Nonfederal debt	10,053.3[r]	10,605.0[r]	11,288.6[r]	12,271.5[r]	12,511.4	12,621.9	12,713.7	n.a.

Footnotes appear on following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12. Includes both overnight and term.

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

A. All commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1998	1998	1999						1999			
	June[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June	June 9	June 16	June 23	June 30
	Seasonally adjusted											
Assets												
1 Bank credit	4,265.4	4,548.4	4,538.7	4,524.4	4,493.5	4,501.0	4,507.1	4,537.8	4,516.6	4,541.8	4,557.1	4,538.6
2 Securities in bank credit	1,126.3	1,227.3	1,217.8	1,207.8	1,189.3	1,190.0	1,189.6	1,202.7	1,192.5	1,199.9	1,203.4	1,216.4
3 U.S. government securities	759.2	792.4	794.1	791.2	798.6	799.7	797.9	810.7	803.1	809.9	813.4	818.9
4 Other securities	367.0	434.9	423.7	416.5	390.8	390.3	391.7	392.0	389.3	390.0	390.0	397.5
5 Loans and leases in bank credit[2]	3,139.1	3,321.1	3,320.8	3,316.6	3,304.2	3,311.0	3,317.5	3,335.2	3,324.1	3,341.9	3,353.7	3,322.2
6 Commercial and industrial	898.0	949.0	948.8	948.9	952.5	956.9	952.0	957.6	955.3	960.7	959.4	955.6
7 Real estate	1,269.2	1,329.5	1,336.3	1,338.2	1,339.6	1,341.8	1,349.0	1,353.4	1,353.6	1,356.1	1,354.0	1,350.7
8 Revolving home equity	100.1	99.1	98.8	98.4	98.6	99.4	100.3	99.7	101.0	101.7	101.4	94.3
9 Other	1,169.1	1,230.4	1,237.5	1,239.8	1,241.0	1,242.5	1,248.7	1,253.7	1,252.6	1,254.4	1,252.6	1,256.4
10 Consumer	498.5	500.0	501.9	501.3	500.5	501.0	496.8	493.7	493.7	495.5	497.9	487.9
11 Security[3]	129.1	151.9	147.5	140.1	120.1	122.9	127.3	131.2	130.2	129.5	137.2	127.1
12 Other loans and leases	344.3	390.7	386.3	388.2	391.5	388.4	392.3	399.2	391.3	400.1	405.2	400.8
13 Interbank loans	218.8	217.4	223.2	227.9	221.4	217.3	227.2	224.3	213.8	222.2	234.2	226.4
14 Cash assets[4]	249.9	253.7	259.1	256.4	259.0	260.8	262.6	262.0	265.9	254.1	266.4	258.7
15 Other assets[5]	310.0	341.8	354.2	357.8	355.7	345.2	346.2	346.6	344.8	345.9	350.8	348.2
16 **Total assets**[6]	**4,986.6**	**5,303.5**	**5,317.1**	**5,308.3**	**5,271.0**	**5,265.8**	**5,284.2**	**5,312.0**	**5,282.2**	**5,305.0**	**5,349.4**	**5,313.3**
Liabilities												
17 Deposits	3,224.5	3,341.5	3,369.6	3,378.7	3,368.1	3,377.9	3,372.4	3,372.2	3,357.1	3,369.1	3,371.2	3,386.9
18 Transaction	679.7	672.0	667.6	661.5	667.3	663.0	655.3	661.3	641.4	650.9	671.7	683.2
19 Nontransaction	2,544.8	2,669.5	2,702.0	2,717.2	2,700.8	2,714.9	2,717.0	2,710.9	2,715.7	2,718.2	2,699.5	2,703.7
20 Large time	702.1	719.9	726.4	730.5	719.4	725.4	722.1	716.2	710.8	718.5	717.2	717.2
21 Other	1,842.7	1,949.6	1,975.6	1,986.8	1,981.5	1,989.5	1,994.9	1,994.7	2,004.9	1,999.6	1,982.3	1,986.5
22 Borrowings	905.9	1,021.1	1,004.1	991.8	988.2	986.2	999.7	1,021.3	1,019.8	1,022.4	1,035.4	1,013.1
23 From banks in the U.S.	293.0	322.5	318.7	316.8	319.6	312.2	323.8	336.6	332.3	338.7	341.1	334.5
24 From others	612.9	698.5	685.3	675.0	668.7	674.0	676.0	684.6	687.6	683.7	694.3	678.6
25 Net due to related foreign offices	180.4	213.8	213.5	217.4	217.3	210.5	204.2	217.0	219.0	216.3	215.1	215.4
26 Other liabilities	271.3	307.0	304.7	295.9	271.4	273.1	269.7	269.7	267.1	270.3	272.3	268.7
27 **Total liabilities**	**4,582.0**	**4,883.4**	**4,891.8**	**4,883.8**	**4,845.1**	**4,847.7**	**4,846.0**	**4,880.2**	**4,863.1**	**4,878.1**	**4,894.0**	**4,884.2**
28 Residual (assets less liabilities)[7]	404.5	420.1	425.3	424.4	425.9	418.1	438.3	431.8	419.1	426.9	455.4	429.2
	Not seasonally adjusted											
Assets												
29 Bank credit	4,262.1	4,563.9	4,547.8	4,522.0	4,491.9	4,509.1	4,509.5	4,532.0	4,518.4	4,539.5	4,538.7	4,530.3
30 Securities in bank credit	1,124.6	1,229.0	1,220.4	1,213.3	1,196.0	1,198.6	1,195.0	1,199.4	1,197.0	1,196.1	1,195.9	1,207.3
31 U.S. government securities	759.5	793.2	794.4	795.5	805.0	809.6	806.0	810.2	809.2	809.1	809.4	813.2
32 Other securities	365.1	435.8	426.0	417.8	391.0	389.0	388.9	389.2	387.7	387.0	386.5	394.1
33 Loans and leases in bank credit[2]	3,137.5	3,334.9	3,327.3	3,308.7	3,295.9	3,310.5	3,314.5	3,332.6	3,321.4	3,343.4	3,342.8	3,323.0
34 Commercial and industrial	899.0	949.0	947.6	950.3	956.1	963.6	956.4	957.8	954.0	960.9	958.9	957.5
35 Real estate	1,269.8	1,331.4	1,335.3	1,332.5	1,333.0	1,338.5	1,348.5	1,354.0	1,357.1	1,356.3	1,352.1	1,351.3
36 Revolving home equity	99.8	99.5	98.9	98.0	97.7	98.7	100.0	99.3	100.4	101.3	101.1	94.1
37 Other	1,170.0	1,231.9	1,236.4	1,234.5	1,235.3	1,239.8	1,248.5	1,254.7	1,256.7	1,255.0	1,251.0	1,257.2
38 Consumer	495.6	505.4	508.1	501.2	495.7	497.4	494.3	491.0	490.7	492.6	495.8	485.1
39 Security[3]	128.8	154.1	147.5	139.7	123.5	124.8	127.2	130.7	130.4	133.4	134.1	124.4
40 Other loans and leases	344.3	395.1	388.7	385.0	387.5	386.2	388.1	399.1	389.4	400.3	401.9	404.7
41 Interbank loans	215.3	225.7	226.1	227.6	224.5	222.3	223.1	221.6	213.3	223.0	221.8	226.4
42 Cash assets[4]	245.7	268.8	272.1	257.5	251.5	258.4	260.3	257.6	249.6	257.2	247.6	265.5
43 Other assets[5]	314.8	342.7	346.7	354.5	351.1	348.2	347.7	352.5	349.5	351.2	352.5	359.3
44 **Total assets**[6]	**4,980.4**	**5,343.2**	**5,335.1**	**5,303.4**	**5,260.5**	**5,279.7**	**5,281.7**	**5,304.8**	**5,271.6**	**5,311.8**	**5,301.6**	**5,322.7**
Liabilities												
45 Deposits	3,223.8	3,375.3	3,368.9	3,355.7	3,362.7	3,388.7	3,362.9	3,370.1	3,362.3	3,382.2	3,331.6	3,391.3
46 Transaction	675.6	706.2	682.4	656.6	660.8	670.7	646.2	656.3	629.4	657.4	638.2	695.4
47 Nontransaction	2,548.2	2,669.2	2,686.4	2,699.1	2,701.9	2,718.0	2,716.7	2,713.8	2,732.9	2,724.8	2,693.4	2,696.0
48 Large time	699.7	724.5	724.5	731.2	721.4	722.4	723.3	713.5	713.2	716.7	713.1	708.8
49 Other	1,848.5	1,944.7	1,961.9	1,967.9	1,980.6	1,995.7	1,993.4	2,000.3	2,019.7	2,008.1	1,980.4	1,987.1
50 Borrowings	910.7	1,023.6	1,020.2	994.5	981.6	986.0	1,007.8	1,024.1	1,001.8	1,021.3	1,057.1	1,021.6
51 From banks in the U.S.	293.4	328.5	323.8	317.2	319.1	312.8	324.7	336.2	325.7	336.4	345.9	337.1
52 From others	617.2	695.2	696.4	677.3	662.5	673.2	683.1	687.9	676.2	684.9	711.2	684.5
53 Net due to related foreign offices	176.7	219.1	216.4	227.1	215.4	203.5	210.6	211.2	209.6	206.2	210.2	215.1
54 Other liabilities	270.6	307.8	305.6	298.3	272.1	272.7	269.4	269.1	267.1	269.4	271.3	268.1
55 **Total liabilities**	**4,581.8**	**4,925.9**	**4,911.1**	**4,875.6**	**4,831.8**	**4,850.9**	**4,850.7**	**4,874.6**	**4,840.7**	**4,879.1**	**4,870.3**	**4,896.0**
56 Residual (assets less liabilities)[7]	398.6	417.3	424.0	427.8	428.7	428.8	431.0	430.3	430.9	432.7	431.3	426.6
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	92.7	116.2	112.5	108.5	87.0	87.1	87.4	84.4	86.4	85.4	85.0	78.1
58 Revaluation losses on off-balance-sheet items[8]	91.5	114.1	109.5	106.7	85.9	87.9	88.4	86.0	87.3	85.8	87.7	80.8

Footnotes appear on p. A21.

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

B. Domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1998	1998	1999						1999			
	June[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June	June 9	June 16	June 23	June 30
	Seasonally adjusted											
Assets												
1 Bank credit	3,692.4	3,948.0	3,953.4	3,954.3	3,939.6	3,949.5	3,964.4	4,004.8	3,984.3	4,006.3	4,021.5	4,011.9
2 Securities in bank credit	922.1	1,013.5	1,006.1	1,003.2	990.9	989.6	992.6	1,008.3	998.7	1,003.9	1,008.5	1,024.7
3 U.S. government securities	670.6	709.6	709.9	708.3	714.9	711.9	712.2	723.7	717.4	721.7	725.9	732.4
4 Other securities	251.5	303.9	296.2	294.9	276.0	277.6	280.4	284.6	281.3	282.2	282.6	292.4
5 Loans and leases in bank credit[2]	2,770.3	2,934.5	2,947.2	2,951.1	2,948.7	2,960.0	2,971.9	2,996.5	2,985.6	3,002.5	3,013.0	2,987.1
6 Commercial and industrial	685.0	731.2	735.3	736.7	742.2	748.6	750.8	761.3	757.3	763.1	762.9	763.3
7 Real estate	1,244.9	1,307.7	1,314.9	1,317.7	1,319.8	1,322.1	1,329.5	1,334.5	1,334.2	1,337.4	1,335.4	1,332.2
8 Revolving home equity	100.1	99.1	98.8	98.4	98.6	99.4	100.3	99.7	101.0	101.7	101.4	94.3
9 Other	1,144.8	1,208.6	1,216.1	1,219.3	1,221.3	1,222.7	1,229.1	1,234.8	1,233.2	1,235.7	1,234.0	1,237.9
10 Consumer	498.5	500.0	501.9	501.3	500.5	501.0	496.8	493.7	493.7	495.5	497.9	487.9
11 Security[3]	68.5	85.6	84.3	80.6	69.3	71.5	74.7	80.3	80.1	79.1	85.6	75.5
12 Other loans and leases	273.4	309.8	310.8	314.7	316.8	316.9	320.1	326.7	320.3	327.4	331.2	328.2
13 Interbank loans	194.8	189.4	193.8	196.4	195.7	191.8	200.3	199.3	189.3	196.7	210.4	201.5
14 Cash assets[4]	215.0	217.7	222.5	220.2	222.0	223.1	223.7	226.8	228.1	216.7	233.5	226.8
15 Other assets[5]	276.0	303.2	315.5	320.0	318.1	307.8	310.8	313.9	313.8	310.5	320.8	313.8
16 **Total assets**[6]	**4,321.0**	**4,600.6**	**4,627.4**	**4,632.8**	**4,617.1**	**4,614.0**	**4,640.8**	**4,686.3**	**4,656.8**	**4,671.6**	**4,727.4**	**4,695.7**
Liabilities												
17 Deposits	2,919.9	3,029.5	3,048.6	3,056.6	3,057.7	3,064.1	3,060.7	3,065.8	3,052.4	3,060.1	3,063.5	3,082.9
18 Transaction	668.1	660.4	654.7	647.8	654.6	650.8	642.9	648.5	628.6	637.8	659.1	670.3
19 Nontransaction	2,251.8	2,369.1	2,393.9	2,408.8	2,403.1	2,413.3	2,417.8	2,417.4	2,423.8	2,422.3	2,404.4	2,412.6
20 Large time	410.5	421.1	420.2	423.4	422.8	425.4	424.8	424.8	421.2	424.8	424.0	428.2
21 Other	1,841.3	1,948.0	1,973.7	1,985.5	1,980.3	1,987.9	1,993.0	1,992.6	2,002.6	1,997.5	1,980.4	1,984.4
22 Borrowings	717.0	817.3	810.4	810.9	813.8	811.5	824.1	838.3	837.0	835.1	851.8	833.1
23 From banks in the U.S.	264.1	295.2	297.1	298.9	295.6	291.0	302.6	310.7	306.5	308.5	315.1	311.6
24 From others	452.9	522.1	513.3	511.9	518.2	520.5	521.4	527.6	530.5	526.6	536.7	521.5
25 Net due to related foreign offices	81.8	112.4	111.8	117.3	117.8	115.4	118.4	145.4	144.3	145.6	150.9	144.3
26 Other liabilities	203.6	230.2	230.2	225.7	204.2	205.7	208.9	210.4	209.0	209.5	214.5	209.1
27 **Total liabilities**	**3,922.3**	**4,189.4**	**4,201.0**	**4,210.5**	**4,193.5**	**4,196.7**	**4,212.0**	**4,260.0**	**4,242.6**	**4,250.3**	**4,280.7**	**4,269.4**
28 Residual (assets less liabilities)[7]	398.7	411.2	426.4	422.2	423.6	417.3	428.8	426.2	414.2	421.3	446.6	426.2
	Not seasonally adjusted											
Assets												
29 Bank credit	3,692.1	3,960.7	3,959.0	3,948.1	3,936.3	3,960.5	3,972.2	4,002.1	3,989.0	4,008.4	4,008.3	4,004.0
30 Securities in bank credit	921.4	1,016.6	1,008.5	1,007.1	996.4	999.8	999.7	1,006.0	1,002.9	1,002.0	1,002.9	1,016.0
31 U.S. government securities	670.7	710.2	710.5	712.2	720.4	722.2	719.6	722.8	722.5	720.9	722.1	726.0
32 Other securities	250.7	306.4	298.0	294.8	276.0	277.6	280.1	283.2	280.4	281.2	280.8	290.0
33 Loans and leases in bank credit[2]	2,770.7	2,944.0	2,950.5	2,941.0	2,939.9	2,960.7	2,972.4	2,996.2	2,986.1	3,006.4	3,005.4	2,988.1
34 Commercial and industrial	687.6	728.5	732.3	736.3	745.5	756.7	757.9	763.2	758.4	765.4	763.9	765.8
35 Real estate	1,245.8	1,309.6	1,313.8	1,311.6	1,313.2	1,319.0	1,329.1	1,335.3	1,337.9	1,337.8	1,333.7	1,333.0
36 Revolving home equity	99.8	99.5	98.9	98.0	97.7	98.7	100.0	99.3	100.4	101.3	101.1	94.1
37 Other	1,146.0	1,210.1	1,214.9	1,213.6	1,215.5	1,220.3	1,229.2	1,236.0	1,237.5	1,236.5	1,232.5	1,238.9
38 Consumer	495.6	505.4	508.1	501.2	495.7	497.4	494.3	491.0	490.7	492.6	495.8	485.1
39 Security[3]	67.9	87.3	84.4	80.6	72.1	73.4	74.8	79.5	80.4	82.5	82.6	71.9
40 Other loans and leases	273.9	313.3	311.9	311.3	313.4	314.1	316.3	327.1	318.7	328.2	329.4	332.2
41 Interbank loans	191.3	197.6	196.7	196.1	198.8	196.8	196.2	196.7	188.8	197.5	198.0	201.4
42 Cash assets[4]	210.0	231.3	235.1	222.0	215.6	222.0	221.8	221.5	211.1	218.9	213.9	232.6
43 Other assets[5]	281.8	302.6	307.7	315.5	312.9	312.5	313.1	320.9	318.9	316.9	323.9	326.3
44 **Total assets**[6]	**4,318.0**	**4,634.5**	**4,641.1**	**4,623.7**	**4,605.4**	**4,633.8**	**4,644.7**	**4,682.4**	**4,648.9**	**4,682.9**	**4,685.3**	**4,705.9**
Liabilities												
45 Deposits	2,918.3	3,059.7	3,050.5	3,034.8	3,049.1	3,075.5	3,048.9	3,063.1	3,055.4	3,072.9	3,023.7	3,087.9
46 Transaction	664.2	694.2	669.4	643.1	648.0	658.7	634.0	643.7	617.3	644.7	626.0	682.0
47 Nontransaction	2,254.1	2,365.5	2,381.0	2,391.7	2,401.0	2,416.8	2,414.9	2,419.4	2,438.1	2,428.2	2,397.7	2,406.0
48 Large time	407.3	423.6	421.9	425.8	422.6	423.3	423.6	421.2	420.6	422.3	419.5	421.0
49 Other	1,846.9	1,941.9	1,959.2	1,965.9	1,978.5	1,993.5	1,991.3	1,998.1	2,017.5	2,005.9	1,978.2	1,985.0
50 Borrowings	721.8	819.8	826.6	813.5	807.2	811.3	832.2	841.2	819.0	834.0	873.5	841.6
51 From banks in the U.S.	264.6	301.1	302.2	299.3	295.1	291.7	303.5	310.3	299.9	306.2	319.9	314.2
52 From others	457.2	518.7	524.4	514.2	512.0	519.7	528.6	530.8	519.1	527.8	553.6	527.5
53 Net due to related foreign offices	80.1	111.4	112.0	123.4	117.7	114.0	126.7	141.0	138.1	137.9	146.1	143.4
54 Other liabilities	203.5	229.6	230.9	226.5	204.8	206.4	209.1	210.3	209.1	209.1	214.1	209.0
55 **Total liabilities**	**3,923.6**	**4,220.5**	**4,220.0**	**4,198.3**	**4,178.7**	**4,207.2**	**4,216.8**	**4,255.5**	**4,221.6**	**4,253.9**	**4,257.4**	**4,281.9**
56 Residual (assets less liabilities)[7]	394.3	414.0	421.2	425.5	426.7	426.6	427.9	426.9	427.3	428.9	427.8	424.0
MEMO												
57 Revaluation gains on off-balance-sheet items[8]	50.5	68.0	66.5	64.9	46.8	48.3	50.6	51.0	51.8	51.8	52.2	46.6
58 Revaluation losses on off-balance-sheet items[8]	50.9	69.6	67.2	65.4	46.7	49.0	52.5	53.4	53.8	53.1	56.1	49.4
59 Mortgage-backed securities[9]	290.3	345.4	342.2	341.0	336.3	334.8	333.6	329.6	331.6	328.4	328.2	329.4

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1998	1998	1999						1999			
	June[r]	Dec.[r]	Jan[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June	June 9	June 16	June 23	June 30
	Seasonally adjusted											
Assets												
1 Bank credit	2,287.3	2,442.4	2,435.3	2,428.5	2,401.2	2,405.6	2,413.7	2,440.5	2,426.3	2,441.4	2,454.9	2,441.7
2 Securities in bank credit	521.9	577.5	566.6	560.4	544.0	541.1	540.9	551.1	542.8	546.7	550.0	566.1
3 U.S. government securities	362.0	380.2	378.6	376.2	379.8	376.0	374.1	380.3	375.6	378.3	381.4	387.6
4 Trading account	23.6	23.0	25.1	17.9	22.5	25.9	22.3	25.1	21.4	23.0	25.4	31.7
5 Investment account	338.3	357.2	353.5	358.4	357.3	350.1	351.8	355.2	354.2	355.3	356.0	355.9
6 Other securities	160.0	197.2	188.0	184.2	164.3	165.1	166.8	170.8	167.1	168.4	168.6	178.5
7 Trading account	76.7	100.2	91.4	87.5	66.7	66.1	68.3	67.5	67.8	69.2	68.5	62.9
8 Investment account	83.3	97.0	96.6	96.7	97.5	99.0	98.6	103.2	99.3	99.3	100.1	115.6
9 State and local government	22.5	24.8	24.6	24.7	24.9	24.6	24.8	25.3	25.4	25.3	25.2	25.2
10 Other	60.8	72.2	71.9	72.0	72.7	74.4	73.8	78.0	73.9	74.0	74.9	90.4
11 Loans and leases in bank credit[2]	1,765.4	1,865.0	1,868.7	1,868.1	1,857.2	1,864.5	1,872.8	1,889.4	1,883.6	1,894.7	1,904.9	1,875.6
12 Commercial and industrial	503.2	534.9	536.3	537.5	541.9	547.0	547.2	555.6	552.7	557.5	557.0	556.3
13 Bankers acceptances	1.2	1.3	1.3	1.2	1.1	1.1	1.0	1.0	1.1	1.0	0.9	1.0
14 Other	502.0	533.6	535.1	536.3	540.7	545.9	546.2	554.6	551.6	556.5	556.1	555.3
15 Real estate	696.6	711.6	710.0	709.2	705.6	705.3	708.7	708.0	710.5	710.8	707.7	703.3
16 Revolving home equity	71.7	70.2	69.9	69.8	69.9	70.5	71.2	70.4	71.8	72.3	72.2	64.9
17 Other	624.9	641.4	640.0	639.4	635.8	634.8	637.4	637.7	638.7	638.5	635.5	638.4
18 Consumer	299.8	301.5	304.4	303.4	301.0	299.5	296.6	292.2	294.0	293.8	295.6	285.3
19 Security[3]	62.6	79.4	78.3	74.7	63.4	65.8	69.4	75.1	74.7	73.8	80.7	70.3
20 Federal funds sold to and repurchase agreements with broker–dealers	44.0	62.6	61.5	57.7	46.2	47.8	51.3	55.5	56.2	54.5	59.0	50.9
21 Other	18.6	16.8	16.8	17.0	17.2	18.0	18.1	19.6	18.4	19.2	21.6	19.4
22 State and local government	11.4	11.7	11.7	11.6	11.6	11.8	11.8	11.8	11.9	11.9	11.7	11.6
23 Agricultural	10.2	10.3	10.3	10.4	10.3	10.2	9.9	9.9	9.8	9.9	9.9	9.9
24 Federal funds sold to and repurchase agreements with others	5.7	16.4	12.8	12.2	12.2	11.5	14.1	37.9	34.7	38.5	40.2	38.3
25 All other loans	81.4	93.1	96.3	96.0	95.7	95.7	95.8	79.1	76.0	78.9	82.1	80.1
26 Lease-financing receivables	94.4	106.1	108.6	113.1	115.6	117.8	119.2	119.9	119.4	119.8	120.0	120.6
27 Interbank loans	130.5	124.6	127.3	129.9	132.1	130.0	141.5	143.0	134.2	139.9	155.4	143.0
28 Federal funds sold to and repurchase agreements with commercial banks	79.7	75.5	80.1	80.2	83.2	79.4	86.3	85.4	76.8	83.8	97.0	84.0
29 Other	50.8	49.1	47.2	49.7	48.9	50.6	55.2	57.6	57.4	56.1	58.4	59.0
30 Cash assets[4]	148.5	147.7	152.3	150.4	151.9	154.2	152.0	154.7	156.7	146.2	160.4	154.2
31 Other assets[5]	216.5	229.8	238.1	242.6	239.5	228.8	229.9	231.8	232.8	229.8	237.6	229.3
32 **Total assets[6]**	**2,744.6**	**2,906.5**	**2,914.7**	**2,913.1**	**2,886.2**	**2,880.3**	**2,898.7**	**2,931.6**	**2,911.6**	**2,918.8**	**2,969.9**	**2,930.3**
Liabilities												
33 Deposits	1,655.9	1,683.7	1,684.8	1,680.2	1,678.5	1,685.4	1,680.4	1,680.6	1,674.5	1,676.3	1,678.2	1,689.2
34 Transaction	384.4	371.2	366.1	359.6	363.6	365.9	357.1	359.1	349.2	352.4	365.9	368.9
35 Nontransaction	1,271.5	1,312.6	1,318.7	1,320.7	1,315.0	1,319.6	1,323.3	1,321.5	1,325.3	1,323.8	1,312.2	1,320.3
36 Large time	226.1	230.8	230.2	229.5	226.8	227.6	224.6	226.5	223.0	226.1	226.0	230.8
37 Other	1,045.4	1,081.7	1,088.5	1,091.2	1,088.2	1,092.0	1,098.7	1,095.0	1,102.3	1,097.7	1,086.3	1,089.4
38 Borrowings	557.9	633.2	628.2	624.8	621.9	621.2	628.7	638.8	637.2	635.9	652.3	632.8
39 From banks in the U.S.	190.9	209.4	213.7	214.0	208.8	205.9	214.5	219.0	216.6	217.2	222.1	218.5
40 From others	367.0	423.9	414.5	410.8	413.1	415.4	414.2	419.7	420.7	418.7	430.2	414.3
41 Net due to related foreign offices	77.9	108.8	108.7	114.1	113.2	110.5	113.3	141.3	139.6	141.8	147.6	139.9
42 Other liabilities	176.3	199.1	199.3	195.1	173.4	174.1	176.7	177.3	176.2	175.9	181.2	176.0
43 **Total liabilities**	**2,467.9**	**2,624.9**	**2,621.0**	**2,614.2**	**2,587.0**	**2,591.2**	**2,599.2**	**2,638.0**	**2,627.5**	**2,629.9**	**2,659.2**	**2,637.8**
44 Residual (assets less liabilities)[7]	276.7	281.7	293.7	298.9	299.2	289.1	299.5	293.6	284.1	288.9	310.7	292.5

Footnotes appear on p. A21.

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

C. Large domestically chartered commercial banks—Continued

Account	Monthly averages								Wednesday figures			
	1998	1998	1999						1999			
	June[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June	June 9	June 16	June 23	June 30
	Not seasonally adjusted											
Assets												
45 Bank credit	2,280.4	2,456.9	2,447.4	2,433.1	2,403.7	2,411.5	2,411.3	2,430.8	2,421.7	2,437.1	2,434.2	2,429.2
46 Securities in bank credit	519.2	580.9	569.7	566.5	548.0	546.4	542.7	546.9	543.8	543.0	542.5	557.4
47 U.S. government securities	360.1	380.9	379.8	381.7	383.8	382.1	376.9	377.5	377.7	375.6	375.4	381.0
48 Trading account	22.5	23.7	25.2	18.6	23.4	25.2	20.8	23.5	22.0	22.5	23.0	27.2
49 Investment account	337.6	357.2	354.6	363.1	360.4	356.8	356.2	354.0	355.8	353.1	352.5	353.8
50 Mortgage-backed securities	219.9	256.1	252.7	250.5	243.9	241.1	238.0	233.6	235.5	232.4	232.1	233.6
51 Other	117.7	101.1	102.0	112.7	116.5	115.8	118.2	120.5	120.2	120.7	120.4	120.2
52 One year or less	31.9	26.8	27.7	25.8	24.0	24.5	23.8	24.8	24.5	25.0	24.9	24.9
53 One to five years	49.6	38.8	37.9	47.2	52.6	53.1	54.8	56.6	56.2	56.5	56.5	57.0
54 More than five years	36.2	35.5	36.3	39.6	39.9	38.1	39.5	39.1	39.5	39.3	39.1	38.3
55 Other securities	159.1	200.0	189.8	184.8	164.2	164.4	165.8	169.3	166.1	167.3	167.0	176.4
56 Trading account	76.7	100.2	91.4	87.5	66.7	66.1	68.3	67.5	67.8	69.2	68.5	62.9
57 Investment account	82.4	99.8	98.4	97.3	97.5	98.2	97.5	101.8	98.2	98.2	98.5	113.5
58 State and local government	22.4	25.0	24.8	24.8	24.9	24.7	24.9	25.1	25.3	25.1	25.1	24.8
59 Other	60.0	74.8	73.6	72.5	72.6	73.5	72.6	76.7	73.0	73.0	73.3	88.7
60 Loans and leases in bank credit[2]	1,761.3	1,875.9	1,877.8	1,866.6	1,855.7	1,865.0	1,868.6	1,883.9	1,878.0	1,894.1	1,891.7	1,871.8
61 Commercial and industrial	504.1	533.0	534.1	537.5	544.5	553.0	551.7	555.6	551.6	557.8	556.2	557.4
62 Bankers acceptances	1.2	1.3	1.3	1.2	1.1	1.1	1.0	1.0	1.1	1.0	.9	1.0
63 Other	502.9	531.7	532.8	536.3	543.4	551.9	550.7	554.6	550.5	556.8	555.2	556.4
64 Real estate	695.0	715.1	712.7	707.9	702.7	702.4	706.0	706.0	710.4	709.0	703.3	701.5
65 Revolving home equity	71.6	70.4	70.0	69.5	69.2	70.0	70.9	70.1	71.3	72.1	72.0	64.9
66 Other	383.2	398.9	394.5	387.2	380.9	378.6	380.4	381.0	384.8	381.9	376.8	380.6
67 Commercial	240.3	245.8	248.2	251.2	252.6	253.8	254.6	254.9	254.3	255.0	254.5	256.0
68 Consumer	298.0	304.8	309.7	303.9	298.3	297.0	294.4	290.3	291.7	291.8	293.9	283.5
69 Security[3]	62.0	81.0	78.4	74.7	66.1	67.7	69.5	74.3	75.0	77.2	77.7	66.7
70 Federal funds sold to and repurchase agreements with broker–dealers	42.7	63.8	62.1	58.2	48.8	49.7	51.0	53.9	56.8	57.0	54.8	45.9
71 Other	19.4	17.2	16.3	16.5	17.3	18.0	18.5	20.4	18.2	20.2	23.0	20.8
72 State and local government	11.3	11.8	11.7	11.6	11.6	11.6	11.6	11.6	11.7	11.7	11.6	11.5
73 Agricultural	10.3	10.3	10.2	10.0	9.9	10.0	9.9	10.0	9.9	10.0	10.0	10.1
74 Federal funds sold to and repurchase agreements with others	5.7	16.4	12.8	12.2	12.2	11.5	14.1	37.9	34.7	38.5	40.2	38.3
75 All other loans	80.3	97.6	97.9	94.5	93.9	93.7	92.3	78.0	73.3	78.1	78.8	82.0
76 Lease-financing receivables	94.5	105.8	110.3	114.4	116.5	118.0	119.1	120.1	119.7	120.1	120.1	120.9
77 Interbank loans	131.0	127.8	130.1	129.7	132.2	134.0	141.6	143.4	131.6	142.7	150.2	148.6
78 Federal funds sold to and repurchase agreements with commercial banks	79.3	79.3	83.7	80.8	83.0	82.1	85.4	84.5	73.0	84.5	91.4	88.4
79 Other	51.7	48.5	46.4	49.0	49.3	52.0	56.3	58.8	58.6	58.1	58.9	60.1
80 Cash assets[4]	144.6	158.0	161.7	151.2	147.0	153.1	150.4	150.5	143.0	148.3	146.0	158.0
81 Other assets[5]	221.3	229.2	233.4	239.5	235.7	233.2	232.2	237.1	237.3	234.9	240.7	237.6
82 Total assets[6]	**2,739.1**	**2,933.8**	**2,934.9**	**2,915.2**	**2,880.1**	**2,893.7**	**2,897.2**	**2,923.2**	**2,894.9**	**2,924.3**	**2,932.7**	**2,935.3**
Liabilities												
83 Deposits	1,651.3	1,707.8	1,694.1	1,675.9	1,676.9	1,691.6	1,666.0	1,674.5	1,667.2	1,682.1	1,646.6	1,692.9
84 Transaction	381.7	394.1	376.4	356.6	358.3	370.0	350.6	355.4	337.2	357.8	343.2	379.0
85 Nontransaction	1,269.5	1,313.7	1,317.7	1,319.3	1,318.7	1,321.6	1,315.4	1,319.1	1,330.1	1,324.3	1,303.4	1,314.0
86 Large time	222.9	233.4	231.8	231.9	226.6	225.5	223.5	223.0	222.4	223.6	221.5	223.6
87 Other	1,046.6	1,080.3	1,085.9	1,087.4	1,092.1	1,096.1	1,092.0	1,096.1	1,107.7	1,100.7	1,081.9	1,090.4
88 Borrowings	561.9	633.9	643.9	630.0	620.9	623.7	636.4	640.5	623.9	636.0	667.8	636.3
89 From banks in the U.S.	191.2	213.4	218.0	215.5	210.8	208.2	215.5	218.4	212.2	215.9	224.4	219.0
90 From nonbanks in the U.S.	370.6	420.5	425.8	414.5	410.1	415.4	420.9	422.0	411.7	420.1	443.4	417.2
91 Net due to related foreign offices	76.2	107.8	109.0	120.2	113.1	109.0	121.6	136.9	133.5	134.1	142.8	138.9
92 Other liabilities	176.3	199.1	199.3	195.1	173.4	174.1	176.7	177.3	176.2	175.9	181.2	176.0
93 Total liabilities	**2,465.7**	**2,648.7**	**2,646.2**	**2,621.3**	**2,584.3**	**2,598.4**	**2,600.8**	**2,629.2**	**2,600.9**	**2,628.1**	**2,638.4**	**2,644.1**
94 Residual (assets less liabilities)[7]	273.4	285.2	288.7	293.9	295.8	295.3	296.4	294.0	294.0	296.3	294.3	291.1
MEMO												
95 Revaluation gains on off-balance-sheet items[8]	50.5	68.0	66.5	64.9	46.8	48.3	50.6	51.0	51.8	51.8	52.2	46.6
96 Revaluation losses on off-balance-sheet items[8]	50.9	69.6	67.2	65.4	46.6	49.0	52.5	53.4	53.8	53.1	56.1	49.4
97 Mortgage-backed securities[9]	242.3	286.7	282.1	279.2	272.2	269.5	265.5	261.0	262.8	260.0	259.5	260.9
98 Pass-through securities	159.8	197.2	194.3	189.6	182.5	179.6	176.9	173.6	174.6	172.8	172.4	174.0
99 CMOs, REMICs, and other mortgage-backed securities	82.5	89.5	87.9	89.6	89.7	89.9	88.7	87.4	88.2	87.3	87.2	86.9
100 Net unrealized gains (losses) on available-for-sale securities[10]	3.2	3.0	3.0	2.3	.6	.9	.5	−1.3	−1.0	−1.1	−1.1	−2.4
101 Offshore credit to U.S. residents[11]	36.1	38.5	38.9	38.9	39.0	37.9	37.7	37.0	37.2	37.1	36.8	37.0

Footnotes appear on p. A21.

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

D. Small domestically chartered commercial banks

Billions of dollars

Account	Monthly averages								Wednesday figures			
	1998	1998	1999						1999			
	June[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June	June 9	June 16	June 23	June 30
	Seasonally adjusted											
Assets												
1 Bank credit	1,405.1	1,505.5	1,518.1	1,525.8	1,538.4	1,544.0	1,550.8	1,564.3	1,557.9	1,564.9	1,566.6	1,570.2
2 Securities in bank credit	400.2	436.1	439.5	442.8	446.9	448.4	451.7	457.2	455.9	457.1	458.6	458.7
3 U.S. government securities	308.7	329.4	331.3	332.1	335.1	335.9	338.1	343.4	341.7	343.4	344.5	344.8
4 Other securities	91.5	106.7	108.3	110.7	111.8	112.5	113.5	113.9	114.2	113.7	114.1	113.9
5 Loans and leases in bank credit[2]	1,004.9	1,069.5	1,078.5	1,083.0	1,091.5	1,095.5	1,099.1	1,107.0	1,102.0	1,107.8	1,108.1	1,111.5
6 Commercial and industrial	181.7	196.3	199.0	199.2	200.3	201.6	203.6	205.7	204.7	205.6	205.9	207.0
7 Real estate	548.3	596.1	604.9	608.5	614.2	616.8	620.8	626.5	623.7	626.5	627.7	628.9
8 Revolving home equity	28.4	28.9	28.9	28.6	28.7	28.9	29.1	29.3	29.2	29.4	29.2	29.4
9 Other	519.9	567.2	576.0	579.9	585.5	588.0	591.7	597.2	594.5	597.2	598.5	599.5
10 Consumer	198.7	198.6	197.5	197.9	199.5	201.5	200.2	201.5	199.7	201.8	202.3	202.6
11 Security[3]	5.9	6.3	6.0	5.9	6.0	5.7	5.3	5.2	5.4	5.3	4.9	5.2
12 Other loans and leases	70.4	72.2	71.2	71.4	71.5	69.9	69.2	68.1	68.5	68.6	67.3	67.8
13 Interbank loans	64.3	64.7	66.6	66.4	63.6	61.9	58.8	56.4	55.1	56.8	55.0	58.4
14 Cash assets[4]	66.5	70.0	70.2	69.8	70.0	68.9	71.8	72.1	71.3	70.6	73.0	72.6
15 Other assets[5]	59.5	73.4	77.4	77.3	78.7	79.0	81.0	82.2	81.0	80.7	83.1	84.5
16 **Total assets[6]**	**1,576.4**	**1,694.1**	**1,712.7**	**1,719.7**	**1,730.9**	**1,733.7**	**1,742.1**	**1,754.7**	**1,745.2**	**1,752.8**	**1,757.5**	**1,765.4**
Liabilities												
17 Deposits	1,264.0	1,345.8	1,363.8	1,376.4	1,379.2	1,378.7	1,380.2	1,385.2	1,377.9	1,383.8	1,385.4	1,393.7
18 Transaction	283.7	289.3	288.6	288.2	291.1	285.0	285.7	289.3	279.4	285.4	293.2	301.4
19 Nontransaction	980.3	1,056.6	1,075.2	1,088.2	1,088.1	1,093.7	1,094.5	1,095.9	1,098.5	1,098.4	1,092.2	1,092.3
20 Large time	184.4	190.2	190.0	193.9	196.0	197.8	200.2	198.2	198.2	198.7	198.0	197.4
21 Other	795.9	866.3	885.1	894.3	892.1	896.0	894.3	897.7	900.3	899.8	894.2	894.9
22 Borrowings	159.1	184.0	182.2	186.1	191.9	190.2	195.4	199.5	199.7	199.2	199.5	200.4
23 From banks in the U.S.	73.2	85.8	83.4	84.9	86.8	85.1	88.2	91.7	89.9	91.3	93.0	93.1
24 From others	85.9	98.2	98.8	101.2	105.1	105.1	107.2	107.9	109.8	107.9	106.5	107.2
25 Net due to related foreign offices	3.9	3.6	3.0	3.2	4.5	4.9	5.0	4.1	4.7	3.8	3.3	4.4
26 Other liabilities	27.3	31.1	31.0	30.6	30.9	31.6	32.2	33.1	32.8	33.5	33.4	33.1
27 **Total liabilities**	**1,454.3**	**1,564.5**	**1,580.0**	**1,596.3**	**1,606.5**	**1,605.5**	**1,612.8**	**1,622.0**	**1,615.1**	**1,620.4**	**1,621.5**	**1,631.6**
28 Residual (assets less liabilities)[7]	122.0	129.5	132.7	123.4	124.4	128.2	129.3	132.6	130.1	132.4	136.0	133.8
	Not seasonally adjusted											
Assets												
29 Bank credit	1,411.7	1,503.8	1,511.5	1,515.0	1,532.6	1,549.1	1,560.9	1,571.3	1,567.3	1,571.3	1,574.1	1,574.8
30 Securities in bank credit	402.2	435.7	438.8	440.6	448.4	453.4	457.0	459.1	459.1	459.0	460.4	458.6
31 U.S. government securities	310.6	329.3	330.7	330.5	336.6	340.1	342.7	345.3	344.8	345.2	346.6	345.0
32 Other securities	91.6	106.4	108.1	110.1	111.8	113.3	114.3	113.8	114.4	113.8	113.8	113.5
33 Loans and leases in bank credit[2]	1,009.5	1,068.1	1,072.7	1,074.4	1,084.2	1,095.7	1,103.9	1,112.3	1,108.1	1,112.3	1,113.7	1,116.2
34 Commercial and industrial	183.5	195.4	198.2	198.9	201.0	203.7	206.2	207.6	206.8	207.5	207.7	208.5
35 Real estate	550.8	594.5	601.0	603.7	610.6	616.6	623.2	629.3	627.5	628.8	630.3	631.5
36 Revolving home equity	28.3	29.1	28.9	28.5	28.5	28.8	29.0	29.2	29.1	29.2	29.1	29.2
37 Other	522.5	565.4	572.1	575.2	582.0	587.9	594.1	600.1	598.4	599.6	601.2	602.3
38 Consumer	197.6	200.6	198.4	197.3	197.4	200.4	200.0	200.8	199.0	200.8	202.0	201.6
39 Security[3]	5.9	6.3	6.0	5.9	6.0	5.7	5.3	5.2	5.4	5.3	4.9	5.2
40 Other loans and leases	71.7	71.4	69.1	68.6	69.3	69.2	69.3	69.4	69.4	69.9	68.8	69.4
41 Interbank loans	60.3	69.8	66.6	66.3	66.6	62.8	54.6	53.3	57.1	54.8	47.8	52.9
42 Cash assets[4]	65.3	73.3	73.4	70.8	68.6	68.9	71.3	71.0	68.1	70.6	67.9	74.6
43 Other assets[5]	60.6	73.3	74.3	76.1	77.3	79.3	80.9	83.8	81.6	82.0	83.2	88.7
44 **Total assets[6]**	**1,578.9**	**1,700.7**	**1,706.3**	**1,708.6**	**1,725.3**	**1,740.1**	**1,747.5**	**1,759.3**	**1,754.0**	**1,758.5**	**1,752.6**	**1,770.7**
Liabilities												
45 Deposits	1,267.0	1,351.8	1,356.4	1,358.9	1,372.1	1,383.9	1,382.8	1,388.6	1,388.2	1,390.8	1,377.1	1,395.0
46 Transaction	282.4	300.0	293.0	286.5	289.8	288.7	283.4	288.3	280.1	287.0	282.8	303.0
47 Nontransaction	984.6	1,051.8	1,063.4	1,072.4	1,082.4	1,095.2	1,099.5	1,100.3	1,108.1	1,103.9	1,094.3	1,092.0
48 Large time	184.4	190.2	190.0	193.9	196.0	197.8	200.2	198.2	198.2	198.7	198.0	197.4
49 Other	800.2	861.6	873.3	878.5	886.4	897.4	899.3	902.1	909.8	905.2	896.4	894.6
50 Borrowings	159.9	186.0	182.7	183.5	186.3	187.6	195.7	200.7	195.0	198.1	205.7	205.4
51 From banks in the U.S.	73.3	87.8	84.1	83.8	84.4	83.4	88.0	91.9	87.7	90.3	95.5	95.1
52 From others	86.6	98.2	98.5	99.7	101.9	104.2	107.7	108.8	107.3	107.8	110.2	110.3
53 Net due to related foreign offices	3.9	3.6	3.0	3.2	4.5	4.9	5.0	4.1	4.7	3.8	3.3	4.4
54 Other liabilities	27.2	30.5	31.6	31.4	31.5	32.3	32.4	33.0	32.9	33.2	33.0	33.0
55 **Total liabilities**	**1,458.0**	**1,571.9**	**1,573.8**	**1,577.0**	**1,594.4**	**1,608.8**	**1,616.0**	**1,626.4**	**1,620.7**	**1,625.8**	**1,619.1**	**1,637.8**
56 Residual (assets less liabilities)[7]	120.9	128.8	132.5	131.6	130.9	131.3	131.5	132.9	133.3	132.7	133.6	132.9
MEMO												
57 Mortgage-backed securities[9]	47.9	58.7	60.0	61.8	64.1	65.3	68.1	68.6	68.8	68.4	68.7	68.5

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			
	1998	1998	1999						1999			
	June	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June	June 9	June 16	June 23	June 30
	Seasonally adjusted											
Assets												
1 Bank credit	573.0	600.4	585.3	570.1	553.9	551.4	542.6	533.1	532.3	535.5	535.6	526.7
2 Securities in bank credit	204.1	213.8	211.7	204.6	198.4	200.4	197.0	194.4	193.8	196.1	194.9	191.6
3 U.S. government securities	88.6[r]	82.8	84.2	82.9	83.7	87.7	85.6	87.0	85.8	88.2	87.5	86.5
4 Other securities	115.5[r]	131.0	127.5	121.7	114.7	112.7	111.4	107.4	108.0	107.9	107.4	105.1
5 Loans and leases in bank credit[2]	368.8[r]	386.7	373.6	365.6	355.5	351.0	345.6	338.7	338.5	339.4	340.8	335.1
6 Commercial and industrial	213.0[r]	217.8	213.5	212.2	210.3	208.3	201.2	196.3	198.0	197.6	196.5	192.4
7 Real estate	24.3	21.7	21.4	20.5	19.7	19.7	19.6	18.9	19.4	18.7	18.6	18.6
8 Security[3]	60.6	66.3	63.2	59.4	50.7	51.4	52.7	51.0	50.1	50.4	51.6	51.6
9 Other loans and leases	70.9	80.8	75.5	73.5	74.7	71.6	72.2	72.5	71.0	72.7	74.0	72.5
10 Interbank loans	24.0	28.1	29.4	31.5	25.7	25.4	26.8	25.0	24.5	25.5	23.8	24.9
11 Cash assets[4]	34.9	36.0	36.6	36.3	37.1	37.7	38.9	35.2	37.9	37.3	32.9	31.9
12 Other assets[5]	34.0	38.6	38.7	37.8	37.5	37.4	35.4	32.7	31.0	35.4	30.0	34.5
13 **Total assets**[6]	**665.6**	**702.9**	**689.7**	**675.5**	**653.9**	**651.7**	**643.4**	**625.7**	**625.4**	**633.4**	**622.1**	**617.7**
Liabilities												
14 Deposits	304.6	311.9	321.0	322.1	310.4	313.8	311.7	306.4	304.7	309.0	307.6	304.0
15 Transaction	11.6	11.6	12.9	13.7	12.7	12.2	12.5	12.8	12.8	13.1	12.5	12.9
16 Nontransaction	293.0	300.4	308.0	308.4	297.8	301.6	299.3	293.6	291.9	295.9	295.1	291.1
17 Borrowings	188.9[r]	203.8	193.6	181.0	174.4	174.7	175.6	183.0	182.9	187.3	183.6	180.0
18 From banks in the U.S.	28.9[r]	27.3	21.6	17.9	23.9	21.2	21.1	25.9	25.8	30.2	26.0	22.9
19 From others	160.0	176.4	172.0	163.1	150.5	153.5	154.5	157.0	157.1	157.1	157.6	157.1
20 Net due to related foreign offices	98.6	101.4	101.7	100.1	99.6	95.1	85.8	71.6	74.8	70.7	64.1	71.1
21 Other liabilities	67.7	76.8	74.5	70.2	67.2	67.4	60.8	59.3	58.1	60.9	57.8	59.6
22 **Total liabilities**	**659.8**	**694.0**	**690.8**	**673.3**	**651.6**	**650.9**	**634.0**	**620.2**	**620.4**	**627.8**	**613.2**	**614.7**
23 Residual (assets less liabilities)[7]	5.8[r]	8.9	−1.1	2.2	2.3	.8	9.5	5.5	4.9	5.6	8.8	2.9
	Not seasonally adjusted											
Assets												
24 Bank credit	570.0	603.3	588.8	573.9	555.5	548.6	537.3	529.9	529.4	531.2	530.4	526.3
25 Securities in bank credit	203.2	212.4	212.0	206.2	199.5	198.8	195.2	193.5	194.0	194.1	193.0	191.3
26 U.S. government securities	88.9[r]	83.0	83.9	83.2	84.5	87.4	86.4	87.4	86.8	88.2	87.3	87.2
27 Trading account	20.1	15.3	17.4	18.0	19.1	20.3	17.5	19.0	18.8	19.4	19.0	18.6
28 Investment account	68.8[r]	67.7	66.5	65.3	65.5	67.1	68.9	68.4	67.9	68.8	68.2	68.6
29 Other securities	114.4[r]	129.4	128.1	123.0	115.0	111.4	108.8	106.1	107.3	105.9	105.8	104.1
30 Trading account	70.1	79.1	79.0	74.7	70.3	68.4	67.6	63.4	64.5	62.9	62.9	61.7
31 Investment account	44.2[r]	50.4	49.1	48.2	44.7	43.0	41.2	42.7	42.8	43.0	42.9	42.4
32 Loans and leases in bank credit[2]	366.8	390.9	376.8	367.7	356.0	349.7	342.1	336.5	335.4	337.0	337.4	335.0
33 Commercial and industrial	211.4[r]	220.5	215.3	214.0	210.7	206.8	198.5	194.6	195.6	195.5	195.0	191.7
34 Real estate	24.0	21.8	21.6	20.8	19.8	19.5	19.3	18.6	19.1	18.5	18.4	18.3
35 Security[3]	60.9	66.8	63.2	59.1	51.4	51.4	52.4	51.2	49.9	50.9	51.4	52.5
36 Other loans and leases	70.4	81.8	76.8	73.7	74.1	72.1	71.8	72.0	70.7	72.2	72.6	72.5
37 Interbank loans	24.0	28.1	29.4	31.5	25.7	25.4	26.8	25.0	24.5	25.5	23.8	24.9
38 Cash assets[4]	35.7	37.5	37.0	35.5	36.0	36.5	38.6	36.1	38.5	38.3	33.7	32.9
39 Other assets[5]	33.0	40.1	39.0	39.0	38.1	35.7	34.6	31.6	30.6	34.3	28.6	32.9
40 **Total assets**[6]	**662.4**	**708.7**	**693.9**	**679.6**	**655.0**	**645.9**	**637.0**	**622.4**	**622.7**	**628.9**	**616.3**	**616.7**
Liabilities												
41 Deposits	305.5	315.6	318.4	320.8	313.7	313.2	314.0	307.1	306.9	309.3	307.9	303.4
42 Transaction	11.4	12.0	13.0	13.5	12.8	12.0	12.2	12.6	12.1	12.7	12.2	13.4
43 Nontransaction	294.1	303.6	305.4	307.4	300.9	301.2	301.8	294.5	294.8	296.6	295.7	290.0
44 Borrowings	188.9[r]	203.8	193.6	181.0	174.4	174.7	175.6	183.0	182.9	187.3	183.6	180.0
45 From banks in the U.S.	28.9[r]	27.3	21.6	17.9	23.9	21.2	21.1	25.9	25.8	30.2	26.0	22.9
46 From others	160.0	176.4	172.0	163.1	150.5	153.5	154.5	157.0	157.1	157.1	157.6	157.1
47 Net due to related foreign offices	96.6	107.7	104.4	103.7	97.8	89.5	83.9	70.2	71.4	68.3	64.1	71.7
48 Other liabilities	67.2	78.2	74.7	71.8	67.2	66.3	60.3	58.8	57.9	60.3	57.2	59.1
49 **Total liabilities**	**658.1**	**705.3**	**691.1**	**677.3**	**653.1**	**643.6**	**633.9**	**619.0**	**619.1**	**625.2**	**612.8**	**614.1**
50 Residual (assets less liabilities)[7]	4.3	3.4	2.8	2.4	2.0	2.2	3.1	3.3	3.6	3.8	3.5	2.6
MEMO												
51 Revaluation gains on off-balance-sheet items[8]	42.2	48.2	46.0	43.6	40.2	38.8	36.8	33.4	34.6	33.7	32.7	31.6
52 Revaluation losses on off-balance-sheet items[8]	40.6	44.5	42.3	41.3	39.2	38.9	35.9	32.6	33.6	32.7	31.6	31.4

Footnotes appear on p. A21.

NOTES TO TABLE 1.26

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

A. Commercial Paper

Millions of dollars, seasonally adjusted, end of period

Item	Year ending December					1998	1999				
	1994	1995	1996	1997	1998	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 **All issuers**	**595,382**	**674,904**	**775,371**	**966,699**	**1,163,303**	**1,163,303**	**1,178,168**	**1,178,303**	**1,204,627**	**1,219,789**	**1,230,009**
Financial companies[1]											
2 Dealer-placed paper, total[2]	223,038	275,815	361,147	513,307	614,142	614,142	629,569	615,053	684,616	697,030	710,857
3 Directly placed paper, total[3]	207,701	210,829	229,662	252,536	322,030	322,030	314,601	320,468	276,424	276,721	268,129
4 Nonfinancial companies[4]	164,643	188,260	184,563	200,857	227,132	227,132	233,998	242,782	243,587	246,038	251,023

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

B. Bankers Dollar Acceptances[1]

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

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

1. Includes eligible, dollar-denominated bankers acceptances legally payable in the United States. Eligible acceptances are those that are eligible for discount by Federal Reserve Banks; that is, those acceptances that meet the criteria of Paragraph 7 of Section 13 of the Federal Reserve Act (12 U.S.C. §372).
2. Data on bankers dollar acceptances are gathered from approximately 65 institutions; includes U.S. chartered commerical banks (domestic and foreign offices), U.S. branches and agencies of foreign banks, and Edge and agreement corporations. The reporting group is revised every year.

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

Percent per year

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

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

1.35 INTEREST RATES Money and Capital Markets

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

Item	1996	1997	1998	1999				1999, week ending				
				Mar.	Apr.	May	June	May 28	June 4	June 11	June 18	June 25
MONEY MARKET INSTRUMENTS												
1 Federal funds[1,2,3]	5.30	5.46	5.35	4.81	4.74	4.74	4.76	4.73	4.65	4.71	4.73	4.71
2 Discount window borrowing[2,4]	5.02	5.00	4.92	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Commercial paper[3,5,6]												
Nonfinancial												
3 1-month	n.a.	5.57	5.40	4.82	4.79	4.79	4.95	4.81	4.85	4.85	4.95	5.01
4 2-month	n.a.	5.57	5.38	4.82	4.78	4.80	4.98	4.82	4.87	4.88	4.99	5.05
5 3-month	n.a.	5.56	5.34	4.81	4.79	4.81	4.98	4.84	4.87	4.90	5.00	5.03
Financial												
6 1-month	n.a.	5.59	5.42	4.84	4.80	4.80	4.96	4.81	4.84	4.88	4.97	5.03
7 2-month	n.a.	5.59	5.40	4.83	4.80	4.82	5.00	4.85	4.90	4.93	5.01	5.06
8 3-month	n.a.	5.60	5.37	4.84	4.80	4.83	5.04	4.86	4.92	4.96	5.04	5.11
Commercial paper (historical)[3,5,7]												
9 1-month	5.43	5.54	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 3-month	5.41	5.58	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 6-month	5.42	5.62	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Finance paper, directly placed (historical)[3,5,8]												
12 1-month	5.31	5.44	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 3-month	5.29	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 6-month	5.21	5.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bankers acceptances[3,5,9]												
15 3-month	5.31	5.54	5.39	4.82	4.80	4.86	5.04	4.87	4.95	4.99	5.04	5.06
16 6-month	5.31	5.57	5.30	4.82	4.80	4.89	5.14	4.91	5.02	5.10	5.15	5.15
Certificates of deposit, secondary market[3,10]												
17 1-month	5.35	5.54	5.49	4.88	4.84	4.84	5.01	4.86	4.90	4.93	5.01	5.08
18 3-month	5.39	5.62	5.47	4.91	4.88	4.92	5.13	4.96	5.01	5.05	5.12	5.18
19 6-month	5.47	5.73	5.44	4.98	4.94	5.03	5.31	5.10	5.19	5.24	5.30	5.36
20 Eurodollar deposits, 3-month[3,11]	5.38	5.61	5.45	4.88	4.87	4.90	5.09	4.94	4.98	5.01	5.09	5.14
U.S. Treasury bills												
Secondary market[3,5]												
21 3-month	5.01	5.06	4.78	4.44	4.29	4.50	4.57	4.52	4.53	4.50	4.56	4.61
22 6-month	5.08	5.18	4.83	4.47	4.37	4.56	4.82	4.62	4.75	4.81	4.82	4.85
23 1-year	5.22	5.32	4.80	4.53	4.45	4.60	4.82	4.66	4.81	4.84	4.77	4.85
Auction high[3,5,12]												
24 3-month	5.02	5.07	4.81	4.48	4.28	4.51	4.59	4.50	4.62	4.51	4.62	4.61
25 6-month	5.09	5.18	4.85	4.52	4.36	4.55	4.81	4.57	4.75	4.76	4.86	4.85
26 1-year	5.23	5.36	4.85	4.67	4.50	4.63	4.89	4.63	n.a.	n.a.	n.a.	4.89
U.S. TREASURY NOTES AND BONDS												
Constant maturities[13]												
27 1-year	5.52	5.63	5.05	4.78	4.69	4.85	5.10	4.93	5.08	5.12	5.03	5.14
28 2-year	5.84	5.99	5.13	5.05	4.98	5.25	5.62	5.35	5.55	5.62	5.60	5.69
29 3-year	5.99	6.10	5.14	5.11	5.03	5.33	5.70	5.43	5.63	5.70	5.67	5.77
30 5-year	6.18	6.22	5.15	5.14	5.08	5.44	5.81	5.51	5.75	5.81	5.80	5.88
31 7-year	6.34	6.33	5.28	5.36	5.28	5.64	6.05	5.73	5.97	6.04	6.04	6.13
32 10-year	6.44	6.35	5.26	5.23	5.18	5.54	5.90	5.56	5.80	5.89	5.91	5.98
33 20-year	6.83	6.69	5.72	5.87	5.82	6.08	6.36	6.11	6.27	6.35	6.37	6.45
34 30-year	6.71	6.61	5.58	5.58	5.55	5.81	6.04	5.80	5.95	6.03	6.05	6.11
Composite												
35 More than 10 years (long-term)	6.80	6.67	5.69	5.81	5.77	6.04	6.31	6.06	6.22	6.30	6.31	6.39
STATE AND LOCAL NOTES AND BONDS												
Moody's series[14]												
36 Aaa	5.52	5.32	4.93	4.96	4.89	5.05	5.22	5.12	5.14	5.20	5.25	5.27
37 Baa	5.79	5.50	5.14	5.32	5.27	5.43	5.59	5.49	5.52	5.57	5.60	5.66
38 *Bond Buyer* series[15]	5.76	5.52	5.09	5.10	5.08	5.18	5.37	5.23	5.29	5.34	5.38	5.45
CORPORATE BONDS												
39 Seasoned issues, all industries[16]	7.66	7.54	6.87	7.07	7.05	7.32	7.62	7.39	7.52	7.59	7.62	7.70
Rating group												
40 Aaa	7.37	7.27	6.53	6.62	6.64	6.93	7.23	6.99	7.13	7.21	7.24	7.31
41 Aa	7.55	7.48	6.80	6.98	6.96	7.23	7.52	7.30	7.43	7.50	7.52	7.60
42 A	7.69	7.54	6.93	7.14	7.13	7.40	7.69	7.47	7.59	7.67	7.70	7.78
43 Baa	8.05	7.87	7.22	7.53	7.48	7.72	8.02	7.79	7.92	7.99	8.02	8.10
MEMO												
Dividend–price ratio[17]												
44 Common stocks	2.19	1.77	1.49	1.30	1.24	1.24	1.25	1.28	1.29	1.26	1.25	1.24

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.

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

1.36 STOCK MARKET Selected Statistics

Indicator	1996	1997	1998	1998			1999					
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
	Prices and trading volume (averages of daily figures)[1]											
Common stock prices (indexes)												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	357.98	456.99	550.65	511.49	564.26	576.05	595.43	588.70	603.69	627.75	635.62	629.53
2 Industrial	453.57	574.97	684.35	636.62	704.46	717.14	741.43	736.20	751.93	780.84	791.72	783.96
3 Transportation	327.30	415.08	468.61	396.61	442.95	456.70	479.72	477.47	491.25	523.08	537.88	520.66
4 Utility	126.36	143.87	190.52	195.09	206.29	215.57	224.75	218.24	218.11	228.48	242.98	241.36
5 Finance	303.94	424.84	516.65	448.12	501.45	510.31	523.38	514.75	544.08	564.99	562.66	546.43
6 Standard & Poor's Corporation (1941–43 = 10)[2]	670.49	873.43	1,085.50	1,032.47	1,144.43	1,190.05	1,248.77	1,246.58	1,281.66	1,334.76	1,332.07	1,322.55
7 American Stock Exchange (Aug. 31, 1973 = 50)[3]	570.86	628.34	682.69	607.16	667.60	660.76	704.22	699.15	711.08	748.29	787.02	772.01
Volume of trading (thousands of shares)												
8 New York Stock Exchange	409,740	523,254	666,534	808,816	668,932	680,397	847,135	756,932	776,538	874,818	785,778	723,025
9 American Stock Exchange	22,567	24,390	28,870	31,946	27,266	28,756	31,015	31,774	29,563	38,895	35,241	28,806
	Customer financing (millions of dollars, end-of-period balances)											
10 **Margin credit at broker–dealers**[4]	**97,400**	**126,090**	**140,980**	**130,160**	**139,710**	**140,980**	**153,240**	**151,530**	**156,440**	**172,880**	**177,984**	**176,930**
Free credit balances at brokers[5]												
11 Margin accounts[6]	22,540	31,410	40,250	43,500	40,620	40,250	36,880	38,850	40,120	41,200	41,250	42,865
12 Cash accounts	40,430	52,160	62,450	54,610	56,170	62,450	59,600	57,910	59,435	60,870	61,665	64,100
	Margin requirements (percent of market value and effective date)[7]											
	Mar. 11, 1968		June 8, 1968		May 6, 1970		Dec. 6, 1971		Nov. 24, 1972		Jan. 3, 1974	
13 Margin stocks	70		80		65		55		65		50	
14 Convertible bonds	50		60		50		50		50		50	
15 Short sales	70		80		65		55		65		50	

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year			Calendar year					
				1999					
	1996	1997	1998	Jan.	Feb.	Mar.	Apr.	May	June
U.S. budget[1]									
1 Receipts, total	1,453,062	1,579,292	1,721,798	171,722	99,414	130,292	266,142	98,587	199,479
2 On-budget	1,085,570	1,187,302	1,305,999	129,921	65,058	92,425	219,403	62,646	156,901
3 Off-budget	367,492	391,990	415,799	41,801	34,356	37,867	46,739	35,941	42,578
4 Outlays, total	1,560,512	1,601,235	1,652,552	101,217	141,760	152,701	152,683	122,556	145,911
5 On-budget	1,259,608	1,290,609	1,335,948	102,320	110,486	121,999	123,376	91,358	136,113
6 Off-budget	300,904	310,626	316,604	−1,103	31,274	30,702	29,307	31,197	9,799
7 Surplus or deficit (−), total	−107,450	−21,943	69,246	70,505	−42,345	−22,409	113,459	−23,969	53,568
8 On-budget	−174,038	−103,307	−29,949	27,601	−45,428	−29,574	96,027	−28,712	20,788
9 Off-budget	66,588	81,364	99,195	42,904	3,082	7,165	17,432	4,744	32,779
Source of financing (total)									
10 Borrowing from the public	129,712	38,171	−51,049	−31,249	1,688	37,013	−85,208	−551	−22,246
11 Operating cash (decrease, or increase (−))	−6,276	604	4,743	−39,567	52,432	−16,988	−36,512	32,495	−27,459
12 Other[2]	−15,986	−16,832	−22,940	311	−11,775	2,384	8,261	−7,975	−3,863
MEMO									
13 Treasury operating balance (level, end of period)	44,225	43,621	38,878	57,070	4,638	21,626	58,138	25,643	53,102
14 Federal Reserve Banks	7,700	7,692	4,952	7,623	4,538	5,374	10,040	5,506	6,720
15 Tax and loan accounts	36,525	35,930	33,926	49,446	100	16,252	48,098	20,586	46,382

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

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

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

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

Millions of dollars

Source or type	Fiscal year		Calendar year						
	1997	1998	1997	1998		1999	1999		
			H2	H1	H2	H1	Apr.	May	June
RECEIPTS									
1 **All sources**	**1,579,292**	**1,721,798**	**773,810**	**922,630**	**825,057**	**965,636**	**266,142**	**98,587**	**199,479**
2 Individual income taxes, net	737,466	828,586	354,072	447,514	392,332	481,527	164,832	30,585	92,993
3 Withheld	580,207	646,483	306,865	316,309	339,144	351,068	55,484	50,727	57,716
4 Nonwithheld	250,753	281,527	58,069	219,136	65,204	240,278	145,935	4,119	37,706
5 Refunds	93,560	99,476	10,869	87,989	12,032	109,875	36,600	24,273	2,438
Corporation income taxes									
6 Gross receipts	204,493	213,249	104,659	109,353	104,163	106,861	27,118	5,176	40,610
7 Refunds	22,198	24,593	10,135	14,220	14,250	17,092	5,419	1,229	1,346
8 Social insurance taxes and contributions, net	539,371	571,831	260,795	312,713	268,466	324,831	65,162	53,698	55,144
9 Employment taxes and contributions[2]	506,751	540,014	247,794	293,520	256,142	306,235	60,186	45,617	54,380
10 Unemployment insurance	28,202	27,484	10,724	17,080	10,121	16,378	4,547	7,731	370
11 Other net receipts[3]	4,418	4,333	2,280	2,112	2,202	2,216	428	350	393
12 Excise taxes	56,924	57,673	31,133	29,922	33,366	31,015	5,579	4,978	5,880
13 Customs deposits	17,928	18,297	9,679	8,546	9,838	8,440	1,350	1,256	1,599
14 Estate and gift taxes	19,845	24,076	10,262	12,971	12,359	14,915	5,138	1,942	1,857
15 Miscellaneous receipts[4]	25,465	32,658	13,348	15,829	18,735	15,140	2,383	2,181	2,742
OUTLAYS									
16 **All types**	**1,601,235**	**1,652,552**	**824,368**	**815,884**	**877,412**	**816,828**	**152,683**	**122,556**	**145,911**
17 National defense	270,473	268,456	140,873	129,351	140,196	134,414	25,433	19,211	24,122
18 International affairs	15,228	13,109	9,420	4,610	8,297	6,879	1,686	640	1,053
19 General science, space, and technology	17,174	18,219	10,040	9,426	10,142	9,319	1,565	1,581	1,800
20 Energy	1,483	1,270	411	957	699	797	−156	104	557
21 Natural resources and environment	21,369	22,396	11,106	10,051	12,671	10,351	1,611	1,595	1,906
22 Agriculture	9,032	12,206	10,590	2,387	16,757	9,803	666	487	2,591
23 Commerce and housing credit	−14,624	1,014	−3,526	−2,483	4,046	−1,629	−536	989	−116
24 Transportation	40,767	40,332	20,414	16,196	20,836r	17,082	2,737	3,010	3,882
25 Community and regional development	11,005	9,720	5,749	4,863	6,972	5,368	684	906	1,201
26 Education, training, employment, and social services	53,008	54,919	26,851	25,928	27,760	29,003	4,202	4,464	4,143
27 Health	123,843	131,440	63,552	65,053	67,836	69,320	12,284	10,657	12,307
28 Social security and Medicare	555,273	572,047	283,109	286,305	316,809	261,146	51,816	44,519	52,990
29 Income security	230,886	233,202	106,353	125,196	109,481	126,144	24,420	12,880	14,574
30 Veterans benefits and services	39,313	41,781	22,077	19,615	22,750	20,105	5,498	1,893	3,619
31 Administration of justice	20,197	22,832	10,212	11,287	12,041	13,149	2,625	1,886	2,536
32 General government	12,768	13,444	7,302	6,139	9,136	6,650	929	621	3,508
33 Net interest[5]	244,013	243,359	122,620	122,345	116,954	116,655	20,195	19,976	18,518
34 Undistributed offsetting receipts[6]	−49,973	−47,194	−22,795	−21,340	−25,795	−17,724	−2,976	−2,864	−3,278

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

SOURCE. Fiscal year totals: U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2000*; monthly and half-year totals: U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government.*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars, end of month

Item	1997			1998				1999	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**5,410**	**5,446**	**5,536**	**5,573**	**5,578**	**5,556**	**5,643**	**5,726**	n.a.
2 Public debt securities	5,376	5,413	5,502	5,542	5,548	5,526	5,614	5,652	5,639
3 Held by public	3,805	3,815	3,847	3,872	3,790	3,761	3,787	n.a.	n.a.
4 Held by agencies	1,572	1,599	1,656	1,670	1,758	1,766	1,827	1,857	n.a.
5 Agency securities	34	33	34	31	30	29	29	74	n.a.
6 Held by public	26	26	27	26	26	26	29	n.a.	n.a.
7 Held by agencies	7	7	7	5	4	4	1	n.a.	n.a.
8 **Debt subject to statutory limit**	**5,290**	**5,328**	**5,417**	**5,457**	**5,460**	**5,440**	**5,530**	**5,566**	**5,552**
9 Public debt securities	5,290	5,328	5,416	5,456	5,460	5,439	5,530	5,566	5,552
10 Other debt[1]	0	0	0	0	0	0	0	0	0
MEMO									
11 Statutory debt limit	5,500	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	1995	1996	1997	1998	1998		1999	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**4,988.7**	**5,323.2**	**5,502.4**	**5,614.2**	**5,526.2**	**5,614.2**	**5,651.6**	**5,638.8**
By type								
2 Interest-bearing	4,964.4	5,317.2	5,494.9	5,605.4	5,518.7	5,605.4	5,643.1	5,629.5
3 Marketable	3,307.2	3,459.7	3,456.8	3,355.5	3,331.0	3,355.5	3,361.3	3,248.5
4 Bills	760.7	777.4	715.4	691.0	637.7	691.0	725.5	647.8
5 Notes	2,010.3	2,112.3	2,106.1	1,960.7	2,009.1	1,960.7	1,912.0	1,868.5
6 Bonds	521.2	555.0	587.3	621.2	610.4	621.2	632.5	632.5
7 Inflation-indexed notes and bonds[1]	n.a.	n.a.	33.0	50.6	41.9	50.6	59.2	59.9
8 Nonmarketable[2]	1,657.2	1,857.5	2,038.1	2,249.9	2,187.7	2,249.9	2,281.8	2,381.0
9 State and local government series	104.5	101.3	124.1	165.3	164.4	165.3	167.5	172.6
10 Foreign issues[3]	40.8	37.4	36.2	34.3	35.1	34.3	33.5	30.9
11 Government	40.8	47.4	36.2	34.3	35.1	34.3	33.5	30.9
12 Public	.0	.0	.0	.0	.0	.0	.0	.0
13 Savings bonds and notes	181.9	182.4	181.2	180.3	180.8	180.3	180.6	180.0
14 Government account series[4]	1,299.6	1,505.9	1,666.7	1,840.0	1,777.3	1,840.0	1,870.2	1,967.5
15 Non-interest-bearing	24.3	6.0	7.5	8.8	7.5	8.8	8.5	9.3
By holder[5]								
16 U.S. Treasury and other federal agencies and trust funds	1,304.5	1,497.2	1,655.7	1,826.8	1,765.6	1,826.8	1,857.1	
17 Federal Reserve Banks	391.0	410.9	451.9	471.7	458.1	471.7	464.5	
18 Private investors	3,307.7[r]	3,431.2[r]	3,414.6[r]	3,334.0	3,313.2[r]	3,334.0	3,327.6	
19 Commercial banks	278.7	261.8	269.8	215.0	219.8	215.0		
20 Money market funds	71.5	91.6	88.9	105.8	84.2	105.8		
21 Insurance companies	241.5	214.1	224.9	186.0	186.1	186.0		
22 Other companies	228.8	258.5	265.0	267.9	271.4	267.9		
23 State and local treasuries[6,7]	469.6	482.5	493.0	490.0	487.4	490.0	n.a.	n.a.
Individuals								
24 Savings bonds	185.0	187.0	186.5	186.7	186.0	186.7		
25 Other securities	162.7	169.6	168.4	164.9	166.4	164.9		
26 Foreign and international[8]	835.2	1,102.1	1,241.6	1,276.3	1,221.8	1,276.3		
27 Other miscellaneous investors[7,9]	825.9	678.9	552.0	441.4	477.9	441.4		

1. The U.S. Treasury first issued inflation-indexed securities during the first quarter of 1997.
2. Includes (not shown separately) securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
3. Nonmarketable series denominated in dollars, and series denominated in foreign currency held by foreigners.
4. Held almost entirely by U.S. Treasury and other federal agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Includes state and local pension funds.
7. In March 1996, in a redefinition of series, fully defeased debt backed by nonmarketable federal securities was removed from "Other miscellaneous investors" and added to "State and local treasuries." The data shown here have been revised accordingly.
8. Consists of investments of foreign balances and international accounts in the United States.
9. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally sponsored agencies.

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

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

Millions of dollars, daily averages

Item	1999			1999, week ending								
	Mar.	Apr.	May	May 5	May 12	May 19	May 26	June 2	June 9	June 16	June 23	June 30
OUTRIGHT TRANSACTIONS[2]												
By type of security												
1 U.S. Treasury bills	34,426	28,670	30,791	27,588	22,250	30,178	33,860	44,136	26,723	28,957	28,737	25,325
Coupon securities, by maturity												
2 Five years or less	96,141	87,799	109,736	99,140	111,305	119,095	107,406	106,003	87,777	98,614	109,472	96,184
3 More than five years	62,008	53,786	76,896	64,242	80,606	89,051	74,641	66,867	57,031	69,981	58,992	59,964
4 Inflation-indexed	402	1,415	1,147	1,122	1,200	1,213	912	1,368	730	1,573	1,620	1,154
Federal agency												
5 Discount notes	40,089	37,345	42,161	39,540	38,485	46,343	42,548	43,296	42,921	44,185	45,409	46,320
Coupon securities, by maturity												
6 One year or less	1,097	1,222	1,194	1,342	1,088	1,411	962	1,248	423	807	743	505
7 More than one year, but less than or equal to five years	7,640	6,875	5,966	6,925	8,027	5,562	4,926	3,978	6,850	4,278	4,466	7,127
8 More than five years	3,141	4,625	4,333	6,005	5,494	2,417	4,876	3,013	7,717	4,275	3,004	2,524
9 Mortgage-backed	69,547	69,382	73,553	65,902	96,920	78,245	62,490	52,876	85,323	99,470	57,709	55,947
By type of counterparty												
With interdealer broker												
10 U.S. Treasury	106,659	93,341	118,422	105,038	120,682	126,287	118,279	115,167	96,344	108,996	107,973	96,074
11 Federal agency	4,121	3,904	4,202	3,983	5,334	3,824	4,451	2,751	4,148	3,606	3,771	3,373
12 Mortgage-backed	23,601	23,682	26,585	22,906	30,665	30,181	25,026	20,066	31,289	33,004	23,007	21,558
With other												
13 U.S. Treasury	86,316	78,330	100,149	87,054	94,680	113,249	98,540	103,208	75,918	90,129	90,848	86,552
14 Federal agency	47,846	46,162	49,452	49,829	47,760	51,909	48,861	48,783	53,762	49,938	49,851	53,103
15 Mortgage-backed	45,946	45,700	46,968	42,996	66,255	48,065	37,464	32,810	54,034	66,466	34,702	34,389
FUTURES TRANSACTIONS[3]												
By type of deliverable security												
16 U.S. Treasury bills	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0	0
Coupon securities, by maturity												
17 Five years or less	2,649	1,947	3,921	3,233	2,836	2,810	3,774	8,515	3,878	3,729	3,494	2,272
18 More than five years	15,926	11,950	18,045	16,092	18,445	18,446	17,309	19,888	13,311	15,059	13,695	12,802
19 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
20 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
21 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
22 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0	0
23 More than five years	0	0	0	0	0	0	0	0	0	0	0	0
24 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0	0
OPTIONS TRANSACTIONS[4]												
By type of underlying security												
25 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
26 Five years or less	1,506	985	1,434	1,095	1,647	1,326	1,304	1,816	1,924	2,048	1,438	1,453
27 More than five years	5,050	4,657	6,556	6,417	8,312	6,498	5,645	5,383	4,946	4,607	6,116	4,144
28 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0	0
Federal agency												
29 Discount notes	0	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity												
30 One year or less	0	0	0	0	0	0	0	0	0	0	0	0
31 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0	0
32 More than five years	0	0	0	0	0	0	0	0	0	0	0	0
33 Mortgage-backed	825	783	827	0	0	0	0	0	0	0	0	0

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

Dealers report cumulative transactions for each week ending Wednesday.

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

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

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

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

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

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

Millions of dollars

Item	1999			1999, week ending							
	Mar.	Apr.	May	May 5	May 12	May 19	May 26	June 2	June 9	June 16	June 23
	Positions[2]										
NET OUTRIGHT POSITIONS[3]											
By type of security											
1 U.S. Treasury bills	24,510	24,563	6,146	9,624	6,876	3,577	−671	14,784	8,035	584	3,279
Coupon securities, by maturity											
2 Five years or less	−18,124	−14,332	−33,183	−29,701	−33,182	−40,279	−27,919	−34,104	−33,478	−33,837	−27,785
3 More than five years	−6,408	−5,060	−11,576	−6,844	−8,983	−16,296	−12,522	−12,003	−15,259	−16,490	−15,219
4 Inflation-indexed	1,846	2,618	2,523	2,387	2,328	2,831	2,681	2,282	2,291	2,211	1,870
Federal agency											
5 Discount notes	18,189	24,321	19,406	21,224	22,962	16,900	18,887	16,847	18,208	19,790	15,999
Coupon securities, by maturity											
6 One year or less	2,683	2,538	2,439	2,499	2,205	2,710	2,606	2,091	2,450	2,627	2,611
7 More than one year, but less than or equal to five years	5,222	3,991	6,001	6,094	6,971	6,352	5,514	4,742	5,978	6,901	5,442
8 More than five years	4,110	6,131	6,705	8,035	6,619	6,651	6,441	5,943	9,292	6,797	5,468
9 Mortgage-backed	16,774	12,875	16,251	15,220	16,619	18,292	16,347	13,776	14,450	12,849	18,844
NET FUTURES POSITIONS[4]											
By type of deliverable security											
10 U.S. Treasury bills	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0	0
Coupon securities, by maturity											
11 Five years or less	−910	93	7,117	5,086	7,304	8,167	8,054	6,104	8,742	8,852	9,919
12 More than five years	−12,929	−17,408	−4,873	−9,980	−6,700	−3,142	−3,640	−1,355	−2,451	−326	−42
13 Inflation-indexed	0	0	0	0	0	0	0	0	0	0	0
Federal agency											
14 Discount notes	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
15 One year or less	0	0	0	0	0	0	0	0	0	0	0
16 More than one year, but less than or equal to five years	0	0	0	0	0	0	0	0	0	0	0
17 More than five years	0	0	0	0	0	0	0	0	0	0	0
18 Mortgage-backed	0	0	0	0	0	0	0	0	0	0	0
NET OPTIONS POSITIONS											
By type of deliverable security											
19 U.S. Treasury bills	0	0	0	0	0	0	0	0	0	0	0
Coupon securities, by maturity											
20 Five years or less	−1,268	−1,180	−142	−2,154	76	290	463	111	−1,374	−2,230	−2,791
21 More than five years	−448	−396	−1,581	−2,916	−3,188	−1,342	149	−753	−1,159	−272	−1,230
22 Inflation-indexed	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	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	0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.
26 More than five years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
27 Mortgage-backed	6,928	5,579	7,992	6,111	7,523	9,901	7,705	8,257	8,416	6,247	5,412
	Financing[5]										
Reverse repurchase agreements											
28 Overnight and continuing	256,331	251,605	262,314	263,907	248,483	288,115	239,101	276,464	250,601	283,399	261,829
29 Term	781,168	818,297	806,177	873,473	921,739	721,626	770,366	745,598	803,032	824,794	846,179
Securities borrowed											
30 Overnight and continuing	226,297	212,240	226,492	215,477	215,997	231,322	229,860	240,721	234,845	248,602	243,760
31 Term	93,810	102,437	97,977	108,953	107,395	91,045	96,836	85,116	91,587	90,676	96,640
Securities received as pledge											
32 Overnight and continuing	2,555	n.a.	2,814	n.a.	n.a.	2,901	2,727	n.a.	n.a.	2,659	n.a.
33 Term	0	0	0	0	0	0	0	n.a.	n.a.	0	0
Repurchase agreements											
34 Overnight and continuing	655,676	677,260	660,275	668,484	663,131	676,072	637,601	657,693	639,636	672,973	650,226
35 Term	673,650	711,067	693,158	760,392	790,734	614,627	669,937	631,770	676,202	699,832	731,503
Securities loaned											
36 Overnight and continuing	12,875	10,235	10,819	10,528	10,874	10,736	10,933	10,988	11,799	12,487	12,000
37 Term	6,122	5,942	6,566	6,218	6,628	6,680	6,664	6,528	6,003	6,074	6,093
Securities pledged											
38 Overnight and continuing	48,533	45,650	47,279	47,273	46,479	48,287	47,661	46,461	44,679	45,196	52,037
39 Term	7,712	10,700	9,702	11,337	10,700	7,603	10,434	8,582	8,781	9,182	9,907
Collateralized loans											
40 Total	18,177	17,891	16,223	16,191	16,256	12,988	17,881	18,417	17,414	17,966	13,101

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

2. Securities positions are reported at market value.

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1995	1996	1997	1998	1998	1999			
					Dec.	Jan.	Feb.	Mar.	Apr.
1 **Federal and federally sponsored agencies**	**844,611**	**925,823**	**1,022,609**	**1,296,477**	**1,296,477**	**1,311,010**	**1,324,812**	**1,347,872**	**1,377,524**
2 Federal agencies	37,347	29,380	27,792	26,502	26,502	26,355	26,180	26,243	26,100
3 Defense Department[1]	6	6	6	6	6	6	6	6	6
4 Export-Import Bank[2,3]	2,050	1,447	552	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Federal Housing Administration[4]	97	84	102	205	205	70	69	80	84
6 Government National Mortgage Association certificates of participation[5]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7 Postal Service[6]	5,765	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8 Tennessee Valley Authority	29,429	27,853	27,786	26,496	26,496	26,349	26,174	26,237	26,094
9 United States Railway Association[6]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 Federally sponsored agencies[7]	807,264	896,443	994,817	1,269,975	1,269,975	1,284,655	1,298,632	1,321,629	1,351,424
11 Federal Home Loan Banks	243,194	263,404	313,919	382,131	382,131	383,572	383,769	402,364	415,602
12 Federal Home Loan Mortgage Corporation	119,961	156,980	169,200	287,396	287,396	300,927	299,171	299,196	310,387
13 Federal National Mortgage Association	299,174	331,270	369,774	460,291	460,291	461,157	471,300	475,418	478,994
14 Farm Credit Banks[8]	57,379	60,053	63,517	63,488	63,488	61,292	66,622	66,529	67,527
15 Student Loan Marketing Association[9]	47,529	44,763	37,717	35,399	35,399	36,385	36,464	36,762	n.a.
16 Financing Corporation[10]	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation[11]	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
18 Resolution Funding Corporation[12]	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996	29,996
MEMO									
19 **Federal Financing Bank debt**[13]	**78,681**	**58,172**	**49,090**	**44,129**	**44,129**	**43,803**	**43,151**	**41,454**	**41,637**
Lending to federal and federally sponsored agencies									
20 Export-Import Bank[3]	2,044	1,431	552	↑	↑	↑	↑	↑	↑
21 Postal Service[6]	5,765	n.a.	n.a.						
22 Student Loan Marketing Association	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
23 Tennessee Valley Authority	3,200	n.a.	n.a.						
24 United States Railway Association[6]	n.a.	n.a.	n.a.	↓	↓	↓	↓	↓	↓
Other lending[14]									
25 Farmers Home Administration	21,015	18,325	13,530	9,500	9,500	9,500	9,090	8,715	8,550
26 Rural Electrification Administration	17,144	16,702	14,898	14,091	14,091	14,101	14,100	13,980	13,999
27 Other	29,513	21,714	20,110	20,538	20,538	20,202	19,961	18,759	19,088

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

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1996	1997	1998	1998		1999					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 **All issues, new and refunding**[1]	**171,222**	**214,694**	**262,342**	**19,325**	**24,288**	**16,926**	**16,233**	**24,323**	**15,758**	**16,234**	**23,428**
By type of issue											
2 General obligation	60,409	69,934	87,015	5,433	8,632	6,925	6,786	8,323	6,443	5,294	10,997
3 Revenue	110,813	134,989	175,327	13,892	15,656	10,001	9,446	16,000	9,315	10,941	12,431
By type of issuer											
4 State	13,651	18,237	23,506	778	2,561	318	1,837	1,895	907	1,220	1,236
5 Special district or statutory authority[2]	113,228	134,919	178,421	13,473	15,937	12,929	11,145	14,604	10,010	11,279	18,414
6 Municipality, county, or township	44,343	70,558	60,173	5,073	5,790	3,679	3,251	7,825	4,841	3,735	3,779
7 **Issues for new capital**	**112,298**	**135,519**	**160,568**	**12,452**	**14,517**	**11,917**	**10,674**	**16,201**	**10,474**	**12,149**	**19,509**
By use of proceeds											
8 Education	26,851	31,860	36,904	2,353	2,766	2,936	3,751	3,537	2,734	2,795	3,793
9 Transportation	12,324	13,951	19,926	806	1,800	1,706	628	1,640	1,107	1,791	1,650
10 Utilities and conservation	9,791	12,219	21,037	2,225	984	672	394	2,839	1,372	603	1,594
11 Social welfare	24,583	27,794	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Industrial aid	6,287	6,667	8,594	638	1,376	452	343	1,084	618	1,058	739
13 Other purposes	32,462	35,095	42,450	3,242	4,477	4,439	3,207	3,918	2,592	3,760	7,195

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

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue, offering, or issuer	1996	1997	1998	1998			1999				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.	May
1 **All issues**[1]	**773,110**	**929,256**	**1,127,499**[r]	**70,287**	**111,762**	**81,326**	**93,665**	**103,175**	**126,161**	**84,550**	**110,396**
2 **Bonds**[2]	**651,104**	**811,376**	**1,000,744**[r]	**61,632**	**102,860**	**72,656**	**86,529**	**92,885**	**116,440**	**75,409**	**94,689**
By type of offering											
3 Sold in the United States	567,671	708,188	922,779[r]	54,795	95,106	69,395	76,511	82,871	101,024	64,575	87,848
4 Sold abroad	83,433	103,188	77,965	6,837	7,754	3,261	10,018	10,014	15,416	10,834	6,841
MEMO											
5 Private placements, domestic	43,692	54,996	37,848	2,428	2,878	3,874	684	648	1,224	n.a.	n.a.
By industry group											
6 Nonfinancial	167,904	222,603	307,935[r]	14,426	32,124	25,008	21,193	23,131	39,818	30,676	30,701
7 Financial	483,200	588,773	692,809	47,206	70,736	47,648	65,336	69,754	76,623	44,733	63,988
8 **Stocks**[3]	**122,006**	**117,880**	**126,755**	**8,655**	**8,902**	**8,670**	**7,136**	**10,290**	**9,721**	**9,141**	**15,707**
By type of offering											
9 Public	122,006	117,880	126,755	8,655	8,902	8,670	7,136	10,290	9,721	9,141	15,707
10 Private placement[4]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	n.a.	n.a.
By industry group											
11 Nonfinancial	80,460	60,386	74,113	5,879	6,145	7,559	3,701	8,911	8,534	7,640	10,382
12 Financial	41,546	57,494	52,642	2,776	2,757	1,111	3,435	1,379	1,187	1,501	5,325

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	1997	1998	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.[r]	1999 May	1999 June
1 **Sales of own shares**[2]	**1,190,900**	**1,461,430**	**112,627**	**140,700**	**161,889**	**132,199**	**164,290**	**166,324**	**140,422**	**138,559**
2 Redemptions of own shares	918,728	1,217,022	89,702	134,289	135,713	128,125	146,479	139,035	127,800	117,842
3 Net sales[3]	272,172	244,408	22,925	6,412	26,176	4,074	17,811	27,288	12,622	20,717
4 **Assets**[4]	**3,409,315**	**4,173,531**	**4,002,089**	**4,173,531**	**4,298,071**	**4,180,115**	**4,328,150**	**4,505,237**	**4,442,880**	**4,650,272**
5 Cash[5]	174,154	191,393	207,422	191,393	203,470	198,134	198,741	211,243	211,580	216,646
6 Other	3,235,161	3,982,138	3,794,667	3,982,138	4,094,601	3,981,982	4,129,409	4,293,994	4,231,300	4,433,626

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

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data at seasonally adjusted annual rates

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period; not seasonally adjusted

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

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

1.52 DOMESTIC FINANCE COMPANIES Owned and Managed Receivables[1]

Billions of dollars, amounts outstanding

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

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

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

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

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

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

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

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

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

1.53 MORTGAGE MARKETS Mortgages on New Homes

Millions of dollars except as noted

Item	1996	1997	1998	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May	1999 June
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Terms[1]										
1 Purchase price (thousands of dollars)	182.4	180.1	195.2	206.0	202.3	204.1	211.0	209.4	207.5	211.0
2 Amount of loan (thousands of dollars)	139.2	140.3	151.1	159.0	153.3	155.4	162.9	162.4	161.6	162.0
3 Loan-to-price ratio (percent)	78.2	80.4	80.0	79.4	78.0	78.2	79.4	79.5	79.8	79.0
4 Maturity (years)	27.2	28.2	28.4	28.7	28.4	28.7	28.8	28.9	28.7	28.6
5 Fees and charges (percent of loan amount)[2]	1.21	1.02	.89	.98	1.01	.92	.82	.77	.69	.72
Yield (percent per year)										
6 Contract rate[1]	7.56	7.57	6.95	6.80	6.81	6.78	6.74	6.74	6.78	6.92
7 Effective rate[1,3]	7.77	7.73	7.08	6.94	6.96	6.92	6.86	6.85	6.89	7.03
8 Contract rate (HUD series)[4]	8.03	7.76	7.00	6.83	6.80	7.02	7.03	6.93	7.17	7.59
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (Section 203)[5]	8.19	7.89	7.04	7.06	7.08	7.10	7.07	7.08	7.58	8.13
10 GNMA securities[6]	7.48	7.26	6.43	6.18	6.18	6.42	6.58	6.50	6.79	7.21
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	287,052	316,678	414,515	414,515	418,323	431,836	440,139	446,025	464,530	473,463
12 FHA/VA insured	30,592	31,925	33,770	33,770	33,483	34,000	34,870	36,158	38,938	41,143
13 Conventional	256,460	284,753	380,745	380,745	384,840	397,836	405,269	409,867	425,592	432,172
14 Mortgage transactions purchased (during period)	68,618	70,465	188,448	26,222	14,005	22,029	16,923	14,225	25,640	15,934
Mortgage commitments (during period)										
15 Issued[7]	65,859	69,965	193,795	16,803	20,754	26,509	16,891	20,192	12,517	19,507
16 To sell[8]	130	1,298	1,880	434	0	0	266	75	178	351
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	137,755	164,421	255,010	255,010	257,062	262,921	277,624	284,006	285,881	299,184
18 FHA/VA insured	220	177	785	785	387	755	754	1,613[r]	1,610	1,610
19 Conventional	137,535	164,244	254,225	254,225	256,675	262,166	276,870	282,393[r]	284,271	297,574
Mortgage transactions (during period)										
20 Purchases	125,103	117,401	267,402	34,299	27,680[r]	25,225	29,921	26,473	22,503	21,950
21 Sales	119,702	114,258	250,565	28,024	31,430[r]	24,231[r]	28,740	25,464	21,972	20,349
22 Mortgage commitments contracted (during period)[9]	128,995	120,089	281,899	29,703	23,900	24,829	32,546	24,050	20,052	21,610

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

1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

	Type of holder and property	1995	1996	1997	1998				1999
					Q1	Q2	Q3	Q4	Q1p
1	**All holders**	**4,604,408r**	**4,898,791r**	**5,212,899r**	**5,323,116r**	**5,434,606r**	**5,568,971r**	**5,723,504r**	**5,860,041**
	By type of property								
2	One- to four-family residences	3,510,749r	3,726,748r	3,969,525r	4,055,368r	4,135,647r	4,238,430r	4,343,358r	4,441,804
3	Multifamily residences	277,001r	294,396r	308,794r	314,636r	321,223r	327,661r	337,736r	347,448
4	Nonfarm, nonresidential	732,097r	790,513r	844,281r	861,819r	884,814r	908,635r	946,096r	973,710
5	Farm	84,561	87,134	90,299	91,291r	92,923r	94,244r	96,315r	97,080
	By type of holder								
6	Major financial institutions	1,900,089	1,981,885	2,083,978	2,114,077r	2,121,531r	2,136,776r	2,194,959r	2,198,641
7	Commercial banks[2]	1,090,189	1,145,389	1,245,315	1,270,586r	1,281,440r	1,295,173r	1,337,545r	1,337,140
8	One- to four-family	646,545r	677,603r	745,510r	764,656r	770,438r	770,489r	797,746r	783,291
9	Multifamily	42,521r	45,451r	49,670r	51,007r	51,449r	52,443r	53,123r	56,430
10	Nonfarm, nonresidential	377,293r	397,452r	423,148r	427,465r	431,234r	443,553r	457,642r	467,907
11	Farm	23,830	24,883	26,986	27,458	28,319	28,688	29,034	29,512
12	Savings institutions[3]	596,763	628,335	631,822	637,012	632,359	634,244	643,773	646,202
13	One- to four-family	482,353	513,712	520,672	527,036	522,088	525,842	533,680	534,490
14	Multifamily	61,987	61,570	59,543	59,074	58,908	56,706	56,806	56,761
15	Nonfarm, nonresidential	52,135	52,723	51,252	50,532	50,978	51,297	52,871	54,516
16	Farm	288	331	354	369	386	399	417	435
17	Life insurance companies	213,137	208,161	206,841	206,479r	207,732r	207,359r	213,640r	215,299
18	One- to four-family	8,890	6,977	7,187	6,979r	6,814r	6,594r	6,590r	6,631
19	Multifamily	28,714	30,750	30,402	30,394r	30,618r	30,565r	31,522r	31,004
20	Nonfarm, nonresidential	165,876	160,314	158,780	158,493r	159,456r	159,189r	164,004r	166,060
21	Farm	9,657	10,120	10,472	10,613r	10,844r	11,011r	11,524r	11,604
22	Federal and related agencies	308,757	295,192	286,167	286,877	287,161	287,125	292,636r	288,312
23	Government National Mortgage Association	2	2	8	8	8	7	7	7
24	One- to four-family	2	2	8	8	8	7	7	7
25	Multifamily	0	0	0	0	0	0	0	0
26	Farmers Home Administration[4]	41,791	41,596	41,195	40,972	40,921	40,907	40,851	40,691
27	One- to four-family	17,705	17,303	17,253	17,160	17,059	17,025	16,895	16,777
28	Multifamily	11,617	11,685	11,720	11,714	11,722	11,736	11,739	11,731
29	Nonfarm, nonresidential	6,248	6,841	7,370	7,369	7,497	7,566	7,705	7,769
30	Farm	6,221	5,768	4,852	4,729	4,644	4,579	4,513	4,413
31	Federal Housing and Veterans' Administrations	9,809	6,244	3,821	3,694	3,631	3,405	3,674r	3,675
32	One- to four-family	5,180	3,524	1,767	1,641	1,610	1,550	1,849r	1,850
33	Multifamily	4,629	2,719	2,054	2,053	2,021	1,855	1,825r	1,825
34	Resolution Trust Corporation	1,864	0	0	0	0	0	0	0
35	One- to four-family	691	0	0	0	0	0	0	0
36	Multifamily	647	0	0	0	0	0	0	0
37	Nonfarm, nonresidential	525	0	0	0	0	0	0	0
38	Farm	0	0	0	0	0	0	0	0
39	Federal Deposit Insurance Corporation	4,303	2,431	724	786	564	482	361	315
40	One- to four-family	492	365	109	118	85	72	54	47
41	Multifamily	428	413	123	134	96	82	61	54
42	Nonfarm, nonresidential	3,383	1,653	492	534	384	328	245	214
43	Farm	0	0	0	0	0	0	0	0
44	Federal National Mortgage Association	178,807	168,813	161,308	160,048	159,816	159,104	157,675	157,185
45	One- to four-family	163,648	155,008	149,831	149,254	149,383	149,069	147,594	147,063
46	Multifamily	15,159	13,805	11,477	10,794	10,433	10,035	10,081	10,122
47	Federal Land Banks	28,428	29,602	30,657	31,005	31,352	32,009	32,983r	33,128
48	One- to four-family	1,673	1,742	1,804	1,824	1,845	1,883	1,941r	1,949
49	Farm	26,755	27,860	28,853	29,181	29,507	30,126	31,042r	31,179
50	Federal Home Loan Mortgage Corporation	43,753	46,504	48,454	50,364	50,869	51,211	57,085	53,312
51	One- to four-family	39,901	41,758	42,629	44,440	44,597	44,254	49,106	44,139
52	Multifamily	3,852	4,746	5,825	5,924	6,272	6,957	7,979	9,173
53	Mortgage pools or trusts[5]	1,863,210	2,064,882	2,272,953r	2,330,799r	2,442,558r	2,548,192r	2,632,893r	2,761,941
54	Government National Mortgage Association	472,283	506,340	536,810	533,011	537,586	541,431	537,431	542,409
55	One- to four-family	461,438	494,158	523,156	519,152	523,243	526,934	522,483	527,461
56	Multifamily	10,845	12,182	13,654	13,859	14,343	14,497	14,948	14,948
57	Federal Home Loan Mortgage Corporation	515,051	554,260	579,385	583,144	609,791	635,726	646,459	687,179
58	One- to four-family	512,238	551,513	576,846	580,715	607,469	633,124	643,465	684,240
59	Multifamily	2,813	2,747	2,539	2,429	2,322	2,602	2,994	2,939
60	Federal National Mortgage Association	582,959	650,780	709,582	730,832	761,359	798,460	834,518	881,815
61	One- to four-family	569,724	633,210	687,981	708,125	737,631	770,979	804,205	849,513
62	Multifamily	13,235	17,570	21,601	22,707	23,728	27,481	30,313	32,302
63	Farmers Home Administration[4]	11	3	2	2	2	2	1	1
64	One- to four-family	2	0	0	0	0	0	0	0
65	Multifamily	0	0	0	0	0	0	0	0
66	Nonfarm, nonresidential	5	0	0	0	0	0	0	0
67	Farm	4	3	2	2	2	2	1	1
68	Private mortgage conduits	292,906	353,499	447,173r	483,810r	533,820r	572,573r	614,484r	650,537
69	One- to four-family[6]	227,800	261,900	318,000	336,824	364,316	391,736	410,900	430,653
70	Multifamily	15,584	21,967	29,218r	33,432r	38,098r	40,895r	44,654r	48,403
71	Nonfarm, nonresidential	49,522	69,633	99,955	113,554r	131,406r	139,942r	158,930r	171,482
72	Farm	0	0	0	0	0	0	0	0
73	Individuals and others[7]	532,353r	556,832r	569,802r	591,363r	583,357r	596,877r	603,017r	611,147
74	One- to four-family	372,468r	367,973r	376,773r	397,437r	389,063r	398,871r	406,843r	413,692
75	Multifamily	64,969r	68,791r	70,966r	71,116r	71,213r	71,806r	71,691r	71,756
76	Nonfarm, nonresidential	77,109r	101,898r	103,284r	103,871r	103,860r	106,761r	104,699r	105,763
77	Farm	17,806	18,169	18,779	18,939r	19,221r	19,440r	19,784r	19,937

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

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

1.55 CONSUMER CREDIT[1]

Millions of dollars, amounts outstanding, end of period

Holder and type of credit	1996	1997	1998	1998	1999				
				Dec.	Jan.	Feb.	Mar	Apr.	May
	Seasonally adjusted								
1 **Total**	**1,182,439**	**1,234,122**	**1,300,491**	**1,300,491**	**1,315,653**	**1,325,101**	**1,332,139**	**1,332,634**	**1,344,735**
2 Revolving	499,532	531,294	560,653	560,653	565,035	566,858	567,283	570,054	572,154
3 Nonrevolving[2]	682,907	702,828	739,838	739,838	750,619	758,244	764,857	762,580	772,580
	Not seasonally adjusted								
4 **Total**	**1,211,590**	**1,264,103**	**1,331,742**	**1,331,742**	**1,324,528**	**1,318,872**	**1,318,611**	**1,323,067**	**1,332,564**
By major holder									
5 Commercial banks	526,769	512,563	508,932	508,932	508,635	500,429	494,039	495,873	495,972
6 Finance companies	152,391	160,022	168,491	168,491	166,979	169,013	167,815	170,275	168,891
7 Credit unions	144,148	152,362	155,406	155,406	155,726	155,203	155,110	155,933	157,004
8 Savings institutions	44,711	47,172	51,611	51,611	52,283	52,953	53,623	54,294	54,964
9 Nonfinancial business	77,745	78,927	74,877	74,877	70,947	67,948	67,138	67,117	68,058
10 Pools of securitized assets[3]	265,826	313,057	372,425	372,425	369,958	373,326	380,886	378,344	387,675
By major type of credit[4]									
11 Revolving	522,860	555,858	586,528	586,528	574,901	567,549	561,542	564,099	566,214
12 Commercial banks	228,615	219,826	210,346	210,346	204,774	197,623	190,028	191,295	190,165
13 Finance companies	32,493	38,608	32,309	32,309	32,088	31,544	31,197	31,457	31,697
14 Credit unions	17,826	19,552	19,930	19,930	19,295	19,202	18,894	19,044	19,011
15 Savings institutions	10,313	11,441	12,450	12,450	12,425	12,399	12,373	12,348	12,322
16 Nonfinancial business	44,901	44,966	39,166	39,166	36,401	34,337	33,754	33,726	34,446
17 Pools of securitized assets[3]	188,712	221,465	272,327	272,327	269,918	272,444	275,296	276,229	278,573
18 Nonrevolving credit	688,730	708,245	745,214	745,214	749,627	751,323	757,069	757,894	766,350
19 Commercial banks	298,154	292,737	298,586	298,586	303,861	302,806	304,011	304,578	305,807
20 Finance companies	119,898	121,414	136,182	136,182	134,891	137,469	136,618	138,818	137,194
21 Credit unions	126,322	132,810	135,476	135,476	136,431	136,001	136,216	136,889	137,993
22 Savings institutions	34,398	35,731	39,161	39,161	39,858	40,554	41,250	41,946	42,642
23 Nonfinancial business	32,844	33,961	35,711	35,711	34,546	33,611	33,384	33,391	33,612
24 Pools of securitized assets[3]	77,114	91,592	100,098	100,098	100,040	100,882	105,590	102,272	109,102

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Comprises 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	1996	1997	1998	1998		1999				
				Nov	Dec.	Jan.	Feb.	Mar.	Apr.	May
INTEREST RATES										
Commercial banks[2]										
1 48-month new car	9.05	9.02	8.72	8.62	n.a.	n.a.	8.34	n.a.	n.a.	8.30
2 24-month personal	13.54	13.90	13.74	13.75	n.a.	n.a.	13.41	n.a.	n.a.	13.26
Credit card plan										
3 All accounts	15.63	15.77	15.71	15.69	n.a.	n.a.	15.41	n.a.	n.a.	15.21
4 Accounts assessed interest	15.50	15.57	15.59	15.54	n.a.	n.a.	14.73	n.a.	n.a.	14.94
Auto finance companies										
5 New car	9.84	7.12	6.30	6.79	6.43	6.22	6.43	6.31	6.52	6.57
6 Used car	13.53	13.27	12.64	12.41	12.31	11.81	12.08	12.09	12.17	12.16
OTHER TERMS[3]										
Maturity (months)										
7 New car	51.6	54.1	52.1	52.8	52.2	52.1	53.4	53.0	52.8	52.4
8 Used car	51.4	51.0	53.5	54.3	54.2	56.0	55.9	56.0	56.0	56.1
Loan-to-value ratio										
9 New car	91	92	92	91	91	92	92	91	92	92
10 Used car	100	99	99	100	100	99	99	99	99	99
Amount financed (dollars)										
11 New car	16,987	18,077	19,083	19,590	19,734	19,628	19,304	19,339	19,435	19,539
12 Used car	12,182	12,281	12,691	13,112	13,202	13,497	13,604	13,653	13,647	13,700

1. The Board's series on amounts of credit covers most short- and intermediate-term credit extended to individuals. Data in this table also appear in the Board's G.19 (421) monthly statistical release. For ordering address, see inside front cover.
2. Data are available for only the second month of each quarter.
3. At auto finance companies.

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

Billions of dollars; quarterly data at seasonally adjusted annual rates

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

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

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

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

1.58 SUMMARY OF FINANCIAL TRANSACTIONS[1]

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

Transaction category or sector	1993	1994	1995	1996	1997	1997		1998				1999
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
NET LENDING IN CREDIT MARKETS[2]												
1 **Total net lending in credit markets**	**950.8**	**1,030.2**	**1,227.6**	**1,327.3**	**1,431.5**	**1,508.4**	**1,870.5**	**1,906.9**	**1,983.1**	**1,871.1**	**2,349.1**	**2,224.9**
2 Domestic nonfederal nonfinancial sectors	38.3	238.1	−99.1	−30.0	−125.9	−175.5	10.5	−236.3	394.3	15.4	−326.7	190.5
3 Household	−2.3	274.9	−3.7	3.8	−128.2	−152.9	−18.0	−253.2	295.2	−138.0	−426.0	123.0
4 Nonfinancial corporate business	9.1	17.7	−8.8	4.2	2.7	18.6	−12.8	4.2	−61.0	17.4	10.3	31.2
5 Nonfarm noncorporate business	−1.1	.6	4.7	−4.3	−.6	−.6	−.6	.0	.0	.0	.0	.0
6 State and local governments	32.6	−55.0	−91.4	−33.7	.1	−40.7	42.0	12.8	160.1	136.0	89.0	36.2
7 Federal government	−18.4	−27.5	−.2	−7.7	4.9	3.3	9.0	15.5	12.8	13.9	11.8	18.2
8 Rest of the world	129.3	132.3	273.9	417.3	310.1	402.9	208.7	238.6	314.2	58.6	391.8	194.4
9 Financial sectors	801.6	687.1	1,053.0	947.8	1,242.4	1,277.6	1,642.4	1,889.1	1,261.8	1,783.3	2,272.2	1,821.8
10 Monetary authority	36.2	31.5	12.7	12.3	38.3	22.9	52.9	27.4	7.7	48.3	.8	71.3
11 Commercial banking	142.2	163.4	265.9	187.5	324.3	226.2	464.9	292.9	136.1	242.7	554.9	52.1
12 U.S.-chartered banks	149.6	148.1	186.5	119.6	274.9	220.7	386.2	260.5	130.5	286.8	570.1	124.5
13 Foreign banking offices in United States	−9.8	11.2	75.4	63.3	40.2	4.6	58.2	11.6	18.1	−53.1	−24.2	−61.9
14 Bank holding companies	.0	.9	−.3	3.9	5.4	−5.0	19.4	15.3	−17.6	6.0	−7.4	−6.0
15 Banks in U.S.-affiliated areas	2.4	3.3	4.2	.7	3.7	5.8	1.1	5.5	5.1	2.9	16.4	−4.5
16 Savings institutions	−23.3	6.7	−7.6	19.9	−4.7	−35.3	−2.0	10.8	−1.8	34.0	102.1	104.2
17 Credit unions	21.7	28.1	16.2	25.5	16.8	13.6	7.7	16.5	22.7	19.3	17.4	37.0
18 Bank personal trusts and estates	9.5	7.1	−8.3	−7.7	7.6	7.3	8.8	2.4	3.1	2.0	3.9	3.1
19 Life insurance companies	100.4	72.0	100.0	69.6	94.3	92.9	34.1	88.4	62.6	70.9	86.6	105.9
20 Other insurance companies	27.7	24.9	21.5	22.5	25.2	32.0	34.7	23.4	−1.5	−7.7	67.5	20.7
21 Private pension funds	50.2	46.1	56.0	52.3	65.5	64.6	79.5	74.5	130.1	95.6	174.4	60.7
22 State and local government retirement funds	22.7	22.3	27.5	45.9	36.6	79.1	9.5	80.7	61.6	50.9	48.0	52.1
23 Money market mutual funds	20.4	30.0	86.5	88.8	87.5	121.5	144.2	172.0	200.1	247.5	356.4	239.7
24 Mutual funds	159.5	−7.1	52.5	48.9	80.9	108.0	61.8	146.3	155.7	97.7	102.7	84.3
25 Closed-end funds	20.0	−3.7	10.5	4.7	−3.4	−3.4	−3.4	−2.4	−2.4	−2.4	−2.0	−2.0
26 Government-sponsored enterprises	87.8	117.8	86.7	84.2	94.3	55.6	158.5	198.9	150.2	264.0	430.0	158.4
27 Federally related mortgage pools	84.7	115.4	98.2	141.1	114.4	114.6	140.3	84.8	247.0	267.5	171.2	372.0
28 Asset-backed securities issuers (ABSs)	82.8	69.4	120.6	123.6	162.3	162.4	320.3	222.7	327.4	245.5	311.1	284.7
29 Finance companies	−20.9	48.3	49.9	18.4	21.9	68.3	−21.3	28.7	27.1	79.7	72.1	73.3
30 Mortgage companies	.0	−24.0	−3.4	8.2	−9.1	82.9	−93.6	58.8	−56.4	4.5	6.0	10.0
31 Real estate investment trusts (REITs)	.4	−.7	1.4	4.4	20.2	16.2	38.9	25.6	6.1	−11.3	−40.8	4.0
32 Brokers and dealers	14.8	−44.2	90.1	−15.7	14.9	18.0	71.7	245.8	−183.1	77.0	−209.1	86.1
33 Funding corporations	−35.1	−16.2	−23.8	13.5	54.8	30.2	134.8	90.6	−30.4	−42.4	19.1	4.3
RELATION OF LIABILITIES TO FINANCIAL ASSETS												
34 **Net flows through credit markets**	**950.8**	**1,030.2**	**1,227.6**	**1,327.3**	**1,431.5**	**1,508.4**	**1,870.5**	**1,906.9**	**1,983.1**	**1,871.1**	**2,349.1**	**2,224.9**
Other financial sources												
35 Official foreign exchange	.8	−5.8	8.8	−6.3	.7	2.4	17.5	1.0	8.1	11.4	8.6	−17.4
36 Special drawing rights certificates	.0	.0	2.2	−.5	−.5	.0	.0	.0	.0	.0	.0	−4.0
37 Treasury currency	.4	.7	.6	.1	.0	1.3	−1.9	.3	.2	1.7	−2.3	.0
38 Foreign deposits	−18.5	52.9	35.3	85.9	107.4	116.1	103.0	−45.3	89.0	87.3	36.8	72.2
39 Net interbank transactions	50.5	89.8	9.9	−51.6	−19.7	−25.0	79.8	−124.8	30.0	49.8	−89.7	125.8
40 Checkable deposits and currency	117.3	−9.7	−12.7	15.8	41.5	−38.4	71.9	65.6	109.3	−61.7	80.7	79.8
41 Small time and savings deposits	−70.3	−39.9	96.6	97.2	97.1	47.0	155.9	154.9	36.2	111.6	309.0	−1.2
42 Large time deposits	−23.5	19.6	65.6	114.0	122.5	188.4	70.7	186.2	−16.5	81.5	119.2	−14.2
43 Money market fund shares	20.2	43.3	142.3	145.8	157.6	226.2	147.8	248.0	186.4	400.7	306.6	248.1
44 Security repurchase agreements	71.3	78.2	110.5	41.4	120.9	115.5	117.9	259.5	−113.6	228.6	−164.3	255.3
45 Corporate equities	137.7	24.6	−3.1	−8.7	−78.8	−60.5	−103.3	−107.5	−115.9	−319.0	−196.7	−96.1
46 Mutual fund shares	292.0	100.6	147.4	237.6	265.1	299.9	261.0	325.2	392.7	152.5	243.5	221.1
47 Trade payables	52.2	94.0	101.5	83.4	100.4	137.9	146.9	63.8	−58.0	56.7	−97.1	73.0
48 Security credit	61.4	−.1	26.7	52.4	111.0	91.1	116.8	165.3	128.3	179.6	−39.6	−89.6
49 Life insurance reserves	37.1	35.5	45.8	44.5	54.3	63.9	37.4	49.3	53.3	51.7	59.0	54.7
50 Pension fund reserves	267.4	259.6	229.2	244.3	307.6	338.1	301.1	262.2	265.8	278.8	318.7	280.2
51 Taxes payable	11.4	2.6	6.2	16.0	16.8	30.7	−.6	8.5	−1.0	36.0	8.2	12.2
52 Investment in bank personal trusts	.9	17.8	4.0	−8.6	75.0	80.8	78.4	50.3	57.5	47.8	67.1	64.1
53 Noncorporate proprietors' equity	24.1	53.6	60.3	.1	6.7	15.0	−43.7	−6.3	−5.4	−59.9	15.8	19.0
54 Miscellaneous	345.3	241.3	455.6	521.5	590.1	722.7	386.1	1,164.0	294.2	661.9	975.1	192.5
55 **Total financial sources**	**2,328.5**	**2,088.8**	**2,760.3**	**2,951.9**	**3,507.3**	**3,861.5**	**3,813.3**	**4,627.1**	**3,323.7**	**3,868.2**	**4,307.7**	**3,700.2**
Liabilities not identified as assets (−)												
56 Treasury currency	−.2	−.2	−.5	−.9	−.6	.7	−2.4	−.2	−.3	1.1	−3.4	−1.2
57 Foreign deposits	−5.7	43.0	25.1	59.6	107.4	93.7	147.9	−94.5	144.3	73.7	26.5	25.0
58 Net interbank liabilities	4.2	−2.7	−3.1	−3.3	−19.9	−50.0	−33.0	30.7	11.4	19.4	−49.0	54.3
59 Security repurchase agreements	46.4	69.4	17.5	.5	65.3	23.9	190.8	148.7	−170.5	106.0	−3.0	198.9
60 Taxes payable	15.8	16.6	21.1	20.4	18.8	15.2	11.6	4.4	5.3	26.4	17.3	3.4
61 Miscellaneous	−163.5	−192.8	−229.6	−50.2	−235.3	−54.9	−566.5	−62.0	−203.6	−91.8	−72.7	−503.9
Floats not included in assets (−)												
62 Federal government checkable deposits	−1.5	−4.8	−6.0	.5	−2.7	10.0	−7.9	7.5	−41.7	24.1	20.4	−3.2
63 Other checkable deposits	−1.3	−2.8	−3.8	−4.0	−3.9	−3.0	−5.0	−4.0	−3.0	−3.2	−2.1	−2.0
64 Trade credit	−4.0	1.5	−11.7	−52.6	8.5	66.9	46.4	6.6	−148.8	−76.4	−49.6	−48.4
65 **Total identified to sectors as assets**	**2,438.1**	**2,161.7**	**2,951.3**	**2,981.8**	**3,569.7**	**3,758.8**	**4,031.5**	**4,589.9**	**3,730.6**	**3,788.8**	**4.423.2**	**3,977.3**

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

2. Excludes corporate equities and mutual fund shares.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING[1]

Billions of dollars, end of period

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

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

1.60 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES[1]

Billions of dollars except as noted, end of period

Transaction category or sector	1994	1995	1996	1997	1997		1998				1999
					Q3	Q4	Q1	Q2	Q3	Q4	Q1
CREDIT MARKET DEBT OUTSTANDING[2]											
1 **Total credit market assets**	**17,209.1**	**18,439.3**	**19,766.6**	**21,157.4**	**20,653.6**	**21,157.4**	**21,628.0**	**22,091.0**	**22,561.1**	**23,184.9**	**23,743.7**
2 Domestic nonfederal nonfinancial sectors	3,031.0	2,890.6	2,900.7	2,724.8	2,710.6	2,724.8	2,662.1	2,718.7	2,739.1	2,686.4	2,733.4
3 Household	1,974.3	1,929.3	1,982.7	1,804.4	1,814.5	1,804.4	1,759.6	1,786.8	1,769.5	1,673.9	1,727.6
4 Nonfinancial corporate business	289.2	280.4	275.2	278.0	265.1	278.0	259.1	245.4	251.2	270.7	257.2
5 Nonfarm noncorporate business	37.6	42.3	38.0	37.4	37.5	37.4	37.4	37.4	37.4	37.4	37.4
6 State and local governments	729.9	638.6	604.8	605.0	593.5	605.0	606.0	649.1	681.1	704.4	711.2
7 Federal government	203.4	203.2	195.5	200.4	198.2	200.4	204.3	207.5	210.9	213.9	218.5
8 Rest of the world	1,216.0	1,530.3	1,933.8	2,259.0	2,196.4	2,259.0	2,324.0	2,401.2	2,416.4	2,509.8	2,563.6
9 Financial sectors	12,758.7	13,815.2	14,736.6	15,973.2	15,548.4	15,973.2	16,437.6	16,763.6	17,194.7	17,774.8	18,228.1
10 Monetary authority	368.2	380.8	393.1	431.4	412.7	431.4	433.8	440.3	446.5	452.5	466.0
11 Commercial banking	3,254.3	3,520.1	3,707.7	4,031.9	3,912.9	4,031.9	4,093.3	4,136.4	4,195.7	4,337.1	4,340.2
12 U.S.-chartered banks	2,869.6	3,056.1	3,175.8	3,450.7	3,351.9	3,450.7	3,505.0	3,543.6	3,616.2	3,761.3	3,782.9
13 Foreign banking offices in United States	337.1	412.6	475.8	516.1	501.0	516.1	517.9	525.6	510.1	504.2	488.1
14 Bank holding companies	18.4	18.0	22.0	27.4	22.5	27.4	31.2	26.8	28.3	26.5	25.0
15 Banks in U.S.-affiliated areas	29.2	33.4	34.1	37.8	37.5	37.8	39.2	40.4	41.1	45.2	44.1
16 Savings institutions	920.8	913.3	933.2	928.5	929.0	928.5	931.2	930.8	939.3	964.8	990.8
17 Credit unions	246.8	263.0	288.5	305.3	303.9	305.3	306.7	315.1	320.5	324.2	330.7
18 Bank personal trusts and estates	248.0	239.7	232.0	239.5	237.3	239.5	240.1	240.9	241.4	242.4	243.1
19 Life insurance companies	1,487.5	1,587.5	1,657.0	1,751.3	1,746.7	1,751.3	1,777.3	1,793.2	1,810.6	1,828.4	1,858.9
20 Other insurance companies	446.4	468.7	491.2	515.3	506.6	515.3	521.1	520.8	518.9	535.7	540.9
21 Private pension funds	660.9	716.9	769.2	834.7	814.8	834.7	853.4	885.9	909.8	953.4	968.6
22 State and local government retirement funds	455.8	483.3	529.2	565.8	562.0	565.8	582.2	600.2	613.1	626.1	635.1
23 Money market mutual funds	459.0	545.5	634.3	721.9	678.7	721.9	775.0	815.9	869.9	965.9	1,036.2
24 Mutual funds	718.8	771.3	820.2	901.1	890.4	901.1	940.0	979.1	1,005.9	1,026.7	1,049.9
25 Closed-end funds	86.0	96.4	101.1	97.7	98.5	97.7	97.1	96.5	95.9	95.4	94.9
26 Government-sponsored enterprises	663.3	750.0	807.9	902.2	862.5	902.2	951.4	989.4	1,055.4	1,163.0	1,202.0
27 Federally related mortgage pools	1,472.1	1,570.3	1,711.4	1,825.8	1,790.7	1,825.8	1,847.0	1,908.7	1,975.6	2,018.4	2,111.4
28 Asset-backed securities issuers (ABSs)	532.8	653.4	777.0	939.3	855.3	939.3	989.3	1,068.9	1,134.2	1,216.0	1,281.2
29 Finance companies	476.2	526.2	544.5	566.4	564.4	566.4	572.0	579.0	592.7	618.4	635.4
30 Mortgage companies	36.5	33.0	41.2	32.1	55.5	32.1	46.8	32.7	33.8	35.3	37.8
31 Real estate investment trusts (REITs)	24.6	26.0	30.4	50.6	40.8	50.6	57.0	58.5	55.7	45.5	46.5
32 Brokers and dealers	93.3	183.4	167.7	182.6	164.7	182.6	244.0	198.3	217.5	165.2	186.8
33 Funding corporations	107.5	86.3	99.8	149.9	120.9	149.9	179.0	173.2	162.4	160.5	171.9
RELATION OF LIABILITIES TO FINANCIAL ASSETS											
34 **Total credit market debt**	**17,209.1**	**18,439.3**	**19,766.6**	**21,157.4**	**20,653.6**	**21,157.4**	**21,628.0**	**22,091.0**	**22,561.1**	**23,184.9**	**23,743.7**
Other liabilities											
35 Official foreign exchange	53.2	63.7	53.7	48.9	46.1	48.9	48.2	50.1	54.5	60.1	53.6
36 Special drawing rights certificates	8.0	10.2	9.7	9.2	9.2	9.2	9.2	9.2	9.2	9.2	8.2
37 Treasury currency	17.6	18.2	18.3	18.3	18.7	18.3	18.4	18.4	18.8	18.3	18.3
38 Foreign deposits	373.9	418.8	516.1	619.4	597.8	619.4	608.1	630.4	652.2	661.4	679.4
39 Net interbank liabilities	280.1	290.7	240.8	219.4	189.0	219.4	177.9	189.2	196.5	187.6	206.5
40 Checkable deposits and currency	1,242.0	1,229.3	1,245.1	1,286.6	1,234.2	1,286.6	1,259.4	1,321.0	1,282.7	1,335.1	1,313.3
41 Small time and savings deposits	2,183.2	2,279.7	2,377.0	2,474.1	2,438.8	2,474.1	2,525.2	2,530.8	2,553.5	2,627.0	2,639.3
42 Large time deposits	411.2	476.9	590.9	713.4	696.1	713.4	760.9	754.0	776.5	806.0	803.4
43 Money market fund shares	602.9	745.3	891.1	1,048.7	1,005.1	1,048.7	1,130.7	1,153.7	1,249.7	1,334.2	1,416.0
44 Security repurchase agreements	549.5	660.0	701.5	822.4	797.7	822.4	891.0	861.5	919.8	875.0	941.2
45 Mutual fund shares	1,477.3	1,852.8	2,342.4	2,989.4	2,973.6	2,989.4	3,339.3	3,438.4	3,137.3	3,610.0	3,763.3
46 Security credit	279.0	305.7	358.1	469.1	431.8	469.1	505.3	540.6	579.0	577.5	550.2
47 Life insurance reserves	520.3	566.2	610.6	665.0	655.6	665.0	677.3	690.6	703.5	718.3	731.9
48 Pension fund reserves	5,057.5	5,821.1	6,567.8	7,680.9	7,556.4	7,680.9	8,246.8	8,344.4	7,805.4	8,724.2	8,873.0
49 Trade payables	1,140.6	1,242.2	1,325.6	1,426.0	1,362.5	1,426.0	1,409.3	1,400.5	1,414.4	1,417.3	1,402.5
50 Taxes payable	101.4	107.6	123.6	140.4	143.4	140.4	151.2	143.5	154.3	153.3	165.5
51 Investment in bank personal trusts	699.4	803.0	871.7	1,082.8	1,058.9	1,082.8	1,179.5	1,204.9	1,118.9	1,274.2	1,317.0
52 Miscellaneous	5,292.2	5,656.0	6,144.2	6,800.8	6,787.7	6,800.8	7,039.7	7,094.8	7,370.9	7,287.2	7,350.5
53 **Total liabilities**	**37,498.7**	**40,986.5**	**44,754.6**	**49,672.1**	**48,656.2**	**49,672.1**	**51,605.3**	**52,466.9**	**52,558.3**	**54,860.6**	**55,976.5**
Financial assets not included in liabilities (+)											
54 Gold and special drawing rights	21.1	22.1	21.4	21.1	21.0	21.1	21.2	21.0	21.2	21.6	20.7
55 Corporate equities	6,237.9	8,331.3	10,062.4	12,776.0	12,649.4	12,776.0	14,397.6	14,556.1	12,758.4	15,437.7	15,970.3
56 Household equity in noncorporate business	3,410.5	3,658.3	3,865.2	4,214.9	4,142.3	4,214.9	4,231.1	4,268.5	4,291.6	4,315.1	4,314.3
Liabilities not identified as assets (−)											
57 Treasury currency	−5.4	−5.8	−6.7	−7.3	−6.7	−7.3	−7.4	−7.4	−7.2	−8.0	−8.3
58 Foreign deposits	325.4	360.2	431.4	534.6	501.8	534.6	511.0	547.1	565.5	572.2	578.4
59 Net interbank transactions	−6.5	−9.0	−10.6	−32.2	−22.1	−32.2	−21.2	−17.1	−15.4	−27.2	−11.2
60 Security repurchase agreements	67.8	85.3	85.9	151.2	113.0	151.2	191.8	144.0	180.8	171.5	224.0
61 Taxes payable	48.8	62.4	76.7	93.5	88.2	93.5	89.1	94.7	101.5	103.8	96.5
62 Miscellaneous	−1,106.4	−1,460.3	−1,706.6	−1,913.0	−1,461.4	−1,913.0	−1,895.2	−1,916.3	−1,921.8	−2,201.6	−2,340.3
Floats not included in assets (−)											
63 Federal government checkable deposits	3.4	3.1	−1.6	−8.1	−7.8	−8.1	−10.4	−16.1	−12.0	−3.9	−7.2
64 Other checkable deposits	38.0	34.2	30.1	26.2	19.5	26.2	21.4	24.2	15.7	23.1	18.9
65 Trade credit	−245.9	−257.6	−310.1	−312.7	−396.2	−312.7	−364.0	−413.2	−438.8	−379.7	−445.4
66 **Total identified to sectors as assets**	**48,048.8**	**54,185.8**	**60,115.1**	**68,151.9**	**66,640.6**	**68,151.9**	**71,740.0**	**72,872.7**	**71,161.2**	**76,384.8**	**78,176.5**

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

2. Excludes corporate equities and mutual fund shares.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1996	1997	1998	1998			1999					
				Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.[r]	Apr.[r]	May	June
1 **Industrial production**[1]	**119.5**	**126.8**	**131.3**	**132.4**	**132.2**	**132.3**	**132.3**	**132.5**	**133.3**	**133.7**	**134.0**	**134.2**
Market groupings												
2 Products, total	114.4	119.6	123.5	124.9	124.5	124.4	124.5	124.6	125.2	125.6	125.8	125.6
3 Final, total	115.5	121.1	125.4	126.7	126.1	125.9	125.8	125.9	126.5	126.9	127.2	127.2
4 Consumer goods	111.3	114.1	115.2	115.2	114.8	114.9	115.2	115.3	115.3	115.6	115.6	115.6
5 Equipment	122.7	133.9	144.2	147.5	146.5	145.6	145.0	145.1	146.7	147.2	148.2	148.3
6 Intermediate	110.9	115.2	118.0	119.0	119.3	119.8	120.3	120.4	121.0	121.6	121.3	120.7
7 Materials	127.8	138.2	144.0	144.5	144.6	145.2	144.9	145.3	146.7	146.9	147.4	148.2
Industry groupings												
8 Manufacturing	121.4	129.7	135.1	136.1	136.4	136.7	136.4	136.9	137.5	138.0	138.4	138.6
9 Capacity utilization, manufacturing (percent)[2]	81.4	82.0	80.8	80.3	80.1	80.0	79.5	79.5	79.5	79.6	79.6	79.4
10 Construction contracts[3]	130.9	142.8	155.9[r]	156.0[r]	163.0[r]	166.0[r]	170.0[r]	163.0	159.0	162.0	156.0	159.0
11 Nonagricultural employment, total[4]	117.3	120.3	123.4	124.1	124.4	124.8[r]	124.9	125.3	125.4	125.7	125.7	125.9
12 Goods-producing, total	2.4	2.4	2.3	102.6[r]	102.5[r]	102.8[r]	102.6[r]	102.7	102.5	102.5	102.1	102.1
13 Manufacturing, total	97.4	98.2	98.5	98.4[r]	98.1[r]	98.0[r]	97.8[r]	97.6	97.4	97.2	97.0	96.8
14 Manufacturing, production workers	98.6	99.6	99.6	99.2[r]	98.9[r]	98.8[r]	98.6[r]	98.3	98.2	98.0	97.8	97.4
15 Service-producing	123.1	126.5	130.1	131.0[r]	131.4[r]	131.8	132.1	132.5	132.7	133.1	133.2	133.6
16 Personal income, total	165.2	174.5	183.3	185.6	187.2	187.1	188.2[r]	189.1	189.6	190.7	191.4	n.a.
17 Wages and salary disbursements	159.8	171.2	182.6	185.7	186.7	187.6	189.0	190.2	190.6	191.8	192.8	n.a.
18 Manufacturing	135.7	144.7	151.1	151.8	151.6	151.7	152.4	152.8	152.9	153.5	154.4	n.a.
19 Disposable personal income[5]	164.0	171.7	178.6	180.7	182.4	182.1	183.2[r]	183.9	184.6	185.5	186.1	n.a.
20 Retail sales[5]	159.6	166.9	175.1	177.7	178.9	180.9	183.3	186.4	186.4	187.3	189.6	189.7
Prices[6]												
21 Consumer (1982–84=100)	156.9	160.5	163.0	164.0	164.0	163.9	164.3	164.5	165.0	166.2	166.2	166.2
22 Producer finished goods (1982=100)	131.3	131.8	130.7	131.4	130.9	131.1	131.4[r]	130.8	131.2	131.8	132.4	132.7

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1998. The recent annual revision is described in an article in the January 1999 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp 187–204.

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

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

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

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

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

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data seasonally adjusted

Category	1996	1997	1998	1998[r]		1999					
				Nov.	Dec.	Jan.[r]	Feb.[r]	Mar[r]	Apr.[r]	May	June
HOUSEHOLD SURVEY DATA[1]											
1 Civilian labor force[2]	133,943	136,297	137,673	138,193	138,547	139,347	139,271	138,816	139,091	139,019	139,408
Employment											
2 Nonagricultural industries[3]	123,264	126,159	128,085	128,765	129,304	130,097	129,817	129,752	129,685	129,929	130,078
3 Agriculture	3,443	3,399	3,378	3,348	3,222	3,299	3,328	3,281	3,384	3,295	3,354
Unemployment											
4 Number	7,236	6,739	6,210	6,080	6,021	5,950	6,127	5,783	6,022	5,795	5,975
5 Rate (percent of civilian labor force)	5.4	4.9	4.5	4.4	4.3	4.3	4.4	4.2	4.3	4.2	4.3
ESTABLISHMENT SURVEY DATA											
6 **Nonagricultural payroll employment**[4]	**119,608**	**122,690**	**125,833**	**126,841**	**127,186**	**127,378**	**127,730**	**127,813**	**128,134**	**128,129**	**128,397**
7 Manufacturing	18,495	18,657	18,716	18,639	18,611	18,585	18,538	18,503	18,473	18,427	18,392
8 Mining	580	592	575	574	570	560	553	550	538	531	528
9 Contract construction	5,418	5,686	5,965	6,085	6,173	6,170	6,238	6,232	6,277	6,238	6,264
10 Transportation and public utilities	6,253	6,395	6,551	6,671	6,684	6,708	6,723	6,732	6,750	6,758	6,787
11 Trade	28,079	28,659	29,299	29,334	29,426	29,480	29,585	29,558	29,689	29,713	29,771
12 Finance	6,911	7,091	7,341	7,520	7,542	7,570	7,581	7,595	7,611	7,618	7,642
13 Service	34,454	36,040	37,525	38,070	38,207	38,313	38,458	38,556	38,697	38,766	38,917
14 Government	19,419	19,570	19,862	19,948	19,973	19,992	20,054	20,087	20,099	20,078	20,096

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	1998		1999		1998		1999		1998		1999	
	Q3	Q4	Q1[r]	Q2	Q3	Q4[r]	Q1[r]	Q2	Q3	Q4[r]	Q1[r]	Q2
	Output (1992=100)				Capacity (percent of 1992 output)				Capacity utilization rate (percent)[2]			
1 **Total industry**	**131.6**	**132.3**	**132.7**	**134.0**	**161.5**	**163.5**	**165.2**	**166.7**	**81.5**	**80.9**	**80.3**	**80.4**
2 Manufacturing	134.8	136.4	136.9	138.3	168.1	170.3	172.3	174.0	80.2	80.1	79.5	79.5
3 Primary processing[3]	120.2	120.6	121.7	121.7	145.1	146.1	146.9	147.7	82.9	82.5	82.8	82.4
4 Advanced processing[4]	142.1	144.4	144.6	146.8	179.2	182.0	184.5	186.7	79.3	79.3	78.3	78.6
5 Durable goods	157.9	161.2	162.1	165.1	197.5	201.2	204.4	207.4	79.9	80.1	79.3	79.6
6 Lumber and products	117.7	119.2	121.6	120.3	143.9	144.9	146.0	147.1	81.8	82.3	83.3	81.8
7 Primary metals	122.4	119.3	120.4	122.5	143.2	144.4	145.4	145.9	85.5	82.6	82.8	84.0
8 Iron and steel	118.7	112.9	115.5	119.4	144.6	146.5	147.9	148.8	82.1	77.0	78.1	80.2
9 Nonferrous	126.8	126.9	126.3	126.3	141.3	141.7	142.1	142.4	89.7	89.6	88.9	88.7
10 Industrial machinery and equipment	207.9	211.7	214.6	220.0	242.9	251.6	259.8	266.9	85.6	84.1	82.6	82.4
11 Electrical machinery	292.7	304.8	310.3	327.9	381.6	396.6	411.0	424.9	76.7	76.9	75.5	77.2
12 Motor vehicles and parts	137.2	148.5	147.5	151.6	184.9	186.0	186.7	187.1	74.2	79.8	79.0	81.0
13 *Aerospace and miscellaneous transportation equipment*	106.6	105.8	103.1	100.2	128.0	128.5	128.8	128.7	83.3	82.4	80.1	77.8
14 Nondurable goods	111.3	111.4	111.6	111.5	137.5	138.4	139.1	139.6	80.9	80.5	80.2	79.9
15 Textile mill products	112.1	110.2	109.7	110.2	135.1	135.2	135.0	134.7	83.0	81.5	81.2	81.8
16 Paper and products	115.0	114.3	116.3	114.3	132.5	133.4	134.2	135.0	86.8	85.7	86.7	84.7
17 Chemicals and products	114.4	114.0	114.0	114.9	148.9	149.7	150.3	150.8	76.8	76.1	75.8	76.2
18 Plastics materials	128.4	131.9	129.6	130.1	141.9	143.2	144.4	145.6	90.5	92.1	89.8	89.3
19 Petroleum products	112.7	111.9	115.4	113.5	116.8	117.1	117.4	117.7	96.5	95.6	98.3	96.4
20 Mining	103.6	100.7	98.8	98.7	120.1	120.6	120.9	121.2	86.2	83.5	81.7	81.4
21 Utilities	119.6	112.9	114.3	115.1	126.5	126.7	126.9	127.1	94.6	89.2	90.0	90.6
22 Electric	121.2	116.7	116.4	117.1	124.0	124.3	124.5	124.7	97.7	93.9	93.5	94.0

Series	1973	1975	Previous cycle[5]		Latest cycle[6]		1998	1999					
	High	Low	High	Low	High	Low	June	Jan.	Feb.	Mar.[r]	Apr.[r]	May[r]	June[p]
	Capacity utilization rate (percent)[2]												
1 **Total industry**	**89.2**	**72.6**	**87.3**	**71.1**	**85.4**	**78.1**	**81.5**	**80.3[r]**	**80.2**	**80.5**	**80.5**	**80.4**	**80.3**
2 Manufacturing	88.5	70.5	86.9	69.0	85.7	76.6	80.2	79.5	79.5	79.5	79.6	79.6	79.4
3 Primary processing[3]	91.2	68.2	88.1	66.2	88.9	77.7	83.3	83.0	82.7[r]	82.7	82.5	82.4	82.2
4 Advanced processing[4]	87.2	71.8	86.7	70.4	84.2	76.1	79.2	78.2	78.4	78.4	78.6	78.6	78.5
5 Durable goods	89.2	68.9	87.7	63.9	84.6	73.1	79.3	79.3	79.1	79.4	79.5	79.7	79.6
6 Lumber and products	88.7	61.2	87.9	60.8	93.6	75.5	81.5	83.8	83.6[r]	82.5	82.0	82.2	81.0
7 Primary metals	100.2	65.9	94.2	45.1	92.7	73.7	85.8	83.2	81.5[r]	83.8	83.8	84.0	84.1
8 Iron and steel	105.8	66.6	95.8	37.0	95.2	71.8	83.5	79.1	76.1	79.0	79.9	80.3	80.5
9 Nonferrous	90.8	59.8	91.1	60.1	89.3	74.2	88.6	88.3	88.4[r]	89.9	88.7	88.7	88.7
10 Industrial machinery and equipment	96.0	74.3	93.2	64.0	85.4	72.3	86.6	82.5	82.3	83.0	82.9	82.4	82.1
11 Electrical machinery	89.2	64.7	89.4	71.6	84.0	75.0	76.8	76.0	75.2[r]	75.3	76.7	77.4	77.5
12 Motor vehicles and parts	93.4	51.3	95.0	45.5	89.1	55.9	65.7	77.9	79.2	79.8	79.9	80.9	82.2
13 Aerospace and miscellaneous transportation equipment	78.4	67.6	81.9	66.6	87.3	79.2	83.2	80.1	80.6[r]	79.5	78.7	77.6	77.1
14 Nondurable goods	87.8	71.7	87.5	76.4	87.3	80.7	81.8	80.1	80.4[r]	80.2	80.1	79.9	79.7
15 Textile mill products	91.4	60.0	91.2	72.3	90.4	77.7	83.0	80.9	81.9[r]	80.8	81.9	82.2	81.4
16 Paper and products	97.1	69.2	96.1	80.6	93.5	85.0	87.1	86.7	86.7[r]	86.6	84.9	84.3	84.8
17 Chemicals and products	87.6	69.7	84.6	69.9	86.2	79.3	78.3	74.9	76.1[r]	76.5	76.5	76.3	75.8
18 Plastics materials	102.0	50.6	90.9	63.4	97.0	74.8	89.7	88.2	91.7	89.4	90.0	89.3	88.7
19 Petroleum products	96.7	81.1	90.0	66.8	88.5	85.1	95.7	99.5	99.1	96.2	96.9	97.3	95.1
20 Mining	94.3	88.2	96.0	80.3	88.0	87.0	87.3	81.5	81.8[r]	81.8	81.2	81.4	81.7
21 Utilities	96.2	82.9	89.1	75.9	92.6	83.4	94.0	90.5	87.7[r]	91.9	91.5	89.9	90.2
22 Electric	99.0	82.7	88.2	78.9	95.0	87.1	97.7	93.4	91.6	95.4	94.9	93.4	93.6

1 Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1998. The recent annual revision is described in an article in the January 1999 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

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

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

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

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data seasonally adjusted

Group	1992 proportion	1998 avg.	1998 June	1998 July	1998 Aug.	1998 Sept.	1998 Oct.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.[r]	1999 Mar.[r]	1999 Apr.[r]	1999 May[r]	1999 June[p]
			Index (1992 = 100)												
MAJOR MARKETS															
1 **Total index**	**100.0**	**131.3**	**130.6**	**130.5**	**132.4**	**131.9**	**132.4**	**132.2**	**132.3**	**132.3**	**132.5**	**133.3**	**133.7**	**134.0**	**134.2**
2 Products	60.5	123.5	123.6	123.3	124.9	124.1	124.9	124.5	124.4	124.5	124.6	125.2	125.6	125.8	125.6
3 Final products	46.3	125.4	125.5	124.7	126.8	126.0	126.7	126.1	125.9	125.8	125.9	126.5	126.9	127.2	127.2
4 Consumer goods, total	29.1	115.2	115.1	114.0	116.1	114.8	115.2	114.8	114.9	115.2	115.3	115.3	115.6	115.6	115.6
5 Durable consumer goods	6.1	135.7	130.7	124.6	140.1	137.4	140.5	138.9	139.8	141.5	143.3	142.2	144.9	146.9	147.7
6 Automotive products	2.6	132.9	121.7	107.3	141.7	136.4	141.1	139.6	139.8	141.7	140.4	138.4	140.9	144.7	147.2
7 Autos and trucks	1.7	137.8	118.2	92.8	151.4	143.4	150.6	149.1	147.7	149.4	149.3	147.5	150.1	154.7	158.9
8 Autos, consumer	.9	109.2	93.8	75.8	124.4	128.3	119.9	113.7	115.5	111.7	109.0	110.8	112.8	108.8	112.4
9 Trucks, consumer	.7	166.2	142.2	110.0	178.9	161.1	181.0	183.2	179.1	185.2	187.2	182.5	185.7	197.3	202.1
10 Auto parts and allied goods	.9	125.0	125.4	125.6	127.6	125.9	127.4	125.9	128.2	130.5	127.5	125.3	127.7	130.3	130.5
11 Other	3.5	137.8	137.8	138.7	138.5	138.0	139.7	137.9	139.5	141.0	145.4	145.0	147.9	148.4	147.7
12 Appliances, televisions, and air conditioners	1.0	206.2	199.9	207.8	209.4	209.9	215.2	222.5	226.0	229.6	241.4	241.7	252.0	250.7	253.2
13 Carpeting and furniture	.8	117.1	117.0	117.3	116.7	116.3	120.3	117.5	116.8	120.7	123.1	117.8	119.0	120.3	119.7
14 Miscellaneous home goods	1.6	114.7	117.1	115.9	115.3	114.5	113.6	109.5	111.4	110.9	113.5	115.5	116.7	117.2	115.5
15 Nondurable consumer goods	23.0	110.1	111.2	111.2	110.3	109.3	109.1	109.0	108.9	108.9	108.6	108.8	108.6	108.1	107.9
16 Foods and tobacco	10.3	109.0	108.5	108.5	107.5	106.9	108.0	109.6	109.6	110.0	110.2	109.6	109.1	108.6	108.9
17 Clothing	2.4	97.8	98.8	98.4	97.7	97.1	95.4	94.5	94.6	93.4	92.6	92.3	92.3	91.3	90.8
18 Chemical products	4.5	120.5	122.8	122.2	119.0	118.0	117.2	119.3	118.7	115.3	117.4	117.3	117.1	117.0	115.9
19 Paper products	2.9	105.8	105.3	106.3	106.6	105.9	105.2	104.1	103.6	102.0	101.0	99.5	100.4	101.2	101.5
20 Energy	2.9	112.2	118.2	118.4	120.1	116.8	115.0	106.5	107.1	113.3	108.9	115.3	114.5	112.1	111.6
21 Fuels	.8	110.5	111.4	112.9	112.1	108.3	108.4	109.1	109.6	112.2	113.3	110.5	112.0	113.2	110.4
22 Residential utilities	2.1	112.3	121.2	120.7	123.7	120.7	117.8	104.5	105.2	113.3	106.0	117.2	115.2	111.1	111.6
23 Equipment	17.2	144.2	144.1	143.9	146.0	146.2	147.5	146.5	145.6	145.0	145.1	146.7	147.2	148.2	148.3
24 Business equipment	13.2	163.5	163.6	163.5	166.6	167.4	169.0	168.1	167.9	167.3	167.6	169.3	170.7	171.7	171.9
25 Information processing and related	5.4	209.9	210.3	211.8	213.1	217.3	219.0	219.7	220.8	222.0	222.1	226.6	232.7	239.9	242.9
26 Computer and office equipment	1.1	646.0	638.6	654.6	671.6	693.6	716.7	745.2	759.9	777.0	787.2	824.8	852.8	879.3	903.0
27 Industrial	4.0	140.0	142.9	144.2	142.3	139.5	141.6	139.9	141.3	139.9	137.9	138.5	139.1	137.3	136.5
28 Transit	2.5	133.7	128.2	121.9	141.6	140.1	141.6	140.5	139.6	137.6	137.7	137.2	137.6	136.3	136.3
29 Autos and trucks	1.2	124.6	108.6	91.7	136.9	135.6	136.1	136.4	136.0	134.8	133.2	135.0	137.9	140.2	143.1
30 Other	1.3	138.9	141.7	146.6	132.6	140.9	141.1	138.5	131.7	131.5	140.2	142.8	135.7	134.9	131.1
31 Defense and space equipment	3.3	75.7	75.8	76.1	76.5	75.5	76.4	75.7	74.6	74.4	74.8	74.9	74.5	74.8	74.3
32 Oil and gas well drilling	.6	134.7	136.7	131.9	127.7	123.4	119.4	115.2	103.2	99.2	97.4	104.2	97.2	100.3	100.4
33 Manufactured homes	.2	149.2	146.1	151.1	145.7	147.8	150.9	154.6	156.6	159.1	154.1	152.8	148.0	145.2	147.1
34 Intermediate products, total	14.2	118.0	118.0	119.1	119.1	118.3	119.0	119.3	119.8	120.3	120.4	121.0	121.6	121.3	120.7
35 Construction supplies	5.3	127.2	126.1	128.5	128.0	126.9	128.4	129.6	131.0	132.4	132.7	131.7	132.2	132.1	131.3
36 Business supplies	8.9	112.6	113.2	113.6	113.8	113.3	113.5	113.2	113.3	113.1	113.1	114.7	115.3	114.8	114.4
37 Materials	39.5	144.0	141.8	141.9	144.4	144.4	144.5	144.6	145.2	144.9	145.3	146.7	146.9	147.4	148.2
38 Durable goods materials	20.8	176.4	171.7	171.8	177.4	177.7	178.8	179.9	180.4	180.1	180.0	182.6	183.4	184.6	185.9
39 Durable consumer parts	4.0	144.0	131.9	129.7	149.6	147.7	146.2	145.6	144.8	141.9	145.4	147.7	146.1	145.6	146.1
40 Equipment parts	7.6	277.4	271.0	274.1	278.0	282.7	287.0	289.9	292.6	293.2	292.5	297.0	302.6	307.3	311.5
41 Other	9.2	129.0	128.3	128.1	128.3	127.7	128.4	129.3	129.3	129.8	128.6	130.2	129.9	130.3	130.7
42 Basic metal materials	3.1	121.2	120.1	120.2	121.9	118.2	118.3	117.3	116.3	118.4	116.1	118.4	118.9	119.7	119.7
43 Nondurable goods materials	8.9	113.5	113.9	114.1	113.1	112.0	111.7	112.2	112.5	112.0	113.2	113.0	112.6	112.3	112.6
44 Textile materials	1.1	108.7	110.2	110.1	107.7	107.6	108.8	103.0	102.5	99.0	101.1	101.8	103.0	102.2	101.5
45 Paper materials	1.8	116.0	117.3	117.3	116.4	115.0	115.8	112.7	114.7	116.5	116.0	116.9	115.9	113.9	115.4
46 Chemical materials	3.9	114.5	114.8	114.6	113.6	111.8	111.1	113.7	113.0	112.8	114.0	113.7	113.7	114.0	114.2
47 Other	2.1	111.5	110.6	111.7	111.6	111.5	110.4	113.2	114.4	112.5	114.8	113.1	111.9	112.3	112.2
48 Energy materials	9.7	103.5	104.8	104.8	104.4	105.2	103.7	101.5	102.6	102.6	102.6	103.4	103.5	103.0	103.3
49 Primary energy	6.3	101.2	101.8	102.9	101.2	102.3	102.6	99.8	100.3	100.4	101.2	100.4	98.7	99.0	98.8
50 Converted fuel materials	3.3	108.1	110.7	108.6	110.7	110.9	106.1	104.9	107.2	107.1	105.6	109.2	112.6	110.7	111.8
SPECIAL AGGREGATES															
51 Total excluding autos and trucks	97.1	131.3	131.2	131.6	132.1	131.7	132.1	131.9	132.1	132.0	132.3	133.2	133.5	133.6	133.7
52 Total excluding motor vehicles and parts	95.1	130.8	131.2	131.7	131.3	131.0	131.5	131.4	131.7	131.7	131.7	132.6	133.0	133.1	133.2
53 Total excluding computer and office equipment	98.2	127.1	126.4	126.2	128.0	127.4	127.8	127.4	127.5	127.4	127.6	128.2	128.5	128.6	128.7
54 Consumer goods excluding autos and trucks	27.4	113.9	114.8	114.9	114.3	113.2	113.4	113.0	113.2	113.4	113.5	113.6	113.8	113.5	113.3
55 Consumer goods excluding energy	26.2	115.5	114.7	113.5	115.7	114.6	115.3	115.8	115.8	115.4	116.0	115.3	115.8	116.0	116.0
56 Business equipment excluding autos and trucks	12.0	167.9	170.0	171.8	169.9	171.0	172.7	171.6	171.5	170.9	171.5	173.1	174.3	175.2	175.1
57 Business equipment excluding computer and office equipment	12.1	142.4	142.7	142.2	144.8	145.1	146.2	144.6	144.1	143.1	143.2	144.0	144.8	145.2	144.9
58 Materials excluding energy	29.8	156.7	153.4	153.6	156.9	156.7	157.3	158.2	158.6	158.2	158.6	160.2	160.6	161.3	162.3

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

Group	SIC code[2]	1992 proportion	1998 avg.	1998 June	1998 July	1998 Aug.	1998 Sept.	1998 Oct.	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.[r]	1999 Mar.[r]	1999 Apr.[r]	1999 May[r]	1999 June[p]
				Index (1992 = 100)												
MAJOR INDUSTRIES																
59 **Total index**	..	**100.0**	**131.3**	**130.6**	**130.5**	**132.4**	**131.9**	**132.4**	**132.2**	**132.3**	**132.3**	**132.5**	**133.3**	**133.7**	**134.0**	**134.2**
60 Manufacturing	..	85.4	135.1	133.7	133.6	135.7	135.2	136.1	136.4	136.7	136.4	136.9	137.5	138.0	138.4	138.6
61 Primary processing	..	26.5	120.7	120.2	120.7	120.6	119.3	120.1	120.3	121.3	121.8	121.6	121.7	121.6	121.7	121.6
62 Advanced processing	..	58.8	142.1	140.4	139.9	143.3	143.2	144.2	144.6	144.4	143.8	144.6	145.4	146.3	146.8	147.2
63 Durable goods	..	45.0	157.5	154.8	154.4	159.8	159.6	161.2	161.0	161.5	161.4	161.7	163.1	164.2	165.2	165.9
64 Lumber and products	24	2.0	117.0	116.7	117.5	118.5	117.0	118.0	118.3	121.4	122.0	122.1	120.7	120.3	121.0	119.5
65 Furniture and fixtures	25	1.4	121.4	122.0	120.8	120.1	121.6	124.5	123.6	122.9	122.5	124.5	126.1	123.6	124.8	124.5
66 Stone, clay, and glass products	32	2.1	126.2	123.5	125.4	127.0	126.6	128.3	130.5	131.6	133.5	132.2	131.1	129.3	130.0	130.8
67 Primary metals	33	3.1	123.8	122.1	122.6	124.4	120.1	120.6	118.7	118.6	120.7	118.5	122.0	122.1	122.6	122.8
68 Iron and steel	331,2	1.7	121.1	119.8	120.2	122.5	113.4	114.4	109.7	114.6	116.7	112.6	117.1	118.6	119.6	119.9
69 Raw steel	331PT	.1	115.7	116.0	118.3	120.3	112.6	109.7	100.2	102.0	106.6	106.6	109.1	110.5	113.4	113.7
70 Nonferrous	333–6,9	1.4	127.0	124.9	125.4	126.7	128.1	128.0	129.3	123.4	125.4	125.6	127.9	126.2	126.3	126.4
71 Fabricated metal products	34	5.0	127.3	128.0	127.8	126.3	126.2	126.9	127.7	128.7	127.6	126.7	127.5	127.8	127.1	127.2
72 Industrial machinery and equipment	35	8.0	203.7	205.8	209.0	207.0	207.7	211.2	211.1	212.7	212.3	213.9	217.6	219.3	219.9	220.9
73 Computer and office equipment	357	1.8	649.1	641.4	657.0	673.6	695.5	718.5	746.9	761.6	778.9	789.3	828.3	859.3	889.1	914.1
74 Electrical machinery	36	7.3	291.9	285.5	289.4	290.8	297.7	302.4	304.8	307.3	308.7	309.2	313.1	322.4	328.7	332.7
75 Transportation equipment	37	9.5	123.0	114.2	108.2	130.3	127.6	128.4	127.1	125.6	124.0	125.6	125.5	125.0	125.2	126.0
76 Motor vehicles and parts	371	4.9	141.1	121.1	107.6	154.2	149.9	150.2	148.8	146.6	145.3	147.9	149.2	149.4	151.4	153.9
77 Autos and light trucks	371PT	2.6	128.5	110.1	86.9	142.0	136.5	140.4	138.1	137.3	137.9	137.3	136.3	138.7	141.4	145.4
78 Aerospace and miscellaneous transportation equipment	372–6,9	4.6	104.9	106.3	107.1	106.9	105.8	106.9	105.7	104.8	103.2	103.7	102.4	101.3	99.9	99.2
79 Instruments	38	5.4	113.0	112.4	112.6	113.0	114.2	114.6	114.1	113.9	114.3	113.8	114.6	115.6	117.2	117.2
80 Miscellaneous	39	1.3	117.7	118.5	118.5	117.7	117.0	115.9	114.1	115.4	114.8	115.8	116.7	118.2	119.3	117.6
81 Nondurable goods	..	40.4	111.9	112.0	112.1	111.3	110.6	110.9	111.6	111.7	111.3	111.9	111.7	111.8	111.6	111.3
82 Foods	20	9.4	109.6	109.2	109.0	107.9	107.7	109.1	111.3	111.1	112.0	112.3	111.4	111.4	110.7	111.1
83 Tobacco products	21	1.6	106.0	104.7	106.0	107.0	104.2	101.9	99.8	100.0	96.9	97.4	97.3	96.2	97.3	96.3
84 Textile mill products	22	1.8	112.2	112.0	113.2	111.8	111.2	112.4	108.8	109.4	109.3	110.6	109.0	110.5	110.7	109.5
85 Apparel products	23	2.2	99.2	100.5	100.1	99.2	98.3	97.3	95.5	95.3	94.1	93.6	93.3	94.1	93.2	92.4
86 Paper and products	26	3.6	115.0	114.9	115.9	115.3	113.9	115.4	112.3	115.3	116.2	116.4	116.5	114.4	113.8	114.7
87 Printing and publishing	27	6.7	105.1	105.5	105.4	104.9	104.6	104.2	105.4	105.1	103.6	103.8	103.7	104.2	104.2	103.9
88 Chemicals and products	28	9.9	115.5	116.2	115.7	114.3	113.3	113.1	114.7	114.0	112.5	114.4	115.1	115.2	115.1	114.5
89 Petroleum products	29	1.4	112.0	111.6	113.4	114.1	110.7	110.4	112.8	112.5	116.7	116.4	113.1	113.9	114.6	112.1
90 Rubber and plastic products	30	3.5	132.6	132.4	132.7	132.2	132.6	133.4	135.0	136.0	135.4	135.2	135.4	136.4	136.5	136.5
91 Leather and products	31	.3	75.3	74.5	75.3	74.0	73.5	72.8	74.3	73.0	70.9	70.5	70.7	70.7	70.3	68.8
92 Mining	..	6.9	104.0	104.7	104.6	103.7	102.4	102.0	101.1	99.0	98.5	98.9	98.9	98.3	98.7	99.1
93 Metal	10	.5	110.0	108.0	105.7	109.0	106.4	113.6	110.7	108.3	110.1	108.4	104.1	106.1	106.7	105.3
94 Coal	12	1.0	109.7	110.4	112.8	109.7	115.8	110.8	108.6	114.5	107.7	109.1	103.4	106.8	106.1	106.5
95 Oil and gas extraction	13	4.8	99.6	100.4	100.0	99.2	96.8	96.8	94.2	91.0	91.5	91.7	93.3	91.8	92.2	92.8
96 Stone and earth minerals	14	.6	124.7	125.6	125.4	124.3	120.3	118.8	132.1	125.6	126.9	127.7	129.1	126.7	128.8	129.0
97 Utilities	...	7.7	113.9	118.7	118.3	120.2	120.3	116.5	110.6	111.8	114.7	111.3	116.7	116.3	114.3	114.7
98 Electric	491,493PT	6.2	117.2	121.0	119.8	121.2	122.6	120.3	114.6	115.2	116.2	114.1	118.9	118.2	116.4	116.7
99 Gas	492,493PT	1.6	101.9	108.4	111.7	115.7	109.7	98.7	92.0	96.0	108.4	98.6	106.9	107.4	104.7	105.6
SPECIAL AGGREGATES																
100 Manufacturing excluding motor vehicles and parts	..	80.5	134.7	134.5	135.1	134.6	134.4	135.3	135.7	136.2	136.0	136.3	136.8	137.4	137.7	137.7
101 Manufacturing excluding computer and office equipment	.	83.6	130.2	128.8	128.6	130.6	130.0	130.8	130.9	131.1	130.8	131.2	131.5	131.9	132.1	132.2
102 Computers, communications equipment, and semiconductors	.	5.9	515.6	502.9	511.8	522.5	538.3	552.1	562.8	571.2	576.6	580.0	597.8	620.1	641.9	657.2
103 Manufacturing excluding computers and semiconductors	.	81.1	120.1	119.2	118.9	120.6	119.9	120.4	120.4	120.5	120.1	120.5	120.7	120.8	120.8	120.7
104 Manufacturing excluding computers, communications equipment, and semiconductors	.	79.5	118.5	117.5	117.2	119.0	118.1	118.7	118.8	118.9	118.5	118.9	119.0	119.0	118.9	118.7
		Gross value (billions of 1992 dollars, annual rates)														
Major Markets																
105 **Products, total**	..	**2,001.9**	**2,489.8**	**2,470.3**	**2,454.6**	**2,525.1**	**2,501.0**	**2,519.7**	**2,511.6**	**2,513.9**	**2,527.3**	**2,527.2**	**2,536.0**	**2,549.5**	**2,551.0**	**2,549.4**
106 Final		1,552.1	1,958.0	1,938.2	1,915.6	1,985.9	1,966.4	1,982.3	1,973.4	1,972.7	1,982.5	1,982.7	1,989.4	1,999.1	2,002.7	2,004.8
107 Consumer goods	.	1,049.6	1,212.3	1,201.8	1,185.0	1,227.4	1,208.2	1,217.1	1,212.6	1,215.0	1,227.4	1,227.0	1,226.3	1,231.7	1,231.5	1,232.1
108 Equipment	..	502.5	746.9	740.1	734.3	762.5	762.7	769.8	765.2	762.0	758.8	759.5	767.3	771.6	775.6	777.2
109 Intermediate	..	449.9	533.6	532.6	538.4	540.3	535.7	538.7	539.1	541.9	545.4	545.1	547.1	550.9	549.1	545.7

1. Data in this table appear in the Board's G.17 (419) monthly statistical release. The data are also available on the Board's web site, http://www.federalreserve.gov/releases/g17. The latest historical revision of the industrial production index and the capacity utilization rates was released in November 1998. The recent annual revision is described in an article in the January 1999 issue of the *Bulletin*. For a description of the methods of estimating industrial production and capacity utilization, see "Industrial Production and Capacity Utilization: Historical Revision and Recent Developments," *Federal Reserve Bulletin*, vol. 83 (February 1997), pp. 67–92, and the references cited therein. For details about the construction of individual industrial production series, see "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp 187–204.

2. Standard industrial classification.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at seasonally adjusted annual rates except as noted

Item	1996	1997	1998	1998					1999				
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.	May
	Private residential real estate activity (thousands of units except as noted)												
NEW UNITS													
1 Permits authorized	1,426	1,441	1,604	1,670	1,569	1,726	1,688	1,708	1,778	1,738	1,654	1,572	1,591
2 One-family	1,070	1,062	1,184	1,202	1,171	1,210	1,254	1,296	1,275	1,306	1,242	1,214	1,243
3 Two-family or more	356	379	421	468	398	516	434	412	503	432	412	358	348
4 Started	1,477	1,474	1,617	1,615	1,576	1,698	1,654	1,750	1,820	1,752	1,746	1,577	1,665
5 One-family	1,161	1,134	1,271	1,264	1,251	1,298	1,375	1,383	1,393	1,380	1,394	1,260	1,395
6 Two-family or more	316	340	346	351	325	400	279	367	427	372	352	317	270
7 Under construction at end of period[1]	819	834	935	939	946	968	971	999	1,011	1,032	1,036	1,029	1,028
8 One-family	584	570	638	644	648	659	667	688	697	712	714	708	708
9 Two-family or more	235	264	297	295	298	309	304	311	314	320	322	321	320
10 Completed	1,406	1,406	1,473	1,517	1,459	1,455	1,600	1,440	1,648	1,528	1,700	1,623	1,669
11 One-family	1,123	1,120	1,158	1,183	1,184	1,164	1,254	1,150	1,292	1,246	1,357	1,314	1,351
12 Two-family or more	283	285	315	334	275	291	346	290	356	282	343	309	318
13 Mobile homes shipped	361	354	372	368	369	352	389	382	390	381	383	368	365
Merchant builder activity in one-family units													
14 Number sold	757	804	886	836	861	903	985	958	908	909	880	936	888
15 Number for sale at end of period[1]	326	287	300	285	289	293	292	295	295	297	301	301	309
Price of units sold (thousands of dollars)[2]													
16 Median	140.0	146.0	152.5	154.9	155.0	154.5	151.0	152.5	152.5	159.9	154.8	159.0	149.9
17 Average	166.4	176.2	181.9	186.5	182.7	182.8	178.6	183.3	182.8	191.4	187.9	189.1	185.1
EXISTING UNITS (one-family)													
18 Number sold	4,196	4,381	4,970	4,810	4,960	4,940	5,020	5,340	5,060	5,140	5,420	5,250	5,000
Price of units sold (thousands of dollars)[2]													
19 Median	115.8	121.8	128.4	130.8	129.4	128.1	129.4	128.5	130.3	128.1	129.6	130.7	132.8
20 Average	141.8	150.5	159.1	162.0	158.9	157.7	159.9	159.6	162.8	159.6	162.3	163.8	167.4
	Value of new construction (millions of dollars)[3]												
CONSTRUCTION													
21 Total put in place	**581,920[r]**	**617,877[r]**	**664,451[r]**	**670,007[r]**	**672,053[r]**	**674,253[r]**	**680,117[r]**	**690,462[r]**	**697,858**	**710,657**	**715,396**	**700,795**	**694,317**
22 Private	447,593[r]	474,842[r]	518,987[r]	523,652[r]	524,270[r]	528,694[r]	534,743[r]	541,591[r]	543,471	548,682	555,362	545,891	541,845
23 Residential	255,577[r]	265,908[r]	293,569[r]	297,314[r]	299,752[r]	302,056[r]	306,299[r]	310,261[r]	315,828	318,483	323,133	321,493	319,984
24 Nonresidential	192,017[r]	208,933[r]	225,418[r]	226,338[r]	224,518[r]	226,638[r]	228,444[r]	231,330[r]	227,643	230,199	232,229	224,398	221,861
25 Industrial buildings	32,644[r]	31,355[r]	32,308[r]	33,177[r]	32,423[r]	30,928[r]	30,845[r]	30,327[r]	29,895	28,967	29,052	25,374	24,251
26 Commercial buildings	75,829[r]	86,190[r]	95,252[r]	93,765[r]	93,286[r]	97,705[r]	99,831[r]	101,605[r]	100,164	102,802	103,983	100,991	100,840
27 Other buildings	30,648[r]	37,198[r]	39,438[r]	39,326[r]	39,017[r]	38,749[r]	39,744[r]	42,354[r]	38,833	40,449	39,840	39,556	38,705
28 Public utilities and other	52,896[r]	54,190[r]	58,421[r]	60,070[r]	59,792[r]	59,256[r]	58,024[r]	57,044[r]	58,751	57,981	59,354	58,477	58,065
29 Public	134,326[r]	143,035[r]	145,464[r]	146,355[r]	147,783[r]	145,559[r]	145,374[r]	148,871[r]	154,387	161,975	160,033	154,904	152,472
30 Military	2,604[r]	2,559[r]	2,588[r]	2,760[r]	2,103[r]	2,407[r]	2,296[r]	2,306[r]	1,881	2,636	2,223	2,287	2,152
31 Highway	39,883[r]	44,295[r]	45,067[r]	44,700[r]	45,057[r]	46,301[r]	43,929[r]	44,583[r]	50,538	54,880	53,099	48,971	48,347
32 Conservation and development	5,827[r]	5,576[r]	5,487[r]	5,470[r]	5,920[r]	5,321[r]	5,639[r]	5,406[r]	6,018	6,271	6,194	6,113	5,414
33 Other	86,012[r]	90,605[r]	92,322[r]	93,425[r]	94,703[r]	91,530[r]	93,510[r]	96,576[r]	95,950	98,188	98,517	97,533	96,559

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

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

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (annual rate)				Change from 1 month earlier					Index level, June 1999[1]
	1998 June	1999 June	1998		1999		1999					
			Sept.	Dec.	Mar.	June	Feb.	Mar.	Apr.	May	June	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**1.7**	**2.0**	**1.5**	**2.0**	**1.5**	**2.9**	**.1**	**.2**	**.7**	**.0**	**.0**	**166.2**
2 Food	2.2	2.2	2.5	2.8	1.7	1.7	.1	−.2	.1	.4	.0	163.6
3 Energy items	−5.9	1.0	−9.0	−5.1	5.8	14.2	.0	1.6	6.1	−1.3	−1.2	106.8
4 All items less food and energy	2.2	2.1	2.3	2.5	.9	2.3	.1	.1	.4	.1	.1	176.6
5 Commodities	.4	.6	1.1	2.5	−3.0	2.0	−.4	−.3	.6	−.1	0	143.7
6 Services	3.1	2.6	3.0	2.5	2.7	2.5	.2	.3	.4	.2	.1	195.3
PRODUCER PRICES (1982=100)												
7 Finished goods	−.7	1.5	.6	2.2	.9	2.1	−.5[r]	.4[r]	.5	.2	−.1	132.7
8 Consumer foods	−.1	1.1	1.8	.3	2.1	.3	−1.2[r]	.3[r]	−.9	.5	.4	135.3
9 Consumer energy	−7.7	1.6	−9.2	−8.9	6.8	20.6	−1.1[r]	2.0[r]	5.1	.0	−.3	78.4
10 Other consumer goods	1.7	2.5	3.0	8.3	−.5	−.5	.1[r]	.1	.0	.0	−.1	150.9
11 Capital equipment	−.7	.1	.9	.3	−.3	−.3	.1	−.1[r]	.0	.2	−.3	137.4
Intermediate materials												
12 Excluding foods and feeds	−1.4	−.3	−2.2	−4.5	.7	5.4	−.2[r]	.4[r]	.7	.2	.4	123.6
13 Excluding energy	−.4	−.5	−1.8	−2.7	−.9	3.1	−.1[r]	.1	.2	.2	.5	132.9
Crude materials												
14 Foods	−4.6	−6.2	−19.6	−7.0	4.1	.0	−3.0[r]	−.7[r]	−2.5	2.2	.4	99.6
15 Energy	−15.5	14.6	−25.3	13.5	−16.9	145.1	−3.6[r]	4.3[r]	8.5	11.9	3.1	76.7
16 Other	−6.9	−10.0	−19.9	−24.3	1.2	7.0	1.2[r]	−1.0[r]	−1.1	2.3	.5	131.9

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

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

2.16 GROSS DOMESTIC PRODUCT AND INCOME

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

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

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

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

2.17 PERSONAL INCOME AND SAVING

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

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

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

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1996[r]	1997[r]	1998[r]	1998[r] Q1	1998[r] Q2	1998[r] Q3	1998[r] Q4	1999 Q1[p]
1 Balance on current account	−129,295	−143,465	−220,562	−43,018	−52,400	−63,476	−61,669	−68,583
2 Balance on goods and services	−104,318	−104,730	−164,282	−33,338	−41,961	−45,724	−43,262	−53,761
3 Exports	849,806	938,543	933,907	235,831	231,889	229,284	236,904	232,095
4 Imports	−954,124	−1,043,273	−1,098,189	−269,169	−273,850	−275,008	−280,166	−285,856
5 Income, net	17,210	3,231	−12,205	247	−553	−6,965	−4,933	−4,724
6 Investment, net	21,754	8,185	−6,956	1,518	735	−5,637	−3,571	−3,330
7 Direct	67,746	69,220	59,405	16,837	16,177	11,834	14,558	14,524
8 Portfolio	−45,992	−61,035	−66,361	−15,319	−15,442	−17,471	−18,129	−17,854
9 Compensation of employees	−4,544	−4,954	−5,249	−1,271	−1,288	−1,328	−1,362	−1,394
10 Unilateral current transfers, net	−42,187	−41,966	−44,075	−9,927	−9,886	−10,787	−13,474	−10,098
11 Change in U.S. government assets other than official reserve assets, net (increase, −)	−989	68	−429	−81	−483	185	−50	147
12 Change in U.S. official reserve assets (increase, −)	6,668	−1,010	−6,784	−444	−1,945	−2,026	−2,369	4,068
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	370	−350	−149	−182	72	188	−227	563
15 Reserve position in International Monetary Fund	−1,280	−3,575	−5,118	−85	−1,031	−2,078	−1,924	3
16 Foreign currencies	7,578	2,915	−1,517	−177	−986	−136	−218	3,502
17 Change in U.S. private assets abroad (increase, −)	−386,441	−464,354	−285,605	−59,074	−118,089	−60,256	−48,188	5,012
18 Bank-reported claims[3]	−91,555	−144,822	−24,918	−1,062	−27,704	−33,344	37,192	35,226
19 Nonbank-reported claims	−86,333	−120,403	−25,041	−6,596	−14,327	−20,320	16,202	−405
20 U.S. purchases of foreign securities, net	−115,859	−89,174	−102,817	−14,116	−32,886	14,994	−70,809	8,488
21 U.S. direct investments abroad, net	−92,694	−109,955	−132,829	−37,300	−43,172	−21,586	−30,773	−38,297
22 Change in foreign official assets in United States (increase, +)	127,390	18,119	−21,684	11,004	−10,551	−46,489	24,352	8,568
23 U.S. Treasury securities	115,671	−6,690	−9,957	11,336	−20,318	−32,811	31,836	3,416
24 Other U.S. government obligations	5,008	4,529	6,332	2,610	254	1,906	1,562	5,993
25 Other U.S. government liabilities[3]	−316	−1,798	−3,113	−1,028	−807	−224	−1,054	−1,605
26 Other U.S. liabilities reported by U.S. banks[3]	5,704	22,286	−11,469	−958	9,488	−12,866	−7,133	666
27 Other foreign official assets[4]	1,323	−208	−3,477	−956	832	−2,494	−859	98
28 Change in foreign private assets in United States (increase, +)	447,457	733,542	524,321	85,813	173,017	140,036	125,453	66,302
29 U.S. bank-reported liabilities[2]	16,478	149,026	40,731	−48,909	34,138	77,313	−21,811	−14,545
30 U.S. nonbank-reported liabilities	39,404	107,779	9,412	32,707	18,040	11,875	−53,210	11,205
31 Foreign private purchases of U.S. Treasury securities, net	154,996	146,433	46,155	−2,557	25,759	−1,438	24,391	−11,434
32 U.S. currency flows	17,362	24,782	16,622	746	2,349	7,277	6,250	2,440
33 Foreign purchases of other U.S. securities, net	130,240	196,258	218,026	76,810	71,785	20,103	49,328	59,507
34 Foreign direct investments in United States, net	88,977	109,264	193,375	27,016	20,946	24,906	120,505	19,129
35 Capital account transactions, net[5]	672	292	617	143	160	148	166	170
36 Discrepancy	−65,462	−143,192	10,126	5,657	10,291	31,878	−37,695	−15,684
37 Due to seasonal adjustment	...	...	...	5,915	528	−10,582	4,144	5,717
38 Before seasonal adjustment	−65,462	−143,192	10,126	−258	9,763	42,460	−41,839	−21,401
MEMO								
Changes in official assets								
39 U.S. official reserve assets (increase, −)	6,668	−1,010	−6,784	−444	−1,945	−2,026	−2,369	4,068
40 Foreign official assets in United States, excluding line 25 (increase, +)	127,706	19,917	−18,571	12,032	−9,744	−46,265	25,406	10,173
41 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22)	14,911	12,124	−11,499	−1,257	−657	−11,642	2,057	4,730

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	1996[r]	1997[r]	1998[r]	1998[r]		1999				
				Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[p]
1 Goods and services, balance	−104,318	−104,731	−164,282	−14,663	−14,241	−16,269	−18,543	−18,947	−18,591	−21,336
2 Merchandise	−191,270	−196,652	−246,932	−21,538	−21,059	−23,349	−25,172	−25,680	−25,334	−28,210
3 Services	86,952	91,921	82,650	6,875	6,818	7,080	6,629	6,733	6,743	6,874
4 Goods and services, exports	849,806	938,543	933,907	79,126	78,161	77,903	77,139	77,054	78,224	77,605
5 Merchandise	612,057	679,715	670,246	56,926	56,005	55,263	54,704	54,326	55,269	54,629
6 Services	237,749	258,828	263,661	22,200	22,156	22,640	22,435	22,728	22,955	22,976
7 Goods and services, imports	−954,124	−1,043,273	−1,098,189	−93,789	−92,402	−94,172	−95,682	−96,001	−96,815	−98,941
8 Merchandise	−803,327	−876,366	−917,178	−78,464	−77,064	−78,612	−79,876	−80,006	−80,603	−82,839
9 Services	−150,797	−166,907	−181,011	−15,325	−15,338	−15,560	−15,806	−15,995	−16,212	−16,102

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

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Asset	1995	1996	1997	1998	1999						
				Dec	Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 **Total**	**85,832**	**75,090**	**69,954**	**81,755**	**80,675**	**75,322**	**74,359**	**73,694**	**72,121**	**71,689**	**73,303**
2 Gold stock, including Exchange Stabilization Fund[1]	11,050	11,049	11,050	11,041	11,046	11,048	11,049	11,049	11,049	11,046	11,046
3 Special drawing rights[2,3]	11,037	10,312	10,027	10,603	10,465	9,474	9,682	9,634	9,784	9,719	9,925
4 Reserve position in International Monetary Fund[2]	14,649	15,435	18,071	24,111	24,129	24,283	23,231	23,054	21,689	21,462	21,462
5 Foreign currencies[4]	49,096	38,294	30,809	36,001	35,035	30,517	30,397	29,957	29,599	29,462	30,870

1. Gold held "under earmark" at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13, line 3. Gold stock is valued at $42.22 per fine troy ounce.

2. Special drawing rights (SDRs) are valued according to a technique adopted by the International Monetary Fund (IMF) in July 1974. Values are based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, sixteen currencies were used; since January 1981, five currencies have been used. U.S. SDR holdings and reserve positions in the IMF also have been valued on this basis since July 1974.

3. Includes allocations of SDRs by the International Monetary Fund on Jan. 1 of the year indicated, as follows: 1970—$867 million; 1971—$717 million; 1972—$710 million; 1979—$1,139 million; 1980—$1,152 million; 1981—$1,093 million; plus net transactions in SDRs.

4. Valued at current market exchange rates.

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

Millions of dollars, end of period

Asset	1995	1996	1997	1998	1999						
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[p]
1 **Deposits**	**386**	**167**	**457**	**167**	**233**	**200**	**166**	**260**	**157**	**409**	**257**
Held in custody											
2 U.S. Treasury securities[2]	522,170	638,049	620,885	607,574	612,670	615,139	610,649	606,662	606,579	611,372	619,004
3 Earmarked gold[3]	11,702	11,197	10,763	10,343	10,343	10,347	10,347	10,340	10,340	10,329	10,329

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

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

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

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1996	1997	1998		1999				
			Nov.[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[p]
1 **Total**[1]	**756,533**	**776,505**	**751,523**	**757,934**	**761,225**	**760,002**	**765,705**	**766,527**	**760,204**
By type									
2 Liabilities reported by banks in the United States[2]	113,098	135,384	125,173	123,915	121,834	125,275	124,581	135,571	123,886
3 U.S. Treasury bills and certificates[3]	198,921	148,301	133,702	134,141	136,840	135,471	141,941	135,765	136,199
U.S. Treasury bonds and notes									
4 Marketable	384,045	428,004	426,853	432,127	433,590	429,891	425,224	418,528	421,751
5 Nonmarketable[4]	5,968	5,994	6,035	6,074	6,113	6,151	6,191	6,231	6,143
6 U.S. securities other than U.S. Treasury securities[5]	54,501	58,822	59,760	61,677	62,848	63,214	67,768	70,432	72,225
By area									
7 Europe[1]	246,983	252,289	261,028	256,026	258,298	256,164	253,808	245,285	242,329
8 Canada	38,723	36,177	36,885	36,715	37,471	38,462	39,611	38,563	38,181
9 Latin America and Caribbean	79,949	96,942	76,800	79,417	73,986	75,986	72,828	81,374	80,675
10 Asia	403,265	400,144	389,359	398,717	404,414	403,100	412,531	414,229	411,990
11 Africa	7,242	9,981	10,084	10,059	10,144	9,838	9,906	9,656	9,326
12 Other countries	6,457	7,058	3,453	3,086	2,998	2,538	3,107	3,506	3,789

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

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

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

Millions of dollars, end of period

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

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

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

Millions of dollars, end of period

Item	1996	1997	1998	1998		1999				
				Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.	May[p]
BY HOLDER AND TYPE OF LIABILITY										
1 **Total, all foreigners**	**1,162,148**	**1,283,027**	**1,346,827**	**1,346,457**	**1,346,827**	**1,332,425**	**1,340,770**	**1,337,831**	**1,333,947**	**1,352,872**
2 Banks' own liabilities	758,998	882,980	884,529	880,919	884,529	872,307	880,160	872,914	879,436	900,593
3 Demand deposits	27,034	31,344	29,341	32,104	29,341	33,039	31,905	30,913	31,180	32,184
4 Time deposits[2]	186,910	198,546	151,589	149,787	151,589	147,456	153,182	152,136	157,711	156,277
5 Other[3]	143,510	168,011	140,753	143,441	140,753	145,309	161,955	157,104	160,103	160,744
6 Own foreign offices[4]	401,544	485,079	562,846	555,587	562,846	546,503	533,118	532,761	530,442	551,388
7 Banks' custodial liabilities[5]	403,150	400,047	462,298	465,538	462,298	460,118	460,610	464,917	454,511	452,279
8 U.S. Treasury bills and certificates[6]	236,874	193,239	183,490	182,917	183,490	185,231	184,851	192,840	178,515	177,849
9 Other negotiable and readily transferable instruments[7]	72,011	93,641	141,103	142,399	141,103	137,428	134,109	133,311	129,051	124,511
10 Other	94,265	113,167	137,705	140,222	137,705	137,459	141,650	138,766	146,945	149,919
11 Nonmonetary international and regional organizations[8]	13,972	11,690	11,833	13,307	11,833	13,839	19,706	15,337	15,363	13,997
12 Banks' own liabilities	13,355	11,486	10,850	12,367	10,850	12,829	18,949	14,621	14,626	13,250
13 Demand deposits	29	16	172	234	172	62	407	194	13	25
14 Time deposits[2]	5,784	5,466	5,793	5,802	5,793	6,161	7,215	6,856	6,324	5,840
15 Other[3]	7,542	6,004	4,885	6,331	4,885	6,606	11,327	7,571	8,289	7,385
16 Banks' custodial liabilities[5]	617	204	983	940	983	1,010	757	716	737	747
17 U.S. Treasury bills and certificates[6]	352	69	636	570	636	623	549	548	555	616
18 Other negotiable and readily transferable instruments[7]	265	133	347	370	347	387	207	168	182	131
19 Other	0	2	0	0	0	0	1	0	0	0
20 Official institutions[9]	312,019	283,685	258,056	258,875	258,056	258,674	260,746	266,522	271,336	260,085
21 Banks' own liabilities	79,406	102,028	79,149	79,491	79,149	76,044	77,262	76,834	85,841	79,068
22 Demand deposits	1,511	2,314	2,787	2,744	2,787	3,666	2,850	3,393	3,599	2,789
23 Time deposits[2]	33,336	41,396	28,947	25,700	28,947	24,176	25,988	23,840	29,104	26,928
24 Other[3]	44,559	58,318	47,415	51,047	47,415	48,202	48,424	49,601	53,138	49,351
25 Banks' custodial liabilities[5]	232,613	181,657	178,907	179,384	178,907	182,630	183,484	189,688	185,495	181,017
26 U.S. Treasury bills and certificates[6]	198,921	148,301	134,141	133,702	134,141	136,840	135,471	141,941	135,765	136,199
27 Other negotiable and readily transferable instruments[7]	33,266	33,151	44,092	45,213	44,092	45,202	47,213	47,174	49,443	44,586
28 Other	426	205	674	469	674	588	800	573	287	232
29 Banks[10]	694,835	815,247	885,442	885,929	885,442	866,186	854,523	851,749	848,086	881,697
30 Banks' own liabilities	562,898	641,447	676,208	673,648	676,208	658,114	648,149	648,753	646,375	676,737
31 Unaffiliated foreign banks	161,354	156,368	113,362	118,061	113,362	111,611	115,031	115,992	115,933	125,349
32 Demand deposits	13,692	16,767	14,072	15,119	14,072	15,327	15,335	13,985	13,344	15,957
33 Time deposits[2]	89,765	83,433	46,273	51,352	46,273	46,745	46,745	49,147	50,251	49,768
34 Other[3]	57,897	56,168	53,017	51,590	53,017	49,539	52,951	52,860	52,338	59,624
35 Own foreign offices[4]	401,544	485,079	562,846	555,587	562,846	546,503	533,118	532,761	530,442	551,388
36 Banks' custodial liabilities[5]	131,937	173,800	209,234	212,281	209,234	208,072	206,374	202,996	201,711	204,960
37 U.S. Treasury bills and certificates[6]	23,106	31,915	35,544	35,213	35,544	35,325	34,472	36,737	29,636	28,323
38 Other negotiable and readily transferable instruments[7]	17,027	35,393	45,102	45,132	45,102	44,087	40,108	37,304	34,959	35,513
39 Other	91,804	106,492	128,588	131,936	128,588	128,660	131,794	128,955	137,116	141,124
40 Other foreigners	141,322	172,405	191,496	188,346	191,496	193,726	205,795	204,223	199,162	197,093
41 Banks' own liabilities	103,339	128,019	118,322	115,413	118,322	125,320	135,800	132,706	132,594	131,538
42 Demand deposits	11,802	12,247	12,310	14,007	12,310	13,984	13,313	13,341	14,224	13,413
43 Time deposits[2]	58,025	68,251	70,576	66,933	70,576	70,374	73,234	72,293	72,032	73,741
44 Other[3]	33,512	47,521	35,436	34,473	35,436	40,962	49,253	47,072	46,338	44,384
45 Banks' custodial liabilities[5]	37,983	44,386	73,174	72,933	73,174	68,406	69,995	71,517	66,568	65,555
46 U.S. Treasury bills and certificates[6]	14,495	12,954	13,169	13,432	13,169	12,443	14,359	13,614	12,559	12,711
47 Other negotiable and readily transferable instruments[7]	21,453	24,964	51,562	51,684	51,562	47,752	46,581	48,665	44,467	44,281
48 Other	2,035	6,468	8,443	7,817	8,443	8,211	9,055	9,238	9,542	8,563
MEMO										
49 Negotiable time certificates of deposit in custody for foreigners	14,573	16,083	27,026	28,858	27,026	25,858	23,341	23,035	21,718	24,111

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

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

Item	1996	1997	1998	1998 Nov.	1998 Dec.	1999 Jan.	1999 Feb.	1999 Mar.	1999 Apr.	1999 May[p]
AREA										
50 **Total, all foreigners**	**1,162,148**	**1,283,027**	**1,346,827**	**1,346,457**	**1,346,827**	**1,332,425**	**1,340,770**	**1,337,831[r]**	**1,333,947**	**1,352,872**
51 **Foreign countries**	**1,148,176**	**1,271,337**	**1,334,994**	**1,333,150**	**1,334,994**	**1,318,586**	**1,321,064**	**1,322,494[r]**	**1,318,584**	**1,338,875**
52 Europe	376,590	419,672	427,367	449,567	427,367	429,636	436,330	418,436[r]	409,512	434,220
53 Austria	5,128	2,717	3,178	2,824	3,178	2,902	3,070	3,274	2,428	2,224
54 Belgium and Luxembourg	24,084	41,007	42,818	42,014	42,818	38,897	41,594	41,468	37,991	39,227
55 Denmark	2,565	1,514	1,437	1,675	1,437	1,200	1,826	1,992	1,300	1,267
56 Finland	1,958	2,246	1,862	1,706	1,862	1,989	1,643	1,800	1,655	1,645
57 France	35,078	46,607	44,616	48,155	44,616	44,444	47,617	47,935[r]	49,095	48,326
58 Germany	24,660	23,737	21,357	22,606	21,357	20,315	23,111	23,746	18,574	24,688
59 Greece	1,835	1,552	2,066	2,444	2,066	2,195	2,509	2,447	2,237	2,691
60 Italy	10,946	11,378	7,103	6,378	7,103	6,155	6,684	5,743	5,909	5,942
61 Netherlands	11,110	7,385	10,793	9,298	10,793	10,580	14,792	12,273	11,037	11,759
62 Norway	1,288	317	710	797	710	1,065	1,102	1,022	1,181	1,210
63 Portugal	3,562	2,262	3,235	2,400	3,235	2,543	2,225	2,237	2,277	2,462
64 Russia	7,623	7,968	2,439	2,698	2,439	2,231	2,438	2,500	2,693	2,945
65 Spain	17,707	18,989	15,775	27,017	15,775	12,843	13,457	9,319[r]	11,058	8,079
66 Sweden	1,623	1,628	3,027	3,857	3,027	3,132	2,918	2,193	1,974	3,430
67 Switzerland	44,538	39,023	50,654	50,167	50,654	59,871	60,348	47,874	54,547	66,284
68 Turkey	6,738	4,054	4,286	3,842	4,286	5,105	5,045	5,639	5,787	5,810
69 United Kingdom	153,420	181,904	181,554	195,113	181,554	177,240	173,542	175,302[r]	169,795	178,014
70 Yugoslavia[11]	206	239	258	271	258	275	247[r]	237	221	242
71 Other Europe and other former U.S.S.R.[12]	22,521	25,145	30,199	26,305	30,199	36,654	32,162[r]	31,435	29,753	27,975
72 Canada	38,920	28,341	30,212	29,249	30,212	29,725	28,019	31,788	28,360	28,543
73 Latin America and Caribbean	467,529	536,393	554,734	545,454	554,734	540,664	538,465	551,711[r]	578,151	591,099
74 Argentina	13,877	20,199	19,013	18,892	19,013	17,175	18,245	16,891	18,349	16,467
75 Bahamas	88,895	112,217	118,085	115,598	118,085	121,606	118,727	119,207[r]	118,649	118,180
76 Bermuda	5,527	6,911	6,839	7,241	6,839	8,969	8,370	7,514	6,957	7,951
77 Brazil	27,701	31,037	15,800	13,370	15,800	12,268	12,913	13,841	17,128	17,383
78 British West Indies	251,465	276,418	302,472	298,422	302,472	287,308	285,676	300,109[r]	322,011	334,478
79 Chile	2,915	4,072	5,010	4,778	5,010	5,188	5,189	5,057[r]	6,805	7,236
80 Colombia	3,256	3,652	4,616	4,124	4,616	4,535	4,462	4,636	4,710	4,932
81 Cuba	21	66	62	63	62	64	62	63	64	64
82 Ecuador	1,767	2,078	1,573	1,510	1,573	1,525	1,513	1,606	1,688	1,820
83 Guatemala	1,282	1,494	1,332	1,204	1,332	1,224	1,338	1,392	1,386	1,446
84 Jamaica	628	450	539	524	539	565	542	551	534	553
85 Mexico	31,240	33,972	37,148	36,720	37,148	35,965	35,891	36,622	36,004	37,314
86 Netherlands Antilles	6,099	5,085	5,010	6,009	5,010	5,681	8,406	7,256	5,633	3,853
87 Panama	4,099	4,241	3,864	3,774	3,864	4,499	4,401	4,196	3,974	4,006
88 Peru	834	893	840	814	840	864	828	810	819	865
89 Uruguay	1,890	2,382	2,486	2,240	2,486	2,380	2,274	2,378	2,345	2,345
90 Venezuela	17,363	21,601	19,894	19,631	19,894	20,250	19,354	19,149	20,512	21,222
91 Other	8,670	9,625	10,151	10,540	10,151	10,598	10,274	10,433	10,583	10,984
92 Asia	249,083	269,379	307,140	293,584	307,140	301,454	302,520	305,483[r]	287,545	269,142
China										
93 Mainland	30,438	18,252	13,041	13,784	13,041	14,854	15,345	13,996	16,350	14,753
94 Taiwan	15,995	11,840	12,708	12,361	12,708	10,980	12,211	13,183	12,641	10,910
95 Hong Kong	18,789	17,722	20,898	16,739	20,898	22,844	25,509	27,589	26,314	25,726
96 India	3,930	4,567	5,250	5,089	5,250	5,279	5,241	6,189	5,979	5,520
97 Indonesia	2,298	3,554	8,282	6,247	8,282	7,909	6,172	6,675	7,434	6,211
98 Israel	6,051	6,281	7,749	8,106	7,749	7,287	7,598	8,246	7,037	7,004
99 Japan	117,316	143,401	168,236	164,311	168,236	161,207	161,073	161,887	142,326	132,607
100 Korea (South)	5,949	13,060	12,454	12,396	12,454	12,446	9,990	11,141[r]	9,849	11,387
101 Philippines	3,378	3,250	3,324	2,849	3,324	2,318	2,482	2,362	2,440	2,492
102 Thailand	10,912	6,501	7,359	6,788	7,359	7,300	6,590	6,588	6,296	5,739
103 Middle Eastern oil-exporting countries[13]	16,285	14,959	15,609	16,370	15,609	14,655	16,157	15,433[r]	14,495	15,451
104 Other	17,742	25,992	32,230	28,544	32,230	34,375	34,152	32,194[r]	36,384	31,342
105 Africa	8,116	10,347	8,905	8,889	8,905	9,110	8,658	8,463[r]	7,874	7,713
106 Egypt	2,012	1,663	1,339	1,498	1,339	1,856	1,902	1,758	1,599	1,339
107 Morocco	112	138	97	75	97	98	73	85	90	72
108 South Africa	458	2,158	1,522	1,659	1,522	1,308	1,343	1,258	1,165	1,132
109 Zaire	10	10	5	12	5	6	13	9	4	12
110 Oil-exporting countries[14]	2,626	3,060	3,088	3,017	3,088	2,989	2,737	2,772	2,534	2,508
111 Other	2,898	3,318	2,854	2,628	2,854	2,853	2,590	2,581[r]	2,482	2,650
112 Other	7,938	7,205	6,636	6,407	6,636	7,997	7,072	6,613	7,142	8,158
113 Australia	6,479	6,304	5,495	5,180	5,495	6,854	5,550	5,582	5,987	6,820
114 Other	1,459	901	1,141	1,227	1,141	1,143	1,522	1,031	1,155	1,338
115 Nonmonetary international and regional organizations	13,972	11,690	11,833	13,307	11,833	13,839	19,706	15,337[r]	15,363	13,997
116 International[15]	12,099	10,517	10,221	11,398	10,221	11,787	17,079	12,845[r]	12,936	11,689
117 Latin American regional[16]	1,339	424	594	598	594	917	1,411	1,394	1,304	653
118 Other regional[17]	534	749	1,018	1,311	1,018	1,135	1,216	1,098	1,123	1,655

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

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

Millions of dollars, end of period

Area or country	1996	1997	1998	1998		1999				
				Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.[r]	May[p]
1 **Total, all foreigners**	**599,925**	**708,225**	**734,794**	**757,183**	**734,794**	**718,269**	**712,979[r]**	**710,914**	**736,048**	**751,001**
2 **Foreign countries**	**597,321**	**705,762**	**731,176**	**751,875**	**731,176**	**713,263**	**707,553[r]**	**706,294**	**730,795**	**746,514**
3 Europe	165,769	199,880	233,480	228,924	233,480	225,892	230,424	226,547	236,437	265,784
4 Austria	1,662	1,354	1,043	2,311	1,043	2,634	1,824	2,759	2,389	2,902
5 Belgium and Luxembourg	6,727	6,641	7,187	7,409	7,187	5,599	7,073	5,451	7,533	9,811
6 Denmark	492	980	2,383	2,524	2,383	1,816	1,656	1,619	2,297	2,141
7 Finland	971	1,233	1,070	1,050	1,070	963	1,233	1,351	1,349	1,480
8 France	15,246	16,239	15,251	18,881	15,251	18,575	18,583	15,187	15,942	15,790
9 Germany	8,472	12,676	15,922	17,997	15,922	15,115	16,362	16,849	17,158	18,336
10 Greece	568	402	575	510	575	533	637	554	651	585
11 Italy	6,457	6,230	7,283	6,544	7,283	6,168	5,714	6,035	6,727	6,434
12 Netherlands	7,117	6,141	5,734	5,686	5,734	5,828	6,048	6,690	7,251	8,588
13 Norway	808	555	827	385	827	645	561	596	970	753
14 Portugal	418	777	669	679	669	584	888	1,205	1,060	1,134
15 Russia	1,669	1,248	789	760	789	742	724	971	787	1,016
16 Spain	3,211	2,942	5,735	5,234	5,735	4,560	4,260	3,041	2,949	4,516
17 Sweden	1,739	1,854	4,223	5,087	4,223	4,338	4,664	4,439	4,141	2,950
18 Switzerland	19,798	28,846	46,880	45,858	46,880	46,122	50,905	51,673	48,477	65,498
19 Turkey	1,109	1,558	1,982	1,915	1,982	1,796	1,870	2,078	1,943	1,918
20 United Kingdom	85,234	103,143	106,358	97,072	106,358	98,959	97,431	97,259	105,255	112,931
21 Yugoslavia[2]	115	52	53	53	53	53	54	54	55	54
22 Other Europe and other former U.S.S.R.[3]	3,956	7,009	9,516	8,969	9,516	10,862	9,937	8,736	9,503	8,947
23 Canada	26,436	27,189	47,212	44,830	47,212	42,925	40,801	41,264	40,756	41,116
24 Latin America and Caribbean	274,153	343,730	342,081	368,212	342,081	344,347	340,678[r]	341,434	365,120	352,972
25 Argentina	7,400	8,924	9,553	9,225	9,553	9,713	10,184	10,399	10,075	10,318
26 Bahamas	71,871	89,379	96,455	91,171	96,455	93,000	91,104	88,639	84,023	78,480
27 Bermuda	4,129	8,782	4,969	5,702	4,969	5,547	6,033[r]	4,096	4,426	6,276
28 Brazil	17,259	21,696	16,193	17,771	16,193	15,616	15,357	15,143	14,788	14,879
29 British West Indies	105,510	145,471	153,269	179,253	153,269	158,010	155,326	162,867	193,306	185,463
30 Chile	5,136	7,913	8,261	8,824	8,261	8,232	8,085	8,082	7,810	7,545
31 Colombia	6,247	6,945	6,523	6,639	6,523	6,433	6,462	6,222	6,105	5,877
32 Cuba	0	0	0	0	0	0	0	0	0	0
33 Ecuador	1,031	1,311	1,400	1,351	1,400	1,403	1,341	1,219	1,135	1,104
34 Guatemala	620	886	1,127	1,483	1,127	1,107	1,255	1,052	1,062	1,157
35 Jamaica	345	424	239	299	239	333	602	318	326	327
36 Mexico	18,425	19,428	21,143	22,483	21,143	21,128	21,564	20,532	19,434	19,284
37 Netherlands Antilles	25,209	17,838	6,779	7,696	6,779	7,403	6,571	6,661	5,711	5,867
38 Panama	2,786	4,364	3,584	3,864	3,584	3,549	3,390	3,320	4,329	3,298
39 Peru	2,720	3,491	3,260	3,618	3,260	3,364	3,353	3,232	3,111	3,053
40 Uruguay	589	629	1,126	1,040	1,126	997	934	838	772	724
41 Venezuela	1,702	2,129	3,089	2,788	3,089	3,312	3,684	3,506	3,138	3,245
42 Other	3,174	4,120	5,111	5,005	5,111	5,200	5,433	5,308	5,569	6,075
43 Asia	122,478	125,092	98,650	100,771	98,650	90,840	86,526[r]	88,066	79,250	77,648
China										
44 Mainland	1,401	1,579	1,311	2,488	1,311	2,691	2,400	3,398	3,461	3,006
45 Taiwan	1,894	922	1,041	957	1,041	728	778	1,331	866	763
46 Hong Kong	12,802	13,991	9,082	8,238	9,082	8,332	6,809[r]	8,017	6,312	4,980
47 India	1,946	2,200	1,440	1,533	1,440	1,483	1,529	1,701	1,703	1,458
48 Indonesia	1,762	2,651	1,954	2,072	1,954	1,948	2,110	1,897	1,911	2,061
49 Israel	633	768	1,166	916	1,166	833	774	1,082	803	1,236
50 Japan	59,967	59,549	46,712	48,406	46,712	41,817	39,141	39,971	32,639	30,596
51 Korea (South)	18,901	18,162	8,238	8,947	8,238	8,679	8,479	9,119	11,119	12,325
52 Philippines	1,697	1,689	1,465	1,619	1,465	1,310	1,589	1,540	1,546	1,808
53 Thailand	2,679	2,259	1,806	1,895	1,806	1,759	1,708	1,720	1,732	1,623
54 Middle Eastern oil-exporting countries[4]	10,424	10,790	16,145	15,077	16,145	14,328	12,831	12,151	11,669	10,569
55 Other	8,372	10,532	8,290	8,623	8,290	6,932	8,378	6,139	5,489	7,223
56 Africa	2,776	3,530	3,122	2,611	3,122	2,899	3,087	2,938	2,688	2,448
57 Egypt	247	247	257	259	257	302	264	260	228	221
58 Morocco	524	511	372	390	372	378	361	422	463	444
59 South Africa	584	805	643	704	643	802	933	798	567	640
60 Zaire	0	0	0	0	0	0	0	0	0	0
61 Oil-exporting countries[5]	420	1,212	936	454	936	516	625	325	257	288
62 Other	1,001	755	914	804	914	901	904	1,133	1,173	855
63 Other	5,709	6,341	6,631	6,527	6,631	6,360	6,037	6,045	6,544	6,546
64 Australia	4,577	5,300	6,167	6,008	6,167	5,866	5,367	5,638	6,060	6,093
65 Other	1,132	1,041	464	519	464	494	670	407	484	453
66 Nonmonetary international and regional organizations[6]	2,604	2,463	3,618	5,308	3,618	5,006	5,426	4,620	5,253	4,487

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

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

Millions of dollars, end of period

Type of claim	1996	1997	1998	1998		1999				
				Nov.	Dec.	Jan.	Feb.	Mar.[r]	Apr.[r]	May[p]
1 **Total**	**743,919**	**852,852**	**875,332**	...	**875,332**	...	...	**862,203**	...	...
2 Banks' claims	599,925	708,225	734,794	757,183	734,794	718,269	712,979[r]	710,914	736,048	751,001
3 Foreign public borrowers	22,216	20,581	23,540	27,063	23,540	30,269	31,514	34,772	35,469	36,474
4 Own foreign offices[2]	341,574	431,685	484,356	487,641	484,356	459,017	461,705[r]	467,948	485,347	492,646
5 Unaffiliated foreign banks	113,682	109,230	105,732	117,919	105,732	106,557	102,588[r]	93,815	93,618	99,723
6 Deposits	33,826	30,995	26,808	33,774	26,808	30,558	29,400	25,074	23,973	25,236
7 Other	79,856	78,235	78,924	84,145	78,924	75,999	73,188[r]	68,741	69,645	74,487
8 All other foreigners	122,453	146,729	121,166	124,560	121,166	122,426	117,172[r]	114,379	121,614	122,158
9 Claims of banks' domestic customers[3]	143,994	144,627	140,538	...	140,538	...	...	151,289	...	...
10 Deposits	77,657	73,110	78,167	...	78,167	...	...	94,438	...	...
11 Negotiable and readily transferable instruments[4]	51,207	53,967	48,848	...	48,848	...	...	47,713	...	...
12 Outstanding collections and other claims	15,130	17,550	13,523	...	13,523	...	...	9,138	...	...
MEMO										
13 Customer liability on acceptances	10,388	9,624	4,519	...	4,519	...	...	4,485	...	...
14 Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	39,661	33,816	39,978	32,888	39,978	38,941	39,055	33,038	33,474	31,210

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

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

2. For U.S. banks, includes amounts due from own foreign branches and foreign subsidiaries consolidated in quarterly Consolidated Reports of Condition filed with bank regulatory agencies. For agencies, branches, and majority-owned subsidiaries of foreign banks, consists principally of amounts due from the head office or parent foreign bank, and from foreign branches, agencies, or wholly owned subsidiaries of the head office or parent foreign bank.

3. Assets held by reporting banks in the accounts of their domestic customers.

4. Principally negotiable time certificates of deposit, bankers acceptances, and commercial paper.

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad.

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

Millions of dollars, end of period

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

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

2. Maturity is time remaining until maturity.

3. Includes nonmonetary international and regional organizations.

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

Billions of dollars, end of period

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

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

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

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

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

Millions of dollars, end of period

	Type of liability, and area or country	1995	1996	1997	1997	1998				1999
					Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1	**Total**	**46,448**	**61,782**	**60,037**	**60,037**	**58,040**	**51,433**	**49,279[r]**	**46,553**	**46,663**
2	Payable in dollars	33,903	39,542	41,956	41,956	42,258	40,026	38,410[r]	36,651	34,030
3	Payable in foreign currencies	12,545	22,240	18,081	18,081	15,782	11,407	10,869	9,902	12,633
	By type									
4	Financial liabilities	24,241	33,049	29,532	29,532	28,050	22,322	19,331	19,255	22,458
5	Payable in dollars	12,903	11,913	13,043	13,043	13,568	11,988	9,812	10,371	11,225
6	Payable in foreign currencies	11,338	21,136	16,489	16,489	14,482	10,334	9,519	8,884	11,233
7	Commercial liabilities	22,207	28,733	30,505	30,505	29,990	29,111	29,948[r]	27,298	24,205
8	Trade payables	11,013	12,720	10,904	10,904	10,107	9,537	10,276	10,961	9,999
9	Advance receipts and other liabilities	11,194	16,013	19,601	19,601	19,883	19,574	19,672[r]	16,337	14,206
10	Payable in dollars	21,000	27,629	28,913	28,913	28,690	28,038	28,598[r]	26,280	22,805
11	Payable in foreign currencies	1,207	1,104	1,592	1,592	1,300	1,073	1,350	1,018	1,400
	By area or country									
	Financial liabilities									
12	Europe	15,622	23,179	19,657	19,657	20,307	15,468	12,905	12,589	16,098
13	Belgium and Luxembourg	369	632	186	186	127	75	150	79	50
14	France	999	1,091	1,684	1,684	1,795	1,699	1,457	1,097	1,178
15	Germany	1,974	1,834	2,018	2,018	2,578	2,441	2,167	2,063	1,906
16	Netherlands	466	556	494	494	472	484	417	1,406	1,337
17	Switzerland	895	699	776	776	345	189	179	155	141
18	United Kingdom	10,138	17,161	12,737	12,737	13,145	8,765	6,610	5,980	9,729
19	Canada	632	1,401	2,392	2,392	1,045	539	389	693	781
20	Latin America and Caribbean	1,783	1,668	1,386	1,386	965	1,320	1,351	1,495	1,528
21	Bahamas	59	236	141	141	17	6	1	7	1
22	Bermuda	147	50	229	229	86	49	73	101	78
23	Brazil	57	78	143	143	91	76	154	152	137
24	British West Indies	866	1,030	604	604	517	845	834	957	1,064
25	Mexico	12	17	26	26	21	51	23	59	22
26	Venezuela	2	1	1	1	1	1	1	2	2
27	Asia	5,988	6,423	5,394	5,394	5,024	4,315	4,005	3,785	3,475
28	Japan	5,436	5,869	5,085	5,085	4,767	3,869	3,754	3,612	3,337
29	Middle Eastern oil-exporting countries[1]	27	25	32	32	23	0	0	0	1
30	Africa	150	38	60	60	33	29	31	28	31
31	Oil-exporting countries[2]	122	0	0	0	0	0	0	0	2
32	All other[3]	66	340	643	643	676	651	650	665	545
	Commercial liabilities									
33	Europe	7,700	9,767	10,228	10,228	9,951	9,987	11,010	10,032	8,580
34	Belgium and Luxembourg	331	479	666	666	565	557	623	278	229
35	France	481	680	764	764	840	612	740	920	654
36	Germany	767	1,002	1,274	1,274	1,068	1,219	1,408	1,394	1,088
37	Netherlands	500	766	439	439	443	485	440	429	361
38	Switzerland	413	624	375	375	407	349	507	499	535
39	United Kingdom	3,568	4,303	4,086	4,086	4,041	3,743	4,286	3,697	3,008
40	Canada	1,040	1,090	1,175	1,175	1,347	1,206	1,504	1,390	1,597
41	Latin America and Caribbean	1,740	2,574	2,176	2,176	2,051	2,285	1,840	1,619	1,612
42	Bahamas	1	63	16	16	27	14	48	14	11
43	Bermuda	205	297	203	203	174	209	168	198	225
44	Brazil	98	196	220	220	249	246	256	152	107
45	British West Indies	56	14	12	12	5	27	5	10	7
46	Mexico	416	665	565	565	520	557	511	347	437
47	Venezuela	221	328	261	261	219	196	230	202	155
48	Asia	10,421	13,422	14,966	14,966	14,672	13,611	13,539[r]	12,322	10,428
49	Japan	3,315	4,614	4,500	4,500	4,372	3,995	3,779	3,808	2,715
50	Middle Eastern oil-exporting countries[1]	1,912	2,168	3,111	3,111	3,138	3,194	3,582	2,851	2,479
51	Africa	619	1,040	874	874	833	921	810	794	727
52	Oil-exporting countries[2]	254	532	408	408	376	354	372	393	377
53	Other[3]	687	840	1,086	1,086	1,136	1,101	1,245	1,141	1,261

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

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

3. Includes nonmonetary international and regional organizations.

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

Millions of dollars, end of period

Type of claim, and area or country	1995	1996	1997	1997	1998				1999
				Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1 **Total**	**52,509**	**65,897**	**68,128**	**68,128**	**71,004**	**63,202**	**67,976**	**77,468[r]**	**69,065**
2 Payable in dollars	48,711	59,156	62,173	62,173	65,359	57,601	62,034	72,188[r]	64,080
3 Payable in foreign currencies	3,798	6,741	5,955	5,955	5,645	5,601	5,942	5,280	4,985
By type									
4 Financial claims	27,398	37,523	36,959	36,959	40,301	32,355	37,262	46,249[r]	38,136
5 Deposits	15,133	21,624	22,909	22,909	20,863	14,762	15,406	30,192	18,701
6 Payable in dollars	14,654	20,852	21,060	21,060	19,155	13,084	13,374	28,549	17,116
7 Payable in foreign currencies	479	772	1,849	1,849	1,708	1,678	2,032	1,643	1,585
8 Other financial claims	12,265	15,899	14,050	14,050	19,438	17,593	21,856	16,057[r]	19,435
9 Payable in dollars	10,976	12,374	11,806	11,806	16,981	14,918	19,867	14,049[r]	17,404
10 Payable in foreign currencies	1,289	3,525	2,244	2,244	2,457	2,675	1,989	2,008	2,031
11 Commercial claims	25,111	28,374	31,169	31,169	30,703	30,847	30,714	31,219	30,929
12 Trade receivables	22,998	25,751	27,536	27,536	26,888	26,764	26,330	27,211	26,816
13 Advance payments and other claims	2,113	2,623	3,633	3,633	3,815	4,083	4,384	4,008	4,113
14 Payable in dollars	23,081	25,930	29,307	29,307	29,223	29,599	28,793	29,590	29,560
15 Payable in foreign currencies	2,030	2,444	1,862	1,862	1,480	1,248	1,921	1,629	1,369
By area or country									
Financial claims									
16 Europe	7,609	11,085	14,999	14,999	14,187	14,105	14,473	12,287[r]	12,800
17 Belgium and Luxembourg	193	185	406	406	378	518	496	661	469
18 France	803	694	1,015	1,015	902	810	1,140	863	913
19 Germany	436	276	427	427	393	290	359	304[r]	302
20 Netherlands	517	493	677	677	911	975	867	875	955
21 Switzerland	498	474	434	434	401	403	409	414	530
22 United Kingdom	4,303	7,922	10,337	10,337	9,289	9,639	9,849	7,765	8,357
23 Canada	2,851	3,442	3,313	3,313	4,688	3,020	4,090	2,502	3,111
24 Latin America and Caribbean	14,500	20,032	15,543	15,543	18,207	11,967	15,758	27,714	18,825
25 Bahamas	1,965	1,553	2,308	2,308	1,316	1,306	2,105	403	666
26 Bermuda	81	140	108	108	66	48	63	39	41
27 Brazil	830	1,468	1,313	1,313	1,408	1,394	710	835	1,112
28 British West Indies	10,393	15,536	10,462	10,462	13,551	7,349	10,960	24,388	14,621
29 Mexico	554	457	537	537	967	1,089	1,122	1,245	1,583
30 Venezuela	32	31	36	36	47	57	50	55	72
31 Asia	1,579	2,221	2,133	2,133	2,174	2,376	2,121	3,026	2,648
32 Japan	871	1,035	823	823	791	886	928	1,194	942
33 Middle Eastern oil-exporting countries[1]	3	22	11	11	9	12	13	9	8
34 Africa	276	174	319	319	325	155	157	159[r]	174
35 Oil-exporting countries[2]	5	14	15	15	16	15	16	16	26
36 All other[3]	583	569	652	652	720	732	663	561[r]	578
Commercial claims									
37 Europe	9,824	10,443	12,120	12,120	12,854	12,882	13,029	13,249	12,782
38 Belgium and Luxembourg	231	226	328	328	232	216	219	238	281
39 France	1,830	1,644	1,796	1,796	1,939	1,955	2,098	2,172	2,173
40 Germany	1,070	1,337	1,614	1,614	1,670	1,757	1,502	1,822	1,599
41 Netherlands	452	562	597	597	534	492	463	467	415
42 Switzerland	520	642	554	554	476	418	546	484	367
43 United Kingdom	2,656	2,946	3,660	3,660	4,828	4,664	4,681	4,769	4,529
44 Canada	1,951	2,165	2,660	2,660	2,882	2,779	2,291	2,625[r]	3,075
45 Latin America and Caribbean	4,364	5,276	5,750	5,750	5,481	6,082	5,773	6,298[r]	5,930
46 Bahamas	30	35	27	27	13	12	39	24	10
47 Bermuda	272	275	244	244	238	359	173	536	500
48 Brazil	898	1,303	1,162	1,162	1,128	1,183	1,062	1,025[r]	936
49 British West Indies	79	190	109	109	88	110	91	104[r]	117
50 Mexico	993	1,128	1,392	1,392	1,302	1,462	1,356	1,545[r]	1,431
51 Venezuela	285	357	576	576	441	585	566	401	361
52 Asia	7,312	8,376	8,713	8,713	7,638	7,367	7,190	7,194	7,080
53 Japan	1,870	2,003	1,976	1,976	1,713	1,757	1,789	1,681	1,486
54 Middle Eastern oil-exporting countries[1]	974	971	1,107	1,107	987	1,127	967	1,131	1,286
55 Africa	654	746	680	680	613	657	740	712	685
56 Oil-exporting countries[2]	87	166	119	119	122	116	128	165	116
57 Other[3]	1,006	1,368	1,246	1,246	1,235	1,080	1,691	1,141	1,377

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

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transaction, and area or country	1997	1998[r]	1999	1998		1999				
			Jan.– May	Nov.	Dec.	Jan.	Feb.[r]	Mar.[r]	Apr.[r]	May[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	1,097,958	1,573,733	903,733	126,571	138,942	155,819	159,570	179,894	223,006	185,444
2 Foreign sales	1,028,361	1,523,204	866,737	119,042	134,306	152,303	154,968	177,007	205,493	176,966
3 Net purchases, or sales (−)	**69,597**	**50,529**	**36,996**	**7,529**	**4,636**	**3,516**	**4,602**	**2,887**	**17,513**	**8,478**
4 Foreign countries	**69,754**	**50,909**	**36,977**	**7,546**	**4,634**	**3,502**	**4,602**	**2,887**	**17,497**	**8,489**
5 Europe	62,688	68,124	35,747	4,406	2,441	6,048	6,403	6,563	11,493	5,240
6 France	6,641	5,672	1,889	50	−614	537	−175	1,199	534	−206
7 Germany	9,059	9,195	5,172	372	−189	1,035	872	480	1,814	971
8 Netherlands	3,831	8,249	3,300	1,816	332	86	956	1,103	417	738
9 Switzerland	7,848	5,001	4,518	−420	−314	−10	582	1,551	1,934	461
10 United Kingdom	22,478	23,952	12,880	1,902	3,154	3,893	2,833	575	3,758	1,821
11 Canada	−1,406	−4,689	1,411	−201	−976	728	248	723	−129	−159
12 Latin America and Caribbean	5,203	760	3,547	3,691	3,088	−1,279	−1,279	−1,415	5,516	2,004
13 Middle East[1]	383	−916	279	−334	−219	152	−240	298	−355	424
14 Other Asia	2,072	−12,347	−4,714	−8	155	−2,306	−630	−3,257	905	574
15 Japan	4,787	−1,171	−963	822	141	−616	−344	−1,925	1,458	464
16 Africa	472	639	295	41	16	22	11	87	37	138
17 Other countries	342	−662	412	−49	129	137	89	−112	30	268
18 Nonmonetary international and regional organizations	**−157**	**−380**	**19**	**−17**	**2**	**14**	**0**	**0**	**16**	**−11**
BONDS[2]										
19 Foreign purchases	610,116	904,813	352,716	81,893[r]	58,837[r]	66,571[r]	74,054	77,101	69,804	65,186
20 Foreign sales	475,958	725,980	258,793	60,470[r]	41,141	53,744[r]	55,878	52,331	47,355	49,485
21 Net purchases, or sales (−)	**134,158**	**178,833**	**93,923**	**21,423[r]**	**17,696[r]**	**12,827[r]**	**18,176**	**24,770**	**22,449**	**15,701**
22 Foreign countries	**133,595**	**179,176**	**93,938**	**22,393[r]**	**17,618[r]**	**12,826[r]**	**18,135**	**24,974**	**22,389**	**15,614**
23 Europe	71,631	130,152	49,049	16,677[r]	9,052[r]	2,858[r]	13,596	12,832	10,448	9,315
24 France	3,300	3,386	607	235	−170	145	124	22	−36	352
25 Germany	2,742	4,369	2,610	435	217	398	1,268	190	−43	797
26 Netherlands	3,576	3,443	681	64	996	60	329	418	106	−232
27 Switzerland	187	4,826	1,805	251	−36	403	535	272	467	128
28 United Kingdom	54,134	99,732	35,621	13,737[r]	6,816[r]	704[r]	9,997	9,268	8,538	7,114
29 Canada	6,264	6,121	1,947	558	184	100	475	640	319	413
30 Latin America and Caribbean	34,733	23,938	22,991	2,295	2,688	6,382	2,057	5,203	5,967	3,382
31 Middle East[1]	2,155	4,997	2,256	835	2,472	1,436	314	859	364	−717
32 Other Asia	16,996	12,662	16,615	1,904	3,152	2,032	1,439	5,132	4,904	3,108
33 Japan	9,357	8,384	2,530	1,194	2,238	561	165	589	1,215	0
34 Africa	1,005	190	980	24	16	40	266	261	331	82
35 Other countries	811	1,116	100	100	54	−22	−12	47	56	31
36 Nonmonetary international and regional organizations	**563**	**−343**	**−15**	**−970**	**78**	**1**	**41**	**−204**	**60**	**87**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−40,942	6,367	16,322	−2,729	841	3,308	3,083	1,845	5,583	2,503
38 Foreign purchases	756,015	929,914	431,758	70,402	69,578	77,931	73,941	95,216	98,501	86,169
39 Foreign sales	796,957	923,547	415,436	73,131	68,737	74,623	70,858	93,371	92,918	83,666
40 Bonds, net purchases, or sales (−)	−48,171	−17,360	−1,719	−918	−4,684	−2,304	−255	1,710	−2,747	1,877
41 Foreign purchases	1,451,704	1,328,282	346,039	55,573	56,845	56,072	66,198	76,129	73,376	74,264
42 Foreign sales	1,499,875	1,345,642	347,758	56,491	61,529	58,376	66,453	74,419	76,123	72,387
43 Net purchases, or sales (−), of stocks and bonds	**−89,113**	**−10,993**	**14,603**	**−3,647**	**−3,843**	**1,004**	**2,828**	**3,555**	**2,836**	**4,380**
44 Foreign countries	**−88,921**	**−10,657**	**14,464**	**−3,641**	**−3,683**	**883**	**2,552**	**3,595**	**2,954**	**4,480**
45 Europe	−29,874	12,927	38,082	2,326	3,072	406	6,429	14,014	9,710	7,523
46 Canada	−3,085	−1,896	−1,534	562	−4,828	−310	−551	−131	−449	−93
47 Latin America and Caribbean	−25,258	−13,931	−4,743	−4,074	−19	2,355	491	−3,586	−1,953	−2,050
48 Asia	−25,123	−3,890	−16,496	−2,064	−1,489	−1,558	−3,344	−7,155	−3,946	−493
49 Japan	−10,001	−1,739	−14,648	−2,390	−1,882	141	−3,390	−7,250	−3,445	−704
50 Africa	−3,293	−1,373	113	−56	5	22	−25	−16	20	112
51 Other countries	−2,288	−2,494	−958	−335	−424	−32	−448	469	−428	−519
52 Nonmonetary international and regional organizations	**−192**	**−336**	**139**	**−6**	**−160**	**121**	**276**	**−40**	**−118**	**−100**

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

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

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

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

Area or country	1997	1998	1999	1998		1999				
			Jan.–May	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May[p]
1 **Total estimated**	**184,171**	**49,039[r]**	**−14,909**	**25,456**	**10,549**	**−4,165**	**−14,623**	**1,532**	**−3,271**	**5,618**
2 Foreign countries	183,688	46,570[r]	−14,488	25,556	9,426	−4,107	−14,182	1,762	−3,257	5,296
3 Europe	144,921	23,797[r]	−22,873	5,475	8,077	2,530[r]	−7,354	1,342[r]	−15,394	−3,997
4 Belgium and Luxembourg	3,427	3,805	518	510	2,148	−229	204	−54	476	121
5 Germany	22,471	144[r]	−566	307	−556	−268	217	428	−653	−290
6 Netherlands	1,746	−5,533	2,501	−1,156	898	2,347	−584	197	−256	797
7 Sweden	−465	1,486	−162	586	581	163	−228	386	−462	−21
8 Switzerland	6,028	5,240	−4,004	531	175	−2,171	47	−1,457	−302	−121
9 United Kingdom	98,253	14,384[r]	−14,063	3,207	3,074	1,729[r]	−5,721	1,129[r]	−6,672	−4,528
10 Other Europe and former U.S.S.R.	13,461	4,271[r]	−7,097	1,490	1,757	959	−1,289	713	−7,525	45
11 Canada	−811	615[r]	3,396	3,694	614	−1,729	1,127	213	1,205	2,580
12 Latin America and Caribbean	−2,554	−3,662[r]	−4,014	1,961	−3,817	−5,621	−6,037	1,100	5,200	1,344
13 Venezuela	655	59	91	327	108	−17	463	−445	2	88
14 Other Latin America and Caribbean	−549	9,523[r]	−3,062	−5,411	−165	−1,979	−2,024	−2,570	3,654	−143
15 Netherlands Antilles	−2,660	−13,244	−1,043	7,045	−3,760	−3,625	−4,476	4,115	1,544	1,399
16 Asia	39,567	27,433[r]	8,973	13,632	4,347	1,299[r]	−2,216	−1,714[r]	5,973	5,631
17 Japan	20,360	13,048	3,190	7,311	3,750	−2,134	−1,124	−1,311	6,475	1,284
18 Africa	1,524	751	−250	145	16	17	−6	−52	−11	−198
19 Other	1,041	−2,364[r]	280	649	189	−603	304	873	−230	−64
20 Nonmonetary international and regional organizations	483	2,469	−421	−100	1,123	−58	−441	−230	−14	322
21 International	621	1,502	−416	−19	1,084	−77	−371	−206	15	223
22 Latin American regional	170	199	121	−6	2	3	1	−5	0	122
MEMO										
23 Foreign countries	183,688	46,570[r]	−14,488	25,556	9,426	−4,107	−14,182	1,762	−3,257	5,296
24 Official institutions	43,959	4,123	−10,376	11,843	5,274	1,463[r]	−3,699	−4,667[r]	−6,696	3,223
25 Other foreign	139,729	42,447[r]	−4,112	13,713	4,152	−5,570[r]	−10,483	6,429[r]	3,439	2,073
Oil-exporting countries										
26 Middle East[2]	7,636	−16,554	6,881	233	−2,442	3,069[r]	−618	1,478[r]	65	2,887
27 Africa[3]	−12	2	0	0	0	0	0	0	0	0

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

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

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

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

Currency units per dollar except as noted

Item	1996	1997	1998	1999 Feb.	Mar.	Apr.	May[r]	June	July
	Exchange Rates								
COUNTRY/CURRENCY UNIT									
1 Australia/dollar[2]	78.28	74.37	62.91	63.99	63.08	64.20	66.28	65.63	65.62
2 Austria/schilling	10.589	12.206	12.379	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3 Belgium/franc	30.97	35.81	36.31	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4 Brazil/real	1.0051	1.0779	1.1605	1.9261	1.9057	1.7025	1.6853	1.7669	1.8023
5 Canada/dollar	1.3638	1.3849	1.4836	1.4977	1.5176	1.4881	1.4611	1.4695	1.4890
6 China, P.R./yuan	8.3389	8.3193	8.3008	8.2755	8.2792	8.2792	8.2785	8.2780	8.2776
7 Denmark/krone	5.8003	6.6092	6.7030	6.6379	6.8287	6.9475	6.9925	7.1643	7.1792
8 European Monetary Union/euro[3]	n.a.	n.a.	n.a.	1.1203	1.0886	1.0701	1.0630	1.0377	1.0370
9 Finland/markka	4.5948	5.1956	5.3473	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10 France/franc	5.1158	5.8393	5.8995	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11 Germany/deutsche mark	1.5049	1.7348	1.7597	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Greece/drachma	240.82	273.28	295.70	287.41	296.36	304.26	305.96	312.49	313.52
13 Hong Kong/dollar	7.7345	7.7431	7.7467	7.7490	7.7493	7.7495	7.7531	7.7575	7.7603
14 India/rupee	35.51	36.36	41.36	42.53	42.52	42.80	42.86	43.21	43.36
15 Ireland/pound[2]	159.95	151.63	142.48	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1,542.76	1,703.81	1,736.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
17 Japan/yen	108.78	121.06	130.99	116.67	119.47	119.77	122.00	120.72	119.33
18 Malaysia/ringgit	2.5154	2.8173	3.9254	3.8000	3.8000	3.8000	3.8000	3.8000	3.8000
19 Mexico/peso	7.600	7.918	9.152	10.006	9.732	9.430	9.396	9.515	9.370
20 Netherlands/guilder	1.6863	1.9525	1.9837	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
21 New Zealand/dollar[2]	68.77	66.25	53.61	54.35	53.45	54.27	55.30	53.25	52.61
22 Norway/krone	6.4594	7.0857	7.5521	7.7240	7.8151	7.7750	7.7496	7.8749	7.9029
23 Portugal/escudo	154.28	175.44	180.25	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Singapore/dollar	1.4100	1.4857	1.6722	1.7004	1.7292	1.7134	1.7122	1.7107	1.6958
25 South Africa/rand	4.3011	4.6072	5.5417	6.1146	6.2136	6.1186	6.1809	6.0880	6.1182
26 South Korea/won	805.00	947.65	1,400.40	1,188.84	1,229.72	1,209.96	1,197.92	1,168.91	1,189.10
27 Spain/peseta	126.68	146.53	149.41	n.a	n.a.	n.a.	n.a.	n.a.	n.a.
28 Sri Lanka/rupee	55.289	59.026	65.006	69.070	69.570	69.588	70.581	71.211	71.912
29 Sweden/krona	6.7082	7.6446	7.9522	7.9532	8.2144	8.3293	8.4432	8.5065	8.4431
30 Switzerland/franc	1.2361	1.4514	1.4506	1.4272	1.4660	1.4971	1.5078	1.5374	1.5474
31 Taiwan/dollar	27.468	28.775	33.547	32.564	33.165	32.965	32.791	32.525	32.338
32 Thailand/baht	25.359	31.072	41.262	37.137	37.557	37.631	37.051	36.926	37.143
33 United Kingdom/pound[2]	156.07	163.76	165.73	162.76	162.13	160.89	161.54	159.50	156.51
34 Venezuela/bolivar	417.19	488.39	548.39	577.32	580.06	587.79	596.48	603.29	611.17
	Indexes[3]								
NOMINAL									
35 G-10 (March 1973=100)[4]	87.34	96.38	98.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
36 Broad (January 1997=100)[5]	97.43	104.47	116.25	116.37	117.80	117.15	116.91	117.45	117.48
37 Major currencies (March 1973=100)[6]	85.23	91.85	96.52	93.76	95.69	95.76	95.79	96.56	96.78
38 Other important trading partners (January 1997=100)[7]	98.25	104.67	125.70	130.83	131.03	129.24	128.55	128.56	128.26
REAL									
39 Broad (March 1973=100)[5]	82.34[r]	86.73[r]	94.27[r]	93.02[r]	94.36[r]	94.26[r]	93.93	94.23	93.90
40 Major currencies (March 1973=100)[6]	85.88[r]	93.25[r]	98.37[r]	96.40[r]	98.42[r]	98.77[r]	98.66	99.25	98.99
41 Other important trading partners (March 1973=100)[7]	81.41[r]	82.33[r]	93.10[r]	92.69[r]	93.23[r]	92.57[r]	91.94	91.91	91.48

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) monthly statistical release. For ordering address, see inside front cover.
2. Value in U.S. cents.
3. As of January 1999, the euro is reported in place of the individual euro area currencies. These currency rates can be derived from the euro rate by using the fixed conversion rates (in currencies per euro) as shown below:

Euro equals

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

4. For more information on the indexes of the foreign exchange value of the dollar, see *Federal Reserve Bulletin*, vol. 84 (October 1998), pp. 811–18.
5. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of the other G-10 countries. The weight for each of the ten countries is the 1972–76 average world trade of that country divided by the average world trade of all ten countries combined. Series revised as of August 1978 (see *Federal Reserve Bulletin*, vol. 64 (August 1978), p. 700).
6. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of U.S. trading partners. The weight for each currency is computed as an average of U.S. bilateral import shares from and export shares to the issuing country and of a measure of the importance to U.S. exporters of that country's trade in third country markets.
7. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.
8. Weighted average of the foreign exchange value of the U.S. dollar against a subset of broad index currencies that do not circulate widely outside the country of issue. The weight for each currency is its broad index weight scaled so that the weights of the subset of currencies in the index sum to one.

Guide to Statistical Releases and Special Tables

STATISTICAL RELEASES—List Published Semiannually, with Latest Bulletin *Reference*

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

4.34 RESIDENTIAL LENDING ACTIVITY OF FINANCIAL INSTITUTIONS COVERED BY HMDA, 1986–98

Number

Item	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
1 Loans or applications (millions)[2]	2.83	3.42	3.39	3.13	6.59	7.89	12.01	15.38	12.19	11.23	14.81	16.41	24.66
2 Reporting institutions	8,898	9,431	9,319	9,203	9,332	9,358	9,073	9,650	9,858	9,539	9,328	7,925	7,836
3 Disclosure reports	12,329	13,033	13,919	14,154	24,041	25,934	28,782	35,976	38,750	36,611	42,946	47,416	57,294

1. Before 1990, includes only home purchase, home refinancing, and home improvement loans originated by covered institutions; beginning in 1990 (first year under revised reporting system), includes such loans originated and purchased, applications approved but not accepted by the applicant, applications denied or withdrawn, and applications closed because information was incomplete.

2. Revised from preliminary data published in Glenn B. Canner and Dolores S. Smith, "Home Mortgage Disclosure Act: Expanded Data on Residential Lending," *Federal Reserve Bulletin*, vol. 77 (November 1991), p. 861, to reflect corrections and the reporting of additional data.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.35 APPLICATIONS FOR HOME LOANS REPORTED UNDER HMDA, 1998
By Type of Dwelling, Purpose of Loan, and Loan Program

Thousands

Loan program	One- to four-family dwellings				Multifamily dwellings[1]	All
	Home purchase	Home refinancing	Home improvement	All		
1 FHA	913.2	450.3	134.7	1,498.1	4.7	1,502.8
2 VA	266.6	277.5	*	544.6	*	544.7
3 FmHA	32.0	1.1	5.8	38.9	*	38.9
4 Conventional	6,738.0	10,683.6	1,884.5	19,306.2	43.6	19,349.7
5 **Total**	**7,949.8**	**11,412.5**	**2,025.4**	**21,387.7**	**48.3**	**21,436.0**

*Fewer than 500.

1. Multifamily dwellings are those for five or more families.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.36 HOME LOANS ORIGINATED BY LENDERS REPORTED UNDER HMDA, 1998
By Type of Dwelling, Purpose of Loan, and Type of Lender

Percent

Type of lender	One- to four-family dwellings								Multifamily dwellings[1]	All
	Home purchase					Home refinancing	Home improvement	All		
	FHA-insured	VA-guaranteed	FmHA-insured	Conventional	All					
1 Commercial bank	7.5	9.2	13.9	20.9	18.1	23.9	61.6	24.8	44.8	24.9
2 Savings association	6.6	6.5	4.2	17.4	15.1	15.6	10.2	15.0	34.1	15.0
3 Credit union	.2	1.9	.0	1.8	1.5	3.1	11.7	3.2	.4	3.2
4 Mortgage company[2]	85.7	82.5	81.8	60.0	65.3	57.3	16.5	57.0	20.7	56.9
5 **Total**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
MEMO *Distribution of loans*										
6 Number	732,586	215,289	25,390	3,576,732	4,549,997	6,705,214	985,003	12,240,214	34,367	12,274,581
7 Percent	6.0	1.8	.2	29.1	37.1	54.6	8.0	99.7	.3	100.0

*Less than .05 percent.

1. Multifamily dwellings are those for five or more families.

2. Comprises all covered mortgage companies, including those affiliated with a commercial bank, savings association, or credit union.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.37 APPLICATIONS FOR LOANS FOR ONE- TO FOUR-FAMILY HOMES REPORTED UNDER HMDA, 1998
By Purpose of Loan and Characteristics of Applicant and Census Tract

Characteristic	Home purchase						Home refinancing		Home improvement	
	Government-backed			Conventional						
	Number	Percent	MEMO Percentage of characteristic's home purchase loans	Number	Percent	MEMO Percentage of characteristic's home purchase loans	Number	Percent	Number	Percent
APPLICANT										
Racial/ethnic identity										
1 American Indian or Alaskan Native	6,149	.5	11.7	46,594	.8	88.3	36,132	.4	9,510	.7
2 Asian or Pacific Islander	19,266	1.7	10.3	167,297	2.8	89.7	255,133	3.0	26,624	2.0
3 Black	161,829	14.1	22.7	551,396	9.1	77.3	647,720	7.6	145,536	11.0
4 Hispanic	170,724	14.8	30.8	383,508	6.3	69.2	446,913	5.2	123,079	9.3
5 White	746,341	64.9	13.6	4,751,012	78.2	86.4	6,825,276	79.6	970,548	73.6
6 Other	9,528	.8	13.5	61,055	1.0	86.5	189,121	2.2	21,473	1.6
7 All	35,980	3.1	23.9	114,482	1.9	76.1	175,597	2.0	22,509	1.7
8 **Total**	**1,149,817**	**100.0**	**15.9**	**6,075,344**	**100.0**	**84.1**	**8,575,892**	**100.0**	**1,319,279**	**100.0**
Income (percentage of MSA median)[2]										
9 Less than 50	118,200	11.4	18.7	515,005	11.2	81.3	840,710	9.9	252,673	15.5
10 50–79	353,546	34.1	26.4	984,125	21.4	73.6	1,654,353	19.4	378,134	23.2
11 80–99	214,024	20.7	25.4	629,026	13.7	74.6	1,220,790	14.3	243,493	15.0
12 100–119	145,783	14.1	21.1	544,833	11.8	78.9	1,098,236	12.9	203,227	12.5
13 120 or more	203,920	19.7	9.6	1,931,356	41.9	90.4	3,701,816	43.5	550,118	33.8
14 **Total**	**1,035,473**	**100.0**	**18.4**	**4,604,345**	**100.0**	**81.6**	**8,515,905**	**100.0**	**1,627,645**	**100.0**
CENSUS TRACT										
Racial/ethnic composition (minorities as percentage of population)										
15 Less than 10	388,640	37.5	14.3	2,335,118	49.6	85.7	4,715,504	50.1	738,762	45.8
16 10–19	236,439	22.8	18.4	1,046,844	22.3	81.6	1,882,594	20.0	282,683	17.5
17 20–49	264,690	25.5	23.2	875,072	18.6	76.8	1,644,030	17.5	284,290	17.6
18 50–79	85,213	8.2	23.7	273,698	5.8	76.3	601,275	6.4	133,090	8.2
19 80–100	61,853	6.0	26.3	173,568	3.7	73.7	571,469	6.1	175,157	10.9
20 **Total**	**1,036,835**	**100.0**	**18.1**	**4,704,300**	**100.0**	**81.9**	**9,414,872**	**100.0**	**1,613,982**	**100.0**
Income[3]										
21 Low	20,938	2.0	18.5	92,263	2.0	81.5	223,750	2.4	71,351	4.3
22 Moderate	166,483	15.9	21.9	594,718	12.6	78.1	1,198,730	12.7	306,152	18.6
23 Middle	605,966	57.8	20.5	2,351,647	49.9	79.5	4,835,580	51.2	860,495	52.2
24 Upper	255,587	24.4	13.3	1,671,981	35.5	86.7	3,188,403	33.8	409,705	24.9
25 **Total**	**1,048,974**	**100.0**	**18.2**	**4,710,609**	**100.0**	**81.8**	**9,446,463**	**100.0**	**1,647,703**	**100.0**
Location[4]										
26 Central city	475,995	44.8	20.2	1,885,861	39.4	79.8	3,691,803	38.6	731,889	43.6
27 Non-central city	586,168	55.2	16.8	2,904,610	60.6	83.2	5,876,950	61.4	945,383	56.4
28 **Total**	**1,062,163**	**100.0**	**18.1**	**4,790,471**	**100.0**	**81.9**	**9,568,753**	**100.0**	**1,677,272**	**100.0**

NOTE. Lenders reported 21,436,038 applications for home loans in 1998. Not all characteristics were reported for all applications; thus the number of applications being distributed by characteristic varies by characteristic.

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, or the Farmers Home Administration.

2. Median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

3. Census tracts are categorized by the median family income for the tract relative to the median family income for the MSA in which the tract is located. Categories are defined as follows: *Low income*, median family income for census tract less than 50 percent of median family income for MSA, *Moderate income*, median family income for census tract at least 50 and less than 80 percent of MSA median; *Middle income*, median family income at least 80 percent and less than 120 percent of MSA median; *Upper income*, median family income 120 percent and greater of MSA median.

4. For census tracts located in MSAs.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.38 APPLICATIONS FOR LOANS FOR ONE- TO FOUR-FAMILY HOMES REPORTED UNDER HMDA, 1998
By Purpose of Loan, with Denial Rate, and by Characteristic of Applicant

Applicant characteristic[1]	Home purchase				Home refinancing		Home improvement	
	Government-backed[2]		Conventional					
	Distribution	Denial rate	Distribution	Denial rate	Distribution	Denial rate	Distribution	Denial rate
American Indian or Alaskan Native								
1 One male	34.70	9.50	30.80	53.80	28.00	20.60	34.60	42.30
2 Two males	1.60	8.60	1.40	48.20	3.60	11.50	5.00	49.10
3 One female	27.10	9.90	29.30	56.30	23.90	20.00	26.30	39.40
4 Two females	1.60	6.40	2.50	62.80	1.90	12.80	1.20	37.40
5 One male and one female	35.00	9.90	35.90	51.00	42.60	15.70	32.90	33.30
6 **Total**[3]	**100.00**	**8.10**	**100.00**	**52.90**	**100.00**	**17.30**	**100.00**	**38.90**
Asian or Pacific Islander								
7 One male	23.40	9.30	22.10	14.50	16.20	17.70	33.50	35.80
8 Two males	3.80	9.20	2.20	15.60	1.50	13.80	1.30	37.50
9 One female	16.90	9.30	15.70	14.10	13.60	16.80	22.50	35.70
10 Two females	2.50	12.00	1.50	14.60	1.30	12.90	.80	31.70
11 One male and one female	53.40	8.50	58.50	10.00	67.50	12.00	41.90	24.10
12 **Total**[3]	**100.00**	**8.90**	**100.00**	**11.80**	**100.00**	**13.60**	**100.00**	**30.80**
Black								
13 One male	28.30	12.30	28.40	52.80	25.00	26.00	29.00	40.80
14 Two males	1.40	10.80	1.10	53.80	.60	24.40	.50	46.30
15 One female	35.70	11.80	38.70	57.30	32.60	25.30	39.70	41.80
16 Two females	3.00	12.40	3.00	64.20	1.60	23.50	1.60	50.40
17 One male and one female	31.60	12.90	28.80	49.00	40.20	22.90	29.20	40.90
18 **Total**[3]	**100.00**	**12.30**	**100.00**	**53.70**	**100.00**	**24.40**	**100.00**	**41.40**
Hispanic								
19 One male	26.00	9.60	31.60	43.50	20.30	22.80	35.00	39.60
20 Two males	5.90	10.00	2.60	40.50	1.90	16.40	1.20	46.00
21 One female	13.70	9.60	18.30	41.40	16.00	20.60	22.90	41.50
22 Two females	2.40	10.30	1.80	44.90	1.30	18.00	1.00	48.10
23 One male and one female	52.00	9.30	45.70	34.00	60.50	18.50	40.00	39.30
24 **Total**[3]	**100.00**	**9.50**	**100.00**	**38.70**	**100.00**	**19.70**	**100.00**	**38.80**
White								
25 One male	26.30	7.70	24.50	32.00	17.80	15.70	23.00	27.20
26 Two males	1.50	7.10	1.30	28.20	.70	12.40	.70	26.40
27 One female	17.60	6.90	18.50	32.20	14.10	13.70	18.70	27.60
28 Two females	1.30	7.40	1.20	36.60	.70	12.40	.90	31.50
29 One male and one female	53.30	6.90	54.50	21.00	66.70	10.10	56.70	19.60
30 **Total**[3]	**100.00**	**7.10**	**100.00**	**26.00**	**100.00**	**11.60**	**100.00**	**23.00**
All								
31 One male	26.60	8.70	25.30	34.90	18.50	17.30	25.10	31.00
32 Two males	2.20	8.70	1.40	31.20	.80	13.60	.80	32.10
33 One female	19.70	8.50	20.40	37.00	15.60	16.10	21.60	32.20
34 Two females	1.70	9.40	1.40	42.40	90	14.50	1.00	36.70
35 One male and one female	49.80	7.90	51.50	23.00	64.20	11.30	51.50	22.60
36 **Total**[3]	**100.00**	**8.30**	**100.00**	**29.30**	**100.00**	**13.20**	**100.00**	**26.90**

1. Applicants are categorized by race of first applicant listed on Loan Application Register, except for joint white and minority applications, which are not shown in this table.
2. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, or the Farmers Home Administration.
3. Includes all applicants from racial or ethnic group regardless of whether gender was reported.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.39 APPLICATIONS FOR HOME LOANS REPORTED UNDER HMDA, 1998 By Loan Program and Size of Dwelling

Percent

Type of loan program	One- to four-family dwellings											
	Home purchase						Home refinancing					
	Approved and accepted	Approved but not accepted	Denied	Withdrawn	File closed	Total	Approved and accepted	Approved but not accepted	Denied	Withdrawn	File closed	Total
1 FHA	80.2	2.3	8.3	7.8	1.4	100	74.4	5.1	6.0	10.1	4.5	100
2 VA	80.7	2.2	8.4	7.5	1.1	100	77.7	3.0	3.6	12.3	3.4	100
3 FmHA	79.4	1.3	12.6	5.8	.9	100	51.6	5.4	23.5	17.8	1.7	100
4 Conventional	53.1	9.6	29.3	6.8	1.1	100	57.6	8.7	19.1	11.6	3.0	100
5 All	57.2	8.5	26.1	7.0	1.2	100	58.8	8.4	18.2	11.5	3.1	100
	One- to four-family dwellings						Multifamily dwellings[1]					
	Home improvement											
	Approved and accepted	Approved but not accepted	Denied	Withdrawn	File closed	Total	Approved and accepted	Approved but not accepted	Denied	Withdrawn	File closed	Total
1 FHA	25.2	12.9	51.0	9.9	1.0	100	71.3	12.2	7.6	7.0	2.0	100
2 VA	75.4	4.9	10.5	7.7	1.5	100	83.8	*	10.0	6.3	*	100
3 FmHA	17.5	30.8	45.0	3.2	3.5	100	60.0	10.0	20.0	10.0	*	100
4 Conventional	50.4	10.8	33.2	4.7	.9	100	71.1	3.3	11.6	11.7	2.3	100
5 All	48.6	11.0	34.4	5.0	.9	100	71.1	4.2	11.2	11.3	2.3	100

NOTE. Loans *approved and accepted* were approved by the lender and accepted by the applicant. Loans *approved but not accepted* were approved by the lender but not accepted by the applicant. Applications denied were denied by the lender, and applications *withdrawn* were withdrawn by the applicant. When an application was left incomplete by the applicant, the lender reported *file closed* and took no further action.

*Less than .05 percent.

1. Multifamily dwellings are those for five or more families.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.40 APPLICATIONS FOR ONE- TO FOUR-FAMILY HOME LOANS REPORTED UNDER HMDA, 1998
By Disposition of Loan and Characteristics of Applicant and Census Tract

A. Home Purchase Loans

Percent

Characteristic	Government-backed [1]					Conventional				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
APPLICANT										
Racial or ethnic identity										
1 American Indian or Alaskan Native	82.0	8.1	7.8	2.1	100	41.0	52.9	5.3	.8	100
2 Asian or Pacific Islander	81.6	8.9	8.2	1.3	100	78.4	11.8	8.1	1.6	100
3 Black	76.9	12.3	9.0	1.8	100	38.8	53.7	6.4	1.1	100
4 Hispanic	80.2	9.5	8.5	1.7	100	53.1	38.7	6.9	1.3	100
5 White	85.4	7.1	6.5	1.0	100	67.4	26.0	5.7	.9	100
6 Other	80.9	9.6	8.0	1.5	100	64.0	25.9	8.5	1.6	100
7 Joint[2]	83.3	8.5	7.1	1.1	100	69.9	22.6	6.4	1.1	100
Income ratio (percentage of MSA median)[3]										
8 Less than 50	77.8	12.4	8.1	1.8	100	47.4	45.5	5.9	1.2	100
9 American Indian or Alaskan Native	74.8	11.8	7.5	5.9	100	40.2	52.3	5.8	1.8	100
10 Asian or Pacific Islander	78.0	11.7	9.3	1.1	100	69.7	20.2	8.2	2.0	100
11 Black	73.0	15.2	9.4	2.3	100	38.6	54.6	5.4	1.4	100
12 Hispanic	79.4	11.3	7.9	1.5	100	45.2	48.6	5.0	1.2	100
13 White	80.3	11.0	7.2	1.5	100	50.9	43.8	4.4	.9	100
14 Other	76.4	14.7	6.6	2.3	100	50.5	40.8	7.2	1.5	100
15 Joint[2]	74.6	16.0	7.9	1.5	100	50.6	41.5	6.5	1.5	100
16 50–79	84.7	7.9	6.4	1.1	100	62.4	30.4	6.1	1.1	100
17 American Indian or Alaskan Native	86.4	6.8	5.5	1.3	100	53.9	39.2	5.7	1.2	100
18 Asian or Pacific Islander	83.5	8.3	7.0	1.2	100	79.2	12.6	6.8	1.4	100
19 Black	79.8	11.0	7.7	1.5	100	48.5	43.2	6.8	1.5	100
20 Hispanic	83.3	8.7	6.8	1.2	100	55.1	38.1	5.7	1.1	100
21 White	86.9	6.6	5.6	.8	100	66.7	27.6	4.9	.8	100
22 Other	84.2	7.9	6.8	1.0	100	64.3	27.9	6.2	1.6	100
23 Joint[2]	83.5	9.0	6.7	.9	100	58.9	34.7	5.5	1.0	100
24 80–119	86.0	6.9	6.2	.9	100	72.7	19.3	6.8	1.2	100
25 American Indian or Alaskan Native	87.1	5.5	6.3	1.1	100	63.1	28.3	7.4	1.2	100
26 Asian or Pacific Islander	83.9	7.7	7.4	1.1	100	81.4	9.9	7.2	1.5	100
27 Black	81.1	10.0	7.7	1.2	100	56.6	33.4	8.3	1.7	100
28 Hispanic	82.1	9.2	7.4	1.3	100	63.2	28.3	7.0	1.4	100
29 White	88.4	5.6	5.3	.7	100	76.7	16.9	5.5	.9	100
30 Other	62.4	6.5	5.2	.9	100	22.9	6.2	2.3	.5	100
31 Joint[2]	86.0	6.8	6.3	.9	100	73.8	19.2	6.0	1.0	100
32 120 or more	85.7	6.4	6.8	1.1	100	81.9	10.0	6.8	1.3	100
33 American Indian or Alaskan Native	86.3	5.7	7.0	1.0	100	74.0	16.4	8.0	1.5	100
34 Asian or Pacific Islander	83.2	8.5	7.2	1.1	100	82.1	8.9	7.5	1.5	100
35 Black	80.7	10.3	7.8	1.2	100	67.3	21.5	9.3	1.9	100
36 Hispanic	80.2	7.9	9.6	2.4	100	73.0	16.5	8.4	2.1	100
37 White	88.6	5.1	5.5	.7	100	84.8	8.5	5.7	1.0	100
38 Other	81.7	9.3	7.7	1.3	100	78.1	12.5	7.9	1.5	100
39 Joint[2]	86.3	6.8	6.0	.9	100	83.2	9.5	6.2	1.1	100
CENSUS TRACT										
Racial or ethnic composition (minorities as percentage of population)										
40 Less than 10	86.6	6.6	5.8	.9	100	75.5	16.9	6.5	1.1	100
41 10–19	85.3	7.2	6.5	1.0	100	71.8	19.8	7.2	1.3	100
42 20–49	83.0	8.4	7.4	1.2	100	65.7	25.0	7.9	1.4	100
43 50–79	79.2	10.9	8.2	1.6	100	60.1	29.3	9.0	1.7	100
44 80–100	75.3	12.5	10.2	2.0	100	52.4	33.8	11.6	2.2	100
Income[4]										
45 Low	74.7	12.7	10.6	2.0	100	52.4	34.2	11.2	2.1	100
46 Moderate	81.0	9.7	7.8	1.4	100	58.4	32.1	8.1	1.4	100
47 Middle	84.8	7.6	6.6	1.1	100	68.8	23.0	7.0	1.2	100
48 Upper	85.0	6.9	6.9	1.1	100	79.9	11.7	7.1	1.3	100
Location[5]										
49 Central city	83.1	8.4	7.2	1.3	100	68.7	22.2	7.7	1.4	100
50 Non–central city	84.7	163.1	109.9	29.3	100	72.3	19.5	7.0	1.2	100

4.40 APPLICATIONS FOR ONE- TO FOUR-FAMILY HOME LOANS REPORTED UNDER HMDA, 1998
By Disposition of Loan and Characteristics of Applicant and Census Tract—Continued

B. Home Refinancing and Home Improvement Loans

Percent

Characteristic	Home refinancing					Home improvement				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
APPLICANT										
Racial or ethnic identity										
1 American Indian or Alaskan Native	63.1	17.3	13.5	6.0	100	55.6	38.9	4.3	1.1	100
2 Asian or Pacific Islander	74.5	13.6	9.0	2.9	100	63.4	30.8	3.9	1.9	100
3 Black	56.0	24.4	13.9	5.6	100	54.3	41.4	3.4	.9	100
4 Hispanic	62.1	19.7	13.0	5.2	100	56.9	38.8	3.0	1.4	100
5 White	77.7	11.6	8.2	2.4	100	73.1	23.0	3.4	.4	100
6 Other	46.5	36.8	14.2	2.5	100	52.2	43.5	3.1	1.2	100
7 Joint[2]	75.7	12.5	8.8	2.9	100	69.8	26.5	3.2	.5	100
Income ratio (percentage of MSA median)[3]										
8 Less than 50	51.2	30.8	13.6	4.4	100	44.9	49.3	4.9	.9	100
9 American Indian or Alaskan Native	57.2	23.7	12.3	6.7	100	39.7	55.0	3.3	2.1	100
10 Asian or Pacific Islander	58.0	23.7	13.0	5.3	100	50.7	45.0	1.9	2.4	100
11 Black	48.5	30.1	14.2	7.2	100	47.0	48.6	3.3	1.1	100
12 Hispanic	50.0	28.7	14.5	6.8	100	45.4	49.8	2.8	2.0	100
13 White	63.1	21.8	10.9	4.2	100	59.2	36.7	3.7	.4	100
14 Other	38.5	52.1	6.5	2.9	100	39.9	56.4	2.3	1.4	100
15 Joint[2]	61.8	20.0	12.9	5.3	100	46.8	49.4	3.7	.1	100
16 50–79	61.4	22.8	12.3	3.5	100	52.8	41.4	4.8	.9	100
17 American Indian or Alaskan Native	60.0	21.1	13.4	5.5	100	50.9	43.5	4.6	1.0	100
18 Asian or Pacific Islander	69.5	16.8	10.2	3.4	100	59.6	34.5	3.5	2.3	100
19 Black	52.9	27.1	13.7	6.2	100	53.0	42.8	3.3	1.0	100
20 Hispanic	57.4	24.0	13.2	5.4	100	51.3	43.6	3.2	1.9	100
21 White	72.9	14.9	9.2	3.0	100	67.4	28.6	3.5	.5	100
22 Other	47.9	38.1	10.7	3.3	100	49.0	47.0	2.9	1.2	100
23 Joint[2]	68.3	17.7	10.3	3.7	100	58.3	37.9	3.3	.4	100
24 80–119	68.1	18.0	10.8	3.0	100	60.1	34.1	4.9	.8	100
25 American Indian or Alaskan Native	66.2	16.4	12.4	4.9	100	61.4	33.2	4.3	1.1	100
26 Asian or Pacific Islander	75.6	13.3	8.3	2.8	100	65.2	29.4	3.7	1.7	100
27 Black	56.1	25.1	13.1	5.6	100	56.5	39.4	3.4	.8	100
28 Hispanic	61.8	21.4	12.3	4.6	100	55.7	39.8	3.4	1.1	100
29 White	78.1	11.6	7.9	2.4	100	73.8	22.4	3.3	.4	100
30 Other	9.2	4.9	1.8	.5	100	4.0	3.2	.2	.1	100
31 Joint[2]	73.5	14.5	8.8	3.2	100	68.0	28.9	2.7	.4	100
32 120 or more	75.7	12.7	9.0	2.6	100	69.4	24.8	4.9	.9	100
33 American Indian or Alaskan Native	70.9	14.5	10.6	4.0	100	69.2	25.3	4.4	1.1	100
34 Asian or Pacific Islander	78.6	11.5	7.4	2.5	100	72.0	21.4	4.9	1.7	100
35 Black	60.8	22.3	11.9	5.0	100	63.0	32.5	3.6	.9	100
36 Hispanic	66.8	16.4	11.5	5.3	100	64.0	32.4	2.8	.8	100
37 White	83.0	8.6	6.5	1.9	100	81.1	15.2	3.3	.5	100
38 Other	66.1	21.0	10.1	2.9	100	61.6	33.9	3.4	1.2	100
39 Joint[2]	79.2	11.1	7.3	2.4	100	75.6	20.4	3.4	.5	100
CENSUS TRACT										
Racial or ethnic composition (minorities as percentage of population)										
40 Less than 10	72.8	14.6	10.1	2.5	100	66.8	27.6	4.9	.7	100
41 10–19	69.4	16.3	11.3	3.0	100	60.4	33.3	5.3	1.0	100
42 20–49	63.6	20.1	12.8	3.5	100	53.6	40.0	5.3	1.1	100
43 50–79	56.1	24.8	14.6	4.6	100	49.4	44.0	5.1	1.5	100
44 80–100	49.0	28.9	16.6	5.5	100	47.2	46.2	5.1	1.4	100
Income[4]										
45 Low	49.1	29.8	16.0	5.1	100	44.2	49.1	5.4	1.2	100
46 Moderate	56.5	25.0	14.3	4.2	100	50.4	43.4	5.0	1.2	100
47 Middle	67.1	18.1	11.7	3.1	100	60.3	33.9	4.9	.8	100
48 Upper	75.0	12.6	9.7	2.6	100	66.8	27.0	5.1	1.0	100
Location[5]										
49 Central city	65.0	19.2	12.3	3.5	100	55.6	38.4	4.9	1.1	100
50 Non–central city	69.8	16.3	11.0	2.9	100	62.4	31.8	5.0	.9	100

NOTE. Applicant income ratio is applicant income as a percentage of MSA median. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

1. Loans backed by the Federal Housing Administration, the Department of Veterans Affairs, or the Farmers Home Administration

2. White and minority.

3. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

4. Census tracts are categorized by the median family income for the tract relative to the median family income for the MSA in which the tract is located. Categories are defined as follows: *Low income*, median family income for census tract less than 50 percent of median family income for MSA; *Moderate income*, median family income for census tract at least 50 and less than 80 percent of MSA median; *Middle income*, median family income at least 80 percent and less than 120 percent of MSA median; *Upper income*, median family income 120 percent and greater of MSA median.

5. For census tracts located in MSAs.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.41 HOME LOANS SOLD, 1998 By Purchaser and Characteristics of Borrower and Census Tract

Characteristic	Fannie Mae		Ginnie Mae		Freddie Mac		FmHA		Commercial bank	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 All	2,586,071	100.0	1,352,302	100.0	1,910,191	100.0	4,866	100.0	168,195	100.0
BORROWER										
Racial or ethnic identity										
2 American Indian or Alaskan Native	5,902	.3	4,072	.5	3,257	.2	14	.3	337	.2
3 Asian or Pacific Islander	83,191	3.9	13,807	1.6	47,821	3.1	67	1.6	3,904	2.8
4 Black	57,889	2.7	103,988	12.2	32,205	2.1	511	12.5	11,635	8.3
5 Hispanic	83,188	3.9	100,227	11.8	46,980	3.0	606	14.8	8,499	6.1
6 White	1,829,449	86.0	590,684	69.5	1,376,700	88.7	2,780	68.0	111,405	79.9
7 Other	20,866	1.0	8,878	1.0	14,353	.9	29	.7	921	.7
8 Joint	47,024	2.2	27,673	3.3	31,086	2.0	84	2.1	2,735	2.0
9 **Total**	**2,127,509**	**100.0**	**849,329**	**100.0**	**1,552,402**	**100.0**	**4,091**	**100.0**	**139,436**	**100.0**
Income ratio (percentage of MSA median)										
10 Less than 50	90,695	4.7	66,973	11.3	62,318	4.5	343	8.3	8,696	6.5
11 50–79	320,131	16.5	190,384	32.1	222,829	16.0	1,310	31.7	24,602	18.3
12 80–99	286,945	14.8	122,092	20.6	208,425	14.9	754	18.2	19,472	14.5
13 100–119	283,574	14.6	87,567	14.8	208,921	15.0	519	12.6	17,614	13.1
14 120 or more	957,993	49.4	126,632	21.3	693,732	49.7	1,209	29.2	63,736	47.5
15 **Total**	**1,939,338**	**100.0**	**593,648**	**100.0**	**1,396,225**	**100.0**	**4,135**	**100.0**	**134,120**	**100.0**
CENSUS TRACT										
Racial or ethnic composition (minorities as percentage of population)										
16 Less than 10	1,279,244	56.5	449,233	36.6	1,005,722	61.1	2,027	45.9	76,458	52.2
17 10–19	490,796	21.7	293,879	23.9	336,802	20.5	1,035	23.4	31,580	21.5
18 20–49	356,260	15.7	325,137	26.5	225,998	13.7	850	19.2	23,943	16.3
19 50–79	94,898	4.2	95,729	7.8	54,792	3.3	178	4.0	7,664	5.2
20 80–100	41,840	1.8	63,783	5.2	21,540	1.3	327	7.4	6,912	4.7
21 **Total**	**2,263,038**	**100.0**	**1,227,761**	**100.0**	**1,644,854**	**100.0**	**4,417**	**100.0**	**146,557**	**100.0**
Income										
22 Low	15,988	.7	18,010	1.5	9,044	.5	76	1.7	2,481	1.7
23 Moderate	163,781	7.2	171,261	13.9	107,663	6.5	575	13.0	16,320	11.0
24 Middle	1,117,816	49.3	721,348	58.4	830,017	50.4	2,404	54.5	73,096	49.1
25 Upper	967,935	42.7	323,835	26.2	699,847	42.5	1,359	30.8	56,942	38.3
26 **Total**	**2,265,520**	**100.0**	**1,234,454**	**100.0**	**1,646,571**	**100.0**	**4,414**	**100.0**	**148,839**	**100.0**
Location										
27 Central city	810,323	35.8	515,868	41.8	560,948	34.1	1,744	39.6	55,954	37.6
28 Non–central city	1,455,061	64.2	718,184	58.2	1,085,615	65.9	2,660	60.4	92,987	62.4
29 **Total**	**2,265,384**	**100.0**	**1,234,052**	**100.0**	**1,646,563**	**100.0**	**4,404**	**100.0**	**148,941**	**100.0**

4.41 HOME LOANS SOLD, 1998 By Purchaser and Characteristics of Borrower and Census Tract—Continued

Characteristic	Savings bank or savings and loan association		Life insurance company		Affiliate		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
30 All	74,944	100.0	7,055	100.0	1,071,139	100.0	2,898,438	100.0
BORROWER								
Racial or ethnic identity								
31 American Indian or Alaskan Native	176	.3	21	.3	2,730	.4	11,619	.5
32 Asian or Pacific Islander	1,972	3.0	95	1.4	36,263	4.9	64,236	2.9
33 Black	3,531	5.3	302	4.5	44,237	6.0	216,301	9.6
34 Hispanic	2,714	4.1	206	3.0	43,125	5.9	157,691	7.0
35 White	56,201	84.4	5,989	88.6	587,209	79.7	1,724,101	76.6
36 Other	617	.9	30	.4	7,555	1.0	22,782	1.0
37 Joint	1,360	2.0	114	1.7	15,311	2.1	53,592	2.4
38 **Total**	**66,571**	**100.0**	**6,757**	**100.0**	**736,430**	**100.0**	**2,250,322**	**100.0**
Income ratio (percentage of MSA median)[1]								
39 Less than 50	2,874	4.9	341	6.0	59,446	8.4	191,973	9.4
40 50–79	10,153	17.5	1,265	22.3	126,372	17.8	437,950	21.5
41 80–99	8,141	14.0	968	17.1	82,500	11.6	300,006	14.8
42 100–119	7,513	12.9	882	15.6	74,042	10.4	252,870	12.4
43 120 or more	29,459	50.7	2,207	39.0	367,422	51.8	850,890	41.8
44 **Total**	**58,140**	**100.0**	**5,663**	**100.0**	**709,782**	**100.0**	**2,033,689**	**100.0**
CENSUS TRACT								
Racial or ethnic composition (minorities as percentage of population)								
45 Less than 10	39,918	62.0	4,498	73.7	444,443	47.4	1,080,032	43.9
46 10–19	11,848	18.4	842	13.8	225,073	24.0	551,846	22.4
47 20–49	8,254	12.8	549	9.0	172,878	18.4	506,206	20.6
48 50–79	2,541	3.9	148	2.4	53,414	5.7	168,941	6.9
49 80–100	1,810	2.8	68	1.1	41,666	4.4	153,264	6.2
50 **Total**	**64,371**	**100.0**	**6,105**	**100.0**	**937,474**	**100.0**	**2,460,289**	**100.0**
Income[2]								
51 Low	820	1.3	105	1.7	19,435	2.1	61,556	2.5
52 Moderate	5,529	8.6	576	9.4	102,244	10.8	329,326	13.4
53 Middle	30,016	46.5	3,591	58.8	410,128	43.4	1,213,069	49.3
54 Upper	28,142	43.6	1,831	30.0	413,550	43.7	856,679	34.8
55 **Total**	**64,507**	**100.0**	**6,103**	**100.0**	**945,357**	**100.0**	**2,460,630**	**100.0**
Location								
56 Central city	20,301	31.4	2,591	42.4	371,892	39.3	1,012,383	41.1
57 Non-central city	44,270	68.6	3,514	57.6	573,652	60.7	1,448,485	58.9
58 **Total**	**64,571**	**100.0**	**6,105**	**100.0**	**945,544**	**100.0**	**2,460,868**	**100.0**

NOTE. Includes securitized loans. See also notes to table 4.40.
Fannie Mae—Federal National Mortgage Association
Ginnie Mae—Government National Mortgage Association
Freddie Mac—Federal Home Loan Mortgage Corporation
FmHA—Farmers Home Administration
Affiliate—Affiliate of institution reporting the loan

1. Median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. Census tracts are categorized by the median family income for the tract relative to the median family income for the MSA in which the tract is located. Categories are defined as follows: *Low income*, median family income for census tract less than 50 percent of median family income for MSA; *Moderate income*, median family income for census tract at least 50 and less than 80 percent of MSA median; *Middle income*, median family income at least 80 percent and less than 120 percent of MSA median; *Upper income*, median family income 120 percent and greater of MSA median.

SOURCE. FFIEC, Home Mortgage Disclosure Act.

4.411 LENDER SHARE AND DOLLAR VOLUME OF RESIDENTIAL-MORTGAGE ORIGINATIONS, 1993–98[1]

Year	Savings institutions[2]	Commercial banks	Mortgage companies		Credit unions (billions of dollars)	Dollar volume
			Subsidiaries of banks or savings institutions[3]	Independently owned[4]		
Conventional single-family						
1 1993	23	19	19	35	4	871
2 1994	26	21	18	30	5	553
3 1995	26	20	25	26	3	452
4 1996	27	18	26	26	4	548
5 1997	26	15	27	29	3	610
6 1998	25	12	32	28	3	1,124
FHA, VA, and RHS single-family						
7 1993	9	8	25	57	1	156
8 1994	10	9	28	52	1	90
9 1995	10	8	33	48	1	76
10 1996	10	7	33	49	1	96
11 1997	9	5	37	49	1	100
12 1998	7	4	39	50	1	149
Total, single-family						
13 1993	21	18	20	39	4	1,027
14 1994	24	19	20	33	5	643
15 1995	24	18	26	29	3	528
16 1996	24	16	27	30	3	644
17 1997	24	14	29	31	3	710
18 1998	23	11	32	31	3	1,273
Total, multifamily						
19 1993	52	33	5	7	3	16
20 1994	56	34	3	4	3	17
21 1995	53	35	4	4	4	13
22 1996	50	34	6	7	3	16
23 1997	48	32	6	12	3	19
24 1998	44	27	11	15	3	25
Total, residential						
25 1993	21	18	19	38	4	1,043
26 1994	25	19	19	32	5	660
27 1995	24	19	25	29	3	541
28 1996	25	17	26	29	3	660
29 1997	24	14	28	31	3	729
30 1998	23	12	32	31	3	1,297

NOTE. Coverage of depository institutions declined in 1997 because of an increase in the asset size threshold for exempt institutions from $10 million to $28 million.

1. Based on the dollar volume of originations reported under the Home Mortgage Disclosure Act. Originations insured or guaranteed by the Rural Housing Service (RHS) include the former Farmers Home Administration.

2. Includes savings and loan associations and savings banks.

3. Includes mortgage company subsidiaries of a bank holding company or a service corporation.

4. Coverage of independently owned mortgage companies expanded in 1993 when those companies with less than $10 million in assets but with 100 or more home-purchase originations were included.

SOURCE. Home Mortgage Disclosure Act, 1990–98.

4.42 APPLICATIONS RECEIVED AND POLICIES WRITTEN FOR PRIVATE MORTGAGE INSURANCE, 1995–98
By Insurance Company

Company	1995		1996		1997		1998	
	Applications	Policies written	Applications	Policies written	Applications	Policies written	Applications	Policies written
1 Amerin Guaranty	48,266	48,229	61,401	61,378	60,149	60,105	116,744	116,725
2 Commonwealth Mortgage Assurance	127,734	95,476	151,261	106,768	152,874	112,513	212,097	165,336
3 GE Capital Mortgage Insurance	281,755	221,450	269,133	199,728	210,493	160,847	302,606	244,496
4 Mortgage Guaranty Insurance	331,534	267,423	360,167	283,897	325,336	265,566	436,225	356,419
5 PMI Mortgage Insurance	157,929	119,582	181,904	142,896	152,129	119,181	255,656	211,074
6 Republic Mortgage Insurance	119,147	94,038	158,731	123,289	132,204	102,221	183,240	145,023
7 Triad Guaranty Insurance	18,910	14,699	23,942	19,143	36,908	31,129	46,568	38,518
8 United Guaranty	150,962	118,092	170,868	132,661	147,256	120,182	214,162	182,327
9 **Total**	**1,236,237**	**978,989**	**1,377,407**	**1,069,760**	**1,217,349**	**971,744**	**1,767,298**	**1,459,918**

SOURCE. Federal Financial Institutions Examination Council.

4.43 APPLICATIONS RECEIVED AND POLICIES WRITTEN FOR PRIVATE MORTGAGE INSURANCE, 1998
By Purpose of Loan and Insurance Company

Percent

Company	Home purchase		Home refinance		Total	
	Applications	Policies written	Applications	Policies written	Applications	Policies written
1 Amerin Guaranty	6.1	7.4	7.5	9.3	6.6	8.0
2 Commonwealth Mortgage Assurance	11.8	11.2	12.4	11.6	12.0	11.3
3 GE Capital Mortgage Insurance	16.8	16.4	17.8	17.5	17.1	16.7
4 Mortgage Guaranty Insurance	25.1	24.8	23.8	23.6	24.7	24.4
5 PMI Mortgage Insurance	14.6	14.6	14.3	14.1	14.5	14.5
6 Republic Mortgage Insurance	10.4	10.1	10.2	9.7	10.4	9.9
7 Triad Guaranty Insurance	2.7	2.7	2.6	2.6	2.6	2.6
8 United Guaranty	12.4	12.8	11.5	11.7	12.1	12.5
9 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
MEMO						
10 Number of applications or policies	1,186,504.0	988,268.0	580,794.0	471,650.0	1,767,298.0	1,459,918.0

SOURCE. Federal Financial Institutions Examination Council.

4.44 APPLICATIONS FOR PRIVATE MORTGAGE INSURANCE, 1998
By Purpose of Loan and Characteristic of Applicant and Census Tract

Characteristic	Home purchase		Home refinance	
	Number	Percent	Number	Percent
APPLICANT				
Race or ethnic group				
1 American Indian or Alaskan Native	2,525	.3	1,293	.3
2 Asian or Pacific Islander	27,406	3.0	10,782	2.5
3 Black	43,198	4.7	19,010	4.5
4 Hispanic	53,967	5.9	19,757	4.6
5 White	740,862	80.6	352,140	82.5
6 Other	32,042	3.5	14,302	3.4
7 Joint (white and minority)	19,571	2.1	9,399	2.2
8 **Total**	**919,571**	**100.0**	**426,683**	**100.0**
Income (percentage of MSA median)[1]				
9 Less than 50	36,136	3.8	12,336	2.5
10 50–79	158,674	16.7	68,479	14.0
11 80–99	146,301	15.4	75,243	15.4
12 100–119	148,624	15.7	79,802	16.3
13 120 or more	457,928	48.3	253,643	51.8
14 **Total**	**947,663**	**100.0**	**489,503**	**100.0**
CENSUS TRACT				
Racial composition (minorities as percentage of population)				
15 Less than 10	513,245	53.6	263,362	53.1
16 10–19	213,763	22.3	110,778	22.3
17 20–49	160,507	16.8	86,206	17.4
18 50–79	45,758	4.8	22,818	4.6
19 80–100	24,185	2.5	12,801	2.6
20 **Total**	**957,458**	**100.0**	**495,965**	**100.0**
Income[2]				
21 Lower	11,129	1.2	3,576	.7
22 Moderate	86,481	9.0	40,002	8.1
23 Middle	475,135	49.7	264,783	53.4
24 Upper	383,810	40.1	187,198	37.8
25 **Total**	**956,555**	**100.0**	**495,559**	**100.0**
Location[3]				
26 Central city	374,783	38.8	173,358	34.6
27 Non-central city	590,506	61.2	327,077	65.4
28 **Total**	**965,289**	**100.0**	**500,435**	**100.0**

NOTE. Not all characteristics were reported for all loans.

1. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. *Lower:* median family income for census tract less than 50 percent of median family income for MSA. *Moderate:* 50 percent to less than 80 percent. *Middle:* 80 percent to less than 120 percent. *Upper:* 120 percent or more.

3. For census tracts located in MSAs.

SOURCE. Federal Financial Institutions Examination Council.

4.45 APPLICATIONS FOR PRIVATE MORTGAGE INSURANCE, 1998

By Purpose of Loan, Disposition of Application, Characteristic of Applicant, and Census Tract

Percent

Characteristic	Home purchase					Home refinance				
	Approved	Denied	Withdrawn	File closed	Total	Approved	Denied	Withdrawn	File closed	Total
1 **Total**	**90.8**	**6.2**	**2.4**	**.6**	**100.0**	**91.5**	**5.5**	**2.5**	**.5**	**100.0**
APPLICANT										
Race or ethnic group										
2 American Indian or Alaskan Native	87.9	8.6	2.8	.8	100.0	89.8	7.3	2.5	.4	100.0
3 Asian or Pacific Islander	87.6	7.9	3.5	1.0	100.0	89.5	6.3	3.3	.8	100.0
4 Black	82.3	13.1	3.5	1.0	100.0	85.9	10.2	3.2	.8	100.0
5 Hispanic	84.7	10.9	3.2	1.1	100.0	87.1	8.9	3.1	.9	100.0
6 White	91.1	5.9	2.4	.6	100.0	91.6	5.4	2.5	.5	100.0
7 Other	97.7	1.4	.8	.1	100.0	97.8	1.2	.9	.1	100.0
8 Joint (white and minority)	89.2	7.3	2.9	.7	100.0	91.3	5.6	2.6	.6	100.0
Income (percentage of MSA median)[1]										
9 Less than 50	85.2	11.9	2.4	.5	100.0	85.8	11.0	2.7	.6	100.0
10 50–79	91.0	6.5	2.0	.5	100.0	89.5	7.5	2.6	.5	100.0
11 80–99	92.5	5.2	1.9	.5	100.0	91.3	5.9	2.4	.4	100.0
12 100–119	93.0	4.7	1.8	.4	100.0	91.9	5.3	2.3	.4	100.0
13 120 or more	93.1	4.4	2.0	.5	100.0	92.4	4.6	2.5	.5	100.0
CENSUS TRACT										
Racial composition (minorities as percentage of population)										
14 Less than 10	93.8	4.1	1.7	.3	100.0	92.4	4.8	2.4	.4	100.0
15 10–19	92.1	5.2	2.1	.5	100.0	91.7	5.3	2.5	.5	100.0
16 20–49	90.4	6.6	2.4	.6	100.0	90.9	6.0	2.5	.6	100.0
17 50–79	88.1	8.4	2.7	.9	100.0	88.6	7.5	3.0	.8	100.0
18 80–100	85.0	10.8	3.1	1.1	100.0	85.7	10.2	3.2	.8	100.0
Income[2]										
19 Lower	86.1	9.9	3.1	.9	100.0	86.7	9.5	3.2	.6	100.0
20 Moderate	89.4	7.6	2.4	.6	100.0	89.0	7.5	2.8	.6	100.0
21 Middle	92.4	5.2	1.9	.5	100.0	91.7	5.5	2.4	.4	100.0
22 Upper	93.2	4.5	1.9	.5	100.0	92.3	4.8	2.5	.5	100.0
Location[3]										
23 Central city	91.9	5.6	2.0	.5	100.0	91.4	5.6	2.5	.5	100.0
24 Non-central city	92.7	4.9	1.9	.5	100.0	91.8	5.3	2.5	.5	100.0

NOTE. Not all characteristics were reported for all loans.

1. Median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

2. *Lower:* median family income for census tract less than 50 percent of median family income for MSA of tract. *Moderate:* 50 percent to less than 80 percent. *Middle:* 80 percent to less than 120 percent. *Upper:* 120 percent or more.

3. For census tracts located in MSAs.

SOURCE. Federal Financial Institutions Examination Council.

4.46 SMALL LOANS TO BUSINESSES AND FARMS, 1997–98

	Item	1997	1998
	Total business loans		
1	Number	2,560,795.0	2,578,218.0
2	Amount (thousands of dollars)	159,401,302.0	161,343,498.0
	Percent to small firms[1]		
3	Number	50.0	58.1
4	Amount	42.1	47.5
	Total farm loans		
5	Number	212,822.0	207,784.0
6	Amount (thousands of dollars)	11,192,400.0	11,453,284.0
	Percent to small farms[2]		
7	Number	89.5	90.7
8	Amount	81.3	83.5
	Activity of CRA reporters (percent)		
	All small loans to businesses[2]		
9	Number	67.9	66.2
10	Amount	66.2	65.8
	All small loans to farms[2]		
11	Number	22.2	22.3
12	Amount	27.8	27.4
	Distribution of business loans by asset size of lender		
	Number (percent)		
13	Less than 100	1.2	2.0
14	100 to 249	6.5	5.9
15	250 to 999	15.7	15.5
16	1,000 or more	76.6	76.7
17	**Total**	**100.0**	**100.0**
	Amount (percent)		
18	Less than 100	1.4	.8
19	100 to 249	3.5	3.2
20	250 to 999	20.9	22.6
21	1,000 or more	74.2	73.4
22	**Total**	**100.0**	**100.0**
	Distribution of farm loans by asset size of lender		
	Number (percent)		
23	Less than 100	6.4	4.8
24	100 to 249	10.4	8.2
25	250 to 999	37.4	39.0
26	1,000 or more	45.8	48.0
27	**Total**	**100.0**	**100.0**
	Amount (percent)		
28	Less than 100	5.1	3.5
29	100 to 249	8.2	6.6
30	250 to 999	34.2	36.4
31	1,000 or more	52.5	53.5
32	**Total**	**100.0**	**100.0**
	Distribution of business loans by income of census tract[3]		
	Number		
33	Low	4.6	4.4
34	Moderate	16.0	15.6
35	Middle	49.1	49.5
36	Upper	29.8	30.0
37	Income not reported	.5	.5
38	**Total**	**100.0**	**100.0**
	Amount		
39	Low	5.4	5.2
40	Moderate	16.0	15.7
41	Middle	46.5	46.8
42	Upper	31.4	31.6
43	Income not reported	.7	.7
44	**Total**	**100.0**	**100.0**
	MEMO		
	Number of reporters		
45	Commercial banks	1,421.0	1,576.0
46	Savings institutions	475.0	290.0
47	**Total**	**1,896.0**	**1,866.0**

1. Businesses and farms with revenues of $1 million or less.
2. Percentages reflect the ratio of activity by CRA reporters to activity by all lenders Calculations are based on information reported in the June 1997 and 1998 Call Reports for commercial banks and the Thrift Financial Reports.
3. *Low income*: census tract median family income less than 50 percent of MSA median family income or nonmetropolitan portion of state median family income; *moderate income*. 50–79 percent; *middle income*: 80–120 percent; *upper income*: 120 percent or more.

4.47 ORIGINATIONS AND PURCHASES OF SMALL LOANS TO BUSINESSES AND FARMS, 1998

By Size of Loan

Type of borrower and loan	Size of loan (dollars)						All loans		MEMO Loans to firms with revenues of $1 million or less	
	100,000 or less		100,001 to 250,000		More than 250,000					
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
	Number of Loans									
Business										
1 Originations	2,209,430	86.4	188,938	7.4	157,661	6.2	2,556,029	100	1,492,741	58.4
2 Purchases	18,838	84.9	1,428	6.4	1,923	8.7	22,189	100	5,240	23.6
3 **Total**	**2,228,268**	**86.4**	**190,366**	**7.4**	**159,584**	**6.2**	**2,578,218**	**100**	**1,497,981**	**58.1**
Farm										
4 Originations	175,643	85.2	22,239	10.8	8,331	4.0	206,213	100	187,621	91.0
5 Purchases	1,126	71.7	311	19.8	134	8.5	1,571	100	737	46.9
6 **Total**	**176,769**	**85.1**	**22,550**	**10.9**	**8,465**	**4.1**	**207,784**	**100**	**188,358**	**90.7**
All										
7 Originations	2,385,073	86.3	211,177	7.6	165,992	6.0	2,762,242	100	1,680,362	60.8
8 Purchases	19,964	84.0	1,739	7.3	2,057	8.7	23,760	100	5,977	25.2
9 **Total**	**2,405,037**	**86.3**	**212,916**	**7.6**	**168,049**	**6.0**	**2,786,002**	**100**	**1,686,339**	**60.5**
	Amount of loans (thousands of dollars)									
Business										
10 Originations	45,262,974	28.4	32,655,468	20.5	81,640,813	51.2	159,559,255	100	76,006,536	47.6
11 Purchases	494,928	27.7	243,099	13.6	1,046,216	58.6	1,784,243	100	603,189	33.8
12 **Total**	**45,757,902**	**28.4**	**32,898,567**	**20.4**	**82,687,029**	**51.2**	**161,343,498**	**100**	**76,609,725**	**47.5**
Farm										
13 Originations	4,663,086	41.2	3,660,212	32.3	2,992,107	26.4	11,315,405	100	9,496,216	83.9
14 Purchases	37,208	27.0	52,125	37.8	48,546	35.2	137,879	100	65,214	47.3
15 **Total**	**4,700,294**	**41.0**	**3,712,337**	**32.4**	**3,040,653**	**26.5**	**11,453,284**	**100**	**9,561,430**	**83.5**
All										
16 Originations	49,926,060	29.2	36,315,680	21.3	84,632,920	49.5	170,874,660	100	85,502,752	50.0
17 Purchases	532,136	27.7	295,224	15.4	1,094,762	57.0	1,922,122	100	668,403	34.8
18 **Total**	**50,458,196**	**29.2**	**36,610,904**	**21.2**	**85,727,682**	**49.6**	**172,796,782**	**100**	**86,171,155**	**49.9**

4.48 ORIGINATIONS AND PURCHASES OF SMALL LOANS TO BUSINESSES AND FARMS, 1998

By Type of Borrower and Loan, and Distributed by Size of Lending Institution

Type of borrower and loan	Institutions, by asset size (millions of dollars)								All institutions	
	Less than 100		100 to 249		250 to 999		1,000 or more			
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
	Number of loans									
Business										
1 Originations	51,194	2.0	150,834	5.9	395,555	15.5	1,958,446	76.6	2,556,029	100
2 Purchases	842	3.8	216	1.0	2,794	12.6	18,337	82.6	22,189	100
3 **Total**	**52,036**	**2.0**	**151,050**	**5.9**	**398,349**	**15.5**	**1,976,783**	**76.7**	**2,578,218**	**100**
Farm										
4 Originations	9,731	4.7	16,923	8.2	80,410	39.0	99,149	48.1	206,213	100
5 Purchases	313	19.9	146	9.3	607	38.6	505	32.1	1,571	100
6 **Total**	**10,044**	**4.8**	**17,069**	**8.2**	**81,017**	**39.0**	**99,654**	**48.0**	**207,784**	**100**
All										
7 Originations	60,925	2.2	167,757	6.1	475,965	17.2	2,057,595	74.5	2,762,242	100
8 Purchases	1,155	4.9	362	1.5	3,401	14.3	18,842	79.3	23,760	100
9 **Total**	**62,080**	**2.2**	**168,119**	**6.0**	**479,366**	**17.2**	**2,076,437**	**74.5**	**2,786,002**	**100**
	Amount of loans (thousands of dollars)									
Business										
10 Originations	1,135,415	.7	5,120,446	3.2	36,074,614	22.6	117,228,780	73.5	15,559,255	100
11 Purchases	117,559	6.6	74,661	4.2	434,598	24.4	1,157,425	64.9	1,784,243	100
12 **Total**	**1,252,974**	**.8**	**5,195,107**	**3.2**	**36,509,212**	**22.6**	**118,386,205**	**73.4**	**161,343,498**	**100**
Farm										
13 Originations	389,262	3.4	756,314	6.7	4,100,618	36.2	6,069,211	53.6	11,315,405	100
14 Purchases	10,310	7.5	4,043	2.9	66,449	48.2	57,077	41.4	137,879	100
15 **Total**	**399,572**	**3.5**	**760,357**	**6.6**	**4,167,067**	**36.4**	**6,126,288**	**53.5**	**11,453,284**	**100**
All										
16 Originations	1,524,677	.9	5,876,760	3.4	40,175,232	23.5	123,297,991	72.2	170,874,660	100
17 Purchases	127,869	6.7	78,704	4.1	501,047	26.1	1,214,502	63.2	1,922,122	100
18 **Total**	**1,652,546**	**1.0**	**5,955,464**	**3.4**	**40,676,279**	**23.5**	**124,512,493**	**72.1**	**172,796,782**	**100**
MEMO										
19 Number of institutions reporting	140		230		1,028		468		1,866	
20 Number of institutions extending loans	131		233		940		420		1,714	

4.49 COMMUNITY DEVELOPMENT LENDING, 1998

Asset size of lender (millions of dollars)	Number of loans		Amount of loans (thousands of dollars)		MEMO: CRA reporters			
							Community development loans	
	Total	Percent	Total	Percent	Number	Percent	Number extending	Percent extending
1 Less than 100	146	.7	49,406	.3	140	7.5	37	3.6
2 100 to 249	509	2.3	122,955	.8	230	12.3	82	8.0
3 250 to 999	6,730	31.0	2,142,522	13.2	1,028	55.1	540	52.7
4 1,000 or more	14,358	66.0	13,869,743	85.7	468	25.1	365	35.6
5 All	21,743	100.0	16,184,626	100.0	1,866	100.0	1,024	100.0
MEMO								
6 Lending by all affiliates	872	4.0	890,830	5.5	..	..	36	3.5

Index to Statistical Tables

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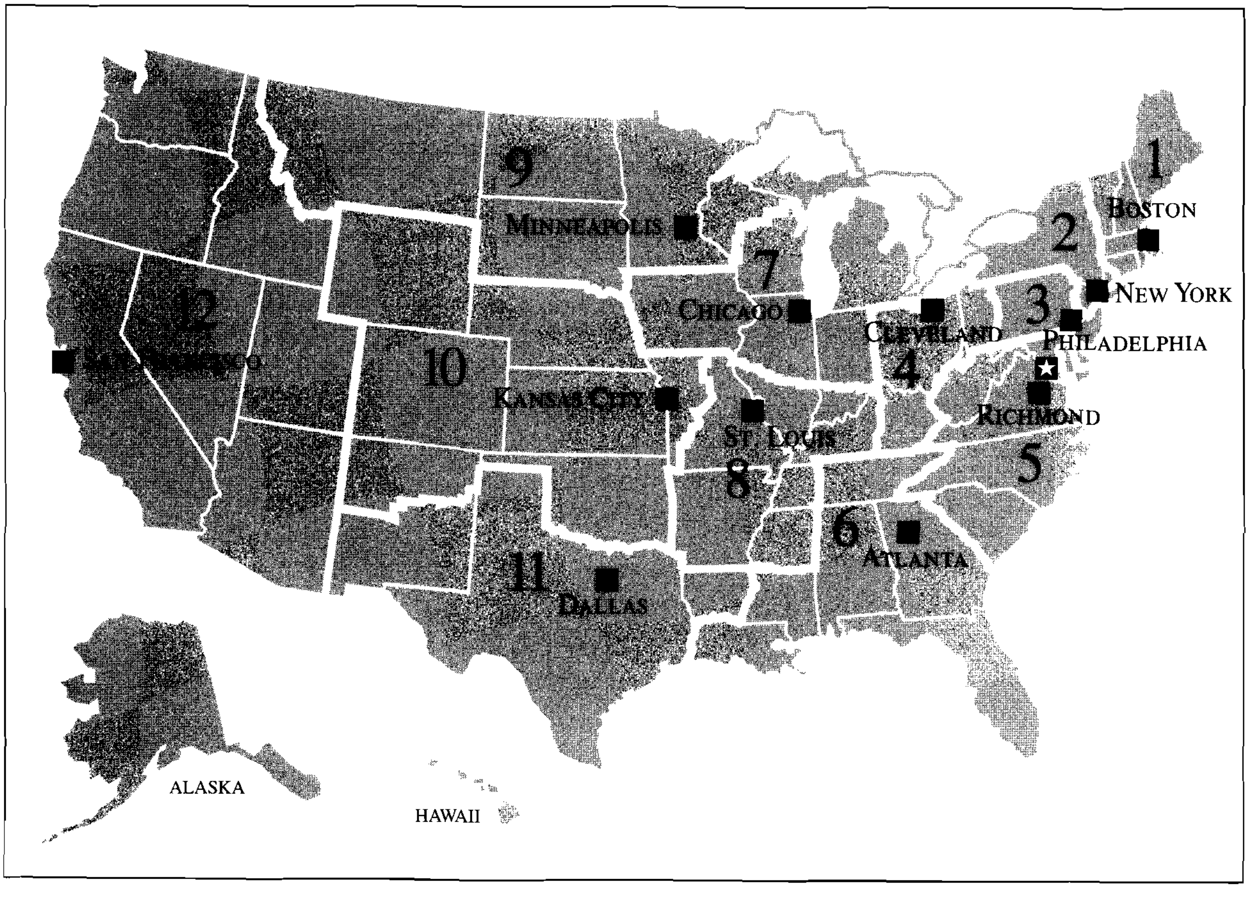

LEGEND

Both pages

■ Federal Reserve Bank city

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

Facing page

• Federal Reserve Branch city

— Branch boundary

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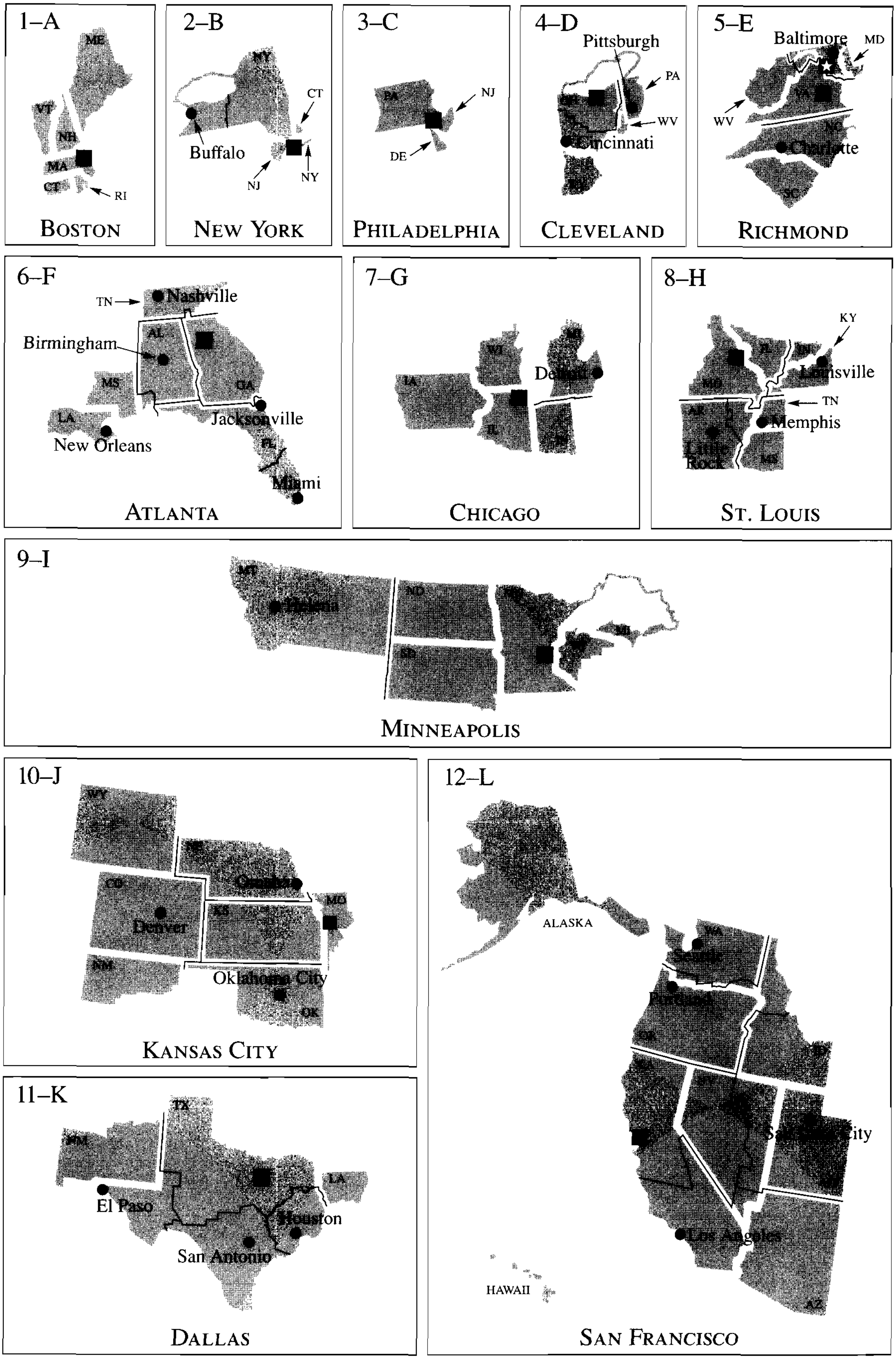
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2. Executive Vice President